

JANUARY 21, 2010
SAN JOSE
PUBLIC SAFETY, FINANCE COMM

>> CALLING THE PUBLIC SAFETY, FINANCE MEETING TO ORDER.
WE WILL START WITH "B," DO WE NEED TO?
>> I WILL STATE FOR THE RECORD, THERE ARE ITEMS UNDER REPORT ARE
D 2, D 4, D 5 AND D 7, THAT WE REQUEST FOR FEBRUARY.
>> I WANT TO MENTION A DEFERRAL, AND I WANT TO MENTION HOW
BEHIND WE ARE GETTING.
WE HAVE FOUR OF THIS AGENDA AND ALL OF NEXT MONTH AND SOME
THAT WE DEFERRED TO FEBRUARY BEFORE.
I AM CONCERNED THAT NEXT TIME WE LOOK AT THE WORKPLAN OUT
THREE OR FOUR MONTHS TO SEE HOW THINGS ARE STACKING UP.
>> PERFECT, I WILL PREPARE FOR THAT.
>> MOTION.
>> SECOND.
>> WE HAVE A MOTION AND SECOND TO REQUEST A REVIEW OF THE
WORK PLAN.
>> AYE.
>> MOVING TO ITEM C, CONSENT CALENDAR.
>> MOTION APPROVED.
>> SECOND.
>> ALL IN FAVOR SAY AYE?
>> MOTION CARRIES.
WE WILL MOVE TO ITEM "D," AND I HAVE RECEIVED A REQUEST TO HEAR
YD-3, THE 2008-09 ANNUAL PERFORMANCE AUDIT TO BE HEARD FIRST.
WE WILL HEAR THAT ITEM FIRST AT THIS TIME.
SORRY, I CAUGHT YOU OFF GUARD.
I JUST GOT THE REQUEST EARLIER TODAY.
>> FINE.
I AM TEAM SAN JOSE IF I ACCIDENTALLY SAY POLICE DEPARTMENT, I
WAS OFF ON ANOTHER TANGENT.
YOU HAVE BEFORE YOU THE AUDIT FOR TEAM SAN JOSE PERFORMANCE
MEASURES FOR 2008-09, THE AGREEMENT BETWEEN THE CITY AND TEAM
SAN JOSE OUTLINE FOUR KEY PERFORMANCE MEASURES.
08-09 WAS THE LAST YEAR OF THAT AGREEMENT.
IT WAS TO DETERMINE WHETHER TEAM SAN JOSE MEET ITS TARGETS.
WE FOUND THAT THEY MET THREE OF THE FOUR TARGETS.
NO. 1, IF YOU LOOK ON PAGE 7, THAT SHOWS YOU THE GRAPH.
TEAM SAN JOSE INCREASED ITS GROSS REVENUES AND MEETING AND
EXCEEDING THE MEASURE, AND YOU CAN SEE THAT ON PAGE 7.
UNDER 08-09.

THE SECOND ITEM IF YOU TURN TO PAGE 9 OF THE REPORT ARE, TEAM SAN JOSE DID NOT MEET THE NET LOSS TARGET, IT SHOWS THE EXHIBIT OF NET LOSSES OVER THE LAST FIVE YEARS.

ALTHOUGH GROSS REVENUE WAS INCREASED BY 2.8%, OPERATING EXPENSES INCREASED MORE.

AND PAGE 12 OF THE REPORT, EXHIBIT 6, YOU SEE THAT TEAM SAN JOSE CONTINUES TO RELY ON CONTRIBUTIONS FROM TOT AND PARKING FUNDS TO MEET THIS DEFICIT.

THE THIRD PERFORMANCE MEASURE REGARDING OVERALL ATTENDANCE IS ON PAGE 13, ALTHOUGH IT DECREASED FROM THE PREVIOUS YEAR, IT DID EXCEED ITS PERFORMANCE MEASURE FOR THE NUMBER OF ATTENDEES.

AND PAGE 13 SHOWS THAT IT DID NOT MEET TARGET FOR OUT OF TOWN BUT EXCEEDED FOR ATTENDEES.

AND PAGE 14 OF THE REPORT SHOWS THAT TEAM SAN JOSE DID MEET ITS CUSTOMER PERFORMANCE MEASURES BY 6% POINTS, AND RECEIVED A RESPONSE RATE OF 19% FOR CUSTOMER SERVICE SURVEYS.

AND PLANNERS, 97% RESPONDED TO THIS SURVEY RELAYING THEIR EXPERIENCE AS OVERALL GOOD.

AND WE HAD NO NEW RECOMMENDATIONS IN THIS REPORT.

TEAM SAN JOSE'S RESPONSE IS ATTACHED IN THE REPORT.

AND I WANT TO ACKNOWLEDGE CAROLYN AND STEVE FROM MY OFFICE FOR THEIR WORK AND THANK TEAM SAN JOSE AND CITY STAFF FOR THEIR TIME AND EFFORT IN THE REVIEW.

AND I BELIEVE THAT TEAM SAN JOSE IS ALSO HERE TO RESPOND TO THE REPORT.

>> THANK YOU SHARON, DAN, YOU DON'T HAVE TO BUT IF YOU WANT TO, THE FLOOR IS YOURS.

>> THANK YOU VERY MUCH.

[INAUDIBLE] AND I HOPE THAT EVERYONE KNOWS GOING FORWARD THAT ONE THING WE HAVE DONE AND THAT WE HAVE WORKED THROUGH OUR PERFORMANCE MEASURES TOGETHER.

AND THIS WAS BASED ON -- THAT THIS WAS REALLY BASED ON A FIVE-YEAR PROJECTION [INAUDIBLE].

SO WE THINK THAT THE METHODOLOGY WE WILL WORKING ONGOING FORWARD WILL BE MORE RELEVANT RELATED TO ECONOMIC ISSUES AND THE CURRENT TREND OF THE PARTICULAR YEAR WE ARE IN.

AND WANT TO THANK THE AUDITOR.

>> THANK YOU DAN AND SHARON FOR YOUR WORK AND STAFF.

AND TO TEAM SAN JOSE FOR ALL OF THEIR WONDERFUL WORK YOU HAVE CONTRIBUTED TO THE CITY.

QUESTIONS OR COMMENTS FROM COMMITTEE MEMBERS?

>> I WILL THROW TO BOTH THE AUDITOR AND DAN FENTON, AT THE CONTINUED LOSS, WHAT WOULD YOU SEE AS A NUMBER OF SALES YOU WOULD HAVE TO DO OR NUMBER OF VISITORS YOU WOULD NEED TO NOT HAVE A LOSS TO BREAK EVEN?

BY YOUR PROJECTIONS WHETHER ACCURATE OR YOUR BEST GUESS.
>> GOOD QUESTION, IN TERMS OF -- I THINK IN TERMS OF ADDITIONAL REVENUE, WE HAVE LOOKED AT THIS AND I WILL GIVE YOU A ROUGH NUMBER, I THINK IF WE HAVE AN ADDITIONAL FIVE OR EIGHT MILLION DOLLARS AVAILABLE WE HAVE TO THINK ABOUT WHAT IS THE PURPOSE OF THE COMMUNITY CENTER, AND WHAT IS THE ECONOMIC BEING GENERATED.

BECAUSE WHAT SHARON MENTIONED, THE ACTUAL FUND BALANCE, THE BALANCE THAT THE [INAUDIBLE] AND THEATERS LIVE HAS BEEN GROWN OVER THE LAST FIVE YEARS, BECAUSE T.O.T. REVENUES HAVE BEEN SUCH THAT THOSE REVENUES AND ALL THOSE WILL CONTINUE TO GROW THAT FUND.

THE REASON I BRING THAT YOU, YOU HAVE TO LOOK AT HOW YOU DRIVE MORE TO THE ECONOMY AND HOW YOU INCLUDE YOUR FISCAL [INAUDIBLE].

GOING FORWARD WE HAVE A LIVE FORMULA THAT WE'RE WORKING WITH THE AUDITORS AND THERE WILL BE MORE DATA GOING FORWARD.

>> ON THE TOP OF YOUR MIND, IS IT A RARITY THAT A CONVENTION CENTER OPERATES A PROFIT, VERSUS VIEWED AS AN INFRASTRUCTURE OF THE CITY OF THE ECONOMICS?

