

EDMONTON POLICE SERVICE FUNDING FORMULA POLICY C604 FURTHER ANALYSIS

RECOMMENDATION

That Administration, in consultation with the Edmonton Police Service and the Edmonton Police Commission, develop a revised funding formula and related policy, and return to City Council for approval as part of the 2023-2026 Operating Budget deliberations.

Report Purpose

Council decision required.

Council is being asked to approve direction to develop a revised funding formula and policy for the Edmonton Police Service's budget in the 2023-2026 cycle.

Previous Council/Committee Action

At the April 6, 2021 City Council meeting, the following motion was passed:

That Administration conduct further analysis regarding amendments to the Edmonton Police Service Funding Formula Policy C604, including but not limited to, peer funding level comparators and performance accountability mechanisms, and report back in tandem with the First Quarter 2022 report.

Executive Summary

- This report is in response to Council direction to revisit the Edmonton Police Service Funding Formula Policy C604 and reframe the policy as an Edmonton Community Safety and Well-being Funding Policy.
- Background and context of the Edmonton Police Service (EPS) funding strategies is provided, including the rationale for the establishment of the suspended funding formula, and overview of how the formula works.
- Council will need to determine the amount of funding for EPS, considering the overall Community Safety and Well-Being Strategy and funding requirements.

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- Once the base funding amount for EPS is determined, Administration recommends that a revised funding formula be developed for EPS and implemented to provide predictability to the EPS budget.
- Council can consider different mechanisms within a revised formula to adjust the allocation of funding to EPS throughout the multi-year operating budget cycle. Some options for potential revisions to the funding formula have been provided for Council's consideration.
- Other potential funding mechanisms, in addition to a revised funding formula, are included for Council's consideration.

REPORT

This report outlines options for Council's consideration for a funding process or mechanism to determine and allocate funding to the Edmonton Police Service (EPS).

Administration recommends that once the base level of funding for EPS has been determined, that a revised funding formula be designed and implemented. The use of a formula provides Council with the ability to control the level of funding provided to EPS while respecting the authority of the Edmonton Police Commission (EPC) under the *Police Act* to manage funds provided by Council in order to deliver policing services. A well designed formula will provide EPS with a measurable and predictable level of funding allowing EPS to take a long-term planning approach to policing. Administration has not provided a recommendation on the amount of funding to be provided to EPS. This is a decision that will need to be made by Council to support the development of the 2023-2026 budget. Once the base level funding is established, any of the funding process options described could be used to determine the 2023-2026 EPS operating funds.

Background - Current Funding Formula

The method used to determine operating budget funding to EPS has varied over the years. Prior to the 2016-2018 budget cycle, EPS operational funding grew in two ways: first, by allocating assessment growth revenue based on the percentage of EPS' net requirement to cover inflationary pressures; and second, through individual City Council approved service packages for new resources and related expenditures, submitted as part of a proposed budget. In addition to these funding sources, a portion of the City's budget was retained to cover the impact of collective bargaining settlements. This funding was then allocated to EPS when contracts were finalized.

During deliberation of the 2016-2018 operating budget, Council approved a funding formula to determine how much EPS would receive in additional funding over the 2016-2018 budget cycle.

Introducing a formula-based approach achieved some expected benefits for EPS, as its stability allowed for long-term financial and operational planning and recruiting strategies. However, use of the methodology over 2016-2018 showed aspects of the formula that could be improved, including:

- the need for a policy to outline how the formula is intended to work,

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- details regarding the calculation and application of the funding formula, and
- clarity on what is covered and what is excluded from the formula.

Uncertainty with respect to the funding formula was identified in the April 12, 2017 Office of the City Auditor Report CR_4645, Edmonton Police Service Staffing Audit. That audit found that while the funding formula was defined, its future application was not clearly established and documented. Without a clearly defined policy, there was uncertainty about how EPS could suggest changes, how to handle Edmonton's geographical growth, surpluses or wage shortfalls, among other questions. The Auditor recommended that this uncertainty be addressed between the EPC and City Council.

To respond to the recommendation, on June 26, 2018, City Council approved the Edmonton Police Service Funding Formula Policy C604 to replace the original 2016-2018 funding formula. The policy is included as Attachment 1.

