



# Memorandum

**TO:** CITY COUNCIL

**FROM:** Mayor Chuck Reed  
Councilmember Sam Liccardo

**SUBJECT:** POLICE STAFFING  
RESTORATION STRATEGY

**DATE:** August 28, 2013

Approved:

*Chuck Reed*

Date: *8/28/13*

*Jan Luccardo*

## RECOMMENDATION

1. Direct the City Manager to:

- a. Present for Council consideration a four-year Police Staffing Restoration Strategy (“Strategy”) to reach a level of 1250 officers—a net increase of approximately 200 sworn SJPD street-ready officers within that period.

The Strategy should consist of:

- 1) filling all current vacancies;
- 2) stemming the flow of departures from the Department, by restoring wages by at least 10% within four years; and
- 3) adding 141 new sworn positions, from the current budgeted level of 1,109 to 1,250 officers, within the four-year period

- b. Consider the funding sources presented below as proposed options for reaching that goal, and identify the amount of any shortfall that would require a voter-approved revenue measure to address.

2. Adopt the following guideline for planning purposes:

Assume additional funding will be allocated in a balanced approach toward two goals: (a) restoring services to January 2011 levels, and (b) restoring the 10% pay cuts to our employees. Within those goals, our top priority for restoring services should be in the Police Department, and our top priority for restoring pay cuts should be in the Police Department.

## DISCUSSION

As our budget situation improves, whether from economic growth, new sources of revenue or savings from the Fiscal Reform Plan, we should allocate funding in a balanced approach toward two goals: restoring services to January 2011 levels, and restoring the 10% pay cuts to our employees.

Among those goals, our top priority for service restoration is in the Police Department, and our top priority for restoring pay cuts is in the Police Department. Our community-based budgeting process clearly informed us that our residents consider restoring public safety to be their top priority, although it is not their only priority.

We have a great department with some of the best officers in the country. This year's reduction in violent crime and gang-related violence—and their continued decline over the last half-decade—speaks volumes about the extraordinary work of SJPD officers and staff during a period of scarcity. However, a decade of spiraling costs have left the department seriously understaffed, and reduced its ability to respond to, investigate and prevent crimes.

To restore the Department's staffing, the Council needs to approve a plan that will give new recruits confidence that if they stay here, they'll become part of a growing team. This plan must acknowledge the role of compensation cuts in drawing officers out the door, and offer a path to restore those cuts within the visible horizon. Finally, we must approve a plan that will responsibly guide our own budgetary decision-making.

This is not meant as an “end-around” the negotiating process, but rather, the articulation of a clear signal of a common commitment to restoration of foregone pay. Nor is it intended to provide a “floor” for negotiations. Obviously, if we suffer another severe recession, a legal setback to the fiscal reform plan, or any comparable fiscal calamity, we will need to reconsider this plan.

Nonetheless, we should be able to communicate to our rank-and-file that we are collectively committed to restoring pay at a rate that our budget can sustainably absorb.

We must start by focusing on filling the many the vacancies in our Department. Even after the current group of recruits emerges from the Academy this Fall, the City currently has over 40 vacancies from its 1,109 budgeted positions. No amount of budgeting for new positions will add officers to our streets if we cannot retain the officers on our force today.

Beyond that, we need to focus on restoring additional officer positions, to begin the journey back to a staffing model that made San José America's safest large city. In addition to filling the vacancies, we should plan to add 141 new officer positions over the next four years. Staffing of the Department won't approach its pre-recession peak, but we will see substantial relief of overburdened officers, and an ability to once again focus police resources on emerging crime threats. Most importantly, we can make commitments to the officers and to the public that we can keep. In the meantime, we will need to leverage technology, such as our new record management system (RMS), computer aided dispatch (CAD), and predictive analytics to enable our beat officers to be more efficient and effective at lower staffing levels.

The challenge in restoring police staffing, of course, is largely financial. We should define that cost to sharpen our focus on the task ahead.

Restoring at least 10% of pay—a figure that is considerably less than 10% of compensation, of course—will cost roughly \$20 million annually in current-year General Fund dollars. We should prioritize doing so within a four-year time frame to provide current officers with a pathway toward pay restoration within the visible horizon. Hiring 141 new police officers at \$153,000 in compensation per officer, plus \$13,000 in non-personal/equipment costs, will cost about \$23.4

million annually in current-year dollars.<sup>1</sup> With pay raises implemented, that \$23.4 million annual expense will rise proportionally, and the numbers will grow in each succeeding year with step increases, compounding raises and further increases in retirement contributions.

Roughly speaking, if we are going to have 1,250 officers, we have to find approximately \$50 million annually to retain existing officers, fill current vacancies and add another net 141 positions within four years. Staff should consider any of several options for identifying these funds, including but not limited to any of the following revenue sources, existing allocations or savings:

- \$15 million has been forecasted/set aside through 2014-2015 already, based on the City's last offer to the police union (i.e., for a 2.5 percent increase for each of the next two years, plus a four percent retention incentive);
- The City Manager's base budgetary forecast already assumes a two percent general wage increase for each of the remaining three years of the five year forecast, in addition to an annual wage increase of 0.36 percent to account for "step" increases;
- Several million in savings (by the end of this four-year period) as a result of the phased elimination for Sick Leave Payment Upon Retirement<sup>2</sup>;
- Other yet-unachieved fiscal reforms—for example, ensuring that only actual hours worked are included in the overtime calculations, and requiring retiree enrollment in Medicare—will also save dollars that can be invested in this plan;
- Any reduction in the overtime needed for the Department to cover staffing shortfalls, an amount that exceeded \$12 million in the last fiscal year;
- Funding sources other than the General Fund should also be explored, where police serve a designated function relating to the specific fund's purpose. For example:
  - Potential unbudgeted savings in the General Purpose Parking Fund (which, as a result of improved tax increment collections combined with recent litigation action, may relieve the \$3.3 million annual payment for the 4<sup>th</sup> Street Parking Garage Debt Service) could help cover Downtown policing relating to late-night activity around the garages and nightclubs; and
  - The Storm Sewer Fund might cover police expenditures related to encampment dispersion and cleanups that ultimately reduce the pollutants in our creeks and waterways.
- The police officers' share—perhaps one-third—of the estimated \$12 million that our workforce will pay in the coming year as part of its 4 percent retirement contribution (increasing by 100 percent each year for four years) imposed by Measure B;

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<sup>1</sup> Hiring laterals will cost more, up to \$21 million annually for every 100 officers at Step 7.

<sup>2</sup> The actual amount of savings—substantially less than the \$6 million that resulting from immediate elimination-- will depend on the phasing rate, and the rate of actual retirements

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- Additional cuts or cost savings in other services, or voter-approved revenue increases, as Council may ultimately decide.

This memorandum does not purport to “solve” the fiscal challenge in reaching a force level of 1,250 officers, but merely offers an approach to focusing Council commitment around dedicating cost savings and new revenues to a police service restoration plan. We look forward to the ideas of our colleagues, the Department and Staff in improving on this approach.