

THE REGIONAL MUNICIPALITY OF YORK
POLICE SERVICES BOARD

REPORT TO THE CHIEF OF POLICE

OCTOBER 23, 2019

2020 Operating and Capital Budgets

RECOMMENDATIONS

1. That the Board approve the 2020 Operating Budget proposed in Scenario B with a tax-levy impact of \$347,951,000; and
2. That the Board approve in principle the Outlook to 2022 proposed in Scenario B with tax-levy impacts of \$360,652,000 in 2021 and \$374,199,000 in 2022, for financial planning purposes; and
3. That the Board approve the proposed 2020 Capital Budget totalling \$42,360,000 with a Capital Spend Authority of \$57,381,000; and
4. That the Board approve for financial planning purposes the 10-Year 2020-2029 Capital Forecast totalling \$194,383,000; and
5. That the Board forward the 2020 Budget information for the Treasurer's tabling of The Regional Municipality of York's Budget at Regional Council on November 28, 2019.

SYNOPSIS

This report requests the Board's approval of the 2020 Operating Budget proposed in Scenario B of \$347,951,000, a 4.17 percent or \$13,944,000 increase over the 2019 Operating Budget. All three scenarios reflect reductions from last year's outlook for an increased risk tolerance,

including removing cannabis contingency reserve, removing sick leave reserve and increasing fees and charges revenues. Scenario A was developed to exclude certain grant revenues whereas Scenario B includes previous year grant funding levels. Scenario C represents meeting the 2020 Preliminary Planning Allocation communicated by Treasurer Laura Mirabella in her letter dated May 31, 2019.

This report also requests the Board's approval of the 2020 Capital Budget and Forecast to 2029 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 2020 tax-levy requirements in Scenario B of \$347,951,000 results in an increase of \$13,944,000 or 4.17 percent over 2019 funding. Annual salary and benefits costs for 34 additional staff in 2020 are budgeted for growing with the Region, releasing workload pressures, and maintaining quality service. 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 2021 is an additional \$2,378,000. 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 2020 Operating Budget in three scenarios are as follows:

| | Operating Funding Sources | | | | Gross Expenditures |
|-------------------|----------------------------------|----------------------------|---------------------------------|--------------------|---------------------------|
| | Tax-levy | Grant and Subsidies | Service Fees and Charges | Other | |
| Scenario A | \$349,514,000 | \$12,574,000 | \$14,516,000 | \$7,932,000 | \$384,536,000 |
| Scenario B | \$347,951,000 | \$14,137,000 | \$14,516,000 | \$7,932,000 | \$384,536,000 |
| Scenario C | \$346,398,000 | \$14,137,000 | \$14,516,000 | \$7,933,000 | \$382,984,000 |

- Scenario A: Excludes unapproved grant funding revenues.
- Scenario B: The recommended option, includes previous year grant funding levels.
- Scenario C: Represents a tax-levy meeting the 2020 Preliminary Planning Allocation.

Financing for the 2020 Capital Budget and Forecast to 2029 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 2020 Capital Budget are as follows:

Capital Funding Sources

| Category | Reserves – Operating Tax-levy | Debt Reduction Reserve | Development Charges | External Funding | Total |
|-------------------------|--------------------------------------|-------------------------------|----------------------------|-------------------------|----------------------|
| Vehicles | \$3,329,000 | \$1,515,000 | \$1,399,000 | \$0 | \$6,243,000 |
| Facilities | \$1,500,000 | \$6,664,000 | \$18,438,000 | \$0 | \$26,602,000 |
| Information Technology | \$2,791,000 | \$2,599,000 | \$425,000 | \$0 | \$5,815,000 |
| Specialized Equipment | \$326,000 | \$1,462,000 | \$1,532,000 | \$0 | \$3,320,000 |
| Communication Equipment | \$0 | \$171,000 | \$50,000 | \$159,000 | \$380,000 |
| 2020 Total | \$7,946,000 | \$12,411,000 | \$21,844,000 | \$159,000 | \$42,360,000 |
| Percentage | 19% | 29% | 52% | 0.38% | 100% |
| Ten-Year Total | \$73,395,000 | \$56,985,000 | \$63,222,000 | \$781,000 | \$194,383,000 |
| Percentage | 38% | 29% | 33% | 0.40% | 100% |