The EPS funding formula policy was guided by the following principles:

- Provide sustainable budget allocation based on predictable indicators that best reflect police cost inflation and changes in demand;
- Provide funding certainty to better allow for long-term budgeting and workforce planning;
- Ensure that the formula is simple, transparent and consistent with the approach used by civic departments; and
- Provide for review, assessment and refinement to the formula prior to the start of each new operating budget cycle (e.g., every four years).

The formula suggested that two different factors be applied to the net operating requirement to determine how much of the City's budget should be allocated to EPS over the four years. The first factor relates to the forecasted growth in population and ensured that, as population levels change in Edmonton, financial support to provide police services will also change proportionally. The second factor is inflation. The inflation factor ensured that changes to EPS's operating budget were in line with price changes for the goods and services purchased by EPS on an annual basis. To address inflation, Administration developed an inflation factor called the Police Price Index (PPI) that reflects a typical basket of goods that EPS is required to purchase. The most significant difference between PPI and MPI (Municipal Price Index) is that PPI weighs personnel costs more heavily, to reflect that the EPS budget is approximately 85 per cent personnel costs. Historic estimates and forecasts for the PPI would be sourced and managed by Administration. Following protocol for the City of Edmonton's MPI, PPI methodology would be reviewed and revised every five years to capture spending pattern changes in the EPS operating budget. The formula also included an efficiency factor that Council could adjust to meet the current economic climate or demands on the City budget.

The policy provided a degree of certainty with a fixed amount each year within the budget cycle. Under this funding model, EPS was responsible for managing salary settlements, general operational growth and one-time special event funding within the approved operating budget. The formula was not intended to cover capital funding for new buildings, significant changes in

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legislation or significant growth of the city through annexation. The policy also stated City Council expected EPS would contribute to any City-wide cost reduction strategies.

Along with Policy C604, the Edmonton Police Service Reserve Policy C605 (Attachment 2), was approved by Council on June 26, 2018. Establishment of an Edmonton Police Service Reserve fund allowed for the management of EPS operational surpluses and deficits over the long term, and aligned with the principles of long-term planning and sustainable funding reflected in the funding formula policy.

The EPS operating budget includes expenditures to provide policing services, offset by different revenue sources, including provincial funding, *Traffic Safety Act* fine revenues, transfer of automated enforcement revenues from the City and other revenues. The difference between the expenditures and these revenues sources is the net operating requirement, also referred to as the base budget in the funding formula. The annual increase in the base budget is determined through the funding formula. The formula does not accommodate for any changes or fluctuations in revenue sources, such as decreases in provincial funding, with the exception of automated enforcement revenues. For the 2019-2022 operating budget period, EPS receives a \$22.3 million budgeted transfer from the City's Traffic Safety and Automated Enforcement Reserve, which accumulates automated enforcement revenues and allocates them as approved by City Council in accordance with City Policy C579B Traffic Safety and Automated Enforcement Reserve. In accordance with the currently suspended formula, if the budgeted transfer from the reserve were to decrease, the tax-levy funding for EPS would increase to maintain the annual increase as established under the funding formula.

Revisiting Edmonton Police Funding

In response to a larger public discourse about police conduct and funding, City Council held a non-statutory public hearing starting June 15, 2020. Over several days, Council heard from 142 speakers who expressed their perspectives about racism in Edmonton, ideas for supporting community wellness and their experiences and concerns about policing.

In response to the input from the public, Council passed a multi-part motion on July 6, 2020, part of which created the Community Safety and Well-Being Task Force (the Task Force). The Task Force was mandated to "create actionable recommendations for Council regarding the future of community safety and well-being in the city that are anti-racist." It was comprised of 10 community members with lived experience, two members of EPS, two City of Edmonton staff, a member appointed by the EPC and an independent chair.

At the July 6, 2020 meeting, Council also directed Administration to:

"Prepare budget amendments, for Council's consideration, to Fall Supplemental Operating Budget Adjustments to:

i. Amend the EPS budget from 2021 levels by \$11M with reductions split over the 2021 and 2022 budget years;

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ii. Suspend the Edmonton Police Service Funding Formula Policy C604 pending review and reframing as an Edmonton Community Safety and Well-being Funding Policy informed by the analysis directed above.”

