

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

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1 attention -- although we don't necessarily need it to be
2 brought to our attention -- but the number of lives that
3 have been lost in California law enforcement since the
4 first of the year.

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

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

11 More significantly is that our challenge or the
12 challenge that we face in the field is unrelenting and
13 the last 30 days clearly illuminates how unrelenting
14 that is.

15 And that only should drive us to be more
16 unrelenting in our efforts to keep officers safe, keep
17 our communities safe, and provide the best possible
18 training. Thank you.

19 CHAIR LOWENBERG: Thank you, Mr. Executive
20 Director. Okay, moving on the agenda, Item Number 1
21 is the financial report. I believe Dick Reed is
22 prepared to give us the details.

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1 Dick?

2 MR. REED: Thank you.

3 The first report under the finance report is the
4 revenues by month. And a synopsis on page 2, hard copy,
5 will indicate that we are about \$1 million short of our
6 projections and of what we received last year at this
7 time. However, the money that comes to us through the
8 Controller's office is cyclical and that could remain
9 the trend or we could catch up all of a sudden for
10 unexplained reasons.

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

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

16 So we're halfway through the fiscal year; and the
17 only significant thing I would point to is the fact that
18 the defensive driver training fund customarily would get
19 \$14 million from that each year. But the Controller's
20 offices does not accrue that to us until the last three
21 or four months of the year. So that column remains
22 blank right now, but we will catch up. It's in the

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1 Governor's '13-14 budget; so we don't anticipate that
2 not coming through. It's important dollars for us, of
3 course.

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

11 The next report under the expenditures -- or the
12 finance report for this year is the number of trainees
13 reimbursed. Right now, we're trending to reimburse more
14 than twice the trainees that we had last year, which is
15 a good thing.

16 Right now, we're trending towards about 40,000 to
17 45,000 reimbursable trainees. And this is for
18 reimbursable training only. It doesn't include any
19 telecourses and online courses that your staff may take.
20 So the numbers are starting to come back a little bit.

21 The course reimbursement amount, we're more than
22 double the amount what we reimbursed to this point last

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1 year. We like to see that as well because we do have
2 plenty of money.

3 And the last category, of course, is reimbursements
4 by category. And the most significant increases in that
5 area for this year, are the resident subsistence is more
6 than double than what it was at this point last year;
7 and backfill is about three times what it was last year.
8 So it looks like our client base is coming back and
9 taking advantage of our programs more than they were
10 able to when the economy was kind of in the doldrums.

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

14 Any questions on our existing year finance report?

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

22 But is this a place to address that issue?

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1 MR. REED: Are you speaking about our contract
2 courses?

3 MEMBER McDONNELL: I am.

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

6 MEMBER McDONNELL: Okay.

7 MR. REED: That's a new business item on this
8 agenda.

9 MEMBER McDONNELL: Very good.

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

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

12 *(No response)*

13 CHAIR LOWENBERG: Any other questions or comments
14 or concerns from Committee members?

15 *(No response)*

16 CHAIR LOWENBERG: If not, we'll move on to
17 Item 2, report of expenditures for fiscal year 2012-13.

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

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

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

4 We're in good standing right now.

5 Does anybody have any questions?

6 *(No response)*

7 MS. ENGLER: Thank you.

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

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

13 And, of course, after our discussion, if we have
14 one, it's appropriate for a motion to support our
15 recommendation to the full commission at tomorrow's
16 meeting.

17 So let's start with Item E.

18 Do any of our committee members want a full report
19 on Item E?

20 *(No response)*

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

22 *(No response)*

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

3 And Item I?

4 *(No response)*

5 CHAIR LOWENBERG: We're okay?

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

7 CHAIR LOWENBERG: "I"? Item I.

8 Executive Director Stresak.

9 MR. STRESAK: Thank you, Commissioner.

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

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

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

21 We embarked on a pilot program using Oakland Police
22 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
5 contract to incorporate this, and to make this more a
6 part of our 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.

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1 This is a pilot project that will provide for the
2 training and the development of an Oakland Police
3 Department critical-thinking instructional team that
4 will be able to sustain critical-thinking training as an
5 ongoing curriculum throughout their organization.

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

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

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

21 This pilot would entail offering several of the
22 courses to all of their current staffing, and then

1 continuing into their training academies.

