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# HALDIMAND COUNTY

## Report CS-GM-06-2018 OPP Billing Estimate - 2019

For Consideration by Council in Committee on October 30, 2018

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### OBJECTIVE:

To present Haldimand County's 2019 Billing Statement for policing services provided by the Ontario Provincial Police, in accordance with the revised municipal policing cost recovery billing methodology.

### RECOMMENDATIONS:

1. THAT Report CS-GM-06-2018 OPP Billing Estimate - 2019 be received;
2. AND THAT the OPP 2017 Year-end Reconciliation Adjustment, in the amount of \$74,342, be contributed to the Capital Replacement Reserve - General.

**Respectfully submitted:** Karen General, CPA, CGA, General Manager of Corporate Services

**Approved:** Donald G. Boyle, Chief Administrative Officer

### EXECUTIVE SUMMARY:

This report provides Council with explanations regarding the 2019 Ontario Provincial Police (OPP) Policing Cost Estimates. A similar report was presented to the Haldimand County Police Services Board (PSB) at their October 24<sup>th</sup> meeting. As noted in the report, the PSB's attention to the number and types of calls for service is required in order to have potential influence over this component of future years' cost estimates. Reducing the calls for service is an important objective as it would allow for more OPP resources to be directed to proactive policing, already paid for through the base cost component of the Province-wide contract costing methodology.

### BACKGROUND:

Haldimand County is policed by the Ontario Provincial Police (OPP) under the terms and conditions of a five year Agreement which was renewed, effective January 1, 2018.

As reported in prior years, a significant change in the methodology used for OPP municipal policing cost allocations, in the Province of Ontario, was implemented in 2015. This standardized methodology focuses on the allocation of OPP policing costs through three main categories:

- Base costs (proactive component):
  - cost to "keep the lights on" and ensure the general safety and security of the municipality (adequacy standard)
  - includes: infrastructure, supervision administration and front-line policing (such as patrol, crime prevention, operational, training, and other legislated activities);
  - allocated on a provincial average standard cost per property;
  - revised annually.

- Calls for service (reactive component):
  - reflects a proportionate share of the Provincial average cost of services that usually require a police officer's attendance
  - calls for service are classified into nine major categories, with a significant number of subcategories;
  - Provincial average time standards applied to the formula (ie. how long, on average, it should take for the OPP to deal with a particular incident) rather than the actual time spent locally on each call for service;
  - more serious calls are given a higher weighting of officer time (ie. drugs, violent crimes);
  - a four year rolling average of actual calls for service within the municipality is calculated;
  - each municipality's share of the calls for service cost component depends on the relative % share of the total OPP calls for service.
- Other detachment specific costs as applicable: contract enhancements (only for pre-2015 agreed-to enhancements); overtime (excl. provincial responsibilities); court security; prisoner transportation; and accommodation and cleaning services.

Attachment #1 provides general information on the above billing model for 2019. Recently, Haldimand County received the 2019 billing estimate for OPP policing services (Attachment #2). This report will briefly outline the significant aspects of the coming year's cost estimate which totals \$7,470,280. In addition, there is a one-time credit related to reconciliation of the 2017 cost estimate, which will reduce the 2019 billing by about \$74,000 on a cash flow basis.

Of note, under the pre-2015 cost allocation methodology, Haldimand's costs for OPP policing were approximately \$9 million per year. Under the revised methodology, Haldimand's calculated cost was reduced to about \$7.6 million in the first year (2015). Subsequent years' estimates have been further reduced due to elimination of phase-in adjustments, refinement of OPP cost averages, elimination of some property counts (i.e. wind turbines) from the base cost formula and the four year rolling average impact of calls for service.

## ANALYSIS:

Attachment #1 contains a significant amount of data and analysis, all of which is relevant to understanding the 2019 OPP Annual Billing Estimate. A summary of the key components outlined in this attachment, in comparison to the 2017 and 2018 estimates, is reflected in the following table:

Description	2017 OPP Estimate	2018 OPP Estimate	2019 OPP Estimate	Comments ( ) indicates decrease
<b>Total Municipal Billing</b>	\$401.0M	\$403.5M	\$409.6M	+2%
Uniformed Officers (# FTE)	2,166	2,152.2	2,106.86	(2.1%) = fewer #'s
Civilians (# FTE)	189.1	191.3	191.63	+0.17% = higher #'s
Wage rate increase over prior yr.	2.54%	1.75%	1.9%	Estimated based on current trends
Other Direct Operating Expenses (ODE) - notable:				Various adjustments per Provincial Cost Recovery Formula
-Vehicle Usage (ave./officer)	\$7,896	\$7,344	\$8,351	= +13.7% (highest ODE)
-Office Automation (uniform)	\$1,454	\$1,854	\$2,140	= +15% (technology)