On April 6, 2021, the Task Force shared its findings with Council. Its report, titled “Safer for All,” was intended to reflect the perspectives and concerns shared during the public hearings in June 2020. The report included the following recommendations specifically related to police funding:

- Recommendation 14.1 - Freeze the current level of funding to EPS until alignment with comparable cities is achieved.
- Recommendation 14.2 - Tie a portion of funding to performance expectations.
- Recommendation 14.3 - Take the additional funding that would have gone to EPS under the previous funding formula, and use it to refund the community. Freezing EPS funding at the 2021 level creates opportunity to make investments in other urgent areas.

The Task Force report also stated that Edmonton’s spending on policing has outpaced its spending on other community services.

In accordance with the motions, the EPS funding formula was suspended, and Council reduced the funding for EPS by a total of \$21.9 million on an ongoing basis, with \$5.5 million reduced in 2021 and an additional \$16.4 million in 2022. This included the \$11.0 million referenced in the above motion, which was officially removed from the EPS budget during the Fall 2020 Supplemental Operating Budget Adjustment, and an additional \$10.9 million removed during the Fall 2021 Supplemental Operating Budget Adjustment. These amounts were reallocated to Financial Strategies to be used for community safety and well-being purposes.

After considering these adjustments, the current 2022 funding for EPS is \$384.8 million through tax-levy support, an increase of \$1.0 million over the 2021 EPS tax-levy funding of \$383.8 million. EPS also receives \$22.3 million in funding from the automated enforcement revenues within the Traffic Safety and Automated Enforcement Reserve, for total ongoing funding in 2022 of \$407.2 million. The 2019-2022 EPS budget is outlined in Attachment 3.

The amount of funding for 2023-2026 has yet to be determined by City Council.

Best Practice Research

Jurisdictional Scan

Administration completed a jurisdictional scan and had discussions with several other Canadian municipalities related to police funding models. For the municipalities included in the scan, police funding levels were determined through existing budget processes, with the majority of decisions generally occurring through annual operating budget discussions. No other municipality has implemented a formal funding formula policy, and very few had a multi-year operating budget process. Some municipalities did indicate the use of population growth and inflation as reasonable starting points to determine police funding but this was not captured in a formula.

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Administration was not able to identify a consistent best practice to leverage in providing options for Council's consideration related to the EPS funding approach.

As this report does not provide a recommendation on the amount of funding for EPS, Administration has not provided any financial analysis in this report, including comparisons to other jurisdictions. Comparison of EPS funding to other jurisdictions, and determining the appropriate amount of police funding per capita is a complex exercise that requires not just a review of the financial data but an understanding of the local environment in which police operate and the structure of the municipal organizations in order to be able to draw conclusions. The roles and responsibilities, scope and level of services, and funding sources for police departments across Canada vary. Consideration must also be given to the socioeconomic factors in each municipality, such as cost of living, and other factors such as geographical location that have an effect on the response required from policing organizations. All of these factors make it difficult to draw any reliable conclusions comparing police budgets across jurisdictions.

Guidance from Government Finance Officers Association

The Government Finance Officers Association (GFOA), represents public finance officials throughout the United States and Canada. The GFOA provides best practice guidance and research in the areas of financial planning, policy development and other municipal finance related items. GFOA's mission is to advance excellence in public finance.

Administration reviewed best practice guidance provided by the GFOA related to police funding. In short, there is no one right answer or approach to police funding. The GFOA acknowledged that there is growing popularity to revisit police and public safety funding models, however, the paths to do so are not easy or clear.

In their work supporting local government the GFOA developed Financial Foundations for Thriving Communities¹ which contain the following five "pillars" to support good decisions on shared resources:

- Establish a long-term vision - give people a reason to work together in the budget process and a better future to strive toward, together.
- Build trust and open communication - create the conditions for people to work together.
- Use collective decision-making - develop forums for working together, including for the public to be part of decisions.
- Create clear rules - put the systems in place for making and carrying out decisions.
- Treat everyone fairly - promote and protect mutual trust and respect.

Administration referred to two research studies in particular published through the GFOA related to police budgeting.

