



"PROVIDING INDEPENDENT CIVILIAN OVERSIGHT, GOVERNANCE, AND STRATEGIC LEADERSHIP TO THE VANCOUVER POLICE DEPARTMENT, REFLECTING THE NEEDS, VALUES AND DIVERSITY OF VANCOUVER'S COMMUNITIES."

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November 25th, 2016

Members of Council
c/o City Clerk's Office
City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Dear City Councillors,

Vancouver Police Department 2017 Provisional Operating Budget

On November 24th, 2016 the Vancouver Police Board considered the 2017 VPD provisional Operating Budget submission and passed the following resolution:

THAT, subject to further changes resulting from on-going discussions with the City and the City's budget process, the Vancouver Police Board approves the VPD's 2017 operating budget totalling \$271,774,905 for submission to City Council under Section 27(1) of the Police Act.

Section 27 of the *Police Act* states:

(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.

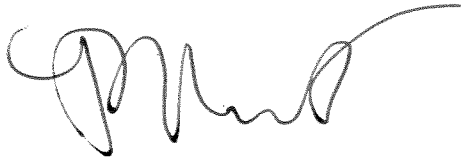
VANCOUVER POLICE BOARD

(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.

Attached for your information is the Report to the Board, which sets out the details of the 2017 Operating Budget.

We trust this is in order.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patti Marfleet', with a long, sweeping flourish extending to the right.

Patti Marfleet
Executive Director, Vancouver Police Board

cc: Chief Constable Adam Palmer, Vancouver Police Department
DCC Steve Rai, Vancouver Police Department
Sadhu Johnston, City Manager, City of Vancouver



VANCOUVER POLICE DEPARTMENT

REPORT TO THE VANCOUVER POLICE BOARD

REPORT DATE: November 10, 2016
BOARD MEETING DATE: November 24, 2016
BOARD REPORT # 1611F03
Regular

TO: Vancouver Police Board
FROM: DCC Steve Rai, Cmdg. Support Services Division
SUBJECT: 2017 Operating Budget

RECOMMENDATION:

THAT, subject to further changes resulting from ongoing discussions with the City of Vancouver (City) and the City's budget process, the Vancouver Police Board (Board) approves the 2017 VPD operating budget totalling \$271,774,905 for submission to City Council under Section 27(1) of the Police Act.

SUMMARY:

The VPD's primary concern is to increase staffing levels, and reducing the number of held vacancies was the VPD's sole budget request for 2017. To this end, a plan was developed to aggressively recruit sworn officers. This allows the VPD to increase recruiting in advance of the outcome of the Operational Review. With limited new funding and external budget pressures affecting the delivery of police service, VPD Management is constantly reviewing priorities and reallocating resources to meet service demands.

The VPD's 2017 operating budget is \$271,774,905, which is an increase of 2.3% or \$6,122,730 from the 2016 budget.

The Teamsters collective agreement expired on December 31, 2015 and the 2017 budget does not include any provision for collective agreement wage adjustments for this group. Once the Teamsters' agreement is approved, the budget will be adjusted accordingly.

Appendix 1 outlines the budget changes from 2016 to 2017.

POLICY:

The Vancouver Police Board must prepare and submit a budget to provide policing and law enforcement in the municipality.

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.

DISCUSSION:

After extensive internal and external consultations, 2017 will mark the first year of the VPD's updated 2017-2021 Strategic Plan. This Strategic Plan articulates how the VPD will uphold its revised mission statement of "*partnering with our community for excellence and innovation in public safety*" and achieve its ongoing vision of "*being the safest major city in Canada.*" The plan identifies four Strategic Priorities to aid in achieving this vision. These priorities include three community-focused priorities: fighting crime, enhancing public safety, and engaging with our community, as well as a fourth priority to support VPD staff to effectively perform their duties. This plan will form the basis for future VPD resource allocation decisions, as well as serving as the foundation for future staffing requirements.

The scope and complexity of policing continues to expand, and the VPD will continue to face escalating public pressures and public safety challenges over the next several years. It has been a number of years since the VPD concluded the previous Operational Review in 2007. As part of an ongoing effort to be more efficient and effective, as well as to help ensure the VPD has adequate resources to meet the updated Strategic Plan goals, the VPD is working with external consultants who specialise in policing to complete an Operational Review. This review will evaluate all areas of the VPD and inform resource requirements, sworn and civilian, necessary to meet the updated 2017-2021 Strategic Plan goals. The first phase includes a review of patrol operations by fall of 2016, with a review of the remaining areas of the VPD to follow in 2017. This timeline will allow the recommendations to be considered as part of the 2018 budget.

