

STATE OF CALIFORNIA
COMMISSION ON
PEACE OFFICERS STANDARDS AND TRAINING
FINANCE COMMITTEE MEETING



TIME: 10:00 a.m.

DATE: Wednesday, February 27, 2013

PLACE: Sheraton Garden Grove, Anaheim South
12221 Harbor Boulevard
Garden Grove, California 92840



REPORTER'S TRANSCRIPT OF PROCEEDINGS



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A P P E A R A N C E S

POST COMMISSION FINANCE COMMITTEE MEMBERS PRESENT

RONALD LOWENBERG
(Committee Chair)
Director
Criminal Justice Training Center

JAMES P. McDONNELL
Chief
Long Beach Police Department

SYLVIA MOIR
Chief
El Cerrito Police Department



POST STAFF PRESENT

BOB STRESAK
Interim Executive Director
Executive Office

RICHARD REED
Assistant Executive Director
Executive Office
Administrative Services Division

ANNE BREWER
Bureau Chief
Training Program Services Bureau

DARLA ENGLER
Bureau Chief
Administrative Services Bureau



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Wednesday, February 27, 2013, 10:00 a.m.

Garden Grove, California



(Gavel was sounded.)

CHAIR LOWENBERG: Okay, I'd like to call to order the February 27th, 2013, Finance Committee meeting.

If we could recognize the members in attendance.

Do we want to call roll, or just have them identify themselves for the record?

Okay, Ron Lowenberg, Chair.

We have commissioner Jim McDonnell here. Chief Sylvia Moir is here.

I believe that's the extent of the Committee representation today.

In light of the ongoing tragedies in California law enforcement and the loss of peace officer lives, I think it's most appropriate, considering what happened in Santa Cruz yesterday, to just take a few moments of recognition of those losses with a moment of silence, please.

(Moment of silence.)

CHAIR LOWENBERG: In that vein, might I please ask our Interim Executive Director to bring to our attention -- although we don't necessarily need it to be brought to our attention -- but the number of lives that have been lost in California law enforcement since the

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1 first of the year.

2 MR. STRESAK: Thank you, Mr. Chair.

3 I was commenting that in the last thirty days we
4 have lost four officers and several injured. And,
5 obviously, it's an unwelcome trend. I'm a little bit
6 concerned that the Dorner incident may have empowered
7 more people to challenge officers in the field nowadays.

8 More significantly is that our challenge or the
9 challenge that we face in the field is unrelenting and
10 the last 30 days clearly illuminates how unrelenting that
11 is.

12 And that only should drive us to be more unrelenting
13 in our efforts to keep officers safe, keep our
14 communities safe, and provide the best possible training.

15 Thank you.

16 CHAIR LOWENBERG: Thank you, Mr. Executive Director.

17 Okay, moving on the agenda, Item Number 1 is the
18 financial report. I believe Dick Reed is prepared to
19 give us the details.

20 Dick?

21 MR. REED: Thank you.

22 The first report under the finance report is the
23 revenues by month. And a synopsis on page 2, hard copy,
24 will indicate that we are about \$1 million short of our
25 projections and of what we received last year at this

1 time. However, the money that comes to us through the
2 Controller's office is cyclical and that could remain
3 the trend or we could catch up all of a sudden for
4 unexplained reasons.

5 Again, these are revenues that come to us through
6 the Controller's office.

7 So this is kind of a "so far, so good" scenario.
8 We're doing fine with the revenues that we have. Our
9 spending authority remains unchanged.

10 So we're halfway through the fiscal year; and the
11 only significant thing I would point to is the fact that
12 the defensive driver training fund customarily would get
13 \$14 million from that each year. But the Controller's
14 offices does not accrue that to us until the last three
15 or four months of the year. So that column remains blank
16 right now, but we will catch up. It's in the Governor's
17 '13-14 budget; so we don't anticipate that not coming
18 through. It's important dollars for us, of course.

19 So we're anticipating ending up approximately where
20 we were last year in terms of revenue, maybe slightly
21 down. And that's interesting because we keep hearing
22 that the economy is rebounding; but yet our revenues are
23 still down. So I'm not sure what's up with that. And
24 maybe the Controller can explain that to us at a later
25 point; or maybe by the end of the year we catch up.

