



STAFF REPORT ACTION REQUIRED

Toronto Police Services Board – 2012 Operating Budget Request

Date:	October 25, 2011
To:	Budget Committee, City of Toronto
From:	Alok Mukherjee, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide the Budget Committee with the 2012 Operating Budget request for the Toronto Police Services Board ('the Board').

RECOMMENDATIONS

It is recommended that the Budget Committee approve a net 2012 operating budget request of \$2,251,600 which is a decrease of 5.2% over a projected 2011 budget of \$2,374,100.

FINANCIAL IMPACT

At its meeting on May 30, 2011 the Board considered its preliminary operating budget. The Board's 2012 preliminary operating budget request, which was a net amount of \$2,319,600 and \$2,819,600 gross (a 2.3% reduction) was received by the Board.

The revised operating budget outlined in this report includes the estimated impact of the contract settlements, although only the Toronto Police Association contract has been ratified at this time. To assist in the Board's consideration of the budget, the 2011 approved budget has been adjusted for the impact of the contract settlements and the 2012 operating budget request is compared to the adjusted 2011 budget.

The 2012 operating budget request recommended in this report represents a decrease of \$122,500 (5.2%) over a projected 2011 budget of \$2,374,100.

ISSUE BACKGROUND

At a meeting held on October 20, 2011, the Board was in receipt of a report dated October 13, 2011 with regard to the 2012 Operating Budget request for the Toronto Police Services Board.

COMMENTS

The Board approved the foregoing report and the following Motion:

THAT the Board undertake a review of its own budget at the same time as the review that is being conducted by the Toronto Police Service in order to examine additional reduction opportunities for the 2013 operating budget.

The Board also noted that it had previously considered the foregoing 2012 operating budget request at a special in-camera meeting that was held on October 19, 2011.

The Board also agreed to forward a copy of the 2012 operating budget request to the City's Deputy City Manager and Chief Financial Officer for information.

CONCLUSION

A copy of Board Minute No. P258/11, in the form attached as Appendix "A", regarding this matter is provided for information.

CONTACT

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Toronto Police Services Board
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SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P258/11

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

A: TPSB 2012 operating budget request.doc

APPENDIX "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 20, 2011

#P258. TORONTO POLICE SERVICES BOARD – 2012 OPERATING BUDGET REQUEST

The Board was in receipt of the following report October 13, 2011 from Alok Mukherjee, Chair:

Subject: TORONTO POLICE SERVICES BOARD - 2012 OPERATING BUDGET
REQUEST

Recommendation:

It is recommended:

1. THAT the Board approve a net 2012 operating budget request of \$2,251,600 which is a decrease of 5.2% over a projected 2011 budget of \$2,374,100,
2. THAT the Board forward this report to the City's Deputy City Manager and Chief Financial Officer for information; and,
3. THAT the Board forward this report to the City's Budget Committee for approval.

Financial Implications:

At its meeting on May 30, 2011 the Board considered its preliminary operating budget (Minute P139/11 refers). The Toronto Police Services Board's 2012 preliminary operating budget request, which was a net amount of \$2,319,600 and \$2,819,600 gross (a 2.3% reduction) was received by the Board.

The revised operating budget outlined in this report includes the estimated impact of the contract settlements, although only the TPA contract has been ratified at this time. To assist in the Board's consideration of the budget, the 2011 approved budget has been adjusted for the impact of the contract settlements and the 2012 operating budget request is compared to the adjusted 2011 budget.

The 2012 operating budget request recommended in this report represents a decrease of \$122,500 (5.2%) over a projected 2011 budget of \$2,374,100.

Background/Purpose:

The Toronto Police Services Board's 2012 operating budget target is estimated to be \$2,172,200, which is \$200,800 less than the 2011 projected operating budget and \$147,400 less than the 2012

preliminary request considered by the Board at its meeting on May 30, 2011 (Board Min. P139/00 refers).

At its meeting on May 30, 2011 the Board received the preliminary budget submission and approved the following motion (the preliminary budget is appended to this report):

THAT Board staff be directed to review the legal service chargeback with the City in order to determine how the fees or rates can be lowered.

The Board's Budget Sub-Committee (BSC), at its meeting on July 11, 2011, requested that the Chair provide a report on the impact of achieving the City's reduction target, a reduction of a further \$147,400.

A report recommending a revised net operating budget request of \$2,251,600 (a 5.2% decrease over 2011) was deferred by the Board at its in camera meeting on July 21, 2011 (Board Min C229/11 refers) At its meeting on August 17, 2011, the BSC received this report.