BACKGROUND

Operating Budget

At its meeting on September 25, 2019, the Board received a tabling of the 2020 Operating Budget, which was \$5,356,000 above the 2020 Preliminary Planning Allocation. The September 25 tabling includes \$3.21M reduction from three items approved during the July 31, 2019 Special Board Meeting; removal of cannabis contingency reserve, removal of sick leave reserve and increase service fees and charges revenue. Subsequently, further edits were made to increase budget risk tolerance, and further reduce the 2020 Operating Budget by a total of \$3.84M, including adding \$1.56M unapproved grant funding.

Three operating budget scenarios have been developed to represent three levels of risk tolerance and reductions.

The Scenario A total tax-levy requirements of \$349,514,000 reflects a 4.64 percent or \$15,507,000 increase over 2019 funding. This proposal excludes the unapproved grant funding of \$1,563,000 in revenue, and is \$3,116,000 above the 2020 Preliminary Planning Allocation.

The Scenario B total 2020 tax-levy requirements of \$347,951,000 reflects a 4.17 percent or \$13,944,000 increase over 2019 funding. This proposal contains additional risk tolerance by including unapproved grant funding of \$1,563,000 in revenue, assuming the grant funding amount to be consistent with previous year’s level. This proposal is \$1,553,000 above the 2020 Preliminary Planning Allocation.

The Scenario C total 2020 tax-levy requirements of \$346,398,000 reflects a 3.71 percent or \$12,391,000 increase over 2019 funding. This proposal requires further service level reductions of \$1,553,000 in addition to the increased risk tolerance in Scenario B. This proposal complies with the 2020 Preliminary Planning Allocation.

Based on all known budget pressures, the proposed 2020 Operating scenarios are a follows:

2020 Operating Budget

| | Scenario A | Scenario B | Scenario C |
|---|-------------------|-------------------|-------------------|
| In 000's | | | |
| Base Budget | 334,007 | 334,007 | 334,007 |
| Salaries and Benefits | | | |
| Increases for wages & reclassification | 10,070 | 10,070 | 10,070 |
| Annualization of additional staff | 2,988 | 2,988 | 2,988 |
| Additional Staff | 1,777 | 1,777 | 1,777 |
| Expenditures | | | |
| Increase to operating expenses | 1,269 | 1,269 | 1,269 |
| Principal Interest and Reserve | (1,000) | (1,000) | (1,000) |
| Revenues, Grants and Recoveries | 403 | (1,160) | (1,160) |
| Further Reductions to Meet Preliminary Planning Allocation | | | (1,553) |
| Net Operating Budget | 349,514 | 347,951 | 346,398 |
| Incremental Budget Increase (\$) | 15,507 | 13,944 | 12,391 |
| Incremental Budget Increase (%) | 4.6% | 4.2% | 3.7% |

In Scenarios A and B, the 2020 operating submission includes 14 additional staff for increased calls due to population growth, 17 additional staff for backfilling wellness vacancies, and three additional staff for maintaining quality service by modernization and efficiencies.

Capital Budget

The capital plan has been developed to provide the infrastructure necessary to deliver quality policing services for the protection of all its citizens. The 2020 Capital Budget totals new funding of \$28,427,000 and \$13,933,000 re-budgeted funding classified into the following categories: \$9,102,000 for facilities, \$1,493,000 for air operations and marine vessels, \$1,492,000 for specialized equipment and \$1,846,000 for information technology.

The Capital Spending Authority totalling \$57,381,000 was proposed for multiple-year projects including #1 District Headquarters, peer support leasehold improvements, 240 Prospect renovation, helicopter replacement, connected officer/in-car modernization, and forensic equipment.

