

# Analyst Briefing Notes

## Budget Committee

(March 26, 2007)

### 2007 OPERATING BUDGET

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**2007 OPERATING BUDGET****Executive Summary**

- The 2006 preliminary year-end actual net expenditure of \$746.279 million is \$6.096 million below the 2006 Approved Budget due mainly to realized salary savings from earlier-than-anticipated separations, lower benefit costs, and increased grant funding, prisoner transportation revenues, and fees for service, offset by salary pressures related to Court Security.
  - The 2006 over expenditure in Court Security is expected to continue as a result of longer pre-trial hearings and an increase in the trial hours per day. Additional revenues were received in 2006 with respect to paid duty administrative fees and prisoner transportation, and this will continue in 2007. Salary, benefit and revenue adjustments have been made in the 2007 Recommended Base budget based on the 2006 actual experience.
- The strategic direction of the Toronto Police Service over the next three years is to enhance the levels of service provided to its internal and external customers. The areas of focus and priorities are community policing partnerships, safety of vulnerable groups, community safety & security, traffic safety, delivery of service, and human resources.
- The 2007 Recommended Operating Budget is consistent with the strategic initiatives outlined in the Toronto Police Service Business Plan, and provides funding for the base budget pressures and service priorities which include 90 additional staff for an anticipated 15 (net) new Provincial courtrooms, the reassignment of existing courtrooms, and related security requirements, and the conversion of 3 temporary staff to permanent with no financial impact for the Department of Justice Disclosure program.
- The 2007 Recommended Operating Budget of \$784.958 million net is comprised of base funding of \$781.428 million and new/enhanced service priorities of \$3.530 million. This represents a \$29.053M or 3.9% increase for the base budget, and \$32.583 million or 4.3% increase including new initiatives, over the 2006 Approved Operating Budget of \$752.375 million.

**Table 1: 2007 Recommended Budget**

(In \$000s)	2006		2007 Recommended Operating Budget			Change - 2007 Recommended from 2006 Approved Budget		FY Incremental Outlook	
	2006 Appvd. Budget	2006 Projected Actual	2007 Base	2007 New /Enhanced	2007 Operating Budget	\$	%	2008	2009
	\$	\$	\$	\$	\$			\$	\$
<b>GROSS EXP.</b>	796,906.6	793,369.7	826,648.2	3,530.0	830,178.2	33,271.6	4.2	15,198.8	10,364.5
<b>REVENUE</b>	44,531.7	47,090.8	45,220.1	0.0	45,220.1	688.4	1.5	0.0	0.0
<b>NET EXP.</b>	752,374.9	746,278.9	781,428.1	3,530.0	784,958.1	32,583.2	4.3	15,198.8	10,364.5
<b>Approved Positions</b>	7,580.0	7,580.0	7,612.0	93.0	7,705.0	125.0	1.6		
<b>TARGET</b>			<b>752,374.9</b>		<b>752,374.9</b>				
<b>\$ Over / (Under) Program Target</b>			<b>29,053.2</b>		<b>32,583.2</b>				
<b>% Over / (Under) Program Target</b>			<b>3.9%</b>		<b>4.3%</b>				

Source: \*Projected Actuals Based on the Preliminary Year-End Actual Expenditures.

- The net increase of \$15.199 million in 2008 and \$10.364 million in 2009 maintains the 2007 recommended level of service, and provides for salary reclassifications, increases in medical and dental benefit costs, increased contributions to the equipment replacement reserve, and increased facilities maintenance chargebacks. The 2008 outlook also includes an annualization of \$3.570 million, for the 90 new Court Security Officers planned to be hired in mid-2007 for an anticipated 15 (net) new Provincial courtrooms, the reassignment of existing courtrooms, and related security requirements. The outlook for 2008 and 2009 does not include a provision for COLA, as the salary increase is subject to future negotiations.
- Toronto Police Service’s 2007 Recommended Base Budget is \$781.428 million or 3.9% over its target of \$752.375 million, the result of a collective agreement settlement that requires a 3.0% increase in 2007 and as well as annualization costs for 250 new officers hired during 2006.
- 2007 key cost drivers include past collective agreement decisions and benefits, since salaries and benefits account for 89% of the program’s expense base, salary annualization, merit & step increases, an increased contribution to the vehicle and equipment reserve, and increased costs for facility services such as cleaning and maintenance of Police facilities, contracts for computer lease/maintenance and uniform cleaning. Offsetting the cost increases are increased Safer Communities provincial grants, increased revenue for prisoner transportation, and elimination of a one-time increase for tenant renovations.
- In order to minimize the increases in the Base Budget, TPS staff and Board members reviewed the budget over the course of several meetings, and made several reductions:
  - Reductions to the Central Sick Bank contribution by \$1.000 million, reduction to conferences of \$0.050 million, other expenditure reductions of \$2.599 million, revenue increase for prisoner transportation of \$1.300 million, and other revenue increases of \$1.531 million to reflect 2006 actual experience.

