

REPORT ON THE CREATION OF REGIONAL OFFICES



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Executive Summary

In S.L. 2001-145, Section 19.1(hhh2), the General Assembly mandated that the Department of Public Safety consolidate the nine district offices of the Alcohol Law Enforcement Section (ALE) and the eight troop headquarters offices of the State Highway Patrol Section (SHP) into eight regional district/troop headquarters offices housed within the Division of Law Enforcement. This section requires each of these regional offices to house the equipment and personnel for each of the SHP's troop headquarters locations and the corresponding ALE district offices. The law also requires these regional offices to be consolidated and operational by July 1, 2012. The law also requires a report to the Justice and Public Safety Oversight Committee, due March 1, outlining progress and detailing any barriers to the consolidation. The information contained in this report addresses the requirements of the consolidation and related issues and problems with consolidating by July 1, 2012.

Overview of Impact on Alcohol Law Enforcement

The consolidation of nine ALE district offices into eight SHP troop headquarters offices will require four of ALE's current districts to be headquartered in new cities. ALE district offices are placed geographically throughout the state for maximum efficiency and customer service. These district office locations were chosen based on analysis of alcoholic beverage control permits, lottery permits, ABC retail outlets, and other enforcement activities in support of the State's local ABC Systems. Restructuring and consolidating ALE districts to mirror SHP districts would create a disparate work load for some agents and was not considered for the purposes of this report. It is important to note that the only change under this section would be in the physical location of the ALE district offices, sometimes to entirely new cities; the agents' actual geographical area of enforcement duties and responsibilities would not change.

To effect the consolidation required by Section 19.1(hhh2) of S.L. 2011-145, all ALE district offices would have to be relocated. The following districts would be relocated to entirely new cities increasing both distance and time requirements for agents to reach assigned geographical areas of responsibility and to complete work tasks. To fully effectuate the relocations, ALE Districts I and II (Elizabeth City and New Bern, respectively) would be relocated and headquartered in the State Highway Patrol's Troop A Headquarters building in Greenville; ALE District III (Wilmington) would be relocated and headquartered in the State Highway Patrol's Troop B Headquarters building in Fayetteville; and ALE District VIII (Charlotte) would be relocated and headquartered in the State Highway Patrol's Troop H Headquarters building in Monroe.

Overview of Impact on State Highway Patrol

Currently, seven of the State Highway Patrol's troop headquarters facilities are owned and maintained by the Department of Transportation at little or no cost to the State Highway Patrol. These offices are occupied by employees of the State Highway Patrol and other agencies

including the DMV's Bureau of License and Theft and the DMV's driver's license offices. Members of the SHP regularly use the office space for completing paperwork, meeting with witnesses, and holding meetings. Currently, the SHP Section is utilizing significantly less than the 240 square feet of office space per person recommended by the State Property Office of the Department of Administration. Since these offices are already occupied at maximum capacity, adding additional ALE personnel would require capital expansion of the existing facilities or relocation of the operations to properties that will accommodate the combined staff and personnel. A relocation of all personnel would require financial commitments for which neither the SHP Section nor ALE Section have a budget.

Most of the DOT-supported buildings are antiquated and the current structures (buildings and grounds) may not be able to support new construction. In addition, any capital expansion of the office would require building permits that would subject the entire building to updated code requirements. The requirement that each facility be brought up to code would significantly increase the costs of any new construction at current sites and would basically require a complete remodeling of the existing facilities. Based on averages obtained from the Office of State Construction, the average cost of new construction or adding onto an existing structure is approximately \$180 per square foot. With the office and evidence storage space needs of the ALE Section, the necessary construction to add ALE's current space allocations to the Highway Patrol's existing offices would result in a capital expenditure of approximately \$4,233,060. Monetary estimates for code compliance of facilities operated by the SHP and owned by the DOT are not included in this report and may significantly increase required capital expenditures.

Currently, the ALE Section has nine leased spaces throughout the State. The leases for the district offices run for three to five year terms. The State Property Office of the Department of Administration has advised that there is no mechanism for the ALE Section to be released from these leases. If the ALE Section moved to co-locate with the SHP, the ALE Section would be required to continue to pay the leased rates until the expiration date of the lease or until the lessor rented the current locations to new tenants. The co-location of offices would result in the expenditure of approximately \$275,000 a year, for multiple years, for vacated properties. This cost would be in addition to the monies needed for capital expansion and repairs and renovations at the current DOT and SHP maintained facilities.

