



"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 27th, 2018

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

Dear City Councilors:

Re: Vancouver Police Department 2019 Operating Budget

The Vancouver Police Board considered the 2019 VPD Operating Budget submission and passed the following resolution:

THAT the Vancouver Police Board (Board) approves the VPD's 2019 operating budget totalling \$294,366,398 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.

(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.

VANCOUVER POLICE BOARD

As usual these budget submissions are subject to changes resulting from on-going discussions with the City as part of its budget process and are exclusive of any unknown contractual salary increases that may arise from collective agreement negotiations.

Attached for your information is the Report to the Board, which sets out the details of the 2019 Operating budget.

We trust this is in order.

Sincerely,

A handwritten signature in black ink, appearing to read 'P Marfleet', with a long horizontal stroke 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
Mr. Sadhu Johnston, City Manager, City of Vancouver



VANCOUVER POLICE DEPARTMENT

REPORT TO THE VANCOUVER POLICE BOARD

REPORT DATE: November 15, 2018

FINANCE BOARD MEETING DATE: November 21, 2018

BOARD REPORT # _____
Regular

TO: Vancouver Police Board
FROM: DCC Steve Rai, Commanding Support Services Division
SUBJECT: 2019 Operating Budget

RECOMMENDATION:

THAT, subject to City Council approval, the Vancouver Police Board approves the 2019 VPD operating budget totalling \$294,366,398 for submission to City Council under Section 27(1) of the Police Act.

SUMMARY:

The VPD's 2019 operating budget is \$294,366,398, which is an increase of 3.5% or \$9,990,658 from the 2018 restated budget.

In 2017, City Council approved the recommendations of the VPD's Operational Review for an increase of 120 police officers, 52 civilian members, and related resources over five years (2018-2022). The VPD's 2019 budget includes funding for year two of the implementation plan, which includes an increase of 25 police officers and 12 civilian members and related resources. The related budget impact is \$2,581,530, approximately 0.9% of the total budget.

Appendix 1 outlines the budget changes from 2018 to 2019.

POLICY:

The Vancouver Police Board (Board) must prepare and submit a budget to provide policing and law enforcement in the municipality. The Vancouver Police Board Finance Committee is to assist in fulfilling the Board's oversight responsibilities.

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:

With expanding scope and increasing complexity in policing, the VPD will continue to face escalating public safety challenges. To maintain public safety and achieve the priorities outlined in the 2017-2021 Strategic Plan, a portion of the VPD's 2019 budget increase is for year two of the recommendations from the 2017 Operational Review.

As further detailed below, the budget is subject to City Council approval.

2019 VPD Budget (Appendix 1)

The VPD's 2019 operating budget totals \$294,366,398, which is an increase of 3.5% or \$9,990,658 from the 2018 restated budget.

The 2018 City Council approved budget has been restated to account for an increase of \$1,373,144 for the 2018 Exempt employee wage increases and the Teamsters wage settlement agreement, as well as a reduction of \$1,697,845 for one-time items related to the first year of the Operational Review.

The overall budget represents the following changes:

| | | |
|-------------------------|---------------------|-------------|
| Base Budget | \$ 7,409,128 | 2.6% |
| 2019 Operational Review | 2,581,530 | 0.9% |
| Total Increase | \$ 9,990,658 | 3.5% |

The base budget increase of \$7,409,128 are for the following net adjustments:

- An increase of \$5,413,568 related to salaries and benefits, of which, \$3,756,800 is for the new BC employer health tax,
- An increase of \$996,240 primarily for equipment, fleet, and building maintenance,
- An increase of \$927,543 for City cost allocations, and
- A decrease of \$71,777 for Recoveries.

Of note, the VPD does not receive a budget for future wage settlements after collective agreements expire. Once the various unions ratify the agreements, and the Board and City Council approve them, the City will transfer additional funding to the VPD's budget to cover the increased contractual obligation. As of December 31, 2018, the Vancouver Police Unions collective agreement will expire.