Vehicles - \$6,243,000 (Capital Spending Authority \$12,493,000)

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

- Replacement and changeover of vehicles for \$4,290,000 pertains to front line vehicles replaced at 180,000 kilometres for Interceptor Utility vehicles. Ford Utility Hybrid vehicles to generate fuel efficiency will be purchased to replace front line 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.

- \$1,803,000 in the 2020 Budget pertains to purchase, replace, and retrofit for air operations equipment, including engine overhaul for the helicopter.
- \$150,000 in the 2020 Budget pertains to the replacement of one boat engine.
- Capital financing will be through assets replacement reserves (operating tax-levy) for \$3,329,000, \$1,399,000 funded from debt repaid from development charges and the remaining \$1,515,000 from the Debt Reduction Reserve. Repair and maintenance expenses for all vehicles are contained in the Operating Budget.

Facilities - \$26,602,000 (Capital Spending Authority \$34,557,000)

The following facilities projects are proposed for the 2020 Budget:

- #1 District Headquarters – The \$18,350,000 budgeted in 2020 is for majority of construction costs. The Capital Spend Authority for this project is \$25.75 million over four years. Funding for 2020 will be through 20-year debentures repaid from development charge contributions estimated at 69 percent with the balance being funded from debt reduction reserves.
- #3 District Marine Headquarters – The \$3,502,000 funding request is construction cost rebudgeted from 2019 to 2020 due to construction delays and \$300,000 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.
- Land Bank Acquisition – The \$3,000,000 funding request is to purchase land for potential West Vaughan substation. The amount is rebudgeted from 2019 to 2020 due to the process of evaluating and identifying a suitable land.
- Peer Support Leasehold Improvements – The \$1,000,000 funding request is for lease and renovate a new location to support our members. The funding also includes the cost of restoring the existing location back to its original condition due to lease expiry in 2021. The Capital Spend Authority for this project is \$1.5 million over two years. Funding will be through assets replacement reserves (operating tax-levy).
- Renovations to Existing Facilities – The \$750,000 budget is 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 assets replacement reserves (operating tax-levy).

Information Technology - \$5,815,000 (Capital Spending Authority \$6,631,000)

The 2020 information technology projects reflect the ongoing replacement and growth of technology needs, including:

- Hardware and Software - This annual project replaces end of useful life desktop computers, laptops and printers in accordance with the ever-greening replacement strategy. It will be financed by a \$1,181,000 contribution from assets replacement reserves (operating tax-levy).

- Infrastructure and Applications - This project for \$969,000 targets the expanding records retention needs of the organization and new information technology initiatives. It will be funded through a combination of contribution from reserves (operating tax-levy) and debt reduction reserves.
- Connected Officer and In-Car modernization – The request for \$1,693,000 is to support the modernization of officers and vehicles, implementing efficiencies including 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 assets replacement 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 rebudgeted amount of \$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 operations by providing accurate and timely key performance indicator information and to enable management to make effective decisions. The project will be funded through debt reduction reserves at 78 percent and development charge reserves.
- Closed-Circuit / Witness Rooms - The \$243,000 is for witness rooms equipment replacement, and will be funded through a combination of development charge reserve and debt reduction reserves.

Specialized Equipment - \$3,320,000

- Combined specialized equipment projects total \$1,742,000 including furniture, uniform equipment, firearms and conductive energy weapons, technical investigations and support service equipment. Funding will come from a combination of debt reduction reserves, development charges and assets replacement reserves (operating tax-levy).
- Forensic Specialized Equipment - The request of \$1,578,000 includes \$1,310,000 rebudgeted from 2019 to 2020 due to a project delay. The budget includes the combination of investigative and automated palm and fingerprint identification systems. The projects will be funded through debt reduction reserves at 78 percent and development charge reserves.

Communication Equipment - \$380,000

The radio system project is for betterments of the Motorola radio system. Financing of \$380,000 will be through the debt reduction reserve, development charge reserves, and external funding.

