

To: GVTA Police Board

From: Chief Officer Robert Kind
Greater Vancouver Transportation Authority Police Service

Date: May 22, 2006

Subject: GVTAPS Q1 Financial Operating Status Report [#2006-11]

PURPOSE

The GVTA Police Board is responsible for the governance of the GVTA Police Service. Regular reporting to the Board and Board review of financial operations is a key element in the exercise of this responsibility.

The purpose of this report is to present the operating budget variance for the GVTA Police Service's first quarter (ending March 31, 2006) and projected year-end, for the Board's review and consideration.

POLICY

Board Policy F2: Budget Processing and Monitoring requires the Chief Officer to submit quarterly financial status reports for the police service.

BACKGROUND

The GVTA Police Service receives funding for its operations from TransLink. TransLink utilizes a target setting process that builds on the previous year's annualized approved budget and is increased by annual inflation rates, wage settlements and any pre-approved initiatives. Additional funding required to increase or enhance service levels are considered separately and, based on the priority of the request and availability of funding, may be added to the base.

The GVTA Police Service's 2006 approved budget of \$12,888,616 provides funding to cover one time and ongoing annual costs for the new police service. Estimated salary savings from anticipated vacancies were included to ensure that the overall budget did not exceed the funding envelope as provided by TransLink. Funding to accommodate the ramping up of sworn members required to police the two rapid transit lines expected by 2009/2010 was not provided in 2006 but is anticipated to be addressed in 2007.

Preparation of the 2006 Budget occurred before the official roll out of the new policing unit on December 4, 2005 and was based on 2005 actuals that included expenditures for corporate security prior to their separation from the police service. And, subsidiaries that were providing shared services to the department had been absorbing GVTAPS costs within their own budgets. As a result, the GVTA Police Service's 2006 Budget was largely built on estimates and based on the assumption that all services as provided by the subsidiaries would continue at no additional cost.

Also during budget preparation, GVTAPS was awaiting confirmation from the Police Services Division of the Ministry of the Solicitor-General whether they would be allocated recruit grants (to offset the cost of the Police Academy police constable program) similar to those received by municipal police departments. The budget assumed these recruit grants would be provided. Police Services since then has confirmed that GVTAPS will not be provided with the grants and therefore this item remains unfunded for 2006.

Q1 STATUS REPORT (APPENDIX A)

Appendix A provides the analysis for GVTAPS operating results for the first quarter of 2006 (Appendix A-1) and a forecast of the year-end results (Appendix A-2).

a.) Results for First Quarter (Q1) of 2006 (Appendix A-1):

The operating budget for each quarter is not necessarily one quarter of the annual budget. It is adjusted to reflect seasonal variations in activities but in general, costs are incurred evenly throughout the year with few exceptions.

Based on actual operating results to March 31, 2006, the GVTA Police Service is \$337,257 or 12.2% under budget. As a result of normal delays from the time that costs are incurred and recorded in the financial records, approximately \$128,000 of Q1 expenditures are not included in these results. Approximately \$90,000 of 2005 budgeted goods and services were delayed and expensed in 2006. Explanations of variances by major cost category are noted in Appendix A-1.

b.) 2006 Forecast Based on Q1 Results (Appendix A-2):

Projections to year-end based on actual operating results to March 31, 2006, indicate the GVTA Police Service will be on budget. However, activity in the first quarter is not reflective of a fully operational police service and these results should be approached cautiously as a base from which to project future results.

The department is still within its first 6 months of operation as a police service and as it gains operational experience and continues building the immediate infrastructure necessary to support the expanded authorities and responsibilities commensurate with a policing function, improved resource planning will become much easier. This will then provide a more effective base for GVTAPS to project future results.

CONCLUSION

The Police Service is under budget (\$337,257) to the end of March. Projections indicate that the department will be on budget by year-end. The department will continue to carefully monitor all activity to ensure that to the best of their ability, any arising needs necessary to the provision of an effective police service can be carried out within the existing budget.

GVTA Police Services
Q1 Status Report
Period Ending March 31, 2006

APPENDIX A - 1

	Q1 Budget	Q1 Actuals	\$ Variance	% Variance	Explanations
Salaries (incl. Benefits & Overtime)	2,343,451	2,035,072	308,379	13.16%	Underbudget in overtime (\$211,000) and benefits (\$49,000)
Materials & Utilities	21,750	39,306	(17,556)	-80.72%	New uniforms budgeted in 2005, but delivery delays incurred expenses in 2006.
Fuel & Lubricants	12,387	93	12,294	99.25%	Q1 fuel charges not reflected in actuals.
Outside Services (Note 1)	81,183	160,166	(78,983)	-97.29%	Police vehicle outfitting budgeted in 2005, installed and expensed in 2006
Insurance	-	9,107	(9,107)	-100.00%	Insurance renewals budget allocation is in May. Costs for replacement/new.
Professional & Legal Fees	50,000	288	49,712	99.42%	Q1 consultant charges not reflected in actuals.
Administration (Note 2)	151,797	76,716	75,081	49.46%	Q1 ECOMM levies not reflected in actuals.
Computers & Systems	16,512	3,167	13,345	80.82%	Q1 PRIME charges not reflected in actuals.
Training & Education	50,001	43,254	6,747	13.49%	Some delays in training awaiting the new Training Officer.
Travel	13,173	2,218	10,955	83.16%	Training requiring travel has been delayed as noted above.
Rentals (Note 3)	38,628	62,239	(23,611)	-61.12%	Additional leases for computers and photocopier previously covered by CMBC
Recoveries	(9,999)	-	(9,999)	100.00%	Contract for recovery of staff costs from West Coast Express not renewed.
TOTAL OPERATING COSTS	<u>2,768,883</u>	<u>2,431,626</u>	<u>337,257</u>	<u>12.18%</u>	
NOTES:					
1. Includes Vehicle Maintenance, Vehicle Outfitting, Professional Standards Contract					
2. Includes ECOMM levies.					
3. Includes vehicle, computer and office equipment leases.					

GVTA Police Services
Q1 Status Report
2006 Forecast Based on Q1 Results

APPENDIX A - 2

	2006 Annual Budget	2006 Forecast	\$ Variance	% Variance
Salaries (incl. Benefits & Overtime)	11,221,002	10,912,622	308,380	2.75%
Materials & Utilities	87,000	104,556	(17,556)	-20.18%
Fuel & Lubricants	49,548	37,254	12,294	24.81%
Outside Services (Note 1)	324,732	435,588	(110,856)	-34.14%
Insurance	18,550	27,657	(9,107)	-49.09%
Professional & Legal Fees	150,000	100,288	49,712	33.14%
Administration (Note 2)	604,524	692,396	(87,872)	-14.54%
Computers & Systems	66,048	64,917	1,131	1.71%
Training & Education	200,004	193,256	6,748	3.37%
Travel	52,692	52,032	660	1.25%
Rentals (Note 3)	154,512	267,079	(112,567)	-72.85%
Recoveries	(39,996)	-	(39,996)	100.00%
TOTAL OPERATING COSTS	12,888,616	12,887,645	971	0.01%

NOTES:

1. Includes Vehicle Maintenance, Vehicle Outfitting, Professional Standards Contract
2. Includes ECOMM levies.
3. Includes vehicle, computer and office equipment