

The following transcript is provided for your convenience, but does not represent the official record of this meeting. The transcript is provided by the firm that provides closed captioning services to the City. Because this service is created in real-time as the meeting progresses, it may contain errors and gaps, but is nevertheless very helpful in determining the gist of what occurred during this meeting.

>>> Good afternoon. I would like to call the meeting to order. We will start with item b.

>> there is an identity for deferral until january. Jennifer mcguire would like to add a Couple comments. We could hear them then consider the consent calendar. Other than There's no changes.

>> okay.

>> good afternoon. I wanted to let the committee know we did get our sales tax results For july through october period. We were up by 11.7%. It's generating about \$3.2 million of Extra revenue this year. Looking at the most recent we are down overall about ten million In the current year. It's helping to offset. We have extremely poor performance in franchise Fees, utility taxes. The taxes continually are not performing. We are probably only getting \$1 million extra in revenue. We expected to get \$5 million extra in revenue. It is helping. It Will help offset. We still have the reserve in place at \$9 million, but we are looking at Additional controls on expenditures and are carefully watching the revenue. I wanted to Give you that good news. To meet revised budgets, we need underlying growth of 1% in Sales tax category for the remainder of the year. You have to remember that if you are Looking at the comparable quarters, we had large growth in the last two quarters in the Prior fiscal year. 1% growth might be realistic assumption for those quarters. I wanted to Pass that on. We got it from state board of equalization. We don't know what it will be on The forecast until we get a break down.

>> thank you jennifer for sharing that good news.

>> i want to ask a quick question. It's in the second half of the report on the cash Balances. We see a nice spike for a change. So, it's on page one of the second half.

>> yeah.

>> the green boxed line. Do we know why? Is there a reason for the spike?

>> there is a reason for the spike. The finance department issues tax revenue anticipation Notes to help with the cash flow balances. October, another \$35 million in additional notes That helped to bring up the cash balance. Is that correct?

>> yes.

>> it's basically just moving things forward for us?

>> that's correct.

>> okay. Thank you very much.

>> quick question. The sales tax increase is for which period?

>> for the period of july through september. September sales tax activity.

>> thank you.

>> i think that's all the questions, comments. Can i get a motion to approve.

>> motion to approve.

>> motion and a second. All those in favor. Opposed none. Motion carries. Thanks.

>>> we are down to the committee reports.

>> governor. I'm from CPLE. Since the last quarterly report the San José police department Data collection team made progress related to assessing ratio disparities. Specifically, there Are three projects. Despite the recent prioritization, the remaining data will be collected by The data team to be collected and preliminary analysis to begin before the next quarterly Update.

>> could you add, one of the reasons we were delayed in our effort to address the current Budget is to pull one person to pull the numbers working on that project to deal with a Bunch of preparation items we are going to need. After the holidays, they will continue And should have that information by january. Which, i'm told --

>> it's not a problem at all. We anticipate that.

>> thank you. Wanted to thank, of course, the police department for your cooperation with CPLE to provide their access in their research. We appreciate it.

>> we look forward to seeing what the results are. We are anxiously waiting.

>> thank you, chief. Questions, comments? Anyone in the audience that wishes to speak On this item.

>> motion to accept the report.

>> we have a motion and a second. In favor. Opposed? None. Motion carried.

>> thank you very much. We move to d-2, 2009-2010 fire department vacancy and impact On overtime.

>> madam chair, this report is on the fiscal year 2009-2010 fire department absent and Vacancy rates and the impact it has on our overtime. We provide this report to ensure that Our overtime funding and relief staff levels are measured and we are doing a good job on Managing those and looking at the relief personnel we have and overtime we use to staff The daily absences. We started this in march, 2005. It was the result of the 2001 audit.

