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11 UNITED STATES BANKRUPTCY COURT

12 EASTERN DISTRICT OF CALIFORNIA

13 SACRAMENTO DIVISION

14) Case No. 12-32118
15)
16	In re) Chapter 9
17)
18	CITY OF STOCKTON, CALIFORNIA,) DC No. OHS-15
19)
20	Debtor.) Date: October 1, 2014
21) Time: 10:00 a.m.
22) Dept. C
23) Courtroom 35

24 **EVIDENCE CITED IN**

25 **SUPPLEMENTAL MEMORANDUM OF THE STOCKTON POLICE OFFICERS**

26 **ASSOCIATION AND STOCKTON POLICE MANAGERS ASSOCIATION IN SUPPORT**

27 **OF CONFIRMATION OF THE CITY’S FIRST AMENDED PLAN OF ADJUSTMENT**

28	Exhibit	Page Numbers	Title of Document
	1	3-10	Transcript of proceedings May 14, 2014, testimony of David Lamoureux (“Lamoureux testimony”), pages 160-161, 176, 180-181, and 184-186.
	2	11-29	Transcript of proceedings June 4, 2014, testimony of Kim Nicholl (“Nicholl testimony”), pages 13, 15, 17, 20-22, and 26-39.
	3	30-35	Declaration of Eric Jones filed June 30, 2012 (docket #30, “1st Jones Declaration”).
	4	36-45	Declaration of Eric Jones filed February 15, 2013 (docket #710, “2nd Jones Declaration”).

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5	46-49	Declaration of Eric Jones filed March 31, 2014 (docket #1311, "3rd Jones Declaration").
6	50-53	Declaration of Eric Jones filed April 21, 2014 (docket #1364, "4th Jones Declaration").
7	54-55	"Preventing Violent Street Crime in Stockton, California, Report of Anthony A. Braga, Ph.D. to the Stockton Police Department dated July 7, 2006 (Exhibit A to 1 st Jones Declaration), pages 25-26.

1 Canadian accent.

2 **Q.** Thanks a lot.

3 Would you please tell me what your current role is at
4 CalPERS?

5 **A.** I'm currently the Deputy Chief Actuary at CalPERS.
6 I've been at CalPERS for 15 years. In my role as a Deputy
7 Chief I oversee the actuarial office. We have over 50 staff
8 in our offices to insure that the benefits of members of
9 CalPERS are properly funded. Therefore, we set the funding
10 requirement each year to fund these benefits. We also assist
11 the board in all actuarial use and also assist them in
12 setting actuarial policies.

13 As the Deputy Actuary, I have several professional
14 designations. I'm a Fellow of the Society of Actuaries and
15 also a member of the American Academy of Actuaries.

16 **Q.** What exactly is CalPERS?

17 **A.** CalPERS basically started -- it's simple. It's a unit
18 of the Government Operations Agency. If you read Government
19 Code 20002, it states CalPERS as being a unit of the
20 Government Operations Agency. Our role is basically to
21 administer the pension benefits for the over 1.7 million
22 members that we have at CalPERS. We invest the assets, make
23 sure the benefits are properly funded, and we pay the
24 benefits.

25 **Q.** And what types of governmental entities are part of

1 CalPERS?

2 **A.** Currently, we administer pension benefits for all of
3 the employees of the State of California, also for all of the
4 what we call the non teaching school employees, so
5 principally office workers, janitors, bus drivers, and all of
6 the contracting agencies that had elected to participate in
7 CalPERS that have CalPERS administered benefits.

8 **Q.** Could you do me a quick favor. Could you take a look
9 at Exhibit 4015, which is in front of you there. That's
10 already been admitted, and that's your declaration, and I
11 want you to take a quick look at paragraph 11.

12 **A.** Yes. I've got it in front of me.

13 **Q.** And take a little time to read that paragraph, please.

14 **A.** I did. And I recall it very well.

15 **Q.** Okay. Now, in preparing for your testimony, you had
16 mentioned to me that there might be a slight mistake in that
17 paragraph could would you like to --

18 **A.** Correct. I would just like to correct the first
19 sentence of that paragraph. I stated that there were less
20 than 100 agencies that have terminated their relationship
21 with CalPERS.

22 Following the submission of my declaration, we had the
23 staff at CalPERS do further research, and we found another 40
24 or so agencies that terminated so long ago that we don't even
25 owe -- they no longer have any recipients of any benefits.

1 one 75 percent, and the other one 95. So that's kind of we
2 express it in terms of that way.

3 **Q.** Are the assumptions you make as an actuary, are they
4 based on an assumption that payments will be timely made?

5 **A.** Yes. This is one of the critical part of any -- the
6 funding of any pension plan. It is based on the premise that
7 you will be able to collect the contributions from both the
8 employers and the members.

9 **Q.** If an employer does not make its contributions to
10 CalPERS, is CalPERS still obligated to administer the
11 benefits for that employer?

12 **A.** Yes. But at CalPERS, in an event where an employer is
13 not making their contributions, we have the ability and the
14 right to what we call it "terminate their contract."

15 **Q.** And could you tell me a little bit about termination,
16 or how can a contract or an arrangement with CalPERS be
17 terminated?

18 **A.** Okay. So there are really two ways that an
19 arrangement with CalPERS could be terminated. The first one
20 would be a voluntary termination on the part of the employer.
21 So that would first require an election by the governing body
22 of the employer to what we call an "intent to terminate."

23 So once CalPERS received the intent of termination, we
24 would then perform with what we call a "preliminary
25 termination actuarial evaluation," where we would provide the

1 risk, that longer term, investment returns, and that would be
2 adequate to cover it?

3 **THE WITNESS:** That's a correct statement. You have a
4 good understanding, which I would like to point out, which is
5 also one of the reason the manner in which the assets are
6 invested for the terminated agency pool, it's invested in a
7 much more conservative fashion than it is for some of the
8 other plans at CalPERS.

9 **THE COURT:** Now, let's change one fact. If the
10 terminating agency does not pay the \$576 million, then what
11 happens?

12 **THE WITNESS:** So again in accordance with the PERL it
13 would require our chief actuary to bring a decision in front
14 of our board. The PERL basically provides authority to the
15 CalPERS Board to reduce the members benefits in an event when
16 an employer cannot fully fund the unfunded liability at
17 termination, so there's a decision that our board would have
18 to make.

19 So in this case, the board would be faced with the
20 decision to potentially reduce the benefits by an amount of
21 57.2 percent, and again that's a decision the board would
22 have to make.

23 **THE COURT:** So the accurate statement is in that
24 situation, if the termination liability is not paid, the
25 CalPERS board has the authority to reduce pension benefits, I

1 take it, across the board by a pro rata amount equally,
2 approximately equal to the amount that was not paid --

3 **THE WITNESS:** Correct.

4 **THE COURT:** -- or the proportions thereof.

5 Okay, go ahead.

6 **MR. RYAN:** Thank you.

7 **Q.** I wanted to talk to you a little bit about there's
8 another way that an employer can be terminated, other than
9 them opting out.

10 **A.** Correct, and that's the situation we were talking
11 about before. The law provides that if an employer does
12 not -- if you obey by the rules set out in the PERL, which is
13 one of them, once they agree to have CalPERS administer their
14 retirement benefits they are required to pay what we believe
15 is the necessary amount to fund the benefits.

16 So if an employer was unable to make the contribution
17 or refused to make the contributions, CalPERS would have the
18 ability to step in and tell the employer "As a result of you
19 not, you know, following the rules of your agreement with us,
20 we are terminating our agreement." And in such cases the
21 termination date would be effective 60 days after we have
22 informed them of our wish to terminate that agreement.

23 **Q.** And just real quick, since you mentioned it, I wanted
24 you to take a look at Exhibit 8 which is the Stockton
25 contract.

1 somewhere, most likely from the rest of the Public Employee
2 Retirement Fund.

3 **Q.** And if the City terminated its relationship with
4 CalPERS, would CalPERS administer another benefit plan for
5 the City --

6 **A.** No --

7 **Q.** -- or pension plan?

8 **A.** -- and we cannot. By law, they would have to wait
9 three years before recontracting with us. And even if they
10 did, the law requires that they take back all of their prior
11 liabilities that they had prior to termination.

12 **Q.** Can benefits be reduced other than through a
13 termination of the plan?

14 **A.** Not under current law in the PERL.

15 **Q.** Now, one concept that is -- that hasn't been discussed
16 is the concept of portability, whether or not, for example, a
17 CalPERS benefit can go from one City to another City, so it
18 makes it easy for people to leave. Can you explain the
19 concept of portability as it applies to CalPERS pensions?

20 **A.** Sure. It's often referred to in CalPERS as
21 "reciprocity." So if you have someone working for the City
22 of Stockton, and they decide I'm going to go work for the
23 City of Davis, for example, every employer within CalPERS has
24 what we call reciprocity.

25 So earlier I mentioned that the benefits of CalPERS

1 are all based on the final salary, either in the last year of
2 employment or the last three years of employment. And what
3 happens with reciprocity is that if someone is currently
4 working for the City of Stockton that's been there for 10
5 years, and they're now earning \$60,000 a year, and they leave
6 City of Stockton today to go to work for City of Davis and
7 they stay there for the next 20 years, and by the time they
8 retire, their salary is now \$100,000. When they retire from
9 CalPERS, City of Davis would pay for the 20 years of benefits
10 that were earned while the person worked at Davis. And City
11 of Stockton is still responsible for the benefits the person
12 earned while working there.

13 With reciprocity, what happens is the hundred thousand
14 dollar salary the person has with City of Davis would also
15 apply to the years of service with Stockton, making it much
16 easier for employees to change employment to go from one
17 employer to the next, knowing that at least, from a pension
18 benefit perspective, the salary they get with that new
19 employer will also apply to all benefits earned in the past.

