

CITY OF HUNTINGTON BEACH

MEETING DATE: June 20, 2005

DEPARTMENT ID NUMBER: PD-05-007

Council/Agency Meeting Held: _____ Deferred/Continued to: _____ <input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	_____ City Clerk's Signature
Council Meeting Date: June 20, 2005	Department ID Number: PD-05-007

CITY OF HUNTINGTON BEACH
REQUEST FOR COUNCIL ACTION

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: *Penelope Culbreth-Graft*
PENELOPE CULBRETH-GRAFT, CITY ADMINISTRATOR

PREPARED BY: KENNETH W. SMALL, CHIEF OF POLICE *KWS*

SUBJECT: Approve Balancing of Federal Narcotics Forfeiture Fund

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 CITY OF
 HUNTINGTON BEACH

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue:

The Federal Narcotics Forfeiture Fund, Number 212, currently has a negative balance of \$211,761. In order to eliminate the negative balance, the Police Department would like to utilize a portion of the State Narcotics Forfeiture Fund, Number 214, and the existing 2004/2005 general fund budget of the Police Department.

Funding Source:

The total negative balance of the Federal Narcotics Forfeiture Fund, Number 212, is \$211,761. The account will be balanced as follows:

- \$119,000 from fund 214, State Narcotics Forfeiture Fund Balance
- \$92,761 from the existing Police Department, 2004/2005, general fund budget, account number 10070201. These funds are available as a result of salary savings.

Recommended Action:

1. Approve the transfer of \$119,000 from the State Narcotics Forfeiture Fund, Number 214 to the Federal Narcotics Forfeiture Fund, Number 212; and
2. Approve the transfer of \$92,761 from the existing Police Department, 2004/2005, general fund budget, account number 10070201 to the Federal Narcotics Forfeiture Fund, Number 212.

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Alternative Action(s):

Do not approve the transfer of funds and balancing of the Federal Narcotics Forfeiture Fund and direct staff accordingly.

Analysis:

The Police Department currently participates in the Federal and State Narcotics Equitable Sharing Program, also known as the Narcotics Forfeiture Program. During the course of many narcotics investigations, cash/accounts and property are linked directly to narcotics activity. The funds/property that are related to narcotics activities are placed into evidence and held until the court trials are completed. If during the course of the court trial the judge rules that the funds or property are a linked to narcotics activity, the items/funds are forfeited to the law enforcement agency. Both the State and Federal forfeiture rules require that the funds must be accounted for separately and each has reporting requirements.

In fiscal year 1993/1994 the Federal Narcotics Fund was able to financially support one (1) Sergeant and nine (9) officers. At that time we had officers assigned to the Federal Drug Enforcement Agency (DEA) Task Force. This allowed the Police Department to share in the forfeitures that the federal team was awarded. In fiscal year 1993/1994, four (4) of the officers supported by the Narcotics Forfeiture Funds were DARE officers. In fiscal year 1994/1995, the amount of forfeiture funds awarded to the Federal Task Force was reduced and the number of officers supported on the program was reduced to six (6) officers, four (4) of which were DARE officers. In fiscal year 1995/1996, the number of officers was reduced to five (5), four (4) of which were DARE officers. By fiscal year 1996/1997, the funding from the Federal Narcotics Forfeiture Programs had been reduced to only allow for the funding of the four (4) DARE officers. In fiscal year 1996/1997, the Police Department removed the officers assigned to the DEA task force due to budgetary issues and the need to assign more officers to patrol functions.

By fiscal year 1997/1998, funding was severely reduced due to the lack of personnel assigned to the DEA Task Force. In fiscal year 1997/1998, expenses for the four (4) DARE officers exceeded the revenue of the Federal Narcotics Forfeiture Account. Since fiscal year 1997/1998, the DARE program has been reduced, but was not completely removed until fiscal year 2000/2001. The accumulation of expenses over these years created an ongoing, increasingly negative balance. The Police Department has reduced the negative balance over the years with the federal funds received, but has not been able to completely eliminate it.

Annually, the Police Department is required to file a financial report on the status of the Federal Narcotics Forfeiture Fund. This report is filed with the Department of Justice (DOJ). Since 1997/1998, the Police Department has filed reports indicating the negative cash flow of this fund. DOJ has advised the Police Department that as of the filing for fiscal year 2004/2005 they will not accept a report indicating a negative balance; therefore the fund must be balanced in this fiscal year.

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A review of the account indicates that the current negative balance is \$211,761. Of that, \$119,000 is directly attributed to historical DARE expenses and \$92,761 is related to renovations to the Narcotics/Vice Unit. The State Narcotics Forfeiture Fund, Number 214, has a positive cash balance. In order to balance the Federal Narcotics Forfeiture Fund, representatives from the Police Department contacted representatives from DOJ and the County of Orange Sheriff's Department, who oversee the Federal and State Narcotics Forfeiture Funds, respectively, to discuss the policies regarding expenses of the funds. Both agencies agree that the State Narcotics Forfeiture Fund can offset any expenses assessed directly to narcotics investigations or education. Therefore, \$119,000 of the current negative balance can be balanced with the State Narcotics Forfeiture Funds. The balance of \$92,761 can be balanced against the existing Police Department, 2004/2005, general fund budget, account number 10070201. The funds in account number 10070201 are from salary savings due to vacancies. The combination of these two accounts funds will eliminate the current negative balance in the Federal Narcotics Forfeiture Fund. No additional funds will be necessary.

Environmental Status:

Not Applicable

Attachment(s):

City Clerk's Page Number	No.	Description
4	1.	Fiscal Impact Statement

RCA Author: Shana Bawa

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ATTACHMENT # 1



**CITY OF HUNTINGTON BEACH
INTERDEPARTMENTAL COMMUNICATION**

TO: PENELOPE CULBRETH-GRAFT, DPA, CITY ADMINISTRATOR
FROM: DAN T.VILLELLA, CPA, FINANCE OFFICER
SUBJECT: FIS 2005 – 21: FEDERAL NARCOTICS FORFEITURE FUND
DATE: JUNE 7, 2005

As required by Resolution 4832, this Fiscal Impact Statement has been prepared for
"Federal Narcotics Forfeiture Fund"

If the City Council approves this action (total appropriation \$211,761) there will be no effect on the General Fund Balance since the appropriation of \$92,761 comes from an existing appropriation. The Narcotics Forfeiture State Fund would have its estimated September 30, 2005 fund balance reduced to \$389,000.


Dan Vilella,
Finance Officer

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