We Have been providing this on an annual basis. The minimum staff requirements we have for Field positions, we meet those through a combination of relief personnel and overtime. We Had, during this fiscal year, we started with 204 positions we filled on a daily basis. We Reduced staffing at station 20 at the airport back in january. We dropped by two. We went From six people to four. It reduced daily staffing as well. I just might mention that we Have had, during the fiscal year, 98 relief personnel. We have less than that now. We Have a \$1.9 million allocation for overtime. Switch. Doesn't want to go. There we go. Okay. The absence rate for 2009-2010 was our absences for personnel during this year was 14%. Absences are result of vacation days, sick leaves, injuries unscheduled leave we need To fill in for the folks on the field. The vacancy rate was 4.1. Vacancies, in our mind, are The same. We have to fill them like for any other kind of absences we have on the field. The same impact on overtime. It's quite a bit lower, though. The report of 18.1 is 1.5% Lower than we experienced in 2008 and 2009. What we do is try to find the right balance Of people for relief staffing as opposed to overtime. We use a method where we look at The lowest vacancies during the year period. In that case, in almost all cases, during November and early december pay periods. We use that as the baseline. The importance of This is that we have, if we use people, there are times when it's not as flexible for us Because we staff them on the a, b or c shift. We might have a vacancy, an absence on The b shift where we don't have anybody, but on the a shift we were over. In the cases Where we are over, we are paying the individual where we wouldn't pay otherwise. We Balance the right people and use overtime for the unanticipated absences. This chart shows The five-year average, i believe. The baseline data for the number of vacancies we have by Pay period. The negative numbers show we have more people than we have absence hours. So, if it's a negative number, we had somebody at work that was over the minimum staffing For that day. If it's positive, we had to use overtime dollars to fill those positions. On the Five-year average, we found, if you add all of these numbers up, we have ten people over In terms of our elite personnel, actual bodies in terms of whether it would be the most Efficient and most cost effective way to do staffing. There's more that goes into it. It's not Just actual dollars verses people and which is lower it makes more sense to go that way. There are sometimes we need the bodies. We need more bodies than the overtime dollars. We have to use other factors to determine whether or not bodies are more important for us Than overtime dollars. This chart, why i think it's important to bring up this point, during 2009-2010, staffing with overtime dollars was more expensive. It's not going to be the same Case this year. It really has an impact on the budget. For the same hour it costs quite a Bit more this year than it does

for overtime. It was the opposite of that last year. As we Anticipate this year's budget, forecast and things necessary to bring the budget and balance, This is an important chart for us. This represents what we anticipate for retirement in the Next few years. We had projected retirements for december 2010 of 30. The actual Retirements or actual declared were 13. Vacancies were 17 in that case. We have about 36 Projected retirements in january, 2011. Actual retirements of 26. Ten vacancies. Again, why That's important is as we anticipate what our budget actions are going to be moving into the Next year, we are going to try to consider and take advantage of the vacancies and Retirements we have in determining the reductions we have to make. Okay? That really is Most of the information that i wanted to share with you. I'm happy to answer any Questions.

>> thank you chief mcdonald. Any questions or comments?

>> i have a question. Chief, on page three of the report, the chart at the bottom, chart Number one where it has the absence hours by type and rank. Which category does the Union time off go into?

>> we don't track it.

>> is there any reason?

>> we don't fill it. We run short during those periods of time.

>> do we have an idea since staffing has been such a critical concern over the last year, Do we have any idea what the number of hours per year is or is there a way to determine That? Are they coded on the time sheets where you could pull that out?

>> yeah, they are.

>> i would love to get a follow up that shows how much time in aggregate preferably by Rank in how many hours of union time have been taken off in the last two fiscal years.

>> sure.

>> thank you.

>> do you want that report to come back the next time the chief make as quarterly report Or information memo?

>> whatever is convenient for you. You can get an information memo out to the committee Members or if it's easier to put in the report, that's fine.

>> this is an annual report, so my suggestion would be a memo.

>> that would be good. Ready for a motion, i make a motion.

