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REPORT TO THE CITY COUNCIL

CREATION OF A CONFLICT OF INTEREST CODE FOR THE INDEPENDENT RATES
OVERSIGHT COMMITTEE

The California Government Code requires that local agencies adopt conflict of interest codes designating positions that involve the making of decisions, or participation in the making of decisions, that may foreseeably have a material effect on one's financial interests.

The Independent Rates Oversight Committee ["IROC"] was created by ordinance, O-19607, effective April 18, 2007. The IROC will replace the City's existing Public Utilities Advisory Commission, assuming its duties related to the review of policy, proposals and advice sought by the water and wastewater systems. The 11-member IROC will be charged with, among other things, reviewing reports on the expenditure of rate and bond proceeds; reviewing independent performance audits on the City's water and wastewater systems; advising about the efficiency and performance of both systems; overseeing department savings efforts; and providing an annual public report to the Mayor and City Council.

The ordinance creating IROC requires the creation of a conflict of interest code for the panel, subject to City Council approval, and requires IROC members to file statements of economic interest in compliance with that code. The accompanying documents include a proposed conflict of interest code. The committee has yet to meet, but approval of the code is timely because the Mayor is in the process of making appointments to the IROC and bringing them to the City Council for consideration. If the code is enacted now, the new committee members can file their "assuming office" statements at the outset of their service.

Respectfully submitted,

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