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OPP Billing Steering Committee Report Highlights

April 10, 2014

Overview

- How and why did we get here?
- Steering Committee's mandate and composition
- How the Committee worked
- Billing model options
- Other advice to Province
- Where do we go from here?

How and why did we get here?

- **The pot boiled over** – historically highly variable billing model; longstanding lack of cost accountability and transparency; OPP wage deal; no clear efforts to improve OPP efficiency; OMPF decrease; multiple Auditor General reports ignored.
- **The burner is still on** – narrowly scoped OPP billing consultations; presented only one alternative with no numbers; no provincial mitigation or phase-in; no clear action on cost drivers; continuing OMPF decreases.
- Provincial action and inaction caused this circumstance; municipalities did not.

The Committee's Terms of Reference

Purposes:

1. To review and analyze the proposed OPP billing model as well as other potential billing approaches to identify outcomes that might be acceptable to the different interests of the municipal sector.
2. To look at the root causes of Ontario's soaring policing costs and how these too might be addressed.
3. To provide advice to the provincial government on these issues.

The Committee's Composition

- Chaired by the AMO President (non-OPP).
- 15 Heads of Council from OPP policed communities; with careful consideration to geography, diversity of interest, billing circumstances, experience and the groups which formed on policing and billing issues.
- Supported by former municipal staff and the Ontario Association of Police Service Boards.

The Committee's Work

- *Duration* – submit report to MCSCS and OPP by early April.
- *Assumptions and Principles* were developed and used to evaluate possible billing approaches.
- *Work plan* – brainstorming; modeling and analysis; discussion over four meetings; OPP attended to share base cost and call for service information.
- *Modeling* – Sector-wide impacts were analysed; Committee was blind to any local circumstances.

Committee's Adopted Principles for Evaluating Models

1. Civilian oversight of police services is necessary in democratic societies.
2. The OPP is accountable to the municipal governments it serves.
3. The billing model and the information upon which it rests must be transparent for municipal governments and property taxpayers.
4. Municipal governments must have some voice as to the level of policing services required and able to pay for ("Pay for say" principle).
5. Policing is a service to people and property, occupied or unoccupied.
6. Outcomes need to be acceptable to the different interests of the municipal sector.
7. A new billing model should be predictable and stable over time.
8. A new model needs to validate what is included in base costs.
9. Billing model reform should also include legislative and regulatory change regarding policing.
10. Capacity to pay is an overarching consideration at local, regional, and provincial levels. This capacity is measured in part against the provision of other critical services that are vital to a community.

Brainstorming of Potential Models and Models Developed and Analyzed

- Status Quo
- Upload for communities below 5,000; below 1,000
- Education tax approach, Municipal Fiscal Circumstances Index, RCMP, and SQ
- Base costs and calls for service*:
 - per household at 73/27** and 60/40
 - per property at 73/27 and 60/40
 - 50% assessment and 50% properties - at 73/27 and 60/40
 - 100% Weighted Assessment - at 73/27 and 60/40
 - 50% Weighted Assessment/50% per Household – at 60/40
 - 50% Properties/50% Population- at 60/40

*Mid-way through the Committee's deliberations the OPP presented a new 60/40 proposal. Committee decided to only focus analysis on 60/40 ratio.

