

**THE CORPORATION OF THE CITY OF SARNIA**  
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**FINANCE DEPARTMENT**

**OPEN SESSION REPORT**

**TO:** Mayor Bradley and Members of Sarnia City Council

**FROM:** Brian McKay, CA  
Director of Finance

**DATE:** June 23, 2010

**SUBJECT:** Analysis of OPP Costing Proposal

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**RECOMMENDATION**

For Council's information.

**BACKGROUND**

This report undertakes an analysis and comparison of the costs of the current 2010 Sarnia Police Service Budget with the OPP Contract Policing Proposal received by the City of Sarnia on March 29, 2010. This report summarizes the costs and revenue of the OPP proposal and the Sarnia Police Service Budget for 2010 in order to calculate the difference in net cost between the two services. As well this analysis also looks at the one time costs that the City of Sarnia would be responsible for upon the potential disbandment of the Sarnia Police Service if the OPP Contract Policing Proposal was accepted.

Attachment 1 contains a comparison between the current approved 2010 Sarnia Police Service Budget and the 2010 OPP costing proposal. The OPP costing proposal is adjusted for the additional revenue and costs not included in the OPP proposal in order to arrive at a total policing cost for the City of Sarnia under this option. Attachment 2 contains a summary of the one time costs for initial start up as per the OPP proposal. These one time costs would require funding on a switch to OPP from the current Sarnia Police Service.

Finance staff, in compiling the analysis presented in this report was required to make assumptions with respect to one time and additional ongoing revenue and costs. Assumptions, when required, are detailed in this report.

**COMMENTS**

Attachment 1 shows the comparison of the Sarnia Police Service 2010 approved budget to the 2010 OPP costing proposal adjusted for revenue and other expenses. Attachment 1 is organized according to the current Sarnia Police Service budget structure, in order of department. The OPP amounts and revenue and cost adjustments are then organized in the same format in order to easily compare against the current budget.

In order to fully summarize all Sarnia Police Service budget items, the analysis includes the dispatch costs allocated from Police to Fire. Sarnia Police Service contains a cost recovered revenue item in the amount of \$309,005 for the portion of the dispatch cost that is allocated to fire. In order to balance off this interdepartmental cost allocation, the dispatch costs allocated to Fire need to be included. As a result the total net cost of delivering Police Services, including the allocation to fire for dispatch for 2010, is \$18,932,558.

The adjusted 2010 OPP cost, as found in attachment 1, is \$17,900,754. The savings, under the OPP proposal for 2010 is \$1,031,804. The following discussion outlines the methodology for analyzing the OPP proposal and the revenue and cost adjustments that were made to their proposal.

### **OPP CONTRACT POLICING PROPOSAL – 2010 ESTIMATED COSTS**

The first item in this analysis is the amount of \$16,925,826 included on page 11 of the OPP Contract Policing Proposal for the Estimated Police Cost in 2010. This amount, found in attachment 1 under the column entitled “2010 OPP Contract Policing Costs”, has been allocated to the current department structure for comparison. All OPP Contract Policing Proposal Amounts are notated in the comments column under the caption “Amount as per OPP Contract Policing Proposal”.

### **ADJUSTMENTS TO OPP 2010 ESTIMATED POLICING COSTS**

The first adjustment involves the other direct operating expenses in the OPP Proposal. Specifically, the proposal for 2010 has not included costs for uniform and equipment, uniform and equipment for court officers, and uniform and equipment for court officers part time. These costs are excluded from the 2010 figures because the original start up costs includes provisions for uniform and equipment. However, once the initial year of the contract is over, costs for uniforms and equipment will be included as part of the annual OPP cost. In order to properly compare an ongoing annual cost of providing policing under the OPP contract with the current Sarnia Police Service, these costs must be included as part of the ongoing annual analysis. As a result, \$134,624 must be added for uniform and equipment, \$6,168 must be added for uniform and equipment for court officers, and \$7,196 must be added for uniform and equipment for part time court officers. There would then be a \$1,702 Ontario Shared Services (OSS) financial services fee charged on the uniform and equipment items. The actual ongoing impact of these additional items can be seen on Page 14 of the Proposal. They are added in the 2011 costing and would continue on as an annual cost. These costs, on attachment 1, can be found under Department 2600 Police Officers in the expenses category.

### **ADJUSTMENTS TO OPP OTHER DIRECT OPERATING COSTS**

The OPP proposal costs for the other direct operating expenses is based on the OPP 2008 costing formula. During the presentation by the OPP it was mentioned that the OPP are currently working on the 2010 costing formula which, if approved, would impact future contract years. As part of the analysis, staff has looked at a potential increase in the OPP other direct operating expenses based upon the change from the 2008 costing formula to a proposed 2010 costing

formula. At this time OPP have not made available this costing formula. The budget assumptions made by the Town of Caledon in the Region of Peel for anticipated other direct operating expense increases was 5%. In comparison, the C.P.I indexes were 1.2% in 2008 and 1.3% in 2009. The OPP have communicated to finance that CPI is not used to project the future cost of items in the formula. Formula costs are based on actual costs incurred by the OPP. Staff has used 3% as an assumption which falls between the CPI percentages and the percentages used by the Town of Caledon. Using 3%, the total increase would be \$137,477, including the impact of the additional OSS financial services fee increase. This estimated increase can be found under Department 2600 Police Officers in attachment 1.

