

755

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Executive Office

**SUBMITTAL DATE:**  
May 13, 2009

**SUBJECT:** Fiscal Year 09/10 Budget Process Update

**RECOMMENDED MOTION:** That the Board of Supervisors receive and file this report.

**BACKGROUND:** Without question FY 09/10 is shaping up to be the most difficult budget year in a generation or more. Economic forecasts indicate that the general fund will experience declining revenue for at least one more year. Further, the magnitude of the loss is unprecedented: the FY 09/10 revenue loss will be double that of the previous year, exceeding \$130 million. The decline in the economy and local revenue has outpaced the expectations of even the most pessimistic observers.

This interim report is to respond to issues brought forward on May 4 and 5. It is the intent of the Executive Office to address the Board's concerns expressed in budget hearings and return on June 16. In doing so, we will bring to the table all the resources we can identify, financial and otherwise, including one-time resources (general reserves and restricted funds) to cushion the impact of the unparalleled fall of revenues.

(continued)

Christopher Hans for  
Paul McDonnell, County Finance Director

Departmental Concurrence

**FINANCIAL DATA**

Current F.Y. Total Cost: \$  
Current F.Y. Net County Cost: \$  
Annual Net County Cost: \$

In Current Year Budget:  
Budget Adjustment:  
For Fiscal Year:

**SOURCE OF FUNDS:**

Positions To Be Deleted Per A-30   
Requires 4/5 Vote

**C.E.O. RECOMMENDATION:**

**APPROVE**

BY:   
Bill Luna

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

6/17/09 11:23  
11/11/09 11:23

Dept's Recomm.:  
Per Exec. Ofc.:

Prev. Agn. Ref.: 5/4/09 Budget Hearings | District:

Agenda Number:

3.44

As the county moves through this cycle, we will ultimately have no choice but to align ongoing net county costs with discretionary revenue. Doing so will involve some degree of dislocation for all concerned; policymakers, staff and constituents alike.

The report below addresses a number of the concerns raised by the Board and others during the budget hearings held on May 4 and 5.

### **General Budget Issues**

- **Budget Hearings Focus** The Board directed during budget hearings that the Executive Office closely examine the budgets of the Sheriff, District Attorney, Fire, Planning, and California Children's Services and make changes to these budget units that will help the departments maintain core services. Paying for the Board's required changes will likely call for a combination of enhanced revenue recovery, cost savings, reserves, and some layoffs elsewhere. At the Board's direction, it is paramount that department needs, services provided, and staffing levels be addressed. Wherever appropriate, adjustments will be recommended, keeping in mind the needs of the county as a whole and the impact on future budgets.
- **Final Budget Schedule** Our plan is to bring the budget in final form before the Board on June 16. The proposed budget, together with the changes directed by the Board during hearings, will be returned for consideration and final adoption at that time. This time frame is approximately one month ahead of the July 20 deadline under state law for proposed budget approval.
- **State of California Budget** Governor Schwarzenegger has announced his intention to release pre-May Revision budget proposals on Thursday, May 14. His first scenario will assume the passage of the ballot propositions on May 19; the second scenario is predicated on the assumption that the propositions fail. The formal May Revision will be released on May 28. Whether the dual-scenario proposals are public relations stunts or an attempt by the governor to get out the vote on the May 19 propositions, the Department of Finance's latest estimates are a deficit of \$15.4 billion if the ballot measures win voter approval and a \$21.3 billion shortfall if they fail.
- **Public Protection Cost Recovery**
  - **Contracts for Services** One potential source of new revenue could be revealed as the county examines services provided countywide and the success of cost recovery efforts. Several departments – Sheriff, Fire, and Animal Control – have contracts with cities to provide extensive, essential services. The Board has asked if the fee structures included in our contracts are adequate to equitably recover all the service costs. The Executive Office will work with the three departments to provide the Board with recommended improvements. Our most recent review was conducted in 2004, and is attached for reference.

An important element of this discussion will seek to determine the proper allocation of countywide public protection services, within the context of Government Code 51350. Executive Office and Sheriff's staff will sort through this complex issue and update the Board on June 16. The Executive Office has already determined that separating the Sheriff's patrol budget into various components including contract city, special operations, and unincorporated budget units is an essential first step toward an optimal outcome, and has requested the Sheriff's cooperation. To be successful, cooperation must lead to action – recommended actions will be made a part of the final budget.

