



The Regional Municipality of York Police Services Board

To Make a Difference in Our Community

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February 19, 2019

Mr. Christopher Raynor
Regional Clerk
The Regional Municipality of York
17250 Yonge Street
Newmarket, Ontario
L3Y 6Z1

Dear Mr. Raynor:

Re: 2019 and Outlook Police Operating Budget Revisions

At its meeting on January 30, 2019, the Regional Municipality of York Police Services Board received the attached report of the Chief of Police entitled "2019 and Outlook Operating Budget Update" and adopted the following recommendations:

1. That the Board approve the 2019 Operating Budget with a revised tax-levy impact of \$337,134,948; 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 tabling of The Regional Municipality of York's Budget at Regional Council on January 31, 2019.

I am forwarding the 2019 Police Budget revisions in accordance with the Board's resolution. Please contact me at ext. 77906 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mafalda", is written over a horizontal line.

Mafalda Avellino
Executive Director

/Attach. (1)

Copy to: Laura Mirabella, Commissioner of Finance
Eric Jolliffe, Chief of Police



Deeds Speak

Eric Jolliffe
Chief of Police

Thomas Carrique
Deputy Chief of Police

André Crawford
Deputy Chief of Police

Robertson Rouse
Deputy Chief of Police

PUBLIC

THE REGIONAL MUNICIPALITY OF YORK
POLICE SERVICES BOARD

REPORT OF THE CHIEF OF POLICE

JANUARY 30, 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 \$337,134,948; 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 tabling of The Regional Municipality of York's Budget at Regional Council on January 31, 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 a budgeted cannabis reserve contribution of \$4.45 million in each year from 2019 to 2022, which is funded by a combination of reserve and tax-levy funded Operating Budget; and a restatement to include capital reserve contributions from corporate budget to department budget.

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Mission-focused

Values-driven



The Bill Fisch Centre for Police Excellence

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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 \$337,134,948, 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 tax-levy impact of \$327,941,000, and approved in principle the Operating Outlook 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. This budget included an additional 29 full-time staff for legislative reform including the *Cannabis Act* and 24 full-time staff to manage workload and growth.

Subsequent to the November 7th meeting, the Region's Office of the Budget has confirmed two restatements to the Board approved budget; both updates are related to reserve contributions. Reserves and reserve funds are key elements of the Region's long-term fiscal strategy as referred to in the Region's Reserve and Reserve Fund Policy updated December 14, 2017. As quoted in the policy, the primary objectives for reserves and reserve funds in priority order are:

- a) Adherence to statutory requirements
- b) Promotion of financial stability and flexibility
- c) Provision for major capital expenditures
- d) Reducing the need for tax-levy funded debentures

These objectives assist to adhere to statutory requirements as defined by bylaws, maintain adequate non-capital reserves to achieve long-term financial stability and flexibility, to provide for new capital assets and replacement and rehabilitation of major capital assets as identified in asset management plans, tax stabilization and to reduce the need for tax levy funded debentures.

The first restatement is the addition of a budgeted contribution to cannabis reserve in each year from 2019 to 2022. The reserve amount reflects the difference between cannabis related costs included in the Board approved Operating Budget and the cost related to cannabis legislation in the 2022 budget in the amount of \$4.45 million.

2019 to 2022 Total Cannabis Budget – Operating Budget plus Reserve

Cannabis Budget	2019	2020	2021	2022
Reserve Contributions through YRP Budget	\$3,257,965	\$1,581,084	\$598,041	\$0
Within YRP Operating Budget	\$1,192,623	\$2,869,504	\$3,852,547	\$4,450,588
Total Cannabis Budget	\$4,450,588	\$4,450,588	\$4,450,588	\$4,450,588

The purpose of the cannabis reserve is to address unanticipated pressures related to the legalization of cannabis. Specifically, the reserve reflects incremental costs to the Operating Budget and does not reflect the use of existing resources used to quantify the full cost of the *Cannabis Act*, expected to reach \$6.51 per capita by 2021.

