



## STAFF REPORT ACTION REQUIRED

### Toronto Police Service – Transfer of Capital Funds

<b>Date:</b>	October 10, 2008
<b>To:</b>	Executive Committee, City of Toronto
<b>From:</b>	Alok Mukherjee, Chair, Toronto Police Services Board

#### SUMMARY

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The purpose of this report is to request the approval of the transfer of capital funds in the amount of \$600,000 within the Toronto Police Service's 2008-2012 capital program.

#### RECOMMENDATION

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It is recommended that the Executive Committee approve a transfer of \$600,000 from the Computer Assisted Scheduling of Courts (CASC) project to the In-Car Camera project.

#### FINANCIAL IMPACT

The In-Car Camera capital project currently has sufficient funding for the purchase of 300 cameras. The total cost for the planned purchase of an additional 160 cameras in 2008 is \$1.6M, including taxes. This additional expenditure can be funded by using \$1.0M in under-expenditures in the Toronto Police Service's operating budget, combined with the transfer of \$0.6M from the Computer Assisted Scheduling of Courts capital project (completed \$0.7M under budget).

#### ISSUE BACKGROUND

At its meeting on September 18, 2008, the Toronto Police Services Board was in receipt of a report from William Blair, Chief of Police, regarding the Toronto Police Service 2008 operating budget variance report for the period ending July 31, 2008 and a report containing an update on the in-car camera capital project.

#### COMMENTS

In considering the update on the in-car camera project, the Board approved the transfer of \$600,000 from the Computer Assisted Scheduling of Courts project to the In-Car Camera capital project.

The Board also agreed to forward the matter of the transfer of the funds to the Executive Committee for approval.

## **CONCLUSION**

A copy of Board Minute No. P264/08, in the form attached as Appendix “A”, regarding this matter is provided for information.

## **CONTACT**

William Blair  
Chief of Police  
Toronto Police Service  
Phone No. 416-808-8000  
Fax No. 416-808-8002

## **SIGNATURE**

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Alok Mukherjee  
Chair, Toronto Police Services Board

## **ATTACHMENT**

Appendix A – Board Minute No. P264/08

a:transfer capitalfunds in car cameras.doc

## Appendix A

### **THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON SEPTEMBER 18, 2008**

#### **#P264. TORONTO POLICE SERVICE – OPERATING BUDGET VARIANCE REPORT FOR THE PERIOD ENDING JULY 31, 2008 AND IN-CAR CAMERA SYSTEM - UPDATE**

The Board was in receipt of the following report September 04, 2008 from William Blair, Chief of Police:

Subject: OPERATING BUDGET VARIANCE REPORT FOR THE TORONTO  
POLICE SERVICE – PERIOD ENDING JULY 31, 2008

#### Recommendation:

It is recommended that the Board receive this report.

#### Financial Implications:

There are no financial implications relating to the recommendation contained within this report. It is important to note that the savings are in-year savings and may not be sustainable in the future. The Service's year-end projected surplus of \$1.0M includes a planned expenditure of \$1.0M related to the In-car Camera capital project. This expenditure, combined with potential transfers from under-spent capital projects (e.g. Computer Assisted Scheduling of Courts system replacement), would allow the Service to come closer to achieving the original objective of installing in-car camera systems in all of the Service's marked patrol vehicles.

#### Background/Purpose:

The Board, at its March 27, 2008 meeting, approved the Toronto Police Service's 2008 operating budget at a net amount of \$798.3 Million (M), including an unspecified reduction of \$2.8M recommended by the City's Executive Committee (Min. No. P47/08 refers). Subsequently, Toronto City Council, at its meeting of March 31, 2008, approved the Service's 2008 Operating Budget at the net amount approved by the Board.

The purpose of this report is to provide information on the Service's 2008 projected year-end variance, as at July 31, 2008.

Discussion:

The following chart summarizes the variance by expenditure category and revenue.

