



## MAKING GOVERNMENT WORK BETTER COMMITTEE

### Executive Summary February 17, 2005

The meeting was convened at 1:30 p.m.

Members Present: Chair Chuck Reed, Vice-Chair Linda J. LeZotte, Councilmember Ken Yeager

Members Absent: Councilmember David Cortese

Staff Present: Kay Winer, Danielle Kenealey, Lydia Tolles, Scott Johnson, Jim McBride, Jeff Clet, Larry Lisenbee, Kerry Burns, Eduardo Luna, David Persselin, Julia Cooper, Andy Heath

Guest: Jack Bursch

- a. Status Report on Proposed Guidelines of the Request for Proposals Procedure (City Managers Office/Finance/General Services)

**The Committee accepted the staff's report.**

- b. Follow-up Report on Fire Department Overtime and Relief Staffing (Fire Department)

**The Committee accepted the staff's report and requested that staff return in March with a follow-up report.**

- c. Quarterly Debt Report (Finance)

**The Committee accepted the staff's report.**

- d. Quarterly Investment Report (Finance)

**The Committee accepted the staff's report.**

e. Oral Petitions

None

f. Adjournment

The meeting was adjourned at 2:45 p.m.

A handwritten signature in cursive script that reads "Chuck Reed".

Chuck Reed, Chair  
Making Government Work Better Committee



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**MAKING GOVERNMENT WORK BETTER COMMITTEE**  
**Meeting Report**  
**February 17, 2005**

Members Present: Chair Chuck Reed, Vice-Chair Linda J. LeZotte, Councilmember Ken Yeager

Members Absent: Councilmember David Cortese

Staff Present: Kay Winer, Danielle Kenealey, Lydia Tolles, Scott Johnson, Jim McBride, Jeff Clet, Larry Lisenbee, Kerry Burns, Eduardo Luna, David Persselin, Julia Cooper, Andy Heath

Guest: Jack Bursch

The meeting was convened at 1:30 p.m.

**a. Status Report on Proposed Guidelines of the Request for Proposals Procedure (City Managers Office/Finance/General Services)**

Scott Johnson, Director, Finance Department stated that staff has been working on transitioning the Purchasing Division from General Services to the Finance Department. The report that is presented today serves as an update on those efforts. A presentation was originally given to this Committee on October 21<sup>st</sup> relating to the reforms that are being developed with regards to the RFP Process as well as updates on the Audit Recommendations. Completing the Workplan has been slower than expected due to the number of challenges, which are outlined in the status report. A new timeline has been included in the report. Staff is currently using a temporary form to identify any potential conflicts. He added that the process for hiring a Chief Purchasing Officer is moving along and that he will be interviewing the top candidates on February 28. In the interim, Jack Bursch, who served as the Purchasing Manager for Santa Clara County for many years prior to his retirement, is filling the position.

Jim McBride, Acting Director, General Services added the standardization process was approved by the City Council on February 15.

Vice-Chair LeZotte asked if the City Auditor's concerns that Form 700 was not sufficient enough to identify potential conflicts has been addressed.

Jim replied that the supplemental form that is currently being used addresses these concerns. Eduardo Luna, City Auditor's Office confirmed this.

Chair Reed stated that this issue should be added to the next Workplan. Scott stated that the next follow-up status report would be in August.

Chair Reed also recommended that six months following implementation, this item should be reported back to ensure that the measures are helping and not creating barriers to getting work done.

**The Committee accepted the staff's report.**

**b. Follow-up Report on Fire Department Overtime and Relief Staffing (Fire Department)**

Jeff Clet, Fire Chief stated that the issue of overtime in the Fire Department was first brought to the Committee's attention as a result of the April 2001 Audit report. There were five objectives identified in the Audit report. Since that time, the Fire Department has worked with the City Manager's Budget Office to identify the issues surrounding overtime in order to implement a solution. Several steps have already been taken including the implementation of the TelStaff system, which is designed to ensure more accurate minimum staffing assignments and to enhance data collection. In September 2004, the Fire Department gave a status report to this Committee. At that time two of the nine audit recommendations had been met. The Committee requested that staff return in early 2005 with an update. Staff is nearing the end of the data gathering and analytical process and is also close to completing the comprehensive staff report to address the April 2001 Audit Report. This report will be delivered to the MGWB Committee at its March 2005 meeting.

