



AGENDA

Special Committee of the Whole Financial Plan Meeting

To Be Held In The Council Chambers
Saanich Municipal Hall, 770 Vernon Avenue

TUESDAY, JANUARY 26, 2016

Immediately following the Special Council (Public Hearing) at 7:00 p.m.

1. **PUBLIC INPUT**

2. **2016 SAANICH POLICE BUDGET PROPOSAL**
Report of the Saanich Police Board, dated December 30, 2015 (revised January 19, 2016), outlining the proposed 2016 budget, and projected budgets for 2017 and 2018.

* * * Adjournment * * *



SAANICH POLICE

OFFICE OF THE CHIEF CONSTABLE

TO: Saanich Council

DATE: December 30, 2015
Revised January 19, 2016

FROM: Saanich Police Board

RE: 2016 SAANICH POLICE BUDGET PROPOSALS

The proposed 2016 budget represents the Police Board's understanding of Council's concerns about the economy, the burden on the Saanich taxpayer, and the cost of protective services in Saanich. The Board has made every effort to remain within a 3.5% cap on the budget and to consider further fiscal restraint over a multi-year period. The Board has been able to reduce the financial impact of the police budget on our citizens while remaining diligent in achieving our mission to keep Saanich safe and meet the objectives of the Saanich Police 2012-2017 Strategic Plan.

The following describes the resources required to meet identified needs for the Saanich Police in 2016, and presents projected budgets for 2017 and 2018.

A. CORE OPERATIONAL BUDGET INCREASES – NEW RESOURCES

The 2016 budget proposal addresses four areas: increases to core salaries; increases to core operating; contingency for increases to salaries and benefits arising from 2016 bargaining; and, necessary additional resources.

The total change to core, net of reductions in some areas and increases in others, and exclusive of additional resources, is an increase of \$920,000 (Table 1). This amount includes deferred costs from 2015, adjustments for the 2013 - 2015 collective agreement settlements, a market adjustment to exempt compensation, and a contingency amount for the anticipated 2016 wage settlements.

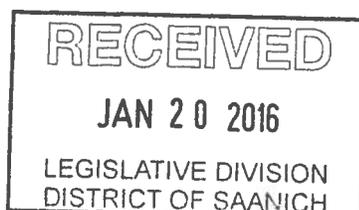


Table 1: Increase to Core Expenditures Over 2015 Net Operating Budget

Budget Item	Amount \$
2015 Net Operating Budget: \$29,899,000	
Estimated Salary Increases includes: pay increments (CUPE / Exempt / Police Association); relief & backfill; adjustment to salary accounts re: 2013-2015 collective agreement settlements; exempt compensation market adjustments; deferred costs from 2015; and, contingency for 2016 wage settlements and benefits*	985,400
Estimated Core Operating Increase includes: contracts & agreements	8,200
DNA Costs (New non-discretionary)	56,000
Revenues	(129,600)
Total	920,000
Percentage Increase Over 2015 Net Operating Budget	3.08%
*Assumes benefit load remains the same % as 2015	

In addition to the increase in the core budget, the Saanich Police Board is requesting additional funding for new staff positions as set out in Table 2 and described in Appendix A.

Table 2: Funding for New Staff Positions

	Amount \$
1. Four (4) Patrol Officers (4 months)*	108,400
2. One (1) Civilian Staff (3 months)*	17,700
Total	126,100
Percentage Increase Over 2015	0.42%
*Justification for New Staff Positions Outlined in Appendix A	

The total increase required to fund the 2016 budget is \$1,046,100, which represents an increase of 3.50% over 2015, for a total 2016 net operating budget of \$30,945,100. The total increase is set out in Table 3.

Table 3: Total 2016 Increase (Table 1 & 2 combined)

	Amount \$	+/- to 2015
2015 Net Operating Budget	29,899,000	
Core Budget Increase	920,000	3.08%
New Resources	126,100	0.42%
Increase over 2015 Sub-total	1,046,100	3.50%
2016 Net Operating Budget	30,945,100	3.50%

B. ONE-TIME FUNDING – NEW RESOURCES

There are two requests for one-time funding:

- Staffing levels in 2015 were higher than expected within the total police positions. This was in part due to a higher number of anticipated retirements, officers being accommodated for health reasons, and operational requirements. These additional positions were funded, in part, with one-time funding. Due to operational pressures and timing of retirements, these positions will carry into 2016, when they will be reduced through attrition, and the total police positions will be corrected.

