



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Fahey and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Ernest M. Klevesahl, Jr., Chief of Police
Bruce Moe, Finance Director

DATE: September 6, 2005

SUBJECT: Consideration of Letter to L.A. County Board of Supervisors Opposing Fees for Services Provided by County Sheriff's Office

RECOMMENDATION:

Staff recommends that the City Council authorize the Mayor to sign the attached letter in opposition to potential fees for services provided by the L.A. County Sheriff's Office (LASO).

FISCAL IMPLICATION:

There are no fiscal implications associated with the recommended action. However, if the LASO were to begin charging for services previously provided without cost, there could be an impact to our budget depending upon the services we require and the associated cost from the County.

BACKGROUND:

In March 2005, the Los Angeles County Auditor-Controller completed an audit of countywide services and overhead of the LASO (Phase I). This audit determined that approximately \$6.7 million should be charged to the 40 contract cities in the county to pay for the cost of internal support units that have previously been excluded from the contract cities' billing rates. Phase II of the study is focused on LASO units that currently provide direct services to the public. Historically, the LASO has provided these investigative services without additional charge. These services include homicide, vice, narcotics, forensics, homeland security, and major crimes investigations to name a few.

DISCUSSION:

The intent behind Phase II is to identify costs that could potentially be passed along to the cities when utilizing the LASO's services. For example, on the few occasions there has been a murder within our community, our Police Department used the LASO to lead the investigations. This was done because of the infrequency of such crimes, and the fact that LASO has more experience in these types of investigations, and has the laboratories and personnel necessary to properly handle these types of crimes. If fees were to be imposed, we could be charged for the county's overhead as well as direct labor and materials for these services.

Imposition of fees for these types of services has broad implications for the entire county. Critical public safety services may be available only to those communities that can afford them. Ironically, the

communities that can least afford to pay for those services are likely the most in need of those services. This could impact overall security and safety throughout the county and region. For all cities in the county, it may mean making choices between funding safety services and other non-safety programs such as Parks & Recreation, since public safety is typically a top priority.

Several organizations have come out in opposition to the potential fees, including the Independent Cities Association (Councilmember Montgomery is our representative), California Contract Cities Association, and the Los Angeles County Police Chiefs Association. Staff believes that it is important to oppose the potential fees due to the possible impact to public safety and security, as well as the impending fiscal impacts. As a result, we have provided a letter for the Mayor's signature addressed to Supervisor Knabe asking the County to terminate Phase II of the study and to not impose any fees for what are clearly public benefit services. We recommend that the Council authorize the Mayor to sign the letter.

- Attachments:
- A. Letter to Supervisor Knabe
 - B. Informational materials from the Independent Cities Association



City Hall 1400 Highland Avenue Manhattan Beach, CA 90266-4795
Telephone (310) 802-5000 FAX (310) 802-5001 TDD (310) 546-3501

September 7, 2005

The Honorable Don Knabe
Supervisor, 4th District
County of Los Angeles
Kenneth Hahn Hall of Administration
500 W. Temple St., Room 856
Los Angeles, CA 90012

Re: Phase II Study of Countywide Services

Dear Supervisor Knabe:

This letter serves as the City's request that the County Board of Supervisors direct the Auditor/Controller to terminate the Phase II Study of Countywide Services. As you know, this study is focusing on investigative services provided by the Sheriff's Department, such as homicide, vice, narcotics, homeland security, explosives, forensics, etc., and the possibility of charging all Los Angeles county cities for these services.

The countywide services provided by the Sheriff are a matter of custom, fact, law and tradition, and have been established as services provided universally to all citizens of this county. Imposition of fees for these types of services has broad implications for the entire county. For instance, critical public safety services, which in most cases are not optional, may be available only to those communities that can afford them. Ironically, the communities that can least afford to pay for these services are likely the most in need of the services. Ultimately, the provision of these critical services based on ability to pay will impact overall security and safety throughout the county and region.

On behalf of the residents of Manhattan Beach, and the entire City Council, I urge you to direct the termination of the Phase II study and continue to provide these critical services to the entire county without added cost to the cities. In the long run, doing so will make the county more safe and secure - a primary role of local government.

