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Public safety, finance and strategic support committee.

>> Councilmember Nguyen: At this time I'd like to call the Public Safety, Finance and Strategic Support Committee to order. And we will start with item 2, review of work plan.

>> We have a report on the request for deferral. This is the fire department's response to the county jail. What we did here is, we are requesting deferral to August but we've provided background on the framework that we're using with the county.

>> Councilmember Nguyen: Are there any questions from the committee members? Okay, motion to accept the report?

>> Motion to accept the report.

>> Councilmember Nguyen: We have a motion and a second to accept the deferral. All those in favor. [ ayes ]

>> Councilmember Nguyen: Opposed? Hearing none, motion carries. Thank you. We move down to Item 3, reports to committee, 3.1, consent calendar, and that will go for 3.1 A, B and C.

>> Councilmember Constant: Motion to approve.

>> Councilmember Oliverio: Is there any presentation in terms of information technology report?

>> Unless there's questions, staff's available to respond. Other than that it would be approved by the motion to approve consent calendar.

>> Councilmember Oliverio: Okay, I'm fine with that.

>> Councilmember Nguyen: Okay, we have a motion and second to accept the items on the consent calendar. All those in favor? [ ayes ] Opposed, hearing none, motion carries. Thank you. We will move down to item 3.2, an audit of the conservation corps.

>> Sharon Erickson: Sharon Erickson, City Auditor. I'll kick this off, if I might. The San José Conservation Corps is a nonprofit that provides job training and education services for at-risk youth. The city has had a relationship with the corps for over 20 years. This includes eight major agreements with the city and a master agreement including that covers 40 individual service contracts. Those contracts and agreements are all listed in Appendix B of the report, if you ever need to see them. In 2007-'08 the corps received about \$6.7 million in revenue, primarily from government grants and contracts. About 1.6 million of that came from San José. The city also provides a below market lease to the corps' Senter Road site for \$12 a year. The scope of our review was contract compliance and oversight of the agreements between the corps and the city from 2005-'06 through 2007-'08 and the recycling contracts for '04-'05.

We did not audit the charter school or noncity contracts. We completed our audit field work in January of this year and provided the corps with preliminary outline of audit issues in February. With some changes, those are basically the issues you have before you today. The results are organized in three findings. To start with, number 1, the city paid more than actual cost on its agreements with the corps. This is a matter of some dispute. But the city -- let me start by saying the city has -- uses an umbrella agreement called the master agreement to enter into the -- into various separate agreements with the corps on a sole-source basis. The master agreement allows for reimbursements only for actual cost. So the first area that I wanted to talk about was recycling services. The environmental services department paid the corps more than actual cost as they were reflected in the Corps' accounting record for providing recycling services for city facilities, parks, and public recycling and litter can. The city had not previously requested documentation to our knowledge to support those costs. So our review was the first time it had been done in a while. If you turn to Exhibit 3 on page 10 of the report, you can see the difference in those costs. It shows a summary of revenue expenses for the City's recycling contracts. Again, these are derived from the corps' accounting records. We also found during our review that the State Department of Conservation had already reimbursed the corps for about \$133,000 worth of these costs. So our first recommendation is that the city attempt to recover \$201,000 in costs paid for by the city for recycling services that were not reflected, those costs were not reflected in the corps' accounting records, and \$133,000 that was already reimbursed by the State Department of Conservation. Our recommendation, however, says that this would be the case unless, within 60 days, the corps provide documentation supporting additional expenditures on city projects that were not already reimbursed by others. The corps' response is in yellow pages in the back of this report. The corps agrees that operational administrative process improvements are needed going forward but believes that additional expenses should -- and believes additional expenses should have been charged to the city. At the corps' request we've delayed issuance of our report from March to May and then again to June. To date, we don't have that information on those additional costs. But I wanted to explain. Our audit, again, was based on existing accounting records. The corps has provided an action plan which I believe you've received. It was dated June 16th,

which indicates that the corps plans to adjust and restate their financial statements for 2005, 2006, 2007, and 2008, and that the corps will also be revising and amending their California Department of Conservation reports for those years. We have agreed to review the new accounting records when they're completed, examine the new evidence when it's submitted, and reevaluate the amounts owed. We respectfully request that you accept our recommendation which grants the corps an additional 60 days to provide documentation. The second issue under the master agreement was the fire department construction services agreement. In this case we also found that the fire department paid more than actual cost for services it received from the corps. Again, the city had not previously requested documentation to support these invoices. Our review showed -- did not show that the corps' records did not support the cost as billed, and the difference was about \$76,000. This included profit on subcontracted work. So our second recommendation was that the city attempt to recover those funds unless, again, the corps can provide documentation of additional cost. As with recommendation 1, the corps agrees that administrative processes need to be improved going forward and has developed a corrective action plan. However, again in this case, the corps has not provided documentation of additional cost, and in fact the corps does not agree that the master agreement applies. In our opinion, the documents clearly state that they were executed under the master agreement. So in this case, I'm going to request that you accept our recommendation with the caveat that the corps have the 60 days, like with the previous one, but also, with the understanding that this may become a legal matter. The third issue under the master agreement was that the city needs to establish and enforce specific guidelines for reporting and justifying actual cost under the master agreement. The master agreement clearly is a source of confusion. It does not stipulate sufficient detail regarding what expenses are allowable or not allowable. So we have a couple of recommendations there which all parties agree to, that the city should establish and enforce specific guidelines for reporting and justifying actual cost and should require -- and that should require the corps to account for city activity independent of noncity activities. And again, all parties agree on these. We also found instances of billing more than 100% of an employee's time. So we have a recommendation that OED, under whose contract that happened, should follow up and resolve the issue. The corps is -- also agrees with the recommendation and is putting a process in place so to make sure that they don't duplicate-bill for employee time. Our second finding was that the city paid more in -- paid for indirect costs not anticipated through our agreements with the corps. Again, the master agreement allows the corps to invoice the city for actual costs. It does not provide guidance on indirect costs. We allowed indirect costs in spite of that fact. However, we did find that the city paid for approximately \$98,000 of indirect costs. These are personnel facilities, other types of expense that were not described in city contracts and we found were not reasonable. So we made a recommendation there that the city attempt to recover the funds, again, with the same 60-day caveat as with the rest of the monetary recommendations. And then to fix this problem, and all parties agree on this one, as well, it was our recommendation, number 7, the city needs to revise and hopefully simplify the master agreement to include guidance on these types of matters, and annually require indirect cost plans if we're going to allow those. And again we all agree on that fact. The third finding finally was that there are other areas where the city can strengthen its administration of these agreements. Our recommendation number 8 covers the issue of the desired balance between work and education for students who are working on city projects. The city entered into the master agreement with certain expectations that training would be provided, and we're recommending that we clarify those expectations in any upcoming agreement. The corps does not agree with this recommendation but is, in fact, working with the City Manager's Office on a master agreement, and I'm confident those discussions will include some discussion of this issue. There are a couple of other recommendations. Recommendation number 9 was to ensure that controls are in place. Again, all of our recommendations are actually to the city. That the city ensure controls are in place to make sure the corps does not exceed estimated cost for contracts under the master agreement. We have agreement among all parties on that. And then finally, the corps has a practice of providing multiple revolving loans, including to staff in key areas of -- with responsibility for accounting and reporting. The corps does not agree with this recommendation, however we just need to be on record saying this is a standard internal control practice, and we hope that they'll reconsider their stance as they review their internal controls as part of this entire review. So in summary, our report includes a total of ten recommendations. All of them are actually addressed to the City Manager. They're all intended to improve the City's management of its agreements with the conservation corps. Let me be very blunt and say that the total monetary issue that we're dealing with here is slightly north of \$500,000 that the city may potentially have been overpaid, and that's why we've been working for this many months with the corps

and will work -- continue to work with the corps with your concurrence to help resolve these issues. It has been a long process to this point, and we're not done yet. But I want to thank this opportunity to thank multiple departments, the City Manager's Office, and from my staff, Chris Constantin, Avi Yotam and Steve Hendrickson. And finally, I want to thank the management, staff, and board of the conservation corps and their outside accountant, Dan Morris, who have been extraordinarily cooperative during the audit process for all their work to date on these issues, none of which are easy, and most of all for their work with youth in San José. With that I respectfully request that you accept our report and recommendations. I would, however, like to put on the table a suggestion that instead of forwarding this report to the city council at this time, you might want to keep the report in committee until we reach some kind of resolution on the outstanding monetary issues. And with that, I don't know if the City Manager's Office wanted to respond.

