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>> Councilmember Constant: Good afternoon, and welcome to the Public Safety meeting for February 16th, 2012. We have no items for review of the work plan so we'll move right into the consent calendar. I have a motion on the consent calendar.

>> Councilmember Oliverio: Motion to accept.

>> Councilmember Chu: Second.

>> Councilmember Constant: All in favor, newspaper opposed, that carries. Move right into the section D, D 1, monthly report on public safety communications initiative. I know Chris Godley doesn't have anything for us but I believe chief Moore has something for us.

>> Good afternoon, Mr. Chairman and members of the committee, Chris Moore, Chief of Police. I'm here basically with great news, not only for the city of San José but for the rest of the country. Today Congress agreed upon, as part of the tax extension bill that is going through right now, \$7 billion in the allocation much 10 megahertz of spectrum known as the D block to Public Safety for the creation of a nationwide public safety wireless broadband network. With this network we'll have the ability to push out information both voice and data, to our officers our firefighters and emergency medical personnel out on the street. That includes video from crime scenes, it includes video from accident scenes, if your car goes off a cliff, we'll have doctors be able to see and do telemedicine in a way that's never been done before. It's something I've been working on for the last three years. Some of you have heard a little bit about this. It's taken a long time, but Congress has acknowledged the need. It's the last outstanding recommendation of the 9/11 commission report that Congress has now fulfilled. We anticipate the vote to occur tomorrow and that the president will sign it next week. San José and the Bay Area in particular will be well positioned to receive a large chunk of this money and further moneys to build out a nationwide network because we've been the leaders of this. And I appreciate the support of counsel and the members of staff that have sort of put up with the travel and the other things we had to do. But it will allow us to do things such as we discussed yesterday at rules, which is cameras for our officers, so we can actually see what's going on in the

street. Same thing for the firefighters, it will be safer for the firefighters, safer for the community. I just want to share that news with you. Thank you.

>> Councilmember Constant: Great great news. Do we have any questions from the committee? Thank you chief. Move right into number 2. And that's the fire department's 2011-12 vacancy and absence rates and impact on overtime. Chief.

>> I do have a PowerPoint for you. Oh, here it is okay. Let me start with the purpose of the report and that is to -- it's in response to the City Auditor's 2001 audit of the fire department's overtime expenditures. The first report was prepared in 2005. So this report would ensure that overtime funding and relief staffing are reviewed annually. At the end of the year the fire department monitors absences and line duty due to vacations, disability, modified duty, compensatory time off, funeral and jury duty for line personnel. Although our rate did increase from 2009-2010 there's an offset in reduction of vacancy rate in 2009-10 the absence rate for line personnel was 14% and the vacancy rate was 4.2. The 2010-2011 overtime expenditures was 8.11. Overnight expenditures for minimum staffing is about the same for 9-10 when you combine the vacancy rate. However our duty positions, our on-duty personnel decreased from 2002 in 9-10 to 179 in 10-11. So the next slide shows the combined absence rates for fire captains, fire engineers and firefighters. And you may remember that we quit including battalion chiefs in this information or this report because it's such a small universe that almost any changes in any of them causes great variances in the data. So we excluded them from this, from this report. In circles you will see the absence per rank. October is the lowest rate for fire engineers. November is the lowest month for fire captains and February is the lowest month for firefighters. Go to the next slide. This slide shows the five-year average baseline, and the analysis provides relief staffing to meet baseline hours with absence above the baseline hours filled by overtime staffing. As you know we use assigned personnel, we have some relief personnel that fill in for people who are on vacation and we also have overtime dollars that we use to fill our spots. A negative number on the slide indicates cover by relief staff is greater than the baseline hours. Negative number theoretically would indicator loafer yore time usage and possibly excess relief positions. Does not account for specific skills required for those positions. For example in the firefighter rank paramedics and firefighter EMTs are both included in that category. So there are a couple of things would I want to call out here on this chart. You see we have 14.82 less

