

CITY OF OAKLAND

AGENDA REPORT

To: 2007 July 10, 2007 Office of the City Administrator
Attn: Deborah Edgerly
From: Police Department
Date: July 10, 2007

Re: Action on a Report From the Chief of Police on the Status of the Oakland Police Department's Salary Savings for Fiscal Year 2005-2006 and Fiscal Year 2006-2007

SUMMARY

This report is identical to the one heard at the Finance and Management Committee meeting on June 26, 2007 except that, per the Committee's direction, all "informational" references have been deleted and the title of the report was changed to "Action on a Report".

As requested by the Finance and Management Committee on June 12, 2007, staff has prepared supplemental information, which is included in this report, detailing the status of the Police Department's salary savings for Fiscal Year 2005-2006 and Fiscal Year 2006-2007.

FISCAL IMPACT

The Department's projected expenditures are illustrated in this report. Several structural deficits within the budget, as well as unfunded requirements of the Oakland Police Officers' Association (OPOA) Memorandum of Understanding (MOU) that adversely impact the Department's current budget, are also identified.

BACKGROUND

Historically, the Police Department has overspent its budget. While staff actively seeks solutions to help address over spending, there are varying circumstances and conditions that cause the Department's over expenditures. Several of these conditions were not known by City Management or the City Council as many of the over-expenditures are inherent in the Oakland Police Officers' Association Memorandum of Understanding, and how the MOU has been put into practice. In addition, there are several personnel expenditures within the Department's budget that were not identified in previous years' budget appropriations and are not funded. Although these line items appear to be negligible, the number of items identified and the number of individuals that are affected cause a significant, negative financial impact.

Over the past two years, Budget Office staff and Police Department Fiscal Services Division staff performed a budget analysis of the Police Department, which confirmed the existence of structural deficits in the Police Department budget.

Item: _____
Finance & Management Comte.
Jr'

The Department acknowledges that in previous years commanders and managers were not held fully accountable for managing their budgets. During that time, only limited discussions took place at the Division level on budgetary issues. Presently, commanders and managers are provided monthly reports that outline Division expenditures, receive fiscal management reports and training at the regularly scheduled Management Assessment Program (MAP) meetings, and receive performance evaluations from executive command level staff on budget management.

KEY IMPACTS AND IMPACTS

The General Fund budget for Fiscal Year 2005-2006 was \$172.04 million. The General Fund budget for Fiscal Year 2006-2007 is \$187.8 million. Personnel Services account for 87.2% or \$149.97 in the FY 2005-2006 budget, and 86.5% or \$162.46 of the FY 2006-2007 budget.

Although the Department is expected to overspend its General Fund budget by \$10.05 million (which is 5.35% of its budget for Fiscal Year 2006-2007), there are several factors that are present in both years that contribute to the over expenditures. For purposes of simplicity, this report will provide the labor-related expenditures for Fiscal Year 2006-2007, as spending trends have been consistent over that last two years.

The total salary savings amount is \$9,949,469. The total deficit in the salary accounts is \$6,387,992, leaving a balance of \$3,561,477. The total savings in the overtime accounts is \$22,693. The total deficit in the overtime accounts is \$15,398,620, leaving a deficit balance of \$(15,375,927). The net effect is overspending of **\$11,814,450**.

The table below outlines the lack of funding and under funding within OPD's General Fund budget for personnel (costs have been updated from the June 12, 2007 report):

Description	Appropriation	Projected Expenditure	Savings	Deficit
<i>SALARIES:</i>				
Acting Pay	1,488	29,942		(28,454)
Auto Allowance	5,400	4,200	1,200	
Bilingual Premium	158,712	171,043		(12,331)
Canine Allowance	15,600	12,189	3,411	
Civilian Paid Leave	3,773,092	3,224,776	548,316	
Civilian Regular Salaries	13,664,625	13,355,450	309,175	
Civilian Uniform Allowance	33,528	153,701		(120,173)
Civilian Fringe Benefits	5,175,775	5,013,382	162,393	
Civilian Retirement	4,107,081	4,004,838	102,243	
Education Premium	1,373,211	1,327,689	45,522	
Training Premium	350,178	161,591	188,587	
Health & Welfare Ben.	98,688	73,783	24,905	
Helicopter Premium	27,252	12,354	14,898	
License Premium	11,016	4,800	6,216	
Longevity Premium	747,564	732,467	15,097	
Misc. Allowance	140,716	0	140,716	