20 So that reciprocity applies to all employers that
21 participate in CalPERS, but also applies to most public
22 employers in California, whether it's a 37 -- whether it's
23 CalPERS, or whether it's a 1937 Act retirement county system
24 or City system, CalPERS has several reciprocity agreements
25 with other retirement systems in California.

1 Q. You mentioned '37 Act county; can you just explain
2 what that means?

3 A. It's basically -- again, they have their own section
4 of the law. I believe it's called the 1937 Act.

5 So remember before, when I mentioned the State does
6 not really have a contract, that all of the benefits that
7 members of the State get are set in the PERL. For members
8 that are under 37 Act retirement system, again all of the
9 benefits that these members get are stated in that retirement
10 law.

11 **THE COURT:** Is Sonoma County an example of the 1937
12 Act?

13 **THE WITNESS:** No, because Sonoma County participates
14 in CalPERS. But the City and County of San Francisco has its
15 own retirement system, Stanislaus County I believe has its
16 own retirement system.

17 **MR. RYAN:** Actually, I don't think Sonoma County is in
18 CalPERS.

19 **MS. GOODRICH:** Sonoma County is not in the Act.

20 **MR. RYAN:**

21 Q. How many agencies are currently with CalPERS today?

22 A. Roughly about 1600 separate contracting agencies. On
23 top of that we have all the school districts, which have
24 over -- over 2000, and all of the State agencies.

25 Q. Easy to get confused?

1 review is the mortality table. And generally people are
2 living longer, and as people live longer pensions are paid
3 for a longer time period, which means costs go up. And so as
4 part of our calculations, we assume that an updated mortality
5 table would be implemented.

6 There were a couple of other changes. The City of
7 Stockton had a Marshall Plan, which meant that they were
8 planning to hire new officers, and so we included that in our
9 projection. We also included -- which is not in CalPERS'
10 projection -- we also included -- I just lost my train of
11 thought there. Oh, PEPRA.

12 So CalPERS had not, in their projections, taken into
13 account the new PEPRA law which went into effect in 2013, and
14 we did. So new hires, we assumed, that half of the new hires
15 would be in PEPRA new tier, and half would be in the existing
16 tier, the classic tier.

17 **THE COURT:** For the record, what's PEPRA?

18 **MR. HILE:** Your Honor, that is the Public Employees --

19 **THE WITNESS:** I think it's Pension Reform Act.

20 **MR. HILE:** Pension Reform Act, correct.

21 **THE WITNESS:** It's basically lower benefits for
22 employees who are newly hired and the employees also paid
23 more toward their benefits.

24 **MR. HILE:** That was a law that was passed through the
25 ballot box that the governor put on the ballot a couple of

1 You say "While Moore opines that the Stockton's
2 pension contributions are unsustainably high, the report does
3 not discuss the ramifications of Stockton defaulting on a
4 CalPERS contract, and offers no suggestions of how to enable
5 Stockton to provide pension benefits to current employees
6 other than through CalPERS."

7 Very briefly, why did you come to that conclusion?

8 **A.** Well, Mr. Moore, in his report, discussed the
9 unsustainability of the contributions and talked about them
10 being literally out of the City's control.

11 But he did not, in making all the statements, he did
12 not offer any alternative or discuss what might happen if
13 Stockton did default on its CalPERS contract.

14 And if Stockton did default on its CalPERS contract by
15 not paying contributions, for example, then CalPERS would
16 have the authority to assess the termination liability on
17 CalPERS -- on Stockton rather -- and that termination
18 liability is estimated at \$1.6 billion, and that's disclosed
19 in the 2012 valuation reports that CalPERS prepared for
20 Stockton.

21 **Q.** I want to ask you some more questions about that
22 eventuality, that is, if there were a default by Stockton in
23 its CalPERS payments.

24 But let me ask you first: Were you here in the
25 courtroom, on May 14th, when Mr. Lamoureux, the chief actuary

1 current and employees and retirees?

2 **A.** Yes.

3 **MR. JOHNSTON:** Objection. Lack of foundation.

4 **THE COURT:** Mr. Hile

5 **MR. HILE:**

6 **Q.** Can you describe for the Court briefly what your
7 calculation is based upon?

8 **A.** In the CalPERS report, CalPERS for Stockton, CalPERS
9 discloses the termination liability and the assets that are
10 on hand to come up with this \$1.6 billion shortfall.

11 It's a very simple calculation. If you take the
12 assets, divided by the total termination liability, absent
13 the assets that are on hand, then that results in a fraction
14 that is 40 percent so that, in other words, there are assets
15 in the City of Stockton pension plans equal to 40 percent of
16 the liabilities of those plans. So that would mean that the
17 benefits would be cut by approximately 60 percent.

18 **Q.** If the City were to be terminated by CalPERS or it
19 were to terminate its contract with CalPERS, would it be able
20 to offer CalPERS pensions?

21 **A.** No, it would not. If the City were to terminate its
22 contract with CalPERS or CalPERS terminated its contract then
23 the employees would have no future accruals from CalPERS,
24 because they are in the termination liability pool.

25 And, in fact, the City of Stockton would not be able

1 Just briefly, what are the steps the City would have
2 to take to set up its own pension plan?

3 **A.** Well, there's quite a few steps the City would need to
4 take. Now remember that CalPERS has its own -- the only
5 reason that CalPERS is in existence is basically to
6 administer the pension benefits of the members of CalPERS, so
7 they have got everything to set up to administer this plan.

8 The City of Stockton, if it were to start its own
9 pension plan, they would need to get up-to-speed to
10 administer a brand-new plan. So they'd have to, for example,
11 they'd have to hire an actuary. They'd have to hire legal
12 help to help them set up the plan terms. They would need to
13 put in a pension administration system.

14 And the pension administration system would track the
15 employees, the active employees, the retired employees, and
16 basically keep all of the data that would be needed to pay
17 the benefits.

18 They would need to hire staff in order to run this
19 administration system and basically run their new pension
20 plan, they would have to establish a board of trustees who
21 would be responsible for making decisions about the pension
22 plan and set up board meetings and responsibilities, they'd
23 need to find a trustee to hold assets, they'd need to as part
24 of that develop an investment policy to determine how they
25 are going to invest the assets.

1 As part of the pension administration system they
2 would need to have the ability to cut checks to retirees once
3 members become retired, they'd also need to track the deaths
4 of future retirees, they would need to -- most importantly
5 they'd need to bargain with the employees as to what the
6 level of benefits would be because they would have to have an
7 agreement with employees about the level of benefits, and all
8 of that would need to be done in advance of setting up the
9 administration system because the administration system would
10 need to know what benefits should be valued.

11 **Q.** How long would it take, in your view, for the City to
12 set up such a plan?

13 **A.** I would say that it would be a minimum of six months
14 and really, more realistically, at least a year. The
15 collective bargaining would take quite awhile, I would
16 suspect, and then finding an administrator and setting up
17 this administration system would also take quite a bit of
18 time as well. So I would say, you know, a year plus would be
19 a good estimate.

20 **Q.** Would City employees be covered by a pension plan
21 while all of that was being done?

22 **A.** No, they would not. They would be, instead, covered
23 by Social Security.

24 **Q.** Now, you also talked about a third-party administrator
25 to the pension plan.

1 Are there any, to your knowledge, who could act in
2 that role, that is, acting as the pension plan administrator
3 for a City like Stockton?

4 **A.** I'm not aware of any third-party administrators that
5 administer public sector pension plans. You know, it's
6 pretty common, in the private sector, for a third-party
7 administrator to take over a corporate sector pension plan,
8 but I'm not aware of any in the public sector.

9 And the reason is that in the private sector, the
10 benefits and the rules surrounding private sector pension
11 plans are all very well-defined. So private sector pension
12 plans look pretty similar to each other.

13 So there's an economy of scale that third-party
14 administrators can rely on in this business for the private
15 sector; but in the public sector, pension plans are all
16 across the board very different.

17 There are no rules necessarily accepting state
18 statute, for example, about funding, and those are all
19 different across the country and across cities. So there
20 hasn't been a market for a third-party administrator to take
21 on this business in the public sector.

22 **Q.** Let me turn to the question of planned costs compared
23 to CalPERS.

24 How would the benefits or the costs of such a plan, if
25 the City were to do it itself, compare to CalPERS' costs?

1 Then you add to that what you think your inflation
2 will be long-term. And let's say that in today's economy and
3 projected forward that might be 2 and a half percent. So 2
4 and a half percent added to 5 percent would be 7 and a half
5 percent in my example.

6 **Q.** All right. Mr. Lamoureux testified about what he
7 called "reciprocity" that was also termed "portability."

8 First of all, can you tell us what that concept means
9 with respect to CalPERS?

10 **A.** You know, I'm not sure I finished my last response to
11 your last question.

12 **Q.** Go right ahead.

13 **A.** Okay.

14 **Q.** I apologize.

15 **A.** So I talked about how we set the discount rate
16 assumption for public sector plan. And for the example that
17 I gave this plan had assets, 50 percent in stocks and 50
18 percent in bonds.

19 The new Stockton plan would have zero assets when it
20 starts out. It would start out with zero assets and it would
21 collect contributions eventually, so the assets would start
22 to accumulate.

23 But at the outset it would have nothing in the trust
24 and would have a very small amounts until it builds up some
25 assets. So you necessarily couldn't have this 50 percent in

1 stocks and 50 percent in bonds type of allocation, you might
2 have 100 percent in bonds for a few years while you built up
3 your assets.

4 The return on bonds long-term is lower in my example
5 than it would be for the return on stocks. So that would
6 mean that the discount rate for the Stockton stand-alone
7 pension plan would need to be -- assumed to be lower than 7
8 and a half percent, because the assets on hand to start with
9 would earn 7 and a half percent.

