



**Office of the City Auditor**

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**Report to the City Council  
City of San José**

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**AN AUDIT OF THE  
NEIGHBORHOOD DEVELOPMENT  
CENTER OF THE DEPARTMENT  
OF PARKS, RECREATION, AND  
NEIGHBORHOOD SERVICES**

**Agreed-Upon Changes In The Neighborhood  
Development Center Will Save The General  
Fund \$448,000 During 2003-04 And 2004-05  
And Additional Savings Are Possible**

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**Report 03-07  
July 2003**



# CITY OF SAN JOSÉ, CALIFORNIA

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City Auditor

July 1, 2003

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

Transmitted herewith is a report on *An Audit Of The Neighborhood Development Center Of The Department Of Parks, Recreation, And Neighborhood Services*. This report is in accordance with City Charter Section 805. An Executive Summary is presented on the blue pages in the front of this report. The City Administration's response is shown on the yellow pages before the appendices.

This report will be presented to the Making Government Work Better Committee at its August 13, 2003, meeting. If you need additional information, please let me know. The City Auditor's staff members who participated in the preparation of this report are Eduardo Luna, Gitanjali Mandrekar and Jennifer Callaway.

Respectfully submitted,

Gerald A. Silva  
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# Table of Contents

<b>Executive Summary .....</b>	<b>i</b>
<b>Introduction .....</b>	<b>1</b>
Background .....	1
The NDC Is Divided Into Four Sections.....	2
Audit Objective, Scope, And Methodology.....	4
<b>Finding I</b>	
<b>Agreed-Upon Changes In The Neighborhood Development Center Will Save The General Fund \$448,000 During 2003-04 And 2004-05 And Additional Savings Are Possible .....</b>	<b>7</b>
Code Enforcement Anticipates Using At Least \$50,600 In Multiple Housing Fees To Fund Property Owners’ Training Workshops .....	8
PRNS Has Agreed To Reduce Personal And Non-Personal Services Costs In The NDC’s Project Blossom, Neighborhood Academy, And Administration Sections .....	8
PRNS Has Agreed To Reduce The 2003-04 CAP Grant Allocation, Saving The City \$174,000, And PRNS Has Agreed To Additional Personal Services Reductions .....	9
PRNS Has Agreed To Maximize Use Of All CDBG Funds And Eliminate All Contract Employees And General Fund Expenses Associated With The Resource Section.....	9
Terminating The Lease For The NDC Facility Would Save The General Fund At Least \$115,000.....	10
Further NDC Efficiencies And Savings Are Possible .....	10
CONCLUSION .....	26
<b>Other Pertinent Information.....</b>	<b>27</b>
Budget And Organizational Structure.....	30
Organizational Structure .....	30
RECOMMENDATIONS .....	32
<b>Administration’s Response.....</b>	<b>35</b>
<b>Appendix A</b>	
<b>Definition Of Priority 1, 2, And 3 Audit Recommendations.....</b>	<b>A-1</b>

# Table of Exhibits

<b>Exhibit 1</b>	
Summary Of 2001-02 Property Owners' And Tenant Training Workshops .....	12
<b>Exhibit 2</b>	
Summary Of 2001-02 Neighborhood Academy Training Courses.....	16
<b>Exhibit 3</b>	
Summary Of Neighborhood Academy Training Workshop Costs For 2001-02 .....	17
<b>Exhibit 4</b>	
Summary Of Neighborhood Academy Classes.....	17
<b>Exhibit 5</b>	
Summary Of CAP Grant Usage And Award Amounts From Spring 2000 To Spring 2002.....	20
<b>Exhibit 6</b>	
Summary Of City And Community Grants And Programs .....	23
<b>Exhibit 7</b>	
Summary Of NDC Departmental And Interdepartmental Relationships.....	28
<b>Exhibit 8</b>	
Summary Of NDC's Performance Measures 2001-02 .....	29
<b>Exhibit 9</b>	
NDC Budget From 2000-01 To 2002-03 .....	30
<b>Exhibit 10</b>	
Neighborhood Development Services - Organization Chart .....	31
<b>Exhibit 11</b>	
Summary Of NDC Staff Qualifications .....	32

## Executive Summary

In accordance with the City Auditor's 2002-2003 Audit Workplan, we have audited the Neighborhood Development Center (NDC) of the Department of Parks, Recreation, and Neighborhood Services (PRNS). We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

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### Finding I

#### **Agreed-Upon Changes In The Neighborhood Development Center Will Save The General Fund \$448,000 During 2003-04 And 2004-05 And Additional Savings Are Possible**

During the course of our audit, we worked with the Department of Parks, Recreation, and Neighborhood Services (PRNS) and the Department of Planning, Building and Code Enforcement (PBCE) staff and mutually agreed upon changes to the Neighborhood Development Center (NDC). These agreed-upon changes will save the General Fund about \$448,000 during 2003-04 and 2004-05. The Mayor's Budget Office incorporated these agreed-upon changes to the NDC in the Mayor's June 4, 2003 Budget Message. Specifically, these agreed-upon changes to the NDC include:

- Code Enforcement anticipates using at least \$50,600 in Multiple Housing Fees to fund Property Owners' Training Workshops;
- PRNS has agreed to reduce personal and non-personal services costs in the NDC's Project Blossom, Neighborhood Academy, and Administration sections;
- PRNS has agreed to reduce the 2003-04 Community Action and Pride (CAP) Grant allocation, saving the City \$174,000, and PRNS has agreed to additional personal services reductions
- PRNS has agreed to maximize use of all CDBG funds, and eliminate all contract employees and General Fund expenses associated with the Resource Section;

- PRNS will give a 120-day notice to terminate the NDC's property lease by July 1, 2003, which will save \$28,000 in 2003-04 and \$87,000 in 2004-05; and
- Further NDC efficiencies and savings are possible

In our opinion, PRNS and/or Code Enforcement should 1) resolve Property Owners' and Tenant Training Program ownership, and develop and document a formal workplan with program goals and objectives; 2) 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; 3) develop and implement a time reporting system for Project Blossom staff to record how staff allocate their time; 4) reconfigure and consolidate the Neighborhood Academy; 5) 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, require applicants to provide detailed descriptions of specific locations where proposed projects will take place and expected timeframes for project completion, and coordinate and consolidate the CAP Grant with other similar City and Community grants and program support for neighborhoods; and 6) make full use of its agreement with the Community Foundation.

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## RECOMMENDATIONS

We recommend that Code Enforcement, PRNS, and the Housing Department:

- Recommendation #1**      **Resolve Property Owners' and Tenant Training Program ownership, authority, funding, and management responsibility issues and prepare a formal Program workplan with specific goals and objectives. (Priority 3)**

We recommend that PRNS:

- Recommendation #2**      **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)**

We recommend that PRNS:

- Recommendation #3**      **Require Project Blossom staff to document and report to PRNS management how they spend their time on Project Blossom activities. (Priority 3)**
- Recommendation #4**      **Reconfigure and consolidate the Neighborhood Academy. (Priority 2)**
- Recommendation #5**
  - **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)**
- Recommendation #6**      **Make full use of the grant management oversight clause in its agreement with the Community Foundation Silicon Valley. (Priority 3)**

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# Introduction

In accordance with the City Auditor's 2002-2003 Audit Workplan, we have audited the Neighborhood Development Center (NDC) of the Department of Parks, Recreation, and Neighborhood Services (PRNS). We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

The City Auditor's Office thanks PRNS, the NDC, Code Enforcement, Our City Forest, and Community Foundation staff for giving their time, information, insight, and cooperation during the audit process.

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## Background

The NDC's mission and objective is to inform and assist existing, new, and emerging community leaders and neighborhood groups with their organizational needs and efforts in order to improve and preserve their desired neighborhood quality of life.

The NDC is part of PRNS and was first created as a pilot program in fiscal year 1993-94. In 1994-95, the San Jose City Council allocated on-going funding for programming and staffing of the NDC. According to the NDC's current five-year business plan, the NDC serves as the primary source of training for City employees and providing information on City resources.

The NDC works jointly with various City departments in order to meet the residents' needs in areas of organization, leadership development, and knowledge on how to access City services. The NDC provides specialized training courses and workshops designed to build leadership capacity in community leaders. It also offers a broad range of services designed to meet the needs of both individuals and community groups. These are:

- Access to Internet-ready computers;
- Information on City and non-City services and technical assistance;
- Access to videos, books, and informational manuals; and

- Support in translation of flyers and meeting agendas to assist emerging groups in their organizational and operational objectives.

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**The NDC Is Divided Into Four Sections**

The NDC is made up of the following four sections: 1) Project Blossom, 2) Neighborhood Academy, 3) Community Action and Pride (CAP) Grants, and 4) the Resource Section. Each section has distinct job functions and responsibilities towards achieving the NDC's overall goals.