>> WE DID A STUDY WHERE WE LOOKED AT OTHER CONVENTION CENTERS AND BEST PRACTICES, AND NONE SAID THAT IF YOU TAKE THE [INAUDIBLE] TAX OUT OR A QUOTE UNQUOTE THEY WEREN'T CONTRIBUTING JUST FROM OPERATIONS.

THEY EITHER NEEDED A TAX REVENUE OR OTHERS TO FUND THE OPERATIONS.

>> AND SHARON, DO YOU HAVE ANYTHING TO ADD?

>> NO, I THINK THAT DAN IS WELL SUITED TO RUN THE CONVENTION CENTER, WE HAD ANSWER THOSE QUESTIONS.

>> THANK YOU.

>> ANYONE ELSE?

DO WE HAVE ANYONE IN THE AUDIENCE THAT WISHES TO SPEAK. IF NOT, CAN I GET A MOTION.

>> MOTION.

>> SECOND.

>> ALL IN FAVOR SAY AYE.

MOTION CARRIES.

THANK YOU

.
WE WILL START WITH ITEM D-1, AUDIT OF CIVILIANIZATION OPPORTUNITIES IN SAN JOSE POLICE DEPARTMENT.

>> A CHANGE UP IN STAFF HERE.

IN ACCORDANCE WITH THE CITY AUDITOR'S ANNUAL WORK PLAN WE HAVE COMPLETED AN AUDIT OF CIVILIANIZATION OPPORTUNITIES IN THE SAN JOSE POLICE DEPARTMENT.

THE PURPOSE WAS TO DETERMINE WHETHER THE SWORN STAFF IN THE AREA REVIEWED RESULTS IN THE MOST EFFICIENT USE OF THEIR TRAINING, TALENTS AND EXPERIENCE.

WE FOCUSED ON WHOLE POSITIONS IN THE DEPARTMENT ALTHOUGH THERE WERE PARTIAL POSITIONS, IN THE CASES WHERE THERE WAS NO ADMINISTRATIVE SUPPORT FOR A DIVISION OR UNIT.

ASSURING THE RIGHT MIX FOR THE CIVILIANIZATION IS USED ACROSS THE COUNTRY, AND CAN BE AN EFFICIENT TOOL IN POLICE SERVICES, IN 2008-09 THERE WERE A TOTAL OF 1830.

IN PAGE 9 IS A REPORT THAT COMPARES SAN JOSE ON A GRAPH.

THESE WERE NUMBERS REPORTED TO THE F.B.I.

THERE ARE MANY DIFFERENCES BETWEEN JURISDICTIONS, BUT THIS GIVES AN IDEA WHERE WE RANK, SAN JOSE IS IN THIS PARTICULAR TIME FRAME REPORTED TO BE 78.8% SWORN.

IN RECENT YEARS THE SAN JOSE POLICE DEPARTMENT IDENTIFIED 29 POSITIONS THAT COULD BE CIVILIANIZED WITH OFFICERS REDEPLOYED TO THE FIELD.

AND WE REASSESSED THAT FOR A TOTAL OF 88 POSITIONS.

THERE IS BENEFIT TO CIVILIANIZATIONS, FOR THE BENEFITS OF SWORN PEOPLE FOR SWORN DUTIES.

OVER THE YEARS SWORN PERSONNEL WERE PERFORMING FUNCTIONS THAT COULD BE PERFORMED BY CIVILIANS.

A SIGNIFICANT BENEFIT IS COST SAVINGS.

THE ESTIMATED COST DIFFERENCE OF SWORN PERSONNEL IN THE 88 POSITIONS WE IDENTIFIED IN THIS REPORT, VERSUS HAVING CIVILIAN STAFF IN THOSE POSITIONS IS ABOUT 5.1 MILLION DOLLARS.

AND THERE IS A NUMBER OF OTHER CONSIDERATIONS.

THE FIRST IS THEIR LIMITATIONS ON CIVILIANIZATION IN THE MEMORANDUM OF AGREEMENT FOR THE POLICE DEPARTMENT.

IT LIMITS TO 15 THE NUMBER OF POSITIONS THAT CAN BE CIVILIANIZED DURING THE TERM OF THE AGREEMENT.

ANOTHER CONSTRAINT ON THE DEPARTMENT'S ABILITY TO CIVILIANIZE, AT ANY GIVEN TIME THE DEPARTMENT HAS A NUMBER OF OFFICERS ON SOME FORM OF MODIFIED OR DESK DUTY, INCLUDING 30 OFFICERS IN THE EXEMPT OFFICERS PROGRAM.

A THIRD CONSTRAINT THE PRESENCE IN SAN JOSE LIKE MANY OTHERS OF BRADY OFFICERS WHOSE CREDIBILITY COULD BE CHALLENGED IN A COURT OF LAW, LEAVING THESE INDIVIDUALS TO PERFORM ADMINISTRATIVE DUTIES.

THE APPROACH OF OUR ANALYSIS WAS FROM THE CITY OF LOS ANGELES, VANCOUVER.

AND WE REVIEWED AND ASKED FOUR QUESTIONS, ARE LAW ENFORCEMENT POWERS REQUIRED TO PERFORM THE JOB DUTIES.

ARE SKILLS, TRAINING REQUIRED TO PERFORM THE JOB DUTIES.

CAN THIS BE PERFORMED BY A TRAINED CIVILIAN AND COULD SWORN STAFF HELP FOR OTHER REASONS.

THE REPORT INCLUDES DETAILS ABOUT OTHER POSITIONS WE LOOKED THROUGH.

WE USED A FLOW CHART METHOD TO WALK THE READER THROUGH THOSE FOUR QUESTIONS FOR EACH POSITION.

ON PAGE 37 OF THE REPORT AND THE REMAINDER ARE THE SERIES OF FLOW CHARTS TO WALK THROUGH THE POSITIONS FOR CIVILIANIZATION. THE FLOW CHARTS ARE INTENDED TO SHOW THE RATIONALE FOR THE POSITION.

THIS INCLUDES 20 POSITIONS IN THE BUREAU OF ADMINISTRATION, INCLUDING INPERMIT, PROPERTY AND EVIDENCE AND TRAINING. AND 30 POSITION SAYS IN AIR UNIT, AIRPORT SECURITY AND TRAINING LEAGUE.

ONE POSITION IN THE BUREAU OF TECHNICAL SERVICES, 21 POSITIONS IN THE BUREAU OF INVESTIGATIONS.

INCLUDING POSITIONS IN THE COURT LIAISON OFFICE, VEHICULAR CRIME AND INVESTIGATORS.

AND EIGHT POSITIONS IN THE CHIEF, AND INCLUDING FACILITY MANAGEMENT AND GAMING AND CONTROL.

OUR OVERALL RECOMMENDATION IS THAT THE POLICE DEPARTMENT HAVE A PLAN FOR CIVILIANIZATION AND CREATE A LONG-TERM PLAN TO IDENTIFY IN THIS REPORT OR OTHER POSITIONS IDENTIFIED IN THE POLICE DEPARTMENT.

THIS IS NOT A SIMPLE TASK GIVEN THE CONSTRAINTS AND THE DOLLAR CONSIDERATIONS.

AND NOT TO MENTION THE UPCOMING BUDGET CONSIDERATIONS.

THE ESTIMATED COST FOR EACH POSITION IS SHOWN IN APPENDIX "B" ON B-1.

WE COMPILED A LIST OF POSITIONS SHOWN IN APPENDIX "C," ON C-1.

I WOULD LIKE TO WALK THROUGH THE 13 ACTUAL RECOMMENDATIONS IN OUR REPORT SO WE PROVIDED A RATIONALE FOR POSITIONS AND WE HAVE 13 RECOMMENDATIONS IN THE REPORTS.

THE FIRST IS TO UPDATE THE LIST AND FOR STAFF AUTHORIZED THE TRACK THE MIX.

FOLKS MOVE WITHIN DECISIONS AND IT WAS DIFFICULT FOR US, AS WE TOOK FOR A GIVEN POINT IN TIME, DURING SHIFT CHANGE TO SEE WHO WAS FILLING A POSITION THAT COULD BE CIVILIANIZED VERSUS WHO WASN'T.

