



**REGIONAL MUNICIPALITY OF NIAGARA  
POLICE SERVICES BOARD**

**ADMINISTRATION & LICENSING COMMITTEE  
PUBLIC MINUTES**

**Thursday, May 11, 2017**

**Niagara Police Services Board  
Community Room, 1<sup>st</sup> Floor, 5700 Valley Way, Niagara Falls**

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**CALL TO ORDER**

The Licensing Committee Meeting of the Niagara Police Services Board commenced at 9:20 am.

**ROLL CALL**

**PSB MEMBERS:**

Mr. B. Gale, Board Chair and Licensing Committee Chair  
Mr. K. Gansel, Board Vice-Chair  
Mr. T. Bonham  
Mr. A. Caslin  
Mr. B. Marshall  
Mr. V. Stewart

Ms. D. Reid, Executive Director  
Mr. W.B. McKaig, Board Solicitor

**NRPS MEMBERS:**

Chief J. McGuire  
Detective Sergeant C. Labaune, Issuer, By-law and Licensing Unit  
Detective Constable M. Webb, By-Law Enforcement, By-law and Licensing Unit  
Inspector M. Giannico, Executive Officer, Chief of Police  
Ms. L. DiDonato-DeChellis, Director of Business Services  
Ms. L. Rullo, Manager, Finance

**OTHERS:**

Mr. R. McGuire, Citizen  
Ms. D. Wensick, Citizen

**DECLARATIONS OF CONFLICT/PECUNIARY INTEREST**

There were no declarations of conflict or pecuniary interest.

**MINUTES OF THE PREVIOUS MEETINGS**

**1. Minutes of the Licensing Committee Meeting held Thursday, April 13, 2017.**

Moved by: K. Gansel  
Seconded by: B. Marshall

**That the information be received.**

**Carried.**

## NEW BUSINESS

### 2. **NRPS By-law Enforcement and Licensing Unit – 2016 Statement of Operations**

The Committee considered Service report 129/2017 dated May 3, 2017 providing the Board's Licensing Committee with an explanation on the previously reported 2016 financial reports and an estimate of the impact to 2016 personnel costs from the arbitrated settlement of the Uniform and Civilian Collective Agreement.

The Board entered into a discussion pertaining to the issue of the Licensing Unit not operating on a cost recovery basis for the year 2016 and the contributing factors that impact the bottom line.

Ms. Rullo referenced the question posed to the Service by the Board at the last Committee meeting regarding the inconsistencies between the financial information that was provided by the Region and the Service and also the question regarding the typical operational costs of the By-Law Enforcement Unit. She clarified that those two issues are addressed separately in the two reports on today's agenda. This report addresses the identified inconsistencies although discussions will likely pertain to both reports.

Chair Gale referenced the direct costs from Regional Chargebacks totaling \$45,468. Specific to property charges, he questioned if the higher costs stem from the new Headquarters building. He also questioned if there was a detailed breakdown of the chargeback costs. Ms. Rullo clarified that the Region charges for property maintenance and the amount includes property maintenance costs associated to police buildings. She advised that the increase is impacted by the new facility and that she will report a breakdown of the dollar amount and report back to the Board. Service report 130/2017 (Item #3) better identifies the typical indirect costs that would be charged to the Licensing/By-Law Unit if the Unit was independently providing licensing services.

Member Stewart spoke to the workload that has been realized as a result of Uber/TNCs and how it compares with the remainder of the Licensing Unit functions. He advised that this may become an issue should an increase in licencing fees be put into effect given that some industry representatives may not feel their specific vehicle for hire category contributed to a needed increase and any increase is a result of the new Transportation Network Companies (TNC) legislation, specifically Uber. He advised that information needs to be provided to assist with determining if increases should be projected on an overall basis or if they should be administered on a category specific basis to ensure the Unit's revenues and expenses are balanced out accordingly. Detective Sergeant Labaune advised that he will bring forward a report that will detail the financial impact that Uber has realized at the July 6<sup>th</sup> Committee meeting. He also advised that the Committee may want to consider incorporating annual "cost of living" percentage increases on a small scale as opposed to implementing large increases every five to ten years.

Member Caslin spoke to the policing and transit services provided to the public by the Region. He stated that although there are applicable fees collected from tickets issued by police and fares for transportation costs, these services do not generate revenue. Given that the Licensing Unit is intended to operate on a cost recovery basis, he questioned the past performance over the past several years. Mr. McKaig advised that the Unit generally maintains a cost recovery status however; there was a full financial analysis performed in 2014 which resulted with an accounting adjustment being required to rectify a deficit and achieve a cost recovery status.

Member Stewart advised that the issue raised by Mr. McKaig stemmed from the Board requesting a Unit cost analysis in anticipation of a large influx of monies that was being generated through the changeover fees for the purchase of plates being acquired by Coventry Connection from Central Taxi and 5-0 Taxi.

The analysis resulted with the realization that the Unit was operating with a \$75,000 – \$100,000 annual deficit, which was paid out of the tax base rather than operating on the cost recovery model as designed. The licensing fees at that time had not been subjected to any increases in over 10 years and the issue prompted the need for a fairly significant increase to all licensing fees. The fees were then increased accordingly and the Board made a decision to review the fees every two to three years in order to monitor maintaining a cost recovery status. Member Stewart emphasized the current need to review the financial standing of the Unit given that over the past year there have been new significant monetary changes.

