
MAKING GOVERNMENT WORK BETTER COMMITTEE

**Executive Summary
October 21, 2004**

The meeting was convened at 1:30 PM

- a. Review of Request for Proposals Issue – Deferred from September
1. Review of the City's RFP Process (City Manager/General Services/Finance)
 2. Administrative Procedures and Definitions Related to Conflict of Interest with Consultant Contracts (City Manager/General Services/Finance)

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 January, a follow up report as to the status of the proposed guidelines and that it be added to the Work Plan.

- b. Transport Vehicle Audit Follow-up (City Manager)

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 November, the final report.

- c. Discussion of Additional Streamlining Opportunities to the Streamlining Ordinance (City Manager) – Defer to 2005 Work Plan
- d. ESD Laboratory (Auditor) – Defer to January

- e. Interim Cell Phone Utilization Oral Report

Upon motion of Councilmember Cortese, seconded by Councilmember Reed, the Committee accepted the staff report with the request to bring back to the Committee, in November, the final report.

- f. San José Muni Water Systems (Phase I) (Auditor) – Deferred from September

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

- g. City Clerk One-Stop Shop and Office Automation Update (City Clerk)

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

h. Call Center – City-wide Customer Service Standards (Call Center)

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

Vehicle and Metered Equipment Update – (General Services)

Upon motion of Councilmember Reed, seconded by Councilmember Cortese, the Committee accepted the staff report with the direction to bring back to the Committee, in November, the follow-up report.

j. Oral Petitions

k. Adjournment

The meeting was adjourned at 3:30 P.M.



Councilmember Nora Campos, Chair,
Making Government Work Better Committee

MAKING GOVERNMENT WORK BETTER COMMITTEE

Meeting Report
October 21, 2004

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

STAFF Kay Winer, Jennifer Carlino, Christine Silva-Burnett, Chris Constantin, Jerry Silva, Scott Johnson, Peter Jensen, Dottie Disher, Deanna Santana, Jim McBride, Danielle Kenealey, Lee Price, Nancy Alford, Carl Mosher

The meeting was convened at 3:30 PM

- a. Review of Request for Proposals Issue – Deferred from September
1. Review of the City's RFP Process (City Manager/General Services/Finance)
 2. Administrative Procedures and Definitions Related to Conflict of Interest with Consultant Contracts (City Manager/General Services/Finance)

Deanna Santana, Assistant to City Manager gave an overview of the report. The presentation covered the status of the RFP recommendations made by the City Attorney and the City Auditor, the current RFP process and additional improvements that have been made. The CUSP audit contains 14 recommendations relating to RFP process improvements, three of which were priority one assignments revolving around strengthening controls for evaluating conflict of interest for employees, evaluators and consultants. There was also a recommendation to include the implementation of a questionnaire. 13 recommendations were issued a priority three assignment revolving around a scoring evaluation and cost analysis process improvement recommendation. The converged network recommendation included one priority two assignment that revolved around clarifying the municipal code provisions on standardization.

Staff proposes an immediate implementation of the conflict of interest issue, followed by standardization (requiring implementation within 60 days) and the scoring evaluation of costs. Staff has worked with the CAO to develop interim conflict of interest forms and has begun implementation. A statement of policies and procedures has been drafted and forwarded to the CAO and Auditor's office for review with a tentative completion date in December. The conflict of interest framework establishes a step-by-step set of procedures for determining conflicts and how to process the forms.

The standardization team has been working on drafting amendments to the municipal code provisions that outline the process and revising the administrative policies and procedures. A short-term process has been put in place for review by the RFP validation committee and the Auditor's office. The municipal code amendments are scheduled to go to Council in November.

The scoring evaluation and analysis process and recommendations were reviewed and discussed by GSD, CMO, Finance and CAO in September with plans to continue this process over the next three months with the goal of developing a menu of models to be integrated into the RFP procedures manual in early 2005.

