

*Staff Report -
Prepared by SPD
for Council
for 3/20/95
meeting*



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CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 101
915 I STREET
SACRAMENTO, CA
95814-2684

March 17, 1995

PH 916-264-5704
FAX 916-264-7618
TDD (ONLY) 916-264-7227

Neighborhood and Public Safety Issues Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Long Term Public Safety Funding Strategies

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION

This report is for Committee information only. No formal action is required. At the request of the Committee Chair, this report concentrates on an update of the City's General Fund and costs associated with police programs. The next report will concentrate on revenue source options and related policy issues.

CONTACT PERSON: Jack R. Crist, Deputy City Manager, 264-5704
Arturo Venegas, Jr., Police Chief, 264-5123
Ken Nishimoto, Acting Finance Director, 264-5845
Michael McGrane, Sr. Management Analyst, 264-5847

FOR COMMITTEE MEETING OF: Monday, March 20, 1995

SUMMARY

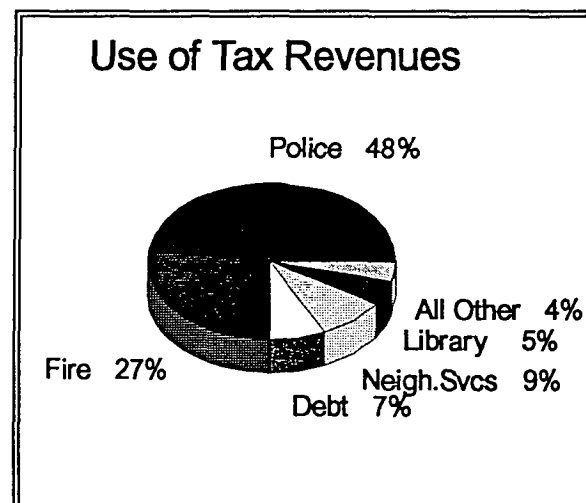
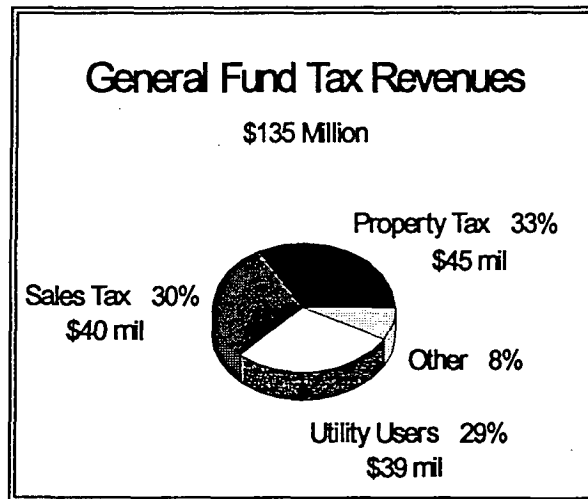
This report and the companion report to follow provide information for the Committee to discuss strategies for long term financing of public safety programs. Given the serious current tax revenue problems and considering the fact that public safety programs are a majority of the General Fund tax base, the dilemma we face is how to provide for a public safety system that has the ability to respond to emergencies, implement effective neighborhood policing programs, and still provide for other non-public safety City programs.

DISCUSSION

Current Public Safety Funding: The Police Department is currently funded from the General Fund. General Fund resources consist of taxes, charges for services, proceeds from other government agencies, interest, fines, and permit revenues. Tax revenues represent nearly 70% of all General Fund Revenues and over 90% of the General Fund taxes comes from Property Taxes, Sales Tax, and the Utility Users Tax.

The General Fund is the primary funding source for police, fire, library, neighborhood services, general government and other various programs reflecting the six City Council priorities. The City Council priorities are: Economic Development; Neighborhood Revitalization and Enhancement; Public Safety; Positive Youth Alternatives; City-wide Inclusiveness of our Diverse Population; and Fiscal Viability and Reinventing of our City Government.

The cost of certain programs are offset by revenues such as development related fees. Those programs that do not fully offset from revenues primarily rely on tax proceeds for funding. The chart on the right details those program areas that are dependent on tax funding. The largest components are the public safety (Police and Fire Departments) programs which represent 75% of the tax base.



