



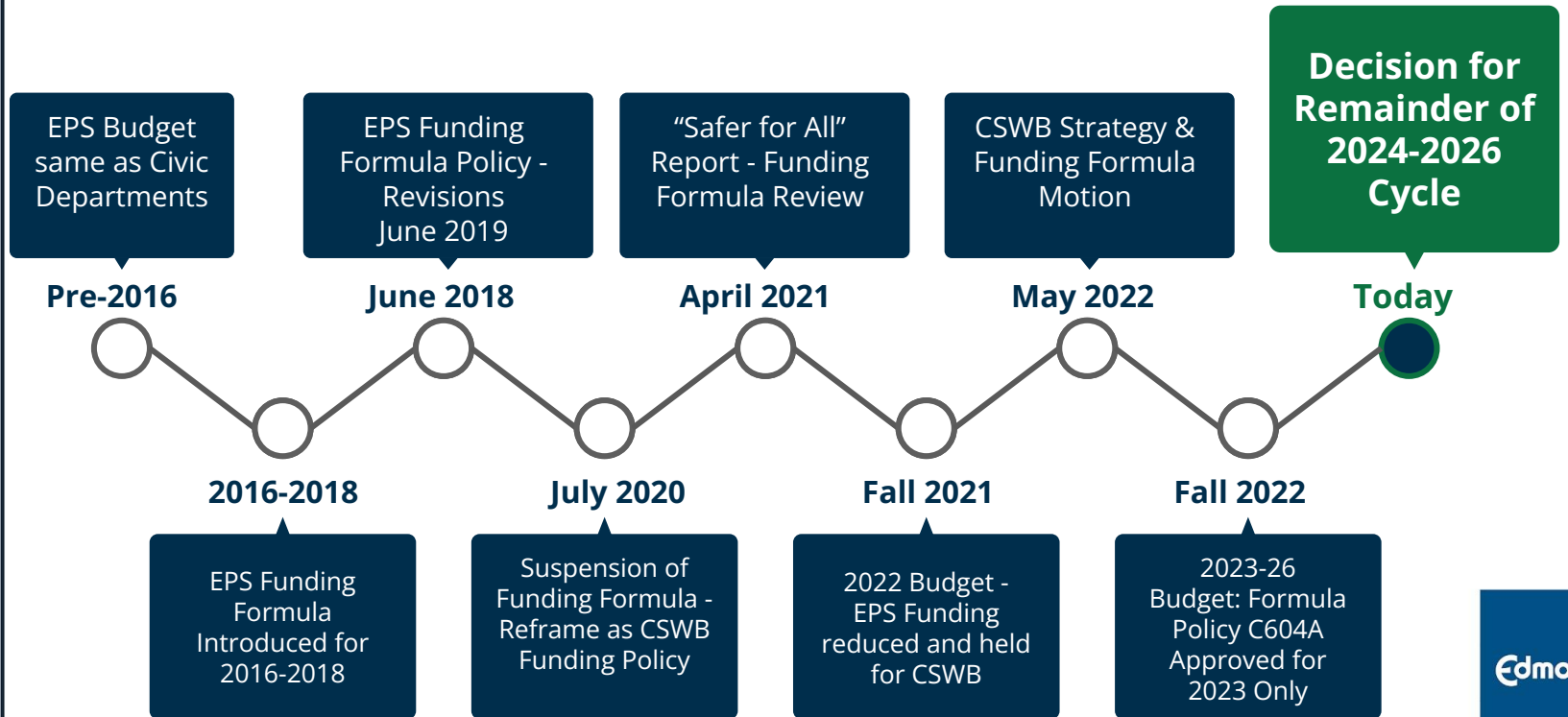
Edmonton

Edmonton Police Service Funding Formula - Additional Information

August 22, 2023 City Council

Financial and Corporate Services

How We Got Here



Principles

1. Edmonton Police Service is essential for the provision of public safety.
2. Certainty and predictability are important for long-term planning.
3. Clarity of accountability is necessary while respecting the boundaries of the *Police Act*, the *Municipal Government Act* and the statutory function of police.
4. Policing is part of community safety and well-being where there is interconnectivity and interdependency.

