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## **Costing and Financial Analysis of the Surrey Police Service Delivery Model (Surrey Police Service versus RCMP)**

April 2023

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## Report Use and Limitations

This report has been provided for the purpose of providing a fact-based financial comparison between retaining the RCMP in Surrey or continuing the transition to the Surrey Police Service (SPS). This report is based upon the financial information provided and the direction provided by The Ministry of Public Safety and Solicitor General of British Columbia (The Ministry), as per the agreed scope under the engagement letter titled "Information Technology & Management Consulting Professional Services Agreement" and dated April 11, 2023. This draft report is for internal use only of the Ministry and not intended to be shared without Deloitte's written authorization. This includes, but is not limited to, any public disclosure of the report itself.

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## Definitions and Glossary

Definitions		Glossary	
<b>Sunk cost</b>	Costs incurred since the creation SPS until April 2023 with the potential end of RCMP retention or SPS transition.	<b>The Ministry</b>	Ministry of Public Safety and Solicitor General of British Columbia
<b>Implementation cost</b>	Costs incurred to implement a hypothetical demobilization of the SPS and transition to full RCMP policing.	<b>POJ</b>	Police of Jurisdiction
<b>Operational cost</b>	Cost incurred to sustain daily operations of police, incl. facilities, communications, vehicles, repairs and maintenance, excluding one-time start-up expenses.	<b>SPS</b>	Surrey Police Service
<b>One-time start-up expenses</b>	One-time costs related to establishing the SPS (e.g., Fleet conversion, facilities improvement and outfitting).	<b>RCMP</b>	Royal Canadian Mounted Police
<b>Steady state</b>	The authorized strength set by the province as the minimum required Sworn Officers to ensure safe and adequate policing in the province.	<b>The City</b>	City of Surrey
<b>Soft Vacancies</b>	Temporary leaves stemming from suspensions, off-duty sick leave over 30 days, maternity leave etc.	<b>SPB</b>	Surrey Police Board
<b>Operational Officer</b>	Sworn Officers that are deployed to calls for service, perform investigative duties or proactive community policing.	<b>SPU</b>	Surrey Police Union
<b>Non-Operational Officer</b>	Sworn Officers that are currently employed by SPS but not deployed, either awaiting future deployment or carrying out other functions like recruiting, training, etc.	<b>VPD</b>	Vancouver Police Department
<b>Transfer cost</b>	Cost to support the general relocation of officers for posting.	<b>MPSA</b>	Municipal Police Service Agreement
<b>Professional and specialized services</b>	Costs that include Legal services, Training & seminars, Professional services, other services, and Radio Communication systems.	<b>Surrey</b>	City of Surrey
<b>Recruitment and Training</b>	Costs related to RCMP cadet training and Justice Institute of British Columbia (JIBC) training for SPS have been included as they are representative of ongoing costs for the respective police services.	<b>MYFP</b>	Multi-year financial plan
<b>Federal Cost Share Amount</b>	Amount paid by the Federal government as per the Municipal Police Service Agreement (MPSA).	<b>FTE</b>	Full-Time Employee (Sworn Officer)
<b>Green timbers</b>	Costs associated with RCMP's "E" Division Headquarters in Surrey.		

## Data Reviewed

Exhibit #	Document name	Authored by	Provided by	Date Published
1	RCMP plan to restaff Surrey MPU	RCMP	The Ministry	December 21, 2023
2	SPS POJ status report & Future policing	SPS	The Ministry	December 22, 2022
3	Surrey Policing Transition Report – Final	City of Surrey	The Ministry	December 15, 2022
4	RCMP Restaffing Plan – Supplemental	RCMP	The Ministry	February 10, 2023
5	SPS POJ Status – Supplemental	SPS	The Ministry	February 10, 2023
6	Surrey / RCMP POJ – Supplemental	City of Surrey	The Ministry	February 16, 2023
7	Cadet Training Program Multi-Year Plan 2022-23	RCMP	The Ministry	n.d.
8	Retaining the RCMP as the Police of Jurisdiction in Surrey - Surrey Corporate Report 2022-24	City of Surrey	The Ministry	December 12, 2022
9	RCMP Surrey Multi-Year Financial Plan 2023-24 to 2027-28	RCMP	The Ministry	September 7, 2022
11	F005 CR 2023 Five Year Financial Plan - Capital Program.pdf (surrey.ca)	City of Surrey	Public	February 17, 2023
12	2023 Five-Year (2023-2027) Financial Plan – Capital Program (surrey.ca)	City of Surrey	Public	February 17, 2023
13	F001- 2023 Five Year Financial Plan - Utilities and Other Self Funded Programs.pdf (surrey.ca)	City of Surrey	Public	February 17, 2023
14	Surrey Police Board Agenda (SPS FY 22 Financial Update)	SPS	Public	March 20, 2023
15	Sworn Members Salaries 2023 (surreypolice.ca)	SPS	Public	n. d.
16	"Surrey taxpayers already on hook for 42.1M in wages before 46 SPS cops were sworn in" (surreyNow-Leader.ca)	n/a	Public	July 30, 2021
17	Vancouver Police Department 2021 Financial Statement Review Report	VPD	The Ministry	March 2, 2022
18	Surrey Police Board and Surrey Police Union Letters of Understanding	SPS	The Ministry	August 20, 2022
10	HR Strategy and Plan 2022 – Report to the Surrey Policing Transition Trilateral Committee (Redacted)	RCMP and SPS	Public	April 5, 2022
19	HR Strategy and Plan (Report to the Surrey Policing Transition Trilateral Committee - Unredacted)	RCMP and SPS	The Ministry	April 5, 2022
20	Regular Member - Annual Rates of Pay - Royal Canadian Mounted Police (rcmp-grc.gc.ca)	RCMP	Public	October 26, 2021
21	B.C. Municipal Police Service Agreement	Public Safety Canada	Public	April 1, 2012

## Costing and Financial Analysis Considerations

The following costs, if obtained in detail and with further analysis alongside direct conversations with relevant constituents (RCMP, SPS, the City), may cause the results of this costing analysis to change.

- **The values identified in this costing analysis do not include consultation and vetting of the cost items identified below.** However, the below list for RCMP and SPS is meant to be examples and should not be considered comprehensive given the limited information available.
- **It was not within the scope of Deloitte’s review to speak to RCMP and SPS.** As it relates to the SPS financial information provided, our analysis utilized limited financial information provided by the Ministry, which was high-level in nature.
- **If this analysis explored the respective operating models and assessed service delivery levels** which is out-of-scope for this report, **it may also draw different conclusions.**



#	Data Limitations for the RCMP retention scenario:	Data Limitations for the SPS transition scenario:
1	Details of RCMP’s @ 734 FTE costing analysis provided in the SPS report submission (Exhibit 2).	Details of SPS’s @ 734 FTE costing analysis provided in the SPS report submission (Exhibit 2).
2	Further details as to the cost analysis in RCMP’s Multi-Year Financial Plan, including assumptions and full explanations of costs (Exhibit 9).	Financial details as to the costs outlined in the SPS financial update (Exhibit 14) and details as to the Provisional 2023 Budget information submitted to the City.
3	Estimated cost and details for E-Comm levy and other IT enhancements for RCMP.	Details of all software & IT operating costs (e.g. PRIME-BC records management software,).
4	Any other implementation costs, including financial obligations of canceled contracts with SPS’s third parties, the cost of decommissioning the SPS union and any litigation costs that may result from a decision to cease the SPS transition.	Any other implementation cost e.g. financial obligations of canceled contracts with RCMP’s third parties.
5		Details of Equipment and Asset Costs including potential blended costs with the municipality, specialized equipment costs, specialized space costs, and detailed costs of potential vehicles used in supporting public safety for the municipality.
6		The foundation of the following costing analysis for SPS was sourced from information provided in <b>submitted SPS reports, publicly available Financial Updates from the SPS</b> and financial statistics from a <b>comparable police service (Vancouver Police Department)</b> .

# Executive Summary

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## Background and scope

Deloitte was engaged by the B.C. Government to perform a comparative costing and financial analysis of either continuing with the current RCMP contract or transitioning to SPS.



### Background

- In 2020, The City of Surrey ("The City") began its transition to a municipal-based policing organization, SPS. With this, nearly 400 officers and civilian employees have been hired, and municipal funds have been spent.
- The Surrey policing transition plan officially began in November 2021. The plan included two phases:
  - Phase 1: Phased Integration where SPS officers integrated into the Surrey RCMP detachment every two months (November 2021 – May 2023).
  - Phase 2: Change of Command from RCMP to SPS (Future).
- In November 2022, the Surrey City Council voted in favor of retaining RCMP in Surrey. The City made a decision to halt the transition and retain RCMP. The Minister of Public Safety and Solicitor General must decide if an adequate and effective level of policing and law enforcement can be maintained in Surrey and across the Province if the City were to carry out its plan. The aim is to evaluate the cost projections provided by both RCMP and the City for SPS.
- Both the City and RCMP have provided reports to the Province of British Columbia providing costing details of the SPS and RCMP respectively, and estimated transition costs, should the City choose to move forward with halting the transition to the SPS.
- Deloitte has been engaged to provide an impartial costing and financial analysis of the financial impacts of the various scenarios, based on information provided by the Ministry. Surrey Mayor and Council are in a transitional position while the Province assesses whether an adequate and effective level of policing can be maintained.

