

THE REGIONAL MUNICIPALITY OF YORK
POLICE SERVICES BOARD

REPORT TO THE CHIEF OF POLICE

NOVEMBER 7, 2018

2019 Operating and Capital Budgets

RECOMMENDATIONS

1. That the Board approve the 2019 Operating Budget with a tax-levy impact of \$327,941,000;
2. That the Board approve in principle the Operating Outlook to 2022 with tax-levy impacts of \$344,326,900 in 2020, \$358,031,300 in 2021 and \$373,117,900 in 2022, for financial planning purposes;
3. That the Board approve the proposed 2019 Capital Budget totaling \$33,517,000 with a Capital Spend Authority (CSA) of \$62,480,000;
4. That the Board approve for financial planning purposes the 10-Year 2019-2028 Capital Forecast totaling \$173,187,000; and
5. That the Board forward the 2019 Budget information for the Treasurer's tabling of The Regional Municipality of York's Budget at Regional Council on January 31, 2019.

SYNOPSIS

This report requests the Board's approval of the 2019 proposed Operating Budget of \$327,941,000, a 3.7 percent or \$11,549,700 increase over the 2018 Operating Budget. This proposal is (\$785,800) below the 2019 3.5% Scenario and \$1,673,500 above the 3.0% Scenario funding envelope targets communicated by Treasurer Laura Mirabella in her letter dated July 24, 2018. This report also requests the Board's approval of the 2019 Capital Budget and Forecast to 2028 as set out in Appendix 1. The Capital Budget includes the major facility, vehicle, information technology, communication and specialized equipment requirements of York Regional Police.

FINANCIAL IMPLICATIONS

The total 2019 tax-levy requirements of \$327,941,000 results in an increase of \$11,549,700 or 3.7 percent over 2018 funding. Annual salary and benefits costs for 53 additional staff in 2019 includes 23 full time employees for *Cannabis Act* and 6 for other legislative reform. The first year salary and benefits of additional staff has been reduced by salary gapping. This treatment reduces first year wage costs to reflect an intake process that occurs throughout the year of hire. The second year cost to annualize the wages for the full year in 2020 is an additional \$2,796,900. The Budget figures presented exclude assessment growth and Regionally allocated costs, in accordance with Budget guidelines provided annually from The Regional Municipality of York Office of the Budget staff.

Funding sources for the 2019 Operating Budget are as follows:

Operating Funding Sources

	Tax-levy	Grant and Subsidies	Service Fees and Charges	Other	Total
Operating Budget (Gross)	\$327,941,000	\$14,450,200	\$13,193,000	\$6,710,100	\$362,294,300
Percentage	91%	4%	4%	2%	100%

Financing for the 2019 Capital Budget and Forecast to 2028 is a combination of contributions from reserves (operating tax-levy), debenture proceeds repaid from development charges, debt reduction reserve funding, development charge collections and external funding – proceeds from sale of equipment and from Fire Partners.

Funding sources for the 2019 Capital Budget are as follows:

Capital Funding Sources

Category	Reserves – Operating Tax-levy	Debt Reduction Reserve	Development Charges	External Funding	Infrastructure Reserve	Total
Vehicles	\$3,160,000	\$3,510,000	\$1,927,000	\$0	\$0	\$8,597,000
Facilities	\$282,000	\$2,801,000	\$11,376,000	\$0	\$0	\$14,459,000
Information Technology	\$2,655,000	\$2,905,000	\$365,000	\$0	\$0	\$5,925,000
Specialized Equipment	\$396,000	\$2,262,000	\$1,488,000	\$0	\$0	\$4,146,000
Communication Equipment	\$0	\$148,000	\$70,000	\$79,000	\$93,000	\$390,000
2019 Total	\$6,493,000	\$11,626,000	\$15,226,000	\$79,000	\$93,000	\$33,517,000
Percentage	19%	35%	45%	0.2%	0.3%	100%
Ten-Year Total	\$70,378,000	\$46,206,000	\$55,650,000	\$860,000	\$93,000	\$173,187,000
Percentage	41%	27%	32%	0.5%	0.1%	100%

BACKGROUND

Operating Budget

At its meeting on September 26, 2018, the Board received a tabling of the 2019 Operating Budget, which was (\$785,800) below the 2019 3.5% Scenario funding envelope. During October 2018, the Office of the Budget provided direction to comply with the 3.0% Scenario to address the Region's budget pressures. The 2019 Operating Budget will be \$1,673,500 above the funding envelope, should YRP follow the direction of compliance with the 3.0% Scenario funding envelope target.

