

# IPD Overtime Investigation Media Briefing July 19, 2022

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# Investigation

- Counsel collected and reviewed a broad range of records and materials
- An audit was conducted
- 24 witnesses were interviewed
- No city employee had an advance preview of the employment investigation findings, or input into the recommendations report, or PowerPoint presentations
- All city and police witnesses were highly professional and cooperative

# Executive Summary

- Over 14 months, every floor of IPD HQ had renovations; **\$398k total cost**
- Police employees provided **3395.75 hours** of labor, all at overtime rates (1.5X salary)
  - The labor cost totaled approximately **\$200,591.40**
  - The median police hourly labor rate was **\$60.59**
- The basement **jail** was 85% of the total cost

# Executive Summary (cont.)

- APPROVAL. A significant ***miscommunication*** occurred between IPD & City Hall
  - Police said the jail had “life safety” issues. The City gave oral “OK” to fix.
  - City knew SOME renovations were occurring
  - Police did not receive **express permission** to use police labor / overtime
  - But the City did not **ask questions** or follow up
  - CONCLUSION. Loose oral permissions – sought or given – for construction projects are unacceptable

# Executive Summary (cont.)

- Police followed some but not all procurement rules
  - Labor should have been bid out
  - Police labor was **not** licensed, bonded or insured. **Liability risk.**
  - Police failed to consider labor costs in total project cost.
- An enormous number of hours were certified as worked. But the project was major. And laborers worked around their police duty hours.
  - Annual reviews & interviews supported that police laborers continued to successfully do their police work during the project

# Executive Summary (cont.)

- Police said they would use ***budget savings*** from detainee housing to cover costs. *But there were no budget savings in FY 20-21.*
  - Police saw significant detainee housing savings, & even more savings through unfilled positions
  - But **police did not make their budget** in FY 20-21 → **\$253,006 over**
    - **Overtime** → **over budget by \$648,150**
    - *Retiree health, worker's comp* → *also over budget by > \$600k*
    - **CONCLUSION**: The remodel contributed to budget overage, but it was not the sole cause.
  - It appears police **will** make their budget in FY 21-22, including covering the additional overtime
    - Overtime, including labor remodel costs, is forecast to be approximately \$600,000 over budget again

## Executive Summary (cont.)

- **Although police labor was inappropriately used, this project was well executed. Strong value for tax dollars.**
- The investigation found **no evidence of dishonesty** by police employees
  - Although the hours could not be **definitively** verified, no evidence was found of fraudulent timekeeping
  - No evidence was found that police attempted to hide the project from the city

# Were the renovations necessary? **YES.**

- Since 1972, IPD HQ had few updates
- “Life safety” jail issues were ripe for staff & detainees
  - Inmate suicide risk
  - Poor security for guards (*only a thin Formica sheet separating*)
- Leaking pipes, raw sewage
- Inadequate design with poor layouts, dark room
- No microwave or kitchen sink



Did the City approve renovations at police headquarters?

**YES.**

- No documentation - Verbal conversations only
- **Misunderstanding** about depth & breadth of permission
  - Police should have disclosed more, included labor in cost calculations, bid the labor, & stayed under budget
  - And the City should have asked more questions & followed up

# What was the scope and cost of the police renovations?

- Total cost of materials + labor = **\$397,812.**
  - Ground, 2<sup>nd</sup> & 3<sup>rd</sup> floors (15%)
  - Basement detention facility (85%)
- Detainee housing **savings** (COVID) paid for **materials**
- But police **ignored labor** costs + paid overtime (at 1.5x)
  - This contributed to IPD budget overrun in FY20-21.
- This amount of labor **required**: 1) Council approval; & 2) public bid process.
  - Police did not do so.
  - But City also failed to adequately supervise police.