2 Oakland Police Department has agreed to match
3 funding for the expenses necessary to sustain a budget
4 for this pilot project.

5 MEMBER McDONNELL: I have just a couple of quick
6 follow-ups.

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

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

14 MEMBER McDONNELL: And what are the measurable
15 outcomes?

16 MS. BREWER: Well, that is still to be
17 determined. It's our goal to measure the effectiveness
18 of it. And if it is effective, then consideration would
19 be taken to implementing that or infusing that into
20 curriculum throughout the state, at the academy level.

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

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

4 MEMBER McDONNELL: Okay.

5 MR. STRESAK: You're right on the -- you're on the
6 right track. Hopefully, we'd like to instill a
7 critical-thinking process into the basic course, to
8 address a higher level of taxonomy of learning. And
9 ultimately, it would be evaluated at that level, in the
10 FTO program.

11 MEMBER McDONNELL: Okay.

12 MR. STRESAK: And so those agencies participating
13 in that willing to move forward with the development of
14 that curriculum, that would be the first step. And we
15 would be guided as the program evolves.

16 MEMBER McDONNELL: Okay.

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

19 MS. BREWER: That would be through our Research
20 Standards and Evaluation Bureau, with the assistance of
21 Bureau Chief Bryon Gustafson, and then also with our
22 current critical-thinking instructors that already teach

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1 within the Instructor Development Institute.

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

6 MS. BREWER: Initially, the pilot would be through
7 the Oakland Police Department with the end result -- or
8 the end goal of infusing statewide.

9 MEMBER MOIR: Thank you.

10 MS. BREWER: You're welcome.

11 CHAIR LOWENBERG: Any other questions for Chief
12 Brewer?

13 *(No response)*

14 CHAIR LOWENBERG: Okay, thank you very much.

15 MS. BREWER: Thank you.

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

20 Do we have a motion?

21 MEMBER McDONNELL: I'll move.

22 CHAIR LOWENBERG: We have a motion from

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1 Commissioner McDonnell.

2 MEMBER MOIR: Second.

3 CHAIR LOWENBERG: Second, obviously, from
4 Commissioner Moir. Okay.

5 All signify by saying by "aye."

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

7 CHAIR LOWENBERG: Thank you.

8 It may be appropriate, if you don't mind and the
9 maker of the motion, based on the interest in Item I,
10 could we suggest that maybe an ongoing consent item
11 report be added to the agenda, or at least suggest to
12 the full Commission that that happen? And then folks
13 who have an interest can pull it off the consent item
14 for a report.

15 But it seems to me that this is an important enough
16 issue that that probably would be a good idea to kind of
17 have an ongoing report on how this project is
18 progressing.

19 MR. STRESAK: Absolutely. We'll ensure that that
20 happens.

21 CHAIR LOWENBERG: Thank you.

22 MR. STRESAK: A quick comment on critical thinking.

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1 Part of this is a concept in search of a definition.
2 Because when you talk about critical thinking to ten
3 people, you get ten different perspectives.

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

7 We think it's, for lack of a better term, a
8 critical component of the future way of training, so it
9 makes sense.

10 CHAIR LOWENBERG: Yes, thank you.

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

16 MR. STRESAK: Excellent. So this would be an
17 evolution.

18 CHAIR LOWENBERG: Excellent. Good. Thank you.

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

20 Dick?

21 MR. REED: At the bottom of Item 2, Darla explained
22 that after all the expenditures are taken out, assuming

1 that the Commission agrees with the new budget items
2 just discussed, that we would anticipate ending this
3 fiscal year with about \$4.619 million to go to our
4 reserve that would be unexpended. So I want you to
5 remember that number as we talk about the Governor's
6 proposed budget.

7 Okay, we have the budget detail.

8 We can get as detailed as you want to on this
9 issue.

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

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

19 The portion down below, where it says, "Detailed
20 budget adjustments," those are numbers that are fed to
21 us from the Controller's office that indicate
22 adjustments based on things like the amount of money the

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1 State saves from our furloughs, salary increases. We're
2 going to be seeing an increase this year because most of
3 the bargaining groups in State service are going to be
4 getting a 3 percent salary increase effective July 1.

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

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

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

21 And then down below, there's some different budget
22 adjustments that includes some revenues that we get from

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1 things like revenues from charging people for P101's.

