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**MAKING GOVERNMENT WORK BETTER COMMITTEE**

Meeting Report  
March 10, 2004

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

STAFF: Danielle Kenealey, Kay Winer, Jennifer Carlino, Mike Edmonds, Scott Johnson, Andy Heath, Deanna Santana, Bonnie Kobayashi, Elaine Leung, Mark Linder, Mark Danaj, John Weis, Jose Obregon, Lacy Atkinson, Bob King, Dale Foster, Jerry Silva, Soraya Serajeddini, Carl Mosher, Meghan Horrigan, Anna Jatczak

The meeting was convened at 2:30 PM

a. Investment Report – Follow-Up to Meeting of February 11, 2004 (Finance Department)

Scott Johnson, Finance Director summarized points in the report and discussed a new report format. He recommended sending the report electronically every month and will do a more detailed report quarterly that will also be available to the public.

Chair Campos stated that this would be great for the community in that everyone will have online access without having to come down, physically.

Councilmember Reed stated that this abbreviated report is what he had in mind for the regular debt report and that he would like to see any exceptions pointed out in each report.

**With only two members present, the Committee accepted the follow-up report.**

b. Public Works Real Estate Division Audit (Auditor) – Recommend Deferral until May

c. Report on Culture Change Efforts in the City Organization for the New City Hall and “One Voice” Project (City Manager/Redevelopment Agency)

Mark Linder, Assistant City Manager gave an overview of the report stating that there have been two events that require change within the organization:

- The Budget Downturn (with reductions)
- The Construction of the New City Hall

Integrated into this effort are:

- Performance evaluations built around corporate policy
- “100 Reductions to the General Fund” memo
- Working at the service level (interdepartmentally) rather than at the departmental level

Currently, Staff is spread out all over the city and the new City Center will allow us to be one organization serving the community.

Key Components include:

- Civic Plaza (implementation of the One-Start Service Center has already begun)
- Customer Service Center (consolidating all City services; cross-trained staff)
- Central Access Point

Additionally, there will be more conference rooms, two-thirds of which will be available to the public.

Chair Campos asked how Staff is ensuring behavior change starts within the departments before moving to the new building.

Mark answered that Staff is driving this throughout the organizations by reviewing how departments are working and getting groups together to look at the changes that need to be implemented now and making suggestions for modifications.

Chair Campos asked for more detailed information on this to be provided later.

Kay Winer, Deputy City Manager added that once the “One Voice” projects are rolled out and they become examples of how Staff is already working in a more collaborative manner, they could bring them home to their respective departments so the departments could then come up with their own “OneVoice” project.

Councilmember Reed stated that it’s good that the building is not driving this since there will still be staff in other locations after the move and it’s a good idea to modify behavior now.

Chair Campos emphasized that she wanted to know what we’re doing now to make sure that we’re changing the culture. It isn’t enough to just share the vision, it’s important to act. It’s especially important that front line employees understand the culture change and that actions are being taken now to bring this message to them.

Mark Danaj, Employee Services Director gave an overview of the “One Voice” project. He stated that it’s about making cultural changes and the way business is done. This will ensure the organization is more customer oriented.

Peter Penfield, Consultant with Internet Business Solutions Group (not-for-profit arm of Cisco Systems) gave an overview of the concept and mission of the “One Voice” project and identified specific cultural changes that needed to be made:

- Execution of Business Appreciation Initiative
- “One Start” Development Center
- Retail Team
- Access San Jose
- New SNI Business Plan

Councilmember Cortese asked when this would come to Council for approval.

Peter answered that there are small pieces that need to be put into place first; and, that these pieces will prove the success of the project as a whole.

Mark D. added that these changes are mostly in the way in which work gets done. Mark continued to go over how the “One Voice” process is evolving:

- Bring pilot projects to Council for direction (1-3 months)
- Scale up into other projects (3-6 months)
- Implement “One Voice” model in the new Civic Center (6-18 months)

Councilmember LeZotte asked what the new business plan was about.

Mark D. explained that it involved taking the business practices currently in place and reorganizing them in such a way as to make better use of our resources by mixing both agency staff and city staff in order to, more effectively, deliver those services with less resources.

Chair Campos together with John Weis, Deputy Director, Redevelopment Agency explained that the SNI Business Plan was presented to Cindy Chavez’s committee a month ago and will be revisited this coming Monday, March 15<sup>th</sup>.

Councilmember Reed asked if the type of thing that’s being talked about is a more expedient permit process (from the customer’s standpoint).

Mark D. said that was correct.

Peter added that the collaboration tools are now on the web, which will facilitate the process.

Chair Campos stated that she would like to meet offline with Mark Linder and Mark Danaj to clarify the direction in which she wants this project to go.

