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Public Safety finance and strategic support committee.

>> Councilmember Constant: Welcome to the Public Safety finance and strategic support meeting of May 21st. We have all of us, the three of us here. Councilmember Nguyen is out of town right now, actually out of the country. So we'll move on to number 2, which is the review of the work plan. I think Deanna is going to take this for us.

>> I wanted to note for the committee and the public, item 3.2 we had hoped to distribute separately. We didn't get that item out on time so we'd like to request deferral until June, next month. We'll bring that item.

>> Councilmember Constant: Okay.

>> Councilmember Constant: I don't think we need to move it. Since it was dropped since it wasn't distributed.

>> Uh-huh.

>> Councilmember Constant: Okay. And next is the consent calendar. Can we have a motion on the consent calendar?

>> Move.

>> Very good.

>> Councilmember Constant: All in favor, none opposed, that's good. I think what we will be doing is we will take the next item out of order. Because I know we have a lot of people here on item 3.6, which is the audit of the Conservation Corps. So we'll hear that next. And I think we are going to have a speaker who is requesting a deferral. So Mr. Hennesey, if you want to come up and -- well, actually, before speaking, we just want to know, are you still requesting a deferral?

>> Yes.

>> Councilmember Constant: Okay. So we have a request from the conservation corps for a deferral. If you'd like to take a second to explain briefly why you want the deferral, and if the committee has any questions, we'll go forward from there.

>> My name is Bob Hennesey. I'm the executive director of the San José conservation corps. And on behalf of the board, who a number are here, and students for the -- of the conservation corps. We are asking for a deferral. There are areas in the audit that we do not agree with the auditors and it is a substantial amount of money that they're suggesting that we have to pay back to city, which we believe is wrong. That we did not -- the moneys were from the redepartmentive accounts that the bottle bin generates. Just to put into perspective: We get \$1.8 million from the Department of Conservation. I think we get about \$180,000 from the city or something less. And we, for years, have combined all that funding into one pot. So -- and we always spent the City's money up front. So we did make mistakes in allocating the money to, you know, in through our time sheets, through our Cronus time clock. But we have had meetings, several meetings -- well, at least three, four -- with the auditors. And out of the blue, on the 1st of May, we got another \$133,000 thrown in, just for good luck, I guess. But the audit started in July, and ended at the end of February, around the 20th, 22nd of February, and I was given just a few days if I needed to go along with the schedule that was presented to me. I just had a few days to review it. So we did not get an extension from Sharon here. And now, we have irreconcilable differences. So we want to come clean and present a clean audit which we are audited all the time. Every year, we get four and five audits. This is the first time that this is not a clean audit.

>> Councilmember Constant: Okay. So just to clarify, you're asking for a deferral so that you have an opportunity to reconcile some of the numbers, and the documentation and work with the City Auditor?

>> And provide -- we will provide the documentation.

>> Councilmember Constant: Okay.

>> They are requesting the time sheets, we don't have time sheets because we operate request a time clock. We have vehicle logs showing that two people --

>> Councilmember Constant: I don't know that we want to get into the details of that. So for the City Auditor, did you want to make any comments regarding the deferral?

>> Sharon Erickson: We have granted, prior to this -- I realize this is the first time you've seen this. We already put the audit off for 60 days. We are recommending, as part of our recommendations, so prior to this point we had delayed from March, when we were going to come forward with this audit, until today.

As part of our recommendations, we were then going to allow another 60 days to reconcile any differences in the numbers in the report. We are just concerned about getting the time clock started on this, so that we can get this issue resolved.

>> Councilmember Constant: Okay. Do we have any questions for clarification or any comments on the deferral or a motion on the deferral?

>> Councilmember Oliverio: Thank you, Chair Constant. I would move to move this to the next public safety finance and strategic support meeting, in June, but let it be, that it will be heard in June. In the meantime I would encourage you to do whatever reconciling you need to do, and then we'll go from there, but we'll -- definitely let's move it into June.

>> Councilmember Chu: Second that motion.

