

“PUBLIC AGENDA”

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

**FROM: Troy Cooper
Chief of Police**

DATE: 2019 August 28

SUBJECT: 2020/21 Preliminary Police Capital Budget Estimates

FILE #: 2,017

ISSUE:

Attached are the 2020/21 preliminary capital budget estimates for the Saskatoon Police Service.

RECOMMENDATION:

That the Board reviews and approves the preliminary 2020/21 capital budget estimates and forwards to Saskatoon City Council for consideration and approval.

BACKGROUND:

The preliminary capital budget has been prepared based on a 5-year plan – 2020 – 2024.

DISCUSSION:

Both 2020 and 2021 capital budgets are fully funded. An increase in funding of \$204,000 in 2021 is proposed.

2020 Capital Budget - Expenditure Type				2021 Capital Budget - Expenditure Type			
Capital Replacement				Capital Replacement			
Radio	0.0%	\$ -		Radio	5.0%	\$ 134,000	
Equipment	45.4%	855,000		Equipment	16.7%	451,000	
Technology	37.1%	698,000		Technology	53.5%	1,441,000	
Facilities	5.8%	110,000		Facilities	1.9%	50,000	
	<u>88.3%</u>	<u>\$ 1,663,000</u>	\$ 1,663,000		<u>77.1%</u>	<u>\$ 2,076,000</u>	\$ 2,076,000
Capital Expansion				Capital Expansion			
Radio	0.0%	\$ -		Radio	0.0%	\$ -	
Equipment	4.5%	84,000		Equipment	2.9%	77,000	
Technology	7.2%	136,000		Technology	12.7%	341,000	
Facilities	0.0%	-		Facilities	0.0%	-	
General	0.0%	-		General	7.4%	199,000	
	<u>11.7%</u>	<u>\$ 220,000</u>	\$ 220,000		<u>22.9%</u>	<u>\$ 617,000</u>	\$ 617,000
	<u>100%</u>	<u>\$ 1,883,000</u>			<u>100%</u>	<u>\$ 2,693,000</u>	

“PUBLIC AGENDA”

Non-SPS Funded Proposed Capital Projects


There is one proposed project in the 2020 capital budget which is not intended to be financed by SPS reserves. This additional capital project totals \$40,000. The difference between the SPS funded capital projects and this project is, if funding is not secured from a third party, the project will fall off and not be completed or items proposed in future years may change.

CONCLUSION:

The proposed capital budget is fully funded with the disclosed proposed change to the 2021 Operating Budget.

Written by: Earl Warwick
Director of Finance

Approved by: Mitch Yuzdepski
Deputy Chief, Support Services

Submitted by: 

Troy Cooper
Chief of Police

Dated: September 11, 2019

Attachment: Capital Budget Narrative

Saskatoon Police Service



2020/21 CAPITAL BUDGET
2022 – 2024 CAPITAL PLAN

August 2019



Saskatoon Police Service
2020/21 Capital Budget 2022 – 2024 Capital Plan

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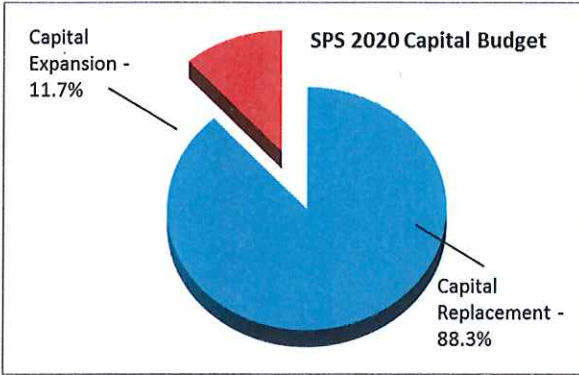
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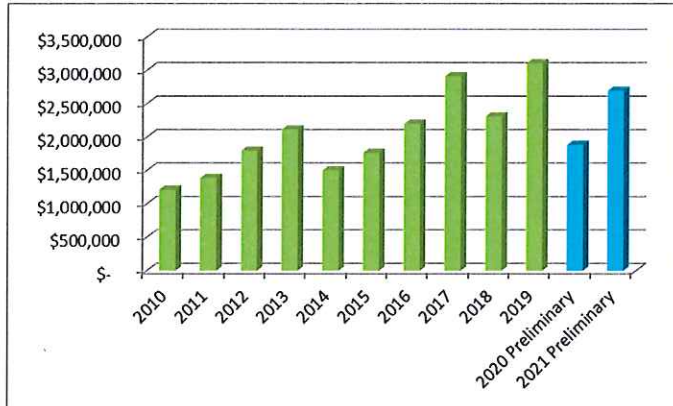
EXECUTIVE SUMMARY

