



STAFF REPORT ACTION REQUIRED

Toronto Police Service– 2010 Operating Budget Submission

Date:	January 25, 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 2010 operating budget submission for the Toronto Police Service.

RECOMMENDATIONS

It is recommended that:

1. The Budget Committee approve the 2010 net operating budget request of \$896.2 million (M), an increase of \$41.4M, or 4.8% over the 2009 approved net operating budget; and
2. The Budget Committee approve the addition of two civilian positions and deletion of two uniform positions, for a revised civilian establishment of 2,056 and uniform establishment of 5,576.

FINANCIAL IMPACT

The Toronto Police Service's 2010 operating budget request is \$896.2M net (\$961.8M gross). This is an increase of \$41.4M (4.8%) over the approved 2009 net operating budget of \$854.8M.

A summary of the Toronto Police Service's 2010 net operating budget request is provided in Table 1. The 2010 cost-of-living increase, other salary obligations resulting from the collective agreements (e.g., reclassifications, increments), increased pension plan (OMERS) and statutory deductions such as Employment Insurance (EI), Canada Pension Plan (CPP), represent \$35.9M or 87% of the 4.8% total year-to-year increase. The remaining \$5.5M increase (or 13% of the total increase) is required for expenses such as contributions to reserves, caretaking, maintenance, utilities, gasoline, clothing and other costs.

Table 1 - 2010 Budget Request Summary

	\$Ms	% Increase over 2009 Total Budget
2009 Approved Net Budget	\$854.8	
Cost-of-living, as per Collective Agreements	\$27.2	3.2%
Other Collective Agreement impacts (e.g., reclass'n, medical, dental)	\$4.9	0.6%
Pension and statutory deductions impacts (EI, CPP, OMERS)	\$3.8	0.4%
Other impacts	\$5.5	0.6%
2010 Net Budget Request	\$896.2	4.8%

ISSUE BACKGROUND

At its meeting of December 17, 2009, the Toronto Police Services Board was in receipt of a report, dated December 10, 2009, from William Blair, Chief of Police, with regard to the Toronto Police Service's 2010 operating budget submission.

COMMENTS

Mr. Angelo Cristofaro, Director of Finance and Administration, Toronto Police Service, delivered a presentation to the Board on the Service's 2010 operating budget request. A paper copy of the PowerPoint presentation is on file in the Toronto Police Services Board office.

Mr. Tony Veneziano, Chief Administrative Officer, Toronto Police Service, was in attendance and responded to questions about this report.

Following a discussion, the Board approved the Chief's report and the following Motion:

THAT the Board undertake a review of services provided by the Toronto Police Service which could/should be provided by other levels of government with a view to making recommendations to Toronto City Council on opportunities for savings through uploading.

The Board also 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. P335/09, 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
Telephone No. 416-808-8000
Fax No. 416-808-8002

SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P335/09

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

A: 2010tpsoper.doc

APPENDIX “A”

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON DECEMBER 17, 2009

#P335. TORONTO POLICE SERVICE - 2010 OPERATING BUDGET SUBMISSION

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

Subject: 2010 OPERATING BUDGET REQUEST FOR THE TORONTO POLICE
SERVICE

Recommendations:

It is recommended that:

3. the Board approve the 2010 net operating budget request of \$896.2 million (M), an increase of \$41.4M, or 4.8% over the 2009 approved net operating budget;
4. the Board approve the addition of two civilian positions and deletion of two uniform positions, for a revised civilian establishment of 2,056 and uniform establishment of 5,576;
5. the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer for information; and
6. the Board forward a copy of this report to the City Budget Committee for approval.

Financial Implications:

The Toronto Police Service's 2010 operating budget request is \$896.2M net (\$961.8M gross). This is an increase of \$41.4M (4.8%) over the approved 2009 net operating budget of \$854.8M.

A summary of the Service's 2010 net operating budget request is provided in Table 1. The 2010 cost-of-living (COLA) increase, other salary obligations resulting from the collective agreements (e.g., reclassifications, increments), increased pension plan (OMERS) and statutory deductions such as Employment Insurance (EI), Canada Pension Plan (CPP), represent \$35.9M or 87% of the 4.8% total year-to-year increase. The remaining \$5.5M increase (or 13% of the total increase) is required for expenses such as contributions to reserves, caretaking, maintenance, utilities, gasoline, clothing and other costs.