** OPP model option it consulted on in Fall 2013.

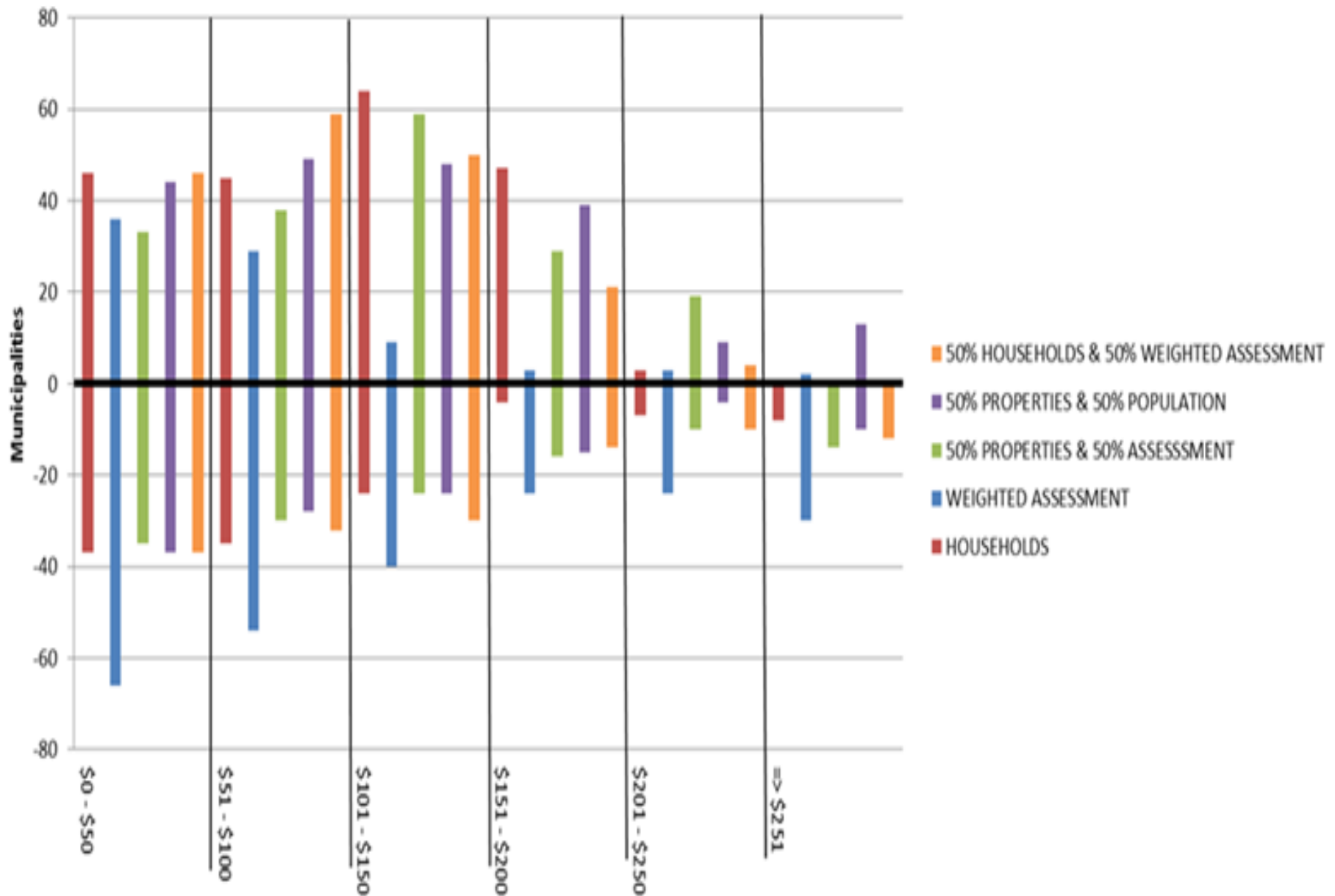
Key finding

- The Province is correcting a provincial billing situation that it created.
- *It is a provincial responsibility to mitigate the impact on taxpayers as a result of any billing change.*

Advice on Billing Model

- The Steering Committee confirmed that a Base Cost and Calls for Service concept was reasonable and the estimated 60/40 split was more representative of the distribution of overhead and supervisory costs, etc.
- Full transparency on the split is required to ensure accurate costs; an audit of these costs is required.
- Accurate data entry and coding of Calls for Services is needed; also to be audited regularly for accountability purposes.

