



**2014-2015**

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**OPERATING BUDGET**

**ATTACHMENT C -  
STATUS OF  
CITY AUDITOR  
RECOMMENDATIONS  
WITH  
FUNDING IMPACT**

## Status of City Auditor Recommendations With Funding Impact 2014-2015 Adopted Operating Budget

There are a number of audit recommendations that are incorporated into actions included in the 2014-2015 Adopted Budget. The table below provides a summary of those audit recommendations. While this report focuses on audit recommendations with budget actions in 2014-2015, there are numerous outstanding audit recommendations with financial implications that are not being implemented as part of the 2014-2015 Adopted Budget. The City Auditor's Office reports on all outstanding audit recommendations on a semi-annual basis. These status reports can be found on the Auditor's Office website at: <http://www.sanjoseca.gov/index.aspx?nid=309>.

Department	Item	Remarks
Police	Audit of Civilianization Opportunities in the San José Police Department – Develop short, medium, and long-term plans to civilianize the positions identified in this audit and/or other positions identified by the Police Department (Issued 1/14/10, #9)	<p>The 2014-2015 Adopted Budget includes the addition of 7.0 Community Service Officers (CSOs) and associated academy funding and vehicles (\$641,000 ongoing), building on the 21.0 CSOs authorized with the 2013-2014 Adopted Budget. Under this model, each of the four Police Divisions will be assigned 7.0 CSOs. The CSO Academy graduated 25 CSO positions in September 2014.</p> <p>These positions perform non-sworn technical and administrative support services (interviewing witnesses, photographing crime scenes, collecting evidence, taking telephone reports, conducting follow-up investigations, and fingerprinting).</p> <p>This action will enhance the Department's ability to handle low priority calls, freeing up time for sworn officers to respond to calls for service and conduct proactive police work.</p>

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Department	Item	Remarks
Police	<p>Audit of Civilianization Opportunities in the San José Police Department – Identify partial administrative roles filled by sworn and consider options for civilianization. (Issued 1/14/10, #10)</p>	<p>The 2014-2015 Adopted Budget includes the addition of 1.0 Crime Prevention Specialist (CPS) and 1.0 Analyst II (\$176,000 ongoing) to increase community outreach, disseminate crime prevention information to City residents through presentations, and respond to residents' concerns about crime. The Crime Prevention Unit currently has 7.0 CPS to cover the four Police Patrol Divisions. The additional 1.0 CPS position will allow the Crime Prevention Unit to provide each of the four Patrol Divisions with 2.0 CPS positions. The CPS currently report to a Sergeant and their respective Patrol Captains, but the addition of an Analyst II will allow the CPS to report solely to a civilian supervisor, which will free up sworn staff for Patrol functions.</p>

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Department	Item	Remarks
Information Technology	<p>Audit of Information Technology General Controls - ITD should collect, maintain and periodically update a central inventory of computer equipment and software, and should use its inventory management system and records of technology purchases to:</p> <ul style="list-style-type: none"> <li>a) better evaluate purchasing needs,</li> <li>b) identify opportunities to redistribute and/or share equipment and software, and,</li> <li>c) to the extent possible, ITD should pursue opportunities to centrally-install packages, rather than installing packages at individual workstations.</li> </ul> <p>(Issued 1/18/12, #9)</p>	<p>As noted in the December 2013 update, the Information Technology Department is in the process of a city-wide rollout of Office 365 and has included Adobe Acrobat in its Ricoh contract, which will eliminate the need for an Adobe Acrobat installation.</p> <p>The 2014-2015 Adopted Budget includes: funding for the virtualization of desktop infrastructure to centrally store software, including operating systems and applications, thereby extending the lifecycle of the City's desktop PCs (\$500,000 one-time); the addition of 2.0 Network Technician positions for modernization of the desktop environment for Public Works and for the Development Services Partners to enhance the service delivery of desktop services (\$155,000 ongoing); and technical staff training for the implementation and support of new technologies (\$100,000 one-time).</p>

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Department	Item	Remarks
Environmental Services/Human Resources/City Manager– Office of Employee Relations	Environmental Services: A Department at a Critical Juncture – The Administration should continue pursuing ways to retain high-performing, critical Plant staff, such as skill-specific, time-limited retention incentives/ bonuses, requesting the Department of Human Resources/Office of Employee Relations conduct formal salary surveys for critical Plant work sections, and working with the Office of Employee Relations on potential meet-and-confer issues that such changes would present. (Issued 8/8/12, #1)	<p>The reclassifications and salary adjustments for a variety of personnel related to the Water Pollution Control Plant that were adopted by the City Council at its meeting on August 27, 2013 have been incorporated into the 2014-2015 Base Budget. The vacancy rate at the Water Pollution Control Plant was 19% in September 2014, down from the 27% measured in September 2013.</p> <p>The 2014-2015 Adopted Budget adds 9.0 Wastewater Attendant positions and eliminates 2.0 vacant Assistant Heavy Equipment Operators and 1.0 Maintenance Worker to help address chronic vacancies for WPCP Mechanic positions by: 1) creating additional points of entry into careers at the Regional Wastewater Facility and 2) help obtain a qualified candidate pool for existing Wastewater Operator Trainee, Apprentice Wastewater Mechanic, Industrial Electrician, Instrument Control Technician, and Heavy Equipment Operator positions (\$300,000 ongoing).</p>

