

INTERNAL SERVICES COMMITTEE

The Internal Services Committee reviewed the operations and functions of the County's Internal Services Group, which included the following departments:

Architecture and Engineering

Facilities Management

Human Resources (now under County Administrative Office)

Purchasing

Real Estate Services

Vehicle Services

Subcommittees were formed based on perceived investigative needs. All County departments within this group were investigated by subcommittees, except Architecture and Engineering.

The Purchasing and Vehicle Services subcommittees joined forces to produce a single report under Vehicle Services (Central Stores). The Facilities Management subcommittee's findings and recommendations were absorbed by the Ad Hoc Committee on Public Safety. A separate outside audit of Vehicle Services and user departments was completed under the direction of an ad hoc committee.

Subcommittee efforts led to the following final reports.

PERSONNEL POLICIES

BACKGROUND

In 1998 a County employee was investigated and pleaded guilty to three misdemeanor counts of failing to disclose a gift or loan from a supplier, and was sentenced to 30 days in the county jail. The employee was directly involved in overseeing the performance and continuation of the contract with this supplier. During the investigation, conviction, and commencement of the jail sentence, the employee was placed on paid administrative leave by the appointing authority for approximately ten months.

Two areas of the County Personnel Policy were investigated by the Grand Jury: the use and cost of paid administrative leave and the appointing authority's powers and responsibilities. These particular policies were selected for investigation because of perceived abuses as they related to the above-referenced employee.

FINDINGS

The use of paid administrative leave is a long-standing practice in the County, although there is no written guidance in the Personnel Rules or the Consolidated Memorandum of Understanding for appointing authorities to follow. The most commonly used reason for placing an employee on paid

administrative leave is the perceived need to separate the employee from the workplace while a disciplinary, medical, and/or criminal investigation is being conducted. While on paid administrative leave, the employee is to be reachable by phone during designated hours. The employee need only report in by phone each morning by 8:00 a.m. and is not required to report to any workplace.

The matter of placing an employee on paid administrative leave is important in the matter of civil service employees due to the property rights to which they are entitled by law. A civil service employer cannot deprive an employee of those property rights without going through due process. That due process usually requires administrative leave with pay where the allegation being investigated may harm public service in some manner. The law requires the department to conduct an investigation to determine if wrongdoing occurred and then, if so determined, undertake the appropriate discipline.

The Grand Jury requested information as to the amount of paid administrative leave granted for 1997, 1998, and 1999, the direct cost to the County for this leave, and the reason for the leave. The County payroll system does not code paid disciplinary administrative leave separately. The payroll department specifies that employees use the same code for travel time, conference time, and paid administrative leave. A new payroll system was installed in 1999 but the same coding was continued. Further, not all departments accurately and consistently used the proper code. A manual process that relied on the memories of the appointing authorities was necessary to gather the requested information because most instances lacked written documentation. As a result, the information provided may not be 100 percent accurate.

Use of paid administrative leave for all reasons (travel time, conference time, and disciplinary time) shows the following trend:

<u>Year</u>	<u>No. of Cases</u>	<u>Hours of Paid Leave</u>	<u>Direct Cost</u>
1997	309	16,420	\$307,239
1998	342	18,829	\$368,815
1999	<u>354</u>	<u>18,463</u>	<u>\$383,687</u>
Total	1,005	53,712	\$1,059,741

Usage of paid administrative leave ranged from as little as a few hours per person to a high of:

- One employee with 1,232 hours and a direct cost of \$56,114 in 1999

- One employee with 1,690 hours and a direct cost of \$36,485 in 1998
- One employee with 1,946 hours and a direct cost of \$22,093 in 1997

There is no consolidated reporting process by the various County departments to a central location showing the number of employees on paid administrative leave, the length of time on this leave, the reason, the cumulative cost, nor the current status. According to several appointing authorities, the trend, cost, and reasons for placing employees on paid administrative leave has not been a matter of importance to the County. Additionally, training in Standards of Conduct to emphasize the expected ethical behavior of employees has not been a priority item.

The appointing authority is a term used in the Personnel Rules and the Memorandum of Understanding. An appointing authority refers to a department head. It includes any person who is designated as acting department head, employees acting for the department head during absence, and/or an employee delegated all authority to act on behalf of the appointing authority on a regular basis.