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Other impacts	\$5.5	0.6%
2010 Net Budget Request	\$896.2	4.8%

Background/Purpose:

This report provides the Board with information on the Service's 2010 net operating budget request for consideration and approval. The budget request is the result of detailed reviews conducted by both the Service and the Board's Budget Sub-Committee, and reflects the level of funding required to deliver adequate and effective public safety services to the City of Toronto in 2010.

Information on the 2010 operating budget request is provided within the following categories.

- Service Priorities and Continuous Improvement Initiatives
- Key Crime and Other Indicators
- City Guidelines
- 2010 Operating Budget Development Process
- 2010 Operating Budget Request

Discussion:

Service Priorities and Continuous Improvement Initiatives:

The Service's priorities, as outlined in the 2009-2011 business plan, are summarized below and serve as the backdrop to the development of the 2010 operating budget:

- Focusing on Child & Youth Safety
- Focusing on Violence Against Women
- Focusing on People with Distinct Needs
- Targeting Violence, Organized Crime, and Gangs
- Delivering Inclusive Police Services
- Addressing Community Safety Issues
- Ensuring Pedestrian and Traffic Safety

Managing for value has and will continue to be promoted across the Service to ensure the greatest return is provided on the City's investment in public safety. To this end, the Service is continually looking for ways to improve the delivery of policing and support services, as well as management practices. Provincial funding has also been leveraged to ensure we are able to continue the Toronto-Anti Violence Intervention Strategy (TAVIS), including the placement of dedicated School Resource Officers in various high schools. Federal funding from the Police

Officer Recruitment Fund (PORF) has provided funding for 38 officers as the first phase to implementing a dedicated policing unit for the City's transit system. TPS Links, a public communication system that delivers voice and text messages about road closures, crime or missing person alerts, crime prevention tips and emergency situations to residences or cell phones, was introduced in 2009. The Operational System Support Group (OSSG) has been established to analyze and improve key business processes, and assist in the development of a new records management system to satisfy front-line and management information requirements.

Key Crime and Other Indicators:

Seven major crime indicators are used as a key barometer of crime within the City. Table 2 indicates that major crime is down in every category, and that overall crime has decreased by 10% in 2009, compared to 2008 (as of October 31, 2009).

Offence	2007		2008		2009	
	% chg	Total	% chg	Total	% chg	Total
Murder	18%	72	-14%	62	-27%	45
Sexual Assault	-4%	1,344	1%	1,358	-12%	1,199
Assault	-2%	15,971	-4%	15,285	-8%	14,112
Robbery	1%	3,848	-5%	3,667	-4%	3,536
Break and Enter	-8%	8,746	-11%	7,803	-9%	7,107
Auto Theft	-3%	7,185	-22%	5,597	-20%	4,486
Theft Over	-4%	906	-7%	841	-12%	740
Total	-3%	38,072	-9%	34,613	-10%	31,225

Table 2: Seven Major Crime Indicators

Provincial Offences Tickets are down by 1.7% when compared to 2008. Calls for service have decreased marginally in 2009 compared to 2008 (1.0%), overall arrests are down 3.7%, and investigated public complaints have increased by 5.0%. As of October 31, 2009, the City has experienced 11 fewer fatal vehicle collisions and three fewer pedestrian/cyclist fatalities, when compared to the same period in 2008.

City Guidelines:

Each year the City issues general guidelines for budget development. The 2010 guidelines provided to City departments as well as Agencies, Boards and Commissions include the following general principles:

- Control expenditures through cost saving measures beginning immediately;
- Focus on implementing existing priorities within the base budget, and introduce no new initiatives;
- Achieve operating budget reduction targets of 5% of the 2009 Net Operating Budget in each of 2010 and 2011;
- Review all services and service levels for efficiencies, conformance to approved standards, and relevance; and
- Maintain 2009 gapping rates for both 2010 and 2011, and review all vacancies.

2010 Operating Budget Development Process:

Staff report for action on the TPS – 2010 Operating Budget Submission

The development of the Service's 2010 operating budget commenced with specific instructions to all Service units to only consider increases if absolutely necessary (i.e., increases that are contractual in nature, a result of annualization, or an impact from the implementation of an approved capital project). Requests for new initiatives were not to be put forward unless they resulted in a net benefit to the Service, by saving money, avoiding cost increases, increasing the efficiency and cost effectiveness of existing resources, or mitigating a significant risk. No requests for new staff were to be considered.