Category	2008 Budget (\$Ms)	Actual to July 31/08 (\$Ms)	Projected Year-End Actual (\$Ms)	Projected (Surplus)/Short fall (\$Ms)
Salaries	574.4	314.5	572.0	(2.4)
Premium Pay	44.9	18.6	44.9	0.0
Benefits	140.3	87.4	139.5	(0.8)
Materials and Equipment	21.5	11.0	22.0	0.5
Services	84.9	23.0	84.1	(0.8)
<b>Total Gross</b>	<b>866.0</b>	<b>454.5</b>	<b>862.5</b>	<b>(3.5)</b>
Revenue	(67.7)	(25.1)	(66.2)	1.5
<b>Total Net</b>	<b>798.3</b>	<b>429.4</b>	<b>796.3</b>	<b>(2.0)</b>
In Car Camera Project	0.0	0.0	1.0	1.0
<b>Total</b>	<b>798.3</b>	<b>429.4</b>	<b>797.3</b>	<b>(1.0)</b>

*It is important to note that expenditures do not all follow a linear pattern and therefore year-to-date expenditures cannot be simply extrapolated to year end. Rather, the projection of expenditures to year end is done through an analysis of all accounts, taking into consideration factors such as expenditures to date, future commitments expected and spending patterns. In addition, the Service receives significant amounts of in year grant funding and the revenue and expense budgets are adjusted when receipt of funds is confirmed.*

As at July 31, 2008, a favourable year-end variance of \$1.0M is anticipated, including projected expenditure savings equal to the \$2.8M unallocated budget reduction approved by Council. It is important to note that these are in-year savings and not necessarily sustainable in future years. Details of each major expenditure category and revenue are discussed in the sections that follow.

It is also important to note that the Service's year-end projected surplus includes a planned expenditure of \$1.0M for the In-car Camera capital project. This expenditure, combined with potential transfers from under-spent capital projects would allow the Service to come closer to achieving the original objective of installing in-car camera systems in all of the Service's marked patrol vehicles.

*Salaries:*

A \$2.4M surplus is projected in the Salaries category. This is \$0.6M higher than previously reported.

EXPENDITURE CATEGORY	2008 BUDGET (\$MS)	ACTUAL TO JULY 31/08 (\$MS)	PROJECTED YEAR-END ACTUAL (\$MS)	PROJECTED (SURPLUS)/SHORTFALL (\$MS)
<b>UNIFORM SALARIES CIVILIAN</b>	<b>\$435.1</b>	<b>\$241.8</b>	<b>\$433.9</b>	<b>(\$1.2)</b>
	<b><u>\$140.3</u></b>	<b><u>\$72.7</u></b>	<b><u>\$139.1</u></b>	<b><u>(\$1.2)</u></b>

**SALARIES**

TOTAL SALARIES	<u>\$574.4</u>	<u>\$314.5</u>	<u>\$572.0</u>	<u>(\$2.4)</u>
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Uniform separations are now projected to be 290 compared to the previous projection and budget of 275. In addition, the separations have occurred earlier in the year than expected and as a result, a net uniform salary savings of \$1.2M is projected at this point in time. The April 2008 recruit class size was adjusted in order to maintain an average deployed strength of 5,510.

A \$1.2M surplus is also projected for civilian salaries. This is attributable to: savings in Court Officer salaries due to a delay in hiring to the approved staff complement; and higher than anticipated separations in other civilian positions. The Court Officer staffing level is expected to be at the approved level by the third quarter 2008.

*Premium Pay:*

No variance is projected in the Premium Pay category.

EXPENDITURE CATEGORY	2008 BUDGET (\$MS)	ACTUAL TO JULY 31/08 (\$MS)	PROJECTED YEAR-END ACTUAL (\$MS)	PROJECTED (SURPLUS)/SHORTFALL (\$MS)
<b>COURT</b>	<b>\$11.9</b>	<b>\$6.1</b>	<b>\$11.9</b>	<b>\$0.0</b>
<b>OVERTIME</b>	<b>\$6.0</b>	<b>\$3.2</b>	<b>\$6.0</b>	<b>\$0.0</b>
<b>CALLBACK</b>	<b>\$8.0</b>	<b>\$3.0</b>	<b>\$8.0</b>	<b>\$0.0</b>
<b>LIEUTIME CASH PAYMENT</b>	<b><u>\$19.0</u></b>	<b><u>\$6.3</u></b>	<b><u>\$19.0</u></b>	<b><u>\$0.0</u></b>
<b>TOTAL PREMIUM PAY *</b>	<b><u>\$44.9</u></b>	<b><u>\$18.6</u></b>	<b><u>\$44.9</u></b>	<b><u>\$0.0</u></b>

\* Approx. \$4.5M is attributed to grant-funded expenditures (revenue budget has been increased by same amount).

