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>> Councilmember Nguyen: I'd like to call the Public Safety, Finance and Strategic Support committee to order. Under item B, the work plan, I believe Deanna Santana wants to say a few words.

>> Deanna Santana: The first matter I'd like just under housekeeping, item D-2, we would request a sunshine waiver, that report did not go out until until Monday morning. And then we are asking that B-2 be dropped, because the information contained in that report is captured in item B-1. And then the retirement plan investment report we're requesting deferral of one month. Because the timing was just off. We are barely now going to the investment committees and to the retirement boards.

>> Councilmember Nguyen: Are there any question by committee members?

>> Councilmember Constant: I'll make the motion to defer, defer, drop and waive.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: Okay, we have a motion and second to do what Councilmember Constant just said. All those in favor? Opposed? Hearing none, motion carries. We'll move down to Item C, consent calendar.

>> Deanna Santana: Under this item, Scott Johnson did want to make some comments on item 3.

>> Scott Johnson: Good afternoon. Thank you, Madam Chair, members of the committee, Scott Johnson, director of finance. I know the finance reports are on consent, but I just wanted to call the committee's attention to a couple of issues related to item B and C. Okay? And specifically, I want to make sure that the committee is aware of, on page 5 -- 4 and 5, of the investment report for the quarter ended March 31st. In that report we do talk about our plan related to prefunding the annual employer retirement contributions, and want to call the attention to the committee that the Finance Department, working with the City Manager's Office and the Budget Office as well that we are looking at a plan to do a short-term financing to enable the necessary cash flow that we would need to fully fund the prepayment for the employer portion of the retirement. So this is a short-term financing, otherwise known as tax anticipation notes, that many municipalities utilize throughout the country. And it is not to pay for the annual expenditures, it's basically to bridge our cash flow needs. So as we continue -- you know, this committee has talked about the General Fund cash flow, and the fact that we have a structural reduction in our cash flow. And in looking at the model and working with the budget office, we have about an \$80 million reduction, structural reduction in our cash flow. And so based on that reduction, that structural reduction in our cash flow, because revenues are down, as well as we have been using some of our reserves to fund operations over the last couple of years on a budgetary basis. So in order to capture the savings for the annual prefunding, we are going to be recommending to the council -- actually this report states will be going to council on June 15th. We'll actually be going to council on June 22nd to coincide with the budget actions, because we'll need the appropriation related to the prefunding and for the approval to issue the tax anticipation notes. So we're anticipating to issue approximately \$75 million of tax anticipation notes, and then would be repaid after the April property tax receipts that the city receives. And so it's still very beneficial for the city to continue to do the annual prepayment. I've been in discussions with the retirement office. They're in agreement on a go-forward basis that this is a good strategy. And in addition to that, there will be -- there may be a nuance related to the prefunding because of the negotiation process related to employees potentially picking up a portion of the employer's contribution. And so timing is going to be very critical. We're working very closely with the Office of Employee Relations to see when we would trigger the prefunding. So we are anticipating currently that we would prefund the first pay period of the fiscal year for next fiscal year, which is July 2nd. So we're trying to, you know, work our way up on the tans, our work plans to bring the documents forward for council approval, and then issue the tans to facility the prefunding. So I wanted to make sure the committee was aware of our plans in moving forward relating the prefunding and how it impacts our cash flow and our investment program as well.

>> Councilmember Nguyen: Thank you, Scott. I believe Councilmember Constant has a question.

>> Councilmember Constant: Thanks, Scott. I know you and I have discussed this in passing a couple times. Can you explain for us, just for everybody understanding why it is important we do the prefunding, and how the interest rate of the tans compared to the savings that we're garnering by doing the prefunding?

>> Scott Johnson: Yes. The prefunding, it was a concept that was presented to the structural deficit elimination plan stakeholder group a while back. And then we actually have a memo out, an information memo out to the council within either today or tomorrow related to this concept and our plans to move forward on the prefunding and how it relates to the tans. The reason why the annual prefunding came about, there is a budgetary savings, because it's an issue of the time value of money. So if we pay, for example we're anticipating that the General Fund's portion of the prepayment of the employer contribution for next fiscal year is approximately \$140 million. Normally, we pay our contributions each pay period, so biweekly, 26 pay periods a year. So there's a benefit, because as the actuaries are computing an assumed rate of return of 8% -- or 7.75 in the case of federated, 8% for Police and Fire -- then we get the benefit of that return at those discount rates. So the actuary then, and the actuary has been directed by both boards this month to compute the discounted rate if we paid the money up-front as opposed to 26 pay periods. The present-value savings of that, net of the cost that we would pay for the trans that we're anticipating, the interest rate we're anticipating right now, based on the current short-term Libor rate plus a spread is roughly about 1%. So we would be borrowing at 1% a portion the prefund amount. We do have some funds available based on our cash flow model currently that we're waiting to use for the prefunding in July in our existing investment program. So we're anticipating a \$75 million borrowing. We're also anticipating that we would maintain a minimum of \$25 million in the General Fund. So that's kind of the floor that we want to maintain as far as our cash balance for the General Fund within our portfolio. So we'd be basically getting the discount at 7.75 or 8%, based on which retirement plan, we'd be borrowing at 1%, and based on our current projections based on short term rates and investment portfolio, we're anticipating that because rates are so low generally speaking we are anticipating about a 1.25% yield on our portfolio. So combining all those factors together, that's where we get the \$4.4 million savings in prefunding the employer portion for the fiscal year.