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1 The next report under the expenditures -- or the
2 finance report for this year is the number of trainees
3 reimbursed. Right now, we're trending to reimburse more
4 than twice the trainees that we had last year, which is a
5 good thing.

6 Right now, we're trending towards about 40,000 to
7 45,000 reimbursable trainees. And this is for
8 reimbursable training only. It doesn't include any
9 telecourses and online courses that your staff may take.
10 So the numbers are starting to come back a little bit.

11 The course reimbursement amount, we're more than
12 double the amount what we reimbursed to this point last
13 year. We like to see that as well because we do have
14 plenty of money.

15 And the last category, of course, is reimbursements
16 by category. And the most significant increases in that
17 area for this year, are the resident subsistence is more
18 than double than what it was at this point last year; and
19 backfill is about three times what it was last year. So
20 it looks like our client base is coming back and taking
21 advantage of our programs more than they were able to
22 when the economy was kind of in the doldrums.

23 We're hearing that people are able to hire officers
24 back, agencies that have made cuts. So we think we're on
25 an upward trend.

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1 Any questions on our existing year finance report?

2 MEMBER McDONNELL: Yes, Jim McDonnell. Just a
3 couple -- and I don't know if this is the appropriate
4 place or maybe further down the agenda -- but the issue
5 of reimbursements and payments to our instructors in the
6 various courses we have, I know we're behind on that.
7 You mentioned that we're relying on the Controller's
8 Office to be able to figure some of this out.

9 But is this a place to address that issue?

10 MR. REED: Are you speaking about our contract
11 courses?

12 MEMBER McDONNELL: I am.

13 MR. REED: Executive Director Stresak is going to
14 have a presentation. That's going to be an add-on.

15 MEMBER McDONNELL: Okay.

16 MR. REED: That's a new business item on this
17 agenda.

18 MEMBER McDONNELL: Very good.

19 MR. REED: We want to specifically address that.

20 CHAIR LOWENBERG: Okay, anything else on Item 1?

21 *(No response)*

22 CHAIR LOWENBERG: Any other questions or comments or
23 concerns from Committee members?

24 *(No response)*

25 CHAIR LOWENBERG: If not, we'll move on to

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1 Item 2, report of expenditures for fiscal year 2012-13.

2 And I believe Darla is prepared to report on that.

3 MS. ENGLER: This document shows in the left-hand
4 column what we were budgeted for 2012-13, and the
5 right-hand column shows what we actually are spending.
6 And that shows us with a balance of almost \$5 million.

7 However, financial impact items are going before the
8 full Commission today; and if they are approved, it will
9 take our balance down to about 4.6.

10 We're in good standing right now.

11 Does anybody have any questions?

12 *(No response)*

13 MS. ENGLER: Thank you.

14 CHAIR LOWENBERG: Moving right along, Item 3, review
15 of new expenditure items on our regular Commission
16 agenda. There are three listed.

17 And again, staff is prepared to report out on any or
18 all of these.

19 And, of course, after our discussion, if we have
20 one, it's appropriate for a motion to support our
21 recommendation to the full commission at tomorrow's
22 meeting.

23 So let's start with Item E.

24 Do any of our committee members want a full report
25 on Item E?

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1 (No response)

2 CHAIR LOWENBERG: If not, how about Item F?

3 (No response)

4 CHAIR LOWENBERG: I realize that we've all had an
5 opportunity to review the material.

6 And Item I?

7 (No response)

8 CHAIR LOWENBERG: We're okay?

9 MEMBER MOIR: We would like a report on "I."

10 CHAIR LOWENBERG: "I"? Item I.

11 Executive Director Stresak.

12 MR. STRESAK: Thank you, Commissioner.

13 I'm going to just open with some introductory
14 comments. And I'll call Bureau Chief Anne Brewer up to
15 explain any further details.

16 One of the efforts that we initiated in the last
17 few months is to evaluate the component of adding more
18 critical thinking to our training programs, and to
19 elevate the level in the classroom. Perhaps the
20 investigative side might be a good place to establish a
21 beachhead for this idea.