>> Councilmember Constant: Okay, so we have a motion and a second on the deferral to the Public Safety Committee meeting in June, which I don't have the date off the top of my head. But it will be the 27th, I believe. We'll clarify that in a moment. All in favor, any opposed? So we will be deferring it. We'll make sure --

>> June 25th.

>> Councilmember Constant: June 25th will be the date. So June 25th. I know a lot of people gave speaker cards. Do you want to just hang onto these, and then give them back to us when you're here? So that way, you don't have to fill them out again, save you a few seconds.

>> Thank you.

>> I'm sorry, I misspoke. June 18th.

>> Councilmember Constant: Bob, it's June 18th. That's the date. Well, it's one month out from now. But it's June 18th, the regular meeting of the Public Safety, Finance and Strategic Support Committee. Thank you. So if -- yeah, same time, 1:30, same place, 1:30, Councilmember Oliverio, 1:30. So we will move on then to item 3.3, the status report on the fire department strategic plan. I believe we have some fire department personnel here.

>> We have Darryl Von Raesfeld.

>> Councilmember Constant: Chief, welcome.

>> Darryl Von Raesfeld: Hi, good afternoon. Chief Von Raesfeld. With me I have our acting administrative assistant, Ty Mayfield. This report is just a summary of where we're at with our strategic plan. It's taken us longer than we anticipated, although the target dates in here are set for July and August for presentation in the fall of the updated 2000 strategic plan. I'd be glad to answer any questions you might have, but the report's fairly straightforward.

>> Councilmember Constant: Any questions from the committee members? We have a motion to accept the report -- and a second. Mr. Oliverio, second?

>> Councilmember Oliverio: I'll second.

>> Councilmember Constant: Thank you. All in favor? [ ayes ]

>> Councilmember Constant: Okay. So we'll see you in the fall.

>> Darryl Von Raesfeld: Thank you.

>> Councilmember Constant: Yes, sir. Our next item is item 3.4, report on citywide information security. We have members from I.T. here, welcome.

>> Steve Ferguson: Good afternoon, Steve Ferguson, Chief Information Officer. With me today is Vijay Sammeta, deputy director for the Information Technology Department. I have just a few highlights for background and current activities that are contained in the report, and then I'll get -- we can get right to your questions. The security audit for the city was -- began last April, April 2008. The auditors identified some deficiencies. The city has taken corrective action on the deficiencies identified. And the other important development is the CIO has been appointed, that's myself, as the chief security officer for the city. Currently there are a number of activities underway. We are developing a citywide security policy which we will bring to city council for review and approval. All new third-party contracts that involve information technology are now being reviewed for security compliance. We are currently working on an I.T. service delivery study with the intent of reducing and/or eliminating the number of redundancies in service delivery across the city. We are diligently pressing standard issues at the desktop to network, in the server area, all aimed at improving security. And we are in the process of beginning the recruitment for a security engineer for the city. In conclusion, we have taken positive steps to improve the city's security. There's much more underway. Our progress is being limited by the lack of resources in this area. But we will continue to press ahead on more urgent issues. I'll be happy to address any questions that you might have.

>> Councilmember Constant: Any questions? Councilmember Oliverio? Councilmember Chu? Do we have a motion to accept?

>> Councilmember Chu: So moved.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: All in favor? [ ayes ]

>> Councilmember Constant: Thank you. Our next is a report on the third quarter revenue collection strategic plan. Welcome.

>> Scott Johnson: Good afternoon, Mr. Chair, members of the committee, Scott Johnson, Director of Finance. I'm here with David McPherson, our deputy director for revenue management, and as well as Julia Cooper, our deputy director for treasury. The way I would suggest we handle -- we have three reports from the finance department. The first is the third quarter revenue collection strategic plan, and we provided a comprehensive report on your pact. We are not prepared to make a presentation on the report but we are here for your questions. Also, the third quarter debt report, there is a report in your packet. However, on the third quarter investment report we do have a brief presentation for you, and we have a paper copy of that. So we didn't bring down a PowerPoint presentation, because really it's only two slides that we wanted to share with you.

>> Councilmember Constant: Okay, so why don't we do this. Let's see if we have questions on the revenue collection strategic plan first.

>> None.

>> Councilmember Constant: No questions. I just wanted to comment that I'm glad to see that we're still collecting.

