

CITY OF PORTLAND, OREGON



April 5, 2013

To: Charlie Hales, Mayor

From: Amanda Fritz, Commissioner
Dan Saltzman, Commissioner

Amanda Fritz
DM

CC: Nick Fish, Commissioner
Steve Novick, Commissioner
LaVonne Griffin-Valade, Auditor
Andrew Scott, Budget Director

Subject: FY 2013-14 Budget Subcommittee #2 Final Report

Overview

As part of the year end and FY 2013-14 budget process, Mayor Hales asked the City Council to form two Commissioner-led subcommittees to generate additional savings ideas. Budget Subcommittee #2, led by Commissioners Fritz and Saltzman, has prepared recommendations for:

- Increasing the FY 2012-13 General Fund ending fund balance, and
- Generating savings linked to personnel costs in FY 2013-14 and beyond

The Subcommittee suggests that the City could save up to \$1.8 million in General Fund dollars by the end of the fiscal year depending on policy decisions and trade-offs.

It is the Subcommittee's belief that the largest efficiencies and savings will be gained from labor contract changes in addition to cultural shifts in the Police and Fire Bureaus. The report summarizes the Subcommittee's findings for saving FY 2012-13 ending fund balance, potential personnel cost savings for FY 2013-14 and other recommendations.

Increasing FY 2012-13 Ending Fund Balance

The FY 2012-13 Adopted Budget included \$380.2 million in ongoing General Fund discretionary expenses. Of that total, appropriations for the Police and Fire Bureaus comprised \$240.9 million, or 63% of the total. As a result, the committee focused largely on these two bureaus in an effort to achieve the greatest savings given the short timeframe for this analysis.

Police overtime reduction: \$800,000

The Police Bureau's overtime budget for the current year is \$7.8 million. As of the end of February, the bureau has spent \$5.8 million and is projected to spend \$8.6 million. The Subcommittee recommends directing the Police Bureau to spend no more than \$7.8 million in overtime for an overall savings of \$800,000. Examples of how this might be accomplished include: establishing tighter controls regarding officer shift work versus overtime work, encouraging / directing organizations to use more safety volunteers and moving officers from specialty units to patrol.

Police Traffic Redeployment to Patrol

The bureau excluded five traffic officers from its 90% base FY 2013-14 Requested Budget. The cost of five officers is approximately \$500,000. Over the past two fiscal years overtime costs driven by personnel shortages have averaged \$1,450,000. While these officers would not allow for a 1 for 1 reduction in overtime costs, the bureau should be directed to analyze the patrol shifts for which officers are most frequently deployed in overtime in order to meet the bureau's current minimum staffing guidelines, and reassign the traffic officers to those shifts in May 2013.

Fire overtime reduction: \$600,000

The Fire Bureau's overtime budget for the current year is \$7.6 million. As of the end of February, the bureau has spent \$5.3 million. They are on target to spend just under \$7.3 million, which represents a \$300,000 savings as compared to the budget. The bureau has spending under \$7.0 million as its goal. The committee recognizes that the bureau has already taken steps to mitigate overtime cost in the current year, and would like them to continue that process. The committee recommends reducing their projected overtime spending by an additional \$600,000 so that overtime spending at year-end would be under \$7.0 million.

Non-represented floating furlough day up to two (2): \$200,000 per day

The Subcommittee recommends implementing one or two "floating" furlough days for all non-represented employees making more than \$45,000 between now and the end of June. The estimated General Fund savings is \$200,000 per day. The Mayor's Office would need to work closely with the Bureau of Human Resources in order to develop the most effective program.

Spending Authority

The Subcommittee recommends immediately implementing a \$5,000 materials and services spending reporting requirement. Bureaus would need the approval of their Commissioner-in-Charge via memo. Exemptions would include paying invoices for goods or services already received or completed by a particular date. Prior to May 5th, all new spending requests would be compiled and distributed to all of Council for review before any approval would be granted.

