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>> Councilmember Constant: Good afternoon. And welcome to the Public Safety, Finance and Strategic Support meeting for January 26th of 2012, first. Under call to order and roll call, we're going to shuffle around the agenda a bit to put things in a little more logical order. We're going to take all of the police-related things first. That will start off with item D-10, right after the consent calendar. That will be the title 16 issues then we'll go to D-4, which is the annual report of gaming followed by D 2 and D 9, which will be taken as one item, that is maximizing officers on patrol, and the verbal report on operations and performance, followed by D 3, public safety communication initiatives. We will then, as we're shifting positions, we'll take D 1 which is the Redevelopment Agency financial reports, because that will be fairly quick. Then we'll hear the auditor reports in sequence D5 D6 D7 D8, then the final item D11, the workmen's comp issues. We do have a couple of reports that came out just after the sunshine time limits, so what I would like to do is get a motion on the orders of the day to change the agenda order and include the sunshine waivers on those reports.

>> So moved.

>> Second.

>> Councilmember Constant: We have a motion and second. All in favor, opposed, perfect. So we will now go forward. We have no items on review of the work plan. Consent calendar. I have a motion on the consent calendar?

>> Councilmember Nguyen: Motion to approve.

>> Second.

>> Councilmember Constant: All in favor, any opposed that carries. We will now go as we stated not in order but in the new order, starting with item number D10 which is the title 16 issues.

>> Ed Shikada: Mr. Chair, members of the committee, Ed Shikada, assistant City Manager. Why don't I just provide a quick intro to the item and then we can proceed with discussion, if you'd like. The item before you, recognizing that we have had quite a few different components to discussions around gaming in San José. Just to reiterate that the item before you right now is specific to proposed amendments to Title 16 of the Municipal Code, and recognize that it specifically deals with codifying existing practice on the handling of key employee licenses, and the relationship between the State's licensing procedure and how the city will follow that. Also, establishes procedure for the handling of card room permit amendments related to multiple gaming floors. In addition, since the committee's obviously aware of it, for the purpose of context, that as casino matrix is under construction and nearing completion of its construction we have a number of ongoing issues that we're working through with Garden City and establishing the operating approvals required, both cardroom permits, landowner license and the like. So that's as context for the actions before you today, but again, just to draw your attention to the specific item relating to Title 16 amendments. So with that -- City Attorney.

>> City Attorney Doyle: Councilmember, I'll be brief. I think this is a continuation from an earlier discussion in December. We had gone through the proposed ordinance changes to title 16. I know that the chair and some of the committee members had some additional questions. We're really here to sort of fill in the blanks or answer any questions. Either on the ordinance, that's in response to the City Auditor's recommendations and council referral, and or, anything else that council -- or the committee wants to address.

>> Councilmember Constant: Thank you. I know I've had an opportunity to speak with several of you in the meantime since the last meeting. But just for the benefit of all the audience, chief, if you could give us an overview of how the licensing, permitting process is flowing now in comparison to the previous issues.

>> Thank you, chairman constant, members of the committee, Chris Moore Chief of Police. As to go back a little bit in time. The police department had been charged with providing services to license both key employees as well as the lower level employees. Back of the house people that ordinarily would be working in a casino. The auditor's report came out and realized that we were not timely in our ability to provide those services. And we take that as fair criticism to the police department, take it to heart. The recommendation of the auditor was that we

actually cease those operations and turn them over to the State of California, which in part and parcel with this recommendation and this change to title 16 we agree with. I do have some concerns about the key employees, but having gone through reviewing all this we think it's a wise thing to do at least certainly at this time. But reserve the right in the future to take a look and see if, perhaps, maybe now that we've made some changes to the way we do the licensing in particular, focusing the right resources for the right -- at the time to get these things done. It is our goal for each of the clubs to make sure that they are functional. That means they got to have employees there, not to hold up those employees, make sure they are either operating on the temporary or they get cleared through the system as soon as possible. We have been able to, over the last several months, to facilitate with extra staff that we provided, to make sure that those licenses that we were still doing at the lower end were not being held up. In fact, I think we have been very successful and I think if you were to ask both clubs that in fact has been the case. Notwithstanding any of that, we think -- we do agree with the recommendations that this -- those functions be turned over to the state.

>> Councilmember Constant: Thank you, and specifically at this time there is no backlog; is that correct?

>> Correct.

>> Councilmember Constant: Okay. Vice Mayor.

>> Councilmember Nguyen: Thank you. Thank you chief. So I'm glad that to hear that you're on board with the recommendations. Now in regards to the non-key employees, would you be agreeable that we process these employees in the same manner?

>> If I understand your question correctly is that we have the state do those as well?

>> Councilmember Nguyen: Yes.

>> At the lower levels?

>> Councilmember Nguyen: Uh-huh.

>> Which -- excuse me. Apologies for that. Well, in fact the notion that we would have the resources right now to do those all the time, I still would like to make sure that we maintain the ability to even though the state would do them, that we retain the regulatory authority to actually provide a temporary. But if for some reason it came to our attention that there was a violation that the state did not catch, that we would be able to act upon that. Having said that, though, to make sure that the clubs got what they needed and have these employees up and running, even on a temporary basis, that that would be the most appropriate way to move forward. We just -- our key is to make sure that we don't hold up the clubs from getting the employees they need on the floor working.

>> City Attorney Doyle: Vice Mayor, if I can just -- not to necessarily contradict, but there is a -- in the works there have been some discussions with the various clubs. We are informed that Bay 101 wants the City of San José to maintain that authority. And that that actual permitting. It's matrix or Garden City that wants -- prefers the state. And I think what we would proposal is we come back with an option that you can do either. And that would be part of any proposed ordinance revision.

>> Councilmember Nguyen: So the -- I guess the alternative option or the alternative or the option would be, up to the individual card rooms?

>> City Attorney Doyle: Right, either would work, ultimately you know it would work insofar as the City of San José would sign off on it. But the one card room Bay 101 has expressed preference that we retain that. I think we can craft something that covers both.

>> Councilmember Nguyen: I would assume that that's really up to the council to make that decision when that comes to the full council for discussion.

>> City Attorney Doyle: It is. We have been doing a lot of outreach but we can have that conversation.

>> Councilmember Nguyen: Thank you.

>> Councilmember Constant: So I see Sharon up in the audience. Sharon, since you got us here, that's not the same as saying it's your fault. But all this got here, thanks to your work. Can you talk to us a little bit about your perception of how -- where we are now compared to where we were at the time of the audit and your position on these issues?

>> Sharon Erickson: Yes, me and my staff have done some considerable thinking about this given all the changes. Let me say that it was nearly two years ago that my office issued a report on the City's process. We were looking pretty strictly at the administrative process for licensing card room owners and employees. At the time of our audit we found that San José was one of the most expensive regulatory functions in the state. And in spite of that, we found that the average key employee license had been pending for three years. Title 16 indicated that the timeliness that they were to be completed within 180 days. The average work permit process extended well beyond the 20-day, 20 working days that was required in Title 16. Meanwhile the gambling control commission of the State of California was providing essentially the same services, conducting background investigations, issuing licenses and permits for card room employees around this state. The City's process is more rigorous than that of the state, but we found no reason why it should take the city four times as long to issue a permit or a license as it was taking the state. We found no evidence the City's licensing investigations were fruitful, or had resulted in follow-up actions or violations. So our recommendations were based on the fact that the state's key employee license -- our recommendations were based on the fact that we found a duplicative and inefficient process. So to the extent that the city determined to keep some licensing in-house, we recommended limiting, redesigning, and providing guidelines on the scope of licensing investigations, including clear written guidelines when those investigations can extend beyond 180 days, and tracking the cost of those investigations. So our recommendation with regards work permits provided the city with an option. To either do the permit function in-house, do it right, and do it timely, or give that work permit function to the state. While I'm here and it's two years later it was already a problem when we went in. You have changes to Title 16 which clarified that the city would rely on a state-issued licensing which the state's gambling control act designates as

key employees. Those include the CFO of the club, the director of security. The proposed changes do not address permitting, which would apparently stay with the city, which was an option under our recommendation. As we understand it, the city would also retain the ability to designate and license additional key employees. So this would include the HR director, food and beverage manager, facilities manager. Although the division of gaming control has cleared the backlogs to our knowledge, the division has not reinvented the license investigation process. They have not tracked the timeliness of permitting and licensing. Furthermore, our previous recommendation to civilianize the unit has not been implemented. In other words, the administrative process has not been fixed. So in our opinion, the division of gaming control needs to refocus its efforts on areas that will protect the City's revenue and ensure compliance with minimum internal control standards, and to that end, after considerable thinking, between me and my staff, I strongly believe that fully implementing our recommendation, that is, relying on the state's licensing and permitting process, would improve and refocus the gaming division into being a more effective and efficient regulator. I expect that we will continue to follow up on these regulations and report on the status regardless of what happens today as part of our status report next March.

>> Councilmember Constant: Thank you. Chief, in the area of a couple of things that was brought up by the auditor, the establishment of clear written guidelines, the process and procedures, the kind of getting everything down, the duty manual type descriptors, have we done anything in that? What's the intention there?

