CITY OF PALO ALTO
MEMORANDUM

TO: HONORABLE FINANCE COMMITTEE

DATE: May 20, 2011

SUBJECT:

- Follow-up on Preliminary Reductions to Public Safety if Compensation Concessions are not Materialized
- Office of Emergency Services Recommendations

Attached are memos for the May 24, 2011 Finance Committee Meeting.

PAMELAANTIL
Assistant City Manager

JAMES KEENE
City Manager
CITY OF PALO ALTO
MEMORANDUM

TO: James Keene, City Manager
    Pamela Antil, Assistant City Manager
    Lalo Perez, Director of Administrative Services

FROM: Dennis Burns, Interim Director of Public Safety

DATE: May 16, 2011

SUBJECT: FY 2012 Police Department Alternative Reduction Proposal

Background

The 2012 General Fund budget balancing proposal to the Finance Committee relies on $4.3 million in concessions from Police and Fire unions which are still being negotiated (approximately $2M from Police and $2.3M from Fire). The Finance Committee requested information related to other cuts that could be made if these concessions are not agreed upon by mid-year of FY 2012 to cover the ensuing $4.3 million gap. Although I remain confident that concessions will be made by both unions, the following memo was prepared to address the budget shortfall in the Police Department if they are not made in a timely manner.

It must be noted that these options were developed fairly quickly and, as a result, should the Finance Committee and full City Council wish to proceed with such changes, staff would request additional time to conduct a more detailed analysis to determine final cost savings; possible impacts related to changes in shift staffing; and impact on service levels in the community. Although we cannot predict to what extent, we assume that any changes to staffing will impact service levels to the community in some way (e.g., response times, community outreach, enforcement activities, etc.). This would need to be addressed through a restructuring of the department to mitigate any negative outcomes. Concessions from the employee groups are clearly preferable to undertaking such changes immediately.

Analysis

The Police Department command staff met on numerous occasions to examine how we might achieve this $2.0 million reduction through the elimination of positions, reorganization of the Department and/or contracting services currently provided in-house. This exercise proved challenging as the Police Department has already eliminated 31 positions (18 non-sworn and 13 sworn positions) since FY 2002/03. Further complicating our analysis is the fact that the Police Department has a number of positions that are difficult to eliminate as they generate revenue or provide services to a regional
partner pursuant to a contract (e.g., dispatch and animal services). These are typically the services that other communities have selected to outsource to another community or private vendor. To outsource these services in Palo Alto would necessitate a deeper analysis/formal study to determine if they could be done more efficiently while still generating the same or higher level of service and revenues.

**Reductions in Staff and Operations:**

To meet the $2.0 million reduction objective the Police Department would eliminate 11 Police Officer positions, assuming a fully loaded salary/benefits cost of approximately $183,500/sworn officer position. Eliminating 11 positions would reduce our authorized strength from the current 91 sworn officer positions to 80 sworn officer positions. 11 sworn positions would be equivalent to eliminating the entire Investigative Services Division (Detectives) or approximately 25% of the officers assigned to the Field Services Division (Patrol). Most likely a reduction this significant would be accomplished by eliminating a combination of patrol officer positions, detective positions and traffic officer positions. Any significant reduction in police officers would necessitate a major restructuring of the Patrol and Investigations Divisions. In addition, some changes may trigger meet and confer requirements under the union agreement.

The Police Department has made every effort to identify reductions that did not severely impact the current level of service to meet the $2 million objective and without bringing back the recommendations from the last fiscal year which were rejected by the Finance Committee and City Council (e.g., elimination of traffic unit, crossing guards, etc.). Unfortunately, we are unable to suggest new cuts that do not impact patrol, traffic and investigative services in some way.

I look forward to working with you and your staff to answer any questions about the Police Department's staff reduction options.

