

ANALYSIS OF POLICE SERVICES

IN-HOUSE AND CONTRACT SERVICE MODELS

TOWN OF LOS GATOS



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From Les White

While serving as the Interim Town Manager, it became apparent that staff needed to do a more thorough analysis of the idea of contracting out police services largely as a result of two or three residents repeatedly requesting it and several piecemeal responses to specific questions. This had been going on for about a year and I determined such an analysis might help to bring closure to this matter.

This staff report is provided for informational purposes to the Town Council. It was prepared under my guidance with substantial input from the Finance Department (lead analyst has been Jennifer Callaway, now the Interim Assistant Town Manager) and with additional input from the new Town Manager, the Finance Director, Town Attorney, the Police Chief, and a number of managers and staff from the Police Department (PD).

It is my belief that this represents a fair report based on available information of the advantages and disadvantages of contracting compared to in-house police services. Staff has worked diligently to be as impartial as possible. We have done much editing and fact checking to ensure that. As one who has worked for the Town on several occasions and seen the efforts of the current Chief and his command staff to make operational improvements in the department, it is difficult to conclude that based on costs, public support, and effective current operations there is anything to be gained by contracting out police services. Plus, one must consider that Monte Sereno's choice of continued police service by Los Gatos is another endorsement of the PD's quality services.

Comparative information with similar agencies that both contract for police services or provide them in-house demonstrates that the Town is competitive in terms of cost while excelling in providing excellent response times to crimes, high levels of police services, and considerable support to other Town functions.

As a side note because this issue has been repeatedly raised, potential savings (if any) from contract services for police services is not going to solve the capital improvement needs of the Town. And, when one reviews the Town's long range financing and current reserves, it is difficult to conclude this Town is suffering any financial hardship or structural deficit. It does make sense; however, to explore some new revenue enhancements to the backlog of capital improvement needs (park renovation, streets, utility infrastructure, etc.) as the Town Council began at its September 15, 2015 meeting.

Hopefully, this report will reaffirm the Council's current stance to not pursue contracting and allow the Police Department a chance to continue to operate effectively, while always striving to improve, without the "contracting out" cloud hanging over its head. The report provides considerable information as demonstrated in the Executive Summary.

There are always ways to further reduce costs, if the Town Council so desires, and one of those is to direct the PD to reduce current service levels, have longer response times, and eliminate special programs. But would this be in keeping with what the community seems to expect and the Town Council has historically supported?

Respectfully Submitted,
Les White

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EXECUTIVE SUMMARY

The question of how best to provide police services to the Town of Los Gatos residents has surfaced from members of the Town Council and a few community members, with no specific direction to consider outsourcing police services. This informational report has been prepared to identify the issues underlying the question of outsourcing police services.

In assessing the need for changes to the existing police service model for the Town of Los Gatos, the following questions should be considered:

1. Is there currently a problem with poor police services in the Town? In other words, are citizens complaining about police conduct, is the Department not responding to citizen calls quickly enough, and in general, are residents expressing dissatisfaction with police services?
2. How do Los Gatos response times for answering calls for police services compare to other agencies?
3. Is the overall fiscal condition of the Town a key motivating factor for considering contracting out police services?

Analysis of contract service models within Santa Clara County and surrounding counties found that contract service agencies generally provided fewer sworn service hours than in-house Police Departments. When evaluating Santa Clara County (SCC) Sheriff (Sheriff) contract proposals at a comparable level of service hours as is currently provided by the Los Gatos Monte Sereno (LGMS) Police Department, the Sheriff's services, including additional expenditures needed for services such as emergency preparedness and revenue reductions, would result in an estimated net increase in costs for the Town of Los Gatos (Town) of \$700,000 during FY 2015/16 and up to \$4.1 million by FY 2024/25.

This evaluation considers costs components, including the reduction in Police costs to the Town for annual Town-wide CalPERS liability, general liability, workers' compensation, and the acquisition and maintenance of vehicles and equipment. The analysis also recognizes the additional expenditures needed beyond the Sheriff's police services such as parking enforcement and emergency preparedness, and revenue reductions such as the loss of over \$800,000 in Monte Sereno revenue for police services.

There are a variety of unknown factors such as CalPERS liability, general liability and workers' compensation impacts for non-safety personnel, as well as future negotiated salary increases for the sworn and non-sworn staff, and any potential revenue related to the possible sale or lease of current Town-owned Police buildings, and the desired number of service hours. Due to these unknown factors, it is estimated that the fiscal impact of contracting police services could range between a \$1 million net increase in costs to Town to a \$1 million savings to the Town.

Given the unknown indicators, it is estimated that the Town would have to achieve a 30% reduction in service hours, or approximately 25,000 hours less than is currently provided by the LGMS Police Department (Department), to achieve long-term, sustainable cost-savings through contracting police services.

Thus, the decision to outsource police services hinges on the Town's willingness to:

1. Reduce Sworn Service Hours, and
2. Relinquish Local Control of Police Services.

To assist Council in assessing these two points, the report analyzes the following key factors:

- Sworn service hours provided by Los Gatos Monte Sereno Police Department
- Cost of services
- Specialized programs and services
- Local control

This report outlines how LGMS Police Department officers' shifts are fully utilized by responding to calls at all three priority levels (see Attachment 2) or doing proactive enforcement as part of its community policing service model. The data demonstrate that officers respond to the highest number of calls for service on a per capita basis (0.98 calls per service per capita compared to less than 0.92 calls per capita for the benchmark agencies). The level of service is high with 100% of 2014 priority one calls meeting the performance target of five minutes or less. The actual calendar year 2014 response times for LGMS police is 4 minutes and 7 seconds.

The Department provides over 29 special programs and tactical units, and has close working relationships with other Town Departments in approximately 12 areas, demonstrating a full service department (see Attachment 4).

Transitioning to a contract service relationship at a 30% reduction in service hours is estimated to provide sustainable cost-savings for the Town ranging from \$400,000 and possibly up to \$2.0 million, depending on factors such as negotiated salary raises and potential income from the sale or lease of Town-owned property; however, there are advantages to retaining local control of police services. Overall, given the current LGMS Police Department services provided, the benefits of in-house police services appear to outweigh any cost or service disadvantages. The pros and cons of in-house compared to contract services is amplified in the following sections.

BACKGROUND

On February 10, 2014 the issue of outsourcing Los Gatos police services to the Santa Clara County Sheriff arose during the Town Council’s Strategic Goals Retreat. At that time, the Council did not direct consideration of outsourcing of police services. While various police discussions have occurred, including the negotiation of a new contract for police services with Monte Sereno, no further specific direction has been provided to further explore the issue of outsourcing. However, Town Council and staff have received several inquiries regarding potential outsourcing of Los Gatos police services as well as comments to retain the current in-house service. Therefore, at the direction of the recent Interim Town Manager, staff from the Finance Department, the Town Attorney’s Office and Town Manager’s Office, with assistance from the Police Department, conducted a review of the Town’s police services compared to a contractual service model.

The FY 2015/16 LGMS police budget includes 39 sworn officer positions and 19 civilian positions with a total budget of \$14,910,621. Net of pass-through and grants, the Police Department budget is \$13,746,579. The Police Department receives an average of 10,000 emergency calls, 59,000 non-emergency calls and 35,000 total incidents annually, resulting in an average of 800 arrests. The department’s 58 employees, both sworn and non-sworn, provide a broad range of services including patrol, investigations, Special Weapons and Tactics (SWAT), traffic, school resource officers, parking control, records management, dispatch services and a variety of special programs.

The Police Department’s adjusted budget and year-end actual expenditures have been provided for the past five years in Table 1. Annually, all Town Departments end the fiscal year with year-end excess budget. By Council policy, this year-end excess is used to fund a 25% reserve for budget stabilization and economic uncertainty with any remaining funds being allocated for the Town’s Capital Projects. The Police Department average year-end surpluses in General Fund dollars is approximately \$600,000 as illustrated in Table 1 below:

Table 1: LGMS Police Department Year-End Surplus General Fund Dollars

	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	Average
Year-End Expenditure Savings	\$ (14,385)	\$ 190,626	\$ 369,442	\$ 584,678	\$ 894,355	\$ 404,943
Year-End Revenue Surplus	\$ 256,450	\$ 244,278	\$ 92,980	\$ 191,315	\$ 159,967	\$ 188,998
Total Surplus Dollars	\$ 242,065	\$ 434,904	\$ 462,422	\$ 775,993	\$ 1,054,322	\$ 593,941

Similarly, year-end savings are achieved under a contract relationship as the Sheriff refunds their jurisdictions for contracted service hours not provided during the fiscal year. According to staff from the Sheriff’s Department this averages 1 to 2% of the contract price annually.

