



Northumberland Police Services Review

Report Summary

Prepared for
Northumberland County

September 2024





Executive Summary

This report includes a review of service levels, governance, and cost implications for three scenarios for policing in Northumberland County:

- Scenario 1: Expand the OPP to Cobourg and Port Hope (Ward 1)
- Scenario 2: Merge Cobourg Police Service (CPH) and Port Hope Police Service (PHPS) into an amalgamated service and continue with OPP in areas it currently serves.
- Scenario 3: Continue with the status quo.

Each of the three scenarios are legitimate options. Each has strengths and weaknesses from the perspective of governance and service level. However, each are able to deliver “adequate and effective policing” as defined by the *Community Safety and Policing Act*.

The status quo (Scenario 3) delivers adequate and effective policing for each of the communities. However, of the three scenarios evaluated, it does so at the highest cost, and with the least opportunity for improved efficiency. This is because the model divides service delivery between three services, two of which are small in scale.

It is likely that a merger of CPS and PHPS, while keeping OPP in municipalities currently policed by the OPP (Scenario 2) would lead to efficiencies compared to the status quo. The efficiencies would arise from:

- Opportunities to improve the efficiency of the deployment model.
- Opportunities to eliminate redundancies in administrative and command structures once amalgamated.
- Opportunities to save on facilities costs if Cobourg and Port Hope move to a single facility.

Scenario 2 would not change cost or service in municipalities currently policed by the OPP.

Scenario 1, the expansion of the OPP to Cobourg and Port Hope, would appear to result in lower costs of policing when compared to the other two scenarios. The efficiencies would arise from:

- Opportunities to improve efficiency through the OPP deployment model which offers greater flexibility and economies of scale.
- Opportunities to save on facilities costs.
- Terms in the OPP contract that transfer cost and risk from the local municipality to the Province relative to the other two scenarios.

Scenario 1 would not change cost or service in municipalities currently policed by the OPP.

The third-party criminal record check service delivered by CPS and PHPS results in revenue used to offset other police service costs. The OPP would not continue that service. Thus, the revenue would be lost under Scenario 1, This loss was fully factored into the cost projections of this report. We note that there is a risk under the status quo and merged options that the third-party criminal record check revenue stream could also be lost or diminished by policy changes at the federal level.

Capital costs are a major variable in the overall cost model and constitute a “known unknown” to the modelling. The first step in an OPP costing is an infrastructure assessment which would determine their approach. Until it is complete, it is not possible to know which approach the OPP would take in this case. This is one of the biggest variables that could be of benefit to the Northumberland municipalities. By contrast, scenario three would have the additional cost of a new headquarters facility in Cobourg that published reports estimate at a \$34M cost as well as a new Port Hope headquarters.

This report concludes that there are likely cost savings from a new policing model. Savings could arise from either a merger of Port Hope and Cobourg police services or transfer of municipal police service to the OPP.

A formal costing process is required to get to a firm comparison of the costs and service levels:

- A formal costing process from the OPP.
- A thorough evaluation of the costs and structure resulting from amalgamation between CPS and PHPS.
- The municipality may wish to invite other police services to participate in a costing process.

Introduction

Background and Context

In February of 2024, StrategyCorp was engaged by Northumberland County to conduct a review of the three existing police services that serve the County and explore options to address future needs.

Through the process, it became clear that the focus of the Report was to examine whether there are alternatives that would:

- continue to deliver adequate and effective policing, as defined by the *Community Safety and Policing Act*,
- at a level of service that would be acceptable to the various communities that make up Northumberland County, and
- at a materially lower cost.

In Ontario, the formal process by which a Police Service is requested to submit a binding offer of service to a municipality is called a “Police Costing.”

This report is not a formal costing. This report is an examination of the current delivery models to determine if there is reason to believe that a formal costing would yield results that would justify undertaking the costing and contemplating an actual change in police service delivery. In simple terms, it could be called an exploratory “go/no-go” report on whether to do a costing.

A note on the importance of respectful dialogue in this process

StrategyCorp presents this report with full respect to all that it touches.

The Police and Police Services Boards: At its best, policing is not just a job, it is a calling. Sir Robert Peel, who is considered the father of modern policing, observed “the police are the public and the public are the police.”

When we discuss the police, we are not discussing a commodity. We are discussing people who, in the words of Peel, are the “only members of the public who are paid to give full-time attention to duties which are incumbent on every citizen in the interests of community welfare and existence.” Police services are made up of human beings. Their morale matters. In our view, there is a human cost to a costing, and it is prudent to not undertake such an exercise unless it is likely to result in an outcome that is material to the community, in terms of cost or quality.

Council and the Administration: Similarly, the task of Council is not just a job. Politics has been described as “the legitimate process for the allocation of scarce resources.” In 2024, we sit in the wake of high inflation and great need in all areas of public spending. There is no resource more scarce than public funding. “To govern is to choose” and we understand that those who receive this report intend to rely on it to inform choices.

The Public: The public expects that Council examine every opportunity to achieve best value for money in public spending. “Best value” implies not just “cheapest” but also able to deliver on a service that meets public expectation. As Peel’s second principle reminds us:

“The power of the police to fulfill their functions and duties is dependent on public approval of their existence, actions and behavior, and on their ability to secure and maintain public respect.”

We therefore respectfully submit this report as an unbiased assessment of the factors that should inform a discussion about the future of policing in the communities that make up Northumberland County.