Municipalities with per Household Billing Changes

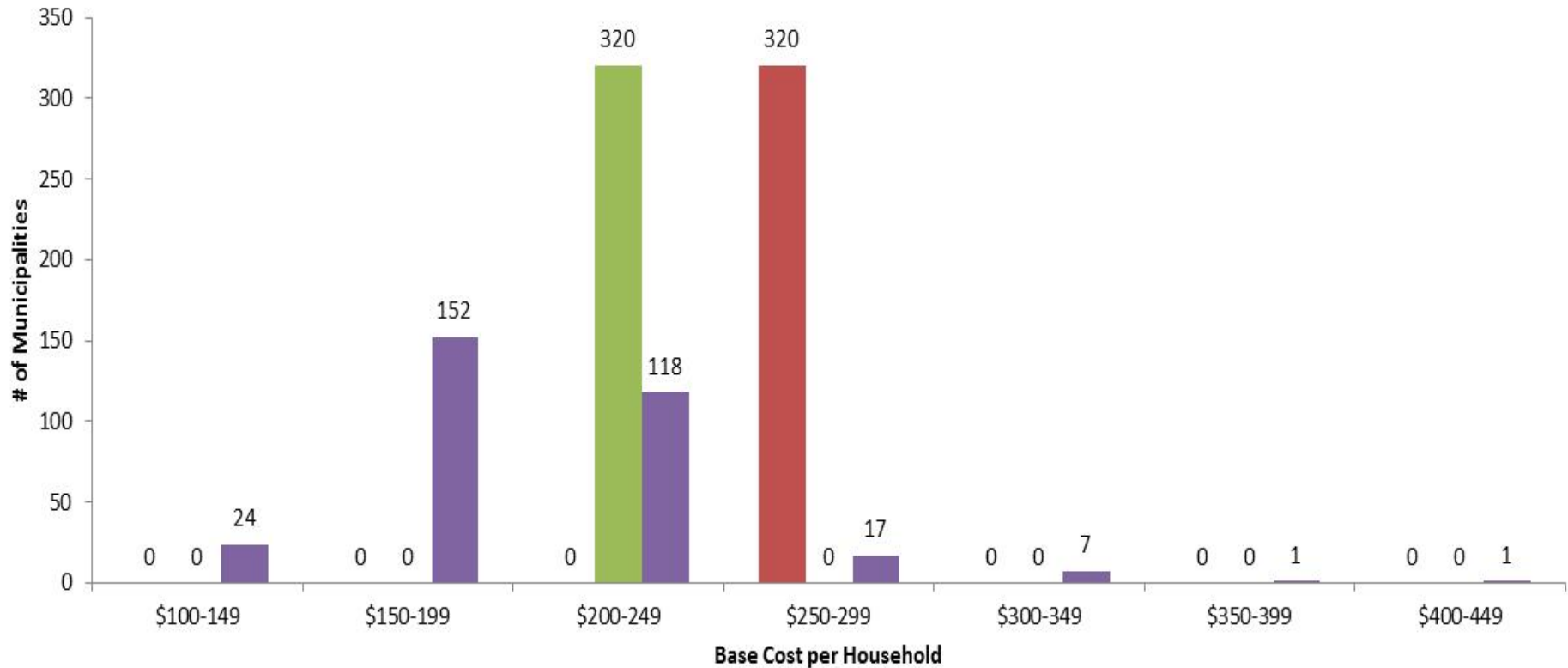


Advice on Billing Model

- No one model provided a clear, decisive outcome that would not require phasing-in or mitigation.
- Committee felt that a blended 50% household/50% weighted assessment approach had merit as it holds a measure of community (e.g., other property types such as commercial and industrial and capacity).
- Committee recognized that OPP per household still held support.

