

From: Phil Koen <[REDACTED]>

Sent: Friday, June 11, 2021 8:02 AM

To: Ron Dickel <[REDACTED]>; Kyle Park <[REDACTED]>; ricktinsley@losgatosca.gov; loreer@losgatosca.gov; stacey.del@losgatosca.gov

Cc: Matthew Hudes <MHudes@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>

Subject: Agenda Item #6 - Discuss 2015 Analysis of Police Services Report

Dear Finance Commission,

One of the benefits of reviewing a report published in October 2015, is we can measure the accuracy of the embedded assumptions which drove the major conclusions. The report's conclusion was "it is difficult to conclude that based on costs, public support and effective operations there is anything to be gained by contracting out police services". The report also claimed 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". But if we compare the cost of police services today versus other cities of comparable size (Saratoga and Los Altos), it is difficult to come to the same conclusions.

Let me state that I do not have an informed opinion as to whether the Town should outsource police services to the Sheriff's department. I do however feel strongly that the Town must address the sobering fact that the current service delivery model for public safety is badly broken. The reality is the cost of police services is consuming greater and greater amounts of general tax revenues and thus "crowding out" the Town's ability to provide equally important services such as senior services, road maintenance and repair, and investment in sewer repair and upgrades.

In FY 2020 the Town's net cost of public safety consumed 59.3% of all general revenue taxes which is up from 35.7% in FY 2015. That is a massive swing in just five years and should serve as a "wake-up" call to the Town Council and residents that the current service delivery model is unsustainable. If the rate of increase experienced over the past 5 years continues unchecked, there will be insufficient general tax revenues available for other critical services.

Stated another way, the Town experienced from FY 2015 to FY 2020 an increase of \$8,845,619 or 97.3% in the net total cost to provide police services. This is breathtaking when one considers that Saratoga just contracted for its police services for FY 2022 at a total cost of \$6,841,990. In FY 2020 the Town's net cost for police services was \$17,935,836 by comparison. The obvious question is - what are the structural differences in the policing models used by Saratoga and Los Gatos that result in our Town spending almost 3x more? It is also well documented that the public safety outcomes for Los Gatos are not dramatically different from Saratoga and Los Altos. That leads to a second question - is the Town getting better outcomes by spending more on police services?. This is a topic that the Finance Commission should perhaps study and provide recommendations to the Town Council.

When viewed with the advantage of hindsight, it is easy to understand why the 2015 Analysis of Police Services was flawed from the start. The report did caution the reader that "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 sworn and non-sworn staff". Obviously, the quality of insight to future costs determined the accuracy of the ten-year projections used to evaluate in-house versus out-sourcing police service delivery models. The core assumption used in the 2015 analysis was Sheriff costs would increase 4.6% each year while in-house salary and benefit

costs would increase only 2% per year. This was a deeply flawed and unrealistic assumption, and which lead to the conclusion noted above.

Over the five-year period FY 2015 to FY 2020 Saratoga experienced a 6.25% in net total policing costs (compared to projection of 4.6%) while the Town experienced a 14.6% (compared to 2% projection) in net total policing costs.

In conclusion, the time has come to revisit alternative service delivery models for police services. As a starting point, perhaps the Town could request the Sheriff Department to make a proposal for out-sourcing some or all police services provided in house. Let's get some data so a thoughtful analysis can be made and let data drive any recommendations.

Thank you.

Phil Koen

From: [jvannada](#) <[jvannada](#)>

Sent: Friday, June 11, 2021 11:01 AM

To: Ron Dickel >; Kyle Park >; Laurel Prevetti <LPrevetti@losgatosca.gov>; Stephen Conway <sconway@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>; mhudes@losgatosca.gov
Cc: Rick Tinsley >; Stacey Dell >; Loreen Huddleston >; Phil Koen >; Lee Fagot >

Subject: Finance Commission Meeting- Item 6

There are several things I would like for the Finance Commission to look into when reviewing Mr. White's analysis of Safety Costs. This is not a complaint about police services but rather a comment or two on management's control of costs.

1. The Sheriff's costs from 2015 to 2020 increased a net \$1.6 M dollars, or 35%. Los Gatos, on the other hand, increased \$8.9 M, or 97.3%
2. In 2015, the Los Gatos Safety Pension Unfunded Liability was \$17.8 M. In 2020, the Los Gatos Safety Pension Unfunded Liability was \$ 27.4 M, a 56% increase **despite** a significant ADP payment.
3. Saratoga's Safety Unfunded Pension Liability was \$ 0 for both periods.
4. I think that Mr. White's analysis of Capital Costs, Workmans Comp, General Liability Impact, the Town's Administrative Expenses as they relate to Safety, etc. etc. all need to be more thoroughly understood by the Council and the citizens. Are we spending our dollars wisely?
5. The high costs of safety may also be a result of high service demands by management. Those too need to be reviewed.
6. Los Gatos's costs have risen at a bizarrely high rate since 2015. We need to better understand the costs as we have not seen any positive changes to our cash outlay from 2015 to 2020

The cities are similar in size (if we exclude Monte Sereno). The mix of business is different - and perhaps we should not expect to achieve the extraordinarily low policing costs incurred by Saratoga - but is management controlling the costs and are the residents getting what they are paying for?