Province Wide Trends

Through our research, and in particular, our *2023 Survey of Police Service Board Chairs*, and our *2024 Survey of Police Chiefs*, we have heard that Ontario’s policing sector is experiencing a period of significant transformation that will impact Northumberland municipalities.

- **Growth in the range and complexity of crime**, and in overall demands for service. Key drivers are cyber crime, illegal drugs, and growing “guns and gangs” activity, much of which spans local municipal, and even provincial and national boundaries.
- **Growing social challenges resulting from unmet need in mental health and addictions, and poverty:** While none of these issues is inherently a “police issue,” secondary consequences arising from them are leading to growing calls for service, and increased complexity in the situations that police are expected to manage, in collaboration with social service or health care providers. Police face increased scrutiny and criticism from the public on how they deal with these cases, even though they are often constrained by court decisions, and by limitations in their role and training, when they do deal with them.
- **Police budgeting increasing financial (and political) stress:** Prudent police budgeting has always required strong financial oversight by police service boards, but pressure grows as police budgets are regularly the biggest single operational item on local municipal budgets.
- **Unprecedented human resources challenges:** Most services report that it is a struggle to recruit, train, and retain sufficient officers. They also told us that officers are dealing with mental health issues, PTSD or PTSI, and were on long-term disability due to the stress of the job. As much as this is a problem for officers, it is also a problem for funders, as staff shortages and WSIB costs spiral from long term disability costs
- **New legislative framework:** Ontario's policing landscape is undergoing significant changes with the introduction of the Community Safety and Policing Act (2019). The Ontario Association of Chiefs of Police has noted that this framework has added to structural costs in the system.

Policing in Northumberland's Municipalities

Northumberland is experiencing challenges similar to those experienced province wide.

Northumberland County is growing, and it is projected that the population grow from 89,000 in 2021 to 122,000 by 2051. Generally, as communities grow, so do the challenges of providing “adequate and effective” policing services to the community.

Increasingly, the County is also managing growing social challenges, including homelessness, encampments, and mental health and addictions issues, that are straining social service and emergency response providers.

Today, policing in Northumberland County is delivered and paid for at the local level (and not at the County level).

- Hamilton, Alnwick/Halifax, Cramahe, Brighton, Trent Hills, and Port Hope Ward 2 are served by the OPP.
- Port Hope Ward 1 is served by the Port Hope Police Service.
- Cobourg is served by the Town of Cobourg Police Service.

All three services indicated that they are already working closely with one another to reduce crime and manage their resources efficiently. The OPP provides specialized services to all of Northumberland County for important public safety investigations and support. Cobourg and Port Hope partner and share resources to provide efficient training to members and to perform effective investigations across jurisdictions.

Based on our review of recent statistics, our interviews, and the public satisfaction survey results that are available, there is no evidence to suggest that current arrangements do not meet the requirement of providing “adequate and effective police services.”

From the perspective of quality of service, the status quo is an option, at least for the next five years. The question that we were asked to evaluate is, whether there might be an improved scenario that continues to meet the needs and expectations of the residents of Northumberland County.

As per Part IV of the Community Safety and Policing Act, any decision to change local policing arrangements would be a local decision, not a County decision.

Scenarios Analyzed

Based on the terms of reference we focused this report on three scenarios:¹

1. Scenario 1: Expanded OPP

- This option shifts all delivery of police services to the OPP, county wide.
- For billing purposes, contracts would be between the OPP and each local municipality, meaning that there would be no change in contractual arrangements or cost for municipalities currently served by the OPP.
- To model how this would affect Cobourg and Port Hope, we applied the OPP Billing model to their circumstances. The OPP billing model considers households and calls for service. To conduct this modelling, we reviewed similar and recent OPP contracts and considered factors such as per property costs, calls for service, overtime, prisoner transportation, and initial startup expenses. Other factors we considered included potential one-time costs associated with pension top-ups and capital improvements in facilities to meet OPP standards.
- This modelling in this scenario does not serve as a replacement for a formal OPP costing. Should this scenario be of interest, a formal costing request would be required.

2. Scenario 2: Amalgamate Municipal Police Services and Continue with OPP in areas that it currently serves

- Port Hope Police Service and Cobourg Police Service would merge into a single entity serving Port Hope Ward 1 and the Town of Cobourg.
- The OPP would continue to serve Hamilton, Alnwick/Haldimand, Cramahe, Brighton, Trent Hills, and Port Hope Ward 2 in the same way, without change, at the same cost.
- Modelling is based on information shared by the Port Hope Police Service and with information publicly available from the Cobourg Police Service. This scenario does not serve as a replacement for a formal modelling of the economics of a merger led by the PHPS and CPS. Due to the decision of the Cobourg Police Services Board not to participate in this process, our review has been limited to public available information. Should this scenario be of interest, a formal internal analysis with full access to internal data would be required.