The appointing authority has unlimited authority to handle all personnel actions within County guidelines, civil service rules, and state's rights, even if the appointing authority and the employee are personal friends. The appointing authority can grant paid administrative leave without any oversight or monitoring. The length of time an employee may be on paid administrative leave also is without oversight or monitoring, as evidenced by an instance where an employee remained on paid administrative leave after pleading guilty, being sentenced by the court, and while serving a portion of the jail time. The appointing authority also decides the extent of any disciplinary action against an employee and makes the interpretation of violations of Rule X of the Personnel Rules regarding disciplinary action, subject to the employee's appeal rights.

RECOMMENDATIONS

00-82 IMPLEMENT A SPECIAL PAYROLL CODING SYSTEM THAT WILL IDENTIFY AND TRACK ALL INSTANCES OF PAID ADMINISTRATIVE LEAVE FOR DISCIPLINARY REASONS, MEDICAL EVALUATIONS ETC. TO INCLUDE START DATE, DATE ENDED, DIRECT COST, AND REASON FOR BEING PLACED ON PAID LEAVE. RE-CATEGORIZE

TRAVEL AND CONFERENCE TIME TO REFLECT ITS PROPER USE AS WORK TIME.

- 00-83 DEVELOP COUNTYWIDE, WRITTEN PROCEDURES FOR USE BY THE APPOINTING AUTHORITY WHENEVER CONSIDERATION IS BEING GIVEN TO USING PAID ADMINISTRATIVE LEAVE.
- 00-84 DEVELOP A CONSOLIDATED, MONTHLY REPORTING SYSTEM BY ALL DEPARTMENTS FOR THE COUNTY ADMINISTRATIVE OFFICER, HUMAN RESOURCES, COUNTY COUNSEL, AND THE AUDITOR/CONTROLLER-RECORDER THAT WOULD LIST ALL EMPLOYEES (OR POSITIONS) ON PAID ADMINISTRATIVE LEAVE, START DATE, DATE ENDED, CUMULATIVE DIRECT COST, AND REASONS FOR BEING PLACED ON PAID ADMINISTRATIVE LEAVE.
- 00-85 PROVIDE A QUARTERLY AND AN ANNUAL CONSOLIDATED SUMMARY REPORT BY DEPARTMENT TO THE BOARD OF SUPERVISORS SHOWING THE NUMBER OF EMPLOYEE HOURS ON PAID ADMINISTRATIVE LEAVE AND THE TOTAL DEPARTMENTAL DIRECT COST.
- 00-86 ESTABLISH AN OVERSIGHT PROCESS CONSISTING OF REPRESENTATIVES FROM HUMAN RESOURCES, COUNTY COUNSEL, AND AUDITOR/CONTROLLER DEPARTMENTS WHEN GRANTING PAID ADMINISTRATIVE LEAVE AND ANY DISCIPLINARY ACTION BY THE APPOINTING AUTHORITY.
- 00-87 ASSIGN A DEFINITE RESPONSIBILITY TO THE APPOINTING AUTHORITY TO PURSUE PROMPT COMPLETION OF ANY NECESSARY INVESTIGATION SO AS TO QUICKLY RESOLVE THE MATTER THAT CREATED THE NEED FOR PAID ADMINISTRATIVE LEAVE, THEREBY SHORTENING THE LENGTH OF PAID ADMINISTRATIVE LEAVE.
- 00-88 REQUIRE APPOINTING AUTHORITIES TO FREELY SELECT ANOTHER PERSON TO ACT IN THEIR BEHALF AFTER CONSIDERING WHETHER THEIR RELATIONSHIP WITH THE EMPLOYEE UNDER CONSIDERATION FOR PAID ADMINISTRATIVE LEAVE CAN BE HANDLED WITHOUT A REAL OR PERCEIVED BIAS.
- 00-89 REQUIRE WRITTEN JUSTIFICATION AND DOCUMENTATION TO BECOME PART OF THE EMPLOYEE'S PERMANENT PERSONNEL FILE, WHENEVER PAID ADMINISTRATIVE LEAVE IS GRANTED AND AN EMPLOYEE IS GIVEN ANY DISCIPLINARY ACTION.