>> Scott Johnson: Yes, we are.

>> Councilmember Constant: And it's good to see -- I don't think we've had one where we've missed the target yet, in all the times that I've been seeing these come through. So that's good, and it's nice to see the numbers in the millions. Well, not that the debt is in the millions, but the recoveries are in the million. So thank you on that.

>> Scott Johnson: Thank you.

>> Councilmember Constant: A motion on that first report?

>> Motion.

>> Second.

>> Councilmember Constant: All in favor? I hope you guys aren't opposed, since you made the motion. The next, any questions on the debt report? Councilmember Oliverio?

>> Councilmember Oliverio: Not so much on the report. Scott, I hope you're doing well. The question: I saw yesterday, the federal reserve made a statement that they won't be backing municipal bonds to some extent, and I'm making it -- oversimplifying it, but what level of complexity does that add to San José on our investments:

>> Julia Cooper: I mean, I think that was a proposal that they were considering and they're just not going to bring it forward, but I haven't done any research on it. But we don't have any bonds that are backed by the federal government.

>> Councilmember Constant: Motion?

>> Councilmember Oliverio: So moved

>> Councilmember Constant: Second?

>> Councilmember Chu: Second.

>> Councilmember Constant: Thanks. I don't think we have anyone opposing that. Now we'll go on to your presentation.

>> Scott Johnson: Okay, great, thank you. First, Julia is going to cover the first slide, and I'll cover the second slide.

>> Julia Cooper: Just as a summary, in terms of the third quarter ending March 31st investment portfolio, the size of the portfolio inched up slightly from 1.08 billion in December to 1.12 billion at the end of March. The total earned interest yield was down from 3.91 in the previous quarter to 3.15. The decrease was due to the maturity of securities which had been purchased at a higher interest rate environment and obviously we're repurchasing at a much lower interest rate environment, so that's how it works. The average days of maturity has decreased from 452 days in the previous quarter to 345, and our strategy is to continue to match maturities and cash flow by filling the liquidity needs in the next 12 to 18 months. With interest rates continuing to be at these historic lows, the strategy will allow us to respond more quickly when interest rates begin to increase. Our fiscal year interest earnings to date is increased 8.7 million to almost \$31 million earned income on the portfolio. No securities were sold during the quarter so we have no gains or losses realized in the portfolio, and as always, continue to maintain core-mandated safety, liquidity and yield.