>> We have. We have a document that's been referred to as a business plan, but it more is an operations plan, more properly titled like a unit guidelines to be something you might be familiar with, within units within the police department. SOPs if you will for within a specific unit. The duty manual would always apply overall but the unit guidelines how you function how you do your work are included in that particular document. One other point that the auditor did bring up which I think is fair criticism, and again, I say this quite candidly, that we did not have a process in place that was what it should have been or could have been. Part of that is the lacking, we were lacking technology. And I'd like to thank the City Manager's office and our I.T. director coming forth with a salesforce.com solution that will in fact allow us to track, let the applicants and let us track exactly where each applicant is in a process, and all the work flow, so you can track it. We've been operating basically with paper and pen, obviously not where we needed to be so we are appreciating and we're moving forward to that. To our points

that we have identified a number of issues, we've spent the last six months and I will say this personally for myself and chief Gaute, working with Richard Tang, and with the staff there. We do recognize that there is a great opportunity for civilianization, for all full-time auditors to be sitting in those seats, rather than perhaps our officers who may rotate in and out, people that have the financial experience that would be able to track funds in and out, which I think are the major risk to us, and we are moving forward with that. But again we are trying to do our best to make sure that both clubs are operating in particular making sure the casino matrix is up and running so they can be successful and the city can derive the revenue that we hope to receive.

>> Councilmember Constant: Thank you. My colleagues on this side have any more questions? Madison? Do you have a question?

>> Councilmember Nguyen: Motion?

>> Councilmember Constant: Just make a couple of comments before the motions. My personal feeling is that the if we were to move the licensing and permitting to the state, it would allow us to focus more on enforcement of regulations, which I think is where our efforts should be. I tend to agree with both the auditor's and the White Sand consultant's report that those would be effective moves as well as civilianization. So what I would like to see is part of our budget process as you know we just entered the budget process that we take a very critical look at both documents, the White Sand report and the City Auditor's report in its totality and analyze it for how we can make changes to have the most efficiency and also to quite frankly put the most sworn officers on the street instead of in administrative positions. And I think the white sand report is pretty clear on the specialty areas that you just referred to, chief. So those are my opinions and Madison were you going to make a motion?

>> Councilmember Nguyen: Thank you. So at this time I'd like to move the staff recommendations with an additional amendment which was proposed by the City Attorney that the individual card room has the option to choose either the state or the city can process the nonkey employee permits. And that would be the motion, and I also wanted to cross-reference this for a full council discussion.

>> Councilmember Constant: We have a motion and a second. Any questions or discussions on the motion?

>> City Attorney Doyle: Mr. Chair I just want to note when we come back we'll come back with an alternative. I was reminded we had to run this by the State and the State, there's some question as to whether or not the State will take it if they know we can do it as well. So it may be that we give you that option as the Vice Mayor indicated it's a council decision in the end and if you want to -- it may be one or the other depending on what the state says. So we'll come back with an alternative because that's what the card rooms want but at the end of the day we have to comply with whatever the state says they'll do.

>> Councilmember Constant: Okay. So what I'd like to do is, not hold up the title 16 changes that have been pending for quite a while. So my suggestion is, that we bring it to the council, but then, as quickly as possible, do the follow-up. Because we can change the title on relatively short order as long as we're all on the same page. And with the option or nonoption, I think the council should be able to weigh in on status quo, all to the state like all the other jurisdictions do, or the options. That's the way I think it would be best to have that full discussion. Can we have the title 16 part that we're talking about here on February 14th, without the extra work?

>> City Attorney Doyle: Whatever cross reference yeah, it's ready to go. So if it's the 14th is the date we'll do it then.

>> Councilmember Constant: Okay, so we'll have it at the first available which I think is the 14th. Any other questions, comments, concerns? Anyone in the audience like to speak to that, I forgot to ask. We have one. Come on up. If you didn't fill out a card if you could just state your name for the record and fill out a card afterwards.

>> Thank you. Good afternoon, chairperson constant and the members of the committee. With respect to title 16 changes, I just wanted to add a few -- make a few remarks concerning some provisions. With respect to the key employee license, the owners of garden City Inc. still take exception to one of the provisions, that is the condition that the Chief of Police have an option of placing provisions on the key employee license. One of the issues is

that this particular provision violates the constitution. It is vague and ambiguous, and there are no standards by which the conditions are to be imposed. So the Chief of Police has complete discretion to make conditions. And basically, subject I decide who he wants to impose conditions against. That is a violation of the constitution and an individual, due process rights, under the due process clause. Second on the list is, the issue concerning the minor violations. First of all, we don't disagree that the division of gaming has a right to regulate our company. However, we are entitled to rights under the constitution as well. That is the right to effectively cross examine those individuals who have asserted grievances against our company. That includes the right to confront witnesses via cross-examination, as well as to conduct discovery. And we'd like a third party to serve as the individual handling these minor violation issues, as well as a right to appeal. Third on the list involves games to be played on a single level, as well as card room permit amendment applications. I understand that the division of gaming is working diligently to ensure that casino matrix open on time. However, we have had a significant amount of issues with respect to the land owner's license. Our owners have basically been harassed and threatened that if they do not do what the division of gaming says, they will not be issued their land owner's license.

>> Councilmember Constant: I'm sorry your time is up.

>> Thank you, chairperson.

>> Councilmember Constant: And you didn't state your name for the record.

>> My name is Antoinette McGil, appearing for Garden City. Thank you for your time.

>> Councilmember Constant: Do we have anyone else in the audience that would like to address us with anything we've heard, questions or concerns? So we'll take a vote, all in favor? Pierluigi, you opposed? In favor? Okay, we'll see this on the 14th and fairly quickly thereafter following it up with the other issues. We'll now move on to related item D -- let's see, we're D-4 the annual report of gaming.

>> Good afternoon, assistant Chief Rikki Goede. The annual review of the impact of cardroom gambling on crime in the city of San José, what we've seen with this is, with the minimum internal control standards that we have it looks like the objective of ensuring Public Health, safety and welfare is set out under the gaming control regulatory program pursuant to title 16 appear to have been achieved. And I'll go over highlights of the report as I know everybody has it in front of them. During this reporting period which is from July 1st, 2010 through June 30th of 2011 there's been an increase in both calls for service and reported incidents as compared to the statistical information of the prior fiscal year for the two card rooms in San José which we know are bay 101 and Garden City. Reported arrests of bay 101 has slightly increased while Bay 101 has seen a decrease when comparing to the previous fiscal reporting periods. When comparing it, as you can see the graph up there, you can see calls for service. When we compare the statistical information between the two card rooms, Bay 101 had higher reported incidents than did garden city. However Bay 101 also reported higher gaming revenue and related gaming taxes than Garden City for the reporting period, which is indicative of a higher patronage. In analyzing the crime statistics the vast majority of crime statistics and reported incidents of both card rooms were events like battery, drunk in public, meet the citizen welfare check and some fraud and forgery. It is very important to note with regard to incidents and arrests, that this only takes into consideration what actually occurs at the card rooms themselves. It does not take into effect the things that might happen afterwards and as we all know there are incidents in which people are followed home, they are robbed, there you know is loan sharking and everything else that occurs outside the card room which is not going to show up in this unless there is some kind of indication at the time the report is taken that it happened at the card room which is actually very rare. So I just want to make sure that's out there. Again, only those statistics which can be directly related are reflected. The disturbances and fraud forgery tend to be the higher calls for service. And you have the graph number 1. If you could go to graph number 2. With regard to calls for service, of the calls for service that we had, 28 resulted in arrests from Bay 101, and 17 resulted in arrests for Garden City. When we look at the actual reported incidents, one of the highest one are the federal violations. That is counterfeit. All of that is counterfeit crimes. Petty theft is another one of the high ones, and if you look at the graph on the reported incidents, I'm sorry, the arrests. Drunk in public is one of our higher ones and again, total of 17 police initiated arrests made at Garden City compared at the total 101 and of the 251 calls for service that generated by Garden City there was 28-police initiated arrest made at Bay 101. The card room security logs one of them we had them do is they have the security log entries and they need to match

the reports of our department and we have found that through the standardization of the categories of calls logged in, entries and ongoing dialogues between our department of Gaming control and the card rooms as well as the enforcement efforts, it seems that this is actually some of the troublesome problems that we had seen in the past with the discrepancies has been resolved. So if we're looking at under the rules and regulations using our minimum internal control standards regulations, the division initiated 54 administrative version during this reporting period, against the card rooms. They took various administrative actions against the licensees and permittees responsible for the violations. Those actions taken included warning letters, violation notice administrative citations and other regulatory tools provided by title 16. In reviewing the financial operations of the card rooms the division also provides several physical counts of cash on hand in the card room cage and vault to ensure that adequate cash is maintained to redeem outstanding chips from the gambling public and that cash disbursements are made legitimately. And the other administrative inspections were done includes the examination of contract agreements and related contractor logs to ensure that contractors or subcontractors working in positions that would require a gaming license or work permit have in fact obtained such licenses and permits. And finally since the implementation of regulation 3 which is observe patrons' monitoring requirements the division has issued violation notices to both card rooms, because the patrons were allowed to continue gambling at both establishments for more than 20 hours. As you know due to the litigation there is the four-hour required cooling off period. The intent and that is the intent of the regulation is to give them the patrons the required cooling off period of not less than four hours each 24 hour period. To date our records show that Bay 101 has done more to ban individuals from further gambling at their location when the 20th hour is up, as well as hiring a compliance manager in addition to the compliance attorney, to provide periodic training to the staff regarding the regulations and to ensure compliance. And in the interim the division is continuing its partnership with the outside community organizations who are educating their members as to the dangers of problem gambling. It is the division's goal to finalize the regulation and to implement responsible gaming program for patrons during fiscal year 2011-2012. During this reporting period the division gauge control held separate meetings with the management and staff of both card rooms. During these meetings concerns were discussed in an open forum so that all perspectives were presented and a resolution formulated. If an issue involved both cardrooms, then a meeting was held with each cardroom present or correspondence was sent to both card rooms to resolve matters. And the administrator has shared his experience and views with other state and local law

enforcement agencies concerning the cardroom operation, table game rules, and statistical house advantage audit procedures and other regulatory matters. So in conclusion, the gaming control has found card rooms to generally have been compliant with their reporting of suspected crimes to the San José police department. It is apparent the division's continued dialogue with the cardrooms has helped in reaching the current level of accuracy and we and the division will continue to provide this support to the card rooms.