Cannabis Act Financial Outlook

Cannabis Outlook	2018	2019	2020	2021	2022
Incremental Costs	\$87,900	\$1,192,623	\$2,869,504	\$3,852,547	\$4,450,588
Use of Existing Resources	\$1,370,900	\$4,636,745	\$3,136,996	\$3,821,353	\$2,555,098
Net Tax-Levy Impact	\$1,458,800	\$5,829,368	\$6,006,500	\$7,673,900	\$7,005,686
Gross Cost Per Capita	\$1.24	\$5.23	\$5.30	\$6.51	\$5.90

Any underspending in the Operating Budget would continue to be addressed as part of the Region's overall surplus management policy and would not be directed to the cannabis reserve. This reserve is time limited for the next three years only, the amount is capped and will be monitored for usage. As more information becomes known regarding the impact of cannabis legalization, there may be consideration to continued contributions, potential draws or rebalancing through the 2023 budget process based on the performance of the cannabis reserve.

Still to be addressed is the parameter that any funds received from senior levels of government will be received by the Region and not YRP, and will be distributed as part of the annual budget process.

The second is the restatement of contribution to capital reserves back into the York Regional Police budget. This reserve contribution was initially restated from the department level in both the 2019 budget and envelope, and was held corporately. This decision was subsequently amended, and the capital reserve contributions are to be held at the departmental level to accurately reflect the costs of delivering departmental services. Information from the 20-year capital plan and 100-year asset management lifecycle plan assist in determining the reserve contribution amount.

Incorporating both adjustments, the updated net Operating Budget and outlook, and year-over-year percentage change is as follows:

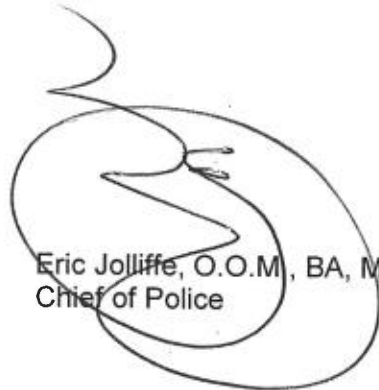
2019 to 2022 Revised Net Operating Budget

Net Operating Budget	2019	2020	2021	2022
Board approved November 7	\$327,940,983	\$344,326,877	\$358,031,306	\$373,117,873
Cannabis Contingency Reserve	\$3,257,965	\$1,581,084	\$598,041	\$0
Capital Reserve Contributions	\$5,936,000	\$5,936,000	\$6,319,000	\$6,784,000
Revised Net Operating Budget	\$337,134,948	\$351,843,961	\$364,948,347	\$379,901,873
Incremental Year over Year	4.21%	4.36%	3.72%	4.10%

The proposed new reserves would require annual reserve analysis within the annual budget process to assess the adequacy of the reserve. Any recommended funding changes would be approved by the Board and forwarded to the Regional Treasurer for consideration as part of the annual budget approval.

The attached Appendix 1 is the York Regional Police section to be included in The Regional Municipality of York's 2019 Budget Book. Included on page 5 is a sidebar calling for senior levels of government to provide funding to reduce the burden of legalized cannabis on local taxpayers.

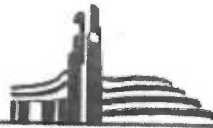
It is therefore recommended that the Board approve the revised 2019 and Outlook Operating Budget amounts reflective of the cannabis contingency reserve and capital reserve contributions.