2017 Budget (Appendix 1)

The VPD's 2017 budget totals \$271,774,905. This represents an increase of \$6,122,730 or 2.3% over the restated 2016 budget. The 2016 budget was restated to account for the 2016 impact of the Vancouver Police Union (VPU) collective agreement wage settlement. Key 2017 budget changes are as follows:

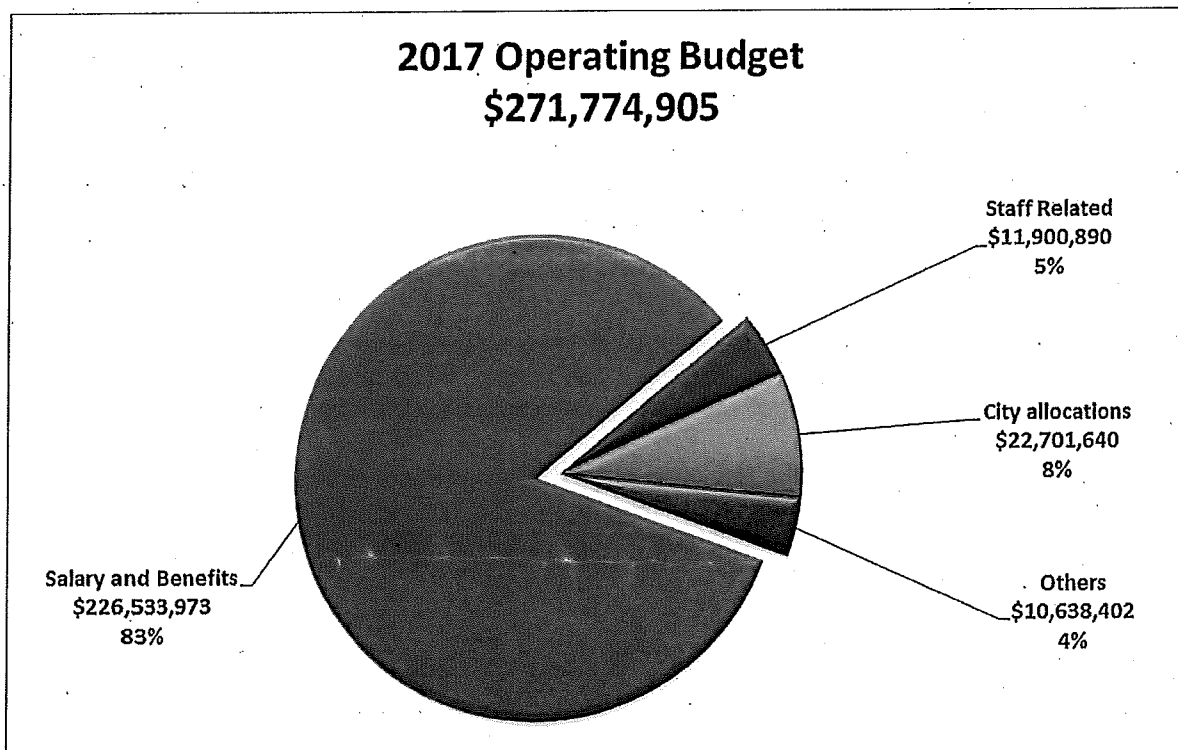
- increased recoveries of \$1,866,114 largely related to a budget realignment to more closely match overtime recoveries to overtime costs,
- an increase of \$8,898,371 for salary and benefits, which also includes the offsetting expense for the budget realignment mentioned above,
- an increase of \$368,877 largely for the fleet,

- an increase of \$350,746 for City cost allocations, and
- increased total reserve transfers of \$1,629,150, related primarily to an increased transfer from reserve of \$1,880,000 to partially offset the salary and benefit costs for hiring additional police recruits to maintain the budgeted level of sworn officers.

Further, although the Teamsters collective agreement expired on December 31, 2015, the budget does not include any provision for future collective agreement increases for this group. This is similar to the 2016 budget in which the VPD does not have any funding for a potential wage adjustment; however, once this agreement is approved, the budget will be adjusted accordingly.