>> I saw Ed walk in in case there's any direct questions on the nature of our responses, or if Ed has any additional comments.

>> Sharon Erickson: And I'm sure the corps would also like to speak.

>> Councilmember Nguyen: Thank you, Sharon. I'm going to start this off by just a few questions. I understand that this item was deferred from last month, pending submission of certain documents from the corps. I was just wondering, beside the letter that we received recently, has there been submission of any documents in terms of the financial statements, some of the things that the auditor's looking for?

>> Sharon Erickson: We met at least once if not more with the corps to hammer out what we would need. And that -- that basically is as far as we got. I know that the corps is work on those. I don't believe we've received additional documents to date.

>> Councilmember Nguyen: And then, the 60-daytime frame was that something that has -- have you had discussion with the corps in terms of the time frame? I'm just a little concerned that 60 days might not be the right amount of time for the corps to collectively work to gather the documents to submit them to the city.

>> Sharon Erickson: If I could defer to the corps on that. We worked this out with them. But it is a complicated issue.

>> Councilmembers, my name is Bob Hennessey. I'm the executive director of San José Conservation Corps. I started with the corps over 20 years ago, and since then we've generated a lot of revenues and brought a lot of revenues to the City of San José. But that's not the reason I'm here. I'm here because we have issues with the auditor that we want to work on, but we have made attempts in regards to fire -- in regard to the firehouse buildings and also in regard to last grant for money, which was \$153,000 of the bottle bill funds raised by our students that shouldn't even be on here, but it was put on in the month of May. So there's -- this is going to be a long road for us. But we certainly want to work it out.

>> Councilmember Nguyen: Bob, thank you. The 60-daytime frame, is that something that both the Corps and the auditor's office can come to agreement? Is that enough time for you and your organization can gather --

>> If the committee would agree to 90 days, that would be even better for us. But if we get it done in 45, we'll get it done in 45. It depends on how we work together, basically.

>> Councilmember Nguyen: Okay, very good, thank you. A final question. I know that we also released a draft of the confidential audits prior to releasing the actual audit. And when we did this I was just wondering, what was the protocol in delaying, stopping payments on the invoices? Once we release a confidential, draft of the confidential audit did we delay some of the invoices that we were supposed to pay to the corps?

>> Sharon Erickson: First let me respond that my office did not release any confidential drafts. I actually phoned the reporter in that case and asked for confirmation. He would of course like a good reporter not tell me where he got the report. But he assured me that it did not come from my office.

>> I think the issue there was, we thought we were the only ones that were working with the auditors that had the confidential draft. But then we found that city council members had it, all the departments had it, and City Managers had it. So that was -- that's something that really concerned us. Especially since the first audit accused us of fraud in four areas. So I think that was very unfair. And a low shot, at a nonprofit organization.

>> Councilmember Nguyen: Well, let me allow the deputy City Manager to answer that question.

>> Ed Shikada: Certainly. Just from the perspective of the administration, involvement or having the departments that have projects covered under the master agreement is definitely part of our circulation. In discussions with the departments following the concern raised about the draft audit being released to

others, we did discuss it, and not able to identify any departments that had circulated it beyond their own staff.

>> Councilmember Nguyen: Okay, thank you very much.

>> Councilmember Constant: Just to clarify. I don't believe that council offices, I know I never got a draft copy of it so I'm not sure that it was distributed to council offices.

>> Sharon Erickson: No, actually we are careful to keep council offices in the dark until we actually detailed an audit report. And that's so you don't become involved in the audit process. It's meant to be an independent, objective process. Not that you aren't, but we don't distribute drafts to you until the document is public.

>> Councilmember Constant: Many say we do our best work in the dark so --

>> Councilmember Nguyen: And then just a final comment regarding to the auditor's recommendation. I absolutely agree with the recommendation. I think that this is really an important issue, a really significant and critical issue. So I'm glad to see that we're not looking forward to moving this to the full council so abruptly. I think allowing the opportunity for the courts to work with the auditor's office is a good opportunity, and you know, I want -- I would like to see this committee be an avenue for us to sort of clarify all the -- perhaps with no misunderstanding -- gather the proper financial statements and documentations prior to forwarding to the full council. Thank you. Questions by the committee members? Councilmember Oliverio.

>> Councilmember Oliverio: I would like to move to accept staff's recommendation to accept the report, keep it in our committee, not forward it to council, and then have this come back in 60 days. If it's not done in 60 days, then we can decide at that point if we want to defer it another 30. But I think we should have a time like, and I think 60 is fine, you know, and of course, your independent audit of your books is going to be reviewed by the auditor and all the parties interested, et cetera.

>> I'd like to just clarify the schedule. So the 60 days would be up in August. Which would -- which is probably slightly before the Public Safety committee date. So my suggestion would be September, to allow for staff or the auditor's office to prepare the report, for us to get it out according to sunshine.

>> Councilmember Oliverio: I think that works to everyone's advantage, then.

>> To September.

>> Councilmember Oliverio: September.

>> Councilmember Constant: Just to clarify the motion, it includes the action plan from the corps as being part of what we're accepting, is that correct, on your motion?

>> Councilmember Oliverio: Well, I meant basically going from what the City Auditor -- the City Auditor said there was an agreement between the Conservation Corps on this plan.

>> Councilmember Constant: I just think the motion should explicitly say, accepting this and the action plan together, and if that's what it says, I second it.

>> Councilmember Oliverio: If that provides confidence for my fellow councilmember, then it is what it is.

>> Councilmember Nguyen: Great. We have a motion and second as stated. Are there any other questions? Does anyone from the public wish to speak on this item? Bob, do you have anything else to add?

>> I think that --

>> Councilmember Nguyen: You agree with the motion that's been made?

>> I think we'll be fine today, yeah.

>> Councilmember Nguyen: Great.

>> So we do agree with the motion. And I would like to acknowledge Ed Shikada. He's been great in helping assist us, the Conservation Corps, over the past months, so thank you, Ed, from the manager's office.

>> Councilmember Nguyen: Thank you, Mr. Hennessey. Okay, we have a motion and second as stated by Councilmember Oliverio. All those in favor? [ ayes ]

>> Councilmember Nguyen: Opposed? Hearing none, motion carries. Thank you.

>> Thank you.

>> Councilmember Nguyen: We'll move right along to item 3.3, an audit of the employment medical benefits.