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

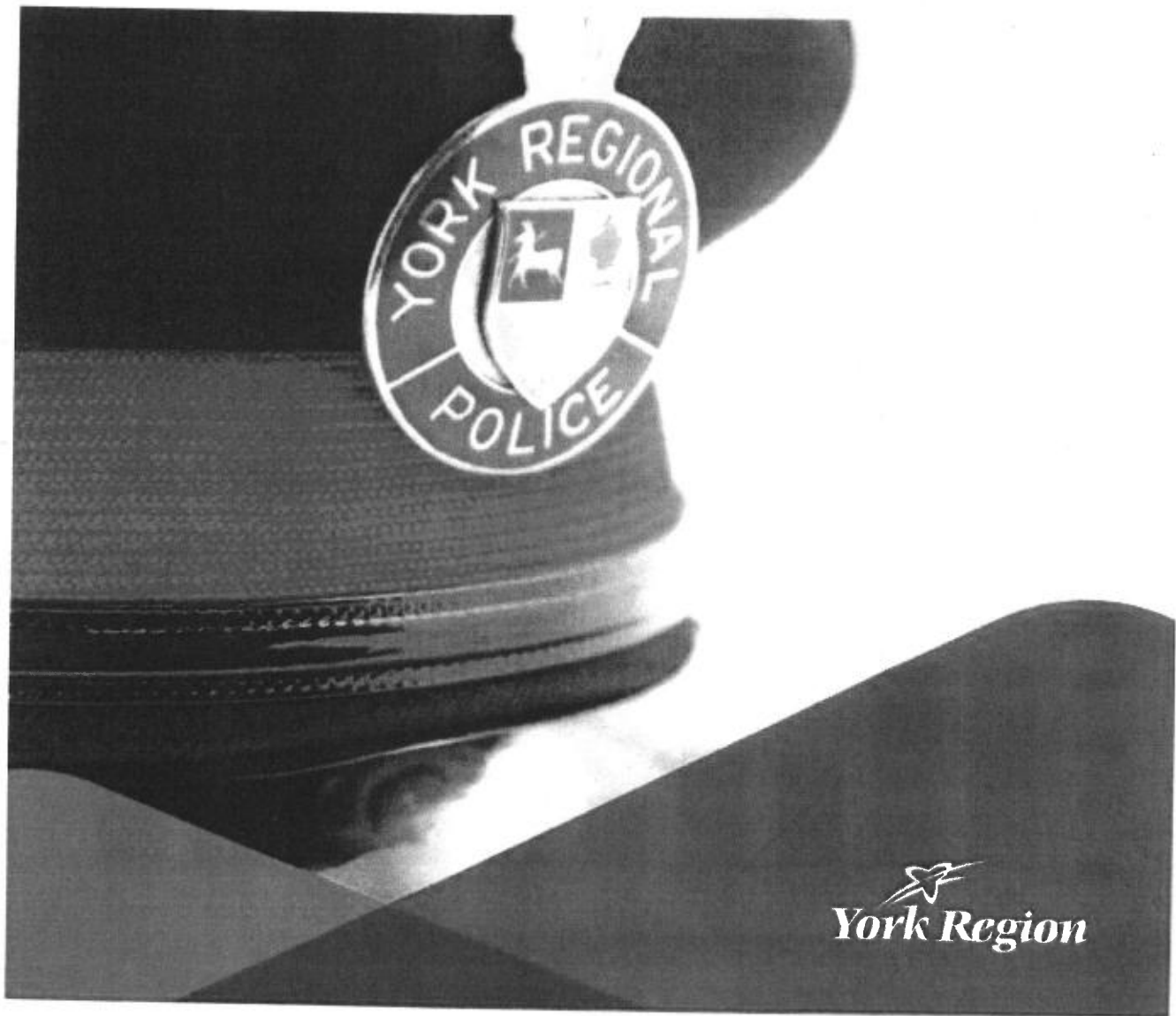
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Attachment

Accessible formats or communication supports are available upon request.



