



REPORT

Report Date: April 4, 2022
Contact: Colin Knight
Contact No.: 604.873.7569
RTS No.: 15131
VanRIMS No.: 08-2000-20
Meeting Date: April 12, 2022
[Submit comments to Council](#)

TO: Vancouver City Council

FROM: General Manager of Finance, Risk, and Supply Chain Management

SUBJECT: Vancouver Police Board 2022 Budget Increase

RECOMMENDATION

- A. THAT Council receive for information the determination of the Director of Police Services, made pursuant to Section 27(3) of the *Police Act*, that \$5.7 million be reinstated to the Vancouver Police Board operating budget (which determination is attached as Appendix A to this report).
- B. THAT Council approve the \$5.7 million increase to the Vancouver Police Board 2022 Operating Budget and corresponding increase to the Transfers budget leaving the total operating budget unchanged.

ALTERNATIVE CONSIDERATION TO B*

- C. THAT Council approve the amended Budget Resolution attached as Appendix B of this report, thereby adopting an amended General Purposes Tax Levy of \$964,139,430, which includes an additional amount of \$5.7 million to fund the increase to the Vancouver Police Board 2022 Operating Budget, resulting in a total operating budget of \$1,753,107,551 million.

Recommendation C should be considered a rescission of a resolution passed by Council in its current term as well as an amendment to a previous Council decision as per section 166 of the Vancouver Charter and sections 8.13(4) and (5) of the Procedure By-law. Consideration of Recommendation C requires the mover of the motion to be a Council member who voted with the majority in the first instance, a 2/3 majority vote to rescind and amend the previous decision and re-open discussion, and a majority vote to make any change.

REPORT SUMMARY

On March 14, 2022, the Director of Police Services issued his determination under section 27 (3) of the Police Act requiring the reinstatement of \$5.7 million from the Vancouver Police Board's 2021 budget that was not approved by Council. This report recommends an adjustment to the 2022 operating budget to comply with the determination by the Director of Police Services.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The 2022 operating budget approved by Council on December 7, 2021, did not include the \$5.7 million in funding requested by the Vancouver Police Board pending the outcome of the review by the Director of Police Services.

Under the *Vancouver Charter*, Vancouver City Council has authority to approve the City's operating budget, and the City's operating budget policy requires Council approval of budget reallocations exceeding \$750,000.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager supports the foregoing recommendation. The alternative consideration is presented as an option for Council which would avoid an impact on the General Stabilization Reserve in 2022 and the need to build the incremental \$5.7 million expenditure into the tax levy and rates in 2023.

REPORT***Background/Context***

On December 8, 2020, Council approved the 2021 Budget. As part of that decision, Council did not approve a budget increase of \$5.7 million requested by the Vancouver Police Board.

On March 8, 2021, the Vancouver Police Board submitted a request to the Director of Police Services to make a determination under the Director's authority under section 27(3) of the Police Act with respect to the \$5.7 million not approved by Council. The *Police Act* provides the Director with the authority to require Council to approve budget amounts requested by the Vancouver Police Board.

On December 7, 2021, Council approved the 2022 Budget. While the 2022 Budget included budget increases as requested by the Vancouver Police Board, the \$5.7 million request related to the 2021 budget decision was withheld pending the outcome of the review by the Director of Police Services.

On March 14, 2022, the Director of Police Services issued his determination that Council is required to fund the \$5.7 million requested by the Vancouver Police Board.

Strategic Analysis

Under the *Police Act*, Council is required to provide funding to the Vancouver Police Board in accordance with the determination by the Director of Police Services.

As the 2022 budget has already been approved, staff recommend that funding be reallocated from the City's General Revenue Stabilization Reserve in 2022. As per the operating budget policy, this would be considered a budget reallocation and would require only a simple majority of Council.