Options before Council

1. Reinststate the previous formula C604
2. Extend replacement formula C604A for the duration of the budget cycle (to 2026)
3. Approve revised replacement formula C604B for the duration of the budget cycle (to 2026) - **Recommended**
4. Revert to the civic budget process and bring forward funding enhancements with service packages

October 2022 Motion

That Administration provide a report to City Council that includes the following:

Motion Element	
Alternatives for factor G, as described in Attachment 1;	Administration's position is that population growth rate as the growth driver for the Funding Formula is prudent.
Alternative mechanisms to achieve Statement 5, as described in Attachment 1, including efficiency factors, a process to incrementally;	Administration recommends continuing to apply a growth management ratio as the primary cost reduction mechanism.
Reduce the 30% factor as outlined in Procedure 8, and/or a process to maintain the 30% ratio through reductions, if necessary;	Administration does not recommend adjusting the ratio until OP12 is complete.
Narrower parameters for future service packages;	Administration's position that continuing to apply Procedure 7 is prudent.
Consideration for one-time versus ongoing increases in provincial and federal grants;	Formula neutralizes increases/decreases in grant funding. Policy specifies this applies for both one-time and ongoing.
A comparison analysis of the new and former formula, including a theoretical retroactive application;	Included in Council Report - Attachment 4.
That before the updated report returns, that it be provided to Edmonton Police Commission for review, analysis, and comment; and	EPC actively involved in the review and endorsement of the formula and report.
Language regarding options to address Edmonton Police Service salary settlements within the funding formula which are currently managed corporately.	Administration recommends continuing to allocate EPS salary settlements outside the Funding Formula.

Alternatives for Factor G

Growth Factor	Data Owner	Limitations
Dispatched Calls for Service	EPS	<ul style="list-style-type: none"> • EPS owns the data and there can be real or perceived issues of neutrality • No reliable forecast of these figures is available
Non-dispatched Calls for Service	EPS	
Total Requests for Assistance to EPS	EPS	
Crime Severity Index	Statistics Canada	<ul style="list-style-type: none"> • No reliable forecast of these figures is available • Potential for a growth-driver and funding negative feedback effect • Counterintuitive effects, a greater number of patrol officers can result in higher crime reporting • Data trends up and down, which would produce funding instability • Crime severity indexes already adjust for population growth, it neutralizes crime volume growth, making it a non-ideal growth driver.
Violent Crime Severity Index	Statistics Canada	
Non-violent Crime Severity Index	Statistics Canada	
Number of police reported criminal incidents - total, all violations	Statistics Canada	
Number of Police Reported Criminal Incidents (all criminal code including or excluding traffic)	Statistics Canada	
Number of Police Reported Criminal Incidents (federal statute violations only)	Statistics Canada	



Alternatives to Statement 5 (Cost Reduction Mechanisms)

Efficiency factor expressed as:



Set Value



Percentage of EPS
Budget



Percentage of
Growth Formula



Percentage of
Growth Driver



Options to Reduce the 30 Per Cent Factor

Administration examined three options to reduce the 30 per cent ratio:



Reduce the 30 per cent ratio by 0.25 per cent per year for each remaining year of the budget cycle.



Reduce the 30 per cent ratio by 0.5 per cent per year for each remaining year of the budget cycle.



Recalculate the ratio after the reductions/reallocations from 2023-2026 Operating Budget Amendment 12 (OP12) are determined. Use this new ratio to replace the 30 per cent ratio.

Alternatives for Narrower Service Package Parameters



No service packages



Cap service packages at a set dollar value



Cap service packages at a percentage of EPS expenditures



Cap service packages at a set annual tax increase



Only Service Packages Aligned to CSWB

Consideration For Ongoing Versus One-Time Grant Funding

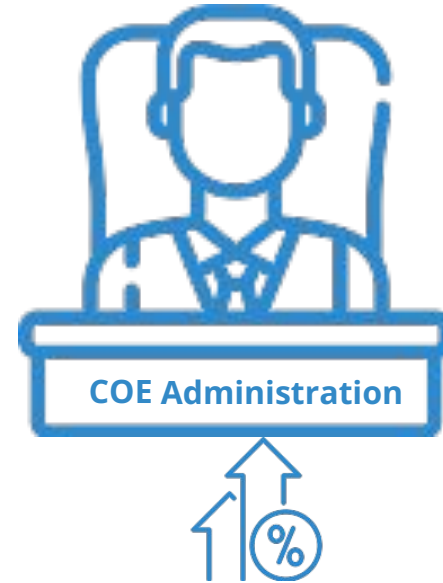
Procedure 5 of the replacement funding formula states that

“any increases or reductions to the personnel net expenditure budget, denoted by F in formula [2], or the non-personnel net expenditure budget, denoted by H in formula [2], from changes in external funding sources will be excluded from the calculation in formula [2]. External funding sources include, but are not limited to, grants from other orders of government.”

