

THE CITY OF SAN DIEGO, CALIFORNIA
MINUTES FOR SPECIAL COUNCIL MEETING OF
TUESDAY, DECEMBER 6, 2006, AT 9:00 A.M.
CITY ADMINISTRATION BUILDING
COMMITTEE ROOM– 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101

Table of Contents

CHRONOLOGY OF THE MEETING.....2

ATTENDANCE DURING THE MEETING.....2

ITEM-600: ROLL CALL.....3

ITEM-601-: Kroll Remediation Status Report Number 3 and Relation Action 3

ITEM-602: Financial Training for the City Council.....4

ITEM-603: Kroll Remediation Status and Related Actions.....5

ITEM-604: Amendments to San Diego Municipal Code to Implement Benefit Eligibility
Changes for Employees Hired and Elected Officials Assuming Office On or After
July 1, 20057

ITEM-605: Amendments to San Diego Municipal Code to Implement Requirements of
California’s Domestic Partner Rights and Responsibilities Act of 2003..... 8

REPORT OUT OF CLOSED SESSION.....9

NON-DOCKET ITEMS.....9

ADJOURNMENT.....9

CHRONOLOGY OF THE MEETING:

The special meeting was called to order by Council President Peters at 9:05 a.m. Council President Peters recessed the special meeting at 10:17 a.m. for the purpose of a break. Council President Peters reconvened the special meeting at 10:24 a.m. with all Council Members present. The special meeting was adjourned by Council President Peters at 11:44 p.m.

ATTENDANCE DURING THE MEETING:

- (1) Council Member Peters-present
- (2) Council Member Faulconer-present
- (3) Council Member Atkins-present
- (4) Council Member Young-present
- (5) Council Member Maienschein- present
- (6) Council Member Frye-present
- (7) Council Member Madaffer-present
- (8) Council Member Hueso-present

Clerk-Maland (dlc)

FILE LOCATION: MINUTES

ITEM-600: ROLL CALL

Clerk Maland called the roll:

- (1) Council Member Peters-present
- (2) Council Member Faulconer-present
- (3) Council Member Atkins-present
- (4) Council Member Young-present
- (5) Council Member Maienschein present
- (6) Council Member Frye-present
- (7) Council Member Madaffer-present
- (8) Council Member Hueso-present



[ITEM-601-:](#) Kroll Remediation Status Report Number 3 and Relation Action.

(See memorandum from Mayor Sanders dated 11/22/2006.)

MAYOR SANDERS' RECOMMENDATION:

Take the following actions:

CONTINUED TO MONDAY, JANUARY 8, 2006

Hear third informational update report on the Kroll remediation;

Direct the City Attorney to prepare an ordinance amending the Municipal Code¹ consistent with the following changes:

- The Chief Financial Officer will serve as the Chair of the revised Disclosure Practices Working Group (DPWG).
- Membership in the DPWG will consist of the following five official voting members: Chief Operating Officer, Chief Financial Officer, City Attorney, Auditor General, and Independent Budget Analyst (or designees). Outside disclosure counsel serves as an ex-officio member.
- No DPWG committee member (including the Chair) can prevent any other committee member from placing an item on the agenda.

FILE LOCATION: NONE

COUNCIL ACTION: (Time duration: 10:54 a.m. – 11:32 a.m.)

MOTION BY MADAFFER TO CONTINUE TO MONDAY, JANUARY 8, 2007 FOR FURTHER REVIEW. Second by Atkins. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.

ITEM-602: Financial Training for the City Council.

(See Independent Budget Analyst Report IBA-06-59 and memorandum from Council President Peters dated 9/15/2006.)

INDEPENDENT BUDGET ANALYST'S RECOMMENDATION:

Take the following actions:

ADOPTED AS RESOLUTION R-302243

Approving proposed financial training for the City Council as developed by the Independent Budget Analyst;

Directing the City Attorney to prepare the appropriate resolution in accordance with Charter Section 40.

FILE LOCATION: MEET

COUNCIL ACTION: (Time duration: 11:45 a.m. – 11:46 a.m.)

MOTION BY MADAFFER TO ADOPT. Second by Frye. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.



ITEM-603: Kroll Remediation Status and Related Actions

(See memorandum from Mayor Sanders dated October 30, 2006.)

