



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Debra Figone

SUBJECT: SEE BELOW

DATE: October 25, 2012

SUBJECT: ADOPTION OF STATEMENT OF POLICY AND QUESTIONS FOR THE PROSPECTIVE FINANCE DEPARTMENT DIRECTOR

RECOMMENDATION

Adopt a Statement of Policy and City Council Questions related to the selection of a prospective Finance Department Director as described in this memorandum, in compliance with City Charter Section 411.1.

BACKGROUND

In compliance with City Charter Section 411.1, the City Council has adopted a process for City Council confirmation of department head appointments. The process requires that the City Council, prior to meeting with the City Manager's recommended candidate for department head positions that are subject to the City Charter's requirements, adopt a statement of policy for the department involved, along with proposed questions for the City Council to present to the prospective appointee.

At my direction, staff is coordinating the efforts of the executive search firm, Teri Black & Company, LLC, who is conducting the recruitment. City Council adoption of the Statement of Policy and Questions will not only assist in candidate selection as the recruitment progresses, but will also be used for the City Council confirmation process of the final nominee.

ANALYSIS

The executive search firm has conducted a nation-wide recruitment for qualified candidates. Within the next few weeks, the Administration will be conducting an interview process guided by the input provided by the City Council through its adoption of the attached policy and questions as well as other stakeholder feedback. At the conclusion of that process, I will present my recommended selection for Finance Director to the City Council for confirmation during Closed Session, along with the written answers to the questions adopted by the City Council as part of this action. If the City Council confirms my nominee, the appointment would be formally approved at that afternoon's City Council meeting.

The proposed Statement of Policy (Attachment 1) contains the broad goals, objectives, and aspirations for the department as reflected in the department's mission, core services, performance

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Subject: Statement of Policy/Questions for the Prospective Finance Department Director

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measures, and resource allocation as approved by the City Council as part of the 2012-2013 Adopted Budget.

The proposed City Council Questions (Attachment 2) reflect those adopted for recent department head hiring processes as well as ones specific to this recruitment. The City Council may modify, add, or subtract from this list of suggested questions at this time, and of course, City Council members will be able to ask further questions of the recommended appointee during Closed Session.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item does not meet any of the criteria above. This memorandum will be posted on the City's website for the November 6, 2012, City Council Agenda. In addition, the Administration and the executive search firm convened discussions with various stakeholders to gather feedback on the knowledge, skills, and abilities that should be considered for the selection of the permanent Finance Director as well as an understanding of the challenges and opportunities facing the Finance Department. Those stakeholders included: City Councilmembers, selected Senior Staff and City Council Appointees that interact frequently with the Finance Department, selected Finance Department employees, as well as the City's outside auditor and financial advisor.

CEQA

Not a Project, File No. PP10-069(b), Personnel Related Decisions


DEBRA FIGONE
City Manager

For questions please contact Jennifer Maguire, Budget Director, at (408) 535-8144.

Attachments:

Attachment 1: Statement of Policy

Attachment 2: City Council Questions

STATEMENT OF POLICY

FINANCE DEPARTMENT

Department Mission

The mission of the Finance Department is to manage, protect and report on the City of San José's financial resources to enhance the City's financial condition for residents, businesses and investors.

Department Core Services

1. Disbursements

Facilitate timely and accurate payment of the City's financial obligations

The key operational services utilized to carry out this Core Service include:

- Account Payable
- Payroll

2. Financial Reporting

Provide accurate and meaningful reporting on the City's financial condition

The key operational services utilized to carry out this Core Service include:

- General Accounting and Analysis
- Special Accounting

3. Purchasing and Materials Management

Purchase and provide quality products and services in a cost-effective manner, and ensure insurance coverage for the City's assets

The key operational services utilized to carry out this Core Service include:

- Procurement
- Central Services (records management, recycle, surplus disposition and mail processing)
- Risk Management (insurance)

4. Revenue Management

Bill and collect the City's resources to enhance the City's financial condition

The key operational services utilized to carry out this Core Service include:

- Accounts Receivable Collections
- Business Tax Compliance
- Integrated Billing System
- Revenue Compliance and Monitoring

5. Treasury Management

Provide cost-effective financing, investment and cash collection of the City's resources to maintain and enhance the City's financial condition

The key operational services utilized to carry out this Core Service include:

- Debt Management
- Investment Management
- Cash Management/Payment Processing

Department Performance Goals

Department performance goals are reflected in the Finance Department's performance measures and its resource allocation as contained in the 2012-2013 Adopted Operating Budget document.

CITY COUNCIL QUESTIONS FINANCE DEPARTMENT DIRECTOR

1. Please describe your education, experience, and accomplishments, and explain how they have prepared you for this position.
2. The Statement of Policy for the department contains the broad goals, objectives, and aspirations for the department as reflected in the department's mission, core services, performance measures, and resource allocation approved by the City Council as part of the 2012-2013 Adopted Budget. Please explain, in general terms, your planned approach to these issues.
3. What are the major challenges you see for the department? Please describe your planned approach to dealing with them.
4. What is your plan for ensuring that you maintain good communication with the Mayor and City Councilmembers? What is your plan for maintaining good communication with the general public, outside stakeholders, and other City departments?
5. Known as the "Capital of Silicon Valley," San José enjoys a broad economic base, tremendous diversity, and one of the lowest big city crime rates in the country. At the same time, we face the need to strengthen our neighborhoods, continuously improve the services we provide, and use our limited financial resources wisely in an extremely challenging budgetary environment. How do you see yourself and this department contributing to successfully meeting those challenges?
6. Describe what you believe to be the key finance-related issues confronting California's urban cities. What is the role of the Finance Director in addressing these issues?
7. With the dissolution of Redevelopment Agencies and the City acting as the Successor Agency to the San Jose Redevelopment Agency, there are significant legal and financial challenges facing the City. For example, the State legislation regarding the dissolution has had different interpretations by the various stakeholders and the property tax increment from the former San Jose Redevelopment Agency is not sufficient to address all of the enforceable obligations. Please describe your approach to addressing these legal and financial issues?
8. Over the last decade, the Finance Department has overseen the issuance of debt for various capital improvements, including voter-approved general obligation bonds to upgrade the City's public safety, parks, recreation and library facilities, as well as revenue bonds and commercial paper associated with the renovation of the Airport and the construction of a new City Hall. The City now has a large outstanding debt balance of over \$5 billion. Please describe your experience with issuing debt and managing a debt portfolio, including the types of financing and your role. Please describe your experience working with rating agencies, including delivering presentations and responding to inquiries.

**CITY COUNCIL QUESTIONS
FINANCE DEPARTMENT DIRECTOR**

9. Workforce turnover has been a significant challenge, impacting the Finance Department as well as other City departments. Please describe how this affects the department services and your approach to managing this issue. Specifically, what will you do to attract and retain top talent?
10. This position requires that the Director deal with a number of different internal and external customers. Who do you see as the department's customers? Please provide an example of a project where multiple stakeholders were involved, what some of the conflicts were, and what type of resolution you helped to achieve?
11. With deep budget cuts necessary over the last decade, City departments have implemented many changes to service delivery models in order to continue to provide quality services at a lower cost. Please describe your approaches to team building and fostering innovation and continuous improvement in the delivery of services.
12. How would you deal with a recommendation that, in your professional judgment should be made, but which you know may be unpopular with the Mayor and City Council?