



VANCOUVER POLICE DEPARTMENT FINANCIAL SERVICES SECTION

REPORT DATE: February 8, 2008
POLICE BOARD MEETING: February 20, 2008
BOARD REPORT # 0808

TO: Vancouver Police Board
FROM: DCC R. Rolls, Commanding Support Services Division
SUBJECT: 2008 VPD Operating Budget - Update and Revisions

RECOMMENDATIONS:

THAT, subject to further changes resulting from on-going discussion with the City budget office, the joint operational review and collective bargaining negotiations, the Vancouver Police Board approve the updated 2008 budget totalling \$180,555,757 for submission to City Council under Section 27(2) of the Police Act.

The financial implications of these recommendations are as follows:

Base budget	\$ 176,157,539	Appendix 1
New and non-recurring	25,000	
Operating budget	<u>176,182,539</u>	
New initiatives		
Operational Review	3,347,500	
Granville Entertainment District	<u>460,300</u>	
Total operating budget	179,990,339	
Supplementary capital	<u>565,418</u>	
Total budget, updated	<u>\$ 180,555,757</u>	

THAT, subject to further changes, the Vancouver Police Board receive for information and discussion the proposed budget reduction of \$1,748,500 to the 2008 base budget as requested by the City's Corporate Management Team (CMT).

Base budget, revised	\$ 176,157,539
Budget reduction:	
Target adjustment	(1,748,500)
Revised base budget	<u>\$ 174,409,039</u>

POLICY:

Section 27 of the Police Act states that:

- (1) On or before November 30 in each year, a municipal police board must prepare and submit to the council for its approval a provisional budget for the following year to provide policing and law enforcement in the municipality.
 - (2) Any changes to the provisional budget under subsection (1) must be submitted to council on or before March 1 of the year to which the provisional budget relates.
 - (3) If a council does not approve an item in the budget, the director, on application by the council or the municipal board, must
 - (a) Determine whether the item or amount should be included in the budget, and
 - (b) Report the director's findings to the municipal police board, the council and the minister.
 - (4) Subject to subsection (3), a council must include in its budget the costs in the provisional budget prepared by the municipal police board.
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PURPOSE:

Under Section 27(2) of the Police Act, any changes in the provisional budget under subsection (1) must be submitted to Council before March 1 of the year to which the provisional budgets relates.

This report will outline updates and revisions to the 2008 operating and capital budget for consideration and approval by the Vancouver Police Board.

BACKGROUND:

Vancouver Police Department Budget Process

The total provisional budget of \$166,321,048 was presented to the Board on November 14, 2007. Since then, the VPD has had several meetings with the City Budget office and several adjustments have been made.

A budget review meeting was held with the City Budget Office on December 17, 2007, to review the base budget, budget reductions and the appeals. As a result of this meeting, the preliminary base budget has been amended.

The Department has also submitted one new and non recurring (NNR) request for 2008.

Budget estimates for the joint City/VPD Operational Review recommendations for Patrol Deployment and Investigative and Administrative Deployment have also been prepared and submitted to the City for inclusion in the 2008 Preliminary Report to Council on February 12, 2008.

The following table summarizes the adjustments made:

	2008 Preliminary Budget	2008 Revised Budget	Change
Base budget	\$ 165,316,200	\$ 176,157,539	\$ 10,841,339
Appeals	439,430	-	(439,430)
New and Non Recurring	-	25,000	25,000
Operational Review	-	3,347,500	3,347,500
Granville Entertainment District	-	460,300	460,300
Supplementary capital	565,418	565,418	-
	<u>\$ 166,321,048</u>	<u>\$ 180,555,757</u>	<u>\$ 14,234,709</u>

DISCUSSION:

2008 Base Budget (Refer to Appendix A1)

City staff had agreed to the VPD's preliminary 2008 Base Budget of \$165,316,200 as presented to the Board on November 14, 2007. Subsequently, further changes have been made to this base budget and are summarized below:

Preliminary base budget, as previously reported		\$ 165,316,200
Add:		
Sworn salary, benefits and overtime - wage settlements (VPU)	\$ 10,054,467	
Increase in 2007 authorized strength - 17 sworn officers	1,221,750	
Wage settlement for exempt staff	338,090	
Approved appeals	242,000	
Fleet - approval of previously unauthorized vehicles	71,200	
Rent allocation increase	34,700	
Radio Shop allocation	18,660	
Central Stores allocation	20	11,980,887
Less:		
Efficiency allocation	(508,800)	
Sworn salary - attrition model changes	(424,348)	
Reduction in court overtime	(100,000)	
Increase in record clearances revenues	(60,000)	
Corporate turnover allocation	(46,400)	(1,139,548)
Preliminary base budget, revised		<u><u>\$ 176,157,539</u></u>

As originally reported on November 14, 2007, there were several budget issues still under discussion and these items remain outstanding as of the date of this report, except as identified above.

The 2007 base budget has also been adjusted subsequent to the November 14, 2007 report and the adjustments are as follows:

2007 base budget, as previously reported	\$ 164,425,291
Adjustments:	
Sworn salary (VPU) increase for wage settlement	3,817,214
Civilian (Teamsters) provision	427,600
Adjusted, 2007 base budget	<u><u>\$ 168,670,105</u></u>

The 2008 revised preliminary base budget represents a \$7,487,434 or 4.4% increase over the 2007 base budget.

2007 Appeals to Base Budget – Form B’s

Appeal requests to the base budget were discussed with City staff and VPD staff on December 17, 2007. The Department’s budget appeals totalled \$439,430 of which the City approved \$242,000. However, the City raised the possibility of savings elsewhere to partly fund the approved appeals. VPD staff agreed to adjustments of \$160,000 to increase revenues and to

reduce court overtime, subject to annual review, resulting in a net increase to the base budget of \$82,000.