>> Councilmember Constant: And I know that some people may confuse these with pension obligation bonds. And I just want to make sure that just kind of for the record, if you could just clarify what's different in nature from this versus pension obligation bonds. Because I know that's been bantered about as a way to potentially balance our budgets next year.

>> Scott Johnson: Councilmember and that's a very good question. Just to remind the council and the public that there has been a joint memo issued, an information memo, related to pension obligation bonds. We do not -- the administration does not currently recommend at the current time to issue pension obligation bonds. This is very different. This is an annual prefunding. So what it means is that in lieu of, as I mentioned in lieu of making those payments over the fiscal year, each pay period, we would pay it up-front. And the short-term borrowing it would be short-term, we would repay the amount that we are borrowing within the fiscal year, or shortly thereafter. So we're not doing a long-term financing to pay -- a multiyear financing to pay for our annual required contributions. We are going to be making these required contributions on an annual basis, it's just that we're paying -- we're recommending to pay for those up front, to capture the savings.

>> Councilmember Constant: So just really briefly, it is a very short-term borrow at a rate that we know is certain, and we know what the outcome will be, versus pension obligation bonds which are drug out over a significantly -- well, much longer -- 30 year or more period where we don't know exactly whether we will beat the market or not, if we were to do something like that.

>> Scott Johnson: That's correct.

>> Councilmember Constant: Thanks. I just wanted to make sure that we had a chance to get that out in the public meeting setting, so people understood the differences between the different proposals and why this is important. My question is, as we go forward with unfortunately more deficits in front of us, and cash flow probably not significantly improving any time imminently, have we done the calculation to see what the difference would be instead of annual prefunding, maybe semi annual or quarterly prefunding and what the savings are, or not, if we were to do that?

>> Scott Johnson: Yes, councilmember. We've actually gone through the calculation of various scenarios if, to your point if we prefunded annually, we prefunded only half of the year or quarterly, so we've done all those calculations and the best benefit for the city clearly, because of the time value of money, is to do the annual prepayment. Roughly we would save less than half of that if we did a semi annual prepayment as opposed to an annual prepayment.

>> Councilmember Constant: Great.

>> Scott Johnson: But we also did it quarterly, as well, and it's a significant reduction in the savings that the city would generate.

>> Councilmember Constant: Great, thank you very much.

>> Councilmember Nguyen: Any other questions? Councilmember Oliverio.

>> Councilmember Oliverio: I want to thank Councilmember Constant for his questions in clarifying some of the things. Scott, quick question on the difference between commercial paper and tax anticipation note.

>> Scott Johnson: This is -- it's similar to commercial paper. These are tax anticipation notes where we're basically pledging tax revenues for --

>> Councilmember Oliverio: Versus property or something?

>> Scott Johnson: Versus property or some other collateral that we would be using.

>> Councilmember Oliverio: Okay, thank you.

>> Councilmember Nguyen: I believe those are all the questions. Could I get a motion?

>> Councilmember Constant: Motion to approve.

>> Councilmember Nguyen: All those in favor, opposed, hearing none, motion carries. We'll move down to the committee reports, D-1, quarterly report for the May June July August 2010 on the Consortium for Police Leadership and Equity.

>> I'd just like to correct, for the record, it should read January February March 2010.

>> Councilmember Nguyen: Welcome.

>> Hello, everyone. Thank you very much for having me here, and I'm pleased to be representing CPLE tonight and providing an update on our progress from the last quarter. We continued to make significant progress on our research projects in association with the San José police department. So I'll provide a brief update on each of the projects that we are working on, and the full written report has been provided to you and I believe is also available online. So let me first start by updating our various projects aimed at assessing racial disparities in police treatment. At the last quarterly update the CPLE requested that the San José police department pair existing incident data with source of contact initiation data, and this is known as type 1 versus type 2 data. In this breakdown indicates whether a police suspect's interaction resulted from a call for service or was officer-initiated. And this type data is a way to gauge the relative effectiveness and equitable distribution of law enforcement services that stem from officers' instincts and training as opposed to calls from service from the community. Now we received this data from the San José police department for all cases in 2008 and 2009, and specifically this is about 30,000 arrests that were then broken down to this type one versus type two data. And so our next step in this research project is to hand code the racial breakdown of the suspects in each of these cases. So it's not currently kept in that system so we actually have to manually code the racial breakdown of the suspects for each of these cases. This coding as you can imagine is a very time intensive process but we're working closely with San José police department's crime analysis unit at accomplishing this and trying to first start with a random sample of cases before we go through the larger total. So in addition to this project the CPLE is also conducting a more fine grained individual level analysis in order to study the racial equity and behavior of individual officers. So specifically we're measuring officers' psychological profiles and then pairing these officer profiles with their performance history, so what they are actually doing out in the field. The first CPLE officer data collection for this research initiative was conducted from April 9th through April 12th, at the San José police department. And during this data collection, we collected attitude data from a significant number of San José

