



City of  
**Peterborough**

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**To:** Members of the Budget Committee

**From:** Sandra Clancy, Director of Corporate Services

**Meeting Date:** May 11, 2015

**Subject:** Report CPFS15-015  
Peterborough Police Services 2015 Budget

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## **Purpose**

A report to recommend the approval of the 2015 Peterborough Police Services budget.

## **Recommendations**

That Council approve the recommendations outlined in Report CPFS15-015, dated May 11, 2015, of the Director of Corporate Services as follows:

- a) That the Peterborough Police Services 2015 Operating Budget, in the amount of \$23,208,909, as set out in Appendix A, which reflects a reduction of \$283,734 in the operating budget from the original request, be approved.
- b) That the Peterborough Police Services 2015 Capital Budget in the amount of \$763,788, as set out in Appendix B, be approved.
- c) That the additional amount of \$175,788, for the one time start up costs required to deliver police services to Cavan Monaghan, be funded from the Capital Levy Reserve.
- d) That the Police Services Business Plan capital project (Project 8.02 in the 2015 Capital Budget) in the amount of \$75,000, be approved.

- e) That the following reductions, in the amount of \$423,852, be made to the 2015 City Operating Budget to fund the remainder of the Police budget request:
- |      |                     |           |
|------|---------------------|-----------|
| i.   | 2014 Surplus        | \$ 80,000 |
| ii.  | Fuel                | \$200,000 |
| iii. | General Contingency | \$143,852 |

## Budget and Financial Implications

The balance in the Capital Levy Reserve, after the transfer of \$175,788 and assuming the recommendations in Report CPFS15-016, the December 31, 2014 Financial Update Report are approved, is \$2,265,149.

The recommendations to reduce the three areas in the City's operating budget do not mean a reduction in service levels but will put additional pressure on the 2016 budget as they are either one-time items or reduce the base budget for future years.

The uncommitted balance in the 2015 General Contingency, after the transfer of \$143,852, is \$107,455.

## Background

### 2015 Guideline for Police Services Budget

The 2015 Guideline Report, Report CPFS14-020 dated July 21, 2014, included recommendation (d) which read as follows:

That the draft 2015 Operating Budget reflect a 3.2% increase in the net Peterborough Community Police Services Budget to be accommodated within the 2% general increase, and any increase in the net Police Services budget beyond the 3.2% be addressed by the 2015-2018 Council and the Peterborough Police Services Board as part of the detailed 2015 Budget deliberations to occur in January of 2015.

The Police Services Board (PSB) submitted a budget reflecting an increase of 6.43% or \$1,418,283 over the 2014 approved budget. The amount of \$710,697 or an increase of 3.2% was included in the Draft 2015 Operating Budget and an amount of \$707,586 was not included.

## Council Direction

The Budget Committee reviewed the 2015 Draft Budget during the week of January 12, 2015. The 2015 City Budget was approved by Council on February 2, 2015.

As part of its detailed 2015 Budget deliberations, the Budget Committee had to decide whether or not it was prepared to add to the Draft 2015 Budget tax requirement or reduce the tax requirement included in another area of the Draft Budget to fund the balance of the Police request. They opted to return the budget back to the Board for further consideration through the following resolutions:

That the Peterborough Police Services Board review the 2015 budget as well as all applicable sections of the **Police Services Act** and its related Regulations to determine if any additional cost savings can be realized, and

That a revised budget presentation be made to Committee of the Whole on or before April 20, 2015.

That the presentation and budget details presented to the January 13, 2015 Budget Committee by the Peterborough Police Service, be received.

## Police services to Cavan Monaghan

At their March 30, 2015 Council meeting, Cavan Monaghan (CM) passed the following resolution:

That Council receive Report - Corporate Services/Finance 2015-09 Survey Results on Policing Services for the Township of Cavan Monaghan for information; and

That Council direct staff to bring back a by-law and contract with the City of Peterborough pursuant to Section 6.1 (1) of the Police Services Act with policing services provided by the Peterborough Police Service for a five (5) year term; and

That Council direct staff to further investigate options with regard to the termination clause and that the contract be reviewed by legal representation on behalf of the Township.

On May 19, 2015, CM Councillors will be presented with a contract from their staff and asked to pass a by-law authorizing the municipality to enter into a five year agreement with the City of Peterborough commencing September 1, 2015 pursuant to Section 6.1 (1) of the **Police Services Act** with policing provided by the Peterborough Police Service.

City Council, through Report CPFS15-011, dated May 11, 2015 is also being asked to pass a by-law authorizing the agreement, which would also receive final approval on

May 19, 2015. Further details about the process that led up to this police services agreement is included in Report CPFS-15-011.