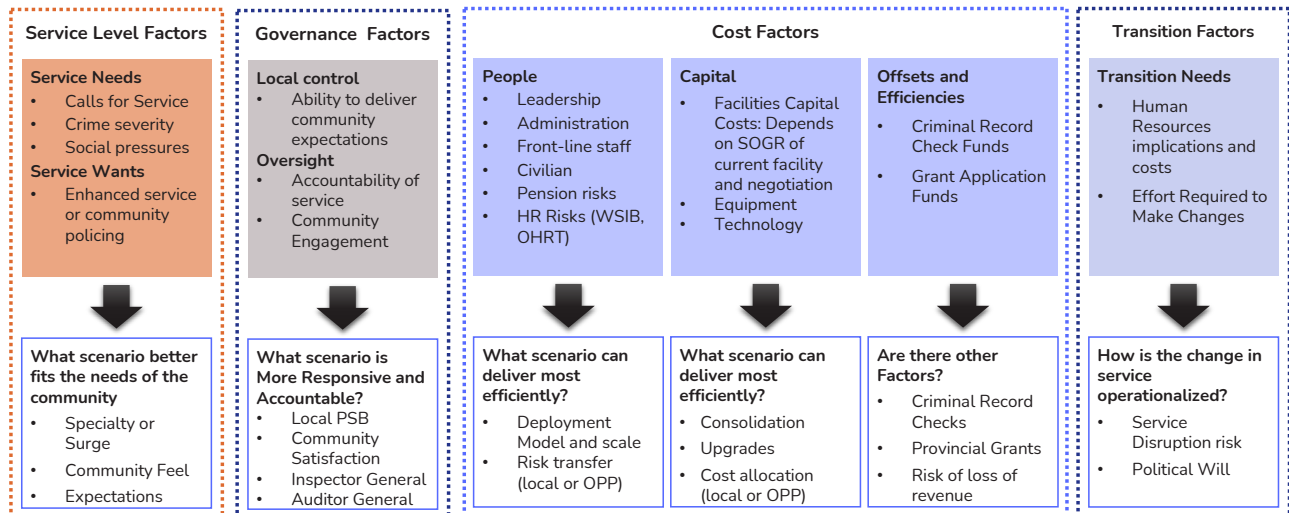
¹ Note: For clarity we have numbered these scenarios 1, 2 and 3 in a manner that aligns the numbering with the resulting number of service providers: Scenario 1 would result in one service provider, scenario 2 would result in 2 service providers, and scenario 3 would continue the current 3 service providers. This naming is for convenience and does not indicate a preference among scenarios.

3. Scenario 3: Status Quo

- This option would leave the current three police services to operate as they currently do today.
- OPP continues to serve Hamilton, Alnwick/Haldimand, Cramahe, Brighton, Trent Hills, and Port Hope Ward 2.
- Port Hope Police Service would serve Port Hope Ward 1.
- Cobourg Police Service would serve the Town of Cobourg.
- In the case of this scenario, modelling is based on our own review of publicly available documents, and information provided by the OPP and the Town of Port Hope Police Service. Again, further details may be available from the Town of Cobourg Police Service should they decide to engage in future study.

Evaluating the Scenarios

To evaluate the scenarios, we asked the following questions:



Service Level Factors: What scenario has more access to capacity?

An assessment of key indicators demonstrates that each of the Northumberland communities currently meets the definition of “adequate and effective police services” defined by the CSPA. A comparative review of the Crime Severity Index, the Violent Crime Severity Index, and the Non-Violent Crime Severity Index all demonstrate this. From a quality point of view, each is a legitimate choice of policing. We concluded the ability to meet adequacy standards is not a deciding factor.

This does not mean that there are no differences between the three scenarios.

Local feel: On local feel, the edge goes to scenarios 2 or 3. The local services are, by definition, local. It means officers will tend to spend more of their careers policing the community. For some, this local engagement and knowledge is a benefit. For others, local can mean “too local” or “too familiar” and that familiarity can be a cause for concern. In the annals of Ontario policing, there have been instances where both have proven to be true. Neither structure has a monopoly on being better or worse.

In the near term, the “local advantage” of local services relative to the OPP is mitigated to some extent because it is OPP policy, where it assumes policing duties from a local service, to transfer the local officers to the OPP. Initially at least, most of the local officers, and their experience, would be retained in the community, although this would tend to change as retirements or transfers take effect over time.

Similarly, we heard loud and clear that it is OPP policy for detachment commanders to be active in the way they listen to local inputs on local priorities, and to have due regard to them, where possible. This is discussed in greater detail below in the governance section.

Access to resources: With respect to access to surge capacity and special resources, given the difference of size and scale, there can be little doubt that the OPP has the edge in terms of what it can offer by way of specialized police services. Under the current arrangement, the existing local services obtain that support through negotiated agreements with the OPP and neighbouring services. The OPP have indicated that while they always aid with specialized services to municipalities with their own police services, specialized resources are always prioritized to OPP policed municipalities first. The provision of those services is also timelier in OPP policed communities, given the more streamlined process that exists within OPP command structures for internal requests.

Governance Factors: What scenario is more responsive and accountable?

It is our view that the governance tools that would apply in each scenario can deliver appropriate responsiveness and accountability, meaning that this should not be the deciding factor in the evaluation of scenarios.

The way the *Community Safety and Policing Act* is written, local police service boards have more control over local police services than OPP detachment boards. While the local system has some attractive civilian oversight features, the OPP system has more professional oversight features.

Also of note, municipal councils retain the ability to not accept the budget estimates from the municipal police services board under the *Community Safety and Policing Act*. What has changed is that a police services board can now request conciliation or arbitration through the new Arbitration and Adjudication Commission. This enhanced process has been hailed by some as offering an improvement for municipalities over previous “yes” or “no” decisions by the Ontario Civilian Police Commission, in that they can now negotiate a more meaningful resolution to budget disputes. This may result in greater oversight over police budgets for municipalities. How it will be used remains to be seen, however.

The chart below summarizes the main differences between governance attributes of Local Police Services and OPP detachments based on their attributes in the *Community Safety and Policing Act*.

