



**OFFICE OF THE  
CITY AUDITOR**

**SEMI-ANNUAL RECOMMENDATION FOLLOW-UP REPORT  
ON ALL OUTSTANDING AUDIT RECOMMENDATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2004**

**A REPORT TO THE  
SAN JOSE CITY COUNCIL  
MAKING GOVERNMENT WORK BETTER COMMITTEE**



GERALD A. SILVA  
City Auditor

## CITY OF SAN JOSÉ, CALIFORNIA

800 N. First Street • San Jose, California 95112 • Tel: (408) 277-4601

December 3, 2004

Honorable Mayor and Members  
of the City Council  
801 North First Street, Room 600  
San Jose, CA 95110

Transmitted herewith is the *Semi-Annual Follow-Up Report On All Outstanding Audit Recommendations For The Six Months Ended June 30, 2004.*

An Executive Summary is presented on the blue pages in the front of this report. In accordance with procedures, the City Auditor gave the City Manager's Office a preview copy of this report for review.

The format of the Semi-Annual Follow-Up Report is intended to highlight recommendations requiring Making Government Work Better Committee attention and report on the status of all open recommendations.

I will present this report to the Making Government Work Better Committee at its December 16, 2004 meeting. Should you have any questions or need additional information in the interim, please let me know.

Respectfully submitted,

Gerald A. Silva  
City Auditor

GS:bh  
Jun04

cc: City Manager's Office  
and affected departments

## **EXECUTIVE SUMMARY**

In accordance with the City Auditor's approved 2004-05 Workplan, we have prepared a report of the status of open recommendations for the six months ending June 30, 2004. To prepare this report, we met with department staff, reviewed department assessments of audit status, and reviewed documentation provided by departments.

### **IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS**

During the semi-annual period covering January 1 through June 30, 2004, there were one hundred and thirty one (131) outstanding recommendations of which:

- 17 recommendations were implemented;
- 68 recommendations were partly implemented;
- 42 recommendations were not implemented;
- 2 recommendations were deferred; and
- 2 recommendations were dropped.

Table I summarizes these recommendations by audit report in chronological order.

**TABLE I**  
**STATUS OF OPEN RECOMMENDATIONS BY AUDIT REPORT ENDING JUNE 30, 2004**

| Report #    | Audit Report   | Implemented | Partly Implemented | Not Implemented | Deferred | Dropped  |
|-------------|--|-------------|--------------------|-----------------|----------|----------|
| 88-03       | An Audit Of The Police Department Overtime Controls  |             | 1                  |                 |          |          |
| 93-04       | An Audit Of The Fire Department--Hazardous Materials Storage Permit Fees   | 1           |                    |                 |          |          |
| 93-05       | An Audit Of The Department Of General Services/Vehicle Maintenance Division--Police Vehicles                               |             | 1                  |                 |          |          |
| 95-06       | An Audit Of the San Jose Arena Management Agreement  |             |                    | 1               |          |          |
| 96-06       | An Audit Of The City Of San Jose's Business Tax Collection Process   |             |                    | 1               |          |          |
| 96-07       | An Audit Of The City Of San Jose's Open Purchase Order Process   |             | 1                  | 1               |          |          |
| 97-01       | An Audit of the City of San Jose's Utility Billing System  |             | 3                  |                 |          |          |
| 97-05       | An Audit of the Department of Public Works Engineering & Inspection Costs  |             | 1                  |                 |          |          |
| 98-05       | An Audit of the City of San Jose's Sewer Billing Services  |             | 1                  |                 |          |          |
| 00-01       | An Audit Of The Police Department -Bureau of Field Operations Patrol Division's Staffing and Deployment                    |             | 1                  |                 |          |          |
| 00-02       | An Audit of the City of San Jose's Master Vendor File  |             |                    | 1               |          |          |
| 00-04       | An Audit of the City of San Jose Building Division's Building Permit Fee Process   |             |                    |                 | 2        |          |
| 00-08       | An Audit of the City of San Jose's Building-Related Fees and Taxes   | 2           |                    |                 |          |          |
| 01-01       | An Audit of the Property Appraisal Process of the Department of Public Works—Real Estate Division                          |             | 3                  | 1               |          |          |
| 01-02       | An Audit of the City Of San Jose Fire Department's Overtime Expenditures   |             | 5                  |                 |          |          |
| 01-05       | An Audit of the City of San Jose Fire Department's Strategic Plan Regarding Proposed Fire Stations                         |             | 1                  | 1               |          |          |
| 02-02       | An Audit Of The San José Arena Management Corporation's Compliance With The San José Arena Management Agreement            |             | 3                  |                 |          |          |
| 02-03       | An Audit Of The Property Management Operations Of The City Of San José's Department Of Public Works – Real Estate Division |             | 3                  | 1               |          |          |
| 02-04       | An Audit Of The San José Police Department's Method Of Projecting Sworn Officer Retirements And Other Separations          |             | 2                  | 1               |          |          |
| 02-11       | The Lease Agreement For The Hayes Mansion Conference Center  |             |                    |                 |          | 2        |
| 03-01       | An Audit Of The Targeted Neighborhood Clean-up Program   | 1           | 2                  | 1               |          |          |
| 03-03       | General Services Department's Vehicle Replacement Program  | 3           | 10                 |                 |          |          |
| 03-04       | An Audit Of The Airport Neighborhood Services Group  |             | 3                  |                 |          |          |
| 03-07       | An Audit Of The Neighborhood Development Center Of The Department Of Parks, Recreation, And Neighborhood Services          | 1           | 3                  |                 |          |          |
| 03-10       | An Audit of The San José Fire Department's Bureau of Fire Prevention   | 1           | 4                  | 1               |          |          |
| 03-11       | An Audit Of The Utilization And Replacement Of The City's Metered Equipment  | 1           | 8                  | 1               |          |          |
| 04-01       | An Audit Of The Concentrated Code Enforcement Program  | 1           | 4                  | 2               |          |          |
| 04-02       | An Audit of the Crossing Guard Program   |             | 2                  | 5               |          |          |
| 04-03       | An Audit of the Department of Public Works' Real Estate Division Real Property Acquisition Process                         | 1           | 2                  |                 |          |          |
| 04-04       | An Audit of the Utilization and Replacement of the City's Transport Vehicles   | 3           | 3                  | 8               |          |          |
| 6/2/04 Memo | Memorandum of the Avis Rent a Car Audit  | 1           | 1                  | 2               |          |          |
| 04-05       | A Review of the CUSP Request for Proposal Process  | 1           |                    | 14              |          |          |
|             | <b>Totals</b>  | <b>17</b>   | <b>68</b>          | <b>42</b>       | <b>2</b> | <b>2</b> |

**EXECUTIVE SUMMARY - continued**

As of June 30, 2004, the distribution of the one hundred twelve (112) recommendations which remain open are as follows:

- |                                     |  |
|-------------------------------------|--|
| 6 Airport                           | 1 Information Technology                       |
| 30 City Administration              | 8 Planning, Building, and Code Enforcement     |
| 4 Environmental Services Department | 4 Police Department                            |
| 3 Finance Department                | 6 Parks, Recreation, and Neighborhood Services |
| 13 Fire Department                  | 8 Public Works Department                      |
| 18 General Services                 | 4 San Jose Arena Management                    |
|                                     | 7 Transportation                               |

Of the one hundred twelve (112) recommendations which remain open:

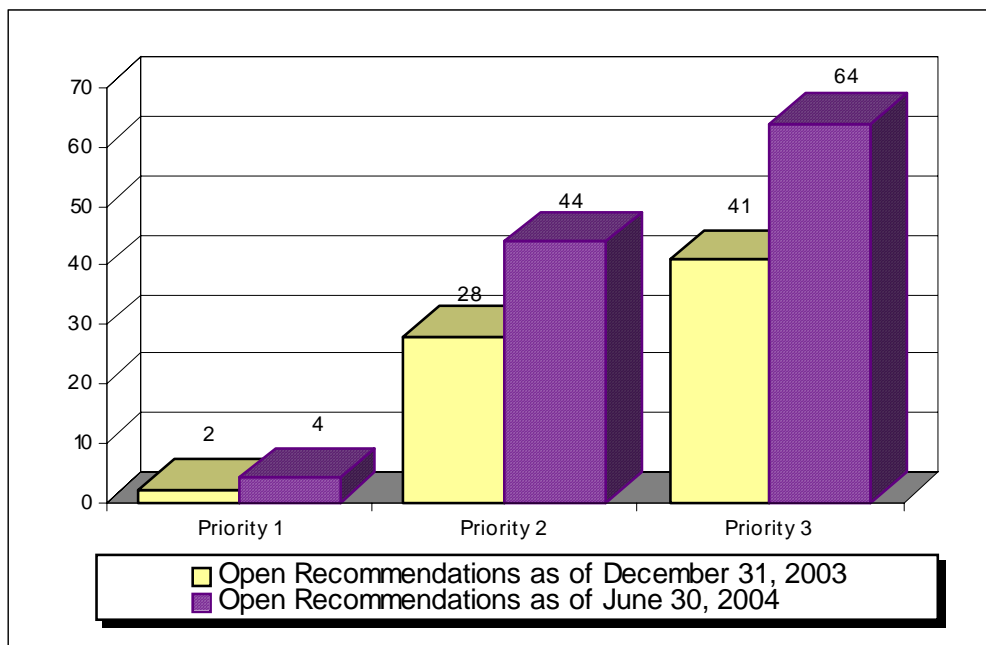
- 4 recommendations are Priority 1;
- 44 recommendations are Priority 2; and
- 64 recommendations are Priority 3.

Of the forty two (42) recommendations which are “not implemented”:

- 4 recommendations are Priority 1;
- 12 recommendations are Priority 2; and
- 26 recommendations are Priority 3.

Graph 1 shows the priority status of recommendations that remained open during the past year.

**GRAPH 1**  
**PRIORITY STATUS OF REMAINING OPEN AUDIT RECOMMENDATIONS**



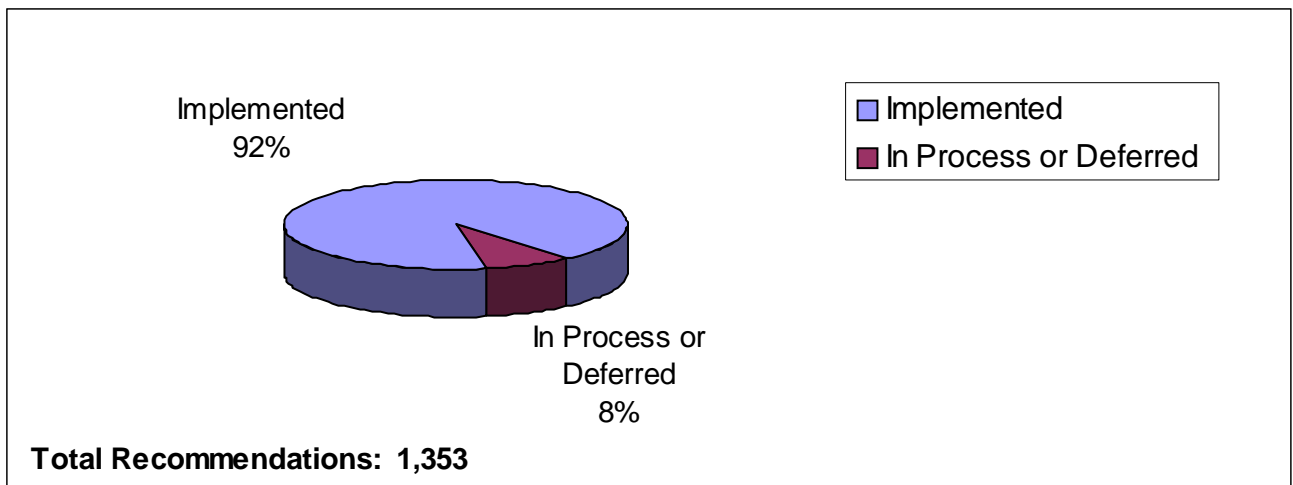
**EXECUTIVE SUMMARY – continued**

During this semi-annual period the City Council approved 60 new recommendations, and the Administration implemented 17 recommendations. We thank the departments for their efforts in implementing these recommendations and toward implementing those 112 recommendations still outstanding.