10 So the lower the discount rate, that means the less
11 that this pension plan can earn on investments to pay for
12 benefits. As a result, that means the contributions toward
13 the benefits need to be greater to make up for that
14 difference. So that would cause the City of Stockton
15 stand-alone pension plan to have costs that would be greater
16 than the CalPERS pension plan.

17 **Q.** All right. And again, I apologize for interrupting
18 your answer. I'd like to move ahead, however, to that issue
19 of reciprocity, as Mr. Lamoureux called it, or portability
20 for a second.

21 Would you just briefly describe for the Court how that
22 concept fits in with Stockton perhaps trying to start its own
23 new pension plan?

24 **A.** So the way that reciprocity works in California is
25 that an employee can move from one employer to another

1 employer, from city to city, or county to county, and not
2 lose his or her pension benefit, so that when the employee
3 ultimately retires its as if that employee had worked with
4 one employer for his or her entire career, and each entity
5 pays for a piece of that benefit.

6 And the reason this is important is because as you
7 work through your career you get salary increases and without
8 reciprocity your pension benefit at your first employer would
9 be based on your earnings at that first employer, and if you
10 work for another 15 or 20 years you could imagine that your
11 earnings are going to grow.

12 So your benefit would be much lower from that first
13 employer without reciprocity, so it's a very valuable
14 benefit.

15 **Q.** All right. If Stockton were to have its own pension
16 plan, would it be able to be portable to CalPERS?

17 **A.** It would need to negotiate reciprocity with CalPERS.
18 And I could see reasons why CalPERS would not want to
19 negotiate reciprocity with Stockton.

20 First of all, in our example here, Stockton has
21 terminated its contract with CalPERS.

22 Secondly, the benefits that Stockton would be able to
23 have to its employees who are in the Stockton plan, would
24 likely be lower than the CalPERS benefits, because I
25 mentioned that these employees would be covered by Social

1 Security, and therefore 12.4 percent of payroll would be
2 going towards Social Security benefits and not toward the new
3 Stockton pension plan. So that would mean that the benefits
4 from Stockton would need to be lower to account for that
5 difference.

6 So for those reasons, I would I think it would be
7 unlikely that CalPERS would allow reciprocity with the City
8 of Stockton's new pension plan.

9 Q. Now, I'd like to turn to a demonstrative, if I may.

10 And, Your Honor, I'm going to -- this has already been
11 shown to counsel, but I'm going to give a copy to counsel and
12 a copy for the Court to look at.

13 Do you have a copy up there? This would be the Annual
14 Pension Four Scenarios For Safety Employees. If you don't,
15 I'll hand one up to you.

16 A. I don't see it, unless it's in one of these tabs.

17 Q. You are probably the most important person to have
18 one.

19 A. Thank you.

20 Q. The first page of this demonstrative is entitled
21 Annual Pension Four Scenarios For Safety Employees.

22 Do you have that in front of you?

23 A. I do.

24 Q. And can you describe what the bar chart is that
25 appears on the first page of this demonstrative?

1 **A.** This bar chart shows the pension that would be paid
2 from CalPERS under four different scenarios.

3 The first bar is if the CalPERS pension is unimpaired
4 and the employee stays with the City of Stockton.

5 And I should point out that this is a sample employee,
6 who is assumed to retire as a safety employee, simply retire
7 at age 50 with 25 years of service, ten years completed with
8 the City of Stockton and 15 years post City of Stockton, with
9 the final number salary of 91,200.

10 **Q.** All right. And in that scenario as you have presented
11 it with these assumptions, what is the amount of the pension,
12 annual pension that would be received by that employee, if
13 employee stays with Stockton and CalPERS is the pension
14 administrator for the City of Stockton?

15 **A.** This employee who works for 25 years with the City of
16 Stockton, with the final average salary of 91,200, would be
17 entitled to 75 percent of that amount, 75 percent of that
18 final average salary at retirement, and 75 percent of 91,200
19 is 68,400.

20 **Q.** All right. Now, would you please describe for the
21 Court what your scenario two is here?

22 **A.** Scenario two is if the CalPERS pension is impaired and
23 then the employee leaves the City of Stockton within six
24 months and retains his or her classic status with the new
25 agency under PEPRA.

1 And what that means by retaining classic status that
2 for future accruals they continue to earn benefits under the
3 formula they were earning benefits under in Stockton.

4 And in this scenario, this employee had worked ten
5 years with the City of Stockton. So ten years at 3 percent
6 is 30 percent. Thirty percent of the final average salary is
7 \$27,360. However, that's going to be reduced by 60 percent,
8 because the City of Stockton is now in the CalPERS
9 termination pool. So that pension piece will be reduced to
10 10,944.

11 And then the future service with the CalPERS, or
12 another 1937 Act plan, would be 15 years at 3 percent, so
13 that's 45 percent. Forty-five percent of high-labored salary
14 is 41,040. So you add that to the 10,944, and that's a total
15 of \$51,984.

16 So for the same employees, 25 years of service with a
17 CalPERS contract impaired, they are going to receive 76
18 percent of what they would have received had the Stockton
19 contract not been impaired.

20 **Q.** And the condition there of leaving within six months,
21 why did you pick that or why is that a scenario?

22 **A.** As part of PEPRA, the law is enacted such that if an
23 employee leaves from one position to another within a
24 six-month time period, they retain classic status, which
25 means that their formula multiplier remains the same.

1 If they leave after a six-month time to another
2 agency, they wait more than six months from terminating from
3 one employer to another then they become a new hire under
4 PEPRA.

5 Q. All right.

6 A. And when you --

7 Q. And is that scenario three?

8 A. That's scenario three.

9 Q. All right. Could we, on the screen at least, expand
10 it back the entire month. Great. All right. So that's
11 scenario three.

12 Could you just briefly explain then what that shows?

13 A. So scenario three in this case, we have the same
14 situation where this employee worked ten years with the City
15 of Stockton, and then the contract was impaired.

16 So they are going to get \$10,944, just like under
17 scenario two from the City, and another 15 years with another
18 CalPERS or a 1937 Act agency; but instead of accruing at 3
19 percent, they are going to accrue at 2 percent, because
20 that's the new PEPRA formula, new hire PEPRA formula.

21 So that is 30 percent of high-labored salary, as
22 opposed to 45 percent of high-labored salary, so that is
23 \$27,360. And when you add that to the 10,944, the total
24 pension now for 25 years of service is 38,304.

25 Q. And I forgot to ask a question a minute ago.

1 In scenarios two and three, the demonstrative talks
2 about after six months. And let me ask: Six months after
3 what?

4 **A.** Six months after terminating employment with --
5 terminating the contract basically with CalPERS. So if you,
6 if the contract with CalPERS is terminated then the employee
7 is no longer accruing under CalPERS, the formula, so they
8 have six months to get to another agency in order to retain
9 the classic status.

10 **Q.** So that would be the six months in scenario two where
11 the employee successfully left; is that correct?

12 **A.** The employee successfully left within six months and
13 they retain their classic status.

14 In scenario three, they waited more than six months,
15 so they became a new hire under PEPRRA, so they have lost
16 their classic status.

17 **Q.** Okay. Now would you briefly explain for us what
18 scenario four is?

19 **A.** Scenario four is what the CalPERS pension would be for
20 the same employee if the contract is impaired, and that's the
21 \$10,944 figure that we talked about, which is just 16 percent
22 of the unimpaired pension, and this would be the pension that
23 would be paid from CalPERS.

24 **Q.** All right. So under scenario four, the employee that
25 has stayed with Stockton after CalPERS has been impaired;

1 correct?

2 **A.** Correct.

3 **Q.** Now, in the assumptions on this first page of the
4 demonstrative it assumes no salary increases.

5 Why did you make that assumption?

6 **A.** We basically made that assumption because it just
7 makes the math easier. If we could have included a 25-year
8 history of salaries, but the end result would be that the
9 bars, the scale and bars would be the same.

10 So just to make the math easier to explain, we assume
11 that there's no salary increased throughout their career.

12 **Q.** All right. Thank you.

13 Let me ask you to look at the second page of the
14 demonstrative, please.

15 **A.** You know, there's one other thing I failed to mention
16 about this page 2, is that under scenario three when the
17 employee loses classic status and is a new hire under PEPRA,
18 not only is their pension reduced, but they also have to pay
19 more toward their pension --

20 **Q.** Why is that?

21 **A.** -- so the member contribution is increased under the
22 new hire tier of PEPRA. And in this case this employee would
23 need to pay for those 15 years that they are working as a new
24 hire under PEPRA, they would pay an additional \$27,360.

25 **Q.** Is that reflected on the last line of the first

1 page of the demonstrative?

2 **A.** Yes, it is.

3 **Q.** Okay. So I apologize. Let me go on to the second
4 page of the demonstrative.

5 What is this bar chart for -- it says Annual Pension
6 Four Scenarios For Miscellaneous Employees.

7 Can you describe what you did here?

8 **A.** This is the same analysis as we just went over for the
9 safety employee. But instead it's for a miscellaneous
10 employee. The rules for retirement for a miscellaneous
11 employee are different than they are for a safety employee.

12 So in our example here, this is a miscellaneous
13 employee who would retire at age 55 with 30 years of service,
14 ten of which was already completed with Stockton and a final
15 average salary of \$82,000. So basically the scenarios are
16 the same.

17 Scenario one is CalPERS contract is unimpaired and the
18 employer remains with the City of Stockton, and in that case
19 this employee would receive \$49,200.

20 Scenario two is that the CalPERS pension is impaired,
21 the employee is going to leave Stockton within six months to
22 retain classic status. And in this case the employee's
23 pension would be \$39,360, which is 80 percent of the
24 unimpaired amount.

25 Scenario three is where this employee leaves Stockton

1 after six months have elapsed, and so he or she receives the
2 new hire status under PEPRA. So total of pension after
3 30 years would be \$27,880, which is 55 percent of the
4 unimpaired pension.