Description	2017 OPP Estimate	2018 OPP Estimate	2019 OPP Estimate	Comments ( ) indicates decrease
<b>Base Service:</b>				
Provincial base cost	\$217.5M	\$217.6M	\$216.1M	(0.7%)
Provincial allocation of workload	57.9%	57.4%	56.2%	Proportionately less resources directed to proactive policing
Property count (all OPP municipalities)	1,133,771	1,136,933	1,140,112	+0.3%
Property counts (Haldimand)	21,190	21,045	21,255	+1%
Provincial average cost/property	\$191.89	\$191.35	\$189.54	(0.95%)
Haldimand's base allocation	\$4,065,090	\$4,026,961	\$4,028,673	+\$1,712
<b>Calls for Service:</b>				
Provincial calls for service cost	\$148.1M	\$150.8M	\$156.8M	+4%
Provincial allocation of workload	42.1%	42.6%	43.8%	Proportionately more resources applied to reactive policing
Provincial 4 year ave. # of calls	387,587	375,979	369,462	(1.7%)
Haldimand's 4 year average # of calls	7,895	7,354	7,227	(1.7%)
Haldimand's total weighted time	32,633	30,497	30,221	(0.9%)
Haldimand's weighted share of all Provincial calls for service	2.0268%	1.9175%	1.8835%	(1.8%)
Haldimand's CFS allocation	\$3,001,926	\$2,890,823	\$2,952,932	+2.1%
Haldimand's cost per property	\$141.67	\$137.36	\$138.93	+1.1%
<b>Other Haldimand Costs:</b>				
Overtime Estimate	\$236,875	\$164,255	\$175,048	Reconciled to actual
Contract Enhancements	\$0	\$0	\$0	For pre-2015 enhancements
Court Security	\$149,723	\$148,756	\$161,229	+8.4%. Based on resources est. by Detachment; reconciled to actual
Prisoner Transportation	\$48,737	\$46,089	\$48,249	+4.7%. Provincial average x # properties; reconciled to actual
Accommodation/Cleaning	\$102,983	\$100,385	\$104,150	+3.8%. Provincially owned facilities only; no relationship to local costs (excludes Haldimand locations).

<b>Haldimand's Total Estimated OPP Cost</b>	<b>\$7,605,335</b>	<b>\$7,377,268</b>	<b>\$7,470,280</b>	<b>+\$93,012 or 1.3%</b>
Haldimand's cost per property	\$358.91	\$350.55	\$351.46	+0.3%
<b>Prior Period Adjustments:</b>				
2015 Year-end reconciliation	\$0	(\$137,035)	\$0	N/A
2016 Year-end reconciliation	\$0	(\$105,891)	\$0	N/A
2017 Year-end reconciliation	\$0	\$0	(\$74,342)	N/A
<b>Haldimand's Total Annual OPP Billing (cash flow)</b>	<b>\$7,605,335</b>	<b>\$7,134,343</b>	<b>\$7,395,938</b>	<b>3.7% increase</b>

### **Provincial Trends/Issues:**

- more policing activities are being directed to calls for service compared to base services
- there are reduced uniformed officers working in detachments servicing municipalities as evidenced by a reduction in the 2019 Provincial FTE's compared to the 2015 FTE level
- The cost of senior detachment officers (staff sergeant, detachment commander) are 100% recovered through base costs, with no allocation to calls for service averages.
- Number of OPP policed properties has increased since 2015 when the revised billing model was implemented
- Provincial Services Usage (PSU) Credit: an estimated equivalent of 89.03 FTE's, with a cost of \$14.4 million, has been excluded from the overall municipal uniformed staffing costs to account for Provincially mandated responsibilities (provincial highways, waterways and parks; First Nations; and other issues of provincial significance (ie. similar to Pan-Am Games; G-7 Summit). The PSU credit in 2018 was slightly lower.
- Year-end reconciliations/Year-end adjustments:
  - For the second time, municipalities are seeing a reconciliation of actual costs to previously billed estimated costs
  - The year 2017 has been reconciled on this billing estimate; reconciliation of 2018's applicable costs will be reflected in the 2020 OPP Billing Estimates (always a two year lag).
  - Reconciled items include: salary and benefit rates (but not FTE); premium rates; overtime; court security; prisoner transportation and accommodation/cleaning.
  - In recognition of the special circumstances surrounding overtime resulting from detachments having staff shortages, a portion of the shift shortage cost, incurred Province-wide, is allocated to all municipalities based on their proportionate share of property counts.
- Property counts used for the base cost allocation:
  - amended in 2018 to eliminate structures with little interaction with the public (ie. communications towers, billboards, passive renewable energy structures such as wind turbines and solar facilities); tunnels and bridges; vacant lands; and federal/provincial parks. (5,330 properties removed from provincial count). This adjustment benefitted Haldimand County due, primarily, to the number of wind turbines located in this municipality.

### **Notable Items in the 2019 Billing:**

The only revision to the 2019 OPP billing information relates to the handling of the Court Security and Prisoner Transportation Grant. At this time, the newly elected Provincial government has not made a final decision as to the 2019 grant allocations which are to assist in offsetting part of these costs in municipalities which house courts. Haldimand's 2019 estimated court security costs, per the OPP are over \$161,000; the 2018 grant was approximately \$150,000, thus offsetting most of these costs. If the current Provincial government does not continue with this grant, the shortfall will need to be collected from Haldimand County taxpayers.

