

*Shrews***Bury** **Borough**

SPECIAL MAILER

Southern Regional Police – Cost Sharing Formula Issues

One important task of local government is ensuring police services are provided to meet the needs of our community. We are currently facing a challenge to the long-term quality of police services Shrewsbury Borough provides as a member of the Southern Regional Police Department (SRPD) over the cost sharing formula paid by SRPD member municipalities. Serious issues have been raised regarding the cost sharing formula and how it should be changed to fairly allocate the costs among the member Boroughs of New Freedom, Glen Rock, Stewartstown and Shrewsbury. Two competing proposals have been offered, one uses a “police service hours only” approach (Option 1) and the other makes adjustments to the percentages of the existing categories (population, police service hours, and road mileage; Option 2) that have been the basis of cost sharing for SRPD services.

Three of the four member municipalities have elected to change the cost sharing formula to use “police service hours only”. Shrewsbury Borough has offered Option 2 to adjust the percentages of the categories we have used for about 25 years. The Intergovernmental Agreement that created and regulates the Southern Regional Police Department requires any change to be approved by all members, so we obviously have a dilemma. The purpose of this “Special Edition” newsletter is to provide you the facts, explain the Borough Council’s position(s) on the issue, and seek your feedback and comments.

When the SRPD was first created, cost sharing was a simple matter because only two municipalities, New Freedom and Shrewsbury, were nearly equal in all factors. At that time, the cost sharing formula was: 50% split equally between the 2 municipalities, 25% based on Population, and 25% based on Police Service Hours. Years later, when Glen Rock Borough joined the force, these factors were no longer equal. The formula was changed to reflect those facts, and road mileage was added as a minor percentage factor. The current cost sharing formula is: 25% population, 25% police service hours, 10% road mileage, and 40% an average of these 3 categories. Experience shows us this causes a spike in costs when a municipality experiences a major incident that requires a large quantity of police service hours; such as a murder, traffic fatality, or some other time consuming event. Although the cost impact of such an event only occurs in the next year’s budget, it does make it difficult to budget for police services each year due to the variable nature of these events. The original intent of revising the formula was to “dampen” these fluctuations.

In 2014, Stewartstown Borough joined the SRPD and all current municipalities agreed the formula needed to be revised. With the addition of Stewartstown, it was agreed to postpone this task for a period of 2 years to help us gain some experience with the level of police services Stewartstown needed. In January of this year a sub-committee of the Southern Police Commission was tasked with recommending changes to the formula. That effort has led to a stalemate, and the work has been turned over to a committee comprised of the four-member Borough Council Presidents to resolve.

Good negotiations require an open mind so an acceptable result can be achieved for all parties. One overarching goal your Council sought in the negotiation process was to pay a properly defined “fair share” for police services costs. Seeing the matter from the perspective of the other municipalities, Shrewsbury Borough receives the highest number of police services hours, so it is reasonable that we should be contributing the highest amount. However, the best method to

determine our "fair share" is to use a "cost per capita" comparison. This adjusts for the differences in our population and the number of road miles in the respective Boroughs and brings forth a fair method of comparison. The graphs below show the cost per capita on a historical basis, and what it would be under the 2 competing formula proposals.

COST PER CAPITA



This graph shows that with only 1 minor exception, Shrewsbury Borough has paid the highest Cost per Capita among the 3 original members for 14 years. Stewartstown's Cost per Capita is distorted due to their Membership Buy-in Costs.

COST PER CAPITA COMPARISON CHART

PER CURRENT FORMULA	OPTION 1		OPTION 2 - MIXED FACTORS	
	100% PATROL HOURS		PATROL 60%	POPULATION 20% ROADS 20%
Line 1 Glen Rock	\$ 116.54	\$ 121.47	\$ 122.82	
Line 2 New Freedom	\$ 117.02	\$ 101.67	\$ 113.47	
Line 3 Shrewsbury	\$ 131.09	\$ 131.31	\$ 133.59	
Line 4 Stewartstown with Buy-in \$s	\$ 189.59	\$ 240.92	\$ 211.15	*
Line 5 Stewartstown without Buy-in \$s		\$ 204.17	\$ 174.40	*

There is no distortion due to the loss of the Revenue from the S.E.S.D. - their Revenue has been included.

* Stewartstown (with the Buy-in \$s, Line 4) currently does distort their Cost per Capita; it will be fully paid off as of 31 Dec 2017.

* Stewartstown (without the Buy-in \$s, Line 5) is a more accurate portrayal of their operational Cost per Capita.

** As shown, there has been no adjustment to Stewartstown Police Hours. This is under consideration by the Police Commission.

