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ALTERNATIVE REVENUE SOURCES FOR
CALIFORNIA LAW ENFORCEMENT
BY YEAR 2000

NCJRS

OCT 26 1994

ACQUISITIONS

by

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COMMAND COLLEGE CLASS IX
PEACE OFFICER STANDARDS AND TRAINING (P.O.S.T.)

SACRAMENTO, CALIFORNIA

1989

150853

U.S. Department of Justice
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9-0171

This Command College Independent Study Project is a FUTURES study of a particular emerging issue in law enforcement. Its purpose is NOT to predict the future, but rather to project a number of possible scenarios for strategic planning consideration.

Defining the future differs from analyzing the past because the future has not yet happened. In this project, useful alternatives have been formulated systematically so that the planner can respond to a range of possible future environments.

Managing the future means influencing the future--creating it, constraining it, adapting to it. A futures study points the way.

The views and conclusions expressed in this Command College project are those of the author and are not necessarily those of the Commission on Peace Officer Standards and Training (POST).

CHAPTER ONE - A FUTURES STUDY

What alternative revenue sources will be available in the next decade to California Law Enforcement?

CHAPTER TWO - THE STRATEGIC PLAN

A model plan for small to mid-sized departments in general and the City of Perris, California, in particular.

CHAPTER THREE - TRANSITION

The description of a management plan to actively seek new revenue to meet the needs of a growing community.

**"ALTERNATIVE REVENUE SOURCES FOR CALIFORNIA
LAW ENFORCEMENT BY YEAR 2000"**

**CHIEF JOEL E. PATTON
PERRIS POLICE DEPARTMENT**

EXECUTIVE SUMMARY

Due to financial constraints and the level of police service expected by the public, police chiefs and city managers must look for alternative revenue sources for providing police services or the viability of California's police agencies will be in jeopardy in ten years.

Chief Joel E. Patton's study analysis the intent of the authors of proposition 4 and 13 and their "reasonable cost borne" theory. Also discussed is possible funding sources from other areas.

The study's first objective is to explain the past, present and future issues related to revenue issues. Using a nominal groups technique, trends and events are forecast and their cross-impact analyzed. Using these trends and events a "desirable and attainable" futures scenario is developed that becomes the basis for the rest of the study.

Next, a strategic plan develops a strategy to implement the revenue program. Perris Police Department is used in the scenario and analyzed to find the ability of the staff to accept change. Stakeholders in the revenue program are identified and analyzed. Using a modified policy delphi technique, policy alternatives and implementation strategies are identified.

An effective model for the transition management process is then developed in the transition plan. The members of the critical mass are analyzed in terms of their level of commitment, responsibility and readiness for change. The transition plan also points out the need for developing program objectives, creation of teams, team building and program evaluation.

The study concludes that police agencies must do more in consolidating their efforts to increase revenue by using a more business-like approach (cost vs. revenue analysis), maximization of all revenue from state and federal sources, and search for new sources of revenue that take advantage of existing knowledge and resources.

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INTRODUCTION

The purpose of this study is to provide an examination of future issues which will affect the revenue sources of law enforcement agencies in California. It is not meant to give a complete report on all the possibilities, but rather to give administrators some helpful ideas in dealing with the increased demand for service at a time of decreasing revenue available for California cities.

Chapter One deals with the future and identifies trends and events affecting law enforcement in general and the issue of revenue sources available by the turn of this century. Research was done to identify possible alternate revenue sources for communities and what they are doing now (survey). Futures scenarios are also presented as possible sequences of events that could occur within 10 years, depending upon policy actions taken today.

Chapter Two presents specific data on what cities can do in the future to increase their revenues. Mission statements provide an understanding of the direction of policies--action statements for the future. The strategic plan is presented for the community of Perris, California, and is an example only for this community but may apply where comparisons exist.

Chapter Three brings together the various negotiating points, strategies and tactics of the various stakeholders. Each stakeholder is discussed and how he/she is affected by the strategic plan. The critical mass is identified--who is ultimately responsible for the outcome.

The control focus of this work is that all California cities need to reevaluate alternate revenue sources available to them, and become more business-like in their utilization. The cities and law enforcement agencies who adopt this concept stand a good chance of surviving the emerging future trends and events by adapting their structures, realigning their resource and constantly examining their directions. The ability of law enforcement to find revenue sources in the future will dictate the service levels they will give their communities and can mean the difference between satisfactory and unsatisfactory service.

CHAPTER ONE - A FUTURES STUDY

CHAPTER ONE - A FUTURES STUDY

BACKGROUND HISTORY

California law enforcement agencies have largely been constricted by an inadequate budget program to meet public expectations. However, the situation has worsened in the past decade due to the restrictions placed upon California because of public propositions restricting the amount of tax revenue available to public agencies. As a result, public agencies have reduced services and streamlined operations while attempting to meet public demands.

This study will explore alternative revenue producing methods for California police departments by the year 2000. This section will analyze recent developments that have made this necessary.

Proposition 4 of November 1979 coupled with its immediate predecessor--the famous Proposition XIII of a year earlier wrought the greatest changes in California government financing in a century. Those propositions have had and will continue to have a profound effect on California cities.

One effect of these propositions has been the determination to reduce service levels and to reduce reserves accumulated during the period prior to Proposition XIII. Capitol improvements have been drastically reduced and capital replacement is done on an

"as needed" basis, rather than on a planned program. As development occurs within California cities and reaches its planned limits and state and federal program revenues continue to diminish, the cities face the prospect of providing steadily decreasing levels of service with aging physical plants.

California cities are all in this same condition with few exceptions. Most California cities face almost identical immediate and apparent problems since the passage of Proposition XIII and the accompanying recession.

In fact, on the national level, a survey has shown that the quality of American life will be considerably adversely affected in the United States by 1995, to the extent of reducing the Gross National Product (GNP) by an estimated 3.2 percent if the governmental infrastructure problem is not addressed immediately with a massive infusion of both local and state monies. In fact, the same study contends that the economic loss by 1995 will be 766 billion and a 22 percent drop in employment. This translates into a 5.9 percent reduction in disposable personal income if the "delays in rebuilding the structural underpinning of America" are not addressed massively and immediately. (1)

Many cities' facilities have been built by developers, whose facilities must now be both maintained and ultimately replaced by the cities. If the cities are to continue their quality of life

and services, then it must now make plans for, and financial arrangements for, continuing to operate their services and the future replacement of their underlying physical plant and infrastructure, whether paid by the tax/assessment payer or donated by a developer.

Also, worrying the cities is the annual spectacle of the California State Legislature continuing to erode traditional city revenue sources, keeping those monies for state, educational, or county needs, and leaving cities to their own devices. The promise of the "permanent financing source" through "Project Independence" did not transpire. The constitutional language adopted by referendum on June 3, 1986, pledging the motor vehicle in-lieu tax to cities, permits the State Legislature to keep other city subventions. This fact, coupled with the state reaching its Gann Proposition 4 spending limit, ultimately will force the Legislature to reduce taxes and still be faced with the necessity to finance state services, including those provided through counties and education.

Thus, the cities still face the very real prospect of having their subventions diverted by the Legislature to state needs through the annual state budget, or having new tax sources delegated to the city from the state, so as to solve the state's "Proposition 4 problem. At the same time, the cities will have services costing far in excess of the new revenues assigned to the cities by the state.

Further, the passage of Proposition 62, on November 4 of 1986, now forces all tax increases by the city to be subjected to and passed by the electorate prior to being put into effect, though recent court decisions cast doubt on the effect of this procedure. Thus city councils have very little control over any taxes; only over fees and charges for services.

Federal General Revenue Sharing, which had been renewed periodically by Congress, has been terminated and is not likely to be resurrected in the near future, if at all. Although with the present influx of cocaine in the United States, there would be some renewed monies for this particular enforcement problem to help local law enforcement for a short duration.

Also not boding well for the financial future of the cities is the fact federal aid to cities has declined and will continue to decline at rapidly increasing rates. (2)

Former E.P.A. Administrator Ruckelshaus was quoted as believing that sewage treatment plants should be funded "through local bond issues, the same way these plants were built before there was any federal programs...it is better to have the problem handled closer to where the people will both benefit from its (ground water pollution) alleviation and pay for that alleviation." (3)

This philosophy fairly represents the current national administration's approach to budgetary policy concerning cities. However, future reductions in defense spending and greater allocation of resources to the national "drug war" may bring some increases in funding to law enforcement agencies.

Thus, the proverbial "writing is on the wall," even with the "kinder and gentler nation" that President George Bush envisions, is this: If the federal government is addressing the budget deficit without increasing taxes, there will be massive cuts, and cities will have to use local revenue sources to meet what are now considered local needs. It appears that an era of local financial self-sufficiency is beginning. Cities must now prepare themselves to respond innovatively. They must plan to rebuild themselves without over dependence on federal resources.

Since the level of demand for cities' services has steadily risen and federal grants and revenue sharing have declined, cities are now faced with either a major reduction in service levels or a major increase in revenues.

METHODS OF IDENTIFICATION:

In gathering information for this study, several methods were used:

- 1) "Literature scan" is the process of reviewing a wide spectrum of written matter including books, manuals,

periodicals, magazine articles, newspapers, government publications, scholarly papers, and seminar presentations to obtain relevant information on any particular issue.

- 2) "Personal interviews" is the process of scanning the environment whereby information is obtained from the personal experience of those who have been identified as having good information on the issue or subissues.
- 3) "Personal reflection" is the use of a personal frame of reference and acquired knowledge to come to an independent hypothesis or conclusion.
- 4) "STEEP" is an acronym standing for Social, Technological, Environmental, Economical and Political. This is a future research method of structuring the information gained during the information scan of the total environment.

After the information was identified, its relatedness had to be determined. Several "futures techniques" were used:

- 1) The "Futures wheel" is a graphic representation of the central issue related to the subissues and subissues to subissues.

- 2) "A trend" is an objective or subjective observation, over a period in time of any social, technological, environmental, economic or political measurement on an international, national, regional or local level.
- 3) "Events" are any discrete, one-time occurrence that affect the central issue. An event can be considered, if, at any time during the frame of the study, there exists any probability of the occurrence exceeding zero percent.
- 4) "Nominal Group Technique" is a group process that allows for group interaction in dealing with a complex problem effectively. It is a method of using expert judgments to form estimates when direct knowledge cannot be gained.
- 5) "A cross-impact analysis" is a method of developing data on potential interactions of the final set of events upon other events and trends.

Futures Scenarios are creative images of potential futures for the central issue. The products of the trends and events are the scenarios, and they have to reflect the data presented. However, the data developed is soft data and can be manipulated for

differing results. The three scenarios of the study are as follows:

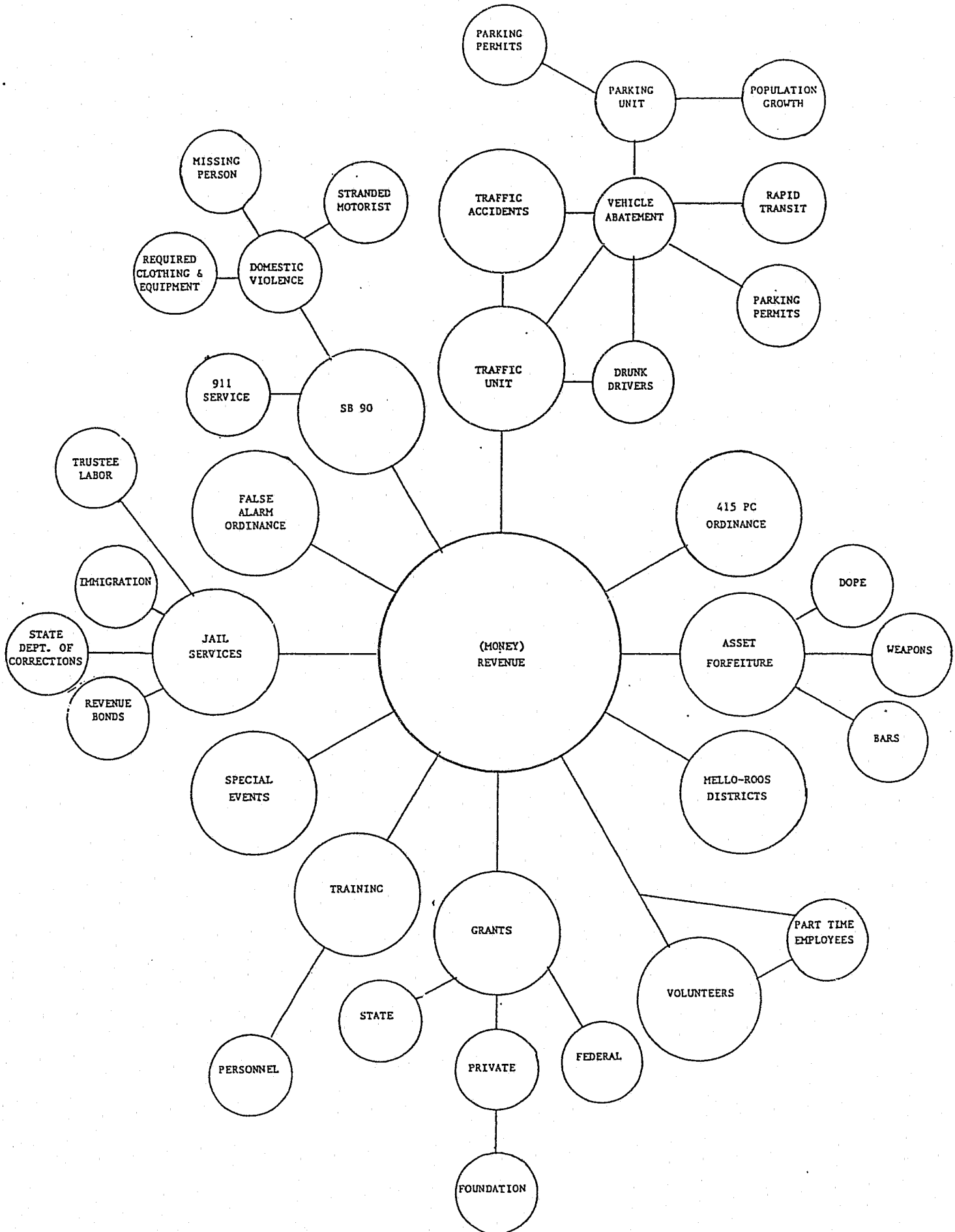
- 1) "Surprise free" is the type of scenario based on an exploratory mode. No events have occurred and the trends continue (surprise free).
- 2) "What if...?" is the type of scenario where events occur at a level of probability pre-selected, and the interactions described in the cross-impact analysis have a chance to take effect.
- 3) "Desired and Attainable" is a normative scenario where the research uses the "should be" ratings obtained from the Nominal Group Technique and the later developed policy considerations from the Modified Policy Delphi as a basis for designing the desired and attainable future.

All three of the above scenario types are used.

FUTURE CONCERNS (BRAINSTORM TECHNIQUE)

Nine expert panel members were gathered together with mutual concerns in reference to new revenue for cities and cities' police departments. (Refer to Appendix F.) The group developed a futures wheel as seen in figure 1. This technique was used to

FIGURE 1
FUTURES WHEEL



narrow down the focus of research to a manageable size and to identify emerging trends and critical future events.

These nine individuals came from law enforcement, city management, the finance department, and the building department. Six were chief executives of their medium to small police departments in growing communities. One was a finance executive with a medium-sized department, one was the building executive for a small department, and one was an assistant to the city manager for a large city. (Refer to Appendix F.)

The list created was then submitted to another expert panel of 12 people and included 10 men and two women. They included a house wife and city council person from a medium-sized city, a woman city administrator from a large city, two police chiefs (one from a small department and one from a medium-size department). Two captains were included, one from a medium-sized department and one from a large department. Two Lieutenants were from a medium-sized department. Another participant was a finance consultant for cities with an extensive background in that area, one participant was the director of finance from a medium-sized city, one participant was a city council person who is self employed. (Refer to Appendix G.)

This panel was given the list of identified trends and events and asked to identify the five most critical in the development of

alternative revenue sources for police agencies. The group was asked to estimate levels for the selected trends and the probabilities for the five critical events. They were also asked to complete a cross-impact evaluation of the effect of the events and on the level of each of the trends.

The panel was asked to estimate the high and low level of the impact of each trend. A median level was then projected for each trend.

FIGURE 2
Increase in Growth (Population)

Figure 2 graphically portrays the panel's expected trend in growth increases in population of California. The panel predicted a 75 percent increase in the level of this trend within 10 years.

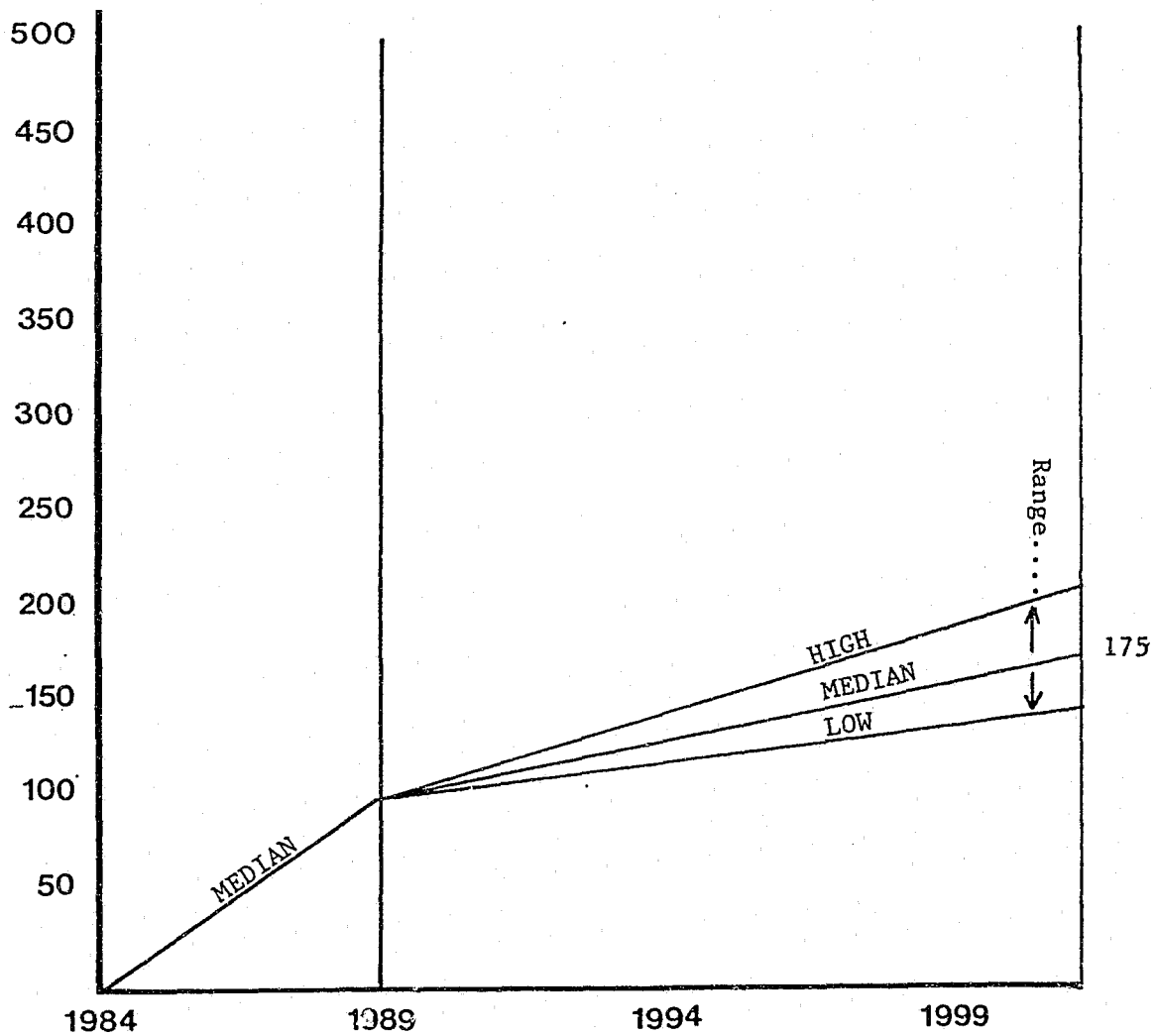


FIGURE 3

Technological Advances

Figure 3 shows the ever-increasing trend of technology today building tomorrow technology. One member of the panel noted that we have filled the Library of Congress in the first 2000 years of man; since the computer, we have filled the Library of Congress 100 times over. The panel predicted an increase of 250 percent.