The Service develops its budget from a zero starting point wherever possible. A zero-based approach is used to develop all salary budgets, based on existing staff, approved staffing levels for both uniform and civilian positions, and anticipated attrition, hiring, leaves, etc. Salary-related benefits are calculated according to standard formulae, and estimates for accounts such as consulting services, maintenance services, equipment, and training and development, where the need and funding level required could change from year to year, are zero based. The remaining portion of the budget is developed based on historical actual experience, need and current information.

The Service's budget development and review process ensures that the budget request is fiscally responsible and addresses service demands. The 2010 funding requirements have been prepared by the respective Command areas, and reviewed in detail by each respective Command Officer and the Service's Budgeting and Control unit. The overall funding request and key line item information (increases and decreases) were then presented to, reviewed and approved by the Chief and Command.

In addition to the Service's internal budget review process, and consistent with previous years, the Board's Budget Sub-Committee (BSC) was provided with a line-by-line budget request and completed a detailed review of each program budget, as well as centralized accounts, over a series of five meetings. The Board also sought input from the community with respect to the proposed 2010 operating budget, by posting the Service's preliminary budget request and detailed program information on the Board's website.

The Service's initial 2010 request represented a 5.2% increase over 2009. As a result of discussions at the BSC and preliminary meetings with City staff, as well as more up-to-date information, the initial 2010 request has been reduced by \$2.8M, resulting in a revised increase of \$41.4M or 4.8% over 2009. This reduction has been achieved through a: \$0.1M reduction in salaries (based on a revised Human Resource strategy); \$0.3M reduction in premium pay; \$0.5M reduction in legal costs (potential costs to be managed through Legal Reserve); \$1.8M reduction in funding related to G8/G20 summit (potential funding to be provided for corporately by the City); and \$0.1M reduction to various other accounts.

2010 Operating Budget Request:

The 2010 net operating budget request of \$896.2M includes the funding required to maintain an average deployed strength of 5,576 officers, as well as services and equipment required to effectively support operations. Funding levels in the various non-salary accounts have been adjusted to reflect historical spending patterns and justified need, and one-time costs incurred in the previous year have been eliminated. Revenue accounts, including grants and cost recoveries, have been maximized wherever possible, within the limits of the Municipal Act.

Breakdown of 2010 TPS Budget Request

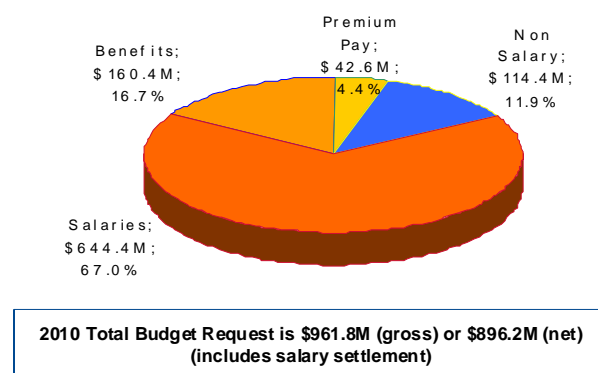


Figure 1 - Overall Budget Request

Figure 1 indicates that, on a gross basis, 88% of the Service's budget is for salaries and benefits. The remaining 12% is required for the support of our human resources in terms of the vehicles, equipment and information they use, facilities they work in, and training they require.

An overview and detailed program information of the Service's 2010 Operating Budget is available on the Toronto Police Services Board's website. Table 3 below summarizes the current 2010 request by category of increase, followed by a discussion on each category.