police department officers. Specifically, the officers came in and they completed a variety of computerized task force as well as responding to a variety of psychological survey measures. Now, this attitude data collection represents the first step in this project. So the second step of this process is then to gather the behavioral data for the officers that we collected the psychological data from and then again we'll pair the psychological data with their actual behavior data out in the field. So this data will be matched and that will provide the second part of the study where we're matching the behavioral data with the attitude assessment. So that's the work that's currently ongoing there. Next, CPLE is also conducting an intergroup differentiation analysis to study factors that exacerbate any observed inequalities in treatment and outcomes for group members within the same racial group. Since the last quarterly update the CPLE has requested three years of suspect booking photographs that are associated with a use of force incident, and this includes approximately 2500 cases. What we will then do is code these arrest photographs on a variety of dimensions and then match those scores to the use of force that occurred in each given incident. So San José police department is currently in the process of accessing this requested data in association with the Santa Clara County sheriff's department. Again, this is a very time intensive process and we're hoping to receive a full sample of the booking photos shortly. Next, CPLE researchers Dr. Jennifer Everhart and Dr. Art Aaron have also made progress on their proposed research project which focuses on ways to promote positive feelings between police and community members in San José. I know people are very excited about this project. Dr. Everhart has recently met with chief Davis and she is still currently in the process of expanding this project to a five city initiative in which San José will serve as the central hub and that expansion is still ongoing. Also at our last quarterly update the CPLE had the pleasure of introducing CPLE researcher Dr. Jack Glazer to the San José research team. During this quarter Dr. Glazer has had meetings with various members of the San José police department including members of the crime analysis unit. And in order to further familiarize himself with the department he will be conducting an onsite visit in the upcoming weeks and after these initial visits Dr. Glazer will begin his own set of research initiatives. Finally, the CPLE has continued to reach out to the San José community in hopes of responding to the issues and needs of community members. Again, we feel we're making significant progress in building up community involvement in CPLE's research plan, in collaboration with the San José police department. During this last quarter CPLE has conducted a number of interviews with San José city council members, in addition to members of neighborhood associations and community activists from various segments within the San José community. And we're gathering all of this information and that's helping us form a community survey that will be going out shortly to, again, measure the concerns of the community. So that's a brief update on the progress of our research in collaboration with San José police department. So please I'm happy to respond to questions from the council and thank you very much.

>> Councilmember Nguyen: Thank you. I just have two quick questions. In regards to the attitude behavior matching study. In the memo it states that you're selecting officers from a significant number of various police officers. How many officers did you work with?

>> Approximately 100 for this first assessment. And we potentially will be going back in and expanding our sample.

>> Councilmember Nguyen: And these officers I assume they come from different ethnic backgrounds?

>> They do. The requirement is that they have been on patrol for at least two years so we'll have enough behavioral field data to be able to match with their attitude assessment.

>> Councilmember Nguyen: Thank you. Questions, comments? Councilmember Constant.

>> Councilmember Constant: I had a question on the community outreach. When you mentioned reaching out to different segments of the community, how much focus is being put on regional segments of the community like the far South, north, east, west quadrants of the city?

>> We're specifically trying to target the sort of four different quadrants within the San José community. In our interviews, when we go and actually do the quantitative assessment we'll have specific sampling that occurs in each of those four quadrants so we'll get a representative sampling from each of the different areas.

>> Councilmember Constant: Thank you.

>> Councilmember Nguyen: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you chair. I would appreciate also looking at each community's viewpoint on how they view because obviously they are the ones that call police. And then secondarily, is this about the amount of work you anticipated at CPLE? I mean, you kind of scoped it, what it was going to be like, but now you know you are going through 30,000 records?

>> Absolutely. This is the type of research that we're used to and it's very time intensive. We're trying to get to you guys as much informative results as fast as we can. But we're in it for the long term and we know these projects take a long time so we're trying to make as much progress as we can on it.

>> Councilmember Oliverio: Okay, thank you.

