

2019 DRAFT OPERATING AND CAPITAL BUDGETS

Finance and Audit
Committee
February 20, 2019



OTTAWA POLICE SERVICE
SERVICE DE POLICE D'OTTAWA

*A Trusted Partner in Community Safety
Un partenaire fiable de la sécurité communautaire*



ottawapolice.ca

BACKGROUND



- Direction from Board:
 - That the Chief be directed to prepare and present a budget options list that does not impact frontline services to residents and moderates the Service's reliance on the new revenue sources.

2019 BUDGET



- \$18M new requirement
 - Equivalent to a 5.1% police tax increase
- Discussions with City concluded with 3 new revenue sources totaling \$5.8M reducing tax increase to 3.0%:
 - Red light camera revenue: \$0.5M
 - Tax stabilization revenue: \$4.8M
 - Grant: \$0.5M
- Mayor's comments support tax stabilization funding of \$2.4M in 2019
- Result: \$2.4M budget gap

OPTIONS EVALUATION CRITERIA



- No impact on frontline service to residents
- No impact to staffing increase plan for community policing, violence against women and traffic
- Savings are achievable in-year
- Reassess risk tolerance in budget
- Adjust budget based on new information
- Defer expenditures to 2020

OPTIONS – RECOMMENDED



Description	\$M
Risk Reassessment	
• CRC Revenue	0.6
• Overtime	0.3
New Information	
• Gapping	0.5
• Fuel	0.2
Base budget reductions: travel, training, supplies, services	0.4
Defer Expenses to 2020	
• New services: Community development, Legal	0.2
• CID project fund	0.1
• Carbine armouring	0.1
Total	2.4

OPTIONS – NOT RECOMMENDED



Description	\$M	Implication
Paid Duty – full cost recovery	0.8	Community impact – 51% of clients are community groups
Modernization roadmap	0.5	Project currently at implementation phase
South building	0.5	Operational / financial costs
Equipment	0.6	Frontline operational impact
Back office integration	-	No impact on 2019, potential savings in 2020
Total	2.4	

BACK OFFICE INTEGRATION



- Discussions have begun with City staff
- Align with City's SAP Modernization
- Benefits not expected until 2020 or beyond
- Back office integration to date:
 - Payroll transferred in 2015
 - Fleet maintenance
 - Procurement
 - Treasury, AR/AP
 - IT (SAP)
 - Legal support (Labour Relations)
 - Facilities – operations and maintenance

2019 DRAFT OPERATING BUDGET



Budget Changes (\$M)

	Tabled	Current	Var
Maintain services	\$ 12.1	9.7	(2.4)
<ul style="list-style-type: none"> • Inflation • Base budget stabilization • 2018 Board approved programs • Red light camera revenue + grant 			
30 officer increase	3.7	3.7	-
<ul style="list-style-type: none"> • 2019 increase • 2018 annualization 			
Modernization Roadmap	1.3	1.3	-
User fees and revenues	(0.1)	(0.1)	-
One time funding from City	(4.8)	(2.4)	2.4
Budget increase	\$ 12.2	12.2	-
Police Tax Rate increase	3.0%	3.0 %	-

FORECAST 2020 – 2022



Incremental Requirement (\$M)		2020	2021	2022
Maintain services – Wages, FSP	\$	11.8	10.2	11.9
30 officer increase		4.4	4.0	4.1
Modernization Roadmap		0.5	0.2	0.0
User fees and revenues		(0.1)	(0.1)	(0.1)
One time funding from City*		-	2.4	-
Budget increase	\$	16.6	16.7	15.9
Police Tax Rate Increase		4.3%	4.1%	3.5%
* One time funding from City - Gross		(2.4)	-	-

EFFICIENCY SUMMARY



Year	\$M	Description
2010	0.5	Base budget reductions
2011	0.6	Base budget reductions
2012	1.4	Base budget reductions and revenue increases
2013	1.6	Just in time positions and CRC revenue
2014	2.9	Compensation provision and CRC revenue
2015	2.1	Fleet review and cost recovery initiatives
2016	2.0	Paid duty revenue and payroll transition
2017	2.0	Background check revenue and time & attendance transformation project
2018	0.6	Background check revenue
Total	13.7	

