



**SAVING MONEY AND SAVING  
JOBS**

**EFFICIENCY IDEAS – CHICAGO  
POLICE DEPARTMENT**



**Prepared for the Chicago Fraternal Order of Police**

**By Public Works LLC**

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## 1. INTRODUCTION

At the request of Mayor Rahm Emanuel, Chicago's public employee unions have been working on recommendations to save taxpayer dollars while maintaining the city's vital services. Earlier this summer, the Chicago Federation of Labor (CFL) and the Cook County Building Trades Council (CCBT) released a report, prepared with the help of **Public Works LLC**, outlining recommendations to help the City accomplish these purposes.

Similarly, the Chicago Fraternal Order of Police (FOP) retained **Public Works** to explore ways the City could generate efficiencies in the Chicago Police Department (CPD) without unnecessarily sacrificing jobs, or compromising our paramount duty to protect the city, its neighborhoods, and its people.

The following report suggests a number of avenues the City or CPD should pursue, in personnel policies, contracting, operational efficiencies and revenue generation, to make public safety services not only less costly, but also more effective. Most of these savings ideas were suggested by FOP members, based on their personal experiences in the field or in CPD administrative positions. While savings on some ideas cannot be determined without additional information, we are able to estimate savings of \$55.6 million from the seven suggestions for which some financial information is available. If similar savings were achieved for the three remaining suggestions, total gains from these efficiencies alone would reach roughly \$80 million. The FOP therefore shares the view of the CFL and CCBT that a full performance review of police operations in the City of Chicago could save taxpayers roughly 5 percent of the total costs of these operations, or \$65 million.

## 2. PERSONNEL

### 2.1. Review Span of Control for all levels of supervision

Examining the total number of employees in the Chicago Police Department does not necessarily provide an accurate picture of personnel costs or the most effective deployment of police resources. In particular, excessive supervisory staff can create an imbalance where too few employees are actually *doing* the work and too many supervisors and managers are *overseeing* the work.

Successful organizations in both the public and private sectors have long recognized the importance of maintaining a proper balance of supervisory and frontline personnel. The ratio of employees to supervisors – or the “span of control” – is the measurement commonly used to assess this distribution of resources. There is no one answer as to what is the most advantageous span of control for an organization. In fact, the opinion of organizational design experts has changed over time: Early in the 20<sup>th</sup> century, there was a consensus that six-to-one was an optimal ratio of frontline workers to managers.



Today, that number is usually placed at ten- or fifteen-to-one, based on trends toward flattening organizational structures and using improved technology.<sup>1</sup>

A May 2011 study of Michigan state government confirmed that an increase in the span of control could generate significant salary savings (an estimated \$75 million from increasing the ratio of employees to supervisors by just one).<sup>2</sup>

According to the City Budget Office, in 2011 there were 101 senior managers<sup>3</sup> and 1,631 mid-level managers/supervisors<sup>4</sup> in the CPD, compared to 11,990 in frontline staff.<sup>5</sup>

Mayor Emanuel has recognized the importance of placing as many officers as possible in the field to maximize public safety.<sup>6</sup> A systematic review of CPD's span of control is an important first step in determining the best possible allocation of police resources.

Given the size of the base CPD personnel services budget -- \$1.25 billion<sup>7</sup> before factoring in the additional significant costs of benefits, overtime, and special pay -- and the Department's many layers of management and supervision, it may be possible to save a modest two percent, or \$25 million in personnel costs, by addressing the span of control issue.

## **2.2. For part-time or temporary staffing needs, utilize retired CPD employees to minimize the cost of training and benefits**

Hiring new CPD personnel for part-time or temporary positions generates significant costs for employee training -- and in some cases, benefits -- each year. A portion of that expense could be avoided by drawing upon the pool of retired CPD employees who might be interested in part-time or temporary work. These retirees have already been trained in Department policies and procedures and may possess the requisite job skills. The Department should make a proactive effort to tap this resource whenever possible.