WE FEEL THAT COULD TRACK THE PROGRESS TOWARD THIS MIX.

OUR SECOND RECOMMENDATION IS TO ADOPT A CIVILIANIATION POLICY TO ALLOW FOCUS ON SWORN DUTIES AND COST SAVINGS AND CIVILIAN EXPERTISE AND STAFFING ABILITY IN A DEPARTMENT WHEN SHIFT CHANGES ROUTINE.

THE THIRD IS TO SEE WHAT CAN BE CIVILIANIZED IN THE MEMORANDUM OF AGREEMENT, THAT IS LIMITED TO 15.

OUR FOURTH IS TO CONSIDER HOW COMMUNITY SERVICE OFFICERS AND AIDES COULD BE USE IN SAN JOSE.

OTHER JURISDICTIONS USE THESE TYPE OF POSITIONS AS PART OF THEIR CIVILIAN-SWORN STAFFING MIX.

THE FIFTH RECOMMENDATION IS TO REMOVE POSITIONS THAT COULD BE CIVILIANIZED FROM THE PROGRAM WHEN WHEN IT'S REVIEWED.

THIS HAVE TO GO BEFORE A JUDGE THAT WOULD HAVE HAPPEN LATER IN YEAR.

AND THE SIXTH TO ANALYZE THE EMPLOYMENT OF OFFICERS AND THAT OF BRADY OFFICER ARES.

THE SEVENTH RECOMMENDATION TO WORK WITH THE HUMAN RESOURCES DEPARTMENT TO ACCURATELY REFLECT JOB POSITIONS OF NON-SWORN PATROL POSITIONS.

GIVEN THE FREQUENT ROTATION THROUGH THE DEPARTMENT, THEY ARE TO PROVIDE FOR ROLES AND RESPONSIBILITIES FOR BOTH EMPLOYEES AND SUPERVISORS.

EIGHT IS TO WORK WITH THE HUMAN RESOURCES DEPARTMENT TO DEVELOP A PLAN FOR CIVILIAN JOB CLASSIFICATION SYSTEM.

RECOMMENDATION 9 IS TO DEVELOP, SHORT, MEDIUM AND LONG-TERM PLANS TO IDENTIFY POSITIONS IN THIS AUDIT AND OTHER POSITIONS IDENTIFIED BY THE POLICE DEPARTMENT.

WE DIDN'T WANT TO LIMIT WHAT THE POLICE DEPARTMENT MAY CHOOSE TO DO WITH CIVILIANIATION WITH POSITIONS IN THE BACK OF THIS REPORT.

BUT THEY HAVE AGREED TO LOOK AT THOSE POSITIONS.

RECOMMENDATION 10, TO LOOK AT ROLES AND CONSIDER OPTIONS.

AGAIN WE FOCUSED ON FULL-TIME POSITIONS.

WE DID NOT SCOUR THE ORGANIZATION FOR ADDITIONAL PART-TIME POSITIONS.

RECOMMENDATION 11, THAT WAS PREVIOUSLY IDENTIFIED BY THE POLICE DEPARTMENT FOR CIVILIANIATION AND OUTSOURCING, TO CONSIDER OUTSOURCING THE HELICOPTER DUTIES.

RECOMMENDATION 12, WORK WITH THE POLICE ACTIVITIES LEAGUE FOR RECOMMENDATIONS FOR SWORN-CIVILIAN STAFF.

THEY HAVE FIVE SWORN STAFF FOR THE ACTIVITIES LEAGUE FULL TIME.

RECOMMENDATION 13 TO WORK WITH THE AIRPORT TO USE THE MOST EFFECTIVE USE OF SWORN AND CIVILIAN SECURITY FOR THE PROGRAM IN ACCORDANCE WITH THE AAS PROGRAM.

MANY AIRPORTS USE CIVILIAN SECURITY PERSONNEL AND WE RECOMMEND THAT THE DEPARTMENT, THAT THE SAN JOSE POLICE DEPARTMENT AND THE AIRPORT RE-LOOK AT THAT MIX.

I WANT TO THANK THE MANAGEMENT AND STAFF OF THE POLICE DEPARTMENT.

THEY HAVE BEEN EXTRAORDINARILY COOPERATIVE THROUGH THE DOZENS OF INTERVIEWS WE HELD IN THE END OF THIS PROCESS.

MEETING WITH US WEEKLY FOR A 7 A.M. MEETING, SO WE COULD GET EVERYONE IN THE ROOM AT THE SAME TIME TO WORK THROUGH ISSUES.

AND I WANT TO THANK THE BUDGET OFFICE, THE HUMAN RESOURCES DEPARTMENT AND OFFICE OF THE CITY ATTORNEY.

AND I WANT TO THANK THOSE FROM MY OFFICE THAT CONDUCTED THE INTERVIEWS AND PARTICIPATED IN THE MEETINGS.

THE DEPARTMENT DOES AGREE WITH RECOMMENDATION RECOMMENDATIONS OF THIS REPORT, MAYBE NOT ON EVERYTHING BUT AN AGREED-ON STRATEGY.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS.

>> JUST A COUPLE OF QUICK COMMENTS AND WE HAVE BEEN A PART OF THIS PROCESS AND DON'T MISS THOSE 7 O'CLOCK MEETINGS.

WE AGREE IN PRINCIPLE WITH ALL THE AUDITOR'S RECOMMENDATIONS. AND IT'S IMPORTANT TO POINT OUT IT'S NOT SECRET IN THE DEPARTMENT WHEN CUTS HAD TO BE MADE, THEY CUT THEIR NON-SWORN STAFF.

UNFORTUNATELY THE WORK DOESN'T GO AWAY, AND WE HAD TO PUT SWORN STAFF INTO NON-SWORN DUTIES.

AND WE THE OFFICER PROGRAM THAT WE CAN TALK ABOUT MORE AND THAT'S IMPACTING US.

OPERATIONALLY THE DEPARTMENT HAS TO THINK HOW TO DELIVER EXCEPTIONAL SERVICES GOING FORWARD.

WE WANT TO EMPHASIZE WHAT WE DO AS FAR AS IMPLEMENTING A CIVILIAN PLAN GOING FORWARD, IT HAS TO BE THOUGHTFUL AND CIRCUMSPECT.

WE HAVE TO LOOK AT HOW TO DO THINGS MORE EFFICIENTLY TO DO THOSE SERVICES AND WHILE SAVING BUDGET DOLLARS.

THOSE THINGS ARE PARAMOUNT.

WE ARE LOOKING AT EVALUATING ALTERNATIVE SHIFT EMPLOYMENTS TO CONTINUE TO DELIVER GREAT SERVICE AND SAVE SOME BUDGET DOLLARS.

AS HAS HAPPENED IN THE PAST, SHARON MENTIONED IN 09-10, WE HAD PROPOSED CIVILIANIZING 29 POSITIONS, BUT BECAUSE OF THE CONTINUING SHORT FALL IN THE BUDGET, THE CITY WAS ABLE TO HIRE THOSE CIVILIANS TO DO THAT.

THAT'S A PROBLEM GOING FORWARD, WE AGREE WITH THE A LOT OF THE CIVILIANIZATION EFFORTS, AND I DON'T LIKE THIS TERM, BUT WE ARE LOOKING AT LOW-HANGING FRUIT THAT WE ARE LOOKING AT TO DO THOSE CIVILIANIZATIONS RIGHT AWAY.

BUT WE NEED CIVILIANS TO PUT IN THOSE POSITIONS TO REDEPLOY THE OFFICERS.

THAT'S A PROBLEM GOING FORWARD.

WE ALSO RECOGNIZE THAT SOME OF THE PROPOSALS THAT WE WILL MAKING MAY NOT BE POPULAR WITH A VARIETY OF OUR STAKEHOLDERS, THE MAYOR AND COUNCIL AND COMMUNITY MEMBERS AND EVEN OUR OWN DEPARTMENT AND STAFF.

WE HAVE TO BE SENSITIVE TO THAT AS WELL.