The first study is titled Time for Change: A Practical Approach to Rethinking Police Budgeting². The report emphasizes that local governments need to make well informed, collaborative, integrated

¹ www.gfoa.org/special/financial-foundations

² www.gfoa.org/materials/time-for-change

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and comprehensive decisions on police budgeting, and suggests the use of the five pillars listed above in helping to determine police funding.

While Administration did not initially set out to follow this framework, the City of Edmonton's collaborative work undertaken in the past two years in the development of the Community Safety and Well-being Strategy has applied the pillars identified above, and forms the foundation for budget and resource allocation decisions in the future. The process of developing this strategy for stakeholders to come together in a collaborative way to deliver the required services, and provides clarity on roles and responsibilities. A comprehensive GBA+ was completed in order to identify equity measures reflective of the diversity of the people the framework is intended to serve. Details on the approach are included in report OCM00991 Community Safety and Well-being Strategy (presented to Community and Public Services Committee on May 16, 2022).

The Community Safety and Well-being body of work is bringing together the public, police and elected officials into a conversation about the future of community safety that will guide the budgetary process and will help create clear rules for budgeting.

The second paper released by the GFOA is titled The Debate over Defunding the Police³. The report suggests that the discussion about defunding the police is really a need for jurisdictions to rethink how they budget for safety and well-being, and the responses will vary by municipality depending on the local context. The report suggests that local governments consider focusing on reorganizations, changing the role of police, and divestment and reinvestment of funds, all in an effort to provide improved policing and safety in the most efficient manner, and based on data, research and well thought-out policies and objectives. Council can use the suggested approaches when considering the strategy and related funding for EPS and the broader community safety and well-being objectives.

Creating Clear Rules for Budgeting

Funding decisions for EPS need to be made in the context of the City's overall Community Safety and Well-Being Strategy. The work of this strategy and the work of EPS are integrated and require an integrated approach in defining the long term vision for Community Safety and Well-Being. Reports discussing the Community Safety and Well-Being Strategy will be presented at the May 16, 2022 Community and Public Services Committee meeting. The strategy is underpinned by a seven-pillar framework that is the foundation on which community safety and well-being can be advanced in Edmonton. Each pillar depends on the others and represents the essential elements for success. The Framework's seven pillars are: anti-racism; reconciliation; safe and inclusive spaces; equitable policies, procedures, standards and guidelines; pathways in and out of poverty; crime prevention and crisis intervention; and well-being. Each pillar is informed by collaboration with community members.

The approach to community safety and well-being, including decisions on roles and responsibilities of City Administration and the broader stakeholder community in achieving the

³ www.gfoa.org/materials/debate-defunding-police-gfr

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stated goals of this important priority will require funding. Tangible outcomes that increase or decrease the demand for policing could in turn impact the funding provided to EPS.

Within the decisions to be made on police funding there are two main questions:

1. how much funding should police receive (base-level funding), and
2. what mechanism is used to reasonably grow that funding.

This report does not make a recommendation on the base funding for the EPS. Administration, City Council, the EPC and the EPS continue to work through the strategy and framework that will inform the total funding required for the various aspects of policing, community safety and well-being. Once the base funding amount for EPS is determined by City Council, considering the overall Community Safety and Well-Being Strategy, Council can consider different mechanisms whereby to determine ongoing funding to EPS through the operating budget.

With that in mind, this report identifies three main funding mechanisms for Council's consideration:

1. Work within the existing City of Edmonton budget process used by all other civic departments.
2. Create a revised funding formula that is designed to enable long term planning for EPS and respects the autonomy of the EPC as provided in the *Police Act* with the potential to link measurable outcomes. **(Recommended)**
3. Take an interim approach, where in the event EPS funding is decreased, it allows for a gradual reduction over a reasonable time period to allow the service sufficient time to respond and adjust the approach to policing. This approach would only be used where Council's investment in the Community Safety and Well-Being Strategy is implemented in a manner that will lower the demand for police services.

Each of these options are discussed further below, including variations and considerations related to each.