YORK REGIONAL POLICE

has as its mission to ensure the Region's citizens feel safe
and secure through excellence in policing

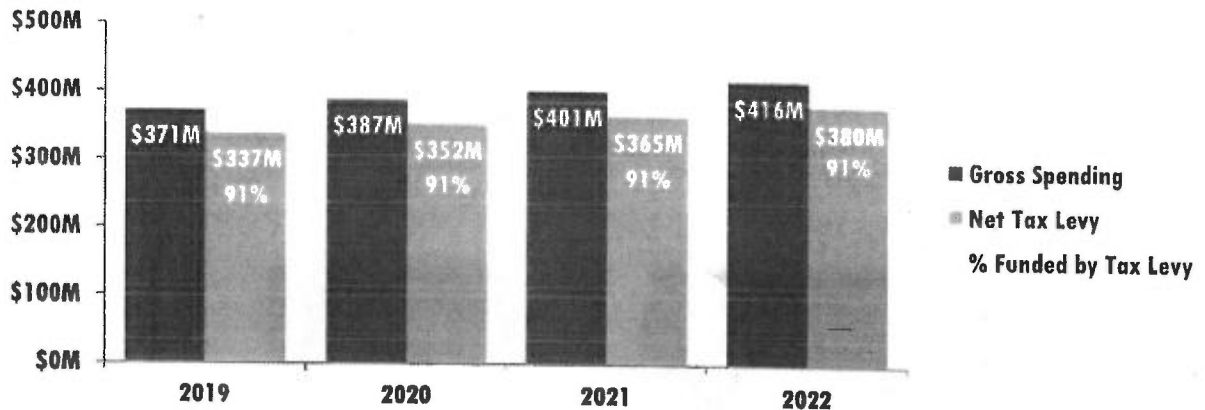


THE YORK REGIONAL POLICE OPERATING BUDGET IS...

**16% OF TOTAL
REGIONAL EXPENDITURES**

**30¢ ON THE
TAX DOLLAR**

2019 TO 2022 OPERATING EXPENDITURES AND NET TAX LEVY



THE YORK REGIONAL POLICE CAPITAL BUDGET IS...

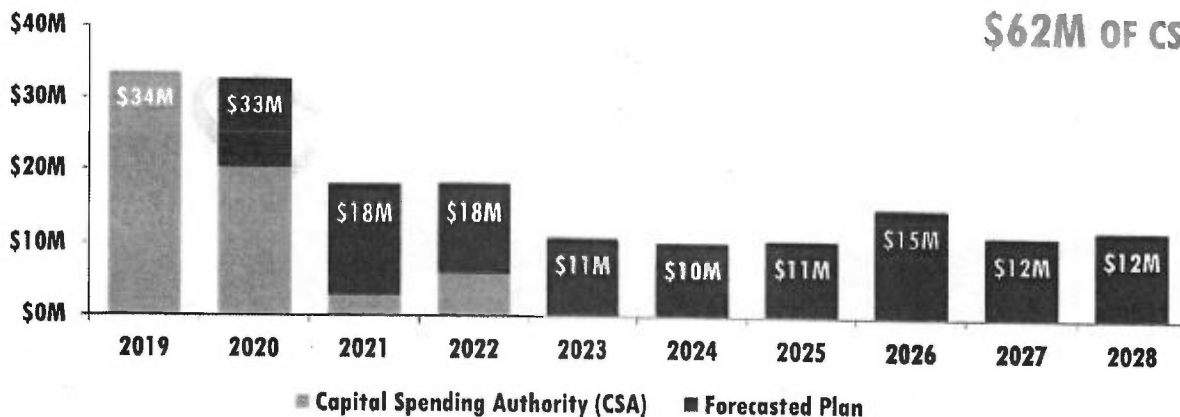
**3% OF THE
REGION'S 10-YEAR PLAN**

**3% OF
TOTAL CSA**

10-YEAR CAPITAL PLAN AND CAPITAL SPENDING AUTHORITY (CSA)

\$173M OVER 10 YEARS

\$62M OF CSA



MAKING A DIFFERENCE TO THE COMMUNITY

The goal of York Regional Police Service is to provide superior quality service to the citizens it serves, while responding to new demands and challenges.

