

Report to / Rapport au:

**OTTAWA POLICE SERVICE BOARD
LA COMMISSION DE SERVICE DE POLICE D'OTTAWA**

24 March 2025 / 24 mars 2025

Submitted by / Soumis par :

Chief of Police, Ottawa Police Service / Chef de police, Service de police d'Ottawa

Contact Person / Personne ressource :

**Deputy Chief Steve Bell, Chief Administrative Officer / agent administratif principal
Bells@ottawapolice.ca**

SUBJECT: FINANCIAL STATUS REPORT – 2024 YEAR END

OBJET : RAPPORT SUR L'ETAT FINANCIER – FIN DE L'ANNEE 2024

REPORT RECOMMENDATIONS

That the Ottawa Police Service Board receive this report for information

RECOMMANDATIONS DU RAPPORT

Que la Commission de service de police d'Ottawa prenne connaissance du présent rapport à titre d'information.

BACKGROUND

Each quarterly financial report summarizes the current financial position of the Ottawa Police Service (OPS). This Financial Status Report presents the year-end financial position of the OPS and outlines the operational issues that affected finances in 2024. The results are subject to external audit by the City of Ottawa.

The OPS experienced a total of \$26.7M in pressures in 2024. The largest pressure were costs incurred in the management of events and demonstrations. The costs related to events and demonstrations are fully recovered from the Federal Government. Those cost recoveries are included in the total of \$26.1M in identified solutions, resulting in an overall deficit from operations of \$0.6M in 2024.

Events and Demonstrations

The OPS attended and monitored many events throughout 2024, including one-day events and events spanning several days. In 2024, as in previous years, the OPS has

continued taking a more robust approach to the planning and deployment of police. During the year, these events included ongoing demonstrations related to the Israeli-Palestinian conflict, the United Nations Climate Conference, Canada Day, the visit by the French Prime Minister and various other one-day demonstrations in the Nation's capital. Initial staffing actions have been completed to fill various civilian logistics positions, as part of the overall effort to establish a permanent Events Management team that will plan and manage events and demonstrations to ensure community safety prior to, during, and after events and demonstrations. The OPS has continued to rely on partner agency police resources during larger scale events. Without additional resources, this work continues to be managed by off-duty members on overtime and contributes to the deterioration of member wellness and organizational resiliency. The OPS is in the final stages of finalizing a \$50 million, five-year funding model with Public Safety Canada that will assist with the demands on the OPS due to Ottawa being the Nation's capital. As such, costs have been incurred to date and new staffing assignments have occurred to reflect the demands of the new Parliamentary District Policing Program that will be covered under the scope of this agreement. These additional resources will help reduce the amount of overtime being worked.

DISCUSSION

The OPS manages operational risks and pressures internally year-over-year through management interventions and revenue offsets. Historically, the OPS has managed less than \$10M in pressures, however, since 2021 the OPS has managed an increase in risks and pressures. These above average pressures continued in 2024 resulting in \$26.7M of expense pressures and revenue shortfalls.

The increased volume and magnitude of events and demonstrations remained the largest pressure to the OPS budget. In addition, overtime worked by members continues to increase due to vacancies and the robust approach required for event management. These pressures accompanied by a handful of non-discretionary operational pressures and revenue shortfalls contributed to the overall \$26.7M pressure.

The expected Federal payments that are part of the National Capital Extraordinary Policing Contract and the Major International Event Security Cost Framework with Public Safety Canada provide offsetting relief to the costs of these events and demonstrations. As well, the new Parliamentary District Policing Program with Public Safety Canada and the Provincial Funding for the new Ottawa-Ontario deal for the identified project initiatives will offer supplemental solutions to address the aforementioned pressures facing OPS.

Further, offsetting these pressures were savings found in salary and wages from vacancies during the year. With an increase in the number of recruit classes and OPS' efforts to stabilize its staffing, significant hiring efforts have been focused on addressing ongoing vacancies. OPS' vacancy savings has decreased from \$7M in 2023 to \$5.8M in 2024. Once more vacant positions are filled, the OPS will have limited flexibility in future budgets to absorb pressures.

