

Public Safety Deals Offer Santa Ana a Way Out of Crisis

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A proposal to outsource firefighting in Santa Ana and potential deals with the city's police and service employees could eliminate most of the city's projected \$30-million budget deficit for next fiscal year, the first tangible solution since city leaders acknowledged the crisis in September.

But significant deficit reduction would require firefighters and police officers to make much higher pension contributions, police to defer overtime payments and firefighters to agree to cuts in negotiated extra pay known as "premium pay."

An outsourcing proposal of fire services unveiled late last week by the Orange County Fire Authority calls for firefighters to contribute 9 percent of their salaries toward their pensions, a sharp increase from the 1.4 percent they contribute now. Larger employee contributions toward pensions make up a substantial chunk of the police association's concessions.

Combined savings under deals with police and service employees would amount to about \$15.2 million, city officials have said, and outsourcing fire services could save nearly \$10.6 million.

But challenges remain even if these deals are struck. The deferred police overtime would eventually have to be paid, bringing back millions in costs in about 18 months. And the union deals and potential fire services outsourcing would still leave a more than \$4 million deficit.

Nearly 80 percent of the city's more than \$200 million budget is spent on police and fire services, leaving few other options to bridge an annual gap between revenue and expenditures.

Police and firefighters' compensation in Santa Ana has skyrocketed over the last two decades as sworn personnel racked up overtime and negotiated premium pay into contracts with the city. Over 800 employees - more than half the city's workforce - made more than \$100,000 in total compensation in 2010. Most of those employees were police and firefighters.

Under the fire authority's outsourcing proposal, firefighters would lose some of their premium pay, which is for skills like hazardous materials training. Santa Ana's firefighters -- 65 of them -- receive premium pay merely for having the training. The fire authority would only pay them extra for actually serving on the Hazmat unit.

The city's fire service restructuring could also mean demotions for some firefighters, according to a report by the Orange County Register.

Under the proposal, the city's 10 fire stations would remain intact, but daily staffing levels would be reduced by 15 firefighters. The fire authority would staff some engine companies with one less

firefighter, and a private company instead of sworn firefighters would provide ambulance transport services.

No firefighters would be laid off because firefighters eliminated at Santa Ana stations would be transferred to open administrative positions at the fire authority, the report says. The layoff protection is a major selling point to the city's firefighters, sources close to the negotiations said.

"When you're faced with potential layoffs, paying a little bit more for retirement benefits should be put into perspective," said Joe Kerr, president of the fire authority's association. "It looks like about 95 percent of the [Santa Ana] members are motivated to transitioning to the Orange County Fire Authority. It doesn't get better than that."

Santa Ana is one of several cities that have considered outsourcing to the fire authority. Others include Costa Mesa, Brea and Fountain Valley, but none decided to accept the fire authority's proposals.

But there is a key difference in the circumstances facing Santa Ana. The fire authority's proposed savings are far less than what Santa Ana can supposedly save through the outsourcing. And unlike the other cities, Santa Ana is facing an urgent fiscal crisis, Kerr said.

"This [outsourcing] appears to be strictly fiscal," as opposed to political maneuvering, Kerr said.

Loss of local control was a decisive issue for residents and fire department officials in Brea. The fire authority is governed by the board of directors of a joint powers authority, which is composed of elected officials from the various contract cities and two Orange County supervisors. Santa Ana's vote on the board would likely be only one of more than 20.

"I think local control is always a concern by cities joining a regional fire agency, but we have mechanisms in place to give our partners the ability to retain some of that local control," said fire authority spokesman Kris Concepcion. "We provide very customized service."

Santa Ana would become a new division in the OCFA, and the city's fire chief would be offered the new division chief position, according to the proposal. Also, the division would be staffed by Spanish speakers to cater to the city's heavily Latino population, the report says.

While outsourcing could save the city millions, it might ultimately cost the city's property owners.

Santa Ana has the highest fire services rating at the Insurance Service Office, an organization that rates fire departments for the insurance industry. Such a rating is hard to get and ensures that property owners' fire insurance rates are low. Reductions in staffing could threaten that status, Fire Chief Dave Thomas has said.

According to a Costa Mesa report, the authority has a class three insurance rating in most of its

service area, two notches below the Santa Ana Fire Department's rating.

City Council members received a copy of the outsourcing proposal on Friday, said Public Information Officer Jose Gonzalez. They have yet to comment on the report.

City officials are also still reviewing the proposal to ensure that the estimated savings to the city are accurate, he said.

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