OBJECTIVE, SCOPE AND METHODOLOGY

The objectives of this review are to: 1) identify sworn service levels provided by the LGMS Police Department; 2) assess cost implications for remaining in-house versus contract services to the SCC Sheriff; 3) document what additional services are provided for the Town's additional service hours; and 4) describe the impact of local control.

To accomplish these objectives, the methodology included:

1. Review of the Town's Police Department budget, expenditures, and revenues;
2. Assessment of the value of current Town owned police equipment;
3. Determination of the impact to Town's internal services, including workers compensation, general liability and pension liability;
4. Identification of current police services and programs;
5. Review of SCC and surrounding County Sheriff contracts for police services and union contracts for employee salary and benefits;
6. Review of independent police services studies completed by Matrix Group, Management Partners, Organizational Effectiveness Consulting and Commonwealth International, Inc.;
7. Interviews with staff from out of county agencies that have completed police service studies;
8. Interviews with Town staff;
9. Interviews with representatives from the in-county municipalities currently receiving police services from SCC Sheriff; and
10. A comparative cost analysis to determine cost of contracting police services.

This analysis compares the SCC Sheriff agreements with components of the LGMS Police Department budget. To compare similar components, the following expenditures and revenues were removed from the Town's Police Department budget:

- The Sheriff's office does not provide a focused parking enforcement program. The cost of these services, including two non-sworn staff positions allocated to parking control, has been removed from the Police Department budget.
- Grants received by the Police Department.
- All police pass-through monies have been removed. Pass-through money is money that the Town receives from an outside agency and passes along to the receiving entity. During the past three years, the Police Department has received significant pass-through realignment money from the State of California which is passed along to Santa Clara County. These pass-through monies are not Town funds to keep or appropriate for Town purposes.

The Sheriff's cost proposals for the three in-county contract agencies, Cupertino, Saratoga and Los Altos Hills, is generally based on an hourly rate with the exception of a flat fee for the substation costs and in some cases School Resource Officer costs. In addition, the Sheriff utilizes reserve hours to provide services to contract agencies. The LGMS Police Department also utilizes reserve officers, however these are volunteer employees used to supplement police services. To be consistent with the Sheriff's costing model, the analysis has incorporated budgeted reserve hours into the sworn service hours for the Town.

All costs are compared on a sworn service hour level and include the reserve hours. The sworn service hours are the number of sworn staff times the annual hours worked (non-sworn staff time is included as

an overhead rate). Comparing all data in terms of sworn service hours maintains a neutral comparison basis among all agencies, contract and in-house. Table 2 below outlines the Town’s Police Department data used for purposes of this report.

Table 2: Los Gatos Monte Sereno Police Department Five-Year Data

Staffing	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Sworn Staff Positions	41.0	38.5	38.0	40.0	39.0
Reserve Hours	380	820	837	800	819
Non-Sworn Staff*	16.5	16.5	16.5	17.0	17.0
Sworn Staff Service Hours	85,660	80,900	79,877	84,000	81,939
Population**	32,973	33,176	33,642	33,982	33,956
Service Hours Per Capita	2.60	2.44	2.37	2.47	2.41
Police Expenditure Budget	\$ 13,435,043	\$ 13,338,761	\$ 13,492,116	\$ 14,205,213	\$ 14,910,621
Less:					
Parking	\$ (617,793)	\$ (647,585)	\$ (678,545)	\$ (680,568)	\$ (672,387)
Grants		\$ (9,000)	\$ (62,500)		\$ (40,564)
Pass-Through Accounts	\$ (10,000)		\$ (9,000)	\$ (773,000)	\$ (1,123,478)
Police Budget	\$ 12,807,250	\$ 12,682,176	\$ 12,742,071	\$ 12,751,645	\$ 13,074,192
Cost Per Sworn Service Hour	\$ 149.51	\$ 156.76	\$ 159.52	\$ 151.81	\$ 159.56
Cost Per Capita (Gross)	\$ 388.42	\$ 382.27	\$ 378.75	\$ 375.25	\$ 385.03

Based on permanent Full Time Equivalent (FTE's) only and includes reserve hours and the Monte Sereno service area.

*Excludes non-sworn parking enforcement staff

**Population statistics obtained from the California Department of Finance and includes Monte Sereno Population.

Benchmark data have been provided for three in-county jurisdictions that provide in-house police services: Campbell, Morgan Hill and Los Altos. The Sheriff’s West Valley Substation Commander provided response times and calls for service for the Sheriff’s three contract jurisdictions: Cupertino, Saratoga and Los Altos Hills.

DISCUSSION

Contracting police services occurs throughout the State of California and is most prevalent in the southern California counties. A 2011 published journal article on contracting police services titled “Municipal Contracting with County Sheriffs for Police Services in California: Comparison of Cost and Effectiveness” indicated that 30% of the 478 cities in California contract with their County Sheriff for police services.

A review of the Sheriff’s service agreement for the in-county contract cities demonstrates that an outsourced service model results in a reduced budget, largely because the Sheriff provides reduced sworn service hours.

This report analyzes and is organized by the following key factors:

- Sworn service hours provided by Los Gatos Monte Sereno Police Department
- Cost of services
- Specialized programs and service levels
- Local control

Sworn Service Hours

This analysis reviewed service hours, annual calls for service and response times for SCC contract agencies and comparable in-house service agencies. The Sheriff provided the Town with this information for their contract jurisdictions.

As illustrated in Table 3 below, Los Gatos has one of the highest service hours among all six of the benchmark agencies.

Table 3: FY 2015/16 Police Service Hours

Jurisdiction	Service Hours	Police Cost	Population	Service Hours per Capita	Cost per Service Hour
Cupertino	60,876	\$ 10,634,011	59,946	1.02	\$ 174.68
Los Altos Hills	6,086	\$ 1,107,832	8,354	0.73	\$ 182.03
Saratoga	27,668	\$ 4,973,080	30,887	0.90	\$ 179.74
Los Gatos*	81,120	\$ 13,074,192	33,956	2.39	\$ 161.17
Morgan Hill	81,120	\$ 14,182,637	41,197	1.97	\$ 174.84
Campbell	87,360	\$ 15,311,393	41,993	2.08	\$ 175.27
Los Altos	64,480	\$ 10,139,566	29,969	2.15	\$ 157.25
Average	58,387	\$ 9,917,530	35,186	1.60	\$ 172.14

*Does not include reserve hours.

While the police service hours provided to Los Gatos Monte Sereno residents is high, the Town’s cost per service hour is one of the lowest.

As illustrated in Table 4 below, the Sheriff's total compensation rates are generally comparable to the Town's, with the exception of Police Chief and Police Captain, which are paid less than the equivalent Sheriff's rank.

Table 4: Town of Los Gatos and SCC Sheriff Total Compensation Comparison

	Town of Los Gatos	Hourly Rate	SCC Sheriff	Hourly Rate	Annual Compensation Difference From Los Gatos	% Difference from Los Gatos
Chief/Sheriff	\$ 265,605.70	\$ 127.70	\$ 450,447.99	\$ 216.56	\$ 184,842.28	70%
Captain	\$ 249,568.88	\$ 119.99	\$ 302,350.96	\$ 145.36	\$ 52,782.08	21%
Lieutenant	\$ 247,799.58	\$ 119.13	\$ 241,012.18	\$ 115.87	\$ (6,787.40)	-3%
Sergeant	\$ 227,649.17	\$ 109.45	\$ 209,042.85	\$ 100.50	\$ (18,606.33)	-8%
Corporal	\$ 193,298.75	\$ 92.93		\$ -		
Officer/Deputy	\$ 185,237.38	\$ 89.06	\$ 183,253.22	\$ 88.10	\$ (1,984.16)	-1%

Source: Bay Area Employee Relations Services and CalPERS actuarial reports, including salary and benefits.

It should be noted that the Sheriff's billable rates are higher as overhead is included in the cost of providing services. Inclusion of overhead into billable rates is a standard practice for contract services and is practiced by the Town in charging Monte Sereno for police services. The Sheriff's and Town's FY 2015/16 billable rates for police services are outlined in Table 5 below:

Table 5: SCC Sheriff and Town's Hourly Billable Rates

FY 2015/16	Sheriff's Hourly Billable Rate	Town of Los Gatos Billable Rate
Patrol	\$ 178.94	\$134.00*
Traffic**	\$ 176.05	
Investigation	\$ 172.99	\$132.77*
Reserve	\$ 51.40	

*Represents the hourly billable rate contained in the Monte Sereno police services contract. These are not full cost recovery for the Town.

**The Town did not calculate a billable hourly rate for Traffic as the traffic services are paid for by Monte Sereno's annual \$100,000 distribution of Supplemental Law Enforcement Services Funds. The blended Patrol and Traffic billable rate is \$143.67.