Item: _____
 Finance & Management Comte.
 July 10, 2007

Description	Appropriation	Projected Expenditure	Savings	Deficit
Misc. Premiums	66,072	101,723		(35,651)
Motorcycle Premium	191,034	133,971	57,063	
Retirement Contributions	46,241	290,922		(244,681)
Shift Pay	2,381,544	2,228,184	153,360	
Standby Pay	0	154,139		(154,139)
Sworn Fringe Benefits	20,329,434	21,461,858		(1,132,424)
Sworn Paid Leave	19,023,234	14,986,470	4,036,764	
Sworn Regular Salaries	50,589,243	47,384,638	3,204,605	
Sworn Retirement	27,041,208	26,106,210	934,998	
Temporary PT Salaries	1,279,976	5,940,115		(4,660,139)
Salary Total	150,631,912	147,070,435	9,949,469	(6,387,992)
<i>OVERTIME COSTS:</i>				
Canine Handler	38,700	41,513		(2,813)
Comp time Excess Payout	0	181,505		(181,505)
Comp Day Award	265,386	242,693	22,693	
Meal Allowance	398	512,705		(512,307)
Holiday	907,543	1,650,248		(742,705)
<i>Other Overtime:</i>				
Acting Higher Rank		328,327		
Community Meetings		365,898		
Court		580,816		
Background & Recruiting		719,259		
Callback		944,465		
Training		1,483,857		
Airport Security		1,872,834		
Unspecified		1,887,329		
Special Events		2,653,619		
Special Enforcement		2,925,775		
Extension of Shift		3,606,561		
Backfill		7,207,629		
Sub-total	10,617,079	24,576,369	22,693	(13,959,290)
Overtime Total	11,829,106	27,205,033	22,693	(15,398,620)
Salary	150,631,912	147,070,435	3,561,477	
Overtime	11,829,106	27,205,033		(15,375,927)
TOTAL	162,461,018	174,275,468		(11,814,450)

Salary savings have been used for the following unfunded activities:

Vacancies

Throughout the fiscal year, vacancies have ranged from 83 to 117 in the sworn ranks with an average of 58 General Fund vacancies. Although the Department graduated 99 police officers through its Academy this fiscal year, during the same period the Department experienced a loss

of 73 officers through retirements, terminations, and departures. The loss of these officers had the greatest adverse impact on the Patrol and the Criminal Investigations Divisions.

The Patrol Division requires the backfill of beats on an overtime basis. In theory, these costs are absorbed by salary savings; however, there is no direct link. With the large numbers of vacancies, all sworn officers have been required to work an overtime shift every third week since July 2006. The Department found that this still did not address all the staffing gaps left in Patrol, so sergeants were then required to work a Patrol shift (a 17% higher cost than an officer working a Patrol shift) every third week.

It is estimated that the cost for mandatory overtime will be \$5.9 million¹ by the end of the year.

Salaries for POTs

Salaries for Police Officer Trainees (POT) are not budgeted in the Department's budget. Therefore, the costs of POT positions are absorbed by salary savings of the vacant patrol positions during the 26 weeks of the Academy. It should be noted that the Academy has a 36% - 46% attrition rate; thus, POTs who do not fill a sworn position at the end of the Academy and field training have already expended Department funds for their salary and training.

As the newly graduated officers require field training, they are partnered with a seasoned officer for a period of 15 weeks. The training officer assignment occupies an assigned patrol position which must be backfilled for the training period. This fiscal year, 91 officers have completed the field training program, requiring backfill of those positions.

Although 40% of the POTs were scheduled to be deployed to Measure Y assignments, it was determined that these officers are needed for Patrol Division assignments. Accordingly, all of the graduates from the 158th and 159th Academies will be deployed to Patrol assignments. Consequently, Measure Y funds will not be used and the General Fund will bear the cost of all POTs from those Academies.

