

Analyst Briefing Notes

Budget Committee - February 16, 2010

PART I: 2010 OPERATING BUDGET

Executive Summary	2
Recommendations	7

PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement	8
Program Map	8
2010 Recommended Services: Overview	8

PART III: 2009 EXPERIENCE

2009 Accomplishments	12
2009 Budget Variance Analysis	13
Impact of 2009 Operating Variance on 2010 Recommended Budget	13

PART IV: 2010 RECOMMENDED BASE BUDGET

2010 Recommended Base Budget	15
2010 Key Cost Drivers	17
2010 Service Changes	18

PART V: RECOMMENDED SERVICE CHANGES

2010 Recommended Service Changes	19
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PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2010 Service Priority Actions	20
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PART VII: ISSUES FOR DISCUSSION

2010 Budget Issues	21
2011 and Future Year Issues	22
Issues Referred to the 2010 Operating Budget Process	22
Issues Referred from 2009 and Prior Years	22

Appendix A: 2010 Recommended Base Budget Changes vs. 2009 Approved Budget	24
--	----

Appendix B: Summary of Service Changes	26
---	----

Appendix C: Summary of 2010 Recommended New/Enhanced Service Priority Actions	27
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Appendix D: Program Summary by Expenditure Category	28
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Appendix E: Inflows / Outflows to / from Reserves and Reserve Funds	30
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February 16, 2010

PART I: 2010 OPERATING BUDGET**Executive Summary**

- The Toronto Police Service is dedicated to delivering police services in partnership with our communities to keep Toronto the best and safest place to be. Police services are provided maintaining the values of honesty, integrity, fairness, respect, reliability, team work and positive attitude. The Service's resources and activities are focused on child and youth safety, violence against women, people with distinct needs, targeting violence, organized crime and gangs, delivering inclusive police services, addressing community safety issues and ensuring pedestrian and traffic safety. These activities are provided through the Police's three services, Divisional Policing; Specialized Operations; and Internal Services.
 - The Toronto Police Services Board is responsible, under the Police Services Act, to ensure the provision of adequate and effective police services in the City of Toronto, and as such, the Board is dedicated to ensuring delivery of police services in partnership with our communities to keep Toronto the best and safest place to be.
- The Toronto Police Service has set the following service objectives for 2010:
 - Increasing safety in and around schools;
 - Increased reporting from victims of crime;
 - Increasing trust and confidence between the Police and groups with distinct needs;
 - Continuing to reduce violent crime and the availability and impact of drug activity on neighbourhoods;
 - Increasing the community perception of professionalism during contact with police;
 - Improving the Service's ability to plan, prevent, mitigate and respond to emergency incidents; and
 - Decreasing the number of road related injuries to pedestrians, cyclists and drivers.
- 2009 accomplishments for the Toronto Police Service include a 10% reduction in the 7 major crime indicators as of October 31, 2009 over the same period in 2008; responding to 515,551 calls for service, including 1,548 gun calls as of October 17, 2009; and making 46,696 arrests as of October 31, 2009.
- For 2009, the Toronto Police Service projects year-end net expenditures of \$854.399 million, \$0.400 million or less than 0.1% below the 2009 Approved Operating Budget of \$854.799 million net. This favourable variance primarily results from an anticipated \$0.600 million or 0.9% increase revenue arising from an increase in secondment revenues and various fees such as paid duty and accident reports.
- The Toronto Police Services Board is projecting year-end net expenditures of \$2.614 million, which are \$0.312 million or 13.6% over the 2009 Approved Operating Budget of \$2.301

million net, arising from \$0.363 million in over-spending for legal consulting costs as a result of the number and complexity of grievances filed.

- The 2010 Recommended Operating Budgets for the Service and Board include a combined contribution of \$1.180 million to the newly created Legal Liabilities Reserve to ensure consistent yearly legal expenses despite legal costs that may vary significantly from year to year.
- The Toronto Police Service has accommodated a \$5.315 million unallocated Budget reduction in 2009 through permanent sustainable in-year savings, which are reflected in the 2010 Recommended Operating Budget.

Table 1: 2010 Recommended Budget

Toronto Police Service

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$			%	\$
GROSS EXP.	918,923.2	919,123.2	953,793.8	50.0	953,843.8	34,920.6	3.8	22,430.8	17,152.4
REVENUE	64,124.7	64,724.7	65,704.5	50.0	65,754.5	1,629.8	2.5	(1,300.0)	(50.0)
NET EXP.	854,798.5	854,398.5	888,089.3	0.0	888,089.3	33,290.8	3.9	23,730.8	17,202.4
Approved Positions	7,830.0	7,830.0	7,834.0	1.0	7,835.0	5.0	0.1	0.0	(1.0)

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	853,138.4	888,089.3	34,950.9	826,754.4
PROGRAM REDUCTION (\$)	(42,739.9)	(7,789.0)	34,950.9	(42,739.9)
PROGRAM REDUCTION (%)	(5.0)	(0.9)	4.1	(5.0)

Toronto Police Services Board

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$			%	\$
GROSS EXP.	2,301.2	2,601.6	2,347.8	0.0	2,347.8	46.6	2.0	6.2	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0
NET EXP.	2,301.2	2,601.6	2,347.8	0.0	2,347.8	46.6	2.0	6.2	0.0
Approved Positions	8.0	8.0	8.0	0.0	8.0	0.0	0.0	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	2,217.7	2,347.8	130.1	2,108.9
PROGRAM REDUCTION (\$)	(130.1)	0.0	130.1	(115.1)
PROGRAM REDUCTION (%)	(5.7)	NA	5.7	(5.0)