### **ITEMS FROM MAY 17, 2010 OPP PRESENTATION**

The OPP Costing Proposal should be adjusted by an additional \$12,000 which represents the ongoing annual communication costs as referred to by the OPP. This amount can be found under Department 2610 Police – Communications.

An additional cost for the City's current Emergency Planner as mentioned in the OPP proposal presentation on May 17, 2010 would be \$96,841. This amount can be found under Department 2615 Police – Civilian.

911 service using the OPP would cost \$0.57 per capita or approximately \$41,000 in total. It should be noted that the issue of 911 is a decision that also involves the set up of the communications centre for Fire and Public Works dispatch. Any 911 additional costs to this proposal may be included as part of the communications set up. This cost is not included as a separate addition to attachment 1. It is anticipated that this cost would be included as part of ongoing Fire and Public Works dispatch.

### **ADDITIONAL EXPENSES – NOT INCLUDED IN OPP PROPOSAL**

The following items were not included in the OPP costing proposal; however they do represent additional costs and revenue that impact the final cost of delivering Policing under the OPP proposal.

### **JANITORIAL SERVICES**

The City would still be responsible for the janitorial costs of cleaning the Police Station under the OPP Proposal. For this analysis the full costs of Department 2620 Police Janitorial have been added to the OPP Costing. This amount results in an additional \$203,377 being added as found in attachment 1. An additional \$12,000 for janitorial cleaning supplies is found in attachment 1 under Department 2625 Police Station. Discussion, during the OPP presentation to Council, did include questions about contracting out the cleaning of the Police Station to reduce these costs. Any decision on contracting out cleaning service would need to be analyzed with respect to further annual cost savings versus the amount of possible one time severance that would need to be paid to current janitorial staff.

## **POLICE SERVICES BOARD**

Expenses for the Police Services Board were not included in the OPP Proposal and would need to be added to this analysis. These costs from Departments 2630 and 2640 amount to a total of \$27,245 as found in attachment 1.

## **DEBT CHARGES**

An additional amount of \$296,230, as found in attachment 1 under Department 2635 Police Debt Charges, needs to be added to the analysis which represents the ongoing debt principle and interest payments for the current debt held by Sarnia Police Service. The remaining debt for Sarnia Police Service will be paid by the end of 2012.

## **SELF INSURANCE RESERVE**

A small contribution to the Self Insurance Reserve would continue to be necessary due to existing claims involving Sarnia Police Service as well as potential future claims involving the building which would still be the property of the City of Sarnia. Any other future claims related to liability or vehicle issues would now be under the control of the OPP. An amount of \$10,000 has been included in the analysis in Department 2645 Police Self Insurance to represent the ongoing contribution to the Self Insurance Reserve to fund past claims and potential future building related insurance claims.

## **POLICE STATION OPERATING COSTS**

The continuing costs for Department 2625 Police Station includes utilities, building and ground maintenance costs, building insurance, and an annual contribution to the building reserve fund for larger maintenance and capital projects with respect to the Sarnia Police Service Building. The total additional cost to this analysis is \$314,222.

## **REVENUES**

The OPP Proposal did not include revenues that the City would still collect. These revenue items can be found in attachment 1 under Department 2600 Police Officers, Department 2625 Police Station, and Department 2630 Police Services Board. The revenue items in Department 2600 Police Officers are as follows:

- Police Grant – \$374,653 received from the County of Lambton
- Annual recovery of Court Security Costs - \$645,515 received from the County of Lambton
- Other revenue - \$215,000 for escort services, identification fees, license fees, administration fees and various other recovered costs.
- Provincial Subsidy –Police Partner Grant - \$120,000 received from the Province of Ontario.

The revenue item in Department 2625 Police Station is as follows:

- Provincial Subsidy – Ride Program - \$25,251 received from the Province of Ontario.

The revenue item in Department 2630 Police Services Board is as follows:

- Sale of Equipment - \$5,000 received from the sale of abandoned or recovered goods and equipment.

In total \$1,385,419 would be added to this analysis and acts as an overall credit and reduces the overall cost of delivering the service under the OPP contract proposal.

The current Sarnia Police Service budget includes the following revenue items that would not be received by the City of Sarnia under the OPP contract:

- Aamjiwnaang First Nations grant - \$100,728 currently received from the Aamjiwnaang would not be received by the City. The reserve could possibly be policed as part of the OPP provincial program and is not part of the contract proposal to the City of Sarnia.
- Provincial Subsidy – Police Recruit Grant - \$70,000 grant would be lost as the OPP proposal does not take part in this program.
- Provincial Subsidy – Police Partner Grant - \$30,000 from this annual grant would be lost as the OPP proposal only includes 4 officers under the CPP grant program instead of the current 5 officers in the current Sarnia Police Service budget.
- Crown Briefs and Federal Crown Attorney - \$7,000 in revenue would be lost as per discussions with the OPP.

## **COMMUNICATIONS DISPATCH**

The final item to be considered in the analysis of the OPP Costing is the need for dispatch services for 911, Fire and Public Works. The requirement for dispatch services for 911, Fire and Public Works would include one time costs for communication equipment configuration and annual operating costs. In discussions with the Sarnia Fire department, the requirements for a separate communications dispatch system include 4 supervisors and 8 operators which would enable the City of Sarnia to maintain 7 day a week, 24 hour per day dispatch service for 911 and to Fire and Public Works. This structure ensures that there is a 911 operator, a dispatcher and a supervisor available for 911, Fire and Public Works communication at all times. This staffing structure assumes that the City of Sarnia will be able to use the current communications system at the police station as opposed to setting up a new separate communications system in a different location in the City. The OPP have stated to the City that there may be some costs involved in relation to new interface equipment being needed to replicate all of the existing functionality. The current communications equipment is 8 years old. In discussions with Sarnia Police Service, they do not see requirements for any major capital work to upgrade or replace this system. The annual total cost for delivering this service under current dispatch salary rates, including benefits, is \$1,101,265.