2008 New and Non-Recurring (NNR) Equipment Requests

Subsequent to the November 14, 2007 budget report, the Department had identified and submitted one NNR request for \$25,000 for security improvements. As of the date of this report, the NNR Committee has not yet met to review the City's NNR requests.

2008 Budget Reductions

In Board report #771, the Board was advised that the CMT allocated an efficiency reduction of \$508,800 to the Department. The Department identified only \$200,000 worth of cuts, comprising \$150,000 in jail operations and \$50,000 in legal expenses. The City was advised that the difference of \$308,800 could not be made without impacting service levels. However, City has insisted that the full reduction be absorbed and the Department took the additional \$308,800 as a further reduction to the legal budget reducing it to \$591,500 which is reasonably close to the 2007 actual fees.

Subsequently however, the Department has been advised of large legal fees to be incurred in 2008 that may cause legal fees to substantially exceed the 2008 legal fee budget.

CONCLUSION:

The updated and revised 2008 VPD budget and Supplementary Capital submission request is \$180,555,757 subject to further changes, on-going discussions and Council approval. The Department is concerned that the reductions have increased the inherent risks associated with the budget.

Author: Nancy Eng Telephone: 717-3017 Date February 8, 2008

Concurring: Warwick Wright Telephone: 717-3583 Date February 8, 2008

**Vancouver Police Financial Statement
For the Year Ending December 31, 2007**

	Annual			Projected Variance	
	Actuals	Budget	Variance	September	Change
REVENUES					
RECOVERIES					
Federal Government	(138,692)	(166,810)	(28,118)	(32,806)	4,687
Provincial Government	(3,230,750)	(3,248,000)	(17,250)	(86,127)	68,877
Secondments	(8,113,255)	(7,105,732)	1,007,523	1,096,105	(88,582)
Other Local Governments	(154,107)	(138,690)	15,417	15,417	0
Other Recoveries	(2,204,200)	(2,675,790)	(471,590)	(369,298)	(102,292)
	(13,841,003)	(13,335,022)	505,981	623,292	(117,310)
REVENUES					
Fees	(979,524)	(858,690)	120,834	25,291	95,543
Grants & Donations	(134,882)	(127,500)	7,382	(30,811)	38,194
Unclaimed Cash	(348,743)	(500,000)	(151,257)	(148,503)	(2,755)
Other Revenues	(423,370)	(182,304)	241,066	122,602	127,023
	(1,886,519)	(1,668,494)	218,025	(31,421)	258,005
TOTAL REVENUES AND RECOVERIES	(15,727,522)	(15,003,516)	724,006	591,870	132,136
EXPENSES					
PAYROLL					
Sworn Salaries	101,198,158	101,606,855	408,697	556,696	279,601
Sworn Overtime	6,955,436	5,353,478	(1,601,958)	(1,181,845)	(420,112)
Sworn Overtime - Court	1,273,679	1,467,320	193,641	269,351	(75,710)
Sworn Overtime - Stat Holidays	3,565,499	3,549,709	(15,790)	(185,960)	170,170
Liquor Callouts	552,223	274,875	(277,348)	(329,797)	52,449
Firearms Interdiction Team	366,625	349,000	(17,625)	(4,901)	(12,724)
Celebration of Light	(12,952)	0	12,952	12,970	(17)
	113,898,667	113,028,836	(1,297,431)	(863,486)	(430,383)
Civilian Salaries	13,671,656	15,610,997	1,939,341	1,753,811	(242,070)
Casual & Temp Salaries	2,028,523	1,921,290	(107,233)	(112,775)	5,542
Civilian Overtime	279,602	199,830	(79,772)	(34,540)	(45,232)
	15,979,781	17,304,517	1,752,336	1,606,496	(281,760)
Fringe Benefits	25,284,231	25,692,331	408,100	511,571	(103,471)
TOTAL PAYROLL	155,162,679	156,025,684	863,005	1,254,581	(391,576)
FLEET OPERATIONS AND MAINTENANCE	6,713,805	7,839,352	1,125,547	133,884	991,662
RADIO MAINTENANCE	347,138	383,796	36,658	0	36,658
BUILDING MAINTENANCE	4,098,523	4,658,010	559,487	(5,402)	564,889
CONTRACT SERVICES	124,141	354,880	230,739	120,173	110,565
LEGAL	646,088	930,870	284,782	315,953	(31,172)
CRIMINAL INVESTIGATION FUND	1,865,586	2,221,957	356,371	242,545	113,825
TELEPHONES	957,597	892,340	(65,257)	(143,817)	78,560
UNIFORMS AND EQUIPMENT	5,641,470	3,790,244	(1,851,226)	(1,384,940)	(466,286)
TRAVEL & TRAINING	1,106,235	1,069,570	(36,665)	(30,000)	(6,665)
	21,500,583	22,141,019	640,436	(751,602)	1,392,037
OTHER OPERATING COSTS	7,333,480	7,818,318	484,839	384,187	100,652
	28,834,064	29,959,338	1,125,274	(367,415)	1,492,689
TOTAL OPERATING COSTS	183,996,743	185,985,022	1,988,279	887,166	1,101,113
FISCAL SERVICES	(200,734)	(453,537)	(252,803)	0	(239,746)
TOTAL EXPENSES	183,796,009	185,531,485	1,735,476	887,166	861,367
NET POSITION BEFORE CARRY FORWARDS	168,068,487	170,527,969	2,459,482	1,479,036	993,503
CARRY FORWARDS	568,606	0	0	0	(568,606)
NET POSITION WITH CARRY FORWARDS	168,637,093	170,527,969	1,890,877	1,479,036	411,841