



GUELPH POLICE SERVICES BOARD

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FINANCIAL SERVICES DIVISION

TO: Vice-Chair Peter McSherry and Members of the Guelph Police Services Board

DATE: Thursday, December 15, 2022

SUBJECT: 2023 Budget Confirmation

PREPARED BY: Sarah Purton, Manager, Financial Services

APPROVED BY: Daryl Goetz, Deputy Chief

RECOMMENDATION:

BE IT RESOLVED that the Guelph Police Services Board confirms the 2023 operating budget in the amount of \$57,269,170 approved by the Board on October 21, 2021; and

THAT the Guelph Police Services Board approves the addition of capital project PS0089 NG911 in the amount of \$1,000,000 to the 2023 Board approved capital budget; and

THAT the Guelph Police Services Board approves the reallocation of funds in the amount of \$95,300 from PS0086 Telecom Equipment to PS0089 NG911; and

THAT the Guelph Police Services Board recommends that funding in the amount of \$904,700 for PS0089 NG911 be transferred from the Police Operating Contingency Reserve; and

THAT the Guelph Police Services Board requests that any surplus arising in PS0089 NG911 be returned to the Police Operating Contingency reserve or the Police Capital Reserve Fund upon completion of the project and project closure; and
THAT the Board forwards this information to the City of Guelph Council upon approval.

FURTHER RECOMMENDATION:

THAT the Guelph Police Services Board recognizes that because of the multi-year budget process and in line with City of Guelph capital budget management practices, Guelph Police Service staff require increased flexibility related to budget management of capital projects; and

THAT the Guelph Police Services Board approve the capital budget reallocation and reporting thresholds included in **Appendix A**.

SUMMARY:

On December 2, 2021, Guelph City Council approved a multi-year operating and capital budget for 2022 and 2023. Additionally, a 2024-2025 operating forecast and 2024-2031 capital forecast was received for information by City Council. In alignment with City staff's direction that the City was moving forward with a multi-year budget approval, and in accordance with Section 39 of the Police Services Act, the Guelph Police Services Board approved and received operating and capital budgets and forecasts for the above noted years. This information was forwarded to City Council in advance of the December 2, 2021 approval.

A. 2023 BUDGET CONFIRMATION PROCESS:

In accordance with the Municipal Act Section 291(4), municipalities that adopt a multi-year budget are required to establish an annual review process, requiring Council to confirm the approved budget for the year that the budget applies. For the 2023 budget confirmation process, the below thresholds have been utilized as defined in the Council approved Budget Policy. These thresholds are used to determine the classification of change and resulting action as related to the 2023 approved budget.

- **Administrative Changes Adjustments** categorized as "housekeeping" items whereby budget funds can be reallocated within Services to realign the existing Operating Budget and have a net zero impact to the tax or user rates levied. Capital budget "housekeeping" items are defined as items less than \$100,000 having a net zero impact, are similar projects with similar funding and can be realigned within the approved Multi-year Budget (MYB) period.
- **Reportable Changes** are an individual operating budget item that would have an annual impact of between 0.05% and 0.49% (or \$148K - \$1.5M) to the property tax and payment in lieu of taxes to be levied and is managed within the existing approved budget, with no change to the approved levy increase or user rate increase. A capital project adjustment with a net 0 impact and less than \$500,000.
- **Material Changes** are an individual item or summation of operating budget items that would have an annual impact of 0.50% (or greater than \$1.5M) to the property tax and payment in lieu of taxes to be levied. Material changes may result in a change to the approved levy or user rates. A capital project or summation of Capital Budget projects that would have an annual impact greater than \$500,000.

GPS staff were asked by the City to review their approved 2023 operating and capital budgets and apply the above thresholds to any new information that was not reflected in the approved budget.

2023 OPERATING BUDGET:

Staff have reviewed the 2023 Board approved operating budget and there are no changes identified that would be considered reportable or material changes. It should be noted, that at a corporate level, City staff will be informing Council of impacts related to fuel and utilities of which GPS is a part of but on our own do not meet the reportable or material thresholds. It is not the intention of City staff to request a change to the budget, but rather these potential impacts will be made known to Council as well as the potential need to utilize reserves in the event there is an unfavourable variance.

Staff are requesting that the Guelph Police Services Board confirm the 2023 Board approved operating budget in the amount of \$57,269,170.

