

Association of Municipalities of Ontario

OPP Billing Steering Committee

Terms Of Reference

A. Introduction:

Our communities are facing a number of immediate, large fiscal challenges including those with OPP policing services.

The first front comes in the form of declining municipal operating grants through the Ontario Municipal Partnership Fund (OMPF). In addition to the \$25 million reduction, previous grant components dedicated to policing and the farmland and managed forest tax incentive programs have been eliminated. The OMPF started to move to a fiscal health approach, however one that is done on a 'relative' basis for the purposes of allocating the fund. The province has another planned reduction of \$25m in both 2015 and 2016.

The second front comes in the form of the OPP wage increase of minimum of 13.55 % over four years, with 8.55% in 2014. The 2014 wage increase alone will cost property taxpayers an additional \$25 million this year. Combined with the OMPF reduction, the wage increase will cost rural and northern communities \$50 million in 2014. In addition, the OPPA collective bargaining agreement calls for them to be the "highest paid police force" in Ontario. The OPPA have already achieved a pension benefit standard of 'best three years' which also has a cost impact.

The third front is the uncertainty brought about by the proposed OPP billing reform. Reform has been an on again, off again matter and the provincial Auditor General and others were added stimulus to the province looking at the billing methodology. Billing reform was originally set to take place in 2014 however, the Ministry has advised implementation has been deferred to 2015. This delay is a concern to those with relatively much higher bills.

B. Background to the OPP Proposed Billing Reform:

For many municipalities, the OPP's fall 2013 consultation was the first time that the option under consideration was clearly shared and illustrated to them. The OPP's proposed new billing, is beneficial for some by adjusting substantially historical higher costs, and puts new higher costs on others. Reaction has been strong and divisive in the sector with requests to AMO to endorse the model, or to act to stop any change or to find an alternative that could help the interests of both sides of the issue.

Some municipal governments have voiced concern and are seeking transparency on how the OPP policing capital and operating costs have been assigned between what is a provincial policing activity (e.g., terrorism, contraband, provincial highway patrol, etc.,) and what are municipal policing activities.¹

¹ 324 municipalities; 2014 estimated cost of \$385 million (2012, estimated \$357m)

Some question the percentage split of municipal base costs (73%) versus service calls (27%) within the proposed methodology. Some have suggested municipal policing costs should not include the cost of crimes committed in another community. Some believe the OPP policing costs should be uploaded to the province, treating it more like an income redistribution program rather than a service to property/people². These and other concerns and specific questions have been gathered by the OPP through its consultation process on a new proposed billing.

The Provincial Future of Policing Advisory Committee (FPAC) is looking at, among other things, how to deliver core and non-core policing activities in a more cost efficient and effective manner, however, getting traction on moving forward has been difficult at best. Chiefs and police union associations seem reticent to examine and move forward with any incremental changes to the current policing model which has been in place for over 20 years. AMO Board asked the Ministry to issue an interim report on FPAC's recommendations to date so that all affected parties, including municipal governments are informed of its work and progress. We understand an update is to be provided, however one has not been released as yet.

Until recently, the scale and scope of policing issues, in addition to a proposed new OPP billing has been significantly underestimated by the government.

Appendix C contains a historical perspective and timeline on policing issues.

C. Purpose of the Steering Committee:

- To try to unify the sector and present a common municipal voice on issues related to OPP billing and to lend its voice to more systemic themes which impact policing costs (e.g., FPAC);
- Review and analyze the new billing model and other approaches to ensure municipalities are informed and are making informed choices;
- To inform the work of the OPP as it deals with its consultation feedback of the fall of 2013;
- To represent the diversity of municipal opinions and interests across the province of those which use and pay for the services of the OPP (contract or non-contract); and
- To develop and approve an operational protocol and communication plan that keeps OPP serviced municipal governments informed of its cause and work.

D. Duration:

The Steering Committee would begin meeting in early February and work in an expeditious manner to provide input to the Province before April. It is recognized that it is the Province's intent to implement change in 2015. The frequency of meetings will be determined by the Committee but its initial meeting would need to be intensive, since time is of the essence. The Steering Committee will submit a report to the AMO Board of Directors for its meeting of March 28, 2014.

² Total policing costs for all 444 municipal governments is about \$3.7 billion

E. Membership of the Steering Committee:

The Board has directed that representatives to the Committee come from all corners of the province, with careful consideration to the diversity of interest, circumstances, and knowledge and experience related to policing and delegated final approval of the Committee's membership to the President given the timely need to get it working. A representative from each of the three sub-municipal groups (Mayors' Coalition; OPP Discussion Group and the Under 5,000 Group) would also be invited to participate. (See Appendix A)

F. Operating Principles for the Steering Committee:

Given the broad interests, and the need for open dialogue within the Steering Committee, it has established the following Operating Principles.

