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October 28, 2020
REGION OF PEEL
OFFICE OF THE REGIONAL CLERK

REFERRAL TO Finance
RECOMMENDED _____
DIRECTION REQUIRED _____
RECEIPT RECOMMENDED _____



Sent via E-Mail: Kathryn.Lockyer@peelregion.ca

October 28, 2020

Kathryn Lockyer, Regional Clerk and Interim Commissioner of Corporate Services
Region of Peel
10 Peel Center Drive
Brampton, ON L6T 4B9

Dear Ms. Lockyer,

RE: STAFF REPORT 2020-0333: PROPOSED 2021 CALEDON OPP BUDGET AND 2022-2024 PROJECTIONS

I am writing to advise that at the Town Council meeting held on October 27, 2020, Council adopted a resolution regarding Staff Report 2020-0333: Proposed 2021 Caledon OPP Budget and 2022-2024 Projections.

The resolution reads as follows:

That the Caledon Ontario Provincial Police (OPP) Proposed 2021 Operating Budget in Table 2 of Staff Report 2020-0333 be approved;

That the Caledon Ontario Provincial Police (OPP) Proposed 2021 Capital Budget as outlined in Staff Report 2020-0333 be approved;

That the 2022 to 2024 projections outlined in Table 2 of Staff Report 2020-0333 be received; and

That a copy of Staff Report 2020-0333 and associated presentation be provided to the Region of Peel for consideration of their 2021 Budget.

A copy of Staff Report 2020-0333, including the Proposed 2021 OPP Budget Presentation has been enclosed for your reference.

For more information regarding this matter, please contact Heather Haire, Treasurer, Finance and Infrastructure Services by e-mail to heather.haire@caledon.ca or by phone at 905.584.2272 ext. 4185.

Thank you for your attention to this matter.

Sincerely,

Laura Hall, Acting General Manager, Corporate Services / Acting Town Clerk

Cc: Heather Haire, Treasurer, Town of Caledon, heather.haire@caledon.ca
Inspector Mike Garant, Caledon OPP Detachment, mike.garant@opp.ca

Staff Report 2020-0333

Meeting Date: October 20, 2020

Subject: Proposed 2021 Caledon OPP Budget and 2022-2024 Projections

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

RECOMMENDATION

That the Caledon Ontario Provincial Police (OPP) Proposed 2021 Operating Budget in Table 2 of Staff Report 2020-0333 be approved;

That the Caledon Ontario Provincial Police (OPP) Proposed 2021 Capital Budget as outlined in Staff Report 2020-0333 be approved;

That the 2022 to 2024 projections outlined in Table 2 of Staff Report 2020-0333 be received; and

That a copy of Staff Report 2020-0333 and associated presentation be provided to the Region of Peel for consideration of their 2021 Budget.

REPORT HIGHLIGHTS

- Police services for the Town of Caledon are provided by the Ontario Provincial Police (OPP).
- The proposed 2021 Caledon OPP budget is \$12.9 million which represents an overall increase of \$0.3 million or an approximate 2.47% increase from the 2020 budget.
- The proposed 2021 budget includes a budgeted draw from the Caledon OPP Policing Stabilization Reserve fund of \$495,000 to offset additional costs, such as cleaning, during the COVID-19 pandemic, phase-out annual reconciliations related to vacancies at the Caledon detachment of the OPP, and to assist with financial recovery from COVID-19 for Town residents and businesses.
- The proposed 2.47% increase in 2021 is lower than the 2021 projection of 3.65% provided last year.

DISCUSSION

Police services for the Town of Caledon are provided by the Ontario Provincial Police. The 2021 Operating budget was developed in conjunction with Caledon OPP and includes projections for 2022-2024. The budget is reviewed and approved by Town of Caledon Council and forwarded to the Region of Peel Council for review and approval. Caledon OPP costs are recovered from Town of Caledon taxpayers on the Regional portion of Caledon property tax bills.

Staff Report 2020-0333

The proposed 2021 operating budget and projections for 2022-2024 will be presented to Regional Council in February 2021 and are expected to be incorporated with the 2021 Regional budget discussion and approval process.

