



NATIONAL
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DE LA POLICE
NATIONALE

2022 FIVE YEAR (2022-2026)

FINANCIAL PLAN

SUBMISSION TO CITY OF SURREY FINANCE COMMITTEE

December 2021



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DISCLAIMER

It should be noted that the City of Surrey posted their Financial Committee package at the end of business day on Friday, December 17, 2021, with a meeting and public hearings to be held on Wednesday, December 22, 2021, allowing for only two business days during the holiday season for residents and businesses to review the 2022 Financial Plan. This does not suffice as reasonable notice and therefore a thorough review of the 2022 Financial Plan was precluded by the rushed timeline, which negatively impacts democracy and the rights of Surrey residents. The information outlined below, is based on an initial review of the 2022 Financial Plan and we reserve the right to change the information outlined below and needed as a more in-depth review is completed.

ABOUT THE NPF

The National Police Federation (NPF) is the sole certified bargaining agent for regular Members and reservists of the Royal Canadian Mounted Police below the rank of Inspector. The NPF was certified to represent ~20,000 RCMP Members serving across Canada and internationally, including about 850 RCMP Members in Surrey. We are the largest police labour relations organization in Canada, the second largest in North America and the first independent national association to represent RCMP Members. Our mission is to provide strong, fair and progressive representation to promote and enhance the rights of our Members across the country.

FINANCIAL PLAN 2022-2026

The City of Surrey (Surrey)'s cost projections for the transition to the Surrey Police Service (SPS) have increased multiple times since 2020; yet Surrey has not provided any additional substantial information to provide clarity on the details or certainty of these projections.

The 2022 Financial Plan outlines funding shortfalls for one-time transition costs; however, these shortfalls are not accounted for in the updated Financial Plan cost projections. As a result, significant uncertainty remains regarding Surrey's cost projections for the SPS as well as the City's ability to afford the transition to the SPS, or its impacts on other capital and social programs.

The City of Surrey's 2022 Financial Plan reveals the following concerns for Surrey's residential and business taxpayers:

- One-time transition cost projections have not been updated to reflect identified funding shortfalls of \$8.5M for SPS officer security clearances and \$9M for demobilization uncertainties;
- There are numerous costs that have not been clearly accounted for or ignored; and,
- No risk assessment or feasibility study has been done on the cost of the SPS vs RCMP or the overall affordability of the SPS.

ONE-TIME TRANSITION COSTS

The 2020 Financial Plan included a one-time transition budget of an initial \$19.4M. In the 2021 Financial Plan that cost increased significantly to \$63.7M (an increase of \$44M) and that the transition will be fundamentally completed by the end of fiscal 2022 but provided no details or plan on how this would be accomplished.

Recently, the SPS deployed 29 of the promised 50 officers in November 2021. The SPS transition has been fraught with delays due to its lack of a plan. The Province also advised that it will cap SPS hiring to 175-200 officers next year to slow the destabilization of other police services in the Lower Mainland and beyond. The SPS has stated an undisclosed number of officers will be deployed in 2022 and that the RCMP will start to be demobilized. The 2022 Financial Plan states that this is part of the RCMP/SPS Human Resources Strategy and Plan (HR Plan) that has not yet been finalized or approved. The City's proposed 2022 Policing Services Operating Budget has been formulated based on undisclosed and unknown 2022 deployment plan projections. However, the 2022 Financial Plan notes that to ensure alignment with the HR Plan there may be budget reallocations. **These potential increased costs are unknown and unaccounted for.**

The total budget proposed for the one-time Policing Transition Project has not changed from the current adopted budget and is presented in the following table:

<i>Summary</i>	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	Total
<i>One-time Policing Transition Project</i>	\$25,200	\$23,084	\$5,400	\$5,000	\$5,000	\$63,684

(Table in 000's)

The total budget (2020-2024) of \$63,684M has remained unchanged from the previous budget, and the remaining budget for 2020-2024 is \$15.4M. The 2022 Financial Plan does identify two major budget shortfalls that have not been added to the projected one-time costs budget. It is important to note that the one-time police transition budget is fully allocated and any further costs or shortfalls will necessitate an increase in the project budget in future years.

