



Office of the Performance Audit Director

333 W. Santa Ana Blvd., Santa Ana, CA 92701

January 14, 2014

Honorable Board of Supervisors:

Transmitted herewith is the follow-up to the November 2010 Review of the Orange County Sheriff-Coroner Department Harbor Patrol (2010 Harbor Patrol Review). This follow-up report focuses on Orange County Sheriff-Coroner Department's (OCSD) progress in implementing the audit recommendations.

Overall, OCSD has made commendable progress. The audit team is able to close 13 of the 14 (93%) recommendations. The remaining recommendation is expected to be fully implemented within three months.

We have discussed our findings with Sandra Hutchens, Sheriff Coroner, Jane Reyes, Executive Director, Administrative Services Command, and Brian Wayt, Senior Director, Administrative Services Command. We would like to acknowledge and thank the management and staff in OCSD who assisted us in completing this follow-up audit.

Respectfully submitted,

Philip Cheng
Performance Audit Director

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**Review of Orange County Sheriff-Coroner Department
Harbor Patrol
Recommendations Follow-Up**

Final Report (#131403)

January 14, 2014

Office of the Performance Audit Director
County of Orange, California

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Executive Summary

In 2010, the Board of Supervisors requested that the Office of the Performance Audit Director (Office) conduct a review of Harbor Patrol operations. This request followed extensive Board discussion of a report by the Harbor Patrol Working Group pertaining to Harbor Patrol governance and financial issues. Pursuant to the Board's request, the Office conducted the review in close consultation with County Counsel and with assistance from staff at the Orange County Sheriff's Department (OCSD), Auditor-Controller and the Assessor. The Office performed a comprehensive review of Harbor Patrol operations and made a total of 14 recommendations. OCSD concurred or partially concurred with 13 (93%) of the audit recommendations.

Since the 2010 Review of the Orange County Sheriff-Coroner Department Harbor Patrol, OCSD has made significant progress in implementing the Office's recommendations. As of the date of this report, the audit team was able to close 13 of the 14 recommendations (93%). The remaining recommendation (#4c) is expected to be fully implemented within three months.

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I. Introduction

In November 2010, the Office of the Performance Audit Director (Office) completed a comprehensive review of the Orange County Sheriff-Coroner Department Harbor Patrol (2010 Harbor Patrol Review). The Office conducted this review with significant input from the Orange County Sheriff-Coroner Department (OCSD), OC Parks, and OC Dana Point Harbor, with the assistance of Auditor-Controller and Assessor staff to obtain property value and tax data, and in close consultation with County Counsel on legal issues. The scope of the review included various legal, operational and financial aspects of the Harbor Patrol. In addition to providing recommendations related to the funding and operation of the Harbor Patrol, the report provided stakeholders with a detailed overview of the Harbor Patrol in order to inform the decision-making process regarding the Harbor Patrol's future funding and operation.

The primary conclusions of the 2010 Harbor Patrol Review were:

- OCSD Harbor Patrol is a strong operation that, in general, has the support of the boating public, harbor users, and harbor cities.
- State Statutory mandates governing the Sheriff largely do not require the continuation of OCSD Harbor Patrol in its current form. However, the County is obligated under the Orange County Local Agency Formation Commission (LAFCO) resolutions to fulfill the statutory duties of the former Harbors, Beaches, & Parks ("HBP") District. Any changes to the level of patrol staff *could* risk violating these LAFCO resolutions.
- After evaluating the Harbor Patrol's current funding model and various alternatives, the review team recommended the formation of a short-term task force of stakeholders to consider transitioning to a "Shared Funding" approach. The eventual goal of a "Shared Funding" approach would be for OCSD to contribute the full, incremental cost of staffing Harbor Patrol with fully sworn staff.
- The review team identified several opportunities for operational improvements, revenue enhancements, and cost savings. The review team estimated annual savings from implementing the operational recommendations to be approximately \$190,000.

OCSD concurred or partially concurred with 13 of the 14 recommendations (93%) in the 2010 Harbor Patrol Review.

Audit Recommendation	Concur or Partially Concur	Do Not Concur	Total
Number	13	1	14
Percentage	93%	7%	100%

This follow-up review focuses on OCSD’s progress in implementing the recommendations from the 2010 Harbor Patrol Review. As of the date of this report, 93% of the recommendations have been closed. One recommendation is “In Progress” and is expected to be fully implemented within three months.