BUT WE THINK THAT THE PLAN AND THE RECOMMENDATIONS OF THE AUDITOR ARE WELL THOUGHT OUT AND WE HAVE AN OPPORTUNITY TO MAKE CHANGES IN THE DEPARTMENT AND MAKE IT MORE EFFICIENT. LASTLY, I THINK THAT WE NEED TO REALLY UNDERSTAND THAT MANY THINGS MUST FALL INTO PLACE FOR US TO DO A REALLY YOMEN'S WORK IN A CIVILIAN'S EFFORT, AND IT'S CALLED OUT IN THE AUDIT AS WELL AS THE CITY MANAGER'S RESPONSE.

WE DID REALLY DESPITE THE LONG HOURS, ENJOY OUR TIME WITH THE AUDITOR AND HER STAFF, WORKING ON THIS PROJECT.

WE LOOK FORWARD TO WORKING WITH THEM AS WELL AS THE MANY OTHER CITY DEPARTMENTS, IT TOUCHED THE HUMAN RESOURCES AND CITY OFFICE AND OFFICE OF EMPLOYMENT RELATIONS.

BUT WE WORKED DILIGENTLY AND AS WE MOVE FORWARD WE HAVE AN OPPORTUNITY TO MAKE POSITIVE CHANGES FOR THE DEPARTMENT AND SAVE POTENTIAL BUDGET DOLLARS GOING FORWARD.

THOSE ARE MY COMMENTS.

DEANNA?

>> YOU DID A GREAT JOB.

>> THANK YOU, SHARON, THIS IS A WONDERFUL PIECE OF WORK.

IT'S A WONDERFUL DOCUMENT TO HAVE AND READ THROUGH IT.

AND I HAVE A BETTER UNDERSTANDING OF THE OPERATIONS AT THE POLICE DEPARTMENT JUST READING THROUGH THIS.

SO THANK YOU FOR THIS AND THE STAFF AND CHIEF FOR YOUR COLLABORATION WITH THE AUDITOR'S OFFICE TO PRODUCE THIS DOCUMENT.

I HAVE A COUPLE OF QUESTIONS, BUT I WILL ALLOW MY COMMITTEE MEMBERS TO ASK QUESTIONS AND MAKE COMMENTS.

COUNCILMEMBER CONSTANT.

>> THANK YOU SHARON, FOR THE AUDIT AND THE TIME YOU SPENT WITH ME GOING THROUGH IT IN DETAIL.

THE QUESTION I HAVE RELATES TO THE FIVE YEAR PLAN, HAVE WE LOOKED AT THAT AND HOW IT CORRELATES WITH THIS AND HOW THAT STAFFING PLAN FALLS IN THIS CATEGORY AND HOW IT AFFECTS THAT PLAN IF THESE WERE TO GET ADOPTED?

>> THE STAFFING PLAN CALLED FOR ADDS OF SWORN STAFF.

AND WITH THE CIVILIANIZATION EFFORT WE CAN REALIZE SOME OF THOSE POSITIONS, BUT THERE ARE PROBLEMS AS WE ANNEX PROPERTIES IN THE CITY AND THE SHORT ANSWER IS THAT WE WILL LOOK AT THAT. BUT I DON'T THINK THAT THE NUMBERS WE CAN DO OVER A SHORT PERIOD OF TIME WOULD PUT A DENT IN THAT PLAN.

>> THAT'S NOT WHERE I WAS GOING, I UNDERSTAND IF WE GAVE YOU 88 POSITIONS TODAY AND ALL WERE CONSUMED, YOU COULD CHECK OFF 88 OFF OF THAT LIST.

MY QUESTION IS HAVE WE LOOKED AT THAT LIST THAT THOSE POSITIONS FOR NEW HIRES COULD FALL INTO THOSE POSITIONS AND HOW COULD WE MODIFY THAT REPORT?

>> NO, BUT IT'S SOMETHING THAT WE COULD DO.
OFF THE TOP OF MY HEAD -- I TAKE THAT BACK, I THINK THERE WERE
SOME CIVILIAN POSITIONS IN THAT FIVE-YEAR STAFFING PLAN.
>> I DON'T THINK GIVEN THE RESOURCES AND THE TIMING NOW.
THAT'S WHERE YOUR EFFORTS SHOULD GO, TO TAKE YOU OFF ON
ANOTHER PROJECT.
BUT AT SOME POINT WE HAVE TO COME UP WITH THE MONEY TO
IMPLEMENT THAT PLAN.
AND I WANT TO MAKE SURE BEFORE WE IMPLEMENT THAT PLAN WE
HAVE THAT SAME ANALYSIS.
SO WE CAN PUT OUR MONEY WHERE WE HAVE THE MOST BANG FOR THE
BUCK.
AND IN MY MIND THAT'S GETTING THE UNIFORMS AND PATROL OUT ON
THE STREETS.
SOMETHING TO KEEP IN MIND FOR THE FUTURE.
>> NO ONE ELSE?
>> I WANT TO SAY MY THANKS TO THE AUDITOR FOR THE GOOD WORK.
DEPUTY CHIEF, WHEN IN THE POLICE DEPARTMENT DO YOU FALL UNDER
THE SAME BUMPING MUSICAL CHAIR STATUS WHEN WE HAVE TENURES
AND LAYOFFS?
>> YES, IN THE LAST YEAR'S BUDGET PROCESS WE ABSORBED A HANDFUL
OF OTHER CITY EMPLOYEES IN THE DEPARTMENT.
WITH THAT SAID, YES, THEY ARE A PART OF THAT.
WE HAVE HAD OTHER CIVILIAN STAFF, SENIOR OFFICE SPECIALIST,
SECRETARIES, STAFF TECH THAT ARE EQUIVALENT TO ANY OTHER
DEPARTMENT THAT HAS THOSE SAME CLASSIFICATIONS.
>> DO YOU THINK THERE ANY UNIQUE DIFFERENCES OF CIVILIAN AND
STAFFING OF ANOTHER DEPARTMENT?
>> YES.
>> COULD YOU DEFINE?
>> ONE THING WE FOUND IN LAST YEAR'S BUMPING PROCESS, THAT WE
HANDLE A LOT OF CONFIDENTIAL RECORDS.
HAVE ACCESS TO CRIMINAL JUSTICE SYSTEMS AND THINGS LIKE THAT.
SO WHEN WE TRIED TO ACCOMMODATE SOME FOLKS THAT WERE
BUMPED.
THERE WERE SOME ISSUES WITHIN THEIR BACKGROUNDS, FOR EXAMPLE,
THAT WE WERE NOT COMFORTABLE ALLOWING THOSE FOLKS TO HAVE
ACCESS TO THOSE PARTICULAR SYSTEMS.
AND THE DEPARTMENT CRIMINAL JUSTICE SYSTEMS REQUIRES A
CERTAIN LEVEL OF BACKGROUND.
SOMETIMES THERE ARE POTENTIALS WITH PROBLEMS.
>> WITH CITY MANAGEMENT, DO WE HAVE FLEXIBILITY FOR THE OFFICE
OR HAVE UNIQUENESS AND THEY STAY WITHIN THEIR ORGANIZATION?
>> WE TALKED ABOUT THIS IN EARLY AUDIT DISCUSSIONS, IT'S
SOMETHING THAT WE NEED TO LOOK AT, THE WHOLE WORKFORCE ISSUE
AND USING THE DOCUMENT.

WE MENTIONED IT ON PAGE 6 OF THE ABILITY OF THE DEPARTMENT TO ABSORB BASED ON BUMPING AND BACKGROUND CHECKS. AND DOWN TO TALKING WITH THE POLICE DEPARTMENT AND HOW CURRENT IS THE BACKGROUND CHECK AND WHETHER IT'S FLEXIBLE OR FLUID ENOUGH TO MEET THE NEEDS.

AND HELP ME OUT, WHEN WAS THE LAST TIME YOU DID QUALITY CONTROL AROUND THE BACKGROUND?

>> WE JUST FINISHED REEVALUATING OUR BACKGROUND WITH THE CITY ATTORNEY OFFICE AS FAR AS UPDATING AND WHAT WE ASK AND IF CURRENT EMPLOYMENT LAW COMPLIES WITH THOSE.

I THINK GOING FORWARD, WE RECOGNIZE THAT THIS BUDGET IMPACTS THE DEPARTMENT.

