

COUNCIL MINUTES

September 5, 2006

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on September 5, 2006 at 4:30 p.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Scott Somers
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Barbara Jones

Mayor Hawker excused Vice Mayor Walters and Councilmembers Jones and Somers from the beginning of the meeting. Vice Mayor Walters arrived at 4:31 p.m., Councilmember Jones at 4:32 p.m. and Councilmember Somers at 4:46 p.m.

1. Review items on the agenda for the September 5, 2006 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 9a (Hawker-Rawles)

Items removed from the consent agenda: None

Items added to the consent agenda: 6.1

2. Hear a presentation, discuss and provide direction on the role and responsibilities of the Council-appointed Auditor as recommended by the Finance Committee.

Government Relations Coordinator Scott Butler displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office), and he summarized the background relative to establishing the position of City Auditor, which the voters approved on May 16, 2006. He noted that the Finance Committee conducted extensive discussions regarding the role and responsibilities of the position, in addition to addressing organizational, staffing and funding concerns. Mr. Butler reported that the Committee also reviewed the audit structure of other local governments. He outlined the following recommendations of the Finance Committee:

1. Rename the "Finance Committee" the "Audit and Finance Committee."
2. The City Manager will serve as a non-voting, ex-officio member of the Audit and Finance Committee.
3. The Council-appointed City Auditor will be responsible for the City's audit function.
4. The City Manager will maintain an organizational effectiveness and policy design office, which incorporates a function to facilitate special projects requested by the Audit and Finance Committee.
5. The Audit and Finance Committee will participate with the City Auditor and City Manager in preparing and implementing an annual audit plan. The Committee will also receive and review the City Auditor's reports.

Mr. Butler displayed a chart of the proposed organizational relationships relative to the position of City Auditor (see Attachment 1). He explained that the City Manager's responsibility would include a "special projects" area to address Audit and Finance Committee requests for specialized studies. Mr. Butler said that the City Auditor would review Requests for Proposals and Requests for Qualifications for special projects before the documents are issued in order to verify that the scope of work properly addresses the Committee's requests. He added that the City Auditor would operate in a manner similar to other Council-appointed positions in that the City Manager provides administrative oversight regarding budget and staffing issues.

Vice Mayor Walters, Chairman of the Finance Committee, stated that the Committee's discussions emphasized that the position of City Manager would continue to be responsible for the operational aspects of the City. She also stated that a City Auditor must maintain a level of independence in order to be effective. Vice Mayor Walters explained that changing the name of the Committee to the Audit and Finance Committee reflects the fact that the Committee will review audit reports on a regular basis. She added that the Committee proposes to structure the City Auditor position in a manner similar to that of the City Attorney and City Manager, where each position is appointed by and reports to the Council and both positions cooperate with and provide assistance to each other. Vice Mayor Walters noted that the structure of the Auditor's position could evolve over time.

Councilmember Griswold, a member of the Finance Committee, explained that the role of an auditor is to provide information regarding the accuracy of data. He added that an auditor is unable to make recommendations or create efficiencies.

Councilmember Rawles, also a member of the Finance Committee, stated that proposed structure enables the City Manager to request the City Auditor to perform audits in addition to those that are legally required. He said that the Audit and Finance Committee would review all of the audits. Councilmember Rawles explained that the proposed "Special Projects" area would address studies of major issues, such as the possible sale of the electric utility. He advised that although an auditor is legally unable to make a recommendation on this type of issue, the position would be able to provide oversight regarding the process. Councilmember Rawles expressed the opinion that the Committee's proposed model accomplishes the Council's major goals and provides the flexibility to make changes in the future if necessary.

Vice Mayor Walters noted that no one individual has the expertise to analyze and make recommendations regarding a utility operation, computer systems and other areas of concern to the Council. She stated that the proposed restructuring would enable the reallocation of funds from the Audit function to the Special Projects area. Vice Mayor Walters suggested that, subject to Council approval of the Committee's recommendation, the current Interim City Auditor could continue in that position while the Committee moves forward to further define the relationships before initiating the recruitment process.

City Attorney Debbie Spinner advised that the Committee's proposal would require changes to the City Code, and she further advised that the Charter provides the Council the authority to rename the Committee and expand the Committee's responsibilities.

City Manager Christopher Brady reported that the Audit and Finance Committee would have the authority to approve the Annual Audit Plan. He said that subject to the Council approving the appointment of an Interim City Auditor, the Committee could move forward to develop a position description and recruitment materials for the City Auditor position. Mr. Brady added that the Committee could propose a list of special projects, including the estimated costs, for Council consideration.

Vice Mayor Walters stated that the Committee was seeking the direction of the full Council before proceeding. She added that all Councilmembers are welcome to attend the Committee meetings and to make recommendations regarding special projects.

It was moved by Councilmember Griswold, seconded by Councilmember Rawles, that the recommendations of the Finance Committee be approved.

Councilmember Rawles noted that funds are budgeted for both the existing audit function and the new City Auditor position. He explained that funding to implement special projects was included in the budget before the "special projects" area was identified as a separate function.

Mr. Brady reported that the existing audit function has several unfilled positions, and he confirmed that funding is available to address special projects.

Councilmember Rawles stated that he wanted to clarify that the model proposed by the Finance Committee would not require expenditures in excess of the amounts budgeted.

Mayor Hawker noted that the recent voter-approved sales tax increase outlined specific funding areas for the additional revenues, and he asked whether a report would be available to document these expenditures. He stated that the reason for establishing the City Auditor position is to establish credibility regarding the City's financial condition, and he added that documentation of the sales tax expenditures would assist in that effort.

Mr. Brady advised that the Budget Office accounts for the expenditures, and he suggested that staff could provide a mid-year status report. He said that in the future items funded by the sales tax increase, such as the Speed Hump Program, and items that affect revenue estimates, such as the sale of City property, would be clearly identified.

Mayor Hawker called for the vote.

Carried unanimously.

3. Acknowledge receipt of minutes of various boards and committees:

- a. Museum and Cultural Advisory Board meetings held on June 14 and July 12, 2006.
- b. Economic Development Advisory Board meeting held on June 14 and July 12, 2006.
- c. Parks & Recreation Board meeting held on August 17, 2006.

It was moved by Vice Mayor Walters, seconded by Councilmember Somers, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

4. Hear reports on meetings and/or conferences attended.

- Councilmember Whalen: "Drive and Arrive" Safety Program kickoff for photo radar.
Councilmember Griswold: Hosted a Sister Cities delegation from Kaiping City, China.

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Thursday, September 7, 2006, 7:30 a.m. – Study Session

Tuesday, September 12, 2006, 3:30 p.m. – Police Committee

Thursday, September 14, 2006, 7:30 a.m. – Study Session

Thursday, September 14, 2006, 8:30 a.m. – General Development Committee

Monday, September 18, 2006, TBA – Study Session

Monday, September 18, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, September 21, 2006, 7:30 a.m. – Study Session

6. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

7. Adjournment.

Without objection, the Study Session adjourned at 5:10 p.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 5th day of September 2006. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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Attachment (1)