



**Regular Meeting
of the
San José
Public Safety, Finance & Strategic Support Committee
January 17, 2008 at 1:30 P.M**

Roll Call: Madison Nguyen, Chair; Pete Constant, Vice-Chair; Forrest Williams, Member; Pierluigi Oliverio, Member; Christine Shippey, Assistant City Manager; Melanie Jimenez, Mayor's Office; Danielle Kenealey, City Attorney's Office; David Baum, Redevelopment Agency

Staff: Abe Andrade, Redevelopment Agency Assistant Budget Director; Steve Hendrickson, Interim City Auditor; Chris Constantin, Sr. Program Performance Auditor; Carly Fazio, Finance Department; Scott Johnson, Director of Finance; Mark Danaj, Director of Human Resources; Randall Murphy, Interim Chief Information Officer; Steve Turner, Deputy Director, Information Technology; Marsha Lynch, Division Manager, Information Technology; ViJay Sammeta, Acting Deputy Director, Information Technology; Darryl VonRaesfeld, Interim Fire Chief; Linda Charfauros, Fire Department; Tom Manheim, Director of Communications; Ross Braver, Video Communications Manager

Guests: Mike Widner, CICA, City and County of Denver, CO; George McGowan, CPA, City of Orlando, FL; Mary Jo Emanuele, CIA, CGFM, City of Kansas City, MO; Association of Local Government Auditors

The meeting was called to order at 1:30 p.m.

Items were heard in the order given.

**12. Report on Proposed San Jose Community Media Access Corporation Contract
(City Manager)**

Tom Manheim, Director of Communications, and Ross Braver, Video Communications Manager, presented the report.

The proposed San Jose Community Media Access Corporation Contract (SJCMAC) is between the City of San Jose and the San Jose Community Media Access Corporation to provide Public and Educational (PE) Access cable programming services for the City of San Jose for an initial seven (7) year term, with an option to extend for three (3) additional years, in an amount that is subject to receipt of payments from the City's cable providers, but that is projected to be approximately \$10 million over the initial seven year term. Under this proposed contract, SJCMAC will be required to locate, establish, and operate a Community Media Center (CMC)

for seven years, with an option to renew that contract for an additional three years. A CMC is a video and computer production facility. Access to equipment and facilities will be open to all those who receive training or who receive a certification from SJCMAC that they have met the training requirements to create video programming that would air on the Public and Educational Access Channels.

Upon motion of Member Williams, seconded by Member Oliverio, the Committee accepted the report to include cross-referencing this report for the January 29, 2008 City Council meeting.

1. **Redevelopment Agency Monthly Financial Reports (Redevelopment Agency)**
 - a. **Financial Statements**
 - b. **Capital Cost Report**
 - c. **Cash Flow Projections**

Abe Andrade, Assistant Director of Finance, Redevelopment Agency, presented the reports.

Upon motion of Member Williams, seconded by Member Oliverio, the Committee accepted the reports.

2. **Review of Plans for Heart Safe City Classification (Fire) Deferred from December 20 Request Deferral to April 17**

Deferral approved.

3. **Quarterly Update on Performance Measurements (City Manager) Deferred from December 20 Request Deferral to February 21**

Deferral approved.

4. **Quarterly Update on Council Directives (City Manager) Deferred from December 20 Request Deferral**

Deferral approved.

5. **Report on Fire Department Vacancy and Absence Rates and the Impact on Overtime (Fire) (Follow-up from June 21, 2007)**

Darryl VonRaesfeld, Interim Fire Chief, presented the report.

This report includes 2006-2007 Fire Department absence and vacancy rates for the prior completed fiscal year to ensure that overtime funding and relief staffing levels are annually measured, funded, and managed. This report also includes staffing levels and anticipated retirements, as well as a relief staffing based on four years of data: actuals for 2003-2004 through 2006-2007.

Upon motion of Member Oliverio, seconded by Vice-Chair Constant, the Committee accepted the report.