# Was the \$398k remodel overpriced? **NO.**

- Large, complex remodel project
- Police OT labor cost about \$60 / hour
- But a custom jail remodel on this scale would normally be completed by a large crew incl. expensive specialists
  - Any outside contractor would have charged a **profit margin / fees**
  - “Fully burdened” hourly rates for project supers = \$80 / hour
  - Architects & designers cost hundreds per hour
    - *Note: a 3<sup>rd</sup> party contractor would not be paid hourly, but these costs would be in bid.*

# Was police labor qualified? YES & NO.

- Police had skilled talent capable of doing the job of an entire construction firm crew.
- But police were not eligible city vendors. Nor were they licensed, bonded or insured.
  - Big liability risk
  - Unfair to other Indy contractors
  - IPD disregarded City's own procurement policy

Was it a violation of law or city policies to use police staff for construction? **Not in general.**

- No clear policy prohibited using police for construction
  - However, it opened up the City to great liability risk
- Police previously did dozens of in-house construction projects → no complaint from City
- But police were not eligible city vendors. Nor were they licensed, bonded & insured.
- And procurement rules = violated for labor.

## Did police work all of the hours they claimed? **Uncertain.**

- The remodel project lasted 427 days.
- The primary police laborer reported 4870 hours during the project.
- For the number of hours he recorded to be correct, the primary police laborer would have had to work 12.4 hours per day for the 388 days that he worked.

## Did police work all of the hours they claimed? **Uncertain.**

- With available data, it appears to **match or be close**
- This was an enormous, complicated project
- Available data corroborates that a **huge** number of hours were worked
- But impossible to ***definitively*** validate given offsite construction sites + IPD's OT **honor system**

# Why were so many hours required?

- The jail was occupied → 4 offsite build locations.
- Police built a **custom, modular jail offsite**. On a replica wooden template they constructed.
- Police then reconstructed it in the jail. The pieces fit as designed.
  - *Police wholly designed & fabricated 148 custom steel pieces to exact specs. Including cut outs for wires & plugs. Without waste.*



## Why were so many hours required? (cont.)

- Police did nearly all of the work themselves, in a brief period
- Police obtained nearly all materials required. Fuel records support the high hours.
- The remodel required police to complete a huge amount of **design, drafting & prep work**
  - Police kept supervisors informed of whereabouts
- No evidence of poor police performance as a result

# What was the incentive for anyone to work this many hours on this project?

- Independence is part of the MO LAGERS pension system.
  - Pensions are calculated based on each employee's "high threes" in their last 10 years.
  - **Overtime counts towards salary**. Earning compensatory time does not.
- Construction had to be worked outside of core duties (*nights, holidays, weekends*).
  - And one person did the job of an architect + designer + superintendent + parts department + fabricator + entire construction crew
- Project was conducted in phases. Intensive, deadline-based work was often required to avoid delay.
- To minimize disruption to the building's operation, including detainees.

# What is the impact of overtime use on the police pension fund?

- Pension based on “high threes”
- For one person, there are economies of scale, given the size of Independence
- Inflation **of salaries on a wider scale** for “high threes” could result in much higher pension contributions
- Recommendation: A City-wide audit of this issue should occur

# Policy Recommendations

- **Procurement** training, staffing, & compliance
  - Mandatory training
  - Adequate staffing for procurement (*currently 1/3 FTEs are filled*) & fiscal oversight components
  - Implement compliance program & audits
- Prohibit “in house” construction projects
- Redefine projects, vendors, and cumulative threshold amounts in policy
  - Reevaluate city purchasing & procurement policies
- Codify role of Municipal Services in overseeing construction
  - Ensure adequate staffing of Municipal Services to oversee projects

# Policy Recommendations (cont.)

- IDP Overtime Vouchers
  - Implement a **modern digital payroll system** that links overtime records to work records
  - Ensure certifying supervisors have personal knowledge about the overtime
  - Conduct regular reviews of overtime use; set up red flags & audits
- Independence Overtime Policies
  - Implement a clear OT policy for all City departments
  - Consider hard OT caps City-wide
  - IPD, IPL, and Fire should examine OT policies
  - Implement a modern digital payroll system that can red flag unexpected trends in OT
  - Regularly assess & audit OT usage

# Policy Recommendations (cont.)

- Officer Fatigue Considerations
  - Implement caps on off-duty & overtime hours in line with modern fatigue studies
- Compensatory time & “triple dipping” with overtime
  - Monitor how comp time results in additional backfill overtime
  - Pursue a City-wide policy to prohibit “triple dipping”
- Pension Padding
  - Limit ability of employees to seek disproportionately high OT during their final three years of employment

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