

Toronto 2017 BUDGET



OPERATING BUDGET NOTES



Toronto Police Service

2017 OPERATING BUDGET OVERVIEW

The Toronto Police Service is dedicated to delivering policing services, in partnership with our communities, to keep Toronto the best and safest place to be. Our Purpose is to meet service objectives under the Adequacy Standards of the Police Services Act.

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is \$1,127.817 million gross and \$1,006.565 million net as shown below:

(in \$000's)	2016 Budget	2017 Preliminary Budget	Change	
			\$	%
Gross Expenditures	1,132,208.4	1,127,817.0	(4,391.4)	(0.4%)
Revenues	127,463.9	121,252.4	(6,211.5)	(4.9%)
Net Expenditures	1,004,744.5	1,006,564.6	1,820.1	0.2%

Through a hiring moratorium and alternative staffing strategies, the TPS is partially able to offset \$36.7 million in operating budget pressures arising mainly from grant funding losses and the impacts of the 2017 salary settlement to achieve a 2017 Preliminary Net Operating Budget of \$1,006.564 or 0.2% over the 2016 Operating Budget.

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Fast Facts

- Average deployed uniform officer strength of 5,072 as compared to an establishment officer strength of 5,440 for 2017.
- Calls to Communications – approximately 1.9 million annually.
- Calls for service – approximately 1.4 million annually.
- Total officer hours spent on calls for service – approximately 1.2 million hours annually.
- Average officer time on each event – 140.8 minutes (ranging from 15 minutes on a parking issue to over 100 hours on a shooting).

Trends

- Toronto is one of the safest cities in North America, and the Service has, and will continue to work hard with its community partners and other stakeholders to keep it that way.
- While overall crime rates have decreased over the past 20 years, reported violent crimes such as gang related crimes, shootings and homicides have increased-
- The Service has seen an overall 3% increase in, major crime based on August 2016 year-to-date statistics as compared to 2015.
- Shooting events have also increased in 2016 with 278 shootings up to August 31, 2016 compared to 189 at the same time last year.

Major Crime Indicators – Year to Date Results

(Aug 31, 2016)

Offence	YTD - 2016-08-31		
	2015	2016	% Chg
Murder	35	48	37%
Sex Assault	1,589	1,528	-4%
Assault	11,769	12,420	6%
Robbery	2,303	2,537	10%
Break and Enter	4,431	4,241	-4%
Auto Theft	2,029	2,095	3%
Theft Over	682	692	1%
Shooting Events	189	278	47%

Key Service Deliverables for 2017

The Toronto Police Service delivers adequate and effective policing services to keep Toronto the best and safest place to be.

The 2017 Preliminary Operating Budget will begin transforming toward the delivery of:

Business Modernization and Transformation Initiatives

- Improved public safety response
- A risk-based response to special events
- More efficient retail response
- Disband the Transit Patrol Unit
- Alternative delivery of the Lifeguard Program
- Alternative delivery the School Crossing Guard Program
- Overhauling Paid Duty
- City-wide Divisional boundary and facilities realignment
- More accessible and transparent information and services

Sustainability and Affordability:

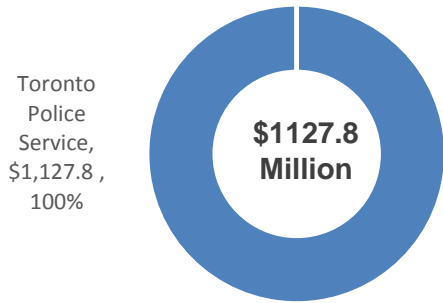
- Moratorium on hiring and promotions
- Assessing Information Technology requirements
- Explore alternative or shared service delivery of Court Services
- Explore alternative or shared service delivery of Parking Enforcement
- Explore alternative or shared service delivery of background screenings
- Investment in 9-1-1

Culture Change:

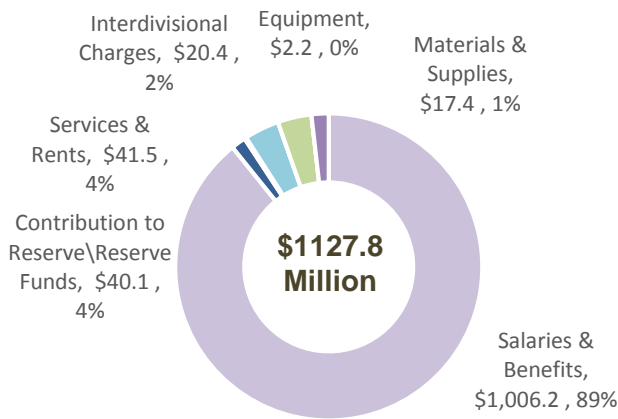
- Comprehensive culture change and human resources strategy

Where the money goes:

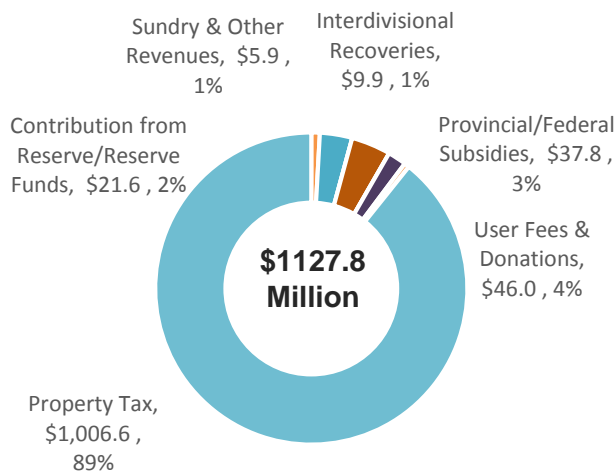
2017 Budget by Service



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- Transformational Task force and Modernizing Community Safety in Toronto
 - ✓ Focussing on safe communities and neighbourhoods;
 - ✓ Transition from Primary to Priority response;
 - ✓ Be Affordable and Sustainable
 - ✓ Foster Culture Change.
- Crime Evolution and the Changing Face of Policing.
 - ✓ As new crimes and threats continue to emerge, TPS will to deal with broader range of crime
 - ✓ Both proactive and investigative activities are required to address cybercrimes and terrorism.
 - ✓ Ensure operational plans and processes are in place to address safety and security risks.

2017 Operating Budget Highlights

- The 2017 Preliminary Operating Budget for Toronto Police Service of \$1,127.817 million in gross expenditures and \$1,006.565 million net provides funding for the Toronto Police Service that enables adequate and effective policing.
- This represents an increase of 0.2% over the 2016 Approved Net Budget as a result of the following measures taken:
 - Base expenditure reductions \$29.47 million
 - Revenue changes \$6.40 million

The Services 2017 Budget request does not meet the City Council approved across-the-board target of -2.6%

- This target could only be achieved through significant staff reductions (approx. 280) positions
- Establishment officer strength continues at 5,440 for 2017, the 2017 Operating Budget has been established on the basis of an average deployed uniform officer strength of 5,072.

Actions for Consideration

Approval of the 2017 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2017 Preliminary Operating Budget for Toronto Police Service of \$1,127.817 million gross and \$1,006,564 million net for the following service:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Toronto Police Service	1,127,817.0	1,006,564.6
Total Program Budget	<u>1,127,817.0</u>	<u>1,006,564.6</u>

2. City Council approve the 2017 service levels for Toronto Police Service as outlined on pages 7 of this report, and associated staff complement of 5,440 uniform, 2,230 civilian positions, 205 permanent part time and 6 temporary positions.
3. The Chair of the Toronto Police Services Board report to Budget Committee, at the latest with the June 30, 2017 quarterly variance report, to provide an update on the status of funding the Service may receive arising from any new Ontario policing grant programs.



