

COMMUNITY GROWTH = ALTERNATIVE FUNDING STRATEGIES

Article

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Sacramento, California
September 2004

Explosive community growth will impact the staffing of any mid-size agency. The purpose of this article is to analyze and provide law enforcement managers and leaders with a blueprint for addressing growth and its impact on mid-size law enforcement agencies.

Police administrators must compete for limited resources, and many police agencies struggle to do more with less. Citizens are expecting more service from government but are less willing to fund the additional services. Elected officials pressured by constituent demands in turn pressure professional government workers to keep them in office by the delivery of timely, efficient and cost-effective services. Municipal law enforcement professionals have felt this pressure as much or more than other local government service providers.

Increasing pressure to economize has led municipal police departments to flatten their staffing structure and, in some cases, to eliminate entire levels of supervision and management. This flattening was a trend in the 1990s, which many departments in the medium-size range used as cost savings. This leads us to the question: how do growing communities ensure they are funded at the proper level to maintain adequate delivery of service and better management?

Many mid-size cities in California are experiencing explosive growth in population; the state's population has increased 17.7% since 1992. California's mid-size cities have benefited from the longest economic expansion in U.S. history.¹ Many cities will continue to benefit from this expansion as new residents and businesses arrive weekly. Residents are seeking the relatively lower cost of housing away from the heavily

populated metropolitan areas, and businesses are looking for lower overhead costs than can be found in places like Los Angeles and Orange Counties.

Three broad forces have shaped current thinking about the effective staffing and management of police departments. The most powerful is the change in the environment of policing - change that affects the tasks the police must perform and the resources available to them. Another is significant change in managerial thought. The third is the accumulation of knowledge about the strength and limitations of current approaches to policing.

Rapid demographic and social change continues in cities and towns throughout the United States. Managing the issues associated with growth - traffic, housing, schools, and infrastructure - consumes substantial resources in many communities. Other communities struggle to revitalize neighborhoods that declined as middle-class residents moved away and businesses followed suit. Many of those who remained in the inner neighborhoods were the poor, the elderly, and immigrants - population segments often requiring special services but unable to pay for them.²

Throughout the strong sustained economic growth of the 1990s, cities made significant gains at reversing several decades of decline. During this period, fundamental changes were made in the nature of police work. For one thing, populations have become less dense, requiring resources to cover more geographical area. The workload of the police has increased tremendously, and citizens' expectations have changed as the police have assumed new responsibilities associated with community policing. Police must not only deal with crime and disorder, but also with fear and the effects of that fear.³

Changes in the environment of policing have been accompanied by changes in managerial thought, in general. In the past, good management in both the public and private sectors focused on developing ever more refined internal controls. It was assumed that managers faced stable and predictable environments. To the extent that they did not, their task was to improve their ability to predict future events so that the staffing levels would be sufficient to meet whatever new challenges arose. Effective internal administration depended on well-defined operational objectives, the development of functional specialties, and the daily exercise of tight operational control. Often the path to improved staffing performance lay in two areas: increased standardization of procedures, and proper funding to accomplish the goals of the police department.

Many law enforcement agencies have experienced significant staffing changes in conjunction with increased community growth over the last two decades.⁴ In fact, some California cities currently face a crisis in their efforts to provide law enforcement services to their communities because of the high demand for thousands of new police officers to serve a constantly growing population.⁵ Substantial future growth may impact many law enforcement agencies throughout the nation.

The taxpayer revolt of the 1970s, led by California's Proposition 13, has been credited with (or been responsible for, depending upon your perspective) the increase in fees charged by public agencies. On June 6, 1978, nearly two-thirds of California's voters passed Proposition 13, reducing property tax rates on homes, businesses, and farms by about 57%. The most important aspect of Proposition 13 was a requirement that all state tax rate increases be approved by a two-thirds vote of the legislature and that local tax

rate increases must also be approved by a vote of the people. Proposition 13 enforced the ideal that the people's right to vote on tax increases is a key taxpayer protection.⁶

The decline in property taxes available for public projects has resulted in cities looking for alternative sources of revenue.⁷

California AB 1600, which became effective on January 1, 1989, regulates the way that impact fees are imposed on development projects. The city or agency imposing the fee must (1) identify the purpose of the fee; (2) identify the use to which the fee is to be put, including identifying the public facilities to be financed; (3) show a reasonable relationship between the public facility to be constructed and the type of development, and (4) account for and spend the fees collected only for the purposes and projects specifically used in calculating the fee.⁸

The dilemma that arises is that once rapid community growth begins, the vehicle for raising the fees is a complicated and drawn out process that takes about 18 months from beginning to completion. While the city begins the process of reviving development agreements for new residential and commercial developments, they enlist the cooperation of the developers. Once completed, the agreements exempt the developer from paying any of the increased development fees, which are then passed along to the purchaser. If the city ultimately begins to increase the development impact fees, the building industry will make a public appeal to the city to block increases. The public hearings portion of city council meetings is the usual venue for this appeal. This constant back and forth volley creates delays in implementing the increased impact fees, resulting in issuance of building permits based upon the old fee schedule.

