



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: September 5, 2017

Agenda Item 6-0
Approvals:
City Manager jm
Dept. Head ES
Attorney
Finance JP

Department: Finance & Administrative Services
Prepared By: Erik Sund, Assistant City Manager

Subject: Orange County Sheriff's Department Law Enforcement Cost and Efficiency Study

Fiscal Impact: Yes. The City of San Clemente's share for this study is \$30,707.90; will be funded by contract savings from the Police Services Contract for FY 2016-17. The total budget for the study is approximately \$300,000.

Summary: Thirteen Orange County cities are collaborating on a study to evaluate operational cost and efficiency opportunities in the delivery of police services from the Orange County Sheriff's Department (OCSD).

Background: The City of Mission Viejo is taking the lead on forming a Memorandum of Understanding (MOU), see Attachment I, with the cities of Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Stanton, Villa Park and Yorba Linda. The MOU will make way for an OCSD Law Enforcement Cost and Efficiency Study to identify the trends and issues driving annual increases in the cost for services. This cooperative effort is an outgrowth of discussions between City, County and OCSD executive leadership.

Discussion: While the 13 cities acknowledge and appreciate that it is more cost effective to contract with the Sheriff's Department rather than form their own police departments, it is nonetheless time to evaluate opportunities for greater efficiencies, share regional service costs and even consider sharing staff positions.

Over the last 10 fiscal years, costs for OCSD law enforcement services have increased on average by 33%, with about 26% of the increase occurring in the last five years. During the last four fiscal years, average growth in contract costs has ranged from 5.69% to 7.40%. Before that, growth ranged from 0.31% to 3.00%.

As a result, the cost of the OCSD contract is becoming a greater percentage of the cities' General Fund budgets.

While law enforcement contract costs may increase due to changes in service hours or staffing levels requested by a specific city, most of the increases are out of the cities' hands. The rising costs are primarily driven by deputy salaries and pension benefits. Those increases fall under the control of the County Board of Supervisors and Orange

County Employees Retirement System (OCERS).

The cost allocation for the 13 cities participating in this study is based on the population of each city, see Attachment II.

Recommended

Action: STAFF RECOMMENDS THAT the City Council:

1. Authorize the City Manager to execute the MOU with the City of Mission Viejo.

Attachments: Attachment I-Memorandum of Understanding by and between the City of Mission Viejo and San Clemente
Attachment II-Cost Allocation Summary

Notification: Orange County Sheriff's Department

MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN

THE CITY OF MISSION VIEJO

AND

**THE CITIES OF ALISO VIEJO, DANA POINT, LAGUNA HILLS, LAGUNA NIGUEL,
LAGUNA WOODS, LAKE FOREST, RANCHO SANTA MARGARITA,
SAN CLEMENTE, SAN JUAN CAPISTRANO, STANTON,
VILLA PARK, AND YORBA LINDA**

FOR

**THE ORANGE COUNTY SHERIFF'S CONTRACT LAW ENFORCEMENT SERVICES
EVALUATION**

THIS MEMORANDUM OF UNDERSTANDING (hereinafter referred to as "MOU") is effective this _____ day of _____, 2017, by and between the CITY OF MISSION VIEJO, a municipal corporation organized and existing under the laws of the State of California ("MISSION VIEJO") and the CITIES OF ALISO VIEJO, DANA POINT, LAGUNA HILLS, LAGUNA NIGUEL, LAGUNA WOODS, LAKE FOREST, RANCHO SANTA MARGARITA, SAN CLEMENTE, SAN JUAN CAPISTRANO, STANTON, VILLA PARK, AND YORBA LINDA all municipal corporations organized and existing under the laws of the State of California (the "CITIES"). The foregoing will hereinafter also be referred to singularly as a "Party" and collectively as "Parties."

RECITALS

WHEREAS, the Parties individually contract (the "Agreement") with the Orange County Sheriff's Department (the "Sheriff") for law enforcement services; and

WHEREAS, with the exception of the number and classification of direct positions purchased, the terms of the Agreement and the cost assumptions, methodologies and allocations of indirect costs, regional/shared staffing, other cost/revenues are universally and uniformly applied to each Parties Agreement with the Sheriff; and

WHEREAS, over the last ten fiscal years, costs charged by the Sheriff have increased on average by 33%, with approximately 26% of the increase occurring in the last five years; and

WHEREAS, most changes to cost are not within the Parties control, but are within the control of the Orange County Board of Supervisors, the Sheriff, other County agencies, and the Orange County Employees Retirement System; and

WHEREAS, the cost of the Sheriff's Agreement is becoming a greater percentage of the Parties General Fund budgets and threatens the provision of other vital municipal services; and

WHEREAS, the Parties recognize that the provision of law enforcement services and overall public safety are a primary role of local government and agree that it is in the best interests of the Parties and the Sheriff to explore options and efficiencies that will ensure the long-term sustainability of the Sheriff's contract law enforcement services; and

