Agenda – Executive Policy Committee – March 16, 2022

REPORTS

Item No. 10 Winnipeg Police Service Funding Model

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the funding for the Winnipeg Police Service remain under the current Multi-Year Balanced Budget Policy, Model #1 Status Quo.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

COUNCIL DECISION:

On November 25, 2021, Council concurred in the recommendation of the Executive Policy Committee, and adopted the following:

1. That an extension of time of 120 days be granted for the Winnipeg Public Service to report back on Recommendation 1.W. of the 2021 Operating and Capital Budget, as approved by Council on December 16, 2021, namely:

    1. W. That Council direct the Chief Financial Officer, to bring forward on or before December 31, 2021 options and recommendation for Council's consideration on a multi-year funding formula for the Winnipeg Police Service (WPS) that will provide planning certainty for the City of Winnipeg and a sustainable and predictable funding level for the WPS.

        As part of the development of the report the public service will (i) conduct a jurisdictional scan of other formula-driven models for police services; (ii) work collaboratively to seek input from the Winnipeg Police Services Board, members of Council and the WPS; (iii) commission a statistically representative third-party survey of Winnipeg residents concerning the funding of the WPS, and (iv) support the Police Board, Chair of Protection, Community Services, and Parks, and Chair of Finance through the office of public engagement to hold six events: one city wide event and 5 community committee events (Assiniboia; City Centre; East Kildonan - Transcona, Lord Selkirk-West Kildonan and Riel) designed to collect input from members of the public including Black, Indigenous and people of colour, LGBT2SQ*, community groups and associations.

        As part of the development of the report, $150,000 will be made available through an equivalent increase to the Corporate Efficiencies budget, to the Office of Public Engagement.

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 17, 2021, the Executive Policy Committee submitted to Council that an extension of time of 120 days be granted for the Winnipeg Public Service to report back on the matter.

ADMINISTRATIVE REPORT

Title: Winnipeg Police Service Funding Model

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
C. Kloepfer	C. Kloepfer	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The Working Group developed five options for a Funding Model for the Winnipeg Police Service (WPS) to achieve:

- Planning certainty for the City of Winnipeg
- Sustainable and predictable funding for the Winnipeg Police Service

The Working Group conducted a jurisdictional scan, a statistical survey of Winnipeg residents, held five public engagement sessions using Zoom, and as well held a telephone town hall with Winnipeggers. The detailed report on public engagement is included with this report as an attachment.

Although there was some appetite for change expressed, there was no consensus among those involved in public engagement meetings and/or surveys as to which funding model would be the most appropriate for Winnipeg in the future.

The Working Group prepared a summary of the benefits and challenges of all five models and is recommending Council maintain the existing Multi-Year Balanced Budget approach for Winnipeg Police Service funding.

The Council approved Multi-year Budget Policy provides an opportunity to consider any potential changes to the way the Winnipeg Police Service is funded, the next opportunity being in 2024 as determined in the Policy.

RECOMMENDATIONS

1. That the funding for the Winnipeg Police Service remain under the current Multi-Year Balanced Budget Policy, Model #1 Status Quo.

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

The 2021 Budget Recommendations adopted by council on December 16, 2020, included the following direction to the Public Service as part 1.W.:

> *That Council direct the Chief Financial Officer, to bring forward on or before December 31, 2021 options and recommendation for Council's consideration on a multi-year funding formula for the Winnipeg Police Service (WPS) that will provide planning certainty for the City of Winnipeg and a sustainable and predictable funding level for the WPS.*
>
> *As part of the development of the report the public service will*
> *(i) conduct a jurisdictional scan of other formula-driven models for police services;*
> *(ii) work collaboratively to seek input from the Winnipeg Police Services Board, members of Council and the WPS;*
> *(iii) commission a statistically representative third-party survey of Winnipeg residents concerning the funding of the WPS, and*
> *(iv) support the Police Board, Chair of Protection, Community Services, and Parks, and Chair of Finance through the office of public engagement to hold six events: one city wide event and 5 community committee events (Assiniboia; City Centre; East Kildonan - Transcona, Lord Selkirk-West Kildonan and Riel) designed to collect input from members of the public including Black, Indigenous and people of colour, LGBT2SQ*, community groups and associations*

At its meeting of November 17, 2021, Executive Policy Committee granted an extension of 90 days for the completion of this report.