1. Funding shortfall: \$8.5M for security clearance

Throughout the transition and through the Surrey Policing Transition Trilateral Committee (SPTTC), comprised of the City of Surrey, the Province of BC and the Government of Canada, Surrey was made aware that to deploy SPS officers under RCMP command, SPS officers working with RCMP Members would be required to meet the same stringent and thorough RCMP security clearance standards required of RCMP Members. However, due to a lack of plan and no approved HR Plan, SPS did not factor in RCMP security clearance review times, which can take six months or more to complete. **This has created a delay within the SPS and a projected funding shortfall of \$8.5M in 2022.**

2. Funding shortfall: \$9M for staffing deployment

The 2022 Financial Plan is based on the premise of the reduction of staffing levels within the Surrey RCMP, and deployment of progressively more SPS officers to ensure adequate and required policing levels within Surrey. The City is aware that to reduce the RCMP complement, notice must be provided by the Province to Public Safety Canada to reduce the size of the BC RCMP. This has been discussed at the SSPTC Committee and Surrey is aware as a participant in SPTTC. To date, this process has not been completed and could in theory take a year or more to complete. The SPTTC could agree to a Memorandum of Understanding (MOU) to waive the notice requirement to speed-up the approval process. However, no such MOU exists.

The current 2022 Financial Plan has been based on a massive assumption of costs with respect to this process and its possible outcomes. Until an approved plan is in place, there can be no reduction to the current Surrey RCMP staffing levels. Once again, due to the lack of a plan, Surrey taxpayers will be paying for both the RCMP and SPS police services for the foreseeable future. This will result in an estimated \$9M funding shortfall in 2022.

Based on the above, \$8.5M funding shortfall for security clearances and \$9M funding shortfall for staff deployments, there is an unbudgeted and unfunded liability of \$17.5M. This also does not include any budget increases due to misalignment with the timing of the as-yet incomplete HR Plan, to be finalized and approved for 2022. Therefore, a revised one-time transition budget should have been provided updating the costs incurred since 2020 and the details of the budgeted costs in 2022 and beyond, similar to below:

Summary	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	Total
<i>One-time Policing Transition Project</i>	\$25,200	\$23,084	\$5,400	\$5,000	\$5,000	\$81,184
<i>Funding shortfalls</i>			\$17.5M			

(Table in 000's)

No additional information has been provided to explain the liability of \$17.5M and where those additional funds will be sourced or borrowed from.

Property Tax Increase

The 2022 Financial Plan notes that a property tax increase of 2.9% will be applied. This is approximately \$63 for the average assessed single-family dwelling and will be predominately used to offset increase to public safety resourcing and expenditures.

In the 2021 Financial Plan, Surrey residents were also subject to a 2.9% property tax increase which many reported being an average 11% property tax increase to the average homeowner, on top of the increase from \$100 to \$300 for the capital parcel levy to pay for the SPS transition. Budget projections for 2022 are a total of \$11.6M for property tax revenue and \$49.3M for capital parcel levy revenue, which are already allocated and costed into the budget. Surrey will still need to find an addition \$17.5M to cover funding shortfalls within the SPS.

GENERAL CAPITAL PROGRAMS INCREASE

With the Surrey police transition, the SPS will require a facility to host and provide police training, including a firearms range, classrooms, and other training spaces. **Surrey is proposing to retrofit an existing building with a budget of \$4M for the police training facility.** This facility is to be completed in phases with no specifics on the phases or their estimated dates of completion. The budget lacks specifics on the retrofit, including:

1. Is the size of the current building adequate to fulfill future policing needs as the SPS onboards more officers in the future?
2. If it is not adequate to accommodate future needs, is Surrey planning to build a new police training facility or expand the existing retrofitted building? At what cost and when?
3. Is there capacity to expand the retrofitted building based on zoning bylaws and/or additional land space available?

In the interim the SPS will have to continue to rent space and/or use other established facilities to conduct training for a fee. Training and training facilities for Surrey RCMP Members are provided by the RCMP through the existing RCMP contract.

