




HAMILTON POLICE SERVICE

INFORMATION REPORT

TO:	Chair and Members Hamilton Police Services Board
BOARD MEETING DATE:	February 13, 2024
SUBJECT:	Council's Motion re: 2024 Operating and Capital Budget
REPORT NUMBER:	23-109a
SUBMITTED BY:	Frank Bergen, Chief of Police
SIGNATURE:	

EXECUTIVE SUMMARY

- The Hamilton Police Service Board (Board) approved the proposed 2024 Hamilton Police Service (HPS) operating and capital budget on its December 14, 2023 meeting
- The proposed 2024 operating budget represents an increase of 6.88% or \$13.32M, a total combined budget of \$206.92M
- In addition to the operating budget, the proposed 2024 budget also reflects Ontario *Police Services Act (PSA) Section 4(3)* items, a request of \$6.51M, for which the municipality has the legislative responsibility to fund these mandatory capital costs
- The HPS presented the proposed 2024 budget to the City of Hamilton Council (Council) on January 22, 2024 General Issues Committee (GIC) Budget meeting
- On January 30, 2024 at the GIC Budget meeting, a Motion was approved to refer the proposed 2024 HPS budget back to the Board requesting further review and consideration
- This report contains information pertaining to matters contained in the Motion, along with inflationary benchmark and actual cost of policing

INFORMATION

HPS requested a 2024 operating budget increase of 6.88% or \$13.32M to provide adequate and effective policing in City of Hamilton (City), meet collective agreement obligations and satisfy policing standards as mandated under the *PSA* and proposed *Community Safety and Policing Act, 2019 (CSPA)*.

HPS faces a 5.92% base budget pressure to the operating budget before accounting for any new pressures.

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The base budget represents previous board-approved human resource costs, including the 10-year Human Capital plan, which is 90.32% of the total gross operating budgeted expenditures and relate to the negotiated collective agreements along with employer provided and statutory benefits. Also reflected in the base budget pressure is a significant WSIB cost increase due to changes in legislation.

New pressures to the operating budget equate to 0.96% or \$1.88M, representing new and evolving requirements to meet public safety obligations in 2024.

In order to sustain core services, meet legislative requirements, address technology requirements, support the approved Board strategic plan and implement inquest recommendations, the HPS needs to be appropriately resourced to reflect the realities of policing in the City.

On December 14, 2023, the Board also approved *PSA Section 4(3)* items, representing a \$6.51M increase to the City's 2024 Capital Levy. These items were submitted to the City Clerk through the 10-Year Capital Project Plan (PSB 23-083) on October 18, 2023.

Council Motion

At the January 30, 2024 meeting, Council referred the 2024 HPS budget back to the Board requesting further review and consideration, outlining any additional redundancies and efficiencies. *Appendix A* contains a copy of the approved Motion.

The Motion references the 2011 HPS budget process, where Council referred the proposed 2011 budget back to the Board for further review and consideration.

In 2011, following an extensive evaluation and detailed due diligence by the Senior Leadership Team (SLT) and the Board, the Board resubmitted the initially approved 2011 budget to the Council unchanged, confident that it fully met the statutory obligations outlined in the *PSA* for delivering adequate and effective police services in the City. Council unanimously approved the 2011 budget without any modifications from its previously referred version.

2011 Budget - Inflationary Benchmark

The HPS Finance Department performed a Consumer Price Index (CPI) analysis to assess what the 2011 budget of \$130.75M would equate to in 2024.

The analysis found that the CPI increased by 31.70% from 2011 to 2023, representing an average annual rate of inflation of 2.32%, with the 2024 CPI rate projected at 3% by the Bank of Canada (BOC). Incorporating CPI increases, under the assumption of no FTE growth, the \$130.75M in 2011 equates to \$177.37M in 2024.

However, HPS has grown since 2011, in part due to the increase in City's population as well as changes in policing. The FTE headcount changed from 1,078.5 in 2011 to 1,230.0 in

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2023, representing an increase of 14%¹. The proposed 2024 operating budget reflects an additional 16 FTEs, in addition to the 13 Sworn FTEs previously approved as part of the 10-year Human Capital deployment, totalling 29 FTEs in 2024. This represents a 2.36% FTE growth for 2024.

With inflation and FTE growth, \$130.75M in 2011 equates to a budget of \$207.05M in 2024 dollars. This is \$0.13M higher than the proposed 2024 operating budget request of \$206.92M.

The table below summarizes information above.

2011 Budget in 2024 Dollars vs. 2024 Proposed Budget	2011	Inflation Adjusted Only	Inflation & FTE Adjusted
2011 approved operating budget	\$130,752,220	\$177,366,693	\$207,051,151
2024 proposed operating budget			\$206,921,005
Difference			\$ 130,146

Over a 13-year period, the HPS, with the guidance of the Board, has continually delivered fiscally responsible budgets, averaging 18.75% of the total City tax levy, while meeting the policing needs of the community, in an adequate, effective and efficient manner.

Total Cost of Policing

The Motion brought forward at Council states, in part, “WHEREAS, in 2024, the Hamilton Police Services Board has put forward a total budget increase of \$19,826,637 or 10.24% for a total budget of \$213M”. The number 10.24% is not correct as the actual percentage should be **8.41%**.

In order to arrive at the actual increase to the cost of policing, it is essential to do a like-for-like comparison between the 2023 and 2024 budget. The proposed 2024 budget includes *PSA Section 4(3)* items totaling \$6.51M, whereas the approved 2023 budget of \$193.60M does not. It is important to note that *Section 4(3)* items are critical to complying with *PSA* requirements to ensure adequate and effective police services are provided to the City.

HPS consistently incorporates the items outlined in *Section 4(3)* of the *PSA* in its initial budget proposal. These items remain part of the proposal until the City agrees to finance them, after which they are removed from the HPS budget request.

¹ During the same period, the City’s population grew by a comparable rate of approximately 12.52% (Source: 2001 – 2021 Statistics Canada Census)

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A like-for-like comparison between the 2023 and 2024 budget is summarized in the table below.

Description	2023	Change	2024 Proposed	%
Board approved operating budget	\$193,596,008	\$13,324,997	\$206,921,005	6.88%
<i>PSA Section 4(3)</i> items	\$ 3,165,000	\$ 3,336,640	\$ 6,501,640	
Sub-total	\$ 196,761,008	\$16,661,637	\$213,422,645	8.47%
PIPRs (under City's purchase plan)	\$ 1,400,000	\$ -	\$ 1,400,000	
Total Cost of Policing in Hamilton	\$198,161,008	\$16,661,637	\$214,822,645	8.41%

The total cost of policing in 2023, including the 2023 *PSA Section 4(3)* items and the multi-year personal issued portable radios (PIPRs) of \$1.40M annual cost, which is directly funded by the City, was \$198.16M vs. \$214.82M in 2024, representing an **8.41%** change rather than 10.24%.

APPENDICES ATTACHED

Appendix A - City of Hamilton - Notice of Motion presented on January 30, 2024 GIC

FB/S.Dzaferi

- c: Frank Bergen, Chief of Police
 Ryan Diodati, Deputy Chief – Operations
 Paul Hamilton, Deputy Chief – Support
 Sanela Dzaferi, Director – Finance

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