September 3, 2026

Kristina Alfaro, Administrative Services Director
Town of Los Gatos
110 E Main St
Los Gatos, CA 95030

Dear Ms. Alfaro,

Matrix Consulting Group (Matrix) was retained by the Town of Los Gatos (Town) to review its Police Services Cost Model in support of expanding regional police services to include the City of Saratoga. In this engagement, we leveraged our experience developing cost-of-service and cost allocation models for local government to vet the Town's model, ensure a fair and equitable cost distribution, and assess its consistency with Government Code Section 54982 as amended by Senate Bill 1360.

SCOPE OF REVIEW

Our review focused on the model's calculations and cost inputs. Specifically, Matrix assessed the model's computational accuracy and internal consistency. We evaluated the eligibility of each cost line item for recovery under the applicable statutory framework and identified line items that, in our professional judgment, warranted further review or supporting documentation to comply with statutory requirements.

SCOPE LIMITATIONS

We did not validate staffing assumptions, including the number of sworn or non-sworn positions required to deliver the expanded service. The Town determined service-level and staffing needs, informed by a separate operational analysis in which Matrix was not a party. We did not review cost projections or estimates, such as salary and benefit escalation, workers' compensation premiums, or other forward-looking figures. We did not independently audit or verify the underlying source data used to develop the model's inputs.

This review was not intended as an audit of costs and should not be used as a validation or endorsement of the model's total monetary outcome or of the service levels that drive it. Our observations were limited to the appropriateness and internal consistency of the cost inputs as presented.

REVIEW FRAMEWORK

Government Code Section 54982, as amended by Senate Bill 1360, governs how an agency that provides law enforcement services to another agency recovers its costs. The providing agency must charge the receiving agency for all costs incurred in delivering those services but may exclude costs it reasonably determines to be general overhead. The statute defines unreasonable overhead as costs the agency would incur regardless of whether it provided the contracted services. Any such determination is subject

ATTACHMENT 4

to judicial review for reasonableness, which places a premium on a model whose inputs are documented and independently traceable. Matrix assessed each line item against this appropriateness-for-inclusion standard and sound cost-allocation principles intended to distribute costs fairly among the participating communities.

MODEL STRUCTURE AND TRANSPARENCY

Beyond the line-item review, Matrix provided guidance on structuring the model to support transparency and defensibility. We recommended that the model present each cost component individually, with its inputs and basis clearly laid out and separately traceable, rather than relying on complex, nested formulas. A model in which each charge can be independently followed and substantiated directly supports the reasonableness determination required by the Government Code and is more readily understood by decision-makers and the public.

SUMMARY OF OBSERVATIONS

At a high level, our review categorized the model's line items as appropriate for inclusion, recommended for further review or additional documentation, or flagged for elimination or reconsideration under the governing code. We assessed whether each carrying value had a documented basis; whether support and administrative costs were properly allocated to police services rather than to general government overhead; whether the charged costs were incremental to the expanded service area rather than unavoidable; and whether one-time or startup expenses were clearly separated from ongoing costs. When annualized, these costs were also evaluated to ensure they were based on a stated amortization method.

CONCLUSION

During our review, Matrix provided its observations on the model's calculations and cost inputs to Town staff, who evaluated them and revised the model where the Town determined that revision was appropriate. Our comments addressed whether individual line items were properly chargeable under Government Code Section 54982, as well as the model's internal consistency and documentation of its inputs. Based on the final model reviewed on September 2, 2026, we determined that the cost inputs' appropriateness and internal consistency were reasonably aligned with Government Code Section 54982, as amended by Senate Bill 1360.

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Matrix Consulting Group appreciates the opportunity to support the Town in this process and remains available to answer any questions regarding our review.

