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>> Councilmember Constant: Okay, we're going to go ahead and get started. Welcome to the Public Safety, Finance and Strategic Support committee meeting for May 17th, 2012. We have nothing to review on the work plan, or nothing open on the consent calendar. We are moving on to D, reports to committee, monthly report on Public Safety communication initiatives. I saw Michelle and Chris, come on up.

>> Began, Mr. Chair, members of the committee. I'm Chris Godley. Director of emergency services from the office of emergency services. Very briefly, regarding interoperable communications, looking locally first with the Silicon Valley regional interoperable authority. The Silicon Valley regional communication system, the 700 megahertz voice system for phase 1 which would include the cities of Sunnyvale and Santa Clara, is moving forward. A preferred vendor was selected on Tuesday. The county of Santa Clara is now in negotiations and announcement of that vendor will occur once the final contract terms are agreed upon. For the Bay Area mutual aid coordination system there is a waiver request pending before the FCC, and for the emergency communications microwave system, phase 3 of that is continuing, and the San José Fire Department Station 29 has been completed and validated, and we are awaiting a correct tower for Los Gatos, but we are very nearly at the end of that entire project. For the Bay Area regional interoperable communications system, the development of the new 700 megahertz first responders network authority or First Net has had some significant impact on the Bay Area's efforts to develop the current Bay Web broadband system using the B top grant awarded to Motorola in 2010. First, the National Telecommunications and Information Administration, or NTIA, has partially suspended the B top grant program formally by prohibiting the purchase or installation of LTE equipment. This action is intended to ensure that all equipment funded under B top will adhere to the standards that will be established by the new first net board of directors. BayRICS will address its options at its June 7th meeting, and secondly, the NTIA has indicated it would not support the award of spectrum waivers to the B top jurisdictions such as the Bay Area in order to ensure that first net has full latitude to determine how it will make use of that spectrum. The FCC has not yet ruled on the proposal to keep the waivers intact and move them to first net.

>> So just a little bit more on the first net authority. There's a lot of work happening at NTIA right now. They are the national Telecommunications and information administration. Is in the process of implementing the D block provisions that were in the middle class tax relief and job creation act and they are assembling the first net board

with a goal of having the first meeting in August. They also are looking at a grant program for state government to construct pieces of the architecture for the broadband network. But they're very focused on a single national network architecture and making sure that there are not stranded investments made with some of the early deployments. And so we -- I was contacted earlier this week by congresswoman Eshew's staff to ask if San José had any concerns about the suspension of B top grant dollars or -- and our communication with her staff was that it appeared to be good public policy to pause at this point and to ensure that we did not waste tax dollars in early deployments that would then not integrate. I mean the most important thing is to have this nationwide network be fully interoperable and for mutual aid to work and the statements to work across the country. And so we understand the concerns that NTIA has made, and feel that they've learned some lessons from activities that have happened elsewhere in the country, and here locally in the Bay Area and are being very prudent and cautious with how they're deploying this. There was a hearing held yesterday, I think it was yesterday morning by a subcommittee of house energy and commerce that congresswoman Eshew sits on and the California members of that subcommittee, members Eshew and waxman did indicate support for the pause that was being taken with these B top funds and this affects the Los Angeles area as well as the Bay Area project.

>> Councilmember Constant: Any questions, anything else?

>> There's one other thing I should note is at the June 7th meeting of the BayRICS authority, the state of California will be presenting their plan for implementation of the federal first net project. And the states do play a pretty major role in this implementation. So it will be a very educational presentation to our board. And an opportunity for us to learn what our partners at the state plan to do.

>> Councilmember Constant: Great, thank you very much. Do I have a motion? Do I have a second? All in favor? Any opposed, that carries thank you very much. We're now going to move on to item number D 2, third quarter financial reports for FY 11-12. Welcome Arn, it's been a long time since the last meeting we were in.

>> Arn Andrews: Adjourns just in time. Chair and council members, Arn Andrews, acting assistant director of finance. I just want to note that in the third quarter reports there is one item that we're going to be removing from

the attached list of write-offs. There's a 6,000 item under PG&E that will be removed pending your approval when we send this on to the council. In addition, if there are any other questions related to any of the items in the third quarter reports myself and other staff members are present to address any of those.