- 00-90 PUBLISH ADDITIONAL WRITTEN EXPLANATION REGARDING RULE X OF THE PERSONNEL RULES THAT DESCRIBES THE REASONS WHY AN EMPLOYEE MAY BE SUBJECT TO DISCIPLINARY ACTION.
- 00-91 REQUIRE STANDARDS OF CONDUCT TRAINING BE PROVIDED FOR ALL EMPLOYEES ONCE EACH YEAR COVERING TOPICS IN RULE I OF THE PERSONNEL RULES.
- 00-92 PROHIBIT PAID ADMINISTRATIVE LEAVE AFTER ANY EMPLOYEE IS CONVICTED FOR ANY BREACH OF COUNTY EMPLOYMENT RULES.

REAL ESTATE SERVICES DEPARTMENT

BACKGROUND

The Real Estate Services Department is one of several functions under the Internal Services Group. Its mission statement is *"To provide the most professionally responsive and highest quality real estate services enabling our clients to deliver the needed facilities and services to the citizens of San Bernardino County that will enhance their quality of life."*

Real Estate Services consists of two main functions:

- The Property Management Division is responsible for all County leasing functions with the exception of some special districts and the Superintendent of Schools. It also handles surplus property sales and some revenue leases.
- The Right-of-Way Division is responsible for the acquisition of property, appraisal of both owned and leased property, and relocation assistance. The acquisition work is primarily for the Transportation Department, Flood Control, special districts, San Bernardino Associated Governments (SANBAG), etc.

FINDINGS

The County has about 15,000 employees that require office space or work facilities so as to efficiently accomplish their jobs. There is need for long-range planning because the staffing level this fiscal year is projected to increase about 1,000 employees, requiring an estimated 100,000 to 125,000 square feet of added space. Today most of the office space needs are leased instead of purchased. The County has been criticized in past Grand Jury reports because of charges of political cronyism or intervention involving leasing of office space and appropriate facilities to conduct its business operations (1998-99 Grand Jury Final Report). A County work group is currently studying the whole Real Estate function.

Presently, the array of functions comprising the overall management of office space and facilities is spread over numerous departments and staff within the County. The Real Estate Services Department has certain responsibilities as noted above. In addition, an Administrative Analyst in the County Administrative Office has been delegated the responsibility for administering buildings that are owned by the County. Facilities Management is a separate department that provides the building maintenance and custodial care for these buildings. The Community and Cultural Resources Department, within the County's Public Services Group, is another department that provides grounds and maintenance care.

The inventory of County-owned or leased buildings is monitored through two software programs titled Building Inventory Data System (BIDS) and Land Inventory Data System (LIDS). When leased building information was requested by the Grand Jury, reports were received from two different sources using the BIDS program. The two reports were not the same even though they were both covering properties leased by the County (possibly because different query parameters were used).

A change was made to the County policy on March 30, 1999 when the Board of Supervisors adopted a new *Policy and Standard Practice for Leasing Space for County Use*. A Request for Proposal (RFP) is now required for leases of 5,000 square feet or more with a term of five (5) years or more, unless it is waived because it would "unreasonably interfere with the financial and programmatic needs of the County". The RFP process has been waived 10-12 times in the first five months since the policy was adopted. Only the Board of Supervisors can approve waiving the RFP process.

When a department makes a request for leased space, the following steps are to be followed:

- A Capital Improvement Program Request form outlining the requirements is to be submitted to the CAO's Administrative Analyst who acts as a "traffic director". If the RFP process is to be waived, the need must be justified on the request form. The CAO's Administrative Analyst logs in the request, reviews it, and sends it to the CAO Budget Analyst who handles budget matters for the requesting department.
- The Budget Analyst has to sign off on the request as to the need for the space, availability of funds, program needs, staffing levels, etc.
- Copies of the request, together with the assessment from the CAO's office, are then to be circulated to the Board of Supervisors' office for a 10-day comment period. Procedures do not require Real Estate Services to be officially involved and they may be unaware of a space need request.
- At the end of the 10-day period, the CAO's Administrative Analyst is to review the Supervisors' comments and either:
 - (a) Direct the Real Estate Services Department to prepare an RFP and a Board agenda item to approve the RFP, or
 - (b) If the RFP process is to be waived, the requesting department (perhaps in conjunction with Real Estate Services) is to prepare a Board agenda item requesting approval of the waiver of the RFP process.
- At this point Real Estate Services is made aware of the need for office space.
- If the RFP is approved by the Board, Real Estate Services is to advertise the RFP in newspapers and contact the general public, brokers and others to reasonably generate sufficient interest in leasing facilities in the County.
- A 5-7 person Review Committee is to be formed to review the proposals, typically with representation from the requesting department, Architecture and Engineering, Real Estate Services, the CAO's office, the Board of Supervisors' office, and the Supervisor's office in whose district the building is to be located.