Communications

Currently the ALE Section utilizes high speed optical computer communications to connect the district offices to the field agents and the ALE Headquarters office in Raleigh. The costs to install the fiber optics at new locations would vary but would be approximately \$1,500 per location with a total cost of \$12,000 for eight regional office locations. The cost of installing Ethernet cabling in an ALE district office recently was in excess of \$2,600. The upgrades required to effect the co-location in regional offices would cost approximately \$20,800.

The ALE Section has installed the Department of Public Safety's Unified Communication System at each district office and at ALE Headquarters at a cost of \$222,000. While some of the equipment could still be utilized or moved, there would be substantial costs to relocate the wiring and fiber optics to new locations.

Evidence Storage

The SHP Section and the ALE Section are required by law to securely store all evidence seized by troopers and agents to ensure integrity at trial and to ensure the chain of custody for evidence handling. The practical requirements for that evidence storage vary drastically between the two agencies. Due to the nature of evidence seized by ALE agents, primarily controlled substances, alcoholic beverages, weapons, gambling devices, and money, the evidence storage facilities within district offices are secured in enclosed rooms that are monitored at all times. The SHP Section, at their eight current locations, does not have evidence storage areas large enough to accommodate the types of evidence that ALE agents typically seize. In addition, the cost to relocate and activate the existing alarm systems into the SHP troop headquarters locations would be approximately \$13,870.60. The costs stated do not include any additional costs for new or increased access point sensors required for proper monitoring.

Travel and Moving Costs

ALE agents typically make three trips per week to the district office for purposes of evidence storage, completing paperwork, and other operational functions.

Relocating 11 ALE agents from District I (Elizabeth City) and nine from District II (New Bern) to the SHP Troop Headquarters in Greenville would increase total drive distances by approximately 1,500 miles per week. At a state rate of \$2.50 per gallon for gas, the annual expense for this travel would be approximately \$33,072 over what is currently allocated to these agents for gas and vehicle maintenance. The ALE Section's current budget allocation for gasoline is approximately \$47,000 a year and has not been increased since 2007. The cost to operate the ALE Section's fleet has come from other operations line items. Federal asset forfeiture funds cannot be, by federal law, used to cover items that are considered recurring operational costs.

Based on this same three trip per week average, relocating nine agents from District III (Wilmington) to Troop B in Fayetteville would require a recurring budget increase of an additional \$17,355 per year and relocating 15 agents from District VIII (Charlotte) to Troop H in Monroe would require a recurring budget increase of an additional \$8,112 per year.

In addition to the costs associated with extended travel, the physical movement of office furniture and files of these five offices is projected to cost \$31,500 for standard items and \$2,250 for rental trucks supervised by agents to relay sensitive items, such as evidence and investigation files, that cannot be transported by a common carrier. It is further projected that this

consolidation would create the need for some ALE agents to relocate their residences. The Section 5 of the State Personnel Manual states that moves initiated by the agency to carry out the mission of the agency are eligible for reimbursement by the agency to the employee. In order to pay for the residential moves of nine ALE agents, the Section would need to budget an average of \$5,000 per agent, or a total of \$45,000.

Confidential Informants and Other Interactions

Alcohol Law Enforcement agents regularly utilize confidential sources of information to assist in reducing crime throughout the state. These confidential sources of information, or informants, would be less likely to meet at an office with marked law enforcement vehicles and uniformed personnel; specifically meeting in an office occupied by the State Highway Patrol. Many informants do not want members of the community to realize they are providing assistance or information to law enforcement agents or agencies since assistance to law enforcement agents may place that informant's life in danger.

Co-locating the offices would result in agents being less able to gather critical intelligence, subsequently causing a reduction in the operational success of ALE's enforcement activities. Confidential informants play a critical and significant role in cases that enable agents of the Alcohol Law Enforcement Section to seize funds and property in accordance with Federal Asset Forfeiture laws. Reducing the ability to successfully work these types of cases may significantly reduce the federal asset forfeiture funds the ALE Section utilizes to purchase needed law enforcement equipment in the absence of State funding. Consolidating ALE's undercover work into a regional office occupied by uniformed members of the State Highway Patrol may have a significant impact on the quality of service delivered by the agency to the alcoholic beverage industry, the State lottery, other law enforcement agencies or officers, and the citizens of North Carolina.

