WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

March 19, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

SHERIFF PATROL SERVICES
ALL DISTRICTS
(3 VOTES)

SUBJECT

This is a joint Chief Executive Officer and Auditor-Controller Board letter recommending that the Board approve and instruct the Chief Executive Officer and the Auditor-Controller to replace the Sheriff Patrol Budget Unit in Fiscal Year 2013-14 with the following new budget units: Unincorporated Area Patrol Services, Contract Patrol Services, Specialized and Unallocated Patrol Services, and Patrol Clearing Account. Further, it is recommended that the Sheriff, Chief Executive Officer, and Auditor-Controller modify existing budgeting and accounting practices accordingly, including but not limited to, annual development of a mutually agreed upon patrol service level and an invoice process that delineates patrol services provided by the Sheriff. The Board letter further requests the Sheriff to implement the budgeting and accounting enhancements recommended in the Auditor-Controller's January 25, 2013 report to the Board.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Chief Executive Officer and the Auditor-Controller to replace the Sheriff Patrol Budget Unit in Fiscal Year 2013-14, with the following four (4) new budget units: Unincorporated Area Patrol Services, Contract Patrol Services, Specialized and Unallocated Patrol Services, and Patrol Clearing Account.

2. Approve and instruct the Chief Executive Officer to budget State Proposition 172 revenue to fully finance the Unincorporated Area Patrol Services Budget Unit.

3. Request the Sheriff to work with the Chief Executive Officer and the Auditor-Controller to modify

existing budgeting and accounting practices so that Fiscal Year 2013-14 actual patrol expenditures and revenues are recorded in a manner that is consistent with the four (4) new budget units.

4. Request the Sheriff to annually provide the Chief Executive Officer with a mutually agreed upon Service Level Plan that includes a Service Level Authorization Form and a Sheriff Deployment Form for the unincorporated areas of Los Angeles County, beginning in FY 2013-14.

5. Request the Sheriff, the Chief Executive Officer and the Auditor-Controller to develop a monthly invoice process, which covers all patrol services performed during the monthly period within the County unincorporated areas.

6. Request the Sheriff to implement the various budgeting and accounting enhancements recommended in the Auditor-Controller's January 25, 2013 report, and report back to the Board in collaboration with the Chief Executive Officer in 90 days with an Implementation Plan.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In an effort to achieve greater transparency and budget accountability of Sheriff patrol services, the Chief Executive Officer (CEO) and the Auditor-Controller (A-C) are recommending the replacement of the Sheriff Patrol Budget Unit with four (4) new budget units financed by Proposition 172 revenues in Fiscal Year (FY) 2013-14:

- Unincorporated Area (UA) Patrol Services Budget Unit

- Contract Patrol Services Budget Unit

- Specialized and Unallocated Patrol Services Budget Unit

- Patrol Clearing Account Budget Unit

The CEO and the A-C are further recommending that the Board request the Sheriff, the CEO, and the A-C to modify existing budgeting and accounting practices accordingly. The four new budget units will be conceptually addressed and further defined by April 2013 in the Recommended Budget and implemented in Final Changes, including establishment of the four (4) budget units in eCAPS.

The CEO and the A-C are also recommending that the Sheriff annually provide the CEO with a mutually agreed upon Service Level Plan (Plan) for the County unincorporated areas beginning in FY 2013-14. The Plan will at a minimum detail the following:

- Scope of Services: To include a Sheriff Station Service Level Authorization Form (Form 575) (Attachment I) and a Sheriff Station Deployment Form (Attachment II) that identifies the number of patrol staff, patrol cars, and work shifts assigned to each Supervisorial District in the County's unincorporated areas.

- Deployment of Personnel: To include an authorized and signed Form 575 and Deployment Form executed by the Sheriff and the CEO, on behalf of the Board of Supervisors, each July 1; and, if necessary, to include any authorized and signed change in level of service requested by the Sheriff or the CEO, as representing the Board, causing a readjustment to the Form 575 and the Deployment Form during the fiscal year.

- Annual Service Level Plan Development: To include any service level adjustments agreed upon by the Sheriff and the CEO, on behalf of the Board of Supervisors, for the following fiscal year. The Plan will be incorporated annually into the Sheriff's Recommended Budget submittal to the CEO for the fiscal year.

- Billing Rates: To include rates for the cost of patrol services as set forth by the A-C, readjusted annually and effective on July 1 of each year.

- Payment Procedures: To include a monthly invoice (Attachment III) covering all services performed during the month. The invoice will be provided from the Sheriff to the County within ten (10) days after the close of each calendar month.