- The various identified savings and revenue increases that reduced the Base Budget increase from the initial 4.7% increase to a 4.0 % increase was approved by the Toronto Police Services Board on January 25, 2007. This represented a TPS Base Budget request of \$782.428 million net.
- Given that the expenditure pressure was at 4.0% for the base budget request, an unallocated reduction of \$1.0 million gross and net has been recommended to reduce the base budget increase to 3.9%, or \$781.428 million net. This is also recommended in light of the preliminary year-end under expenditures of \$6.096 million.
  - The Toronto Police Service is requested to report back to the Budget Committee prior to final budget wrap-up, on how the \$1.000 million unspecified expenditure reduction to the Toronto Police Services 2007 Base Operating Budget can be accommodated;
- Two new service priorities totalling \$3.530 million in 2007 and \$3.570 in 2008 are recommended for funding as follows:
  - 90 Court Security Officers for an anticipated 15 (net) New Provincial Courtrooms and related security requirements (\$3.530 million in 2007 and \$3.570 Million in 2008)
  - The conversion of 3 temporary staff for the “Department of Justice Disclosure Program” to permanent staff ( No dollar impact)
- The Toronto Police Services Board also endorsed 8 other New Service requests totaling \$0.624 million and an increased staff complement of 2 permanent and 4 temporary staff. Due to budgetary restrictions, funding for new and enhanced services is strictly limited in 2007 to those requests which meet the Mayor’s Mandate, have third party funding, or have no net impact on the 2007 Operating Budget. These 8 initiatives do not meet this requirement and therefore are not recommended. Should the Toronto Police Service consider these new initiatives to be a very high priority, then they can choose to fund these initiatives through additional efficiencies from within the 2007 Recommended Base Budget.
- As part of the Mayor’s Mandate, the Toronto Police Service is involved in several safety initiatives including:
  - Continuing the successful Toronto Anti-Violence Intervention Strategy (TAVIS), funded by the Province, which combines a focused crackdown on gangs with an emphasis on building strong community relationships. The Toronto Police Service is continuing to have discussions with the Province for additional funding to extend the successful TAVIS program past June 2007.
  - Pursuing discussions with the federal government for: no bail for anyone who commits a crime while in possession of a gun; to ban handguns and all semi-automatic weapons; and to keep an effective gun registry.
  - Continuing with the Youth in Policing Initiative (YIPI), funded by the Province, enabling youth from priority neighbourhoods across Toronto to work in a variety of areas within the Service; the objective of the program is to acquaint youth with the police and give them a look at policing as a career.
- The 2007 Recommended Operating Budget provides the full year impact of the 250 new Police Officers hired and trained in 2006, to achieve the full, Board and Council approved uniformed staff complement of 5,510 Officers on average throughout 2007. In addition, 90 new Court

Security Officers will be hired to help support the anticipated 15 (net) new courtrooms being opened by the Province, and related security requirements.