Because the final 2022 property tax rates have not yet been finalized, Council also has the option to amend the 2022 operating budget and fund the expenditure by increasing the property tax levy. In this case, because the total operating budget and property tax levy would be changing, this should be considered a rescission of a resolution passed by Council in its current term as well as an amendment to a previous Council decision as per section 166 of the *Vancouver Charter* and sections 8.13(4) and (5) of the *Procedure By-law*. This would require the mover of the motion to be a Council member who voted with the majority in the first instance, a 2/3 majority vote to re-open discussion, and a majority vote to make any change. It should be passed prior to April 30th (the deadline for submitting estimates to Council under the *Vancouver Charter*) and prior to Council approving the final property tax rate.

Financial Implications

The Vancouver Police Board expenditures budget will increase by \$5.7 million, from \$366,938,431 million to \$372,628,405 million, as a result of the recommendation B and alternative consideration C in this report. Funding the 2022 cost of the VPD budget increase from reserves will result in a \$5.7 million draw down of the general revenue stabilization reserve. The general revenue stabilization reserve ended 2021 with an uncommitted balance (i.e. funds available for unanticipated emergencies and external factors) of \$33 million (2.7% of annual non-utility revenues), slightly above the level anticipated when the 2021 budget was set, thanks to improved revenues through 2021 as compared to budget. However, this remains below the target level of 8-16% (or \$100-200 million). Prior to the pandemic, the City's reserve was within the target level.

For the 2023 budget, permanent funding will be required to balance the budget, and staff will bring forward options as part of the 2023 budget process. As public safety costs are funded almost exclusively from property taxes, an increase to the VPD budget of \$5.7 million would be equivalent to a property tax increase of approximately 0.6% or a corresponding reduction to other budgeted expenses.

Funding the 2022 cost of the VPD budget increase from an increased property tax levy in 2022, would provide an ongoing funding source in 2022, and would not require an ongoing funding source to be identified as part of the 2023 budget process.

The property tax distribution report will be presented to Council to finalize the tax share between residential and non-residential property classes, and the property tax rates report will be presented on May 17th as the last step in finalizing the property taxes for billing. Should Council choose to increase the property tax levy to be collected for 2022 to cover the \$5.7 million (instead of using the stabilization reserve), this additional levy will be incorporated in the tax rate calculation along with the final new construction revenue and appeal as per the Revised Assessment Roll to be published in early April. In this case, the general purpose tax levy would

increase from \$958,449,456 to \$ 964,139,430, and the total 2022 operating budget would increase from \$1,747,417,577 million to \$1,753,107,551 million.

Legal

Council is required to provide the VPD with additional funding of \$5.7 million pursuant to Section 27(3) of the *Police Act* and the determination of the Director of Police Services. Council approval is required in accordance with the operating budget policy for changes within the approved budget. Council does have the option to amend the 2022 operating budget and fund the VPD budget increase by increasing the property tax levy. In this case, because the total operating budget and property tax levy would be changing, this should be considered a rescission of a resolution passed by Council in its current term as well as an amendment to a previous Council decision as per section 166 of the *Vancouver Charter* and sections 8.13(4) and (5) of the *Procedure By-law*. This would require the mover of the motion to be a Council member who voted with the majority in the first instance, a 2/3 majority vote to re-open discussion, and a majority vote to make any change. It should be passed prior to April 30th (the deadline for submitting estimates to Council under the *Vancouver Charter*) and prior to Council approving the final property tax rates on May 17.

CONCLUSION

A budget reallocation from reserves is the recommended method to fund the Director of Police Services' determination that \$5.7 million be restored to the VPD budget.