- The results of the RFP, together with Real Estate Services' recommendation, are to be reported to the Board of Supervisors for approval.

If the Board approves a waiver of the RFP process, the Real Estate Services Department is then to be instructed to locate and initiate lease negotiations for suitable space. However, someone from the requesting department may have already identified the desired space and started negotiating the terms of the lease.

If the RFP process is waived, the lease negotiations are to be conducted by Real Estate Services and the recommendation is to be submitted to the Board of Supervisors for approval.

The County is one of the largest tenants in San Bernardino County. Presently there are an estimated 202 leases for land and facilities. The monthly lease payments total approximately \$2,220,000 or about \$26.6 million annually. The five departments with the most leases and leasing the largest amount of space are shown as follows, together with the average cost per square foot.

Human and Social Services*	49 leases	806,000 sq. ft.	\$1.39 / sq. ft.
Behavioral Health Department	18 leases	219,200 sq. ft.	\$1.14 / sq. ft.
Preschool Services Department	27 leases	179,700 sq. ft.	\$0.68 / sq. ft.
District Attorney	11 leases	171,100 sq. ft.	\$1.22 / sq. ft.
Public Health Department	22 leases	117,600 sq. ft.	\$1.30 / sq. ft.

* Currently Human Services

Human Services is the largest lessee of County office space, with 49 leases covering 806,000 square feet. The County has 65 leases in excess of \$1.25 per square foot, and 34 of these leases are in Human Services. Human Services typically pays a higher monthly lease rate and, as a result, its \$1.39 per square foot is the highest cost of any of the County departments.

Of the 65 leases at rates of \$1.25 or greater, 18 of them are on facilities located in the High Desert portion of the County where land values are generally lower compared to the valley area.

RECOMMENDATIONS

00-93 DEVELOP A COUNTYWIDE 2 TO 4-YEAR LONG-RANGE PLAN TO IDENTIFY AND ASSESS THE MOST LIKELY SPACE NEEDS BY DEPARTMENTAL AND GEOGRAPHICAL LOCATION.

- 00-94 ASSIGN REAL ESTATE SERVICES DEPARTMENT TO BE THE FOCAL POINT FOR ALL REQUESTS FOR LEASED AND OWNED SPACE AND ALSO TO BE RESPONSIBLE FOR HANDLING ALL PHASES OF NEGOTIATIONS FOR LEASING OUT PROPERTY THAT IS OWNED BY THE COUNTY.
- 00-95 REMOVE THE BOARD OF SUPERVISORS AND THEIR STAFFS FROM ALL MANAGEMENT FACETS IN THE REAL ESTATE LEASING, PURCHASING OR MAINTENANCE PROCESSES, BUT CONTINUE THE REQUIREMENT FOR FINAL APPROVAL BY THE BOARD OF SUPERVISORS.
- 00-96 COMBINE ALL RELATED REAL ESTATE FUNCTIONS, INCLUDING CAO ADMINISTRATIVE ANALYST OVERSIGHT, INTO A REORGANIZED REAL ESTATE SERVICES DEPARTMENT. THIS DEPARTMENT WOULD COVER NEW LEASED BUILDINGS, SPACE PLANNING, OWNED BUILDING ADMINISTRATION, FACILITIES MANAGEMENT, GROUNDS AND MAINTENANCE, AND LEASING OF COUNTY-OWNED PROPERTY. THE CURRENT FACILITIES MANAGEMENT HOME IMPROVEMENT PROGRAM SHOULD BE TRANSFERRED TO A MORE APPROPRIATE DEPARTMENT.
- 00-97 INSURE THAT REAL ESTATE SERVICES IS INVOLVED IN ALL LEASE ARRANGEMENTS FROM INCEPTION TO AVOID PAYING ABOVE-MARKET LEASE RATES AND/OR UNFAVORABLE LEASE TERMS. TRANSACTIONS MUST BE CAREFULLY AND COMPLETELY HANDLED BY PERSONS WHO ARE QUALIFIED REAL ESTATE PROFESSIONALS.
- 00-98 ASSIGN SOLE RESPONSIBILITY FOR MAINTAINING AN ACCURATE LIST OF COUNTY-OWNED AND LEASED PROPERTIES TO THE REAL ESTATE SERVICES DEPARTMENT THROUGH ITS "BIDS" AND "LIDS" COMPUTER PROGRAMS.
- 00-99 DEVELOP AN ADDENDUM AND AN EXHIBIT (SIMILAR TO CHILD SUPPORT COMPLIANCE) TO THE STANDARD LEASE AGREEMENT TO REQUIRE LANDLORDS TO DISCLOSE ALL RELATIONSHIPS AND CONFLICTS OF INTEREST (BOTH INDIVIDUAL OWNER AND CORPORATE) WITH THE BOARD OF SUPERVISORS, COUNTY MANAGERIAL STAFF, AND COUNTY EMPLOYEES. FAILURE OF LANDLORDS TO FULLY DISCLOSE SHALL CONSTITUTE A DEFAULT OR WARRANT A MONETARY PENALTY AT THE DISCRETION OF THE COUNTY.