22 We've already begun to incorporate more critical
23 thinking into the Instructor Development Program.

24 We embarked on a pilot program using Oakland Police
25 Department, given their current environment, and to

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1 identify select members of the Oakland Police Department
2 and deliver the critical-thinking pilot program. And
3 that was met with a level of success.

4 We'd like to move forward with initiating a contract
5 to incorporate this, and to make this more a part of our
6 menu in Training Delivery.

7 If you have no other questions, I won't call up
8 Bureau Chief Anne Brewer. But if you'd like further
9 detail, she can provide it.

10 MEMBER McDONNELL: Yes. Let's hear it.

11 MR. STRESAK: You would?

12 MEMBER McDONNELL: If we could, yes.

13 MR. STRESAK: You'd like to hear her?

14 MEMBER McDONNELL: Yes, please.

15 CHAIR LOWENBERG: Anne?

16 MS. BREWER: Good morning.

17 CHAIR LOWENBERG: Good morning.

18 MS. BREWER: Anne Brewer, bureau chief, Training
19 Program Services.

20 I'll just provide a little additional information.
21 And then if you have questions, I'd be happy to answer
22 those.

23 This is a pilot project that will provide for the
24 training and the development of an Oakland Police
25 Department critical-thinking instructional team that will

1 be able to sustain critical-thinking training as an
2 ongoing curriculum throughout their organization.

3 Oakland Police Department instructors will focus on
4 increasing critical-thinking abilities to ensure these
5 skills are used with the public and the salient points
6 are captured and adequately articulated in their police
7 reports.

8 By infusing critical thinking within their teaching
9 curriculum, this has the potential of being a highly
10 valuable and effective method towards enhancing the
11 overall thinking skills of our public safety
12 professionals.

13 This pilot project will be assessed by POST for its
14 quality and effectiveness, and thereafter, analyzed to
15 determine the value and feasibility of infusing
16 critical-thinking training throughout public safety
17 curricula statewide.

18 This pilot would entail offering several of the
19 courses to all of their current staffing, and then
20 continuing into their training academies.

21 Oakland Police Department has agreed to match
22 funding for the expenses necessary to sustain a budget
23 for this pilot project.

24 MEMBER McDONNELL: I have just a couple of quick
25 follow-ups.

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1 On what level are we going to eventually get to the
2 academy training? Are we going to start at the higher
3 levels of the organizations or mid-management or...?

4 MS. BREWER: They've already started doing a couple
5 pilot courses at the executive level. They met -- they
6 were very well received. And so it would trickle down,
7 and then eventually into the academy, would be the plan.

8 MEMBER McDONNELL: And what are the measurable
9 outcomes?

10 MS. BREWER: Well, that is still to be
11 determined. It's our goal to measure the effectiveness
12 of it. And if it is effective, then consideration would
13 be taken to implementing that or infusing that into
14 curriculum throughout the state, at the academy level.

15 MEMBER McDONNELL: Okay. So it would be based on
16 feedback from the participants, as far as outcomes?

17 MS. BREWER: Feedback and performance measures.
18 Again, those are to be determined. We're still at the
19 preliminary stages at this point.

20 MEMBER McDONNELL: Okay.

21 MR. STRESAK: You're right on the -- you're on the
22 right track. Hopefully, we'd like to instill a
23 critical-thinking process into the basic course, to
24 address a higher level of taxonomy of learning. And
25 ultimately, it would be evaluated at that level, in the

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1 FTO program.

2 MEMBER McDONNELL: Okay.

3 MR. STRESAK: And so those agencies participating in
4 that willing to move forward with the development of that
5 curriculum, that would be the first step. And we would
6 be guided as the program evolves.

7 MEMBER McDONNELL: Okay.

8 MEMBER MOIR: So, Chief Brewer, who are you going to
9 assemble to come up with the measurement strategy?

10 MS. BREWER: That would be through our Research
11 Standards and Evaluation Bureau, with the assistance of
12 Bureau Chief Bryon Gustafson, and then also with our
13 current critical-thinking instructors that already teach
14 within the Instructor Development Institute.

15 MEMBER MOIR: And so for clarity, is the goal to
16 stay within Oakland Police Department or then bring it
17 outside of Oakland Police Department, and look at the
18 measurement of success for both groups or all groups?