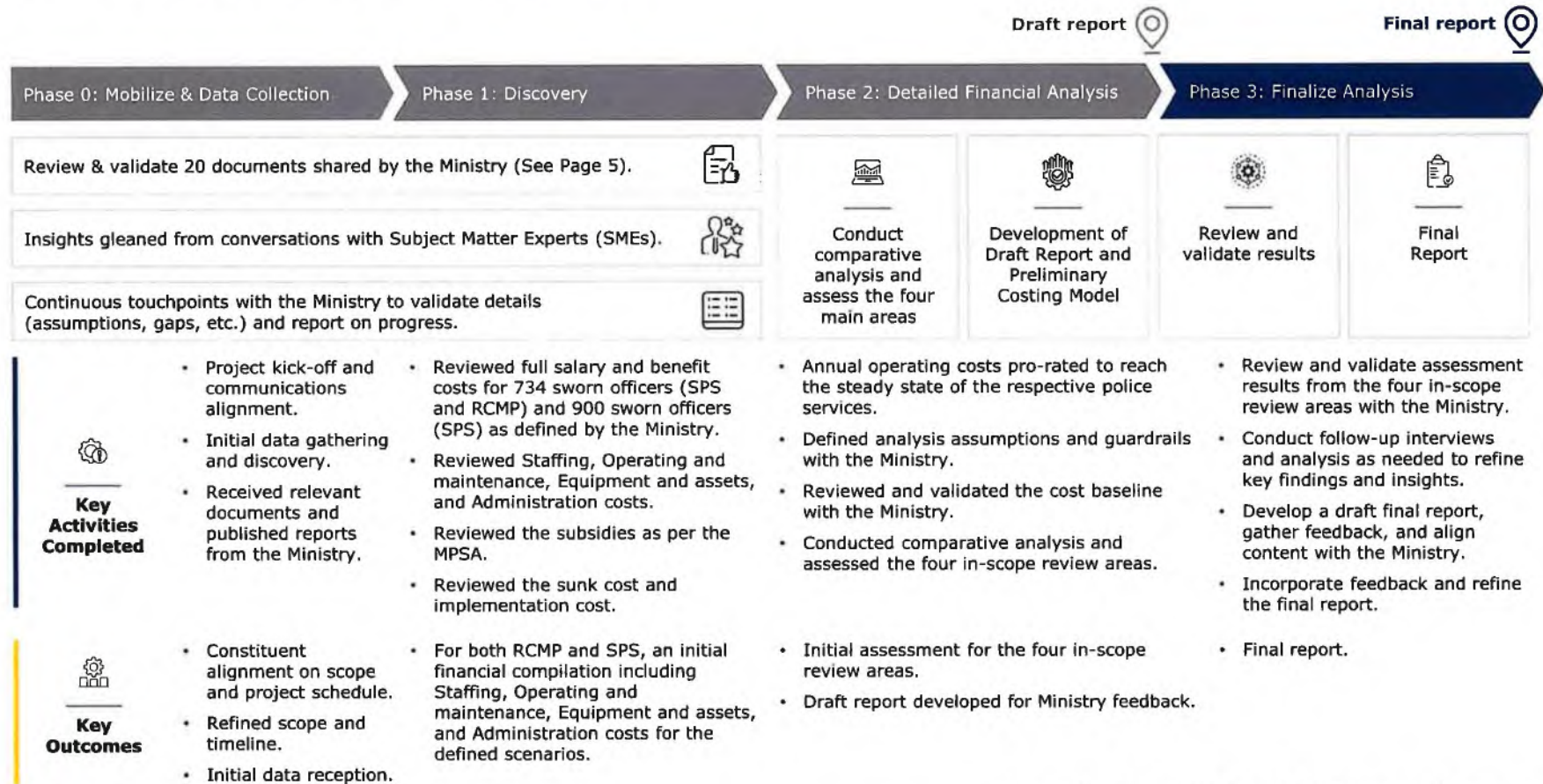


### Scope

- This report developed by Deloitte, in collaboration with staff from the Ministry, includes a costing and financial analysis that details a steady state of providing policing in the City as advised by the Ministry including a cost comparison based on:
  1. Full salary and benefits costs for the 734 sworn officers for RCMP, and 734 and 900 sworn officers for SPS, as per the guidelines provided by the Ministry. Civilians and administrative staff are not included as part of this analysis.
  2. Operating and maintenance costs for RCMP and SPS based on data and inputs provided by the Ministry.
  3. Equipment and Assets pertaining to the operations for RCMP and SPS (excluding one-time startup costs incurred by SPS).
  4. All costs associated with the potential end of SPS (e.g. severance cost and sunk cost incurred by SPS).
- This report provides detailed financial analyses and comparisons of all major expenditure trends detailed above, to provide the financial information required to support decision-making, from a quantitative standpoint, for the delivery of policing services.
- **Out of scope reviews for this analysis** includes a detailed business analysis of the policing services (e.g. operational effectiveness), administrative and business support functions, and assessments of the service delivery model between the two police services.



# Deloitte's Approach to the Engagement



## Scenarios Overview

This report presents the costing and financial analysis for three (3) scenarios in scope as defined by the Ministry. That is, retaining RCMP (at 734 sworn officers), or retaining the SPS (at 734 sworn officers and 900 sworn officers).

### Description

#### Scenario 1: Retain RCMP (734 Officers)

- Under this scenario, the City would retain RCMP as the Police of Jurisdiction and would wind down the existing SPS.
- The retention of RCMP was assumed to commence on July 1, 2023 and the transition to RCMP would continue for a duration of 18 months until reaching 734 sworn officers. 734 sworn officers were determined to be the minimum number required to support Surrey under RCMP as provided by the Ministry.
- This includes sunk cost and implementation cost analysis with the potential end of SPS.

#### Scenario 2a: Retain SPS (734 Officers)

- Under this scenario, the City would deploy the SPS as the Police of Jurisdiction and would wind down the existing RCMP service. **With 734 sworn officers, this scenario aims to show RCMP and SPS on a "like for like" basis**, based on sworn officer count only, not on the model of service delivery to provide adequate and effective policing.
- The transition to SPS was assumed to recommence on July 1, 2023 and would continue for a duration of 26 months until reaching 734 sworn officers. 734 sworn officers were determined for the uses of costing comparability to Scenario 1.
- Sunk cost or implementation cost (e.g. severance costs) for RCMP was not included as part of this analysis as guided by the Ministry.

#### Scenario 2b: Retain SPS (900 Officers)

- Under this scenario, the City would deploy the SPS as the Police of Jurisdiction and would wind down the existing RCMP service. Should the City choose to retain SPS, in order to provide adequate policing services to the City, **a police service of 900 sworn officers would be required** based on authorized strength as provided by the Ministry.
- The transition to SPS was assumed to recommence July 1, 2023 and would continue for a duration of 38 months until reaching 900 sworn officers. 900 sworn officers were determined to be the required authorized strength to support Surrey under SPS as provided by the Ministry.
- Sunk cost or implementation cost (e.g. severance costs) for RCMP was not included as part of this analysis as guided by the Ministry.

## RCMP vs SPS Cost Comparison

Assuming at 734 sworn officers in 2025 for both RCMP and SPS (Scenario 1 & 2a respectively) there is an overall cost difference of \$30M (19%) primarily driven by staffing costs.

### Key Observations

- **At 734 sworn officers in 2025, the cost difference of \$30M (19%)** is primarily driven by staffing costs, in particular **base salaries**; **SPS reportedly pays their staff higher salaries across all ranks** (ranging from a projected 4% to 36% difference across all ranks in 2025).
- **In 2026 at 900 sworn officers for SPS** once fully operational, **total costs equate to \$237M with the cost difference of \$75M (46%) compared to RCMP at 734 officers**. This is driven by the **additional 166 SPS officers and higher overall base salary rate** for SPS.
- The costs outlined below represent steady-state operational costs and do not include one-time transition costs, implementation cost, and sunk cost.
- Further cost increases once fully operational are due to inflation (2.0% for other operating costs and 3.5% for salary).
- The Federal subsidy (at 10%) represents \$17M - \$18M of cost per year for RCMP for 2025-2027 respectively.

### Cost Comparison Across the Three Scenarios



Note. For the details of the costing analysis, please see the scenario analysis in the next sections

## RCMP vs SPS Key Takeaways

Based on the information provided by the Ministry, the analysis shows that retaining SPS appears to be more costly primarily due to compensation costs and the federal subsidy; The values identified in this costing analysis do not include consultation and vetting of specific cost items as identified.

### KEY TAKEAWAYS

- Based on inputs provided by the Ministry and publicly available documentation, this costing analysis shows that retaining SPS appears to be the more costly for the City. The primary drivers of this are the staffing costs due to the inherent higher salary ranges for SPS across all ranks, as well as the 10% subsidy provided to RCMP.
- It was not within the scope of Deloitte's review to speak to RCMP and SPS. As it relates to the SPS financial information provided, our analysis utilized limited financial information provided by the Ministry, which was high-level in nature. If this analysis explored service delivery levels, outcomes of each, and operating models, it may also draw different conclusions.



### Next Steps

01

#### Conduct interviews with key constituents (RCMP, SPS and the City)

- Further understand how they categorize costs;
- Obtain assumptions they made in their analysis; and
- Validate insights into key differences in costing models.

02

#### Analyze Further Detailed Cost Breakdowns

- Conduct a further in-depth analysis into the cost for the scenarios, noting the detailed costs that SPS and RCMP included in their high-level cost analysis.

03

#### Conduct Needs and Business Analysis

- If required, investigate the difference between SPS and RCMP operating models including skill gaps.
- Beyond costing and financial analysis, consider qualitative factors and implementation considerations.

**Further discussions with RCMP and SPS and additional detailed information, may elicit additional insights which may impact the conclusion of the costing model Deloitte has developed.**

# Scenario 1

## RCMP Retention



## RCMP Scenario Overview

Assumes a steady state RCMP unit with 734 sworn officers; modeled using RCMP pay and rank scale along with financials from RCMP Surrey’s Multi-Year Financial Plan; Direct consultation with RCMP could alter these results.

### RCMP Scenario

- Under this scenario, the **City of Surrey would retain RCMP as the Police of Jurisdiction** and would wind down the SPS.
- The retention of RCMP was assumed to start on July 1, 2023 and the transition to RCMP would continue for a duration of 18 months.

### Key Scenario assumptions

- 573 current staffing assumed and 161 hiring from various candidate pools\* assumed to reach 734 sworn officers within 18 months** from the implementation start date.
- Assumed that **RCMP would integrate 60 SPS Operational Officers, 12 SPS Non-operational Officers and 8 SPS Recruits (Total 80 Officers)**.
  - Calculated severance of 9-months including 15% of employee benefits.
- Assumed that **235 SPS employees would not join RCMP** and therefore would be entitled to full severance of 18-months, including 15% of employee benefits. Modeled 16-week group termination for 235 employees, as the 16-week notice period has elapsed if a July 1, 2023 transition date is assumed
- Sunk cost was calculated based on historical staffing estimates and SPS assumptions.
- Costs for Integrated Teams, soft / hard vacancies, and attritions were excluded (assumed to be the same for all scenarios).
- The projected operating costs include only RCMP and are not inclusive of any SPS costs, although there would be a dual-policing model until 734 officers are reached in 2024.

\*Note. The candidate pools included in this analysis are described in Appendix A Table 1.



### Projected Operating Costs

#### RCMP Costs at 734 Sworn Officers



- RCMP is forecasted to reach 734 sworn officers in 2024 with a total cost of \$153M.**
- Staffing cost including member pension, member CPP, employer contribution, service pay, shift differential pay, recruitment & training accounts for 78% of total costs.**
- The foundation of the costing analysis was sourced from information provided in the **RCMP Surrey Multi-Year Financial Plan (Exhibit 9)**.

## RCMP Assumption Summary

Historical cost data from RCMP Surrey Multi-Year Financial Plan was mainly utilized to estimate the relevant costs by using either base salary or headcount information.

General	Value Assumed	Rationale
Inflation for operating costs excl. salary	2.0%	Applied to operating costs based on Bank of Canada projection from 2023 onwards.
Inflation for base salary	3.5%	Applied to salaries as guided by the Ministry from 2023 onwards, aligned with RCMP's annual planning rate from national headquarters to support multi-year financial planning.
Rank Distributions	Various	RCMP had provided rank distributions for 582 officers and these rank distributions were then applied to the current 573 officers.
Hiring Plan	Various	RCMP had provided the hiring summary by each candidate pool. For SPS Operational, Non-operational, and Recruits, mainly constables assumed to be hired as guided by the Ministry.
<b>Cost assumptions</b>		
Base salary	Various	Values were derived from the publicly posted 2022 RCMP Salary documents (Exhibit 20). A/COMM salary was provided by the Ministry.
Staffing cost	Various	Overtime, Member pension, Member CPP, Employer contribution, Service pay, and Shift differential pay assumed as either \$ per FTE or % of base salary based on historical cost from RCMP's Multi-Year Financial Plan (Exhibit 9).
Recruitment and Training	\$6,788 per FTE	The estimated cadets training/recruiting (\$5,102/\$1,153) applied only for RCMP Cadets as stated in RCMP's Multi-Year Financial Plan (Exhibit 9).
Operations and Maintenance	Various	Travel, freight, telecommunication, professional & specialized services, rental, vehicle repair and utilities assumed as either \$ per FTE or % of base salary based on historical cost from RCMP's Multi-Year Financial Plan (Exhibit 9).
Equipment and Asset	\$8,338 per FTE	The average of the past two years (20/21 and 21/22) and projections (22/23 to 26/27) applied given the plan to invest in equipment e.g. body-worn cameras, extended range impact weapon (ERIW) and stiff increase in the projection period from RCMP's Multi-Year Financial Plan (Exhibit 9).
Division Administration	\$35,321 per FTE	\$ per FTE applied for all officers as advised by the Ministry.
Federal Cost Share Amount	10% of the total cost	10% of the total cost paid by the Federal Government as per the MPSA.

