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>> Councilmember Nguyen: I apologize for being a little late. At this time I'd like to call the public safety finance and strategic support committee to order. And we will start with item B review of work plan.

>> At has last month's meeting the committee requested to review the full work plan from here through June. I just want to call out that under today's item B-2 there is a request for a deferral of the scuff home loan program. It's not noted in the work plan as B-1 but that would be an item that we would add with approval of that deferral. I also wanted to provide two verbal updates. The committee directed the police department to return with a -- some follow-up information on the retiree rehire program that is a referral that the committee reviewed as part of the civilianization project. We'd like to come back with a committee report on that on March 18th. And also just to call to your attention that as part of the city council's retirement governance policy action we have already added and proposed the quarterly report of the retirement board investments on to the May 20th committee agenda. Other than that this represents the -- with those additions this represents the complete work plan.

>> Councilmember Nguyen: Thank you. I guess -- are there any questions from the committee members?

>> Councilmember Constant: I just want to say thank you, because I'm the one who asked for this. With all the activity we had with deferrals and it was kind of hard to keep track of what was coming back when and I appreciate the work that went into it and motion to approve.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: Okay we have a motion and second to accept the report. All those in favor? Hearing none, motion carries. Thank you. Move down to item C, consent calendar. Any questions or comments from committee members? Oh, well, we don't have any questions or comments but we do have someone from the audience who wishes to speak on this item. Mr. David Wall.

>> David Wall: The subject matter of today precluded me from continuing with orchard related duties. But on C-4 I would like to support finance in their efforts to -- for their program collections. But I would like to ask a question. Can improvements be made in the monitoring and reporting of delinquencies be in such a matter that will eliminate or minimize shortfalls to reduce any negative influences to allocation to specific program funding, specifically could it be included in future agreements, a liquidated damages clause for businesses who are delinquent and do not notify in a timely manner so that your program allocations will not be so affected. Thank you.

>> Councilmember Nguyen: Thank you. Anyone else? Okay. Can I get a motion?

>> Councilmember Constant: Motion to --

>> Councilmember Oliverio: Second.

>> Councilmember Constant: Yep.

>> Councilmember Nguyen: Okay, we have a motion and second to approve the consent calendar. All those in favor, opposed, motion carries. Now we move down to D, committee reports, item 1, report on infrastructure priority projects.

>> Good afternoon, chairperson Nguyen, members of the committee, Steve Ferguson, chief information officer and with me is Vijay Sammeta, deputy director for infrastructure. You have a report in front of you. I'll just offer a few highlights as I usually try to do. Priority projects are listed, police substation, happy hollow, 55 South Market and VOIP development. Projects are all being done in light of new project priorities we have also listed in the memo. These are things that are driving our -- or using the attempt to drive the cost structure of the infrastructure projects down, and that's focusing on off-the-shelf components, looking at every opportunity to utilize software as a service or cloud computing as we deploy solutions and consolidating the number of platforms and infrastructure into more manageable levels. There are two areas, additional areas that I wanted to highlight for you today, because I think in your roles as councilmembers you may get questions about these, and that's what is in the report and that's the status of the American investment -- reinvestment and recovery act. And a second is one that

developed this week, a proposal from Google for strategic fiber deployment, I just wanted to give you a couple quick highlights on those. In the ARRA area, we are in our second round of funding with ARRA. And unfortunately, the proposal process continues to put roadblocks in our way. And these -- they're clearly looking for projects that are in underserved and unserved communities and it's very difficult for us to find a project in an urban area like San José. And this is a common problem that I find talking to my colleagues across the country. Counties are having far more success in getting ARRA money because they have a rural component than cities are. There's also a roadblock of about 20 to 30% match and this last round of funding, they indicated that they wanted to find projects that were \$5 million and up. Well, for us that's a one to \$1.5 million match that we would have to accumulate to even apply. The second item as I said I wanted to highlight, was an issue that came out this week from Google. Google has announced an initiative to test broadband to the home. They are looking for communities that would be interested in participating. We have acquired the RFI, the information looking at the website. We are in the process of evaluating our opportunity to respond to that RFI, and as time moves on, I will use the City Manager's weekly report to keep you updated on decisions and things that we have as we move through that. The proposals are due March 26th, and they're looking for 50,000 to a half-million customers that they would serve with this gigabit broadband to the home, which basically means fiber to the home. So as that develops, I'll continue to keep you informed of it. Be happy to answer any questions you might have over the other information in the report.

>> Councilmember Nguyen: Thank you Steve. Councilmember Constant.

>> Councilmember Constant: Thanks. I wanted to ask if you could expand a little on, in your conclusion section, the second paragraph where you talk about as we minimize your resources, and your ability to deliver services, the shifting of individual departments and units trying to do things themselves and the cost implications and the silo effect. Is there anything you can add to that, to kind of maybe give us a picture of what the opportunity costs of not doing what we need to do is?

>> I think what we're trying to highlight there is as we go through the budget process and we submit proposals for budget reductions, one of the things that we're seeing is, a transition to decentralized I.T. as departments try to sustain their own capacity. What we are afraid of is as departments look at solutions they're going to look within their silo and we may see more opportunities for departments deploying similar solutions, identical solutions themselves. Doubling the cost or tripling the cost. As opposed, to if we did it as a city project and raised all boats at the same time.

>> Councilmember Constant: So how might we be able to create maybe an intervention work or something so that when we -- we know next year what the targets we've given you, the 35 what are percent that you're going to have to make some major, major changes into how you deliver services. How will we be able to catch when those things are happening, say department A buys a system and department X buys almost an identical system and we're paying double. How are we going to be able to catch that so it doesn't happen?

>> I think the only way that you'll catch it is if the requests come to council for approval and they're reasonably close to each other. If they're far part you may not see it. I know we're going to continue to be involved and we're going to encourage departments to work collaboratively together but our capacity to do that is continuing to diminish.

>> Councilmember Constant: I don't know what we need to do but I think it's something that from the City Manager's office I think we really need to look at. Because I don't want to be penny wise and pound foolish and do things that are going to end up having exponential cost increases in the future.

>> I was going to ask if Steve, if you could comment on the technology leadership council or consortium and whether that might be an area that could serve in that capacity.

>> Excellent suggestion. Get my mind -- yes. We just recently, as a result of some work done by management partners in looking at how we deliver I.T. services, one of their very positive recommendations was to get back into establishing a good governance committee. So working with the City Manager's office we are proposing to establish a technology leadership council which will be senior staff and the focus of that council will be to approve the project portfolio for the city. That project portfolio will be what drives the budget requests. So I think there's an

excellent opportunity to leverage that leadership council in avoiding the situation that you're talking about. We haven't had our first meeting yet, we're just getting started but it's one of the pieces we put in place to help reduce the impact of the matter you're talking about.

>> Councilmember Constant: I think for minor software licenses where it's \$300 because somebody wants photoshop is one thing but when we're talking about major systems it's something, I think we have to have a defined plan just so we make sure we're not doubling our costs in year three, four or five.

>> Right, agreed.

>> Councilmember Constant: Thanks.

>> Councilmember Nguyen: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you. On the Google ISP fiber to the home I look at the RFI online it's just things like how many people do you have, what's the weather, really basic rudimentary information. Why not just apply? Is there some hesitancy at all?

>> Not real hesitancy. It hasn't been you know an official reply hasn't been approved yet. I wanted to let you know it's happening, idly, personally, the city would -- the odds of us applying are very, very good. And unless we saw something like we see in the ARRA situation which I haven't seen yet, then I say we're probably going to be in the -- I suspect we'll be on the list.

>> Councilmember Oliverio: Okay, so fundamentally you're telling me that it's the intent of the I.T. department under the City Manager's office to submit to the RFI to Google so we can be one of the candidates to receive this so we're right in the backyard yet?

>> Yes.

>> Councilmember Oliverio: I feel much better with that, thank you. Move to accept the report.

>> Councilmember Nguyen: Is there anyone in the audience who wishes to speak on this matter? We have a motion -- Mr. David Wall.

>> David Wall: First we can barely hear you in the back or perhaps it's just me in the failing years of my life. The issue here is from a taxpayer's perspective, the situation at I.T. is not acceptable. It's not acceptable in the sense that as the capital of Silicon Valley, I.T. should be the premier department outside of the San José police department. This means funding. Lack of funding for decades either at city council or City Manager priorities has led me to believe that the only way to save I.T. and keep it immune from any more interferences is as a graduated tax increase as part of a budget allocated program for the taxpayers to discern, to create an annuity, modification of the city charter to make a direct-report from the I.T. directly to council and bypass the encumbrances and inefficiencies associated with the office of the City Manager. This situation should never have arisen. It makes San José look like a broken down ox cart and these folks need emergency funding to allow them to rebuild the infrastructure of our information highway. Thank you.

>> Councilmember Nguyen: Thank you. We have a motion and second to accept the report, all those in favor, opposed, hearing none. We microphone to 2, report on Real Estate services and asset management accomplishments and work plan.

>> Peter Jensen, director of general services. I'm joined by Matt Morley our deputy director who is getting the presentation queued up. I wanted to start by reminding you of the key guiding principle for real estate services and asset management that was approved by the city council last April, and that is the principal service for real estate is to support the cost effective delivery of city services to the community. We see three building blocks that we have worked on, during this first seven months that we've had this responsibility that are really the foundation to be able to accomplish this. One is certainly information on the portfolio. We've got more than a thousand parcels and needing to understand what all that is. Getting the right mix of the resources, and that means to me,

the staffing that we have in combination with the use of brokers and those kinds of things and where is that appropriate and what are the roles. And then aligning all of our ordinances and policies to this direction. We are still coming back as Matt will talk about in his part of the presentation, we'll be coming back to council with some changes that were part of that original April memo. What that foundation will do is put us in a position to serve the role of bringing the revenue possibilities to council, that are associated with different piece of property, working with city departments to help council understand the service delivery impacts of that particular parcel, and being able to put the council in a position where it's got all the information on both the revenue side and the service side, to make the policy decisions that you need to make. With that I'll turn it over to Matt to walk you through our progress so far and what we see for 2010.

