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**MAKING GOVERNMENT WORK BETTER COMMITTEE**

Meeting Report  
January 14, 2004

PRESENT: Chair Nora Campos, Councilmember Chuck Reed, Councilmember Linda J. Le Zotte, Councilmember David Cortese

ABSENT: None

STAFF: Kay Winer, Danielle Kenealey, Meghan Horrigan, Jerry Silva, Jose Obregon, Anna Jatzak, Kevin O'Connor, Fran McVey, Jim Helmer, Scott Johnson, Mark Burton, Andy Heath

The meeting was convened at 2:50 PM

The items were heard out of order (item D was heard second, before B and C).

a. Criteria for Fleet Management Division of the General Services Department's Vehicle Replacement Program (General Services)

Jose Obregon, Director, General Services Department gave an overview of the report. He stated that the report serves as an update on the Department's response to the Auditor's recommendation. 93% of the recommendations have now been addressed. Today's discussion will focus on the recommendation that deals specifically with the replacement criteria for fleet vehicles. The proposed criteria are categorized by vehicle class type. The criteria takes into consideration the age of the vehicle as well as the mileage it has. The policy, which illustrates the criteria, will be distributed and communicated across the organization. The Auditor has reviewed and endorses the policy. An important element of the Auditor's original recommendation was on documentation and this will be done as part of the new policy.

Councilmember Reed asked how exceptions to the guidelines would be dealt with.

Jose answered that any exceptions will be referred to the Vehicle Review Committee comprised of the Budget Director and the Deputy Director of General Services and the Fleet Manager who will make the determination.

Councilmember Le Zotte asked if the new replacement guideline would be phased in or if it would be implemented all at once.

Jose answered that the Department would like to implement the whole policy immediately. He added that currently, there is a backlog with no funding in place. Alternative funding will have to be developed and priorities set.

Anna Jatzak, Deputy Director, General Services Department added that staff would look at alternatives for placing equipment into the pool (both metered and transport equipment) before deciding to replace an item.

Jerry Silva, City Auditor added that the candidates for replacement would be evaluated first.

**Upon motion of Councilmember Le Zotte, seconded by Councilmember Reed, the Committee accepted the staff report.**

b. Overhead Reimbursements Memorandum (Auditor)

Jerry gave an overview of the report. He stated that procedures are now written and in place. Additionally, a back-up person has now been assigned to the allocation process. A high-level person is in charge of allocations.

Scott Johnson, Director, Finance Department added that calculations for allocations are done in accordance with the Federal and State guidelines.

**Upon motion of Councilmember Reed, seconded by Councilmember Le Zotte, the Committee accepted the staff report.**

c. Review of Accounts Receivable System Acquisition Memorandum (Auditor)

Jerry stated that he is satisfied with the efforts that the Finance Department has made in acquiring the new accounts receivable system. He gave two recommendations. The first is that the old Legacy system be migrated into the new system. The second is that further training on the new system be given to staff.

Scott stated that this system is very critical. It is a citywide revenue collection database called Revenue Plus. The Department now has a better handle on delinquent accounts and has collected over \$1.2 million to date. The Customer Relationship Management, Utility Billing System and Partner Relationship Management (CUSP) project is also moving along. Responses to the RFP have been evaluated and a report will be included with the next Major IT Projects update. The CUSP system will integrate all of billing and customer services that are currently provided, as well as other features. Six major billing systems have been incorporated into the DEC VAX system. The Department has complied with acquisition guidelines and is working on further integration.

Councilmember Reed stated that he has received calls from Real Estate Brokers and Agents who are getting billed.

Scott replied that the leads come from Business License applications and from the Franchise Tax Board in the form of Schedule C's.

Andy Heath, Deputy Director, Finance Department added that Real Estate Agents who are independent (not employed through a brokerage) and do business in San José are required to pay the business tax.

Councilmember Cortese asked further questions regarding the CUSP RFP out for the consolidation of the six billing applications currently housed on the DEC VAX platform. He asked where the funding would come from.

