



NIAGARA REGIONAL POLICE SERVICE

Police Service Board Report

PUBLIC AGENDA

Subject: Budget Planning – 2026 Operating Budget Forecast and Budget Timetable

Report To: Chair and Members, Niagara Police Service Board

Report Date: 2025-06-06

Recommendation(s)

That the Niagara Police Service Board (Board) approve the draft timetable in accordance with Regional Municipality of Niagara (Region) By-Law 2017-63 Budget Control as outlined in Appendices 1 and 2 of this report.

Key Facts

- The purpose of this report is to seek approval of the draft 2026 budget planning timetable in accordance with the Budget Planning By-Law 2019-79. As stated in section 6.5(a) of the Budget Planning By-Law, the responsibilities of Agencies, Boards, and Commissions (ABCs) funded by the Region is to adhere to schedule of budget approval meetings as approved annually by Niagara Regional Council (Council).
- At the April 2025 Council meeting, the 2026 operating and capital budget timetable was approved, and this timetable was forwarded to Board on May 22, 2025.
- The timetable included a new requirement by ABCs to attend the Budget Review Committee of the Whole (BRCOTW) as part of a phase 1 Service-based budget discussion; the Niagara Regional Police Service (Service) scheduled for September 4, 2025.
- At the May 22, 2025, BRCOTW meeting, Region staff presented the 2026 budget planning report; the report included a revised forecast 2026 operating budget of 13.4% (5.32% levy) for the Service and the Board.
- At the May 22, 2025, Council meeting, Council approved a motion to recommend a budget guidance at 3.5% increase on the consolidated general levy. Further, that all ABCs be advised of this guidance rate.
- Compliance with this motion would require a 4.5% reduction to the 2026 base budget. This defunding of the police would translate to a staffing reduction of approximately 50 sworn police officers.

Financial Considerations

The 2026 operating budget for the Service and Board will be presented to the Board at the October 16, 2025, Finance Committee meeting. For the 2026 budget planning discussions, Region staff requested an updated 2026 forecast of 9.1% included in the Service's 2025 budget submission. Service staff provided an updated forecast of 13.4% based on current information, which was included in the Region 2026 budget planning report to the BRCOTW on May 22, 2025.

The table below highlights the updates from the original 9.1% 2026 budget forecast submitted with the 2025 budget in October 2024.

	% Increase over 2025 approved operating budget
2026 operating budget forecast included in the 2025 operating budget submission (in October 2024)	9.1
Costs associated to annualizing 2025 program changes effective July 1 and October 1, 2025	2.1
Program change body worn camera proposal	1.1
Provincial grant funding and Casino revenue adjustment to budget based on actual results	0.6
Update assumptions for wages, benefits, and capital budget financing	0.5
Revised 2026 budget forecast (at May 22, 2025)	13.4

The following table explains the revised 2026 operating budget forecast of 13.4% by budget category based on known information as of May 22, 2025:

2026 operating budget forecast	% Increase over 2025 approved operating budget
Base budget	7.3
Capital financing	0.7
Program changes (growth)	5.4
Total – 2026 operating budget forecast	13.4

The following analysis provides the Board with further information and assumptions used to develop this preliminary 2026 operating budget forecast. On June 2, the Service will commence the 2026 operating budget process where program managers will provide input into their base budgets and present their program changes to address current pressures on service delivery.

Analysis

The foundation of the budget plan is to develop a sustainable funding model that supports the resources required to provide effective and efficient policing for the Region, as outlined in the Service's Strategic Plan.

The budget plan must be prepared to meet the Region's budget timetable as required under the Municipal Act. According to Region Budget Control By-Law 2017-63 section 3.2 (d) "Council approves the total budget allocated for the Board and section 39 of the Police Service Act R.S.O 1990 c. (PSA), permits the Region to require the Board to submit operating and capital estimates to council in a format and timeframe approved by council. Accordingly, Niagara Region staff shall convey to the PSB that the format and timing approved by Council are as found within subsections 6.1 and 6.2 (a) (i to vi) of this By-Law." Please note section 39 of the PSA has been replaced by section 50 of the Community Safety and Policing Act (CSPA), which is still to be updated in the Region's By-Law.