Respectfully submitted,

Dennis Burns
CITY OF PALO ALTO
MEMORANDUM

Date: May 19, 2011

To: James Keene, City Manager
    Pamela Antil, Assistant City Manager
    Lalo Perez, ASD Director

From: Dennis Burns, Interim Director of Public Safety

Subject: FY 2012 Fire Department Alternative Reduction Proposal

Background

The 2012 General Fund budget balancing proposal to the Finance Committee relies on $4.3 million in concessions from Police and Fire unions which are still being negotiated (approximately $2M from Police and $2.3M from Fire). The Finance Committee requested information related to other cuts that could be made if these concessions are not agreed upon by mid-year of FY 2012 to cover the ensuing $4.3 million gap. The following memo was prepared to address the budget shortfall if they are not made in a timely manner.

It must be noted that these options were developed fairly quickly and, as a result, should the Finance Committee and full City Council wish to proceed with such changes, staff would request additional time to conduct a more detailed analysis to determine final cost savings; possible impacts related to the Stanford contract; and impact on service levels in the community. Although we cannot predict to what extent, we assume that any changes to staffing will impact service levels to the community in some way (e.g., response times, community outreach, etc.). This would need to be addressed through a restructuring of the department to mitigate any negative outcomes. Concessions from the employee groups are clearly preferable to undertaking such changes immediately.

Analysis

Outsourcing:

A consideration of outsourcing for the Department’s Fire Prevention Bureau was briefly looked at by staff but would need more time to be fully vetted to determine if such an arrangement is possible in Palo Alto. Staff also reviewed the 2011 RFP for Fire and Emergency Services that the City of San Carlos recently completed. However, as with outsourcing fire prevention, further analysis would be required to make comparisons between that process and the services and the current environment in Palo Alto.
Reductions in Staff and Operations:

Staff identified the following options to achieve about $2.3 million cost savings objective placed upon the Fire Department. These options took into consideration a number of factors including a combination of call volume, response times and provisions in the current contract with Stanford. Descriptions of the potential service impacts or other implications are included with each option:

Option 1 (Shut down One Engine Company and Brown-outs):

To meet the savings objective the Fire Department would reduce staffing by 9 FTE through elimination of one Engine Company and implementing a sequential fire station brown out system. Daily line staffing would be reduced to 26 personnel from the current 29. Browning out fire stations would begin when staffing for a given day falls to 25 personnel. In this model, the City of Palo Alto would reduce our authorized strength from the current 108 to 99 sworn shift personnel and overtime due to staffing would average one 12 hour person for the medic van per day, resulting in approximately 2/3 less overtime per year.

The fully loaded salary/benefits cost reduction would be approximately $4.5 million. This option would result in a reduction in Stanford reimbursement of approximately $1.4 million, leaving a total proposed budget savings of $3.1 million.

Option 2 (Shut down One Engine Company and One Rescue Company):

To meet the savings objective the Fire Department would reduce staffing by 18 FTE through elimination of one Engine Company and one Rescue Company. Daily line staffing would be reduced to 23 personnel from the current 29. Eliminating 18 positions would reduce our authorized personnel from the current 108 positions to 90. The reduction would eliminate the hazardous materials response capabilities and could affect the current Stanford-Palo Alto contract. The current practice of staffing the 12 hour medic unit with overtime would remain the same.

The fully loaded salary/benefits cost reduction would be approximately $3.5 million. This option would result in a reduction in Stanford reimbursement of approximately $1.07 million leaving a total proposed budget savings of approximately $2.4 million.

It should be noted that all submission options above would require further discussion and are likely subject to the meet and confer requirements of the union agreement. Fire Department Management has been meeting with Local 1319 (IAFF) to explore alternative staffing models that could provide other cost reductions to the City if adopted.

I remain optimistic that the anticipated labor concessions will be achieved to balance the FY 2012 budget. I am available to meet with you and your staff to answer any questions in this reduction proposal.

Respectfully submitted,

Dennis Burns
Interim Director of Public Safety