The annual cost for the salaries of POTs for the 26 weeks of the Academy is estimated to be \$4.5 million by the end of the year.

Annuitants

In order to mitigate the impact of staffing vacancies, the Department began hiring annuitants² to assist in Background Investigations (separate funding appropriated through Resolution No. 79835 C.M.S., passed by Council April 4, 2007), Criminal Investigations, Police Activities League (PAL), and in the Training Division. Annuitants are unable to work full time due to restrictions associated with their ability to work for a PERS Agency. As a result, annuitants are unable to fully assume the responsibilities of the vacant positions.

The cost for these positions is anticipated to be \$940,000 by the end of the fiscal year.

¹ There is no unique identifier that separates the amount allocated in OPD's budget and amount that is above and beyond the budget.

² An annuitant is a retired, sworn police officer who performs non patrol, investigative follow-up duties.

Unfunded / Under Funded Activities

Additional costs that are unfunded or under funded are delineated in the above chart. The activities associated with those areas include:

Negotiated Settlement Agreement (NSA)

The NSA requires that a number of sworn positions be allocated to non-patrol assignments, which creates additional vacancies in patrol that must be filled on an overtime basis. In addition, the NSA requires the Department to provide oversight / auditing services to show that policy compliance is being achieved. These services require an increased use of resources in areas that have not been considered in the Department's budget for the past three years.

Last year the Department was mandated by court order to *redouble its efforts* to become compliant in the required 51 Tasks identified in the NSA. This translated into adding an additional 14 sworn positions to the Internal Affairs Division (IAD). Those positions were redeployed from Patrol and Criminal Investigations Division (CID).

Prior to implementation of the NSA, the Department was budgeted for four (4) sworn employees in the Office of the Inspector General (OIG) and 14 sworn and civilian employees in IAD. As part of the Department's efforts to adhere to the Negotiated Settlement Agreement, staffing levels in those Divisions were increased. There are currently 12 sworn and civilian employees in OIG and 28 sworn and civilian employees in IAD. This is a total increase of 22 FTEs devoted to NSA implementation. The Department's budget was not increased for the cost of the additional 22 FTEs, therefore funding came from existing resources within the Department. Note: The openings from the vacated positions in Patrol and CID had to be backfilled.

To exacerbate the lack of staffing, the NSA requires auxiliary training to be conducted more often than what is mandated by POST³. The NSA required a 25% increase to mandated training, causing additional open positions to be backfilled on overtime to cover vacancies left by staff that is required to attend the mandated NSA training.

An additional financial burden is the NSA requirement of an 8:1 sworn supervision ratio. With the additional positions in IAD (the majority of which are sergeants and lieutenants), the budget is impacted by expenditures associated with backfill costs of acting command and supervisory staff.

The cost associated with implementation of the NSA is estimated to be over \$4 million this fiscal year.

Compensatory Time Used

Under the OPOA MOU, officers, sergeants, and lieutenants have the option to be paid in salary or compensatory time (comp-time). Comp-time is opted 25% of the time; however, the cost of

³ California Commission on Peace Officer Standards and Training (POST)

the associated burdening is not included in the Department's budget. The cost for the burdens associated with the overtime is estimated to be \$1.1 million by the end of the fiscal year.

Under funded / Unfunded Premiums

As noted in premium and allowance line items, several are either under funded or unfunded (e.g., Meal Allowance, Uniform Allowance, Standby Pay). The cost of these three items alone is estimated to be \$666,844 by the end of the fiscal year.

Overtime

Overtime spending through June 1, 2007, was \$25.12 million, reflecting 212% of the \$11.83 million annual adjusted overtime budget. If current trends continue, total overtime for the year is projected at \$26.51 million or \$14.68 million over budget (total projected amount will be \$27.21 million including related overtime expenditures, e.g., Comp-time Excess Payout and Meal Allowances). An outline separating the overtime expenditures by Program/Division, and the overtime reimbursed from the Port and Coliseum activities is contained in Attachment A.