As stated in section 6.5 (a) of the Budget Planning By-Law 2019-79, the responsibilities of ABCs funded by the Region is to adhere to the schedule of budget approval meetings as approved annually by Council.

At the April 24, 2025, Council meeting, the 2026 operating and capital budget timetable was approved, and a copy of the report was included in the Board's May 22, 2025, agenda. Appendices 1 and 2 outline the Service's draft timetable required to meet the schedule of planned budget meetings. Any adjustments required because of changes to the timetable prior to approval will be communicated to the Board. Service staff provided the Region with known budget pressures based on current information.

Further to the publishing of the timetable, on May 22, 2025, CSD 31-2025 2026 budget planning report was submitted outlining a different approach in comparison to prior years. This year's budget cycle will be executed in 2 phases: phase 1: education and phase 2: outcomes. As part of phase 1, the Service has been invited on September 4, 2025, to provide a Service level overview in alignment with the 2025 approved budget, and identify efficiencies, pressures, and opportunities for 2026. The Service will return on November 27, 2025, to present the Board the approved 2026 operating budget.

Further to outlining this year's budget process, the report provided councillors with an updated 2026 budget forecast of 12.55% increase on the general levy. This levy increase included the Service's projected 5.32% levy increase for 2026 operating budget, which equates to a 13.4% budget increase over the 2025 approved expenditure budget before indirect allocations.

At the May 22, 2025, Council meeting, Council approved a motion put forward to set a budget guidance at 3.5% increase to the general levy. Further, that all ABCs be advised of this guidance rate. Should this guidance rate be achieved on the consolidated general levy then this would translate to a 3.5% (1.4% levy increase) increase over the approved 2025 Service and Board operating budget.

The 2025 approved operating budget, before indirect allocations, was approved at \$212,456,352.00; this includes \$4,505,000.00 in contributions to capital reserves to fund the Service's capital equipment and vehicle assets.

The Service commenced the operating budget process on June 2, where program managers along with Senior Leaders will provide input for the development of program base budgets, as well as identify resource needs necessary to support service delivery through the submission of program changes.

The following analysis provides the Board with a detailed explanation of the forecasted 13.4% operating budget increase (anticipated over 2025 operating budget) based on information gathered at the time of this report.

Base Budget: Annualized 2025 Program Changes

The 2025 approved budget included 16 program changes, 9 becoming effective mid-year. An estimated \$4,502,194.00 of program costs was deferred from the 2025 operating budget. The programs initiated mid-year included 33 frontline constables and supervisory support, 2 canine officers, 3 detective constables for the Welland Street Crime Unit and Grimsby Detective Office, 1 sergeant for the Aerial Support Unit, 4 detective constables for the Domestic Violence Unit, and 4 civilian positions for Member Support, Corporate Communications, and Digital Evidence Management Systems Units. These positions were budgeted as in-year program changes due to the lengthy process to recruit these specialty positions and to align with the Ontario Police College intake dates for the recruit program. As a result of these in-year program changes, the 2026 base budget will require additional funds to annualize these programs. Programs with a July 1, 2025, start date will need an additional 6-month budget (January to June) and those with an October 1, 2025, start date will need an additional 9-month budget (January to September).

The anticipated impact for this additional funding represents an approximate budget increase of 2.1%.

Base Budget: Contract Wage Settlements

Approximately 91.0% of the Service's gross expenditure budget supports salary and benefits costs for 1,213 permanent members of the Service, as well as temporary support staff. The 2026 collective agreement for the largest bargaining unit, Niagara Regional Police Association (NRPA) includes an upward salary adjustment to ensure that the first-class constable wage ranks sixth out of the Big 12 Ontario Police Services. At the time of this report, 10 of the 12 Ontario Police Services have settled their wage scales for 2026 on average 3.5% over 2025 wages.

