

MAKING GOVERNMENT WORK BETTER COMMITTEE

**Executive Summary
November 18, 2004**

The meeting was convened at 1:30 PM

a. Cell Phone Utilization Report (Auditor)

Upon motion of Councilmember LeZotte, seconded by Councilmember Reed, the Committee accepted the Staff report with the direction to add to the policy the wording that the policy be reviewed every three years; and, more frequently regarding an evaluation of plan options.

b. Vehicle and Metered Equipment Follow-up to October's Meeting – (Auditor)

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

c. Transport Vehicle Audit Follow-up to October's Meeting (City Manager) – Deferred to December

d. Environmental Procurement – (General Services/Environmental Services Department)

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

e. Special Event/Permit Update – (Parks, Recreation & Neighborhood Services/Office of Cultural Affairs)

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

f. Investment Report – (Finance)

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

g. Annual Debt Report (Finance) – Deferred to December

h. Quarterly Debt Report – as Supplement to Annual Debt Report (Finance) – Deferred to December

i. Comprehensive Annual Financial Report (Finance) – Deferred to December

j. Public Art (Auditor) – Deferred to 2005 Workplan

k. Oral Petitions

l. Adjournment

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



Councilmember Chuck Reed, Vice Chair for Chair Nora Campos
Making Government Work Better Committee

MAKING GOVERNMENT WORK BETTER COMMITTEE

Meeting Report
November 18, 2004

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

ABSENT: Councilmember David Cortese

STAFF: Kay Winer, Jennifer Carlino, Christine Silva-Burnett, Chris Constantin, Eduardo Luna, Jorge Oseguera, Lynda Brouchoud, David Moreno, Scott Johnson, Alex Gurza, Jim McBride, Danielle Kenealey, Carl Mosher, Fran McVey, Larry Lisenbee, Jim Helmer, Jim Ortbal, Sara Hensley, Irene Ray, Gay Gale

The meeting was convened at 1:30 PM

Item f., Investment Report – (Finance) was heard out of order. Scott Johnson, Director of Finance stated that in consideration of time, Staff would not be giving a presentation but would answer any questions regarding the report.

Councilmember Reed asked if, when looking at the cash balance over time, it should be expected to drop due to using the reserves. Scott replied that was correct and that a new graph of this past quarter was added to the report showing changes in cash funds and balances.

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

a. Cell Phone Utilization Report – (Auditor)

Eduardo Luna, Supervising Auditor thanked the Administration for the support and cooperation provided during the audit. Chris Constantin, Sr. Program Performance Auditor stated that the Council's original request was to audit the IT department. Auditor's staff identified cellular phones as an area that could provide immediate cost savings. During the review, it was decided to focus on city controls overseeing authorization, use and reimbursement of the city's phones. 1400 AT&T phones were reviewed over the course of March 2003 and February 2004. There were about 6M different lines of data that were looked at. City Council and Mayor data was not looked at, as the Charter prohibits the City Auditor from conducting those reviews. Auditor's staff found that there are a significant number of cell phones that are of limited or no use. It was determined that the city policy was not being applied consistently regarding authorization across departments. Some potential for abuse was also identified such as individuals using phones seven days a week. The reimbursement process is not consistent across departments, raising the concern that reimbursements may not be posted into the financial management system; or, are

not being made by employees. It was also identified that the reimbursement rate for the AT&T phones of 12 cents is not cost recovery. Auditor's staff found that the city's cell phone policy is out of date, even referencing departments that no longer exist due to reorganizations. Administration and affected departments have done a lot of work to implement the six recommendations resulting from the audit.

Councilmember Reed wanted to know the status of negotiating a plan that would involve a large 'bucket' of minutes. Kay Winer, Deputy City Manager said that evaluations of different plans have begun, but were stopped for the time being. The reason for this is after determining which employees truly need a phone, there are two options: 1) a city-issued phone for business purposes only or 2) a small stipend issued to an employee using a personal phone. Once it is known how many city phones there will actually be, the plan evaluations will take place through re-negotiations with current providers; or a formal RFP for a new provider.

Councilmember Reed stated that he is concerned about spending more to fix a problem than the problem costs; regarding staff time spent monitoring the bills. Kay agreed and said that a large part of at least one staff member's time, in any given department, has been spent going over every cell phone's use and report. With yearly reviews, the new proposals would eliminate the need for all the time spent on monitoring.

