

The Regional Municipality of York Police Services Board

Public Board Meeting
October 27, 2021

Report of the Chief of Police

2022 Operating and Capital Budgets

1. Recommendations

1. That the Board approve the 2022 Operating Budget with a tax levy impact of \$376,831,236;
2. That the Board approve the proposed 2022 Capital Budget totalling \$32,774,000;
3. That the Board approve for financial planning purposes the 10 year 2022-2031 Capital Forecast totalling \$214,390,000; and
4. That the Board forward the 2022 Budget information for the Treasurer's tabling of The Regional Municipality of York's Budget at Regional Council on November 25, 2021.

2. Summary

This report requests the Board's approval of the proposed 2022 Operating and Capital budgets and Capital outlook to 2031. Key highlights of the proposals include:

- Meeting the preliminary planning allocation with a net Operating request of \$376,831,236, a \$16.2 million or 4.49 percent increase over 2021
- Incremental costs include the addition of 27 additional staff, wage increments in accordance with collectively bargained working agreements, partial return of

pandemic related temporary common expenditure reductions and additional operating costs for the new #1 District facility

- A 2022 Capital budget and outlook to 2031 of \$214.4 million consisting of major facility, vehicle, information technology, communication and specialized equipment requirements

3. Background

At its May 26, 2021 meeting, the Board received correspondence from Treasurer Laura Mirabella calling for an Operating Budget reduction from the prior year outlook by (\$2.0) million in order to meet budget direction received from Council. The request required a review to develop more efficient ways of delivering existing programs and services, adjusting some service levels and scaling back planned increases in certain areas. The proposed 2022 Operating budget was edited for compliance with the Treasurer's request, as follows:

1. Efficiencies \$0.722 million - A reduction of additional staff from 34 to 27 as a result of a reallocation representing a savings of \$0.2 million. A \$0.48 million reduction from operating expenditures for software maintenance, vehicle maintenance and fuel, cell phones and miscellaneous allowances as an outcome of the collective bargaining process.
2. Service level adjustments \$0.44 million – A reduction to pandemic related temporary common expenditures and training for Project Breakthrough.
3. Risk tolerance \$0.85 million - A new draw of \$0.767 million from the Sick Bank Reserve to recover the costs of retiree sick bank payouts. By year end 2021, the reserve is expected to have a balance of \$2.4 million and the 2022 draw begins a planned three year phase out of the reserve. A reduction to reserve contributions for asset replacement netted \$0.09 million.

The proposed Capital budget and outlook to 2031 is \$6.7 million above the preliminary planning allocation over ten years, due to \$6.1 million rebudgeted from the 2021 capital budget, an increase of \$14.0 million for Microsoft cloud computing, and partially offset by removing (\$8.0) million for a land bank acquisition and deferring (\$5.3) million to years beyond 2031.

4. Analysis

BUDGETING TO MEET THE NEEDS OF OUR COMMUNITIES

The 2020 to 2022 Business Plan was developed to address objectives, core business and functions of the police service, including how it will provide adequate and effective police services. The plan serves to connect the overarching goals of the organization with the community's needs and to ensure that residents continue to receive quality policing services

in an equitable, fair and inclusive way. Between 2017 to 2019, York Regional Police conducted workshops, focus groups and digital town hall events, in addition to community and business surveys, to allow community members and other stakeholders to provide input and inform the plan. A key deliverable of the annual budget is to allocate resources to allow the organization to achieve its priorities and objectives outlined in the Business Plan.

Table 1 and Table 2 highlights key initiatives from the Our Community and Our People pillars of the Business Plan funded in the 2022 Budget.