AND WE WANT TO DO OUR SHARE, SO IF OTHER QUALIFIED EMPLOYEES IN THE CITY ARE BEING BUMPED, WE WOULD LIKE TO DO OUR PART TO FIND A SLOT IF THEY QUALIFY.

>> IT'S A KEY ISSUE IN THE PLAN.

>> IS IT AN H.R.ISSUE OR A LEGAL MATTER?

>> THERE ARE LEGAL ISSUES GIVEN CURRENT CITY CIVIL SERVICE COMMISSION RULES THAT NEED TO BE ADDRESSED TO MAKE SURE THAT WHATEVER BUMPING TOOK PLACE, THAT THERE WERE LIMITATIONS THAT THOSE WERE CONSISTENT WITH EXISTING RULES.

>> TO CHANGE A CIVIL SERVICE COMMISSION REQUIREMENT, IS THAT SOMETHING THAT THE CITY COUNCIL COULD DO?

>> THERE MAY BE SOME MEET AND REFER ISSUES AND TAKE A LOOK AND SEE BEFORE WE COME BACK TO SEE WHO HAS THE AUTHORITIES TO MAKE THE CHANGES.

>> I AM IN SUPPORT OF ALLOWING CIVILIANS AND I UNDERSTAND HOW WE GOT THERE, YOU ASK FOR A CUT, AND I WILL CUT THIS AND TRY TO KEEP AS MANY SWORN PEOPLE BECAUSE OF EMERGENCIES.

AND IN THE END WE ARE CUTTING OUR OWN ABILITY TO PERFORM.

BUT I GET IT, I UNDERSTAND HOW WE GOT THERE.

AND THE FLOATING THINGS LIKE THE CONSENT DECREE AND HOW WE GOT THAT.

AND IN THE END WHERE THERE IS A WILL, THERE HAS TO BE A WAY.

IF WE CONTINUE TO BUDGET THINGS THAT ARE NON-CORE, I WILL FREAK OUT BECAUSE OF THE CITY CHARTER, I APPRECIATE THE WORK THAT HAS BEEN DONE.

>> JUST A QUESTION, I HAVEN'T GIVEN A LOT OF THOUGHT TO THE TOPIC THAT PIERLUIGI JUST WENT ON.

IN THE BUMPING AND I UNDERSTAND THERE ARE CLASSIFICATIONS THAT PROPOSE THAT WOULD HAVE SOME EFFECT.

AND I HAVE NO IDEA OF THE RAMIFICATIONS OF WHAT I AM ABOUT TO SAY, IS IT POSSIBLE THAT THOSE EMPLOYEES IN THE POLICE DEPARTMENT BE SPUN OFF IN THEIR OWN BARGAINING UNIT THAN VERSUS ACROSS A UNIT WITH CROSS PEOPLE?

I KNOW THAT'S THE WAY IT IS IN OTHER CITIES.

WHETHER A SUBSECTION OF POA OR A NEW BARGAINING UNIT WITH THEIR CLASSIFICATIONS ONLY IN THE POLICE DEPARTMENT. THE ONE THING I WOULD BE CONCERNED WITH, WE GET THESE CIVILIAN POSITIONS AND GET THEM HIGHLY TRAINED AND THEN A BUMPING THING OCCURS AND DISRUPTION AND THE TRAINING STARTS OVER. >> THAT'S PROBABLY A QUESTION ANSWERED BY ALEX AND MARK, AND I COULD HAVE THEM GO BACK AND HAVE THEM RESPOND TO THE COUNCIL.

>> IF I MAY ASK, IF I RECALL THE LIBRARIANS ARE ONE OF THE FEW IN THE CITY WHERE YOU DON'T HAVE CROSSING OF OTHER DEPARTMENTS WHEN IT COMES TO BUMPING.

IS THAT CORRECT AND BECAUSE THEY HAVE A CERTIFICATION OF BEING A LIBRARIAN?

>> I AM NOT AWARE OF THAT.

>> WHY DON'T I GET THESE TO ALEX AND HAVE HIM PREPARE TO RESPOND AND ISSUE A SUPPLEMENTAL BEFOREHAND.

>> AND WE WILL WEIGH IN AS WELL.

>> ANY QUESTIONS?

I HAVE A FINAL QUESTION, IN REGARDS TO THE PUBLIC INFORMATION OFFICER, I UNDERSTAND THERE ARE TWO SWORN OFFICERS, ONE A CIVILIAN POSITION AND THE RECOMMENDATION IS TO MAKE A TRANSITION OF ONE SWORN OFFICERS TO A CIVILIAN POSITION. MY CONCERN IS THAT I ASSUME WHEN WE, YOU KNOW WHEN SOMETHING HAPPENS AND THE P.R.PERSON, THE PIO PERSON IS THE PERSON IN CHARGE OF GETTING THIS INFORMATION TO THE PUBLIC. IF WE MAKE THAT TRANSITION AND TURN THIS INTO A CIVILIAN POSITION, MY CONCERN IS THAT THEY DON'T KNOW THE IN AND OUT OF THE DEPARTMENT, AND THE SENSITIVE MATERIALS AND THE ISSUES THAT APPLY TO THE PARTICULAR CRIME.

BESIDES THE COST SAVING FACTOR, WHAT IS THE RATIONALE BEHIND THAT RECOMMENDATION?

>> OK, WHO WANTS TO TAKE THIS ON.

WE DID HAVE CONSIDERABLE DISCUSSIONS ABOUT THIS.

THE DEPARTMENT HAS ALREADY CIVILIANIZED ONE POSITION IN THAT UNIT.

OUR THINKING IS THAT THERE ARE CIVILIAN PIO SKILLS THAT COULD BE BROUGHT TO THE DEPARTMENT.

A CIVILIAN COULD BUILD UP LONG-TERM RELATIONSHIPS WITH THE PRESS, MANY TIMES WHEN YOU SEE CSGCP, IT'S SOMEONE WHO COULD BRING ADDITIONAL EXPERTISE INTO THAT FIELD.

THE POLICE DEPARTMENT DID EXPRESS THE CONCERNS THAT YOU ARE RAISING ALSO.

OUR THINKING WAS IN ANY OF THESE POSITIONS AND IT TIES BACK TO THE QUESTION ASKED EARLIER.

WHEN WE HAVE FOUND CIVILIANS IN THE DEPARTMENT WHO HAD BEEN THERE FOR A LONG TIME.

THEY ARE A ROCK IN THAT DEPARTMENT.
SOMEONE WHO HAS BEEN THERE -- HOW LONG HAS CLEO BEEN THERE?
THERE ARE PEOPLE THAT HAVE BEEN THERE FOR YEARS, AND WHO ARE
VERY SOLID, KNOW ALL THE IN'S AND OUT'S.
I THINK FIGURING OUT A WAY TO HAVE LONG-TERM CIVILIANS THERE,
THEY WILL GET TO KNOW THE IN'S AND OUT'S AND THEY ARE CONSCIOUS
ABOUT THE ROLE OF SUPPORTING FRONT-LINE STAFF.
THAT'S THEIR POSITION, AND IT WAS OUR POSITION THAT THIS POSITION
COULD BE THAT KIND OF SUPPORT FOR THE SWORN STAFF.
>> ISN'T THE RECOMMENDATION TO KEEP THE SWORN SERGEANT IN THE
POSITION AND THE CIVILIANS.
SO YOU HAVE A SWORN PERSON OVERSEEING.
>> CORRECT.
>> OK, THANK YOU VERY MUCH.
I APPRECIATE THE ANSWER.
DO WE HAVE ANYONE IN THE AUDIENCE TO SPEAK ON THIS ITEM?
IF NOT, A MOTION.
>> MOTION TO ACCEPT.
AND FOLLOW UP AND ALL THAT GOOD STUFF.
>> SECOND.
>> WE HAVE A MOTION AND SECOND TO ACCEPT THE REPORT AND ALL IN
FAVOR SAY AYE.
>> AYE.
>> MOTION CARRIES.
>> AND WE PROBABLY SHOULD NOTE FOR THE RECORD, ITEM B-3, AS
WELL AS THE AUDIT WILL BE CROSS-REFERENCED TO THE FEBRUARY 2
AGENDA.
>> OK.
WE WILL MOVE TO ITEM 6.
THE EXTERNAL AUDITOR'S REPORT.
>> MADAM CHAIR, AFTER THIS ITEM, COULD WE GO BACK TO D-1 A,
THERE WAS A REFERRAL, IT LOOKED LIKE PD STAFF JUST WALKED OUT.
FOR THE RECORD, AT THE TIME THE CIVILIANIZATION AUDIT WAS
REPORTED TO COME BACK, THE COMMITTEE DIRECTED US TO PROVIDE A
DISPOSITION ON THE REQUIRED SWORN OFFICERS REFERRAL IN THE
MARCH, 2009 BUDGET MESSAGE.
INCLUDED IN THE PACKET TODAY IS A REPORT THAT RECOMMENDS THAT
WE CONTINUE LOOKING AT THIS REFERRAL.
AND PD IS AVAILABLE TO RESPOND BECAUSE OF THEIR LEGAL ISSUES
AND THE ITEMS AROUND SAN JOSE ONLY RETIREES.
>> THANK YOU, CHIEF, WHEN WE PROPOSED THIS IDEA, I THINK IT'S BEST
TO GIVE YOU SOME BACKGROUND.
WHEN WE HIRE POLICE OFFICER CANDIDATES, WE HAVE TO TAKE STAFF
FROM OUR INVESTIGATIONS AND VARIOUS OTHER BUREAUS AND
CONTROL DIVISION TO DO BACKGROUNDS ON THESE FOLKS WE ARE
GOING TO HIRE.