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Department	Item	Remarks
Environmental Services Department	Environmental Services: A Critical Juncture – The Environmental Services Department should explore opportunities to increase revenues or reduce costs to achieve full cost recovery of South Bay Water Recycling (SBWR) operations and minimize the cost to sanitary sewer ratepayers. (Issued 8/8/12, #18)	At its meeting on April 29, 2014, the City Council approved wholesale recycled water rates – as recommended by the Transportation and Environment Committee on April 7, 2014 – that continues the discount for irrigation users and reduces the discount for industrial and agricultural users to ensure cost competitiveness. Based upon weather and individual customer usage, the additional revenue in 2014-2015 will range from \$50,000 to \$300,000, which will for the first time cover SBWR's operating and maintenance and capital costs.
Fire/Police	Fire Department Injuries: A More Coordinated Response and Better Follow-up is Needed – Subject to meet and confer with the bargaining units, the City should discontinue its practice of paying Fire and Police employees' premium pays when the employees are off of work due to a disability. (Issued 9/12/2012, #15)	Achieved during arbitration, premium pay will be discontinued for Police sworn employees during the second consecutive pay period in which an employee reports 80 hours of leave that follows a pay period where the employee reported 80 hours of leave. In this case, the employee would not receive premium pay in the second consecutive pay period where 80 hours of leave are reported and the loss of premium pay shall continue until the pay period the employee returns to work. No such agreement has been reached with the International Association of Firefighters, Local 230 (IAFF) for sworn fire employees.

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Department	Item	Remarks
Fire	<p>Fire Prevention: Improve Follow-up on Fire Code Violations, Prioritize Inspections, and Target Public Education to Reduce Fire Risk – The Fire Department should reexamine its non-development fire permit fee structure to charge San José facilities based on fire safety risk. (Issued 4/10/13, #9)</p>	<p>The 2014-2015 Adopted Budget adds \$40,000 (one-time) for consultant services to conduct a fee study of the Fire Non-Development Fee Program. A consultant will analyze the current fee levels, compare fees to other jurisdictions, review business processes, and provide recommendations to adjust the fees accordingly.</p>
Police	<p>Taxi Service and Regulation in San José: An Opportunity to Reevaluate City Priorities and Oversight – The City Council should determine its cost recovery goal for the City’s taxi-related activities as a whole, and direct the Administration to propose revenues as well as cost savings for these activities. (Issued 5/24/2013, #5)</p>	<p>Due to the civilianization efforts undertaken by the Police Department, various duties related to the permitting of taxis are now performed by non-sworn personnel. As a result, the 2014-2015 Adopted Budget includes reductions for Taxi Driver’s Permit – New/ Renewal/ Retest and Taxicab Vehicle Inspection/ Reinspection fees as described in the 2014-2015 Fees and Charges document released under separate cover.</p>
Planning, Building and Code Enforcement	<p>Code Enforcement: Improvements are Possible, but Resources are Significantly Constrained – Code Enforcement’s Multiple Housing Program should adopt a risk-based inspection process. The risk profile should include risk factors such as history of complaints, problems discovered in prior inspections, response time of the landlord or the property manager in fixing violations, and age of property. (Issued 11/14/13, #9)</p>	<p>The 2014-2015 Adopted Budget adds five positions (4.0 Code Enforcement Inspector I/II’s and 1.0 Code Enforcement Supervisor) to implement a three-tiered program for Multiple Housing Occupancy Permits that is a risk-based, proactive inspection process with a self-certification component (\$468,725 ongoing, offset by fees).</p> <p>Manager’s Budget Addendum #7, Multiple Housing Residential Occupancy Permit Program, fully describes this program.</p>

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Planning, Building and Code Enforcement	Code Enforcement: Improvements are Possible, but Resources are Significantly Constrained – Code Enforcement should work with the Budget Office to determine if the Residential Occupancy Permit fees can be rebudgeted to pay for multiple housing program efficiencies such as upgrading computer systems and increasing Fire department inspections. (Issued 11/14/13, #15)	As described in Manager’s Budget Addendum #27, Recommended Amendments to the 2014-2015 Proposed Operating and Capital Budgets, the 2014- 2015 Adopted Budget included the rebudget of Multiple Residential Housing Occupancy fees for non-personal/ equipment funding for the replacement of Multiple Housing Code vehicles (\$101,000) and Solid Waste Code vehicles (\$101,000), as well as Multiple Housing Code programming services that includes improved informational technology resources (\$110,000).
Planning, Building and Code Enforcement	Code Enforcement: Improvements are Possible, but Resources are Significantly Constrained – To improve the cost recovery of the Abandoned Cart program, the Administration should review the feasibility of increasing the number of participating companies in the program and/or increasing its annual fees. (Issued 11/14/13, #22)	As described in Manager’s Budget Addendum #26, Abandoned Shopping Cart Program, the 2014-2015 Adopted Budget includes an increase to the Abandoned Cart Program fee from \$200 per year to \$345 per year to improve the cost recovery rate. This constitutes the first year of a planned five-year phase-in to reach cost recovery, with a reevaluation of the program costs and revenues annually.



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Finance	Indirect Cost Allocation: Improved Procedures and Better Communication Needed (Issued 11/14/2013)	<p>The 2014-2015 Adopted Budget adds 1.0 Accountant position to provide needed support – as identified in many of the audit’s recommendations – for the City’s multiple Cost Allocation Plans as well as financial reporting requirements (\$86,000 ongoing). This position adds capacity to help address a number of the audit’s recommendations.</p> <p>In particular, this addition will eliminate the reliance on a single position for the Cost Allocation Plan preparation, create capacity to address audit recommendations, and add the ability to implement and document more robust processes and procedures. The position will also be responsible for responding to questions from internal and external customers regarding the Cost Allocation Plans.</p>