>> Scott Johnson: The next slide is a summary of proposed revisions to the investment policy. As you know, the city council approves -- staff is required to arrive our investment policy on an annual basis and then we bring a proposed policy with any proposed revisions forward to the city council on a fiscal year basis and that's consistent with our -- the city's investment policy as well as the State of California government code. So there are some changes that we will be proposing to the council. We plan to bring a memo to council in mid-June. We're currently in discussions with the City Manager's office and also, as to the retirement, staff that are involved in the investment strategy for retirement will also be reviewing our proposals and will be outlining the changes that we are proposing. Most of the changes that we're proposing are either clarifications or technical changes. But there are a couple I would like to just briefly go over with you. First, the modification of approve investments. That's to increase the percentage restrictions on commercial paper to match the state government code. You may recall that right around the turn of the calendar year, we actually had a situation where we exceeded our limit that's in our call receipt in regard to the percentage of commercial paper that we can own at any one particular time, as it relates to a percentage of the total in a citywide portfolio. And so e-mail was sent over to the council, it's also been mentioned in the audit reports by Macias Gini that have been attached to this report and a previous quarterly report. So what we'd like to do is in order to provide us with more flexibility in how we can manage our portfolio, given that we have a very restrictive policy, state government code policy also is very restrictive but our policy is even more conservative. So what we are going to be proposing is that we increase the percentage restriction for commercial paper, to match the state government code. I just want to note that the state government code was changed about ten years ago. There was a full, broad breadth review of the type of investments that the municipalities in the state of California can invest in. And through that government code there were revisions in regards to the restrictions in which what we can invest in, credit quality, percentages and so on. And so given the size of our portfolio, we just think, especially given what's happened in the financial markets over the past year we need to continue to look at options, but with the main objective of maintaining our safety, then liquidity and lastly yield. So the recommendation we're bringing forward in regards to increasing that restriction is merely to look at additional options, so we maintain that safety and liquidity as our two primary goals. We're really not recommending that to have any real enhancements in regards to our yield. Because our primary objective is safety and liquidity. And to Julia's earlier point on the other slide, you know, we have had no gains or losses. As a matter of fact, I've been with the city for eight years. We have not lost any dollars, any pennies in regards to our investment program. We're very conservative in our program, and we will continue to be so. But I think it is important that we continue to look at opportunities in regards to modifications to our policy. The other one is to remove the average maturity of our total portfolio requirement. You may recall that the government code requires that we are restricted for investments that, up to five years in duration. So our current duration -- is 345 days. And so what we're recommending is that we remove the average maturity of the total portfolio requirement. We currently have it at two years. And given that we're allowed to invest up to five years and we want to ladder our portfolio, we think it's important that we have the flexibility to ladder the portfolio and to remove that restriction. In regards to the language clarification, we think, especially given our economic times and recent news and what's happening in the financial markets that we add some clarifications related to the credit quality. So in other words, the ratings that, when we purchase an investment, the ratings that a particular company or the -- any other type of securities that we purchase, that those are the ratings at the time of purchase, and in addition to the percentage restrictions of the portfolio size, at the time of purchase. Because the portfolio size can change from time to time. And we could be out of compliance potentially in regards to the percentage restrictions on what we are restricted to be invested in, at a particular percentage of our overall portfolio. As well as some clarifications on the restrictions by the security type, and then we also need to increase the FDIC insured limits, because the Federal Deposit Insurance Corporation insured limits have increased in the country. And then on the administrative changes, these are more cleanup items where we are updating the job types. We're also doing the annual update of the primary government securities dealers. We do qualifications in regards to the primary government securities dealers that we do business with. So sometimes the names change, and sometimes they consolidate, and therefore every year we usually update the particular listing. And then finally the clarification of when issued, as far as the definition, in our policy you know, we have a glossary. So we're modifying and clarifying the definition of when a security is issued. So those are some of the proposals that we are planning to have a comprehensive memo forward to the full city council for their consideration in mid June. And finally I just want to mention that it's timely that we go through this because we're also up for

our renewal for our national certification of our investment policy. And you may recall that we were recognized as a city of having a model investment policy. And we want to make these revisions so they will be reflected in the next certification process that we'll be submitting in August.

>> Councilmember Constant: Thank you. I do have a quick question. In regard to the increase in the restrictions of the commercial paper.

>> Scott Johnson: Uh-huh.

>> Councilmember Constant: And matching state code. You mentioned that that is something that the state did about ten years ago. I assume we did an analysis of localities that took advantage of that, versus us, since we didn't have the option and what the differences were. Is it truly just a difference in safety and security, or were there any other implications in actual return or anything else?

>> Scott Johnson: Yeah. Quite frankly, councilmember, I think that this -- as I mentioned, the city does have -- is a more restrictive policy than state government code. I think the reason for that actually that most of the cities pretty much follow the state government code, because it is pretty conservative. And the type of investments that we're allowed to invest in are conservative. And the ratings that we're allowed to invest in for commercial paper has to be very high, the highest quality of commercial paper. In addition to that, you know, we're restricted, related to commercial paper, on the duration to no more than 270 days, so it's very -- it's short-term security. But since I've been here for eight years, as I mentioned, when we first went through and we did a full revamp of our investment policy, we -- we became less conservative than what we used to be, because quite frankly, the city is still remembering the 1984 investment loss that the city had roughly, I hear, 40 to \$60 million in losses. Because, quite frankly, of inappropriate investment activity which we clearly are not engaged in. And the city has taken a complete turnaround given that we have national certification of recognition for our policy and our practices. So it's -- you know, to answer your question, most cities in California and most counties in California follow the guidelines per the state government code. But because City of San José was still hurting, quite frankly, for years and years, you know, this is something left over from a very conservative policy that the city embarked upon after the 1984 investment loss that the city experienced.