Blended household/weighted assessment	Household model
<ul style="list-style-type: none">• 50/50 split between households and weighted assessment on base costs i.e. 60% base (50% per household and 50% weighted assessment); 40% calls for service	<ul style="list-style-type: none">• OPP household only model i.e. 60% base per household; 40% calls for service

Base Costs Compared



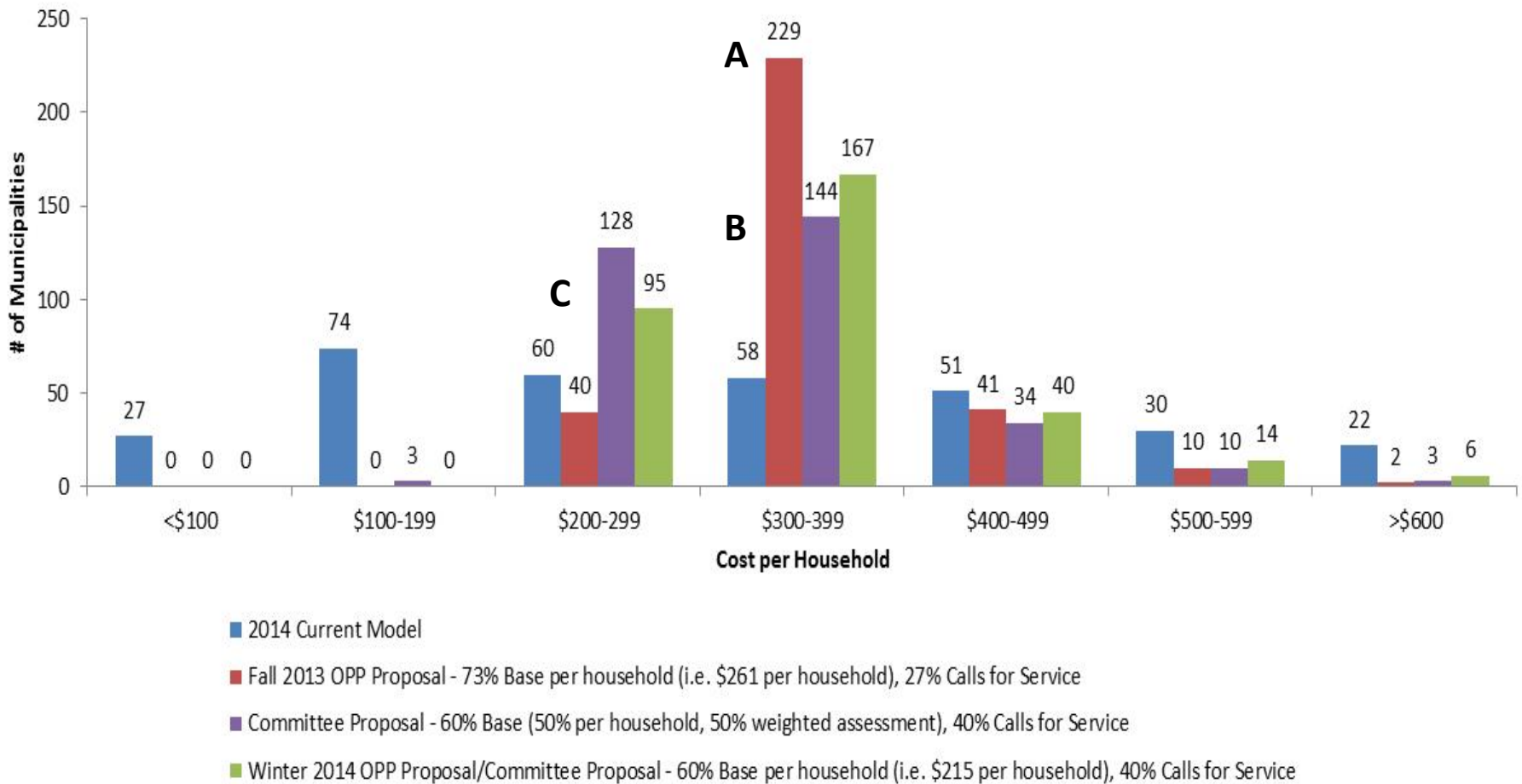
- Fall 2013 OPP Proposal - 73% Base per household (i.e. \$261 per household), 27% Calls for Service
- Winter 2014 OPP Proposal/Committee Proposal - 60% Base per household (i.e. \$215 per household), 40% Calls for Service
- Committee Proposal - 60% Base (50% per household, 50% weighted assessment), 40% Calls for Service