engineers than we would indicate that we need, and we have a higher number of firefighters in that position that would indicate that we need and we've had that experience for a couple of years. A couple of things, we recognize that, and it's our intention through this next budget year to have a look at the staffing factor for our firefighter engineers and we believe it's low but we have a couple of things that are working right now that are going to suggest for us to leave our budget as it is right now and not ask for an increase or a decrease while we have an opportunity to do an evaluation this year. One of those things is, an alternative staffing proposal that we are intending to implement. I believe it's in April, where we would modify the deployment strategy that we used out in the field and we would use two-person companies to respond to some of the lower level medical aid calls. And I briefed all of you on that by now. That pilot program also has -- creates a change in a number of positions that we currently staff. And it would lower the number of engineers that we actually need. But it would give us an opportunity to look at what the staffing factor actually should be given the variances we have during the year and whether we can fill those with bodies or with overtime. So that's one thing that's going to change. And because that pilot program is going to go beyond the end of the fiscal year we're proposing to leave our budget the way that it is so that we have a good chance to look at how the alternative staffing model works as well as whether or not we're going to continue it. So making a change in our budget before we're done with that pilot program doesn't seem like it would be the appropriate thing to do. We also are experiencing brownouts, you guys all know about that as well. That's doing a couple of things our first full year to experience brownouts and so the calculations on how we would go about determining what the minimum staffing should be, based on the fact that the first eight people that are absent would cause us to brown out two companies and that's the maximum that we propose to do on a day, it was difficult to determine what that actual number should be, to be able to maintain just two companies that were out of service on a given day. So we have a little more experience with it this year. A third factor that's working right now for us to consider is, a proposal and an agreement that we are working through with our local, to implement what we call a D shift or an alternative staffing model where we would use our personnel that we predict that would be on Sundays we would have a higher number of people than we need to fill all our spots, change their -- on a probably two-week-notice basis, change their shift schedule, to plug some of those daily vacancies. It's a very flexible opportunity for us to reduce our minimum staffing dollars and it's something that our union came up with. So we're working through to make sure we all understand how that would work and solidify that agreement. But we've tried that a couple of times and it does save a number of minimum

hours and it is something that would go into consideration for next year. Okay next slide. So the audit recommendations contained within the City Auditor's April 2001 audit report have been closed. Our sworn benefits for this next year -- sworn benefits for 2010-11 are about 55% of salaries. So although overtime is 50% a.m. and it was suggested that we use overtime instead of people to fill daily absences, there are some operational considerations that need to be evaluated as to what our exact staffing should be. So again given all the changes and dynamics that are going to be occurring this year in our budget and our staffing model we think this would be a good year for us to do that analysis. We think that next year, when we present this report, that may be when we propose that that would be the last year given the control that we think we built in and our ability to monitor it and then come back to the committee if there's some considerations, some concerns that it's starting to get out of whack. That's tend of my proposal. Happy to answer any questions.

>> Councilmember Constant: Chief, I have one quick question here. When you look at the three ranks, captain, engineer, firefighter, the absent hours are almost pretty close. Total absence hours. But we have vastly different numbers of people in each of those ranks.

>> Right.

>> Councilmember Constant: What would -- what leads to that higher absence rate for higher ranks? I mean, if we were to adjust this on a per-FTE basis or a per capita basis it appears to me like there would be a huge difference in absence rate between firefighter and fire captain.

>> If you could ask me that again? I had a thought and the end of the question changed.

>> Councilmember Constant: I'm looking at the chart on page 3 of 8, chart 1, absent hours by type and rank. So if I look at the far-right column, total hours, fire captains, the total lost hours or absence hours are 91,222. And for firefighter they're 106,528. But the number of firefighters we have, versus fire captains, is significantly more. So if you were to analyze this on a per-FTE or per capita basis, I don't know exactly what the difference in the sworn strength in, in those ranks. But it's at least three or four times higher in that rank. Am I misinterpreting the chart?

>> So the total hours leave, 106,000, that's what you're asking me about?

>> Councilmember Constant: Right so how many approximately how many firefighters do we have in that rank?