>> Sharon Erickson: I don't think we have quite as much interest for this audit -- [ Laughter ]

>> Sharon Erickson: -- since the room cleared. Just by way of background, starting out this audit of employee medical benefits, in 2008, the city provided medical coverage to 14,300 active city employees

and their dependents. That includes 9,000 Kaiser and 5300 Blue Shield participants at a total cost of about \$60 million. We also provided coverage to 3500 retirees and their dependents at a cost of approximately \$36 million. That plan is separately administered by the retirement services department. If you turn to exhibit 2 on page 5 of the report, I'm going to walk you through a few of these tables if I can take a few minutes. This table shows you how medical costs have grown over time. A program that cost us \$76 million in 2005 cost us \$107 million in 2009. If you turn to page 8 of the report, though, you can see that despite rising medical costs the city has actually been able to secure relatively reasonable premium rates, when you compare us to other public sector employers. For example, the city pays \$445 for Kaiser for most employees. 1100 for the family coverage and that really does compare favorably to other jurisdictions. These comparisons are all Kaiser family covered or Kaiser coverage. The objective of our review was to identify ways to improve the administration of the benefit system and optimize employee medical benefits. Employee benefits actually requested our assistance in this audit. They were trying to determine the cause of recurring shortfalls in the benefits fund. Benefits staff had surmised that the shortfall had been caused by a number of reasons: Unreconciled prior discrepancies, uncollected premium contributions, and potential premium overpayments to providers. Given the many different factors that affect the accuracy of the city's billing, we agree with their assessment and that a multipronged approach should be implemented to address the problem. I also want to disclose before telling you about our findings that we, as city employees, of course participate in the medical benefits program that we were auditing. Our first finding was that HR needs to improve its process for identifying employees eligible for medical benefits, estimating premium payments, and accounting for premium contributions. We identified several concerns in this area. For example, the frequency of eligibility reporting from the city to providers and back and forth. For active employees, which currently is once a month, potentially could be twice a month and be more accurate. We also had a concern about investigating past discrepancies with providers, so HR recently completed a reconciliation of outstanding Blue Shield discrepancies. It was about \$254,000. There are potential overpayments to Kaiser that we estimate could be as high as \$140,000 that need to be investigated. Staffing issue. The needs, there is also a need to establish policies, procedures and time lines for processing employee termination when these kind of issues can arise. And we do need better coordination between finance and I.T. to improve processes for collecting outstanding premiums from employees who are on leaves of absence or have been terminated. And finally there are what we fondly call system glitches that cause errors in the premium payment reports coming out of the system. So there are a number of issues that we're recommending we're going to have to continue to address that we'll get to that reconciliation that benefits had originally asked us for. In this area there are eight recommendations and the administration agreed. The second finding which is also relates to administration is over process-oriented concern, including the need to draft policies and procedures regarding data entry, that kind of thing, reconciling discrepancies. We're also recommending that we consider moving student verification, these are eligible dependents from once a year to twice a year, that's the way the retirement system does it. And then the city did conduct an RFP and engaged a broker for health benefits but there is no contract with that broker. He is being paid by the providers. We believe there is issues with that and recommend that a contract be executed. So there's a total of three recommendations that area and we have agreement. The third finding begins to get a little more interesting. I'll put it that way. The city, for the first two findings are really related to the administration of the program we have. The second two findings are really related to the kind of program we deliver. Which gets a little more interesting because we do get a little more interest when we go out, you know, when we get into that kind of area. We're recommending the city consider some immediate cost saving reform. For example, seeking to reduce cost. And if I could turn you to page 23, it's exhibit 8. This would be a recommendation to eliminate city-provide redundant coverage similar to the way that CalPers and Santa Clara County handle it. In the City's case we have about 50 employees who are in the same household, who have health plus health covered. So two employees in the household have health coverage. We are estimating this, we don't have firm numbers on this. Were we to require them to be covered under one family plan the city would save about \$500,000 a year. This is common, again, in CalPers and Santa Clara County. We have about 110 employees where one employee in a household has health and the other employee has a health in lieu payment. We estimate that could save us another potential \$500,000. And you can see these numbers, you can see the difference in the cost on these exhibits. So in exhibit 8 you can see scenario 1 for its family medical coverage would be \$12,000 approximately annual cost. If we pay two family medical plans the cost is about \$24,000. Then on page -- let's see, exhibit 9, which is on page 26, we're recommending the city

consider reducing the health in lieu payment from our current 50%. So you can see from this table, and this is a comparison of family coverage, you can see from the table that San José was up on top with our current potential with the family coverage, the payment to the employee, the in lieu payment would be \$5560. We also show some hypothetical scenarios if we reduce that. Then compare us to, say, the City and County of San Francisco at \$2500 or the City of Los Angeles at \$1200. We have about 900 employees who are receiving health in lieu payments. It is a potential cost savings of 1 to \$2 million depending on how the city decided to ratchet down that payment. If the city went from 50% to 40% or to 30%, we are actually recommending is some kind of ratcheting down if you do plan to do that so you don't lose your customers. If the price gets too low, people will simply choose to keep the double coverage and will opt out of the in lieu. Now, how that relates to the first recommendation, we're all going to have to figure out. So these numbers all interplay with one other, so as you implement one recommendation it flows through to the second recommendation. And then, thirdly, retirees have had an interest in pursuing a retiree health in lieu program for some time, and there have been a number of legal issues. We believe that implementing a retiree health in lieu like program that could pay for medical cost could potentially address those barriers, the barrier against payments, making a cash payment, and combining that with the ability for retirees to suspended and re-enroll in coverage could benefit the city and see some cost savings. For example, I guess the benefit would go to both the retirement system, again, and the city. For example, if only 50 of our 3500 retirees chose an in lieu like program, we could potentially save \$250,000. If 200 out of our 3500 retirees chose this type of program, we could potentially save as much as \$1 million. We have five recommendations in this area. They all have potential meet-and-confer issues. The administration agrees with the recommendations to the extent that they agree to initiate the process to propose such changes. Again, because it's meet-and-confer they're a different kind of category. And then finally the fourth category, the fourth finding we have is other cost containment strategies. On page 31 of the report, you can see how the Kaiser family premiums have nearly tripled in the last 11 years. Between 1999, when they were \$375, to 2009, when they're \$1109. Given the trend of steadily increasing medical premiums, in fact I heard on the news today they're predicting 9% premium cost increases, next year nationwide, we believe that the city should continue its cost containment efforts, and will need to consider further cost sharing among employees. And potentially alternative plan design for medical benefits. Let me say first off, that the city's wellness program is the cost containment strategy, and we support these efforts. Wellness is the way you get medical costs down. Having said that, on page 33, for example, we show -- we have a comparison of employee share of medical premiums between different jurisdictions. Since 2005, OER's been working with bargaining gripes to get to a 10% share of premiums. Actually, there was an exhibit in the front of the report, I won't point you to that, that showed that -- that step-up to the 10%. We now are looking at -- according -- let me say this first. According to a 2007 survey the nationwide local government average was about 73% for an employer contribution. If the city were to move from a 90-10 split to an 80-20 split we estimate it would save the city approximately \$4 million in medical premium payments. A second idea would be introducing a new, lower-cost premium medical plan. We're basing this on the fact that for example, City of Sacramento has a \$1500 deductible plan. Such a plan could save up to \$10 million. There is other alternative plan design that I know is kicking around in the city and elsewhere. And then finally on page 35, you can see in exhibit 10 hoe could co-pays vary between Kaiser HMO plans, so exhibit 12 shows most employees are paying a \$10 co-pay. It shows that that is respectable, in terms if we compare ourselves to other jurisdictions. However, again, this is an issue we may need to address. If we were to move that \$10 co-pay to a \$25 co-pay, or the City's benefits broker estimates we could save \$2.8 million in premium savings. We're recommending that the city pursue at least one of these or a combination of these cost containment strategies and work with OER or potential meet-and-confer that any such change would present. Our report has a total of 17 recommendations. There are no easy choices or easy answers to these problems. They're all difficult choices. But this is a program that costs \$76 million a few years ago, and it's now expected to cost us \$107 million in the current year. The administration response is attached and they do agree on all the recommendations. Again, I got some thanks. I'm sorry, but I want to thank Jorge Oseguera and Michael Houston and Steve Hendrickson from my office and the human resources staff, especially Jeanne Groen, who is sitting next to me, and Mark Danaj, for their extraordinary cooperation and responsiveness during this audit. I'll turn it over to Jeanne.