(Continued from the meeting of November 13, 2006, Item 601, at the request of Councilmember Frye, to look at Independent Model that follows current standards.)

(See memorandum from Mayor Sanders dated December 1, 2006 with revised recommendations which are reflected below.)

MAYOR SANDERS' RECOMMENDATION:

Take the following actions:

HEARING HELD/DIRECTION GIVEN;
ADOPTED AS RESOLUTION R-302244

1. Hear the informational update report on the Kroll remediation, and;
2. Actions related to the formation and duties of the Audit Committee as follows:
 - a. Direct the City Attorney to prepare a proposed Charter change that would meet all Kroll Report Audit Committee recommendations,
 - b. In the interim, direct the City Attorney to prepare an Ordinance to amend the Municipal Code to establish an interim Audit Committee under Rule 6.12 (Special Committee Composition and Responsibilities) of the Permanent Rules of the City Council, San Diego Municipal Code Section 22.0101.5 (as more fully described in the Mayor's December 1, 2006 memo):
 - A three member Audit Committee. The sole members of the Audit Committee will be City Council members appointed by the City Council itself. The City's Financial Reporting Oversight Board should be eliminated as redundant to the Audit Committee.
 - The Audit Committee should establish a written charter consistent with its role.
 - The Audit Committee should meet quarterly, or more often if necessary, with the City's independent auditors, the City's Auditor General and the CFO.

- The Mayor, CFO, City Attorney, Independent Budget Analyst and City Council should have the authority to make requests of the Audit Committee and Auditor General to perform internal audits of material matters they reasonably believe to be warranted.
- With the assistance of the CFO and Auditor General, the City's independent auditors would be retained by, report to and take direction from the Audit Committee.
- The Audit Committee should have responsibility for the establishment and monitoring of effective policies and procedures for dealing with "whistleblower" complaints, including an internal hotline.

FILE LOCATION: NONE

COUNCIL ACTION: (Time duration: 9:06 a.m. – 10:53 a.m.)

MOTION BY FRYE TO ACCEPT THE RECOMMENDATIONS RELATED TO THE FORMATION AND DUTIES OF THE AUDIT COMMITTEE. DIRECT THE CITY ATTORNEY TO PREPARE AN ORDINANCE TO AMEND THE SDMC TO FORM AN INTERIM AUDIT COMMITTEE UNDER RULE 6.12, THE PERMANENT RULES OF THE CITY COUNCIL; SDMC, SECTION 220101.5 AND THAT A THREE MEMBER AUDIT COMMITTEE SHALL BE MADE UP OF COUNCIL MEMBERS APPOINTED BY THE CITY COUNCIL MEMBERS THEMSELVES. THE CITY'S FINANCIAL REPORTING OVERSIGHT BOARD SHOULD BE ELIMINATED. THE AUDIT COMMITTEE SHALL ESTABLISH A WRITTEN CHARTER CONSISTENT WITH ITS ROLE. THE IBA SHALL WORK WITH THE AUDIT COMMITTEE TO DETERMINE THE BUDGET NECESSARY IN ORDER TO HIRE FINANCIAL PROFESSIONALS TO ASSIST THE AUDIT COMMITTEE AND DETERMINE ANY ADDITIONAL STAFFING THAT MAY BE NECESSARY. THE AUDIT COMMITTEE SHALL MEET PERIODICALLY AS IT DETERMINES NECESSARY. THE AUDIT COMMITTEE MAY FROM TIME TO TIME FORM ADVISORY COMMITTEES AS IT DEEMS NECESSARY TO CARRY OUT FUNCTIONS OF THE AUDIT COMMITTEE.