>> Councilmember Nguyen: Do we have anyone from the audience that wishes to speak on this item? All right can we have a motion please?

>> Councilmember Constant: Motion to accept the report.

>> Councilmember Nguyen: We have a motion to accept the report. All those in favor? Opposed? Hearing none motion carries. Thank you. We'll move down to item 2, audit of the city's licensing and permitting of card room owners and employees.

>> I'll start with some opening comments. First I'd like to thank the Public Safety committee for the opportunity to bring back responses from some very good questions that were raised last month. Since that time staff has completed a lot of good work that the city council can ultimately consider. Last month I mentioned that the that staff would like the opportunity for additional time to continue to evaluate options for working with the state regarding streamlining the City's licensing and permitting process. During a very busy budget cycle we have completed the following: We have issued an RFQ with responses for a gaming consultant due tomorrow, and this week we did spend some time fielding questions from prospective proposers. Over the next two weeks the City Manager's office will likely select a gaming consultant to assist us with our work with the state and moving forward. In addition, the -- we anticipate that the gaming consultant will help us either correct or address any issues regarding work processes, streamlining opportunities, staffing composition, overall program management as well as best practices that maintain title 16 but address concerns recently surfaced. We've developed a framework for resolving the gaming division's existing backlog. I should also note that the framework was reviewed and integrate some input from the state DOJ and the gaming bureau. And we've also started to look at the long term policy options which we asked to evaluate under recommendation 1, between the city and staff and there have been some meaningful work sessions where there has been preliminary work plans, brainstorming, and some real level of agreement to continue to work together. During these discussions it does appear as if an August-September time frame is realistic for the city and state to work together and to bring a product to each of the respective policy make bodies, for instance the state would need to bring back and share with its policy making body its product to the California gaming control commission as we need to bring back a product to the city council. So I do anticipate a lot more work over the next couple of months but I do want to thank your indulgence of last month's conversation the good questions and certainly the City Auditor for bringing forward these audit recommendations and regarding the city council's policy and more specifically our management of it. I'll pass it off to the police chief and see if he has any additional comments.

>> Rob Davis: Not at this time.

>> Councilmember Nguyen: Thank you very much. Councilmember Constant.

>> Councilmember Constant: How did you know I had questions? So thank you for the memo and the information in here. I guess the area that's still -- there's still a couple areas that trouble me. One is, I can't seem to have a clear picture of what things are going to look like, not in process, but in time, going forward. We see that there is a set of criteria to address the backlog. And we see some potential future options for licensing. But it talks about until then, we'll just go through the criteria, which to me, looks like it could still take three years for somebody to get a license. And so that's one of my biggest concerns, is that we're still going to have multiple

years of people sitting without a license. Which means we have multiple years of investigative work not done. So let me first ask a couple of background questions, because going through the information. If I'm understanding this, looking at page 5 and the criteria 1, 2, 3, that is at the top in diagram 1 and then below that we have table 1. I guess what's missing here for me is a correlation between these number of applicants that we're talking about and how they fit into the problem as far as how long they've been pending individually. Like, because I see that at least -- let's see, 11 plus seven, 18 people still won't necessarily have a license and could go up to just shy of three years to get a license. So how do we reconcile that with actually getting caught up with getting the work done? Because it sounds to me like okay, we just throw up our hands and give up on these folks, and we're going to push them through without having the work done and then these folks, we're going to keep them on the side burner until time runs out or we might get around to doing the work. And then we'll worry about the rest. So I guess I'm asking, what are we going to do to get the work done, not just get the people through the process?

>> Deanna Santana: Well, I'll give Richard and Rob some time to sort their thoughts. My initial response is that there are -- just to clarify what makes up the 18. Because I did delve down into the numbers a little more once I saw how they sorted through the framework. Five we're still learning are waiting to hear on their status whether they have permanent state licensing from the DOJ. They are somewhat unpredictable in terms of where they'll fall, we have to hear back. Two haven't reached their state license status so the city wouldn't take action on them at this point. We are looking at the 11 in terms of they're ready to go in the sense of they are either exempt from state licensing or they require the state licensing. And so that was exactly the question that I asked Richard earlier this week. Of the 11, we have seven that will achieve the city licensing in the first 12 months. And that leaves four that would need to achieve their city licensing over a 12-month period. I did go into those numbers a little bit more, because of that 11, four are not subject to state licensing, but are subject to city licensing under title 16. And so I think in that sense the -- to take action on them more quickly we would then be taking action absent some level of review or no investigation performed by the state. So that's the current status of those 11, and I did ask the same question myself.

>> Councilmember Constant: So I guess my point is, when I look at this I don't see anything that addresses getting the investigation done. And if we're not getting the investigation done then my answer to you guys is then let's just abort here and send it to the state because we know they will get it done. Unless I am missing something that's written in here I don't see anything for the people in queue that we have a specific work plan to get the investigations done nor do I see for the people who haven't entered the queue yet how they will get the work done.