>> Councilmember Constant: Thank you, Arn. We do have a couple of people that would like to speak on this one. Jerry Strangess and James Anthony. Have them come down and address us and see if we have any questions. Welcome Jerry.

>> Good afternoon, chair, members of the committee, Jerry Strangess, representing members of the medical cannabis collectives in town here. At a point today where we're at, we're just looking for enforcement to be a little bit better than it has been. There are roughly 90 collectives operating. From what we can tell, and the good reporting your staff has been doing, and by the way, compliments out to the finance department. It's really been doing a nice job trying to track this difficult issue. But there's about a third that aren't paying taxes, in your February 14th action it was real clear, unanimously by the council, to close down collectives that were either not paying taxes, within 600 feet of a school, or creating a nuisance. If those 30 collectives were shut down, the 60 that are paying would be generating taxes to you. There's a couple of million dollars on the table there that just needs resources. It's not just staff's fault, they need resources. So the finance department, code enforcement, police department, maybe, but mostly, the attorneys office, need resources, to shut those guys down, so you guys get more taxes. Pretty simple. And I think we're all on the same page on that. So whatever you need to do, to make that happen, that's what I'm suggesting. Thank you for your time.

>> Councilmember Constant: Thanks, Jerry. James Anthony.

>> Chairman, committee members, vice mayor, good to see you back. I know where you stand on the marijuana business tax. It came into effect last March. It's been just over a year now, and as Jerry mentioned, there is about 60 that are paying that consistently, and 30 that are just as consistently not paying it. We've seen a good response from staff from City Manager's office from code enforcement with some support from city attorney's office and in finance. Missed implementing council's policies in this issue. Where we seem to have an

enforcement gap is on going after these 30 that are not paying the tax. I'm not sure what their position is. If they feel there's a legal argument there. Nevertheless it's been over a year and it seems like that's something the city attorney's office can be addressing. It's hard for me to talk to the collectives that I work with that are paying the tax, and that are at a 7% gross expense disadvantage to their competitors who are not paying that tax. You know presumably if the tax is legal, everybody should pay it. If they don't want to pay it, they close, those patients will have to go to collectives that are paying the tax. That could result in maybe as much as a 50% increase in our revenue, which is on track to be \$4 million a year. It seems that that could go up to 6. But even as a matter of just simple fairness it seems that we should have some enforcement there. The only other issue is that in December 2010 council was very clear that no new business licenses should issue so that no new collectives would open so we could stabilize the status quo and figure out where to go from here. It seems like they continue to open and that should be an issue for the city attorney's office. Thank you so much for your time.

>> Councilmember Constant: Thank you. Do any of the members of the committee have any questions or comments? Pierluigi.

>> Councilmember Oliverio: Yeah as we mentioned the other day at the council meeting, might be the opportunity, one send a letter to all the non-payees, that we are pending regulation based on Supreme Court cases, and it is 100% clear to us, 100% clear that you will not be open should we get to the point of being able to regulate. That way it is just clear as day. The other cases you know for folks I know that we're not allowed to close them down purely based on fines. It has to be actually a nuisance or the 600 feet so as much as I would like to have these facilities closed that aren't paying the taxes we can't do that solely on that item. So I guess a question to finance, if I'm a Fred's collective I'm not paying. Walk me through the process of what finance is doing right now, to get them to pay or fine, schedule, et cetera.

>> Arn Andrews: I'm actually going to ask Wendy Solazi, our revenue division manager, to come down to speak to that point.

>> Hi. Wendy Solazi, revenue management division manager. Currently we're making contact by phone primarily with each collective, once we find out that they are not paying. We also do follow up with letters letting them know the requirement of the tax, and we recently hired staff to start conducting our audits of the marijuana businesses. And from there we'll move forward to an assessment of the amount owed. So that's what the finance department has been doing thus far.

>> Councilmember Oliverio: So outside of the audit, if I'm defiant, I just don't want to pay, do we then send them letters with the fine schedule? You have not paid six months and by the way, I believe we have a pretty aggressive fine schedule of this one of 25% plus.

>> Yeah, we have two, 25% penalties as well as interest. We will, if they haven't remitted anything, we will base an assessment amount on the average of what we've received from the collectives that are paying. And so that's what we would base it on. So we just recently sent out I believe it was over I think 30 to 40 letters to the collectives that have not remitted payments and then we'll be moving to the assessment stage in the next few weeks.