19 MS. BREWER: Initially, the pilot would be through
20 the Oakland Police Department with the end result -- or
21 the end goal of infusing statewide.

22 MEMBER MOIR: Thank you.

23 MS. BREWER: You're welcome.

24 CHAIR LOWENBERG: Any other questions for Chief
25 Brewer?

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1 *(No response)*

2 CHAIR LOWENBERG: Okay, thank you very much.

3 MS. BREWER: Thank you.

4 CHAIR LOWENBERG: Okay, as I had indicated earlier,
5 it would be appropriate then for us to advance a motion
6 to approve Items E, F, and I for recommendation for
7 approval by the full Commission.

8 Do we have a motion?

9 MEMBER McDONNELL: I'll move.

10 CHAIR LOWENBERG: We have a motion from Commissioner
11 McDonnell.

12 MEMBER MOIR: Second.

13 CHAIR LOWENBERG: Second, obviously, from
14 Commissioner Moir. Okay.

15 All signify by saying by "aye."

16 *(A chorus of "ayes" was heard.)*

17 CHAIR LOWENBERG: Thank you.

18 It may be appropriate, if you don't mind and the
19 maker of the motion, based on the interest in Item I,
20 could we suggest that maybe an ongoing consent item
21 report be added to the agenda, or at least suggest to the
22 full Commission that that happen? And then folks who
23 have an interest can pull it off the consent item for a
24 report.

25 But it seems to me that this is an important enough

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1 issue that that probably would be a good idea to kind of
2 have an ongoing report on how this project is
3 progressing.

4 MR. STRESAK: Absolutely. We'll ensure that that
5 happens.

6 CHAIR LOWENBERG: Thank you.

7 MR. STRESAK: A quick comment on critical thinking.
8 Part of this is a concept in search of a definition.
9 Because when you talk about critical thinking to ten
10 people, you get ten different perspectives.

11 So we'd like to cut our eyeteeth on this issue and
12 let it evolve. And as long as the Commission maintains
13 support and interest of this, we'll pursue this.

14 We think it's, for lack of a better term, a critical
15 component of the future way of training, so it makes
16 sense.

17 CHAIR LOWENBERG: Yes, thank you.

18 I couldn't agree more. And, frankly, when you utter
19 the words "critical thinking" on an institution of higher
20 learning, all hell breaks loose. So I would -- yes, I
21 would appreciate the opportunity to kind of view
22 firsthand how we're doing with it.

23 MR. STRESAK: Excellent. So this would be an
24 evolution.

25 CHAIR LOWENBERG: Excellent. Good. Thank you.

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1 Item 4, report on proposed budget 2013-14.

2 Dick?

3 MR. REED: At the bottom of Item 2, Darla explained
4 that after all the expenditures are taken out, assuming
5 that the Commission agrees with the new budget items just
6 discussed, that we would anticipate ending this fiscal
7 year with about \$4.619 million to go to our reserve that
8 would be unexpended. So I want you to remember that
9 number as we talk about the Governor's proposed budget.

10 Okay, we have the budget detail.

11 We can get as detailed as you want to on this issue.
12 The bottom line is that the Governor's proposal for our
13 2013-14 budget be approximately a half a million dollars
14 more than what they appropriated for us last year. And
15 that includes things like our VAWA grants, DHS, anything
16 we get from CaleMA. We have three or four major grants
17 there. And we have a few different sources of revenue.

18 So the Governor is basically leaving us untouched,
19 and the Controller's staff recommends a half million
20 dollars additional to service what we've done.

21 The portion down below, where it says, "Detailed
22 budget adjustments," those are numbers that are fed to us
23 from the Controller's office that indicate adjustments
24 based on things like the amount of money the State saves
25 from our furloughs, salary increases. We're going to be

1 seeing an increase this year because most of the
2 bargaining groups in State service are going to be
3 getting a 3 percent salary increase effective July 1.

4 And furloughs are supposed to end at that time. So
5 that's kind of an add/delete kind of a thing. They're
6 not our numbers; they just are plugged in electronically.
7 But if you question what those are, that's what they
8 refer to.

