City of Long Beach
Memorandum
Working Together to Serve

Date: February 1, 2017

To: Patrick H. West, City Manager

From: John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Public Safety Priorities and Additional Restorations Using Measure A**

On November 22, 2016, the City Council approved a motion to request the City Manager to evaluate new and ongoing revenue sources, and make the necessary preparations to restore Paramedic Rescue 12 in January 2017. The City Council also requested that staff evaluate if additional restorations are feasible concurrently, according to the Fire Chief's restoration priority list. In addition, the motion further requested the City Manager to evaluate and report back to the City Council the feasibility of a short- and long-term plan for additional public safety restorations within 90 days. A report to the City Council released on January 9, 2017, partially addressed this motion. Attachments A and B cover the following areas:

- **Attachment A** - Summarizes the top Public Safety restoration priorities identified by the Police and Fire Departments

The Long Beach Police and Fire Departments have prepared a list of critical departmental priorities based on current and projected needs. The Long Beach Police and Fire Departments' number one priorities: restoration of Fire Engine 8 and the reestablishment of Police South Division have been completed. As addressed in the January 9, 2017 report to the City Council, staff recommends the funding of the Long Beach Police and Fire Departments' number two priorities: the restoration of Paramedic Rescue 12 and the reinstatement of Police Academy operations.

- **Attachment B** - Summarizes new funding sources and details proposed revisions to the Measure A Plan

Staff is evaluating the timing and funding available for public safety restorations from three recently passed ballot measures: City Marijuana Taxation Measure MA, County Park Measure A, and County Transportation Measure M. Preliminary research indicates that, while there is a portion of the ballot measure funding sources that could be used to assist with General Fund operations, these funds will be needed to maintain existing public safety services and other operations. Staff also revisited the City Measure A Plan and was able to recommend the restoration of the Police and Fire Department's number two priorities through deferring $1.5 million in residential street repair until FY 18. In addition to the public safety restorations, staff reviewed other Public Safety infrastructure needs that are time-sensitive. Therefore, staff is proposing an additional $500,000 in residential street repair be

deferred until FY 18, in order to advance funding for time-sensitive Fire Station roof repair projects.

In conclusion, the Police and Fire Departments' top priorities are being addressed through the recommended reallocation of Measure A funds. All other new funding sources will continue to be evaluated as part of the FY 18 budget process along with evaluation of other expense and revenue drivers. Staff's preliminary analysis indicates that the new funding sources will be needed to maintain public safety services and will not be available to increase public safety services. Funding of additional public safety priorities is recommended to be addressed through the FY 18 budget process which will commence in March 2017 with an updated three year fiscal outlook.

JG:LE:
K:\BUDGET\FY 18\BASE BUDGET\COUNCIL INITIATIVES APPROVED MIDYEAR\TFF PS RESTORATION 2-1 FINAL.DOCX

ATTACHMENT A: PUBLIC SAFETY RESTORATION PRIORITIES
ATTACHMENT B: SUMMARY OF NEW FUNDING SOURCES

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
DOUG HAUBERT, CITY PROSECUTOR
TOM MODICA, ASSISTANT CITY MANAGER
ANITRA DEMPSEY, INTERIM DEPUTY CITY MANAGER
REBECCA JIMENEZ, ASSISTANT TO THE CITY MANAGER
LEA D. ERIKSEN, ASSISTANT FINANCE DIRECTOR
DEPARTMENT HEADS

Attachment A: Public Safety Restoration Priorities

Fire Department's Critical Priorities

Since FY 11, the Fire Department has taken out of service five fire engines, one fire truck, and one paramedic rescue - a reduction of 26 daily firefighting positions or 78 full-time equivalents (FTE). These reductions were implemented while the number of emergency responses was steadily increasing, placing a strain on the citywide emergency response delivery system and increasing response times. Decisions on apparatus restorations are based on data from call volume, response times, and coverage.

