



# **CITY COUNCIL STUDY SESSION REPORT**

MEETING DATE: February 8, 2011

ITEM NUMBER:

**3**

**SUBJECT: CONSIDER THE ELIMINATION OF TWO VACANT POLICE OFFICER POSITIONS**

**DATE: FEBRUARY 4, 2011**

**FROM: ADMINISTRATIVE SERVICES DEPARTMENT/ADMINISTRATION**

**PRESENTATION BY: STEVE MANDOKI, ADMINISTRATIVE SERVICES DIRECTOR**

**FOR FURTHER INFORMATION CONTACT: STEVE MANDOKI, AT (714) 754-5351**

## **RECOMMENDATION:**

That the City Council receive the information and provide comment regarding (1) the current vacant positions in the Police Department and (2) the possible restructuring of the Police Department in light of the removal of these vacancies from the City budget.

## **BACKGROUND:**

The City Council Budget Working Group has reviewed the list of vacant positions for the City and is requesting that the City Council consider the elimination of two vacant Police Officer positions.

Staff positions contained in the City's operating budget are the result of positions being approved by the City Council as part of the annual budget approval and any amendments that occur during the fiscal year. In light of the City's current budget conditions, all Departments are reviewing their respective budgets for potential reductions. The Police Department has had two (2) Police Officer positions vacant for approximately 4 months.

Should there be direction to remove these positions from the budget; the following would need to be done:

1. Receive direction at the Study Session to bring forward to a future City Council meeting a staff report regarding the possible removal of these positions from the City's operating budget.
2. In anticipation of the possible staff reduction and per the requirements of the Meyers-Millias Brown Act, the City would need to meet with the Costa Mesa Police Officers Association to discuss possible impacts to their working conditions as a result of the loss of these vacant positions.
3. A staff report regarding the subject positions would be presented to the City Council for their consideration and possible action/direction.

The City Manager's Office and Captain Gogerty will meet to discuss the possible removal of these two positions and their assessment would be included in any forthcoming staff report.

**ANALYSIS:**

In light of the current budget conditions, numerous vacancies in all departments have been evaluated and reviewed in terms of maintaining the vacancy. The two subject positions have been vacant for 4 months. The removal of these positions would necessitate a restructuring of current operations. This would be done by the City Manager's Office working with Police Management to implement any restructuring.

**ALTERNATIVES CONSIDERED:**

None at this time.

**FISCAL REVIEW:**

Since the annual budget for these 2 Police Officer positions was \$274,682, the continued vacancy for the last 4 months has provided the City's General Fund a total savings to date of \$95,082. Should these 2 positions be eliminated, the projected savings through the remainder of the current fiscal year (June 30, 2011) is \$211,292.

**LEGAL REVIEW:**

Should the City Council give direction to bring this item forward at a future Council meeting for consideration and action, the City attorney will work with staff to ensure that all legal requirements are met.

**CONCLUSION:**

Staff is seeking comment as to bringing this matter forward for City Council direction and action at a future City Council meeting.



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STEVE MANDOKI  
Administrative Services Director



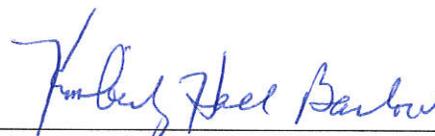
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LANCE NAKAMOTO  
Human Resources Administrator



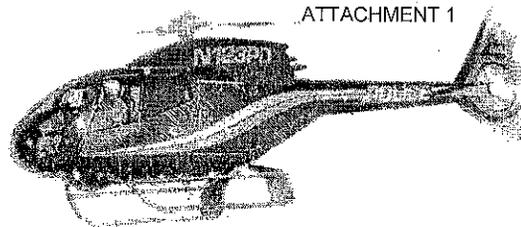
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BOBBY YOUNG  
Budget and Research Officer



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KIMBERLY HALL BARLOW  
City Attorney



February 3, 2011

To: Allan Roeder, Costa Mesa City Manager  
From: Tim Starn, ABLE Commander  
Subject: Dissolution of Airborne Law Enforcement Services

**Summary**

The dissolution of ABLE will require terminating the Joint Powers Agreement between Costa Mesa and Newport Beach, selling of the aircraft, parts, vehicles and tools, reassigning the pilots to their respecting agencies and assisting the mechanics in locating new employment. All non-qualified Grant Equipment would get reallocated to other agencies. Contracts between ABLE, Orange County Sheriff's Department and Santa Ana Police Department will need to be terminated. ABLE's hangar lease expires on April 1, 2012 and does not have a provision for early termination. This will require an expenditure of \$119,700. Costa Mesa's personnel costs will increase through loss revenue from a shared commander position.