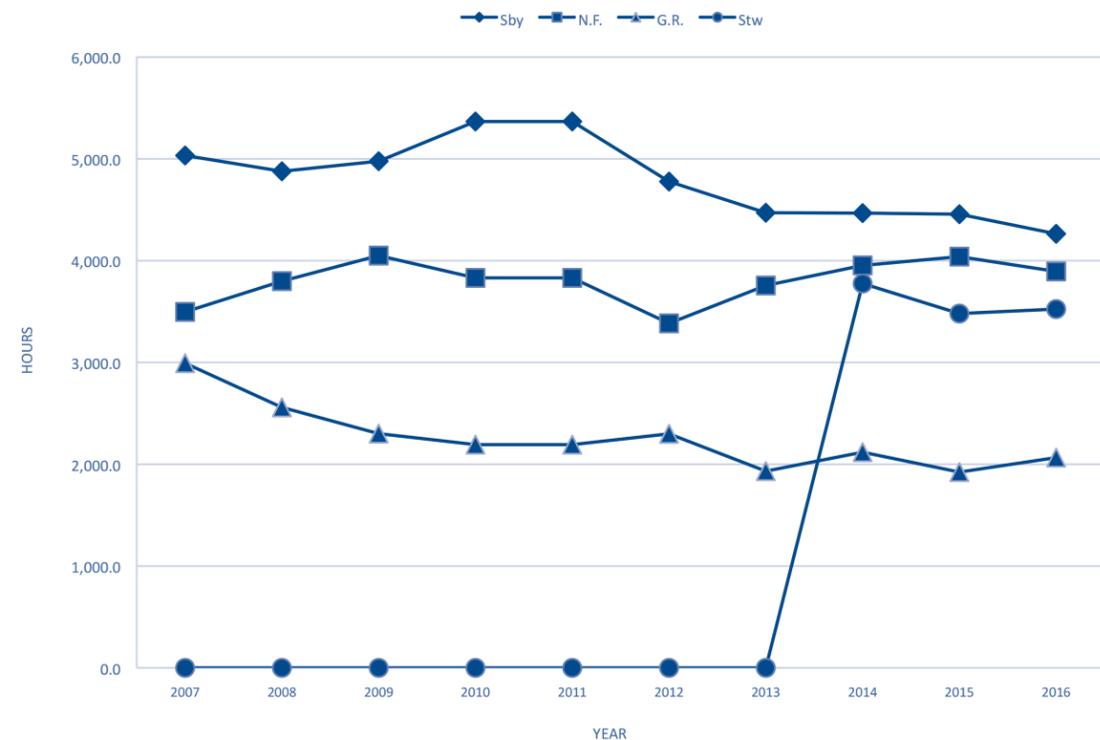
This chart shows what the current formula creates for the Cost per Capita of the 4 members. It also shows how the Cost per Capita would change with either Option 1 (Police Patrol Hours Only), or Option 2 (mixed factors) The mixed ratio formula recommended by Shrewsbury Borough would still show an increase to us, but the comparison between the 4 member's Cost per Capita would be much closer to a "fair and equitable share".

In the "police service hours only" proposal, the sole determining factor for sharing police costs is the quantity of police service hours used by each municipality. Under this formula, the most likely result is an annual budget battle of how many hours each municipality wishes to purchase. New Freedom Borough Council began negotiations with a proposal to utilize Police Protection Units (PPUs) which are a block of time of police services. PPU's are "sold" in advance and each municipality would determine how many they wish to receive and pay accordingly. PPU's would then be managed on a monthly or annual basis by the police department.

The major challenge to the PPU approach is the fact that criminal activity and demand for police services fluctuates month to month. It's not feasible to rollover unused hours from one month into the next month, since staffing a police department requires you have officers ready and available to respond immediately when criminal activity occurs. When demand exceeds the PPU's purchased, a police response is still needed. At the end of the negotiations, option 1 was for police service hours only, which is only slightly different than PPU's. Shrewsbury Borough wishes to continue to allow the need for services to be set by a combination of police patrolling and responses to calls for service as the situation dictates; and not on a fixed number of hours per month to meet a "budget" limitation.

