



STAFF REPORT ACTION REQUIRED

Toronto Police Service - 2009 Operating Budget Request Revised in Response to the City Manager's Recommendations

Date:	February 18, 2009
To:	Budget Committee, City of Toronto
From:	Alok Mukherjee, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide the City of Toronto Budget Committee with the Toronto Police Service's (Service) response to the City Manager's recommendations with respect to the Service's 2009 operating budget request.

RECOMMENDATION

It is recommended that the Budget Committee approve a revised 2009 net operating budget request of \$855.1 million (M), a 4.0% increase over the 2008 approved net operating budget.

FINANCIAL IMPACT

The Toronto Police Service's revised 2009 operating budget request is \$855.1M net (\$919.3M gross). This is an increase of \$33.1M (4.0%) over the approved 2008 net operating budget of \$822.0M. This revised budget request has been reduced by \$5.3M from the budget approved by the Board at its meeting on January 22, 2009.

ISSUE BACKGROUND

At its meeting of February 12, 2009, the Toronto Police Services Board was in receipt of a report, dated February 10, 2009, from William Blair, Chief of Police, containing the Service's response to the City Manager's recommendations to the Budget Committee with respect to the Service's 2009 operating budget request.

COMMENTS

The Board approved the Chief's report and agreed to forward copies to the Budget Committee for approval and to the City's Deputy City Manager and Chief Financial Officer for information.

A copy of Board Minute No. P28/09, in the form attached as Appendix "A" to this report, regarding this matter is provided for information.

CONTACT

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Toronto Police Service
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SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P28/09

cc. Mr. Cam Weldon, Acting Deputy City Manager and Chief Financial Officer

A: tps budget response 2009.doc

APPENDIX "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON FEBRUARY 12, 2009

#P28. 2009 OPERATING BUDGET REQUEST FOR THE TORONTO POLICE SERVICE: REPONSE TO THE CITY MANAGER'S RECOMMENDATION TO THE BUDGET COMMITTEE

The Board was in receipt of the following report February 10, 2009 from William Blair, Chief of Police:

Subject: 2009 OPERATING BUDGET REQUEST FOR THE TORONTO POLICE SERVICE: RESPONSE TO CITY MANAGER'S RECOMMENDATION TO BUDGET COMMITTEE

Recommendations:

It is recommended that:

1. the Board approve a revised 2009 net operating budget request of \$855.1 million (M), a 4.0% increase over the 2008 approved net operating budget;
2. the Board approve a revised uniform establishment of 5,548 (an increase of 38);
3. the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer for information; and
4. the Board forward a copy of this report to the City Budget Committee for approval.

Financial Implications:

The Toronto Police Service's (TPS) revised 2009 operating budget request is \$855.1M net (\$919.3M gross). This is an increase of \$33.1M (4.0%) over the approved 2008 net operating budget of \$822.0M. This revised budget request has been reduced by \$5.3M from the budget approved by the Board at its meeting on January 22, 2009 (Min. No. P18/09 refers).

Background/Purpose:

The Board approved a 2009 net operating budget request of \$860.4M at its January 22, 2009 meeting (Min. No. P18/09 refers). This budget request was provided to the City's Deputy City Manager and Chief Financial Officer for information, and to the City Budget Committee for approval.

The overall City of Toronto 2009 operating budget was introduced by the Mayor and the City Budget Committee Chair on February 10, 2009. This budget included the following recommendations from the City Manager with respect to the Service's 2009 operating budget request:

- “1. City Council approve the 2009 Recommended Operating Budget for the Toronto Police Service of \$920.661 million gross and \$855.127 million net ...;
2. the Toronto Police Services Board report to Budget Committee on March 3, 2009 with specific sustainable budget reductions to accommodate a \$5.315 million net reduction from the 2009 Budget Request approved by the Toronto Police Services Board on January 22, 2009 to achieve the Recommended Operating Budget of \$920.661 million gross and \$855.127 million net in 2009; and
3. the Toronto Police Services Board, following consultation with the Chief of Police and the final confirmation of outstanding details of the Police Officers Recruitment Fund, report to Budget Committee identifying adjustments required to include 38 additional Officers within the Police Service’s Recommended Operating Budget of \$920.661 million gross and \$855.127 million net in 2009.”

Discussion:

The current Board-approved budget request resulted from a thorough review process by the Command and Board Budget Sub-Committee. In order to achieve the \$5.3M reduction recommended by the City, the Service has conducted a further review of the current Board-approved budget, with the benefit of final year-end numbers, which are now available. Particular attention was given to those accounts where 2009 budget estimates are based on historical spending levels. The following summarizes the budget adjustments that can be made at this time.

Salaries:

Service salary budgets are developed based on actual staffing levels and salary rates at a point in time, adjusted for planned hires, separations and leaves. Full-year 2008 information is now available and has been used to revise the 2009 hiring and gapping analysis for Court Services. As a result, \$1.3M in reductions can be applied to the Court Services budget.

