



Kingston Police

Public Agenda Information Report

To: Mayor and Members of Council

From: Kingston Police Services Board

Resource Staff: Scott Fraser, Acting Chief of Police
Scarlet Eyles, Director of Finance

Subject: Operating Budget Status Update as of June 30, 2023 (Q2)

Date: September 14, 2023

Recommendation:

That the Operating Budget Status Update as of June 30, 2023, Report Number 23-28 is for information only.

Summary:

This information report provides a financial status update of the general operating budget for the Kingston Police as of June 30, 2023. Exhibits to the report provide detailed budget and actual information, resulting variances by revenue and expense and an overall net operating position which reflects 51% of the total budget at June 30, 2023.

Revenues and expenditures are tracking as expected and/or reflect expected seasonal and timing variances normally experienced year to year. However, as reported last quarter, the unbudgeted costs incurred to police post-secondary student mass gatherings continue to put significant pressure on the Kingston Police fiscal circumstances, making it difficult to manage and forecast overall expenditures. At the end of the second quarter, there were \$147K of costs incurred to police the St. Patrick's Day events within the University District and over the Labour Day move-in weekend there were more than 300 charges and fines issued. The total represents a significant spike in tickets as compared to last year, where 44 charges were laid. It is anticipated that there will be significant costs incurred over the third quarter of 2023.

Aside from these unbudgeted costs incurred, staff would project a balanced net operating position by year-end, staying within the approved budget.

In order to ensure that net spending remains within the approved budget parameters, staff regularly monitor and review budget variance information. This allows for unanticipated variances to be identified on a timely basis and any necessary corrective action to be taken in response to changing circumstances and conditions. As a result of the unbudgeted costs incurred during the St. Patrick’s Day weekend and since no compensation or reimbursement is anticipated, staff have implemented specific measures to reduce expenses and effectively manage the budget challenges. These include maximizing existing funding, pursuing new grants and other funding opportunities, deferral of hiring new and replacement staff for non-critical service areas, decreased spending on minor crime investigations, and reducing discretionary spending wherever possible.

As well, staff are actively engaged in comprehensive planning and cost forecasting related to staffing and scheduling to minimize expenses that are anticipated with the Homecoming events and return of students in the University District. It should be noted that a large portion of these costs are unavoidable to ensure public safety and follow recommended guidelines and regulations. Staff will continue to monitor budget and financial impacts of policing unsanctioned gatherings, with the intent to incorporate effects of these into the 2024 operating budget request, so that the budget accurately reflects and aligns with actual needs.

The discussion below provides further detail on the general operating revenue and expenditure results to June 30, 2023.

Operating Revenue and Expenditure Results:

With respect to the overall results, the total net cost for the six months ending June 30, 2023, of \$22.6M, compares to a budget of \$22.2M, resulting in a year-to-date deficit of \$462K or 2.08%. Gross revenues and expenditures, as reported, show actual revenues of approximately \$2.4M in comparison to a budget of approximately \$2.6M and expenditures of \$25M in comparison to a budget of \$24.8M. The table below reflects the net operating information (revenues less expenditures).

Actual Vs. Budget	2023 6-Month Actual	2023 6-Month Budget	Variances + Fav / - Unfav	As a % of Total Actual	As a % of Total Budget	Annual 2023 Budget
Revenues & Recovery	\$2,356,024	\$2,647,108	-\$291,084			\$5,294,215
Operating Expenditures						
Salaries and Wages	\$21,343,400	\$21,160,543	-\$182,857	85.37%	85.22%	\$42,321,085
Supplies and Services	\$3,521,002	\$3,532,906	-\$11,904	14.08%	14.23%	\$7,065,811
Contribution to Reserves	\$137,054	\$137,054	\$0	0.55%	0.55%	\$274,108

Total Operating Costs	\$25,001,456	\$24,830,503	-\$170,953	100.00%	100.0%	\$49,661,004
Net Cost	\$22,645,432	\$22,183,395	-\$462,037			\$44,366,789
	Deficit	-\$462,037				
	As a percent	-2.08%				

