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## MEMORANDUM

**BRC-C 9-2019**

**Subject: Response to Budget Planning - 2020 Operating Budget 136.2019**

**Date: October 10<sup>th</sup>, 2019**

**To: Budget Review Committee of the Whole**

**From: Helen Chamberlain, Director Financial Management and Planning**

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A memo was received by the Office of the Regional Clerk, dated July 3, 2019, from Deb Reid, Executive Director, of the Niagara Regional Police Services Board (NRPSB). The memo included a motion that was passed at the NRPSB public meeting held June 27, 2019. The motion is as follows:

*'That the Board formally request the Region to restate the 2020 Net Expenditures Budget before Indirect Allocations to include the portion of the 2019 Program Changes amount of \$706,196 that was deferred.'*

During the 2019 Budget Process the Niagara Regional Police Services (NRPS) presented its budget to BRCOTW on January 31, 2019 at an initial request of \$147,420,210 or a 6.5% increase. On February 14, 2019 BRCOTW passed a motion as follows:

*'That the NRPS BE REQUESTED to find further cost savings related to program changes of 3.1 million dollars.'*

Subsequently, the NRPS returned the budget to BRCOTW, through a memo dated February 21, 2019, with a reduction of \$706,196, or 0.5%. This reduction was achieved by deferring the initiation of the program changes to April 1, 2019.

In order to continue offering the programs on an annual basis in 2020, the NRPS must include the 2019 deferred portion within their 2020 budget. As a result the NRPSB has made their request for restatement.

In order to restate a base budget as requested, a budget adjustment is required as per By-law 2017-63 Budget Control. The definition of a budget adjustment per the By-law is as follows:

*"Budget (Operating) Adjustment" means a change in the allocation of Budget resources for Operating Programs and Operating Projects from one Dept ID or account combination to another. A Budget Adjustment must be net zero; it cannot increase or decrease the Net Tax Levy or Net Rate Requisition and can be applied to the Working, Base or Commitment Budget;*

In order to undertake an adjustment, an offsetting reduction funded elsewhere through the tax levy would be required, meeting the definition of “a change in the allocation of budget resources”. This request does not provide for an offsetting reduction to net to zero or an alternative non-taxation funding source and therefore does not meet the definition of an adjustment.

The procedure for addressing a pressure in a budget as a result of the annualized cost of a program is to identify the impact in the NRPS 2020 budget. If this pressure cannot be accommodated within the budget planning recommendations approved by Council, Regional staff would advise the NRPS staff to identify the pressure as well as possible mitigation options.

Respectfully submitted and signed by

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Helen Chamberlain, CPA, CA  
Director Financial Management and Planning, Deputy Treasurer

Appendix 1                      Memo from NRPSB



REGIONAL MUNICIPALITY OF NIAGARA  
**POLICE SERVICES BOARD**

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July 3, 2019

Ms. Ann-Marie Norio, Regional Clerk  
Regional Municipality of Niagara  
1815 Sir Isaac Brock Way  
P.O. Box 1042  
Thorold, ON L2V 4T7

**Re: Budget Planning – 2020 Operating Budget  
136.2019**

Dear Ms. Norio:

At its Public Meeting held June 27, 2019, the Niagara Police Services Board considered a Service report dated June 10, 2019 providing the Board with the details of the proposed Budget Planning By-law as recommended in Corporate Services Committee report CSD 41-2019 and the recommended items that can be implemented in the 2020 budget planning.

The following motion was passed:

**'That the Board formally request the Region to restate the 2020 Net Expenditures Budget before Indirect Allocations to include the portion of the 2019 Program Changes amount of \$706,196 that was deferred.**

**Carried.'**

Further to Board direction, I would ask that you take the necessary action to place this information before Regional Council for consideration. A copy of the report is enclosed.

Yours truly,

Deb Reid  
Executive Director

Encl.

c: Chief B. MacCulloch, Niagara Regional Police Service  
Mr. T. Harrison, Commissioner/Treasurer, Enterprise Resource Management Services, RMON



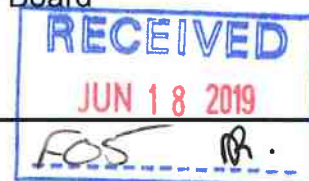
# NIAGARA REGIONAL POLICE SERVICE

## Police Services Board Report

136.

### PUBLIC AGENDA

**Subject:** Budget Planning – 2020 Operating Budget  
**Report To:** Chair and Members, Niagara Police Services Board  
**Report Date:** 2019-06-10



### Recommendation(s)

That the Niagara Police Services Board receives the report for information.

That the Police Services Board formally request the Region to restate the 2020 Net Expenditure Budget before Indirect Allocations to include the portion of the 2019 Program Changes amount of \$706,196 that was deferred.