>> Oh boy, I have to turn around and ask that question.

>> Councilmember Constant: Okay.

>> So we have 163 fire captains.

>> Councilmember Constant: One 63 fire captains.

>> 208 authorized fire engineers.

>> Councilmember Constant: Uh-huh.

>> And 252 firefighters. And one thing I just might remind the committee is that our firefighter rank includes EMTs and paramedics and we don't distinguish amongst the two.

>> Councilmember Constant: So just doing the math in my head, it looks like the absence rate for fire captains is about double what it is for firefighters. So that's what I'm asking. What would attribute significantly more absences at that rank?

>> It's most likely the amount of accrued vacation leave that they have. Our firefighter ranks are more junior personnel, and our fire captains are generally our more senior folks. And in fact that's where we see most of our retirements, is at the fire captain rank.

>> Councilmember Constant: Okay, I think that's something we might want to keep an eye on as we go forward to see if there is some other driving factor. Because even if you look at the modified duty column is probably a rate that's 3.5 to 4X on a per-FTE basis. Any questions from my colleagues?

>> Councilmember Oliverio: Thank you chief. Out of curiosity, is the absence rate for fire equivalent to police or any other position?

>> I don't know the answer.

>> Councilmember Oliverio: Then in the audience, City Clerk or -- sorry City Auditor?

>> I think though it's a difficult analogy to make unless you do a lot of calculations because of the shift schedules. Because our folks are on 56-hour work -- I guess you could do it on a percentage basis but sometimes it seems to me that it doesn't match up just given the schedules that the different folks are on.

>> Councilmember Oliverio: Got it.

>> Councilmember Constant: Kansen, anything? Anyone like to speak on this issue? We have a motion to accept the report. I think that was a motion and second. All in favor? All right thank you chief.

>> Thank you.

>> Councilmember Constant: Move on to item 3 which is the fiscal year 2010-11 independent auditor's reports.

>> Alex Gurza: Mr. Chair, a partner, Mr. David Bullock, from the outside auditor of Macias, Gini & O'Connell will have some comments to make on this item.

>> Councilmember Constant: I suppose you can talk to both of them at once, thanks.

>> Good afternoon, members of the committee, I'm Julia Cooper, the acting director of finance, and there are two items before you today. The first is the report to management which is also referred to as the management letter. And during the course of the audit of the 2010-11 comprehensive annual report, MGO conducted a limited examination of our internal controls and management practices. So the report includes those reportable conditions that require immediate disclosure to the committee. And David will talk about those in a little more detail. And then the second report is the single audit report which presents MGO's audit of the city federal grant programs, and includes the airport's passenger facility charges and federal compliance section which starts on page 135, and a single audit of 1984 requires any audit findings or question cost related to federal programs to be incorporated in the single audit along with the corrective audit action plan and it also includes the management discussion and analysis, again, which is also in the earlier report. So I also have with me Pat Swicky who is our acting accounting division manager, and he has been in that capacity since October, when the previous accounting division manager left city employment. So with that I'll turn it over to David.

>> Here we go. Chair constant, members of the committee, thank you for having me. I'm David Bullock. I'm a partner with MGO. Not specifically on the city's CAFR, Cindy Pon is responsible for overseeing the City's work. And I'm happy to report she's actually taking vacation. She's on her way to China right now, probably somewhere over the Pacific. She left this morning. And so she asked if I could take her place in this presentation. While I'm not the partner on the City's audit I've been the partner on the redevelopment audit for many years, I'm very familiar with the City's audit. Just briefly we did a presentation in December discussing the results of the financial audits for the city. The Redevelopment Agency and other parts of the City's engagement and at the time we reported that there was an unqualified opinion which is the highest level of assurance we could provide as auditors, that's the good news. We disclosed the fact that the city implemented GASB 54 a new standard that really changed the fund structure to a certain extent but more importantly changed how fund balances are reported in government funds. Pretty dramatic change so you probably noticed that as you were reviewing the current year CAFR. We also talked a little bit about the plan timing that was affected by a couple of issues that were -- that arose during the audit One being the arc, the annual required contribution for the Federated city plan and that's been I think reported and disclosed on and second the redevelopment activity that's been going on right