5 And then finally scenario four is the CalPERS pension
6 impaired, which is \$6,560.

7 **Q.** Now for both of these charts, one for safety employees
8 and one for miscellaneous employees, the assumption here is a
9 mid-level employee; is that correct?

10 **A.** Yes. This is a mid-level nonmanagement employee, and
11 for public safety it's the salary for a mid-level sergeant.

12 **Q.** Using the same assumptions, what is the impact for an
13 employee who is a higher paid person than for the mid-range
14 per persons that are on these two pages?

15 **A.** So the bar charts would look very similar, the dollar
16 amounts would be greater, but the actual shape of the chart
17 would be the same.

18 For a person, if you look at the footnotes on the
19 bottom of the page, there's a salary cap of 136,440 for a
20 non-Social Security agency.

21 So that cap might come into play here, although I'm
22 not sure that it would, because as I mentioned earlier these
23 people would probably have to be covered by Social Security,
24 at least since the plan -- there would be no plan in place
25 for the time period while they are working at Stockton,

1 unless they immediately shifted over to another plan.

2 Q. All right. Thank you. You mentioned one option that
3 I just want to ask you one or two questions about for the
4 City as an alternative being a defined contribution plan.

5 Would it be possible for the City to establish a
6 defined contribution plan?

7 A. Yes, it would.

8 Q. How would that compare to what the City now has
9 through CalPERS?

10 A. Well, a defined contribution plan is different than a
11 defined benefit plan, and it's all in the name.

12 In a defined benefit plan, the benefit is defined and
13 then the contribution changes depending upon how the benefit
14 needs to be funded. So the contribution is not fixed, but if
15 it is

16 In a defined contribution plan the contribution is
17 fixed, but the benefit is not. So in a defined contribution
18 plan, you get what your comp out is worth.

19 And basically in a defined contribution plan, all the
20 risks of the plan have been shifted from the employer to the
21 employee and those risks include investment risks. So the
22 employee in a defined contribution plan is responsible for
23 investing his or her individual assets.

24 The mortality risk in a plan like CalPERS where
25 mortality is pooled and the plan is funded, because we know

1 that certain people are going to die sooner than other
2 people, so we can advance funds for that and in fact take
3 credit for the dollars that we save by people dying early to
4 pay for those who will live longer.

5 In a defined contribution plan, as an individual, you
6 don't know how long you are going to live. So you will have
7 to basically assume that you will achieve maximum life
8 expectancy and you manage your money that way, which as you
9 can imagine would be a challenge.

10 **Q.** How do investment returns typically compare between
11 defined contribution plans and defined benefit plans?

12 **A.** Well, defined benefit plans are generally invested and
13 managed by professionals. And so there have been a number of
14 studies that have been undertaken regarding investment
15 returns in defined contribution versus defined benefit.

16 And generally there's a 1 to 2 percent spread
17 difference between investment returns long-run, between the
18 two plans, with defined benefit plans earning 1 to 2 percent
19 more each year on average than defined contribution plans do.

20 **Q.** Taking into consideration all of the differences that
21 you've just discussed, would Stockton be able to set up a
22 separate pension plan of any kind that was equivalent to
23 CalPERS in your opinion?

24 **A.** I don't think so. And the reason is, as I mentioned,
25 all the administrative costs associated with the new



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9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION

12

13 In re:
 14 CITY OF STOCKTON, CALIFORNIA,
 15 Debtor.

Case No. 2012-32118
 D.C. No. OHS-1
 Chapter 9

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**DECLARATION OF ERIC JONES IN
 SUPPORT OF CITY OF STOCKTON'S
 STATEMENT OF QUALIFICATIONS
 UNDER SECTION 109(C) OF THE
 UNITED STATES BANKRUPTCY
 CODE**

Date: TBD
 Time: TBD
 Dept: TBD
 Judge: TBD

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1 I, Eric Jones, hereby declare:

2 1. I am the Chief of Police in Stockton, California (“the City”). I make this
3 declaration in support of the City’s Statement Of Qualifications Under Section 109(c). In my
4 capacity as Chief of Police, I am responsible for maintaining public safety within the City.

5 2. I have served in the Stockton Police Department in some capacity for over 19
6 years. In March 2012, I was named Chief of Police. Before that, I served as Assistant Chief from
7 September 2011 to March 2012, and as Deputy Chief from March 2008 to September 2011. Prior
8 to that, beginning in 1993, I assumed increasing levels of responsibility within the department as
9 a Police Officer, Training Officer, Sergeant, Lieutenant, and Captain. I hold a Bachelor’s degree
10 in Criminal Justice from California State University, Sacramento. In 2007, I earned a Master of
11 Public Administration Degree from National University. I am a member of the California Police
12 Chiefs Association and the International Association of Chiefs of Police, hold certificates from
13 the Commission on Peace Officer Standards and Training, and am a member of the FBI’s
14 National Academy Law Enforcement Executive Development Association.

15 3. Historically, Stockton has struggled with violent crime, gangs, and narcotics. To
16 help combat these scourges, in 2006, the City commissioned a report by Dr. Anthony Braga, a
17 Senior Research Fellow at Harvard University’s John F. Kennedy School of Government. Dr.
18 Braga’s report described the historical pattern of violent street crime in the City and reviewed the
19 City’s procedures then in place for combating street crime. A true and correct copy of Dr.
20 Braga’s report is attached hereto as Exhibit A.

21 4. The Braga report concluded the department had developed a “series of crime
22 reduction responses that are based on national existing best practices for strategic crime
23 prevention.” While the review identified “several opportunities to adjust existing programs and
24 maximize interagency and community-based partnerships, the general violence prevention
25 approach of the Stockton Police is sound.” It recommended, though, that the City “provide
26 additional resources to bolster the ability of the police department to adjust and deliver
27 meaningful responses to violent street crime.” Braga Report, pages 3-4.

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1 5. In fiscal year 2007-08, the Stockton Police Department had 441 sworn officers, or
2 approximately 1.52 officers per 1,000 residents. Even at that time, the goal was to increase the
3 number of officers to approximately 550 (a ratio of 2.0 per 1,000 residents) following the
4 principles outlined in the Braga report.

5 6. After years of cuts, today the Stockton Police Department has around 343 sworn
6 officer positions, approximately 1.16 officers per 1,000 residents. With difficulties in retention
7 and recruitment, only 320 of these 343 budgeted positions are filled at this time. The City is
8 actively working to fill the remaining budgeted positions.

9 7. This is the lowest ratio in the state for cities of above 250,000 residents, and is far
10 below the industry standard of 2.7 per 1,000 residents for similar sized cities.¹ It is almost half of
11 the level recommended by the 2006 Braga study. To reach the goal of 2.0 officers per 1000
12 residents in 2012 would require another 247 officers; at approximately \$150,000 average total
13 cost per officer and associated support staff, this would cost around \$48 million annually.

14 8. The consequences of these staff reductions on the community since 2008 have
15 been significant. The department has been compelled to implement the following measures:

- 16 a. During certain times of peak activity (“condition blue” periods), residents
17 must use on-line or telephone reporting; depending on the type of report,
18 the department is limited to responding only to crimes-in-progress.
- 19 b. The elimination of the School Resource Officer Program has contributed to
20 a rise in juvenile crime and gang membership.
- 21 c. The reduction in gang-focused and drug-focused missions to only those
22 funded with grants or outside agencies has resulted in increased gang and
23 drug activity. Gang-related homicides have increased from 4 to 27 (a 575%
24 jump) in the three years since the Gang Street Enforcement Team (GSET)
25 was eliminated.

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¹ U.S. Department of Justice, Crime in the United States, 2010, <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2010/crime-in-the-u.s.-2010/tables/10tbl71.xls/view>. A true and correct copy of this webpage, as accessed June 28, 2012, is attached hereto as Exhibit B.

- 1 d. The elimination of the Narcotics Enforcement Team has resulted in an
- 2 increase of drug trafficking within the City and also reduces the funds
- 3 received through disposition of asset forfeiture proceeds. These proceeds
- 4 are used to fund capital equipment and other one-time needs such as
- 5 tactical gear, weapons and protective equipment critical to equipping sworn
- 6 staff.
- 7 e. Elimination of the Police equestrian program and Downtown Bike Patrol,
- 8 except by contract, has reduced the visible presence of law enforcement in
- 9 the downtown core and at events. As a result, vagrants are returning to the
- 10 downtown and several purse and jewelry snatchings have occurred. When
- 11 the patrols were in effect, virtually no crimes of this nature were committed
- 12 downtown, especially in broad daylight.
- 13 f. Reduction of Community Service Officers has severely limited the ability
- 14 of the Police Department to attend community meetings and respond to
- 15 non-emergency accidents and calls for service including traffic control and
- 16 parking enforcement (which has also reduced traffic violation revenue).
- 17 g. Reduction of security camera monitoring from full-time to part-time has
- 18 negatively impacted investigations as valuable “eyes in the sky” are
- 19 sometimes not available to spot crimes in progress or follow pursuits in
- 20 downtown and 66 other target areas in Stockton.

21 9. These reductions have significantly and adversely affected the community at a
22 time when a much higher service level in terms of police protection is needed. The City has the
23 highest total crime rate per capita for any city with a population of 100,000 or greater in
24 California. While violent crime rates dropped 5.5% nationwide in 2010, that year they were up in
25 Stockton², which ranked 10th in the U.S. with 13.81 violent crimes per 1,000 residents.³

26 ² Stockton Police Department Crime Comparison and Police Activity Highlights December 2010, a true and correct
27 copy of which is attached hereto as Exhibit C.

28 ³ Among large cities. See U.S. DOJ Crime in the United States, 2010 Table 8: <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2010/crime-in-the-u.s.-2010/tables/10tbl08.xls/view> . A true and correct copy of this webpage, as accessed June 28, 2012, is attached hereto as Exhibit D.

