Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley

Impact of Proposed OPP Billing Model
January 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Beckwith</th>
<th>Drummond/North Elmsley</th>
<th>Lanark Highlands</th>
<th>Tay Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>377,654</td>
<td>466,588</td>
<td>367,593</td>
<td>425,278</td>
</tr>
<tr>
<td>2005</td>
<td>337,011</td>
<td>504,667</td>
<td>431,867</td>
<td>386,106</td>
</tr>
<tr>
<td>2010</td>
<td>472,285</td>
<td>811,837</td>
<td>518,299</td>
<td>458,507</td>
</tr>
<tr>
<td>2013</td>
<td>515,500</td>
<td>750,000</td>
<td>544,300</td>
<td>482,700</td>
</tr>
<tr>
<td>2015 (proposed)</td>
<td>1,105,155</td>
<td>1,315,116</td>
<td>1,358,299</td>
<td>1,427,292</td>
</tr>
</tbody>
</table>
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

Cost of OPP Policing 2002 – 2015

- 2002
- 2005
- 2010
- 2013
- 2015

Blue: Beckwith
Red: Drummond / North Elmsley
Green: Lanark Highlands
Purple: Tay Valley
Impact of Proposed OPP Billing Model

• **Background of Municipal Police Funding**

  – Prior to January 1998, rural municipalities did not pay for policing;
  – LSR introduced by Province in 1998;
  – Policing costs above $90/household funded by CRF;
  – OMPF introduced in March 2005 with assistance for costs above $150/household;
  – 2014 OMPF silent on police funding.
Impact of Proposed OPP Billing Model

• Urban vs Rural Policing

  - Studies have shown a correlation between police services/population/density;

  - Rural areas have reported the lowest rates for overall crime, total property crime, robbery and motor vehicle theft.
Impact of Proposed OPP Billing Model

- **Current OPP Billing Model**
  - Utilizes the Deployment Model and Cost Recovery Formula;
  - OPP services can be under contract (Sec. 10) or non contract (Sec. 5.1);
  - Relies primarily on calls for service;
  - Hourly based methodology;
  - Cost recovery for individual municipalities based on defined level of service, actual salaries, wages and benefits and portion of overhead and direct expenses;
  - Allows for contract enhancements.
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

• Proposed Billing Model

– Rationale for change according to OPP is that the current model generates wide variations in per household OPP costs, the cost recovery and billing methodology is complex and difficult to administer and that the 2012 Provincial Auditor’s report directed the OPP to be transparent and fair in its billing to municipalities;

– The new model, the OPP believes, reflects the integrated and comprehensive nature of policing.
Impact of Proposed OPP Billing Model

• Proposed Billing Model
  – The new model has been based on the premise that all municipalities should pay their equitable share of essential ‘base level’ police services;
  – The base service level, according to the OPP comprises 73% of total costs while calls for service will comprise the remaining 27% under the proposed model;
  – The OPP have estimated the base service level at a cost of $260/household;
  – In 2015 the OPP has estimated total cost per household including calls for service at $369;
  – The OPP are proposing a phase in over 4 years.
Impact of Proposed OPP Billing Model

• **Comparison of Current and New Billing Model**
  – Basis of charge to municipalities;
  – Relationship of municipal cost to actual level of service;
  – Ability of local Township to negotiate billing;
  – Additional services;
  – Transparency and fairness; seasonal households;
  – Impact on local property taxes;
  – Rural / urban shift of property taxes associated with policing.
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