- **Booking Fees** On July 1, 2008 the Board increased booking fees to the maximum level allowed under state law. Administrative changes are under way to assure that the fees are accurately collected and credited to county accounts. The booking fee is reviewed yearly and the results of that review will be brought before the Board within 60 days.
- **Public Defender** Every few years, the Executive Office compares the cost of establishing an alternate Public Defender's office to that of maintaining conflicts panels. When this was last done in 2006, an alternate Public Defender's office appeared neither feasible nor cost-effective. This analysis will be performed again and the results, along with any recommendations, will be brought to the Board as a part of the final budget.
- **Labor Costs**
  - **Collective Bargaining** Collective bargaining is actively underway with three unions: RSA-Public Safety (Probation), Deputy District Attorneys, and SEIU. It is the stated goal of the Board to seek universal labor concessions as part of an effort to protect onboard staff while aligning ongoing expenses with discretionary revenue. If realized, any early savings will be incorporated into the final budget; the savings will first and foremost reduce layoffs, and if possible could be used to preserve some of the rapidly dwindling reserves. We will provide a follow-up to the Board in the first quarter budget report. The other three main union contracts – LIUNA, RSA, and LEMU – will not expire during the FY 09/10 fiscal year, but those employee groups will be invited to the table.
  - **Pension Costs** CalPERS costs are expected to increase because of recent investment losses; however PERS now indicates that any significant increase will not occur until FY 11/12 or 12/13. Clearly, long term planning is called for. Toward that end, the Pension Advisory Review Committee is commissioning a study of various options the Board can consider should it choose to restructure county employee retirement benefits.

- **Early Retirement for Miscellaneous** On December 12, 2008, the Board offered early retirement to miscellaneous employees between January and March of this year. Over 700 employees elected to take advantage of this option, resulting in a potential savings of \$60 million per year (based on an extrapolation of Human Resources' estimate in the December F11). The full savings is realized only until the vacated position (or its equivalent) is filled. One benefit of the current hiring freeze is that it guarantees ongoing savings from early retirements. There is a cost of early retirement, of approximately \$30 million one time. Merely to recover this new cost requires that vacated positions remain vacant for approximately six months. Extending the hiring freeze into September would bring us to this break even point.
- **Early Retirement for Safety** Early retirement has been approved for the offices of Probation and District Attorney. The Sheriff is considering a limited, phased offer for his department. In all cases it can be expected that leaving positions vacant to recover payout costs will be required; otherwise the county's savings will be eroded.
- **Financial Transparency and Accountability**
  - **Restricted Reserve Funds** As part of the ongoing effort to implement best business practices, the Executive Office intends to include in the final budget changes that improve financial transparency and accountability. The Board can expect an update on the progress of our efforts to accelerate the use of restricted funds under department control. We will report any opportunities to either preserve precious discretionary resources or enhance services to our citizens.
  - **Internal Service Funds** ISFs were directed by the Executive Office to cut their costs to departments by 10 percent for FY 09/10. The performance of those ISFs will be monitored closely.
  - **Proposition 172** Though it has been budgeted as departmental revenue, Prop 172 has been treated as if it were a net county cost. Backfilling this falling revenue source of late has placed a significant strain on the general fund. The Executive Office will examine a number of related Prop 172 issues – including revenue stability, legal distribution options, forecasting, and a plan for dealing with large swings – and will report back to the Board with recommended improvements as a part of the final budget.

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**SUBMITTAL DATE:**  
June 2, 2004

**FROM:** Executive Office

**SUBJECT:** Law Enforcement Services Contracts with Cities

**RECOMMENDED MOTION:** That the Board of Supervisors

- 1) Receive and file the attached report;
- 2) Approve the recommendations in Attachment A.

**BACKGROUND:** After lengthy discussion on April 20, the Executive Office was directed to return within 60 days with a report on cost recovery from the sheriff's contract cities. The attached report was prepared in response to that directive. It includes recommendations designed to maximize cost recovery, although more information needs to be gathered before the value of the proposed changes can be estimated.