IMPLICATIONS OF THE RECOMMENDATIONS

Maintaining the status quo (or a target based approach) under the Multi-Year Balanced Budget Policy has the potential to increase/decrease the WPS operating budget because it ensures Council retains the responsibility to determine the appropriate amount of budget funding for the WPS, taking into account policy priorities, public consultation and the requirement to provide adequate and effective policing in accordance with *The Police Services Act*.

HISTORY/DISCUSSION

A. History and Context

On March 20, 2020 included in the City's first multi-year balanced budget (MYBB) for 2020 to 2023, Council approved as part of recommendation 1.K.:

> *That Council direct the Public Service, in preparation for the 2024 – 2027 multi- year budgets, working collaboratively with the Winnipeg Police Service (WPS) and the Winnipeg Police Board, to bring forward on or before March 2022 options and recommendations for Council's consideration on a multi-year funding formula for the WPS that will provide planning certainty for the City of Winnipeg and a sustainable, predictable funding level for the WPS.*

At that time, WPS operating budget was forecasted to increase by an annual average of 2% over the period of the four-year MYBB. Prior to the multi-year budget process, the average increase for the WPS budget was 3.4%.

In 2021, the Police Budget was 26.5% of the City's total Tax Supported budget. This was consistent with historic levels as noted in the table below:

	% of Total Tax Supported Budget
2015	26.6%
2016	26.6%
2017	26.7%
2018	26.9%
2019	26.8%
2020	26.6%

Nearly 86% of the WPS operating budget is attributed to wages and benefits with increases tied to the collective agreements. On June 21, 2017 Council ratified the Memorandum of Agreement agreed to by the negotiating committees of the City of Winnipeg and Winnipeg Police Association and includes the following changes (not exhaustive):

1. Term of Agreement – December 24, 2016 – December 31**,** 2021 (60 Months)

2. General wage adjustment:

Year of Agreement	**Date of Increase**	**Amount**
1	December 31, 2017	2.5%
2	December 31, 2018	2.5%
3	December 31, 2019	2.5%
4	June 30, 2020	1.0%
4	December 31, 2020	1.5%
5	June 30, 2021	1.0%
5	December 31, 2021	1.5%

During the four-year period of the current Multi-Year Balanced Budget, the Winnipeg Police Service budget includes an Expenditure Management target (i.e. savings) each year:

Budget Year	Target	Achieved?
2020	$1.1 M	Yes
2021	$6.1 M	Yes
2022	$9.1 M	TBD
2023	$9.2 M	TBD

At the direction of Council, as part of the 2021 Budget Recommendations, the Public Service was directed to report back with a recommendation on a funding model for the Winnipeg Police Service.

In early 2021 a Working Group was established including three Councillors (Chambers, Gillingham and Rollins), as required in the Council Motion, the Chief Financial Officer, and representatives from Corporate Finance, Financial Planning and Review, Economic Development and Policy, Communications, Public Engagement and the Winnipeg Police Service. Although the Winnipeg Police Board was included in the Working Group initially, the Board withdrew from the process in September of 2021.

The Working Group conducted a jurisdictional scan, created five options for potential funding formulae, and consulted with the citizens of Winnipeg using a number of different methods.

B. Jurisdictional Scan

The Public Service contacted municipalities across Canada to confirm if there is a formal policy in place to calculate Police funding. Only one jurisdiction was identified. The Public Service attempted to contact municipalities in the United States but received limited response. Of the three contacted none were using a model.

The following table identifies the responses from Canadian municipalities.

Municipality	Response
Edmonton, AB	Yes
Calgary, AB	No
Port Coquitlam, BC	No
Burnaby, BC	No
Vancouver, BC	No
Surrey, BC	No
Saskatoon, SK	No
Regina, SK	No
Durham, ON	No
Niagara Region, ON	No
Thunder Bay, ON	No
Waterloo, ON	No
Windsor, ON	No
Halton, ON	No
Greater Sudbury, ON	No
York, ON	No
St. John, NB	No

Edmonton is the only Canadian city we found with an approved police funding model in place. The Edmonton model allocates funding to the Edmonton Police Service based on inflation (price of goods and services within the economy) and population changes. The purpose of the Edmonton model is to provide funding certainty to allow for long-term budgeting and workforce planning.

The Edmonton Police Service had expected to see $11.9 million added to its $383-million budget for 2022. However, during budget deliberations by Edmonton's city Council, the Council

voted to reallocate $10.9 million to social agencies for supports such as mental health calls, homelessness and incidents where police may not be the best response. Edmonton Council voted in favour of adding $1 million to the Edmonton Police Service budget to cover staffing costs for the new National Day for Truth and Reconciliation.