1 10. In 2011, there were 58 homicides in Stockton, an all-time record. As of June 25,
2 there have been 31 homicides in calendar year 2012. Thus, the City is on pace to exceed the 2011
3 rate.

4 11. Gun violence is up 30% in 2012, compared to last year. As tracked by the
5 department, the number of Aggravated Assaults with a Firearm nearly doubled from 99 in 2009 to
6 196 in 2011.

7 12. I believe that further cuts to police protection would imperil the City's residents.
8 As part of the City's analysis leading up to the February 28, 2012 City Council action authorizing
9 the commencement of the AB 506 mediation process, City departments were asked to submit
10 plans demonstrating what reductions would have been necessary in order to balance the budget
11 absent entry into the AB 506 process. Each department was directed to assume that an average of
12 15% in department reductions would be required.

13 13. I prepared and submitted my analysis to City staff, describing the effect of a 15%
14 reduction in police services. According to my analysis, a 15% reduction would necessitate the
15 elimination of all 30 of the department's community service officer positions, an additional 64
16 sworn officer positions, and a range of support staff positions.

17 14. The consequences of a 15% reduction in police services would be significant.
18 Police officers would only be able to respond to the most serious violent crimes in progress. The
19 number of cases investigated would be reduced to only those mandated and significantly lengthen
20 the time to solve crimes. Such a reduction would require near outright elimination of all special
21 teams including Gang Violence Suppression, Vice, FBI Task Force, METRO/Narcotics, Parolee
22 and Corrections Team, and the newly formed Community Response Team. The department
23 would be unable to provide basic traffic control for events or attend any neighborhood meetings.
24 Animal Services and Graffiti Abatement would be eliminated. It also would be unable to respond
25 to traffic accidents unless fatalities occurred. Significant reductions to records and
26 telecommunications staff would result in dispatching delays and a reduction of public hours for
27 customer service.
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15. In my opinion, with respect to police services, continuing to reduce employee compensation and benefits beyond the reductions imposed over the last several years will not provide a comprehensive long-term solution to the City’s financial troubles. With respect to hiring and retaining police officers, the City is an employer in a competitive marketplace. Reducing total compensation and benefits to below market rates has already resulted in and would continue to hasten the departure of employees to other police departments. As noted above, although we have authorization to have 343 sworn positions, for the last year our filled staffing has averaged 320. This requires the department to hire back officers to cover shifts, placing an extra burden for an extended period of time on our remaining staff. This is particularly true for a city like Stockton, due to its location and historical crime profile. Though a competitive employer, for some potential recruits Stockton might be considered a less desirable location than coastal cities with less crime.

Executed this 28 day of June 2012, at 3:15 p.m. I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct.


Eric Jones

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9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION
 12

13 In re:
 14 CITY OF STOCKTON, CALIFORNIA,
 15 Debtor.

Case No. 2012-32118
 D.C. No. OHS-1
 Chapter 9

**DECLARATION OF ERIC JONES IN
 SUPPORT OF CITY OF STOCKTON'S
 REPLY TO OBJECTIONS TO ITS
 STATEMENT OF QUALIFICATIONS
 UNDER SECTION 109(C) OF THE
 UNITED STATES BANKRUPTCY
 CODE**

Date: February 26, 2013
 Time: 1:30 p.m.
 Dept: C
 Judge: Hon. Christopher M. Klein

1 I, Eric Jones, hereby declare:

2 1. I am the Chief of Police in the City of Stockton, California (“the City” or
3 “Stockton”). I make this declaration in support of the City’s Reply to Objections to Statement of
4 Qualifications Under Section 109(c). On June 28, 2012, I executed a declaration in support of the
5 Statement of Qualifications the City filed on June 29, 2012 (the “June Declaration” or “June
6 Decl.”).

7 2. I have reviewed the declarations, reports, and qualifications of David Neumark and
8 Joseph Brann, filed by the so-called Capital Markets Creditors on December 14, 2012. I attended
9 the deposition of Brann on January 24, 2013. While Brann was a police chief in the early 1990’s,
10 neither Brann nor Neumark appear to have much, if any, knowledge about the City of Stockton’s
11 crime situation, police practices, or history. By contrast, I have served in the Stockton Police
12 Department (“the Department” or “SPD”) in some capacity for over 19 years. In March 2012, I
13 was named Chief of Police. Before that, I served as an Assistant Chief from September 2011 to
14 March 2012, and as Deputy Chief from March 2008 to September 2011. Prior to that, beginning
15 in 1993, I assumed increasing levels of responsibility within the department as a Police Officer,
16 Training Officer, Sergeant, Lieutenant, and Captain. I hold a Bachelor’s degree in Criminal
17 Justice from California State University, Sacramento. In 2007, I earned a Master of Public
18 Administration Degree from National University. I am a member of the California Police Chiefs
19 Association and the International Association of Chiefs of Police, hold certificates from the
20 Commission on Peace Officer Standards and Training, and am a member of the FBI’s National
21 Academy Law Enforcement Executive Development Association.

22 Crime in Stockton

23 3. By comparing 2011 crime rates to rates in the early 1990’s, Brann paints a
24 misleading picture of crime in Stockton. Brann Report, at 4-5. In the early 1990’s, crack-cocaine
25 gang wars significantly contributed to Stockton’s crime rates, particularly its murder rate. Those
26 wars ended, and between 1993 and 1998, Stockton’s murder rate fell. Its murder rate fell again
27 between 2006 and 2008. By contrast, its murder rate increased every single year between 2008
28 and 2012. Also, Stockton’s police staffing was lower in 1990 than it was for the rest of the

1 decade. Brann takes neither Stockton’s complete crime data nor its relative staffing into account
2 in his analysis of crime trends in Stockton. Without accounting for context, it is inappropriate
3 and irrelevant to compare crime rates in the early 1990’s to crime rates today.¹

4 4. If Brann chose a more relevant year as a baseline, such as 2007, before the cuts in
5 compensation, benefits, and budgeted sworn officers occurred, he would see crime is increasing
6 in Stockton.

7 5. Even accepting Brann’s 1990 baseline for homicide, in 2012, Stockton
8 experienced a record-setting 71 homicides, which translates to the same 0.24 homicides per 1,000
9 residents that he calculated as having occurred in 1990. Brann Report, at 4. At no point in
10 between 1990 and 2012 did Stockton ever come close to 0.24 homicides per 1,000 residents. By
11 Brann’s own deposition testimony, crime rates have been declining significantly over the last 20
12 years in the United States and California in particular. Brann Dep., pp. 184:24-185:9; 185:23-
13 186:17. The fact Stockton’s murder rate is the same today as it was approximately 20 years ago
14 speaks to how unique and dangerous Stockton is compared to other cities in California, and
15 demonstrates Stockton’s need for experienced, high-quality police officers.

16 6. In my experience, the best statistical indicator for the City’s property crime levels
17 is likely auto-theft data, because, historically, nearly 100% of auto-thefts are reported. The fact
18 that between 2011 and 2012 auto-thefts increased by 49% shows the real depth of the City’s
19 property crime problem. I also believe that property crime rates are much worse than the
20 statistics show. Beginning in 2009, there was a shift to mandatory online reporting of property
21 crimes in the City. With this shift came a dramatic decrease in reported property crimes. I
22 believe the reason for this is that when people see all they will get from online reporting is
23 information for filing an insurance claim, they exit the system. Brann admitted in his deposition
24 that he was unaware of this change in property crime reporting. He also admitted he did not take
25 the change into account when analyzing the City’s crime rates. Brann Dep., p. 198:4-17.

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28 ¹ Stockton violent and property crime data from 1985-2011 is publicly available at <http://www.ucrdatatool.gov/>. A true and correct copy of the publicly available data is attached hereto as Exhibit A.
OHSUSA:753138671.3

Retention and Recruitment Problems

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2 7. In the June Declaration, I testified that Stockton had 441 sworn officers in fiscal
3 year 2007-08, and 343 sworn officer positions in 2012. I also testified that only 320 of those 343
4 positions were filled as of June 28, 2012. June Decl., ¶¶ 5-6. Thus, Brann mischaracterized my
5 testimony when he quoted me as stating Stockton’s “officer per thousand ratio of 1.17 is the
6 lowest in California for cities with populations above 250,000.” Brann Report, at 5. He used the
7 number 343 to calculate his 1.17 figure, when he should have used 320, the number of sworn
8 officers that I stated the Department had at the time. Using 320 would have led to a smaller
9 officer-per-thousand figure, 1.07.

10 8. There are two primary reasons why, in June 2012, the Department was unable to
11 fill its budgeted sworn officer positions. The first reason was constant attrition. Even brand new
12 officers were leaving the Department at a rapid pace for other police departments offering better
13 compensation and benefits. The second reason was a low-quality applicant pool. Both Brann and
14 Neumark are, for the most part, correct in stating the number of officer applicants we have had
15 since 2008. However, the number of applicants standing alone matters little when none or barely
16 any are qualified. A large portion of the applicants to the Department over the past few years
17 have failed background checks or were running from problems in other departments to anywhere
18 they could. As a dangerous city, Stockton cannot afford to compromise its police hiring standards
19 and allow these unqualified applicants to protect its residents and businesses.

20 9. As of February 13, 2013, the Department is still unable to fill its 343 budgeted
21 sworn officer positions for the same two primary reasons discussed above. The Department’s
22 headcount remained in the 320’s throughout January 2013, and only recently got up to 330, where
23 it is today.