Other options for dispatch have been reviewed, which include using other current dispatch services for public services such as ambulance. Issues including the need for two way dispatch and the number of calls to be handled have left the City with few options at this time. Staff has discussed the possibility of private companies undertaking communications for 911, Fire and Public Works. An RFP, including the specifications for communication, would be required in order to assess the cost and ability of private companies to provide this service.

The presentation to Council includes the impact of a second communications scenario. The second scenario assumes that the City could procure 911, Fire and Public Works communications at Fire's current cost of \$309,005 (as per the 2010 budget). Communications

would be provided by a private company as per the specifications in the RFP. Severance costs for existing communications staff would then be added to the one time costs. This scenario is provided to Council in the presentation in order to assess the impact of another potential communication model on the annual costs, the one time costs and the payback calculation. This scenario is based on the assumption that the City could procure communications services at the same interdepartmental cost that currently exists. This scenario does not guarantee that 911, Fire and Public Works communications requirements can be met for that cost.

## **CONCLUSIONS – ANNUAL OPERATING COSTS**

The 2010 costs of delivering policing services for the City of Sarnia is \$18,932,558. This amount can be found in attachment 1. The adjusted amount for delivery of OPP service on an annual basis to the City of Sarnia as found in attachment 1 is \$17,900,754. The net savings in 2010 of delivering OPP Services to the City of Sarnia would be \$1,031,804. The amount of the savings will change from year to year depending on the overall increases or changes that would occur in both the Sarnia Police Service Budget and the OPP Budget on a go forward basis.

## **ONE TIME COSTS**

Attachment 2 of the analysis is a summary of the overall one time costs that the City would incur when switching from the current Sarnia Police Service to the OPP. The OPP Proposal on Page 13 contains a summary of initial start up costs in the amount of \$1,277,188. This amount needs to be adjusted for the \$147,988 impact of the ongoing annual uniform costs which has been included as an annual cost under attachment 1. The adjusted OPP operational start up costs are \$1,129,200. This cost represents the purchase of the start up equipment for the officers under the OPP Proposal.

The communication study also included a one time amount of \$1,770,000 in order to modify the current communications system as installed in the Sarnia Police Service building to meet the OPP requirements. There would then be a potential further one time cost to modify the same communications system for 911, Fire and Public Works dispatch. The one-time cost of setting up this dispatch centre, based on similar communications needs in Peterborough was approximately \$800,000. OPP have stated to the City that the discussion on communication changes for 911, Fire and Public Works should be referred to the current communications support company. The City is currently talking to the current communications support company in order to assess any one time costs for further modifications to the current communications equipment. No one time cost has been included in attachment 2 at this time due to the significant unknown needs in this area.

Severance will be a requirement for officers and civilians of the Sarnia Police Service that will not receive employment offers by the OPP. This analysis is based on a comparison of the OPP organizational structure as presented to Council in the May 17, 2010 OPP presentation when compared with the current Sarnia Police Service structure. The overall severance amount for OPP switch over is estimated at \$4,135,902. When calculating the potential for severance, the Finance department used 1 month of pay for each year of employment up to a maximum of 2 years.

Severance calculations for current police officers were done based on the elimination of the Police Chief and Deputy Police Chief positions, on possible constructive dismissal calculations for current senior police positions, and an allowance for officers who would not receive offers of employment from the OPP.

Current civilian positions, based on order of seniority, were matched with the OPP organizational structure. Severance was then calculated on the remaining unmatched civilian employees. All OPP civilian positions were fully matched with current City of Sarnia employees for this analysis.

The switch from Sarnia Police Service to the OPP will also include a change in the pension plan provider for City employees who receive offers of employment from the OPP. Employees of the OPP are covered by the OPB (Ontario Pension Board). The City will be required to pay a pension top up amount for all City employees that transfer to the OPP. This amount, based on information received from the OPP's pension provider and other municipalities that have undergone similar transfers, is approximately \$800,000. This one time cost is dependent on the age and number of years of service of the staff who receives employment contracts with the OPP.

The next issue to be dealt with on the initial start up represents the termination of leases and contracts currently held by the Sarnia Police Service. The termination of these contracts was done and calculated as of December 31, 2010. The total cost of termination of these agreements is \$104,088.

The next one time cost impact involves the changes needed as per the OPP building report dated January 8, 2010. Attachment 2 contains a listing of the items to be addressed in the current police building. Staff received detailed building specifications from the OPP on June 17, 2010. These documents contained the estimated costs for changes to the telephone system (\$85,000) and for the addition of computer receptacles (\$57,300). The City's property department has reviewed the OPP documents and has estimated that the cost for upgrading the cell areas, undertaking the millwork changes and undertaking the CCTV and duress alarm requirements is approximately \$300,000 to \$400,000. Finance has included \$300,000 on attachment 2 as a combined cost for these items. The removal of the fuel tank is estimated at \$25,000 providing that no environmental issues are found when the work is undertaken. Any environmental issues will increase this cost. The total one time cost for building upgrades in attachment 2 is \$467,300. Several of the building upgrades, including general building condition review, main entrance work, signage, gun range decommissioning and communications centre work are still unknown at this point. These costs will further increase the one time start up costs.