ADDITIONAL UNCERTAIN COSTS

The additional costs outlined above exceed \$17.5M for policing alone. In addition to this there are still many uncertain additional policing costs that have not been clarified dating back to 2019. The May 2019 *Surrey Policing Transition Plan* conducted by PricewaterhouseCoopers (PwC) recommended that a feasibility study be conducted to assess full financial considers or impacts to policing and public safety. Unfortunately, the City did not listen to this vitally important recommendation and proceeded without a true feasibility study. Further, the December 2019 *Surrey Police Transition* report, or the “Oppal” report, also stressed the need for further widespread review of these financial impacts and risks.

Several of the cost items noted below have an impact on the year-over-year operating budget.

HR/recruiting of newly hired staff

A survey of 754 Members of RCMP Surrey, conducted by the RCMP in July 2020, identified only 14% of current Surrey Members would consider joining the SPS. The SPS will need to hire at least an additional

687 new and experienced police officers. The Transition Report grossly overestimated the cross-over from RCMP Members, in particular, Surrey RCMP Members.

Important questions regarding recruiting of newly hired staff include:

1. What is Surrey's estimate of the composition of experienced officers (Surrey RCMP and other) versus new recruits (initially 10 to 15% of officers)? New recruits require significantly more time and costs to recruit and train compared to experienced hires.
2. Will the SPS be deploying body-worn cameras (BWCs)? BWCs can be purchased at a very low one-time cost or are provided for free if a data management system is acquired with the BWC's. However, operating cost of BWCs, which includes downloading, storage, maintenance, access, and analysis of the data, is very costly. The camera data also demands significant police officer hours as it must be reviewed in real time for evidentiary value and for court purposes. While the purchase of BWC's for the SPS could be considered a one-time transition cost, the data management costs would generally be considered an annual operating IT cost.
3. Will the City be paying for any top-up in pension for RCMP officers that transfer over to SPS?
4. How many officers is the SPS hiring in 2022 and beyond?
5. When will the HR Plan be finalized and approved? When will the Financial Plan be reviewed in conjunction with the new HR Plan and budgets adjusted to meet alignment? What are the cost variances expected for this alignment?

Training

It is not clear if Surrey's one-time cost projection includes training of new recruits, the renting of facilities, cost recoveries of other police departments assisting with training, etc. For example, Red Deer, Alberta did a police service review in 2020 and the training per new cadet was estimated at \$40,000/officer. What is Surrey's estimate?

Remaining questions with respect to training are:

1. What cost did Surrey estimate for new police officer training per cadet?
2. The JIBC Police Academy (Academy) is responsible for training all municipal police recruits in BC. All new recruits must attend the 9-month training program at the Academy. It is expected that the Academy will need to expand resources significantly to accommodate the influx of new SPS recruits. What will Surrey's cost be to train the new recruits and where is it included in the cost projections?
3. What commitment has the Province made to the City with respect to increasing the capacity/infrastructure of the Police Academy at JIBC?

Legal costs

Recently, Surrey announced that it would need provide additional insurance to cover the legal indemnification of SPS officers, as well as costs for police service litigation claims and settlements. Police vehicle collisions, civil actions, compensation claims, settlements etc. are ongoing operating costs of any police service. Often these claims are mediated and settled outside of court, while others can cost significant amounts to defend and on occasion, millions of dollars to settle when wrongful death or

serious injuries occur. Legal costs include legal services, such as in-house lawyers to manage the claims as well as and liability insurance, or the establishing a liability reserve fund if the police department is self-insured. In the case of the RCMP, all of these costs and services are included in the contract at no additional costs to the municipalities or taxpayers.

Specific questions in this regard are:

1. What legal costs are included in the year-over-year operating budget for legal services to manage claims against the SPS?
2. What amount has Surrey included in the operating budget related to legal claims against the SPS?
3. What amount has Surrey included in the operating budget for legal fees associated with SPS?

Investigative file continuity – court costs

The Transition Report provides for a process that addresses files that are under active investigation by the Surrey RCMP as the police of jurisdiction prior to the transition date. Payments that will be required to RCMP Members appearing in court include salaries, overtime, call back and cash in lieu of time. In addition, meals, travel and accommodation are also reimbursed. However, the costs in the Transition Report appears to only include salaries. Does Surrey’s revised one-time cost projection consider these additional expenses related to court appearances on files under active investigation at the transition date?