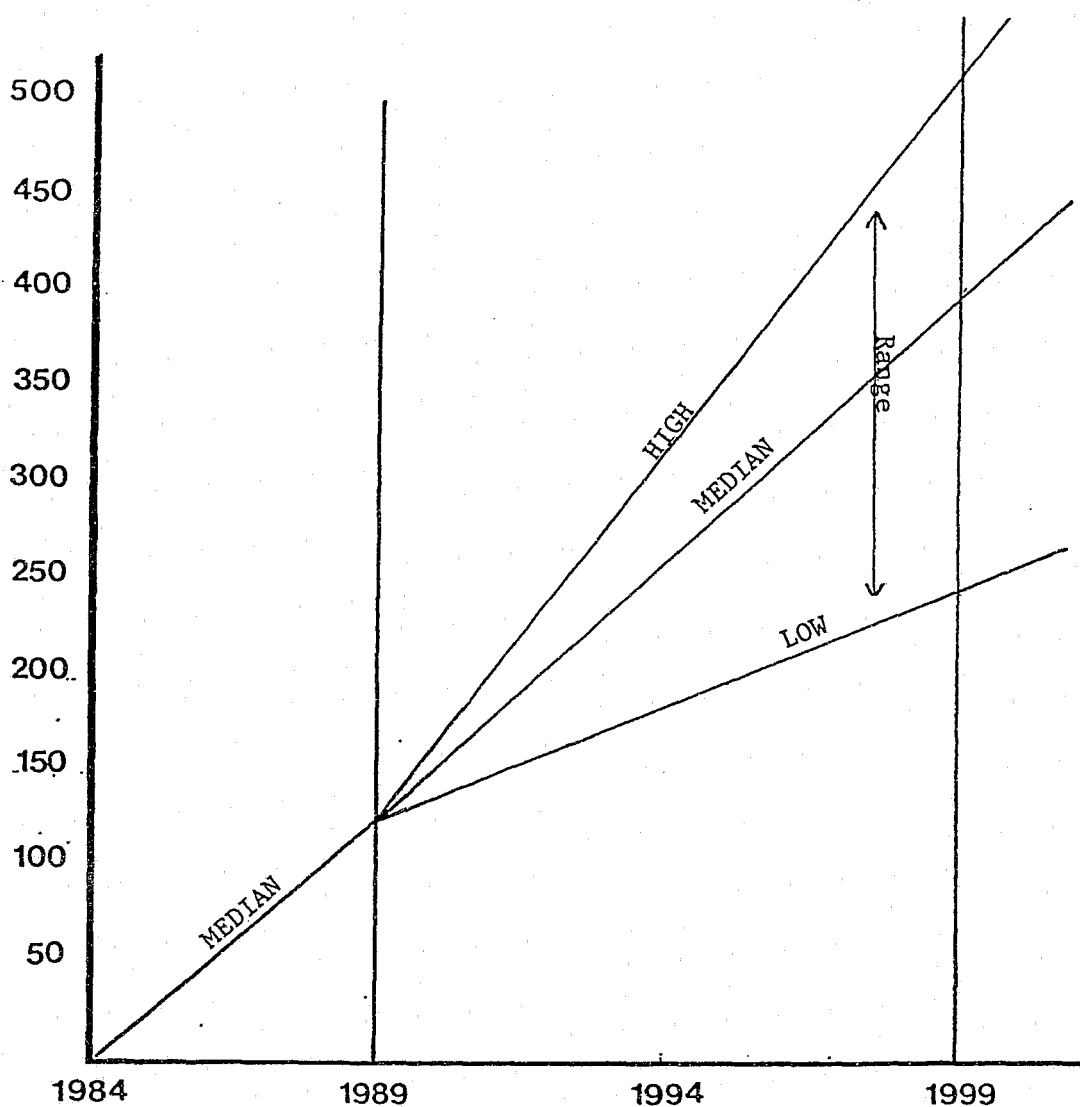


FIGURE 4

Increase in Foreign Investment

Figure 4 shows the expected trend of increasing investment of foreign money in the California economy. The panel predicted an increase of 115 percent over the current level by the year 1999.

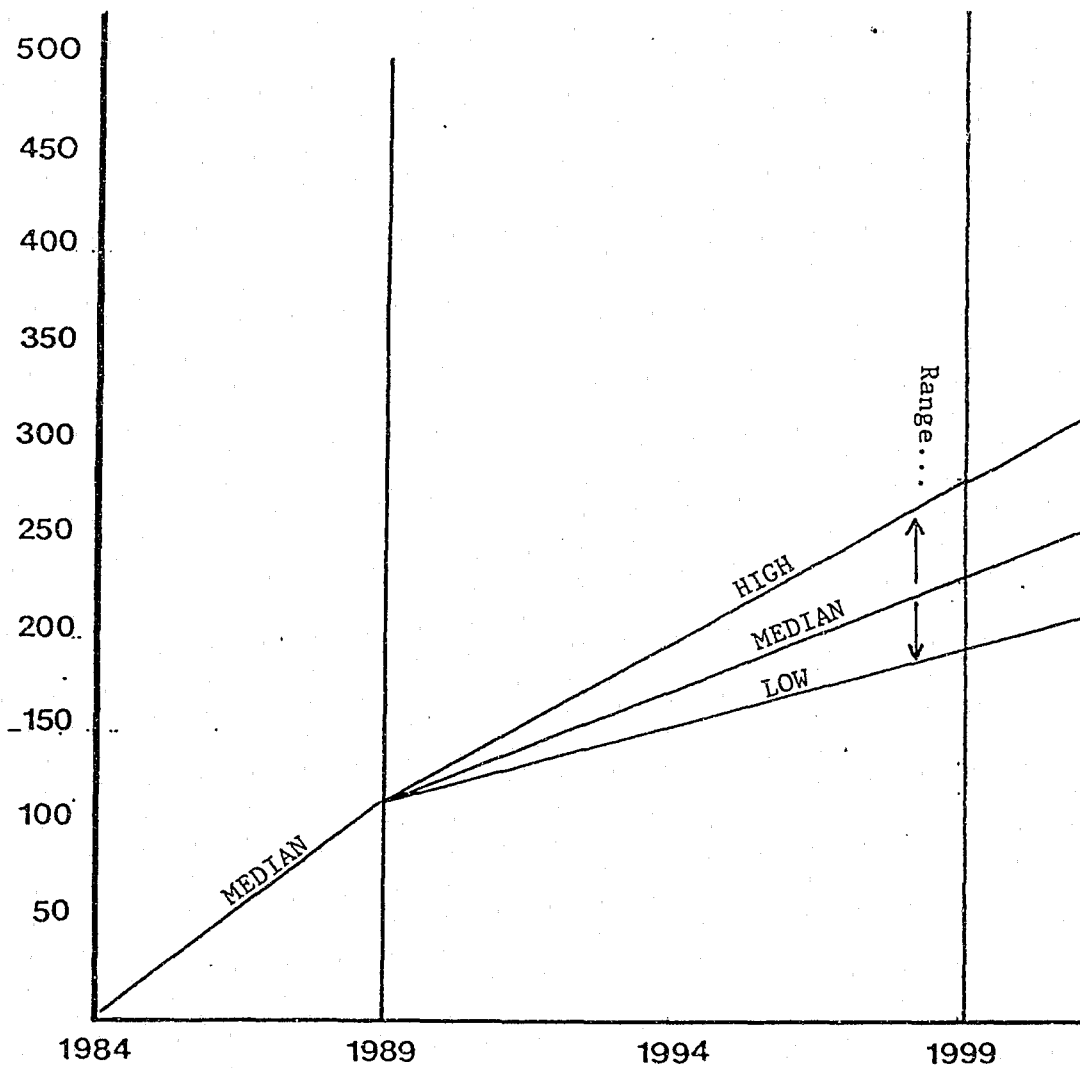


FIGURE 5

Increased Use of Cocaine

Figure 5 shows the expected trend of the increasing use of cocaine in the California population. The panel predicted a nominal change of 50 percent over the current level by the year 1999.

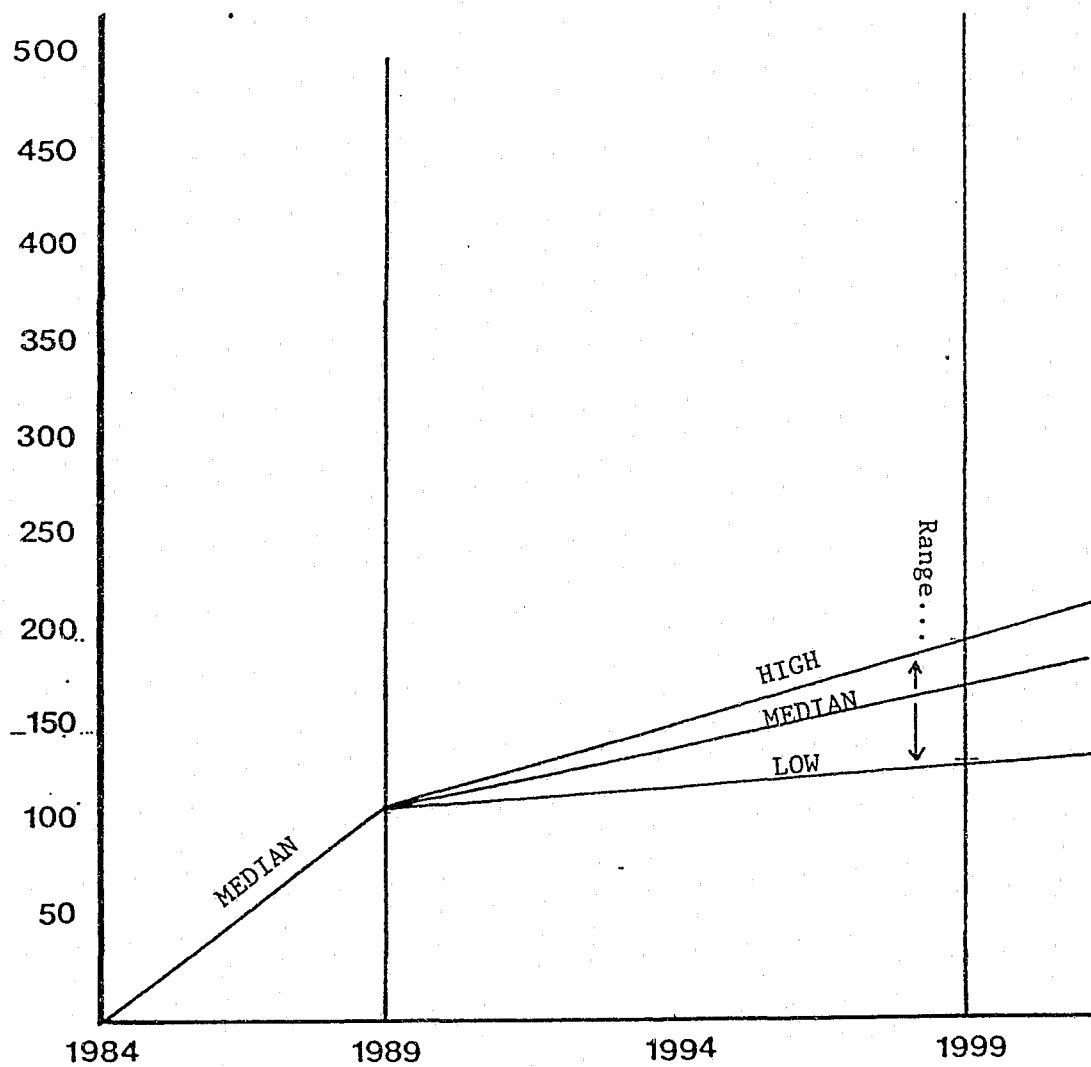


FIGURE 6

Increase in Gray Power (Voting Block)

Figure 6 shows the expected trend of increasing impact/power of the senior groups on affecting public policy. The panel predicted a nominal increase of 85 percent over the current level by year 1999.

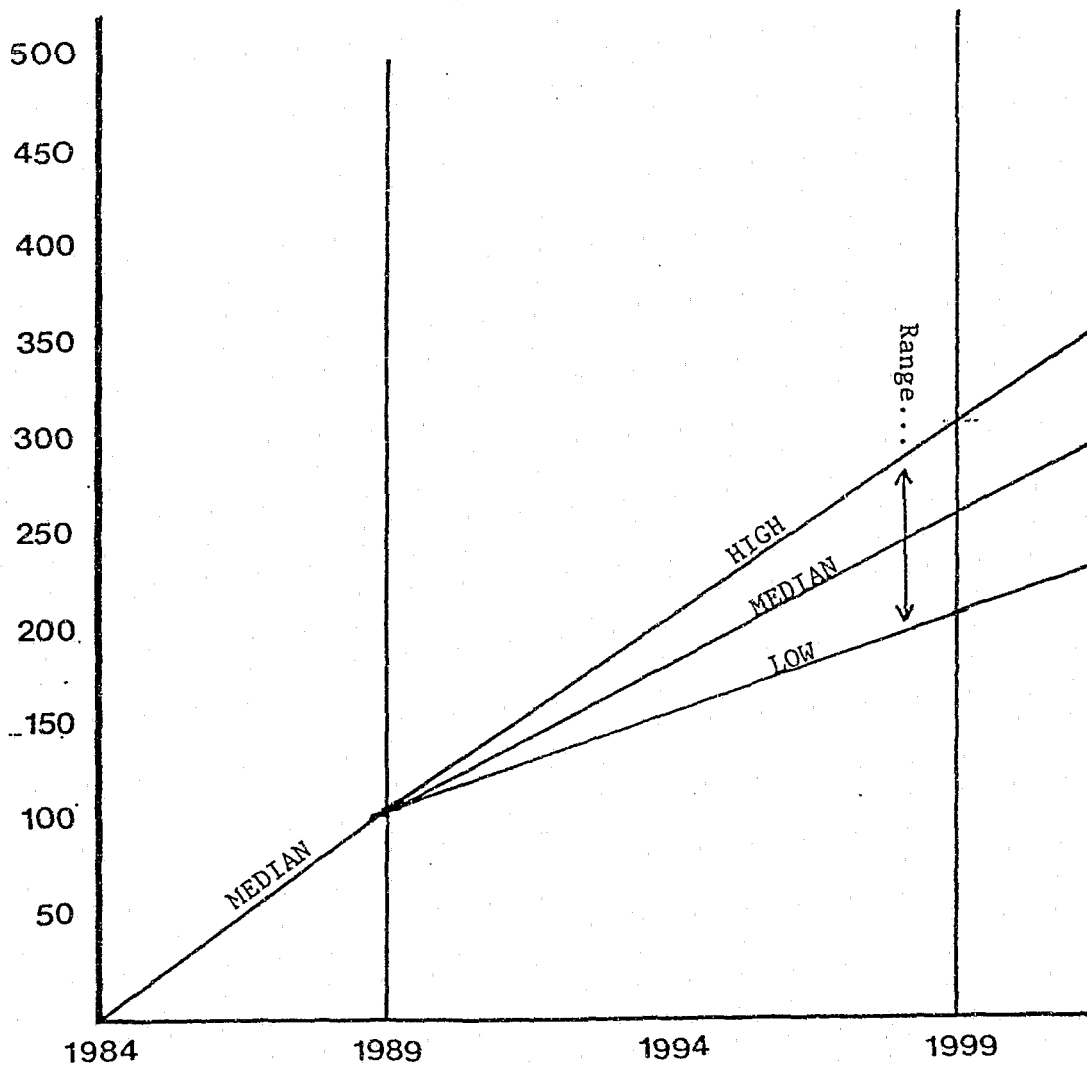


TABLE I

TREND EVALUATION

TREND STATEMENT	Level of the Trend (Ratio: Today = 100)				
	5 yrs ago	Today	High 10 yrs	Low 10 yrs	Median 10 yrs
T1 Increase in Growth (population)	50	100	200	150	175
T2 Technological Advances	25	100	500	200	350
T3 Increase in Foreign Investment in California	10	100	250	175	215
T4 California becomes major distri- bution point for drugs (cocaine)	10	100	175	125	150
T5 Increase in Gray Power (Voting Block)	20	100	300	175	185

The five most critical events identified by the panel are as follows:

1. Cocaine traffic stopped.
2. Proposition 13 overturned by California Supreme Court.
3. Major racial riots due to increased tension among races; whites vs. blacks, hispanics vs. blacks.
4. Legislation to stop foreign investment.
5. Major oil spill off California coast.

The panel was asked to complete the cross-impact evaluation of events on events, and events on trends (Table 2). The estimates of the group were compiled, and the median values were assigned to the cross-impacted areas. This was the nominal group's (panel) best judgement as to the impact of each event on each other and the effect of each event on the level of each trend. Obviously the relationships among the events and trends are subject to interpretation and could be interpreted by another group differently.

TABLE II
PROBABILITIES AND NET IMPACT OF EVENTS

Event Statement	Median Probability %		Net Impact on issue area -10 to +10	Net impact on Law Enforcement -10 to +10
	By 1994 0-100	By 1999 0-100		
Cocaine Traffic Stopped through enforcement by local and federal cooperation	10%	40%	+10	+10
Proposition XIII overturned by courts	3%	0%	+ 3	+ 6
Major Racial Riots	25%	50%	- 4	- 4
Legislation to stop foreign investments	10%	30%	- 1	- 2
Major oil spill off	15%	30%	- 1	-2

The panel assigned numerical figures to each event, indicating the probability of its taking place by the years 1994 and 1999. Table II shows the median assigned probabilities that the events will occur and the median numbers for the net impact of the event as it applies to law enforcement.

TABLE III
CROSS-IMPACT EVALUATION

	E1	E2	E3	E4	E4	T1	T2	T3	T4	T5	ACTORS
E1	X	+45%	+85%	+55%	NE	+85%	+29%	+10%	-100%	NE	7
E2	+70%	X	-20%	+30%	NE	-15%	+50%	-15%	-45%	+30%	8
E3	-60%	+15%	X	-10%	NE	-15%	+20%	-10%	+60%	+40%	8
E4	-25%	+25%	+35%	X	NE	+10%	-20%	-100%	+30%	NE	7
E5	-15%	+40%	NE	-20%	X	-20%	+10%	-15%	+15%	+30%	8
REACTORS	4	4	3	4	0	5	5	5	5	3	

Legend

Event 1: Cocaine Traffic Stopped through enforcement by local and Federal cooperation.

Event 2: Proposition 13 overturned by courts.

Event 3: Major racial riots.

Event 4: Legislation to stop foreign investments.

Event 5: Major oil spill off California Coast.

Trend 1: Increase in growth (population).

Trend 2: Technological Advances.

Trend 3: Increase in Foreign investment in California.

