



STAFF REPORT ACTION REQUIRED

Toronto Police Service – Revised 2010 Operating Budget Submission

Date:	February 1, 2010
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 revised 2010 operating budget submission for the Toronto Police Service.

RECOMMENDATION

It is recommended that the Budget Committee approve a revised 2010 net operating budget request of \$892.2 million (M), a 4.37% increase over the 2009 approved net operating budget.

FINANCIAL IMPACT

If the Budget Committee approves the recommendation contained in this report, it will result in a revised 2010 net operating budget request in the amount of \$892.2M. This is an increase of \$37.4M (4.37%) over the approved 2009 net operating budget of \$854.8M. This revised budget request has been reduced by \$4.0M from the budget approved by the Toronto Police Services Board at its meeting on December 17, 2009 (Min. No. P335/09 refers).

ISSUE BACKGROUND

At a special meeting held on January 28, 2010, the Toronto Police Services Board (the "Board") was in receipt of a report, dated January 27, 2010, from the Chief of Police containing a response to the Board's request for further reductions to the Toronto Police Service's 2010 operating budget request.

COMMENTS

The following persons were in attendance and responded to questions about the Chief's report:

Acting Chief of Police Kim Derry
Mr. Tony Veneziano, Chief Administrative Officer
Mr. Angelo Cristofaro, Director of Finance and Administration
Mr. Steve Conforti, Budget Analyst, City of Toronto

The Board discussed whether or not there were any other areas or initiatives that could be explored in order to produce further reductions.

The Board subsequently approved the following Motions:

1. THAT the foregoing report be approved; and
2. THAT the Board authorize the Chair to develop a response to the City's Budget Chief and the City Budget Committee about the possibility of other opportunities for revenue generation, such as cost recovery in the Entertainment District, and to recognize that the TPS budget is offsetting some costs on the City's budget, such as by policing the transit system.

Entertainment District:

With respect to the possibility of pursuing cost recovery opportunities in the Entertainment District, I can advise you that during the 2005 operating budget approval process, the Board requested that the Chief of Police report "...on additional costs of policing the entertainment district" (Minute P3/05 refers). Subsequently, the Chief provided a comprehensive report to the Board which estimated the total yearly incremental cost of salaries and benefits for policing the entertainment district at \$1.66M. This report was considered by the City of Toronto Budget Advisory Committee at its meeting on January 26, 2005 (Minute P52/05 refers).

The City's Budget Advisory Committee at its meeting on January 13, 2006 approved the following motion:

The Deputy City Manager responsible for the Municipal Licensing and Standards (MLS) Division, in consultation with City Legal Services, and other appropriate City staff, report back to the Budget Advisory Committee during the 2006 Operating Budget Process on the Toronto Police Service's proposal to recover incremental costs (approximately \$2.0 million annually) of policing the Toronto Entertainment District at peak periods from businesses within the Entertainment District.

The Toronto Police Services Board has no knowledge as to what action was taken in response to the recommendation and encourages the Budget Committee to reconsider this potential cost recovery opportunity.

Policing the Transit System:

In 2009, the Service was able to increase its establishment by 38 officers, funded through the Police Officer Recruitment Fund (PORF). This increase in establishment allowed the Chief to establish the Service's Transit Patrol Unit, which is staffed by 40 officers. The Toronto Police Service, the Toronto Transit Commission and the City have been in discussions with respect to developing a more efficient and cost-effective policing / security model to fulfill the overall objective of a safe and secure environment within the City's transit system. The Toronto Police Services Board encourages the Budget Committee to take into consideration the significant savings this initiative taken by the Board will result in with respect to the City's overall transit security costs (Min. No. P359/09 refers).

Provincial Downloading of Court Costs:

The City of Toronto is one of several provincial municipalities unfairly burdened with Court Security costs. Toronto has lobbied heavily with the province in an attempt to get some relief from escalating court security costs, and the province has announced that a cost upload is scheduled to start in 2012, and will be phased in over seven years in equal instalments. The Province is continuing to work with the Association of Municipalities of Ontario (AMO) and the City of Toronto on the development of court security standards and quantifying the funding distribution among municipalities of costs associated with providing court security and prisoner transportation. This will result in some relief to TPS beginning in 2012, the amount of which is currently not known.

Other Areas with Potential for Uploading

The Federation of Canadian Municipalities (FCM), in a report two years ago, calculated that between 7 to 15% of the cost of municipal policing is directly attributable to the Federal jurisdiction. For Toronto, that would amount to at least \$60 million a year.

