



STAFF REPORT INFORMATION ONLY

Toronto Police Service - 2009 Operating Budget Request: Response to the City Budget Committee Recommendation Regarding the 2010 Outlook

Date:	May 13, 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 Budget Committee's recommendation with respect to the 2010 Outlook.

FINANCIAL IMPACT

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

ISSUE BACKGROUND

At its meeting of April 16, 2009, the Toronto Police Services Board was in receipt of a report, dated March 27, 2009, from William Blair, Chief of Police, containing the Service's response to the Budget Committee's recommendation with respect to the funding levels for 2010.

COMMENTS

The Board received the Chief's report and approved the following Motion:

THAT the Board advise the City Budget Committee that its recommendation to limit the 2010 increase to 0.5% (excluding impact of salary settlement) will be used as a guideline during the 2010 operating budget development process, and that the Board will report back to the City Budget Committee on the impact of limiting the 2010 increase to 0.5%, during 2010 operating budget deliberations.

CONCLUSION

A copy of Board Minute No. P109/09, in the form attached as Appendix "A" to this report, regarding this matter is provided for information.

CONTACT

Chief of Police William Blair
Toronto Police Service
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SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P109/09

cc. Mr. Cam Weldon, 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 APRIL 16, 2009

#P109. TORONTO POLICE SERVICE RESPONSE TO THE CITY BUDGET COMMITTEE RECOMMENDATION REGARDING THE 2009 OPERATING BUDGET REQUEST

The Board was in receipt of the following report March 27, 2009 from William Blair, Chief of Police:

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

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 Budget Committee for information.

Financial Implications:

There are no financial implications with respect to the recommendations in this report. The City's recommended 2009 operating budget for the Service of \$919.251 million (M) gross and \$855.127M net has been approved by the Toronto Police Services Board.

Background/Purpose:

The Board approved a revised 2009 net operating budget request of \$855.127M at its February 12, 2009 meeting (Min. No. P28/09 refers), in response to a request from the City Budget Committee to achieve \$5.3M in net reductions from the budget approved by the Board at its January 2009 meeting. The revised budget request was provided to the City's Deputy City Manager and Chief Financial Officer for information, and to the City's Budget Committee for approval.

The City's Budget Committee has completed its 2009 operating budget deliberations, and made recommendations to the City's Executive Committee. The following recommendation was made with respect to the Service's 2009 operating budget request:

"THAT the Budget Committee reaffirm a 2009 Operating Budget for the Toronto Police Service of \$919.251 million gross and \$855.127 million net, with a 2010 Outlook that does not exceed an increase of 0.5% or \$4.276 million above the 2009 Recommended Operating Budget of \$855.127 million net plus the 2010 impact of the salary settlement, and the Staff report for information on the TPS Response to Budget Committee

Toronto Police Services Board report back to Budget Committee on April 24, 2009 on a 2009 Operating Budget which achieves the recommended budget for 2009 and funding levels for 2010.”

Discussion:

2009 Operating Budget Request:

The Service’s revised 2009 net operating budget request was approved by the Board at its February 12, 2009 meeting, and meets the City Budget Committee’s 2009 Recommended Operating Budget for the Toronto Police Service of \$855.127M net. As reported to the Board at its February 2009 meeting and subsequently to the City Budget Committee, the Service has identified \$3.2M of the \$5.3M reduction required to meet the operating budget recommended by the Budget Committee. The Service also indicated in that report that any further reduction would be arbitrary and difficult to achieve at this time, but that in view of the City’s financial constraints, the Service would make every attempt to find the further budget reductions required. The Service committed to advising the Board and City Budget Committee by September 2009, on what additional adjustments have been made to achieve the remaining \$2.1M in required reductions.

2010 Outlook:

As requested in its most recent motion, the City Budget Committee is requesting that the Service’s 2010 Outlook not exceed an increase of 0.5% or \$4.276 million above the 2009 Recommended Operating Budget of \$855.127 million net, plus the 2010 impact of the salary settlement.

At the time the Service’s 2009 operating budget request was prepared, the Service projected its 2010 outlook. Taking into consideration known pressures for 2010 and excluding the 2010 impact of the salary settlement, the 2010 outlook increase is currently estimated at \$15.7M, an increase of 1.8% over 2009 operating budget. Consequently, the Service’s 2010 outlook increase exceeds the Budget Committee’s request for 2010 by \$11.4M.

The process for developing the Service’s 2010 operating budget will begin in April 2009. As in previous years, the process will be very detailed and thorough, and will begin with a review of the Service’s business priorities and strategies for the coming year. Development of the budget will take into consideration separations expected, hiring, reclassification and benefit costs, as well as cost increases or decreases in non-salary accounts such as gasoline, clothing, and City charges for custodial services, utilities, etc. Once developed and analyzed, the budget undergoes a thorough review process by the Command and Board Budget Sub-Committee, and ultimately goes to the Board and City Council for approval.

Based on information we know at this time, it will be extremely difficult to achieve the 0.5% increase for the 2010 Outlook (as requested by the Budget Committee), without impacting staffing levels and services.

Conclusion:

Staff report for information on the TPS Response to Budget Committee

Salaries and benefits to support currently established deployment figures comprise 88% of the Service's operating budget, so any significant budget reduction would require staffing adjustments.

The remaining 12% is required to fund non-salary costs such as City chargebacks (for utilities, custodial services, etc), fleet maintenance and gasoline. The majority of these expenditures are required to support the delivery of core policing services and are therefore non-discretionary. These expenditures usually increase each year, and it would therefore not be feasible to anticipate any significant reductions in these costs in 2010.

The Service's 2010 outlook currently estimates a projected increase of \$15.7M (excluding the 2010 impact of the salary settlement), or 1.8% over the 2009 Board-approved operating budget.

Any reduction to this amount will be extremely difficult to achieve, and will not be known until the Service goes through its 2010 budget development and review process. The Service is, however, very mindful of the City's financial constraints, and will use the 0.5% outlook increase (excluding the 2010 impact of the salary settlement) requested by the City's Budget Committee as a guide in developing the 2010 operating budget request.

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

The Board approved the following Motions:

- 1. THAT the Board received the foregoing report;**
- 2. THAT the Board advise the City Budget Committee that its recommendation to limit the 2010 increase to 0.5% (excluding impact of salary settlement) will be used as a guideline during the 2010 operating budget development process, and that the Board will report back to the City Budget Committee on the impact of limiting the 2010 increase to 0.5%, during 2010 operating budget deliberations; and**
- 3. THAT the Board forward a copy of the foregoing report to the City of Toronto - Deputy City Manager and Chief Financial Officer for information.**