



MAKING GOVERNMENT WORK BETTER COMMITTEE

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

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

Meeting Notes

October 19, 2006

Present: Chair Reed, Vice Chair LeZotte, Member Cortese, Member Yeager

Staff Present: Kay Winer, Chief Deputy City Manager; Lydia Tolles, Mayor's Office; Danielle Kenealey, City Attorney's Office; Gerald Silva, City Auditor; Mike Edmonds, City Auditor's Office; Belinda Silvatici, City Auditor's Office; Vilcia Rodriguez, City Manager's Office; Larry Lisenbee, Budget Director; Kelley Spivey, Human Resources; Scott Johnson, Finance Director; Stan Arend, Deputy Finance Director; Julia Cooper, Deputy Finance Director; David Persselin, Debt Administrator, Finance Department

Guests: Daniel Fenton, Chairman and CEO, Team San Jose; China Ziegenbein, Team San Jose; Patricia Gardner, Silicon Valley Council of Non-Profits.

Chair Reed called the meeting to order at 1:30 p.m.

1. An Audit of Team San Jose (Auditor)

City Auditor, Gerald Silva, presented The 2004-05 Annual Performance Audit of Team San Jose, Inc. Finding I - Team San Jose did not meet two of its four performance measure targets in 2004-05. Team San Jose did not meet its gross revenue performance measurement target by \$1,539,187. Team San Jose did not meet its net loss performance measurement target by \$884,067. Team San Jose did meet its economic impact performance measure target. Two issues were noted with the Economic Impact Target in the Management Agreement. The target is set too low and the target does not include the number of room nights actually booked. Team San Jose did not gather sufficient information to address the Customer Service Results performance measurement target. Team San Jose received only 46 surveys out of a total of 481 events held in 2004-2005 (about a 10 percent response rate). Team San Jose received only nine surveys out of 349 events which occurred over the last eight months of 2004-2005 (a 2.5 percent response rate). Team San Jose did not receive any survey responses for six months of 2004-05. Although Team San Jose received a limited number of survey responses, the event planners who did respond

reported overall satisfaction with events. Most event planners reported that Team San Jose met or exceeded their expectations for all of the service and product areas. Ninety-two percent stated that they would host another event in San Jose. The City Auditor noted the following issues regarding Customer Service results. The target in the Management Agreement lacks clarity or specificity. Customer Service surveys should be sent directly to the Contract Administrator. Finding II: Team San Jose has implemented 49 of the 59 requirements in the Management Agreement and partially implemented the remaining 10 requirements. Team San Jose's partially met requirements are: 1. Operations Manual; 2. Staff Supervision and Training; 3. Short and Long-Term Objectives; 4. Facilities Maintenance Reporting; 5. Reporting Requirements; 6. Performance Measurements; 7. Purchase of Supplies and Materials; 8. Labor Compliance; 9. ADA Compliance; and, 10. Conflict of Interest. Team San Jose did not report against the gross revenue and net loss performance measure targets stated in the Management Agreement. City Administration did not meet one reporting requirement. The Management Agreement requires the City Administration to review and present Team San Jose's Annual Report to the City Council. The City Administration's analysis should include Team San Jose's performance as contrasted with its Management Agreement Targets. The City Administration has not yet complied with this requirement for 2004-2005. Team San Jose and City Administration agreed with the findings and 17 recommendations in the Audit Report. Chairman and CEO Team San Jose, Daniel Fenton, presented highlights from the 2004-05 year that showed an upward trend in revenues and room nights, as well as continued marketing of the California Theatre for films. Upon motion of Vice Chair LeZotte, seconded by Chair Reed, the Committee accepted the report.

2. Grants Management Update (City Manager's Office)

City Manager's Office staff, Vilcia Rodrigues, responded to the February 2006 City Auditor's report on the Citywide Grants Management oversight. Patricia Gardner, Silicon Valley Council on Non-Profits, urged the Committee to examine the City's Grant contract procedures to find ways to speed up the process in order to achieve faster payments, currently processing in four to six months. She stated that Santa Clara County achieves payments in 30-60 days. This item will be cross-referenced for discussion on the October 31 City Council agenda. This item will be placed on the November MGWB Committee agenda for the status of non-profit grants. Upon motion of Member Yeager, seconded by Member Cortese, the Committee accepted the report.

3. Diversity Recruitment Progress (Human Resources)

Human Resources, Kelley Spivey, presented the status report on the Diversity Recruitment Process and the City's new Workforce Planning and Diversity Management Initiative. The Committee acknowledged the need for the Diversity Recruitment Process. Upon motion of Member Yeager, seconded by Vice Chair LeZotte, the Committee accepted the report.

4. Comprehensive Annual Financial Report (CAFR) for FY 2005-06 (Finance)

City Auditor, Gerald Silva, introduced the Comprehensive Annual Financial Report - Fiscal Year ended June 30, 2006. Finance Director, Scott Johnson, presented the overview of this

report. Kevin O'Connell of Macias Gini & O'Connell, LLP, the City's external Auditor, stated the overall result of the audit: an unqualified opinion. Mr. O'Connell further stated that there will be other reports that will be presented in December 2006 or January 2007. Staff was commended for job well done. Upon motion of Member Yeager, seconded by Member Cortese, the Committee accepted the report.

5. **External Auditor's Report on Single Audit for FY ended June 30, 2006 (Finance)**
Deferred to MGWB Committee November 16, 2006.
6. **External Auditor's Report to MGWB Committee on Internal Control (Finance)**
Deferred to MGWB Committee November 16, 2006.
7. **Comprehensive Annual Debt Report (CADR) for FY 2005-06 (Finance)**
Finance Director, Scott Johnson, presented the Comprehensive Annual Debt Report for Fiscal Year ended June 30, 2006. Upon motion of Member Cortese, seconded by Member Yeager, the Committee accepted the report.
8. **Oral Petitions**
No oral petitions.
9. **Adjournment**
Meeting adjourned at 3:25 p.m.



Chuck Reed, Chairperson
Making Government Work Better Committee

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