

2004

CITY COUNCIL GOVERNANCE COMMITTEE MEETING

February 12, 2004

12:00 p.m.

Municipal Plaza Room 6

103 Main Plaza

The meeting was called to order at 12:00 p.m. by Chair, Mayor Ed Garza, with the following members present: Perez, Castro, Hall, Schubert; Absent: None.

Staff members present: Anita Vela-Johnson, Rolando Bono, Christopher Brady, Milo Nitschke, Kevin Dolliole, Lena Ellis, Dom Smith, Frank Melton, Patricia Major, Yolanda Ledesma

- I. Presentation by Patricia Major, City Auditor, on the following items.
 - A. Discussion of the final report for audits of the Aviation Department Parking Operations, and Landing and Refueling Fees.
 - B. Status of ongoing audits.

Ms. Pat Major presented the report on the Aviation audit noting that she would be submitting the report on Friday with the transmittal letter. She outlined the timeline of the audits, the areas of contracts reviewed such as the Facility Management System issues, signatory and nonsignatory aircraft landings, and fixed base operators services. She stated that the timeline for implementation of the system was long due to the operational testing problems, thus having a loss of data. She spoke to the landing fees and the process for collection of the fees, noting there was no place for the City to monitor the process. With respect to fuel issues, Ms. Major stated there needed to be a way to identify which aircraft are there for refueling in order to collect on a regular basis.

Ms. Major further spoke to the parking operations, noting the revenues collected which was mostly cash. She stated it was important to make every effort to report revenues and deposits, and while tracking was there, there is still opportunity for non-registration of dollars. She highlighted certain recommendations in order to strengthen controls, such as strengthen cash and cash equivalent controls, improve the computer system, the parking revenue collections and improve policies and procedures.

Deputy City Manager Rolando Bono spoke to the matrix developed by staff to address areas of concern and improvements which have been made. He noted there were some pricing issues to evaluate especially with technology, implementation, and the transition of employees, adding that a number of employees were no longer employed there.

Mr. Kevin Dolliole, Director of Aviation, spoke to the audit report, noting that staff would be looking at internal controls to assure they would be in place. He stated that staff was diligently working to increase controls, although adding that some would be costly. He stated that parking revenue was under budget in FY 01 and 02, but also acknowledged there were factors that attributed to the decrease such as 9-11.

He stated that a comparison had been done with peer airports at that time, and it basically showed the same outcome from all with the exception of Columbus and Sacramento.

Mr. Dolliole, explained the calculations of the landing fees, citing that the summary report included certain operations that are exempted such as military operation aircraft of which landing fees are calculated for this type of operation. He expressed concern on how the landing fees were shown, and requested that source documents be provided in order to evaluate and respond to the report accordingly.

In response to Mayor Garza with respect to the cash flow and receipts, Mr. Dolliole stated that in a parking operation, there is a certain number of vulnerability regardless on how tight the operation is. He suggested that changes in signage could be an idea to consider.

Deputy Manager Bono spoke to the effectiveness of the operation and cost for more controls. He cited the problems that had been there some years back, but noted there were numerous changes and improvements at Aviation to address those problems.

Councilman Schubert expressed concern on the cost effectiveness of the extra controls.

Mayor Garza recommended that discussion continue the following week to review the matrix and have more dialogue.

Meeting was adjourned at 12:58 p.m.

Mayor Edward Garza, Chairman

Yolanda Ledesma
Acting City Clerk