Graph II shows the number of City Auditor recommendations made and implemented from May 1985 through June 2004.

**GRAPH II**

**RECOMMENDATIONS IMPLEMENTED  
May 1985 through June 2004**



## **EXECUTIVE SUMMARY - continued**

### **RECOMMENDATIONS REQUIRING MAKING GOVERNMENT WORK BETTER COMMITTEE ATTENTION**

Recommendations requiring Making Government Work Better Committee attention are those recommendations for which either 1) the City Auditor and the Administration disagree on the recommendation's implementation status, 2) the Administration has not informed the City Auditor as to the status of the recommendation's implementation, 3) the Administration has indicated it cannot or will not implement the recommendation, 4) the recommendation will require additional funding in order to be implemented, or 5) implementation would generate additional revenues or cost savings.

#### **88-03: AN AUDIT OF THE POLICE DEPARTMENT OVERTIME CONTROLS**

*#14 (San José Police Department/ME) - Develop and implement forms for documenting the justification and authorization of all overtime occurrences. (Priority 3)*

Partly implemented. The San José Police Department (SJPD) recommends that this recommendation, which has been outstanding for 16 years, be dropped because the SJPD has implemented other management controls. Although the SJPD recommends that this recommendation be dropped, we still believe that this recommended control will provide greater assurance that the SJPD is properly justifying and authorizing all of its overtime. When we first reviewed the SJPD's overtime in 1988 it was high and still is high today. For instance, in 2003-04, the SJPD's sworn staff worked about 173,000 hours of overtime valued at about \$10.8 million. Accordingly the SJPD needs strong controls in place to ensure that it is properly managing its overtime use.

In 1988, we recommended that the SJPD use overtime forms to document the justification and authorization for overtime. At that time officers only documented overtime on their bi-weekly timesheets, which their supervisors were supposed to review and approve. However, we identified several problems with this procedure. First, it was difficult for supervisors to recall instances of overtime that may have occurred as much as two weeks earlier. In addition, the officers' immediate supervisor did not always review and sign his or her timesheet. Thus, the supervisors reviewing and approving the timesheets may not have had any knowledge of the overtime hours the officer was claiming. We still believe, as we did 16 years ago, that this recommendation would provide greater assurance that all of the SJPD's overtime is properly justified and authorized.

When we conducted our audit in 1988, we found that the 10 largest cities in California all used such a control to document the justification and authorization for overtime. We recently contacted the same 10 cities in California and found that all 10 of them still have similar controls in place. Therefore, we believe that this recommendation is still valid and should not be dropped at this time. Furthermore, because it has been 16 years since the first overtime audit was completed, we cannot attest to the adequacy of the SJPD's current controls for overtime. Therefore, we

believe that it would be appropriate to revisit this issue. Thus, we recommend that the Rules Committee add to the City Auditor's 2004-05 Audit Workplan an audit of SJPD overtime.

REQUIRES COUNCIL ATTENTION.

**96-06: AN AUDIT OF THE CITY OF SAN JOSÉ'S BUSINESS TAX COLLECTION PROCESS**

***#4 (Finance/Treasury Division/RK) - Upon approval of Recommendations #1, #2 and #3, request funding for any associated costs for necessary new staff and additional operating expenses. (Priority 3)***

Not implemented. According to the Finance Department, staff is working on revenue enhancing programs and Council-directed changes to the Business Tax Ordinance. Three main areas in which the department is concentrating its efforts are: Business Inventory Management System (BIMS), Business Tax Hardship Waiver, and the Business Tax Amnesty Program. The Finance Department stated it would revisit this recommendation during fiscal year 2004-2005. Target date: 6-05.

REQUIRES FUNDING: Funding was originally requested as part of the ITPB e-Gov funds.

**97-01: AN AUDIT OF THE CITY OF SAN JOSÉ'S UTILITY BILLING SYSTEM**

***#4 (Finance/Environmental Services Department/DM) - The City Council consider combining sewer and storm drain fees with Recycle Plus billings. (Priority 2)***

Partly implemented. The Finance Department processes annual sewer and storm drain assessments, and forwards these assessments to the County for inclusion on property tax bills. The County charges the City more than \$700,000 per year to collect sewer and storm drain assessments and remit them to the City. Our audit found that if the City billed these assessments bi-monthly through the Utility Billing System, the City could save more than \$700,000 in County collection fees and earn an additional \$870,000 in interest, in return for a small increase in bill-printing fees. Subsequently, the Administration issued an RFP for a new utility billing system. However, there were delays in implementing the new billing system software and the system implementation effort was cancelled. In June 2003, the Finance Department, Environmental Services Department (ESD) and Information Technology issued an RFP for an integrated billing, customer service and partner management system that would have the capability to issue combined sewer, storm, and garbage bills. Subject to Council approval and funding, according to the ESD, the project implementation and initial operation will take about 24 months. The ESD has modified the cost savings projections from \$870,000 to \$350,000 due to a change in the agreement between the City and County. The projected additional interest earned has been modified as well, from \$700,000 to \$350,000, due to the decrease in overall market



interest rates. We will re-examine these calculations and billing system shortly after it comes online. Target date: 12-06.

INCREASES REVENUE: \$350,000.

REDUCES COSTS: \$350,000.

***#19 (Finance/Environmental Services Department/DM) - Request that the City Council authorize a database administrator position at the UBS. (Priority 3)***

Partly implemented. In December 2004, the Finance and the ESD will present the CUSP Project proposal to the Council. Included is a recommendation to hire a DBA under contract that will have the immediate knowledge and experience to get the program started. The departments plan to transition the DBA from a contract employee to a full-time city employee by the end of 2005 if not sooner. Target date: 12-05.

REQUIRES FUNDING: TBD.

**00-02: AN AUDIT OF THE CITY OF SAN JOSÉ'S MASTER VENDOR FILE**

***#3 (Finance Department/IT Department/RK) - Prepare a proposal and budget requirements to allow for 1) identifying, researching, and purging inactive vendor numbers; "R" vendor numbers; deceased, retired, and former employee numbers; and erroneously assigned vendor numbers from the Master Vendor File and the corresponding records in other modules; 2) Archiving the records taken off the Master Vendor File and the corresponding records; and 3) Using a vendor numbering system for one-time payment of authorized purchases and automatic purging of such vendor numbers. (Priority 3)***

Not implemented. During the 2000-2001 budget process, a budget proposal was submitted to address specific vendor file issues and other financial issues. System enhancements related to FMS were included in this proposal. However, the proposal was not funded. Due to the City's current budget situation, this proposal will not be advanced in this year's budget cycle. Target date: None.

REQUIRES FUNDING: TBD.

**01-02: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S OVERTIME EXPENDITURES**

***#9 (San José Fire Department/EL) - Evaluate the feasibility of implementing a comprehensive Wellness-Fitness Initiative Program for the San José Fire Department (SJFD) and prepare a budget proposal should the initiative appear cost beneficial. (Priority 3)***

Partly implemented. The San José Fire Department (SJFD) has contracted with Club One to provide a part-time Wellness Program Coordinator. The Wellness Program Coordinator is expected to administer and deliver reports on physical assessments to individuals, enter results into a database, and provide the SJFD with a summary report. Exercise equipment has been installed in all stations. Club One is expected to maintain this equipment as needed. Due to the current fiscal situation, the SJFD has reduced the current wellness program from 2002-03 program levels. The SJFD supports a full comprehensive Wellness-Fitness Initiative Program, but has not prepared a budget proposal due to current fiscal constraints. Target date: 6-05.

COUNCIL ATTENTION REQUIRED: Requires funding amount TBD.

**01-05: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S STRATEGIC PLAN REGARDING PROPOSED FIRE STATIONS**

***#5 (San José Fire Department/RM) - Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls. (Priority 3)***

Not implemented. Given the current economic situation and the anticipated budget deficit, the Fire Department has not implemented this pilot program. Target date: 6-05.

REQUIRES FUNDING: TBD.

**02-03: AN AUDIT OF THE PROPERTY MANAGEMENT OPERATIONS OF THE CITY OF SAN JOSÉ'S DEPARTMENT OF PUBLIC WORKS – REAL ESTATE DIVISION**

***#1 (City Council/EL) - Revisit its policy on non-profit leases of City-owned properties. (Priority 2)***

Not implemented. Before revisiting its policy on below-market rents to non-profit entities, the City Council requested that the Office of the City Auditor survey all City departments, and the Redevelopment Agency, to identify all City- and Agency-owned real property non-profit organizations lease, occupy, or otherwise use. The City Auditor issued a survey of Citywide Real Property Inventory in December 2002. The survey identified 43 leases to non-profit organizations. The City Council needs to

utilize the survey results to review its policy on below-market rents involving City-

owned properties. The City Council has not reviewed this policy to date.  
Target date: 6-05.

REQUIRES COUNCIL ATTENTION.

### **03-01: AN AUDIT OF THE TARGETED NEIGHBORHOOD CLEAN-UP PROGRAM**

*#1 (Code Enforcement/CC) - Report to the City Council on its assessment of ways to reduce overtime costs and increase targeted Clean-up areas to accommodate an average of 22 bins per Clean-up event,*

*Work with the City Council to establish a City Council Office-Directed Community Grant Program to provide for two small neighborhood Clean-ups per year per City Council District, and*

*Develop written standards regarding the form, content, and timing for Clean-up event flyers and use funds budgeted for Clean-up event bins to cover the costs to mail the flyers. (Priority 3)*

Partly implemented. According to Code Enforcement, Code Enforcement has reduced overtime expenditures from \$141,178 in FY 2002-03 to \$86,319 in FY 2003-04, a 39 percent decrease. This was accomplished through the reduced use of Code Enforcement Inspectors and the use of Conservation Corp and Recreation Leaders to staff neighborhood clean up events. Bin usage remains at an average of twenty bins per event. This is due to the ongoing vacancy of one of the two Code Enforcement Inspector positions dedicated to event coordination. Interviews to fill this position will occur mid-August and selection and appointment will occur in September 2004. Once the training period is completed, the program will be fully staffed. An informational memorandum will be provided to Council in November 2004 to report on bin utilization. Target date: 12-04.

According to Code Enforcement, no funds are available to fund the Grant Program. We recommend that Code Enforcement work to identify funds in the near future to establish the Grant Program.

Code Enforcement has developed written standards regarding Clean-up event flyers and provided to Council Offices as guidance for flier development. According to Code Enforcement, no funds are available to replace mailing costs currently paid by Council Offices.

REQUIRES FUNDING: TBD.