The Service continues to strictly monitor and control premium pay. Overtime is to be authorized by supervisory personnel based on activities for protection of life (i.e., where persons are at risk), protection of property, processing of arrested persons, priority calls for service (i.e., where it would be inappropriate to wait for the relieving shift), and case preparation (where overtime is required to ensure court documentation is completed within required time limits).

It must be noted, however, that premium pay is subject to the exigencies of policing and unpredictable events could have an impact on expenditures. Furthermore, there could be an impact on court attendance in 2008 due to increased enforcement from policing initiatives in 2007. Nonetheless, court attendance is being monitored to ensure that it is limited to the required witnesses for each case.

As per the working agreement, lieu-time cash payments to staff are made four (4) times per year with the last payment occurring in December. The final payment is the largest of the four, and is impacted by how members use their accumulated time prior to the cut-

off date of November 30th. The Service projects these payouts based on historical actual data and patterns. Any time not paid out or used by the end of the year is treated as a liability, and therefore becomes an expenditure in the year earned.

*Benefits:*

A \$0.8M surplus is projected in the Benefits category. This is \$0.6M higher than previously reported.

EXPENDITURE CATEGORY	2008 BUDGET (\$MS)	ACTUAL TO JULY 31/08 (\$MS)	PROJECTED YEAR-END ACTUAL (\$MS)	PROJECTED (SURPLUS)/SHORTFALL (\$MS)
<b>MEDICAL/DENTAL</b>	<b>\$33.6</b>	<b>\$18.1</b>	<b>\$33.1</b>	<b>(\$0.5)</b>
<b>OMERS/ CPP/EI/EHT</b>	<b>\$83.7</b>	<b>\$54.0</b>	<b>\$83.4</b>	<b>(\$0.3)</b>
<b>SICK PAY/CSB/LTD</b>	<b>\$13.0</b>	<b>\$9.6</b>	<b>\$13.0</b>	<b>\$0.0</b>
<b>OTHER (E.G. WSIB, LIFE INS.)</b>	<b><u>\$10.0</u></b>	<b><u>\$5.7</u></b>	<b><u>\$10.0</u></b>	<b><u>\$0.0</u></b>
<b>TOTAL BENEFITS</b>	<b><u>\$140.3</u></b>	<b><u>\$87.4</u></b>	<b><u>\$139.5</u></b>	<b><u>(\$0.8)</u></b>

Trends for medical/dental costs are now indicating lower than anticipated expenditures and as a result, a favourable variance of \$0.5M is projected to year-end. Projected savings in OMERS/ CPP/EI/EHT are a result of regular salary savings.

*Materials and Equipment:*

A shortfall of \$0.5M is projected in the Materials and Equipment category. This is \$0.2M higher than previously reported.

EXPENDITURE CATEGORY	2008 BUDGET (\$MS)	ACTUAL TO JULY 31/08 (\$MS)	PROJECTED YEAR-END ACTUAL (\$MS)	PROJECTED (SURPLUS)/SHORTFALL (\$MS)
<b>VEHICLES (GAS, PARTS)</b>	<b>\$10.1</b>	<b>\$5.8</b>	<b>\$10.7</b>	<b>\$0.6</b>
<b>UNIFORMS</b>	<b>\$3.6</b>	<b>\$1.7</b>	<b>\$3.6</b>	<b>\$0.0</b>
<b>OTHER MATERIALS</b>	<b>\$4.9</b>	<b>\$2.5</b>	<b>\$4.8</b>	<b>(\$0.1)</b>
<b>OTHER EQUIPMENT*</b>	<b><u>\$2.9</u></b>	<b><u>\$1.0</u></b>	<b><u>\$2.9</u></b>	<b><u>\$0.0</u></b>
<b>TOTAL MATERIALS &amp; EQUIP</b>	<b><u>\$21.5</u></b>	<b><u>\$11.0</u></b>	<b><u>\$22.0</u></b>	<b><u>\$0.5</u></b>

\* Approx. \$1.2M is attributed to grant-funded expenditures (revenue budget has been increased by same amount).