Table 3 - Summary of 2010 Budget Request By Category of Increase

	Request \$Ms	Increase \$Ms	% Increase / (Decrease) over 2009 Total Approved Budget
2009 Approved Net Budget - \$854.8M			
(a) Salary Settlement	\$27.2	\$27.2	3.2%
(b) Salary Requirements	\$621.7	\$4.9	0.6%
(c) Premium Pay	\$41.3	-\$1.0	-0.1%
(d) Statutory Deductions and Fringe Benefits	\$157.3	\$5.9	0.7%
(e) Reserve Contributions	\$32.2	\$2.9	0.3%
(f) Other Expenditures	\$82.2	\$5.0	0.6%
2010 Gross Budget Request	\$961.9	\$44.8	5.2%
(g) Revenues	-\$65.7	-\$3.4	-0.4%
2010 Net Budget Request	\$896.2	\$41.4	4.8%

(a) Salary Settlement

On December 18, 2008, the Interest Board of Arbitration issued an order concerning the renewal of the collective agreement for the Toronto Police Association. This order encompassed salary and benefit improvements for 2008 to 2010. The Board also used the arbitrator's award as a basis for a settlement with the Toronto Police Senior Officers' Organization, as well as for adjustments provided to command officers and excluded staff.

The total cost of the salary settlement for 2010 is \$27.2M. This budget represents an increase of 3.2% over the 2009 total budget. Due to the staggered nature of the increases in 2010, there is an estimated annualized impact of \$5.6M in 2011 from the 2008 to 2010 salary settlement.

(b) Other Staffing / Salary-Related Impacts

The total salary budget for 2010 (exclusive of salary settlement) is \$621.7M. This budget represents an increase of \$4.9M (a 0.8% increase over the 2009 salary budget, or 0.6% over the 2009 total budget). The 2010 salary budget is based on the following:

Human Resource (HR) Strategy for Uniform Members: The uniform salary budget assumes an average deployed target strength of 5,576 officers, down from 5,578 in 2009. The Service identified two positions in the Communications area that are more appropriately staffed by civilian members. As a result of this civilianization, two uniform positions in this area have been deleted, with a concurrent increase of two civilian positions.

HR projects the number of officers that are anticipated to retire or resign in 2010-2012. This information is then used to plan class sizes for up to three intake classes each year, with the goal of maintaining an average deployed strength of 5,576 officers. 2010 separations are projected at 250; 2010 hires are projected at 258. The impact of the 2010 HR strategy (part-year savings of those leaving through the year, and the part-year costs of those being hired through the year), has the net effect of reducing the Service's budget by \$8.9M.

Separations are monitored on a monthly basis to allow the Service to adjust its hiring projections as required. Based on actual experience, the Service will revise its projected hiring needs as required throughout 2010. It should be noted that there are normally three recruit classes held annually (April, August, December) by the Ontario Police College. In 2010, the Service will not have any recruits in the April class.

Given that the Service budget is based on actual salary levels, and the timing of hires and separations, these impacts must be annualized in the following year. The 2010 annualized impact of 2009 hires and separations is an increase of \$4.7M.

In addition, officers are hired at a recruit salary rate, and continue to move up through the ranks. This creates annual budget pressures until officers become first-class constables (a four-and-a-half year process from date of hire). The net cost of these reclassifications in 2010 is \$8.3M.

HR Strategy for Civilian Members: The current Board-approved civilian establishment is 2,056 positions (an increase of two positions, due to the civilianization of two uniform positions, discussed previously). This establishment pertains to the permanent full-time complement of the Service (including court security officers), but excludes members of the Board office, the Parking Enforcement unit, part-time and temporary personnel.

Civilian vacancies are replaced as they occur, and a three-month salary gap is assumed for each anticipated vacancy. Civilian gapping in 2010 is at 3.5% (up from 2.9% in 2009). 2010 projected civilian separations are estimated at 90, based on previous separation experience. As with the uniform personnel, civilian separations are monitored very closely and the Board will be updated on any significant change to this estimate through the budget variance reports.

Civilian salaries change annually based on anticipated increments, and the annualization of previous years' decisions, as well as any changes in trends regarding separations and leaves. The net increase resulting from increments and annualization of 35 positions approved in 2009, as well as part-year costs for four Ministry of the Attorney General disclosure program positions approved in 2008, is \$0.8M.

(c) Premium Pay

Premium pay is incurred when staff are required to work beyond their normal assigned hours for extended tours of duty (e.g., when officers are involved in an arrest at the time their shift ends), court attendance scheduled for when the officer is off duty, or callbacks (e.g., when an officer is required to work additional shifts to ensure appropriate staffing levels are maintained or for specific initiatives). Figure 2 provides a breakdown by category of premium pay.