Departmental Concurrence

Kathryn Field, Principal Management Analyst

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	no
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2003/04
<b>SOURCE OF FUNDS:</b> n/a				<b>Positions To Be Deleted Per A-30</b> <input type="checkbox"/>
				<b>Requires 4/5 Vote</b> <input type="checkbox"/>

**C.E.O. RECOMMENDATION: APPROVE**

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended, except that Item #6 is deferred until review by the committee; and

IT WAS FURTHER ORDERED that Supervisor Tavaglione and Chairman Wilson are appointed to a committee comprised of the Sheriff and his staff, one contract city law enforcement representative and one non-contract city law enforcement representative.

Ayes: Buster, Tavaglione, Venable, Wilson and Ashley  
 Noes: None  
 Absent: None  
 Date: June 8, 2004  
 xc: E. O., Sheriff, Comte., COR

Nancy Romero  
 Clerk of the Board  
 By:   
 Deputy

Dept R (m):  
 Per Exec. Ofc.:  
 Consent   
 Policy

# RECOVERING COSTS FROM SHERIFF'S CONTRACT CITIES



*County of Riverside*

*Executive Office*

**June 2, 2004**

## **Executive Summary**

Residents of both the unincorporated area and the contract cities have a stake in knowing that their costs for law enforcement services are accurate and appropriate. In Riverside County, the sheriff employs several staff to develop accurate rates to charge other agencies for services. The calculations are detailed and thorough. Unlike in Los Angeles County, the concern here should be less on whether charges are being made accurately, and more on whether they maximize cost recovery while conforming to guidelines in State law. While determining precisely which services should be considered "overhead" is difficult, a clearly-defined policy can result in a fair allocation of costs to both city and county.

## **Background**

The sheriff's first contract for law enforcement services was with the City of Norco in 1964. At present, annual contracts with cities total about \$65 million, and employ the equivalent of 792 full-time employees. About one-quarter of the department's workforce, and 22% of its budget, are devoted to fulfilling contract agency agreements.

Riverside County's relationships with its 13 contract cities are governed by both state law and county policy. California Government Code 51350 (sometimes referred to as the Gonsalves Bill) states:

- "A county which provides services through its appropriate departments, boards, commissions, officers or employees, to any city pursuant to contract or as authorized by law, shall charge the city all those costs which are incurred in providing the services so contracted or authorized. A county shall not charge a city contracting for a particular service, either as a direct or an indirect overhead charge, any portion of those costs which are attributable to services made available to all portions of the county, as determined by resolution of the board of supervisors, or which are general overhead costs of operation of the county government. General overhead costs, for the purpose of this section, are those costs which a county would incur regardless of whether or not it provided a service under contract to a city. Any determination of general overhead costs shall be subject to court review as to the reasonableness of such determination."

From the statement above, it is clear that there are two conditions that must be met before a county can make a legitimate charge to a city. First, the service must be one that is provided only to the contract city or cities, and not to non-contract agencies or unincorporated areas. A recent opinion from Los Angeles County Counsel concludes that the only services that a sheriff must statutorily offer countywide are jail operations, prisoner transportation, court services, civil

defense and riot suppression. Secondly, it must be a cost that the county incurs only because of its contracts with cities.

In addition, Board Policy B-3, Contract Services to Cities, specifically authorizes county departments to contract with cities:

- "The Board of Supervisors may, upon the request of the City Council of an incorporated city, provide specific County service to such city under terms, conditions and rates set forth in a contract to be executed between both agencies. Rates for contract cities shall be reviewed from time to time by the County Auditor-Controller."

The sheriff's department submits proposed rates to the Auditor-Controller for review annually. The process by which these rates are developed is long and thorough. The equivalent of about four full-time staff in the sheriff's department are devoted solely to the administration of these contracts, and their salaries and benefits are charged to the contract agencies. The 2003-04 rate development package is 125 pages long and includes 11 exhibits and 25 tables, with details on each station and vehicle. The sheriff holds quarterly meetings with representatives from contract cities to review rate-related issues, and regularly updates a contracts manual for each of those cities.

The other applicable Board Policy is B-4, Rates Charged for Current Services, which includes the statement:

"Charges should recover actual costs of providing the services unless the Board of Supervisors sets the charge at a lesser amount."

### **Contract Contents**

A standard template is used to develop each five-year contract for law enforcement services. Each contract includes an attachment detailing the level of service to be provided, and specifies that rates will be adjusted periodically. Typically, rates are set during the third quarter of the fiscal year and made retroactive to the beginning of that year.