Based on the data, the Fire Department identified the restoration of Fire Engine 8 as its top priority. This restoration was approved as part of the FY 17 budget process and Fire Engine 8 service was restored effective October 1, 2016. The Fire Department's second restoration priority is Paramedic Rescue 12, which would provide coverage to the north end of Long Beach, an area with high call volume and response times that consistently fall below the Department's benchmark of eight minutes. The third priority would be Fire Engine 17, which due to its removal, left the area located northeast of the Traffic Circle without an apparatus that could pump water and thus increased average response times of the first arriving engine to a structure fire call to just over six minutes. The fourth priority would be Rescue 22, which would provide coverage to the eastern portion of Long Beach. The fifth priority is Engine 101, which would return the second engine to Fire Station 1 and would improve response times to structure fires and emergency medical incidents in the City's densely populated downtown area. The sixth priority is Paramedic Rescue 3, which would provide additional coverage to the southwestern portion of Long Beach for emergency medical incidents.

Long Beach Fire Department Priorities

Priority	Description	Estimated Cost
1. Restore Fire Engine 8 (Completed)	4 daily sworn Firefighting positions (12 FTE), constant staffing overtime, and materials and supplies	$2.3 million
2. Restore Paramedic Rescue 12	2 daily sworn Firefighting positions (6 FTE), constant staffing overtime, and materials and supplies	$1.1 million
3. Restore Fire Engine 17	4 daily sworn Firefighting positions (12 FTE), constant staffing overtime, and materials and supplies	$2.3 million
4. Restore Paramedic Rescue 22	2 daily sworn Firefighting positions (6 FTE), constant staffing overtime, and materials and supplies	$1.1 million
5. Restore Fire Engine 101	4 daily sworn Firefighting positions (12 FTE), constant staffing overtime, and materials and supplies	$2.3 million
6. Restore Paramedic Rescue 3	4 daily sworn Firefighting positions (12 FTE), constant staffing overtime, and materials and supplies	$1.1 million

Note: Ongoing costs only. One-time apparatus costs are not shown. Rescue is $250,000; Engine is $600,000.

Police Department's Critical Priorities

During the recessionary years, the Police Department eliminated a total of 351 positions, including 208 sworn positions, and halted the operation of police academies between FY 10 and FY 12. In order to meet further reduction targets in FY 13, the Police Department eliminated the South Division commander, administrative support staff, and directed enforcement team as part of the South and West Division consolidation plan. As part of this plan, approximately 100 South Division sworn staff were transferred to the West Division during the Police Department's annual deployment process in early 2013. The passage of Measure A provided funding to maintain and improve public safety. As part of the FY 17 budget process, the Police Department received $2.3 in Measure A funding to

reestablish South Division through restoring critical positions including the South Division commander, one clerk typist, one crime analyst, and a directed enforcement team composed of seven police officers. With the restoration of these core positions, South Division will be staffed with over 100 budgeted FTEs, including sworn staff that will be transferred from West Division in early 2017.

The Police Department's next priority is funding for nine sworn FTEs to rebuild the Training Division and Academy operations. Due to budget reductions, the Police Department eliminated 11 positions from its Training Division and halted operation of police academies. As the economy improved, operation of police academies resumed. To accomplish the mission of operating academy classes, the Police Department redirected officers working in 911-response functions to acquire the State-mandated training and certifications to work as full-time instructors at the police academy. Reducing the number of police officers available for 911-response to staff the police academy has placed a strain on Patrol resources that is difficult to sustain. Providing funding to rebuild the Training Division and Academy Operations would in effect restore staffing among the Police Department's Patrol resources as well as the number of deployable officers available to respond to crime activity in the City.