BUDGET HISTORY



Year	City Tax Rate Increase %	Police Tax Rate Increase %
2011	2.45%	2.5%
2012	2.39%	2.5%
2013	2.09%	2.5%
2014	1.9%	2.0%
2015	2.0%	1.75%
2016	2.0%	1.75%
2017	2.0%	2.0%
2018	2.0%	2.0%
2019	3.0%	3.0%

BACKGROUND CHECK FEES



- Direction from the Board:
 - That the Chief be directed to prepare and present possible fee structure options that are not full cost recovery, which reduce the cost of background checks for youth 18 and under as well as non-profit organizations, and identify the resulting budget pressure for each option

OVERVIEW AND HISTORY



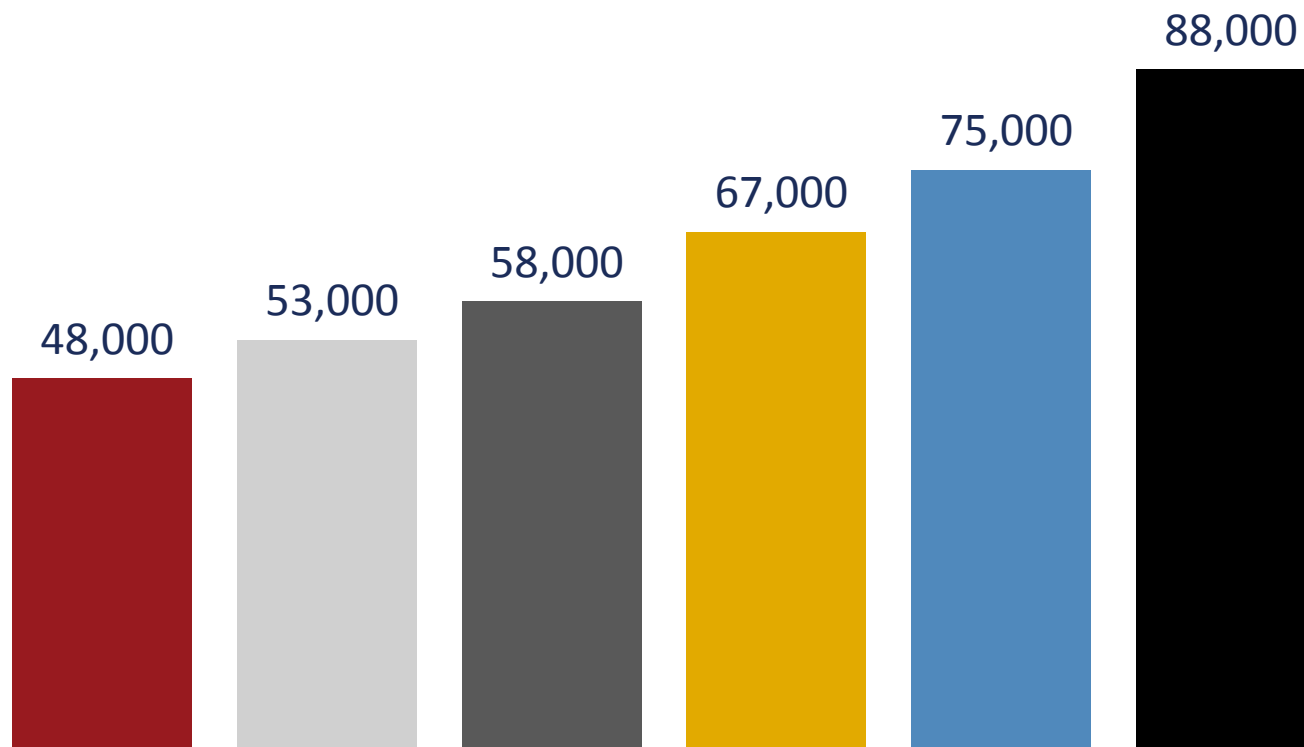
- Significant growth in volume
 - Doubled since 2013
- Before launch of on-line system
 - Paper based, manual process with multiple touchpoints and duplicate data entry
 - 13 week backlog
- Launch of on-line system
 - Faster processing times (13 weeks to 48 hrs)
 - Reduced staffing pressures (from 17 FTE's to 11 FTE's)
- Pricing model approved by Board in 2018 ensures full cost recovery

