Meeting Date: October 22, 2019
Subject: Proposed 2020 Caledon OPP Budget and 2021-2023 Projections
Submitted By: Heather Haire, Treasurer, Finance

RECOMMENDATION

That the Caledon Ontario Provincial Police (OPP) Proposed 2020 budget in Table 2 of Staff Report 2019-0193 be approved;

That the 2021 to 2023 projections outlined in Table 2 of Staff Report 2019-0193 be received;

That a copy of Staff Report 2019-0193 and associated presentation be provided to the Region of Peel for consideration of their 2020 Budget; and

That the Mayor and Clerk be authorized to execute all necessary agreements between the Town, the Ministry of Community Safety and Correction Services, and the Region of Peel, for a new five-year (2020 to 2024) OPP Policing Contract.

REPORT HIGHLIGHTS

- Police services for the Town of Caledon are provided by the Caledon Ontario Provincial Police (OPP)
- The proposed 2020 Caledon OPP budget is $12.6 million which represents an overall increase of $0.4 million or an approximate 3.65% increase from the 2019 budget
- The OPP billing model is allocated, to Ontario municipalities serviced by the OPP, on a Base cost plus Calls for Service recovery model.
- The allocation of province-wide municipal policing costs has been estimated to be 55% for Base Service and 45% for Calls for Service. All costs associated with the core operations are included in the base service costs at a 2020 rate of $183 per property
- 2019 is the last year of the current five-year OPP contract. The proposed budget and related new five-year (2020 to 2024) OPP contract recommended by staff and the Caledon OPP does not introduce any significant changes from the existing OPP contract.

DISCUSSION

Police services for the Town of Caledon are provided by the Ontario Provincial Police. The 2020 Operating budget was developed in conjunction with Caledon OPP and includes projections for 2021-2023. The budget is reviewed and approved by Town of Caledon Council and forwarded to the Region of Peel Council for review and approval. Caledon OPP costs are recovered from Town of Caledon taxpayers on the Regional portion of Caledon property tax bills.
The proposed 2020 operating budget and projections for 2021-2022 will be presented to Regional Council in December 2019 and are expected to be incorporated with the 2020 Regional budget discussion and approval process.

The operating costs for the Caledon police services is included as part of the Region of Peel’s tax levy, therefore payment to the OPP for Caledon police services is administrated by the Region of Peel. The Region also maintains OPP accounts on behalf of the Town for the tracking of Caledon OPP operating surpluses, Caledon Policing stabilization reserve fund and capital reserve funds.

The present five-year policing contract with the OPP came into effect January 1, 2015 and will expire December 31, 2019. All policing agreements are signed by all three parties, the Ministry of Community Safety and Correction Services, the Region of Peel and the Town of Caledon. The 2020 budget reflects the OPP billing model (consisting of base level of service, calls for service) and contract enhancements.

As detailed in the Financial Implications section of this report, there is a net increase of $444,716 in the proposed 2020 Caledon OPP budget comprised of:

- An overall increase of $326,554 in the Proposed 2020 Caledon OPP budget service contract compared to 2019;
- An increase in Property Service costs related to the OPP facilities for $28,162; and
- An estimated decrease in Grant funding of $90,000

The OPP billing model is allocated on a Base plus Calls for Service model. Accordingly, full-time equivalents are no longer tracked in the budget or OPP contract, with the exception of the contract enhancement positions as described below.