2017 Budget Composition

As outlined in the chart below, the majority of the VPD budget is salaries and benefits (83%), staff-related expenses (5%) and City cost allocations over which the VPD has no control (8%).



The staff-related cost category includes the following items:

Fleet	\$9,125,060
Uniforms, Firearms/Ammunition	2,775,830
	<u>\$11,900,890</u>

The City cost allocations includes items managed by other City departments, but included in the VPD budget to reflect the true cost of policing, such as costs for communications from Emergency Communications for British Columbia (E-Comm); records management costs

related to the Police Records Information Management Environment (PRIME), VPD buildings, radio maintenance, 311, and City Information Technology support.

After excluding wages and benefits, staff-related expenses, and city cost allocations, there is only a modest 4% for all other expenses, as detailed in the table below:

Community Police Centres	\$1,005,600
Vancouver Jail – medical/nursing	1,287,400
Rent & building maintenance	1,607,170
Equipment	1,925,424
Criminal Investigation Fund	2,802,382
Travel and Training	1,514,400
All other budget line items	496,026
	<u>\$10,638,402</u>

Salaries and Benefits

Mindful that the City again faces a challenging 2017 budget year, the VPD's only request for new funding was to reduce the existing level of vacancies. For a number of years, the VPD has held vacancies, both sworn and civilian, because of budgetary pressures. These vacancies have negatively affected the VPD's workload and employees. Additionally, the VPD has also experienced higher numbers of retirements than anticipated in recent years, which has led to vacancy levels higher than the agreed vacancy level. The 2017 VPD budget includes funding to significantly increase the level of recruiting.

The budget for benefits is still subject to change as it has not yet been adjusted for benefit rate changes as some rates are not yet known. The City's Human Resources department is monitoring these rates and the budget will be further adjusted accordingly.

Statutory Holiday Pay is an item that has variability from year to year depending upon which day of the week the statutory holiday happens to fall and the City has committed that they will fund the costs should those costs put the VPD over budget, thus ensuring that the VPD does not bear the risk.

Other Budget Considerations

Although the total VPD annual budget has increased, there has been no general inflation provision included for expenditure budgets in recent years, which essentially means that the VPD's non-salary portion of the budget has eroded by the rate of inflation. The following table shows the annual percentage change in non-salary costs since 2007 (excluding the addition of the city cost allocations from 2015 onward):

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
0.19%	-1.11%	-0.64%	0.49%	-0.27%	1.01%	0.50%	-1.68%	0.92%	0.37%

For the last five years, non-salary costs have *decreased* by an average of 0.27%. This means that the VPD must offset any emerging priorities, cost increases, or escalating contract and agreement costs within the existing budget.

The VPD budget does not include funding for the downloaded cost of DNA analysis services (approximately \$700,000). In 2016, the Province announced it would limit the amount it contributes for DNA analysis services. As such, these costs are now borne by the VPD and other police forces.

In 2008, City Council approved a one-time adjustment to provide funding for additional costs to police the Granville Entertainment District from surplus, resulting in no increase to the VPD's budget. City has committed that should the VPD be in a year-end deficit position, the deficit will be offset by up to \$253,000 and, therefore, there is no budget risk for policing the Granville Entertainment District. Gastown also continues to require additional police presence though, especially on weekend nights. There has been no new funding provided for this priority; however, the VPD must continue deploying additional resources to ensure public safety and maintain order.

Investigation standards continue to evolve as well. Examples in recent years include the standards for domestic violence cases, professional standards investigations, use of force reporting, and missing persons investigations. Furthermore, recent court cases have placed timelines within which a case must be concluded before the courts. To meet this standard, additional time must be spent early in the investigations to ensure disclosure requirements to Crown Counsel are complete.

Similarly, with the continued proliferation of smartphones, video surveillance, and social media, forensic video and technological evidence standards now present increased demand for advanced equipment and police resources to process evidence.

Training standards continue to increase as well. As an example, there are three new *BC Provincial Policing Standards* coming into effect on January 1, 2017. These new standards outline increased training requirements for firearms and use-of-force instructors. As the Travel & Training budget was reduced in 2009, these types of emerging priorities and changing training standards put further strain on an already challenged budget.

These above challenges demonstrate the need for an Operational Review that will determine the resource requirements necessary to meet the changing priorities and the updated Strategic Plan goals. In the interim, the VPD will continue to constantly assess policing priorities and deploy resources as needed throughout the city to ensure public safety and maintain order.