The hourly billable rate incorporates overhead for both sworn and non-sworn administrative costs. Therefore, the higher total compensation costs for the Sheriff's Captain and Sheriff contribute towards the higher hourly billable rates. For in-house agencies, administrative overhead from non-safety departments, such as the Town Manager's Office, Finance, Human Resources, etc. is absorbed within those departments and therefore not incorporated into the Police Department's budget. The Town's billable rate does include some overhead for these services; however, the rate is not full cost recovery for the Town. At full cost recovery, the Town's billable rate would increase by approximately 5 to 15%.

In addition to sworn service hours, the Town of Los Gatos has an active volunteer program, all overseen by the Police Department. Town-wide, these volunteer hours totaled over 41,500 in FY 2014/15. Volunteers assist with graffiti abatement and a variety of Town task forces, including the Victim's

Services Unit, Volunteers in Policing, the Disaster Aid Response Team (DART), and the Community Emergency Response Team (CERT) (see Attachment 1).

Calls for Service

As a measure of the Department’s activity, calls for service were analyzed. As illustrated in Table 6, LGMS service area has the highest calls for service on a per capita basis.

Table 6: Per Capita Calls for Service

Calls For Service Per Capita	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Los Gatos/Monte Sereno	0.95	0.98	1.02	0.98	0.98
Campbell	0.84	0.87	0.89	0.93	0.92
Morgan Hill	0.88	0.84	0.85	0.86	0.90
Los Altos	0.75	0.70	0.66	0.61	0.56
Calender Year		2012	2013	2014	
Cupertino		0.68	0.65	0.65	
Saratoga		0.61	0.62	0.60	
Los Altos Hills		0.71	0.67	0.70	

Calls for services are self-reported.

The LGMS Police Department is integrated into the community, providing extensive community engagement, outreach and education, which is in alignment with effective examples of community policing. By design, this approach to policing increases the reporting of lower-level crimes, which is considered by many police professionals as a desired approach to reducing or preventing higher-level crimes. In line with this approach, the LGMS officers respond to Town code violations, including assisting with code enforcement and noise complaints, barking dog complaints, and all alarm calls (frequently these types of calls can be precursors to more serious disturbance/crimes). The calls for service are an indication of the communities’ expectation of calling the Police Department for a wide range of services.

In FY 2014/15 the LGMS Police Department responded to over 3,800 calls for services that the Sheriff and some other police agencies would not typically respond to. These calls include general nuisance calls, such as barking dogs, dog bites, Town Municipal Code violations, and parking violations. A reduction in service hours, either in-house or through a contractual service model, would likely result in these lower priority calls being reprioritized or responded to by non-sworn personnel. The LGMS Police Department utilizes sworn Officers to respond to most of the calls for service as part of their normal beat assignment. Also, the Department has maintained the use of Community Service Officers (CSO), full-time, part-time, and intern positons, to supplement patrol and assist officers by responding to some lower priority calls for service. CSO positions are non-sworn civilian positions that have a more limited scope of duties. For example, CSO positions do not have the training and authority legally required to utilize force or conduct enforcement actions (such as making arrests, conducting traffic enforcement stops, accessing investigative databases, etc.) Sworn Police Officers have higher levels of state mandated training and experience, including 888-hour police academy, 16-week field training program and ongoing in-service training on an annual basis. CSO’s are trained specific to individualized department expectations and policies within the scope of their position (as specified in the Penal Code) as a non-sworn civilian staff member.

CSO's can provide enhanced operational abilities for a Police Department and free up the sworn police officers. CSO's are known to assist with many special events, writing investigative reports where no suspect leads exist, addressing parking complaints, responding to non-injury accidents, and assisting officers with the collection of evidence at crime scenes.

Response Times

The Sheriff's office provided response times for their contract jurisdictions for calendar year which were used for comparison purposes. Priority I through III calls and maximum response time parameters are defined in Attachment 2.

In August 2014, the Town of Los Gatos swore in a new Chief of Police, and the Chief has focused on improving response times, by testing new deployment measures to shorten response times for all priority calls. With these new deployment measures and controls in place, January, 2015 through August, 2015 response times for priority II and III calls have improved significantly. In addition, the Department's response times are generally faster than the Sheriff's, particularly for Priority I and III calls.

Table 7: Overall Police Response Times

Response Times	Calendar Year 2013				Calendar Year 2014				January 1, 2015 through August 31, 2015
	Los Gatos	Cupertino	Los Altos Hills	Saratoga	Los Gatos	Cupertino	Los Altos Hills	Saratoga	Los Gatos
Priority I	3:58	4:36	10:42	6:30	4:07*	4:54	8:00	4:42	4:17
Priority II	6:49	6:24	11:36	6:54	7:00	6:36	12:24	7:24	6:27
Priority III	8:11	10:48	17:18	12:00	8:40	10:30	16:18	12:18	7:57

All times are reported in minutes and seconds

*The LGMS Police Department responded to 90% of priority I calls within 3 minutes and 45 seconds.

Under the Chief's leadership, the LGMS dispatch center provides command staff the ability to test deployment models and determine which is the most efficient for the Town. Dispatchers are able to identify the unit in closest proximity to the caller and dispatch that unit. By changing dispatch/deployment protocols, the Department has successfully reduced response times for priority II and III calls to below 8 minutes. This is but one of several operational improvements made in the past year.

Cost of Services

When comparing the fiscal impact of the LGMS Police Department against the cost of police service under the Sheriff's contract at a comparable level of service hours, the Town is able to provide services for less cost. Even when service hours are reduced to a level comparable to at least one of the in-county contract agencies, the Town of Los Gatos is still competitive in the cost of providing police services.

Expected Contract Costs versus Town Police Service Costs

The Sheriff's published proposed costs do not include hourly rates for Lieutenants, Captains, or a Chief. Adjusting the Town cost comparison accordingly, one can derive the expected cost for 73,619 service hours for patrol, traffic, investigations and school resource services. As illustrated in Table 8, at a service level of 73,619 hours, the Sheriff costs would be approximately \$200,000 less than the Town's current police budget of \$13,100,000 (net of parking enforcement, grants and pass-through monies).

Table 8: Estimated Sheriff Contract Cost to Provide Comparable Police Service Hours

FY 2015/16	Sheriff's Hourly Billable Rate	Los Gatos Sworn Positions	Los Gatos Service Hours Equivalent	Los Gatos Service Hours Not Included In Sheriff Costing Model	Cost Under Sheriff's Contract
Patrol	\$ 178.94	25	52,000		\$ 9,300,000
Traffic	\$ 176.05	2	4,160		\$ 730,000
Investigation	\$ 172.99	6	12,480		\$ 2,200,000
Reserve	\$ 51.40		819		\$ 40,000
Substation					\$ 100,000
Special Services					\$ -
Traffic Sergeant	\$ 118.87	1	2,080		\$ 200,000
School Resource Officer	\$ 148.65	1	2,080		\$ 300,000
Lt		2		4,160	\$ -
Capt		1		2,080	\$ -
Chief		1		2,080	\$ -
Contract with 73,619 Service Hours		39	73,619	8,320	\$ 12,900,000
Town Police Budget (Excluding Parking)					\$ 13,100,000
Increased Cost to the Town for Sheriff's Contract at 73,619 Service Hours					\$ (200,000)

While the contract cost itself may yield a cost savings to the Town, the Town would incur additional known costs related to public safety such as emergency preparedness and parking enforcement, decreased administrative overtime and reduced General Fund revenues. The total cost of police services considered is described in detail below.

Known Cost Impacts

In addition to the base contract amount, the Town would likely incur the following additional costs:

- **Additional expenditures for a variety of services that are currently funded in the Police Department budget.**

The Town would likely retain a parking enforcement program, emergency preparedness operations, crossing guard services, and Silicon Valley Regional Interoperability Services (SVRIP). To the extent that these services are provided by the contract agencies, they are additional general fund expenditures. It is also expected that some personnel costs related to oversight and administration of these additional services would continue to be a cost to the Town.

- **Decreased expenditures related to non-police administrative overhead.**

Contracting police services would reduce support from the Town Manager's Office, Human Resources, Information Technology, Finance, Parks and Public Works and the Town Attorney's Office. It is estimated that a reduction of approximately \$250,000 in non-police related personnel savings could be achieved should the Town choose to outsource police services. Further workload analysis would need to be completed to further refine the cost of this support, recognizing that fractions of positions scattered throughout the organization could be difficult to reduce.

- **Decreased General Fund revenues.**

In assessing the net general fund impact of transitioning to a contract model, expected loss of Town revenue should be considered: (1) The Town would lose the revenue generated from the Monte Sereno Police Services contract amounting to at least \$812,786 per year; and (2) The Police Department also generates revenues through fines and forfeitures and through a cost-sharing agreement with the School Districts and Los Gatos Recreation for the School Resource Officer (SRO) and this would result in an estimated additional reduction in revenues of \$200,000.

