



MAKING GOVERNMENT WORK BETTER COMMITTEE

Meeting Report
May 14, 2003

PRESENT: Councilmember Chuck Reed, Councilmember David Cortese,
Councilmember Linda J. LeZotte

ABSENT: Chair Nora Campos (Excused Absence)

STAFF: Kay Winer, Danielle Kenealey, Meghan Horrigan, Jerry Silva, Anna Jatzak, Brooke Myhre, Randy Turner, Tony DeAnda, Joe Borja, Dave Clarke, John Alden, Rick Doyle, Nina Grayson, Paul Krutko

The meeting was convened at 2:40 PM

a. Results of the Contract Streamlining Ordinance (Manager/Attorney)

Kay Winer, Deputy City Manager gave a brief update on the 2000 Charter Amendment that was approved by voters for the purpose of streamlining a number of measures. This ordinance changed the bid requirements for Public Works construction contracts from \$50,000 to 100,000, increased the contracting authority of all Council Appointees up to \$100,000, expanded the authority of the City Manager to exercise minor contract amendment changes and extensions not to exceed 6 months, and minor scopes of service changes in contracts. It also delegated the authority for tenant improvements up to \$100,000 to the City Manager. The general premise of the amendment was to allow minor contracts and changes to be approved without having to go to City Council first in order to streamline the process. The Council's workload has been reduced by about 10% as a result and the cycle time has been shortened by approximately 10 –30 days. Staff will continue to look at other streamlining measures.

Councilmember LeZotte asked what safeguards there are to avoid entering into these smaller contracts with contractors that are either in default or have other major issues.

Kay responded that the same review process would be followed by departments before recommendations are made. The only difference is that the contracts are approved by the City Manager or Public Works Director rather than by Council.

Vice Chair Reed asked staff to bring a progress report back to the MGWB Committee in the 6 months that includes an analysis of any further proposed changes.

Councilmember Cortese asked what the procedure is for making an assessment on Tenant Improvements (TI's) in order to limit them as much as possible.

Kay answered that there is very little activity currently, with few new leases being executed with the anticipated move to the new City Hall. Budget constraints are a primary element in determining the extent of tenant improvements.

Councilmember Cortese asked if there was a list of these projects available somewhere.

Anna Jatzcak, Deputy Director, General Services stated that General Services provides a quarterly report of procurements and can easily include tenant improvements. The report is filed in the City Clerk's office and can be retrieved.

Bill Garbett, Public spoke on streamlining and recommended a minor audit be performed periodically.

Upon motion of Councilmember LeZotte, seconded by Councilmember Cortese, the Committee accepted the staff report with the request that staff brings a progress report back in 6 months that includes an analysis of any further changes proposed to the ordinance.

b. City Clerk One-Stop Shop – **Recommend Deferral to June 11**

No Committee action taken. This item was deferred to June 11.

c. San José Fire Department Bureau of Fire Prevention Audit Report (Auditor) – **Recommend Deferral to June 11**

No Committee action taken. This item was deferred to June 11.

d. Review the scope of supervision for City Departments and Council Appointees (City Manager/City Attorney/City Auditor/City Clerk/Redevelopment Agency/Independent Police Auditor) –**Deferred from April 9**

Brooke Myhre, Principal Budget Analyst, QUEST Partnership, gave an overview of the report. He stated that there are approximately 9,600 City employees, with about 650 supervisors (a ratio of 5:8). This is similar to Seattle and Portland but services in the City of San José are very different. Because of this, staff did not focus on achieving a perfect ration but rather focused on analyzing the results. He introduced Randy Turner, Tony DeAnda and Joe Borja from General Services and stated that General Services has effectively implemented the Investing in Results Service Delivery Framework.

Randy Turner, Deputy Director, General Services gave an overview of the Parks Maintenance Division of General Services. He stated that the Park District 4 has 35 facilities, 17 staff and 1 supervisor. The average ratio is 15:1.

