

Phase 2 Report – Police Contract Services Feasibility Analysis

KENSINGTON POLICE PROTECTION AND
COMMUNITY SERVICES DISTRICT

DRAFT

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Table of Contents

1	Introduction and Executive Summary	1
2	Kensington Police Services Phase 1 Impacts	10
3	Guiding Principles for Contract Services	18
4	Analysis and Outcomes of Contract Options	26

1. Introduction and Executive Summary

1 Goals of the Phase 2 Study

The Matrix Consulting Group was retained by the Kensington Police Protection and Community Service District (KPPCSD) to conduct a two-phased Police Services Options Analysis. These reports go beyond prior KPPCSD initiatives conducted over prior years in that additional financial review, best management practices assessment, overall depth in the analyses, and detailed findings and recommendations for operational improvements were provided in this initiative. Study efforts included:

- **A Phase 1 report** to evaluate the efficiency, effectiveness and service delivery outcomes of the in-house Kensington police operation with appropriate findings, conclusions and recommendations surrounding future in-house staffing and operational approaches. This report has been provided previously under separate cover.
- **A Phase 2 report** to evaluate the feasibility of possible contracting for police service opportunities. This feasibility effort is subsequent to developing service delivery assumptions provided through Kensington community input. This report represents the Phase 2 effort.
- **A Phase 3 support** in the event contracting opportunities wish to be pursued. This includes development of a contract RFP and assistance in possible selection.

This **Phase 2** report is designed to evaluate the feasibility of police services contracting approaches that may be available to the KPPCSD.

2 Methodology and Process Used to Conduct the Study

The project team utilized a number of approaches in order to understand the potential police service options available to KPPCSD and issues relevant to Phase 2 including the following:

- **On-site Interviews** with potential police service delivery partners expressing a willingness to discuss law enforcement service delivery to Kensington.
- **Data collection** to include further cost-related information and data from potential partnering agencies.
- **Community feedback** was collected from a variety of sources. This included:
 - Public input sessions on March 17 and April 28, and a formal Board meeting on May 24, 2018. These meetings provided guidance with respect to what parameters were important regarding potential law enforcement service delivery partners. These guidelines were used to help identify the most probable law enforcement service delivery candidates.
 - An online community survey was developed for the public to provide input on the quality of existing police services and on ideas to improve service delivery. There were 628 responses to the project team in addition to many separate emails.

This Phase 2 **draft report** represents the culmination of this effort, presenting the results of our analysis, including findings and conclusions on relevant issues identified.

3 Executive Summary

The following reflects the highlights of our Phase 2 Police Contract Services Feasibility Analysis. A contract for service model is compared to the Phase 1 recommended Kensington Police staffing of eleven (11) in-house positions (10 sworn and 1 civilian). There are many qualitative and quantitative factors to consider when determining a potential contracting partner.

(1) Approach to Contract for Services

The process developed by the project team for this assessment included the following:

- The Matrix Consulting Group, with the support of the KPPCSD and community, devised guiding principles under which possible police contractors would be selected for possible solicitation of service. Key principles included:

- Adjacency to Kensington borders.
 - Dedicated Kensington “beat” with the community not a part of a broader geographic service delivery area.
 - Dedicated full-time patrol resources in the beat with appropriate rapid back-up. As practical, dedicated officers to Kensington in the long-term.
 - A specific policing plan dedicated to Kensington’s unique needs.
- Based on these assumptions, the cities of Berkeley, Albany and El Cerrito were selected as possible “best-fit” contracting candidates with the latter two cities being most practical given our research.
 - Berkeley did not respond to multiple contacting inquiries.
 - Albany expressed little interest in providing a police contract for service in the short term because of several key administrative changes, including a new Chief emphasizing restructuring, recruitment challenges, and other needs.
 - El Cerrito noted some reservations regarding contracting but was open to full contract services and hybrid contracting models.
 - Two of the three agencies (El Cerrito and Albany) are changing city managers.

It should be noted, that the interest in contracting can be variable over time and can depend on the experience and management philosophy of the police chief and city managers.

- If Kensington chose a full law enforcement contract for service model, there are important cost considerations regarding the CalPERS retirement system. Kensington could move from an ‘Active’ status account to either:
 - An ‘Inactive’ Status account which would force Kensington to pay the Unfunded Accrued Liability on retirement on fixed annual payment over 15-years.
 - A ‘Terminated’ Status account which would be far more expensive for the District. This status, however, is unlikely, and Kensington would only transition to terminated status as discussed in the following bullet.
- Kensington can avoid transitioning to ‘Terminated’ Status by avoiding the following:

- Dissolving the agency.
 - Merging with a non-CalPERS agency (and thus is no longer in existence).
 - Failing to pay any owed contributions (e.g., the Unfunded Accrued Liability) in a timely manner.
 - Failing to report employees eligible for the retirement program (e.g., in the event of outsourcing but still having an eligible employee working for the agency).
- Kensington could avoid the ‘Unfunded Termination Liability’ ranging from \$13.9 million to \$16.5 million payable over 15-years by avoiding the four criteria noted above. The preferred ‘Inactive’ status would instead result in the following:
 - A mandated 15-year fixed payment plan for the Unfunded Accrued Liability (as opposed to 15-year, 20-year or 30-year amortized plan for an ‘Active’ status).
 - A flat-rate annual payment over the 15-years as opposed to a graduated ‘bell-curve’ amortized schedule. This flat rate would be \$431,045 per year; this is a higher payment for the first seven-years of approximately \$308,000¹ over that time period when juxtaposed against a similar 15-year amortized schedule. Moreover, at the end of both 15-year payment plans, the flat-rate payment is only \$15,000 more than the amortized schedule. Importantly, nearly \$926,000² would be additionally paid in the first seven-years of the 15-year flat-rate plan when compared to a 30-year amortized schedule. These data are further illustrated in the Unfunded Accrued Liability Payments Under Various Options Table later in this report.
 - There are modest cost savings associated with a full-service contract model.
 - Staffing requirements in a contract for service scenario are only modestly reduced from 11 to 9;
 - Compensation costs of a contracting agency would be higher than what Kensington now provides and pays;
 - A “fully-loaded” overhead rate of 8% to 15% on top of direct operating costs would be consistent with best-practice.

¹ Flat-rate payments of \$3,017,312 minus 15-year amortized payments of \$2,709,085 in the first seven year period. $\$3,017,312 - \$2,709,085 = \$308,227$.

² Flat-rate payments of \$3,017,312 minus 30-year amortized payments of \$2,091,457 in the first seven year period. $\$3,017,312 - \$2,091,457 = \$925,855$.

- Cost comparisons between the Phase 1 recommended in-house police operation, a full-service contract, and current police operations are further detailed in the report, but summarized in the following table. It is important to note, particularly with respect to the sample full services contract, that this model has a number of uncertainties because potential contract partners may propose services very differently than estimated. By example, some agencies may forego “Administrative Overhead” while others may charge a higher proportion based on their city’s cost allocation methods.

Estimated Budget Comparison for Three Operational Options

Line Item	Phase 1 Report Revised In-house Police Approach	Sample Full Services Contract	Current Operation
Compensation			
Salary	\$1,102,243	\$1,398,289	\$1,102,243
Phase 1 Rpt. Salary Raise	\$315,098	-	-
Benefits	\$664,122	\$699,133	\$664,122
OPEB Retiree Benefits ³	\$400,693	\$400,693	\$400,693
Sub-Total Salary/Benefits	\$2,481,156	\$2,498,115	\$2,166,058
Phase 1 Rpt. Add'l Costs			
New Positions' Salary	\$319,441	-	-
Benefit Increases	\$73,044	-	-
Retirement	\$91,512	-	-
SS and Workers Comp	\$47,967	-	-
Misc. PD Equip/Supplies	\$37,558	-	-
Training-related	\$79,158	-	-
Reserves	\$19,350	-	-
Additional Vehicle O&M	\$24,167	-	-
Sub-Total Phase 1 Adds	\$692,197	-	-
Other Costs			
Other Police Expenses	\$412,811	\$476,095	\$412,811
Admin. Overhead	-	\$386,647	-
Unfunded Accrued Liability	\$354,893	\$431,045	\$354,893
CalPERS Payment			
TOTAL:	\$3,941,057	\$3,791,902	\$2,933,762
Change Compared to Current Operations	+\$1,007,295	+\$858,140	N/A

As shown above, an in-house police department and sample full services contract are well above current operations. Note that the table above does not include potential

³ The Other Post-Employment Benefits (OPEB) includes both retiree medical/dental/vision as well as funding of a Trust Account. This would also need to be paid in a contract scenario. The Trust Account can fluctuate; as a result, this line item would change equally in all options.

hybrid law enforcement models discussed later in this report. For example, Kensington could field their own sworn staff during day shift and contract out night shift patrol, investigative work, and property and evidence. This hybrid option, one of several possibilities, would likely fall in-between the costs of the Phase 1 report's model and the sample full services contract.