Part 1:

2017-2019 Service Overview and Plan

Program Map



Purpose:
To provide community-based crime prevention initiatives aimed at reducing crime and increasing public awareness of safety concerns

Purpose:
To provide law enforcement relating to all applicable laws in the City of Toronto including Provincial Offenses, the Highway Traffic Act and the City of Toronto Bylaws

Purpose:
To ensure safe and secure communities within the City of Toronto while allowing people to exercise their civil liberties through effective Public Order Maintenance and to provide emergency police response to major threats and public safety risks



Service Customer

Community-Based Crime Prevention

- Community Groups
- Local School Boards

Indirect (Beneficial)

- Residents
- Businesses
- Staff - City Divisions
- Staff - Agencies and Boards
- Visitors

Law Enforcement

- Incident Victim
- Alleged Offender

Indirect (Beneficial)

- Residents
- Businesses
- Staff - City Divisions
- Staff - Agencies and Boards
- Visitors

Response / Public Order Maintenance

- Incident Victim
- Event / Demonstration Attendee

Indirect (Beneficial)

- Residents
- Businesses
- Staff - City Divisions
- Staff - Agencies and Boards
- Visitors

Table 1
2017 Preliminary Operating Budget and Plan by Service

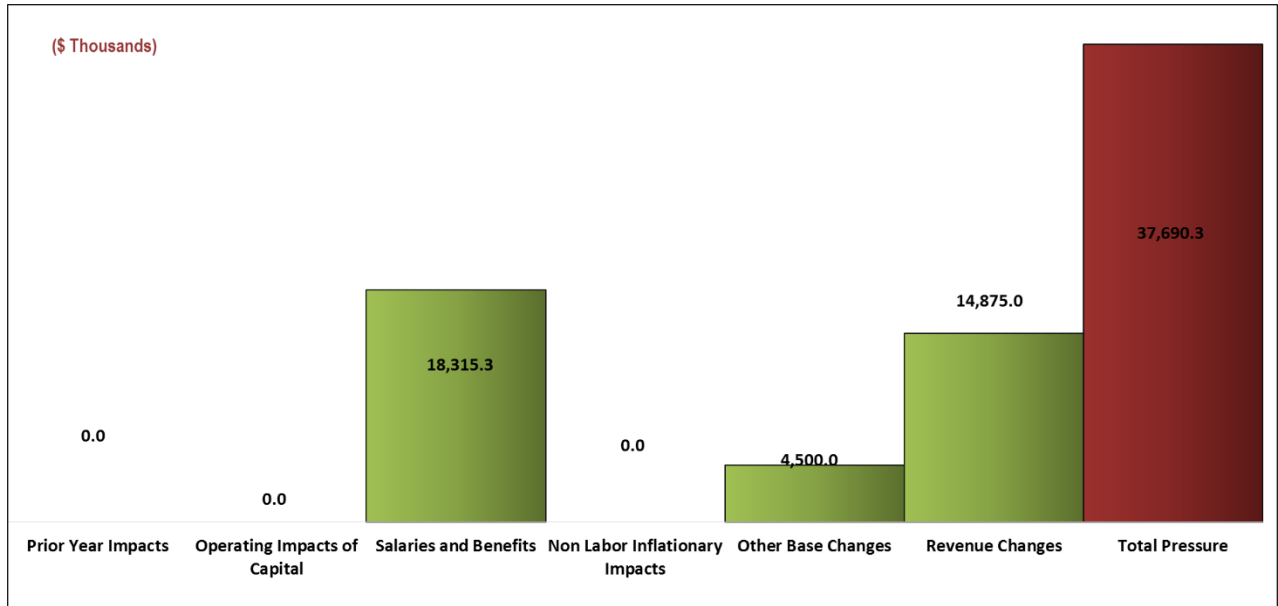
(In \$000s)	2016		2017 Preliminary Operating Budget				Incremental Change				
	Budget	Projected Actual	Base	New/ Enhanced	Total Budget	2017 Preliminary vs. 2016 Budget Change		2018 Plan		2019 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Toronto Police Service											
Gross Expenditures	1,132,208.4	1,134,917.3	1,127,817.0		1,127,817.0	(4,391.4)	(0.4%)	14,795.2	1.3%	11,468.8	1.0%
Revenue	127,463.9	139,086.7	121,252.4		121,252.4	(6,211.5)	(4.9%)	6,292.3	5.2%		
Net Expenditures	1,004,744.5	995,830.6	1,006,564.6		1,006,564.6	1,820.1	0.2%	8,502.9	0.8%	11,468.8	1.1%
Total											
Gross Expenditures	1,132,208.4	1,134,917.3	1,127,817.0		1,127,817.0	(4,391.4)	(0.4%)	14,795.2	1.3%	11,468.8	1.0%
Revenue	127,463.9	139,086.7	121,252.4		121,252.4	(6,211.5)	(4.9%)	6,292.3	5.2%		
Total Net Expenditures	1,004,744.5	995,830.6	1,006,564.6		1,006,564.6	1,820.1	0.2%	8,502.9	0.8%	11,468.8	1.1%
Approved Positions	7,881.0		7,881.0		7,881.0						

The Toronto Police Service's 2017 Preliminary Operating Budget is \$1,127.217 million gross and \$1,006.565 million net, representing a 0.2% increase over the 2016 Approved Net Operating Budget is not in line with the reduction target as set out in the 2017 Operating Budget Directions approved by Council. TPS was able to substantially offset \$36.690 million in base pressures with \$34.950 million in service adjustments for a net increase of 0.2% above the 2016 Approved Net Operating Budget. TPS would require an additional \$27.9 million in savings or -2.8% in order to achieve the reduction target.

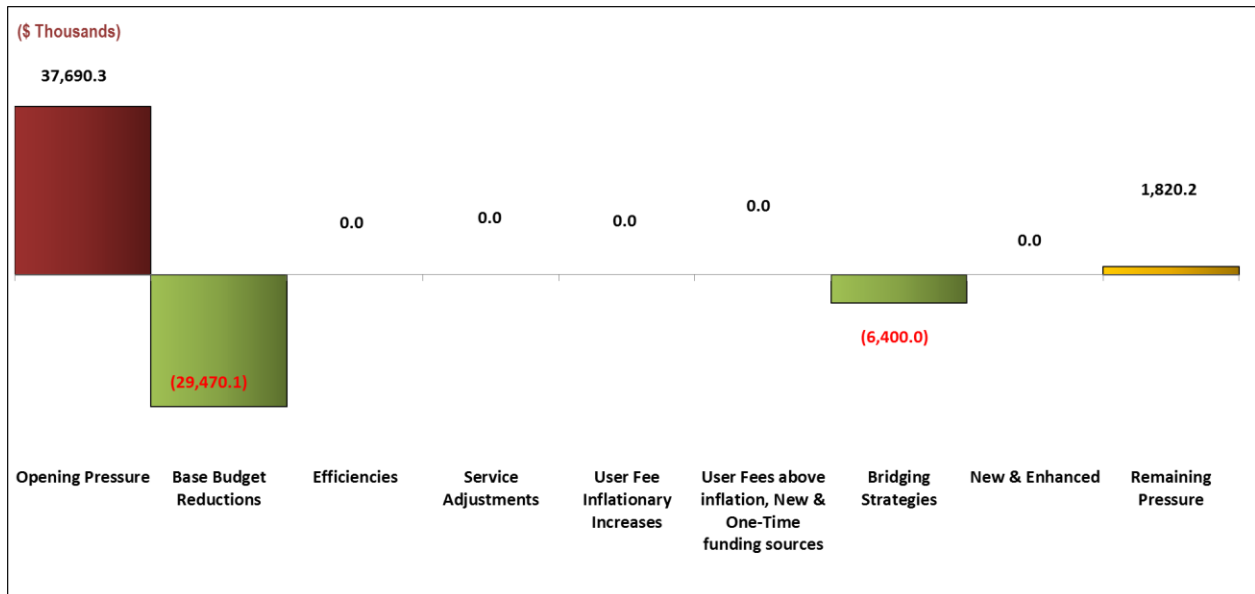
- Base pressures are mainly attributable to increases of \$18.315 million in Salaries and benefits, impacts of the 2017 Salary settlement and the impacts of grant funding tied to staffing levels.
- To help mitigate the above pressures, the TPS was able to achieve service efficiency savings through cost a hiring moratorium of both Civilian and Uniform positions, premium pay reductions as well as a line by line review of expenditures in order to reduce discretionary and non-core costs and to better align the budget with past experience.
- Approval of the 2017 Preliminary Operating Budget will result in Toronto Police Service maintaining its total staff complement of 5,440 uniform, 2,230 civilian positions and 205 permanent part time and 6 temporary positions for a total of 7,881 positions, with an average deployed uniform officer strength of 5,072.
- The 2018 and 2019 Plan increases are attributable to salary and benefit increases pertaining to salary settlements, inflationary increases, contract increases and reserve contribution increases.