WE REALIZE HOW INEFFICIENT THAT IS, BECAUSE IT TAKES THESE FOLKS AWAY FROM THEIR NORMAL DUTY.

AND WE ARE LOOKING FOR A SOLUTION THAT WOULD PREVENT US FROM DOING THAT, SO THEY CAN DO THEIR REGULAR DUTIES.

AND BE EFFICIENT TO USE PART-TIME STAFF OR FOLKS.

WE THOUGHT IF SOMEONE RETIRES WE COULD HIRE THEM BACK.

IF IT'S ONLY FOR A 14-WEEK PERIOD TWICE A YEAR, THAT WAS THE GENESIS BEHIND THE IDEA, AND FOUND THERE WERE LEGAL AND EMPLOYMENT OBSTACLES THAT MADE IT AVAILABLE.

WE WOULD HAVE TO OPEN IT TO ANYONE QUALIFIED TO DO THAT WORK.

AND WE WOULD HAVE TO HIRE PEOPLE TO BACKGROUND THOSE PEOPLE BEFORE THEY CAN WORK.

AND THERE WERE NO COST SAVINGS, THAT'S WHY OUR RECOMMENDATION IS NOT TO GO ANY FURTHER AFTER TALKING WITH THE MANAGER'S OFFICE, CITY ATTORNEY AND H.R.

>> I HAVE ONE QUESTION, WAS THERE ANY DISCUSSION PERHAPS AT LOOKING TO UTILIZING SAN JOSE RESERVE OFFICERS AND HAVING LIKE THE DEPUTIES HAVE A DEPUTY-2 POSITION THAT IS AN ENHANCED RESERVE OFFICER.

SINCE WE HAVE OVER 40 OR 50% OF OUR RESERVES ARE RETIRED SAN JOSE OFFICERS.

HAVE WE LOOKED AT THE POTENTIAL OF USING THAT IN A PAID RESERVE OFFICER.

LIKE THE OTHER DEPARTMENTS IN RESERVES FOR AN HOURLY RATE.

>> WE DID CONSIDER USING RESERVES, BUT THESE ARE TIME-BOUND WHERE THEY WOULD NEED TO WORK FULL TIME FOR 14 WEEKS.

AND MANY OF OUR RESERVES WOULD HAVE REGULAR JOBS AND COULDN'T COMMIT TO THAT.

>> I WAS THINKING THAT WE HAVE RETIRED SAN JOSE COPS THAT ARE NOT OTHERWISE EMPLOYED, IF THAT'S NOT SOMETHING WE COULD LOOK AT AND MAKE IT AVAILABLE TO THEM.

THOSE WHO ARE, I THINK WE HAVE 60 OR 50 OF THEM.

THERE IS A LARGE NUMBER.

>> CERTAINLY SOMETHING WE CAN LOOK AT.

I THINK WE WOULD NEED THE GUIDANCE OF THE CITY ATTORNEY OFFICE TO PROVIDE IF ANY LEGAL OBSTACLE.

>> I SUGGEST WE LOOK AT THAT BEFORE WE COMPLETELY DISCARD THIS IDEA.

AND LOOKING AT A LOT OF THE AGENCIES LIKE THE COUNT SHERIFF'S DEPARTMENT WITH A DEPUTY 2 AND OTHER AREAS WHERE THEY HAVE ASSIGNMENTS THAT ONLY RESERVE OFFICERS ARE ELIGIBLE FOR AND THEY ARE PAID RESERVE STATUS.

>> SO COUNCILMEMBER CONSTANT, YOU ARE SAYING THE WAY TO GET AROUND THE LEGAL STUFF, IF YOU ARE A REQUIRED OFFICER IN THE AREA, BECOME A RESERVES AND THIS IS OPPORTUNITY FOR RESERVES?

>> NOW OFFICERS IN GOOD STANDING WHEN THEY RETIRE, HAVE THE OPPORTUNITY TO BE A RESERVE IN A VERY STREAM-LINED PROCESS, AND THERE ARE A LARGE NUMBER OF THEM.

>> THAT MAKES SENSE.

>> WE WILL TAKE A LOOK AT THAT.

>> DO WE NEED A MOTION FOR THAT?

>> YEAH, WE SHOULD.

>> I WILL MAKE THAT MOTION.

>> SECOND.

>> WE HAVE A MOTION AND A SECOND.

ALL IN FAVOR SAY AYE?

>> AYE.

MOTION CARRIES.

WE WILL GO BACK TO ITEM 6, EXTERNAL AUDITORS REPORTS.

>> THANK YOU, I AM SCOTT JOHNSON AND JOINED HERE WITH CINDY PAUN, A MEMBER OF MACIAS, GINI & O'CONNELL, OUR AUDITORS.

YOU MAY RECALL A COUPLE OF MONTHS AGO WE PRESENTED THE COMPREHENSIVE REPORT AND HAD OTHER REPORTS.

AND OUR EXTERNAL AUDITORS DO OTHER REPORTS, PRIMARILY THE BOND PROJECT REPORTS THAT GO TO THE BOND OVERSIGHT COMMITTEE. AND THEY ARE FINALIZING THE LAST OF THOSE REPORTS, THE PUBLIC SAFETY OVERSIGHT REPORT FOR THE BOND PROJECT.

TODAY WE HAVE THE SINGLE AUDIT REPORT, AND THE SECOND THE REPORT TO THE COMMITTEE RELATED TO FINDINGS AND OBSERVATIONS AND RECOMMENDATIONS TO COMPLIANCE OF THE AUDITORS CONDUCTING THE AUDITS.

THE SINGLE AUDIT REPORT, THIS IS A VERY COMPREHENSIVE REPORT. THIS REPORT IS DONE IN ACCORDANCE WITH THE SINGLE AUDIT ACT OF 1984 WHERE THE FEDERAL GOVERNMENT ALLOWED ONE CENTRAL CONSOLIDATED REPORT OF FEDERAL RELATED FUNDS.

RATHER THAN HAVING EACH FEDERAL AGENCY COMING OUT TO LOCAL, STATE AND NONPROFIT ORGANIZATIONS AND DOING THE AUDIT.

WE REALLY APPRECIATE IT FROM THE PERSPECTIVE OF THE FINANCE DEPARTMENT AND OTHER DEPARTMENTS INVOLVED IN ADMINISTERING THE GRANTS.

WE HAVE ONE CENTRAL POINT TO LOOK AT THE REPORT OVERALL.

AND AS PART OF THIS ANNUAL AUDIT PROCESS, MACIAS, GINI AND O'CONNELL, THEY AUDIT THE GRANT PROGRAMS AND LOOK AT SINGLE PROGRAMS AND CINDY WILL TALK HOW THEY SELECT WHAT THEY REVIEW.