(2) Outcomes of the Quantitative Analysis

Kensington cannot presently afford the expense associated with the Phase 1 Revised in-house police approach or the sample full service contract. KPPCSD is challenged with respect to delivering best practice law enforcement at a reasonable and sustainable cost. The costs for an enhanced in-house police service operation, as well as a contract for service, are both more expensive than existing police services delivery. This is compounded in all operational scenarios due to Kensington's Unfunded Accrued Liability expense for CalPERS, and the on-going funding requirements for existing and pending retirees and their dependents related to the Other Post-Employment Benefits including medical / dental / vision provision. These factors result in Kensington's need to consider additional options relative to police service delivery and/or methods for funding these services:

- Development of a hybrid police service delivery model using in-house and contract services together to arrive at a reasonable and safe service level.
- A Parcel Tax to fund additional policing services as outlined whether these are provided through contract or by in-house personnel.

Beyond the quantitative outcomes that show full contract for service estimated costs are only marginally below a revised in-house policing approach (as described in the

Phase 1 report), there are important qualitative issues to consider.

(3) Outcomes of the Qualitative Analysis

Beyond the quantitative factors when comparing contract options versus in-house options, there are a number of qualitative factors that must be considered; these are not insignificant. Challenges faced by an internal Kensington police operation include:

- An internal Kensington police operation requires additional sworn resources to provide for officer safety and 24-hour supervision despite limited community generated calls for service and infrequent, minor crimes. Additional sworn personnel resources need to be dedicated not because there is sufficient workload to justify it, but because there is a need to mitigate risks.
- Recruitment and retention will remain an acute challenge in Kensington due to several factors that include current salary compensation and an operational environment that is not considered “challenging” enough to many potential recruits and laterals.
- There is limited promotional opportunity, career path upward mobility, and specialized assignments for Kensington police personnel.
- Small departments have difficulties gaining expertise in important law enforcement areas such as criminal investigations, evidence processing, specialized traffic enforcement, consistent use of perishable skills (e.g. arrest procedures), etc.
- Kensington is too small to have professionalized ancillary supporting services such as dedicated Internal Affairs, dedicated Human Resources, dedicated police records management, etc.

Micro-agencies such as Kensington, which represent one in approximately 30 policing agencies in California with 10 or fewer sworn staff, have operational difficulties generally not experienced by their larger law enforcement counterparts. While recruitment of law enforcement personnel is a national issue, it is exacerbated in very small police departments. Moreover, maintaining staffing levels is extremely problematic in very small departments as the loss of only one person can have significant operational impact,

whereas such a reduction in larger police departments can be partially mitigated.

Larger police agencies have the flexibility to provide a multitude of opportunities to their communities and employees, ranging from specialized support provided by both sworn (focused traffic enforcement) and non-sworn (dedicated crime prevention) staff. Career mobility and advancement in larger agencies helps retain personnel, thereby facilitating the development of various law enforcement expertise. It is for these reasons that many local governments across the country choose to contract for law enforcement service delivery. Potential advantages include:

- Only one officer dedicated to a Kensington beat given that there would be appropriate external back-up, especially from an adjacent community.
- First-line supervision could be provided more effectively as a sergeant would be supervising several staff as opposed to just one officer.
- Different kinds of specialized support could be provided, such as dedicated traffic enforcement efforts by Motor Officers, depending on Kensington's unique needs.

As discussed in the Phase 1 report, there are obviously counterpoints to the various advantages and disadvantages noted. All factors must be considered when arriving at a conclusion on an approach to addressing Kensington law enforcement service delivery.

(4) Conclusion

Given the totality of quantitative and qualitative information, and because of numerous analytical assumptions and uncertainties, Kensington should test the market with respect to contracted law enforcement services that could potentially be provided, with the related costs. Kensington should pursue the development of a Request for Proposal for a full-service police contracting partner with a willingness to explore hybrid

law enforcement approaches. While a full service contract is more expensive than current operations, the present approach to providing Kensington police services was determined to be untenable in Phase 1 of this project. A contract offers modest cost savings compared to fixing issues identified with current operations.

Given the comparable costs between a revised in-house policing approach and a contract for service model, a hybrid service delivery model, in which Kensington provides some core police services and a contractor provides supporting services, might be attractive. Potential approaches are evaluated later in the report.

2. Kensington Police Services Phase 1 Impacts

This section provides a summary of the key findings, conclusions and recommendations in the Phase 1 report impacts the work in Phase 2.

1 Key Service and Operational Findings of Phase 1

The following sub-sections provide key operational findings of the Phase 1 report.

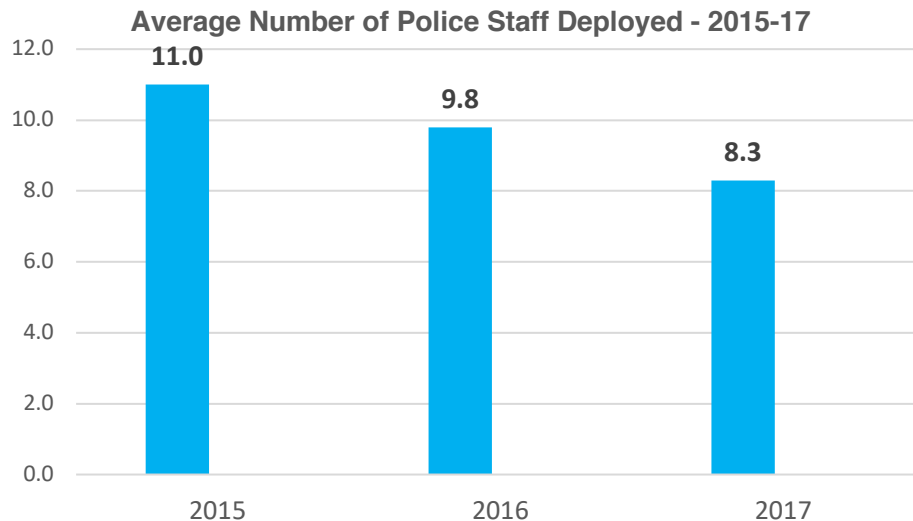
(1) Crime Rate.

Kensington has a very low rate of ‘major crimes’ (as defined by the FBI in its Uniform Crime Reports) – violent crimes, in fact, are rare in the community. Overall, Kensington is a very safe community with both violent and property crime rates trending downward. Indeed, Part I Crimes Per 1,000 residents shows Kensington ranking 31st of 461 California communities reporting (top 7%).

Kensington Part I Crimes						
	2012	2013	2014	2015	2016	2017
Violent Crime	4	5	2	1	3	3
Criminal Homicide	1	0	0	0	0	0
Rape	0	0	1	0	0	1
Robbery	3	0	0	0	0	1
Aggravated Assault	0	5	1	1	3	1
Property crime	85	85	46	86	56	49
Burglary	30	36	16	21	20	13
Larceny-Theft	45	35	25	52	36	29
Motor Vehicle Theft	10	14	5	13	0	7
Arson	2	2	0	0	0	0
Part I Crimes Per 1,000	9.7					
6-YR Violent Crime						▼ -40%
6-YR Property Crime						▼ -42%

(2) Staffing Changes.

Kensington, over the last few years, has experienced a significant turnover rate, impacting the ability to deliver law enforcement services. Staffing has been in decline from 2015-2017 with a 29% reduction in on duty staff over the three-year period. The following graph shows the number of police positions on staff and compares this to the number actually on patrol-related duty after subtracting the civilian position, personnel on long-term injury or other leave, and similar extended absenteeism.



(3) Workload Metrics.