The following graphs summarize the operating budget pressures for this Program and the measures/actions taken to offset these pressures and meet the budget target, resulting in a Preliminary Net Budget of \$1.820 million higher than the 2016 Approved Operating Budget.

Key Cost Drivers



Actions to Achieve Budget Reduction Target



**Table 2
Key Cost Drivers**

(In \$000s)	2017 Base Operating Budget		Total	
	Toronto Police Service		\$	Position
	\$	Position		
Gross Expenditure Changes				
Salaries and Benefits				
Impact of 2017 Salary Settlement	18,315.30		18,315.30	
Other Base Changes				
Increased Reserve Contributions	4,500.00		4,500.00	
Total Gross Expenditure Changes	22,815.30		22,815.30	
Revenue Changes				
Grant Funding Loss	14,875.00		14,875.00	
Total Revenue Changes	14,875.00		14,875.00	
Net Expenditure Changes	37,690.30		37,690.30	

Key cost drivers for Toronto Police Service are discussed below:

- Salaries and Benefits
 - Toronto Police Association and Senior Officer Organization collective agreement settlements results in salary and benefit increases of \$18.315 million.
- Other Base Changes:
 - Reserve contributions will increase by \$4.50 million to ensure equipment requirements and collective agreement requirements are attained.
- Revenue Changes:
 - Major revenue decreases are related to the loss of funding tied to staffing levels from the Canadian Policing Partnership grant and the Safer Communities grant.

In order to achieve the budget reduction target, the 2017 service changes for Toronto Police Service consists of base expenditure savings of \$28.55 million net and base revenue changes of \$6.4 million net, for a total of \$34.95 million net as detailed below.

Table 3
Actions to Achieve Budget Reduction Target
2017 Preliminary Service Change Summary

Description (\$000s)	Service Changes		Total Service Changes			Incremental Change			
	Toronto Police Service		\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Pos.	% Net	Pos.	% Net	Pos.
Base Changes:									
Base Expenditure Changes									
Hiring Moratorium	(23,100.00)	(23,100.00)	(23,100.00)	(23,100.00)					
Staffing Strategies	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)					
Premium Pay Reductions	(2,000.00)	(2,000.00)	(2,000.00)	(2,000.00)					
Expenditure Adjustments - Detailed Reviews	(3,370.10)	(3,370.10)	(3,370.10)	(3,370.10)					
Base Expenditure Change	(29,470.10)	(29,470.10)	(29,470.10)	(29,470.10)					
Revenue Adjustments									
Anticipated - New Funding - Province	(6,400.00)	(6,400.00)	(6,400.00)	(6,400.00)					
Sub-Total	(6,400.00)	(6,400.00)	(6,400.00)	(6,400.00)					
Total Changes	(35,870.10)	(35,870.10)	(35,870.10)	(35,870.10)					

Base Expenditure Changes (Savings of \$39.2 million gross & net)

Hiring Moratorium

- \$23.1 million in net salary savings are reflected in the 2017 Preliminary Operating Budget request, representing past and projected 2017 vacancies. The 2017 Operating Budget includes \$1.3 million to fill strategic civilian hires where investments in people are required to modernize, for strategic priorities, for legislative requirements or to provide adequate supervision. Further information on the impacts of these reductions are included in the Issues for Discussion section of these Notes.

Staffing Strategies:

- \$1.0 million in savings were achieved through staffing strategies. When staffing separations occur in higher ranked positions, lower ranking staff that temporarily fill these positions receive acting pay. However, significant reductions were made to acting pay based on staffing strategies that would redeploy existing members to areas that need them the most and re-examining policies on acting opportunities.
- Additional reductions have also been made based on new information for current year staffing separations that impact on the 2017 budget.

Premium pay reductions:

- Premium pay has been reduced by \$2.0 million. Significant reductions have been made in premium pay since 2010 and, when added to previous reductions, the total since 2010 is more than \$9 million. The recommendation is contingent on the Service's ability to ensure systems and capabilities are in place to sustain the reduction.

Expenditure Adjustments – Detailed Reviews

- \$2.45 million has been reduced from the budget through various management actions. To achieve these reductions, expenditures within every unit, account and service was reviewed and adjusted to reflect need based on historical spending.

Revenue Adjustments (Savings of \$6.4 million net)*Anticipated New Provincial Grant Program*

- The Service's 2017 Preliminary Operating Budget includes an estimated new Provincial grant of \$6.4 million. Based on the expectations that a new grant stream, following the end of the TAVIS program, will be in place for 2017.
- At the time of writing these notes, Toronto Police has not received any confirmation of such a grant.

**Table 5
2018 and 2019 Plan by Program**

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Salaries and Benefits										
Hiring Moratorium	1,876.00		1,876.00			1,540.00		1,540.00		
Benefit increases	(716.50)		(716.50)							
Salary Settlement	(227.30)		(227.30)							
Other Base Changes (specify)										
Reserve Contribution Increases	6,750.00		6,750.00			5,130.00		5,130.00		
Expenditure Adjustments	3,566.00		3,566.00			4,800.00		4,800.00		
Revenue (specify)										
Revenue Decrease		6,246.00	(6,246.00)				(0.05)	0.05		
Sub-Total	11,248.20	6,246.00	5,002.20			11,470.00	(0.05)	11,470.05		
Anticipated Impacts:										
Other (specify)										
Transformational Task Force	3,500.00		3,500.00							
Sub-Total	3,500.00		3,500.00							
Total Incremental Impact	14,748.20	6,246.00	8,502.20			11,470.00	(0.05)	11,470.05		

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Expenditures related to the hiring moratorium will increase by \$1.876 million in 2018 and \$1.540 million in 2019 respectively, based on the assumption that the service will hire in capacities as required.
- Salaries and benefits costs will decrease by \$0.716 million in 2018 and salary settlement costs will decrease by \$0.227 million. There are no current projections for 2019 as the current Toronto Police contracts expire on December 2018.
- Reserve contributions will increase by \$6.75 million in 2018 and increase \$5.13 million in 2019.
- Expenditure review adjustments will decrease budgeted needs by \$3.566 million in 2018 and alternately an increase of \$4.750 million will be required in 2019.
- The final upload of Court Security Service costs to the Province of \$6.246 million is expected in 2018 with a decrease of \$0.05 million forecast in 2019.

Anticipated Impacts:

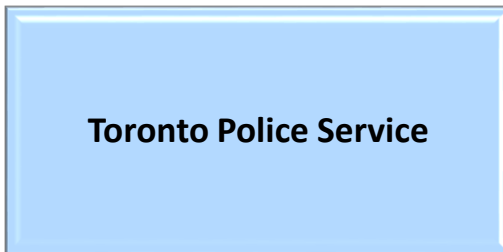
- Transformational Task Force Implementation \$3.5 million – Until the Transformational Task Force final report is issued, the TPS cannot provide firm estimates of the level of funding that will be required in 2018 and 2019 for transformation.
- The Toronto Police Service Board is requesting the City to fund \$3.5 million for 2017 from the 2016 Year-End Operating Budget surplus. The same provision is included in the 2018 plan.
- It is anticipated that the final Transformational Task force report will provide more information concerning these requirements.



