



## STAFF REPORT ACTION REQUIRED

### Toronto Police Service – Transfer of Surplus Funds (In-car Camera Capital Project)

<b>Date:</b>	November 14, 2008
<b>To:</b>	Budget Committee
<b>From:</b>	Acting Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2008\Internal Services\Fp\Bc08022Fp (ASF#8925)

#### SUMMARY

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As requested by the Executive Committee at its meeting on November 10, 2008, this report is to accompany the report (EX26.53) from the Chair, Toronto Police Services Board on the entitled *Toronto Police Service - Transfer of Capital Funds (In-car Camera Capital Project)* with respect to the Operating and Capital Budget impacts of this request.

The Toronto Police Services Board submitted to Executive Committee a report entitled, (EX26.53) *Toronto Police Service - Transfer of Capital Funds (In-car Camera Capital Project)*, identifying the transfer of \$1,000,000 in 2008 Operating Budget surplus to the \$2,300,000 in approved 2008 cash flows for the In-car Camera capital project. The report also requests an additional transfer of \$600,000 from the Computer Assisted Scheduling of Courts capital project, increasing the scope of the In-car Camera capital project from a total project cost of \$8,562,000 for 300 cameras to \$10,162,000 for 460 cameras.

The procedure for accommodating a change in scope for a capital project for all City Divisions, Agencies, Boards and Commissions is to request of Council a reallocation of approved capital funds or request an increase in funding through the Capital Budget process.

#### RECOMMENDATIONS

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**The Acting Deputy City Manager and Chief Financial Officer recommends that:**

1. City Council approve the closure of the Computer Assisted Scheduling of Courts (CASC) capital project and reallocate surplus capital debt funding of \$600,000

and increase the In-car Camera capital project's total project cost and 2008 cash flow by \$600,000 to purchase 60 additional cameras;

2. The Toronto Police Services Board report directly to Executive Committee at its special meeting of November 25, 2008 with further proposed funding reallocations within its 2009 Budget Committee Recommended Capital Budget totalling \$1,000,000 to purchase 100 additional cameras; and
3. The Toronto Police Services Board review the impact any proposed reallocations to the Toronto Police Service's 2009 to 2013 Capital Plan and that staff include updated capital project cost estimates as part of the 2010 Capital Budget process for Committee and Council's consideration.

### **Financial Impact**

The In-car Camera capital project with a total project cost of \$8,562,000 currently has sufficient funding for 300 cameras. This includes \$1,562,000 in approved funding from previous years, \$2,300,000 in approved new funding for 2008 and recommended funding as part of the 2009 Recommended Capital Budget of \$2,300,000 million in 2009 and a future year commitment of \$2,400,000 in 2010. The total cost for the purchase of an additional 160 cameras in 2008 is \$1,600,000, including taxes. The additional expenditure for 60 cameras can be funded from the recommended transfer of \$600,000 from the Computer Assisted Scheduling of Courts capital project which was completed \$700,000 under budget. Council will consider the transfer of the remaining \$100,000 from this project to the TRMS capital project at its upcoming meeting on December 1, 2008.

The Toronto Police Services Board will report directly to Executive Committee with any proposed reallocations to the Budget Committee Recommended 2009 Capital Budget totalling \$1,000,000 to fund the additional 100 cameras as part of the In-car Camera capital project. Potential impacts of this reallocation on the Service's Capital Plan will be identified, and updated capital project cost estimates will be included as part of the 2010 Capital Budget process for Committee and Council's consideration.

Recommendations as stated will allow the City to utilize \$1,000,000 in 2008 year-end operating surplus to allocate in accordance with the Surplus Management Policy, which states that any operating surplus realized at year-end will be disposed of in priority order to (i) the Capital Financing Reserve Fund (at least 75 % of the additional surplus); and (ii) to fund any under-funded liabilities, and/or reserves/reserve funds.

### **DECISION HISTORY**

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.

At its meeting on November 10, 2008, the Executive Committee considered the report (EX26.53) *Toronto Police Service - Transfer of Capital Funds (In-car Camera Capital Project)* and referred this report from the Chair, Toronto Police Services Board to the Budget Committee for its consideration on November 17, 2008, and requested the Acting Deputy City Manager and Chief Financial Officer to submit a report on this matter to be considered concurrently.

Funding in the amount of \$3,862,000 has been approved from 2006 to-date for the In-car Camera capital project, with additional funding recommended in the 2009 Capital Plan of \$2,300,000 in 2009 and \$2,400,000 in 2010 with a total project cost of \$8,562,000, which is estimated to provide adequate funding for 300 cameras. A project update on the In-car Camera program is provided in the concurrent report entitled, (EX26.53) *Toronto Police Service - Transfer of Capital Funds (In-car Camera Capital Project.)*

## **COMMENTS**

The Toronto Police Services Board submitted to Executive Committee a report entitled, (EX26.53) *Toronto Police Service - Transfer of Capital Funds (In-car Camera Capital Project)*, identifying the transfer of \$1,000,000 in 2008 Operating Budget surplus to the \$2,300,000 in approved 2008 new cash flows for the In-car Camera capital project. The report also requests an additional transfer of \$600,000 from the Computer Assisted Scheduling of Courts capital project, which was completed \$700,000 under budget. This transfer of funds would increase the scope of the In-car Camera capital project from a total project cost of \$8,562,000 for 300 cameras to \$10,162,000 for 460 cameras.

The procedure for accommodating a change in scope for a capital project for all City Divisions, Agencies, Boards and Commissions is to request of Council a reallocation of approved capital funds or request an increase in funding through the Capital Budget process.

Identifying Operating Budget surplus and allocating it to capital projects would be contrary to Council approved procedure and would not be consistent with the legislated separation of Operating and Capital Budgets.

Also, in accordance with the Police Services Act, which states that the Police Services Board shall submit operating and capital estimates to the municipal Council that will show, separately, the amounts that will be required to maintain the police force and provide it with equipment and facilities, and do so in a format for the estimates and the period that they cover as determined by the Council, the Police Services Board approved and submitted separate Capital and Operating Budgets to the City.

The Policy on Management of Operating Budget Surpluses approved by Council on September 28, 29, 30 and October 1, 2004 presents a rationale and strategy for allocating annual year-end Operating Budget surplus funds so that contributions can be authorized by the Chief Financial Officer and be disposed of in priority order to (i) the Capital

Financing Reserve Fund (at least 75 % of the additional surplus); and (ii) to fund any under-funded liabilities, and/or reserves/reserve funds.

To deviate from this policy would be contrary to the format established by Council regarding the disposition of funds surplus to operating requirements and set a precedent which would undermine the approved strategy to reduce borrowing for capital purposes and/or make provisions for any under-funded liabilities and/or tax supported reserve or reserve fund.

Should Toronto Police Services want to increase the scope of the In-car Camera Capital Project by \$1,000,000 to acquire and additional 100 cameras in 2008, it is recommended that funding be reallocated from within the Toronto Police Service's 2009 Budget Committee Recommended 2009 Capital Budget. The Toronto Police Service report back on the impact of the reallocation to its 2009-2013 Capital Plan during the 2010 Capital Budget process for Committee and Council's consideration.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
Acting Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

Toronto Police Service – Transfer of Capital Funds (In-car Camera Capital Project)  
(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16701.pdf>)

Toronto Police Service – Transfer of Capital Funds (TRMS project)  
(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16700.pdf>)