The next one time cost involves the sale of the current police vehicle fleet. It is assumed that the current fleet, excluding the emergency command vehicle, will be liquidated. The City, as a result of changes from PSAB, capitalizes and amortizes all assets, including police vehicles. As at December 31, 2010, for accounting purposes, the net book value of the police fleet will be \$734,301. This figure is calculated after amortizing the original purchase price of the vehicles. Police vehicles, based on the age of the vehicle and the number of kilometers driven, generally

sell for nominal amounts. After analyzing past sale trends, and assuming that the City can recover its full net book value for vehicles purchased in 2008, 2009 and 2010, it is calculated that the City would incur an accounting loss of \$295,728.

The final one time item is revenue that the City would receive from the sale of the current police guns and other equipment. The Kenora Police Service reported a \$2,000 revenue item from the sale of their police guns during disbandment. Sarnia Police Service, subject to provincial law, is restricted on the sale of firearms. While a revenue amount would be expected, based on other sales such as experienced in Kenora, it would be nominal.

The total one time cost, not including further building renovation costs and fire dispatch start up costs, is \$8,702,218.

## **INTERDEPARTMENTAL ISSUES**

Several City departments, including Human Resources, Finance, Legal/Clerks and Public Works, work with the Sarnia Police Service. While a change to the OPP would reduce this work, no staff savings would occur directly in these departments.

The Human Resource savings would be realized through the elimination of the newly approved HR position for 2010 in the Sarnia Police Service budget.

For Finance, the processing volume for payroll and accounts payable would be reduced. The savings would occur through the elimination of the administrative positions currently at the Sarnia Police Service. Minimal savings would be realized in Finance through the use of fewer cheques and payroll stubs.

Sarnia Police Service uses external legal counsel for HR and arbitration issues. Savings are realized by the elimination of the Sarnia Police Service legal budget. The City's legal department would still be involved in the administration of the Police Services Board. Public Works currently performs the routine maintenance on Police vehicles. Major work, such as vehicle body repair, is contracted out. In discussions with Public Works, savings in staff time will be spent on other areas of the City's fleet.

One potential impact to the Fire department of an OPP contract involves the issue of salary parity. Increased salary rates with the OPP may translate into increased Fire salary rates during contract negotiations/arbitration.

## **PAYBACK CALCULATION**

This analysis also provides a simple payback calculation based on the savings identified when comparing attachment 1 and attachment 2. A payback calculation analyzes how many years it would take for the current identified savings between the two proposals to payback the one time costs that would be incurred by the City of Sarnia.

The payback calculation of these initial one time costs assumes that the annual savings of \$1,031,804 between the OPP and the current Sarnia Police Service as calculated in attachment 1 would remain constant. The current annual savings of \$1,031,804 if divided into the total initial start up costs of \$8,702,218 would provide a simple payback of 8.43 years. Put another way, based on the analysis in attachments 1 and 2, the City would recover its initial one time costs after 8.43 years. The impact of interest rates was not factored into this payback calculation.

## **FUNDING AND RECOVERY OF THE INITIAL START UP COSTS**

The majority of the initial start up costs, upon switching from Sarnia Police Service to the OPP, involves operational costs that must be financed in the year that they are incurred. The City's reserves and reserve funds are not significantly funded to finance the one time start up costs.

Another option for financing the one time start up costs is to charge a one time tax levy during 2011. The financing of the start up costs from the tax levy translates into a one time tax increase in 2011 of 15.78%.

The final, and recommended option, would be to debt finance the one time costs. Finance has discussed debt financing with the Ministry of Municipal Affairs and Housing and CIBC, the City's bank. Debt financing of the one time costs are within the City's current ARL (Annual Repayment Limit). Council has adopted a very restrictive policy on the use of debt financing. The past two capital budgets have not included any new debt. While this option is contrary to the City's current financial policies on debt financing, it is the only viable financing alternative for the one time costs.

The one time costs of \$8,702,218 would first be reduced by current reserve and reserve funds for Police. These reserves and reserve funds have \$199,074 of uncommitted funds. After applying these funds, the City would need to debt finance one time costs in the amount of \$8,503,144. The annual savings when analyzing the OPP proposal with the existing Sarnia Police Service budget would be used for the annual debt principal and interest payments. Annual payments for the loan, over a term of 10 years, would be \$1,098,802. The annual savings calculated in attachment 1 are \$1,031,804. The City would be required to spend an additional \$66,998 over the annual savings amount of \$1,031,804 in order to meet the annual principal and interest payments. Due to the required debt financing, the payback period, once the one time costs are debt financed, increases due to the impact of the interest on the loan. The current interest rate, as provided by CIBC is 5.33% for a loan with a 10 year term. The loan could not exceed a maximum term of 10 years as per discussions with CIBC. The total interest paid on the loan over the 10 year term would be \$2,484,876.

CIBC did express concern at the length of the loan term. The OPP contract would be for a term of 5 years versus a 10 year loan term. As well, financing of operational expenses included in the list of start up costs versus the more traditional financing of capital assets with extended useful life was also an issue when discussing a 10 year loan. If CIBC requires a maximum loan term of 10 years, then the annual repayment terms, as calculated above, will exceed the annual calculated savings resulting in a net annual cost increase to the City.