As shown in the previous table, Haldimand's estimated 2019 OPP policing cost totals \$7,470,280, comprised of the following major components:

- Base costs \$4,028,673 (54% of Haldimand's total bill)
- Calls for service \$2,952,932
- Overtime estimate \$175,048
- Court security \$161,229
- Prisoner Transportation \$48,249
- Accommodation/Cleaning \$104,150.

In addition, Haldimand will receive a one-time credit of approximately \$74,000 due to the reconciliation of the 2017 billing. County staff recommend that these surplus funds be contributed to the corporate Contingency Reserve.

Finally, the OPP's cost estimates exclude certain user fees and charges which are collected locally (estimated at approximately \$50,000 per year, excluding the False Alarm Response Program which is billed and collected directly by Haldimand County staff).

### **Haldimand County Calls for Service Data:**

Calls for service account for about \$2.95 million or 40% of Haldimand's 2019 OPP estimate. Since most police calls for service are associated with some type of negative impact on an individual or business, attempting to reduce these calls is a complex, multi-faceted and long term issue. Regardless, this reactive component of policing is really the only cost that Haldimand Council, the Police Services Board, local OPP Detachment, community groups/leaders and the public can perhaps influence.

Attachment #2 provides extensive data on the number and types of calls for service being responded to by the Haldimand County OPP. This information covers the four year period from 2014 to 2017. With regards to Haldimand's calls for service with the highest overall resource demand, the highest cost still relates to operational administration (non-criminal) events that the police attend to, such as: animal complaints, noise complaints, non-criminal domestic disturbances, lost or found property, sudden deaths, assist the public calls and missing persons. Reducing these types of calls will not only reduce Haldimand's overall share of the OPP policing costs in the future but will also allow the officers to spend more time on proactive policing (ie. speeding concerns.)

The chart below summarizes the Haldimand calls for service, in priority order based on cost impact (total weighted time), for comparison purposes. A description of each OPP "workgroup" and related subcategories can be found in the attachment.

### Haldimand County OPP Calls for Service

Major OPP Workgroup	2014	2015	2016	2017	Four Year Average	2019 Average Time/Call	Total Weighted Time
Operational	3,119	3,224	3,559	3,771	3,418	3.6	12,306
Property Crime Violations	1,079	1,007	872	1,071	1,007	6.8	6,849
Violent Criminal Code	320	227	230	247	256	15.9	4,070
Traffic	617	528	474	662	570	3.4	1,939
Operational 2	1,650	1,350	1,178	1,353	1,383	1.3	1,798
Statutes & Acts	389	325	306	420	360	3.3	1,188
Other Criminal Code	163	107	122	185	144	7.9	1,140
Drug Possession	70	74	60	101	76	6.4	488
Drugs	15	15	9	9	12	37.0	444
<b>Total</b>	<b>7,422</b>	<b>6,857</b>	<b>6,810</b>	<b>7,819</b>	<b>7,227</b>		<b>30,221</b>

In reviewing the chart above, Haldimand's 2017 calls for service have increased to the highest level in four years. All categories show more calls for service than in the prior year. If the 2017 trend continues, Haldimand's allocation of the overall provincial calls for service cost component will gradually increase once the recent years' activity has more of an impact on the rolling four year average. It will be important, however, to monitor the calls for service within the nine major workgroups outlined above given the different time (cost) weightings that are applied to each.

Finally, it should be recognized that the calls for service are based on data that is input by the local detachment in the OPP's Daily Activity Reporting System (DARS). Accuracy is essential given that the categories have different weighting and, ultimately, all calls for service will result in a cost allocation back to the municipality. Regular monthly reporting by the Detachment Commander will help the Police Services Board identify anomalies, as well as trends to be addressed, before the year-end data is compiled for the annual billing estimate.

### FINANCIAL/LEGAL IMPLICATIONS:

Haldimand's 2019 OPP policing estimate at \$7,470,280 will be approximately \$93,000 or 1.3% more than 2018. This is net of adjustments to the various OPP cost components relating to base service, calls for service, overtime, court security/prisoner transport and accommodation. As noted, some of these components will be reconciled to actual costs with the adjustment not reflected until two years after the fact.

In addition, a one-time credit, resulting from the OPP's reconciliation of the 2017 billing, totals \$74,342. These funds are recommended to be distributed to the County's Capital Replacement Reserve - General as a source of funds if the PSB and Council decide to expand the Speed Awareness Sign program that was initiated in 2018. In the event such a program is not expanded, the funds will be available for other policing initiatives, including costs to renovate the Hagersville and Caledonia policing suboffices as a result of the Central Administration Building project.

As noted, if the Provincial government does not provide the Court Security/Prisoner Transportation grant, there will be a further increase to the County tax levy. Haldimand's 2018 grant totaled \$149,614 as compared to \$136,802 received in 2017.

## **STAKEHOLDER IMPACTS:**

Not applicable.

## **REPORT IMPACTS:**

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

## **ATTACHMENTS:**

1. 2019 OPP Municipal Policing Billing General Information
2. Haldimand County's 2019 Annual Billing Statement and letter from OPP Superintendent Marc Bedard, dated September 24, 2018