WHEREAS, the Parties also recognize the need to have an independent third party review and analyze the existing Agreement model, cost assumptions, methodologies and allocations, and cost-benefit of certain programs; and

WHEREAS, the Parties have expressed an interest to collaborate on retaining the services of a professional firm/team to evaluate the Agreement, analyze alternative service delivery models within the Agreement, review cost assumptions, methodologies and allocations, and determine the cost-benefit of certain programs and issue a final report with recommendations (hereinafter collectively referred to as the "PROJECT"); and

WHEREAS, the Parties have agreed, in principle, to mutually and proportionally share in the costs of the PROJECT; and

WHEREAS, the Parties wish to enter into this MOU for the purpose of formalizing an agreement between the Parties in order to facilitate completion of the PROJECT; and

WHEREAS, each Party hereby commits that it shall designate a responsible individual(s) to act as the lead for the respective Party and that each Party shall further commit to attend regular meetings as agreed to by the Parties and to diligently and actively participate and cooperate with each and every other Party in order to facilitate the timely completion of the PROJECT.

NOW, THEREFORE, the Parties enter into this MOU with respect to the matters set forth herein as follows:

AGREEMENT

1. **Cooperation.** The Parties agree to cooperate and coordinate to the extent practicable in the performance of the work required for the PROJECT. Furthermore, the Parties agree that each will cooperate and coordinate with the other in all duties, obligations, and activities covered by this MOU. Further, the Parties agree to

work diligently together and in good faith, using their best efforts in the performance of this MOU.

2. Designated Personnel. In order to ensure prompt and continued cooperation and coordination between the Parties, the Parties agree to each designate and authorize a responsible individual to act on behalf of and as the lead for the Party and to perform any administrative tasks needed as part of this MOU. Each Party shall designate its City Manager or the City Manager's designee as the responsible individual. The intent of the Parties is that the responsible individual shall possess the relevant experience and authority to address the various issues that may arise during the term of this MOU. Notwithstanding Section 3 below, all communications relating to this MOU or the PROJECT shall be exchanged between the designated individuals for each Party.

3. Term. This MOU shall continue in full force and effect through December 31, 2018, unless terminated earlier by mutual written consent of the Parties. The term of this MOU may only be extended upon mutual written agreement of the Parties.

4. Contract Law Enforcement Services Evaluation. The Parties agree that the most efficient way to accomplish the goals of this MOU and explore various options and recommendations to improve efficiencies and control costs is to retain the services of a qualified professional firm/team to conduct a comprehensive Contract Law Enforcement Services Evaluation.

A. As the lead agency, MISSION VIEJO will conduct a Request for Proposal (RFP) process and contract with a professional firm/team to undertake

and complete the PROJECT. A copy of the draft Scope of Work to be included in MISSION VIEJO's RFP is attached hereto as Exhibit A. The CITIES will assist MISSION VIEJO in the selection process.

B. As the lead agency, MISSION VIEJO will hire an outside consultant to act as PROJECT MANAGER to coordinate the RFP process, oversee the work of the professional firm/team hired by MISSION VIEJO to undertake and complete the PROJECT and coordinate the activities and efforts of the Parties pertaining to the PROJECT.

C. The Parties will share mutually and proportionally in the cost of the PROJECT and the PROJECT MANAGER. Exhibit B to this MOU shows a Cost Allocation Summary for each of the Parties based on an initial budget of \$300,000.

5. Initial Payment. The Parties agree to have the MOU approved no later than September 15, 2018. Upon approval, the CITIES agree to send executed copies of the MOU to MISSION VIEJO along with an initial payment equal to each Parties pro-rata cost share shown in Exhibit B.

6. Final True-up. Upon final completion of the PROJECT, MISSION VIEJO will provide a final accounting of all PROJECT and PROJECT MANAGER Expenditures (hereinafter, "COSTS") to the CITIES. Upon review and agreement of the final accounting of all COSTS, the CITIES will issue a notice of acceptance to MISSION VIEJO. If final COSTS exceed the initial PROJECT budget of \$300,000, MISSION VIEJO will invoice each Party their pro-rata share of the excess COSTS pursuant to the Cost Allocation Summary in Exhibit B. CITIES agree to pay MISSION VIEJO within

sixty (60) days of receipt of said invoice. If final COSTS are less than the initial budget of \$300,000, MISSION VIEJO will refund each Party their pro-rata share of the budget savings pursuant to the Cost Allocation Summary in Exhibit B. MISSION VIEJO agrees to issue said refunds within sixty (60) days after notice of acceptance of the final accounting by CITIES.

7. Applicable Laws. This MOU shall be governed by and construed according to all applicable federal, state and local laws, statutes, rules, regulations, and ordinances. The Parties warrant that in the performance of this MOU, each shall comply with all applicable federal, state and local laws, statutes, rules, regulations, and ordinances promulgated thereunder.

8. Complete Agreement. This MOU, including all exhibits and documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the term(s) and condition(s) of the agreement between the Parties and it supersedes all prior representations, understandings, and communications. The invalidity in whole or in part of any term or condition of this MOU shall not affect the validity of any other term(s) or condition(s).