Ms. Rullo spoke to the fee structure that is currently in place and supported establishing a fee structure that covers costs. She advised that the matter is addressed in Service report 130/2017 (Item #3). She advised that this report is based on 2016 actuals, which realized numerous anomalies including a by-law enforcement officer position vacancy for a majority of the year and a significant increase in legal fees for the development of TNC By-Law policy. The report also identifies the base line average operating cost for By-law and the shortfall which is impacted by revenue generated for the licensing fees not covering total/direct costs. Ms. Rullo also spoke to the 2015 and 2016 salary increases and advised that at minimum the fees need to be subject to annual increases based on an inflationary impact stating that had this been a past practice, the Unit would currently be realizing a lesser shortfall in its direct costs.

Member Caslin suggested developing a system that will allow staff to manage operational costs on a monthly basis to ensure that the Unit operates at cost recovery given that is the operational expectation. A practice of such will mitigate any deficit shock value at the end of the year and if a deficit is foreseen the needed assessment can be made to determine what occurred and what counter measures need to be put in place to avoid a reoccurring deficit situation. Ms. Rullo advised that historically undertaking a review to assess the need to adjust fee increases is not performed on a regular basis and financial exercises are performed at the direction of the Board.

Member Bonham cautioned that tracking monthly may be too frequent given that the license renewal term is primarily from March – May and that there are other anomalies that effect revenue. He questioned if there is any action that can be taken to smooth the influx of revenue to make reporting more representative and less overactive. Member Caslin emphasized that this is simply a staff initiative that needs to be monitored on a regular basis. Timelines, be it monthly, quarterly, or bi-annually, can be determined accordingly by police staff and that reporting on surprising deficits at year-end is unacceptable. Ms. Rullo recommended the Service provide a forecast based on prior history to smooth the impact of the influx of revenue throughout the renewal term. She clarified that what is being requested is similar to the undertaking of developing NRPS variance reports for service-wide financial reporting. She confirmed that a similar reporting practice can be performed specific to the Licensing Unit that will include actual data and anomalies and that the third quarter reporting period will best represent the Unit's financial position given the timing of the license renewal revenue base.

Chair Gale reminded that a full review on the Licensing Unit will be considered at the July 6<sup>th</sup> Committee meeting which will provide a realistic costing analysis. Detective Sergeant Labaune advised that at that time the Service will bring forward recommendations based on research and the impact that TNC's/Uber has had on the Unit's operations.

Moved by: A. Caslin  
Seconded by: T. Bonham

**That the Committee recommends that Licensing staff implement a monitoring and management system to the expected breakeven point on a quarterly basis and report to the Board as necessary.**

**Carried.**

**3. NRPS By-law Enforcement and Licensing Unit – Full Cost Model Using 2017 Budget**

The Committee considered Service report 130/2017 dated May 3, 2017 providing the Board's Licensing Committee with a full cost model analysis using the 2017 budget and the impact of the recent arbitration award settlement.

Vice Chair Gansel referenced Page 5 and questioned if the increase of 16.2% is required in order to bring the costs to a breakeven point. Ms. Rullo cautioned the Committee about recommending a percentage increase at this time. Staff attempted to determine a three year average on the actual costs however there were far too many anomalies year over year to determine a set number. She stated that the 2017 budget includes the impact of the latest NRPA settlement and is fairly representative of the costs required to operate the Unit. She clarified that this particular exercise was performed to identify the atypical annual cost of By-law operations. The Service took a very conservative approach in allocating costs that would be incurred if the Unit were independently run in a stand-alone, strip mall type location, to which the \$55,000 indirect allocation charge is applicable. The cost includes fees associated with insurance, rent, utilities, IT/Finance services, etc.

Ms. Rullo further advised that when looking at the results, it does suggest a 16.2% increase in revenue to cover the costs. However, staff did not perform a revenue sensitivity analysis to determine the revenue impact of a 16.2 % increase. Ms. Rullo stated that she did not have enough history on the increases in the revenues over the last 10 years to determine certainty that a 16% increase would support a drop or a loss in revenue and that this factor does need to be considered. At minimum, Ms. Rullo advised the Unit is not operating properly to recover its direct costs associated with the Licensing/By-Law Unit and that revenues would have to be increased by 7.6% to simply cover direct costs. She stated that if a 2.0% inflationary increase had been applied on the 2014 rates year over year the gap in the direct costs would have been covered.

Vice Chair Gansel referenced Page 6, Appendix 'B', and questioned if the 3.38% represents a cost recovery position. Ms. Rullo advised that the 3.38% represents the 2017 budget with the NRPA settlement impact and reminded that salary costs are going to increase in 2018 and 2019 and that the Committee will need to consider either increasing fees to cover foreseeable known costs in the next two years or establish an inflationary increase.

Moved by: T. Bonham  
Seconded by: B. Marshall

**That the information be received.**

**Carried.**

**OTHER NEW BUSINESS**

**NRPS Tow Rotation List**

The Committee considered comments from Chair Gale who on behalf of a member of the community sought clarification on the mandate of the police tow rotation list. Detective Sergeant Labaune advised that tow truck operator licenses are Regional tow licenses and that there is no cap on how many compounds a tow company can operate throughout the entire Niagara Region. He further advised that as a result of consultation sessions with tow industry representatives, amendments are being made to the police tow rotation agreement that will realize changes to limit tow companies to procure two (2) spots on the tow rotation list for two (2) different municipalities within the Region.

Detective Sergeant Labaune advised that a subsequent meeting with industry representatives is being held on May 15<sup>th</sup> for consideration of the drafted amendments prior to effecting any changes. Chair Gale requested Detective Sergeant Labaune provide him a follow-up on the meeting discussions.

**NEXT MEETING**

The next meeting is scheduled for Thursday, June 15, 2017 at 10:00 am, NRPS Headquarters, Community Room, 1<sup>st</sup> Floor, 5700 Valley Way, Niagara Falls.

**ADJOURNMENT**

The Licensing Committee Meeting adjourned 10:16 am.

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Bob Gale, Chair

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Deb Reid, Executive Director