Part 2:

2017 Preliminary Operating Budget by Service

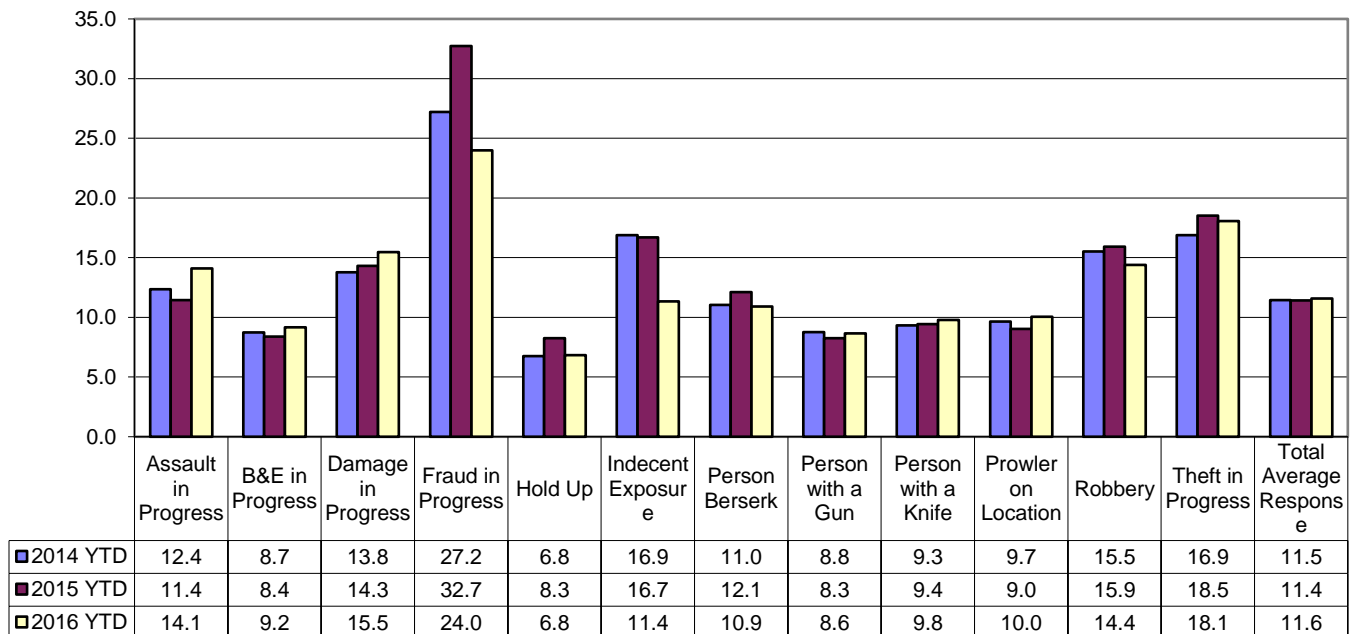
Toronto Police Service



What We Do

- The Ontario Police Services Act (PSA) outlines the principles by which policing services are provided in Ontario.
- As a result, in order to ensure the safety and security of all persons and property in Ontario, municipalities are responsible for providing funds to enable adequate and effective policing, which must include, at a minimum, the following core services:
 - ✓ Crime prevention;
 - ✓ Law enforcement;
 - ✓ Assistance to victims of crime;
 - ✓ Public order maintenance; and
 - ✓ Emergency response.

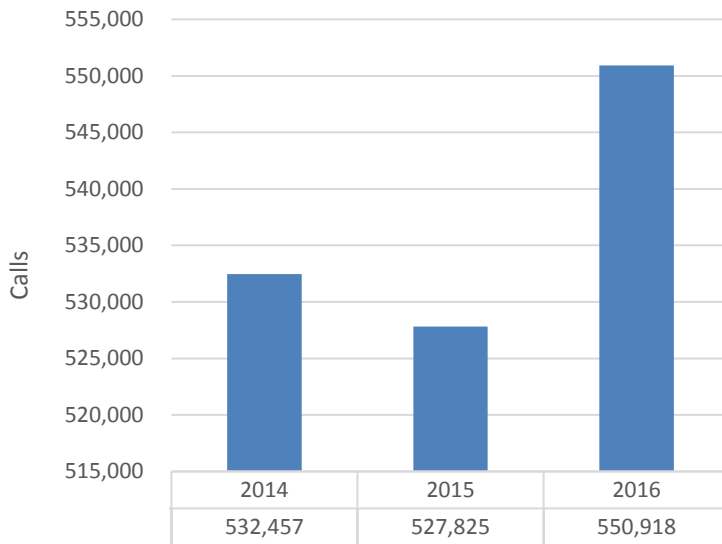
Response Times to Selected Emergency Events by Type of Crime



Average response times for emergency events including robbery, hold-up and fraud in progress were down based on year-to-date October 2016 statistics as compared to year-to-date October 2015 statistics.

Service Performance Measures

Calls for Service

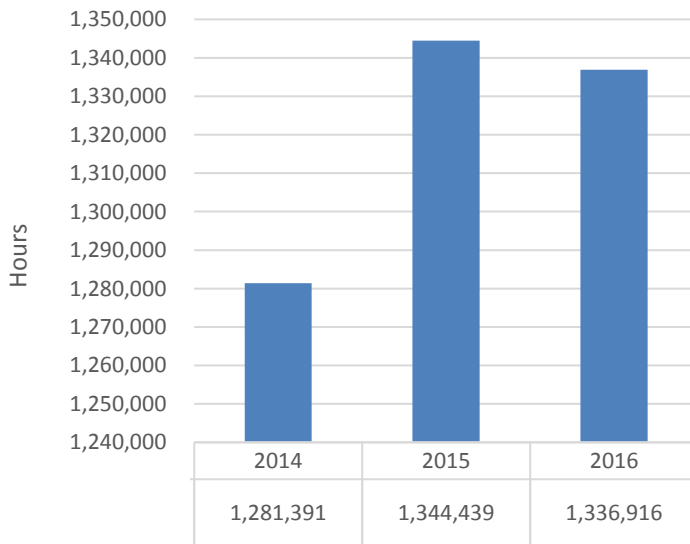


Crime is changing, new challenges facing the Service:

- Cybercrime, National Security and Domestic Violence are examples of the increasing complexity of crime

These crime types are sensitive in nature and require a level of specialized investigative support increasingly complex
- The public expects this specialization of officers and customer service
- As the complexity of crimes increase, the time officers spend on each call increases respectively

Total Hours Spent on Calls for Service



- Investigations are more time and resource intensive due to legislative requirements and evidentiary standards and processes.
- Toronto Police Service officers have attended 20,000 Domestic Assaults/Incidents per year over the past 10 years
- Although we have had to attend the same volume of incidents, the time spent on each call has increased from an average of 4 hours per call to 5 hours.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- At its meeting on July 12, 2016, the "2017 Budget Process: Budget Directions and Schedule" staff report (EX16.37) was submitted for consideration and adopted by City Council regarding the establishment of the 2017 Budget Process and the scheduling of the review and approval of the Tax and Rate Supported 2017 Operating Budget and 2017-2026 Capital Budget and Plan for the City of Toronto.
<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94519.pdf>
- City Council adopted an across the board budget reduction target of -2.6% net below the 2016 Approved Net Operating Budgets for all City Programs and Agencies utilizing strategies including but not limited to controlling expenditures through cost saving measures, and exploring all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery.
- To achieve the Council-approved target, reductions of \$73.5M would be required to both absorb 2017 opening pressures to bring the Service's 2017 Operating Budget to -2.6% over 2016. In developing the 2017 Operating Budget, the Service took into account City guidelines and Council direction.
- The Service also incorporated the known actions required to facilitate the new roadmap for a modern Toronto Police Service, which will not only impact how services are organized and delivered, but the associated budget and demonstrated value for the dollars spent.
- 2017 is a transitional year for the Service. The Transformational Task Force has published an interim report that lays out a vision and the initial steps to begin to align Services with that vision and the new guiding principles and goals. The Final Report, to be presented to the Board in January 2017, will expand on the ideas presented in the interim report and will provide more details about savings and budget reductions along with the investments that will be required to support the new service delivery model.
- The Service has begun to align with the principles of sustainability and affordability following the Task Force direction, and has taken action to reduce costs and begin the culture change about how members think about these principles. The objective has been to reduce the budget as much as possible, and every unit and Command area has participated in this budget reduction exercise.

