

ADMINISTRATIVE REPORT

TO: Horacio Galanti, City Manager	DATE: August 3, 2021
FROM: Chris Manuel, Director of Protective and Social Services	MEETING: Protective and Social Services Committee
SUBJECT: RCMP Unionization – Financial and Budgetary Impacts	

RECOMMENDATIONS

That Committee receive this report for information.

PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

No previous Council/Committee direction.

BACKGROUND

On July 12, 2019, the National Police Federation (NPF) was certified to represent more than 19,000 members and reservists of the Royal Canadian Mounted Police (RCMP) as the first RCMP union since the 1960's. On July 15, 2019, the NPF served the Treasury Board of Canada with a Notice to Bargain on behalf of the RCMP members. The most significant topic of the negotiations has been that RCMP members have not received a raise since 2016 and have fallen behind other policing services in terms of compensation.

During the negotiation process, the prevailing expectation was that the outcome would be RCMP Members receiving a 2.5% annual salary increase retroactive to January 1, 2017, with members receiving retro pay for the years impacted by the increases. Municipalities having contracts with the RCMP during that time would be expected to incur a significant portion of the amounts that Members would receive as retro pay, based on the municipality's contract rate (i.e. the percentage of the RCMP costs that the municipality is required to cover in their contract). Municipalities with a population greater than 15,000 (such as the City of Grande Prairie) have a contractual cost coverage rate of 90%. Since negotiations began in 2019, the City of Grande Prairie has prepared for the expected retro payout by establishing a restricted reserve, funded by prior years' operating surpluses, in order to avoid the entire retro payout having to be funded in a single year's operating budget.

In anticipation of the RCMP Member pay raise, the City of Grande Prairie adjusted its 2021 RCMP Enforcement Contract's operating budget to reflect the expected increased salaries that Members

would receive (exclusive of the retro pay portion). The expected increase in Member's salaries created a \$2.2M operating increase in the 2021 budget year.

On June 28, 2021, the NPF announced that its Board of Directors had endorsed a six-year tentative Collective Agreement for RCMP Members with Treasury Board of Canada, which now requires a ratification vote by RCMP Members.

ANALYSIS

Preliminary information indicates that the retroactive salary increases will likely be greater than 2.5% per year, which would potentially require an additional budgetary adjustment for the City of Grande Prairie's 2022 operating budget to cover any retro active increases greater than previously anticipated. The current expectations and previous expectations are summarized below:

Expected Retroactive RCMP Member Raises			
Effective Year (January 1)	Currently Anticipated	Previously Anticipated	Additional Increase
2017	3.28%	2.50%	0.78%
2018	3.27%	2.50%	0.77%
2019	4.29%	2.50%	1.79%
2020	3.53%	2.50%	1.03%
2021	3.28%	2.50%	0.78%
2022	4.06%	2.50%	1.56%
Basic salary increase from 2016	21.71%	15.00%	6.71%
Compounded salary increase from 2016	23.77%	15.97%	6.90%

As the tentative agreement aims to bring the RCMP Member's salaries to a market level by 2022, (comparable to other enforcement agencies), annual raises subsequent to 2022 are expected to approximate inflationary adjustments only.

Due to the additional retroactive salary increases, the retro payouts to RCMP Members will also likely be higher than anticipated. However, Administration is confident that the prior years' reserve strategy will be sufficient to cover the retro pay portion without additional burden on the 2022 operating budget.

In addition, preliminary information indicates that RCMP policy may have an impact on how the RCMP accrues vacation hours for their Members. Whereas there was previously no cap on maximum vacation hours a Member could accrue, the RCMP intends to implement a 400 hour maximum. As part of this adjustment, the RCMP would be required to pay out all Members' accrual balances in excess of 400 hours, in order to get each member in compliance with the new cap. Consistent with the treatment of Members' retro payouts, municipalities could be expected to pay their contracted portion of the vacation payouts. Administration is confident that 2021 RCMP Contract surpluses created by Member vacancies throughout the year (primarily due to COVID-19) would be sufficient to fund the anticipated vacation payouts.

Relationship to City Council's Focus Areas / Strategic Directions

The following Council Focus Areas are applicable to this issue:

Service Delivery Review

- Provides relevant information pertaining to Internal Police Model Review

Social Impacts

- Provides updated cost/benefit analysis information relating to Policing Governance and its relation to reducing negative consequences of complex social issues

Environmental Impact

There are no Environmental Impacts associated with this report.

Economic Impact

An economic impact that this information could potentially have is the burden that increased costs could put on City of Grande Prairie taxpayers. Budgetary increases typically require higher contributions from taxpayers, which could reduce the cash flows that those taxpayers have available to reinvest in the local economy.

Social Impact

It is difficult to anticipate the social impact of the RCMP's unionization and collective bargaining process. However, when announcing that the NPF's Board of Directors had reached a tentative deal, union president Brian Sauvé's statement read:

"It (the new Collective Agreement) will also help create a more clear, predictable, and defined workplace for all Members, and support recruitment and increased resources benefiting all Canadians."

Relevant Statutes / Master Plans / City Documents

- **Municipal Police Service Agreement – Municipality of Grande Prairie**
 - RCMP Service Agreement between Government of Canada and the City of Grande Prairie
 - Agreement effective April 1, 2012 to March 31, 2032

Risk

There are no risks identified with accepting this report for information.

STAKEHOLDER ENGAGEMENT

The information contained in this report has been collected from the City of Grande Prairie's RCMP Department and press releases from the Government of Canada and the RCMP.

BUDGET / FINANCIAL IMPLICATIONS

Budget Implications

The City of Grande Prairie's proposed 2022 operating budget for the RCMP Enforcement Contract is expected to increase \$745K over 2021's budget. The increase of \$745K from 2021 to 2022 is approximately \$125K higher than the increase that was estimated during 2021 budget deliberations. This increase in forecasted costs is primarily due to the retro active wage increases being higher than previously anticipated.

Financial Implications

Estimates for the City of Grande Prairie's share of the Members' retro payouts have been adjusted to reflect the preliminary information that Administration has received. Updated estimates indicate that the City of Grande Prairie could be required to pay \$3.8M in retro payouts to Members. Currently, \$3.1M has been restricted in the Future Expenditures reserve, with the additional \$700,000 currently unfunded. The unfunded portion will be included in the annual reserve strategy, being presented at the next Corporate Services Committee.

Administration estimates that payouts of RCMP Members' excess vacation hours may total \$460K, reducing the expected 2021 RCMP Contract surplus created by COVID-19 vacancies. This would not create any additional budget implications for 2021.

SUMMARY / CONCLUSION

Although the expected retroactive wage increases could be higher than originally anticipated, the majority of the impact to the City of Grande Prairie's operating budget occurred in the 2021 budget year. It is likely that linear budget increases will continue in future years due to annual pay raises. However, Administration expects that future increases should not be as significant as the adjustment that occurred in the 2021 budget year.

Additionally, retro and vacation payouts to RCMP members are expected to be higher than originally anticipated (due to the retroactive wage increases). Vacation payouts have been included in forecasts and are anticipated to be covered by other savings forecasted for 2021; however, an additional \$700,000 will need to be allocated to cover the retro pay expected of \$3.8M. Administration will incorporate this into the annual reserve strategy being presented at the next Corporate Services Committee.

ATTACHMENTS

No attachments.