Note. For details, please refer to Appendix B

## RCMP Cost Projection

Assumes a steady state RCMP unit with 734 sworn officers; modeled using RCMP pay and rank scale along with financials from RCMP Surrey's Multi-Year Financial Plan; Direct consultation with RCMP could alter these results.

Cost (in C\$)	RCMP at 734				
	2023	2024	2025	2026	2027
<b>Costs</b>					
<b>Staffing Cost</b>	<b>\$ 106,103,302</b>	<b>\$ 118,467,854</b>	<b>\$ 122,350,457</b>	<b>\$ 126,582,961</b>	<b>\$ 130,962,608</b>
Base Salary	76,251,446	85,194,147	88,175,942	91,262,100	94,456,274
Overtime	8,943,311	10,016,177	10,366,743	10,729,579	11,105,114
Overheads	17,627,570	19,656,534	20,295,726	20,956,315	21,639,029
Other staffing costs	3,280,975	3,600,996	3,512,045	3,634,967	3,762,191
<b>Operations and Maintenance costs</b>	<b>\$ 15,305,657</b>	<b>\$ 16,908,741</b>	<b>\$ 17,256,566</b>	<b>\$ 17,611,685</b>	<b>\$ 17,974,256</b>
Transportation & Telecommunication	543,226	606,094	626,238	647,065	668,599
Information	1,051	1,160	1,184	1,207	1,232
Professional & specialized services	10,548,221	11,647,849	11,880,806	12,118,422	12,360,791
Rental	266,570	294,863	301,408	308,107	314,963
Repair & maintenance	1,104,996	1,220,952	1,246,351	1,272,293	1,298,789
Utilities, materials and supplies	2,841,593	3,137,823	3,200,579	3,264,591	3,329,883
<b>Equipment and Asset Costs</b>	<b>\$ 5,766,270</b>	<b>\$ 6,367,390</b>	<b>\$ 6,494,738</b>	<b>\$ 6,624,633</b>	<b>\$ 6,757,126</b>
<b>Division Administration</b>	<b>\$ 24,426,591</b>	<b>\$ 26,973,009</b>	<b>\$ 27,512,469</b>	<b>\$ 28,062,718</b>	<b>\$ 28,623,973</b>
<b>Subsidies and payment</b>	<b>\$ (14,097,003)</b>	<b>\$ (15,808,520)</b>	<b>\$ (16,298,244)</b>	<b>\$ (16,825,021)</b>	<b>\$ (17,368,617)</b>
Federal Cost Share Amount (10%)	(15,160,182)	(16,871,699)	(17,361,423)	(17,888,200)	(18,431,796)
Green timbers	1,063,179	1,063,179	1,063,179	1,063,179	1,063,179
<b>Total Costs</b>	<b>\$ 137,504,817</b>	<b>\$ 152,908,474</b>	<b>\$ 157,315,986</b>	<b>\$ 162,056,976</b>	<b>\$ 166,949,345</b>
<b>FTE</b>	<b>678</b>	<b>734</b>	<b>734</b>	<b>734</b>	<b>734</b>

### Key Observations

- Detailed staffing costs** were able to be identified within RCMP Surrey Multi-Year Financial Plan and publicly available information. This allowed for detailed analysis regarding **rank distributions and associated staffing costs** to be determined leading to a \$122M cost in 2025 with 734 sworn officers.
  - Operations and Maintenance costs** were completed by historical cost information provided in RCMP Surrey Multi-Year Financial Plan.
  - Equipment and Asset costs** were derived from RCMP Surrey Multi-Year Financial Plan.
  - Division Administration** was calculated based on a set **\$ per FTE** as provided by the Ministry.
  - Federal Cost Share Amount** was calculated as **10% of the total cost** as per the MPSA.
  - Green timbers cost** was applied as stated in the City of Surrey report and RCMP Surrey Multi-Year Financial Plan.
- Additional detailed information regarding the costs and their sources is contained in the Appendix.



## Implementation and Sunk Cost Analysis under RCMP retention scenario

Implementation cost includes mainly severance cost and salaries and benefits of SPS Operational Officers during the demobilization period while sunk cost includes all of the costs based on the historical staffing and SPS costing assumptions.

Implementation and Sunk Costs with the potential end of SPS		
Summary (C\$)	SPS Estimates (as of Oct-22) <sup>1</sup>	Deloitte
<b>Implementation cost</b>		
Severance cost	81,500,000	61,670,450
16 week notice group termination cost	13,600,000	10,858,247
Sub total for severance costs	\$ 95,100,000	\$ 72,528,697
Salaries and benefits during the demobilization	-	21,963,516
<b>Sub total for implementation cost</b>	<b>\$ 95,100,000</b>	<b>\$ 94,492,213</b>
<b>Sunk cost (incurred by SPS)</b>		
Salaries and benefits based on historical staffing	45,100,000	41,273,137
IT systems	16,800,000	-*
Recruitment, assessment and training	5,400,000	2,620,344
Armory, personal issue kits, uniforms, and other specialty equipment	4,800,000	-*
Operating expenses like training, supplies and materials and outsourced services	3,100,000	562,972
Professional services	2,600,000	1,005,437
Human resources	1,500,000	-*
Strategy and policy development	782,000	-*
Estimated expenses from Nov to Dec 22	26,918,000	-*
Insurance	-	13,081
Transfers	-	30,081
Transportation & Telecommunication	-	311,763
Information	-	12,354
Rental	-	6,540
Purchase, Repair & maintenance	-	398,011
Equipment & Fleet	-	2,944,011
Division Administration	-	8,741,171
<b>Sub total for sunk cost</b>	<b>\$ 107,000,000</b>	<b>\$ 57,918,902</b>
<b>Total</b>	<b>\$ 202,100,000</b>	<b>\$ 152,411,115</b>

1. Source of SPS Estimates is Exhibit #2  
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### Key Observations

- 1. Implementation cost** assumes 9-month severance for 80 unionized officers assumed to join RCMP and 18-month severance for 235 officers assumed not to join RCMP. The severance cost includes 15% of base salary too as per the Letter of Understanding between SPB and SPU.
- Assumed **group termination costs must be incurred**, as the notice period cutoff was March 1, 2023, if the transition is planned to occur on July 1, 2023.
- Salaries and benefits during the demobilization (18-month) assumed 120 SPS Operational Officers** who would not join RCMP after all.
- Any other implementation cost** e.g. financial obligations of cancelled contracts with SPS's third parties, the cost of decommissioning the SPS union and any litigation costs that may result from a decision to cease the SPS transition needs to be further considered.
- Sunk cost** was calculated based on historical staffing estimates and SPS costing assumptions.

**Note\*:** This analysis does not include consultations related to IT systems costs; Armory, personal issue kits, uniforms / other specialty equipment; Human resources; Strategy and policy development, and Estimated expenses from Nov to Dec-22 which could impact the conclusion of this analysis.

**The values identified in this costing analysis do not include consultation and vetting of the cost items identified above.**

# Scenario 2

## Surrey Police Services (SPS) Transition



## SPS Scenario Overview

Assumes a steady state SPS unit with 734 sworn officers as well as 900 sworn officers; modeled using SPS pay scale and financial statistics from a comparable police service (Vancouver Police Department).

### SPS Scenario

- Under this scenario, the **City of Surrey would deploy the SPS as the Police of Jurisdiction** and would wind down the existing RCMP service.
- The transition to SPS was assumed to recommence on July 1, 2023 and would continue for a duration of 26 months until reaching 734 sworn officers (38 months for 900 officers).

### Key scenario assumptions

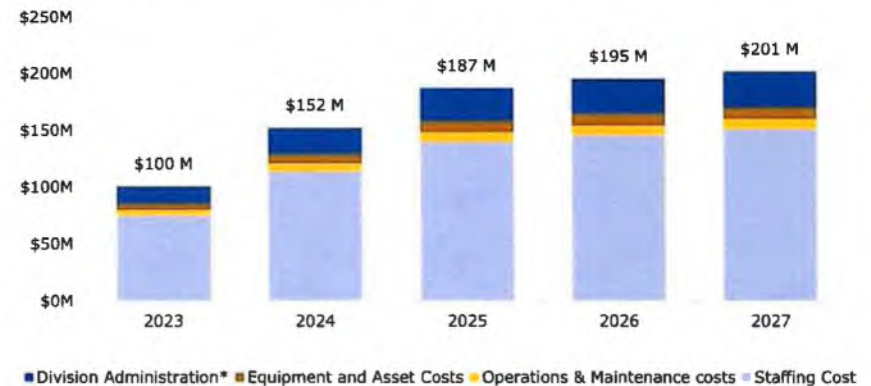
- Assumed that **SPS would employ a similar rank distribution as per the Authorized Strength** at 900 officers (Exhibit 5) to enable 734 sworn officers as well as 900 sworn officers.
  - All officers under the SPS were assigned salaries and benefits according to the existing SPS pay scale and rank distribution.
- **One-time start up expenses were not considered** as part of this costing analysis.
- Costs for Integrated Teams, soft / hard vacancies, and attritions were excluded (assumed to be the same for all scenarios).
- Estimated SPS ongoing risk and claims costs were excluded due to the lack of supporting data for this analysis.
- The projected operating costs include only SPS and are not inclusive of any RCMP costs, although there would be a dual-policing model until 734 sworn officers are reached in 2025.

**Note. Division administration** is used in this context to provide a like-comparison to RCMP, however, the composition and makeup of Division Administration differ for the SPS and RCMP.



## Projected Operating Costs

### SPS Costs at 734 Sworn Officers



- SPS is forecasted to reach **734 sworn officers by the year 2025** with a **total cost of \$187M.**
- SPS is forecasted to reach **900 sworn officers by the year 2026** with a **total cost of \$237M.**
- The foundation of the costing analysis was sourced from information provided in **submitted SPS reports, publicly available Financial Updates from the SPS** and financial statistics from a **comparable police service (Vancouver Police Department).**

## SPS Assumption Summary

Historical cost data from Surrey’s Police Service Financial Update or supplemented by VPD’s financials was mainly utilized to estimate relevant costs by using either base salary or headcount information.

General	Value Assumed	Rationale
Inflation for operating costs excl. salary	2.0%	Applied to operating costs based on Bank of Canada projection from 2023 onwards.
Inflation for base salary	3.5%	Applied to salaries based on the Ministry’s feedback from 2023 onwards.
Rank Distributions	Various	SPS had provided targeted rank distributions at a proposed strength of 900 in their Supplementary POJ Submission (Exhibit 5). These rank distributions were then applied to the 734 number and used to inform the hiring plan.
Base salary	Various	Values were derived from the publicly posted 2023 SPS sworn member salary documents (Exhibit 15). Chief and Deputy Chief salaries were extracted from a publicly published news article (Exhibit 16) and adjusted for inflation and comparable pay increases across other SPS Officer Ranks.
<b>Cost assumptions</b>		
Operations and Maintenance*	Various	Values were derived from the SPS FY2022 Financial Update (Exhibit 14) and VPD Financial Statement Review (Exhibit 17). These supplements were then prorated to the SPS Costing model on a \$ per FTE basis. As detailed financial information was not provided or identified for the SPS, these supplements were used in agreement with the Ministry. VPD was used as a supplement due to its geographic and scale similarities to the presumed SPS.  Further detail of specific costs and their sources is provided in the appendix.
Equipment and Asset*	\$12,860 per FTE	Similar to the above, this value was derived from VPD Financial Statement Review (Exhibit 17) and was used as a supplement in agreement with the Ministry.
Division Administration	30% of base salary	Similar to the above, this value was derived from VPD Financial Statement Review (Exhibit 17) as per the guidance provided from the Ministry and comparability to the SPS. Division administration is used in this context to provide a like-comparison to RCMP, however, the composition and makeup of Division Administration differ for the SPS and RCMP.