**03-10: AN AUDIT OF THE SAN JOSÉ FIRE DEPARTMENT'S BUREAU OF FIRE PREVENTION**

***#3 (San José Fire Department/ME) - Periodically compare the FIBS database with the Business License database using the SIC Codes that are most likely to require a fire safety inspection. (Priority 2)***

Not implemented. The SJFD has stated that it will compare its inspection database to the Business License database every five years. However, the SJFD will be developing a new inspection database. Therefore, we recommend that this item be deferred until the SJFD has implemented a new inspection database.

Deferral date: 1-06.

REQUIRES COUNCIL ATTENTION.

**COMPLETE LISTING OF THE STATUS  
OF OPEN AUDIT RECOMMENDATIONS  
AS OF JUNE 30, 2004**

**88-03: AN AUDIT OF THE POLICE DEPARTMENT OVERTIME CONTROLS**

***#14 (San José Police Department/ME) - Develop and implement forms for documenting the justification and authorization of all overtime occurrences. (Priority 3)***

Partly implemented. The San José Police Department (SJPD) recommends that this recommendation, which has been outstanding for 16 years, be dropped because the SJPD has implemented other management controls. Although the SJPD recommends that this recommendation be dropped, we still believe that this recommended control will provide greater assurance that the SJPD is properly justifying and authorizing all of its overtime. When we first reviewed the SJPD's overtime in 1988 it was high and still is high today. For instance, in 2003-04, the SJPD's sworn staff worked about 173,000 hours of overtime valued at about \$10.8 million. Accordingly the SJPD needs strong controls in place to ensure that it is properly managing its overtime use.

In 1988, we recommended that the SJPD use overtime forms to document the justification and authorization for overtime. At that time officers only documented overtime on their bi-weekly timesheets, which their supervisors were supposed to review and approve. However, we identified several problems with this procedure. First, it was difficult for supervisors to recall instances of overtime that may have occurred as much as two weeks earlier. In addition, the officers' immediate supervisor did not always review and sign his or her timesheet. Thus, the supervisors reviewing and approving the timesheets may not have had any knowledge of the overtime hours the officer was claiming. We still believe, as we did 16 years ago, that this recommendation would provide greater assurance that all of the SJPD's overtime is properly justified and authorized.

When we conducted our audit in 1988, we found that the 10 largest cities in California all used such a control to document the justification and authorization for overtime. We recently contacted the same 10 cities in California and found that all 10 of them still have similar controls in place. Therefore, we believe that this recommendation is still valid and should not be dropped at this time. Furthermore, because it has been 16 years since the first overtime audit was completed, we cannot attest to the adequacy of the SJPD's current controls for overtime. Therefore, we believe that it would be appropriate to revisit this issue. Thus, we recommend that the Rules Committee add to the City Auditor's 2004-05 Audit Workplan an audit of SJPD overtime.

REQUIRES COUNCIL ATTENTION.

**93-04: AN AUDIT OF THE FIRE DEPARTMENT–HAZARDOUS MATERIALS STORAGE PERMIT FEES**

*#1 (San José Fire Department/RM) - Include in the cost recovery system for the Hazardous Materials Program the costs of the Hazardous Incident Team activities that relate to the City's Hazardous Materials Program. (Priority 1)*

Implemented. As part of the 2004-05 budget process, the Fire Department submitted a cost recovery fee structure for the Hazardous Materials Program that included these costs. As this proposal was reviewed, the decision was made to explore an alternate proposal to reduce Hazardous Materials Team staffing. This alternate proposal was approved, subject to the meet and confer process with IAFF Local 230.

**93-05: AN AUDIT OF THE DEPARTMENT OF GENERAL SERVICES/VEHICLE MAINTENANCE DIVISION--POLICE VEHICLES**

*#5 (City Council & City Administration(Employee Relations)/JO) - Update the current section of the City Administrative Manual on employee transportation to include language defining a City-wide sphere of influence and stipulating how employees will compensate the City for taking a City vehicle beyond the City's sphere of influence. (Priority 2)*

Partly implemented. The City is currently updating the Administrative Manual. In order to implement this recommendation, the new Administrative Manual policy should define the City's sphere of influence and how that sphere of influence affects the use of City vehicles beyond those boundaries. Target date: 12-04.

**95-06: AN AUDIT OF THE SAN JOSÉ ARENA MANAGEMENT AGREEMENT**

*#4 (City & San Jose Arena Management Corporation/ME) - Agree on a definition of what the program operating budget in section 9.02 of the Management Agreement should include in order to facilitate the San Jose Arena Management Corporation preparing the budget and submitting it to the City for review and approval in accordance with the terms of the Management Agreement. (Priority 2)*

Not implemented. Although the City and Arena Authority continue to reserve the right for future considerations for the submittal of the program operating budget, it continues to be not required for any immediate purpose. Target date: 6-05.

**96-06: AN AUDIT OF THE CITY OF SAN JOSÉ'S BUSINESS TAX COLLECTION PROCESS**

*#4 (Finance/Treasury Division/RK) - Upon approval of Recommendations #1, #2 and #3, request funding for any associated costs for necessary new staff and additional operating expenses. (Priority 3)*

Not implemented. According to the Finance Department, staff is working on revenue enhancing programs and Council-directed changes to the Business Tax Ordinance. Three main areas in which the department is concentrating its efforts are: Business Inventory Management System (BIMS), Business Tax Hardship Waiver, and the Business Tax Amnesty Program. The Finance Department stated it would revisit this recommendation during fiscal year 2004-2005. Target date: 6-05.

REQUIRES FUNDING: Funding was originally requested as part of the ITPB e-Gov funds.

**96-07: AN AUDIT OF THE CITY OF SAN JOSÉ'S OPEN PURCHASE ORDER PROCESS**

*#19 (General Services Purchasing Division/Finance Department/RM) - Develop and implement invoice review and approval procedures to be included in the City Administrative Manual. The procedures should provide assurance that:*

- *goods or services were authorized under the open purchase order;*
- *goods or services were received;*
- *on open purchase orders over \$5,000, invoiced quantities, prices/rates and terms are in accordance with the terms of the open purchase order;*
- *invoices are mathematically correct;*
- *departments receive the pricing and rate documentation necessary to properly review invoices; and*
- *receiving documents are forwarded to accounting units to match to the invoices.*

*(Priority 2)*

Not implemented. The Finance Department is in the process of developing procedures to be included in the City Administrative Manual, but due to workloads and priorities, implementation of these procedures has not been completed. Staff redeployments intended to accomplish this task are underway. Target date: 12-04.

**#21 (Finance/RM) - Finalize revisions to the Finance Administrative Manual Accounts Payable Section. (Priority 3)**

Partly implemented. The Finance Department is in the process of updating the Accounts Payable Section of the Finance Administrative Manual. Continued vacancies in this section have further delayed completion of this project.  
Target date: 6-05.

**97-01: AN AUDIT OF THE CITY OF SAN JOSÉ'S UTILITY BILLING SYSTEM**

**#4 (Finance/Environmental Services Department/DM) - The City Council consider combining sewer and storm drain fees with Recycle Plus billings. (Priority 2)**

Partly implemented. The Finance Department processes annual sewer and storm drain assessments, and forwards these assessments to the County for inclusion on property tax bills. The County charges the City more than \$700,000 per year to collect sewer and storm drain assessments and remit them to the City. Our audit found that if the City billed these assessments bi-monthly through the Utility Billing System, the City could save more than \$700,000 in County collection fees and earn an additional \$870,000 in interest, in return for a small increase in bill-printing fees. Subsequently, the Administration issued an RFP for a new utility billing system. However, there were delays in implementing the new billing system software and the system implementation effort was cancelled. In June 2003, the Finance Department, Environmental Services Department (ESD) and Information Technology issued an RFP for an integrated billing, customer service and partner management system that would have the capability to issue combined sewer, storm, and garbage bills. Subject to Council approval and funding, according to the ESD, the project implementation and initial operation will take about 24 months. The ESD has modified the cost savings projections from \$870,000 to \$350,000 due to a change in the agreement between the City and County. The projected additional interest earned has been modified as well, from \$700,000 to \$350,000, due to the decrease in overall market interest rates. We will re-examine these calculations and billing system shortly after it comes online. Target date: 12-06.

INCREASES REVENUE: \$350,000.

REDUCES COSTS: \$350,000.

**#19 (Finance/Environmental Services Department/DM) - Request that the City Council authorize a database administrator position at the UBS. (Priority 3)**

Partly implemented. In December 2004, Finance and the ESD will present the CUSP Project proposal to the Council. Included is a recommendation to hire a DBA under contract that will have the immediate knowledge and experience to get the program started. The departments plan to transition the DBA from a contract employee to a full-time city employee by the end of 2005 if not sooner. Target date: 12-05.

REQUIRES FUNDING: TBD.



**#20 (Finance/Environmental Services Department/DM) - Establish on-going procedures for (1) scanning for errors and correcting customer data in the database, (2) purging unnecessary data, (3) authorizing changes in account status from active to inactive, and (4) routinely reviewing monthly reports for rate code exceptions. (Priority 3)**

Partly implemented. A data clean-up effort has been initiated. Currently, data has been validated and revised for mobile home parks receiving garbage, recycling, and yard trimming collection services. Once a vendor is selected, Environmental Services Department staff will work with the vendor to determine which data will be converted to the new system. Procedures for ongoing, periodic purging and/or archiving of billing system data will be developed prior to the activation of the new system. Target date: 12-06.

### **97-05: AN AUDIT OF THE DEPARTMENT OF PUBLIC WORKS ENGINEERING AND INSPECTION COSTS**

**#2 (Public Works/RK) - In conjunction with the Budget Office, develop and propose to the City Council an alternate method, such as the “budget-off-the-top” approach, to budget and account for DPW costs charged to capital projects. (Priority 3)**

Partly implemented. The Department of Public Works has continued its effort to reform the budgeting and cost tracking process for capital program support costs. According to Department of Public Works Administration, the Public Works Program Support Fund was established through the 2004-2005 budget process. The Fund is instrumental to facilitate a business model to accomplish three major goals: (1) equitable distribution of Department of Public Works’ indirect costs; (2) accountability for managing the indirect costs; and (3) accountability for managing project delivery costs. The use of the Fund will primarily be for staff that provide central departmental services that support capital programs. Staff’s paid absences will also charge to the Fund rather than to individual capital projects. The source of the Fund will be rates charged to various capital programs the department supports. The Finance Department has hired a consultant to develop the rates and the cost allocation plan. Target date: 12-04.

### **98-05: AN AUDIT OF THE CITY OF SAN JOSÉ’S SEWER BILLING SERVICES**

**#2 (Environmental Services Department/DM) - Document its methodology for estimating sewer flow and its criteria for granting water loss adjustments. In addition, the Environmental Services Department should annually review existing water loss adjustment factors for both monitored industries and unmonitored companies and require supervisory review and approval of all changes to those factors. (Priority 2)**

Partly implemented. The Environmental Services Department (ESD) has adopted a policy requiring installation of flow meters at major industrial locations, where feasible, as part of the permit renewal cycle. Those major industrial locations without flow meters are required to submit engineering reports that the ESD will review. The

ESD procedures also require that industrial customers submit an engineering report to substantiate disputed water loss adjustments. For the remaining institutional, commercial and industrial customers, ESD plans to focus its review resources on 1) those customers that use the largest amounts of water, 2) schools, and 3) those customers with the largest water loss adjustment factors. In addition, any new customers coming to Planning and Building will be asked to provide information on their requested water loss factor adjustments. The ESD will develop the process and list of customers to be included in their review by the subsequent follow-up timeframe. Target date: 12-04.