The third priority is the rehabilitation and rebuilding of the Police Department Academy/Training Facility. Since 1997, police academy training, administration, background investigations, and recruit hiring operations, as well as community outreach events have been held in modular trailers that are approximately 20 years old and have been utilized beyond the appropriate asset life. These conditions have negatively impacted Academy operations requiring core sections of the academy to be closed off from use and recruit police classes to be held in alternate locations. The Department's fourth priority includes funding recruitment activities such as the Police Cadet program to create a bridge between the Police Explorers program for high schoolers and the police academy, as well as structurally funding the background investigations section. Support for the Police Cadet Program will not only create a police officer career path pipeline, but will also provide the Department a classification that may assist with staffing the Department's business desk functions. As a result of the Police Department commitment to implementing innovative technology and using a data-driven approach to efficiently and effectively deploy public safety resources, the Department's fifth priority is upgrading its Records Management system, structurally funding gang/intelligence analyst functions, and restoring administrative positions that would increase expediency of the Department's daily and routine administrative operations. As the Police Department assesses future growth opportunities, it seeks to maximize the amount of time sworn officers are present in the field, engaging the community, and participating in training. To accomplish this, the Police Department has identified that enhancements to the jail division will reduce the need for sworn officers to transport and escort inmates that need non-emergency medical care. Specifically, the Police Department's sixth priority includes creating an inmate transport unit staffed by Special Security Officers (SSOs) and increasing the level of medical services provided to inmates within the jail facility. The seventh priority includes restoring 43 sworn and civilian positions assigned to specialized units. Enhancements would be made to units such as the Quality of Life Team, Mental Health Evaluation Team, Patrol Resource Officers, the Forensic Sciences Services field team and a Violent Crimes Impact team.

Long Beach Police Department Priorities

Priority	Description	Ongoing Costs	One-Time Costs
1. Restore South Division (Completed)	Funding for South Division staff (10 FTE)	$1.5 million	$835 thousand
2. Restore Academy / Training Staff	Funding for Police Academy/Training staff (9 FTE)	$1.4 million	
3. Rehab/Rebuild of the Academy / Training Facility	Rehabilitation and Rebuild of the Police Department Academy/ Training Facility.		$4.0 - $7.0 million
4. Fund Recruitment Efforts and Activities	Restore the Police Cadet Program to promote a Police Officer career pathway available to youth upon graduating from high school (8.5 FTE), and funding for background investigations section	$1.3 million	
5. Enhance Data Analytics Support	Contract support for gang/intelligence analysts, intelligence technology, upgrade of Record Management System, 14 analysts, technical staff and administrative support staff (14 FTE)	$5.0 million	
6. Enhance Jail Division Operations	Funding for personnel including SSOs (6 FTE) for inmate transportation duties and contract support for expanded jail medical services in the Jail Division.	$1.0 million	
7. Enhance Specialized Units	Structural funding to expand the Mental Evaluation, Quality of Life, Patrol Resource Officer, and C-Cat teams; creation of a Violent Crimes Impact Team and Community Engagement Liaison; structural funding for civilian FTEs to expand the Forensic Science Services Field Team and support the registrant desk (43 FTE).	$5.9 million	

Attachment B: Summary of New Funding Sources

City Measure MA – Marijuana Taxation

Measure MA provides for taxes for both medical and recreational marijuana as follows: 6-8 percent of gross receipts for medical marijuana dispensaries, 8-12 percent of gross receipts for non-medical marijuana dispensaries, 6-8 percent of gross receipts for processing, distributing, transporting or testing marijuana and marijuana-related products, and $12-$15 per square foot of marijuana cultivation, as well as a minimum $1,000 annual tax for all marijuana businesses. The City is in the application process for the medical marijuana dispensaries, which will be followed by processing of other medical marijuana business types. It is currently estimated that Measure MA would raise approximately $11 million annually, if both medical and recreational marijuana sales were allowed in Long Beach. Recreational marijuana is not currently an allowed use; therefore, those tax revenues cannot be included in any City projections. For the medical marijuana businesses, it is envisioned that the City's costs to administer, inspect and oversee the medical marijuana businesses will outpace revenues in the short-term. City staff is working to develop a regulatory and enforcement program where long-term revenues would meet or exceed the ongoing regulatory and enforcement costs. However, due to the timing of revenues and front loading of expenses, this is not likely to occur until FY 18 or later.

