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March 31, 2011

TO: Supervisor Ray Nutting, Chair  
Supervisor John R. Knight  
Supervisor Ron Briggs  
Supervisor James R. Sweeney  
Supervisor Norma Santiago

FROM: John D'Agostini   
Sheriff-Coroner-Public Administrator

SUBJECT: SHERIFF'S OFFICE BUDGET

As requested by your Board at the meeting of January 11, 2011, this is to provide you with an update of the El Dorado County Sheriff's Office budget, the fiscal challenges facing the Sheriff's Office, and the steps being taken to continue providing the outstanding law enforcement services expected by the citizens of El Dorado County.

Attached for your information is a report that provides historical comparisons dating back to Fiscal Year 2001/02, as well as an update on the current year budget.

In summary, the primary challenge facing the Sheriff's Office's ability to continue providing outstanding law enforcement services to the citizens of El Dorado County is the escalation of employee salary and benefit costs resulting from 'Charter 504'. Until three years ago, these increases were incurred by the county and not included in the overall net county cost of the Sheriff's budget. While I do believe in the "Spirit" of "Charter 504" that a fair and equitable wage be paid to front line Deputies and recognizing that the citizens of El Dorado County twice voted to keep our Deputies' wages on par with surrounding agencies, unless actions are taken to curtail these increases, the County will have to incur higher costs or law enforcement services will be negatively impacted.

I look forward to working with each of you to address these challenges and improve the law enforcement services that are provided to the citizens of El Dorado County.

JD:RW:da

Attachment

c: Auditor-Controller  
Chief Administrative Officer  
Clerk of the Board

# El Dorado County Sheriff's Budget Report to the Board of Supervisors April 5, 2011

## Historical Information

The following is a comparison of expenditures and revenues during the period of Fiscal Year 2001-02 through Fiscal Year 2009/10.

### Salaries & Employee Benefits (S&EB)

Total salary costs, inclusive of sworn and non-sworn staff, increased from approximately \$19.5 million for 362 Full Time Equivalents (FTEs) to \$28.2 million for 377 FTEs. Employee Benefits have increased from approximately \$5.9 million in FY 2001/02 to \$15.4 million in FY 2009/10. As a result, in FY 2009/10 S&EB costs consisted of 85% of the Sheriff's Office actual costs compared to 77% of the actual costs in FY 2001/02.

While costs for employee benefits are increasing in most, if not all, jurisdictions, another contributing factor to the salary increases is 'Charter 504'. Beginning in 2001 through 2010, sworn personnel have received salary increases totaling approximately 48%. Since the beginning of the economic down turn (2007) Deputy Sheriffs received salary increases totaling 18.7% and sworn Supervisory staff (Sergeants and above) increased salary increases totaling 23.5% as a result of 'Charter 504'.

Lastly, from FY 01/02 through FY 2004/05 overtime costs remained consistent between \$2.41 and \$2.65 million each year. However, beginning in FY 2005/06 overtime costs began increasing and hit a peak of slightly over \$4 million in FY 2006/07 and 07/08. Since that time overtime costs began decreasing and in FY 2009/10 were down to \$2.84 million. Proactive measures have been put in place to continue reducing overtime costs.

### Non-salary related expenses (Services & Supplies, Fixed Assets, etc.)

During this period non-salary related expenses remained relatively flat, increasing from \$7.5 million in FY 2001/02 to \$8.1 million in FY 2009/10, with a peak of \$9.1 in FY 2005/06.

As indicated in attached chart title '10 Year History – Revenue & Expenses', increases and decreases to non-salary related expenditures are consistent with increases and decreases in revenue.

### Revenue

From FY 2001/02 through FY 2009/10, revenues received from the State and Federal Governments, as well as revenues associated with taxes, permits, etc. fluctuated from a low of \$9.56 million in FY 2002/03 to a peak of \$12.3 million in FY 2006/07. Since that time revenues declined each year to \$9.9 million in FY 2009/10. The primary cause is a result of State revenues declining by approximately \$1.9 million since FY 2006/07.