2023 CAPITAL BUDGET:

Staff have reviewed the 2023 Board approved capital budget and have identified the addition of capital project PS0089 NG911 in the amount of \$1,000,000.

The Guelph Police Service in partnership with the P.R.I.D.E. Police consortium, the Guelph Fire Department and the City of Guelph are moving towards a successful implementation of next generation 9-1-1 systems as mandated by the Canadian Radio and Telecommunications Commission. In early October 2022, a request for purchase (RFP) document led by the Waterloo Regional Police Service was released to the vendor community, with a tentative closing date of early December. It is anticipated that a successful bidder will be selected in early 2023 following bid evaluations and product demonstrations. It is expected that the implementation of NG911, will result in significant on-going operating costs. While these are unknown at the time of this report, staff expect that these will be reflected in the 2024 operating budget.

For purposes of the budget confirmation process, this addition would meet the definition of a material change under the City's budget policy. To not cause an impact on the tax levy, staff are recommending that funding for this project come from the following:

1. Reallocation of \$95,300 from PS0086 Telecom Equipment. This project is complete and following the reallocation of funds will be closed.
2. The remaining funding in the amount of \$904,700 required for PS0089 NG911 be transferred from the Police Operating Contingency Reserve. Staff are further recommending that upon completion of the project, any surplus funds be transferred back to the Police Operating Contingency Reserve, or Police Capital Reserve Fund should the contingency reserve be at its limit. As of December 31, 2021, the balance in the Police Contingency Reserve was \$2.183M. The maximum balance allowed in this reserve under the City's reserve and reserve fund policy is 5% of the Service's net operating budget or \$2.7M in 2022.

It should be noted, that while internal funding sources are identified at this time, the Province of Ontario has committed to assisting municipalities with implementation costs related to NG911. Based on current information, this comes in the form of a \$208M dollar funding opportunity however, no details have been shared with respect to the application process for or how the funding will be distributed amongst the various municipalities.

With the addition of PS0089 NG911, the Guelph Police Services 2023 capital budget will be \$4,206,800.

B. CAPITAL PROJECT BUDGET MANAGEMENT

With the implementation of multi-year budgeting as well as the current environment of inflation and supply chain problems, staff are recommending a more formalized process for in-year budget management of capital projects including authority to reallocate funding between projects with like funding sources. The below information will highlight guiding principles related to capital budgets and reallocation and reporting thresholds. Upon approval of these budget reallocation and reporting thresholds, this information will be included in GPS' finance policy.

Overview & Definitions:

A capital project may contain budget for a single project or multiple similar projects. After budget approval, the following actions can take place in-year that would impact the approved budget for a capital project:

- a) Budget reallocation: this results when a budget entry is completed in-year to move budget from one capital project to another. A budget reallocation results in a net zero change to the Services' approved capital budget and recognizes like funding sources.
- b) Budget increase: this results when a budget entry is completed in-year to increase the Services' approved capital budget. Examples of a budget increase may be the receipt of external funding or through a Board motion and subsequent City Council approval.
- c) Budget decrease: this results when a budget entry is completed in-year to decrease the Services' approved capital budget. This would be done if a portion or all of a budget is no longer required and funding would be requested to return to the originating reserve and/or reserve fund. A budget decrease most commonly occurs when a capital project is closed.

Principles of Capital Project Budget Management:

- a) Guelph Police Services staff are the owners of a capital project and have responsibility and accountability to manage the project deliverables within the approved budget;

- b) Capital project budget reallocations must not negatively impact the outcome of the Board approved project and if the outcomes will be impacted, these must be reported and explained.
- c) All capital budget reallocations will be documented and approved by the appropriate authority as outlined in **Appendix A**. Reporting on all reallocations regardless of the amount will be completed via the Services' quarterly Budget variance report.
- d) In accordance with the City's Capital Account Budget Controls Policy, any budget reductions, or surpluses remaining in a capital project upon closure will be held in a holding account during the calendar year to be used in mitigating in-year over budget projects. At year end, any unallocated amounts will be returned to the originating funding source. The Board is notified of capital project closures via the Services' quarterly Budget variance report.