now with the legislature. And at the time when we did the presentation for the Redevelopment Agency, the California Supreme Court hadn't rendered a decision yet on AB 1X 26 and 27. And since then I know you are well aware of it because you've already taken a lot of action as a successor agency or in the middle of trying to address the new legislation that's imposed on you. But we did report on that to the extent it was an uncertainty at the time we issued the financial statements. Other than that, the report we have to management which is routinely called a management letter, kind of summarizes the results of our audit, and so there's really nothing other than what we just talked about that's significant that we would report to you. We did have a management letter comment that's embedded in this report and I think it starts on page 5 of the report. Or actually two management letter comments. I just want to say on the first one we've had a long standing relationship with the city and have a lot of respect for the finance department, the quality and the professionalism. However during the year we did note some issues that arose and you know I wasn't specifically involved with them but reading the management letter comment we definitely have a feeling it is the changes in personnel and the layoffs and the changes that have impacted the finance department. And then trying to deal with a lot of these new requirements, GASB 54, the California legislation hasn't made it any easier. We wanted to relay those observations and make sure that you're wear of it in your role as the finance committee. And thin also that management's aware of it and can address it for the 2012 audit. We also identified one other finding as it related to the cost allocation plan. These are deficiency that we note as we conduct our audit and want to bring to your attention. On the single audit just really briefly, the single audit, the city received 136 million in federal awards. It was a pretty significant program for a local government, and 21 million through the passenger facility charges. Those are reported on 144 and 145 of the single audit. Gives you a snapshot of the total federal awards coming to the city and the amount spent. On page 152 is our schedule of findings and questioned costs, and that's really a good summary that captures the results of the audit. There were seven major programs that we had to look at based on the risk assessment that we were required to do under the single audit act. And of those seven major programs we did have one finding with the transportation program under the highway planning and construction grant and that was in Public Works. It has to do with the Davis bacon act. Basically the city needs to make sure they're looking at the Davis bacon requirements before payment is made to contractors or have timely way of monitoring that so payments are not made to contractors that don't meet requirement. In a nutshell the requirement under the Davis bacon act is to ensure the laborers under the construction contract are being paid the prevailing wages under the

department of labor or the California laws. That concludes my presentation, I'm more than happy to address any questions you may have.

>> Councilmember Constant: Questions from my colleagues? Anything from finance? Nope. Do I have a motion from my colleagues? Motion and second. I forgot to ask, anyone like to speak on this item? No, all in favor? That passes, thank you very much. We'll move right into our next finance item which is the second quarter financial reports for fiscal year 11-12.

>> Good afternoon. Again, Julia Cooper, acting director of finance and I have Arn Andrews who is the acting assistant director. There are three items sort of normed in this particular item. The first I'm going to touch on is the issue of the writeoffs, the bad debt writeoffs that we have there. And I just wanted to provide some additional clarification to the attachment to the report. And some of the writeoffs that we're writing off we'd already received like partial payment for some of those. Some of the examples are for example Mexicana airlines, while we're asking for a writeoff of almost \$400,000, that's after taking into account a \$216,000 receipt that we received as part of the bankruptcy settlement. And then we were also awarded a little over \$45,000 in a court decision on a bankruptcy claim filed for the stakehold manufacturing, which is on the list, as well. And then one of the other items, we also agreed to a \$5,000 settlement with simply kids. So there is more information and next time we do the write-off we'll try to provide a little bit more characterization in the report that comes to the committee and then subsequently to the council. And then also in the report we indicate that we can pursue our collection rights with respect to these things we're writing off. But I want to emphasize in the case of bankruptcies and cases that have been dismissed in court and city settlements we have no more further ability to pursue our rights under those situations. So if you have questions on that we can take that now. If not I'll move into the investment report. Okay. So if we could just make sure we get this recommendation to cross-reference it to the council that would be great. And then next we have the presentation of the investment report. I'd also like to say that we had some additional change -- kind of following up on the audit recommendation we had some additional changeover in staff and we have peter Desles here who is our new acting debt administrator. Charlene's son, our former one, left to go work at the Water District, so he's taking up that capacity now. So if we have questions on the debt management program, he's here to answer some of those as well. With respect to the investment report pursuant