2 That's rather de minimis. CPRA requests.

3 We're getting -- that section down below, where it
4 talks about fund condition, you'll see a \$4 million item
5 on the right-hand column. That's basically a payback of
6 \$4 million of the \$5 million that the Governor's office,
7 the Administration borrowed from POST about four years
8 ago now. And we've been hearing that we're going to get
9 it back, and now we are getting \$4 million of the
10 \$5 million.

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

14 Also, we have some interest payments.

15 The \$14 million that I referred to in our initial
16 report that accrues to us in the last three or four
17 months, you can see that that's covered in this year.

18 And the Governor's office has included that. So we have
19 every reason to believe that that will be there.

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

22 However, you recall that I asked you to remember

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1 the \$4.6 million at the end of this year that we
2 anticipate rolling over to the new fund balance, the
3 beginning balance of next year. So add that to the six
4 hundred ninety-nine, and we anticipate having something
5 over \$5 million in reserve going in. And it usually
6 tends to be a little bit more than that because of some
7 underperforming contracts and things like that.

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

11 Charles Evans, our leg. representative, and myself
12 went to the Capitol yesterday and had a meeting with
13 Senator Hancock's staff regarding some training
14 questions that she had.

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

21 So, overall, this is a favorable report for this
22 year. We don't anticipate any shortfall in any of our -

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1 - none of our programs are going to be affected if we
2 can just get our contracts approved, which I think takes
3 us to our next item.

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

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

6 MR. REED: Thank you.

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

10 Item 5. Item 5 is up. Thank you.

11 Darla?

12 MS. ENGLER: And that's me.

13 CHAIR LOWENBERG: That's you.

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

17 A complete list of these contracts is included in
18 the attachment. You can see that this chart is broken
19 up as to our training contracts, our Museum of Tolerance
20 contracts, and our administrative contracts that POST
21 needs to manage our department.

22 CHAIR LOWENBERG: Yes, as you can see by the

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1 agenda, there's 23 of these contracts. This happens
2 this time of year.

3 So do any of the Committee members have specific
4 questions about any of these contracts?

5 *(No response)*

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

10 MEMBER MOIR: I have a question.

11 CHAIR LOWENBERG: Okay.

12 MEMBER MOIR: My question is, regarding all of the
13 different contracts and different presenters, who
14 examines the disparity between what is charged,
15 essentially, or the costs between presenters, and how
16 are those disparities in costs between presenters
17 addressed by POST?

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

19 MR. REED: The different -- well, whoever is in
20 charge of the individual contract has to make the
21 assessment of the cost of training at each different
22 venue.

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

4 So our staff reviews any cost differences,
5 understanding that the costs in any two locations is not
6 going to be the same, with the exception of the
7 supervisory course.

8 If you notice, we have one static amount for all
9 supervisory courses. We collaborate with a community
10 college district on that, and I believe it's about
11 \$5,200. We make a budget assumption on that, and we
12 just tell them that we're not going to look at the
13 difference in your districts, and that's the amount.
14 And that seems to have worked out well for us so far.

15 Additionally, the simulator costs, because the
16 fluctuation can vary widely in that regard, we
17 established a fixed cost on force-option simulators and
18 driver-training simulators and, of course, driver
19 training.

20 Other than that, our contract managers are
21 encouraged to look at the actual costs and any
22 differences that may be there. If there's not good

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1 proximity to hotels and there's travel involved for one
2 and not the other, or if we can move courses out to
3 where we have more commuter trainees as opposed to
4 resident trainees that have to stay overnight, that all
5 causes some difference in the way we apply.

6 So we look at those individually. They're put
7 forward by a contract manager, and then forwarded to the
8 executive office through their bureau chief, and we
9 review all of those.

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

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

21 Does that answer the question?

22 MEMBER MOIR: It does.

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

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

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

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

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

21 Part of it we leave to the discretion of the
22 contract manager based on local demographics, local

1 needs, availability of instructors.

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

6 We also try to look at the course itself through
7 our quality assessment program, which I think you're
8 aware we've struggled with in terms of providing
9 adequate resources to see if the course is really
10 delivering what 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
21 right along, our Executive Director has added an item to
22 our agenda, Item 6.

1 Bob?

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

3 I wanted to address this group regarding contracts
4 and the current condition or situation that POST is in
5 with contracts. And you raised some good questions. I
6 appreciate that. Thank you for doing that.