Toronto Police Service

- The 2010 Recommended Operating Budget for the Toronto Police Service of \$953.844 million gross and \$888.089 million net is \$33.291 million or 3.9% above the 2009 Approved Operating Budget, and achieves Program reductions of \$7.789 million or 0.9% of the 2009 Approved Budget, which is \$34.951 million or 4.1% less than the reduction target for the Toronto Police Service in 2010.
- The 2010 Recommended Operating Budget for the Service is comprised of base funding of \$888.089 million net and funding for new/enhanced service priorities of \$0.050 million gross and \$0 net. Approval of the 2010 Recommended Operating Budget will result in the Service's total staff complement increasing from 7,830 to 7,835 approved positions.
- The 2010 Recommended Operating Budget for the Toronto Police Service results in incremental future year net costs to the Service of \$23.731 million in 2011 and \$17.202 million in 2012.
 - In 2011, the Service projects increases of \$5.613 million for the annualized impact of the 2010 salary settlement, \$6.294 million for replacement hires and \$4.800 million for inflationary increases to benefit costs. 2011 costs for a new salary settlement are subject to future negotiations.
 - The 2012 Outlook anticipates incremental increases of \$4.800 million for inflationary increases to the Service's comprehensive medical and dental plans and \$4.050 million in increased contributions to reserve funds.
 - The Service did not present 2011 reduction options during the 2010 process to achieve the Service's 2011 reduction target of \$42.740 million or 5% of the 2009 Approved Budget. The Service is required to develop reduction options over the course of the year for consideration during the 2011 Operating Budget process.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
 - \$55.826 million in increased staffing costs to accommodate the 2010 salary settlement, the impact of replacement hires, reclassification costs and inflationary increases to the Service's comprehensive medical and dental benefits.
- The cost drivers noted above will be partially off-set by the following savings included in the 2010 Recommended Operating Budget:
 - \$17.073 million in staffing savings arising from the Service's 2009 annualized and 2010 anticipated resignations and retirements (separations).
 - \$2.493 million in increased revenue from 2010 anticipated recoveries from Officer secondments and external deployments.
- The Service's 2010 Recommended Operating Budget includes service change savings of \$7.789 million for 2010 that will not result in incremental savings in 2011. The service change actions include \$1.888 million in base budget service efficiency and revenue change savings with no impact to 2009 service levels and \$5.901 million in an unspecified reduction.

- It is recommended that the Toronto Police Services Board report to Budget Committee with specific sustainable budget reductions and associated service impacts to accommodate the \$5.901 million unspecified reduction to the Service's budget.

Toronto Police Services Board

- The 2010 Recommended Operating Budget for the Toronto Police Services Board of \$2.348 million gross and net is \$0.047 million or 2.0% above the 2009 Approved Operating Budget, and does not include service change reductions to meet the Board's reduction target of \$0.130 million or 5.7% of the 2009 Approved Budget.
- The 2010 Recommended Operating Budget for the Board does not include funding for any new or enhanced service priority actions. Approval of the 2010 Recommended Operating Budget will result in the Board's total staff complement remaining at 8 approved positions.
- The 2010 Recommended Operating Budget for the Toronto Police Services Board results in incremental future year net costs of \$0.006 million in 2011 resulting from annualized impacts of the 2008 – 2010 salary settlement. 2011 costs for a new settlement are subject to future negotiations.
 - The Board did not present 2011 reduction options during the 2010 process to achieve the Board's 2011 reduction target of \$0.115 million or 5% of the 2009 Approved Budget. The Board is required to develop reduction options over the course of the year for consideration during the 2011 Operating Budget process options.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
 - 2010 salary settlement impacts of \$0.031 million.
 - Increased costs of \$0.015 million for an anticipated one-time national recruitment requirement.

Toronto Police Service & Services Board

- The following key program issues have been identified during the 2010 Operating Budget process:
 - The need of the Toronto Police Service to provide adequate contributions to the City-wide Sick Pay Reserve Fund, based on their annual withdrawals from the reserve.
 - The required continued participation of the Toronto Police Service, along with the Police Board in the consultation with the Ministry of the Attorney General and the Ministry of Community Safety and Correctional Services on the collection of current court security costs and data, and the development of court security standards, associated costs, and related governance as part of the court security costs upload to the Province planned to begin in 2012.
- The 2010 Recommended Operating Budget for the Toronto Police Service provides funding to complete, continue and initiate the following activities:.

- The Service will maintain an average deployed uniform strength of 5,546 Officers plus an additional 30 School Resource Officers delivering police services in partnership with our communities through 17 Divisions.
- The Toronto Police Service will continue to focus on the reduction of crime occurrences as experienced in 2009. This included 31,225 major crime incidences in Toronto as of October 31, 2009, which represents a decrease of 3,388 or 10% from levels experienced in 2008 over the same time period.
- Continued security for 263 Provincial courtrooms within the City will be provided.
- Police services provided to the public will continue to utilize a fleet of 1,349 cars, 92 motorcycles, 23 boats, 28 horses and 120 other modes of transportation ensuring the most efficient and effective use of the Service's resources.
- The Toronto Police Service will enhance the safety of TTC staff and riders through the deployment of 80 Officers into the transit system.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2010 Recommended Operating Budget for The Toronto Police Service of \$953.844 million gross and \$888.089 million net, comprised of the following service:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Toronto Police Service	953,843.8	888,089.3
	<hr/>	<hr/>
Total Program Budget	953,843.8	888,089.3
	<hr/>	<hr/>

2. City Council approve the 2010 Recommended Operating Budget for The Toronto Police Services Board of \$2.348 million gross and net, comprised of the following service:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Toronto Police Services Board	2,347.8	2,347.8
	<hr/>	<hr/>
Total Program Budget	2,347.8	2,347.8
	<hr/>	<hr/>