>> Thanks Peter so I'm going to start us off with what we've been working on our current work activities. Obviously our main focus has been revenue. Currently we have \$275,000 for revenue for the current fiscal year. Our target is 1.8 million. We think we will hit that target at the end of the fiscal year, given the properties we have lined out moving forward. We are focusing on larger properties, larger more important things one we're all familiar with is the former City Hall and I think you're all aware that we are in discussions with the county on be potentials there and will continue exploring options moving forward in that facility. And right in the same neighborhood is the E lot which provides, puts some good potential. We noticed to watch that, or mitigating needs for the parking should we do something with the City Hall lot so there is intertwining of that piece of property. Story Road landfill, west side and east side, west side currently has a radio tower lease on it that takes up a good portion of the property and then with that, and some mitigation in riparian areas most of that property is being utilized. The east side is currently not being used, and there's certainly some potential there that we'll be exploring moving forward. We have had a little bit of interest on that one from a new technology around solar company so with any luck that will continue to move forward. And the other landfill is the singleton landfill. The big part of that is working with PG&E to another possible solar installation there so we continue talking with PG&E to explore that option. We have the water pollution control plant that we're talking about one we call the nine par parcel, that one is most active now, we're in lease discussions with a company called zerowaste which will do a waste-to-energy project on that site, and we're halfway through negotiations on that one so good chance to that coming to conclusion. Some of the other activities we have in progress as Peter talked about we have some municipal code and policy code changes, the goal there is to make us more agile and streamlined in the things we're doing. So the highlights being, creating some additional sales methods. Right now we're limited to auctions and dealing with adjacent property owners and we'd like to have a more competitive process, an RFPish type of process that we can work through to allow us to get a better deal and work through these properties as we move them forward. And then on the policy changes we have a below market rate policy, council policy 7-1 that we'll be bringing back with some recommendations to create a competitive process for the individual sites. And then also to do some clarification items in the current policy and then most importantly to establish a check-in with individual nonprofits so that we are able to validate that they're providing core city services and what they're operating in our facility. We've also had several audit recommendations over the years that we've been working through trying to wrap those up. Some of the highlights there include centralized lease tracking. Currently we have a decentralized model throughout the city, we're trying to bring that together in one location so we can watch it. We certainly won't be monitoring everybody's certainly won't be applying all of the leases in general services but we want to be able to understand what everybody's doing and watch it and help them along. Along with that comes some buildings and collection -- billing and collections procedures we will be able to work with so the city is unified in how it handles everything. Again working with the below market leases to report to them how much their rent would be if it was a market rate so they can use that information in their tax efforts. We have several council referrals that are out there. The first one is benchmarking where we've actually gone out and talked with municipalities and private sector companies across the nation to identify what they're doing on real estate services. We found a couple interesting bits of information through that process. One it was a general feeling that having a detailed information on our portfolio was important. Having a complete understanding. We're working towards that and I'll hit another highlight on that later. And then having a clear strategic plan and I think Peter led us off with an idea where we're headed strategically to try and ensure that we're being as productive as we can with our assets. And then there was some areas in our survey that we realized that there is no common ground. There is performance measures, there seems to be something that's unique to municipal government and there's not a consistent performance measurement set that we can pull on so it tends to be more specific to the individual municipality. So we'll be looking hopefully to incorporate some of our own that are meaningful to us in the near future. And then we saw some variance in whether asset management was centralized in one department or decentralized, and we're certainly in the decentralized model, especially when it comes to

operations of facilities and that seems to be fairly consistent in organizations not necessarily a preference for centralized versus decentralized. Couple other quick council referrals in your memo is an outline of our nonpersonal budget expenditures for your reference, certainly happy to answer questions regarding that. And then also, golf course study that we've talked about recently in other meetings with our goal of making golf courses self-sustaining, and we'll be conducting a further evaluation continue our evaluation in that area.

Currently, we've identified encumbrances and restrictions associated with each of the titles. We've done title reports on each of the golf courses and are continuing to work through that assessment. Looking in order to the next fiscal year or the next calendar year until we come back with a formal update to you again, we're increasing our forecast hoping to increase our forecast for additional revenue this year to 5 million from our current 1.8 million target. We think there's enough property that we'll be able to sell in the next year. eer beginning our every five year property assessment where we go through our properties on a rotating five year basis. We've identified 200 individual parcels for this current year that we'll go through and assess how well they connect to our core services and make an assessment of whether we should continue the current use or identify potential other uses for those properties. And then, finally we'll continue our work on those larger properties that I talked about and with that we'd also like to add in the Hayes mansion as another item to look into and do some good research on and bring back some potentials for that as well. With that that will conclude our presentation. We're certainly here for questions.

>> Councilmember Nguyen: Okay, questions Councilmember Constant.

>> Councilmember Constant: First question is on the singleton landfill, you mentioned the review by PG&E and other solar providers. Are you talking about that in the context of us selling that to them for that use or us entering into an agreement for joint use of the land with revenue or power sharing?

>> It would be the latter, we would generate power and have a lease, that sort of thing.

>> Councilmember Constant: And then when request we anticipate seeing the golf analysis, golf report?

>> What we intend to do is do an initial analysis in cooperation with planning, OED, PRNS, to understand what are the potential uses of land so we can get an idea of what the values are that we're looking at. And then what we'd like to do is bring that back to council. Our target would be May for that, to sketch sort of the overall view of it and to ask for direction as to whether we should proceed with a full alternative use process, that would include stakeholder engagement and more detailed analysis of everything we have but we want to come in with a check-in in May so you can factor that into your bucket considerations.

>> Councilmember Constant: Okay. So I'll look forward to that in May and my vote is yes. So then I wanted to discuss attachment A on the below market rate leases. First of all, I know as you spoke you talk about -- you spoke of identifying what core services are associated with the use of these. And I just like to say this every time I hear core services. I want to make sure we're talking about essential services because everything in our city service is a core services, doesn't matter if we're buying a pen or pencil, they're both core services. But there's a big difference in my mind between what is essential and what we must or should be doing versus what we term as core. So the second is, think the information on this chart would be much more useful if we had lease term information specifically what the term of the leases are. What the other terms of the lease are, as far as financial terms, but also, the term as far as the ending date, and whether that expiration has any automatic renewals or any conditions of renewal or something like that or if they're simply on a month to month. I think that's going to be important as we try and project forward how we're going to deal with these properties. And then a minor thing, it would be nice if the dollar amounts had decimals or didn't. I didn't see a lot of difference then I realized one was a comma, one was a period. It would be easier when we're reading these at 3:00 in the morning trying to get ready for our meetings. Other than that thank you.

>> We can bring that back as part of the policy recommendation changes.

>> Councilmember Constant: Great.

>> Councilmember Nguyen: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, chair. Yeah, whether it's commas or decimals, you're talking about thousand percent differences on these leases so I think Councilmember Constant's point, I think it's what is legal, it's what's in the Chi charter. It's not what we think is core on any given Tuesday, but we have to fall back on what we're elected on, we were elected on to provide those city services what Councilmember Constant is talking about. I certainly think about on the golf study when it comes to council, the focus should be on rancho Del pueblo, that doesn't require to go to the voters, that is something we could do at council, doesn't have to go versus Los Lagos for example. And page 6 database development, cost of software to manage this information, is that \$130,000 is that correct line item?

>> Yeah, that's correct.

>> Councilmember Oliverio: Could I make a bold suggestion to understand what you want to manage with that piece? Because it sounds to me like this is just again where people want to see the same information at the same time, regardless of where it's at, and you could easily do that with a Google spreadsheet and spend zero dollars. So I just startled when I see 130. I love databases, I use them Councilmember Constantful of us do. But I just don't think 130 K for a temporary project right? We're not going to be in this business forever, we're going to try to get out of a lot of this land and get rid of it. So I would just suggest, you know, let's look on the inexpensive side first before we embark on that adventure. Unless you're telling me there's something really, really unique that you need to do with that \$130,000.

>> Just to give you an idea where we're at right now, we have a couple of databases that we use already in our facilities in fleet asset management. We're hoping that we can connect this to one of those so that we're not purchasing a whole stand alone software system, much like your conversation on I.T., how do you manage not buying a whole bunch of separate systems that may run independently. So with any luck that will all merge together, and we'll be able to take advantage of that. But given that, there is an immense amount of information that we know that we don't know about our properties that we want to gather and get into a database so we have it not only for today but for into the future including facilities like this one that will continue to have for a long time but we need to record information and have it available and reportable for the future.

>> Councilmember Oliverio: Anything else on that --

>> We wind up doing some title reports which cost money, people to do data entry, this costs money. So this 130 was seven months ago what we thought we might need and what we're finding is, that really needs to be spent in other places rather than, as you say, buying a new piece of software.

>> Councilmember Oliverio: Okay, thank you.

>> Councilmember Nguyen: Councilmember Constant.

>> Councilmember Constant: Sorry, I forgot some of my questions. This chart is below market leases. Do we have a list of all leases even those that are above market rate?

>> Yes we do, we're work hard to get those up to shape, there's approximately 80 that we manage in general services.

>> Councilmember Constant: What about spaces where we have operating agreements like the Hayes mansion where the lease so the to speak is not really a lease, it's part of an operating agreement? Do we know how many those type of facilities we have?

>> We've got five plus the Hayes. So the five cultural facilities, the museum of art, tech, rep, History San José, and I always miss one -- CDM, children's discovery museum.

>> Councilmember Constant: Okay, I just think when this comes back to council that would be good to give context, to see which ones we have at market rate, it just gives a bigger picture. I think it would be good also for us to look at how many people are or perhaps are not served at each of these location. Because if you have a location that serves ten residents a month it's a whole different picture than if you're serving 10,000 residents a

month. And then one last thing. When it comes back to council I'd love to see these columns totaled so we don't have to do it manually so that everybody who looks at the these reports online can see the delta between what our current rent receipts are and our estimates of what we could get at fair narcotic value. I did it at home, I didn't bring it with me but I know it's a huge huge delta.

>> Councilmember Nguyen: I have a couple of questions about the Hayes mansion. How much is the city subsidizing on an annual basis?

>> I'm sorry on what?

>> Councilmember Nguyen: The Hayes mansion, how much is the city subsidizing on an annual basis?

>> I think it's \$5.9 million. I'm looking at Julia to make sure she nods her head.