>> Councilmember Constant: Okay, any questions? Councilmember Oliverio?

>> Councilmember Oliverio: Scott, Julia, what other cities in California, as cities, do you say, wow, that's a great city that manages its finances well, like top three, no specific order?

>> Scott Johnson: Actually, you know, that's a very good question, very timely. Because you may recall that we had an audit by Macias Gini. And in our work plan was us going and do some peer reviews. I'm going to ask Julia -- I'm going to ask Arne Andrews to come up. Because Arne has been more active in actually going out and having an opportunity, as we've leveraged training opportunities, he's gone to other sites, other municipalities in California. So maybe Arne can speak to that particular question.

>> Arne Andrews: Council, thank you. Arne Andrews, investment officer, City of San José. Part of my work plan when I accepted the job was to move forward on recommendations by Macias, and one of the recommendations was to conduct peer review of other cities, comparable cities. In the last two months I've been doing quite a bit of travel executing that. I have visited the City of Los Angeles, City of Long Beach, I visited the County of Orange County. We have a visit slated with the county of Santa Clara, and we have a visit slated with San Francisco. Part of my outreach to these cities was, I discovered in Southern California stemming out of the Orange County crises they created a group of large municipal portfolio managers, because I identified that their needs were very unique compared to just other cities with much smaller portfolios. They've recently resurrected that committee. I attended their first quarterly meeting about two weeks ago. In the room were representatives from the County of San Bernardino, the City of Anaheim, Orange County, plus many others. Portfolios ranged in size from us, on the small end, at a billion, up to \$7 billion. This group is going to meet quarterly. The City of San Francisco was also in attendance and we're actually going to form a subgroup up here of large portfolio managers so that we can meet more regularly than quarterly to discuss needs specific to large portfolios. A lot of times you'll attend conferences in the hope that you can meet a peer and maybe spend 30 minutes to an hour with them. At these quarterly meetings we sit in a round table fashion and discuss any topic we want to discuss from anywhere from four to five hours. These meetings also include presentations from outside agencies. For instance, in the past they've they've had representatives from PIMCO, one of the largest bond fund managers in the world, come and present, plus member organizations will also make presentations. And as a matter of fact, as a newcomer myself, and the portfolio manager for the City of San Francisco, we're asked to present at the next quarterly meeting. And the topic will be presenting on or the types of technologies that are available to enhance the jobs that we do on a daily basis.

>> Councilmember Oliverio: That's great to hear. But outside of that, between your review and your knowledge, are there cities that you recognize as premier cities in California that met their finance policy?

>> Scott Johnson: I think, you know, San Diego County, L.A., actually L.A. was -- you know, the interesting thing, I went to a presentation about three years ago with the treasurer of L.A., which is an elected position. And they were utilizing more outside consultants to do their investing, more outsourcing of their investing, and they've turned that around and using more internal. And what Arne is -- you know, what we're trying to communicate here is that we have a great opportunity moving forward to work with our peer groups and vet out strategies. And what we're finding is that most of these cities that -- and counties that Arne referred to, they are dealing with the same type of situation, same type of restrictions that we are, and are coming forward with the same type of strategies in regards to making sure that we are following the prudent investor standard. So I hope that answers your question.

>> Councilmember Oliverio: Not really.

>> Scott Johnson: Okay.

>> Councilmember Oliverio: Just teasing, Scott. But seriously, asking a specific direct question on -- I heard San Diego County is a city you admire; correct?

>> Scott Johnson: Right.

>> Councilmember Oliverio: Los Angeles?

>> Scott Johnson: Right.

>> Councilmember Oliverio: And one other?

>> Scott Johnson: Maybe San Francisco.

>> Arne Andrews: Sure, if I could --

>> Councilmember Oliverio: Just a city name would be fine.

>> Arne Andrews: Sure. If I could talk to, again, City of San Francisco, their new portfolio manager been on board about a year, is moving in a lot of directions like ourselves. Identifying new technologies, looking at opportunities that have been possibly missed in the past because of underutilizing our approved investment policy.

>> Councilmember Oliverio: Got it. So here's my question. You mentioned three cities or three counties. Do they follow the state code?

