



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 09/15/2026

ITEM NO: 12

DATE: September 15, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
Jamie Field, Police Chief
SUBJECT: **Receive and Accept the Saratoga Police Services Transition Study and Independent Cost Review; Approve the Proposed Regional Law Enforcement Services Partnership Framework, Financial Basis, and Agreement in Substantial Form; and Authorize the Town Manager to Continue Discussions with the City of Saratoga and Return to the Town Council for Final Consideration if Requested by Saratoga**

RECOMMENDATION:

- a. Receive and accept the Meliora Public Safety Consulting Transition Study for Police Services in the City of Saratoga and the independent review of the Police Services Cost Model performed by Matrix Consulting Group.
- b. Approve the proposed regional law enforcement services partnership framework and the financial basis including an initial annual Base Rate of \$9,392,000 for ongoing services and an estimated annual startup cost recovery installment of \$337,000, for an annualized total of \$9,729,000 before applicable simple interest and other authorized charges.
- c. Adopt a resolution receiving and accepting the Saratoga police services transition study and independent cost review; approving the proposed regional law enforcement services partnership framework and FY 2027-28 contract financial basis; approving the agreement for law enforcement services in substantial form; and authorizing continued discussions with the City of Saratoga regarding a potential regional law enforcement services partnership.
- d. Authorize the Town Manager, in consultation with the Chief of Police and Town Attorney, to continue discussions and negotiations with the City of Saratoga regarding the proposed regional law enforcement services partnership and Agreement, and to return to the Town Council for

Reviewed by: Town Manager and Police Chief

consideration of final approval and authorization to execute the Agreement if and when Saratoga, following its public review and consideration process, requests that Los Gatos proceed with final consideration.

FISCAL IMPACT:

The recommended action does not authorize execution or implementation of the proposed Agreement and therefore does not create the service payment or implementation obligations contemplated by the Agreement at this time. Attachment 4 establishes the proposed financial basis for a potential regional law enforcement services partnership. The annualized fiscal year 2027-28 contract value is \$9,729,000, consisting of a \$9,392,000 Base Rate for ongoing services and an estimated \$337,000 annual startup cost recovery installment, before applicable simple interest and other authorized charges. For the proposed initial service period from October 1, 2027 through June 30, 2028, ongoing services would be prorated to \$7,044,000, while the full annual startup installment would be recovered, resulting in an estimated initial service period amount of \$7,381,000 before applicable interest and other authorized charges.

If the parties subsequently proceed with the partnership, any required Town appropriations, position authorizations, implementation expenditures, and related fiscal actions would be presented to the Town Council through the appropriate budget and approval processes.

STRATEGIC PRIORITY:

This item advances the Town's priorities of Emergency Resiliency and Response Capabilities, Public Safety, Fiscal Stability, Good Governance, and Civic Engagement. The proposed partnership builds on the existing Los Gatos and Monte Sereno municipal policing relationship and Saratoga's longstanding use of contracted law enforcement services. It would bring three neighboring West Valley communities with shared regional interests into a more closely coordinated public safety partnership while preserving local priorities, accountability, and a defined financial framework.

BACKGROUND:

Los Gatos, Monte Sereno, and Saratoga have longstanding intergovernmental relationships and share many regional interests as neighboring West Valley communities. Los Gatos operates the Los Gatos-Monte Sereno Police Department and has provided police services to Monte Sereno since 1995. Saratoga has historically received law enforcement services through the Santa Clara County Sheriff's Office rather than operating its own police department. The proposed agreement would build upon these established service approaches by bringing the three neighboring communities together through a coordinated municipal law enforcement partnership.

Saratoga's evaluation of alternative service models occurred in the context of significant changes in the cost of its existing County law enforcement arrangement. Saratoga paid approximately \$9 million for law enforcement services in fiscal year 2025 to 2026. The projected fiscal year 2026-27 cost subsequently increased to approximately \$11.6 million. Saratoga reduced patrol and traffic service levels, resulting in an approximately \$10.6 million fiscal year 2026-27 cost. These changes increased Saratoga's focus on long term service sustainability, cost predictability, and the level of law enforcement services available under different service models.

The Town evaluated expansion as an increase in the Police Department's responsibilities and resources, rather than an assumption that the existing workforce could absorb another community without additional capacity. The evaluation included utilizing external experts to assist in the review which included Meliora Public Safety Consulting's operational transition study, Matrix Consulting Group's review of the Town's cost model, and outside municipal law counsel assistance in developing a comprehensive law enforcement services agreement.

Meliora's review was designed to evaluate how Saratoga's service demand could be incorporated into LGMSPD's regional service model. Accordingly, the study focused on Saratoga workload, LGMSPD capacity, staffing, deployment, infrastructure, and implementation needs rather than evaluating the performance of the Santa Clara County Sheriff's Office. The Sheriff's Office provided helpful operational context during the study, and continued coordination with the County, existing service providers, schools, and other regional public safety partners will be important to support an orderly transition and ongoing regional coordination.

Attachment 2 identifies the interagency contracting authorities and records that, on August 26, 2026, the Local Agency Formation Commission of Santa Clara confirmed that the replacement law enforcement service is exempt from review under Government Code section 56133(e)(1). Services under the proposed Agreement would begin October 1, 2027, following approval by both governing bodies and execution by both parties.

Council Consideration and Public Review Process

The proposed partnership is being considered through the respective public processes of both agencies. Following the Los Gatos Town Council's September 15, 2026 meeting, the Saratoga City Council is scheduled to discuss the proposed partnership and Agreement for the first time on September 16, 2026. Saratoga is not currently anticipated to take final action at that meeting. Saratoga instead anticipates conducting two subsequent community meetings before potentially returning to its City Council for consideration on October 7, 2026.

In light of that sequencing, staff recommends that the Los Gatos Town Council use its September 15 meeting to receive and accept the completed operational and financial due diligence, approve the proposed partnership framework and financial basis, and approve the Agreement in substantial form as the basis for continued discussions and public review. Final authorization to enter into the Agreement would remain with the Town Council. If Saratoga

completes its public process and requests that Los Gatos proceed, the Town Council could consider final approval and authorization as early as October 6, 2026.

