

COUNTY OF SACRAMENTO  
CALIFORNIA

For the Agenda of:  
May 11, 2005

To: Board of Supervisors  
From: Sheriff's Department  
Subject: Request Approval For Policy Change In The Cost Recover Policy Which Governs The Service Contracts With Incorporated Cities  
Contact: Liane Hopkins, ASOII, 874-8441

**Overview**

The Sacramento Sheriff's Department currently contracts for law enforcement with three (3) cities. The proposed policy change would exclude cost recovery for certain services that are regional in nature. This policy modification would make Sacramento County Sheriff's cost recovery methodology consistent in its application for both contract and non-contract cities and consistent with statewide application.

**Recommendations**

Approve the attached resolution modifying the policy language established February 25, 1997, requiring County Departments contracting for services with incorporated cities to fully recover costs. Specifically, exclude the following Sheriff's Department services from cost recovery:

- § Narcotics/Gang Investigations
- § Critical Incident Negotiating Team (CINT)
- § Special Enforcement Detail (SED)
- § Canine
- § Explosive Ordinance Detail (EOD)
- § Hazardous Materials (Hazmat)
- § Air Operations
- § Staff Services – Internal Affairs
- § Pre-Employment/Fair Employment/Employee Relations Officer

**Measures/Evaluation**

Does not apply

**Fiscal Impact**

Approval of this recommendation will result in a decrease of \$781,923 in revenue to the County of Sacramento for Fiscal Year 2005/06. The application of this reduction will be addressed as a part of the final budget process.

**BACKGROUND:**

On February 25, 1997, your Board adopted policies and guidelines governing contracts for services with newly incorporated cities. It was determined that County departments contracting services to cities would ensure full cost recovery for services provided and that all allowable and direct and indirect charges would be included in the contract.

With regard to full cost recovery, provisions in Government Code Section 51350 prohibit full cost recovery by counties when they contract to provide services to cities. Specifically, this section precludes recovery of general government overhead costs which a county would incur regardless of whether or not it provided a service under contract to a city. Therefore such overhead costs cannot be spread to the cities via the contract.

The Sacramento County Sheriff's Department currently contracts for law enforcement services with the cities of Citrus Heights, Elk Grove, and Rancho Cordova. The cities of Elk Grove and Citrus Heights have challenged the recovery of some of the costs associated with support services such as those listed below, for exclusion based on the premise that they are regional in nature and would exist even if the contracts did not.

On December 5, 2004, a meeting was held with top Sheriff's Department staff and the city managers and their staff from each of the three cities. The primary topic of this facilitated meeting was Sacramento County's full cost recovery policy and the Sheriff's Department's costing methodology. From this meeting consensus was reached regarding the exclusion of certain services from cost recovery.

Those services identified were:

- § Narcotics/Gang Investigations
- § Critical Incident Negotiating Team (CINT)
- § Special Enforcement Detail (SED)
- § Canine
- § Explosive Ordinance Detail (EOD)
- § Hazardous Materials (Hazmat)
- § Air Operations
- § Staff Services – Internal Affairs
- § Pre-Employment/Fair Employment/Employee Relations Officer

As a follow-up, specific personnel were directed to analyze how our services are charged to the cities and to evaluate the policies and methodologies of other large sheriff's departments throughout the State of California that contract law enforcement services.

During January 2005, Chief Deputy George Anderson, Acting Chief of Departmental Administrative Services Gene Webb, and two additional staff members organized an information gathering trip to four Southern California Sheriff's Departments: Orange County, San Diego County, Riverside County and San Bernardino County. The specific purpose of the

trip was to gather information about each department's cost methodology and policies related to their law enforcement contracts.

The four Sheriff's Departments have been contracting law enforcement services for several decades and have paved the way for other agencies to adopt many of their cost methodologies. The results of the research provided by staff indicated that the services requested for exemption were excluded from their cost recovery models.

Government Code section 51350 provides that a county Board of Supervisors shall determine by resolution those services that shall be determined as general overhead costs of county operations including the costs of those services the county would incur regardless of whether or not the service provided was under contract with a city.

**DISCUSSION:**

The Sheriff's Department is requesting the Board of Supervisors to modify the policy language established February 25, 1997, requiring County Departments contracting for services with incorporated cities to fully recover costs. Specifically, exclude the following Sheriff's Department services from cost recovery:

- § Narcotics/Gang Investigations
- § Critical Incident Negotiating Team (CINT)
- § Special Enforcement Detail (SED)
- § Canine
- § Explosive Ordinance Detail (EOD)
- § Hazardous Materials (Hazmat)
- § Air Operations
- § Staff Services – Internal Affairs
- § Pre-Employment/Fair Employment/Employee Relations Officer

County Counsel has reviewed county policy as it pertains to the Government Code 51350. While we are in compliance with the Government Code section 51350, most large law enforcement agencies consider these services regional in nature and provide them consistently to both contract and non-contract cities without cost. Currently these services are not charged to non-contract cities within Sacramento County when requested. Therefore, as a matter of practice this policy modification would make Sacramento County consistent in its application for both contract and non-contract cities and consistent with statewide application.

**MEASURES/EVALUATION**

Does not apply.

**FINANCIAL ANALYSIS:**

Approval of this recommendation will result in a decrease of \$781,923 in revenue to the County of Sacramento for Fiscal Year 2005/06. The application of this reduction will be addressed as a part of the final budget process.

Respectfully submitted,

CONCUR:

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LOU BLANAS, Sheriff  
Sheriff's Department

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GEOFFREY B. DAVEY  
Chief Financial/Operations Officer  
County Executive's Office

CONCUR:

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TERRY SCHUTTEN  
County Executive

Attachment:

- Resolution

**COUNTY OF SACRAMENTO**

**RESOLUTION NO. \_\_\_\_\_**

**Policy Change Governing Service Contracts With Incorporated Cities  
In Regard to Cost Recovery**

WHEREAS, the Sacramento Sheriff’s Department contracts with the incorporated cities of Citrus Heights, Elk Grove and Rancho Cordova for law enforcement services; and

WHEREAS, on February 25, 1967, the Sacramento County Board of Supervisors adopted policies and guidelines governing contracts with newly incorporated cities, which allowed the Sacramento County Sheriff’s Department to recover costs for those services; and

WHEREAS, Government Code Section 51350 governs the type of costs a county shall not charge a city contracting for a particular service if it is determined those services are general overhead costs of the County operations in which the county would incur regardless of whether or not the service was provided under contract to a city; and

WHEREAS, Government Code Section 51350 provides that the County Board of Supervisors shall determine by resolution which costs are attributable to services made available to all portions of the county and are therefore ineligible for cost recovery.

THEREFORE BE IT RESOLVED AND ORDERED that the Sacramento County Board of Supervisors modify the cost recovery policy set forth on February 25, 1997 and authorize the Sheriff, or his designee, to exclude from full cost recovery, including but not limited to:

- § Narcotics/Gang Investigations
- § Critical Incident Negotiating Team (CINT)
- § Special Enforcement Detail (SED)
- § Canine
- § Explosive Ordinance Detail (EOD)
- § Hazardous Materials (Hazmat)
- § Air Operations
- § Staff Services – Internal Affairs
- § Pre-Employment/Fair Employment/Employee Relations Officer

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this \_\_\_\_\_, day of \_\_\_\_\_, 2005 with the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

\_\_\_\_\_  
Chair, Board of Supervisors

ATTEST: \_\_\_\_\_  
Clerk, Board of Supervisors