The police tax levy reflects the costs that are under the Board's control as well as those that are not but are required for tax-related purposes. With regards to budget items that were under the control of the Board, the OPS ended the year in a deficit position of (\$0.6M). For the items that aren't under the control of the Board, a surplus of \$3 million was recorded in these tax-related accounts due to the police share of remissions and supplementary assessments. These tax-related accounts are budgeted and managed by City staff.

As a result of the above, the total Police Services budget was in a total surplus position of \$2.4M for 2024.

The list of pressures and solutions as at year end are outlined in Table 1 below followed by corresponding notes.

Table 1: 2024 Year End – Significant Variances		
	Key Pressures	Amount
a)	Events and Demonstrations	\$9,400,000
b)	Overtime	\$7,800,000
c)	Non-Discretionary Operational Pressures	\$4,700,000
d)	New Federal Funding Costs	\$1,800,000
e)	New Provincial Funding Costs	\$1,800,000
f)	Revenue Shortfalls	<u>\$1,200,000</u>
	Total Pressures	\$26,700,000

	Key Solutions/Offsets	
g)	Federal Funding	\$11,900,000
h)	Vacancy Saving	\$5,800,000
i)	Provincial Funding	\$3,700,000
j)	Revenue & Recoveries	\$3,600,000
k)	Debt Savings	<u>\$1,100,000</u>
	Total Solutions	\$26,100,000
	Surplus/(Deficit) from operations	<u>(\$600,000)</u>
l)	Non-Departmental Taxation	\$3,038,000
	Surplus/(Deficit)	<u>\$2,438,000</u>

PRESSURES

a) \$9.4M Events and Demonstrations Pressures

The OPS has experienced significant expenditure pressures due to major events and demonstrations that occurred throughout the course of the year. The ongoing efforts to implement a robust approach to the planning and deployment of police for these activities incurs significant costs. Surge capacity costs of assisting partner police services, alongside overtime and non-compensation costs throughout the duration of the events are the primary cost drivers. Some of these significant events and demonstrations in 2024 include the ongoing demonstrations related to the Israeli-Palestinian conflict, the United Nations Climate Conference, Canada Day and the visit by the French Prime Minister.

b) \$7.8M Overtime Pressures

Members continue to work a significant amount of overtime to meet the needs of the organization and the community, most notably maintaining minimum staffing levels on the frontline. There are also non-recoverable municipal events that create large pressures on the overtime budget due to the robust approach taken for event management. Other non-recoverable overtime costs creating a pressure for the year include limited relief and short staff within the communications centre (\$2.2M) and homicide investigations (\$0.6M). The

amount of overtime earned in 2024 will be the third year in a row of overtime amounts that are double the pre truck demonstration years.

c) \$4.7M Non-Discretionary Operational Pressures

The non-discretionary operational pressures have been refined based on the year end data and are as follows:

- \$1.9M – WSIB
- 0.9M – Legal Fees
- \$0.7M – Uniforms and other supplies
- \$0.4M – Fleet Maintenance
- \$0.8M – Other Pressures

d) \$1.8M New Federal Funding Costs (Parliamentary Precinct District Program)

The Parliamentary Precinct District Program is a \$50 million, five-year federal funding model with Public Safety Canada. \$1.8M of eligible costs have been incurred year to date, which were not included in the 2024 budget due to the timing of the introduction of the agreement, however, have been built into the 2025 budget.

e) \$1.8M New Provincial Funding Costs (Ottawa-Ontario Deal)

The City of Ottawa and OPS' Public Safety Plan agreement was finalized during the fourth quarter of 2024 with the Province, which outlines the \$48 million, three-year funding model, of which \$17.7 million is related to OPS' project initiatives. \$1.8M of eligible costs have been incurred year to date. Similarly, these Year 1 costs were not included in the 2024 budget due to the timing of the introduction of the agreement, however, have been built into the 2025 budget.

f) \$1.2M Revenue Shortfalls

Most of the OPS's revenues have returned to a relatively stable level during 2024; however, the OPS experienced revenue shortfalls from red light cameras and from false alarm revenue streams during the year.