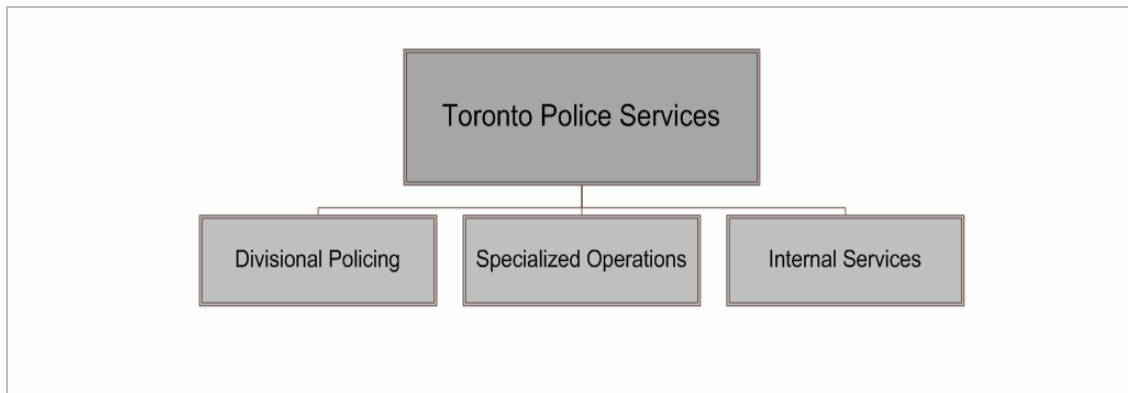
3. The Toronto Police Services Board, following consultation with the Chief of Police report to Budget Committee on March 5, 2010 with specific sustainable budget reductions and associated service impacts to accommodate a \$5.901 million net reduction to the Toronto Police Service Budget from the 2010 Budget Request approved by the Toronto Police Services Board on January 28, 2010 to achieve the 2010 Recommended Operating Budget of \$953.844 million gross and \$888.089 million net.

PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement

The Toronto Police Service is dedicated to delivering police services in partnership with our communities to keep Toronto the best and safest place to be.

Program Map



Every three years, the Toronto Police Service, along with the Toronto Police Services Board determines areas within the mandated responsibilities of the Service, where the focus of resources and activities should be emphasized. Seven areas of priority identified in the 2009 – 2011 Business Plan, which was approved by the Board on December 18, 2008 include focusing on child and youth safety, violence against women, people with distinct needs, targeting violence, organized crime and gangs, delivering inclusive police services, addressing community safety issues and ensuring pedestrian and traffic safety.

These focused activities are provided through the Police's three services, Divisional Policing; Specialized Operations; and Internal Services.

Divisional Policing

The Toronto Police Service provides policing services on a 24 hour per day basis to the citizens and business of Toronto through Divisional Policing. 17 Police Divisions across the City ensure primary response, community response, criminal investigations and administrative operations for the 2.8 million residents and numerous guests of the City.

The Divisional Policing Command provides front line policing through the Service's:

- Area Field Command
 - Comprised of 8 Divisions, (22, 23, 31, 32, 33, 41, 42 and 43) serving the former cities of Etobicoke, North York and Scarborough.

- Central Field Command
 - Comprised of 9 Divisions, (11, 12, 13, 14, 51, 52, 54 and 55) serving the central portion of the City.

Specialized Operations

The Service's Specialized Operations Command is comprised of investigative squads consisting of some of the Service's most critically important units, utilizing specialized skill sets in support of Divisional front line Officers.

The Specialized Operations Command is comprised of the following units:

- Operational Services
 - This is comprised of the Marine Unit, Mounted and Police Dog Services, the Emergency Task Force, the Public Safety and Emergency Management Unit, Traffic Services, Parking Enforcement, Court Services, the Communications Centre and Communications Services
- Detective Services
 - Specialized investigative units include Homicide, Hold-Up, Sex Crimes, Fraud, Intelligence, Drugs, Gaming, Organized Crime, Proceeds of Crime, Forensic Identification, Fugitive, Guns and Gangs, Auto Theft, Cargo Theft, Repeat Offender Parole Enforcement and Bail and Parole Reporting.

Internal Services

Administrative, strategic and human resource activities for the Toronto Police Service are provided through Internal Services.

Internal Services are comprised of the following Commands:

- Executive Command
 - The Service is able to provide both internal and external customer service with a specific mandate to deliver strategic planning, corporate communications, legal services and risk management support to the Chief of Police through Legal Services, Corporate Services and Professional Standards.
- Administrative Command
 - Finance & Administration and Information Technology Services within the Administrative Command, ensure the management of the Service's operating and capital budget process, the development and implementation of information technology and the identification, purchase and maintenance of Police equipment and property

- Human Resource Command
 - Human Resource Management and Staff Planning & Community Mobilization within the Human Resource Command provide training, planning, compensation and ensure the overall well being of the members of the Service.

Service Objectives

The Toronto Police Service has established service objectives as part of their 2009 – 2011 Business Plan to address its challenges and opportunities. The Service's key service objectives include:

Focusing on Child & Youth Safety

- Increase safety in and around schools and promote student trust and confidence in police.
- Provide youth with crime prevention and safety information, and encourage reporting.

Focusing on Violence Against Women

- Improve the provision of support, follow-up information, and referrals to victims.
- Increase reporting by victims.

Focusing on People with Distinct Needs

- Increase trust and confidence between the police and groups such as seniors, Aboriginal people, newcomers to Toronto, homeless people and those with mental illness.
- Increase the number of referrals to Victim Services, ensuring that all victims of violence, including the families and friends of victims if appropriate, have access to victim services and support.