>> Councilmember Oliverio: And those letters say nothing to by the way you won't be able to stay open should we ever be able to have the power to regulate based on the court cases?

>> We just stick to the requirements of the business -- of the marijuana business tax.

>> Councilmember Oliverio: And then have we conducted an audit yet of any of them?

>> No, we have not. We just hired the staff I believe a week ago.

>> Councilmember Oliverio: And so you'll pick 'em based on certain criteria I'm sure and if I'm correct they do not have the ability to say no I will not comply with an audit? It's sort of that we sort of within our powers have the ability to do the audit.

>> The medicine code requires an audit and we will move forward. We'll work with them for an agreeable schedule but --

>> Councilmember Oliverio: Of course.

>> Will.

>> Councilmember Oliverio: And then when do you think we'll start the first audit?

>> I'm hopeful, in the next few months, over the -- hopefully starting in June but again we have to make sure that staff is -- the audit plan is ready and set to go.

>> Councilmember Oliverio: Okay. And then on the topic of the new ones, yes, council said no new ones yet they continue to appear. But we don't actually issue licenses for these types of facilities so there just is the standard conversation, illegal. And some of those might not be paying, just sort of thinking out loud here. I guess we'll see what comes back audit but making them be very clear, it's a matter of time for council to come up with a regulatory mechanism based on the court cases and noncompliance is automatic dismissal. Some of them will say fine, I'll just be in business until that day comes and then they'll shut the doors but some may still want the ability to continue to operate. So I think that would be clear. I don't know if there's anything else from my colleagues.

>> Councilmember Constant: Kansen or Madison? No. All right. Anyone else want to speak on this item? Do we have a motion to accept the report?

>> Vice Mayor Nguyen: Motion to.

>> Councilmember Constant: I'll take one as a motion one as a second. All in favor? Any opposed, that carries.

>> Councilmember Constant I any the investment report needs to be cross-referenced along with the revenue report.

>> Councilmember Oliverio: Yes.

>> Councilmember Constant: That was part of it. Bless you. D-3, report on the 2010-2011 San José Bringing Everyone's Strengths Together and Mayor's Gang Prevention Task Force. Angel are you heading that for us? Okay.

>> Good afternoon, councilmembers, Vice Mayor. Joined here today by recreation superintendent Mario Maciel. Captain John Teaporten from San José PD and Dr. Peter Ellis. My name is Angel Rios, acting assistant director of Parks, Recreation, and Neighborhood Services. And as you mentioned, we're here today to present the 2010-11 San José B.E.S.T. Mayor's Gang Prevention Task Force evaluation report, as well as the San José B.E.S.T. resource allocation plan for 2012-2013. We also like to request that this report be cross-referenced at the June 19th council agenda or on the June 19th council agenda. So here to kick us off here is Mario.

>> Good afternoon, members of the committee. I know that you've been provided the memo and the fairly thick evaluation packet. So what we've done is put together 200 slide PowerPoint for you. Just kidding, councilmember, it is much shorter.

>> Councilmember Constant: We were going to take the vote before you got started, if that was the case.

>> Let me begin then. Again, I know I'm preaching to the choir when I talk about everything we do here is based off our strategic work plan. The action collaboration transformation act 2011-13 strategic work plan. Obviously, today Angel talked about we're coming forth with last year's work load and giving you a synopsis of that evaluation. Excuse me, sorry about that and obviously the cycle 22 allocation plan for them year 2013. You also are well informed that this is the funding arm that provides our nonprofits and nonpublic agencies the moneys