At the time of this report, the Board and NRPA had reached a settlement for the 2025 upward scale adjustment to sixth ranked amongst the Big 12; however, 2026 wage settlement remains outstanding.

Should the Service estimate a wage settlement of 3.5% consistent with the police sector wage settlements for the 2026 year *then the estimated impact on the base budget would be 3.4%.*

Base Budget: Statutory Deductions

The Service salary and benefit expenditure represents approximately 91% of the total expenditure budget. Changes to statutory deductions' maximum earnings thresholds or rates implemented by the federal government will significantly impact the Service's budget. Generally, information related to statutory deductions such as CPP and EI are announced in the fourth quarter of this year necessitating the need to make assumptions for the 2026 budget. Historical trends are used to develop the assumptions on CPP and EI premiums for the upcoming budget cycle. Based on a 3-year trend analysis, CPP premiums are expected to increase by 8.0% and EI premiums by 4.0%.

Over the past few years, employers have experienced an increase in WSIB actual costs. Police services are WSIB schedule 2 employers, meaning all costs associated with wage loss and member-incurred health and pension expenses are the responsibility of the employer. WSIB administers the plan and charges an administration rate for plan coordination, which is currently set at 17.1%, in addition to direct costs, which are paid by the Service. Additionally, the Service has realized an increase in WSIB costs the rise in claims related to post-traumatic stress disorder (PTSD) responders. Using a 3-year historical trend analysis, the Service could expect an increase of approximately 4.0% on the total WSIB expense.

The estimated increase for statutory deductions as presented above will exceed the 2026 forecasted Consumer Price Index (CPI) of 2.0%. *The increase to the statutory benefit budget is forecasted at a 0.3% impact on the base budget.*

Base Budget: Employer Provided Group Benefits

In June, Service staff will meet with our health-benefit carrier, Mosey & Mosey, to discuss 2026 forecasted premiums for our group benefits. Premium rate changes are based on changes to claims experience, general inflationary pressures, and price increases for both prescription drugs and allied health services.

The Service has experienced increases to group benefit premiums ranging from 11.9% to 14.0% in the 2 years resulting from external inflationary pressures, as well as enhancements to group benefits negotiated during recent contract wage settlements.

Based on a forecasted increase of 10.0% percent to group benefit premiums, which is consistent with prior year inflationary pressures, *then the anticipated impact to the base budget is estimated to be 0.7%.*

Base Budget: Other Inflationary Expenditures

Non-salary expenditures are approximately 8.0% of the total gross expenditure budget and are impacted by inflationary pressures. As reported by the Region, the CPI for 2026 is forecasted at 2.0% for the 2026 budget cycle. Approximately 2.5% of the gross expenditure budget for the Service is related to software support and licensing. Often inflationary pressures for technology software and support exceed core CPI.

An extensive line by line budget review will be conducted prior to finalizing 2026 non-salary expenditure lines. Program managers will be required to justify non-salary budget increases which exceed an average 3-year historical spending pattern. Therefore, there may be an opportunity to revisit these inflationary increases.

It is estimated that the inflationary impact on supply costs would result in a budget impact of 0.2%.

Base Budget: Other Revenue Sources

In January 2025, the Ministry of the Solicitor General (Ministry) announced Court Security and Prisoner Transportation 2025 annual funding of \$6,244,540.00, which is a decrease of \$769,550.00 from the 2024 funding amount (\$7,014,090.00). The 2025 budget was set at \$6,923,056.00 based on an average of the past 3 years funding. The 2023 annual funding included a significant increase from 2022, which was contrary to recent trends where the Service has experienced a decline in funding. Based on the variability in recent years funding, the assumptions related to the 2026 budget amount will be adjusted downward to align with 2025 actual monies received.