Transformation Task Force Recommendations and Final Report

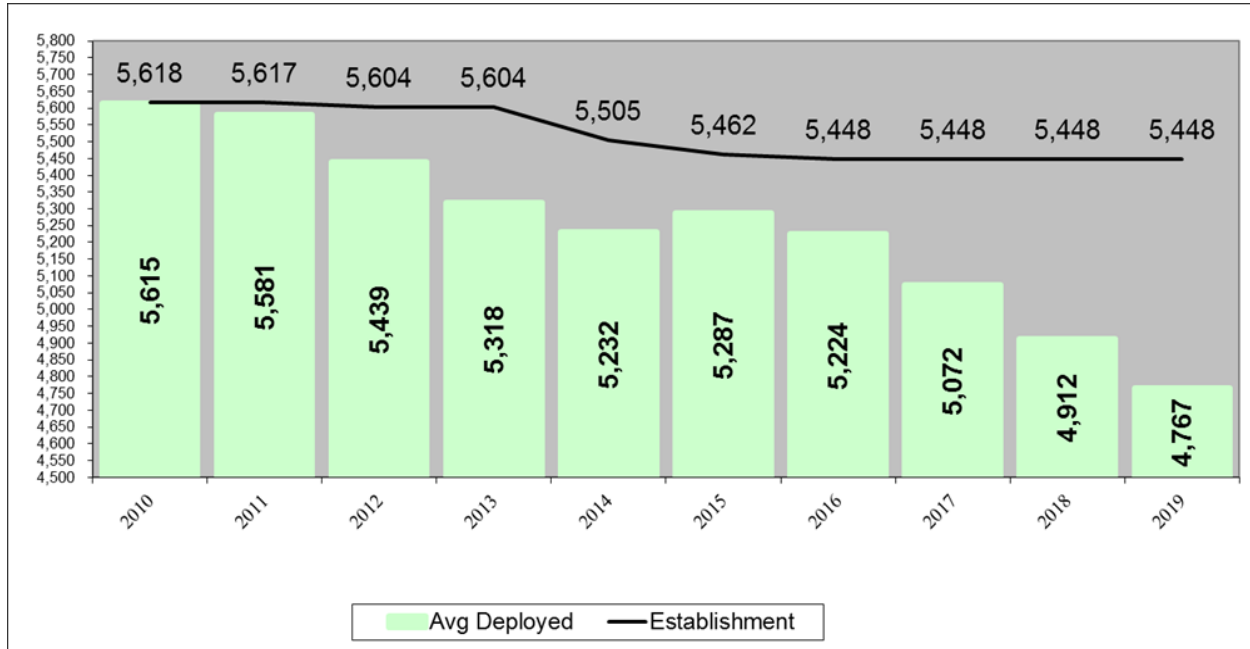
The Transformational Task Force was created to address the expectations that the people of Toronto has of its police service regarding accountability, collaboration and inclusiveness, greater openness, transparency of information and decision-making, as well as sustainability and affordability.

In February 2016, the Task Force began work on a plan to modernize the Service to ensure it can keep pace with changing public expectations. An interim report was issued in June 2016 with 24 interim recommendations for change.

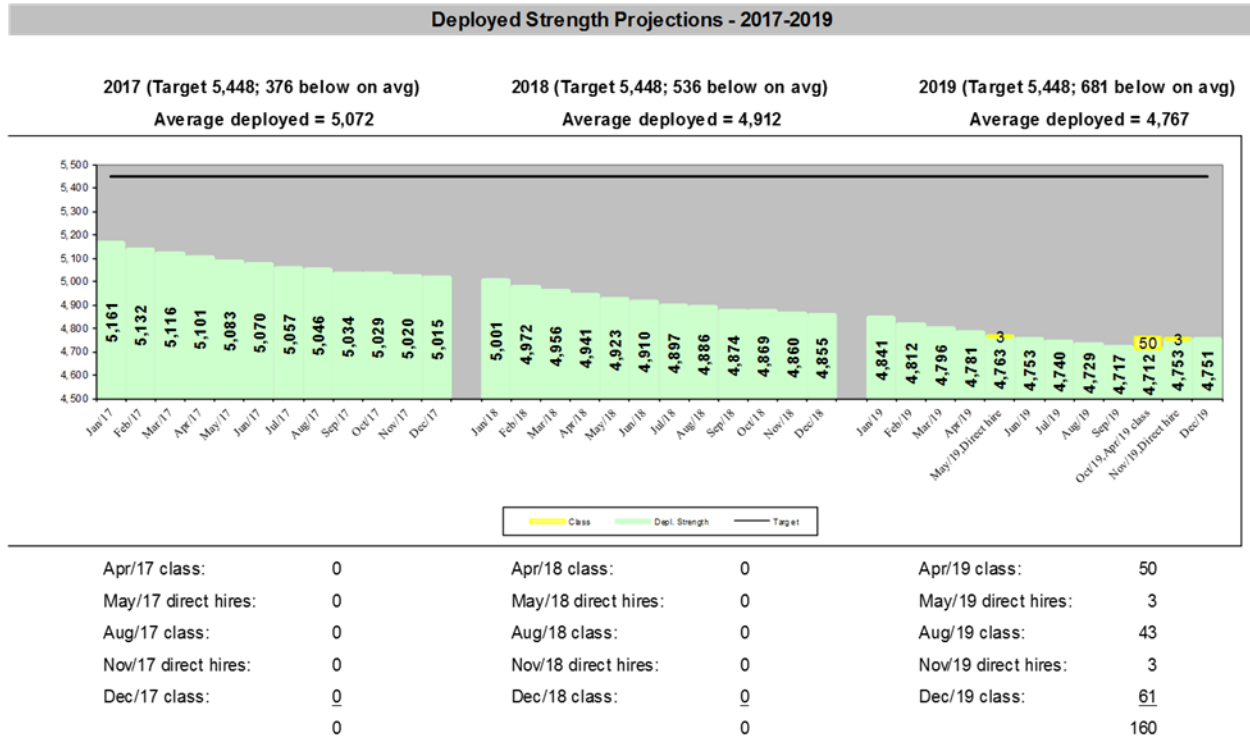
Hiring Moratorium

- In 2016, the Transformation Task Force recommended a three-year hiring moratorium that will result in the continued decline of uniform staffing levels. The chart below shows the uniform establishment and deployment history from 2010 to 2015 and the projected deployment levels from 2016 to 2019. By 2017, the average number of deployed officers will have decreased from 5,615 down to 5,072, for a total decrease of 543 officers.

Uniform Establishment and Deployment History & Projections



➤ The chart below outlines the Service's hiring strategy over the next 3 years (2017 to 2019) (including anticipated class sizes, and direct hires):



- \$23.1 million in net salary savings are reflected in the 2017 Preliminary Operating Budget representing the savings from maintaining vacancies, as well as most vacancies that will occur in 2017. As the Service transitions to a new service delivery model with reduced facilities and divests itself of certain programs, such

as the Transit Patrol Unit, Lifeguards and Crossing Guards and TAVIS, the strategy will focus on the redeployment of officers to activities that place officers where most needed.

