

OPP Municipal Policing Billing Model Overview

Ontario Provincial Police
Municipal Policing Bureau

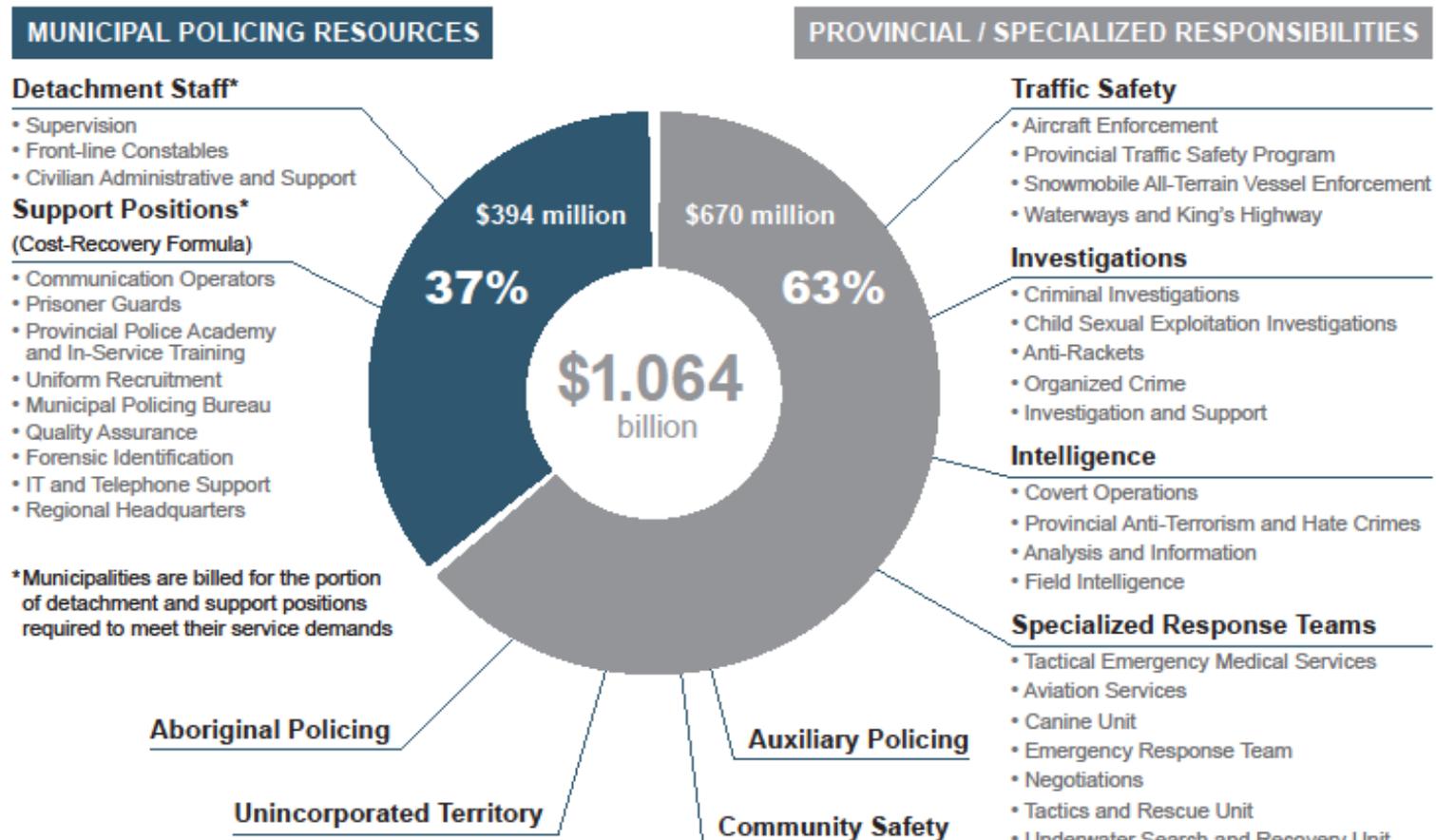
Dated: June 28, 2016

OPP Municipal Policing

- After extensive community engagement, planning, and clear direction from the Auditor General, the new OPP municipal policing billing model took effect on January 1st, 2015.
- Ministry of Community Safety & Correctional Services (MCSCS) and the OPP engaged extensively with municipalities and the Association of Municipalities of Ontario (AMO) during the development of the new billing model.
- The new billing model costing methodology applies to municipalities policed by the OPP as of January 1, 2015. Municipalities amalgamating with the OPP will not be subject to the revised costing methodology for a minimum of three years following the effective date of their OPP policing service contract.
- OPP currently provides policing services to 323 municipalities – 139 on contract and 184 on a non-contract basis through 66 host detachments.
- OPP recoveries for municipal policing for 2015 are estimated at \$394.8M (\$357 per property) and for 2016 \$398.0M (\$352 per property).