**00-01: AN AUDIT OF THE POLICE DEPARTMENT – BUREAU OF FIELD OPERATIONS PATROL DIVISION’S STAFFING AND DEPLOYMENT**

*#1 (San José Police Department/City Administration/RM) - Negotiate with the San Jose Police Officers’ Association to modify shift-starting times to provide sufficient flexibility to deploy officers in the most efficient and effective manner. (Priority 2)*

Partly implemented. The Police Department’s new staffing software is online. Staff has received preliminary training in its use in preparation for the March 2004 shift change. According to the Police Department, shift change time-modifications will require an extended study and analysis using the new software for a minimum of at least two full shift change periods. Target date: 12-04.

**00-02: AN AUDIT OF THE CITY OF SAN JOSÉ’S MASTER VENDOR FILE**

*#3 (Finance Department/IT Department/RK) - Prepare a proposal and budget requirements to allow for 1) identifying, researching, and purging inactive vendor numbers; “R” vendor numbers; deceased, retired, and former employee numbers; and erroneously assigned vendor numbers from the Master Vendor File and the corresponding records in other modules; 2) Archiving the records taken off the Master Vendor File and the corresponding records; and 3) Using a vendor numbering system for one-time payment of authorized purchases and automatic purging of such vendor numbers. (Priority 3)*

Not implemented. During the 2000-2001 budget process, a budget proposal was submitted to address specific vendor file issues and other financial issues. System enhancements related to FMS were included in this proposal. However, the proposal was not funded. Due to the City's current budget situation, this proposal will not be advanced in this year's budget cycle. Target date: None.

REQUIRES FUNDING: TBD.

**00-04: AN AUDIT OF THE CITY OF SAN JOSÉ BUILDING DIVISION'S BUILDING PERMIT FEE PROCESS**

***#3 (Building Division/EL) - Develop a process for accounting for works-in-progress to ensure a proper matching of Building Program revenues and costs. (Priority 3)***

Deferred. The Building Division received a final report from the Financial Consulting Group on the process to account for works-in-progress. The Building Division staff were trained on how to update statistics and apply the process. The department considers the establishment of an enterprise fund or a special revenue fund with a fully funded works-in-progress reserve to be unlikely in the current economic climate as significantly larger reserves would be required than are currently available. Planning, Building, and Code Enforcement staff and the other development service partners will use the methodology to calculate the City's works-in-progress liability for development fees, report it to the development community, and reconsider the implementation of this item in 2006 when increased activity and higher reserve levels might make it more feasible. Since full implementation is delayed by the fiscal recovery of the economy, the City Council approved deferring this recommendation at its April 27, 2004 meeting. Target date: 6-06.

***#4 (Building Division/EL) - Establish a policy and process to pay for long-term capital or asset acquisitions. (Priority 3)***

Deferred. The Building Division received a final report from the Financial Consulting Group recommending a sinking fund to pay for long-term capital asset acquisitions. Long-term assets in the program consist primarily of inspector vehicles and the Integrated Development Tracking System (IDTS). Vehicle fleet adds are charged directly to the fee program when purchased and the cost of replacement vehicles is recovered through the overhead rate on the basis of a depreciation schedule determined by the Finance Department. Funding for the IDTS was accumulated through the implementation of a 2 percent automation surcharge on development fees. This surcharge was discontinued after three years and the ongoing maintenance costs of the system are included as overhead in the cost of permits. Since full implementation is delayed by the fiscal recovery of the economy, the City Council approved deferring this recommendation at its April 27, 2004 meeting. Target date: 6-06.

**00-08: AN AUDIT OF THE CITY OF SAN JOSÉ'S BUILDING-RELATED FEES AND TAXES**

***#12 (Building Division/GM) - Work with the City Attorney's Office and Administration to develop guidelines for what constitutes research and development and classifying multiple use structures. (Priority 2)***

Implemented. On April 27, 2004, the City Council approved Ordinance 27132, amending Section 4.46.050 of Title 4 and Section 4.47.04 of Chapter 4.47 of the Municipal Code. These changes 1) clarify the industrial use designation for buildings and structure subject to collection of Building and Structure Construction Taxes; 2) add certain industrial uses to the expanded list and establish a sunset provision; and 3) clarify procedures for collecting taxes for building permits issued separately for building shells and the first tenant improvements.

***#13 (Building Division/GM) - Designate an authoritative organization or person to render industrial versus commercial structure designation decisions where the structure use is unclear or complex. (Priority 2)***

Implemented. On April 27, 2004, the City Council approved Ordinance 27132, amending Section 4.46.050 of Title 4 and Section 4.47.04 of Chapter 4.47 of the Municipal Code. These changes 1) clarify the industrial use designation for buildings and structure subject to collection of Building and Structure Construction Taxes; 2) add certain industrial uses to the expanded list and establish a sunset provision; and 3) clarify procedures for collecting taxes for building permits issued separately for building shells and the first tenant improvements.

**01-01: AN AUDIT OF THE PROPERTY APPRAISAL PROCESS OF THE DEPARTMENT OF PUBLIC WORKS—REAL ESTATE DIVISION**

***#11 (Public Works Real Estate/GE) - Augment its requested consultant services to include an assessment of whether the File Locator Database Program is compatible with the City's overall records management strategy and other City systems and can be upgraded to provide the ability to identify specific documents for purging and the statistical functions needed to support productivity tracking and management reports. (Priority 2)***

Partly implemented. Without the use of consultant services, the Real Estate Division and General Services are working on how best to implement this recommendation. Staff reduction in the FY 04-05 budget has slowed progress and draft recommendations will be delayed. However, an initial assessment has been conducted and recommended options will be tested. Target date: 7-06.

***#12 (Public Works Real Estate/GE) - Write a user manual and conduct staff training on the use and maintenance of the File Locator Database Program if it decides to enhance and implement the Database. (Priority 3)***

Not implemented. Implementation of this recommendation depends on the implementation of Recommendation #11. Target date: 7-06.

***#13 (Public Works Real Estate/GE) - Write current and complete Real Estate Division policies and procedures in the prescribed Department of Public Works format. (Priority 3)***

Partly implemented. The Real Estate Division will develop a work plan by 10/01/04. The department has determined that this recommendation can be completed with shared resources within the department. Target date: 6-05.

***#14 (Public Works Real Estate/GE) - Develop a project tracking system that will track targeted and actual dates on a project by project basis. (Priority 3)***

Partly implemented. The Budget Office and the Information Technology Department approved a request to expend funds to complete the Real Estate Tracking System (RETS). Nevertheless, implementation of the RETS database has not been accomplished. The Real Estate Division executed a consultant contract for delivering the product with specific levels of detail for tracking land acquisitions. However, the consultant has not met his obligations in delivering the product as agreed. Staff will be reevaluating other detailed tracking system options. Target date: 6-05.

#### **01-02: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S OVERTIME EXPENDITURES**

***#5 (San José Fire Department/EL) - Report to the City Council updated staffing information by December of each year including staffing levels and vacancies by rank, the number of personnel on disability and modified duty, and projected short-term and long-term vacancies. (Priority 3)***

Partly implemented. In February and March 2003, the San José Fire Department (SJFD) presented a paramedic staffing report to the Making Government Work Better Committee. The SJFD met with the Auditor's Office to discuss the staff report requirements. The SJFD is working on developing a staffing report that will include all staffing levels and vacancies by rank, the number of personnel on disability and modified duty, and projected short-term and long-term vacancies. The SJFD will present a staffing report to the Making Government Work Better Committee in September 2004. Target date: 9-04.

***#6 (San José Fire Department/EL) - Update its 1992 study regarding the use of relief staff and overtime to meet minimum staffing requirements and annually determine the most efficient and cost effective mix of relief staff and overtime to meet minimum staffing needs. (Priority 3)***

Partly implemented. The SJFD met with the Auditor's Office to discuss updating the staffing study to determine the efficient and cost effective mix of relief staff and overtime to meet minimum staffing requirements. The SJFD will update the 1992 study in conjunction with the finalized staffing report going to the City Council. The SJFD will present a staffing report to the Making Government Work Better Committee in September 2004. Target date: 12-04.

***#7 (San José Fire Department/EL) - Review sick leave data to establish benchmarks for sick leave use and identify possible patterns of abuse and take appropriate follow-up actions. (Priority 3)***

Partly implemented. The San José Fire Department (SJFD) has not complied with this recommendation in a timely manner. The SJFD reported that it continues to analyze sick leave usage for trends and possible patterns of abuse. The SJFD has received instruction on establishing a sick leave benchmark, but has not established a sick leave benchmark. The SJFD indicated that they are using the Telestaffing system, which they believe will allow for a more effective means to analyze sick leave use and establish benchmarks. Target date: 12-04.

***#8 (San José Fire Department/EL) - Implement a proactive sick leave reduction program to inform line personnel of the benefits of conserving sick leave and rewarding personnel with perfect attendance. (Priority 3)***

Partly implemented. The San José Fire Department (SJFD) indicated that it recognized employees with minimal sick leave use in calendar year 2002. The SJFD will complete the development of a proactive sick leave reduction program. The SJFD needs to continue working on implementing a proactive sick leave reduction program targeted at line personnel to inform them of the benefits of conserving sick leave and rewarding personnel with minimal sick leave usage. The SJFD indicated that they are negotiating with the union regarding a sick leave reduction program. Target date: 12-04.

***#9 (San José Fire Department/EL) - Evaluate the feasibility of implementing a comprehensive Wellness-Fitness Initiative Program for the SJFD and prepare a budget proposal should the initiative appear cost beneficial. (Priority 3)***

Partly implemented. The San José Fire Department (SJFD) has contracted with Club One to provide a part-time Wellness Program Coordinator. The Wellness Program Coordinator is expected to administer and deliver reports on physical assessments to individuals, enter results into a database, and provide the SJFD with a summary report. Exercise equipment has been installed in all stations. Club One is expected to maintain this equipment as needed. Due to the current fiscal situation, the SJFD has reduced the current wellness program from 2002-03 program levels. The SJFD

supports a full comprehensive Wellness-Fitness Initiative Program, but has not prepared a budget proposal due to current fiscal constraints. Target date: 6-05.

COUNCIL ATTENTION REQUIRED: Requires funding amount TBD.

**01-05: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S STRATEGIC PLAN REGARDING PROPOSED FIRE STATIONS**

***#3 (San José Fire Department/RM) - Develop for City Council consideration plans for expanding its use of the Omega priority response level. These plans should include: obtaining the software necessary to fully implement the Omega priority response level; options and costs for dispensing non-emergency medical advice; and any other issues that need to be addressed. (Priority 3)***

Partly implemented. The Fire Department anticipates meeting the prerequisites for the OMEGA protocol by July 2005. These prerequisites include 1) currently renewing its accreditation as an Accredited Center of Excellence (ACE) which must be renewed every three years; 2) implementing the new CAD system which is necessary to integrate the ProQA software necessary for the OMEGA priority response level (completed in June 2004); 3) training on the ProQA software; and 4) compliance with ACE standards on the ProQA software anticipated to be met by mid-2005. Once the prerequisites for the OMEGA protocol are met, the Fire Department will need to evaluate advice program options and projected costs as well as coordinate with Priority Dispatch Corporation, Santa Clara County Emergency Medical Services, and American Medical Response Corporation to develop a comprehensive OMEGA protocol system for the City. Target date: 7-06.