>> Deanna Santana: I'll pass off to Richard. I know he's been working in Sacramento these days with the appropriate offices but that's exactly what our work effort is now, why the manager's office wants to bring the consultant on board so we can bring all of this together and have the benefit of the State's input and their processes to inform how we go forward on a permanent basis. I'll let Richard shares where he's at with working with Sacramento.

>> Good afternoon, Richard Tang, gaming administrator. I've spent two -- I have had two meetings with the Department of Justice these past two weeks, and we were able to share our work product between the city and the state. And we have come to know the protocol if you will which is back to what the state does with key employees licensing and we also understood why the state could proceed a lot quicker than the city. Basically, our work is no secret. It is much more extensive. And after speaking with the state yesterday, we have come to an agreement that -- that they will allow for the city to share in some of the information, and vice versa. So in hopes of achieving a much quicker completion date for these investigations. And I would refer back to the backlog a little bit later. Moving forward, let me say this without being too offensive, and that is, we're at 35 today with respect to the backlog. When I first came in 2002, I was inherited with about 31. So we're pretty much at par without that backlog to begin with. So over the period of 2003 until now, again for the record, I have one auditor. And that's all we have. So we are working at capacity. So moving forward, I see that there is a possibility that we could, in fact, reduce some of our work by using some of the state's information. And that perhaps would help us in terms of better managing our time and efficiency. There are possibilities too that the state doesn't do some of the things we do and we would then have to reevaluate whether or not we should give up some of those steps. Although there may be some added value to some of these protocols but at the end of the day, efficient is cheap simply because it is what it is today. We have one staff member, and we are at capacity.

>> Deanna Santana: I would just add that in talking with the DOJ and the bureau, they don't require an MOU and so that's going to fast-track our ability to reach agreement real soon. The only issue that was of concern with them was reaching agreement on a confidentiality release form. And that's already in draft form. We're sharing it between the offices. It does need the legal review and the legal refinement but immediately we got to work on that and even in the brainstorming session that I was involved in, we looked at issues of timing, so that we could really maximize application review. And where we -- where one of the concepts that came up is just joint application filing so that if someone comes and applies in Sacramento and they intend to work in San José, that we look at ways to receive the information collectively so that we can perform the work together and maximize resources. So there's some ideas that are certainly flying around that, on both sides, have identified ways to do this better and faster.

>> And may I add, too, that there are some timing differences with respect to the state's licensing process. A person has to apply with the state gambling control commission first. They have so many days to review the application before they turn over to the state DOJ so to do that concurrently, we would really have to work out the time -- the timing differences.

>> Councilmember Constant: Okay. So I'll say, I personally don't take any consolation in hearing that we were 31 behind so many years ago and we're 35 behind now so we're on par with our inefficiencies back then. To me, all that tells me is that five years from now we'll probably be in the same place, in fact it's not on par, it's about 12% higher. So that concerns me that that seems to be okay. The -- you didn't address, you said you were going to address the going forward, the timing of how things could work timing-wise going forward.

>> Well one of the things we looked at as to whether or not we should continue to five years or more. State does only three years. I am not privy to share some of the information here publicly because I was asked not to. We reviewed their work papers, they reviewed ours. So there is a possibility, in fact, that it is going to be pretty certain that we would have no choice but to amend our protocols to better fit into their system and also vice versa. Depends on the extent of the problems that we have found out in connection with the investigation.

>> Councilmember Constant: So in the time since we've had this new process with the division, how many people actually got completed? We know we had 31 backlogged then, we know we got 35 backlogged now. How many, in how many years, actually got completed?

>> I would defer that to my supervising auditor. She would have the information.

>> Councilmember Constant: I think we probably have it in the audit report, I just didn't want to look it up.

>> If your question is for how many people that we've completed in the last seven years, eight years?

>> Councilmember Constant: Yes, that's the question. Please refer to whatever page that is.

>> Sharon Erickson: On page 16 of the audit report we reported that there were 19 as of that date. I don't know if there's additional since then.

>> Councilmember Constant: Okay.

>> We have had four more.

>> Councilmember Constant: Okay, so --

>> And again, Councilmember Constant, this report, this follow-up report dated -- the information in here is good as of May 1st.

>> Councilmember Constant: Right. No, I understand that. I still don't see an answer to the question of how do we achieve more than two a year. And that's what really concerns me. Because we -- I guess I know we have some folks here from the two different card rooms so I'm just going to ask you guys directly, how does this affect your operations in hiring employees? When you have these, either being unable to get the temporary right away

or getting the final permit? Do either one of you like to address that? If you could just so the people who are listening identify your name and which entity you represent.

