



# VANCOUVER POLICE DEPARTMENT FINANCIAL SERVICES SECTION ADMINISTRATIVE REPORT

REPORT DATE: November 1, 2010  
POLICE BOARD MEETING : November 17, 2010  
BOARD REPORT # 1068

*Regular*

TO: Vancouver Police Board  
FROM: DCC Adam Palmer, Commanding Support Services Division  
SUBJECT: 2011 VPD Preliminary Operating Budget and Capital Submission

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## RECOMMENDATION:

**THAT**, subject to further changes resulting from on-going discussions with City Council and staff, the Vancouver Police Board approve the 2011 Preliminary Operating Budget totalling \$198,624,483 and the Capital Budget totalling \$1,090,321 for submission to City Council under Section 27(1) of the Police Act.

The financial implications of these recommendations are as follows:

Base Budget	\$ 198,634,483	Appendix 1
Add:		
Budget pressure	<u>80,000</u>	
	\$ 198,714,483	
Less:		
Vancouver Services Review	<u>(90,000)</u>	
<b>Total Preliminary Operating Budget</b>	<b><u>\$ 198,624,483</u></b>	
<b>Total Capital Budget Submission</b>	<b><u>\$ 1,090,321</u></b>	

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**VANCOUVER POLICE BOARD FINANCE COMMITTEE COMMENTS:**

A detailed oversight review of the 2011 budget has been performed by the Police Board Finance Committee. The strong partnership between the Police Board Finance Committee and the Department's Executive is the key reason for the success of the VPD in achieving a balanced budget for six consecutive years (including 2010).

The Finance Committee recognizes that the VPD's overall operating budget will see an increase in 2011 of 2.8% from 2010. In addition, significant police facility improvements have been funded by City Council from capital budgets including the Graveley Street buildings that replace 312 Main and 5 E 8th, the Tactical Training Centre, the new Dog Squad facility, and the new Property Office and Forensic Storage facility.

The 2011 budget includes the continuation of reductions that were to be one time reductions from prior budget years and a further increase in staff vacancies in order to meet the City's overall budget goals. The VPD has an authorized strength of 1,327 sworn and 388.5 civilian positions. This was established after the joint City/VPD 2007 Operational Review that determined the service levels of policing necessary for the City of Vancouver. With potentially 80 vacancies (60 sworn and 20 civilian), the desired service levels cannot be met. As an example, the "Metro Teams," which were two teams of patrol officers who would work evenings and be deployed to the busiest areas in the City, were never realized.

In keeping with VPD priorities as committed to in the current strategic and business plans, front line uniformed policing services will not be further reduced. However, the vacancies in sworn and civilian positions will have an impact on service levels in Traffic and Detective units and the Information Management Section (IMS). The impact of these reduced service levels will be closely monitored.

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**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:**

To submit to the Vancouver Police Board for their consideration and approval, the Vancouver Police Department's 2011 Preliminary Operating Budget and Capital Budget Request for submission to City Council.

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**BACKGROUND:**Vancouver Police Department Budget Process

Section 27(1) of the Police Act requires the Vancouver Police Board to prepare and submit a provisional budget to Council for its consideration. Section 27(4) of the Police Act states that a Council must include in its budget the costs in the provisional budget prepared by the Board except for those items they specifically determine to exclude.

The City budget process does not allow for detailed review by City Council of the VPD's budget. City staff perform a detailed review for certain budgetary areas; however, this review does not address the many policy issues that contribute significantly to the funding required to meet all of the VPD's policy objectives and goals. Only issues that are determined or ranked as a priority by City staff are then brought forward to the City's Corporate Management Team (CMT), who will determine whether to forward it to City Council for their information and/or consideration.

Management will continue discussion with the City so that future budget processes can incorporate the provisions of the Police Act. In the meantime, VPD will continue to prepare its 2011 Budget in accordance with City budget instructions and timelines.