In addition to savings in training expenses, the Department could also avoid the cost of benefits when hiring retirees who are already receiving them.

## **2.3. Reduce unnecessary overtime costs**

Last year, the CPD budget included more than \$38.7 million<sup>8</sup> for employee overtime. The Department should explore all avenues to address this growing cost.

### **A. Review flexible work schedule options to maximize coverage, savings, and officer work quality**

To achieve savings and maximize employee productivity, police departments across the country have utilized flexible work schedules. In particular, longer shifts tend to reduce overtime costs as assignments exceed a traditional eight-hour work day.



Here in Chicago, the Area Two Detective Division implemented a four-day/ten-hour schedule and saw a significant reduction in overtime – a 33 percent decrease, according to reports in management meetings after the schedule change.

The feasibility of a specific schedule model must be evaluated based on the unique workload and assignment of each area of the department. Nonetheless, expanding this practice, on a case-by-case basis, should be actively considered.

#### **B. Reconsider cuts in crime scene resources that have produced increased overtime costs for patrol officers and detectives**

In recent years, the Department has made significant cutbacks to CPD's Evidence Technicians (ETs), canine units, and crime lab support staff. As a result, patrol officers and detectives spend many hours waiting at crime scenes for these teams to be deployed. This not only produces unnecessary overtime costs but also keeps these officers from responding to other incidents.

Formerly, CPD assigned Evidence Technicians to each of the city's districts. Now, multiple districts share resources. Similar cutbacks have been made to canine teams and crime lab support units.

The Department should consider the new costs imposed by these cutbacks to determine whether true net savings have been achieved.

Reducing the \$38.7 million overtime budget by 20 percent will yield a gross savings of \$7.7 million. Additional analysis will need to be done to determine if an even greater reduction is possible and what the net gain can be after factoring in the types of positions noted above that are now contributing to the overtime problem.

### **3. CONTRACT COST AND CONTRACTOR USE**

While privatizing public services is often popular, and superficially appears to reduce the size and cost of government, Chicago and other localities are beginning to understand that it is no panacea. Outsourcing should only be used when private contractors can provide a better, cheaper, or unique resource unavailable from the public sector.

Moreover, when choosing to contract with private vendors, government should pursue smart contracting practices to ensure the best return on investment of taxpayer dollars.

The CPD must ask itself whether privatized services can be performed less expensively or more effectively by department personnel. Additionally, private contracts should be monitored closely to ensure competent and cost-effective delivery of goods and services. The CFL/CCBT found that rationalizing the use of contracted-out services and bringing much of the work in-house could save the City \$40 million of the current outsourcing budget; if similar results were achievable in the CPD budget, they could save similarly on contracted PD services.

### **3.1. Cut costs associated with the Department's morgue transport services**

Chicago is currently paying an out-of-state contractor, with a history of poor performance of duties and violation of city regulations, \$915 per body for the removal of the dead to the county morgue. By comparison, as of 2009, the Cook County sheriff's office paid \$130 per body to another company for similar services.<sup>9</sup>

Additionally, because the vendor routinely fails to meet contract conditions for response time, additional costs are incurred by CPD for unnecessary overtime paid to officers waiting for arrival of the body removal teams.

Prior to privatization, CPD personnel performed these morgue services at a cost significantly lower than the current rate.

The City should achieve savings either by finding a more cost-effective vendor or reassigning the services to CPD personnel. At a minimum, the City should recoup from the contractor the cost of CPD overtime pay attributable to poor response times.

Reducing the cost to \$260 per removal, twice what the county is paying, could save the City 72 percent on this contract, or \$3.6 million per year. This does not include the overtime savings now being incurred because of the delays in current services.

### **3.2. Review cost and effectiveness of private information technology contracts**

CPD personnel express significant concerns with the current information technology (IT) services provided by private contractors. Slow, outdated, or inoperable technology often causes officers to work overtime to complete shift reports and other mandatory paperwork, or to retrieve or reconstruct lost data. Service calls for IT repairs often remain unanswered or unaddressed for lengthy periods of time, and in some cases orders must be resubmitted repeatedly. All of these problems raise costs, reduce efficiency, and increase the risk of departmental errors in responding to public safety needs.

