



## **Palos Verdes Residents for Responsible Government (PVrrg)** **Police Department Study Considerations Discussion Summary**

September 5, 2019

### **Statement of Purpose:**

We are writing this document because we want to support a City Council approach that reflects a sense of urgency, is complete and is driven by finding meaningful changes to our police department that are affordable, effective in keeping our residents safe, and sustainable in the long-term.

In establishing the Ad Hoc Committee to study the Palos Verdes Estates Police Department (PVPED), we urge the City Council to adopt a scope that studies and seeks cost estimates for the **full** range of all possible options so that the Council and the community can make a fully informed decision regarding the steps to be taken.

### **Background:**

In the 1980's after the passage of Proposition 13, Palos Verdes Estates passed a parcel tax to make up for the resulting budget shortfall. Among other things, this tax allowed PVE to keep its own police force, the only one of four cities on the hill to have one. Versions of this parcel tax were routinely approved by voters over the years until 2017 when Measure D was defeated. Its defeat was in part due to increasing concerns regarding the City's budget/expenditures coupled with increasing distrust of city government and its lack of transparency. While Measure D was described as a "Fire Tax" because it was roughly the magnitude of PVE's fire safety budget, once it was voted down, the only expenditure that was untouchable was the fee due to the LA County Fire Department.

The City responded by making some minor cuts in various department budgets and hiring a consultant (Lewis McCrary Partners) to review the PVE police department which was over half of the remaining budget. This consultant was tasked with increasing the efficiency and cost effectiveness of our current police department. The consultant's final report identified approximately \$800K in savings out of an operating budget in excess of \$7 million. These savings would come mostly from a recommended restructuring/outsourcing of certain department func-

tions and reducing staff. The City Council in office at the time declined to implement many of the consultant's cost savings recommendations, for example, outsourcing the jail.

In 2018, the City Council put another referendum on the ballot, Measure E. The purpose of this Measure was to levy a parcel tax that would raise \$5 million annually and would be earmarked specifically for LOCAL police. This measure narrowly won in April 2018, surpassing the 2/3 requirement by only 130 votes.

PVrrg conducted a survey following the passage of Measure E to gain a better understanding of why residents voted the way they did, either for or against. Please note that, while we recognize that nearly 70% of our resident voters signaled their support of this measure, we found that some of these voters were voting in favor of a tax to fill a big budget gap rather than for the PVEPD per se. Also, we found that there was much misinformation disbursed by various sources during the Measure E election. Voters did not have accurate information about the cost and service level comparisons between PVEPD and Los Angeles Sheriff Department (LASD). Our survey showed that support for an internal PD diminished as the cost differential increased, and only 23% of Measure E supporters were still supportive if the differential were 400%. This happens to be the difference in cost per household and cost per person relative to RPV and the other Peninsula cities. The summary results of that survey can be found on the PVrrg website: <https://www.pvrrg.org/polls-current> and the cost comparisons at <https://www.pvrrg.org/issue-finance-measure-e/#anchor-link-premium>.

At this point in 2019, our basic concerns remain. The \$5 million in funds generated through the new Measure E parcel tax will fail to cover the fully allocated police department costs for the current fiscal year by a wide margin; the shortfall is estimated to be several million dollars. In addition, there is no escalation clause in Measure E, which means that as costs increase, that number will grow each year, while Measure E tax revenues will not. We have heard no meaningful discussion at Council meetings regarding cutting or restructuring the police force, nor of any other potential cost savings measures. In fact, the Council just approved 3 new, un-budgeted, police hires!

In addition to the challenges in front of us related to meeting current and ongoing operating expenses for our police, we are faced with the considerable financial demands of repaying our significant (and growing) accumulated pension liability, or "UAL." This amount is rapidly approaching the total annual revenues of Palos Verdes Estates.

We were very encouraged when, in April of this year, City Council elections brought in a majority of new Council members committed to effectively managing the City's costs, including costs associated with the police. Our encouragement was validated by the Council's appointment of Mayor Kenneth Kao and Mayor-Pro-Tem David McGowan to an Ad Hoc Committee tasked with identifying cost reduction opportunities for police services.