A ten year 2020 to 2029 Capital Forecast for financial planning purposes include expenditures totalling \$194,383,000: \$59,286,000 for vehicles, \$52,557,000 for facilities, \$40,914,000 for information technology, \$21,782,000 for specialized equipment, and \$19,844,000 for communication equipment. (Appendix 1, 2020 Capital Budget and Ten-Year 2020 to 2029 Capital Forecast).

It is therefore recommended that the Board approve Scenario B of the 2020 Operating Budget scenarios, the associated Operating Outlook to 2022, the 2020 Capital Budget of \$42,360,000, the 2020 Capital Spend Authority of \$57,381,000 and the 10-Year 2020 to 2029 Capital Forecast totalling \$194,383,000 for financial planning purposes. Also, that the Board's recommendations be forwarded for inclusion in the Treasurer's tabling of The Regional Municipality of York's Budget at Regional Council on November 28, 2019.

André Crawford, BA, CMM III
Deputy Chief of Police, Operations

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Accessible formats or communication supports are available upon request

Appendix 1: 2020 Capital Budget and Ten-Year 2020 to 2029 Capital Forecast

| Description | Budget | Capital Forecast 2019-2028 | | | | | | | | | Total |
|--|---------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2020 -2029 |
| Vehicles | | | | | | | | | | | |
| Vehicles | 4,290 | 4,380 | 4,470 | 4,550 | 4,650 | 4,740 | 4,830 | 4,930 | 5,030 | 5,130 | 47,000 |
| Air Operations | 1,803 | 100 | | 100 | 100 | 100 | 1,218 | 718 | 578 | 919 | 5,636 |
| Marine Patrol Boat | 150 | | | | | | | | | 250 | 400 |
| Air Operations- Helicopter Replacement | | | 6,250 | | | | | | | | 6,250 |
| Sub Total Vehicles | 6,243 | 4,480 | 10,720 | 4,650 | 4,750 | 4,840 | 6,048 | 5,648 | 5,608 | 6,299 | 59,286 |
| Facilities | | | | | | | | | | | |
| #1 District Headquarters | 18,350 | 5,705 | | | | | | | | | 24,055 |
| #3 District - Marine Headquarters | 3,502 | | | | | | | | | | 3,502 |
| Land Bank Acquisition | 3,000 | | | | | | | | | 6,000 | 9,000 |
| Peer Support Leasehold Improvements | 1,000 | 500 | | | | | | | | | 1,500 |
| Renovations - Existing Facilities | 750 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 9,750 |
| New District and Substation Outlook | 0 | 3,000 | | | | | | | | | 3,000 |
| Renovation- Prospect | 0 | 250 | 1,500 | | | | | | | | 1,750 |
| Sub Total Facilities | 26,602 | 10,455 | 2,500 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 7,000 | 52,557 |
| Communication Equipment | | | | | | | | | | | |
| Radio System | 380 | 380 | 190 | 190 | | | | | | 14,000 | 15,140 |
| Portable and Mobile Radio Replacement | | 2,352 | 2,352 | | | | | | | | 4,704 |
| Sub Total Communication Equipment | 380 | 2,732 | 2,542 | 190 | 0 | 0 | 0 | 0 | 0 | 14,000 | 19,844 |
| Information Technology | | | | | | | | | | | |
| IT Hardware and Software | 1,181 | 1,130 | 1,150 | 1,170 | 1,190 | 1,210 | 1,230 | 1,250 | 1,280 | 1,310 | 12,101 |
| Connected Officer/In-Car Modernization | 1,693 | 816 | 194 | 316 | 672 | 1,053 | 999 | 848 | 848 | 848 | 8,287 |