*Project Blossom*

Project Blossom, a proactive neighborhood improvement program, is responsible for coordinating and providing community outreach activities. The NDC works jointly with Code Enforcement to coordinate tenant and property owner training workshops. These workshops are offered to all interested property owners and tenants.

Project Blossom focuses on neighborhood blight, community education, and organizing. Project Blossom also provides support and funds to facilitate meeting these goals. In addition to the training component, Project Blossom staff is responsible for conducting community outreach in selected Project Blossom sites. These outreach activities include:

- introducing neighborhood organizing;
- improving residents' quality of life; and
- organizing property owners to collectively improve the neighborhood.

An Advisory Committee known as the Technical Team determines Project Blossom sites by reviewing blight statistics. Generally, the Technical Team selects two Project Blossom sites annually. Project Blossom outreach activities include: 1) helping property owners form property owner associations and 2) coordinating neighborhood beautification and landscaping projects.

The Project Blossom section in the NDC is made up of one Community Coordinator and three<sup>1</sup> Community Activity Workers. The Community Coordinator and two Community Activity Workers estimate that they spend 7 and 20 percent of their time, respectively, on the workshop component of Project Blossom. The remaining time is spent on the community outreach portion of Project Blossom. The Code Enforcement Division has assigned one full-time inspector<sup>2</sup> to coordinate property owner training and Project Blossom community outreach.

*The Neighborhood Academy*

The Neighborhood Academy, a complement to SNI, is responsible for teaching residents how to: 1) access essential City services and resources; 2) acquire knowledge to organize and improve neighborhoods; 3) enhance community safety; and 4) maintain and strengthen Neighborhood Associations. The Neighborhood Academy provides training classes to all interested City residents. These training classes include three series of workshops with four classes in each series. The Neighborhood Academy offers the three series of workshops in both English and Spanish. The workshops cover the following training topics:

- Series I: Neighborhood Association Organizing and Building Stronger Neighborhoods
- Series II: Neighborhood Development Training
- Series III: Continuous Neighborhood Improvement

The NDC hires consultants to provide most of the training. The content of training material ranges from supplying residents with information “*essential to better access City services*” to training on neighborhood organizing and forming Neighborhood Associations.

Additional responsibilities of the Neighborhood Academy include: 1) providing translation services to other City departments and residents; 2) responding to informational calls from San Jose residents; 3) attending City Councilmembers’ resource fairs; 4) participating in City Council clean-ups;

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<sup>1</sup> One Community Activity Worker position is currently vacant.

<sup>2</sup> According to Code Enforcement, the Inspector allocates 60 percent of his time coordinating Property Owner Training Workshops. An additional 30 percent of his time is allocated towards Project Blossom Community Outreach and the remaining 10 percent coordinating San Jose Conservation Corps clean-ups.

5) outreach for training; 6) support to Neighborhood Associations; and 7) attending SNI and Neighborhood Advisory Committee meetings.

The Neighborhood Academy section is comprised of three staff--one full-time Community Coordinator, one part-time Community Activity Worker, and one part-time Temporary Pool Worker.

*CAP Grants*

Community Action and Pride (CAP) Grants provide grant support to all San Jose resident-based neighborhood groups. The mission of the CAP Grant is to promote the development of healthy and self-reliant neighborhoods by supporting residents to unify for action, actualize their collective power, and create community-based solutions to meet physical, social, and economic challenges. Essentially, a CAP Grant provides technical assistance and financial support to help resident-based groups conduct activities that build or strengthen neighborhood organizations to improve neighborhood conditions or address issues important to neighborhood quality of life. A full-time Community Coordinator and one part-time Community Activity Worker staff the CAP Grant Section.

*The Resource Section*

The Resource Section (Resource) at the NDC is responsible for providing technical assistance to the PRNS analyst and tracking projects such as the SNI. Resource personnel maintain the project tracking database and are in the process of preparing to merge the Capital Improvement Project and SNI databases into one database. A full-time Community Development Block Grant-funded (CDBG) Community Coordinator and one part-time General Fund Community Activity Worker staff the Resource Section of the NDC.

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**Audit Objective, Scope, And Methodology**

We designed our audit to answer the specific questions that the City Councilmember who requested this audit asked relating to the Neighborhood Development Center. These specific questions were:

- What is the organizational structure of the NDC?
- What are the NDC's interdepartmental relationships?
- How does the NDC target and track performance measures?
- What are the qualifications of NDC staff?

In addition, the City of San Jose Mayor's Office asked the City Auditor's Office to review the NDC's:

- CAP Grant;
- Use of consultant services; and
- Project Blossom.

Furthermore, we reviewed four sections at the NDC - Project Blossom, Neighborhood Academy, CAP Grant and the Resource Section to determine if they were operating efficiently and effectively. We interviewed the NDC and Code Enforcement staff responsible for tracking budget and costs, and staff at both the Community Foundation of Silicon Valley and Our City Forest. The scope of our audit included reviewing budget information from 2000-01 to present and evaluating extensive workload and informational documentation on Project Blossom, the Neighborhood Academy, and the CAP Grant. We reviewed documentation for Project Blossom and the Neighborhood Academy from 2001-02 to 2002-03. Finally, we reviewed CAP Grant award records from spring 2000 to spring 2002. We performed only limited testing to determine the accuracy and reliability of information in the various computer reports used.

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## **Finding I**

### **Agreed-Upon Changes In The Neighborhood Development Center Will Save The General Fund \$448,000 During 2003-04 And 2004-05 And Additional Savings Are Possible**

During the course of our audit, we worked with the Department of Parks, Recreation, and Neighborhood Services (PRNS) and the Department of Planning, Building and Code Enforcement (PBCE) staff and mutually agreed upon changes to the Neighborhood Development Center (NDC). These agreed-upon changes will save the General Fund about \$448,000 during 2003-04 and 2004-05. The Mayor's Budget Office incorporated these agreed-upon changes to the NDC in the Mayor's June 4, 2003 Budget Message. Specifically, these agreed-upon changes to the NDC include:

- Code Enforcement anticipates using at least \$50,600 in Multiple Housing Fees to fund Property Owners' Training Workshops;
- PRNS has agreed to reduce personal and non-personal services costs in the NDC's Project Blossom, Neighborhood Academy, and Administration sections;
- PRNS has agreed to reduce the 2003-04 Community Action and Pride (CAP) Grant allocation, saving the City \$174,000, and PRNS has agreed to additional personal services reductions;
- PRNS has agreed to maximize use of all CDBG funds, and eliminate all contract employees and General Fund expenses associated with the Resource Section;
- PRNS will give a 120-day notice to terminate the NDC's property lease by July 1, 2003, which will save \$28,000 in 2003-04 and \$87,000 in 2004-05; and
- Further NDC efficiencies and savings are possible.

In our opinion, PRNS and/or Code Enforcement should 1) resolve Property Owners' and Tenant Training Program ownership, and develop and document a formal workplan with program goals and objectives; 2) 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; 3) develop and

implement a time reporting system for Project Blossom staff to record how staff allocate their time; 4) reconfigure and consolidate the Neighborhood Academy; 5) 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, require applicants to provide detailed descriptions of specific locations where proposed projects will take place and expected timeframes for project completion, and coordinate and consolidate the CAP Grant with other similar City and Community grants and program support for neighborhoods; and 6) make full use of its agreement with the Community Foundation.

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**Code Enforcement Anticipates Using At Least \$50,600 In Multiple Housing Fees To Fund Property Owners' Training Workshops**

Code Enforcement has submitted a budget proposal to fund 50 percent of the Code Enforcement Inspector's salary through Multiple Housing User fees. This guarantees the General Fund a savings of at least \$50,600 in personal services costs for 2003-04. Code Enforcement is also working with the Housing Department to cover non-personal expenses associated with the training program.

Code Enforcement charges Multiple Housing User fees to pay for the Multiple Housing Program and issues Residential Occupancy Permits. Code Enforcement can use the Multiple Housing User fees to fully support the Property Owners' workshops due to the fact that one of the underlying goals of the Property Owners' workshops is to ensure that property owners are made aware of their responsibilities in maintaining their properties in a clean, decent, safe, and sanitary condition. We found that the NDC staff uses the Multiple Housing Roster, which is a listing of Multiple Housing Property Owners, when it sends out informational flyers regarding the Property Owners' workshops.

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**PRNS Has Agreed To Reduce Personal And Non-Personal Services Costs In The NDC's Project Blossom, Neighborhood Academy, And Administration Sections**

PRNS has agreed to reduce personal services expenditures in the NDC's Administrative section by \$21,574 by eliminating one part-time Community Activity Worker. In addition, PRNS has agreed to reduce their non-personal services expenditures by \$5,000 in the Administrative section. Furthermore, PRNS has agreed to non-personal savings of \$10,000 in the Neighborhood Academy and an additional \$10,000 in Project Blossom. These reductions have resulted in a total General Fund savings in 2003-04 of \$46,574.