Trend 4: California becomes major distribution point for drugs (cocaine).

Trend 5: Increase in gray power voting block.

RESEARCH



An integral component of this research was to determine if the claims in interviews with professional police administrators were actually occurring. A study was mailed to 42 law enforcement agencies throughout California, and of this amount 35 were returned in a timely manner (see Appendix B).

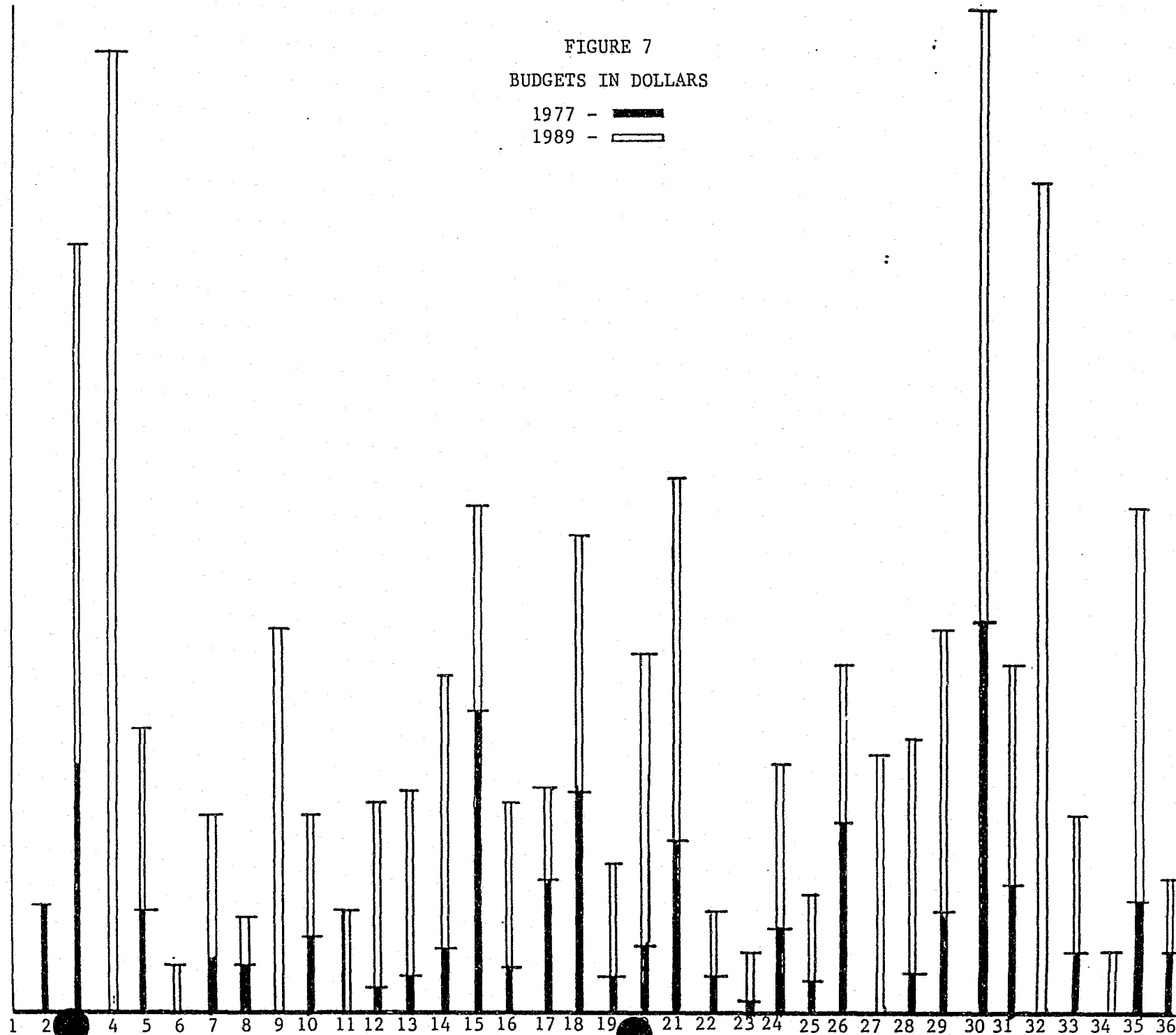
The purpose of the survey was to determine what was occurring to city budgets, in particular police departments budgets, in the past 10 years since the passage of Proposition XIII. Second, the survey was to show if police departments were doing anything consistently to recover revenue for services rendered.

The survey shows that in a vast majority of cases, police departments budgets have more than doubled even if the population of the city declined (see City #35 figure 7 and Figure 8). Even taking account for inflation, this seemed high. The assessment of this was determined to be that cities have put their dollars into the basics of police protection and let other needs slide (such as roads, sewer lines, water lines, etc.).

The second discovery was that police departments in these 35 cities were doing nothing consistently to recover costs for the services they render. Table III shows the inconsistencies among the 35 agencies returning the survey. Some traffic units (Column 2) pay for themselves but the vast majority do not. In Column

FIGURE 7
BUDGETS IN DOLLARS

1977 - 
1989 - 



DOLLARS IN MILLIONS

FIGURE 8
POPULATION

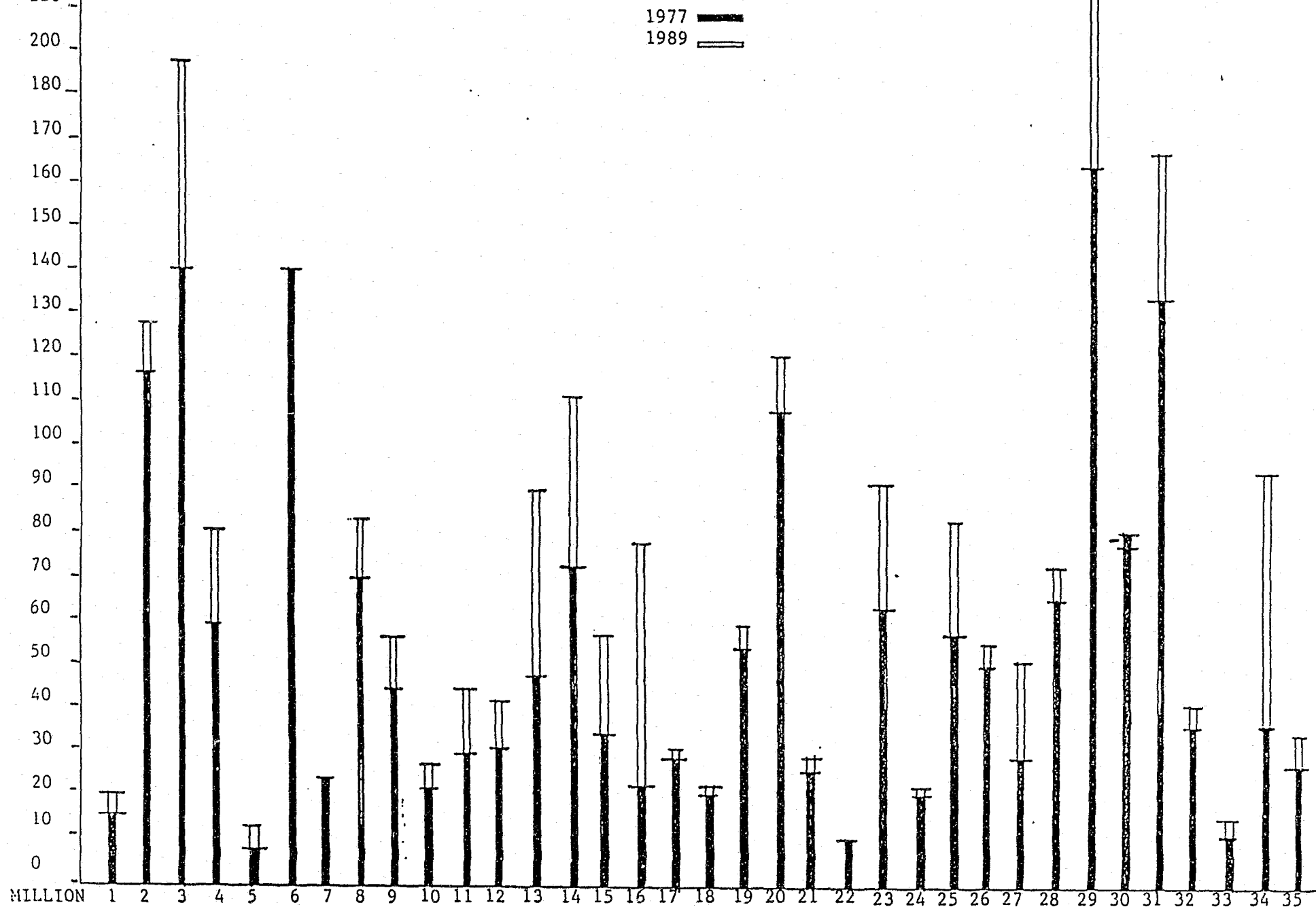


TABLE IV

COLUMN 1	2	3	4	5	6	7	8	9
REVENUE	TRAFFIC	PARKING	4.1	4.2	4.3	4.4	4.5	OTHER
86,500	Yes/No	Yes/44%	8	4	10.50	Per Call	Per Call	Yes
1,354,000	Yes/No	Yes/ ?	5	6	15	45	No	Yes
	Yes/No	Yes/No	3		2.50	No	No	Yes
294,758	Yes/NO	No	5	4	5	No	No	Yes
125,000	Yes/No	Yes/15%	5	5	30	8.50	500	Yes
370,270	Yes/No	Yes/63%	19	10	10	35	No	Yes
	Yes/No	No	15	20	10	35	No	Yes
	Yes/No		5	5	5	100	No	
1,737,000	Yes/No	Yes/68%	15	NO	10	No Reply	No	
Varies	Yes/No	Yes B/Even	5	5	10	50	No	
	Yes/No	Yes/No	10	15	10	No	No	
310,000	Yes/No	Yes/No	Yes	No	Yes	No	No	
783,969	Yes/Yes	Yes/300%	5	5	5	25/50	No	Yes
Yes	Yes/No	Yes/ ?	10	10	10	50	No	
401,510	Yes	No	10	10	12.50	30	No	Yes
86,000	Yes/78%	Yes/ ?	10	No	10	50	100	
3,500,000	Yes/Yes	Yes/3 Mil	11	11	11	27/54/81	No	
72,000	No	Yes/ ?	5	No	4	50/25	No	Yes
1,557,869	Yes/No	Yes/135%	10	8	26	No	No	
	Yes/ ?	No	15	5	36	25	Act Cost	Yes
35,000	Yes/No	Yes/ ?	15	15	12	50	No	Yes
76,000	No	Yes/3	5	5	5/10	50/100/200	No	Yes
	Yes/No	No	No	No	8	45	No	
	Yes/No	Yes/3%	10	10	10	25	Yes	
5,100,000	Yes/No	Yes/No	5	No	Yes	Yes	Yes	Yes
	Yes/No	Yes/ ?	2	No	3	No	No	Yes
493,695	Yes/No	No	8	12	10	27/50/100	No	Yes
1,600,000	Yes/No	Yes/140%	6	No	6	50	No	Yes
	Yes/Yes	Yes/No	18.50	5	5	50/100	24.50	Yes
Yes	Yes/No	Yes/150%	5	5	5	15	No	Yes
	Yes/Yes	Yes/Yes	18	10	9	25-100	1000	Yes
	Yes/No	Yes/60%	6	5	6		No	Yes
	Yes/No	Yes/10%	10	No	10	25	Cost	Yes
2,900,00	Yes/No	Yes/1000%	6	19.50	7		No	

3, some parking control units pay for themselves; others do not. In column 4, some departments only charge \$3 for fingerprinting and some charge \$18. In every column there are inconsistencies.

The results of the survey indicates police agencies have survived the budget cut created by Proposition XIII better than the rest of the city's infrastructure. Police departments have had to tighten their budgets and become creative in their service approach, but what will happen when the roads, sewers and waterlines have given out? Where will the cities get the money to pay for police protection and replace these capital items?

According to research and results of the survey, cities must refine the definitions of "costs reasonably borne" as used in Article XIIIIB (Proposition 4) and as further defined by its authors in their background documents. The application of those definitions to the cities also is described, in detail, such that those reading this material might be aware of the meticulous nature of the application of business costing and management principles to the city's operations. Thus, the city can know and control its costs, using those constitutionally-set business principles and legally set elements and definitions of "costs reasonably borne."

THE BASICS:

The basic costs of operating any business are direct labor and employee benefits, direct materials, overhead costs, and fixed

asset or depreciation charges. These cost elements have been determined and applied in a business-like manner to the fee-financed and fee-financable services provided by the cities, modified only slightly to accommodate the published intent and definitions of the authors of Article XIII B. Thus, for the first time a logical, legal and--indeed--a constitutionally mandated cost awareness can be applied to city's operations.

As can be seen from the following quotations from the authors of Proposition 4, their full business costing definitions (the cost of doing business) were intended to be used by California governments. In addition, the services are intended to be continued "overtime," not underpriced and gradually starved out of existence or into mediocrity. In other words, government is intended "to be run like a business."

Proposition 4 Author's Intent. Important for California governments are the business principles which the framers of the Proposition 4 initiative stated as their intent:

"The drafters anticipated...concerned citizens of every government entity would be able to annually review the financial structure of the entity to determine whether compliance with Article XIII B exists. Therefore, each year it is necessary that each entity provide a breakdown for each aggregated license - fee charge - showing costs reasonably borne (or to be borne) and fees collected (or to be collected) in sufficient detail to allow intelligent

circumspection ... if any taxpayer of the entity or a fee payer disagrees with the date in the document, he may challenge it through a normal tax payer's action lawsuit."

(4)

The authors of Article XIIIIB follow a business-oriented approach to governmental services that helps explain the intent of the authors.

The paragraph "costs reasonably borne by such entity in providing the regulation, product, or service is intended to incorporate all appropriations by an entity for reasonable costs appropriate for the continuation of the services over time. This includes ongoing expenses such as operation costs and a reasonable allocation for overhead and administration, but it also includes reasonable allocation for start-up costs and future capacity. Thus, reasonable allocations for capital replacement, expansion of services, and repayment of related bond issuances would be considered 'costs reasonably borne'." (5)

Based on the above, the following are put forward by the authors of Article XIIIIB as their accepted elements of "costs reasonably borne" for California purposes.

1. Labor Costs
2. Employee benefit costs
3. Operational services and supply expenses
4. Overhead expense
5. Administrative costs

6. Start-up costs
7. Future capacity expense
8. Capital replacement
9. Costs of expansion of services
10. Repayment of debt

It is not surprising that the authors used such business definitions and elements of "costs" as quoted herein. They represented several known dedicated and professional business organizations. The California Taxpayer's Association, the California Chamber of Commerce, the National Tax Limitation Committee, and the California Association of Realtors, in effect, the pillars of business, and their ideas were adopted overwhelmingly by the electorate of California at referendum. Thus, by definition, the premise of this report has a California electoral mandate.

A basic principle involved in Article XIII B is the recognition of those full business costs as used and defined by the authors of the constitutional amendment, not just those costs that the city might recognize and decide to budget, or which it might decide to use in some other cost analysis methodology.

Some are of the opinion that elements of true costs--as opposed to those expenses merely budgeted--are to be used as the basis for governmental accounting in California. Thus, it is at least temporarily incumbent on the city to maintain its "traditional"

set of governmental accounts under the new California version of G.A.A.P. (generally accepted accounting principles) and, by utilization of the "costs reasonably borne" methodology derived from Proposition 4, to recognize and to budget all such defined "costs reasonably borne," as defined herein.

No judgment is made to the constitutionality of not including all such costs, but the implication is quite strong that the author's stated definitions of "costs reasonably borne" should be followed.

Costs as traditionally and currently defined by the city--and by standard G.A.A.P.--fall into two categories: recognized and unrecognized. Neither necessarily coincides with the Constitutional "costs reasonably borne" or the current practices of the city but obviously should so coincide.

Recognized costs are those such as payroll and supplies. Employees expect to be paid periodically and regularly or they will no longer be employees. Vendors also must be paid for their goods and services or they won't continue to do business with the city.

Other recognized costs are paid but not distributed proportionately to those services benefiting, e.g., the services of the Finance Department. Is this department to be considered "overhead" and spread consistently over the entire city

operation, or just budgeted and accounted for as "general government"? The costs exist and are recognized but in many governmental accounting systems this non-distributed "general" approach is taken.

Unrecognized costs are such things as building depreciation and deferred maintenance. The city must accumulate sufficient monies with which to replace fixed assets when they are worn out and need to be replaced, or when they are functionally obsolete. If no money has been generated by the service using the asset--be it equipment, buildings, streets, or other facilities--then the service will be seriously hampered or eliminated when the facility or equipment wears out and there is no money with which to replace it. Thus, when the asset of equipment, pipe, asphalt, pole or building has to be replaced, a previously unrecognized cost suddenly is recognized but not achievable. For example, a building with a 30 year life should have a 3.3 percent of its replacement "cost" recognized each year of the 30 years and recovered by being made a component of "true costs." Thus, a last year, sudden "recognition" of a true cost would not occur. In other words, budgeting has nothing to do with what costs actually are, which is one of the reasons the authors chose to mandate the use of business and costing definitions on California governments.

Further, deferred maintenance can literally change a 20-year asset into a 10 or even a five year asset. "Deferral" ignores an

operating cost that actually is occurring but which is merely not being recognized and budgeted for adequately.

Generally accepted accounting principles (G.A.A.P.) require depreciation for ratably expensing a fixed asset under accrual accounting. Although municipal utilities use a form of accrual accounting, most governmental accounting is modified-accrual (expenditure basis in which a fixed asset is charged totally to operations in the year of purchase). Obviously, in costing a service, a more uniform charge over the life of the asset is preferable to the one-time charge that standard, traditional governmental accounting indicates. Therefore, many governmental accountants recommend depreciation as a Proposition 4 cost of providing a service even when the fund providing the service does not recognize depreciation. Depreciation inexorably exists; the the only question is whether it is recognized and accounted for. The preceding discussion of conventional G.A.A.P. and California G.A.A.P. per Proposition 4 is germane.

To do otherwise assumes financing of the replacement of the fixed asset from either general obligation bonds or property taxes, the former requiring a two-thirds vote at referendum and the latter not now permitted even to be voted on, per the restrictions of Proposition 13 (Article XIII A of the California Constitution).

This line of reasoning is fine as far as it goes; however, the purpose of "costing" a municipal service is to determine what service charge is required to eliminate or regularize the subsidy

from taxes, taxes that are now drastically limited by two citizen (Proposition 13 and 4) initiated and passed constitutional amendments. The use of depreciation as a cost, rather than a "fixed asset charge" based on the assets replacement value, will not provide a service charge "appropriate for the continuation of the service over time" as put forth by the Authors of Proposition 4. (6)

The point is that standard and traditional governmental depreciation accounting makes for "good" standard financial reporting, but such a practice will almost certainly not fulfill the Proposition 4 intent of "continuing the service over time." The service will eventually have to be discontinued due to lack of usable fixed assets. Even worse, the taxpayers will have to be asked to approve some sort of a nonproperty tax at referendum for the replacement of fixed assets that do not benefit many of them, or which, in the case of a water utility, should have been collected proportionately to the use of the system over time.