The project team was provided community-generated Call for Service data for Kensington from the Albany Police Department for July 2017 through January 2018 and annualized this information because of the change in contract dispatch services. On an annualized basis there were 1,565 community generated calls for service, just over four (4) such incidents per day. The large majority of these calls are lower priority events as they typically represent neither high risk or serious criminal events.

The busiest times Kensington experiences are in the morning from 9 a.m. to 11 a.m. This time block, however, only experiences slightly more than one call for service per day during the two-hour period.

Response times in Kensington average approximately 14 minutes. Kensington response times need to be viewed in the context that virtually all activities requiring police response are lower priority. This impacts response urgency, including the speed of response. The street network and topography of the District are also factors. As a result, average response times in Kensington are adequate from a service level perspective and conform to common response time averages in communities with low priority calls for service. One potential issue, however, is that calls for service are being held in the dispatch center an average of six minutes. This should be resolved with Albany Police Department.

The availability and utilization of 'proactive time' is essential for effective policing. Without it, officers are handling problems which occurred minutes ago rather than anticipating future problems. Generally, small agencies have or target proactivity levels of at least 50% of total time. Based on Calls for Service workloads, the amount of proactive time available to patrol officers in Kensington is shown in the following table.

Overall Patrol Proactivity

Total Patrol Net Available Hours		7,908
Total Patrol Workload Hours	–	1,528

Resulting # of Uncommitted Hours = 6,380

Divided by total net available hours ÷ 7,908

Overall Proactivity Level = 80.7%

Gross proactivity is quite high in Kensington – over 80%. This proactivity provides officers in the District with exceptional abilities for patrol services to be able to respond to community-generated calls for service, while also having significant community-oriented proactive capabilities. Such proactive time usage should be guided, in part, by community expectation based on a strategic planning effort.

(4) Factors Impacting Staffing Levels

As a small policing agency Kensington suffers from some important risks related to staffing that are relatively common for many similar policing agencies. These include:

- **Recruitment and retention difficulties.** As discussed in the Phase 1 report, retention for Kensington has been difficult; this is a national problem for agencies of all sizes. This is exacerbated by several factors described in the Phase 1 report but includes such things as limited ability to “fight crime,” lower wages compared to counterpart agencies, etc.
- **Lack of 24-hour supervision.** Kensington’s current deployment strategy (on nights and partial weekends) foregoes first-line supervision. This is typically a consequence of fiscal realities. Lack of supervision is a high-risk endeavor and should be avoided.
- **Officer safety issues.** Similar to the above, small agencies will often field only one sworn officer, increasing the risks to that individual. This is Kensington’s current deployment strategy in some instances, and the Phase 1 report recommends this be avoided.

- **Best-practice training efforts.** Such efforts include at minimum 40-hours annually of training which Kensington does not provide. This is recommended to be rectified as lack of training increases risks.
- **Equipping officers** with effective police technologies / equipment. Modern policing suggests the use of advanced equipment is best-practice and minimizes risk. Body-worn cameras have been recommended.

The key issue, then, is devising an appropriate staffing plan and operational approach to address the above areas if KPPCSD continues with an in-house police service delivery approach.

(5) Phase 1 Key Findings and Conclusions.

As a consequence of the analysis surrounding the requirements for an in-house KPPCSD law enforcement agency, the following key findings and recommendations are summarized from the Phase 1 report:

- Develop an organizational structure consisting of one (1) chief, four (4) sergeants, one (1) corporal, (4) four officers and one (1) police services specialist for a total of 11 staff positions. Eliminate the detective position and assign all investigative efforts to patrol sergeants and officers. This staffing complement results in two on duty at all times, with one being a supervisor.
- Deploy all sergeants and officers/corporal on the team-based 12-hour shift schedule.
- The corporal position, providing both line support and back-up supervision to sergeants, should be rotated for coverage purposes and receive compensatory pay when rotated off the dedicated “Day Shift” assignment.
- As noted previously, there are several additional recommendations related to mitigating risk including improved training, additional equipment, ensuring two field staff at all times, etc. Please consult the Phase 1 report for a listing of all in-house operational recommendations.

In conclusion, the Matrix Consulting Group recommends various changes to in-house Kensington police operations to lower risk, improve service, and operate consistent

with best practice.

2 Key Fiscal Findings Related to Phase 1

The additional costs associated with staffing and operational recommendations are shown in the table below.

Costs Associated with Phase 1 Report Recommendations

New Costs	New Annual \$	Notes
Salary	\$319,441	Additional Recommended Staff
Health Benefits	\$73,044	Additional Recommended Staff
Retirement SS and Workers Comp	\$91,512	Additional Recommended Staff
Incr.	\$47,967	Additional Recommended Staff
Misc. Police Equipment & Supplies	\$37,558	Rentals for new equipment and add'l staff
Training-related	\$79,158	Apx 2% plus mentorship/special training
Reserves	\$19,350	Double size reserve program
Additional Vehicle O&M Costs ⁴	\$24,167	Additional Recommended Staff
TOTAL	\$692,197	

If KPPCSD implements a more competitive salary, which the project team recommended based on the information provided in Phase 1, costs would also increase beyond those noted in the table above. A 25% higher salary increase to increase competitiveness would result in an additional cost of \$315,099 per year.

Based on the above information, the following table shows a summarized proforma budget for Phase 1 recommendations.

⁴ Operations and Maintenance (O&M) does not include the possible need for one additional vehicle which can be leased on a monthly basis or purchased outright. Dependent upon manufacturer and outfitting, capital costs for such a vehicle purchase would be approximately \$42,000 to \$57,000.

**Estimated Budget Associated with Phase 1 Recommended In-house Police Operation
(2018 Costs)**

Line Item	Phase 1 Report Revised In-house Police Approach	Notes
Compensation		
Salary	\$1,102,243	2018 Kensington Budget
Phase 1 Rpt. Salary Raise	\$315,098	25% salary increase on all positions
Baseline Benefits	\$664,122	2018 Kensington Budget
OPEB Retiree Benefits ⁵	\$400,693	2018 Kensington Budget
Sub-Total Salary/Benefits	\$2,481,156	
Phase 1 Rpt. Add'l Costs		
New Positions' Salary	\$319,441	
Benefit Increases	\$73,044	
Retirement	\$91,512	
SS and Workers Comp	\$47,967	
Misc. PD Equip/Supplies	\$37,558	
Training-related	\$79,158	
Reserves	\$19,350	
Add'l Vehicle O&M	\$24,167	
Sub-Total Phase 1 Adds	\$692,197	See Phase 1 Recommendation Table
Other Costs		
Other Police Expenses	\$412,811	2018 Kensington Budget
Unfunded Accrued Liability	\$354,893	1 st year payment of 15-year amortized schedule
CalPERS Payment		1 st year payment
TOTAL:	\$3,941,057	

The above table can be compared against the current 2018 law enforcement budget, shown below, that also includes the 15-year Unfunded Accrued Liability.

Budget Associated with Current In-house Police Operation (2018 Costs)

Line Item	Estimated Cost	Notes
Salary	\$1,102,243	2018 Kensington Budget
Baseline Benefits	\$664,122	2018 Kensington Budget
OPEB Retiree Benefits	\$400,693	2018 Kensington Budget
Other Police Expenses	\$412,811	2018 Kensington Budget
Unfunded Accrued Liability	\$354,893	15-year amortized schedule, 1 st year payment
CalPERS Payment		(2017 actuarial).
TOTAL:	\$2,933,762	

⁵ The Other Post-Employment Benefits (OPEB) includes both retiree medical/dental/vision as well as funding of a Trust Account for estimated expenses for future and existing retiree benefits based on a two-year actuarial. The annual level of funding for the Trust account is a policy decision.

These in-house operational approaches, and the costs associated with Phase 1, can be compared to information provided in the following chapters regarding alternative law enforcement service delivery.

2. Guiding Principles for Contract Services

This section provides a description of law enforcement contract for service perceived benefits and disadvantages and guiding principles to be used by KPPCSD to determine potential contract for service partners. It concludes with a comparison of the in-house Kensington recommended police staffing model and a likely contract for service staffing model.