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**PRNS Has Agreed To Reduce The 2003-04 CAP Grant Allocation, Saving The City \$174,000, And PRNS Has Agreed To Additional Personal Services Reductions**

Generally, about \$500,000 from the General Fund is allocated for the CAP Grant, of which approximately \$400,000 is for grant awards and \$100,000 for administrative expenses. Effective February 26, 2003, the Director of PRNS froze CAP Grant funds and the NDC did not award any grants for the fall 2002 or spring 2003 rounds. However, on May 6, 2003, the City Council approved the release of \$309,716 in CAP Grant monies to fund grants for the fall 2002 cycle. PRNS currently has a balance of \$174,337 in CAP Grant monies at the Community Foundation. Therefore, because \$174,337 in carryover funds is available at the Community Foundation, PRNS has agreed to reduce its annual \$500,000 budget allocation for the CAP Grant to \$326,000. As a result, in 2003-04 there will be \$400,000<sup>3</sup> in grant monies available to recipients and the General Fund will save about \$174,000.

Furthermore, based on recommendations discussed later in the report, to fully utilize the Community Foundation Agreement's Management Oversight Clause PRNS has agreed to eliminate one part-time Recreation Leader, thereby saving the General Fund about \$19,000. Together, these reductions will save the General Fund \$193,000 in 2003-04.

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**PRNS Has Agreed To Maximize Use Of All CDBG Funds And Eliminate All Contract Employees And General Fund Expenses Associated With The Resource Section**

PRNS has agreed, and it is reflected in the Mayor's 2003-04 Budget Message, to fully use all CDBG Funds and eliminate all contract employees and General Fund expenses associated with the Resource Section. We found that the NDC is not using all available CDBG Funds to staff the Resource Section. The current NDC staff allocation for the Resource Section consists of one full-time CDBG Fund Community Coordinator and one part-time General Fund Community Activity Worker. Furthermore, in addition to \$5,000 in CDBG funding, the Resource Section is allocated non-personal services money of about \$5,150 from the General Fund. Finally, PRNS has agreed to eliminate about \$21,000 from the General Fund which is currently available for contract employees. These reductions in General Fund non-personal and contract employee expenses will save the General Fund at least \$43,000 in 2003-04.

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<sup>3</sup> An additional \$100,000 is available for administrative expenses.

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**Terminating The Lease For The NDC Facility Would Save The General Fund At Least \$115,000**

On June 1, 2000 the NDC entered into a five-year lease for a 2,485 square foot facility at 105 North Bascom Avenue. At the end of the five-year lease, the City will have spent \$395,458 in rental expenses. The City is currently in the third year of the five-year lease for the Bascom Avenue space.

The NDC argued that one of the purposes for leasing this facility was to have an on-site room for training residents and community groups. However, we found that the NDC uses its facility for training purposes only about 24 percent of the time for Project Blossom, Neighborhood Academy, and CAP Grant. Conversely, the NDC uses various locations throughout the City for the remaining 76 percent of the training courses taught.

In our opinion, the low usage of the NDC facility for training purposes and the cost of the facility does not justify the continuation of the lease agreement. Should the City give the requisite 120-day termination notice effective July 1, 2003, the City could save at least \$115,000 after paying the \$20,000 early termination penalty. This is a savings of about \$28,000 in 2003-04 alone and an additional savings of almost \$87,000 in 2004-05.

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**Further NDC Efficiencies And Savings Are Possible**

In our opinion, additional NDC General Fund savings are possible. Specifically, PRNS and PBCE should 1) clarify ownership of the Property Owners' and Tenant Training Program; 2) revamp the Property Owners' and Tenant Training Program; 3) develop and implement a time reporting system to record how staff allocate their time on a weekly basis; 4) revamp the Neighborhood Academy section; and 5) implement CAP Grant improvements.

*Property Owners' And Tenant Training Program Ownership Needs To Be Clarified*

We found that both the Code Enforcement Division and NDC claim ownership over the Property Owners' and Tenant Training Program. Code Enforcement Division officials told us 1) the Training Program is a component of its Multiple Housing Program and is not part of the Project Blossom Program, 2) Residential Occupancy Permit fees pay for the Property Owners' Training Program, and 3) a Code Enforcement Inspector coordinates these training programs.

On the other hand, NDC staff reported to us that the Property Owners' and Tenants' Training Programs are part of its Project Blossom program. NDC literature, such as the NDC Business Plan and monthly status reports, indicates that NDC provides

Property Owner Training. We found that both a Code Enforcement Inspector and a NDC Community Coordinator signed the cover letter that NDC mails out to potential training participants. NDC staff also provides clerical support for the training programs and registers course participants.

The blurring of training program ownership is exacerbated by the extent that Multiple Housing User Fees pay for the training programs. Specifically, we found that Code Enforcement uses \$36,000 of Residential Occupancy Permit fees to pay for Property Owners' Training Program costs. This amount represents 26 percent of the training program costs. Code Enforcement and PRNS charged the remaining \$102,517 in training program costs, including \$50,654 in Code Enforcement Inspector salary costs, against a Project Blossom General Fund account.

Program staffing further blurs the distinction between the Property Owners' and Tenant Training Programs and Project Blossom ownership. The Code Enforcement Inspector that coordinates the training programs is involved in the Project Blossom outreach program. The inspector indicated that he spends about 60 percent of his time on activities associated with Property Owner training activities. Similarly, Project Blossom staff at the NDC are involved in providing administrative support for the training programs and attend training sessions.

Since May 2003, Code Enforcement officials and PRNS officials told us that they have met twice to discuss the Property Owners' and Tenant Training Program and Project Blossom. In our opinion, Code Enforcement and PRNS need to meet to resolve the issue of training program ownership, authority, funding, and management responsibilities.

Code Enforcement Officials also indicated that they plan to work with the Housing Department's Rental Rights and Referrals Program (formerly Rental Dispute Program) Manager on coordinating the Tenant Training Program. The Rental Rights and Referrals Program Manager administers the City's Rental Dispute and Mediation and Arbitration Ordinance. This Ordinance, which took effect in 1979, regulates rent increases in apartments<sup>4</sup>. The Rental Rights and Referrals Program has a proposed budget of \$65,225 in 2003-04 to fund tenant training.

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<sup>4</sup> The Rental Rights and Referrals Program staff also administers the Mobilehome Ordinance, which took effect in 1979.

We recommend that Code Enforcement, PRNS, and the Housing Department:

**Recommendation #1**  
**Resolve Property Owners’ and Tenant Training Program ownership, authority, funding, and management responsibility issues and prepare a formal Program workplan with specific goals and objectives. (Priority 3)**

*PRNS And Code Enforcement Should Revamp The Property Owners’ And Tenant Training Program*

We found that during 2001-02, Project Blossom and Code Enforcement staff spent 2,231 staff hours and \$138,517<sup>5</sup> coordinating five workshops for property owners and one workshop for tenants. These six workshops provided training to 240<sup>6</sup> property owners and 27 tenants on property owners’ and tenants’ rights and responsibilities, housing laws, and immigration issues. As shown in Exhibit 1, Project Blossom and Code Enforcement staffs’ efforts resulted in about 44 hours of training for 267<sup>7</sup> City residents. However, neither Project Blossom nor Code Enforcement staff provided any significant amount of direct training. Instead, outside consultants provided most of the training. Code Enforcement staff coordinated the trainers for the workshops while Project Blossom staff mailed training workshop fliers and arranged for workshop supplies.

**Exhibit 1 Summary Of 2001-02 Property Owners’ And Tenant Training Workshops**

Workshop	Number Of Annual Workshops	Number Of Classes Per Workshop	Hours Per Class	Total Number Of Training Hours	Number Of Attendees	Total Attendee Training Hours
Property Owners’ Workshop	5	4	2	40	240 <sup>8</sup>	1,920
Tenants’ Workshop	1	2	2	4	27	108
<b>TOTAL</b>	<b><u>6</u></b>			<b><u>44</u></b>	<b><u>267</u></b>	<b><u>2,028</u></b>

Source: Auditor analysis of NDC data.

<sup>5</sup> \$36,000 was paid for from the Multiple Housing User fees and the remaining \$102,517 was paid for from the General Fund.

<sup>6</sup> Based on an average attendance of 48 property owners per workshop.

<sup>7</sup> Based on an average of 48 property owners per workshop and 27 tenants.

<sup>8</sup> Based on an average attendance of 48 property owners per workshop.