Comparison of Governance Attributes: Local and OPP Detachments		
Aspect of oversight	Local Service	OPP
Civilian governance body	police services board (s.31; s.37 CSPA)	OPP detachment board (s.67 CSPA)
Primary civilian guarantor of “adequate and effective policing”	Police services board (s. 37(1) CSPA))	The Minister (s. 60 CSPA)
Creating a Strategic Plan	Police services board (s.39 CSPA)	The Minister (s.61 CSPA) provincial Strategic Plan Detachment commander Local Action Plan (s.70 CSPA)
Setting objectives and priorities for delivery of services in the municipality	Police services board (s.37; s.39 CSPA)	Must not be inconsistent with OPP Strategic Plan (s.68 CSPA)
Setting policy for the management of the police force	Police services board (s. 38 CSPA)	May establish local policies in consultation with detachment commander (s .69 CSPA)
Selection of the detachment commander or chief of police	“Recruit and appoint” (s.37d CSPA)	Consult with Commissioner (s. 68 CSPA)
Chief of police/Detachment commander performance	“Evaluate” police services board (s.37f CSPA)	“Monitor” (s.68 (1)(d) CSPA)

Comparison of Governance Attributes: Local and OPP Detachments		
Aspect of oversight	Local Service	OPP
Maintaining qualitative and quantitative performance objectives	Police services board (s.39(1)3 CSPA)	Minister (s.61(1)3 CSPA)
Give direction to the Chief of Police, other than on “specific operations”	Police services board (s.40(1-4) CSPA)	
Prepare an operating and capital budget	Police services board (s.50(2) CSPA)	OPP Detachment Board (s.71 CSPA)
Oversee the Police Services Board Budget	Municipal Council (s.50(4) CSPA)	Municipal Council may refer to arbitration (s. 71 CSPA)

Those who favour local police services sometimes point to the more robust role of the local police services board in governance as a local advantage. Other key points of differentiation are the authority of the Local Police Services Board to hire and fire the Chief, monitor their performance, create the strategic plan, and set the annual budget.

This may be true. But as is often the case with processes, the proof is in the actual outcome, not just the procedural tools.

In our research work on Police Services Boards, we heard considerable concern about the capacity of local boards to actually deliver active governance and oversight, due to several factors:

- The inherent challenge of police service board governance, which forces members to navigate a delicate line between strategic direction and operational matters.
- The lack of effective training for PSB members means that they navigate complexity, in a limited part time role, without necessarily having the training to do so to their fullest potential.
- The lack of professional public service support for PSB members means they must rely on the Chief and Police Management for data and technical opinions on budgets and policies.

As we heard through our research, the main levers of the Police Services Board are creation of the strategic plan, service policy, and service budget processes – but they often must rely on the Chief and the Senior Management Team to deliver on these responsibilities.

While there are no doubt many effective police services boards, our research demonstrated that there is considerable concern among police service board chairs regarding effective governance.

By contrast, oversight of the OPP rests more squarely on its chain of command. At the top, this rests in the accountability of the Legislature and the Solicitor General. It flows from the Commissioner, through to the Detachment Commander.

It is notable that in the past, the OPP has sometimes been criticized for failing to deliver contracted staffing levels. This is a concern. It is significant, however, that the OPP is subject to the scrutiny of Ontario’s Auditor General. That failure was identified, followed up on, and, according to the most recent report, well on the way to being remedied.

We conclude that either system can deliver more or less successful results. The critical success factor lies in diligent use of the systems by those in the role, not the superiority of one system over the other.

Cost Factors: What scenario can deliver most efficiently on cost factors?

The Drivers of Policing Costs and how it relates to a costing

The choice to buy a complex service is always a daunting exercise. Policing is no exception. But like any complex purchase, it can be broken down into core elements that affect the service and the cost.

Before an analysis of the options, it is useful to understand the strategic cost drivers that have the biggest impact on the financial modeling of policing.

They are summarized in the table below.

Cost Pressures from and Risk Factors	Opportunities	Transition Costs and Issues
<ul style="list-style-type: none"> Operating Cost 	<ul style="list-style-type: none"> Economies of scale - More Efficient Resourcing and Deployment of Personnel 	<ul style="list-style-type: none"> Severance and Transition Costs
<ul style="list-style-type: none"> Capital Cost 	<ul style="list-style-type: none"> Consolidation - Reduced Facility Requirements and Bulk Purchase of Equipment 	<ul style="list-style-type: none"> Pension Top-Ups
<ul style="list-style-type: none"> Disability and PTSD Risk/Cost 	<ul style="list-style-type: none"> Risk Transfer in Contractual Terms (disability, PTSD, Cyber, litigation) 	<ul style="list-style-type: none"> Ease of Implementation and Transition Risks
<ul style="list-style-type: none"> Cyber and Civil Liability Risk/Cost 	<ul style="list-style-type: none"> Off-setting revenue (record checks and grants) 	<ul style="list-style-type: none"> Decisions about Adequacy of Existing Facilities

All Options have the potential to provide adequate policing. The main difference is predictability of costs and access to resources.

Like most municipal services, policing has both operating and capital costs.

Operating costs: While there are many factors that contribute to operating costs, the biggest driver is the salaries associated with the operating model. A model that can deliver better economies of scale in how the service is delivered presents opportunities for efficiency. These can come from more cost-effective deployment models, reduced reliance on overtime, and reduction of overlap and duplication in supervisory and back-office functions.

Capital costs: The biggest driver of capital costs is facilities, but there are also costs relating to fleet, equipment and information technology. It is a fact of the current structure that there are currently three police facilities within eleven kilometers of each other, each in various states of condition and suitability for purpose given current needs. Consolidation presents opportunities for efficiency. Who pays for the facilities also matters.