Note. For details, please refer to the appendix

\*As outlined in Cost Considerations, The values identified in this costing analysis do not include consultation and vetting of the cost items identified above.

## SPS Cost Projection – 734 sworn officers

Assumes a steady state of 734 sworn officers; modeled using SPS pay and rank scale along with financials supplemented from SPS' publicly available financial update for FY 2022 and VPD's Financial Review.

Cost (in C\$)	SPS at 734				
	2023	2024	2025	2026	2027
<b>Costs</b>					
<b>Staffing Cost</b>	<b>\$ 75,189,273</b>	<b>\$ 113,827,525</b>	<b>\$ 139,804,197</b>	<b>\$ 145,892,199</b>	<b>\$ 150,988,612</b>
Base Salary	51,631,724	78,505,437	96,549,091	102,033,199	105,604,361
Overtime	5,588,030	8,772,050	10,931,608	11,569,143	11,974,063
Overheads	15,937,946	24,306,486	29,931,083	31,635,607	32,742,854
Other staffing costs	2,031,574	2,243,553	2,392,414	654,249	667,334
<b>Operations and Maintenance costs</b>	<b>\$ 4,320,353</b>	<b>\$ 6,530,500</b>	<b>\$ 7,950,007</b>	<b>\$ 8,109,008</b>	<b>\$ 8,271,188</b>
Transportation & Telecommunication	576,494	871,409	1,060,824	1,082,040	1,103,681
Information	22,845	34,531	42,037	42,878	43,736
Professional & specialized services	1,896,383	2,866,508	3,489,589	3,559,381	3,630,568
Rental	12,094	18,281	22,255	22,700	23,154
Repair & maintenance	750,700	1,134,733	1,381,385	1,409,013	1,437,193
Utilities, materials and supplies	1,061,837	1,605,037	1,953,917	1,992,995	2,032,855
<b>Equipment and Asset Costs</b>	<b>\$ 5,443,901</b>	<b>\$ 8,228,818</b>	<b>\$ 10,017,482</b>	<b>\$ 10,217,831</b>	<b>\$ 10,422,188</b>
<b>Division Administration</b>	<b>\$ 15,489,517</b>	<b>\$ 23,551,631</b>	<b>\$ 28,964,727</b>	<b>\$ 30,609,960</b>	<b>\$ 31,681,308</b>
<b>Subsidies and payment</b>	-	-	-	-	-
Federal Cost Share Amount at 10%	-	-	-	-	-
Green timbers	-	-	-	-	-
<b>Total Costs</b>	<b>\$ 100,443,045</b>	<b>\$ 152,138,474</b>	<b>\$ 186,736,413</b>	<b>\$ 194,828,998</b>	<b>\$ 201,363,296</b>
<b>FTE</b>	<b>415</b>	<b>615</b>	<b>734</b>	<b>734</b>	<b>734</b>

### Key Observations

- Detailed staffing costs** were able to be identified within the SPS report submissions and publicly available information. This allowed for detailed analysis regarding **rank distributions and associated salary costs** to be determined leading to a \$156M cost once operational at 734 officers.
  - Operations and Maintenance costs** were supplemented by information provided in the **SPS Financial Update** submission and a **VPD financial review** submission.
  - Equipment and Asset costs** were derived from **VPD financial review submission**.
  - Division Administration** was calculated based on a set **% of base salary** as provided by the Ministry.
  - The primary drivers of the **total cost increase from 2026 to 2027** are inflation and pay increases.
- Additional detailed information regarding the costs and their sources is contained in the Appendix.

## SPS Cost Projection – 900 sworn officers

Assumes a steady state of 900 sworn officers; modeled using SPS pay and rank scale along with financials supplemented from SPS' publicly available financial update for FY 2022 and VPD's Financial Review.

Cost (in C\$)	SPS at 900				
	2023	2024	2025	2026	2027
<b>Costs</b>					
<b>Staffing Cost</b>	<b>\$ 75,095,443</b>	<b>\$ 114,806,643</b>	<b>\$ 156,405,023</b>	<b>\$ 177,458,874</b>	<b>\$ 184,931,720</b>
Base Salary	51,546,024	79,253,268	108,192,925	122,823,049	129,300,417
Overtime	5,600,571	8,789,357	12,216,889	13,957,751	14,710,124
Overheads	15,917,274	24,520,466	33,532,011	38,089,847	40,102,921
Other staffing costs	2,031,574	2,243,553	2,463,198	2,588,226	818,257
<b>Operations and Maintenance costs</b>	<b>\$ 4,320,353</b>	<b>\$ 6,530,500</b>	<b>\$ 8,827,324</b>	<b>\$ 9,942,925</b>	<b>\$ 10,141,783</b>
Transportation & Telecommunication	576,494	871,409	1,177,890	1,326,753	1,353,288
Information	22,845	34,531	46,676	52,575	53,627
Professional & specialized services	1,896,383	2,866,508	3,874,680	4,364,363	4,451,650
Rental	12,094	18,281	24,711	27,834	28,391
Repair & maintenance	750,700	1,134,733	1,533,827	1,727,673	1,762,226
Utilities, materials and supplies	1,061,837	1,605,037	2,169,540	2,443,727	2,492,602
<b>Equipment and Asset Costs</b>	<b>\$ 5,443,901</b>	<b>\$ 8,228,818</b>	<b>\$ 11,122,953</b>	<b>\$ 12,528,676</b>	<b>\$ 12,779,250</b>
<b>Division Administration</b>	<b>\$ 15,463,807</b>	<b>\$ 23,775,980</b>	<b>\$ 32,457,878</b>	<b>\$ 36,846,915</b>	<b>\$ 38,790,125</b>
<b>Subsidies and payment</b>	-	-	-	-	-
Federal Cost Share Amount at 10%	-	-	-	-	-
Green timbers	-	-	-	-	-
<b>Total Costs</b>	<b>\$ 100,323,505</b>	<b>\$ 153,341,941</b>	<b>\$ 208,813,178</b>	<b>\$ 236,777,390</b>	<b>\$ 246,642,878</b>
<b>FTE</b>	<b>415</b>	<b>615</b>	<b>815</b>	<b>900</b>	<b>900</b>

### Key Observations

- Detailed staffing costs** were able to be identified within the SPS report submissions and publicly available information. This allowed for detailed analysis regarding **rank distributions and associated salary costs** to be determined leading to a \$236M cost once operational at 900 officers.
- Operations and Maintenance** costs were supplemented by information provided in the **SPS Financial Update** submission and a **VPD financial review** submission.
- Equipment and Asset costs** were derived from **VPD financial review submission**.
- Division Administration** was calculated based on a set **% of base salary** as provided by the Ministry.
- The primary drivers of the **total cost increase from 2026 to 2027** are inflation and pay increases.

Additional detailed information regarding the costs and their sources is contained in the Appendix.

## SPS Detailed Cost Considerations

Consultations with SPS did not take place to confirm the identified costs below.

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### # Data Limitation for SPS

Detail of SPS's @ 734 FTE costing analysis provided in their SPS report submission (Exhibit 2) which appears to be based on the cost categories in RCMP MYFP (Exhibit 9) for applicable items:

- |          |  |  |
|----------|--|--|
| <b>1</b> | <ul style="list-style-type: none"><li>• Transport &amp; Telecom</li><li>• Information</li><li>• Professional &amp; Spec SVCS</li><li>• Rentals</li></ul> | <ul style="list-style-type: none"><li>• Purchase, Repair &amp; Maintenance</li><li>• UTIL, Material &amp; Supplies</li><li>• Mach &amp; Equipment</li><li>• Other Subsidies &amp; Payments</li></ul> |
|----------|--|--|

Details as to the costs outlined in the SPS financial update (Exhibit 14) or Provisional 2023 Budget Information:

- |          |   |   |
|----------|---|---|
| <b>2</b> | <ul style="list-style-type: none"><li>• Supplies and materials</li><li>• JIBC Recruit Training</li><li>• Communications related expenses</li><li>• Training</li><li>• Outsourced services</li><li>• Insurance</li></ul> | <ul style="list-style-type: none"><li>• Publications and reference materials</li><li>• Memberships and professional dues</li><li>• Travel expenses</li><li>• Recruiting activities/events</li><li>• For lease and rentals</li></ul> |
|----------|---|---|

**3** Details of all software & IT operating costs (e.g. PRIME-BC records management software).

**4** Any other implementation cost e.g. financial obligations of canceled contracts with RCMP's third parties.

Details of Equipment and Asset Costs including:

- |          |  |
|----------|--|
| <b>5</b> | <ul style="list-style-type: none"><li>• Potential blended costs with the municipality such as fuel, utilities for buildings, rent, applicable fleet costs, building maintenance, and other administrative roles (and salaries) supporting the SPS.</li><li>• Specialized equipment costs such as emergency response team equipment, tactical team equipment, etc.</li><li>• Specialized space costs such as exhibit storage, cell blocks, etc.</li><li>• Detailed costs for helicopter support, tactical armored vehicles, and other potential vehicles used in supporting public safety for the municipality.</li></ul> |
|----------|--|

**6** The foundation of the following costing analysis for SPS was sourced from information provided in submitted SPS reports, publicly available Financial Updates from the SPS and financial statistics from a comparable police service (Vancouver Police Department).

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**The values identified in this costing analysis do not include consultation and vetting of the cost items identified above.**

## SPS MPSA Cost Impact

These figures were derived from VPD financials and therefore are fundamentally approximations and not representative of SPS' true cost impacts from the credit items outlined in MPSA.

### Summary



**Under MPSA, RCMP had several financial costs which could be credited by the Federal Government in addition to the 10% federal subsidy they obtain for providing municipal police services.**



**These additional credit items contained the following<sup>1</sup>:**

- Maternity/Parental Leave
- Transfer Costs
- Legal Services for indemnifications (as advised by the Ministry)



**The SPS financial information obtained for this costing analysis did not contain detailed information pertaining to each of these specific cost items. Supplemental costing information from VPD financials (exhibit 17) was identified as per the below:**

- In the costing model some line items (Legal Fees/Transfer Costs) were supplemented to the SPS model from VPD:
  - Transfers: \$102k at 734 FTE (2025)
  - Legal fees: \$994k<sup>2</sup> at 734 FTE (2025)



**However, these figures were derived from VPD supplement and therefore are approximations and may not approximate SPS' cost impacts from the credit items outlined in the MPSA.**

1. Sourced from RCMP MYFP 2023-2027 (Exhibit 9)

2. Based on a value of \$1355/FTE (factoring inflation) from the VPD Financials (Exhibit 17)



# Cost Comparison

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## RCMP vs SPS Cost Comparison

Assuming at 734 sworn officers in 2025 for both RCMP and SPS (Scenario 1 & 2a respectively) there is an overall cost difference of \$30M (19%) primarily driven by staffing costs.