- The intent was to neutralize the formula for increases/decreases in grant funding
- Applies to both one-time and ongoing grants

Options to Address Salary Settlements Within Formula

Options to address salary settlements within the funding formula include:



Tax-Supported Funding

$$A = [B + C + D]$$


A is the total tax-supported funding for EPS for the current year

B is total tax-supported funding for EPS for the previous year

C is the EPS Funding Formula

D is the EPS salary settlements for current year (held corporately; not part of calculation, allocated after ratification)

Funding Formula

$$C = [(F \times G) + (H \times I)]$$

F is the personnel net expenditure budget for the current year (prior to any salary settlements for the current year)

G is the population growth rate for the current year

H is the non-personnel net expenditure budget for the current year

I is the Non-Personnel Inflation Calculator (NPIC) for the current year

Calculation Illustration

Scenario: Funding For 2024 Fiscal Year

Assumptions: 1% Salary Settlement for 2022, 2023, 2024

2023 Before Settlements

2023 [B]+[C] \$415.4M
2023 [D] \$0
Closing 2023 \$415.4M

2023 Recalculated after Settlement of 2022 and 2023

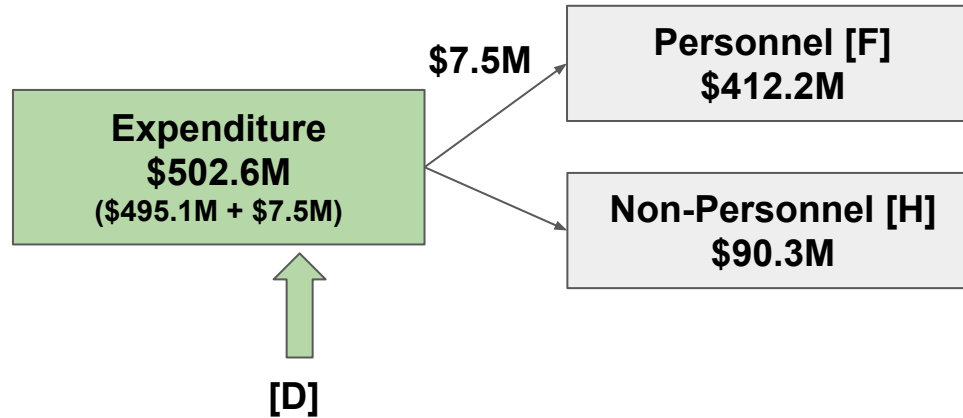
2023 [B]+[C] \$415.4M
Salary Settlement Retro 2022 \$3.7M
Salary Settlement 2023 \$3.8M
Closing 2023 [A] \$422.9M

[D] = \$7.5M

Calculation Illustration

Scenario: Funding For 2024 Fiscal Year

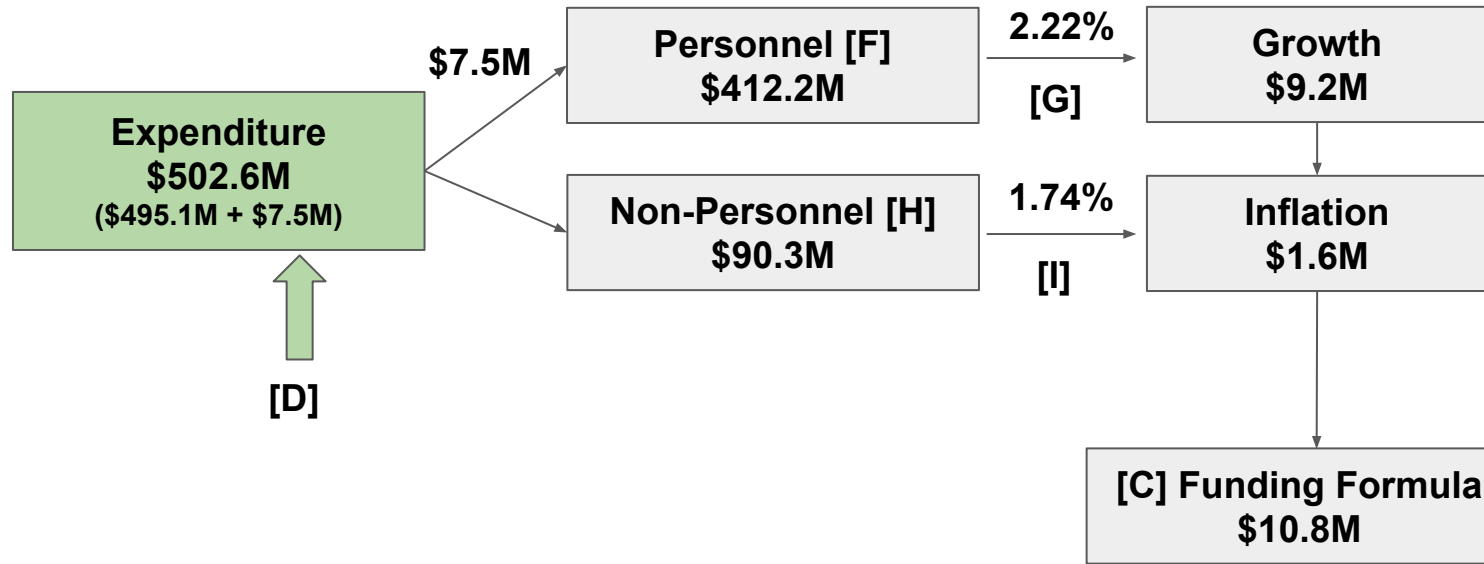
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Calculation Illustration