SOLUTIONS/OFFSETS

g) \$11.9M Federal Funding

The Federal Government, through Public Safety Canada, is expected to reimburse the OPS for costs incurred from policing large demonstrations that have occurred in 2024 as per the terms of the Nation's Capital Extraordinary Policing Costs Program. This includes

reimbursement of \$3M for direct expenses and encompasses a component for overhead administrative costs that are associated to these demonstrations, with payment being processed as of March 2025. The OPS is also expected to be reimbursed under the Major International Event Security Cost Framework for the UN Climate Conference held in April as well as the Lying in State for the late Prime Minister, Brian Mulroney. While there is no 2024 financial impact, the Federal payments remain outstanding for the 2023 visits of the President of the United States of America and the President of Ukraine. As of March 2025, the Deputy Minister has provided a recommendation for project approval for this agreement, with payment anticipated in 2025. In addition, the final holdback amount was received January 2025 from the Federal Government in relation to supplemental funding for 2021/2022 and 2022/2023 fiscal years. The amount received is above the estimate that was accrued in 2023, resulting in a surplus in 2024.

Lastly, while the OPS awaits the finalization of the \$50 million, five-year funding model with Public Safety Canada \$1.8M of eligible costs have been incurred year to date, thus the expected funding reimbursement for these costs has been included in the \$11.9 million figure.

h) \$5.8M Vacancy Savings

The OPS continues to work on addressing ongoing vacancies throughout 2024. The Province of Ontario introduced an additional new recruit class at the Ontario Police College (OPC) in 2024, bringing the annual intakes from three classes per year to four. This change will assist greatly in OPS' efforts to catch up with its hiring efforts over time, and we anticipate reaping those rewards beginning in 2025 when those in the extra recruit class become road ready. However, the organization still faces limitations in the number of seats being provided at the police college which contributed to the surpluses realized during 2024.

The OPS realized \$5.8M in savings in 2024 as a result of these vacancies.

i) \$3.7M Provincial Funding

A surplus of \$3.7M was realized in relation to Provincial Funding. The OPS recognized a \$1.8M surplus during 2024, based on a proportion of the first instalment payment received per the City of Ottawa and Ottawa Police Service's Public Safety Plan for fiscal year 2024-25. This funding agreement was signed at the end of 2024 and the revenue amount was recognized based on costs incurred during the year in relation to the five provincial project initiatives: Community Outreach Response Engagement (CORE), Mounted Patrol Unit, Market Safe, Alternative Mental Health Supports and Alternative Staffing – Special Constables.

The remaining \$1.9M solution primarily stems from the Court Security Provincial Grant due to a \$1M increase in the grant funding for OPS as per the 2024 CSPT signed MOU.

j) \$3.6M Revenue & Recoveries

The OPS experienced higher than budgeted revenue and recoveries within various accounts. The significant contributors to this portion of the surplus include:

- \$1.2M Expenditure Recoveries
- \$0.9M Paid Duty Program
- \$0.6M Airport Authority Contract
- \$0.5M Background clearance
- \$0.4M Secondment revenue

k) \$1.1M Debt Savings

The OPS is showing a \$1.1M financial charge surplus, which will be realized savings from debt, due to the debt payments ending this year for one of the OPS facilities. However, this is a one-time savings, as these funds will be used for the South Facility starting in 2025.

l) \$3.038M Non Departmental Taxation

Non departmental taxation amounts are items that aren't under the control of the Board. These tax-related accounts are budgeted and managed by City staff. That being said, a portion of these amounts are allocated to each business area within the City when reporting on the year end position. In 2024, a surplus of \$3.038 million was recorded in these tax-related accounts due to the police share of remissions and supplementary assessments.

2024 Purchases Made Under Chief's Delegated Authority

CEW's:

Not applicable.