1 Law Enforcement Contract for Service Overview

Over the last fifteen years the Matrix Consulting Group has worked with municipalities in California and throughout the nation on service delivery alternatives, including contract-related services. Contracting for law-enforcement services has long existed, but changing community conditions, coupled with the increasing cost and difficulty of providing police services, have increased the interest in and adoption of contracted police services.⁶

National research continues to be conducted with respect to the perceived advantages and disadvantages of contracting. According to the *National Sheriff's Association (NSA)*, "Contract law enforcement offers small municipalities a wide range of services at a reduced cost; and it allows contractor towns to choose the specific levels and types of services that best meet the needs of their citizenry."⁷ Our experience generally mirrors the outcomes of the national research.

⁶ *Contracting for Law Enforcement Services*, Report from Michigan State University, 3/2014, page 2,10.

⁷ <https://www.sheriffs.org/publications-resources/resources/contract-law-enforcement-services>

Larger police agencies have the flexibility to provide a multitude of opportunities to their communities and employees, ranging from specialized support provided by both sworn (focused traffic enforcement) and non-sworn (dedicated crime prevention) staff. Career mobility and advancement in larger agencies helps retain personnel, thereby facilitating the development of various law enforcement expertise. It is for these reasons, as well as others, that various local governments throughout the United States choose to contract for law enforcement service delivery.

As important as the research is “meeting the needs of the citizenry” as stated by the NSA. To that end, the viewpoints of the Kensington community that participated in this study through town halls, a survey and e-mails, need to be considered—both proponents and opponents of contracting for service.

When considering contract law enforcement services, potential partners need to be identified that can maximize the advantages and minimize the disadvantages. To accomplish this, various guiding principles for a community need to be established and are further discussed below.

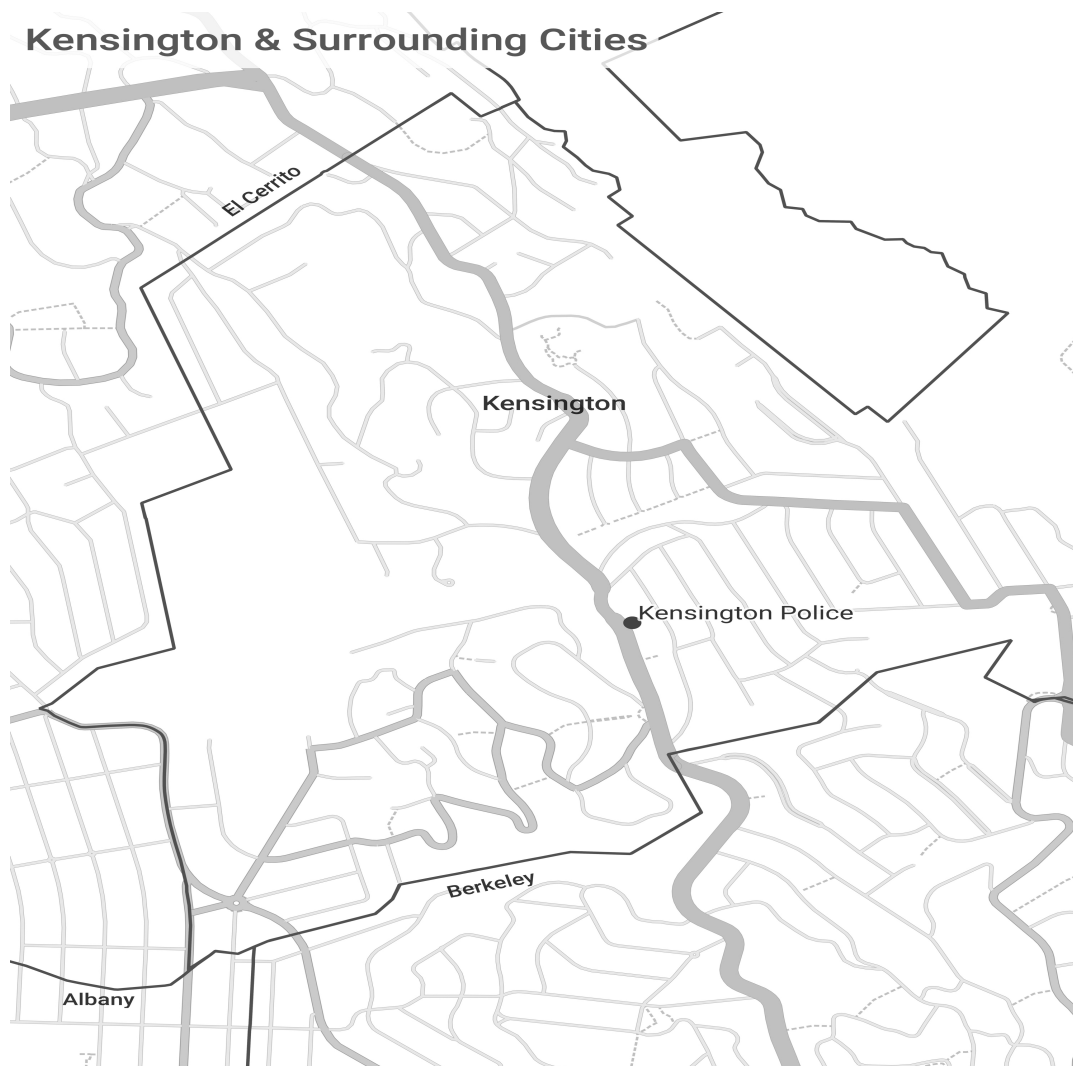
(1) Guidelines Perceived Important by the Kensington Community

The following guiding principles for contract service delivery were discussed and deemed important by over 200 Kensington residents that attended community meetings in Town Hall and other settings. The Matrix Consulting Group conducted these meetings to specifically discuss what key characteristics would be desired in a potential contract for service environment. Over the course of the study the Matrix Consulting Group also received dozens of e-mails from proponents, opponents, and those currently neutral to

potential contract for service delivery that helped inform the framework for potential contact-for-service partners.

Estimates are provided below of the estimated proportion of participants in support of the guideline as well as, where necessary, a description of the guiding principle, based on our visual observations.

- **Kensington is a Dedicated “Beat” (90%)** – Law enforcement agencies typically assign and deploy resources in specific geographic areas in order to facilitate effective law enforcement service delivery. To that end, Kensington strongly desires being their own individual beat as opposed to a sub-set of a larger beat within another community. This helps ensure police resources are dedicated exclusively to the Kensington area.
- **Long-Term Officers (95%)** – This guideline suggested that sworn staff always be dedicated to a Kensington Beat over the long-term on a 24/7/365 basis.
- **Contractor is in an Adjacent Community (90%)** – In order to facilitate the rapid deployment of supervision, back-up and specialized support services, it is often most practical to contract with a law enforcement agency that has “local presence.” This can, in some jurisdictions, be the County Sheriff, but often it is adjoining law enforcement agencies. As shown by the map below, this includes the communities of Berkeley, Albany, and El Cerrito.



- **Kensington has a Specific Community Policing Plan (60%)** – Consistent with the unique needs of the Kensington community, the contractor has a willingness to develop a specific community (oriented) or problem-oriented policing plan that serves the best interests of the locals. This plan may or may not reconcile with the broader police services plan for the entire contracting police department.

These guidelines devised from community feedback helped inform the potential candidates for contract service delivery.

(2) Critical Guidelines and Assumptions for the Matrix Consulting Group

In addition to the guiding principles provided by the community, the Matrix Consulting Group, consistent with best practices and its prior experience in police contract services assessments, recommends the following considerations for potential contract for service partners.

- **Dedicated Kensington Management and Leadership** – This reflects a specific senior management position dedicated to oversight of the Kensington contract and serving as the single-point-of-contact for the Kensington KPPCSD and community. Essentially this position, either at the Lieutenant or Captain rank, effectively acts as the “Chief of Police” for the Kensington contract and serves as the leader overseeing effective service delivery and manager of policing staff involved in the contract.
- **Comparable Community Profile** – Generally, contract for service agencies should have comparable community profiles such that the police culture that is perpetuated aligns well with the contracting agency. Police agencies with severe crime issues, homelessness, etc., by example, will have a different philosophical approach to policing than communities that do not suffer such challenges. Consequently, potential contractors should have similar community profiles with the agencies with which they contract.
- **History and Philosophy of Customer Service** – Contracting partners should have an established philosophy and demonstrated history to their community customers.
- **Prior Service Relationship** – Ideally, contracting partners should have a prior history of supporting each other formally or informally through mutual aide, other contract types, etc. This prior relationship serves as an important foundation for developing a trusted partnership.
- **Access to Police Support Services** – Contract policing agencies should be in a position to provide access to a broad array of supporting services to include special investigations, crime prevention, K9, traffic support, SWAT, and other ancillary services. These services may not be pro-bono, but they should be accessible.
- **Willingness to be Flexible in Service Delivery** – Best-in-class contractors provide services in a fashion that accommodates their contract partners, to include “hybrid” patrol models whereby an in-house police agency is supported only on one shift (e.g. graveyard) by the contractor, or the contractor provides a total

number of service hours per annum to the community based upon need. This flexibility is attractive in any potential contractor.