Risk pooling and prevention is also a factor. A local police service is a self-contained organization, with limited capacity to pool risk. Larger organizations can pool risk, such as managing the costs of long-term disability. For example, in a service of thirty front line officers, one officer on long term disability represents 3 percent of the work force. In a service of 5000 front line officers, one officer is only .02% of the workforce. Other risks, such as the cost of liability, or cyber risk can also be pooled, as can measures to prevent them, such as investments in security or training development.

Business model also matters. Local services in Port Hope and Cobourg have offsetting revenue streams arising from third-party criminal record checks and successful application for provincial grants. The OPP does not earn revenue from third-party record checks, and it is not eligible for provincial grants, in part because it has access to direct provincial funding and has no need for them, in the way that property tax funded local services do.

These are the main cost drivers that we believe would influence the results of a costing.

Understanding the models

We reviewed each of the three scenarios for their cost implications. Detailed assumptions behind each of the costing scenarios are set out in the Appendix below.²

We created a model using the published 2024 budgets from each of the OPP Detachments and the two local services. These numbers served as “year 0” for our models.

In practical terms, the implementation of any change is likely at least two budget years away. “Year 1” of the model could be expected to occur no earlier than 2026. Practically, that means there is a gap between the current budget year, current actuals, and the base numbers that provide the assumptions for “Year 1” of the model. That is an inherent risk in modelling.

Annual increases are based on a combination of household growth and call volumes, again which are fully described below.

To be conservative, the scenarios are based on a blend of high and low growth assumptions, which are described in the appendices below.

We have also modelled Cobourg’s budget to include the new \$34M facility starting in “Year 1”.

Capital costs for new or upgraded headquarters. The below projections show public capital costs for new headquarters (Cobourg only) and a second chart exclusive of capital costs for new local police service headquarters or capital upgrade costs that may apply to an OPP transition.

² Due to the decision of the Cobourg Police Services Board to not permit participation in the process, our ability to review these scenarios has been limited to publicly available material as it relates to CPS.

Scenario 1: OPP Service in each of the Northumberland Municipalities

In this scenario, both the costs and service levels in the areas currently served by the OPP (including Port Hope Ward 2) would remain the same.

To forecast the cost of the OPP providing policing to Port Hope and Cobourg, we applied the known OPP contract billing model to those communities.

The OPP model is based on households and call volumes. By taking call volumes into account, the OPP matches the level of service to the needs of the community, based on their model of service.

When we apply this costing model, including the three-year transition period, the projected results over a ten-year period are as set out in the chart below.

In a transition to the OPP, municipalities will likely have to provide funding for capital upgrades to ensure space is available and up to OPP standards. That cost would be determined in a policing resource plan developed by the OPP.

Comparing Estimated Cumulative 10-Year Cost Scenario 1 and Scenario 3		
	Scenario 1 OPP	Scenario 3 Status Quo
Alnwick/Haldimand	\$11.1M	\$11.1M
Brighton	\$20.9M	\$20.9M
Cramahe	\$10.4M	\$10.4M
Hamilton	\$14.3M	\$14.3M
Port Hope Ward 2	\$6.1M	\$6.1M
Trent Hills	\$26.3M	\$26.3M
Port Hope Ward 1	\$46.4M	\$70.7M
Cobourg	\$81.6M	
Cobourg - Including Capital		\$116.8M
Cobourg - Excluding Capital		\$92.8M
Total for all Services - Including Capital	\$217.0M	\$276.5M
Total for all Services - Excluding Capital	\$217.0M	\$252.4M

What are the cost drivers of this pricing model?

The OPP's scale provides a cost-effective delivery model that cannot be matched by services on the scale of Port Hope and Cobourg.

- Opportunities to save on facilities costs, if it is possible to avoid the cost of a new \$34M facility in Cobourg and a potential new facility in Port Hope in exchange for incremental capital upgrade costs related to OPP transition. (See known unknowns, below)
- The OPP Contract model transfers risks to the province, including costs associated with long term disability, cyber risk, and operational liability risk.

Scenario 2: Merger of Cobourg Police Service and Port Hope Police Services; remainder is unchanged.

In this scenario, both the costs and service in the areas currently served by the OPP (including Port Hope Ward 2) would remain the same. Detailed assumptions about the model are set out in the appendix below.

When we apply this model, the results are as set out in the chart below.

As you can see, the only change from the status quo model relates to Cobourg and Port Hope Ward 1. The specific allocation of costs under this amalgamated model would have to be the subject of negotiation between the two municipalities.

Capital: In a merger, new police buildings will also be required. Determining if a new police service that is policing two municipalities can have one headquarters or will need space in both communities will be a key decision point.

Comparing Estimated Cumulative 10-Year Cost Scenario 1 and Scenario 2		
	Scenario 1 OPP	Scenario 2 Amalgamation of CPS and PHPS
Alnwick/Haldimand	\$11.1M	\$11.1M
Brighton	\$20.9M	\$20.9M
Cramahe	\$10.4M	\$10.4M
Hamilton	\$14.3M	\$14.3M
Port Hope Ward 2	\$6.1M	\$6.1M
Trent Hills	\$26.3M	\$26.3M
Port Hope Ward 1	\$46.4M	\$70.7M
Cobourg	\$81.6M	
Amalgamated Service - Including Capital		\$164.8M
Amalgamated Service - Excluding Capital		\$140.8M
Total for all Services - Including Capital	\$217.0M	\$253.8M
Total for all Services - Excluding Capital	\$217.0M	\$229.8M

What is driving the difference?

