

**OFFICE OF INDEPENDENT BUDGET ANALYST  
CITY OF SAN DIEGO  
M E M O R A N D U M**

No. 06-30

DATE: December 1, 2006

TO: Honorable Council President and Members of the City Council

FROM: Andrea Tevlin, Independent Budget Analyst

SUBJECT: Transfers from the Unappropriated Reserve

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At the Budget and Finance Committee meeting on November 29, 2006, the Chief Financial Officer provided a monthly report on the Unappropriated Reserve, including an update of the current Reserve balance, estimated to be approximately \$55.3 million (see attached). The IBA felt that it was prudent to point out that there are several items on the City Council docket for December 4<sup>th</sup> and 5<sup>th</sup> that request funds to be transferred from the Unappropriated Reserve to pay for various legal and auditing fees. These items were not reflected in the CFO's monthly Reserve report to the Budget and Finance Committee, and if approved, will reduce the current estimated balance. The items and the amounts requested to be withdrawn from the reserves are listed below.

ITEM-200	Ninth Amendment to the Agreement with KPMG for FY 2003 Comprehansive Annual Financial Report (CAFR) Auditing Services	\$ 1,320,000
ITEM-201	Agreement and Amendments to Agreement with Macias, Gini & O'Connell for the FY 2003 - FY 2006 Financial Statements Audits	\$ 1,054,129
ITEM-111	Second Amendment to the Retention of Latham & Watkins for Legal Services for Current and Former City Officials and Staff Related to SDPOA v. Micheal Aguirre, et al.; and Aaron, et al. v. Aguirre, City of San Diego, et al.	\$ 1,000,000
ITEM-112	First Amendment to the Retainer Agreement with Latham & Watkins for Outside Counsel Services in McGuigan v. City of San Diego	\$ 200,000
ITEM-113	Sixth Amendment to the Retainer Agreement with Latham & Watkins for Outside Counsel Services in Otay Acquisition v. City; National Enterprises v. City; and Related Items	\$ 200,000
ITEM-114	Fourth Amendment with Horvitz and Levy for Appellate Outside Counsel Services in Otay Acquisition v. City; National Enterprises v. City; Border Business Park, Inc. v. City; and Related Matters	\$ 200,000
<b>Total Requested Transfer from Unappropriated Reserve</b>		<b>\$ 3,974,129</b>

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Based on these amounts, the status of the Reserve as of December 5, 2006, if all actions are approved by the City Council, would be \$51,340,737.

As the IBA has suggested before, we continue to recommend that the CFO provide an updated Reserve balance each time that a transfer from the Reserve is requested of the City Council.

**[SIGNED]**

Andrea Tevlin

Independent Budget Analyst

Attachment