The CEO and the A-C recognize that there are significant challenges to working through the details of the recommendations. However, the CEO and the A-C are committed to working with the Sheriff to find the appropriate budgetary and accounting processes to accomplish monitoring of UAS patrol services.

Furthermore, the CEO and the A-C are recommending that the Board request the Sheriff to implement the budgeting and accounting enhancements recommended in the A-C's January 25, 2013 report to the Board. The implementation of the four (4) budget units is the first step towards addressing the A-C's report recommendations related to improving the reporting of estimated UA patrol services cost. Based on the A-C's recommendations, ultimately, all non-patrol operations allocated within the Specialized and Unallocated Patrol Services Budget Unit will be allocated to the UA, Contract Cities or other contracting agencies. The CEO and the A-C are recommending that the Sheriff provide further details on the implementation of the A-C's Sheriff's Department - Unincorporated Patrol Report to the Board within 90 days.

Implementation of Strategic Plan Goals

The County Strategic Plan directs that the County maximize the effectiveness of processes, structure, and operations to support timely delivery of customer oriented and efficient public services (Goal 1), and that the County strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship (Goal 2). The implementation of the budgeting and accounting changes related to the Sheriff's budget will provide the Board and the Sheriff with a more effective and transparent manner for budget accountability of the Sheriff's patrol service levels and expenditures, particularly as it relates to UA patrol services.

FISCAL IMPACT/FINANCING

The implementation of the four budget units and associated accounting practices are to take affect with the FY 2013-14 Final Changes budget cycle, including the full financing of UA patrol services with Proposition 172 funds. This action does not preclude the Board from using other funds, including Board community program funds, General Funds, State, or federal grants, etc., to provide enhanced Sheriff services to the County's unincorporated areas.

Potential financing impacts, if any, related to the A-C January 25, 2013 report will be addressed in the Implementation Plan prepared by the Sheriff.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 11, 2006, the Sheriff issued Field Operations Directive 06-04, Equitable Distribution of Patrol

Deputy Resources (also referenced as the Patrol Equity Plan). The intent of the directive was to equitably share radio car deputy vacancies and overtime expenditures to fill vacancies between contract city communities and unincorporated communities; and provide a monthly summary of contract city and unincorporated area vacancy percentages to the Sheriff and to the Board of Supervisors for review and accountability.

On January 22, 2013, the Board requested that the Sheriff address the suspension of overtime for UA patrol, effective January 13, 2013. The Sheriff further instructed that the UAs were to absorb all service level cuts. The Board instructed the CEO and the A-C to pursue an outside auditing firm to conduct a forensic audit on the Sheriff's Department budget, (specifically the use of sworn personnel performing civilian duties), and report back their findings upon its conclusion; and further requested that the CEO bring back options in one week to replace the patrol cars that were cut in the UAs, suggesting the utilization of independent private security patrol cars. On January 29, 2013, the CEO provided a memo to the Board regarding the utilization of independent private security patrol cars.

On January 29, 2013, the A-C presented the Sheriff's Department UA Patrol service review and recommendations report, dated January 25, 2013. In that report, the A-C indicated that the Sheriff's estimated UA patrol cost in the FY 2011-12 Recommended Budget of $447.5 million was overstated. The A-C estimated the UA patrol services cost at approximately $402.7 million due to Countywide services that are provided to contract cities, independent cities, and unincorporated areas. The A-C report also indicated that the total cost of Sheriff's services to contract cities/agencies for FY 2011-12 was approximately $552 million, while the total revenue received from contract cities/agencies was $371 million. Furthermore, the report noted that, while the Sheriff notifies the contract cities/agencies of their planned service level and changes to the service level, they do not give the same information to the Board for UA services.

In order to address the issues raised in the A-C report, as well as the Sheriff's suspension of overtime for UA patrol, the Board instructed that:

1. The CEO and County Counsel report back on whether Community Services Districts (CSD) can be created in the unincorporated areas without assessing additional taxes on the people within the CSDs;

2. County Counsel report back to the Board with options for a legally acceptable mechanism that enumerates the expectations for the provision of law enforcement services in the unincorporated areas;

3. The CEO report back in one week on whether or not Proposition 172 revenues can be reallocated from the County's budget to a CSD, or if a State legislative change would be required before the Board could allocate these funds;

4. The CEO and County Counsel reports be comprehensive with solution-oriented recommendations toward budgeting;

5. The CEO, A-C, and County Counsel collaborate to identify the various next components to come forth after County Counsel returns to the Board with his analysis, including the following:

a. The forensic audit on the Sheriff's Department budget as requested by Supervisors Molina and Knabe on January 22, 2013 (Item No. 14-C); and

b. The adoption of the A-C's recommendations, and how they are to be implemented in the overall

report; and

6. Instruct County Counsel to provide a thorough review of the Gonsalves law, which restricts the County from billing certain overhead costs to contract cities.