GROWTH



Background Checks

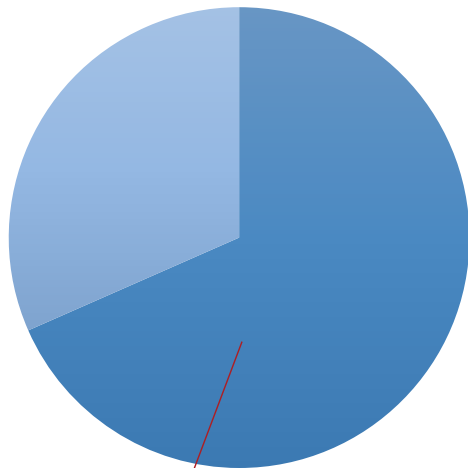
■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 - Est



CLIENTS

Reason

■ Employment 68% ■ Volunteer 32%

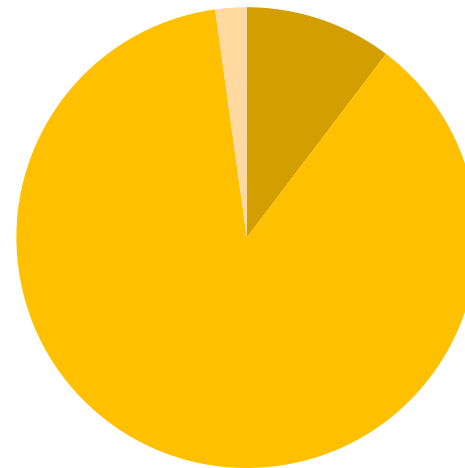


75K total
volume - 2017

- Non-profit represent approx 45% of employment volumes or 23k

Demographics

■ Youth 10% ■ Adult 88% ■ Senior 2%



BENEFITS OF ON-LINE SYSTEM



- Faster processing (From 13 weeks to 24-48 hours)
- No backlog (From 6,500 to zero)
- Improved internal processing
 - § Online (under 60 seconds)
 - § Counter (From 12 minutes to 6 minutes 24 seconds)
- Civilianization of all work
- Quality assurance support
- Automated audit records
- Reduced staffing pressures (From 17 FTEs to 11 FTEs)

PRE 2019 FEE STRUCTURE

LEARN Guidelines	Employment	Volunteer	Volume
Level 1 – Police Criminal Record Check	\$50	\$0	12,590
Level 2 – Criminal Records and Judicial Matters	\$15	\$0	3,393
Level 3 – Police Vulnerable Sector Check	\$15	\$0	53,824
Express Surcharge	\$42		19.5%
Out-of-jurisdiction	\$42		0.6%

FULL COST RECOVERY

§ Volume 75,000

Cost Item	Amount
Total direct costs	\$2,700,000
Overhead	\$2,025,000
Total Cost to Recover	\$4, 725,000

Avg. cost = \$63 / transaction

Interpretation of the Municipal Act:

To be a valid fee, it is generally regarded that there must be a reasonable relationship between the fee or charge and the cost to deliver the service for which it is imposed.

FEE STRUCTURE OPTIONS PROPOSED IN 2018

Options:	Fee for Employment	Fee for Volunteer	Total Revenue*
A: Status Quo	\$90	\$0	\$4.7M
B: Volunteer Pays	\$85	\$10	\$4.7M
C: Volunteer Pays	\$80	\$20	\$4.7M
D: Volunteer Pays	\$75	\$25	\$4.6M
E : Equal Pay	\$63	\$63	\$4.6M
F: Market Rates	\$50	\$50	\$3.5M

* Revenue based upon 2017 volumes

- Option A adopted by board effective Jan 1 2019.

FEE STRUCTURE OPTIONS

Options:	Fee for Employment	Fee for Non-Profit Employment	Fee for Volunteer	Revenue Impact
A: Status Quo	\$90	\$90	\$0	-
B: Non-profit to \$15	\$90	\$15	\$0	(\$1.7M)
C: Non-profit to average cost	\$90	\$63	\$0	(\$0.6M)

* Revenue based upon 2017 volumes

2019 BUDGET CONSIDERATION AND APPROVAL TIMETABLE



Event	Date
Board: Public Delegations and Approval of 2019 Budget	February 25
City Council: Approval of 2019 Budget	March 6