Funding in the 2022 Budget for the Business Plan’s Our Community Pillar

Table 1

Our Community Pillar	Initiatives funded in the 2022 Budget
Community Engagement: To maintain public trust and confidence through ongoing positive interaction and outreach with our community	<ul style="list-style-type: none"> • Virtual learning and Values Influence Peers presentations • Vulnerable person registry • Hosted community events • Interactive learning at the new Human Rights Education classroom • Seniors safety programs • Recruiting strategies • Crime prevention with our business community
Operational Service Delivery: To enhance and modernize operations that ensure the safety and security of our community	<ul style="list-style-type: none"> • Improve investigative partnerships • Mental Health Call Diversion • Road safety strategies • Road and Rail workshop • Mass casualty exercises
Collaborative Partnerships: To develop new and existing relationships with our partners to ensure programs and services meet the needs of our community	<ul style="list-style-type: none"> • Joint force operations • Local Bylaw partnerships • Mobile crisis response and mental health work groups • Crisis intervention training
Equity & Inclusion: To strengthen positive practices that reduce barriers and foster belonging between police and community	<ul style="list-style-type: none"> • Engage with religious and cultural leaders • Community engagement events • YRP Inclusion Strategy • Employment information sessions

Funding in the 2022 Budget for the Business Plan's Our People Pillar

Table 2

Our People Pillar	Initiatives funded in the 2022 Budget
Professional Development: To encourage personal and professional growth to maximize the potential of all members	<ul style="list-style-type: none"> • People and Talent System • Mastery Academy framework • Field Development Program • Classification Program • Advanced Communicators courses
Member Support: To cultivate an environment of professionalism, respect and wellbeing	<ul style="list-style-type: none"> • New wellness centre • Human Resources Review • Professionalism Leadership and Inclusion office • Inclusion Strategy • Holistic wellness support • Members' physical wellbeing • Beyond Occupational Stress Training • Trauma Informed Leadership Session
Technology & Innovation: To promote a culture that supports innovation to achieve strategic and operational objectives	<ul style="list-style-type: none"> • Replacement of In Car Camera Systems • Remote Video Testimony • Customer Service Enhancement System • Business Intelligence tools to support evidence based policing • Automate administrative process in Versadex • Automate functionality of switchboard operations
Continuous Improvement: To identify opportunities to improve services and processes	<ul style="list-style-type: none"> • Next Generation 911 • Sector Model Policing review • Workload analytics • Implement online request process for MVCR and INSO • Information Management Audit Unit • Chat bots for correspondence workflow

In 2020, the Board received feedback from the community including a recommendation for improvements to the budget process to better reflect community interests and for better engagement. Between October to November, Financial Services staff plan to meet with the Police Community Advisory Committee and York Region's Diversity and Inclusivity Committee to disseminate and receive feedback on the 2022 Budget proposals. Feedback received and lessons learned will be incorporated into the Chief's presentation to the Committee of the Whole in December and will be used to improve the 2023 budget process.

For reference purposes, additional information can be found on the Board’s website for:

1. The 2020-2022 Business Plan at: <https://pub-yrpsb.escribemeetings.com/filestream.ashx?DocumentId=733>
2. Business Plan Year 1 status report at: <https://pub-yrpsb.escribemeetings.com/filestream.ashx?DocumentId=733>
3. Eradicating Racism and Strengthening Public Trust and Confidence in Policing at: <https://pub-yrpsb.escribemeetings.com/Meeting.aspx?Id=a4ee1ba5-cae4-4647-a4df-31a06874ac01&Agenda=Merged&lang=English&Item=29&Tab=attachments>

CRIME RATES AND COST OF SERVICE DELIVERY CONTINUE TO BE LOW

On a national scale, when compared to the nine largest municipal police services in Canada (York, Durham, Peel, Toronto, Ottawa, Montreal, Winnipeg, Calgary and Edmonton), York ranks among the safest communities in almost every major crime category. York has the second lowest Crime Severity Index rating, a measure that takes into account not only the volume of crime but also the severity of crime. In addition, York’s policing services are delivered at the lowest net cost per capita among municipalities serving populations greater than one million residents. Table 3 provides the national comparator crime statistics by category, as follows:

National Crime Rate Comparison

Table 3

National Rankings	1st Lowest	2nd	3rd	4th	5th
Crimes Against Property	Peel	York	Durham	Montreal	Ottawa
Crimes Against Persons	Peel	Durham	York	Ottawa	Calgary
Total Criminal Code	Peel	York	Durham	Montreal	Ottawa
Crime Severity Index – Total	Peel	York	Durham	Ottawa	Toronto
2020 Net Tax Levy Per Capita	York	Montreal	Durham	Calgary	Ottawa

In addition, Appendix 1 provides police indicators from the 2019 Municipal Benchmarking Network Canada report.