This Board letter and Attachments I-VI address the following above Board orders:

- Item 1: Creation of CSDs, (in part), refer to Attachment IV;

- Item 4: Solution Oriented Recommendations on Budgeting, addressed in the Board letter with further detail provided in Attachment V; and

- Item 5: Next Components, including the Forensic Audit and Adoption of the A-C's Audit Recommendations and Implementation Plan, addressed in the Board letter with further detail provided in Attachment VI.

County Counsel will report separately on Board order Items 1, 2, and 6. The CEO provided a report to the Board on Item 3 on February 1, 2013.

County Counsel has reviewed the Board letter recommendations.

ENVIRONMENTAL DOCUMENTATION

The proposed action is not a project pursuant to the California Environmental Quality Act (CEQA), because it is an activity that is excluded from the definition of a project by section 15378(b) of the CEQA Guidelines. The budgetary recommendations are an administrative activity of government, which will not result in direct or indirect physical changes to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of the recommendations in the FY 2013-14 budget cycle will clarify Sheriff service levels and expenditure requirements by implementing four (4) budget units: UA Patrol Services, Contract Patrol Services, Specialized and Unallocated Patrol Services, and Patrol Clearing Account. The recommendations, as set forth, will also allow the Sheriff and the Board to monitor budgetary requirements for patrol services more effectively.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WENDY L. WATANABE
Auditor-Controller

WTF:RLR:DSP
JO:acn

Enclosures

c: Sheriff
Executive Office, Board of Supervisors
County Counsel

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT

CONTRACT CITY LAW ENFORCEMENT SERVICES

Service Level Authorization

ORIGINAL

CITY: ***Santa Clarita***

FISCAL YEAR: ***2010 - 2011*** **EFFECTIVE DATE:** ***7/1/2010***

CODE #	SERVICES	TOTAL SERVICE UNITS PURCHASED NEW	PREVIOUS	CHANGE	CONTRACT LAW USE ONLY
	DEPUTY SHERIFF SERVICE UNIT				
306	40 Hour	11.0000	11.0000	0.0000	
307	56 Hour	25.0000	25.0000	0.0000	
308	70 Hour	0.0000	0.0000	0.0000	
310	Non-Relief	14.0000	14.0000	0.0000	
	DEPUTY SHERIFF SERVICE UNIT (BONUS LEVEL)				
301	40 Hour	0.0000	0.0000	0.0000	
302	56 Hour	0.0000	0.0000	0.0000	
303	70 Hour	0.0000	0.0000	0.0000	
305	Non-Relief	5.6000	5.6000	0.0000	
	GROWTH DEPUTY, UNITS (Non-Relief Only)				
335	Deputy	0.0000	0.0000	0.0000	
358	Deputy (with a dedicated vehicle)	0.0000	0.0000	0.0000	
336	Deputy, B-1	0.0000	0.0000	0.0000	
359	Deputy, B-1 (with a dedicated vehicle)	0.0000	0.0000	0.0000	
	GRANT UNITS (Non-Relief Only)				
383	Deputy	0.0000	0.0000	0.0000	
360	Deputy (with a dedicated vehicle)	0.0000	0.0000	0.0000	
384	Deputy B-1	0.0000	0.0000	0.0000	
361	Deputy B-1 (with a dedicated vehicle)	2.0000	2.0000	0.0000	
	SUPPLEMENTAL POSITIONS (Non-Relief Only)				
342	Lieutenant	0.0000	0.0000	0.0000	
353	Sergeant (SAO)	1.9000	1.9000	0.0000	
348	Sergeant (Motor)	0.0000	0.0000	0.0000	
354	Watch Deputy	0.0000	0.0000	0.0000	
305	Motor Deputy	3.0000	3.0000	0.0000	
325	CSA	2.0000	2.0000	0.0000	
347	Security Officer	0.0000	0.0000	0.0000	
340	Law Enforcement Tech	0.0000	0.0000	0.0000	
343	Operations Asst I	0.0000	0.0000	0.0000	
344	Operations Asst II	0.0000	0.0000	0.0000	
345	Operations Asst III	1.0000	1.0000	0.0000	
351	Stn Clerk II	0.0000	0.0000	0.0000	
329	Crime Analyst	0.0000	0.0000	0.0000	
331	Custody Assistant	0.0000	0.0000	0.0000	
	Other (Need to insert cost on Pg 2)	0.0000	0.0000	0.0000	
ATTN:	Routine City Helicopter Billing Agreement (Indicate)	YES	NO		