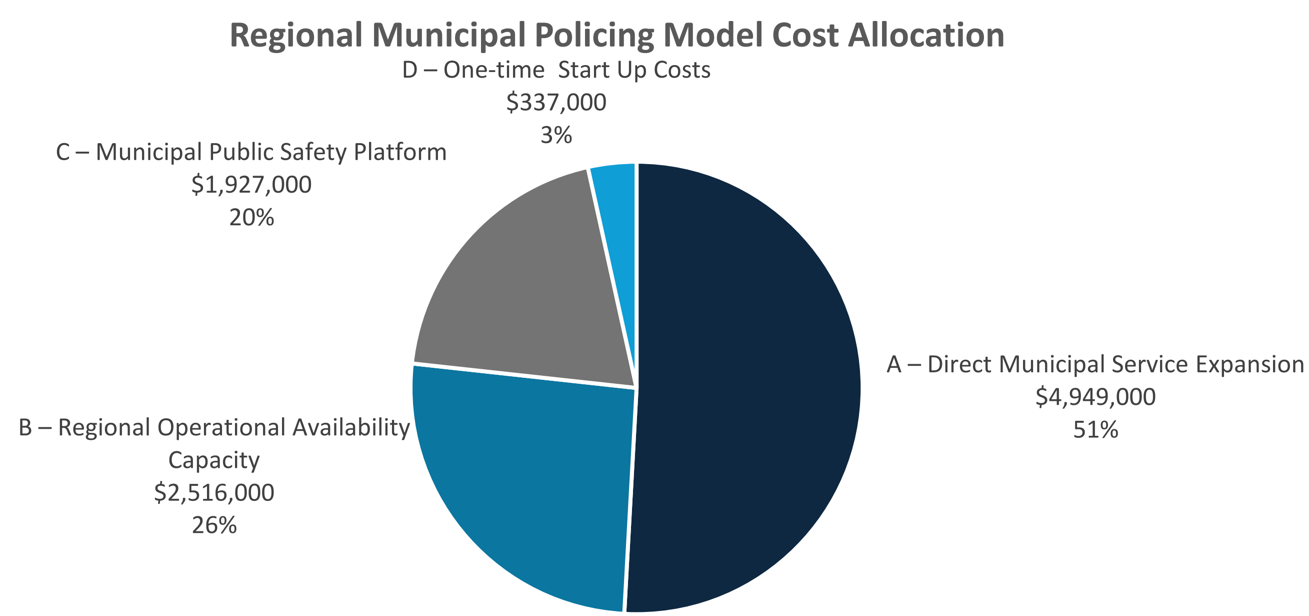
Courtney Ramos

COURTNEY RAMOS
Senior Vice President
Matrix Consulting Group, Ltd.

Regional Municipal Policing Cost Allocation Methodology

FY 2027–28 executive model | Summary is intentionally aggregated to support policy discussion and labor relations sensitivity.

Pillar	Methodology basis	FY 2027–28 derived value (rounded)	Narrative use
A – Direct Municipal Service Expansion	Fully burdened projected FY 2027–28 direct-service expansion costs from Town costing model	$4,949,000	Shows direct expansion necessary to serve Saratoga.
B – Regional Operational Availability Capacity	Operational availability factor applied to projected Police Department FY 2027–28 operating costs	$2,516,000	Captures readiness, backfill, training mandates and specialty reqs, overtime, supervisory depth, and specialty capacity.
C – Municipal Public Safety Platform	Annual municipal platform allocation for fleet lifecycle, technology, communications, risk, administration, and community policing support	$1,927,000	Shows the infrastructure needed to operate the expanded regional system.
D – One-time Start Up Costs	One-time start up costs needed to be paid for to ensure a start date of October 1, 2027.	$337,000	All cost necessary between the execution of contract and start of contract, amortized over a 10 year period.
Total FY 2027–28 Annual Contract Value	**Pillar A + Pillar B + Pillar C + Pillar D**	**$9,729,000**	**Approximate annual service value; include one-time amortized start-up costs.**



Pillar Framework

Pillar	What it represents	What it includes	Why attributable to Saratoga expansion
A – Direct Municipal Service Expansion	Direct municipal police service capabilities required to expand the regional policing model to include Saratoga.	Patrol operations, investigations, traffic enforcement, school safety, dispatch, records, Community Service Officers, administrative support, recruiting, onboarding, uniforms, equipment and implementation costs.	These are direct service costs that arise from expanding municipal police services to an additional jurisdiction and would not be incurred at the same level absent Saratoga's participation in the regional policing model.
B – Regional Operational Availability Capacity	Operational capacity necessary to maintain continuous municipal police services despite predictable reductions in deployable staffing and fluctuations in service demand.	Leave relief, operational overtime, mandatory training, court obligations, field training, onboarding, specialty assignment readiness, emergency response, supervisory continuity and regional operational coordination.	These operational readiness costs are reasonably attributable to providing uninterrupted municipal police services to Saratoga while preserving existing service levels in Los Gatos and Monte Sereno.

Pillar Framework

Pillar	What it represents	What it includes	Why attributable to Saratoga expansion
C – Municipal Public Safety Platform	The operational infrastructure, technology, fleet, communications, community policing programs and support systems necessary to sustain the expanded regional policing model.	community policing programs and support systems necessary to sustain the expanded regional policing model. Fleet lifecycle replacement, radios, CAD/RMS, records systems, Axon technology, digital evidence, ALPR, Drone First Responder, public safety technology, CJIS infrastructure, IT support, risk management, emergency preparedness, CERT, DART, Volunteers in Policing, Community Police Academy, Neighborhood Watch, resident outreach, website management, crime prevention and community engagement.	These infrastructure and operational support costs expand because Saratoga becomes part of the regional policing system and therefore require proportional investment in technology, fleet, communications, public safety systems and community policing capabilities that support delivery of municipal police services.
D – Start Up Costs	The resources needed to determine the ability to provide expanded regional policing services and ensure operational readiness on October 1, 2027.	Recruitment costs for new positions being added by the Model. Hire ahead costs for staffing needed prior to the October 1st start date. Includes limited term Project Manager to manage the model and implementation. Consultant cost to develop and review contract performance.	These start-up cost represent necessary expenditures for operational readiness directly related to the expanded services with Saratoga.