- The Committee will support open, honest discussion in a respectful environment and without individual or collective attribution
- The Committee will share collective ownership and responsibility for its work and its communications.
- The Committee will bring as much transparency as possible to its work and share information with municipal governments and key stakeholders as appropriate.
- The Committee will respect any confidential information and data.
- The Committee will have access to a municipal finance consultant and other municipal staff with technical abilities to help support the Committee's work as needed.

G. OPP Billing – Assumptions and Principles

The Steering Committee's purpose will be guided by a set of assumptions and principles.

Assumptions: The Committee assumes, as statements of expectation that:

1. The Auditor General's report on the operations of the OPP needs to be properly implemented to deliver greater service and improve efficiencies where deficiencies have been noted.
2. There can be a clear distinction and mutual understanding as to what constitutes municipal OPP policing and what constitutes provincial OPP policing (including seasonal shifts of service requirements– provincial parks and waterways). This should also include services to provincial facilities and institutions. The existing definition of provincial policing requires greater clarity than what is currently expressed legislatively.
3. Cross-jurisdictional investigations/enforcement or major case management crimes are beyond the capacity of the local property tax base or local police services and should constitute provincial policing.
4. OPP policing in unorganized territories should be the financial responsibility of the residents of unorganized areas and should not be part of the costs of municipal OPP policing.

5. OPP policing in First Nations should be the financial responsibility of the federal/provincial governments in separate agreements and should not be part of the costs of municipal OPP policing.
6. Although the municipal sector has asked for provincial mitigation funding to manage transitions caused by any new OPP billing model, which the provincial government has not signalled whether provincial mitigation funding of any sort would be available.
7. A new model needs to be mitigated and not necessarily exactly the same way for all municipalities that would see costs increase as the ability of the property tax base to fund major changes year to year is different in different places. Any mitigation should offer immediate relief for those with high costs and phased increases for those with costs that will rise over time.
8. A model needs to consider regional variations in the cost of policing, particularly for the base costs (e.g. north/south, rural/small urban).
9. A model reflects the core service requirements of the community (e.g. crime rates, flexibility on the time standards for calls for service).
10. Should a community want enhanced OPP services, they can enter into a specific contract for such services.
11. Crime has no boundary, community safety is everyone's responsibility.
12. The OPP should not offer financial incentives to lessen civilian oversight.
13. The Commission on the Reform of Public Services (the Drummond Report) recommendations of a review of the core responsibilities for policing services and the need for alternative models of service delivery is still valid and that the Future of Policing Advisory Committee (FPAC) has yet to deliver upon this mandate.
14. Interest arbitration legislative changes must take place to reflect capacity to pay and intra-municipal comparators.

Principles: The values which the Steering Committee will apply as it evaluates its review and analysis of possible billing approaches:

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.

H. Work Plan

The Committee's work plan sets out what tasks need to be done and when and the frequency of its meetings. It is anticipated that the Committee will have four meetings and generally its work will include:

- i) Initial Meeting – among other matters related to its operations, to brainstorm on potential approaches to a billing model and to direct research and analysis;
- ii) Second and Third Meetings – review the proposed OPP billing model and other approaches that evaluates them against the Principles; consider each in terms of implementation considerations; develop comments on policing cost drivers and accountability needs along with how transparency needs can be achieved
- iii) Fourth Meeting – Conclude work and develop consensus positions on billing model and implementation plan along with consensus of other matters related to rising costs of policing.

AMO will undertake to provide the necessary financial resources to undertake any consulting work that the Committee may identify if other sources are not available.

I. *Communications Protocol:*

The Steering Committee has adopted a protocol for how to deal with media calls, and how, who and when information will be shared. Appendix B sets out the Steering Committee's Communications Protocol.

Appendix A

AMO's OPP Billing Steering Committee Membership

Politis, Peter	Mayor	Cochrane (Chair, Mayors' Coalition)
Vrebosch, Bill	Mayor	East Ferris (Chair Under 5,000 Group)
Reid, David	Mayor	Arprior (OPP Discussion Group)
McNamara, Gary	Mayor	Tecumseh (Future of Policing Advisory Committee)
Canfield, Dave	Mayor	Kenora
Spacek, Al	Mayor	Kapuskasing (FONOM)
Nelson, Ron	Mayor	O'Connor Township
Barfoot, Alan	Mayor	Georgian Bluffs
Conn, David	Mayor	Seguin Township
Marr, David	Warden	Elgin County
Mertens, Peter	Mayor	Prince Edward County
Reid, Barb	Reeve	Minden Hills
Reycraft, Doug	Mayor	Southwest Middlesex
Thompson, Linda	Mayor	Port Hope
White, Chris	Warden	County of Wellington

Appendix B:

COMMUNICATIONS PROTOCOL

Building on the Operational Principles, a communications protocol lends clarity of communications within the Committee, among the OPP policed communities and others.