Funding required to bridge these positions into 2016 should not be part of the core, and should instead be funded with one-time funding. It is estimated that a total of \$162,000 is required for this bridge funding. This approach will effectively reduce the demands on the 2016 core budget and reduce the overall increase to taxation to a level that will be within 3.5%.

2. There is a financial benefit to pre-hiring recruits in anticipation of retirements in 2017. The details are provided in Appendix B for Council's consideration. If accepted, the cost for wages and benefits, as well as training costs, would require \$271,000 if four additional recruits are hired in May of 2016.

The total requested from one-time funding is \$433,000, with the priority being on the 2016 funding for 2015 additional staff. (Table 4)

Table 4: 2016 One-time Funding for New Resource Requests

	Amount \$
1. 2016 funding for 2015 additional staff	162,000
2. Recruit Pre-Hires for anticipated 2017 Retirements*	271,000
Total	433,000
*Justification for One-Time Resource Requests Outlined in Appendix B	

C. CAPITAL

Capital is reported separately from the net operating budget. Under historical municipal budget guidelines the allowable increase to capital is 2%; this amounts to \$9,120.

A transfer is required in the amount \$150,000 from the Police Equipment Replacement Fund (PERF) to enhance building security and reconfigure the front desk. This includes physical security, improvements to video surveillance, and new electronic locks.

A second transfer from PERF, is required in the amount of \$100,000 to equip front line vehicles with hardware that will allow emergency vehicles to pre-empt the signal sequence at controlled intersections providing for improved traffic flow and reduced risk during emergency responses.

Implementation of 2015 capital projects has been deferred to 2016.

D. COST REDUCTION STRATEGIES

Efforts and strategies have been employed to contain costs, resulting in a much lower budget submission compared to what was previously discussed during the 2015 budget submission, which projected to be as much as 7.5%. Council will recall from the 2015 Saanich Police Board budget presentation that pressures were identified for 2016 that amounted to \$1,250,000 in new resource requirements. This amount has been reduced to \$126,000 for additional staff, and one-time funding of \$433,000.

The reductions were achieved through several different strategies.

- The cost attributed to additional staff required in 2015 in order to meet operational demands was evaluated and it was determined that much of this cost would dissipate in mid-2016 and therefore did not need to form part of the core budget; this has been moved to one-time funding.

- Reductions were achieved through the delayed implementation of CREST upgrades and Real Time Intelligence Centre until 2017.
- The number of additional civilian staff required was reduced from four to one, and hiring for that position will be delayed until October. Saanich Police are currently working with other police agencies in the region exploring new integration initiatives. This work combined with internal restructuring, has impacted staffing priorities and presented opportunities for improvements in efficiency.
 - An increase to the budget to improve staffing levels in our Communication Centre has been deferred.
 - The request for a second Crime Analyst is being deferred.
 - Saanich Police have restructured work and resources within the Administration Division to direct more resources to Quality Control. This change will be assessed through 2016 to determine whether it will sufficiently meet demands. As such, the request for an additional position in this function is being deferred.
 - Inspectors from the Community Engagement Division, Detective Division and Patrol Division have been tasked with engaging in strategies from the 2016 Annual Work Plan that will increase awareness and response to issues affecting seniors. As a result, a decision has been made to defer hiring staff to manage and deliver seniors programming.
 - One position is still required to support the Staff Development and Professional Standards Divisions. The Board had planned to hire this position early in 2016, but has delayed implementation until October of 2016. This will reduce the ability of Staff Development and Professional Standards to meet established time lines and gain efficiencies in service delivery, however, the delay is three months later than planned on originally, and is a manageable risk.
- In the fourth strategy to achieve reductions, the Board has opted to hire recruits for additional staff instead of experienced officers, and to save some cost in 2016 by hiring them later in the year. Hiring recruits is the preferred option when planning for anticipated vacancies; however, when hiring additional staff, the preferred option is to hire experienced officers, which has an immediate and positive impact on service delivery, unlike recruits which are not deployable for almost 10 months after hiring. Although a more immediate solution is of greater benefit, hiring recruits does result in cost savings in the long-term.
- The fifth reduction strategy is to eliminate the enhancements to the Summer Student Program. This program traditionally employs 3 students. In 2015, Saanich Police ran a pilot project that increased the number of students to 6, at a cost of \$30,000, which was funded on a one time basis through RCU residuals. This increase made a significant difference to the program deliverables. The students deploy in teams, and are able to engage citizens where they gather. The increased number of students allowed Saanich Police to double their presence in the community by deploying two teams. At a time in our society when trust and positive relationships with police has never been so important, this program provides an economical solution for community engagement. Eliminating funding to continue with the

improvements to the summer student program will result in less capacity to engage the community during the summer months, and will be a lost opportunity.