**Current Year Budget and Projections**

Based on expenditures and revenues posted as of February 28, 2011, the Sheriff's Office is projecting a surplus of approximately \$1.04 million as summarized below:

	<b>FY 2010/11 Budget</b>	<b>Year End Forecast</b>
Salary & Employee Benefits	\$43,937,621	\$41,972,913
Non-salary related Expenses	\$9,911,439	\$9,265,705
<b>Total Expenditure</b>	<b>\$53,849,060</b>	<b>\$51,238,618</b>
Revenue	\$12,510,095	\$10,948,304
<b>Net County Cost</b>	<b>\$41,338,965</b>	<b>\$40,290,314</b>

Please note S&EB costs are projected to be approximately \$1.55 million lower than FY 2009/10 which is a result of Early Retirement Incentives as well as intentionally holding a number of positions vacant in the event additional reductions are required. In addition, included in these figures are estimates relative to overtime expenses. At this time the Sheriff's Office expects overtime costs will be approximately \$2.6 million which is a savings of approximately \$450,000 from the budgeted amount.

While non-salary related expenditures are higher than FY 2009/10, the majority of these costs are revenue offset as a result of various grants within the Sheriff's Office. In the event the expenses are not incurred, the projected revenues will be reduced accordingly, but will not impact the overall Net County Cost.

Excluding grant revenue, other revenues are lower than in prior years. For example, Rural Counties Revenue is currently budgeted at \$500,000; however, it appears the Sheriff's Office will only realize approximately \$380,000.

**Fiscal Challenges**

One area impacting the Sheriff's Office is in regards to State revenue. For example, in Fiscal Years 2008/09 and 2009/10 the Sheriff's Office received \$500,000 each year in Rural Counties Revenue, but in the current fiscal year the Sheriff's Office only anticipates receiving \$380,000. In addition, the legislation that requires the State to provide this revenue 'sunset' on June 30, 2011. While Sheriff's Association legislative advocates are working to extend this legislation, due to the State's fiscal climate at this time the Sheriff's Office does not anticipate receiving any of these funds in FY 2011/12.

The most significant fiscal challenge facing the Sheriff's Office are the escalating S&EB costs, primarily due to increased benefit costs as well as 'Charter 504' increases. Each year these costs increase requiring the Sheriff's Office to reduce staffing levels or reduce costs in other areas.

In FY 2011/12, the Sheriff's Office is projecting that costs to staff the jails in Placerville and South Lake Tahoe will consist of approximately 32% of the overall staffing budget; however, due to various State and Federal mandates, with the exception of two positions that are being unfunded in FY 2011/12, the Sheriff's Office is unable to further reduce staffing levels in the jails. As a result, the majority of staffing reductions will occur in divisions that provide law enforcement services to the general public.

Statistics from the United States Census Bureau state the population in El Dorado County increased by approximately 19% from 152,299 people in 2000 to 181,058 in 2010. In FY 2010/11, the Sheriff's Office has three fewer funded FTEs than in FY 2001/02; however, S&EB costs have increased by 72%. Looking forward to FY 2011/12, in order to meet the Net County Cost target, additional staffing reductions will be required.

It goes without saying that effective law enforcement can only be provided if a sufficient numbers of Deputies are making a presence in the community. Unless actions are taken to curtail or offset 'Charter 504' increases and employee benefit increases, the Net County Cost to El Dorado County will continue to increase or the Sheriff's Office will be required to reduce the level of services that are expected by the citizens of El Dorado County.

### **Summary and Future Actions**

Currently, a thorough review of the organizational structure, staffing levels in each division, and primary functions is being conducted which has already identified areas that can operate more efficiently. For example, efficiencies are being implemented to further reduce the costs of overtime. Some functions such as background investigations are being identified as services that can be outsourced to save costs while re-directing sworn staff to handle community requirements, as well as identifying duplications in effort and streamlining the organizational structure to create efficiencies in operations. These savings will be used to fund the Undersheriff's position which is essential to the Sheriff's Office.

It is understood it is imperative that the Sheriff's Office operate as efficiently as possible and continued steps will be taken to ensure this.