Since Proposition 4 suggests operating governmental services in a business-like manner and references the use of fixed asset replacement cost, it follows that a service charge that incorporates the replacement cost of fixed assets contains a "cost reasonably borne." To do otherwise means literally "going out of business" in that service category for lack of capital with which to carry on, thus not maintaining the service "over

time." And that certainly is not the expressed intent of the initiatives drafters, who stated the following:

"reasonable costs appropriate for the continuation of the service over time... includes...reasonable allocations for capital replacement...[and] would be considered 'costs reasonably borne'." (7)

If the city councils of all the California cities adopted the changes found in this research, then some additional monies would be raised annually to replace some city fixed assets. These amounts will still be inadequate since only that portion of the city's fixed asset base financed by fees, charges and assessments, or potential fees, charges or assessments are encompassed within this report. The vast majority of the city's fixed assets are those which the general public uses and which are not conducive to replacement or initial construction or acquisition by revenues raised from fees and charges. Such things as park improvements, community buildings, residential streets, traffic signs and signals, storm drains, sidewalks, and street landscaping and trees are included in this category.

Those are the types of facilities that originally were financed by property taxes or through the issuance of general obligation bonds backed generally by property taxes by special assessment bonds and assessments or by developer financing of the facilities, which then were conveyed to the city of perpetual maintenance and replacement. Proposition 13 has eliminated

property taxes for capital replacement, capital construction, and bond referendum. Property taxes cannot be raised otherwise, even by vote. Assessments are still unchanged but difficult to use for replacement purposes.

The city councils act as a public trustee for these assets, having received them from its predecessor councils and having a legal responsibility of handing them over to their successors, presumably intact and enhanced. However, to the extent that the cities are not, on the average, annually expending or reserving for physical plant replacement or major repairs, the assets are not enough to keep the cities from deteriorating. Thus, the cities should be expending or reserving some amount of money annually just to replace and maintain that which they already own. In addition, developers are regularly donating new fixed assets to the city, which implies that cities must perpetually maintain and replace those assets from their general revenue sources.

The alternative to raising that money, from both fees and from new taxes, is for the city to deteriorate at an increasing rate, with each succeeding city council having less to turn over to its successor trustees. This option is the municipal equivalent to the "slum landlord"--a property owner living off the cash for purposes other than capital replacement. In effect, that is what most cities have been forced to do by the general practice of municipal fixed asset replacement being dependent on property

taxes, which have been frozen in rate since passage of Proposition XIII.

The difference between a city and a landlord is that a city cannot sell its property, take the proceeds, and retire as can a property-owner landlord. A city is a corporation in perpetuity, and its current trustees for the citizen owners--the city council--must act as such. A sense of posterity is necessary. If the city councils follow the items already discussed, it provides ways in which such a slumlord result and image can be avoided, and posterity can be preserved in perpetuity.

Failure to replace fixed assets on a reasonably timely basis also results in major legal liabilities far exceeding the cost of replacement. For example, the City of Santa Monica had to pay a major damage claim to a property owner due to losses incurred when an aged water line broke. The city was found legally liable due to an inadequate capital replacement program, which in its case was spread over 30 years.

In a similarly directed case, the City of Laguna Beach did not adequately maintain trees on some of its vacant property, in which the trees blew down and damaged a private building. The city was held liable for damages. The moral is simple: pay currently in adequate and responsible amounts from current revenues, or eventually pay by court order in a greater amount for no asset value return. (8)

This entire new field of capital replacement liability was the subject of a western city magazine article from which the following pertinent excerpts are taken:

"the Court in McMahan concludes that the City's failure to maintain or replace the subject water main (which had outlived its normal life) was a deliberate act and that consequently, when the main ruptured it was operating in accordance with the City's intent not to replace or maintain it"

"To apply the inverse condemnation theory to such situations instead imposes upon the city strict liability for all public improvements that fail to work as intended... (such lack of spending) has been interpreted by the Court as the assumption of absolute liability in every case where maintenance or capital replacement programs prove to be inadequate." (9)

The advice given by the author of this article, who is one of the principles in the premiere California municipal law firm of Richards, Watson, Drey, Juss and Gushen is to "take a close look at aging public facilities and give considerable thought to increasing capital improvement budgets so as to protect against these types of claims" (10).

While statutes passed by the 1987 State Legislature in theory have acted to modify somewhat the severity of claims for damage in

inverse condemnation actions arising out of the failure of municipal facilities, the principle remains squarely in place-- either make adequate financial allowance for timely replacement of fixed assets as they wear out, or reap the political whirlwind when those facilities massively fail.

The city councils have fewer clear alternatives available to them regarding the policies of the revenue/cost mix:

- 1) Continue any tax subsidy which might be found.
- 2) Eliminate the tax subsidy by increasing fees to cover all "costs reasonably borne."
- 3) Reduce costs by reducing the level of service.
- 4) Decide on an appropriate level of tax subsidy, being aware that taxes are now limited in rate, base and (consequently) in amounts yielded and available.

The California Joint Legislative Audit Committee in 1980 surveyed local government to identify revenue trends since the passage of Proposition 13. The committee reported the following:

"Since the passage of Proposition 13, local governments have expanded their use of discretionary revenue sources, that revenue with local governments can control to some extent. Local governments are doing so by eliminating or reducing the previous government subsidy of services and increasing charges for services to reflect the full costs or a greater portion of the cost of providing services" (11).

This trend has continued and accelerated since 1980, but still only 65 cities have taken advantage of a major part of what is available.

The 1980-1981 survey of "City Government Finances" by the U.S. Census Bureau also shows that "municipal charges and fees overtook the local property tax as a revenue source for cities in 1980-81." Fee and miscellaneous revenues for all U.S. cities grew from FY 1979-1980 to 80-81 by 16.8 percent to 19.3 billion, while property tax revenues increased on 8.4 percent to a total of 18.3 billion.

This trend also has continued and in fact has accelerated, as recently reported.

"Faced with declining federal aid and resistance to higher taxes, cities are increasing their reliance on fees for services, a study by the U.S. Conference of Mayors said Tuesday. Its survey of 402 major U.S. cities found that 15 percent had instituted user fees within the past five years and 70 percent within 10 years...the survey was based on responses from officials in 402 cities in nearly every state" (12).

However, it should be pointed out that, perhaps because of the generalized national trend toward consumer based governmental fees and charges, and their inherent equity--especially in

California--that public opinion seems to be swinging toward favoring tax increases with which to finance those things which can only be financed by the source. A recent California poll reported:

"Most Californians are willing to pay higher taxes for better government services such as more police, improved schools and better roads, according to a new Californians poll. The survey points to a reversal of the late 1970's trend to government spending and cut back on services" (13)

But that tax increase is not going to come from the federal level for as recent statistics indicate

"Federal spending as a percentage of the gross national product has been increasing over the course of the Reagan Administration at about twice the rate of state and local spending, according to ACIR (Advisory Commission on Intergovernmental Relations)... In 1980 the last of the Carter Administration, federal spending totaled 22.9 percent of GNP, while state and local expenditures totaled 10.1 percent. By 1986, federal spending had increased to 24.5 percent, while state and local expenditures had increased to 10.8 percent" (14)

Although many cities are raising user charges, California Constitution Article XIII B (Proposition 4) categorically classifies as "taxes," along with the usual definition of that

term, those revenues derived from "regulatory licenses, user charges and user fees to the extent that such proceeding exceed the costs reasonably borne by such entity (city) in providing the regulating product, or services." (15) Therefore, the requirement that "costs" be both defined and recognized is critical to compliance with Proposition 4. Also, the resultant need for a more balanced revenue structure between taxes and service charges is critical.

Even other states have entered the drive for equity and effectiveness in the charging of "reasonable" fees. A recent ruling of the Pennsylvania Supreme Court states relative to governmentally provided refuse collection/disposal service

"If government cannot provide services at least of a quality and at a cost commensurate with similar services provided by private enterprise, it is, by definition unreasonable to utilize tax dollars for that purpose. That may have lost sight of that patently obvious idea is as unfortunate as it is surprising." (16)

Even universities are being pushed into the more business-like atmosphere which Article XIII B has forced on local governments.

That bastion of private enterprise and academic excellence, the University of Southern California, explains its new system of "revenue center management" as having been

"designed to help the University grow in academic stature despite the atmosphere of retrenchment currently pervading higher education... When a school becomes aware of its true cost of doing business, it gains an incentive for fiscal prudence." (17)

As an indication of a new trend developing in governmental financing, a full issue of Governmental Financing, the authoritative journal of municipal finance was, devoted to this new business-like approach to city government, with articles entitled "Developing Local Government User Charges: Technical and Policy Considerations," "The Cost Burden Study - A Method for Recovering Cost from Nonresidents," "Responding to Tax Limitation: Finding Alternative Revenues," and "Costing and Pricing Local Government Service."

According to a recent survey of local elected officials, "money" is the number one problem. One major corporate senior executive, who also previously served as the mayor of a large California city, put it in a way that summarizes the basic thrust of the voters who approved Article XIII B and this the basic theme of this part of the report:

"The biggest problem is financing, without a doubt. That's the major area that cities have got to deal with... Government has to adopt the philosophies of the private sector, since running a city is no different than running a successful business." (18)

An ever-decreasing amount of help will be forthcoming from the federal government for, as one national columnist put it, "City-Bashing has become a way of life on Capital Hill... Collectively our metropolitan areas have suffered a reduction of more than 50 percent in their federal funds since President Reagan began slashing government programs in 1980. ...The need to make cutbacks to reduce the huge federal deficits is the primary motive." (19)

MAXIMIZING REVENUE:

In doing the research for this project, it was discovered that most cities are not maximizing their revenue from the state government. Out of 436 plus cities in California, only 60 to 70 are taking advantage of "The Property Tax Relief Act of 1972" (see Appendix B for list of cities). The research lead to some background information on this "Act of 1972."

The principle that state government must pay for the programs it requires subordinate jurisdictions to implement was just started by Senate Bill 90 in 1972. Titled the "Property Tax Relief Act of 1972," the intent of this law was to appease the California voters, who were growing more and more upset with their continually escalating property taxes. As a trade off for the above constraints, the Legislature declared its intent that local agencies be reimbursed for the costs of new programs or increased

levels of service that were mandated by the state after the effective date of the act, January 1, 1973. Commonly called "SB90" after the original bill, this reimbursement process has been evolving continuously ever since that date.

In 1978, California voters decided the provisions of the Property Tax Relief Act were too little, too late, and (as a consequence) they approved Proposition XIII. Proposition XIII added Article XIII A to the California Constitution. It wiped out all of the tax authorizations of local governments and school districts included in the SB90 statutes. The reimbursement aspects were not affected. In the wake of Proposition 13, Governor Brown created a blue-ribbon Commission on Government Reform. Among the task forces organized by the commission to address specific subjects was one on mandated costs. The task force made 18 recommendations to the commission. The commission referred these recommendations to the Legislature along with some more general recommendations of its own. Additionally, the legislative analyst was directed by Chapter 794 of 1978 to evaluate the SB 90 process and make recommendations to the Legislature for improving it. Chapter 794 of 1978 also required the legislature analyst to examine unfunded mandates and recommend whether to continue, modify or repeal them.

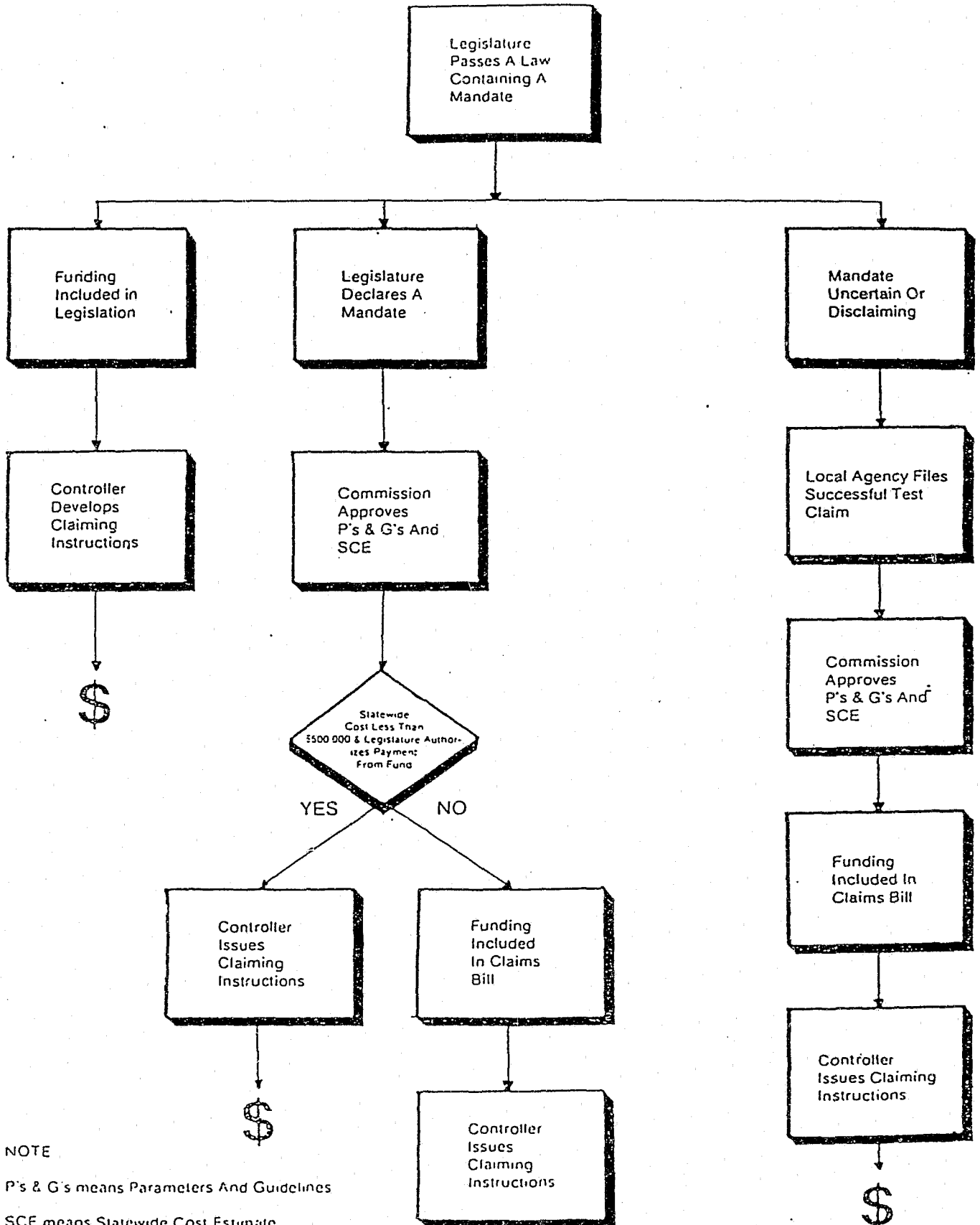
The drafters of Proposition 4 of 1979 were influenced by both the task force and the legislative analyst. Proposition 4 placed Article XIII B on the State Constitution. In addition to placing

spending limits on all levels of government, it placed the SB 90 principle in the California Constitution.

Figure 9 on the following page graphically depicts in a simplified manner the situations by which a local agency (city) receives funding for legislation passed that contains a reimbursable mandate. Figure 9 assumes that the city experiences success (as depicted by the \$ sign). Terms utilized in the Figure 9 are described in the Appendix E.

FIGURE 9

How A Local Agency Receives SB 90 Funding (\$)



RETURN TO CUSTODY FACILITIES

The State of California has given the opportunity for cities to recover some of their subventions lost. The state will pay cities to house prisoners in their city jails or, if they want, will help them build new facilities to house prisoners. These prisoners are individuals who were in state prison, paroled to the outside, and have violated their parole. Now they must spend additional time in prison, but rather than send them to a state institution, they send them to a Return-to-Custody facility where they remain in custody until their time is up.

The county used to house these prisoners for the state and, in return, the state paid the counties. Since all county facilities are overflowing with their own prisoners, the counties will no longer house the state's prisoners.

Several cities in the Central Valley are experimenting with this concept. McFarland, Wasco and Taft are three cities located closely that have had the foresight to see the advantages. They have built facilities and hire local people who live in the area. The cities, if they choose, can run the facility and make a profit. The profit usually runs 10 percent of the total operational costs of the facility. The profit for a 428 bed facility should run between 750,000 dollars to 800,000 dollars a year. Most contracts with the Department of Corrections run 20 years. The net profit to the cities who have these facilities could then run 20 years at \$750,000 dollars a year. This is big

dollars to a small-to medium-sized department, who could run this facility in conjunction with the police facility. The City of Taft is building their police facility adjacent to the Return-to-Custody facility.

The side benefits are the employees of these facilities are usually well paid and live in or near the communities they work in, which, in turn, means they spend the dollars locally, helping the local economy. This is a clean, nonpolluting industry that most cities are trying to attract anyway.

MELLO-ROOS DISTRICTS:

The nominal group panel voted that the Mello-Roos districting has the best alternative for raising dollars and funding for future expenses. This is fine for a growing community such as Perris, but not for fully developed cities who no longer have this capability.

The Mello-Roos Community Facilities Act became effective January 1, 1983. It authorizes the establishment of community service districts. The district is authorized to levy a special tax for the purpose of financing certain types of public services and to issue bonds for the construction of public facilities. The act is considered to be a long-term financing tool primarily used in developing areas and in areas undergoing rehabilitation.

The Mello-Roos Districts can provide for the purchase, construction, expansion or rehabilitation of any real or other

tangible property made necessary by development or rehabilitation occurring within the district. Public improvements that can be financed include the following:

- a) Elementary and Secondary school sites.
- b) Libraries
- c) Local park, recreation, and parkway facilities.
- d) Telephone and electrical lines.
- e) Streets, sewers, storm drains; curbs, sidewalks.
- f) Any other governmental facilities that the city is authorized by law to construct, own or operate.

Also, a district can provide a limited number of public services. Service expenditures that can be financed with Mello-Roos include the performance by employees of operations, maintenance and repair activities in the following areas:

- a) Police protection services.
- b) Fire protection and suppression services.
- c) Ambulance and paramedic services.
- d) Flood and storm protection services, including the operation and maintenance of storm drainage systems.
- e) Library services.
- f) Maintenance of open space.

The Mello-Roos District can include any area within the jurisdiction of the entity establishing the district. A district can include noncontiguous areas. Generally, a district is

established in an undeveloped area that will be made more attractive for development by the facilities and services that will be financed by district revenues.

Within 90 days of the council action or receipt of the petition, a resolution of intention to establish the district must be adopted. Between 30 and 60 days following the adoption of the resolution, a public hearing on the formation of the district must be held. The proceeding must be abandoned if written protests are filed by either 50 percent or more of the registered voters or owners of one-half or more of the land area.

An election is required in order for the district to levy a special tax and/or incur bonded indebtedness. The registered voters within the district (if more than 12) or land owners (if less than 12 registered voters) must approve the action by a two-thirds majority. If the vote is by land owners, it is to be on a one vote per acre or portion there-of basis. If the district is formed to provide services, the special tax will be levied on the property owners. If bonds are sold to finance facilities, property owners would also be responsible for the repayment, passing on this responsibility to the new owners once the land is developed. It should be noted that the bonds are an obligation that sits with the land until the bonds are retired. The special tax for service may be voted out by the property owners representing two-thirds of the total property at any time in the future.

SUMMARY

The administrators from both the cities and the police departments are either obviously missing the concepts put forth by Proposition XIII and Proposition IV, or they have not done a very good selling job to the public and/or city councils. There is obviously more revenue available than is being sought after, since research has shown that most cities have not done a revenue analysis to identify services provided by the city and police where no fee is charged. They have neither, in most cases, matched revenue with costs nor have they developed a capital improvement policy. Only 65 cities were identified in the State of California as having attempted to do some type of fee-supported service analysis and capital improvement policy.

The cities have failed to maximize their revenue from state mandated programs if only a small percentage are asking for reimbursement from the state. Over \$30 million was budgeted by the state for this program, and only \$9 million in claims has been received.