E. DETAILED BUDGET

Table 7, found at Appendix C, describes in detail the proposed budget based on the above demands. It provides further information regarding known and anticipated expenditures for 2017 and 2018. The total dollar amounts, as well as year over year percentage increases, are provided along with the three year average that is expected.

F. DISCUSSION

If Council approves the budget as set out in Table 7, the 2016 increase will be 3.50%. However, the projected budgets for 2017 and 2018 would see increases of 3.12% and 2.29% respectively, for a three year average of 2.97%. This plan will provide sufficient funding to meet needs of the Saanich Police for each of the three years, as they are known today, and provides a budget that meets Council's request for the Board to restrain costs over a multi-year period. However, this leaves the Board with no room to make further reductions without negatively impacting service levels or deferring costs to future years.

G. RECOMMENDATIONS

1. That Council approve the Saanich Police Board budget with an increase to the net operating budget of 3.50% or \$1,046,100, including an increase to the Core Budget of \$920,000 and the \$126,100 required to increase the Authorized Strength by four (4) officers, (from 157 to 161) and to hire one (1) civilian support position.
2. That Council approve as one-time funding the \$162,000 required to cover the impact in 2016 of the overlap of staff hired in 2015.
3. That Council consider the business case made for pre-hiring an additional four (4) officers in anticipation of 2017 retirements and approve \$271,000 in one-time funding for this purpose.
4. That Council approve the capital expenditure of \$150,000 for enhancements to building security and front office improvements, to be funded through the Police Equipment Replacement Fund.
5. That Council approve the capital expenditure of \$100,000 for intersection pre-emption equipment for front line police vehicles, to be funded through the Police Equipment Replacement Fund.

H. RATIONALE

Recommendation 1 represents a significant reduction for previous expectations regarding the 2016 budget. At an increase of 3.50%, the proposed budget provides adequate funding to meet the Saanich Police Board's strategic operational and staffing priorities. The additions to the Authorized Strength and the additional civilian support person are included within the core budget as they are seen as critical staffing needs. If these positions are not

funded, further restructuring will be required that will undermine the objectives achieved in support of the Strategic Plan and result in a negative impact to service delivery. While it is possible to defer these positions from a financial perspective, doing so simply increases the burden on 2017 and reduces the likelihood of maintaining a downward trend in the percentage increase to the net operating budget. Further, any delay in implementation will trigger a response that will create a negative impact on service delivery.

Recommendation 2 properly differentiates core funding from one time funding. This approach has the minimum impact on taxpayers and reduces the ongoing core operating expenses.

Recommendation 3 makes financial sense to hire recruits in anticipation of retirements; however, it is understood that the ability to commit to this approach will be dependent on the Municipal surplus. The current budget will allow for experienced officers to be hired as retirements are announced, although it may be difficult to find that number of experienced officers at one time. Hiring recruits for retirements is preferred, as it is not only more cost efficient, but hiring recruits also guarantees that no vacancies will occur when an officer retires.

Recommendations 4 and 5 provide necessary funding to building improvements and public safety equipment. The Police Equipment Replacement Fund is a reserve account that does not impact taxation. This account is intended for these types of large capital expenditures that improve public safety and the Board sees this as appropriate use of this fund.

Respectfully submitted for your consideration,

Saanich Police Board

cc Chief Administrative Officer
Director of Finance
Senior Manager, Financial Services

APPENDIX A
New Staff Positions Justification

NEW STAFF POSITIONS JUSTIFICATION

1. Four (4) Additional Patrol Officers:

An additional 4 patrol officers are needed to maintain effective front-line service delivery. The Patrol Section of the Saanich Police is made up of four platoons of equal size to allow for a consistent 24/7 deployment model. There has not been an increase to platoon staffing levels since 1996. The complexity of the demands for police services requires more staff time. This request was deferred from 2015 to allow for operational accounts to be funded. While it would be ideal to hire experienced officers for these additional positions, in an effort to reduce overall costs, the Board will hire recruit officers. A further savings will be realized by hiring for the September training class instead of earlier in the year. The cost for 2016 will be \$108,400.

