

ADMINISTRATIVE REPORT

**Supports Item No. 2
CS&B Committee Agenda
March 11, 2004**

Date: January 16, 2004
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TO: City Services and Budgets Committee
FROM: General Manager of Engineering Services
Chief Constable
SUBJECT: Joint Police Fleet Review

RECOMMENDATION

- A. THAT a sustainable replacement program be established for the existing Police fleet, patterned after the replacement programs used for the City of Vancouver and Park Board fleets, at an additional cost of \$314,000 in 2004 and as projected in Table 4 for subsequent years, subject to Budget Review, with funding to be added to the Police Operating Budget, and with capital purchases funded from the Plant Account.
- B. THAT 19 Crown Victoria Marked Police Vehicles be added to the Police fleet to address the existing marked vehicle shortage, at an additional cost of \$320,000 in 2004 and as projected in Table 4 for subsequent years, subject to Budget Review, for capital, operating and maintenance, with funding to be added to the Police Operating Budget.
- C. THAT the replacement of 27 mid-sized vehicles be delayed for two years and that the Vancouver Police and Engineering Departments report back in 2005 on the appropriate utilization of these vehicles including their on-going funding needs.

GENERAL MANAGER'S COMMENTS

The General Manager of Engineering Services and the Chief Constable are in support of these recommendations.

The Chief Constable acknowledges that further study around the replacement of the 27 mid-size vehicles is required. It is also important, however, that no related budget reductions be considered until such study is completed.

Accordingly, the Chief Constable RECOMMENDS no change to the proposed recommendations of the Joint Police Review.

CITY MANAGER'S COMMENTS

The Police Fleet review was a joint project between Police and Engineering Services. The report reflects a significant step forward in the understanding and management of the Police fleet, and will result in a Police fleet that is sustainable from a funding and operational perspective. Staff from both the Police and Engineering departments have done a good job in concluding such an important review.

The report identified 56 recommendations to be implemented by either Police or Engineering Services to improve Police Fleet operations and provide for the long-term replacement of vehicles. It is necessary to review the implementation of these recommendations, therefore, Recommendation D is provided by the City manager to require a report back in 2005 from both departments on implementation of the report's findings.

The report identified an increase of 120 vehicles or 45% in the number of Police vehicles between 1992 and 2002, with the greatest increase in mid-size vehicles for investigations. By comparison, the sworn Police staff has increased by 51 members, or 5% over this same period. In addition, the report identified 27 mid-sized vehicles with very low usage, and trucks, vans and four wheel drive vehicles which are more expensive to operate than cars. The City Manager suggests that Council should be provided with a clear justification for fleet size, vehicle type and usage, before any budget increase is approved beyond that recommended in 2004. Recommendation E is provided as an alternative to the report Recommendation C.

The City Manager RECOMMENDS approval of recommendations A and B and does not Recommend C.

The City Manager provides the following recommendations to more appropriately deal with the long-term budget impacts:

- D. THAT Council requests the Vancouver Police Board and the General Manager of Engineering Services to provide a status report on the implementation of recommendations in the Joint Police Fleet Review in January 2005.
- E. THAT the 27 unmarked mid-sized low mileage cars not be replaced to provide a budget offset for the increase of 19 marked vehicles in 2005 and beyond. Further, that the Vancouver Police Board be requested to provide budget justification for fleet size, vehicle type, and usage, prior to submission of the 2005 Budget request.

COUNCIL POLICY

The addition of funding to the Operating Budget is approved by Council.

The addition of vehicles to the fleet is approved by Council.

PURPOSE

The purpose of this report is to brief Council on the results of the Joint Police Fleet Review that was undertaken by Police Services and Engineering Services, and to bring forward recommendations to Council that will address the deficiencies that were identified. This report has been reviewed by the VPD Board in consultation with city staff and the VPD Board recommends approval of recommendations A, B & C.

BACKGROUND

The Vancouver Police Department (VPD) operates a fleet of approximately 400 vehicles which consists primarily of marked and unmarked full-sized vehicles, unmarked mid-sized vehicles, motorcycles and specialty vehicles. Over the past 10 years, a number of new initiatives have been implemented by the VPD that required specialty vehicles such as covert vehicles, transport vans and trucks, and mid-sized investigation vehicles. Due to budget limitations, funding was not available for both the addition of these specialty vehicles as well as the regular replacement of the patrol fleet. As a result, the planned economic replacement of the patrol fleet has been delayed, and the patrol fleet has aged beyond its economic life. Also, the size of the patrol fleet was reduced as funding was redirected to address other fleet needs.

DISCUSSION

The Joint Police Fleet Review, which has been ongoing for the past year, was initiated to address issues around the timely replacement of police vehicles, the appropriate composition of the Police fleet, and the funding needed to sustain the vehicle fleet.

a) Replacement Program

The Joint Fleet Review has identified several deficiencies in the funding of the Police fleet. Unlike the rest of the City and Park fleet, the Police fleet has not been replaced based on a planned economic life. Replacement of the Police fleet has occurred sporadically based on available funding since the capital replacement is not managed as part of a comprehensive annual replacement strategy. This is partly because funding within the Operating Budget has remained fixed over the years rather than fluctuate on the basis of replacement need.

In contrast, the rest of the City fleet, including Fire and Parks, is replaced on a planned economic life, with capital funding provided by the plant account. The plant account in turn is funded through "pay as you go" monthly payments during the life of the individual vehicles that ensures adequate funding is available at the time replacement is needed.

One of the fundamental recommendations of the review is that the Police fleet be brought into the plant account so that consistent economic replacement of the fleet takes place. Because the plant account operates on a "pay as you go" philosophy, the Police Operating Budget will require additional funding so that the plant account will have sufficient resources to replace the police vehicles at the most economical times.