9. Amendments. This MOU may only be modified or amended in writing by agreement of the Parties. All modifications, amendments, changes, and revisions of this MOU, in whole or in part, and from time to time, shall be executed by each Party and shall be binding upon all Parties.

10. Counterparts. This MOU may be executed in one or more counterparts, all counterparts shall be valid and binding on the party executing them,

and all counterparts shall together constitute one and the same document for all purposes.

11. Effective Date. The above understandings shall serve as a guide to the intent and expectations of the parties involved in this MOU. This MOU shall be effective upon execution of all Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this Memorandum of Understanding to be executed on the date first above written.

MISSION VIEJO:

CITY OF MISSION VIEJO

By: _____
Dennis Wilberg
City Manager

ATTEST:

By: _____
Karen Hamman
City Clerk

APPROVED AS TO FORM:

William P. Curley, City Attorney

CITIES:

CITY OF ALISO VIEJO

By: _____
David Doyle
City Manager

ATTEST:

By: _____
Mitzi Ortiz
City Clerk

APPROVED AS TO FORM:

Scott C. Smith, City Attorney

CITY OF DANA POINT

By: _____
Mark Denny
City Manager

ATTEST:

By: _____
Kathy Ward
City Clerk

APPROVED AS TO FORM:

Patrick Munoz, City Attorney

CITY OF LAGUNA NIGUEL

By: _____
City Manager

ATTEST:

By: _____
Eileen Gomez
City Clerk

APPROVED AS TO FORM:

Terry Dixon, City Attorney

CITY OF LAGUNA HILLS

By: _____
Bruce E. Channing
City Manager

ATTEST:

By: _____
Melissa Au-Yeung
Assistant to City Manager/
City Clerk

APPROVED AS TO FORM:

Gregory E. Simonian, City Attorney

CITY OF LAGUNA WOODS

By: _____
Christopher Macon
City Manager

ATTEST:

By: _____
Yolie Trippy
Deputy City Clerk

APPROVED AS TO FORM:

David Cosgrove, City Attorney

CITY OF LAKE FOREST

By: _____
Debra Rose
City Manager

ATTEST:

By: _____
Stephanie Smith
City Clerk

APPROVED AS TO FORM:

Matthew E. Richardson, City Attorney

CITY OF SAN CLEMENTE

By: _____
James Makshanoff
City Manager

ATTEST:

By: _____
Joanne Baade
City Clerk

APPROVED AS TO FORM:

Scott Smith, City Attorney

CITY OF RANCHO SANTA MARGARITA

By: _____
Jennifer M. Cervantez
City Manager

ATTEST:

By: _____
Amy Diaz
City Clerk

APPROVED AS TO FORM:

Gregory E. Simonian, City Attorney

CITY OF SAN JUAN CAPISTRANO

By: _____
Benjamin Siegel
City Manager

ATTEST:

By: _____
Maria Morris
City Clerk

APPROVED AS TO FORM:

Jeff Ballinger, City Attorney

CITY OF STANTON

By: _____
James A. Box
City Manager

ATTEST:

By: _____
Patricia A. Vazquez
City Clerk

APPROVED AS TO FORM:

Matthew E. Richardson, City Attorney

CITY OF VILLA PARK

By: _____
Steve Franks
City Manager

ATTEST:

By: _____
Jarad Hildenbrand
City Clerk

APPROVED AS TO FORM:

Todd Litfin, City Attorney

CITY OF YORBA LINDA

By: _____
Mark Pulone
City Manager

ATTEST:

By: _____
Marcia Brown
City Clerk

APPROVED AS TO FORM:

Todd Litfin, City Attorney

EXHIBIT B

ATTACHMENT 2

**Orange County Sheriff-Coroner Department's
Contract Law Enforcement Cost and Efficiency Study**

Cost Allocation Summary

Estimated Costs: \$ 300,000

City	Population*	Population %	Pro-Rata Cost Share
Aliso Viejo	50,312	7.81%	\$ 23,417.59
Dana Point	33,699	5.23%	\$ 15,685.12
Laguna Hills	31,544	4.89%	\$ 14,682.08
Laguna Niguel	66,689	10.35%	\$ 31,040.23
Laguna Woods	16,319	2.53%	\$ 7,595.64
Lake Forest	84,931	13.18%	\$ 39,530.92
Mission Viejo	96,763	15.01%	\$ 45,038.10
Rancho Santa Margarita	48,602	7.54%	\$ 22,621.68
San Clemente	65,975	10.24%	\$ 30,707.90
San Juan Capistrano	36,262	5.63%	\$ 16,878.06
Stanton	39,611	6.15%	\$ 18,436.84
Villa Park	5,944	0.92%	\$ 2,766.62
Yorba Linda	67,890	10.53%	\$ 31,599.23
Totals	644,541	100.00%	\$ 300,000.00

* - CA DOF Population Estimates as of 01/01/2017