Audit Recommendation	Closed	In Progress	Total
Number	13	1	14
Percentage	93%	7%	100%

II. Significant Improvements

After receiving the 2010 Harbor Patrol Review, OCSD took various steps to implement many of the operational recommendations. Additionally, the Board of Supervisors convened an Ad Hoc Subcommittee made up of Supervisors Bates and Moorlach, as well as the County Executive Office (CEO) and OCSD staff to review potential changes to the existing funding approach. Select highlights of the changes made in response to the 2010 Harbor Patrol Review include:

- Regarding staffing improvements, OCSD eliminated one Office Technician position in Dana Point Harbor and rescheduled station Sergeants at Dana Point Harbor and Sunset Harbor to provide direct management on select weekend days, which are the busiest of the week.
- OCSD has developed and updated policies and procedures in order to clarify and standardize responses to emergency and non-emergency situations in the harbors. In particular, the updated Disabled Vessel Policy provides for improved operating procedures and enhanced data collection.
- The Ad Hoc Subcommittee agreed to make certain changes to the funding of Harbor Patrol activities. For example, OC Parks and the Tidelands are no longer charged for

certain homeland security activities and other activities that benefit the broader public. Additionally, the Subcommittee agreed to maintain the existing funding strategy and to continue to work to reduce Harbor Patrol costs.

III. Continuing Improvement Opportunities

Operating costs continue to increase and resources remain constrained. Going forward, it will be essential for OCSD to remain proactive about monitoring and controlling the cost of Harbor Patrol activities.

OCSD has made improvements in its methods of tracking and analyzing staff activities at the harbors and should continue to improve access to and use of this information. Reports on Marine Operations Bureau activities are now prepared on a quarterly basis and are available to Harbor Patrol leadership. Additionally, OCSD has stated that “all future reports” will be provided to OC Parks and DPH leadership (Recommendation #4c). This recommendation is expected to be fully implemented within three months.

Recommendations #7 and #9 are related to Memorandums of Understanding and operating agreements with neighboring cities and other agencies. In a memo dated December 5, 2013, OCSD stated that “[w]e are continuing to work with our internal partners at OC Parks and the Cities of Newport Beach, Huntington Beach and Seal Beach to determine if any revisions [to existing agreements] are desired on those cities behalf.” As OCSD renegotiates these and other agreements in the coming years, achieving equity between services provided and the fees paid for such services will be critical.

IV. Follow-Up Summary Table

The following table summarizes the status of each of the 14 audit recommendations.

Rec. #	Recommendation	Management Response	Follow-Up Status	Auditor's Comments
1	The Board of Supervisors, with the assistance of the CEO, OCS D, OC Parks, DPH and County Counsel, should submit a request to LAFCO to clarify, and potentially modify, the conditions imposed by LAFCO on the dissolution of the former HBP District and the formation of CSA 26.	Concur with Recommendation. Finding #1 of the report recommends clarification of service level requirements under the existing LAFCO agreement. We support clarifying this issue with LAFCO.	Closed	<p>On November 9, 2010, a Board directive was issued to form an ad hoc committee to work with OCS D and CEO to evaluate funding strategies for the Harbor Patrol. Auditor reviewed the formal response to that directive, which was received and filed by the Board on April 19, 2011. At that time, no changes to the range and level of services provided by Harbor Patrol were recommended.</p> <p>To date, the Board of Supervisors has not formally requested clarification on this issue from LAFCO. Should the Board seek to modify the range and level of services in the future, such a request would be necessary. As noted in a memo dated December 5, 2013, "OCS D will continue to work with the CEO and the BOS if there is a desire to change the current funding structure or level of service in the harbors." This recommendation is closed for follow-up purposes.</p>
2	Consolidate the elements of the Training Coordinator and Mooring /Accident Investigation Deputy positions that require a fully sworn peace officer into one deputy position; use a civilian position to support this deputy and perform the remaining administrative duties.	Do Not Concur with Recommendation. Having one classification of employee (Deputy Sheriff) and one department (OCS D) responsible for providing services has resulted in a service delivery model that, as acknowledged in the report, "enjoys a large degree of public support," and is an "efficient operation". It is a time-tested, proven model that has been extremely effective for 35 years. It seems counter-intuitive to fragment duties to employees with different classifications or parcel out responsibilities to a variety of other agencies. Both ideas would meet with resistance by affected cities, user groups and labor unions. Both would erode the long-standing history of excellent service and efficiency only to be replaced by a bureau or bureaus that are less responsive, less efficient and overall, more costly.	Closed	After reviewing Recommendation #2 in the original report, OCS D concluded that any potential saving from converting a sworn position to an unsworn position would be offset by the need for additional overtime costs. This recommendation is closed for follow-up purposes.