>> Councilmember Nguyen: 5.9. And staff mentioned that you're proposing to add the Hayes mansion and conference center to the list of properties. Are you currently doing that now or does that need a vote of the council for that to happen?

>> We're actually looking for direction from the committee to put that in our work plan.

>> Councilmember Nguyen: Okay. Enthusiastically.

>> Councilmember Constant: May I make a motion?

>> Councilmember Nguyen: Go ahead.

>> Councilmember Constant: I'd like to make a motion to accept the report to add the Hayes mansion to your work report and some of those things I mentioned.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: I didn't hear you.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: Is there anyone in the audience that wishes to speak to this item? We have a motion and second to accept the report with the additional amendments. All those in favor? Opposed, hearing none, that motion carries. Thank you. We will move down item 3 report of the police department's alternative crime prevention service delivery model options.

>> We have our consultant Amy Paul from management partners who will provide a presentation today and the police department also here to respond to any questions following Amy's presentation. I wanted just to lead off today's presentation with a couple of comments. We're asking for the committee to accept the consultant report for the evaluation of alternative service delivery options regarding the crime prevention program at the police department. We are asking the committee to direct staff to use this information to continue to evaluate the options so that the City Manager can bring back a proposal as part of the proposed budget that's to be released on May 3rd. This is following the council's direction through the mayor's June message to put alternative service delivery evaluation underway for the program. The goal today is to share those preliminary findings and to share the options that the consultant was able to surface through hurry very thorough evaluation and to hear input from the committee so that we can use that to continue our evaluation. I'll pass it over to Amy.

>> Okay, thank you. Good afternoon. I know you've got the PowerPoint in front of you so I think I'll just start. And I wanted to just say, as Deanna mentioned, that our objective was to identify the alternative service delivery options. And so in doing so, our primary focus was the police department's crime prevention unit. In conducting our work, we looked at all the various crime prevention programs that the city has at its disposal but the primary focus was on crime prevention unit. We -- well, you've got the methodology slide there so you can see what we

did. But I did want to mention that the department was very helpful, police department was very helpful in responding to our request, talking to us about their priorities and that kind of thing. And as the chief sent out a survey that went to large city police departments so that we could do some benchmarking, gather some best practices information about what others across the country were doing in terms of how they provide crime prevention services and what their organization looked like. And we have eight responses to that survey, and you've got those in the report. And as you I'm sure noticed there is a wide variety about how those services are being currently provided and how they were provided in the past because we asked that as well. I do want to mention just in terms of limitations, we started this work in November, and at that time, the current budget situation was quite different. And so I want to just point out that the recommendations that you have are somewhat dependent, in some cases, on other departments. But right now, we don't really know what those capabilities are going to be. Again they're all options but I did want to make sure that everybody realizes that if we're asking for example the strong neighborhood initiative in one example to be able to provide some of those crime prevention services that way, that may not be the final ability -- they may not have the ability in the end, based on budget -- on their budget situation. And so that's just something I wanted to mention. I also want to mention that it is very likely that some crime prevention activities will be eliminated. So that obviously the chief will be making decisions about that and those -- whatever decisions are made again may affect some of the recommendations. So limitations are important at this point. The department's priorities are equally divided amongst school and youth education components of crime prevention and the neighborhood services -- the neighborhood services. And you can see in the -- this slide that the programs and services that are provided. The top tier are actually programs that are broad in scope, whereas the one -- those labeled presentations are literally presentations where the department has been going out and delivering these types of presentations in different -- to different groups as they're asked for, and as their requests come in, as their resources allow. So you can see where -- they're divided by those two primary areas, and there's a lot of them. There's a lot of really good content that the department has between. One of the things I think is important as the referral noted is that San José has a very, very good, low crime rate, one of the best of all the large cities in the country. They've obviously been very successful in keeping with their crime prevention programs. That being said, there are some overlaps between the police department's efforts and the efforts of other city departments. And so in the cases where the target audience are the same and the programs are different we were trying to find those commonalities and be able to recommend that -- what the best methodology might be to keep the costs lower and recognize the resources that there's not the same ability anymore to duplicate or overlap in services. And so again, those recommendations are based on that philosophy. This graphic shows the variety of crime prevention services that are available to the city. It ranges from the crime prevention unit itself, other units in the police department, and as well as even the national crime prevention council that has some free materials available on their Website as possible linkages, even. We wanted to show the breadth of what's available to the city in various formats. I wanted to just go ahead and give you an overview of our recommendations and then answer any questions that you have. The very first thing that's here is probably a philosophical recommendation in some ways, but it's basically rethinking crime prevention, as across the city, so that the activities are really viewed as a compendium, regardless of agency, it won't matter, as long as the majority -- whatever you could provide in crime prevention is available rather than that exclusive activity, it's a crime prevention unit. You will see there are examples in the report certainly lots of them. I'm just going to refer to strong neighborhood initiative again because those are a place where those folks are already working in targeted areas. They, with training from the PD, they could easily go ahead and provide those crime prevention services in those areas, and that would be at a neighborhood level, even, whereas they need the cooperation of the PD but they work a resource to actually deliver services. And there are other examples where that will come into play as well, some of the PRNS programs, community based programs, wide variety that may be able to help with those programs. Again, I want to stress that the police department has developed some really high quality programs that when they're shared will be very beneficial to others. Recommendation 2, that is the SNI and I just spoke about that. But it is -- it would actually be -- our recommendation is to assign the responsibility make it explicit and that the police department again if they had the resources available would be providing training for those SNI folk so they could provide the services in the neighborhoods where they are most active. This recommendation, the recommendation 3, to utilize the specialists currently devoted to the challenges and choices program, to spend some of their time providing neighborhood services is one of those limitation issues, because we don't know in the police department budget what the options they're going to finally come out with will be. If the four positions are retained, then our recommendation would be to cut back on some of the school based programs, focus on hot spots and go ahead and use some of those resources to provide services to the neighborhoods. And obviously, there would be a lot of work that would need to be done in terms of where priorities would take place, what schools would be able to have those service bit

that would be able to be worked out again if those resources are still available. Recommendation 4, identify assignments for police reserve unit volunteers and maybe P.A.L. volunteers, to provide crime prevention services in neighborhoods using those volunteer resources. There are I would say that the police reserve units is much more likely to be able to do that kind of activity. I know that volunteers are iffy and cannot have a community meeting where you are expecting somebody from the police department to show up, and they don't show. But the police reserve unit volunteers actually do get scheduled, and that is the reason for our recommendation here. That would provide some additional resources for the department to be able to use in a neighborhood capacity. Recommendation five is important because right now, there -- the police department Website has some really excellent areas. And I'm -- I would say that crime prevention is not one of them. They have fabulous materials developed but those materials are not available on the Website. Around so our recommendation is that the materials that are currently available all for the presentations and going pretty much everything that their currently using for crime prevention should be put on the police department Website and made available so that everybody who would like it would have it. And I would even go so far as to include the challenges and choices curriculum which I know is not a popular idea among some of the folks that provide that program. But still, if it was there, police -- the schools, parents and teachers would have it available. Again, if it's not in a classroom there's no resources for that. At least they could have it available to potentially use it themselves. We're talking about here the City's Website and possibly through cable access channel to be able to expand those materials maybe that are available, maybe as simple as a link to the police department and other places. But currently there are some video and PowerPoint crime prevention training that is available free of charge through the national crime prevention council and so even those kinds of linkages would be valuable. The police department is the voting summary sore is already now to video taping programs and so I assume that at the point where they were ready that they would be uploaded to either the police Website and the city website, hopefully. So that may not be a huge barrier in terms of resources. Recommendation 7 is, really, although it stands alone in terms of offering crime prevention training specifically to community based agencies and other city departments, again, it will depend on resources. But they have the expertise, the knowledge, the skills and the skills currently. So a lot of this would depend on their ability to transfer some of that knowledge to others. Because it has been develop for a long time and part of the quality they have now is because a lot of care has been taken in developing those materials. This would be very important in being able to rely on others in the city to provide those crime prevention services. And recommendation 8, explore utilizing school liaison officers to delivery crime prevention programs and services in the schools. Again, I hate to keep going with the limitations but I do want to say it's hard to know even what the school liaison officers what will happen to that program and if this is realistic or not. At the time we wrote the report it certainly was real it tick, again I'm going to mention the challenges and choices materials because even if it's not realic tick for this program to be able to continue, the materials and lesson plans that are available, may be able to be offered at least in some other format, although they were designed to be delivered personally in a classroom setting, certain that curriculum could be made available in lieu of anything else so teachers might be able to pick it up and do something with it. Just a few thoughts in conclusion. This new philosophy is really going to be important in engaging all those involved in crime prevention currently, being able to utilize those service and get them pushed out. And the technology, being able to leverage technology on both the police department's Website and the city's Website will also maximize this good work that's already been started and be able to broaden the area of information that's already begun. Questions?

>> Councilmember Nguyen: Thank you very much for the presentation. I have a -- just two questions. The first one is, I didn't see in this report but in terms of cost savings, were you able to analyze or quantify of how much we would save if we would consolidate this program into some existing program? I think if you recommended with, I think was one of the recommendations?

>> Well one would-the refer was to retain the four crime prevention specialists that are already part of the challenges and choices program. And so the -- that was our assumption is that those four positions, would remain. And that the rest, which was about \$600,000, the other current positions would not be a part of that. And so we were working on that assumption. And so it's -- the savings would be from the six position he. Deanna you may want to say something about that but it was more finding the alternative ways to be able to still provide some crime prevention services and the decrease in the -- or the cost savings are really already attributed to the police department by those crime are prevention specialists I believe.

>> Amy was talking about what would be happening within the police department in terms of the one-time six positions that were added for crime prevention and the four ongoing. But the options that Amy just presented also

refer to, in the diagram with the circles around it, SNI, PRNS and other city departments. And so before we can actually calculate cost savings from any budget proposal we need to look at the options, look at the police department's budget reduction proposals, as well as the other departments that I just -- or functions that I just named, determine what are the best sets of programs going forward, before we can determine what cost savings might be achieved. And so we really struggled and that's why Amy dedicated time to the limitations in that understanding what is going to be happening within the police department and how the manager would bring forward a proposed budget, but also then what are the indirect impacts and direct impacts in some cases with the other departments and their budgets reduction proposals. So we have a lot of information to sort through. We wanted to bring this forward, so that you know what types of options are already under evaluation, and we will have some form of a recommendation within the proposed budget on May 3rd. And at that point, that's when we'll be able to talk more to actual cost savings.

