

Classification **PUBLIC**

Meeting **November 14, 2011**

Agenda Item **Monitoring Report:  
Strategic and Financial Planning – 2nd Semi-  
Annual Report 2011**



**Recommended Motion:**

THAT the Board find that all provisions of the Strategic and Financial Planning have been complied with.

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**Strategic and Financial Planning**

I hereby submit my monitoring report on your Executive Limitations, “Strategic and Financial Planning” according to the schedule set out. I certify that the information contained in this report is true.

Signed: \_\_\_\_\_  
Chief of Police

Date: \_\_\_\_\_

**BROADEST POLICY PROVISION:**

*The Chief of Police shall not fail to produce an annual operational plan, derived from a multi-year plan that identifies strategies and actions for the accomplishment of the Board’s stated Ends policies.*

*Financial planning for any fiscal year, or the remaining part of the year, will not deviate materially from Board’s Ends policies and business plan, risk fiscal jeopardy, or fail to be derived from a multi-year financial plan.*

**Interpretation of the Chief of Police:**

The Board’s Ends policies drive the 3 year Business Plan (which satisfies the requirements of the Police Services Act) and the Operational Plan, which in turn drive the annual budget and the 5 year forecast required by the Region. Furthermore, business plans and annual budgets are subject to realistic revenue and cost projections in both the near and long term.

The 3 year Business Plan provides the goals and direction for the Operational Plan.

The 2011 – 2013 Business Plan was reviewed and approved by the Board at the July 12, 2010 meeting.

Annual financial planning is done with the input and participation of all operational levels, in order to meet Business Plan objectives, Operational Plan objectives and Board Ends, in accordance with specific Board direction. The Annual Business Plan Budget is the basis for the first year of the 5 Year Forecast submitted to the Region of Durham and the Board.

### **Data in Support:**

The supporting data is comprised of the 3 year 2011 – 2013 Business Plan, the annual Operational Plan, the 5 Year Operating Forecast, the 10 year Capital Forecast and the Annual Business Plan Budget.

The 3 Year 2011 – 2013 Business Plan was approved by the Board on July 12, 2010. The Board received a semi-annual Business Plan Update in July 2011.

The Region was provided with the 5 Year Forecast in August of 2011 per the Region's Business Budget Planning requirements and the Board has been provided with that document as an appendix to this report. That report was provided prior to the development of the Region's 2012 final budget guideline so that forecast differs somewhat from the current budget. The 10 year Capital Forecast is included in the Annual Business Plan Budget package provided to the Board this date under separate cover.

### **Statement of Compliance:**

I therefore report compliance with the General Provision.

*Further, without limiting the generality of the foregoing by the enumeration, the Chief of police will not allow budgeting that:*

### **Policy Provision #1**

*Establishes conditions and activities that will be unnecessarily difficult to maintain.*

### **Interpretation of the Chief of Police:**

The policy prohibits me from undertaking or approving operating or financial activities, which would place the integrity of the service or Police Services Board in jeopardy. I will ensure any new operational or financial activities begun are within the financial limitations as set out within the approved budget for the upcoming year and are in furtherance of Board Ends and Limitations policies.

**Data Support:**

Current conditions and activities, which are required to maintain existing Board End compliance and service levels, result in an approximate ongoing annual increase in net expenditures of 4.5 % to 5.5 %. (This figure represents an estimate of expected contractual increases in the collective agreements and estimated inflationary cost increases in non-salary expenditures, but does not include any provision for meeting increased demands as a result of population growth which is estimated at 2 % or debt service requirements on new buildings.)

The Region's budget guideline for 2012 is \$160.61 million which represents an increase of 4.5 % over the 2011 budget and the 2012 presented to the Board this date under separate cover complies with that guideline pursuant to the direction of the Finance Committee of the Board given on October 11, 2011.

I have not undertaken or approved any activities which would result in a higher level of ongoing cost increases than that described above.

**Therefore, I report compliance with this provision.**

**Policy Provision #2**

*Omits credible projection of expenses, separation of capital and operational items, and disclosure of planning assumptions.*

**Interpretation of the Chief of Police:**

I must ensure that the Service diligently plans and clearly reports on expected future revenues and expenses in a format which meets the requirements of the Board and the Region of Durham.

**Data Support:**

The Annual Business Plan Budget submitted to the Board meets these requirements.

**Therefore, I report compliance with this provision.**

**Policy Provision # 3**

*Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.*

**Interpretation of the Chief of Police:**

The DRPS will ensure that funds identified in the Board's annual governance budget are provided.