At its meeting on October 5, 2011 the Board referred my report recommending a net operating budget of \$2,251,600 (a 5.2% decrease over 2011 and \$79,400 short of the City's target) to a special meeting to be held on October 14, 2011.

Discussion:

Inter-departmental Chargeback (IDC) for City of Toronto Legal Services

As requested by the Board, some discussion occurred with the City of Toronto Legal Services Department with respect to the appropriate inter-departmental chargeback for its services; however, no conclusion was reached with respect to the optimum amount for the chargeback.

In both 2009 and 2010, the chargeback was set at \$680,000. In both years, the actual expenditures were \$595,732.99 and \$545,312.78, respectively. I am proposing that, based on actual expenditures for 2009 and 2010, the City accept a reduced IDC that is more reflective of past actuals, for a total 2012 chargeback of \$612,000.

Should the IDC be reduced by \$68,000 as I propose, a further \$79,400 in reductions would be required to meet the City's 2012 target for the Police Services Board.

Impact of Further Reductions: Non-salary Accounts

The Board has very limited options in terms of achieving this reduction. In terms of non-salary accounts, when the amounts allocated for the City Legal chargeback and for external labour relations counsel are factored out of the budget, the actual administrative costs proposed in the 2012 budget total \$47,500.

Every administrative account in the Board's budget has been reduced substantially to arrive at this amount. For example, the proposed 2012 budget will restrict professional development and

learning opportunities for Board members because the budget will only provide sufficient funds for the attendance of one individual at the Ontario Association of Police Services Boards' conference and one individual at the Canadian Association of Police Boards' conference. Funds will continue to be available, however, to allow the Chair to fulfil his responsibilities to the OAPSB, CACOLE and CAPB Boards of Directors. Catering at full-day Board meetings will be scaled back and will be eliminated at all other meetings. There will be no funds available to support any succession planning or executive recruitment initiatives that the Board may be required to undertake. Funds will not be available in the event that the Board requires legal advice other than that which is available from the City of Toronto Legal department or from the Board's contracted labour relations law firm. Similarly, no funds will be available should the Board require any external consulting advice.

If the Board elects to achieve the City Budget target by a further reduction of \$79,400 in the budget for external labour relations counsel, in the view of Human Resources Management which administers these accounts on behalf of the Board, it is unlikely that the Labour Relations Unit could meet its anticipated financial obligations. Although recent settlement statistics related to labour disputes and grievances do indicate that fewer matters proceed to hearings?, the matters that do proceed to hearings are increasingly complex. These matters tend to consume substantial legal resources, including time for preparation and arbitration. I am also advised that the Board should anticipate new grievances and proceedings arising from any efforts to downsize the organization as well as potentially, as a result of the numerous working groups that were established as an outcome of recent collective bargaining with the Toronto Police Association.

Human Resources Management is anticipating that the costs of labour relations legal matters will rise in 2012. The Board must consider that it cannot prevent grievances or other disputes, and if the current fiscal climate continues, the Board may experience another escalation in grievance rates similar to that which occurred in 2008.

Impact of Further Reductions: Salary and Benefit Accounts

The budget request in the Board's salary and benefit accounts, totalling \$972,410, includes:

\$778,800	staff salary and benefits
\$ 2,000	premium pay
\$ 50,700	COLA
\$140,600	Board Members' remuneration

At the Board meeting on May 30, 2011, I responded to the Board's question as to whether staffing efficiencies could be achieved (Board Minute P139/11 refers). As I indicated, the introduction of document management technology and electronic agendas would increase staff efficiency. This option will be pursued but the initial cost of implementation and potential annual operating costs may be prohibitive.

Board staff members provide the administrative support to ensure the Board's provision of civilian oversight to the community. As such, the work performed by the staff is fundamentally linked to the Board's ability to provide adequate and effective police services to the community.

Board staff must not only deal with the significant volume of work generated by the Board on a day-to-day basis but also manage ongoing strategic, proactive policy initiatives; both are areas that are critical in meeting the Board's legislative mandate.

Currently, with the Board's limited staff, it is often challenging to meet the existing demands.

The premium pay account has been reduced by \$7,800 over 2011; however, no further reduction in this account area is recommended.

Conclusion:

If the Board accepts the reductions to the City Legal Services IDC for a budget of \$2,251,600, the Board will have achieved a 5.2% overall reduction. In order to meet the City's 2012 target, a further reduction, in the amount of \$79,400, to the Labour Relations legal accounts would be required, as discussed in this report. I do not recommend this reduction because there is significant risk that Human Resources Management may not be able to work within a further reduced budget.