County Counsel approves each contract as to form before it is placed on the Board of Supervisor's agenda. Minor changes to the agreements may be made without Board approval through Memoranda of Understanding between the City and the sheriff.

Other provisions in the standard contract include:

- The County agrees to provide all investigative support necessary to complete criminal investigations under the contract.
- Contract agencies must participate in the County's records management system.
- Contract agencies must participate in the Cal-ID program.

- The County may impose booking fees on the contract agency.
- The City will be billed for field training costs of any deputies hired to increase the level of service in the contract.
- The County will not charge the City for services it would provide to any city in the County free of charge.
- Costs billed will not include expense items attributable to services normally available to all territory of the County.

Currently, the patrol rate is \$92.68 per hour for a fully-supported deputy sheriff. This rate includes salary, benefits, supervision, support staff, and the overhead components discussed later in this report. Given that the average salary for a deputy is \$27.75 per hour, about 70% of the contract rate goes toward benefits, overtime, support and overhead.

### **Comparison with Los Angeles County**

In mid-April, two Los Angeles County Supervisors questioned whether Sheriff Lee Baca was recovering from 40 contract cities the full costs of providing them law enforcement services. The same question was reviewed a year earlier by the Los Angeles Auditor-Controller, who, May 2003, made eight recommendations for improvement. That report points out a number of differences between Los Angeles and Riverside County practices with regard to city contracts (and commends Riverside for its practices). For example:

- Current contracts in Los Angeles do not provide detail on the service levels to be provided to each city; Riverside's contracts do.
- Changes to service levels that are made during a contract period have not been handled as formal contract amendments in Los Angeles; in Riverside, they are.
- In Los Angeles, patrol staff do not code timecards specifically to contracts or unincorporated area tasks; in Riverside, they do.
- Los Angeles contract cities are billed monthly for 1/12 of the annual contract amount, not for actual patrol hours and services, as in Riverside.

While Los Angeles has been undisciplined in its current and past practices, that County is making improvements to its contracting procedures for the coming fiscal year. Riverside, by comparison, maintains careful documentation of contract charges and has for quite some time.

A study just released by the Los Angeles County Administrative Office recommends improvements in billing methods, and also asks the county auditor to review the sheriff's support units to determine whether costs now excluded

from contract city rates should continue to be excluded. In that regard, Los Angeles and Riverside are pursuing a similar goal.

### **Comparison with Other Counties**

Analysts in the administrative offices in other counties were surveyed in May, to determine their practices with regard to charging contract cities. The Executive Office received responses from 11 other counties that have contracts with cities. Some of the findings included:

- In San Bernardino County, captain positions assigned to serve only contract cities are charged to the cities; Riverside has none that are exclusively assigned to serve contracts.
- In Santa Clara County, 100% of the costs of captain positions assigned to cities are recovered from those cities.
- No county reported ever having been subjected to court review of the reasonableness of its determination of general overhead costs (although GC 51350 allows for this).
- In two small counties, jail booking fees are not charged to contract cities (in Riverside, they are).
- In Sonoma County, 4% of the cost of an assistant sheriff position is charged to contract cities; this is the only county that indicated cost recovery specifically for a position at this level.
- Most of the counties surveyed charge contract cities for a share of dispatch services, as does Riverside.
- Several counties charge cities for portions of their Forensic Services, Central Homicide and Special Investigations units.
- Some counties charge a flat percentage for overhead costs (i.e., 7%, 25%) on each direct service dollar attributed to contract service.
- In Sonoma County, direct costs of investigations are charged to the city in which the offense occurred.

There are several ways of structuring contract agreements between sheriff's departments and cities, making precise comparisons difficult. Sacramento County appears to be most similar to Riverside in its contract practices.

### **Defining General Overhead**

The State Controller of California defines "overhead" as follows:

"Those elements of cost necessary in the performance of a service which are of such a nature that the amount applicable to the service cannot be determined accurately or readily. Usually they relate to those objects of expenditure which do not become an integral part of the finished service such as rent, heat, light, supplies, management, supervision, etc."

In Riverside, costs that can be determined readily are included in the contract rate. For example, the charges for janitorial services to be allocated to each contract are calculated from the actual prior year costs for each station, times the percent of space used by each agency served from that station.