In addition, the Service's second largest grant, the CSPA grant, has reached the end of the current grant cycle on March 31, 2025. At the time of this report, the Service has applied for the April 1, 2025, to March 31, 2026, grant cycle and is awaiting notification whether the grant has been approved; there have been no announcements from the Ministry regarding applications for this grant beyond March 31, 2026. The Service's base budget includes funding of \$3,209,171.00 from the CSPA grant.

In recent years, the City of Niagara Falls has experienced a decline in Ontario Lottery Gaming (OLG) transfer payments due to a decline in overall casino revenues post COVID-19. The Service receives 18% of the actual transfer payments received; however, this funding has reduced substantively since 2020. Last year, the total portion received by the Service was \$3,315,160.00, which is approximately 79% of the \$4,200,000.00 received pre-COVID-19. During the 2025 budget deliberations, the Service reduced the Casino budget to \$3,900,000.00; however, based on first quarter 2025 results, the Service is considering a further budget reduction in 2026 to reflect actual monies received in the past 3 years.

A downward adjustment of the CSPT grant and City of Niagara Falls OLG transfer payments to reflect actual funds received would impact the 2026 base budget by 0.6%.

Capital Funding Strategy:

With the support and guidance from the Region Asset Management Office, the Service will require an increase to capital contributions of \$590,364.00 per annum in addition to the base increase of \$320,000.00 to fund replacement of existing assets. On June 5, 2025, the BRCOTW will receive the updated Corporate Asset Management Plan, which will outline the current condition of the Region's capital assets. Included in this report is the estimated the Average Annual Renewal Investment (AARI) for all Region departments including the ABCs. This calculated annual investment value is the estimated annual capital contributions required to replace existing capital assets at current costs. For the Service, the AARI is estimated to be \$10,000,000.00 in annual contributions (previously calculated to be \$5,900,000.00) for the 10-year horizon. To achieve this AARI annual funding target the Service will be required to increase its operating budget by \$910,364.00 or 0.43% increase over 2025 approved budget. With this annual investment, the Service is expected to achieve the planned \$10,000,000.00 annual capital investment by 2032 from the current annual contribution of \$4,505,000.00.

The capital contributions would support the pay-as-you-go capital funding model, which replaces a capital financing strategy that relied on debt to fund the replacement of existing assets. The Service continues to experience inflationary increases for the replacement of capital assets (exceeding their historical costs) where the gap between funding and spending continues to widen and continued financial support is required by the Region capital levy to fund the Services critical infrastructure. However, support from the Region capital levy for Service asset replacement is at risk, as the Region continues to experience a significant backlog in assets not funded for replacement.

The Region has recommended this capital funding strategy to increase the contributions to \$910,364.00 per annum; however, to fund the replacement of existing assets but does not address funding for assets related to growth or new technologies currently unaccounted within the Region's updated capital financing strategy. New capital equipment purchases that are not replacing existing assets have no current funding source and therefore rely on the capital contributions currently set aside for existing asset replacement. The Service has used the police development charge reserve fund for eligible growth-related projects; however, this reserve has been used specifically for the Service's long-term accommodation plan and recently to fund the increase to the patrol vehicle fleet. Therefore, the Service is considering increasing the annual contribution to capital reserves to fund new technologies such as Body Worn Camera (BWC) or shortfalls from funding sources such as Region capital levies and/or debt.

This capital funding strategy to add \$1,410,365.00 to capital reserve contributions will increase the base budget by 0.7% over the 2025 operating budget.

The accumulation of all these known budget pressures may result in a projected increase to the 2026 base budget of 8.0%.

Program Changes:

The Service will be assessing the need for new staffing to address increased service demands and legislative requirements applicable to specialty units, as well as considering the resources necessary to achieve the targets contained within the 2026 – 2029 Strategic Plan.