HOURS OF SERVICE & ESTIMATED CHARGES

CITY: Santa Clarita 7/1/2010

SERVICE UNITS	UNIT COST			LIABILITY @ 4%	TOTAL COST	YEARLY HOURS PER SERVICE UNIT		ANNUAL GOAL (MINUTES)	PERSONNEL REQUIRED
DEPUTY SHERIFF SERVICE UNIT									
40 Hour	$232,333	11	2,555,663.00	102,226.52	2,657,889.52	2086	22,946	1,376,760	12.8260
56 Hour	$325,266	25	8,131,650.00	325,266.00	8,456,916.00	2920	73,000	4,380,000	40.8000
70 Hour	$406,583	0	0.00	0.00	0.00	3650	0	0	0.0000
Non-Relief	$211,212	14	2,956,968.00	118,278.72	3,075,246.72	1789	25,046	1,502,760	14.0000
DEPUTY SHERIFF SERVICE UNIT (BONUS LEVEL)									
40 Hour	$241,642	0	0.00	0.00	0.00	2086	0	0	0.0000
56 Hour	$338,299	0	0.00	0.00	0.00	2920	0	0	0.0000
70 Hour	$422,673	0	0.00	0.00	0.00	3650	0	0	0.0000
Non-Relief	$219,674	5.6	1,230,174.40	49,206.96	1,279,381.38	1789	10,018	601,104	5.6000
GROWTH DEPUTY UNITS (Non-Relief Only)									
Deputy	$144,976	0	0.00	0.00	0.00	1789	0	0	0.0000
Deputy (with dedicated vehicle)	$164,548	0	0.00	0.00	0.00	1789	0	0	0.0000
Deputy, B-1	$153,094	0	0.00	0.00	0.00	1789	0	0	0.0000
Deputy B-1 (with dedicated vehicle)	$172,666	0	0.00	0.00	0.00	1789	0	0	0.0000
GRANT UNITS (Non-Relief Only)									
Deputy	$144,976	0	0.00	0.00	0.00	1789	0	0	0.0000
Deputy, (with dedicated vehicle)	$164,548	0	0.00	0.00	0.00	1789	0	0	0.0000
Deputy B-1	$153,094	0	0.00	0.00	0.00	1789	0	0	0.0000
Deputy B-1 (with dedicated vehicle)	$172,666	2	345,332.00	13,813.28	359,145.28	1789	3,578	214,680	2.0000
SUPPLEMENTAL POSITIONS (Non-Relief Only)									
Lieutenant	$226,346	0	0.00	N/A	0.00	1789	0	0	0.0000
Sergeant (SAO)	$188,397	1.9	357,954.30	N/A	357,954.30	1789	3,399	203,946	1.9000
Sergeant (Motor)	$199,471	0	0.00	0.00	0.00	1789	0	0	0.0000
Watch Deputy	$150,322	0	0.00	0.00	0.00	1789	0	0	0.0000
Motor Deputy	$219,674	3	659,022.00	26,360.88	685,382.88	1789	5,367	322,020	3.0000
CSA	$52,819	2	105,638.00	4,225.52	109,863.52	1789	3,578	214,680	2.0000
Security Officer	$86,854	0	0.00	0.00	0.00	1789	0	0	0.0000
Law Enforcement Tech	$78,756	0	0.00	0.00	0.00	1789	0	0	0.0000
Operations Asst I	$72,273	0	0.00	N/A	0.00	1789	0	0	0.0000
Operations Asst II	$89,776	0	0.00	N/A	0.00	1789	0	0	0.0000
Operations Asst III	$102,807	1	102,807.00	N/A	102,807.00	1789	1,789	107,340	1.0000
Stn Clerk II	$66,844	0	0.00	N/A	0.00	1789	0	0	0.0000
Crime Analyst	$100,586	0	0.00	N/A	0.00	1789	0	0	0.0000
Custody Assistant	$88,395	0	0.00	0.00	0.00	1789	0	0	0.0000
Other (Need to insert cost in next column)		0	0.00	N/A	0.00	1789	0	0	0.0000

ESTIMATED COST FOR SERVICE UNITS ** $16,445,206.70

LIABILITY @ 4% = $639,377.90

TOTAL ESTIMATED COST $17,084,586.60

	HOURS	MINUTES	PERSONNEL
DEPUTY	126,359	7,581,540	70.6260
DEPUTY, B-1	13,596	815,784	7.6000
LT/SERGEANT	3,399	203,946	1.9000
CSA	3,578	214,680	2.0000
CIVILIAN	1,789	107,340	1.0000