City's Previous Budget Process

For budget years prior to 2010, the City utilized a Base Budget setting process, whereby the annual Base Budget process assumed the previous year's Council approved budget was adequate and was increased by standard inflation rates, approved wage settlements and previously approved Council initiatives. The Base Budget was then decreased for one-time funding provided in the previous year for specific items.

Any areas for which Departments and Boards required additional base funding were submitted as Appeals (Form B's) to the Base Budget and discussed at pre-scheduled budget review meetings. At these reviews, City staff determined which appeals would be granted and added to the Base Budget; however, the Department had no further opportunity to address items not approved at the budget review meeting. New initiatives (Form C's) that increase or enhance existing service levels were discussed and prioritised by the CMT, which is comprised of the City Manager, the Deputy City Manager, Chief Constable and the General Managers of the city departments and Boards. The base budget, approved appeals and the CMT approved initiatives formed the preliminary operating budget provided to Council by City staff.

New and Non-Recurring (NNR) budget requests for one-time, non-routine, discretionary expenditures between \$2,000 and \$50,000 were also included in the budget development

process. Given budget pressures to keep tax increases to a minimum, the global annual allotment of \$2.0 million was generally greatly reduced.

Supplementary Capital represents additional funding approved by Council for projects not anticipated in the development of the three-year Basic Capital Plan. The City's source of funding for the Supplementary Capital budget is determined annually by Corporate Budget Services based on the overall supplementary fund provided in the Capital Plan and the funding allocation available from the City's current year's operating budget.

City staff met with and sought direction from Council in terms of tax levy targets and worked with the CMT to achieve those targets. To achieve the final target, CMT may have asked Departments to propose budget reductions (Form D's) from the base budget or may have requested that Departments take a mandatory, allotted budget reduction to the base budget.

Council was then asked to approve the budget through three reports prepared by City staff. The Preliminary Budget Report, usually in October, provided Council with a first look at the overall budget impact based on the requests from the Departments and Boards. It also sought Council's guidance on the policies that would govern the administrative review of the estimates by City staff. The Interim Report, usually in February, summarized the results of the detailed administrative review of the budget and sought Council approval to finalize the estimates that bring the budget into balance. The Final Report on the Operating Budget, scheduled for March, presented the finalized revenue and expenditure estimates including any final adjustments approved by Council at the interim report stage. The Final Report was accompanied by a resolution in which Council adopted the estimates for the year.

During the 2009 budget development process, the City's revenue estimates indicated a 50% reduction in development related revenues as a result of the world-wide economic decline. The City did not anticipate that these 2009 revenue levels would improve in 2010. Taking into consideration the revenue decrease and the negotiated 2010 wage increases, the City was faced with a 2010 budget challenge. Council, therefore, instructed the City Manager to conduct a comprehensive review of City Services. This review became known as the Vancouver Services Review (VSR).

The VSR was undertaken over a 12 week period from June to August 2009. The VSR focused CMT's attention on what the COV service priorities are ('what we do') and then explored and identified changing service delivery ('how we do it'). There were two distinct elements within the VSR: the Core Services Review (also referred to as the "80/20" exercise) and the Shared Services Review (SSR). The Core Services Review yielded results that were used in the 2010 budget process.

The 2010 budget process was significantly different due to the magnitude of the financial challenge. The VSR process provided information regarding services levels and priorities which guided budget adjustment recommendations to Council. CMT had also decided to continue with one-time reductions that we made in 2009, in addition to a hiring freeze and other cost constraints. These actions were known as the "Bridging Strategy" to reduce the 2010 budget gap. In addition to the Bridging Strategy, 2010 base budgets had also been held at 2009 levels, with some specific adjustments.