The operating costs for the Caledon police services is included as part of the Region of Peel's tax levy, therefore payment to the OPP for Caledon police services is administrated by the Region of Peel. The Region also maintains OPP accounts on behalf of the Town for the tracking of Caledon OPP operating surpluses, Caledon Policing stabilization reserve fund and capital reserve funds.

The present five-year policing contract with the OPP came into effect January 1, 2020 and will expire December 31, 2024. The 2021 budget reflects the OPP billing model (consisting of base level of service, calls for service) and contract enhancements.

As detailed in the Financial Implications section of this report, there is a net increase of \$309,723 in the proposed 2021 Caledon OPP budget comprised of:

- An overall increase of \$702,412 in the Caledon OPP service contract compared to 2020 comprised of the following changes:
 - Removal of budget savings in the service contract based on historical billing adjustments based primarily on vacancies from Contract Enhancements, \$529,000;
 - An increase in policing costs due to population growth, negotiated union wage settlements resulting in an increase of \$173,412;
- A budgeted draw from the Caledon OPP Policing Stabilization Reserve fund of \$495,000 to offset additional costs, such as cleaning, during the COVID-19 pandemic, phase-out annual reconciliations related to vacancies (noted above), and to assist with financial recovery from COVID-19 for Town residents and businesses This draw will be phased out over a 4-year period; and
- An increase in Property Service costs related to the OPP facilities for \$39,527.

The OPP billing model is allocated on a Base plus Calls for Service model. Accordingly, full-time equivalents are no longer tracked in the budget or OPP contract, with the exception of the contract enhancement positions as described below.

The current Caledon OPP agreement and billing model includes 27 contract enhancement positions, above the base level of service, hired to focus on:

1. Community Response Unit – Includes Ride Team, Bike Patrol, Foot Patrol and Community Events
2. Street Crime Unit – Includes Drug crimes, Property crimes, Theft, Fraud, and Crime abatement
3. Traffic Unit – Includes Traffic complaints, Traffic enforcement, Commercial Motor Vehicle inspections

Table 1:

Caledon OPP Enhancement Positions	2020 Approved Full Time	Proposed Changes in 2021	2021 Total
Uniform Staff	23.00	0.00	23.00
Civilian	4.00	0.00	4.00
Total	27.00	0.00	27.00

Through discussions with OPP Inspector Mike Garant, no additional contract enhancements are required or possible at this time due to OPP resourcing issues. However as part of the annual budget discussions that are held each year, any recommendations to increase enhancements, based on trends and the safety of the community, will be brought forward for Council’s consideration along with the associated business case. Accordingly, 2022 to 2024 projections included in this report represent status quo for contract enhancements, OPP billing model and assumptions related to inflationary increases in those years. Significant changes in the new OPP contract, if any, may require further future draws from the Caledon Policing Stabilization reserve, held at the Region of Peel, to phase-in the full impact over a number of years.

Currently the Caledon Policing Stabilization Reserve fund has sufficient funds that will allow the Town to phase-in any potential increase in OPP costs as a result of a dramatic increase in calls for service, loss of policing grants, or significant inflationary costs related to policing. This will mitigate sudden increases or “spikes” from year-to-year for Caledon taxpayers related to Caledon OPP policing costs.

FINANCIAL IMPLICATIONS

The Proposed Caledon OPP 2021 operating budget totals \$12,860,622 representing a 2.47% percent increase from the 2020 budget. As part of the 2020 OPP budget, a projection of 3.65% was provided as a projection for 2021. Reductions to the 2021 Caledon OPP budget include a reduction to the minor equipment purchases in 2021 and a planned draw from the Caledon OPP Stabilization reserve fund. Funding operations from reserves is not sustainable in the long-run so the draw from reserves is planned to be phased out over a four year period.

The allocation of province-wide municipal policing costs has been estimated for 2021 at a rate of 53% for Base Service and 47% for Calls for Service. All costs associated with the core operations are included in the base and allocated on the (previous year’s) property counts according to the Municipal Property Assessment Corporation (MPAC). Each year MPAC provide property counts, by municipality, to the OPP in order for the OPP to calculate and allocate base service costs across all municipalities in Ontario serviced by the OPP.