Cost elements that are less readily available are calculated on a pro rata basis, in keeping with Federal OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, that defines "Indirect Costs" as follows:

"Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to Federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefitted cost objectives...Because of the diverse characteristics and accounting practices of governmental units, the types of costs which may be classified as indirect costs cannot be specified in all situations. However, typical examples of indirect costs may include certain State/local-wide central service costs, general administration of the grantee department or agency, accounting and personnel services performed within the grantee department or agency, depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, etc."

For example, sheriff administrators spread the total costs of operating the sheriff's records management system of hardware and software to each agency and the unincorporated area in proportion to the number of calls for service an agency had in the prior full year. Similarly, there is a logical basis, included in the contract rate package, for allocating each of these non-personnel line items:

800 MHz system	Firearms
Arbitration services	Flashlights, batteries & bulbs
Audiovisual expense	GIS services
Auditing & accounting	Handcuffs
Books & publications	Interpreters & translators
Cleaning supplies	Laundry service
Communications equipment & maintenance	Legal publications
Computer consultants	Liability insurance
Computer supplies	Locks & keys
Computers & computer lines	Motor vehicle maintenance
Copier maintenance	OASIS charges
County delivery service	Office equipment
County support services (COWCAP)	Office equipment maintenance
Equipment lease & rentals	Office supplies
Fingerprinting services & supplies	Pager service
Fire system maintenance	Personal hygiene supplies
	Personnel services

Photocopying  
 Physicals  
 Postage & mailing  
 Pre-employment services  
 Printing & binding  
 Professional services  
 Property insurance  
 Protective gear  
 Radio supplies  
 Safety supplies

Small hardware  
 Software maintenance  
 Storage rental  
 Subscriptions  
 Telephone service  
 Temporary help  
 Towing non-dept. vehicles  
 Truck & bus maintenance  
 Uniforms

Most are allocated in proportion to the number of staff assigned to each station or contract. In the case of a cost like firearms, the allocation would be derived from the proportion of sworn staff serving a contract. With costs like telephone service, the allocation would be based on the total number of personnel, including non-sworn, based on the assumption that all employees use the telephone.

Dispatch services, accounting services, technical services, personnel recruiting, field training and information services are all covered, in part, through the contract rates. Below is a chart showing the current cost of each of these:

Components of Productive Hourly Rate for Contract Deputy	
Average salary	\$27.75
Adjustment for 1,780 annual productive hours	6.56
Benefits	9.32
Premium pay	7.57
Sworn supervision	21.81
Support staff	6.87
Administration	.85
Personnel Recruiting	.64
Information Services	.66
Central Dispatch	8.09
Accounting & Finance	.57
Technical Services	.56
County Support (COWCAP)	.47
Field Training	.96
<b>TOTAL Cost per Hour:</b>	<b>\$92.68</b>

In addition, cities are charged \$0.75 per mile for black-and-white patrol units, and \$0.54 for plain vehicles. Some cities pay for entire station facilities as well.

Patrol overhead costs that are not charged to contracts include the following:

Specialized Investigation Bureau  
 Aviation program  
 Hazardous Device Team

Disaster Response Team  
High-Tech Crime Unit  
Forensic Services (evidence handling)  
Clark Training Center  
Grants Unit

These costs, discussed individually below, should be the focus of any attempts to recover additional revenue from cities. They are services provided to cities on an "as needed" basis. Not included for discussion are the Homeland Security Team, which is grant-funded and focused on the unincorporated area; the Riverside Automobile Interdiction Detail, which is State-funded; the Crime Analysis Unit, which serves only unincorporated areas unless cities pay additional for the service; or the Dispatch Telephone Report Unit, which serves only the unincorporated areas. Functions with costs that may be recoverable include:

Specialized Investigation Bureau – SIB is a \$5+ million program responsible for major narcotics investigations, criminal intelligence gathering, and vice investigations. Although some sheriffs charge cities for the costs of general investigations, Riverside's does not. In theory, crimes solved in any area of the County have a potential deterrent effect on other areas. Most of Riverside's contract cities are surrounded by unincorporated area, and criminals are not known to respect boundary lines. While it would be unadvisable to limit service only to those areas that could afford to fund it, there may be a threshold level of service beyond which an agency should and could be charged. It would also be helpful to know the extent to which cities and unincorporated areas are most served by these investigations.