needed to provide those gang prevention and intervention services. Some highlights of notable concern, or not concern. Just that we really like to highlight for cycle 20 was, 497 youth who had previously been arrested during this cycle of cycle 20 had remained out and not been rearrested, which is phenomenal with the rate of recidivism and our reentry issues here in Santa Clara County. That's quite a feat. 239 youth who were previously not in school during this cycle reentered the school system. Anecdotally, if they stayed in the system the entire year, that constitute about \$2.7 million in ADA funds for our school system. So hopefully they stuck in there as long as possible. And lastly, about 571 of them that were using drugs during that period were reporting that in that period they were no longer using them. And it's important to note that we get those results even outside of our substance abuse programs, because so many of the assets that are being developed throughout the service agencies doing these types of services are also dealing with these issues of substance abuse which is core to these problems. 56% decrease in gang-related incidents over the past five years is something that across the state and across the nation is unheard of and very envious, yet we don't applaud ourselves. We know that last year we were still at our spike of 18 total gang related homicides. But as far as incidences are concerned, last year we did have a 26% decline in incidents. Unfortunately, the lethality of those that remain seem to be of a much larger concern with youth being more apt to use weapons than the old style of taking care of business with your hands. You know, 5916 unduplicated youth, and we're talking about youth that really needs these type of services and in our hot spot areas received these services. The breakdown there will show you 37% were at risk and those are those youth that live in an area that is gang impacted. Maybe go to a school that is heavily impacted, but not necessarily be themselves a gangster. And as we move on to high-risk and gang-impacted, you've got youth that are showing the telltale signs of involvement, and lastly, that 11% of intentional are our hard core gang members, and likely the ones that are perpetrating a lot of our violence. As far as efficiency is concerned, last year we were able to reduce the cost of every unit of service by 79%. 79 cents. 79% would have been amazing. But 79 cents I'll take also councilmember. You'll see that brings us down to a pretty all time low there. As far as customer satisfaction is concerned, again 80% of the youth being served and 91% of their parents -- and it's important to assess whether or not the parents are seeing a visible change in these young men and women, and it's positive to see these type of statistics. Overall again, at the macro level, seeing a 3% improvement in effectiveness. And so for the cycle 20, which was really last year, 21 we're currently in, and we'll have to see how this year pans out, we'll be back again next year to report on this year. But if I may, I'd like to talk about the funding allocation plan for

2012-13. Before do I that I would like to rearticulate we are in the third year of a triennial process. As you are well aware, we have 26 funded agencies that have been put on a qualified service providers list. And that list lasts for about three years, exactly, exactly three years, it is a triennial process. This year's contract we'll be negotiating in July will be that third and final year. Again, we'll be putting our priority into our hot spot exercise and making sure that we stay fluid. Last year's hot spots aren't the same as this year. There were some modifications based on San José PD gang analysis and the tech team analysis. We use an allocation committee which is a multi-agency county, city, community resident committee to make these final determinations, and obviously we have contract development and evaluation that will take place. So looking into 2012 and 13 I thought I'd show you by showing you how the 11-12 year panned out when we had \$2.5 million when we East very happy to show a one time increase, of their showing up on the board as \$1,545,200 put I'd quickly like to show the asterisk that 45,200 of those are actually via our county probation department that identified three particularly agencies that are doing services inside the ranch and hall and wanted to augment their particular contracts by that amount. We thought we'd showcase it there also. 1.5 million in one time funding is the remainder. As you are all aware Mayor Reed and the city council has approved a \$2 million allocation. The remaining \$500,000 will be held in reserve for next year's process. Trying to hold some sort of sustainability and kind of cushion this one-time impact that happens any time you only have one-time funding. So the silver lining in all of this is that our Mayor's Gang Prevention Task Force for the year of 2012-2013 will significantly tighten that safety net with about 845,000 going into additional funds for the contracted agencies, and those are additional dollars to the 1.3 which will take our funding pool to about 2.2 million for the CBOs. Our City of San José intervention staff will build back its middle school component to the safe school campus initiative which has been critical in years past but was something we had to lose in our deficit mode that we were in for the past ten years. This will allow us to take care of some of our toughest middle schools and believe me our middle schools really need this support. Most people think it's only a high school issue but it's reached all the way to our elementary schools to be quite honest. Obviously, our administrative and program evaluation is much needed. Within that we hope to continue a rigorous fund development strategy this year with a fund development person on board with us. We've been able to leverage about \$500,000 in additional grants that will be coming into our city this year, so it is a tremendous asset and then lastly making sure that our emergency fund will be in place for about 200,000 which usually seeds the safe summer initiative and puts us in a position for immediate reaction any time we have a spike of any kind in our

