Presentation on the JPA Feasibility Study

RIVERSIDE COUNTY, CALIFORNIA

matrix consulting group

APRIL 2017
Study Objectives and Scope of Work

- To determine the feasibility of establishing a nine-city regional policing agency under a joint powers agreement (JPA).
- To provide analysis and estimates of the proposed agency, including:
  - Operating and startup costs
  - Organizational structure
  - Governance
  - Staffing and service delivery
Methodological Overview

- Extensive input from key stakeholders and services providers:
  - Meetings with city managers of all nine cities
  - Interviews with RSD station commanders and staff

- Extensive data collection in coordination with RSD to enable analysis of current service levels and field workloads

- Descriptive profile developed to review our understanding of current RSD service delivery and contracts

- Development and review of analytical assumptions

- Research, analysis, and development of the feasibility report, as well as coordination with city managers on revisions
Key Assumptions and JPA Characteristics

- Agency to include all nine cities involved in the study:
  - Coachella
  - Jurupa Valley
  - Lake Elsinore
  - Menifee
  - Moreno Valley
  - Perris
  - San Jacinto
  - Temecula
  - Wildomar

- No services to be retained by RSD other than jail and other countywide services.

- 2021 is selected as the anticipated start date.

- Comparisons between RSD and JPA costs are shown at 2016 to provide for a level view.

- Staffing needs are also provided at 2021 levels, based on growth, in order to provide a blueprint for the agency.
Governance Model

- Hybrid governance structure allows for equal representation and for local control to be maximized:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization</td>
<td>Cost Allocation</td>
</tr>
<tr>
<td>Compensation</td>
<td>Staffing</td>
</tr>
<tr>
<td>Startup Costs</td>
<td>Conclusions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Executive Board</th>
<th>Advisory Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>9 seats</td>
<td>4 seats</td>
</tr>
<tr>
<td>Representation</td>
<td>Equal</td>
<td>Rotating</td>
</tr>
<tr>
<td>Meeting Frequency</td>
<td>Quarterly</td>
<td>Monthly</td>
</tr>
<tr>
<td>Selection</td>
<td>Elected reps. (1YR rotation)</td>
<td>City managers (1YR rotation)</td>
</tr>
<tr>
<td>Purpose</td>
<td>Official governing body</td>
<td>Technical advisory body</td>
</tr>
<tr>
<td>Roles</td>
<td>- Approves of budgets, labor agreements, and significant contracts</td>
<td>- Develops budgets and staffing plans</td>
</tr>
<tr>
<td></td>
<td>- Appoints and terminates the JPA Chief</td>
<td>- Develops quarterly reports for the Executive Committee</td>
</tr>
<tr>
<td></td>
<td>- Meetings are closed-door sessions</td>
<td>- Coordinates responses to various operational needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Meetings are open to the public</td>
</tr>
</tbody>
</table>

(matrix consulting group)
Organization of the JPA Services

- Three regional subdivisions – North, South, and East:

- The JPA organizational structure is divided into three divisions, separating services that are provided at **centralized**, **regional**, and **local** levels.
Cost Allocation

- A variety of cost allocation models were reviewed using the following attributes as criteria:
  - Cost transparency
  - Support for regionalization-driven model
  - Local control over core services (e.g., patrol, SROs)

- Proposed methodology:
  Costs for each functional area are allocated using one of three charging methods:
  - **Class A (shared):** Pro rata share based on population, calls for service, and number of locally dedicated staff
  - **Class B (subscription):** Proactive regional units, such as traffic enforcement, are paid for and staffed electively
  - **Class C (local):** Cities directly pay for locally dedicated staff, such as patrol officers, local ‘chief’ position, etc.
To accurately model the cost of running the JPA, personnel costs represent the most significant cost element.

A detailed compensation survey was conducted for this purpose, focusing on nine cities within the area that retain own police departments:

- Corona
- Hemet
- Palm Springs
- Desert Hot Springs
- Indio
- Riverside (city)
- Escondido
- Murrieta
- RSD (sworn only)

The data collected includes comprehensive pay and benefit information for every position that a JPA agency would need to staff.
## JPA Compensation Structure

- From this research, a compensation structure was created with the goal of being both competitive and resistant to pension cost variability.

- Salaries and incentive-based pay structures have been set at above-average levels for each position.

- A defined benefit plan is offered for sworn personnel, with an optional defined contribution system.

- For civilian employees, however, only a defined contribution plan is offered.

- New-hire bonuses are provided for sworn recruits.
## Staffing Needs Analysis

- **Assumptions**
  - Staffing models are created to determine the personnel needs of the agency, both in 2016 and 2021.
  - Patrol, investigative, and dispatch workload analysis is used to determine line-level staffing needs in those functions.
  - Staffing levels for other areas are based on spans of control, direct support needs, and other scaling factors.
  - Staffing needs for proactive functions (e.g., traffic enforcement) are set according to the levels that cities currently contract for.
  - At a minimum, staffing levels are set in order to meet or exceed the current level of service provided by RSD.