>> sure.

>> i make a motion --

>> sorry. Chu.

>> just one clarification if i could have the slide back on. You have projected the 30 Retirement and only 17 retired. Or 13 retired. How is that create a vacancy?

>> we haven't filled those spots. We had 17 folks that actually left.

>> 13 folks actually left?

>> 17.

>> you anticipate 30 people leaving and 13 left. So there's 17 are still there.

>> it should say what you said. 17 are potentially going to leave. It's not vacancies that we have. It's potential vacancies. It should say potential vacancies.

>> the vacancy strikes me. You have 30 people you are anticipating to leave.

>> 13 actually did. So 17 more.

>> 17 people in the room.

>> right.

>> how does that create a vacancy?

>> it's the other way around. It should say 13 net vacancies.

>> i guess the word vacancy bothers me. 13 people here. 13 left the room. Then you say, Well, okay, now we have 17 vacancies in this room. That math, i just don't --

>> i think it's saying those are the projections. It's in context of the title. There's 17 people That could walk out at anytime and they are eligible for retirement.

>> if you change it to potential, it should be fine instead of net.

>> yeah. I apologize for that. We have it backward.

>> anything else?

>> i make a motion to accept the report with the info memo i requested.

>> we have a motion and second. All those in favor. Opposed? Hearing none, motion Carries.

>> thank you.

>>> we now move to d-3. Report on retirement plans investments.

>> good afternoon. I'm from return services. The report on the third quarter for the Retirement plans. The quarter ended at 9:30. The plans returned 7.9% for the quarter. 10.2% For police and fire plan. 11.7% for the federal plan. For the longer terms, five to ten Years, the plan underperformed the rate of 8% for police and fire and 7.9% fed rated. Any Questions?

>> thank you. Any questions or comments? None. Anyone wish to speak from the Audience. Don't see any.

>> motion to accept.

>> we have a motion and a second to accept the report. All those in favor say aye. Motion carries, thank you.

>>> we move to item four. Quarterly report on worker's compensation. Anyone care to join Us?

>> i don't see the staff here. Why don't we move on to the next item and i'll figure out Where they are at.

>> let's move to number five. The independent auditor's report of the hayes mansion Conference center. The link on the agenda for this item was not properly showcased on the Website. We did provide the hard copies of the report on your desk. I think the copies Are back there.

>> thank you madam chair and members of the committee. I'm scott johnson. I'm also Joined here today, related to this item on reports for the hayes mansion conference center. Our independent certified accountant. The regional vice president and the general manager is Available to answer any questions you may have in regards to the operation of the hayes. I also want to make a statement, we coordinate with the city office in regards to the audit Report that is will be presented to you today. Related specifically to the hayes conference, Item number five, there are three audit reports in front of you. One is the independent Audit report on the finance statement. The activities related to the hayes mansion are Included in the financial report, reported as a special revenue fund. In addition, a report Was provided with agreed upon procedures. It's where the auditors are looking at the Specific requirements pursuant to the agreement that the city entered into. Finally, there's a Report from the auditors related to required communications to an audit committee or a Board, specific to the audit. With that, i'll hand it over to cindy palm to make reports.

>> good afternoon. I want to start with the financial statement. Overall, the hayes mansion Was performed as planned and completed in accordance with the audit plan and completed In late october. As reported on page one of the financial report, we audited the statement Of the assets and related changes to financial position for the year, june 30, 2010. The Financial statements focus on the operating transactions and includes the hayes mansion Facility or the bombs related to the hayes mansion center. These are the responsibility of The management of the center. Our role is to render an opinion based ton audit. The last Paragraph on page one is our audit opinion that concludes the statements are unqualified in Terms that they are fairly presented in accordance. Agreed to by the city and the city's Operator to a system in evaluating whether or not the operator complied with certain Requirements stated with the management agreement. We note no exceptions after Performing the procedures as described in the report. Last, we prepared the required Communications report. For the hayes mansion or management agreement, there's really Nothing out of the ordinary that needs to be

highlighted in this particular audit engagement. It was performed within plan. With that, i'm ready for any questions.