Option 1: Alignment with Existing Civic Department Budget Process

This option would see the EPS budgeting process return to the methodology used prior to the introduction of a funding formula in 2016. EPS would receive its funding using the same process as all civic departments and other agencies. With this option:

- EPS would discuss its four-year budget request with Council at the onset of the budget cycle through budget deliberations, similar to other civic departments.
- Once the four-year budget is approved by City Council, EPS would return as necessary during the supplemental operating budget process with requests for funding for additional services.
- EPS would be required to develop service packages to justify any increase in funding and link it directly to services being provided.
- Salary settlements for the EPS would once again be held corporately and allocated following the settlement of various collective agreements.

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- This process is consistent with how funding is determined for the majority of police organizations included in the jurisdictional scan.

Potential benefits of this option include:

- Process is understood and familiar to both Council and EPS.
- Consistent practices compared to other departments within the City of Edmonton.
- While this approach provides transparency and insight into the factors contributing to funding or service-level increases with the service package request process, under the *Police Act*, Council has limited ability to direct the overall funding provided.
- Council would have an opportunity to annually assess the level of EPS funding compared to other areas within the City.

Potential tradeoffs with this option include:

- Section 29.3 of the *Police Act* states that, “The council is responsible for establishing the total budget for the purposes of the police service, and the commission is responsible for allocating the funds provided for under the budget.” Service packages requiring approval from Council may be perceived as overriding the authority for the EPC to manage its operation in order to meet its objectives, within the operating funding envelope approved by City Council. This challenge was also raised by the City Auditor through the 2017 Edmonton Police Service Staffing Audit report.
- City Council’s past consideration of police funding requests during fall supplemental budget deliberations indicated that the process can be time-consuming and challenging.
- There would be less predictability of funding for EPS, having a negative impact on long-term planning, as well as making it difficult for EPS to adapt service levels.

Option 2: A Revised Funding Formula (Recommended)

As outlined in Attachment 1, the existing funding formula is the EPS’ base budget, increased by population growth, inflation (defined as the police price index), less an efficiency factor as determined by City Council.

Under this option, once the appropriate base level funding is determined, a revised funding formula would be developed with the objective of balancing the need for reasonable and stable growth of funding for the EPS. Provided that decisions on the base level funding for EPS are made by Council, this formula could be applied in the development of the 2023-2026 multi-year operating budget.

Options for a revised funding formula include, but are not limited to:

- Adjustments to the method of determining growth and inflation and increased frequency of the review of the growth and inflation factors. This would create a formula that ensures funding levels are more reflective of current economic conditions.

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- Revisit the efficiency factor during the fall supplemental budget adjustment period, in order to update the police funding amounts for the subsequent year.
- Revisit the population formula factor to determine if there is positive and direct correlation between population growth and funding required to maintain service levels.
- Annual increases in EPS funding can be limited to a maximum amount within the funding formula considering factors such as the average percentage expenditure growth of other civic departments, annual tax-levy increase across all other civic departments or based on average historical tax increases for the entire City, percentage growth in property tax revenues, or a predetermined total dollar amount or percentage increase. Caution should be applied to aligning EPS funding increases to other essential services, such as transit and fire rescue. Each of the City's service lines face differing circumstances and factors impacting resourcing levels and service delivery requirements, and priorities and resource allocations can shift over the four-year budget cycle.
- Establishment of performance metrics and related targets tied to the level of funding provided to EPS. Council could also request annual reporting from EPS that demonstrates progress towards Council established community, safety and well-being goals and targets, and adjust funding levels as necessary.

Potential benefits of this option include:

- It is an established and an easily understood funding mechanism that provides stable and predictable funding.
- If a new formula were to include a maximum annual increase, or more frequent revisions to population and inflation factors, as described above, the funding would be more in line with other departments and the current economic environment.
- While the previous formula generally resulted in annual increases to the EPS operating budget, similar to the previous formula, a revised formula would continue to mandate that EPS be a part of all corporate reduction exercises and adhere to overarching corporate budget targets and goals.
- Council can ensure that elements of the formula provide a level of discretion in the amount of funding provided to EPS to allow for consistency with other departments while respecting the *Police Act*. One example is the inclusion of an efficiency factor (similar to the currently suspended formula). The efficiency factor is the amount that is expected to be saved annually through learning and the adoption of more efficient operational practices. For example, when the funding formula was established in the 2016-2018 budget, the efficiency factor was set at 1.6, 1.8 and 2.0 per cent, during the 2019-2022 budget deliberations this factor was set at 1.0 per cent.
- The formula is designed to provide flexibility for EPS to manage unexpected budget fluctuations and eliminates the need to return to Council during the supplemental budget adjustment periods to request additional funds, potentially increasing the tax-levy.