Building permit fees represent the current revenue stream for staffing from community growth. The inherent problem with this mechanism as a funding source is that this money is a one-shot infusion and not ongoing. Once new construction stops, funding for the staffing of the department dries up and growth stops. Law enforcement is then tasked with the need to provide a sufficient level of service without the ability to maintain the staffing of the department, personnel needs, and equipment requirements.

The lack of strong development impact fees, combined with the two-thirds requirement for tax increases, has the potential for becoming an obstacle to the management and staffing of the department. Law enforcement would certainly have to reduce the handling of calls for service, customer service, management and supervision, technology, and equipment needs. It would in effect result in less time expended on community issues.

Community leaders would be compelled to influence the electorate to impose taxes to ensure sustained levels of staffing, thus favorably impacting delivery of service.

In 1992 the State of California found itself in a serious deficit position. To meet its obligations to fund education at specified level under Proposition 98, the state enacted legislation that shifted partial financial responsibility for funding education to local government (cities, counties, and special districts). The state accomplished this by instructing county auditors to shift the allocation of local property tax revenues from local government to “Educational Revenue Augmentation Funds” (ERAFs), directing that specified amounts of city, county, and other local agency property taxes be deposited into this special fund to support schools.⁹

In fiscal year 2003-04, the annual impact of the ERAF shift results in a shortfall of some \$5.3 billion in the cities, counties, special districts, and the citizens they serve. Since its inception the ERAF shift has deprived local governments of more than \$44 billion. Counties have borne some 76 percent while cities have borne 16 percent.¹⁰

The state has provided some funding to local governments that it considers mitigation of ERAF. However, the vast majority of these funds are earmarked for particular purposes. Moreover, a relatively small portion of funds has gone to the cities. In 1992, California voters approved Proposition 172, which provided sales tax funding for police, fire, and other public safety programs. Proposition 172 funds provide only \$2.4 billion annually to local government, leaving local citizens facing a \$2.9 billion net ERAF gap in FY 2003-04. Considering all state subventions that the Legislative Analyst defines as “ERAF mitigation,” the net ERAF impact in cities is \$616 million in the current year.¹¹

These takeaways are the most serious threat to the mid-size law enforcement agency and its ability to deliver quality service. This obstacle, if it continues at the current pace, will significantly impact the quality of life and the attractiveness of local communities to business. City residents will experience the following consequences if the ERAF shift continues: Cuts will occur in human services, including parks, libraries and public safety; city residents will continue to see deferred maintenance on the public’s investment in its infrastructure street maintenance, sewer, and water; residents will see a reduction in reserves and greater reliance on debt rather than cash financing for capital.

All of this will come at a time when California's population is growing rapidly and is creating demands for additional services and facilities. The city of Indio mirrors the same type of rapid growth the state has seen.

As agencies focus on future needs, questions will arise. What new forms of organization must they create and what resources should they deploy?¹² To address these questions, the author conducted a futures-oriented project under the auspices of the Commission on Peace Officer Standards and Training Law Enforcement Command College. Although the research recognized that a number of issues could affect community growth and that this growth can influence a number of community issues, the research was limited to the impact of community growth on staffing in a mid-size urban law enforcement agency. The findings of the research may help law enforcement administrators in agencies of any size who face similar challenges.

The research used the Indio, California, Police Department as a model, where the population has increased an average of 7.5% per year since 2000. Analysts predict continued growth, primarily through development, for the next five years.¹³ Additionally the research included certain aspects specific to the City of Indio, California, and its police department.

The project included an examination of the issue through a review of the literature and opinions of experts in the field. Literature reviewed included economic statistical data, revenue and taxation data, management of change articles, and books. The research also focused on a futures-forecasting exercise to predict trends and events that could impact the issue.

Based upon the accumulation of the information examined, three scenarios were developed, each reflective of a possible future, and one was chosen as the most probable. This scenario became the focus of the proposed change - for developing a strategic plan to generate revenue and funding sources to offset the impact of rapid community growth and its effects on department staffing. These alternatives would be a community facilities district (CFD), or an emergency response fee that would increase funding by approximately three to five million dollars annually.