### Key Observations

- **At 734 sworn officers in 2025, the cost difference of \$30M (19%)** is primarily driven by staffing costs, in particular **base salaries**; **SPS reportedly pays their staff higher salaries across all ranks** (ranging from a projected 4% to 36% difference across all ranks in 2025).
- **In 2026 at 900 sworn officers for SPS** once fully operational, **total costs equate to \$237M with the cost difference of \$75M (46%) compared to RCMP** at 734 officers. This is driven by the **additional 166 SPS officers and higher overall base salary rate** for SPS.
- The costs outlined below represent steady-state operational costs and do not include one-time transition costs, implementation cost, and sunk cost.
- Further cost increases once fully operational are due to inflation (2.0% for other operating costs and 3.5% for salary).
- The Federal subsidy (at 10%) represents \$17M - \$18M of cost per year for RCMP for 2025-2027 respectively.

### Cost Comparison Across the Three Scenarios



Note. For the details of the costing analysis, please see the scenario analysis in the next sections

## RCMP vs SPS Cost Comparison

Once fully operational at 734 sworn officers in 2025 for RCMP and SPS (Scenario 1 & 2a respectively) there is an overall cost difference of \$30M primarily driven by staffing costs but \$75M when compared to Scenario 2b (900 sworn officers for SPS).

Year	Year 2025			Year 2026		
	RCMP for 734	SPS for 734	Difference	RCMP for 734	SPS for 900	Difference
<b>Summary (C\$)</b>						
<b>Staffing Cost</b>	<b>\$ 122,350,457</b>	<b>\$ 139,804,197</b>	<b>\$ 17,453,740</b>	<b>\$ 126,582,961</b>	<b>\$ 177,458,874</b>	<b>\$ 50,875,914</b>
Base Salary	88,175,942	96,549,091	8,373,149	91,262,100	122,823,049	31,560,949
Overtime	10,366,743	10,931,608	564,865	10,729,579	13,957,751	3,228,172
Overheads	20,295,726	29,931,083	9,635,357	20,956,315	38,089,847	17,133,532
Other staffing costs	3,512,045	2,392,414	(1,119,631)	3,634,967	2,588,226	(1,046,740)
<b>Operations &amp; Maintenance costs</b>	<b>\$ 17,256,566</b>	<b>\$ 7,950,007</b>	<b>\$ (9,306,559)</b>	<b>\$ 17,611,685</b>	<b>\$ 9,942,925</b>	<b>\$ (7,668,760)</b>
Transportation & Telecommunication	626,238	1,060,824	434,586	647,065	1,326,753	679,688
Information	1,184	42,037	40,854	1,207	52,575	51,368
Professional & specialized services	11,880,806	3,489,589	(8,391,217)	12,118,422	4,364,363	(7,754,059)
Rental	301,408	22,255	(279,153)	308,107	27,834	(280,273)
Repair & maintenance	1,246,351	1,381,385	135,034	1,272,293	1,727,673	455,380
Utilities, materials and supplies	3,200,579	1,953,917	(1,246,662)	3,264,591	2,443,727	(820,864)
<b>Equipment and Asset Costs</b>	<b>\$ 6,494,738</b>	<b>\$ 10,017,482</b>	<b>\$ 3,522,744</b>	<b>\$ 6,624,633</b>	<b>\$ 12,528,676</b>	<b>\$ 5,904,043</b>
<b>Division Administration</b>	<b>\$ 27,512,469</b>	<b>\$ 28,964,727</b>	<b>\$ 1,452,258</b>	<b>\$ 28,062,718</b>	<b>\$ 36,846,915</b>	<b>\$ 8,784,196</b>
<b>Subsidies and payment</b>	<b>\$ (16,298,244)</b>	<b>-</b>	<b>\$ 16,298,244</b>	<b>\$ (16,825,021)</b>	<b>-</b>	<b>\$ 16,825,021</b>
Federal Cost Share Amount at 10%	(17,361,423)	-	17,361,423	(17,888,200)	-	17,888,200
Green timbers	1,063,179	-	(1,063,179)	1,063,179	-	(1,063,179)
<b>Total Costs</b>	<b>\$ 157,315,986</b>	<b>\$ 186,736,413</b>	<b>\$ 29,420,427</b>	<b>\$ 162,056,976</b>	<b>\$ 236,777,390</b>	<b>\$ 74,720,414</b>
FTE	<b>734</b>	<b>734</b>	<b>-</b>	<b>734</b>	<b>900</b>	<b>166</b>

## RCMP Variance Analysis

The variance analysis was conducted to the reported number in SPS POJ status report & Future policing (Exhibit 2).

SPS report vs. Deloitte (C\$)	RCMP FTE @ 734	Deloitte RCMP Model	Difference	% Difference
Personnel: Members	\$ 98,333,69	\$ 98,542,685	\$ 208,994	-
Transportation & Telecommunications Information	\$ 700,547	\$ 626,238	\$ (74,309)	-11%
Information	\$10,700	\$ 1,184	\$ (9,516)	-89%
Professional & Specialized Services	\$ 12,127,110	\$ 11,880,806	\$ (246,304)	-2%
Rentals	\$ 323,630	\$ 301,408	\$ (22,222)	-7%
Purchase, Repair, and Maintenance	\$ 1,020,553	\$ 1,246,351	\$ 225,798	22%
Utilities, Materials and supplies	\$ 3,222,330	\$ 3,200,579	\$ (21,751)	-1%
Machinery & Equipment	\$ 4,860,785	\$ 6,494,738	\$ 1,633,953	34%
Other subsidies & payments	\$ 332,200	-	\$ (332,200)	-100%
<b>Total direct cost</b>	<b>\$ 120,931,546</b>	<b>\$ 122,293,989</b>	<b>\$ 1,362,443</b>	<b>1%</b>
Cost of member pensions and benefits	\$ 20,513,554	\$ 20,295,726	\$ (217,828)	-1%
Cost of administration	\$ 26,520,154	\$ 27,512,469	\$ 992,315	4%
Cost of other indirect charges	\$ 6,057,368	\$3,512,046	\$ (2,545,323)	-42%
<b>Total indirect cost</b>	<b>\$ 53,091,076</b>	<b>\$ 51,320,240</b>	<b>\$ (1,770,836)</b>	<b>-3%</b>
<b>Total costs (Direct + Indirect)</b>	<b>\$ 174,022,622</b>	<b>\$ 173,614,230</b>	<b>\$ (408,392)</b>	<b>-</b>
Federal Cost Share Amount 10%	\$ (17,402,262)	\$ (17,361,423)	\$ 40,839	-
<b>Total before green timbers</b>	<b>\$ 156,620,360</b>	<b>\$ 156,252,807</b>	<b>\$ (367,553)</b>	<b>-</b>
Green timbers	\$ 1,063,179	\$ 1,063,179	-	-
<b>Total cost</b>	<b>\$ 157,683,539</b>	<b>\$ 157,315,986</b>	<b>\$ (367,553)</b>	<b>-</b>

Note. Integrated teams cost excluded

### Key Observations

- 1. Personnel (Salary) and Cost of member pensions and benefits had a difference of \$3.5M.** This is likely due to differences in calculations of overhead and overtime as well as the inclusion of RCMP Cadets training (\$6k/cadet) and assumptions regarding the number of trained cadets per year.
- 2. Machinery & Equipment had a difference of \$1.6M** as the Deloitte analysis incorporated the future projection as per RCMP Surrey's plan to invest into equipment such as body-worn cameras.
- 3. Information, Other subsidies & payments and Other indirect charges from SPS report** were not able to be identified for the purposes of this variance analysis due to missing key detailed financial information from Exhibit 2.

#### Variance Details

- The overall difference in total cost is **\$0.4M (0.2%)** despite some significant variances.
- Further information and analysis could be considered** to understand and validate the exact differences in RCMP's cost model.

## SPS Variance Analysis

The variance analysis was conducted to the reported number in SPS POJ status report & Future policing (Exhibit 2).

SPS report vs. Deloitte (C\$)	SPS FTE @ 734	Deloitte SPS Model @ 734	Difference	% Difference
Personnel: Members	\$ 101,468,434	\$ 109,873,113	\$ 8,404,679	8%
Transportation & Telecommunications Information	\$ 1,003,452	\$ 1,060,824	\$ 57,372	6%
	\$ 67,695	\$ 42,037	\$ (25,658)	-38%
Professional & Specialized Services	\$ 18,453,687	\$ 3,489,589	\$ (14,964,098)	-81%
Rentals	\$ 217,299	\$ 22,255	\$ (195,044)	-90%
Purchase, Repair, and Maintenance	\$ 1,356,891	\$ 1,381,385	\$ 24,494	2%
Utilities, Materials and supplies	\$ 4,218,079	\$ 1,953,917	\$ (2,264,162)	-54%
Machinery & Equipment	\$ 4,472,290	\$ 10,017,482	\$ 5,545,192	124%
Other subsidies & payments	\$ 400,000	-	\$ (400,000)	-100%
<b>Total direct cost</b>	<b>\$ 131,657,827</b>	<b>\$ 127,840,602</b>	<b>\$ (3,817,225)</b>	<b>-3%</b>
Cost of member pensions and benefits	\$ 30,435,139	\$ 29,931,083	\$ (504,056)	-2%
Cost of administration	\$ 11,800,097	\$ 28,964,727	\$ 17,164,630	145%
Cost of other indirect charges	\$ 2,041,605	-	\$ (2,041,605)	-100%
<b>Total indirect cost</b>	<b>\$ 44,276,841</b>	<b>\$ 58,895,811</b>	<b>\$ 14,618,970</b>	<b>33%</b>
<b>Total cost</b>	<b>\$ 175,934,668</b>	<b>\$ 186,736,413</b>	<b>\$ 10,801,745</b>	<b>6%</b>

Note.

- Integrated teams cost excluded, Facilities included in Purchase, Repair and Maintenance.
- Cost of administration in Deloitte analysis is used in this context to provide a like-comparison to RCMP, however, the composition and makeup of Division Administration differ for the SPS and RCMP.

### Variance Details

- The overall difference in total cost is **\$10.8M (6%)** despite some significant variances.
- **Further information and analysis would be required** to understand and validate the exact differences in SPS' cost model.

### Key Observations

- 1. Personnel (Salary)** had a difference of \$8.4M. This is likely due to differences in calculations of **overhead and overtime** as well as the inclusion of **JIBC training costs** (\$30k per cadet) and assumptions regarding the number of trained cadets per year.
- 2. Professional & Specialized Services** had a difference of \$(14.9M). VPD's Professional Fees were supplemented at a cost per FTE basis to calculate the \$3.4M. **Further information would be required** to have a better understanding of SPS' \$18.4M figure.
- 3. Machinery & Equipment** had a difference of \$5.5M. Fleet and equipment costs were supplemented from VPD's **financial review update** which is representative of fully matured municipal police services' costs.
- 4. Other subsidies & payments and other indirect charges** were not able to be identified for the purposes of this variance analysis due to **missing key detailed financial information**.

## RCMP vs SPS Key Takeaways

Based on the information provided by the Ministry, the analysis shows that retaining SPS appears to be more costly primarily due to staffing costs and the federal subsidy. The values identified in this costing analysis do not include consultation and vetting of specific cost items as identified.