Aviation program – Several aircraft support patrol operations, surveillance, fires and search-and-rescue operations, costing over \$2 million annually. While asset forfeiture funding has traditionally been directed toward this program, it may be appropriate instead to consider sharing the costs with all agencies that need it, and freeing up those funds for other law enforcement purposes.

Hazardous Device Team – This team renders safe explosives, provides technical expertise on bombs and related devices, and offers educational programs to unincorporated area audiences. This and the City of Riverside's small unit are the only two in this county. Annual personnel costs for this function total over \$600,000.

Forensic Services – Crime scene photography, diagramming, fingerprint collection and other functions related to crime scene processing are provided by these two units, in the eastern and western county. Personnel costs total over \$1.6 million annually. Some contract cities pay for additional personnel to assist with evidence processing.

Clark Training Center – Sixty percent of the costs of this training facility, approximately \$2.3 million per year, are borne by the county general fund. Training programs are offered to fire, corrections and support staff as well to patrol deputies. Contract cities pay for specialized training attended by their deputies.

Grants Unit – This three-person unit tracks relevant legislation, and identifies, applies for and monitors funding from granting agencies such as the federal and state government. While the focus is on funding for the unincorporated area, information is also shared with eligible contract agencies. This is a function that would likely exist even without city contracts, and is therefore appropriately excluded from rate calculations.

A recent opinion by the Los Angeles County Administrative Office asserts that costs of offices of the sheriff, undersheriff and assistant sheriff, as well as the sheriff's headquarters, are strictly "general overhead," as they are made available to all portions of the county by State law. As such, those costs would not be recoverable from contract agencies. LACAO was unable to determine, however, whether functions such as training, forensics and special investigations should be allocated to contract agencies, and will be studying these issues further over the next year. Riverside County's review should also focus on these specialized functions.

### **Recovering Costs of Managers**

There are no accepted guidelines on the number or type of managers needed in law enforcement agencies. A 2003 survey of California counties asked management analysts for information on high-level staff in sheriff's departments. Of the 17 counties that responded, Riverside had the second-highest number of staff at the captain level or above (Santa Barbara County, with 220 fewer staff, had 6 more managers). San Diego County, with 850 more people in its department, had 3 fewer managers. Sacramento County Sheriff, with 840 fewer staff, had 12 fewer managers. It appears that there is little consistency among departments in the ratio of managers to total staff.

It is easy to understand that a sheriff position would be needed regardless of the size of the department. Furthermore, the sheriff is available to all portions of the County, and it would therefore be inappropriate to try to recover the costs of his salary and benefits from any other agency. However, the sheriff's department has one undersheriff, three assistant sheriffs, an executive officer, seven chief deputies and 11 patrol captains whose annual salaries and benefits will total over \$3.4 million in FY 2004/05. The sheriff makes no attempt to recover any of these costs from contract cities. The relationship between the complexity and size added by contracts, and the need for additional administrators, is not well established. In the past, high-level staffing has grown in only rough

proportionality to the rest of the department. Any future growth in managerial staff that is proposed, however, should be evaluated to determine whether contract agencies are responsible for, or will benefit from, this oversight.

While traffic services are not a sheriff's function in the unincorporated areas (California Highway Patrol fills this need), they are typically included in city contracts. The ability to oversee traffic-related issues would not be needed if the sheriff had no contracts with cities, yet because of the contracts, higher-level sheriff's personnel must develop this knowledge...without any direct compensation from the cities that benefit.

The role of most captains in the patrol unit includes serving as police chief to one or more contract cities, yet those cities pay no direct costs of that service. While all of the higher-level personnel may be theoretically available to serve all portions of the county, captains are largely focused on particular stations or regions. One wonders what might happen if unincorporated area patrol were severely affected by budget reductions, and captain positions were frozen or eliminated; it seems doubtful that a contract city would find it acceptable to suddenly have no police chief. By gathering additional data on the actual time spent by captains on their contract city assignments it would be possible to determine the extent to which they should be at least partially chargeable to contract cities.

### **Recovering Costs of Pension Liabilities**

In consideration of Item 16.4 of the May 25, 2004 agenda (Pension Advisory Review Committee Report), the Board of Supervisors requested that the Committee review the impact of contract cities on unfunded pension liabilities. That issue has been taken up by the Pension Advisory Review Committee. Those findings will be presented to the Board at a later time.

