



**Date 31 March 2010**

## **City Council Committee Report**

**To: Mayor Compton & Members of Council**

**Fr: Karen Brown**

**Re: KPS Disbandment Costs**

### **Recommendation:**

**That** Council hereby approves total known Kenora Police Services Disbandment costs to date for 2009, net of offsetting savings related to services provided by the Ontario Provincial Police service contract for 2009, as approved by the Kenora Police Services Board to a maximum of \$1,732,095.78, plus the net loss, if any, for the write down of the Kenora Police Services Tangible Capital Assets not transferred to another City department; and

**That** in accordance with Notice By-law Number 144-2007, public notice is hereby given that Council intends to amend its 2009 Municipal Operating and Municipal Five Year Capital Plan by by-law at its April 19<sup>th</sup> meeting; and

**That** Council hereby approves a withdrawal from the City's contingency reserve to offset these costs, to a maximum of \$246,228.67, which represents combined net projected disbandment costs for 2009 of \$1,732,095.78 less an appropriation related to severance payments in the amount of \$1,485,867.11, previously approved through resolution #12 at the December 14<sup>th</sup>, 2009 meeting of Council; and

**That** Council hereby approves an additional withdrawal from the City's contingency reserve of an amount equal to the net loss generated through the write down of any remaining Kenora Police Services Tangible Capital Assets in 2009 that were not transferred to another City department; and

**That** City Administration be directed to provide both the Kenora Police Services Board and Kenora Council with a final accounting of all 2009 Kenora Police Services disbandment costs once all yearend adjustments have been completed; and further

**That** Council hereby gives three readings to a by-law to amend the 2009 budget for this purpose.

**Background:**

In early 2008, the decision was made to disband the Kenora Police Services and contract with the Ontario Provincial Police to provide policing services for the entire City of Kenora. As part of the City's budget deliberations, it was determined that any costs related to disbandment of the Kenora Police Services would be reported separately to both the Police Services Board and to Council, and a budget amendment would be made to authorize funds to be taken from the City's contingency reserve related to this matter.

A summary of the anticipated disbandment costs for 2009 has been prepared and is attached to this report. It should be noted that the 2009 yearend financial statements have not yet been finalized, including some of the anticipated costs included on the analysis. In addition, with the implementation of Tangible Capital Assets (TCA), the City will be required to write off the remaining net book value of any TCA for the Kenora Police Services remaining on our records, with the exception on those that were transferred to other departments within the City, which will create an additional loss on disposal of those assets. Once the 2009 disbandment costs are finalized, an amended reconciliation will be sent both to Council and the Police Services Board. It is anticipated that any further adjustments, with the potential exception of the write down of the TCA, will be minor in nature, and an additional budget amendment will not be required for 2009. The Police Services Board will continue to see some costs in 2010 related to the disbandment, although these are expected to not be significant.

A preliminary copy of this report, together with the summary of the disbandment costs, was submitted to the Kenora Police Services Board for their review and approval. At their meeting held earlier today, the Board approved the disbandment costs through the following resolution (as taken from the Board minutes):

**6. DISBANDMENT COSTS:**

**Moved by L. Compton**

**Seconded by C. Wasacase, and carried:**

That the Kenora Police Services Board hereby approves total known Kenora Police Services Disbandment costs to date for 2009, net of offsetting savings related to services provided by the Ontario Provincial Police service contract for 2009, to a maximum of \$1,732,095.78, plus the net loss, if any, for the write down of the Kenora Police Services Tangible Capital Assets not transferred to another City department; and further

That the Board hereby authorize forwarding these costs to City Council for review and approval.

**Budget:**

A budget amendment is required to access City contingency reserves to fund the disbandment expenses.

**Communication Plan/Notice By-law Requirements:**

Notice will be given in accordance with Notice By-law 144-2007 that Council intends to amend its operating and capital budgets at its April 19, 2009 meeting.

Cc: Kenora Police Services Board  
Bill Preisentanz

**KPS Disbandment - Cost Analysis  
2009**

		<b><u>Total</u></b>
<b>Wages</b>		
Severances		
Non-Union Employees	580,997.23	
Union Employees	904,869.88	1,485,867.11
Overtime for Training		46,024.75
		<u>1,531,891.86</u>
<b>Other</b>		
Building - Consultants / Contr. Serv.	188,307.09	
Legal	80,511.64	
Meeting Expense	446.17	
Materials & Supplies (excluding OPP One Time Costs)	11,017.87	
OPP One Time Costs (net of offsetting revenues)	387,156.00	
Training	24,750.25	692,189.02
		<u>2,224,080.88</u>
<b>Amended Balance per G/L</b>		
<b>Additional Adjustments</b>		
Actual Adjustments with Final Information		
Sale of Guns to Dryden	(2,000.00)	
Sale of Vehicle - Net Loss	20,846.41	
Sale of Two Sebrings - Net Book Value	30,905.62	49,752.03
Estimated Adjustments (Maximum Exposure)		
Net Insurance Adjustment	12,220.00	
Potential Pension Top Up (\$240,219.56 x 70%)	168,153.69	180,373.69
		<u>2,454,206.60</u>
<b>Recoveries Available to Offset Costs</b>		
Post Retirement Liability Net Adjustment	(395,570.82)	
OPP Reconciliation for 2009 - Credit	(326,540.00)	(722,110.82)
		<u>1,732,095.78</u>
<b>Anticipated Net 2009 Disbandment Costs</b>		

\* Approved at Council meeting held December 14, 2009, Resolution #12.