



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 04/15/2025

ITEM NO: 8

DATE: April 4, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Approve a Resolution Authorizing the Town Manager to Execute a Five-Year Police Services Agreement (July 1, 2025 – June 30, 2030) with the City of Monte Sereno

RECOMMENDATION:

Staff recommends that the Town Council adopt a Resolution authorizing the Town Manager to execute a five-year Police Services Agreement in substantially the form attached (Attachment 1) with the City of Monte Sereno for general law enforcement services.

STRATEGIC PRIORITIES:

This item supports the Core Goal of:

- **Public Safety** – Ensure public safety through proactive community policing, effective emergency response, and community-wide emergency preparedness.

This item supports the Strategic Priority of:

- **Further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk.**
 - This partnership with Monte Sereno expands our overall patrol area and increases staffing resources, thereby strengthening the Town's ability to respond effectively during emergencies, particularly incidents related to wildfire risks and other significant public safety events.

PREPARED BY: Chris Constantin
Town Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Chief of Police

FISCAL IMPACT:

The proposed Agreement increases annual revenue by \$322,805, from the current base rate of \$1,135,514 to a new base rate of \$1,458,319 for fiscal year 2025-26. For each subsequent year, the base cost increases by the Consumer Price Index of state and local works plus 2% with a minimum 2% and maximum 7% increase in annual cost to Monte Sereno. Additional provisions within the Agreement cap some liability to Los Gatos and provide a mechanism to recoup investigation costs that are above 700 hours.

BACKGROUND:

Since 1995, the Town of Los Gatos ("Town") has provided law enforcement services through an agreement to the City of Monte Sereno ("City") in a partnership which has been mutually beneficial for both communities.

In 2015, the Town and City executed an amended and restated agreement to change some of the performance and compensation terms for the last 10 years of the original 1995 agreement.

Both communities wish to extend this beneficial partnership beyond the current agreement's expiration on June 30, 2025. Consequently, the Town and City recently completed negotiations on a new five-year Police Services Agreement.

DISCUSSION:

The Town of Los Gatos and the City of Monte Sereno have recently concluded negotiations on a new 5-year Law Enforcement Services Agreement, effective July 1, 2025. This memorandum highlights some of the key changes proposed.

Monte Sereno is about 10% the size of Los Gatos, and law enforcement services are a significant expense. This agreement leverages a mutually beneficial partnership, providing Monte Sereno cost-effective access to comprehensive law enforcement services while allowing Los Gatos to optimize resource allocation and share fixed operational costs, reducing the overall tax burden in providing law enforcement services to both communities.

The Agreement sets the first year base cost to \$1,458,319 which was negotiated in early 2024 and represents an estimated 92% cost recovery based on a model which calculates the incremental benefit of contracting existing services. This is a fair increase from the existing \$1,135,514 to recover Los Gatos costs and to reflect that Monte Sereno agreed to several other cost containment items including:

- Paying the annual operating cost of Flock cameras benefiting both agencies,
- Increased the maximum annual base cost escalator by an additional percentage point,

- Reduced threshold for billing Monte Sereno for critical incident services costs which are currently a cost to Los Gatos, and
- Transferring risk to Monte Sereno for certain areas that are currently risk exposures of Los Gatos.

Monte Sereno discussed this Agreement at their April 1st Council meeting and intend to approve the Agreement on April 15th. Below is a summary highlighting key changes from the previous (2015) agreement.

Contract Term

- The new agreement establishes a 5-year term (July 1, 2025 – June 30, 2030), with an option for a five-year renewal.
- After the initial three years, termination by either party requires eighteen months' written notice.
- A structured performance review will occur by January 1, 2029, to inform potential renewal.

Financial Terms

- The initial annual base rate is set at \$1,458,319 for FY 2025-26, reflecting current law enforcement service costs and representing approximately 92% cost recovery.
- Annual increases remain tied to the Consumer Price Index plus 2%, with a minimum annual increase of 2% and maximum cap adjusted from 6% to 7%.

Service Provisions

- Patrol officer hours previously fixed at 80 weekly hours will now align with coverage levels provided to Los Gatos, offering more flexibility.
- The scope of services explicitly expands to include administrative support, concealed weapons permit processing, and evidence storage.
- Monte Sereno will retain a portion of the Supplemental Law Enforcement Services Fund (SLESF) to install a local Flock Camera system, with the remaining funds directed to Los Gatos for agreed-upon services. Ongoing operating costs for Flock will remain with Monte Sereno.

Emergency Operations Center (EOC)

- The 240-hour annual usage cap is removed. EOC access will now be provided without hourly restrictions, subject to availability.

Critical Incident Cost Structure

- The threshold for additional billing for extensive service demands due to critical incidents has been lowered from the current 900-hour trigger to 700 hours annually, with notification required at 320 hours. This change ensures equitable cost sharing during extraordinary events.

Communication and Reporting Enhancements

- The new agreement provides Monte Sereno with service performance data and critical updates equivalent to those provided to Los Gatos, enhancing transparency and oversight.
- It introduces a clearly defined complaint process, including escalation pathways through the Chief of Police and Town Manager, thereby enhancing accountability and responsiveness to performance-related concerns.

Liability and Insurance

- Clearly defined indemnification responsibilities, particularly regarding Monte Sereno's municipal code enforcement and other specified activities.

Payment Terms

- A 10% penalty for payments overdue by more than 60 days is introduced to ensure timely financial compliance. Such a penalty did not exist previously.

Dispute Resolution

- Establishes a clear, structured dispute resolution process requiring mediation before litigation, facilitating collaborative problem-solving.

This agreement represents a thoughtful evolution of our partnership, balancing service quality, financial responsibility, and operational clarity.

CONCLUSION:

This Agreement provides mutual benefits by ensuring continued high-quality law enforcement services, sharing operational costs efficiently, clearly defining responsibilities, and enhancing service transparency and accountability for both Los Gatos and Monte Sereno.

COORDINATION:

This project has been coordinated with the Town Attorney, Police Department, and the City of Monte Sereno.

ENVIRONMENTAL ASSESSMENT:

This action does not constitute a "project" under the California Environmental Quality Act (CEQA) pursuant to **CEQA Guidelines Section 15378(b)(5)** because it involves an administrative activity of government that will not result in direct or indirect physical changes in the environment. Specifically, the authorization to execute a police services agreement is strictly related to the provision of law enforcement services and administrative operations, which do not have the potential for causing significant environmental impacts.

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SUBJECT: Approve a Resolution for Monte Sereno Police Services

DATE: April 15, 2025

Attachments:

1. Resolution
2. Proposed New Agreement
3. Redline Version of Agreement