Recognizing that the timelines would conflict with the Host City duties during the 2010 Games in February and March 2010, the City Manager directed that the 2010 budget approval process be

moved approximately three months in advance of the normal schedule. The 2010 process involved a series of Council reports that updated and sought Council direction. A Preliminary Budget Report was presented in October, followed by a public consultation in November and then Interim Estimates, which updates the preliminary estimates, outlines the recommendations of the CMT to balance the budget and summarizes the results of the consultation process. Following this, final estimates were presented to Council in December for final approval of the budget.

### City's Budget Process for 2011

Following the revamping of the 2010 budget process, City staff desired to continue to refine the budget development process. City's Corporate Budget Services stated that fundamental to the policies and principles of the 2011 budget process are the following:

- Between May 2010 and December 2010, requests for 2011 operating budget would not be made individually through Council reports in 2010, but instead would be coordinated as part of the 2011 budget process.
- All funding requests and/or initiatives that either require increased funding, or have existing funding sources, must be submitted through the budget process to ensure corporate prioritization.
- Once the budget is set, new initiatives would be brought forward to the City Manager for review and prioritization
- Budget pressures/initiatives were submitted on a template called "2010-2013 Initiative" (also known as the "budget pressures" or the "emerging issues" template)
- These submissions will be reviewed and prioritized corporately by the City Manager and CMT and presented to Council through the budget process. If approved, the appropriate funding will be added to the 2011 budget.
- Materiality level for the VPD (classified by the City as a Large Department) is \$100,000

The City's Corporate Budget Services will develop each Department's and Board's "base/target budgets" using the assumption of the following methodology:

Prior Year's Council approved budget (less one-time budget items)  
+  
Detailed Salary Review  
+  
Key Non-Salary Accounts  
+  
Council Approvals  
+  
Prioritized Pressures

Key non-salary accounts include utilities, rents and leases, insurance and fleet expenses.

The prioritized pressures are the items approved from the 2010-2013 Initiative template.

The intention of the 2010-2013 Initiative template is to provide key information to the CMT about any upcoming funding or budget pressures or new funding requirements and as to tool for multi-year budget planning.

Additional funding may be requested for two reasons:

- (1) to meet existing service levels (i.e.: budgets that have not kept up with funding needs); or
- (2) to provide new or enhanced service levels (i.e.: due to improved service or new services that are warranted due to changing environment or needs).

Other reasons could also include requested report back by Council, continuation of a temporary program that is about to expire in 2010, a Council priority or external impacts.

To provide support to the CMT on the review and prioritization of the 2010-2013 Initiative submission, the Business Planning Oversight Committee (BPOC) comprised of the Deputy City Manager, the General Manager of Business Planning and the CFO/General Manager of Finance and Human Resources, reviewed the submissions. As support to BPOC, the Business Planning Secretariat city staff is also included. The objective of the BPOC is to provide oversight to the Secretariat and to provide input into funding requirements and its alignment to the Corporate Business Plan.

The base budget build also includes the global budget adjustment resulting from the 2009 VSR review. The VSR estimated financial savings would be reduced from the base budget.

The 2011 preliminary budget, including adjustments, was presented to Council on October 19, 2010, followed by public consultation during October and November. The budget will be revised to take into account the public consultation results, Council deliberations and the summary of proposed budget strategies developed by the CMT to finalize the estimates and bring the budget into balance. This Interim Budget will be presented to Council on November 30, 2010. Following this, the Final Budget will be presented to Council on December 14, 2010 for final approval.

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## **DISCUSSION:**

The City's initial preliminary estimates showed total pressures of \$60.2 million on the City's 2011 operating budget, reflecting a number of fixed cost drivers including contractual wage increases, operating cost for new facilities (including the Tactical Training Centre and the new Police offices on Graveley Street) and other outside imposed costs over which Council has no direct control.

To close this gap, City advised VPD that the 2011 base budget setting process would initially include all Bridging Strategies and budget adjustments from the 2009 and 2010 budget process.

Several discussion and presentations of VPD's strategies were made by VPD to the CMT, City Manager, City's Corporate Budget Services and the VSR project team, resulting in the identification of \$2,030,290 of reductions and \$90,000 in VSR savings, for a total reduction of \$2,120,290 from VPD's preliminary 2011 operating budget.

