MAKING GOVERNMENT WORK BETTER COMMITTEE

CHUCK REED, CHAIR
LINDA J. LEZOTTE, VICE CHAIR
DAVID CORTESE, MEMBER
KEN YEAGER, MEMBER

KAY WINER, DEPUTY CITY MANAGER
DANIELLE KENEALEY, ATTORNEY'S OFFICE
LYDIA TOLLES, MAYOR'S OFFICE
DAVID BAUM, REDEVELOPMENT AGENCY

Meeting Notes

September 21, 2006

Present: Chair Reed, Member LeZotte, Member Cortese

Excused: Member Yeager

Staff Present: Kay Winer, Chief Deputy City Manager; Danielle Kenealey, City Attorney's Office; Lydia Tolles, Mayor's Office; Gerald Silva, City Auditor; David Baum, Redevelopment Agency; Randall Murphy, Interim Chief Information Officer; Scott Johnson, Director of Finance; Julia Cooper, Deputy Director of Finance; Walter Rossman, Deputy Director of Finance; Peter Jensen, Director of General Services; Randy Turner, Deputy Director of General Services; Matt Morley, City Hall Facility Manager; John Stufflebean, Director of Environmental Services; Joe Horwedel, Director, PBCE

Chair Reed called the meeting to order at 1:33 p.m.

Items were heard in the order given.

4. Environmentally Preferable Purchasing Policy Revision (Finance)

Walter Rossman Deputy Director, Finance, provided an update of the Interim Status Report on Environmental Procurement. The 2006 Environmentally Preferable Purchasing (EPP) Annual Report, which will be presented to this committee in February 2007, will elaborate on the accomplishments in the four areas of EPP - 1) Awareness and Training, 2) Procedures and Products, 3) Research and Testing, 4) Planning and Collaboration, and recommend policy revisions to ensure continuance of Council's commitment to the City of San Jose's role as an environmental leader. Member LeZotte and Chair Reed commended staff for a job well done. Upon motion of Member LeZotte, seconded by Chair Reed, the Committee accepted the report.

1. An Audit of the Procurement Card (P-Card) (Auditor)

Gerald Silva, City Auditor, presented The Audit of the Procurement Card. The audit of the City's Procurement Card Program (Program) revealed several control weaknesses concerning the use, processing, and monitoring of Procurement Card transactions. These control weaknesses expose the City to improper, abusive, or fraudulent uses of procurement transactions. Limited review of electronic bank information revealed questionable City Cardholder uses of Procurement Cards.

Based upon the Risk Assessment of the Procurement Card Program and the limited review of Procurement Card transactions, the City Auditor recommends that the

Finance Department: Recommendation #1 - 1) Strengthen controls to address the identified weaknesses and vulnerabilities; 2) incorporate in the City's Policy Manual procedures for the Procurement Card Program which provide adequate guidance for employees; and 3) use the procedures to advise and train City staff on the proper uses and restrictions of Procurement Cards. (Priority 2)

Recommendation #2 - The City Auditor recommends that the City Council's Rules Committee add an on-going audit of the Procurement Card Program to the City Auditor's Workplan. (Priority 3)

Recommendation #3 - The City Auditor recommends that the City Administration develop a policy to guide City officials when giving gifts to visiting VIPs and dignitaries. (Priority 2)

Recommendation #4 - The City Auditor recommends that the Federated and Police and Fire Retirement Boards request that the City Council's Rules Committee, add to the City Auditor's 2006-07 Audit Workplan, An Audit of the Retirement Services Department's Travel-Related Expenses. (Priority 3)

Scott Johnson, Finance Director, presented the administration's response. The Administration has reviewed the Audit of the City's Procurement Card Program and is in general agreement with the recommendations identified in the report. The Finance Department began drafting a revised Procurement Card Policy while the audit was proceeding. The department had already recognized that a new policy that provided additional controls was necessary and sought the Auditor's input during the process of developing the revised policy. The policy will address issues raised in the audit's Risk Assessment. Further, the Administration will develop a citywide gift policy to VIPs and dignitaries. Upon motion of Member LeZotte, seconded by Member Cortese, the Committee accepted the report.