Scenario: Funding For 2024 Fiscal Year

Assumptions: 1% Salary Settlement for 2022, 2023, 2024

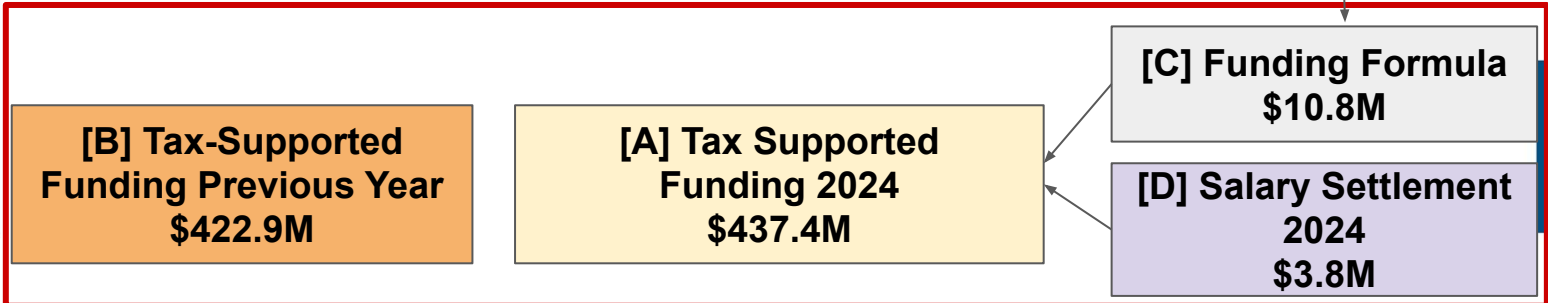
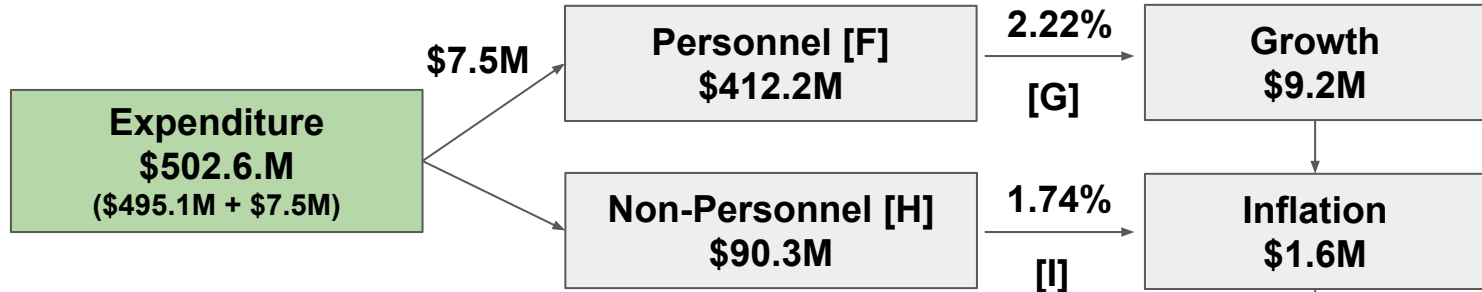


Calculation Illustration

Scenario: Funding For 2024 Fiscal Year

Assumptions: 1% Salary Settlement for 2022, 2023, 2024

Civic Depts Expenditure \$1,743M
Ratio: $\$517.2M / \$1,743M = 29.7\%$
Ratio Not Exceeded



Questions from Council