***#5 (San José Fire Department/RM) - Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls. (Priority 3)***

Not implemented. Given the current economic situation and the anticipated budget deficit, the Fire Department has not implemented this pilot program. Target date: 6-05.

REQUIRES FUNDING: TBD.

**02-02: AN AUDIT OF THE SAN JOSÉ ARENA MANAGEMENT CORPORATION'S COMPLIANCE WITH THE SAN JOSÉ ARENA MANAGEMENT AGREEMENT**

***#1 (Arena Management/ME) - Develop written procedures for calculating the annual Arena fees payment to the City and include in those new procedures estimating luxury suite revenues based upon prior years' luxury suite leasing history. (Priority 2)***

Partly implemented. The 2004-05 Arena fees payment has been received; however, the City has not obtained required documentation supporting the fee calculation. The Finance Department is working with the Offices of the City Manager and City Attorney to secure the receipt of the supporting documentation. Procedures to assure correctness of the Arena fees payment are currently being drafted and will be completed to verify the correctness of the 2004-05 payment. Target date: 6-05.

***#3 (Arena Management/Arena Authority/City Attorney's Office/ME) - Develop a mutually agreeable delivery schedule regarding the frequency of the detailed reports and records relating to the City Related Accounts. (Priority 3)***

Partly implemented. A mutually agreeable delivery schedule has not yet been finalized. Target date: 6-05.

***#4 (Arena Management/ME) - Provide the past and future City Income Reports and Audit Reports in accordance with the Management Agreement. (Priority 3)***

Partly implemented. Reports for 2004 have not been filed; however, the City Auditor's Office is working with the Arena Authority, Arena Management, and the Finance Department to obtain the required reports. Target date: 12-04.

**02-03: AN AUDIT OF THE PROPERTY MANAGEMENT OPERATIONS OF THE CITY OF SAN JOSÉ'S DEPARTMENT OF PUBLIC WORKS – REAL ESTATE DIVISION**

***#1 (City Council/EL) - Revisit its policy on non-profit leases of City-owned properties. (Priority 2)***

Not implemented. Before revisiting its policy on below-market rents to non-profit entities, the City Council requested that the Office of the City Auditor survey all City departments, and the Redevelopment Agency, to identify all City- and Agency-owned real property non-profit organizations lease, occupy, or otherwise use. The City Auditor issued a survey of Citywide Real Property Inventory in December 2002. The survey identified 43 leases to non-profit organizations. The City Council needs to utilize the survey results to review its policy on below-market rents involving City-owned properties. The City Council has not reviewed this policy to date. Target date: 6-05.

REQUIRES COUNCIL ATTENTION.



***#2 (Administration/Department of Public Works/Real Estate Division/EL) - Include language in its leases with non-profits requiring the annual submission of documents to the Division to facilitate an annual review. (Priority 3)***

Partly implemented. Effective July 1, 2002, all Public Works' property management operations were transferred to the General Services Department. At the direction of the City Manager's Office, non-profits whose leases expire will be given month-to-month rental agreements until such time as the City Council revisits Policy 7-1. All non-profits requesting lease renewals will be required to submit key non-profit background information prior to having their leases renewed. Additionally, new lease agreements will contain wording requiring the annual submission of documents to facilitate an annual review. The department should identify the leases with these new provisions and those leases that have undergone an annual review. Target date: 6-05.

***#3 (Administration/Department of Public Works/Real Estate Division/EL) - Establish a formal application process for non-profit leases of City-owned property including the submission of key non-profit background information. (Priority 3)***

Partly implemented. Effective July 1, 2002, all Public Works' property management operations were transferred to the General Services Department. At the direction of the City Manager's Office, non-profits whose leases expire will be given month-to-month rental agreements until such time as the City Council revisits Policy 7-1. All non-profits requesting lease renewals will be required to submit key non-profit background information prior to having their leases renewed. The Administration needs to formalize and implement an application process for non-profits to complete to obtain the necessary information to ensure compliance with City Council policy. Target date: 6-05.

***#12 (Department of Public Works/EL) - Assign to the Real Estate Division the responsibility for providing oversight over leases of City-owned property. (Priority 2)***

Partly implemented. The General Services Department's Asset Management Group has assumed responsibility for providing oversight over leases of City-owned property. The Asset Management Group needs to document and identify the leases that are overseen by other departments. Staffing issues have hampered the ability of this group to complete this recommendation. Target date: 6-05.

**02-04: AN AUDIT OF THE SAN JOSÉ POLICE DEPARTMENT'S METHOD OF PROJECTING SWORN OFFICER RETIREMENTS AND OTHER SEPARATIONS**

***#1 (San José Police Department/EL) - Expand its current attrition-based approach for projecting sworn officer retirements to include the longer-term impact of retirements using demographic considerations. (Priority 3)***

Partly implemented. The San José Police Department (SJPD) has conducted a survey of Police Officers' Association (POA) members within five years of retirement, and the department has received a near 50 percent response rate. The information included in the survey includes demographic considerations of age and years of service. The Auditor's Office and the department are working to develop a written process to integrate an analysis of the survey information and demographic information of all officers with its current approach. Due to the recent budget shortfall and cancellation of the Police Academy, the SJPD recommends that the target date be delayed. Target date: 6-05.

***#2 (San José Police Department/EL) - Evaluate the impact of any proposed retirement plan changes on future sworn officer retirements. (Priority 3)***

Partly implemented. The City is currently in negotiations with Police and Fire unions regarding their retirement plan. The department indicates that it has a process to evaluate the impact of retirement plan changes on future sworn retirements. The department plans to evaluate any proposed retirement plan's effect on future sworn officer retirements. Target date: 6-05.

***#3 (City Administration/EL) - Determine the feasibility of designing a Regular Deferred Retirement Option Plan that improves sworn officer retention and retirement predictability without being cost prohibitive. (Priority 3)***

Not implemented. This issue will be discussed as part of the collective bargaining process now underway. Target date: 6-05.

**02-11: AN AUDIT OF HAYES RENAISSANCE, L.P.'S COMPLIANCE WITH THE LEASE AGREEMENT FOR THE HAYES CONFERENCE CENTER**

***#2 (City/RM) - Propose to the Tenant amending the Lease Agreement to explicitly include in the calculation of gross revenues for lease payment purposes, the portion of service charges that the Tenant retains. (Priority 2)***

Dropped. The City has entered into a management agreement with Dolce International to operate the Hayes Mansion. Therefore, the City Council approved dropping this recommendation at its April 27, 2004 meeting.

***#3 (City/RM) - Propose to the Tenant amending the Lease Agreement to give the City the right to approve the amount of, and any changes to, the management fee. (Priority 2)***

Dropped. The City has entered into a management agreement with Dolce International to operate the Hayes Mansion. Therefore, the City Council approved dropping this recommendation at its April 27, 2004 meeting.

**03-01: AN AUDIT OF THE TARGETED NEIGHBORHOOD CLEAN-UP PROGRAM**

***#1 (Code Enforcement/CC) - Report to the City Council on its assessment of ways to reduce overtime costs and increase targeted Clean-up areas to accommodate an average of 22 bins per Clean-up event,***

***Work with the City Council to establish a City Council Office-Directed Community Grant Program to provide for two small neighborhood Clean-ups per year per City Council District, and***

***Develop written standards regarding the form, content, and timing for Clean-up event flyers and use funds budgeted for Clean-up event bins to cover the costs to mail the flyers. (Priority 3)***

Partly implemented. According to Code Enforcement, Code Enforcement has reduced overtime expenditures from \$141,178 in FY 2002-03 to \$86,319 in FY 2003-04, a 39 percent decrease. This was accomplished through the reduced use of Code Enforcement Inspectors and the use of Conservation Corp and Recreation Leaders to staff neighborhood clean up events. Bin usage remains at an average of twenty bins per event. This is due to the ongoing vacancy of one of the two Code Enforcement Inspector positions dedicated to event coordination. Interviews to fill this position will occur mid-August and selection and appointment will occur in September 2004. Once the training period is completed, the program will be fully staffed. An informational memorandum will be provided to Council in November 2004 to report on bin utilization. Target date: 12-04.

According to Code Enforcement, no funds are available to fund the Grant Program. We recommend that Code Enforcement work to identify funds in the near future to establish the Grant Program.

Code Enforcement has developed written standards regarding Clean-up event flyers and provided to Council Offices as guidance for flier development. According to Code Enforcement, no funds are available to replace mailing costs currently paid by Council Offices.

REQUIRES FUNDING: TBD.

***#3 (Code Enforcement/Environmental Services Department/CC) - Establish a comprehensive budget for the Neighborhood Clean-up Program and a process to compare budgeted to actual Program costs. (Priority 3)***

Implemented. Code Enforcement developed a budget to compile the total program budget and monitor expenditures.

***#4 (Code Enforcement/CC) - Collect and analyze Clean-up statistics and additional Clean-up performance information. (Priority 3)***

Partly implemented. According to Code Enforcement: “Customer satisfaction surveys have been developed and distributed at events beginning August 21, 2004. The survey forms will be distributed and collected by staff at each bin location and returned to the event coordinator at the conclusion of each event. The survey is designed to measure customer satisfaction for the following: Event Organization; Quality of Staff Assistance; and Importance of Program and Overall Customer Satisfaction. The survey also provides space for additional comments or suggestions and the option of requested return contact. Information received will be maintained by event and used to determine customer satisfaction and improvements to the program. Code Enforcement continues to track and maintain statistics by event such as: Council district, franchise hauler used, number of homes served, total number of bins used, number of CRT flatbeds used, number of rubbish bins used, number of metal bins used, number of tire and refrigerator bins used, number of wood bins used, number of mattress bins used, number of rock bins used, and any unused bins. Code Enforcement will also continue to track the number of televisions, computer monitors and batteries collected and the number of vehicles towed and/or cited in event-posted no parking areas.” Target date: TBD.

***#5 (Code Enforcement/CC) - Report to the City Council on the extent of coordination efforts with other City services and community-based organizations. (Priority 3)***

Not implemented. According to Code Enforcement, “Code Enforcement has developed outreach information to be distributed to all currently known community based organizations regarding the neighborhood clean up program. This outreach includes a letter from the Deputy Director inviting and identifying the benefit of participation as a component of the neighborhood clean up program. Additionally, a list of scheduled events will be provided and a coordination contact identified in the event the organization needs additional information or would like to participate in the events. Distribution of letter and schedule: September 1, 2004. The list of organization will be updated annually or as additional organizations are identified. An informational memo will be developed for Council identifying the current level of City of San Jose department coordination and to advise the outreach strategy for community organizations.” Target date: 10-04.

**03-03: AN AUDIT OF THE FLEET MANAGEMENT DIVISION OF THE GENERAL SERVICES DEPARTMENT'S VEHICLE REPLACEMENT PROGRAM**

***#1 (Fleet Management Division/JO) - Consistently implement their replacement policy as well as all of the MOA's requirements into its replacement process for police patrol sedans. (Priority 1)***

Implemented. The FMD has finalized their replacement policy and procedures. Their procedures now incorporate the use of mechanical assessments and use 5 years and 100,000 mile replacement criterion.

***#2 (Fleet Management Division/San José Police Department/Budget Office/JO) - Determine an appropriate "operational contingency" of police patrol sedans that can meet operational and unexpected replacement needs. (Priority 2)***

Partly implemented. We received the Police Department's analysis of the contingency on March 2, 2004. We have determined that further analysis is necessary. Additionally, the Mayor's June 2004 Budget Message directed the City Auditor to "audit the Police Department's Marked Patrol Vehicle contingency to recommend the most cost-effective use of the vehicles". We will review this recommendation at the completion of the analysis. Target date: 12-04.