to the investment policy twice a year for the second and fourth quarter investment report we're required to make a presentation to this committee so this is the second quarter report and we're here to make that presentation. As always we manage our investment, objectives are to manage the policy with respect to the objectives of safety, liquidity and yield, in that order and that priority. The quarter reports are online and placed on the committee agenda so people can go back and look at previous report and as I mentioned this is the semi annual presentation related to the City's investment policy. Arn's going to make the presentation. Maria ohberg went home ill, so Arn is going to fill in and do the rest of the presentation for her.

>> Committee and chair members, Arn Andrews, the acting assistant director of finance. In the first slide is the summary of the performance for the quarter. And as you can see, the size of the portfolio was approximately \$927 million. As of December 31st. Up from approximately \$833 million the previous quarter, September 30th, 2011. The total earned interest yield for the portfolio was roughly 75 basis points up from .738 in the previous quarter. And this increase is primarily the result of staff's continued effort to invest in maturities in the one to three-year investment range. If weighted average days to maturity in the quarter also increased slightly because of that investment strategy to 524 days from the previous 513 days. During the quarter no securities were sold. Therefore there are no gains or losses to report on the portfolio. And as Julia mentioned the investment program continues to maintain its focus on its core mandate of safety, liquidity and yield. This slide is to give people an understanding of the composition of the portfolio. And as you can see, similar to previous quarters, the majority of the portfolio is still held, roughly 80% in U.S. government agency issues. During the quarter, the General Fund cash balance increased as you can see approximately 35 million and this was primary due to the receipt of the third advance of property tax in the amount of roughly 30 million. Generally our cash balances they ebb and flow based on the receipt of property taxes, primarily in the months of January and June. This is sort of a graphic representation of that ebb and flow of the City's cash balances and the various funds cash balances. And as I described you can see peaks and troughs. Peaks happening generally in January and June, and it is also important to note that the summer months are traditionally months wherein expenditures outpace the revenues coming in. And so historically you will see a decline during that period. This graph compares the monthly earned interest yield of the City's portfolio 1 compared to the two benchmarks that we look at. That would be the state of California local agency investment fund and then the two-year U.S. government agency securities. This

represents a two-year period of the history of portfolio fund 1 versus those two benchmarks. During the month of December 2011, you could see that average days to maturity was approximately 256 days compared to the City's average days to maturity of 529 days for portfolio 1. Part of that extension and maturity is the reason we are still maintaining outpacing our two benchmarks. This is a summary slide of the current investment strategy that's being maintained in the investment program. Staff continues to look for investing opportunities in the 18 to 36-month maturity range. During the second quarter they found opportunities in that range for approximately \$121 million of securities. Current yields available for longer maturities resulted in an average purchase yield of .69 which compared to a five year treasury at roughly .80. You can see the extension and the opportunity staff is realizing some good yield opportunities for the city. Staff will continue to match maturities to known expenditures in the next 24 to 36-month range and as always maintain their focus on the core mandate of safety, liquidity and yield. It is interesting to note that at the last federal open market committee meeting they reported out on January 25th and in general the federal reserve is being much more forthcoming and transparent in their communications and they not only reiterated that they were going to continue to maintain low interest rates for the foreseeable future but now they've actually started to put dates on that and they extended it out to late 2014 now. And with that staff puts forward the recommendation to accept the investment report for the quarter ended December 31st, 2011, and as always we will be available if there are any questions.

>> Councilmember Constant: Thank you. Questions, gentlemen? Nope. Anyone like to address us from the crowd there? I know we have tons of people here today. Thank you very much. Have a motion and a second. All in favor? Wow, what a vocal crowd we have here today! That passes unanimously. Thank you. We will now move into item number 5, oh and that motion included a cross-reference to the city council. Number 5, Redevelopment Agency monthly financial statements, has been deferred or is requesting a deferral to March 2012.