Jim McBride, Acting Director, General Services, gave an overview of the RFP background and process. He explained that the City uses administrative policies such as the purchasing guide, RFP procedures manual and purchasing administrative manual to implement the municipal code. He stated that Staff is currently in the process of centralizing the procurement of supplies and equipment. Procurement of professional services is decentralized. He then outlined the current process stating that most RFP's have the following components:

- Standard Information
- Specifications/Scope of Services
- Instructions on how to respond to the RFP

The process includes establishment of a vendors evaluation committee; the RFP is advertised and distributed; and a pre-proposal conference is conducted (mandatory). Proposals are submitted and evaluated. Then, depending on the nature of the RFP, Staff will select some or all of the participants, make final selections, submit a recommendation to Council; and, upon Council approval, will put elements of the RFP into contract form.

Scott Johnson, Director Finance outlined the context and guidelines for RFP process improvements:

- Council and Committee input/Discussion
- PW Pre-qualification Process
- CUSP RFP Recommendations
- NCH CN RFP Recommendations
- Design Build Process
- Strategic Support CSA Procurement & Resource Assessment
- Old Converged Network RFP Implications and Investigations
- Hire Subject Matter Expert
- Centralized Procurement Function

He stated that it was critical to move quickly on hiring the subject matter expert. Chair Campos wanted to know how far along the process was. Kay Winer, Deputy City Manager replied that funding has been provided for this position this fiscal year that will be put into the base budget for next year. Chair Campos said it was helpful to see this well thought out process.

Councilmember Reed wanted to know if the pre-qualification process only applied to PW or to other departments as well. Scott replied that PW has different criteria, and, in regards to other consultants, they would fall under the RFQ process and that is being standardized citywide.

Councilmember Reed asked if there are any protections against requests for things, further along in the process that were not promised, but were perceived as promised. Scott replied

that CUSP is addressing this with a two-step versus a one-step process to include an analysis up front that will identify gaps and evaluate how to fill those gaps and then bring back to Council for approval. Deanna added that Staff compared a model that's being used in Los Angeles wherein a draft RFP is circulated, meetings held to identify barriers, and then the specifications are rewritten. Kay added that it is important that the City is very specific about the terms and conditions and that no unrealistic expectations are established during contract negotiations.

Councilmember Reed wanted to know if there are things that should be done at the end of the new process from a legal standpoint as a protection from claims coming back regarding perceptions of promises made by the City that were not fulfilled. Scott responded that centralizing and standardizing the process would help mitigate those issues.

Chair Campos wanted to know if, once the standardized procedure was developed, there would be a 'go to' person, or trainer to ensure everyone receives the same information. Scott replied that there would be a citywide training program and teams to address those issues.

Councilmember Reed noted that according to the lobbyist ordinance that was just passed, lobbyists were restricted from contacting members of the RFP team and he wondered whether more should be said or done regarding dealing with outsiders in the middle of the process. Deanna replied that would be addressed in the process integrity guidelines as part of the code of conduct. Kay added that that limitation has been in some of the prior RFP's, but not all. Councilmember Reed said that guideline should apply to everyone, not just proposers and bidders.

Councilmember LeZotte said that there should be no communication during the entire process with anyone involved in the decision making process or any of their staff; and that this expectation should be written into the document with offenders subject to disqualification if it is not followed. Deanna responded that the procurement integrity guidelines address an appeals process for proposers to follow in the case of any feelings of unfairness in terms of the process. Councilmember LeZotte wanted to know if the written Q & A portion is subject to the Public Records Act. Kay responded that, although she didn't know if it was or not, after the pre-proposal conference, there are always questions and they are recorded with responses provided to all. Then for a period of time thereafter, as other questions come up, they go to a designated member on the RFP staff team. Danielle Kenealey, Sr. Deputy City Attorney added that this is intended to become an addendum to the RFP. Kay noted that there is a definite deadline imposed for the Q & A period. Councilmember LeZotte asked if it was accessible somewhere. Kay replied that the information could possibly be put online with the RFP.

