

**Report to / Rapport au:**

**OTTAWA POLICE SERVICES BOARD  
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

**31 May 2021 / 31 mai 2021**

**Submitted by / Soumis par:**

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

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**SUBJECT: FINANCIAL STATUS REPORT – FIRST QUARTER 2021 AND DRAFT 2022  
BUDGET PROCESS**

**OBJET: RAPPORT D'ÉTAPE FINANCIER DU PREMIER TRIMESTRE 2021 ET  
PROCESSUS DU BUDGET PROVISOIRE 2022**

**REPORT RECOMMENDATIONS**

**That the Ottawa Police Services Board receive this report for information.**

**RECOMMANDATIONS DU RAPPORT**

**Que la Commission de services policiers d'Ottawa prenne connaissance du présent  
rapport à titre d'information.**

**BACKGROUND**

This quarterly financial report summarizes the current financial position of the Ottawa Police Service (OPS), outlines the operational issues affecting the OPS' finances, and presents the projected year-end financial position for the organization. This report also outlines significant variances that are known at this time. The continued uncertainty of the COVID 19 pandemic remains fluid, with assumptions likely to change depending on Provincial and public health orders. Significant impacts to the budgeted revenue are non-controllable reductions which are directly influenced by the ongoing pandemic, including the additional cost of personal protective equipment (PPE), cleaning costs, and other applicable directives related to Public

Health orders. Staff continue to conduct thorough reviews to ensure financial mitigation measures are leveraged, where feasible, without impacting the Service's commitment to providing effective and adequate policing to the City of Ottawa. The accuracy of these projection improves with each quarter, as the OPS' expense and revenue patterns become more certain.

This report also includes a draft outline for the 2022 Budget process, as well as timelines and a broad inclusive consultation process for consideration by the Ottawa Police Services Board (Board).

## **DISCUSSION**

The Covid19 pandemic continues to place financial pressures on the OPS in 2021, presenting a very fluid situation with an ongoing third wave of infections, the vaccine rollout, and the new measures being enacted by the provincial government, such as the inter-provincial border checks. The OPS is operating under the assumption that incremental pandemic costs will be covered by the upper levels of government, similarly to 2020. In the event that funding is not provided by either the provincial or federal government, it will directly impact the OPS' ability to absorb those costs in alignment with the 2021 budget. The OPS continues to be diligent with its spending in 2021 to ensure financial mitigations measures are leveraged, where feasible, and to the extent that is controllable by the Service.

These significant financial pressures have been met with equally significant management interventions to ensure that the OPS remains fiscally responsible during the pandemic.

Management interventions include the following:

- A no travel order
- Discretionary spending freeze
- Enhanced overtime reporting and controls to limit usage
- Annual leave utilization strategy

Based on current information, staff is forecasting total operating budget pressures for 2021 in the amount of \$10.7 million, which will be entirely offset by developed solutions of \$10.7 million, leaving the OPS in a balanced position in 2021.

Each of the significant variances is summarized in Table 1 and discussed in more detail below. The year-end position for OPS operations is still very fluid due to the changing pandemic environment and will continue to fluctuate as additional data becomes available throughout the year.

## Identified Pressures & Solutions

### a) Total Revenue Pressures

The main driver of the OPS' operational pressures is the result of a variety of revenue shortfalls. These revenue shortfalls are expected to total \$5.8 million in 2021.

The revenue deficit is comprised of the following revenue categories: red light camera revenue (\$2 million), background clearance (\$1.4 million), grant revenue (\$1.0 million), airport revenue (\$0.8 million) and false alarms (\$0.4 million).

### b) COVID 19 Expenditure Pressures

The OPS is also experiencing significant expenditure pressures due to the ongoing pandemic, totalling \$3.1 million.

This deficit includes \$1.6 million for the additional PPE and decontamination steps implemented to protect our members and the public. Another \$0.9 million is attributed to higher unused leave banks and increased overtime related specifically to the pandemic. The final \$0.6 million relates to costs incurred for the inter-provincial checkpoints being performed by the OPS as a result of the provincial Stay at Home Order.