The 2019 decrease in recoveries reflects budget adjustments to match more closely with the 2018 actual recoveries, as well as a decrease in the number of secondments working on specific joint force operations. The net decrease is fully offset by a corresponding decrease in the total expenditure budget, resulting in a net zero impact on the budget.

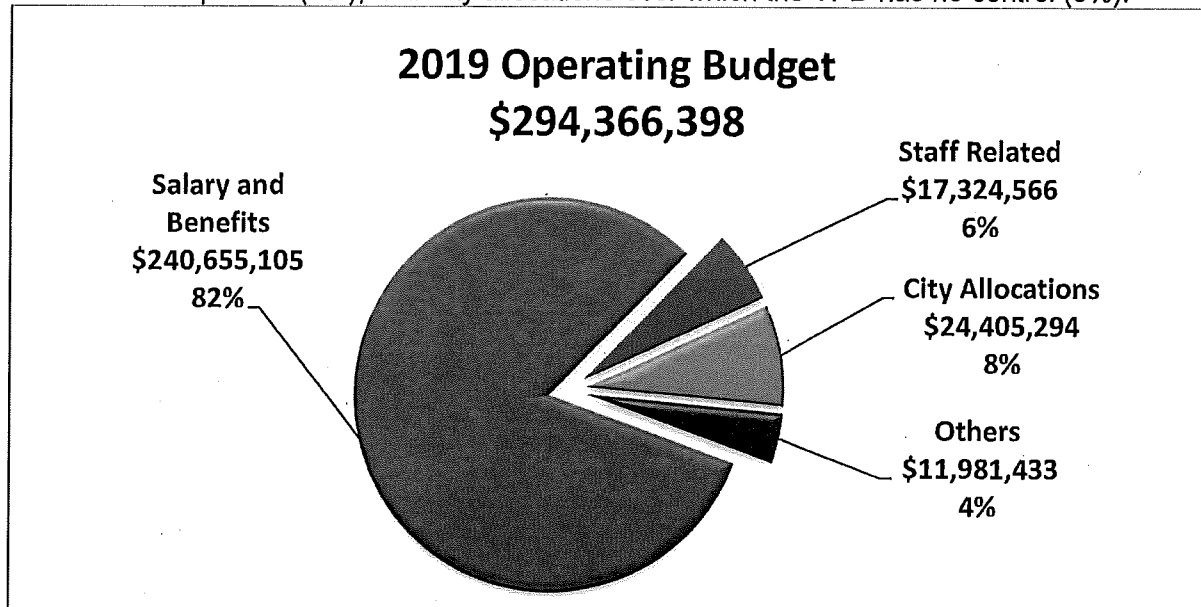
Operational Review

The VPD's budget includes \$2,581,530 for year two of the Operational Review. In 2017, City Council approved the recommendations of this comprehensive study supporting an increase of 120 police officers, 52 civilian members, and related resources over five years (2018-2022). For 2019, 25 police officers and 12 civilian members are planned to be hired, and the associated budget increase is outlined below:

- An increase of \$1,469,194 for salaries and benefits,
- An increase of \$237,300 for on-going costs for facilities maintenance, ongoing training, and uniform replacements,
- An increase of \$477,386 for one-time costs for uniforms, equipment, training, and office furniture, and
- An increase of \$397,650 for one-time new capital items such as vehicles, computer systems, and radios that will be purchased on behalf of the VPD by various City departments that centrally manage capital purchases.

2019 VPD Budget Composition

As outlined in the chart below, the majority of the VPD budget is salaries and benefits (82%), staff-related expenses (6%), and City allocations over which the VPD has no control (8%).