- The implementation of the billing model did not impact the total cost of policing, it simply reallocated the cost.
- The billing model is applied in accordance with O.Reg 267/14 Police Services Act (PSA), which replaced O.Reg 420/97 PSA.
- The majority of the OPP's \$1.1B budget (Fiscal Year: 2014/15) is dedicated to non-municipal policing obligations.

OPP Resources & Responsibilities

Ontario Provincial Police: *Resources*



Source: OPP

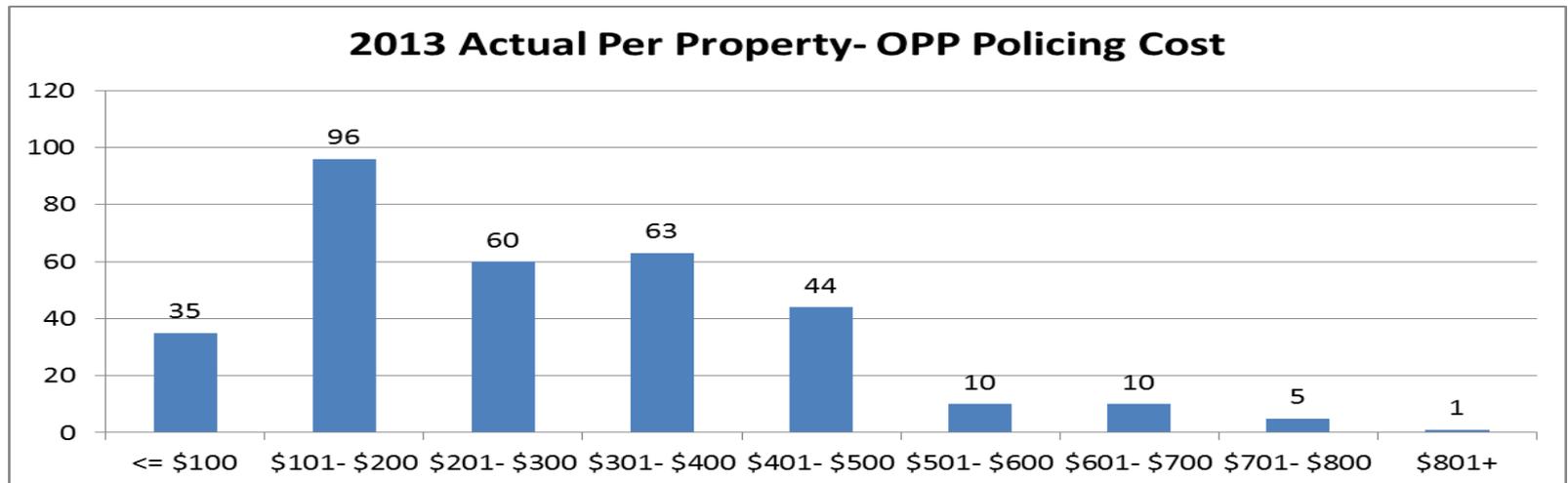
Total OPP expenditures of \$1.064 billion are based on 2014/15 actuals
(Pan Parapan Am Games security not included)

Total municipal policing resources costs of \$394 million are based on 2014 actual gross recoveries

Last Update: April 27, 2016 Ontario Provincial Police

Context for Action

- The previous cost recovery process was developed in 1997/98 to adhere to the updated *Police Services Act (PSA)* and new regulations. A number of challenges with this process developed over time.
1. Generated wide variations in per household / property OPP policing costs.
 - Municipalities raised concerns about the fairness of the former billing model generating wide variations in policing costs
 - In 2013, policing costs ranged from \$6 per HH to \$885 per HH / \$6 to \$805 per property.