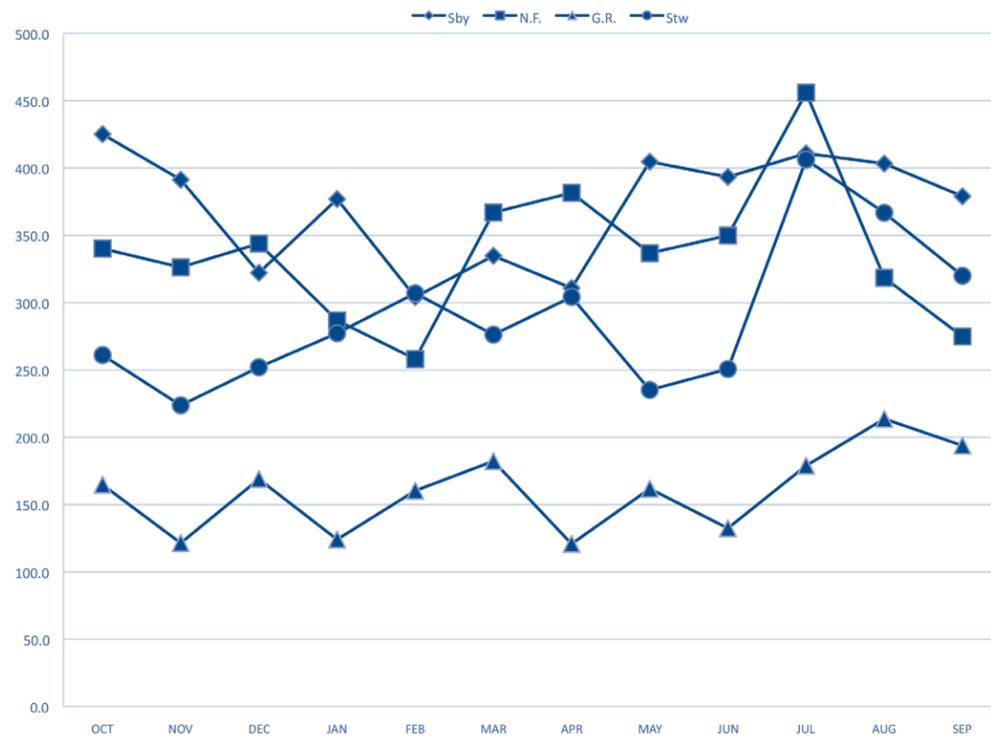
The graphs below show how police service hours have varied in each municipality.

POLICE SERVICE HOURS HISTORY



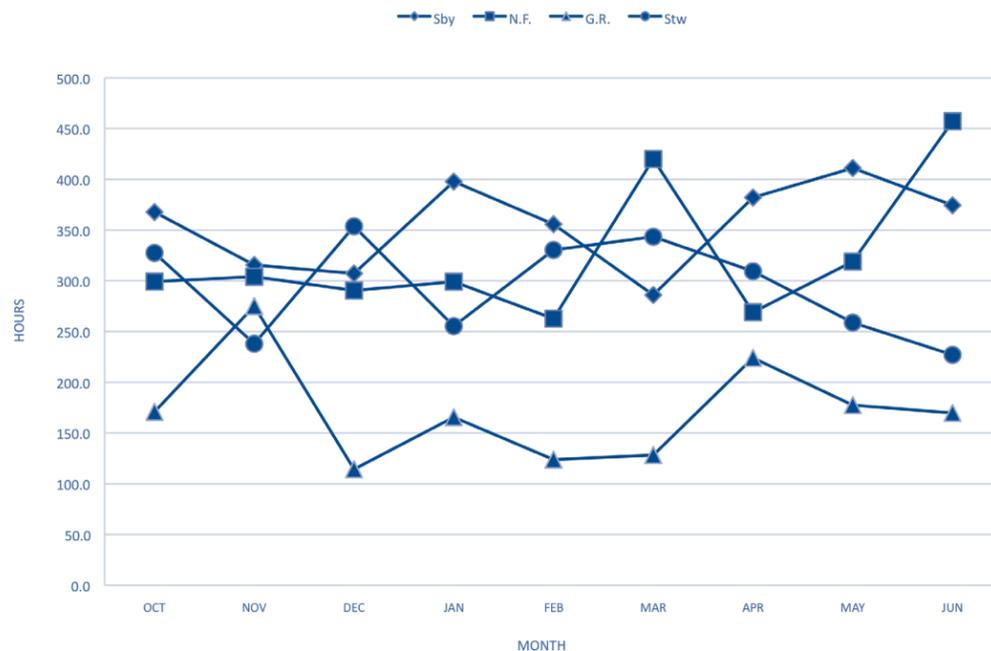
This chart shows the Police Service Hours for a 10 year period. The hours to each municipality vary from year to year to meet the demands for police services; and not a budget line item.