DISCUSSION:

Independent Review and Findings

Meliora's August 28, 2026 Transition Study in **Attachment 3** addresses four operational elements, including staffing and organization, patrol beat configuration, infrastructure, and implementation. These operational elements are distinct from the four financial pillars in **Attachment 4**, which summarize the service and transition costs into four components.

Meliora concludes that LGMSPD has the operational framework and organizational maturity to incorporate Saratoga patrol services with added personnel, appropriate relief capacity, deliberate deployment, and continuing workload review. Its plan combines existing Police Department capacity with additional patrol, traffic, school safety, professional staff, and support resources. It also recommends an Administrative Bureau and a dedicated Project Manager to coordinate preparation, implementation, and the first year after service commencement.

The workload analysis relies primarily on 2025 data because the County Sheriff records, requested by and provided through Saratoga, supplied for 2023 and 2024 contained material gaps. After removing duplication and reviewing incident locations, Meliora identified 9,344 Saratoga incidents in 2025, consisting of 7,179 categorized as community initiated and 2,165 categorized as deputy initiated. The study applied LGMSPD's documented handling experience to comparable Saratoga call types to estimate the effect on the Police Department's workload.

These figures are planning inputs rather than an audit of all historical services. Meliora identified unresolved coding issues, including 1,951 Flock camera notifications within a property related call category, and limitations in investigative and other workload information. The study consequently calls for reassessment using actual operating experience. The Agreement provides a process for addressing sustained material differences in demand while distinguishing those differences from ordinary service fluctuations.

Meliora also identifies geography and the use of shared capacity as important considerations. Limited connecting routes can affect backup travel, and increased workload may affect the personalized service experienced in Los Gatos and Monte Sereno if such geography and use of capacity is not fully considered. The proposed response is active geographic deployment, additional resources, and review of service in each community, rather than reliance on a regional average alone.

Matrix's September 3, 2026 letter in Attachment 4 addresses a separate question related to the computational accuracy, internal consistency, and appropriateness of cost inputs and allocations. Based on the final model reviewed, Matrix determined that the appropriateness and internal consistency of the cost inputs were reasonably aligned with Government Code

section 54982. The Town's proposed financial and staffing decisions are therefore presented as staff recommendations informed by the independent reviews.

A Partnership Serving Three Communities

The proposed partnership brings together three neighboring West Valley communities with longstanding intergovernmental relationships and many shared regional interests. It builds upon the existing Los Gatos and Monte Sereno service relationship and Saratoga's longstanding use of contracted law enforcement services. Los Gatos would continue to operate and employ the Police Department, Saratoga would join the integrated municipal policing model through the Agreement, and Monte Sereno would continue its established service relationship with Los Gatos. This structure provides a framework for closer coordination among the three cities while maintaining clear operational accountability and responsiveness to each community.

Community	Role in the Partnership
Los Gatos	Continues to operate and employ LGMSPD, expands personnel and support capacity for the regional service model, retains operational accountability, and uses the Agreement's cost recovery provisions to sustain the partnership without shifting Saratoga attributable obligations to existing service partners.
Saratoga	Joins the integrated municipal policing model while retaining its local policy, budget, and municipal responsibilities. Saratoga has access to LGMSPD leadership, recurring public reporting, and defined service, cost adjustment, and review processes.
Monte Sereno	Continuing its established service partnership with Los Gatos, with its local service needs considered in regional deployment and review. Its existing agreement is not amended by the Los Gatos and Saratoga Agreement, and its approval is required for participation in the proposed advisory committee.

Los Gatos has provided police services to Monte Sereno through the Los Gatos Monte Sereno Police Department since 1995, while Saratoga has historically received law enforcement services through the Santa Clara County Sheriff's Office. The proposed agreement would bring these established approaches together in a municipal public safety partnership that strengthens coordination among Los Gatos, Monte Sereno, and Saratoga, expands opportunities to share public safety resources, and supports closer collaboration on issues that cross city boundaries.

Dispatch, supervision, investigations, technology, equipment, specialty resources, and administrative support would be coordinated through one integrated Police Department structure serving the three communities. At the same time, patrol deployment, school relationships, traffic safety, neighborhood engagement, and other community priorities would remain responsive to the circumstances and needs of each city. This approach is intended to strengthen regional coordination and the relationship among the three cities while maintaining local responsiveness, community identity, and clear accountability.

Benefits to the Existing LGMSPD Communities

For Los Gatos and Monte Sereno, the proposed expansion is intended to add organizational capacity rather than redistribute the existing workforce across a larger service area. The financial model adds sworn, dispatch, records, investigative, traffic, technology, administrative, fleet, and other support capacity attributable to the Saratoga expansion. The larger regional organization also provides additional operational depth, opportunities for coordinated deployment during significant incidents, and a broader shared platform for public safety technology and support services. These benefits depend on maintaining the staffing, operational availability, and cost recovery provisions described in this report so that expansion does not shift Saratoga attributable costs or service demands to the existing LGMSPD communities.

The regional model also allows resources to be coordinated across adjoining communities rather than separated by jurisdictional boundaries. Patrol, supervision, investigations, communications, technology, and specialty resources may be deployed according to actual conditions, while preserving each community's ability to identify local priorities through the consultation and reporting processes established in the Agreement. The model also preserves regional and mutual aid relationships with other public safety agencies.

Services and Local Presence

Sections 4 and 6 of the Agreement establish a comprehensive municipal law enforcement relationship. Included services encompass patrol and response; enforcement of applicable laws and qualifying local ordinances; traffic enforcement and collision response; investigations meeting LGMSPD assignment criteria; Community Service Officers; police dispatch center; records and evidence; administrative support; emergency police coordination; and available specialty and community resources.

The service is delivered through an integrated Departmentwide public safety model rather than through the purchase of a fixed number of patrol hours. Personnel and resources may be deployed across Los Gatos, Monte Sereno, and Saratoga based on service demand, officer and public safety, legal requirements, available resources, operational conditions, and the Chief's professional judgment. This approach shifts accountability from measuring inputs, such as scheduled patrol hours, to evaluating service performance and outcomes. The Agreement expressly provides that the value of the regional model is based on the availability of professional law enforcement services, flexible deployment, response capability, operational coordination, and service performance information rather than fixed jurisdiction specific staffing or patrol hours. Accordingly, Saratoga's participation is intended to provide access to the depth, availability, supervision, specialty resources, technology, and response capacity of the regional Police Department, rather than an entitlement to specified personnel or scheduled service hours.