The calls for service costs represent the 47% of the municipal costs related to policing services that are typically reactive in nature such as drug violations, criminal code violations, property crime or violent criminal crimes. The municipality pays a proportionate share of the total cost of municipal calls for service calculated for the province. The proportionate share of the costs is based on weighted time standards applied to the historical calls for service based on a four year average number. The service calls are weighted for the officer time involved for each type of call. The calls for service component of the OPP budget will be adjusted each year based on actuals. However, the actuals are included into a rolling four year average to mitigate major fluctuations in call volume and the corresponding calls for service component of the OPP budget.

The Caledon OPP budget, funded from the Regional portion of property taxes collected from Caledon taxpayers, is comprised of mainly:

- 1) **OPP Contract Policing** - includes base service and calls per service to support the existing service level. These costs include salary and benefits for uniform staff (e.g. inspectors, sergeants, constables) and non-uniform staff (e.g. court officer and administrative clerks). The contract also includes non-salary costs for items such as vehicles, uniforms, equipment, telephone, operational support, and mobile workstations. This section includes the 27 enhancement positions to focus on Community Response, Street Crime, and Traffic.
- 2) **Draw from Caledon OPP Policing Stabilization Reserve** which represents a budgeted draw to assist with phasing in any significant changes in Policing costs.
- 3) **OPP Property Services Costs and Equipment** which represents Town of Caledon costs related to provision and maintenance of OPP facilities and equipment in Caledon.
- 4) **Recoveries from Grants** – Grants include Community Safety and Policing Grant and Court Security and Prisoner transportation Grant.

Financial details of each of the components for the Proposed 2021 budget and 2022-2024 projections are listed in Table 2 below:

Table 2:

	2020 Approved Budget	2021 Proposed Budget	2022 Projection	2023 Projection	2024 Projection
OPP Contract & Projections	\$12,284,965	\$12,987,376	\$13,379,805	\$13,739,831	\$14,109,866
Draw from Caledon OPP Policing Stabilization Reserve	(\$62,785)	(\$495,000)	(\$405,000)	(\$260,000)	(\$100,000)
OPP Property Services Costs and Equipment	\$718,719	\$758,246	\$778,411	\$793,979	\$809,859
Recoveries from Grants (Community Safety and Policing Grant, Court Security and Prisoner Transportation Grant)	(\$390,000)	(\$390,000)	(\$390,000)	(\$390,000)	(\$390,000)
Net OPP Operating Expense Budget	\$12,550,899	\$12,860,622	\$13,363,216	\$13,883,810	\$14,429,725
% Increase		2.47%	3.91%	3.90%	3.93%
\$ Increase over previous year		\$309,723	\$502,594	\$520,594	\$545,915

OPP Contract Policing

The base service and calls for service billings are calculated recoveries for OPP municipal policing services across the province. The municipal policing costs allocated to municipalities that are serviced by the Ontario Provincial Police:

- are determined based on the costs and staffing in municipal detachments and the municipal policing activities performed across Ontario.
- statistical analysis is used to determine the allocation of the municipal workload between base services and calls for service activity.
- The base costs are allocated to municipalities using MPAC property counts.
- The calls for service costs are allocated to municipalities based on a rolling four-year average call for service history (weighted by type of call).

The OPP billing model (described previously in this report) results in a budgeted increase of \$702,412 from 2020. The billing model uses property counts provided by MPAC to allocate the base level of service. The property count, used for the OPP billing model, has increased from 24,605 to 25,058 in 2021.

With the introduction of the new billing model in 2015 budgeted OPP costs were allocated to each municipality and billed accordingly. In 2017, the OPP completed their first reconciliation for the 2015 and 2016 OPP billings comparing actual costs to the budgeted costs charged to municipalities. This reconciliation resulted in a credit being owed to the Town of Caledon which was applied against the 2018 OPP billing statement. In 2018, a reconciliation of 2017 was completed and applied against the 2019 OPP billing statement.

The same process has occurred this year for the 2021 OPP billing statement however the OPP have provided notice that this practice will not continue in the future.