- From a fiscal perspective a continuing challenge continues to be the rising Court Security costs for both existing and new Provincial courtrooms. This mandatory Provincial requirement continues to be a pressure that the Toronto Police Service and the City have no control over, as the location of these courtrooms within municipalities is determined by the Province. Also, the cost sharing arrangements with the Province that were in place prior to 1990, are no longer available. Since 1990, the costs for Court Security have increased from \$15.5 million to \$45.6 million in 2007, and an additional \$3.6 million in 2008, totaling \$49.2 million to be fully funded annually by the City.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2007 Recommended Operating Budget for the Toronto Police Service of \$830.178 million gross and \$784.958 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Police Service	<u>830,178.2</u>	<u>784,958.1</u>
Total Program Budget	<u><u>830,178.2</u></u>	<u><u>784,958.1</u></u>

2. the Toronto Police Services Board report back to the Budget Committee prior to the final budget wrap-up, on how the \$1.000 million unspecified expenditure reduction to the Toronto Police Service 2007 Base Budget can be accommodated;
3. the Toronto Police Services Board report back to the Budget Committee as part of the first quarter variance report, on a firm schedule for the opening of the new Provincial courtrooms in 2007, and adjustments to the recommended funding for 2007 should the opening of the new courtrooms be delayed; and,
4. the Toronto Police Services Board adjust their budget process and schedule in 2007, so that it matches the scheduled requirements of the City of Toronto’s budget review process for 2008 and beyond.

## Section A: 2006 Budget Variance Analysis

Table 2: 2006 Budget Variance Review

(In \$000s)	2005 Actuals	2006 Approved Budget	2006 Projected Actuals*	2006 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	760,792.0	796,906.6	793,369.7	(3,536.9)	(0.4)
<b>REVENUES</b>	50,882.2	44,531.7	47,090.8	2,559.1	5.7
<b>NET EXP.</b>	709,909.8	752,374.9	746,278.9	(6,096.0)	(0.8)
<b>Approved Positions</b>	7,342.0	7,580.0	7,580.0	0.0	0.0

Source: \*Projected Actuals Based on the Preliminary Year-End Actual Expenditures.

## 2006 Experience

The Toronto Police Service's preliminary year-end gross expenditures are \$793.370 million, which is \$3.537 million or 0.4% below the 2006 Approved Gross Operating Budget of \$796.907 million.

The preliminary year-end revenue for the Toronto Police Service is \$47.091 million. This represents an increase of \$2.559 million or 5.7% in revenue compared to the 2006 Approved Operating Budget of \$44.532 million.

As a result of the above, the preliminary year-end for the Toronto Police Service is \$746.279 million net. This represents a favourable variance of \$6.096 million or 0.8% compared to the 2006 Approved Net Operating Budget of \$752.375 million.

A series of factors have contributed to the favourable variance of \$6.096 million net, as set out below:

- Salary costs to year-end are \$1.0 million underspent due to the following:
  - A higher number of uniform separations occurred than originally forecasted, as well as a higher number of requests for leave, resulting in salaries being underspent by \$1.6 million.
  - Medical and dental benefit costs by year-end are projected to result in \$1.0 million of savings.
  - Longer pre-trial hearings and an increase in the trial hours per day, caused the Court Security salaries to be overspent by \$1.4 million.
  - Operational requirements resulted in in premium pay overexpenditures of \$0.2 million.
- A favourable variance of \$2.5 million in non-salary accounts is due to the following:

- Favourable negotiations with vendors on IT hardware and software maintenance rates, and partial-year payments versus full-year payments, resulted in savings of \$2.3 million.
- Miscellaneous savings of \$0.2 million are also projected in other non-salary accounts.
  
- Revenues were overachieved by \$1.8 million as a result of:
  - Receipt of an additional \$1.2 million Provincial grant for the Safer Communities grant program that was not budgeted for.
  - Increased paid duty administrative fees and more prisoner transportation than planned resulted in increased revenue of \$0.6 million.
  
- In light of the 2006 actual year-end experience, a \$1.0 million “unspecified reduction” to the 2007 Recommended Base Budget approved by the Toronto Police Services Board is being recommended. In addition, the Toronto Police Service is requested to report back to the Budget Committee prior to budget wrap-up, on how the \$1.000 million unspecified reduction to the Toronto Police Services 2007 Base Budget can be accommodated.