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- As discussed above, the 2017 City Auditor report, included the review of the use of a funding formula and indicated that using the funding formula was aligned with the spirit of the *Police Act* as compared to the use of service packages.
- A new formula could include a portion of the funding tied to achievement of performance measures or targets that reflect community safety and well-being priorities.

Potential tradeoffs of this option include:

- A funding formula can reduce the perceived transparency as to the specific factors that are contributing to the general increase to the EPS operating budget.
- Funding by formula can create issues of inequity within the Corporation, especially where other service lines are not afforded similar formulas. During periods of economic challenges and fiscal constraint, Council has limited tax increases by approving budget reductions for civic departments and related services that are not funded through a formula, while EPS received planned increases as provided through the funding formula.

In order to be able to effectively deliver on community safety and well-being in a collaborative and effective manner, a revised long-term EPS funding formula should be developed with an understanding of the role EPS plays in achieving the overall community, safety and well-being objectives.

Option 3: Interim Approach - Freeze Funding Levels or Declining Funding

As mentioned at the onset of this section, there is presumed to be a connection between the demand for policing services and the funding and implementation of the Community Safety and Well-Being Strategy. Depending on the involvement of other areas of the City and stakeholders in contributing towards community safety and well-being there may be impacts that lower demand for and level of service required and currently provided by EPS.

This approach would see the base amount of funding for EPS gradually decreased or held at a specific amount over a period of time as the City implements the Community Safety and Well-Being Strategy and framework, and understands the impacts to EPS service levels and related funding. For greater clarity Council can only determine the amount of funding provided to EPS. Once the total budget amount is established by Council, the Commission has full authority to allocate those funds for policing services. Council cannot direct the Commission regarding the allocation of the total police budget.

An interim approach could take the following form:

a) Gradual Decline in EPS Funding

This option would implement a gradual reduction of funding for EPS from current levels to a predetermined baseline amount.

Potential benefits of this option include:

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- Providing EPS with the time to determine and adjust resources to a gradual decrease in funding while providing time to monitor the success of the outcomes associated with the Community Safety and Well-Being Strategy.
- Provide Council with more time to consider a longer-term funding strategy for Community Safety and Well-Being and to measure the tangible impact of the strategy.
- Allow for service levels to stabilize and minimize any negative impacts of changes in service delivery to residents.

Potential tradeoffs of this option include:

- This option can be perceived as deferring a required decision on Council's funding for EPS. If this option is selected, an end date should be established, with a definitive date for introduction of a longer-term approach towards EPS funding, which may include mechanisms discussed in options 1 and 2 in this report.
- Potential for EPS service level impacts resulting in real or perceived risks to public safety.

b) Freeze the Base

This approach would see the base amount of funding held at a specific amount as the City implements the Community Safety and Well-Being Strategy, and understands the impacts to EPS service levels and related funding.

The benefits and tradeoffs of this option are similar to those presented for the gradual declining funding approach above, perhaps with less of a risk of service level impacts, as EPS funding is not being reduced from current levels until a future, predetermined date.

An Integrated Approach to Funding Edmonton Police Service and Community Safety and Well-being

Council may choose to consider a new funding policy and formula that encompasses all aspects of community safety and well-being provided by the City, inclusive of EPS and other civic departments, or to supplement the EPS funding strategy. This work would require consultation, collaboration and resources, including support of subject matter experts in this field. It is reasonable to assume that this would result in organizational considerations and impacts to current structures for funding and service delivery.

The work may also include a jurisdictional scan of other comparable municipalities to understand how they provide and fund community and safety well-being services. Consideration should also be given to potential collaboration with other orders of government to determine scope and responsibility for community safety and well-being within Edmonton. Administration would need to collaborate with the EPC and return with an approach for Council's consideration during 2023, after the original four year 2023-2026 budget has been established. Timelines for implementation of a new funding model and strategy for community and safety well-being would likely not be possible to implement for the 2023-2026 budget deliberations in fall 2022.

