

Addendum Item No. 6.9

PUBLIC

THE REGIONAL MUNICIPALITY OF YORK
POLICE SERVICES BOARD

REPORT OF THE CHIEF OF POLICE

FEBRUARY 27, 2019

2019 and Outlook Years Operating Budget Update

RECOMMENDATIONS

1. That the Board approve the 2019 Operating Budget with a revised tax-levy impact of \$333,876,983; and
2. That the Board approve in principle the revised Operating Outlook to 2022 with tax-levy impacts of \$351,843,961 in 2020, \$364,948,347 in 2021, and \$379,901,873 in 2022, for financial planning purposes; and
3. That the Board forward the 2019 Budget information for the Treasurer's recommendation of The Regional Municipality of York's Budget at Regional Council on February 28, 2019.

SYNOPSIS

This report is to seek the Board's approval for revisions to the 2019 operating budget and outlook to 2022. The update provides for the removal of the cannabis reserve contribution in 2019 due to affordability concerns as outlined in a debate at the February 21, 2019 Committee of the Whole. A reduction to the contribution to the cannabis contingency reserve was determined to fit the requirements for reduction, as it does not impact the services contemplated in 2019. However, its exclusion may impact risk mitigation should unfavourable operational impacts from cannabis occur, that will now transfer to outlook year budget requests.

FINANCIAL IMPLICATIONS

The Regional Municipality of York's (The Region) Office of the Budget has confirmed the restated 2019 Operating Budget with tax-levy impact of \$333,876,983, and Operating Outlook with tax-levy impacts of \$351,843,961 in 2020, \$364,948,347 in 2021, and \$379,901,873 in 2022.

BACKGROUND

At its November 7, 2018 meeting, the Board approved the 2019 Operating and Capital Budgets as presented by Financial Services staff. The Board approved the 2019 Operating Budget with a tax-levy impact of \$327.9 million and approved in principle the Operating Outlook with tax-levy impacts of \$344.3 million in 2020, \$358.0 million in 2021, and \$373.1 million in 2022, for financial planning purposes.

At its January 30, 2019 meeting, the Board approved an updated 2019 and outlook years operating budget reflecting two restatements. The first was the addition of a contribution to a cannabis contingency reserve in each year from 2019 to 2021. The reserve amount reflected the difference between cannabis related costs included in the Board approved operating budget and the cost related to cannabis legislation in the 2022 budget totaling \$4.45 million. The intent of the contribution to a cannabis contingency reserve was for risk management, to mitigate unforeseen operational impacts on future years budgets. The second restatement was an administrative change to restate contribution to capital reserves back into the York Regional Police budget.

On February 21, 2019, I presented the budgets to Committee of the Whole who motioned to refer the budget to Regional Council on February 28, 2019. Subsequent to my presentation, the Committee commenced a robust debate on an option to accelerate saving to a reserve for roads projects. The budget deliberations covered a host of viewpoints including affordability concerns of the proposed 3.37% overall budget and taxing for the proposed roads acceleration. During a debate over priorities within the overall 3.37% proposed budget, options were discussed to send the budget back for further amendment. The timing of budget deliberations is later than normal due to the election of the new Regional Council. A delay in the budget process could adversely affect notifications to municipalities who send final tax installments inclusive of York Region rates, to residents.

In consultation with Financial Services staff and after a review of 2019 inclusions within the York Regional Police Operating budget, the 2019 contribution to the cannabis contingency reserve was chosen for removal given it does not have a direct impact to services proposed in 2019. At \$3.258 million in 2019, the cannabis contingency reserve removal represents a 0.3% reduction to the overall York Region tax-levy request. As an outcome, risk increases in outlook years 2020 and beyond. Should unfavourable operational impacts occur related to cannabis legalization, they will need to be borne through future year budget requests.

With the removal of the cannabis contingency reserve, the updated net operating budget and outlook, and year-over-year percentage change is as follows:

2019 to 2022 Revised Net Operating Budget

Net Operating Budget	2019	2020	2021	2022
Board approved January 30	\$337,134,948	\$351,843,961	\$364,948,347	\$379,901,873
Less: 2019 Cannabis Contingency Reserve	\$3,257,965	\$0	\$0	\$0
Revised Net Operating Budget	\$333,876,983	\$351,843,961	\$364,948,347	\$379,901,873

It is therefore recommended that the Board approve the revised 2019 and Outlook Operating Budget amounts reflective of the removal of the 2019 contribution to cannabis contingency reserve of \$3,257,965, due to affordability concerns.



Eric Jolliffe, O.O.M., BA, MA, CMM III
Chief of Police

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Accessible formats or communication supports are available upon request.