* Includes Sioux Lookout and Pickle Lake after Regulatory Discount

Context for Action (Cont'd)

2. The previous model did not reflect the wide variety of policing services provided to municipalities to ensure adequate and effective policing; relied primarily on a relatively small number of core calls for service (97).
3. Previous cost recovery and billing methodology was complex, difficult to administer, and challenging to communicate.
4. The 2012 Auditor General's report directed the OPP to review the billing process. Recommendation 7 states:

To promote better relations with, and consistent services to, municipalities, and fairer and more transparent billing processes, the OPP, in conjunction with the MCSCS, the MOF and municipalities should:

- Seek ways to simplify, and make more transparent its cost recovery methods and consider whether various grants and credits should be amalgamated into one all-encompassing costing formula;
- Address the issues in its costing and billing methods that result in municipalities paying different rates and consider phasing in cost increases over time rather than when contracts are renewed; and
- Consider establishing a policy that would require that all costs for providing services to support municipal police forces be identified as well as the proportion to be recovered.

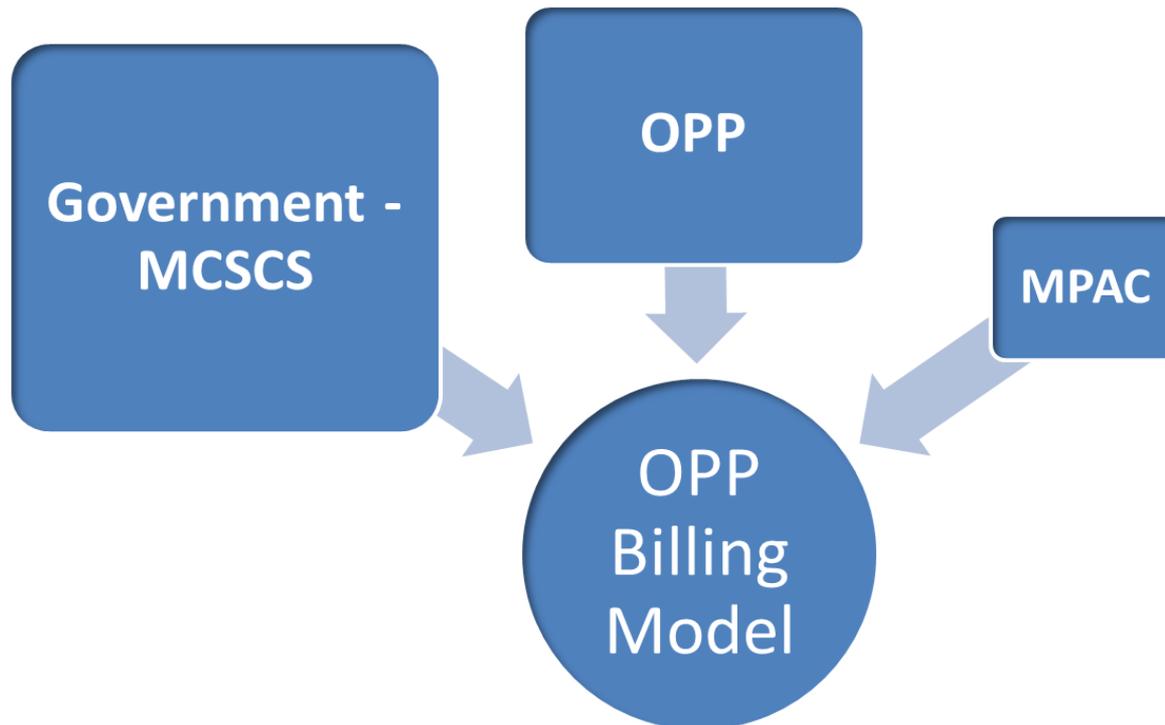
Understanding OPP Service Delivery

- Detachments operate on an integrated service delivery model, whereby they may provide policing services to contract and non-contract municipalities and meet provincial policing commitments (as per s.10, s.5.1 & s.19 PSA).
- Officers in a detachment are not assigned as a municipal or provincial officer.
- Officers will often work in multiple locations during a shift.
- Detachments often share resources with officers providing support for major incidents in neighbouring detachments or when there are staffing pressures.
- OPP utilizes the Daily Activity Reporting (DAR) system to record the time/location an officer works.
- The OPP accurately tracks service provided to municipalities, ensuring they do not pay for provincial resources or obligations.