Summary of Costs

The following provides the cost summary for the merger of the nine existing ALE district offices into the eight existing SHP Troop Headquarters facilities.

Construction to add current ALE square footage to SHP's current space:	\$4,233,060.00
Continuation of NC ALE's current leases: (Annually for up to 3 yrs.)	825,000.00
Installation of fiber optics and Ethernet cables for communications:	32,800.00
Alarm system installation for evidence storage areas:	13,870.60
Gas and travel expenses for longer commutes to new offices:	58,539.00
Transport of office equipment and evidence:	33,750.00

Moving expenses for residential relocations:

45,000.00

Total (without unforeseen additional expenses including code updates): \$ 5,242,019.60

Facility Needs

The following table depicts the personnel counts and costs associated with leasing or building new facilities.

Troop HQ	Current SHP Personnel (Troop/District)	Current ALE Personnel	Merge Total Personnel	Current SHP Bldg Cost	Current SHP SQ. FT Usage	Merge Sq. Ft. Recommended	Est. Merge Lease Cost-13.50/sq.ft.	Est. Merge New Construction Cost-180.00/sq.ft.	Current Available Parking	Expansion Possibilities at Current Location
A	67	22	89	0	3428	21,360	288,360	3,844,800	Limited	None
B	43	11	54	0	4948	12,960	174,960	2,332,800	Limited	None
C	53	18	71	0	3569	17,040	230,040	3,067,200	Open Area	Possible
D	34	13	47	0	2532	11,280	152,280	2,030,400	Limited	None
E	29	9	38	0	3342	9,120	123,120	1,641,600	Limited	None
F	7	11	18	0	2769	4,320	58,320	777,600	Open Area	Possible
G	46	11	57	330	5795	13,680	184,680	2,462,400	None	None
H	42	17	59	37,446	2428	14,160	191,160	2,548,800	Limited	None
Total			433	\$37,776			\$1,402,920	\$18,705,600		

Based on the table above, if eight new facilities were constructed in each of the troop headquarters cities to accommodate the co-location of the ALE Section district offices with the SHP Section's troop headquarters facilities the total costs would be:

Total New Construction Costs: \$ 18,705,600.00

Management of Employees

The management of employees is a no-cost factor to consider in the creation of regional offices. As discussed, the relocation of four ALE district offices would require supervisors to be located in cities that could be as far as a hundred miles away from the work locations of the agents being supervised. This distance factor creates a significant problem with adequate oversight and management of employees. While the State Highway Patrol Section has district offices in nearly every county in the state, ALE maintains only nine district offices throughout the state from which all agents work. The strategic location of these offices allows supervisors to have sufficient contact with agents to provide adequate supervision, advice, counseling, and to evaluate the agents' work quality and efficiency. If agents work from their homes, oversight would decrease, and agents may not be held accountable for performance. Current policy prohibits agents working from their homes.

Conclusion

The analysis of the consolidation of the nine ALE district offices and the eight State Highway Patrol Troop Headquarters facilities indicates that this consolidation will be a costly venture. To expand existing facilities to accommodate the increased office space and evidence storage needs will cost the State of North Carolina approximately \$5,242,019.60 and building new facilities could cost as much as \$18.7 million. These amounts far outweigh the current amounts budgeted for leases between the two agencies, approximately \$313,105 per year.

In addition to the financial burden created by the consolidation, there will be significant impact on the law enforcement services provided by these agencies to the citizens of the State. Housing plain-clothes officers who regularly utilize confidential informants in offices occupied by uniformed troopers will significantly reduce the amount of criminal intelligence that can be gathered and utilized by ALE agents to protect the safety and security of the citizens of the State of North Carolina. The inability to cultivate and efficiently utilize confidential informants will have a significant and detrimental impact on the ability of ALE agents to investigate criminal organizations and activities, to seize assets, to generate federal asset forfeiture funds to be used in lieu of general budget funding for law enforcement purposes, and to generate state forfeiture funds to be used to support local school systems throughout the State.

Increased distance for travel and work would also lead to diminished management of agents work time and resources. A lack of supervision and guidance, particularly for new agents, could result in injury or death or involvement in activities not authorized by law or policy.

Recommendation

It is our recommendation that the Alcohol Law Enforcement Section - State Highway Patrol Section regional office consolidation project not be undertaken and that Section 19.1(hhh2) of S.L. 2011-145 be repealed.