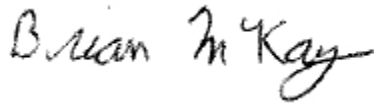
## **CONSULTATION**

The City Manager and City Solicitor/Clerk were consulted in the preparation of this report. Sarnia Police Service was consulted with respect to their 2010 approved budget when Finance analyzed the current costs such as building maintenance and upkeep that would continue. Sarnia Police Service was also consulted with respect to current fleet and equipment costs in calculating the one time costs of disbandment. City departments currently working with the Sarnia Police Service were consulted on departmental impacts on a change to the OPP. The OPP was consulted with respect to various questions that the Finance Department had with respect to the OPP Contract Proposal. The Ministry of Municipal Affairs and Housing and CIBC, the City's bank, were consulted with respect to the potential use of debt financing on the one time start up costs. Other Ontario municipalities who have prepared similar analysis on OPP Contract Policing Proposals were also consulted on their experiences and assumptions.

## **FINANCIAL IMPLICATIONS**

The overall financial implications of comparison between the current Sarnia Police Service Budget and the OPP Proposal are discussed throughout this report.

Prepared by:



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Brian McKay, CA  
Director of Finance

Approved by:



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Lloyd Fennell  
City Manager

Attachments:

- Attachment 1 – Comparison – 2010 SPS Budget and 2010 OPP Costing Proposal
- Attachment 2 – One Time Costs Related to Policing Transition – SPS to OPP

## Comparison - 2010 SPS Budget and 2010 OPP Costing Proposal

2010 Total SPS Budget	2010 OPP Contract Policing Costs	2010 Other Operational Items	Total Combined OPP Costs	Comments
<b>2600 Police Officers</b>				
<b>REVENUE</b>				
4-00400 POLICE GRANT	(374,653)		(374,653)	
4-00401 PROVINCIAL OFFENSES, COURT SECURITY	(645,515)		(645,515)	
4-00403 POLICE SERVICE-AAMJIWNAANG FIRST NATIONS	(100,728)			<i>First Nations Reserve would be policed as part of OPP provincial program and is not part of their proposal. As a result, Aamjiwnaang grant would be lost revenue to City.</i>
4-00404 POLICE ESCORT SERVICE	(30,000)		(30,000)	
4-00405 FEES - IDENTIFICATION SERVICES	(30,000)		(30,000)	
4-00407 LICENSE FEES - BUSINESS	(75,000)		(75,000)	
4-00753 PROVINCIAL SUBSIDY-POLICE PARTNER	(150,000)		(120,000)	<i>OPP proposal only includes 4 officers under CPP grant program instead of current 5 officers in Sarnia Police Service. City currently receives \$30,000 per officer under this grant program. Loss in revenue under OPP proposal is \$30,000.</i>
4-00761 PROVINCIAL SUBSIDY -POLICE RECRUIT GRANT	(70,000)			<i>This grant would be lost under OPP proposal. This fact was verified during a review of other municipal OPP costing exercises.</i>
4-00901 OTHER FEES & SERVICE CHARGES	(50,000)		(50,000)	
4-00925 ADMINISTRATION-FEES	(30,000)		(30,000)	
4-00930 COSTS RECOVERED	(7,000)			<i>This account represents costs recovered for Crown Briefs which City would not receive under OPP proposal. This account was verified with OPP.</i>
OPP PROVINCIAL SERVICE USAGE		(890,833)		<i>Amount as per OPP Contract Policing Proposal</i>
<b>Revenue Total</b>	<b>(1,562,896)</b>	<b>(890,833)</b>	<b>(1,355,168)</b>	<b>(2,246,001)</b>
<b>EXPENSES</b>				
5-01000 SALARIES	9,788,961	9,627,774		<i>Amount as per OPP Contract Policing Proposal</i>
5-01025 SALARIES - OVERTIME	540,000	836,327		<i>Amount as per OPP Contract Policing Proposal</i>
5-01090 COURT TIME	160,600			
5-01100 ACTING RANK	34,000			
5-01110 VACATION PAY	24,000			
5-01115 STAT HOLIDAY PAY	180,000	281,344		<i>Amount as per OPP Contract Policing Proposal</i>
5-01125 SHIFT DIFFERENTIAL	23,000	49,464		<i>Amount as per OPP Contract Policing Proposal</i>
5-01200 EMPLOYEE BENEFITS	2,564,343	2,298,509		<i>Amount as per OPP Contract Policing Proposal</i>
5-01253 CAR ALLOWANCE	2,400			
5-01255 UNIFORM ALLOWANCE	51,035			
5-01258 DRY CLEANING ALLOWANCE	15,094			
5-02301 MEMBERSHIPS & SUBSCRIPTIONS	7,772			
5-02310 TRAVEL	23,330			
5-02311 TRAINING & EDUCATION	73,445			
5-02360 CLOTHING & UNIFORMS	23,100			