9 And then the following two pages are just different
10 ways of showing how they divide the \$61 million up among
11 our different organizational units, how much is salary
12 and benefits, how much goes to contracts, what we spend
13 on reimbursement to locals. And they have two or three
14 different ways of talking about that. One line item is
15 for letters of agreement.

16 And so if you want more detail on that, we can talk
17 about it. However, the last page of this document takes
18 us back at the top to total expenditures, we're
19 anticipating \$61,406,000.

20 And then down below, there's some different budget
21 adjustments that includes some revenues that we get from
22 things like revenues from charging people for P101's.
23 That's rather de minimis. CPRA requests.

24 We're getting -- that section down below, where it
25 talks about fund condition, you'll see a \$4 million item

1 on the right-hand column. That's basically a payback of
2 \$4 million of the \$5 million that the Governor's office,
3 the Administration borrowed from POST about four years
4 ago now. And we've been hearing that we're going to get
5 it back, and now we are getting \$4 million of the
6 \$5 million.

7 And unless I'm so directed, I won't be asking where
8 the other million is at this point. But we assume that
9 that will be somewhere in the pipe later on.

10 Also, we have some interest payments.

11 The \$14 million that I referred to in our initial
12 report that accrues to us in the last three or four
13 months, you can see that that's covered in this year.
14 And the Governor's office has included that. So we have
15 every reason to believe that that will be there.

16 And so that leaves us with this balance for this
17 year of \$699,000.

18 However, you recall that I asked you to remember the
19 \$4.6 million at the end of this year that we anticipate
20 rolling over to the new fund balance, the beginning
21 balance of next year. So add that to the six hundred
22 ninety-nine, and we anticipate having something over
23 \$5 million in reserve going in. And it usually tends to
24 be a little bit more than that because of some
25 underperforming contracts and things like that.

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1 So the bottom line is, we're in pretty good shape
2 this year. We've gotten a lot of support from the
3 Administration.

4 Charles Evans, our leg. representative, and myself
5 went to the Capitol yesterday and had a meeting with
6 Senator Hancock's staff regarding some training questions
7 that she had.

8 We may go to a budget conference this year. But if
9 we answered the questions yesterday -- we haven't been to
10 a budget conference in several years. We've gotten very
11 good support. They don't have any questions on what
12 we're doing. If they do have questions, we'll, of
13 course, go and answer those.

14 So, overall, this is a favorable report for this
15 year. We don't anticipate any shortfall in any of our --
16 none of our programs are going to be affected if we can
17 just get our contracts approved, which I think takes us
18 to our next item.

19 Are there any questions on the Governor's budget?

20 MEMBER McDONNELL: No. That's great news.

21 MR. REED: Thank you.

22 CHAIR LOWENBERG: Okay, we have Item 5 -- whoops,
23 excuse me. They already did that -- oh, we did not, I'm
24 sorry.

25 Item 5. Item 5 is up. Thank you.

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1 Darla?

2 MS. ENGLER: And that's me.

3 CHAIR LOWENBERG: That's you.

4 MS. ENGLER: And we have the annually recurring
5 contracts that are before the Finance Committee for
6 review, and recommendation to the Commission to approve.

7 A complete list of these contracts is included in
8 the attachment. You can see that this chart is broken up
9 as to our training contracts, our Museum of Tolerance
10 contracts, and our administrative contracts that POST
11 needs to manage our department.

12 CHAIR LOWENBERG: Yes, as you can see by the agenda,
13 there's 23 of these contracts. This happens this time of
14 year.

15 So do any of the Committee members have specific
16 questions about any of these contracts?

17 *(No response)*

18 CHAIR LOWENBERG: I believe the Advisory Committee
19 is dealing with Number 23 at their meeting this
20 afternoon. That's on the report of request to renew
21 contract for testing management and assessment systems.

22 MEMBER MOIR: I have a question.

23 CHAIR LOWENBERG: Okay.

24 MEMBER MOIR: My question is, regarding all of the
25 different contracts and different presenters, who

1 examines the disparity between what is charged,
2 essentially, or the costs between presenters, and how are
3 those disparities in costs between presenters addressed
4 by POST?