IN REGARDS TO THE SINGLE AUDIT REPORT, THE AUDIT IS CONDUCTED IN ACCORDANCE WITH AUDIT STANDARDS AND GOVERNMENT STANDARDS. AND THEY REVIEW ALL OF OUR INTERNAL CONTROLS IN LIGHT OF OUR COMPLIANCE RELATED TO THE CENTRAL GRANT PROGRAM.

AND LOOK AT OUR PASSENGER'S PROGRAMS AT THE AIRPORT.

YOU HAVE A COMPREHENSIVE SINGLE AUDIT REPORT FOR 2009, AND THE SINGLE AUDIT REPORT INCLUDES THE BASIC FINANCIAL STATEMENTS. AND IT INCLUDES ANY FINDINGS AND RECOMMENDATIONS SPECIFIC TO ANY FEDERAL GRANTS IN WHICH THEY HAD SOME OBSERVATIONS AND RECOMMENDATIONS.

AND IT INCLUDES STAFF'S RESPONSES TO THOSE RECOMMENDATIONS FOR THE CURRENT YEAR AND AS WELL AS THE STATUS OF PRIOR YEAR FINDINGS.

THE SECOND REPORT IS THE AUDIT TO THE COMMITTEE, AND THIS USED TO BE REFERRED TO AS THE MANAGEMENT LETTER.

THIS IS THE REPORT TO THE COMMITTEE FOR THE FISCAL YEAR THEY ARE AUDITING.

AND THIS REPORT CONTAINS FOUR FINDINGS FOR OUR AUDIT, 08-09, AND THOSE ARE NOTED IN THE REPORT.

AND IN THE REPORT ARE OUR RESPONSES.

IN ADDITION ANY PRIOR YEAR FINDINGS AND THE STATUS RELATED TO THOSE FINDINGS.

AND CINDY WILL ELABORATE MORE ON THE REPORTS AND FINDINGS AND OBSERVATIONS.

>> GOOD AFTERNOON, THE FIRST OF THE REPORT IS THE SINGLE AUDIT REPORT.

THERE IS TWO SECTIONS.

THE FIRST IS THE FINANCIAL STATEMENT SECTION THAT ARE EXCERPTS. AND THE SECOND SECTION IS THE COMPLIANCE SECTION THAT STARTS ON PAGE 113.

THE COMPLIANCE SECTION INCLUDES INFORMATION REQUIRED ON THE CITY'S 118.8 MILLION DOLLARS OF FEDERAL GRANT EXPENDITURES FOR THE YEAR.

AND INCLUDES A SCHEDULE ON THE AIRPORT PASSENGER PROGRAM, THAT EXPENDED 51.5 MILLION.

AND NEW THIS YEAR THE CITY'S PROGRAM FOR GRANTS WITH A SINGLE AUDIT AND SAVED A FEW DOLLARS IN TERMS OF AUDIT FEES.

BECAUSE A LOT OF THE STATE PROGRAMS ALSO REQUIRE INDIVIDUAL GRANT AUDITS AND ABLE TO REAP SOME COST SAVINGS INCORPORATED THAT AUDIT WITH THE SINGLE.

THE SUMMARY OF THE FEDERAL COMPLIANCE AUDIT IS ON PAGE 130.

AS DISCUSSED IN NOVEMBER, WE ISSUED A CLEAN OPINION ON THE CITY'S FINANCIAL STATEMENT.

IN TERMS OF THE INTERNAL CONTROLS OVER FINANCIAL REPORT, WE RECORD TWO SIGNIFICANT DEFICIENCIES, THEY ARE LESS SEVERE THAN MATERIAL WEAKNESSES BUT IMPORTANT TO COMMUNICATE TO THE OVERSIGHT BODY.

I WILL GO OVER THOSE TWO COMMENTS.

IN TERMS OF THE FEDERAL AWARDS PROGRAMS, THERE WAS NO WEAKNESSES OR DEFICIENCIES, OVER THE SEVEN MAJOR PROGRAMS.

THOSE ARE LISTED ON PAGE 130 AND INCLUDES FEDERAL PROGRAMS FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND DEPARTMENT OF JUSTICE AND HOMELAND SECURITY PROGRAMS. SO A BROAD RANGE OF PROGRAMS THAT IMPACTED A VARIETY OF CITY DEPARTMENTS.

AND WE AWARDED A FEDERAL AWARD FINDING ON PAGE 134.

AND ON PAGE 136 IT SUMMARIZES THE RESULTS OF THE TEST'S CITY PASSENGER CHARGE PROGRAM, AND WITH THAT PROGRAM WE DID NOT NOTE ANY MATERIAL, WEAKNESSES OR SIGNIFICANT DEFICIENCIES RELATED TO THAT PROGRAM.

THAT'S IN SUMMARY THE SINGLE AUDIT REPORT.

THE REPORT TO THE COMMITTEE HAS THREE SECTIONS.

FIRST IS THE REQUIRED COMMUNICATIONS.

IN TERMS OF THE REQUIRED COMMUNICATIONS I WILL HIGHLIGHT SOME OF THE MAJOR DIFFERENCES FROM PRIOR YEARS.

THE FIRST IS IDENTIFIED ON PAGE 2, WHERE WE TALK ABOUT THE NEW ACCOUNTING STANDARDS IN 2009 THAT WERE IMPLEMENTED BY THE CITY.

AND THE NEW ACCOUNTING STANDARD THAT WAS IMPLEMENTED RELATED TO POLLUTION AND MEDIATION AND THE REPORTING AND ACCRUAL RELATED TO THAT.

AND THE OTHER ITEM RELATES TO PAGE 3 IN TERMS OF THE PLAN TIMING OF THE AUDIT.

WHEN WE PRESENT THE AUDIT PLAN TO THE CITY AUDITOR'S OFFICE AND TO MEMBERS OF THE COMMITTEE, THE COMPLETION OF OUR AUDIT WAS DELAYED DUE TO EXTENSIONS OF NEGOTIATIONS OF THE CREDIT FACILITY AND IMPACTS FROM LAYOFFS.

ON PAGE 4 ARE NOTED TWO AUDIT ADJUSTMENTS THAT ARE SUMMARIZED HERE.

ONE RELATES TO THE ACCRUAL DIFFERENCE OR THE VARIABLE DEMAND AUDIT AND THE DEFERRAL AMOUNTS.

THOSE TWO WERE REFLECTED IN TERMS OF AUDIT FINDING ON PAGES 5 AND 6.

IN ADDITION TO THOSE SIGNIFICANT FINDINGS, WE HAD TWO OTHER CONTROL ISSUES THAT ARE NOT AS SEVERE.

ONE RELATES TO [INAUDIBLE] TRANSACTIONS AND THE COMMUNICATION BETWEEN DEPARTMENTS AND THOSE INFORMATIONS INTO THE FINANCIAL STATEMENTS.

AND THE OTHER IS RELATED TO THE CITY'S POLICY AND PROCEDURES RELATED TO THE DAVIS, BACON ACT.

IN ADDITION TO THOSE FINDINGS, WE HAVE OTHER GENERAL OBSERVATIONS REGARDING THE CITY.

ONE IS RISK ASSESSMENT/RISK MONITORING RELATED TO THE CHANGES OF THE ECONOMIC ENVIRONMENT OF THE ORGANIZATION.

THE OTHER OBSERVATION WE HAD RELATES TO PLANNING FOR THE FEDERAL STIMULUS FUNDS.

THIS LAST AUDIT ONLY HAD ABOUT 200-300,000 DOLLARS OF FEDERAL STIMULUS PLAN BUT WE EXPECT 2010 TO BE A SUBSTANTIAL AMOUNT. AND THE REQUIREMENTS RELATED TO THAT ARE SUBSTANTIAL. AND NEXT IS RELATED TO A NEW ACCOUNTING STANDARD FUND BALANCE REPORTING FOR GOVERNMENTAL FUNDS AND THOSE CLASSIFICATIONS.

THIS WILL ADD TO THE ACCOUNTING FUND TRANSACTIONS RELATED TO THE CITY'S FINANCIAL MANAGEMENT SYSTEM.

ONE OF THE THINGS THAT WOULD CHANGE IS THE CLASSIFICATION OF THE CITY'S GENERAL FUND BALANCE.