>> Councilmember Oliverio: Move to defer.

>> Councilmember Constant: All right, all in favor? Thank you. Sharon. Number 6.

>> Sharon Erickson: Number 6, this is the monthly report of activities for the City Auditor's office for month of January, 2012. We did issue three audits during the month of January. Audits of office supplies, the convention center and the I.T. general controls. You heard those at the council meeting yesterday, day before yesterday. Earlier this week. I want to let you know that we are expecting to issue our audit of police department secondary employment at your March meeting and that we have kicked off two audits from our work plan -- our approved work plan for this year. That's numbers 9 and 10, the fire department disability rates and the impact of staffing reductions. And again, please let me notice if you or you know of anyone who has specific concerns or questions about those audit topics that we could address as part of those audits. With that I'm happy to answer any questions.

>> Councilmember Constant: Questions gentlemen?

>> Councilmember Oliverio: On the staffing reductions it contains the notion of what the impacts of bumping are on, so I just want to make sure that -- it's submitted in there but obviously has an effect when you are having to put people in positions they may not want to be or that type of thing.

>> Sharon Erickson: Yes.

>> Councilmember Constant: All right. Any of you guys eager to speak to us out there? No, amazing. Motion to accept the report.

>> Motion to accept.

>> Councilmember Constant: All in favor? I guess that's unanimous. Thank you. Our almost last item, number 7, workmen's compensation reform report. Alex.

>> Alex Gurza: Alex Gurza, Deputy City Manager. Mr. Chair, members of the committee, our monthly verbal report on our workers' compensation reform effort. As the committee knows, you approved our plan to move

forward on workers comp reform efforts. As part of that one of the things we are doing, I personally am doing is trying to learn as much as possible about other things we might do to approach our workers compensation costs and approaches. As the City Auditor had found in an audit that she did on workers' compensation, our costs were very high per claim even in comparison to other public agencies. The question I have as I take over responsibility for the function is what are they doing that we may not be doing or what are they doing differently. So I actually personally went to visit a couple of places, and am going to continue to do that. San Mateo County was one, City and county of San Francisco. We're in contact with San Diego which had a very low average cost to our county of Santa Clara. And we are finding a couple of things that they are doing that we have explored in the past of that are already on our list. Our example is San Mateo county and City and County San Francisco have a provider network. That is one of the things on the list we're looking at. San Mateo county was doing something that wasn't on our list that we're going to look at, which is an outside nurse triage call center. So when an employee has an injury seven days a week, 24 hours a day, can call a nurse number and get advice. We'll look into that and follow San Mateo county's pilot is, to see how effective it is. They have indicated so far they have found it to be effective. One other thing we are also looking at, as you are aware and the committee is aware, our workers comp workers have a high caseload. And one of the things that David Wong, our workers compensation division manager, has talked to me about is a case closure project, getting some assistance to go in and trying to get help in getting some of the cases closed and getting them some assistance. And we're going to be looking at that as well. As well as, again, looking at ways we do thing and how we can improve in the handling, not in just the claims administration, but all aspects of it. And lastly to give you an update of the RFP that we talked about doing, our last committee meeting our target had been to have the RFP issued by this meeting. We are still continuing to work on it and so it's not out yet. And at the same time as we continue to look at it we want to explore these other items as well, most notably the case closure project. As you also know the City Attorney is working on an RFP for legal services and they are also continuing to work on that. So we'll provide you further updates at next month's meetings.

>> Councilmember Constant: Questions gentleman?

>> Councilmember Oliverio: Alex, workers compensation changes keep coming up as a way to reduce the structural budget deficit at the city. I'm curious, based on where we're at, and the topic and the time, when is it do you think actually the city would be able to achieve savings from changes?

