

PUBLIC

To: South Coast British Columbia Transportation Authority Police Board (Police Board)

**From: Chief Officer Doug LePard
South Coast British Columbia Transportation Authority Police Service (Transit Police)**

Date: October 19, 2016

**Subject: Transit Police 2016 Q3 Financial Operating Status Report
[Police Board Report No. 2016-29] – Public Agenda**

INFORMATION REPORT

PURPOSE

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

The purpose of this report is to present the Transit Police operating budget variance for the period ending September 30, 2016, for the Police Board's review and consideration.

BACKGROUND

In 2016, the Transit Police launched its new 2016-2020 Strategic Plan. This plan covers a period that will see considerable changes to the regional transit system and levels of ridership. The anticipated growth in population for the region while facing funding pressures to meet its mandate, will require flexibility and even more attention to efficiencies by the Transit Police.

The Transit Police holds the safety and security of passengers as the highest priority and will ensure that it plays a significant role in meeting that priority. Our activities in combating crime and disorder help provide a safe system, reduce

disruption to services, and make the transit system more attractive for passengers and staff. The Transit Police will continue to advance its commitment to demonstrating excellence in public transit policing.

In 2015, the Transit Police commenced implementation of a new Community-Based Service Delivery Model (SDM) – designed to improve the effectiveness and efficiency of policing on the transit system and to address the unique features and challenges faced by the Transit Police. These challenges include a vast transit network, finite resources, and the requirement that officers are visible and accountable. The Transit Police employs evidence-based best practices and is intelligence-led. The SDM can accommodate the unique features of each defined Community Service Area while at the same time helping to ensure that the overall organizational goals and operational priorities of the Transit Police are achieved. In 2016, the Transit Police has continued to advance the full implementation of the SDM, which also helps prepare for the increase in service area, ridership and call load arising from the Evergreen extension when it comes on stream in December 2016.

In 2016, the Transit Police continued to focus on the operational priorities of:

- Sexual Offending;
- Mental Wellness;
- Workplace Violence/Frontline Worker Assaults; and
- System Resiliency.

The Transit Police's budget for 2016 is \$30,075,154. The budget does not include potential wage increases for union staff negotiated during the year in a new Collective Agreement (previous Agreement expired December 31, 2015). The budget also does not include TransLink allocated costs for centralized services, such as Sapperton premises rent and IT.

DISCUSSION

Q3 September Results (Appendix A)

As of September 30, 2016, the Transit Police Service's total expenditures were \$22,125,139 compared with the projected year to date budget of \$22,699,481 (Appendix A). The positive quarterly variance of \$574,342 (2.5%) is largely due to salary and overtime savings, and differences between the budgeted and actual timing of expenditures. Part of the timing differences is directly tied to when new police officers are hired. In the coming month, a number of new hires will be made

which will result in higher expenditures in the last quarter for outfitting the sworn members.

2016 Forecast Based on Q3 Results (Appendix B)

As of September 30, 2016, the Transit Police Service’s total expenditures were \$22,125,139, with 26% (or \$7,950,015) of total budgeted expenditures remaining (see Appendix A).

Based on the third quarter results, the Transit Police is presently projecting a small positive variance by year-end (Appendix B).

A summary of cost savings and over expenditures follows:

Reconciliation of Expenditures:

| <u>Savings:</u> | <u>(\$000)</u> |
|-------------------------------|-----------------|
| Recoveries | 100 |
| Training | 25 |
| Radio Communication | 40 |
| Vehicle Costs | 14 |
| | <hr/> |
| | 179 |
| <u>Over Expenditures:</u> | |
| Materials | 96 |
| Outside Services | 40 |
| Administration | 14 |
| Parking | 4 |
| | <hr/> |
| | 154 |
| Net Savings | <hr/> <hr/> |
| | \$25 |

Key savings are outlined below:

- “Recoveries” are estimated to be \$100 Thousand better than plan due to three additional police officers being seconded in the last quarter of 2016;
- “Radio Communications” cost is forecasted to be \$40 Thousand less than budget primarily due to a credit received from E-Comm for levy overpayment in 2015, and lower than budgeted cost for the 2 Factor Authentication (“2FA”) security initiative;

- “Training ” cost is forecasted to be \$25 Thousand under budget due to lower recruit fees as fewer recruits were hired than originally planned;
- “Vehicle” cost saving of \$13 Thousand is forecasted due to lower fuel prices during the year.

Offsetting the above savings are unfavourable variances expected in the following areas:

- “Material” cost is forecasted to be \$96 Thousand over budget largely due to the purchase of replacement jackets for police officers and additional police equipment;
- “Outside Services” cost is forecasted to be \$40 Thousand over budget due to renovation costs for the Broadway Commercial sub-office and costs for an Inspector seconded from VPD (offset by salary savings for the vacant Inspector position);
- “Administration” cost is forecasted to be \$14 Thousand over budget due to an increase in the Criminal Intelligence Service membership dues and stationery costs;
- “Parking” cost is expected to be \$4 Thousand over budget due to unbudgeted costs for parking at the new Waterfront Station sub-office.