Information technology resources are intrinsically tied to every aspect of the department's work. Therefore, it is critical that these resources function at all times and that system repairs be both prompt and effective. The department should review all of its IT vendor contracts and insist upon satisfactory performance and full compliance with all service delivery terms. If vendors cannot meet these standards, then the contracts should be terminated and replaced with other vendors that can provide satisfactory performance.

## **4. OPERATIONAL EFFICIENCIES**

### **4.1. Issue citations for minor marijuana offenses rather than incurring the cost of full arrest**

Arrests for possessions of small quantities of marijuana are time-consuming for officers and expensive for the CPD, which bears the cost of officer pay and transportation of arrestees in such cases. From January 1 through October 6 of this year, there were 17,851 arrests in Chicago for marijuana offenses.<sup>10</sup>

At the same time that the department is incurring these costs, courts are increasingly dismissing minor marijuana cases and imposing fines rather than incarceration. A 2010 Rand Corporation study estimated that the average cost to police for a marijuana arrest in California was \$1,149 (not including additional incarceration or court costs).<sup>11</sup>

Taking advantage of Illinois' home rule powers, two municipalities -- Urbana and Carbondale -- and also Cook County (for unincorporated areas),<sup>12</sup> have passed ordinances to allow officers to issue citations for small-quantity marijuana offenses rather than proceeding to full arrests. The City of Chicago should consider a similar approach.

This proposal has been presented to the Mayor by Superintendent McCarthy,<sup>13</sup> but no official steps have been taken at this point. As of this publication date, the City Office of Budget and Management has not estimated the potential savings that could be recognized with implementation.<sup>14</sup>

If Chicago processed just half of the 17,851 marijuana arrests by issuing citations, and a similar cost/savings could be achieved as determined in the Rand Corporation study, the City would save \$10.3 million.

### **4.2. Conduct an energy audit of all CPD facilities**

Soaring utility costs are a growing budget concern for all consumers, including the public sector. Several local and state governments have taken positive steps to control their energy costs, such as conducting energy audits to identify ways to reduce energy consumption.

The City must ensure that it is paying an accurate amount for its utilities. The City should (or should seek a vendor to) collate its monthly utility bills, compare energy consumption with that of similar buildings, and establish a baseline for the amount of water, heating fuel, and electricity used. Using energy modeling and comparison tools, it will be possible to identify buildings that appear to be least efficient in energy consumption and devise strategies to improve their performance.

A utility bill management vendor can also check each bill for "billing abnormalities," which may indicate errors in the billing. Such errors may include erroneous charges,





billing rates or meter readings. It is estimated that as many as ten percent of all utility bills contain errors.

Once the utility bills have been verified, the City can also find savings implementing equipment management and training. As part of this process, the condition of the Department's building automation systems and control devices should be evaluated. Energy cost savings can be achieved by verifying that all systems are operating as intended through a process known as "re-commissioning" and by ensuring that facilities staff have the proper training and do not manually override the systems.

#### **4.3. Eliminate duplicative reporting and reduce unnecessary paper processing and printing**

Another simple cost-saving measure is reducing the Department's printing and taking a look at ways in which the CPD can become a paperless office.

Currently, several elements of case and arrest reporting are duplicative and could be combined into one report. Furthermore, when officers are processing an arrest, they should be able to use technology to take the information collected at that time to populate the multiple reports requiring this data. Currently, such entries have to be duplicated by hand or re-entered into a computer multiple times.

Once the reports are generated, further savings could be achieved if officers could distribute electronic copies rather than incurring the cost of printing and producing multiple hard copies. Using email and electronic attachments to distribute the reports would also save valuable personnel time currently wasted on these time-consuming administrative tasks.

