



CITY OF CAMBRIDGE  
INTEROFFICE CORRESPONDENCE

To James L. Sullivan, City Manager

Date February 18, 1976

From Edward A. Lehan, Finance Director

Reference

Subject Police Detail Fund.

BACKGROUND. In January, 1975, shortly after I assumed the duties of the City Treasurer, the State Director of Accounts ordered us to establish a Police Detail Fund, pursuant to a recently adopted Statute.

We responded to this by calling a meeting in my office, attended by Chief Pisani, Arthur Libitz, City Auditor, Patrolman John Killion, Patrolman Russell Loder, Police Union President, and John Gravallese, Police Union Vice President. We indicated to the Union representatives that the City had no choice in this matter, and that we should work together to develop a good system.

The matter of the 10% surcharge came up at this, and at several subsequent meetings attended by representatives of the Police Union. As the Police Detail Fund is financed by the users of private police services, it is a revolving fund based upon collection of accounts receivable. It was clear to all parties that without "working capital" in this fund, the frequency and amount of payrolls would be limited to the rate of bill payment by customers.

With the knowledge and concurrence of all parties attending these meetings, it was decided that the 10% surcharge would be used to build up sufficient "working capital" in the fund so that the police department could process payrolls. It is our ultimate objective to process payrolls weekly.

At several of these meetings both Mr. Libitz and I indicated that, following achievement of our weekly payroll objective, we would base the surcharge on the city's true administrative cost, which, based on the dollar volume of the details, might be less than the 10% maximum surcharge permitted by law.

FUND STATUS. The Police Detail Fund was initiated April 20, 1975. At the end of June, 1975 wages due police officers totaled \$105,305. At that point, collections (including \$6,944.92 of surcharges) totaled \$76,498, permitting the first payroll to be processed on June 18, 1975. This payroll covered time worked prior to May 3, 1975, thus

was approximately 8 weeks late. The fund balance increased to a point in August, where it was feasible to reduce the payroll time lag from 8 weeks to 6 weeks.

As of February 7, 1976, the Police Detail Fund reflected the following activity:

<u>ACTIVITY 4/20/75—2/7/76</u>	<u>WAGES</u>	<u>SURCHARGE</u>	<u>TOTAL</u>
Billings	438,259	42,518	480,777
Receipts	<u>387,442</u>	<u>37,568</u>	<u>425,010</u>
Balance Outstanding	50,817	4,950	55,767
Payrolls Due	438,259		
Payrolls Paid	<u>365,486</u>		
Balance Outstanding	72,773		

NEW POLICY. Upon analysis, it appears that the fund balance is sufficient to reduce the time lag again, from the current frequency of 6 weeks to 4 weeks. This is to inform you that Chief Fratto is making this new policy fully effective March 9, 1976, meaning that police officers doing private duty will be paid every 2 weeks for 2 weeks work, 4 weeks in arrears.

Hopefully, it will be possible to again reduce the time lag in the near future. It should be noted that the \$17,000 of the surcharge is due the general fund during the current year to offset administrative costs. The remainder should be left to build up in the Police Detail Fund as "working capital".

cc: Chief Nicholas J. Fratto, Police Department  
Arthur Libitz, City Auditor



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INTEROFFICE CORRESPONDENCE  
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OFFICE OF THE CLERK  
FEB 21 PM '76  
CAMBRIDGE, MASS.

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cc: Chief Nicholas J. Fratto, Police Department  
Arthur Libitz, City Auditor

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Comm. from Edward A. Lehan, Financial  
Director, re: to Police Detail Fund.

In City Council,  
Feb. 23, 1976

2/23/1976

Placed on File