

To: GVTA Police Board

From: Acting Chief Officer Ken Allen

Date: November 8, 2006

Subject: GVTAPS Q3 Financial Operating Status Report [No. 2006-22]

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 third quarter (ending September 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 by TransLink in 2006 but was anticipated to be addressed by them in 2007. Since that time, TransLink has made a decision to delay the Evergreen Line. The requirement for

additional GVTA Police Service staffing for the Evergreen Line will be addressed post 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. Further, subsidiaries providing shared services to the Police Service had absorbed GVTA Police Service 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, the GVTA Police Service 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 JIBC - Police Academy recruit program) similar to those received by municipal police departments. The budget was prepared with the assumption that the grants would be approved. In early Fall, the GVTA Police Service received confirmation from Police Services that it would provide recruit grants for 2006 and onwards.

Q3 STATUS REPORT (APPENDIX A)

Appendix A provides the analysis for GVTA Police Service operating results for the third quarter of 2006 (Appendix A-1) and a forecast of the year-end results (Appendix A-2).

a) Results for Third Quarter (Q3) 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 September 30, 2006, the GVTA Police Service is \$771,402 or 8.42% under budget. Explanations of variances by major cost category are noted in Appendix A-1.

b) 2006 Forecast Based on Q3 Results (Appendix A-2):

Based on actual operating results to September 30, 2006, projections to year-end indicate that the GVTA Police Service will be under budget by \$248,460 or 1.93%. This is comprised of \$1,177,729 of anticipated savings attributable to salaries, overtime and benefits, due to hiring delays (resulting in higher than anticipated vacancies), and offset by net

additional anticipated expenditures of \$929,269. The major items are highlighted as follows:

- \$370,928 for telecommunication and radio equipment to ensure interoperability; cost of a recruitment marketing strategy; and, furnishings.
- \$218,514 in police uniform and equipment costs as a result of delivery delays due to late 2005 roll-out and purchase of police double-wide lockers and non-lethal use of force weapons.
- \$278,695 for modest renovations; new parking lot gates and security enhancements.

As the actual surplus at the end of September was so high (\$771,402), the GVTA Police Service took the opportunity to review its list of outstanding items and determined that some needed to be addressed as soon as possible. The following items are anticipated purchases that have been incorporated in the figures above:

- Replacement of existing lockers with double-wide police lockers
- Purchase of non lethal use of force weapons (Conductive Electronic Devices)
- Replacement of existing parking lot gates to enhance security
- Basic office furniture for existing sub-offices
- Replacement of Board Room table and chairs
- Purchase of a Podium for presentations and media briefings and to house presentation equipment
- Minor renovations to utilize centre unfinished space located between 301 and 307 Columbia
- Chairs for front reception area

CONCLUSION

The Police Service is under budget by \$771,402 to the end of September and as a result has had the ability to address any arising needs necessary to the provision of an effective police service within the existing 2006 budget envelope.

Projections indicate that the Service will be under expended overall by 1.93% or \$248,460 by year-end.

Acting Chief Officer Ken Allen

GVTA Police Services
Q3 Status Report
Period Ending September 30, 2006

APPENDIX A - 1

	Q3 Budget	Q3 Actuals	\$ Variance	% Variance	Explanations
Salaries (incl. Benefits & Overtime)	7,895,771	6,938,358	957,413	12.13%	Underbudget in overtime (\$408,573), salaries and benefits (\$769,156)
Materials & Utilities	65,250	108,738	(43,488)	-66.65%	New uniforms budgeted in 2005, but delivery delays incurred expenses in 2006.
Fuel & Lubricants	37,161	41,325	(4,164)	-11.21%	Cost of fuel rose higher than anticipated and budgeted.
Outside Services (Note 1)	243,549	267,508	(23,959)	-9.84%	Police vehicle outfitting budgeted in 2005, installed and expensed in 2006
Insurance	18,550	28,981	(10,431)	-100.00%	Vehicle insurance costs significantly higher than originally budgeted.
Professional & Legal Fees	120,000	141,420	(21,420)	-17.85%	Higher than budgeted consulting fees - strategic plan
Administration (Note 2)	453,060	617,505	(164,445)	-36.30%	Higher than anticipated costs for recruitment, marketing, radio equipment and F & E.
Computers & Systems	49,536	21,995	27,541	55.60%	Awaiting delivery of police database software.
Training & Education	150,003	26,439	123,564	82.37%	Delayed hiring of training officer setback 2006 training plan plus shortage of staff.
Travel	39,519	32,182	7,337	18.57%	
Rentals (Note 3)	115,884	165,550	(49,666)	-42.86%	Additional vehicles and computers were req'd over # budgeted.
Recoveries	(29,997)	(3,117)	(26,880)	100.00%	WCE recovery not to be realized in 2006 as budgeted, repl. with PRIME secondment.
TOTAL OPERATING COSTS	9,158,286	8,386,884	771,402	8.42%	

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
Q3 Status Report
2006 Forecast Based on Q3 Results**

APPENDIX A - 2

	2006 Annual Budget	2006 Forecast	\$ Variance	% Variance
Salaries (incl. Benefits & Overtime)	11,221,002	10,043,273	1,177,729	10.50%
Materials & Utilities	87,000	305,514	(218,514)	-251.17%
Fuel & Lubricants	49,548	58,747	(9,199)	-18.57%
Outside Services (Note 1)	324,732	603,427	(278,695)	-85.82%
Insurance	18,550	40,047	(21,497)	-115.89%
Professional & Legal Fees	150,000	219,560	(69,560)	-46.37%
Administration (Note 2)	604,524	982,496	(377,972)	-62.52%
Computers & Systems	66,048	106,827	(40,779)	-61.74%
Training & Education	200,004	49,440	150,564	75.28%
Travel	52,692	55,909	(3,217)	-6.11%
Rentals (Note 3)	154,512	224,232	(69,720)	-45.12%
Recoveries	(39,996)	(49,316)	9,320	100.00%
TOTAL OPERATING COSTS	12,888,616	12,640,156	248,460	1.93%

NOTES:

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