Transformational Task Force Reductions – Interim Report Recommendations

Disbanding the Transit Patrol Unit

- During the approval of the 2011 Operating Budget, Council transferred the role of Transit Security from the TTC to the Toronto Police Service enabling officers to be dedicated to providing transit security and the roles and responsibilities within TPS.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX3.4>
- As a result, the 2010 budgeted complement and expenditures for the TPS and TTC have changed with the following transfer:
 - \$1.834 million for the Toronto Police Service and an increase of 42 uniformed positions, in addition to the 38 PORF funded Officers to enable 80 officers dedicated to providing transit security.
- Recommendation 6 of the Task Force Interim Report includes the disbanding of the Transit Patrol Unit.
- "The Unit was originally established to supplement the day-to-day role of Divisions to respond to calls for service related to Toronto Transit Commission vehicles, subways and properties. However, this role is no longer required since the Toronto Transit Commission now has a highly capable Special Constable Program in place, and local Divisions will continue to respond to calls as required. Transit Patrol Unit members will be redeployed to other priorities."
- As part of the 2017 Operating Plan, TPS will redeploy these officers to other priorities within the service.

Alternative Delivery of the Lifeguard and Crossing Guard Programs – Transformational Task Force Recommendation

- Based on the Transformational Task Force Recommendations, TPS had initially included a reduction of \$1.1 million in the 2017 Operating Budget for the divesting of the Lifeguard Program as it is non-core service and \$2.7 million for the divesting of the Crossing Guard Program. This recommendation was made on the basis that service delivery of non-policing services should be referred to other appropriate organizations with mandates that are aligned to these types of services.

Lifeguard Program

- This program provides lifeguarding services on Toronto beaches while the City of Toronto provides lifeguard services for the rest of the city. For example, City of Toronto personnel provide lifeguard services at the Sunnyside Gus Ryder Outdoor Pool. A few metres away, on Sunnyside Beach, lifeguard services are provided by the Toronto Police Service. Civilian staff currently supporting this program will be redeployed to other priorities
- *Costs of Alternative Delivery – City Programs:* During the 2015 Operating Budget process a review was conducted by Parks, Forestry and Recreation (PF&R) to deliver the Lifeguard Program. The following was noted related to the Lifeguard Program:
 - The review indicated that it would cost PF&R approximately \$1.860 million to deliver the Lifeguard Program compared to the current cost of \$1.10 million for Toronto Police Service, assuming the same level of staffing. This is mostly due to the required staffing structure and higher wages in PFR's lifeguards.

- The estimated required funding of \$1.860 million for PFR does not include the cost of storage facilities, equipment (rowboats, kayaks, powerboats, etc. with an estimated replacement value of \$0.500 million), maintenance personnel (marine and handy workers) or capital replacement program which are not part of PFR program now.
- In addition, the \$1.860 million estimate does not include any additional indirect costs in Corporate City Divisions related to Human Resources, Labour Relations, Payroll & Employee Benefits, Corporate
- The review concluded that there will be no anticipated cost savings or service improvements as a result of the transfer of the Lifeguard Program to Parks Forestry and Recreation. As PFR aquatic staff are unionized part-time recreation workers, a review would be required to identify how the waterfront lifeguards can be integrated into the PFR structure.

Crossing Guard Program

- The Crossing Guard program assists children crossing at designated locations, usually in close proximity to a school. The Service has been administering the program since 1947 with police officers supervising the program, determining crossing locations and relieving guards when necessary. TPS dispatches officers to fill in when crossing guards are absent from duty. Divesting in the program will allow members who support the program to be redeployed to other priorities.
- *Costs of Alternative Delivery – City Programs:* During the 2015 Operating Budget process a review was conducted by Transportation Services.
 - The review indicated that it would cost Transportation Services \$9.536 million to deliver the School Crossing Guard Program compared to the current cost of \$8.586 million for Toronto Police Service, assuming the same level of staffing and number of locations.
 - There would be additional costs of \$0.455 million (staff/non-staff resources) in Policy, Planning, Finance & Administration Division (PPF&A) for payroll, administrative support, complement management and budgeting, which would bring the total required annual funding to \$9.991 million.
 - The review concluded that there will be no anticipated cost savings or operational efficiencies as a result of the transfer of the School Crossing Guard Program to Transportation Services Division.
- At the October 20th, 2016 TPSB meeting the Service presented the Board the 2017-2019 Operating Budget Submission which included a reduction of \$3.8 million for the transfer to service to the City of the Lifeguard \$1.1 million and Crossing Guard Programs \$2.7 million effective July 1, 2017.
- A motion was adopted by the Board at its October 20th, 2016 meeting regarding the Lifeguard and School Crossing Guard programs as follows:
 - *“THAT the Chief of Police continue to operate the Lifeguard and School Crossing Guard programs under the current operational model for a transition period of up to one year, no later than July 2018, to allow for the transfer of the programs to the appropriate responsible body for the September 2018 to June 2019 school year. That the Board request the City to fund the programs during the transition period from non-program revenue until the transition date, at which time, the cost and revenue should be transferred to the budget of the responsible body to be determined by the City and resulting from consultation between the City Manager and the Chief of Police.”*
- Implementation of this motion would have brought the Toronto Police Service 2017 Preliminary Operating Budget to \$998.664 million net.

- As this action would not achieve any overall savings to the City or reduce overall budget pressures, the Toronto Police Services 2017 Preliminary Operating Budget remains at \$1,006.565 million.

Requests for Funding from 2016 Year-End Surplus

- The Service has requested special one-time contributions from the 2016 Year End Operating Budget Surplus

Vehicle and Equipment Reserve- Contribution of \$2.5 million

- This reserve is used to fund the lifecycle replacement of the Service fleet of vehicles, information technology equipment, and various other equipment items. Each category of assets funded from this reserve is analyzed to determine how often it should be replaced as well as specific replacement requirements, which in turn determines the level of contribution required annually to enable the replacement.
- As part of the budget reduction exercise, the Service is reducing its fleet of vehicles by 104 vehicles (24 marked and 80 unmarked) which reduces the annual reserve requirement by \$0.6M per year, reducing and/or extending the life of regular furniture replacements, funding furniture and locker replacements for new and renovated facilities from projects and not reserves, funding some projects from state of good repair and reducing cash flow requirements for IT related projects.
- The Q3 2016 Operating Variance forecast year end expenditures lower than planned as a result of the hiring moratorium shows a projected surplus of \$8.913 million.
- The 2017 Preliminary Operating Budget contribution is limited to \$0.6M. The limited increase in 2017 anticipates the ability to receive up to \$2.5M of the projected 2016 Operating Budget surplus to top up the Service's contribution to the vehicle and equipment reserve. At the current level of contribution, this reserve will be in a significant deficit starting in 2019. See Appendix 6.

Task Force Request for Modernization- Initial Contribution of \$3.5 million

- In order to support the implementation of its transformation agenda, Toronto Police Service is requesting to establish a reserve to support the costs associated with the implementation of Task Force recommendations including staffing, feasibility and due diligence studies and to bridge one-time costs related to the recommendations. Details concerning this reserve and overall requirement are expected to accompany the Transformational Task Force Final Recommendations made in January 2017.
- The Toronto Police Service is requesting that \$3.5 million of the City's 2016 Year End Surplus be allocated to establish provide first year's contribution and the 2018 Plan includes a \$3.5 million requirement.

Bridging Strategies – Grant Revenue

- The Service receives two grants from the Ministry of Community Safety and Correctional Services that require the Service to maintain uniform staffing at specified levels to maximize grant funding: the Community Policing Partnership (CPP) Grant and the 1,000 Officers – Safer Communities Grant (Safer Communities). The contracts for the current grants expires March 31, 2017 with funding to be received only to the end of 2016. Without a funding commitment from the Province, the Service has reduced grant revenue by \$14.9 million in the 2017 Preliminary Operating Budget.

