COUNCILMEMBER DAVID ALVAREZ

City of San Diego
Eighth District

MEMORANDUM

DATE: **August 13, 2013**

TO: **Honorable Council President Todd Gloria**
Honorable City Attorney Jan Goldsmith

FROM: **Councilmember David Alvarez**

SUBJECT: **Continuing Disclosure Requirements**

On August 5, 2013, the City Auditor's performance audit entitled "*Performance Audit of the Industrial Wastewater Control Program: Outdated Fees, Billing Lapses, And Inadequate Controls Limit Program Cost Recovery*" was released. The report included a cover letter indicating that a legal issue concerning the Industrial Wastewater Control Program was identified. It also stated that the matter:

"*... required the immediate attention of the City Administration and Office of the City Attorney*" and *"Due to the confidential nature of the communication with the Office of the City Attorney concerning this matter and to comply with Government Auditing Standards, this information was excluded from the final report."*

It is critical that the City Council be informed about the legal issues immediately in a closed session meeting, particularly if the legal issue identified concerns rate payer proportionality, potential liability and rises to the level where it should be disclosed to the bond market.

Thank you for your attention to this matter. Your timely response is appreciated.

CC: Honorable City Councilmembers

Honorable Mayor Bob Filner
Honorable members of the Audit Committee
Walt Eckard, Chief Operating Officer
Eduardo Luna, City Auditor
Andrea Tevlin, Independent Budget Analyst
Kevin Starkey, Macias Gini & O'Connell
Members of the Disclosure Practices Working Group