Targeting Violence, Organized Crime, and Gangs

- Reduce violent crime, especially shootings, and illegal gun activity, specifically through a decrease in the number of shootings and the rate of violent crime and an increase in the number of firearms seized.
- Reduce the availability and impact of drug activity on neighbourhoods.

Delivering Inclusive Police Services

- Increase in the community perception of professionalism during contact with police and decrease the proportion of community who believe that Toronto Police officers target members of minority or ethnic groups for enforcement.
- Increase in the number of uniform and civilian applicants who are women and/or a visible minority.

Addressing Community Safety Issues

- Improve the Service's capacity to plan for, prevent, mitigate, respond to, and/or recover from emergency incidents.
- Improve the Service's ability to analyze crimes committed using technology (computer assisted crimes), particularly frauds and identity theft.

Ensuring Pedestrian and Traffic Safety

- Decrease the number of road-related injuries to pedestrians, cyclists and drivers.

PART III: 2009 EXPERIENCE

2009 Accomplishments

The Toronto Police Service's major accomplishments in 2009 include:

- A 10% reduction in the Service's 7 major crime indicators, which are used as a high level barometer of crime within the City, as of October 31, 2009 over the same period in 2008, comprised of the following:
 - 45 murders experienced, representing a decrease of 17 or 27% from 2008;
 - 1,199 sexual assaults experienced, representing a decrease of 159 or 12% from 2008;
 - 14,112 assaults experienced, representing a decrease of 1,173 or 8% from 2008;
 - 3,536 robberies experienced, representing a decrease of 131 or 4% from 2008;
 - 7,107 break and enters experienced, representing a decrease of 696 or 9% from 2008;
 - 4,486 auto thefts experienced, representing a decrease of 1,111 or 20% from 2008;
 - 740 thefts over \$1,000 experienced, representing a decrease of 101 or 12% from 2008;
- The Service responded to 515,551 calls for service as of October 17, 2009;
- The Service has made 46,696 arrests as of October 31, 2009; and,
- The Service has responded to 1,548 gun calls as October 17, 2009, representing a decrease of 25 or 1.6% from 2008.

Table 2: 2009 Budget Variance Review (\$000s)

Toronto Police Service

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	886,400.0	918,923.2	919,123.2	200.0	0.0
REVENUES	77,800.0	64,124.7	64,724.7	600.0	0.9
NET EXP.	808,600.0	854,798.5	854,398.5	(400.0)	(0.0)
Approved Positions	7,730.0	7,830.0	7,830.0	0.0	0.0

*Projected Actuals Based on the September 30, 2009 Variance Report

Toronto Police Services Board

	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	(In \$000s)	\$	\$	\$	%
GROSS EXP.	2,428.1	2,301.2	2,613.5	312.3	13.6
REVENUES	0.0	0.0	0.0	0.0	0.0
NET EXP.	2,428.1	2,301.2	2,613.5	312.3	13.6
Approved Positions	8.0	8.0	8.0	0.0	0.0

*Projected Actuals Based on the September 30, 2009 Variance Report

2009 Budget Variance Analysis

Toronto Police Service

The Toronto Police Service's Third Quarter Variance report projects that the Service will be \$0.400 million or less than 0.1% under the 2009 Approved Operating Budget of \$854.399 million net by year-end.

- The Toronto Police Service's projected favourable net expenditure variance is primarily the result of an anticipated \$0.600 million or 0.9% in increased revenue arising from secondment revenues which are projected to be \$0.500 million above budget by year-end following the re-establishment of secondments to United Nations missions beginning in Fall 2009.
- Revenues from various fee services, such as paid duty and accident reports, are also projecting a favourable variance of \$0.100 million by year-end.

Toronto Police Services Board

The Toronto Police Services Board's Third Quarter Variance report projects that the Board will be \$0.312 million or 13.6% over the 2009 Approved Operating Budget of \$2.301 million net by year-end.

- The Board's projected unfavourable net expenditure variance is primarily the result of an anticipated \$0.363 million in over spending for Legal Consulting costs resulting from an increase in the number of grievances filed along with an increase in the complexity of the filed grievances, creating additional pressure for the Board to defend its position during arbitration and human rights tribunal hearings.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

- The Toronto Police Service has identified \$5.315 million of in-year savings which allows them to achieve the 2009 Council approved unallocated Budget reduction of \$5.315

million. These savings are permanent and are reflected in the 2010 Recommended Operating Budget.

- Council has approved the creation of a Legal Liabilities Reserve for both the Toronto Police Service and Services Board with combined contributions of \$1.180 million included in the 2010 Recommended Operating Budgets. These contributions will ensure consistent yearly expenses while allowing the Service and Board to draw from the reserve as required for legal costs that may vary significantly from year to year.

PART IV: 2010 RECOMMENDED BASE BUDGET

Table 3: 2010 Recommended Base Budget (\$000s)

Toronto Police Service

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	918,923.2	953,793.8	34,870.6	3.8	22,430.8	17,202.4
REVENUE	64,124.7	65,704.5	1,579.8	2.5	(1,300.0)	0.0
NET EXP.	854,798.5	888,089.3	33,290.8	3.9	23,730.8	17,202.4
Approved Positions	7,830.0	7,834.0	4.0	0.1	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	853,138.4	888,089.3	34,950.9	826,754.4
PROGRAM REDUCTION (\$)	(42,739.9)	(7,789.0)	34,950.9	(42,739.9)
PROGRAM REDUCTION (%)	(5.0)	(0.9)	4.1	(5.0)

Table 3a: Program Reduction Requirements (\$000s)