- **Best-practice Service Delivery Philosophy** – The agency largely operates consistent with best practices per IACP or other organizations and/or is certified by CALEA and/or other state-based agencies that audit the professional standards and policies and procedures of the agency in question. Best-practices standards previously identified in Phase 1 and duplicated here include:

Guiding Principle Best Practices

Field Staffing and Operations

For officer safety, ensure minimum staffing level of two (2) patrol personnel on calls requiring such resources (e.g. Domestic Violence).

Field units operate with an appropriate mix of supervisory and line positions.

First-line supervisors are consistently in the field to provide direct oversight and mentorship of line personnel.

Supervisors (Sergeants) routinely respond to calls for service to assist and also evaluate field performance and work of Officers.

Patrol Officers conduct thorough investigations of the calls and incidents they are assigned and write thorough reports to allow investigative follow-up of the reported crimes.

Proactive Time Usage

Proactive patrol time is in the range of 40% to 50% after subtracting time handling calls for service and administrative tasks.

Officers' use of proactive time is directed based on, intelligence-led policing initiatives, problem-oriented policing plans, or other formal work direction.

Officers are consistently held accountable for the use of proactive time on their beats and in their shifts.

Professionalism in Policing

High levels of professional training are funded and provided on a consistent basis.

Transparency is fostered through policy, training, supervision and reporting.

Officers have the tools they need to be effective in the delivery of public safety services.

The organization has developed a strategic approach to problem and community-oriented policing through appropriate partnerships with the community.

Strategies are directly linked to performance objectives and outcomes and these are reported upon regularly.

Clear lines of authority and responsibility are designed to facilitate management, communication, and overall accountability.

Leadership knowledge, skills and abilities are expected of all staff, particularly at supervisor and management levels.

In summary, these guiding principles provide a framework in which potential contract for service partners can be chosen, as well as provide a method by which other agencies can be culled as potential candidates.

3 How Contract Guiding Principles Differ from In-house Kensington Policing Requirements

The advantages of contract services, in part discussed previously, is that they provide an opportunity to conduct business “differently” than an in-house police operation. For example, the benefits of a contract arrangement are the potential economies of scale and related advantages that can be incurred through this service delivery approach. As such, the following are key elements of how a contract arrangement would differ than the recommend (Phase 1) in-house policing model.

- **One Officer Dedicated to Kensington Beat with Appropriate Back-up** – Unlike an in-house operation that requires at all times two (2) police patrol personnel deployed for officer-safety purposes, the ability of a contractor to provide one or more officer back-up in a timely manner (given an adjoining agency) is potentially one of the most significant benefits of a contracted service delivery model. Such agencies can not only provide a second officer when needed on a call, but can provide a multiple officer back-up response in case of need. Importantly, in the large majority of instances where only one officer is needed based on workload and call types (such as in Kensington), the cost incurred for services delivery should be comparatively reduced as a mandated in-house “two staff minimum 24/7” is unnecessary in a contract environment that allows for rapid back-up from

adjoining service areas. Kensington presently has one officer frequently, but cannot consistently rely on “mutual aid” back-up and therefore should deploy two-officers at all times, as recommended, in an in-house operation.

- **Reduction in First-Line Supervision (Costs)** – As recommended in the in-house model, first-line supervision is tantamount to successful police operations. Furthermore, the recommended sergeants serve as the critical “second staff person” in the field for Kensington. In a contract environment, a first-line sergeant would supervise a larger cadre of personnel (i.e., four or more geographic beats or the entire shift), and as such only a portion of one supervisor (and associated costs) would be dedicated to Kensington’s deployment. As noted in the Phase 1 report, Kensington presently suffers from consistent first-line supervision due to staffing levels that would be resolved in a contract environment.
- **Enhanced Investigative Access** – Whereas detective work would be accomplished by in-house Kensington sergeants and officers in the recommended Phase 1 model, this model does not facilitate development of expertise in investigative efforts. Kensington’s crime is very low and thus there are insufficient caseloads to develop extensive expertise in criminal investigations. Moreover, sergeants and officers in Kensington would be multi-tasking significantly, and not have the potential time to invest in investigative efforts. A contract scenario would provide dedicated detective resources from another agency who has the training, expertise, and regional crime view to help solve key criminal events. Kensington’s ability to deliver equivalent investigative efforts is challenged based on staffing, training, and “expertise” issues.
- **Supporting Services** – Supporting services such as Records; Property & Evidence; Recruitment; Special Events Planning; dedicated Traffic Support; etc. could all be included in a contract service delivery model. Access to a broad suite of extra services could prove beneficial to the Kensington community and such services would be provided differently than the in-house model allows. Kensington only has an ability now to offer modest supporting services through in-house, mutual aid, or current contracted services.

In summary the contract service delivery model would look notably different than the recommended in-house service delivery model and as such, savings/costs associated with this contract approach would be based on a different staffing and deployment approach.

3. Analysis and Outcomes of Contract Options

Based on the previous section's Guiding Principles, the following table compares staffing-related operations of an in-house Kensington police operation versus a contracted operation.

In-house Police versus Contract Staffing Requirements

Staff Position	Kensington Currently Authorized	Phase 1 Report Revised In-house Police Approach	Sample Full Services Contract
Chief	1 Position	1 Position	1 Position at Lieutenant or Captain.
Sergeant	2 Positions	4 Positions.	1.5 Positions (Full-time Equivalents) reflect robust amounts of time dedicated to supervising Kensington "beat."
Corporal / Detective	1 Position	1 Corporal position; most investigations conducted by Officers	Half-time (0.5) position as sufficient workload supports this specialized allocation.
Officers	5 Positions	4 officers	5 officers (1,752 net annual hours available/officer) to include staffing levels necessary for 24/7/365 coverage.
Police Services Specialist	1/2 Position	1 Position	1 civilian.
Ancillary Support	Provided by Kensington staff and contract	Provided by Kensington staff and contract	Provided by contractor either pro bono or based on specific requests for paid services (e.g. Traffic Enforcement).

In summary, the table shows how an in-house Kensington police operation of eleven (11) personnel consisting of 10 sworn and one civilian compares to a probable

contract for service model of nine (9) personnel composed of 8 sworn and 1 civilian position. This projection is subject to revisions by the actual contracting partner.

2 Outcomes of Potential Contract Partners

Based on the guiding principles developed by the Matrix Consulting Group and the Kensington community, the following outcomes are shown relative to each potential contract for service participant.

(1) City of Berkeley.

Berkeley is an adjoining municipality to Kensington, sharing a large border with significant opportunities for ingress and egress between the two communities. Crime rate per population is approximately five-times that of Kensington.

City of Berkley Part 1 Crimes

	2012	2013	2014	2015	2016
Violent Crime	487	562	431	530	602
Criminal Homicide	5	4	3	1	2
Rape	39	26	35	44	54
Robbery	335	410	263	330	361
Aggravated Assault	108	122	130	155	185
Property crime	5,696	5,377	5,102	5,906	5,420
Burglary	971	1,055	932	1,090	805
Larceny-Theft	4,084	3,658	3,615	4,099	3,965
Motor Vehicle Theft	641	664	555	717	650
Arson	15	16	15	22	24
Part I Crimes Per 1,000	49.1				
5YR Violent Crime					▲ 24%
5YR Property Crime					▼ -5%

Despite higher crime overall, there are some touchpoint areas with some commonality with respect to geography, demographics, lower crime, and the like. Despite this, Berkeley as a larger city with university population offers some unique contractor challenges to include:

- **Lack of Comparability** – Despite pockets of “commonality,” Berkeley is a much larger city and overall is not a comparable environment to Kensington for various reasons. Property and Person crimes are much higher, and Berkeley suffers a crimes rate-per-thousand approximately five-times greater than Kensington. As such, the approach to law enforcement service delivery differs from Kensington’s desired approach.
- **Prior Relationships** – Kensington has limited previous public safety ties to Berkeley which does not facilitate a strong contractual partnership.
- **Lack of Interest** – Most importantly, despite several repeated attempts to contact Berkeley via different approaches with regard to potential contract services to Kensington, Berkeley chose not to respond to our repeated inquiries regarding service delivery. The lack of communication did not bode well for Berkeley as a proactive and communicative contracting service delivery partner to Kensington.

