

Committee of the Whole Report

For the Meeting of March 21, 2019

To:

Committee of the Whole

Date:

March 15, 2019

From:

Susanne Thompson, Deputy City Manager and Chief Financial Officer

Subject:

Police Budget Discussion - March 14, 2019

RECOMMENDATION

That Council receive this report for information.

EXECUTIVE SUMMARY

At the March 14, 2019 meeting, Council referred the following motion to the March 21, 2019 Committee of the Whole meeting:

"That Council:

- Requests that the Police Board pursues the following strategies to absorb the financial impact of two extraordinary new expenditures in 2019 (introduction of the Employer Health Tax and the decision of the Director of Police Services to mandate the hiring of 6 new officers):
 - a) Pursue cost-savings and efficiencies in Non-Staffing Expenditures outlined in pages 5 and 6 of the March 14th report (\$212,000);
 - b) Defer the proposed new Service Desk position until 2020 (\$75,000);
 - c) Pursue savings through consolidation of Exempt Management positions where possible (amount to be determined);
 - d) Authorize a one-time variation from the provision of the Framework Agreement respecting the allocation of VicPD's previous year's surplus funds, to allow for the one-time deployment of VicPD surplus funds in 2019 toward the unanticipated expenditures associated with introduction of the Employer Health Tax and the decision of the Director of Police Services to mandate the hiring of 6 new officers (up to \$503,000).
 - e) Reduce the allocation to the Capital Replacement Reserve, and defer a portion of replacement of vehicles and equipment, to account for any remaining amount required to cover these extraordinary one-time expenditures in 2019 (amount to be determined, depending on [c] and [d] above).
- 2. Requests that the Police Board provide a final budget reflecting these adjustments for consideration by Victoria and Esquimalt Councils.
- 3. Requests that the Township of Esquimalt considers authorizing a one-time variation from the provision of the Framework Agreement respecting the allocation of VicPD's previous year's surplus funds, to allow for the one-time deployment of VicPD surplus funds in 2019 toward the unanticipated expenditures associated with introduction of the Employer Health Tax and the decision of the Director of Police Services to mandate the hiring of 6 new officers."

The purpose of this report is to bring forward a correction to a figure contained in the motion as well as to identify one other matter to consider should Council approve this motion.

The correction is to the sum of \$212,000 in point 1(a), which should be represented as \$172,200. The \$212,000 includes the amount for Restorative Justice that Council has already provide direction on. The \$172,200 is comprised of the following items listed on pages 5 and 6, and summarized on pages 8 and 9 of the submission from VicPD:

1.	DNA Analysis	\$50,000
2.	CCTV Maintenance	\$45,200
3.	Landlines/Mobility	\$35,000
4.	Change Mgmt Training	\$12,000
5.	Special Events – first 3 officers	\$30,000

The other matter to consider is in relation to one time funding being provided for the Employer Health Tax and the six new officers as referred to in point 1 (d). These expenditures are of an ongoing nature and require ongoing funding. If surplus funding were to be approved for these ongoing costs in 2019, further direction regarding 2020 and subsequent years is requested so that the draft 2020 Financial Plan can be developed reflecting this direction. If no additional direction is provided, and since Council has already set overall direction through the Strategic Plan for a tax increase of no more than inflation plus 1% inclusive of police, by default these costs for 2020 onwards would necessitate funding through reductions in other programs.

The Financial Sustainability Policy provides that prior year surplus can be used for one-time expenditures and/or is transferred to infrastructure reserves. The reason for this policy is to ensure that ongoing expenditure requirements are funded by ongoing revenues, not surplus which cannot be counted on annually.

To illustrate this rationale, the following very simplistic example shows that the increase is not eliminated, but rather deferred to the following year:

	Year 1 Municipal Taxes for Average Household				
Taxes to pay for ongoing costs without current year increase		S	2,300	\$	2,350
Current year tax increase needed to fund ongoing costs		S	50	S	50
One-time reduction using surplus	:	. S	(20)	S	-
Tax bill	\$ 2,300	S	2,330	S	2,400
T ax increase \$		S	30	S	70
Tax increase %			1.30%		3.00%

Clarifying these details is important to give Council both an understanding of the ongoing financing considerations as well as attending to the short-term budget adjustments that could result if this motion were to be approved and the budget altered accordingly.

Respectfully submitted,

Susanne Thompson

Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager:

Committee of the Whole Report Police Budget Discussion – March 14, 2019 March 15, 2019 Page 2 of 2