>> Councilmember Nguyen: Thank you for that clarification. And then the final question and this might be a little stretching it, but I notice that on page 31 in attachment C, Long Beach had a formal crime prevention before 2001, and then in 2001 they cut it. Again, this is kind of stretching it out a little bit, but did you get a chance to see how -- what was the impact after they cut the program in terms of, you know, increasing or decreasing of crimes in the neighborhoods or in the street?

>>> No, we didn't go to that length and I really don't even have like off the top --

>> Councilmember Nguyen: That's all right. I wondered if you had had that statistical data, interesting to know what was the impact. Councilmember Constant.

>> Councilmember Constant: Couple of questions. It wasn't noted in the report but are you aware of other studies by other studies that looked at alternative service delivery models, I know we did a survey of larger police departments, but I can't imagine we're the only place struggling with this right now.

>> Well, in talking to the respondents we did not become aware of others that are you know studying it at this point. I think that it was very difficult to even discern those who have crime prevention units. We were figuring out what those units do. And it's hard to make apples to apples comparison, even. And some people call different you know organizational units, without getting into very detailed discussions that those -- that just asks the question doesn't give you what you need. So the answer is no, I haven't found -- I'm aware of others who have looked at this issue. But none that had such a robust service delivery mechanism as San José.

>> Councilmember Constant, I'd just like to acknowledge that our police chief is in the audience and he was very instrumental in getting the other cities to respond for the survey. And I would invite him, I don't want to put him on a spot, but he may have some additional information in terms of a trend or perspective that he might want to add to the question.

>> Councilmember Constant: While you're coming up I have another question that's somewhat related. I know it looks like we only looked at big police departments, and I know that's something we tend to do because we are a big city with a big department. But did we look at all at the smaller departments, because most departments don't have a crime prevention unit but they deliver crime prevention services. It would seem to me that we would be able to look at small departments for best practices for alternative service delivery models because we know they don't have the model that we have.

>> I had help on this. I'm not a police expert myself which I why I think they send me in but I did have membership from a police expert and he did not just look at the responses. And so it really was more of a look across the waterfront of what some of the best practices are.

>> Councilmember Constant: Because I know, I'm trying to remember which city it was, I think it was Walnut Creek police department, but I'm not positive. Somewhere out in that area that did a research study on alternative service delivery models, specific for neighborhood watch, it didn't go into all the other programs, but I think those are things that we should be looking for. I will try and see if I still have the information to send over to you, chief. I think we should look at things like that. The other thing I think we need to look at, and it's not explicit in the report, but maybe implied, is maybe we should be looking at a train the trainer program, where you mentioned going to

the nonprofits or community based organizations, and doing that, but I think if we could move to a program where we train and certify people to provide whether it's one small portion of the programming or more, that that might be a more efficient way that we're leveraging, the time we're spending with 10 people would then be transferred out to maybe 100 or 1000 people, and perhaps looking at some of our stronger neighborhood-based organizations, like each -- we have United Neighborhoods association, we have the Santa Clara County association, we have in different districts, like in District 1 we have a leadership group that's a core group of people who are looking for ways to do community service. I would just say that is something we should look at as well, if we end up taking one of these roads that are in the report.

>> Councilmember Nguyen: Did you have any questions?

>> Councilmember Constant: No, just if he had anything to add. I didn't have a specific one for you.

>> Rob Davis: I think what we're finding also, just from discussions I've had over the years with our surrounding chiefs in the smaller agencies, many of them are doing the same types of programs we're doing, they may be doing them on a smaller scale, rather than having one person specifically dedicated to an entire, say, challenges and choices program, they'll have somebody who is doing a variety of things and/or they're simply not doing these things and sometimes rely sometimes on a larger city to step in there and help. For instance, without mentioning the name of another city, there are many times that we actually go into another city and help because there's some San José kids also attending another city school so we'll help out on that thing. On a larger picture just two weeks ago we were having our major city chiefs conference and huge discussion in the round table discussion about how the budgets were impacting all the major cities on all sorts of situations including community services. Clearly we're not alone, every big city are looking at how they're restructuring their departments. All the major chiefs are finding them in the same exact situation as we're in and as we speak we're trying to determine what our landscape is going to look like three or four months down the road so we're not making any concrete you know, we're not tearing down any concrete path or specific area until we know more what that landscape is going to look down the road trying to figure out how we can allocate those resources on the fly. But make no mistake, this is not unique to San José. Everybody is dealing with the same problem.

>> Councilmember Constant: I sit on both the policy and the steering committee at the national league of cities for crime prevention and we have a meeting coming up and I think that's going to be one of the topics we talk about and I'll probably want to talk to you offline before I head out there but I think that's something that you're right, it's hitting every city nationwide and there's got to be a common solution or best practices that come out of it.

>> Councilmember Nguyen: Councilmember Chu.

>> Councilmember Chu: Thank you, madam chair. Sounds like a broken record but I empathize that the crime prevention is top priority and I believe that should be the responsibility of the police department. And I have some comments, regarding to the recommendation, I want to point out that SNI, not all districts have the strong neighborhood initiatives.

>> Councilmember Nguyen: Right.

>> Councilmember Chu: And on your recommendation of modernizing the crime prevention materials on the Website I think is a good one. But also, it would be mindful that a lot of people don't have access to the computer, to the Internet, and also, do we provide multiple languages on the Internet? You know, that we still, high number of residents have the language barrier as well. So I just wanted to point it out on your recommendation 5 and 6. Thank you.

>> Just so another part of that, in the report, did look at possibly the community policing centers being another conduit for that kind of information, although I know that that -- those are changing as well. But the model that was being adopted, where there's more information being taken over, libraries, that kind of thing, it would be that that would be another way, where somebody wouldn't have to rely on the Websites, but would actually have some materials available from whatever that actually becomes. They may not -- the community policing centers may not be the key any longer but the information will be disseminated through other models. And so that would be one of

those areas where as you're suggesting a variety of language materials could be available, and could have crime prevention materials there, so thank you.

>> Councilmember Nguyen: Councilmember Oliverio.

>> Councilmember Oliverio: I just want to echo the comments. SNIs are a fraction of the city so we have to have something that is citywide. I also want to echo Councilmember Constant's comments on train the trainer. I have constituents who enjoy reading thousand page EIR reports. I have one in the audience who I know has more than enough capability to learn all the data and present to a group of neighbors. I think that would be a good idea as far as figuring that out. To city management for channel 26 let's say San José PD prepares this really greatly video on crime prevention. Does the City Manager's office manage what's programmed on that channel because there's obviously a lot of air time we could put on those things.

>> Yes, we do that would be through Tom Manheim's office.

>> Councilmember Oliverio: That would be a good idea should any department produce a video resident that could be facing that, that could be plugged in on channel 26?

>> Tom would be the one that we would get in contact with to allow for additional programming.

>> Councilmember Oliverio: To the chief, is there anything in today's world where we gather information, fortify your home what to watch out et cetera, are there things you necessarily don't want exposed to anybody versus that's better to be done in a small verbal setting?

>> Rob Davis: There are some things. There are some very specific techniques we will give a community group about what you should or shouldn't do. And to the extent we get into a little bit of detail, obviously that is something that we may not want to share with a larger group.

>> Councilmember Oliverio: Or maybe not even share here.

>> Rob Davis: Possibly. But the issue for us would be this. That doesn't mean, however, that we could not come up with a videotape or some type of a video that could be put even on the Website where we would work with the neighborhood. My vision would be, we would sit down and work with the neighborhood leaders, especially the neighborhood association leaders, and say say if there are groups within your neighborhoods that are still trying to get the neighborhood watch or whatever fill in the blank type of community service program rolled out there we could have that type of a video online or on this other channel and say specifically, we could if possible we could have a police officer if they're available roll by at the end of the meeting we could watch that and then they could answer some of these questions. It's obviously not perfect but it doesn't mean we can't do something. Clearly we need to rethink this in terms of what the landscape's going to look like down the road but there are opportunities to get that stuff out the in terms of digital format and help people help themselves.

>> Councilmember Oliverio: I think that's very valuable, and I think it's also valuable that you give people a prerequisite because end everybody loves to have an officer there and do Q&A for an extended amount of time, but they really need to be on patrol. So if you can say hey, watch X amount of video, qualifying just your basic things and come to me for the higher value-added things that a police officer would be able to do, thank you.

>> Councilmember Nguyen: We will now take the public comment on this matter. Ed Rast.

>> Ed Rast: Hi, Ed Rast speaking for myself. I've been the chair and vice chair United neighborhoods I'm in my third term as president of Willow Glen neighborhood association and have quite a bit of experience in this area. I would suggest that just like a number of councilmembers said that you change out the small -- the strong neighborhoods initiative and substitute in for that, neighborhood commission. Strong neighborhoods only represent 17% of the city. Additionally, most council districts have a council neighborhood leadership group. And those groups meet generally on a regular basis, ours district 6 has 22 neighborhood associations in it. And Willow Glen a couple of years ago could test out the process, started a public safety and transportation committee. And to study the issues. And I -- we've suggested through United neighborhoods that other

neighborhoods start the same thing so that the -- that you have a group of neighbors who are constantly learning rather than just going at it one-time. Neighborhood watch also could be expanded dramatically through a combination of large group training and small group training but part of the issue the chief brought up is, officers are already stretched too thin. We've requested a number of times to have them come to our neighborhood association but they're out doing what they're supposed to be doing and they can't show up they're just understaffed. But there's a number of ways through united neighborhoods train and group training and individual small group training that you can get the thing going and go from there. But the other thing you have to remember is in this economy many of the neighborhood leaders have dropped out of volunteering because they're concerned about their job putting food on the table and basically either paying rent or mortgage and so we got a huge drop in volunteerism. But I think taking a look at the model the national sheriffs association uses for neighborhood watch which is a more proactive model than what we use also would be helpful. Thank you.

>> Councilmember Nguyen: Thank you. Mr. Wall.