city. In a nutshell, you know, to be bag to 4.1 million is -- I applaud the mayor, I applaud the city council. This has been a serious issue in our city, you know comparatively throughout the state and the nation people would say this type of investment in a city of a million that only has 18 gang related homicides is humongous and I applaud us for one homicide being too many. Last year 18, came on the hills of reduced budgets. We hope that with this allocation we can tighten our safety net and continue the trend of being one of the safest large cities in the nation. And with that, I'll let you know that our next steps are to complete contract negotiation, starting in July for our next service cycle which will be cycle 22. We're currently in 21. And again, the cycle 22 report will come back to you all in 2013 for your evaluation. And we're open to any questions with us, as you were told earlier, as San José PD captain and our external evaluator. So if there are any questions.

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

>> Vice Mayor Nguyen: Thank you, and thank you so much for the presentation. We kind of got into this a little bit at the Mayor's Gang Prevention Task Force last month, I already asked all the questions I needed to. But there's a question on page 37 that I'd like to ask. So this age group from zero to five represents 1% of the services we provide through B.E.S.T. What type of services are we providing to this age group?

>> You know, I asked Peter the same question. Our age parameters are six to 24 years of age but any time you do a holistic approach the younger siblings seem to come on board and instead of kicking them out the door they've been sitting there in some of these earlier interventions. When we talk about the younger, it's talking about choices and consequences type curriculums, positive decision making, anti-bullying. At the younger ages, Vice Mayor, there is no way we're going to be talking about the hard-core realities of gang life style. It really is just setting the foundation so that they're making positive social decisions early on and practicing those skills.

>> Vice Mayor Nguyen: Okay. So then -- I'm sorry --

>> Peter Ellis. Most of those groups were in George main elementary school which is a program that I think has been involved since the beginning with the gang task force and it works at building nonviolent behavior and

problem solving behaviors. So some of the kindergarteners are still five. I went back and looked at Mario asked the question. A few of them are also in the work that family and children's services do with the parenting programs and bringing the kids together.

>> Vice Mayor Nguyen: Okay. Thank you.

>> Councilmember Constant: Gentlemen, Kansan.

>> Councilmember Chu: Thank you. I just want to commend you, the staff as well as many of the community members. A job well done for the Mayor's Gang Prevention Task Force keep it up, good work. Thank you.

>> Councilmember Constant: Anything? Anyone leer to speak on this item? We have a motion and second and I believe that motion included a cross reference.

>> Councilmember Oliverio: Indeed it did.

>> Councilmember Constant: Thank you very much. All in favor, any opposed? That carries unanimously. Thank you and thanks for not having 200 slides. Our next item gets us into our auditing section. First is item D-4 monthly report of activities. From the City Auditor. Welcome.

>> Sharon Erickson: Thank you so much, Sharon Erickson City Auditor. This will be very brief. The report includes our activities for the month. The only highlight I wanted to point out. I didn't realize it was going to be on the Rules Committee agenda yesterday but I wanted to toot our horn again that the City Auditor's's office received an official announcement that was attached that our office won the 2011 honorable mention from the association of local government auditors which is important to us, if not to you. For best performance audit in the medium audit shop category for our audit of key drivers of employee compensation, and I want to thank again Gitanjali Mandrekar and Michael Houston from my office who worked diligently on that report. I will answer any questions on the status of our project.

>> Councilmember Constant: Thank you and congratulations on the acknowledgment of your fine work. I know we tell you but it's nice to have someone else tell you. Any questions? Motion and second. All those in favor, perfect. Our audit of performance measures.