### **Impact of 2006 Operating Variance on 2007 Recommended Budget**

The following 2006 Operating variances are expected to impact the 2007 Operating Budget for the Toronto Police Service:

- The favourable 2006 Operating variance in staffing costs was attributable to higher than budgeted uniformed separations. There was also a favourable variance in medical and dental benefits. Salary and benefit adjustments have been made in the 2007 Recommended Base Budget based on anticipated 2007 activity, taking into account 2006 year-end projections.
- The 2006 over expenditure in Court Security is expected to continue as a result of longer pre-trial hearings and an increase in the trial hours per day. In addition, Judges are more security conscious and have the authority to suspend court proceedings if they believe that there is inadequate security. Salary and benefit adjustments have been made in the 2007 Recommended Base budget based on the 2006 actual experience.
- Additional revenues were received with respect to the Safer Communities grant and prisoner transportation in 2006. 2007 revenues have been developed based on 2006 actuals and known or anticipated changes.

## Section B: 2007 Operating Budget Overview

### 3-Year Operating Budget Overview

The increase of \$32.583 million net in the 2007 Recommended Operating Budget over the 2006 Approved Operating Budget provides an expanded level of service in 2007. This increase provides for the annualization of the 250 new officers hired in 2006, and now working for a full year in 2007. During 2007, the Service will be at its full complement of 5510 uniformed officers throughout the year, and this will continue into 2008 and 2009. In addition, two new recommended initiatives for 2007 are the addition of 90 new Court Security Officers mandated by the Province to support the 15 (net) new courtrooms being opened by the Province in mid-2007 and associated security costs (\$3.530 million), and the conversion of 3 staff from temporary to permanent to make the Department of Justice Disclosure pilot permanent at no incremental cost.

The net increase of \$15.199 million in 2008 and \$10.364 million in 2009 maintains the 2007 recommended level of service, and provides for salary reclassifications, increases in medical and dental benefit costs, increased contributions to the equipment replacement reserve, and increased facilities maintenance chargebacks. The 2008 outlook also includes an annualization of \$3.570 million, for the 90 new Court Security Officers planned to be hired in mid-2007 for an anticipated 15 (net) new Provincial courtrooms, the reassignment of existing courtrooms, and related security requirements. The outlook for 2008 and 2009 does not include a provision for COLA, as the salary increase is subject to future negotiations.

The strategic direction of the Toronto Police Service over the next three years is to enhance the levels of service provided to its internal and external customers. The areas of focus and priorities will be:

#### *Community Policing Partnerships.*

- Create partnerships with youth, community, and/or government/public services/agencies/organizations to assist in the development and implementation of initiatives to decrease involvement of youth in criminal activities, especially violent crime, and address problems in neighbourhoods with high levels of violent crime.

#### *Safety of Vulnerable Groups*

- Focus on violent crime, decrease and prevent victimization of children and youth, particularly within schools and surrounding communities; improve response to victims of domestic violence and sexual assault.

#### *Community Safety & Security*

- Increase prevention and enforcement efforts to address violent crime, specifically homicides and firearms-related offences, and increase education initiatives to encourage reporting of hate crime offences.

***Traffic Safety***

- Improve response to neighbourhood traffic concerns, increase enforcement related to aggressive driving and speeding offences, and increase focus on cyclist safety and pedestrian safety.

***Delivery of Service***

- Ensure officers conduct daily duties and interactions with the public in a professional, non-biased, and ethical manner, with a focus on ‘customer service’; increase the visible presence of the Police Service in the community, focusing on uniformed officers and volunteers (including the Auxiliary).

***Human Resources***

- Increase recruitment, hiring, promotion, and retention of those from identified groups (women, visible minority, aboriginal, disability, sexual orientation, speak more than one language); ensure the organization supports the role of front-line divisional officers as community leaders by providing increased training.

**Service Delivery - Challenges and Issues*****Downloaded Court Services Costs***

From a fiscal perspective a major challenge for the TPS continues to be the rising Court Security costs for both existing and new Provincial courtrooms. The provision of Court Security services is a pressure that the Toronto Police Service and the City have no control over, as the location of these courtrooms within municipalities is determined by the Province. Also, the cost sharing arrangements with the Province that were in place prior to 1990, are no longer available. Since 1990, the costs for Court Security have increase from \$15.5 million to \$45.6 million in 2007, and up to \$49.2 million by 2008.