In sum, Berkeley was not included as a potential contract for service partner for these key reasons.

(2) City of Albany

The City of Albany is an adjoining municipality to Kensington, sharing a small border with Kensington. The community is relatively small with fewer than 20,000 residents and has a much lower crime than Berkeley as shown below.

City of Albany Part I Crimes

	2012	2013	2014	2015	2016
Violent Crime	35	29	31	34	29
Criminal Homicide	0	0	0	1	0
Rape	2	1	0	6	0
Robbery	26	24	24	16	24
Aggravated Assault	7	4	4	11	5
Property crime	537	557	478	605	533
Burglary	116	94	105	95	62
Larceny-Theft	346	388	319	447	426
Motor Vehicle Theft	75	75	54	63	45
Arson	4	7	0	0	3
Part I Crimes Per 1,000	28.1				
5YR Violent Crime					▼ -17%
5YR Property Crime					▼ -1%

While there is more crime in Albany compared to Kensington, it is still very safe, and these communities have comparable characteristics based on demographics. Importantly, Albany once again is providing 911 dispatch services to Kensington police and serves as primary back-up to existing Kensington officers.

The various guiding principles previously mentioned resulted in the City of Albany being a potential candidate for contract service delivery. Upon further analysis and direct contact with Albany police executive staff, some issues became evident. These include:

- **Agency in Transition** –The Department is in transition with the longer-term Chief of Police retired in July 2018 and a recent successor being appointed. As such, according to interviews with police management, Albany does not believe they are able to support a service contract in the near future.
- **Recruitment Issues** – Albany is a relatively small police department and as such

suffers challenges with respect to their own recruitment and retention. Staffing is down approximately 15% at the time of this report. A need to fill their own internal positions restricts Albany as a potential partner in the nearer term.

(3) City of El Cerrito

The City of El Cerrito is an adjoining municipality to Kensington sharing the largest border with numerous ingress/egress points. El Cerrito has long-term public safety relationships with Kensington as fire service delivery is shared and they used to provide regular police back-up to Kensington. As with Albany, El Cerrito is a smaller community of approximately 25,000 but unlike Albany experiences a higher crime rate, as shown below, which brings service delivery challenges.

City of El Cerrito Part 1 Crimes

	2012	2013	2014	2015	2016
Violent Crime	128	92	77	97	137
Criminal Homicide	0	0	0	1	1
Rape	2	0	0	2	6
Robbery	79	63	43	68	78
Aggravated Assault	47	29	31	26	52
Property crime	1,022	1,120	926	1,231	1,064
Burglary	239	280	158	211	126
Larceny-Theft	635	717	667	899	831
Motor Vehicle Theft	148	123	101	121	107
Arson	1	1	8	2	3
Part I Crimes Per 1,000	47.6				
5YR Violent Crime	▲ 7%				
5YR Property Crime	▲ 4%				

The various guiding principles previously mentioned resulted in the City of El Cerrito being a strong candidate for potential contract service delivery. Discussions with

the City Manager, Police Chief, and other El Cerrito representatives, however, resulted in ambivalence with respect to a desire to provide contract law enforcement services to Kensington. Their reasons included:

- Challenges maintaining existing sworn staffing levels exclusive of the need to augment staffing for a Kensington contract.
- Prior formal (2009) and informal (2015/16) discussions and cost estimates to provide law enforcement contract for service that did not come to fruition.
- Concern that the Kensington community is divided regarding contracting and the potential impact on the service delivery environment and community relationships. No formal independent poll accomplished to gauge such interest.
- Kensington's unique service environment and the District's community expectations may make it difficult for El Cerrito to meet needs.

In summary, the City of El Cerrito has reservations at this time to enter in a contract. While El Cerrito has modest interest in considering 'Hybrid' models, in certain hybrid models discussed later, El Cerrito would be required to help facilitate 911 dispatch integration if Kensington continued to use Albany PD as a dispatch agency. This might require currently unpredictable capital investments that would change contract costs noted in this report.

(4) Concluding Remarks Regarding Full Contract for Service Partners

It is important to note that these potential partners and their sentiments expressed reflect a "snapshot in time." Opinions can shift dependent upon a variety of variables. On-going contact with El Cerrito, for example, showed a modest shift in exploring various partnering opportunities to include hybrid models later discussed.

It is further important to recognize that the contract partnering assumptions are based on previously established criteria based on our analysis and suggestions from the

Kensington community. Alteration of these assumptions, such as including only potential contract partners that are on a contiguous border, would have a notable impact on operational assumptions and the related costs. This does not suggest that such opportunities are not possible; it does, however, indicate that such possibilities are not included in this feasibility analysis.

2 Potential Costs Associated with Kensington Contract Service Delivery

Irrespective of the potential lack of interest on the part of a reasonable service provider, there are important fiscally-related factors that must be considered in any alternative service delivery approach.

(1) Fully-loaded Costs for a Police Contract for Service Has Modest Fiscal Benefits Compared to Recommended Phase 1 In-house Police Services

As shown earlier in the chapter, a contract for service arrangement, regardless of service provider, will require approximately 9 personnel as opposed to the 11 personnel in the recommended in-house Kensington police operation. This is a staff savings of 2 positions associated with a likely contract for service model.

In order to demonstrate fiscally-related outcomes, data from El Cerrito—the most likely contract candidate – is used to demonstrate cost-related comparisons.

- **Salaries** - As stipulated in the Phase 1 report, police agencies' salaries competing with Kensington are significantly higher than Kensington salaries. As such, additional salary expense would be incurred under a contract scenario. A portion of the salary table from the Phase 1 report is duplicated below:

El Cerrito versus Kensington Mid-Point Police Officer Salaries

Agency	Mid-point Annual Salary
El Cerrito	\$96,534
Kensington	\$76,359

- **Baseline Benefits** - Kensington offers an approximate 60%⁸ baseline benefit rate (with full family medical) for existing employees compared to a community such as El Cerrito which offers an approximate 50% benefit rate. The table below illustrates a comparison between fully-loaded salary and benefits for the mid-point officer.

El Cerrito versus Kensington Mid-point Police Officer Salary-Benefits

Agency	Calculated Annual Salary/Baseline Benefits
El Cerrito	\$144,801
Kensington	\$127,520

Importantly the above baseline salary/benefit figures do not include for Kensington a current obligation to pay for retirees' and their dependents' medical/dental/vision classified as Other Post-Employment Benefits (OPEB). The benefit varies, dependent upon the funding level of an OPEB Trust account for existing/future retirees. As such, this benefit could be added to the above Kensington officer salary and benefit structure, thereby further closing the gap on total compensation when compared to El Cerrito.

- **Administrative Overhead** - Best practice suggests that an overhead rate will be levied as part of contract terms and conditions. A contract with "fully-loaded" costs includes both the direct and indirect (overhead) costs associated with providing police services. Indirect costs required to manage the contract (Police Department's Chief, City Attorney, public records requests, payroll support, crime scene investigation, etc.) would very likely be incorporated into the contract for service. These fully-loaded overhead charges generally range from 8% to 15% of the total direct services costs.
- **Inactive Status Unfunded Accrued Liability** - CalPERS Unfunded Accrued Liability, also known as UAL, will be incurred at an 'Inactive' status for the first 15-years of the contract totaling a flat-rate annual payment of \$431,045.

⁸ As shown in the prior Estimated Budget Associated with Phase 1 Recommended In-house Police Operations (2018) table, $\$664,122/\$1,101,243 = 60\%$

These charges can be converted to an estimated table based on our analysis and predictions of what a El Cerrito (or other agency) contract for service might look like.