OPP Billing Model

Billing Model Responsibilities

- Responsibility for the cost recovery process for OPP policing services provided to municipalities under a s. 10 and s. 5.1 arrangement resides with the government.
- The OPP is responsible for policing service delivery and the implementation of the cost recovery process.
- Municipal Property Assessment Corporation (MPAC) provide the property count used in the billing model as detailed in O. Reg. 267/14 of the Police Services Act.



Billing Model Rationale

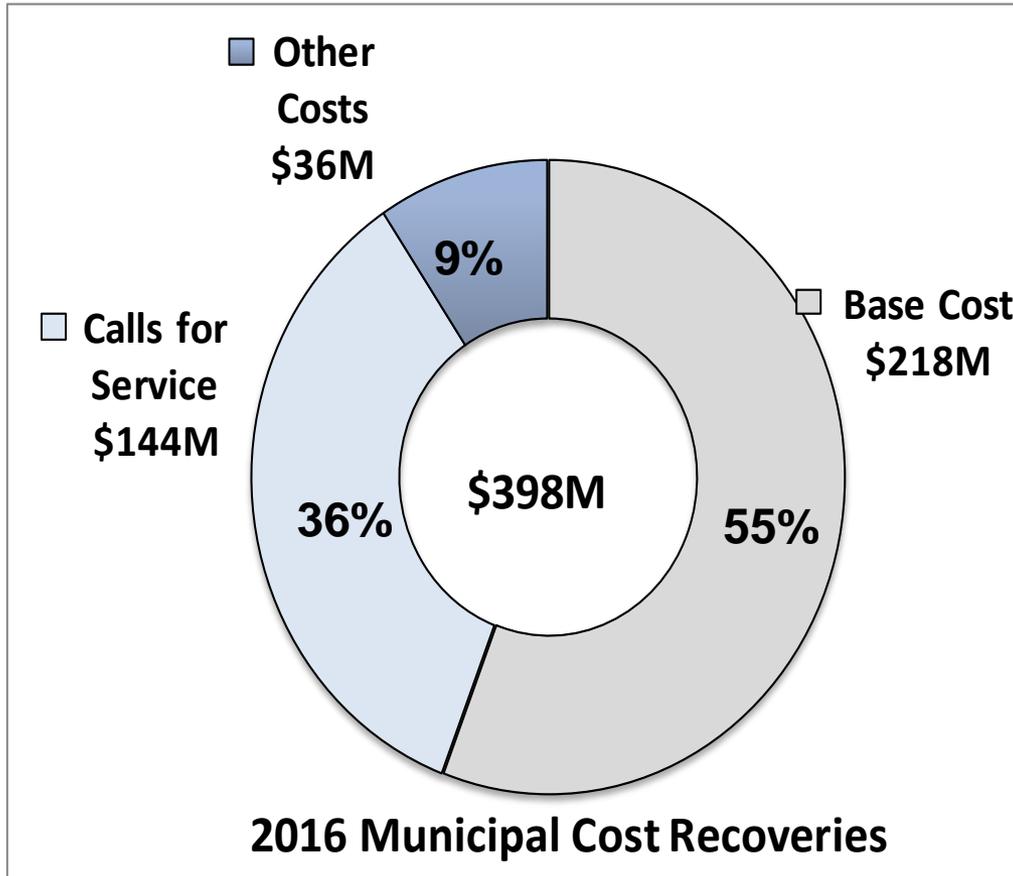
- The PSA sets out the roles and responsibilities of municipalities, with respect to the provision of policing services in Ontario, and outlines adequate and effective services.
- The billing model is based on the rationale that all municipalities should pay an equitable share for the provision of policing services, as outlined in the PSA.
- The list of legislative policing requirements in the PSA and O.Reg. 3/99 Adequacy and Effectiveness of Police Services is extensive and requires a substantial investment in staffing, equipment and training regardless of how often they are utilized.
- A base service level of infrastructure, supervision, administration, and front-line policing is necessary to provide adequate policing and ensure the general safety and security of municipalities.
- Municipalities must have trained and properly equipped police officers available at all times to respond to calls for service; there is a cost associated with this availability.
- Proactive policing activities, such as patrol, traffic enforcement, and crime abatement strategies are provided to all municipalities and can reduce or limit occurrences.

