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>> Councilmember Constant: Good afternoon, welcome to the Public Safety, Finance and Strategic Support Committee meeting of April 19th, 2012. Under the review of the work plan, we just have a note that we've already heard the quarterly report on the CPLE with the police department. We'll move right into item C-1 which is the bimonthly financial report under the consent calendar, does anyone want to pull that or give a motion? We have a question. Do we have anyone -- oh there you are.

>> Councilmember Nguyen: Just a quick question. The increase, is that due to the over slight improvement in the economy, or is there any other factors that contributed to the slight increase -- I guess in your report it says that the second quarter of this year, the sales tax receipts was increased to \$1 million more than last year. I was wanting to know just curious is that attributed to the slight increase in the economy or was there any other factors that contributed to that?

>> Hello, I'm Margaret McCahan, deputy director in the budget office. And in the sales tax for that quarter, the growth -- we ended up a really strong growth in the transportation sector, which really had a lot of growth in the automobile sector and gasoline, so that really drove that a lot. And then there was just good growth. Because it was strong economic performance.

>> Councilmember Nguyen: Thank you. That's all I have.

>> Councilmember Constant: I felt the pain in the increase in the gas prices.

>> Councilmember Oliverio: Margaret, while you're there on that topic, any inclination as to what you saw on the companies that sell physical objects, of the technology side, because I know those receipts aren't supposed to be -- we are not actually supposed to know the revenues of certain companies that are selling things that generate sales tax, but did that show anything?

>> Well, it's interesting, because our business to business sector was actually one of the sectors that had a decline. It actually dropped I believe 16%. That was actually lower but it was compared to a quarter in the prior

year that was really, really high. We had 23% in the prior quarter that same year. And so some of the areas, and you're right we can't talk about the individual businesses but areas that had gone lower, to just the general category of office equipment. And electronic equipment. Were actually lower this year, compared to the same quarter in the prior year.

>> Councilmember Oliverio: And from your years of experience do we generally see volatility in the business to business?

>> Yes, that one because the last year quarter and the same quarter in the prior year was really, really unusually high. So that was more of an anomaly last year for the high perform that quarter. Because this year it was more -- it normalized out.

>> Councilmember Oliverio: I like the glasses, thanks Margaret.

>> Councilmember Constant: Okay, any other questions, doesn't look like it. Can we have a motion on the consent calendar? First and second and all in favor, opposed, that carries unanimously. Move on to item D-1, monthly report on Public Safety communications initiative? We have Chris Godley. Chris, do you have a report for us? While he's making his way down here, I'll just report that the Silicon Valley Regional Interoperability Authority, SVRIA, passed its budget, and all of the member agencies will be seeing a slight increase in their contributions. I wanted to provide an explanation for my colleagues. Because of the amount of technical equipment needed to build this interoperable network throughout the valley, we're going to have a lot of cost not only in the future to buy the equipment, but significant amount of cost to maintain and refurbish equipment as we go along. So the finance committee, which consists of me and Supervisor Wasserman, we went through an exercise with staff of projecting out costs for deferred maintenance or continuing maintenance and upgrades over a 15-year rolling period and built those costs into the annual budget so that we can build adequate reserves so that we have a steady amount that agencies can rely on versus all of a sudden asking for a large lump of money three years out five years out ten years out. So we'll see that affect our budget a little bit. We are one of the major contributors to

SVRIA because we are the largest agency in the county. So I just wanted to make sure everybody knew why that would be coming that way. Chris.