2014 -2015 POLICE SERVICE HOURS HISTORY



This chart shows the Police Service Hours for the 2014-2015 tracking period. Note the wide variation in hours to each municipality throughout the year. It would be a nearly impossible task to ask the police department to "average out" these hours to meet a PPU requirement; or even the end result of a police service hours only formula.

2015 -2016 POLICE SERVICE HOURS HISTORY



This chart shows the Police Patrol Hours for the 2015-2016 period Year to Date. Once again, even a change to the formula of police service hours only would have each municipality attempting to control their costs by setting limits to the hours of police patrol. It is not reasonable to expect the police department to control their hours month by month to achieve a financial limitation.

The "police service hours, population and road mileage" proposal factors in population (potential need for police services) and the quantity of road miles (impacts patrol time) within a municipality. These factors exist in the current formula and are often used in many regional police cost sharing agreements. Of the 19 regional police departments in PA, 14 use population as a factor in their cost sharing formulas. Several base cost sharing solely on population, resulting in an identical cost per capita for all member municipalities.

Including population and road mileage in the formula helps provide a fair method of sharing costs by making adjustments to the "potential" need for police services. Operating a police department is not identical to operating a business; it is a service operation the need for which is not known until you call 911. Each municipality has a responsibility to their citizens to ensure when 911 is called, police are readily available to respond.

Your Shrewsbury Borough Council believes you want a police force that is always present and ready to quickly respond to a call for service. **We believe the "police service hours, population, and road mileage" proposal is the proper method for sharing costs between our communities.** We proposed a cost sharing formula of 60% based on police service hours, 20% on the population, and 20% on road mileage. This proposal places a higher weight on police service hours that the current formula and maintains a fair way of accounting for differences in the makeup of our individual municipalities.

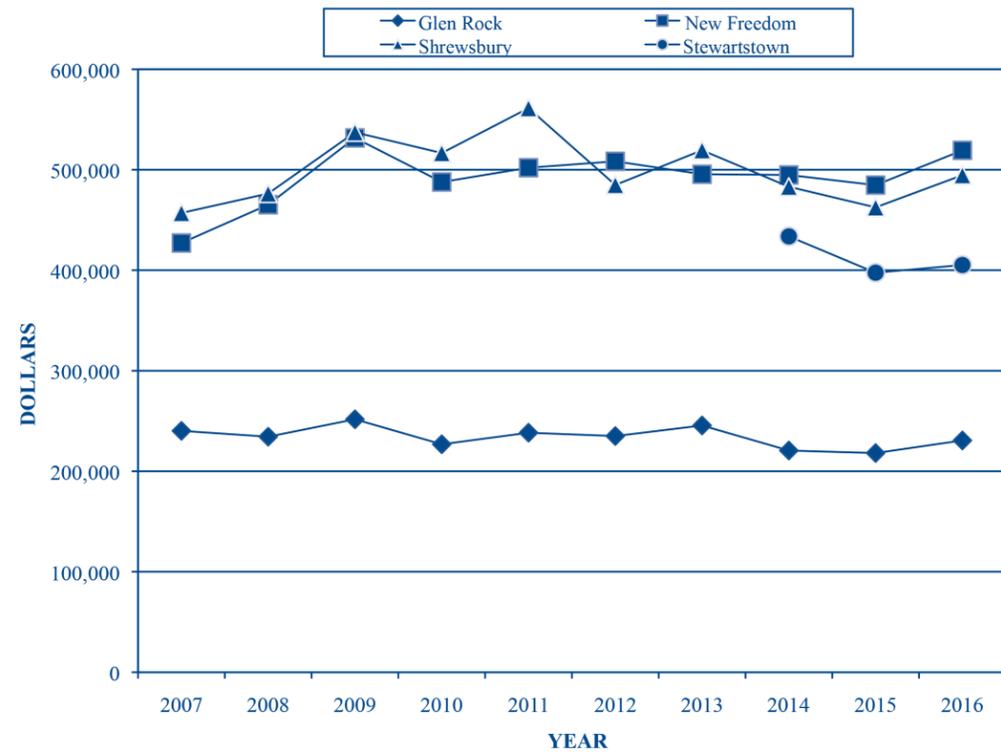
When staffing a police department, it is important to have enough officers available to serve the needs of the community. The PA Department of Economic Development (DCED) establishes standards for police services and provides guidance on the size police force needed based on the population. The current guidance is 1.25 police officers for every 1,000 residents. The total population of the communities served by SRPD is 12,327 people. SRPD currently has 14 full time officers and one part-time officer, which puts our ratio at 1.18 which is slightly below the DCED guidance.