It must also be emphasized that these are one-time reductions. Negotiated increases for TPA members and the potential for changes to the Senior Officers' collective agreement will put pressure on the Police Services Board budget in future years. The overall reduction achieved for 2012, therefore, will not be entirely sustainable.

The Board approved the foregoing report and the following Motion:

THAT the Board undertake a review of its own budget at the same time as the review that is being conducted by the Toronto Police Service in order to examine additional reduction opportunities for the 2013 operating budget.

The Board also noted that it had previously considered the foregoing 2012 operating budget request at a special in-camera meeting that was held on October 19, 2011 (Min. No. C306/11 refers).

TORONTO POLICE SERVICES BOARD						
2012 OPERATING BUDGET						
DETAILED REQUEST						
	2009 Final	2010 Final	2011 Budget	2012 Request	2012 Req over 2011 Bud	
1	CIVILIAN SALARIES	632,546	658,820	671,500	671,500	0
1a	BOARD MBR REMUNERATION	140,563	126,829	140,600	140,600	0
2	ALTERNATE RATE	1,825	0	0	0	0
3	SHIFT BONUS	6	12	0	0	0
	TOTAL REGULAR SALARIES	774,940	785,661	812,100	812,100	0
4	CIVILIAN OVERTIME	0	0	0	0	0
5	CIVILIAN CALLBACK	0	0	0	0	0
6	CIV LIEU TIME CSH PM	9,788	8,940	9,800	2,000	(7,800)
	TOTAL PREMIUM PAY	9,788	8,940	9,800	2,000	(7,800)
7	EMPLOYMENT INSURANCE	8,317	8,177	8,600	8,600	0
8	CANADA PENSION PLAN	18,297	18,513	20,800	20,800	0
9	OMERS	57,377	60,508	69,800	77,900	8,100
	TOTAL BENEFITS	83,991	87,198	99,200	107,300	8,100
10	STATIONERY AND OFF	2,534	4,433	7,400	5,400	(2,000)
11	PRINTED MATERIAL	0	2,100	1,900	1,900	0
12	BOOKS & MAGAZINES	443	0	500	0	(500)
14	MISC MATERIALS	0	218	0	0	0
15	FURNISHINGS	1,814	824	0	0	0
16	COMPUTER HARDWARE	0	709	0	0	0
18	OTHER OFFICE EQUIPMENT	0	1,515	0	0	0
	TOTAL SUPPLIES/EQUIPMENT	4,791	9,799	9,800	7,300	(2,500)
19	PUB REL/PROMOTIONS	15,183	17,823	16,600	6,000	(10,600)
20	CONSULTING - LEGAL	833,816	446,672	407,100	450,000	42,900
20a	CONSULTING - OTHER	41,760	26,873	229,200	50,000	(179,200)
21	TRAVEL - OTHER EXP	3,721	6,765	4,500	4,500	0
22	CONF -OTHER EXPENSES	18,137	27,097	26,500	6,500	(20,000)
23	COURSES/SEMINARS	0	0	8,500	1,500	(7,000)
24	ADVERTISING & PROMOTION	10,001	8,885	10,300	0	(10,300)
25	RENTAL, OFF. EQUIP.	1,346	877	2,300	2,300	0
26	REIMB.-MEMBERSHIP FEES	11,167	11,218	11,200	11,200	0
27	TELEPHONE	141	263	500	500	0
28	CELLULAR TELEPHONES	5,989	4,363	8,400	7,000	(1,400)
29	INTERNET	299	299	1,000	500	(500)
30	RENTAL OF VEHICLES	7,317	7,105	8,700	7,500	(1,200)
31	SERVICE & RENT GENERAL	1,422	2,002	2,100	2,100	0
32	CONTRIBUTION TO RESERVES	0	600,000	610,600	610,600	0
33	IDC - LEGAL SERVICES	595,733	545,313	680,000	612,000	(68,000)
	TOTAL SERVICES	1,546,032	1,705,555	2,027,500	1,772,200	(255,300)
34	MISCELLANEOUS REVENUE	(11,815)	0	0	0	0
35	CONTRIBUTION FROM RESERVES	0	(463,545)	(610,600)	(500,000)	110,600
	TOTAL REVENUE	(11,815)	(463,545)	(610,600)	(500,000)	110,600
	TOTAL	2,407,727	2,133,608	2,347,800	2,200,900	(146,900)
	ESTIMATED COLA VS 2010			26,300	50,700	24,400
	TOTAL			2,374,100	2,251,600	(122,500)
	2012 TARGET			2,172,200		
	DIFFERENCE TO TARGET			79,400		

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