For example, with regard to Lake Ontario, the primary responsibilities of the Service, especially since amalgamation with the Toronto Harbour Police, have been Search and Rescue operations and law enforcement along the waterfront, at the Island Airport, and on the Toronto Islands. The Police Service maintains the only year-round presence on Lake Ontario. Since there is no Coast Guard or RCMP presence in Toronto, the Service, through the Marine Unit, also carries out traditional Coast Guard duties, including supervision of boat launches, inspection of boats for legislated safety equipment, public education on boating safety, and Search and Rescue operations in co-ordination with the military base at Trenton.

Board Minute No. P252/06 provides additional background on this subject.

The Board is playing a leading role in forming a coalition involving the Canadian Association of Police Boards, the Federation of Canadian Municipalities and the Canadian Association of Chiefs of Police to raise publicly the issue of municipal police boards and municipalities bearing the full cost of policing in areas that belong squarely to the federal jurisdiction. In light of the significant pressure on the local taxpayer, this is a critical initiative to deal with the cost of policing.

CONCLUSION

A copy of Board Minute No. P28/10, in the form attached as Appendix “A” to this report, regarding this matter is provided for information.

CONTACT

Dr. Alok Mukherjee
Chair
Toronto Police Services Board
Telephone No. 416-808-8080
Fax No. 416-808-8082

SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P28/10

cc. Mr. Cam Weldon, Deputy City Manager and Chief Financial Officer
Councillor Shelley Carroll, City Budget Chief

A: city budget report.doc

APPENDIX “A”

THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON JANUARY 28, 2010

#P28. Toronto Police Service – 2010 Operating Budget Request – Response to Board’s Request for Further Budget Reductions

The Board was in receipt of the following report January 27, 2010 from William Blair, Chief of Police:

Subject: 2010 OPERATING BUDGET REQUEST FOR THE TORONTO POLICE SERVICE: RESPONSE TO BOARD’S REQUEST FOR FURTHER BUDGET REDUCTIONS

Recommendations:

It is recommended that:

- (1) the Board approve a revised 2010 net operating budget request of \$892.2 million (M), a 4.37% increase over the 2009 approved net operating budget;
- (2) the Board forward a copy of this report to the City’s Deputy City Manager and Chief Financial Officer, for information; and
- (3) the Board forward a copy of this report to the City Budget Committee for approval.

Financial Implications:

The Toronto Police Service’s (TPS) revised 2010 net operating budget request is \$892.2M. This is an increase of \$37.4M (4.37%) over the approved 2009 net operating budget of \$854.8M. This revised budget request has been reduced by \$4.0M from the budget approved by the Board at its meeting on December 17, 2009 (Min. No. P335/09 refers).

Background/Purpose:

The Board approved a 2010 net operating budget request of \$896.2M at its December 17, 2009 meeting (Min. No. P335/09 refers). This budget request was provided to the City’s Deputy City Manager for information and to the City Budget Committee for approval. There have been several meetings with City staff and City Budget Committee representatives on the subject of the Service’s 2010 net operating budget request. During these meetings, the City Manager and Budget Committee representatives suggested that further budget reductions be considered by the Service for 2010. The Board, at its meeting of January 21, 2010, approved the following motion (Min. No. P5/10):

“THAT the Chief of Police be requested to review the 2010 budget request and provide the Board with any further possible budget reductions, without compromising the Service’s ability to provide adequate and effective policing services to the City of Toronto, as required by law, and that maintains the Board-authorized and Council-confirmed uniform officer target strength.”

This report provides the Service’s response to the Board’s request.

Discussion:

The current Board-approved budget request resulted from a thorough review process by the Command and Board Budget Sub-committee. However, in light of the City’s on-going financial pressures, and in response to the Board’s recommendation noted above, the Service has conducted a further review of the current Board-approved budget request. The following summarizes budget reductions that can be made with the least impact on the delivery of adequate and effective policing services.