This review exercise was also undertaken by other City Departments and Boards and has resulted in total further adjustments of \$39.6 million bringing the City's 2011 preliminary budget gap to \$20.6 million.

Each year, these reduction exercises have become the norm. VPD Management notes that there have been unintended results that have impacted VPD's budget as there were certain programs that the City had provided to all Departments and Boards, which would no longer be funded due to the budget reductions.

As these items have become core to VPD operations, these costs have been or will have to be absorbed within the existing budget.

While these items may be increasing the budget, the effects of the implementation of the Harmonized Sales Tax (HST) on July 1, 2010 have offset some of the budget pressures. Prior to the introduction of HST, Provincial Sales Tax (7%) was mainly charged on goods purchased, but not services, and GST (5%) was charged on both goods and services; however, 100% of the GST was rebated back, resulting in a net tax of 7% on goods purchased. With the introduction of HST (12%), the impact of the 12% tax on goods and services purchased is significantly mitigated by a municipal rebate of 100% of the federal portion of tax (the GST) and 75% of the provincial portion (the PST). The result is an effective net tax of 1.75% across all goods and services purchased.

In addition to the impact of the reductions taken in prior years, the impact of the 2011 base budget reduction results in a hiring freeze of sworn officers, therefore, retirements and resignations will not be filled as they become vacant. Without any hiring during 2011, it is projected that VPD will be under strength by approximately 60 police officers. In addition, the civilian vacancy rate will be held at 5%, which is still higher than the City average. Sworn vacancies will be held in Traffic and Detective units. No further reductions to patrol operations will take place. However, the 30 officers needed for the "Metro Teams" will not be allocated as were approved by Council following the joint City/VPD Operational Review.

The continuation of the 2009 one time reduction of \$270,000 for Mandatory Training continues to have cumulative consequences that have a service level impact on the Department.

The 2011 budget build did allow the VPD to address some budget gaps that resulted in the rollover of the 2009 budget in 2010. The detailed salary review incorporated all factors that impact pay and benefits, including step increments and temporary staffing salary increases, thereby re-establishing an adequate budget for salaries and related benefits. The review of the key non-salary accounts also included a budget increase for the fleet vehicles.

However, in building the base budget, as in prior years, no provision for general inflation has been provided. The exception was for items with specific rates or schedules such as rental payments. However, any increase would only be provided if the contract was negotiated between January 1, 2008 and December 31, 2009 and only if it was material, which is \$100,000 or greater for VPD.

This will put pressure on the VPD's budget, as there is little control over what the market will charge for goods and services. Any increases, coupled with the escalating factors within contracts and agreements, will have to be offset from internal sources, possibly impacting overall effectiveness of operations.

VPD Management has raised concerns with City Budgets as the materiality level is applied to a specific item, rather to a group of items. For example, individual items on their own may not be considered as they are below materiality. Funding in this manner does not take into account the

cumulative effect of other non-funded items that, when added together, would exceed materiality. The City's premise is that while some budget line items may have increased, other line items may have decreased and the assumption is that these decreases would cover off the increases.

Although funding allocations may have increased in prior years, they have been inadequate to meet growing service demands as a result of legislative and technological changes, policing trends and increasing demands for higher levels of public safety and order.

Through the 2010-2013 Initiatives submissions, VPD was provided the opportunity to request a restoration of budget that was reduced in prior years, to increase budgets to maintain existing service levels and/or to address new funding pressures.

While there were concerns that VPD Management raised to Corporate Budget Services with regard to BPOC's prioritization and ranking methodology, several high priority budget issues have been addressed and partial funding has been provided in the base budget build.