This scenario is expected to result in efficiencies compared to the status quo. The efficiencies would arise from:

- Opportunities to improve the efficiency of the deployment model.
- Opportunities to eliminate redundancies in administrative and command structures once amalgamated.
- Opportunities to save on facilities costs if Cobourg and Port Hope are able to move to a single facility. (See known unknowns, below.)
- However, the resulting service would continue to have challenges similar to the status quo option in controlling and predicting costs. Most notably, they would not benefit from the transfer of risks achieved through the OPP Contract Model.

Scenario 3: Status Quo

- This option appears to be the higher cost scenario of the three reviewed, and offers the least opportunity for improved efficiency, due to the model that divides service delivery between three services, two of which are small in scale.
- The option would maintain three main facilities.
- The option is made more affordable by expense offsets created by revenue from the third-party criminal record check service delivered by CPS and PHPS. If this revenue were not available to offset overall costs of the service the actual burden on the taxpayer would increase dramatically.
- However, the municipalities would continue to have similar challenges to the status quo option in controlling and predicting costs.
- Capital costs for new buildings is a likely expense for both Cobourg and Port Hope if the status quo police arrangement remains.

Known Unknowns

At this stage, there are several “known unknowns” that can only be resolved by conducting a formal costing process. Each has been taken into consideration in developing the scenario cost models, but each could influence the final outcome.

The Importance of Service Levels That Meet Community Expectations: “Adequate and Effective” policing is a floor not a ceiling. A municipality is obligated to meet a minimum standard, but it is not prevented from exceeding it.

- At present, the deployment model and resulting service level used by Port Hope and Cobourg may deliver levels of service that would exceed those delivered by the normal OPP model.
- The OPP is able to provide higher levels of service, by arrangement. The OPP costing model that we applied to Cobourg and Port Hope would be expected to deliver “adequate and effective” policing, but it may be that residents would have a higher expectation of service. Similarly, residents may prefer a “from the ground up” costing to determine what services are available and at what cost.

Third-Party Criminal Record Check Revenue Offset: The third-party criminal record check service delivered by CPS and PHPS results in revenue used to offset other costs.

- This service is material to the overall strategic decision-making. First, for Cobourg Police Service, and to a lesser extent for Port Hope, the third-party record-check revenue makes a material contribution to offsetting the annual cost of policing. Revenue in 2023 from record checks was on the order of \$6M for Cobourg. For Port Hope it was \$1M. The OPP would not continue that activity, a fact that was fully factored into the cost comparison above.
- While we have built this offsetting revenue in to the cost projection models without change,

we note that the continuation of the offset revenue stream is by no means certain in the longer term. There is a risk under the status quo and merged options that the third-party criminal record check revenue stream may be lost or diminished by policy changes at the federal level regarding access to the records, or by disruptive competitive market factors arising from the adoption of AI service-delivery methodologies.

Facilities costs: A major variable is the treatment of facilities costs.

- The OPP has been known to treat capital costs of facilities in a variety of ways. In some circumstances, the OPP will lease a municipally owned building. The value of the asset and the burden of capital costs stay with the municipality. In other circumstances, the OPP constructs or upgrades its own building and charges back an accommodation fee. The asset and capital costs would belong to the province and be on the province's books.
- A preliminary step in an OPP costing is an infrastructure assessment which would determine their approach. Until it is complete, it is not possible to know which approach the OPP would take in this case. This is one of the biggest variables that could be of benefit to the Northumberland municipalities.
- For the purposes of scenario one, we have assumed that there would not be a newly constructed headquarters facility. Instead, we based the model on the actual facilities improvement costs required by contracts between the OPP and Dryden (2018), Shelburne, (2020) and Stirling-Rawdon (2017). These costs were adjusted for cumulative inflation and scaled to reflect costs per dwelling. The resulting average per property startup cost was then applied to Cobourg and Port Hope Ward 1 in "Year 1" of the model.
- By contrast, there is a facilities report that outlines a plan for a \$34M headquarters facility in Cobourg. This expansion is reportedly needed, in part, to house staff who provide the third-party criminal record check service. If Cobourg and Port Hope were to adopt the OPP, the third-party criminal record check service would be discontinued, making unnecessary the part of the expansion needed to house that activity.

Transition Costs

If an option to change the way policing in a municipality is made, that change will come with associated transition costs.

While the OPP model is structured and consistent across Ontario, the capital and workforce related transition costs can add short-term pressures to municipal budgets.

The choice to merge the two municipal services is less costly to transition based on our analysis. However, there is less structure to guide merging two municipal services. Staff and council time will be required to develop funding and governance models that are fair and acceptable to both municipalities.

Note that costs for new police headquarters for a merged force are covered in the ten-year cost projections, not in the transition costs.

	Expanded OPP	CPS-PHPS Amalgamation	Status Quo
Est. One-Time Costs	\$8.8M	\$1.5M	\$0M
Est. 10-Year Cost	\$217.0M	\$253.5M	\$276.5M
Total Costs	\$225.8M	\$255.0M	\$276.5M
Transition Notes	<ul style="list-style-type: none"> Option requires significant change as the CPS and PHPS would need to be adapted into the OPP and new governance structures would need to be established. This option takes time but is guided by OPP regulations and the OPP has recent experience of implementing similar transitions 	<ul style="list-style-type: none"> Option carries a significant amount of change as new governance structures would need to be created. Does not require changes to relationship with OPP. Change would take the most time as there is less procedure to support transition to this option. 	<ul style="list-style-type: none"> No change to current operations. Each municipality would need to individually navigate any changes to the Community Safety and Policing Act.