>> Arne Andrews: Yes, well everybody follows the state code. Cities and counties have a caveat within the state code that's a little different, but everyone follows the state code.

>> Councilmember Oliverio: Let me rephrase that. Do any of them have more restrictive rules than the state code like as San José?

>> Scott Johnson: When we come forward with the staff report we'll respond to that question, councilman. I don't know how far it is, I don't know.

>> Councilmember Oliverio: I'd rather ask the question in committee than on the dais of the council.

>> Scott Johnson: Gotcha. So I'll make sure that information is in the staff report when we move forward.

>> Councilmember Oliverio: Thank you.

>> Scott Johnson: And also, I just want to reiterate, we're not asking the committee to approve the proposed revisions. Because that's something that the full council -- it's more of a heads-up, these are the types of things that we're considering. And I also want to provide the opportunity for our City Auditor, Sharon Erickson, to sit down with us and review what we're proposing to make sure that she's considerable as we go forward to the full council.

>> Councilmember Constant: Very good. Councilmember Chu, any questions or comments?

>> Councilmember Chu: No.

>> Councilmember Constant: Do we have a motion?

>> Councilmember Oliverio: Motion.

>> Councilmember Chu: Second.

>> Councilmember Constant: Wonderful. We move on to our next item, which is the audit of the police departments auto theft unit.

>> Sharon Erickson: Sharon Erickson, City Auditor. I lost my notes. Here I am. For a number of years, San José held the safest big city ranking in the country, and in 2007, San José fell from that number 1 ranking, in part due to a significant increase in reported auto thefts in 2006. First thing I'd like to show you in this audit report, if you turn to page 2, I think some of you have it in front of you. This chart shows you what happened. It shows the increase in 2006, and so that's the top line there. If you look at total motor

vehicle thefts, if you look at the auto thefts per 100,000 residents, there we are at 584 in 2005. It jumped up to 747 in 2006. But I'd also like to point out that in 2008, it was back down to 528, or a 10% decrease. As part of our audit we verified the accuracy and reliability of these numbers and they are correct. So San José did have a spike in auto theft. Exhibit 1 also shows the recovery rate, if you look down there it says recovery rate, third line from the bottom of that chart, 93% in 2005, 94% in 2006, and so on. Pretty extraordinary recovery rate over the four years that we reviewed. And then if you look at exhibit 2 on the next page, it shows you San José in relationship to other jurisdictions. So you can see that San José has a relatively low rate of auto theft when compared to other jurisdictions. However, being the City Auditor, there are areas for improvement. So we have a number of areas of administrative improvements for the department. And I'd like to go through those pretty briefly. We have five, what we call findings. The first one is that the police department can improve its communication of auto theft trends and protocols. The San José PD has an auto theft unit that's responsible for investigating reported vehicle thefts and vehicle burglaries in San José. The unit communicates information by updating a daily spread sheet that patrol officers can download if they want to and by occasionally preparing a bulletin that's distributed at patrol briefings. If you turn to page 14 of the report you can see a copy of the kind of mapping that we can do in San José. Now, it's not that it's easy. It takes some time. But these kind of maps that are available really provide, at a glance, for an officer who knows their district, where the auto thefts are happening. So our first recommendation was that, to improve communication of trends and protocols, the department should periodically brief officers on auto theft trends and utilize realtime mapping. As a part of our discussion with officers and with the auto theft unit during this review, we also heard a lot about juvenile auto theft offenders. We talked to Santa Clara County probation and discovered that juveniles represent in fact about a third of auto theft offenders in San Jose, and 24 to 30% of them are repeat auto theft offenders. So our second recommendation was the department periodically brief its command and patrol staff regarding juvenile auto theft trends. So it's not up to the officer in the district to discover these things by themselves, but to communicate that uniformly through the department. Our second finding was that the PD may be able to free up some sworn personnel in the auto theft unit for other duties. Up until recently, the unit has operated primarily in a reactive mode, that is, processing and investigating auto thefts when they're reported. Proactive functions to date have been carried out by Santa Clara County Regional Auto Theft Task Force, fondly known as RATTF, which is responsible for deterring investigating vehicle theft crimes in the county. Three members from the San José PD are assigned to RATTF. The department has expressed its interest in using the auto theft unit in the department to self-initiate auto theft investigations, that is, be more proactive. Many jurisdictions do both reactive and proactive functions within their department. Part of our review, we compile the number of auto theft cases, that's shown on page 22 of the report. So there's a table up on the page of 22 that shows the breakdown in the kind of cases and the estimated hours to handle those types of cases. Based on our analysis we felt the auto theft unit has sufficient staff to shift sworn resources to proactive investigations within the unit. So our third recommendation was to consider shifting the equivalent of three sworn positions in the auto theft unit from the reactive administrative type function to the more proactive responsibilities, and/or reallocate those positions elsewhere in the department. Now the department has disagreed with this recommendation but has asked to defer implementation one way or the other pending our completion of our review of staffing ratios in the department which we are beginning now. Our fourth recommendation there was if we do shift responsibility to proactive duties, that we include information on those proactive activities in quarterly reports to the chief. And I believe we agree on this -- on that recommendation. Much of the work, in also looking at the workload, much of the work that the auto theft unit does is administrative. At least three other agencies use investigative assistants or community service officers to assist auto theft investigators. Those include Sacramento, Phoenix, and El Paso. We estimate, based on our analysis of the workload, that there may be sufficient administrative work for at least one civilian position. So our recommendation number 5 was to explore the feasibility of using specially trained civilian staff for administrative assignments such as in-custody arrest and documentation. And I believe the department and we agree on that. Our third finding was that the current auto theft reporting process requires duplicative data entry that could be streamlined with a new system. I'd like to ask you to turn to page 28 of the report which is a flowchart showing the number of times that data needs to be entered into the system. This does not count the number of these forms that are in triplicate or quadruplicate. So our recommendation -- and as you can see, there are at least seven different data entry points. So our sixth recommendation is, to the extent possible, the department ensure that the proposed automated field reporting and records management systems, which we fully support,