The 2,231 hours Project Blossom and Code Enforcement staff jointly spent coordinating the 44 hours of training equates to 51 hours of City staff time spent for every workshop training hour provided. At \$138,517, the NDC and Code Enforcement have spent about \$3,148 per workshop training hour to coordinate 44 hours of training in 2001-02.

*Since 1998 The Project Blossom Staff Has Achieved Only 50 Percent Of Its Community Outreach Program Goals And Charged About \$134,688 To The Project Blossom Program In 2001-02*

Based on the available evidence, we found that Project Blossom staff has achieved only 50 percent of its community outreach program goals. Specifically, Project Blossom staff is supposed to conduct community outreach at two different Project Blossom sites each year. However, in the past five years, since 1998, Project Blossom staff has conducted community outreach at only five different sites rather than the program target of ten sites. Therefore, Project Blossom staff has only met 50 percent of its program goals. We found that Project Blossom staff has been conducting outreach activities at the same site since 2001-02, and charged \$134,688 to a General Fund program costs in one year alone. We also found that in 2001-02, outreach costs included about \$6,500 in paint for buildings at a Project Blossom site. Staff determined that the complexes needed painting and offered to supply the paint in exchange for the property owners agreeing to make aesthetic improvements to the complexes. We did not find any formal Project Blossom workplans or guidelines that address providing paint to property owners.

Some other examples of these outreach activities included planning and organizing landscape projects, organizing property owner meetings, attending the association meetings on a regular basis, attending neighborhood clean-ups and, in one instance, even helping a resident get outside funding to pay for funeral costs. NDC staff was unable to provide us with documentation for these community outreach activities for four of the five Project Blossom sites. Finally, we found no evidence of either a comprehensive workplan or supervisory review of these community outreach activities. In our opinion, the lack of formal community outreach workplans and guidelines and the absence of supervisory review has resulted in staff spending too much time on undocumented activities at Program sites. By limiting Project Blossom community outreach activities to those specified in a formal workplan and ensuring adequate supervisory review, the NDC will have

added assurance that it is accomplishing its community outreach goals and may be able to reduce its staffing to just one part-time staff person.

In our opinion, PRNS and Code Enforcement need to develop a comprehensive budget for the Project Blossom Program, a formal workplan for each Program site, and establish guidelines and better supervisory review. This will improve Project Blossom accountability and allow PRNS to better manage program costs.

We recommend that PRNS:

**Recommendation #2**

**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)**

*Project Blossom  
Staff Did Not  
Document How They  
Spent Their Time*

We also found that Project Blossom staff did not document how they spent their time. During our audit, the Project Blossom Community Coordinator told us that he spent 80 percent of his time on Project Blossom outreach activities.

After reviewing our preliminary audit report, PRNS management informed us that Project Blossom staff were involved in other community outreach activities that were not part of Project Blossom. Specifically, PRNS told us that Project Blossom staff spent 34 percent of their time involved in Project Blossom outreach, seven percent of their time on Project Blossom training, and 59 percent of their time on other activities, such as:

- Coordinating City Council events;
- Language-specific translations and outreach;
- Providing technical assistance to neighborhood groups;
- Providing assistance to new and start-up groups;
- Organizing the community for Concentrated Code Enforcement Program meetings;
- Connecting community members to resources;

- Participating in special events, such as conferences, workshops, and presentations;
- Providing emergency response to neighborhood crises; and
- Administrative tasks.

Since Project Blossom staff do not document how they spend their time, we were unable to verify this information. Therefore, based upon the two versions of information PRNS provided us during our audit, we estimated that Project Blossom staff spent from 34 percent to 80 percent of their time on Project Blossom outreach activities. We based our estimated program savings on Project Blossom staff spending 80 percent of their time on outreach activities.

In our opinion, Project Blossom staff needs to document and report to PRNS management how they spend their time on various Project Blossom activities. By so doing, PRNS will be better able to assess if Project Blossom staff is spending its time as efficaciously as possible.

We recommend that PRNS:

**Recommendation #3:**

**Require Project Blossom staff to document and report to PRNS management how they spend their time on Project Blossom activities. (Priority 3)**

*PRNS Should Revamp The Neighborhood Academy Section*

We found that for 2001-02, the three NDC Neighborhood Academy staff persons coordinated about 130 hours of workshops and charged the City's General Fund about \$90,222 for coordinating these workshops. The three Neighborhood Academy staff responsibilities included: 1) arranging for consultants to provide the training; 2) providing free food and snacks to participants; 3) sending out flyers and doing marketing outreach to community groups regarding these workshops; and 4) copying and preparing training materials the consultants provided for these workshops. Additionally, NDC staff provides training on the CAP Grant component of the Neighborhood Academy. About 96 City residents or an average of 19 residents per workshop attended the

Neighborhood Academy. Exhibit 2 summarizes the total training hours the three Neighborhood Academy staff coordinated.

**Exhibit 2 Summary Of 2001-02 Neighborhood Academy Training Courses**

<b>Workshops</b>	<b>English</b>	<b>Spanish</b>	<b>Total</b>
Number Of Workshops	3	2	<b>5</b>
Series Per Workshop	3	3	<b>6</b>
Classes Per Series	4	4	<b>8</b>
Total Number Of Annual Classes	36	29 <sup>9</sup>	<b>65</b>
Hours Per Class	2	2	
Total Training Hours Coordinated	72	58	<b>130</b>

**Source: Auditor analysis of NDC data.**

We also found that the annual cost of providing 130 hours of training to Neighborhood Academy registrants is \$90,222. This is about \$940 per registrant or \$694 per training hour coordinated. The cost includes one Community Coordinator and three Community Activity Workers and the cost of consultants to provide training. According to NDC staff estimates, about 29 percent of staff time is allocated to non-Neighborhood Academy-related activities. These activities include translation services, and attending resource fairs and SNI and Neighborhood Advisory Committee (NAC) meetings. Exhibit 3 is a summary of Neighborhood Academy training workshop costs in 2001-02.

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<sup>9</sup> Five introductory courses were taught for Spanish speaking participants in 2001-02. These courses were not part of the series of workshops but instead were five trial courses held to gauge program interest.



**Exhibit 3 Summary Of Neighborhood Academy Training Workshop Costs For 2001-02**

Staff Persons	Total Staff Hours <sup>10</sup>	Total Salaries <sup>11</sup>
Community Coordinator	1,485	\$57,236
Community Activity Worker: Part-time	1,299	\$18,847
Non-Personal Services Costs	N/A	\$14,139
<b>TOTAL</b>	<b>2,784</b>	<b>\$90,222</b>

Source: Auditor analysis of NDC data.

Exhibit 4 illustrates the type of classes that are provided through the Neighborhood Academy’s three series of workshops.

**Exhibit 4 Summary Of Neighborhood Academy Classes**

Class	Series I	Series II	Series III
1	Neighborhood organizing and the Strong Neighborhood Initiative	Introduction to the SNI and the San Jose Police Department’s (SJPD) Community Services Division’s “Crime Prevention”	--Introduction to the SNI: Code Enforcement’s Neighborhood Blight Program and --The Rental Rights and Referrals Program
2	Identifying and prioritizing goals and establishing an action plan	Tours of: --The SJPD’s Communication Center and --The Office of Emergency Services	Presentations on: --Department of Transportation services and programs --San Jose Public Library services and programs
3	Establishing a Board of Directors and bylaws	Presentations on: --PRNS youth intervention service’s “Gang Awareness” Program and --The County of Santa Clara’s “Restorative Justice Program”	SJPD’s Family Violence Center --Next-door Solutions to Domestic Violence Program
4	Membership, recruitment and identifying financial resources	Presentations on: --The CAP Grant and -- The PRNS Anti-Graffiti/Anti-Litter Program	The San Jose Fire Department’s “Fire Safety” and Tour of Fire Stations

Source: NDC.

<sup>10</sup> According to NDC Staff, 71 percent of their time is allocated for Neighborhood Academy training activities.

<sup>11</sup> Salaries include all fringe benefits.

In our opinion, NDC staff could do the training for Series I of the Neighborhood Academy. As mentioned, classes in Series I include 1) introduction to strong neighborhoods organizing and Strong Neighborhood Initiative; 2) identifying and prioritizing goals and establishing an action plan; 3) establishing a Board of Directors and bylaws; and 4) membership recruitment and identifying fiscal resources (grants). NDC staff could teach these classes using materials that consultants used for previous classes. This would save the General Fund as much as \$10,000 annually with minimal impact on the information Neighborhood Academy registrants receive.