The service is governed by the provincial *Police Services Act*, which sets out principles designed to ensure the safety and security of people and property, safeguard fundamental rights, cooperation with local communities, respect for and understanding of the needs of the victims of crime, and being sensitive to diversity. A seven-member civilian Police Services Board provides oversight, including reviewing and approving the police budget before it is presented to Council for final approval.

Operational services provided through the service's five district headquarters include patrol, criminal investigation, and community-oriented units that deal with crime prevention and first-line response, as well as information and court-related services. The investigations and support branch, managed out of police headquarters in Aurora, includes major incident management, air and canine units, collision investigations, intelligence, traffic enforcement and safety programs, and community services. The executive branch comprises the Office of the Chief of Police and several functions that support service-wide goals and standards. An administrative branch provides financial, infrastructure, staff and corporate development services.

ACCOMPLISHMENTS

- Successfully implementing a sector model of policing in all districts, which has resulted in enhanced police presence, increased patrol supervision, improved response times and balanced workload. By increasing availability of patrol resources during peak demand, response times to high priority calls were maintained despite an increase in calls from the public.
- Launching a campaign to raise awareness of human trafficking and carrying out an undercover operation that resulted in more than 100 arrests.
- Enabling on-line registration with the Vulnerable Person Registry, with close to 1,000 people registered to date. Vulnerable people are individuals who may need emergency help because of a tendency to wander, inability to communicate or another condition that puts them at risk. The registry expedites the process of finding and helping vulnerable residents when necessary.

WHAT SHAPES THE POLICE BUDGET

From the Region's perspective, York Regional Police Service supports the Community Result Area of Healthy Communities in the Strategic Plan. It provides the core service of Police Services. The service is also guided by its own business plan, available at <https://www.yrp.ca/en/about/resources/2017-2019-YRPBusinessPlan-Web.pdf>.

The plan's goals and objectives were developed through extensive consultation. Key priorities include building trust in communities, engaging youth, modernizing business processes and ensuring safer schools,

roads and neighbourhoods. The service works to meet these priorities as part of its mission while responding to new demands, challenges and legislative requirements.

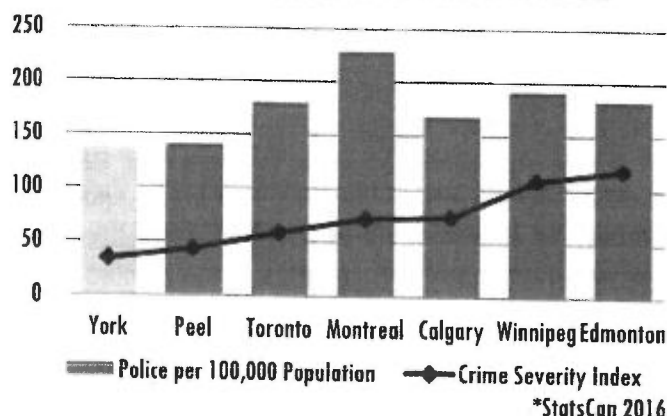
The Police Services Board approved the York Regional Police operating and capital budgets in November 2018. The operating budget represents 16% of the Region's 2019 total gross operating budget. Its capital program over the next 10 years, at \$173 million, accounts for 2.6% of the Region's 10-year capital plan.

OPERATING BUDGET

The proposed 2019 operating budget would add 29 full-time equivalent staff to respond to the federal legislation to legalize cannabis, which came into effect in October 2018, as well as an amended *Police Services Act* at the provincial level, among other legislative reforms.

Research from other jurisdictions indicates an increase in motor vehicle accidents after cannabis legalization and more fatal crashes involving drivers with cannabis in their system. There is also concern that legalization leads to an increase in cross-border crime involving jurisdictions that have not legalized cannabis.