* * * * *



March 14, 2022

Ref: 628882

His Worship Kennedy Stewart
Mayor, City of Vancouver
453 West 12th Avenue
Vancouver BC V5Y 1V4
Email: kennedy.stewart@vancouver.ca

Faye Wightman
Vice-Chair, Vancouver Police Board
2120 Cambie Street
Vancouver BC V5Z 4N6
Email: fwightman1@gmail.com

Dear Mayor Stewart and Faye Wightman:

On March 8, 2021, the vice chair of the Vancouver Police Board (the Board) submitted a request asking me to make a determination under my authority in section 27(3) of the *Police Act* (the Act), on a "\$5,689,974 shortfall resulting from Vancouver City Council's (Council) decision not to approve the 2021 [VPD] Operating Budget as submitted by the [Board]." On June 10, 2021, in response to my request, the City of Vancouver's City Manager made submissions on the council's behalf. On June 24, 2021, the Board made further submissions in a 138-page report prepared by the Vancouver Police Department (VPD).

I write now to provide my decision.

Section 27(3) states:

If a council does not approve an item in the budget, the director, on application by the council or the municipal police 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.

.../2

Mayor Stewart and Faye Wightman
Page 2

In other words, my authority is limited to making a decision on whether a budget item or amount in dispute should be included in the police budget. In this case, the amount in question is \$5,689,974 that was withheld from the Board 2021 operating budget submission.

While section 27 does not provide me with specific criteria on which to base my decision, the Act does offer general guidance in terms of the respective responsibilities of the Province, the municipality, the police board and the chief constable.

It is the Minister of Public Safety and Solicitor General's responsibility to ensure an adequate and effective level of policing and law enforcement in BC. At the core of this responsibility is public safety. It is my job as Director of Police Services to superintend policing and law enforcement through specific functions set out in the *Police Act*, including: inspecting and reporting on the quality and standard of policing and law enforcement services delivery, establishing policing standards, providing advice to chiefs of police and police boards on matters relating to policing and law enforcement and making recommendations to the minister on board appointments.

The responsibilities of a municipality with a municipal police department are financial in nature and include the obligation to bear the expenses necessary to generally maintain law and order (s. 15) and to include in its budget the costs of the provisional police budget prepared and submitted by the police board, subject to section 27(3) (s. 27(4)).

A police board's governance and oversight functions under the Act fall into four main categories: establish the direction of the police department; employer of the police department; financial oversight of the police department; and management of the service and policy complaint process under Part 11.

Under section 34, the chief constable, under direction of the police board, provides general supervision and command over the police department. In turn, the police department must perform the duties and functions respecting the preservation of peace, the prevention of crime and offences against the law and administration of justice, all under the chief constable's direction.

Process

To assist in making my decision on the amount in question, I retained two consultants, Peter Lockie of Inverleith Consulting, Inc. and Peter Lepine, to conduct a study and prepare reports under section 42 of the *Police Act*. The consultants' reports (enclosed), were shared with the parties under cover of my January 31, 2022 letter.

.../3

Mayor Stewart and Faye Wightman
Page 3

I asked the consultants to focus on three key areas relevant to the dispute:

1. the strength/health of the financial management framework of the VPD;
2. the impacts of the alleged budget shortfall on service delivery and public safety; and
3. emerging environmental impacts on adequate and effective policing including, the global pandemic, collective agreements, crime trends, socio-economic issues and other relevant considerations or impacts.

While the reports provided useful context and analysis, the decision is my own.

In addition to the consultants' reports, I considered the following:

- the parties' respective submissions;
- the parties' respective comments on the consultants' reports; and
- the *Police Act*.

I would like to thank the municipality, police board and VPD for their cooperation with the consultants' studies and my review. I would also like to thank them for their considered submissions and the comments they provided on the consultants' reports. Finally, I wish to thank the two consultants for their work.

Analysis

Numerous events across North America over the past two and half years have had significant influence on public perception of policing and its role in public safety and in some respects eroded public confidence. In part in response to some of these events, the Legislative Assembly established the Special Committee on Reforming the Police Act to examine, among other things, the role of the police with respect to complex social issues including mental health and wellness, addictions and harm reduction, the scope of systemic racism in police agencies, and reforms related to independent oversight, transparency, governance, service delivery, funding and training. The Committee's report is expected to be submitted to the Legislative Assembly by April 28, 2022.