A fixed hours model can create a disconnect between purchased hours and actual service needs because staffing allocations remain tied to predetermined schedules even as calls for service,

crime patterns, emergencies, and other operational demands change. The integrated model allows the Police Department to move resources to where they are needed and to adjust deployment as conditions change. Saratoga, in turn, can evaluate service through performance information including calls for service, response trends, patrol activity, crime trends, significant incidents, and recurring community safety issues.

This structure also reduces reliance on additional purchased hours as the principal response to changing service needs. Instead, the Police Department can address those needs through deployment decisions, supervision, specialized resources, Community Service Officers, traffic resources, technology, and other operational tools. The independent transition study similarly concluded that effective regional service depends on actively balancing workload and moving resources as demand changes rather than maintaining static jurisdiction based assignments.

Police communications and emergency access

LGMSPD's Public Safety Answering Point would receive Saratoga 911 and law enforcement related nonemergency calls, subject to regional routing protocols. The Department would provide police dispatch, transfer fire and emergency medical calls to the responsible dispatch center, and notify appropriate Saratoga personnel of public works or other municipal matters using City supplied contact information. The Agreement does not transfer responsibility for delivering fire, medical, or public works services to Los Gatos.

Traffic, schools, and community service

The staffing model adds a Motor Officer, a School Resource Officer, and two Community Service Officers. Traffic priorities may include school zones, commuter corridors, neighborhood concerns, collision reduction, and the Saratoga Village area. The School Resource Officer would support school relationships, youth engagement, campus safety planning, threat assessment, and emergency preparedness. Meliora supports that position and recommends coordination with the affected school districts regarding campus assignments and coverage.

Community Service Officers support appropriate reports, nonviolent service calls, community assistance, evidence transport, traffic control, and scene support. Meliora identifies the use of these professional staff, together with traffic resources, as a way to reduce demands on sworn patrol personnel. Concealed carry permit processing would be provided to the extent lawfully assigned to the Police Department after the required local authorizations and fee arrangements are effective.

Saratoga substation and field deployment

Saratoga would provide, at no charge, reasonable access to mutually identified City facilities and support spaces for a police substation under Section 12.3. The substation would support work within the community, report preparation, meetings, and local contact. Meliora identifies existing capacity at LGMSPD headquarters for dispatch, records, and property and evidence

functions, allowing the Saratoga workspace to complement rather than duplicate centralized operations.

The regional deployment plan places patrol resources in geographic beats rather than relying solely on travel from a central station after each call. Substation location, access arrangements, equipment, security, and public contact procedures would be established during implementation. Local presence operates within the Chief's authority to reposition personnel throughout the service area as conditions require.

Community participation and volunteer programs

The Agreement provides opportunities for Saratoga residents to participate in Police Department community outreach, youth engagement, Community Police Academies, and other programs, subject to capacity and Police Department policy. Available Volunteers in Policing, Disaster Aid Response Team members, and Explorer resources may support suitable activities under Police Department training and supervision.

Saratoga retains management and funding responsibility for its Community Emergency Response Team program and the City affiliation of its Disaster Service Workers. CERT members may train jointly with Los Gatos and Monte Sereno participants and coordinate with the Department during emergencies. This preserves each community's program responsibilities while supporting shared preparedness and response.

Technology and information support

Attachment 4 includes support for the municipal public safety technology platform, including dispatch and records systems, radios, mobile computers, Axon technology, digital evidence, automated license plate recognition, and drone capabilities. Meliora identifies the Real Time Information Center, license plate readers, and the evolving Drone as First Responder program as tools that can support situational awareness, investigations, and more efficient use of personnel. The study also supports analytical and community relations capacity to manage technology, training, vendors, audits, and public engagement.

Technology integration is governed by Sections 12.7 through 12.10. Access to Saratoga systems requires Town approval, technical compatibility, lawful data use, security, and any required written agreement. Saratoga generally retains ownership, licensing, maintenance, and other responsibilities for its technology. Approved use does not require continuous camera monitoring or guarantee a particular drone response. Department policies govern police operations subject to applicable law and any valid Saratoga requirements, and material local requirements are addressed through consultation.

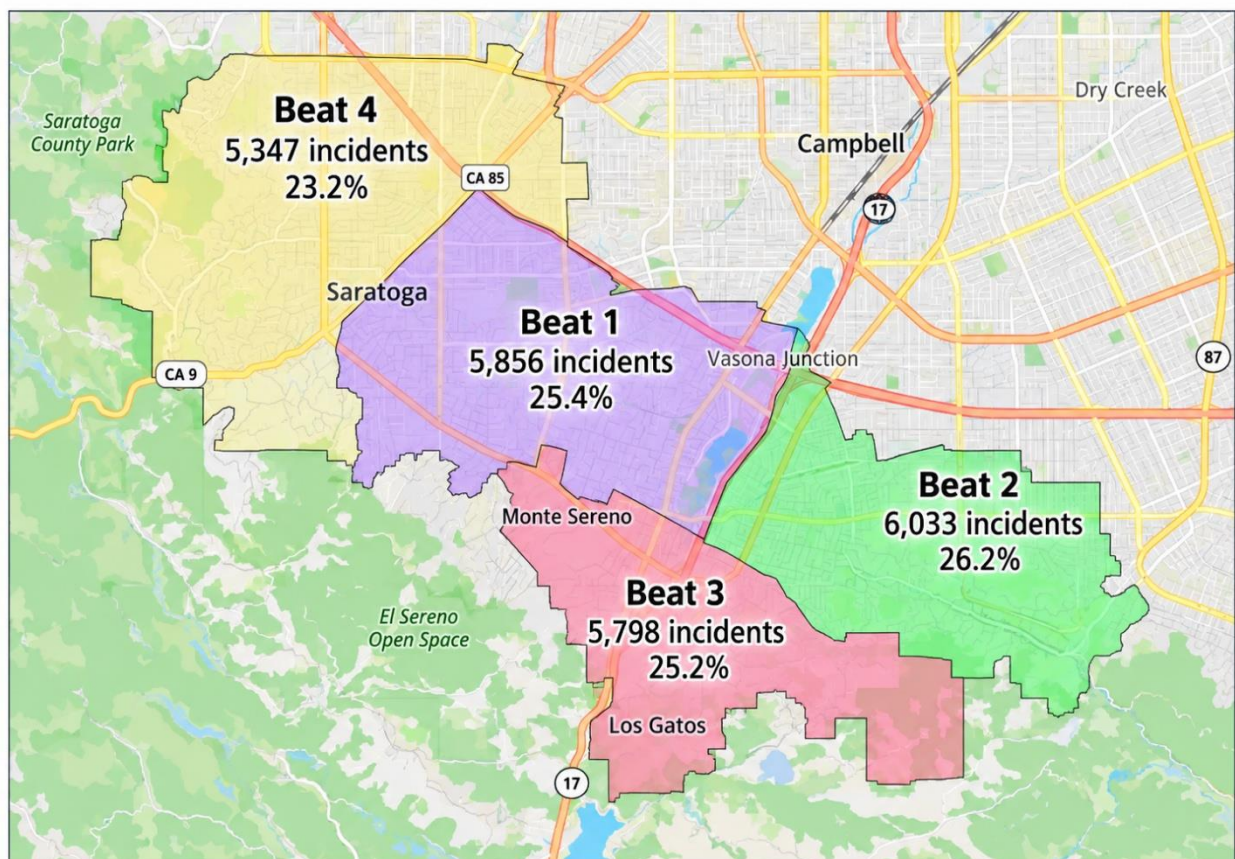
Once technology use is approved, Los Gatos must use reasonable efforts to maintain continuity and, when practicable, provide notice and consultation before a material restriction or discontinuation. This continuity provision applies to approved Saratoga Technology, including Automated License Plate Reader and camera systems, subject to the Agreement's legal,