In 2007 new court openings require a minimum of 90 Court Security Officers at an annualized cost of \$7.1 million. For the Toronto Police Service and the City, the funding of these costs is mandatory. The 2007 Recommended Operating Budget includes \$3.530 million for these costs based on the new Provincial courtrooms opening in mid-2007.

The Toronto Police Services Board is prepared to meet the challenges from a service perspective, however the risings costs of these services which are directly paid for by the City, restricts the remaining funds available to the Toronto Police Service for other police services required within the City of Toronto.

A more comprehensive description of the Court Services issue is contained in the later “Issues” section.

**Mayor's Mandate**

Toronto Police Service works vigorously to enhance public safety within the City of Toronto, and as per the Mayor's Mandate "make a safe city safer."

As part of the Mayor's Mandate, the Toronto Police Service is directly involved in several safety initiatives including:

- Continuing the successful Toronto Anti-Violence Intervention Strategy (TAVIS), funded by the Province, which combines a focused crackdown on gangs with an emphasis on building strong community relationships. The Toronto Police Service is continuing to have discussions with the Province for additional funding to extend the successful TAVIS program past June 2007.
- Pursuing discussions with the federal government for: no bail for anyone who commits a crime while in possession of a gun; to ban handguns and all semi-automatic weapons; and to keep an effective gun registry.
- Continue with the Youth in Policing Initiative (YIPI), funded by the Province, enabling youth from priority neighbourhoods across Toronto to work in a variety of areas within the Service; the objective of the program is to acquaint youth with the police and give them a look at policing as a career.

## Section C: 2007 Recommended Base Budget

Table 3: 2007 Recommended Base Budget

(In \$000s)	2006 Appvd. Budget	2007 Recommended Base	Change		FY Incremental Outlook	
			2007 Recommended Base v. 2006 Appvd. Budget		2008	2009
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	796,906.6	826,648.2	29,741.6	3.7	11,628.8	10,364.5
<b>REVENUE</b>	44,531.7	45,220.1	688.4	1.5	0.0	0.0
<b>NET EXP.</b>	752,374.9	781,428.1	29,053.2	3.9	11,628.8	10,364.5
<b>Approved Positions</b>	7,580.0	7,612.0	32.0	0.4		
<b>NET TARGET</b>		<b>752,374.9</b>			<b>0.0</b>	<b>0.0</b>
<b>\$ Over / (Under) Program Target</b>		<b>29,053.2</b>			<b>11,628.8</b>	<b>10,364.5</b>
<b>% Over / (Under) Program Target</b>		<b>3.9%</b>			<b>1.55%</b>	<b>1.38%</b>

## 2007 Recommended Base Budget

- Toronto Police Service's 2007 Recommended Base Budget of \$781.428 million is 3.9% over its target of \$752.375 million and maintains 2006 service levels, the result of a collective agreement settlement that requires a 3.0% increase in 2007 and as well as annualization costs for 250 new officers hired during 2006.
- Revenues have been increased by \$0.688 million to reflect the 2006 actuals for prisoner transportation and paid duty administrative fees.
- In order to minimize the increases in the Base Budget, TPS staff and Board members reviewed the budget over the course of several meetings, and made several reductions to reduce the Budget from the initial 4.7% increase to a 4.0% increase as approved by the Toronto Police Services Board.
  - Reductions to the Central Sick Bank contribution of \$1.000 million, reduction to conferences of \$0.050 million, other expenditure reductions of \$2.599 million, revenue increase for prisoner transportation of \$1.300 million, and other revenue increases of \$1.531 million to reflect 2006 actual experience.
- Given that the expenditure pressure for the base budget was at 4.0%, an additional unallocated expenditure reduction of \$1.0 million has been recommended to reduce the increase to 3.9%. This is also recommended in light of the preliminary year-end under expenditures of \$6.096 million.
  - The Toronto Police Service is requested to report back to the Budget Committee prior to budget wrap-up, on how the \$1.000 million unspecified reduction to the Toronto Police Services 2007 Base Budget can be accommodated.