**6. Report on Recruitment, Diversity Management and Workforce Planning (Human Resources)
Deferred from December 20**

Mark Danaj, Director of Human Resources, presented the report.

The City of San Jose has placed a concentrated focus on diversity and leveraging its benefits for both the City workforce and the community. Employee Development, recently renamed Workforce R&D: Resources & Diversity for Building the Leadership Bench, has strategically reorganized around the four core areas listed below:

- I. Accelerating and celebrating the professional development of current City of San Jose colleagues,
- II. Attracting and retaining the best and brightest from the global talent pool to work for the City of San Jose,
- III. Developing and sustaining programs with regional educational and professional partners to attract high school and college students to local government professions, and
- IV. Building an asset-based approach to diversity, leveraging the value of differences to create inclusive work environments, innovative work products, and solution-oriented services that exceed customer expectations.

As part of the executive recruitment process, Human Resources requires its recruiting firms to conduct diversity outreach as part of their professional marketing and recruitment strategy for San Jose. Human Resources increasingly conducts its own diversity outreach for key management positions by advertising with professional organizations that also represent specific identity groups, such as the National Forum for Black Public Administrators, the International Hispanic Network, the California Asian Public Administrators Network and Caucus of Elected Asians, and others. This effort has contributed to highly-qualified and more diverse candidate pools-geographically, culturally, ethnically, and gender-based for leadership positions at the City.

Upon motion of Vice-Chair Constant, seconded by Member Oliverio, the Committee accepted the report.

7. Report on Department Business Technologies (IT) Deferred from December 20
a. Integrated Billing System (IBS)
b. Recruiting
c. Financial Management System (FMS) Upgrade

Randy Murphy, Interim Chief Information Officer and Steve Turner, Deputy Director, Information Technology, presented the report.

The Integrated Billing System (IBS), Recruiting (CityJobs) and the Financial Management System (FMS) are critical applications that provide the organization with key business functionality.

The Integrated Billing System provides revenue management capabilities for the Recycle Plus, Municipal Water, Storm Water and Sanitary programs, as well as customer relationship management for these programs and the City's Customer Contact Center, with the integration of Business Tax Licensing currently underway.

Recruiting (CityJobs) has complemented the previously existing human resources and payroll functions with the recently added integrated recruitment function. This replaced the stand-alone QuickHire application with one that is integrated with the human resource planning application. This addition allows staff to assemble a complete employment history beginning with the submission of the first employment application. In December 2006, PeopleSoft 8.9 went live. CityJobs was implemented in November 2007 and provided significant recruitment functionality enhancements for management and staff. Both of these projects leveraged the existing Peoplesoft HR/Payroll application.

Upgrades currently in progress include hardware and time card software. The integration of the Human Resource Payroll application with the City's Financial System will be examined.

In June 2007, the upgrade of the Financial Management System (FMS) went live to provide operational enhancement and fixes.

Finance and Information Technology Departments are working cooperatively on Report Migration to translate financial reports into a format that will be supported by a browser-based client.

The Replacement Feasibility Study will examine the Financial Management System and its needs for functionality and integration that encompasses the General Ledger, Accounts Receivable, Purchasing, Fixed Assets, Asset Management, Depreciation, Budgets, Warehouse Inventory, and Cashiering.

Upon motion of Vice-Chair Constant, seconded by Member Oliverio, the Committee accepted the report.

8. Report on City Service Area (CSA) Activities (IT) Deferred from December 20
a. Public Safety
b. Parks, Recreation, Neighborhood Services (PRNS) Registration

Randy Murphy, Interim Chief Information Officer, and Steve Turner, Deputy Director of Information Technology, presented the report.

This report focuses on the planning and organizational efforts currently in progress to guide CSA technology.

The Information Technology Planning Board (ITPB) provides a policy setting and approval forum for Citywide technology. The Architecture Committee provides managerial and technical support for the ITPB, and strengthens the lines of communication between the executive level and technical managers.