Toronto Police Service

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	854,798.5	
Pressures Reported with 2010 / 2011 Outlook	41,079.8	16,355.9
Pressures Not Reported with 2010 / 2011 Outlook	0.0	7,374.9
5% Reduction Target	(42,739.9)	(42,739.9)
Additional Pressures not in 2010 Reported Outlook	0.0	TBD
Program Reduction Target	(42,739.9)	(42,739.9)
Net Budget Target	853,138.4	826,754.4

Table 3: 2010 Recommended Base Budget (\$000s)

Toronto Police Services Board

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	2,301.2	2,347.8	46.6	2.0	6.2	0.0
REVENUE	0.0	0.0	0.0	NA	0.0	0.0
NET EXP.	2,301.2	2,347.8	46.6	2.0	6.2	0.0
Approved Positions	8.0	8.0	0.0	0.0	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	2,217.7	2,347.8	130.1	2,108.9
PROGRAM REDUCTION (\$)	(130.1)	0.0	130.1	(115.1)
PROGRAM REDUCTION (%)	(5.7)	NA	5.7	(5.0)

Table 3a: Program Reduction Requirements (\$000s)

Toronto Police Services Board

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	2,301.2	
Pressures Reported with 2010 / 2011 Outlook	31.6	6.2
Pressures Not Reported with 2010 / 2011 Outlook	15.0	0.0
5% Reduction Target	(115.1)	(115.1)
Additional Pressures not in 2010 Reported Outlook	(15.0)	TBD
Program Reduction Target	(130.1)	(115.1)
Net Budget Target	2,217.7	2,108.9

2010 Recommended Base Budget

Toronto Police Service

The 2010 Recommended Base Budget for the Toronto Police Service of \$953.794 million gross and \$888.089 million net represents a \$33.291 million or 3.9% increase over the Service's 2009 Approved Operating Budget of \$854.799 million net. The 2010 Recommended Base Budget includes funding of \$41.740 million for base budget increases, which have been offset by \$7.789

million in budget reductions arising from recommended service efficiencies. These Program reductions are \$34.951 million or 4.1% below the Service's 2010 Operating Budget reduction target of \$42.740 million or 5% of the 2009 Approved Budget.

Approval of the 2010 Recommended Base Budget for the Toronto Police Service will result in the total approved complement increasing from 7,830 to 7,834 approved positions arising from the final stage of implementation of the previously approved Ministry of Attorney General (MAG) Disclosure program.

Toronto Police Services Board

The 2010 Recommended Base Budget for the Toronto Police Services Board of \$2.348 million net represents a \$0.047 million or 2.0% increase over the Board's 2009 Approved Operating Budget of \$2.301 million net. The 2010 Recommended Base Budget for the Toronto Police Services Board does not include service change reductions to meet the Board's reduction target of \$0.130 million or 5.7% of the 2009 Approved Budget.

Approval of the 2010 Recommended Base Budget for the Toronto Police Services Board will not result in a change to the Board's total staff complement of 8 positions.

2010 Base Budget Key Cost Drivers

Toronto Police Service

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- 2010 salary settlement impacts of \$27.178 million.
- \$18.180 million in increased staffing costs, for the annualized costs of 2009 replacements and reclassifications, and the part-year 2010 reclassification costs.
- Additional funding of \$5.651 million for increased benefit costs;
- \$4.817 million in increased staffing costs for 2010 replacement hires.

The cost drivers noted above will be partially offset by the following savings included in the 2010 Recommended Base Budget:

- The annualized impacts of 2009 and anticipated 2010 resignations and retirements (separations) resulting in savings of \$17.073 million.
- Increased revenues of \$1.100 million for the deployment of Officers to the 2010 Vancouver Olympics.
- Annualized secondment recoveries of \$1.393 million following the re-establishment of secondments to United Nations missions beginning in Fall 2009.
- \$1.888 million in base service change savings resulting from an increase to various service recovery fees, an increase in civilian gapping savings and an adjustment to the contribution schedule for incremental increases to the Service's Vehicle and Equipment reserve.

2010 Service Changes

Toronto Police Service

The Toronto Police Service's 2010 Recommended Base Budget includes service change savings of \$7.789 million representing 0.9% of the 2009 Approved Budget with no incremental impacts in 2011. The recommended 2010 service changes are comprised of \$1.888 million in base change savings noted above and \$5.901 million in savings arising from service efficiencies from a sustainable 2010 unspecified reduction.

Please refer to Part V of the Notes for a discussion regarding the 2010 Recommended Base Budget Service Changes.

2011 and 2012 Outlook: Net Incremental Impact

Toronto Police Service

Approval of the 2010 Recommended Base Budget for the Toronto Police Service will result in a 2011 and 2012 incremental increase of \$23.731 million and \$17.202 million, respectively, to maintain the 2010 level of service and staff complement. Future year costs are primarily attributed to the following:

- The 2011 Outlook for the Toronto Police Service anticipates incremental net expenditure increases of \$5.613 million for the annualized cost of the 2010 salary settlement awarded to the Police Association and the Senior Officers Organization. This contract expires at the end of 2010; 2011 costs are not included as they are subject to future negotiations.
- The annualized cost of 2010 replacement hires will also result in incremental net expenditure increases of \$6.294 million in 2011.
- Inflationary increases to the Service's comprehensive medical and dental plans for all full time permanent employees as well as the costs for the administration of these benefits are anticipated to result in incremental costs of \$4.800 million in 2011.
 - The 2010 Recommended Operating Budget will not result in any 2011 incremental service change savings to assist the Service in achieving their 2011 reduction target of a further decrease of \$42.470 million or 5% of the 2009 Approved Budget. The Service has not presented viable 2011 reduction options during the 2010 process. The Service is required to develop reduction options over the course of the year for consideration during the 2011 Operating Budget process options.
- The 2012 Outlook anticipates incremental increases of \$4.800 million for the Service's comprehensive medical and dental plans and \$4.050 million for required incremental increases to reserve contributions.