Future Unknown Cost Impacts

There are a variety of unknown cost impacts to the Town should police services be outsourced. The annual on-going police related costs for these services have been accounted for within the Police Department's budget. Additional analysis would be needed to determine the cost impact on non-public safety staffing.

- **Capital Investment**

In a contractual relationship with the Sheriff, the Sheriff could purchase Town-owned police vehicles and equipment. Initial estimates indicate that the current value of police equipment ranges from \$400,000 to \$700,000. This would be a one-time payment to the Town and offset costs during first year of a contract.

The Town would realize on-going savings for purchase and maintenance of police equipment. There is an annual average appropriation of \$550,000 within the Police Department's budget that is allocated for Information Technology (IT) equipment, and vehicle and equipment replacement and maintenance. Typically, in contract billable rates, factors to amortize these costs are included.

Based on the experience in San Carlos, the Town's police operations and administration buildings would continue to be maintained and be an expense of the Town. In San Carlos, the buildings are used by the Sheriff, rent-free, and renamed as a substation. There would be no facilities cost savings to the Town unless a different arrangement was negotiated. There is an average annual appropriation of \$260,000 within the Police Department budget that is allocated to the maintenance of the police buildings, inclusive of utility charges. It is unknown if the Sheriff would assume the Town's police buildings as a substation or operate out of its existing West Valley Substation. If the Sheriff were to operate out of its substation, the Town could possibly rent some of the police facilities and realize rental income.

The one-time disposition of IT equipment, vehicle and equipment replacement and maintenance are factored in as cost-savings to the Town in this analysis.

- **CalPERS Retirement Impact**

The Town's CalPERS actuary was contacted to identify the impact of eliminating the Town's Police Department and transitioning to a Sheriff contract. The actuary confirmed that the Town would retain the current unfunded safety pension liability of \$18.7 million and there would be no safety pension costs in the future. An actuarial caution is that, eliminating the Town's Police

Department would impact the Town's non-safety rates, causing the Town to be entered into a pool for agencies with less than 100 active members. The CalPERS rates for the pool are higher than our current non-safety rates. The Town could also be assigned a new side-fund liability.

Under the Public Employees' Pension Reform Act (PEPRA), a new retirement tier was created for new CalPERS members. Under this PEPRA tier, new member safety rates are substantially lower, resulting in a cost savings to the Town of approximately \$60,000 per officer. Therefore, as new officers are hired and if they are classified into the PEPRA tier, the Town achieves a reduction in salary and benefit expenditures.

- **General Liability Impact**

For liability, there may be favorable long-term implications when contracting for police services. Liability premiums are calculated on both a prospective and retrospective basis. Should the Town contract out police services, the Town would retain the obligation to fund existing claims.

The Town is also in a pool for generally liability. Therefore, while contracting police services would prospectively reduce the Town's law enforcement claims to zero; the Town would continue to be exposed to the funding risk for all other plan members' police claims.

Many of the factors affecting premium rates, including limited loss, experience modifications and exposure, are on a downward trend and a reduction in premiums is expected.

- **Workers Compensation Impact**

Reducing the number of safety employees from the payroll would reduce future workers compensation liabilities. From FY 2009/10 through FY 2014/15, workers compensation payments totaled over \$3 million. Police claims averaged 67% of the Town's total claims over this same period. The Town currently has 30 open indemnity claims and 3 open medical-only claims. Should the Town outsource police services, the incurred police claims would likely remain an obligation of the Town. The Town would not incur future claims as future incidents resulting in claims would be the responsibility of the Sheriff. The future value of these savings is unknown, however the Sheriff would likely pass incurred workers' compensation liabilities (as well as other indirect costs) to the contract jurisdictions as an overhead cost built in the hourly billable rate.

- **Labor Negotiations**

The Town's Police Officer Association (POA) Memorandum of Understanding (MOU) expires August 2016, therefore future salary impacts have yet to be determined. From the period FY 2012/13 through FY 2015/16 the Town negotiated a cumulative salary increase of 4.0% (2% in FY 2012/13 and 2% in FY 2015/16) and a cash bonus of 2.0%. Future salary increases are unknown at this time.

Estimated Total Cost of Contract Police Services

The estimated cost of contracted police services for FY 2015/16 has been calculated based on the known and unknown factors discussed above. For FY 2015/16 it is estimated that it would cost the Town an additional \$700,000 for comparable contracted police services through Santa Clara County. A summary

of this analysis is outlined in the Table 9 below and the detail as to the estimates used to determine these cost impacts are included as Attachment 3.

Table 9: Estimated Total Cost of Outsourced Police Services

Cost Factors	Cost
Sheriff's Contract: 73,619 Service Hours	\$ 12,900,000
Estimated Additional Expenditures	\$ 1,129,900
Estimated Reduced Revenue	\$ (1,012,800)
Estimated One-Time Capital Reimbursements	\$ 550,000
FY 2015/16 General Fund Impact of Outsourcing	\$ 14,492,700
FY 2015/16 Town Police Budget (including Parking)	\$ 13,746,600
Increased/(Decreased) Cost of Services	\$ 746,100

The estimated \$700,000 net increased cost to the Town accounts for the estimated cost of the Sheriff's contract, estimated additional expenditures related to parking enforcement, emergency preparedness, crossing guards, facilities maintenance and estimated management needs for these services. A reduction in non-sworn administrative support has also been incorporated as have the negative impact on general fund revenues, primarily related to the Monte Sereno police services contract and a cost-sharing agreement for the School Resource Officer. There may still be some of the unknown factors, of which we are unaware, that could cause the County to charge less.

Five-Year Yorecast: In-House versus Contract

Although there may be some long-term favorable implications for transitioning to a Sheriff's contract in terms of reduced workers compensation claims, general liability premiums and a reduction in net CalPERS costs, a ten-year forecast indicates that these favorable implications are offset by general increased costs. The following assumptions were made to complete a comparative ten-year analysis:

- Both the Town and Sheriff would provide similar levels of service hours, for the Town forecasts were based on 81,120 service hours (39 sworn positions) plus approximately 800 reserve hours and for the Sheriff contract costs were based on 73,619 service hours.
- A 4.6% contract increase was assumed for the Sheriff's contractual increases each year. This is the average increase of services for all three in-county contract agencies over the four year period from FY 2012/13-FY 2015/16.
- A 2.0% increase in salary and benefits was assumed for the in-house model of providing services. This is the average increase of overall services for the Town during the four-year period from FY 2012/13-FY 2015/16. Future Town labor negotiations could narrow this gap in future labor costs.
- A 3% increase in operating revenues and expenditures was assumed for both the Sheriff and in-house police services models.
- Within the next ten years 72% of the Town's police force will be eligible for retirement. As sworn staff retires and the Town hires entry-level officers there is a significant savings to the Town resulting from reduced CalPERS rates. To be conservative, it is estimated that 11 of the 28 age eligible sworn staff would retire within the next ten years and assumed the Town would hire entry-level officers to fill the vacancies, which is an estimated savings of \$60,000 per new Officer.

Based on these forecasts, transitioning to a contract relationship with SCC Sheriff at a comparable service hour level (73,619 hours) would result in a net increase to the general fund of \$700,000 during the transition year and up to \$4.1 million by FY 2024/25¹.

Given the number of unknown cost components, the exact impact of contract police services is estimated based on the above defined assumptions. However, depending on the impact of any one or more of these factors, the General Fund impact to the Town of contracting services could range between a net General Fund savings to the Town of \$1.0 million to an increased cost to the Town of \$1.0 million.