County Park Measure A

Los Angeles County Measure A adds a parcel tax of one-and-a-half cents per square foot of developed property in perpetuity, partially addressing significant expected losses in local funding for neighborhood parks when the current Proposition expires in 2019. The current Proposition funded $540 million for the acquisition, development, rehabilitation, protection and restoration of beach, wildlife, park and natural lands with the County, tree-planting, gang prevention and intervention, and improvement of recreation facilities for youth and senior citizens. To the extent feasible, funds generated by Measure A shall be spent on priorities consistent with, or similar to, a recent County-led Needs Assessment. It is anticipated that Long Beach will receive an estimated annual allocation of $1,428,156 from the percentage of funds dedicated to pay for projects identified in the assessment, in addition to an estimated $347,318 annually for maintenance and service of new, and previous Proposition parks projects. City staff is in the process of determining the current level of General Fund expenses used to maintain previous Proposition funded parks. These General Fund expenses could be eligible to be reimbursed from the maintenance portion of County Park Measure A once funds begin to be available starting in FY 18.

County Measure M

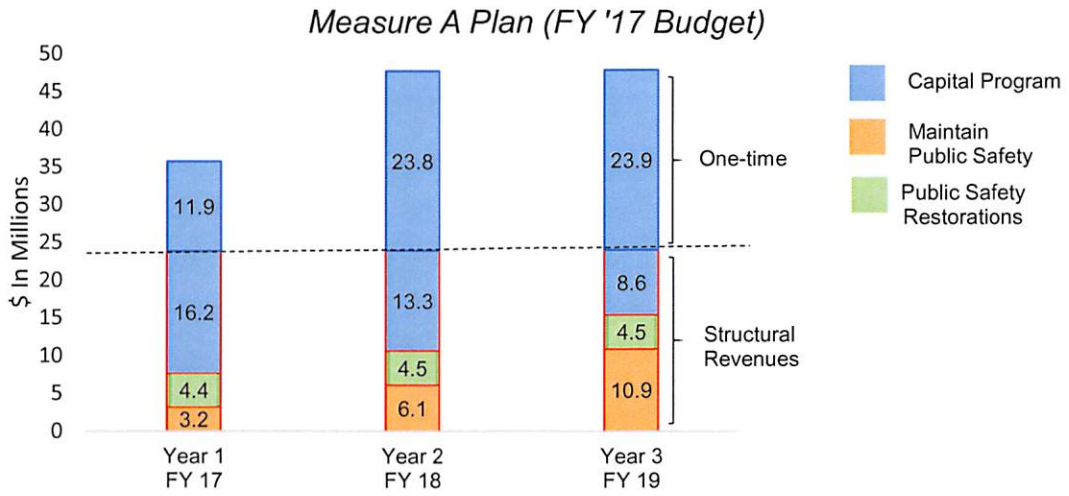
Measure M increases the local sales tax countywide by a half cent without sunset for the purposes of funding regional transportation initiatives. This measure also automatically extends, with no sunset, the existing Measure R half cent sales tax. Based on the adopted 17 percent Local Return formula for Measure M, Long Beach can expect to receive an additional $6.7 million from Local Return revenues. In addition, other Long Beach projects could potentially be funded in future years (no earlier than 2026). City staff is in the process of determining how this funding impacts the City's total funding available for street maintenance and repair and determining the level of street maintenance expenses

currently borne by the General Fund that could be eligible for other sources such as Gas Tax. Measure M funds are available starting in FY 18.

Measure A

On June 7, 2016, Measure A was approved by nearly 60 percent of Long Beach voters. This ballot initiative adds a transactions and use (sales) tax, effective January 1, 2017, for a period of ten years on the sale and/or use of all tangible personal property sold at retail in the Long Beach. Measure A increases sales tax by 1 percent for the first six years. After six years the tax increase is reduced to 0.5 percent. The temporary 1 percent sales tax generates approximately $48 million per year for six years. When it drops to 0.5% in the remaining four years, it generates approximately $24 million per year. City Council has expressed its legislative intent to prioritize the spending of Measure A generated revenues for public safety and infrastructure.