### KEY TAKEAWAYS

- Based on inputs provided by the Ministry and publicly available documentation, this costing analysis shows that retaining SPS appears to be the more costly for the City. The primary drivers of this are the staffing costs due to the inherent higher salary ranges for SPS across all ranks, as well as the 10% subsidy provided to RCMP.
- It was not within the scope of Deloitte's review to speak to RCMP and SPS. As it relates to the SPS financial information provided, our analysis utilized limited financial information provided by the Ministry, which was high-level in nature. If this analysis explored service delivery levels, outcomes of each, and operating models, it may also draw different conclusions.



### Next Steps



#### Conduct interviews with key constituents (RCMP, SPS and the City)

- Further understand how they categorize costs;
- Obtain assumptions they made in their analysis; and
- Validate insights into key considerations in differences in costing models.



#### Analyze Further Detailed Cost Breakdowns

- Conduct a further in-depth analysis into the cost for the scenarios, noting the detailed costs that SPS and RCMP included in their high-level cost analysis.



#### Conduct Needs and Business Analysis

- If required, investigate the difference between SPS and RCMP Operating Models including skill gaps.
- Beyond costing and financial analysis, consider qualitative factors and implementation considerations.

**Further discussions with RCMP and SPS and additional detailed information, may elicit additional insight which may impact the conclusion of the costing model Deloitte has developed.**

# Appendices

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# Appendix A

## Detailed RCMP Assumptions





## RCMP Retention Assumption Summary

Various documents were reviewed to derive assumptions, which were then validated with the Ministry.

#	Assumption – General	Value Assumed	Source	Rationale
1.00	Inflation for operating costs excl. salaries	2.0%	Bank of Canada	• Applied to operating costs for year-on-year increase.
1.01	Inflation for base salary	3.5%	Ministry Guidance	• Applied to salaries for year-on-year increase.
1.02	Implementation start-date	July 1 2023	Ministry Guidance	• 60-day period following approval of the implementation plan at the end of April 2023.
1.03	Demobilization period	18 months	Exhibit 4	• The transition period from the implementation start date as stated by RCMP.
1.04	Target number of sworn officers	734 officers	Exhibit 3	• Minimum target officers for a steady state as stated by the City.

#	Assumption – Staffing	Value Assumed	Source	Rationale
2.00	Current staffing	573 officers	Exhibit 3	The City's estimated current staffing number applied.
2.01	Rank distribution for current and target staffing	-	Exhibit 9	The distribution for 582 officers applied to current and target staffing.
2.02	Hiring plan	161 officers	Exhibit 4	Candidate pool and target hiring number applied (See Table 1).

**Table 1. RCMP Hiring plan**

Candidate pool	2023 (FTE)	2024 (FTE)
SPS Operational	50	10
SPS Non-Operational	10	2
SPS Recruits	8	-
RCMP Cadets	37	30
Other EPOs	-	14
<b>Sub total</b>	<b>105</b>	<b>56</b>

## RCMP Retention Assumption Summary

Historical cost data from RCMP Surrey Multi-Year Financial Plan was mainly utilized to estimate the relevant costs by using either base salary or headcount information.

#	Assumption – Staffing	Value Assumed	Source	Rationale
2.03	Base salary	734 officers	Exhibit 20	<ul style="list-style-type: none"> <li>Publicly published 2022 RCMP rates as per Exhibit 20.</li> <li>The highest rates within the same rank applied for RCMP officers.</li> <li>Average of RCMP constable salary applied for SPS officers as advised by the Ministry (lower rank officers likely to be retained).</li> <li>Average of RCMP corporal salary applied for other EPOs.</li> </ul>
2.04	Overtime	12.1% of base salary	Exhibit 9	<ul style="list-style-type: none"> <li>The average of the past two years (20/21 and 21/22) applied for non-commissioned officers only.</li> </ul>
2.05	Member pension	19.1% of base salary	Exhibit 9	<ul style="list-style-type: none"> <li>The average of the past two years (20/21 and 21/22).</li> </ul>
2.06	Member CPP	\$3,199 per FTE	Exhibit 9	<ul style="list-style-type: none"> <li>The average of the past two years (20/21 and 21/22).</li> </ul>
2.07	Employer contribution	\$1,601 per FTE	Exhibit 9	<ul style="list-style-type: none"> <li>The average of the past two years (20/21 and 21/22).</li> </ul>
2.08	Service pay	2.34% of base salary	Exhibit 9	<ul style="list-style-type: none"> <li>The average of the past two years (20/21 and 21/22) applied for non-commissioned officers only.</li> </ul>
2.09	Shift differential pay	1.76% of base salary	Exhibit 9	<ul style="list-style-type: none"> <li>The average of the past two years (20/21 and 21/22) applied for non-commissioned officers only.</li> </ul>
2.10	Leave including excess leave, maternity leave, and paternity leave	Nil applied	N/A	<ul style="list-style-type: none"> <li>The target headcount of 734 does not assume soft or hard vacancies.</li> </ul>
2.11	Transfer cost	Nil applied	Exhibit 9	<ul style="list-style-type: none"> <li>100% credit from the Federal government assumed and therefore not included in this costing analysis as per the MPSA and MYFP (Exhibit 9).</li> </ul>
2.12	Recruitment & Training (Nat'l Programs) for RCMP Cadets	\$6,788 per FTE	Exhibit 9	<ul style="list-style-type: none"> <li>The estimated cadets training/recruiting (\$5,102+\$1,153) applied.</li> </ul>
2.13	Recruitment & Training (Nat'l Programs) for SPS Recruits	Nil applied	The Ministry	<ul style="list-style-type: none"> <li>SPS Recruits are those with training completed.</li> </ul>

## RCMP Retention Assumption Summary

Historical cost data from RCMP Surrey Multi-Year Financial Plan was mainly utilized to estimate the relevant costs by using either base salary or headcount information.

#	Assumption – Operations and maintenance	Value Assumed	Source	Rationale
3.00	Travel	0.63% of base salary	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.01	Freight, postage etc	\$69 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.02	Telecommunication	\$25 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.03	Information	\$2 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.04	Professional & specialized services	\$15,253 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22) and projections (22/23 to 26/27) given the stiff increase in the projection period.
3.05	Rental – Land, building and works	0.05% of base salary	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.06	Rental – Computer	\$168 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.07	Rental - Other	\$161 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.08	Vehicle repair	\$1,513 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.09	Other repair	0.08% of base salary	Exhibit 9	• The average of the past two years (20/21 and 21/22).
3.10	Utilities, materials and supplies incl. fuel, stationary	\$4,109 per FTE	Exhibit 9	• The average of the past two years (20/21 and 21/22).

## RCMP Retention Assumption Summary

Historical cost data from RCMP Surrey Multi-Year Financial Plan was mainly utilized to estimate the relevant costs by using either base salary or headcount information.

#	Assumption – Equipment and assets	Value Assumed	Source	Rationale
4.00	Machinery and equipment	\$8,338 per FTE	Exhibit 9	<ul style="list-style-type: none"> <li>The average of the past two years (20/21 and 21/22) and projections (22/23 to 26/27) applied given the plan to invest in equipment e.g. body-worn cameras, extended range impact weapon (ERIW) and stiff increase in the projection period.</li> </ul>

#	Assumption – Administration cost	Value Assumed	Source	Rationale
5.00	Division Administration	\$35,321 per FTE	Ministry Guidance	<ul style="list-style-type: none"> <li>\$ per FTE applied for all officers.</li> </ul>

#	Assumption – Subsidies and payment	Value Assumed	Source	Rationale
6.00	Federal Cost Share Amount	10% of total cost	Exhibit 9	<ul style="list-style-type: none"> <li>10% of the total cost applied as subsidies from the Federal Government per the MPSA.</li> </ul>
6.01	Green timbers	1,063,179	Exhibit 9	<ul style="list-style-type: none"> <li>The fixed amount applied.</li> </ul>

## RCMP Retention Assumption Summary

Implementation costs mainly comprise of severance cost and salaries and benefits during the demobilization period; More data is required to analyze other implementation costs.

#	Assumption – Implementation	Value Assumed	Source	Rationale
7.00	Notice serving date	July 1 2023	Ministry Guidance	• Termination notice will be served on the implementation start date after 60- day planning period.
7.01	Number of SPS officers not joining RCMP	235 officers	Exhibit 4	• From 315 SPS officers, 235 officers assumed not to join RCMP.
7.02	Number of SPS officers joining RCMP	80 officers	Exhibit 4	• From 315 SPS officers, 80 officers assumed to join RCMP.
7.03	Rank distribution for SPS officers	315 officers	Exhibit 5	• Existing distribution for 900 sworn SPS officers was provided in the report. Rank distribution was then applied to 315 officers.
7.04	Severance cost for SPS officers not joining RCMP	18 months of base salary and 15% benefits	Exhibit 4	• As stated in the letter.
7.05	Severance cost for SPS officers joining RCMP	9 months of base salary and 15% benefits	Exhibit 4	• As stated in the letter.
7.06	Group termination premium	16 weeks	Employment Standards Act	• As stated in Section 16.
7.07	Salaries and benefits during the demobilization period	120 Operational officers	Exhibit 4	• SPS Demobilization plan applied for those officers assumed not to join RCMP over 18-month transition period.

## RCMP Retention Assumption Summary

The same assumptions from the SPS scenario were applied to estimate the sunk cost for SPS for the period of November 21 to April 23, however, such costs as IT could not be validated due to the lack of supporting data.

#	Assumption – Sunk costs	Value Assumed	Source	Rationale
8.00	Historical staffing	50 officers as of Dec-21 190 officers as of Dec-22 315 officers as of Apr-23	Exhibit 19	<ul style="list-style-type: none"> <li>The deployment target for the period of Nov-21 to Apr-23 used to estimate the historical staffing from current staffing of 315 officers.</li> </ul>
8.01	Base salary	Various	Exhibit 15 & 16	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions but discounted by annual inflation (3.5%) to estimate the base salary in 2021 and 2022.</li> </ul>
8.02	Overtime	12.1% of base salary	Exhibit 9	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions, RCMP rates applied.</li> </ul>
8.03	Overhead	31.21% and 28% of base salary for Unionized and Exempt officers	Exhibits 2	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions, % applied over base salary.</li> </ul>
8.04	Justice Institute of British Columbia (JIBC) Training Cost	\$30,000 per FTE	Exhibit 2 Ministry Guidance	<ul style="list-style-type: none"> <li>The number of officers for JIBC training assumed to be 55 per year.</li> </ul>
8.05	Training	\$635 per FTE	Exhibit 14	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions, the value was directly derived from SPS' financials.</li> </ul>
8.06	Insurance	\$57 per FTE	Exhibit 14	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions, the value was directly derived from SPS' financials.</li> </ul>
8.07	Transfer	\$131 per FTE	Exhibit 17	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions, the value was directly derived from VPD's financials.</li> </ul>
8.08	Travel	\$629 per FTE	Exhibit 14	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions, the value was directly derived from SPS' financials.</li> </ul>
8.09	Communication Related Expenses	\$733 per FTE	Exhibit 14	<ul style="list-style-type: none"> <li>As defined in SPS Assumptions, the value was directly derived from SPS' financials.</li> </ul>

## RCMP Retention Assumption Summary

The same assumptions from the SPS scenario were applied to estimate the sunk cost for SPS for the period of November 21 to April 23, however, such costs as IT could not be validated due to the lack of supporting data.