The current Caledon OPP agreement and billing model includes 27 contract enhancement positions, above the base level of service, hired to focus on:

1. Community Response Unit – Includes Ride Team, Bike Patrol, Foot Patrol and Community Events
2. Street Crime Unit – Includes Drug crimes, Property crimes, Theft, Fraud, and Crime abatement
3. Traffic Unit – Includes Traffic complaints, Traffic enforcement, Commercial Motor Vehicle inspections
TABLE 1:

<table>
<thead>
<tr>
<th>Caledon OPP Enhancement Positions</th>
<th>2019 Approved Full Time</th>
<th>Proposed Changes in 2020</th>
<th>2020 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniform Staff</td>
<td>23.00</td>
<td>0.00</td>
<td>23.00</td>
</tr>
<tr>
<td>Civilian</td>
<td>4.00</td>
<td>0.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Total</td>
<td>27.00</td>
<td>0.00</td>
<td>27.00</td>
</tr>
</tbody>
</table>

In 2019, Staff have worked with the Caledon OPP to discuss the renewal of a 2020-2024 Contract for Policing Services which Staff are asking that the Mayor and Clerk be authorized to execute the agreement once it has been made available to Town Staff. At this time, Staff are not aware of any major changes that would impact the future OPP billing model. According to the OPP, contracts are available for three year periods (e.g. 2020-2022) or five year periods (e.g. 2020-2024). As at the time of writing this report, recommendations from the Province’s review of regional governance are not available. However, Staff recommend renewing for a five-year period (2020 to 2024), as has been done historically, and any Provincial decision related to regional governance may require a long transition period to fully implement as it relates to policing.

Through discussions with the Acting Inspector Mike Garant no additional contract enhancements are required at this time. However as part of the annual budget discussions that are held each year, any recommendations to increase enhancements, based on trends and the safety of the community, will be brought forward for Council’s consideration along with the associated business case. Accordingly, 2021 to 2023 projections included in this report represent status quo for contract enhancements, OPP billing model and assumptions related to inflationary increases in those years. Significant changes in the new OPP contract, if any, may require future draws from the Caledon Policing Stabilization reserve, held at the Region of Peel, to phase-in the full impact over a number of years.

Currently the Caledon Policing Stabilization Reserve fund has sufficient funds that will allow the Town to phase-in any potential increase in OPP costs as a result of a dramatic increase in calls for service, loss of policing grants, or significant inflationary costs related to policing. This will mitigate sudden increases or “spikes” from year-to-year for Caledon taxpayers related to Caledon OPP policing costs.

FINANCIAL IMPLICATIONS

The Proposed Caledon OPP 2020 operating budget totals $12,613,684 representing a 3.65% percent increase from the 2019 budget.

The allocation of province-wide municipal policing costs has been estimated for 2020 at a rate of 55% for Base Service and 45% for Calls for Service. All costs associated with the
core operations are included in the base service at an estimated rate of $183 per property (residential and commercial) which will be adjusted each year based on the current years’ budget. The amount of properties is determined based on the Municipal Property Assessment Corporation (MPAC) data on the previous year’s property counts. Each year MPAC will provide these numbers to the OPP in order for the OPP to calculate and allocate base service costs across all municipalities in Ontario serviced by the OPP.

The calls for service costs represent the 45% of the municipal costs related to policing services that are typically reactive in nature such as drug violations, criminal code violations, property crime or violent criminal crimes. The municipality pays a proportionate share of the total cost of municipal calls for service calculated for the province. The proportionate share of the costs is based on weighted time standards applied to the historical calls for service based on a four year average number. The service calls are weighted for the officer time involved for each type of call. The calls for service component of the OPP budget will be adjusted each year based on actuals. However, the actuals are included into a rolling four year average to mitigate major fluctuations in call volume and the corresponding calls for service component of the OPP budget.

The Caledon OPP budget, funded from the Regional portion of property taxes collected from Caledon taxpayers, is comprised of mainly:

1) **OPP Contract Policing** - includes base service and calls per service to support the existing service level. These costs include salary and benefits for uniform staff (e.g. inspectors, sergeants, constables) and non-uniform staff (e.g. court officer and administrative clerks). The contract also includes non-salary costs for items such as vehicles, uniforms, equipment, telephone, operational support, and mobile workstations. This section includes the 27 enhancement positions to focus on Community Response, Street Crime, and Traffic.