Police administrators have looked upon the Mello-Roos Districts as the answer in growing communities. They have embraced the concept, and they feel that this is the answer for them to raise future revenues for the police service, but only those in the district are paying. Not all of the cities pay the same rate, but all get the same service.

The police administrators refused to be business-like in their approach to services rendered by the police department. In the interviews conducted informally with several top law enforcement administrators, none of them looked with any favor on the Return-to-Custody facility.* Maybe as administrators in local government, we have failed to take advantage of our future.

* Note: Return-to-Custody facilities can become major political problems for local elected officials.

FUTURES SCENARIOS

After the assessment and observations of the expert panel, scanning of available literature, personal interviews and surveys, several different scenarios were constructed. Three scenarios were written (exploratory, normative, and hypothetical) that project these observations into the year of 1999. This was the time frame studied by the nominal group panel.

Scenario Number One

"Down Hill" from Here

The budget of police departments have continued to shrink in relationship to the increased growth in population. Along with population growth comes crime, traffic, and greater friction among the population. The population looking for ways to relieve stress have caused recreation areas to be extremely crowded, making more and more people stay home to create their own recreation with drugs. Cocaine distribution has become the largest industry in California and drugs are both distributed and used in the open.

Technical advances have made the police able to track and photograph drug dealers from outer space, but the courts are unable to handle the increased overload of cases, and defendants are being released as fast as they are arrested.

The state government has cut its support even further to local cities, creating more budgetary problems. The local cities have

tried to raise local taxes but have lost every attempt to do so because of the large block of senior citizen voters. The cities have had to continue to cut back services and maintenance of city roads, streets, parks and police services.

The severe budget limitations have created a large problem for the California cities' future. Although police service and fire protection have been least affected by the budget cuts, they too are feeling the pinch.

The large amount of foreign capital in California has made outside influences in California's economy extremely important in the political arena. Large sums of this money comes from drug cartel owners, who have invested in big ways into the legal business world of California.

Scenario Number Two

"Business-Like Government"

As members of the Perris City Council meet and review the agenda of March 6, 1998, they anticipate a controversial session. During the meeting, the council will address the city budget for the 1998-1999 fiscal year.

In spite of the cutbacks made by the state in subventions, the city enjoys a reasonably sound financial base. The state had to cut the subventions to pay for the massive oil cleanup on the California coast, which occurred in 1996. The city has had an

effective user fee policy, SB90 program, and revenue-generating program that has offset the effects of reduced federal and state subventions. Even with the governor and legislature threatening to cut the SB90 funding, the city should be financially sound. Due to the financial soundness of the city, government leaders have been able to develop a comprehensive service delivery system for local residents-even with the increased population growths. The Capital Improvement Policy enacted in 1987 provided necessary funding for reconstruction of the local infrastructure. Other cities in California who have continued their practices of the 1980s of not implementing a business-like approach to city financing are not in as good a shape. The racial riots in a number of those cities have over-taxed their police agencies and have turned these cities into the Northern Ireland of the 1990s.

In review of the proposed police budget, council members are somewhat amused at the small increase in the cost vs. income recommended in the budget. First, the police department Annual Service Fee Study, which recommends only a slight increase in fee levels, is needed to meet expected service demands for the coming year. In addition, the police department recommends ratification of a new contract with the Department of Corrections for housing 400 more return-to-custody parolees. If approved, the contract will provide substantial revenues for the city's General Fund. The police department will add the construction of this facility to the existing facility, which is part of the total police facility. Though government subventions have decreased

dramatically in recent years, the police department's policy of spending only the interest on the asset forfeiture money and the grants given to it by private companies over the past 10 years will offset, again this year, the decrease in subventions. The police department will buy additional needed computer equipment and the necessary training for police personnel.

The police department budget concludes with a surplus of budgeted funds going back to the general fund from several large donations to the police department by local corporations financed by foreign investors who are trying to make an impression on local government officials on their commitment to the local community. They are attempting to expand their businesses within the city limits. The council, while considering the request, is reminded that this proposal on behalf of the police department is consistent with the objectives of the department's Strategic Plan, first developed in 1990.

Scenario Number Three

"Disaster Strikes"

The chief has just told Robert, "You have done a fine job, and you've been a real credit to the department, but I've got to let you go." The chief's words are becoming all too familiar to police officers like Robert. As layoffs, budget cuts, and service reductions devastate the police department, the chief ponders the future and reflects on the past. "Where did we go wrong?" he asks himself while recalling all of the untimely, unexpected events that have ravaged his agency. The oil spill of

1989 off the California coast marked the beginning of an era of financial uncertainty. The state's taking away the subventions given to cities to help pay for the cleanup of the coastal water ways and the federal government's taking away subventions, due to the oil spill, the earthquake in San Francisco, and the National Debt problem, have left the city in virtual bankruptcy.

Back in 1989, the police department served a population of only 15,000 people. Today, it is responsible for policing 100,000 people. The police department has been unable to keep up with the growth due to lack of funds. Local corporations have hired their own security and so have walled residential communities, since the police have been unable to keep up with the job. The racial riots between the different races has escalated this problem. The races have armed themselves and commit terrorist acts against each other at will. The police are unable to prevent bloodshed. The chief recalls the problems New York was having in 1989, when this all began. The problem in his city has escalated to the level of Northern Ireland of the 1970s and 80s.

The chief, however, refuses to acknowledge the necessity for expanding service fees and operating his department like a business for profit. He only sees that the public should continue to fund the police department through tax dollars, even though he could never get a tax increase pass the two-thirds vote needed because of the large block of senior voters (gray power) who live in the well-protected gated communities. He fears that

fees would only harm the police image which is deteriorating steadily in the eyes of the public. The chief and his executive staff are certain that federal and state monies will somehow cure the current ills that plague the department. While he hopes for government bail-out funds, the chief ignores all indications that both state and federal governments are preparing to announce total elimination of all future subventions for local governments. There appears to be few alternatives. Shortly after assuming his position in 1988, the chief was asked to develop a strategic plan within his agency by the city manager who had worked with a command college graduate at his last position with another city. He saw little benefit in such future-oriented planning and delegated the task, which was never completed. Now, more than 10 years later, as the chief wrestles with another 10 percent budget cut for the coming year, he recalls the intended purpose of that plan and remembers a phrase attributed to Thomas Jefferson, "The greater thing in this world is not so much where we stand as in what direction we are going."

POLICY CONSIDERATIONS

Policy Considerations:

The scenarios presented offer differing views of the possible futures of the alternate revenue sources available to cities and their police departments. Policy decisions made now and in the near future will dictate and influence the desired future. Considering the input of the panel, research, staff and the

scenarios most desired (business-like), the following policy interventions were developed.

1. Political Awareness:

Police administrators must participate more actively in the political process; such participation will influence voter decisions, legislative actions, and related political outcomes that directly or indirectly impact law enforcement.

2. Service Delivery Cost Analysis:

As law enforcement agencies become involved in implementing sound business practices, future police managers will be required to develop cost analysis information systems concerning all aspects of service delivery. Such systems will provide an accurate assessment of user fee levels, implementation of new services, and types of services to be provided. Cost effective service delivery will be essential in the future of public policing.

3. Revenue Exploration:

Police departments and their parent cities must develop a policy to identify the various revenue sources and resource providers. This will require on-going exploration of private sector funds and foundations, government-financed programs, and community projects.

4. Community Relations:

The concepts of participative government dictate that police agencies design and implement effective public relations programs. Community support of the police mission will become increasingly important as alternatives to traditional policing are made available.

5. Disaster Management and Planning:

Police managers must recognize the police role in developing sound disaster management programs. Police representatives can influence the level of local preparedness and should participate in the planning process.

6. Technology Development:

Effective fiscal resource management will require expanded use of computer and related technology. Police departments must involve technology in tracking and maintaining accurate information relative to department budgeting.

7. Involvement in Local Government:

Often decisions made by local political bodies have significant impact on law enforcement, yet police leaders fail to provide adequate input. A need exists to involve the police in matters involving annexation, redevelopment, capital improvement and other related issues. This policy should help force the local politicians to include the police in these decisions.

CHAPTER TWO - THE STRATEGIC PLAN

SITUATION

In recent years, fiscal resource management has become a larger concern of municipal governments nationwide. In California, the precedent established by the voters for Proposition XIII in 1978 and Proposition IV in 1979 brought about a dramatic change in local government financing.

While seriously limiting property tax increases, these initiatives established the "cost reasonably borne" test, creating a direct relationship between payment of fees and receipt of services. Even given the restrictions imposed by such tax legislation, cities throughout California face enormous challenges maintaining current service levels while striving to ensure future financial viability. Many administrators have failed to see what is coming in the future. They have been living off the infrastructures of the past, but now that infrastructure is beginning to fail, and they are scrambling to find ways to make the budget balance.

The impact of property tax legislation is yet to be fully realized in many growing California cities because these cities have submitted their General Fund with building fees. The impact of property tax legislation has not fully been realized in many California cities, but they are confronted with reductions in federal and state subventions. Since 1981, federal grants to local governments have been reduced almost totally and direct

federal assistance to cities and counties has been eliminated. Further aid from the federal government is unlikely while state subventions continue to decline.

The City of Perris is not unlike other local governments experiencing continued reductions in traditional revenues. Presently, property tax revenues account for only eight cents of every budget dollar, and the money received from property taxes in 1989 will not meet the projected police department budget for 1987-1990. In the past five years, the city budget has increased by 50 percent, while the population has increased by over 100 percent. The amount of federal and state subventions have continued to shrink, while their demands have increased.

Fiscal resource management will continue to become a bigger and bigger concern of law enforcement leaders. The negative effects of Proposition XIII become the reality predicted. The uncertain future requires municipal governments to formulate strategic plans that incorporate principles of private sector financing. The ability of law enforcement to provide an acceptable level of service while meeting budgetary constraints will continue to challenge public agencies to develop fiscal management programs that address alternative revenue sources.

During the initial discussion of the nominal group panel (made up of police professionals and city finance personnel), the focus was on a specific issue area: "The Alternate Revenue Sources

Available to California Law Enforcement by 1999." The panel identified 20 relevant trends. The members then selected the following five trends which were determined to have significant impact on the future of revenues for California law enforcement.

ENVIRONMENT

The first step in analyzing the situation is to examine the Weaknesses, Opportunities, Threats, and Strengths that will be underlying (WOTS-UP) the planning process.

The WOTS-UP analysis of each of these trends was completed on the basis of individual interviews with staff, individual research and insight.

I. Increasing in Growth (Population)

- Impacts:
- 1) Increased difficulties in servicing rapidly increasing population (Perris is the forth fastest growing city in California).
 - 2) Police department lagging in growth behind population.
 - 3) Increase in crime rate.
 - 4) Increase in traffic problems.
 - 5) Increase in response time to calls for service.

II. Technological Advances

- Impacts:
- 1) More dollars needed to stay "state of the art" technology.
 - 2) The "state of the art" technology will be changing rapidly.
 - 3) Fewer officers will be able to do more work.
 - 4) Opportunity to improve operations by working with technology.
 - 5) Need better trained personnel knowledgeable in newer advances of technology.

III. Increase in Foreign Investment in California

- 1) Increased political involvement of foreign influence on politics.
- 2) Influence on the work ethic of pacific rim counties on California workers.
- 3) Greater increase in homeless population.
- 4) Political backlash reaction from the public to the country being sold to foreign investors.
- 5) Morale issue for California public and workers.
- 6) Officers placed in middle of social issues.

IV. California Becomes Major Distribution Point for Drugs

- 1) Officers placed at risk physically and morally.

- 2) Increase in pressure from public to take care of problem.
- 3) Opportunity for building support.
- 4) Opportunities to regionalize some services (narcotic units).
- 5) Morale problems for officers.

V. Increase in Gray Power

- 1) Increase in need to be "client sensitive."
- 2) Increase impact/power of gray power special interest group.
 - a. Drain on resources for gray power special interest.
 - b. Threat to morale (greater work load/less resources).
- 3) Staff must be trained and aware of this special interest group and the political and social issues involved.
 - a. Opportunity for education and community support.
 - b. Greater demand for police service with no increase in dollar.

CAPABILITY / RESOURCES

In an effort to determine the present resource capability and organizational adaptability to change in the police department, a group consisting of six sworn personnel and two civilians

completed rating forms (assessing capability and resources). Group members were provided with a "present capability form" and a "future adaptability form", and the average rating was computed for each category.

Results of the "present capability form" revealed the following department strengths and weaknesses as determined by the average group ratings (Individual ratings for each category are contained in Table 5).

Present Capability

Strengths

Management Skills
Training
City Manager Support
Growth Potential

Weaknesses

Manpower
Facilities
Crime Rate
Money
Calls for Service

TABLE V

PRESENT CAPABILITY FORM

Perris Police Department

CATEGORY	I	II	III	IV	V
Manpower			1	6	1
Technology		1	6	1	
Equipment			2	5	1
Facilities			2	6	
Money			5	3	
Calls for Service			2	5	1
Supplies			6	2	
Management Skills		5	3		
Supervisory Skills		2	6		
Officer Skills		1	6	1	
Training		6	2		
Attitudes		3	4	1	
Image		2	5	1	
City Council Support			6	2	
City Manager Support		6	2		
Community Support		1	7		
Growth Potential	1	6	1		
Management Flexibility		2	5	1	
Sworn/Non-sworn Ratio		2	5	1	
Pay Scale		2	4	2	
Benefits		2	4	2	
Turnover		1	5	2	
Complaints Received		4	3	1	
Crime Rate			2	5	1
Sick Leave Used		2	4	2	
Morale		3	4	1	

Instructions:

Evaluate each of the items listed below on the basis of the following criteria:

- I. SUPERIOR - Beyond present needs.
- II. ABOVE AVERAGE - Suitable for present needs/no real problems.
- III. AVERAGE - Meets present needs but there is room for improvement.
- IV. BELOW AVERAGE - Not as good as it should be/problem area.
- V. POOR - Cause for concern/Action must be taken to improve.

The group assessed training, city manager support, and growth potential as obvious strengths in categories rated for the police department. Recent expansion of in-service training and development of a more comprehensive field training program were factors that resulted in the favorable rating for the training category. The progressive philosophy, displayed by the current city manager, influenced some members of the group who regarded recent actions by the manager as supportive of the police mission. The "growth potential" category appeared to be a response by the group to conditions associated with rapid population growth and aggressive annexation experienced by the City of Perris. (The City of Perris has doubled in population in 20 months time and grown from 22.6 square miles to almost 40 square miles in this same time frame).

Most capabilities were rated as sufficient to meet present needs; however, some categories were rated below average and were viewed as serious problem areas.

Manpower, facilities, and equipment are weaknesses that have resulted from the department's inability to respond to the city's current growth; All are influenced by a lack of funding, which is viewed by group members as a definite problem.

Recent statistics reveal that local crime has not increased in the past year, but calls for service continue to rise rapidly and exceed all previous levels. Currently, efforts are being made to

address this growing problem as further increases could seriously affect the stability of other capability categories, including attitudes and image.

FUTURE ADAPTABILITY

The "future adaptability form" completed by this same group indicated that most department operations "use marketing strategy (sell the concept to the public), and most personnel respond to the needs of the public in a reactive manner. Middle managers were regarded as more protective than top managers and more likely to seek related change. Five personnel tended to lean toward a marketing approach, however, shared the more proactive stance of middle managers.

Generally, top managers were perceived by group members as traditional and hesitant to encourage innovation. With regard to organizational climate, the department is production oriented in response to changes in power structure.

Individual ratings for each category of the "future adaptability form" are included in Table 6.

TABLE VI

FUTURE ADAPTABILITY FORM

Perris Police Department

CATEGORY	I	II	III	IV	V
Manpower			4	2	2
Technology		2	2	2	2
Equipment			2	4	2
Facilities		1	2	3	1
Money		1	3	2	2
Calls for Service		2	2	2	2
Supplies		2	4	2	
Management Skills		2	3	3	
Supervisory Skills		2	3	2	1
Officer Skills	1	2	2	2	1
Training		2	4	2	
Attitudes	1	2	2	2	1
Image	1	3	3	1	
City Council Support	1	3	2	1	
City Manager Support	2	4	2		
Community Support	1	3	2	2	
Growth Potential	2	2	2	2	
Management Flexibility	1	2	2	2	1
Sworn/Non-sworn Ratio	1	2	3	2	
Pay Scale		2	2	3	1
Benefits		2	2	3	1
Turnover	1	2	3	2	
Complaints Received	1	2	1	2	2
Crime Rate			3	3	2
Sick Leave Used	1	2	2	2	1
Morale	1	2	2	2	1

Instructions:

Evaluate each of the items listed below on the basis of the following criteria:

- I. SUPERIOR - Beyond present needs.
- II. ABOVE AVERAGE - Suitable for present needs/no real problems.
- III. AVERAGE - Meets present needs but there is room for improvement.
- IV. BELOW AVERAGE - Not as good as it should be/problem area.
- V. POOR - Cause for concern/action must be taken to improve.

STAKEHOLDERS

The same eight member group used in the above exercise was utilized one more time to identify the stakeholders capable of affecting the issues. Stakeholders are generally described as any group whose action or behavior might influence the issues. Examples of stakeholders in unrelated issues were reviewed with the group members. Insignificant stake holders were discussed and included for consideration in a subsequent brainstorming session.

The group was provided with a brief synopsis of the issue "The alternate revenue resources for law enforcement by the year 1999." The group was reminded of trend projections relative to the issues. As a result of this brainstorming session, the group identified the following stakeholders.

Taxpayers	Local Developers
City Council	Private Security Companies
Federal Government	City Planning Commission
City Manager	City Finance Department
State Government	Insurance Companies
Police Managers	Non-sworn Police Personnel
Police Officers Assn.	A.C.L.U.
Local Business Owners	Civic Service Commission
Kern County Sheriffs Office	City Attorney
Neighborhood Watch Program	City Building Department
Towing Companies	POST

Taxi Services	Victim Rights Groups
Ambulance Companies	District Attorney
Retired Citizens Group	Property Owners
Minority Groups	Welfare Department
Local News Media	

The group determined a number of stakeholders to be directly related to the issue area, while the others appeared more remote in terms of direct impact. A number of "snail darters" were identified as potentially significant, yet obscure. POST was considered for its impact on required police training and the revenue sources affecting training programs. Allied law enforcement agencies (the Riverside County Sheriff's Office in particular) were determined to have potential impact on the issue. Policies initiated by the police department are certain to be compared with those of other local law enforcement agencies and the public will favor alignment of those policies related to law enforcement revenues.

The completed list of stakeholders was presented to the group. Members were asked to select those whose impact on the issue would be most significant. Based on the relative importance of each stakeholder, the following list was selected:

1. Taxpayers
2. City Council
3. Federal Government
4. State Government

5. City Manager
6. Local Business Owners
7. Police Managers
8. Senior Citizens

STAKEHOLDER ASSUMPTIONS

In order to identify desired policy alternatives, it is important to consider basic assumptions concerning the position of selected stakeholders. Following a discussion of each stakeholder position, the group developed the following list of assumptions. These assumptions were based on the group's assessment of the stakeholder's history and present position with respect to the issue.

1) Taxpayers:

- a. Will oppose tax increases to support financing public services;
- b. Will oppose any decrease in police service levels;
- c. Will favor user fees for a number of select police services.

2) City Council:

- a. Will favor alternatives to local taxation as public revenue source;
- b. May favor alternatives to local taxation as public revenue source;
- c. Would demand increased police patrols in problem areas.