As part of the operating budget process, request for new staffing via a program change form were submitted by program managers on March 14, 2025. Program changes approved by their executive lead were submitted to the Budget Committee. After a rigorous review, the Budget Committee selected 37 program changes to be advanced to the next stage of the process. The submission of new staff request will undergo a rigorous process of internal review starting with presentations by program managers to the Budget Committee. Each program change request will be evaluated against a set of criteria and ranked based on priorities. The Budget Committee will make final recommendations to the command team (Chief and Deputy Chiefs) for final approval.

At the January 23, 2025, Board meeting, the Board approved the undertaking of a community consultation to inform the public of the proposed BWC program and to collect feedback on their opinions about the proposal, which was overwhelmingly positive. At the April 24, 2025, Board meeting, the Board approved the Service recommendation to include the BWC program as part of the 2026 capital and operating budget where further discussions will take place prior to final approval.

A 1.0% increase to the 2025 approved operating budget to support the service delivery model translates to approximately an additional 13 in authorized strength.

This increase included a base budget increase of 8.0% and *a growth increase of 5.4% for new staff position that also includes the BWC program.*

Council motion: 2026 budget guidance rate of 3.5% for the consolidated levy increase over the approved 2025 general levy.

As outlined in this report, the Service is anticipating a base budget increase of 7.3% plus 0.7% to fund capital assets to support service delivery. Funding to support growth pertaining to service delivery demand and innovation will require an additional 5.4% increase for a total forecasted 2026 operating budget of 13.4% over 2025 approved budget before indirect allocations. This 13.4% is approximately 3.52% increase to the general levy; however, to comply to Council motion the police portion would be 1.4% which translates to 3.5% increase over the approved 2025 operating budget.

The following table outlines the reduction to the 2026 base operating budget that would need to be realized to achieve Council's motion of 3.5% consolidated levy increase.

	2026 operating budget forecast % increase over 2025 approved budget	Council motion % increase over 2025 approved budget	Reduction to forecast
Base budget	7.3	3.5	-3.8
Capital financing	0.7	0.0	-0.7
Total base budget	8.0	3.5	-4.5

To comply with the motion by Council, the Service would be required to reduce the forecasted 2026 base budget of 8.0% (7.3% +0.7%) by 4.5%.

This defunding of the police would require a staffing reduction of approximately 50 sworn police officers (based on first-class constable wages) of the approved 2025 authorized strength of 860, as 91% of the gross expenditure budget is comprised of salary and benefits. In addition, prior to considering any budget that requires the reduction of members of the police service, the Board is required to first seek approval of the Inspector General pursuant to Section 53 of the CSPA. Under the CSPA, the Inspector General will be required to assess whether the Service is able to maintain the provision of adequate and effective policing under the CSPA and its Regulations considering the reduction of service members. Further, the CSPA requires that appropriate severance pay agreements are made with those impacted members, or alternatively that the matter of severance pay be referred to arbitration.

In addition to the staffing reductions, the Service would also be required to eliminate its request to increase capital funding of \$1,410,365.00, which would impact the proposed capital budget submission, holding our contributions to \$4,505,000.00. Capital projects for 2026 would need to be reviewed and reduced to account for the loss to this additional capital funding envelope.

Under the CSPA, municipalities are responsible to fund their local police services with the necessary assets to ensure public safety to the communities of the Region; this includes funding for capital equipment such as vehicles, facilities, equipment, and technologies. Without the proper capital funding levels included in the Service operating budget, this would have a direct impact on the Region's asset management plan, which is already significantly underfunded, as funds committed for the replacement of region assets will need to be diverted to fund police assets necessary to provide public safety under the CSPA.

Lastly, Council's motion of 3.5% does not account for growth, increased demands on service delivery or investment in new technologies such as BWC program, which will continue to place undue pressure on current staff to serve the public safety needs of a growing community.

In summary, prior to the commencement of the 2026 budget process the Service has updated its 2026 budget forecast to 13.4% (from 9.1% as reported in the 2025 budget). This report is a summary of the known budget pressures identified to date and reported to Region staff; however, the contents should not be understood as representing the final budget, which will be brought forward to the Police Service Board, planned for the October Finance Committee meeting.