The estimated year over year funding requirements to bring the existing fleet into the Plant Account, based on the 2004 Preliminary Budget, is summarized below in Table 1.

	2004	2005	2006	2007	2008
Existing Fleet	\$364,000	\$380,000	\$620,000*	\$296,000	\$393,000

Table 1

* Related to the Council approved purchase of 100 vehicles in 1999.

b) Fleet Composition

The Vancouver Police Department fleet has changed in the last ten years. (See Appendix A) There has been a shift away from Patrol vehicles and an increase to Investigation and Support Vehicles.

The Joint Vehicle Review has identified a shortage of 19 marked patrol vehicles. The patrol fleet provides the most visible presence of police in the city, and the current shortage creates a number of operational difficulties for the police. For example, at times officers ride two to a vehicle simply because there are not enough patrol vehicles available for individual use. Also, fleet maintenance becomes a challenge as it becomes more difficult to schedule regular preventative maintenance as the vehicles are in continuous use. The additional cost of adding 19 patrol vehicles is approximately \$320,000 in 2004.

The estimated, additional year over year funding requirements to increase the number of patrol vehicles by 19 is summarized below in Table 2.

	2004	2005	2006	2007	2008
19 Patrol Vehicles	\$320,000	\$25,000	\$27,000	\$30,000	\$35,000

Table 2

To reduce the magnitude of this increase, a partial offset has been identified in the mid-sized VPD vehicle fleet. Several of the mid-sized vehicles, due to their specialized use, are not as heavily utilized as other vehicles in the Police fleet. A savings of \$50,000 per year for two years can be achieved by delaying the replacement of 27 mid-sized cars. Table 3 shows the expected savings out to 2008. The savings are reduced as maintenance expenses grow. By incorporating these savings, the net additional cost required for the Police Operating Budget in 2004 is \$314,000 to make the existing fleet sustainable.

	2004	2005	2006	2007	2008
27 Mid Size (delay)	(50,000)	(\$50,000)	(\$46,000)	(\$40,000)	(\$33,000)

Table 3

The Vancouver Police Department will report back in the beginning of 2005 on the anticipated use of these mid-sized vehicles including on-going funding needs.

If the recommendations are approved, the total impact to the 2004 Police Operating Budget would be an increase of \$634,000. This would include \$314,000 to make the replacement of the existing fleet sustainable, plus \$320,000 for the addition of 19 patrol vehicles. This includes the \$50,000 offset from delaying the replacement of 27 mid-sized vehicles. As the entire Police fleet is brought into the plant account, additional funding will be required over the next several years to fund the ongoing police replacement program. Table 4 below shows the estimated year over year funding requirements to the year 2008.

	2004	2005	2006	2007	2008
Rec. A	\$314,000	\$330,000	\$574,000	\$256,000	\$360,000
Rec. B	\$320,000	\$25,000	\$27,000	\$30,000	\$35,000
Total	\$634,000	\$355,000	\$601,000	\$286,000	\$395,000

Table 4

The use of the mid-sized fleet will be reviewed over the next two years to determine if fleet utilization can be improved, allowing the mid-sized fleet to be reduced. The annual cost of 27 mid-sized vehicles is approximately \$230,000.

FINANCIAL IMPLICATIONS

The Preliminary 2004 Police Budget for fleet related expenses totals approximately \$4.78 million. This includes funding for capital replacement (\$1.32 million), maintenance (\$2.06 million), fuel (\$0.91 million) and insurance (\$0.48 million) The recommended increase of \$634,000 to the 2004 Police Operating Budget will provide funding for the economic replacement of the existing fleet, as well as provide funding for 19 additional patrol vehicles.

The plant account will be used to fund all new police vehicle purchases and monthly charges will flow from the Police Operating Budget back to the plant account on a pay as you go basis. This is the same model used for the rest of the city and park fleets.

When the Fire Department fleet was brought into the plant account in 1996, a projected cash flow challenge was identified for the plant account in 2014. This was due to the high capital cost of the required fire apparatus, overlapping with the planned replacement for existing city equipment in 2014. The addition of the Police fleet to the plant account will exacerbate this projected cash flow challenge. With the Police fleet included in the plant account, it is projected that a cash flow shortfall may occur in both 2013 and 2014.

Each year, vehicle and equipment replacements are reviewed individually, and whenever feasible, the economic life of vehicles and equipment are extended. Over the next ten years, this approach will continue to be used, and the projected cash flow challenge may not occur. However, at this time, it is prudent to identify to Council that the possibility of a cash flow shortfall in the plant account could occur in 2013 and 2014.

CONCLUSION

It is recommended that the existing police budget be increased by \$634,000 in 2004 and as shown in Table 4 for subsequent years to provide funding for the economic replacement of the existing fleet, as well as provide funding for 19 additional patrol vehicles.

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Appendix

	1992		2002		CHANGE	
	# of Units	% of Total Fleet	# of Units	% of Total Fleet	# of Units	% CHANGE
Patrol						
Marked	81	30%	97	36%	16	20%
Unmarked	92	35%	48	18%	-44	(48%)
ERT Unmarked	6	2%	6	2%	0	0%
Canine	8	3%	8	3%	0	0%
Motorcycles	32	12%	35	13%	3	9%
	219	82%	194	73%	-25	(11%)
Investigation						
ICBC	0	0%	15	6%	15	-
Covert	27	10%	48	18%	21	78%
Mid-Size	0	0%	86	32%	86	-
	27	10%	149	56%	122	452%
Support Services						
Vans & Trucks	8	3%	32	12%	24	300%
Prisoner Wagons	9	3%	9	3%	0	0%
Counter Vans	3	1%	2	1%	-1	(33%)
	20	8%	43	16%	23	115%
Total	266	100%	386	100%	120	45%