During the same time period our province has endured a pandemic, an increase in civil disobedience and environmental disasters that have created new demands on police resources across BC. As evidenced by the parties' submissions and consultants' reports, there are noticeable variations in crime statistics during the pandemic, which make it challenging to determine the overall impact on VPD's service delivery capacity.

.../4

Mayor Stewart and Faye Wightman
Page 4

Like many municipalities in BC, the City of Vancouver has seen rising costs and decreased revenue throughout the pandemic; in 2020 operating revenues were \$89 million below budget and in 2021 they were \$19 million lower than 2020 budget levels. In 2020, the City of Vancouver cut funding to many of its departments' budgets by 1% in response to the financial challenges associated with the pandemic. Over the summer of 2020 the Board refused the City's request to reduce the approved police budget by the same proportion. Incidentally, I understand VPD was the only municipal police department that received a reduced 2021 operating budget.

In his report, Peter Lockie concluded that VPD and the Board have a strong financial management framework in place, with strong financial oversight and appropriate financial policies and procedures as well as a robust budget development process and financial reporting process and internal and external audit functions in place.¹ He also notes that the VPD had not run a budget deficit until 2021. The deficit for 2021 was \$7.2 million (operational deficit of \$4.1 million, unfunded benefits of \$3.1 million), which I understand the City has agreed to cover from its reserves. Finally, Mr. Lockie observed the Board's concerns that it will likely continue to run a structural deficit in future years as a result of the alleged shortfall in the 2021 operating budget, unless remedied.

I appreciate that the governance framework for municipal police departments can be a source of frustration for municipalities. In accordance with the Act municipalities are required to select and fund one of three types of policing and law enforcement service for their community. Police budgets are typically the largest line item in a municipal budget representing up to 30% its total budget. (In Vancouver, police services are funded by property taxes). However, municipal police boards are created independently from municipal councils in part to remove boards from the influence of partisan politics.² The municipality plays no oversight role of the police department (except financial accountability under the Act) and has no legislative authority to direct the police department or determine its service and/or deployment model. In this respect, the municipal police department is distinguished from other services and departments funded by the municipality.

.../5

¹ Peter Lockie report (in conjunction with Peter Lepine) 2022, p. 2

² BC Police Board Handbook, 2015.

Mayor Stewart and Faye Wightman

Page 5

These limitations do not mean a municipal council's public safety concerns can or should be ignored by the police department or board; in fact, I would suggest that boards and police departments do this at their peril.³ Instead, it is imperative that these parties operate within a spirit of collaboration in pursuit of their mutual interest in public safety and to ensure adequate and effective policing and law enforcement in their community that reflects the levels of service required to meet public safety needs and priorities. To a large extent, this seems to have generally been the case in Vancouver in recent years.

While there are variations in the way municipal police budgets are prepared and approved in accordance with the Act, each of the 12 municipal police departments and police boards (serving 13 municipalities) in BC, follow a similar process. First, the police board develops a strategic plan in consultation with the chief constable, that sets out the department's priorities, goals and objectives for policing and law enforcement in the community (s. 26). The police board must take into account the policing priorities of the Minister of Public Safety and Solicitor General and the priorities of the municipality (s. 26(4.1)). Once the priorities, goals and objectives are established (i.e., the strategic plan), the department, under the direction of the chief constable, develops the programs and services to implement them. It is the strategic plan (and any annual business plans) and the corresponding programs and services that should serve as the foundation for the provisional police budget that the police board is responsible for preparing and submitting to municipal council by November 30 of each year (s. 27).

A good strategic plan is based on extensive consultation to determine the community's public safety needs and priorities and to inform a suitable level of service delivery and deployment model. The BC Provincial Policing Standards on the Promotion of Unbiased Policing - 6.1.2 (Community Engagement) will require municipal police boards to ensure processes are in place by July 2023 to obtain input on the priorities, goals and objectives for policing and law enforcement, from a broad spectrum of their community, including from: (a) municipal council(s); (b) Indigenous leaders; (c) school district(s); (d) community organizations and groups (e.g. advocacy groups, leadership at places of worship, Indigenous organizations); (e) members of the public; and (f) the business community.