Councilmember LeZotte said she believed that monitoring would still need to be done with the business-use-only issued phones. Jim Helmer, Acting Director IT explained that currently there is only one option authorizing personal calls; and that includes the additional work of adding charges, submitting it, evaluating it and transmitting the funds. The option of having two models would eliminate this in the case of the personal phones with a stipend. For the city phones, the new policy would have greater requirements for signoff on the monthly bills. Alex Gurza, Director Employee Relations added that there is a draft version for a form that will need to be filled out and signed on a monthly basis by the employee, stating there were no personal calls made. Or, if there were personal calls, they would have to have been of an emergency nature and reimbursement made to the City. Scott clarified that in the revised policy it's stated that it is each department's responsibility to monitor usage. It is hoped that there may be an electronic database provided by the provider that can then be separated out by department electronically and given to the department head. This will allow for spot-checking.

Councilmember LeZotte wanted to know if there is a program in place for recycling of cell phones that are discarded by the City. General Services replied that an arrangement has been made to dispose of these phones. She also wanted to know if, since the cell phone policy hadn't been updated since '89, if it would go up for a three-year review going forward. Alex responded that as new and revised policies are put into electronic format, Staff is going to be making the effort to not allow that to happen with any policy. Councilmember LeZotte stated that she would like to see a statement in the policy itself regarding how often it should be reviewed. Kay agreed that that could be done.

Councilmember Reed said that since plans of this type change as often as they do, this needs to be done even more often than has been suggested. Jim replied that there are two ways to do this: 1) through continuous monitoring of the plans that are offered and 2) the possibility of combining WiFi zones within the city with the cell phone provider in an exchange of services.

This is something that would be part of the ITPB Planning Boards annual strategic plan. Councilmember Reed agreed that it should somehow be part of the budget process.

Chair Campos wanted to know how it is going to be addressed if an employee does not follow the policy. Jim responded that Staff's first step would be to have the employee fully reimburse the City for personal calls. The second step would be to determine if it was infrequent, or if it had become a pattern. In the case of the latter, then there should be oral counseling of a progressive nature. If it's a repeated pattern, the discipline could be moved up a notch and become more formalized. Chair Campos said she would like to be assured that employees are fully aware of the policy and what the limitations and boundaries are. Alex replied that as the policy is finalized, the departments will have a list of who has a phone, under which plan, and the employees will be provided with a copy of the policy.

Upon motion of Councilmember LeZotte, seconded by Councilmember Reed, the Committee accepted the Staff report with the direction to add to the policy the wording that the policy be reviewed every three years; and, more frequently regarding an evaluation of plan options.

b. Vehicle and Metered Equipment Follow-up to October's Meeting (Auditor)

David Moreno, Supervising Auditor gave background on the audit that was completed a year ago. Last month General Services prepared a memorandum describing the progress of implementing the ten audit recommendations. Today's report is at the request of this committee to comment on that memorandum. Linda Brouchoud, Sr. Program Performance Auditor stated that overall, Auditor's staff determined that significant progress had been made by departments regarding recommendation #3 (developing effective replacement policies and procedures, developing a framework and utilization standards). However, the actual removal of the underutilized equipment has been slow. The 42 pieces of metered equipment that were recommended for removal have not been auctioned. However, GS is planning on placing 34 of those in a citywide pool. The concern with that is that they are not being removed and the savings cannot be reached. GS has removed six of the 45 scooters recommended for removal and they are yet to be sold at auction. Auditor's staff will be reviewing outstanding recommendations for the next report.

Jim McBride, Interim Director GS gave a summary stating that GS submitted a budget recommendation last spring to reach a goal of \$160,00 in auction revenue for metered and heavy equipment. Thus far, there has been \$12,000 received in revenue. There will be an auction in December with expected revenue of \$115,000. Two more auctions are scheduled for March and June, which means that the \$160,000 goal from auction sales will be met. Environmental Services (ESD) identified 11 scooters for removal from the water pollution control plant and that has been done. Kay stated that, at the time of the audit, the Administration had not concurred with the Auditor's recommendation of 45 scooters for removal and had arrived at the number of 11. Carl Mosher, Director ESD explained that the audit identified 45 scooters that could be eliminated. When staff looked at how the scooters were used, 11 were identified. There have been a total of nine new positions for individuals that would be using the equipment since the time of the recommendations, which is a swing of 20. Staff believes the current level of scooters

is the right amount and so, as scooters get older and are used for other purposes, that concern will need to be addressed. He added that all the scooters have meters on them.