1995-96 General Fund Deficit: The General Fund gap (before considering Police grant requirements) is expected to range from \$5 to \$8 million resulting from increased costs associated with the joint fire dispatch center, increased debt service costs, potential labor cost increases, and other costs. (See Attachment B for further discussion on the current status of the General Fund)

1995-96 Police Grant Funding: The acceptance of the COPS Phase I grant, that partially funds 23 neighborhood police officer positions, requires a City match of \$1.1 million in fiscal year 1995-96. If the City is selected for the COPS MORE grant and the Council decides to accept this grant, an additional \$0.6 million would be required in fiscal year 1995-96. The combination of the General Fund gap and the 1995-96 Police grant matches total approximately \$10 million.

Police Strategic Plan/Police Grant Funding after 1995-96: The City now has temporary outside funding for 73 officers, including the additional 23 officer positions from Phase I of the Crime Bill. The following chart lists the externally funded positions in the Police Department (see Attachment A for a more detailed grant program listing).

	Police Officers	1995-96 City Cost	Cost If continued w/o Grant Funds
Crime Bill Phase I	23	\$1.1 million	\$1.8 million
SHRA	21	\$ 0	\$1.7
Traffic Safety	8	\$0.3	\$0.7
Drug Enforcement	7	\$ 0	\$0.4
All Other	<u>14</u>	<u>\$ 0</u>	<u>\$3.0</u>
Total	73	\$1.4 million	\$7.6 million

Several of these grants are scheduled to terminate. Certain SHRA grants are funded by one-time sources which could dry up as soon as the end of the next fiscal year. The COPS Phase I neighborhood policing grant is scheduled to be completed in fiscal year 1996-97. Given changes in the federal and state legislatures, it is difficult to predict the availability of grants in the future.

A major goal of the Police strategic Plan is to implement neighborhood policing throughout the City. To implement neighborhood policing throughout the City would require an additional 68 - 100 officers costing from \$6 - \$10 million annually. To date, progress on implementing the Police Strategic Plan has been entirely from grant proceeds. Currently, over forty grant funded officers are deployed in neighborhood policing programs. If this funding ends, effectively no progress will have been made to implement the strategic plan.

Cost Recap: The following chart summarizes the above funding costs:

Cost Summary	
1995-96 General Fund Gap	\$5- \$8 million
1995-96 Police COPS Phase I/MORE Match	<u>\$2 million</u>
Total 1995-96 Gap	\$7 - \$10 million
Beyond FY 96:	
Potential Grant Terminations	\$0 - \$7 million
Police Master Plan (depending on grants)	up to \$15 million

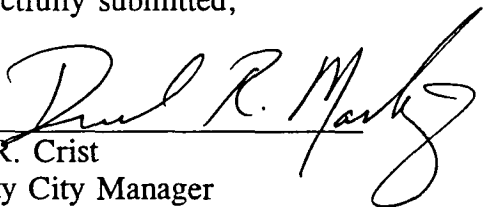
POLICY CONSIDERATIONS

The Dilemma: If we want to meet goals of the Police Strategic Plan, we either cut expenditures which means reprioritization existing resources or we raise revenues. For example, covering the \$1.2 million for the COPS Phase I grant match for next fiscal year 1995-96 from existing resources would be equivalent to a 2% reduction in the Police Budget. Or in program terms \$1.2 million is equivalent to 15 police positions, one fire company, or about half the operating costs of the Central Library. Offsetting the General Fund gap with reductions is approximately a 5% - 10% reduction citywide. Programmatically, the magnitude would be equivalent to entire Police Investigations Division or the net cost of the Neighborhood Services Department.

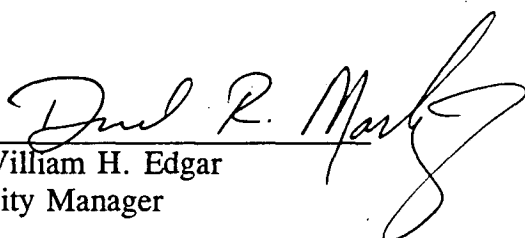
The 1995-96 gap combined with the Police grant matches can not be met by efficiencies measures. Fixing this gap will require reprioritization of our current inventory of City programs. The upcoming budget process will provide for a close examination of all City programs for efficiency, effectiveness, and their relationship to the Council's priorities.

