

November 20, 2006

To: Policy and Finance Committee, City of Toronto

From: Alok Mukherjee, Chair

Subject: 2006 Operating Variance Reports Ending July 31, 2006 for the Toronto Police Services Board, Toronto Police Service and Toronto Police Service – Parking Enforcement Unit

Purpose:

The purpose of this report is to advise the Policy and Finance Committee of the results of the 2006 operating variance reports ending July 31, 2006 for the Toronto Police Services Board, Toronto Police Service and the Toronto Police Service –Parking Enforcement Unit.

Financial Implications and Impact Statement:

There are no financial implications in regard to the receipt of this report.

Recommendation:

It is recommended that the Policy and Finance Committee receive this report.

Background:

At its meeting held on September 28, 2006, the Toronto Police Services Board was in receipt of the following three reports:

- Toronto Police Services Board – 2006 Operating Budget Variance Report as at July 31, 2006;
- Toronto Police Service – 2006 Operating Budget Variance Report as at July 31, 2006; and
- Toronto Police Service: Parking Enforcement Unit - 2006 Operating Budget Variance Report as at July 31, 2006.

Comments:

The Board received the foregoing reports and agreed to forward copies to the Policy and Finance Committee for information.

Conclusions:

Copies of the foregoing reports, in the form attached as Appendix "A" through Appendix "C", regarding these matters are provided for information.

Contact:

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Alok Mukherjee
Chair

List of Attachments:

Appendix A - Board Minute No. P304/06
Appendix B - Board Minute No. P306/06
Appendix C - Board Minute No. P305/06

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APPENDIX "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON SEPTEMBER 28, 2006

#P304. TORONTO POLICE SERVICES BOARD - 2006 OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2006

The Board was in receipt of the following report September 07, 2006 from Alok Mukherjee, Chair:

Subject: 2006 OPERATING BUDGET VARIANCE REPORT FOR THE TORONTO POLICE SERVICES BOARD AS AT JULY 31, 2006

Recommendation:

It is recommended that:

- (1) the Board receive this report; and
- (2) the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer, and to the City Policy and Finance (P&F) Committee.

Background:

Toronto City Council, at its meeting of March 29, 30, 2006 approved the Toronto Police Services Board Operating Budget at a net amount of \$1,784,600.

Comments:

As at July 31, 2006, it is anticipated that year-end expenditures will be within the approved budget and therefore no variance is projected. The following chart summarizes the variance by category of expenditure and details by category are provided below. It is important to note that expenditures do not all follow a linear pattern and therefore year-to-date expenditures cannot be simply extrapolated to year end. Rather, the projection of expenditures to year end is done through an analysis of all accounts, taking into consideration factors such as expenditures to date, future commitments expected and spending patterns.

Expenditure Category	Annual Budget (\$Ms)	Actual Expend. to Jul 31/06 (\$Ms)	Projected Year-End Actual Expend. (\$Ms)	Projected (Under)/Over-Expend. (\$Ms)
Salaries & Benefits (incl. premium pay)	\$716.9	\$497.5	\$716.9	\$0.0
Non-Salary Expenditures	<u>\$1,067.7</u>	<u>\$391.3</u>	<u>\$1,067.7</u>	<u>\$0.0</u>
Total	<u>\$1,784.6</u>	<u>\$888.8</u>	<u>\$1,784.6</u>	<u>\$0.0</u>

Salaries & Benefits (including Premium Pay)

Expenditures to date are consistent with the estimate and therefore no year-end variance is projected.

Non-salary Budget

The majority of the costs in this category are for arbitrations / grievances and City charge backs for legal services. It should be noted that many of these expenditures are not charged to the Service until the end of the year. No variance is anticipated in these accounts at this time.

Conclusion:

The most significant expenditure risk for the Board is legal costs for arbitration grievances. At this point in time the actual spending does not reflect any concerns; however, this will be monitored closely and reported in the monthly variance reports.

The Board received the foregoing and agreed to forward a copy to the City's Deputy Manager and Chief Financial Officer and to the City's Policy and Finance Committee.