Rec. #	Recommendation	Management Response	Follow-Up Status	Auditor's Comments
3	Delete the Office Technician position in Dana Point Harbor.	Concur with Recommendation. The department has already eliminated the Office Technician position in Dana Point.	Completed	Auditor reviewed Current Positional Control Personnel Roster and Organizational Chart for the Harbor Patrol and confirmed that the Office Technician position at Dana Point Harbor has been eliminated.
4a	Refine the policy that details how both sworn and non-sworn staff are to record their time and roll out the policy consistently across all harbors.	Concur with Recommendation. We are developing management databases (recommendation #4) and reviewing all policies related to emergency and non-emergency rescues (recommendation #6).	Completed	Auditor reviewed Field Operation Manual - Section 39 regarding protocol for the Daily Activity Report, which was updated in September 2012. Section 39 is a detailed guide for tracking time and all daily activities.
4b & 6b	Automate Daily Activity Reports by working with OCSD IT staff to develop a simple database for the recording of daily activity worksheets in electronic format, and require that deputies enter their activity information at the conclusion of every shift.	Concur with Recommendation. We are developing management databases (recommendation #4) and reviewing all policies related to emergency and non-emergency rescues (recommendation #6).	Completed	Auditor reviewed sample copy of electronic daily activity log and Monthly Statistical Report and confirmed that data is being tracked electronically and regularly compiled into a single database system.
4c	Create management reports from the established Daily Activity database that are prepared for and reviewed by Harbor Patrol leadership, as well as by OC Parks/DPH leadership, on a routine basis (i.e., quarterly, semi-annually).	Concur with Recommendation. We are developing management databases (recommendation #4) and reviewing all policies related to emergency and non-emergency rescues (recommendation #6).	In Progress	Auditor reviewed Marine Operations Bureau 2nd Quarter Report (Apr-June 2013). OCSD makes all such reports available to Harbor Patrol leadership through a shared computer drive. As noted in its memo dated December 5, 2013, OCSD "will seek appropriate contacts [at OC Parks and DPH] and forward all future reports." Estimated completion date for this recommendation is 1 st Quarter of 2014.
5	Schedule Facility Commanders/Station Sergeants in Sunset/Huntington Harbor and Dana Point Harbor to cover weekends and holidays.	Concur with Recommendation. The department has already rescheduled the station Sergeants in the outlying facilities.	Completed	Auditor reviewed weekly schedules for Dana Point Harbor and Sunset/Huntington Harbor. Over the period reviewed, a Sergeant was assigned to work at each location on alternating weekend days (one Sergeant on Saturday at Dana Point and another on Sunday at Sunset Harbor).
6a	Develop policies and procedures related to Homeland Security in the harbors and surrounding waters, Criminal Activity in the harbors, Non-Emergency Pump-Outs/Jump Starts/Salvage, and Mooring Checks. Require that non-emergency Pump-Outs/Jump Starts/Salvage are documented in detail to explain the circumstances that required Harbor Patrol involvement.	Concur with Recommendation. We are developing management databases (recommendation #4) and reviewing all policies related to emergency and non-emergency rescues (recommendation #6).	Completed	Auditor obtained and reviewed all updated policies and agreements. OCSD has developed most of the recommended policies and procedures.