71 DEPS
8 B-1
2 SGT
2 CSA
1 CIV

SH-AD 575 (REV. 4/10)

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT

CONTRACT CITY LAW ENFORCEMENT SERVICES

DEPLOYMENT SURVEY

EFFECTIVE DATE: 7/1/2010 City: Santa Clarita

SERVICE UNIT	TOTAL UNITS PURCHASED	DEPLOYMENT										TOTAL UNITS ASSIGNED
		GENERAL LAW			TRAFFIC LAW			DEP MOTOR	SPECIAL ASSIGN.	D.B.	TEAM LDR	
		EM	DAY	PM	EM	DAY	PM					
DEPUTY, GENERALIST												
40 Hour	11	1	1	2		2	5					11
56 Hour	25	7	5	7	2	2	2					25
70 Hour	0											0
Non-Relief	14			4		2	1		7			14
Motor	3							3				3
DEPUTY, BONUS I												
40 Hour	0											0
56 Hour	0											0
70 Hour	0											0
Non-Relief	5.6								4.6	1		5.6
GROWTH DEPUTY												
Deputy	0											0
Deputy, Dedicated Veh.	0											0
B-1	0											0
B-1, Dedicated Veh.	0											0
GRANT DEPUTY												
Deputy	0											0
Deputy, Dedicated Veh	0											0
B-1	0											0
B-1, Dedicated Veh.	2								2			2

*NOTE License Detail is billed on an hourly basis and billed monthly as service is provided.

License Detail processes business license & renewal applications: No

License Detail acts on violations observed within the city: No

REPORT PREPARED BY: Sgt. Susan Vaziri, Contract Law Enforcement Bureau DATE: June 1, 2010

APPROVED BY: STATION COMMANDER DATE: 06/30/10

CITY APPROVAL BY: CITY OFFICIAL "I certify that I am authorized to make this change on behalf of the City" DATE: 6/29/10

PROCESSED AT CLEB BY: DATE: 07-01-10

	YES	NO
BILLING MEMO REQUIRED:	X	
(PERSONNEL TRANSACTION REQUEST) "PTR" REQUIRED:		X
MINUTE PROGRAM:		X

SH-AD 575 (REV. 4/10)

SAMPLE

ATTACHMENT II

Sheriff's Department
Unincorporated Area Patrol
(Unincorporated Area Name) Planned Service Level
FY 2013-14
Standard Patrol and Special Teams 7 days/week

Shift	Cars per Shift	Deputies per Car	Total Deputies Per Shift
10/11pm-6/7am (EM)	5	2	10
6/7am-2/3pm (AM)	5	1	5
10am-6pm (overlap)	3	1	3
2/3pm-10/11pm (PM)	5	2	10
6pm-2am (overlap)	3	2	6
Varies	4	2	8
Totals Per Day	**25**		**42**

Sheriff's Department
Unincorporated Area Patrol
(Unincorporated Area Name) *Service Level and Invoice
FY 2013-14

Shift	Cars per Shift	Deputies per Car	Total Deputies Per Shift
10/11pm-6/7am (EM)	5	2	10
6/7am-2/3pm (AM)	5	1	5
10am-6pm (overlap)	3	1	3
2/3pm-10/11pm (PM)	5	2	10
6pm-2am (overlap)	3	2	6
Varies (Special Teams)	4	2	8
Totals Per Day	**25**		**42**

	Days	Cars	Daily Cost	Compliance Level %
Feb-13	1	22	$--	87.29%
	2	17	$--	67.88%
	3	17	$--	69.64%
	4	24	$--	94.70%
	5	28	$--	113.02%
	6	29	$--	116.42%
	7	36	$--	145.25%
	8	24	$--	95.31%
	9	21	$--	85.29%
	10	18	$--	71.85%
	11	25	$--	100.36%
	12	28	$--	112.75%
	13	33	$--	133.92%
	14	35	$--	139.21%
	15	25	$--	101.43%
	16	20	$--	79.16%
	17	20	$--	81.16%
	18	22	$--	87.85%
	19	29	$--	116.43%
	20	35	$--	140.57%
	21	36	$--	144.59%
	22	23	$--	91.73%
	23	18	$--	72.26%
	24	18	$--	70.83%
	25	28	$--	112.23%
	26	26	$--	105.09%
	27	31	$--	123.88%
	28	34	$--	134.62%
	Totals		**$--**	**97.33%**

* or station name, if multiple unincorporated areas are served by one station.

ATTACHMENT IV

CREATION OF COMMUNITY SERVICES DISTRICTS

Board Order: Report back on whether Community Services Districts (CSD) can be created in the unincorporated areas without assessing additional taxes on the people within the CSDs.