The staff-related cost category includes the following items:

| | |
|-----------------------------|---------------------|
| Fleet and Equipment | \$12,443,404 |
| Uniform, Firearm/Ammunition | 3,034,262 |
| Training | 1,846,900 |
| | <u>\$17,324,566</u> |

City Allocations are items managed by other City departments, but included in the VPD budget to reflect the true cost of policing, such as costs for 9-1-1 dispatched call services and the radio network from Emergency Communications for British Columbia (E-Comm), records management costs related to the Police Records Information Management Environment (PRIME - BC), VPD buildings, radio maintenance, 311, and City Information Technology support.

After excluding wages and benefits, staff-related expenses, and city allocations, the VPD's 2019 budget includes 4% for all other expenses, as detailed in the table below:

| | |
|--|---------------------|
| Community Policing Centres | \$1,333,800 |
| Vancouver Jail – medical/nursing | 1,287,400 |
| Criminal Investigation Fund | 2,963,558 |
| Contracted Services | 1,671,006 |
| Facilities maintenance & rental agreements | 2,860,229 |
| All other budget line items | 1,865,440 |
| | <u>\$11,981,433</u> |

Funding Commitments from the City

The 2019 budget for the Canada Pension Plan (CPP), WorkSafe BC, Employment Insurance (EI), and pension benefits have been prepared using the 2018 rates. The City has provided assurance that the 2019 budget will be adjusted for any rate variances.

Other Items

Although the 2019 budget has increased, similarly to the past few years there has been no consistent, general inflation provision included for non-salary expenditure budgets with the exception of minor adjustments to certain individual budget line items.

Similar to last year, the VPD, along with other departments and Boards, will not be funded for civilian position reclassifications. As per the Teamsters agreement, an employee can apply to have their position reclassified to ensure equal and fair compensation for duties performed. Prior to 2018, the City would fund these civilian reclassifications; however, a city-wide policy change was implemented for the 2018 budget year and any reclassification is to be funded within the VPD's existing budget, which is estimated at \$477,000.

While the legalization of recreational cannabis came into effect on October 17, 2018, the VPD has been working collaboratively with the City to determine the potential budget impact on policing to address legislation, regulation, and operational changes. Further funding discussions will take place with the Province; therefore, an allocation from the City has yet to be determined.

Additionally, as with prior years, the City does not allocate directly to the VPD budget 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.

Reserves

The nature of policing is largely reactive. Situations can occur in the community that may negatively affect budgeted line items. Management will continue to prioritise available funding to maximize efficiencies and work with our partners at the City to address unforeseen or emerging items.

The City has a reserve policy that outlines the conditions required for creating and using funding from reserves. In 2013, the City created a VPD-specific reserve of \$2,000,000. Subject to the Police Board's and City's approval, the VPD can draw upon this reserve if the costs of policing an unforeseen major incident or large-scale event would cause the VPD to go into deficit for the year. This means that although the 2019 budget does not include a provision for these types of events, such as sporting event playoffs, or large protests, the risk is mitigated up to the total reserve amount.

In addition to major incidents or events, a portion of this VPD-specific reserve is also intended for up to \$253,000 of the costs to police the Granville Entertainment District. The City has committed that should the VPD be in an overall year-end deficit position, the deficit will be offset by up to \$253,000 from the VPD's reserve mentioned above; therefore there is no budget risk for this item. The current balance of this reserve is \$1,987,068.

2020-2023 Outlook

As the nature of policing continues to expand, the VPD will continue to be cognisant of the emerging challenges and increasing complexity in the community and policing.

By the end of 2022, the VPD will have hired 120 police officers and 52 civilian members as a result of the recommendations from the 2017 Operational Review.

Technological advances and the rapid increase in the use of artificial intelligence, smartphones, video surveillance and social media have resulted in growing demand for advanced equipment and policing resources.

Mental health support will continue to be a significant driver of police workload. The VPD will continue to assist persons living with mental health issues and dealing with the issues surrounding homelessness.

Investigative standards will continue to evolve, and future decisions by other levels of government, courts, coroner's inquests and commissions of inquiry can all have significant effects on how the VPD uses its resources.