>> Councilmember Constant, if I may just add my thanks to both clubs for their compliance on this particular effort. This is an annual effort where we go back and look at crimes associated with it because that is our requirement. We do get good cooperation from them on the street level to make sure when a problem does arise and they do the nature of these operations do require response of the police department and appreciate their efforts.

>> Councilmember Constant: Chief or either chief the one question I had and this came up once before I think in conjunction with the original release of the audit from Sharon's office is, is there a reason we don't track which cases are actually reported by the club's own security? In other words, when we first at least in this report, I'm not seeing the distinction. When we had the audit report a couple of years ago, there was reference to a couple of incidents at the club implying that they weren't or could be implied that they weren't self-policing but further analysis found 87% of them were self reported where they asked the police for help in the situation. When I see this report, it leaves me to wonder how many of public initiated, department initiated or club initiated you know self-policing.

>> Just a couple of points and I'll turn the specifics over to Richard Tang. They are likely to be called in either by a member of the public or by the staff at the club as we would hope and expect them to do. There have been a few isolated occasions where particularly with respect to the gaming the hour restriction, where we actually had to get a complaint from the party themselves as opposed to the club self-reporting that particular violation. But on the whole I will say this when it comes to the general crime if you will associated most of these numbers here that in fact we are getting a lot of the calls as they should be from the staff themselves. Richard can --

>> Mr. Chairman, Richard Tang, members of the council, with respect to the calls for service and such like that stated in the report in the past there have been a huge discrepancy between what the club, both club have indicated on their personal -- excuse me, the individuals entity security logs as compared to what we have in the department. And that's what the discrepancy happens whereby we had continuous dialogue and meetings with them. So that for example, how to determine a crime, so that's just one area where we spent a considerable amount of time educating both card rooms as to what a crime should be. I mean this is really going back to the tedious. So over the -- over the course of the past six, seven years, that discrepancy has been eliminated. And so the numbers match them pretty well.

>> Councilmember Constant: Okay. I still think that perhaps we can maybe look for a way to recognize that self-reporting that self-policing that's going on because I think it's important to see how they are cooperating with us. You know, I had just a comment. I know that it talks about that we've -- the administrator has taken the time to share experience and views with other state and local law enforcement agencies but we didn't have enough time to provide training to our own officers. I personally as much as I love all the other agencies in the state I care about our own first. And I would rather see those two paragraphs in the future say exactly the opposite. Because I -- as I mentioned earlier I believe the enforcement of the regulations is where our priority should be. Any questions or comments from my colleagues? Any comments from the public?

>> Councilmember Nguyen: Motion to accept the report.

>> Councilmember Constant: Motion to accept. Oh we have a comment. Come on down.

>> Didn't get the card. Antoinette McGill appearing on behalf of Garden City. Out of the 54 citations issued only eight belong to Garden City Inc. And with respect to the allegation that there was a proven violation of the 20 hour rule against Garden City Inc. that is not proven. That particular matter is currently being addressed and it is in litigation. A third on the list, since the owners of Garden City Inc. have operated the casino, they have always had a compliance director in place. And our compliance director has worked diligently with the division of gaming to ensure that Garden City, Inc.'s operations run smoothly. Thank you.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: So we have a motion and second. And then last question chief since that was brought up everywhere else in the report it distinguishes between the two clubs except for the regulatory violations. Is that something that could be included easily in the future, or is there a reason we don't?

>> We typically would not, just because, again, to not -- to bring necessarily publicly what's going on in the particular clubs. Unless -- if the committee thought it was necessary and council wanted, we could certainly do that, rather than put it out publicly when we didn't think it was necessary, but we can if we're asked to do so.

>> Councilmember Constant: I think we'll just rely on you thinking about it, and letting us know next time the report comes up. Any last comments or questions? All in favor of the motion to accept? Any opposed? Thank you. So now, chief we'll move on to the combination of item D 2 and D 9, maximizing officers on the parole and the report on operations and performance.

>> Chairman constant thank you very much again Chris Moore Chief of Police. These two items if we recall back during the budget discussions of last year we faced obviously the unprecedented, the most unprecedented year we have ever had with respect to staff layoffs and reductions in service. That combined with the auditor's report from a couple years back where we were trying to determine what the best and efficient way to function with in leaner times we were tasked with a monthly report to come back with a verbal report to this committee on what we were doing and how we were faring and what the impacts were to public safety. And then charged with to come back at this particular meeting in January with a written report on a plan of certainly what has happened in the past sort of consolidating and what we've told you verbally in the past six months and what the plan forward is. Again at the risk of stating the obvious but I think it's instructive for those watching and may not have followed this in the past and if I can make sure I've got the right one. Let me get -- yes, is that on there? Oh, there it is, thank you very much. And make sure -- again clearly over the last three years we've actually lost it's in excess of 301 positions depending how you down our hire-ahead program, but roughly 300 positions from a little over 1400

to where we are today at 1102, as of -- 1101 tomorrow. We have one person retiring as of today. That's a significant cut to the police department of over 20%. We all knew that, the staff got together to determine what services we could cut, at the same time trying to maximize the number of people on patrol which is our core service for the people of this city when they dial 911 we want to respond to that call quickly with appropriate resources to address whatever problem they have at that particular time. That is truly a challenge when you are cutting these types of numbers. One of the ways we did that is our special operations bureau, we restructured that where we reduced overall in size, special operations combined our violent crime enforcement team, our gang unit if you will at the street level, along with -- into our metro unit. We redeployed our canine officers which used to be a dedicated unit working the street and we assigned them beat opportunities, still with their dogs still answering calls for service. It is a model other departments have used before we have found that it works and we are going to have to make certain minor modifications to it but we have increased officers on the street answering calls for service. We also had a number of units where we had resources dedicated to them. Certainly the helicopter unit, our mounted unit, and we already talked about our canine unit. Rather than shut down the helicopter completely, what we did is in order to keep it viable and keep fluids running through it we collaterally assigned officers that were normally our pilots put them back in patrol cars and perhaps once or twice a week have them go up and maintain their flight time as well as keep the unit operational. We still have the horses on the stables. Rather than sell off the horses the desire was to keep them if at all possible and we had officers that were working in patrol one day a week taking the horses out on the weekend, therefore allowing three days of extra patrol services. Our preprocessing staffing we dropped, which again introduces a little bit of risk when you don't have the people, when you arrest somebody and you bring them down to the police department, you need to make sure that they are properly supervised in case they turn violent, to make sure the tasks of fingerprinting and photographing are done, VALTOX testing of drugs, those types of things. And whenever you reduce that level of staffing on a 24-7 basis you introduce risk. But we felt that we could manage that risk, and we have done so. We have also reduced significantly our investigators in the property crime section and person crime session in the bureau of investigation. Our focus aside from patrol has always been violent crimes investigating those up in the bureau of investigations and where we then tend to reduce mostly is our property crimes and again this is not new to most people but it is very rare that we are able to spend time investigating burglaries unless there is significant solvability factors. If you have a cold burglary in our city, and there is no license plate, no suspect information, it