Alternatives Reviewed

Not applicable.

Relationship to Police Service/Board Strategic Priorities

The budget preparation process is conducted in consideration of regional objectives, with efforts to balance the information requirements of the Region as outlined in the Municipal Act with the accountabilities of the Board under the CSPA.

Relevant Policy Considerations

- Municipal Act
- CSPA
- Region By-Law 2017-63 Budget Control for the Regional Municipality of Niagara
- Region By-Law 2019-79 Budget Planning Requirements for the Regional Municipality of Niagara
- By-Law 412-2024 Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service

Other Pertinent Reports

Not Applicable.

This report was prepared by Laura Rullo, Director, Finance and Asset Management, in consultation with Vita Gauley, General Council and recommended by Luigi Greco, Deputy Chief, Support Services.



Submitted by:

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Chief of Police

Appendices

Appendix 1 2026 Operating Budget Timetable

Appendix 2 2026 Capital Budget Timetable

Appendix 1: 2026 Operating Budget Timetable

Program Change Kick-Off	February 17, 2025
Program Change Submissions Due to Supt/Directors	March 14
Program Changes Due to Finance	March 21
ELT Discussion on Program Changes to advance to Presentations	May 6
Budget Planning Report to Budget Review Committee of the Whole (BRCOTW)	May 22
Operating Base Budget Kick-Off	June 2
Program Change Presentations to Budget Committee	June 16- 19
2026 Budget Planning Report to Police Service Board (PSB)	June 26
Program Budgets (Form 1) due to Executive Leadership Team (ELT)	June 20
Executive Review of Program Budgets	June 23 to July 4
Program Base Budgets and Program Changes due to Finance	July 4
Consolidation and Preparation of 1st Draft by Finance	July 4 - August 1
Distribution of Budget Binder to ELT	August 4
Review by Executive Leadership Team	August 4 to August 12
1 st Round Budget Discussions with ELT	August 13
Final Budget Discussions with ELT	August 27
Service Based Discussion Presentation to BRCOTW	September 4 6:30 pm
Preparation of Consolidated Budget Package	August 28- September 26
Operating Budget Presentation to Police Service Board Finance Committee	October 16
Police Service Board 2026 Operating Budget Approval	October 23
Budget Delivered to Region Corporate Services	October 24
Budget Presentation at Regional BRCOTW	November 27 4:30 pm
Consolidated Levy Budget for Approval by BRCOTW	December 11
Consolidated Levy Budget for Approval by Regional Council	December 18

Appendix 2: 2026 Capital Budget Timetable

Capital Budget Kick-Off	February 17, 2025
Deadline for Submission of Capital Requests to Superintendents & Directors	March 14
Capital Projects due to Finance	March 21
ELT Discussion on Projects to advance Capital Asset Management Resource Assessment (CAMRA) Tool	April 2
Capital Projects scored through CAMRA	March 31 - April 11
ELT Discussion on CAMRA Results	April 16
Deadline for CAMRA Information to Region	May 12
Notification of Funded Capital Projects announced by Region	June 3
1 st Draft ELT Capital Budget Meeting – Approved under CAMRA & Other Priorities Submission	June 4
“Other Priorities” Funding Capital Project Submission to the Region	June 6
Director Asset Management Team review of Projects submitted for Other Priorities Funding	June 13
Capital Asset Management Steering Team (CAMST) meeting for “Other Priorities” Funding	June 19 (or June 27)
Final Capital Budget Submission and Approval by Command Team	July 6
Preparation of Consolidated Package, Board Report and Presentation	July 7 to August 27
Approval of Capital Budget at Police Service Board Finance Meeting	October 16
Budget Delivered to Regional Corporate Services	October 23
Consolidated Capital Budget to Regional BRCOTW	November 13
Consolidated Levy Budget for Approval by BRCOTW	December 11
Consolidated Levy Budget for Approval by Regional Council	December 18