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

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

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

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

21 But for the most part, those contracts have been
22 reviewed and moved forward.

1 And that has been based on -- we've enjoyed a
2 reputation that these contracts are moved forward based
3 on the momentum of consistent performance and support by
4 the field.

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

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

22 And this leads me to the condition of our

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1 Supervisory Leadership Institute Course. A few months
2 ago, we were already \$300,000 in arrears in the SLI
3 course because we assumed that this contract would have
4 gone like it did in the past 19 years.

5 We met with the Department of General Services and
6 said this is becoming untenable. At the time, the
7 Department of General Services advised us not to suspend
8 any courses.

9 Three weeks later, we still have yet to have a
10 contract. We are now over \$487,000 in arrears. It
11 could be even higher this week. And, once again, I'd
12 just use the term "untenable." I can no longer, in good
13 conscience, allow anybody to work for nothing. I can no
14 longer allow the reputation of such a legacy course to
15 be in jeopardy and no longer allow our reputation or
16 reliability as a course provider to continue.

17 So it will be my recommendation to the Commission
18 that we suspend the SLI course. And there could be
19 other contracts that will suffer the same fate until
20 this issue is resolved.

21 The question begs then, what have we done? We have
22 really concentrated the sunlight through a magnifying

1 glass as much as possible on this issue. We've explored
2 some legislative remedies, which we'll be discussing.
3 We've explored the possibility of an economic argument
4 to the Department of Finance, specifically: Hiring
5 instructors costs less than hiring a state employee with
6 relevant benefits.

7 One of the items that the Commission will be
8 considering tomorrow, will be increasing the Executive
9 Director's expenditure authority to try to compress the
10 timelines on some of these issues -- on some of these
11 contracts. So we don't have to wait for three to four
12 months.

13 And as I've already mentioned, we have had meetings
14 with the Department of General Services, we've met with
15 the Governor's office to try to seek some relief on this
16 issue.

17 And, of course, this also begs the issue of our own
18 vulnerability in delivering contracts; so we're now
19 focusing on some internal review on our own business
20 processes to see if there's alternative -- other options
21 which we could pursue. We're going to discuss,
22 tomorrow, the feasibility of grant management. The

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1 Commission does have authority to administer grants; and
2 we are going to explore those possibilities.

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

7 I've briefed Cal Sheriffs on the issue and I
8 briefed Cal Chiefs last Sunday on the impending
9 suspension. At that time, I told them that everything
10 is status quo until Thursday, until we know if we have
11 any further relief from the Department of General
12 services.

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

16 Questions?

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

20 MR. STRESAK: Good question.

21 We have, as of recently, because we had kept on
22 holding out hope; so we have been communicating to those

1 instructors, to those facilitators. It's not much
2 comfort.

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

9 So we have been staying in touch.

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

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

17 Even legislative relief in itself, if we find -- if
18 we're successful in legislative relief, i.e. an
19 exemption to some of these requirements -- and I'm not
20 sure how feasible that would be -- the best case
21 scenario could be effective September of this year under
22 emergency conditions, January 1st, 2014, under normal

1 procedures through the Legislature.

2 So here we are.

3 Any other comments or questions on that?

4 MEMBER MOIR: I just have one.

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

9 Is that accurate?

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

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

18 MR. STRESAK: That's exactly right.

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

22 When you do look at the proportion of the

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1 complaints compared to those who have been quietly
2 suffering, it speaks to the honor of those supporting
3 that program. It is still untenable, not acceptable.