3) Federal Government:

- a. Will oppose efforts of state and local governments to obtain federal assistance;
- b. Will favor more local controls of matters concerning local financing;
- c. Will provide financial assistance for specific law enforcement problems, i.e., drug enforcement programs.

4) State Government:

- a. Will initiate few subvention programs for municipal governments;
- b. Will issue mandates on local revenue programs and will provide guidelines for local public fees and charges.

5) City Manager:

- a. Will favor alternative service delivery systems by local public agencies;
- b. Will favor user fees for selected police services;
- c. Will support the position of the city council in areas concerning local taxation increases to support public service.

6) Local Business Owners:

- a. Will seek to maintain current service levels for police and will exert pressure on city government to maintain current tax level;

- b. Will oppose false alarm service fees imposed by police department for response to false burglary claims.

7) Police Managers:

- a. Will support limited expansion of civilian roles within the department;
- b. Will resists further annexation for purposes of broadening tax base;
- c. Will favor maintaining present service levels for the police department.

8) Senior Citizen's political power block due to baby boomers coming of age.

- a. Will want increased services;
- b. Will not want increase in cost for services;
- c. Will be supportive of police.

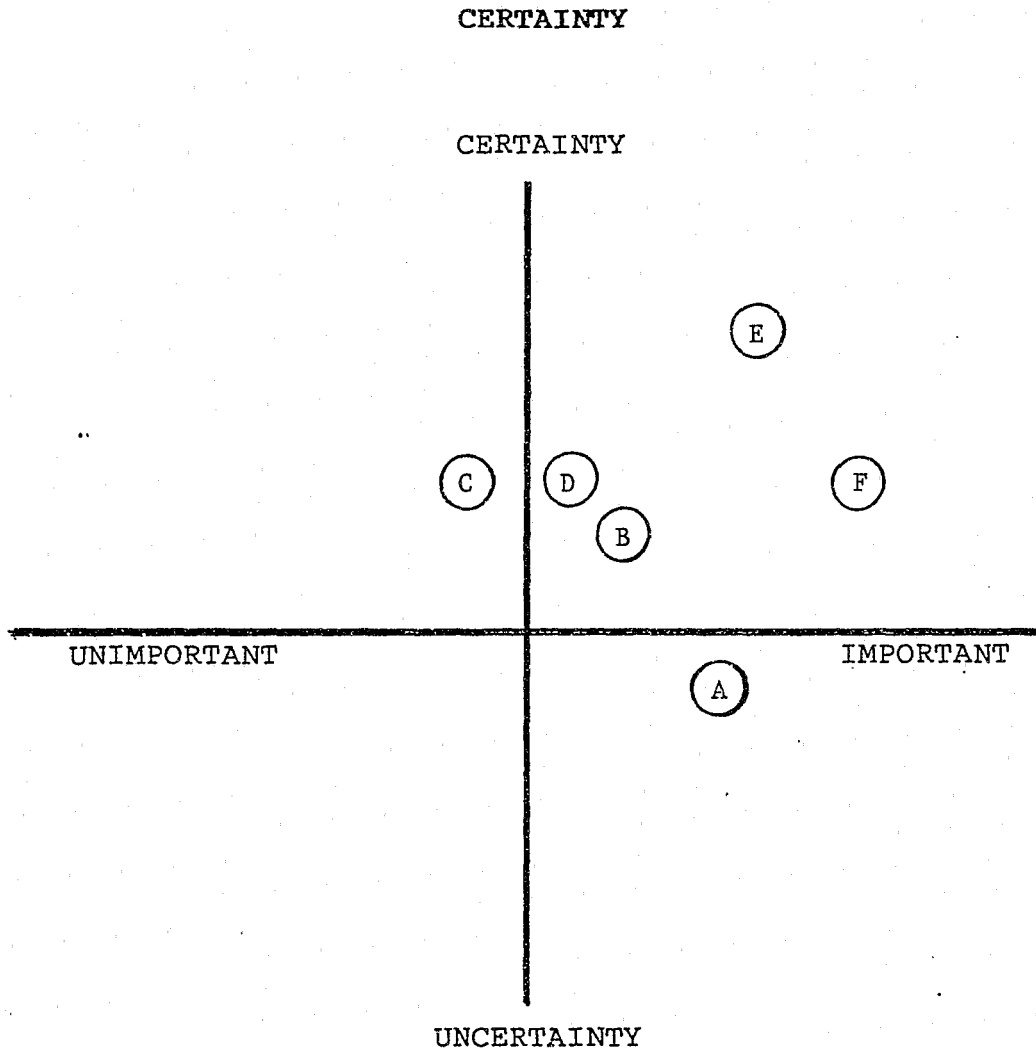
SUMMARY OF STAKEHOLDER ASSUMPTIONS

Based on the stakeholder assumption identified by the group, it was concluded that a broad range of stakeholder groups oppose policies that include tax increases as a method of providing future revenues for law enforcement. In addition, few stakeholders favor any decrease in current levels of police service. Therefore, future law enforcement strategies that incorporate increased taxation and/or reduced police service levels risk serious opposition.

Support of user fees to finance law enforcement raises number questions with regard to the position of some stakeholders. It is obvious that groups directly affected by service fees are most likely to voice opposition; however, lack of organization and common interest may mitigate the level of opposition. The other opposition will be those who (for emotional reasons) do not like to have a jail (return-to-custody facility) in their city.

In general, stakeholders once considered to be resource providers (i.e., federal and state governments) favor local generation of revenues for public services.

FIGURE 10



FIGURE

STAKEHOLDERS PLOTTED BY ASSUMPTIONS

- | | |
|--------------------------|--------------------|
| A. Taxpayers | G. Police Managers |
| B. City Council | |
| C. Federal Government | |
| D. State Government | |
| E. City Manager | |
| F. Local Business Owners | |

MISSION STATEMENT

LAW ENFORCEMENT MISSION

The primary function of law enforcement is the prevention of crime, protection of lives and property, and the preservation of public peace. Law enforcement is committed to maintaining order and providing assistance during emergency situations.

PERRIS POLICE DEPARTMENT MISSION

The Perris Police Department is dedicated to providing quality service to meet the diverse needs of our community in a responsive and caring manner by fostering and maintaining a superior quality of law enforcement through positive professional interaction with our community now and in the future.

EXECUTION

The group was requested to formulate a policy statement for the police department addressing the alternate revenue sources through 1999. Members were provided with an executive summary of the nominal group panel's work during their session. As a result of this process, the following policy statements were submitted.

- 1) The police department shall develop an in-depth "Service Delivery Cost Analysis" program to determine the actual cost of various police services and implement a cost recovery program for services.

- 2) The city will be encouraged to do the same for all city departments in order to get maximum return for services rendered.
- 3) The department shall expand responsibilities of civilian (police service officers) to include investigation of nonemergency reports including noninjury traffic accidents, petty thefts, lost and found property, theft investigations.
- 4) The police department will develop a policy that uses both state and federal asset forfeiture laws to obtain the profits and assets of major narcotic traffic.
- 5) The police department will seek approval for building a Return-to-Custody facility for 430 inmates to net a cash profit return to the city.
- 6) The police department will develop a policy of getting many new developments (residential and commercial) into Mello-Roos districts.
- 7) A public education/community relations program will be developed that addresses police financing. In an effort to acquire public support for fiscal policies, the police department will solicit community input.
- 8) The police department shall take an aggressive role in getting money owned by the state for mandatory programs under SB90. The police

department will encourage other departments to do the same.

Based on the results of the "Rating Sheet for Policy Delphi" completed by members of the group, the feasibility and desirability of each policy was determined. Total scores and averages of scores are depicted in Table VII.

TABLE VII
MODIFIED POLICY DELPHI RESULTS

* * * *

After developing a list of alternative policies, group members used the "Rating Sheet for Policy Delphi" to determine the overall feasibility and desirability of each policy. Table 7 depicts the average score for each policy and individual total scores.

<u>FEASIBILITY</u>		<u>DESIRABILITY</u>	
Definitely feasible	- 3 points	Very desirable	- 3 points
Probably feasible	- 2 points	Desirable	- 2 points
Probably infeasible	- 1 point	Undesirable	- 1 point
Definitely infeasible	- 0 point	Very undesirable	- 0 point

Each category allows for a total of 24 points, and 48 points is possible for each alternative.

ALTERNATIVE #1 - Development of a Service Cost Analysis programs and implement.

Feasibility - Total points	<u>18</u>	Average score	<u>2.25</u>
Desirability - Total points	<u>22</u>	Average score	<u>2.75</u>
Combined Total	<u>38</u>	Overall Average score	<u>5</u>

ALTERNATIVE #2 - City encouraged to do alternative #7 for all departments.

Feasibility - Total points	<u>19</u>	Average score	<u>2.375</u>
Desirability - Total points	<u>20</u>	Average score	<u>2.5</u>
Combined Total	<u>39</u>	Overall Average score	<u>4.875</u>

ALTERNATIVE #3 - Expand responsibilities of civilian employees to include selected non-emergency criminal investigations.

Feasibility - Total points	<u>20</u>	Average score	<u>2.5</u>
Desirability - Total points	<u>15</u>	Average score	<u>1.875</u>
Combined Total	<u>31</u>	Overall Average score	<u>4.375</u>

Table VII (Continued)

ALTERNATIVE #4 - Development of a policy to utilize both state and federal asset forfeiture laws.

Feasibility - Total points	<u>16</u>	Average score	<u>2</u>
Desirability - Total points	<u>24</u>	Average score	<u>3</u>
Combined total	<u>40</u>	Overall Average score	<u>5</u>

ALTERNATIVE #5 - Return to Custody facility for profit.

Feasibility - Total points	<u>16</u>	Average score	<u>2</u>
Desirability - Total points	<u>22</u>	Average score	<u>2.75</u>
Combined total	<u>42</u>	Overall Average score	<u>4.74</u>

ALTERNATIVE #6 - Put new developments into mel-a-rouse districts.

Feasibility - Total points	<u>22</u>	Average score	<u>2.75</u>
Desirability - Total points	<u>20</u>	Average score	<u>2.5</u>
Combined total	<u>42</u>	Overall Average score	<u>5.5</u>

ALTERNATIVE #7 - A public education/community relations program addressing the issue of police financing.

Feasibility - Total points	<u>19</u>	Average score	<u>2.375</u>
Desirability - Total points	<u>21</u>	Average score	<u>2.624</u>
Combined total	<u>40</u>	Overall Average score	<u>5</u>

ALTERNATIVE #8 - Aggressive role in getting SB90 money from state.

Feasibility - Total points	<u>20</u>	Average score	<u>2.75</u>
Desirability - Total points	<u>21</u>	Average score	<u>2.625</u>
Combined total	<u>41</u>	Overall Average score	<u>5.375</u>

Result of the group's ratings revealed that alternative #6 (putting new developments into Mello-Roos districts) received the highest score. Alternative #8 received the next highest score since most of the group felt if the state mandates a program, the state should pay. The most polarized policy was Alternative #3 (Expanded roles of civilian employees). Civilian group members scored this alternative high while a number of sworn personnel found it neither desirable nor feasible. These low rankings were argued due to questions regarding proper training, Police Officer Association opposition, and effects on the overall police image.

Alternative #1 (development of service cost analysis and implementation of this program).

Alternative #2 (encourage city to do Alternative #1) was considered practical also, but some felt it would be less feasible to sell to finance directors and other department heads. Alternatives #2 and #1 were considered important in terms of potential future impact. Generally, group members considered both these policies to be practical and capable of being expanded to include a variety of future service costs.

Alternative #7 (public education/community relations program addressing the issue of police financing) was considered very important and pivotal in selling alternative #6 (Return-to-Custody facility) and other alternatives.

Alternative #5 (Return-to-Custody facility) had a high desirability because of the group's ability to see the money income importance, but the group thought it would be difficult to sell to the community, so it got a low feasibility score.

Alternative #4 (development of a policy to utilize both state and federal asset forfeiture laws) was considered a good alternative and should be aggressively obtained, but the money put into an interest-bearing account. The interest is spent only each fiscal year, thus the police department would have income each and every year.

During a discussion of the various alternative policies, group members suggested that any viable plan would require a number of the recommended alternatives. The group felt the alternatives #1,2,5,6,7 and 8 should be included in the desired course of action.

Stakeholder positions for each of the selected policies are plotted by use of the "Strategic Assumption Surfacing Technique," which appears in Figure 10.

ANALYSIS AND RECOMMENDATION

The development of a recommended course of action requires an understanding of the department's management capabilities, resource availability, and relative impact of the various stakeholders. Considering these factors, it would appear that the desired strategy should be one of gradual change, which lends itself to a management intensive approach. The program must consider the marketing approach exhibited by top level police managers.

Therefore, the recommended course of action is to implement alternatives #1,2,5,6,7 and 8 over a three-year period. Alternative #1 (development of a service delivery cost implementation program) should be started immediately. The information obtained from cost analysis will provide the necessary data for the implementation of cost recovery. The police department's staff will provide information to the city's finance director to develop a program tracking system. Alternative #2 (city department encouraged to do same) should also be started immediately.

Alternate #5 (Return-to-Custody facility) would have to be implemented closely with Alternative #7 (public education/community relations program), which addressed the police financing problem. This program is extremely important to keep rumors and emotions of the public from getting the best of Alternative #5 (Return-to-Custody facility).

Alternative #7 needs to be implemented in advance of the others to allow time for the public to be aware and educated on the finances of the police department. This is the key to implementing most of the recommended alternatives. Management personnel should be supportive of efforts to generate community interest and inputs concerning fiscal policies of law enforcement. The importance of this policy will be realized only in future years and the impact felt in the overall community. Alternative #5 (Return-to-Custody facility) would not be actually put into operation for three years and would be built in conjunction with the new police facility.

Alternative #8 (SB90 funds) can be implemented immediately...but the finance director and his/her staff must be convinced of the need to track the mandated costs so the bill can be sent to the state for reimbursement. These amounts can add up to a great percentage of the total budget. The costs to track the costs are also reimbursable.

Alternative #6 (Mello-Roos Districts) must start immediately but must be started with alternative #7 (public relations) in order for the public to understand that they will be paying for police services when they buy new homes or commercial developments. The Planning Director must put as many new housing developments into these districts as possible so as to they can be accessed in the future for police protection.

At the end of the three-year period, the strategic plan will require review. Recommendations for expansion or reduction of current policies will be addressed. The review process will determine the need to consider alternative action plans for implementation in the future.

ADMINISTRATION AND LOGISTICS

To successfully implement the recommended strategic plan, it is essential that the department's efforts are supported by the city manager and city council. Planning and research/training staff will be assigned to develop background data to be used in conjunction with the results of the cost-analysis program implemented by the department's administrative lieutenant. Planning and research personnel will be responsible for coordinating the recommendations of public relations personnel and members of the narcotics/vice unit relative to specific policies. Since all involved staff are under the direction of the administrative lieutenant, program progress and review shall be the responsibility of the chief of police assigned to that division.

Management staff within the department should be appraised of the intended course of action and committed to the process prior to implementation. Communications must be maintained with the city manager's office and immediate notification made of any changes or cost increases not previously anticipated. All stakeholder

positions should be monitored throughout the strategic planning process.

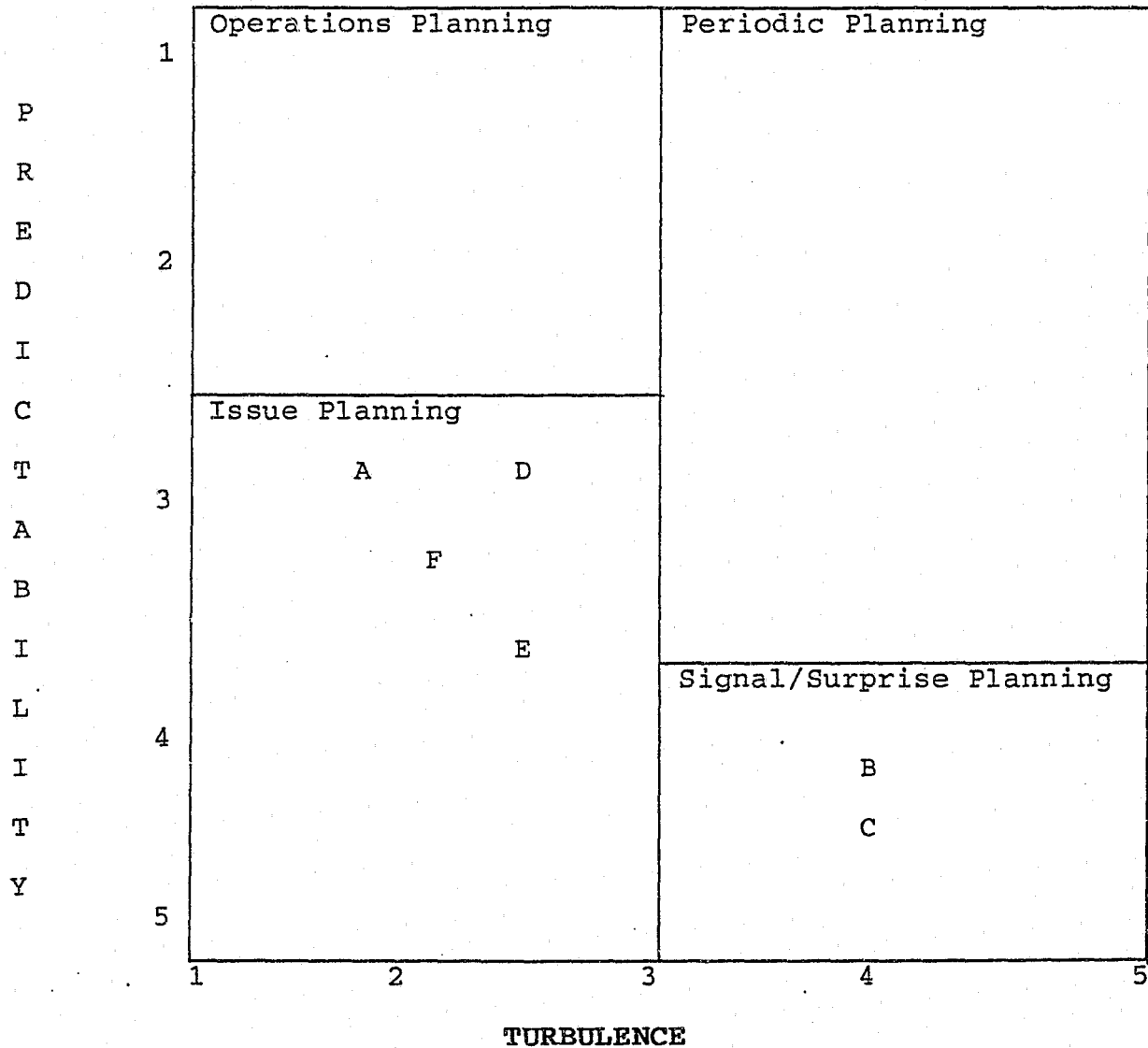
PLANNING SYSTEMS

Based on the results of the environmental predictability and turbulence analysis completed by group members, issue planning incorporated with signal/surprise planning are the recommended systems for our course of action. Though the predictability of a number of elements of the plan is relatively high, few surprises are anticipated. At least two policies, however, require continuous monitoring and environmental surveillance. For example, the Return-to-Custody facility, must be closely monitored to ensure the public is well aware of the facts and not rumors. Under those conditions, the organizational structure must be flexible and reactive. Group analysis of the desired planning systems is contained in Table VIII.

The planning system normally maintained by the police department includes periodic planning as a means of establishing strategic horizons and communication networks. The recommended planning system for our program will require modification of the normal communication network to include direct link capabilities to effectively respond to environment signals.