>> Good afternoon, Mr. Chair, members of the committee, Chris Godly, director of emergency services. To continue to report regarding SVRIA, our assessment will increase from about \$435,000 to \$545,000. And we could expect an approximately \$50,000 in annually thereafter as an increase for the assessment to support the reserve or sinking fund. For the major program for SVRIA at this point is the SVRCS, the regional communication system 700 megahertz voice. For phase 1, which will include the cities of Sunnyvale and Santa Clara, and the evaluation of the bids, two are received, that continues, and we expect vendor selection recommendation to the governing board next month. For phase 2, grant funding has been requested and tentatively allocated. This would include \$1 million from UASI and possibly up to \$600,000 from our state Homeland Security grant programs from the county pool. And the working committee is going to recommend to the governing board a phase 2 buildout which may include at least one site in the City of San José at county Communications Hill, and one in West county which would broaden and support the existing phase 1 installation. And we are working internally with staff to develop clear guidance and direction for the City of San José's participation in that program. Regarding other smaller projects that are continuing apace internal to SVRIA, moving to the regional perspective, with BayRICS, the Bay Area Regional Interoperable Communication System, the fundamental focus at this point is regarding the use of spectrum. That is, the FCC is no longer processing the three-city waiver request due to the implementation of the first net system. FCC has asked for comments regarding the potential implications for transferring the waivers from early adopters of 700 megahertz over to the new first net of 700 megahertz D block organization. And so we have provided brief comments in partnerships with the city of Oakland and the city of San Francisco essentially endorsing the concept that the early adopters such as BayRICS should maintain the waiver so they can continue to build their projects. Otherwise, the challenge may be to simply stop all work and wait one or two years while first net gets stood up. For first net itself, the program's underway with the first meeting of the first net governing board occurring next month. This board will only exist for a few months in order to establish several key technology standards from which point a more permanent first net organization which will be developed probably starting in late August or September of this year. And that's when we can expect to see larger and much more broader interaction with the first net and the FCC especially as

regards the interest for the City of San José. I would mention, as a final note for BayRICS in addition to the spectrum issues, Motorola is finalizing their system design and at this point we have also entertained an overture from the city and county of Sacramento to join the system, broadening it effectively way outside the Bay Area and capital corridor. They're going to report back to the governing board next week and at that point we'll be able to bring you whatever the governing board decides in terms of that increase in participation for BayRICS. That concludes my report pending any questions you may have.

>> Councilmember Constant: Thank you, Chris. Do we have any questions from the committee? I have a motion to accept the report.

>> Councilmember Nguyen: Motion to accept.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: Motion and second all in favor? Thank you. We'll now move into our next item which is the monthly report of activities for the City Auditor's office. Welcome Sharon.

>> Sharon Erickson: Thank you, Sharon Erickson, City Auditor. You have before you the report for the month of March 2012, we did issue two audit records during the month of March. The first was the police department, the audit of the police department secondary employment program. You heard that at your council meeting earlier this week. We also issued our every-six-month follow-up report on outstanding audit recommendations that was heard at yours last meeting. I did want to point out earlier this month Alex Gurza and I did provide testimony in Sacramento to the joint legislative audit committee regarding the proposed audit of the city of San José's finances and pension obligations. The committee in Sacramento did direct the state auditor to conduct the audit. Last Monday the state auditor's team did come down to San José. There is a team of three to four auditors on site. They held their entrance conference with us last Monday. The report includes the status of all assignments in progress. I'm happy to answer any questions.

>> Councilmember Constant: Any questions? Motion.

>> Councilmember Nguyen: Most to accept the report.

>> Councilmember Constant: All in favor, any opposed, thank you. Next item is yours as well, cities association of Santa Clara County expenditure review.

>> Sharon Erickson: Yes, this is the annual review that our office does of the city association of Santa Clara County. This was for the period ending June 30th, 2011. Based on our expenditure review we found the association accurately reports its revenues and expenditures to its board of directors and has controls in place to protect association assets. With that I'd like you to accept the report.

>> Councilmember Nguyen: Motion to accept.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: Motion and second. Just a quick question. I notice that in prior years, on the other income expense, the membership dinners, proceeds and expenses were pretty close but all of a sudden there's a pretty big difference. About, I don't know, 20% loss, so to speak. Is there a particular reason for that? That we know of at least?

>> Joe rice with the City Auditor's office. The difference actually is they didn't take a loss. They received a grant from Kaiser which is actually showing up higher in the -- under ordinary income which they used to pay for part of the membership dinner. So that was it.