	2010 Total SPS Budget	2010 OPP Contract Policing Costs	2010 Other Operational Items	Total Combined OPP Costs	Comments
5-02388 OVERTIME MEALS	10,400				
5-02396 PERSONAL EQUIPMENT	13,645				
5-05000 SUNDRY	1,500				
5-05126 MEDICAL EXAMINATIONS	3,000				
5-05128 EMPLOYEE ASSISTANCE PROGRAM	30,000				
OPP OSS PAY AND BENEFIT CHARGE		57,130			Amount as per OPP Contract Policing Proposal
OPP OSS FINANCIAL SERVICES FEE		23,963			Amount as per OPP Contract Policing Proposal
OPERATIONAL SUPPORT		162,288			Amount as per OPP Contract Policing Proposal
RHP MUNICIPAL SUPPORT		185,584			Amount as per OPP Contract Policing Proposal
UNIFORM AND EQUIPMENT			134,624		Item was not included in first year of OPP proposal, however, starting in year two, this item will be an annual cost with OPP.
UNIFORM AND EQUIPMENT - COURT OFFICER			6,168		Item was not included in first year of OPP proposal, however, starting in year two, this item will be an annual cost with OPP.
UNIFORM AND EQUIPMENT - COURT OFFICER PT			7,196		Item was not included in first year of OPP proposal, however, starting in year two, this item will be an annual cost with OPP.
ADDITIONAL OSS FINANCIAL FEE ON UNIFORM & EQUIPMENT			1,702		Item was not included in first year of OPP proposal, however, starting in year two, this item will be an annual cost with OPP.
ADJUSTMENT - 2008 TO 2010 OPP COSTING FORMULA			137,477		This adjustment is for upcoming OPP costing formula revision from current 2008 model to 2010 model. An average increase percentage of 3% for 2009 and 3% for 2010 was used in calculating this amount. This adjustment is only on Other Direct Operating Expense portion of OPP proposal.
<b>Expense Total</b>	<b>13,569,625</b>	<b>13,522,383</b>	<b>287,167</b>	<b>13,809,550</b>	
<b>Net Expense</b>	<b>12,006,729</b>	<b>12,631,550</b>	<b>(1,068,001)</b>	<b>11,563,549</b>	

#### 2605 Court Security

EXPENSES					
5-01000 SALARIES	468,527	463,327			Amount as per OPP Contract Policing Proposal
5-01025 SALARIES - OVERTIME	15,500				
5-01110 VACATION PAY	6,200				
5-01120 SERVICE PAY	1,000				
5-01200 EMPLOYEE BENEFITS	102,456	105,557			Amount as per OPP Contract Policing Proposal
<b>Expense Total</b>	<b>593,683</b>	<b>568,884</b>	<b>-</b>	<b>568,884</b>	
<b>Net Expense</b>	<b>593,683</b>	<b>568,884</b>	<b>-</b>	<b>568,884</b>	

#### 2610 Police - Communications

REVENUE					
4-00402 DISPATCH SERVICE CHARGE	(8,584)				
4-00929 COSTS RECOVERED - 911 DISPATCH PT EDWARD	(2,978)				
4-00930 COSTS RECOVERED	(309,005)				
<b>Revenue Total</b>	<b>(320,567)</b>	<b>-</b>	<b>-</b>		
<b>EXPENSES</b>					

	2010 Total SPS Budget	2010 OPP Contract Policing Costs	2010 Other Operational Items	Total Combined OPP Costs	Comments	
5-01000 SALARIES	1,233,303		886,122		<i>This salary amount represents cost to staff 911, Fire and Public Works Dispatch and includes 4 supervisors and 8 operators.</i>	
5-01025 SALARIES - OVERTIME	17,057					
5-01110 VACATION PAY	13,310					
5-01115 STAT HOLIDAY PAY	15,000					
5-01120 SERVICE PAY	6,100					
5-01125 SHIFT DIFFERENTIAL	5,000					
5-01200 EMPLOYEE BENEFITS	265,298		215,143			<i>This amount represents benefit costs for 911, Fire and Public Works Dispatch (4 supervisors and 8 operators)</i>
5-02104 TELEPHONE	47,150					
5-02222 RADIO LICENSE	7,000					
5-02410 EQUIPMENT MAINTENANCE	80,741	24,640				<i>Amount as per OPP Contract Policing Proposal</i>
5-05505 NEW EQUIPMENT	6,737					
5-05640 EQUIPMENT DEPRECIATION RESERVE	20,000					
DISPATCH SERVICES IN FIRE BUDGET	309,005					
OPP ONGOING ANNUAL COMMUNICATIONS EXPENSE			12,000		<i>As per OPP presentation on May 17, 2010, this amount represents annual communications cost.</i>	
<b>Expense Total</b>	<b>2,025,701</b>	<b>24,640</b>	<b>1,113,265</b>	<b>1,137,905</b>		
<b>Net Expense</b>	<b>1,705,134</b>	<b>24,640</b>	<b>1,113,265</b>	<b>1,137,905</b>		
<b>2615 Police - Civilian</b>						
<b>EXPENSES</b>						
5-01000 SALARIES	1,681,434	1,725,616			<i>Amount as per OPP Contract Policing Proposal</i>	
5-01025 SALARIES - OVERTIME	10,000					
5-01110 VACATION PAY	3,973					
5-01115 STAT HOLIDAY PAY	6,200					
5-01120 SERVICE PAY	9,850					
5-01125 SHIFT DIFFERENTIAL	2,500					
5-01200 EMPLOYEE BENEFITS	426,159	263,880				<i>Amount as per OPP Contract Policing Proposal</i>
5-01253 CAR ALLOWANCE	4,200					
ADJUST FOR CITY'S CIVILIAN PLANNER (includes benefits)			96,841			<i>As per OPP presentation on May 17, 2010, this amount represents salary and benefits cost for City's current civilian planner. This amount, in Sarnia Police Service budget, is currently grouped in Civilian salary account.</i>
<b>Expense Total</b>	<b>2,144,316</b>	<b>1,989,496</b>	<b>96,841</b>	<b>2,086,337</b>		
<b>Net Expense</b>	<b>2,144,316</b>	<b>1,989,496</b>	<b>96,841</b>	<b>2,086,337</b>		
<b>2620 Police - Janitorial</b>						
<b>EXPENSES</b>						
5-01000 SALARIES	164,495		164,495		<i>Cleaning of Police building is responsibility of City.</i>	
5-01025 SALARIES - OVERTIME	300		300		<i>Cleaning of Police building is responsibility of City.</i>	
5-01110 VACATION PAY	2,730		2,730		<i>Cleaning of Police building is responsibility of City.</i>	