How will information be shared within the Committee?

- An email group of Committee members will be created. These emails should be considered confidential as they may contain sensitive information. A project group within AMO's website will also be created for Steering Committee members to access agendas and information.
- Any messaging or information to be shared outside of the Steering Committee will be clearly identified.

How will information be shared with the broader OPP policing communities?

- Based on direction from the Committee, AMO will develop and implement communications of the Committee's work with OPP policing communities, as well as the broader AMO membership.

Who are spokespeople?

- Committee members are local spokesperson within their sub-municipal groups and own community and to their local media. You will be provided with messaging and information to help support you.
- AMO President Russ Powers is the provincial spokesperson. Media inquiries from media with larger, provincial audience/interests will be referred to AMO President through Redbrick Communications.
- Committee may also choose to identify regional spokespeople.

What do I do if, as a member of the Steering Committee, I get a media call?

- Respond to local media within your community using the key messages and other information that has been agreed upon by the Committee.
- Please advise (AMO/Redbrick) of these inquiries and provide information on:
 - o Who called?
 - o Nature of the discussion?
 - o When/where the interview will be aired/printed?
- Media inquiries from outside of your own community should be directed to AMO/Redbrick Communications, who will coordinate the response and identify appropriate spokesperson.

Who will decide what is communicated and when?

At the conclusion of each Steering Committee meeting, the Committee will collectively discuss and confirm: 1) What has been decided; 2) Who needs to know and 3) Who will prepare and distribute communications and when.

POLICING ISSUES and HISTORICAL TIMELINES

I. 2010-2012 Background

Agreement with the OPPA

The pressing issue of policing costs has been building across Ontario for some time. A key flashpoint occurred in 2010 when the provincial government reached a contract settlement with the Ontario Provincial Police Association including increases in the past four years of 5%, 0%, 0%, and 8.55%.

Shortly thereafter, a variety of municipal groups formed around the issue of OPP costs including the Mayors Coalition for Affordable, Sustainable, and Accountable Policing. The wage settlement also drew the attention of non-OPP policed communities for the impact it will have on settlements and the leap frogging of wages.

OPP Cost Recovery Working Group

In this context, the OPP established a working group with AMO and the Ontario Association of Police Service Boards to improve the transparency and understanding of the OPP's cost recovery formula. In 2012, the OPP released the document *Understanding Ontario Provincial Police (OPP) Municipal Policing Costs*. The document represents a significant improvement in the transparency and accountability of police costs to councils and the public. It set the stage for further awareness of policing costs both inside and outside the OPP.

Future of Policing Summit

In 2012, the government hosted the first policing summit in 16 years. It brought together the broader policing community in Ontario and included AMO. It highlighted some of the key challenges facing police service today including fiscal sustainability and identified the need for further action.

Future of Policing Advisory Committee

In response to the summit, the above Committee and several working groups were established to explore policing issues in depth. AMO has been an active participant in these discussions which includes the City of Toronto and the Ontario Association of Police Service Boards among others. Its mandate was to explore areas of legislative reform, determine core and non-core policing duties, and efforts to improve the efficiency and sustainability of police service delivery in Ontario. The *Police Service Act* had not been reviewed since the late 1990s. This seemed a promising start to addressing the real and pressing challenges all police services are facing.

Auditor General's Report on the OPP

In December 2012 the Auditor General of Ontario made a number of recommendations regarding the OPP based on a value for money audit of its operations. The report reiterated recommendations from previous audits to find greater efficiencies. These included the need to update the staff deployment model to better balance workloads between detachments, improve shift scheduling and overstaffing during slow periods, assign more corporate service functions to civilians, and improve the management of overtime costs.

Also addressed in the report was the issue of billing methodology, namely that it was, "complex and onerous for both the force and municipalities." The OPP's response was that it was putting forward a per capita methodology for consideration.

In response to the report, AMO met with the Minister of Community Safety and Correctional Services and the Commissioner of the OPP to impress upon both the need to find greater efficiencies in operations.

Pensions

AMO also made representations to the Ministry of Finance on ways to improve pension plan funding that did not add to employer or taxpayer expense (e.g., delay immediate vesting). In addition, AMO (Municipal Employer Pension Centre of Ontario) makes proposals to reduce the OMERS deficit faster as means to reduce the risk that additional contribution increases will be needed. The employee side of the table has been reluctant in the past to do anything, including temporarily reducing indexation (cost of living) from 100% to something less for new employees.