Rec. #	Recommendation	Management Response	Follow-Up Status	Auditor's Comments
6c	<p>Create a more detailed non-emergency Disabled Vessel/Vessels Towed policy/procedure and communicate policy/procedure to staff. Require that non-emergency tows are documented in detail to explain the circumstances that required Harbor Patrol involvement. Harbor Patrol management should review all documentation to ensure that policy is being followed.</p>	<p>Concur with Recommendation. We are developing management databases (recommendation #4) and reviewing all policies related to emergency and non-emergency rescues (recommendation #6).</p>	<p>Completed</p>	<p>Auditor reviewed the Disabled Vessel Policy, which was updated in March 2013. The updated policy includes a detailed procedure for determining whether OCSD should assist with a non-emergency tow. Additionally, auditor reviewed a sample of Computer Aided Dispatch reports from recent incidents, which included detailed notes on responses to disabled vessels.</p>
7	<p>The County and Sheriff should revise the outdated agreements with the cities of Newport Beach, Seal Beach, and Huntington Beach and draft a new agreement with the Seal Beach Naval Weapons Station.</p>	<p>Concur with Recommendation. We are in various stages of completing revised agreements with affected cities.</p>	<p>Closed</p>	<p>OCSD provided the following response to this recommendation: "We reached out to the Seal Beach Naval Weapons Station, and they do not desire any changes to the current MOU at this time. We are continuing to work with our internal partners at OC Parks and the Cities of Newport Beach, Huntington Beach and Seal Beach to determine if any revisions are desired on those cities behalf." At the present time, OCSD has chosen to defer to the cities/agencies regarding updates to these agreements. OCSD has and will continue to engage participating cities/agencies to determine whether there is interest to revise any existing agreements. This recommendation is closed for follow-up purposes.</p>

Rec. #	Recommendation	Management Response	Follow-Up Status	Auditor's Comments
8	<p>OCSD Financial staff and CEO/Budget staff should develop a detailed cost allocation methodology that is refreshed annually to ensure: (1) compliance with State Lands Commission restrictions in Dana Point Harbor and Newport Harbor, and (2) that allocations reflect current strategic preferences (e.g., could the existing distribution between OC Parks CSA 26 Fund 405 and Newport Tidelands Fund 106 be modified if additional revenues accrue to Fund 106).</p>	<p>Concur with Recommendation. As in previous studies, the Performance Auditor identified the funding source of the Harbor Patrol as the primary source of "consternation" between various stakeholders. In FY 07-08, the Board of Supervisors utilized County General Funds to pay for Harbor Patrol costs that had previously been funded by CSA 26 and Dana Point Tidelands. However, the following year, the Board decided to return to the original funding arrangement (using funds from CSA 26 and Dana Point Tidelands and not using County General Funds) due to severe budget reductions in the General Fund which resulted in layoffs, furloughs, and service reductions to the public. That being said, budget circumstances change each year and we would welcome the opportunity to participate in any working group that may be formed (as recommended by the audit team) to identify funding source alternatives for the benefit all user groups.</p>	<p>Closed</p>	<p>On November 9, 2010, a Board Directive was issued to form an ad hoc committee to work with OCSD and CEO to evaluate funding strategies for the Harbor Patrol. Auditor reviewed the formal response to that directive, which was received and filed by the Board on April 19, 2011.</p> <p>Auditor reviewed OCSD's FY 2013-2014 Harbor Patrol Cost Apply worksheet and confirmed that it was revised to exclude expenses related to homeland security activities as recommended in the formal response to the Board Directive.</p> <p>No changes to the cost allocation methodology for Harbor Patrol were recommended in the formal response to the Board Directive. The cost allocation for Harbor Patrol has not been updated and a detailed cost allocation methodology has not been developed. This recommendation is closed for follow-up purposes.</p>
9	<p>OCSD, the CEO, and County Counsel should review and, if appropriate, propose an amendment of the agreement with the City of Newport Beach for mooring-related services to insert use restrictions on revenues it generates for Newport Beach.</p>	<p>Partially Concur with Recommendation. We are in various stages of completing revised agreements with affected cities.</p>	<p>Closed</p>	<p>OCSD provided the following response to this recommendation: "We are continuing to work with our internal partners at OC Parks and the Cities of Newport Beach, Huntington Beach and Seal Beach to determine if any revisions are desired on those cities behalf." OCSD has and will continue to engage participating cities/agencies to determine whether there is interest to revise any existing agreements. During negotiations of the next contract in 2015, OCSD should revisit limiting the use of Newport Beach's related revenues to Harbor-related activities. This recommendation is closed for follow-up purposes.</p>
10	<p>OCSD and OC Parks/DPH staff should work together to prepare an application for additional California DBW grant opportunities.</p>	<p>Concur with Recommendation. The department has already sought out grant funding from California DBW.</p>	<p>Completed</p>	<p>Auditor confirmed that OCSD has applied for and received additional grant funding from the Department of Boating and Waterways, including through its Vessel Turn In Program (VTIP), and continues to do so.</p>
11	<p>Extend the useful life of each Harbor Patrol vessel to 20 years, instead of the current 15 years.</p>	<p>Concur with Recommendation. The Department has deferred the purchase of a fireboat in FY09/10 and has secured Department of Homeland Security grant funding for a fireboat.</p>	<p>Completed</p>	<p>As noted in a memo dated December 5, 2013, "The Harbor Patrol has increased the useful life expectancy of its fleet of vessels to a 20 year cycle." Additionally, the Harbor Patrol's <i>Schedule of Vessels October 1, 2013 to October 1, 2014</i> lists five vessels that were manufactured more than 15 years ago.</p>