5 MS. ENGLER: And that would best be spoken to by --

6 MR. REED: The different -- well, whoever is in
7 charge of the individual contract has to make the
8 assessment of the cost of training at each different
9 venue.

10 For instance, if we have a contract with a community
11 college as opposed to a four-year school, there may be a
12 difference in their overhead costs.

13 So our staff reviews any cost differences,
14 understanding that the costs in any two locations is not
15 going to be the same, with the exception of the
16 supervisory course.

17 If you notice, we have one static amount for all
18 supervisory courses. We collaborate with a community
19 college district on that, and I believe it's about
20 \$5,200. We make a budget assumption on that, and we just
21 tell them that we're not going to look at the difference
22 in your districts, and that's the amount. And that seems
23 to have worked out well for us so far.

24 Additionally, the simulator costs, because the
25 fluctuation can vary widely in that regard, we

1 established a fixed cost on force-option simulators and
2 driver-training simulators and, of course, driver
3 training.

4 Other than that, our contract managers are
5 encouraged to look at the actual costs and any
6 differences that may be there. If there's not good
7 proximity to hotels and there's travel involved for one
8 and not the other, or if we can move courses out to where
9 we have more commuter trainees as opposed to resident
10 trainees that have to stay overnight, that all causes
11 some difference in the way we apply.

12 So we look at those individually. They're put
13 forward by a contract manager, and then forwarded to the
14 executive office through their bureau chief, and we
15 review all of those.

16 And on occasion, we'll question some of those; and
17 sometimes we'll trim them down, for the most part. Our
18 contract managers are experienced enough to know when the
19 real costs are being incurred.

20 We don't want any of our contract providers losing
21 money. If they lose money, they don't want to do the
22 training. So that's always my first question,
23 ironically, as the skinflint of this bunch here. I'm
24 probably as tight with a dollar as anybody. But I say
25 that our presenters have to make money for us to stay in

1 the game.

2 Does that answer the question?

3 MEMBER MOIR: It does.

4 And I will just add to it, and ask for clarity: Is
5 there a threshold in disparity between two presenters
6 that would trigger a greater evaluation or scrutiny by
7 the contract manager? Or do you leave it up to them to
8 discern some of the things that you identify?

9 MR. REED: I think that's so situational. Even
10 though we do have 23 general contracts here, the way this
11 breaks out is, we really have over a hundred contracts.
12 But when they're lumped together -- for instance, the
13 simulator contracts -- it looks like 23. But if there
14 was -- so it's a situational issue. If there's an
15 explanation for it, then we'd approve it.

16 There are times when we have numbers put to us that
17 we can't support.

18 Bob, did you want to add anything to that? You've
19 looked at a number of these yourself.

20 MR. STRESAK: I think we're anchored in -- a few
21 things we are anchored in is, of course, the State
22 Contracting Manual, and we're anchored by our own
23 regulatory language.

24 Part of it we leave to the discretion of the
25 contract manager based on local demographics, local

1 needs, availability of instructors.

2 Some of these regions do not have the luxury to draw
3 from broad pools of instruction. And so they're limited
4 by geographic restraints and their availability of
5 specific subject-matter experts.

6 We also try to look at the course itself through our
7 quality assessment program, which I think you're aware
8 we've struggled with in terms of providing adequate
9 resources to see if the course is really delivering what
10 it promises to deliver.

11 And then ultimately, we have to rely on student
12 feedback and the overall reputation of the course.

13 So those are some of the factors that come into
14 play. Our challenge is, when you look at the number of
15 courses we manage, the number of contracts we manage, is
16 to try to keep a watchful eye on the entire operation.

17 MEMBER MOIR: Thank you very much.

18 CHAIR LOWENBERG: Okay, any other questions from...?

19 *(No response)*

20 CHAIR LOWENBERG: Okay, all right, then moving right
21 along, our Executive Director has added an item to our
22 agenda, Item 6.

23 Bob?

24 MR. STRESAK: Thank you, Mr. Chair.

25 I wanted to address this group regarding contracts

1 and the current condition or situation that POST is in
2 with contracts. And you raised some good questions. I
3 appreciate that. Thank you for doing that.