EFFICIENT AND EFFECTIVE USE OF POLICE RESOURCES



Year-over-year operating budget changes

(In \$000s)	2019		2020		2021		2022	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Opening Budget	357,516	323,501	371,109	337,135	387,027	351,844	400,749	364,948
Status Quo	14,140	13,768	15,216	12,884	12,278	10,830	13,498	12,557
Efficiencies & Program Reductions	(254)	(254)	(20)	(20)	-	-	-	-
Debt Servicing Net of Development Charges	(412)	-	(1,123)	-	(830)	-	(320)	-
Fiscal Strategy	(1,174)	(1,174)	-	-	383	383	465	465
Maintaining Service Levels for Growth Enhancements and Transformation	1,294	1,294	1,845	1,845	1,891	1,891	1,932	1,932
Proposed Budget	371,109	337,135	387,027	351,844	400,749	364,948	416,324	379,902
Budget Change	\$ 13,593	13,634	15,918	14,709	13,722	13,104	15,575	14,954
	% 3.80%	4.21%	4.29%	4.36%	3.55%	3.72%	3.89%	4.10%

Staffing changes

(Full-Time Equivalents)	2019		2020		2021		2022	
	FTE	% Change	FTE	% Change	FTE	% Change	FTE	% Change
Opening	2,267.0		2,320.0		2,354.0		2,388.0	
New	53.0	2.34%	34.0	1.47%	34.0	1.44%	34.0	1.42%
Conversions	-	-	-	-	-	-	-	-
Program Reductions	-	-	-	-	-	-	-	-
Proposed Budget	2,320.0		2,354.0		2,388.0		2,422.0	
Budget Change	53.0	2.34%	34.0	1.47%	34.0	1.44%	34.0	1.42%

The police budget is therefore preparing for more drug-impaired traffic stops, seizures and violations, motor vehicle collisions, criminal investigations and related road safety initiatives. There will also be ongoing attention to anticipated increases to theft, suicide, break and enter, complaints, robberies and mischief.

York Regional Police are calling for a stable funding commitment from senior governments to help cover these costs, as the box below explains.

A further 24 full-time equivalent staff would be added to manage workload and growth, bringing total additional staff to 53.

The police service is currently facing a wave of retirements. The time between receiving a retirement notice and hiring, training and preparing a new officer is typically 18 months. Over this 18-month period, York Regional Police must prepare for the impacts of population growth, more complex calls for service, cybercrime expansion, radicalization, and changes in legislation and oversight.

The expense related to new staff is budgeted for half a year in the first year of hire, to reflect to average time of hiring. This conservative gapping treatment recognizes a full year expense in subsequent years.

Cannabis Act Financial Outlook

expense in subsequent years.

Additional planned expense of \$2.4 million is mainly for new software for modernization initiatives, digital evidence management and video testimony. The new cannabis

In \$'000s	2018	2019	2020	2021	2022
Incremental Costs	88	1,193	2,870	3,853	4,451
Use of Existing Resources	1,371	4,636	3,137	3,821	2,555
Net Tax-Levy Impact	1,459	5,829	6,007	7,674	7,006
Gross Cost Per Capita (in \$)	1.24	5.23	5.30	6.51	5.90

Senior government funding needed to cover costs of cannabis legalization

With the legalization of cannabis under federal statute taking effect in October 2018, concerns are growing across Canada as to who will cover additional policing and other costs at the municipal level.

York Regional Police incurred significant costs in 2018 to prepare for legalization and begin to enforce the new legislation, especially around drug-impaired driving. Costs for training, almost all of which were covered out of existing resources, amounted to almost \$1.5 million, or \$1.24 for every Regional resident. To date, the police service has received only a small fraction of these costs from the province.

The imbalance between Regional costs and funding from senior governments is at risk of growing. York Regional Police expect total cannabis-related costs to grow to about \$7.7 million a year, or \$6.51 per resident, by the time the impacts are fully felt in 2021 as shown in the *Cannabis Act Financial Outlook* table above.