The change in the date of the Council approval of the final estimates of the 2011 budget on December 14, 2010 continues to highlight the incongruity of timelines with the Police Act. The earlier date of final budget approval does not allow the Board the opportunity to submit changes to the budget as per Section 27(5). However, VPD Management feels that this is not detrimental to the development of the VPD's budget as VPD Management sets its processes to fulfil both City and Board deadlines.

Cognisant that the City faces a challenging 2011 budget year, the VPD will continue to work with city staff to address VPD's budget needs, understanding that any further budget reductions will negatively impact the VPD's ability to achieve its Strategic Goals.

### **2011 Base Budget (Appendix 1)**

For 2011, consideration has been given by CMT to budget pressures identified through the 2010-2013 Initiative template, the review of key non-salary accounts and contractual wage increases. Corporate Budget Services have calculated the VPD's 2011 preliminary base budget of \$198,634,483. This represents an increase of \$5,387,487 or 2.8% over the 2010 base budget.

Key items addressed in the 2011 base budget include:

- an increase of \$5,304,314 for negotiated wage increases and related fringe benefits, net of turnover and before the effects of the additional sworn and civilian vacancies. Considering this reduction, the net increase is \$3,227,183.
- a increase of \$402,830 for statutory holiday pay,
- an increase of \$1,263,948 for fleet costs, including costs for the new armoured rescue vehicle,
- an increase of \$652,968 for ammunition due to price increases and increase in costs for non-toxic, lead free rounds in order to conform to the building standards of the City's Tactical Training Centre facility (TTC), and
- a reduction of \$113,000 for outdoor range rental due to the use of the new indoor TTC.

The VPD continues to work collaboratively with Corporate Budget Services on the sworn attrition model, which is used to budget for sworn salaries. There is agreement by both parties that utilizing the most current information regarding attrition and hiring would yield more refined budget figures.

The Vancouver Police Union's (VPU) contract expired March 31, 2010. There is no provision in VPD's 2011 budget for any salary increases. During the 2010 budget development process, the City confirmed that any risk of increases to salary will be managed by the City and there would be no budget risk to VPD. For 2011, City has confirmed that these costs will be provided for centrally and a provision has been made in the City's General Government accounts. When a contract is ratified, the full budget will be provided.

Also included in the City's General Government accounts and not allocated directly to the VPD's budget is the City's share of the Provincial ticket fine revenues under the Traffic Ticket Fine Sharing Grant program and charges and levies arising from E-Comm and PrimeCorp.

All buildings occupied by VPD, including the new Graveley Street building, are centrally managed by City Facilities Design & Management, who establishes and manages the related facilities budget and any related variances. While VPD is the major user of the Tactical Training Centre (TTC), this City owned and operated facility is also centrally managed by City Facilities Design & Management. The City is in the process of developing a cost allocation model for the TTC. Building operating costs for these facilities, and the new Dog Squad facility are not included in the VPD base budget, however, the cost allocations are reported by the City as policing costs.

While the budget for the existing fleet vehicles have been addressed, the VPD is still currently working with the City's Equipment Services Section (EQS) to address the shortage of vehicles identified through a joint VPD/EQS analysis of the key vehicle ratios.

In March 2010, Council approved plans for the consolidation and relocation of police operations to Graveley Street. VPD has submitted a budget pressure request for one time funding to address costs from unforeseen facility outfitting, deficiency repairs, equipment maintenance and additional fixtures. As well, funding is required for ongoing maintenance costs from additional equipment, building security and IT related operational needs. BPOC did not recommend funding for these costs. VPD Management will monitor these costs as they materialize to determine whether funding needs to be pursued during 2011.

Funding for eight of the ten Community Policing Centres (CPC) has also been provided in the 2011 base budget in addition to reduced funding for the Granville CPC and the recently established District 4 North CPC. The current base funding for the eight CPC's operated by independent Not for Profit Boards is \$108,200. After thorough review by VPD of the two VPD operated CPCs (Granville and D4 North) and taking into consideration the City's budget pressures, VPD has agreed that these two CPCs can be operated with a total combined budget of \$140,000 during 2011; however, this will result in providing a level of service that will be lower than the targets and goals established for the other eight CPCs. Discussions with Corporate Budget Services continue in order to establish a full budget of at least \$108,200 for all ten CPCs for 2012.

