



REGULAR

REPORT DATE: October 19, 2023
BOARD MEETING DATE: October 25, 2023
BOARD REPORT # 2023-FIN011

TO: Surrey Police Board

FROM: Finance Committee

FILE: 60540-20-04

SUBJECT: Financial Update – Year-To-Date Expenditures (September 30, 2023)

RECOMMENDATION

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

PURPOSE

This report summarizes 2023 year-to-date expenditures incurred up to September 30, 2023.

BACKGROUND

Based on our rate of expenditure up to the end of Q3 (September 30th), along with anticipated costs in Q4, the latest projection for total 2023 expenditures is presented below:

2023 Surrey Police Service Financial Projection

(as of September 30, 2023)

| | Projected as of Sep. |
|-------------------------------|-------------------------|
| SPS Operations | |
| Board Remunerations | \$ 93,771 |
| Salaries and Benefits | 64,437,473 |
| Other Expenditures | 5,145,336 |
| Total SPS Operations | 69,676,580 |
| Capital Expenditures | 5,760,097 |
| TOTAL SPS EXPENDITURES | 75,436,677 |

The City's proposed five-year (2023 – 2027) operating budget for police services is summarized in the following table (in thousands):

| SUMMARY | 2023 BUDGET | 2024 PLAN | 2025 PLAN | 2026 PLAN | 2027 PLAN |
|-----------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| City Police Support Service | \$115,989 | \$ 27,407 | \$ 30,176 | \$ 32,204 | \$ 34,341 |
| RCMP Contract | 165,225 | 186,235 | 197,986 | 209,237 | 220,365 |
| Surrey Police Service | 48,751 | - | - | - | - |
| TOTAL | \$329,965 | \$213,642 | \$228,162 | \$241,441 | \$254,706 |

Discussions with the City on SPS's 2023 budget allocation have occurred after the Province's direction on the police transition. The City has indicated that the 2023 budget allocated to SPS remains at \$48.75M; however, that is based on a financial model to retain the RCMP and wind down SPS. Discussions are ongoing between the Province, the City and SPS regarding our projected costs vs. the budget allocated by the City.

DISCUSSION

SPS Operations

As of September 30, 2023, year-to-date expenditures (operating and capital, not including the Police Transition Project expenditures) totalled \$53.35M (70.7% of projected), presented below:

Year-to-Date Expenditures Summary (Projected vs. Actual)

As of September 30, 2023

| | 2023 PROJECTED | YTD ACTUAL | % Spent | REMAINING AMOUNTS |
|-------------------------------|---------------------------|-----------------------|--------------------|------------------------------|
| <i>SPS Operations</i> | | | | |
| Board Remunerations | 93,771 | 65,456 | 69.8% | 28,315 |
| Salaries and Benefits | 64,437,473 | 48,012,102 | 74.5% | 16,425,371 |
| Other Expenditures | 5,145,336 | 2,746,597 | 53.4% | 2,398,739 |
| Total SPS Operations | \$ 69,676,580 | \$ 50,824,155 | 72.9% | \$ 18,852,425 |
| Capital Expenditures | \$ 5,760,097 | \$ 2,530,571 | 43.9% | \$ 3,229,526 |
| TOTAL SPS EXPENDITURES | \$ 75,436,677 | \$ 53,354,726 | 70.7% | \$ 22,081,951 |

Year-to-date, SPS expended \$65K for board remuneration, \$48.01M for employee salaries and benefits, \$2.53M on capital expenditures, and \$2.75M on other operating expenditures. (Appendix I provides a breakdown of spending by Bureau.)

We currently have 384 active employees (334 sworn members, 39 regular/permanent civilians, and 11 temporary civilians). Of these employees, 22 were assigned to temporary positions in recruiting, security clearance, auxiliary/on-call staff for backfill, and various other roles as part of the policing transition and establishing SPS; their salaries and benefits are allocated to the One-time Policing Transition Project fund.

SPS Operations include salaries and benefits of \$48.01M for 362 employees (321 sworn members and 41 civilians) engaged in policing and day-to-day business operations.

Other operating expenditures of \$2.75M included \$221K for training courses and seminars; \$546K paid to JIBC for recruit training; \$245K of electronic communications-related expenses; \$173K of travel expenses (majority of which is training related); \$34K of memberships and professional dues; \$72K for lease and

rentals (vehicles and firing range); \$238K for supplies and materials; \$16K for publications and reference materials; \$1.20M for outsourced services.