Councilmember Reed wanted to know the reason for the gap between usage and standards. Jim replied that seasonality would affect the usage and it has been less than a year since the audit was completed. Carl added that hours used is not what determines whether a scooter is needed, as they are also work platforms. This is also the case for heavy equipment. David Moreno stated that the findings indicated the difference between the usage and the standard was not marginal. Auditor's staff were looking for a more creative way of using and sharing the equipment rather than having one piece stationed at a location to be used only three hours a month. Councilmember Reed wanted to know if there is any other way of tracking the equipment other than by the meter. Jim replied that part of the reason for working with the departments is to determine an answer to that. Chair Campos wanted to know if the data was available. Jim replied the data would be compiled and brought back to the committee in March. Councilmember Reed stated that agreeing on a common utilization standard is the first step. Councilmember LeZotte added that solutions to how the equipment can be shared or best utilized are part of what should be reported on in March as well.

Councilmember Reed wanted to know if things stood as they should as relates to the budget. Larry Lisenbee, Budget Director replied that it is a concern and is being watched closely. Chair Campos requested an informational memo be provided to the Council after each auction, with the results. Jim agreed to do that. Councilmember Reed asked how the auctions were conducted. Fran McVey, Chief Deputy Director ESD replied that the City contracts with a professional auction company to run the auctions after fleet management strips whatever is reusable.

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

- c. Transport Vehicle Audit Follow-up to October's Meeting (City Manager) – Deferred to December
- d. Environmental Procurement – (General Services/Environmental Services Department)

Jim McBride gave a summary of the report highlighting accomplishments through today and the action plan for next year. Councilmember LeZotte wanted to know if IT had been a participant in the workshops, as they were not listed in the report. Gay Gale, Sr. Analyst GS replied that they were and that the report will be corrected.

Councilmember LeZotte asked, regarding ACME Building and Maintenance, why use of the Green Seal is only with the watershed protection division and not citywide. Gay responded that the original contract did not include this as a requirement. It can be included when renewing the contract. Councilmember LeZotte asked if Staff had looked to see if there were any changes as a result of using Green Seal products regarding less sick days or increased production. Gay replied that has not been done yet, but that it is something that can be looked at in the future. Staff is looking at life cycle costing data and life cycle impact. There is no agreement in the industry as to what life cycle means. Staff is part of the discussions and is looking for a set of

criteria and a good model to use for that. Councilmember LeZotte asked if there are other municipalities that are collecting that data. Gay replied that there are not, but that is one of the things Staff has committed to working on. Councilmember LeZotte wanted to stress that it is important for the departments to work together where there are overlaps.

She also wanted to know if the research and testing data has been collected regarding the environmental characteristics for computer monitors and printers and if there are any findings that will be brought forward at some point. Gay replied that Staff is taking information gained thus far, showing that core components that have been purchased are comparable to the 'Black Swan' standard in Europe; and will share the information with the Airport as that department is the lead for development of standards for technology in the future.

Councilmember LeZotte asked if there were any results to share with regards to the survey on training. Gay replied that the result was that no one had had any training. So, Staff started with some elementary training and has a commitment for increased training in the future. There was consistency in the responses for four departments (DOT, GS, PRNS and Airport) that there would be a big bang for the buck if there were some EPP training. If the plan is approved, Staff will develop EPP training, beginning with those departments.

Councilmember LeZotte wanted to know how, as stated in the report, fiscal and personnel constraints have limited the scope of EPP efforts in the last year. Jim responded that it has to do with frozen positions in procurement. Councilmember LeZotte thinks that being short of personnel should not impact making this a part of the culture.

Chair Campos asked what was being done as far as outreach with the private sector. Gay said that is the target for next year. Staff wants to work with ESD to see what's going on and one goal is to look at the City being friendly to businesses that are environmentally proactive. Jim added that Staff is also going out and talking to the small chambers about it.