- **Governance**
- **Organization**
- **Cost Allocation**
- **Compensation**
- **Startup Costs**
- **Conclusions**
Staffing Needs Analysis

- Projected staffing needs for 2021 are based on anticipated population growth in the nine JPA cities.
- Estimated increases in calls for service and crime are determined relative to growth rates in each city.
- To maintain current service levels, an additional 38.0 positions are needed by 2021:

<table>
<thead>
<tr>
<th>Staffing</th>
<th>2016</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civilian</td>
<td>280.0</td>
<td>291.0</td>
</tr>
<tr>
<td>Sworn</td>
<td>462.5</td>
<td>489.5</td>
</tr>
<tr>
<td>Total</td>
<td>742.5</td>
<td>780.5</td>
</tr>
</tbody>
</table>
Startup Costs

- Estimates created from research and analysis on the total costs of outfitting the JPA agency, including:
  - Facilities ($23.3m):
    - Moreno Valley HQ + North regional hub + station
    - Wildomar South regional hub + station
    - Coachella East regional hub + station
    - Stations in all other cities
  - 911 communications infrastructure
  - Fleet
  - Equipment
  - Information Technology infrastructure and needs
  - Sworn hiring incentives (to meet 2021 start date)
Startup Costs

- In total, creating the agency would require $66.1m in startup expenses, broken down by category as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities</td>
<td>$23,337,869</td>
</tr>
<tr>
<td>Fleet</td>
<td>$13,449,600</td>
</tr>
<tr>
<td>Equipment</td>
<td>$6,584,093</td>
</tr>
<tr>
<td>Information Technology</td>
<td>$2,195,400</td>
</tr>
<tr>
<td>Dispatch</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Sworn Hiring Incentives</td>
<td>$5,550,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$66,116,962</strong></td>
</tr>
</tbody>
</table>

- Amortized under a 10YR fixed bond and an interest rate of 5.0%, the total reaches $84.3m overall, with an average debt service of $8.4m per year.
Conclusions

- Total annual costs (2016 estimates) of running the JPA agency – *including* amortized startup expenses – are as follows:

<table>
<thead>
<tr>
<th>City</th>
<th>RSD Costs</th>
<th>JPA Costs</th>
<th>+/-%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coachella</td>
<td>$7,538,758</td>
<td>$7,975,873</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Jurupa Valley</td>
<td>$15,843,197</td>
<td>$14,411,117</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Lake Elsinore</td>
<td>$11,799,477</td>
<td>$9,973,552</td>
<td>-15.5%</td>
</tr>
<tr>
<td>Menifee</td>
<td>$10,770,641</td>
<td>$12,192,012</td>
<td>+13.2%</td>
</tr>
<tr>
<td>Moreno Valley</td>
<td>$39,834,484</td>
<td>$32,002,361</td>
<td>-19.7%</td>
</tr>
<tr>
<td>Perris</td>
<td>$14,694,422</td>
<td>$13,355,855</td>
<td>-9.1%</td>
</tr>
<tr>
<td>San Jacinto</td>
<td>$9,993,198</td>
<td>$9,913,385</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Temecula(^5)</td>
<td>$25,694,620</td>
<td>$21,481,401</td>
<td>-16.4%</td>
</tr>
<tr>
<td>Wildomar</td>
<td>$2,667,300</td>
<td>$3,672,005</td>
<td>+37.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$138,836,097</strong></td>
<td><strong>$124,977,561</strong></td>
<td><strong>-10.0%</strong></td>
</tr>
</tbody>
</table>
Conclusions

- 10% savings in the JPA overall – a difference of about $14m/yr.

- Cost would be less for most cities, with Coachella, Menifee, and Wildomar as the exceptions.

- Moreno Valley, Temecula, and Lake Elsinore would experience the most significant cost reductions, at approximately 16–20%.

- Services currently provided by RSD to non-contracting agencies would be retained per California law.

- Qualitative differences in governance and local cost control should also be considered.
Cost Effectiveness of the JPA

- There are multiple reasons for why the JPA is projected to be a cost effective option for service:
  - **Impact of PEPRA:** Higher percentage of JPA sworn would be categorized as Tier 2 (newer) CalPERS members, costing less.
  - **Pension systems:** No unfunded pension or retiree medical benefit liabilities. Civilians are offered a defined benefit pension plan.
  - **Lack of over-specialization:** Although all services currently contracted for are retained, the JPA model does not allocate resources to other non-essential services.
  - **Retains RSD advantages:** Many aspects of the RSD service model are effective, and the JPA retains these:
    - Regionalization of services
    - Use of civilian personnel in the field
Alternatives

- Taking cities out of the JPA agency has varying effects on the costs for remaining cities:
  - Leaving out Coachella cause the JPA to be slightly cheaper for all cities ($2.3m), primarily due to startup costs and regional services.
  - Absence of 1-2 small/medium-sized cities has a marginal cost impact.
  - Leaving out major cities (i.e., Moreno Valley, Temecula) causes the agency to be more expensive for all, as cost advantages from economies of scale are reduced.

- Including other cities within the region that did not participate in the study could make the JPA more cost effective.

- Developing more regional approaches to local services, similarly to the RSD model, could lower costs for smaller cities.