2022 OPERATING BUDGET OVERVIEW

Each year, the budget provides the opportunity to optimize often competing factors of cost, risk, performance and, again this year, to meet financial challenges of the pandemic. Similar

to recent years, the 2022 proposals take a long term view or incremental investment approach that we feel is the best way to balance the needs of the community and improve public safety, while maintaining financial affordability.

Wage Costs Represent 90% of the Request

The incremental request for the 2022 Operating budget is \$16.179 million of which \$14.61 million is for wage related costs. These include costs to meet contractual obligations for existing staff, reclassifications, annualization of 2021 hires and additional staff in 2022. The requested 27 additional staff includes 11 members to combat serious and organized crime, five officers to advance learning and development and 11 members for organizational effectiveness and transformation initiatives.

The proposed net Operating budget request of \$376.8 million represents a 4.49 percent increase from 2021 shown in Table 4, as follows:

2022 Operating Budget Overview

Table 4

	Proposed
In 000's	
Base Budget	\$360,652
Salaries and Benefits	
Increases for Wages & Reclassification	\$11,821
Annualization of 2021 Additional Staff	\$1,356
2022 Additional Staff	\$1,431
Expenditures	
Increase to Operating Expenses	\$1,293
Principal Interest and Reserve	\$73
Revenues, Grants and Recoveries	
Net Operating Budget	\$376,831
Incremental Budget Increase (\$)	\$16,179
Incremental Budget Increase (%)	4.49%

Expenditure details to the 2022 proposal include:

1. \$1.293 million for operating expenditures to partially reinstate last years' pandemic related temporary reductions and to fund facility costs of the new #1 District;

2. \$0.073 million for debt principal, interest and reserve contributions or a very modest impact to fund the Capital plan; and
3. \$0.205 million decrease to revenues reflecting modestly lower provincial revenues and fewer alarm monitoring fees.

Risks to the 2022 Operating Budget

In any budget year, there are a number of assumptions that represent financial risks to the Board. York Region holds reserves to hedge against exceptional risks including a pandemic management reserve to assist any future tax supported expenditure or revenue shortfall due to COVID-19, a fiscal stabilization reserve to fund temporary revenue shortfalls and a tax stabilization reserve for unforeseeable one time expenditures. Key risks to the 2022 operating budget include uncertainty on revenue volumes due to the pandemic, provincial funding and legislative impacts of Bill C-22.

Future Efficiency Initiatives for the 2023 Operating Budget

Prior experience has shown improvement initiatives typically take more than one budget year to materialize to allow for thorough research, preparation, deliberation, implementation and evaluation. Upcoming initiatives currently underway affecting future budget years include:

1. A pilot project at #2 District and #5 District to test flexible day shift start times;
2. A virtual bail hearing and prisoner management team operating out of #1 District to find efficiencies interacting with the criminal justice system; and,
3. Community Support Officers to assist with canvassing for witnesses and video, providing security at insecure premises, assisting with road closures and other low risk calls for service, as well as being a visual presence in the community.

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. Appendix 2 provides a summary of the 2022 to 2031 ten year Capital budget of \$214.4 million including:

1. \$71.0 million in information technology to refresh and modernize service delivery, including the police in car modernizations and digital evidence management system.
2. \$61.5 million in fleet replacements, including a helicopter replacement, vehicles, and boats.
3. \$52.9 million for specialized and communications equipment.

4. \$29.0 million in facilities includes a new facility to consolidate leased premises, the final stage of #1 District Headquarters construction, and renovation of existing facilities.

The proposed Capital budget is \$6.7 million above 2022-2031 capital preliminary planning allocations (PPA), consisting of \$6.1 million of rebudgeted funds from 2021 and \$0.6 million for net new requests. The net new request amount relates to Microsoft costs of \$14.0 million over the 10 year capital proposal.