Joe Borja, Gardener, General Services stated that the current budget crisis has impacted project implementation. Parks maintenance staff has been able to successfully maintain the City's parks by changing the scope of supervision. Benefits to doing this include a chance for staff to gain horticultural and other skills, improved teamwork and a sense of pride and parks that are clean, safe and aesthetically pleasing.

Tony DeAnda, Gardener, General Services added that there are many unincorporated areas where volunteers are used. They are deployed where they are needed (no specialization). Adopt-a-Park has been an effective program. He noted that some of the changes he has seen include increased accountability, teamwork and trust. He feels that the whole philosophy and mentality of the work crew has improved as a result of the in-house education.

Randy stated that this is just one represented group of employees but they have all been participating. The process works because they are competitive and staff has been empowered to deliver a project.

Vice Chair Reed asked what the process was to get General Services to this point. He also asked how Investing in Results could be implemented citywide throughout all departments using a similar process.

Randy answered that creating the right culture within the organization is crucial. This means breaking down the barriers between the line staff and management and letting line staff make decisions. The General Services Strategic Plan has guided the Department so far and will take it to the next step.

Brooke added putting the framework throughout the organization allows for culture change. It takes time to accomplish this. He provided information on the Supervisor and Leadership Academy, which is a 10-week training program for supervisors.

Councilmember LeZotte noted that the report states that supervisors are "given the opportunity" to participate in this. She asked if the response has been good.

Kay answered that Departments are strongly encouraged to participate and participation has been very good. The budget situation hinders the ability to offer a lot of training but the in-house Supervision and Leadership Academy, which was developed last year, is a major tool for strengthening supervision skills.

Vice Chair Reed asked what the budget proposal would do to the Academy.

Kay answered that the Supervision and Leadership Academy is a top priority and will be maintained.

Vice Chair Reed asked what the operational rollout means in terms of real work.

Brooke answered that the next department will be Public Works. Departments self-select and Public Works has indicated that they are ready. The City is doing this all in-house, with no consultants. It is a large task and takes time to develop (and reach the operational level).

Randy added that there is a lot of “plan-do-check-adjust”.

Councilmember LeZotte asked why part of General Services’ supervisor training did not include understanding and implementing the Environmentally Preferred Procurement Policy.

Kay answered that there isn’t funding Citywide for such training but Departments do have their own training funds and include training on major policies that directly affect their work.

Councilmember LeZotte asked how a policy gets filtered down the organization if it’s waiting on funding.

Kay answered that the departments are always informed of Council policies but implementing them at a citywide level has not been taken on comprehensively. Those people involved in the Planning and Development areas are very much aware of the City’s Green Building policy. Council policies are taken very seriously and those departments that are involved in implementing them are the ones who ensure that staff is informed and comply with the policy.

Dave Clarke, Deputy Director, Public Works added that the Department was given training on the Green Building policy to ensure that everyone in Public Works is well informed. Even though it is not part of the Supervision and Leadership Academy, the Departments are ensuring that the policies are implemented.

John Alden, Purchasing Manager, General Services also added that training is also given to key General Service Department staff to ensure that they are not only aware of the policies but how they can be implemented.

The Committee accepted the staff report with only two Committee Members present

e. Audit follow-up on Prevailing and Living Wage (Public Works/Attorney’s Office) –
Continued Discussion from February 19

Rick Doyle, City Attorney stated that the Committee had asked the Attorney’s office to return with the proposed contract language, which would address the enforcement of violations of the Living Wage provisions. The recommendation that staff is making is to withhold payment for failure to comply and/or provide documentation. The second issue was obtaining financial

incentive to encourage compliance with minimum wage requirements. The contract language now includes Liquidated Damages for Breach of Wage provision to address this issue.