>> Sharon Erickson: Sharon Erickson again and joining me is fire chief and Roy Cervantes from my office who worked on this review. The San José fire department responds to more than 50,000 emergencies each year in San José. The department tracks performance data that summarizes the services delivered. This report is one in a series of departmental reviews that my office is conducting to improve the general quality of performance data around the city. So in this case, the 40 publicly reported fire department performance measures that we reviewed generally map the City's criteria for being meaningful, useful and sustainable however some improve is needed. Based on our review the department has clarified the wording of some measures, deleted some measures, added some others. At the time of our review, some of the data wasn't available or was only available after some significant review and recalculation or in fact by bringing back a former analyst to help -- to help explain the calculation. That's a problem we're seeing around the city with folks bumping around the city. Some of the data is still under review, and is subject to change, including the percent of state mandated occupancies and non-mandated occupancies that receive an inspection. That's one of the reasons that this is subject of an audit of the bureau of fire prevention which is ongoing. Some of the performance measures that are in our report appear in the budget document. Some of them but not all of them appear in the service efforts and accomplishments report and some, at least the cost recovery measures, do appear in the fees and charges report. And that's fine with us. It's important that measures be reported at the appropriate level, and to the appropriate body. I did want to point out that we did have a few recommendations. We recommend the fire department document its methodologies for calculating its performance measures and continue to assess by core service how performance data can better be used by management and staff on an ongoing basis to help analyze past performance, establish performance objectives and examine overall performance strategies. These recommendations mirror the recommendations we made in our September 2009 report on performance management around the city in general. And with that, I'm happy to answer any questions. We want to thank -- Roy and I would like to thank the

fire department and the budget office for their time and insight during the audit process. The administration has reviewed the information in the report, and their response is shown on the yellow pages.

>> Councilmember Constant: Chief, do you have anything to add?

>> If I could, I'd like to thank the auditor's office. I think a lot of times when we find out that we're having an audit that it causes for some concern in the departments but the partnership that we felt that we developed through this process was very beneficial to the department. And I would say that on a number of levels. The validation of the measurements was very important to the department. Not only in terms of making sure that we were doing what we were supposed to be doing but there was some usefulness to the department and also reminded us that we're supposed to be using these to make decisions, not just trying to make decisions in the blind. We definitely needed some improvements in the department both in terms of the consistency of the measurements and the definition of what we were measuring. And so that was useful for us as well. The requirement of how important that they were not only in terms of making management decisions, but as I think came up during some of the budget discussions, just reminding people how they were doing performance-wise, improve their performance so from that perspective it helped the department. And then it also reminded us of the attention that we need to focus on. Completing some of the IT issues within the department. We really did have a lot of trouble making sure we are getting the right data out of our programs and software. The need to ensure that some of those are taken care of and that we can then more often use the data for making decisions and improving our service is really important. And so I think just in general, and specifically, the audit helped the department greatly, and the approach that the team took I think was greatly appreciate by the department.

>> Councilmember Constant: Thank you. And chief I just want to say thanks for -- you're always so open to improvement, and outside scrutiny and willing to make changes and not just going with the status quo.

>> Thank you.

>> Councilmember Constant: We don't always see that in government so I would like to say thank you publicly for that.

>> Thank you.

>> Councilmember Constant: And Sharon you and your team did another great audit report, wasn't as thick as the one we saw before but any comments from my colleagues and a cross -- reference to council. I think that was a second. All in favor? Any opposed, thank you very much. We'll move on to item D-6, Team San José quarterly performance and incentive measure reports. I know we got Lee and Bill. Come on down. I don't want to steal away your presentation, we've all got the report but I want to say I for one am very happy to see the direction that we continue to be going with exceeding seven out of nine performance measures and most importantly seeing that change in 536 of 629.4 K. That's a nice thing to see. And it's nice to see that we're adjusting budgets because we have made more money than what we've seen in other parts of the city.

>> Thank you, Pete. Lee Will com downtown manager for the City Manager's office. We'll hand it over to Bill, CEO of Team San José and Jeanette Sutton but did want to preview the cover memo which does outline the budget actions that the council will see on May 22nd. Team San José is very successful this year as they were last year on short term bookings. So we'll be moving forward with their request to increase their expenses. But you're also seeing just similar to last year the change to the revenue side, which is in the positive, so food and beverage, rental and labor continues to be strong tools that they've been able to achieve over the last few years and we're now seeing very positive results in fund 536. So with that I'll hand over to Bill.