\$6.1 million rebudgeted from the 2021 capital budget

During development of the annual budget, Budget Unit staff review forecasts with project managers to identify budget impacts from project delivery. Rebudgeting is the process to move funding to future years. In 2022, a total of \$6.1 million is requested from 2021 Capital Budget to 2022, primarily due to a final holdback payment on the new #1 District facility and delivery timelines of Digital Evidence Management & In Car Camera and other projects. A full list of the proposed rebudgeted projects has been provided in Appendix 3.

\$14.0 million transferred to capital for software as a service over ten years

In 2019, the procurement of the Digital Evidence Management and In Car Camera project included a review of accounting treatments for software as a service. A review of the Public Sector Accounting Board guidelines found that guidance on this matter has not yet been issued. With the assistance of York Region's Controllership Office, the costs were capitalized for consistency with the treatment used at York Region for software as a service. In 2022, the transfer of Microsoft costs is intended to be fully funded from the police infrastructure reserve in order to avoid pressure on regional capital financing reserves.

\$10.0 million project for a facility to consolidate leasing costs

At its March 24, 2021 meeting, the Board approved a three year extension to the lease for Property and Evidence Management and requested a review for alternatives to leased facilities. After 240 Prospect is repurposed in 2022, it is expected the Operating budget will include \$0.91 million for remaining leased premises. A review is currently underway on options to consolidate these leased sites. For capital outlook purposes in 2023-2025, a new project was added for \$10.0 million to build or purchase a new premise. Funding was repurposed from 2029-2030 previously included for a planned #6 District, which is no longer being considered within the next ten years.

Appendix 4 provides details of the projects proposed in 2022.

Reporting Requirements

Section 39 of the *Police Services Act, 1990* requires budget estimates to be provided in the timelines and formats as established by Council. In recent months, Budget Unit staff have completed a series of submissions to York Region's Office of the Budget to meet legislative

requirements and for efficient communication of the budget estimates. Using prior years' budget deliberations as possible timing, approval on October 27, 2021 would allow for consolidation of the estimates for inclusion in the Treasurer's tabling of York Region's Budget at Regional Council on November 25, 2021.

5. Financial

The total 2022 tax levy requirements of \$376,831,236 results in an increase of \$16,179,155 or 4.49 percent over 2021 funding. The budget figures presented exclude assessment growth and regionally allocated costs, in accordance with budget guidelines provided annually from York Region's Office of the Budget. Funding sources for the 2022 Operating Budget are shown in Table 5, as follows:

FUNDING SOURCES FOR THE 2022 OPERATING BUDGET

Table 5

	Tax levy	Grants and Subsidies	Service Fees and Charges	Other	Gross Expenditures
Operating Budget (Gross)	\$376,831,236	\$14,042,200	\$13,359,680	\$11,466,204	\$415,699,320
Percentage	91%	3%	3%	3%	100%

Financing for the 2022 Capital Budget and Forecast to 2031 is a combination of contributions from reserves (operating tax levy), debenture proceeds repaid from development charges, debt reduction reserve funding, development charge collections, police infrastructure reserves and external funding – proceeds from sale of equipment and from Fire Partners. Funding sources for the 2022 Capital Budget is shown in Appendix 5.

6. Conclusion

It is therefore recommended that the Board approve the 2022 Operating Budget, the 2022 Capital Budget and the 10 Year 2022 to 2031 Capital Forecast. 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 25 , 2021.

Accessible formats or communication supports are available upon request.

Jim MacSween, B.A.A.
Chief of Police

JMS/jc

Attachments(5)-Appendix 1 – Municipal Benchmarking Network Canada

- Appendix 2 – 2022 Capital Budget and Outlook to 2031
- Appendix 3 – Proposed Rebudgeting of \$6,124,000 from 2021 Capital
- Appendix 4 – Proposed 2022 Capital Budget Project Details
- Appendix 5 – 2022 Capital Funding Sources