

# Council Policy

## Edmonton Police Service Funding Formula



<b>Program Impacted</b>	Public Safety <i>Edmontonians are safe and secure in our community.</i>  Financial Sustainability <i>The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.</i>
<b>Number</b>	C604A
<b>Date of Approval</b>	October 7, 2022
<b>Approval History</b>	June 26, 2018
<b>Next Scheduled Review</b>	December 31, 2023

### Statement

1. The Edmonton Police Service Funding Formula will provide predictable funding for each year within a four-year budget cycle in order to provide planning certainty for Edmonton Police Service and the City of Edmonton.
2. The Edmonton Police Service Funding Formula is intended to provide funding to manage the financial impacts of:
  - a. Population growth,
  - b. Inflation, and
  - c. Operating impacts of capital for projects that are funded by Edmonton Police Service.
3. The Edmonton Police Service Funding Formula is not intended to provide funding:
  - a. For major capital, including new buildings and facilities,
  - b. For Edmonton Police Service salary settlements, which will be managed corporately.
  - c. To address significant changes in legislation,
  - d. To address significant urban growth due to annexation,
  - e. For operating impacts of police-initiated capital projects that are City Council approved, and
  - f. For operating impacts of significant City of Edmonton initiated capital projects that increase the demand for policing.
4. Edmonton Police Service will continue to operate in the most efficient manner possible and report all identified efficiencies through the City of Edmonton budget process.

5. Edmonton Police Service will contribute to any citywide cost reduction strategies.
6. The Edmonton Police Service Funding Formula is neutral of any funding changes from other orders of government. Any increases or reductions in funding, one-time or ongoing, does not affect the funding formula calculation.
7. The Edmonton Police Service Funding Formula is set out in Appendix 1.

### **Guiding 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.

# Appendix 1

## Edmonton Police Service Funding Formula

### Application

1. Funding determinations as calculated by the Edmonton Police Service Funding Formula for 2023 only.

### Procedure

1. For purposes of this policy, total tax-supported funding for Edmonton Police Service is determined in accordance with the following formula:

$$A = [B + C + D] \quad [1]$$

Where

- A* is the total tax-supported funding for Edmonton Police Service for the applicable fiscal year
- B* is the total tax-supported funding for Edmonton Police Service for the previous fiscal year
- C* is the Edmonton Police Service Funding Formula as calculated by this policy
- D* is the Edmonton Police Service salary settlements, which are held corporately and calculated and allocated separately after the ratification of a Collective Bargaining Agreement

2. For the first year of the budget cycle, fiscal year 2023, *B* in formula [1] is equal to the net operating requirement for the Edmonton Police Service: \$407,102,000.
3. The total tax-supported funding for Edmonton Police Service for the applicable fiscal year, denoted by *A* in formula [1], becomes *B* in formula [1] in the subsequent year—the total tax-supported funding for Edmonton Police Service for the previous fiscal year.
4. For purposes of this policy, the Edmonton Police Service Funding Formula, denoted by *C* in formula [1], is calculated in accordance with the following formula:

$$C = [(F \times G) + (H \times I)] \quad [2]$$

Where

- C* is the Edmonton Police Service Funding Formula as calculated by this policy
- F* is the personnel net expenditure budget for the applicable fiscal year, prior to any salary settlements for that fiscal year
- G* is the population growth rate for Edmonton for the applicable fiscal year
- H* is the non-personnel net expenditure budget for the applicable fiscal year
- I* is the Non-Personnel Inflation Calculator (NPIC) for the applicable fiscal year

5. 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.
6. The total tax-supported funding for Edmonton Police Service for each fiscal year, which includes funding provided by the funding formula, will be presented for City Council's approval as part of the 2023 to 2026 budget cycle.
7. Edmonton Police Service can request additional funding not provided through the funding formula by submitting service packages only in the following instances:
  - a. Where additional funds are required to manage financial impacts of significant legislative change
  - b. Where the City implements some policy, program or service that increases demand for policing
  - c. Where partnership opportunities are identified between Edmonton Police Service and Community Safety and Well-being service providers that require additional policing resources
  - d. Where additional funds are required for operating impacts of capital in instances where City Council approved the capital profile.
8. The ratio of Edmonton Police Service budgeted net operating expenditures to civic department budgeted net operating expenditures is 30.0 per cent under the Approved 2022 Operating Budget. This ratio cannot be exceeded in any fiscal year. In fiscal years where this ratio exceeds 30.0 per cent, the Edmonton Police Service Funding Formula—denoted by  $C$  in formulas [1] and [2]—will be automatically reduced to manage this ratio.
  - a. The value for  $C$  cannot be reduced to a negative figure.
  - b. In fiscal years where  $C$  is reduced to zero, but where the ratio still exceeds 30.0 per cent due to salary settlements—denoted by  $D$  in formula [1]— $C$  will be reduced in future fiscal years within the budget cycle until the ratio returns to 30.0 per cent.
  - c. The application of this ratio limit will be adjusted for consideration of structural changes in the way City services are delivered, including but not limited to:
    - i. A change in operations from tax-levy to enterprise,
    - ii. A shift to regional service delivery, or
    - iii. The formal offloading of provincial service responsibilities to the City.
9. Every two years there will be a budget-cycle true-up, where the most up-to-date NPIC estimates and population forecasts, or actuals when available, are used to recalculate the Edmonton Police Service Funding Formula for the previous two fiscal years—denoted by  $C$  in formulas [1] and [2]. Any variances between the recalculation and the original calculation will be retroactively adjusted by smoothing the variance into the Edmonton Police Service Funding Formula over the subsequent two fiscal years, provided that this adjustment does not cause the ratio to exceed 30.0 per cent as noted in Section 7.

## Definitions

- **Budget Cycle** The multi-year budget term approved by City Council.
- **Capital Profile** A composition of related capital projects that deliver on a proposed initiative. The capital profile is the level that a proposed capital initiative with all the projects contained within is approved by City Council. A capital profile is identified by a unique profile number. A capital profile report is prepared for each recommended profile with the required fields that identify the proposed initiative and serves as the approved profile documentation when approved.
- **Civic Department Net Operating Expenditures** The net operating expenditures of City Departments. This is total net operating expenditures for tax-supported operations, less corporate expenditures, Neighbourhood Renewal Program expenditures and Boards and Commissions expenditures.
- **Net Operating Requirement** Edmonton Police Service operating expenditures less revenues.
- **Non-Personnel Inflation Calculator** The forecasted annual inflation rate on Edmonton Police Service non-personnel related expenditures, represented as a percentage. This figure is calculated by City Administration.
- **Population Growth Rate** The forecasted annual percentage change in population for the city of Edmonton. This figure is provided by City Administration.
- **Service Package** New or enhanced services, or increases resulting from growth or impact of capital, that require funds. Service packages require Council approval through the budget process.