<table>
<thead>
<tr>
<th>Budget Increase Implications</th>
<th>Beckwith</th>
<th>Drummond/North Elmsley</th>
<th>Lanark Highlands</th>
<th>Tay Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policing Costs 2012</td>
<td>$530,079</td>
<td>$814,222</td>
<td>$559,752</td>
<td>$504,225</td>
</tr>
<tr>
<td>2012 Households *</td>
<td>2,950</td>
<td>3,537</td>
<td>3,657</td>
<td>3,849</td>
</tr>
<tr>
<td>Per Household Cost</td>
<td>$180</td>
<td>$230</td>
<td>$153</td>
<td>$131</td>
</tr>
<tr>
<td>Policing Costs 2013 (estimate)</td>
<td>$515,500</td>
<td>$750,000</td>
<td>$544,300</td>
<td>$482,700</td>
</tr>
<tr>
<td>2014 Households *</td>
<td>2,995</td>
<td>3,564</td>
<td>3,681</td>
<td>3,868</td>
</tr>
<tr>
<td>Per Household Cost **</td>
<td>$175</td>
<td>$210</td>
<td>$152</td>
<td>$175</td>
</tr>
<tr>
<td>Proposed Billing Model ($369)</td>
<td>$1,105,155</td>
<td>$1,315,116</td>
<td>$1,358,289</td>
<td>$1,427,292</td>
</tr>
<tr>
<td>2014 Households *</td>
<td>2,995</td>
<td>3,564</td>
<td>3,681</td>
<td>3,868</td>
</tr>
<tr>
<td>Per Household Cost</td>
<td>$369</td>
<td>$369</td>
<td>$369</td>
<td>$369</td>
</tr>
<tr>
<td>Budget Increase from 2013</td>
<td>$589,655</td>
<td>$565,116</td>
<td>$813,989</td>
<td>$944,592</td>
</tr>
<tr>
<td>Percentage Increase</td>
<td>114.4%</td>
<td>75.3%</td>
<td>149.5%</td>
<td>195.7%</td>
</tr>
</tbody>
</table>

* number of households as per MPAC
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

- **Per Household Costs**

![Bar chart showing costs for different years and regions.](chart)

2012 actual, 2013 estimate, 2015 proposed
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

- **Budget Increase As Percentages**

![Budget Increase As Percentages Graph]

- Beckwith
- Drummond/North Elmsley
- Lanark Highlands
- Tay Valley
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

- Increase in Police Tax Rate

![Bar chart showing increase in police tax rate for different areas]
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

<table>
<thead>
<tr>
<th>Total Policing Costs as Percentage of Adjusted Local Tax Rate</th>
<th>Beckwith</th>
<th>Drummond/North Elmsley</th>
<th>Lanark Highlands</th>
<th>Tay Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Policing Costs as Percentage of Current Tax Rate</td>
<td>17.50%</td>
<td>22.00%</td>
<td>12.83%</td>
<td>11.04%</td>
</tr>
<tr>
<td>Local Adjusted Tax Rate*</td>
<td>0.4094</td>
<td>0.4340</td>
<td>0.7441</td>
<td>0.4834</td>
</tr>
<tr>
<td>Policing Percentage of Local Tax Rate</td>
<td>31.3%</td>
<td>33.1%</td>
<td>26.7%</td>
<td>26.9%</td>
</tr>
</tbody>
</table>

* include current lower rate plus proposed police adjustment
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

- **Impact of Proposed Billing Model on Cost Per Uniformed Officer (Level of Service)**

<table>
<thead>
<tr>
<th></th>
<th>Beckwith</th>
<th>Drummond/North Elmsley</th>
<th>Lanark Highlands</th>
<th>Tay Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Number of Uniformed Officers</strong></td>
<td>3.40</td>
<td>5.23</td>
<td>3.63</td>
<td>3.13</td>
</tr>
<tr>
<td><strong>2013 Policing Costs</strong></td>
<td>515,500</td>
<td>750,000</td>
<td>544,300</td>
<td>482,700</td>
</tr>
<tr>
<td><strong>2013 Cost Per Officer</strong></td>
<td>151,471</td>
<td>143,403</td>
<td>149,945</td>
<td>154,217</td>
</tr>
<tr>
<td><strong>Proposed Policing Costs</strong></td>
<td>1,105,155</td>
<td>1,315,111</td>
<td>1,358,289</td>
<td>1,427,292</td>
</tr>
<tr>
<td><strong>Proposed Billing Per Officer</strong></td>
<td>325,046</td>
<td>251,456</td>
<td>374,184</td>
<td>456,004</td>
</tr>
</tbody>
</table>
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

• Cost Per Uniformed Officer

![Cost Per Uniformed Officer Chart]

- Current
- Proposed

Beckwith
Drummond/North Elmsley
Lanark Highlands
Tay Valley
Impact of Proposed OPP Billing Model