cybersecurity, operational, technical, and data governance requirements. The Agreement balances that continuity interest with legal compliance, cybersecurity, operational feasibility, and the Chief's retained authority.

Patrol Deployment and Service Review

Meliora recommends four patrol teams, each with one field supervisor, and five Officers, for 28 sworn employees assigned to the patrol function. Its detailed workload profile uses six sworn personnel on duty from 7:00 a.m. to 7:00 p.m. and five from 7:00 p.m. to 7:00 a.m., including the field supervisor. With five deployed, one is the supervisor and four cover geographic beats. The sixth serves as a rover during the higher demand period. The following graphic is the contemplated new beat structure.

Revised LGMSPD Saratoga 4 Beat Model



The conceptual four beat plan redistributes responsibility across the combined service area rather than isolating Saratoga as a separate assignment without regional support. In the revised concept, Beat 1 ordinarily provides primary backup to Beat 4, with rover emphasis in those areas and adjustments by the other beats to maintain coverage. The boundaries are a starting point and may be refined as actual workload and travel experience develop.

Response Time and Service Assurance

LGMSPD uses call priorities to match the urgency of an incident with the appropriate police response. Priority 1 calls are immediate emergencies involving a threat to life or a significant public safety hazard; Priority 2 calls are urgent incidents requiring an immediate police response; and Priority 3 calls are nonemergency calls requiring police service. LGMSPD currently uses operational response time goals of approximately five minutes for Priority 1 calls, ten minutes for Priority 2 calls, and fifteen minutes for Priority 3 calls. These goals are used to guide deployment and evaluate service rather than establish contractual guarantees because individual response times may be affected by simultaneous emergencies, officer safety considerations, geography and traffic conditions, mutual aid activity, staffing availability, and the circumstances of a particular call. The proposed Agreement provides for deployment planning intended to support comparable service quality and response time goals across the communities served by LGMSPD while preserving the Chief's authority to deploy personnel based on actual public safety conditions.

The proposed regional model is specifically designed to preserve the operational capacity necessary to pursue these response time goals across Los Gatos, Monte Sereno, and Saratoga. Police Department personnel, both sworn and professional staff, would be geographically deployed throughout the combined service area rather than routinely responding to Saratoga from Police Department headquarters. A Saratoga workspace would support local presence, report preparation, meetings, and other field operations while complementing centralized dispatch, records, evidence, and administrative functions. The four beat structure, daytime rover capacity, field supervision, additional sworn staffing, and ability to reposition personnel allow the Department to place resources closer to anticipated demand and adjust coverage as calls, emergencies, and other conditions require.

Meliora's workload analysis provides an additional operational safeguard by using an approximately 60 percent patrol workload planning threshold. The purpose of that threshold is to preserve capacity for emergency response, backup, proactive policing, and changing conditions rather than scheduling patrol personnel to full call for service capacity. Meliora notes that officer availability and workload directly affect response times and that the remaining patrol capacity under this approach is not idle time, but capacity available for emergency calls and proactive activity. Its analysis of the proposed integrated staffing and deployment model concluded that the planned staffing configuration could maintain patrol workload within accepted industry standards, while recognizing that geography, response times, and workload distribution will require active supervisory management.

Actual deployment will depend on staffing availability, leave, training, injuries, and other relief requirements. Meliora therefore recommends that LGMSPD calculate and monitor its actual relief factor and continue evaluating patrol workload after implementation. The study also recommends continuing to review beat configuration and deployment as operating experience develops. These reviews are particularly important because the transition study relied primarily on 2025 Saratoga call data and identified limitations in portions of the available historical

information. Actual service experience will provide more reliable information regarding workload distribution, travel patterns, staffing needs, and response performance.

Response time would therefore be treated as an ongoing service assurance and management measure rather than simply an initial planning assumption. Following implementation, LGMSPD would review Priority 1, 2, and 3 response time trends together with workload, staffing availability, overtime, beat balance, and significant or recurring service concerns. The Department could use that information to adjust geographic deployment, rover use, supervision, staffing practices, or other operational approaches as appropriate. Meliora's implementation plan similarly calls for monitoring response times, workload, staffing, overtime, and beat balance after service commencement.

The Agreement establishes the accountability framework for this continuing review. Sections 2.4 and 2.5 provide for consultation regarding deployment planning and comparable service quality and response time goals. Sections 3.4 and 6 require presentations to the Saratoga City Council twice each contract year and reasonably available performance information concerning Saratoga services, including calls for service, response trends, patrol activity, crime trends, significant incidents, and recurring community safety issues. The Agreement also permits the parties to develop mutually agreeable dashboards, operational reports, or other reporting tools, subject to confidentiality requirements, existing technology, and reasonable administrative limitations.