Based on the service hours the Sheriff provides to Cupertino, Saratoga and Los Altos Hills, it is expected that the Sheriff would not propose to provide the same number of service hours as is currently provided by the LGMS Police Department. Revenues have been adjusted to reflect the impact of reduced services hours. A summary analysis of overall General Fund impact at these varying service hours is as follows:

1. A 26% reduction in service hours, as provided in Cupertino, is estimated to generate a positive impact to the Town's General Fund, resulting in savings ranging from \$90,000 to \$1.5 million for the initial seven years of the contract (through FY 2021/22). By FY 2022/23 it is estimated that the overall net impact of the Sheriff's contract would become more costly for the Town. This is the result of the Sheriff's annual rate increase stipulated in the contract for services. From FY 2011/12 – FY 2015/16 the Sheriff's contract proposals have increased an average of 4.6% each year. By contrast, the Town of LGMS police budget increased an average of 0.5% over the same five year period; however, it should be noted that limited growth of this nature may not be sustainable for the department. Depending on the impact of many of the unknown cost factors, the Town could potentially achieve cost savings of \$500,000 by FY 2024/25 under this scenario. Contracting services at a comparable level to Cupertino is not estimated to generate sustainable, long-term cost savings for the Town.
2. A 66% reduction in service hours (54,000 less service hours), as provided in Saratoga, is estimated to generate sustainable cost savings for the Town of Los Gatos, ranging from \$6.0 million to \$7.0 million dollars annually. This is a significant reduction in service hours that would be a policy decision for the Town Council. The following section of the report outlines the additional programs and services provided by the LGMS Police Department for the additional 54,000 service hours. The Saratoga community has many differences from Los Gatos, including "the philosophy of Saratoga's founding residents that government should be limited, the City offers a minimum service level model and maintains contracts for law enforcement..." The Los Gatos police model is opposite, being a proactive community policing approach. In addition, the Los Gatos downtown district is quite different, Los Gatos having a robust downtown district with substantial retail, dining and some entertainment. These services generally require more police protection services to maintain public safety. Depending on the impact of many of the unknown cost indicators, under this scenario, the Town could potentially achieve cost savings of \$6.0 million to \$8.0 million annually.

¹ The net calculation (revenues minus expenditures) is used to illustrate the overall impact to the general fund, incorporating changes to both revenues and expenditures.

3. A 93% reduction in service hours, as provided in Los Altos Hills would result in sustainable, long-term cost savings to the Town, ranging from \$10 million to \$12 million annually. A public safety contract providing 6,086 hours of police services is not a viable option for the Town of Los Gatos given that the population of Los Gatos is 75% more than Los Altos Hills.
4. A 30% or more reduction in service hours (reduction of 25,000 or more service hours) is estimated to provide sustainable, long-term cost savings for the Town. A 30% reduction equates to 57,000 hours or less of police services annually. It is estimated that the Town could save approximately \$1 million to \$2 million dollars annually under this scenario. The following section of the report outlines the additional services and programs provided by the LGMS Police Department for the additional 25,000 service hours and cost.

Specialized Programs and Service Levels

The additional services provided by the Department are:

- LGMS sworn officers respond to virtually all calls for service
- Customized service programs
- Collaboration with Town Departments

LGMS Sworn Officers Respond to Virtually All Calls for Service

The LGMS officers respond to all town code violations, including code enforcement and noise complaints, barking dog complaints, and all alarm calls.

The CSO positions have augmented patrol on a daily basis, particularly in the documentation of cold reports with no suspect identification. Through citizen feedback, many victims have requested sworn police officers to respond to their call for service instead of CSO's, even on lower level calls. With the realignment of Department expectations and understanding victim awareness, the Department has implemented procedures where sworn police officers will respond with CSO's to low priority calls for service and provide citizens with the comfort and safety while initially reporting a crime. The police officer assesses the situation and makes a determination based on the facts of the investigation on whether or not the CSO will assist with the investigation.

The Chief has directed personnel to treat each and every contact with the public as an opportunity to problem solve and be fully engaged with the public when responding to calls for service.

Customized Services

The Department provides a number of special programs and services to the residents of Los Gatos and Monte Sereno. These services include (see Attachment 4 for complete definition of programs):

- Conducts parking control and enforcement.
- Monitors and responds to the "police" e-mail account where members of the public can email the Police Department with questions and concerns regarding all aspects of police related activity.
- Conducts a comprehensive juvenile diversion program.
- Conducts emergency preparedness planning and training.
- Investigates all crime involving youth with a dedicated Juvenile Detective.

- Provides death notifications in conjunction with the LGMS nationally recognized Victim's services unit, allowing for extended support to affected families.
- Coordinates Los Gatos Prepared.
- Coordinates CERT training, including commodity distribution pods.
- Collaborates with other Town departments with damage assessment and roadway viability.
- Supports over 14 special events within the community with logistics planning, traffic control, safety plans, medical provisions, special equipment, road closures, and notifications. Special events supported include the Town's holiday parade, funding for the holiday valet program, graduations, bike races, Jazz on the Plazz, Wine walk, 4th of July, Fiesta de Artes and the Special Olympics Torch Run.
- Collaborates with local businesses to reward youth who are observed following safety rules.
- Attends regular meetings for multiple community organizations, including presentations and educational forums to and with Counseling and Support Services for Youth (CASSY), Community Against Substance Abuse (CASA) and Drug-Free.
- Conducts new resident outreach program.
- Serves as a liaison for liquor licenses applications with the State Alcohol Beverage Control.
- Issues taxicab and tow truck permits and conducts background investigations. A transition to the Sheriff's office would require the Town to amend the Town Code to give authority to issue permits to another Town entity.
- Conducts massage therapist background investigations and applicant processing.
- Collaborates with the Los Gatos Union School District and Los Gatos high school to develop an anti-cyber bullying curriculum that was integrated into the freshman and sophomore health classes, allowing staff to substitute teach this program on-site with an emphasis on recent, local incidents.
- Produces safety video clips created by Fisher Middle School students.
- Presents "skills" class at Fisher Middle School.
- Participates in Safe Routes to School, Bike Rodeo and other school safety events.
- Conducts homeless outreach.
- Supports regional events.

In addition to these programs and services, the LGMS Police Department officers are trained in specialized areas allowing for a variety of specialized tactical units for the Town to utilize as needed:

- A nationally recognized Victim's Services Unit that specializes in legal counseling, mental health, counseling services, domestic violence, and restraining orders. The members of this unit, available 24/7, receive intense training and respond to the field during critical incidents to assist the victims or family members.
- Crime Scene Incident Team
- Special Weapons Task Force
- Hostage Negotiation Team
- Traffic Investigation Team
- Bike Patrol Team
- K9 Unit
- Peer Support Team

The Sheriff has the ability to provide a number of these services.

Collaboration with Town Departments

The Police Chief directs staff to collaborate and work with other Town Departments to address Town issues that affect the community. A recent example of this includes the problem-solving between Police and Public Works to respond to “cut through traffic” issues identified as a priority by the Council and community. Other similar collaborations demonstrate how the Police Department relates to and works with other departments, commissions and the public, including:

- Coordinates with the Community Development Department for code enforcement and permitting issues.
- Coordinates with Parks and Public Works for traffic control, special events activities, Safe Routes to School and training of the Park Services Officer.
- Coordinates with the Library Department to provide training and support of the Library Community Service Officer Intern assigned to the Teen room.
- Participates in hiring and background process of Town employees for all departments, including fingerprinting services.
- Develops field training program for Community Service Officers and continue to work with both the Community Development Department and Library Department to evaluate program goals and oversight.
- Monitors camera feeds covering the Civic Center and provides security response for Town facilities, departments and at Council meetings.
- Supports Youth Commission.
- Attends Transportation Parking Commission and Safe Routes to School Committee.
- Administers the Town’s Animal Control Contract.
- Responds to downtown noise complaints in coordination with Code Compliance staff in Community Development.
- Issues Town employee identification cards.

In the last five years, officers have made over 200,000 police related contacts with the public. Police related contacts are broadly defined to include courtesy service contacts, providing information or advice and field interviews. The Police Department receives approximately two to three formal citizen complaints per year that require formal investigation, representing less than 1% of all contacts. This percentage is low considering some contacts result in issuance of citations or arrests.

Local Control

Eight comparative criteria are described below to help outline areas of difference between a contractual relationship and in-house service models.

1. Control of Costs and Scalability

The Town, with its own municipal Police Department, negotiates directly with employee groups for salaries, benefits and working conditions as defined in the Town’s policies and Memorandum of Understanding (MOU). The Town has the ability to control these costs based upon its negotiating strategy. Under a contract with the Sheriff’s office, negotiations are based on the

County’s ability to pay rather than the Towns and any increases are passed onto the contract agencies.

Typically, salaries and benefits are the primary components of budgets in law enforcement and relinquishing ability to influence that component could be a significant impact to the Town. This analysis compared the Sheriff’s MOU and Town’s Police Officer Association (POA) MOU for the FY 2012/13 through FY 2019/2020 (contract end date of Sheriff’s recently negotiated MOU). The Town’s POA MOU expires August 2016 so future salary impacts have yet to be determined.

As illustrated in Table 10, the Sheriff negotiated salary increases by an average of 3% over a four year period. The Sheriff also negotiated a 6.5% salary realignment spread over two fiscal years which has long-term fiscal impacts. Conversely, the Town negotiated two salary increases of 2.0% each and a cash bonus of 2.0%. By offering a cash bonus the Town has the ability to acknowledge employees with cash appreciation without adding to base pay thereby reducing the impact of future on-going costs, wage adjustments, and related benefits.