TABLE VIII

PLANNING SYSTEMS



- A. Service Delivery Cost Analysis implementation.
- B. Service Delivery Cost Analysis System for City.
- C. Return to Custody Facility.
- D. Mello-Roos Districts
- E. Public Relations Program
- F. SB90 Funding

CHAPTER THREE - TRANSITION

TRANSITION MANAGEMENT

Based on research conducted throughout this project, it is apparent that the future of public law enforcement will be characterized by dramatic changes in technology, service delivery, and fiscal resource management. Therefore, strategies developed in this dynamic environment require effective management of the "change process." Successful program implementation during such periods of transition necessitate a clear understanding of organizational goals, level of commitment, and knowledge of those individuals most critical to the success of the change effort.

THE CRITICAL MASS

The individuals and groups whose support is considered essential to the success of the desired course of action are identified as follows:

1. The City Manager
2. The City Council
3. The Chief of Police
4. Police Managers
5. Local News Media

The City Manager - As a proponent of the strategic planning process, the city manager will support programs that provide positive impact on the quality of life in the community. He/she is willing to take responsibility risks and is not easily discouraged by political opposition. He/she is keenly aware of

the growing need to expand the city's revenue base and is receptive to programs that consider alternatives to traditional revenue sources.

The City Manager is likely to actively support cost-revenue tracking systems and user-fee programs that can be expanded for application to a variety of service areas. Because of his/her intense interest in the concept of the course of action, the City Manager may seek to expand various elements of the strategic plan to levels exceeding those recommended by the plan's designers.

At present, the City Manager enjoys a less-than-favorable relationship with the City Council. His/her aggressive, innovative style of management is sometimes perceived by council members as a threat to local stability. Though his/her support is required for success of the program, political in-fighting may lead to conflict with the council, endangering full council support. The desired level of involvement, then, is "help change happen" to ensure no unnecessary opposition arises from other members of the critical mass.

The City Council - The City Council is comprised of five members whose diverse interests and political aspirations often interfere with successful program implementation. Majority support for any new programs will depend largely on timing and perceived public opinion regarding the recommended course of action. Previous efforts by local government agencies to expand the existing

revenue base have met with council opposition. As a group, the council will oppose any programs that result in increased taxation or required additional staffing. Because the council's relationship with the City Manager has deteriorated recently, it is unlikely that this group could be influenced by recommendations of the City Manager. The Chief of Police is highly regarded by council members and his/her position concerning the program might be sufficient to influence the council and gain their support for implementation of the plan.

Due to the current political climate, it is doubtful the council majority will do more than "let the change happen." To attain this level of commitment, leaders of the transition plan must first gain the support of the Chief of Police and the news media. At present, council members are extremely sensitive to public criticism concerning changes initiated by city departments. A negative response by any of one of the critical mass actors would certainly jeopardize efforts to gain the acceptable level of commitment from the council.

Police Chief - The Chief of Police is the senior executive in city government. He/she is highly regarded within the community and maintains a favorable position with the City Manager and the City Council. He/she is a key member of the Critical Mass, and he must make change happen. His/her position of influence can be used to gain the support of most critical mass groups, and his/her assistance will be vital to efforts to gain the approval

of the City Manager and the council. The position of the chief can be enhanced and moved to "make change happen" if he/she is provided with pertinent data and results of similar programs elsewhere. He/she must be convinced the course of action is both essential for the department's future and capable of being successfully implemented.

Police Managers - The support of the police management group is essential for the success of all programs initiated within the police department. The level of support demonstrated by this group will impact the quality of the program and the degree of acceptance by police line personnel. Police managers will express concern for the level of staffing proposed for the project and may attempt to block its implementation should the plan threaten the current minimum staffing level of safety personnel. Representation by this group in the initial planning process will assist in establishing a "help change happen" position for the management group.

Local News Media - The local news media is active in local political issues and responsive to the concerns of the community. Any fee-for-service programs which are perceived as inherently discriminatory against any special interest group will receive adverse publicity. Once the media group formulates a perception of the change effort, their position will be difficult to alter.

Efforts to gain media support will be enhanced by providing a detailed description of the plan and its elements. The positive aspects of the program should be emphasized as well as the goals and objectives. Open communication and access to necessary information will discourage a negative response by local media. To ensure public support for the plan, the media must assume a position of "let change happen."

The following table represents assessment of the present position of members of the critical mass regarding the commitment to change. The table depicts the desired movement of each individual or group necessary for success of the change effort.

FIGURE 11
COMMITMENT PLANNING

CRITICAL MASS	TYPE OF COMMITMENT			
	BLOCK CHANGE	LET CHANGE HAPPEN	HELP CHANGE HAPPEN	MAKE CHANGE HAPPEN
CITY MANAGER			O _ _ _ _ _	X
CITY COUNCIL	X _ _ _ _ _	O		
CHIEF OF POLICE			X _ _ _ _ _	O
POLICE MANAGERS		X _ _ _ _ _		O
NEWS MEDIA	X _ _ _ _ _	O		

MANAGEMENT STRUCTURE

As directed earlier, the plan's success during transition will depend to a large degree on the level of commitment of the Chief of Police. Though he/she is responsible for effecting the change, executive duties preclude him from assuming responsibility for coordinating the project. Therefore, he/she will assign a staff member to the position of "project manager." The individual selected will exhibit desired leadership and interpersonal skills and will clearly understand the program's objectives. The project manager will assume executive power in areas associated with the change effort, ensuring effective control and utilization of resources.

During transition, the project manager will be required to maintain close communication with the Chief of Police. Any variations in the structure of the program will require approval of the chief, who will review daily progress and provide recommendations on critical aspects of the transition process.

To ensure continued dialogue during the period of transition, the diagonal-slice mode will be included in the change-management structure. This process will create a channel for information flow from various levels of the department. This structure type is desirable since it allows those affected by the change to become involved in the program. The input of line personnel will be of value during program assessment and evaluation. The diagonal-slice mode offers management an opportunity to gain the commitment of employees representing various functional areas within the department. Because the selected plan includes a number of interrelated elements and impacts all service areas, widespread acceptance by line employees will be encouraged by the leaders of the transition process.

This element of the change-management structure will allow project leaders to incorporate specific technologies that encourage constructive dialogue among all members of the transition team.

TECHNOLOGIES

Successful change management will require project leaders to design and develop an effective organizational team. Team building, then, will be an important first step in program implementation. To maintain consistency with the desired change-management structure, the team will be designed to include representatives of all functional levels within the department. Team composition will be initiated by the Chief of Police with the assistance of management staff. During consultation with managers, the chief will clearly define the objectives of the plan and the expected level of participation of team members. The chief will then appoint the project manager and detail the role for all management staff. Since the project manager assumes executive power for activities related to the plan, it is important that this individual is supported by the management group.

After selecting the appropriate management team, specific technologies will be implemented to address the transition process. First, the chief will convene a meeting of the entire change-management team. Using the format described in the "Organizational Confrontation" meeting, the group will be introduced to the transition plan. The process will encourage input of all participants in goal formulation and brainstorming of the specific topic. Next, the group will establish subgroups based on functional responsibility. These functional groups will meet with their manager to select action items and develop

specific action plans. As a result of the group participation process, the level of commitment can be assessed for individual members of the change-management team.

Once the transition process is initiated, it is important to identify the responsibilities of all group members. "Responsibility charting" will be employed to clarify participants' roles and responsibilities. Each functional group will discuss and negotiate various task assignments and the desired level of participation for each member. Role identification will include assigning approval authority to individuals involved in the tasks.

Results of the "Responsibility chart" can be used by the project manager to develop systems for assessing and monitoring the progress of tasks within the various action plans.

During the transition process, frequent "meet-and-confer" sessions will be scheduled to encourage dialogue among members of the change-management team, the project manager, and the Chief of Police. Though his/her direct involvement in specific action items is minimal, the chief will actively participate in those meetings which relate to the status of the change effort.

CONCLUSION:

Some will say this paper is not futuristic. I disagree, because in the next 10 years California cities are going to make the changes recommended below or they will be in such financial trouble as not to be functioning enough to be of use to the people they are supposed to serve. Many counties in California find themselves in this crises situation now.

California cities must join together, at least regionally, to come up with solutions that have common interest (money being one of them) because if they choose to have solutions individually they will be turned back by special interests. Example: If Perris Police Department decides to charge for traffic accidents, in ratio to the time and materials, the insurance companies would soon try to push them back and could easily succeed. However, if all California cities had the same charges the chances of the insurance agencies succeeding is lessened.

Look at the survey results to see the lack of a common approach. California law enforcement agencies are each doing their own thing. Certainly some are following the leads of others. San Jose's "impound fees" and "emergency response fees" are examples of a city taking the lead and other following. San Jose started the programs and others followed. California cities must find ways to raise money in order to serve the public in the future. There is a wide variety of ways that revenue can be raised, legally, equitably and with more certainty in the public sector.

To be equitable between users of city services and taxpayers considerable additional revenue could be raised by the municipalities. Also there are alternate ways in which capital replacement and capital improvement efforts can be financed in a just and legal way. The amount of new revenues to be raised is, of course, up to the city councils of California. Their views differ on what is "necessary" to support the level of services; each local government defines in a unique way what services and what capital replacement are desirable.

Recommendations: As a result of this study, I recommend every California city should get involved in the following phases to see if there is some common ground in which law enforcement can agree to put forth a united front to obtain revenue enhancements:

- * Each city should begin a revenue analysis to identify services being provided at a charge to the public.
- * Identification of services for which no fee is charged, but services that are received by less than all the general public, or is received on the basis of variable consumption.
- * Calculation of the cost of providing each such service.
- * Match-up of the service revenues and costs with one another, including all direct and indirect costs for fee-supported services.
- * Analysis of any imbalances between revenues and costs including identification of the beneficiary of the service and those who pay for the service to determine

if those who benefit also pay and, if so, to what extent. This phase should result in specific suggestions for fee modifications, if appropriate.

- * Development of a capital improvement policy.
- * Maximization of all revenue from state and federal sources.
- * Search for new sources of revenue which takes advantage of existing knowledge and resources.

Law enforcement administrators must get off their ego and expecting the tax payer to pay for all the services while special interest are getting the benefits. Every dollar should be squeezed out of the methods mentioned above before the tax payers are asked to increase their contribution.

APPENDIX A

LIST OF CANDIDATE TRENDS

1. Transportation needs will increase.
2. Increasing number of women in work force.
3. Increased technology.
4. Increase in single families.
5. Increased tension between races.
6. Increase in drug usage and traffic.
7. Reduction in public funding.
8. Introduction of profit motive into police field.
9. More local independence of cities from state and federal governments.
10. Increase in voting power of seniors (gray power).
11. Increase in white collar crime.
12. Alternative jail systems.
13. Increased need for affordable housing.
14. Increased need for day care for workers.
15. People working longer because of living longer.
16. Special interest policies increases.
17. Increase in population (including % of minorities).
18. Increase in foreign investment in California.
19. Increase in tension between environmentalist and developers.
20. Increase in number of homeless.
21. Increase in development of residential areas.

APPENDIX B

SURVEY SAMPLE

ALTERNATIVE REVENUE SOURCES FOR LAW ENFORCEMENT

Department Name _____

What is the name of the person filling out questionnaire?

Last Name, First	Job Title	Contact Phone#
------------------	-----------	----------------

1. What is the size of your population in the jurisdiction your agency services? _____

2. What is the size of your police/sheriff's department in sworn personnel? _____ Non-sworn personnel? _____

3. What presently is your agency collecting in revenue? _____

4. Are you collecting user fees? If yes, please list them below.

EXAMPLE: 4.1 Charging for fingerprinting Citizens?
Yes ____ No ____ How much _____.

4.2 Charge for immigration letters?
Yes ____ No ____ How much _____.

4.3 Charge for traffic accident reports?
Yes ____ No ____ How much _____.

4.4 False alarm ordinance?
Yes ____ No ____ How much _____.

4.5 Disturbing the Peace ordinance?
Yes ____ No ____ How much _____.

Others: 4.6 _____

4.7 _____

4.8 _____

4.9 _____

4.10 _____

APPENDIX B - Continued

QUESTIONNAIRE

PAGE TWO

- 5.0 Do you have a traffic enforcement program? Yes ☐ No ☐
- 5.1 Does the traffic enforcement pay for itself? Yes ☐ No ☐
- 5.2 If yes, does it make money for your city? Yes ☐ No ☐
How Much _____.
- 5.3 What percent over cost (cost revenue %)? _____
- 5.4 Do you have a parking enforcement program? Yes ☐ No ☐
- 5.5 If yes, does it make revenue for you in excess of costs? What percent over costs/revenue? _____ %
- 6.0 Do you have any programs that you would consider unique that earn revenue for your jurisdiction that others are not doing or few are doing? List with a brief explanation.
- 6.1 _____
- 6.2 _____
- 6.3 _____
- 7.0 Do you have knowledge of any other revenue enhancement programs in law enforcement? Yes ☐ No ☐
- 7.1 If yes, please list.
- 8.0 In the next decade what do you think might affect revenue enhancement producing programs in law enforcement?
- 8.1 What was the population of your City in 1977? _____
- 8.2 What was your total police budget in 1977? _____
- 8.3 What is your population today? _____
- 8.4 What is your police budget today? _____

PLEASE RETURN TO:

Joel E. Patton, Police Chief
Perris Police Department
100 N. Perris Blvd.
Perris, California 92370

Thank you for taking your time and making the effort to fill out this survey.

APPENDIX C

CALIFORNIA CITIES Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
ALAMEDA COUNTY							
Alameda	30,281	12,859	5,964	20,985	14,853	7,538	92,480
Berkeley	144,254	53,626		38,341	21,238	14,101	271,560
Fremont				149,227		3,676	152,903
Hayward	60,795	211,121	7,920	32,238	2,500	43,834	358,408
Livermore	65,714	14,316	2,505	27,659	11,710	12,343	134,247
Newark				62,881			62,881
Oakland	985,697	658,934	20,575	257,634		23,007	1,945,847
Pleasanton				28,709	728		29,437
San Leandro				31,436	1,100		32,536
Albany							0
Dublin							0
Emeryville							0
Piedmont							0
Union City							0
AMADOR COUNTY							
Amador							0
Isle							0
Jackson							0
Plymouth							0
Sutter Creek							0
BUTTE COUNTY							
Gridley				2,575			2,575
Biggs							0
Chico							0
Oroville							0
Paradise							0
CALAVERAS COUNTY							
Angels Camp							0
COLUSA COUNTY							
Colusa							0
Williams							0

Prepared by David M. Griffith & Associates

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
CONTRA COSTA COUNTY							
Antioch						7,155	7,155
Concord	63,712	18,003	32,363			11,753	125,831
Martinez	11,735	30,824				5,121	47,680
Richmond	166,481	61,907	8,877	26,735	5,112	5,120	274,232
Brentwood							0
Clayton							0
Danville							0
El Cerrito							0
Hercules							0
Lafayette							0
Moraga							0
Orinda							0
Pinole							0
Pittsburg							0
Pleasant Hill							0
San Pablo							0
San Ramon							0
Walnut Creek							0
DEL NORTE COUNTY							
Crescent City				1,779			1,779
EL DORADO COUNTY							
Placerville	9,767	2,171	4,752	20,663	5,828	3,569	46,750
South Lake Tah	1,143	4,846	105	31,753		2,256	40,103
FRESNO COUNTY							
Clovis				30,025			30,025
Fresno	436,820	38,758	37,976	87,565		2,750	603,869
Sanger	11,193	1,570	1,030	11,922	5,782	7,604	39,101
Selma				2,799	250		3,049
Coalinga							0
Firebaugh							0
Fowler							0
Huron							0
Kerman							0
Kingsburg							0
Mendota							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
FRESNO COUNTY							
Orange Cove							0
Parlier							0
Reedley							0
San Joaquin							0
GLENN COUNTY							
Orland				2,574			2,574
Willows				10,649			10,649
HUMBOLDT COUNTY							
Eureka	11,675			19,646	1,494		32,815
Fortuna			15,029				15,029
Arcata							0
Blue Lake							0
Ferndale							0
Rio Dell							
Tiidad							
IMPERIAL COUNTY							
El Centro	31,888	1,039	342	19,588	9,998	13,670	76,525
Brawley							0
Calexico							0
Calipatria							0
Holtville							0
Imperial							0
Westmorland							0
INYO COUNTY							
Bishop							0
KERN COUNTY							
Bakersfield				54,035	1,248		55,283
California City				18,791			18,791
Ridgecrest	14,707	7,711				4,411	26,829
Paft	2,666	1,607	1,456	3,730	1,146	3,969	14,574

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
KERN COUNTY							
Arvin							0
Delano							0
Maricopa							0
McFarland							0
Shafter							0
Tehachapi							0
Wasco							0
KINGS COUNTY							
Avenal							0
Corcoran							0
Hanford							0
Lemoore							0
LAKE COUNTY							
Clearlake							0
LaPort							0
LASSEN COUNTY							
Susanville							0
LOS ANGELES COUNTY							
Alhambra	29,157	19,354	45,731	114,862	11,595	26,700	246,939
Arcadia					1,583	15,755	17,338
Avalon				1,277	1,273	4,107	6,657
Baldwin Park	864						864
Beverly Hills	9,570	3,169	17,308	91,867	46,882	9,865	178,661
Burbank	27,093	75,948	33,147	258,771	19,225	32,197	446,381
Compton	176,501	49,702		12,291	5,000	13,635	257,129
Culver City	14,397	6,996	4,410	25,807	6,316	10,859	68,785
Downey				30,995			30,995
El Monte	100,835	33,153	15,103	36,774	9,910	4,655	200,430
El Segundo	5,308	786	1,048	15,470		6,316	28,928
Gardena	28,492	33,182		11,863	14,981	19,417	107,935
Glendale	89,823					2,936	92,759
Glendora	22,047	13,371	14,120			5,687	55,225
Hermosa Beach				6,755			6,755
Huntington Prk	11,991	3,439	3,620			17,125	36,175
Industry						6,400	6,400