Performance information would support public accountability, service evaluation, and operational improvement. Implementation and ongoing service reviews would use available information to evaluate response trends, deployment, workload, staffing, and recurring concerns in the communities served. The reporting framework provides Saratoga with a transparent means of evaluating whether the integrated model is delivering the expected level of responsiveness while preserving the Chief's ability to deploy personnel according to actual public safety conditions. Performance information is intended to support communication, transparency, planning, and policy review and does not create a warranty of response, a fixed response time, or another fixed service level under the Agreement.

Staffing and Organizational Readiness

Attachment 4 identifies 16.5 net additional full time equivalent positions across the Town, including 7 sworn and 9.5 professional or support positions. Its Captain position replaces a vacant Sergeant position, producing no net FTE increase in the administrative area. The model includes 14 net FTE in Police and 2.5 net FTE in other Town departments servicing Saratoga related activity. The following schedule preserves Attachment 4's position amounts and department assignments.

Position or function	Department	Net FTE	
Captain replacing vacant Sergeant	Police	0.00	

Position or function	Department	Net FTE	
Detective / investigations	Police	1.00	
Patrol Officers	Police	4.00	
Motor Officer	Police	1.00	
School Resource Officer	Police	1.00	
Dispatch, including temporary or hourly capacity	Police	1.50	
Community Service Officers	Police	2.00	
Administrative / analytical support	Police	1.00	
Records Specialist	Police	1.00	
Administrative Technician	Police	1.00	
Administrative Technician supporting personnel and training	Police	0.50	
Administrative Assistant	Parks and Public Works	0.25	
Equipment / mechanic support	Parks and Public Works	0.50	
Human Resources support	Human Resources	1.00	
Deputy Town Attorney	Town Attorney's Office	0.25	
Public safety technology support	Information Technology	0.50	
Total direct service expansion	All departments	16.50	

The detailed position schedule totals \$4,948,768, presented as \$4,949,000 in Attachment 4's rounded pillar summary. These positions provide the personnel basis for the financial model. Support positions address the additional workload associated with recruitment, onboarding, training coordination, public records, reporting, fleet maintenance, information systems, legal support, and employee administration. Meliora identifies corresponding impacts on Town departments and supports limiting additional resources to workload attributable to the Saratoga service expansion. The proposed Administrative Bureau separates communications, records, and administrative oversight from patrol and investigative responsibilities.

Dispatch coverage

The Town's model includes 1.5 additional dispatch FTE, consisting of one position and 0.5 temporary or hourly capacity. Meliora recommends 2.5 additional dispatchers to cover an additional daily shift using its assumed relief factor. The study also recommends calculating the Police Department's actual relief factor because experience may change the staffing requirement. Implementation will include a dispatch coverage plan addressing peak demand,

leave, training, and available staffing, with reassessment during the first operating year. The Town's proposed allocation is not the same as Meliora's staffing recommendation and was slightly adjusted to reflect staff professional judgement.

Investigative capacity

The Town's model includes an additional detective to support investigations, digital evidence, case management, crime analysis, warrant support, and victim follow up. Because the County data did not provide sufficiently reliable information to determine Saratoga's actual investigative workload, the Town cannot confidently size investigative capacity based on historical data alone. Rather than begin service with potentially insufficient capacity, the Town proposes staffing the investigative function at an appropriate level to absorb the anticipated workload and support service continuity. This approach is consistent with the alternative identified by Meliora of hiring the additional detective in anticipation of increased demand and then reassessing staffing after 12 to 18 months of operations. Once LGMSPD has sufficient actual experience and workload data from serving Saratoga, the Town will reevaluate investigative staffing and adjust capacity as warranted.

Records, evidence, and personnel support

Meliora supports adding a Records Specialist and an Administrative Technician to address report processing, public records and discovery requests, records retention, and crime reporting. It identifies the need for coordinated recruitment, sufficient background investigation capacity, and qualified trainers. The temporary Project Manager is separate from the 16.5 ongoing FTE and would coordinate implementation and the first year after launch. Startup and subsequent operating work will be budgeted according to their respective eligibility and approval requirements.

Governance, Accountability, and Monte Sereno

Los Gatos retains responsibility for employment, labor relations, supervision, policy, and police operations. The Chief remains accountable for deployment, dispatch, tactics, enforcement, investigations, training, and the use of equipment. Saratoga may establish public safety priorities and identify concerns through its policy, budget, and contract oversight functions, and service direction is communicated through the Saratoga City Manager.

Section 3.3.2 provides for a Captain level liaison to support Saratoga coordination. For the initial 2027 assignment, the Chief and Saratoga City Manager will participate in Captain interviews, with significant City Manager input and final selection retained by the Chief. The Chief retains authority over subsequent designation and reassignment and will work with the Saratoga City Manager to ensure an effective relationship between the department and the City.

The Agreement requires annual service consultation with a written summary and an annual partnership and risk review. It also provides for notice of significant incidents, material risk issues, and material operational changes when practicable. A qualifying written request

concerning a recurring service issue requires a management meeting within 14 days. Formal personnel complaints may be submitted by an aggrieved person, including through the Saratoga City Manager, and are handled under Town policy.

Section 6.7 proposes a Law Enforcement Partnership Advisory Committee, or LEPAC, subject to Monte Sereno's approval. The committee would include two Councilmembers from each of Los Gatos, Saratoga, and Monte Sereno, with the respective managers and Chief as technical advisors. It would meet at least quarterly and comply with applicable open meeting requirements. LEPAC would provide a public forum to consider service performance, operational coordination, community concerns, costs, anticipated increases, technology, funding opportunities, and regional efficiencies. It may also consider alternatives to avoid, reduce, defer, or mitigate future impacts. The committee is advisory to the Chief and Town Manager, but it cannot direct officers, amend an agreement, impose a financial obligation, or bind any participating agency.

Monte Sereno is not a party or an intended beneficiary under the Saratoga Agreement, and any change to its existing service agreement or financial obligations requires separate action under the applicable agreement and approval process. Coordination with Monte Sereno will address its service relationship, local experience, and decision regarding advisory participation.