- In October 2015, the Minister provided a follow up letter to Chair Pringle indicating that the Ministry was currently reviewing its grant programs, developing an outcomes-based funding model for community safety and well-being priorities, and would reach out through the Future of Policing Advisory Committee (FPAC) to consult on the development of the new model. Since then, no further communication has been received by the Service regarding further funding commitments for these grants.
- In order to address the lost grant funding impacted by the hiring moratorium, the Service's 2017 Preliminary Operating Budget includes anticipated revenue of \$6.4 million as miscellaneous revenue estimate.
- During the October 20th, 2016 TPSB the following motion was passed to address the \$6.4 million unallocated miscellaneous revenue:
 - *"THAT the Board request the Mayor to follow-up with the Government of Ontario and in particular the Minister, Community Safety and Correctional Services concerning funding to be provided to the Toronto Police Service for the Safer Communities – 1000 Officers Partnerships Program and Community Policing Partnership Program Grants for the Province's 2017-18 fiscal year, with the goal of achieving full funding commitments, that the Service apply this funding to the current unallocated reductions and the difference to be applied as a further reduction to the 2017 budget;"*
- Included in *Actions for Consideration* is a request that the Chair of the Toronto Police Services Board report to Budget Committee, at the latest with the June 30, 2017 quarterly variance report, to provide an update on the status of funding the Service may receive arising from any new Ontario policing grant programs.

Provincial Funding for Court Security Costs (increase of \$4.3M):

- In 2011, the Ontario government announced that it will be removing up to \$125M in court security and prisoner transportation costs from municipal budgets by 2018, phasing in the upload of these costs starting in 2012. The Service's share to be phased-in over the seven year period is \$45M, increasing at a rate of approximately \$6.2M per year. However, due to the reduced staffing levels in Court Services, the increase is expected to be only \$4.3M in 2017.
- A new agreement between the Minister of Community Safety and Correctional Services and the City is in the final stages of approval. Estimates are included in the 2017 Preliminary Operating Budget for \$36.5 million and \$42.8 million in 2018 from this source.

Issues Impacting Future Years

Transformational Task Force –Future Implications for the Operating Budget:

- With the release of the interim Transformational Task Force (Task Force) report in June 2016 – *The Way Forward: Modernizing Community Safety in the Toronto*, the Service will be moving forward with unprecedented change. These changes will impact how services are organized and delivered.
- The Task Force has shared preliminary recommendations and a vision for a new path forward. Their vision is reflected in a newly planned community-centric service delivery model with three goals:
 - Be where the public needs the Service the most;
 - Embrace partnerships to create safe communities; and
 - Focus on the complex needs of a large city.
- To achieve these goals, the Service will adopt a roadmap that will include changes in five major areas:
 - How we relate to the public: focussing on safe communities and neighbourhoods;

- How we deliver our services: from Primary to Priority response;
 - Access to Services;
 - Affordability and Sustainability; and
 - Culture Change
- Over and above the core policing services that provide the framework for adequate and effective policing of the City, the above goals and strategies will determine where resources and efforts will be focused.
 - Guided by these goals, the Service will continuously look for ways to improve the delivery of public safety within an affordable and sustainable financial envelope.
 - Although the Task Force's interim report identifies 24 interim recommendations, the ideas shared are at a conceptual phase and require further planning and business process changes to enact them.
 - Until the details regarding the changes are identified, the impacts on the 2017 and future budgets, beyond the hiring moratorium, are unknown and cannot be factored into the budget.

Crime Evolution and the Changing Face of Policing:

- The Toronto Police Service is challenged by a rapidly changing and increasingly complex society that requires our members to continuously adapt and change. One of the main challenges for police is the constantly evolving nature of crime.
- New crimes and threats continue to emerge, adding to the multitude of existing crimes that police are expected to respond to. Police need to deal with broader ranges of crime coupled with crime's changing nature.
- New types of crimes, such as cybercrime, terrorism and environmental threats, and a diversity of calls for service, reshape the landscape in which Toronto Police Service officers operate. These crimes are often complex, multi-jurisdictional and can be potentially more harmful than the interpersonal crimes currently reported and responded to.

Issues Referred to the 2017 Operating Budget Process

During its deliberations of the 2016 Operating Budget, City Council on February 17, 2016 requested the following of TPS

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

- *Recommendation #234. As there is an urgent and abiding need for the City of Toronto to limit increases in the Toronto Police Service budget in 2017 and over the foreseeable future, City Council request the Toronto Police Services Board to expedite the implementation of recommendations contained in the KPMG Opportunities for the Future report of December 17, 2015, as well as other opportunities for structural change to improve efficiency in advance of the 2017 budget cycle and City Council request the Toronto Police Services Board to specifically focus on recommendations such as civilianization of non-core elements of its Court Services, Parking Enforcement and other duties, paid duty, premium pay and the employment of technology to improve demand management and staff deployment.*

- The Transformational Task Force was formed in 2016, tasked to address the Modernization need for the Service. The Task Force Final Report will be presented to the TPSB in January 2017 and is expected to address Council's recommendation. (See discussion on P. 17 of these Notes.)



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, Toronto Police Service accomplished the following:

- ✓ Developed a roadmap for modernization through the creation of the Transformational Task Force – The Way Forward: Modernizing Community Safety in Toronto - Interim Report issued in June 2016 with 24 preliminary recommendations
- ✓ Focused on the Board and Service Priorities, which include
 - safe communities and neighbourhoods,
 - economic sustainability and operational excellence, and
 - high quality, professional service to the community;
- ✓ Continue to provide security for Provincial courtrooms within the City.
- ✓ Achieved savings in salaries and benefits are a result of the hiring freeze toward the goal of \$100 million in savings and budget reductions over the next three years
- ✓ Materialized savings net against ongoing financial pressures
- ✓ Continued work on the implementation of interim recommendations of the Transformational Task Force.

Appendix 2

2017 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan		
	Actual	Actual	Budget	Projected Actual *	Preliminary Budget	from 2016 Budget	%	2018	2019	
	\$	\$	\$	\$	\$	\$		\$	\$	
Salaries and Benefits	966,120.8	981,964.8	1,012,786.1	1,011,478.5	1,006,149.8	(6,636.3)	(0.7%)	1,007,085.0	1,009,188.5	
Materials and Supplies	19,273.2	18,213.8	18,298.4	18,066.8	17,427.3	(871.1)	(4.8%)	17,620.7	17,817.9	
Equipment	5,992.1	4,149.8	2,157.8	3,806.0	2,234.8	77.0	3.6%	2,584.8	2,784.8	
Services & Rents	36,217.3	44,861.1	43,103.8	46,084.7	41,455.0	(1,648.8)	(3.8%)	44,520.4	48,357.2	
Contributions to Reserve/Res Funds	36,493.7	38,100.6	35,621.9	35,621.9	40,138.2	4,516.3	12.7%	50,388.2	55,518.2	
Interdivisional Charges	20,097.1	19,819.8	20,240.4	19,859.4	20,411.9	171.5	0.8%	20,413.1	20,414.4	
Total Gross Expenditures	1,084,194.2	1,107,109.9	1,132,208.4	1,134,917.3	1,127,817.0	(4,391.4)	(0.4%)	1,142,612.2	1,154,081.0	
Interdivisional Recoveries	20,574.1	20,682.2	9,336.5	10,832.0	9,902.0	565.5	6.1%	9,993.1	9,993.1	
Provincial Subsidies	42,760.3	41,495.4	46,664.0	50,470.9	37,802.5	(8,861.5)	(19.0%)	44,094.8	44,094.8	
User Fees & Donations	52,411.6	53,029.5	47,810.7	54,131.1	46,042.5	(1,768.2)	(3.7%)	46,042.5	46,042.5	
Contribution from Reserve/Reserve Funds	15,341.8	18,542.9	23,652.7	23,652.7	21,570.0	(2,082.7)	(8.8%)	21,570.0	21,570.0	
Sundry Revenues					5,935.4	5,935.4	-		5,889.9	5,844.3
Total Revenues	131,087.8	133,750.0	127,463.9	139,086.7	121,252.4	(6,211.5)	(4.9%)	127,590.3	127,544.7	
Total Net Expenditures	953,106.4	973,359.9	1,004,744.5	995,830.6	1,006,564.6	1,820.1	0.2%	1,015,021.9	1,026,536.3	
Approved Positions	7,410.0	7,883.0	7,881.0	7,308.0	7,881.0			7,881.0	7,881.0	

* Based on the 2016 9-month Operating Variance Report

The Q3 2016 Operating Variance forecast year end expenditures lower than planned as a result of the hiring moratorium shows a projected surplus of \$8.913 million.