II. 2013 Background

Federal Summit on the Economics of Policing

In January 2013, AMO was represented in national discussions regarding the fiscal sustainability of policing. This drew attention to the fact that Ontario is not facing these challenges alone – issue of cost exist across the country and other developed countries have already faced similar challenges.

OPP Billing Working Group

In April 2013 the OPP established a working group which included municipal representatives directly invited by the OPP to develop a new billing model. AMO was invited to provide two staff representatives to this working group, which it did. Municipal representatives to these discussions provided their perspectives on efficiencies and the model. In May the OPP commenced regional discussions with many municipalities on billing. These discussions and the model are aimed in part at addressing the wide variation of per household costs – from under \$100 to well over \$600 (2011). In June the OPP conducted a broader survey to all municipalities which use the services of the OPP. This was in the hopes of finalising and introducing new OPP billing changes in the fall of 2013.

Further municipal consultations on the new OPP billing model were conducted by the OPP across the province in the fall of 2013. For many municipalities, these sessions have, for the first time, clearly illustrated the option under consideration.

Billing reform was originally set to take place in 2014 however implementation has now been deferred to 2015. The proposed new model, while beneficial for some, is seen by other municipal governments as unfeasible for their communities. The division this has caused within the municipal sector has been a distraction from addressing the underlying problems – not only the allocation of these costs but how to address the unsustainable rate of policing costs growth.

Interest Arbitration

In February 2013 AMO strengthened its ongoing campaign for interest arbitration reform. Labour costs are at least 80% of the total cost of emergency services. Municipal governments have been frustrated with the lack of transparency around decisions and the priority that replication of agreements from one community to another has over consideration of local fiscal conditions.

The 2013 Speech from the Throne noted that the government “will sit down with its partners across all sectors to build a sustainable model for wage negotiation, respectful of both collective bargaining and a fair and transparent interest arbitration process, so that the brightness of our shared future is not clouded by the indisputable economic realities of our time.” AMO accepted Ministry of Labour request

to participate in facilitated confidential/without prejudice discussions with police associations on the issue of interest arbitration. It is unclear whether consensus will or will not be achieved through this process, as of early 2014.

Future of Policing Advisory Committee

AMO is extremely concerned with the slow progress this Committee has made in 2013. In October AMO wrote to the Minister of Community Safety and Correctional Services seeking the release of an interim report and an acceleration of the Committee's work. While discussions with the Ministry towards this end continue, AMO is not yet to receive a reply to the letter nor has an interim report been released.

III. Current Status

OPP Billing

In October 2013 the Minister of Community Safety and Correctional Services issued a news release to indicate that the government was proposing a new model for billing municipalities for OPP services. This followed the Minister's verbal statements at the August AMO Conference. The OPP involved municipal representatives and met with municipal leaders across Ontario. This new billing model lowered policing costs considerably for approximately 100 municipalities and increased costs considerably for approximately 200 municipalities. The OPP also announced that they would be deferring negotiations on contract renewals pending the implementation of the new billing model.

AMO responded that a new billing model needs to be fair and transparent and challenged the government statement of how a new model might afford municipalities more control over costs. AMO also indicated that any change would require phase-in transition and mitigation funding; called on the Minister to release an interim report of the Future of Policing Advisory Committee; and was awaiting interest arbitration discussions with the fire and police associations.

In December 2013 the Ministry approached AMO to establish a Technical Advisory Group to review the proposed OPP billing model. The model was previously led by the OPP; it would now to be led by the Ministry and the OPP. This group is being established in response to municipal concerns regarding the proposed model

OMPF Funding

In November 2013 the government announced 2014 OMPF funding allocations. It included the anticipated \$25 million funding cut, contrary to the advice AMO had provided to defer this cut. Northern municipalities experienced either no change or a cut up to 10% of the prior year's allocation. Municipalities in all other regions experienced either no change or a cut of up to 15% of the prior year's allocation. A few received increases.

AMO and municipal treasurers have supported the use of the Municipal Fiscal Circumstances Index (MFCI) which measured such factors as weighted assessment per household, median household income, and employment rates. This approach demonstrated some sensitivity to the fiscal condition of municipalities and the targeting of funding to those in need.

For over the last 18 months, AMO has emphasized the need for transitional provincial assistance for municipalities facing future OPP billing changes – help now for those with high costs and transitional assistance for those with bills that would increase. The OPP nor Ministries (MCSCS or Finance) have provided any indication that this is a possibility. They do continue to stress how the provincial treasury as major problems.

AMO Member Communications

Since May 2012, AMO has released 10 member communications on policing issues.