

To: GVTA Police Board

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

Date: September 4, 2006

Subject: GVTAPS Q2 Financial Operating Status Report [#2006-17]

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 second quarter (ending June 30, 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 was prepared with the assumption that the grants would be approved. Recently GVTAPS received verbal confirmation from Police Services that the grants will be allocated.

Q2 STATUS REPORT (APPENDIX A)

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

a.) Results for Second Quarter (Q2) 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 June 30, 2006, the GVTA Police Service is \$439,811 or 7.8% under budget. Explanations of variances by major cost category are noted in Appendix A-1.

b.) 2006 Forecast Based on Q2 Results (Appendix A-2):

Based on actual operating results to June 30, 2006, projections to year-end indicate that the GVTA Police Service will be under budget by \$498,337 or 3.9%. This is comprised of \$744,000 of savings attributable to salaries, overtime and benefits, due to hiring delays and higher than

anticipated vacancies, and offset by net additional expenditures of \$245,600 and detailed below:

- \$154,000 for telecommunication and radio equipment to ensure appropriate interoperability;
- \$39,400 in police uniform and equipment costs as a result of delivery delays due to late 2005 roll-out;
- \$89,000 of vehicle outfitting costs budgeted in 2005 but realized in 2006 due to delayed delivery of vehicles;
- \$42,000 in additional computer and vehicle leases. (2006 budget did not include GVTAPS offsite computer leases); and,
- offset by \$78,800 in training and education savings.

CONCLUSION:

The Police Service is under budget by \$439,811 to the end of June and projections indicate that the department will be under expended by 3.9% or \$498,337 by year-end due to hiring delays and higher than anticipated vacancies. As a result, it is anticipated that any arising needs necessary to the provision of an effective police service will be able to be provided within the existing 2006 budget envelope.

Chief Officer Robert H. Kind

GVTA Police Services
Q2 Status Report
Period Ending June 30, 2006

APPENDIX A - 1

	Q2 Budget	Q2 Actuals	\$ Variance	% Variance	Explanations
Salaries (incl. Benefits & Overtime)	4,780,204	4,186,865	593,339	12.41%	Underbudget in overtime (\$432,907), benefits (\$97,245) and salaries (\$63,187)
Materials & Utilities	43,500	67,941	(24,441)	-56.19%	New uniforms budgeted in 2005, but delivery delays incurred expenses in 2006.
Fuel & Lubricants	24,774	8,042	16,732	67.54%	Underexpenditure due to \$10,795 charged to vehicle mtce & timing delays.
Outside Services (Note 1)	162,366	285,061	(122,695)	-75.57%	Police vehicle outfitting budgeted in 2005, installed and expensed in 2006
Insurance	18,550	17,984	566	-100.00%	
Professional & Legal Fees	85,000	350	84,650	99.59%	Consulting fees of \$31,167 have been charged to Outside Services.
Administration (Note 2)	302,928	481,736	(178,808)	-59.03%	Unanticipated telecommunication and radio costs to ensure operability.
Computers & Systems	33,024	19,197	13,827	41.87%	Unanticipated hardware costs to support operability of radio equipment.
Training & Education	100,002	4,393	95,609	95.61%	Delayed hiring of training officer setback 2006 training plan.
Travel	26,346	21,153	5,193	19.71%	Training requiring travel has been delayed as noted above.
Rentals (Note 3)	77,256	104,025	(26,769)	-34.65%	Additional vehicles and computers were req'd over # budgeted.
Recoveries	(19,998)	(2,606)	(17,392)	100.00%	WCE recovery not to be realized in 2006 as budgeted, repl. with PRIME secondment.
TOTAL OPERATING COSTS	5,633,952	5,194,141	439,811	7.81%	

NOTES:

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

GVTA Police Services
Q2 Status Report
2006 Forecast Based on Q2 Results

APPENDIX A - 2

	2006 Annual Budget	2006 Forecast	\$ Variance	% Variance
Salaries (incl. Benefits & Overtime)	11,221,002	10,476,965	744,037	6.63%
Materials & Utilities	87,000	126,441	(39,441)	-45.33%
Fuel & Lubricants	49,548	42,885	6,663	13.45%
Outside Services (Note 1)	324,732	457,926	(133,194)	-41.02%
Insurance	18,550	17,984	566	3.05%
Professional & Legal Fees	150,000	65,350	84,650	56.43%
Administration (Note 2)	604,524	851,850	(247,326)	-40.91%
Computers & Systems	66,048	63,571	2,477	3.75%
Training & Education	200,004	77,395	122,609	61.30%
Travel	52,692	55,664	(2,972)	-5.64%
Rentals (Note 3)	154,512	196,484	(41,972)	-27.16%
Recoveries	(39,996)	(42,236)	2,240	100.00%
TOTAL OPERATING COSTS	12,888,616	12,390,279	498,337	3.87%

NOTES:

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