The Service is closely monitoring the cost of fuel and its impact on the budget. The recent increase in gas prices has a delayed impact on the Service budget as it can take up to two to three months for the Service inventory of gasoline to turn over. However, if prices for the first half of the year continue to the end of the year, the Service is

projecting an unfavourable budget variance in gasoline of \$0.6M by year-end. This variance is partially offset by a favourable variance in other materials.

*Services:*

A \$0.8M surplus is projected in the Services category. This is \$0.2M higher than previously reported.

EXPENDITURE CATEGORY	2008 BUDGET (\$MS)	ACTUAL TO JULY 31/08 (\$MS)	PROJECTED YEAR-END ACTUAL (\$MS)	PROJECTED (SURPLUS)/SHORTFALL (\$MS)
<b>LEGAL</b>	<b>\$0.6</b>	<b>\$0.0</b>	<b>\$0.6</b>	<b>\$0.0</b>
<b>INDEMNIFICATION</b>				
<b>UNIFORM CLEANING</b>	<b>\$2.2</b>	<b>\$1.0</b>	<b>\$2.0</b>	<b>(\$0.2)</b>
<b>CONTRACT</b>				
<b>COURSES/CONFERENCES</b>	<b>\$2.3</b>	<b>\$0.4</b>	<b>\$2.3</b>	<b>\$0.0</b>
<b>CLOTHING</b>	<b>\$1.6</b>	<b>\$0.6</b>	<b>\$1.4</b>	<b>(\$0.2)</b>
<b>REIMBURSEMENT</b>				
<b>COMPUTER</b>	<b>\$12.1</b>	<b>\$8.5</b>	<b>\$12.1</b>	<b>\$0.0</b>
<b>LEASE/MAINT</b>				
<b>PHONES/CELL</b>	<b>\$7.3</b>	<b>\$2.9</b>	<b>\$7.3</b>	<b>\$0.0</b>
<b>PHONES/911</b>				
<b>RESERVE</b>	<b>\$27.2</b>	<b>\$0.0</b>	<b>\$27.2</b>	<b>\$0.0</b>
<b>CONTRIBUTIONS</b>				
<b>CARETAKING</b>	<b>\$15.2</b>	<b>\$3.8</b>	<b>\$15.2</b>	<b>\$0.0</b>
<b>MAINTENANCE</b>				
<b>OTHER SERVICES*</b>	<b>\$16.4</b>	<b>\$5.8</b>	<b>\$16.0</b>	<b>(\$0.4)</b>
<b>TOTAL SERVICES</b>	<b>\$84.9</b>	<b>\$23.0</b>	<b>\$84.1</b>	<b>(\$0.8)</b>

\* Approx. \$0.4M is attributed to grant-funded expenditures (revenue budget has been increased by same amount).

Based on year-to-date trends, the Service is projecting \$0.4M savings in its cleaning and clothing reimbursement accounts and \$0.4M in the “other services” account, resulting in a \$0.8M surplus in this category.

*Revenue:*

A shortfall of \$1.5M is projected in the Revenue category, which is \$0.8M less than previously reported.

REVENUE CATEGORY	2008 BUDGET (\$MS)	ACTUAL TO JULY 31/08 (\$MS)	PROJECTED YEAR-END ACTUAL (\$MS)	PROJECTED (SURPLUS)/SHORTFALL (\$MS)
<b>RECOVERIES FROM CITY</b>	<b>(\$7.5)</b>	<b>(\$3.9)</b>	<b>(\$7.5)</b>	<b>\$0.0</b>
<b>CPP AND SAFER COMMUNITIES</b>	<b>(\$16.3)</b>	<b>(\$4.5)</b>	<b>(\$16.3)</b>	<b>\$0.0</b>