For additional information regarding the 2016 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "*Operating Variance Report for the Nine-Month Period Ended September 30, 2016*" considered by City Council at its meeting on December 13, 2016.

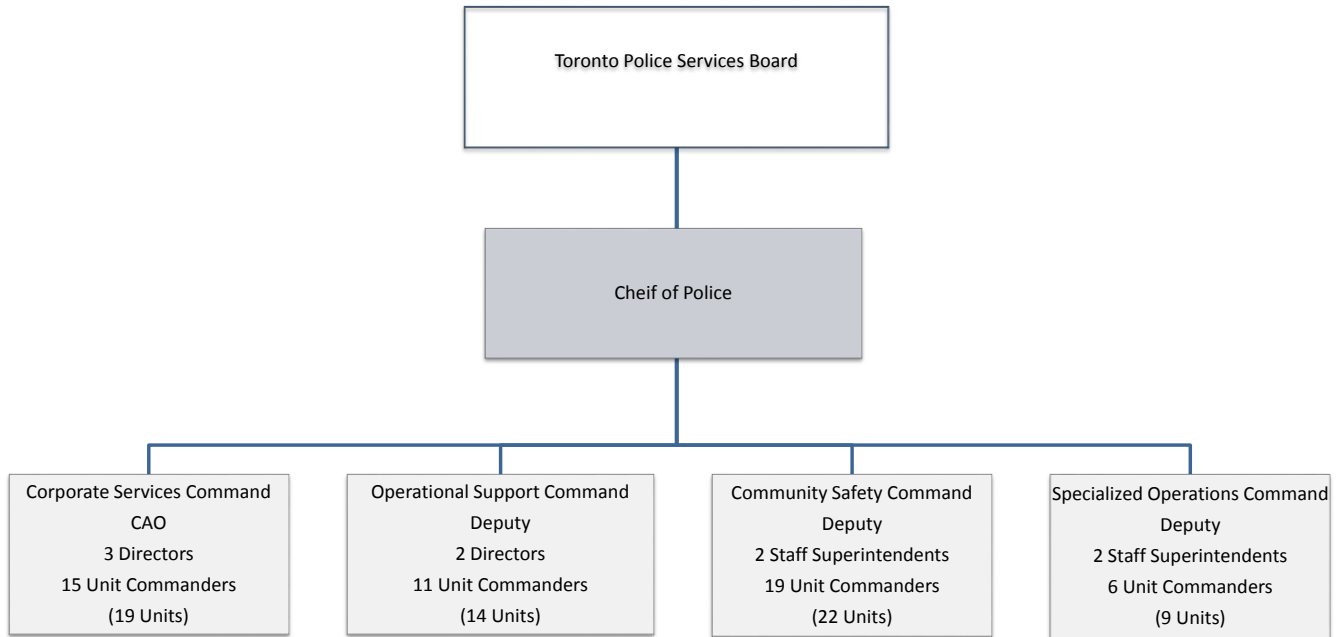
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

Impact of 2016 Operating Variance on the 2017 Preliminary Operating Budget

- As a result of the Q3 2016 Operating Variance projections the 2017 Preliminary Operating Budget is adjusted to align budgets to expenditures. This is reflected in reductions in salaries and benefits as well as services & rents.
- TPS is requesting \$2.5 million and \$3.5 million of 2016 Operating Budget Surplus be allocated to the Vehicle and Equipment Reserve and the initial contribution of the requested Task Force Reserve respectively.

Appendix 3

2017 Organization Chart



2017 Total Complement

2017 Total Complement

Category	Uniform*	Civilian	Part Time	Total
Permanent	5,440.0	2,230.0	211.0	7,881.0
Total	5,440.0	2,230.0	211.0	7,881.0

Note: Excludes 8 officers assigned to Parking Enforcement

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		14,166.0	14,166.0	7,632.0	5,514.0
Toronto Police Service Vehicle & Equipment Reserve	XQ1701				
<i>Proposed Withdrawals (-)</i>			(22,300.0)	(20,884.0)	(33,062.0)
<i>Contributions (+)</i>			15,766.0	18,766.0	21,766.0
Total Reserve / Reserve Fund Draws / Contributions		14,166.0	7,632.0	5,514.0	(5,782.0)
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		14,166.0	7,632.0	5,514.0	(5,782.0)

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Projected Balance as of \$	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		3,694.6	3,694.6	6,904.8	14,609.3
TPS Health Care Spending Reserve	XR1720				
<i>Proposed Withdrawals (-)</i>			(822.6)	(1,028.3)	(1,285.3)
<i>Contributions (+)</i>			4,032.8	8,732.8	8,832.8
Total Reserve / Reserve Fund Draws / Contributions		3,694.6	6,904.8	14,609.3	22,156.8
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		3,694.6	6,904.8	14,609.3	22,156.8

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Projected Balance as of \$	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		1,784.6	1,784.6	231.5	(771.6)
Toronto Police Service Legal Liability Reserve	XQ1901				
<i>Proposed Withdrawals (-) TPSB</i>			(500.0)	(500.0)	(500.0)
<i>Proposed Withdrawals (-) TPS</i>			(2,712.1)	(2,712.1)	(2,712.1)
<i>Contributions (+) TPSB</i>			529.0	529.0	529.0
<i>Contributions (+) TPS</i>			1,130.0	1,680.0	1,710.0
Total Reserve / Reserve Fund Draws / Contributions		1,784.6	231.5	(771.6)	(1,744.7)
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		1,784.6	231.5	(771.6)	(1,744.7)

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Projected Balance as of \$	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		36,287.5	36,287.5	31,592.3	28,897.1
Toronto Police Service Central Sick bank Reserve Fund	XR1007				
<i>Proposed Withdrawals (-)</i>			(13,762.2)	(13,762.2)	(13,762.2)
<i>Contributions (+)</i>			9,067.0	11,067.0	13,067.0
Total Reserve / Reserve Fund Draws / Contributions		36,287.5	31,592.3	28,897.1	28,201.9
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		36,287.5	31,592.3	28,897.1	28,201.9

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Projected Balance as of \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		2,571.8	2,571.8	2,050.9	2,530.0
TPS Central Sick Bank Reserve Fund	XR1701				
<i>Proposed Withdrawals (-)</i>			(4,253.7)	(4,253.7)	(4,253.7)
<i>Contributions (+)</i>			3,732.8	4,732.8	4,732.8
Total Reserve / Reserve Fund Draws / Contributions		2,571.8	2,050.9	2,530.0	3,009.1
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		2,571.8	2,050.9	2,530.0	3,009.1

* Based on 9-month 2016 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Projected Balance as of \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		5,301.0	5,301.0	15,443.0	25,585.0
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+) TPS</i>			10,142.0	10,142.0	10,142.0
Total Reserve / Reserve Fund Draws / Contributions		5,301.0	15,443.0	25,585.0	35,727.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		5,301.0	15,443.0	25,585.0	35,727.0

* Based on 9-month 2016 Reserve Fund Variance Report