

5 - Alternative Funding for Harbor Patrol Services

1. **Program Area:**
INFRASTRUCTURE & ENVIRONMENTAL RESOURCES
2. **Agencies and Departments involved:**
Resources and Development Management Department, Dana Point Harbor Department and Sheriff Department
3. **New or previously identified in earlier Strategic Financial Plans, if previously identified, what has changed and why:**
Not previously identified in earlier Strategic Financial Plans.
4. **Description of the project/program - what it is and what it will achieve:**
On June 14, 2005 at the 2005/2006 budget hearings, the Board of Supervisors directed the CEO, Sheriff, and Harbor, Beaches, and Parks (HBP) staff to study the Harbor Patrol budget and associated staff deployment and assess the use of general funds, tidelands funds or any other funds outside of HBP that either can or should be used for Harbor Patrol services. In addition, staff was asked to identify a list of projects in HBP that could potentially be funded with any monies made available as a result of any changes in funding arrangements for Harbor Patrol services. Harbor Patrol Service Cost of approximately \$10.4 million is currently funded 55% by HBP, 30% by Dana Point Tidelands and 15% by Newport Tidelands.

An Agenda Staff Report entitled Harbor Patrol Funding Analysis was presented to the Board on September 13, 2005. This report provided a background on Harbor Patrol services, costs and legal requirements. In addition, current funding sources were described and alternatives identified. The Board of Supervisors further directed staff to explore funding alternatives such as user fees, boater registration fees, mooring fees, towing fees, and annual bundled fees. Other options such as the use of general funds, city contributions and Harbor Patrol cost management were a part of the request as well.

Staff reviewed the potential to increase boat launch fees, towing fees, mooring fees and annual fees. It was determined that any increase in fees would be a negligible source of funding for the \$10 million a year cost of Harbor Patrol services. The following factors were considered:

1. Current fees are currently at market.
2. Fee increases would only be possible at Dana Point Harbor because it is the only harbor that the County is the owner/operator. In Newport and Sunset/Huntington Harbors, the County only has limited property ownerships of properties dispersed

throughout the two harbors, and in all cases the County has leased the marinas to private parties. The income to the County under the leases is rent in the form of a percentage of gross receipts.

3. It is difficult to assess how many of the 17,500 registered boat owners would launch from Dana Point especially if the fees were higher.
4. Increased fee revenues would only benefit Dana Point Harbor's share of Harbor Patrol Cost for the reason stated in #2 above.
5. Any gain in revenue from a fee increase will be absorbed in the projected increase in cost of Harbor Patrol within the next year.

Other alternatives such as acquiring city contributions and making service level modifications are tied to the Sheriff's deployment strategies for Harbor Patrol. This type of negotiation would require additional time to obtain the proper assessment of Harbor Patrol needs from the Sheriff and City leaders.

In the interim, one proposal which would incorporate the use of general funds and allow the Sheriff maximum flexibility in service delivery would include a 50% reduction in the current allocation of charges made to HBP Fund 405, Dana Point Tidelands Fund 108 and Newport Tidelands fund 106 for Harbor Patrol costs and the Sheriff absorbing the remaining 50% of the cost. The \$2 million per year of General Funds previously allocated to HBP in November 2005 for capital projects and maintenance would be shifted to the Sheriff Department to offset part of the Harbor Patrol costs. If feasible, the remaining Sheriff Department share could be offset in the future by service level modifications or contributions from the cities. This scenario would net HBP Fund 405 an additional \$850,000 over the current \$2.0 million per year general fund arrangement; and will net Newport Tidelands \$800,000 per year and Dana Point Harbor \$1.6 million per year.

Another proposal would be to provide the Sheriff with the \$2 million a year of General Funds previously allocated to HBP in November 2005 and eliminate all charges for Harbor Patrol to Harbors, Beaches, and Parks Fund 405, Newport Tidelands Fund 106 and Dana Point Tidelands Fund 108.

Harbors, Beaches and Parks would retain the full \$5.7 million currently used for their share of Harbor Patrol Services but would give up the recent \$2 million per year general fund allocation. This would give \$3.7 million a year more to the park system needs. Dana Point Harbor would retain their \$3.1 million for use towards the Dana Point Harbor Revitalization project and Newport Tidelands would retain its \$1.6 million for other capital needs in the harbor.

Exclusive use of General Funds for Harbor Patrol is also an alternative. However, the services currently provided as outlined in the September 13, 2005 report to the Board are in excess of a basic level of local law enforcement services but are

deemed necessary by the Sheriff's Department. This option would also shift the \$2 million per year general fund allocation from HBP to the Sheriff Department.

5. Personnel - will the program/project require additional staffing? If so, estimate number of positions:

No additional staffing will be needed.

6. Cost - estimate and identify costs:

Please refer to the attached spreadsheet for cost information.

7. Potential Funding Sources:

The attached spreadsheet reflects only those costs projected to be paid by Harbors, Beaches and Parks Fund 405 since this issue was raised in the context of the discussion on the role of HBP in Harbor Patrol services. It represents 55% of the total cost of Harbor Patrol Services. However, the options described below would provide benefits to Dana Point Harbor Fund 108 and Newport Tidelands Fund 106 as well. These funds cover the remaining 45% of the cost of Harbor Patrol services.

1. Status Quo

Continue funding Harbor Patrol Services through HBP Fund 405 (55%), Newport Tidelands Fund 106 (15%) and Dana Point Harbor Department Fund 108 (30%). Provide general funds, when available, to HBP on an as needed basis.

2. 100% reduction of Sheriff charges to Harbors, Beaches, and Parks Fund 405 (\$5.7 million), Newport Tidelands Fund 106 (\$1.6 million) and Dana Point Harbor Fund 108 (\$3.1 million). Re-allocate \$2 million per year of General Funds from HBP to Sheriff Department for Harbor Patrol costs.

3. 50% reduction of Sheriff charges to Harbors, Beaches, and Parks Fund 405 (\$2.85 million), Newport Tidelands Fund 106 (\$800,000) and Dana Point Harbor Fund 108 (\$1.6 million). Re-allocate \$2 million per year of General Funds from HBP to Sheriff Department for Harbor Patrol costs.

4. 100% General Fund contribution for Harbor Patrol Services. Re-allocate \$2 million per year of General Funds from HBP to Sheriff Department for Harbor Patrol costs.

Please refer to the attached spreadsheet for funding information.

8. Community Awareness (stakeholders):

Orange County has provided Harbor Patrol services to the county harbors and 42 miles of coastline for approximately 50 years. While the primary service population

for the harbor patrol has been the commercial and recreational boater, waterborne law enforcement, fire fighting and other emergency services are provided to the residents and visitors to Orange County as well.

9. Mandated or discretionary:

Mandated but current service is provided at higher level than mandated.

10. Implementation period if funding were available:

Harbor Patrol services are currently being provided. This strategic priority request is for an alternative funding source for the current service level or a modified service level.