Appendices

Engagement Process

StrategyCorp conducted a series of interviews with multiple stakeholders involved at the municipal and policing levels. It is critical to note that no member of the Cobourg Police Service agreed to engage in the preparation of this report. Stakeholders interviewed include:

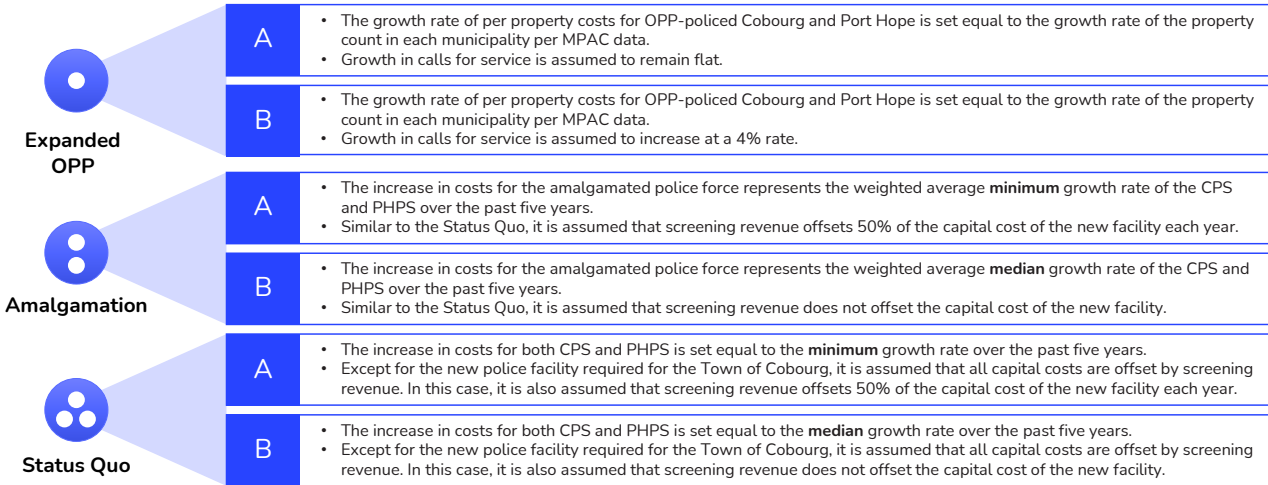
- 7 local Mayors
 - Some Mayors invited local PSB Members
- Alderville First Nation
- Northumberland CAO
- 2 Chiefs of Police
- 1 Detachment Commander
- 1 OPP Municipal Policing Executive
- 2 OPP Personnel related to Facilities Management
- 2 Police Association Representatives

Financial Model Assumptions and Key Details

To assess the resource capabilities and cost controls of each of the three scenarios, a 10-year financial model was developed. The model incorporates the following critical assumptions for all three scenarios:

	1 EXPANDED OPP	2 AMALGAMATION OF MUNICIPAL SERVICES	3 STATUS QUO
Tools to Calculate 10-Year Cost Increases	<ul style="list-style-type: none"> • Property Count • Calls for Service • Historical Averages 	<ul style="list-style-type: none"> • Population Growth • Additional Capital Costs (e.g., facilities, new CSPA requirements) • Historical Averages 	<ul style="list-style-type: none"> • Population Growth • Additional Capital Costs (e.g., facilities, new CSPA requirements) • Historical Averages
Initial Costs v. Status Quo	<ul style="list-style-type: none"> - Initial Startup and Transition Costs - Severance 	<ul style="list-style-type: none"> - Rebranding (e.g., vehicles, uniforms) - Severance - Cost of Equipment (e.g., body worn cameras) 	<ul style="list-style-type: none"> • N/A
Ongoing Savings / Costs v. Status Quo	<ul style="list-style-type: none"> + Deployment Model Efficiencies + Senior Officer & Civilian Headcount Reduction + Reduced Capital Expenditure + Reduced Police Service Board Costs - Eliminated Criminal Record Check Revenue 	<ul style="list-style-type: none"> + Senior Officer & Civilian Headcount Reduction + More efficient front line officer deployment + Administrative and support efficiencies (IT, HR) + Reduced Police Service Board Costs - Increased Data Storage Costs 	<ul style="list-style-type: none"> • N/A

Each option has a range of potential cost drivers which can affect the outcome. To capture the range of potential outcomes, analysis was conducted for each of the three scenarios, resulting in two cases for each: An optimistic scenario (Case A) with lower costs and a pessimistic scenario (Case B) with higher costs.



Other Key Assumptions

General

1. The OPP also provides policing services to the Alderville First Nations community. The cost of providing police services to the Alderville First Nations is funded through a separate agreement between the Province of Ontario and the Government of Canada, therefore, this model will not be examining the police services provided to the Alderville First Nations.

Scenario 1: Expanded OPP

1. Growth rate for the costs to OPP-policed municipalities is equal to the growth rate of the property count in each municipality (MPAC data). Historically, the growth rate in property counts has been higher than the growth rate in actual costs for each municipality.
2. The growth rate for OPP-policed Cobourg and Port Hope is also set equal to the growth rate of the property count in each municipality (MPAC data). The low growth scenario assumes flat calls for service growth and the high growth scenario assumes a 4% growth rate in calls for service.
3. Assumes per property costs (including the cost of the Base Service, Prisoner Transportation, and Accommodation/Cleaning Services) are the same as other contracts in Northumberland County.
4. Assumes the per property cost of overtime is the average of other contracts in Northumberland County.
5. Calls for service data for CPS and PHPS is taken from their annual reports. The breakdown of

these calls for service (per the OPP billing model) is assumed to be the same as the province-wide average.

