

**Centre City
Development
Corporation**

REPORT NO. CCDC-08-30

DATE ISSUED: October 1, 2008

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of October 7, 2008

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Fiscal Year 2009 Corporation Budget Amendment – General

COUNCIL DISTRICTS: Districts 2 and 8

REFERENCE: None

STAFF CONTACT: Frank Alessi, Vice President and Chief Financial Officer, 619-533-7130

REQUESTED ACTION: That the Redevelopment Agency (“Agency”) approve an amendment to the Fiscal Year 2009 Corporation Budget (“FY09 Corporation Budget”) increasing the line item for Other Consultants by \$600,000.

STAFF RECOMMENDATIONS: That the Agency approve an amendment to the FY09 Corporation Budget increasing the line item for Other Consultants by \$600,000.

SUMMARY: On July 31, 2008, the Audit Committee of the City Council of the City of San Diego discussed a timeline and scope of work for a Performance Audit of the Centre City Development Corporation. The Internal Auditor, Eduardo Luna, is conducting and coordinating a Request for Proposal (RFP) to hire a firm to conduct the Performance Audit. During discussions it was indicated that the cost of such an audit would be paid for by the Corporation. To facilitate the potential amount of the cost of the Performance Audit, it is requested that the Corporation Budget be increased by \$600,000. In addition, other unanticipated Corporation legal costs and recruiting services have and will be incurred.

FISCAL CONSIDERATIONS: It is anticipated that the Performance Audit may cost upwards of \$600,000 of Agency funds and the proposed budget amendment can be accommodated with tax increment revenues received in Fiscal Year 2008 in excess of the amount originally contemplated.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On September 24, 2008, the Centre City Development Corporation Board voted unanimously to approve staff’s recommendation to increase the Budget line item for Other Consultants by \$600,000.

BACKGROUND: On July 31, 2008, the Audit Committee of the City Council of the City of San Diego discussed a timeline and scope of work for a Performance Audit of the Corporation. The Internal Auditor, Eduardo Luna, is conducting and coordinating a RFP and the selection process for hiring a firm to conduct the Performance Audit.


DISCUSSION: The Audit Committee of the City Council of the City of San Diego has directed the City's Internal Auditor to prepare a RFP and conduct a Performance Audit of the Corporation. The Performance Audit will cover a three-year period from July 1, 2005 through June 30, 2008 to evaluate the efficiency and effectiveness of the organization and to determine if the organization's goals are being achieved. In addition, the Performance Audit will review and evaluate the development process; budgetary practices and procedures; procurement practices; review of accounting for and reporting of non-salary compensation; Corporation expenditures for Fiscal Year 2008 including equipment and capital assets; review of information provided to the Corporation Board members; internal controls; and potential conflict of interest regarding expenses paid by the Corporation. It is anticipated that the audit will take approximately four months to complete subsequent to a fully executed contract. Two months thereafter, written reports and PowerPoint presentations will be provided including any findings and conclusions of the audit. In addition, other unanticipated Corporation legal costs and recruiting services have and will be incurred.

ENVIRONMENTAL IMPACT: This activity is not a project, and is therefore not subject to CEQA per CEQA Guidelines Section 15060(c)(3).


CONCLUSION: Staff recommends approval of the budget amendment to the Fiscal Year 2009 Corporation Budget increasing the line item for Other Consultants by \$600,000.

Respectfully submitted,

Concurred by:



Frank J. Alessi
Vice President and Chief Financial Officer



Barbara A. Kaiser
Vice President – Real Estate Operations