The impact of the newly legislated Police Act changes has not yet been addressed in the 2011 base budget. It is anticipated that an increase in staffing for the Professional Standards Section will be required to manage the additional work stemming from the changes. Likewise, legal and mediation costs, which were previously funded by the Province, are expected to increase as these must now be borne by the respective Police Departments. The increase in staffing will also result in space issues and related office expenses and increased training needs. Additional funding of \$163,000 has been requested and BPOC has recommended funding of \$80,000 be submitted to Council for approval. As the full impact of the effect of the changes is currently underway, VPD Management cannot fully determine whether the \$80,000 will be adequate, however, will manage costs above this amount within the existing budget.

Further, the base budget is also subject to further changes resulting from on-going discussions with Corporate Budget Services and for budget allocations that are developed from other City departments including Equipment Services, Traffic and Electrical Operations, Real Estate and Building Services.

In summary, the 2011 base budget is still subject to resolution of the items identified above and a refinement of the sworn attrition model to take into consideration current data.

### **2010 – 2013 Budget Initiatives/Budget Pressures/Emerging Issues**

VPD Management submitted the 2010-2013 budget pressures template to City Corporate Budget Services as requested by City. These included both operating and capital budget items.

In addition to budget pressures that would directly impact VPD's base operating budget, VPD also identified to Corporate Budget Services other funding pressures that impact VPD's operations that are centrally managed by City Departments as place markers to ensure that the City Department or Corporate Budget Services would be dealing or considering the budget impacts.

As this template was also to be used to identify emerging or future budget pressures, several items could not yet be quantified.

VPD submitted 20 items as emerging issues/budget pressures totalling \$5,396,142, for items that could be quantified at that time.

Although VPD ranked and provided a prioritization listing, BPOC undertook its own ranking process. Items were ranked on a scale of 1 to 3, with 3 being the highest rank. Total average scores of less than 2 would not be recommended for funding. The BPOC ranking would be the basis on whether the funding would be included as part of the budget build or referred to CMT for inclusion in the Preliminary Budget Report for Council approval.

Of the 20 items submitted, only 3 items were ranked above BPOC's threshold. While BPOC recommended these items to CMT for funding, CMT only agreed to consider partial funding for one item.

Without taking into account BPOC's rankings, Corporate Budget Services included funding totalling \$1,547,088 for four (4) budget pressure items; however, the budget increase given may not have been what VPD had originally requested, as during the budget build process,

VPD worked with Corporate Budget Service to refine the budget requirements. VPD is satisfied that the funding provided will be adequate for 2011.

BPOC further identified and ranked the budget request for funding for Police Act changes. A request of \$163,000 was submitted, however, BPOC recommended \$80,000 be submitted to Council for consideration and approval.

The remaining fifteen (15) budget pressures including one partially funded item, total \$3,749,716 and were ranked below the BPOC's threshold, or were not considered by CMT for funding consideration, even though ranked as a high priority by VPD.

### **2011 Reductions – Base Budget**

In order to address the challenge of the \$60M in budget pressures, CMT requested each department to look for opportunities to adjust operations to reduce the pressure on increased expenditures. After another very thorough review, reduction ideas were presented in a staged approach, with Stage 1 items being feasible with minimal, immediate service level impacts. Stage 2 would be possible but required third party intervention and Stage 3 would be the only remaining option due to the composition of VPD's budget, as approximately 87% of the budget is salary and benefit costs.

Six (6) strategies totalling \$2,030,290 were submitted as Stage 1 reductions.

Stage 2 strategies total \$2,664,910 and are mainly comprised of changes to collective agreement provisions.

The Stage 3 strategy would require layoffs.