Fleet:

1. Ford Super Duty F-350XLT Crew Cab - \$93,000
2. Ford Super Duty F-250XLT - \$86,000
3. Chevrolet Truck - \$70,000
4. Ford F150 - \$62,000

South Building:

1. WSP Canada Inc. professional services for independent commissioning authority for Phase 1 - \$270,000
2. LWG Architectural Interiors Inc. interior design services - \$196,000

2024 Purchases Made Under Special Circumstances Clause

The OPS continues to experience challenges when deploying for major events. Procuring goods and services and obtaining surge capacity support from partner agencies must occur quickly and does not allow time to seek Board approvals. In addition, ongoing supply chain issues, resulting in long lead times for essential safety equipment and operational infrastructure, may require the Chief to act immediately.

There are instances where seeking Board approval would not be conducive to ensure timely delivery of essential goods and services required for operational needs or officer safety purposes.

The Financial Accountability Procedures (FAP) Manual allows for such procurement when special circumstances exist, in the opinion of the Chief of Police, as per section 3.2.4.8 of the FAP Manual.

For Q4 2024, this clause was invoked in relation to the purchase of a camera mapping overlay device for OPS' Air Support Unit. This is highlighted in Document 2.

Quarterly Reporting Requirements

Section 2(e) of the Board's Policy BC-2 on Monitoring Requirements requires the Chief to provide the Board with information on specific operational issues.

With respect to financial reporting, these requirements include:

- Document 1: the Year End Financial Report – Summary by Directorate.
- Document 2: a list of all contracts awarded under delegated authority by the Chief that exceed \$25,000 during the fourth quarter of 2024. In total, \$4.67M in purchase orders were issued under delegated authority in the fourth quarter. The breakdown of these purchase orders is shown in Table 2 on a category-by-category basis.

Expenditure definitions are included in Document 2 for reference.

Table 2 Summary by Type Contracts Awarded Under Delegated Authority		
Type	Amount	%
Information & Technology	\$2,246,183	48%
Goods & Supplies	\$1,169,452	25%
Consulting Services	\$355,758	8%
Fleet & Equipment	\$310,623	7%
Professional Services	\$306,153	6%
Facilities & Construction	\$284,680	6%
Total	\$4,672,849	

- Document 3: a summary of the OPS’s capital budget works in progress and an indication of those accounts that will be closed, in accordance with Section 3.1.3.4 of the Financial Accountability Procedures Manual. This section of the manual enables the Chief Financial Officer, or their designate, to close capital projects by returning any remaining balance to the originating sources and funding any deficits.
- Document 4: provides a quarterly update regarding the receipt of grant funds from the various levels of government as well as any applicable updates on grants that the OPS has applied for.
- Document 5: a report on Board Policy CR-8 – “The Acceptance of Donations, Gifts, Loans and Sponsorships”: Section 6 and 7 of the policy requires that the Chief report to the Board all donations, gifts, loans, and sponsorships valued at over \$500 as part of the quarterly process and that all that are valued over \$50 be properly documented. This document lists those items for the 2024 year. In 2024, a total of \$103,299 was donated to the OPS, which was in support of the OPS Gala.

FINANCIAL IMPLICATIONS

As outlined in the report.

SUPPORTING DOCUMENTATION

Document 1 - 2024 Year End Financial Report – Summary by Directorate

Document 2 - Purchase Orders Issued Under Delegated Authority and Procurement under the Special Circumstances Clause

Document 3 - Capital Budget Works in Progress

Document 4 - Quarterly Grant Update

Document 5 - Donations Report

CONCLUSION

The OPS ended the 2024 fiscal year with a deficit from operations of \$0.6M. The organization managed to offset \$26.7 million in operational pressures through the supplemental funding from Public Safety Canada, one time vacancy savings, and other favourable revenue and recovery surpluses from operations during the year. These identified solutions totalled \$26.1M. These results are subject to the year end financial audit performed by a 3rd party through the City of Ottawa.

When the surplus of \$3M in the taxation accounts is considered, there is a net operating and taxation surplus of \$2.4M for the police tax rate. The \$2.4M surplus will be transferred into the City's Tax Stabilization Reserve.

The next financial report will be tabled with the Board on May 26, 2025 and will be the Q1 2025 Report.