

CITY OF SANTA MONICA
AUDIT SUBCOMMITTEE MEETING

MINUTES

THURSDAY, APRIL 20, 2017

A special meeting of the Santa Monica Audit Subcommittee was called to order by Vice Chair Himmelrich at 6:18 p.m., on Thursday, April 20, 2017, at 330 Olympic Drive, 2nd Floor (Plaza Level) Santa Monica, CA 90401

Roll Call: Present: Committee Member Frances Ellington
Vice Chair Sue Himmelrich
Committee Member Pam O'Connor (*arrived at 6:32 p.m.*)
Committee Member Tony Vazquez

Also Present: Director of Finance Gigi Decavalles
Interim City Attorney Joseph Lawrence
City Clerk Denise Anderson-Warren

CONVENE

On order of Chair, the Audit Subcommittee convened at 6:18 p.m., with Committee Member O'Connor absent.

ANNOUNCEMENT

The City Clerk made an announcement that the City Council regrettably accepted Nimish Patel's resignation from the Audit Subcommittee at their April 18, 2017 meeting, and that the City Clerk's office will be advertising to fill the vacancy next month.

SCOPE OF WORK

2. Receive the Compensation and Staffing Review Preliminary Work Plan by Moss Adams, LLP and Adopt the Proposed Rules of Conduct for the Audit Subcommittee, was presented.

The Director of Finance presented: 1) Preliminary Work Plan; 2) Recommendation from the City Manager to create an Ad hoc committee, who would sit alongside the Audit Subcommittee when they were discussing the proposed scope, initial findings, and the final report of the compensation study. The proposal is to have five city residents, who would go through an open application process, and the City Manager would select those five residents. The ad hoc committee would only meet alongside the Audit Subcommittee, would be subject to the Brown Act, and would disband once the final report was completed; and, 3) Adopt the Rules of Conduct for the Audit Subcommittee to include the ad hoc committee, which would go before the City Council on May 9, 2017, to ask to have the structure of the Audit Subcommittee temporarily changed. The process following the May 9, 2017 meeting would be: hold the application process; select the five ad hoc members to be seated at the Audit Subcommittee's Special June 2017 meeting, where Moss Adams would come back with the proposed scope, and discussions would begin.

*Committee Member
O'Connor arrived at
6:32 p.m.*

Mark Steranka, from Moss Adams presented that there will be three joint meetings of the Audit Subcommittee with the ad hoc members on June 15, 2017 (kick-off meeting), October 17, 2017 (present preliminary findings), and January 16, 2018 (present the final report). There will be general phases: Start-up and firming up and fact finding; Analysis stages (comparisons to peers, comparison to best practices, working with City management) including the four areas of focus (Wage Setting Process, Wages and Benefits, Staffing Methodology, and Public Safety Overtime).

Members of the public Mary Marlow, Janine Bush, Tricia Crane, and Dominic Gomez commented on the recommendation.

Questions asked and answered included: What qualifies the auditor to do this type of work; why are the peer ten cities being used for comparison, and how was it determined; if you receive a large number of qualified candidates, would you automatically expand the membership to six or seven members; as it relates to overtime, how specific will the study get, and will it address the shortage in staff versus hiring more officers and take into consideration the change from 4/10 to 3/12 hour shifts, is that going to be reviewed under this purview; will the review include a comparison of the regular 40 hour work week versus those that work 9/80, and the fact that this is a 24 hour city that has employees working 7 days a week; will bargaining unions be able to participate in the meetings; is it possible to take into account how Santa Monica has changed over time, and expand the comparable cities; and, what is the end game and where do we want to go.

Discussion ensued on the following including, but not limited to: the ad hoc committee and the Rules of Conduct; looking at pension liability and paying it down or finding alternative ways to deal with this; making sure people who work are fairly compensated; a public employee should be included on the ad hoc committee or a member should have experience in public employment; address workers' comp, sick days, and vacation days.

Motion by Vice Chair Himmelrich, seconded by Committee Member O'Connor, to receive and file presentation and provide comments as stated. The motion was approved by voice vote, with all members present.

Committee Member O'Connor, recommended adding a requirement to have one of the representatives have public employment experience.

Vice Chair Himmelrich, recommended giving discretion to the City Manager to appoint five to seven members on the Ad Hoc committee

Motion by Vice Chair Himmelrich, seconded by Committee Member Ellington, to present a staff report to Council recommending the adoption of Rules of Conduct for the Audit Subcommittee. The vote was approved by the following vote:

AYES: Committee Members Ellington, O'Connor, Vazquez,
Vice Chair Himmelrich
NOES: None
ABSENT: None

Motion by Vice Chair Himmelrich, seconded by Committee Member Ellington, to amend the last sentence of the Proposed Rules of Conduct to say "Members of any ad hoc committee formed may not meet except as allowed in accordance to the Brown Act." The motion was approved by the following vote:

AYES: Committee Members Vazquez, Ellington, O'Connor,
Vice Chair Himmelrich
NOES: None
ABSENT: None

Motion by Vice Chair Himmelrich, seconded by Committee Ellington, to direct staff to take the Ad Hoc committee recommendation to the City Council to approve the establishment of a limited term ad hoc committee that would work alongside the Subcommittee in their review of the Compensation and Staffing Review, with a member who has public employment experience, that the City Manager shall have the discretion to appoint five to seven individuals, and extend an invitation to representatives from the various bargaining units to the preliminary findings meetings. The motion was approved by the following vote:

AYES: Committee Members Vazquez, Ellington, O'Connor,
Vice Chair Himmelrich
NOES: None
ABSENT: None

The City Manager commented that he does not encourage including employees' usage of sick or vacation time in this study.

ADJOURNMENT

On order of the Chair, the Santa Monica Audit Subcommittee meeting was adjourned at 7:30 p.m.

ATTEST:



Denise Anderson-Warren
City Clerk

APPROVED:



Sue Himmelrich
Vice Chair