



INFORMATION REPORT

TO:	Mayor and Members Planning Committee
COMMITTEE DATE:	February 28, 2017
SUBJECT/REPORT NO:	Hess Village Paid Duty Policing Pilot (PED17033) (Ward 2) (Outstanding Business List Item)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Carlo Gorni (905) 546-2424 Ext. 2632
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

Council Direction:

At its meeting of July 10, 2015, Items 8 (as amended) and 9 of Planning Committee Report 15-011(Hess Village Paid Duty Policing Pilot) were approved by City Council and read as follows:

“8. Hess Village Paid Duty Policing Pilot (Item 9.1)

- (a) That a two-year Hess Village Paid Duty Proportional Fund Sharing Pilot be established retroactive to the 2015 paid duty patio season (commencing the Victoria Day weekend) to cover 50 percent of the cost of Paid Duty Policing through the Tax Stabilization Reserve #110046;
- (b) That the Hamilton Police Service be requested to review the administrative costs to assess if the current recovery exceeds the actual or full cost of administering the fees, and if so, the administrative fees be adjusted accordingly;
- (c) That staff from Urban Renewal assist business owners with the establishment of a Business Improvement Area for Hess Village and measure results of the pilot annually and report back to the Planning Committee on its effectiveness.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

9. Hess Village Voluntary Paid Duties (PSB 15-087) (Item 9.1(i))

That Report PSB 15-087 respecting Hess Village Voluntary Paid Duties be received.”

Information:

A. History of Paid Duty Policing in Hess Village (Excerpt from Report PED12142)

The Program was initiated in the year 2000, when the cost was shared between the Hess Village merchants and the Hamilton Police Service (HPS). Only those establishments serving alcohol participated in this Program. It was based on a verbal agreement between these merchants and the HPS, independent of City By-laws. The Program was formally established in a City By-law in 2005, which required the use of Paid Duty Officers as a special condition of the business licence. Licensing By-laws may include conditions that impose costs which are not part of the licensing fee; in this case, paid duty fees are set by the HPS. The cost sharing arrangement between the merchants and the HPS continued, with half of the Paid Duty Officers (i.e. one Sergeant and three Constables) paid for by the Hess Village merchants through paid duty fees and the other half (i.e. four Constables) paid for by the Hamilton Police Service through its overtime budget. This 50-50 cost sharing model changed following the comprehensive Hess Village Review conducted in 2009.

A series of recommendations were approved by Council on May 21, 2009 through the Hess Village Review (Report PED09127). On the cost sharing issue, the By-law continued to require each Hess Village merchant to contribute their pro rata share based on the total capacity of their liquor licence, to the cost of Paid Duty Officers. However, the Report notes that although it had been shared in the past, the cost of Paid Duty Officers now would be covered completely by the Hess Village merchants.

The current Business Licensing By-law states that the Hess Village bar / nightclub operators “shall retain a minimum of ten Special Duty Police Officers for the Hess Village Entertainment District each Thursday, Friday and Saturday from 11:00 p.m. to 4:00 a.m. beginning April 15 and ending November 15 each calendar year.” Each establishment’s contribution is pro-rated based on its share of the total liquor license capacity and must be paid in order to maintain and renew the business licence. The By-law also enables the Chief of the HPS or designate to suspend the requirement to retain Paid Duty Officers, and / or subject to notice provisions, further expand the season, and / or increase or decrease the number of Paid Duty Officers required.

In practice, there have been up to eight Paid Duty Officers retained by the Hess Village merchants, primarily for four hour shifts on Friday and Saturday nights during the core patio season, with fewer Officers retained in the shoulder season. The decision

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regarding how many Paid Duty Officers will be present is made by the HPS with input from the bar / nightclub operators, depending on the time of year, weather, and number of establishments planning to be open.

The Pilot Program to be evaluated has expired as of November 15, 2016.

B. Effectiveness of Pilot Program

The challenge of evaluating the Pilot Program as directed by Council is difficult given the limited number of metrics available for examination. That being said, there are a number of items that Council could consider when deciding on the future of the Program.

1. Policing Update

The following chart shows the incidence of these types of crimes in Hess Village from 2011-2016 (All figures refer to January-December).

	2016*	2015	2014	2013	2012	2011	Average
Violent Crimes	75	59	63	63	51	73	64
Robberies	16	15	24	19	15	27	19
Assaults	78	86	83	56	74	90	78

*2016 figures are preliminary and may change due to late reporting or crimes being reclassified after further investigation.
(Source: Hamilton Police Service)

2. Change in Allocation of Paid Duty Costs

The chart below, provided by the Hamilton Police Service (except where noted), shows the total amount of paid duty costs billed and outstanding fees owed from 2012-2016.

	Total Amount Billed	Outstanding Fees Owed at Year End
2012	151,830.22	19,058.19
2013	125,910.32	48,156.71
2014	108,196.63	39,141.48
2015 **	47,256.47	2,058.04
2016 **	41,823.14	4,455.76***

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**2015-2016, amounts represent 50% of the billings while City of Hamilton, as approved by Council, pays for the remaining 50%.