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

d. City Clerk One-Stop Shop Status Report (City Clerk/City Manager)

Deanna Santana, City Clerk (Acting) highlighted items from the report:

- Laptops are being used at City Council meetings and the staff feels it is working well.
- The Minutes are now current, closing a four-month gap. Thus, filling the temporary position (Legislative Secretary) at this time would be counter-productive.
- The Council Meeting Guide is now being given to the community at Council meetings.
- Council Committee reports are now accessible on the web.
- In the process of putting out the annual Customer Service Survey, including questions put forth by the Council, with results expected in May.
- Starting to investigate adding additional online forms and services.
- Reviewing ways to improve automated election coordination.

Councilmember Reed asked if there has been good management cooperation regarding Council Committee Reports that require posting.

Deanna stated that it was going smoothly.

Chair Campos said that this was an excellent report, and would like to receive an update on the project management software, used for elections, at a future meeting.

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

e. Discussion of Additional Streamlining Opportunities to the Streamlining Ordinance (City Manager, City Attorney, General Services)

Jose Obregon, General Services Director discussed three issues:

- History of vendor protest frequency based on awards over \$100k
- How we compare to other jurisdictions in this regard
- If awards over \$100k were to be considered, what mechanism could be put in place to deal with potential disputes and what the process would be, while ensuring that the Council remained engaged.

Jose explained that over the time period of 2001/2002, only one complaint was registered with the City Council (out of 369 procurements); and, that San Jose is at the low end comparatively

with other, local jurisdictions in terms of administrative dollar limits. Jose outlined a process for dealing with procurement disputes:

- Engage with the vendors
- Notify them of the award
- Set timelines
- Notify them of the decision

Jose summarized that if the award limit were to be raised over \$100k; it would require a change in the municipal code.

Councilmember Cortese asked what the selection process (RFP) is for vendors.

Anna Jatzcak, Deputy Director, General Services answered that historically, products go out for a formal bid and the lowest price wins.

Councilmember Cortese expressed his concern about Council losing control over the selection process and feels it's important to know who the vendors are.

Anna replied that for services, an RFQ is done; which allows a decision to be made based on price as well as quality of service provided.

Councilmember Cortese wants to ensure that policies set by Council are followed and doesn't want potential vendors excluded from the process.

Jose agreed and described three ways accountability is being assured:

- Ensuring policy is followed and reporting back
- Setting up a performance measurement system
- Allowing for an appeal process

Councilmember Cortese asked if the living wage applied to all procurements.

Anna replied that some procurements are subject to the living wage, some to the prevailing wage and, some none at all. This was established in the living wage resolution approved by Council in 1998.

**Upon motion of Councilmember Reed, seconded by Councilmember Cortese, the Committee accepted the staff report with the request to bring back to the Committee, in August, a proposed increase along with a statement of current policy and a report on the performance of system measures.**

f. Discussion of the Bureau of Fire Prevention Audit Outcomes (Fire Department)

Lacy Atkinson, Deputy Fire Chief/Fire Marshal reported that of the 16 recommendations that were made, 12 have been completed.

Councilmember Reed asked that if during the budget process it was decided not to add four more people, does the goal remain the same or should it not be changed.

Lacy answered that if the goal isn't changed accordingly, then only a percentage of the goal would be met.

Councilmember Reed replied that this is more a question of how this relates to the budget process.

Kay responded that if the goal is to be lowered then priorities must be set.

Councilmember Reed voiced concern that 12% were lacking permits and asked what that translates to in dollars.

Jerry Silva, City Auditor stated that they have identified additional facilities beyond what's in the report and done some additional inspections and that this is ongoing.

Chair Campos asked what level educational facilities were being talked about in the report. She also wanted to know if it was city policy to inspect all the facilities.

Lacy responded that it was K through 12<sup>th</sup> grade and that it was state mandated to inspect all facilities.

Chair Campos asked what the dollar amounts were, collected on all permits.

Lacy replied that he did not have that information on hand.

Chair Campos asked how Staff was ensuring that new facilities are being inspected.

Lacy explained that as new facilities would come to them through the Business License database, the facility requiring inspection would be placed in the database as such. Now, all facilities, whether requiring an inspection or not, are placed into the database.

Chair Campos asked how it is being followed up on regarding manufacturing facilities that may not need a permit.

Jerry Silva/Mike Edmonds, (Supervising Auditor) answered that it was the recommendation that they are still working on with the department. There were 126 facilities identified that could not be located, physically, and it is being worked on with the Fire Department to reconcile.

Councilmember Reed stated that if this is a cost recovery program, then there should be no vacancies.

Lacy answered that it is only a partial cost recovery program.

Chair Campos wanted an explanation as to the discrepancy between one recommendation, which states they are at 100%, and another one that states there is a need for an additional 11 fire inspectors.