>> members of the committee, if you ask if he could make a few comments about what's Happening at the hayes mansion conference center. I will say the finance department meets On a regular basis related to the operations, the facilities and operations of the mansion. As you are aware, the council directed city staff to look at other options in regards to the Hayes mansion. It's not part of this presentation, but will be coming forward early next year. We are working with them in regards to that. They are the asset manager and they add a Lot in assisting staff in regards to best practices. I would like to turn it over to cedric About what's happening. Quite frankly, i think they are doing a stellar job looking at cost Containment in where we are in regards to the economy.

>> thank you. 2009 and '10 is one of the worst years in the hospitality for the reasons we All know. We looked at a positive fashion while competitors were not increasing in Occupancy. We were able to increase ours year over year. Our prime business is doing Group business and filling with conventions. During down economy, travel and training are The first things companies cut. We made a very quick effort and nimble effort to change Our business model and go after more what we call transient business, leisure travelers, Vacationers and increase occupancy during down time. We also cut quite a few costs. A Year and a half ago, we laid individuals off. We all took a pay decrease of 5%. No pay Increases in the last two years. We halted 401(k) contributions and we were aggressive in Cost containment to preserve the bottom line. '09-'10 made us a better operator. I think we Learned quite a bit and became stronger through a very tough economic time. Now, Moving forward, we have five months of the fiscal year of '10-'11 in the books. We are \$800,000 up in our revenues. It's flowing positively as well. We are looking at finishing 20% above revenues what we budgeted a year ago for the fiscal year. Again, it's also one Reason group business is coming back. With the compression of bringing the leisure Traveler in is a rescue success. It's operating more as a hotel than a conference center that Specializes in group business.

>> thank you very much.

>> thank you.

>> a couple brief questions. So, just looking at page 13. Looking at the difference between 2009 and 2010. In 2009 the city advances \$9 million. 2010 is below \$3 million. It's attributed To the factors you mentioned, cutting the cost with decrease in salary. Are they the primary Factors?

>> part of that is correct. There's a few other things we did as well. As far as our Controllables it's \$1.5 million we were able to change.

>> can i refer you to page four? It shows the transfers from the city and the contributions.

>> i see, okay.

>> there's a little more detail where the funds were allocated for the budget process. The Reimbursements for debt service. One thing i think we need to keep in mind, in this model, We also look at the debt service for the hayes mansion in looking at trying to get to the Bottom line. It's a different model with our agreement for team San José. We don't include The debt service because it is paid by the redevelopment agency related to the convention Center.

>> thank you. Thank you, scott. Questions, comments?

>> does our relationship with hayes mansion require them to operate in a certain way like They must pay workers a certain price or are they free to do as they wish whether union Or non-union?

>> they are currently -- their employees are union.

>> is it required by the city?

>> i have to see.

>> in addition to other provisions, there are performance standards they must meet and Unfortunately, due to the economy, there has been challenges in regards to meeting some Of those for meeting budget or revenue targets. We watch all the performance measures Closely pursuant to the agreement.

>> it's fair to say the city is subsidizing -- the taxpayer money is subsidizing the workers at The hayes mansion? If they wanted to manage any way they want to, they can't. The city Is requiring it to be done at a more expensive rate?

>> quite frankly, i think it's broader because of other operating expenses related to the Hayes mansion. If you turn back to page four, councilmember, to your point, there's an Operating loss for this fiscal year of \$2.3 million. The issue, the initiative that is cedric Mentioned are ways they are trying to reduce the loss. If we could break even, that's What our strategy is at this point.

>> do you think it's more likely to break even if they were given flexibility to manage Workers any way they wish?