reduce duplication of data entry and automate quality control processes. I think we are all in agreement on that one. Our fourth finding was that the police department should explore the feasibility of taking some auto theft reports by phone. In 2007 callers waited 44 minutes on average to have an officer respond to a priority 3 auto theft report -- report call. Wait-times can be as long as two to three hours during busy patrol times. Delays in officer response prevent delayed communications with other patrol officers and prevent stolen vehicle information from being entered into the statewide stolen vehicle system and the national crime information center in a timely manner. Some cities allow residents to report auto thefts by phone under certain circumstances. Those include Phoenix and San Diego. There is some concern that this could increase the risk of fraudulent reporting, at least one city at the time we did our review Phoenix mitigated that request by requiring the reporting party to submit a signed affidavit later. The City of San Diego uses phone reporting, it is our understanding, for all auto thefts in eight of its nine districts. So not the one district closest to the border but the other eight districts. Our recommendation number 7 is that the department explore the feasibility of taking some auto theft reports by phone when officers cannot respond to calls in a timely manner because they're too busy, or when callers cannot wait for officers to respond. We do have an area of disagreement with the department here, I'm confident we can work this out. The department, San José PD does take some other reports by phone. We are recommending we explore the feasibility in this case. Finally, our fifth finding was that the department has already directed its data on cleared cases. But it also still needs to address some other data management challenges. The department is required to document crime statistics for a variety of reasons. The chart on page 34 shows, in one instance, the effect that some of these data errors can have. So this shows the clearance rate for several years, and there was a spike in the clearance rate, it turns out that was a result of vehicle recoveries being miscoded. This error did not affect the City's crime ranking, and San José did correct the error. When they corrected the error, our clearance rate was about 9%, which is in line with other jurisdictions. So our eighth recommendation was that the auto theft unit develop procedures regarding proper classification of cleared cases in the records management system. Next issue was that we found the actual caseload for the unit was lower than what was shown in its records management system because the unit hadn't closed some old auto theft cases that weren't being investigated any longer. The current REM system, the records management system doesn't have automated aging reports. So we made a few recommendations in this area. Recommendations 9 and 10 were to develop procedures for closing cases and ensure that the proposed system can identify aged cases. And then recommendation number 11, which was to report the number of open cases from the units to the auto theft unit spreadsheets, and report those in the quarterly program management report to the chief. The department does disagree with this, that this information is needed at the chief's level. I would just note that the program management report is a five-page report with at least 12 performance metrics. Furthermore, this information on open caseload was included in the department's five-year staffing plan and we believe it should be tracked. And I think there's just a couple more issues. Another data issue was, over a three-year period several cases -- it's actually 200 cases were classified as not worked for lack of manpower. When actually, there wasn't a good classification in the REM system. So this is a case where we have officers in the field triaging cases, so it's triaged into three different categories, but they only have two categories in the computer system. We're recommending we add the third category, if we can, in the new proposed REM system. And that would be a category for not just those cases that are not assigned because there's no solvability factors or those cases that are not assigned -- now I'm going to get this mixed up -- there's three of them listed. Not assigned due to no solvability or not assigned due to lack of manpower. There is a third category which is not assigned because there's little solvability or little probability that the complaint will be followed. And the department currently does that -- staff in the unit currently do that kind of triage. We're recommending we have a category for that in the proposed REM system. The department already did identify a small number of auto theft reports which for some reason and you could see from that flowchart we saw before, the data is flowing through the department across units. For some reason, some reports weren't getting up to the auto theft unit. They're currently working on tracking that down, and we're recommending that the department develop procedures to ensure all reports are reviewed. Finally we've got our kind of catch all recommendation that especially in the unit where people are transferring in and out over a period of time that the unit develop comprehensive policies and procedures, so folks know when they come in they can build on what's been done in the past. I want to thank Ruth Marino and Diana Chavez and Rick -- and Steve Hendrickson from my office, and the management and staff of the San José PD who were extraordinarily helpful during this review. In a city with a relatively auto theft rate and a 90%-plus recovery