The chart below shows the previously proposed revenue allocation plan for the first three years of Measure A that was included in the FY 17 proposed budget process.



Note: $200K for administration and the Rainy Day fund are included in the Restorations amounts above.

Maintain Public Safety – The current Measure A plan is being used to maintain existing levels of Police and Fire services. While all other non-public safety departments took reductions in the FY 17 budget, Police and Fire did not take reductions since Measure A was used to maintain the current level of services. In FY 17, $3.2 million of Measure A is used for this purpose. The amount needed to maintain public safety is projected to grow to $6.1 million in FY 18 and $10.9 million in FY 19 due to expected increased costs of providing public safety (e.g. non-salary related costs drivers like pension and health care). Using $10.9 million of Measure A to maintain public safety equates to retaining 50 Police Officers and 19 Firefighters that may have otherwise been reduced through FY 19.

Restore Public Safety – In addition to maintaining current levels of police and fire positions, Measure A is also used to restore additional public safety services. In the FY 17 Adopted Budget, $2.3 million is included for the restoration of Fire Engine 8 (addition of 12 sworn FTEs) and $2.4 million for the restoration of Police South Division (addition of 8 sworn and 2 non-sworn FTEs).

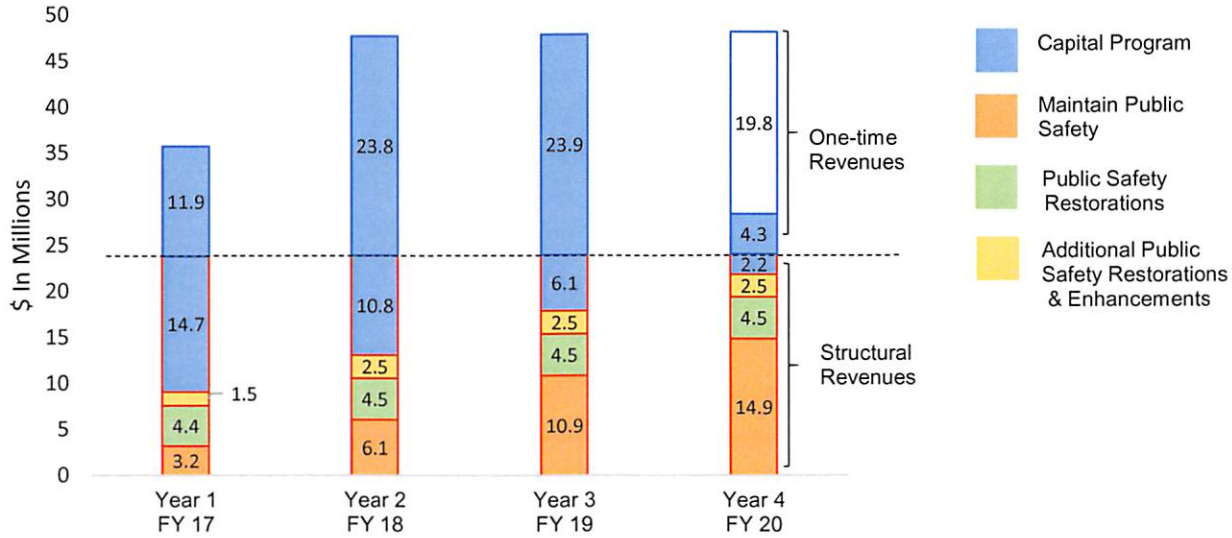
Invest in Infrastructure - Lastly, the Measure A Plan supports $98 million of infrastructure (part of the $150 million Infrastructure Investment Plan). In the FY 17 Adopted budget, there is $27.2 million for infrastructure.

