

**REPORT TO THE MENDOTA DESIGNATED
LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF MENDOTA**

TO: DESIGNATED LOCAL AUTHORITY BOARD MEMBERS

FROM: CHRIS JICHA, STAFF TO SUCCESSOR AGENCY

DATE: MAY 13, 2013

**SUBJECT: DEPARTMENT OF FINANCE CONTRACT FOR STAFF SUPPORT TO
MENDOTA DESIGNATED LOCAL AUTHORITY**

PURPOSE OF STAFF REPORT

The purpose of this Staff Report is to update the Designated Local Authority (DLA) on the outcome of Kosmont's negotiations with the Department of Finance (DOF) regarding funding for the staff and legal costs of the DLA.

DISCUSSION

The Mendota Designated Local Authority, as Successor Agency to the Mendota Redevelopment Agency ("DLA"), was established by statute to take actions to wind down the affairs of the former Mendota Redevelopment Agency in accordance with the California Health and Safety Code.

In July 2012, DOF approved staffing of the DLA by Kosmont Companies and permitted Kosmont to enter into a subcontract with Leibold McClendon & Mann, PC (LMM) for legal services. Kosmont had understood that its contract would provide funding for the DLA staff and legal costs through June 30, 2013. Mark Persico, on behalf of Kosmont, began negotiations of an increase in the contract amount due to the unexpected volume of legal and staffing costs for the DLA. In February 2013, Mark Persico left Kosmont Companies, and in March 2013, DOF declined to fund the administrative costs of the DLA effective immediately suspending staffing to the DLA.

In March 2013, DOF advised Kosmont that DOF would consider continuing to fund these expenses since the DLA did not have funds available for staff and legal support necessary to meet their statutory requirements as Successor Agency. Kosmont proposed a budget to DOF for legal and staffing costs for the current ROPS period through June 30, 2015. Kosmont and LMM have agreed to continue staff and legal support, at their own risk, with the expectation that DOF will execute the new contract soon.