- Medical/Dental Benefits (\$0.2M): The budget for these benefits is based on the historical cost of drugs and services as well as utilization rates. Budgets are based on the average increase experienced over the last four years and, as in previous years, are substantially less than the increase projected by the benefits insurance industry. Based on the preliminary 2009 year-end costs, the Service is recommending a reduction of \$0.2M from the 2010 request.
- City Chargeback for Caretaking/Maintenance and Utilities (\$0.4M): The Board-approved budget included a \$1.8M increase in caretaking and maintenance costs for 2010, based on information provided by City Facilities and Real Estate staff. Service and City staff have continued to review the budget for these requirements to determine the appropriate level of service for 2010. As a result of these discussions and reviews, the 2010 budget request can be reduced by \$0.4M.
- Vehicle and Equipment Reserve Contributions (\$1.0M): The vehicle portion of this Reserve is fully funded. However, the Information Technology (IT) and equipment portion of the Reserve are still being phased in. Based on current plans, contributions should increase by \$1.0M annually until 2013 to ensure the Reserve is fully funded. Deferring the 2010 contribution increase of \$1M until 2011 will create a deficit in the Reserve in 2012 based on current plans. The Service will be reviewing its lifecycle terms and maintaining items for a longer period of time, where possible, in order to minimize any potential Reserve deficit. As a result, the deferral of the \$1.0M contribution increase in 2010 is recommended. However, it is anticipated that this deferral will result in a further pressure in 2011.
- Sick Pay Gratuity Reserve Contributions (\$2.2M): The Sick Pay Gratuity Reserve is managed by the City. After a detailed review of this reserve, City Finance advised the Service that its contribution to the Sick Pay Gratuity reserve is significantly less than the annual draws from this reserve, and that the annual contribution should therefore be increased by \$6.5M. In order to minimize the impact on the Service’s operating budget, the

Service proposed that this increase be phased-in over the next three years, resulting in a pressure of \$2.2M in 2010. The current Board-approved 2010 operating budget request includes the additional \$2.2M contribution to this reserve. After discussions with City staff, Service and City staff are of the opinion that the phase-in of the additional contribution could be deferred by one year and will commence in 2011. However, this will result in a pressure in 2011.

- **Further Salary Gapping – Civilian Staff (\$0.2M):** Service procedure requires specific approval for the filling of all civilian positions. Due to the nature of their function and responsibilities, communication operator and court officer positions are backfilled as soon as possible. As other civilian vacancies occur, Unit Commanders are required to consider whether it is necessary to fill the vacant position. The 2010 operating budget assumes a six-month salary gap for each anticipated vacancy. The Board approved operating budget request provides for a civilian gapping rate of 3.5% (up from 2.9% in 2009). The Service is now proposing that gapping be further increased for 2010 through the strategic delay of backfilling of some civilian positions. In order to achieve further budget savings, the Service will evaluate the operational impact and risks of delaying the filling of civilian positions on a case-by-case basis. The Service expects to achieve a further \$0.2M savings through this approach.

Conclusion:

The Service has conducted a further review of the budget and has determined that a reduction of \$4.0M to the Board-approved budget can be recommended at this time. This level of reduction includes actions (e.g. deferring reserve contributions) that will have future impacts and are not in line with the Service's longer-term strategy. However, in order to assist in dealing with the City's current financial pressures, these actions result in the least impact to the effective delivery of policing services and are therefore being recommended. Table 1 summarizes the recommended \$4M reduction.

Table 1. Summary of Reductions to 2010 Net Operating Budget Request (\$Ms)

	Budget Reduction	2010 Budget Request	% Change over 2009
2010 Board-Approved Budget Request		\$896.2M	4.84%
Medical / dental benefit costs	(\$0.2M)		
City Chargeback for Caretaking/ Maintenance and Utilities	(\$0.4M)		
Vehicle and Equipment Reserve Contributions	(\$1.0M)		
Sick Pay Gratuity Reserve Contributions (\$2.2M)	(\$2.2M)		
Civilian Gapping	(\$0.2M)		
Total reductions:		(\$4.0M)	(0.47%)
Revised 2010 Board-Approved Budget Request		\$892.2M	4.37%

Any further reductions to the 2010 operating budget would be arbitrary in nature and would therefore affect the Service's ability to provide adequate and effective public safety services.

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

The following persons were in attendance and responded to questions about this report:

**Acting Chief of Police Kim Derry
Mr. Tony Veneziano, Chief Administrative Officer
Mr. Angelo Cristofaro, Director of Finance and Administration
Mr. Steve Conforti, Budget Analyst, City of Toronto**

The Board discussed whether or not there were any other areas or initiatives that could be explored in order to produce further reductions.

The Board subsequently approved the following Motions:

- 1. THAT the foregoing report be approved; and**
- 2. THAT the Board authorize the Chair to develop a response to the City's Budget Chief and the City Budget Committee about the possibility of other opportunities for revenue generation, such as cost recovery in the Entertainment District, and to recognize that the TPS budget is offsetting some costs on the City's budget, such as by policing the transit system.**