




# HAMILTON POLICE SERVICE

## RECOMMENDATION REPORT

<b>TO:</b>	Chair and Members Hamilton Police Services Board
<b>BOARD MEETING DATE:</b>	June 2021
<b>SUBJECT:</b>	2020 Year-End Surplus Allocation Plan
<b>REPORT NUMBER:</b>	PSB 21-063
<b>SUBMITTED BY:</b>	Frank Bergen, Chief of Police
<b>SIGNATURE:</b>	

### RECOMMENDATION

That the Hamilton Police Service Board (Board) approve the allocation plan for the 2020 year-end surplus of \$2,128,405.

### EXECUTIVE SUMMARY

The City of Hamilton (City) allocated the 2020 Hamilton Police Service (HPS) year-end surplus to the Police Tax Stabilization Reserve.

The following represents a summary of the recommended allocation:

- Maintain \$576,867 in the Police Tax Stabilization Reserve to offset the 2021 budgetary pressures, as approved in PSB 20-112.
- Transfer \$495,390 to the Police Sick Leave Reserve.
- Transfer \$150,000 to the 2021 Police Capital Reserve – Diesel Fuel Tank.
- Transfer \$150,000 to the 2021 Police Capital Budget – Ice Rescue/Hovercraft.
- Transfer \$158,000 to 2021 Police Operating Budget – breakdown outlined in the information section.
- Transfer \$299,074 (50% of the remaining balance) to the Police Capital Reserve, with the remainder to the Police Tax Stabilization Reserve.

### FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: See the details below.

Staffing: n/a

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Legal Implications: n/a

## **INFORMATION**

The purpose of this report is to provide the Board with information and obtain the approval for the re-allocation and transfer of the 2020 year-end surplus as detailed below.

In accordance with the "Operating Budget Surplus/Deficit Policy", the City's Finance Department closed the 2020 HPS year-end surplus of \$2,128,405 to the Police Tax Stabilization Reserve; a standard operating procedure at year-end.

Based on operational requirements, the following allocation plan is proposed:

### **1) Maintain \$576,867 in the Police Tax Stabilization Reserve**

Based on the PSB 20-112, the Board approved a total of \$576,867 to be applied to 2021 Budget to offset some of the 2021 budgetary pressures. The approved amount represented the estimated COVID-19 cost recovery for 2020 fiscal year. The actual 2020 COVID-19 Relief funding received through the joint federal-provincial Safe Restart Agreement amounted to \$562,077. However, a total of \$576,867 is recommended to be maintained in the Police Tax Stabilization Reserve in order to repress some of 2021 budgetary pressures.

### **2) Transfer \$495,390 to the Police Sick Leave Reserve**

The Police Sick Leave Reserve was established to provide a source of funding to members that are entitled to a payout of vested sick leave/credits that they have earned prior to retirement/resignations. When sick bank payouts exceed the annual budget, the sick leave reserve may be accessed to fund the deficit. Alternatively, when sick bank payout result in a surplus, it is directed to the sick leave reserve to fund future liabilities.

During 2020 fiscal year, the HPS realized a positive variance of \$495,390 due to fewer than anticipated member retirements/resignations. The last contribution to this reserve was made in 2015, following a 2014 surplus. Therefore, it is recommended that this amount be transferred to the Police Sick Leave reserve in order to effectively manage future liabilities and address long-term financial sustainability of the Service.

### **3) Transfer \$150,000 to the 2021 Police Capital Reserve – Diesel Fuel Tank Replacement**

Through PSB 21-012, the Board approved a total of \$150,000 to be used towards the cost for the necessary work on the Standby Generator Diesel Fuel Tank System at Division 20. The cost is to be funded from the Police Capital Reserve. The Police Capital Reserve would be replenished from the HPS 2020 year-end surplus in the amount equivalent to \$150,000. This will ensure sustainability of the reserve and assist in meeting future annual obligations.

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**4) Transfer \$150,000 to the 2021 Police Capital Budget – Ice Rescue/Hovercraft**

The City has a unique combination of bodies of water within and in close proximity to its borders that are used for commercial, recreational, agricultural and environmental protection purposes. These bodies of water include, but are not limited to, Lake Ontario, Hamilton Harbour, Cootes Paradise, various Conservation Areas in Stoney Creek, Glanbrook and Flamborough, small lakes and ponds, many creeks and various water retention ponds across the City. With the use of these waterfront areas and Conservation properties during the winter months, there is a greater probability of incidents to occur due to the increased level of popularity of outdoor activities. The current and anticipated future increase in the use of the bay front areas adds to this probability. Ice water rescue responses are a low frequency call, however, the consequences and risks associated with these calls is extremely high and critical when dealing with victims that may be suffering from hypothermia.

