

## **Staff Report 2019-0290**

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Meeting Date: December 3, 2019

Subject: Proposed Changes to Proposed 2020 OPP Budget

Submitted By: Heather Haire, Treasurer, Finance and Infrastructure Services

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### **RECOMMENDATION**

That the Caledon Policing Stabilization Reserve be utilized to reduce the proposed 2020 OPP Operating budget by \$62,785 for an overall 2020 Caledon OPP operating budget of \$12,550,899 as outlined in Table 1 of Staff Report 2019-0290 if the Region of Peel implements all budget reduction targets, as requested by Regional Council on November 14, 2019, in the Region of Peel's final 2020 budget.

### **REPORT HIGHLIGHTS**

- On October 29, 2019, Town Council approved the proposed 2020 OPP budget of \$12,613,684 which is an increase of 3.65% over the 2019 OPP budget.
- On November 14, 2019 a resolution was approved at the Regional Council meeting to reduce the proposed Regional 2020 property tax increase from 1.7% to a maximum 1.5%.
- As part of the work to reduce by 0.2% (to a maximum of 1.5%), the Region of Peel has provided the Town a budget reduction target of \$62,785 for the 2020 Caledon Ontario Provincial Police (OPP) budget.
- Given other 2020 budget pressures (such as the loss of grant funding), and timing of this notice, staff recommend utilizing the Caledon Policing Stabilization Reserve to provide a one-time funding, in the amount of \$62,785, to meet this target.

### **DISCUSSION**

Policing in Caledon is provided by the Ontario Provincial Police. Costs for policing is included in the Regional budget and part of the Region's portion of property taxes. Caledon OPP costs are recovered, on the Regional levy, from Caledon taxpayers only while Peel Regional Police costs are recovered on the Regional levy from Mississauga and Brampton taxpayers. Accordingly, the Caledon OPP budget is approved by Town of Caledon Council and then included in the Region of Peel's budget process for consideration by Regional Council. In anticipation of a November (Peel Region) budget book release and a December 5, 2019 Caledon OPP presentation at the Region of Peel Council meeting on the Region's 2020 budget, Town of Caledon Council approved the Caledon 2020 OPP budget, in the amount of \$12,613,684 (increase of 3.65% over 2019 Caledon OPP budget) on October 29, 2019.

On November 14, 2019 a resolution was approved at the Regional Council meeting to reduce the proposed Regional 2020 property tax increase from 1.7% to a maximum 1.5%. To enable a decrease in property taxes of 0.2%, the Region of Peel has provided direction that the 2020 Ontario Provincial Police (OPP) budget should be reduced by \$62,785. Town

staff have discussed the matter with the OPP and Regional Staff and due to the other 2020 budget pressures affecting the 2020 OPP budget, such as the decrease in grant funding, and timing of this notice, staff recommend utilizing the Caledon Policing Stabilization Reserve to provide one-time funding in the 2020 budget to achieve this target. The Caledon Policing Stabilization Reserve is held at the Region of Peel, funded by previous Caledon OPP surpluses, and has a current uncommitted balance of \$5.3 million. The purpose of this reserve is to minimize annual fluctuations in property tax caused by uncertainties in revenues and expenditures. It is also used to mitigate operating deficits that may arise because of unexpected events, economic uncertainties or unanticipated funding changes.

As a general rule, reserves and reserve funds should not be used to as a source of funding for on-going operations/the operating budget. However, utilizing the Caledon Policing Stabilization Reserve would be appropriate to reduce the tax impact for the 2020 budget due to the following reasons:

- The Caledon Policing Stabilization Reserve is funded by previous OPP surpluses (variances between budget and actuals).
- The Caledon Policing Stabilization Reserve has been utilized before in this fashion to phase in cost increases/"spikes" related to the OPP budget.
- Due to the loss in grant funding, the OPP faces additional budget pressures in 2020 that could be phased in by use of the Caledon Policing Stabilization Reserve.
- There is a fixed duration for the proposed draw (i.e. one-year) no plan to fully deplete the reserve to fund on-going operations.
- Due to the late timing/notice of the budget reduction target, there are limited options available to reduce the proposed 2020 OPP budget without impacting service levels.
- Staff will endeavour to find savings in the 2021 budget in conjunction with the OPP to reduce the 2021 OPP budget increase by \$62,785.

With this budget adjustment the 2020 OPP budget would be revised as shown in Table 1 below.

**Table 1:** Proposed changes to 2020 Budget and 2021-2023 OPP Projections

	2019 Approved Budget	2020 Proposed Budget	2021 Projection	2022 Projection	2023 Projection
OPP Contract & Projections	\$11,958,411	\$12,284,965	\$12,706,439	\$13,150,356	\$13,610,243
2020 budget reduction to be funded by the Caledon OPP Policing Stabilization Reserve		(\$62,785)			
OPP Property Services Costs	\$540,557	\$568,719	\$586,903	\$598,641	\$610,614
Equipment	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Recoveries from Grants (Community Safety and Policing Grant, Court Security and Prisoner Transportation Grant)	(\$480,000)	(\$390,000)	(\$390,000)	(\$390,000)	(\$390,000)
<b>Net OPP Operating Expense Budget</b>	<b>\$12,168,968</b>	<b>\$12,550,899</b>	<b>\$13,053,342</b>	<b>\$13,508,998</b>	<b>\$13,980,857</b>
<b>% Increase</b>		3.14%	4.00%	3.49%	3.49%
<b>\$ Increase over previous year</b>		<b>\$381,931</b>	<b>\$502,443</b>	<b>\$455,656</b>	<b>\$471,859</b>

Town Staff will be presenting the 2020 proposed OPP budget at the Region of Peel on December 5, 2019. Due to lead times for the Regional meeting, the Caledon OPP's proposed 2020 budget presentation sent to the Region is the same presentation approved by Town Council on October 29, 2019. Subject to approval of this report, staff will communicate how the Town will meet the 2020 budget reduction target of \$62,785, at the December 5, 2019 Regional meeting.

At the time of writing this report, the 2020 regional budget is still being deliberated along with what the 2020 budget reductions, if any, will be. In regards, to the proposed decrease in the Region's proposed 2020 property tax increase, Town Staff are working with Regional Staff to model the overall impact on the Town's 2020 overall proposed tax increase and will provide an update to Council if a change occurs.

### **FINANCIAL IMPLICATIONS**

The financial implications associated with this report are outlined above.

### **COUNCIL WORK PLAN**

Subject matter is not relevant to the Council Workplan.

### **ATTACHMENTS**

Schedule A: Region of Peel Resolution