6. In comparable contracts the OPP has provided a start-up cost in their costing package which includes items such as uniforms and equipment, vehicles, radio systems, and improvements to detachment buildings. The startup costs for Scenario 1 were estimated based on the actual startup costs for recent contracts between the OPP and Dryden (2018), Shelburne, (2020) and Stirling-Rawdon (2017). These costs were adjusted for cumulative inflation and scaled to reflect costs per dwelling. The resulting average per property startup cost was then applied to Cobourg and Port Hope Ward 1 in Year 1 of the model.
7. A factor was applied to the first three-years of the county-wide OPP model to account for a three-year transition phase, similar to the three-year transition phase costing included in the Dryden and Shelburne contracts.
8. Severance costs were calculated assuming some positions would transition because of the change.

CPS-PHPS Amalgamation

1. Growth rate for the costs to OPP-policed municipalities is equal to the growth rate of the property count in each municipality (MPAC data). Historically, the growth rate in property counts has been higher than the growth rate in actual costs for each municipality.
2. For the high growth scenario, the increase in costs for the amalgamated police force represents the weighted average median growth rate of the CPS and PHPS over the past five years.
3. For the low growth scenario, the increase in costs for the amalgamated police force represents the weighted average minimum growth rate of the CPS and PHPS over the past five years.
4. Year 0 represents current costs (i.e., 2024 costs)
5. The model assumes that \$34.4M is required to build a new police facility in Cobourg as recommended by the "Cobourg Police Service – Needs Assessment & Accommodation Options" report. It is assumed that the additional \$5 to \$8M required to build an indoor firing range is not incurred. The model assumes the facility is paid for over a 15-year debenture with a 4.5% interest rate (representative of the current risk-free rate).
6. It is assumed that all capital expenses outside of the new facility are offset by screening revenue for both Cobourg and Port Hope. Screening revenue / the size of reserves is otherwise unaccounted for by the model.
7. Rebranding - estimated based on the cost of police uniforms per officer, decals and painting for vehicles.
Severance - estimated based on 1-years' salary for positions made redundant through the merger (see 'Merger - HC Reduction' tab).

Body-worn Cameras - estimated at \$3,000 per officer based on RCMP figures.

Transition costs associated with HR transition costs.

8. Dollars for headcount changes includes salary and 35% benefits annually. There is not enough publicly available information to consider additional reductions.
9. It is assumed based on 2024 budget data from PHPS that some back-office support, IT Software Licenses, and Police Services Board costs could be reduced/eliminated through a merger.

Status Quo

1. Growth rate for the costs to OPP-policed municipalities is equal to the growth rate of the property count in each municipality (MPAC data). Historically, the growth rate in property counts has been higher than the growth rate in actual costs for each municipality.
2. For the high growth scenario, the increase in costs for both Cobourg and Port Hope Ward 1 is equal to the median growth rate over the past five years. Median is used to reduce impact of outliers.
3. For the low growth scenario, the increase in costs for both Cobourg and Port Hope Ward 1 is equal to the minimum growth rate over the past five years.
4. Year 0 represents current costs (i.e., 2024 costs)
5. The model assumes that \$34.4M is required to build a new police facility in Cobourg as recommended by the "Cobourg Police Service – Needs Assessment & Accommodation Options" report. This model has not included the \$5 to \$8M that has been forecast to build an indoor firing range. If it were, it would be an additional cost. The model assumes the facility is paid for over a 15-year debenture with a 4.5% interest rate (representative of the current risk-free rate).
6. It is assumed that all capital expenses outside of the new facility are offset by screening revenue for both Cobourg and Port Hope. Screening revenue / the size of reserves is otherwise unaccounted for by the model.
7. The model does not assume the loss of revenue from screening, although that has been identified as a risk for consideration.

Models not presented:

In the three models presented, we believe we have presented the most extreme or “goalpost” scenarios, ranging from the status quo to the greatest savings opportunity. It therefore delivers on the goal of the report, which was to support a “go/no-go” decision on a police costing.

We recognize that there are other service delivery models that could have been considered.

Contract with a Neighbouring Service: Under the CSPA, a municipality may contract for service from a nearby police services, such as Durham Police Service, Peterborough Police Service or Belleville Police Service. It would be premature to forecast with confidence whether such a model could be attractive. Much would depend on factors that cannot be known outside the full model that would only be developed in a formal costing.

Based on our preliminary analysis, however, we anticipate that these options would fall within the range of savings defined by scenarios 1 and 3. Thus, while they would provide other options for service delivery, they are not strictly necessary for a “go/no-go” decision having regard to cost.

One integrated OPP Contract: We also investigated the creation of one integrated OPP detachment for the whole of Northumberland County. While such an option is permitted by legislation, (and exists in Muskoka and Oxford County) through our discussions with the OPP, we learned that it is not the typical approach that they favour.

Our understanding is that if there were one OPP contract held by the County, it would not change the overall cost of the OPP contract. It would change the allocation of how it was paid for. Instead of each municipality paying for its own, it would be paid for by the County, and the costs would then be allocated by the normal “weighted assessment” methodology set out in the Municipal Act.