Cost Allocation and Long Term Financial Responsibilities

The four pillar structure recognizes both the direct employees needed for expansion and the capacity and systems that keep those employees available. Pillar B addresses leave, training, court, operational overtime, supervision, and emergency readiness. Pillar C supports the shared fleet, communications, technology, risk, administrative, and community policing functions. Pillar D separately recovers eligible implementation costs. Together, the pillars describe the cost of participation in the integrated organization rather than fixed personnel assignments or an hourly service entitlement.

Section 10.3 excludes general overhead that Los Gatos reasonably determines it would incur regardless of the Saratoga Agreement. The model's attribution principle applies to police and other Town functions: cost responsibility follows the additional service workload, not simply the department in which an employee works. The financial framework is intended to recover Saratoga's attributable costs while sustaining services to Los Gatos and Monte Sereno.

The Agreement prohibits duplicate recovery through applicant fees and other reimbursement provisions. Where a cost is already recovered through the Base Rate, an applicant fee for that same cost must be credited or remitted as provided in Section 5.5. Grant cooperation and Supplemental Law Enforcement Services Account funding are addressed separately. SLESA funds require Saratoga's lawful appropriation and eligible expenditures need to comply with restrictions set out under the grant authority.

Financial Framework and Initial Payment Structure

Attachment 4 establishes the financial basis for the proposed partnership. The fiscal year 2027-28 annualized contract value is \$9,729,000 and is organized into four financial pillars. Direct Municipal Service Expansion accounts for \$4,949,000 and reflects the additional personnel and direct service capacity needed to extend municipal policing to Saratoga. Regional Operational Availability Capacity accounts for \$2,516,000 and supports leave relief, backfill, training, operational overtime, supervisory continuity, and specialty readiness. The Municipal Public Safety Platform accounts for \$1,927,000 and supports fleet, technology, communications, risk, administration, and community policing resources. Startup Cost Recovery accounts for an estimated \$337,000 annual installment for eligible transition and implementation costs. Together, the first three pillars establish the \$9,392,000 annual Base Rate for ongoing services.

The initial service period runs from October 1, 2027 through June 30, 2028. Under the recommended payment structure, the ongoing Base Rate is prorated for nine months, resulting in \$7,044,000. The full estimated annual startup recovery installment of \$337,000 would be collected during that same period, producing an initial service period amount of \$7,381,000, before applicable simple interest and other authorized charges. Startup recovery is separate from the Base Rate and is not subject to the ordinary annual Base Rate adjustment. The annual recovery installment is not the total amount of startup expenditures.

Los Gatos would incur eligible implementation costs before recovering them over time. Section 10.2.1 of the Agreement requires a written implementation budget and an approved amortization schedule. Approved startup costs accrue simple interest on the outstanding principal from the date Los Gatos pays each cost until reimbursement. The annual interest rate is based on the Pooled Money Investment Account Average Monthly Effective Yield for the preceding February, and interest does not compound. Unless otherwise approved by both governing bodies, approved startup costs and applicable interest must be fully recovered by June 30, 2037.

The contract amount represents the cost of services and obligations assigned to Los Gatos under the Agreement and does not represent Saratoga's entire public safety budget. Saratoga retains responsibility for functions assigned to it under the Agreement, including local facilities, technology, traffic engineering, emergency management, and other municipal responsibilities. Separately authorized services and other expressly recoverable costs remain governed by the applicable payment provisions of the Agreement.

Annual adjustments and externally imposed costs

The Agreement includes provisions for how the base compensation rate is increased and provides Saratoga with some predictability. The following exhibit graphically represents the annual compensation provisions.



For clarity, this graphic summarizes the principal annual rate components but is not exhaustive. Extensive Services, disaster response reimbursements, transition and wind down amounts, applicant fee adjustments, and other amounts expressly recoverable or creditable under the Agreement may also affect total payments.

Beginning July 1, 2028, the ordinary annual Base Rate adjustment is the greater of the specified Employment Cost Index (ECI) change plus two percentage points or the change in the Town's actual employer compensation cost for sworn officers plus two percentage points. The ECI measure is total compensation for state and local government workers for the twelve months ending in the preceding December. The ordinary adjustment has a 3% minimum and an 8% maximum. The first adjustment applies to the annualized \$9,392,000 Base Rate, not the nine month payment.

An approved External Mandate Cost Pass Through may recover actual, incremental, reasonably allocable costs arising from qualifying external requirements or specified recurring external costs attributable to Saratoga. Discretionary Town staffing, classification, compensation, and program decisions do not become qualifying external mandates merely because they increase costs. Ordinary service fluctuations also do not independently authorize an additional charge.

The annual external mandate surcharge is limited to 4% of the prior contract year's Base Rate, even when the ordinary adjustment is below 8%. The combined ordinary adjustment and external mandate surcharge may not exceed 12% of that prior Base Rate in a contract year. An eligible and approved amount that cannot be recovered within the annual limits may be carried forward. There is no aggregate lifetime cap on approved mandate recovery, and unpaid carried balances remain payable at final reconciliation. This structure preserves recovery of an approved carried balance over time, subject to the Agreement's annual recovery limits and final reconciliation provisions.

Requests require documentation, a reasonable allocation methodology, mitigation efforts, notice, consultation, and written approval by both parties following required approvals. Where reasonably feasible, notice is provided by March 15 before the affected fiscal year. If an impact is identified after March 15th, it requires notice within 30 days after it becomes known. Management consultation occurs within 30 days after a complete request, with reasonable efforts to identify a proposed resolution within 60 days after that meeting. A recurring surcharge is reduced or eliminated if the underlying cost is reduced, eliminated, or no longer reasonably allocable to Saratoga.

A qualifying extraordinary regional communications, radio, dispatch, or interoperability cost may require a separate mutually approved recovery arrangement outside the ordinary annual cap. Examples include material assessments, capital contributions, replacement or upgrade costs, subscriber or infrastructure costs, financing costs, maintenance costs, or compliance costs imposed by a regional communications, radio, dispatch, emergency communications, or public safety interoperability agency or joint powers authority. Startup recovery and interest, authorized discretionary services, Extensive Services, and other expressly recoverable obligations are also treated separately. Section 10.3 preserves recovery of costs that applicable law requires the Town to charge, subject to reasonable documentation, allocation, and dispute resolution. Accordingly, the 8% and 12% limits are not an absolute ceiling on all amounts Saratoga may owe.

