

Investigative Services Division (ISD) Financing Plan

Hamilton Police Service Board has previously approved the ISD facility project. Hamilton City Council approved the project based on the contingency of a tri-party funding agreement with the Provincial and Federal Governments.

The HPS has attempted to pursue funding from the Provincial and Federal governments with unsuccessful results. The HPS continuously seeks other funding opportunities and one option is to fully fund the project through debt issuance process with the City of Hamilton.

Currently, the Police ISD Reserve balance is \$6,549,236. The following table shows the breakdown of the reserve balance:

Description	Amount
From Police Capital Reserve – Approved by PSB/City Council	\$1,200,000
2014 Police Operating Surplus – Approved by PSB/City Council	900,000
Mountain Station (Rymal) Recovery	823,488
2015 Earned Interest	37,137
Closing of Capital Project – Land Acquisition	(637)
2015 Police Operating Surplus - Approved by PSB	<u>3,589,248</u>
Total Police ISD Reserve Balance – August 2016	<u>\$ 6,549,236</u>

This reserve balance will be used to help fund the project. In addition, proceeds from the sale of the Upper Wellington Station would also be used towards the project and reduce the annual debt charge.

The following Table lists the funding sources for the ISD Project:

ISD Project Funding Sources

Estimated Cost of the ISD Project	\$ 24,323,210
Less: Police ISD Reserve	(6,549,236)
Development Charge Reserve	(3,000,000)
Estimated Proceeds from Sale of Upper Wellington Station	<u>(600,000)</u>
Levy Funded Debt Borrowings	<u>\$ 14,173,974</u>

(Source: Provided by City of Hamilton's Finance Dept.)

Based on the above estimated tax-supported levy funding requirement of \$14,173,974, at the City's 2.5% budgeted interest borrowing rate, and a 15 year amortization period, the Net Debt Charge on HPS annual operating budget is \$1,144,782.

This ISD net Debt Charge would not be realized until the Year 2020 when the Mountain Station debt charge is fully paid for and amortized in 2019.

The HPS annual operating budget currently includes \$716,000 Net Debt Charge for the Mountain Police Station (Rymal Rd). With the Mountain Station being fully paid and amortized in 2019, the budgeted \$716,000 will remain in 2020 and applied to offset the ISD Facility debt charge.

The following table summarizes the zero (\$0) impact on the annual Police Operating Budget:

ISD Facility Debt Charge	\$1,144,782	0.75%
Currently Budgeted Debt Charge – Mountain Station (Rymal Rd)	(716,000)	(0.47%)
Reallocation of Operational Funds	<u>(428,782)</u>	<u>(0.28%)</u>
Total Incremental Budget Impact	\$ 0	0.0%

(Please note: Percentages are based on the approved 2016 HPS Budget)

In conclusion, there is zero (\$0) impact to the Hamilton Police Service annual Operating Budget.