### **PSB Amended 2015 Budget Request**

The PSB have revised their budget as requested by Council on February 2, 2015. The official correspondence, requesting the revised budget was submitted to the City on April 16, 2015. However, given the pending contract with CM, on April 20, 2015, Council passed the following motion:

That the April 16, 2015 correspondence from the Peterborough Police Services Board regarding the 2015 budget request be referred back to the Police Services Board and the Director of Corporate Services to include the impact of the Cavan Monaghan contract in the 2015 budget and,

That the revised Budget be submitted to City staff no later than the first week of May to enable staff to prepare a Police Budget report for a May 11, 2015 Budget Committee meeting and Council's final approval at the May 19, 2015 Council meeting.

The PSB met on April 28, 2015 and approved a revised 2015 Police Budget that includes the additional costs and revenue regarding the CM contract.

The 2015 Police Operating Budget is set out in Appendix A. The initial Police Services 2015 Operating Budget request was \$23,492,643. The revised 2015 Operating Budget request is \$23,208,909, a reduction of \$283,734. The Operating budget includes additional operating expenditures and revenue from CM for September 1, 2015 to December 31, 2015. Overall, the increase from the 2014 approved Operating Budget is 5.14%.

The 2015 Police Capital Budget is set out in Appendix B. Project 8.01, Various Police Capital Projects in the amount of \$588,000 was submitted in the original request and remains unchanged. However, there is an additional one-time capital request of \$175,788 for one-time expenditures, such as vehicles and officer equipment that is required to be able to provide the contract services to CM for September 1, 2015. The one-time expenditures have been amortized over the life of the five year agreement with CM and the 2015 amount is included in the CM revenue in the operating budget. For 2016, when the impact of the CM contract is included in the budget for a full year, additional savings will be realized due to a share of the fixed costs that is included in the CM contract.

Chart 1 is a summary of the Police Operating and Capital Request including the original and the final request.

<b>Chart 1</b>			
<b>Police 2015 Operating and Capital Budget</b>			
<b>As presented in draft and as amended by PSB</b>			
<b>Description</b> Col 1	<b>2015 PSB Request</b> Col 2	<b>2015 Draft Budget</b> Col 3	<b>\$ Difference</b> Col 4
Police Operating Budget - Initial Request	23,492,643	22,785,057	707,586
Total reduction in PSB request	-283,734		-283,734
<b>Revised PSB 2015 Operating Request</b>	<b>23,208,909</b>	<b>22,785,057</b>	<b>423,852</b>
Police Capital - Initial Request	588,000	588,000	
Addition of One-time costs required for Cavan Monaghan Agreement	175,788		
PSB 2015 Capital request	<b>763,788</b>	<b>588,000</b>	
<b>Total PSB 2015 Budget Request</b>	<b>23,972,697</b>	<b>23,373,057</b>	

Note: The Police Capital request excludes the \$75,000 for the Business Plan to match the PSB presentation.

### Funding the Balance of PSB request

Council needs to decide if it is prepared to approve the revised PSB 2015 Budget request. It is proposed (Recommendation c)) that the additional capital request be funded from the Capital Levy Reserve. The balance of the Police operating budget request that must be funded is \$423,852 (\$23,208,909 less the amount of \$22,785,057 included in the 2015 Operating Budget). If Council is prepared to approve the amount, they must then decide if the \$423,852 is added to the net tax levy requirement or if the City budget is reduced in another area(s).

If the \$423,852 is added to the net tax levy requirement, the 3% tax increase would further increase by 0.3% for a total of 3.3% all-inclusive tax increase to the Median Single Family Dwelling (Not on water).

If Council wishes to look at the 2015 approved Operating Budget and reduce other areas of the budget, staff would suggest that Council look to three areas:

- 2014 Surplus (\$80,000)** - The City has now completed its 2014 year-end and is bringing forward a surplus of \$180,000. The 2015 Operating Budget was prepared assuming a 2014 Surplus of \$100,000, leaving an amount of \$80,000 that is an unbudgeted 2014 surplus.
- Fuel (\$200,000)** – Due to the high fuel prices in 2014, the 2015 fuel budgets, throughout the City, were set assuming a higher price than has been the City’s experience in the January – April timeframe. This could easily create a problem in the base budget for 2016, however, for 2015, staff propose that the 2015 Fuel budgets could be reduced by \$200,000.
- General Contingency (\$143,852)** – The uncommitted balance in the 2015 General Contingency after a transfer of \$143,852 is \$107,455. The general contingency is an amount set aside in the annual budget to deal with unforeseen events. There is risk in reducing the General Contingency in that other unforeseen events may occur that can no longer be funded from this account.
- The three reductions are summarized in Chart 2.