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

e. Special Event/Permit Update – (Parks, Recreation & Neighborhood Services/Office of Cultural Affairs)

Sara Hensley, Director PRNS gave an overview of the report. She said the new one start application is being used and is available electronically. It is hoped there will be an interactive form once technology is set up at the new city hall. The Office of Cultural Affairs (OCA) is the gatekeeper for the forms. The single how-to book is being developed. It's a culmination of several cities' best practices for any group that wants to put on an event. The event website is developed. New venues, such as plazas and paseos, have been added for those event planners with a three-year positive event and allow for booking two years in advance without having to fill out all of the forms over again. Staff has reduced roadblocks and expanded the number of private property events that OCA can permit. One single payment for known permit fees in cleaning and damage deposits are available for events that are filed within 60 days or more of the event. Staff is working with Finance, who will break out the revenue to the various departments and is working with all departments on accepting credit cards for payments (with

the exception of secondary officers who are not paid by the City and must be paid directly). Staff worked with the City Attorney's office on a tiered fee structure and the recommendation was to look at the grant program that is currently in place to see how that's offered instead of creating a tiered fee structure that could separate different groups for funding issues, which could cause more problems.

Irene Ray, Assistant Deputy Director OCA gave an overview of the Grant process and recommended revisions from the festival parade celebration grant program.

Councilmember Reed said that he believes the fees the City is charging are going up and the grants are going down and are moving in opposite directions. Irene replied that Staff conducted a study of event costs as a percentage of the event budget over the past five years and found that for some events, it dropped, some stayed the same (in percentage). Festival funding has dropped over the last five years because it is mainly reliant on transient occupancy tax, which the City has no control over. Staff did attempt to change the program to reward success. Staff is shifting the special event core service from the RCS CSA to the END CSA, in recognition of the economic and neighborhood developments that these events will provide the City. There are some ideas that Staff is beginning to look at such as incrementally increasing sales tax revenues on the dates of the events (for business districts) if it can be proven there is an opportunity to look at that as potential funding to offset the costs of city services.

Sara stated that Staff has met with many groups that hold these events and have given them ways to cut costs such as, rather than renting equipment, pooling their funds and sharing the equipment; and, performing some tasks themselves rather than paying City staff. A lot is dependent on what is set forth by Council regarding policy such as not allowing concessions on city property. This could be looked at through the budget process to get some of the things changed that aren't working and aren't enhancing the economic vitality of the city.

Councilmember Reed asked if the fee booklet may be misleading as far as everything being in twenty-five cent and \$1.00 increments, when multiplied by however many units it may be, suddenly it's a big number. Irene replied that there are two items: fees are permit fees and are in the fees and charges; city service costs are city bodies or trucks going out there. Sometimes fee increases tend to be a large percentage, but a small dollar amount. The city service costs will rise if the event size increases or if there is any cost of living increases for staff. Councilmember Reed said the cost of city services is probably the largest of any of those and wanted to know if Staff has looked at, and is comfortable with, those being rational. Sara replied that has been looked at extensively, event by event and it is right on target. Costs are based on actual rates and there is no extra money being made. The difference of opinion between the City and the event organizer are the number of employees that are assigned to service the event.

Councilmember Reed said he is mainly interested in knowing that it has been looked at and can be explained in a linear manner and can be understood. Sara replied that it is very clear. She added that it is the small events that suffer the most and Staff helps them quite a bit. Irene noted that many of the smaller events are held on private property needing a tent, requiring a \$500 permit. Staff will be proposing to Council to allow some of those non-impactive events to drop off the bottom of the permitting. Chair Campos requested an informational memo on event fees paid versus revenue be provided to the full Council.

She also wanted to know if the same panel does the reviewing for all three years during the grant process. Irene replied that it might be different from year to year. Chair Campos wants to make sure that that is clear to applicants. Irene said that it would be made clear. She added that an applicant may elect not to be re-scored after a prior year and just use that prior year's score.

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

- g. Annual Debt Report (Finance) – Deferred to December
- h. Quarterly Debt Report – as Supplement to Annual Debt Report (Finance) – Deferred to December
- i. Comprehensive Annual Financial Report (Finance) – Deferred to December
- j. Public Art (Auditor) – Deferred to 2005 Workplan
- k. Oral Petitions

Ross Signorino spoke on the cell phone issue and Tom Reilly and Daniel Finn, Environmental Services spoke on the vehicle and metered equipment issue.

- l. Adjournment
The meeting was adjourned at 3:30 P.M.



Councilmember Chuck Reed, Vice Chair for Chair Nora Campos
Making Government Work Better Committee