clearly is just, I came home and I saw that our house was broken into and that we did not have fingerprints or any other physical evidence. It would be very difficult for us to investigate it and not have a high likelihood to get further investigation we lyingly would not look at that particular case. Councilmember Constant I know last year you also mentioned and it's not necessarily on this slide I thought thought it's worth it I had pulled the stats on it, better use of our reserve program. And we did also restructure our reserve program last year to make sure that we -- those who desire to stay as reserves in our department, make sure they were held accountable to work at least ten hours in patrol. And I'm glad to say over the month by month we've had well over a thousand hours in the month of -- I'll go by 1500 in the month of July, 2300 in the month of August over 2,000 in September 2500 in October, 1600 in November and 1900 in December. These are huge investments of time volunteer time by our reserves working alongside with our officers not solo, but with officers in the street therefore maximizing our -- that particular resource and I thank you sir for that recommendation. It was -- it was well taken and I think has helped us considerably in the city. Some service delivery changes that have been in the news but certainly worth highlighting and number one is our verified response program and again this is where you have particular burglar alarm or any type of alarm where you do not have verification. I.e. if you were not at home and there was an alarm at your particular house and there was no one there to verify that a crime had occurred we would not respond to those crimes. In the calendar year 2010 we had over 1600 of these calls and again 98% of those 98.4 were false alarms. That represents depending how many officers go to those calls well over 15,000 hours of patrol time per year that could be dedicated to other functions. And we think it much better use of resources and we implemented that at the beginning of the year. I know that there have been a lot of push back from people and I appreciate the comments that people have provided to us. What I've assured people is we will monitor this to make sure if we have a spike and we can attribute it to this particular policy change that we will revisit it. I'm looking at six months out and I'm also looking at a year out. Very similar to the tow policy we initiated a year ago, looking at the numbers to see it didn't changes and there wasn't a public safety threat associated with it. Other types of low-priority or non-response calls that we've -- we are no longer going to calls involving shopping cart complaints and recyclables. That's not to say that we won't refer them to another city service particularly code enforcement where appropriate but that's not necessarily a type of call that we would put high on our priority list. Also where we have a disturbance call where there's loud music and one of the reporting parties does not want to be a victim on this case, police officers cannot be a victim in this particular case of disturbance, but we are

looking for folks that want to engage and that's where community partnerships and community policing is important. We try and solve those types of problems at the lowest level where neighbors meet with neighbors to ask that they turn their music down. But if there is a concern and they are willing to stand up we certainly will be there for them. If there is ever a time of violence or a concern of violence we will certainly still be going to those calls. But for the general noise complaint calls, we will not be responding to those particular calls. I didn't talk a little bit about the reserves. We also outsourced to a private contractor our prisoner transport, our old warrants unit, and also our police artist. We have eliminated that position. Our last police artist retired and rather than try and train somebody up we felt it more efficient, cost effective to go ahead and contract that service out. We talked a little bit about collateral assignments for our helicopter and HMU. I'm happy to say there was some real concern that through the upcoming budget process, if the numbers had been what they thought they would be in range of 85 million citywide that we would be looking at a much greater hit than we perhaps are now and that services would go away completely. Assuming that we stay the course on the numbers that we're talking about now that we'll be able to maintain status quo certainly on a collateral assignment with the helicopter bring them back perhaps an extra day a week or two and also have the horse mounted unit continue on a collateral basis rather than selling off the horses. With respect specifically to the span of control and I know that was an issue both for the auditor as well as Councilmember Constant you had mentioned this that we perhaps our numbers of agencies to officers maybe to -- the ratio may be too low i.e. there are more sergeants than perhaps may be necessary and my response to both the audit and the initial comments last year is we pay for extra sergeants because it is a risk management tool that we do get, we are more cost effective in having better supervision at the field level. Uses of force are not likely to occur if you have a first line supervisor present, which may in turn lower our payouts. And I think that has been demonstrated, and the district attorney's office has shared that with us. Compared to other major cities, we pay a whole lot less for claims associated with on-scene or field responses. Having said that though, out of respect certainly for in spite of my belief we have asked that police executive research forum to validate the findings of the auditor as well as confirm what I believe you know the value of having extra supervisors and we've been engaging them for the last three months for them to do their own survey work with other departments. What they have told us is every department is different and we know this. Some cities have units that have detectives and don't have sergeants in that role and we have talked about our where we have homicide teams of two sergeants. We used to have six homicide teams with two sergeants each. The question

you raided there is perhaps you could have an officer there. That's exactly what we've done. We have teamed up one officer with one sergeant, so we are able to eliminate or reduce six sergeants. We also took the opportunity to look at rather than reducing the number of sergeants, reducing the overhead specifically the command overhead at the lieutenant level and one of the suggestions that was made last year was that we move from a four division parole model to a three division parole model and where we had hoped to maintain four the reality for us is that we are looking at a three-division model. The reality for us is, we also said listen, we can reduce the overhead in lieutenants, so we right now are staffed at 36 lieutenants where we were 52 last year. So what we have is the command structure for three patrol divisions right now but yet we have tried to maintain the number of sergeants closer to what we had with four divisions just to maintain that coverage. The long and short of that is that we are actively looking at ways to reduce the number of both sergeants and lieutenants to be respectful and mindful of the recommendations at the same time, make sure we do it smartly that we do it in the best interests of the city and the best interests of the department and the residents to make sure we have good supervision in the field. Our discussion with PERF will continue through hopefully the end of this month and hopefully have something more concrete for you as we move forward on a month by month basis, I anticipate we get these questions from you and we continue on the span of control discussion. I've already talked about some of the stuff I'll put them up on the screen here in the interest of time unless people have -- put them all up so everybody can see them here. We talked a little bit about or I talked spoke of having supervisors and their value first line supervisor and that's not only in the field but it's also in investigations. When we have a critical event and it may be any of the large events we have in the city or we have a homicide hike we have the other day or a kidnapping where we had the other day where you may need four or five supervisors on the scene rather than having officers manage a very complex event which managed in this case a very, very successful rescue of a young girl. That's not to say that we couldn't have done it without it, but it was much easier when you have highly trained experienced people in supervisory ranks making that happen. Other issues that come up subordinate contact, making sure questions are answered, so that mistakes are not made at the early level. Team training at a lower level, we don't have the funds we used to for training, so it's great when you have supervisors that are able to go hands on with your team to make sure that the smaller items that need training are addressed. Certainly team camaraderie, and Councilmember Constant I know you know this personally the ability to work with your team on a daily basis with a supervisor to make sure that things that are happening on the street are the way they should

be and people are not going on in their own direction they are staying focused. Problem solving in the community as we shrink it becomes even more important that a supervisor be a point person for a district so that a member of the public a resident has a question that they can reach out to that particular sergeant or beat officer to get something done. It's one thing to be able to report it to a crime prevention specialist and that's great and it's healthy. It's also nice to be able to have the number of the patrol sergeant, their cell phone number to be able to call and address a specific problem. Again I can go through a number of these things. If you have any questions I don't want to take up too much time. But the last slide, we're titling looking forward because we've talked a lot about what we have done. And have not addressed some of the still major concerns that people have and I will say that candidly we need to do. One of the things when we reduced our -- we eliminated our community services division a few years ago and eliminated the majority of our crime prevention specialists. We have one per patrol division now and it's -- frankly it's working it's just not working well. The four that we have and I know that many of you work with them on a daily basis and know the value that they provide but I've heard from each of you that we really should use more, we should have an additional crime prevention specialist. So as one of the very few adds in a very difficult time, we're asking the budget office and putting forth to council the request for four additional crime prevention specialists, one per patrol division. We're not going to add the overhead back with the sergeant we're just going to have them report back directly to the captain so you've doubled the capacity in each of your council districts and patrol divisions. We're also looking at the community service officers. And again, this has always been a meet and confer issue, but I think between chief Goede and myself we're coming up with a plan to use nonsworn community service officers to perform functions that sworn officers just don't need to do. And it's much more cost-effective for them to do that. That may include low level crime scene work, that might be dusting for fingerprints, collecting evidence at the scene, things that have been mentioned before, not something that has been met with the warmest reception from the bargaining units, but I think we're getting to the point now where this work needs to be done for us to be effective, and we think we make that happen. We are now at a point where we have offered jobs back to every officer that was laid off. As expected we didn't get them all back of the 66 that were actually laid back we roughly got half back, they've been offered their jobs back and accepted them. We've had a number of people that resigned to go to other departments before they were actually laid off. They have gone to other departments and now are seeking to return to San José. Which I think is a very positive step. We have now repromoted every single one of the 15 sergeants that were demoted which is a good

thing. We're very happy to have that scenario so that we can then start looking forward. What I'm saying is we've hit the bottom and I think we're on the way back up but what that means is now we get to hire and we don't have an academy and we don't have a field training program and we are having to reconstitute both of those very important functions. Our physical plant at the academy was in the old health building which we know was deeded over to the County as part of the redevelopment settlement. So what we are having to look for is an alternate site. We have identified the South Bay academy down at Evergreen as the logical place. They've been great to work with. We are setting it up so that we can hopefully have an academy set up by July. We're looking at some lateral entries and some reserves that are young that are wanting to be San José police officers that have passed the background. We would like to have them back on board and it's critical that we get those positions ready to go. Those people because as we have more people retiring in the next three four months we don't want to go any lower than we are, we would like to keep those positions filled. We are looking for lateral, certainly no later than January for our first full academy. We'd like to outsource a couple of functions and one of them certainly is our helicopter pilot. There is no reason in my mind that we need to have a sworn helicopter pilot, particularly if they're going to rotate out. We're working on that now for an RFP and also our backgrounds. Part of hiring large numbers which we haven't done in several years is you have to have backgrounders, what we have typically done is take officers off the street to perform a 40 hour background on these applicants. We just do not have the staff to do that now, and so we're looking and trying to work with OER and HR and I thank Alex for this to make sure that we maintain that function, that we get that capability up, because we don't want to strip out our patrol forces to do the necessary backgrounds. And lastly other civilianization within the department. We're looking at the higher-ends, and also certainly you'll see in our budget proposal in the gaming division to make sure we have those appropriate resources. The key is to make sure they are the right resources even if they are civilian to make sure they are trained the right way and there are a few other civilianization opportunities that we see moving through the department. Some of them certainly meet and confer items. Some we have met and conferred and still have the capability to do. But I will say this, I will close with that just to answer any questions you may have. It's been an incredibly challenging year. I'm grateful that we made it through. I appreciate the hem from the staff from all the departments. I know they faced worse than we did but I will tell you that begin our crime numbers last year and where we were and where we are today I'm very pleased where we are and I'm available for any questions.