>> we have a lot of discussion regarding the labor. We talked to his hr manager and also Looking at other hotels in the area and how the employees there at the hayes mansion are Compensated comparing to hotel competitors. So, i think that, quite frankly, based on my Understanding, i think that we, you know, we are trying -- the agreements, the labor Agreements, part of them were in catch up mode in regards to wages and benefits they Have making compared to other hotels in the area. Maybe cedric can explain that.

>> the union contract runs through july 2012. We are in lines with the competitive set, the Marriott, st. Claire and the double tree here in town as well.

>> one other key point, i think is critical in regards to the operation is a number of staff at The hayes mansion, they are on an as needed basis. They come in based on the events. There's a lot of flexibility regarding the staffing model they have in place.

>> that's fair. It's fair to say the whole topic is one the people discussed on the debt Service. I think the other topic is, you know, if you are -- in the end, it's a subsidy because You are tying their hands to run a certain way when they choose not to. At the end, it's Money coming from not going to something else in my city charter. I want to point that Out. I think it's a reason why i believe the council hasn't touched the issue. They are Concerned about the people that are there, which is fine, but it's not as important as things In the city charter that i should be funding. I just want to throw that out.

>> understood.

>> other questions or comments? Can i get a motion.

>> motion to accept the report.

>> we have a motion and second to accept the report. All those in favor say aye. Those Opposed? Motion carries. Do we go back to four?

>> i want to go back to number five as well as six and seven. They should be references To the full council agenda.

>> i missed that in my motion.

>> item five will be references for full count of discussion. Item six, right?

>> yes, ma'am.

>> d-6. Independent auditor's report of the San José convention center.

>> thank you. I'm still here, scott johnson, director of finance. These are two reports from Our independent auditors. The folks joining me at the table is craig boyer, a manager who Conducted the audit and also jeanette duvall, she is the new chief financial officer for san Jose. We have two reports in front of you today. As we spoke, there's quite a bit of Discussion in regards to team San José. At the council meeting last week. The two reports Are the activity report, the financial report. I'll say, again, this information is somewhat Limited but the full information in regards to the convention center as it relates to a Revenue fund is in the city's comprehensive report that the council approved last week. Secondly, we have the auditor's report which is required communications and it's also Referred to as a management letter. I think we'll point out that particular report and any Findings that were identified in that report.

>> okay. Relating to the convention center engagement, you have before you the two Reports. I'm going to go over the first one. The results of the financial statement are Similar to the hayes mansion in that the audit opinion is unqualified and or fairly presented. That means that there was -- the financial statements are in accordance with county Principles. Also want to highlight in this report, it focuses on the operating expenses and Does not include the facility asset nor the related debt in this particular set of financial Statements. Those items are reported in the financial report. The second report has our Required communications and in it, on page one, the financial statement has two that are Identified. One is the estimated of uncollectible receivables in the amount of \$1.1 million. The other is how they estimate the allowance of the capital assets. In addition, on page Two, we encounter difficulties on completing this financial statement related to late closing Adjustments causing delays in the scheduled time line and delivery of this set of financial Statements. In addition, we noted to audit adjustments. One related to capital assets, Capitalization and classifications of accounts. In addition to the required communication, This is identified for control deficiencies which craig is going to discuss briefly.

>> thank you. We have four findings in the management letters a lack of written policies And procedures over certain accounting areas. While we didn't note any misstatements Related to the areas in the audit, we are

concerned with lack of formal procedure that is it Could inhibit business continuity if someone were to leave and their knowledge goes with Them. We had comments on that. The second finding had to do with differences and Adjustments posted in the audit as opposed to the general ledger. Because of that, we have To rely on the asset balance for the prior year. We started the audit. Therefore we had to Identify what the differences were and correct them for audit purposes. The third Adjustment is the one cindy mentioned earlier. There was an item that was capitalized that Should have been expense. The fourth comment we had related to adjustments to reconcile The amount in the financial statements. Several late adjustments came in related to that. We recommend the city and team San José work to make sure the reconciliation is Completed before the audit begins. Those are the four items i have. Back to scott.