After several discussions and presentations to the City Staff, VPD and City agreed that Stage 1 adjustments totalling \$2,030,290 can be reduced from VPD's 2011 operating budget.

No further budget reductions are realizable during 2011 from Stage 2 and Stage 3 strategies.

### **2011 Reductions – Vancouver Services Review (VSR)**

Following the 2009 VSR, the City established the VSR Program Office (PMO) to create and provide program management to support key city-wide transformation projects. Significant changes would be made in the way the City manages and delivers services.

At the same time Departments and Boards were developing the 2011 base budget, the PMO was refining estimates for VSR project savings. VPD reviewed savings opportunities in five VSR project areas: IT Shared Services, Attendance Management, Supply Chain, Facilities Shared Services and Financial Shared Services.

After a rigorous review by VPD and several meetings with various City Departments, VPD identified a total savings of \$90,000 from supply chain at this time. As 2011 progresses and the projects are implemented, any savings that positively impact VPD will be reflected in 2011 actual performance.

## **2011 Capital and Supplementary Capital Requests**

The purpose of the Basic Capital budget is to make provision for major planned capital expenditures that are part of the 3-year capital plan (2009-2011) approved by Council.

The Supplementary Capital Budget process is to provide funding for one time, non-discretionary projects that are not included in the 3-year capital plan.

The City undertook a review of the capital budget process and made several changes in 2010 and again in 2011, including the alignment of due dates to correspond with the Operating budget process with final Capital Budget approval in December 2010. Another change was the inclusion of the Supplementary Capital process within the Basic Capital process and the inclusion of the Capital Close Out and Capital Status reporting. The purpose of this change was to allow the City to review all capital funding sources and better align the 2011 Capital requests with the capacity to complete the work in 2011 and to give City Council a more comprehensive view of all capital activity in 2011. For 2010, capital requests were also to be identified as part of the Budget Pressures/Emerging Priorities submissions.

Council approved an allocation of \$5 million for Supplementary Capital as part of the 2009-2011 Capital Plan. Available funding for 2011 has not yet been finalized, however, much like 2010, due to the challenges with the 2011 budget, available Supplementary Capital is anticipated to be very minimal and only projects deemed to be absolutely critical would be considered under Supplementary Capital.

Sensitive to the budget challenges, VPD Management has determined that projects identified that meet the Supplementary Capital criteria are not considered absolutely critical or urgent, and thus, have not submitted any requests for 2011 Supplementary Capital.

The Department identified four (4) capital projects totalling \$1,090,321 for consideration under the 2011 capital plan. Two of these projects have been reviewed and have been supported to move forward in the capital process for funding. The remaining two projects will be ranked and prioritized by the BPOC for consideration for funding from other capital budget sources.

VPD has also identified the need for a new police building as part of the Emerging Issues/Budget Pressures process. VPD removed this from the 2011 basic capital request as the amount is beyond the financial scope of the 2011 capital budget. This request will be submitted under the City's next new Capital Plan.

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## **CONCLUSION:**

The VPD's 2011 preliminary operating budget is \$198,624,483, an increase of 2.8% from 2010, and the 2011 Capital Budget requests are \$1,090,321, subject to further changes from City. VPD Management requests that the Vancouver Police Board support the recommendation as contained in this report.

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Concurring: Warwick Wright Telephone 717-3583 Date 2010-11-01