>> David Wall: As someone who's operated a neighborhood watch program impromptu for over 20 years, I've made several felony arrests, misdemeanor arrests, the likes of which I've lost track of. But when I hear belly ache by neighborhood groups and associations for not direct participation with what's available 24-seven, is that their beat cops, get to know your beat cops your beat sergeants. They will give you on-time responses to knock down the criminal element. Anybody can do this. It's not rocket science within the neighborhood. But this belly aching that I've just heard is not commensurate with what can be done in neighborhoods. And be utilizing the outstanding services of the San José police department. Thank you.

>> Councilmember Nguyen: Thank you. Anyone else? Can I get a motion?

>> Councilmember Constant: So moved.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: We have a motion and second to accept the report. All those in favor? Opposed, hearing none motion carries. Thank you.

>> Thank you.

>> Councilmember Nguyen: We'll move down to item 4, quarterly report from October November December 2009 on the Consortium for Police Leadership in Equity, CPLE verbal report.

>> Hello everyone I'm Kimberly Barsin Khan and I'm the community coordinate for CPLE and I'm very pleased to be here to give you our update four our progress. There is the full report on the table there. The CPLE continues to be pleased with the progress on our research on the San José police department as the size and innovation of the projects that we coordinate in San José continues to expand. At the last quarterly update CPLE requested that the San José police department pair existing incident data with source contact initiation data. This is known as type 1 versus type 2 data. And this breakdown indicates whether a police suspect interaction resulted from a call for service, or with officer initiated. Because of the intense time requirement that it takes to hand-pair this data we didn't anticipate receiving the data at this point, and at such we have not been able to analyze it. However the CPLE has made significant progress on our research efforts while waiting for this additional data. First the CPLE is pleased to introduce CPLE researcher Dr. Jack Laser to the San José research team. He is a professor at the Goldman School of Public Policy at the University of California Berkeley. He's a social sociologist and is a leading national expert on racial profiling and bias. He's currently writing a book on base rates analyses of motor vehicle searches, with a particular focus on discretionary consent searches. He's also currently working with the Oakland police department and he'll be joining the San José research team's ongoing projects assessing the role of race in arrests. At the last quarterly update the CPLE also requested an additional ten years of data and statistics regarding San José police department's suspect arrest rates as well as nine years of additional data from the ten comparison cities that we had one year of data previously. This data was promptly collected by the police department and was received by the CPLE. And Dr. Glazer and his team will be taking the lead on the analysis of this additional data. Next, is CPLE is working on a tentative research calendar to coordinate the various research projects going on at the San José research site. We're undertaking four distinct research projects to achieve these

goals, which involve a variety of methodologies and analysis techniques across four institutions. So UCLA, Berkeley, Stanford and Stony Brook. While coordinating multiple research projects across various institutions is normally a multiyear process we're instituting an accelerated research time line to provide San José with informative results. So this research calendar will allow the research team to plan upcoming data collection sessions and also just help organize all of the general aspects of the various research activities. With the inclusion of Dr. Glazer's research team the CPLE is now ideally positioned to conduct a three pronged analysis of police contact which is outlined in our initial update. This approach again includes a base rates analysis, attitude behavior matching, and an extra group differentiation analysis. So across these three levels of analysis the CPLE seeks to offer the most comprehensive empirical analysis of racial outcomes and treatment that's ever been conducted in association with police departments. Ranging from aggregate trends to individual level analyses as well as both intergroup as well as intragroup comparisons. These methods will be used in concert for the first time and we'll be able to see which type of analysis is most predictive of bias. So the details of these specific analyses are also listed in the written report. Next, CPLE researchers Dr. Jennifer Eberhart and Dr. Art Aaron have also made significant progress on their proposed project, which focuses on the ways to promote positive feelings between police and community members. Dr. Eberhart has recently met with chief Davis and is the process of expanding this project to a five city initiative in which San José will serve as the central hub. So once again, San José will lead the way in this innovative multicity collaboration. At the next quarterly update we expect to report that a number of the projects that require new data collection will have moved to the data collection stage. Lastly, CPLE has continued to listen to the community members to help inform its research plans. Since the last update, this community outreach effort has continued to gain a more representative sample of community concerns, and since the last update in particular, we have contacted over 50 new community members. And these interviews are being conducted in the advance of a quantitative assessment of community concerns which we will be undertaking. So we look forward to our continued collaboration with the San José police department, the San José city officials, as well as San José community members, and we will report back our updates at the next quarterly update meeting. I'm happy to answer questions now.

>> Councilmember Nguyen: Thank you, Kimberly. Are there any questions or comments from committee members? No? You did a good job. I actually have one question.

>> Sure.

>> Councilmember Nguyen: I'm not sure I really understand how this -- the research program, that pairing an officer with a community member, for example, what kind of interaction would it be, where would it take place, and is it randomly selected?

>> So the basics of that project involve pairing officers and community members through a specific program, interaction that takes place one night where they share details, information about their lives and their concerns and it's basically a friendship building task so it's an intervention program that will occur at specific community location, one time. And research has shown that that actually improves community-police interactions.

>> Councilmember Nguyen: Interesting, okay. I guess we'll look forward to the results.

>> Thank you.

>> Councilmember Nguyen: Ed, did you want to speak on this?

>> Ed Rast: Yes. Thank you. Ed Rast speaking for myself. Reviewing analysis of the cities that have been targeted to take a look at I find that when you actually do comparisons against the racial disparities between arrests and the population numbers, that a number of cities have been left out. For instance, Stockton, Santa Ana, Fremont and Milpitas have significant differences in the arrest rates between the population resisting arrest D.U.I. and drunk in public. You know that we pull data from the Department of Justice at the attorney general's office and looked at it. Some of these other cities don't have those racial disparities so therefore the analysis would be less than useful if you don't have a large difference. In other words in some cases you're looking at 20, 30 points or more in racial differences. So there may be in some of these cities or also in the top ten are large cities locally that could be looked at. So that -- thank you very much.

>> Councilmember Nguyen: Thank you. Anyone else? Okay.

>> Councilmember Constant: Motion to accept the verbal report.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: Okay we have a motion and second to accept the verbal report, all those in favor say eye, opposed, hearing none, the motion carries. Thank you. Item 5, report on 2000 fire department strategic plan update.

>> Darryl Von Raesfeld: Good afternoon, Darryl Von Raesfeld, fire chief. I just do want to stress we've done quite a bit of work with the risk assessment. The task analysis has all been completed by an outside consultant on standards of cover, senior staff has reviewed it, the City Manager's office has finished their review, we're putting the final edits on it, we hope to bring it forward in the next few months so I'd ask for approval.

>> Councilmember Nguyen: Thank you. Questions or comments from committee members? Now can I get a motion?

>> Councilmember Constant: Motion to approve.

>> Second.

>> Councilmember Nguyen: Anyone on the public who wishes to speak on this item? We have a motion and second to accept the report. All those in favor say aye, opposed, hearing none motion carries. Thank you chief.

>> Darryl Von Raesfeld: Thank you.

>> Councilmember Nguyen: Item 6, final report on 2008-2009 fire department vacancy and absence rates and their impact on overtime.

>> Darryl Von Raesfeld: We do have a short PowerPoint presentation to go with all of this. I'll start while they're loading it up here, and I have with me staff here that can answer any questions. Our intent was to bring this back in the November time frame because this is a report that's looking at year old data analysis. We ran into a few issues as we were doing this and working with the budget office and City Manager's office to make sure we really captured all of our vacancies, delayed the report a little bit so we're bringing it to you here today. Also in this report we are -- there's an update on the status of the City Auditor's recommendation on sick leave usage by line personnel. We're developing a program where the supervisors are given information and data so they can follow it up on a more timely basis than they have in the past. If you can find the PowerPoint here we'll -- with that, just to give you a quick overview of the report for the '09 -- '08-'09 vacancy report, this looks as vacancies for such things as vacation, disability, modified duty, comp time funeral leave those types of leave, and looks at vacancies for positions not nailed we need to hire for. There are two things we look at here. The average absent rate for line personnel during the period '08-'09 was at 16.7% -- slight increase from the previous year which was 15.5% and the vacancy rate went up to 2.9% this year compared to 1.6% in the previous year. One of the reasons is we'll go through this report as you see we had an extraordinary A retirements this year. There were 83 personnel retired from the department. That was about 12% of the workforce retired in a year. It did increase our vacancy and absentee rates as we'll go through the report here. We did provide a baseline which is the lowest amount of hours per rank. In the captain on the board here the rate was at 3398 hours. If you can go one more second to the blue one. Just real quick to let you know some of the analysis that we do with these, two more back. While these look like they don't make a lot of sense as you review them they'll make some sense. As we look at a baseline here for the fire captain you'll see that they had -- one more back. There we go. In the month of September is the lowest time of vacancy we had, that is the time of the least amount of vacations taken that type of thing. You can also see a spike further on in this one in the month of January where we have the retirements occur. I think you're still at firefighter, that that's okay. Anyway, believe me, the captains in the month of January -- right there, there we go. So our baseline is the lowest number of absence hours we have in the rank and then you see it peaked in the month of February while in January we had the massive retirements so probably about 25 to 28 captains so there's a spike in the vacancy rate for captains. When we look at the next slide which is engineers you see a little