One-Time Policing Transition Project (City of Surrey budget)

For awareness, the City’s one-time policing transition project expenditures are reported below:

One-Time Policing Transition Fund Summary

As of September 30, 2023

| | TOTAL FUND AVAILABLE | YTD ACTUAL EXPENSES | REMAINING FUND BALANCE |
|--------------------------------|-------------------------|------------------------|---------------------------|
| | 2023 | 2023 | 2023 |
| Project Summary | | | |
| One-Time Policing Transition** | \$ 24,383,185 | \$ 6,190,805 | \$ 18,192,380 |

** Total fund available in 2023 includes \$19.383M carried forward from prior years.

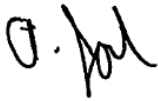
Appendix II presents the details of the policing transition project costs related to establishing SPS based on our last financial forecast (prepared on September 30, 2023). Year-to-date expenditures as of September 30, 2023, totalled \$6.19M of \$24.38M available; details of significance are presented 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; year-to-date expenditures totalled \$2.15M (75% of the projected amount for 2023).
- Human Resources expenses include personnel in various temporary roles (auxiliary staff) and HR consultant(s) to support establishing SPS; year-to-date expenditures totalled \$426K (75% of the projected amount for 2023).
- Communications and Marketing expenditures include consultants managing public relations and brand development expenses to support the establishment of SPS; year-to-date expenditures totalled \$139K (75% of the projected amount for 2023).
- Financial Services expenses include outsourced financial service consultants and personnel to support setting up SPS’s finance and payroll systems and databases; year-to-date expenditures totalled \$29K (75% of the projected amount for 2023).
- Legal expenditures are specialized legal services for matters related to collective bargaining, human resources, trademarks, and other establishment legal costs; also included is the cost of in-house counsel seconded from the City. The year-to-date expenditures totalled \$199K (75% of the projected amount for 2023).
- Information Technology Systems and Capital costs include IT operating systems setup, external consultants for project management, building our technology infrastructure (data centre, dispatch systems, administrative systems), and the procurement of related assets; year-to-date expenditures totalled \$1.97M (54% of the projected amount for 2023).
- Armoury, Outfit, and Other Equipment Capital costs are related to firearms, uniforms, personal issue kits, and other specialty equipment for policing; year-to-date expenditures totalled \$1.11M (60% of the projected amount for 2023).

- Fleet Conversion, Capital, and Other Infrastructure expenditures include expenses to convert the incoming fleet of RCMP vehicles, initial SPS vehicles ordered in 2021, and temporary personnel costs allocated by the City to support building SPS's infrastructure; year-to-date expenditures totalled \$165K (75% of the projected amount for 2023).

CONCLUSION

Expenditures to date supporting SPS's operations and the One-time Policing Transition Project have been trending low due to reduced activities as we waited for a decision/direction on the police transition. We anticipate this trend to continue for the remainder of the year as stakeholders work out the details of the police transition.



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Chair, Finance Committee

Appendix I Surrey Police Service Year-to-Date Expenditures – September 30, 2023 (Projected vs. Actual)
Appendix II One-Time Policing Transition Fund as of September 30, 2023

Surrey Police Service
Year-to-Date Expenditures - September 30, 2023
(Projected vs. Actual)