PART V: 2010 RECOMMENDED SERVICE CHANGES

Table 4: 2010 Recommended Service Change Summary
(In \$000s)

Description	2010 Recommended Service Changes				Net Incremental Impact	
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Budget	2011	
	#	\$	\$	#	\$	# Pos
Base Change Summary	0.0	(1,200.0)	(1,888.0)	-0.2%	0.0	0.0
Service Efficiencies: Unspecified Reduction		(5,901.0)	(5,901.0)	-0.7%		
Sub-Total Service Changes	0.0	(5,901.0)	(5,901.0)	-0.7%	0.0	0.0
Total Changes	0.0	(7,101.0)	(7,789.0)	-0.9%	0.0	0.0

2010 Recommended Service Changes

The budgetary impact of implementing the following service changes are included in the 2010 Recommended Base Budget, with savings estimated at \$7.789 million in 2010 with no incremental impact in 2011 as these are annualized savings, effective January 1, 2010. Included in the \$7.789 million in savings is \$1.888 million in reductions applied to the base budget, which will have no impact in the level of service provided by the Program in 2010.

Service Changes

The following recommended service change included in the Police Service's 2010 Recommended Base Budget, resulting in 2010 efficiency savings of \$5.901 million net is discussed below.

Service Efficiencies

Unspecified Reduction

The 2010 Recommended Operating Budget for the Toronto Police Service includes permanent service efficiency savings of \$5.901 million arising from a sustainable unspecified reduction.

It is recommended that the Toronto Police Services Board, following consultation with the Chief of Police report to Budget Committee on March 5, 2010 with specific sustainable budget reductions and associated service impacts to accommodate a \$5.901 million net reduction to the Toronto Police Service Budget from the 2010 Budget Request approved by the Toronto Police Services Board on January 28, 2010 to achieve the Recommended Operating Budget of \$953.844 million gross and \$888.089 million net in 2010.

PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

Table 5: 2010 New / Enhanced Service Priority Actions: Summary
(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
New Services - Program Initiated FPARS System Coordinator	50.0	0.0	1.0				(1.0)
Total New Services	50.0	0.0	1.0	0.0	0.0	0.0	(1.0)

2010 Recommended New / Enhanced Service Priority Actions

New Service Priority Actions

Toronto Police Service

Program Initiated: Financial Planning, Analysis and Reporting System (FPARS) - Systems Coordinator

The Financial Planning, Analysis and Reporting System (FPARS) will build a more functional, service-based, performance-focused model for planning, budgeting, monitoring and evaluating City services, the investments in those services and the outcomes they produce. The project will rationalize resources by standardizing, consolidating and automating processes and systems.

Accounting, budgeting, payroll and human resource business process re-engineering and technology training must begin in 2010 in advance of implementing the new FPARS system that will be used for the 2012 operating budget process to present a multi-year, service based operating budget for the new term of Council with full system functionality and clean data to be used in 2012 to build the 2013 Operating Budget.

The project has identified a need for 1 temporary Systems Coordinator from the Toronto Police Service for 12 months effective Aug. 1, 2010 as FPARS will be implementing accounting processes, which will effect Toronto Police Service accounting processes within their current SAP production accounting module. This position will be funded by FPARS capital project and the 2010 impact is \$0.050 million gross and zero net, with no 2011 incremental impact. The position will not be required in 2012.

PART VII: ISSUES FOR DISCUSSION**2010 Budget Issues*****Toronto Police Service 2010 Recommended Operating Budget vs. Target***

The Toronto Police Service's 2010 Recommended Operating Budget is \$953.944 million gross and \$888.089 million net and is \$34.951 million above the operating target of \$853.138 million net, achieving \$7.789 million or 0.9% in reductions compared to the target of \$42.740 million or 5% of the 2009 Approved Operating Budget.

The Toronto Police Service's 2010 Recommended Operating Budget is above the operating target primarily as a result of increased salary and benefit costs arising from the 2010 impacts of the awarded salary settlement, the full year impact of 2009 replacement and reclassification costs, the cost of 2010 replacement hires and inflationary increases to the Service's comprehensive medical and dental plans.

Wherever possible, the Service has offset increased expenditures, it is recommended that the Police Board report back to Budget Committee with detailed service efficiency adjustments and/or service impacts to achieve a recommended unspecified reduction of \$5.901 million in 2010.

Reduction Strategies

The Toronto Police Services Board approved the Toronto Police Service's 2010 Operating Budget Request on January 27, 2010 and forwarded it to the City Manager and Chief Financial Officer as well as the Budget Committee for review and recommendation.

The 2010 Recommended Operating Budget for the Toronto Police Service from the City Manager and Chief Financial Officer is \$4.067 million less than the Budget Request approved by the Toronto Police Services Board on January 27, 2010 and includes an unspecified budget reduction of \$5.901 million.

It is recommended that the Toronto Police Services Board, following consultation with the Chief of Police report to Budget Committee on March 5, 2010 with specific sustainable budget reductions and associated service impacts to accommodate a \$5.901 million net reduction to the Toronto Police Service Budget from the 2010 Budget Request approved by the Toronto Police Services Board on January 28, 2010 to achieve the Recommended Operating Budget of \$953.844 million gross and \$888.089 million net in 2010.

Transit Security

The 2008 Federal Budget was announced on February 26, 2008 and included a commitment to establish a Police Officers Recruitment Fund (PORF) for Provinces and Territories to participate in a national effort to recruit 2,500 Police Officers across the country to target local crimes and make communities safer. In 2009, the Toronto Police Service received funding for 38 Officers as part of this 5 year program.