2020 Total SPS Funded Capital Budget – 5 Projects \$1,883,000

SPS 2020 Capital Budget



10 Yr Approved Capital Budget /2020/21 Prelim Budget



2020 Capital Budget - Expenditure Type

Capital Replacement			
Radio	0.0%	\$	-
Equipment	45.4%		855,000
Technology	37.1%		698,000
Facilities	5.8%		110,000
	88.3%	\$	\$1,663,000

Capital Expansion			
Radio	0.0%	\$	-
Equipment	4.5%		84,000
Technology	7.2%		136,000
Facilities	0.0%		-
General	0.0%		-
	11.7%	\$	\$ 220,000

	100%		\$ 1,883,000
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2020 Saskatoon Police Service (SPS) Capital Investments include five projects totaling \$1,883,000 of which \$1,663,000 is targeted to address a number of asset replacement projects including \$855,000 related to equipment replacement and \$698,000 for technology replacement.

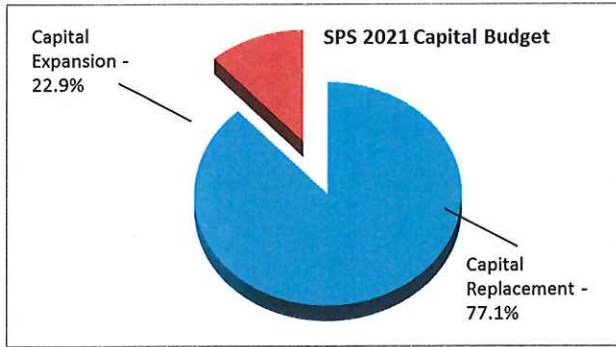
Planned capital expansion projects for 2020 total \$220,000 including \$136,000 for technology expansion, and \$84,000 for equipment expansion.

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



2021 Total SPS Funded Capital Budget – 7 Projects \$2,693,000

SPS 2021 Capital Budget



2021 Capital Budget - Expenditure Type			
Capital Replacement			
Radio	5.0%	\$ 134,000	
Equipment	16.7%	451,000	
Technology	53.5%	1,441,000	
Facilities	1.9%	50,000	
	<u>77.1%</u>	<u>\$2,076,000</u>	<u>\$2,076,000</u>
Capital Expansion			
Radio	0.0%	\$ -	
Equipment	2.9%	77,000	
Technology	12.7%	341,000	
Facilities	0.0%	-	
General	7.4%	199,000	
	<u>22.9%</u>	<u>\$ 617,000</u>	<u>\$ 617,000</u>
	<u>100%</u>		<u>\$2,693,000</u>

2021 Saskatoon Police Service (SPS) Capital Investments include seven projects totaling \$2,693,000 of which \$2,076,000 is targeted to address a number of asset replacement projects including \$1,441,000 related to technology replacement and \$451,000 for equipment replacement.

Planned capital expansion projects for 2021 total \$617,000 including \$341,000 for technology expansion, and \$199,000 for general equipment expansion.

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



Funding Sources

All 2020/21 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 \$2,462,800.

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

FORECASTED CLOSING BALANCE:

	2020	2021
Equip. & Technology	(354,588)	(295,088)
Radio	(161,848)	(27,848)
General Capital	191,704	68,204
Renovations	(94,617)	(138,417)
Total Closing Balance	\$ (419,349)	\$ (393,149)

Brackets show funds remaining in the reserve, lack of brackets show 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 not affect the 2020 Operating Budget and will increase the 2021 Operating Budget by \$47,000.

Non-SPS Funded Proposed Capital Projects

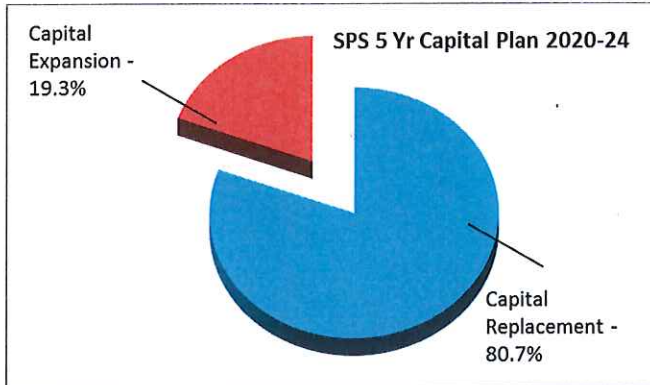
There is one proposed project in the 2020 Capital Budget which is not intended to be financed by SPS reserves. This additional capital project totals \$40,000. The difference between the SPS funded capital projects and this project is, if funding is not secured from an outside source, the project will fall off and not be completed. Please see the project below:

CAPITAL PROJECTS Not funded by Reserves		2020	2021
2498	CID - Lab Safety Equipment	40,000	-
		-	-
Total Police Projects - Not funded by Reserves		40,000	-



5 YEAR CAPITAL PLAN

1. Project Overview



2020 - 2024 Capital Budget/Plan - Expenditure Type

Radio	1.8%	\$ 240,000	
Equipment	29.8%	3,907,000	
Technology	44.8%	5,883,000	
Facilities	4.3%	559,000	
	<u>80.7%</u>	<u>\$ 10,589,000</u>	\$ 10,589,000

Radio	0.0%	\$ -	
Equipment	1.2%	\$ 161,000	
Technology	12.7%	1,670,000	
Facilities	0.0%	-	
General	5.4%	709,000	
	<u>19.3%</u>	<u>\$ 2,540,000</u>	\$ 2,540,000

	<u>100%</u>		<u>\$ 13,129,000</u>
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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 2020 to 2024 is projected to cost \$10.6 million (80.7%) of total capital spending.

Of interest to the reader may be the Aircraft Equipment Replacement project. Project funding is listed on page 8 and it is a component of the Equipment Replacement category listed above. The aircraft, as a key tool in the operations of SPS to enhance community safety, often engenders substantial public interest. For greater clarity, the budgets each year of \$110,000 include the replacement of the engine and propeller as mandated by mechanical requirements. The \$781,000 includes the same engine and propeller replacement, plus planning for replacing the Thermal Imaging Camera, which will have reached the end of its life expectancy by that time. The propeller and engine replacements were expected expenses at the time of the airplane acquisition. The Thermal Imaging Camera would have been required regardless of the ownership versus leasing of the plane.

Future capital expansion projects total \$2.5 million (19.3%) of total capital spending. Proposed key projects include the \$1,670,000 in technology expansion, and \$709,000 related to vehicle and specialty equipment expansion.

2. **Capital Funding**

All projects in the five year capital plan are proposed to be funded from existing SPS capital reserves, except as otherwise noted.



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 2020 the total annual provision to the Police Equipment & Technology Capital Reserves will remain static. In 2021, an increase in the annual provision of \$204,000 is required. The increased funding meets Board approved policy that calls for the annual provision to capital reserves be equal to 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

	2020	2021
Equip. & Technology	(1,938,200)	(2,250,500)
Radio	(109,300)	0
General Capital	(322,500)	(322,500)
Renovations	(92,800)	(93,800)
Total Annual Provision	(2,462,800)	(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 2020 a rebalancing of capital contributions from operating will occur with no net operating budget change resulting from capital contributions. In 2021, an increase in the capital contributions from the operating budget is planned at \$204,000. This entire increase will go to the Equipment & Technology Reserve, plus some additional rebalancing as occurred in 2020.



The balance in the reserve at the end of 2021 is projected to be \$295,088, which is an improvement over the forecast at this time last year. Deficits are projected for 2022 and 2024; 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 \$322,500 annually, which is static compared to 2019.

The balance in the Police General Capital Reserve at the end of 2021 is projected to be a deficit of \$68,204. 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

2020/21 CAPITAL BUDGET / 2022 - 2024 CAPITAL PLAN

DRAFT #3	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	2020-2024
POLICE CAPITAL RESERVE PROJECTS	2020 BUDGET	2021 BUDGET	2022 Plan	2023 Plan	2024 Plan	Total

EQUIPMENT & TECHNOLOGY

P2497 EQUIPMENT REPLACEMENT	745,000	451,000	715,000	421,000	574,000	2,906,000
P2619 AIRCRAFT EQUIPMENT REPLACEMENT	110,000		110,000		781,000	1,001,000
P2498 EQUIPMENT EXPANSION	84,000	77,000	-	-	-	161,000
P2499 TECHNOLOGY REPLACEMENT	278,000	1,161,000	1,337,000	902,000	1,253,000	4,931,000
P2487 DICTATION SYSTEM REPLACEMENT	-	-	-	252,000	-	252,000
P1389 POLICE NOTEBOOK REPLACEMENT	420,000	280,000	-	-	-	700,000
P2610 TECHNOLOGY EXPANSION	136,000	341,000	470,000	468,000	255,000	1,670,000
Total Equipment & Technology	1,773,000	2,310,000	2,632,000	2,043,000	2,863,000	11,621,000