Strategic Links

- *Saanich Police Strategic Priorities: Business Process Analysis; Personnel*
- *Saanich Strategic Plan: C6 Enhance Public Safety; L1 Develop and maintain a skilled municipal workforce; P3 Provide best value for money; Service Excellence*

2. One (1) Civilian Support Position:

The complexities of the work being done in both the Staff Development and Professional Standards divisions, and increased demands for legislated timelines to be met in relation to *Police Act* matters, results in the need for 1 additional civilian exempt position. The cost of this position for 2016 will be \$17,700, and reflects hiring in October of 2016.

Strategic Links

- *Saanich Police Strategic Priorities: Business Process Analysis; Personnel; Core Functions*
- *Saanich Strategic Plan: C6 Enhance Public Safety; L1 Develop and maintain a skilled municipal workforce; P3 Provide best value for money; Service Excellence*

Further Justification

The Board has approved hiring four new police officers in September of 2016 in order to have them in the September training class. The Board has also approved hiring one new position to support Staff Development and Professional Standards. The Board is asking that Council consider approving the new staff as part of the increase to core. These positions are seen as critical to the operations of the police department, and if the positions are not approved significant operational impacts will flow. The increase of the additional positions is within the percentage cap set by Council for 2016, and projections show there is likely to be a continual downward trend for 2017 and 2018. Table 5 shows the anticipated budget increase for 2016 - 2018 including staff increases in each year based on strategic staffing objectives.

While Council will be cautious about staff increases and the total number of FTE for the Police Department, it should be observed that many of the increases to the FTE have been for seconded positions. Patrol has not had an increase to staffing levels since 1996. Increases planned for 2015 were delayed to 2016. A second increase to patrol may be required in 2018 and is reflected in Table 5. As Council can see, the Board is doing everything possible to provide the highest quality of police services while keeping the budget increase to a minimum. However, it takes staff to maintain service quality while demands for service increase.

APPENDIX A
New Staff Positions Justification

On average since 1996, the authorized strength has increased 1.25 officers per year, with some years having no increases, while others have increases of 1 - 3 officers. In fact, from 1996 to 2005 the average growth increase to the authorized strength was 1.5 officers per year, while 2006 to 2015 saw an average increase of 1 officer per year. An additional 4 officers in 2016 would reflect a 20 year average increase of less than 1.5 officers per year. The steady and consistent increase to the authorized strength is both natural and required to respond to a steady increase in demands for service. Planning for this rate of increase would eliminate spikes in growth such as what is being experienced now.

Table 5: Projected Impact of Staff Increase on 2017 Net Operating Budget

	2016	2017	2018
Starting Net Operating	29,899,000	30,945,100	31,910,800
Increase to Core	920,000	612,900	496,300
2016 Additional Police (4) (4 months)	108,400	221,200	
2016 Additional Civilian (1) (3 months)	17,700	54,100	
2017 Additional Civilians (2)* (6 months)		77,500	79,000
2018 Additional Police (4)* (4 months)			113,000
2018 Additional Civilian (1)* (6 months)			43,500
Total Increase	1,046,100	965,700	731,800
New Net Operating	30,945,100	31,910,800	32,642,600
% Increase to net operating over previous	3.50%	3.12%	2.29%
*in staffing plan – not yet approved			

APPENDIX B
One-time Funding Resource Justification

1. 2016 Bridge Funding For 2015 Additional Staff

Staffing levels in 2015 were higher than expected within the total police positions. This was in part due to a higher number of anticipated retirements, officers being accommodated for health reasons, and operational requirements. These additional positions were funded, in part, with one-time funding. Due to operational pressures and timing of retirements, these positions will carry into 2016, when they will be reduced through attrition, and the total police positions will be corrected.

Funding required to bridge these positions into 2016 should not be part of the core and should instead be funded with one-time funding. It is estimated that a total of \$162,000 is required for this bridge funding. This approach will effectively reduce the demands on the 2016 core budget and reduce the overall increase to taxation to a level that will be within 3.5%.