C. NEXT STEPS

The following City Council dates are scheduled for the 2023 Budget Confirmation Process:

- December 7, 2022: Council Orientation – Multi-Year Budget & Budget Confirmation
- January 25, 2023: Special Council Meeting: 2023 Budget Confirmation

CONCLUSION:

Staff have reviewed the Board approved 2023 operating and capital budgets and applied the above noted thresholds set by City Council through the Council approved Budget Policy. In accordance with these thresholds and City of Guelph staff budget direction, staff are requesting the Board confirm the 2023 Operating Budget and approve the addition of capital project PS0089 NG911 utilizing funding from the Police Operating Contingency reserve and reallocation of funds from PS0086 Telecom Equipment Project.

Additionally, in response to the multi-year budget process and to give staff greater flexibility in managing in-year capital budget requirements in line with City processes, staff have developed a series of guiding principles surrounding capital budget project management including authority surrounding budget reallocations and reporting requirements as outlined in **Appendix A** of this report.

STRATEGIC PLAN 2019 - 2023:

Priority 1: Community Policing with the need for higher visibility in the community.

Priority 2: Organizational Health and Service Effectiveness, with need to review police resources and how they are deployed to better meet the needs of the community and members.

Priority 3: Community Wellness with a continued focus on how the Service manages mental health-related calls for service.

Priority 4: Road Safety with proactive traffic enforcement.

Priority 5: Drugs and Property Crime with increased efforts to offset the increase in these types of crimes.

Priority 6: Downtown with increased police visibility to address safety concerns.

FINANCIAL IMPLICATIONS AND/OR RISKS:

Similar to a normal budget year, risks in a budget confirmation year exist. As outlined when the 2023 budget was approved risks include benefit costs, workplace safety and insurance board (WSIB) costs, legislative impacts, technology changes, grant values and grant continuance and the actual impact of the new Headquarters building as it becomes operational. Inflation and supply chain issues have the potential to impact the Services' operating and capital budgets and regular monitoring will continue to occur through monthly internal variance reporting and quarterly Board reporting.

Assumptions made in the budget related to the grant revenue, compensation costs and rate of crime which could impact workload driven costs (i.e. overtime, project costs) were reviewed for reasonableness as part of the 2023 budget confirmation process.

ATTACHMENTS:

Appendix A: Capital Budget Reallocation and Reporting Requirements

ATT-1_2022 – 2031 Capital Forecast

ATT-2_Guelph Police Services Organizational Chart

ATT-3_Detailed Operating Budget Report

Operating Budget Overview: Description of Major Year over Year Changes

ATT-4_Schedule of Active Grants Included in Budget

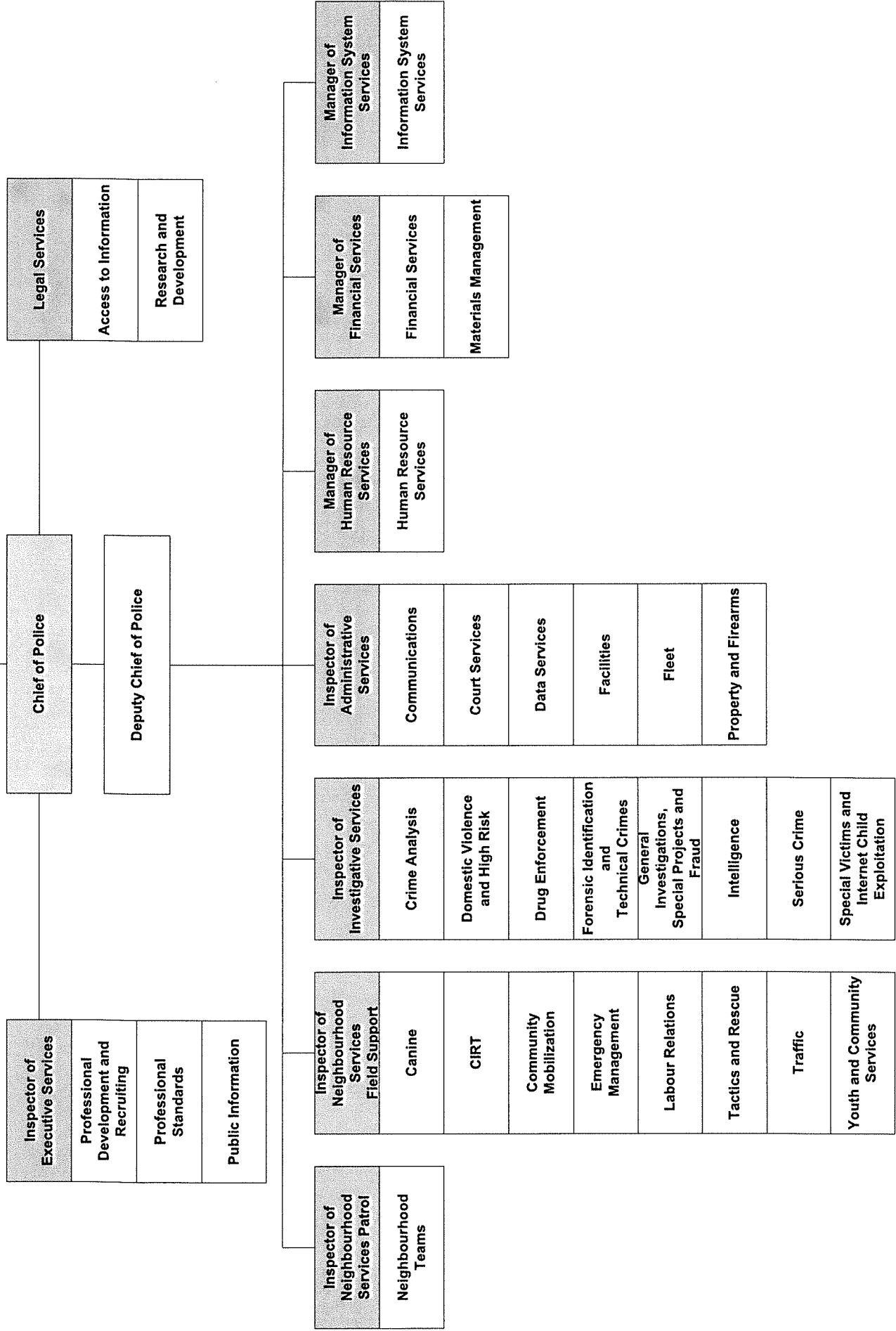
Appendix A: Capital Budget Reallocation and Reporting Requirements

Amount	Approver	Reportable To
>\$100,000	Guelph Police Services Board	Guelph Police Services Board
>=\$25,000	Chief of Police or Deputy Chief of Police and Financial Services Manager	Guelph Police Services Board
<\$25,000	Inspector or Civilian Manager (of the unit responsible for the capital project) and Financial Services Manager	Guelph Police Services Board

ATT-1_2022 - 2031 Capital Forecast

Capital Account	2022 Approved	2023 Approved	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast	Total 10 Yr Fcst
New Vehicle Growth	277,200	70,700	72,200	-	-	76,700	-	-	81,400	-	578,200
Facilities & Facilities Equip. Lifecycle	13,300	15,900	4,300	10,000	35,000	27,000	116,000	25,000	431,000	63,000	740,500
Facilities Upgrades	-	-	207,100	2,006,700	-	-	-	-	-	-	2,213,800
Deployment Strategy	100,000	-	-	-	-	-	-	-	-	-	100,000
BWC / CEW / DEMs / Training	442,700	706,300	706,200	706,300	706,200	718,700	737,400	755,800	776,300	796,800	7,052,700
Information Technology Hardware	511,100	1,020,600	888,500	363,400	635,700	4,600,500	860,600	940,100	708,700	1,014,500	11,543,700
Body Armour	39,600	40,800	61,000	72,000	96,000	56,000	67,000	88,000	45,000	50,000	615,400
Furniture	19,200	19,600	20,000	21,000	21,000	22,000	22,000	23,000	20,000	25,000	212,800
NS Patrol & Field Support Equipment	62,500	153,700	66,800	51,000	97,000	140,000	47,000	51,000	28,000	80,000	777,000
Executive/Administration Equipment	16,200	22,100	-	21,600	56,900	-	19,200	19,400	16,900	88,900	261,200
Investigative Services Equipment	81,000	86,600	52,600	127,000	37,000	128,000	57,000	40,000	235,000	57,000	901,200
Fleet & Fleet Equipment Replacement	563,300	927,300	879,300	1,184,500	1,142,400	1,377,200	920,800	1,220,800	1,351,100	1,012,400	10,579,100
PRIDE Group Capital	67,700	117,500	100,200	100,000	100,000	100,000	100,000	100,000	100,000	100,000	985,400
PDRU	52,900	25,700	60,800	24,400	27,100	61,000	800	145,600	82,100	16,100	496,500
NG911 (**NEW)	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Total Capital Expenditures	\$ 2,246,700	\$ 4,206,800	\$ 3,119,000	\$ 4,687,900	\$ 2,954,300	\$ 7,307,100	\$ 2,947,800	\$ 3,408,700	\$ 3,875,500	\$ 3,303,700	\$ 38,057,500