Activities associated with the projected overage are largely due to:

- Backfill and shift extension overtime;
- Holiday, court, and MOU-related overtime costs which are not funded;
- Mandatory Working Overtime on Day-Off in Patrol (WODOP) (every third week);
- Sergeants assigned to work WODOP (for which the cost for those positions are more costly than officers working WODOP) in order to address the shortage of officers in Patrol;
- Overtime associated with the Recruitment effort (Resolution No. 79835 C.M.S.);
- Officers at the Airport working as an overtime assignment in lieu of straight time. The cost for this activity is reimbursed by the Port; however, the cost for these services is budgeted in the Regular Sworn accounts and not in the overtime accounts (as per our agreement with the Port and OPOA in April 2006.);
- Unfunded Specialized Training Requirements (for all of sworn):

- Personnel Assessment System (NSA requirement)
- Use of Force Training (NSA requirement)
- Internal Affairs Policy (NSA requirement)
- Pursuit Policy (NSA requirement)
- Field Base Reporting
- National Incident Management System (NIMS)
- Patrol Response to Terrorism
- Internal Affairs Investigations
- Law Enforcement Response to Terrorism
- Computer Law Enforcement Training System (CLETS)
- Sexual Harassment Training

Rising Crime Rate

Over the last year, the violent crime rate increased by 51% and the murder rate increased by 38%. It became imperative to increase staffing in the Patrol and Criminal Investigation Divisions (CID). Because CID had been severely impacted by staffing shortages, separations, and reassignments of many of the sergeants in response to the NSA, staff was required to work more overtime than in previous years.

Major Response Operations

The Department historically is not specifically funded for Major Response Operations. Although the Department is not funded for these operations, it is not absolved of the responsibility to respond to these events.

The Department participated in six Major Response Operations (i.e., 4th of July, Labor Day, New Year's Eve, Hells Angels 50th Anniversary, Cinco de Mayo and Memorial Day) last year. These types of operations require the majority of staff (sworn and non-sworn) to either work overtime or standby for call back.

By being pro-active at these Major Response Operations, the City experiences little to no major incidents.

SUSTAINABLE OPPORTUNITIES

Economic: There are no sustainable economic opportunities identified in this report.

Environmental: There are no environmental opportunities identified in this report.

Social Equity: Police resources are effectively used to address the public safety needs of the community, and help to create a safer environment for its citizens.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no Americans with Disabilities Act (ADA) or senior citizen access issues contained in this report.

RECOMMENDATION AND RATIONALE


Although the Department recognizes salary savings from the unfilled positions, the savings are absorbed by backfill for vacancies, unfunded POT salaries, annuitants' salaries, and the projects and programs needed to fulfill the requirements of the NSA. In addition, it has been determined that the Department is under funded in several areas which cause the Department to overspend its allocation in Personnel Services.

Staff recommends acceptance of this report.

ACTION REQUESTED OF THE CITY COUNCIL

No action is requested of the Council.

Respectfully submitted,


Wayne G. Tucker
Chief of Police

APPROVED AND FORWARDED TO
THE FINANCE AND MANAGEMENT
COMMITTEE:

Prepared by:
Debra Taylor Johnson
Deputy Director of Administration
Oakland Police Department


Office of the City Administrator

Attachments:

A. Overtime Expenditures by Program

Attachment A

**OVERTIME EXPENDITURES BY PROGRAM / DIVISION
FISCAL YEAR 06-07***

PS01	Agency-wide Administration	\$872,233
PS02	Internal Affairs	404,758
PS03	Criminal Investigations	2,856,118
PS05	Criminalistics	69,088
PS06	Crime Analysis	5,593
PS07	Records	889,469
PS08	Communications	1,224,865
PS09	Training	1,140,299
PS11	Patrol	9,368,199
PS12	Vice/Narcotics	1,915,023
PS13	Special Operations	835,453
PS14	Traffic	813,986
PS36	False Alarm	1,861
	Reimbursable (Coliseum & Port)	4,725,287
	Total	\$25,122,232

*as of June 1, 2007