>> Harold Furtado with Garden City. And I can tell you an example in point. We had a -- we have a campaign going for shift manager. We're trying to hire some shift managers and this campaign started a couple of months ago. We had one identified that went through the screening at Garden City and we lost this individual to another job because in effect it was about a month before we could get them in to be reviewed. So that's just one live example because it just happened with someone we were pretty high on a kind of young up and comer with a good education background. We felt that we had looked at this person well enough to anticipate no problems from a background standpoint. Of course you don't know everything without actually doing the work. But it boiled down to this person needed a job. And so, you know, when you're asking someone to wait a month or more, and then pay money on top of that, that's asking a lot. And then of course when you compared to our contemporaries, and I brought some material from lucky chances where within a couple of days someone can at least on a temporary basis have the ability to work, that also makes it pretty difficult to compete and -- so that's a live one.

>> Councilmember Constant: And that's on the temporary, anything that you've experienced on just having people long term on temporaries versus permanent?

>> I've been on a temporary for a couple of years, every 45 days we go to renew. I don't know what happens in that 45-day period in between reviews, but we do have quite a few people on long-time temporaries. We've had one individual we're still waiting for some decision. I don't know if it's just between that individual and the division. But I know he applied in February and we're still waiting to get some announcement whether he's going to get a temporary. I waited 10 months to get a temporary, so I wasn't allowed to work for ten months. We've had another individual longer than that, 14 months, without even a temporary. So --

>> Councilmember Constant: And I know we have people from Bay 101. Do you have anything to add in that regard?

>> Councilmembers, my name is Ronald Werner. I'm the vice president of Bay 101. I -- we have two points. As far as people getting their temporaries I've not experienced the same issue with the amount of time it takes a person to get a temporary. We recently got a new shift manager, took us about two weeks to fill the position. The DGC was helpful in getting his temporary license issued to us. He was -- had been previously licensed by the state of California, he did come from lucky chances. So the issue for us has been more in the length of time it takes for people to receive their permanent license. It's -- it has affected some of our employees' decisions to purchase homes, or to decide -- you know whether or not they're going to become permanent residents of this area. So it's more of an issue with the permanent license, as opposed to the temporary license.

>> Councilmember Constant: Thank you. And then from a practical standpoint, from the employee standpoint, correct me if I'm wrong, if you have a permanent license versus having a temporary license, with a temporary license it can be revoked pretty much with or without cause, is that correct?

>> That has been revised, that anybody with a temporary license has to have some sort of a hearing before the Chief of Police before anything can be done.

>> Councilmember Constant: Now, is it a hearing after it's pulled and then the person is not working while they're waiting for a hearing or is it, they're set up for a hearing and they work until they have their hearing and I don't think that's been changed in the title, because I know the title gives you the gaming control person the opportunity to immediately remove that permit. So is that an internal policy? Is it part of the duty manual? What level of policy is it?

>> I would have to defer back to the city attorney's office. But I believe that that is not an internal policy. I believe that was something that was negotiated out with the card rooms. I'm not 100% positive.

>> Councilmember Constant: Okay and what about the process steps as I mentioned, do they continue to work until their hearing, are they out of work until their hearing?

>> We have never yet revoked a temporary license to speak of, and if they were revoked, once they're afforded that due process, if you will, they continue to be working until such time as the hearing officer would render an opening or a conclusion.

>> Councilmember Constant: So it doesn't get revoked until after the hearing, is what you're telling me?

>> Correct.

>> Councilmember Constant: Okay, I think that's kind of an important thing for us to know. Because do we know from the attorney's office what level of policy that is? Because if it's a guideline or a policy or a contract or part of title 16 which I know it's not part of title 16, that gives a different level of authority and constraints.

>> Councilmember, we'll have to get back to the committee probably when it's reported out we'll be able to address that question.

>> Councilmember Constant: Okay. So when I look at this, one of the questions I have is, are we going to be back here in six months, 12 months, 18 months or three years, and see a process where we still don't have background investigations completed? And really, I'll be blunt. There's nothing in here that gives me any assurance that we're really looking at closing that time. When I first read this, I actually had to pull out title 16 and read them side by side and compare. Because when I look at this, I look at it as almost an expansion of the title that creates a de facto 36-month probationary period. It says okay now, you -- no longer are we going to refer to title 16 where we have these milestones. But don't come and complain to us until 36 months have passed. And I guess I'd like to have that part addressed because it really does seem like an expansion of title 16 to me when I thought what we were doing to is moving towards compressing the time and getting work done. And we get something where it looks like the time has been expanded and there's no process for getting work done.