C. Models

The Working Group developed five options for public consultation with respect to predictable and sustainable funding as well as planning certainty for the City related to the budget for the WPS. In all cases, the financial implications of the model were compared to the 2021 adopted budget to fairly evaluate the financial outcomes. In all cases, the WPS budget for 2021 would have been higher than 2020, but in one case it would have created a smaller increase. These options include:

- Status Quo/Target Based
- Inflationary Index
- Modified inflationary Index
- Modified inflationary Index with a dedicated Policing Levy
- Share of Tax Revenue Growth

All of the analysis and modelling relates only to the operating expense budget of the WPS, not including debt service charges. Capital expenditures as well as revenue generation are not included.

The Working Group selected the five models for consultation based on the following criteria:

Achieves (√) Does Not Achieve (X)	Status Quo	Inflation	Modified Inflation	Public safety levy	Share of tax growth
Planning certainty for City*	√	√	√	√	√
Predictable funding for WPS	√	√	√	√	√
Sustainable funding for WPS	X	X	√	√	X
Established process/ease of implementation	√	X	X	X	X
Simplicity of solution	√	√	√	X	X
Consistent for all departments	√	X	X	X	X
Allows for public consultation	√	√	√	√	√
Predictable and sustainable for City	√	X	X	√	√
No mill-rate impact	X	X	X	√	X

*over the four-year period of the multi-year budget

1. Status Quo/Target Based

The current budgetary process for the Winnipeg Police Service funding was explained to those included in the public consultation process as follows:

The Winnipeg Police Board (WPB or Board) times its work on the WPS budget to fit with the schedule and process used by the City of Winnipeg to develop the annual City budget. The WPB's role in this process involves the following steps:

1. The Board receives a budget guidelines (i.e. Targets) letter from the City of Winnipeg that signals the start of the budget development process
2. The Board consults with the WPS and considers its advice for what expenditures to anticipate for the coming year
3. The Board consults with the WPS with respect to additional information City Council requires to assess the financial requirements of the WPS, such as revenue projections and the implications of expenditure reduction options
4. The Board accepts the WPS's advice or gives direction to revise its estimates before submitting the estimates to the City of Winnipeg for analysis
5. The Board and the WPS meet with City staff to discuss the preliminary budget estimates and the City's analysis of them
6. The Board consults further with the WPS regarding preliminary budget decisions and other information to be addressed in the estimates following budget working group.
7. The Board makes a recommended budget estimate to Council, stating how much the Board has determined it will cost to provide adequate and effective police services for the next year
8. Council considers the Board's estimate, budget constraints and other factors, then decides the total amount of the WPS's budget for the next year
9. The Board decides how the WPS's annual budget will be allocated in consultation with the WPS.

2. Inflationary Index

This specific model is simplistic as it takes the prior year budget and adjusts it up or down for inflation measured as the Winnipeg Consumer Price Index. Typically, inflation is positive and therefore budget amounts would increase accordingly. This model would retain the theoretical possibility of deflation causing a reduction in the WPS budget.

Had this model been applied to the Police Service budget in 2021 it would have resulted in an additional increase to their budget of $413,000.

3. Modified Inflationary Index

In this model, the WPS operating costs would be split into two components prior to indexing: compensation and all other costs. The compensation costs would be indexed in accordance with agreed upon negotiated wage and benefit agreements. All other budgeted expenses would be adjusted by the Winnipeg Consumer Price Index. With wages and benefits currently comprising approximately 86% of the Winnipeg Police Service budget, this would allow for additional funding if wage and benefit increases are greater than inflation.

Had this model been applied to the Police Service budget in 2021 it would have resulted in an additional increase to its budget of $672,000.

4. Modified Inflationary Index with a dedicated Police Levy

The calculation of the operating expenditure budget for the WPS would be the same as under the previous model (Modified Inflationary Index). The difference between the amounts generated with this model and what the multi-year balanced budget index is for the rest of the departmental budgets would be funded with a specific public safety levy added to property taxes.