>> i want to point out the report he just read is the support committee. Were they to have Laid out their findings, we have received demands in response to each of these. Jeanette, The new cfo for team San José has been very proactive and cooperative in working with Them. She has provided a management response. A number of issues they were working on Related to the action plan. It's very, very positive. In addition, i want to take a second to Acknowledge staff from the finance department that coordinate the hayes mansion review And consolidation of the audits. Belinda raise your hand. Thanks. For the convention Center and cultural facility, it's belinda and grace. Grace, if you could raise your hand. They do a great job with the financial complex transactions with the operators facilities.

>> thank you very much. Let me just thank a few folks. Thank you staff for the wonderful Work and obviously thank you to the independent auditor and the new cfo for your Expeditious response to this. Glad to hear you are working together to address the Important critical issues. Thank you for the presentation.

>> thank you.

>> questions or comments from my colleagues? Great. Great job.

>> thank you.

>> thank you.

>> we have a motion to accept the report and cross reference the discussion. All those in Favor? Opposed?  
Hearing none, motion carries.

>> madam chair, before we move on to the next item, dave baum is here to go over the Workman's comp item.

>> that would be item four, right?

>> right.

>> it's the quarterly report on worker's compensation.

>> good afternoon.

>> welcome.

>> my name is dave baum. We have our results for the first quarter report of the Expenditure and program. I would like to briefly review each of these expenditures and Answer any questions you may have. Basically, the first quarter, we have 5.8 million more In general funds costs compared to last year. 13.7% increase. Part of this is actually due to The fact we had one-time expenditures from last year. That should equal out because they Will be taken care of by the end of the year. We are not going to pay that many expenses To the same company. When you look at where we may end up, dues should be \$280,000 Below what we are budgeted for in terms of cost. When you look at the section in terms Of cost by department, there's three department that is stand out that we are looking at Carefully making sure the safety program is panning out there. That's the police department. So, right now, as it stands, there's going to be approximately 221,000 above their budget. The fire department, the same as last year. Approximately 480,000 above their budget. Pr & S is above budget. The

other top six are doing okay. In all fairness, we have large Settlements that came through over 100,000. They are officer that is have retired that we Are paying out huge lump sums. We have had more of those claims. The fact that we Have had some large exposure-type claims to officers and they needed treatment. When We look at the cost by department or in terms of splitting it out, we have identity cost More than medical cost. The accounts were 54% of the cost. The temporary disability Payments to employees when they lose time from work. Includes all the attorney fees we Pay. Medical is anything you can think of that we provide to cure the effects of the jury. Looking into disability leave, which is something we look carefully at, we are above what We are last year, 365,000 or 13.8% increase. We just have more claims now that require More time off. In terms of the final area of the claim analysis, it goes correspondingly. The police department has 41.2% more injuries than last year. The fire department, 9.9. They Are two significant areas we have seen increases in. The police department because of the Large claims accounts for a lot of the increase. We'll take care of that. In order to control The cost and efforts, we have the same as last quarter which we are doing cost allocations Pretty much on a trial basis for another year. We discussed it with the city manager's Office. It's the way we are looking at it. Plus, a recent meeting with deb. It's involving the Budget office and some of her staff there. That's basically the highlights. The rest we have Gone over pretty much before.

>> thank you very much for the presentation. Questions, comments? All right. Great job.

>> okay. Thank you very much.

>> motion to accept the report.

>> all right. We have a motion and a second to accept the report. All those in favor? Opposed? Hearing none, motion carries. We move down to the last item. The audit of the Police department staffing.