Sincerely,

Joyce Fahey
Mayor

Cc: Steve Napolitano
Sheriff Lee Baca
ICA

Fire Department Temporary Facility Address: 1599 Valley Drive, Manhattan Beach, CA 90266 FAX (310) 802-5201
Police Department Temporary Facility Address: 1501 N. Peck Ave., Manhattan Beach, CA 90266 FAX (310) 802-5101
Public Works Department Address: 3621 Bell Avenue, Manhattan Beach, CA 90266 FAX (310) 802-5301
Visit the City of Manhattan Beach Web Site at www.citymb.info



INDEPENDENT CITIES ASSOCIATION

Post Office Box 1750, Palmdale, CA 93590-1750 • (877) 906-0941 • Fax (661) 285-0481
E-mail: independentcities@earthlink.net • Website: icacities.org

ATTACHMENT "B"
"Cities Working For Cities"

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Kelly McDowell
El Segundo
- First Vice President*
Frank Venti
Monterey Park
- Second Vice President*
Mike McCormick
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Dennis Zine
Los Angeles
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Kevin Stapleton
Covina
- Past President*
Joyce Streater
Pasadena

MEMORANDUM

DATE: August 12, 2005

TO: Members Of The Board Of Directors

FROM: Debbie Smith

SUBJECT: Countywide Fees For Sheriff Services To All County of Los Angeles Cities

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- Richard Montgomery
Manhattan Beach
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Alhambra
- Tonia Reyes Uranga
Long Beach
- Peter Yao
Claremont

Attached is a copy of correspondence sent to ICA city managers asking that they contact their Supervisor to encourage termination of Phase II of the County Auditor-Controller's study relating to charging ALL cities for certain countywide services.

EXECUTIVE DIRECTOR

Debbie Smith

GENERAL LEGAL COUNSEL

Leland C. Dolley

CONSULTANTS

- Public Relations
The MWW Group
- Legislative
Shaw/Yoder, Inc.
- Fundraising
Ken Spiker And Associates, Inc.



Debbie Smith
Executive Director

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Attachment

MEMBER CITIES:

- | | | | | | | | |
|---------------|-----------|-------------|-----------------|-----------------|------------------|--------------|-------------|
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| Arcadia | Chino | Downey | Hawthorne | Los Angeles | Pomona | Sierra Madre | Whittier |
| Azusa | Claremont | El Monte | Hermosa Beach | Lynwood | Redondo Beach | Signal Hill | |
| Baldwin Park | Colton | El Segundo | Huntington Park | Manhattan Beach | San Fernando | South Gate | |
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| Bell Gardens | Compton | Gardena | Irwindale | Montebello | Santa Clarita | Upland | |
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Kevin Stapleton
Covina
- Past President*
Joyce Streater
Pasadena

August 12, 2005

Re: Countywide Fees For Sheriff Services To
All County of Los Angeles Cities

Dear City Manager:

In March of 2005 the Los Angeles County Auditor-Controller completed an audit of Countywide services and overhead of the Sheriff's Department. This audit determined that approximately \$6.7 million should be charged to the 40 contract cities to pay for the cost of internal support units that have previously been excluded from the contract city billing rates. The Board of Supervisors has yet to act on the completed findings of the Phase I audit.

Phase II of the study then focused on Sheriff services/units that currently provide direct services to the public (e.g. homicide, vice, narcotics, forensic services, homeland security, administration, arsons/explosives, family crimes, major crimes, and special enforcement.). This study is looking at the possibility of charging ALL Los Angeles County cities for these Countywide services. The Gonsalves Act (Government Code Section 51350) requires that the County charge contract cities the full cost of services provided except for those services that are available Countywide, as determined by resolution of the Board of Supervisors, or which are general overhead costs of operation of the County government.

This matter is now a policy issue that will be addressed by the Board of Supervisors. Therefore, the Independent Cities Association (ICA) has formed an alliance with the California Contract Cities Association (CCCA) to address the Countywide fee issue with the Board of Supervisors and the County Auditor-Controller. Several letters have been sent to the Supervisors outlining all the details and encouraging them to terminate Phase II of the study. In addition, correspondence has been sent from CCCA, ICA

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Arcadia	Chino	Downey	Hawthorne	Los Angeles	Pomona	Sierra Madre	Whittier
Azusa	Claremont	El Monte	Hermosa Beach	Lynwood	Redondo Beach	Signal Hill	
Baldwin Park	Colton	El Segundo	Huntington Park	Manhattan Beach	San Fernando	South Gate	
Bell	Commerce	Fullerton	Inglewood	Monrovia	San Gabriel	Torrance	
Bell Gardens	Compton	Gardena	Irwindale	Montebello	Santa Clarita	Upland	
Beverly Hills	Covina	Glendale	La Habra	Monterey Park	Santa Fe Springs	Vernon	

and the Los Angeles County Police Chiefs Association, jointly, again asking that Phase II of the study be terminated and citing some of the potential risks should the Board impose these new fees.