>> I just wanted to tell the committee that human resources was very pleased in working with the auditors on this. It was a wonderful opportunity to have a blend of skills on both the 30,000 foot level and down in the trees. And I think together, as we went through all of the issues, we came up with a plan and a priority

I think that will work for the city in the long run. So I wanted to thank Sharon and her staff. We really did appreciate the cooperation and the professional responsiveness. So thank you.

>> Councilmember Nguyen: And I too wanted to thank Sharon and your team or your staff for the wonderful work of auditing this report. Apparently we lost no money which was associated with, you know, our existing practices. But I'm glad to see that there's agreements from both sides, especially from the administration, on moving forward on how to address some of the practices that we currently have.

>> Right. I do want to address that, I think you're talking about the Kaiser premium how we send the premium off, and -- but we've collected less. Oftentimes that is due to employees being on leave. So it's the allocation. When we did this audit we looked at what is in our payroll system, but we also have manual processes that we collect funds for. It was trying to get the manual information to say what really is the amount that we're short. So it may be overstated. Because the manual processes aren't reflected in that. But that is one of the things that we do want to do, and the payment of premiums may have been appropriate. It's just we need to validate that.

>> Councilmember Nguyen: Well, that's good to hear. I'm glad we're able to recover some of that.

>> Yeah, yeah.

>> Councilmember Nguyen: Again, thank you very much, Sharon. Are there any questions from committee members? Councilmember Constant.

>> Councilmember Constant: I have a couple of questions. On page 8, the chart about the monthly premiums, I've always questioned why we don't have single-plus-one choice in there. And I know that the overall cost to the city remains the same because it's based on experience plus administrative cost. But this type of system does seem to shift and have one employee subsidizing another. For example, Pierluigi, who has no dependents on his medical, basically subsidizes me, who has a whole family on my medical. And so does perhaps Madison, if she only has one person on her medical. Did we look into that at all? I know when we do the retirement actuarials we look at the implicit subsidies that are involved. That's something that I think bears some looking at. Did we have -- were we --

>> That did not come up as part of this particular audit. I do know that it's part of the retiree health care arena, and there are discussions currently happening between the employee associations, retirement, human resources. So they are looking at that. We did do a study. We did verify that regardless of how we spread the premiums, the total costs remain the same. It does have an impact to thousand two-party members actually have a slightly lower cost. It does decrease single, it does increase families. And so there is -- there is a dynamic there and the city contribution. And the methodology is part of that discussion.

>> Councilmember Constant: I think the chart here bears that out, because you see the county of Sacramento and our rates are almost identical. Ours may be lower, maybe we have more employees or whatever. But they're within a few percent. But you can definitely see the subsidy as you look up to the other cities that have the employee plus one. I just think that's something we should look at as we go forward. And on page 26, I think it is, the health in lieu payments, I know Sharon, you briefly mentioned this. I would be interested to see how the psychological response to change health in lieu would change the employees buying patterns. Because I know I was an employee when we instituted health in lieu. And I know there were a large number of people who prior to that had been double-covered and the city realized a substantial amount of savings by going health in lieu. My worry would be we try and save 10% and we end up spending 30%, because people are saying if it's only going to be that much, I might as well double-cover and maybe get a PPO plan and the HMO plan or something like that. So I would just be cautious in that area. I just worry that it could backfire on us pretty easily. I understand the idea of the ratcheting. But I still think that if employees know over a two, three, five year period we're going to ratchet they're going to make decisions and I think it will really affect the choices of the new employees coming in who are consciously going to make a decision. And I know we have a large amount of employee turnover coming very soon here in our organization and I would hate for someone to be sitting there saying, oh, it's only a hundred bucks in the pay period, maybe I'll go for the double coverage and be extra-safe because I have five kids and I'm paying all these things. So I don't want to be penny wise and pound foolish there, I think we need to do a lot of analysis and really I think we ought to go back and look at that time experience of when we implemented the health in lieu to see how much we saved and keep that in mind when we're making decisions to go forward there. Page 31, this is not directly related to this conversation, but I want to bring it up because I try and bring it up every chance I can. Our health insurance, our health care liability for retirees, being on the retirement board and having gone through the painful discussions of this over the last couple of years, what I've said there many times, I just want to repeat here. Is that \$1.6

billion liability seems so huge. But we have to keep in mind that those are made with an assumption of health care rising 4.5% or less every year in the future and trailing off at some point to a zero increase. And if you look here, we have a decade of data, and out of a decade only two years was it 4% or less. And multiple years it was four or five times that. And I say that because you see the difference from 375 to \$1100 in this one-decade period. But when we're talking about paying for an employee like mine, myself, where I retired and could be retired 40 or 50 years hopefully before I croak, it's not going to take a lot of years at 10% or even 6% health care increases to throw that GASB calculation completely out of whack. And I personally think our liability is closer to three to \$5 billion range. And I think this is just -- it doesn't take a lot percentages to make a huge change down the line 30 years. And I think this clearly illustrates that and I plan on cutting this out and bringing it up every time we talk about GASB liability. Because I think it's something we have to keep reminding ourselves. It's like the infrastructure discussion. Keep reminding and it will finally sink in. So that's it.

>> Councilmember Nguyen: Any further questions from committee members? Councilmember Oliverio.

>> Councilmember Oliverio: I just concur wholeheartedly with Councilmember Constant's statement. I mean, even at the federal level, I mean, the increase of Medicare, Medicaid, Medicare will bankrupt the country. You won't even have a defense budget in 2017. So here's my question, City Auditor, page 33. You said a statistic on the employer-employee contribution would save \$4 million. I didn't catch what would save \$4 million. Was it switching it to the national average of 73%?

>> Sharon Erickson: No. No, I believe it was the 80-20.

>> Councilmember Oliverio: 80-20 split would save us \$4 million.

>> Sharon Erickson: Yes.

>> Councilmember Oliverio: That answered my question. Thank you very much, great report. And I'd make a motion to seven the report.

>> Councilmember Constant: I'll second that.

>> Councilmember Nguyen: There is a motion and second.

>> Councilmember Oliverio: Cross reference for City Council.

>> I was going to acquire of Sharon, did you want this cross referenced on the 23rd agenda or do you want to kick it to August?

>> Sharon Erickson: August.

>> Councilmember Constant: Keep us there five minutes longer.

>> Councilmember Oliverio: Cross reference for city council.

>> Councilmember Nguyen: There are any other questions? Okay. Do we have anyone in the audience that wishes to speak on this item? Okay we have a motion and second to accept the report and we'll cross reference for a meeting in August for the full council. All those in favor? [ ayes ]

>> Councilmember Nguyen: Opposed, hearing none motion carries. Thank you. We'll move down to 3.4, report on domestic violence prevention efforts.