• Summary of Provincial Auditor’s OPP Financial Recommendations

  – Decreasing crime rates and fewer serious motor vehicle accidents should correlate to funding/staffing;
  – Reassess workloads/scheduling;
  – Utilization of officers versus civilians;
  – Compensation policies.operational efficiencies;
  – Fair and transparent billing to municipalities;
• The Future of Policing

– Sustainability; Dealing with policing costs;
– New models of community safety and efficiencies with justice system;
– Alternative methods of delivery; Legislative framework;
– Allocation of police responsibilities between Federal, Provincial and municipal governments;
– Where have we been .... where are we now (FPAC, FCM, AMO).
Impact of Proposed OPP Billing Model

• Conclusions

– Rural municipalities in general require a lower level of police service than their urban counterparts. There appears to be a correlation between police services and population density.

– The current OPP Billing Model attempts to bill municipalities based on the level of service provided.

– The proposed billing model is largely based on fixed costs (73%) with the remaining portion (27%) allocated to the level of service provided.

– The proposed model does not account for seasonal households requiring a lower level of police service.

– The proposed billing model is based on a fixed amount per household and is inconsistent with the property tax system which provides for a tax levy based on weighted assessment.
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

• Conclusions

– Section 393 of the Ontario Municipal Act prohibits a poll tax such that ‘no fee of charge by-law shall impose a poll tax or similar fee or charge, including a charge which is imposed on an individual by reason only of his/her ... residence in the municipality ...’. Nevertheless the new model proposes billing per household which seems to be contrary to the spirit of this section and the basis of the Tax system we have in Canada which is largely based on ability to pay.

– The proposed billing does not take into account commercial and industrial properties but is determined only on a per household basis.

– The proposed billing shifts policing costs from urban to rural municipalities such that rural household taxpayers will pay more than their urban counterparts.
• Conclusions

– Once the new billing model is fully implemented, policing costs for the four Townships will be in excess of $5.2 million dollars representing local tax rate increases of approximately 20%.

– The average cost per uniformed officer assigned to the four municipalities is in excess of $351,000.

– The Provincial Auditor`s 2012 Report on OPP activities highlights the high cost of policing services and inefficiencies within the system that need to be addressed. These costs are being passed down to municipalities under the new billing model as opposed to being funded by the Province under the income tax system.
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of Proposed OPP Billing Model

• **Recommendations**
  – The OPP should consider billing municipalities on the basis of uniformed officers assigned to the municipalities that accounts for the level of service and the differences between urban and rural policing.

  – Any new billing model should take into account the policing services required by commercial and industrial property owners.

  – A new billing model should not shift significant costs to rural municipalities from urban municipalities without corresponding access to assessment.

  – A new billing model should have some correlation to ability to pay.

  – The future of policing is currently being examined by a number of committees and/or associations including the *Future of Policing Advisory Committee (FPAC)*, AMO, FCM and others. Any new billing model should take into account the findings of these Committees.
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of OPP Billing Reform Model
January 2014

<table>
<thead>
<tr>
<th></th>
<th>Beckwith</th>
<th>Drummond/North Elmsley</th>
<th>Lanark Highlands</th>
<th>Tay Valley</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>515,500</td>
<td>750,000</td>
<td>544,300</td>
<td>482,700</td>
<td>2,292,000</td>
</tr>
<tr>
<td>2015</td>
<td>1,105,155</td>
<td>1,315,116</td>
<td>1,358,299</td>
<td>1,427,292</td>
<td>5,205,862</td>
</tr>
</tbody>
</table>

Cost of OPP Policing

Allan & Partners Inc. January 2014
% Increase in Local Tax Rate Due to Policing
Cost Per Uniformed Officer

[Bar chart showing the cost per uniformed officer for Beckwith, Drummond/North Elmsley, Lanark Highlands, and Tay Valley, with bars indicating both current and proposed costs.]
Beckwith, Drummond/North Elmsley, Lanark Highlands, Tay Valley
Impact of OPP Billing Reform Model
January 2014

Total Current Costs of Policing as % of Local Tax Rate  15.84%
Total Projected Costs of Policing as % of Local Tax Rate  29.50%

Beckwith, Drummond/North Elmsley,
Lanark Highlands, Tay Valley

- Total Current Costs of Policing as % of Local Tax Rate
- Total Projected Costs of Policing as % of Local Tax Rate