2. Discussion on Major Information Technology Projects (Information Technology)

Randall Murphy, Interim Director of Information Technology (IT), presented the Status Report on Major Information Technology Projects. Chair Reed commended staff for overcoming low-level Call Center problems resulting in a successful implementation of the Consolidated Utility Billing System (C-UBS). The HR Payroll upgrade is on schedule, and within budget to go live December 2006. Electronic Document Management System/Technology Master Plan direction and actions will result in an information memo and Council presentation in October 2006. Geographic Information Systems (GIS) Integration Plan is a successful City/County Integration Plan in terms of data and bringing it into the County's GIS with installation of shared servers. Evaluation of proposals for a Parks Registration System is currently under way. Chair Reed asked if it will save money. Randall Murphy responded by saying there is a good possibility that it will pay for itself. Chair Reed emphasized the importance of reviewing the business case for this new registration plan. Randall Murphy added staff is currently considering a web-based strategy with that bid process currently moving forward. Randall Murphy continued discussions focusing on the Police Department's significant list of projects they are working on and their significant support for technology. At the macro level, IT is committed to installing VOIP and Converged Network to the Police Administration Building with anticipated completion date July 2007. This installation will significantly enhance the Police Department's operations and support needs for the Police Officers. Upon motion of Member LeZotte, seconded by Chair Reed, the Committee accepted the report.

3. One Year Status Report on New City Hall/Development Center (General Services)

Peter Jensen, Director of General Services, presented the One Year Status Report on New City Hall/Development Center. The City Hall construction of the original project is complete. Two outstanding projects are HV controls and water proofing. On May 16, 2006, Council approved an expenditure plan for interest earnings on the Civic Center construction bond proceeds and for the commercial paper notes related to City Hall technology, furniture, equipment, and relocation (TFE&R) costs. This expenditure plan provided funds to address various projects, primarily focused on City Hall. Several of the more significant City Hall projects are being delivered through the Public Works Department. Some of these projects include: automatic doors, child safety railings, signage, and audio-visual upgrades. These projects are targeted for completion the end of this fiscal year. Other current projects include indoor plants, furniture for the Rotunda, and emergency evacuation drill in the near future. Projects are tracked on a database available on the intranet link, City Hall Projects.

Customer feedback on the Development Center has been positive. Consolidating services has increased Customer Service hours by 16 percent. The Development Call Center will be moving from the fourth floor to the second floor. Customer Issue Tracking System is under way. City Hall continues to experience a wide variety of meetings and events. Between September 2005 and June 2006, the Committee meeting rooms alone booked 1,171 meetings/events. These rooms are predominately used for internal meetings. During the same timeframe, the rotunda and plaza areas booked 135 events. A revised Facility Use Policy will be brought back to the City Council in October. Chair Reed asked to include cost recovery in the report. The City has received from Santa Clara County a certification as a Green Business. This information will be coming back to the City Council in October. Also returning to City Council in October for approval will be a report on seeking LEED Existing Building Certification for City Hall. This certification cannot take place until September 2007 - two years following move-in. Staff is working with PG&E and the City Attorney's Office to pursue a load-shedding agreement. This agreement will commit City Hall to significantly reducing its energy consumption on days designated by PG&E. The employee garage is scheduled for completion and staff move-in mid-October. Plants in planters along Santa Clara Street will be installed in spring. Chair Reed added that one of the things that should be factored into the location of the planters is security. The large planters provide a barrier against vehicles that may try to enter the building illegally through plaza doors. This is another chance to add another layer of protection. Redevelopment Agency and City Attorney's Office are actively working together on an RFP for vendor services October 27 is the tentative date planned for emergency evacuation drill. Upon motion of member LeZotte, seconded by Chair Reed, the Committee accepted the report.

5. **FY 2005-06 4th Quarter Investment Report (Finance)**

Scott Johnson, Director of Finance, presented the Quarterly Summary-City's Investment Report and the 4th Quarter Debt Report. As suggested by Chair Reed, both reports were heard together. Upon motion of Member LeZotte, seconded by Member Cortese, the Committee accepted the report.

6. **FY 2005-06 4th Quarter Debt Report (Finance)**

Scott Johnson, Director of Finance, presented the Quarterly Summary-City's Investment Report and the 4th Quarter Debt Report. As suggested by Chair Reed, both reports were heard together. Upon motion of Member LeZotte, seconded by Member Cortese, the Committee accepted the report.

7. Oral Petitions

No Oral Petitions

8. Adjournment

Meeting adjourned at 2:30 p.m.

Chuck Reed

Chuck Reed, Chairperson
Making Government Work Better Committee

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