



SAN JOSE
CAPITAL OF SILICON VALLEY
Regular Meeting
of the San José

Public Safety, Finance & Strategic Support Committee
held
November 15, 2007 at 1:30 P.M

Roll Call: Madison Nguyen, Chair; Pete Constant, Vice-Chair; Forrest Williams, Member; Pierluigi Oliverio, Member; Kay Winer, Chief Deputy City Manager; Melanie Jimenez, Mayor's Office; Bill Hughes, City Attorney's Office; David Baum, Redevelopment Agency

Staff: Donald Anders, Deputy Police Chief; Darryl Von Raesfeld, Fire Chief; Kimberly Shunk, Director of Emergency Services; David Persselin, Finance Debt Administrator, Finance Department; Kathleen Jackson, Acting Investment Officer; Abe Andrade, Redevelopment Agency Assistant Budget Director; Steve Hendrickson, Interim City Auditor; Scott Johnson, Director of Finance; Belinda Silvatici, Program Performance Auditor; Ruth Merino, Senior Program Performance Auditor; Mark Danaj, Director of Human Resources; Joe Horwedel, Director of Planning, Building, and Code Enforcement ; Randall Murphy, Interim Chief Information Office; Steve Turner, Deputy Director, Information Technology; Marsha Lynch, Division Manager, Information Technology; ViJay Sammeta, Acting Deputy Director, Information Technology

Guests: Dan Fenton, President and CEO, Team San Jose; Dan Cunningham, CFO, Team San Jose; Erik Ferris, Director, Client Services Team San Jose; Meghan Horrigan, Director of Public Affairs, Team San Jose; Craig Boyer, Macias, Gini & O'Connell; Cindy Pon, Macias, Gini & O'Connell

The meeting was called to order at 1:32 p.m.

1. **Redevelopment Agency Monthly Financial Reports (Redevelopment Agency)**

- a. **Financial Statements**
- b. **Capital Cost Report**
- c. **Cash Flow Projections**

Abe Andrade, Redevelopment Agency Assistant Budget Director, presented the reports. Upon motion of Vice-Chair Constant, seconded by Chair Nguyen, the Committee accepted the reports.

2. **Public Safety Quarterly Report (Police/Fire) (Deferred from October)**

a. **Police**

Deputy Chief Donald Anders presented the Public Safety FY 07-08 First Quarterly Operating Report. The areas included in his presentation were progress on technology projects, response times, progress on the substation, police vehicles acquisition, and the five-year staffing plan.

b. **Fire**

Fire Chief Darryl Von Raesfeld summarized the Fire Department's Quarterly Report.

The major areas included work on updating the 2000 Strategic Plan update, technology projects and capital projects such as bond funds projects and the training center.

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

3. Report on the Status of San Jose Prepared (Emergency Services)

Kimberly Shunk, Emergency Services Director, presented the report.

San Jose *Prepared!* is the Community Emergency Response Team (CERT) program for the City of San Jose. The goal of the program is to educate individuals, families, and neighborhoods about becoming self-sufficient for a minimum of 72 hours after a disaster. The Office of Emergency Services (OES) has a performance measure to reach a total of 500 residents every year through its San Jose *Prepared!* program. In the first four months of FY 2007-08, 227 people have either graduated from the 20-hour program or participated in the two-hour class, putting OES on track to reach its performance goal this fiscal year. The San Jose *Prepared!* website, <http://www.sanjoseca.gov/emergencyservices/sanjose>, includes class schedules, website links, and contact information.

An information memo will be forwarded to the City Council from Kimberly Shunk regarding the November 14, 2007 Golden Guardian Exercise.

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

4. First Quarterly Reports on 2007-08 Performance Measurements for July-September 2007 (City Manager) (Deferred from September)

a. **Public Safety**

This report includes performance data and analysis from Police, Fire and the Office of Emergency Services (OES), and recommended performance measure changes.

b. **Strategic Support**

This report includes performance data and analysis from Finance, Human Resources, Information Technology, Public Works, and Retirement Departments.

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

5. Risk Management Reorganization Update (Human Resources) (Deferred from September)

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

This report provides an update on the Administration's efforts to create an enterprise-wide risk management program that provides a more strategic, effective, and accountable approach to risk identification, reduction and control for the entire organization. Human Resources is implementing the Risk Management Policy.

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

6. Report on the 2007-08 First Quarter Debt Report (Finance)

Scott Johnson, Director of Finance, presented the report.

The Debt Management Program is responsible for managing the City's debt issuance and debt administration activities for all City borrowings including the issuance and administration of tax increment debt for the Housing Department's Expanded Housing Program.