	2010 Total SPS Budget	2010 OPP Contract Policing Costs	2010 Other Operational Items	Total Combined OPP Costs	Comments
5-01115 STAT HOLIDAY PAY	520		520		Cleaning of Police building is responsibility of City.
5-01120 SERVICE PAY	200		200		Cleaning of Police building is responsibility of City.
5-01200 EMPLOYEE BENEFITS	35,132		35,132		Cleaning of Police building is responsibility of City.
<b>Expense Total</b>	<b>203,377</b>	-	<b>203,377</b>	<b>203,377</b>	
<b>Net Expense</b>	<b>203,377</b>	-	<b>203,377</b>	<b>203,377</b>	

### **2625 Police Station**

#### **REVENUE**

4-00755 PROVINCIAL SUBSIDY-RIDE OVERTIME	(25,251)		(25,251)		
<b>Revenue Total</b>	<b>(25,251)</b>	-	<b>(25,251)</b>	<b>(25,251)</b>	

#### **EXPENSES**

5-02000 STATIONERY & SUPPLIES	50,400				
5-02006 PHOTOGRAPHY SUPPLIES	10,600				
5-02101 FUEL	50,000		50,000		Costs to maintain and operate current building.
5-02102 ELECTRICITY	95,000		95,000		Costs to maintain and operate current building.
5-02103 WATER	13,400		13,400		Costs to maintain and operate current building.
5-02104 TELEPHONE	87,000	150,976			Amount as per OPP Contract Policing Proposal
5-02220 VEHICLE EXPENSE	197,500	1,087,184			Amount as per OPP Contract Policing Proposal
5-02224 VEHICLE RENTALS	6,000				
5-02225 VEHICLE LEASING	250,000				
5-02303 POSTAGE	9,500				
5-02320 JANITORIAL SUPPLIES	12,000		12,000		Cleaning of Police building is responsibility of City.
5-02384 RADIO & RADAR	15,030	91,500			Amount as per OPP Contract Policing Proposal
5-02386 MEALS FOR PRISONERS	2,000				
5-02400 REPAIRS & MAINTENANCE	74,492		37,511		Costs to maintain and operate current building.
5-02405 OFFICE EQUIPMENT MAINTENANCE	289,006				
5-02420 BUILDING MAINTENANCE	60,550		60,550		Costs to maintain and operate current building.
5-02435 GROUNDS MAINTENANCE	27,000		27,000		Costs to maintain and operate current building.
5-02440 VEHICLE MAINTENANCE	96,500				
5-03100 PROGRAM SUPPLIES	-	49,280			Amount as per OPP Contract Policing Proposal
5-03101 PROGRAM SUPPLIES-C.I.D.	10,150				
5-03102 PROGRAM SUPPLIES-CRIME PREVENTION	5,660				
5-03103 PROGRAM SUPPLIES-INTELLIGENCE	7,100				
5-03104 PROGRAM SUPPLIES-CONTAINMENT TEAM	41,340				
5-03105 PROGRAM SUPPLIES-COURT SECURITY	1,400				
5-03106 PROGRAM SUPPLIES-TRAFFIC	6,616				
5-03107 PROGRAM SUPPLIES-MEDIA RELATIONS	2,938				
5-03108 PROGRAM SUPPLIES-FIREARMS	36,245				
5-03109 PROGRAM SUPPLIES-MORALITY	500				
5-03110 PROGRAM SUPPLIES-UNIFORM DIVISION	2,675				
5-03111 PROGRAM SUPPLIES-BIKE PATROL	2,000				
5-03112 PROGRAM SUPPLIES-CRISIS NEGOTIATION	5,925				