Table 10: Negotiated Salary and Wage Adjustments

Memorandum of Understanding Terms	SCC Sheriff		Town of Los Gatos	
	Salary Increase	Salary Realignment	Salary Increase	Cash Bonus
FY 2012/13	7.5% ¹		2.0%	
FY 2013/14				
FY 2014/15	2.0%	3.0% ²		2.0%
FY 2015/16	3.0%	3.5%	2.0% ³	2.0% ⁴

1: Members pay full employee PERS contribution

2: Sergeants receive an additional 0.5% above the 3% general realignment

3: Corporals and Officers only

4: Sergeants Only

The Sheriff’s most recent negotiations resulted in 3% salary increase annually for the next four years, for an additional salary increase of 12%. The Town has yet to negotiate a new labor agreement so future impacts are unknown and could result in negotiating salaries and/or benefits.

Salary increases are passed onto contract agencies through billable rates while in-house service providers negotiate salary increases based on available resources. Accordingly, cost of police services for the contract agencies and the LGMS Police Department were reviewed over the period from FY 2012/13 through FY 2015/16 to assess the impact of the negotiated salary increases and realignments. As illustrated in Table 11, police service costs for Cupertino and Saratoga, increased an average of \$460,000 and \$228,000, respectively. The Town’s police services costs increased an average of \$66,000. This demonstrates the competitiveness of the Town in past negotiations.

Table 11: Annual Increase in Cost of Services from Prior Fiscal Year

Annual Increase in Cost of Services from Prior Fiscal year					
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	Average Increase
Cupertino ¹	\$ 181,999	\$ 358,810	\$ 440,861	\$ 871,724	\$ 463,349
Saratoga ²	\$ 93,348	\$ 71,370	\$ 498,009	\$ 250,047	\$ 228,194
Los Gatos³	\$ (125,074)	\$ 59,895	\$ 9,574	\$ 322,547	\$ 66,736
Los Altos Hills	\$ 22,699	\$ 17,307	\$ 46,540	\$ 56,908	\$ 35,864

1: Added 1,815 hours of service during FY 2015/16

2: Added 1,799 hours of service during FY 2014/15

3: Excludes parking enforcement, pass-through and grants funds to compare similar services provided by the Sheriff

Note: The table presents increases for each agency. The Sheriff’s office provides contract agencies with a true-up at the end of each fiscal year in which money is returned if the contracted service hours were not reached. An in-house department works similarly in that service hours and costs are reduced with vacant positions which is funding that is returned to the Town’s general fund at year end.

When the Town is faced with limited available resources, decisions have to be made regarding cutting costs and various infrastructure needs throughout the Town. Since the Police Department represents approximately 40% of the Town’s general fund budget, police adjustments may be made by the Town.

Under a contract situation, reductions can be made by reducing service levels within the contract. Any personnel displaced will be relocated to another part of the Sheriff’s Department and when additional financial resources are available, more service hours can be added back into the contract. In either case, when fiscal constraints require it, reductions can, and have been made.

2. Officer Ties to the Community

Twenty-four members of the LGMS Police Department have graduated from Leadership Los Gatos, developing knowledge of the Town of Los Gatos and building relationships with other Town staff, community members and business professionals. Through these relationships and experiences, members of the Department have a working knowledge of businesses, residential neighborhoods, and a detailed understanding of the local Town.

The LGMS Police Department has one of the highest retention rates among local police jurisdictions. Currently, 22 of the 39 officers have 15 years of service or more with the Town of Los Gatos.

3. Executive Accountability

The Town’s Police Chief is hired and works directly for the Town Manager and his/her performance review and compensation is based upon the Town Manager’s assessment of performance. The Town Manager, in turn, is accountable to the Town Council.

In a contract situation, while the Town may be able to influence which Sheriff Department manager is assigned to the contract, the Town Manager does not have the final decision regarding selection or in performance reviews.

4. Town Specific Policing Style

As a local Police Department, the Town has the ability to establish a vision that reflects local community expectations, efficient resource deployment models, and specific programs and policing styles.

The LGMS Police Department's vision consists of three major areas:

- a. Building a highly competent and professional Police Department providing traditional law enforcement services.
- b. Building community relationships.
- c. Engaging in community relationships.

5. Priority, Goal Setting and Responsiveness

On-going dialogue between the Police Department, Town Manager and Town Council, can result in well-defined goals and priorities for the Police Department. This can occur on an annual basis during budget development and the Town's strategic goals discussions, or with very rapid responses and accommodations as needed. In a contract arrangement, the flexibility and nimbleness would be lost.

6. Emergency Response

The responsibility for emergency management and preparedness for the Town of Los Gatos is under the management of the Police Department, who coordinates with Santa Clara County Fire to develop the Emergency Operation Plan (EOP) for our community. The Town's Emergency Operations Center (EOC), located in the Police Operations Building, and is maintained by Police staff. The Police Support Services Lieutenant is the Town's representative for the West Valley Cities Emergency Management and Community Preparedness Points of Contact meeting, where emergency planning, preparation and strategic goals for future emergency management projects are developed for the West Valley Cities.

The Police Department has taken the lead on guiding the emergency preparedness program for the Town of Los Gatos. In an effort to supply additional resources needed in times of disaster or emergency situations, the LGMS Police Department recruits, trains and activates the Town's volunteer groups, including the Disaster Aid Response Team (DART), the Community Emergency Response Team (CERT), and Volunteers in Policing (VIP) for emergency response and disaster situations.

Having local law enforcement, with their ties and specific knowledge of the community, helps lead to productive interaction and communication in an EOC and in the field. Comprehensive local knowledge of a community helps to identify and utilize schools, medical facilities, board and care homes, neighborhood leadership community service organizations, and the business community during disasters. The effectiveness of a municipal governments' response to a disaster is significantly influenced by how well the government departments coordinate and work together.

The Sheriff's office would likely provide emergency response services, however, it is unknown to what extent and level these services could be provided.

7. Authority over Personnel Related Matters

a. Selection of Personnel

The Los Gatos Monte Sereno Police Department carefully screens and hires applicants who fit the community it serves. The Police Department has created a selection process to identify applicants who want to serve the community and are attracted to the Los Gatos Monte Sereno style of policing.

b. Breadth of Experience and Training

With a local Police Department, officers receive training specific to the community in which they will serve, allowing officers to address local needs and provide them with geographic and demographic knowledge. Agencies with local control of personnel, training and philosophy can develop succession plans to meet the goals and needs of the organization and community. Currently, 69% of the Town’s officers have investigative experience, 77% have tactical/special operations training, and 80% have crisis intervention training, with existing policy mandating that a crisis intervention trained officer be dispatched to all mental health calls for service.

c. Balanced Work Force

The compilation of the LGMS Police Department generally mirrors that of the local community with both male and female as well as minority sworn personnel.

Table 12: Work Force Composition

	All Employees	Police/Sworn (38 FT)	Los Gatos
Male	56%	87%	48%
Female	44%	13%	52%
White	75%	76%	82%
Nonwhite	25%	24%	18%
Nonwhite:			
Black	2%	3%	1%
Asian	9%	13%	10%
Hispanic	14%	8%	7%

8. Administrative Support

With a municipal Police Department there is additional work created for non-administrative functions in the city. For instance, Police personnel generate workload from Human Resources, Finance, Budget and Town Attorney. Under a contract situation these administrative costs will be borne by the County with the associated costs either being charged directly through the contract, absorbed, or passed on through the billable rates.

Overall Findings

In completing this analysis, interviews were conducted a variety of surrounding jurisdictions that have completed police service studies, are contract agencies, or have in-house services and have considered contracting services out. The majority of the contract agencies, in-county and out-of-county, expressed their satisfaction with the Sheriff's services and willingness of the Sheriff to work with the jurisdiction.

The three in-county contract agencies, Cupertino, Saratoga and Los Altos Hills, have always had contract police services. There has been no change in service level or impact to these communities as a result. The City of Saratoga's FY 2014/15 budget message explicitly states that "the philosophy of Saratoga's founding residents that government should be limited, the City offers a minimum service level model and maintains contracts for law enforcement..." The Town of Los Gatos provides the opposite service level: a community policing approach.

CONCLUSION AND NEXT STEPS

While there are areas of potential cost savings associated with a contract service model, in order to achieve long-term, sustainable cost savings a reduction in service hours of 30% would be required. This estimation is based on both known and unknown cost implications, including additional services that would need to be retained by the Town such as parking enforcement and emergency preparedness, some reduced non-police expenditures for administrative overhead, and reduced revenues, primarily resulting from the Monte Sereno contract and cost-sharing agreement for the School Resource Officer.

There are benefits of in-house police services, which outweigh any cost or service disadvantages. The LGMS officers provide considerable services, as evidenced by the highest calls for service on a per capita basis. The Department utilizes officers' beat time to respond to a wide variety of calls in the spirit of the Town's community policing model, and response times by LGMS PD generally exceed Sheriff's response times.

