



Date: February 23, 2010
To: Patrick H. West, City Manager *[Signature]*
From: Lori Ann Farrell, Director of Financial Management/CFO *[Signature]*
For: Mayor and Members of the City Council
Subject: Options for Funding Police and Fire Academies

This memo is in response to agenda items #13 and #19 from the February 2, 2010 City Council meeting, when the City Council requested a report regarding Police and Fire staffing levels and options for convening Police and Fire academies in the current fiscal year. The information provided below will be agendized for City Council discussion on March 23, 2010 to allow for our new Police Chief, Jim McDonnell, to participate in the discussion.

POLICE STAFFING

Sworn police staffing is budgeted for FY 10 at 944 positions excluding Police Recruits, which are not funded in FY 10. As of February 2010, the Police Department reported 21 sworn vacancies. As noted during the budget-making process, not all sworn vacancies impact front-line public safety services, or "boots on the street." The Police Department indicates that these 21 vacancies are being carried in non-emergency response positions, or are being backfilled with the use of overtime. Therefore, to the Police Department's credit, front-line emergency response has remained unaffected.

The 21 current vacancies translate into a sworn vacancy rate of 2.2 percent for the month of January 2010. To provide some context, the Police Department's average annual vacancy rates for the past few years are shown below.

FY 06 - 4.6% FY 07 - 2.3% FY 08 - 3.1% FY 09 - 4.1%

As such, the current vacancy rate does not appear to be excessive or extraordinary given historical data.

Cost Estimate for a Full Police Academy

A traditional recruit academy consists of approximately 34 Recruits on a six-month academy schedule (which is equivalent to 17 FTEs). Assuming a July 2010 start date, the academy would span two fiscal years. The cost would be **\$1,078,011** in FY 10, which is not budgeted, and \$1,438,139 in FY 11, for a total cost of \$2,517,050. This is approximately the same cost for the academy currently planned to start in October 2010 that would be budgeted in FY 11.

Since an eligibility list already exists, no additional recruitment is necessary and, therefore, no Civil Service costs to consider.

Cost Estimate for a Lateral Police Academy

As an alternative, the Police Department estimates the salary and equipment cost for a seven-week lateral police academy of 10 Police Officers at **\$55,010** for FY 10:

FY 10 Lateral Police Academy	\$55,010
Backgrounds	\$21,410
Uniforms and Equipment	\$22,600
Instructor Overtime	\$11,000

This cost is not budgeted and would require a budget increase. However, it does present a more affordable option that allows the Police Department to increase staffing, while reducing the fiscal impact of a traditional recruit academy.

Civil Service Costs for a Lateral Police Officer Academy

The Civil Service Department estimates the cost to establish a Police Officer Lateral eligible list is **\$10,000**, plus **\$56,583** for the restoration of one Personnel Analyst position that was not funded in the FY 10 budget. Approximately 10 to 12 weeks would be needed to screen and process the applications to establish a lateral eligible list.

FIRE STAFFING

Cost Estimate for a Full Fire Academy

On February 9, 2010, the Fire Department provided a staffing and facility update to the Public Safety Committee. As part of that update, the Fire Department reported 39 vacancies within the Firefighter ranks, plus three sworn management vacancies for a total of 42 current vacancies.

The cost of the full 16-week academy class anticipated in January 2011 is estimated at \$1,178,000, and would normally be included in the Fire Department's FY 11 budget.

Cost Estimate for a Lateral Fire Academy

In response to questions from members of the Public Safety Committee regarding the possibility of conducting a lateral academy during FY 10, the Fire Department has provided a cost estimate of **\$383,000** for a class of 12 Firefighters:

FY 10 Lateral Fire Academy	\$383,000
Background Checks	\$24,000
Lateral Firefighter Salary	\$218,000
Uniforms and Equipment	\$56,000
Instructor Overtime and Backfill	\$85,000

Civil Service Costs for Fire Recruitment and Examination

The Civil Service Department requires three to four months for recruitment and examination to establish a Fire Recruit eligible list, at an estimated cost of \$84,000. To create the Fire Recruit eligible list in time for a January 2011 academy class, the same Personnel Analyst position that was not funded for FY 10 would need to be restored for the remaining seven months of FY 10 at a cost of \$56,583, for a total cost of **\$140,583**. This cost is not budgeted, and would require a budget increase that is currently being considered by the Budget Oversight Committee.