<b>GRANTS OTHER GOVERNMENT GRANTS</b>	<b>(\$8.1)</b>	<b>(\$6.6)</b>	<b>(\$8.6)</b>	<b>(\$0.5)</b>
<b>FEES (E.G. PAID DUTIES, ALARMS, REFERENCE CHECKS)</b>	<b>(\$9.7)</b>	<b>(\$4.9)</b>	<b>(\$10.1)</b>	<b>(\$0.4)</b>
<b>SECONDMENTS DRAWS FROM RESERVES</b>	<b>(\$2.3)</b>	<b>(\$1.3)</b>	<b>(\$2.7)</b>	<b>(\$0.4)</b>
<b>OTHER REVENUES (E.G. PRISONER RETURNS)</b>	<b><u>(\$10.9)</u></b>	<b><u>(\$3.9)</u></b>	<b><u>(\$8.1)</u></b>	<b><u>\$2.8</u></b>
<b>TOTAL REVENUES</b>	<b><u>(\$67.7)</u></b>	<b><u>(\$25.1)</u></b>	<b><u>(\$66.2)</u></b>	<b><u>\$1.5</u></b>

The “Other Revenues” budget was increased by \$2.8M to accommodate City Council’s unspecified budget reduction and as a result, the \$2.8M unfavourable variance is reflected in that category.

The Service is experiencing favourable variances in its paid duties accounts. However, these have been partially offset by unfavourable variances in the sale of accident reports, alarm fees and criminal reference checks, resulting in a net favourable variance of \$0.4M in the “Fees” category. The Service is also experiencing a favourable variance of \$0.4M in its secondment revenue. In addition, the Service is projecting a favourable variance in grant revenues.

Conclusion:

As at July 31, 2008, the Service is projecting a favourable variance of \$1.0M by year end. The favourable variance also includes in-year savings of \$2.8M which covers the unallocated budget reduction approved by Council. It is important to note that the savings are in-year savings and may not be sustainable in the future. The Service’s year-end projected surplus also takes into account a planned expenditure of \$1.0M related to the In-car Camera capital project. This expenditure, combined with potential transfers from under-spent capital projects (e.g. Computer Assisted Scheduling of Courts system replacement), would allow the Service to come closer to achieving the original objective of installing in-car camera systems in all of the Service’s marked patrol vehicles.

Mr. Tony Veneziano, Chief Administrative Officer, Administrative Command will be in attendance to answer any questions from the Board.

**The Board was also in receipt of the following report September 17, 2008, from William Blair, Chief of Police:**

**SUBJECT: IN CAR CAMERA SYSTEM (ICC PROJECT) – UPDATE ON IMPLEMENTATION SCHEDULE AND PLAN**

Recommendations:

It is recommended that:

- (1) the Board approve the transfer of \$600,000 from the Computer Assisted Scheduling of Courts (CASC) capital project to the In-Car Camera project;
- (2) the Board authorize the Chief of Police to proceed with the purchase of up to 460 in-car cameras systems from Panasonic Canada Inc., at a total cost of up to \$4.661M including taxes, in accordance with the vendor of record award approved by the Board at that same meeting (Min. No. P8/08 refers), and subject to available funding; and
- (3) the Board forward a copy of this report to the City's Executive Committee, requesting approval for the transfer of funds from the CASC to the In-Car Camera project.

Financial Implications:

The In-Car Camera (ICC) capital project currently has sufficient funding for the purchase of 300 cameras. The total cost for the planned purchase of an additional 160 cameras in 2008 is \$1.6M, including taxes. This additional expenditure can be funded by using \$1.0M in under-expenditures in the Service's operating budget (as indicated in the July 2008 operating budget variance report, which has been submitted to the Board's September 2008 meeting), combined with the transfer of \$0.6M from the CASC capital project (completed \$0.7M under budget, and as also reported to the Board's September 2008 meeting).