Revenue sources will be discussed in more depth at the next Committee meeting. The following report will discuss various revenue sources and their requirements for imposition, restrictions on use, equity relative to benefit received, and cost of collection or administration.

Respectfully submitted,


for: Jack R. Crist
Deputy City Manager

Recommendation Approved:


for: William H. Edgar
City Manager

Neighborhood and Public Safety
Issues Committee
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APPENDIX A
CURRENT LISTING OF POLICE GRANTS

GRANT AND PROGRAM SUMMARY
as of 03/15/95

GRANT/PROGRAM	POSITIONS FUNDED	FUNDING SOURCE	OBJECTIVES	PROGRAM TERM	COMMENTS
A B C Grant	1 police officer 2 security officers	State through Alcohol Beverage Control	To capture data regarding over-concentration of licensing in Sacramento; education and successful completion of accusation hearings.	12/01/94 - 11/30/95	
Alkali Flat Program	2 police officers	SHRA/ Tax Increment	Patrol the Alkali Flat Redevelopment Project area under the Community Oriented Policing Program.	07/01/92 - 06/30/96	
Avondale/Glen Elder Program	2 police officers	SHRA/CDBG	Patrol the Avondale/Glen Elder area under the Community Oriented Policing Program.	07/01/93 - 06/30/96	
Community Oriented Policing Services (COPS) Grant	23 police officers	Federal Crime Bill	City-wide expansion of neighborhood policing program.	10/01/94 - 09/30/97	
Community Traffic Safety Grant	1 lieutenant 1 sergeant 6 police officers	National Highway Traffic Safety Administration	To reduce the number of fatal and injury collisions through public education and proactive enforcement.	10/01/94 - 12/31/96	
Crank/Rock Impact Project (CRIPS) Grant	1 sergeant 2 police officers	Federal through OCJP	Investigate and apprehend crack cocaine and methamphetamine distributors.	01/01/88 - 06/30/95	Funding is likely to be extended through 06/30/96.

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GRANT/PROGRAM	POSITIONS FUNDED	FUNDING SOURCE	OBJECTIVES	PROGRAM TERM	COMMENTS
Del Paso Heights Program	2 police officers	SHRA/Revenue Bond	Patrol the Del Paso Heights Redevelopment Project area under the Neighborhood Police Officers Program.	01/01/94 - 06/30/96	
DMV Vehicle Anti-Theft Program	2 police officers	DMV Registration Fee	Establish Anti-Vehicle Theft Enforcement Program for the deterrence, investigation and prosecution of vehicle theft crimes.	01/01/92 - 01/01/96	Legislation to change this fee terminates 01/01/96. Likely that new legislation will be passed to extend program.
Dos Rios Program	2 police officers	SHRA/HUD	Patrol the Dos Rios Housing Development and Washington Plaza under the Community Oriented Policing Program.	08/01/93 - 06/30/96	
Franklin Villa Program	2 police officers	SHRA/CDBG	Patrol the Franklin Villa area under the Community Oriented Policing Program.	07/01/93 - 06/30/96	
Kaiser/Wyndham Drive Corridor Grant	2 police officers	Kaiser Foundation Hospital	Implement Neighborhood Police Officers Program within Bruceville Rd., Valley Hi Dr. and Wyndham Dr.	12/15/93 - 12/15/95	Program is likely to be continued on an on-going basis.
Luther Burbank Gang/Drug Abuse Suppression Grant	1 CSO	State through OCJP	Implement program to alleviate gang/drug violence at Luther Burbank High School.	09/01/94 - 08/31/95	
Neighborhood Nuisance Program	2 police officers	Neighborhood Conservation Fee	Investigate and enforce ordinances relative to the abatement of behavioral and social nuisances.	09/21/93 - Ongoing	