As mentioned in the introduction of this report, Administration is not providing a recommendation on the appropriate amount of funding for EPS. A decision on the level of funding cannot be made in isolation and will depend on Council's decisions for implementation of

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the Community Safety and Well-Being Strategy. A decision on the base funding for EPS can only be made by Council after giving consideration of other priorities and the overall community and safety well-being objectives.

The May 16, 2022, Office of the City Manager report Community Safety and Well-Being Strategy (OCM00991) provides a recommendation for use of community safety well-being funds held within financial strategies (EPS funds previously redirected towards financial strategies). It also highlights longer term community safety and well-being funding needs over the 2023-2026 budget cycle.

When establishing the EPS funding amount, and the mechanism to provide this funding, it is important to consider EPS as a part of the overall community safety and well-being objectives, and not decide on EPS funding as an isolated discussion. EPS has a major part in creating safe communities, where residents' well-being is of the utmost importance. In the spirit of collaboration, City Council, the EPC, EPS and Administration must work together with the community to establish the appropriate funding for community safety and well-being, including EPS.

Next Steps

Administration will provide funding for the EPS 2023-2026 operating budget as directed by City Council.

As the current funding formula has been suspended, EPS will be absent from any direction and required to complete its 2023-2026 operating budget through the existing corporate budget process similar to all other civic departments (Option 1). This would include the corporation budgeting for and holding funds for EPS salary settlements until contracts are finalized. The EPC would need to be informed of this decision in a timely manner to align its processes to corporate budget timelines.

City Operations report CO01155, Investing in Safe and Livable Streets, is also on Executive Committee's May 18, 2022 agenda. The report focuses on the financial sustainability of the Traffic Safety and Automated Enforcement Reserve and programs funded through the reserve in light of declining automated enforcement revenues. Although not directly connected to this discussion, EPS receives \$22.3 million through those revenues. There is a risk that sufficient revenues will not be generated to support the current level of funding provided to EPS through the reserve. Any impacts to EPS operating expenses currently funded from photo enforcement revenues should be factored into the overall EPS funding discussion.

Legal Context

Through the *Police Act*, the City must establish and maintain an adequate and effective police service and establish a commission to oversee the police service. The Commission must, in consultation with the Chief of Police, prepare a budget estimate, as well as police services and programs plan for consideration by Council. Council is responsible for reviewing the budget estimate and plan, in addition to establishing the total overall budget for policing services. Once the total budget amount is established by Council, the Commission has full authority to allocate

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those funds for policing services. Council cannot direct the Commission regarding the allocation of the total police budget.

If a Council does not provide or maintain adequate or effective police services, the Minister has broad authority to ensure this obligation is carried out, and any costs incurred by the Minister to do so must be paid by the City.

COMMUNITY INSIGHT

There are a variety of perspectives on police funding, and those perspectives will need to be considered in determining the appropriate amount of funding for EPS and the mechanism by which those funds are determined and distributed. Some of those perspectives are articulated in the Community Safety and Well-Being Task Force's Safer for All report, which included recommendations related to police funding. Administration will work to align any Council direction on the EPS funding formula with the City's overall efforts on community safety and well-being through the development of the 2023-2026 budget. The Safer for All report was intended to reflect the perspectives shared during the public hearing in the summer of 2020. Those shared perspectives remain top of mind for Administration as it develops funding options for EPS' role within the City's community safety and well-being priorities.

Community stakeholders and the public will have another opportunity to share their perspectives during Committee discussion about this report on May 18, 2022, and community safety and well-being related reports presented to Community and Public Services Committee on May 16, 2022.

GBA+

GBA+ considerations and insights related to the overall Community Safety and Well-Being framework and strategy, including the role of EPS, are outlined in Attachment 5 of report Community Safety and Well-Being Strategy report, OCM00991, presented to the Community and Public Services Committee on May 16, 2022.

ATTACHMENTS

1. Edmonton Police Service Funding Formula Policy C604
2. Edmonton Police Service Reserve Policy C605
3. Edmonton Police Service Budget - 2019-2022