Background/Purpose:

The ICC capital project has been evolving since its inception in the 2006-2010 program:

- In the 2006-2010 capital program, the capital project included a pilot to establish the feasibility of using cameras in police patrol cars and, if the pilot was successful, the roll out to 450 vehicles, at a total cost of \$11M, including the \$0.6M cost of the pilot (Min. No. P82/04 refers).
- In the 2007-2010 capital program, due to capital funding pressures, the total funding was reduced to \$8.7M, with a concurrent reduction in the planned roll-out to 140 vehicles. At that time, the Service committed to evaluating the roll-out of the remaining vehicles at some future date, and as funding permitted (Min. No. P91/07 refers).
- During project development, the total number of ICC systems required was updated to 460, to reflect the inclusion of units for training cars (3), on-going testing and

development (2), and spares (5). Furthermore, as a result of reduced infrastructure costs, the Service was able to increase the actual number of cameras that could be acquired with available funds, from 140 to 168.

- In January 2008, the Board approved Panasonic Canada Inc. as the supplier, from January 2008 to December 2012, of up to 460 In-Car Camera systems at a cost of up to \$4.661M (Min. No. P8/08 refers), and the Service has been working on finalizing the Vendor of Record agreement with Panasonic Canada Inc., which is now close to being executed. In considering the contract award report, the Board also approved a motion that “the Board approve at this time the purchase of 168 cameras at a cost of \$1.8M, including taxes” (recommendation 2), and “that the Chief provide a report containing the schedule for the acquisition of further in-car camera systems; and the financial implications of and roll-out process for the total 460 in-car camera systems” (recommendation 5).
- In response to the Board’s request, a report was provided to the Board in June 2008 on the financial status and implementation schedule for the ICC project (Min. No. P169/08 refers). At that time, the Board was advised that, due to a further refinement of infrastructure and equipment costs, the remaining funds in the capital project would allow for the purchase of an additional 132 ICC systems, bringing the total number of ICC systems that could be installed to 300. These cameras would be installed from 2008 to 2010, with the plan that funding would be identified for the remaining 160 systems at a future time.

#### Discussion:

As indicated in the June 2008 report, the Service has continued to review funding options to accommodate the purchase of the remaining 160 systems. Recently identified favourable variances in both the operating and capital budgets have created an opportunity (available funding) that should enable the Service to achieve the objective of installing in-car camera systems in all of the Service’s marked patrol vehicles, and effectively mitigate future capital funding pressures to achieve the full scope of this project.

Specifically, as indicated in the July 2008 operating budget variance report, the Service’s year-end projected surplus includes the planned expenditure of \$1.0M for the purchase of additional ICC systems. Further, the CASC capital project has identified a \$0.7M surplus, \$0.6M of which could be transferred to the ICC project. This provides an additional \$1.6M to purchase additional cameras. Based on the current pricing of cameras and the latest estimate of funding required to meet necessary infrastructure requirements, \$1.6M should be sufficient to purchase an additional 160 cameras.

The following table summarizes the acquisition plan as provided to the Board in June 2008, and the revised acquisition plan, assuming the \$1.6M available funds from operating and capital is used for the purchase of additional cameras:

	Total Number of Cameras To Be Installed In:				Total
	2008	2009	2010	2011	
Scheduled roll out, as of June 2008:	60	75	165	n/a	300
Revised roll out, as outlined in this report:	60	160	165	75	460

Conclusion:

The use of available funds from the operating budget (\$1.0M) and the transfer of unspent funds in the CASC capital project (\$0.6M) should enable the Service to achieve the full scope of the In-Car Camera project, and help avoid capital funding pressures in future capital programs.

It is also important to note that, at its January 2008 meeting, the Board approved Panasonic as the Vendor of Record for up to 460 in-car camera systems. However, in considering the report, the Board also approved a motion restricting the initial purchase of cameras to 168 units, and requested the Chief to provide the Board with a schedule for the acquisition of further in-car camera systems, and the financial implications of and roll-out process for the total 460 in-car camera systems. This information has now been provided and the Service is therefore requesting the Board to authorize the purchase of up to 460 ICC systems, subject to funds being available. This is also consistent with the Service's normal Vendor of Record arrangement and process, and complies with the Financial Control by-law.

Deputy Chief Kim Derry, Divisional Policing Command, will be in attendance to answer any questions that the Board may have regarding this report.

**The Board received the foregoing report dated September 04, 2008 and approved the report dated September 17, 2008.**