RADIO PROJECTS

P2119 RADIO	-	134,000	-	106,000	-	240,000
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GENERAL CAPITAL PROJECTS

P2389 GENERAL CAPITAL PROJECTS	-	199,000	170,000	170,000	170,000	709,000
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FACILITIES RENOVATIONS

FACILITIES RENOVATIONS							
2489	Furniture Replacement	50,000	50,000	50,000	50,000	50,000	250,000
2618	Facility Renovations	60,000	-	181,000	-	68,000	309,000
Total Facility Renovations/Furniture Replacement		110,000	50,000	231,000	50,000	118,000	559,000

Total Police Reserve Projects	1,883,000	2,693,000	3,033,000	2,369,000	3,151,000	13,129,000
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CAPITAL PROJECTS Not funded by Reserves							
2119	Radio Replacement - CTSS	-				63,000	63,000
2498	CID - Lab Safety Equipment	40,000					40,000
		-	-	-	-	-	-
Total Police Projects - Not funded by Reserves		40,000	-	-	-	63,000	103,000

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 with brackets
Unbracketed numbers equal an expenditure or deficit in funding

Draft #3	Yr 1		Yr 2		Yr 3		Yr 4		Yr 5	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
OPENING BALANCE:										
Equip. & Technology	177,791	(189,388)	(354,588)	(295,088)	1,412	(280,388)				
Radio	(243,405)	(52,548)	(161,848)	(27,848)	(27,848)	(48)				
General Capital	465,421	514,204	191,704	68,204	(396)	(396)				
Renovations	(95,535)	(111,817)	(94,617)	(138,417)	(117)	(43,917)				
Total Opening Balance	304,272	160,451	(419,349)	(393,149)	(26,949)	(324,749)				
ADD ANNUAL PROVISION:										
Equip. & Technology	(1,826,200)	(1,938,200)	(2,250,500)	(2,335,500)	(2,324,800)	(2,344,400)				
Radio	(264,100)	(109,300)	0	0	(78,200)	(78,200)				
General Capital	(322,500)	(322,500)	(322,500)	(238,600)	(170,000)	(170,000)				
Renovations	(50,000)	(92,800)	(93,800)	(92,700)	(93,800)	(74,200)				
Total Annual Provision	(2,462,800)	(2,462,800)	(2,666,800)	(2,666,800)	(2,666,800)	(2,666,800)				
FUNDING AVAILABLE:										
Equip. & Technology	(1,648,409)	(2,127,588)	(2,605,088)	(2,630,588)	(2,323,388)	(2,624,788)				
Radio	(507,505)	(161,848)	(161,848)	(27,848)	(106,048)	(78,248)				
General Capital	142,921	191,704	(130,796)	(170,396)	(170,396)	(170,396)				
Renovations	(145,535)	(204,617)	(188,417)	(231,117)	(93,917)	(118,117)				
Total Funding Available	(2,158,528)	(2,302,349)	(3,086,149)	(3,059,949)	(2,693,749)	(2,991,549)				
LESS EXPENDITURES:										
Equip. & Technology	1,732,000	1,773,000	2,310,000	2,632,000	2,043,000	2,863,000				
Radio	949,000	-	134,000	-	106,000	-				
General Capital	372,000	-	199,000	170,000	170,000	170,000				
Renovations	50,000	110,000	50,000	231,000	50,000	118,000				
Total Expenditures	3,103,000	1,883,000	2,693,000	3,033,000	2,369,000	3,151,000				
PROJECT CLOSURES/ ADJUSTMENTS:										
Equip. & Technology	(272,979)									
Radio	(494,043)									
General Capital	(717)									
Renovations	(16,282)									
Total Adjustments	(784,021)									
FORECASTED CLOSING BALANCE:										
Equip. & Technology	(189,388)	(354,588)	(295,088)	1,412	(280,388)	238,212				
Radio	(52,548)	(161,848)	(27,848)	(27,848)	(48)	(78,248)				
General Capital	514,204	191,704	68,204	(396)	(396)	(396)				
Renovations	(111,817)	(94,617)	(138,417)	(117)	(43,917)	(117)				
Total Closing Balance	\$ 160,451	\$ (419,349)	\$ (393,149)	\$ (26,949)	\$ (324,749)	\$ 159,451				