>> Norberto Duenās: Good afternoon, Madam Chair, members of the committee, Norberto Duenās, Deputy City Manager. With me this afternoon, Eve Castellanos, our domestic violence prevention coordinator, and Lieutenant Ernest Kong, the unit commander for the family violence center. We are pleased to be able to bring status reports to the public safety committee on our domestic violence efforts and we'll be doing a report to the committee every six months. This first report is a little lengthy because we did want to give you the history and the entire context associated with our domestic violence prevention efforts. I do want to highlight the three strategic focus areas that we concentrate our work in. And by the way, I want to take the opportunity as a newcomer to this project to thank both Eve and Lieutenant Kong for their good work and support on this important project. But the three areas that we focus on encompass the following. In the area of best practices our goal is to identify and develop effective guidelines and protocols for city entities to promote effective methods to address issues related to family and domestic violence. From the community education standpoint, we focus on the development of citywide community education campaigns and materials including the City's annual walk to end domestic violence that all of you participate in every year, and we appreciate that. And then from the city council advocacy point, we advise the council on policies and recommended actions to ensure that the City of San José is aware and engaged in proactively preventing and addressing family domestic violence. While the City Manager's office is the lead in coordinating this effort we certainly don't do this on our own, and we really appreciate the good work and the coordination to our partners. And just to name them, of course we had the City of San José's family domestic violence advisory board, that -- co-chaired by Councilmember Constant and Campos. The City of San José violence center, the mayor's gang

prevention task force, and all the local domestic violence service providers and policy coalitions. They are an integral part of this effort and this coordination, including the County of Santa Clara's Domestic Violence Council and the Office of Women's Policy. With that, that gives you a brief overview on our report. We'll focus our -- our next report will focus on more on the more updated activities and work that we'll be doing. A couple of important events coming up, in the month of August, we will have our domestic violence retreat to set the course and the agenda for the upcoming year, and then of course we'll have the domestic violence annual walk in the month of October. And with that, we're here to answer any questions you may have.

>> Councilmember Nguyen: Thank you very much. And thank you for the report. I also wanted to publicly thank Councilmember Constant and Campos for serving on the advisory board. Just a quick question. Our office has been dealing with a lot of phone calls, in the past, I would say six months, I brought this up at the council meeting a couple of months ago. But I didn't really see in here our efforts in focusing on dealing with families or individuals calling from the different ethnic communities in regards to domestic violence. Apparently this is one of these issues that individuals don't really talk about. But so they wait until the very last minute, when things get really bad, and then they would call the council office, not evening calling the police, but just calling -- having an opportunity to speak with someone in private. So I was wondering, as part of a work plan, do we have any specific focus in dealing with families or individuals coming from different ethnic minority groups in the community?

>> Councilmember Nguyen, Eve Castellanos, City Manager's Office. As Deputy City Manager Duenas mentioned, we are updating our strategic plan for the next two years and will be doing that in August as part of our retreat. It has been an ongoing effort of the city to promote community education citywide and actually countywide, because with domestic violence, much like housing, we don't really recognize the city geographic issues, but rather, we work with our regional partners throughout the county on this particular issue, and we know that domestic violence is one of the most underreported crimes across the board. Given that, we do do special outreach, particularly to the Spanish and Vietnamese speaking communities, in addition to the English speaking communities, through our community education efforts, and we hope to continue to do so. We also know that given the recent downturn in the economy there has been a spike in domestic violence and they're not necessarily reporting to law enforcement. So one of the things that we're doing is working closely with our community partners and help ensure that they have the community education materials and resources that they need to distribute to the community, because we know that while we're here, as a viable resource for many individuals and families who are experiencing domestic violence, we are not the only resource. And so we want to ensure that regardless of where individuals and families turn to, to get help for domestic violence, they have alternatives and options throughout the community where they can find that help.

>> Councilmember Nguyen: Thank you. I appreciate hearing that. Councilmember Constant.

>> Councilmember Constant: Just a comment. I think, again, something that we have to repeat every opportunity we get so that it stays in people's consciousness. I want to talk a little bit about the family domestic violence center that we have, family violence center. And when I say this I'm not talking about staff at all. Because I think the staff there is incredible but the facility is woefully inadequate. It's a terrible facility. I've been out there, met with Ernie and his folks and talked about the different situations, and the fact that we don't have an area that's conducive to conducting interviews in private, in privacy, we really don't have an effective means of working with children. It's really sad. Given the size of the problem that we have in society with domestic violence, given the efforts that we've put on all other fronts to have such poor facilities for you guys to work in. And I think that it has to become a priority of the city council and the city administration to correct that problem. And we need to make sure that we have a facility that serves the victims of these crimes in an adequate way and gives not only our police officers who are investigating these crimes, but the numerous community groups that come in to help us deal with these issues, the space, the tools and the resources to get the job done. And so I'm just going to keep saying this again I have a few things I like to complain about and this is one of them. But I think we just have to remember them. Is we have underutilized city properties and we need to find the right one for this service. For God sakes, we need to make it close to public transportation so people can even get there. I think that's another huge deficiency that we have in this center that we have. Again, I want to stress that the people we have in the building are doing a great job, but they could be doing an excellent job if we provided them the facility and the resources to do it.

>> Councilmember Nguyen: Thank you, Councilmember Constant. Are there any other questions from councilmembers? Is there anyone from the audience that wishes to speak to this item? Can I get a motion?

>> Councilmember Constant: So moved.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: We have a motion and second to accept the report. All those in favor? [ ayes ]

>> Councilmember Nguyen: Opposed, hearing none, motion carries. Thank you very much. We move down to 3.5, report of the resource allocation plan of the San José Bringing Everyone's Strengths Together, also known as the B.E.S.T. program for 2009-2010.

>> Good afternoon, Angel Rios, Deputy Director with Parks, Recreation, and Neighborhood Services. I'm joined here today by Recreation Superintendent Mario Maricel, our lead with the Mayor's Gang Prevention Task Force, Dr. Peter Ellis, our independent evaluator, Lieutenant John Spicer from San José Police Department, and our senior analyst, Abraham Chaco. We're here today requesting your acceptance of the 2007-2008 San Jose B.E.S.T. evaluation report, and to ask your approval of the San José B.E.S.T. resource allocation plan for fiscal year '09-10. To give you a little bit of background, in September of 2008, we presented a new -- and the mayor and council approved our new Mayor's Gang Prevention Task Force strategic work plan we call ACT, Action, Collaboration, and Transformation, a plan to break the cycle of youth violence and to foster hope. San José B.E.S.T. is the funding arm of this strategy. San José B.E.S.T. is the way we get things listed in here done. Through San José B.E.S.T. we fund primarily community based organizations, nonprofits to provide the prevention and intervention services that the gang task force offers. From the evaluation standpoint just some macro level kind of notable findings. Overall, we served 4520 unduplicated clients, 48% of those served were gang impacted youth. 52% were at risk or high risk. 375 youth who were arrested previously were not rearrested during the service cycle and that's huge when you look at recidivism rates. That's not our -- we saved that one in particular. [ Laughter ] (inaudible)

>> We'll go without that although it looked like a pretty good show. [ Laughter ]

>> When you look at recidivism overall, you know, one of the things that we're all trying to grapple with is a reduction in recidivism. One of the things we found is that many of the youth that come in through our programs we're not seeing that rearrest cycle as often as if you're not in a lot of these programs. 235 youth who previously were not in school were reconnected to school, during that service cycle, which is also a number where we're real proud of. And 78% of youth participants in our programs reported that they have an enhanced ability to connect with caring adults. You know, when we apply the Project Cornerstone asset development model, we really emphasize connecting young people with a caring adult, which we think is very important. 78% of them told us that they are in a better place to do that. Perhaps the most notable finding is that over the 2007-2008 period we saw a 27% decrease in the number of gang-related crimes. You may recall a year to this we were really grappling with just drastic increases in gang violence. And we're happy to announce that that trend has definitely shifted downward. Doesn't mean we're out of the woods. I mean, clearly means gangs are out there, they're organizing, but I think it speaks to our ability to mobilize and really get a handle on the gang situation. Much work remains, however. From a process standpoint, San José B.E.S.T. we use a triennial process, which means we basically make funding available. We do this annually, but we accept new applications every three years. And we use an RFQ process, request for qualifications, as opposed to an RFP process. With a request for qualifications, we're able to say here's what we need, as opposed to here's what you can provide. And so that puts us in a position to really respond to emerging trends, realtime issues, and to deploy the resources accordingly, as opposed to saying, well, we know we should be doing something in area X, but we can't, because the money is not there. So we have to wait until next time. The RFQ process allows us to really identify a need and shift accordingly, which has been a huge plus in our process. We facilitate a -- what we call a hot-spot exercise where we engage the -- do over 185 individuals tied to the mayor's gang prevention task force, the policy team, we look at crime analysis, we look at emerging trends, we look at local needs assessments, and we pull that all together to basically identify key priority areas. We still deploy citywide, have a citywide focus but we use that data to help us identify specific hot spot areas. And in addition to that we take that information and we meet with an allocation committee which is really a multidisciplinary team of individuals, which is made up of community based organizations, San José PD, District Attorney's Office, Public Defenders Office, and the list goes on. Probation aimed at helping us match providers to hot spot areas, and that is a