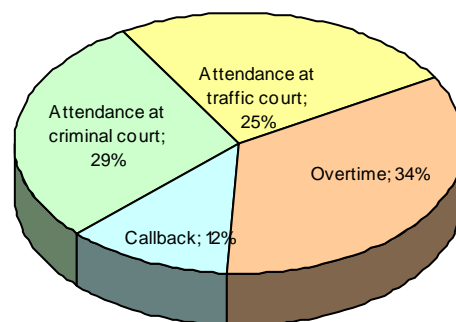


Figure 2 – Premium Pay by Reason for Expenditure

The total premium pay budget for 2010 (exclusive of COLA adjustments) is \$41.3M. This budget represents a decrease of \$1.0M (a 2.4% decrease over the 2009 premium pay budget, or a 0.1% decrease over the 2009 total budget). The 2010 budget request for premium pay is based on anticipated 2010 requirements taking into account prior years' spending history, estimated changes in activity levels and Service initiatives that may impact the requirement for premium pay.

The \$1.0M decrease is attributed to a decrease in expected court costs related to off-duty court attendance. In 2006, the Service and the City embarked on an initiative whereby Staff report for action on the TPS – 2010 Operating Budget Submission

officers required to attend Provincial Offences Act (POA) court are scheduled to do so off duty. The 2010 cost is estimated to be \$5.4M, which is \$1.0M less than in 2009. This initiative is fully funded by revenue from the City of Toronto's Court Services, and there is a concurrent decrease of \$1.0M in the revenue category, discussed later in this report.

(d) Statutory Deductions and Fringe Benefits

This category of expenditure represents an increase of \$5.9M (a 3.7% increase over the 2009 benefits budget, and a 0.7% increase over the 2009 total budget).

As shown in Figure 3, fringe benefits for the Service are comprised of statutory deductions and requirements as per the collective agreements.

Ontario Municipal Employees Retirement System (OMERS): The contribution rate for OMERS will be increasing effective January 2010. Overall, the OMERS budget has increased by \$2.0M in 2010.

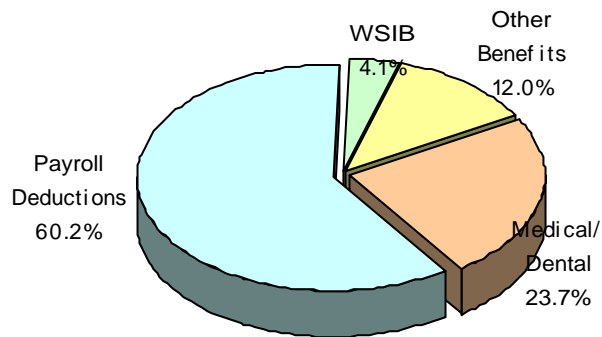


Figure 3 - Breakdown of Statutory Deductions and Fringe Benefits

Other Payroll Deductions: Other statutory payroll deductions (EI, CPP and EHT) are based on specific formulae that are affected by gross salaries. The rates for CPP and EI are adjusted annually, and in 2010, both of these costs have increased. Total costs are projected to increase by \$1.0M.

Medical/dental costs: The budget for these costs is based on the cost of drugs and services as well as utilization rates. In 2010, these costs are projected to increase by \$2.0M. These increases 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.

Workplace Safety and Insurance Board (WSIB): Medical, pension and administration costs for WSIB are projected to increase by \$0.8M in 2010. The budget for these accounts is based on the Service's historical trends for these expenditures.

Net other changes to benefits: The remaining \$0.1M increase is for retiree medical/dental costs and benefits funded by reserves.

(e) Reserve Contributions

The Service contributes to reserves and reserve funds through provisions from its operating budget. All reserves and reserve funds are established by the City. The City manages these funds, with the exception of the Service's Vehicle and Equipment Reserve. Total reserve contributions are increasing by \$2.9M (a 9% increase over the 2009 contributions, or a 0.3% increase over the 2009 total budget).