TransLink Allocated Costs

Allocated costs from TransLink are not included in the Transit Police budget, which is consistent with the other TransLink’s subsidiaries. TransLink allocates centralized costs to the business units which directly benefit from/consume the service or cost. The cost allocated to the Transit Police covers Information Technology, Premises Rental, Payroll and some Human Resources. Total allocated cost budgeted for 2016 is \$3,661,838.

As of September 30, 2016, total TransLink allocated costs were \$2,584,075, compared with the year to date budget of \$2,748,925 (see Appendix C). The positive year to date variance of \$164,850 (6 %) is largely due to lower premises and computer costs.

CONCLUSION

Based on our financial position at the end of the third quarter of 2016, we anticipate there will be a small year-end positive variance. Any additional wage increases negotiated with the union that would push the Transit Police into a deficit position will be funded out of TransLink's contingency account.

Chief Officer Doug LePard

Author: Tom Smolic, Finance Manager

Submitting Senior Executive Member: Barry Kross, Deputy Chief Officer – Support Services

Transit Police 2016 Actual

Board Report No. 2016-29/Appendix A

| Period ending | September 30, 2016 | | | | 2016 | | | Remaining | |
|-------------------------------------|--------------------|-------------------|-----------------|-------------|-------------------|------------------|------------|--|--|
| | Actual YTD | Budget YTD | Variance | % | Budget | Budget | % | | |
| Labour | | | | | | | | | |
| Salaries | 15,669,727 | 16,011,745 | 342,018 | 2% | 21,434,631 | 5,764,904 | 27% | savings due to vacancies | |
| Overtime | 483,422 | 573,235 | 89,813 | 16% | 763,339 | 279,917 | 37% | overtime savings | |
| Benefits | 3,975,865 | 3,934,324 | (41,541) | -1% | 4,969,631 | 993,766 | 20% | higher WCB premiums | |
| | <u>20,129,014</u> | <u>20,519,304</u> | <u>390,290</u> | <u>2%</u> | <u>27,167,601</u> | <u>7,038,587</u> | <u>26%</u> | | |
| Vehicles | | | | | | | | | |
| Fuel | 112,736 | 141,750 | 29,014 | 20% | 189,004 | 76,268 | 40% | lower price for fuel | |
| Vehicle Maintenance | 77,159 | 90,051 | 12,892 | 14% | 122,404 | 45,245 | 37% | timing | |
| Vehicle Outfitting | 24,419 | 7,500 | (16,919) | -226% | 7,500 | (16,919) | -226% | retrofit of siren controllers, additional vehicle wrap | |
| Vehicle Leases | 26,126 | 35,136 | 9,010 | | 46,804 | 20,678 | 44% | less vehicles being leased | |
| Insurance | 28,846 | 29,007 | 161 | 1% | 40,000 | 11,154 | 28% | | |
| | <u>269,286</u> | <u>303,444</u> | <u>34,158</u> | <u>11%</u> | <u>405,712</u> | <u>136,426</u> | <u>34%</u> | | |
| Materials | | | | | | | | | |
| Materials - Uniforms | 78,608 | 68,109 | (10,499) | -15% | 89,999 | 11,391 | 13% | timing | |
| Materials - Other | 94,176 | 53,516 | (40,660) | -76% | 79,353 | (14,823) | -19% | purchase of police equipment (holsters, flashlights) | |
| Materials - Firearms/Ammunition | 21,808 | 45,459 | 23,651 | | 52,500 | 30,692 | 58% | timing | |
| Materials - Outerwear | 94,487 | 80,777 | (13,710) | -17% | 101,008 | 6,521 | 6% | timing of body armour purchase | |