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

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

13 *(No response)*

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

16 Did you have anything for us, Commissioner Bui?

17 COMMISSIONER BUI: No.

18 CHAIR LOWENBERG: Okay, thank you.

19 Are we prepared to adjourn?

20 MR. STRESAK: We are, sir.

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

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1 this, but I believe --

2 CHAIR LOWENBERG: The recurring contracts.

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

4 We probably should have a motion for the recurring
5 contracts to recommend approval to the full commission.

6 That's Items 1 through 23, correct?

7 MS. ENGLER: Yes.

8 CHAIR LOWENBERG: So we have --

9 MEMBER McDONNELL: I'll move.

10 MEMBER MOIR: Second.

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

12 MEMBER MOIR: Yes.

13 CHAIR LOWENBERG: They stand approved.

14 Thank you.

15 MEMBER MOIR: Very good.

16 CHAIR LOWENBERG: We stand adjourned. Thank you
17 very much.

18 *(The Finance Committee meeting concluded*

19 *at 10:40 a.m.)*

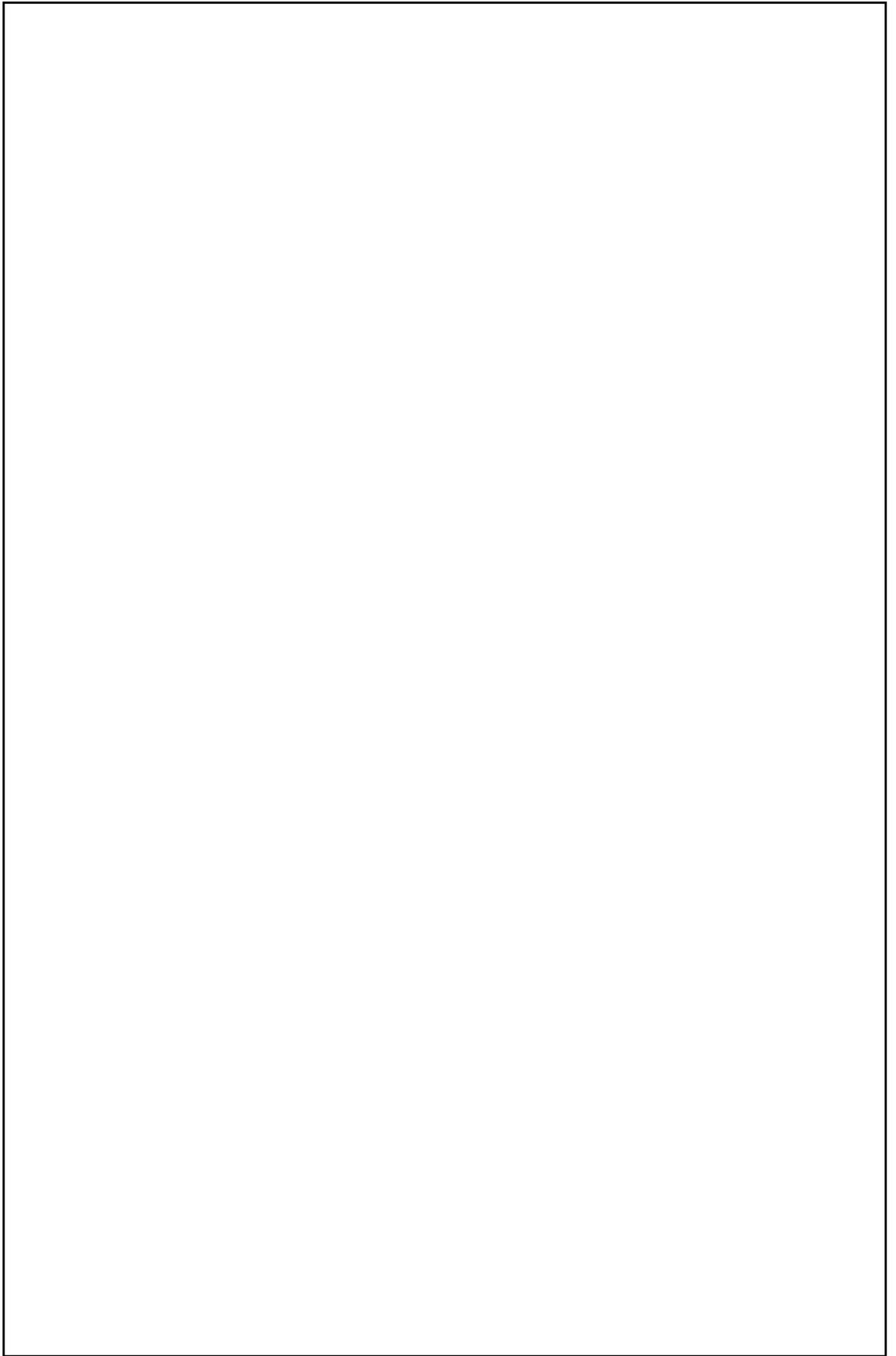
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REPORTER'S CERTIFICATE

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 Diplomate Reporter
Certified Realtime Reporter