APPENDIX 'B'

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON SEPTEMBER 28, 2006

#P306. TORONTO POLICE SERVICE - 2006 OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2006

The Board was in receipt of the following report September 7, 2006 from William Blair, Chief of Police:

Subject: 2006 OPERATING BUDGET VARIANCE REPORT FOR THE TORONTO
POLICE SERVICE AS AT JULY 31, 2006

Recommendations:

It is recommended that:

- (1) the Board receive this report; and
- (2) the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer, and to the City Policy and Finance (P&F) Committee.

Background:

Toronto City Council, at its meeting of March 29 and 30, 2006, approved the Toronto Police Service (TPS) Operating Budget at a net amount of \$751.6 Million (M). The budget was subsequently revised upward by \$0.8M to a total of \$752.4M to support a reallocation of the City Insurance Reserve Fund. It should be noted that this change does not result in additional available funds to the Service.

Comments:

The following chart summarizes the variance by category of expenditure.

Expenditure Category	Annual Budget (\$Ms)	Actual Expend. to Jul 31/06 (\$Ms)	Projected Year- End Actual Expend. (\$Ms)	Projected (Under)/Over- Expend. (\$Ms)
Salaries & Benefits (incl. premium pay)	\$712.0	\$390.6	\$710.0	(\$2.0)
Non-Salary Expenditures	\$84.9	\$42.2	\$84.9	\$0.0
Total Gross	\$796.9	\$432.8	\$794.9	(\$2.0)
Revenue	(\$44.5)	(\$34.9)	(\$44.0)	\$0.5
Total	\$752.4	\$397.9	\$750.9	(\$1.5)

It is important to note that expenditures do not all follow a linear pattern and therefore year-to-date expenditures cannot be simply extrapolated to year end. Rather, the projection of expenditures to year end is done through an analysis of all accounts, taking into consideration factors such as expenditures to date, future commitments expected and spending patterns.

As at July 31, 2006, a year-end surplus of \$1.5M is anticipated as discussed below.

Salaries & Benefits (including Premium Pay)

Uniform separations for 2006 are still projected to be 240, compared to the budget of 200 and actual experience of 231 in 2005. Human Resources is currently analyzing the figures, as current trends indicate that this projection may have to be revised upward. At this point in time, a uniform salary savings of \$3.0M is projected.

Court security spending is projected to be overspent by \$1.5M. Court Services staffing is comprised mostly of full time Court Officers who are supplemented by part time Court Officers. Due to a trend towards longer pre-trial hearings and an increase in trial hours per day, Court Services has been compelled to use more part time Court Officers for longer periods of time to ensure court security. In addition, Judges are more security conscious and have the authority to suspend court proceedings if they believe that there is inadequate security. This has resulted in additional court security pressures. The projected year-end over-expenditure is based on year-to-date spending patterns and on the assumption that recent high profile cases will be prosecuted during 2006. The over-expenditure situation in Court Services is being reviewed with a view to identifying actions required to address this budgetary pressure in a sustainable manner.

The premium pay budget for 2006 was reduced by \$0.5M from the 2005 level. The importance of controlling premium pay expenditures has been reiterated to all Unit Commanders. The Service will continue to strictly enforce the monitoring and control of premium pay to achieve the revised funding level. After the first seven months of 2006, actual spending patterns are in line with the revised budget and at this time no variance is projected. However, premium pay is subject to the exigencies of policing and uncontrollable events that could have an impact on expenditures.

The Service also continues to closely monitor spending in the benefits category. Early indications are that the medical and dental benefit accounts will be underspent by the end of the year and therefore a \$0.5M favourable variance is projected at this time.

Non-salary Expenditures

Non-salary expenditures are projected to be on budget.

Gasoline prices have continued to fluctuate at high levels since the beginning of the year. The increase in gasoline prices is significantly higher than what was budgeted for, and the Service is now projecting that gas expenditures will exceed budget by \$0.3M by year-end. This projection is based on realized price increases to date and assumes that the recent stabilization in gas prices

will hold to the end of the year. The projected over-expenditure on gasoline is offset by savings in the other non-salary accounts.

