

**TOWN OF SAN ANSELMO
STAFF REPORT
September 18, 2012**

For the Meeting of September 25, 2012

TO: Town Council

FROM: Debra Stutsman, Town Manager

SUBJECT: Update on Police Consolidation

RECOMMENDATION

That the Town Council acknowledges and files the update report regarding the Police Sharing Services subcommittee.

BACKGROUND

Council has directed staff over the last several years to find ways to share services with other cities with the intent to reduce costs while maintaining or improving services.

In 2009 when the Twin Cities Police Authority began construction of their new facility, they were faced with the prospect of moving their dispatch facility temporarily to another location. As the San Anselmo police facility had an extra work station, an agreement was reached to house the Twin Cities dispatch function in San Anselmo. The arrangement worked well, and almost immediately management and employees alike saw opportunities for sharing, with benefits for both agencies in the arrangement, and the chance to save money while improving services.

With Council encouragement, those opportunities were explored and additional services are now being shared between the two agencies, including a shared dispatch center, investigations unit, traffic unit, honor guard, property and evidence storage, special response team, crisis negotiation team, administrative assistant, reserve police officers, emergency operations center, patrol services, and command staff.

DISCUSSION

At the meeting of July 10, 2012, Council appointed Mayor McInerney to serve on a Police Sharing Services Subcommittee with Twin Cities Police Authority members Len Rifkind (Larkspur) and Carla Condon (Corte Madera). The charge of the subcommittee is to review the issues presented by consolidation and to come up with recommendations for handling those issues. Thus far the subcommittee has met twice to review the various issues. There is one more meeting scheduled for Thursday, September 27, at 6 p.m. in the Twin Cities Police Authority community meeting room.

At the meeting of Tuesday, September 11, the subcommittee reviewed the following issues:

- PERS Side Funds

- Compensated absence accruals (i.e. sick leave, vacation, compensatory time off)
- Other Post Employment Benefits (OPEB)
- Chief of Police
- Labor Agreements

At the meeting of Monday, September 17, the subcommittee reviewed the following issues:

- Police Stations
- Building maintenance funding
- Existing capital assets
- Equipment obligations
- Reserves
- Insurance

The handouts for both meetings, outlining the issues and the recommendations, are attached.

At the final subcommittee meeting, scheduled for September 27, the following issues will be reviewed:

- Funding formula
- Name of Agency
- Organization Chart/Governance
- JPA Agreement

COMMUNICATIONS

In addition, the subcommittee has been discussing how best to communicate with the public. The following communication piece is being distributed by all the parties:

The Twin Cities Police Authority and the San Anselmo Police Department have been sharing services since 2010 when the Twin Cities Dispatch unit moved temporarily into the San Anselmo Police Department while the new Twin Cities facility was being built.

Many opportunities for sharing services came out of that initial step and have ultimately resulted in the two agencies sharing dispatch, administration, evidence storage, investigations, patrol services, supervision, and management. This has allowed the two agencies to improve services, while reducing personnel and costs.

By eliminating the duplication of services between the two agencies, Twin Cities Police Authority has reduced its sworn employees from 33 to 30, while the San Anselmo Police Department has reduced sworn personnel from 19 to 15, an overall reduction of 7 sworn employees, mostly from administration and supervision. At the same time, units on patrol in the three communities have been increased.

At the direction of the elected officials in San Anselmo, Corte Madera and Larkspur, through the Twin Cities Police Authority, staff members from all the agencies are working with a Sharing Services Subcommittee to explore consolidation of the two police departments.

Twin Cities Police Authority Chair Carla Condon, Police Councilmember Len Rifkind and San Anselmo Mayor Tom McInerney serve on a subcommittee to review issues around consolidation and to make recommendations to the full group of elected officials. The subcommittee is scheduled to meet three times in September, 2012 to review issues around consolidation, including labor agreements, benefits, police stations, insurance, maintenance, equipment, etc. All meetings of the subcommittee are public and dates/times are posted on the public notice bulletin boards at all the agencies.