>> Councilmember Constant: They received a grant to buy dinners. It just seems very odd. I'll let our City's representative to explain that to me.

>> Okay.

>> Councilmember Constant: So we have a motion and a second, all in favor. Any opposed, that carries, thank you Sharon. Our next item is the workmen's compensation reform report. Alex.

>> Alex Gurza: Yes we have a brief report this afternoon. The RFP for workers compensation claims administration and cost containment is out, and responses are due, back on April 30th. This city attorney's office also issued an RFQ for legal services related to workers compensation and those responses are also due back on April 30th. As the committee knows we have other items in our workers comp reform plan, one of those is to research a medical provider network, otherwise known as an MPN. An MPN is an entity or group of health care providers set up by an insurer or a self-ensured employer and approved by the division of workers compensation administrative director to treat workers injured on the job. We are looking at different options, different options to structure an MPN is one where you utilize an already established one or one where you would establish your own. And so we are working on an RFP to get responses back on an MPN so that we can rub the benefits and costs of using an MPN versus the current system. Lastly as the committee may know we have a very large number of claims open claims and our claims administration workers comp have been working on a case closure project that is where there is a focus on looking at all the open claims innocent and closing those that can be closed. That project began on March 15th and in this short period of time that they've been focused on it they've been able to close 428 files, which is 12.4% of the open inventory, so it's been quite successful and there's a goal of completing that project by April 30th. This is the kind of project that has been done before but is important to continue to do because of the number of caseload they have it's hard to focus and dedicate time on actually closing cases. That is the progress that we made. The last thing I did want to mention is that the Rules Committee last week we were directed to look at an item of an incentive based wellness program that Councilmember Oliverio's memo. It was noted, in that direction that the City of Chicago employees have a program where if they do not participate in wellness program they have to actually fund more of their health care benefit each month. So we're in the process of researching that and the committee directed us to report back through here in this item and so next month we anticipate having information to report to the committee.

>> Councilmember Constant: Great, thanks. Just one thing. I -- an editorial comment. I think the MPN, the medical provider network, is a very good thing and I think it's going to be very successful. My only caution as we move towards that is the transition of people who have had long term care under a set of doctors and how we would handle the handoff or the pipeline like we talk about everywhere else.

>> Alex Gurza: Yes, absolutely. That's one of the issues if we did do the MPN that would be something we would have to look at very carefully how to do that. Luckily we have neighboring agencies that have an MPN and they have been very helpful in talking to us. San Francisco is one, San Mateo County, and so we will utilize their expertise and experience in how they transitioned and how to make that best for the injured workers that have pending care.

>> Councilmember Constant: Great. Any other questions for Alex?

>> Councilmember Nguyen: Motion to accept the report.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: Motion and second. All in favor, any opposed that carries thank you. I haven't been asking if any member of the public wants to speak because we haven't had any members of the public, but I have looked up to make sure of that. Next is Vijay, for report on current state of I.T. projects and future technology investment strategies. Yes, you need your technology to do this.

>> Vijay Sammeta: Thank you, committee, Vijay Sammeta, acting director of information technology. I'll give a quick background on the one we provided to the Public Safety, Finance and Strategic Support committee, steps to get here where we think some of the opportunities are and where the future direction for investment strategies kind of lies. You know, we talked a lot about things like may west and Internet exchanges and a lot of technological aspects of the infrastructure. So we thought we'd put together a small slide deck that will help orient where we think those opportunities exist. The slide before you shows kind of a tradition infrastructure model that