**2007 Key Cost Drivers**

The following cost drivers have contributed to the base budget increase in 2007:

- Collective agreement settlement impact of 3.0% (\$21.236 million)
- Salary Annualization, Merit & Step increases (\$2.516 million)
- Increased benefit costs (\$3.476 million) due primarily to annualization of 2006 hirings, increasing OMERS contribution rates and medical/dental costs
- 24 additional positions (court officer hours) to address current Court Security increased hours (\$1.500 million)
- Contribution to the Vehicle and Equipment Reserve (\$2.600 million) which represents a build up of the Reserve to ensure that all equipment purchased is replaced as per the lifecycle plan
- Additional funding for City chargeback for increased facility services such as cleaning and maintenance of Police facilities, including COLA for City employees (\$1.494 million)
- Increased computer lease/maintenance contract costs and impact from capital projects (\$1.009 million)
- Higher costs (price & volume) for a new Uniform Cleaning contract (\$0.720 million)
- Increases to fund higher fuel costs compared to previous years (\$0.278 million).

Offsetting the above base cost increases in 2007, are the following favourable expenditure decreases or revenue increases:

- Increased Safer Communities provincial grant revenue (\$3.800 million)
- Increased revenue from prisoner transportation and other (\$1.300 million)
- Elimination of one-time increase for tenant renovations (\$0.700 million)

**2008 and 2009 Outlook: Net Incremental Impact**

The net increase of \$15.199 million in 2008 and \$10.364 million in 2009 maintains the 2007 recommended level of service, and provides for salary reclassifications, increases in medical and dental benefit costs, increased contributions to the equipment replacement reserve, and increased facilities maintenance chargebacks. The 2008 outlook also includes an annualization of \$3.570 million, for the 90 new Court Security Officers planned to be hired in mid-2007 for an anticipated 15 (net) new Provincial courtrooms, the reassignment of existing courtrooms, and related security requirements. The outlook for 2008 and 2009 does not include a provision for COLA, as the salary increase is subject to future negotiations.

A continuing challenge will be to fund the forecasted future increases in costs given the City's financial constraints. For the Toronto Police Service, 89% of its costs are related to salaries and benefits. These will continue to increase in the outlook years as a result of a new collective agreement starting in 2008, and the TPS mandate to maintain its current service levels of 5510 uniformed officers.

Section D: 2007 Recommended Service Priorities

Table 4: Summary of 2007 New / Enhanced Service Priorities (In \$000s)

Priority	Description	2007 Recommended		Rec. New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.		2008	2009
		\$	\$	#	\$	\$
(a) Enhanced Service Priorities - Council Approved						
(b) Enhanced Service Priorities - Program Initiated						
<b>Sub-Total Enhanced Services</b>		0.0	0.0	0.0	0.0	0.0
(a) New Service Priorities - Council Approved						
(b) New Service Priorities - Program Initiated						
1. 90 Court Security Officers for 15 New Court Rooms		3,530.0	3,530.0	90.0	3,570.0	
2. Conversion of "Department of Justice Disclosure Pilot" Staff from Temporary to Permanent		0.0	0.0	3.0		
<b>Sub-Total New Service Priorities</b>		3,530.0	3,530.0	93.0	3,570.0	0.0
<b>Total Recommended New / Enhanced Service Priorities</b>		<b>3,530.0</b>	<b>3,530.0</b>	<b>93.0</b>	<b>3,570.0</b>	<b>0.0</b>

**2007 Recommended Service Priorities****Recommended New Service Priorities****New Service Priorities – Program Initiated:**

2 new service priorities requested by the Toronto Police Services Board are being recommended for funding, as described below. These 2 initiatives will require increased net funding of \$3.530 million in 2007 and an incremental \$3.570 million in 2008 for annualization.

***90 Court Security Officers for an anticipated 15 (net) New Provincial Courtrooms (\$3.530 million in 2007 and \$3.570 million in 2008)***

Funding for 90 additional Court Security Officers for an anticipated 15 (net) New Provincial Courtrooms opening by mid-2007 is being recommended, as the Toronto Police Service is statutorily obligated to provide court security services in all Provincial courtrooms in the City of Toronto. Similar requirements exist for other local Police Services in Ontario in cities where Provincial courtrooms exist. A failure to provide court officers for security in the Provincial courtrooms could place the Toronto Police Service Chief and the Board in contempt of court.