Chart show the number of municipalities which would experience increases and the severity of those increases when comparing base costs in the 2 models (versus original).

Merits of the two Base Models

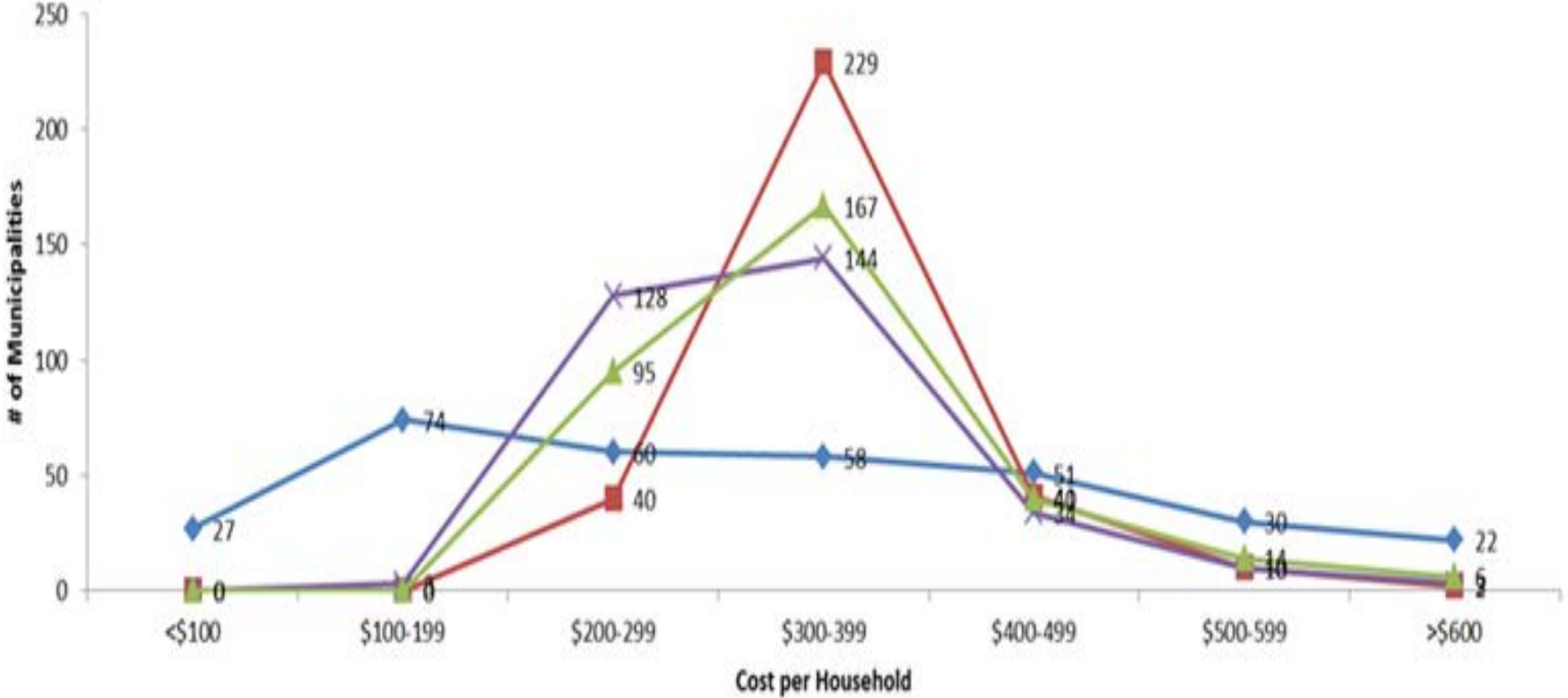
- Blended Household/Weighted Assessment at 60/40
 - Broadens the Base range, 270 municipalities would receive OPP Bill with base between \$150 and \$249;
 - Captures commercial and industrial and capacity to pay.
- 2014 OPP Household at 60/40
 - Ratio change means Base lowered from \$261;
 - 320 would receive OPP Bill using \$215 per household