We applaud the Council's efforts in this regard. As a show of our support, PVrrg has developed the following suggestions regarding the goals, scope, process elements and options for this committee to consider. We hope that this document will be useful to you and that you will be mindful of our suggestions as you conduct your work.

## **Goals, Scope, Process Elements, and Options:**

Obviously, the appointment of an ad hoc committee to study this issue is a very serious effort, focusing on meaningful changes that save the city money while keeping its residents safe. In approaching this task, one could take a holistic “big picture” approach, which might require a different and more complex structure for this committee.

Alternatively, one could focus more on incremental issues within the scope of a more informal “ad hoc” structure, which is what we understand the Council has chosen to do. Nevertheless, we believe that the committee should consider what the overall cost reduction strategy would include over time, so that its incremental approach can fit into an overall roadmap for the future.

**We recommend that the following be among the overall goals and scope of the current committee:**

1. Maintenance of and improvement in police service quality based on identifying the services and service levels important to the community
2. Cost reduction and efficiencies

A benchmarking comparison of police costs for other cities with similar characteristics to PVE should be part of this work. This benchmarking study needs to include comparisons to the other three Peninsula cities in the form of a full feasibility study from the LASD tailored to PVE needs.

3. Improve accountability

- Create quality service level agreements (SLA's) which are independently measured and publicly reported
- Align SLAs with employee goals and reviews linked to merit increases/bonuses
- Ensure costs and services levels are regularly reported to the Council and the public

**We recommend the following as deliverables from the committee:**

1. Various alternatives for the Council to consider that address the goals described above

For example we would advise exploring outsourcing options including with Torrance, Redondo Beach and with our sister cities on the Hill in the form of a combined, Peninsula-wide police force. This step is, in our opinion, an important fiduciary responsibility of the Council and the only way in which we can ensure a level playing field as we enter into contract negotiations with the Police Union. (See “Options” below for further discussion.)

2. Financial models of each alternative
3. An “apples to apples” comparison (both in terms of service levels and fully allocated costs) between our existing operating model and other alternatives. (See item 2 above and Options below for further discussion.)

To ensure we obtain “apples to apples” comparisons, the benchmarking study should begin with identifying and publishing all direct and indirect costs associated with PVEPD, as well as all SAFETY services and service levels provided by PVEPD. For example, it would be im-

portant to exclude costs associated with programs like PVE Cares from any comparison because this is not a core public safety service provided by other police forces. Another example is that we would need to know what portion of our current liability insurance is attributable to our police department, especially workers compensation, since insurance is embedded in the LASD quote. This could be easily determined by asking our insurance carrier to provide a cost quote with and without our police department. Finally, the finance department would likely be down-sized because more than 50% of the personnel and transactions are linked to the PVEPD.

4. Conclusions and recommendations that are not predetermined by personal or political preference; the facts should speak for themselves.

### **Options:**

Up until now, a great deal of the public safety conversation within PVE has been of the “either/or” variety - either PVEPD or LASD. We recommend that the ad hoc committee go beyond this either/or mentality and think outside the box. We believe that the committee will need to be creative to come up with a cost effective solution that works for our city. While the LASD is ONE option to consider, it is certainly not the only one. Things to consider:

- Given that a majority of residents favor local policing, are there hybrid solutions, like outsourcing some of PVEPD’s tasks to Redondo Beach or Torrance (some of these possibilities were identified in the McCrary Report)?
- Can we create cooperative programs with other cities on the Hill for cost/services sharing?
- Are there alternative ways to staff certain jobs? For example, anyone who has had to negotiate the stop signs in Malaga Cove Plaza at rush hour knows what a nightmare it can be. The Council recently made a judicious decision to contract with a private security company, at a cost far lower than if the same service were provided by PVEPD, to provide traffic-control personnel for this busy intersection at rush hours.

### **Conclusions:**

We know that all of us are concerned citizens who love our City. We applaud the City Council’s willingness to take on this difficult issue, and have created this document in the spirit of supporting this important effort. We stand ready to assist in any way possible.