.../6

³ As discussed later, a police board is required, under the s. 26(4) of the *Police Act* to take into account the priorities of the municipality when determining the priorities, goals and objectives of its police department

Mayor Stewart and Faye Wightman
Page 6

In this case, the VPD Strategic Plan 2017-2021 was the result of community engagement on matters relating to policing and community safety. It resulted in the establishment of 4 overarching themes: *Engage Our Community, Enhance Public Safety, Fight Crime and Support Our People*. From these themes, goals and objectives were established and operationalized through 33 strategies and 180 activities which is the basis of VPD's yearly business plans.⁴ The strategic plan was developed not just with community input but based as well on the priorities of the Minister of Public Safety and Solicitor General.⁵

As noted in Mr. Lepine's and Mr. Lockie's report the City of Vancouver attempted to integrate a few of VPD's strategies within its annual corporate plan:

"These city strategies align with many of the VPD's Strategic Plan goals to foster relationships with diverse communities. Given this relationship, there is an excellent incentive for the VPD to work with other civic and community partners to leverage resources to effect positive change..."

*It is clear from our review of the vast amount of information that speaks to the City's efforts; the VPD is firmly entrenched with all of the other city partners focused on these city initiatives. Once again, we also note that many of these initiatives align with the VPD's 2017-21 Strategic Plan, which measures the VPD's own success at meeting their own goals."*⁶

The two consultants further concluded that the priorities, goals and objectives of the City and the Province were captured in the 2017-2021 Strategic Plan and VPD's annual business plan.⁷

Based on their research and analysis, the consultants conclude that despite the 2021 operating budget shortfall, VPD was able to maintain an adequate and effective level of policing in the community. However, this appears to have come at a substantial cost to several department programs, overtime costs and employee health and wellbeing:

It is our view that up until now, the VPD has adjusted their policing strategies to meet community expectations and comply with all policing standards and operational priorities. They have also made every effort to comply with court-imposed and external enquiry recommendations and requirements.

.../7

⁴ Peter Lepine report (in conjunction with Peter Lockie, Inverleith Consulting Inc.) 2022, p. 11

⁵ Ibid., p. 12

⁶ Ibid., p. 13

⁷ Ibid.

Mayor Stewart and Faye Wightman
Page 7

We also believe that given the entirety of information reviewed, combined with decisions already made by the stakeholders themselves, the VPD has delivered an adequate and effective level of service to the City of Vancouver. It is, however, our view that this level of service has come with some negative impact to their employees and reduced public confidence, which can no longer be sustained. We also believe that without either a further injection of resources or a reduction in their workload, the VPD's ability to maintain this level of service is compromised at the least or most likely not to materialize.

They further state in the context of the current Strategic Plan and VPD's current police service delivery model:

It is our view that resource adjustments will always be required to accommodate changing social conditions. However, we are also of the opinion that there is little in terms of further significant changes the VPD can reasonably undertake without negatively impacting their ability to provide an adequate and effective level of service. Our further view is that the only reasonable adjustment that can now be considered should be focused on any of the services that may not be considered core policing function, which in reality are very few.⁸

To look at this another way, the adequacy and effectiveness of service provided must also consider the level of service committed to under the Strategic Plan.

In his report on the strength of the financial management framework, Mr. Lockie acknowledges the Board's sentiment that the budget shortfall has created a recurring structural deficit. It is conceivable that the budget shortfall and any resulting structural deficit will affect the level of service delivery and the deployment model and the chief constable's ability to achieve the priorities, goals and objectives set out in the Strategic Plan and annual business plans.

Similarly, a shift in the level of service delivery and the deployment model and the adequacy and effectiveness of the implementation of that service/model can have significant impacts on the police budget. Ultimately, it appears that Council's decision on the 2021 operating budget was based primarily on its own financial situation without due regard for the priorities, goals and objectives that define the current level of service delivery and deployment model.