Rec. #	Recommendation	Management Response	Follow-Up Status	Auditor's Comments
12	Explore pricing options for fixing the fuel tank at the Dana Point Harbor Patrol station, as well as pursue other pooled purchase options to reduce the cost of fuel.	Concur with Recommendation. The department has already resolved the fuel tank issue in Dana Point.	Completed	The increased fuel price paid at Dana Point Harbor due to a malfunction fuel storage tank has been resolved. OCS D determined that it was cost-effective to repair the malfunctioning fuel storage tank. Auditor reviewed gasoline invoices from all three Harbors and confirmed that the prices paid at each are consistent.
13	OCS D, the CEO, and County Counsel should work together to address the legal analysis related to the allowable uses of CSA 26 and Tidelands funds for Harbor Patrol activities.	Concur with Recommendation. As in previous studies, the Performance Auditor identified the funding source of the Harbor Patrol as the primary source of "consternation" between various stakeholders. In FY 07-08, the Board of Supervisors utilized County General Funds to pay for Harbor Patrol costs that had previously been funded by CSA 26 and Dana Point Tidelands. However, the following year, the Board decided to return to the original funding arrangement (using funds from CSA 26 and Dana Point Tidelands and not using County General Funds) due to severe budget reductions in the General Fund which resulted in layoffs, furloughs, and service reductions to the public. That being said, budget circumstances change each year and we would welcome the opportunity to participate in any working group that may be formed (as recommended by the audit team) to identify funding source alternatives for the benefit all user groups.	Completed	On November 9, 2010, a Board directive was issued to form an ad hoc committee to work with OCS D and CEO to evaluate funding strategies for the Harbor Patrol. Auditor reviewed the formal response to that directive, which was received and filed by the Board on April 19, 2011. As noted in this response, regarding the allowable uses of CSA 26 and Tidelands funds for Harbor Patrol activities, "County Counsel concurs with the [current] use of these funds for Harbor Patrol activities that primarily benefit the harbors and users of the harbor."

Rec. #	Recommendation	Management Response	Follow-Up Status	Auditor's Comments
14	Implement [Funding Model] Option 1*, with the specific contribution method developed by a short-term task force of key County of Orange Harbor Patrol stakeholders. Such a task force would ideally be composed of OCSD, OC Parks, DPH, CEO/Budget, and, potentially, one or two Board members.	Partially Concur with Recommendation. As in previous studies, the Performance Auditor identified the funding source of the Harbor Patrol as the primary source of "consternation" between various stakeholders. In FY 07-08, the Board of Supervisors utilized County General Funds to pay for Harbor Patrol costs that had previously been funded by CSA 26 and Dana Point Tidelands. However, the following year, the Board decided to return to the original funding arrangement (using funds from CSA 26 and Dana Point Tidelands and not using County General Funds) due to severe budget reductions in the General Fund which resulted in layoffs, furloughs, and service reductions to the public. That being said, budget circumstances change each year and we would welcome the opportunity to participate in any working group that may be formed (as recommended by the audit team) to identify funding source alternatives for the benefit all user groups.	Completed	On November 9, 2010, a Board directive was issued to form an ad hoc committee consisting of Supervisors Bates and Moorlach to work with OCSD and CEO to evaluate funding strategies for the Harbor Patrol. Auditor reviewed the formal response to that directive, which was received and filed by the Board on April 19, 2011. The response recommended a continuation of the existing funding methodology, that OC Parks and Dana Point and Newport Tidelands charges be based on actual activity rather than estimated activity, and that the methodology be re-evaluated in FY13. As noted in the response, "the Office of the Performance Audit Director concurs that the proposed actions are consistent with the recommendations in their report."

V. Conclusion

OCSD has made significant progress in implementing the audit recommendations of the 2010 Harbor Patrol Review. Through this follow-up review process, the audit team was able to close 13 of the 14 (93%) recommendations. The remaining recommendation is expected to be fully implemented within three months.