Chair Campos asked what happens to those proposers that do not attend one of the mandatory meetings. Jim replied that they are dropped from the process.

Councilmember LeZotte asked how the decision was made for larger contracts to be broken down into smaller sub-contracts. Kay replied that if it were one project the contract for award for the contractor and subcontractors would be brought to Council. Councilmember Lezotte said she believed that for procurement and supplies there are times when it's less than \$100K

and it just goes out with no review from Council and asked who made that decision. Jim replied that it was General Services. Scott and Kay explained that if it was something that would be done in phases that would ultimately put it over \$100K, then it would be brought to Council.

Councilmember LeZotte wanted to make sure that there is an adherence to policy and also that there are ways being looked at for the City to shape the market with its buying power and not just the other way around, as part of the evaluation process. Kay and Jim replied that this is being emphasized and can be broadened.

Councilmember Cortese said that he was very interested in the best practices results from the Los Angeles analysis. He said he is concerned that the CAO was not involved in the scope of the process and feels it should be. Danielle responded that drafting a scope has always been Administration's function and the CAO generally review for clarity and if there is any standardization or procedural issue. Councilmember Cortese asked that, if the City decided to use the process similar to the one in Los Angeles, if the CAO would want to be involved. Danielle answered that they would.

Councilmember Cortese wanted to know if this same process could be looked at for the City's major employment opportunities. Kay replied that, as an example, Employee Services has invited comments from Council in developing the job profile and specifications for a current high-level job opening. Councilmember Cortese explained that it could be publicized that there is an opportunity for internal employees prior to it going out on the street and to invite review and comment. It was suggested that this item could be considered as a committee agenda item when the next workplan is established.

Councilmember Cortese wanted to know if during the four-month transition period for the new RFP process there were plans for any incremental changes. Deanna replied that the PW pre-qualifications process, standardization amendments, process integrity guidelines and design build protocols are scheduled to be completed in November. Once there is more budget information available in the November-December time frame, procedures will be written for top priority items and the RFP procedures manual will be updated. Jim added that GS and Finance are working together closely on the process.

Councilmember Cortese stated that he feels using the Los Angeles model would solve a lot of the problems regarding communications outside of the process. Councilmember LeZotte commented that she is concerned about individuals campaigning to Council members during the process. Chair Campos requested Staff to devise guidelines for applicants who had concerns about the process. She also wanted clarification on how the evaluation committee is selected. Jim replied that it varies depending on what is being looked for, relying heavily on the client department. Kay added that a broader set of evaluation committee members should be developed depending on the complexity of the project. Councilmember Reed wanted it to be decided what portion(s) of the process should be part of public records.

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

January, a follow up report as to the status of the proposed guidelines and that it be added to the Work Plan.

b. Transport Vehicle Audit Follow-up (City Manager)

Kay Winer indicated the policy is currently in draft form and more time is needed to complete the policy through a review with key user departments and City labor alliance. It is expected to be completed in time for the November committee meeting. Chair Campos agreed.

Councilmember LeZotte would like the committee to be provided with a redlined copy since it's difficult to tell what has changed and the old policy is dated 1967. Peter Jensen, Assistant to City Manager stated that basically everything in the old policy is redlined and it would be more helpful to provide the committee with both old and new copies with explanations as to what has changed. Jennifer Carlino, Mayor's Office Council Agenda Manager asked if the draft policy has been circulated to the Auditor's office. Kay replied that it has.

Councilmember Reed wanted to know if the Auditor feels that this is moving in the right direction. Jerry Silva, City Auditor replied that he is concerned that recommendations would be implemented and would do a follow-up. Councilmember Reed wanted to know if there is more detail than that "city provided vehicles shall be used only for official city business" as stated. Jerry replied that his concern revolved around the fact that the city was effectively subsidizing some employees' commute due to where they lived. Peter stated that these concerns are included and Staff would work on implementing the policy in such a way that it will be understood by all. Jerry noted that budget issues should be looked at closely as well and asked who is responsible for exceptions to the policy. Peter replied that according to the policy it is the CMO. Chair Campos requested that the implementation piece be included in the report.