kind of most people do. You know, there's one or more middle men for lack of a better term, that deliver service from who you acquire the service to, to your doorstep. You know, frequently called the last mile, you know and you can see those three arrows that represent Internet, telephony and remote city sites, you know fire stations community centers, place like that. What we typically find is the last mile is very expensive for service delivery. It's redundant, you know, we deliver three different services in the same fashion regardless of how much we consume. And as we buy more and more services, the costs go up. So over the last year we talked about getting into May West and bringing our own private fiber. What you see in the next slide is we've actually gone ahead and cut out the middleman and brought fiber into this Internet exchange point May West. And for those of you who don't know, it's 55 South Market, the gold reflective building in Downtown San José. So in our backyard kind of makes us uniquely Silicon Valley and affords us to take those services and get them at the economies of sale at their aggregation point instead of them having to deliver it to us. By cutting out the middle man, we see decreased cost, increased services, and opens up a wider option, range of options when we start sourcing kind of modernizing our environment. So this slide kind of talks about that opportunity. You know, before December 9th to be precise, that small thin bar at the very bottom represented what the Internet services the city had. It you know basically served e-mail and web surfing. Your basic you know stuff you'd get from your DSL line at home. Today, that middle bar represents about 14 times the bandwidth at about one-third the cost. So you know by going to them, we're able to see those economies of scale by lowering our cost and going faster. It attraction partnership like our downtown WiFi and you know substantially we go faster for less money. The top bar represents where we just completed a second round of bidding and using the competitive process to the City's advantage. And that top bar by order of magnitude and yes, those are to scale, represents you know the capacity we will have in about 30 to 60 days. When we start looking at things like very large applications like our financial management system, HR payroll. Whether we decide to insource or outsource those, this opens up a greater range of opportunities for us when we start looking at those, at the economy recovering and having those funds available. So you know, you typically hear a lot of organizations saying they're going to the cloud and it's 150 or 200 to 250 employees, we've got six, seven thousand employees if you start counting part time employees. For us it's a much bigger challenge but we are also well positioned because we have assets in our own backyard like Internet exchange points. So that, when you ask yourself how do we move an organization to the cloud of our size, it's by getting that kind of bandwidth. This kind of opportunity also kind of lets us partner with people like the

convention center and start trying to brand San Jose as a destination around Silicon Valley. We can take this kind of speed and deliver it to them, and give them a competitive edge. So in addition to the items outlined in the memo, we did -- we have a couple more quick updates. We started a closed loop service delivery model in our service desk which means simply put we're piloting a single point of contact. You call you speak to a technician, that person will be your customer advocate internal to the rest of the I.T. department and you no longer have to talk to different technicians or different engineers based on the type of question you have. In addition, you know kind of rather than drop a become on your desktop and let everyone else figure out how to use it as we start looking at modernizing these applications, we have to modernize the service delivery model and the skill sets of those employees who provide that service. So we're kind of focused on the solutions not just the technology anymore. So as we deliver new phone systems, new office productivity applications we don't leave the organization to figure out how to use it on their own. We move from break fix of hardware and software to really helping employees be more productive. And then the third piece is move support as close to the end user as possible. More self service, take things from the engineers and push them to the help desk so that they're able to solve a greater number of those requests, on first contact from city employees and customers. Kind of the next steps as we laid the foundation outlined in the memo is really you know, how do we institutionalize this kind of change? It's great to get technology but we also have to be able to move through and communicate organizational change. The TLC has been on hiatus for a little bit. The technology leadership council, the fiscal conditions of the city just kind of didn't really make it -- was a difficult effort to continue to provide governance when we just didn't have any money to spend, quite frankly. So as we see the economy start to recover, we start implementing some of the efficiencies identified in the memo. We're starting to create capacity. In that now, kind of dictates us getting back on the governance model. And focus on that investment priority. The other piece of that is that we have a lot of change coming down the pipe. You know, we have office productivity, new phone system, storage, lot of things are you know kind of coming to a head in the I.T. world and we need to communicate that organizational change effectively, and make sure that the entire organization moves along as we begin to implement those, that technology. And then, you know, really, what's left for 2012 and 13 as we move forward are what's -- as we move forward into 2012 and 13 is to continue to address reduction of the infrastructure backlog. As we look at migrating to cost effective and sustainable solutions ensure that they are sustainable so we don't slip back into that infrastructure backlog from what we're calling tech decay. We just kind

of leave it alone, we don't invest in it and all of a sudden you turn around and it's old and falling apart. Want to make sure we don't slip back into that place. A key part of the strategy is to focus on the employee skill sets. Instead of having them work on siloed products or antiquated programming technology, get them to more modern platforms so they can provide agile kind of solutions. And finally, partner with city departments and the business -- or continue to partner with city departments and the business community. We think there's lot of opportunity there. The success kind of outlined in the memo and the presentation really does come from you know key players like the Department of Transportation, you know we use their fiber in the streets. Purchasing, they run our bids for us. So kind of the success you see up to date really does come from that partnership. And again, my staff. You know, I'd love to say I do it all but the reality is I don't. And there's an army of talented people behind me who kind of make all this happen. So with that, open to questions. And happy to take them.

