



CITY COUNCIL AGENDA REPORT

MEETING DATE: JULY 5, 2011

ITEM NUMBER:

SUBJECT: SPECIAL/COMMUNITY EVENT RATES FOR SWORN (POLICE AND FIRE) PERSONNEL

DATE: JUNE 29, 2011

FROM: FINANCE DEPARTMENT /FINANCIAL PLANNING DIVISION

PRESENTATION BY: BOBBY YOUNG, BUDGET AND RESEARCH OFFICER

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RECOMMENDED ACTION

Provide direction to staff when calculating the City's rate determination for sworn personnel, used when billing for special/community events, by excluding overhead and indirect costs, and to amend Administrative Regulation 2.13.

BACKGROUND

As set forth under Administrative Regulation 2.13, City staff annually determines personnel rates charged to users for both special events and non-special events and these rates are approved by the Chief Executive Officer (CEO). This listing of rates also includes both sworn and non-sworn personnel. In determining the rates, staff begins with the regular hourly top step rate and adds all benefit costs associated with each position. These benefit costs include PERS, health benefits and Medicare. As allowed within the administrative regulation, staff also includes administrative costs (overhead and indirect). The total of this calculation is the Straight Time Hourly Rate. Staff then calculates a Special Event/Overtime Rate at one and a half (1½) times the straight time hourly rate.

ANALYSIS

Given recent City Council desire to make the City more attractive for special events, staff conducted a survey of hourly rates charged by other cities in the county for sworn (Police) personnel – Attachment 1. Upon noticing the City of Costa Mesa was the highest of those surveyed, Finance staff was requested in March to review the current calculations to determine if the hourly rates could be altered to more closely align with other cities in the county. Finance staff currently calculates the rate using a full cost reimbursement method, which includes the top step hourly amount plus an overhead and indirect cost amount.

Therefore, staff recommends excluding just the overhead and indirect cost rates from the calculation, thereby reducing the overall hourly rate to be charged. Even though under the current administrative regulation, the CEO has authority to approve the hourly rates, the CEO desired this item be presented to City Council. Unfortunately, staff was not able to bring this item before City Council any earlier, and therefore requests any new rates to be effective as of April 1, 2011.

The table below provides examples of the current rate and how the rate would change under the recommended option.

Table A	Rate Determination – Special Event OT Rate			
	Current Calculation Method	Calculation (excluding OH and ID cost rates)	Difference	Percent Change
Police Officer	\$ 151.90	\$ 107.86	(\$ 44.04)	(29.0%)
Police Officer – Motorcycle	157.11	112.29	(44.82)	(28.5%)
Senior Police Officer	159.22	113.08	(46.14)	(29.0%)
Sr Police Officer - Motorcycle	164.69	117.73	(46.96)	(28.5%)
Police Corporal	166.91	118.56	(48.35)	(29.0%)
Police Sergeant	183.94	130.70	(53.24)	(28.9%)
Police Sergeant - Motorcycle	190.30	136.10	(54.20)	(28.5%)
Police Lieutenant	224.90	159.96	(64.94)	(28.9%)
Fire Fighter	119.30	91.87	(27.43)	(23.0%)
Fire Fighter / Paramedic	140.44	104.35	(36.09)	(25.7%)
Fire Engineer	141.69	107.83	(33.86)	(23.9%)
Fire Captain	164.57	124.62	(39.95)	(24.3%)
Battalion Chief	199.54	147.79	(51.75)	(25.9%)

As seen, the average decrease compared to the current rates is about 27%. Since the hourly rate is charged for Special Events, any changes that would lower the rate might also lower the expected revenue from events including the Orange County Fair and OC Marathon. However, the City's revenue amount could be increased should the City attract more special events requiring a fee.

In comparison with the budget, the City normally conservatively budgets Special Policing revenue. In the FY 11-12 budget, staff is proposing a total of \$400,000 in revenue from Special Policing fees. Based on a recent review of the current year revenues, the estimated amount to be received for FY 10-11 is approximately \$500,000. Therefore, the proposed budget for FY 11-12 is about 20% lower than the current year estimated actual.

ALTERNATIVES CONSIDERED

The City Council could provide other methods in determining the hourly rate amounts, however the rate may not exceed the cost of providing the service (the current full cost reimbursement method).

FISCAL REVIEW

As presented, the recommendation of excluding overhead and indirect costs when determining the rate will reduce the rate by approximately 25%. This will have an impact on the revenues the City would have otherwise received. However, for the 2011-12 fiscal year, staff was conservative with its proposed revenue amount. Upon review of current estimated ending revenue in FY 10-11, it would appear staff was about 20% less in its estimate for the coming fiscal year.

Outside of this analysis, determining an exact revenue reduction amount is difficult given that revenue is based on the number of events and the overall staffing needs of those events in a given fiscal year. It should be noted, that an increase in events requiring sworn personnel's assistance, could increase total revenue for Special Policing Fees.

LEGAL REVIEW

Legal review is not required.

CONCLUSION

Recently there has been a desire to try and make Costa Mesa more attractive to use for special events. One element to a large special event is the potential need of sworn personnel and therefore the event coordinators would reimburse the City for such costs. In comparison to some other cities, it was concluded that Costa Mesa's current rate for sworn services are higher than other cities. Therefore, staff is recommending to exclude any overhead or indirect costs when calculating these rates with the effective date as of April 1, 2011. This will reduce the hourly rate by approximately 27% and potentially reduce revenue compared to previous years. However, having a lower special events rate then previously calculated, may entice more events to come to Costa Mesa and thereby increase future revenue.

BOBBY YOUNG
Budget & Research Officer

Attachment(s): 1 - [Administrative Regulation 2.13](#)
2 - [Survey of Other Orange County Cities Traffic Related Event Fees](#)