As discussed in City staff's January 9, 2017 report to City Council (Exhibit), $2.5 million of the Measure A structural revenues is proposed to be used for additional Public Safety restorations to fund the Fire Department's first priority to restore Paramedic Rescue 12 ($1.1 million) and to fund the Police Department's first priority to reinstate the Police Academy ($1.4 million). If approved by the City Council, both of the Police and Fire Departments' restorations could take effect on March 1, 2017. Given the partial first year, the cost of the additional restorations would be $1.5 million in FY 17 and $2.5 million in FY 18 and beyond.

In the current Measure A Plan, there are Measure A structural revenues that had been allocated to Infrastructure. These revenues are allowed to be used for on-going operations. In order to fund the additional restorations, $6.5 million of the planned $98 million in infrastructure projects will be deferred to FY 20. For FY 17, $1.5 million of residential street repair will be deferred until FY 18. Impacts to other infrastructure projects in FY 18 and FY 19 will be determined as part of those budget processes.

The Measure A Plan is proposed to be modified to fund the Police and Fire Departments next top priority restorations. The new updated plan is described in the following chart and shows that there are additional one-time revenues available in the fourth year to fund infrastructure.

Measure A - Updated Plan



In addition to the public safety restorations, staff reviewed other Public Safety infrastructure needs that are time-sensitive. Therefore, staff is proposing an additional $500,000 in residential street repair be deferred until FY 18 in order to advance funding for time sensitive Fire Station roof repair projects. This Updated Measure A Plan will be reviewed by the Transactions and Use Tax Citizens Advisory Committee on February 8, 2017, for their input as to conformance with the intent of the City Council's resolution prioritizing spending for Measure A and with the language contained in the ballot measure. Staff plans to bring forward a budget adjustment for City Council's approval of the additional Measure A infrastructure changes within the next month.

Exhibit

City of Long Beach
Working Together to Serve

Memorandum

Date: January 9, 2017

To: Patrick H. West, City Manager

From: John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Additional Public Safety Restorations for FY 17 Using Measure A**

On November 22, 2016, the City Council approved a motion to request the City Manager to evaluate new and ongoing revenue sources, make the necessary preparations to restore Paramedic Rescue 12 in January 2017, and evaluate if additional concurrent restorations are feasible according to the Fire Chief's restoration priority list. The motion also requested the City Manager to evaluate and report back to the City Council within 90 days the feasibility for additional public safety restorations on a short-term and long-term plan Public Safety. This report addresses a portion of the City Council's directed motion, and recommends restoring Paramedic Rescue 12, which includes six sworn positions, as well as restoring Police Academy operations using Measure A funds. A follow-up report to be released by early February will address the remainder of the City Council's motion.

New and Ongoing Revenue Sources

City staff is currently in the process of evaluating the timing and funding available from the three recently passed ballot measures: City Marijuana Taxation Measure MA, County Park Measure A, and County Transportation Measure M. When the evaluation is completed, findings will be addressed in the February report. City staff is also completing its evaluation and recommendations for the use of Measure A, which will also be detailed in the follow-up report.

Public Safety Restorations

City staff is proposing that an additional $2.5 million of the Measure A structural revenue be used for additional Public Safety restorations. The full priority lists of the Police and Fire Chiefs will be included in the follow-up report; however, $2.5 million in additional funding is sufficient to fund the following top priorities.

Fire Service Restorations: Paramedic Rescue 12

Decisions on apparatus restorations are based on data from call volume, response times and coverage. Based on call volume, the restoration of Paramedic Rescue 12 is the Fire Department's top priority and would provide coverage to the north end of Long Beach. The response time in this area consistently fall below our benchmark of eight minutes. Paramedic Rescue 12's restoration would improve the Fire Department's response delivery system as a whole and reduce response time to medical emergencies in Paramedic

Rescue 12's first-in area, as well as the entire City. Restoring Paramedic Rescue 12 would increase the number of Advanced Life Support-capable resources from eight to nine. The annual cost to restore Paramedic Rescue 12 is approximately $1.1 million for six FTEs, constant staffing, overtime, and materials/supplies. The restoration would increase the daily sworn firefighter staffing by two. The addition of six firefighting employees would also increase suppression capabilities in the event of a major or regional emergency incident, in which all available resources would be called back into service (surge capacity).