***#5 (City Manager/JO) - Form a committee to review department requests for exemptions from the vehicle and equipment purchasing freeze. (Priority 2)***

Implemented. The Vehicle Committee has been established and has been reviewing all exemptions to the vehicle purchasing freeze.

***#6 (Fleet Management Division/JO) - Consistently follow its vehicle replacement policy for all vehicle purchases regardless of the funding source. (Priority 2)***

Partly implemented. The FMD has finalized their replacement policy and procedures. However, due to the current freeze on vehicle replacements, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. We will follow up on this recommendation after the FMD has had an opportunity to implement the new procedures. Target date: 12-04.

***#7 (Fleet Management Division/JO) - Consistently follow its own prescribed procedure to conduct a comprehensive mechanical assessment on all vehicles considered for replacement. (Priority 2)***

Implemented. We have received and reviewed all mechanical assessments performed on vehicles considered for replacement in 2003-04. Performing mechanical assessments has also been incorporated into the FMD's procedures.

***#8 (City Manager/JO) - Establish and implement a Citywide replacement policy for transport vehicles that incorporates vehicle mileage, years in service, accurate repair costs, and comprehensive mechanical assessments. (Priority 2)***

Partly implemented. The FMD has finalized their replacement policy. However, due to the current vehicle freeze, the FMD has not had an opportunity to demonstrate consistency in its implementation of the replacement policy. We will follow up on this recommendation after the FMD has had an opportunity to implement the new procedures. Target date: 12-04.

***#9 (Fleet Management Division/JO) - Stop loaning vehicles to departments on a long term basis and implement a formal process for loaning vehicles, including the use of the City vehicle pool. (Priority 2)***

Partly implemented. The FMD is finalizing a Citywide vehicle loan policy. In order to fully implement this recommendation, we would like to review the finalized policy and procedures and verify that they are consistently implemented. Target date: 12-04.

***#10 (Fleet Management Division/JO) – Develop and implement procedures for the retrieval and disposal of replaced vehicles. (Priority 2)***

Partly implemented. The FMD has finalized its retrieval and disposal policy and procedures. However, due to the current vehicle freeze, the FMD has not had an opportunity to demonstrate consistency in its implementation of the policy. We will follow up on this recommendation after the FMD has had an opportunity to consistently implement the new procedures. Target date: 12-04.

***#11 (Fleet Management Division/JO) – Work with the Budget Office to develop and implement procedures to ensure all additions to the vehicle fleet receive Budget Office approval. (Priority 2)***

Partly implemented. The Fleet Management Division has finalized procedures for the vehicle additions process. Due to the current freeze on vehicle purchases, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a vehicle additions policy. We will review this recommendation during the next follow-up to ensure the procedures are in place to be implemented as soon as the freeze is lifted.

Target date: 12-04.

***#12 (Fleet Management Division/JO) – Review the database information to ensure it is accurate and complete. (Priority 3)***

Partly implemented. The FMD is currently undergoing an additional software upgrade. In order to fully implement this recommendation, we would like to review the database and validate the accuracy of the information. Target date: 12-04.

***#13 (Budget Office/JO) - Ensure all department requests for vehicle additions identify the funding source and the estimated amount of on-going operating costs. (Priority 3)***

Partly implemented. The Budget Office has modified the budget system. When an entry is made to purchase equipment, a flag is triggered and a message box pops up reminding the user to budget for the maintenance and operating costs. Due to the current freeze on vehicle purchases, the FMD has not had an opportunity to demonstrate consistency in its implementation of a vehicle policy. In order to fully implement this recommendation, we need to verify that the procedures put into place ensure that departments provide accurate estimates of vehicles' on-going costs.  
Target date: 12-04.

***#14 (Fleet Management Division or Budget Office/JO) - Develop a process to subject all department requests for vehicles to a standardized review process to ensure that departments are using similar vehicles for similar purposes. (Priority 2)***

Partly implemented. The FMD has finalized a Citywide replacement policy. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. We will review this recommendation during the next follow-up to ensure the procedures are in place to be implemented as soon as the freeze is lifted. Target date: 12-04.

***#15 (Budget Office/Fleet Management Division/JO) - Better coordinate the exchange of vehicle information to ensure that additions to the City's vehicle fleet are appropriate. (Priority 2)***

Partly implemented. The Fleet Management Division has finalized procedures for the vehicle additions process. Due to the current freeze on vehicle purchases, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a vehicle additions policy. We will review this recommendation during the next follow-up to ensure the procedures are in place and ready for implementation as soon as the freeze is lifted. Target date: 12-04.

### **03-04: AN AUDIT OF THE AIRPORT NEIGHBORHOOD SERVICES GROUP**

***#1 (Airport Neighborhood Services Group/JC) - Develop a standardized constituent complaint form to document the nature of the complaint, how the issue was resolved, any follow-up action taken, and how long it took to resolve the complaint. (Priority 3)***

Partly implemented. The division is currently utilizing in-house staff resources to develop an Access database and an electronic standardized constituent complaint form to document constituent complaints and concerns. In the meantime, division staff continues to track constituent concerns and complaints with an existing system of Excel worksheets, which enables staff to document the necessary information.  
Target date: 6-05.

***#3 (Airport Neighborhood Services Group/JC) – Collaborate with, monitor, and report on the efforts of the other City entities that are responsible for Replacement Manager’s Budget Addendum #18-identified responsibilities. (Priority 3)***

Partly implemented. The Airport Neighborhood Services Group’s (ANSG) has developed a draft of their work plan which outlines plans to collaborate and work with other City entities that are responsible for the Replacement Manager’s Budget Addendum #18-identified responsibilities. This recommendation will be considered implemented once the work plan has been finalized and the collaboration among the other City entities is incorporated into the ANSG standard report to the Building Strong Neighborhoods Committee. Target date: 12-04.

***#4 (Airport Neighborhood Services Group/JC) – Collaborate with the identified City entities in the City Council’s June 25, 2001 and November 13, 2001 memoranda and monitor and report on their progress and efforts regarding their respective areas of responsibility. (Priority 3)***

Partly implemented. The Airport Neighborhood Services Group (ANSG) has developed a draft of their work plan which outlines plans for working actively with the City Attorney’s Office, Master Plan Team, Department of Transportation and various divisions at the Airport. This recommendation will be considered implemented once the work plan has been finalized and the collaboration among the other City entities is incorporated into the ANSG standard report to the Building Strong Neighborhoods Committee. Target date: 12-04.

**03-07: AN AUDIT OF THE NEIGHBORHOOD DEVELOPMENT CENTER OF THE DEPARTMENT OF PARKS, RECREATION, AND NEIGHBORHOOD SERVICES**

***#2 (Department of Parks, Recreation, And Neighborhood Services/GM) - Develop a comprehensive budget for the Project Blossom Program, a formal Project Blossom workplan for each Project Blossom site, and establish guidelines and better supervisory review. (Priority 2)***

Partly implemented. The Neighborhood Development Center (NDC) has undergone a reorganization of its programs and services. As a result, a separate Project Blossom program no longer exists. The scope of work currently performed by staff has been expanded to include technical and support services for property owners and neighborhood associations. NDC staff is currently allocating approximately 12 hours of staff time of logistical support to Code Enforcement for the property owners’ training. This staff time is not currently reflected in the budget for the property owners’ training.

The NDC has improved upon their procedures and documentation of work done for the neighborhood groups. Complete files are being retained by NDC staff which illustrates all the work completed for the association. In addition, NDC staff will



begin using NDC request for service forms which will help the NDC target association needs and tailor a work plan to fit the needs of the association. Target date: 12-04.

***#3 (Department of Parks, Recreation, And Neighborhood Services/GM) - Require Project Blossom staff to document and report to PRNS management how they spend their time on Project Blossom activities. (Priority 3)***

Partly implemented. Neighborhood Development Center (NDC) staff has improved upon their project tracking procedures by developing tracking sheets to report program participation, customer evaluations, and project status. This information is shared at regularly-scheduled staff meetings. Staff is currently working on updating charge codes so that staff time can be tracked by type of service. Target date: 10-04.

***#5 (Department of Parks, Recreation, And Neighborhood Services/GM) –***

- ***Develop and implement specific CAP Grant criteria including usage, evaluation, and follow-up guidelines for determining how much to award for each specific grant purpose, and require applicants to provide detailed descriptions of specific locations where proposed projects will take place and expected timeframes for project completion.***
- ***Coordinate and consolidate the CAP Grant with other similar City and Community grants and program support for neighborhoods. (Priority 3)***

Implemented. The CAP grant criteria have been revised to include specific information about grant usage and application evaluation. The new guidelines require applicants to provide detailed descriptions of specific locations where proposed projects will take place and expected timeframes for project completion. In addition, the CAP Grant Program has been consolidated with other similar City grant programs; it is now part of PRNS' Grants Unit. Information on similar community grants for neighborhoods has been compiled and is provided to every CAP grant applicant. This criteria was incorporated in the application guidelines for the cycle 18, Spring 2004 grant awards.

***#6 (Department of Parks, Recreation, And Neighborhood Services/GM) - Make full use of the grant management oversight clause in its agreement with the Community Foundation Silicon Valley. (Priority 3)***

Partly implemented. The Community Foundation of Silicon Valley (CFSV) has altered their policy and is no longer providing the City with interest on the grant funds held at the CFSV. Therefore, the agreement between the City and the CFSV will be terminated at the end of December, 2004 and another 3rd party will be sought to administer the grant funds. Target date: 12-04.

**03-10: AN AUDIT OF THE SAN JOSÉ FIRE DEPARTMENT'S BUREAU OF FIRE PREVENTION**

***#1 (San José Fire Department/ME) - Follow up on the facilities that are not in the FIBS database that we identified from comparing the FIBS database to the Business License database. (Priority 2)***

Implemented. The SJFD has followed up on all the facilities that we identified from comparing the FIBS database to the Business License database. Moreover, it has issued permits to those facilities which required a permit.

***#2 (San José Fire Department/ME) - If Recommendation #1 results in a significant number of facilities being added to the FIBS database, follow up on the remaining manufacturing facilities in the Business License database that did not have a FIBS number. (Priority 2)***

Partly implemented. The City Auditor's Office and the SJFD will continue to work together to develop an efficient way of implementing this recommendation.  
Target date: 12-04.

***#3 (San José Fire Department/ME) - Periodically compare the FIBS database with the Business License database using the SIC Codes that are most likely to require a fire safety inspection. (Priority 2)***

Not implemented. The SJFD has stated that it will compare its inspection database to the Business License database every five years. However, the SJFD will be developing a new inspection database. Therefore, we recommend that this item be deferred until the SJFD has implemented a new inspection database.  
Deferral date: 1-06.

REQUIRES COUNCIL ATTENTION.

***#10 (San José Fire Department/ME) - Develop a risk assessment methodology to assign facility inspection frequencies. (Priority 3)***

Partly implemented. The SJFD has ranked facilities based on risk. The risk priorities are in the following order:

1. State-mandated
2. State Social Service Request
3. Complaints
4. Public Information on fire safety
5. Facilities with chronic problems/violations
6. Remaining facilities

The City Auditor's Office will continue to work with the SJFD to further the risk assessment for the remaining facilities and develop inspection frequencies for these facilities. Target date: 12-04.