To support cost recovery consistent with Government Code section 54982 while also providing predictability to Saratoga, the structure provides boundaries for ordinary annual changes while establishing a process for costs not reasonably addressed by the ordinary rate. It protects Saratoga against unilateral changes to material contract terms and supports Los Gatos's recovery of required service costs. The partnership depends on early communication, consideration of alternatives, and the approvals specified in the Agreement, rather than a guarantee that every cost can be recovered immediately or that total payments can never exceed the stated percentages.

Discretionary services and extraordinary incidents

Saratoga requested discretionary services must be beyond the ordinary integrated service model and require material incremental costs. Prior written authorization ordinarily specifies the service, duration or scope, cost methodology, and cost responsibility, while exigent

circumstances allow prompt documentation subsequent to the activity. A service does not become an extra charge solely because Saratoga requests it or because ordinary service demand varies.

Extensive Services use a separate incident based mechanism to ensure abnormal activity was not contemplated in the base cost model to allow for recovery. When the Chief expects a single incident or related series to involve at least 320 Department service hours, the Chief notifies Saratoga and discusses anticipated needs. Reimbursement is triggered only when cumulative tracked hours exceed 700. Once triggered, Saratoga pays the actual cost of all tracked hours above 320, not only those above 700. Thus, 750 qualifying hours would result in 430 reimbursable hours. Either party may request review of disproportionate effects of the current extensive services formula without unilaterally changing the thresholds.

The Agreement coordinates disaster, mutual aid, applicant fee, and other recoveries so the same cost is not paid twice. It provides for documented recovery of eligible Los Gatos disaster costs through available funding sources, including qualifying amounts below the Extensive Services threshold. Mutual aid reimbursements attributable to Department resources are retained by Los Gatos under the applicable provisions.

Local Responsibilities, Records, and Emergency Coordination

The Agreement assigns responsibilities that remain with Saratoga and are not transferred through the Base Rate. These include local laws and their enforcement prerequisites; traffic engineering, required speed surveys, and local traffic calming equipment; the City's facilities and technology; City specific CERT responsibilities; and legal support for Saratoga governance, local enactments, and nonpolice operations. The City must provide current ordinances, maps, permit conditions, signage information, contacts, and notification protocols needed for Police Department services.

Section 5.1 identifies excluded or separately reimbursable items, including animal control, code drafting, code enforcement and administrative code parking services, certain detention charges, unusual experts or consultants, and legal functions not assigned to Los Gatos. A substantial new public safety facility or other asset requiring material changes to financial or operational obligations requires a separate approved agreement, as it is not authorized merely by approving this service framework.

Legal responsibility generally follows the primary nature of the matter. Los Gatos handles support associated with the Police Department operations, personnel conduct, police records, evidence, and its law enforcement work. Saratoga retains advice and responsibility concerning its own local law and municipal operations. Mixed matters are coordinated to allocate responsibility and avoid missed deadlines and unnecessary duplication.

Los Gatos retains custody and control of Police Department records and evidence, subject to law and the Agreement. Each party handles public records requests for records in its possession, custody, or control through its own process. The Agreement protects confidential

information, provides for reasonable operational and transition records assistance, and distinguishes ordinary records turnover from extraordinary migration or other specially authorized transition work.

During a major emergency, Saratoga may use the Los Gatos Emergency Operations Center, and in the case of use, both parties will work cooperatively to maximize appropriate joint use. Saratoga retains its emergency management responsibilities, while the Chief retains police operational command and may move Department resources among communities as emergencies require.

Term, Continuity, and Risk Allocation

The Agreement becomes effective following both governing body approvals and execution. The initial service term runs from October 1, 2027 through June 30, 2037, or nine years and nine months. Ordinary termination cannot take effect through June 30, 2030, subject to the Agreement's exceptions for a Significant Matter, uncured material default, or mutual written agreement. After that period, either party may terminate with at least twelve months' written notice.

One additional five year term, through June 30, 2042, requires mutual written approval. The parties review renewal before November 1, 2036, and must approve an extension by March 1, 2037. For the first extension year, Section 16.5 allows a documented request for a higher rate based on service cost, up to 112% of the final initial term Base Rate, inclusive of the ordinary adjustment, subject to the required review and approval. Renewal is not automatic.

Expiration or termination does not extinguish accrued payments, unrecovered approved startup principal and interest, approved carried mandate balances, or other surviving obligations. The Agreement allocates reasonable, documented, nonduplicative transition and wind down costs in the circumstances specified in Section 10.8.2(e), requires mitigation, and provides for orderly financial and operational review. Saratoga termination without cause before June 30, 2037 also invokes Section 16.3's recovery of specified unamortized startup and sworn hiring, training, and equipment costs that cannot reasonably be redeployed. Police Department assets do not automatically transfer to Saratoga.

Addressing significant unresolved matters

The Agreement first relies on ongoing communication, consultation, and service review. A matter with demonstrable material financial, legal, operational, service, technology, or risk consequences may proceed as a Significant Matter under Section 16.8. Sustained material differences in workload not reasonably contemplated in the model may qualify, while ordinary fluctuations do not. Starting the process does not itself change the price, applicable caps, service scope, or payment obligations.

The resolution process is intentionally established to preserve the relationship and durability of the partnership with multiple opportunities to resolve differences. Formal resolution

progresses through management review, nonbinding mediation, and nonbinding advisory arbitration. The arbitrator cannot amend the Agreement, direct police operations, appropriate funds, or impose an unauthorized financial obligation. However, findings on whether a Significant Matter exists and whether one party's position is substantially sustained have an operative role in the limited termination process.

If the other party rejects the recommended resolution or does not timely agree to proceed with implementation, the substantially sustained party may exercise the limited termination right in Section 18.5, including during the initial restriction period. The effective termination date is generally the later of 180 calendar days after notice or the last day of the contract year in which notice is delivered, subject to the section's procedural requirements and any mutually approved alternative date. Performance continues during disputes except where unlawful, excused under the Agreement, or changed by mutual written arrangement.

