

CALGARY POLICE SERVICE CAPITAL RESERVE AND 2017 BUDGET CHANGES

EXECUTIVE SUMMARY

Calgary Police Service (CPS) is requesting permission to exceed the maximum contribution to the Calgary Police Service Capital Reserve Pay-As-You Go fund and contribute \$10.5 million in 2016 only. CPS is also requesting approval of 50 new positions in 2017 to be funded from increased revenues.

ADMINISTRATION RECOMMENDATION(S)

Administration recommends that Council:

1. Approve a net zero increase of \$7.5 million in expenditures beginning in 2017 in order to create 50 new positions, to be funded from additional revenues;
2. Allow a contribution of \$10.5 million to the Pay-As-You Go fund of the Calgary Police Service Capital Reserve in 2016 only; and
3. Direct Administration to work with CPS to review the maximum annual contribution to, and maximum year end balance of, the Pay-As-You Go fund of the Calgary Police Service Capital Reserve as part of the Triennial Reserve Review in 2017.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 November 24, Council approved *Action Plan 2015-2018*, as amended (C2014-0863). This included approval of the Calgary Police Service (CPS) budget.

On 2015 September 28, Council approved the 2016 Resilience Budget, with a reduction in the municipal property tax rate increase for 2016 (from 4.7% to 3.5%). This was achieved through a further \$18.0M in operating budget reduction across the corporation through service efficiencies, with no significant service impacts (C2015-0696).

On 2016 June 27, Council was presented a verbal report on the Calgary Service Police budget (VR2016-033). Council referred this report "back to Administration to consult with the Calgary Police Commission to develop recommendations and bring a report back to the 2016 July 25 Regular Meeting of Council."

BACKGROUND

Through the process of developing the 2015 – 2018 Business Plan as part of the Action Plan process, CPS added only 10 new positions in 2015 and none in 2016. CPS indicated at the time that in 2016 they would re-evaluate operation and capital impacts and requirements for 2017 and 2018. The minimal addition of new positions, however, has meant that the number of citizens per police officer has risen from 600 in 2014 to 616 this year.

Through savings and efficiencies, CPS was able to accommodate a \$4 million reduction to the 2016 budget as part of the resilience budget. Through the mid cycle adjustment process, CPS has also committed to additional efficiencies and reductions in 2017 of \$3.3 million with no impacts to the current level of service. The efficiencies over the years have come largely through leveraging capital expenditures that reduce the operating budget.

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On 2015 May 1, the province implemented a 35% increase in court fines. The incremental revenues resulting from higher fines were used to fund the budget savings account initiative in 2015 and are expected to continue to provide a surplus in 2016.

The Calgary Police Service Capital Reserve is funded in part from Police operating funds, but under the current terms of the reserve, the funding for Pay-As-You-Go is restricted to a maximum contribution of \$2.5 million per year.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The increase in revenues due to the increase in court fines is expected to be around \$8 million that, when combined with other savings from fuel and utilities, will provide an estimated surplus of \$10.5 million at year end. CPS has identified projects costing approximately \$10.5 million that, if funded, would allow CPS to increase investigative and operational capacity, allowing CPS to deliver better service within the approved budget. CPS is already planning a \$2.5 million contribution to the Pay-As-You-Go fund. Council's approval is required to contribute the additional \$8 million for 2016 only to the Pay-As-You-Go fund to allow these projects to proceed. If Council does not allow the contribution maximum to be exceeded, any resulting surplus would be transferred to the Budget Savings Account. If this funding is approved, CPS will return to Council through Infrastructure Calgary with the specific capital projects to be approved during the mid-cycle adjustments deliberations in 2016 November.

CPS would like to review the maximum contribution to the Pay-As-You-Go fund as well as the maximum year end balance of Pay-As-You-Go fund, with the intention of permanently changing it. Administration recommends that a review of the maximum contribution and maximum year end balance be included as part of the Triennial Reserve Review for the Calgary Police Service Capital Reserve scheduled in 2017. With the short-term issue for 2016 dealt with above, this will allow time for a thorough review, as any further decisions on the Reserve will not be required until the end of 2017.

For 2017, CPS is recommending that the increase in revenue be dedicated to create 50 new positions. This would bring the citizens to police officer ratio back down slightly to about 613. While this is a 2017 budget adjustment that would typically be brought forward in November with the mid-cycle adjustments, approval now would allow CPS to begin the recruiting process in time to begin training in January, with the first new recruits beginning duties in July. Waiting until November for approval would delay deployment of new officers until the fall at the earliest, with some not graduating until 2018. Because the expenditure increase is funded through additional fine revenues, this is a net zero adjustment with no impact to the tax rate.

Stakeholder Engagement, Research and Communication

The capital and operating requests have been vetted through the Calgary Police Commission who have provided full approval. The reinvestment of savings is paramount to finding efficiencies and implementing cost avoidance strategies.

Strategic Alignment

The CPS business plan contributes to all five Council priorities that form the basis of Action Plan. Public safety is an underpinning of a prosperous city, a city of inspiring neighbourhoods and a city that moves. Adding new officers increases CPS's ability to meet public safety goals. The CPS also has robust environmental initiatives that contribute to a healthy and green city.

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Investing in capital to provide operating savings and efficiencies addresses Council's priority of a well-run city.

Social, Environmental, Economic (External)

Additional officers and efficiencies allow for more effective policing, increasing public safety for citizens and businesses.

Financial Capacity

Current and Future Operating Budget:

The recommendations in this report will increase operating expenditures for 2017 and beyond by \$7.5 million per year for new positions. Because this is funded through increased revenues, it is net zero with respect to the tax rate.

Current and Future Capital Budget:

There are no impacts to the 2016 capital budget as a result of this report. Budget approval for the capital projects to be funded through the 2016 contribution to the Pay-As-You Go fund of the Calgary Police Service Capital Reserve will be presented to Council through Infrastructure Calgary's capital budget adjustments during the mid-cycle adjustments deliberations in 2016 November.

Risk Assessment

The net-zero adjustment to the 2017 operating budget will allow recruiting of new officers to begin immediately and have the first newly trained recruits deployed by July 2017. Delay of approval to November would mean that deployment of new recruits could not begin until late 2017, with some graduating in 2018. If Council does not approve the new positions, this would result in the population to police officer ratio rising to approximately 628 and erode the CPS's ability to maintain the current level of public safety. The population to police officer ratio is not a performance measure but rather a guideline that indicates the overall trend and whether gaps in service levels are likely to occur.

If CPS is not allowed to exceed the maximum contribution in 2016, it will limit their ability to leverage capital investment for operating savings and efficiencies resulting in requirements for more officers in the future.

ATTACHMENT(S)

None