GRANT/PROGRAM	POSITIONS FUNDED	FUNDING SOURCE	OBJECTIVES	PROGRAM TERM	COMMENTS
Oak Park Drug Elimination	2 police officers	SHRA/HUD	Patrol the Oak Park area under the Community Oriented Policing Program.	08/01/93 - 06/30/96	
Oak Park PAC Patrol	2 police officers	SHRA/Revenue Bond	Patrol the Oak Park Redevelopment Project area under the Neighborhood Police Officers Program.	01/01/94 - 06/30/96	
Oak Park Revitalization Grant	1 sergeant 1 police officer	Federal ADA & State through OCJP	Implement Weed & Seed Program to revitalize Oak Park area.	06/30/93 - 02/28/95	The city is absorbing the cost of 2 NPOs from 03/01/95-06/30/95. Renewed OCJP grant funding is anticipated 07/01/95-06/30/96.
Regional Transit District Program	1 sergeant 5 police officers	Sacramento Regional Transit District	Provide security services on RT buses, trains, and related transit facilities.	07/01/93 - 06/30/96	Initial contract is for 3 years. Program is likely to be continued on an on-going basis.
Richards Blvd. PAC	2 police officers	SHRA/Tax Increment	Patrol the Richard Blvd. Redevelopment Project area under the Community Oriented Policing Program.	07/01/93 - 06/30/96	
River Oaks/ New Helvetia	2 police officers	SHRA/Revenue Bond	Patrol the River Oaks and New Helvetia developments under the Community Oriented Policing Program.	03/01/92 - 06/30/96	
Terrace Manor/ Strawberry Manor	.5 sergeant 2 police officers	SHRA/HUD	Patrol the Terrace Manor and Strawberry Manor developments under the Community Oriented Policing Program.	01/01/95 - 12/31/96	

* Contract negotiations in progress.

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APPENDIX B

DETAIL OF

CURRENT STATUS OF THE GENERAL FUND

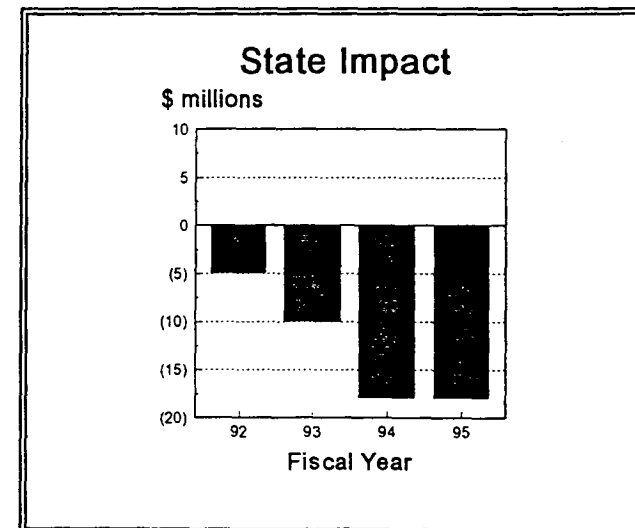
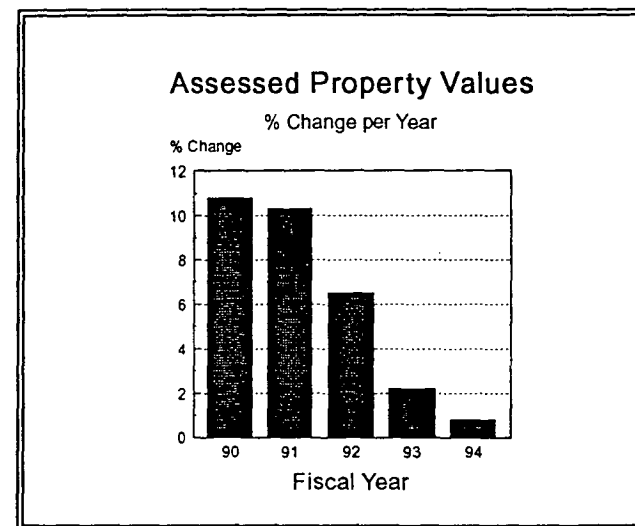
AND

POLICE FUNDING ISSUES

Current Status of the General Fund: Over the past 5 years, the General Fund taxes have experienced greater volatility than in the previous years. In the year prior to the recession the tax base grew at an average of 8%. With the recession and the State impacts, the tax base has become more unstable. The negative impact to the City of the State confiscation of City property tax money now totals over \$18 million annually. The demands for City services however do not correspondingly increase/decrease to match the uneven revenue flow.