As part of the 2009 Council Approved Operating Budget, the Toronto Police Service utilized the increase in the Service's average deployed uniform strength from 5,510 Officers to 5,548 Officers to increase safety within the City's transit system through the establishment of Transit Officers.

The 2010 Recommended Operating Budget includes \$1.834 million in funding for the Toronto Police Service to deploy 42 Officers into the City's transit system ensuring a full complement of 80 Transit Officers, enhancing the safety of TTC staff and the public utilizing the transit system.

2011 and Future Year Issues

2011 Reduction Target

The Toronto Police Service did not present 2011 reduction options during the 2010 Budget process to achieve the Service's 2011 reduction target of \$42.740 million or 5% of the 2009 Approved Budget. The Service is required to develop viable reduction options over the course of the year for consideration during the 2011 Operating Budget process.

Issues Referred to 2010 Operating Budget Process

Policy Change – Sick Pay Reserve Fund

In Fall 2008, through the *Adequacy of Employee Benefits Reserve Fund* report, Council endorsed a plan to require Agencies, Boards and Commissions to contribute annual funding to the Sick Leave Reserve Fund that matches budgeted withdrawals.

The Toronto Police Service have historically withdrawn approximately \$6.000 million more per year than they had contributed to the Reserve Fund. Given funding pressures in 2010, the 2010 Recommended Operating Budget includes a deferred, 3 year approach to increasing the Service's contribution to the Sick Leave Reserve Fund beginning in 2011, with an incremental increase of \$2.100 million included in the 2011 outlook.

Outstanding Issues from 2009 and Prior Years

Court Security

Section 137 of the Police Services Act states that police services boards are responsible for court security to "ensure the security of judges and of persons taking part in or attending proceedings." On January 1, 1990, the Provincial government transferred responsibility for court security costs to municipalities. The costs have grown steadily since the transfer. In 1990, the cost of providing security in court facilities and costs related to prisoner transportation to and from court facilities was under \$16.000 million. The number of courtrooms has grown from 138 in 1990 to 263 in 2010. As a result of the increase in courtrooms, court security costs have risen from 1990 levels to the following:

Court Security Net Costs (\$ Millions)		
Description	2009 Approved Budget	2010 Recommended Budget
Court Security	40.600	40.900
Prisoner Transportation	4.200	4.400
Total Court Security	44.800	45.300

Based on the Provincial-Municipal Fiscal and Service Delivery Review, released in Fall 2008, the Toronto Police Service, along with the Police Board will participate in the consultation with the Ministry of the Attorney General and the Ministry of Community Safety and Correctional Services on the collection of current court security costs and data, and the development of court security standards, associated costs, and related governance as part of the court security costs upload to the Province planned to begin in 2012.

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

Toronto Police Service

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
2009 Council Approved Operating Budget	7,830.0	919,251.2	64,124.7	855,126.5	0.0	0.0
Technical Adjustments				0.0		
In-Year Budget Adjustments		(328.0)		(328.0)		
2009 Approved Operating Budget	7,830.0	918,923.2	64,124.7	854,798.5	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year	4.0	8,150.7		8,150.7	500.0	500.0
Reversals from Prior Year		(1,931.9)	(1,856.5)	(75.4)		
Operating Impacts of Capital		1,400.0		1,400.0		
Zero Base Items				0.0		
Economic Increases:						
Salary		38,517.6		38,517.6	10,412.5	4800.0
Non Salary		43.8		43.8		
Adjusted Base Budget	7,834.0	965,103.4	62,268.2	902,835.2	10,912.5	5,300.0
Base Expenditure Changes		(5,408.6)		(5,408.6)	11,518.3	11,902.4
Base Revenue Changes			3,436.3	(3,436.3)	1,300.0	
2010 Base Budget Prior to Service Changes	7,834.0	959,694.8	65,704.5	893,990.3	23,730.8	17,202.4
Recommended Service Changes:						
Service Efficiencies		(5,901.0)		(5,901.0)		
Revenue Changes				0.0		
Minor Service Level Changes				0.0		
Major Service Level Changes				0.0		
Total Recommended Base Changes	0.0	(5,901.0)	0.0	(5,901.0)	0.0	0.0
2010 Recommended Base Budget	7,834.0	953,793.8	65,704.5	888,089.3	23,730.8	17,202.4

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

Toronto Police Services Board

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
2009 Council Approved Operating Budget	8.0	2,301.2	0.0	2,301.2	0.0	0.0
Technical Adjustments						
In-Year Budget Adjustments						
2009 Approved Operating Budget	8.0	2,301.2	0.0	2,301.2	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year						
Reversals from Prior Year						
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		30.9		30.9	6.2	
Non Salary						
Adjusted Base Budget	8.0	2,332.1	0.0	2,332.1	6.2	0.0
Base Expenditure Changes		15.7		15.7		
Base Revenue Changes						
2010 Base Budget Prior to Service Changes	8.0	2,347.8	0.0	2,347.8	6.2	0.0
Recommended Service Changes:						
Service Efficiencies						
Revenue Changes						
Minor Service Level Changes						
Major Service Level Changes						
Total Recommended Base Changes	0.0	0.0	0.0	0.0	0.0	0.0
2010 Recommended Base Budget	8.0	2,347.8	0.0	2,347.8	6.2	0.0