THE AUDIT COMMITTEE IN AN ADVISORY CAPACITY TO THE MAYOR AND CITY COUNCIL SHOULD HAVE RESPONSIBILITY FOR THE ESTABLISHMENT AND MONITORING OF EFFECTIVE POLICIES AND PROCEDURES FOR DEALING WITH WHISTLEBLOWER COMPLAINTS, INCLUDING AN INTERNAL HOTLINE; AND TAKE ANY OTHER ACTIONS IT DEEMS NECESSARY IN ORDER TO COMPLETE THE MISSION OF THE AUDIT COMMITTEE

THE AUDIT COMMITTEE SHALL HAVE THE ABILITY TO DRAFT AS PART OF THE ORDINANCE AN ADVISORY COMMITTEE FOR SUGGESTIONS AND INPUT. THE MAYOR, CFO, CITY ATTORNEY, IBA AND CITY COUNCIL SHOULD HAVE THE AUTHORITY TO MAKE REQUESTS OF THE AUDIT COMMITTEE TO PERFORM INTERNAL AUDITS OF MATERIAL MATTERS THEY REASONABLY BELIEVE TO BE WARRANTED. WITH THE ASSISTANCE OF THE CFO AND THE CITY'S INDEPENDENT AUDITORS WOULD BE RETAINED BY, REPORT TO, AND TAKE DIRECTION FROM THE MAYOR AND CITY COUNCIL. THE AUDIT COMMITTEE WILL PROVIDE INPUT ON AN ADVISORY BASIS. Second by Madaffer. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.



ITEM-604: Amendments to San Diego Municipal Code to Implement Benefit Eligibility Changes for Employees Hired and Elected Officials Assuming Office On or After July 1, 2005.

(See Independent Budget Analyst Report No. 06-54 and Report from the City Attorney dated 10/31/2006.)

(Continued from the meeting of November 13, 2006, at the request of City Attorney, to address legal issues.)

CITY ATTORNEY'S RECOMMENDATION:

Introduce the following ordinance:

(O-2007-36 Cor. Copy 2) INTRODUCED TO BE ADOPTED ON
TUESDAY, JANUARY 9, 2006

Introduction of an Ordinance amending Chapter 2, Article 4, Divisions 12, 13, 14, and 15 of the San Diego Municipal Code by adding Sections 24.1201.1, 24.1312.1, 24.1402.1, and 24.1503.1, all relating to the San Diego City Employees' Retirement System and Benefit Eligibility changes for members hired or assuming office on or after July 1, 2005.

FILE LOCATION: NONE

COUNCIL ACTION: (Time duration: 11:34 a.m. – 11:44 a.m.)

MOTION BY MADAFFER TO INTRODUCE. Second by Atkins. Passed by the following vote: Peters-yea, Faulconer-recused, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-recused.



ITEM-605: Amendments to San Diego Municipal Code to Implement Requirements of California's Domestic Partner Rights and Responsibilities Act of 2003.

(See Independent Budget Analyst Report No. 06-54 and Report from the City Attorney dated 10/31/2006.)

(Continued from the meeting of November 13, 2006, at the request of City Attorney, to address legal issues.)

CITY ATTORNEY'S RECOMMENDATION:

Introduce the following ordinance:

(O-2007-44 Cor. Copy 2) INTRODUCED, TO BE ADOPTED ON
TUESDAY, JANUARY 9, 2006

Introduction of an Ordinance amending Chapter 2, Article 4 of the San Diego Municipal Code by amending Division 1, by adding Section 24.0103.1, relating to the San Diego City Employees' Retirement System, implementing the requirements of California's Domestic Partner Rights and Responsibilities Act.

FILE LOCATION: NONE

COUNCIL ACTION: (Time duration: 11:44 a.m. – 11:45 a.m.)

MOTION BY ATKINS TO INTRODUCE. Second by Frye. Passed by the following vote: Peters-yea, Faulconer-yea, Atkins-yea, Young-yea, Maienschein-yea, Frye-yea, Madaffer-yea, Hueso-yea.

REPORT OUT OF CLOSED SESSION:

To view a list of all available City Council Closed Session Meetings Reports, refer to the link below:

<http://www.sandiego.gov/city-clerk/closedsess.shtml>

FILE LOCATION: AGENDA

COUNCIL ACTION: (Time duration: 9:05 a.m. – 9:06 a.m.)

NON-DOCKET ITEMS:

None.

ADJOURNMENT:

The meeting was adjourned by Council President Peters at 11:45 a.m. in honor of the memory of:

Reverend Bedell Sanders as requested by Council President Pro Tem Young; and
Lewis Seymour Stone as requested by Council President Peters.

FILE LOCATION: AGENDA

COUNCIL ACTION: (Time duration: 1145 a.m. – 11:49.a.m.)