A fair billing model should take into account all policing functions and legislative responsibilities.

Billing Model Recoveries

- The billing model does not change the total cost recovery for OPP police services provided to municipalities, it only shifts the allocation.
- As with the previous recovery process:
 1. Municipalities continue to be charged for the actual salaries and benefit costs of detachment officers that police their communities.
 2. The Municipal Cost Recovery Formula is used to recover the cost of specific support services and ODOE.
- As with the previous process, the OPP will ensure that municipalities do not pay for provincial policing obligations.
 - Provincial obligations performed by detachment officers are tracked in the OPP DAR system and excluded from municipal recoveries (e.g., King's highways, provincial parks, unincorporated areas, etc.).

2016 OPP Municipal Cost Recovery



- **Base services** costs are allocated among municipalities on an equal per property basis.
- The **2016** base cost is **\$193 per property**.
- **Calls for service (CFS)** charged to municipalities according to their usage (% of provincial CFS cost).
- **Other costs** allocated directly to municipalities based on contract arrangements and usage, i.e. overtime, court security, accommodation/cleaning and enhancements.

Notes - Values are revised annually

- Total 2016 cost-recovery of \$398M excludes any regulatory discounts

OPP Billing Model Costs

- The billing model is provincially focused and divides the majority of municipal policing costs into two categories.

Base Service

Allocate among municipalities on an equal per property basis (households plus business properties).

- Legislated activities (e.g., crime prevention, officer availability to respond to emergency calls for service 24 hours a day, general and directed patrol, victim assistance, etc.)
- Proactive policing (e.g., RIDE, traffic safety, community policing, intelligence gathering etc.)
- Officer training and administrative duties
- All Inspector and Staff Sergeant positions

+

Calls for Service

Allocate the costs to municipalities based on their individual usage level.

- Crime calls (assaults, break & enter, mischief, drug offences, etc.)
- Provincial Statutes (Mental Health Act, Trespass to Property Act, landlord/tenant disputes, etc.)
- Motor vehicle collisions (property damage, personal injury, fatal, etc.)
- General calls for service (false alarms, lost property, missing person, etc.)
- Does not include incidents normally generated through proactive policing

Additional Costs

Municipalities billed on their individual usage:

Overtime Court security Cleaning/Caretakers
Prisoner Transport Accommodations Enhancements

Base Services Component

- Base service activities include:

Proactive Policing	General and Directed Patrol
Crime Prevention	Training
Administrative Duties	
- Allocated among municipalities on an equal per property basis using Municipal Property Assessment Corporation (MPAC) data.

Property Count Definition:

- Count comprised of household, commercial and industrial properties updated annually.

INCLUDED	NOT INCLUDED
<ul style="list-style-type: none"> Households (including Residential Units, Residential Dwelling Units and Farm Residential Units) Commercial and Industrial (including properties have at least one component which is taxed at fully occupied commercial or industrial rate) 	<ul style="list-style-type: none"> Vacant land* Farmland and Managed Forest with no households* Households, commercial and industrial properties on Canadian Forces Bases

- Counts included in the 2016 billing were based upon 2014 year end property counts for 2015 taxation year.

* Except those that have a unit or structure which are taxed at the fully occupied rates

Calls for Service Component

- Calls for Service costs represent costs related to reactive policing services that usually require a police officer's attendance. Municipalities will be billed for the actual number and type of reactive calls for service.
- A municipality pays a proportionate share of the total municipal reactive calls for service costs.
- A municipality's proportionate share of the costs is based on time standards applied to their four-year average calls for service to determine their total weighted hours of calls for service.