The following scenario postulated the most optimistic scenario: The year is 2009. The California economy is flourishing. The city of Indio has reached a controlled growth population of 95,000 residents and 20,000 part-time seasonal residents. The California economy has created high-end jobs and demands for housing have leveled off, creating a stabilization of the median priced home. The minimum wage for California has increased to 5% below the median state wage. This has afforded people in the Coachella Valley and Indio the opportunity to purchase homes. Unemployment is at less than 1%, and the crime rate throughout Indio and the Coachella Valley has decreased dramatically. This is due in part to the high employment rate and good paying jobs. Local government budgets are able to keep up with growth and demands. Law enforcement can be funded staff is sufficient to meet the needs of the city, and support staff ratios are at four to one. The department has increased community policing, investigative follow-up, and community support. Technology is being updated and replaced as it meets the return on investment in a regular cycle. The city of Indio is known throughout the world for its festivals, attracting international tourists. The community's rapid economic growth has kept up with the population. The retail sales component is strong and most residents never leave

Indio to shop, since all their needs are being met locally. The Fantasy Springs Indian Casino is a resort destination, and has a retail shopping experience that mirrors Rodeo Drive. The city of Indio has a strong and stable City Manager and Council. The Indio Police Department is fully staffed and is a model for other police agencies.

Research consistently showed that organizations of the future, including police departments, would look flat, lean, flexible, and decentralized, with responsibility and accountability pushed to the lowest levels.¹⁴

Population growth remains one issue that may affect staffing needs for police departments. An increase in population will always result in increased calls for service, which will result in the need for additional personnel.

Law enforcement planners will agree that funding for additional positions remains difficult to secure. As a department grows and adds personnel, administrators must maintain standards, and most importantly, their funding levels must equate to staffing level goals. While a predetermined officer-per-population ratio has been advocated in the past, many city administrators currently believe that community growth and staffing levels should be funded on need rather than a per-population ratio.

A panel of subject-matter experts was convened to forecast trends and events that could potentially impact a police department's response to growth. The group identified 10 trends: population growth, gap between revenue and resources, gap between "haves" and "have nots," crime trends, staffing that reflects the community, community focus on youth needs, level of public school enrollment, political trends, knowledge gap, and traffic congestion. Additionally, they identified nine ten events that could impact staffing – expansion of the Coachella Valley Music & Arts Festival to a week-long event,

earthquake of magnitude 8.5 or greater, economic collapse, 33% increase in geographic area of the city, terrorist attack on water supply, national political demonstration, drop of police officer staffing below one per thousand, political coup, and police strike. These trends and events were used to formulate three fictional scenarios, each illustrating a possible future that shows the potential impact of community growth on the staffing level resources.

When police administrators consider the impact that rapid growth will have on future staffing resources of their departments, they must develop different revenue strategies to minimize the impact. Additionally, police administrators must ensure that they address all future law enforcement interests. Through continued monitoring, law enforcement executives should recognize trends and anticipate events that potentially influence the future of policing. Leaders must develop strategies to assist their organization in reaching a beneficial result and implement a plan to manage the transition of the organization from the present into the future.

Police leaders have a choice about the future of law enforcement - they can wait for the future to happen, or they can make it happen. By developing a revenue stream and resources, a proper funding plan can be established. Law enforcement leaders will be better equipped to develop, propose, and implement alternative responses specific to their departments.

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- ¹ George L. Kelling, *Police and Communities: The Quiet Revolution*, Perspectives on Policing No. 1 (Washington D.C.: National Institute of Justice, 1988).
- ² Robert Trojanowicz, *Policing and the Fear of Crime*, Perspectives on Policing, No. 3 (Washington, D.C: National Institute of Justice, 1988).
- ³ Ezra F. Vogel, *Japan as Number One: Lessons for America* (Cambridge: Harvard University Press, 1979).
- ⁴ Commission on Peace Officer Standards and Training, *Employment Data for California Law Enforcement, 1978 – 1998*.
- ⁵ Rob Dailey, *The Competition for Cops*, Western City, June 1999, 21.
- ⁶ Michael Coleman, *What Cities are Doing for the California Budget Dilemma*, (September 2002) (Internet) www.californiacity.finance.com
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- ¹⁰ Brady W. Lurz, *Let America Build*, (Builder and Remodeler, 1990) 17 & 55.
- ¹¹ Ibid
- ¹² Alvin Toffler and Heidi Toffler, *The Future of Law Enforcement: Dangerous and Different*, FBI Law Enforcement Bulletin, January 1990, 21-24.
- ¹³ City of Indio, General Plan, 1992, 3.1.
- ¹⁴ Michael L. Birzer, *Police Supervision in the 21st Century*, FBI Law Enforcement Bulletin, June 1996, 6-1

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