2) **OPP Property Services Costs** which represents Town of Caledon costs related to provision and maintenance of OPP facilities in Caledon.

3) **Annual OPP Equipment and Building repairs and purchases**

4) **Recoveries from Grants** – Grants include Community Safety and Policing Grant and Court Security and Prisoner Transportation Grant.

Financial details of each of the components for the Proposed 2020 budget and 2021-2023 projections are listed in Table 2 below:
Table 2:

<table>
<thead>
<tr>
<th>Service</th>
<th>2019 Approved Budget</th>
<th>2020 Proposed Budget</th>
<th>2021 Projection</th>
<th>2022 Projection</th>
<th>2023 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPP Contract &amp; Projections</td>
<td>$11,958,411</td>
<td>$12,284,965</td>
<td>$12,706,439</td>
<td>$13,150,356</td>
<td>$13,610,243</td>
</tr>
<tr>
<td>OPP Property Services Costs</td>
<td>$540,557</td>
<td>$568,719</td>
<td>$586,903</td>
<td>$598,641</td>
<td>$610,614</td>
</tr>
<tr>
<td>Equipment</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Recoveries from Grants</td>
<td>($480,000)</td>
<td>($390,000)</td>
<td>($390,000)</td>
<td>($390,000)</td>
<td>($390,000)</td>
</tr>
</tbody>
</table>

Net OPP Operating Expense Budget $12,168,968 $12,613,684 $13,053,342 $13,508,998 $13,980,857

% Increase                      | 3.65%                | 3.49%                | 3.49%           | 3.49%           |
$ Increase over previous year    | $444,716             | $439,658             | $455,656        | $471,859        |

OPP Contract Policing

The base service and calls for service are calculated costs of OPP municipal policing services across the province. The municipal policing costs allocated to municipalities that are serviced by the Ontario Provincial Police:

- are determined based on the costs and staffing in municipal detachments and the municipal policing activities performed across Ontario.
- statistical analysis is used based on all detachment to determine the allocation of the municipal workload between base services and calls for service activity.
- The base costs are allocated to municipalities using MPAC property count
- The calls for service costs are allocated to municipalities based on a rolling four year average call for service history

The OPP billing model (described previously in this report) results in a budgeted increase of $444,716 from 2019. The billing model uses property counts provided by MPAC to allocate the base level of service. The property count, used for the OPP billing model, has increased from 24,233 to 24,605 in 2020, while the overall cost per property has been decreased from $189.54 per property to a rate of $183.23.

With the introduction of the new billing model in 2015 budgeted OPP costs were allocated to each municipality and billed accordingly. In 2017, the OPP completed their first reconciliation for the 2015 and 2016 OPP billings comparing actual costs to the budgeted costs charged to municipalities. This reconciliation resulted in a credit being owed to the Town of Caledon which was applied against the 2018 OPP billing statement. In 2018, a
reconciliation of 2017 was completed and applied against the 2019 OPP billing statement. The same process has occurred this year for the 2020 OPP billing statement and will continue in the future.

Since the billing adjustments/credits to-date (shown below in Table 3) have been significant and favourable, Staff have included estimated savings in the future projection of OPP contract costs as well as the 2020 proposed OPP budget based on the information provided on the OPP billing statements. The main driver of the savings relates to the difference between the Contract enhancement’s actual billable hours vs the budgeted billable hours. Budgeting for these savings resulted in a decrease in the 2019 OPP budget however due to a recent decline in savings resulting from billing adjustments shown in Table 3 for 2018, staff have started a gradual phase out of these estimated savings as part of the 2020 OPP budget and 2021-2023 cost projections.