24 10. Both Neumark and Brann incorrectly rely upon an article stating that 1,300
25 applicants participated in a physical agility test for the Department in support of their arguments
26 that the Department is not having recruitment problems. Neumark Report, at 21; Brann Report at
27 18. The article’s facts are wrong. The number 1,300 captures the number of applicants who
28

1 RSVP'd to the physical agility test. Less than half that number actually showed up. Many were
2 quickly disqualified.

3 11. Both Neumark and Brann make much of the fact that the Department hired
4 roughly 70 new officers in 2012. Neumark Report, at 20; Brann Report, at 18. Using this figure
5 to argue the Department is in good shape in terms of hiring is off-base for two reasons. First,
6 despite these hires, the Department still cannot reach its budgeted number of sworn officers. As a
7 consequence, drawing attention to this figure actually emphasizes how many officers the
8 Department has been losing. Second, hiring roughly 70 new officers in one year—something the
9 Department had no other choice but to do—is dangerous for a city like Stockton, which needs not
10 just officers, but experienced officers. Neither Neumark nor Brann takes into account the danger
11 to public safety and the Department itself of having too many new officers on the force.

12 12. Brann calls into doubt the fact that the Department has difficulty recruiting
13 qualified lateral candidates. Brann Report, at 16. To do this, he cites the 164 lateral transfer
14 applications the Department received in 2011 and 2012. Even though he correctly notes, “[i]t
15 appears that the SPD did not elect to hire any of these lateral transfer candidates,” he states the
16 fact they applied “is an indication of interest by lateral candidates.” *Id.* Brann has no knowledge
17 of the quality of these applicants, and if he did, he would see why the Department hired none of
18 them. Simply put, each applicant was unqualified. Brann fails to appreciate the idea that the
19 number of applicants does not matter if none of them are qualified.

20 *The Reasons Officers Left*

21 13. Neumark and Brann argue that because Stockton police officers transferred to
22 Departments located in cities like Oceanside, CA and Monterey, CA, they did not leave Stockton
23 for monetary reasons, but because they wanted lifestyle changes. Neumark Report, at 8; Brann
24 Report, at 13. I do not believe this is the case, and believe that monetary reasons are at least
25 significant factors in why these officers left. As I stated in my deposition, I conducted exit
26 interviews with the officers who transferred out of the Department in 2012 while I was Chief.
27 Neumark and Brann did not take part in any of these interviews. All of the officers told me that
28 monetary issues were the primary reason they were leaving. Since fiscal year 2008, many of

1 these officers experienced cuts in their pay and benefits as high as 20% and 30%. The
2 Department had very few officers leaving to other departments before these cuts happened. Since
3 my deposition, I was able to reflect on the exit interviews I conducted. I specifically recall 20 of
4 these interviews. All 20 of the officers I interviewed told me they left for monetary reasons.
5 Many had difficulty paying bills. Others worried about retirement. And even more just wanted
6 financial stability, something they believed the Department could not offer them.

7 14. On January 23, 2013, I attended a Stockton Police Department alumni dinner. At
8 that dinner, I spoke with six former Stockton officers individually who transferred to different
9 agencies in 2012. All six reiterated what they told me in their exit interviews: they left because of
10 cuts in their pay and/or benefits.

11 15. As Chief of Police, it is my job to keep a pulse on department morale. I frequently
12 communicate with my officers on many issues, including the City’s current financial situation and
13 the bankruptcy case. One of the most frequently expressed concerns by my officers regards
14 compensation and benefits, and how the City’s financial situation will affect them. During these
15 conversations, many of my officers have said they will depart to another agency if the
16 Department’s PERS contract is broken. Others have stated that they will leave the Department if
17 any additional compensation or benefits cuts occur, no matter how slight.

18 Officers-per-thousand

19 16. Brann states “it is a fallacy to attempt to establish a causal relationship between
20 crime and police staffing levels.” Brann Report, at 7. I disagree, and other reports disagree as
21 well. For example, the University of California Berkeley report, “The Effect of Police on Crime:
22 New Evidence from U.S. Cities, 1960-2010” finds a link between staffing levels and crime. And
23 this is a contemporary report published on November 11, 2012. There is also a 2010 RAND
24 Research Center on Quality Policing report, “Hidden in Plain Sight: What Cost-of-Crime
25 Research Can Tell Us About Investing in Police” that summarizes contemporary research also
26 finding such a link. Additionally, San Jose’s Independent Police Auditor, Judge LaDoris Cordell,
27 stated she believes San Jose’s rising crime and homicide rates are due to cuts in police staffing.
28 Mike Colgan, *San Jose’s Police Auditor Blames Officer Cuts For Rising Homicide Rate*, CBS SF

1 BAY AREA, Dec. 12, 2012, [http://sanfrancisco.cbslocal.com/2012/12/12/san-joses-police-auditor-](http://sanfrancisco.cbslocal.com/2012/12/12/san-joses-police-auditor-blames-officer-cuts-for-rising-homicide-rate/)
2 [blames-officer-cuts-for-rising-homicide-rate/](http://sanfrancisco.cbslocal.com/2012/12/12/san-joses-police-auditor-blames-officer-cuts-for-rising-homicide-rate/) (“Believe me, if you are intent upon burglarizing,
3 breaking into cars or even shooting people and you know that there aren’t going to be the number
4 of police officers out there that there used to be, you become emboldened. You become
5 brazen.”).

6 17. Brann cites an International City/County Management Association (“ICMA”)
7 report commissioned in 2010 by the City to suggest that Stockton may not be utilizing its police
8 force efficiently. He admits to not having studied Stockton’s police officer utilization, despite
9 saying he was asked to study it in his declaration. Brann Dep., pp. 50:25-51:3; Brann Decl., ¶ 2.
10 Had he studied the Department’s police utilization data, he would have seen that the ICMA report
11 was outdated the moment it was published and that it did not take into account the cuts in staffing
12 that occurred as ICMA was studying the Department. Since the ICMA report, we have
13 restructured the entire Department, reduced the amount of calls to which we respond, eliminated a
14 narcotics unit, and taken various other steps to ensure the efficient utilization of our resources.
15 Unlike the departments Brann refers to on page 8 of his report, we do not use sworn officers as
16 dispatchers or staff them at construction projects. We have also civilianized many aspects of the
17 Department to ensure that sworn officers are only used in enforcement and criminal investigation
18 roles.

19 18. Despite Brann’s claims to the contrary, the Stockton Police Department’s officer-
20 per-thousand ratio is low and indicates the Department needs more officers. As I cited in the June
21 Declaration, a 2006 report commissioned by the City authored by Dr. Anthony Braga, Senior
22 Research Fellow at Harvard University’s John F. Kennedy School of Government, recommended
23 the City reach 2.0 officers per 1,000 residents. This figure is almost double our current officer
24 per 1,000 ratio. Unlike Brann, Braga spent substantial time studying crime and policing in
25 Stockton specifically. His conclusion that Stockton needs more officers is thus more informed
26 than Brann’s. Also, the City hired criminal justice consultants David Bennett and Donna Lattin
27 for its “Marshall Plan,” which contains findings and recommendations on the topic of reducing
28 violent crime in Stockton. Although the consultants are still finalizing their written report, they

1 presented their findings to the Department on February 8, 2013. During that presentation, they
2 indicated that Stockton needs to budget for and hire 590 officers to effectively address its crime
3 problems rather than the budgeted number of 343 it currently has. A true and correct copy of the
4 consultants' Marshall Plan presentation is attached hereto as Exhibit B (see pp. 28-29).

5 Officer Experience

6 19. Brann asserts there is "no evidence" to support the contention that less experienced
7 officers are less effective in combating a rising violent crime rate than are more experienced
8 officers. Brann Report, at 19-20. In my experience, this assertion could not be further from the
9 truth. Having too many inexperienced officers is dangerous to the community and the officers
10 themselves. Inexperienced officers are more likely to be involved in vehicle chases, vehicle
11 crashes, and shootings. There has been a 400% increase in shootings directed at our police
12 officers since 2008 when our proportion of inexperienced officers began to climb. One of these
13 shootings occurred on January 5, 2013. Inexperienced officers are also more likely to be involved
14 in criminal cases being thrown out of court for reasons such as the mishandling of evidence.
15 Stockton needs more experienced officers than it currently has given its current and historical
16 crime profile. It is detrimental to public safety in Stockton to have too many inexperienced
17 officers.

18 20. Neumark suggests his calculation that officer experience increased in Stockton
19 from 10.2 to 10.9 years of experience from 2008 to 2012 "contradicts any claim that past
20 compensation cuts have led to a 'mass exodus' of experienced police officers." Neumark Report,
21 at 17. I disagree with this claim for two reasons. First, there has been a mass exodus of
22 experienced officers since 2008. Brann even acknowledges these departures in his report when
23 he says, "the departure of 21 officers with 10+ years of experience to other agencies over a five
24 year period is a source of concern." Brann Report, at 12. Second, calculations regarding average
25 experience are not an appropriate measure of the experience of a police force. A more
26 appropriate measure here is the percentage of officers with less than one year of experience.
27 Brann agrees with me that "rookie officers[] clearly are not where you want them to be yet."
28 Brann Dep., p. 146:1-3. The percentage of Stockton police officers with less than one year

1 experience has increased from 2008 to 2012 from 6% (26 officers) to 14% (46 officers). This
2 change demonstrates the Department has become less experienced since the cuts in compensation
3 and benefits beginning in 2008.

4 The Infeasibility of Outsourcing Police Services to the County

5 21. I reviewed Robert Bobb's recommendations for the City to save money by
6 outsourcing City policing services to San Joaquin County. Bobb Report, at 25-26. Outsourcing
7 would be infeasible and imprudent for both agencies and the residents they serve, for a number of
8 reasons that reflect real, tangible differences between the two agencies.

9 22. The SPD and the San Joaquin Sheriff's Office ("S/O") have different policies,
10 procedures, and practices, ranging from the handling of evidence and asset forfeiture items, to
11 pre-booking procedures, to the use of lethal and non-lethal weapons. Reconciling these
12 differences would require a substantial investment in time and resources.

13 23. Communication methods and radio codes are different between the two agencies.
14 Also, the two agencies use different channel frequencies and different codes for broadcasting
15 information. Furthermore, the Computer-Aided-Dispatch system that SPD uses is not compatible
16 with the S/O patrol vehicle computer equipment. Overcoming these technological barriers would
17 be costly.