The Midyear Review will be on March 28, 1995. Current projections indicate that the 1994-95 General Fund tax revenues are \$4 million lower than anticipated. The principle problem is with property taxes. Many properties are being reassessed at a lower value than when the property was originally acquired. The change in the growth in assessed property value over the last five years has decreased from 10% to less than 1%.

Given the continued length of the recession, the General Fund gap is expected to continue into fiscal year 1995-96. The gap increases to \$7 - \$10 million when combined with increased costs associated with the joint fire dispatch center, the Crime Bill match, debt service, labor cost increases, and other costs. This year's deficit combined with the 1995-96 Grant matches can not be met by just efficiency measures. Fixing this gap will require reprioritization of our current inventory of programs.



Police Funding Issues: The Police Department budget was reduced by \$5.5 million and 90 positions, including 70 sworn positions in fiscal year 1993-94. The reduction strategy kept patrol units intact but needed to reduce units which support patrol such as traffic units and tactical units. Since the reductions, the Police Chief was successful in securing outside funding for police services from the Sacramento Housing and Redevelopment Agency, Kaiser Hospital, Regional Transit, and other grants. These grant provide for a variety of programs including neighborhood policing, proactive traffic enforcement, drug enforcement, gang suppression, and transit safety. The City now has temporary outside funding for over 73 officers, including the additional 23 officer positions from Phase I of the Crime Bill. The following chart lists the externally funded positions in the Police Department (see Attachment A for a more detailed listing).

Grant Funded Police Programs			
	<u>Police Officers</u>	<u>1995-96 City Cost</u>	<u>Cost if Continued</u>
Crime Bill Phase I	23	\$1.1 million	\$1.8 million
SHRA	21	\$ 0	\$1.7
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All Other	<u>14</u>	<u>\$ 0</u>	<u>\$3.0</u>
Total	73	\$1.4 million	\$7.6 million

The chart also highlights three related funding issues:

- Grant funding provides important public safety programs at a lower cost to the City. Grant funding provides for over 73 positions at a City cost of \$1.4 million, or roughly \$19,000 per officer.
- As stated during the COPS Phase I funding the City has to find over \$1 million as part of its grant match for fiscal year 1995-96. This figure would increase by \$650,000 if we are approved for funding from the COPS MORE federal program and the City Council wishes to accept this grant.
- The cost of these grant programs, should the City desire to continue these programs, after the grant funding terminates is potentially as high as \$7 million if all current funding terminates, no similar grants become available, and the Council deems all of these programs high priorities.

Several of these grants are scheduled to terminate such as the COPS Phase I grant which would be completely phased out by fiscal year 1996-97. Certain SHRA grants are funded by one-time sources which could dry up as soon as the end of the next fiscal year. Given changes in the federal legislature, it is difficult to predict the availability of grants in the future.

In May 1993, the City Council adopted the goals of the Police Strategic Plan. One of the main objectives of the Police Strategic Plan is to implement neighborhood policing throughout the City. To implement neighborhood policing throughout the City will require an additional 68 - 100 officers costing from \$6 - \$10 million annually. In addition, support and investigative staff would bring the cost to \$15 million. To date, progress on implementing the Police Strategic Plan has been entirely from grant proceeds. Grants related to the Strategic Plan goal for establishing neighborhood policing now totals \$x.x million.

Police Strategic Plan	
	<u>Cost</u>
Neighborhood Policing Citywide (68 officers)	\$6.8 million
Neighborhood Crime Reduction Teams (32 officers)	\$3.2 million
Support/Investigative Staff	<u>\$5.0 million</u>
Totals	<u>\$15 million</u>