We believe the "police service hours only" proposal will weaken the SRPD as member Boroughs look to reduce their costs by decreasing the number of hours purchased in the future, which will eventually lead to a reduced size of our police department. In a recent letter to the Police Commission from Glen Rock Council, they stated specifically that they favor the police service hours only formula, and they want to reduce their hours of service. That may be a cost cutting method for Glen Rock, but the hours that they don't want will need to be shifted to the other municipalities, increasing their costs. The only other option is to reduce the police force; thus we believe a decision to base the cost sharing solely on police service hours will eventually lead to a reduced police force.

Admittedly, the formula change that Shrewsbury Borough has proposed (Option 2) will cost us more dollars than the current formula, but we need to consider the long term continuation of the Southern Regional Police Department as a higher priority. Since it is a very rare occurrence that we receive a complaint about the Police Department, we are strongly in favor of how it operates now. The force is always ready, and does adjust the hours it spends in each municipality according to the hourly/daily demand for their services. A well-run, professional police department does not occur overnight and it cannot expand nor contract at will to meet the budget demands of member municipalities without a severe impact on the staffing and morale of the police officers.

Police services are similar to fire and ambulance services; the nature of the business is to respond to emergencies. The "police service hours only" approach will eventually result in a smaller police department. That brings repercussions which cannot be measured in dollars. An active police presence discourages criminal activity, so even if you have never called 911 for their services, you have received a benefit by their active patrolling. It's important to point out that a police incident occurring in a municipality does not necessarily mean a resident of that municipality created the demand for services. Shrewsbury Borough has the majority of commercial business within or adjacent to our borders. A significant number of police service hours used by this Borough are for incidents or crimes committed by people who live outside the borough. A cost sharing formula that uses police service hours only is unfair to Shrewsbury Borough. Refer to the Dollar Contribution History chart on the next page to see what Shrewsbury has been paying in actual dollars.

DOLLAR CONTRIBUTION HISTORY



This chart shows the history of the actual Dollar Contributions of the 4 members for a 10-year period. Only recently has New Freedom paid more than Shrewsbury, yet we believe this is what is driving the call to change the formula. The mixed factor formula proposed by Shrewsbury (20% Population, 20% Road Mileage, and 60% Police Patrol Hours) would correct this issue.

Refer to the Contribution Formula Factors Summary chart, on the previous page, while reading this paragraph. New Freedom Borough is currently paying the lowest cost per capita of the member municipalities and has been for 13 of the 14 years shown in the chart. They have the greatest population of all four Boroughs, approximately 20% higher population than Shrewsbury, and only paid 1% more than us last year. We believe the member municipalities need to consider the “fair share” (cost per capita) when revising the cost sharing formula. On a per capita basis, the “police service hours only” approach would further **reduce** New Freedom’s cost by 6.8%, and **increase** Glen Rock by 7.2%, Stewartstown by 2.9%, and Shrewsbury by 2.2%. Under the 60/20/20 proposal that we support, the gap in per capita costs between the Boroughs would shrink. New Freedom’s cost per capita would still **decrease** 2.4% with **increases** to Glen Rock of 2.3%, Stewartstown of .5% and Shrewsbury of 1.2%.

On Monday, August 8th, at 6:30 PM, the New Freedom Borough Council has scheduled a public meeting to discuss with their citizens this very issue, and their possible withdrawal from Southern Regional due to the impasse over the changes to the cost sharing formula. Such a decision will have a major impact on the cost of the police services to the other municipalities.

I want to make it clear to our residents that Shrewsbury Borough Council is willing to continue to negotiate in good faith with the other members to achieve a “fair share” cost formula. Please feel free to make your thoughts and opinions known to the Shrewsbury Borough Council. We meet on a monthly basis on the 2nd Wednesday of the month, so our next meeting will be August 10th, starting at 7 PM.

Buck Buchanan
Borough Council President

SOUTHERN POLICE COMMISSION

CONTRIBUTION FORMULA FACTORS SUMMARY

2016 BUDGET FINAL

	Current Contributions Paid	25% Patrol	25% Population	10% Road Mileage	40% Fair Share
New Freedom	33%	29%	36%	36%	34%
Shrewsbury	32%	32%	31%	34%	32%
Glen Rock	15%	14%	16%	15%	15%
Stewartstown	20%	25%	17%	15%	19%

This chart shows the current percentage of contributions being paid by the 4 member municipalities. New Freedom is paying 1% more than Shrewsbury, yet has 3% less Police Patrol Hours. This is caused by the difference in their higher population and more road mileage. Either of the 2 new formula options will correct this imbalance.

Shrewsbury Borough

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