18 24. The two agencies have separate dispatch centers for receiving 911 calls and
19 dispatching field units. The logistics of SPD receiving City calls for service and then dispatching
20 calls to S/O units would be extremely problematic and could create the need for additional
21 dispatch staffing in the SPD Dispatch Center. The cost here would be non-trivial.

22 25. Numerous support and follow-up functions would be impacted by outsourcing to
23 the S/O including determining which agency would handle background information for the
24 officers or deputies, which agency's evidence technicians would handle evidence or crime scene
25 processing, which agency's detectives would be involved in cases, and which agency would
26 ultimately be responsible for on-going cases in courts of law. Resolving these issues would take
27 time and resources.
28

1 26. Outsourcing to the S/O would require a complex Memorandum of Understanding,
2 which would take an inordinate amount of time and resources to create. SPD administrative staff
3 levels are far too low to take on such a task.

4 27. Outsourcing would require complicated jurisdictional issues to be reconciled. For
5 example, if County employees handled calls for service and crimes in the City's jurisdiction, the
6 fact that the City and County Codes differ would present problems for both officers and residents.
7 Also, outsourcing would require the development of a complex system for routing and tracking
8 court case subpoenas for County employees handling City cases. Again, addressing these issues
9 would come at a cost.

10 28. Additionally, contracting for the S/O's services might be more expensive than
11 hiring back our own officers or budgeting for overtime in areas of need. When the S/O contracts
12 police services with other entities, it typically charges 100% of the actual officers' salaries and
13 benefits as well as overhead costs for vehicles and equipments. Thus, because the costs of law
14 enforcement personnel for the SPD are about the same as the costs for the S/O, it is difficult to
15 perceive any appreciable cost savings. It is similarly difficult to appreciate where SPD and the
16 City would come up with the financial resources to invest in such a massive undertaking.

17 29. In addition to the monetary costs of outsourcing discussed above, outsourcing
18 would also demoralize SPD employees at both the line and management levels. Given the pay
19 and benefit cuts, the cuts in the budgeted number of officers, the proposal to eliminate retiree
20 medical benefits, and the pension uncertainty, another blow to the morale of the SPD would likely
21 be costly not only to the Department, but to the residents and business of Stockton as well.

22
23 Executed this 14TH day of February 2013, at Stockton, California. I declare under
24 penalty of perjury under the laws of the State of California and the United States of America that
25 the foregoing is true and correct.

26
27 
Eric Jones

28
OHSUSA:753138671.3

4

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7 Attorneys for Debtor
 City of Stockton
 8

9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION
 12

13 In re:
 14 CITY OF STOCKTON, CALIFORNIA,
 15 Debtor.

Case No. 2012-32118
 D.C. No. OHS-15
 Chapter 9

**DECLARATION OF ERIC JONES IN
 SUPPORT OF CITY'S
 SUPPLEMENTAL MEMORANDUM
 OF LAW IN SUPPORT OF
 CONFIRMATION OF FIRST
 AMENDED PLAN FOR THE
 ADJUSTMENT OF DEBTS OF CITY
 OF STOCKTON, CALIFORNIA
 (NOVEMBER 15, 2013)¹**

Date: May 12, 2014
 Time: 9:30 a.m.
 Dept: Courtroom 35
 Judge: Hon. Christopher M. Klein

26 ¹ Paragraph 13 of the Order Modifying Order Governing The Disclosure And Use Of Discovery Information And
 27 Scheduling Dates Related To The Trial In The Adversary Proceeding And Any Evidentiary Hearing Regarding
 28 Confirmation Of Proposed Plan Of Adjustment (Dkt. No. 1242, modifying Dkt. No. 1224) contemplates that the
 Parties will submit direct testimony declarations for their respective witnesses by April 21, 2014. Accordingly, the
 declarations submitted in support of this Supplemental Memorandum do not contain all of the information and do not
 attach all of the evidence that will be included in the direct testimony declarations that will be filed on April 21.

1 I, Eric Jones, hereby declare:

2 1. I am the Chief of Police in the City of Stockton, California (“the City” or
3 “Stockton”). I make this declaration in support of the City’s Supplemental Memorandum Of Law
4 In Support Of Confirmation Of First Amended Plan For The Adjustment Of Debts Of City Of
5 Stockton, California (November 15, 2013).

6 2. I have served in the Stockton Police Department in some capacity for over 20
7 years. I became the Chief of Police in March of 2012. Prior to becoming Chief, I served as
8 Assistant Chief from September 2011 to March 2012 and as Deputy Chief from March 2008 to
9 September 2011. I hold a bachelor’s degree in Criminal Justice from California State University,
10 Sacramento, and a Masters of Public Administration from National University. I am a member of
11 the Central Sierra Police Chiefs Association, California Police Chiefs Association, and the
12 International Association of Chiefs of Police. I hold certificates from the Commission on Peace
13 Officer Standards and Training, and am a member of the FBI’s National Academy Law
14 Enforcement Executive Development Association and Police Executive Research Forum.

15 3. On June 28, 2012, I executed a declaration in support of the Statement of
16 Qualifications the City filed on June 29, 2012 (the “June Declaration” or “June Decl.”). On
17 February 15, 2013, I submitted a declaration in support of the City’s Reply to Objections to
18 Statement of Qualifications Under Section 109(c) (the “Reply Declaration” or “Reply Decl.”).
19 *The Continuing Challenges To Public Safety In Stockton*

20 4. As of the date of this Declaration, all of my testimony in the June Declaration and
21 Reply Declaration continues to be true and accurate to the best of my knowledge. The City of
22 Stockton continues to suffer from a disproportionately high crime rate and low number of police
23 officers. Violent crime, despite a reduction in 2013, is still extremely high in Stockton. Already
24 in 2014 (as of March 25), there have been 12 homicides, compared to six homicides at this time
25 last year. Further, although violent crime reduced in 2013, overall crime did not.

26 5. Another major challenge is the continually understaffed police department. Not
27 including positions funded by Measures A and B, as of today the Stockton Police Department has
28 365 budgeted positions (which include the recent COPS hiring grant). Although we have made

1 some incremental progress in our hiring outpacing our attrition, the police department has so far
2 been able to fill only 351 of these positions. This is partly because hiring has outpaced attrition at
3 an extremely slow pace. From January 2012 to date (March 25, 2014), the Stockton Police
4 Department has hired 134 police officers; during the same time period, 104 police officers have
5 left the department through attrition. This attrition itself is a major challenge to public safety,
6 because it takes with it vast experience that is difficult to replace.

7 6. Once the 365 budgeted positions are filled, under Measures A and B the
8 authorized budgeted positions for the police department will increase to 485. The police
9 department believes that if aggressive hiring were to take place, we could potentially reach the
10 485 police officer level about three years from now. But even at the level of 485 police officers,
11 the officer-per-thousand-resident ratio would be only 1.6. This is still far from the 2.0 ratio
12 recommended in 2006 for the City of Stockton by Dr. Anthony Braga, as well as the 2.0 ratio
13 recommended in 2013 by criminal justice consultants David Bennett and Donna Lattin as part of
14 their Marshall Plan report. Stockton needs about 600 police officers to reach the recommended
15 2.0 officer-per-thousand-resident, and even at 485 officers, Stockton will be nowhere near this
16 level.

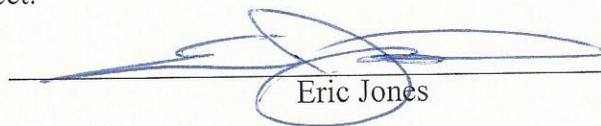
17 7. Additionally problematic is the fact that police officers are still leaving the
18 Stockton Police Department for other police departments. The Stockton Police Department is not
19 competitive in the marketplace with other police departments and this is drastically affecting our
20 retention and recruitment. Of the 104 police officers that left the department from January 2012
21 through March 25, 2014, 44 left for other police departments. I continue to speak with exiting
22 staff as well as various members of the department to keep a pulse on department morale. Most
23 officers, as well as my managers and commanders, continue to tell me that if the Department's
24 CalPERS contract is broken, they will depart to another agency. Others continue to say that they
25 will leave the Department if any additional compensation or benefit cuts occur, or even if they fail
26 to get any of their previous 20-30% cuts restored. The Department morale is fragile, and the
27 continued instability is causing police officers to depart or apply to other law enforcement
28

1 agencies. And all of this is happening at a time when Stockton most needs experienced, high-
2 quality police officers.

3 Importance Of Measure A

4 8. The passage of Measure A was critical for public safety in Stockton. Proceeds
5 from Measure A will fund the Marshall Plan, which will bring 120 additional police officers over
6 an approximate three year period and fund the Office of Violence Prevention and Neighborhood
7 Blitz teams. The proceeds will fund Stockton crime-fighting strategies that have been touted by
8 national experts like Stewart Wakeling of California Partnerships for Safe Communities, United
9 States Attorney for the Eastern District of California Benjamin Wagner, and COPS Office
10 Director Ronald Davis. Without the passage of Measure A and its future addition of staff, we
11 would not be able to combat crime effectively where we are the second-most violent City in the
12 State of California. Unfortunately, as explained above, even with the passage of Measure A we
13 will continue to be an understaffed police department.

14
15 Executed this 31ST day of March 2014, at Stockton, California. I declare
16 under penalty of perjury under the laws of the State of California and the United States of
17 America that the foregoing is true and correct.