Non-rep COLA survey

The Mayor is encouraged to immediately survey all non-represented employees to gauge their willingness to forego the planned Cost-of-Living Allowance planned for June 2013 and/or to make changes in the proposed FY 2013-14 COLA increase in order to preserve City services.

Personnel Cost Reductions for FY 2013-14 and Out

The following items are recommended:

Police overtime reduction strategies

- *Subpoenas.* Work with the District Attorney's Office to limit the number of officers subpoenaed for each case to just the most salient officers (excluding grand juries). The current practice is for every officer responding to the scene of a crime to receive a subpoena to appear in court even if the officer was not integral to the case. Limiting the number of officers will both reduce overtime and free up officers to continue with their core assignments (such as patrol).
- *Affidavits.* Work with Government Relations to encourage the State Legislature to amend state law in order to allow officer testimony by affidavit for all traffic hearings which would eliminate the need for the officer's presence at traffic court. Traffic court related overtime in FY 2011-12 was \$487,000.
- *Special events.* The Mayor's Office is encouraged to update the City's special events cost recovery policy so that special event coordinators are required to provide "Peace Officers" to staff intersections and other activities traditionally staffed by Police Officers. Additionally, the Mayor's Office is encouraged to work with Council to maximize the amount of costs recovered from all special events and limit or eliminate the number of exemptions.
- *Staffing levels.* Direct the Police Bureau to engage an outside consultant to review current and minimum staffing levels needed to minimize personnel costs (including overtime) by precinct. The analysis should include whether current minimum precinct staffing levels can be reduced. It should also take into consideration the number and configuration of shifts, work week schedules, the volume of calls for service, and officer safety requirements.
- *Public Information Officer (PIO).* The Police Bureau should be directed to eliminate overtime costs associated with the PIO. In FY 2011-12 this position earned \$61,000 in overtime pay. Strategies include assigning PIO responsibilities to non-overtime generating personnel during the evenings or weekends when the regular PIO is off-duty (e.g., assigning the duties to command staff) or civilianizing the PIO position, or have City Hall PIOs serve as back up to prevent overtime usage.

- *Court Scheduler.* The Police Bureau should be directed to utilize a full-time court scheduler who can work directly with the court to ensure that the proper officers are scheduled for the appropriate hearings, and to assist the bureau in reducing overtime by working to ensure that officers are brought in during or contiguous to a regular shift in order to reduce costs.
- *Dedicated overtime manager.* The bureau should be directed to prioritize the duties of tracking and analyzing bureau overtime within the workload of an existing non-represented staff member in order to better inform the Chief, Assistant Chiefs and all levels of management of real-time costs and to work with bureau operations to determine the analytic information that would most help Sergeants and Lieutenants control overtime use. The 2000 and 2008 City Audits on Police overtime provide sample reports that may be helpful. The City of Seattle also provides a model for both staff dedication to overtime analysis and the types of analysis that are useful.

Overtime elimination for Fire Bureau non-reps

The Subcommittee recommends eliminating all non-represented overtime costs. In FY 2011-12 non-represented employees earned about \$190,000 in overtime, with Deputy Chiefs accounting for \$140,000 during the time period and all other non-represented employees earning \$50,000.

The following items require collective bargaining changes and should be pursued:

Police: Court-related overtime

Reduce the amount of court-related mandatory overtime. The current contract allows officers to collect four hours of overtime pay if they must appear in court even if their testimony takes 5 minutes; officers cannot be assigned other non-court duties during this time. Assuming that 80% of court overtime costs are driven by officers being called back (rather than shift extensions), court overtime costs could be reduced by roughly \$250,000 if the four hour requirement was reduced to three.