>> Bill Sherry: Thank you Lee, Mr. Chair and committee members. I'll draw your attention to page 4 of the report, I'll go over some of the performance reports very briefly. This is for the quarter, January 1st through March 31st. You'll see that hotel room nights booked exceeded the goal by 103% then attendance by 105%. Estimated impact, a whopping 129%, almost 130%. Return on investment 116% of goal. Gross operating profit in revenue this is what you were referring to Mr. Chair, 149.7%. And that's really driven by a number of different factors. Primarily, food and beverage. That continues to be a revenue and call center that is out-performing and it

was really to our betterment and the fund's betterment by bringing that into house. Gross operating profit, was 129.5% of goal. And the two areas where, of the nine performance measurements we did not achieve is in the theater performance days and occupy days. And that's really a function of a number of things. We've had a weak economy, our arts partners, the ballet, symphony, opera et cetera have pulled back and reduced the number of days. And then of course we also had considerable construction in a number of the theaters. On the positive side, I think that's an area where we want to continue to focus in the coming quarters, in coming years. I think we're going to see some much improved performance there. We have a recovering economy. The construction for all intents and purposes, is completed. And we've put dedicated staff to the theaters in order to drive more performances and more revenue from the theaters. So I'm optimistic that that's going to improve in the coming quarters and years. And with that we're happy to answer any questions you've got.

>> Councilmember Constant: Thank you. Go ahead sir.

>> Councilmember Oliverio: So on the higher sales but the lower margin, did the group book some skinny deals to get some more room nights or what happened there?

>> Bill Sherry: Yeah, I think what we saw was in calendar year 12 we had anticipated that the convention center construction was going to be underway. And for a number of reasons, it did not, which meant that the sales team had to go out and book short term events and corporate events and with an improving economy we were able to do that. But it was kind of short term so the margins were a little bit weaker. Janet do you have anything?

>> Yes and to your point we have had to give a lot of concessions, in the last especially in the last three to four months to compensate for the noise of the construction, the dust and those kind of things. Going into the next year we're going to see more and more of those types of things.

>> Councilmember Oliverio: Okay great. If you are able to make a tech company that rented one of the theaters, for some type of internal meeting or showcase or marketing thing that we hadn't met before, and they just sort of,

whether the sales team prospecting or they found us did anything like that happen in the last three to four months?

>> Bill Sherry: Not this quarter.

>> Councilmember Oliverio: I think we've been happy in the past when Apple has come and rented the California theater. Others have rented the venues, pretty unique, I was curious in somebody had rented that recently and new. That was something I was looking for.

>> Bill Sherry: Okay.

>> Councilmember Constant: Anybody else? We have a motion to approve. We need to cross-reference this one too.

>> Indeed.

>> Councilmember Constant: All in favor, any opposed, thank you very much. Our last final and shortest item Alex.

>> Alex Gurza: Yes, brief update open our workers compensation reform efforts. As the committee knows we are in RFP process for claims administration for workers compensation and cost containment. The RFP time frame has closed so we have received a significant number of responses, and we have started their review process. My understanding is city attorney's office has also closed their RFP process for legal services and they're also under their review process. One thing we mentioned last month is our workers compensation claims administration staff is undergoing a claims closure project to bring some dedicated resources to bring some dedicated resources that could close cases that could be closed. It has been very successful. In a one month period they have closed almost 650 of the open cases. And lastly, one of the things we are working is through rules committee referral that was initiated by Councilmember Oliverio is to look into a wellness program that the

city of Chicago is doing. We're going to come back with more information next month but from the information we were able to obtain, one is that they had not yet implemented that program, that wellness program, it is due to start in August of this year. And they estimate that they're going to save \$20 million. And what we have been trying to do is ascertain how they have calculated that savings, and we're still working on that and how they calculated the savings. But essentially some of the details of the program is that employees of the City of Chicago would have to contribute more towards their health care if they did not complete a health risk assessment and a spouse would contribute more if they did not complete this assessment. And there is also additional contributions that employees would make if they didn't complete monthly wellness related activity. So we will provide get more information and provide more details hopefully at next month's committee meeting.

>> Councilmember Constant: Go ahead.

>> Councilmember Oliverio: Thank you Alex. On the 650 closed cases what percentage was that of the entire backlog?

>> Alex Gurza: Dave Wong our workers compensation health and safety division manager is here and hopefully he'll be able to provide you some answers to that question.

>> Good afternoon, Dave Wong with the City's workers compensation program. We had approximately 3400 open indemnity claims and we reduced it approximately 650. I don't have a clarity but it was a pretty good amount that we had and due to the staffing we were wanting to do this project and getting everything in order. Thank you.

>> Councilmember Constant: Anything else? Motion to accept, second, all in favor? Any opposed, ready to adjourn, anyone opposed?