There has been no change in the City's General Credit Ratings of Aa1/AA+/AA+, last confirmed in May 2007, demonstrates the City's overall strong credit worthiness. The City of San Jose remains highest rated City with populations over 250,000 in California.

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

7. Report on the 2007-08 First Quarter Investment Report (Finance)

Kathleen Jackson, Acting Investment Officer, Finance Department, presented the report.

The total investment portfolio as of September 30, 2007 was \$1.083 billion. This is a decrease of approximately \$192 million from June 30, 2007, primarily due to the payments of debt service throughout the summer months. For the quarter ended September 30, 2007, the earned interest yield was 4.712%, a slight increase from the 4.702% reported for the quarter ended June 30, 2007. The weighted average days to maturity as of September 30, 2007 were 577 days, an increase of 8 days from 569 days as of June 30, 2007. As of September 30, 2007, approximately 90.9% as of portfolio consisted of U.S. Treasury and Federal Agency securities.

An electronic version of this report is posted on the City's website at www2.csjfinance.org.

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

8. Report on the 2007-08 First Quarter Revenue Collection Strategic Plan Report (Finance) (Request Deferral to December 20)

Deferral approved.

9. Fiscal Year 2006-07 Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2007 (Finance)

Cindy Pon, Partner with Macias, Gini & O'Connell, (MGO) presented the report with Scott Johnson providing additional information.

The CAFR provides financial information to the residents of San Jose, creditors, investors, as well as a summary of the City of San Jose's finances, services, achievements, and economic prospects. An electron version of this report is posted on the Finance Department's website at www.csjfinance.org.

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

10. Annual Procurement Update (Finance) (Request Deferral to February 21, 2008)

Deferral approved.

11. External Auditor's Report on Single Audit and Management Letter on Internal Controls for Fiscal Year Ended December 2006 (Finance)
(Request Deferral to December 20)

Deferral approved.

12. Team San Jose Reports (Auditor)

- a. **The FY 2005-06 and 2006-07 Annual Performance Audit for Team San Jose (Auditor)**
- b. **Independent Auditor's Report and Financial Statements on the San Jose Convention Center and Cultural Facilities for the Year Ended June 30, 2007**

In accordance with the City Auditor's 2006-07 Audit Workplan, and Team San Jose's Management Agreement, the City Auditor's Office Audited Team San Jose to determine whether it met the four Performance Measure Targets in the Management Agreement for FY's 2005-06 and 2006-07. Steve Hendrickson, Interim City Auditor, summarized the findings and recommendations. The Audit found that Team San Jose 1) Did not meet its Gross Revenues Performance Measure Target for FYs 2005-06; 2) Did not meet its net Loss Performance Measure Target for FYs 2005-06; 3) Did meet its Economic Impact Performance Measure Target for FYs 2005-06 and 2006-07; and 4) Did meet its Customer Service Results Performance Measure Target for FYs 2005-06 and 2006-07. Mr. Hendrickson reported that there is a positive trend for the performance measure on gross revenue. Team San Jose missed the target by .4% in FY 2006-07.

Kay Winer, Chief Deputy City Manager, and Scott Johnson, Director of Finance, concur with the City Auditor's recommendation that Team San Jose engage a team to perform a nation-wide executive search to hire a qualified individual with experience in the management of similar facilities as the Chief Executive Officer (CEO) of the Convention and Cultural Facilities in accordance with their proposal and the Management Agreement. Kay Winer continued by saying the administration recommends that performance measures be tied to the annual budget process, requiring Team San Jose to achieve a certain percentage of budgeted revenue and expense. Administration also recommends engaging an industry expert to serve as an Asset Manager.

The December 17 special study session will consider extending the current agreement with Team San Jose.

Macias, Gini & O'Connell (MGO) presented the report on the Independent Auditor's report and financial statements of the Convention Center and Cultural Facilities for year ended June 30, 2007. MGO issued the opinion that the financial statements were presented fairly and in conformity with generally accepted accounting principles.

Upon motion of Vice Chair Constant, seconded by Member Oliverio, the Committee accepted the reports to include staff comments.

13. Report on Citywide Business Technology (Information Technology)

- a. **Enterprise Content Management (ICM)**
- b. **Geographical Information Systems (GIS)**
- c. **Application Management and Data Automation (AMANDA) Expansion**
(Request Deferral of Item c to December 20) Deferral approved.

This report examines the current status and issues associated with Enterprise Content Management and Geographical Information Systems from a Citywide business technology perspective.

A status report will be presented to this Committee in December, 2007 regarding a review of the Department Business Technology efforts.

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

14. Oral Petitions

No oral petitions.

15. Adjournment

Meeting adjourned at 3:30 p.m.

By:

A handwritten signature in black ink that reads "Madison P. Nguyen" followed by a horizontal line extending to the right.

**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.*