Another item of note is that, as with prior years, the City does not allocate the City's share of the Provincial traffic fine revenues under the Traffic Fine Revenue Sharing program, which is a Provincial program to assist municipalities in ensuring community safety and addressing community specific strategic priorities.

The budget is subject to changes resulting from on-going discussions with the City as the budget process progresses.

2018-2021 Outlook

The VPD will continue to experience increasing pressures and challenges in the years to come. As such, continuing to maintain such a high level of vacancies is not sustainable and the the upcoming Operational Review will determine appropriate resource requirements.

Technological advances have transformed policing, but they also present financial pressures for the VPD. For example, body worn cameras are an evolving issue that could have significant future cost implications, and the VPD is awaiting provincial direction on this matter.

Additionally, global trends and events such as the worldwide extremist threat level, highly technical cybercrime, as well as a web of international organized crime and gang activities places further strain on VPD resources and will continue to necessitate increasing deployments for large events, protests, and demonstrations.

The City is currently pursuing certification as a Living Wage Employer, and is encouraging all related Boards to follow suit. To be recognized as a Living Wage Employer, the City and Boards must implement measures to ensure that direct employees and individuals employed by contracted service providers, including subcontractors, are compensated at or above the Living Wage rate, which is currently set at \$20.64 per hour in Metro Vancouver. This is an evolving issue, and the full impacts are yet unknown, but the VPD will keep the Board updated.

As outlined in the table below, the VPD's budget is projected to increase by approximately 2.63% in 2018, and less than 1% each year from 2019-2021. This takes into consideration the final year of the new VPU contract in 2018, but does not include any provision for salary increases that may result from future collective agreement adjustments for either the VPU or Teamsters.

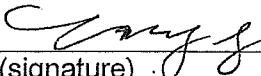
	2018	2019	2020	2021
Total Projected Budget	\$278.9	\$281.4	\$282.4	\$284.6
Budget Change	\$7.2	\$2.5	\$1.0	\$2.2
% Increase	2.64%	0.89%	0.35%	0.77%

CONCLUSION:

The VPD's 2017 operating budget is \$271,774,905, subject to further discussions and changes from ongoing discussions with the City. The Vancouver Police Board support for the recommendation contained in this report is requested.

Author: Jason Rude Telephone: 604-717-3016 Date: Nov. 10, 2016

Submitting Executive Member: Nancy Eng


 (signature)

Date: November 10, 2016

Vancouver Police Department
2017 Budget

Appendix 1

	2017 Budget	2016 Restated Budget ²	Change	% Change
RECOVERIES				
Program Fees	\$ (1,453,500)	\$ (1,353,500)	\$ (100,000)	0.0%
Parking	(155,300)	(155,300)	0	0.0%
Cost Recoveries, Grants & Donation	(15,434,037)	(13,667,923)	(1,766,114)	-0.7%
Rental, Lease & Other	(207,100)	(207,100)	0	0.0%
TOTAL RECOVERIES	\$ (17,249,937)	\$ (15,383,823)	\$ (1,866,114)	-0.7%
OPERATING COST				
Salaries & Benefits ¹	\$ 239,291,020	\$ 230,392,649	\$ 8,898,371	3.3%
Building Occupancy & Maintenance	2,833,045	2,820,197	12,848	0.0%
Professional Fees	2,861,631	2,750,090	111,541	0.0%
Equipment & Fleet	13,218,714	12,925,314	293,400	0.1%
Other Expenses	7,389,472	7,307,545	81,927	0.0%
Supplies & Materials	2,763,620	2,894,459	(130,839)	0.0%
Internal Allocations	22,701,640	22,350,895	350,746	0.1%
TOTAL OPERATING COST	\$ 291,059,142	\$ 281,441,148	\$ 9,617,994	3.6%
TRANSFERS				
Transfers to Reserves	\$ 98,700	\$ 65,810	\$ 32,890	0.0%
Transfers from Reserves	(2,133,000)	(470,960)	(1,662,040)	-0.6%
TOTAL TRANSFERS	\$ (2,034,300)	\$ (405,150)	\$ (1,629,150)	-0.6%
TOTAL BUDGET, net	\$ 271,774,905	\$ 265,652,175	\$ 6,122,730	2.30%

Note:

1. The above figures do not include any wage provision for the Teamsters collective agreement which expired on December 31, 2015.

2. The 2016 budget is restated to include wage provision resulting from the new VPU collective agreement.