Estimated Budget Associated with Sample Contracted Law Enforcement Services (2018 Costs – El Cerrito Model)

Line Item	Sample Full Contract Law Enforcement	Notes
Compensation		
Salary	\$1,398,289	9 Staff at expected mid-point salary
Phase 1 Rpt. Salary Raise	-	
Benefits	\$699,133	
OPEB Retiree Benefits	\$400,693	
Sub-Total Salary/Benefits	\$2,498,115	
Other Costs		
Other Police Expenses	\$476,095	% of “Other Police Expenses” compared to total operating costs for a small police agency
Admin. Overhead	\$386,647	Indirect charges for support est. at 15%
Unfunded Accrued Liability	\$431,045	For first 15-years of contract.
CalPERS Payment		
TOTAL:	\$3,791,902	

These contract estimates can be juxtaposed against information from prior tables to show a comparison of estimated operational costs under different law enforcement operating scenarios. This is shown in the table below.

Estimated Budget Comparison for Three Operational Options

Line Item	Phase 1 Report Revised In-house Police Approach	Sample Full Services Contract	Current Operation
Compensation			
Salary	\$1,102,243	\$1,398,289	\$1,102,243
Phase 1 Rpt. Salary Raise	\$315,098	-	-
Benefits	\$664,122	\$699,133	\$664,122
OPEB Retiree Benefits ⁹	\$400,693	\$400,693	\$400,693
Sub-Total Salary/Benefits	\$2,481,156	\$2,498,115	\$2,166,058
Phase 1 Rpt. Add'l Costs			
New Positions' Salary	\$319,441	-	-
Benefit Increases	\$73,044	-	-
Retirement	\$91,512	-	-
SS and Workers Comp	\$47,967	-	-
Misc. PD Equip/Supplies	\$37,558	-	-
Training-related	\$79,158	-	-
Reserves	\$19,350	-	-
Additional Vehicle O&M	\$24,167	-	-
Sub-Total Phase 1 Adds	\$692,197	-	-
Other Costs			
Other Police Expenses	\$412,811	\$476,095	\$412,811
Admin. Overhead	-	\$386,647	-
Unfunded Accrued Liability	\$354,893	\$431,045	\$354,893
CalPERS Payment			
TOTAL:	\$3,941,057	\$3,791,902	\$2,933,762
Change Compared to Current Operations	+\$1,007,295	+\$858,140	N/A

In summary, the modest police staffing level reductions in a Kensington contracting scenario compared to an in-house Kensington Phase 1 policing approach provide modest savings when compared to the categorical expenditures noted above. Moreover, and importantly, if Kensington were to forego recommended salary increases as discussed previously, there is a likelihood that internal Kensington operational costs would still remain less expensive than a contract for service delivery model.

⁹ The Other Post-Employment Benefits (OPEB) includes both retiree medical/dental/vision as well as funding of a Trust Account. This would also need to be paid in a contract scenario. The Trust Account can fluctuate; as a result, this line item would change equally in all options.

(2) Funding of the California Employee Retirement System (CalPERS) on Inactivation or Termination of In-house Police Services Is a Factor for Consideration.

Similar to many public sector agencies throughout the nation, Kensington has an Unfunded Accrued Liability for CalPERS retirement of \$3.670 million as of July 2017, the most recently available actuarial analysis.¹⁰ While this obligation alone requires a fiscal payment in the first 10-years beginning in 2018 of \$202,139 to \$445,221 annually dependent upon a 30-year, 20-year or 15-year amortization schedule¹¹, this Unfunded Accrued Liability obligation for an “Active” retirement account is less than an “Inactive” retirement account and pales in comparison to what must be funded if the retirement plan is classified as “Terminated.” The definitions of these three retirement classifications are:

- **Active CalPERS Retirement Account** – An account remains Active in CalPERS if Kensington maintains an in-house law enforcement operation with sworn personnel.
- **How to Remain ‘Active’** – Importantly, Kensington can remain “Active” as long as they have one (1) public safety employee as part of their retirement plan. While our project team has not recommended a “single employee model,” this approach does allow Kensington to continue to participate in a 30-year, 20-year or 15-years graduated ‘bell-curve’ amortized schedule (as reflected in the most recent actuarial report) for payment of the Unfunded Accrued Liability.
- **Inactive CalPERS Retirement Account** – An account goes Inactive in CalPERS if Kensington fully contracts out law enforcement operations. When an account is inactivated, certain account modifications occur such as movement to a less risky investment pool. Other modifications also occur:
 - *A mandated 15-year fixed payment plan for the Unfunded Accrued Liability (as opposed to 15-year, 20-year or 30-year amortized plan for an ‘Active’ status).*

¹⁰ Actuarial Valuation (6/30/17) for the Safety Plan of the Kensington Community Services District, page 5.

¹¹ Ibid, page 11.

- A flat-rate annual payment over the 15-years as opposed to a graduated 'bell-curve' amortized schedule. This flat rate would be \$431,045 per year; this is a higher payment for the first seven-years of approximately \$308,000¹² over that time period when juxtaposed against a similar 15-year amortized schedule.
- Moreover, at the end of both 15-year payment plans, the flat-rate payment is only \$15,000 more than the amortized schedule. Importantly, nearly \$926,000¹³ would be additionally paid in the first seven-years of the 15-year flat-rate plan when compared to a 30-year amortized schedule.
- **Terminated CalPERS Retirement Account** – This option can be generally avoided as Kensington is largely in control of the outcome. Nevertheless, this is an extremely expensive proposition of Kensington's CalPERS account were classified as terminated. Termination would occur under the following four circumstances:
 - The agency is dissolved, or no longer in existence.
 - The agency merges with a non-CalPERS agency (and thus is no longer in existence).
 - Failure to pay any owed contributions in a timely manner (e.g. the Unfunded Accrued Liability).
 - Failure to report employees eligible for the retirement program (e.g. in the event of outsourcing but still having an eligible employee working).

Kensington could avoid the 'Unfunded Termination Liability' ranging from \$13.9 million to \$16.5 million payable over 15-years by avoiding the four criteria noted above.

A comparison of the inactive versus active versus terminated status payment approaches for CalPERS is summarized in the table below.

¹² Flat-rate payments of \$3,017,312 minus 15-year amortized payments of \$2,709,085 in the first seven year period. $\$3,017,312 - \$2,709,085 = \$308,227$.

¹³ Flat-rate payments of \$3,017,312 minus 30-year amortized payments of \$2,091,457 in the first seven year period. $\$3,017,312 - \$2,091,457 = \$925,855$.

Unfunded Accrued Liability Payments Under Various Options

Payment Year	Inactive 15-year Fixed	Active 15-year Amortized	Active 30-year Amortized	Terminated 15-year Fixed
Year 1	\$431,045	\$354,893	\$202,139	\$1,011,899
2	\$431,045	\$365,096	\$250,446	\$1,011,899
3	\$431,045	\$375,593	\$280,906	\$1,011,899
4	\$431,045	\$386,391	\$313,308	\$1,011,899
5	\$431,045	\$397,500	\$337,848	\$1,011,899
6	\$431,045	\$408,928	\$348,397	\$1,011,899
7	\$431,045	\$420,684	\$358,413	\$1,011,899
8	\$431,045	\$432,779	\$368,717	\$1,011,899
9	\$431,045	\$445,221	\$379,318	\$1,011,899
10	\$431,045	\$458,021	\$390,223	\$1,011,899
11	\$431,045	\$471,190	\$401,442	\$1,011,899
12	\$431,045	\$484,736	\$412,984	\$1,011,899
13	\$431,045	\$498,672	\$424,857	\$1,011,899
14	\$431,045	\$513,009	\$437,072	\$1,011,899
15	\$431,045	\$527,758	\$429,855	\$1,011,899
16-30	Not Applicable	Not Applicable	\$2,863,175	Not Applicable
Total 15-year Period	\$6,465,668	\$6,540,471	\$5,335,925	\$15,178,485
Total 30-year Period			\$8,019,100	

In summary, in the absence of an in-house police operation, KPPCSD remains obligated for the retirement pay-out of prior and current law enforcement employees (now 37 personnel). If the District “Inactivates,” it will pay a fixed-rate over a 15-year period of \$431,045 per annum. If the District is forced to “Terminate,” effectively concluding its ongoing relationship with CalPERS, it would be moved to a different “risk free” investment pool that uses a far more conservative investment strategy. Furthermore, KPPCSD is then obligated for an Unfunded Accrued Liability termination payment ranging from \$13.9 million to \$16.5 million payable over 15-years as “averaged” in the above table. Note that

actuarial tables change annually and there is always a risk that CalPERS will change policy, thereby changing the figures noted above.