The Service has also reviewed its gapping assumptions with respect to civilian positions, and a \$0.5M reduction is being made in this regard.

Premium Pay Expenditures:

Premium pay expenditures arise from overtime, court and callback hours incurred by members, as well as cash payouts for accumulated lieu time. Premium pay cash expenditures can vary year to year depending on whether members choose to take accumulated lieu time as days off or as cash. Recent patterns indicate a slightly higher percentage of members requesting time off compared to cash. On an overall basis, this translates to a \$0.8M reduction in estimated requirements for premium pay. It should be noted, however, that this reduction is based on recently observed changes in long-term trends. If this change does not continue to be realized in 2009, this could create a pressure in the premium pay accounts.

Benefits:

Many of the significant fringe benefit accounts (e.g., medical, dental and Workers' Safety and Insurance Board) rely on historical experience to help determine future expenditure levels. Based on 2008 year-end spending, these accounts can be reduced by \$0.3M.

City Chargeback for Caretaking and Maintenance:

The 2008 year-end chargeback from City Facilities and Real Estate to the Toronto Police Service was below budget by \$0.6M. A portion of this \$18M budget is based on historical costs (e.g., utilities), and a portion is based on staffing allocations of cleaning and maintenance staff to our facilities. Based on 2008 and previous years' underspending in this account, the Service is recommending a \$0.3M reduction.

Police Officers Recruitment Fund (PORF):

On February 26, 2008, the Federal government announced its commitment to funding an additional 2,500 police officers in communities across Canada through the Police Officers Recruitment Fund (PORF). This program is being administered by the province. At the time of budget development in 2008, details for PORF were not known. Subsequently, the Service has learned that funds will be granted for the purposes of increasing the number of sworn officers of the TPS to enhance police presence within the municipality.

The Ministry will provide \$70,000 per officer for salaries, benefits and overtime, for total funding of \$2.66M per year for five years. There is no net cost to the Service for this program, as the revenue from the grant covers the cost of the program.

The province has allocated 38 positions to the Service. There is a legal obligation for the Board to maintain the complement numbers for the existing Community Policing Partnerships Program and the Safer Communities – 1,000 Officers Partnership Program, for which we receive partial funding for 251 and 250 officers, respectively. In order to ensure funding is obtained for the 38 officers allocated under PORF, the Service's uniform establishment must be increased by 38, from 5,510 to 5,548, and be maintained for the next five years. As a result of this change in establishment, the average deployed target will be 5,548 plus 30 School Resource Officers (SROs).

Unspecified Reduction:

The budget reductions outlined above total \$3.2M. Consequently, a further reduction of \$2.1M is still required to achieve the City's recommended funding level. The Service has gone through a very thorough budget development and review process to determine the level of funding required to provide effective policing services to the City. Any further reduction to the Service's budget request would be arbitrary in nature, and could not be achieved without adversely affecting operations. However, in view of the City's financial constraints, the Service will make every attempt to find budget savings to absorb this reduction, and will advise the Board and City Budget Committee by September 2009 on what adjustments have been made to achieve the \$2.1M reduction. In the interim, the \$2.1M reduction will be accounted for by increasing miscellaneous revenue by this amount.

Staff report for action on the TPS Response to City Manager

Conclusion:

The following summarizes the total impact of the budget changes outlined above. The revised budget of \$855.1M is equal to the budget being recommended by the City Manager.

(amounts are in thousands)

	2009 Board- Approved Budget	Revised Budget
Total Gross Budget:	\$920,661.0	\$920,661.0
Salaries - Court Services		-\$1,300.0
Salaries - Civilian Salaries		-\$500.0
Premium Pay		-\$800.0
Benefits		-\$300.0
City Chargeback for Caretaking and Maintenance		-\$300.0
Police Officers Recruitment Fund (PORF) (salaries)		\$1,790.2
Revised Gross Budget	\$920,661.0	\$919,251.2
Total Revenue Budget:	-\$60,219.9	-\$60,219.9
Police Officers Recruitment Fund (PORF) (revenue)		-\$1,790.2
Unspecified Reduction (allocated to miscellaneous revenue)		-\$2,115.0
Revised Revenue Budget	-\$60,219.9	-\$64,125.1
Revised Net Budget Request	\$860,441.1	\$855,126.1

As a result of these adjustments, the Service is submitting a revised 2009 operating budget request of \$919.3M gross and \$855.1M net to the Board for approval. This is an increase of \$33.1M or 4.0% over the 2008 operating budget. In addition, an increase to the uniform establishment of 38 officers is being requested to address the requirements of the PORF grant. This will result in a revised uniform establishment of 5,548 officers, and a deployed target of 5,548 plus 30 School Resource Officers.

As the year progresses, the Service's financial situation will be carefully monitored and any areas that can be reduced will be identified to the Board through regular variance reporting.

Mr. Angelo Cristofaro, Acting Chief Administrative Officer, Administrative Command will be in attendance to answer any questions from the Board.

The Board approved the foregoing report.