Appendix B
Summary of Service Changes

Appendix C

**Summary of 2010 Recommended
New/Enhanced Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

Toronto Police Service

CLUSTER: AGENCIES, BOARDS & COMMISSIONS							
PROGRAM: Toronto Police Service							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	812,650.8	809,666.4	848,879.7	36,228.9	4.5%	865,585.8	877,338.2
Supplies and Equipment	21,050.6	21,679.3	21,835.1	784.5	3.7%	21,835.1	21,835.1
Services & Rents	38,111.3	39,224.5	39,462.7	1,351.4	3.5%	40,637.4	41,487.4
Contributions to Capital				0.0	n/a		
Contributions to Reserve/Res Funds	28,632.3	29,332.3	29,682.3	1,050.0	3.7%	33,732.3	37,782.3
Other Expenditures			(5,901.0)	(5,901.0)	n/a	(5,901.0)	(5,901.0)
Interdivisional Charges	18,478.2	19,220.7	19,885.0	1,406.8	7.6%	20,385.0	20,885.0
TOTAL GROSS EXPENDITURES	918,923.2	919,123.2	953,843.8	34,920.6	3.8%	976,274.6	993,427.0
Interdivisional Recoveries	8,453.8	8,984.9	8,193.6	(260.2)	(3.1%)	8,193.6	8,193.6
Provincial Subsidies				0.0	n/a		
Federal Subsidies				0.0	n/a		
Other Subsidies	21,182.6	20,799.3	22,123.1	940.5	4.4%	22,123.1	22,123.1
User Fees & Donations	21,296.9	21,749.1	22,196.4	899.5	4.2%	20,896.4	20,896.4
Transfers from Capital Fund			50.0	50.0	n/a	50.0	
Contribution from Reserve Funds	13,191.4	13,191.4	13,191.4	0.0	0.0%	13,191.4	13,191.4
Contribution from Reserve				0.0	n/a		
Sundry Revenues				0.0	n/a		
TOTAL REVENUE	64,124.7	64,724.7	65,754.5	1,629.8	2.5%	64,454.5	64,404.5
TOTAL NET EXPENDITURES	854,798.5	854,398.5	888,089.3	33,290.8	3.9%	911,820.1	929,022.5
APPROVED POSITIONS	7,830.0	7,830.0	7,835.0	5.0	0.1%	7,835.0	7,834.0

Appendix D

Program Summary by Expenditure Category

Toronto Police Services Board

CLUSTER: AGENCIES, BOARDS & COMMISSIONS							
PROGRAM: Toronto Police Services Board							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	877.3	858.8	909.3	32.0	3.6%	915.5	915.5
Supplies and Equipment	13.9	11.9	10.9	(3.0)	(21.6%)	10.9	10.9
Services & Rents	730.0	1,062.8	147.6	(582.4)	(79.8%)	147.6	147.6
Contributions to Capital				0.0	n/a		
Contributions to Reserve/Res Funds			600.0	600.0	n/a	600.0	600.0
Other Expenditures				0.0	n/a		
Interdivisional Charges	680.0	680.0	680.0	0.0	0.0%	680.0	680.0
TOTAL GROSS EXPENDITURES	2,301.2	2,613.5	2,347.8	46.6	2.0%	2,354.0	2,354.0
Interdivisional Recoveries				0.0	n/a		
Provincial/Federal/Other Subsidies				0.0	n/a		
User Fees & Donations				0.0	n/a		
Transfers from Capital Fund				0.0	n/a		
Contribution from Res/Res Funds				0.0	n/a		
Sundry Revenues				0.0	n/a		
TOTAL REVENUE	0.0	0.0	0.0	0.0	n/a	0.0	0.0
TOTAL NET EXPENDITURES	2,301.2	2,613.5	2,347.8	46.6	2.0%	2,354.0	2,354.0
APPROVED POSITIONS	8.0	8.0	8.0	0.0	0.0%	8.0	8.0

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Toronto Police Service Vehicle and Equipment Reserve	XQ1701	Beginning Balance	8,171.0	23,387.5	40,554.0
		Proposed Withdrawals (-) / Contributions (+)	15,216.5	17,166.5	19,116.5
		Total Proposed Contributions (Withdrawals)	15,216.5	17,166.5	19,116.5
(RESERVE NAME / #) BALANCE AT YEAR END			23,387.5	40,554.0	59,670.5

*Balance as of December 2009

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Toronto Police Service Health Care Spending Reserve Fund	XR1720	Beginning Balance	688.2	1,388.2	2,088.2
		Proposed Withdrawals (-) / Contributions (+)	700.0	700.0	700.0
		Total Proposed Contributions (Withdrawals)	700.0	700.0	700.0
(RESERVE NAME / #) BALANCE AT YEAR END			1,388.2	2,088.2	2,788.2

*Balance as of December 2009

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Toronto Police Service & Board Legal Liabilities Reserve	XQ1901	Beginning Balance	5,193.7	6,373.7	7,553.7
		Proposed Police Service Contribution / Police Board Contributions	580.0 600.0	580.0 600.0	580.0 600.0
		Total Proposed Contributions (Withdrawals)	1,180.0	1,180.0	1,180.0
(RESERVE NAME / #) BALANCE AT YEAR END			6,373.7	7,553.7	8,733.7

*Balance as of December 2009

Corporate Reserve / Reserve Funds – Toronto Police Service

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2009	Proposed Withdrawals (-) / Contributions (+)		
			2010	2011	2012
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	32,534.1	8,268.3	8,268.3	8,268.3
Central Sick bank	XR1701	3,471.3	1,422.5	1,422.5	1,422.5
Central Sick bank	XR1701		(3,677.5)	(3,677.5)	(3,677.5)
Sick Leave	XR1007	49,786.3	3,495.0	5,595.0	7,695.0
Sick Leave	XR1007		(9,513.9)	(9,513.9)	(9,513.9)
Total Reserve / Reserve Fund Draws / Contributions			(5.6)	2,094.4	4,194.4