Recommendation

At this time, the Chief Executive Office (CEO) is not recommending moving forward with a CSD. The CEO and the Auditor-Controller are proposing the establishment of an Unincorporated Area Services Patrol budget unit as a more efficient and timely solution to monitor service levels and manage unincorporated area expenditures.

Background on CSDs

CSDs are a form of independent local government used to provide public services and facilities. The law governing CSDs (Government Code §61000-61226.5) was created as an alternate form of governance for single purpose special districts and city incorporation.

A CSD is initiated either by a petition of registered voters or by a resolution of the Board of Supervisors, and requires approval by the Local Agency Formation Commission (LAFCO) for the County of Los Angeles. A CSD may be authorized to provide a wide variety of services including police services, water, garbage collection, wastewater management, security, fire protection, public recreation, street lighting, mosquito abatement, conversion of overhead utilities to underground utilities, library services, ambulance services, and graffiti abatement.

Residents elect a board of local residents to oversee CSD management and operations. Once approved, the CSD will take over the functions it is authorized to provide within its territory from the cities, county, and/or special districts previously providing those functions.

When a CSD exists, a portion of the 1 percent property tax levy is distributed to the CSD as determined by LAFCO, to pay for the services provided by the CSD. In addition, CSDs are able to raise revenues independently through special taxes and collect revenue in other ways, as well as through charges for services. CSDs with public safety functions may receive Proposition 172 allocations from their local County.

ATTACHMENT V

SOLUTION-ORIENTED RECOMMENDATIONS ON BUDGETING

Board Order: Report on comprehensive solution-oriented recommendations toward budgeting.

Recommendations

The Fiscal Year (FY) 2012-13 Final Budget appropriated over $2.7 billion to the Sheriff's Department, and was allocated among eight (8) budget units. Appropriations for the Patrol Budget Unit were $842 million, or 31 percent, of the total Sheriff's budget. The existing Patrol Budget Unit is designed to fund contracted and unincorporated areas' patrol services, along with specialized law enforcement services and overhead costs that are not billed.

To improve the clarity of services funded by the existing Patrol Budget Unit, the Chief Executive Officer (CEO) and the Auditor-Controller (A-C) are recommending the following:

1. Replace the Patrol Budget unit with four (4) new budget units:

   - Unincorporated Area Services
   - Contract Patrol Services
   - Specialized and Unallocated Patrol Services
   - Patrol Clearing Account

   If the Board of Supervisors (Board) supports this recommended action, it would be conceptually addressed in the Recommended Budget and implemented in Final Changes for the FY 2013-14 County Budget. The new budget units are designed to provide greater transparency over patrol funding. Further, the budgeted appropriation would be linked to patrol minutes supported by a Board approved service level that would be monitored by the CEO.

2. Establish State Proposition 172 revenues as the funding source appropriated for unincorporated areas' patrol. This provides a budgetary option to eliminate budgeted net County cost that is currently associated with patrol services to unincorporated communities. However, this action does not preclude the Board from using other funds, including Board community program funds, General Funds, State or federal grants, etc., to provide enhanced Sheriff services to the County's unincorporated areas if it so chooses.

3. Request that the Sheriff work with the CEO and the A-C to modify existing budgeting and accounting practices so that FY 2013-14 actual patrol

expenditures and revenues are recorded in a manner that is consistent with the four (4) new budget units, if they are adopted.

4. Request the Sheriff to annually provide the Chief Executive Officer with a mutually agreed upon Service Level Plan that includes a Service Level Authorization Form and a Sheriff Deployment Form for the unincorporated areas of Los Angeles County, beginning in FY 2013-14.

5. Request the Sheriff, the Chief Executive Officer and the Auditor-Controller to develop a monthly invoice process, which covers all patrol services performed during the monthly period within the County unincorporated areas.

6. Request the Sheriff to implement the various budgeting and accounting enhancements recommended in the Auditor-Controller's January 25, 2013 report, and report back to the Board in collaboration with the Chief Executive Officer in 90 days with an Implementation Plan.

Alternative Option

The CEO and the A-C considered establishing an unincorporated area claiming/certification process to ensure that resources allocated by the Board to the Sheriff for unincorporated area patrol services would be distributed to the Sheriff's patrol stations in a more controlled approach. However, there were a number of reasons that this option would not be recommended at this time:

- This methodology is a preferred option for allocating funds on a periodic basis, e.g., quarterly, when a new program with unfilled positions is being established and there is uncertainty regarding the appropriation level required to provide services.

