

An open letter to New Freedom residents regarding Southern Regional Police.

At the September 12, 2016 meeting of the New Freedom Borough Council, your council unanimously voted to serve notice to the Southern Regional Police Commission and its member boroughs of our intent to withdraw from the Southern Regional Police Commission at the end of 2017. Because our police department is an essential service to our residents your borough council is taking this opportunity to explain this action and to inform you about the factors and history that led to this decision.

At the start let us be clear, this decision in no way reflects dissatisfaction with the Southern Regional Police Department (SRPD). Your borough council believes that the officers and civilians who make up the SRPD are doing an excellent job and they have the full support of your council as they go about the often times dangerous job of keeping good order and providing for the safety of the communities they serve. Rather, this decision was made to protect the future interests of New Freedom Borough under the terms of the Inter-Governmental Agreement that established SRPD and the Southern Regional Police Commission.

The SRPD was formed almost 25 years ago with the merger of New Freedom's and Shrewsbury's police departments. In the very late 1990s Glen Rock was admitted as a member and Southern York County School District and Railroad Borough began to contract for limited police services. With the admission of Glen Rock and the initiation of contract services two subtle but critical errors were made. The first error was that the formula used to calculate the member communities share of costs failed to recognize the changing and disparate demographics among the member communities. The second error was that the formula used to calculate the contracted community service rates used an unrealistically low overhead factor. Over the next several years it became apparent to New Freedom leaders that New Freedom was paying more for our share of police services than the other communities. Additionally, the error in the contracted community rates shifted part of their share onto the member communities. By 2010 these cost factors and other management concerns caused Glen Rock and New Freedom to both submit letters of intent to withdraw. The implication of both communities withdrawing would have meant the dissolution of SRPD and the Southern Regional Police Commission.

Working within the terms of the Inter-Governmental Agreement some of the management concerns were eliminated. Unfortunately, the Southern Regional Police Commission failed to understand and identify the underlying fiscal errors. As a result the commission mistakenly believed that the fiscal concerns could be solved by growth and added Loganville as a contract community. A few years later Stewartstown was added as a member community and the boroughs of Crossroads and Winterstown were added along with Southeastern School District as contracted members. As a member community, Stewartstown was required to make a series of four annual payments to cover their share of the capital assets belonging to SRPD. These annual payments provided temporary fiscal relief to the other member communities but did nothing to address the inequities of the formula used to determine the members share. Further, the additional hours being provided to the expanded contract communities only exacerbated the amount of costs shifting from the contract communities onto the member communities.

Over the next couple of years, despite concerns raised by New Freedom commission members and presentations by the public, the Southern Regional Police Commission did not address fiscal inequities. Finally, faced with an impasse imposed by Glen Rock and New Freedom over the 2016 budget, the Southern Regional Police Commission established a Funding Formula Committee. The Formula Committee was to examine the methodology used to calculate the hourly rate for contract communities which by that time consisted of South Eastern School District, Southern School District, Winterstown, and Railroad. It was also charged with recommending changes in the formula used to allocate costs among the member communities consisting of Shrewsbury, New Freedom, Stewartstown, and Glen Rock.

The Formula Committee began meeting in January 2016. After considerable research, analysis, and discussion the Formula Committee discovered the error in the contract rates. While no analysis was done to understand the magnitude of the past errors, based on the current assessment it seems reasonable that the contract rates may have been set from 30% to 60% below what it cost to produce a police hour. This shortfall was passed from the contract share of the budget into the member's share of the budget. Based on New Freedom's share of the member's budget, it appears that over the last several years New Freedom Borough has subsidized approximately \$100,000 to the contract communities share of the budget. After discovering the contract formula error, the Formula Committee turned its focus to the member community formula. The committee conducted a number of analyses and consequently recommended two alternative methods for allocating costs among the member communities. One method (favored by New Freedom, Stewartstown, and Glen Rock) is based strictly on the ratio of the police hours expended in each member community as averaged over the three previous years. In other words, members will only pay for the police services rendered. The other method, (favored by Shrewsbury) would employ a mix of the ratios of police hours expended in each member community, the ratios of population in each community, and the ratio of miles of road in each community. The mix suggested was 60% police service, 20% population, and 20% roads. In a letter dated 7 May 2016, the Formula Committee made its recommendations to the Southern Regional Police Commission and the information was approved for distribution to the Municipal Councils of the member communities.

New Freedom Borough Council is opposed to the 60-20-20 formula proposed by Shrewsbury because it forces New Freedom residents to pay higher costs for police service while receiving less service. New Freedom Borough Council believes that all communities, both member and contract, should only be asked to pay for the police services they receive and not subsidize other communities. As a way around the impasse Stewartstown proposed a four year phase in beginning with the 60-20-20 formula and migrating to a strictly police hours received formula. Shrewsbury Borough Council has rejected that compromise. Shrewsbury Borough Council believes that other communities should share in Shrewsbury's police costs because other communities come to Shrewsbury to shop and otherwise engage in commerce. New Freedom Borough Council completely rejects that reasoning because all the member communities have nonresidents coming into their communities to shop and conduct commerce and it is up to each member to structure budgets and taxes to cover their own costs.

Under the terms of the Inter-Governmental Agreement any change to the members funding formula can only be made through unanimous agreement. Because Shrewsbury is not in agreement with the other three members no changes can be made. For this reason, New Freedom took the only action available, which was to withdraw from the Southern Regional Police Commission. Glen Rock has also submitted a similar letter of intent. As a result of their 2014 contract buy-in agreement, Stewartstown must remain in the Southern Regional Police Commission through 2018.

Because of the impasse, a survey of New Freedom residents was recently sent out. Almost 800 surveys were returned. About 98% of the residents stated that they did not wish to continue to subsidize police services for other communities. Anecdotal evidence suggests that many are even willing to pay more for police provided that New Freedom stops subsidizing other communities. New Freedom Borough Council recognizes that this difficult issue is not completely addressed in a binary question regarding do we or don't we subsidize other communities. How much is the subsidy and what do we gain and lose in our decision? These are questions that the New Freedom Borough Council is now studying as we evaluate our options.

To allow for an orderly transition (if one is required) your council will make a final decision regarding how to provide the police services we need no later than April 2017. New Freedom was incorporated in May 1873. Two months later the New Freedom Borough Council appointed our first two policemen. We expect, and we believe that our residents expect, that the essential police services that have been provided for over 143 years will continue.

Sincerely,

New Freedom Borough Council