>> Councilmember Constant: Thank you, I know Pierluigi has questions.

>> Councilmember Oliverio: Thank you, chair constant. Chief, thanks for the report, very much, very thorough. Covered a lot of different areas. I'm ecstatic to hear about civilianization of the helicopter pilot, because in the end the pilot's not carrying a gun, it's not doing something that is necessarily constitutes needing an officer so I appreciate that. On the special operations units, going forward, I think it's maybe important not to constitute special operations because in the end you're chief, you have the flexibility to deploy officers to the issue at hand but necessarily calling out certain divisions and then you no longer have this division or don't but the fact is you still have police officers doing the job and I think it sort of can be bad PR. So lets just have a police force that's well trained for the tasks at hand and then deploy them as needed. So if it's one time of area where we're really concerned about drugs or really concerned about gangs and just do it that way from a civilian point of view, chief. On the community service officers, would measure V just give you the straight-out ability to implement using community service officers?

>> Measure V and we've never tested it, I appreciate the voters having invested in the Chief of Police and fire chief operational changes to make those changes. We still have the obligation to meet and confer but not necessarily agree. Alex can correct me at any particular time. This may in fact be one of those opportunities I think Alex can certainly weigh in. We'd like to move forward with the agreement of our bargaining units, that has always been the question. I think we would be successful in this particular case. We laid out the necessity of it that it wouldn't happen without this. Let's move forward to make sure we got the job done. Start small, try it a couple of places and see if perhaps they would be willing to do that. Alex, I don't know if that's fair.

>> Alex Gurza: Yes, the Chief is correct. If the item is still subject to meet and confer, that still would be an obligation. And clearly, the chief indicated the goal is to reach an agreement. But on certain items, if there is a failure to reach an agreement, with the approval of the city council, the city could still move forward rather than going into binding arbitration on certain items, this probably is one of those items.

>> Councilmember Oliverio: Alex, you clearly do need approval of the council, or isn't the chief just allowed that discretion?

>> Alex Gurza: No, although measure B in the charter references the two chiefs that doesn't mean that they themselves can do it. It simply means that an arbitrator cannot make a decision that will impinge on their ability to run operations. The process, however, for meeting and conferring hasn't been changed. You still have to meet and confer and when the city implements on something where there's no agreement it still must come to the city council.

>> Councilmember Oliverio: And remind me did the ballot language say and then the council will approve what the chief thinks is the right thing to do.

>> Alex Gurza: No it doesn't that would be the obligation under the Meyers Milius Brown Act and that did not alter that process.

>> Councilmember Oliverio: Okay I think the way the staffing is now the more opportunities for community service officers and the communities use them as reserves is a good thing. I think when you have a homicide that requires massive saturation of perimeter, you know, that would seem to be a good thing. You know freeing up other officers.

>> That may not be one particular example. There are many others --

>> Councilmember Oliverio: Well you get it though right? You mentioned brushing for fingerprints, right, perimeter.

>> Perhaps not at a homicide but there are a lot of examples where I perhaps get your point.

>> Councilmember Oliverio: You know. Ton backgrounders could those be I thought Councilmember Constant brought this up before. Could the backgrounders be retired San José PD?

>> Would I really like to see that because we have people that have the experience but I wish it were that easy. I don't know Alex you want to address that issue?

>> Alex Gurza: There are limitations on the city rehiring employees that are receiving a pension. In our Police and Fire retirement plan currently we don't have the ability to rehire people that are receiving a pension unless they unretire.

>> Councilmember Oliverio: And even if it's a straight 1099 check with no wages taken out?

>> Alex Gurza: Defer to Danielle but I think that's correct.

>> That's correct.

>> Councilmember Oliverio: But you could hire a retired police officer from any other jurisdiction?

>> Alex Gurza: Yes.

>> Councilmember Oliverio: At least that is something. And then what would you say is the role of the crime prevention specialist when they go to the public and they talk about crime prevention what should they be saying and what should they not be saying?

>> I think each of you have had experience. We have had four highly trained and well experienced crime prevention specialists. They know their communities they're usually on a first name basis with most of the community leadership. We hope that when they come up the general types of information they provide is certainly neighborhood watch how you protect the community. Stranger watch. There are lots of programs we have that

provide great resources for. More than anything they are a touch point and a liaison between the department and the neighborhood. That crime prevention specialist can either reach out to councilmembers, some more than others to be perfectly -- our goal is that you have a personal relationship each of you the councilmembers with the crime prevention specialist in your particular district because reality they are your contact and our contact with the public. What they say, don't say certainly I'm not there to monitor every single interaction but based on the people we have had, and I personally supervised all of those in the 1990s all of the four that are there I have the utmost confidence that what they say to the public is correct and on the rare occasion when they overstepped their bounds or may have said something out of their bounds once it's brought to our attention we raise it to them.

>> Councilmember Oliverio: Not the thing for a crime prevention specialist to do?

>> Again when you are representing the police department as an employee you like to make sure it is a positive message to the community. Certainly if it's not, hearing something implied in that I'd like to hear about it off line.

>> Councilmember Oliverio: Fair enough. Chief if a resident has something stolen from their home and they clearly identified this unique item on the Internet and someone's trying to sell that item and unequivocal it's marked, everything, they were to call the police department say hey I know this person selling it what would that process be like?

>> It depends on the nature.

>> Councilmember Oliverio: Let's say it's over \$500.

>> You're describing one of the solvability factors that I talked about. Generally a property crime with a low value and I say low and that's honest, below \$1,000.

>> Councilmember Oliverio: Got it.

>> We probably would not even be looking at the case. But if you introduce solve anlt factors, I know where it is by tbps, I know it's my neighbor, I watched them take it out those types of things, those things certainly will help us take out whether we will actually take that case on. It sounds counterintuitive haven't, but typically if we can get a case that we know we can make, and in the time that we're going to invest in it is worth it we'll take it. Now it sounds again like there perhaps -- there are going to be cases that this occurs and people are going to complain and I've heard of them and we're able to redirect resources to make that happen. But again we are dealing with constrained resources and we're trying to be judicious in the complaints as I'm sure do you that I wish we had enough to investigate every single crime in this city, we simply do not have that ability.

>> Councilmember Oliverio: Fair enough and thank you very much. I also want to cooperatively eloquently managing you know the current status of things are and explaining you know the propositions that the police must consider in today's resources. Thank you, chief.

>> Thank you.

>> Thank you.

>> Councilmember Constant: Kansen, you had a question?

>> Councilmember Chu: Thank you, chair. First of all I wanted to thank the chief and all the thousand-plus men and women who serve in uniform in the City of San José. Last year was a tough year. I think you held up really, really well. Did more for less, so thank you very much, that include all the reserve. I'm amazed of the number of hours that the reserve put in, in one year. And I'm really, really happy to see that we're adding crime prevention specialist. They working really side by side with my office, in in many of these communities events. They were there and bridging between the police department and the community. So it was really a great great resources to have. With that I have one question. On the verified response program, if -- I know some of the alarm systems, the newly more high tech alarm systems will provide you with some visual or audio verification, would you respond to those alarms that provide you with some audio verification?

>> Thank you for the question Councilmember Chu. That would be an example of a verified response and I've explained at community groups some of the latest incidents in which we've actually caught burglars has been on some of the digital alarms. If some people are not familiar with the digital alarms the way it will work it will page your PDF, your telephone and it tells you there's an alarm and somebody has gotten in the house, you can get online and see the the people. There have been residents that have called us right away, there's someone in my house. Just to give you an idea, one of the issues with alarms, burglars can get in and out faster than we can get there, they're already on, digital two of them come to mind right away the perpetrators were actually all the way down the block in the amount of time the officers were on scene within five minutes. They were already in and out of the house literally that quickly. But what you are describing is a perfect example of a verified response and we absolutely would respond to that.

>> Councilmember Chu: How about providing you with an audio verification you could hear the glass blacking?

>> And they're pretty good about distinguishing between animals in the house and what -- and voices of people who belong there and obviously it's a false alarm. So they do a really good job of self kind of controlling that but absolutely that would be a verified response.

>> Councilmember Chu: Right thank you again for the good report.

>> Councilmember Chu, if I could add something on the verified response that I forgot to mention earlier, we're still broadcasting the alarms we officer may are across the street, or down the block, and even though you know the alarm we wouldn't be responding to it it's out there and all of a sudden it trips and comes out they may end up being in the neighborhood they've so that is another aspect of this.

>> Councilmember Constant: So chief I had a question on the redistricting. Because you mention operating as if three divisions. Is there plans for redistricting or what's the vision there?

>> As I mentioned last year we were in the throes of cutting and typically you try and redistrict every ten years, based on annexations calls for service being redistributed, it is a ten year process or ten year increment when you do it. We're 13 years out so we're well over due. We wanted to get through the hard time before we actually did it. Now is the time to do it. I anticipate we three four months and hopefully be ready for the September shift change if at all possible. If not we'll have to push it into March. But the idea being, when we cut from 52 to 36 lieutenants we are basically operating as three divisions, as far as command structure. Supervision not yet but as we move to a three division model we would see some reductions in the number of sergeants. Not significant because we're still trying to maintain but we're trying to see what the per study comes back with.