In that regard, ICA is asking that you inform your law enforcement in general and elected officials in your city, and contact your Supervisor and encourage him/her to terminate Phase II of the study and continue the established policy of providing Countywide services as it currently exists. As you know, this is a critical issue that will affect ALL cities in Los Angeles County. Added pressure from the city managers and city officials, through personal contact will further help to convince the Board of Supervisors that ALL cities are at risk should this study continue.

Attached for your information, are the following documents:

1. A Report to the City Managers of Los Angeles County dated July 26, 2005;
2. Status of the Sheriff Study from the Auditor-Controller to Supervisor Knabe dated July 6, 2005; and
3. Correspondence to Supervisor Molina from CCCA, ICA and the Chiefs Association dated June 28, 2005, authored by counsel on behalf of ICA.

Thank you in advance for your assistance in helping to maintain status quo in charging cities for the noted Countywide services.

Very truly yours,



Mark Paulson, Chair
ICA Major Issues & Legislative Committee

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Attachments



A Report to the City Managers of Los Angeles County

July 26, 2005

Howard L. Chambers, City Manager, Lakewood

Who: Mayors, City Council Members, City Managers, Police Chiefs, Public Safety Directors

What: The LA County Board of Supervisors, egged on by Auditor-Controller Tyler McCauley with erroneous information provided by a consultant (TCBA: *Study of the Los Angeles County Sheriff's Department Budget Process & Performance* (September 2003)), commissioned an "audit" on May 25, 2004, of countywide services and overhead that were part of the Sheriff's budget. County officials seem hell-bent on charging ALL cities more for law enforcement services.

When: Auditor-Controller Tyler McCauley has completed his response to the Board of Supervisors by memo of July 15, 2005. Phase II continues.

Where: The Hall of Administration

Why: For contract cities, the auditor-controller seems to have found about \$6.1 million that he feels should be charged to the 40 contract cities. Phase II may prove more nettlesome: charging all LA County cities for such countywide services as training (the Academy); homicide; crime lab; SEB; etc. The implications to public safety in general are startling.



How: The Board of Supervisors would (1) have to agree on the charges and (2) find a way to quiet Sheriff Lee Baca, who believes the auditor-controller has strayed into areas where he (and the BOS) lack authority. On Phase II (and perhaps Phase I), cities could challenge the decisions of the BOS, throwing the issue into the courts. The Board of Supervisors has yet to act on the completed Phase I findings or the status of Phase II.

What Next: **Stay alert and aware.** Advocate your interests with the BOS; for non-contract cities, try getting a handle on specific services provided by LASD; anticipate some cost recovery by the County and try understanding how "things" would be operationalized (if one needs the SWAT team, do we get a quote or do we shop for the best price, or . . .)



Snip-Its Department of Auditor-Controller Correspondence

✘ **August 25, 2004** – "We have discussed the unbilled costs issues with staff and management of the Sheriff, CAO and A-C cost accounting staff, and held a preliminary discussion with the CCCA. The CCCA established a subcommittee to periodically meet with the A-C study team to discuss issues and provide input. In addition, we obtained a more detailed understanding of the Sheriff's unbilled costs indicated in the CAO's May 20, 2004 report."

✘ **December 10, 2004** – "In Phase II, we will report on services/units, currently unbilled by Board policy, that generally provide direct services to the public (e.g., Homicide, Arson, Narcotics, etc.). It appears that billing for these direct services would require a Board policy change. Therefore, we are working with the Sheriff and CAO, with input from the CCCA and ICA to develop principles/criteria of countywide services. These principles will include definitions of the types of issues the Board could consider when evaluating whether to define a service as Countywide. A listing of the organizational units that we plan to review in each phase of our audit is included in Attachment II."