bit of the same thing here, there is a spike due to retirements in January-February but then you see another spike in April, that's due to we promoted engineers to the rank to captain, now the engineer ranks has some vacancy while the captain levels back out. Then in the next slide you'll see the firefighter you see the spike around the April time frame, because as we promote engineers to captains, then we promote firefighters to engineer. We try to smooth those out in the process but it takes anywhere from two pay periods to four pay periods to get that promotional process done for people using the promotional list that we have. So the next chart puts all the charts together and you see where there's a dip in one there's a rise in another just because as we do the vacancy rate, the blue where it spikes at the end there and the next one spikes down, that's because we promote to captain and there's enough vacancies to promote to captain. We help monitor and see where we're at. The next slide here takes care of the backfill hours we've in from '04-'05 up until the report of this one in to '08-'09. The highest number of backfill hours took place in '05-'06 at about 424,000 hours, and in '07-'08 the lowest occurred at 339,000 hours. So as we look at this, it's important to know that the absent rate in '08-'09 was about 15.5%, again it was at 16-point-something this year and the vacancy rate was 1.6 compared to 2.9. So from '07 to '08 there is a little bit of increase but again it was based on the number of retirements we had and vacancies that we had that weren't filled because we just lost a large number of the workforce. I do want to point out though on that one slide if you can go back one more is if you look up from '05 up until the '08-'09 era, we have seen a decrease in this, and that's been through a cooperative effort through the budget office and my staff to make sure that we're hiring and we keep a staff level at where we need to go. In the past we would always run 40 or 50 positions vacant. We're now at the point where we're filling those positions as quick as we can, so the vacancy rate is a lot less for us as we had. And like I said, the only reason I believe it went from the '07-'08 at a 1.6 rate to the 2.9 was we lost about 10% of our workforce. So I think that will level back out at a little lower rate as we go on. On the next page here we also do look at some of the projected retirement and eligibility for people in the department and we look at either people that have 30 years of service at any age that can go, 25 years of service at age 50 or 20 years of service at age 55. And that I do want to note that after January of 2010, retirements, 33 sworn staff were eligible to retire in June of 2010 and 33 in January. We saw about 12 retirements this January so they all didn't go in January we still don't know what the anticipated retirement might be for June although I know we've had at least two people who have declared they're going to retire in June. We'll continue to monitor this as best we can to project the retirements out and make sure we coordinate timing of academies and hiring at the same time to keep that at a good level. This next chart shows a little bit about our release staffing model. In the report you'll read, we filled vacancies and absences in two ways. One by use of relief staff which is actually a little bit cheaper than doing overtime. I think the report says somewhat around 7% cheaper than overtime. The problem that we have is if we get too much relief staff, there could be days where we have overage of staff, there is nowhere for them to go, and we have five, six, eight people extra on a day. So to balance that out, it is important for us. But the negative number here shows that the relief staff is greater than the baseline hours. But while we look at this, the rank of captain we're pretty close, there's about .75 over. Actually two years ago, last budget cycle we actually released two of our relief captain spots which brought us down to that number. The engineer rank as it has in the past still shows us that we need to have more relief in the engineer rank and we have an overage in the firefighter rank, the one advantage of firefighters they're eligible to work in a higher class capacity so they can always fill up if they need to. So we're still exploring that to see what the right ratio is and we're continuing to work with budget to see if we need to change that ratio. The last number there on the bottom shows that we're about six positions over, but this January, we eliminated six positions with the airport staffing. We went from six at the airport to four at the airport, so that number while it's reported from last year has now been negated with the work that we've done. There were a couple of additional extra questions that Councilmember Constant asked last year, that we wanted to go through, and we created a couple of charts to show. The first one here is five year absence hours based on rank, battalion chief is the yellow color, captains are red, engineers are blue, and firefighters are the rust color that you see on the chart there. It gives us an idea what the vacancies were. As we look at '08-'09, we see a larger increase in the vacancy rate or the absence rates for captain and batallion chiefs, and also a little bit engineers dropped actually, and that's because we had hired some class of engineers. Part of that is due to the retirements we had. A lot of people were either off on disability leave or utilize a lot of their vacation before they go and so we saw that spike in this year here. We don't think we'll see it in the years to come and I said in the 07-08 the one rank we have a hard time filling at times is our engineer rank. When we give promotional test for engineer battalion chief, that list is good for two years and we have plenty of people. For the engineer rank, because there's just about as many engineers as we have firefighters, when we give an engineer's test they're usually exhausted in about six to eight months. So it's a continuous process to get those engineer tests going, and therefore we have some vacancies in the engineer rank more than we do in the other ranks normally. The next chart we have just shows the estimated cost for the vacant rates that we have, did chart translates absence

hours into estimated hours we use the 2008-2009 top instead of hourly overtime rates for this to look at. The cost represents the cost to fill with relief and overtime so it's a combination of both. The chart assumes that the cost for salaries and benefits are the same as overtime cost at time and a half. I will tell you like I said earlier, it is a little bit cheaper at this time to hire the bodies than to use overtime, but then again if we have too many relief staff, we have overage, and it costs us more money that it might with backfill, so we have to find that happy medium there. The increase in 2008-9 is partly because of the increase in vacancy rates, from 1.6 to 2.9, again based on we lost a little over 10% of our workforce retired all at one time between January and June and then the next slide here, this is a slide, I'll point to the very bottom low right-hand corner. This is the farther of the discussion we had with the budget office and the manager's office. As we looked at vacancies and where we're at this last year and a half to two years we used some of our staff people from the line to come in and help us with projects. We had a record management system we had to get in place. We had a captain come to us and help on a 40 hour week we had our records telestaff which required the oversight of a battalion chief for about eight months, so we took him off the line and brought him in to a 40 hour position to work. These positions were not budgeted in the budget. We do have departmental overtime that we use. And I think the other code which is like I guess pastel pink, kind of, or purple, whatever that is, the small line, we do a better job of recording what the hours are now, too, with our telestaff. We brought that battalion chief down. We've got actual codes so when somebody is working on a project that is a 40 hour a week project and they're being taken away from their 56 hour assignments we record those a lot more accurately than we have in the past of and that's one of the reasons we saw the spike but we had several key programs we were working on in conjunction with the budget office and with the manager's office we made the commitment that we would report to the public safety, finance, strategic support committee any overages we have in this area and we will work with budget to ensure that if we are going to bring someone down we get the budget approval prior to do that and that's kind of reflected here in the report here that you can see over the last few years. The last area that we looked at, there's a little chart there but I don't know if it's available, we wanted to know where personnel, sworn personnel live and get an idea how far people live if that impacts our overtime. So at the last presentation when councilmember asked was there a correlation between area residents overtime and absences we've evaluated the available data we've got to bring the following information, it may not be on the chart here so let me read it to you.

>> That one?

>> Darryl Von Raesfeld: It gives you an item. In the yellow area there you have about 33% of our population live within 25 miles of the airport, HP pavilion is the site we use, we use 95110. In the orange area which circle goes out 26 to 50 mile radius we've got about 36% live within that 36 to 50 mile radius. As you go out to the blue about 20% live there that's 51 to 100 miles from the 9510 area code and the remaining 5% live outside the blue circle 100 miles away from us. In order to see which ones want more staffing and stuff we take about 300 to 500 staff hours to complete that we just don't have the staff to complete that now we can go that way if you would like that research done. My anecdotal is I look at it I really don't think it makes much difference who gets the overtime. It's spread out fairly evenly throughout the ranks. It might make the difference on the day they work whether they would work between shifts or off on their four day but I don't think there is a lot of information we Do could gather. We could do that but it would take a lot of staff time to gather that. With that that completes the report I think you have the written report in front of you and we'd be glad to answer any questions you have.

>> Councilmember Nguyen: Thank you chief. Councilmember Constant.

>> Councilmember Constant: Couple of things. Can we get the PowerPoint presentation?

>> Darryl Von Raesfeld: Thanks, if you didn't get it --

>> Councilmember Constant: If you could e-mail it to me that would be fine.

>> Darryl Von Raesfeld: We will get that to you immediately.

>> Councilmember Constant: There was the chart with the anticipated retirements. I assume that each column assumes that the previous year everybody retired or elected to. It's not cumulative?

>> Darryl Von Raesfeld: Actually on that chart there is a total chart that runs. So the bottom tells you who is eligible. There's 49 eligible in 2010, 25 -- and the chart, the line above that, the second line from the bottom carries it over if they didn't retire. So it gives you an idea if all 49 retired the next year there is 25, the next year there's 19, and the next year there's nine. I will point out that the fire chief number will change in 2011, because I plan to retire in June of this year.

>> Councilmember Constant: The other thing, thanks for the additional slides at the end from my request last year. The one thing I was trying to get I don't see on the slide but I think I can extrapolate is overlaying the disability in modified duty hours with the absence rate all in the same chart, to see if the overtime hours that are being worked are contributing to more injuries.

>> Darryl Von Raesfeld: Uh-huh.

>> Councilmember Constant: So we have the chart separately but I'm not sure if we feel like we got the information of being able to see the two at the same time. Because I was trying to figure out if increased overtime causes increased injuries. Is there a correlation between those?

>> Darryl Von Raesfeld: Yeah, we can do some analysis of that on page 6 of the report it does talk a little bit about the increased hours of disability leave and we actually correlated to retirement and those kinds of things which comes out of the auditor's report that we see a spike in that and this seems to kind of say that that trend has been identified and has continued. So that requires a little more research and we can do a little more research on the area that you're talking about to see if we see that. I haven't seen a tendency in the years I've been here that people on overtime get injured. If someone -- if they get injured, they lose their time on the overtime, so they stick around. The injury may occur on the overtime shift and carry over to another day so we can kind of evaluate our disability, the injury paperwork as it comes in. We are doing a little more scrutinization, too, working with workers comp on those injury reports. One of the things that workers comp has asked us to do that we started to do is to really analyze those reports, and look at those ones that are preventable and take some type of corrective action for those preventable ones. So we are in the process now with our safety officer of incorporating that, and so we can as him to kind of look and also see, was it a regular shift or an overtime shift to try to coordinate that information for you.

>> Councilmember Constant: Great, thanks.

>> Councilmember Nguyen: Councilmember Oliverio.

>> Councilmember Oliverio: Chief when you have the overtime and cost of it and I understand there's a fine line between hirings and vacancies. What do you think is a good number the goal that it should be, if you had your perfect year of managing overtime hours and expenses?

>> Darryl Von Raesfeld: I think if you go, the other chart that would probably be better for that would be the one that looks at the relief staffing number there and I really think a slight increase in the relief pool for fire engineer, and I wouldn't go to the full nine that it recommends there. It's a couple slides forward from this, Dalia, would kind of say where we sit out for the relief pool, this one here, while it shows we're down in the engineer rank, engineers seem to make more of the overtime because there just aren't enough relief of them, although in this case like I said while we have more firefighters that can act in the higher class capacity and fill the rank anyway, but somewhere around there we are pretty close to the number that we have, that six changes because of the airport personnel, so we're probably close in relief staff. We still do, I will tell you, on some days have an overage when there's nobody taking vacation or we get what they call the FLSA cycle and nobody's calling in sick and nobody's on vacation and sometimes we run three or four people over so it's finding that balance. But I think we're pretty close to it at the point of relief staff that we have now with the vacancy rate. We run the vacancy rate I think at 3, 0 is what it's set at, and we're a little bit lower than that now.