Following the completion of the subcommittee's work, public meetings will be held in all three communities to ensure the communities are well informed about the planned consolidation and have an opportunity to ask questions.

All involved are optimistic that the consolidation of these two Police agencies can occur by December 31, 2012, with the ultimate goal of continuing to provide excellent police services to the residents and merchants of Corte Madera, Larkspur and San Anselmo, at a reduced cost.

The subcommittee also agreed that it is a good time to update the individual Councils, and to hold individual public hearings on the topic of consolidation after the subcommittee has completed its work.

CONCLUSION

The Police Sharing Services Subcommittee has been working collaboratively to identify and discuss the issues around consolidation, with the intent of improving services and reducing cost.

Respectfully submitted,



Debra Stutsman
Town Manager

Attachment 1 – Issues/Recommendations 9/11/12

Attachment 2 – Issues/Recommendations 9/17/12

Consolidation Issues to Address

PERS Side Funds from 2002

Issue: Both TCPA and SAPD participate in the California Public Employees' Retirement System (CalPERS) 3%@55 Safety Retirement Plan. In addition, SAPD has eight (8) employees who are in the 3%@50 Safety Retirement Plan. It is anticipated that these eight employees would move to the 3%@55 plan with TCPA.

In 2003 CalPERS combined agencies with less than 100 members into risk pools based on plan type. With the creation of the pools, CalPERS established an "Employer Side Fund" for each agency to account for the difference between the funded Issue of the pool and the funded Issue of the participating agency.

Currently both SA and TCPA are in the same risk pool. SA has just recently refinanced and repaid its side fund through the Pension Obligation Bond process.

Recommendation: The side funds created in 2003 can remain separate with each agency.

PERS Side Funds created by consolidation

Issue: Because SA will not have a PERS safety fund after the consolidation, CalPERS has advised that an actuarial will be needed to determine the SA obligation for previous service credits incurred prior to 12/31/12. SAPD employees, from a CalPERS standpoint would end their service with the Town of SA on the day prior to the JPA expansion and start with TCPA the next day.

Recommendation: Obtain the actuarial valuation from CalPERS for SA. It is anticipated that this will result in an annual payment by SA to CalPERS, possibly in the range of \$100K to \$200K. The actuarial has been requested from PERS but any additional assessments to SA will not go into effect until fiscal year 2015/16.

Compensated absences

Issue: TCPA and SA have liabilities in the form of accrued vacation leave, sick leave, compensatory leave, and in SA's case, Holiday Equivalent Time Off (HETO). Each agency accounts for these liabilities as part of their Government-Wide Financial Statements and are shown on the Statement of Net Assets.

The accrued compensated absences of both TCPA and SA have been evaluated and are essentially proportionally balanced between the two organizations.

Recommendation: With the expansion of the JPA, it is anticipated that SA employees would be transferring their sick leave, vacation leave, and compensatory time balances to TCPA. As the balances are balanced proportionally, it is recommended that the balances just come straight over as part of TCPA. As TCPA doesn't have HETO and doesn't anticipate adding it, it is

recommended that SA employees be paid off by SA for their accrued HETO time, which equals approximately \$100,000.

Other Post Employment Benefit (OPEB) liabilities

Issue: Both TCPA and SA have unfunded liability resulting from other post employment benefits. The benefits are in the form of retiree medical.

SA participates in the CalPERS medical plan and currently provides retirees \$225/month toward a qualified PERS health plan. Because of the capped nature of this benefit, SA has chosen a pay-as-you-go method of payment. TCPA also participates in the CalPERS medical plan. TCPA provides retirees (after 10 years of service) the equivalent of Kaiser single, \$610.44/month currently.

General Accounting Standards Board (GASB) Statement No. 45 requires that government entities providing other post-employment benefits other than pensions to value these benefits and disclose future liabilities. The Standard does not require the prefunding of these liabilities; however, funding the liabilities at an amount less than the Annual Required Contribution (ARC), as determined by an actuarial valuation, will result in ARC being added to the entities balance sheet as a liability. SA has had an actuarial but has chosen to "pay as you go" as the OPEB liability is limited.