✘ **January 3, 2005** – "We will begin Phase II and shift our focus to Sheriff services/units that generally provide direct services to the public (e.g., Homicide, Arson, Narcotics, etc.). It appears that billing for these direct services would require a Board policy change. Therefore, we are working with the Sheriff and CAO, with input from the CCCA and ICA, to develop principles/criteria of countywide services."

✘ **February 1, 2005** – "We have also began Phase II of our review, which focuses on Sheriff services/units that generally provide direct services to the public and include such services as Recruit Training, the Homicide Bureau and the Major Crimes Unit. Previous Board policy has been to not bill for these services as they have been classified as "countywide" services. Therefore, we are continuing to work with the Sheriff and CAO, with input from the CCCA and ICA, to develop principles/criteria of countywide services."

What the Auditor-Controller is studying which could have implications to all LA County cities except, for the most part, the City of Los Angeles:

Phase II Estimated Costs by Organizational Unit	
<u>Organizational Unit</u>	<u>FY 2005-06 Est. Total Costs</u>
Arson/Explosives	\$ 5,157,596
Cargo Theft	\$ 1,262,506
Communications	\$ 34,001,912
Computer Crimes	\$ 1,895,440
Detective Division Admin	\$ 1,656,428
Emergency Operations	\$ 5,920,294
Family Crimes	\$ 7,415,243
Forgery/Fraud	\$ 9,529,084
Homeland Security Admin	\$ 2,588,247
Homicide Bureau	\$ 22,010,257
Major Crimes Unit	\$ 13,016,853
Narcotics Bureau	\$ 22,460,209
Records and Identification	\$ 17,457,704
Recruit Training	\$ 11,541,221
Reserve Forces	\$ 2,100,977
Safe Streets Bureau	\$ 13,947,625
Scientific Services	\$ 22,289,225
Special Enforcement	\$ 12,857,715
Technical Services Admin	\$ 2,282,882
Total	\$ 209,391,418

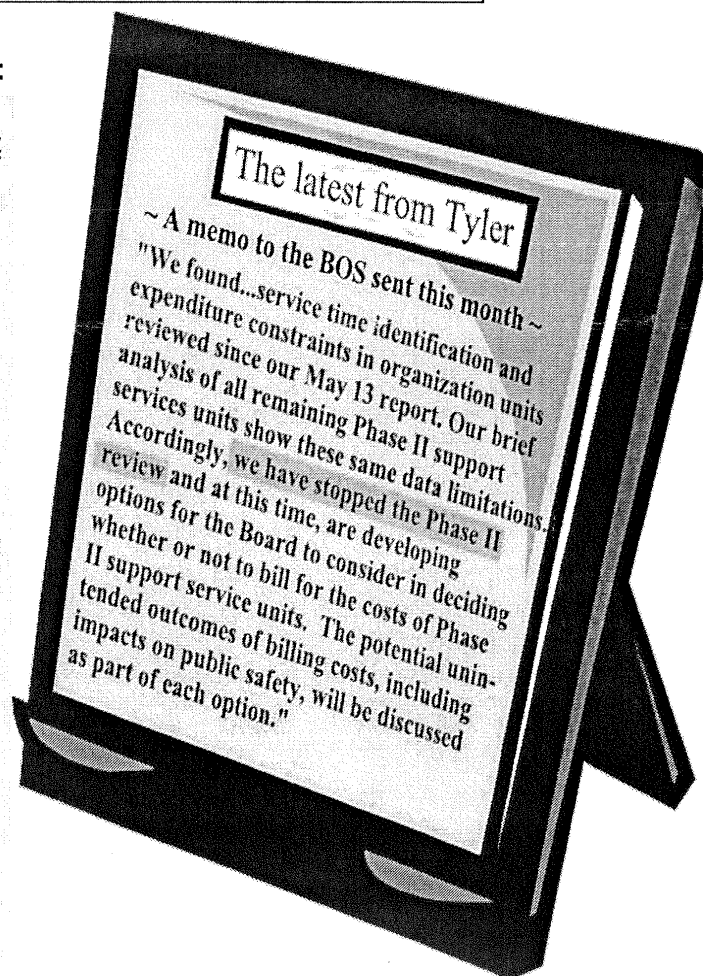
The state law that, for thirty years, has governed this issue:

Government Code Section 51350 – The Gonsalves Act

Charges for services provided to cities; general overhead costs

\$209 M

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 or 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 or general overhead costs shall be subject to court review as to the reasonableness of such determination. This section does not apply to a contract or agreement in effect on December 31, 1983, made by a county.