.../8

⁸ Ibid., p. 53

Mayor Stewart and Faye Wightman
Page 8

I am not suggesting that a municipal council cannot refuse to approve a police budget item or amount. Nor am I suggesting that a police department is free to implement any service delivery or deployment model at any cost. On the contrary, the board and chief constable must continually examine and evaluate the service levels, deployment model, programs, services and staffing needs and explore opportunities to reduce costs and leverage operational efficiencies in a manner that reflects the community's public safety needs and priorities. They should also work with the municipality to ensure its service is financially sustainable. This appears to generally have been the case in Vancouver.

Similarly, I would suggest Council consider any budget decisions, in addition to any financial concerns it may have, through the lens of the downstream impacts to the public safety and service delivery. Public safety is a shared responsibility among the municipality and the police department. The chief constable and police board prepare a budget according to a general level of service delivery and/or deployment model based on local public safety needs and priorities. Ultimately, if a budget decision will impact service delivery and/or the deployment model, or if a municipality and its elected officials wish to adjust the role or focus of police, or explore a differential deployment model, it should do so through constructive engagement with the chief constable and police board, and well in advance of November 30. The development of policing priorities, goals and objectives takes time and adjustments require engagement and consultation, including with the municipality.

Decision

Based on the discussion above, my decision is to restore the amount requested by the Board in the 2021 VPD Operating Budget by restoring the shortfall of \$5,689,974.

I would encourage the parties to re-engage in the spirit of collaboration and, where possible, strive for a shared vision for public safety for the community. While respective visions may not always fully align, I have no doubt this will better serve public safety in the community and will reduce the reliance on section 27(3) to resolve future budget disputes.

The consultants' reports contain useful information that VPD and the Board can use to help inform future decisions. I encourage them to look at the conclusions and findings to inform their future planning and budget processes. They may also consider another operational review or wait until the results of the City's auditor general report.

.../9

Mayor Stewart and Faye Wightman

Page 9

Again, I want to thank the parties for their assistance, cooperation and for their patience. I would also like to commend the parties for their respective efforts and attempts to mitigate the impacts of the events of the past few years on the community and public safety.

Regards,



Wayne Rideout
Assistant Deputy Minister
And Director of Police Services
Policing and Security Branch

Encl.

Lepine Report – Section 27(3) Police Act Review

Inverleith Report – Section 27(3) Police Act Review

cc: Adam Palmer, Chief Constable, Vancouver Police Department
Paul Mochrie, City Manager, City of Vancouver
Stephanie Johanssen, Executive Director, Vancouver Police Board

APPENDIX B
BUDGET RESOLUTION

THAT WHEREAS, the Vancouver Charter, Section 219 requires that the Director of Finance submit to Council each year the detailed estimates of revenues and expenditures of the City for the year;

AND WHEREAS the Vancouver Charter, Section 372 requires that Council adopt the estimates of revenues and expenditures for the City as soon thereafter as possible;

AND WHEREAS the total estimated gross expenditures of the City to pay all debts and obligations of the City falling due in the year 2022, exclusive of the amounts required for school, Greater Vancouver Regional District, Greater Vancouver Transportation Authority, British Columbia Assessment Authority and Municipal Finance Authority purposes and not otherwise provide for, as amended by Council, amount to \$1,753,107,551;

AND WHEREAS the total estimated expenditures as aforesaid is the sum of the appropriation requests of all departments and boards properly supported by detailed analysis of those expenditures and listings of the salaried staff;

AND WHEREAS the total estimated revenue of the City for 2022 from sources other than real property taxes, as amended by Council, amounts to \$788,968,121;

AND WHEREAS the amount of the General Purposes Tax Levy so required is \$964,139,430;

THEREFORE be it resolved that the said estimates, both as to totals and individual items pertaining thereto, of the Director of Finance as so amended by Council be and the same are hereby adopted by Council.