
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: March 17, 2009

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Audit Committee Date: March 23, 2009

Item Number: 3

SEDC and CCDC Operating Agreements Matrix

Attached for review and consideration by the Audit Committee is a matrix of recommendations for revising the operating agreement between the Redevelopment Agency and SEDC, as reported in IBA Report 09-01 and originally heard at Audit Committee on January 26, 2009. At this meeting, Jay Goldstone, COO, also presented verbal remarks in response to the IBA's recommendations. While the IBA report specifically addressed SEDC, it is envisioned that similar operating agreement changes would apply to CCDC as well. Since your January 26 meeting, the following has taken place:

- On March 3, 2009, the City Attorney issued a memorandum opining on "Redevelopment Agency and City Relationship to CCDC and SEDC."
- On March 4, 2009, the Rules Committee heard a presentation from the IBA on recommendations for revising the operating agreement between the Redevelopment Agency and SEDC (IBA 09-01). The Rules Committee took the following action:
 - Refer the IBA's recommendations to the SEDC Board for their review and consideration;
 - Request Audit Committee to consider requiring the Corporations to establish their own audit committees;
 - Consider formation of a Redevelopment Committee of the City Council to consolidate redevelopment matters in one committee;
 - Request the IBA and City Attorney to review legal issues, fiscal impacts and steps necessary for the Redevelopment Agency to 1) assume administration of the Gateway and Southcrest project areas, and/or 2) assume administration of SEDC.

Also at this meeting, Chairman Faulconer reminded the Rules Committee that he would be asking the Audit Committee to take formal action at their next meeting on proposed operating agreement changes to provide input to the Rules Committee.

- On March 9, 2009, the Audit Committee requested Sjoberg Evashenk to accelerate their audit work review in the issue of hiring/firing of the Corporation CEO's but did not approve additional funding or deletion of other CCDC audit components as proposed by the firm. As a note, the recruitment for SEDC CEO is currently underway. CCDC Chair Fred Maas recently announced that the recruitment for CCDC CEO has been put on hold pending decisions regarding CCDC structure and operating agreements.
- Also at the March 9 meeting, the Mayor's Office indicated they would be presenting a written proposal regarding SEDC/CCDC structure and operating agreements at the Audit Committee meeting of March 23, 2009.

Attached for your review and consideration is a matrix of the original recommendations as reported by the IBA at your meeting of January 26. Also included in the matrix are suggestions from the City Attorney for assuming City authority, as he discussed in his March 3 memo, as well as preliminary comments on key items offered by Audit Committee members in January and Rules Committee members in early March.

[SIGNED]

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Attachment