comprehensive and intense process, but it has fared very -- it has helped us make the right connections over time. And lastly, it leads to contract development and evaluation. Our next RFQ cycle will open up in spring of 2010. I'd like to call your attention to attachment B in your memo and what you'll see there, that's the proposed allocation plan. And what it basically consists of are basically two areas. One is, there's ten eligible services. Those ten eligible services are the services that we've identified as kind of the key service areas that we provide under San José B.E.S.T. And then what we do is we basically take the hot spot exercise and we basically match the eligible services to the hot spot areas. And this year's proposed allocation plan is as follows: We have a total of 5.2, a little over \$5.2 million overall. How that breaks down is 1.6 of those funds direct the city-funded intervention programs, such as our safe school campus initiative, stand, clean slate tattoo removal. A little over 2.7 of that funds community based funds directly. We have over 23 agencies in our inventory as partners. And we also reserve approximately \$170,000 for an emergency reserve fund that we deploy based on emergency situations as they arise. In addition to that, we also fund a position out of the mayor's office that's the liaison to the task force. There is administrative support to the tune of \$500,000 and then evaluation -- program evaluation in the amount of \$120,000. What we're proposing is to basically invest \$5.2 million over the course of this next year and the allocation plan basically tells you where we're going to focus on. At this point, in terms of next steps, upon your approval and upon the approval of the overall council we would be moving forward and entering into contracts with community based organizations. Our fiscal year runs September 1st and we do that intentionally so that we can make sure the summer months are covered and we're not having to negotiate contracts during summer, when we need services most. And that we will also be presenting a final program evaluation report to you in 2010. And at this point that concludes our presentation, and we're available for any questions.

>> Councilmember Nguyen: Thank you very much, Angel. Thank you for the presentation. I would have to say that this is definitely one of the best B.E.S.T. programs -- no pun intended there -- that the mayor's gang prevention task force has been working with. I think you guys all are doing a wonderful job, and Peter Ellis, you know, thank you for always being a partner with the City of San José. I don't really have any questions. I just wanted to provide this brief comment. Questions from committee members? Councilmember Constant.

>> Councilmember Constant: You know I always have something to say. First, just a technical question. On the very last page, on the priority areas and service areas, in the western division, I thought after the spike of violence we had a year and a half ago in the Blackford NAC area and the Starboard Youth Center, that that was one of the areas, but it's not on the list. Is that an oversight or is it -- how does that fit in?

>> Councilmember Constant, you're actually right. It's actually in our hotspot areas. We basically prioritize down to 10. Then for the allocation we identify the top 4 in each area, but that area that you specified is actually even within our top 10. So there's kind of a second cut at this.

>> Councilmember Constant: Okay.

>> And it's definitely on that resist by all means.

>> Councilmember Constant: I guess it was just deceiving, because the other, Foothill had 6. So I didn't know if this was all inclusive, or -- but that's fine, as long as it's just below the line, and it's somewhere close.

>> Yes.

>> Councilmember Constant: And then I just wanted to comment, that I had the honor of presenting this whole program, the mayor's gang prevention task force program and the B.E.S.T. funding when I was back in Washington, D.C, to elected officials from throughout the nation. And everybody had the same comments, that, one, that they were impressed with the breadth of services that are kind of under the umbrella, and house the team actually works. It's not just on paper, but it has the flexibility and the quick response to actually respond to things. And it was very easy for me to point out specific instances of how the mayor's gang prevention task force worked. And the other thing that people were actually in shock is that we actually have a funding commitment to back it up and that the council has continued to make sure that it doesn't go underfunded and I think those are a couple of things that we should be very proud of here in San José and our residents should be proud of. Because in talking with the folks back there, we are definitely the exception rather than the rule. And there's a lot of communities that are really struggling with the problem and someone comes one a great idea on paper and then they can't do anything about it because there's no commitment. So I just hope that we can continue that commitment. I know we have in these tough budget times and I'm sure we will continue but it's significant and notable.

>> Councilmember Nguyen: Thank you, Councilmember Constant. Questions from other committee members? Councilmember Chu.

>> Councilmember Chu: Thank you, madam chair. The questions on the number of agency, the applicants in the attachment A I counted 23 of them. Is that the same 23 that come back to us every year, or how many applicants we have received for this year?

>> Well, we use a triennial process so we basically open up the ability for an agency to apply in a three-year cycle. So this -- these are the 23 that were deemed eligible. We had more that applied. There's a pretty intense screen process that kinds of screens agencies in. Our next cycle's actually coming up this next year in 2009-2010 and we're anticipating a whole lot more because one of the good problems that we're kind of grappling with is that even membership at the technical team level has just tripled over the course of the last year. Which on the one hand speaks to the engagement and you know, people -- the willingness of organizations to step up. The flip side of that is that we're also doing some crowd control and running a meeting that size is huge. So we're anticipating that that number could easily double by next year in terms of eligible providers. But that remains to be seen.

>> Councilmember Chu: Thank you.

>> Councilmember Nguyen: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, chair. Along the same lines as Councilmember Constant, looking at the western division, the Richmond Menker neighborhood, which used to be a Project Crackdown, on that in your memory banks for western division?

>> Absolutely.

>> Councilmember Oliverio: Absolutely, okay. And then I just want to think, is the Dow Drive area, Dow Drive is off of Hillsdale, sort of -- it's one of these areas that we built all over San José where we crammed, like, you know, 50 apartment buildings with absolutely no open space, and just shoved them in one area. It's similar to what is off of Blossom Hill, up by Pioneer High School, I'm blanking on the name that we're spending the money on the community center --

>> Hoffman Via Monte.

>> Councilmember Oliverio: Hoffman Via Monte. There -- as I go through the city, they're just everywhere. I just love whoever donated to the campaign to get that passed in the decades past in our city. But with that, that I wanted to throw out one more thing, on attachment B, from your expertise, if you only had three eligible services, what would those be? And I don't want you to rank them, just three in no specific order that you felt were the most important to reaching the goals with what we're trying to do with the B.E.S.T. program.

>> Well, that's a loaded question.

>> Councilmember Oliverio: It's very loaded, but don't worry.

>> If I had to pick three and I definitely will open it up to my colleagues here, but first and foremost, I'd have gang mediation and intervention. And I'll tell you why. If you look at gang-related homicides, and you'll find that our gang-related homicide, even going into this year, is very low. You see multiple homicides after a gang-related homicide because there's the retaliation factor. Gang mediation and intervention done well, done properly, mitigates that.

>> Councilmember Oliverio: Got it.

