

“PUBLIC AGENDA”

**TO: Darlene Brander, Chairperson
Board of Police Commissioners**

**FROM: Troy Cooper
Office of the Chief**

DATE: 2020 September 08

SUBJECT: 2021 Preliminary Police Capital Budget Estimates

FILE #: 2,017

ISSUE:

Attached are the 2021 preliminary capital budget estimates for the Saskatoon Police Service.

RECOMMENDATION:

That the Board reviews and approves the preliminary 2021 capital budget estimates and forwards to Saskatoon City Council for consideration and approval.

STRATEGIC THEMES:

Partnerships – this report provides the Board an opportunity to contribute to the plan for budgeted funds and broadly how those funds provide a safe and secure environment and promote a culture of community safety within Saskatoon.

Innovation – this report provides the Board an opportunity to contribute to the plan for the best use of financial resources consumed by the SPS and to support a budget that will ensure sustainability by developing leading practices and maintaining an innovative Police Service.

BACKGROUND:

The preliminary capital budget has been prepared based on a 5-year plan – 2021 – 2025.

DISCUSSION:

The 2021 capital budget plan is fully funded. An increase in funding from the operating budget of \$204,000 was proposed in the 2021 budget plan last year and was approved.

| 2021 Capital Budget - Expenditure Type | | | | |
|---|------------|--------------|---------------------|---------------------|
| Capital Replacement | | | | |
| | Radio | 4.7% | \$ 134,000 | |
| | Equipment | 15.7% | 451,000 | |
| | Technology | 35.3% | 1,013,000 | |
| | Facilities | 1.7% | 50,000 | |
| | | 57.4% | \$ 1,648,000 | \$ 1,648,000 |
| Capital Expansion | | | | |
| | Radio | 0.0% | \$ - | |
| | Equipment | 5.6% | 160,000 | |
| | Technology | 20.6% | 591,000 | |
| | Facilities | 0.0% | - | |
| | General | 16.4% | 470,000 | |
| | | 42.6% | \$ 1,221,000 | \$ 1,221,000 |
| | | 100% | | \$ 2,869,000 |

The Preliminary 2021 Capital Budget Plan was approved along with the 2020 Capital Budget as part of the two year budget process. This budget as presented differs from the 2021 Plan approved last year with some rearranging of timing of projects and the addition of funds to the Body Worn Camera Project.

The total 2021 Capital Budget Plan approved in 2020 was \$2,693,000. This suggests the difference between the two budgets is \$176,000. \$250,000 was added to the Body Worn Camera project, indicating there was a net reduction in other projects.

Non-SPS Funded Proposed Capital Projects

There are no proposed non-SPS funded projects for 2021. Please remember these would be projects which are not intended to be financed by SPS reserves. The difference between the SPS funded capital projects and these project would be, if funding were not secured from a third party, the project would fall off and would not be completed or items proposed in future years may change.


CONCLUSION:

The proposed capital budget is fully funded as proposed.

Written by: Earl Warwick
Director of Finance and Asset Management

Reviewed by: Clae Hack
Executive Director, Corporate and Strategic Performance

Mitch Yuzdepski
Deputy Chief, Support Services

Approved by: 

Troy Cooper
Chief of Police

Dated: September 8, 2020

Attachment: Capital Budget Narrative

Saskatoon Police Service



2021 CAPITAL BUDGET 2022 – 2025 CAPITAL PLAN

JULY 2020



Saskatoon Police Service
2021 Capital Budget 2022 – 2025 Capital Plan

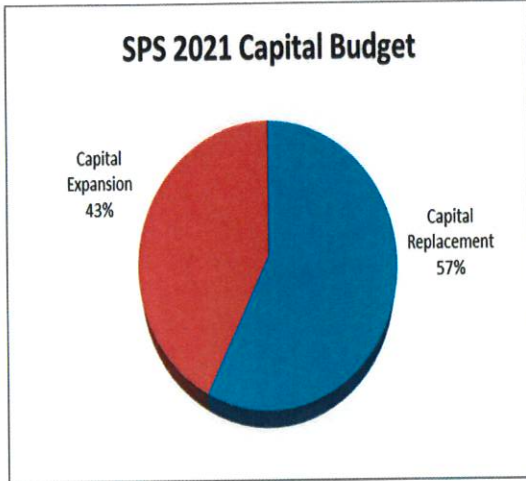
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EXECUTIVE SUMMARY