Vehicle and Equipment Reserve: This reserve is used to fund the lifecycle replacement of our fleet of vehicles, information technology equipment, and various other equipment items. Each item identified to be funded from this reserve is analyzed to determine lifespan and specific replacement requirements, which in turn determines the level of contribution required annually to enable the replacement. The lifecycle replacement strategy for IT-related equipment started in 2006, and will be an on-going pressure for the Service's operating budget until approximately 2013. While this approach will create an operating budget pressure each year, it reduces the Service's capital requirements, stabilizes expenditures in the long term, and is consistent with the City's approach for IT equipment replacement. Contributions to this reserve are increasing by \$1.0M in 2010.

Central Sick Bank Reserve: This reserve funds salaries for staff that have exhausted regular sick time and are on long-term sick leave. Funding for this reserve has historically been dictated by the Collective Agreement and is currently being negotiated between the Toronto Police Association and the Board. Pending any resolution to this issue, funding for this reserve is being managed to ensure sufficient funds are in the reserve to pay out anticipated costs in 2010. Accordingly, contributions have been reduced in 2010 by \$0.3M.

Sick Pay Gratuity Reserve: The Sick Pay Gratuity reserve is managed by the City and the Service is advised by the City as to the amount of the annual contribution. After a detailed review of this reserve, City Finance has advised that the Service's contribution to the Sick Pay Gratuity reserve must be increased by \$6.5M annually. In order to minimize the impact on the Service's annual budget, the Service is proposing that this increase be phased-in over the next three years, resulting in a pressure of \$2.2M in 2010.

(f) Other Expenditures

The remaining expenditure categories include the materials, equipment and services required for day-to-day operations. Wherever possible, accounts within this category have been flat-lined to the 2009 level. Increases have only been included if they are a result of a contractual obligation, an impact from a completed capital project, actual historical experience or a City recovery. One-time reductions have been taken into account where applicable. The total increase for these expenditures is \$5.0M (a 6.1% increase over the 2009 budget for this category, or a 0.6% increase over the 2009 total budget). The following summarizes the most significant changes:

- Caretaking, Maintenance and Utility Costs for TPS facilities (\$1.8M): The majority of the increase in caretaking and maintenance costs for the Service is related to the opening of the new Toronto Police College in 2009. During 2010, the annualized impact of

maintaining the new police college, paying for utilities and custodial services, is \$1.2M. The remaining \$0.6M is due to increased costs for these services in existing facilities, primarily with respect to salary settlement increases for City staff, and increases in utility costs.

- Cleaning Contract (uniform officers) (\$0.2M): The 2010 rate for cleaning vouchers for officers' uniforms is increasing by 6.7%, resulting in a pressure of \$0.2M.
- Computer Maintenance (\$1.1M): The Service has been moving gradually from a lease to a purchase strategy for IT-related equipment replacement, and the Service no longer has any computer lease contracts. As computer equipment is purchased (either for replacement, or as a result of new system implementation), maintenance contracts are entered into. There is a \$1.1M pressure attributed to increases in these maintenance contracts.
- Implementation and maintenance of fiber costs (\$1.0M): Emerging and developing business applications, such as In-Car Camera (ICC) and Digital Video Asset Management (DVAMS), are increasing the demand for higher capacity in the Service's data lines. These pressures have necessitated the upgrade of existing data-line services to fiber, as well as the installation of additional data services to meet Service requirements. The cost to maintain TPS-owned fiber is increasing by \$0.2M. In addition, costs to enable the Service to access the City's common data network, currently being implemented (Min. No. P212/09 refers), are budgeted at \$0.8M.
- Vehicle maintenance (\$0.2M): Total budgets related to vehicle preparation, maintenance, parts and rental have been increased based on increasing costs for parts and repairs.
- Marijuana Grow-Ops (\$0.1M): In keeping with the Service's priorities, the Service has redeployed officers to focus on the identification, assessment and dismantling of marijuana grow operations, with the goal of reducing the availability and impact of drug activity on neighbourhoods. This type of enforcement requires a higher level of support with respect to special clothing and equipment, and \$0.1M has been added to the Service's budget for these costs. These costs are offset by an increase in revenue (discussed later in this report).
- Net other changes to expenditures (\$0.6M): Various other accounts are increasing or decreasing by small amounts, due to known changes or based on historical trends, with an overall impact of \$0.6M.