rate, it takes some guts to come out with recommendations, but you know we're never afraid to do that. I think any program can receive an administrative tune up. I respectfully request that the committee submit to city council for approval. The administration's report is in the back in yellow and I'd like to turn it to the police department to respond.

>> Captain Martinez, San Jose Police Department open investigations. I had the opportunity to attend a two-week audit class that I guess L.A.P.D. does. So I'm a firm believer it's always good to audit, because all it does it make your unit a little bit better. Some of the recommendations that have been recommended by the audit department there, we have already instituted, and some we're looking at. There's some that we kind of don't 100% disagree, and something we need to work together, for most part the audit is pretty much accurate what's going on. All we're doing is that with 21st century policing, is that we've just got to move up to the next level, and that's what we are doing right now. So unless Larry Ryan has something else to say here, I think he has a couple of things to add, I think we're more in agreement with the audit.

>> Yes, just to point out one thing, on recommendation 5, which is civilian staff work that can be done by the auto theft unit, that -- I think we wanted to defer part of that to the auditor's civilianization audit of the police department. Keeping in mind that there are certain administrative duties that could definitely be done by civilian staff, and those are more clerical in nature. But certain of the special needs such as some of the investigative handling cases, the D.A.'s office warrants and criminal complaints require a sworn officer to complete those things. But aside from that, I think we'd like to wait and see the outcome of the auditor's future report with the civilianization of the police department.

>> Councilmember Constant: Thank you. I just wanted to comment on the civilianization issues. The civilianization only works if the council funds those civilian positions. I just want to continue to remind us of that. Because we have lots of cases where we civilianize a position and the county defunds the civilianization. We end up right back into having a sworn officer do the job because the job has to get done. And the police department has been very good at adapting to make sure it gets done, whether it's done by a civilian person or officer or sergeant or lieutenant or whoever happens to be there to get the work done. But I wanted to thank the auditor's office. I know we have lots of discussions about this throughout the audit and look forward to seeing these implemented. Gentlemen, anything to say or questions? What an easy group we've had today. So we have a motion and second. Anyone opposed to your motion or second? Thank you.

>> Thank you, councilman.

>> Councilmember Constant: Time for open forum. Mr. Wall, you have anything to say today? (inaudible).

>> Councilmember Constant: Well, thank you, sir. All right, we are adjourned.