*The NDC Should Evaluate Other Alternatives To Series II And Series III Of The Neighborhood Academy*

Series II and Series III of the Neighborhood Academy provide information on City services and resources. In our opinion, the NDC should evaluate other alternatives to Series II and Series III such as the City's Call Center and the Neighborhood Troubleshooter guidebook. The City's Customer Service Call Center (Call Center) is designed to answer calls from the residents regarding City resources and services. The Call Center operates 24 hours a day, seven days a week. Additionally, information on City resources is also available through the Neighborhood Troubleshooter Guidebook (Troubleshooter) which PRNS publishes. The Troubleshooter lists the various City departments, their functions, and contact information. The Troubleshooter is readily available on the PRNS website. The NDC could provide City residents with a copy of the Troubleshooter and information about the Call Center during Series I of the Neighborhood Academy. Additionally, PRNS should reconfigure and consolidate Series II and III of the Neighborhood Academy by utilizing informational videos and brochures. This could reduce the number of staff persons needed to staff the Neighborhood Academy and the need to bus participants to the SJPD's Communication Center and the Office of Emergency Services.

In our opinion, PRNS needs to reconfigure and consolidate the Neighborhood Academy. Such a reconfiguration and consolidation could eliminate the need for one full-time community coordinator, thereby saving the General Fund an additional \$80,190 per year.

We recommend that PRNS:

**Recommendation #4**

**Reconfigure and consolidate the Neighborhood Academy.  
(Priority 2)**

*PRNS Should  
Implement CAP  
Grant Improvements*

The CAP Grants are intended for individual neighborhood groups, both established and emerging, proposing projects, services and activities that foster or enhance safety, reduce blight and crime, and improve the quality of life in a neighborhood. Generally, about \$500,000 from the General Fund is allocated for the CAP Grant, of which approximately \$400,000 is for grant awards and \$100,000 is for administrative expenses. The \$400,000 includes \$40,000 for training and \$30,000 which may be awarded at the PRNS Director's discretion. The NDC awards grants twice per year, during the spring and fall, and all San Jose resident-based neighborhood groups are eligible to apply. In addition, the Director has discretion to award up to \$30,000 in grants for any neighborhood or community-based purpose and at any time throughout the year. Formal applications are not required for receiving this money. We found that the NDC has awarded CAP Grant funds for a myriad of activities or purposes. In addition, the NDC has not 1) performed effective and consistent management oversight of grants; 2) developed specific grant review guidelines; or 3) consistently followed-up on awarded grants. We also found that the CAP Grant duplicates other City and non-profit grants and programs that award money and provide support for purposes and objectives similar to those of the CAP Grant. Furthermore, we found that the NDC is paying for third party administrative services that it is not receiving.

*The NDC Has  
Awarded CAP Grant  
Funds For A Myriad  
Of Activities Or  
Purposes*

We found that current CAP Grant usage criteria allow almost all resident-based groups to seek funding for any neighborhood or community-based activity or purpose except the following items: computers, software, digital cameras or any expendable equipment, on-going operating costs, transportation costs, admission fees or ticket prices, salaries, compensation for someone taking part in a project, uniforms, costumes, or other items that will be gifted to residents. Any other neighborhood or community-based activity or purpose is an acceptable usage for CAP Grant funding. For example, we found that from spring 2000 to spring 2002, the NDC awarded 110 CAP Grants for a variety of purposes, including community celebrations,

refreshments for neighborhood meetings, various community activities or events, facility rentals, and association dues to the United Neighborhoods of Santa Clara County. Grant amounts during this time period ranged from \$100 to \$50,000, with an average grant amount of \$9,454. Exhibit 5 illustrates the variety of usages of these grants as well as the minimum, maximum, and average grant award per category.

**Exhibit 5 Summary Of CAP Grant Usage And Award Amounts From Spring 2000 To Spring 2002<sup>12</sup>**

	<b>Minimum Award</b>	<b>Maximum Award</b>	<b>Average Award</b>
Beautification/Landscaping	\$1,275	\$50,000	\$13,571
Clean-Ups	\$1,325	\$26,664	\$11,202
Community Celebrations	\$1,000	\$ 9,150	\$ 4,404
Newsletters	\$1,700	\$16,000	\$ 4,448
Youth Services	\$ 100	\$45,317	\$14,400
Various Community Activities And Supplies	\$ 395	\$11,502	\$ 4,155

**Source: Auditor's analysis of CAP Grant Awards from spring 2000 to spring 2002.**

In addition, according to the current usage criteria outlined in the CAP Grant application package, grant money can be used to pay fees for a domain name for an association webpage, post office box rental, and voice mail box for up to two years.

Exhibit 5 also illustrates the wide disparity in grant award amounts for similar purposes. We found that the NDC awarded different amounts for similar purposes based on the budget the grant applicant submitted. In addition, we found that the NDC does not have any existing, objective criteria with which to evaluate the budget proposals or requests that applicants submit.

In our opinion, the NDC should develop new CAP Grant usage criteria, including guidelines for determining how much to award for each specific purpose. Such criteria and guidelines would help ensure consistency and fairness among all grant awards based on the usage of the grant money and size of the target audience within the community.

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<sup>12</sup> Many grants are used for multiple purposes. To determine the average, minimum, and maximum award amounts, grants were categorized into one group based on the primary use of the grant money.

*CAP Grant  
Evaluation Criteria  
Is Vague And  
Ambiguous*

Current evaluation criteria for the CAP Grant states that applicants will be evaluated on:

- 1) How well the proposed project addresses a critical need consistent with the CAP Grant purpose,
- 2) Project feasibility and management,
- 3) Involvement and cooperation of the residents affected by the issues,
- 4) Residents assuming responsibility for what goes on in their neighborhood, and
- 5) The group's plans to play a key role in the future of the neighborhood.

The NDC's evaluation criteria do not require the NDC to evaluate or consider the amount of planning for proposed projects nor do they require applicants to submit a proposed timeframe for the projects' completion. This has resulted in grants being submitted and awarded for activities or projects that are not fully developed or ready to be implemented. We reviewed 19 beautification grant applications which the NDC awarded to complete landscaping projects within neighborhoods. Of the 19 approved applications, 14 mentioned specific locations or streets where the landscaping would be completed. Conversely, five grant applications were ambiguously phrased. For example, one applicant requested funding to plant "sixteen sycamore trees." A second applicant requested funding for "bushes and shrubs for parks," while another requested funding for "tree-trimming for approximately twenty-five to thirty-five trees." Furthermore, of the 14 applicants that mentioned specific locations where the landscaping project would take place, only five included a detailed rendering of what the areas would look like after the landscaping was completed.

We also found that since May 2002, five CAP Grant checks were issued to neighborhood groups that failed to cash the checks before they expired. In one of these instances, the NDC awarded a \$50,000 beautification grant for the fall of 2001 award cycle. The neighborhood group's check has expired and has not been reissued because the group is not ready to begin work on the project. This long lapse of time between the NDC issuing checks and the recipients actually depositing the checks

is one indication that the NDC is awarding grants before the neighborhood groups have fully developed the plans for their grant activities.

In our opinion, the NDC needs to revamp the CAP Grant by redefining its evaluation criteria, requiring applicants to provide detailed descriptions of specific locations where proposed projects will take place and expected timeframes for project completion.

*The NDC Has Not  
Required  
Management  
Oversight Of Grants,  
Developed Specific  
Grant Review  
Guidelines, Or  
Consistently  
Followed-up On  
Awarded Grants*

We found that the lack of NDC CAP Grant oversight has led to inconsistent staff follow-up and CAP Grant recipient record-keeping. We found that the NDC keeps files for each grant recipient and requires the recipient to submit a final budget report along with receipts for items purchased with grant funds, after completing their project. However, we found that the NDC did not always obtain the final budget reports in a timely manner. Furthermore, when the final budget reports were obtained it was not always clear or easy to match submitted receipts to the reported expenses. In our opinion, the NDC should develop a standardized follow-up procedure for each CAP Grant award, including required budget details, receipts with the final budget report, and specific consequences for not submitting actual receipts with the final budget report. In addition, the NDC should enhance management oversight to ensure that staff adhere to these follow-up procedures. Development of such standardized, specific criteria will help to ensure that recipients use grant monies for the intended purposes and will create a consistent follow-up procedure for each grant award.

*The CAP Grant  
Duplicates Other  
City And Non-Profit  
Programs And  
Grants*

We found that the CAP Grant duplicates other City and non-profit grants and programs. We identified several programs and grants with similar goals and objectives to the CAP Grant that City neighborhood groups and residents can use. Exhibit 6 summarizes the goals and missions of these other City and Community grants and programs.