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
LOS ANGELES COUNTY							
Inglewood		55,542			17,544		73,086
La Verne				25,991			25,991
Long Beach	32,260	130,656	11,328	213,330	68,959	27,013	483,546
Los Angeles				2,092,837	397,536	140,411	2,630,784
Monrovia	15,469	6,378	73	20,343		1,527	43,790
Pasadena	56,513	71,466	6,134	18,048	32,249	28,665	213,075
Pomona	252,709	81,578				4,926	339,213
Redondo Beach	38,265		7,222	13,175	14,700	1,945	75,307
San Marino			3,075				3,075
Santa Fe Springs				32,198			32,198
Santa Monica	19,035	16,725		60,898		11,906	108,564
South Gate	29,386	7,118	17,089			2,375	55,968
South Pasadena	7,926	8,972	7,431	35,581	12,222	13,632	85,764
Torrance	28,442	5,887	3,439	74,539	24,198		136,505
Vernon	2,521		2,761	37,856	16,482	8,948	68,568
West Covina	4,536	8,683	4,833	22,232			40,284
Whittier	37,355	7,236				8,513	53,104
Aurora Hills							0
Alhambra							0
Azusa							0
Bell							0
Bellflower							0
Bell Gardens							0
Bradbury							0
Carson							0
Cerritos							0
Claremont							0
Commerce							0
Covina							0
Cudahy							0
Duarte							0
Hawaiian Gardens							0
Hawthorne							0
Hidden Hills							0
Irwindale							0
La Canada Flintridge							0
La Habra Heights							0
Lakewood							0
La Mirada							0
Lancaster							0
La Puente							0
Lawndale							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
LOS ANGELES COUNTY							
Lomita							0
Lynwood							0
Manhattan Beach							0
Maywood							0
Montebello							0
Monterey Park							0
Norwalk							0
Palmdale							0
Palos Verdes Estates							0
Paramount							0
Pico Rivera							0
Rancho Palos Verdes							0
Rolling Hills							0
Rolling Hills Estates							0
Rosemead							0
San Dimas							0
San Fernando							0
San Gabriel							0
San Gabriel Madre							0
San Gabriel Hill							0
South El Monte							0
Temple City							0
Walnut							0
West Hollywood							0
Westlake Village							0
MADERA COUNTY							
Madera	25,976						25,976
Chowchilla							0
MARIN COUNTY							
Corte Madera	2,088		5,987	26,389	3,791	1,620	39,875
Fairfax	2,838	297				1,352	4,487
Larkspur				6,067	6,636	2,169	14,872
Mill Valley				36,370	300		36,670
Novato	18,259	1,791				4,732	24,782
San Anselmo	1,471	4,593	3,888	7,828		3,093	20,873
Belvedere							0
Ross							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTR CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
MARIN COUNTY							
San Rafael							0
Sausalito							0
Tiburon							0
MENDICINO COUNTY							
Ukiah				15,663		1,265	16,928
Fort Bragg							0
Point Arena							0
Willits							0
MERCED COUNTY							
Atwater				2,367			2,367
Merced				31,122			31,122
San Palos							
San Jose							
Livingston							0
Los Banos							0
MODOC COUNTY							
Alturas							0
MONTEREY COUNTY							
Carmel				4,797			4,797
Marina	22,685		8,173	16,386			47,244
Salinas				38,919			38,919
Del Rey Oaks							0
Gonzales							0
Greenfield							0
King City							0
Monterey						0	0
Pacific Grove							0
Sand City							0
Seaside							0
Soledad							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
NAPA COUNTY							
Napa	14,214	16,375		34,247		19,551	84,387
Calistoga							0
St. Helena							0
Yountville							0
NEVADA COUNTY							
Grass Valley							0
Nevada City							0
ORANGE COUNTY							
Anaheim		196,807					196,807
Buena Park				7,388	0		7,388
Costa Mesa				43,130			43,130
Fountain Valley				25,043			25,043
Fullerton	5,781	10,533	6,577				22,891
Glen Grove				78,432			78,432
Huntington Bch	15,414	19,956				317	35,687
La Habra	27,882	12,110	14,313	3,337		9,255	66,897
Newport Beach	12,002	7,557	94,560	62,684	12,452	3,952	193,207
Santa Ana	59,993	84,745			6,941		151,679
Westminister				49,374	0		49,374
Brea							0
Cypress							0
Irvine							0
Laguna Beach							0
La Palma							0
Los Alamitos							0
Orange							0
Placentia							0
San Clemente							0
San Juan Capistrano							0
Seal Beach							0
Stanton							0
Tustin							0
Villa Park							0
Yorba Linda							0

only 87-8 actual + 88-89 estimate filed + costs appear low + all back...

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
PLACER COUNTY							
Colfax				10,245			10,245
Roseville		4,921					4,921
Lincoln							0
Loomis							0
Rocklin							0
PLUMAS COUNTY							
Portola							0
RIVERSIDE COUNTY							
Banning	9,497	9,339	2,450	10,794		1,310	33,390
Cathedral City	6,468	6,396	5,531			3,725	22,120
Hemet					200		200
Indio					1,202		1,202
Palm Springs				24,643			24,643
P ris	21,396	6,900	4,601			4,085	36,982
Beaumont							0
Blythe							0
Coachella							0
Corona							0
Desert Hot Springs							0
Indian Wells							0
Lake Elsinore							0
La Quinta							0
Moreno Valley							0
Norco							0
Palm Desert							0
Rancho Mirage							0
Riverside							0
San Jacinto							0
SACRAMENTO COUNTY							
Folsom	26,232	4,671		22,310	4,810		58,023
Sacramento	71,502	41,554		269,204	45,095	17,506	444,861
West Sacrament	12,699						12,699
Galt							0
Isleton							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTR CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
SAN BENITO COUNTY							
Hollister					5,280		5,280
San Juan Bautista							0
SAN BERNARDINO COUNTY							
Fontana	68,517	24,868				4,738	98,123
Loma Linda				31,989	5,608	1,589	39,186
Montclair	3,467	10,042		44,600		552	58,661
Ontario	33,668	42,383	21,731	121,651	9,300	9,147	237,880
Redlands	22,032	66,801	19,102	22,755		6,804	137,494
Adelanto							0
Barstow							0
Big Bear Lake					0		0
Chino							0
Colton							0
Grand Terrace							0
Needles							0
Rancho Cucamonga							0
Rialto							0
San Bernardino							0
Upland							0
Victorville							0
SAN DIEGO COUNTY							
Carlsbad				12,563	633		13,196
Chula Vista			469	60,654		16,320	77,443
Coronado				9,326			9,326
Escondido	44,173	84,446	8,596	34,785	0	3,782	175,782
Imperial Beach				5,488		1,034	6,522
La Mesa				52,567		6,704	59,271
Lemon Grove				15,060			15,060
National City	39,275	22,491	9,814	5,975	3,071	4,954	85,580
Poway				39,509	5,323		44,832
San Diego				291,582		10,863	302,445
Santee				40,035	21,760	4,218	66,013
Del Mar							0
El Cajon							0
Oceanside							0
San Marcos							0
Vista							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
SAN FRANCISCO COUNTY							
San Francisco		540,888					540,888
SAN JOAQUIN COUNTY							
Lodi	23,079	9,595	2,582	23,353	4,927	1,126	64,662
Stockton	112,910	47,273	24,297	61,874		1,857	248,211
Tracy	27,873	2,337		34,795	6,963	6,545	78,513
Escalon							0
Manteca							0
Ripon							0
SAN LUIS OBISPO COUNTY							
Atascadero				13,653	1,000		14,653
El Paso de Rob	6,533	1,751	4,161	29,891	856	2,631	45,823
Grover City	9,494	4,231		13,125		3,725	30,575
San Luis Obispo		3,313		9,696		9,900	22,909
A. oyo Grande							0
Morro Bay							0
Pismo Beach							0
SAN MATEO COUNTY							
Belmont	11,843	6,913	12,761			3,071	34,588
Brisbane	1,401			2,006		1,591	4,998
Burlingame	16,283	4,236		37,401		9,428	67,348
Daly City				8,662	0		8,662
Menlo Park	9,274		3,549			5,257	18,080
Millbrae				13,244			13,244
San Carlos	42,119					2,107	44,226
San Mateo	69,663	35,670	8,106	82,955	15,796	19,415	231,605
South San Fran	36,796	20,476	16,890	148,767	19,000	2,618	244,547
Atherton							0
Colma							0
East Palo Alto							0
Foster City							0
Half Moon Bay							0
Hillsborough							0
Pacifica							0
Portola Valley							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
SAN MATEO COUNTY							
Redwood City							0
San Bruno							0
Woodside							0
SANTA BARBARA COUNTY							
Lompoc				28,281		4,097	32,378
Santa Barbara	8,434			33,252		175	41,861
Carpinteria							0
Guadalupe							0
Santa Maria							0
Solvang							0
SANTA CLARA COUNTY							
Campbell				33,573	0	1,230	34,803
Filroy				9,644			9,644
Los Gatos	10,430	2,528	7,144			2,750	22,852
Mc An Hill				15,215	9,323		24,538
Palo Alto				54,804			54,804
San Jose	268,390	241,681	127,768	141,272	1,300	3,129	783,540
Santa Clara	29,294			63,274	28,862	16,062	137,492
Sunnyvale				42,946			42,946
Cupertino							0
Los Altos							0
Los Altos Hills							0
Milpitas							0
Monte Sereno							0
Mountain View							0
Saratoga							0
SANTA CRUZ COUNTY							
Capitola	2,008	3,397	5,626				11,031
Santa Cruz				4,305	0		4,305
Scotts Valley	2,124	1,938	5,658			4,452	14,172
Watsonville				3,032			3,032

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
VENTURA COUNTY							
Oxnard	54,671	16,397	38,804	104,569	27,571	18,544	260,556
San Buenaventura	28,522	13,203	5,084	99,302		4,583	150,694
Santa Paula	1,013	1,229		6,414			8,656
Camarillo							0
Fillmore							0
Moorpark							0
Ojai							0
Port Hueneme							0
Simi Valley							0
Thousand Oaks							0
YOLO COUNTY							
Davis							0
Winters							0
Woodland							0
YUBA COUNTY							
Marysville							0
Wheatland							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
SHASTA COUNTY							
Redding	38,187		926	96,923	0	8,962	144,998
Anderson							0
SIERRA COUNTY							
Loyalton							0
SISKIYOU COUNTY							
Dunsmuir				10,076			10,076
Dr. Shasta				7,424			7,424
Dorris							0
Etna							0
Fort Jones							0
Montague							0
Rule Lake							0
W. I.							0
Yuba							0
SOLANO COUNTY							
Benicia	6,368	334		52,629		9,235	68,566
Suisun City	10,358	5,860	5,515	34,786		3,401	59,920
Vacaville	47,655	8,667		28,616	4,265	9,649	98,852
Vallejo	76,587	15,941	3,897	147,824		7,304	251,553
Dixon							0
Fairfield					0		0
Rio Vista							0
SONOMA COUNTY							
Cotati	2,760						2,760
Healdsburg	13,054				302		13,356
Petaluma	21,905	22,753		15,754		4,186	64,598
Santa Rosa				3,800	954		4,754
Cloverdale							0
Rognert Park							0
Sebastopol							0
Sonoma							0

CALIFORNIA CITIES
Claims filed through FY 88-89 estimates

CITY	DOMESTIC VIOLENCE	MISSING PERSONS	MOTORIST ASSIST	FIREFIGHTER CLOTHING & EQUIPMENT	PERSONAL ALARM DEVICE	MANDATED REIMB PROCESS	TOTAL
STANISLAUS COUNTY							
Ceres				10,897			10,897
Hughson	1,999	473					2,472
Modesto	5,476	53,415	8,767		1,007		68,665
Turlock	18,438	3,634	16,216	17,207	5,698	4,958	66,151
Newman							0
Oakdale							0
Patterson							0
Riverbank							0
Waterford							0
SUTTER COUNTY							
Yuba City				54,323		608	54,931
Live Oak							0
TEHAMA COUNTY							
Corning							0
Red Bluff							0
Tehama							0
TULARE COUNTY							
Porterville				20,306		659	20,965
Tulare				4,911			4,911
Visalia				11,786			11,786
Dinuba							0
Exeter							0
Farmersville							0
Lindsay							0
Woodlake							0
TOLUMNE COUNTY							
Sonora	2,004			1,019	560	1,360	4,943

APPENDIX D

METHODOLOGIES

The following methodologies were used to compile the information for this report.

Literature Scanning:

Computer scans were run at the P.O.S.T library, San Bernardino State College and Riverside City College in acquiring information about police revenue sources. Additionally numerous books, articles and publications were also scanned for information.

Nominal Group Technique:

The Nominal Group Technique (NGT) involves a group meeting of persons who are asked to use their collective professional experience, imagination and insight to "brainstorm" future trends and events that may have an impact on the issue. A meeting of police professionals and professionals outside of the law enforcement community generated the lists of candidate trends and events.

Policy Delphi:

The policy delphi was used in the creation of a policy to implement the desired scenario. The process involved submitting information on the project. The panel was then asked to vote for the most desirable policy to affect the trends and the future outcome of the issue being studied.

Personal Interviews:

Numbers of personal interviews were conducted of law enforcement professionals, educators, city and county administrators and other interested citizens in a effort to gain a wider perspective on the topic.

Survey Questionnaire:

Surveys were sent to 42 cities in California to attempt to capture information on what other police agencies are doing about the topic.

APPENDIX E

DEFINITION OF TERMS

1. Commission on State Mandates

The Commission on State Mandates (Commission) is the quasi-judicial body that hears test claims, adopts parameters and guidelines, establishes statewide cost estimates and considers incorrect reduction claims. Created in 1985, the Commission replaced the Board of Control in the above functions. The commission has five members as follows: State Controller, State Treasurer, Director of Finance, Director of the Office of Planning and Research and a public member.

2. Test Claim

When a local agency believes a law or an executive order contains a State mandate that will cost the local agency more than \$200, the local agency may file a test claim with the Commission. The Commission holds a hearing to decide by majority vote whether or not a reimbursable mandate exists. A successful test claim filed by a local entity establishes the right to claim for all local agencies similarly situated.

3. Parameters and Guidelines (P's & G's)

When the commission on State Mandates determines that a mandate exists, Parameters and Guidelines for claiming are developed. The P's and G's describe allowable program costs and other requirements of claiming. P's and G's must be adopted by the Commission.

4. Statewide Cost Estimate (SCE)

Following approval of the Parameters and Guidelines the Commission must adopt an estimate of the statewide costs associated with a particular mandate. The Department of Finance provides guidance to the Commission in developing the SCE.

5. Claiming Instructions

Claiming Instructions are released by the State Controller to provide guidance to local agencies for claiming costs of reimbursable mandates. (Note: claiming instructions may also be released by other agencies such as the Secretary of State, Coastal Commission, etc). Claiming Instructions set forth deadlines, provide descriptions of allowable costs and may provide forms for use in claiming. If the Commission has approved Parameters and Guidelines for the mandate in question, the claiming instructions will closely parallel the Parameters and Guidelines.

6. Reimbursement Claim

A reimbursement claim is filed in response to specific claiming instructions. A reimbursement claim seeks payment for the costs of a funded mandated program and must be filed in accordance with strict time deadlines to avoid penalty.

7. Desk Audit

Following claims submission the claims are reviewed by an individual in the State Controller's Office, Division of Accounting, to determine compliance with claiming instructions, etc. This individual is known as the desk auditor. It is the State Controller's practice to review all claims associated with a particular mandate at one time. When the review is complete, the claims are scheduled for payment.

8. Field Audit

The State Controller's Office, Field Audits Division, selects claims for on-site review of supporting documentation. Not all SB 90 claims are field audited. A field audit may be conducted many years after a claim has been originally submitted.

9. Incorrect Reduction Claim

A local agency that believes a reimbursement claim has been incorrectly reduced by the State Controller may file an incorrect reduction claim with the Commission.

10. State Mandates Apportionment System (SMAS)

The State Mandates Apportionments System was created in 1985 to simplify claiming. Upon vote of the Commission, mandates that exhibit stability at the local level may be included in the SMAS. Once included, an agency that has filed three years of consecutive costs will be reimbursed annually on a "block grant" basis. The amount of the grant is determined by the Controller by averaging the three years of costs and adjusting the resulting average by the implicit price deflator.

11. Disclaimers

Reimbursement of a mandate that will cost local agencies money may be "disclaimed" by the Legislature. The disclaimer may be based upon the Constitution or for other policy reasons developed over time by the Legislature. A local agency may challenge the disclaimer through the test claim process.

12. State Mandates Claims Fund

The State Mandates Claims Fund is a special \$10 million continuously appropriated fund to pay the costs of mandated programs. If the Legislature recognizes a mandate and

authorizes payment from the Fund, the Commission can adopt Parameters and Guidelines for payment without including the mandate in a claims bill. This situation only arises when the total statewide cost is \$500,000 or less.

13. Claims Bill

Legislation determined by the Commission to contain a mandate that has progressed through the Statewide Cost Estimate Process is submitted to the Legislature in a local government claims bill. By law, the Commission is supposed to initiate two claims bills annually.

APPENDIX F
BRAINSTORM PANEL

1.	Police Chief	Mid-Size Department	Growing Community
2.	Police Chief	Small-Size Department	Growing Community
3.	Police Chief	Small-Size Department	Growing Community
4.	Police Chief	Small-Size Department	Growing Community
5.	Police Chief	Mid-Size Department	Growing Community
6.	Police Chief	Mid-Size Department	Growing Community
7.	Planning Director	Small City	Growing Community
8.	Finance Director	Small City	Growing Community
9.	Assistant to City Manager	Large City	Growing Community

APPENDIX G

NGT PANEL

- | | |
|-------------------------------|----------------------------|
| 1. Police Chief | Mid-Size Department |
| 2. Police Chief | Small-Size Department |
| 3. Police (Captain) Commander | Mid-Size Department |
| 4. Police Captain | Large-Size Department |
| 5. Police Lieutenant | Mid-Size Department |
| 6. Police Lieutenant | Mid-Size Department |
| 7. City Finance Consultant | Well Known California Firm |
| 8. City Councilwoman | City of Perris |
| 9. City Councilman | City of Perris |
| 10. Assistant City Manager | Moreno Valley |
| 11. City Finance Director | City of Perris |
| 12. Police Chief | Mid-Size Department |

ENDNOTES

1. "Infrastructure Affects Quality of Life", American City and County, September 1985, page 55.
2. "Nor can we count on much help from Washington any longer... President Reagan's New Federalism, in returning the powers that Washington had taken from state and local governments, has also cut federal funding for a host of non-defense domestic programs at the state and local levels. Since 1981, the Reagan administration has reduced federal grants to lower government levels by nearly 50 percent and largely eliminated direct federal assistance to cities and counties." Miller, John R., National Practice Director of Governmental Services of Peat, Merwick, Mitchell & Co.; American City and County; April, 1984, p 16; and J. Carson. "Shiny skyscrapers and Blighted Neighborhoods", Government Executives January 1986; Skyscrapers and Blighted Neighborhoods; Government Executives January, 1986; page 42.
3. Quoted in Nations Cities Weekly; January 21, 1985 page 8.i.
4. "Summary of Proposed Implementing Legislature and Drafter's Intent with Regard to Article XIIIB of the California Constitution (Proposition IV, November 6, 1979)"; Spirit of 13, Inc.; 1980; California Chamber of Commerce; page 7.
5. I bid, Page 6.
6. I bid, Page 6.
7. OP.CIT; "Summary of Proposed Legislation and Drafter's Intent"; Page 6.
8. McMahan's of Santa Monica v. City of Santa Monica (146 Cal app. 3d), August 29, 1983.
9. Jenkins, Michael, "Quiet Explosion", Western City Magazine; September, 1984; Pages 16 and 21.
10. 1 Bid. p. 25.
11. "Changes in the Composition of Local Government Revenue Since Proposition XIII": California Joint Legislative Audit Committee, Sacramento; May 14, 1980; Page 1.
12. As reported in The Orange County Register; Santa Ana; April 15, 1987; Page A18.
13. As reported in the "Progress Bulletin", Pomona; April 1, 1987; page A5.
14. "The Bank is Still in Washington", Government Executive; November/December, 1987, Page 7.

15. Section 8(c) California Constitution Article XIII B.
16. Quoted in "Across America" column of American city and County; October, 1987; Page 24.
17. "Revenue Center Management; A new way of doing business", Trojan Family; University of Southern California; October, 1982.
18. Atkinson, Jeff; "Outlook 1985"; American city and County; January, 1985, Pages 38 & 39; quoting former Mayor E. Daniel Remy of Burbank, California, who in private life is a senior executive with the Lockheed California Corporation.
19. Means, Marianne; "City Dwellers Begin to Feel a Fiscal Squeeze"; Desert Sun; Palm Springs; October 11, 1985; p. A14.

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Michael Jenkins Quiet Explosion (Western Cities Magazine September 1984 Bowie, Arneson, Kadi & Dixon The Mello-Roos Community Facilities Act of 1982 (1989 Edition Mello-Roos & Related Statutes)

Jerry Weaver. Basic Points (First California Regional Securities Volume 2 #1)