2021 Total SPS Funded Capital Budget – 7 Projects \$2,869,000



| 2021 Capital Budget - Expenditure Type | | | |
|--|--------------|---------------------|---------------------|
| Capital Replacement | | | |
| Radio | 4.7% | \$ 134,000 | |
| Equipment | 15.7% | 451,000 | |
| Technology | 35.3% | 1,013,000 | |
| Facilities | 1.7% | 50,000 | |
| | 57.4% | \$ 1,648,000 | \$ 1,648,000 |
| Capital Expansion | | | |
| Radio | 0.0% | \$ - | |
| Equipment | 5.6% | 160,000 | |
| Technology | 20.6% | 591,000 | |
| Facilities | 0.0% | - | |
| General | 16.4% | 470,000 | |
| | 42.6% | \$ 1,221,000 | \$ 1,221,000 |
| | 100% | | \$ 2,869,000 |

2021 Saskatoon Police Service (SPS) Capital Investments include seven projects totaling \$2,869,000 of which \$1,648,000 is targeted to address a number of asset replacement projects including \$1,013,000 related to technology replacement and \$451,000 for equipment replacement.

Planned capital expansion projects for 2021 total \$1,221,000 including \$591,000 for technology expansion, and \$470,000 for general equipment expansion. The reader may note this is a higher proportion of capital expansion than SPS usually experiences. That would be a keen observation. The largest part of the \$591,000 in technology expansion is to fund a pilot related to body worn cameras.

All projects noted above are to be funded from Police Capital Reserves.



Funding Sources

All 2021 capital projects noted above are proposed to be funded from SPS Capital Reserves. The proposed total annual provision from the Operating Budget into capital reserves is \$2,666,800.

The forecasted balance in capital reserves at the end of 2021 is as follows:

| FORECASTED CLOSING BALANCE: | |
|------------------------------|---------------------|
| Equip. & Technology | -404,664 |
| Radio | -27,848 |
| General Capital | 299,590 |
| Renovations | -138,417 |
| Total Closing Balance | \$ (271,339) |

Negative sign shows funds remaining in the reserve, red shows reserve as overspent

The General Capital Reserve will be in a negative balance, as approved by the Board and Council in 2017 related to the purchase of the SPS aircraft. The General Capital Reserve will return to a positive balance in 2022 as promised.

Operating Budget Impact

Listed capital projects will increase the 2021 Operating Budget by \$72,900. The operating impacts relate to the addition of vehicles to the fleet.

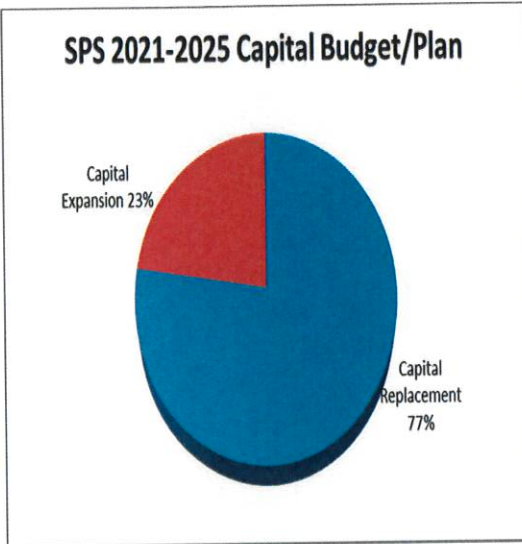
Non-SPS Funded Proposed Capital Projects

There are no non-SPS funded projects this year.



5 YEAR CAPITAL PLAN

1. Project Overview



| 2021 - 2025 Capital Budget/Plan - Expenditure Type | | | |
|--|--------------|----------------------|----------------------|
| Capital Replacement | | | |
| Radio | 10.9% | \$ 1,614,000 | |
| Equipment | 24.3% | 3,598,000 | |
| Technology | 38.5% | 5,698,000 | |
| Facilities | 3.4% | 499,000 | |
| | 77.0% | \$ 11,409,000 | \$ 11,409,000 |
| Capital Expansion | | | |
| Radio | 0.0% | \$ - | |
| Equipment | 1.1% | \$ 170,000 | |
| Technology | 12.6% | 1,863,000 | |
| Facilities | 0.0% | - | |
| General | 9.2% | 1,366,000 | |
| | 23.0% | \$ 3,399,000 | \$ 3,399,000 |
| | 100% | | \$ 14,808,000 |

The most prominent trend for future capital spending relates to asset replacement. Radio, equipment, technology and facility replacement over the five year planning period of 2021 to 2025 is projected to cost \$11.4 million (77.0%) of total capital spending.

The largest category is technology replacement. Projects consist of in-car camera replacement, desktop computer replacement and Storage Area Network replacements, to name the larger projects.

Future capital expansion projects total \$3.4 million (23.0%) of total capital spending. Proposed key projects include the \$1,863,000 in technology expansion, and \$1,366,000 related to vehicle and specialty equipment expansion.

The largest expense in technology expansion relates to a body worn camera pilot and anticipated adoption of the technology.

2. **Capital Funding**

All projects in the five year capital plan are proposed to be funded from existing SPS capital reserves.