### Exhibit 6      Summary Of City And Community Grants And Programs

Grant /Program	Goals	Award Range	Administrative Body
CAP Grant	Community grants available for projects, services, and activities that foster or enhance safety, reduce blight and crime, and improve the quality of life in a neighborhood.	\$100 - \$50,000	City of San Jose - PRNS
San Jose Beautiful	Matching grants available to non-profit organizations, neighborhood associations, schools and other community organizations who wish to help foster community pride in San Jose through beautification or landscaping.	\$100 - \$2,000	City of San Jose - PRNS
Targeted Neighborhood Clean-ups	Encourage community partnership and clean neighborhoods by conducting 50 large City clean-ups per year.	N/A	City of San Jose – Code Enforcement
Our City Forest	Assist and involve residents in the understanding, planting, care and appreciation of the urban forest.	N/A	Our City Forest
Community Grants Program	Provides annual funding for grassroots community projects in Santa Clara County. Works with groups to provide support in the areas of community celebrations, trainings and neighborhood development.	Varies	Resources for Families and Communities
Neighborhood Association Support Program	Assist neighborhood associations and community groups through community development program.	N/A	Resources for Families and Communities
Neighborhood Grants Program	Promote the development of healthy and self-reliant neighborhoods by supporting residents to unify for action, actualize their collective power, and create community-based solutions to meet physical, social, and economic challenges.	\$500 - \$5,000	Community Foundation Silicon Valley

**Source: Auditor's analysis of City and Community grants and programs.**

As Exhibit 6 illustrates, neighborhood project funding and support is available through a variety of City and Community grants and programs. From spring 2000 to spring 2002, a portion of at least 31 grants have been awarded for neighborhood clean-up events. Since 2001-02, the City's Targeted Neighborhood Clean-up Program has sponsored five large neighborhood clean-ups per year for each of the ten City Council districts. Furthermore, Code Enforcement estimates that it can sponsor smaller neighborhood clean-ups for as little

as \$1,452. By way of contrast, the NDC awarded a \$3,000 CAP Grant for a neighborhood association to rent four bins for a neighborhood clean-up. The \$3,000 cost to the neighborhood association to sponsor this clean-up event was double the cost to the City to sponsor a similar event through Code Enforcement.

In addition, since spring 2000, at least a portion of 22 CAP Grants have been awarded for beautification projects such as tree plantings and landscaping. As illustrated in Exhibit 6, San Jose Beautiful, a City-sponsored grant program, and Our City Forest, a local non-profit agency, provide funding and support for similar beautification and tree planting efforts. Furthermore, Our City Forest receives independent funding from various sources to plant trees in specific areas. By improving communication among the CAP Grant, San Jose Beautiful, and Our City Forest, the NDC could avoid duplication of effort or inefficient use of CAP Grant monies.

In our opinion, PRNS should coordinate and consolidate its CAP Grant with other similar City and Community grants and program support for neighborhoods.

We recommend that PRNS:

**Recommendation # 5**

- **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)**

*Administrative  
Oversight Of The  
CAP Grant*

At least \$360,000 of the \$400,000 annual grant award money is held at the Community Foundation Silicon Valley (Foundation), a local non-profit group, in a money market account. The remaining \$40,000 is generally encumbered for training purposes. The Foundation returns the interest earned on this money to the CAP Grant fund. Any of the monies that the NDC does not award in a given year remain in the money market account rather than being returned to the General Fund.



In accordance with its agreement with the City, the Foundation retains a four percent fee for managing the money market account. The Foundation's four percent fee is applied against the grant monies the City awards in any given year. Under the terms of the agreement the Foundation should notify successful applicants of their CAP award and the conditions attached to the award. The Foundation is also responsible for maintaining an accounting of each of the CAP grantee's expenditures to insure that they are in accordance with the terms of the grant award. Furthermore, the Foundation is responsible for working with the City in retrieving any of the CAP Grant funds that are not spent in accordance with the provisions of the grant award.

*Community  
Foundation's  
Administrative  
Oversight Of The  
CAP Grant*

We found that the Foundation has not been performing the required management oversight functions as outlined in the agreement between the Foundation and the City. Based on discussions with NDC staff, we found that, unbeknownst to NDC management, an NDC staff person made a unilateral decision to have the Foundation disregard their oversight responsibilities with respect to the CAP Grant. Instead, the NDC staff person decided to personally administer the CAP Grant. This has resulted in some internal control issues regarding inadequate separation of duties and inadequate supervision. Further, this arrangement has resulted in the City paying the Foundation to only issue checks to grant recipients. We found that in 2001-02, the City transferred \$770,000<sup>13</sup> to the Foundation, which wrote 50 checks worth \$411,461 to CAP Grant recipients. The Foundation's administrative fee of \$30,800 (4% x 770,000) equates to \$616 per check. In our opinion, PRNS should use the grant management oversight clause in its agreement with the Foundation. By so doing, PRNS will improve its internal controls over the CAP Grant and maximize its use of the Grant management services the Foundation agreed to provide.

We recommend that PRNS:

**Recommendation #6**

**Make full use of the grant management oversight clause in its agreement with the Community Foundation Silicon Valley. (Priority 3)**

<sup>13</sup> \$770,000 includes \$600,000 in CAP money, including carryover, and \$170,000 in special emphasis money.

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**CONCLUSION**

PRNS needs to reconfigure its programs to ensure their effectiveness and efficiency. To improve the NDC, management needs to enhance communication among departments and develop specific program objectives and workplans which clearly define the goals of each program within this section.

Specifically, PRNS and Code Enforcement should resolve Property Owners' and Tenant Training Program ownership, authority, funding, and management responsibility issues and prepare a formal program workplan with specific goals and objectives. In addition, PRNS and Code Enforcement should develop a comprehensive budget for the Project Blossom Program and a formal Project Blossom workplan for each Project Blossom site. Furthermore, Project Blossom staff should be required to document and report to PRNS management how they spend their time on Project Blossom activities. PRNS should also reconfigure and consolidate the Neighborhood Academy as well as coordinate and consolidate the CAP Grant with other similar City and Community grants and program support for neighborhoods. In addition, PRNS should develop and implement specific CAP Grant application, award, review, and follow-up guidelines before awarding further grants. Finally, PRNS should also make full use of the Community Foundation agreement's grant management oversight clause.

## **Other Pertinent Information**

*The NDC  
Coordinates With  
Various City  
Departments To  
Accomplish Its  
Objectives*

In order to achieve its objectives, the NDC coordinates with various City departments. In order to differentiate between the various levels of its relationships, we assigned numeric values to each relationship. Specifically, we gave a “three” to a relationship that involved a significant amount of NDC staff time. We gave a “two” to a relationship that involved only a periodic allocation of staff time. We gave a “one” or “zero” to a relationship that involved little or no allocation of staff time. Exhibit 7 below illustrates the extent of the NDC’s departmental and interdepartmental relationships.

**Exhibit 7 Summary Of NDC Departmental And Interdepartmental Relationships**

<b><u>DEPARTMENTAL AND INTERDEPARTMENTAL RELATIONSHIPS</u></b>				
	<b>NDC PROGRAM</b>			
<b>CITY ENTITY</b>	<b>PROJECT BLOSSOM</b>	<b>CAP GRANT</b>	<b>NEIGHBORHOOD ACADEMY</b>	<b>RESOURCE SECTION</b>
San Jose Public Library	x	x	<b>1</b>	x
Call Center	x	x	x	x
Code Enforcement	<b>3</b>	x	<b>2</b>	x
Office of Cultural Affairs	x	x	x	x
Recreation (Community Centers)	x	x	x	x
Department of Transportation	<b>1</b>	<b>1</b>	<b>1</b>	x
Department of Housing	x	x	x	<b>2</b>
San Jose Police Department	<b>2</b>	x	<b>2</b>	x
San Jose Fire Department	<b>2</b>	x	<b>2</b>	x
San Jose Redevelopment Agency	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Office of Emergency Services	x	x	<b>2</b>	x
Youth Services	<b>1</b>	x	x	x
PRNS Anti-Graffiti Program	x	x	<b>2</b>	x
CIP Action Team	<b>0</b>	<b>0</b>	<b>0</b>	x
Council Offices/Council Event	x	x	x	x
<b>Total</b>	<b>12</b>	<b>4</b>	<b>15</b>	<b>5</b>
<b>Average Rating</b>	<b>0.8</b>	<b>0.3</b>	<b>1.0</b>	<b>0.3</b>
<b><u>LEVEL OF PARTICIPATION</u></b>	<b><u>DEFINITION</u></b>			
<b>0</b>	No allocation of staff time for delivery of NDC services			
<b>1</b>	Little allocation of staff time for delivery of NDC services			
<b>2</b>	Periodic allocation of staff time for delivery of NDC services			
<b>3</b>	Significant allocation of staff time for delivery of NDC services			
<b>x</b>	Other services such as translation services, community events, and outreach			

**Source: Auditor analysis of NDC information.**

*NDC's Performance Measures*

The NDC tracks its performance measures through the core services that are directly related to the Neighborhood Livability Services budget document. Performance measures are tracked for the purposes of allocating resources and budget. Exhibit 8 summarizes the NDC's performance measures including the reported year-to-date performance.