>> And so that's the first one there. And you know, I won't hog them all. I'll open it up to the --

>> If I may, councilmember, I would have to say that my top three would be gang mediation and intervention. I mean, without a doubt, we have individuals that are out there and that are hostile and mobile, and we need to have those skills and be able to intervene at the most critical times, not only in times of peace. Secondly, I would say that parent and family support services. I find it ironic when I go to a community meeting and I find a mother and father that's asking me what I'm going to do to save their child, when I'd love to flip it and say, the most solid support structure that exists since the beginning of time is that family structure. But we see that many individuals have had children, and that doesn't necessarily make them good parents. And so parenting skills and things that we're doing with the District Attorney's office such as the parent project, et cetera, are tremendous resources. The returns on that investment seems to be very positive. Every parent that goes in there skeptical has come out saying, whew, how come I didn't do this a couple years ago? I might have been able to intervene with my own child. But it's always that mindset of what am I going to really learn as a parent from these individuals? This parent project is really focused on that out-of-control teen and that out-of-control young individual that parents no longer can just use rational approaches with. They need to understand tough love and using our legal system at times as an advocate. And lastly, sir, I would say personal

development and youth support groups. Things such as Stand, and I'm not pitching for any one program. Fly, a lot of the other curriculum-based youth groups really give these youth an opportunity to be in a safe environment and be able to express themselves. Which isn't the cool thing to do when you're out in public. So these youth development -- again, puts that mirror in front of them, lets them take a look at what's there and ask themselves that critical question, do I like what I see, or should I make changes at this point in my life. So those three are the top for myself.

>> Abraham Chaco. Councilmembers, the only one I would add to that or at least use as -- to keep in mind would be the outpatient substance abuse. Drugs or alcohol abuse is one of the main things that -- or at least is a starting point sometimes to gang related crimes, and so that would be one. So --

>> Councilmember Oliverio: Anything from the lieutenant?

>> From a police perspective, I disagree with Angel. I think it's the mediation that's going to be most helpful. Again, it is a loaded question, because you can find relevance to all of these programs to some degree or another, and it's tailorable to the area. So I'm going to go with probably mediation as being the most --

>> Councilmember Oliverio: And then reason it's loaded is because I know we don't want to favor one over the other, but in the end when we deal with with restricted resources, it is always important to know which are the most important, because I think it is difficult in this position to be everything to everyone. And I think we have to be as conscious of what our best value is, understanding it is the whole human circle and that there's a lot of facets that go along with it, but it's just good to get feedback from the field. So I appreciate it. I make a motion to accept the report.

>> I would like to make a suggestion. On this item, we would like to have it cross-referenced for June 23rd. So that staff can have July and August to put the contracts in place if council approves them on that date. So cross reference to --

>> Councilmember Oliverio: Absolutely.

>> Okay.

>> Councilmember Nguyen: Great. Is anyone in the audience wishing to speak on this item? We have a motion and second to accept the report. Cross reference for hearing at the full council. All those in favor? [ ayes ]

>> Councilmember Nguyen: Opposed? Hearing none, motion carries. Thank you.

>> Councilmember Constant: Thank you.

>> Councilmember Nguyen: We will now hear item 3.6, report on workload assessment for the hiring of police officer retirees performing police administrative duties.

>> Good afternoon. Gary Kirby, captain with San José police department. The memorandum that you have before you here, although it talks about accepting a workload product, the workload is nothing more than a transference or a delay in what we'd like to do. If I could just take a moment and give you the genesis behind the Mayor's Budget Message on this, October-November last year we were asked to consider several civilianizations within the police department where we could through an opportunity of cost reduction find appropriate staff to do similar work that a sworn law enforcement officer was doing. In that effort we were quite enthused about trying to take the opportunity and use retired officers who just left the department with several skill sets still intact, trustworthiness, understanding of what needed to be done within the law enforcement arena and use those on a part-time basis, offer employment. That was taken and incorporated into the mayor's message here to come back and report on the possibility of using those recent retirees. In our research to come forward with a plan or a solution two things happened kind of in parallel. One we made several suggestions throughout the department that were presented in this budget process for the 9-10 budget. None of which were able to be acted upon because of additional costs that came with the transition to civilianization. So in this budget we were looking for things that could give immediacy to a budget crisis and then take those and then put them in place. But then again, we still needed to look for a long-term solution. And in that transition period of looking for a long-term solution we now have the auditor, the City Auditor coming in and looking at the whole police department, for many opportunities that we could use for a reassignment status of where sworn officers are doing work and try to get a civilian within that position. So what this report does is, it asks you to consider allowing us to defer coming back with a full report on using sworn officers until the City Auditor is done with her report, and because of that, or one of the reasons is that we have found that in our zeal to use retired officers we may not be able to because of the charter, municipal code requirements for fair and equitable employment of available jobs for those that are qualified. And having a preemployment condition of being a sworn officer at San José PD is not necessarily that criteria for putting a position in a

part time job opportunity or arena. So we would like to wait until the City Auditor has been able to assess the whole package and come forward and report on it at that time.

>> Councilmember Nguyen: Great, thank you, captain, for the presentation. Questions from the committee members, Councilmember Constant.

>> Councilmember Constant: In the area of the city attorney's office concerns, have we thought about or will we be looking at the potential of retired officers who become reserves on a paid job basis which then you're not actually going outside the organization to hire? Because I think there's 32 of the 110 reserve officers are retired San José police officers. So that may be an avenue just to look at as you go forward.

>> We will be looking at that, and that takes a little more in depth analysis because there are protocols in using a reserve officer that the POA would have to allow that person do. Because we're talking about sometimes a commitment at minimum 14 to 16 week commitment, was that a 40 hour a week period, and the availability of that type of resource may not be in abundance enough to result in the savings and continuity and consistency in that program to be able to transfer that responsibility. But it's one of many that the Auditor's Office will be considering in her evaluation. I don't mean to speak openly for what she was going to do, but I'm working very close with her to make sure she has every open door and opportunity to look under every hidden file we have to find opportunities for savings.

>> Councilmember Constant: And would there be drawback to us crafting prerequisites of the job that may draw retired officers from other agencies in the area? Is that going to be a problem for us?

>> Not a problem. That was one of the concerns that City Attorney had and HR had in drafting the opportunity for qualified candidates to come in with a criteria that we would accept for accurate job performance. Some of the conditions that we would look for in temporary help, the opportunities for that savings, may be lost when we have to do a background investigation of that person, to only offer them a 14-week opportunity. But that's a lot of the analysis that we would like to defer to that complete report for you to assess and look at those areas.

>> Councilmember Constant: Sounds good. So moved.

>> Councilmember Chu: Second.

>> Councilmember Nguyen: Are there any other questions from committee members? Anyone in the audience wishing to speak on this item? Okay. We have a motion and second to defer the item. All those in favor? [ ayes ]

>> Councilmember Nguyen: Opposed, hearing none, motion carries.

>> Thank you for your consideration.

>> Councilmember Nguyen: And our last item is 3.7, Public Safety quarterly performance report.

>> Thank you, Madam Chair, Dave Cavalero, Deputy Chief, Bureau of Administration for the Police Department. Before I ask you to accept the report, there's just a couple of, I think, really good highlights for us to point out. You may recall under the recruiting highlight last time it was not so much a highlight as we couldn't get the qualified candidates to hire. And we did some changes in our process, and I'm very happy to report that most recently in our hiring board that we held in May, we had 49 qualified candidates that we brought. That's the good news. The bad news of course is that we don't have the money to hire all 49 of those. But I still think it's a positive thing. We've worked with the budget office as well as the manager's office and we're able to hire 27, we'll be starting our July academy on July 20th. Also tomorrow, as many of you are aware, of our 48 recruits who started in January they'll be graduating tomorrow, 39 of them. So we're looking forward to having those folks on board and hope most of you can join us tomorrow at 2:00 at Parkside Hall. We also have been recruiting still quite heavily. We're anticipating bringing another 85 to 90 or maybe even a little bit more qualified candidates to our hiring board in November for the January 2010 academy. So while the downturn in the economy has not been good for a lot of folks, our efforts to recruit have been significantly increased. So that's good news. On the next thing, just to let you know that the cabling upgrade at the police department has been completed. SASCO did a very good job for us and I'm very pleased with their efforts. On the police and communications building fourth floor retrofit, that is complete as well. Councilmember Chu attended the grand opening on the 10th, regrand opening, I think was very, very well done so we appreciate everyone's help on getting that completed. And lastly our security project at that time campus is done, as well. And we appreciate the efforts everyone made on that project. The campus is a lot more secure for our sworn and nonsworn folks. We don't have people walking through our campus at all hours of the day and night. And if there are any other questions, that myself or captain Kirby or lieutenant Tom Sims will be happy to answer them for the committee.