Current Model Compared (Base & Calls for Service)



This chart shows the impacts of the two models against the OPP's original proposal from Fall 2013. This illustrates total impact, (base and calls for service). See next slide for observations regarding markers A and B.

Current Model Compared (Base & Calls for Service)



- ◆ 2014 Current Model
- Fall 2013 OPP Proposal - 73% Base per household (i.e. \$261 per household), 27% Calls for Service
- ◆ Committee Proposal - 60% Base (50% per household, 50% weighted assessment), 40% Calls for Service
- ◆ Winter 2014 OPP Proposal/Committee Proposal - 60% Base per household (i.e. \$215 per household), 40% Calls for Service

Observations of either model

1. The tallest red bar (marker A on previous slide) is the impact of the first OPP proposal.
 2. Under either committee model, the peak falls (marker B, purple and green bars).
 3. Municipalities are shifted to a lower point in the cost range, (marker C on previous slide, purple and green bars).
- Under either model, approximately half of municipalities move from \$300-399 per household to \$200-299 per household.
 - OLD: 220 municipalities in a range of \$300-399 per household.
 - NEW: 262 to 272 municipalities move to a range of \$200 to \$399 per household (depending on model).

Weighted Assessment as a measure

- The Auditor General's 2009 report states, the full cost of providing services should be considered, "along with factors such as government priorities, the **user's ability to pay for the service**, and other cost/benefit factors."
- Committee felt use of weighted assessment in a model is feasible.
- PSA requires that municipalities with OPP services must pay for them. Ministry concerned that a 100% weighted assessment model may not directly account for the cost of providing the service; household only model holds the same argument.

Additional Advice - Billing

- Special consideration is needed for communities whose policing activity is directly affected by a provincial institution within their boundaries (e.g. Psychiatric hospital, provincial jail).
- Households in unincorporated areas must have the same Base Cost as those in OPP-serviced municipalities; must develop a clear policy regarding Calls for Service costs.

Advice to Province on Billing Implementation

- The transition is immediate for those realizing decreases, as they require immediate relief from the historic discrepancy.
 - Those facing increases should have the new billing model phased-in over a minimum four-year time frame, which must be accompanied with mitigation funding.
- **The effort to update/correct the historic disparities of the current billing model is a provincial responsibility and it is a provincial responsibility to mitigate the impact on taxpayers.**
- Mitigation must be separate from the Ontario Municipal Partnership Fund.
 - The Province should monitor and evaluate the possibility of ongoing support for some municipalities given their circumstances.

Additional Advice

- The work of the provincial Future of Policing Advisory Committee must be pursued as a top priority and with greater immediacy.
- The provincial government must make sustainable policing a key priority for all Ministries, Police Chiefs, and be reflected in negotiation and discussion with police associations.
- The Province should seriously consider having municipal governments provide input and advice to the Province's negotiating strategy with the OPPA.
- Coordinated bargaining and improvements to interest arbitration must be a top priority at the Province.

Next steps

- The Steering Committee has submitted its report to the Minister of Community Safety and Correctional Services and the OPP.
- AMO has endorsed Steering Committee advice to establish a new Task Force to do its own work on the modernization of policing. Membership will include municipal government and police service board representation from those with own force and OPP policing.
- The province's next steps are to be determined.