3. Sufficiency of Reserves

Overview

The ability to adequately fund Police capital reserves is for the most part a function of comprehensive planning that forecasts future needs and the ability to match these needs with a corresponding appropriate annual provision from the Operating Budget. Over the years the SPS with the support of the Board and City Council has taken a number of steps to improve both the planning efforts and reserve funding levels highlighted within the comments that follow.

Reserve Status

In 2021, the total annual provision to the Capital Reserves will increase \$204,000. The increased funding meets Board approved policy that calls for the annual provision for capital reserves to equal the ten year average project cash flow requirement.

Total Transfer to Reserves

The planned transfers from the operating budget to the capital reserves are as follows:

| TRANSFERS TO RESERVES: | | |
|--------------------------------|--|-------------------|
| Equip. & Technology | | -2,190,500 |
| Radio | | 0 |
| General Capital | | -382,500 |
| Renovations | | -93,800 |
| Total Annual Provision | | -2,666,800 |

The status of each reserve is summarized below. A table forecasting the sufficiency of reserves is provided later in this report on Page 9.

Equipment & Technology Reserve

The Equipment & Technology Reserve annual Operating Budget provisions are as proposed above. Projects requiring funding from this reserve have increased significantly over the past number of budget cycles largely due to improved efforts to identify asset replacement needs and the desire to take advantage of new technology. A number of steps have been taken in the recent past to ensure that this is properly funded

In 2021, an increase in the capital contributions from the operating budget is planned at \$144,000.



The balance in the reserve at the end of 2021 is projected to be \$404,600, which is an improvement over the forecast at this time last year. Deficits are projected for 2022 through 2025; however, commitment to future projects is still under review. Efforts will continue to prioritize capital projects and reallocate funding between capital categories. In the future, funding of capital reserves may take up a larger portion of the Operating Budget.

Radio Reserve

The Radio Reserve, which is used to finance projects related to portable and in-car radios and equipment, is currently funded as indicated above. This is a rebalancing to help fund capital reserves based on determined priorities and anticipated timing of requirements. The balance in the reserve at the end of 2021 is projected to be \$27,848. Future projects to the end of the five year planning period of 2024 are adequately funded based on current project estimates.

General Capital Reserve

In 2010 Council approved City Administration’s proposal for the establishment of new Corporate-wide departmental capital reserves. This new initiative included a partial transfer of funds from the Reserve for Capital Project (RCE) to City departments. The purpose of the new reserve was to provide annual funding to departments for projects that would typically end up on a long list of discretionary RCE projects. The Police Service allocation was set at \$100,000 and has been used to fund vehicle fleet additions. The current funding level for this account is \$382,500 annually, which is an increase of \$60,000 compared to 2020.

The balance in the Police General Capital Reserve at the end of 2021 is projected to be a deficit of \$299,600. The deficit was approved by the Board and Council related to the purchase of the SPS aircraft. The deficit is projected to return to a positive balance in the 2022 financial year, consistent with the commitment made to the Board and Council.

Facilities Renovations

The Facilities Renovations Reserve is a source of funding primarily for renovations to existing facilities. The net funding for this reserve has been rebalanced, consistent with the description for other reserves as identified above.

The balance in the Facilities Renovations category the end of 2021 is projected to be \$138,417.



4. Capital Loans

The Police Service does not have any outstanding capital loans.

CAPITAL SUMMARY TABLE 2021 CAPITAL BUDGET / 2022 - 2025 CAPITAL PLAN

| Draft | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | 2021-2025 |
|---------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|
| POLICE CAPITAL RESERVE PROJECTS | 2021 BUDGET | 2022 Plan | 2023 Plan | 2024 Plan | 2025 Plan | Total |

EQUIPMENT & TECHNOLOGY

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|
| P2497 EQUIPMENT REPLACEMENT | 451,000 | 825,000 | 421,000 | 1,355,000 | 546,000 | 3,598,000 |
| P2498 EQUIPMENT EXPANSION | 160,000 | 10,000 | - | - | - | 170,000 |
| P2499 TECHNOLOGY REPLACEMENT | 1,013,000 | 1,019,000 | 1,610,000 | 1,100,000 | 956,000 | 5,698,000 |
| P2610 TECHNOLOGY EXPANSION | 591,000 | 470,000 | 468,000 | 255,000 | 79,000 | 1,863,000 |
| Total Equipment & Technology | 2,215,000 | 2,324,000 | 2,499,000 | 2,710,000 | 1,581,000 | 11,329,000 |

RADIO PROJECTS

| | | | | | | |
|--------------------------|---------|---|---------|---|-----------|-----------|
| P2119 RADIO REPLACEMENTS | 134,000 | - | 106,000 | - | 1,374,000 | 1,614,000 |
|--------------------------|---------|---|---------|---|-----------|-----------|