#### **4.4. Review City and CPD policies for procurement to identify efficiencies**

As noted in the CFL budget efficiency report earlier this year, the City buys \$1.6 billion in goods and services each year through a very cumbersome and inefficient procurement system. This is not unique to Chicago. Every recent report on city government savings included procurement reform as a high priority. Despite recent improvements, Chicago's procurement system is still difficult to navigate and costs the City opportunities to secure better prices from better vendors.

The National Association of Procurement Officers<sup>15</sup> has suggested such reforms as citywide purchasing; targets for procurement reductions; cooperative purchasing agreements with other jurisdictions; use of e-Purchasing; better training and education for procurement staff; and better tracking of expenditures to ensure accountability. All of these reforms should be considered in Chicago.



#### **4.5. Reduce the cost of legal liabilities**

Last year, the CPD's budget included over \$15.3 million<sup>16</sup> in legal costs, including expenses for legal contractual services, outside counsel expenses and expert costs, and payment of tort and non-tort judgments.

The Department's exposure to lawsuits can be reduced by increasing and standardizing the training of officers in policing practices to ensure strict compliance with the law. Such training would also enhance the community relations that are essential to public safety and officer morale.

Additionally, the City has spent an average of \$20 million annually for outside legal counsel -- expenditures above and beyond the cost of in-house legal services. Responsible authorities should review legal representation policies to ensure that outside counsel is retained only when necessary, and only at a cost that is reasonable in comparison to other effective options.

If the Department pursues these simple steps and reduce its annual legal costs by just ten percent, it will save over \$1.5 million each year.

#### **4.6. Review City rules and protocols regarding alarm system responses**

Last year in Chicago, over 30,963 commercial security alarms and over 57,558 burglar alarms in residences, schools, hospitals, churches and government buildings were activated.<sup>17</sup> National statistics show that less than 6 percent of alarm activations are for a real event.<sup>18</sup> That means that false alarms wasted CPD resources over 83,000 times last year.

False alarms cost taxpayers millions of dollars while also displacing officers from their regular patrol areas and directing them to locations where no crime has occurred. Other major US cities have modified their rules and procedures in an effort to cut down on the significant amount of time and money wasted by false alarms. Many cities have implemented policies that state police will only respond to a request from someone on site who has verified that an actual or attempted burglary probably occurred or is occurring.

In 2000, Salt Lake City passed an ordinance stipulating that police were no longer the primary responders to burglar alarms. Instead, seven guard companies began offering initial response services for fees ranging from \$15 to \$35 an incident – rates that were substantially less than the \$60 average cost to the police.<sup>19</sup> The response times from the private companies were comparable or quicker than the SLCPD (one company even offered a guarantee that response times would be within 20 minutes or would be free). In the first seven months of implementation, police response to false alarms dropped 90 percent, which translated into a direct savings of about \$400,000. Police resources were maximized by making this policy change. In the same seven months, the police arrested



six burglars while responding to only 720 calls – compared to the five burglars whom police arrested the *entire* year before, when they had to respond to 10,200 calls.<sup>20</sup>

If Chicago could reduce its false alarms by a comparable 90 percent and save between the \$60 estimated in Salt Lake City and the more recent estimate by the City of Seattle of \$115 per call,<sup>21</sup> the City would save between \$4.7 million and \$9.1 million each year.

## 5. REVENUE GENERATION

Wherever possible, the CPD should expand existing sources of departmental revenue and identify additional revenue sources.

### 5.1. Enhance revenues by expanding CPD Academy training courses

Expanding the offerings of the CPD Academy could represent one such opportunity. The Academy already offers training to personnel from other jurisdictions (though many departments seek their training from the state and other providers). CPD should expand its training offerings and target local law enforcement agencies without access to state-of-the-art training. CPD may also want to consider offering courses to private security personnel or other groups, as well, to expand the revenue potential.

In addition to on-site training, the Academy should also consider on-line course offerings. The rapid advancement of technology capabilities and the need to offer cost-effective training for members of the law enforcement community in tight budget times have led to a dramatic increase in the demand for on-line training.