An ice rescue/hovercraft vessel has the capability to deploy safely on ice and water with a payload that can transport the required number of rescuers and victims. Rescuers may include members from any or all of the agencies of the tri-service response model. The acquisition of an ice rescue/hovercraft will include a trailer for transportation and appropriate training for operators. The HPS will assume primary responsibility for the operation, maintenance and deployment of the vessel. In addition, it would be a valuable tool for ground search and rescue. This item has been contained in the Service's ten year capital projections and, if funded through surplus, would be removed from the ten year capital plan

**5) Transfer \$60,000 to the 2021 HPS Operating Budget – PRIDE Recommendations**

The Independent Review into the events surrounding Hamilton Pride call for a number of actions by the Service. These include but are not limited to policy review, engagement/consultation with Community via a third party facilitator, and targeted training initiatives. The requested funds will be used to continue the implementation of the recommendations by Mr. Bergman.

**6) Transfer \$48,000 to the 2021 HPS Operating Budget – ISD Building Upgrades**

Following the opening of the ISD building, staff noted the below items which were either not budgeted or included in the equipment and construction of the ISD building, or that require upgrading:

- a. The evidence closets and bay doors are equipped with key access only and HPS is requesting to install Chubb card readers (\$28,000) to ensure chain of evidence via electronic card system.
- b. The installation of interior signage (\$6,000) throughout the facility (offices, washrooms, locker rooms, etc.).
- c. The Rebecca street man door requires upgrades (\$5,000) to the existing hardware and design to ensure consistent, secured user access point for entry and exit.

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- d. The current ISD key-box (recycled EKMS) is non-operational and requires the replacement of the cabinet and motherboard (\$9,000).

#### **7) Transfer \$35,000 to the 2021 HPS Operating Budget – IT Professional Services**

The HPS IT department is currently undergoing a number of initiatives to upgrade and modernize our systems. These include upgrading to windows 10, transitioning to Microsoft Office 365 and transitioning from our existing First Class email system to Outlook. The COVID pandemic and staffing challenges have required the department to redeploy staff to helpdesk, resulting in a delay in the windows 10 upgrade which will eventually delay all other initiatives. Staff are requesting funds to access support for professional services to assist with this transition.

#### **8) Transfer \$15,000 to the 2021 HPS Operating Budget – Electronic Key Management System**

With the creation of the new Traffic Safety Unit (TSU), a need for an electronic key management system (EKMS) for its fleet was identified. The EKMS is similar to the ones used at all three Divisions of the Service.

The system is designed to manage, track and secure keys throughout day-to-day operations. It is a quick and easy method of issuing and controlling keys, restricting who can access them, where they are taken and when. The EKMS has the ability to track keys in real time. It can also prevent unauthorized access and have full accountability of keys with a complete audit trail of every key transaction.

#### **9) Transfer \$299,074 to Police Capital Reserve**

Should the Board approve the allocation plan recommendation 1 through 8 inclusive, the HPS recommends the remaining balance of \$598,148 be evenly distributed between the Police Tax Stabilization and Police Capital Reserves. Therefore, a transfer of \$299,074 be made to the Police Capital reserve, with the remainder to the Police Tax Stabilization Reserve.

The Police Capital Reserve was established to provide a source of funding for any major future capital expenditures, including major repairs and building improvements. All HPS reserves are managed and analyzed continuously to ensure any future annual obligations are met. The HPS continues to undertake significant ongoing mitigating efforts in order to manage all costs within its control. Contributions to these reserves are only made through annual year-end surplus funds of the Service. Thus, it is recommended that \$299,074 be transferred and used to replenish this reserve in order to alleviate financial pressures in the current and future budget years.

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The year-end operating surplus represents funding that cannot be relied to recur on an ongoing basis. Actual financial results vary from year-to-year based on various external and internal factors. Therefore, it is recommended that the allocation plan be approved as it will provide the HPS with the opportunity to strategically allocate funds to address current and future policing needs.

In addition, this allocation plan will streamline the budget process for the Board in being able to fund expenses with their own reserves rather than requesting funds from City reserves and/or tax levy.

#### **ALTERNATIVES FOR CONSIDERATION – n/a**

#### **APPENDICES AND SCHEDULES ATTACHED:**

Appendix A – Summary of Proposed Allocation Plan

Appendix B – HPS Summary of Reserve Balances

FB/J.Randazzo

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