- 00-100 DEVELOP A COUNTYWIDE STANDARD FOR A SIMPLIFIED REQUEST FOR PROPOSAL (RFP) PROCESS FOR INTERMEDIATE SIZE OR DURATION LEASES THAT REDUCES THE AMOUNT OF TIME AND EFFORT NEEDED TO ACHIEVE A FUNCTIONING LEASE. ALSO, DEVELOP A COUNTYWIDE STANDARD FOR A STRUCTURED REQUEST FOR QUOTES (RFQ) PROCESS FOR THOSE LEASE REQUESTS THAT ARE OF A SMALL SIZE OR SHORT DURATION. THESE STEPS WOULD SHORTEN THE TIME REQUIRED TO COMPLETE A LEASE AND THEREBY REDUCE THE LIKELIHOOD OF DEPARTMENTS SEEKING SHORTCUTS OR BYPASSING COUNTY POLICY.
- 00-101 REQUIRE ALL DEPARTMENTS TO ADHERE TO THE COUNTY'S LEASE PROCEDURES REGARDLESS OF THE FUNDING SOURCE, I.E. STATE OR FEDERAL FUNDING.

VEHICLE SERVICES DEPARTMENT

CENTRAL STORES

BACKGROUND

The Central Stores function was placed under the Vehicle Services Department in January of 1995. Prior to that it had been the responsibility of the Purchasing Department.

This is the most traditional of warehouse functions. Items are purchased in bulk at the best possible price, warehoused, and then "resold" to the user departments, with a mark-up for overhead costs. Central Stores stocks supplies and delivers stationery, forms, janitorial, and other high volume items used by County departments for daily operations. Current inventory includes 1,200 items valued at approximately \$650,000.

A Request for Proposal (RFP) was issued by the Purchasing Department to secure an auctioneer to dispose of surplus medical equipment and furniture from the County Medical Center complex on Gilbert Street in San Bernardino.

At the same time, a separate flyer announcing the sale of surplus material was distributed from County Surplus Property. One of the features listed was "medical equipment". To be sure that the RFP was not being bypassed, a review of the medical equipment mentioned in the flyer was to be observed as to quantity and type.

FINDINGS

There is a contract between Central Stores and Office Depot, which offers a limited number of office supply items that can be ordered by County departments, through the Central Stores warehouse, from Office Depot, which delivers the items directly to the customer. This service is referred to as "Pack Wrap."

The Central Stores warehouse processes about 150 requisitions a day, of which about 35 to 50 are "Pack Wrap" requisitions for Office Depot.

The central warehouse has a Central Stores Catalog listing assets in both the warehouse and from Office Depot. The catalog is published every two years and updated in quarterly newsletters generated by Central Stores. This catalog does not include current cost information and is not totally descriptive of the items listed. A catalog is published by Office Depot on an annual basis and includes retail cost information and a picture or clear description of the items listed.