Based on all known budget pressures, the 2019 Operating is as follows:

2019 Operating Budget	
In 000's	Proposed 2019
Base Budget	316,391
Salaries and Benefits	
Increases for wages & reclassification	6,195
Annualization of additional staff	1,156
Additional Staff- <i>Cannabis Act</i> & Other legislative reform	1,102
Additional Staff- Workload & Growth	1,052
Expenditures	
Increase to operating expenses	2,156
<i>Cannabis Act</i> related (supplies & equipment)	332
Debt principle, interest and contribution to debt reduction	(72)
Development Charges	(166)
Revenues, Grants and Recoveries	(206)
Net Operating Budget	327,941
Incremental Budget Increase (\$)	11,550
Incremental Budget Increase (%)	3.7%

The 2019 operating submission includes an additional 29 FTE for Cannabis Act, and other legislative reform including *Police Services Act* changes, which will be incorporated into the "Strategy for a Safer Ontario", the emerging province-wide strategy for community safety and well-being with particular attention to crime prevention. The remaining 24 FTE will manage workload and growth.

Capital Budget

York Regional Police's Plan has been developed to provide the infrastructure necessary to deliver quality policing services for the protection of all its citizens. The York Regional Police 2019 Capital Budget totals new funding of \$24,201,000 and re-budgeted funding classified into the following categories: \$7,364,000 for Facilities, \$1,140,000 for Information Technology, \$692,000 for Specialized Equipment, and \$120,000 for Communication Equipment.

The Capital Spending Authority totalling \$62,480,000 was proposed for multiple-year projects including #1 District Multifunction Facility, Helicopter replacement, Connected Officer/In-Car Modernization, Road Safety Equipment, and Forensic Equipment.

Vehicles - \$8,597,000 (Capital Spending Authority \$14,540,000)

This category includes an annual project for the addition and replacement of marked, unmarked, and special purpose vehicles, as well as Air Operations and Boats, in accordance with York Regional Police's vehicle replacement program.

- Replacement and changeover of vehicles for \$4,073,000 pertains to front line vehicles replaced at 140,000 kilometres for Interceptor Sedans and 180,000 kilometres for Interceptor Utility vehicles. The replacement methodology was set to maximize residual value for the vehicles at auction, minimize major component repair cost and to meet reliability expectations of Police specification vehicles.
- New funding exists for the implementation of anti-idling technology for 10 vehicles, kit changeovers for 36 vehicles, and additional 6 Marked Patrol Vehicles due to Violence Prevention Strategy initiative.
- \$4,274,000 in the 2019 Budget pertains to purchase, replace, and retrofit for Air Operations equipment, including engine overhaul for the Police Helicopter.
- \$250,000 in the 2019 Budget pertains to replacement of two boat engines.
- Capital financing will be through contributions from reserves (operating tax-levy) for \$3,160,000, \$1,927,000 funded from debt repaid from development charges and the remaining \$3,510,000 from the Debt Reduction Reserve. Repair and maintenance expenses for all vehicles are contained in the Operating Budget.

Facilities - \$14,459,000 (Capital Spending Authority \$35,614,000)

The following facilities projects are proposed for the 2019 Budget:

- #3 District Marine Headquarters – The \$4,694,000 funding request includes \$4,194,000 construction cost rebudgeted from 2018 to 2019 due to construction permit delays and \$500,000 additional request for construction price increase. Funding will be through 20-year debentures repaid from development charge contributions estimated at 90 percent with the balance being funded from debt reduction reserves.
- #1 District Multi-Function – The \$4,500,000 budgeted in 2019 includes \$1,500,000 architect fees rebudgeted from 2018, and the remainder for first stage of construction. The Capital Spend Authority for this project is \$25.75 million over four years. Funding for 2019 will be through 20-year debentures repaid from development charge contributions estimated at 69 percent with the balance being funded from debt reduction reserves.
- King Sub-station – The \$100,000 rebudgeted from 2018 to 2019 is for furniture and fixture purchases. Total funding \$1,300,000 will be through 10-year debentures repaid from development charge contributions estimated at 90 percent with the balance being funded from debt reduction reserves.
- Renovations to #4 District – The \$320,000 rebudgeted from 2018 to 2019 is final progress payments to construction company. Total funding of \$1,620,000 will be through 10-year debentures repaid from development charge contributions estimated at 90

percent with the balance being funded through contributions from reserves (operating tax-levy).