18 
19 Eric Jones

4

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7 Attorneys for Debtor
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 8

9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION
 12

13 In re:
 14 CITY OF STOCKTON, CALIFORNIA,
 15 Debtor.

Case No. 2012-32118
 D.C. No. OHS-15
 Chapter 9

**DIRECT TESTIMONY
 DECLARATION OF ERIC JONES IN
 SUPPORT OF CONFIRMATION OF
 FIRST AMENDED PLAN FOR THE
 ADJUSTMENT OF DEBTS OF CITY
 OF STOCKTON, CALIFORNIA
 (NOVEMBER 15, 2013)¹**

19 WELLS FARGO BANK, NATIONAL
 20 ASSOCIATION, FRANKLIN HIGH
 21 YIELD TAX-FREE INCOME FUND,
 22 AND FRANKLIN CALIFORNIA
 HIGH YIELD MUNICIPAL FUND,

Adv. No. 2013-02315

Date: May 12, 2014
 Time: 9:30 a.m.
 Dept: Courtroom 35
 Judge: Hon. Christopher M. Klein

23 Plaintiffs,
 24 v.
 25 CITY OF STOCKTON, CALIFORNIA,
 Defendant.

26
 27
 28 ¹ While this declaration is made in support of confirmation of the Plan, out of an abundance of caution, and because the evidentiary hearing on Plan confirmation and the trial in the adversary proceeding share common issues, it is being filed in both the main case and the adversary proceeding.

1 I, Eric Jones, hereby declare:

2 1. I am the Chief of Police in the City of Stockton, California (“the City” or
3 “Stockton”). I make this declaration in support of confirmation of the City of Stockton,
4 California’s (“City”) First Amended Plan For The Adjustment Of Debts Of City Of Stockton,
5 California (November 15, 2013).

6 2. I have served in the Stockton Police Department in some capacity for over 20
7 years. I became the Chief of Police in March of 2012. Prior to becoming Chief, I served as
8 Assistant Chief from September 2011 to March 2012 and as Deputy Chief from March 2008 to
9 September 2011. I hold a bachelor’s degree in Criminal Justice from California State University,
10 Sacramento, and a Masters of Public Administration from National University. I am a member of
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12 International Association of Chiefs of Police. I hold certificates from the Commission on Peace
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18 Statement of Qualifications Under Section 109(c) (the “Reply Declaration” or “Reply Decl.”).
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20 4. As of the date of this Declaration, all of my testimony in the June Declaration and
21 Reply Declaration continues to be true and accurate to the best of my knowledge. The City of
22 Stockton continues to suffer from a disproportionately high crime rate and low number of police
23 officers. Violent crime, despite a reduction in 2013, is still extremely high in Stockton. Already
24 in 2014 (as of March 25), there have been 12 homicides, compared to six homicides at this time
25 last year. Further, although violent crime reduced in 2013, overall crime did not.

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27 including positions funded by Measures A and B, as of today the Stockton Police Department has
28 365 budgeted positions (which include the recent COPS hiring grant). Although we have made

1 some incremental progress in our hiring outpacing our attrition, the police department has so far
2 been able to fill only 351 of these positions. This is partly because hiring has outpaced attrition at
3 an extremely slow pace. From January 2012 to date (March 25, 2014), the Stockton Police
4 Department has hired 134 police officers; during the same time period, 104 police officers have
5 left the department through attrition. This attrition itself is a major challenge to public safety,
6 because it takes with it vast experience that is difficult to replace. In fact, the average tenure of
7 the Stockton Police Department's officers has dropped markedly. Comparing the 366 police
8 officers and sergeants (not including police managers and commanders) that the Stockton Police
9 Department had in July of 2009, and the 328 officers and sergeants Stockton has as of March
10 2014, the average tenure has dropped from 14.22 years in 2009 to 9.34 years in 2014.

11 6. Once the current 365 budgeted positions are filled, under Measures A and B the
12 authorized budgeted positions for the police department will increase to 485. The police
13 department believes that if aggressive hiring were to take place, we could potentially reach the
14 485 police officer level about three years from now. But even at the level of 485 police officers,
15 the officer-per-thousand-resident ratio would be only 1.6. This is still far from the 2.0 ratio
16 recommended in 2006 for the City of Stockton by Dr. Anthony Braga, as well as the 2.0 ratio
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19 2.0 officer-per-thousand-resident, and even at 485 officers, Stockton will be nowhere near this
20 level.

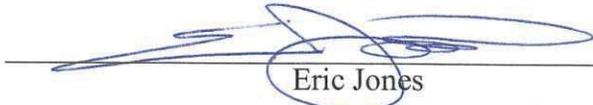
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23 competitive in the marketplace with other police departments and this is drastically affecting our
24 retention and recruitment. Of the 104 police officers that left the department from January 2012
25 through March 25, 2014, 44 left for other police departments. I continue to speak with exiting
26 staff as well as various members of the department to keep a pulse on department morale. Most
27 officers, as well as my managers and commanders, continue to tell me that if the Department's
28 CalPERS contract is broken, they will depart to another agency. Others continue to say that they

1 will leave the Department if any additional compensation or benefit cuts occur, or even if they fail
2 to get any of their previous 20-30% cuts restored. The Department morale is fragile, and the
3 continued instability is causing police officers to depart or apply to other law enforcement
4 agencies. And all of this is happening at a time when Stockton most needs experienced, high-
5 quality police officers.

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9 an approximate three year period and fund the Office of Violence Prevention and Neighborhood
10 Blitz teams. The proceeds will fund Stockton crime-fighting strategies that have been touted by
11 national experts like Stewart Wakeling of California Partnerships for Safe Communities, United
12 States Attorney for the Eastern District of California Benjamin Wagner, and COPS Office
13 Director Ronald Davis. Without the passage of Measure A and its future addition of staff, we
14 would not be able to combat crime effectively where we are the second-most violent City in the
15 State of California. Violent crime is still a very serious issue for Stockton, and although Stockton
16 experienced significant violent crime reductions in 2013, as of March 2014, Stockton is currently
17 on pace with the record-breaking homicide rate of 2012. Unfortunately, as explained above, even
18 with the passage of Measure A we will continue to be an understaffed police department.

19
20 Executed this 21st day of April 2014, at Stockton, California. I declare under penalty of
21 perjury under the laws of the State of California and the United States of America that the
22 foregoing is true and correct.

23
24 
Eric Jones

The Need for Additional Officers

As a result of the population increase and persistent urban problems, the SPD has experienced a corresponding increase in its workload. Between 2004 and 2005, reported Part I crimes increased by 4.3 percent, citizen calls for service increased by 15 percent, arrests increased by 17.5 percent, and newly-initiated criminal investigations increased by 28 percent.⁴² Despite the increased work, the SPD maintains better than average clearance rates. In 2004, the most recent year State data are available, the SPD cleared homicides, robberies, burglaries, and auto theft at higher rates than overall clearance rates for other California law enforcement agencies (Table 11). The SPD cleared aggravated assaults at a slightly lower rate than other California law enforcement agencies.

While the City of Stockton has increased the authorized number of sworn officers in recent years, the SPD remains understaffed when compared to other police departments serving similar populations. Between 2004 and 2005, the authorized number of sworn officers increased by 2.3 percent from 399 to 408 officers (actual numbers increased from 374 to 395 officers).⁴³ With a 2005 population of 279,513, the ratio of authorized full-time sworn officers per 1,000 was 1.46. According to the U.S. Bureau of Justice Statistics' 2003 Law Enforcement Management and Administrative Statistics report, the average ratio of full-time sworn officers per 1,000 residents was 2.5 for local police departments serving cities with populations 250,000 or greater, and 1.9 for local police departments serving cities with populations between 100,000 and 249,999.⁴⁴

While police resource allocation is influenced by a range of factors such as population growth, crime trends, workload demands, local conditions, and peer city comparisons,

⁴² Stockton Police Department (2006) *2006 – 2007 Budget*.

⁴³ Stockton Police Department (2006) *2006 – 2007 Budget*.

⁴⁴ <http://www.ojp.usdoj.gov/bjs/pub/pdf/lpd03.pdf>

prior empirical research studies suggest that officer-to-population ratios should be about 2.0 per 1,000 residents.⁴⁵

Several other local California police departments are notoriously understaffed when compared to police departments elsewhere in the United States. When compared to other selected California cities, the SPD sworn officer ratio is lower than Oakland (1.91), Long Beach (1.9), Sacramento (1.75), and Fresno (1.67); comparable to Bakersfield (1.42), Modesto (1.4), and Riverside (1.38); and higher than Santa Ana (1.08) and Anaheim (1.06).⁴⁶ Like many cities, municipal budgets in Stockton are strained and public officials need to make difficult funding decisions to support an increase. To bring the ratio to 1.9 in 2005, the SPD would need to be authorized for some 530 full-time sworn officers. At an estimated cost of \$150,000 per officer (benefits, base salary, and other expenses), The City of Stockton would need to spend more than \$18 million per year for the 122 additional officers.⁴⁷

While an increase of this magnitude is probably not feasible, some increase in staffing seems necessary. Los Angeles Police Department Commissioner William Bratton has publicly lamented the low staffing levels of the Los Angeles Police Department and has worked with Mayor Antonio Villaraigosa to develop proposals for new revenue streams to hire additional officers.⁴⁸ With the support of Mayor Michael Bloomberg, the New York Police Department is currently adding 800 additional officers

⁴⁵ Walker, S. and Katz, C. (2002) *The Police in America*. New York: McGraw-Hill; Kelling, G. et al. (1974) *The Kansas City Preventive Patrol Experiment: A Technical Report*. Washington, DC: Police Foundation; RAND Corporation (1995) *Force Requirements in Stability Operations* (published in *Parameters*, Winter 1995, pp. 59 – 69, author James Quinlivan).

⁴⁶ These are 2003 estimates gleaned from a 2005 policy report by the City of Fresno available at: http://www.ci.fresno.ca.us/public_docs/FPD_Needs_Assessment.pdf

⁴⁷ Stockton Police Department (2006) *2006 – 2007 Budget*.

⁴⁸ A current proposal suggests a gradual increase in garbage removal fees to fund new police hires. Hyman, S. (2006) 155% Hike in Garbage Fee Urged. *Los Angeles Times*, April 13, p. 1.