>> Councilmember Constant: Thanks, Vijay. First I wanted to say, just make a couple of comments. I've been here for a little over five years I think. And every year we've given your department less and less money to operate on. But in the last year I've seen more progress out of your department than I think the previous years combined. So I want to congratulate you on that. Because you guys have done a lot of work in getting us to what we see here. And I can really not only hear the progress, but I can see it when I'm working, the difference in how quick our network is and looking forward to seeing you get quicker. I just wanted to mention I serve on the board with Team San José, and they were very complimentary of the interactions between Team San José and the convention center and the I.T. department and talking about these upcoming changes. Anybody else?

>> Councilmember Oliverio: Yes, Vijay thank you for the report. It's clean and concise, it prioritizes the different buckets that we need to work on. Really appreciate as Councilmember Constant said your efforts, I think we have a -- the right leadership for the I.T. team and for the city right now and I think Councilmember Constant, you know you're right. We didn't fund I.T. as much as other departments in the city. But I think because they've been looking at doing things differently that they were able to manage things differently and I think frankly our folks we had at the top running the I.T. department were more old fashioned and close minded and I think Vijay and the rest of the folks who are supporting them have been able to use modern technology and take advantage of a procurement policy that allows you more flexibility in the competitive bidding and things of that matter so I'll just --

and always tell you if there are more tools you need, you have to is us. I want to give you the flexibility that your team needs to ascertain the goals of the city and if the policy is not matching that you need to let us know.

>> Vijay Sammeta: Certainly councilmember and we are working with the budget process to kind of prioritize those requests. You'll see more of them come out of the technology leadership council as we kind of start re-engaging in getting those priorities vetted throughout the organization. I don't think it's so much the I.T. department's priorities as it is the City's priorities. So we're really here to serve the other departments and the citizens and the business community so it's getting that priority down first so that's where we're headed.

>> Councilmember Oliverio: Absolutely. But if the prior leadership was a dam, then you'd at least allow the water to flow for the idea, so appreciate it.

>> Vijay Sammeta: Thank you.

>> Councilmember Constant: You didn't just dam the previous leadership, did you?

>> Councilmember Oliverio: I did.

>> Councilmember Constant: Okay, any other questions? All right, do we have a motion to accept the report?

>> Councilmember Nguyen: Motion to accept.

>> Councilmember Constant: Do we have a second over there, you two? Okay, all in favor? Passes unanimously. Thanks, Vijay. You're doing a darn good job acting, by the way. Betsy, we have a report on the key legislative items.

>> Betsy Shotwell: Yes, thank you Mr. Chair. Betsy Shotwell, Director of Intergovernmental Relations. Mr. Chair, members of the committee, you have before you what I call the spring report out of legislation that may be of