### c) Non COVID19 Expenditures

There are three operational obligations, unrelated to the pandemic, that are forecasting pressures of \$2.4 million. The first item is WSIB, the second item is fleet maintenance & fuel costs, and the last is the organization's commitment to the Sexual Harassment Project, which is a key priority in establishing an overall strategy and process framework for all forms of harassment within the OPS.

### d) Discretionary Solutions

The pandemic required considerable management intervention in order to remain fiscally responsible. Those interventions are forecasted to result in \$8 million in discretionary solutions. The spending freeze is expected to save \$6.2 million in services, supplies and equipment-related costs. The no travel order is expected to save another \$0.8 million with the delay in hiring of the growth-related positions resulting in the remaining \$0.9 million of solutions.

<b>Pressures</b>	<b>(\$000)</b>
Total Revenue Pressures	(5,800)
COVID19 Expenditure Pressures	(3,100)
Non COVID19 Expenditures	(1,800)
<b>Total Pressures</b>	<b>(10,700)</b>
<b>Solutions</b>	
Discretionary	8,000
COVID19 & Other Revenue	2,400
Non-Discretionary	300
<b>Total Solutions</b>	<b>10,700</b>
<b>Projected Surplus (Deficit)</b>	<b>-</b>

#### e) Covid19 and Other Revenue

The OPS is anticipating that the Provincial government will provide additional funding to the City of Ottawa to help municipalities cover the additional costs they incurred in relation to PPE and enhanced cleaning protocols. The portion of that funding that the OPS is expecting to receive is \$1.6 million. The OPS has received separate assurances from the Solicitor General of Ontario that we will be reimbursed an estimated \$0.6 million for incremental costs related to the inter-provincial border enforcement due to the Stay at Home Order. Finally, the OPS received some additional revenue from the Province from the excise taxes collected on the sale of cannabis and that totalled \$0.2 million for a total revenue solution amount of \$2.4 million.

#### f) Non-Discretionary Solutions

The non-discretionary solutions resulting from the pandemic total \$0.3 million in savings. These savings are anticipated to materialize from lower facilities costs from employees working from home.

### **Horizon Issues**

The Covid19 pandemic remains a very fluid situation that will continue to be monitored from an operational and financial perspective. On top of demands from the ongoing pandemic, there are several horizon issues that are being closely monitored for potential impacts to the financial situation of the OPS in 2021:

- Contract negotiations are underway for the OPA and SOA collective agreements. These collective agreements could create a pressure once settled and will be monitored while ongoing.
- Job evaluation process for civilian members. Once that process recommences the OPS could be facing financial pressure from the groups currently in the queue for evaluation.
- Impact from insurance liability claims and settlements due to the uncertainty of the amount and timing of when claims will be processed.
- The budgeted receipt of \$1 million in grant funding from upper levels of government to aid in the mental health strategy; these funds haven't been secured to-date.

### **Quarterly Reporting Requirements**

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

With respect to financial reporting, these requirements include:

- Document 1 provides the 1st Quarter Financial Report – Summary by Directorate.
- Document 2 provides a list of all contracts awarded under delegated authority by the Chief that exceed \$25,000 in the period of January to March 2021. In total, \$1.2 million in purchase orders were issued under delegated authority in the First Quarter. The breakdown of these purchase orders, by category, is shown in Table 3. Expenditure definitions are included in Document 2 for reference.

<b>Table 3</b> <b>Summary by Type</b> <b>Contracts Awarded Under Delegated Authority</b>		
<b>Type</b>	<b>Amount (\$)</b>	<b>Percentage (%)</b>
Information & Technology	752,550	65%
Fleet & Equipment	198,994	17%
Professional Services	82,965	7%
Facilities & Construction	65,956	6%
Goods & Supplies	63,204	5%
Consulting Services	-	-
<b>Total</b>	<b>1,163,618</b>	<b>100%</b>

- Document 3 provides a summary of the OPS' capital budget works in progress and indicates those which will be closed, in accordance with Section 3.1.3.4 of the Financial Accountability Procedures Manual. It enables the Chief Financial Officer to close capital projects by returning any remaining balance to the originating sources and fund any deficits.