**Current Contracts**

**Joint Powers Agreement (JPA)**

The Joint Powers Agreement between the City of Costa Mesa and the City of Newport Beach, collectively referred as "Member Agencies" dated January 1, 2001, has a provision to dissolve the ABLE Program. Section 6.02, *"The withdrawal of any Member Agency, either voluntary or involuntary shall, unless otherwise provided for by the Board, be conditioned as follows: (a) Involuntary withdrawal shall mean those circumstances where a Member Agency must withdrawal due to fiscal or budgetary impacts which discontinue the funding of crews or aircraft;(b) In the case of involuntary withdrawal, written notice shall be given one hundred twenty (120) days prior to the end of a fiscal year except that such notice may be shortened by unanimous approval of the Board; (c) Neither voluntary or involuntary withdrawal shall relieve the withdrawing Member Agency of its proportionate share of any debts or other liabilities incurred by ABLE prior to the effective date of the Member Agency's withdrawal, nor any liabilities imposed upon or incurred by the Member Agency pursuant to this Agreement prior to the effective date of the Member Agency's withdrawal;"*

Section 7.01 *“ABLE shall continue to exist and exercise the powers herein until this Agreement is terminated by action of the Member Agencies; provided, however, that no termination shall be complete and final until ABLE has satisfactorily disposed of all financial obligations and claims, distributed all assets, and performed all other functions deemed necessary by the Board to conclude the affairs of ABLE.”*

Section 7.02 *“Termination shall occur upon the written consent of all Member Agencies, upon the withdrawal from ABLE of a sufficient number of the Member Agencies to leave fewer than two (2) Member Agencies remaining in ABLE and full satisfaction of all outstanding financial obligations of ABLE. However, no such termination shall occur until all other contractual obligations of ABLE have been satisfied.”*

Section 7.03 *“In the event of the termination of this Agreement, any funds remaining following the discharge of all obligations shall be disposed of by returning to each current Member Agency of ABLE immediately prior to the termination of this Agreement, a share of such funds proportionate to the contribution made to ABLE by said Member Agency, to the extent determined by the Board in its sole discretion to be fair and equitable.”*

Section 7.04 *“Notwithstanding other provisions in the Agreement, the Member Agencies Costa Mesa and Newport Beach agree to abide by the following procedure for selling of equipment and aircraft in the event the Agreement is terminated. The equipment and aircraft shall be given a fair market value by an appraiser mutually agreed upon by Costa Mesa and Newport Beach. Before the equipment and aircraft are sold on the open market, Costa Mesa and Newport Beach each shall have the right to purchase the equipment and aircraft at a price and under terms as mutually agreed upon by Costa Mesa and Newport Beach which may include a financing arrangement for the purchaser and a leasing arrangement for the non-purchasing Member Agency to allow for a transition period after the termination of this Agreement. If an agreement cannot be reached concerning a purchase of the equipment, then it shall be sold on the open market. Proceeds from the sale of equipment and aircraft upon termination of the Agreement shall be equally distributed (50/50) to Costa Mesa and Newport Beach.”*

#### **Santa Ana Police Department Contract FY 10/11**

The current contract with the Santa Ana Police Department has a provision for a one (1) year extension if mutually agreed by both parties. **Section 7.03** of the contract states, *“Each of the Parties to this Agreement may terminate this Agreement without cause upon one hundred twenty (120) days prior written notice”*. Therefore, they would need to be notified by March 1, 2011 to avoid the potential of an implied consent for a contract extension.

#### **Orange County Sheriff's Department Contract FY 10/11**

Either party may terminate the contract at any time, without cause, upon a 90-day prior written notice. The cancellation of this contract would require the OCSD to relocate or create a monthly agreement to continue the same 50% cost sharing formula until ABLE fulfilled the JPA procedures of dissolution. Due to an unfavorable long term lease agreement, the rent is nearly double of the current rate, thereby reducing the incentive for the OCSD to remain.