**Data Support:**

The Business Plan Budget for 2012 shall include the Board's governance budget of \$483 thousand dollars.

**Therefore, I report compliance with this provision.**

**Policy Provision # 4**

*Provides for projection of revenues that exceed the Board's revenue projection.*

**Interpretation of the Chief of Police:**

The DRPS budget will be based upon realistic projections of revenue from Municipal, Provincial and Federal funding sources and user fees, as provided for by Board approved by-laws.

For 2011 the DRPS budget was \$153.692 million which was in compliance with the Region of Durham guideline.

The Board will today consider a guideline for 2012 of \$160.61 million the Business Plan Budget being presented today meets the guideline approved by Regional Council for 2012.

**Data Support:**

The 2012 Annual Business Plan Budget is in accordance with the Region of Durham guideline.

**Based on the above proof provided, I report overall compliance with the policy.**

**Attachments:**

Region of Durham 2012 Budget Timetable  
5 Year Base Budget Operating Forecast Submitted to Region of Durham.

- The following table highlights the key dates of the preliminary 2012 Business Plan and Budget Timetable (refer to Attachment #1 for further details):

<ul style="list-style-type: none"> <li>• <b>Departments Submit 5 Year Business Plans to Finance Department</b></li> </ul>	<b>August 2, 2011</b>
<ul style="list-style-type: none"> <li>• <b>Five Year Economic &amp; Financial Forecast and 2012 Budget Guideline Report to Finance &amp; Administration Committee</b></li> </ul>	<b>October 4, 2011</b>
<ul style="list-style-type: none"> <li>• <b>Five Year Economic &amp; Financial Forecast and 2012 Budget Guideline Report to Council</b></li> </ul>	<b>October 12, 2011</b>
<ul style="list-style-type: none"> <li>• <b>2012 Transportation Servicing and Financing Study</b></li> <li>• <b>2012 Housing Servicing and Financing Study</b></li> <li>• <b>2012 Solid Waste Servicing and Financing Study</b></li> </ul>	<b>November 2011</b>
<ul style="list-style-type: none"> <li>• <b>2012 Water and Sewer Servicing and Financing Report</b></li> <li>• <b>2012 Water and Sewer Rates Report</b></li> <li>• <b>2012 Water and Sewer Business Plans and Budgets</b></li> </ul>	<b>December 14, 2011 (Council)</b>
<ul style="list-style-type: none"> <li>• <b>2012 Departmental Business Plans and Budgets to Standing Committees</b></li> <li>• <b>2012 Transit Servicing and Financing Study</b></li> <li>• <b>2012 Long Term Property Tax Strategy Report</b></li> </ul>	<b>January 26, 2012 - February 1, 2012</b> <b>January 2012</b> <b>January 2012</b>
<ul style="list-style-type: none"> <li>• <b>Finance &amp; Administration Committee Review of 2012 Business Plans and Budgets for Departments/Outside Agencies</b></li> </ul>	<b>February 7 - 9, 2012</b>
<ul style="list-style-type: none"> <li>• <b>2012 Departments/Agencies Business Plans and Budgets Approved By Council</b></li> <li>• <b>2012 Property Tax Rates Approved By Council</b></li> </ul>	<b>February 15, 2012</b>

The Regional Municipality of Durham 2012-2016

Operating & Summary Forecast

Police

OPERATING & SUMMARY FORECAST  
(\$000's)

	2011 Budget	2012	2013	2014	2015	2016	TOTAL
<b>EXPENDITURES:</b>							
Personnel Expenditures (linked to staffing sch)	138,355	145,567	152,330	160,123	167,903	175,997	801,919
Personnel Related Expenditures	2,223	2,268	2,313	2,359	2,407	2,455	11,802
Communication & Printing	2,497	2,547	2,598	2,650	2,703	2,757	13,256
Materials & Supplies	4,432	4,520	4,611	4,703	4,797	4,893	23,523
Professional Services	879	896	914	932	951	970	4,664
Computer Maintenance & Operations	1,202	1,226	1,250	1,275	1,301	1,327	6,378
Miscellaneous Expenses	674	687	701	715	729	744	3,576
Maintenance & Repairs	2,735	2,790	2,846	2,903	2,961	3,020	14,520
Rentals	1,889	1,927	1,965	2,005	2,045	2,086	10,028
Reserves	-130	0	0	0	0	0	-
Regional Headquarters	1,405	1,433	1,461	1,491	1,521	1,551	7,456
Minor Assets & Equipment	4	0	0	0	0	0	-
Major Repairs & Renovations							
Financial Expenses	2,085	3,657	3,690	10,193	13,727	24,028	55,294
<b>Expenditures Subtotal</b>	<b>158,249</b>	<b>167,518</b>	<b>174,679</b>	<b>189,349</b>	<b>201,043</b>	<b>219,828</b>	<b>952,417</b>
<b>TANGIBLE CAPITAL ASSETS</b>							
New (linked to capital schedule)	-	3,870	4,120	4,770	4,470	4,470	21,700
Replacement (linked to capital schedule)	2,732	-	-	-	-	-	-
<b>Tangible Capital Assets Subtotal</b>	<b>2,732</b>	<b>3,870</b>	<b>4,120</b>	<b>4,770</b>	<b>4,470</b>	<b>4,470</b>	<b>21,700</b>