Revenues

Net operating revenues for the six months ending June 30, 2023, are \$2.4M as compared to a budget of \$2.6M, resulting in an unfavourable variance of \$291K. The following information provides further detail of the second quarter variances by revenue type:

- Provincial grants revenues are exceeding projections for the first half of the year, resulting in a positive variance of \$58K.
 - \$238K of unbudgeted provincial funding was received (75%) to support automated license plate recognition (ALPR) technology. These additional revenues offset corresponding costs of \$282K in expenditure recovery.
 - Timing of two Court Security Prisoner Transportation (CSPT) grant payments creates a year-to-date unfavourable variance of \$110K. In addition, the CSPT grant agreement for 2023 is less than projected and is contributing to a shortfall of \$70K at the second quarter.
- Expenditure (cost) recovery is \$371K unfavourable, \$282K reflects costs incurred to purchase automated license plate recognition (ALPR) technology, as noted above and offset with provincial grant funding.
 - The remaining unfavourable balance in expenditure recovery reflects timing of other budgeted recoveries.
 - Revenues also include unbudgeted payroll benefit rebates of \$36K resulting from a reduction in the projected cost of claims. Benefit costs are budgeted annually based on estimated premiums for these plans.
- Paid duty, alarm licensing, and background revenues to the end of the second quarter are tracking as expected and reflect expected seasonal and timing variances.
 - Alarm licensing revenue is favourable by \$22K due to the timing of the annual renewals which are skewed to the first quarter of the fiscal year.
 - Paid duty revenues are \$43K unfavourable as paid duties tend to be construction and summer events, which occur primarily in the second and third quarters.
 - Background check revenues are \$362K to date or \$35K unfavourable as typically they trend lower in the first half of the year due to timing of this activity.
- Auction proceeds are \$42K higher than budgeted, reflecting higher than anticipated proceeds received at the first police auction held in the spring.

Expenditures

Net operating expenditures for the six months ending June 30, 2023, are \$25.0M compared to a budget of \$24.8M, resulting in an unfavourable variance of \$171K. The following information provides further detail of the second quarter variances by expenditure type:

Salaries and wages – salaries and wages are contributing to a year-to-date unfavourable variance of \$183K, which reflects the following:

- Overtime costs are \$783K as compared to a six-month budget of \$565K providing an unfavourable variance of \$282K.
 - \$88K of unbudgeted costs were incurred for policing the St. Patrick's Day events at Queen's; \$7K assisting Ottawa Police which will be reimbursed; \$78K related to the Collin's Bay shooting incident; and \$26K of reimbursable OT on the RIDE (Reduced Impaired Driving Everywhere) program.
- Full-time wages are under budget by \$470K or \$15.2M as compared to a budget of \$15.7M, primarily due to staff vacancies, turnover, and the timing of new hires.
- Part-time wages are unfavourable by \$149K, reflecting backfill requirements due to staff vacancies, primarily in the communications center.
- Payroll benefits are unfavourable by \$314K, due to the timing of statutory benefits that are skewed to the first two quarters of the fiscal year; and
- Paid duty is favourable by \$28K, as actual demand is skewed to later in the fiscal year.

Supplies and materials – supplies and materials are favourable by \$12K and include the following:

- Education and training is favourable by \$43K, reflecting the elimination of the police college tuition. Effective January 1, 2023, the Ontario government announced the elimination of tuition for the Basic Constable Training (BCT) program.
- Contracted services are unfavourable by \$396K, which reflects the payment of four large renewal contracts totalling \$969K that cover the fiscal year.
- Contracted maintenance is favourable by \$438K, most of the routine maintenance projects occur in the last half of the fiscal year.
- Professional services are favourable by \$10K, this is a timing issue and includes legal, EAP, and other professional consultants.
- Uniforms are unfavourable by \$148K as new protective vests and outfitting new hires has exceeded the budget, this cost was front end loaded with reduced spending anticipated for the remaining half of the fiscal year.
- Utilities are lower than budget by \$47K due to less consumption in the first six months, this reflects the weather and ongoing conservation efforts.

- Investigate services includes \$59K of unbudgeted supplies and materials to support policing the university district St. Patrick's Day event. Additional grants from Criminal Intelligence Service Ontario (CISO) have assisted with financing investigations, which has helped to offset the Queens costs. Consequently, only a small negative variance of \$7K appears on this line.