All of the helicopter mechanics are employed by the Newport Beach Police Department. The termination of ABLE would require the OCSD to hire their own mechanics and purchase specialized tools at a significant cost.

### **Hangar Lease**

ABLE currently holds a lease agreement with Signature Flight Support for a hangar located at the John Wayne Airport. The lease agreement was reviewed by ABLE's legal counsel who advised it did not include a condition for an early termination. Therefore, ABLE is financially responsible for the lease through April 1, 2012. Due to the unfavorable rate increases in the 23 year lease agreement, the rent is significantly higher than the comps. At the present time, Signature Flight Support has not been contacted with regard to an early termination request.

### **Cost Considerations**

Due to the hangar lease agreement, ABLE will be financially responsible for the hangar until April 1, 2012 at a monthly cost of \$13,300 per month. If ABLE closes by June 30, 2011, nine months remain on the lease totaling \$119,700. ABLE's three helicopters are EC120B's and have high component times as compared to the worldwide fleet. In the current economic conditions the aircraft would be sold at a significantly reduced rate. Price estimates range between \$300,000 and \$500,000 each. Per section 7.04 of the JPA, the equipment and aircraft shall be given a fair market value by an appraiser mutually agreed upon by Costa Mesa and Newport Beach.

ABLE has \$3,113,300 in a Replacement Fund and \$998,965 in their General Fund, which includes \$255,084 of inventory and prepaid legal expenses (09/10 Auditor's Report). These funds would need to remain intact until all of the assets have been sold and financial obligations have met.

The commander's salary and benefits are currently paid by both Member Agencies through the Maintenance & Operations line item at a 50% cost sharing formula. At the termination of ABLE, Costa Mesa would lose revenue from the shared position, increasing personnel cost.

### **ABLE Personnel**

All of the pilots assigned to ABLE could return to their respective agencies for reassignment. However, the three mechanics who are employed by the Newport Beach Police Department do not have the same ability. Their job classification is only applicable to aviation and their future is uncertain. If Newport Beach could not reassign them to a new position, Costa Mesa and Newport Beach should assist them to locate new employment.

### **Timeline**

At the present time, March 1, 2011 is the date that the Santa Ana Police Department must be notified to comply with the contract, unless both parties agree to an early termination. The JPA is also March 1, 2011 unless the ABLE Board of Governors unanimously approves an early termination. The hangar lease cannot terminate early. A member of the ABLE staff and one mechanic should be retained until all of the assets have been liquidated.

**Alternatives**

ABLE is working with the Santa Ana Police Department to seek funding for a replacement aircraft through a UASI Grant. Preliminary meetings have been favorable for the request. This could temporarily eliminate ABLE's Replacement Fund by journaling the funds to ABLE's Undesignated Fund. This Fund could be used to offset the expenditures for both Member Agencies. Costa Mesa currently has 3 pilots and 1 commander assigned to ABLE. It would be possible to reduce the assigned personnel by one pilot without affecting service to the communities. It is suggested the Fund Balance not fall below \$2,300,000, which is the total cost a fully equipped helicopter.

The options below contain the reduced personnel level.

**Option #1 Reduction of One Pilot**

M & O	Personnel	SAPD Revenue	Salary Reimbursement from Newport Beach	Net
\$490,255	\$578,969	\$180,000	\$ 212,545	\$676,679

Use of ABLE's Fund Balance to offset expenditures.

**Option 2 (a) Sustainable for 6-Years**

Budget Total	ABLE Fund Balance Contribution	CM Contribution
\$676,679	\$137,351	\$539,328

**Option 2 (b) Sustainable for 3-Years**

Budget Total	ABLE Fund Balance Contribution	CM Contribution
\$676,679	\$274,703	\$401,976

**Option 2 (c) Sustainable for 2-Years**

Budget Total	ABLE Fund Balance Contribution	CM Contribution
\$676,679	\$369,407	\$307,272

**Option 3**

Create an Orange County Regional Air Support program similar to the one established in the early 90's with one significant change, all contributing agencies create a new Joint Powers Agreement or amend ABLE's to add the new agencies. The addition of agencies has the ability to increase County wide coverage with the reduction of expenditures through cost sharing.