NET NEW FULL-TIME EQUIVALENT POSITION ADDS

Position Adds	Department	FTE	Service Delivery Rationale	Estimated FY 2027–28 Cost
Captain / executive oversight expansion	**Police**	0.00	Direct-service leadership, intergovernmental coordination, council and contract support, regional command oversight, policy review, service accountability and executive coordination necessary to integrate Saratoga into the municipal policing model. (Add Captain, delete Vacant Sergeant Position=0 Net FTE)	**$ 63,252**
Detective / investigations expansion	**Police**	1.00	Follow-up investigations, property crime, fraud, elder abuse, digital evidence review, case management, crime trend analysis, search warrant support, victim follow-up and regional investigative continuity.	**$ 430,834**
Patrol deployment expansion	**Police**	4.00	Direct 24/7 patrol deployment capacity added for the regional service area, including proactive patrol, emergency response, visible deterrence, neighborhood policing, call response and regional beat deployment.	**$ 1,666,968**
Motorcycle traffic officer	**Police**	1.00	Traffic enforcement, school zone safety, commuter corridors, collision reduction, speed enforcement, neighborhood traffic complaints, special events and community traffic-safety education.	**$ 430,834**
School Resource Officer / school safety	**Police**	1.00	School liaison, youth engagement, campus safety planning, threat assessment support, emergency preparedness coordination, juvenile intervention, education partnerships and community trust-building.	**$ 430,834**
Dispatch expansion	**Police**	1.50	Regional call-taking, CAD entry, radio dispatch, 911 service support, event coordination, officer safety monitoring, resource tracking and public safety communications for the expanded service area. Include 1 new FTE and .50 represent temp/hourly staff.	**$ 289,343**
Community Service Officer expansion	**Police**	2.00	Field reports, parking and neighborhood response, abandoned vehicles, non-sworn service calls, evidence transport, community assistance, traffic control, scene support and public-facing municipal service delivery.	**$ 386,394**
Administrative / analytical support	**Police**	1.00	Budget tracking, contract coordination, analysis, reporting, council support, program coordination, performance metrics, procurement coordination and administrative support attributable to regional expansion.	**$ 250,405**
Records Specialist	**Police**	1.00	Records management, report processing, citation and traffic case administration, CPRA response support, warrant processing, records retention, DOJ/CJIS compliance, statistical reporting, evidence documentation support and records services necessary to serve an additional municipality.	**$ 173,603**

NET NEW FULL-TIME EQUIVALENT POSITION ADDS

Position Adds	Department	FTE	Service Delivery Rationale	Estimated FY 2027–28 Cost
Admin Tech	**Police**	1.00	CPRA management, processing, and administration in support of the Department through collaboration with the Town Attorney's Office and Town Clerk.	**$ 208,125**
Admin Tech	**Parks and Public Works**	0.50	Supports that Personnel and Training Unit with the recruitment and onboarding of personnel. Will act as a liaison with Departmental personnel and the Town's Human Resources Department with personnel matters, benefits, worker's compensation claims, and personnel matters.	**$ 104,062**
Admin Assistant	**Parks and Public Works**	0.25	Provide administrative support to equipment mechanic for additional vehicles and equipment including ordering, inventory, administrative duties including entering information into the Town's ERP system	**$ 42,606**
Equipment / mechanic support allocation	**Parks and Public Works**	0.50	Supports fleet lifecycle management, preventative maintenance, emergency vehicle outfitting, radio and mobile data computer installation, emergency equipment maintenance, operational supply support, vehicle coordination, and fleet readiness attributable to the additional patrol, detective, School Resource Officer, Community Service Officer, and specialty vehicles required to provide municipal police services to Saratoga.	**$ 101,290**
Human Resources Support	**Human Resources**	1.00	Assists Town employees with workers' compensation, protected leave covered under Family Medical Leave Act (FMLA), recruitment, onboarding, retirement preparation including industrial disability retirements under CalPERS, and other labor and employee relations issues.	**$ 237,854**
Deputy Town Attorney	**Town Attorney's Office**	0.25	The additional workload will primarily result from police-related public records requests and subpoenas, community complaints, claims and litigation oversight, Gun Violence Restraining Orders, and general legal advice associated with the expanded service area.	**$ 70,015**
Public Safety Technology Platform Support	**Information Technology**	0.50	Supports operation, maintenance, integration and security of CAD/RMS, Sun Ridge RIMS, Axon Enterprise, mobile data computers, CJIS security, public safety networks, digital evidence systems, cloud services, radio interfaces, software licensing, device management and cybersecurity required to provide uninterrupted municipal police services within the expanded regional policing model.	**$ 62,349**
Total Pillar A – Direct Municipal Service Expansion		**16.50**	**7 New Net Sworn Staff, 9.5 Non-Sworn Staff**	**$ 4,948,768**