>> Alex Gurza: That's an excellent question. I think as I get into this project, I'm very optimistic that I think that you know we can do better and achieve some savings. The hard part is to know exactly when they will take place. Some of them are longer term, so I don't think in we start doing, it is not possible to see immediate changes. Because anything you do takes time for it to have an effect. So I don't think -- it's definitely not something you would see for this next fiscal year's budget but potentially you know, start thing in the one following that and then continuing. Because sometimes, some of the reform efforts are really something that it's going to take two or three years to really see the impacts of that. But we definitely are going to to focus our efforts on those that we think will have the most impact and we're going to indefinitely put those in the highest priority.

>> Councilmember Oliverio: Thank you.

>> Councilmember Constant: Motion to accept the report. Second. All in favor. Okay. Thanks Alex. Last but certainly not least. Team -- Team San José quarterly report for -- quarterly 2010 performance and incentive measure report.

>> Alex Gurza: And Mr. Chair, we will need a sunshine waiver on this one since the report was issued late.

>> Councilmember Constant: Motion to waive sunshine? All right all in favor? Sunshine has been waived. It's now partly cloudy.

>> Bill Sherry: Thank you, Mr. Chair, Bill Sherry, and joining me is Dave Costain, chief operating officer for Team San José. I assume all of you have our quarterly report ending December 31st, 2011. I'll just draw attention to a couple of key factors and then we will be ready to answer any questions you may have. On page 1, just want to point out that the report says that we met or exceeded seven of the nine performance measurements. That

actually should be six of the 9 performance measurements. Revenue grew 2.48 million over the adopted budget, which created a favorable gross operating variance. The original gross operating net loss was expected to be, and was budgeted, at 3.19 million. Because of the revenue growth that we achieved, and the reduction in expenses that gross operating profit actually ended up being 2.7 million or 16.5 favorable variance. Customer service continues to be high with an overall 97% overall customer service rating, and I'll point out that 60% of our clients responded. So that's a pretty high response rate. T.O.T. revenue exceeded budget by 13.7% or \$328,000. Moving on to page 3, the chart at the top of page 3 highlights the nine performance measurements. I think this is a mixed bag. We're seeing growth in hotel room rate, T.O.T. growth. Our revenue growth both in terms of building rental, labor rental, and the like, also in food and beverage. But attendance has been weak. Some of our conferences have been under-attended, didn't meet expectations, and also, because of impacts relating to construction, we've also experienced some missed opportunities with events and underattendance in those. And lastly as I noted at council yesterday, that we -- or on Tuesday, our arts partners have pulled back, both ballet, opera symphony are struggling somewhat with the soft economy. So they're scaling back and missing some of their attendance expectations. Just couple of notes that I'd like to mention. I think most of the committee members recognize this, but at mid year we go threw mid year adjustment on our appropriations, and then we do kind of a year-end adjustment. As you will see in most of our quarterly reports, we're exceeding revenue estimates. And that's both because of labor as well as food and beverage, which is a good thing, but associated with that revenue increase there's also variable expenses that go along with it. We are exceeding both on the revenue as well as expenses. But what we should all be concerned about is what's the net difference? And the net difference is a positive variance to the fund and to our operations. I also want to point out that in two weeks I'll celebrate my first year with Team San José. It's flown by quite quickly, but I've continued to be impressed by the decision to bring food and beverage in-house. That's most certainly a profit center for us. It remains very high on the customer evaluations in terms of the food delivery and the service that we're providing. And overall in a given year you can look at our operations just in the food and beverage exceed 7 million and net profits exceed 1 million. So that's a nice profit center for us and certainly a nice addition to fund 536. Also point out, on page 8, we have our sales and marketing recap and you can read that at your pleasure. That pretty much concludes my high-level summary and we stand ready to answer any questions you may have.

>> Councilmember Constant: Gentlemen. No questions. I don't see anyone racing down to address us. Thanks for another good quarter. Hopefully we'll get that attendance up and everything will be looking perfect. So do we have a motion on this? A motion and second and how about a very enthusiastic? Oh, very good! Thank you. That's our last item, we are adjourned.