GENERAL CAPITAL PROJECTS

| | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Total General Capital Projects | 470,000 | 386,000 | 170,000 | 170,000 | 170,000 | 1,366,000 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|

FACILITIES RENOVATIONS

| | | | | | | |
|-----------------------------------|---------------|----------------|---------------|----------------|---------------|----------------|
| Total Facility Renovations | 50,000 | 231,000 | 50,000 | 118,000 | 50,000 | 499,000 |
|-----------------------------------|---------------|----------------|---------------|----------------|---------------|----------------|

| | | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Total Police Reserve Projects | 2,869,000 | 2,941,000 | 2,825,000 | 2,998,000 | 3,175,000 | 14,808,000 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|

CAPITAL PROJECTS not funded by reserves

| | | | | | | |
|-----|---|---|---|---|---|---|
| N/A | - | - | - | - | - | - |
| N/A | - | - | - | - | - | - |

| | | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Total Police Reserve Projects | 2,869,000 | 2,941,000 | 2,825,000 | 2,998,000 | 3,175,000 | 14,808,000 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|

Please note Equipment and Technology projects are summarized by broad category for reporting purposes on the prior pages

**SPS - 2021 CAPITAL RESERVE SUFFICIENCY FORECAST TABLE**

Funding or room in reserves is represented as a credit, shown as negative numbers
Positive numbers equal an expenditure or deficit in funding

| Draft | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---|--------------------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| | | 2021 | 2022 | 2023 | 2024 | 2025 |
| OPENING BALANCE: | | | | | | |
| | Equip. & Technology | (429,164) | (404,664) | 39,236 | 213,436 | 579,036 |
| | Radio | -161,848 | -27,848 | -27,848 | -48 | -78,248 |
| | General Capital | 212,090 | 299,590 | -8,410 | -8,410 | -8,410 |
| | Renovations | -94,617 | -138,417 | -117 | -43,917 | -117 |
| | Total Opening Balance | -473,539 | -271,339 | 2,861 | 161,061 | 492,261 |
| ADD ANNUAL PROVISION: | | | | | | |
| | Equip. & Technology | -2,190,500 | -1,880,100 | -2,324,800 | -2,344,400 | -1,149,700 |
| | Radio | 0 | 0 | -78,200 | -78,200 | -1,295,800 |
| | General Capital | -382,500 | -694,000 | -170,000 | -170,000 | -170,000 |
| | Renovations | -93,800 | -92,700 | -93,800 | -74,200 | -51,300 |
| | Total Annual Provision | -2,666,800 | -2,666,800 | -2,666,800 | -2,666,800 | -2,666,800 |
| FUNDING AVAILABLE: | | | | | | |
| | Equip. & Technology | -2,619,664 | -2,284,764 | -2,285,564 | -2,130,964 | -570,664 |
| | Radio | -161,848 | -27,848 | -106,048 | -78,248 | -1,374,048 |
| | General Capital | -170,410 | -394,410 | -178,410 | -178,410 | -178,410 |
| | Renovations | -188,417 | -231,117 | -93,917 | -118,117 | -51,417 |
| | Total Funding Available | -3,140,339 | -2,938,139 | -2,663,939 | -2,505,739 | -2,174,539 |
| LESS EXPENDITURES: | | | | | | |
| | Equip. & Technology | 2,215,000 | 2,324,000 | 2,499,000 | 2,710,000 | 1,581,000 |
| | Radio | 134,000 | - | 106,000 | - | 1,374,000 |
| | General Capital | 470,000 | 386,000 | 170,000 | 170,000 | 170,000 |
| | Renovations | 50,000 | 231,000 | 50,000 | 118,000 | 50,000 |
| | Total Expenditures | 2,869,000 | 2,941,000 | 2,825,000 | 2,998,000 | 3,175,000 |
| PROJECT CLOSURES / BUDGET ADJUSTMENTS: | | | | | | |
| | Equip. & Technology | - | - | - | - | - |
| | Radio | | | | | |
| | General Capital | | | | | |
| | Renovations | - | - | - | - | - |
| | Total Adjustments | - | - | - | - | - |
| FORECASTED CLOSING BALANCE: | | | | | | |
| | Equip. & Technology | -404,664 | 39,236 | 213,436 | 579,036 | 1,010,336 |
| | Radio | -27,848 | -27,848 | -48 | -78,248 | -48 |
| | General Capital | 299,590 | -8,410 | -8,410 | -8,410 | -8,410 |
| | Renovations | -138,417 | -117 | -43,917 | -117 | -1,417 |
| | Total Closing Balance | \$ (271,339) | \$ 2,861 | \$ 161,061 | \$ 492,261 | \$ 1,000,461 |