Insurance and indemnity

Sections 14 and 15 allocate indemnity principally according to each Party's acts or omissions and establish defense, insurance, and cooperation requirements for claims arising from the Agreement. Each Party must maintain general liability coverage or self insurance of at least \$30 million per occurrence, together with required workers' compensation and automobile coverage and the other coverages described in the Agreement. Evidence of coverage is provided before service commencement if reasonably requested. The insurance requirements do not limit liability or eliminate the Town's operational exposure.

September 15 Council Action and Subsequent Consideration

The recommended September 15 action establishes Los Gatos's policy position regarding the proposed partnership without authorizing the Town to enter into or implement the Agreement at this stage. Approval of the Agreement in substantial form indicates that the service framework, financial structure, operational authority, risk allocation, term, and other principal provisions presented to the Council provide an acceptable basis for continued discussions with Saratoga.

The recommended action does not authorize the Town Manager to execute the Agreement, commence services, undertake implementation obligations dependent upon execution of the Agreement, establish new positions, or commit funds requiring further Town Council authorization.

Following Saratoga's public review process, the Town Manager would return to the Town Council if Saratoga requests final consideration of the partnership. At that time, the Council would receive the proposed final Agreement, any revisions resulting from the parties' continued discussions and public review, and any other information appropriate for final consideration. The Town Council would then determine whether to authorize execution and implementation of the Agreement.

IMPLEMENTATION AND READINESS

If the governing bodies subsequently approve and execute the Agreement, implementation would be organized around the proposed October 1, 2027 service commencement date.

Meliora recommends an approximately one year transition led by a dedicated Project Manager, with continuing coordination during the first year of operations. The implementation work would expand an existing municipal police organization while addressing the personnel, communications, facilities, legal, administrative, technology, and interagency requirements associated with serving another jurisdiction.

Workstream	Principal implementation activities
Approvals and coordination	Complete required approvals, implementation budget and position actions; assign project leadership; coordinate Saratoga's existing provider transition and Monte Sereno's continuing service relationship.
Personnel and deployment	Recruit, complete backgrounds, train sworn and professional staff, establish supervision and relief coverage, prepare field training capacity, and familiarize personnel with Saratoga and the regional beat plan.
Communications and information systems	Coordinate 911 routing, fire and medical call transfer, dispatch and records configuration, radios, geographic information, licensing, security, regional interoperability, testing, and contingency procedures.
Facilities, fleet, and equipment	Prepare the Saratoga substation and necessary headquarters workspace; procure and equip vehicles, motorcycle, radios, computers, uniforms, and other authorized equipment; update public contact signage.
Legal, records, and agency interfaces	Complete local enforcement authorities and applicable agreements; coordinate state and federal agency identifiers, County systems, prosecution, court and booking interfaces, records, evidence, vendors, and mutual aid partners.
Community preparation and readiness	Coordinate schools and community outreach; communicate service access and contact procedures; conduct system and deployment exercises and final readiness review before service begins.
First year evaluation	Monitor response trends, workload, staffing availability, overtime, beat balance, dispatch, investigations, records, public records demands, community concerns, and financial performance; refine operations through the Agreement's processes.

The study's implementation action items include agency identity, training and certification records, criminal justice information access, crime reporting, County communications, District Attorney and court interfaces, booking, evidence, vendors, and mutual aid contacts.

A transition team would coordinate responsibilities with the County and affected school, college, transit, and regional partners. Existing arrangements do not automatically transfer merely because the municipal service provider changes. Saratoga's provider notice and any continuation or overlap arrangements will be handled consistently with its existing obligations and the approvals needed for service continuity.

If the partnership proceeds, readiness work would include trained and available personnel, workable deployment and dispatch schedules, functioning 911 and radio systems, required equipment, records and information access, and a usable local workspace. Final review will address critical dependencies and contingency arrangements. Any material change to the contractual commencement date, service obligations, or funding requires the appropriate written action rather than an administrative readiness decision alone.

If services commence under a subsequently approved and executed Agreement, the Project Manager, Police Department leadership, and participating staff will use operating experience to identify transition issues and refine service delivery. Meliora calls for first year dispatch review, continuing patrol workload and beat evaluation, and investigative reassessment after 12 to 18 months. The Agreement's regular consultation and public reporting provide the continuing framework for reviewing results and addressing concerns.

CONCLUSION:

Staff recommends that the Town Council receive and accept the independent operational transition study and cost review, approve the proposed regional law enforcement services partnership framework and financial basis, and approve the Agreement in substantial form as the basis for continued discussions with Saratoga.

The proposed framework builds on the distinct but complementary roles of the three communities. Los Gatos would continue to operate and remain accountable for the Police Department; Saratoga would participate in the integrated municipal policing model through the Agreement, with local input, reporting, and defined financial processes; and Monte Sereno would continue its established service relationship with Los Gatos. Together, the model provides a framework for coordinated municipal policing, shared public safety resources, and collaboration on regional issues while preserving local priorities and community relationships.

The September 15 action would not authorize execution or implementation of the Agreement. Instead, it would establish that the Town Council considers the proposed framework, financial basis, and Agreement in substantial form appropriate to advance for continued interagency discussion and public review. Following Saratoga's anticipated Council discussion and community engagement process, the Town Manager would return to the Town Council for final consideration if Saratoga requests that Los Gatos proceed. Any final authorization to execute and implement the Agreement would therefore remain subject to subsequent Town Council action.

ALTERNATIVES:

The Town Council may modify the proposed partnership framework or Agreement provisions identified for continued discussion; provide additional direction regarding issues to be addressed before the matter returns for final consideration; or decline to advance the proposed partnership for further consideration.

COORDINATION:

The project was coordinated with multiple departments including the Town Manager's Office, Town Attorney, Police Chief, Administrative Services (including Human Resources, Finance, and Information Technology), Parks and Public Works, and with the cities of Saratoga and Monte Sereno.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution
2. Proposed Agreement for Law Enforcement Services Between the Town of Los Gatos and the City of Saratoga.
3. Meliora Public Safety Consulting, Transition Study for Police Services in the City of Saratoga, dated August 28, 2026.
4. Matrix Consulting Group cost model review letter dated September 3, 2026, and the fiscal year 2027-28 Regional Municipal Policing Cost Allocation Methodology, Pillar Framework, and Position Schedule.
5. Public Comment