In order to accomplish this, the municipal mill rate could be adjusted to raise dedicated funds for public safety similar to what is currently done for the 1% for both regional and local roads and 0.33% for bus rapid transit. This could be done through the annual budget process and if approved the municipal mill rate would be calculated based on property taxes required to be raised and the current assessed value. Although the budget recommendation for a tax increase for public safety would be transparent to the reader of the budget document, this increase would not be overly transparent on the property tax bill as it would be built into municipal tax calculation. A challenge with this approach is that the increase in tax revenue could be at risk due to assessment appeals and the corresponding tax change.

Had this model been applied to the Police Service budget in 2021 it would have resulted in an additional increase to its budget of $672,000. This increase would have been offset by an equivalent increase in property tax revenue (of approximately 0.11%; or $2 on the 2021 property tax bill on an average home), so the mill rate impact to the budget is zero.

5. Share of Tax Revenue Growth

In this model, the increases in the assessment base and the associated tax revenue generated from property and business taxes would be shared proportionately between the WPS and the rest of the city departmental budgets.

Had this model been applied to the Police Service budget in 2021 it would have resulted in a reduction in its increase for that year of $5.6 million.

D. Analysis

In addition to the Working Group assessment of the models noted above, the following captures observations made by participants in the public engagement sessions with respect to benefits and challenges of each model:

	MODEL #				
Benefits (√) / Challenges (X)	**1**	**2**	**3**	**4**	**5**
Process Observations					
Process for developing the budget is not consistent with other City Departments pitting those departments against the WPS for share of operating budget.		X	X	X	X
Process may not allow for the same level of public consultation or feedback in the development of the Police Service budget.		X	X	X	X

	MODEL #				
Benefits (√) / Challenges (X)	**1**	**2**	**3**	**4**	**5**
Allows the City to retain its existing bargaining power with respect to collective agreements with WPS employees.	√				√
Financial Impact Observations					
Council retains the discretion to allocate what it deems to be sufficient budget funding based on the needs and requirements of all City departments and on changing needs of the public	√				
Operating budget increases are fully funded by tax payers and may require a tax increase to be dedicated for the Police Service. This may set a precedent to start introducing additional amounts for other services as required.				X	
Significant changes from the forecast can occur and must be considered annually (i.e. new collective agreements, changes in capital, pandemic, etc.) impacting the predictability of the process.	X				
Annual changes would need to be balanced during the multi-year budget process.					X
May not result in sustainable funding for the City (i.e. if the inflationary value in a given year is higher than tax growth and other revenue increases) or the Police Service (i.e. may not cover negotiated wage increases that are above inflation).		X			
Funding may not be sustainable for the Police Service (when comparing to historic increases). Budget reductions may result in changes to the scope of services, employee complement or service level changes.					X

Link to the Multi-Year Balanced Budget Policy

The Council adopted Multi-Year Balanced Budget Policy contains a review clause:

5. Policy Review This Policy shall be reviewed at a minimum after each budget cycle by the Chief Administrative Officer and be updated as deemed appropriate or required.

This review is slated for the first quarter of 2024. The WPS Funding is allocated through to the end of December 2023 as part of the four-year budget cycle under the Multi-Year Balanced Budget policy and therefore a review of the budget allocation would align with the policy review.

E. Public Engagement

Engagement Process

Promotion

To ensure a wide-range of viewpoints was obtained in accordance with the Council direction, Public engagement opportunities were promoted using the following methods:

- Emails sent to 47 stakeholder organizations for underrepresented, BIPOC, and community groups – December 22, 2021, January 5 and 17, 2022.
- News release - January 5, 2022;
- Facebook and Twitter posts - January 5 to February 1, 2022;
- Coverage by the Winnipeg Free Press, CBC, Global, CTV, CityNews, and CJOB – January 5 to 21, 2022;
- Posters at 19 libraries – January 6, 2022;
- Newspaper ad in the Streets – January 6, 2022;
- Online paid ad – January 7 to February 1, 2022;
- Newspaper ads in the Canstar Community Review East, Canstar Community Review West, and La Liberté – January 12, 2022; and
- City of Winnipeg public engagement newsletter with over 2,900 recipients - January 13 and 27, 2022.

Reaching Underrepresented Winnipeggers

It was important to engage residents from underrepresented groups to ensure the recommendation for a WPS funding model considers the perspectives of all Winnipeggers.

- The City directly reached out to 47 stakeholder organizations representing Black, Indigenous, and People of Colour (BIPOC), newcomers, vulnerable residents, and community groups to inform them of the project and opportunities for input.
- The City also published an advertisement in the Streets Community Newspaper that covers the Spence, Daniel McIntyre, St. Matthews, and Maryland neighbourhoods to further promote the project in the inner city.
- When conducting the scientific survey, the collection period was increased to ensure the sample included a strong representation of Winnipeggers who identify as BIPOC.