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ATT-3_Detailed Operating Budget Report

GUELPH POLICE SERVICE

	2022 Approved Budget	2023 Approved Budget	Admin Adj	2023 Approved Budget (w Adj)	Variance \$	%
Revenue						
User Fees & Service Charges	-690,500	-712,800	124,700	-588,100	102,400	-14.83%
Product Sales	-500	-500	0	-500	0	0.00%
Licenses & Permits	0	0	0	0	0	0.00%
External Recoveries	-43,500	-43,500	0	-43,500	0	0.00%
Grants	-2,176,900	-2,176,900	-433,900	-2,610,800	-433,900	19.93%
Total Revenue	-2,911,400	-2,933,700	-309,200	-3,242,900	-331,500	11.39%
Expense						
Salary & Wages						
Permanent Salaries	35,392,800	37,408,500	-114,900	37,293,600	1,900,800	5.37%
Temporary Salaries	97,400	97,400	0	97,400	0	0.00%
Overtime	1,005,900	1,005,900	0	1,005,900	0	0.00%
Special Duty	105,200	105,200	0	105,200	0	0.00%
Total Salary & Wages	36,601,300	38,617,000	-114,900	38,502,100	1,900,800	5.19%
Employee Benefits	11,903,700	12,532,500	424,100	12,956,600	1,052,900	8.85%
Other Compensation (Sick Leave Payout)	400,000	400,000	0	400,000	0	0.00%
Total Salary, Wage & Benefits	48,905,000	51,549,500	309,200	51,858,700	2,953,700	6.04%
Purchased Goods						
Administration & Office Expenses	70,300	75,700	0	75,700	5,400	7.68%
Fleet, Equipment & Vehicle	153,750	162,850	0	162,850	9,100	5.92%
Utilities & Taxes	294,600	302,000	0	302,000	7,400	2.51%
Operating	277,975	285,025	0	285,025	7,050	2.54%
Personnel Supplies	175,830	199,130	0	199,130	23,300	13.25%
Computer Software	132,800	9,400	0	9,400	-123,400	-92.92%
Total Purchased Goods	1,105,255	1,034,105	0	1,034,105	-71,150	-6.44%
Purchased Services						
Repairs & Maintenance	1,098,000	1,244,750	0	1,244,750	146,750	13.37%
Communications	576,850	584,050	0	584,050	7,200	1.25%
Training/Travel	670,670	666,885	0	666,885	-3,785	-0.56%
Consulting & Professional Services	1,615,900	1,752,500	0	1,752,500	136,600	8.45%
Contracted Services	6,000	6,000	0	6,000	0	0.00%
Rental/Leases	80,700	85,900	0	85,900	5,200	6.44%
Permits / Approvals	6,100	48,900	0	48,900	42,800	701.64%
Total Purchased Services	4,054,220	4,388,985	0	4,388,985	334,765	8.26%
Financial Expenses	9,300	9,300	0	9,300	0	0.00%
Total Expense	54,073,775	56,981,890	309,200	57,291,090	3,217,315	5.95%
Internal Charges						
Internal Charges	4,645,800	4,803,300	0	4,803,300	157,500	3.39%
Internal Recoveries	-1,558,609	-1,582,320	0	-1,582,320	-23,711	1.52%
Total Internal Charges	3,087,191	3,220,980	0	3,220,980	133,789	4.33%
Net Budget	54,249,566	57,269,170	0	57,269,170	3,019,604	5.57%
Full Time Equivalents (FTE)	337.95	343.95	-1.00	342.95	5.00	1.48%

Operating Budget Overview: Description of Major Year over Year Changes

Revenues:

- Revenues have increased by \$331.5K primarily due to an increase in grant revenue related to the Community Safety & Policing (CSP) grants for both the local and provincial initiatives.
- The contracts related to these grants were received following the Board's approval of the 2023 budget in 2021.
- Increased grant revenue is offset by a reduction in clearance check and fingerprint revenues to reflect actual revenue being generated by these services.
- Both the increased grant revenue and reduction to user fee revenue are reflected as administrative adjustments to the Board approved 2023 operating budget.