>> Councilmember Constant: You are almost there but maybe past .

>> We are we don't want to go below an area where where we really need to be. With lieutenants in a level where we're comfortable. Reduction of lieutenants than we would in the first line supervisors .

>> Councilmember Constant: And regarding the span of control I agree with you on the patrol part. You have made some changes in the supervisors should be supervisors. I know we had unfortunately a celebrated case last year in the sexual assaults unit for lack of supervision and performance in that turned out terrible. My personal preference would be supervisor supervise, don't carry a caseload and you either supervise or you carry a caseload, whether it's a sergeant or officer that there's not a combination of things so we have adequate supervision. Do we have any opportunities for regionalization? We talked about that briefly last year have you begin any thought to that?

>> We have. In fact I've given it quite a bit of thought. With respect to communications I know there's a movement afoot in this county to see if it makes sense and I think it does. Both the fire chiefs and the police chiefs have said that's a logical time consider how you dispatch center in the county and quite frankly I feel it's the best. We pay a lot for it, you pay the right ches a lot for it. what we do. I think that is probably five to ten years out in this county if not sooner. With respect to law enforcement agencies and fire departments. I think you are more likely to see fire boundary droches and those types of relationships sooner than you see law enforcement. But I can see a day it

may not -- it won't be in my career, I tell what you there are counties and I mentioned this before back East that they are county wide police departments, not sheriffs departments but police department, Arlington, prince jornings county a lot of the efficiency of having one county government one prosecutor's office you could have one police department. I know I've shared this with some. We have a brand-new substation that could certainly serve the entire south end of the county as a major facility but again that's something for much further down the road. A lot of the spaller agencies I've had this ceferlings with the county chiefs this queer? Probably not inclined thich for political reasons to even entertain it. As we're expensive and everybody knows public safety is expensive that may be one opportunity for it.

>> Councilmember Constant: Great. And then on the reserves I appreciate the movement in the reserves. What efforts if any will you be taking to utilize reserves more as solo officers like other departments and agencies like in Southern California and other parts around the bay?

>> We have to be careful just because the way the law has changed now that a lot of the reserve officers, all the reserve officers now that come on as reserves have to go through a full police academy. In the old days if you might recall you might be able to get through an 832 and serve as a level two or level 3 reserves. If you go academy you do enter the area of taking up bargaining unit work with in effect volunteers. It is a discussion that we've had with them that it's been indicated to us that certain the POA is staunchly opposed to. It's not an area this last year that we wanted to take on with everything else but it's a discussion that we're having with them and you know I see that as a possibility. But right now, it's now partnering enough. We get great benefits and we have agreement to do this where we have officers working happened in hand. You have a two person car, that is a great resource and goes without objection. That's where my plans are now. Doesn't mean we'll not look at it in the future. But I take what we have now and be grateful.

>> Councilmember Constant: I think we should be expanding. L.A. county got nationwide attention L.A. county and L.A. PD have very efficient and productive reserve units that augment significantly. My final question would be Sharon if you wanted to add anything given again that you started this with your audit. The instying eater.

>> Sharon Erickson: I'm afraid I didn't start this but I would like to make a incumbent of comments because there was reference to two of our audits we did two audits in 2010. The first was span of control and the second was civilianization or they may have been in a different order. And first I'd like to commend the department for their movement on civilianization. I did want to point out that we had identified 88 positions. Now some of those have been eliminated. The department's made great strides in civilianizing what we understand is 15. But there is more work to do. And they're going to need all of our support in order to push that through. But I'm thoroughly convinced that our sworn officers really do need good, trained civilians to back them up. The second thing though was span of control. And I just wanted to caution that when we looked at span of control we found San José PD's span of control overall was 1 to 4.5 compared to targets of 1 to 6 or 1 to 10 in some other jurisdictions. The dollar magnitude of that difference was 15 to \$30 million. So I just wanted to caution that I think this is something we need to keep discussing. Because of the potential dollar savings. And we need to give careful consideration. The department's conclusion in the memo which was a little dprircht what I heard today was that the current span of control is acceptable and that the department staffing model works for our city and allows us to function at the desired level. I think this is something we need to continue to look at. And from my perspective, I just wanted to say that acceptance of today's report doesn't mean that the audit recommendations will be dropped. My department will continue to discuss these issues with the police department, much to their chagrin, and in our next follow-up report in March that I was getting, our next follow-up report in March we'll also provide an update on this. I hope that we will see some changes in the budget next year.

>> Councilmember Constant: Thank you. Any last comments or questions from the committee? Do I hear a motion or anyone from the public like to speak? Motion on the issue.

>> Councilmember Nguyen: Motion to accept the report.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: Motion to accept the report, that doesn't change the audit recommendations. All in favor? Any opposed? Thank chief, your final one I think as public safety communications initiatives update. If you

have any the other -- I see the other Chris here. While Chris is -- Chris Godley is making his way to his seat I'll just update on SVRIA, Councilmember Oliverio and I both sit on that committee or board whatever you want to call it and we have on February 1st our first joint board meeting with the working committee, and the board of directors to build a better relationship between the two. to better understand the roles of each and to figure out our game plan going forward. And I think that's all we have at that level and Chris or Chris, it's all yours.

>> Good afternoon, Mr. Chairman, members of the committee I'm Chris Godley director office of emergency services. Briefly on interoperable services, first as regards BayRICS, the Bay Area BayRICS JPA voted to approve it's systems funding plan as well as the build own operate maintain or boom agreement with Motorola. In accordance with the council's unanimous direction from December 14th San José's representative voted no on both these items the systems funding plan passed on a 9 to 4 vote with San José, Santa Clara County, Marin county and Oakland each voting no. The boom agreement with Motorola passed on a 10-2 vote with San José and Santa Clara County voting no and Oakland abstaining inadequacy of the future cost and the lack of surety about coverage, performance and future compliance with FCC regulations. JPA members now have 90 days until April 19th to withdraw from membership in the JPA without penalty. San José is evaluating the potentiality cost and benefits of these decisions and report to the safety committee in more detail in the next two months as we complete our assessments. As regards to spectrum associated with BayRICS, the amended FCC waiver was filed last month and the public comment period close closes on January 30th San Francisco Oakland and San José will remain the waiver holder but will assign the lease to the joint powers authority. Staff is coordinating with Oakland to identify continuing obligation and potential liability issues as waiver holders as well as the potential contractual vehicle for signing the lease to the JPA. In terms of the BayRICS system the Motorola system will be filed on have firmly notably this will not include the City of San José or the county of Santa Clara County sites. And then finally the Department of Commerce inspector general released a report earlier this month which has been circulated to the mayor and council which commented on the initial concerns, questions, and areas of significant interest as regards the initial awarding of the B top grant. Just to summarize the inspector general's report does in essence vindicate those concerns that were presented to the Department of Commerce and the secretary over a year ago. So we -- it was good timing for the report to come out however it did not weigh heavily on the decision made by the JPA to provide with the assistance funding plan or the boom agreement. In terms of a larger picture the

700 megahertz spectrum is of increasing interest here. Nationally I'd allow the chief who has taken the lead on this not just for the city but for the law enforcement officers nationally to comment on its current status.

>> Thank you Chris. Mr. Chairman, members of the committee, Chris Moore Chief of Police. To echo what Chris just mentioned the City of San José and the county of Santa Clara in particular raised some significant questions when Motorola first got the \$50 million B top grant. I was very, very concerned as was many of the people on both the city and county side but when you're taking on a federal bureaucracy and trying to stop a train literally what it was coming down a track it was very, very difficult. It was that important and I'm grateful for the city, particularly the mayor's office, Michelle McGurk, the local the BayRICS projects is moving forward. We have chosen as a council direction not to participate in the boom agreement but again that can change or can step out of it so we're protected. On the national level I can say this I lead the chaired that several years ago. You've read a little bit about my travel. Unfortunately that's been associated with that but we are literally hopefully and I've heard this before weeks away but any time you're dealing with Congress it's never weeks away, it's years away. But the reality for us is we are part of the package the payroll tax extension that was passed for two months with all the wrangling right before the beginning of the new year. They have two months to make it a full year program and the pay for, for that it's billions of dollars in text extensions, Medicare lots of things but it also includes money for bay Area would be a key player. And because of our effort not only my own but Chris's and Michelle answer and many other people in the Bay Area, we are going to west Coast my hope is that this payroll the house version and the senate version which there are some differences and some of them that are very, very of concern to public safety particularly in the house side but if they can reconcile those in the conference committee that is meeting literally for today and has been for the past couple of days if they can do it and get it passed by the end of February we will have nationwide at least the money for and the spectrum for and the governance nor a possibilities for us it's cameras it's lots of things that we will be able to track is criminals it will be able to allow firefighters blueprints for emergency trauma rooxtion those types of things. It's wide-open. The key is we'll know in the next four weeks. But as that is the want to tell me I've heard that before, so he's right. I wait to see what happens, I hope be civil and hopefully tell you next meeting that we have a nationwide network. Chris, any other questions I'm happy to answer.