| | <u>289,079</u> | <u>247,861</u> | <u>(41,218)</u> | <u>-17%</u> | <u>322,860</u> | <u>33,781</u> | <u>10%</u> | | |
| Outside Services | | | | | | | | | |
| Maintenance and Repairs | 29,646 | 27,227 | (2,419) | -9% | 31,505 | 1,859 | 6% | | |
| Uniform Cleaning | 45,040 | 79,278 | 34,238 | 43% | 105,494 | 60,454 | 57% | dry cleaning costs lower than budgeted | |
| Other Services | 123,438 | 121,265 | (2,173) | -2% | 192,511 | 69,073 | 36% | air quality testing at premises | |
| Minor Renovations | 41,325 | 45,000 | 3,675 | 8% | 45,000 | 3,675 | 8% | timing | |
| | <u>239,449</u> | <u>272,770</u> | <u>33,321</u> | <u>12%</u> | <u>374,510</u> | <u>135,061</u> | <u>36%</u> | | |
| Administration | | | | | | | | | |
| Office Equipment | 14,712 | 4,500 | (10,212) | -227% | 15,000 | 288 | 2% | timing | |
| Stationery and Supplies | 52,284 | 48,359 | (3,925) | -8% | 64,404 | 12,120 | 19% | timing | |
| Memberships/Subscriptions | 41,508 | 35,378 | (6,130) | -17% | 60,813 | 19,305 | 32% | timing | |
| Board Remuneration | 27,248 | 27,230 | (18) | 0% | 40,000 | 12,752 | 32% | | |
| Other Administration | 10,618 | 15,850 | 5,232 | 33% | 23,005 | 12,387 | 54% | timing | |
| | <u>146,370</u> | <u>131,317</u> | <u>(15,053)</u> | <u>-11%</u> | <u>203,222</u> | <u>56,852</u> | <u>28%</u> | | |
| Telecommunications | | | | | | | | | |
| Telecommunications | - | - | - | | - | - | | | |
| Radio Communication Equipment | 629,826 | 691,967 | 62,141 | 9% | 927,500 | 297,674 | 32% | delay in 2FA and credit from E-Comm for 2015 | |
| | <u>629,826</u> | <u>691,967</u> | <u>62,141</u> | <u>9%</u> | <u>927,500</u> | <u>297,674</u> | <u>32%</u> | | |
| Professional and Legal | | | | | | | | | |
| Professional fees | 115,973 | 122,700 | 6,727 | | 158,502 | 42,529 | 27% | timing | |
| Legal Fees | 140,216 | 168,799 | 28,583 | 17% | 205,000 | 64,784 | 32% | lower indemnification costs | |
| | <u>256,189</u> | <u>291,499</u> | <u>35,310</u> | <u>12%</u> | <u>363,502</u> | <u>107,313</u> | <u>30%</u> | | |
| Training | | | | | | | | | |
| Recruit Training | 75,930 | 67,500 | (8,430) | -12% | 135,000 | 59,070 | 44% | timing | |
| Training - Mandatory | 185,210 | 202,326 | 17,116 | 8% | 256,248 | 71,038 | 28% | timing | |
| | <u>261,140</u> | <u>269,826</u> | <u>8,686</u> | <u>3%</u> | <u>391,248</u> | <u>130,108</u> | <u>33%</u> | | |
| Rentals | | | | | | | | | |
| Rentals/Leases - Parking | 3,207 | - | (3,207) | | - | (3,207) | | parking for Waterfront sub-office | |
| Rentals/Leases - Range | 14,620 | 13,243 | (1,377) | -10% | 18,000 | 3,380 | 19% | timing | |
| Rentals/Leases - Office Equipment | - | - | - | | - | - | | | |
| | <u>17,827</u> | <u>13,243</u> | <u>(4,584)</u> | <u>-35%</u> | <u>18,000</u> | <u>173</u> | <u>1%</u> | | |
| Marketing & Promotions | | | | | | | | | |
| | 8,930 | 25,750 | 16,820 | 65% | 36,000 | 27,070 | 75% | timing | |
| Recovery - Secondments | | | | | | | | | |
| | (121,971) | (67,500) | 54,471 | -81% | (135,001) | (13,030) | 10% | additional sworn seconded | |
| Total Before Allocated Costs | <u>22,125,139</u> | <u>22,699,481</u> | <u>574,342</u> | <u>3%</u> | <u>30,075,154</u> | <u>7,950,015</u> | <u>26%</u> | | |