Compensation:

- Compensation has increased by \$2.95M primarily due to collective agreement increases and increased benefit and WSIB costs the Service is experiencing.
- Administrative adjustments have been identified within the compensation and benefit lines to reflect current salary and benefit information.
- Included in the above number is \$829K related to growth related compensation costs for the 5.0FTE additions.

Purchased Goods:

- Purchased goods have decreased by \$71.2K primarily due to a reallocation of computer software expenses from the computer software budget line to the repairs and maintenance budget line.

Purchased Services:

- Purchased Services have increased by \$334.8K due to increases in repairs and maintenance (due to the reallocation of costs from computer software lines), professional and consulting and permits and approvals expenditure lines.
- Professional and consulting expenditures have increased as a result of the Police Regionalized Information Data Entry (PRIDE) budget (\$127.4K) as well as increases to the Board's consulting and legal expense lines (\$10K each).
- Permit and fees represent the majority of non-compensation costs related to the new FTEs. Once the FTEs are approved, these expenses will be reallocated to the correct budget lines.

Internal Charges & Recoveries:

- Internal charges and recoveries have increased by \$134K.
- Internal charges increases are related to increased permit fees (\$5K), Insurance (\$16K), and reserve transfers to the Police capital reserve (\$127K). These budgets are provided by the City.
- Internal recoveries have increased by \$23.7K as a result of dispatch (911) recoveries. This budget is provided by GPS staff to the City.

ATT-4_Schedule of Active Grants Included in Budget

Grant Name	Purpose	Grantor	Term	Terms		Funding Received	
				2023	2023	2023	2023
Court Security Prisoner Transportation (CSPT) Program	To assist municipalities in offsetting costs of providing court security and prisoner transportation, including salaries and benefits.	Community Safety and Correctional	1 year	Unknown - current contract expires Dec. 31 2022	On-going application required	Unknown	\$1,177,900
Community Safety and Policing (CSP) Local Priorities	To support initiatives that improve the effectiveness and efficiency of policing services. The PCM grant aims to provide greater flexibility to police services and boards to focus their funding on implementing initiatives that address local needs.	Ministry of Community Safety and Correctional Services	3 Years	March 31 2024	On-going application required	\$2,585,184.99 over 3 years	\$861,700
Community Safety and Policing (CSP) Grant (Provincial Priorities)	This collaborative initiative is aimed at reducing sexual violence and harassment and human trafficking in Guelph through prevention and enforcement. Project Stronger Together, which includes the Guelph Police Service (GPS), Victim Services Wellington (VSW), the Child Witness Center (CWC), the Guelph General Hospital (GGH), and Women In Crisis (WIC) as project partners, has a two-pronged approach - prevention through improved education, and enforcement through improved police training and improved victim experiences throughout the investigative process.	Ministry of Community Safety and Correctional Services	3 Years	March 31 2024	On-going application required	\$1,093,895.98 over 3 years	\$364,700
Reduce Impaired Driving Everywhere (RIDE) Program	To provide funds to offset staff costs of enhancing RIDE programs of sobriety checks.	Ministry of Community Safety and Correctional Services	1 year	Unknown - application submitted but have not heard back from Ministry Ministry	On-going application required (application submitted but have not heard back from Ministry Ministry)	Unknown	\$25,000
Joint Human Trafficking Grant	Project carried out in partnership with Waterloo Regional Police Service. Funding provided to pay for non-compensation costs of 1,0FTE investigative services member.	Ministry of Community Safety and Correctional Services	3 Years	September 30, 2023	Unknown	\$25,000	\$25,000
The Provincial Strategy to Protect Children from Sexual Abuse and Exploitation on the Internet	To support operations of providing specialized investigative support on matters involving sexual abuse and exploitation of children on the internet, which will contribute to the provincial strategy by building capacity and sustainability and supporting the establishment of a co-ordinated strategic plan among police services, crown attorneys and victim support services.	Ministry of Community Safety and Correctional Services	4 years	March 31 2025	On-going application required	\$626,000 over 4 years	\$156,500
						Total Included	\$2,610,800
						Total Previously Budgeted in 2023	\$2,176,900
						Difference	\$433,900