Fire: Vacation days

The current PFFA contract allows for no more than one fifth of the fire suppression workforce to be out on vacation on any given day. This current number is 35 firefighters per day. Lowering the maximum number allowed on vacation should save the City in overtime costs since firefighters filling in for those on vacation are compensated with more expensive call-shift pay when there are not enough firefighters in the Travelers Pool to fill the vacancy. A firefighter's salary in FY 2012-13 ranged from a low of \$40,316 to a high of \$72,834. As of the end of February, the bureau has incurred an average of \$21,871 in overtime costs per day.

Fire: Comp Time Use

The City should stipulate that 24/48 schedule employees, including firefighters, can only use accrued compensatory time if there is a Travelers Pool firefighter available to cover the shift using straight time, rather than overtime. It should be noted that under

the current PFFA contract, members can no longer accrue compensatory time, but there are no limits on the use of compensatory time that was accrued before the current contract took effect.

Other Recommendations

In addition to the specific recommendations above, the Subcommittee puts forth the following ideas for consideration:

Collective Bargaining Process

The City's collective bargaining process should be revised to include additional semi-annual meetings (possibly executive session) with Council between bargaining sessions. These "mid-term" meetings would include discussions of the following:

- Current contract issues that may need to be addressed, as well as emerging "red flags" for the next sessions.
- Review existing Memorandums of Understanding (MOUs) and Letters of Agreements (LOA) that Council has authorized outside of the bargaining process. A review of these binding agreements and their actual operational and cost impacts will be a helpful tool to assist Council in developing bargaining parameters for the next session.
- Discuss any major results from the Employee Relations Board or National Labor Relations Board and flag issues which may impact the City of Portland.
- Highlight and strategize about prior City budget decisions which may end up becoming issues during the next session.

Police Federal Asset Forfeiture Funds

The fund's current balance is \$1.1 million; another \$500,000 in revenue is expected next year. The Subcommittee recommends that the Police Bureau utilize these forfeiture funds to cover allowable costs of the implementation of the DOJ Settlement Agreement. In FY 2013-14 such costs could include \$88,000 in vehicle purchases, a portion of the Project Respond program costs (the estimated portion based on the federal guidelines for use of federal forfeiture funds is \$110,000), and office materials. The Subcommittee also recommends that the bureau review the fund to offset costs in the current year as well.

Employee Benefits

The Subcommittee discussed a variety of options, including adjusting the employee health care contribution from 5% to 10%. It was ultimately decided that the City should wait until the full implementation of the Federal Affordable Health Care Act which takes effect in 2014 in order to determine what operational and cost impacts the City and employees will incur.

Best Practices

The CBO has begun researching best practices in personnel cost containment from other jurisdictions. The CBO will continue this effort and will forward any resulting recommendations to the Mayor.

Mid-year Budget Shifts

The Subcommittee recommends directing the CBO to highlight for Council any instances where bureaus request to shift funds from personnel services to materials and services during the BMP process. In this way, Council can start to see patterns of under-spending in particular areas and develop a way to evaluate these types of shifts in a comprehensive manner.

Considered But No Consensus

The Subcommittee discussed and reviewed several potential cost saving measures; it did not reach a consolidated conclusion on the following two items:

Vacancy savings

The Subcommittee did not reach consensus on whether or not to extend the practice of collecting General Fund vacancy savings dollars.

Savings incentives

The Subcommittee did not reach consensus on whether or not to incentivize bureaus to reduce spending in the current year by offering up a “share” of the savings to roll over into the next fiscal year.

Members and Participants

The following subcommittee members and participants met eight times over the past month:

Commissioner Fritz

Commissioner Staff: Tom Bizeau, Tim Crail

Commissioner Saltzman

Commissioner Staff: Matt Grumm, Brendan Finn, Amy Trieu, Shannon Callahan, Stacy Brewster

City Auditor LaVonne Griffin-Valade

Citizen Budget Advisor Carl Farrington

CBO Staff: Andrew Scott, Lisa Shaw, Tess Jordan, Josh Harwood, Yung Ouyang

Additionally, the Subcommittee engaged staff from the Bureau of Human Resources, as well as the Police and Fire Bureaus throughout the process.