***#12 (San José Fire Department/ME) - Develop a workload analysis to determine its inspection staff needs to achieve its inspection goals and objectives. (Priority 3)***

Partly implemented. The SJFD has developed an analysis of its staffing needs based on the number of inspections required and the time needed to complete these inspections. However, the SJFD needs to use the inspection frequencies established in Recommendation #10 to further refine its workload analysis. Target date: 12-04.

***#16 (San José Fire Department/ME) - Develop procedures and controls to reduce the number of times inspectors return to facilities to confirm that an HMBP is in place and to ensure that facilities submit their HMBP in a timely manner. (Priority 3)***

Partly implemented. The SJFD has developed a draft Administrative Enforcement Policy which includes fines for failing to maintain an updated Hazardous Materials Management Plan. It plans to discuss this policy with the community before submitting it to the City Council for approval. Target date: 12-04.

**03-11: AN AUDIT OF THE UTILIZATION AND REPLACEMENT OF THE CITY'S METERED EQUIPMENT**

***#1 (City Manager/JO) - Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to administer the City's fleet of metered equipment. (Priority 2)***

Not implemented. To our knowledge, the FMD has not been officially designated as the entity that has the authority and responsibility to administer the City's metered equipment fleet. In order to implement this recommendation, we would like to see either the revised City Policy designate these responsibilities to the FMD or the FMD accept these responsibilities in the Adopted Operating Budget. Target date: 12-04.

***#2 (Fleet Management Division/JO) - Develop and consistently implement cost-effective utilization standards for the City's fleet of metered equipment. (Priority 2)***

Partly implemented. The FMD has incorporated replacement criteria into their replacement policy. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. In order to implement this recommendation, we would like to review the policy and procedures and verify that they are consistently implemented. Target date: 12-04.

***#3 (Fleet Management Division/JO) - Ensure the City has complete and current utilization information for all of the equipment in its inventory. (Priority 2)***

Partly implemented. The FMD is providing utilization data to all departments on a semi-annual basis. However, due to the FMD undergoing an additional software upgrade for their database, we cannot at this time verify the accuracy of the database information. We will re-evaluate this recommendation upon the completion of the software update. Target date: 12-04.

***#4 (Fleet Management Division/JO) - Conduct frequent utilization assessments to identify equipment for retirement, redeployment, or inclusion into an equipment pool. (Priority 2)***

Partly implemented. According to the FMD, it is providing utilization data to all departments on a semi-annual basis. The FMD is also coordinating discussions with departments to determine equipment needs. In order to implement this recommendation, we would like to review the reductions the FMD determined were necessary in rightsizing the fleet. Target date: 12-04.

***#5 (Fleet Management Division/JO) - Develop a proposal to establish and operate a City pool of metered equipment. (Priority 2)***

Partly implemented. According to the FMD, it has received approval to establish and manage a metered equipment pool. The pool's operations commenced in 2004-05. However, in order to implement this recommendation, we need to review and verify the consistent implementation of the policy and procedures for the equipment pool. Target date: 12-04.

***#6 (Fleet Management Division/JO) - Establish an equipment pool to address the needs of the City's low-use equipment and develop a formal policy for using and maintaining such a pool. (Priority 2)***

Partly implemented. According to the FMD, it has received approval to establish and manage a metered equipment pool. The pool's operations commenced in 2004-05. However, in order to implement this recommendation, we need to review and verify the consistent implementation of the policy and procedures for the equipment pool. Target date: 12-04.

***#7 (Fleet Management Division/JO) - In conjunction with the City Manager's Office and City departments analyze the City's fleet of metered equipment to determine the optimal cost-effective fleet size. (Priority 2)***

Partly implemented. The FMD is currently in the process of consolidating and establishing a metered equipment pool. The FMD will be presenting their recommendations and guidelines that identify the optimal cost effective fleet size for metered equipment to the Making Government Work Better Committee (MGWBC) in October 2004. We will revisit this recommendation after reviewing the FMD's presentation to the MGWBC. Target Date: 12-04.

***#8 (Fleet Management Division/JO) - Review the number of scooters and other vehicles at the Water Pollution Control Plant for possible reductions and consolidation and install hour meters on those pieces of equipment without meters and track utilization. (Priority 2)***

Partly implemented. The FMD is currently engaged in discussions with the ESD regarding potential reductions to their fleet. In addition, the FMD is preparing to install hour meters on the equipment that currently is lacking them. We will revisit this recommendation at the completion of this process. Target date: 12-04.

***#9 (Fleet Management Division/JO) - Include metered equipment, regardless of funding source, in its current efforts to develop and consistently implement a cost-effective replacement policy for transport vehicles, which incorporates repair costs and a minimum useful life. (Priority 2)***

Partly implemented. The FMD has incorporated replacement standards for metered equipment into its policies and procedures. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. In order to fully implement this recommendation, we would like to review the policies and procedures and verify that they are consistently implemented. Target date: 12-04.

***#10 (Fleet Management Division/JO) - Consistently follow its own prescribed procedure to conduct a written comprehensive mechanical assessment on all equipment considered for replacement. (Priority 2)***

Implemented. The FMD is currently conducting mechanical assessments on all pieces of metered equipment that are exhibiting excessive costs or that the FMD is considering to remove from service.

#### **04-01: AN AUDIT OF THE CONCENTRATED CODE ENFORCEMENT PROGRAM**

***#1 (Code Enforcement and Parks, Recreation, and Neighborhood Services/CC) - Update existing documentation to clearly and consistently describe the current role of the CCEP program. (Priority 3)***

Implemented. Code Enforcement presented a memorandum describing the changes to the CCEP and other CDBG-funded Code Enforcement programs to the Making Government Work Better Committee on September 16, 2004. Code Enforcement and Parks, Recreation, and Neighborhood Services should continue to consistently communicate this in future documentation.

***#2 (Parks, Recreation, and Neighborhood Services/CC) - Ensure that the CCEP is in full compliance with OMB A-87 documentation requirements. (Priority 2)***

Partly implemented. CCEP costs are documented in the City's Financial Management System (FMS). Personnel time is documented in PeopleSoft, the City's Human Resources and Payroll System. Supervisors review and approve timecards. PRNS and Code Enforcement are working on a form to address the semiannual certification of staff time. Target date: 12-04.

***#3 (Parks, Recreation, and Neighborhood Services/CC) - Develop a comprehensive and up-to-date checklist of required CCEP documentation and the location where documentation should be retained. (Priority 3)***

Partly implemented. PRNS developed a draft checklist for CCEP documentation to be retained in the PRNS Office. They are developing a checklist of required documentation for retention at Code Enforcement, and it will be completed by September 30 as part of the development of the Memorandum of Participation (MOP) for the CCEP Program. We recommend that PRNS include the semiannual OMB A-87 staff certification and the Monitoring Checklists on the checklists. Target date: 9-04.

***#4 (Parks, Recreation, and Neighborhood Services/CC) - Conduct a general review of its monitoring process and establish appropriate controls to improve its ability to evaluate grant subrecipients. (Priority 2)***

Partly implemented. According to PRNS, PRNS formed a monitoring workgroup that reviewed the monitoring process. The workgroup developed a draft Monitoring Plan to track contract compliance and is in the process of preparing training for staff. They prepared a training presentation and indicated that they will conduct training by October 2004. They indicate that the training includes a review of the monitoring plan, components of effective monitoring (site visits, desk review, etc), review of standards/procedures/forms, and monitoring plan implementation. Target date: 12-04.

***#5 (Code Enforcement/CC) - Conduct a comprehensive blight survey of SNI areas every five years beginning in 2007. (Priority 3)***

Not implemented. Code Enforcement anticipates a blight survey will be conducted in 2007.

***#6 (Code Enforcement/CC) - Continue to improve its internal controls to address identified program threats. (Priority 3)***

Partly implemented. Code Enforcement implemented procedures to address several threats. Code Enforcement combined several CDBG-funded Code Enforcement programs into one program with three components. They presented an information memorandum on the change to the Making Government Work Better Committee on

September 16, 2004. Code Enforcement developed written procedures for assignment of casework to CDBG-funded inspectors by eligible census tract. Code Enforcement needs to provide evidence that the Code Enforcement System database provides accurate census tract information and that matching funds identified involved CDBG-eligible areas. Target date: 12-04.

**#7 (Code Enforcement/CC) -**

- *Update CES census tract information,*
- *Include the CCEP as a program designation in the CES, and*
- *Maintain written documentation showing CCEP work conducted in CDBG-eligible areas. (Priority 3)*

Not implemented. Code Enforcement outlined a process used to verify the accuracy of census tract information. Additionally, Code Enforcement reports that they track inspector activities and maintain a procedure for retaining daily logs of all inspector activities and biannual certification of all CDBG-funded personnel. Further, Code Enforcement reports that they added a CDBG designation in the CES database system to identify cases involving CDBG-funded inspectors. At this time, we were not able to verify the implementation of these Code Enforcement efforts. We will review this recommendation during the next semiannual report. Target date: 12-04.

**04-02: AN AUDIT OF THE CROSSING GUARD PROGRAM**

***#1 (Department of Transportation/RM) - Revise the safety index formula to 1) provide a more appropriate age factor for K-5 and K-6 schools and turn factor for the number of cars turning into a crosswalk and 2) provide sufficient weight to intersections with high numbers of children crossing the street. (Priority 3)***

Partly implemented. The DOT is developing revisions to the Safety Index Formula. DOT staff will discuss a draft of these revisions at the September School Pedestrian Safety Committee meeting. Target date: 12-04.

***#2 (Department of Transportation/RM) - Re-calculate the intersections that have not qualified for an adult crossing guard during the past three years using the revised safety index formula and submit the results to the School Pedestrian Safety Committee. (Priority 3)***

Not implemented. After the City Council approves the revised Safety Index Formula, the DOT will re-calculate intersections that have not qualified over the past three years. Target date: 6-05.

***#3 (Department of Transportation/RM) - Submit the revised safety index formula to the School Pedestrian Safety Committee and the City Council for approval. (Priority 3)***

Not implemented. The DOT is developing revisions to the Safety Index Formula and will present a draft to the School Pedestrian Safety Committee for discussion at their September 2004 meeting. Target date: 12-04.

***#4 (Department of Transportation/RM) - Submit to the City Council the anticipated budgetary implications of increasing or decreasing the safety index value. (Priority 3)***

Not implemented. When the revised Safety Index Formula is presented to the City Council, the Department of Transportation, in collaboration with the Police Department, will submit anticipated budgetary implications. Target date: 3-05.

***#5 (Department of Transportation/RM) - Develop written procedures for entering information into the safety index formula and provide sufficient supervisory review. (Priority 3)***

Not implemented. The DOT will develop written procedures after the revised Safety Index Formula is approved by the City Council. Target date: 6-05.

***#6 (Department of Transportation/RM) - Develop written procedures for analyzing intersections and documenting the rationale for its decisions. (Priority 3)***

Not implemented. The DOT will develop written procedures after the revised Safety Index Formula is approved by the City Council. Target date: 6-05.

***#7 (Department of Transportation/RM) - Provide the School Pedestrian Safety Committee with the posted speed limit and the date of any applicable speed study, and a diagram of the intersection it is considering for an adult crossing guard showing***

- *the number of children, their approximate ages, and the direction they are crossing;*
- *the total number of vehicles crossing each leg of the intersection and the direction they are going; and*
- *the total number of vehicle turns crossing each leg of the intersection. (Priority 3)*

Partly implemented. The DOT presented some of this information at the most recent School Pedestrian Safety Committee meeting. Target date: 12-04.