### Key Facts

- The purpose of this report is to present the details of the proposed Budget Planning By-Law (replacing the Affordability Guidance Policy) as recommended by Corporate Services staff to the Corporate Services Committee in report CSD 41-2019.
- Pending the completion and approval of the by-law by Council at a later date, Corporate Services staff has recommended items that can be implemented in the 2020 budget planning.
- Corporate Services staff have recommended that Region Agencies, Boards and Commissions (ABCs) be allotted a base budget inflationary increase of 3.0% based on a Municipal Price Index.
- Further operating budget funding from Assessment Growth and new programs stream will be available on a case by case basis as approved by Council.
- Service faces a number of cost pressures for the 2020 base budget year including collective bargaining negotiations, provincial grant funding shortfalls, annualizing the 2019 program changes and the budget of an extra salary day.

### Financial Considerations

The approval of this report will impact the formation of the 2020 Operating Budget.

### Analysis

For the preparation of the budget, guidelines and timetables are developed with the objective of balancing the information requirements of the Police Services and Municipal Acts, as well as facilitating the approval of the Service's budgets in accordance with the Region's timetable, as required by the Act.

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In a report to the Corporate Services Committee on June 12, 2019, Corporate Services staff recommended the development of a Budget Planning By-Law to replace the Affordability Guidance Policy. This revised by-law will not be completed for the 2020 budget cycle, however, Corporate Staff has recommended items that can be implemented for this budget cycle. Highlighted below are extracts from the report on the proposed funding envelopes that specifically impact ABCs.

- Base Budget Development:

- Use a Municipal Price Index (MPI) as a measurement of inflation (formerly used Core Consumer Price Index; CPI); an MPI for Region Departments including Waste Management, Water and Wastewater and a specific MPI for Agencies, Boards and Commissions
- For the 2020 budget, the recommendation would be 2.7% for Regional Departments and 3.0% for ABCs (2019; ABCs allotted 2.0%)

- Assessment Growth:

- This is the sum of all changes that happened to the Region's tax base as a result of new constructions, expansions, demolitions, and change-in-use of property. The increase in tax base compared to the prior year, is the Assessment Growth.
- For 2019, the Service was allotted 1.4% for Assessment Growth for an overall guidance budget rate of 3.4%.

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- The recommendation by corporate staff, is that ABCs submit business cases along with regional departments for approval under the Assessment Growth Funding envelope.
- The Assessment Growth rate for 2020 has yet to be established, however, over the five years, it has averaged 1.3%.

- New Programs:

- Historically, new programs have been funded from Assessment Growth or reductions in other Base Budget spending. They have been supported with business cases and addressed a public need, strategic priority, leveraging of an opportunity etc.
- The recommendation by staff is to set up a separate levy and rate increase above the Base Budget development.

The 2020 Budget Guidance formulary proposed by Corporate Services in their new Budget Planning Policy is summarized in the table below:

|   | \$ M         | %   |
|---|--------------|-----|
| 2019 Approved Net Expenditure Budget bef Indirect Allocation                    | 146.7        |     |
| + 2019 Program Change Deferred Portion  | 0.7          |     |
| Restated 2019 Net Expenditure Budget bef Indirect Allocations                   | 147.4        |     |
| 2020 Base Budget Increase   | 4.4          | 3.0 |
| <b>2020 Net Expenditure Budget bef Program Changes and Indirect Allocations</b> | <b>151.8</b> |     |

Based on the proposed new Budget Planning Policy, funding for New Program Changes will be available through the Assessment Growth rate and the new program levy rate. At the date of this report, Corporate Services had not recommended a rate for Assessment Growth or new programs for the 2020 budget year.

The foundation of the 2020 budget supports the Service's mandate to uphold all Adequacy Standards set by the Act, while providing efficient and effective policing to the community.

As in prior years, the budget process includes a detailed line by line rationalization of spending by program. Consistent with other Regional Departments, Boards and Agencies, the Service faces a number of ongoing budget pressures and limited funding options. These pressures on the base budget include but are not limited to:

- Collective Bargaining provisions
- Impact from Annualizing the 2019 Program Changes
- Shortfall from Community Safety and Policing Provincial Grant funding
- Salary impact resulting from an additional budget day to 262 days (2019; 261 days)

In conclusion, the Service has provided budget planning recommendations, put forward by Corporate Services, which forms the basis of the Service's budget guidance target. In addition, has highlighted pressures impacting the 2020 Budget.

## Alternatives Reviewed

The Board not approve the recommendation.

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## Relationship to Police Service/Board Strategic Priorities

The budget preparation process is conducted in consideration of Regional objectives, with efforts to balance the information requirements of the Region as outlined in the Municipal Act with the accountabilities of the Police Services Board under the Police Services Act

## Relevant Policy Considerations

- Municipal Act
- Police Service Act

## Other Pertinent Reports

- CSD 41-2019 Budget Planning Policy Review
- 54.2019 Special Consideration of RMON Request -2019 Niagara Regional Police Service and Board Approved Operating Budget

*This report was prepared by Laura Rullo, Manager, Finance, reviewed by Lisa DiDonato-DeChellis, Director, Business Services and recommended by Bill Fordy, Deputy Chief of Police, Support Services.*



**Submitted by:**

Bryan MacCulloch, M.O.M. #5835  
Chief of Police

## Appendices

No appendices