## 6. SUMMARY

As this report demonstrates, Chicagoans do not have to choose between public safety and efficient government services. The FOP encourages the Mayor's Office and other policymakers to pursue these recommendations, and ensure that the Chicago Police Department operates according to national best-practices and the common-sense observations of the experienced and dedicated public safety employees in the CPD. The members of the Fraternal Order of Police are open to additional suggestions for improving the CPD, and stand ready to work with city officials, other public employees, and the people of this great city to continue to make Chicago the best place in America to live and work.

## References

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- <sup>2</sup> AFSCME, UAW, Michigan State Employees Association, SEIU Study - "New Solutions for Michigan: Strategies from Frontline Employees to Make State Agencies Leaner and More Cost Effective," May 2011, available at: <http://www.seiu517m.org/files/2011/05/Fair-Economy-New-Solutions-for-Michigan-FINAL.pdf> (last accessed October 7, 2011).
- <sup>3</sup> Administrative Managers and officers with a rank of Deputy Chief and above.
- <sup>4</sup> Officers with rank of Lieutenant and Sergeant.
- <sup>5</sup> Patrol Officers, Administrative Assistants and Administrative Service Officers.
- <sup>6</sup> Office of Mayor Rahm Emanuel, "Mayor Emanuel, Superintendent McCarthy Announce 114 More Police Officers for Chicago Neighborhoods," (Press Release), September 14, 2001, available at: <http://www.cityofchicago.org/content/dam/city/depts/mayor/Press%20Room/Press%20Releases/2011/September/9.14.11MoreOfficers.pdf> (last accessed October 7, 2011).
- <sup>7</sup> FY11 City Budget
- <sup>8</sup> Ibid.
- <sup>9</sup> "Chicago Pays \$915 Per Body for Morgue Transport; Alderman Says That's Too Much," Chicago Tribune Online Edition, available at: [http://newsblogs.chicagotribune.com/clout\\_st/2009/07/chicago-pays-915-per-body-for-morgue-transport-alderman-says-thats-too-much.html](http://newsblogs.chicagotribune.com/clout_st/2009/07/chicago-pays-915-per-body-for-morgue-transport-alderman-says-thats-too-much.html) (last accessed October 7, 2011).
- <sup>10</sup> Email from City of Chicago Deputy Budget Director Carol Hamburger, October 7, 2011.
- <sup>11</sup> Caulkins, Jonathan P. (for the Rand Corporation), "Cost of Marijuana Prohibition on the California Criminal Justice System, July 2010, available at: [http://www.rand.org/pubs/working\\_papers/2010/RAND\\_WR763.pdf](http://www.rand.org/pubs/working_papers/2010/RAND_WR763.pdf) (last accessed October 7, 2011).
- <sup>12</sup> Chicago Sun-Times, "Cook County Fixes Post Decriminalization Bill; Will Now Be Enforced," available at: <http://www.suntimes.com/news/metro/7528913-418/cook-county-fixes-pot-decriminalization-bill-will-now-be-enforced.html> (last accessed October 7, 2011).
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- <sup>14</sup> Email from City of Chicago Deputy Budget Director Carol Hamburger, October 7, 2011.
- <sup>15</sup> See: National Association of State Procurement Officers White Papers, available at: [http://www.naspo.org/content.cfm/id/briefs\\_and\\_whitepapers](http://www.naspo.org/content.cfm/id/briefs_and_whitepapers) (last accessed October 9, 2011).
- <sup>16</sup>
- <sup>17</sup> Email from City of Chicago Deputy Budget Director Carol Hamburger, October 4, 2011.
- <sup>18</sup> Blackstone, Erwin A., et al. "Note Calling the Police (First)," available at: <http://www.fox.temple.edu/ccg/documents/Blackstone.Final.pdf> (last accessed October 9, 2011).
- <sup>19</sup> Id.
- <sup>20</sup> Id.
- <sup>21</sup> City of Seattle, Seattle.gov False Alarm Program, available at: <http://www.seattle.gov/police/programs/alarms/default.htm> (last accessed October 9, 2011).