## **2022 Budget Considerations**

At the direction of the Board, the OPS has begun the development of the 2022 Draft Budget. This has included regular meetings with the Finance and Audit Committee budget working group (as per the Board direction). In line with the Board's motion, this working group is meeting to determine how the 2022 Draft Budget could be reduced or frozen at 2021 levels.

An update was provided at the April Board meeting.

As part of this Board's directed process, staff have begun to develop budget scenarios based on the following 2022 police tax levy increase scenarios:

- 0%
- 1.5%
- 3%

This work is now underway and staff will report back to the Board at its July meeting. This report will outline the potential impacts on service delivery, three-year change plan committed to by the Service, sworn officer and civilian staffing, as well as future outreach and recruitment. It will also include initial feedback received from the public, stakeholders and from City of Ottawa councillor consultations.

## **City of Ottawa Budget Process**

The City of Ottawa's 2022 Budget directions, timeline and consultation process is scheduled for the July with the Finance and Economic Development Committee and subsequently, the Council as a whole. The purpose of the report is to provide Council with an understanding of the projected pressures that the City, including Boards and Commissions, will be facing in 2022 and provide a recommended annual increase in property taxation, including the police tax levy, outlining the budget allocation targets for the Transit Commission and Boards, including the OPS. In addition, this report proposes a timetable for the tabling, review and adoption of the 2022 City Budget.

Section 39 of the Police Services Act (PSA) requires that the Board approves the annual budget allocations for the OPS to maintain police service and provide it with equipment and facilities. In conjunction with the OPS Business Plan and other strategic planning documents, the annual budget enables the Board to set its priorities and provide direction to management. It supports service levels, provides the authority to proceed with key operational projects, confirms the necessary funding to provide

adequate and effective policing, and supports the mandate of the 2021 Change Budget, which outlined the Service's and the Board's commitment to change.

### **OPS Budget Directions Report**

Included in the July directions report will be an outline of the 2022 budget engagement and consultation process. This will include a broad consultation approach where the public-at-large can provide feedback.

### **Consultation**

The consultation process has begun with meetings with each City Councillor, throughout the month of May and June, to provide an update on the 2021 Budget commitments, 2021 financial status update, a review of their 2020 Ward statistics, and initial discussions related to each Councillor's concerns and input to guide the 2022 Budget.

Following the tabling of the OPS Budget Directions/2022 Budget Scenario's report the Service has committed to an extensive 2022 Budget consultation process. We will be re-engaging multiple stakeholders, community members and Councillors for feedback and input into the presented budget option scenarios. These consultations will run every six to eight weeks to allow for continual engagement with all participants up to and including the tabling of the budget and its final adoption.

A draft budget timeline is included in the following table for consideration:

### **2022 Budget Draft Timeline**

Councillor Consultation – 2021 Budget Status update, 2022 Budget Engagement	May – June 2021
City Budget Directions Report	July 2021
OPS Board Regular Meeting; OPS Budget Directions/2022 Budget Scenario's	July 2021
Community Consultation/Engagement	June – October
Councillor-Led Consultations	September - November
OPS led Councillor 2022 Budget Briefing	November
OPS Board Special Meeting, City Council Special Meeting,	3 November 2021

Tabling of Draft 2022 Budget	
OPS Board Finance and Audit Committee Meeting 2022 Budget Delegations	TBD November 2021
OPS Board Regular Meeting: Public Delegations, Consideration and Approval of 2022 Budget	22 November 2021
City Council Review / Adoption of 2022 Budget	8 December 2021

### **Enhanced Consultation Methods**

The Service is taking additional steps to ensure accountability and transparency by seeking services to conduct a social impact audit to provide a more fulsome overview of current social funding in the city.

The OPS is also working with the Community Safety Knowledge Alliance (CSKA), a progressive policing practice think-tank, to provide us with different options in terms of alternative police response. This includes the identification of new approaches to community safety services.

The OPS is also exploring options beyond traditional public opinion polling. New approaches that assess public opinion using open source technology and other public sources exist. The methodology involves aggregating open source data to assess trends and patterns and other available public sources that exist. These approaches have the potential to better ensure the demographics of the community are mirrored so that the sample is representative of the population, while respecting privacy. An update on these options will be provided before the July report.