>> If you have any questions.

>> Councilmember Constant: Great we'll look forward to next month hopefully getting the good news. Any questions? No quis. Anyone from the public? Motion to accept the report.

>> (inaudible).

>> Councilmember Nguyen: Second.

>> Councilmember Constant: Motion and second. All in favor, any opposed, thanks. So we are going to mooch into all the auditors reports but as you are making your way down here we're going to see if we have a motion on item D-one the Redevelopment Agency monthly financial statements. We have a motion. Do we have a second?

>> Councilmember Oliverio: Second.

>> Councilmember Constant: Anyone here like to speak on that item? All in favor, any opposed, that carries. So now we have four auditor reports. Sharon and your team, coming on down You can take these in any order. Steve, I know you have done a lot of work for the city. You came in on an interim basis as we transitioned from one City Auditor to the next and as a glutton for punishment you tad and you stayed quite a while. I know Sharon appreciates the work that you've done but I want you to know I personally and the committee as a whole appreciate the work you've done and the follow-through to make sure that the transition went really smooth not only for Sharon but for the rest of the comeament and thank you very much and enjoy your real retirement at this time.

>> Sharon Erickson: Thank you Steve and thank you chair constant. The first item I'll address is our monthly report of activities. I forget which item on the agenda it was. I believe it was item 5, okay. We issued a couple of reports during the month of December, including our service efforts and accomplishments reports. We did take the report to the city council, the service efforts and accomplishments report. We also provided copies at the

recent Saturday budget study session to a number of community leaders and did I want to point out for members of the public that report is available in our office or on the web. It does provide basics about city services, your cost, where your tax dollar goes. So I always like to put in a plug for that report. Also, we have several assignments in process. You have three of those audits on the agenda today. We'll have a few more coming up. And again, I also if I could wanted to take a minute to thank Steve Hendrixson, who assumed the role of interim City Auditor once I got here and assumed the role of deputy City Auditor, once I came in 2008. Steve's made a number of contributions to the functioning of our office and to a variety of audit projects. Some of the ones that stick out in my mind was the audit of disability card room and of course Team San José and me and my staff want to thank him for everything he has done, he will be missed and for that I'd ask for acceptance of our monthly report.

>> Councilmember Constant: Before we take that motion, I just want to say, the service accomplishments report, I take a number they really appreciate it. It is a report that is easy for anyone to understand where their tax dollars are going. And how, how they're coming back or how they're not coming back depending on how you perceive the response. Any comments on this particular item?

>> Councilmember Nguyen: Motion to accept.

>> Councilmember Constant: We have a motion to accept the report and a second. All in favor, all opposed that carries. Now we're going to move into the most exciting audit of the year. The audit of office supply purchases.

>> Sharon Erickson: This is the audit of office supply purchases. Let me say that when I assigned Jasmine Leblanc, I think she thought the same thing. We buy about \$1 million a year in office supplies. It was about 80,000 items in fiscal year 2010-11 and Jasmine was really excited to look over discounts. Well, in fact we found that we had not achieved the discounts that we thought we were going to achieve. And with Mark Jove neat's help, the city did receive a check from office max, tomorrow, we will be receiving a check from office max, the \$166,000 to correct the problem from last year to make sure we do get our appropriate discount. I also wanted to point out that in reviewing citywide office purchases we also found a number of toner and paper purchases that were not in

compliance with the City's environmentally preferable procurement policy. Say that fast five times. And that cost the city at least \$68,000 more than their environmentally preferable alternatives. The finance department had previously estimated, for example, the city could save approximately \$300,000 by forwarding more of our printing to the Reco printer copier fax machines that the city already rents. The report includes 5 purchasers to save money while buying the most environmentally preferable office supplies available. Office max has agreed to work on their Website with city staff and with that I want to thank the city department, the finance department procurement dwifs and I want to thank office max for their time and assistance in doing this dpawt. Criminally thank you very much. I know we have plenty of places to spend that \$one 65,000. Any questions or comments? Good work, thank you very much. We have a motion to accept the report.

>> Councilmember Nguyen: Motion to accept the report.

>> Councilmember Constant: And a second. All in favor, any opposed, that carries. Thank you very much. We'll now move into audit of Team San José and convention and visitors bureau performance for 2010-11.

>> Sharon Erickson: So since 2004, the San José meern convention center and several other facilities have been operated on the City's behalf by Team San José. Under the terms of the management agreement between Team San José and the city, the City Auditor annually audits Team San José's management of the facilities with a focus of whether or not they achieved their agreed upon performance goals. For 2010-11 we also included a review of Team San José's convention and visitor bureau efforts. The conclusion is one that you've heard before and it's good news. After significant cost-cutting Team San José's operation of city facilities resulted in improved financial results for 2010-11. There was a slight difference in the way we calculated the gross operating loss, as compared to what's been previously calculated. But regardless of how that number is calculated, Team San José met its 2010-11 target for gross operating loss. Team San José also met seven of its nine performance targets in fiscal year 10-11. There's detail in the report if you'd like to see that detail. Overall, Team San José achieved a performance score that earned them the maximum incentive fee of \$350,000. In our review of CVB expenditures, we realized that CVB operates under a separate agreement with the City of San José from the rest of convection facilities. In 2010-11 Team San José received to support those activities. Which includes sales, marketing and

public affairs. Although it operates under a separate management agreement, we found that CVB's performance goals are clearly aligned with Team San José's overall performance goals. For example, the sales team generates sales leads for convention center business, and attends trade shows around the country, as well as conducts familiarization tires for meeting planners who are interested in holding a convention or meetings in our convention center, or at a San José hotel. Since the primary effort of the CVB are geared towards achieving the goal of booking conventions, trade shows, conferences and other events at convention center and area hotels, we see no reason to continue keeping certain aspects of CVB's operations separate from the operation of the convention and cultural facilities. So we're recommending that the management agreements be consolidated into one agreement when both agreements expire in 2014. I want to thank Carolyn 1 and Steve Hendrickson of my office who worked on this review also the city administration there were a number of players of course in addition to the management staff of Team San José, folks from the finance department, the Office of Economic Development, city attorney's office, City Manager's budget office are all involved in this oversight effort and I believe it's fair to say it's paying off. With that the city administration and Team San José's response is shown in yellow pages, I believe Lee Wilcox is here as well to answer any questions.

>> Councilmember Constant: Lee, do you have anything to add or just there if we need you?

>> Just here to answer any questions. City administration per our response and Sharon's audit does agree with the recommendations will be moving forward with implementing those over the course of the next few months.

>> Councilmember Constant: Okay any questions or comments from the committee? Anyone here like to speak today on this item?

>> Councilmember Nguyen: Move approval.

>> Councilmember Constant: We have a motion to accept, second? That was a second. All in favor, any opposed? That carries, thank you again. And we'll now move into our last audit item and second to the last item on the agenda. Audit of I.T. general controls. Welcome Vijay.

>> Thank you, councilmember.

>> Sharon Erickson: So we have Vijay Sammeta here director of -- are you director?

>> Acting director.

>> Sharon Erickson: Acting director. I'm not authorized to declare him I also Catangale mandricar it is something that we have been meaning to do for a long time in my office and finally got around to doing it. And I'm glad we did. We found that the city does have data security vulnerabilities that need to be addressed. There were weaknesses in internal controls over the City's network that were identified in a 2008 information security audit that was commissioned by the I.T. department that need to be addressed. Some of those things include regular reviews of access to the City's network, user name and password controls, increased accountability by third party vendors that handle credit cards and personally identifiable information, for city employees and our customers, and guidance to city departments and credit card and other personally identifiable information. Finally we're recommending that I.T. needs to -- needs internal and external policies and procedures that standardize, and make procedures consistent citywide. Our second issue was the backup process. For many of our systems is inconsistent. It's also really resource-intensive. Backups are the copies are data and systems that can be deployed if the primary data or application is unavailable. ITD, the I.T. department has unwritten backup process and retention schedule. We found that the process was not always being followed. It is our understanding that this is since been corrected. That data is now being sent offsite in accordance with I.T.'s self prescribed time lines. To address the issue though of backups we do recommend tighter adherence to I.T.'s own internal process. We recommend additional outreach to end users, and development and implementation of a formal documented backup process. Third, the city does not have a disaster recovery plan for its information technology. Disasters are events that threaten the available of our data or infrastructure network pow outages, network failures, data corruption, hacking attacks are the kind of things that we worry about. We want to point out that the plan needs to be developed and that it should be tested. Fourth thing was that IT should improve its inventory practices. We know this is a resource-intensive area but it is very difficult to track I.T. expenditures across the city because of

the way that they're coded, and I.T. doesn't really have a centralized inventory of all technology assets. Recent citywide staffing reductions have resulted in potential underutilized computer equipment and software. So a couple of things that we are concerned about, as I.T. has actually proposed, is to centrally install software packages so we don't run into the issue of having 6500 licenses when we only have 5700 employees. And we also recommend that ITD develop distribute and implement a citywide policy for securely decommissioning computer equipment. Finally, we could not help but note that many of the City's computer systems are outdated, and need to be replaced. The City of San José's located in the heart of Silicon Valley. But as the way we put it in our report, we're operating with 20th century technology. Some of the City's main enterprise systems, operating systems and software applications, are operating well beyond their life compts, those peopleSoft personnel system, our PC operating systems, and our budgeting system. Given scarce funds being, we recommend the administration review the age of these critical computer applications and determine the replacement schedule and budget for the highest-risk systems before it's too late. And with that I want to thank the I.T. department, especially, for their cooperation during this review. It's never easy to have a bunch of novices come into your department. But I do think that that's the value we add. We ask the stupid questions of the people who really know the answer. So I want to thank them for keeping our computers up and running, in spite of all of this. And wish them well, and we're right behind them as we try and figure out how to fund the improvements that we need to make to these systems.