#	Assumption – Sunk costs	Value Assumed	Source	Rationale
8.10	Information	\$54 per FTE	Exhibit 14	• As defined in SPS Assumptions, the value was directly derived from SPS' financials.
8.11	Professional Fees	\$4,392 per FTE	Exhibit 17	• As defined in SPS Assumptions, the value was directly derived from VPD's financials.
8.12	Lease and Rentals	\$29 per FTE	Exhibit 14	• As defined in SPS Assumptions, the value was directly derived from SPS' financials.
8.13	Facilities and Maintenance	\$1,738 per FTE	Exhibit 17	• As defined in SPS Assumptions, the value was directly derived from VPD's financials.
8.14	Supplies and Materials	\$2,459 per FTE	Exhibit 17	• As defined in SPS Assumptions, the value was directly derived from VPD's financials.
8.15	Equipment and Fleet	\$12,860 per FTE	Exhibit 17	• As defined in SPS Assumptions, the value was directly derived from VPD's financials.
8.16	Division Administration	30% of base salary	VPD (The Ministry)	• As defined in SPS Assumptions, the value was directly derived from VPD's financials.

## RCMP Hiring Plan – Key Assumptions

Staffing plan	Units	Current	2023	2024	2025	2026	2027	Total
<b>Hiring plan</b>								
SPS Operational	FTE	-	50	10	-	-	-	60
SPS Non-Operational	FTE	-	10	2	-	-	-	12
SPS Recruits	FTE	-	8	-	-	-	-	8
RCMP Cadets	FTE	-	37	30	-	-	-	67
Other EPOs	FTE	-	-	14	-	-	-	14
<b>Sub total</b>	<b>FTE</b>	<b>-</b>	<b>105</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161</b>
<b>Total staffing</b>								
Spl CST	FTE	-	-	-	-	-	-	-
CST	FTE	372	372	372	372	372	372	372
CPL	FTE	102	102	102	102	102	102	102
SGT	FTE	60	60	60	60	60	60	60
SGT MAJ	FTE	-	-	-	-	-	-	-
S/SGT	FTE	23	23	23	23	23	23	23
S/SGT MAJ	FTE	-	-	-	-	-	-	-
INSP	FTE	9	9	9	9	9	9	9
SUPT	FTE	4	4	4	4	4	4	4
C/SUPT	FTE	2	2	2	2	2	2	2
A/COMM	FTE	1	1	1	1	1	1	1
SPS Operational	FTE	-	50	60	60	60	60	60
SPS Non-Operational	FTE	-	10	12	12	12	12	12
SPS Recruits	FTE	-	8	8	8	8	8	8
RCMP Cadets	FTE	-	37	67	67	67	67	67
Other EPOs	FTE	-	-	14	14	14	14	14
<b>Sub total</b>	<b>FTE</b>	<b>573</b>	<b>678</b>	<b>734</b>	<b>734</b>	<b>734</b>	<b>734</b>	<b>734</b>

### KEY HIRING ASSUMPTIONS



- Rank distribution of RCMP Officer roles was based off the provided distribution at 582 FTE from RCMP Surrey Multi-Year Financial Plan (Exhibit 9) and applied to a 573 officers.
- The hiring cadence for additional 161 officers to reach 734 was determined by RCMP's Restaffing plan.
- This hiring plan assumes each role will be filled as planned.



## RCMP Staffing Costs – Key Assumptions

Cost (in C\$)	RCMP				
	2023	2024	2025	2026	2027
<b>Costs</b>					
<b>Staffing Cost</b>	<b>\$ 106,103,302</b>	<b>\$ 118,467,854</b>	<b>\$ 122,350,457</b>	<b>\$ 126,582,961</b>	<b>\$ 130,962,608</b>
Base Salary	76,251,446	85,194,147	88,175,942	91,262,100	94,456,274
Overtime	8,943,311	10,016,177	10,366,743	10,729,579	11,105,114
Overheads	17,627,570	19,656,534	20,295,726	20,956,315	21,639,029
Other staffing costs	3,280,975	3,600,996	3,512,045	3,634,967	3,762,191

### KEY COST ASSUMPTIONS

- Base salary
  - Base salary information was derived from the publicly posted 2022 RCMP Salary documents (Exhibit 20). A/COMM salary was provided by the Ministry.
  - The highest rates within the same rank applied for RCMP officers.
  - Average of RCMP constable base salary applied for SPS Officers who would join RCMP as advised by the Ministry (lower rank officers likely to be retained).
  - Average of RCMP corporal base salary applied for other EPOs.
- Other staffing costs include Service pay, Shift differential pay and Recruitment & Training (Nat'l Programs).



# Appendix B

## Detailed SPS Assumptions



## SPS Retention Assumption Summary

#	Assumption – General	Value Assumed	Source	Rationale
1.00	Inflation for operating costs excl. salaries	2.0%	Bank of Canada	• Applied to operating costs for year-on-year increase.
1.01	Inflation for base salary	3.5%	Ministry Guidance	• Applied to salaries for year-on-year increase.
1.02	Implementation start-date	July 1 2023	Ministry Guidance	• 60-day period following approval of the implementation plan at the end of April 2023.
1.03	Target number of sworn officers	900 officers	Exhibit 2	• Minimum target officers for a steady state as stated by the City.

#	Assumption – Staffing	Value Assumed	Source	Rationale
2.00	Current staffing	315 officers	Exhibit 3	• Existing staffing numbers was directly derived from the report.
2.01	Rank distribution for current and target staffing	-	Exhibit 5	• Existing distribution for authorized force of 900 sworn SPS officers was provided in the report. Rank distribution was then applied to 734 sworn officers.
2.02	Hiring plan	586 officers	Exhibit 2	• Guidance from the SPS Report and The Ministry indicated that senior ranking roles would be filled first and a limitation of 200 hires per year would be enforced due to the risk of destabilizing the existing police services for Surrey. See Table 1.

**Table 1. SPS Hiring plan at 900 FTE (further details below in the appendix)**

Ranks	2023	2024	2025	2026
Cadets	55	55	55	55
Constable	20	95	107	30
Sergeant	13	38	34	0
Staff Sergeant	5	6	2	0
Inspector	5	5	2	0
Superintendent	1	1	0	0
Deputy Chief	1	0	0	0
Chief	0	0	0	0
<b>Total</b>	<b>100</b>	<b>200</b>	<b>200</b>	<b>85</b>

## SPS Retention Assumption Summary

#	Assumption – Staffing	Value Assumed	Source	Rationale
2.03	Base salary	Various	Exhibit 15 & 16	<ul style="list-style-type: none"> <li>Highest rates were applied for all ranks except for Constable as these values are used in their budgeting, as per guidance from the Ministry.</li> <li>First Class Constable salary was used for the Constable rank as it was deemed to be most representative of the experience range of the presumed SPS Police Service.</li> </ul>
2.04	Overtime	12.1% of base salary	Exhibit 9	<ul style="list-style-type: none"> <li>RCMP rates were applied to ensure a similar comparison between RCMP and SPS, as per guidance from the Ministry.</li> </ul>
2.05	Overhead for unionized sworn officers	31.21% of base salary	Exhibit 2	<ul style="list-style-type: none"> <li>Value was used as represented in the report.</li> <li>“Overhead is calculated based on the regulatory and benefits rates published for 2023 and management estimates. Overhead includes premiums for: pensions, employment insurance, WorkSafeBC, employer health tax, and SPS’ health benefit plans.”</li> </ul>
2.06	Overhead for exempt sworn officers	28% of base salary	Exhibit 2	<ul style="list-style-type: none"> <li>See above.</li> </ul>
2.07	Justice Institute of British Columbia (JIBC) Training Cost	\$30,000 per FTE	Exhibit 2 Ministry Guidance	<ul style="list-style-type: none"> <li>Value was used as represented in the report and confirmed by the Ministry.</li> </ul>
2.08	Training	\$635 per FTE	Exhibit 14	<ul style="list-style-type: none"> <li>Value was prorated on a cost per FTE basis. Value was directly derived from SPS’ financials. A detailed breakdown of this cost was not available as per the document and was unable to be verified.</li> </ul>
2.09	Insurance	\$57 per FTE	Exhibit 14	<ul style="list-style-type: none"> <li>See above.</li> </ul>
2.10	Transfer	\$131 per FTE	Exhibit 17	<ul style="list-style-type: none"> <li>Value was prorated on a cost per FTE basis. VPD was used as a representative comparable police service due to geographic and scale similarities. A detailed breakdown of this cost was not available as per the document and was unable to be verified.</li> </ul>

## SPS Retention Assumption Summary

#	Assumption – Operations and maintenance	Value Assumed	Source	Rationale
3.00	Travel	\$629 per FTE	Exhibit 14	• Value was prorated on a cost per FTE basis. Value was directly derived from SPS' financials. A detailed breakdown of this cost was not available as per the document and was unable to be verified.
3.01	Communication Related Expenses	\$733 per FTE	Exhibit 14	• Value was prorated on a cost per FTE basis. Value was directly derived from SPS' financials. A detailed breakdown of this cost was not available as per the document and was unable to be verified.
3.02	Information	\$54 per FTE	Exhibit 14	• Value was prorated on a cost per FTE basis. Value was directly derived from SPS' financials. A detailed breakdown of this cost was not available as per the document and was unable to be verified.
3.03	Professional Fees	\$4,392 per FTE	Exhibit 17	• Value was prorated on a cost per FTE basis. VPD was used as a representative comparable police service due to geographic and scale similarities. Cost breakdown was limited to "Legal" and "Other" fees. A detailed breakdown of these cost was not available as per the document and was unable to be verified.
3.04	Lease and Rentals	\$29 per FTE	Exhibit 14	• Value was prorated on a cost per FTE basis. Value was directly derived from SPS' financials. A detailed breakdown of this cost was not available as per the document and was unable to be verified.
3.05	Facilities and Maintenance	\$1,738 per FTE	Exhibit 17	• Value was prorated on a cost per FTE basis. VPD was used as a representative comparable police service due to geographic and scale similarities. A detailed breakdown of this cost was not available as per the document and was unable to be verified.
3.06	Supplies and Materials	\$2,459 per FTE	Exhibit 17	• Value was prorated on a cost per FTE basis. VPD was used as a representative comparable police service due to geographic and scale similarities. A detailed breakdown of this cost was not available as per the document and was unable to be verified.