**Exhibit 8 Summary Of NDC's Performance Measures 2001-02**

<b>Number</b>	<b>Measure</b>	<b>Targeted</b>	<b>Tracked</b>	<b>Targeted Performance Measures</b>	<b>YTD<sup>14</sup></b>
1	% of targeted neighborhoods/communities requesting or requiring services that are actually served in one year	Define by residents through phone calls, walk-ins, and referrals from other programs such as SNI and Council's Offices	Staff tracked requests and provided services	<b>80%</b>	<b>90%</b>
2	% of trained residents reporting/demonstrating improvement in their ability to address community issues	Residents who requested services, referral from other programs, and recruitment by NDC staff	Residents who received training through NDC training such as Neighborhood Academy and training programs	<b>80%</b>	<b>76%</b>
3	% of all customers surveyed will rate services very good or better	Citywide (mandated from the City)	Citywide		<b>96%</b>
4	Total # of neighborhoods served	Count all neighborhoods that requested services and received services	Citywide	<b>100</b>	<b>122</b>
5	# of training/workshops	Internal measurement (count all training & workshops)	Citywide	<b>100</b>	<b>152</b>
6	Total # of neighborhood Coalitions/groups developed	Citywide - All groups that were assisted by NDC or SNI staff	Citywide: Non-SNI groups developed by NDC staff or SNI group developed by SNI staff	<b>25</b>	<b>128</b>
7	Total # of customers responding to satisfaction survey	Citywide (mandated from the City)	Citywide	<b>500</b>	<b>462</b>

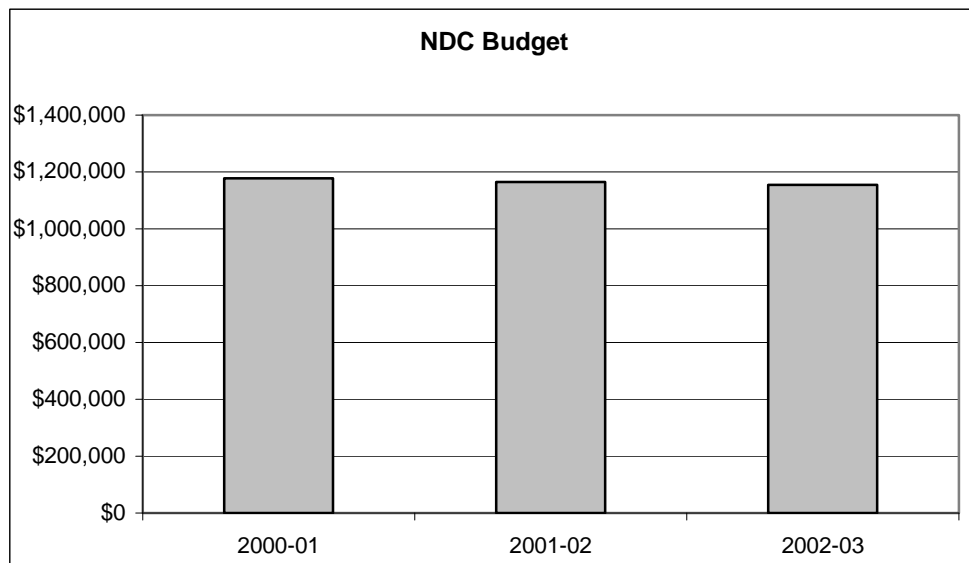
**Source: Auditor summary of NDC data.**

<sup>14</sup> The year-to-date figures have not been verified, rather, they are listed as reported by the NDC in 2001-02.

**Budget And  
Organizational  
Structure**

In 2002-03, the NDC's budget was about \$1.15 million of which \$662,000 is for personal services and \$493,000 is for non-personal services. The NDC's budgets in 2001-02 and 2000-01 were about \$1.16 million and \$1.18 million, respectively. Exhibit 9 shows the NDC's budgets in 2000-01, 2001-02, and 2002-03.

**Exhibit 9 NDC Budget From 2000-01 To 2002-03**

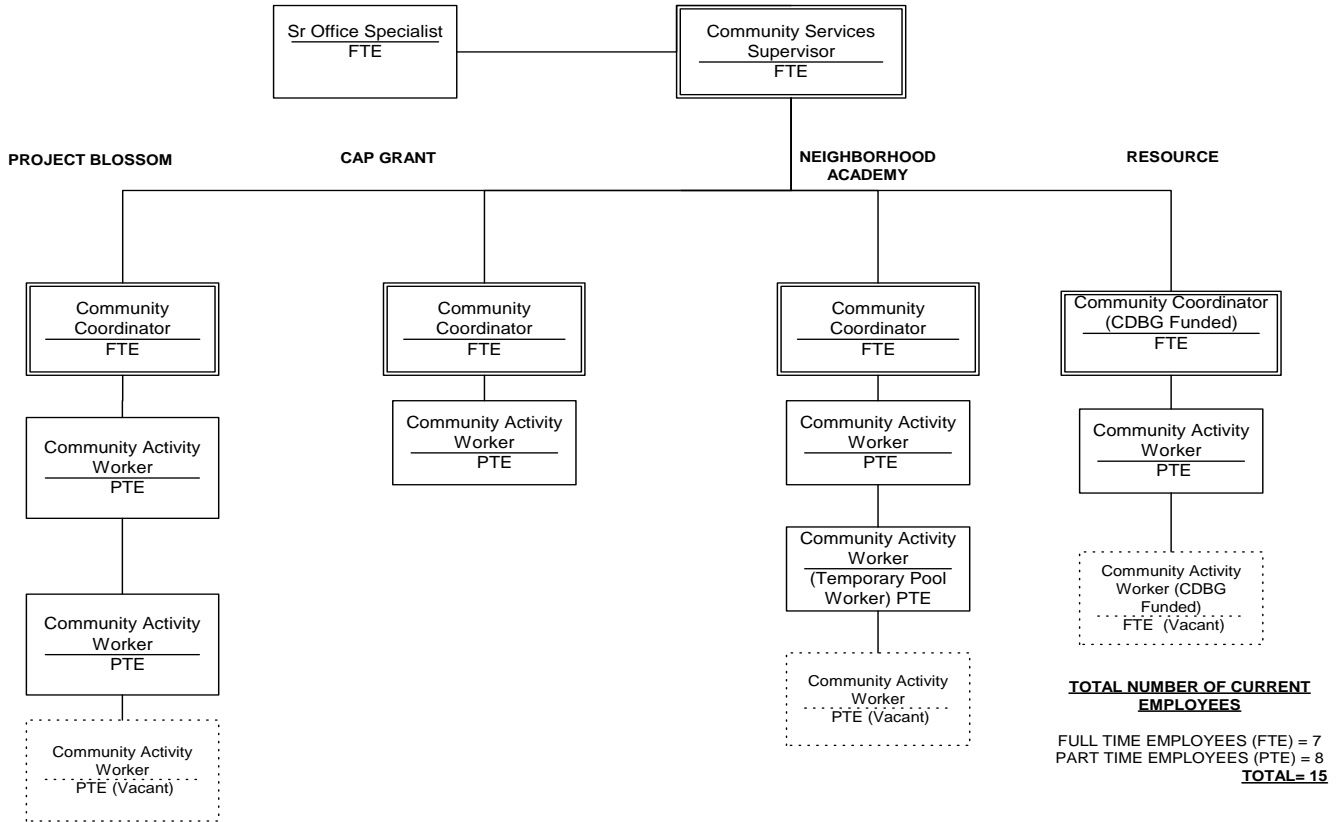


Source: Auditor analysis of NDC budget.

**Organizational  
Structure**

The NDC has 15 budgeted positions, of which seven are full-time and eight are part-time, working less than 40 hours per week. Of the 15 budgeted positions, 12 are currently filled. These include one Community Services Supervisor, four Community Coordinators, and six Community Activity Workers, (of which one is a temporary pool worker), and one Senior Office Specialist. The NDC currently has three vacant Community Activity Worker positions. Exhibit 10 shows the NDC's organization chart.

**Exhibit 10 Neighborhood Development Services - Organization Chart**



*Staff Qualifications*

Staff qualifications, comprised of educational background and prior work experience, for the ten<sup>15</sup> NDC staff persons range from a Masters degree in Audiology to a high school diploma. Additionally, seven of the ten staff members have had prior relevant work experiences such as active community involvement. Exhibit 11 summarizes the NDC staff qualifications.

<sup>15</sup> Excluded in the summary of the staff qualifications are the Senior Office Specialist and the Temporary Pool Employee.