	2010 Total SPS Budget	2010 OPP Contract Policing Costs	2010 Other Operational Items	Total Combined OPP Costs	Comments
5-04005 INSURANCE	212,320		5,761		<i>This insurance amount relates to building coverage only.</i>
5-05000 SUNDRY	1,500				
5-05505 NEW EQUIPMENT	10,000				<i>\$25,000 amount is an annual contribution to reserve to cover ongoing and future major building repairs.</i>
5-05650 ALLOCATED ADMINISTRATION	64,328				
5-06900 CONTRIBUTION TO RESERVE	100,000		25,000		
5-06906 CRIME RESERVE	15,000				<i>Amount as per OPP Contract Policing Proposal</i>
5-06910 PROVISION CAPITAL EXPENDITURE	14,420				
OFFICE AUTOMATION - UNIFORM		305,296			<i>Amount as per OPP Contract Policing Proposal</i>
OFFICE AUTOMATION - CIVILIAN		27,020			
<b>Expense Total</b>	<b>1,886,095</b>	<b>1,711,256</b>	<b>326,222</b>	<b>2,037,478</b>	
<b>Net Expense</b>	<b>1,860,844</b>	<b>1,711,256</b>	<b>300,971</b>	<b>2,012,227</b>	
<b><u>2630 Police Services Board</u></b>					
<b>REVENUE</b>					
4-00941 SALE OF EQUIPMENT	(5,000)		(5,000)		
<b>Revenue Total</b>	<b>(5,000)</b>	<b>-</b>	<b>(5,000)</b>	<b>(5,000)</b>	
<b>EXPENSES</b>					
5-02301 MEMBERSHIPS & SUBSCRIPTIONS	3,480		3,480		<i>Costs for operation of Police Services Board</i>
5-02305 MISCELLANEOUS SUPPLIES	8,000		8,000		<i>Costs for operation of Police Services Board</i>
5-02312 CONFERENCES & SEMINARS	1,800		1,800		<i>Costs for operation of Police Services Board</i>
5-03100 PROGRAM SUPPLIES	2,500		2,500		<i>Costs for operation of Police Services Board</i>
5-04001 LEGAL FEES	40,000				
5-05000 SUNDRY	2,500		2,500		<i>Costs for operation of Police Services Board</i>
5-05150 BUSINESS PLAN	10,000				
<b>Expense Total</b>	<b>68,280</b>	<b>-</b>	<b>18,280</b>	<b>18,280</b>	
<b>Net Expense</b>	<b>63,280</b>	<b>-</b>	<b>13,280</b>	<b>13,280</b>	
<b><u>2640 Police Services Board</u></b>					
<b>EXPENSES</b>					
5-01070 OTHER REMUNERATION	8,656		8,656		<i>Costs for operation of Police Services Board</i>
5-01200 EMPLOYEE BENEFITS	309		309		<i>Costs for operation of Police Services Board</i>
<b>Expense Total</b>	<b>8,965</b>	<b>-</b>	<b>8,965</b>	<b>8,965</b>	
<b>Net Expense</b>	<b>8,965</b>	<b>-</b>	<b>8,965</b>	<b>8,965</b>	
<b><u>2635 Police Debt Charges</u></b>					
<b>EXPENSES</b>					
5-05720 DEBT CHARGES-PRINCIPAL	270,012		270,012		<i>Annual debt principal payments for existing debt</i>
5-05721 DEBT CHARGES-INTEREST	26,218		26,218		<i>Annual debt interest payments for existing debt</i>
<b>Expense Total</b>	<b>296,230</b>	<b>-</b>	<b>296,230</b>	<b>296,230</b>	
<b>Net Expense</b>	<b>296,230</b>	<b>-</b>	<b>296,230</b>	<b>296,230</b>	

	2010 Total SPS Budget	2010 OPP Contract Policing Costs	2010 Other Operational Items	Total Combined OPP Costs	Comments
<b>2645 Police Self Insurance</b>					
<b>EXPENSES</b>					
5-06905 SELF INSURANCE RESERVE	50,000		10,000		<i>\$10,000 contribution to Self Insurance reserve is an annual contribution to deal with current legal actions involving Police and to cover ongoing insurance issues that arise with respect to building.</i>
<b>Expense Total</b>	<b>50,000</b>	-	<b>10,000</b>	<b>10,000</b>	
<b>Net Expense</b>	<b>50,000</b>	-	<b>10,000</b>	<b>10,000</b>	
<b>Total All Departments</b>	<b>18,932,558</b>	<b>16,925,826</b>	<b>974,928</b>	<b>17,900,754</b>	
<b>Difference</b>				<b>1,031,804</b>	

Attachment 2

**ONE TIME COSTS RELATED TO POLICING TRANSITION - SPS TO OPP**

1.	<b><u>OPP Operational Start-up Costs</u></b>		
	OPP Proposal page 13	1,277,188	
	Adjustment for Ongoing Annual Uniform Costs	<u>-147,988</u>	
	<i>Total Operational Start-up</i>		1,129,200
2.	<b><u>OPP Communications System</u></b>		
	Recommended option		1,770,000
3.	<b><u>911, Fire and Public Works Dispatch Start Up Costs</u></b>		TBD
	Any cost dependent on review by current communications provider		
4.	<b><u>Severance Costs</u></b>		4,135,902
5.	<b><u>OPB Pension Buy-In Costs</u></b>		800,000
6.	<b><u>Lease Buy Out Costs</u></b>		104,088
7.	<b><u>Building Upgrades Required by OPP</u></b>		
	<b>Provision of Voice Services - Telephone</b> (Spec Provided)	85,000	
	<b>IT Data Drops</b> (Spec Provided)	57,300	
	<b>General Building Condition</b> - Full review required	TBD	
	<b>Main Entrance</b> - Counter modification & secure glazing	TBD	
	<b>Cell Area</b> - Bunk upgrades, painting, new doors & floors		
	<b>Millwork</b> - New cubicle lockers		
	<b>Millwork</b> - Finger Printing & Breath Rooms		
	<b>Millwork</b> - Diary slots/duty bag storage subject to review		
	<b>Handgun Lockers</b> - New secure lockers		
	<b>CCTV &amp; Door Hardware</b> - Relocation, further review necessary		
	<b>Emergency Duress Alarm</b> - New system required		
	<b>Parking Area</b> - Fuel tank removal necessary (clean removal)	25,000	
	<b>Signage</b> - Replacement of signs & pole	TBD	
	<b>Gun range</b> - decommissioning	TBD	
	<b>Communications Centre</b> - separate entrance	TBD	
	<i>Total Building Upgrades</i>		467,300
8.	<b><u>Sale of Police Vehicles</u></b>		295,728
	Loss due to accounting loss on vehicle disposal		
9.	<b><u>Revenue from Sale of Firearms and Equipment</u></b>		TBD
	Revenue may be nominal based on sales from other Police Services		
	<b>Total</b>		<b><u>8,702,218</u></b>