Departments continue to work with finance staff to review variances on a regular basis and look for opportunities to offset cost pressures. A review of preliminary operating results at the end of June reflected variances consistent with those noted above, however, unforeseen circumstances, situations or activities always present budgetary risk to a police budget such as spikes in unforeseen crime rates or activities, protests and unsanctioned gatherings. Staff are anticipating significant cost pressures later this year as a result of unsanctioned gatherings. As well, labour contracts expired last year, and outstanding labour contract settlements may impact 2023 budget results.

Contacts:

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Exhibits Attached:

Appendix A

	Appendix A			
Actual Vs. Budget	2023	2023	Variances	Annual
Revenues & Recovery	6-Month	6-Month	+ Fav / - Unfav	2023
	Actual	Budget	Variance	Budget
Provincial grants	-\$1,149,819	-\$1,091,751	\$58,068	-\$2,183,501

Alarm licence	-\$88,319	-\$66,800	\$21,519	-\$133,600
Payroll experience recovery	-\$35,316	\$0	\$35,316	\$0
Expenditure recovery	-\$425,088	-\$796,057	-\$370,969	-\$1,592,114
Auction proceeds	-\$59,741	-\$17,500	\$42,241	-\$35,000
Pay duty revenue	-\$32,473	-\$75,000	-\$42,527	-\$150,000
Sale of photos, maps & reports	-\$365,268	-\$400,000	-\$34,732	-\$800,000
Cont. from Police Sick Leave RF	-\$200,000	-\$200,000	\$0	-\$400,000
Total	-\$2,356,024	-\$2,647,108	-\$291,084	-\$5,294,215

Operating Expenditures

Salaries and Wages

Full-time wages-permanent	\$14,546,673	\$15,603,503	\$1,056,830	\$31,207,006
WSIB Premiums	\$673,806	\$86,963	-\$586,843	\$173,926
Sub total base wages;	\$15,220,479	\$15,690,466	\$469,987	\$31,380,932
Part-time wages	\$682,457	\$533,629	-\$148,828	\$1,067,257
Overtime-regular	\$782,658	\$564,946	-\$217,712	\$1,129,891
Paid duty	\$32,006	\$60,000	\$27,994	\$120,000
Payroll benefits	\$4,625,800	\$4,311,502	-\$314,298	\$8,623,005
Total	\$21,343,400	\$21,160,543	-\$182,857	\$42,321,085

Supplies and Services

Honorariums	\$6,754	\$5,875	-\$879	\$11,750
Uniforms & protective clothing	\$241,593	\$92,785	-\$148,808	\$185,570
Food & nutrition supplies	\$21,520	\$14,850	-\$6,670	\$29,700
Supplies	\$136,494	\$199,161	\$62,667	\$398,322
Fuels & lubricants	\$224,617	\$220,882	-\$3,735	\$441,764
Software	\$62,778	\$40,700	-\$22,078	\$81,400
Telecommunications	\$131,942	\$144,000	\$12,058	\$288,000
Education & training	\$129,252	\$172,625	\$43,373	\$345,250
Travel	\$72,190	\$59,025	-\$13,165	\$118,050
Insurance services	\$227,441	\$198,189	-\$29,252	\$396,377
Utilities	\$163,382	\$210,660	\$47,278	\$421,320
Professional services	\$136,798	\$147,500	\$10,702	\$295,000
Investigative services	\$211,772	\$204,250	-\$7,522	\$408,500
Contracted services	\$1,417,759	\$1,021,875	-\$395,884	\$2,043,750
Contracted maintenance	\$263,538	\$701,922	\$438,384	\$1,403,844
Equipment rentals	\$22,250	\$32,676	\$10,426	\$65,351
Other	\$50,922	\$65,931	\$15,009	\$131,863
Total	\$3,521,002	\$3,532,906	\$11,904	\$7,065,811

Contribution to Reserves:

Tsf to Police Equipment RF	\$137,054	\$137,054	\$0	\$274,108
Net Cost	\$22,645,432	\$22,183,395	-\$462,037	\$44,366,789