2016 Time Standards (4 Year Average 2011-2014)			
	TOTAL TIME	CFS COUNT	AVERAGE INCIDENT TIME
VIOLENT CRIMINAL CODE	1,252,414	84,690	14.8
PROPERTY CRIME VIOLATIONS	1,187,223	184,438	6.4
OTHER CRIMINAL CODE VIOLATIONS (EXCLUDING TRAFFIC)	430,072	58,170	7.4
DRUGS	284,069	8,320	34.1
DRUGS POSSESSION	92,951	15,008	6.2
STATUTES	447,196	145,849	3.1
TRAFFIC	538,220	162,548	3.3
OPERATIONAL	1,079,581	311,518	3.5
OPERATIONAL 2	294,089	257,608	1.1
SECURITY DETAIL	8,612	825	10.4
Grand Total	5,614,424	1,228,974	4.6

Additional Cost Components

Overtime:

- Municipalities are billed for overtime from occurrences in their geographic area and a portion of their detachment overtime not linked to a specific municipality, e.g. training and administrative duties.
- Overtime recoveries are limited to municipal detachment staff.
- Excludes overtime incurred for provincial obligations.

Court Security:

- Municipalities that have a court in their jurisdiction are responsible for the full cost of court security under the Police Services Act.
- Municipalities with a court are charged for the cost to provide designated court security activities.
- Municipalities that do not have a courthouse in their municipality are not charged for court security.

Additional Cost Components (Cont'd)

Prisoner Transportation:

- The total cost of providing prisoner transportation across the province is determined based on the cost of the municipal FTEs providing the service and allocated to all municipalities on an equal per property basis.

Accommodation and Cleaning:

- These charges do not apply to municipalities that provide accommodation or cleaning services for an OPP detachment.
- The municipal portion of the cost of provincially-owned detachment facilities is allocated to municipalities on an equal per property basis.

Enhancements:

- Section 10 contract municipalities may choose to have enhanced service (additional civilian or uniform staff/FTEs).
- The positions would be contracted for a specific, dedicated purpose.
- Municipalities are responsible for the full cost of work provided to them by dedicated positions.

Five Year Phase-in Strategy

- As part of the implementation of the billing model, the government approved a phase-in strategy.
- Cost increases and decreases in policing bills may be capped for up to five (5) years to implement the new model in a way that is manageable for municipalities and has a neutral impact on provincial revenues.
- Caps on increases and decreases are applied on a per property basis.
- Increases for 2015 are capped at \$40 per property. The years 2016-2019 are capped at \$40 per property plus a cost growth amount to account for differences in salary & benefit rates, support costs and ODOE. For 2016, the cost growth amount is \$8.50 per property.
- Cap for decreases are adjusted to ensure overall revenue neutrality. The capped per property cost decreases are \$30.82 in 2015 and \$66.39 in 2016.

Year End Adjustment

- Overtime, salary and benefits rates are estimated in billing summaries issued each fall for the upcoming year.
- Adjustments for costs that are reconciled, after the year of service is complete, will be included as a prior year adjustment in the next annual statement issued, that is 2015 year end adjustments are included in the 2017 annual billing summaries.
- Adjustments will be included in annual billing statements issued in the fall.

2016 OPP Municipal Billing Statement

- The Billing Statement includes a detailed list of all Calls for Service billed to a municipality by type, number of calls, and cost.

O.P.P. Annual Billing Statement

Sample City

Estimated Cost for the period of January 1 to December 31, 2016

		Cost per Property \$	Total Cost \$
Base Service			
	<u>Property Counts</u>		
	Household	3,490	
	Commercial and Industrial	145	
	Total Properties	<u>3,635</u>	
		193.07	\$701,809
Calls for Service			
	Total all municipalities	\$143,818,773	
	Municipal portion	0.2298%	\$330,494
Overtime		25.45	\$92,500
Contract Enhancements		12.63	\$45,900
Court Security		28.09	\$102,100
Prisoner Transportation		2.20	\$7,997
Total 2016 Calculated Cost before Phase-In Adjustment		<u>352.35</u>	<u>\$1,280,800</u>

New Standardized Public Reporting Tools



- The Police Services Board report allows Detachment Commanders to report to Police Services Boards, CPACs and councils on legislated responsibilities, and other key statistics.
- CFS Billing Summary provides current and previous year data to compare to billing data in their Annual Billing Statement.
- Allows them to better identify trends.
- Addresses the Auditor General recommendation.

Questions?