**Chart 2**  
**City Reductions to Fund 2015 Police Budget**

Description Col 1	2015 PSB Request Col 2	2015 Draft Budget Col 3	\$ Difference Col 4
Final Police Operating Budget Request	23,208,909	22,785,057	423,852
Additional 2014 Surplus			-80,000
Fuel			-200,000
General Contingency			-143,852
<b>Total Reductions in City Budget</b>			<b>-423,852</b>

## Summary

Council referred the 2015 budget back to the Police Services Board and the Board has responded. Although there is some risk, staff recommend that the Police Service budget be approved with some reductions to the City budget to fund the balance of the Police Budget without increasing the tax rate.

Submitted by,

Sandra Clancy  
Director of Corporate Services

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Attachments:

Appendix A – 2015 Police Operating Budget  
Appendix B – 2015 Police Capital Budget

Appendix A

## **2015 Police Operating Budget**



# CITY OF PETERBOROUGH

## 2015 Operating Budget

Description	2014 Approved	2014 Preliminary Actual	Over (Under) 2014 Budget %	Over (Under) 2014 Budget \$	2015 Recommended	Variances 2014 - 2015 Budget	
						Over (Under) 2014 Budget %	Over (Under) 2014 Budget \$
<b>POLICE SERVICES</b>							
Executive	769,692	753,505	-2.1%	-16,187	805,034	4.6%	35,342
Operations	13,442,297	13,319,339	-0.9%	-122,958	14,408,470	7.2%	966,173
Administrative Support	5,196,230	5,142,976	-1.0%	-53,254	5,365,306	3.3%	169,076
Investigative Services	4,714,163	4,742,052	0.6%	27,889	4,762,977	1.0%	48,814
	<b>24,122,382</b>	<b>23,957,872</b>	<b>-0.7%</b>	<b>-164,510</b>	<b>25,341,787</b>	<b>5.1%</b>	<b>1,219,405</b>
<b>Police Services Revenue</b>	<b>2,068,313</b>	<b>2,067,278</b>	<b>-0.1%</b>	<b>-1,035</b>	<b>2,337,807</b>	<b>13.0%</b>	<b>269,494</b>
<b>Transfer from Reserve</b>	<b>239,580</b>	<b>239,580</b>	<b>0.0%</b>	<b>0</b>	<b>77,350</b>	<b>-67.7%</b>	<b>-162,230</b>
<b>NET POLICE SERVICES EXPENDITURE</b>	<b>21,814,489</b>	<b>21,651,014</b>	<b>-0.7%</b>	<b>-163,475</b>	<b>22,926,630</b>	<b>5.1%</b>	<b>1,112,141</b>
<b>POLICE BOARD</b>							
Police Board Expenses	259,871	303,531	16.8%	43,660	282,279	8.6%	22,408
<b>TOTAL GROSS POLICE SERVICES</b>	<b>24,382,253</b>	<b>24,261,403</b>	<b>-0.5%</b>	<b>-120,850</b>	<b>25,624,066</b>	<b>5.1%</b>	<b>1,241,813</b>
<b>TOTAL REVENUE POLICE SERVICES</b>	<b>2,307,893</b>	<b>2,306,858</b>	<b>0.0%</b>	<b>-1,035</b>	<b>2,415,157</b>	<b>4.6%</b>	<b>107,264</b>
<b>NET COST POLICE SERVICES SUBMITTED</b>	<b>22,074,360</b>	<b>21,954,545</b>	<b>-0.5%</b>	<b>-119,815</b>	<b>23,208,909</b>	<b>5.14%</b>	<b>1,134,548</b>
<b>DIFFERENCE - PSB ASK AND PROVISION WITHIN GUIDELINE</b>					<b>-423,852</b>		













Appendix B

## **2015 Police Capital Budget**



**2015-2023 CAPITAL BUDGET JUSTIFICATION  
TANGIBLE CAPITAL ASSETS**

CAP FORM 1 (TCA)