Engagement Events

The City retained a research firm to conduct a statistical survey on the funding model options. The survey was also available on the project webpage and was open to all residents that were interested in providing feedback.

The City hosted five public events for those wanting to learn more about the funding models and share their thoughts. The events began with a brief presentation on the project scope, budget process, and funding model option details, followed by a question and answer period.

Participants were then placed into breakout groups for a facilitated discussion on each of the five funding models.

Finally, a telephone town hall was offered and consisted of a brief introductory presentation followed by an opportunity for residents to ask questions to panelists from the working group. Approximately 100,000 residents and those who registered in advance of the event received a call inviting them to participate in the telephone town hall.

Feedback from the surveys, public events, and town hall are for Council consideration when making the decision on the proposed police funding model.

Engagement Results

The following is a summary of the public engagement methods and results. Full details of all public engagement events are included in the Attachment.

Statistically valid survey of residents

A 10-minute survey was conducted with a sample size of 600 Winnipeggers on police funding model options. Minor statistical weighting by age and gender was applied to the sample to ensure it corresponds to the city as a whole. In addition, the sample includes strong representation of Winnipeggers who identify as Black, Indigenous, or People of Colour (BIPOC).

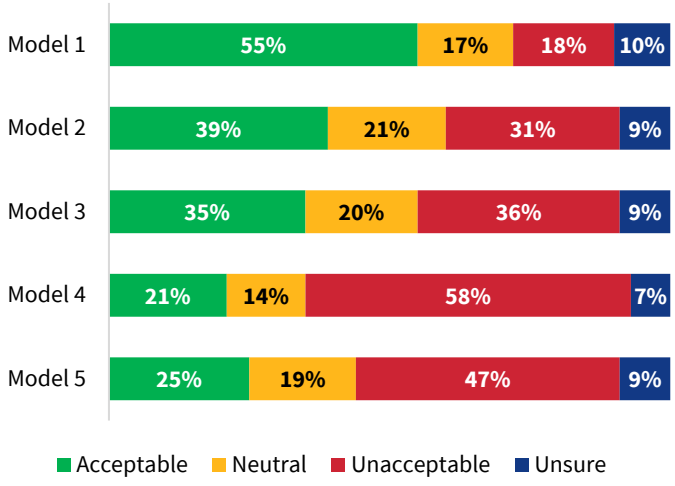
The statistical survey found that:

59% of respondents have a positive view of the WPS.

32% of respondents feel the police received too much funding.

86% of respondents feel sustainable police funding is important.

When asked if each model was acceptable or unacceptable, respondents indicated:



Reasons respondents found model 1 (the most popular model) acceptable included “it balances all needs/needs of other departments” (46 comments), and “not sure of a better way/comfortable with this/seems fair” (26 comments).

Reasons respondents found model 4 (the least popular model) included “no more taxes and fees/can’t afford this/tighten belt instead” (66 comments), and “absolutely no additional funding to police” (63 comments).

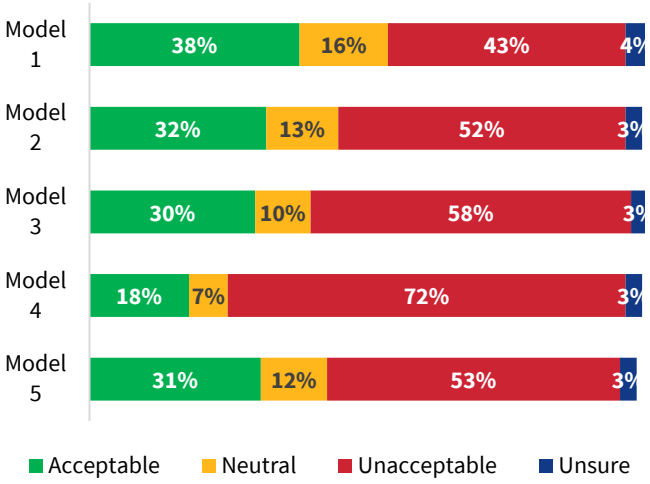
Web-site engagement survey

The survey was also open to all Winnipeggers interested in providing feedback on the five funding models. Respondents could take the survey online, request a paper version, or submit responses by telephone. The survey received 4,769 responses.