The service hours provided by the Department allow the Department to provide a wide variety of special programs and tactical units; plus, it provides a variety of services to other Town Departments.

This report has identified approximately eight issues related to local control which supports in-house police services. It is recognized that with a reduction in service hours and potentially reducing indirect personal service costs (worker's compensation, liability insurance, future pension obligations), the Sheriff could be a less expensive alternative.

Given the above scenario of some of the pros and cons, if the Town is driven by cost considerations, it should first recognize that the Town is currently in sound fiscal condition, has been for some time, and is projected to be in the future. Some of the police costs are becoming more manageable through reductions in some indirect cost items and the implementation of a two tiered retirement system. Secondly, the Town does and can continue to explore ways to save such as using more CSO's, reducing services such as not responding to certain types of calls and taking information over the phone, etc.

However, the Town provides a high level of service responding to virtually all calls. It is a model that residents appear to like in both Los Gatos and Monte Sereno.

In summary, returning to the initial questions raised on page one, the following would seem to be the case:

1. Is there currently a problem with poor police services in the Town? In other words, are citizens complaining about police conduct; is the Department not responding to citizen calls quickly enough; and in general, are the residents expressing dissatisfaction with police services?

Answer: There is not a documented problem with poor police services in the Town as represented by the dearth of complaints about police services and/or police officer conduct.

2. How do the response times for responding to calls for service compare to other agencies?

Answer: Through revised deployment measures, response times have improved from FY 2013/14 to FY 2014/15 and compare favorably with the County Sheriff's Department and other police agencies.

3. Is the overall fiscal condition of the Town a key motivating factor for considering contracting out police services?

Answer: The Town's desire for additional revenues appears to be one motivating factor in reducing Police expenditures which might provide for the ability to reallocate police dollars to other priority areas, such as, capital improvements. It should be noted, however, that the Town's fiscal reserves and debt capacity are in very good condition when compared to other agencies and GFOA (Government Finance Officers Association) standards.

The Council does have alternatives regarding the next steps and these options include:

1. Maintain the current in-house service delivery model and simply receive this informational report.
2. Conduct a community survey regarding satisfaction of police services and desire to contract services to the SCC Sheriff.
3. Determine if a different level of police service hours is desirable.
4. Direct staff to obtain a quote from the SCC Sheriff for police services.

ABOUT THE AUTHOR AND PREPARATION OF THIS REPORT

Les White most recently served as Interim Town Manager for the Town of Los Gatos from March 2015 to September 2015. Mr. White has worked in private, non-profit and local government sector, serving as a Vice Chancellor of a community college, and seven Interim City Manager and Department head assignments. Mr. White has also worked on organizational assessments, executive coaching and executive evaluations, including working as a partner for Management Partner's, a firm that specializes in helping government organizations improve their operations.

This report has been prepared in coordination with the Offices of the Town Manager and the Town Attorney, Finance Department, Department of Parks and Public Works, Management Information Systems Department and Police Department.

ATTACHMENTS

1. Description of Volunteer Groups
2. LGMS Police Department Priority Call Definitions
3. Total Estimated Cost of Contracted Police Services At Comparable Service Hours
4. Description of LGMS Specialized Services

**ATTACHMENT 1
DESCRIPTION OF VOLUNTEER GROUPS**

Volunteer Groups	
Disaster Aid Response Team (DART)	The DART team is frequently utilized by the Police Department to assist in a wide variety of emergency situations. The team has been summoned to search for missing children and senior citizens, and has participated in evidence searches in several major crimes locally, including the Kumra and Achilles homicide investigations. The DART team frequently assists with providing traffic control at major injury accidents, providing storm drain watches during inclement weather, sand bagging, and assisting in emergency preparedness drills such as Emergency Volunteer Center (EVC) setup and Commodity Points of Distribution (C-POD) training. Their team provides medical and emergency radio support at all Town sponsored special events and for a large number of the remaining special events that occur in town. On average, DART provides over 1200 volunteer service hours to the Town.
Community Emergency Response Team (CERT)	The CERT program provides community members with training in disaster preparedness, light search and rescue, damage assessment, disaster fire suppression, disaster medical operation, neighborhood preparedness, terrorism/hazmat training, and disaster psychology. Each year CERT members join efforts with the Town and the Police Department in participating in “Los Gatos Prepared” in an effort to raise awareness and encourage the local community to take simple steps to prepare for emergencies in their homes and businesses. Currently there are over 400 residents in the community trained as CERT volunteers.
Amateur Radio Emergency Service/Radio Amateur Civil Emergency Services (ARES/RACE)	The program provides emergency radio communications via HAM radio. Ham radio is unique in the radio field and has long been considered a necessity in emergency communication systems. Twenty nine of our CERT members are ARES/RACES certified and are also certified as disaster service workers with the Town. These operators train monthly in the operation of their radio equipment and during emergency or disaster situations have positions in our Emergency Operation Center and the Police Dispatch/Communications Center. Our ARES/RACE volunteers have established close relationships with our other volunteer groups and department personnel through their many hours of volunteer time and through participation in our emergency preparedness training and special event operations.
Volunteers in Policing program (VIP)	The program trains volunteers in several duties that assist in office and field functions, in emergency management preparedness and traffic control. There are approximately 21 members that are trained to enhance crime prevention awareness and community services. While trained in several duties that assist in office and field functions, VIP’s are also trained in emergency management preparedness and traffic control.

ATTACHMENT 2

Los Gatos/Monte Sereno Police Department Call Priorities

Priority I (Target Response Time - 5:00 Minutes)

Immediate – In progress emergency call that requires immediate response and there is reason to believe that the immediate presence of the police is essential to save life. Examples: in progress situations involving threat to life, emergency hazard/catastrophes, in progress calls that need to be dispatched immediately to prevent serious injury, in progress felonies or violent felonies, missing juveniles under 12, injury and unknown injury accidents, potential CPR cases, help calls and any code 3 response.

Priority II (Target Response Time - 10:00 Minutes)

Urgent – in progress or just occurred emergency call that requires immediate response and there is reason to believe that a police response is needed to prevent property loss or damage. Examples: in progress nonviolent misdemeanor crimes, in progress or just occurred nonviolent felonies, business or residential alarms, suspicious circumstances calls, including suspicious vehicles or persons, in progress calls with a minor threat of violence.

Priority III (Target Response Time - 15:00 Minutes)

Low priority – non-emergency call for service that requires a response but presents no significant threat of serious physical injury or property damage. Examples: non-emergency calls, just occurred infractions or minor misdemeanors that require a response but present no significant threat of serious physical injury or property damage, courtesy calls, calls where a significant amount of time has passed since crime occurred, i.e. burglaries, thefts and vandalism.

Priority IV

Other – all other incidents that are routine, administrative and/or non-police related, i.e. bike patrol, court, foot patrol, special detail, etc.

*** If there are priority I calls for service that are NOT I/P = In Progress or J/O = Just Occurred, the call priority will be reduced to a priority III call for service.

ATTACHMENT 3
TOTAL ESTIMATED COST OF CONTRACTED POLICE SERVICES AT COMPARABLE
SERVICE HOURS

FY 2015/16	Sheriff's Hourly Billable Rate	Los Gatos Sworn Positions	Los Gatos Service Hours Equivalent	Los Gatos Service Hours Not Included In Sheriff Costing Model	Cost Under Sheriff's Contract
Patrol	\$ 178.94	25	52,000		\$ 9,300,000
Traffic	\$ 176.05	2	4,160		\$ 730,000
Investigation	\$ 172.99	6	12,480		\$ 2,200,000
Reserve	\$ 51.40		819		\$ 40,000
Substation					\$ 100,000
Special Services					\$ -
Traffic Sergeant	\$ 118.87	1	2,080		\$ 200,000
School Resource Officer	\$ 148.65	1	2,080		\$ 300,000
Lt		2		4,160	\$ -
Capt		1		2,080	\$ -
Chief		1		2,080	\$ -
Total Cost of Sheriff's Contract with 73,619 Service Hours		39	73,619	8,320	\$ 12,900,000
Town Police Budget (Excluding Parking)					\$ 13,100,000
Increased Cost to the Town for Sheriff's Contract at 73,619 Service Hours					\$ (200,000)
Sheriff's Contract Cost of Services					\$ 12,900,000
Expenditures that would Continue to be Funded by the Town					Retained Expenditures
Parking Control					\$ 672,400
Emergency Preparedness					\$ 70,000
SVRIP					\$ 40,000
Crossing Guards					\$ 114,200
Facilities Maintenance					\$ 300,000
Staffing for Oversight					\$ 185,600
Estimated Reduction in Non-Police Administrative Support Costs					\$ (252,300)
Total Additional Public Safety Expenditures					\$ 1,129,900
Total Public Safety Cost to Town under Sheriff Contract @ Comprable Service Levels					\$ 14,029,900
Revenue Impact					Revenue Impact
Monte Sereno Contract					\$ (812,800)
Other Revenue Reduction					\$ (200,000)
Estimated Revenue loss					\$ (1,012,800)
One-Time Capital Reimbursement					\$ 550,000
Net Impact to General Fund					\$ 14,492,700
FY 2015/16 Town Police Budget (including Parking)					\$ 13,746,600
Immediate Increased Cost of Contracting Services					\$ 746,100