| | 2023 PROJECTED | YTD ACTUAL | % Spent | REMAINING AMOUNTS |
|--------------------------------------|---------------------------|-----------------------|--------------------|------------------------------|
| <i>Surrey Police Board</i> | | | | |
| Board Remunerations | 93,771 | 65,456 | 69.8% | 28,315 |
| Salaries and Benefits | 328,238 | 242,857 | 74.0% | 85,381 |
| Other Expenditures | 64,367 | 47,011 | 73.0% | 17,356 |
| Surrey Police Board | \$ 486,376 | \$ 355,324 | 73.1% | \$ 131,052 |
| <i>Office of the Chief Constable</i> | | | | |
| Salaries and Benefits | 2,931,322 | 2,155,728 | 73.5% | 775,594 |
| Other Expenditures | 268,995 | 84,823 | 31.5% | 184,172 |
| Office of the Chief Constable | \$ 3,200,317 | \$ 2,240,551 | 70.0% | \$ 959,766 |
| <i>Community Policing Bureau</i> | | | | |
| Salaries and Benefits | 41,623,974 | 31,071,937 | 74.7% | 10,552,037 |
| Lower Mainland Integrated Teams | - | - | - | - |
| Other Expenditures | 436,500 | 202,958 | 46.5% | 233,542 |
| Community Policing Bureau | \$ 42,060,474 | \$ 31,274,895 | 74.4% | \$ 10,785,579 |
| <i>Investigative Services Bureau</i> | | | | |
| Salaries and Benefits | 3,544,852 | 2,638,225 | 74.4% | 906,627 |
| Other Expenditures | 196,484 | 33,631 | 17.1% | 162,853 |
| Investigative Services Bureau | \$ 3,741,336 | \$ 2,671,856 | 71.4% | \$ 1,069,480 |
| <i>Support Services Bureau</i> | | | | |
| Salaries and Benefits | 16,009,087 | 11,903,355 | 74.4% | 4,105,732 |
| Other Expenditures | 4,178,990 | 2,378,174 | 56.9% | 1,800,816 |
| Support Services Bureau | \$ 20,188,077 | \$ 14,281,529 | 70.7% | \$ 5,906,548 |
| Total Operation Expenditures | \$ 69,676,580 | \$ 50,824,155 | 72.9% | \$ 18,852,425 |
| Capital Expenditures | \$ 5,760,097 | \$ 2,530,571 | 43.9% | \$ 3,229,526 |
| TOTAL SPS EXPENDITURES | \$ 75,436,677 | \$ 53,354,726 | 70.7% | \$ 22,081,951 |

One-Time Policing Transition Fund

As of September 30, 2023

(Forecasted September 30, 2023)

| | 2020 - 2022 Expenditures | Sep YTD Expenditures | 2023 Forecast | % Spent | 2024 Forecast | 2025 Forecast | Total Forecasted Transition Project Cost |
|---|-----------------------------|-------------------------|----------------------|------------|----------------------|---------------------|---|
| Recruitment, Assessment, and Training | \$ 5,834,920 | \$ 2,147,951 | \$ 2,863,935 | 75% | \$ 3,252,539 | \$ 1,607,975 | \$ 13,559,369 |
| Human Resources | 1,587,861 | 425,858 | 567,811 | 75% | 2,133,682 | - | 4,289,354 |
| Communications and Marketing | 918,518 | 138,675 | 184,900 | 75% | 226,100 | 169,500 | 1,499,018 |
| Financial Services | 701,474 | 29,345 | 39,127 | 75% | 295,218 | - | 1,035,819 |
| Legal | 1,067,615 | 198,571 | 264,761 | 75% | 309,452 | - | 1,641,828 |
| Strategy and Policy | 782,059 | - | - | - | - | - | 782,059 |
| Information Technology Systems and Capital | 17,854,328 | 1,974,334 | 3,649,143 | 54% | 10,967,759 | - | 32,471,230 |
| Armory, Outfit and Other Equipment Capital | 3,561,458 | 1,110,621 | 1,857,423 | 60% | - | - | 5,418,881 |
| Fleet Conversion, Capital, and Other Infrastructure | 1,474,767 | 165,450 | 220,600 | 75% | 753,004 | - | 2,448,371 |
| Facilities Improvement and Outfitting | 517,815 | - | - | - | - | - | 517,815 |
| Total Expenditures: | \$ 34,300,815 | \$ 6,190,805 | \$ 9,647,700 | 64% | \$ 17,937,754 | \$ 1,777,475 | \$ 63,663,744 |
| Prior Year Fund Carry Forward: | \$ - | \$ 19,383,185 | \$ 19,383,185 | | \$ 14,735,485 | \$ 1,797,731 | \$ - |
| Budget Allocation: | 53,684,000 | 5,000,000 | 5,000,000 | | 5,000,000 | - | 63,684,000 |
| Accumulated Fund Balance (Carry Forward): | \$ 19,383,185 | \$ 18,192,380 | \$ 14,735,485 | | \$ 1,797,731 | \$ 20,256 | \$ 20,256 * |

* \$20,256 overall contingency/unallocated