>> good afternoon. We narrowly escaped laying off police officers with a deficit that you Are familiar. The city proposed the San José police department proposed cuts to services Ranked most important to the community. The city council received budget documents Prepared by one of the members of your committee that proposed

specific aspects of the Police department and using the savings to increase staffing. Due to challenging budget the City auditors office was asked to review the proposals and identify efficiency that is help Maximize the number of police officers on our patrol. That is the scope of this review. We Had four basic findings. The first was that the police department's recent reorganization Special ops returned 40 to patrol. Two that we reviewed were impacted by the Restructuring. It was number 16 to combine gang enforcement and investigation. Excuse me. And budget proposal 19 to convert merge the city's s.w.a.t. team to collateral duty. Worthy of future consideration, it seems logical that given the current reorganization and Reductions those be allowed to settle in before we consider additional changes. We Recommend tabling the two proposals for the time being. We are recommending they Report changes in staffing to the public safety to this committee at each shift change that Shows it full allocation of staffing across the department. The second major issue that we Identified was that there are additional opportunities for efficiencies to help mitigate the Budget reductions and better match staffing to workload. Some of these are not new, but We wanted to point out there are several options possible. The first is increasing the number Of shift start time that is could provide the same level of service with fewer officers. The Second is decreasing the number of divisions, one of the budget proposals, number 18, Which we believe could reduce costs by up to \$2.9 million or buy back 22 officers Potentially. Moving from four divisions to two divisions without redistricting. Third was Changing patrol schedules to a more efficient schedule other than the 410. These, in addition -- modifications to investigative schedules could provide coverage for weekend days and free Up theday detectives which was a budget proposal we reviewed. Proposal 17, freeing up a Potentially \$380,000. There are two sergeants in that unit. The third major issue we Identified was the relatively low profound impact on costs. We did not conclude there was One appropriate span of control. Let me say a couple things about span of control. It refers To the number of employees per supervisor. No one span of control is appropriate for every Division, for every unit or necessarily across every part of the city. We did, however, Calculate the data relative to the police department span of control and the related cost to Provide the input and information to you. As of november, 2010, San José pd had a ratio of One sergeant for 4.5 officers. One captain for every 5.2 lieutenants. We estimated the cost Of the level of supervision. The cost of captains, lieutenants and sergeants to be \$54 Million a year. Shifting to a different span of control could potentially save dollars. Shifting To a span of patrol of one to six could save \$15 million. One to eight could save \$26 Million. Now, those are the costs at all ranks, not just sergeants. The fourth issue that we Identified was the police department

really does need a new staffing resource allocation Framework that reflects the current economic reality. The police department had a proposed Staffing plan. It called for 600 positions. At the time of the report, authorized staffing was 1805. Today, it's 1623. If we include the one-time buybacks, it's 1692. But, it's ten to 14% Lower than it was ten years ago. Given the current economic reality, the hiring of more Staff is probably not very likely given it's our feeling the department needs to focus on the Framework that provides for more use of existing staff and the department is aware of this, Of course. It measures success in the number of police officers per thousand residents. We Recommend in addition or we want to have -- in addition to the recommendations in this Report, that new framework, we would hope would include a plan to redeploy officers in Position that is could be filled by civilians, a former audit recommendation. I would really Like to thank the police department staff for their time and insight during this process. We Went on ride-alongs, tagged along with folks and interviewed lots of people in the Departmentas part of the review. The administration reviewed the information in the report And the response is shown on the pages. We have eight recommendations that are broad. I Would like to thank the summer intern who actually went along on the ride-alongs and Was a great help on this project. With that, i'm sure the chief would like to add a few Words.