>> Deanna Santana: So I would respond that that was not the intent. We are very anxious to get a consultant on board and to add the consultant to the team of folks that have been going up to Sacramento and bringing back a more complete product in the August-September time frame. I would note, though, that initially in our conversations with our state representatives, the issue of alignment did come up. And they did express, and Richard, I'll ask you, you were directly in the room, I was on teleconference. They did express concern about the city's 180 benchmark, noting their benchmark was 180 days plus a 60-day period to bring to the commission. And so we just pretty much tabled the issue around time cycle for completing work. But it was -- they're the ones who raised the issue of bringing it. And so it may be that, as we reach alignment with the state, we need to adjust cycle times. But that's something that obviously needs more discussion. I'll see if Richard has any more comments because he was directly in the room with them.

>> We are going to be continuing to work on the timing issues in hopes of achieving some sort of a working model.

>> Councilmember Constant: So I guess, for me, the difference between going to a state level of 240 days if I did the math correctly is a whole lot shorter than over a thousand days, that's in three years. So I -- and I understand you may want to hire a consultant to look at process. But after process, you still have to be able to execute the process. So if we don't have the resources to complete more than two backgrounds a year, I don't see how we're going to solve this problem, no matter what change you make to the process. So if -- and I think it goes beyond the simple you know are we looking at one-year record, three-year record, ten-year records or are we looking at detentions versus arrests versus convictions which are completely separate criteria. But if you're not getting any through put now with work done that's this long and you cut it back to this long, unless you say well we're only going to do a third of a background which means we can get six done instead of two, and is that even enough to keep up with what we need to do? So I just feel very uneasy that we have a work product, a plan to implement whatever work product might come out? And a consultant report 98 come out with all these great things that we can do. But can we do it?

>> Deanna Santana: Well, I maybe should have been a little bit clearer in my opening comments but one of the areas that we are requesting that a consultant look at is the staff composition, and I had noted earlier that the civilianization audit did provide some good information on areas of moving forward. This audit obviously helps us

with the city council's policy, and our management of it, as well as the budget and the final outcome from the city council and its approval of the budget. All of that are good sets of information for identifying what's the correct staff composition and those are conversations that I think are going to be very meaningful as we talk with the state, hear from the police department, and have an outside expert helping us along the way. I'll restate that we are on a very short time frame here, we're looking at August or September time frame.

>> Councilmember Constant: So let me ask a question about allocation of resources. We have the division that has two distinct portions, licensing and regulation. And we talked last month about how the funds are generated for each side of that where the money come from, whether it's the table fees or the application fees and all those different structures, and how they get spent. I guess one of the questions is, you know, how did we come up with these fees to allocate resources that we're charging? And I brought this up last time you know under the different propositions, 218, 13, all the different court cases that relate to fees and charges and how we do our jobs. How did we come up with a number that we charge, that is supposed to be cost recovery, that doesn't provide the service that's being paid for in the cost? I still can't seem to reconcile that and I know I haven't asked a question yet because I'm still trying to formulate it. How do we allocate the people power and the resources in the office between those regulation activities and the licensing activities?

>> Councilmember Constant, to be honest with you I'm the end user with respect to the budget. I don't get involved in that at all. It's up to the police fiscal and also the budget office at the City Manager's office.

>> Deanna Santana: So the cost recovery program is based on the amount of staff that supports the division of gaming. And then, the overhead calculation. I believe, last year's document, the overhead calculation was at 47.7 and this year it's at 52.2%. So there's a significant add-on that is results of the overhead. Literally, we shared our calculations with the card rooms before, we put in the staff cost, we add it up, and then we apply the overhead, and then we divide by the number of tables. And so that's how we get the card room table fee. The work permit fee, it does come out of the fiscal unit in the police department. I know it's directly related to the cost to provide the permit, but I wouldn't have those calculations.

>> Councilmember Constant: So I have a question again for the card clubs and sorry to keep bringing you guys up. But we have on the ballot in I think 19 days from now, June 8th, the card room measure which has the potential of increasing the number of tables in each club which will increase the number of personnel you need at each club, and supervision you need at each club. Assuming that that passed with whatever margin we need, the 50.1%, how many people do you see coming into this process as a result of just that simple vote, just the one-time staff-up, not ongoing, has anyone given that any thought? Sorry to just ask you a question out of the blue. I probably could have called you this morning and had you be prepared.

>> Councilmembers, again it's Ron Werner from Bay 101. We have given some thought to what our administrative costs and increases would be as well as what our direct labor increase would be assuming we receive 9 more tables and we keep them occupied at our current occupancy rate, we believe we will be hiring no additional management level staff. We will be hiring at least one more administrative level staffing person either in our compliance or our accounting area. As far as the work permit status, the people receiving just work permits, we expect that -- we think for the most part, we had in anticipation of this process happening earlier, a couple of years ago, we had already increased most of our staff. So we anticipate a minimal hiring, perhaps ten or 12 more direct staff support people, either as house keepers or porters, to -- and perhaps a couple of dealers. But we had already anticipated this, so we would have a trained staff about a year and a half ago. Didn't work out but we didn't -- we didn't get rid of the staff.