- This methodology would require placing funding in a trust or holding account. The County depends on the timely deposit of all State Proposition 172 funds into the General Fund when received, and any delay affects the County's cash flow.

- Bond rating agencies and investors in County notes have historically relied upon the timeliness of State Proposition 172 cash flows each month.

ATTACHMENT VI

NEXT COMPONENTS: FORENSIC AUDIT AND ADOPTION OF THE AUDITOR-CONTROLLER'S REPORT RECOMMENDATIONS

Board Order: Identify the various next components to come forth after County Counsel returns to the Board with his analysis:

- *The forensic audit on the Sheriff's Department's budget as requested by Supervisors Molina and Knabe on January 22, 2013 (Item No. 14-C); and*

- *The adoption of the Auditor-Controller's recommendations and how they are to be implemented in the overall report.*

Forensic Audit

The Auditor-Controller (A-C) prepared a statement of work (SOW) for the forensic audit, and reviewed the SOW with the requesting Board offices. The audit will focus on sworn personnel performing civilian duties. The A-C has sent the SOW to a number of consulting firms to obtain bids. The audit should be started in early March.

Auditor-Controller's Recommendations

On January 25, 2013, the Auditor-Controller (A-C) issued their report on the Sheriff's unincorporated area (UA) patrol services for Fiscal Year (FY) 2011-12. In that report, the A-C noted that the Sheriff's estimated UA patrol cost in the FY 2011-12 Recommended Budget of $447.5 million was overstated. The A-C estimated the UA patrol services cost at approximately $402.7 million distributed approximately as follows:

- $109.4 million for direct patrol station services;

- $147.2 million for indirect patrol station services;

- $61.1 million for the UA's share of Countywide patrol services (e.g., Aero Bureau, Special Enforcement Bureau, etc.); and

- $84.9 million for specialized Countywide functions (e.g., Narcotics, Homicide, Emergency Operations, etc.)

The A-C report also indicated that the total cost of Sheriff's services to contract cities/agencies for FY 2011-12 was approximately $552 million, while the total revenue received from contract cities/agencies was $371 million. While it may appear that the County should be able to recover the $181 million difference between cost and revenue,

Government Code Section 51350 (Gonsalves) and Board of Supervisors (Board) policy limit the amount that can be recovered from contract cities/agencies, and the A-C could not determine, within the scope of the UA review, how much of this unbilled amount might be recoverable.

Reporting Improvements

Based on these and other issues noted during their review, the A-C's report included recommendations for internal departmental reporting improvements as detailed below:

UA Patrol Costs

- Sheriff's management work with the Chief Executive Office (CEO) to improve their reporting of estimated UA patrol services costs, by including only the UA's share of station support staff/overhead and Countywide patrol services costs.

UA Cost for Non-Patrol Operations

- Sheriff's management work with the CEO to include the UA share of non-patrol field operations (e.g., Homicide Bureau, Narcotics Bureau, etc.) costs as part of their estimate of UA costs.

- Sheriff's management work with the CEO to include a supplemental section to the UA portion of the Recommended Budget indicating the estimated UA costs by station, and the UA share of Countywide patrol services and non-patrol field operations.

Monitoring of Actual Service Levels

- Sheriff's management continue to monitor UA station compliance levels, and develop formal action plans in instances where they are well below their scheduled UA patrol staffing level.

Notification of Planned UA Staffing Levels and Changes

- Sheriff's management annually submit the 575 forms to the Board for planned UA service levels, and for changes of one or more full-time deputies to the actual UA service levels as they occur.

Patrol Response Times

- Sheriff's management establish specific station and area call response time targets to better evaluate performance.

CEO Recommendation

Request that the Sheriff implement the various budgeting and accounting enhancements recommended in the A-C's January 25, 2013 report, which are designed to improve the accountability of overall law enforcement costs and resources that are dedicated to the unincorporated areas and report back to the Board in collaboration with the CEO in 90 days with an Implementation Plan.

Contract City/Agency Cost and Revenue

There were two A-C recommendations that related to contract city/agency cost and revenue as follows:

- The County should determine whether to pursue changes in State law and/or Board policy to allow the Sheriff's to recover a larger amount of its costs from the contract cities/agencies.

- Sheriff's management identify the amount of unrecovered cost for services provided to contract cities/agencies in the County's recommended budget.

  Background

  The current contract city billing rates are primarily based on the methodology from a cost study performed by Booz, Allen, and Hamilton in 1972, and modified based on recommendations from two reports issued by the CEO in May 1973 and November 1973. These reports/studies, which were prompted by the Gonsalves law, identified various units/costs within the Sheriff's Department budget that could be billed (e.g., Vehicles, Personnel Services, etc.) and others that could not be billed (e.g., Reserve Forces, Division Administration, etc.) to contract cities.[1] The Board adopted the billing recommendations from the two CEO reports as County policy.