- Community Safety Village Expansion & Renovations – The \$1,095,000 rebudgeted from 2018 to 2019 is due to project delays. Total funding of \$1,730,000 will be through 10-year debentures repaid from development charge contributions estimated at 90 percent with the balance being funded from debt reduction reserves.
- Renovations to Existing Facilities – The \$750,000 budget includes \$250,000 rebudgeted from 2018 for #5D Building Automation System Upgrade and \$500,000 for various building replacement projects as identified through Building Condition assessments. These assessments were completed as part of the Asset Management Planning process. Financing will be through debt reduction reserves and contribution from reserves (operating tax-levy).

Information Technology - \$5,925,000 (Capital Spending Authority \$6,862,000)

The 2019 Information Technology (IT) projects reflect the ongoing replacement and growth of technology needs, including:

- Hardware and Software - This annual project replaces aged desktop computers, laptops and printers in accordance with the ever-greening replacement strategy. It will be financed by a \$1,447,000 contribution from reserves (operating tax-levy).
- Infrastructure and Applications - This project for \$969,000 targets the expanding records retention needs of the organization and new IT initiatives. It will be funded through a combination of contribution from reserves (operating tax-levy) and the remaining from debt reduction reserves.
- Connected Officer and In-Car modernization – The request for \$1,579,000 includes \$550,000 rebudgeted from 2018 due to project delay. The project relates to support the modernization of officers and vehicles, and implementing efficiencies including install in-car tablets, update and maintain in-car cameras, and modernize the process of police notes records. Financing will come from a combination of development charge reserves, debt reduction reserve and contribution from reserves (operating tax-levy).
- Digital Evidence Management – This is a modernization initiative which will increase operational efficiencies and reduce server storage with a system central repository to manage digital evidence. The budgeted \$1,060,000 will be funded through debt reduction reserves.
- Business Intelligence – This project is for annual betterment and improvement on the Business Intelligence system tailored to police agencies that would improve YRP operations by providing accurate and timely Key Performance Indicator (KPI) information and enable management to make effective decisions. The budgeted \$280,000 will be funded through debt reduction reserves at 78 percent and the remaining through development charge reserves.
- Closed-Circuit / Witness Rooms- The \$590,000 rebudgeted from 2018 to 2019 is for witness room equipment refresh, and will be funded through a combination of development charge reserve and debt reduction reserves.

Specialized Equipment - \$4,146,000 (Capital Spending Authority \$5,074,000)

- Combined specialized equipment projects total \$2,058,000 includes furniture, uniform equipment, firearms and conductive energy weapons, and support service equipment. Funding will come from a combination of debt reduction reserves, development charges, and contribution from reserves (operating tax-levy).
- Specialized Equipment - Forensic Equipment- The \$1,680,000 budgeted in 2019 includes combination of Facial Recognition and Automated Palm and Fingerprint Identification System. The Capital Spend Authority for this project is \$2,200,000 over two years. The projects will be funded through debt reduction reserves at 78 percent and the remaining through development charge reserves.
- Specialized Equipment – Road Safety- This project is to purchase roadside screening devices in response to the passing of the *Cannabis Act*. 2019 funding request is \$408,000 and Capital Spend Authority for this project is \$816,000 over two years. The projects will be funded through debt reduction reserves.

Communication Equipment - \$390,000

The radio system project includes relocation of the Queensway Radio site and the betterments of the Motorola Capital equipment. Financing of \$390,000 will be through the debt reduction reserve, development charge reserves, police infrastructure reserve, and external funding.

A ten year 2019 to 2028 Capital Forecast for financial planning purposes include expenditures totalling \$173,187,000: \$58,874,000 for Vehicles, \$47,364,000 for Facilities, \$40,362,000 for Information Technology, \$20,353,000 for Specialized Equipment, and \$6,234,000 for Communication Equipment. (Appendix 1, 2019 Capital Budget and Ten-Year 2019 to 2028 Capital Forecast).

It is therefore recommended that the Board approve the 2019 Operating Budget of \$327,941,000, the Operating Outlook to 2022, the 2019 Capital Budget of \$33,517,000, the 2019 Capital Spend Authority of \$62,480,000, and the 10-Year 2019 to 2028 Capital Forecast totalling \$173,187,000 for financial planning purposes, and that the Board's recommendations be forwarded for incorporation into the Treasurer's tabling of The Regional Municipality of York's Budget at Regional Council on January 31, 2019.

