



REPORT DATE: June 28, 2022

REGULAR

BOARD MEETING DATE: July 6, 2022

BOARD REPORT # 2022-FIN007

TO: Surrey Police Board

FROM: Finance Committee

FILE: 60540-20-04

SUBJECT: Financial Update – Year-To-Date Expenditures (May 31, 2022)

RECOMMENDATION

The Finance Committee recommends that the Surrey Police Board receive this report for information.

PURPOSE

This report presents a summary of 2022 year-to-date expenditures incurred up to the period ended May 31, 2022.

BACKGROUND

The Five-Year Financial Plan 2022 – 2026 adopted by City Council in December 2021 provided the 2022 budget allocations for policing services, which included the annual budget for SPS and the one-time policing transition project budget.

The City’s 2022 – 2026 operating budgets for policing is presented in the following table (in thousands):

SUMMARY	2022 BUDGET	2023 BUDGET	2024 BUDGET	2025 BUDGET	2026 BUDGET
Policing Services Operating Budget	\$ 194,807	\$ 202,465	\$ 211,015	\$ 216,160	\$ 221,459

For 2022, \$72.53M was allocated to SPS; \$96.66M for the RCMP and \$25.62M for City Police Support Services. SPS’ budget is detailed as follows:

	<u>2022 Budget</u>
Remunerations, Salaries and Benefits	\$48,862,320
Other Expenditures	25,587,666
Federal Subsidy	(4,200,000)
2022 Capital	2,275,000
	<u>\$72,524,986</u>
2021 Capital Carry Forward/Reserve	\$ 2,275,000
Total Available	\$74,799,986

In addition to the budget for regular SPS operations above, \$63.68M has been allocated by the City for the one-time policing transition to SPS, presented in the following table (in thousands):

SUMMARY	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET	TOTAL
One-time Policing Transition Project	\$ 25,200	\$ 23,084	\$ 5,400	\$ 5,000	\$ 5,000	\$ 63,684

The available funds for one-time policing transition expenditures during 2021 was \$43.72M (including carried forward amounts from 2020), of which \$28.12M was unspent and carried forward into 2022. The 2022 budget allocation for the transition project is \$5.40M; a total of \$33.52M is available for 2022, presented in the Discussion section below.

SPS and the City of Surrey are working collaboratively with both the Province of BC and the Government of Canada on the policing transition. The specific timing of SPS becoming the police of jurisdiction is dependent on decisions made by all three levels of government, which may affect the timing of expenditures.

DISCUSSION

SPS Operations

As of May 31, 2022, year-to-date net expenditures were \$6.94M favourable compared to budget; SPS incurred net expenditures of \$22.80M compared to \$29.74M budgeted, presented in the following table:

Year-to-Date Expenditures Summary - May 31, 2022 (Budget vs. Actual)

	YTD BUDGET	YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>SPS Operations</i>				
Board Remunerations	75,000	48,598	26,402	180,000
Salaries and Benefits	16,606,156	14,632,482	1,973,674	48,682,320
Lower Mainland Integrated Teams	6,918,140	6,918,140	-	16,603,537
Other Expenditures	3,839,393	726,407	3,112,986	8,984,129
Total SPS Operations	\$ 27,438,689	\$ 22,325,627	\$ 5,113,062	\$ 74,449,986
Capital Expenditures**	\$ 3,222,917	\$ 472,628	\$ 2,750,289	\$ 4,550,000
TOTAL SPS EXPENDITURES	\$ 30,661,606	\$ 22,798,255	\$ 7,863,351	\$ 78,999,986
Recovery - Federal/RCMP Subsidy	(919,106)	-	(919,106)	(4,200,000)
NET EXPENDITURES	\$ 29,742,500	\$ 22,798,255	\$ 6,944,245	\$ 74,799,986

** Capital Expenditures include a \$2.275M unused reserve carry forward from 2021 and an additional \$2.275M budgeted for 2022.

As of May 31, 2022, SPS has expended \$15.88M (excluding \$6.92M contributed to Lower Mainland Integrated Teams), of which \$49K was for board remuneration, \$14.63M for employee salaries and benefits, \$473K of capital expenditures, and \$726K of other expenditures. Appendix I provides a breakdown of expenditures by Bureau.

Lower Mainland Integrated Teams (LMIT) are funded by each jurisdiction within the region for their services, including:

- Integrated Homicide Investigation Team (IHIT)

- Emergency Response Team (ERT)
- Integrated Forensic Identification Services (IFIS)
- Integrated Police Dog Services (IPDS)
- Integrated Collision Analysis and Reconstruction Service (ICARS)

Surrey's contribution to LMIT was included in SPS' budget; as such, the associated costs are captured as part of SPS' expenditures. The LMIT budget and expenses also include contributions to the Real Time Intelligence Centre (RTIC) and the Independent Investigations office (IIO).