## SPS Retention Assumption Summary

#	Assumption – Equipment and assets	Value Assumed	Source	Rationale
4.00	Equipment and Fleet	\$12,860 per FTE	Exhibit 17	<ul style="list-style-type: none"> <li>Value was prorated on a cost per FTE basis. VPD was used as a representative comparable police service due to geographic and scale similarities. A detailed breakdown of this cost was not available as per the document and was unable to be verified.</li> </ul>

#	Assumption – Administration cost	Value Assumed	Source	Rationale
5.00	Division Administration	30% of base salary	VPD (The Ministry)	<ul style="list-style-type: none"> <li>Value was derived from VPD as per guidance from the Ministry due to the VPD’s comparable geographic and scale similarities.</li> </ul>

## SPS Hiring Plan at 734 – Key Assumptions

Staffing plan	units	2022	2023	2024	2025	2026	2027	Total
<b>Hiring plan</b>								
Cadet	FTE	-	55	55	55	0	0	165
Constable	FTE	-	19	113	47	0	0	179
Sergeant	FTE	-	13	28	17	0	0	58
Staff Sergeant	FTE	-	6	2	0	0	0	8
Inspector	FTE	-	6	2	0	0	0	8
Superintendent	FTE	-	1	0	0	0	0	1
Deputy Chief	FTE	-	0	0	0	0	0	0
Chief	FTE	-	0	0	0	0	0	0
<b>Sub total</b>	<b>FTE</b>	<b>-</b>	<b>100</b>	<b>200</b>	<b>119</b>	<b>0</b>	<b>0</b>	<b>419</b>
<b>Total staffing</b>								
<b>Cadet</b>	<b>FTE</b>	<b>-</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Constable</b>	<b>FTE</b>	<b>223</b>	<b>242</b>	<b>410</b>	<b>512</b>	<b>567</b>	<b>567</b>	<b>567</b>
<b>Sergeant</b>	<b>FTE</b>	<b>56</b>	<b>69</b>	<b>97</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>
<b>Staff Sergeant</b>	<b>FTE</b>	<b>16</b>	<b>22</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Inspector</b>	<b>FTE</b>	<b>12</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Superintendent</b>	<b>FTE</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Deputy Chief</b>	<b>FTE</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Chief</b>	<b>FTE</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Sub total</b>	<b>FTE</b>	<b>315</b>	<b>415</b>	<b>615</b>	<b>734</b>	<b>734</b>	<b>734</b>	<b>734</b>



### KEY HIRING ASSUMPTIONS

- Rank distribution of SPS Officer roles was based off the provided distribution at 900 FTE from Surrey's Supplemental Report (Exhibit 5) and applied to a 734 service size.
- Cadet annual hiring of 55 per year was derived from the number of existing Justice Institute of British Columbia training seats available for Surrey. The maximum was applied as agreed to with the Ministry.
- The hiring cadence of the SPS roles was determined by the SPS' preference of hiring senior roles upfront (as stated in their SPS POJ report Exhibit 2) and an imposed limit provided by the Ministry of a maximum of 200 police officers per year, as any additional hiring would destabilize the existing police service.
- This hiring plan assumes each role will be filled as planned.

## SPS Staffing Costs at 734 – Key Assumptions

Cost (in C\$)	SPS				
	2023	2024	2025	2026	2027
<b>Costs</b>					
<b>Staffing Cost</b>	<b>\$ 75,189,273</b>	<b>\$ 113,827,525</b>	<b>\$ 139,804,197</b>	<b>\$ 145,892,199</b>	<b>\$ 150,988,612</b>
Base Salary	51,631,724	78,505,437	96,549,091	102,033,199	105,604,361
Overtime	5,588,030	8,772,050	10,931,608	11,569,143	11,974,063
Overheads	15,937,946	24,306,486	29,931,083	31,635,607	32,742,854
Other staffing costs	2,031,574	2,243,553	2,392,414	654,249	667,334

### KEY COST ASSUMPTIONS

#### Base salary

- SPS Officer Rank salaries were derived from the publicly published 2023 SPS sworn officers document (Exhibit 15).
  - Chief and Deputy Chief salaries were extracted from a historical publicly published news article (Exhibit 16).
- Highest rates within the same rank applied, except for Constable (First Class Constable applied), as per guidance from the Ministry as these values are typically used during the budgeting process.
  - First class constable value was applied as it was deemed to be most representative of the average constable salary, as per guidance from the Ministry.





## SPS Hiring Plan at 900 – Key Assumptions

Staffing plan	units	2022	2023	2024	2025	2026	2027	Total
<b>Hiring plan</b>								
Cadet	FTE	-	55	55	55	55		220
Constable	FTE	-	20	96	107	30	0	253
Sergeant	FTE	-	14	37	34	0	0	85
Staff Sergeant	FTE	-	5	6	2	0	0	13
Inspector	FTE	-	5	5	2	0	0	12
Superintendent	FTE	-	1	1	0	0	0	2
Deputy Chief	FTE	-	0	0	0	0	0	0
Chief	FTE	-	0	0	0	0	0	0
<b>Sub total</b>	<b>FTE</b>	<b>-</b>	<b>100</b>	<b>200</b>	<b>200</b>	<b>85</b>	<b>0</b>	<b>585</b>
<b>Total staffing</b>								
<b>Cadet</b>	<b>FTE</b>	<b>-</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>0</b>
<b>Constable</b>	<b>FTE</b>	<b>223</b>	<b>243</b>	<b>394</b>	<b>556</b>	<b>641</b>	<b>696</b>	<b>696</b>
<b>Sergeant</b>	<b>FTE</b>	<b>56</b>	<b>70</b>	<b>107</b>	<b>141</b>	<b>141</b>	<b>141</b>	<b>141</b>
<b>Staff Sergeant</b>	<b>FTE</b>	<b>16</b>	<b>21</b>	<b>27</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>
<b>Inspector</b>	<b>FTE</b>	<b>12</b>	<b>17</b>	<b>22</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Superintendent</b>	<b>FTE</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Deputy Chief</b>	<b>FTE</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Chief</b>	<b>FTE</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Sub total</b>	<b>FTE</b>	<b>315</b>	<b>415</b>	<b>615</b>	<b>815</b>	<b>900</b>	<b>900</b>	<b>900</b>



### KEY HIRING ASSUMPTIONS

- Rank distribution of SPS Officer roles was based off the provided authorized strength at 900 FTE from Surrey's Supplemental Report (Exhibit 5).
- Cadet annual hiring of 55 per year was derived from the number of existing Justice Institute of British Columbia training seats available for Surrey. The maximum was applied as agreed to with the Ministry.
- The hiring cadence of the SPS roles was determined by the SPS' preference of hiring senior roles upfront (as stated in their SPS POJ report Exhibit 2) and an imposed limit provided by the Ministry of a maximum of 200 police officers per year, as any additional hiring would destabilize the existing police service.
- This hiring plan assumes each role will be filled as planned.

## SPS Staffing Costs at 900 – Key Assumptions

Cost (in C\$)	SPS				
	2023	2024	2025	2026	2027
<b>Costs</b>					
<b>Staffing Cost</b>	<b>\$ 75,095,443</b>	<b>\$ 114,806,643</b>	<b>\$ 156,405,023</b>	<b>\$ 177,458,874</b>	<b>\$ 184,931,720</b>
Base Salary	51,546,024	79,253,268	108,192,925	122,823,049	129,300,417
Overtime	5,600,571	8,789,357	12,216,889	13,957,751	14,710,124
Overheads	15,917,274	24,520,466	33,532,011	38,089,847	40,102,921
Other staffing costs	2,031,574	2,243,553	2,463,198	2,588,226	818,257

### KEY COST ASSUMPTIONS

#### Base salary

- SPS Officer Rank salaries were derived from the publicly published 2023 SPS sworn officers document (Exhibit 15).
  - Chief and Deputy Chief salaries were extracted from a historical publicly published news article (Exhibit 16).
- Highest rates within the same rank applied, except for Constable (First Class Constable applied), as per guidance from the Ministry as these values are typically used during the budgeting process.
  - First class constable value was applied as it was deemed to be most representative of the average constable salary, as per guidance from the Ministry.



## SPS Additional Cost Considerations

Consultations with SPS did not take place to confirm the identified costs below.

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### # Data Limitation

#### 1 Detail of SPS's @ 734 FTE costing analysis provided in their SPS report submission (Exhibit 2) which is based on the cost categories in RCMP MYFP (Exhibit 9) for applicable items:

##### Standard OBJ. 02 - Transport & Telecom

- CEG 50 - Travel
- CEG 52 - Training Travel (DCCEG)
- CEG 53 - Training Travel (POST)
- CEG's 60-66 - Transfer Costs
- CEG 70 - Freight, Postage, Etc.
- CEG 100 - Telecommunications Services

##### Standard OBJ. 03 - Information

- CEG 120 - Advertising
- CEG 130 - Publications Services

##### Standard OBJ. 04 - Professional & Spec SVCS -

- CEG 160 - Legal Services
- CEG 190 - Training & Seminars (DCCEG)
- CEG 191 - Training & Seminars (POST)
- CEG 201 - Health Services - Others
- CEG 219 - Professional Services
- CEG 220 - Other Services
- CEG 221 - Other Services IMIT
- CEG 223 - Radio Communications Systems
- CEG 229 - CAD/CDC Allocated Credits

##### Standard OBJ. 05 - Rentals

- CEG 241 - Rental-land, Building & Works
- CEG 250 - Rental - Communication Equip
- CEG 280 - Rental Computer Equipment
- CEG 290 - Rentals - Others

##### Standard OBJ. 06 - Purchase, Repair & Maintenance

- CEG 370 - Repair of Vehicles
- CEG 380 - Repair of Office & Lab Equipment
- CEG 390 - Repair of Misc. Equipment
- CEG 393 - Repair of EDP Equipment

##### Standard OBJ. 07 - UTIL, Material & Supplies

- CEG 430 - Fuel
- CEG 470 - Photographic Goods
- CEG 500 - Stationery
- CEG 510 - Clothing & Kit
- CEG 540 - Post Budget Expenditures

##### Standard OBJ. 09 - Mach & Equipment

- CEG 440 - Transport Supplies
- CEG 441 - Vehicle Changeovers
- CEG 450 - Comms Parts & Consumables
- CEG 480 - Firearms & Ammunition
- CEG 770 - Comms. Systems (Capital)
- CEG 810 - Laboratory Equipment
- CEG 820 - Photographic Equipment
- CEG 841 - Computer Equipment
- CEG 842 - Computer S/Ware - Informatics
- CEG 845 - Specialized Equipment (Capital)
- CEG 850 - Audio Visual Aids
- CEG 860 - Investigational Equipment
- CEG 890 - Vehicles (Capital)
- CEG 900 - Other Equipment
- CEG 910 - Office Machines
- CEG 920 - Security Equipment

##### Standard OBJ. 12 - Other Subsidies & Payments -

- CEG 580 - Secret Expenses
- CEG 590 - Misc. Expenditures
- CEG 620 - Comp. Claims/Ex-gratia

## SPS Additional Cost Considerations

Consultations with SPS did not take place to confirm the identified costs below.

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### # Data Limitation

Details as to the costs outlined in the SPS financial update (Exhibit 14) or Provisional 2023 Budget Information:

- |          |   |   |
|----------|---|---|
| <b>2</b> | <ul style="list-style-type: none"><li>• Supplies and materials</li><li>• JIBC Recruit Training</li><li>• Communications related expenses</li><li>• Training</li><li>• Outsourced services</li><li>• Insurance</li></ul> | <ul style="list-style-type: none"><li>• Publications and reference materials</li><li>• Memberships and professional dues</li><li>• Travel expenses</li><li>• Recruiting activities/events</li><li>• For lease and rentals</li></ul> |
|----------|---|---|

**3** Details of all software & IT operating costs (e.g. PRIME-BC records management software).

**4** Any other implementation cost e.g. financial obligations of canceled contracts with RCMP's third parties.

Details of Equipment and Asset Costs including:

- |          |  |
|----------|--|
| <b>5</b> | <ul style="list-style-type: none"><li>• Potential blended costs with the municipality such as fuel, utilities for buildings, rent, applicable fleet costs, building maintenance, and other administrative roles (and salaries) supporting the SPS.</li><li>• Specialized equipment costs such as emergency response team equipment, tactical team equipment, etc.</li><li>• Specialized space costs such as exhibit storage, cell blocks, etc.</li><li>• Detailed costs for helicopter support, tactical armored vehicles, and other potential vehicles used in supporting public safety for the municipality.</li></ul> |
| <b>6</b> | <p>The foundation of the following costing analysis for SPS was sourced from information provided in submitted SPS reports, publicly available Financial Updates from the SPS and financial statistics from a comparable police service (Vancouver Police Department).</p>   |

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