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

Appendix 1: 2019 Capital Budget and Ten-Year 2019 to 2028 Capital Forecast

Description	Budget	Capital Forecast 2019-2028										Total
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2028	
Vehicles												
Vehicles	4,073	4,290	4,380	4,470	4,550	4,650	4,740	4,830	4,930	5,030	45,943	
Marine Patrol Boat	250										250	
Air Operations	4,274	100	100	5,943	100	100	100	100	668	1,196	12,681	
Sub Total Vehicles	8,597	4,390	4,480	10,413	4,650	4,750	4,840	4,930	5,598	6,226	58,874	
Facilities												
#3 District - Marine Headquarters	4,694										4,694	
#1 District Multi-Function	4,500	18,350	2,805								25,655	
Land Bank Acquisition	3,000										3,000	
King Sub-Station	100										100	
New District and Substation Outlook		3,000									3,000	
Renovations #4 District	320										320	
CSV Expansion & Renovations	1,095										1,095	
Renovations/Major Equipment to Existing Facilities	750	750	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	9,500	
Sub Total Facilities	14,459	22,100	3,805	1,000	1,000	1,000	1,000	1,000	1,000	1,000	47,364	
Communication Equipment												
Radio System	390	380	380	190	190						1,530	
Portable and Mobile Radio Replacement			2,352	2,352							4,704	
Sub Total Communication Equipment	390	380	2,732	2,542	190	0	0	0	0	0	6,234	
Information Technology												
IT Hardware and Software	1,447	1,110	1,130	1,150	1,170	1,190	1,210	1,230	1,250	1,280	12,167	
Learning Management System			150					150			300	
CAD/RMS Upgrades			250				250				500	
YRPNet Re-write						150					150	
Disaster Recovery Plan		319					308				627	
IT Infrastructure and Applications	969	969	969	969	969	969	969	969	969	969	9,690	
Connected Officer/In-Car Modernization	1,579	937	729	372	636	929	907	729	954	666	8,438	
Digital Evidence Management	1,060										1,060	
Data Governance and Retention Management								1,000			1,000	
Business Intelligence	280	170	240	170	170	170	170	170	170	170	1,880	
Employee Scheduling				110							110	
Talent Management						150					150	
Closed-Circuit / Witness Rooms	590										590	
Computer Aided Dispatch - Records Mgmt System								3,700			3,700	
Sub Total Information Technology	5,925	3,505	3,468	2,771	2,945	3,558	3,814	7,948	3,343	3,085	40,362	
Specialized Equipment												
Specialized Equip - Furniture	370	370	370	370	370	370	370	370	370	370	3,700	
Specialized Equip - Additional Staff/ Body Armour	409	424	424	424	424	424	424	424	424	424	4,226	
Specialized Equip - Firearms & Conductive Energy	485	541	197	197	267	197	197	485	541	197	3,304	
Specialized Equip - Robotics / Support Services	244			400					250		894	
Specialized Equip - Forensic Equip	1,680	520	1,763								3,963	
Specialized Equip - Telephone			700								700	
Specialized Equip - Technical Investigations	550				1,100					1,100	2,750	
Specialized Equip - Road Safety	408	408									816	
Sub Total Specialized Equipment	4,146	2,263	3,454	1,391	2,161	991	991	1,279	1,585	2,091	20,353	
Total Gross Expenditures	33,517	32,638	17,939	18,117	10,946	10,299	10,645	15,157	11,526	12,402	173,187	
Financing Sources												
Debt Reduction Reserve	11,626	8,363	6,021	7,074	1,725	1,309	1,475	4,526	1,585	2,502	46,206	
Debt Repaid from Development Charges	14,455	17,278	4,277	3,526	2,024	1,729	1,749	3,110	2,264	2,307	52,719	
Development Charges From Reserve	771	362	656	207	92	135	195	195	251	67	2,931	
External Funding - Fire partners & Auction	79	159	159	384	79	0	0	0	0	0	860	
Infrastructure Reserve	93	0	0	0	0	0	0	0	0	0	93	
Contribution from Reserves (Operating Tax-Lewy)	6,493	6,476	6,826	6,926	7,026	7,126	7,226	7,326	7,426	7,526	70,378	
Total Financing	33,517	32,638	17,939	18,117	10,946	10,299	10,645	15,157	11,526	12,402	173,187	