>> Councilmember Constant: Thank you. Vijay, do you have anything that you'd like to add?

>> Well, thank you, Councilmember Constant. Vijay Sammeta. Wow I information technology department. I'd like to thank Sharon Erickson and staff for you know daylighting the issues. As we kind of go through a number of years of reductions and -- things start to become routine, you start to forget that sometimes doing so much more with so much less hits a tipping point. And I think what the audit results really show is, you know, we've spent just many years, not just even the last ten years but maybe the last couple decades underinvesting in technology and what that's led to is a bunch of manual processes, great deal of reliance off staff time that could be better served in other areas. Just to do the bread and butter of I.T. Around as you know Sharon Erickson's audit points out even fa that is starting to now fail. You know to her point the staffing reductions in the place where we've done the 2008

audit, or the 2010 management partners report, we have seen steep reductions in the I.T. department, since that time. In addition, we've seen sharp increase in workload. We've seen departments who look at their own business models, and want to automate that and they turn to technology as a means to bridge their own gaps. I say bad budget makes for good partners in I.T. We take our own staffing cuts along with the rest of the organization. So I think what you'll see kind of going forward in this year's budget process, as we work with the City Manager's office, the rest of the directors, and quite frankly my own staff, is you're going to start seeing budget proposals coming forward that are the I.T. department we want to see for the future as opposed to tying budget proposals, so tightly to trying to sustain what is, you know, a very labor intensive process. So that's really all I have for the audit report. You know, the yellow pages, and the date report represent the I.T. department and the managers office response. So with that I'm open to questions.

>> Councilmember Constant: Well, thank you and Vijay, thanks for your work. I know that we as a council have not made your job very easy. We've every budget session since I've been here I've seen the I.T. technology reserve go away. And less and less attention to the I.T. infrastructure. We've had discussions with it, but we haven't -- about it but we have not had discussions about funding it. I know this is a fundamental issue and this spot lights the issues that we need to look at and continue to address. But what I want to make sure you know is we do appreciate how you still make everything work. And I know every time we've had an issue in my office, or the departments that I've talked to, it gets dealt with even though you don't always have the resources to do it. Any questions or concerns from my colleagues, Kansen and after Kansen Pierluigi.

>> Councilmember Chu: Thank you, Mr. Chairman. I just wanted to thank Sharon and the I.T. department for your hard work. I juts want to say data security coming from high tech business, that data security is very close to my heart. It is very important. I'm hoping that next year and the future year we'll be able to allocate some resources to address this bread and butter problem. Thank you.

>> Councilmember Oliverio: Thank you chair. Vijay I really appreciate the comments about trying to belt the I.T. infrastructure of the future. I think under funding it will in the past we have sort of in the past sort of gone to larger confidence and legacy systems at a massive investment when there were other alternatives. You at the helm

have given a thankful of that. In comparisons to other cities Vijay if I believe correctly we spend somewhere less than 1% of the General Fund on technology. Can you give me an idea other cities what they're spending?

>> Yes, we are spending 2.3 currently.

>> Councilmember Oliverio: 2.3 pictures of the General Fund.

>> 2.3% staffing levels. Sharon updated --

>> Councilmember Oliverio: 2.3 of the budget is spent on.

>> Sharon Erickson: We have about 2.3% of General Fund staffing is dedicated I.T. staffing. That includes the I.T. department, as well as dedicated staffing in other departments. So that's the full number. The recommended level is more like 3 to 5%.

>> Councilmember Oliverio: So and then Vijay or Sharon when you are looking at things you need to procure to -- for I.T. staff to manage, i.e. a piece of software hardware, a pees of software, is there a correlation?

>> We just finished a managers report in 2010 and when they benchmarked us consequence power peers, in order to give simple parity to the benchmark players, I forget the exact cities fopped off the top of my head, it was to the I.T. budget, I think the challenge is to answer Councilmember Constant's statement, it's you know while you certainly wouldn't want to have my job you guys certainly make a lot of tough decisions as well. And I think when we look at these systems that are really, really old we need to kind of take the step back and look at our total cost of ownership and you know typically what we're finding is aa 25-year-old financial management system just isn't meeting the needs of the organization. And when we look at things like staffing hardware, software and licensing not just what we paid the vendor, but what does it take to really run the system. And then we start adding on things like well all the other smaller shadow systems that make up for the fact that the system doesn't really meet our needs, we are spending that money to move to another financial system. It's just deep within the

organization. So you know when we talk about that kind of I.T. spend I think we probably need to take a step back and look at what our total cost of ownership on those things are. And nowadays the cloud economics, it's a different model than what we would have traditionally seen. Just my own personal opinion and thank you for the confidence Councilmember Oliverio, I'm not sure that the idea of a large ERP in our organization makes a lot of sense based on the way the industry is right now. So I think there are just cheaper alternatives out there and you know it's a good opportunity. I'll say the good news is we haven't sunk a bunch of money into a large ERP. But to Sharon's point is the bad news is we need to start to do something.

>> Councilmember Oliverio: As you mentioned we haven't invested those moneys and those are millions and millions of dollars if you want to go the old route, and the new route, the cloud, allows you to pilot it for very little effort andly cost. That's the broof cities comparable to us or --

>> Yeah I believe it's roughly half if I remember the management partner's report correctly. And there's a difference in breakdowns from obviously nonpersonal versus personal managers.

>> Councilmember Oliverio: Thank you.

>> Councilmember Constant: Alex you had something to add.

>> Alex Gurza: Yes Alex Gurza, Deputy City Manager. I just wanted to take the opportunity to thank Sharon and her staff one of them and unfortunately we face them in other areas. I also wanted to take the opportunity to thank Vijay and his staff. We all do take it for granted as we said earlier, we all come to work and our computer's on and there's e-mail. They do a very good job considering the resources. Thank you.

>> Councilmember Constant: We've had a lot of turnover at the top of the I.T. department and I think we're being well served now and I hope for a long, stable leadership. With that do we have a motion on this issue?

>> Councilmember Nguyen: Move to accept the report.

>> Councilmember Oliverio: Second.

>> Councilmember Constant: We have a motion and second. Anyone like to speak on it? All in favor, all opposed and that carries and just for the clerk all of these have been cross -- referenced to the council I'm sure you knew that's what we meant. Thank you Sharon and your team for another bunch of great audits. Our last item with less than 13 minutes left. To you, Mr. Gurza, workmen's compensation reform.

>> Alex Gurza: We will be much less than 13 minutes left. We did want to provide you with a verbal update on workers compensation reform. We do have a brief presentation. At last committee's meeting you approved our framework for reform, 13 items. I said then, we are injury prevention all the way through disability retirements and everything in between. The next slide, illustrates the slide you've seen before which are the workers compensation costs, clearly we all know they are rising and they are significant. 70% of the costs are in two departments which are Police and Fire pharmacists. And of the total cost 87% come out of the General Fund. But not only do we need to look at this because of the total cost especially considering reduced resources but when we think of what they represent, workers compensation cost are because city employees are not able to come to work because they filed claims through work related injuries and illnesses. Looking at simply dollars and cents they are employees who are not able to be at work where they want to be reduced resources. The next slide show there are key understandable reason begin that the work that they do. So we just listed here the top departments in terms of cost by department. So besides Public Safety, you have PRNS, Department of Transportation, airport, and the environmental services department. So next we wanted to give you an update on items that we have already worked open since the last month which is one to establish a workers compensation reform focus group which essentially the idea is to assist with the framework and provide us with feedback on the changes as we make them. And we're focusing on those departments that you saw before and a couple of others representatives from those departments that will meet with us and giving us feedback and ideas as we move forward. And we've already established that team and we'll be meeting for the first time in early February. So another of the item was an RFP development, which was in the memo that we presented to the committee last month. And as we mentioned in the memo, the RFP or our idea of the RFP is not simply claims administration but

to go out to the market for items that we already outsource such as bill review, utilization review and medical administration. At last month's committee meeting the committee also included legal services as part of that. We have met with the City Attorney to talk about how that will go forward, whether it will be a separate RFP or part of this RFP and we will be continuing those discussions with the City Attorney. But we have made progress with the RFP and we expect it to be put out before we meet with the committee the next month. Next slide. The next step is to meet with a focus group and to come back to you next month and to continue to provide you updates on our progress. Where that that's the end of our presentation.

>> Councilmember Constant: Questions, comments concern Jennifer anything to add? Motion to accept the report?

>> Councilmember Nguyen: Motion to accept the report.

>> Councilmember Constant: Second? All in favor, any opposed, that carries, no one here from the public to speak so we are adjourned. Thanks everyone.