### **Accounting structure**

With contract and unincorporated patrol services in the same budget and accounting unit, it is sometimes difficult to isolate the costs of each. Were they separated, however, as in the Fire Department, it would be readily discernable if expenditures and revenues for contract cities did not balance. These additional benefits would also result:

- Actual costs and revenues, by individual city contract, could be tracked within the financial system.
- Estimates of the net county costs of proposed benefits could become more precise, because a large share of the costs to be passed on to other agencies would already be removed.

- When hiring is frozen, it would be possible to give a blanket exemption to contract city personnel, because those positions would be more easily identifiable.
- Trends in unincorporated area staffing and expenditures would be easier to detect.

As the sheriff moves toward isolating contract functions in a separate budget unit, sheriff's administrators should be encouraged to examine the contract accounting practices of other agencies, to determine which, if any, may be applicable here.

### **Mutual Aid**

Riverside County, like other local agencies, is bound by Government Code 8615 to assist other agencies in the event of an emergency. However, the line between providing mutual aid to another agency and providing a countywide service is not entirely clear. For example, the County of Riverside has traditionally considered its helicopter fleet as a countywide resource, but as the City of Riverside has its own helicopters it would be uncommon for it to rely on the county sheriff's. Cities without aircraft are more likely to call on the sheriff's resources, yet they pay nothing for this service. A similar situation exists with forensic and investigative services, which small cities may not have although larger ones do. In essence, small cities and contract cities receive the services from County taxpayers for free, while larger incorporated cities pay for their own.

It may be good public policy for the sheriff to provide crime-fighting services to those who cannot afford them, but the Board of Supervisors should be aware when this is occurring. Although mutual aid contributes to regional safety, it is possible that an agency could overuse the service. It may be beneficial to consider establishing baseline levels of service (e.g., up to 10 hours of helicopter support per year) that would be provided free of charge, as well as a rate to be charged if the baseline is exceeded.

### **Conclusion**

Contracts between the sheriff and incorporated cities should be viewed as a "win-win" arrangement for both. Cities benefit by drawing on the collective experience, diversity and resources of a large law enforcement agency. The County benefits from being a larger agency, with greater visibility and faster response times to unincorporated areas. Furthermore, uniform practices in the County and its contract cities lead to greater efficiency and effectiveness in the regional effort to provide safe communities. Encouraging a cooperative spirit among agencies can become difficult if too much emphasis is placed on full cost recovery. However, in these especially unpredictable financial circumstances, full cost recovery must, unfortunately, be made a priority.

By providing a great amount of rate detail to the contract agencies, Riverside's sheriff does not draw the sort of criticism directed at the Los Angeles Sheriff's Department, and should be commended for a clear and consistent approach. The issue that remains is that of determining which services are provided largely as a result of contractual agreements, and what amount should be charged for those services. Additional data must be gathered before that determination can be made. The recommendations on Attachment A attempt to address this issue.

## **Attachment A**

### **Recommendations**

- 1) That the contract rates adopted by the Board on February 24, 2004 remain in effect for FY 2003/04.
- 2) That, as part of the rate development process for FY 2004/05, the Sheriff conduct time studies of patrol captain positions to determine the percentage of time spent on contract services, and develop a contract rate for those services, with the intent of recovering costs.
- 3) That any administrative or executive-level positions proposed for addition to the Sheriff's Department be analyzed to determine the impact of contracts on that workload.
- 4) That the Sheriff begin tracking data on investigations and forensic services to show where such crimes have originated (in which city or unincorporated area).
- 5) That the Sheriff compile information from flight logs and other documents to determine the proportion of air time being spent in each city and unincorporated area.
- 6) That, in development of the FY 2004/05 contract rates, the Sheriff propose additional cost recovery mechanisms for forensic services, aviation, Clark Training Center, Specialized Investigations Bureau and the Hazardous Device Team.
- 7) That Sheriff's Department administrators develop a plan for moving Sheriff's contract services to a discrete budget and accounting unit in FY 2005/06.
- 8) That the Riverside County Executive Office and Sheriff's Department monitor the ongoing Los Angeles County review of contract law enforcement cost recovery efforts, to determine the applicability of that county's findings to Riverside County practices.