**04-03: AN AUDIT OF THE DEPARTMENT OF PUBLIC WORKS' REAL ESTATE DIVISION REAL PROPERTY ACQUISITION PROCESS**

***#1 (Real Estate Division and City Attorney's Office/RK) - Continue to standardize legal documents related to the real property acquisition process. (Priority 3)***

Implemented. According to Department of Public Works Administration, the City Attorney, working with the Department of Public Works Real Estate Division, has standardized 14 real estate documents related to real estate transactions. Staff intends



to look at other opportunities to standardize additional forms in the course of preparing legal documents related to the real property acquisition process.

***#2 (Department of Public Works/RK) - Establish a process to ensure capital project construction plan changes are communicated when known and temporary construction easements and CEQA documents are requested timely. (Priority 3)***

Partly implemented. According to Public Works, the department has worked with its client departments to include Public Works Real Estate Division staff in the project planning process. The Real Estate Division is now involved early in the planning and development of client departments' projects - participating in planning meetings, site visits, and project design. Planning meetings have provided all participants information about acquiring Right-of-Way, such as temporary construction easements, properly and timely. Staff is working with client departments to establish a formal pre-certification and certification process in obtaining Right-of-Way. The Department of Public Works has drafted a procedure, describing the Real Estate Division's role in this process and intends to include it in its revised Project Management Manual when it is finalized and approved. Target date: 12-04.

***#3 (Real Estate Division/RK) - Establish performance standards or benchmarks related to the costs to acquire real property. (Priority 2)***

Partly implemented. According to Department of Public Works Administration, the Real Estate Division has identified milestones and timeframes for real property acquisition in cases when property owners accept the City's offer and cases when they do not and the acquisition proceeds through eminent domain. The Capital Improvement Projects (CIP) Team has adopted milestones and timeframes for land acquisition and site delivery in its project tracking system. Costs have not been established for each milestone because the Real Estate Tracking System (RETS) has been delayed due to software issues. According to the Real Estate Division, staff has identified and is working on an alternate method to obtain estimated costs to deliver major milestones. Target date: 12-04.

**04-04: AN AUDIT OF THE UTILIZATION AND REPLACEMENT OF THE CITY'S TRANSPORT VEHICLES**

***#1 (City Manager's Office/JO) - Direct departments to assign sedans to employees who consistently drive over 9,000 miles per year and amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard. (Priority 1)***

Not implemented. The City is currently working to amend the City Policy Manual. A draft of the new policy will be forthcoming within the 2004 calendar year. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#2 (City Manager's Office/JO) - Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to actively manage the City's transport vehicle fleet. (Priority 2)***

Not implemented. To our knowledge, the FMD has not been officially designated as the entity that has the authority and responsibility to administer the City's metered equipment fleet. In order to implement this recommendation, we would like to see either the revised City Policy designate these responsibilities to the FMD or the FMD accept these responsibilities in the Adopted Operating Budget.

Target date: 12-04.

***#3 (City Departments/JO) - When appropriate, assign employees to park at the remote parking locations that are nearest to the employees' primary work areas and ensure that employees are parking assigned City vehicles at authorized remote parking locations. (Priority 1)***

Partly implemented. Departments are in the process of identifying vehicles that are parked in unauthorized worksites. In order to implement this recommendation, we would like to review the new City Policy Manual and verify that City departments are abiding by the terms of this policy. Target date: 12-04.

***#4 (City Manager's Office/JO) - Implement the City's policy to track 24-hour vehicle assignments and provide a complete list of authorized vehicles and employees to appropriate departments. (Priority 2)***

Not implemented. This recommendation should be addressed in the amended City Policy Manual. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#5 (City Manager's Office/JO) - Improve controls over the mileage reimbursement program to help ensure that mileage reimbursement forms are properly completed and contain accurate mileage. (Priority 2)***

Not implemented. This recommendation should be addressed in the amended City Policy Manual. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#6 (Finance Department/JO) - Implement the City's policy to monitor the use of mileage reimbursement and ensure employees are not exceeding 750 miles per month. (Priority 2)***

Partly implemented. The Finance Department has designed and implemented a report from the payroll system that summarizes payments for mileage reimbursement exceeding 750 miles per year on a monthly basis. They provide these reports to the Manager's Office. This recommendation should also be addressed in the amended City Policy Manual. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#7 (Fleet Management Division/JO) - Periodically conduct a transport vehicle break-even analysis to identify the annual mileage at which the City should provide a vehicle instead of mileage reimbursement. (Priority 2)***

Not implemented. The FMD will begin conducting a periodic break-even analysis upon receiving direction from the updated City Policy Manual. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#8 (City Manager's Office/JO) - Establish 11,000 miles as the annual mileage criteria for assigning a light truck to a City employee. (Priority 2)***

Not implemented. This recommendation should be addressed in the amended City Policy Manual. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#9 (Fleet Management Division/JO) - Review the City's fleet of specialized vehicles to determine the most cost-effective complement of vehicles. (Priority 2)***

Not implemented. The FMD will review the City's fleet of specialized vehicles upon receiving direction from the updated City Policy Manual. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#10 (Fleet Management Division/JO) - Remove from the City's fleet and sell at auction those transport vehicles that do not meet the City's annual mileage criteria and do not serve a special purpose or are otherwise not exempt. (Priority 2)***

Not implemented. The FMD will review the City's underutilized vehicles upon receiving direction from the updated City Policy Manual. We will revisit this recommendation upon receiving the updated policy. Target date: 12-04.

***#11 (San José Police Department/JO) - Continue its new vehicle rotation program and formalize it into a policy that applies to all SJPD vehicles. (Priority 2)***

Implemented. The SJPD is using a computer tracking system developed by the Research and Development unit to monitor the utilization of their vehicles and rotating these vehicles where necessary to meet utilization targets. The targets are as follows:

Unmarked/Detective – 10,000 Miles Per Year,  
Patrol Vehicles – 20,000 Miles Per Year, and  
Motorcycles – 13,334 Miles Per Year.

***#12 (San José Fire Department/JO) - Implement a transport vehicle rotation program to balance usage and reduce the number of vehicles with low mileage. (Priority 2)***

Partly implemented. The Fire Department is reviewing the Police Department's software program that monitors vehicle utilization as a way to help develop a transport vehicle rotation system. Target date: 12-04.

***#13 (Fleet Management Division/JO) - Replace unmarked police vehicles, excluding covert vehicles, using the same replacement schedule as the City's general fleet. (Priority 2)***

Implemented. The FMD has applied the 10-year and 100,000-mile criteria for the unmarked police vehicle complement to its revised replacement policy.

***#14 (Fleet Management Division/JO) - Adopt and implement a replacement schedule to replace patrol motorcycles using 4.5 years in service and 60,000 miles. (Priority 2)***

Implemented. The patrol motorcycle replacement criteria has been updated to 4.5 years in service and 60,000 miles in the FMD's revised replacement policy.

**6/2/04: MEMORANDUM OF THE AVIS RENT A CAR AUDIT**

***#1 (San Jose Int'l Airport/JC) –***

- ***Provide a written demand to Avis for payment of \$1,247.59 in understated Customer Transportation Fee and interest for the period July 2002 to May 2003.***
- ***Review Customer Transportation Fee payments for the previous three years and verify that Avis correctly reported the number of customer contracts and the Customer Transportation Fee.***
- ***In accordance with the terms of the agreement, recover costs of this audit. (Priority 2)***

Partly implemented. The City Auditor's Office has provided the Airport with the schedules supporting the understated Customer Transportation Fee (CTF) and the audit costs. The Airport is in the process of requesting reimbursement from Avis for the understated CTF and audit costs. In addition, the Airport is planning on modifying its CTF audit program by incorporating the City Auditor's procedures, and will allocate additional resources to auditing the CTF program in the future.

Target date: 12-04.

***#2 (San Jose Int'l Airport/JC) – Continue to monitor rents due to insure that it issues billing instructions for rent reallocations in a timely manner and they are reflected on the monthly invoices. (Priority 2)***

Implemented. The Airport has implemented a new Property and Revenue Management System (PROPworks™) and has also changed the process of generating billing instructions. These changes in procedures ensure that, as the revenue agreements are being developed and processed, billing instructions in PROPworks™ are updated to reflect the revisions to invoiced amounts in a timely manner.

**#3 (San Jose Int'l Airport/JC) – Require Avis to implement controls to track the amount of gas returned in cars when customers purchase the gas service option and include this amount in its gross revenue calculations. (Priority 3)**

Not implemented. The Airport plans to work with Avis on ways to track the amount of gas returned in cars. In addition, the Airport will look at modifying/simplifying contract language when the current contract expires in March 2005.

Target date: 6-04.

**#4 (San Jose Int'l Airport/JC) – Renegotiate the terms of its agreement with Avis to eliminate several exclusions from future gross revenue calculations with a countervailing concession fee percentage reduction. (Priority 3)**

Not implemented. The Airport will review its position on the definition of gross revenues and it will make adjustments to the definition of gross revenues, and the percentage of gross payments, as may be appropriate once the rental car concession agreements expire on March 31, 2005 and the new agreements are negotiated.

Target date: 6-05.

#### **04-05: A REVIEW OF THE CUSP REQUEST FOR PROPOSAL PROCESS**

**#1 (City Manager/JC) - The City require consultants to complete a conflict of interest questionnaire affirming that he or she has no actual or apparent financial or other conflicts of interest related to any specific project. (Priority 1)**

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

**#2 (City Manager/JC) - The City require all City personnel who participate in an evaluation process to complete a similar questionnaire. (Priority 1)**

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

**#3 (City Manager/JC) - City staff should immediately request a formal City Attorney opinion when any conflict of interest issues arise. (Priority 1)**

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#4 (City Manager/JC) - City staff level future vendor cost proposals only for budgeting purposes and after the City has selected a vendor. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#5 (City Manager/JC) - The City develop a formal policy regarding when it is appropriate for City staff to question and/or communicate with respondents to City RFPs. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#6 (City Manager/JC) - The General Services Purchasing Division should be the City's primary point of contact and the manager of the RFP process for all RFPs in which general services and commodities are being procured. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#7 (City Manager/JC) - When the City uses a consensus scoring system it should document why the team members gave specific scores. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#8 (City Manager/JC) - The City should retain all individual scoring cards and note sheets. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#9 (City Manager/JC) - City Evaluation Teams and Committees should keep attendance records and minutes. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#10 (City Manager/JC) - The City should structure its RFPs to facilitate the scoring of responses. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#11 (City Manager/JC) - Evaluation Teams or Committees should score all of the vendors that make product demonstrations. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#12 (City Manager/JC) - Evaluation Teams and Committees should comply with the City's Request For Proposal Procedures Manual. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#13 (City Manager/JC) - The City should implement procedures to insure that City staff or consultants compile comparative vendor cost information that is complete and accurate. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

***#14 (City Manager/JC) - The City Council not give the City Manager the authority to enter into exclusive negotiations with BearingPoint/PeopleSoft until City staff adequately checks BearingPoint's references. (Priority 1)***

Implemented. City staff completed three reference checks for BearingPoint/Peoplesoft and Council authorized the City Manager to enter into exclusive negotiations for sixty days with BearingPoint/Peoplesoft on June 29, 2004.

***#15 (City Manager/JC) - The City ensure that City staff adequately check proposer references for future RFPs. (Priority 3)***

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-04.