ATTACHMENT 4
DESCRIPTION OF LGMS SPECIALIZED SERVICES

Specialized Service	Description
Neighborhood Watch Presentations	Designed to provide safety and crime prevention measures within the community specific to the ongoing neighborhood crime trends. The program is designed to proactively seek out neighborhoods experiencing an influx in crime, and collaborate with the citizens to formulate a Neighborhood Watch program that opens communication lines amongst neighbors and the police in providing updated crime trends and crime prevention techniques.
Los Gatos on Watch	Residents and businesses register their surveillance systems with the police department, which assist the police with the identification of locations where surveillance evidence may exist when crime occurs.
Vacation Home Check Program	Residents advise the police department when they will be on vacation to request "Vacation Checks" by police department personnel.
Active Nextdoor.com Monitoring	Nextdoor is an organized neighborhood social group that is closely monitored by the Community Outreach Coordinator position. Information that is shared with the police regarding community and neighborhood concerns is routed to the appropriate division for action and response to the nextdoor group.
Los Gatos CERT/PREPARED	Many neighborhoods in Los Gatos & Monte Sereno have organized for disaster preparedness and received the added benefit of developing a safer, friendlier place to live. Los Gatos PREPARED and the Community Emergency Response Team (CERT) is one of the most visible Town emergency preparedness programs, sponsored by the Federal Emergency Management Agency (FEMA) and integrated with the local police department, sharing the police department Emergency Operations Center.
Emergency Preparedness Drills	CERT and Los Gatos PREPARED in conjunction with the police department participate in numerous neighborhood emergency preparedness drills that involve community participation. In addition, the School Resource Officer has created district-wide emergency safety plans for all of the local schools and Los Gatos-Saratoga Recreation Department.
Block Party Participation	Citizens often request block party permits that involve the police department authorization and planning for ordinance concerns and street closures as necessary. Officers in the department are often aware of the block parties in their designated beat areas, and stop by to participate in community outreach and demonstrations as requested.
Traffic and Parking Commission Participation	The Traffic Division staff attend the Traffic and Parking Commission meetings providing updates, community outreach, and involvement in traffic and parking related issues as it affects the community.
Bike Patrol Team	The Bicycle Patrol Team is an alternative patrol function that is utilized during special events, community outreach, and through directed patrol plans.
Monitor Sex Registrants, Narcotics Registrants and Conduct Intake Interviews	Local control through enhanced registration requirements such as intake interviews for newly resided sexual and narcotics offenders, allow for the local police department to closely monitor and track the offenders as necessary.
Homeless Liaison Officer Outreach Program	A dedicated trained officer from patrol continually monitors the transient population and works collaboratively with internal and external resources (like Veteran Affairs and Cal Trans) to identify programs and resources for the transient population and transient encampments with the town.
Victim Services Unit	Specializes in legal counseling, mental health, counseling services, domestic violence and restraining orders. The local victim services unit reaches out to every victim of a crime, while providing service resources to the victim and their families while providing case updates as necessary.
Burglary Suppression Plan	Utilized policing, investigative and community resources, including increased proactive contacts, enhanced patrol officer evidence collections training, use of Predpol analytic crime predictive policing software, proactive neighborhood watch programs and community awareness communication to decrease burglaries by 23%.
Juvenile Diversion Program	Allows for certain low-level juvenile offenders to "divert" their criminal violation from being forwarded to the juvenile justice system. Juvenile offenders and parents/guardians are counseled in a group setting by Los Gatos Police Department Staff, sometimes in conjunction with other allied agencies like the District Attorney's Office. The counseling focuses on behaviors which are known to place juveniles at risk of entering the jurisdiction of Juvenile Probation. The juveniles sign contracts, perform community service, author apology letters, and other reasonable punitive measures as determined by the Juvenile Detective. This program is incredibly successful with dozens of juvenile offenders.

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Specialized Service	Description
Safe Routes 2 School (SR2S)	<p>A safe routes 2 school coalition (SR2S) was formed in 2006, with concentrated efforts and initiatives on the 5 E's of safe routes- evaluation, engineering, education, encouragement and enforcement. Soon there were parent and student representatives from all of the public elementary and middle schools in Los Gatos, including Hillbrook Academy, a private educational provider. Recently the Town Council has taken an interest in the program and have bestowed two awards on the coalition. A Safe routes to School summit, hosted by the Los Gatos Union School District in May 2015, was moderated by a local county supervisor and included presentations by leaders in education, transportation, and local and county government.</p> <p>Currently, a Lieutenant, a Sergeant and a school resource officer participate in monthly SR2S meetings, with other personnel being assigned as needed to conduct special educational or enforcement campaigns. In addition, the department speaks at PTA and back to school night meetings, hosted bicycle rodeos, attended training classes, created educational videos, acted as a liaison between various departments and organizations for SR2S advancement, assisted in identifying alternate walking and biking routes, participated in walking busses, assisted in identifying potential safety issues and made recommendations for improvements. The department continues to assist in identifying pick up and drop off locations, fund and manage crossing guard services, work with other town departments to implement green bike lanes, utilized signal and signing devices to educate drivers of speed limits near schools, participated in several educational and enforcement campaigns, and manage a juvenile traffic diversion program focused on educating young drivers and their parents on traffic safety issues.</p>
New Resident Outreach	<p>The Los Gatos / Monte Sereno Police Department has launched an innovative outreach program to personally welcome new residents and continue to build on community relationships. Delivered by members of the Volunteer in Policing program, Community Service Officers, and Police Officers, residents receive packets of useful community information, including letters from the Town Manager and Chief of Police, an overview of town services, emergency preparedness and home safety information and gift certificates from local businesses. Children are given town pins, stickers, and police badges. This program enriches the relationship between the police department and the community they serve.</p>
PredPool Predictive Policing	<p>The Department continues to incorporate innovative policing techniques to reduce crime in our community. The Patrol Division has committed to using Predpol Predictive Policing software to deter crime, target likely crime areas to patrol, and develop crime analysis information. Predpol is an analytical software program that enables law enforcement to better prevent crime in their community by generating predictions through algorithms, on the place and time future crimes are most likely to occur. Law enforcement agencies who utilize Predpol have seen up to a 20% reduction in specified targeted crimes. During the FY2015/16, the Department is committed to working with Predpol administrators in developing analytical measures of specific crime types to reduce, target, and facilitate crime rate and disorder reductions.</p>
Bike Rodeo	<p>Through partnership with Safe Routes To School Committee, the local schools and the Office of Traffic Safety, the police department participates in Bike Rodeos and educates the youth in the community on bicycle safety on an annual basis. Students receive safety advice and are educated on the rules of the rode while riding their bicycles. Officers receive specialized training in facilitating Bike Rodeos and working with youth targeted at the elementary schools. Every year, the School Resource Officer and other officers participate and host Bike Rodeos at all of the elementary schools in Los Gatos.</p>
Drug Free Meetings	<p>The Los Gatos Drug-Free Committee meets monthly to discuss current drug trends, available resources, awareness programs and resources for the adolescent youth in town. The police department partners with the Drug-Free Committee and is an active participant in the discussions and educational awareness programs combatting drug use amongst the teenage community. Both the School Resource Officer and Juvenile Detective provide monthly updates as to current drug trends and educational programs that are being implemented within the schools.</p>

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Specialized Service	Description
Operation Care	Because the Los Gatos/Monte Sereno Police Department cares about the seniors of our community, we think they deserve our best service. Caring About Resident Elders (C.A.R.E) program, is a free daily check-in telephone service to make sure our program participants are alright. Sometimes, living alone can create some problems, especially if the senior member has a health condition that some day may require emergency treatment. Each day, 365 days a year, a Police Dispatcher will call the senior member at an agreed upon time. If the dispatcher is unable to reach the senior by telephone or any of the senior's emergency contacts listed with the Police Department, a Police Officer will be sent to the senior's home to check on their welfare.
Traffic Reconstruction Team	This program is staffed by officers in the department who have received special training in investigating and reconstructing serious traffic collisions and in the collection of evidence. In the event of a serious or fatal traffic collision, the team is assembled and responds to the collision site, where they take responsibility and oversight for the investigation and documentation for the incident.