DiversiPro has been contracted to engage in work with the Executive Office, primarily with our Equity Diversity and Inclusion (EDI) Executive Sponsor and the Organizational Change Advisor (OCA). DiversiPro has expertise in addressing systemic barriers to inclusion, and issues related to systemic racism and gender. The OCA will be responsible for providing strategic support around organizational change with specific emphasis on addressing systemic issues.

The Service continues to be committed on delivering policing and public safety needs of the city with increased member engagement, enhanced duty of care, and strengthening the public's trust and confidence in our Service.

Our 2021 Change Budget projects are well underway and as the OPS continues to move forward; our change agenda approach is being developed through community co-production, and include the following:



- The Neighbourhood Resource Team's (NRT) suburban expansion is progressing on schedule, and the team is currently engaged in community consultations with its Community Police Officer (CPO).
- Work to build the Community Safety & Well-Being (CSWB) Branch is advancing, the project team is looking to recruit a CSWB Director.
- The Mental Health Response Strategy (MHRS) project team has established the Guiding Council, and is currently engaged in defining the Mental Health/Addiction Training Plan, and continues its work on introducing a 24/7 MHCU response plan.
- Working with community partners to expand the scope of our response to gender-based violence, including hiring five additional Violence Against Women (VAW) resources that include: a VAW Senior Advisor, Indigenous Women's Safety Advisor and three additional resources (that will be developed and hired based on feedback from community stakeholders on how best to support survivors and victims of domestic and sexual violence).

Projects focused on training and development are progressing as planned, including; presentations on the current state of De-Escalation Protocols being presented to the Board at its May 31 meeting; and victim- trauma-centered training has been identified as a priority to be integrated in future training, including anti-racism, anti-Black and anti-Indigenous training for members.

Within the OPS work continues to introduce and deliver a new training platform, leadership training, and a new organization-wide competencies framework. The Wellness self-serve portal is moving to a request for proposal, and the Family Resource Group portal is on schedule with a focus on being introduced in Q4. The Turn-Out Rate Improvement Initiative is currently on track as the project team actively works to launch the Early Intervention System, complete the Return to Work / Reintegration Process, and complete Turn-Out Rate Dashboard Reporting in Q2.

Work to establish an Intelligence-Led Policing and an Ottawa Police Strategic Operations Centre (OPSOC) Next Generation review continues as the project teams are engaged in planning internal stakeholder and focus group consultations and interviews to determine current-state assessments, and future-state vision and implementation plans. The OPS continues to progress in establishing organizational Key Performance Indicators (KPIs) by integrating key measures into governance processes and organizational decision-making and introduce KPIs 1.0 in Q2 and KPIs

2.0 in Q4. The OPS continues to make meaningful change by holding open discussions with all membership with its weekly “Continuing the Conversation” sessions.

## **FINANCIAL IMPLICATIONS**

As outlined in the report.

## **SUPPORTING DOCUMENTATION**

[Document 1](#): 1st Quarter Financial Report – Summary by Directorate

[Document 2](#): Purchase Orders Issued Under Delegated Authority

[Document 3](#): Capital Budget Works in Progress

## **CONCLUSION**

The continued impacts of the COVID 19 pandemic, and challenges outlined in this report, were projected to cause significant financial pressure of \$10.7 million for the OPS in 2021. Management interventions that have carried over from 2020 have assisted in mitigating these forecasted financial pressures. Based on current information, the OPS is forecasting a balanced position at year-end with the assumption of grant funding from the Province covering off the incremental pandemic-related costs the OPS has, and will incur, in 2021. There continues to be significant risk in achieving a balanced budget given the impacts outlined in this report and mainly due to non-controllable cost related to the pandemic, horizon issues related to Collective bargaining, legal indemnification costs, and other outstanding labour relation grievances.

The risks and assumptions in our forecast are continuously being revisited for accuracy and validity. The loosening or tightening of management interventions will continue to evolve with the pandemic to ensure a balanced budget.

In July, staff will present the Service’s Second Quarter financial position as of 30 June 2021, and staff will also present the 2022 Budget directions report including 0%/1.5%/3% police tax levy increases, including the impacts to FTEs, service delivery, commitments to change, and risk to providing adequate and effective police to the City of Ottawa.