Table 3:

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>535,709</td>
</tr>
<tr>
<td>2016</td>
<td>764,457</td>
</tr>
<tr>
<td>2017</td>
<td>790,193</td>
</tr>
<tr>
<td>2018</td>
<td>189,250</td>
</tr>
<tr>
<td>Total</td>
<td>2,279,609</td>
</tr>
<tr>
<td>Average</td>
<td>569,902</td>
</tr>
</tbody>
</table>

**OPP Property Service Costs**

The OPP Property Services Costs line is budgeted to increase by $28,162 in 2020. The increase relates to the phase-in of the operating costs related to the new OPP extended service office that is currently being built in the Southfields Village as part of the Town’s new Community Centre.

**Grant Funding/Recoveries of Costs**

In 2019, the grant funding for Policing Service was restructured resulting in a decrease in grant funding of $90,000. The existing grants under the Community Policing Program/1000 Officer program have been replaced by the Community Safety and Policing (CSP) Grant. The new grant will operate on a three-year grant cycle (i.e., 2019-20 to 2021-22) to ensure greater sustainability and enable grant recipients to effectively measure outcomes and demonstrate success of initiatives. The CSP Grant will offer two funding streams – one focused on local priorities and the other focused on provincial priorities.

$240,000 in CSP Grant funding is allocated to Caledon under the CSP Grant’s Local Priorities funding stream. With regards to the provincial priorities stream this grant is to be shared amongst all Police Service Boards and Police Agencies through a competitive grant process. Local Police Service Boards can put forward only 2 applications for funding.
that support Provincial priorities through this Provincial funding stream. Caledon OPP does not have any eligible initiatives that would qualify for the provincial priorities stream at this time. However, Caledon OPP will continue to look for opportunities to secure funding in the future.

Overall there was an estimated decrease in grant funding of $90,000 in 2020 relating to the restructure of grants mentioned above and partly due to an estimated decrease in Court Security and Prisoner Transportation (CSPT) costs which are supported by the CSPT grant and fluctuate based on the associated activities and costs.

**Draw from Reserve**

In past budgets draws from the OPP stabilization reserve fund, held at the Region of Peel, was included to mitigate and phase-in budget increases. The proposed 2020 budget and projections for 2021-2023 do not require any further budgeted draws from this reserve fund at this time. However, any significant contract changes or trends that increase overall policing costs for the Town, such as a dramatic increase in calls for service, may require future draws from the OPP stabilization reserve to phase-in the full impact. Possible factors that may cause fluctuations for Caledon in future OPP billing costs include:

- Union contract negotiations
- The addition of contract enhancements to increase or maintain the level of policing services
- The possibility that the rolling four-year average service calls in Caledon being higher than other municipalities. This would attract a higher portion of the province-wide allocation or recovery of calls for service costs;

The current uncommitted balances of the reserves are as follows:

$5.3 million Caledon Policing Stabilization Reserve  
$7.0 million OPP Capital Infrastructure Reserve  
$12.3 million

**2020 Capital Budget and Operating Impact**

There are no proposed 2020 OPP Capital Budget requests. In 2017 there was one approved capital project in the amount of $464,450 for a 1,000 square foot Community Extended OPP service office located in the new recreation complex that is currently being constructed in Southfields Village (Mayfield West Phase 1) to service growth in the area. The scope of this project was increased to include an Emergency Generator as part of the Southfields project and was funded by a transfer from another OPP project, Capital Project 16-193 Feasibility Study - Safety Equipment which was not completed due to the technology and processes reviewed, at a high level, to-date indicated that the study and deployment was premature.
NEXT STEPS

1. Staff to communicate the proposed 2020 OPP Budget and 2021-2023 projections to the Region of Peel.
2. Caledon OPP and the Town staff will present the Caledon OPP Budget and projections at the Region of Peel’s Budget Meeting on December 5, 2019.
3. Subject to the budget being approved at Town and Regional Councils, the Mayor and Clerk will execute a new five-year (2020 to 2024) contract the Ministry of Community Safety and Correction Services for policing in Caledon to continue to be provided by the OPP.

COUNCIL WORK PLAN

Not Applicable

Subject matter is not relevant to the Council Workplan.

ATTACHMENTS

None.