4 As you are aware, that over a period of years, our
5 primary vehicle for training delivery has been the
6 contract. We have evolved into major contract
7 management.

8 And to date, we have about 104 contracts in orbit at
9 any given time.

10 Some of these contracts have been legacy contracts.
11 And I'll use SLI as an example. And you'll understand.

12 SLI has been a program, alive and well, for
13 20 years. And for the past 20 years, our contract, for
14 the most part, has gone through with minimal review with
15 the exception of adjustments to cost -- cost of living
16 and those kind of adjustments, or perhaps a change in
17 logistical issues.

18 But for the most part, those contracts have been
19 reviewed and moved forward.

20 And that has been based on -- we've enjoyed a
21 reputation that these contracts are moved forward based
22 on the momentum of consistent performance and support by
23 the field.

24 As of late, through the Department of General
25 Services, who is our control agency to review these

1 contracts, we have a new sheriff in town. And we also
2 have a new set of control rules in town, in place to
3 review our contracts, which has led to higher levels of
4 critical review, higher levels of threshold acceptance.
5 And part of the pivotal issue is that through our
6 contracting process, do we deny other State employees
7 employment? Which is a challenge because, as you are
8 aware, most of our expertise is drawn from law
9 enforcement expertise. And when we look at other state
10 bargaining units, they're generally devoid of law
11 enforcement expertise. However, we still have to prove
12 that we're not denying anybody any employment.

13 So our contract review process has basically ground
14 to a halt. We're really trying to navigate in a frozen
15 river on some of these issues.

16 And this leads me to the condition of our
17 Supervisory Leadership Institute Course. A few months
18 ago, we were already \$300,000 in arrears in the SLI
19 course because we assumed that this contract would have
20 gone like it did in the past 19 years.

21 We met with the Department of General Services and
22 said this is becoming untenable. At the time, the
23 Department of General Services advised us not to suspend
24 any courses.

25 Three weeks later, we still have yet to have a

1 contract. We are now over \$487,000 in arrears. It could
2 be even higher this week. And, once again, I'd just use
3 the term "untenable." I can no longer, in good
4 conscience, allow anybody to work for nothing. I can no
5 longer allow the reputation of such a legacy course to be
6 in jeopardy and no longer allow our reputation or
7 reliability as a course provider to continue.

8 So it will be my recommendation to the Commission
9 that we suspend the SLI course. And there could be other
10 contracts that will suffer the same fate until this issue
11 is resolved.

12 The question begs then, what have we done? We have
13 really concentrated the sunlight through a magnifying
14 glass as much as possible on this issue. We've explored
15 some legislative remedies, which we'll be discussing.
16 We've explored the possibility of an economic argument
17 to the Department of Finance, specifically: Hiring
18 instructors costs less than hiring a state employee with
19 relevant benefits.

20 One of the items that the Commission will be
21 considering tomorrow, will be increasing the Executive
22 Director's expenditure authority to try to compress the
23 timelines on some of these issues -- on some of these
24 contracts. So we don't have to wait for three to four
25 months.

1 And as I've already mentioned, we have had meetings
2 with the Department of General Services, we've met with
3 the Governor's office to try to seek some relief on this
4 issue.

5 And, of course, this also begs the issue of our own
6 vulnerability in delivering contracts; so we're now
7 focusing on some internal review on our own business
8 processes to see if there's alternative -- other options
9 which we could pursue. We're going to discuss, tomorrow,
10 the feasibility of grant management. The Commission does
11 have authority to administer grants; and we are going to
12 explore those possibilities.

13 So we have focused a lot of energy on this issue,
14 that's the good news. The bad news is that we have yet
15 to see any kind of immediate relief on this. And we'll
16 continue to strive for some kind of resolution.

17 I've briefed Cal Sheriffs on the issue and I briefed
18 Cal Chiefs last Sunday on the impending suspension. At
19 that time, I told them that everything is status quo
20 until Thursday, until we know if we have any further
21 relief from the Department of General services.

22 So if there is no thaw in the process, we do have
23 to move forward. Just out of the proper thing to do, is
24 suspend these courses until we can pay people.

25 Questions?

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1 MEMBER McDONNELL: Have we communicated on a regular
2 basis with the people awaiting the payments, to let them
3 know what the issues are?