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 November, the final report.

c. Discussion of Additional Streamlining Opportunities to the Streamlining Ordinance (City Manager) – Defer to 2005 Work Plan

d. ESD Laboratory (Auditor) – Defer to January

e. Interim Cell Phone Utilization Oral Report

Jerry Silva gave an update stating that a preliminary report was distributed to the administration, discussed with the CMO and selected departments to identify areas where changes/clarifications would be appropriate. A revised draft will be forthcoming shortly with the final report ready in November.

Upon motion of Councilmember Cortese, seconded by Councilmember Reed, the Committee accepted the staff report with the request to bring back to the Committee, in November, the final report.

f. San José Muni Water Systems (Phase I) (Auditor) – Deferred from September

Jerry Silva gave an overview of the report stating that Staff will be conducting additional audits directed more toward the system's operating efficiencies and economies. This report relates to ordinances passed last year relative to the municipal water system, specifically:

- Limitations on the amount of revenue that can be transferred from the system to the general fund
- Requirements for reserves to be set up:
 1. Capital rehabilitation reserve.
 2. Rate stabilization reserve.

The Auditor found that the City was in compliance with the requirements and has prepared preliminary draft procedures on making the calculations, setting aside the reserves and making the transfers. Auditor staff's only recommendation is that those procedures be formalized. Councilmember Cortese wanted more specifics regarding efficiencies for future audits. Jerry responded that Council's desire was to ensure that rates that were being charged were justified.

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

g. City Clerk One-Stop Shop and Office Automation Update (City Clerk)

Lee Price, City Clerk gave an overview of the report, summarizing the results of the customer satisfaction survey at an estimated 23% response (out of approximately 700 cards returned). The results indicated efficiency of services was good and that respondents are most interested in the Council and boards & commissions agendas. The results also showed there is a strong desire for more information to be available online; and, as quickly as possible. The use of laptops at Council meetings that was introduced earlier this year has gone well. Council committee reports are also now online. Other new additions to the website include more Council memos being posted to the agendas in a faster timeline and applications for boards and commissions. They are not interactive as of yet, but Staff would like to explore that in the future. New lobbyist registration forms are available and interactive from a Microsoft Word standpoint, but not interactive online. The candidate statement of qualifications is now online.

The City Clerk has looked at project management software that would track election deadlines. However, there are other, greater needs at this time to use technology to advance other streamlined processes. So, currently, Staff feels that Excel is adequate to do election types of timeline tracking. In the Mayor's June budget message, \$85K was mandated to the Clerk's office budget for immediate implementation of an aggressive electronic filing system. Staff has determined that that amount is not enough to do all of the things desired. It has been suggested for the Clerk's office to come back to the Council with a menu of options and Staff will be working on that.

Staff is looking at the campaign and lobbyist disclosure statements online. The state has some requirements that certain information is not allowed to be posted on the website specifically having to do with addresses. There are no rules on the books for what local agencies can require or prohibit. The general consensus among local agencies is that that information should be left out when posted on the website. More discussion and Council direction is

needed whether to redact that information or not, as well as how to go about it as it would be a very cumbersome task. Councilmember Cortese wanted to know if the burden of possibly providing two versions (with and without addresses) could be put on the candidate for that as far as campaign reporting. Lee replied that was an excellent suggestion and that Staff is discussing convening a focus group to assist with those types of campaign filing issues. Nancy Alford, Assistant City Clerk noted that currently some of the vendors Staff has spoken with have already built a feature into the software that accepts online filings that redacts the information automatically. Councilmember Reed was concerned what the cost might be considering some candidates are operating on a shoestring budget.