**Exhibit 11 Summary Of NDC Staff Qualifications**

<b>Position</b>	<b>Number Of Positions</b>	<b>Number Of Staff With A Bachelors Degree Or Higher</b>	<b>Number Of Staff With Relevant Past Work Experience</b>
Community Services Supervisor	1	1	1
Community Coordinator	4	3	4
Community Activity Worker	5	2	2
<b><u>TOTAL</u></b>	<b><u>10*</u></b>	<b><u>6</u></b>	<b><u>7</u></b>

Source: Auditor summary of NDC-provided information.

\*Excludes the Office Specialist and the Temporary Pool Worker.

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**RECOMMENDATIONS**

We recommend that Code Enforcement, PRNS, and the Housing Department:

**Recommendation #1 Resolve Property Owners’ and Tenant Training Program ownership, authority, funding, and management responsibility issues and prepare a formal Program workplan with specific goals and objectives. (Priority 3)**

We recommend that PRNS:

**Recommendation #2 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)**

**Recommendation #3 Require Project Blossom staff to document and report to PRNS management how they spend their time on Project Blossom activities. (Priority 3)**

**Recommendation #4 Reconfigure and consolidate the Neighborhood Academy. (Priority 2)**



We recommend that PRNS:

**Recommendation #5**

- **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)**

**Recommendation #6**

**Make full use of the grant management oversight clause in its agreement with the Community Foundation Silicon Valley. (Priority 3)**

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# Memorandum

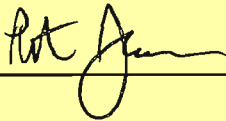
**TO:** GERALD A. SILVA  
CITY AUDITOR

**FROM:** Sara L. Hensley

**SUBJECT: RESPONSE TO AUDIT –  
NEIGHBORHOOD DEVELOPMENT  
CENTER**

**DATE:** 06-30-03

Approved



Date

6-30-03

## BACKGROUND

Thank you for providing us with the opportunity to review your final draft report entitled “An Audit Of The Neighborhood Development Center.” We are pleased to provide you with the Department’s formal response to Finding 1 and the six recommendations included in this report.

As you know, Parks, Recreation and Neighborhood Services (PRNS) is currently re-structuring the Department. Effective July 1, 2003, the Neighborhood Development Center (NDC) will be moved to the Administration Division of the Department. Moving the NDC to the Administration Division will immediately address the specific issues identified by the report in the following manner:

- (1) Management – The Administration Division will assume all management responsibilities for the NDC. We anticipate that the currently vacant Community Services Supervisor position will be filled by early August. The on-site supervisor will be responsible for overseeing the day-to-day activities of the NDC. PRNS has given notice to terminate its current lease for the NDC and continues to search for an alternate location. If it is not possible to find City owned space, the amount of projected savings in finding #1 may decrease.
- (2) Workplans – The new Community Services Supervisor will be responsible for creating individual workplans for Project Blossom, Neighborhood Academy, Resource Coordination, and Community Action and Pride programs. In addition, the supervisor will develop a tracking system for all NDC staff to track their time allocated to specific projects and general NDC administration duties.
- (3) Staffing Plan – The Administration Division will carefully consider the NDC’s job descriptions, workload levels and training procedures to determine if changes can or should be made immediately. Changes in classifications will be made if the Department finds a new arrangement of positions that function more efficiently for the NDC.

The responses in this report reflect changes to be made as well as demonstrate program changes to be implemented by the Administration Division after the NDC's transfer in July. Listed below are the Departments' responses to the Finding and Recommendations included in your report. We concur with all of the recommendations made in the report and plan to implement them as soon as possible.

## RESPONSES

**FINDING #1 – Agreed-upon changes in the Neighborhood Development Center will save the General Fund \$448,000 during 2003-04 and 2004-05 and additional savings are possible.**

**Recommendation #1: Resolve Property Owners' and Tenant Training program ownership, authority, funding, and management responsibility issues and prepare a formal Program workplan with specific goals and objectives. (Priority 3)**

**PRNS, CODE ENFORCEMENT, AND HOUSING RESPONSE:** PRNS, Code Enforcement and Housing met on June 24, 2003 and all concur with this recommendation. Code Enforcement has agreed to take full responsibility of the Property Owners' Training program since the source of funds is remitted through the residential occupancy fees. The Housing Department will explore opportunities to pursue tenant outreach with the assistance of the NDC and Code Enforcement. The amount of NDC's involvement in either of the two trainings will be determined by the three departments (PRNS, PBCE and Housing). It is anticipated that this recommendation will be implemented by December 31, 2003.

**Recommendation #2: 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)**

**PRNS AND CODE ENFORCEMENT RESPONSE:** PRNS and Code Enforcement concur with this recommendation. Guidelines for Project Blossom sites currently exist and are being reviewed and re-vamped by PRNS and Code Enforcement management. A comprehensive budget will be developed in order to effectively manage the program's expenditures. Respective managers from PRNS and Code Enforcement will determine the goal(s) and objectives of the program in developing and refining the program guidelines. These guidelines will include a component which focuses on supervisory review to ensure program oversight. It is anticipated that this recommendation will be implemented by September 30, 2003.

**Recommendation #3: Require Project Blossom staff to document and report to PRNS management how they spend their time on Project Blossom activities. (Priority 3)**

**PRNS RESPONSE:** PRNS concurs with this recommendation. Management will develop a time keeping system for Project Blossom and all Neighborhood Development Center (NDC) staff. Cost centers will be created for each Project Blossom training program and NDC administrative duties in order to facilitate cost tracking and budget management for the program.

PRNS anticipates that this recommendation will be implemented by November 1, 2003.

**Recommendation #4: Reconfigure and consolidate the Neighborhood Academy. (Priority 2)**

**PRNS RESPONSE:** PRNS generally concurs with this recommendation. We will evaluate other methods to provide the information contained in Series II and III training. Training is a critical component of the City Council approved Neighborhood Development Center (NDC) 5-Year Business Plan. As outlined in the NDC business plan, the Academy and other trainings will be tailored for individual Strong Neighborhoods Initiative (SNI) neighborhoods. The SNI Business Plan identifies this strategy as well. All current staffing resources will be needed to successfully implement the 5-Year Business Plan. Any capacity savings identified from changes to the Series II and III trainings will be used to increase training opportunities for department staff and community members. A specific workplan, in addition to a time tracking system, will be developed for the Neighborhood Academy. PRNS anticipates that this recommendation will be implemented by September 30, 2003.

**Recommendation #5:**

**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 requiring 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)**

**PRNS RESPONSE:** PRNS concurs with this recommendation and has already undertaken the tasks associated with implementing this recommendation. PRNS realizes that significant improvements are needed in the Community Action and Pride (CAP) program and has moved it to the "Grants Unit" of the Administration Division, which also has responsibility for Community Development Block Grants program, Healthy Neighborhoods Venture Fund program and the Bringing Everyone's Strengths Together (B.E.S.T.) program. This will give the CAP program staff an opportunity to tailor their grant guidelines to be consistent with other City grant programs as appropriate. Specifically, grant guidelines, application questions, evaluation criteria, and follow-up/monitoring procedures will be revised before implementation of the next grant cycle. The CAP program will be managed by the department's Administration Division.

CAP is already working in collaboration with other City and community grant programs to address issues identified in the audit. Staff has already incorporated many of the audit recommendations in Cycle 17 CAP grant awards. Staff has improved the Notice of Understanding (NOU) between the City and the neighborhood associations receiving the CAP grant funds to better document the conditions of grant award. The NOU now includes the scope of the grant, the items not funded, and the reasons. PRNS continues to develop CAP grant

## APPENDIX A

### DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The City of San Jose's City Administration Manual (CAM) defines the classification scheme applicable to audit recommendations and the appropriate corrective actions as follows:

<b>Priority Class<sup>1</sup></b>	<b>Description</b>	<b>Implementation Category</b>	<b>Implementation Action<sup>3</sup></b>
1	Fraud or serious violations are being committed, significant fiscal or equivalent non-fiscal losses are occurring. <sup>2</sup>	Priority	Immediate
2	A potential for incurring significant fiscal or equivalent fiscal or equivalent non-fiscal losses exists. <sup>2</sup>	Priority	Within 60 days
3	Operation or administrative process will be improved.	General	60 days to one year

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<sup>1</sup> The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number. **(CAM 196.4)**

<sup>2</sup> For an audit recommendation to be considered related to a significant fiscal loss, it will usually be necessary for an actual loss of \$25,000 or more to be involved or for a potential loss (including unrealized revenue increases) of \$50,000 to be involved. Equivalent non-fiscal losses would include, but not be limited to, omission or commission of acts by or on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens.  
**(CAM 196.4)**

<sup>3</sup> The implementation time frame indicated for each priority class is intended as a guideline for establishing implementation target dates. While prioritizing recommendations is the responsibility of the City Auditor, determining implementation dates is the responsibility of the City Administration.  
**(CAM 196.4)**