**APPENDIX 1  
VANCOUVER POLICE BOARD  
2011 BUDGET**

	<b>2010 BASE BUDGET</b>	<b>2011 BASE BUDGET</b>	<b>\$ CHANGE 2010 to 2011</b>	<b>% CHANGE</b>
<b>REVENUES</b>				
<b>RECOVERIES</b>				
Federal Government	\$ (139,100.00)	\$ (139,100.00)	\$ -	0.00%
Provincial Government	-	-	-	-
Secondments	(9,116,557)	(8,400,016)	716,541	-7.86%
Other Local Governments	(138,700)	(138,700)	-	0.00%
Other Recoveries	(2,345,000)	(2,345,000)	-	0.00%
	<u>(11,739,357)</u>	<u>(11,022,816)</u>	<u>716,541</u>	<u>-6.10%</u>
<b>REVENUES</b>				
Fees	(1,071,200)	(1,071,200)	-	0.00%
Grants & Donations	(180,200)	(180,200)	-	0.00%
Unclaimed Cash	(200,000)	(200,000)	-	0.00%
Other Revenues	(253,700)	(253,700)	-	0.00%
	<u>(1,705,100)</u>	<u>(1,705,100)</u>	<u>-</u>	<u>0.00%</u>
<b>TOTAL REVENUES AND RECOVERIES</b>	<b><u>(13,444,457)</u></b>	<b><u>(12,727,916)</u></b>	<b><u>716,541</u></b>	<b><u>-5.33%</u></b>
<b>EXPENSES</b>				
<b>PAYROLL</b>				
Sworn Salaries	119,852,002	118,809,969	(1,042,033)	-0.87%
Sworn Overtime	5,129,400	5,129,400	-	0.00%
Sworn Overtime - Court	1,483,700	1,483,700	-	0.00%
Statutory Holidays	3,730,200	4,133,030	402,830	10.80%
Liquor Callouts	783,200	783,200	-	0.00%
Firearms Interdiction Team	72,200	72,200	-	0.00%
	<u>131,050,702</u>	<u>130,411,499</u>	<u>(639,203)</u>	<u>-0.49%</u>
Civilian Salaries	18,305,408	19,407,072	1,101,664	6.02%
Casual & Temp Salaries	2,108,800	2,193,160	84,360	4.00%
Civilian Overtime	228,100	228,100	-	0.00%
	<u>20,642,308</u>	<u>21,828,332</u>	<u>1,186,024</u>	<u>5.75%</u>
Fringe Benefits	29,096,986	31,463,637	2,366,651	8.13%
<b>TOTAL PAYROLL</b>	<b><u>180,789,996</u></b>	<b><u>183,703,468</u></b>	<b><u>2,913,472</u></b>	<b><u>1.61%</u></b>
FLEET OPERATIONS & MAINTENANCE	7,936,100	9,200,048	1,263,948	15.93%
RADIO MAINTENANCE	273,800	277,050	3,250	1.19%
BUILDING MAINTENANCE	348,000	348,000	-	0.00%
CONTRACT SERVICES	264,200	264,200	-	0.00%
LEGAL	602,500	602,500	-	0.00%
CRIMINAL INVESTIGATION FUND	2,860,700	2,860,700	-	0.00%
TELEPHONES	1,086,000	1,086,000	-	0.00%
UNIFORMS AND EQUIPMENT	3,631,000	4,286,420	655,420	18.05%
TRAVEL & TRAINING	1,027,100	1,027,100	-	0.00%
COMMUNITY POLICE CENTRES	973,800	1,005,600	31,800	3.27%
OTHER OPERATING COSTS	7,121,656	6,923,243	(198,414)	-2.79%
	<u>26,124,856</u>	<u>27,880,861</u>	<u>1,756,004</u>	<u>6.72%</u>
<b>TOTAL OPERATING COSTS</b>	<b>206,914,852</b>	<b>211,584,329</b>	<b>4,669,477</b>	<b>2.26%</b>
FISCAL SERVICES	(223,400)	(221,930)	1,470	-0.66%
<b>TOTAL EXPENSES</b>	<b><u>206,691,452</u></b>	<b><u>211,362,399</u></b>	<b><u>4,670,947</u></b>	<b><u>2.26%</u></b>
<b>TOTAL BUDGET</b>	<b><u>\$ 193,246,995</u></b>	<b><u>\$ 198,634,483</u></b>	<b><u>\$ 5,387,487</u></b>	<b><u>2.79%</u></b>