Customers fill out a standard requisition form based on what is available in the Central Stores catalog. Once received by Central Stores, the requisition is processed and items are pulled from the warehouse and prepared for delivery the next day.

Evaporative coolers that service the Central Stores warehouse building were noted as being non-operational. Stores personnel stated the coolers had not been in operation for several years and personnel in the work area complained about the heat during the summer.

Surplus material is stored both indoors and outdoors. Because of insufficient space, electronic equipment has to be stored outdoors and is susceptible to weather conditions.

The number of medical items on the bid line listed in the flyer was minimal, not of great value, and not part of the RFP.

An inquiry was made as to how departments within the County could find out about any surplus property available for reuse. The response was that there are no procedures in place that would let departments know what is in the surplus area, other than a telephone call from a department looking for a specific item.

The Board of Supervisors developed a policy to allow community-based organizations access to surplus materials valued at less than \$1,000. Guidelines were not developed at the time the policy was approved. No input or feedback on written procedures, policies, or processes was requested from the employees currently doing this job. Concerns were expressed about establishment of priorities, who would have access, how much could they have, and could they take anything even if the material requested was not associated within their mission statement.

When asked who makes the determination of a successful bid, the Grand Jury was informed that Purchasing handles all questions, awards, and money. Purchasing provides the expertise in assigning values to material for sale. A point of contention was noted: Surplus is associated with Central Stores, which is a part of Vehicle Services, yet Purchasing provides all the support for this operation.

Some items of surplus are sent to Surplus Property from County departments without proper documentation. Inventory tag numbers are the only link for salvage credits to be applied to the originating department. A user department may not miss an item until an inventory is conducted. Without identification tags, Surplus Property is usually unable to locate missing items.

RECOMMENDATIONS

- 00-102 ELIMINATE DUPLICATION OF OFFICE SUPPLIES AVAILABLE IN THE CENTRAL STORES WAREHOUSE AND FROM THE CONTRACT VENDOR. OBTAIN ALL OFFICE SUPPLIES FROM THE CONTRACT VENDOR.

- 00-103 DEVELOP A COMPUTER PROGRAM TO ORDER OFFICE SUPPLIES USING THE SAME FORMAT AS THE CONTRACT VENDOR REQUISITION. PROVIDE COMPUTERIZED ORDER FORMS TO ALL DEPARTMENTS ON THE COUNTY INTRANET.

- 00-104 PROVIDE A COPY OF THE CENTRAL STORES CATALOG ON THE COUNTY INTRANET, TO INCLUDE CURRENT PRICES AND BETTER DESCRIPTIVE INFORMATION.
- 00-105 EXPAND THE SURPLUS STORAGE AREA TO THE WEST OF THE EXISTING AREA. USE THIS AREA TO STORE ELECTRONIC EQUIPMENT INDOORS.
- 00-106 REPAIR OR REPLACE THE EXISTING EVAPORATIVE COOLERS TO PROVIDE A HEALTHIER AND MORE COMFORTABLE WORK AREA FOR EMPLOYEES AND VISITORS.
- 00-107 ESTABLISH A SITE ON THE COUNTY INTRANET FOR THE POSTING OF AVAILABLE SURPLUS PROPERTY.
- 00-108 ESTABLISH WRITTEN DETAILED INSTRUCTIONS TO COVER SURPLUS PROPERTY DISPOSAL. COUNTY DEPARTMENTS SHOULD HAVE FIRST OPPORTUNITY TO ACQUIRE THIS PROPERTY, FOLLOWED BY SALES TO THE GENERAL PUBLIC. THEN, COMMUNITY-BASED ORGANIZATIONS MAY ACQUIRE PROPERTY IN LINE WITH THEIR ESTABLISHED PURPOSE OF EXISTENCE.
- 00-109 TRANSFER SURPLUS AND CENTRAL STORES TO THE PURCHASING DEPARTMENT.
- 00-110 EMPOWER STORES PERSONNEL TO REFUSE SHIPMENT OF SURPLUS PROPERTY WITHOUT THE APPROPRIATE DOCUMENTATION.