

Memorandum



Date: April 3, 2017

To: Bernard Melekian, Undersheriff
Hope Vasquez, Chief Financial Officer

From: Heather Fletcher, Internal Audit Manager

Subject: Sheriff Contract Cities

CC: Mona Miyasato, County Executive Officer
Theodore A. Fallati, Auditor-Controller
Kyle Slattery, Financial Reporting Division Chief

Background

During our audit of the Sheriff’s Public Safety Dispatch Center we reviewed the Sheriff’s contracts for providing law enforcement services to cities for the purpose of determining how these cities were charged for dispatch services. During one of our joint Auditor/Sheriff meetings, you requested that we communicate recommendations on items where we noticed room for improvement. The purpose of this memo is to provide you with this information; however, we are aware that your department is currently in the process of revising your contract cost model and methods of tracking costs.

Overview

The Sheriff’s Department provides law enforcement services through contracts with four cities. Three of these four contracts are up for renewal in June 2017. The current contracts include varying language and terms and each specify different general law enforcement services the Sheriff will provide.

The following is an overview of the Sheriff’s current contracts with cities in Santa Barbara County.

	City of Goleta	City of Carpinteria	City of Solvang	City of Buellton	
Current Contract Term	7/2012 - 6/2017	7/2002 - 6/2007	7/1995 - 6/2000	7/1992 - 6/1997	
Contract Extended?	N/A	Yes - June 2017	Yes - June 2020	Yes - June 2017	
1st Year FTE	32.08	16.35	7.2	6.65	
14-15 FTE	33.08	14.94	7.2	7.75	
14-15 Revenue	\$7,525,472	\$3,344,210	\$1,570,822	\$1,613,543	
Revenue / FTE	\$227,493	\$223,918	\$218,170	\$208,199	
# FTE per Staff Title	Administrative	2	0.25	0.9	0.6
	Sheriff's Deputy	16	8	4.71	5.71
	Sheriff's Deputy II	9	4	0.86	0.71
	Sheriff's Sergeant	4.75	2	0.29	0.29
	Sheriff's Lieutenant	1	0.56	0.34	0.34
	Sheriff's Commander	0.33	0.125	0.1	0.1

We noted there has been little change in the amount of contracted FTEs since the initial contract term.

The following are the components of cost that are paid to the County under the current Goleta, Carpinteria, and Buellton contracts:

- Personnel (salaries and all related benefits, insurance)
- Vehicle fleet
- Radio communication system
- Telephone
- Service and supply
- Department administration (no County overhead/admin)
- Dispatch services

The Carpinteria contract specifically includes shift differential costs, where the other contracts do not.

Our copy of the Solvang contract did not include the exhibit which specifies the compensation formulas. Accordingly, this information was not available.

The County currently uses a Full Time Equivalent (FTE) model to bill contract cities. This model assigns a specific number of Sheriff staff to provide services within a contract city. Cities are billed a rate per each budgeted Sheriff FTE for their city. The rate per each category of Sheriff FTE includes the following budgeted expenditures:

- Average salary per FTE classification for the year
- Average workers compensation and liability insurance costs per FTE
- Direct costs such as services and supplies, motor pool, radio and telephone

Billings to contract cities also include each city's portion of budgeted dispatch costs and departmental overhead costs. However, County-wide overhead charges are not included because it is unallowable to include these costs by law. In addition to the monthly billings made to each city described above, the Sheriff may generate supplemental invoices for special event or special service costs. Actual costs of providing services to the contract cities could not be identified as they are not currently captured in any system.

We identified components of the city contracts law enforcement program which could be improved as described below.

Observation 1: Form, Content, and Extension of Contracts

The form and content of the contracts differ between that of Goleta and Carpinteria (executed within past 15 years) and that of Solvang and Buellton (executed over 20 years ago). As a result, there are various differences in the contractual language used for the newer contracts, such as what is included in the definition of General Law Enforcement Services. For example, the Goleta and Solvang contracts include detective, administrative, and dispatch services while the other two contracts do not. The Solvang and Buellton contracts are each in their fourth extended five-year term and do not limit the number of term extensions which may be executed. As a result, services are provided under contracts which were drafted over 25 years ago.

Recommendation: The Sheriff should evaluate the form and contents of all contracts for consistency, and consider entering new contracts with the cities of Solvang and Buellton which include the more modern form and contents of the Goleta and Carpinteria contracts. The Sheriff should also consider capping the number of term extensions allowed under each contract to a specified number of extensions so that the contracts are periodically renegotiated and updated.

Observation 2: City Billing Calculations and Cost Recording

The contract city billing calculations are based on budgeted amounts and average costs for each staffing classification (e.g. Sergeant, Lieutenant, Deputy, etc.). The contract city billing spreadsheet used to calculate the amounts billed to the contract cities each month indicates the number of positions designated to service each contract city. This methodology does not take into consideration the actual costs and time of law enforcement services provided within each contract city. In addition, the calculations are performed in an Excel spreadsheet and may be prone to clerical errors.

Sheriff staff provide services in each jurisdiction as necessary and code their time to their assigned shift regardless of actual time spent providing services to each area. This practice creates issues with tracking actual costs and time related to each contract city. For example, a Sheriff's Deputy may work a regular shift and also be required to work additional time in a contract city. The overtime incurred by this Deputy is not currently billed to the contract city. Additionally, with the exception of the Goleta contract, the contracts indicate that the County will provide necessary personnel to cover leave such as vacation, sick leave, etc. which does not appear to be included in the contracted staffing level amount.

Recommendation: The Sheriff should consider using actual costs and time to bill each contract city. Billing based on actual costs and time would produce a more accurate calculation of the costs associated with serving each contract city. Implementing a more robust scheduling system in addition to the Computer Aided Dispatch system (CAD) may help ensure time is recorded to the specific contract city. The Sheriff should evaluate whether information maintained in CAD can be input into FIN so that actual costs and time can be captured together. The Department should also evaluate the number of staff hours required to provide contracted services and monitor the actual staff hours to ensure services are provided in accordance with the contracted level.