(3) Potential Hybrid Models Might Offer Opportunities but Possible Contractors Have Shown Only Modest Interest in Delivering These Approaches.

As noted earlier in the report, the delivery of various contracted hybrid law enforcement models is considered a best-practice offering. This includes such illustrative alternatives as:

- Fielding an in-house Day Shift with Kensington personnel but contracting-out Graveyard Shift.
- Contracting out additional support services such as investigative efforts and/or traffic enforcement to a contract agency.
- Compensated “back-up” officers in case of need from a contract agency as opposed to relying solely on mutual aid in emergency situations.
- Shared property and evidence.

Possible hybrid models could be explored upon guidance from the District and Kensington community.

(4) There Are Opportunities for a Hybrid Law Enforcement Service Delivery Approach.

While subject to the same general contracting perspectives as a full service contract, El Cerrito showed some interest in providing hybrid law enforcement services in some functional areas. The following provides a brief description and potential estimated contract costs based on assumptions and data available to the project team:

- **Patrol services on the night shift.** This assumes Kensington will provide their own police services during busier times but not on a “night shift,” illustrated by the 12-hour shift times below, would be covered by a contract. This time period (9pm to 9am) results in an average of slightly more than one call for service per day during the shift and would take approximately 3 FTE officers (one per shift) to

provide shift coverage. Two sergeants and two officers would be eliminated from Kensington’s “Phase 1 police force.” **Estimated annual contract cost: \$434,803.**

Night Shift Annual Calls for Service by Time/Day

Hour	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total
12am	14	10	5	5	0	3	2	39
1am	0	3	7	3	3	2	10	28
2am	7	2	0	3	2	3	5	22
3am	3	0	2	0	0	2	0	7
4am	0	3	2	2	0	0	0	7
5am	2	2	3	2	2	2	0	13
6am	3	5	3	0	0	7	5	23
7am	7	9	3	3	3	10	2	37
8am	2	14	17	17	7	15	9	81
9pm	7	7	9	9	2	3	17	54
10pm	9	2	5	5	0	10	7	38
11pm	0	2	0	7	5	12	10	36
Total	54	59	56	56	24	69	67	385

- Investigative services for all Kensington ‘major’ crimes.** Instead of Kensington patrol-based sworn personnel focusing on investigative services, Kensington could contract all major crime investigation (e.g., “Part 1 Crimes” as defined by the FBI). This would result in enhanced community-oriented policing efforts on behalf of Kensington sworn staff as they would not be involved with investigations. In 2016 there were 59 Part 1 crimes in Kensington, mostly burglary and thefts. Assuming one-third of these have investigative leads, approximately 20 crimes would be investigated on contract. Benchmarks suggest approximately 32 hours of investigative effort per Part 1 crime. An estimated hourly rate of \$75/hour for such services is reasonable. **Estimated annual contract cost: \$48,000¹⁴.**
- Property and evidence services.** These services, largely linked to investigated crimes above and “lost property,” would likely be based on number of transactions occurring. This is difficult to estimate as such input / output processing is not currently known. However, a modest fee is reasonable. **Estimated annual contract cost: \$10,000.**
- Crime Scene Investigation (CSI) services.** Such services would be contracted to another agency to collect evidence, thereby freeing Kensington sworn staff from performing such functions. Collection of evidence is a perishable skill better

¹⁴ \$75 x 32-hours x 20 crimes = \$48,000 per annum.

performed by staff that perform this regularly. Even if all of the Part 1 crimes per year had a technician response at the hourly rate noted previously, with 3-hours collection/processing time is reasonable for a cost estimate. ***Estimated annual contract cost: \$13,275.***¹⁵

- **Records management services.** Includes the processing, maintenance and customer service activities associated with crime report processing, citation management, and very well may include public records request services. These workload activities are difficult to estimate as they can fluctuate from year-to-year. It is likely this would be contracted out at an FTE portion of one records specialist (estimate 0.25 FTE). ***Estimated annual contract cost: \$17,500.***
- **Executive Management.** Kensington could engage a contract policing agency to provide a police manager, effectively acting as a 'Kensington Chief,' to provide oversight to an in-house Kensington police operation. This would likely be a Captain-level position that would be on a rotational assignment for 3-5 years. ***Estimated annual contract cost: \$175,000***
- **Perishable skills training.** Direct perishable skill and Continuing Professional Training (CPT) as discussed in the Phase 1 report could be contracted. This would approximate 18 hours per year per person for the recommended 10 Kensington sworn staff. ***Estimated annual contract cost: \$13,500.***
- **Specialized Ancillary Support.** Specialized supporting services could be contracted out to augment service delivery to the community. This could include such things as dedicated traffic enforcement officers (Motors) that would patrol certain areas during certain time periods. This could include school zones, commuter thoroughfares during peak usage, etc. Costs would be based on the types of services provided and negotiated based on service expectations.
- **Recruitment services.** Recruitment services for new sworn personnel would be on an as-needed basis and involves too many variables to effectively estimate an annual contract cost. This service would have to be negotiated on an as-required basis.

While some interest was expressed by El Cerrito with respect to a hybrid service delivery model, no potential cost approach was suggested by the City. As a consequence, hybrid services should be included as an RFP option in any alternative law enforcement

¹⁵ \$75 x 3-hours x 59 crimes = \$13,275 per annum.

service delivery approach.

3 Five-Year Projection on Alternative Service Delivery Models

The following table provides a 5-year financial projection based on the three primary service delivery models discussed in this report. These projection entail numerous variables that could be altered, and as such this is a rough approximation. Many of the variables can be impacted by the District's policy decisions.

5 Year Cost Projections for Service Delivery Models

	Year 1	Year 2	Year 3	Year 4	Year 5
Phase 1 Report	\$ 3,941,057	\$ 4,029,216	\$ 4,132,923	\$ 4,240,551	\$ 4,351,311
Sample Contract	\$ 3,791,902	\$ 3,881,889	\$ 3,974,868	\$ 4,070,932	\$ 4,170,176
Current Operation	\$ 2,933,762	\$ 3,005,607	\$ 3,079,923	\$ 3,156,974	\$ 3,236,282

The five year change from Year 1 to Year 5 is summarized as follows:

- **Phase 1 Approach** - +\$410,254
- **Sample Contract** - +\$378,275
- **Current Approach** - +\$302,520

Some key assumptions, which as noted can be modified, include:

- Per information from CalPERS in Spring 2018, a local government employer rate increase to existing CalPERS employee contributions (not the Unfunded Accrued Liability) of about 50% is expected over the next 7-years. A portion of this increase has been included year-over-year in the above projections.
- A salary raise of 2.5% per year per the District's recent employment contracts.
- The Unfunded Accrued Liability increases over the 5-years per the amortized table.
- Training funds will be modestly reduced after the first year's mentorship funding.
- No changes in health benefits; it is assumed any additional costs associated with this over the mid-term would be a meet-and-confer negotiated item.

- No changes in other operating costs. It is assumed these areas will be tightly managed and many operating costs are entirely speculative (e.g. fuel costs).

4 Conclusions and Next Steps

The outcomes of the feasibility analysis for potential contracted Kensington police service delivery are qualitatively and quantitatively ambivalent. Only Albany and El Cerrito were determined as probable contracting candidates, and neither has expressed a strong interest in providing a police contract for service, with Albany suggesting they cannot consider such service in the nearer term due to internal challenges. Of most significance, there are only modest savings associated with full-service police contracting given the factors discussed.

Given the totality of quantitative and qualitative information, and because of numerous analytical assumptions and uncertainties, Kensington should test the market with respect to contracted law enforcement services that could potentially be provided, with the related costs. With regard to next steps, the KPPCSD should pursue the development of a Request for Proposal for a full-service police contracting partner with a willingness to explore hybrid law enforcement approaches. Kensington is in a position where the totality of circumstances suggest that either an in-house policing approach, consistent with the findings, conclusions and recommendations associated with Phase 1 of this engagement, or a full-contract for service model, are both comparable and potentially efficient approaches to delivering police services. At issue is the effectiveness of operations and the and customer-service orientation of such service delivery. As a result, a hybrid service delivery model, whereby Kensington provides some core police services and a contractor provides supporting services, might be attractive.