The CSA Master Plans' key component identifies each individual Department's business plans and goals. Department leaders and stakeholders work with technical staff to conduct a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to focus on areas needing improvement. A comprehensive list of IT projects and associated funding is compiled to provide overall understanding of technology activities within the CSA.

Upon motion of Vice-Chair Constant, seconded by Member Oliverio, the Committee accepted the report.

9. Review of the Park Townsend Disposition and Development Agreement (City Auditor)
Request Deferral to February 21

Deferral approved.

10. External Quality Control Review of the City Auditor, San Jose, California (City Auditor)

Steve Hendrickson, Interim City Auditor, Mike Widner, George McGowan, and Mary Jo Emanuele, Association of Local Government Auditors, presented the report.

This review of the San Jose City Auditor's Office covers the period July 1, 2005 through June 30, 2007.

The San Jose City Auditor's Office excels in being exceptionally well-qualified and credentialed, and exhibits a remarkable dedication to the residents and taxpayers of San Jose; Preliminary Survey APR and the Risk Assessment APR illustrates a comprehensive methodology as it relates to the audit planning process; and Bi-weekly Work Summary form provides a great tool to management for periodically assessing individual audit progress.

Observations and suggestions to enhance the organization's commitment and adherence to Government Auditing Standards focuses on the Enhanced Quality Control System, Audit Supervision, and Consideration of Interim Reporting. The City Auditor's Office concurs with these suggestions and will take the appropriate steps to implement them.

Upon motion of Member Oliverio, seconded by Vice-Chair Constant, the Committee accepted the report.

11. Review of the Procurement Card Program – Ongoing Audit (City Auditor)

Steve Hendrickson, Interim City Auditor, Chris Constantin, Sr. Program Performance Auditor, and Scott Johnson, Director of Finance, presented the report.

The City Auditor's Office issued its first Procurement Card Program Audit in September 2006 and recommended that the Office conduct on-going audits for the Program. The goal of this audit is to establish a baseline against which to track Program improves over time. The baseline period is between June 2006 and August 2006, which was prior to the Administration's issuance of a revised Procurement Card Policy and Program improvements. The revised policy was published on December 7, 2006.

Based upon a random selected sample of 368 transactions, an estimated 3,932 of the 8,822 transactions (45 percent) between June 2006 and August 2006 were at risk of non-compliance with City Policy and the City's maximum exposure is about \$1.1 million. The City Auditor's Office found significant non-compliance with approving official reviews, personal transactions, splitting transactions, and insufficient supporting documentation. The City Auditor's Office will conduct another review to gage the City's progress in reducing non-compliance in the Program.

A revised Procurement Card Policy was published on December 7, 2006, and includes detailed responsibilities for departmental and Finance staff; outlines purchase prohibitions, restrictions, and regulations; and describes various procedures the Finance Department conducted over ten trainings citywide. It also published a website dedicated to the Procurement Card program to ensure understanding about how to comply with the policy.

Audit Recommendation #1: The Auditor's Office recommends that the Administration consider an approving official exception process for designating approving officials to ensure a consistent chain of responsibility when approving officials change. The Administration is in general agreement with this recommendation. The updated policy requires that a designated approving official sign the monthly Procurement Card statement of every assigned cardholder. With the approval of the statement, the approving official attests that the procurement card transactions were handled in compliance with the policy.

Staff will research consumer credit card incentives and discounts for future City documentation.

Upon motion of Vice-Chair Constant, seconded by Member Oliverio, the Committee accepted the report.

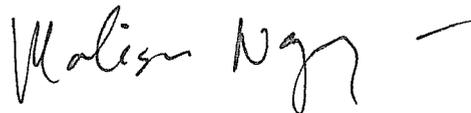
13. Oral Petitions

No oral petitions.

14. Adjournment

Meeting adjourned at 3:15.

By:



Madison Nguyen, Chair
Public Safety, Finance and Strategic Support
Committee

Please note that this meeting can be viewed in its entirety on the City's website, www.sanjoseca.gov and click on the link to view meeting broadcast, you can find all Committee meetings as well as City Council meetings.