>> Councilmember Constant: Okay. And Garden City, are you similar?

>> Well, as you know we have some ambitious things going so it's a little different for us. But to the hypothetical most likely about 100 people without looking at the management side of it but just in terms of chip runners and the folks that would staff the tables I think a reasonable guesstimate would be about 100 people.

>> Councilmember Constant: And then as far as key administrative personnel or management personnel?

>> Well, that's a little harder. Conceivably 2 or 3, depending how the operation goes but again we're in a little different situation now.

>> Councilmember Constant: Okay so, you know, I see a situation where we've been behind, we're more behind and we're going to get more people coming through the process, without a clear -- clear process for getting the work done. I have a few other questions but I'm forgetting them right now so I'll let my colleagues get a word in edge wise here.

>> Councilmember Nguyen: Thank you, Councilmember Constant. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, chair. I share Councilmember Constant's concerns. I won't go into them. I think he's laid those out fairly well or well. I'm not a big fan of this consultant idea. I know we could pay someone to put some nice Vizio work charts up, but in the end we only have the resources we have. And also, just standing back, I'm not a fan of duplicative government regulation. If the state is in the business of managing these things, I would rather pass it on to the state and allow them to do it and to drop it. Understand there may be some arguments for further regulation, but at this point in time, from what I've seen, it just seems to be duplicative. There is a reason why, for example, cities are annexing county pockets, not to have duplicative services. Therefore, here we have duplicative regulation, so that is where I'm standing on this. So thank you.

>> Councilmember Nguyen: Thank you. I have a couple questions. A lot of the questions have been asked by Councilmember Constant already but regarding the consultant, what is the time frame for the consultant to come on board and if we decide to move along with that how long would he or she be with us for and do you envision that this committee get a report on a quarterly or a semi annual basis if that was the case?

>> Deanna Santana: The consultant responses to the RFQ are due tomorrow. We hope to make a decision over the next two weeks, and talk with the consultant, and then begin working, adding that consultant to the team. And our goal is to have our arms around this and bring back a work product in August or September, and the state can also share its work product with its policy making board in that same time frame. From there I think we'll have a good set of direction in terms of how to put in place long term fixes to this. I would add though, that part of the reason why we need a consultant at this time is over these next couple of months, this organization is going to go through some significant changes. And I want to make sure that we address these concerns that have been surfaced over the course of a year and address them during a time when other issues will definitely get in my way or in Rob's way. And we want to make sure that we provide some stable set of assessment towards getting through this. So that's clearly the approach. There's no other magic to it. And it's purely because of the amount of workload over the next couple of months.

>> Councilmember Nguyen: Thank you. Then I share similar concerns that have been expressed by my colleagues and that is the ongoing backlog. It doesn't -- I'm not entirely convinced that moving forward, we can be more efficient than what we have been in the past, if we were efficient at all in the last couple of years. So I really don't know how to resolve that issue. It doesn't seem like we're getting, you know, answers to the questions that have been asked by Councilmember Constant. I want us to feel hopeful that by bringing the consultant aboard that this consultant can help us to do some of this work and out of the process become more effective and efficient. But I'm not willing to bank on this either, given this has been such an okay going problem for such a long time. Moving forward, I'm not sure how we can move forward with this but even accepting this audit report, obviously we're not satisfied, we're not completely satisfied with what's happening right now. And so I'm pretty much kind of -- whether or not we should move forward with accepting this report, or you know, wait and see what's going to happen or if this should come back to the committee before we cross revenues for a full city council discussion.

>> Councilmember Constant: I'm actually ready to make a motion. I think that I'll make a motion, I think we should accept the auditor's report and forward the recommendations of the auditor to the City Council for approval.

>> Councilmember Oliverio: Second.

>> Councilmember Nguyen: Okay, we have a motion and second. Do you have anyone from the audience who wishes to speak on this item? Okay,.

>> Councilmember Constant: And I'd like it not at this next city council, but at least the following city council. So there's --

>> Deanna Santana: That would be June 8th.

>> Councilmember Constant: Not that city council.

>> Deanna Santana: June 15th.

>> Councilmember Constant: Okay, June 15th. Just definitely not June 8th.

>> Councilmember Nguyen: Do we have a night meeting on June 15th?

>> Deanna Santana: We do.

>> Councilmember Constant: We can hear this during the day though.

>> Deanna Santana: The 15th is shaping up to be heavy.

>> Councilmember Nguyen: Okay, well I guess there's another opportunity to discuss this at the city council meeting, so I will support the motion. And then we just wait for that opportunity to have more discussion on this. All those in favor? Opposed, hearing none, motion carries. Thank you. Oh, we are pretty much done with the committee reports. We're down to the open forum. Is there anyone wishing to address the committee during the open forum? Okay, meeting's adjourned.