4 MR. STRESAK: Good question.

5 We have, as of recently, because we had kept on
6 holding out hope; so we have been communicating to those
7 instructors, to those facilitators. It's not much
8 comfort.

9 At this point, we've incurred a few claims through
10 the Victim's Compensation Board, filed for that, which we
11 were actually given that option from the Department of
12 General Services. I said that is not a preferred option.
13 I don't want to force anybody that's delivering training
14 to file -- you know, to sue for their money.

15 So we have been staying in touch.

16 Once the Commission supports this decision, we'll
17 move forward with communicating with all potential
18 contracts that are on the bubble on this issue, so...

19 In terms of organizational insight, if nothing else,
20 this has exposed some vulnerability on our side. And we
21 do really need to look forward down the road with a
22 vision to explore alternative options on this.

23 Even legislative relief in itself, if we find -- if
24 we're successful in legislative relief, i.e. an exemption
25 to some of these requirements -- and I'm not sure how

1 feasible that would be -- the best case scenario could be
2 effective September of this year under emergency
3 conditions, January 1st, 2014, under normal procedures
4 through the Legislature.

5 So here we are.

6 Any other comments or questions on that?

7 MEMBER MOIR: I just have one.

8 Because suspending upcoming courses relieves us from
9 future harm for those two -- for those courses. It does
10 nothing for those that are currently being presented.

11 Is that accurate?

12 MR. STRESAK: Correct, it does nothing for -- yes,
13 future or current at this point.

14 MEMBER MOIR: And so we are in a situation where
15 because of the delays through DGS and the bureaucratic
16 machine, we have instructors that are continuing to teach
17 this legacy course, which we have identified as
18 absolutely essential, and they are suffering further harm
19 because of this?

20 MR. STRESAK: That's exactly right.

21 It does speak to the commitment of staff supporting
22 SLI, and the commitment of the instructors and the
23 facilitators.

24 When you do look at the proportion of the complaints
25 compared to those who have been quietly suffering, it

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1 speaks to the honor of those supporting that program. It
2 is still untenable, not acceptable.

3 CHAIR LOWENBERG: Okay, so we'll have, obviously,
4 further discussions at the full commission meeting
5 tomorrow. And I suspect that it might be appropriate for
6 either myself as chair of this committee or chair of the
7 Commission to address this matter with staff, and
8 indicate with your committee members' permission, that
9 this report was received by the Finance Committee, and we
10 agree with staff wholeheartedly.

11 All right, anything else for the good of the order?

12 *(No response)*

13 CHAIR LOWENBERG: I see Commissioner Bui is in the
14 audience.

15 Did you have anything for us, Commissioner Bui?

16 COMMISSIONER BUI: No.

17 CHAIR LOWENBERG: Okay, thank you.

18 Are we prepared to adjourn?

19 MR. STRESAK: We are, sir.

20 MS. ENGLER: Do you want to do a motion for the
21 recurring contracts, too? I know we did a motion for
22 this, but I believe --

23 CHAIR LOWENBERG: The recurring contracts.

24 Thank you, Darla. Yes, that's most appropriate.

25 We probably should have a motion for the recurring

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1 contracts to recommend approval to the full commission.

2 That's Items 1 through 23, correct?

3 MS. ENGLER: Yes.

4 CHAIR LOWENBERG: So we have --

5 MEMBER McDONNELL: I'll move.

6 MEMBER MOIR: Second.

7 CHAIR LOWENBERG: We have a motion and a second.

8 MEMBER MOIR: Yes.

9 CHAIR LOWENBERG: They stand approved.

10 Thank you.

11 MEMBER MOIR: Very good.

12 CHAIR LOWENBERG: We stand adjourned. Thank you
13 very much.

14 *(The Finance Committee meeting concluded*
15 *at 10:40 a.m.)*



REPORTER'S CERTIFICATE

I hereby certify:

That the foregoing proceedings were duly reported by me at the time and place herein specified; and

That the proceedings were reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting.

In witness whereof, I have hereunto set my hand on March 20th, 2013

Daniel P. Feldhaus
California CSR #6949
Registered Diplomat Reporter
Certified Realtime Reporter