On May 31, 2022, there were a total of 278 SPS employees (235 sworn members and 43 civilians). Of these employees, 26 were assigned to temporary recruitment, security clearance, and various other positions required for the policing transition project; their salaries and benefits are currently allocated to the One-time Policing Transition Project fund.

Included in SPS Operations, are salaries and benefits of \$14.63M for 252 employees (223 sworn members and 29 civilians). These employees are engaged in activities, such as:

- Community policing
- Community engagement
- Develop and maintain policies and procedures
- Develop and manage training programs, including operational and leadership skills
- Occupational health and safety development and organization
- Procurement (equipment, uniforms, firearms, etc.)
- Staffing coordination and financial planning
- Tri-lateral coordination (human resources, asset transfer, facilities, etc.)

Other expenditures of \$726K included: \$230K for supplies and materials; \$235K paid to JIBC for recruits; \$61K of telecommunication expenses; \$49K for training; \$119K for outsourced services; \$11K of publications and media expenses; \$14K of memberships and professional dues; \$4K of travel expenses; and \$3K for recruiting activities.

One-Time Policing Transition Project

The one-time policing transition project expenditures to date are summarized in the following table:

One-Time Policing Transition Fund Summary - May 31, 2022

	TOTAL FUND AVAILABLE	YTD ACTUAL EXPENSES	REMAINING FUND BALANCE	FORECASTED EXPENDITURES (Prepared May 2022)	PROJECTED FUND CARRY FORWARD
	2022	2022	2022	2022	2023
Project Summary					
One-Time Policing Transition**	\$ 33,524,926	\$ 5,657,107	\$ 27,867,819	\$ 27,167,767	\$ 6,357,159

** Total fund available in 2022 includes \$28.125M carried forward from 2021.

Appendix II presents the detail on the policing transition project costs, related to establishing SPS. Year-to-date expenditures as of May 31, 2022, totalled \$5.66M of the \$33.52M available; details of significance are presented below:

- Recruitment, Assessment, and Training expenses include costs incurred to support the recruiting surge for SPS, security clearances, testing and assessment of candidates, and training of new hires. As of May 31, 2022, resources currently assigned to temporary recruitment and security clearance

processing include 18 employees (12 sworn members and 6 civilians). The year-to-date expenditure totalled \$1.28M (27% of forecasted amount for 2022).

- Information Technology Systems costs include IT operating systems setup and external consultants for project management. The year-to-date expenditure totalled \$382K (30% of forecasted amount for 2022).
- Human Resources expenses include personnel in various temporary roles to support establishing SPS; currently there are 8 civilians as of May 31, 2022. The year-to-date expenditure totalled \$268K (8% of forecasted amount for 2022).
- Communications and Marketing expenditures include consultants managing public relations and brand development to support the establishment of SPS. The year-to-date expenditure totalled \$68K. (26% of forecasted amount for 2022). Amount decreased from prior month due to an adjustment to a cost allocation from the City.
- Financial Services expenses include outsourced financial service consultants and personnel to support setting up SPS' finance and payroll systems and databases. The year-to-date expenditure totalled \$65K (26% of forecasted amount for 2022).
- Legal expenditures are specialized services, for matters related to collective bargaining, human resources, trademarks, and other establishment legal costs. Also included in Legal is the cost of in-house counsel seconded from the City. The year-to-date expenditure totalled \$139K (29% of forecasted amount for 2022).
- Information Technology Capital expenditures are related to building the data centre, dispatch systems, administrative systems, and telecommunication assets. The year-to-date expenditure totalled \$2.35M (21% of forecasted amount for 2022).
- Armoury, Outfit, and Other Equipment Capital costs are related to firearms, uniforms, personal issue kits, and other speciality equipment needed for policing. The year-to-date expenditure totalled \$1.07M (27% of forecasted amount for 2022).
- Facilities Capital include retrofit costs for SPS to occupy facilities owned or leased by the City of Surrey. The year-to-date expenditure totalled \$26K (29% of forecasted amount for 2022).

CONCLUSION

Expenditures to date, supporting SPS' operations and the One-time Policing Transition Project, are within the available funding for 2022.