Email us: OPP.MunicipalPolicing@opp.ca

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Check our website for updates at
<http://opp.ca/index.php?id=115&entryid=56b7d20e8f94ac9f5828d198>

Appendix

Municipal Engagement

- Municipalities raised concerns that the OPP and Ministry were developing the model in isolation without municipal input.
- The Ministry and OPP carried out an aggressive consultation strategy and engaged with AMO, OAPSB and municipalities on options to reform the billing process:

Forum	Purpose / Participation	Key Feedback
OPP Working Group established March 2013	<ul style="list-style-type: none"> • <i>Purpose:</i> Seek input on OPP administration, governance and service delivery, including OPP billing. • Includes representatives from AMO, Ontario Association of Police Services Boards and nine OPP-policed municipalities. 	<ul style="list-style-type: none"> • Similar feedback was obtained on criteria for billing model reform through all modes of consultation. Municipalities believe billing reform should: <ul style="list-style-type: none"> ○ Fairly distribute municipal policing costs amongst all users of OPP's police services; ○ Be transparent; ○ Be implemented gradually, as municipalities need time to budget; ○ Recognize unique municipal and regional characteristics; and, ○ Recognize that municipalities have limited funds. • Municipalities were also asked to rank various billing models. <ul style="list-style-type: none"> ○ There was a slight preference for a base + calls for service model, similar to the one being proposed. ○ The current model was ranked a close second.
Regional Municipal Engagement Sessions April/May 2013	<ul style="list-style-type: none"> • <i>Purpose:</i> Identify assessment criteria for billing reform and obtain input on cost recovery. • 65 randomly-selected municipalities were invited to attend, representing 23% of OPP's municipal clients. 48 municipalities participated. 	
Online Survey June/July 2013	<ul style="list-style-type: none"> • <i>Purpose:</i> Gather feedback on various billing models. • All OPP-policed municipalities were sent a link to participate. 168 responses were received from the online survey for a 52% response rate. 	
AMO MOU August 1, 2013 and October 3, 2013	<ul style="list-style-type: none"> • <i>Purpose:</i> Present an overview of the new billing model, and seek feedback on the municipal engagement strategy. • Presented to the AMO Board. 	

Municipal Engagement (Cont'd)

- Following consultations with AMO through the MOU Table and approval in principle by Cabinet in September 2013 the Ministry/OPP conducted the following municipal consultation:

Forum	Purpose / Participation	Key Feedback
14 Municipal Engagement Sessions October 29 to November 29, 2013	<ul style="list-style-type: none"> <i>Purpose:</i> Seek feedback on the principles, design and implementation of the proposed new billing model. Approximately 229 municipalities (out of 324) attended for a 70% participation rate. On average two members per municipality attended the sessions and included Mayors, CAOs/Treasurers, members of Police Services Boards and Councillors. Representatives from the MMAH and the Ministry of Rural Affairs also attended some of the meetings. 	<ul style="list-style-type: none"> Ability to meet increased policing costs <ul style="list-style-type: none"> Municipalities were concerned with shifting costs through a change in the billing model without addressing the increasing cost of policing. Increase in OPP wages and general increases in the cost of policing are placing pressure on municipal property taxes. Reductions to the OMPF would, in many cases, add to increases in policing bills under the new model. Detailed information on billing and OMPF is required to assess net impact of both changes. The Province has a role to play in assisting municipalities with the increasing cost of policing, either through the OMPF, another funding stream or uploading some or all of the cost of policing. Calculation of Base Service Level costs <ul style="list-style-type: none"> Allocation of base costs should include an industrial and commercial assessment component. Re-examine the 73%-27% split between base and calls for service categories. Explore options to better address regional variations in costs (i.e., longer response times in the north). Implementation Options <ul style="list-style-type: none"> Municipalities indicated that specific information on how the new model impacts each municipality is required in order to provide feedback around implementation. Varying views on implementation, ranging from do not implement to implement decreases immediately while phasing in increases over a longer period of time. <p><i>See Appendix J for a detailed summary of consultation feedback</i></p>
Online Feedback Forum October 29 to December 13, 2013	<ul style="list-style-type: none"> <i>Purpose:</i> Provide municipalities an opportunity to submit written feedback on the proposed billing model. 25 responses were received. 	