	2015	2016
Total Billings	94,512.94	83,646.28

***As of February 2, 2017 (Source: City of Hamilton)

When examining these figures, it is important to remember that during those months when paid duty policing is used, the method by which the amount of paid duty policing is determined has not changed during the pilot study. In other words, who pays for the paid duty policing has no bearing on how the amount of such policing is calculated.

Since 2012, the amount of total paid duty policing costs has decreased each year. This has occurred despite increases in the hourly rate of pay charged for this service (e.g. 2014 -- \$61.58 / hr, 2015 -- \$66.10 / hr, 2016 -- \$66.90 / hr).

The HPS has advised staff that there are numerous reasons for this decrease; however, the main cause for the reduction was that in 2014 the HPS began to scale back the length of the deployment.

Prior to 2014 they used to start deploying Officers in April and carry on right through until Labour Day and sometimes beyond. Beginning in 2014 they started to scale back and only begin deployment during the May long weekend and generally carry on until Labour Day.

This change was based on Officer observations and feedback, as well as weather trends. The HPS continues to perform due diligence when it comes to these deployments to scale back where possible while still ensuring public safety.

The HPS has informed staff that this reduction is also partially due to the fact that when determining the amount of paid duty policing that is required on a given evening, while paying attention to the relevant requirements of the Business Licensing By-law, the HPS consults with the Hess Village bar owners to come to a determination of how many are needed to ensure that public safety is maintained in the area. As noted above, who pays for this service is not a determining factor in this calculation.

At the same time, it should also be mentioned that while the Hess Village bar owners and the City of Hamilton currently share the cost of paid duty policing, it is the position of the HPS that the Hess Village Paid Duty Program is not full cost recovery. This is due to the fact that the HPS incurs costs specific to Hess Village over and above the paid duty fees for the eight Officers. These costs include one Communications Dispatcher in the Village and three Mobile Perimeter Patrol Officers, and totalled the following:

2015 - \$38,551.18 (May 8 through October 3); and,
2016 - \$31,524.48 (May 20 through October 1).

In addition, the mounted unit and the ACTION team may also be present in the Entertainment District under HPS' regular patrol parameters. These added costs are part of the municipal levy that is paid for by City of Hamilton taxpayers.

3. Impact of Reduced Paid Duty Policing Costs on Hess Village Businesses

A meeting of bar owners was scheduled to take place on January 9, 2017. Notices were emailed to each bar owner using information held by the City of Hamilton. In the case where there was no email address on file, the notice was mailed. The notice contained a number of questions to be considered for discussion at the meeting which sought to obtain their feedback on how the pilot project had impacted their business. The questions were also sent again subsequent to the meeting on both January 10 and January 25, 2017.

The questions were as follows:

1. How has the reduction in paid duty policing costs impacted your business?
2. Have you changed any of your operational practices since the pilot was instituted (i.e. hired more staff, more staff training, marketed business to attract a different clientele)?
3. What is your perception of the provision of police service in the village since the 50 / 50 split was instituted? There is enough? There should be more? There should be less?
4. What are your views on establishing a Business Improvement Area (BIA) in Hess Village?
5. Please add any further comments you may have (included in correspondence sent as a follow-up to the January 9 meeting).

Only one bar owner replied to indicate whether or not they would attend. This same bar owner was the only one to attend the meeting. The meeting was also attended by the Hess Village business owner who was consulted with in late 2015 regarding the establishment of a BIA.

One bar owner did contact staff by telephone and provided the following comments:

1. Business has slowed compared to previous years;
2. There has been a reduction in staff in recent years;
3. The reduction in paid duty fees did have a positive impact on the bottom line especially given the slowdown in business; and,

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4. Not sure if all of the Police are needed given that a number of bars have their own private security.

Unfortunately, besides the above comments, the lack of attendance at the meeting, and no written responses being submitted at this time, limits the amount of insight into the impact of the pilot on the affected businesses.

That being said, the businesses incurring paid duty costs in 2015 and 2016 did realize an aggregate savings of \$89,079.61 over that time period.

4. Benefits of Hess Village

As previously noted in Report PED12142, Hess Village and other venues that contribute to Hamilton's offering of arts and entertainment enhance the City's vibrancy and its appeal to residents as well as tourists and other visitors. Such districts support and can promote an image of the City to its potential visitors.

It was also pointed out in this same Report that Hess Village has been identified in City policy as a specialty commercial area with a key dining and entertainment focus in the Downtown with active spaces. It is, therefore, expected that the District will attract high volumes of people to many of the businesses encouraged to locate there, which in turn may warrant closer attention from the Police and Municipal Law Enforcement to help manage and control the negative impacts that may otherwise result.

The businesses paying for the services of paid duty policing also contribute to the local economy through the employment of many Hamilton citizens.

In 2016, the number of people employed at the 12 bars in Hess Village paying for paid duty policing, based on the 2016 Downtown Employment Survey, totalled 127, including 53 full-time and 74 part-time.