>> Councilmember Oliverio: So the nature of running an organization like yours based on the variables that you explain is there will always be that level of overtime pay?

>> Darryl Von Raesfeld: There will be some level but it is decreased when we keep the relief staff fully staffed. In 04-05 when we spent more that's reduced in recent years, we've been almost fully staffed for the last couple of years.

>> Councilmember Oliverio: Is the number almost as good as it gets, you find it satisfactory?

>> Darryl Von Raesfeld: Yes if we look at last year it was pretty close. As we look at it this year it's going to get even a little bit better as we manage it so as we get close to the right number of personnel that we have in the sworn ranks, 742, whatever it is, we're pretty close to staff we've got and I think it will flatten out. Having 80-some-odd people retired just puts a twist that you can't really plan from.

>> Councilmember Oliverio: But that number would be 12 million?

>> Darryl Von Raesfeld: Yeah, probably around the 11 to 12 million in overtime yes.

>> Councilmember Oliverio: And then my other question was -- oh, on your last chart it always reminds me of the questions I've asked over the years about where we are on new hires, making sure that there's a requirement that they live within a raid use of the city.

>> Darryl Von Raesfeld: Uh-huh.

>> Councilmember Oliverio: Would you remind me of where that's at? Are you waiting for council to do something, are we waiting for the City Attorney, when is that?

>> Darryl Von Raesfeld: I think summertime is when we'll do the next recruitment, so that's when we noticed to have it finalized, so we'll coordinate with the City Manager's office to see if that's viable to put on our application process.

>> Councilmember Oliverio: City management, I'm not sure, because we've talked about this for a while, how in the case of emergency, that it's really important that we have folks that are local, in that capacity. Not living out of state or in Southern California. Where is it that we need to direct at what level to make sure that our next recruitment class has the requirement of you need to live within the radius of the city?

>> Councilmember Constant: It has to be response time.

>> I'd like the opportunity to stay that and talk with the -- take that and talk with the attorney's office as well as the office of employee relations to see how such a direction would be put into place. I can't answer right now, I think we need to look at whether this is an issue that would need to be addressed through the meet and confer process or whether there's any legal issues. So I saw not.

>> Councilmember Oliverio: 43 things.

>> Darryl Von Raesfeld: Talking with OAR, prehire nothing in the prehire but you would need a legal opinion to get there.

>> Councilmember Oliverio: So what's the mode, we want to bring this back?

>> Why don't we talk -- I'll talk with the attorney's office as well as employee relations, and determine if it's an issue we want to bring back through closed session or referral back through the committee.

>> Councilmember Oliverio: I know we've discussed that, I don't think I've pressed the point can we get action and movement on it. With that I'll make a motion to accept the report with my amendment or notion of the --

>> Darryl Von Raesfeld: Residency?

>> Councilmember Oliverio: Residency requirement for new hires.

>> Councilmember Constant: Second.

>> Councilmember Nguyen: Councilmember Constant.

>> Councilmember Constant: One question I had on page 4 where it has the absence percentages and the average, how does that compare to other city departments, do we know, does anyone else track absences?

>> I suppose that -- no, we -- no other city department puts out a report this thorough on overtime and vacancy rates and absences. So that I know is unique to the fire department. I suppose we could do some analysis through our timekeeping systems to determine absence rate and impact to city services, or just department staffing structures. But I would also refer that through the Rules Committee just because my assumption would be that there would be a significant workload impact.

>> Darryl Von Raesfeld: I would add with that as you look at those numbers they do change. Firefighters tend to have the least seniority of anybody, and there's a lot of them, so the percentage is low. As they promote up they get more seniority, captain while the 23% rate there there's only about half the number of captains as there are firefighters and most of them have the maximum vacation hours and all the rest. You've got to look at those variables. A comparison that would be easy for us to do would be to compare to the metro departments and see how that matches with what they have, possibly, and include that in the report so we see where we're in conjunction with other fire departments.

>> Councilmember Constant: I'm not looking to do a lot of work. In isolation that's hard to figure out whether that's high or low without anything in context. Anything you can do would be easy but I don't necessarily think we need to go through a whole floor plan.

>> Councilmember Nguyen: Anyone else? Anyone in the audience that wishes to speak on this item? We have a motion and second with the amendments. All those in favor, say aye. Opposed, hearing none motion carries. Thank you chief.

>> Darryl Von Raesfeld: Thank you.

>> Councilmember Nguyen: Move down to item 7 report on fiscal year 2009-2010 second quarter investment report.

>> Good afternoon. I'm Julia Cooper, assistant director of finance, and I have Arn Andrews, deputy division manager for treasury, and Kathy Jackson, principal investment officer, and they will be making a presentation. Just so you know, late breaking news is the fed did raise the discount rate today which is not the fed funds rate so it's going to probably get a lot of press tomorrow but it really has little impact on what the banks generally borrow at. So we got that on our little PDAs as we were sitting over earlier, so a little bit of action in the economy in terms of rates being raised on the discount rate. So with that I'll turn it over to Kathy and Arn to do the presentation.

>> Okay, this is semi annual oral presentation as required by the investment policy. Investment staff manages the City's cash requirements through the investment of funds in a manner to meet the city objectives and investment guidelines which are provided through the council adopted investment policy in conformance with the California government code. The objectives are safety, liquidity, yield. The monthly and quarterly reports are circulated via e-mail to the mayor and the city council and posted on the finance Website. Next is a summary of the portfolio performance for the quarter ended December 31st, 2009. The size of the portfolio was approximately \$820 million, on December 31st, which is down from \$894 million, on September 30th. The total portfolio earned interest yield was 2.29, down from 2.64 in the previous quarter. The decrease was due to the maturity of securities purchased an higher interest rate environment and the purchase of securities in the current lower interest rate market. The weighted average days to maturity has decreased from 259 days in the previous quarter to 240 days. No securities were sold, therefore no gains or losses were realized on the portfolio. Summary of the portfolio performance and compliance. The General Fund interest earnings are below budget due to lower than budgeted monthly average General Fund balance. And that is due to primarily due to retirement prefunding on

July 2nd, and lower revenues and increased expenditures. As required in the investment policy, staff has reviewed projected cash flows for the next six months and have sufficient investment maturities and revenues to cover current anticipated cash flows. Also an analysis is underway on the retirement prefunding for next fiscal year and its effects on the cash flow. Okay, this slide here shows just the total investment portfolio as of December 31st, broken out by security type. Are it's the 62% the major portion of it is in U.S. government agency issues. Next is the -- I'm going to pass it over to Arn and he's going to talk about current economic and financial environment.

>> This is the graph of the historic fed funds from the fourth quarter of 1992 to the present fourth quarter of 2009. As Julia mentioned today there was a symbolic gesture by raising the discount rate. However, in the meetings that occurred in December there was no movement in the fed funds rate, that remains at a level of zero to .25. And in the communications that came out of the meeting on December 16th the fed continues to reiterate that although they see improvement in the economy that the unemployment figure is still troubling and anticipate not moving the fed funds rate for the foreseeable future. Since the closing of this quarter in December, I believe it was on February 10th, today's motion on the discount rate is part of what the fed's been doing in general which is just telegraphing the fact that they are going to start moving away from an easing and they are starting to move away from some of the liquidity measures they did when we were in the depths of the crisis. They are saying they are going to move it eventually and they continue to reiterate that they don't see that eventuality in the foreseeable future. But they are starting to prepare the market for the fact that eventually when the economy does start to stabilize, and in the fed's perspective that's usually when we see, you know, consecutive drops in the unemployment rate, that they will start to move the fed funds rate. This is a comparison of where the yield curve was for treasuries at the last quarter to this quarter. You can see from the -- my eyes -- the one month period to the one year period, basically flat, and that's been the case throughout that market participants have held interest rates lower in the zero to one year period. In the past quarter though we did start to see some steepening when you start to move from the two to five year period and even though interest rates are at historic lows when you actually look at the spread between let's say a two year yield or five year yield or two to the ten it's fairly historically high yields between the yield differential. This slide is just a comparison of the yield on the portfolio relative to our benchmarks. The two benchmarks we track against is a two year agency which would be the green line and then the state's investment pool the lay fund which would be the red line. The blue line is the yield reflective of the portfolio and you can see that relative to our benchmarks we are still performing fairly well. The investment strategy going forward is, continuing to just pair our assets and liabilities, matching maturities with our cash flow needs, and as Kathy mentioned there are discussions about the prefunding again, that would become a significant cash flow needs so we would anticipate filling liquidity needs in the next 12 months. However I did mention in the slide before when you saw the steepness in the yield curve to the extent that our cash flows provide enough spare liquidity that we see an investible horizon beyond 12 months, we will start to get paid to move out on the investment horizon. We will continue -- oops, sorry, we just wanted to make note of the fact that while we continue to do due diligence on any permitted investment we wanted to make note of the fact that the council did approve another attribute of our due diligence, which relates to foreclosure mitigation, and that is something we do pursue when relevant. And as always, we maintain a steadfast focus on our core mandate of safety, liquidity, and lastly yield. And once again, just to make note of the fact that council did take action and gave us some guidance on further criteria when we view investments, we have implemented this strategy to the extent that J.P. Morgan is now an approved commercial paper issuer and if you recall back when we reported back on this topic the three primary mortgage servicers identified were Bank of America, J.P. Morgan and Wells Fargo in our area now all three are approved commercial paper issuers in our area and when appropriate we do take that policy objective into consideration and have made investments not in November but in January when J.P. Morgan was approved, we did make investments in J.P. Morgan to institute that policy directive. And in conclusion, we ask that you accept the investment report for the quarter ended December 31st, 2009. And we are available for any questions.

>> Councilmember Nguyen: Thank you very much. Questions from committee members? Councilmember Oliverio.

>> Councilmember Oliverio: The J.P. Morgan decision, was that revenue neutral, it was not outside the policy it was the same as we would get from any other bank?

>> The way we viewed the policy, we viewed anything to be neutral as long as it fell within the parameters of our accepted commercial paper issuers, and yes, J.P. Morgan, when the investments were made, fell within the parameters of the posted rates that day. Were they the highest available yield, no. But was it within the parameters it would be acceptable to our approved investments, yes.

