

RESOLUTION NUMBER R-301611
DATE OF FINAL PASSAGE JUL - 5 2006

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE PAYMENT OF
ADDITIONAL FUNDS FOR ITEMS RELATED TO SEC AND
US ATTORNEY INVESTIGATIONS

WHEREAS, in February 2004, the SEC and the United States Attorney's Office [USAO] informed the City that they were undertaking investigations into certain financial disclosure practices; and those organizations have been conducting such investigations; and

WHEREAS, the San Diego District Attorney's Office [DA] and the City of San Diego have been and are conducting internal investigations; and

WHEREAS, the City Attorney's office executes and monitors the contracts with legal counsel for the representation of current and former City employees with oversight by the Auditor's office; and

WHEREAS, the total cost allotted for such representation to date is \$1,975,000 which was appropriated through seven different requests of: 1) \$250,000 on June 17, 2004; 2) \$75,000 on November 14, 2004; 3) \$150,000 on January 25, 2005; 4) \$200,000 on March 7, 2005; 5) \$350,000 on June 28, 2005; 6) \$500,000 on October 11, 2005; and 7) \$450,000 on March 28, 2006; and

WHEREAS, the City has utilized Compliance Inc., a temporary legal staffing service and document management company to coordinate, organize, track and produce the voluminous documents requested under and related to the SEC and Kroll Inc. investigations; and

WHEREAS, outstanding invoices for Compliance Inc. exist in the amount of \$55,095 and estimated expenses through calendar year 2006 are \$122,407.50; and

WHEREAS, the City regularly uses ALC Legal Technologies for copying and scanning services related to the SEC/USAO/DA investigations; and

WHEREAS, the City has been subletting office space on the fourth floor of the Civic Center Plaza to provide a centralized document repository for the purposes of records intake, review and storage of items related to the SEC investigations, and continues to have a need for the office space; NOW THEREFORE,

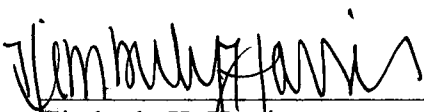
BE IT RESOLVED by the Council of the City of San Diego as follows:

1. That the City Council hereby authorizes an increase in funding totaling \$250,000 for the outside counsel fees and costs on behalf of current and former City employees related to investigations by the SEC, the USAO, the DA and the City.
2. That the Council authorizes an amount not to exceed \$40,000 for the firm of ALC Legal Technologies for copy and scanning services related to the investigations by the SEC, the USAO, the DA and the City.
3. That the Council authorizes an amount not to exceed \$160,000 for the firm of Compliance Inc. or other comparable firm for providing temporary services for the remainder of fiscal year 2006 and calendar year 2006 related to the investigations by the SEC, the USAO, the DA and the City.
4. That the Council authorizes the Real Estate Assets Director to execute a sublease agreement in an amount not to exceed \$53,072.94 for office space located in the Civic Center Plaza to be used as a document repository related to the SEC, USAO and DA investigations.

5. That the City Auditor/Comptroller be authorized to transfer the necessary total sum of \$503,072.94 for the aforementioned purposes. That such total sum shall be allocated pursuant to the City's Cost Allocation policy. Specifically, that the City Auditor/Comptroller be authorized to transfer the amount of \$358,741.31 from the General Fund/Unappropriated Reserves (Fund 100) to the Public Liability Fund (Fund 81140), and to allocate the remainder of the total across organizations in accordance with the Full Time Equivalent positions as determined by the Auditor/Comptroller.

6. That the spending authorization on the attorney's fees and costs herein will be suspended if criminal charges are brought against any past or present employee, and that the City reserves its right to terminate payment of fees and seek reimbursement of fees and costs paid in the event that criminal charges are brought against any past or present employee, or if a conviction is obtained.

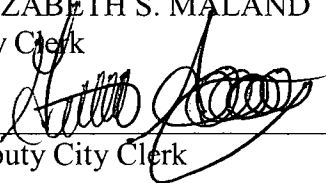
APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Kimberly K. Marris
Deputy City Attorney

KKH:ali
06/12/06
06/28/06REV
AC2600902
Or.Dept:City Attorney
R-2006-1065

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at its meeting of JUN 27 2006.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 7-5-06
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

R-301611

**The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER**

CERTIFICATE OF UNALLOTTED BALANCE

AC 2600902

ORIGINATING

DEPT. NO.:

45

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: \$503,072.94 Fund: 100

Purpose: Authorizing the appropriation and expenditure of funds from the General Fund Unappropriate/Unallocated Reserve for additional costs as a result of the SEC/USAO/DA investigations. Funds will be transferred to the Public Liability Fund.

Date: June 13, 2006 By: 
AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA

ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
001	0	100			9544					\$503,072.94
TOTAL AMOUNT										\$503,072.94

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: _____

Vendor: _____

Purpose: _____

Date: _____ By: _____
AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA


ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
TOTAL AMOUNT										

FUND OVERRIDE

AC-361 (REV 2-92)

AC 2600902

JUN 27 2006

 301611

Passed by the Council of The City of San Diego on JUN 27 2006, by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Scott Peters	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
* Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toni Atkins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brian Maienschein	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
* Donna Frye	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jim Madaffer	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 2,6 Nay VOTE to allocate a 70/30 split between funds.

Date of final passage JUL - 5 2006

AUTHENTICATED BY:

(Seal)

JERRY SANDERS

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By Debbie Savenson-Cruz Deputy

Office of the City Clerk, San Diego, California

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