REPORTS

3. From the Chief Financial Officer
Report 2002/06/27

Municipal Tax Credit - Installation of Hardwired Security System
File GF-1 (Vol. 20)

Recommending that this report be received as information.

Re: MUNICIPAL TAX CREDIT – INSTALLATION OF HARDWIRED SECURITY SYSTEM

For submission to: **EXECUTIVE POLICY COMMITTEE**

Submitted by: **R. P. GANNON, CHIEF FINANCIAL OFFICER**

Report date: **June 27, 2002**

In Camera Item: **No**

Recommendation(s): **That this report be received as information**

Report Summary

Key Issues:

Executive Policy Committee has requested the administration to report on a proposed tax credit for the installation of hardwired monitored alarm systems.

Should Council wish to provide the financial resources to further support the installation of residential alarms, this report presents a number of options available.

There are administrative elements to be considered as part of implementing the options presented. Creation of an entirely new program would require the most additional administration whereas modification of an existing program would require the least.

Implications of the Recommendation(s):

General Implications

ð None

X For the organization overall and/or for other departments

X For the community and/or organizations external to the City of Winnipeg

ð Involves a multi-year contract

Comment:

Policy implications

ð No

ð Yes

Comment:

Financial Implications

ð Within approved current and/or capital budget

ð Current and/or capital budget adjustment required

Comment: This is an informational report, therefore, there is no financial impact.

Report

Recommendation(s):

That this report be received as information.

Reason for the report:

At its meeting held on December 5, 2001 the Executive Policy Committee referred to the administration for report back on a proposed municipal tax credit for the installation of hardwired monitored alarm systems.

History:

On July 5, 2001 the Standing Policy Committee on Protection and Community Services passed the following motion:

> "WHEREAS crime and safety is of paramount concern to all citizens;
>
> WHEREAS only 2.6% of all break and enters occur where hardwired monitored alarm systems are operative;
>
> THEREFORE BE IT RESOLVED that The City of Winnipeg extend a one time one hundred dollar tax credit to each homeowner, who installs a hardwired monitored alarm system,
>
> and forwarded to Executive Policy Committee."

On July 11, 2001 the Executive Policy Committee considered the above noted motion and referred the matter to the Standing Committee on Fiscal Issues for consideration at the 2002 budget deliberations.

At its meeting held on September 11, 2001, the Standing Committee on Fiscal Issues referred the matter to the 2002 Current Estimates deliberations.

On October 18, 2001 the Executive Policy Committee received as information the motion from the Standing Committee on Fiscal Issues, dated September 11, 2001.

On November 26, 2001, the Standing Policy Committee on Protection and Community Services passed the following motion:

> "WHEREAS Safety is a cornerstone of any successful City;
>
> AND WHEREAS during the year 2000, there were 4,200 residential break-and-enters of which only 110 occurred where there were hardwired monitor alarm systems;

AND WHEREAS the installation of such a system has clearly been established as a deterrent to crime;

THEREFORE BE IT RESOLVED that any City of Winnipeg homeowner who installs a hardwired monitor system be given a one-time municipal tax credit of one hundred dollars ($100.00) against a total civic program of $200,000.00;

and forwarded to the Executive Policy Committee for favourable consideration."

At its meeting held on December 5, 2001 the Executive Policy Committee referred to the administration for report back a proposed municipal tax credit for the installation of hardwired monitored alarm systems.

Discussion:

There are various types of alarm systems being installed in the City including hardwired and radio wave. Alarms are either monitored or local in nature (i.e., an external loud noise when activated).

The Police Service advised that there are about 89,500 registered alarm systems of which approximately 90% are residential. Approximately 75,500 are monitored. There were 10,969 new systems added in the year 2001 of which 9,808 were residential. There is a $20 charge to register a residential alarm. The number of registered residential alarms represent a significant portion of the approximately 175,000 residences and condominiums that might use alarms.

A review of effectiveness of alarms suggests that a built-in or purchased response process is more effective as opposed to the local alarm that requires a neighbour or passerby to respond.

Information obtained from a leading alarm firm indicates that hard wired alarm systems start at about $300 with the average price being $500 depending on the system design. Arrangements can be made to pay these over a term, generally three years.

The actual alarm monitoring system runs about $200 per year or $15 to $20 per month.

For private owners who have a monitored alarm system, almost all insurers give a credit up to 10%. With premiums at an average of $500 to $600, this represents a savings of approximately $50 to $60.

On monitored alarms there is currently a high percentage of false alarms. Of a total of 32,434 alarms received by the police force in 2001, 6500 were legitimate. There were 10,697 dispatched calls to residential alarms. There is a charge of $75.00 on the second false alarm.

The Police Service is currently in discussion with CANASA (the association of alarm companies) to develop a protocol for the companies to verify alarms. The companies suggest that this could reduce false alarms reported to the Police Service by 80 – 85%. Additional

monitored alarms without resolution of this issue will require the use of additional police resources.

Should Council desire to provide financial resources to further support the installation of residential alarms there are a number of options:

a) provide a one time tax credit to each homeowner who installs a hard wired monitored alarm system;

   This can be some predetermined amount per installation to a maximum total amount. It would apply to all homes regardless of size and any benefit they would already receive from insurance reduction.

   A tax credit would be more expensive to administer than a grant (option d) or forgiveness of the registration fee (option b).

b) waive the registration fee for alarms;

   This would provide support in the amount of the fee ($20). A maximum total amount could be established and a maximum period of time. Again this would apply to all homes regardless of size and insurance benefit.

c) increase the eligible expenditures under the Home Renovation Tax Assistance Program presently available citywide to owners of dwellings built prior to 1974 and assessed at less than $90,000;

   This would be an increased commitment to the Home Renovations Tax Assistance Program. It could be done as an overall increased allocation or an allocation specifically for monitored hard wired alarms again with limits per installation.

   This would provide the benefit to homes under $90,000 and more than 28 years old.

d) provide a one time grant to each homeowner who installs a hardwired monitored alarm system.

   This would be simplest to administer and could be done with conditions that Council could determine with regard to value of home or other criteria.

There are a number of administrative elements to be considered as part of implementing the noted options. The creation of an entirely new program (option a) will require the most additional administration while the modification of an existing program (option b or c) will have the least.

Financial Impact Statement:

Project Name:

Date: First Year of Program

	0	1	2	3	4
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: As this is an informational report there is no financial impact

Manager of Finance & Administration

In preparing this report, there was consultation with and concurrence by:

The Police Service and the Tax Branch of the Corporate Finance Department provided information in the creation of this report.

This Report Submitted By:
THE CHIEF FINANCIAL OFFICER