In the past billing adjustments/credits (shown below in Table 3) have been significant and favourable, and Staff included estimated savings in the future projection of OPP contract costs as well as previous OPP budgets and the 2021 proposed OPP budget. The main driver of the savings relates to the difference between the Contract enhancement's actual billable hours vs the budgeted billable hours. Budgeting for these savings resulted in a decrease in the 2019 OPP budget however due to a recent decline in savings resulting from billing adjustments shown in Table 3 for 2018 and 2019, and recent notice that these credits will end, staff have started a gradual phase out of these estimated savings as part of the 2021 OPP budget and 2022-2024 cost projections using the Caledon OPP Policing Stabilization Reserve.

Table 3:

**Billing Adjustments received
year to date:**

Year	\$ Credit
2015	535,709
2016	764,457
2017	790,193
2018	189,250
2019	55,118
Total	2,334,727

Draw from Reserve

In past budgets draws from the OPP stabilization reserve fund, held at the Region of Peel, was included to mitigate and phase-in budget increases. The proposed 2021 budget and projections for 2022-2024 include budgeted draws from this reserve fund currently.

Any significant contract changes or trends that increase overall policing costs for the Town, such as a dramatic increase in calls for service, may require future draws from the OPP stabilization reserve to phase-in the full impact. Possible factors that may cause fluctuations for Caledon in future OPP billing costs include:

- The addition of contract enhancements to increase or maintain the level of policing services;
- The possibility that the rolling four-year average service calls in Caledon being higher than other municipalities. This would attract a higher portion of the province-wide allocation or recovery of calls for service costs.

The current uncommitted balances of the reserves are as follows:

\$5.0 million Caledon Policing Stabilization Reserve
\$7.2 million OPP Capital Infrastructure Reserve
\$12.2 million



Staff are proposing to draw a total of \$1.26 million from the Caledon Policing Stabilization Reserve over the next four years, reducing the balance in this reserve to \$3.74 (= \$5.0 - \$1.26) million (or to approximately 29% of the proposed 2021 Caledon OPP operating budget). This should be a sufficient balance in the stabilization reserve and should still allow for further flexibility if needed in the future to phase in further budget pressures.

OPP Property Service Costs

The OPP Property Services Costs line is budgeted to increase by \$39,527 in 2021. The increase mainly relates to the enhanced cleaning in the OPP facilities due to the pandemic.

Grant Funding/Recoveries of Costs

Community Safety and Policing (CSP) Grant offers two funding streams – one focused on local priorities and the other focused on provincial priorities. \$240,000 in CSP Grant funding is allocated to Caledon under the CSP Grant's Local Priorities funding stream. With regards to the provincial priorities stream this grant is to be shared amongst all Police Service Boards and Police Agencies through a competitive grant process. Local Police Service Boards can put forward only 2 applications for funding that support Provincial priorities through this Provincial funding stream. Caledon OPP does not have any eligible initiatives that would qualify for the provincial priorities stream at this time. However, Caledon OPP will continue to look for opportunities to secure funding in the future.

Court Security and Prisoner Transportation (CSPT) costs which are supported by the CSPT grant and fluctuate based on the associated activities and costs. The CSPT grant amount for 2021 has not been announced but has been assumed at \$150,000 for budgeting purposes.

2021 Capital Budget and Operating Impact

There are two proposed 2021 OPP Capital Budget requests.

- 1) To construct a new OPP satellite Office in the Seniors Centre Addition, that is similar to the Southfields Community Centre OPP office, which includes exterior access and backup power. The OPP satellite Office in the CCRW will be re-located to this new, larger and more functional space. Total budget is \$400,000 funded by the OPP Capital Infrastructure Reserve in the amount of \$248,000 and \$152,000 from OPP Development Charges. There is an estimated operating impact of \$5,000 to be realized in 2022.
- 2) Ancillary Building – To construct a 2,500 square foot enclosed building for a larger space required to secure evidence and store equipment. The building will incorporate design to further the OPP LEED gold certification including roof top solar. Budget of \$1,104,675 funded by OPP Development Charges.

The Region of Peel is currently in the process of updating the Region's Development Charges background study with these proposed growth related projects.

NEXT STEPS

1. Staff to communicate the proposed 2021 OPP Budget and 2022-2024 projections to the Region of Peel.
2. Caledon OPP and the Town staff will present the Caledon OPP Budget and projections at the Region of Peel's Budget Meeting on February 4, 2021.

COUNCIL WORK PLAN

Subject matter is not relevant to the Council Workplan.

ATTACHMENTS

None.