Lacy explained that the seemingly conflicting recommendations referred to two separate categories; there are a certain percentage of inspections that are mandated by the state to be conducted annually.

Chair Campos asked if there shouldn't be a higher penalty imposed on those facilities that require continuing inspections.

Jerry replied that two of the recommendations answered to that: administrative policy and re-inspection fees.

Lacy stated that those items are completed.

Chair Campos made a request to see the final report on that.

Councilmember Reed stated that he wanted to see the work drive the budget on fire inspections and not the other way around.

Dale Foster, Acting Fire Chief stated that they are cutting back on non-mandated inspections.

**Upon motion of Councilmember Reed, seconded by Councilmember Cortese, the Committee accepted the staff report, with the request that they revisit this at a later time.**

- g. Continued Discussion of the Update of Major Information Technology Department-(Customer Relationship Management, Utility Billing System, Partner Relationship Management) (Information Technology/Finance/Environmental Services)

Carl Mosher, Director of Environmental Services gave an overview of the report regarding how it affects the entire organization.

Scott stated that this is a "One Voice" project and gave highlights on how business will be done in the new Civic Center with the goal of becoming more customer service oriented:

- A system to provide one consolidated bill for City utility services
- Integration of Call Centers

Scott gave a brief history of the CUSP project of which Phase One is complete. He then gave an overview of several options being considered for moving forward on the project, taking into consideration the current economic situation:

- Proceed with CUSP
- Extend Existing Technology: Plan B

- Outsource Technology
- Maintain Status Quo

Scott summed up what the revenues amounted to for City Utility Services with the process that is currently being used and showed how many of the multiple systems that are being used will become extinct over the next few years. Scott explained that going forward with CUSP would ensure that services/departments using these systems would be moved over to one automated, integrated system/service. Scott stated that the Information Technology Department would be involved in this integration, as there is a demonstrated need for additional online and automated services.

Scott highlighted reasons for going forward with CUSP versus the other three options. He stated that outsourcing technology would generate significantly higher costs, wouldn't support eGovernment strategy, and would be reliant on an outside vendor for future modifications. Scott showed that extending existing technology had a limited scope, would require costly programming and the life cycle would be no longer than five years. He explained that maintaining the status quo was risky due to outdated systems, would cause delays in eGovernment and the cost of procuring technology at a later date would be more costly as the economy recovers.

Scott stated that when considering going forward with CUSP, several proposals were reviewed and the costs were averaged over five years.

Councilmember Cortese asked why the costs were averaged annually rather than taking the highest and the lowest proposals.

Scott responded that they are not at a point today of making a recommendation. He explained that this is a snapshot analysis of a year-by-year study over a 10-year period using a sampling of vendors.

Councilmember Cortese stated that what it looks like is that outsourcing has been amortized over five years and that CUSP is amortized over 10 years.

Scott explained that the proposals for outsourcing were for five years and an assumption for inflation over the next five years was added.

Councilmember Cortese stated that he would like to see the outsourcing breakdown.

Chair Campos said that this was a very thorough presentation.

Councilmember LeZotte asked what the significantly higher costs associated with outsourcing were being related to.

Scott replied that it was related to the total cost (as compared to CUSP).

Councilmember LeZotte asked what the goal is for online self-service usage by customers (with current usage at 3%).

Scott replied that he would like to see 45% usage of the online services, based on statistics that 45% of adults use online services, in general.

Councilmember LeZotte stated that she agrees with the Business Objectives and would like to see a cost benefit analysis to determine whether it would be worth the 45% usage.

Scott stated that information would be forthcoming based on information received from customer surveys and provided by other jurisdictions.

Soraya Serrajeddini, CRM/DB Billing Project Manager explained that the online billing is only a portion of the online customer service.

Councilmember Reed stated that Option #4 (Maintaining Status Quo) sounds like a disaster waiting to happen. He wanted to know how revenue opportunities could be in the negative.

Scott replied that the comparison is being made to CUSP.

Councilmember Reed stated that he disagrees with the ROI Summary presented and wanted more information on what the revenue opportunities would be.

Scott replied that there is an industry standard that can be assumed.

Councilmember Reed stated that he would like to see a good argument between CUSP and Outsourcing and wants to hear more on the financing aspect of this proposal when it comes back to Council.

Chair Campos stated that this was an excellent report and believes that when it goes to Council that it will be easily understood by all that may be attending.

**Upon motion of Councilmember LeZotte, seconded by Councilmember Reed, the Committee accepted the staff report with the direction to cross-reference this item on the March 23<sup>rd</sup> Council agenda.**

h. Oral Petitions

None

i. Adjournment

The Committee was adjourned at 5:00 P.M.

Councilmember Nora Campos, Chair,  
Making Government Work Better Committee