Recommendation: TCPA to contract with Bickmore Risk Services to perform actuarial services for OPEB to obtain a preliminary valuation of current TCPA retirees and the TCPA employees and SAPD employees that would be moving over to TCPA. Current SAPD retirees would continue to be paid by SA. The ARC for all future retirees (after the JPA is expanded) would be paid by the expanded JPA. The ARC for retired TCPA employees would be paid by the original TCPA members.

Chief of Police

Issue: SA Chief to retire one year earlier than his planned retirement date.

Recommendation: Agreement has been reached by the SA Town Council that the SA Chief's job be eliminated as of 12/15/12, providing the Chief with a six-month severance, as per his contract.

Labor Agreements

Issue: The POA's are currently negotiating a single contract with the Authority and Town represented by Glenn Berkheimer. Both MOU's have been extended to 12/31/12.

Recommendation: Continue negotiations, with the goal of having an approved contract in November.

Consolidation Issues to Address

Police Stations

Issue: Each Agency brings to the JPA a new or newly-renovated, fully functional facility.

Recommendation: That the police stations would continue to be owned and maintained by the current owners. The Town of San Anselmo would own and maintain the police station at 525 San Anselmo Avenue, San Anselmo and the TCPA members would own and maintain the police station at 250 Doherty Drive, Larkspur.

Building maintenance funding

Issue: Each Agency have building maintenance costs on their respective facilities. TCPA building maintenance costs are covered by the Building Replacement Reserve Fund.

Recommendation: That SA and TCPA each continue to be responsible for the maintenance, repair, replacement and improvements to the building structure, mechanical, electrical and plumbing systems and exterior infrastructure in their respective facilities.

Existing capital assets

Issue: TCPA and SA will bring to the expanded JPA police services-related capital assets in the form of police stations, police vehicles, police equipment, station furnishings, office equipment and all other police service related capital assets.

Recommendation: That the custody, use and control, but not the ownership, of the SA police facility, including police vehicles, equipment, station furnishings, office equipment and all other police service related capital assets would transfer to the expanded JPA. With the exception of the Police Stations, the JPA would be responsible for maintenance and repair of all transferred existing assets. The JPA would be responsible for the replacement of these assets, when needed, at which time the JPA would assume ownership of the assets.

Equipment obligations outstanding

Issue: SA has no outstanding financial equipment obligations. TCPA has an outstanding lease agreement for four patrol vehicles, which is currently in year 2 of a 3 year lease.

Recommendation: Outstanding obligations incurred prior to the merger of the two agencies would continue to be repaid separately by the original member.

MERA obligations

Issue: TCPA and SA, as members of the MERA JPA, are responsible for annual debt service payments for bonds associated with the initial cost of the MERA infrastructure and initial radio equipment purchase, as well as an annual administrative fee. The original 1999 Bonds were refinanced in 2010 and run through 2021.

Recommendation: That the payment of the bonds and administrative fee remain separate, with SA and TCPA individually continuing to make their bond and administrative fee payment.

Reserves

Issue: TCPA currently has a reserve of about \$750,000. This belongs approximately 50/50 to Corte Madera and Larkspur.

Recommendation: That the reserve funds be separated from the expanded authority as belonging to Corte Madera and Larkspur.

Insurance

Issue: Both TCPA and SA are members of the Bay Cities Joint Powers Insurance Authority (BCJPIA) self-insurance pool. Both agencies have outstanding liability claims and workers compensation claims that were incurred prior to the formation of the expanded JPA.

Recommendation: That each agency retain responsibility separately for claims incurred prior to the formation of the expanded JPA. All new claims incurred after the formation of the expanded JPA would be the responsibility of the expanded JPA. The language in the current JPA agreement outlines this clearly in Article VII – Self-Insured and Pre-Existing Conditions.

Next meeting (September 27, 2012, 6 p.m.):

Funding Formula

Name of Organization

Organization Chart/Governance

JPA Agreement