>> thank you. I want to take a moment to thank the auditor for the effort that went into This. We were hit with an unprecedented hit to the budget and how we were going to Manage. We first saw the first draft and there was back and forth in the language. The Reality hit home for staff as well as my own. If we thought it was bad then, how are we Going to do this. The budget recommendations have been moved quickly as we move into The budget cycle. The work provides a framework to manage the reductions. It's no secret Our department has gone through, in the last several weeks the number of town halls in How to contract another couple hundred positions when you count the 65 purchased back Plus the potential for more. We are probably looking at layoffs. With what we are planning, It's nowhere close to what we are likely to meet in the reduction of positions. Isle Comment on two areas. One is officer to supervisor ratio. It generated a number of Inquiries more than any other on this report. Our department uses supervisors or sergeants In a number of ways other than supervising patrol officers. Some departments sight in the Report use like detectives in the bureau of investigations as a separate classification. They Are not listed as supervisors. We don't have a detective rank. We use sergeants. Not Always. In homicide, they are sergeants. I lowers the ratio of officers to supervisors. I'm Comfortable with

the size of the department. If we lose 100 plus 200 perhaps, officers at The lower end, they are going to go out the door, we are going to have a number of Supervisors and looking into motions. It's not something icon template or wish. We are Going to have to loose some. We are looking at something similar to what is in the Report. Reducing from four divisions to three or remaining at four, reducing the Supervisors and lieutenants within the geographic divisions and operating two to one. The Way to do it is treat two districts as one, eliminating one supervisor. So, there's a number Of ways to look at this thing. The overall goal is to maintain a satisfactory level, front Line police patrol functions with the staff that we have. I think this report is well done. We thank you for the effort to help us get to that point.

>> thank you, chief.

>> thank you sharon. Questions or comments?

>> i want to thank both the auditors and police department. This was not only an involved Audit, but done quickly, too. I think the genesis of this, really, started in last budget year With the proposed reductions that were all officer rank. It's something that was brought to My attention early on in the process saying if we are getting rid of all the feet on the Street, how are we going to continue to provide service to the residents? No matter who You talk to, whether at the police department or in the community, who is going to be the Face-to-face folks out there with the community fighting the day-to-day crime in our City? I think, like chief moore said, last year was nothing compared to what we are going To see this upcoming fiscal year. Now, with the reductions, the targeted reductions you Have been given, chief or significant, was it 10%?

>> about 29 million.

>> \$29 million. It's going to be difficult, no matter how you look at it. We know, 10% Ongoing reduction in total compensation would cover that, almost equally. Not quite but Pretty darn close to resolving it. I hope as we go forward, the thought process is what can We do to preserve jobs, which means preserving services for residents and keeping the Community safe? I don't see any other way to do it. Undoubtedly, there's going to be Things

we have to think about to do differently. The chief and i had a lot of Conversations about it. Maybe there's things we haven't talked about yet that we can do. We have to think of how we can do things different. We have people show up when you Call 911 and we need the presence of the officers in the community.

>> anyone else? Okay. I think that's it. You have a motion?

>> motion to accept the report and cross reference for council. Not until next year.

>> all right. We have a motion and a second. All those in favor. Opposed? Hearing none. Motion carries. I think that brings us to adjournment. Happy holidays, everyone. I'm sorry. Yes, yes there is.

>> a quick comment and question about one of the agenda items. I apologize if my Question was answered already. I came in a couple minutes late. The CPLE report. I'm -- my Name is allen hopper, i'm an attorney with northern california. I am director of police Practice work and started the job a couple months ago. I reviewed the quarterly report. My Comment is that this obviously, perhaps the report touches on the research and analysis Touches on issues of great importance to aclu. I understand this is interim progress report. There were references to some work completed in early january or february next year. Is There an anticipated date by which we might see findings, recommendations in a final Report?

>> deanna?

>> i would suggest you talk directly with CPLE. I know they tried to reach out to aclu Several times. This is an opportunity for you to make direct contact to get their time line. You have the acting police chief next to you to respond to detailed questions in terms of The delays. It's an excellent opportunity to connect them.

>> i will do that. I'm new to the position.

>> great, welcome.

>> i will certainly do that.

>> thank you.

>> anyone else? Okay, we are adjourned.