A fuller description of the Court Services staffing requirements and its escalating costs since 1990, is described in the “Issues” section.

The Toronto Police Service is requested to report back to the Budget Committee as part of the first quarter variance review, on a firm schedule for the opening of the new Provincial courtrooms, and any adjustments to the recommended funding for 2007 should the opening of the new courtrooms be delayed.

***Conversion of 3 Temporary Staff to Permanent Status to Continue the “Department of Justice Disclosure” Program on a Permanent Basis (No dollar impact)***

In 2006, the Toronto Police Service in conjunction with the federal Department of Justice instituted a pilot program to address the deficiencies in the disclosure process relating to narcotics offences. Timely disclosure is critical to the justice process and if not achieved, could result in the withdrawals of hundreds of drug related charges. The pilot program was staffed with three temporary employees (funded through in-year savings). The pilot program has been successful for the Toronto Police Service and the Department of Justice in significantly reducing the risk of drug related charges being withdrawn. Based on the success of this program TPS has requested this program be made permanent.

As a result, the request is for the conversion of 3 temporary clerical positions, to 3 permanent staff with no net financial impact on the 2007 budget or in future years, given that the funding is provided for in the TPS’s Base Budget.

## **Issues for Discussion**

### **2007 Operating Budget Issues**

#### ***Downloaded Court Services Costs***

A number of functions currently performed by the Toronto Police Service are not necessarily core policing functions and should more appropriately be funded by other orders of government. These downloaded items include the policing of former Provincial highways such as Hwys 27 & 2, some of the operations performed by the Police Marine Unit, and providing School Crossing Guard services. However, the most costly of the “downloaded” items is the provision of Court Security Services by the Toronto Police Service.

Until January 1, 1990, the Province of Ontario and the then-Metropolitan Toronto were involved in a cost sharing agreement for court security. In November 1989, Bill C-187 (The Police and Sheriffs Statute Law Amendment Act) was passed, and responsibility and liability for security and prisoner custody at all court facilities in Metropolitan Toronto were downloaded to the Metropolitan Board of Commissioners of Police. Upon proclamation of Bill C-187 all cost sharing ceased. As a result, the Board was required to hire an additional 75 full-time court officers and 98 part-time court officers to meet its legislated responsibilities. This responsibility was reflected in Part 10 (Court Security), Section 137 of the Police Services Act. This Bill not only increased the responsibilities of the Service, but also increases the actual number of courthouses for which the Service is responsible.

This increase in court facilities and courtrooms continued throughout the 1990s and the 2000s. In 1990, 138 court rooms were in use in Toronto. In 2007, the Ministry of the Attorney General will increase the number of courtrooms to 262, will open an entirely new courthouse at 330 University Avenue, and will expand operations at 393 University Avenue and 2201 Finch Avenue West. In order to staff the new courts the Province plans to open in 2007, an additional 90 court officers are required in 2007 at an estimated total cost of \$7.100 million. These new courtrooms are assumed to be opening in mid-2007, resulting in an added cost for the City of \$3.530 million in 2007, and an incremental cost of \$3.570 in 2008.

In addition to an increasing number of courtrooms, Court Services has also had to deal with expanded responsibilities, such as the implementation of 24-hour bail courts in the mid-1990s. Further, the Service is responsible for the transportation of approximately 200,000 prisoners each year, a number that grows annually.

As long as the Service remains responsible for court security and prisoner custody at all court facilities, the Court Services Unit must be staffed appropriately. Court Services has a relatively large complement of staff – 652 court officers, civilian support staff, and police officers, funded in the 2007 budget. It must be noted that of the 262 courtrooms anticipated to be within Toronto by 2007, a number of them are special courts (Mental Health court, Domestic Violence court, Child Abuse court, etc.) with specialized security needs. Due to demands on the Court Services unit and the corresponding need for increased staff, the Court Services budget has increased from \$15.5 million

in 1990 to the 2007 Recommended Budget of \$45.6 million in 2007, and to a minimum of \$49.2 million by 2008.