Kay responded that staff would provide this information when the Committee is briefed. Additionally, staff is preparing a Plan "B" which will describe costs and functionalities of fixing and updating what we currently use.

**Upon motion of Councilmember Reed, seconded by Councilmember Le Zotte, the Committee accepted the staff report.**

d. General Services Metered Equipment Audit Report (Auditor) – Deferred from December 2003

Jerry stated that the department has already incorporated much of the recommendations into the Fleet Management Policy, which was discussed earlier. He then gave an overview of the report. He stated that there were three Findings with ten recommendations and the Administration has concurred with all of them.

Jose gave the Department's response to each Finding.

Finding I: By Using Its Metered Equipment More Efficiently, The City Can Potentially Realize About \$3.5 Million in Economic Benefit

Jose stated that this is an excellent Finding and warrants further study in order to determine the precise savings.

Kevin O'Connor, Deputy Director, Department of Transportation gave an example of how the utilization report may not give a clear picture of the equipment's functions and why it may have low utilization. He stated that backhoes are used in ten different departments and serve different functions. This piece of equipment is needed at various times during a job, and having it immediately available is important, but is not used constantly. This explains its' low utilization number in the report.

Kay added that one of the important recommendations is to make General Services responsible for overseeing the City's total equipment fleet.

Jose replied that General Services would work with each department with a focus on determining what the service capacity impact with elimination or through pooling might be.

Chair Campos asked what the timeline for implementation would be.

Jose answered that General Services is looking at all equipment (including metered) and hopes to have a final report by the end of the year.

Kay added that while the department is proceeding, there would not be any new metered equipment purchases (unless there is an emergency).

Chair Campos asked staff to include flags in the next report that indicates which pieces of equipment are metered and which are specialized.

Jim Helmer, Director, Department of Transportation added that committees in other departments are also looking at alternatives such as opportunities for contracting in or out.

Finding II: The Environmental Services Department's Water Pollution Control Plant Appears To Have An Excessive Number of Scooters

Jose stated that there are 3 types at the Plant. The tool-crib scooters and the scooters used to transport chemicals get less utilization but are important for Plant operation. The rest of the scooters are for human transport.

Finding III: The Fleet Management Division Needs to Develop Appropriate and Effective Equipment Replacement Policies and Procedures For Metered Equipment

Jose stated that this was already discussed as part of the Vehicle Replacement Program report. The Administration agrees with the recommendations but he stressed again that it is important to look closely and evaluate the equipment before removing any. The Administration does recognize the value of removing some and agrees with the recommendation that General Services oversee the City's fleet.

Fran McVey presented information to the Committee illustrating three basic uses for the scooters.

Councilmember Reed requested that the next report further address the scooters at the Plant. He'd like to know why the City of San José's Water Pollution Control Plant is so different from other, similar plants.

Chair Campos requested a status report be placed on the next Making Government Work Better 6-month workplan.

**Upon motion of Councilmember Reed, seconded by Councilmember Le Zotte, the Committee accepted the staff report with the direction that a status report be placed on the Committee's next workplan and that the report include flags to identify metered equipment vs. specialized equipment. The report should also include more information on scooter utilization at the Plant (as compared to similar Plants in other Cities) .**

e. Oral Petitions

Bill Garbett spoke on the Los Esteros power plant.

f. Adjournment

The Committee was adjourned at 4:00 P.M.



Councilmember Nora Campos, Chair,  
Making Government Work Better Committee

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**Executive Summary  
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- b. Overhead Reimbursements Memorandum (Auditor)

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- c. Review of Accounts Receivable System Acquisition Memorandum (Auditor)

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- d. General Services Metered Equipment Audit Report (Auditor) – Deferred from December 2003

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A handwritten signature in black ink, reading "Nora Campos". The signature is written in a cursive style with a large, sweeping initial "N".

Councilmember Nora Campos, Chair,  
Making Government Work Better Committee