The public survey found that:

46%	of respondents have a positive view of the WPS.
54%	of respondents feel the police received too much funding.
77%	of respondents feel sustainable police funding is important.

When asked if each model was acceptable or unacceptable, respondents indicated:



However, if respondents had to pick one of the five funding models, funding model 1 (30.8%) was the most popular choice closely followed by model 5 (30.5%). Model 3 (20.4%) and model 2 (11.7%) landed in the middle while model 4 (6.6%) was the least popular choice among respondents.

Public engagement sessions

Public engagement sessions were held using an online platform due to the pandemic restrictions rather than the originally envisioned community committee in-person events noted in the Council motion.

Participants were asked to discuss what they like and what they dislike about each of the funding models in a facilitated group discussion. All comments from the public workshop events are available in the Attachment with some examples noted below:

Model	Example Comments
Model 1	• Could lead to a reallocation of funds to social services • Allows for more public input and more flexibility • Currently not working
Model 2	• Results in an increase • Different ways to calculate inflation causes ambiguity • No opportunity to reallocate funds to other priorities • Inflation can be volatile
Model 3	• Maintains WPS wages • Reduces City's ability to bargain during collective bargaining agreements • Less flexibility to reallocate funds to other priorities
Model 4	• The levy shows residents the extra funding requirements • Extra levy could be challenging to pay for some residents • Extra levy is only a portion of the WPS budget and mislead people into believing the budget is smaller than reality • The name 'Public Safety Levy' might imply that policing is the only way to improve safety
Model 5	• Could result in a decrease to the WPS budget • Simple model • Would prevent the WPS budget from taking a bigger portion of the overall City budget

Telephone townhall engagement session

The city-wide public engagement event was conducted using telephone town-hall technology due to the pandemic restrictions rather than the originally envisioned in-person event noted in the Council motion.

Participants were invited to ask questions to the working group. Representatives from Corporate Finance, the Winnipeg Police Service, Communications and Public Engagement were available at the telephone town hall.

Of the questions asked at the telephone town hall, the following common themes emerged:



Budget reduction and crime prevention measures (5 questions)

Budget increase and impacts to other services and taxpayers (4 questions)

Annual budget process (3 questions)

Other (3 questions)

F. Conclusions

Based on the analysis of the budgetary impacts of each model, an assessment of the benefits and challenges of each model, and the feedback received from the citizens of Winnipeg, the Public Service and the Working Group recommends that Option #1, status quo (or target based approach), be retained for Winnipeg Police Service budget allocations because it:

- Provides planning certainty during the multi-year budget period
- Is predictable for both the WPS and the City during the multi-year budget period
- Allows for more public input and consultation to WPS total budget amount
- Has no immediate impact on the mill rate
- Does not introduce a new tax
- Does not impact the bargaining power of parties to the wage and benefit agreements
- Allows Council to use their discretion to determine total budget envelope for the Winnipeg Police Service
- Is consistent with other departments
- Is an established process
- Is the most accepted model based on public engagement

FINANCIAL IMPACT

Financial Impact Statement Date: February 3, 2022

Project Name:
Winnipeg Police Service Funding Model

COMMENTS:

There are no financial impacts associated with the recommendations of this report.

"electronically approved by J. Peters"
Jocelyn Peters CPA, CGA
Manager of Finance & Administration (Campus)

CONSULTATION

This Report has been prepared in consultation with:

Assessment and Taxation
Financial Planning & Review
Corporate Finance
Communications
Public Engagement
Economic Development & Policy
Winnipeg Police Service

NB – the Winnipeg Police Board withdrew from the project on September 10, 2021.

OURWINNIPEG POLICY ALIGNMENT

Alignment with OurWinnipeg 2045 (awaiting third reading)

Leadership and Good Governance Objective #3: Achieve community-responsive service delivery through an aligned, integrated, collaborative and results oriented organizational culture.
1.1 Organizational Alignment
1.3 Integrated Service Planning and Outcomes
1.4 Integrated Knowledge and Resources
1.11 Representative and Participatory Democracy

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Goal 6: All city services are equitable, inclusive and accessible.
Objective C: Use of city's tools and resources are maximized to reduce systemic inequities

SUBMITTED BY

Department: Chief Financial Officer
Division: Chief Financial Officer
Prepared by: Catherine Kloepfer
Date: February 11, 2022
File No: N/A

Attachment: Public Engagement Results