The federal and provincial governments are already receiving cannabis-related revenue, and this is likely to grow substantially. The federal government estimates that excise taxes will amount to roughly \$1 billion a year, but the experience of Washington State, where sales have been legal for four years, suggests it could be three times as much. In addition, federal and provincial governments receive Harmonized Sales Tax revenue, and the province will benefit from its on-line retail sales and role as the sole legal distributor.

The provincial government has committed to providing \$40 million over two years to help municipalities with the implementation costs of legalization, with the possibility of additional funding tied to the share of federal excise duty that Ontario receives. The police service is calling for dedicated, predictable support from senior governments in future to reduce the burden of legalized cannabis on local taxpayers.

legislation has also increased training and roadside testing equipment costs. Facility operating costs have risen with the opening of a new training facility and the increasing age of district headquarter buildings.

The proposed total budget for 2019 of \$371.1 million represents a 3.8% increase from 2018. The proposed increases for the following three years are 4.3, 3.5 and 3.9%.

The police service has achieved efficiencies of \$253,900, including finding savings from rent and court document delivery.

More than 90% of the police operating budget is funded from the tax levy, which funds \$337 million. Provincial grants and subsidies are expected to total \$14.5 million, or 3.9% of operating funding, but this share could change over the four years of the plan, potentially downwards, as a result of changes in senior government priorities.

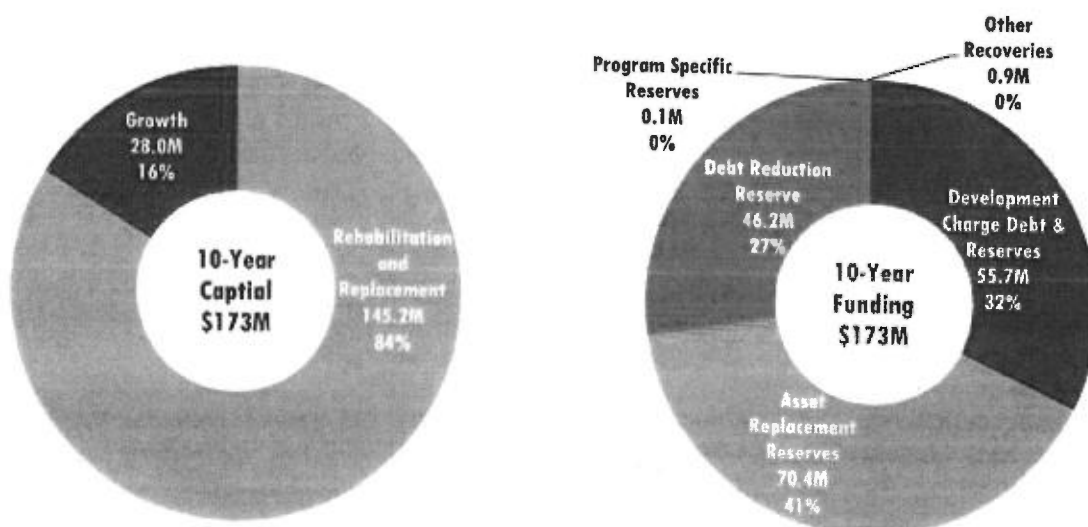
Although both the federal and provincial governments have indicated that police services would receive a share of their cannabis-related revenues, to date there is no certainty as to the timing or amounts and as a result this potential revenue is excluded from the budget. In addition, the province's current program review, discussed on page [16], represents a risk to revenues of \$14.5 million in 2019.

Other non-tax revenues include fees from completing accident reports for insurance purposes, responding to alarms, and providing police escorts and similar services, as well as rental revenue. Together these account for 5.3% of total funding.