Property owners of the buildings housing the affected businesses contribute to the general tax levy of the City of Hamilton.

The assessment for and the taxes paid by these same 12 properties in 2016 is as follows:

	Assessment	Municipal Taxes Paid
2016	5,322,000	\$168,236

C. Hamilton Police Service Administrative Costs related to Paid Duty Policing

Written correspondence has been received from the HPS which indicates that the administrative costs charged to administer the Program do not cover the full cost of doing so.

The 15% administrative fee does not recover expenses incurred in the Paid Duty Unit (PDU) who administer the Program (Police Constable, Paid Duty Coordinator and Paid Duty Clerk). In addition, the fee does not include the costs incurred for the Sergeant who supervises the unit (among other duties). In addition, the mounted unit and the ACTION team may also be present in Hess Village under HPS' regular patrol parameters.

A survey was conducted in 2013 which looked at the administrative fees charged by police services of similar sizes (12 in total). The survey demonstrated that the administrative fee (15%) is one of the lowest in the Province (OPP, Sudbury, Ottawa, and London, did not respond).

The survey showed that Hamilton, Niagara, Toronto and Waterloo charge a 15% administrative fee. Durham is 20%, Halton 22%, Peel 19.68%, Windsor 16.30% and York Region 18%. In addition, like Hamilton, the services surveyed have three hour minimums for paid duty. York Region has four hour minimums.

Some services may have increased their administrative fee since 2013.

In 2015 and 2016, the HPS charged the following administrative fees in relation to Hess Village paid duties only (exclusive of HST):

2015 \$10,909.69
2016 \$9,655.16

Given the parameters of the Pilot Program, the City of Hamilton would have paid 50% of the cost of these fees each year (exclusive of HST) (2015-\$5454.85, 2016-\$4827.58).

These administrative fees are included in the total fees paid by the City of Hamilton noted above on Page 3.

D. Establishment of a Business Improvement Area

Subsequent to receiving Council's direction, staff met with two business owners in Hess Village in late August 2015. At that time, they were presented with information pertaining to the establishment of a BIA including the consultation process that would need to take place, the holding of public meetings and the Provincial legislative requirements as set out in the *Municipal Act*. Following that meeting, they were

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provided with an estimated timeline of when each of these activities could take place to provide an idea of how long it would take to have the area designated as a BIA.

Information was also presented which emphasized that the establishment of a BIA had to be initiated and driven by the businesses and property owners who would come to be its members. While City staff can assist in facilitating this process, it is the potential BIA members who should be taking the lead on carrying out the process that will lead to a decision around whether a BIA comes to be recommended for establishment by Council.

The process can be lengthy, time consuming and require work on the part of those people who are advocating to have a BIA established. Perhaps most important is the fact that the BIA levy to be paid by its members is mandatory with no option to opt out of paying even if a member disagrees with their inclusion within the organization's boundaries.

To date, staff has been in regular contact with one of the attendees from the first meeting in August 2015 to determine if there was any interest in looking further into the establishment of a BIA. The answer at this time is that there has not been any interest indicated to move forward.

It was hoped that the meeting held on January 9, 2017 and then the follow-up correspondence would provide some further insight into whether the idea of looking into the establishment of a BIA was worth pursuing. The lack of a response to either opportunity for input does not make this possible at this time.

As always, staff is ready to meet with any Hess Village businesses interested in exploring the possible establishment of a BIA.

E. Further Action by Council

Between 2012 and 2016, the amount of criminal activity as indicated by the statistics has varied from year to year.

Why that is the case is difficult to determine. It is currently not possible to state if there has been any change in the operations or practices of the bar owners that might have had an impact on these figures (i.e. hired more staff, less days open, increase of staff training, more emphasis on serving food etc.) since there has been little response from them whether it be through attending the aforementioned meeting or responding to the follow-up requests for input.

One matter that has changed is that the City of Hamilton has paid 50% of the paid duty policing costs in both 2015 and 2016. The total of this expenditure is \$89,079.61.

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The question for Council to consider is whether or not it believes this expenditure is warranted given the amount of criminal activity noted above while also considering the positive benefits that the licensed establishments in Hess Village bring to the City of Hamilton (jobs, taxes, contribution to vibrancy of City, supporting of tourism, draw which assists neighbouring businesses who may benefit from close proximity to those businesses that pay for paid duty policing, etc.).

What follows are some of the options that Council could consider for adoption:

1. Extend the Pilot Program in its current form for a time period to be decided (appropriate funding to be determined).
2. Extend the Pilot Program with a different cost sharing arrangement for a time period to be decided (appropriate funding to be determined).
3. Take no action which would result in the Hess Village bar owners starting to once again pay 100% of the paid duty policing costs beginning on April 15, 2017.

The Report addresses the item respecting Urban Renewal staff helping to establish a Hess Village BIA and reporting back on its effectiveness and can therefore be identified as complete and removed from the Planning Committee Outstanding Business List.

CG:dt