>> Councilmember Nguyen: Thank you very much for the report. Are there any questions from committee members? Councilmember Oliverio.

>> Councilmember Oliverio: On the retirement or just recruitment?

>> No absolutely.

>> Councilmember Oliverio: Just checking, had to ask. Quick question on the RMS system, where did that go? It's the records management -- here we go. To maintain it annually between two to \$5 million, what's that comprised of? I mean, it seems like if you're implementing technology to be more efficient, and you know, have less paper so therefore there's not a lot of manual entry from the police officer to the person at the police station, that you would actually sort of save money, so I'm trying to figure out where that cost us.

>> That is a million dollar question.

>> A lot of the cost is when you go from a handwritten piece of paper, I have a \$1.50 pen and I have two 7 cent pieces of paper.

>> Councilmember Oliverio: Sure.

>> To go electronically, I need a \$1500 computer, I need a server that would move the information across the wires then to be stored to be able to be retrieved. Much of the implementation to eventually go to a paperless system to upgrade the usability by several people in the department, to pull information instead of do paper reports, that's where those costs are coming in. And we're at the end of the life cycle of the current RMS system and need to make that transition, and I think the process that bureau of technical services is doing is looking at where can we mix and match some improvements without completely revamping the whole system. If they had their druthers, it would be a complete replacement. I think they're trying to show opportunities in a progression to show where we can implement some of these things and take advantage of some of the technology that we know that are out there but going from this pen and this paper it's a little bit difficult at times.

>> Councilmember Oliverio: I understand there's costs and there's up-front costs, but then there's the ongoing costs. And ongoing costs I would imagine would be the various features that surround itself around technology. But I guess it gets down to head count. Would you eventually see less people needing to push paper with an implementation of an RMS system than you do today?

>> You know, I would --

>> If I could jump in and take that.

>> Go ahead.

>> I would say close to 12 to 14 years ago now we had this very conversation with the very anticipation that moving to an electronic process would reduce the need for personnel. I'd ask you to consider the parallel of discussion. You might not be old enough to understand there one, probably in grade school when I was in college. But the days when the computer was in vogue and the elimination of paper, paper mills were being looked at to be shut down, I've never seen a reduction yet in the utilization of paper since we've gone to computers. In fact, it's increased exponentially. The persons that will be handling the movement and the analysis of this data is where some of their workload, where they were moving big pieces of paper around, big chunks of paper and doing data analysis and at the same time sustaining injuries from doing this copious amounts of data entry will be shifted to analysis and quicker response to not only detective needs but the public needs. So I don't necessarily see a reduction in staff, because we've been short probably 18 to 20 people for over 15 years. And this is why we have 30, 45, and 60-day delays in making reports even available to detectives who are involved in ongoing crimes. So I think at this time, we are so lean that I think it would just be a reprieve for the ladies and gentlemen that are there that are doing that function.

>> Councilmember Oliverio: Sure, I understand the notion of using people in a strategic mode versus tactical, and that would give you time to have them have a higher value-add in being strategic. I just have to ask, because typically in private sector, you would use technology to frankly allocate resources elsewhere. So in that case, taking it from being tactical to strategic would make sense. And you know, I've chatted with the team, and my preference is that the RMS system was completely software as a service. But I understand the police department is more security-driven, so therefore, that's not being entertained, and they have some interesting protocols tying it in with FBI and those types of things. So just wanted to ask the question.

>> As an additional follow-up we know the police department right now is centralized. Everything comes to one repository called 201 West Mission. As we go out to the Great Oaks substation, and we start moving paper reports, as soon as we get to an electronic process, that will reduce the need for increased

staffing to handle this paper monster that we're still tied to. That's where the cost savings would come and not asking for so many additional people to handle two decentralized locations, one, the main police department, and then the Great Oaks Boulevard facility.

>> This has ongoing fiscal implications, as noted in the report, we are preparing an info memo for the city council so the council's fully aware of the implications moving forward.

>> Councilmember Oliverio: I think to the police department, you have to be very up front when council decides to put a new requirement on you. Because we feel it's the policy of the day that it takes time for you to come up with that statistic or that measure. And if we're going to do that, then we have to give you the resource to do it.

>> Appreciate the consideration.

>> Councilmember Oliverio: It's sort of like the unfunded mandate that's handed down from Feds and State to the counties and all that. So you know, I think we have to as a council be conscientious about that.

>> Appreciate that.

>> Councilmember Oliverio: Thank you. Move to accept the report.

>> Councilmember Nguyen: Councilmember Chu.

>> Councilmember Chu: Thank you, Madam Chair. First of all I would like to thank the people that work on the police and communication department for their renovation work. I understand how much of a challenge it was because you never interrupt the work. You know, you were kind of doing concurrently, so it was a beautiful job and really enjoyed it.

>> Thank you.

>> Councilmember Chu: The tour. The question is the recruitment. I understand that you use a post and academic entry task that pretty much shortened the period for an applicant to get any result back from our PD. Say if I'm the most qualified applicant and I put in an application to Oakland PD, same day, same hour same minute to San José PD, if I pass every task, which department do you think I'll be hearing from first?

>> That's a tough question to answer, Councilmember Chu. But I will tell you this, that once a person enters our process from the moment they put their application in we have constant communication with them via e-mail, via phone, to keep them engaged, throughout the time they are evolved. Because we realize it is an extremely long process. So with that being said, would they hear from us first? We would hope so, that they would. We make every effort to keep them engaged throughout the process so that when the time comes to give them a call, saying, hey, would you like to work for San José PD, you're one of our candidates, we want to be first in line for that.

>> Councilmember Chu: What's the average time in line for the process?

>> Considering we only do our academies twice a year, the average time from the initial application and correct me if I'm wrong Gary if I misspeak here but ultimately it takes four to five months from the time that you apply and begin the process to the time that we do all of our homework our backgrounding and all of our other checks that we normally do 'til we go to the hiring board and then once we go to the hiring board and get approval from budget to hire, that's about four or five months generally, on average.

>> Councilmember Chu: Is that pretty much the same average from another neighboring city? Well, the reason I raise this question, this friend of mine who actually is a kid, a friend of my kid, he really wanted to -- lived in San José and wanted to serve on the PD. And he ended up working in Oakland PD because Oakland offered him the job, you know, couple months before we ever responded to him. So I was wondering.

>> It's possible that because of the different hiring practices at the various agencies in California, some start their process and have their academies at different times of the year and we battle that. Because we know that many times an officer or a prospective officer will apply to three or four or five or half a dozen agencies. And obviously in this market, if one agency calls you a week before the other agency, are you going to take that job, or do you really want to work for San José and you're willing to wait? And that's the part that I talked about where we keep them engaged. And yes, it is certainly possible that they could get another officer -- offer from another agency, but ultimately, we impress upon them that we feel we're the premier agency in the Bay Area and if they really want to work for us just be patient so we get through process.

>> Councilmember Chu: Great, all right, thank you.

>> You're welcome.

>> Councilmember Nguyen: Thank you very much. We have a motion and second to accept the report and we have no one else in the audience to speak on this item. All those in favor? [ ayes ]

>> Councilmember Nguyen: Opposed? Motion carries, thank you very much. We're down to the open forum, but we have no one in the audience so we are adjourned.