>> Councilmember Oliverio: Julia based open our entire investment portfolio and slash all the debt we have what bothers you more, rates going up or just staying the same or I mean is there some variability that not that scientific question but just your own --

>> Well, I mean it depends on what day, what hat I have on but it is a little bit of a rise of interest rates would be helpful in terms of the city getting increased earnings on the portfolio and wouldn't necessarily hurt the debt service that we're paying on the variable rate too much.

>> Councilmember Oliverio: Okay, thank you.

>> Councilmember Nguyen: That's all, right?

>> Councilmember Constant: Motion to approve.

>> Councilmember Chu: Second.

>> Councilmember Nguyen: Okay we have a motion and second to accept the report, all those in favor, opposed, hearing none, motion carries, thank you. Item 8, audit of decentralized cash handling.

>> Sharon Erickson: Hopefully we can keep this first one pretty brief. This one is a routine audit of decentralized cash handling. No, we'll be -- we'll be through in a minute. Throughout the city departments accept cash, checks, and credit cards as payment for items such as permits, parking citations and the like. This audit which was fairly routine was conducted at the request of the City Manager's office, given we do have decentralized cash handling throughout if city. Our review found internal controls over cash handling at the selected sites were generally sufficient, and there were only a few exceptions noted, none of those were in terms of cash. However, some citywide cash handling procedures are outdated and compliance with payment card industry data security standards, PCI standards, can be enhanced in various ways. Our report outlines those. Furthermore we're recommending that the city should ensure that periodic audits of petty cash and change funds are conducted, and the city should update its 1986 cash shortage overage procedure to increase the reporting threshold from \$50 to \$100 in keeping with CPI. There were, I should note, only 19 instances of those reports being filed between 2004 and present. In two related matters we found that cash collections for bike licenses don't really justify continuation of the program. We have a recommendation, recommendation number 6 in this report, to either enforce or recommend repealing the bike license program. We're also recommending -- we also noted that the San José police department has a backlog of false alarm incident reports that haven't been billed so our recommendation number 8 is to bill those on a timely basis. I want to thank the finance department and the other departments who participated in this review, and Robin Opine and Steve Hendrickson from my office for their work on this project. The administration has reviewed the report and findings and the report is attached. We're happy to answer any questions.

>> Councilmember Nguyen: Thank you, Sharon for the report. Any questions from committee members? Or comments?

>> Councilmember Constant: No, other than station 10's registrations for bikes went up by a factor of five the next year because my five kids all got bikes and we went and licensed them but it was interesting to see that -- it was an interesting process to get the licenses because there's a lot of confusion between the police department and the fire department on how the process was, and a lot of shock that we were actually showing up to license bicycles. So what needs to be done to make that happen? Is that something that will automatically just kind of happen, or is it something where we need a separate council action just to make sure that that particular issue gets dealt with?

>> The administration's responses, what we found and Sharon might be able to elaborate is it's multifaceted. There was an issue of training and maintaining cash boxes as well as working with bicycle purchasers to follow up after and properly register their bikes through appropriate channels. And so in order to put a more effective program in place we would need to address each of those issues, which would certainly take resources and time to put into place a more effective program and then looking at it from a cost-benefit analysis perspective the amount of revenue generated and also the amount of bikes projected to be purchased in a year's time it might not pan out from a cost-benefit perspective.

>> Councilmember Constant: My question went to whether we should repeal it.

>> I'm sorry, I misunderstood the question. Then what we need do to repeal it would cross reference the audit, direct staff to bring forth the appropriate -- I suppose it would be an amendment to the ordinance to repeal it and we would bring that action back when we have gone through the appropriate staff work.

>> Councilmember Constant: Okay. I will make the motion, then, to accept the report, with the directs on repealing the ordinance, and cross-referencing this report and I won't renew their licenses any time soon. [ Laughter ]

>> Councilmember Chu: Second.

>> Thank you.

>> Councilmember Nguyen: Anyone else? Okay, we have a motion and second, to cross reference report, all those in favor, opposed, hearing none motion carries. Okay our last and final item. Audit of the agreement between the redevelopment agency and legacy partners, museum park.

>> Sharon Erickson: You have in front of you a memorandum summarizing the City Auditor's review of the redevelopment agency's agreement with legacy partners for the museum park development. This is one of a series of routine audits that's been requested by the redevelopment agency of development disposition agreements. Our audit objective was to define the current financing structure for the development and to review revenues and expenses, to determine if the agency was owed any payments on its \$3.2 million loan. We found that museum park is generating positive cash flow and we did find more than 100,000 but less than \$200,000 worth of revenue and cost adjustments that could potentially increase cash available to pay debt. However in either case the cash flow is, in our opinion, not sufficient to repay the agency during the loan term. We did make a couple of recommendations. We recommended that the agency address the income and expense items with legacy partners, and that the agency request legacy partners to provide additional reporting information to show debt-equity balances and annual changes. We also recommended that if legacy partners should propose additional new subordination agreements, the agency should fully analyzed and evaluate the impact of further subordination. The agency has reviewed and concurs with the report and findings, their response is attached and Mr. Weis is here with some additional comments, I believe.

>> John Weis: Councilmembers, we just actually found out on Tuesday of this week that legacy has been made an offer of purchase of this property. And so we are -- just started our due diligence, BRE is the prospective buyer. They're well capitalized company. What we don't know is what the purchase price is and whether or not we would have any standing at all in terms of recouping any of our investment. We will be in the process of analyzing and report back any action we might take, whether or not they buy us out of our position or we stay in with the new buyer.

>> Councilmember Nguyen: Thank you, questions, comments? Motion? Something?

>> Councilmember Constant: Motion to accept.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: Okay we have a motion and second to accept the report. All those in favor? Oh, I'm sorry, we -- Mr. Wall, you want to speak on this item?

>> David Wall: First, I would like to wholeheartedly thank the auditor as a taxpayer. We taxpayers just don't pay your group enough. What this audit is, and you should read it, and I insist upon this, really, this is a clear cut illustration why the redevelopment agency should be strut down in toto. This is a complete, just milking machine from the taxpayers. And if you were -- just look at page 8 of this report. On the priority of how these loans are paid back, first, legacy's just been paying interest on an \$18 million loan which begs the question at some point, if the sale does not go through, do they foreclose? There's even foreclosure talk back here on page 6, excuse me, page seven. They went out and then got a second mortgage. But the neat thing about this second mortgage is, the rate of return. People that put up the money got -- part of them got 22.5% return. Now, they get their money, ahead of the taxpayers. Taxpayers, through the redevelopment agency, only get 3% cumulative, and that's a fraction, if you look at the payout, 30% out of 70, out of the lowest tier listed of priorities on return of payments. So you want to look at this redevelopment agency for all these high density living projects like I've said. They are teetering on the verge of collapse. Now, how they buy them out, who knows? Federal government money is going to run out. And I'm really surprised that no one from finance has talked about the European model that is currently in a state of flux and potential collapse. Lastly, please, read this report, this is an outstanding report from our office of the auditor which shows that there's only two entities that can really run the city without error, and that's the attorney's office and the auditor's office. The rest of them are so expendable that their retention just defies imagination.

>> Councilmember Nguyen: Thank you. We have a motion -- okay, that's fine. Okay. We have a motion and second to accept the report. All those in favor? Opposed, hearing none motion carries. Thank you. We'll move down to the open forum. Mr. Wall.

>> David Wall: You have two ballots that are approaching, one in June, and one in November. It would pre-- you should really consider modifying the city charter. If you do nothing to modify the city charter, all you are is embracing old system of service delivery models. You must modify the city charter, at which council can take direct control of certain city operations. Without modifying it, you cannot do so. There are certain direct-reports that I've already talked about today that should come before you. I.T. should be a direct report. Police and fire should be a direct report. And I could go on but there's two -- just only two minutes. The main issue here is, if you do not act to get rid of the office of the City Manager as it exists today, with all those redundant systems, you're condemning yourself to a continuous loop of failures. Thank you.

>> Councilmember Nguyen: Ed Rast.

>> Ed Rast: Ed Rast speaking for myself. I was very glad to see today that the mayor basically rebutted a lot of the allegations that have been made by local media concerning the public safety and police department. But I'm troubled that the city staff did not take a look at these allegations, a long time ago. Part of the problem of course is that the data itself was not available to the public, you had to make a public records request to do the attorney general's office, Department of Public safety, to get the data. But it's -- we've been able to -- it's interesting that the Police Officers Association, neighborhood leaders had to go forward and reput the information, basically, the information concerning resisting arrest, concerning drunk in public, concerning the complaints and other comparisons and data were factually wrong when you look at the data. You look at for instance when you took a look at the issue of resisting arrest, we aren't the highest city. Same with drunk in public. The drunk in public issue on the D.U.I. drunk in public it affects almost all large cities in California and many local cities. So the issue there, which they missed totally was the idea that we have a statewide problem in the Latino population of excess drinking, more than their population numbers, in some cases twice the population numbers in multiple cities across the state. But it's interesting that the city staff, who has responsibility to basically look at these issues, didn't check any of the facts and let the bad information out there for a long time, and made it very difficult for the community to work together for solutions. The other issue which I'm going to talk about real briefly is the issue of police complaints. In 2005, the appellate court basically declared unconstitutional the idea that there was a criminal penalty for a police complaint making a false statement. Right now, basically, I think very few people know that if you make a false statement in a police complaint there's nothing that can be done to you. What that does, though, is it encourages people to make false complaints against police officers because of lack of penalty, to basically try to affect the court case coming up, or in some cases, for politically motivated groups to make or to encourage people to make false complaints. I would encourage the -- this committee and the council to go forward and try have the state law changed so that all participants in a police complaint process are equally at risk for false knowing complaints. Right now the only people at risk in that whole process are police officers, and they

can either be fired or have criminal against them for false complaint but the public especially somebody who commits a crime can make it and basically ruin the reputation or the career of somebody by making a false complaint or influence the court outcome. And the appellate court ninth district said it was very easy. The state legislature needs to make everybody equally -- have a criminal complaint subject to criminal complaint for knowingly false complaints. Thank you.

>> Councilmember Nguyen: Thank you. Meeting's adjourned. Thank you.