Elizabeth Model
Chair, Finance Committee

Appendix I Surrey Police Service Year-to-Date Expenditures – May 31, 2022 (Budget vs. Actual)
Appendix II One-Time Policing Transition Project Fund Reconciliation – May 31, 2022

APPENDIX I

**Surrey Police Service
Year-to-Date Expenditures - May 31, 2022
(Budget vs. Actual)**

	YTD BUDGET	YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>Surrey Police Board</i>				
Board Remunerations	75,000	48,598	26,402	180,000
Salaries and Benefits	146,000	125,707	20,293	346,072
Other Expenditures	116,250	12,194	104,056	279,080
Surrey Police Board	\$ 337,250	\$ 186,499	\$ 150,751	\$ 805,152
<i>Office of the Chief Constable</i>				
Salaries and Benefits	1,072,923	1,029,320	43,603	2,538,477
Other Expenditures	146,102	74,347	71,755	395,555
Office of the Chief Constable	\$ 1,219,025	\$ 1,103,667	\$ 115,358	\$ 2,934,032
<i>Community Policing Bureau</i>				
Salaries and Benefits	9,025,989	8,324,137	701,852	27,262,420
Lower Mainland Integrated Teams	6,918,140	6,918,140	-	16,603,537
Other Expenditures	976,403	66,547	909,856	1,913,774
Community Policing Bureau	\$ 16,920,532	\$ 15,308,824	\$ 1,611,708	\$ 45,779,731
<i>Investigative Services Bureau</i>				
Salaries and Benefits	1,865,235	1,491,960	373,275	6,310,238
Other Expenditures	203,826	20,580	183,246	680,690
Investigative Services Bureau	\$ 2,069,061	\$ 1,512,540	\$ 556,521	\$ 6,990,928
<i>Support Services Bureau</i>				
Salaries and Benefits	4,496,009	3,661,358	834,651	12,225,113
Other Expenditures	2,396,812	552,739	1,844,073	5,715,030
Support Services Bureau	\$ 6,892,821	\$ 4,214,097	\$ 2,678,724	\$ 17,940,143
Total Operation Expenditures	\$ 27,438,689	\$ 22,325,627	\$ 5,113,062	\$ 74,449,986
Capital Expenditures**	\$ 3,222,917	\$ 472,628	\$ 2,750,289	\$ 4,550,000
TOTAL SPS EXPENDITURES	\$ 30,661,606	\$ 22,798,255	\$ 7,863,351	\$ 78,999,986
Recovery - Federal/RCMP Subsidy	(919,106)	-	(919,106)	(4,200,000)
NET EXPENDITURES	\$ 29,742,500	\$ 22,798,255	\$ 6,944,245	\$ 74,799,986

** Capital Expenditures include a \$2.275M unused reserve carry forward from 2021 and an additional \$2.275M budgeted for 2022.

**One-Time Policing Transition Project
Fund Reconciliation - May 31, 2022**

EXPENDITURES	FUND CARRIED FORWARD	CURRENT YEAR BUDGET (\$5,400,000)	TOTAL FUND AVAILABLE	YTD ACTUAL EXPENSES	FORECASTED EXPENDITURES (Prepared May 2022)	% of Forecast Spent	PROJECTED FUND CARRY FORWARD
	2021	2022	2022	2022	2022		2023
	(a)	(b)	(a) + (b) = (c)	(d)	(e)		(c) - (e) = (f)
Recruitment, Assessment, and Training	-	-	4,699,182	1,283,937	4,699,182	27%	-
Infrastructure and Fleet Conversion	-	-	460,000	-	460,000	0%	-
Information Technology Systems	-	-	1,254,093	382,253	1,254,093	30%	-
Human Resources	-	-	3,447,015	267,543	3,447,015	8%	-
Communications and Marketing	-	-	264,500	67,927	264,500	26%	-
Financial Services	-	-	253,000	65,489	253,000	26%	-
Legal	-	-	478,934	139,256	478,934	29%	-
Strategy and Policy	-	-	57,500	-	57,500	0%	-
SPS TRANSITION - OPERATION SUBTOTAL	\$ -	\$ -	\$ 10,914,224	\$ 2,206,405	\$ 10,914,224	20%	\$ -
Information Technology Capital	-	-	11,063,541	2,353,545	11,063,541	21%	-
Armory, Outfit and Other Equipment Capital	-	-	4,026,643	1,070,746	4,026,643	27%	-
Fleet Capital	-	-	1,073,359	-	1,073,359	0%	-
Facilities Capital	-	-	90,000	26,411	90,000	29%	-
SPS TRANSITION - CAPITAL SUBTOTAL	\$ -	\$ -	\$ 16,253,543	\$ 3,450,702	\$ 16,253,543	21%	\$ -
Unallocated Funds	28,124,926	5,400,000	6,357,159	-	-		6,357,159
SPS TRANSITION- UNALLOCATED BUDGET SUBTOTAL	\$ 28,124,926	\$ 5,400,000	\$ 6,357,159	\$ -	\$ -		\$ 6,357,159
TOTAL BALANCE	\$ 28,124,926	\$ 5,400,000	\$ 33,524,926	\$ 5,657,107	\$ 27,167,767	21%	\$ 6,357,159