The Civil Service Department estimates the cost to establish a Firefighter-Lateral eligible list at **\$10,000**, plus **\$56,583** for the restoration of the same Personnel Analyst position that was not funded for FY 10. Approximately 10 to 12 weeks would be required to screen and process the applications to establish a lateral eligible list.

SUMMARY OF COSTS

The following is a summary of the FY 10 costs associated with the Police and Fire academy options discussed above, inclusive of Civil Service costs:

July 2010 Start	Academy	Civil Service	TOTAL
Lateral Police Academy 10 FTEs	\$55,010	\$10,000	\$65,010
Lateral Fire Academy 12 FTEs	\$383,000	\$10,000	\$393,000
Personnel Analyst Restoration		\$56,583	\$56,583

July 2010 Start	Academy	Civil Service	TOTAL
Full Police Academy 17 FTEs	\$1,078,011	\$0	\$1,078,011

January 2011 Start	Academy	Civil Service	TOTAL
Full Fire Academy	\$0	\$84,000	\$84,000
Personnel Analyst Restoration		\$56,583	\$56,583

FUNDING OPTIONS

Option A - General Fund Support

The FY 10 Adopted Budget addressed a \$38.3 million estimated structural deficit. As of this writing, it is anticipated that based on declining revenue trends for Property Tax, Sales Tax, Transient Occupancy Tax, and other economically-sensitive revenues, FY 10 General Fund revenue will come in even lower than budgeted projections by approximately \$6 million. As the current price of oil is approximately \$70 per barrel, compared to the budgeted price of \$40 per barrel, an increase in the Upland Oil transfer to the General Fund will offset these revenue losses and avoid further cuts to departments and programs. However,

if oil prices decline, this will not be a viable option and additional cuts to departments may be required.

At the time of FY 10 budget adoption, structural deficits were projected in the General Fund for FY 11 and FY 12 as costs continue to rise while revenue remains below levels experienced prior to the economic downturn. Current estimates indicate that the structural deficits for FY 11 through FY 13 will likely exceed initial projections. As such, it is critical that we continue to exercise considerable fiscal constraint. We are working closely with all departments, including the Fire and Police Departments, to ensure that expenditures do not exceed the FY 10 budget on a General Fund and All Funds basis.

However, should the City Council wish to accelerate a full Police and/or Fire academy to FY 10 in-lieu-of the academies planned for FY 11, funding could become available by:

- Requiring the Police and/or Fire department to find savings within their current General Fund budgets to support these costs;
- “Borrowing” from the Budget Stabilization Fund in FY 10, and repaying the amount from funding that would otherwise have been budgeted for the FY 11 academies;
- Implementing cuts to other General Fund departments or General Fund supported Capital Improvement Projects.

Option B – Non-General Fund Support

A possible partial funding source for the academies is the reduction in general liability charges to the General Fund as a result of securing \$7 million in the Insurance Fund from the City’s insurance carrier for the McClure judgment. This infusion in revenue is much needed given the Insurance Fund’s current short-term and long-term liabilities for outstanding and pending Workers’ Compensation and general liability claims totaling \$18 million and \$92 million, respectively. Please be reminded that while the City is insured for certain general liability costs exceeding the \$3 million deductible, it is self-insured for its Workers’ Compensation costs. The \$7 million settlement for the McClure case would make a considerable dent in reducing the City’s outstanding liabilities and a small portion of the settlement could also be applied towards reducing the City’s general liability charges to the General Fund for FY 10.

RECOMMENDATION

Given the challenges facing the General Fund, it does not appear that there is excess revenue to support the cost of an additional Police and Fire academy in FY 10. In light of historically low crime rates and the Police Department’s ongoing success in managing staffing levels, the staff recommendation is to stay the course and budget for the Police and Fire academies through the FY 11 Budget Adoption process. While we need to plan for vacancies that will occur through future attrition, we need to do so in such a way that keeps our public

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safety staffing at an adequate level and is mindful of the considerable fiscal challenges we continue to face. Should the City Council wish to accelerate academies to July 2010, the staff recommendation is to move forward with a lateral Police and/or Fire academy, in-lieu of the academies planned for FY 11, and return to the City Council during the budget process with a recommendation regarding future academies for FY 11.

Please let me know if you have any questions or require additional information.

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