**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

July 6, 2005

TO: Supervisor Don Knabe
Fourth District

FROM: J. Tyler McCauley *JTM*
Auditor-Controller

SUBJECT: **STATUS OF THE SHERIFF STUDY**

As requested, following is a status of the Sheriff study. Because there was a change in the Phase I report subsequent to its release, I have provided the status of the Phase I and Phase II studies.

PHASE I

On March 10, 2005, we issued our Phase I report which concluded the Sheriff did not bill \$10.1 million of the cost for 8 or the 14 internal support units that have been previously excluded from the contract city billing rates and that these costs could be legally billed under current Board policy.

Subsequently, the Sheriff Department provided us with previously requested data on the square footage of all Sheriff facilities for use in allocating facility services costs. Using this data, we recalculated what we consider to be a more accurate allocation of facility services costs related to contract cities. The revised total of unbilled contract city support unit costs was determined to be \$6.7 million.

The Sheriff issued a response to our Phase I March 10 report. We plan to issue our comments on their response by July 15, 2005.

PHASE II

On May 13, 2005, we reported our preliminary findings on three Sheriff support services units: Homicide Bureau, Scientific Services, and Recruit Training. We noted that because these units have historically been classified as Countywide functions, the Sheriff's current systems and procedures are not designed to identify and track the

"To Enrich Lives Through Effective and Caring Service"

Supervisor Don Knabe
July 6, 2005
Page 2

portion of service time or expenditures provided in contract cities, independent cities, and unincorporated territory.

We found these same service time identification and expenditure constraints in organization units reviewed since our May 13 report. Our brief analysis of all remaining Phase II support services units shows these same data limitations.

Accordingly, we have stopped the Phase II review and, at this time, are developing options for the Board to consider in deciding whether or not to bill for the costs of Phase II support services units. The potential unintended outcomes of billing costs, including impacts on public safety will be discussed as part of each option.

I am providing a copy of this memo to the other Board members, David Janssen, and the city associations because of the significant new information on the statuses of the Phase I and Phase II studies.

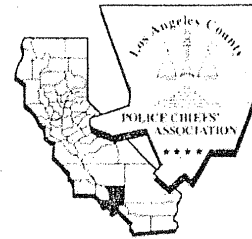
Please call me if you have any questions.

JTM:fc

c: Board of Supervisors
David E. Janssen
California Contract Cities Association
Independent Cities Association



**California
Contract Cities
Association**



June 28, 2005

The Honorable Gloria Molina
Supervisor, 1st District
County of Los Angeles
Kenneth Hahn Hall of Administration
500 W. Temple St., Room 856
Los Angeles, CA 90012

Dear Supervisor Molina,

The Governing Boards of our respective Organizations firmly and emphatically request on behalf of our members that the Los Angeles County Board of Supervisors direct the Department of Auditor/Controller and staff to terminate the Phase II Study of Countywide services now.

The Countywide services provided by the Sheriff are a matter of custom, fact, law and tradition, and have long been established as services provided to all of the citizens of this County.

Further study of the cost of such services has the ultimate potential of interfering with the safety and security of each and every person living in, and visiting Los Angeles County. It is a primary desire of all our citizens, and a cherished goal of each of them, that a safe and secure environment be provided for them by their Government, and that the highest level of police service and protection be available and maintained throughout this County. Continuing to pursue the Phase II Cost Study has the serious potential of adversely affecting all of local governments' collective ability to provide the highest level of Police and Sheriff safety services which, in turn, fulfills representative government's obligation to provide for the basic and cherished – security, safety and well being of all its citizens.

We will be coordinating, with your staff, meetings with you with representatives of our Organizations together with elected officials from each local jurisdiction within your supervisorial district. We look forward to meeting with you.

Sincerely,

David A. Spence
President
CCCA

Kelly McDowell
President
ICA

David Singer
President
L.A. County PCA

- c: David Janssen, CAO
- J. Tyler McCauley, Auditor/Controller
- Leroy Baca, Sheriff
- CCCA Member Cities
- ICA Member Cities