(g) Revenue

All revenue accounts have been analyzed and adjusted to reflect 2009 experience and/or known changes in 2010. Total revenue has increased by \$3.4M (a 5.2% increase over the 2009 revenue budget, or a 0.4% decrease over the 2009 total budget). The following outlines the most significant changes:

- Officers deployed to the Olympics and other secondments (\$2.5M increase): The Service will be deploying officers to the Winter Olympics in February 2010 in Vancouver. The RCMP will be reimbursing costs for this endeavour, for an estimated revenue amount of \$1.1M. This revenue item provides some one-time relief for the 2010 budget, but will create a 2011 pressure (since it will not be repeated).

The Service is also increasing the number of officers seconded to other organizations. These organizations will be providing an additional \$1.4M in revenue during 2010 for these secondments.

- Annualization of grant funding (\$0.9M increase): The Police Officer Recruitment Fund (PORF) grant will become fully annualized in 2010, for an increase in revenue of \$0.9M.
- Alarm Fees (\$0.3M increase): The Service is proposing, in a separate report going to the Board at its December meeting, a fee increase from \$83.50 to \$130.00 for attendance at false alarms. It is estimated that this will increase revenues in 2010 by \$0.3M. However, it should be noted that this revenue is dependent on activity by outside parties, and it is assumed that alarm companies will strive to reduce their costs.
- Off-Duty POA Court Attendance (\$1.0M reduction): As discussed in the premium pay section of this report, there is an anticipated reduction in City recoveries for this initiative, in the amount of \$1.0M.
- Marijuana Grow Ops (\$0.4M): City Council passed a by-law whereby emergency services, such as the police, can recover costs incurred for the removal of drug manufacturing paraphernalia from dwellings used as grow operations. The proposed budget for 2010 consists of one-time revenues for retroactive billings, and expected ongoing recoveries starting in 2010.
- Net other increases (\$0.3M): Various other revenue accounts have been adjusted based on 2009 experience (e.g., paid duties, city recoveries). This has resulted in increased revenue of \$0.3M.

Impact of G8/G20 in 2010:

The 2010 G8 summit is being held in Huntsville, Ontario, followed by a G20 summit in Toronto. These special events will have significant impact on policing in Toronto. Discussions are underway with the Federal government to provide funding for any extraordinary policing costs. City Finance has indicated that any net pressures with respect to these summits will be dealt with corporately. The Service is in on-going discussions with the Federal government representatives to determine the potential financial exposure to the Service and the City.

Conclusion:

The Toronto Police Service's 2010 net operating budget request of \$896.2M is \$41.4M or 4.8% higher than the 2009 budget of \$854.8M. The 2010 net operating budget request includes the funding required to maintain an average deployed uniform strength of 5,576 officers, and the necessary supporting infrastructure (e.g., civilian staffing, equipment, services). Funding levels in the various non-salary accounts have been adjusted to reflect historical spending patterns and justified need, and one-time costs incurred in the previous year have been eliminated. Revenue accounts, including grants and cost recoveries, have been maximized wherever possible and within the limits of the Municipal Act. Any budget adjustments as a result of more up-to-date revenue and expenditure information will be reported to the Board and City accordingly.

This budget request has been reviewed in detail by the Service and the Board's Budget Sub-Committee. All opportunities for reductions have been incorporated and the budget being presented to the Board for approval represents the funding level required to provide adequate and effective public safety services to the City. Consistent with its business plan, the Service will continue its anti-violence initiatives in 2010. Operations and management processes will also continue to be reviewed to ensure risks are properly mitigated and the greatest value is achieved from resources and funds allocated to the Service.

A preliminary review of the Service's budget with City Finance staff has begun, and will continue over the next several months. In keeping with City guidelines, City Finance staff have requested that the Service provide options that would reduce the 2010 budget request by \$44M. As previously indicated, \$35.9M (or 87%) of the \$41.4M increase in 2010 is to cover labour cost-of-living increases as well as other collective agreement and statutory deduction obligations. The remaining \$5.5M increase (or 13% of the total increase) is required for expenses such as contributions to reserves, caretaking, maintenance, utilities, gasoline, clothing and other costs. Consequently, a reduction of \$44M in the Service's 2010 operating budget request is not possible, without significantly impacting staffing and service levels.

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

Mr. Angelo Cristofaro, Director of Finance and Administration, delivered a presentation to the Board on the Service's 2010 operating budget request. A paper copy of the PowerPoint presentation is on file in the Board office.

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and responded to questions about this report.

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