Police Service Restorations: Reinstate Police Academy Operations

Contemporary dynamics across the country have created a challenging environment for police operations in the areas of recruitment, hiring, training, and retention. Similar to many agencies across the country and in the Los Angeles region, the Long Beach Police Department (PD) is concerned over its ability to maintain its budgeted staffing levels. During the most recent recession, the PD eliminated a total of 351 positions, including 208 sworn positions, and halted the operation of Police Academies between FY 10 and FY 12. Police Academies are necessary to train new Police Officer Trainees into state-certified Police Officers. Annual Police Academies resumed in FY 13 and two back-to-back academies were held in calendar year 2016. Notwithstanding these recent efforts, the ongoing difficulties with recruitment, training, and retention, combined with organizational attrition, have made it difficult for the Department to maintain budgeted staffing levels. In the near future, this issue is likely to worsen as the Department's demographic composition indicates a possible attrition rate between 40 and 50 police officers per year over the next five years. Maintaining sworn budgeted staffing levels is critical given that current levels are lower when compared to pre-recession levels and workload indicators are on the rise.

Due to budget reductions that occurred between FY 10 and FY 12, the PD eliminated 11 positions from its Training Division. As the economy improved, operation of the Police Academies resumed, however structural funding for positions overseeing recruitment efforts, Academy operations, recruit instruction and training were not explicitly restored. Since FY 13, in order to accomplish the mission of operating Policy Academy classes, the PD has had to direct officers previously working normal police patrol functions, to receive state-mandated training and certifications in order to work as instructors at the Police Academy. The resulting reduction in police officers available for normal operations has placed a strain on patrol resources that is difficult to sustain. Restoring $1.4 million in structural appropriation would fund nine sworn FTEs assigned to the Support Bureau Training Division. The functions for these FTEs are summarized below:

- One sergeant and seven police officers to perform recruitment, hiring and training for the Police Academy; and,
- One sergeant to oversee the background investigations section that investigates hundreds of police recruit applicants and City employees each year to ensure quality selection of PD and City candidates for employment.

This investment in Police Academy training will have the additional benefit of increasing available sworn patrol staff to be deployed in response to crime activity in the City. The PD considered enhancing other operations, such as specialized units, but believes that the capacity limitations that exist in the current Academy staffing plan need to be addressed first as the top priority to make it easier to onboard new police officers to fill available positions.

Revised Measure A Plan

If approved by the City Council, both the Police and Fire restorations could take effect on March 1, 2017. Given the partial first year, the cost of the additional restorations would be $1.5 million in FY 17 and $2.5 million in FY 18 and beyond. This would require changes to the Measure A plan as approved in the FY 17 Adopted Budget. The revised Measure A Plan will be reviewed by the Transactions and Use Tax Citizens Advisory Committee in early February for their input as to conformance with the intent of the City Council's resolution prioritizing spending for Measure A and with the language contained in the ballot measure. City staff then plans to bring forward a budget appropriation for the additional public safety restorations for City Council's approval in mid-February. The remainder of the report addressing the motion on public safety restorations will be available prior to the request for City Council action.

JG:LE
C:\DATA\LONG BEACH\BUDGET\FY17\TFF FY 17 PS RESTORATION 1-9 V2.1.DOCX

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
DOUG HAUBERT, CITY PROSECUTOR
TOM MODICA, ASSISTANT CITY MANAGER
ANITRA DEMPSEY, INTERIM DEPUTY CITY MANAGER
REBECCA JIMENEZ, ASSISTANT TO THE CITY MANAGER
LEA D. ERIKSEN, ASSISTANT FINANCE DIRECTOR
DEPARTMENT HEADS