Ten-year capital budget

(in \$000s)	2019	2020	2021	2022	2023	2024-2028	10-Year Total	Capital Spending Authority
York Regional Police:								
Total Project Expenditures	33,517	32,638	17,939	18,117	10,946	60,029	173,186	62,480

Note: York Regional Police's capital is approved at an individual project level and program groups do not apply.



CAPITAL BUDGET

The police capital budget for 2019 is \$33.5 million, of which \$14.5 million is for building and renewing facilities. The balance is for information technology and vehicles (\$5.9 million and \$8.6 million respectively), and \$4.5 million in specialized and communications equipment.

Development charges will fund \$15.2 million of capital needs in 2019, with most of the balance coming from reserves.

The \$173 million 10-year capital plan includes investments of \$47 million on facilities, including a new substation in West Vaughan and renovation of existing facilities, \$40 million on information technology to refresh and modernize service delivery including enhancements to a business intelligence solution. The service will also spend \$59 million on fleet, including air and water-based vehicles, and a further \$27 million on specialized and communications equipment.

The 10-year capital plan is backed up by a 100-year outlook to ensure assets are purchased, constructed and maintained in a responsible way that meets future demand and gives taxpayers the best value for money.

York Regional Police completed a 2017 State of Infrastructure Report to help plan asset management. In preparation for this report, the service reviewed its capital assets to inform the capital business plan, including assessing building condition for all districts and headquarters. Looking at the condition, life cycle and replacement cost of existing assets resulted in initiatives to renovate facilities and modernize software.

Over the ten years of the capital plan, 84% of capital spending will go to renewal and replacement. This proportion is high compared to most other service areas because of the relatively short service life of police vehicles and the need to update equipment.

Taking an innovative vantage point to track down distracted drivers

A cup of coffee or a text message can be deadly. By October of 2018, 37 people had died in Ontario in traffic accidents caused by distracted driving – cases where, busy on a phone call or fumbling with a snack or a hot drink, drivers failed to pay attention to what was happening around them, with fatal results. In fact, police classify distracted driving as one of the big four causes of road fatalities, along with aggressive driving, driving while drunk and/or under the influence of drugs and not wearing a seatbelt.

In the past few years, York Regional Police have been getting tough on distracted driving. Beginning in April 2016, officers began using public transit to spot distracted drivers.

Working in partnership with York Regional Transit, officers riding on buses can look down into passing cars to see if the drivers are on the phone, texting or otherwise failing to pay attention. When they spot a distracted driver, they contact a nearby cruiser that pulls the offender over.

On average, the police issue four tickets during every hour spent observing from a bus. To boost the campaign's effectiveness, in April 2017, numerous York Region buses began sporting high-visibility ads on their sides announcing "We Are on Board. Are You?" a reminder to drivers that there was a good chance they were being watched.

Combining humour with a very Canadian theme — hockey — the police also launched a campaign featuring a lumbering hockey player. Known as the "distracted destroyer," he slams into hapless individuals too focused on their cell phones to see him coming. Following up on the hockey approach, in November of 2017, police officers began handing out hockey pucks to people stopped for distracted driving. The pucks are embellished with the words, "Keep Your Head Up. Don't Text and Drive."

OPERATING IMPACT OF CAPITAL

As the population grows, York Regional Police must add more front-line positions and ensure they have the assets needed to do their job, such as vehicles and facilities. The way that these investments are made can result in more efficient operations, which helps to manage operating costs as the size of the asset base grows. The service also makes capital investments like new communications tools and other front-line equipment to improve service quality and ensure greater safety for officers and the public.

LOOKING AHEAD

The 2017-2019 Business Plan for York Regional Police sets out four cornerstones: Community Focus, Operational Excellence, Preferred Place of Employment and Superior Quality Service. Each cornerstone has three objectives and each objective has three actions. In total, this commits York Regional Police to achieve 12 objectives and 36 actions by 2019. A total of 93 activities have been identified as being necessary to accomplish these 36 actions. The Business Plan provides more details.