Nina Grayson, Director of Office of Equality Assurance (OEA), Public Works stated that an additional request made by the Committee was for staff to look at the feasibility of submitting pro forma payroll at time of bids. Staff does not feel this is necessary. Upon notification that a contract has been awarded, OEA mails detailed instructions and offers training to any contractor or subcontractor. Submittal of a pro forma payroll would not add value and could delay the award process. In response to the request that the Redevelopment Agency provide funding support for OEA labor compliance services, the Agency has agreed to reimburse OEA an amount of \$100,000.

Councilmember LeZotte asked what specifically the Agency is offering to cover.

Dave Clarke answered that the \$100,000 is a start. The Redevelopment Agency does not know what their workload will be like next year.

Councilmember LeZotte stated that this does not lessen OEA's workload. The Committee had requested that two full-time positions be added to OEA and that the Agency fund them.

Rick replied that this issue has been referred to the Budget Process by City Council.

Vice Chair Reed asked if these provisions would ensure a 90% compliance rate.

Nina answered that OEA currently has a 90% compliance rate and does not expect that to change.

Vice Chair Reed asked if the Agency is committed to covering the costs of labor compliance services in their capital budget.

Kay answered that, at this point, staff has seen a Project Services Memorandum from the Agency offering \$100,000. It is assumed that if OEA demonstrates that the amount required exceeds \$100,000, that the Agency will adjust the amount.

Neil Struthers, Building Trades Council stated that statistics show that increasing staff at OEA increases the number of violations that are caught. He noted that there is a budget deficit but stated that the precedent has been set by putting the contract compliance office under the Capital Budget to add the two, much needed positions. He also stated that the policy governing the Living and Prevailing Wage Program, which is applied to Public Works contracts, should also be applied to Redevelopment Agency contracts.

Bill Pope, President of the Municipal Employees Federated Union stated that he supports adding two contract compliance positions but is concerned about spreading those duties out to construction inspectors.

The Committee discussed the suggestion made by Neil Struthers to require that the Redevelopment Agency include in their contracts language which governs the Living and Prevailing Wage policy.

The Committee acknowledged that the issue regarding the funding of two additional contract compliance staff would be brought to the Budget Process.

Rick stated that this item should be cross-referenced as a joint City/Redevelopment Agency item to be discussed at City Council.

With only two Committee Members present, the Committee accepted the staff recommendation and requested that the item be cross-referenced as a joint City/Redevelopment Agency item in order to discuss the possibility of adding provisions to Redevelopment Agency contracts, similar to Public Works contracts, which govern the Living and Prevailing Wage Policy

f. Follow-up on Memorandum on Internal Controls (Finance) (role clarification: City/WIA Board oversight roles) – Continued Discussion from April 9

Paul Krutko, Director, Economic Development stated that there have been a number of changes in the WIA structure that will improve monitoring of the program. He summarized the changes identified in the staff report. He understood that the Committee is interested in looking at the efficiency of monitoring the program. He asked if there were any specific concerns.

Councilmember LeZotte replied that Councilmember Cortese had some concerns. Since he had to leave to attend another meeting, she recommended that this item be carried over to the MGWB Committee meeting in June.

With only two Committee Members present, the Committee recommended that this item be carried over to the June 11, 2003 Making Government Work Better Committee

g. Santa Clara County Cities Association Audit Report (Auditor) - Deferred from April 9

Jerry Silva, City Auditor stated that a "Clean Opinion" has been issued to the Santa Clara County Cities Association (SCCCA). Staff made one recommendation with regards to their documentation of receipting and invoicing. The recommendation is that the SCCCA contact a software or business systems vendor to determine whether updating to a current version of its accounting software is appropriate and whether a receipting and invoicing procedure for the SCCCA's type of cash receipts transactions can be economically implemented.

The Committee accepted the staff report with only two Committee Members present

h. Oral Petitions

None

j. Adjournment

The Committee was adjourned at 4:20 P.M.

A handwritten signature in cursive script that reads "Chuck Reed". The letters are fluid and connected, with a prominent loop at the end of the word "Reed".

Councilmember Chuck Reed, Vice Chair,
Making Government Work Better Committee