Larry Lisenbee, Director, City Manager's Budget Office stated that Fire Department overtime has been an ongoing problem for the past six years. The Base Budget has been under-funded due to the accreditation process within the Fire Department. Adjustments will be made and will be included in the Five-Year Forecast, which will be completed by the end of next week.

Councilmember Yeager asked if the comprehensive report would be completed by March. Chief Clet replied that staff tried to complete the report by February but collecting the data is a complex process. Rather than present a report with incomplete data, staff has extended the timeline to March. Using TelStaff will greatly assist in future data collection efforts.

Chair Reed stated that modified duty is a variable. He asked how it is built into the budget. Chief Clet replied that currently there are no full-time Fire Department positions that are not assigned to an engine. This means that there are no permanent

positions for employees who need to go on light duty. Staff is currently working on defining and building a structure for a management proposal that will address modified duty. This will take some time, as such proposals need to be approved through union negotiations. He stated that it is important that the Department not lose the current practice during this process.

Chair Reed asked what was being done about the issues with Disability Retirement. Larry replied that in this case, the policies of the Retirement Board and the City seem to be working against each other. Eduardo Luna, City Auditor's Office added that this issue is on the Auditor's Workplan and will be addressed in the future.

Chair Reed requested that staff return in March with a follow-up report.

**The Committee accepted the staff's report and requested that staff return in March with a follow-up report.**

c. **Quarterly Debt Report (Finance)**

Scott Johnson, Director, Finance Department noted that the Finance Department and the Housing Department submitted a joint application for the Pride of San Jose Award and received one of the awards at the State of the City meeting.

Julia Cooper, Deputy Director, Finance Department gave an overview of the Dept Program portion of the report. She talked about the City's debt portfolio and issuance history, the outstanding debt for the second quarter and the debt issuance and debt management activities during the second quarter and in progress.

Scott discussed the City of San Jose's Credit rating, which is at AA+. He stated that San Jose is the highest rated City with a population over 250,000 in California and that San Jose is ranked higher than the State of California and the County of Santa Clara.

David Persselin, Debt Administrator, Finance Department discussed the average fixed tax-exempt interest rates. He stated that San Jose continues to be well below the long-term average. He stated that a comparison of short-term interest rates shows that the City generally follows the market pretty closely.

**The Committee accepted the staff's report.**

d. **Quarterly Investment Report (Finance)**

Scott Johnson, Director, Finance Department gave an introduction to the report. He stated that today's presentation is focused on the City's portfolio. The portfolio value is approximately \$1,094,000,000. The earned interest yield is at 2.58% and the average days to maturity is 480 days. The value of the portfolio has increased by

about \$190,000,000. This is primarily due to replacement of money with the bond trustee (related to the Airport bonds). Portfolio yields are increasing due to the overall increase in the market yield as well as longer durations of maturities.

Andy Heath, Deputy Director, Finance Department briefly discussed the composition of the City's Investment Portfolio for the second quarter, the cash balances by fund type, the comparison of balances and the investment maturity versus net cash requirements. Scott noted that investments through bond trustees are not included in this report.

The Committee requested that the Finance Department add a footnote explaining this in future reports.

**The Committee accepted the staff's report.**

e. **Oral Petitions**

None

f. **Adjournment**

Kay Winer, Deputy City Manager stated that the City Auditor has requested that the three audit reports, currently on the agenda for March, be deferred to April. They are: Public Art Allocation Process, Northside Community Center and Public Works Transportation Contract.

The Committee approved the reports.

The meeting was adjourned at 2:45 p.m.



**Chuck Reed, Chair**  
**Making Government Work Better Committee**