Revenue

An unallocated \$1.5M budget reduction was made at the time of budget approval by City Council. The Service had already made reductions to its operating budget submission and therefore was unable to identify further reductions. As a result, miscellaneous revenue was arbitrarily increased by \$1.5M to accommodate the budget reduction by City Council. Current revenues (excluding this reduction and excluding grants) are projected to be on budget, resulting in an overall \$1.5M shortfall in the revenue category (excluding grants).

Safer Communities Partnership Program

The 2006 operating budget includes \$1.9M net funding for the hiring of an additional 204 police officers under the Safer Communities Partnership Program. The funding is comprised of \$6.3M for salaries, outfitting and recruiting costs. The Service is currently on target to hire the additional staff.

These costs are partially offset by grants from the Province. Grant funding (originally estimated at \$4.4M) has been re-evaluated, in conjunction with the Province. Total grant funding is now estimated at \$5.4M in 2006, resulting in a favourable variance of \$1.0M in the Safer Communities Grant Program.

Conclusion:

As at July 31, 2006, a favourable variance of \$1.5M is projected. Lower salary and benefit expenditures and higher than estimated grant funding have offset pressures related to court security, gasoline price increases and an unallocated budget reduction. Expenditures and revenues will continue to be closely monitored throughout the year, and any changes to the projected variance will be reported on at future Board meetings.

Mr. Tony Veneziano, Chief Administrative Officer, Administrative Command will be in attendance to answer any questions from the Board.

The Board received the foregoing and agreed to forward a copy to the City's Deputy Manager and Chief Financial Officer and to the City's Policy and Finance Committee.

APPENDIX "C"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON SEPTEMBER 28, 2006

#P305. TORONTO POLICE SERVICE – PARKING ENFORCEMENT UNIT: 2006 OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2006

The Board was in receipt of the following report September 7, 2006 from William Blair, Chief of Police:

Subject: 2006 OPERATING BUDGET VARIANCE REPORT FOR THE TORONTO
POLICE PARKING ENFORCEMENT UNIT AS AT JULY 31, 2006

Recommendations:

It is recommended that:

- (1) the Board receive this report; and
- (2) the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer, and to the City Policy and Finance (P&F) Committee.

Background:

Toronto City Council, at its meeting of March 29, 30, 2006 approved the Toronto Police Parking Enforcement Operating Budget at a net amount of \$32.7 Million (M).

Comments:

The following chart summarizes the variance by category of expenditure.

Expenditure Category	Annual Budget (\$Ms)	Actual Expend. to Jul 31/06 (\$Ms)	Projected Year-End Actual Expend. (\$Ms)	Projected (Under)/Over- Expend. (\$Ms)
Salaries & Benefits (incl. premium pay)	\$28.3	\$14.9	\$28.3	\$0.0
Non-Salary Expenditures	\$4.4	\$2.2	\$4.4	\$0.0
Total	\$32.7	\$17.1	\$32.7	\$0.0

It is important to note that expenditures do not all follow a linear pattern and therefore year-to-date expenditures cannot be simply extrapolated to year end. Rather, the projection of expenditures to year end is done through an analysis of all accounts, taking into consideration factors such as expenditures to date, future commitments expected and spending patterns.

Salaries & Benefits (including Premium Pay)

Staff attrition is in line with the anticipated levels included in the 2006 approved budget. Benefits are also trending to be within the approved budget amounts. As a result, no variance is projected in this category.

Non-salary Expenditures

Expenditures in this category are projected to be on budget.

Conclusion:

As at July 31, 2006, it is anticipated that year-end expenditures will be within the approved budget and therefore no variance is projected.

Mr. Tony Veneziano, Chief Administrative Officer, Administrative Command will be in attendance to answer any questions from the Board.

The Board received the foregoing and agreed to forward a copy to the City's Deputy Manager and Chief Financial Officer and to the City's Policy and Finance Committee.