Strategic Links

- *Saanich Police Strategic Plan: Personnel; Business Process Analysis*
- *Saanich Strategic Plan: C6 Enhance Public Safety; L1 Develop and maintain a skilled municipal workforce*

2. Recruit pre-hires:

It is preferable to pre-hire recruits in anticipation of retirements to ensure fully trained officers are deployable when retirement vacancies occur. It is very difficult to find experienced officers to fill retirement vacancies, and this lack of availability makes depending on hiring experienced officers an unreliable policy. If the Board is unsuccessful at recruiting four experienced officers to replace retirees, staff shortages will result, which will negatively affect service delivery due to the need to reduce or eliminate other mandates in order to meet minimum patrol staffing levels.

The core budget reflects salaries and benefits for all current Saanich Police employees. It is expected that there will be 15 retirements over the next two years, with seven of those potentially occurring in 2017. There is sufficient funding in the 2016 core budget to allow for the hiring of three recruits; however, funding will be required for an additional four recruits. Because of the recruit class start dates, the recruits must be hired in May to be properly trained for deployment by February 2017. The cost for 2016 will be \$271,000, including the costs of training expenses.

It costs approximately \$68,000 in wages and benefits to pay one recruit for the 10 month training period. Once recruits complete their training they are paid substantially less than an experienced officer (Table 6 shows the difference between recruits versus experienced officers). The training wages can be considered one-time funding, while the deployment salaries are part of the core budget once they replace retiring officers.

During the first five years of deployment it costs an average of \$18,500 less per year to pay recruit officers rather than experienced officers, ranging from \$30,833 less in year one to \$6,413 less in year five, which is a savings of \$92,000 over five years for each officer hired. The Board anticipates seven retirements in 2017. Three of these will be recruits hired from existing core funding. If the remaining four are experienced officers, the additional impact to the core budget during the next five-year period is an average \$74,000 per year, or \$370,000 over five years.

APPENDIX B
One-time Funding Resource Justification

Table 6: Recruit Versus Experienced Officer – Wage and Benefits for five years

Recruit pay & benefits after training if hired in May 2016	Cost per year of each recruit	Cost per year of experienced officer - 8 years of service	Difference per officer	Difference for four (4) officers per year
2017	87,616	118,499	(30,883)	(123,533)
2018	95,392	120,869	(25,477)	(101,909)
2019	108,581	129,451	(20,870)	(83,480)
2020	123,286	132,040	(8,753)	(35,013)
2021	128,267	134,680	(6,413)	(25,653)
Total - 5 years deployable service	543,141	635,539	(92,397)	(369,589)

If the costs of recruit wages and benefits for 10 months of training are factored into the comparison of the total cost in addition to the five-year cost for deployment, the total savings are reduced from \$370,000 to \$98,000; however, it is the higher ongoing cost of experienced officers that has a negative impact on taxation.

Strategic Links

- *Saanich Police Strategic Priorities: Personnel; Business Process Analysis*
- *Saanich Strategic Plan: C6 Enhance Public Safety; L1 Develop and maintain a skilled municipal workforce*

APPENDIX C
Proposed 2016 / Projected 2017 – 2018 Budgets

Table 7: Proposed 2016 / Projected 2017 – 2018 Budgets

Budget Item	2016 Budget	2017 Budget	2018 Budget
Prior Year Net Operating Budget	29,899,000	30,945,106	31,910,842
Core			
For 2016 includes: estimated Salary Increases / Pay Increments (CUPE / Exempt / Police Association) relief & backfill; adjustment to salary accounts re: 2013-2015 collective agreement settlements; market adjustments to civilian and police exempt compensation; deferred costs from 2015; net of integration initiatives; and contingency for negotiated wage settlements	985,400	474,597	487,788
Estimated Core Operating Increase includes: contracts & agreements	8,190	8,354	8,521
CREST – Hardware and Infrastructure Renewal - Financing		30,000	
DNA Costs (New)	56,000		
RTIC		100,000	
Revenue	(129,590)		
Impact of 2016 additions to staff in 2017		275,285	
Impact of 2017 additions to staff in 2018			79,050
Core Increase - Sub-Total A	920,000	888,236	575,359
New Core Resources			
Four (4) Patrol Officers (4 months)	108,431		112,812
One (1) Civilian Staff (6 months)	17,675		
2017 Research Analyst (6 months)		42,500	
2017 Records Support (6 months)		35,000	
2018 HR Specialist (6 months)			43,350
New Core Resource - Sub-Total B	126,106	77,500	156,162
Total Increase of Sub-totals A & B	1,046,106	965,736	731,521
2016 Net Operating Budget	30,945,106	31,910,842	32,642,363
Average increase over 3 years = 2.97%	3.50%	3.12%	2.29%