Transit Police 2016 Forecast

Board Report No. 2016-29/Appendix B

Period ending September 30, 2016

| | 2016 Budget | 2016 Forecast | Variance | % |
|-----------------------------------|--------------------------|--------------------------|----------------------|---|
| Labour | | | | |
| Salaries | 21,434,631 | 21,464,631 | (30,000) | 0% AV differential on previous years retro |
| Overtime | 763,339 | 673,339 | 90,000 | 12% Overtime savings |
| Benefits | 4,969,631 | 5,029,631 | (60,000) | -1% higher WCB premiums |
| | <u>27,167,601</u> | <u>27,167,601</u> | - | 0% |
| Vehicles | | | | |
| Fuel | 189,004 | 164,004 | 25,000 | 13% savings due to lower fuel prices |
| Vehicle Maintenance | 122,404 | 122,404 | - | 0% |
| Vehicle Outfitting | 7,500 | 27,500 | (20,000) | -267% siren controllers for new vehicles |
| Vehicle Leases | 46,804 | 37,804 | 9,000 | 19% less vehicles leased |
| Insurance | 40,000 | 40,000 | - | 0% |
| | <u>405,712</u> | <u>391,712</u> | <u>14,000</u> | <u>3%</u> |
| Materials | | | | |
| Materials - Operators' Uniforms | 89,999 | 99,999 | (10,000) | -11% additional uniforms for new hires and promotions |
| Materials - Misc | 79,353 | 122,853 | (43,500) | -55% additional purchases to restock store inventory |
| Materials - Firearms/Ammunition | 52,500 | 49,000 | 3,500 | 7% less ammunition purchased |
| Materials - Outerwear | 101,008 | 147,008 | (46,000) | -46% purchase of 2015 replacement jackets delayed |
| | <u>322,860</u> | <u>418,860</u> | <u>(96,000)</u> | <u>-30%</u> |
| Outside Services | | | | |
| Maintenance and Repairs | 31,505 | 31,505 | - | 0% |
| Uniform Cleaning | 105,494 | 70,494 | 35,000 | 33% savings from using drycleaning service |
| Other Services | 192,511 | 237,511 | (45,000) | -23% secondment costs for Inspector from VPD |
| Minor Renovations | 45,000 | 75,000 | (30,000) | -67% sub-office renovation |
| | <u>374,510</u> | <u>414,510</u> | <u>(40,000)</u> | <u>-11%</u> |
| Administration | | | | |
| Office Equipment | 15,000 | 15,000 | - | 0% |
| Stationery and Supplies | 64,404 | 70,404 | (6,000) | -9% additional office supplies purchased |
| Memberships/Subscriptions | 60,813 | 65,813 | (5,000) | -8% increase in CISC-BC dues |
| Police Board Expenses | 40,000 | 40,000 | - | 0% |
| Other Administration | 23,005 | 23,005 | - | 0% |
| | <u>203,222</u> | <u>214,222</u> | <u>(11,000)</u> | <u>-5%</u> |
| Telecommunications | | | | |
| Telecommunications | - | - | - | |
| Radio Communication Equipment | 927,500 | 887,500 | 40,000 | 4% credit received for 2014 E-Comm levy and |
| | <u>927,500</u> | <u>887,500</u> | <u>40,000</u> | <u>4% 2FA fee project delayed</u> |
| Professional and Legal | | | | |
| Professional fees | 158,502 | 181,002 | (22,500) | -14% recruiting costs higher than budgeted |
| Legal Fees | 205,000 | 185,000 | 20,000 | 10% less indemnification costs |
| | <u>363,502</u> | <u>366,002</u> | <u>(2,500)</u> | <u>-1%</u> |
| Training | | | | |
| Training & Education | 135,000 | 75,000 | 60,000 | 44% fewer recruits to be hired than planned |
| Training - Mandatory | 256,248 | 291,248 | (35,000) | -14% containment training costs not in budget |
| | <u>391,248</u> | <u>366,248</u> | <u>25,000</u> | <u>6%</u> |
| Rentals | | | | |
| Rentals/Leases - Parking | - | 4,500 | (4,500) | parking stalls for waterfront sub-office |
| Rentals/Leases - Range | 18,000 | 18,000 | - | 0% |
| Rentals/Leases - Office Equipment | - | - | - | |
| | <u>18,000</u> | <u>22,500</u> | <u>(4,500)</u> | <u>-25%</u> |
| Marketing & Promotions | | | | |
| | 36,000 | 36,000 | - | 0% |
| Property Taxes | | | | |
| | - | - | - | |
| Recovery - Secondments | | | | |
| | (135,001) | (235,001) | 100,000 | -74% additional sworn members seconded |
| Total | <u><u>30,075,154</u></u> | <u><u>30,050,154</u></u> | <u><u>25,000</u></u> | <u><u>0%</u></u> |

TransLink Allocated Costs - 2016 Actual

Board Report No. 2016-29/Appendix C

| Period ending | September 30, 2016 | | | | 2016 Budget | Remaining Budget | % |
|---------------------------|--------------------|------------------|----------------|-----------|------------------|------------------|------------|
| | Actual YTD | Budget YTD | Variance | % | | | |
| Salaries | 512,876 | 532,061 | 19,185 | 4% | 701,703 | 529,604 | 75% |
| Administration | 142,939 | 142,822 | (117) | 0% | 191,443 | 136,415 | 71% |
| Computers & Systems | 470,056 | 510,870 | 40,814 | 8% | 681,445 | 535,766 | 79% |
| Rentals | 1,376,024 | 1,543,394 | 167,370 | 11% | 2,061,391 | 1,649,138 | 80% |
| Depreciation and Interest | 82,180 | 19,778 | (62,402) | -316% | 25,883 | 18,908 | 73% |
| | <u>2,584,075</u> | <u>2,748,925</u> | <u>164,850</u> | <u>6%</u> | <u>3,661,865</u> | <u>1,077,790</u> | <u>29%</u> |