Additionally, emerging issues such as the rise in global extremism, introduction of new illicit drugs, and increased densification of areas like the Downtown Eastside, as well as ongoing

international organized crime and gang activities, continue to require additional resources and greater deployments for large events, protests and demonstrations.

As outlined in the table below, the VPD's net budget is projected to increase by approximately 3.5% in 2020, and averaging 3.2% each year from 2021-2023 to account for salary and benefit cost increases related to the Operational Review, attrition, and inflation. The outlook does not take into consideration any other non-salary adjustments or future collective agreement wage increases for any union or non-union groups.

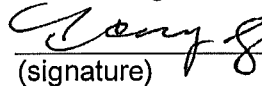
| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Net Budget (in millions) | <u>\$284.4</u> | <u>\$294.4</u> | <u>\$304.5</u> | <u>\$314.9</u> | <u>\$325.9</u> | <u>\$334.3</u> |
| Budget Change (in millions) | | \$10.0 | \$10.2 | \$10.3 | \$11.1 | \$8.4 |
| % increase | | 3.5% | 3.5% | 3.4% | 3.5% | 2.6% |

CONCLUSION:

The VPD's 2019 operating budget is \$294,366,398, subject to final approval by City Council. The Vancouver Police Board's approval for the recommendation contained in this report is requested.

Author: Melissa Lee Telephone: 604-717-3025 Date: Nov. 21, 2018

Submitting Executive Member: Nancy Eng



(signature)

Date: November 21, 2018

**Vancouver Police Department
2019 Operating Budget**

| | 2019 Budget | 2018 Restated Budget | Change | % Change |
|---------------------------------------|------------------------|-------------------------|---------------------|----------------|
| RECOVERIES | | | | |
| Program Fees | \$ (1,853,500) | \$ (1,603,500) | \$ (250,000) | |
| Parking | (155,300) | (155,300) | 0 | |
| Cost Recoveries, Grants & Donation | (20,705,267) | (21,027,044) | 321,777 | |
| Other Recoveries | (207,100) | (207,100) | 0 | |
| TOTAL RECOVERIES | \$ (22,921,167) | \$ (22,992,944) | \$ 71,777 | -0.3% |
| EXPENDITURES | | | | |
| Salaries & Benefits ¹ | \$ 260,660,772 | \$ 253,778,010 | \$ 6,882,762 | |
| Building Occupancy & Maintenance | 2,860,229 | 2,947,155 | (86,926) | |
| Professional Fees | 2,958,406 | 2,992,530 | (34,124) | |
| Equipment & Fleet | 14,816,966 | 13,413,579 | 1,403,387 | |
| Other Expenses | 8,427,797 | 8,243,439 | 184,358 | |
| Supplies & Materials | 2,872,440 | 2,856,994 | 15,446 | |
| City Allocations | 24,405,293 | 23,477,750 | 927,543 | |
| TOTAL EXPENDITURES | \$ 317,001,904 | \$ 307,709,456 | \$ 9,292,447 | 3.0% |
| TRANSFERS ² | | | | |
| Transfers to Reserves | \$ 141,011 | \$ 141,011 | - | |
| Transfers from Reserves | 144,650 | (481,784) | 626,434 | |
| TOTAL TRANSFERS | \$ 285,661 | \$ (340,773) | \$ 626,434 | -183.8% |
| TOTAL BUDGET, net ³ | \$ 294,366,398 | \$ 284,375,740 | \$ 9,990,658 | 3.5% |

Note:

1. The 2019 salaries & benefits do not include any wage provision for the VPU collective agreement, which expires on December 31, 2018. Also, 2019 is the first year of the Employer Health Tax.

2. Transfers consist of funding that is moved to, or taken from, a city reserve account.

3. The 2018 budget has been restated to reflect adjustments related to one time funding from prior year, Exempt civilians, and Teamsters wage settlement agreements