The Police Services Act requires the Chief of Police to provide an adequate level of court security. However, the Service does not control the timing and number of new courts opened, and judges are consistently demanding increased security in their courtrooms. These demands have placed significant financial pressures on the Service. It is therefore critical that the Province recognize this impact (which is beyond the Service's control) and take measures to assist the City with this increasing budget pressure.

In order to ensure that this unit is being effectively managed, and to identify any opportunities for improvement, the Toronto Police Service has requested, and the Auditor General has agreed, to conduct an operational review of this unit in 2007.

### ***Toronto Police Services Board Budget Schedule***

The Toronto Police Service submits an Operating Budget to the Board in November of each calendar year. Because 2006 was an election year, the Board passed the 2007 Operating Budget on January 25, 2007. This schedule is several months later than the City budget schedule and makes coordination of the Toronto Police Service budget with the City budget process difficult. It is recommended that the Toronto Police Services Board adjust the Board's budget schedule in 2007 so that it matches the scheduled requirements of the City of Toronto's budget review process for 2008 and beyond.

## Appendix 1

**Summary of Recommended Base Budget Changes  
From 2006 Approved Budget**

(In \$000s)	Summary of 2007 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2008	2009
		\$	\$	\$	\$	\$
<b>2006 Council Approved Operating Budget</b>	<b>7,580.0</b>	<b>796,906.6</b>	<b>44,531.7</b>	<b>752,374.9</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments				0.0		
Corporate adjustments				0.0		
<b>2006 Approved Operating Budget</b>	<b>7,580.0</b>	<b>796,906.6</b>	<b>44,531.7</b>	<b>752,374.9</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts	32.0	(2,862.5)	(2,440.9)	(421.6)	4,024.7	4,024.7
Zero base items				0.0		
Economic factors		35,938.8	297.5	35,641.3	5,057.1	5,722.0
<b>Adjusted Base Budget</b>	<b>7,612.0</b>	<b>829,982.9</b>	<b>42,388.3</b>	<b>787,594.6</b>	<b>9,081.8</b>	<b>9,746.7</b>
Other base changes		(2,334.7)	0.0	(2,334.7)	2,547.0	617.8
Base revenue changes			2,831.8	(2,831.8)		
Recommended Service Level Adjustments:						
Service efficiencies		(1,000.0)		(1,000.0)		
Revenue adjustments						
Minor service impact						
Major service impact						
<b>Total Recommended Base Adjustments</b>	<b>0.0</b>	<b>(3,334.7)</b>	<b>2,831.8</b>	<b>(6,166.5)</b>	<b>2,547.0</b>	<b>617.8</b>
<b>2007 Recommended Base Budget</b>	<b>7,612.0</b>	<b>826,648.2</b>	<b>45,220.1</b>	<b>781,428.1</b>	<b>11,628.8</b>	<b>10,364.5</b>
<b>2007 Program Operating Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>752,374.9</b>	<b>0.0</b>	<b>0.0</b>
<b>% Over (Under) Program Target</b>				<b>3.9%</b>	<b>1.5%</b>	<b>1.4%</b>
<b>% Over (Under) 2006 Appvd. Budget</b>				<b>3.9%</b>	<b>1.5%</b>	<b>1.4%</b>

**Appendix 2**

**Summary of Service Level Adjustments**

**Appendix 3**

**Summary of 2007 Recommended New / Enhanced Service Priorities**

## Appendix 4

## Inflows / Outflows to / from Reserves &amp; Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Balance as of December 2006 \$	Proposed Withdrawals (-) / Contributions (+)		
			2007	2008	2009
			\$	\$	\$
Vehicle & Equipment Reserve (PLCCCZZ-6021)	XQ1701	24,770.9	7,633.0	7,633.0	7,633.0
Vehicle & Equipment Reserve (PLCCCZZ-9270)	XQ1701	24,770.9	(5,033.0)	(5,033.0)	(5,033.0)
Insurance Reserve Fund (PLCCCZZ-6031)	XR1010	17,536.0	6,896.6	6,896.6	6,896.6
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>9,496.6</b>	<b>9,496.6</b>	<b>9,496.6</b>