SO INSTEAD OF RESERVE, UNRESERVED, THOSE TERMS WILL BE CHANGED STARTING WITH THE 2011 AUDIT.

AND THE LAST OBSERVATION WE HAD RELATED TO THE COMPENSATED ACCRUAL RATES.

WITH THAT I AM AVAILABLE FOR ANY QUESTIONS.

>> THANK YOU FOR THE PRESENTATION, QUESTIONS OR COMMENTS FROM THE COMMITTEE MEMBERS?

ALVAREZ.

>> YES A QUESTION FOR THE OUTSIDE AUDITOR, WHEN CITIES TAKE MONEY, WHAT IS THAT RATE?

>> FOR US IT RANGES FROM 60-80 HOURS OF AUDIT EFFORT.

SOME FEDERAL PROGRAMS DON'T TAKE AS MUCH TIME TO AUDIT.

>> ABOUT 250 AN HOUR?

>> SAY AROUND 125 AN HOUR.

>> OK, THANKS.

>> ANY OTHER QUESTIONS OR COMMENTS?

ANYONE IN THE AUDIENCE WISH TO SPEAK ON THIS ITEM.

IF NOT, A MOTION?

>> SO MOVED.

>> SECOND.

>> WE HAVE A MOTION AND SECOND TO ACCEPT THE REPORT, ALL IN FAVOR SAY AYE.

MOTION CARRIES.

WE WILL MOVE TO ITEM 8.

REPORT ON BUSINESS PROCESS TRANSFORMATION/INFRASTRUCTURE OPTIMIZATION.

>> GOOD AFTERNOON, I AM STEVE FERGUSON, YOU HAVE IN YOUR REPORT THE PROGRESS ON THE TRANSFORMATION/INFRASTRUCTURE. THE TEAM WAS CREATED A ONE OF FIVE ACTION TEAMS DESIGNED TO LOOK AT FUTURE STATE IN THE CITY.

THE ACTION TEAM HAS BEEN VERY ACTIVE AND TAKING A COMPREHENSIVE LOOK.

AND THEIR ANALYSIS CAME UP WITH THREE AREAS FOR COURSE CORRECTIONS.

THE AREAS INCLUDE I.T.GOVERNANCE, THAT'S THE PROCESS BY WHICH YOU MAKE INVESTMENT DECISIONS AND POLICY DECISIONS ON I.T. AND DECISIONS IN THE ORGANIZATION.

ENTERPRISE FOCUS IS A CHANGE IN DIRECTION WHERE WE LOOK AT ENTERPRISE NEEDS BEFORE WE LOOK AT DEPARTMENTAL NEEDS, CITY WIDE.

IT'S IMPORTANT TO MAKE SURE YOU GET THE HIGHEST RETURN ON INVESTMENT WHEN YOU MAKE IMPORTANT BUSINESS DECISIONS. AND FINALLY IS I.T. SERVICE DELIVERY, THAT INCLUDES STAFFING, AND INFRASTRUCTURE AND BUSINESS SYSTEMS AND THE TOOLS WE DEPLOY TO DELIVER THESE SERVICES TO THE CITY AND THEN TO THE COMMUNITY.

THERE ARE THREE ACTIONS THAT ARE OUTLINED IN THE REPORT, THEY ARE FIRST STEPS, THE FIRST ACTION IS TO ESTABLISH A NEW GOVERNANCE PROCESS WITH THE SENIOR MANAGEMENT AND STAFF TO CREATE A TECHNOLOGY COUNCIL THAT WOULD REPLACE THE TECHNOLOGY PLANNING BOARD.

AND BE THE KEY INFORMATION AGENCY FOR IMPLEMENTING THESE OTHER POLICIES.

AND ALSO THROUGH THE BUDGET PROCESS LOOKING CAREFULLY AT THE LEVEL OF INVESTMENT NECESSARY TO MAINTAIN OUR CURRENT LEGACY SYSTEMS.

MAKE SURE WE ARE MAKING THE RIGHT INVESTMENT THERE.

AND FINALLY WITH THE TLC, LOOK AT THE WAY THAT SERVICES ARE DELIVERED IN THE CITY, COVERING STAFFING AND INFRASTRUCTURE AND BUSINESS SYSTEMS AND TOOLS.

ON THE SURFACE THESE MAY SOUND LIKE SMALL STEPS, BUT IN A TIME THAT WE NEED GUIDANCE WE NEED TO MOVE IN AREAS THAT RETURN THE GREATEST VALUES TO THE CITIZENS.

WITH THAT I WILL TAKE ANY QUESTIONS.

>> THANK YOU STEVE FOR THE REPORT.

QUESTIONS AND COMMENTS FROM THE COMMITTEE MEMBERS?

GREAT REPORT.

IS ANYONE IN THE AUDIENCE THAT WISHS TO SPEAK ON THIS ITEM?

CAN I GET A MOTION

>> MOTION TO ACCEPT.

>> SECOND.

>> ALL IN FAVOR SAY AYE?

MOTION CARRIES.

THANK YOU.

THAT WILL BRING US TO THE OPEN FORUM.

MR. DAVID WALL.

>> THERE ARE TWO ISSUES TO BE BROUGHT TO YOU TODAY.

FIRST OF ALL I WOULD LIKE IT THANK EACH AND EVERY ONE OF THE COUNCILMEMBERS ON THIS COMMITTEE, YOUR ATTENTION TO DETAIL

AND SERVICE IN THIS PARTICULAR AREA OF YOUR SERVICE TO THE CITIZENRY IS OUTSTANDING.

I THANK YOU.

I WOULD LIKE TO BRING TO YOUR ATTENTION THE LOSS OF CHRIS CONSTANTINE, THE SENIOR AUDITOR.

THIS IS UNACCEPTABLE, IN THE SENSE THAT THE AUDITOR, MR. CONSTANTINE, THE SENIOR AUDITOR SHOULD HAVE BEEN AFFORDED A POSITION, HIGH LEVEL, EITHER CITY MANAGER OR CHIEF DEPUTY CITY MANAGER AND IT WAS NOT.

AND THE OFFICE OF CITY MANAGER IS REplete WITH REDUNDANT SYSTEMS AND INCOMPETENT SYSTEMS.

THIS CAN BE REMEDIED BY YOUR ACT AS COUNCILMEMBERS TO MAKE CHANGES AND PRODUCE POSITIONS FOR AUDITORS AS DECISION MAKERS.

THEREBY COLLAPSING THE COST OF THE CITY.

THIS MAY CHANGE MODIFYING THE CITY CHARTER.

WE HAVE SEEN TESTIMONY TODAY THAT YOU ASKED POIGNANT QUESTIONS ABOUT CITY RULE, THE DEPUTY CITY MANAGER WAS UNABLE TO ANSWER.

THIS IS INCOMPETENCY.

THE FUNCTIONS ARE FOR THE ATTORNEY'S OFFICE.

AS THE CITY GROWS THERE ARE TWO ENTITIES YOU SHOULD RELY ON MORE ADMINISTRATIVE ACTIVITIES, THE AUDITORS AND THE ATTORNEYS.

LASTLY I WANT TO TALK ABOUT A CONSTRUCT, THERE ARE SERIOUS PROBLEMS WITH THE STRUCTURE OF I.T., NOT THE PERSONNEL BUT THE NEED TO UPGRADE ALONG WITH OTHER AREAS OF CITY OPERATIONS. THE CONSTRUCT THAT I AM TALKING ABOUT IS A BUNDLING OF SEPARATING FUNDS.

EACH INDIVIDUAL SEPARATE FUNDS THAT SHOULD BE CONSIDERED SEPARATE.

AND ONCE THIS ALGRHYTHM IS COMPLETED, I WILL GIVE A MODEL TO YOUR OFFICE BY FRIDAY.

YOU CAN LOOK AT IT AS A SOLUTION TO THESE STRUCTURAL DEFICITS THAT THE CITY IS REQUIRED TO PRODUCE FOR SERVICES.

IN THE MEANTIME, THUMB'S UP, YOU DO OUTSTANDING WORK.

AND I AM GRATEFUL AS A TAXPAYER FOR THE EXPENDITURE OF MY HARD-EARNED MONEY TO HELP KEEP YOU ON THE SALARY.

>> THANK YOU, MEETING IS ADJOURNED.