| IT Infrastructure and Applications | 969 | 969 | 969 | 969 | 969 | 969 | 969 | 969 | 969 | 969 | 9,690 |
| Business Intelligence | 350 | 240 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 100 | 1,880 |
| Disaster Recovery Plan | 319 | | | | | 308 | | | | | 627 |
| Closed-Circuit / Witness Rooms | 243 | | | | | | | | | 716 | 959 |
| Computer Aided Dispatch System | | | | | | | 3,700 | | | | 3,700 |
| Digital Evidence Management | 1,060 | | | | | | | | | | 1,060 |
| Data Governance and Retention Management | | | | | | | 1,000 | | | | 1,000 |
| CAD/RMS Upgrades | | 250 | | | | 250 | | | | 250 | 750 |
| Learning Management System | | 150 | | | | | 150 | | | | 300 |
| YRPNet Re-write | | | | | 150 | | | | | 150 | 300 |
| Talent Management | | | | | 150 | | | | | | 150 |
| Employee Scheduling | | | 110 | | | | | | | | 110 |
| Sub Total Information Technology | 5,815 | 3,555 | 2,593 | 2,625 | 3,301 | 3,960 | 8,218 | 3,237 | 3,267 | 4,343 | 40,914 |
| Specialized Equipment | | | | | | | | | | | |
| Specialized Equip. - Forensic Equip. | 1,578 | 1,763 | 102 | | | | | | | 2,200 | 5,643 |
| Specialized Equip. - Firearms & Cond.Energy | 541 | 197 | 197 | 267 | 197 | 197 | 485 | 541 | 197 | 397 | 3,216 |
| Specialized Equip. - Furniture | 470 | 470 | 470 | 470 | 470 | 470 | 470 | 470 | 470 | 470 | 4,700 |
| Specialized Equip. - Add Staff/ Body Armour | 424 | 424 | 424 | 424 | 424 | 424 | 424 | 424 | 424 | 424 | 4,241 |
| Specialized Equip. - Technical Investigations | 182 | | | 1,100 | | | | | 1,100 | | 2,382 |
| Specialized Equip. - Robotics / Support Services | 125 | | 400 | | | | | 250 | | 125 | 900 |
| Specialized Equip. - Telephone | | 700 | | | | | | | | | 700 |
| Specialized Equip. - Road Safety | | | | | | | | | | | 0 |
| Sub Total Specialized Equipment | 3,320 | 3,554 | 1,593 | 2,261 | 1,091 | 1,091 | 1,379 | 1,685 | 2,191 | 3,616 | 21,782 |
| Total Gross Expenditures | 42,360 | 24,776 | 19,948 | 10,726 | 10,142 | 10,891 | 16,645 | 11,570 | 12,066 | 35,258 | 194,383 |
| Envelope | 32,638 | 17,939 | 18,117 | 10,946 | 10,299 | 10,645 | 15,157 | 11,526 | 12,402 | 36,443 | 176,112 |
| Over / (under) envelope | -9,722 | -6,837 | -1,831 | 220 | 157 | -246 | -1,488 | -44 | 336 | 1,185 | -18,271 |
| Financing Sources | | | | | | | | | | | |
| Debt Reduction Reserve | 12,411 | 7,398 | 7,782 | 1,417 | 1,015 | 1,673 | 5,715 | 1,570 | 2,128 | 15,876 | 56,985 |
| Debt Repaid from Development Charges | 20,846 | 9,215 | 4,724 | 2,102 | 1,807 | 1,827 | 3,439 | 2,375 | 2,269 | 10,812 | 59,416 |
| Development Charges From Reserve | 998 | 678 | 218 | 102 | 194 | 165 | 165 | 199 | 143 | 944 | 3,806 |
| External Funding - Fire partners & Auction | 159 | 159 | 384 | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 781 |
| Contribution from Reserves (Operating Tax-Levy) | 7,946 | 7,326 | 6,840 | 7,026 | 7,126 | 7,226 | 7,326 | 7,426 | 7,526 | 7,626 | 73,395 |
| Total Financing | 42,360 | 24,776 | 19,948 | 10,726 | 10,142 | 10,891 | 16,645 | 11,570 | 12,066 | 35,258 | 194,383 |