  In September 2005, the County policy was updated to include billing for seven additional internal support units (e.g., Internal Affairs, Advance Training, etc.) that were previously excluded from the rates. Including these units was based on the CEO's and A-C's joint recommendation to include the cost of these unbilled, but chargeable, support units identified in the A-C's March 2005 "Sheriff's Contract City Billing Practices – Final Phase I" report.

  In that report, the A-C also indicated that there are unbilled direct services (e.g., Homicide, Narcotics, etc.), which are provided Countywide that may be billable to cities under Gonsalves, but would require a change in Board policy.

[1] Note that the Gonsalves law does not apply to non-city agencies (e.g., MTA, Community Colleges, etc.) Therefore, current County guidelines allow the Sheriff to bill these agencies for additional costs (e.g., Sheriff and Undersheriff salaries, Admin. Headquarters costs, etc.) that are not billed to cities.

However, the A-C indicated that the County would need to carefully consider the potential impact and unintended outcomes (e.g., cities requesting reduced service levels, increased legal fees if cities decided to challenge the billings for these services in court, etc.) before deciding whether to bill for these costs. The A-C did not review these unbilled direct services at that time (Phase II), because the Sheriff did not have the necessary data collection systems and cost allocation data to identify and track service time and expenditures.

The remaining unbilled organizational units from the A-C's Phase I and Phase II reports are included in Exhibit I.

Table 1

Sheriff's Organizational Units that are Not Billed to the Contract Cities as of the A/C's 2005 Contract Cities Billing Reviews (1)

Review Phase I

Organizational Unit	FY 2011-12 Total Costs (2)
Admin Services Division Admin	$ 4,900,000
Aero Bureau	$ 21,200,000
Data Systems **(3)**	$ 53,800,000
Facilities Services **(3)**	$ 57,000,000
Field Oper Regions Admin	$ 7,800,000
Leadership & Training Admin/HQ	$ 2,400,000
Office of the Assistant Sheriff	$ 2,000,000
Office of the Sheriff	$ 2,800,000
Office of the Undersheriff	$ 4,600,000
Sheriff's Headquarters	$ 19,400,000
Total:	$ 175,900,000

Review Phase II

Organizational Unit	FY 2011-12 Total Costs (2)
Commercial Crimes (Fraud, etc.)	$ 17,200,000
Communication & Fleet **(3)**	$ 155,600,000
Detective Admin/HQ	$ 2,400,000
Major Crimes & Cargo Theft	$ 21,400,000
Emergency Operations	$ 36,800,000
Homeland Security Admin/HQ	$ 3,600,000
Homicide Bureau	$ 29,000,000
Narcotics Bureau	$ 33,900,000
Operation Safe Streets	$ 34,000,000
Records and Identification	$ 23,500,000
Reserve Forces	$ 2,200,000
Scientific Services	$ 42,500,000
Special Enforcement	$ 20,500,000
Special Victims (Family Crimes)	$ 11,200,000
Technical Services Admin	$ 6,000,000
Training Bureau/Recruit Training	$ 30,400,000
Total:	$ 470,200,000

Other Units/Services Not Considered in the Auditor-Controller's Prior Reports

Other Units/Services	FY 2011-12 Total Costs (2)
Custody Division	$ 825,700,000
Courts Division	$ 203,600,000
Parks Bureau	$ 30,400,000
Central Countywide Overhead Costs (e.g., Chief Executive Office, County Counsel, etc.)	**(4)**
Total:	$ 1,059,700,000

Footnotes:

(1) Note that due to new organizational units, changes to existing units, etc. there may be additional unbilled services provided to contract cities that are not included as part of this attachment.

(2) This amount represents the total Fiscal Year 2011-12 Sheriff's cost for the indicated organizational unit/service. The contract cities share of these costs is generally significantly less than the amount indicated in this column. As part of the Auditor-Controller's (A-C) January 25, 2013 report, the A-C recommended that the Sheriff's identify the amount of unrecovered costs provided to contract cites/agencies.

(3) Note that a portion of this unit's cost is recovered in the contract cities billing rates. The unrecovered portion should be reviewed.

(4) This includes various overhead costs that are not readily identifiable in the Sheriff's total expenditures. As part of the Chief Executive Office's (CEO) May 20, 2004 report, the CEO indicated that these costs may include amounts that could be included in the city billing rates and that further study is required to determine whether the Board may include/exclude these costs as a matter of policy.