The Regional Municipality of Durham 2012-2016

Operating & Summary Forecast

Police

OPERATING & SUMMARY FORECAST (\$'000's)							
	2011 Budget	2012	2013	2014	2015	2016	TOTAL
<b>EXPENDITURES:</b>							
EXPENDITURES PLUS TANGIBLE CAPITAL ASSETS	160,981	171,388	178,799	194,119	205,513	224,298	974,117
REVENUES AND RECOVERIES	7,288	7,288	6,998	6,709	6,709	6,709	34,412
TOTAL REVENUES AND RECOVERIES	7,288	7,288	6,998	6,709	6,709	6,709	34,412
<b>NET EXPENDITURES</b>	153,693	164,099	171,801	187,411	198,805	217,589	939,705
Total % Increase		6.77%	4.69%	9.09%	6.08%	9.45%	Simple Average 7.2%
Debt Service % Increase		1.02%	0.02%	3.79%	1.89%	5.18%	2.4%
Total Increase Tax Impact on a \$500 million General Tax Levy		2.08%	1.54%	3.12%	2.28%	3.76%	2.6%
<b>EXPLANATION OF PROGRAM CHANGES</b>							
Staffing:	DRPS has Board guidance to add no staff in 2011 and 2012 but in 2013 and beyond there is a planning assumption that limited staffing growth may be needed to maintain service levels.						

# The Regional Municipality of Durham 2012-2016

## Operating & Summary Forecast

### Police

OPERATING & SUMMARY FORECAST (\$000's)							
	2011 Budget	2012	2013	2014	2015	2016	TOTAL
<b>EXPENDITURES:</b>							
<b>Debt Service:</b>							
<p>DRPS capital projects for buildings and the NextGen Communications System are financed primarily with debt. The repayment period assumed is 10 years. A longer repayment period and/or a phase-in of budgeted debt service provisions over the 5 year period could reduce the budget increases over the period planned.</p> <p><b>2012:</b> Debt service for the Operations Training Centre: \$2.023 million per year  <b>2013:</b> No change  <b>2014:</b> Clarington Complex Phase 1: \$6.8 million per year  <b>2015:</b> NextGen Communications System: \$3.5 million per year  <b>2016:</b> Clarington Complex Phase 2: \$10.3 million per year</p>							
<b>Building Repair:</b>							
<p>Note: The Master Plan for the Clarington Complex was carried out by Dialog Architects and completed in June 2011 along with a Class C Cost Estimate. Phase 1 consists of the East Division, 49,000 sf estimated cost \$26.25 million and the Forensic Investigation Facility, 23,500 sf estimated cost \$17.05 million both in 2012 prices. Phase 2 consists of the Warehouse 86,000 sf estimated cost \$33.5 million and the Centre for Investigative Excellence 86,700 sf estimated cost \$39.5 million in 2015 prices. Phase 1 and 2 are to be located on 32 acres at the intersection of Highway 2 and Maple Grove Road in Clarington costing approximately \$5.05 million. A total cost including land, site development, stormwater management and buildings of approximately \$121 million for building sf totalling 245,200 equates to \$495 psf. The 2011 forecast was for rates between \$450 and \$500 psf. The size of the East Division, Warehouse and Centre for Investigative Excellence were increased in March 2011 based on space plans revised to reflect staffing growth to the year 2040 to ensure a building life of 25 years before expansion is required. This size increase is the main reason for the project cost increase over prior forecasts.</p> <p>In September 2011 the Police Services Board considered and approved a revised Class C cost estimate and the approval of Phase 1 of the Clarington Complex at a cost of \$46 million.</p> <p><b>Aging building stock requires increased operating funds for repair which is not eligible for Regional debt financing. The figures are based on conditions surveys and are scheduled to phase in spending as smoothly as possible while meeting prudent maintenance standards.</b></p>							