Chair Campos commended Staff for an excellent job on the report and accomplishments. She wanted to know if the Clerk's office has been able to get information from the community regarding what they would like to see. Lee replied that it could be as simple as another opportunity on the website for individuals to provide feedback, suggestions, etc. as well as being responsive and monitoring and tracking what types of information people are asking about.

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

h. Call Center – City-wide Customer Service Standards (Call Center)

Dottie Disher, Call Center Customer Service Manager gave an overview of the report stating that the call center has been in operation for three and a half years. Some things that Staff has been working on include identifying the organization and department, using the name more often, taking ownership, and ensuring phone trees and voice recorders have a live option. Another thing Staff has done is to ask more questions; oftentimes the caller is unsure of exactly who or what department they need to speak with. She feels these improvements will blend well with the new City Hall's new phones and services.

Chair Campos asked if there is anything in place to track any of these new improvements. Dottie replied that Staff would need some time to do that since it is such a large organization, but should be able to have something completed in a year's time. She added that Staff did, however, perform a small 'audit' with the library and noted that each person that was called answered the phone differently. So Staff handed it over to the department requesting that it be streamlined.

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

i. Vehicle and Metered Equipment Update – (General Services)

Jim McBride gave an update on the report. He stated that this is an ongoing process and Staff is working with all of the operating departments. In the area of heavy equipment, 69 pieces were identified as under-utilized; with 53 of these pulled into a pool for use citywide. 16 are in the process of being sold. Regarding the scooters, there was a total of 94 identified. Through switching types of scooters and downsizing, 11 have been eliminated for a total of

83. Additionally, Staff has incorporated replacement criteria into the revised replacement policy. Chair Campos asked if the Auditor was involved in putting the report together. Jerry replied that it just came out last week and Staff has not had time to look at it closely, but have had some discussion with GS. Jerry noted that one half of the 69 pieces were not metered equipment, but rather, heavy equipment. Don Beams, Fleet Manager GS replied that was correct; 42 were metered, 27 were heavy. Jerry stated that the principle concern was that during the audit \$3.5M of economic benefit would be realized by eliminating underutilized equipment and the extent to which the number is not realized, it will have an impact on the budget. Don explained that this is a new process for Staff. Recommendation number one has given staff the role of asset managers versus the traditional role of acquisition, preventive maintenance and repair of the fleet. He went on to say that Staff had actually come up with an extra 56 vehicles for a total of 125. The combination also included transport and towed vehicles. 31 are going to auction, one for reassignment, the remainder incorporated into the pool.

Councilmember Reed asked if, as according to the report, there were nine people converted from administrative to mechanical or support positions for an addition of nine scooters. Carl Mosher, Director Environmental Services replied that was part of the approved budget and there was an acquisition of five mechanics with plans to hire the electricians. Jerry added that this would be part of the recommendation follow-up process, to see how this is put into play.

Upon motion of Councilmember Reed, seconded by Councilmember Cortese, the Committee accepted the staff report with the direction to bring back to the Committee, in November, the follow-up report.

j. Oral Petitions

Daniel Finn, Steward for OE3 stated that the audits on cell phones and vehicles affected the members a great deal. Talk of selling the vehicles at the plant is a very contentious item. If there are not enough hours put on the vehicles, they are lost. However, if enough hours were put on the vehicles, employees would be driving for the majority of their shifts and not getting any work done. The vehicle policy relies heavily on members using their own vehicles and there is nothing in any of the contracts with that requirement. It will cost them more for insurance, more wear and tear on vehicles. The City is offering only the national average for reimbursement whereas the areas of usage are a lot higher. He is concerned that the CLA and the unions are not brought into this until it's almost over and feels it would be beneficial to have everyone at the table from the beginning. Chair Campos agreed that that was crucial.

k. Adjournment

The meeting was adjourned at 3:30 P.M.

Councilmember Nora Campos, Chair,
Making Government Work Better Committee