Department: POLICE

Budget Reference #: 8.01

Division: POLICE

Project Name & Description

Project Detail, Justification & Reference Map

**Various Police Capital Projects**

Account Line – 102 15 175-6520

Asset Description	Qty	Sub-Class 1	Sub-Class 2	Sub-Class 3	Work Order Number	Cost
Police Cruisers	6	Vehicles plus 2 bicycles				\$214,600
Dell Computers 2nd year lease		Machinery and Equipment	Computer Hardware	Desktop Workstations		\$17,200
CAD Server Lease	3	Machinery and Equipment	Computer Hardware	Servers		\$7,500
Upgrade SL1 Phone Switch 4 of 4 year	1	Machinery and Equipment	Communications Equip	Telephone		\$12,000
ECrime storage Server	1	Machinery and Equipment	Computer Hardware	Servers		\$38,300
Major Crime / ViCLAS Storage Server	1	Machinery and Equipment	Computer Hardware	Servers		\$14,000
Enterprise Storage Network	1	Machinery and Equipment	Computer Hardware	Servers		\$50,000
Printers / Fax	4	Machinery and Equipment	Computer Hardware	Printers		\$2,000
Backup / Video System	1	Machinery and Equipment	Security Systems			\$3,000
IP Camera Replacement Year 1 of 5	6	Machinery and Equipment	Security Systems			\$12,400
IT Security Recommendations		Machinery and Equipment	Computer Hardware	Desktop Hardware		\$5,000
False Alarm Data Base		Machinery and Equipment	Computer Software	Enterprise Software		\$5,000
Desktops and Laptops replacements		Machinery and Equipment	Computer Hardware	Desktop Workstations		\$13,500
Comm Ctr. Computer replacements		Machinery and Equipment	Computer Hardware	Desktop Workstations		\$8,000
Escan / Lean Six Sigma		Machinery and Equipment	Computer Software	Enterprise Software		\$4,000
Blood Analyst Software	1	Machinery and Equipment	Computer Software	Enterprise Software		\$2,000
Adobe E Briefs	8	Machinery and Equipment	Computer Software	Desktop Software		\$3,500
Upgrade CAD mapping	1	Machinery and Equipment	Computer Software	Enterprise Software		\$3,000
Backup Power Protection (UPS)	3	Machinery and Equipment	Computer Hardware	UPS		\$2,500
FX Software for Radio System		Machinery and Equipment	Computer Software	Enterprise Software		\$106,000
<b>IT Recommendations</b>					<b>Subtotal</b>	<b>64,500</b>
Voice to Text Licenses	49	Machinery and Equipment	Computer Software	Enterprise		\$32,000
Servers		Machinery and Equipment	Computer Hardware	Servers		\$22,500
VmWare Licenses		Machinery and Equipment	Computer Software	Enterprise		\$10,000
					<b>Total</b>	<b>\$588,000</b>

# Tangible Capital Assets Ten Year Capital Budget Estimates

2015-2024 & Subsequent Years

(\$000's)

	(1)	Project Total	Approved Pre-2015	R E Q U E S T E D										2025 to 2039	
				2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
DEPARTMENT			<b>Protective Services</b>												
DIVISION/ACTIVITY			Police												
PROJECT DESCRIPTION			Various Police Capital Projects												
PROJECT #			8.01												
<b>EXPENDITURES</b>															
CONTRACTUAL SERVICES		4,638.0		<u>588.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>
<b>PROJECT TOTAL</b>		<u>4,638.0</u>		<u>588.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>
<b>DIRECT REVENUE</b>															
SUBSIDIES															
<b>TOTAL DIRECT REVENUE</b>															
<b>NET REQUIREMENTS</b>		<u>4,638.0</u>		<u>588.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>
TO BE FINANCED FROM:															
DEBENTURES															
Tax Supported															
<b>TOTAL DEBENTURE FINANCING</b>															
DEVELOPMENT CHARGES															
DCRF Police															
<b>TOTAL DEVELOPMENT CHARGES</b>															
<b>TOTAL OTHER FINANCING</b>															
<b>CAPITAL LEVY</b>		<u>4,638.0</u>		<u>588.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>	<u>450.0</u>

**2015-2024 Capital Budget Justification  
Other Capital Assets**

CAP Form 1 (Other)

Department: Police Services

Budget Ref #: 8.03

Division: Police Services

**Project Name & Description**

**Cavan Monaghan Contract Policing**

**Commitments Made**

In anticipation of the Peterborough Police Services Board, the City of Peterborough and the Township of Cavan Monaghan entering into a contract for the Peterborough Police Services to police the Township of Cavan Monaghan commencing September 1, 2015, certain startup costs are required.

**Effects on Future Operating Budgets**

The \$175,788 startup costs will be recovered over the term of the agreement with Cavan Monaghan.

**Project Detail, Justification & Reference Map**

The startup costs required for policing the Township of Cavan Monaghan are \$175,788. This amount includes the purchase of two (2) vehicles and all equipment to refit the vehicle, clothing and equipment for an additional six (6) officers hired to police the township, purchase of cell phones and CAD mapping required to include the area policed.