interest to this particular committee. I go to all the committees this time of year after some of the key bills have passed, the other dead line is the end of the month where we see hundreds of bills move to the side and other march on through the legislative process. If I could just take a couple of quick seconds to highlight some of the bills, monitoring following and some taking positions on. On page 7 at the very top of AB 1585, this is probably if not our highest priority certain one of the top priorities of the city to support this measure which would allow for the debt of the redevelopment agencies and the city to be included in the enforceable obligations. I was pleased to see it fly through the assembly, it's an urgency bill but now it has to go through two committees in the senate before it moves on and we still don't know where the governor is on this particular piece of legislation, this very important. Moving down that page ACA 4 city has taken a position of support. This would allow for infrastructure bonds to be passed with 55% approval of the voters and then ACA 23, it would allow for transportation measures to be -- or taxes to be levied with 55% of the voters in approval. That went to rules yesterday and will go to full committee next Tuesday so just wanted to update you on that. On page 9, AB 2231, sidewalk repairs. This measure was just -- just flagged as came to our attention. It was heard, and I -- this week and I just got a voice mail from our lobbyist it did pass. What I wanted to emphasize here, this measure would require cities, counties to pay for all repair of sidewalks as needed. And what particularly caught the eye of the city attorney's office is the next sentence where it says "provides that if the local entity fails to carry out the repairs, the local entity will be liable for any injury, "et cetera. So this did pass the assembly local government by unanimous vote. I just took a voice mail from our lobbyist in Sacramento, Roxann Miller. It will next be going to judiciary. We did use the expedited bill process. If we're taking a position on this bill, we had to move very quickly to have a position of oppose, and we'll continue to work with the league of California cities and others on this measure. It's a major concern obviously. I want to also thank the Department of Transportation because they provided some pretty major information, that of course has already been before you a number of times recently in various memos but where we did indicate to the committee that for the City of San José there's approximately a 37.1 million worth of existing needed sidewalk repair with \$700,000 worth of new damage occurring annually. Pretty daunting numbers. I know you're very familiar with that but we wanted to emphasize that and our concern with this measure. With that, I'd be happy to answer any questions.

>> Councilmember Constant: Let me just be the voice of opposition, like usual. Because I think AB 2231 is a good thing. I think public sidewalks, curbs and gutters should be the responsibility of public agencies and we should have never put that upon our citizenry. It's our infrastructure, had we done the right thing originally we wouldn't have the backlog that we have. On SB 1330 that's on page 2, is that the same -- is this just an amended version of the previous bill that talked about data storage and limitations on how long police departments could store the data or do you know what happened? I know Simitian had a measure that we talked about at the league of California cities public safety committee.

>> Betsy Shotwell: I will have to check on that councilmember. I don't know the previous history of this measure and so many of these bills were just heard within the last 24 hours so let me get that information.

>> Councilmember Constant: My concern is if it was not this bill, there was another bill that put pretty tight restrictions on how long localities could keep the information that it gathered in the automatic license plate readers and there was considerable concern among law enforcement officials that much like fingerprints and DNA lead to solve crimes way down the line, that getting rid of that data could be a detriment to law enforcement in the event that you find a week or two weeks later or six months later that a missing child or person had been seen in that area, things of that nature. So I'd just like to know if that's been dropped, a separate bill and has been dropped or has this been gutted and amended so many times it's no longer in there?

>> Betsy Shotwell: Right or to your point did it die last year and get reintroduced as 1330. Let me look into that history.

>> Councilmember Constant: We just talked about this as the lat meeting just a few weeks ago.

>> Betsy Shotwell: Let me check into that.

>> Councilmember Constant: The one above that, is it peace officers cooperation or is there something about corporations that we should know about?

>> Betsy Shotwell: I don't have the bill in front of me, I'll have to check.

>> Councilmember Constant: You can just drop us an e-mail, that would be fine. Any other questions? Kansen?

>> Councilmember Chu: I just wanted to voice my opposition to AB 2231. We're really fighting the state legislature to get more local control. I could agree that we should -- the city should pick up the responsibility of the sidewalk repair. And but my argument is that this would be another state mandate without any money attached to it. So if we can get some money from the state, to cover those repairs, and then I would have no problem of agreeing with AB 2231.

>> Councilmember Constant: And Kansen my comment would be that would be fine if it was a new program that we didn't know anything about but this has historically been our sidewalks we built them we used to be responsible for them and we abandoned our responsibility and burdened the public so I don't really see it as an unfunded mandate. I see it as local government shirking their responsibility but just differences of opinion. Any other questions? We have a motion to accept the report.

>> Councilmember Nguyen: Motion to accept.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: All right all in favor. All right open forum nobody is here to speak to us, thanks, have a good day.