



City Budget  
2013

## Toronto Police Service and Police Services Board Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for the City.

# 2013 Operating Budget

## 2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

### TABLE OF CONTENTS

<b>PART I: RECOMMENDATIONS</b> .....	2
<b>PART II: 2013 SERVICE OVERVIEW AND PLAN</b>	
Program Map and Service Profiles .....	4
2013 Recommended Service Levels .....	N/A
2013 Service Deliverables .....	5
<b>PART III: 2013 RECOMMENDED BASE BUDGET</b>	
2013 Recommended Base Budget .....	8
2013 Recommended Service Changes .....	N/A
2014 and 2015 Outlook .....	11
<b>PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS</b>	
2013 Recommended New/Enhanced Service Priority Actions .....	N/A
<b>PART V: ISSUES FOR DISCUSSION</b>	
2013 and Future Year Issues .....	13
Issues Referred to the 2013 Operating Budget Process .....	N/A
Core Service Review and Efficiency Study Implementation Progress .....	19
<b>APPENDICES</b>	
Appendix 1: 2012 Performance .....	21
Appendix 2: 2013 Recommended Operating Budget by Expenditure Category and Key Cost Drivers .....	25
Appendix 3: Summary of 2013 Recommended Service Changes .....	N/A
Appendix 4: Summary of 2013 Recommended New/Enhanced Service Priority Actions .....	N/A
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds .....	29
Appendix 6: 2013 Recommended User Fee Changes .....	N/A

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## PART I: RECOMMENDATIONS

**2013 Recommended Operating Budget  
Toronto Police Service  
(In \$000s)**

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	\$	%	2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	1,012,031.2	1,013,300.0	1,040,276.1		1,040,276.1	28,244.9	2.8%	44,986.7	3,159.4
<b>REVENUE</b>	76,369.0	85,600.0	91,135.6		91,135.6	14,766.6	19.3%	5,574.8	6,292.3
<b>NET EXP.</b>	935,662.2	927,700.0	949,140.5	0.0	949,140.5	13,478.3	1.4%	39,411.9	(3,132.9)
<b>Approved Positions</b>	7,869.0	7,662.0	7,869.0	(1.0)	7,868.0	(1.0)	0.0%	0.0	0.0

## Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Interim Recommended Operating Budget for Toronto Police Service of \$1.040 billion gross and \$949.141 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Police Service	1,040,276.1	949,140.5
Total Program Budget	<u>1,040,276.1</u>	<u>949,140.5</u>

2. The Toronto Police Services Board report back to the City Manager and Chief Financial Officer on the final 2013 Operating Budget Request and staff complement for the Toronto Police Service approved by the Board.
3. The Toronto Police Service report back to the Deputy City Manager and Chief Financial Officer on the outcomes of the Chief's Internal Organizational Review and its impact on the operating budget and staffing complement by June 2013, prior to the 2014 Operating Budget process.
4. The City Manager review Lifeguard and School Crossing Guard Programs that are currently being delivered by the Toronto Police Service in order to identify the appropriate service levels and City Programs to deliver these functions in 2014 prior to the 2014 Budget process.
5. The Toronto Police Service develop a strategy prior to the 2014 Operating Budget process to increase its contributions to the Sick Leave Reserve Fund in order to match annual withdrawals.

**2013 Recommended Operating Budget  
Toronto Police Services Board  
(In \$000s)**

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	\$	%	2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	3,231.6	3,231.6	2,758.9		2,758.9	(472.7)	(14.6)	4.6	0.0
<b>REVENUE</b>	980.0	980.0	500.0		500.0	(480.0)	(49.0)		0.0
<b>NET EXP.</b>	2,251.6	2,251.6	2,258.9	0.0	2,258.9	7.3	0.3	4.6	0.0
<b>Approved Positions</b>	8.0	8.0	8.0		8.0	0.0	0.0		

## Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Interim Recommended Operating Budget for Toronto Police Services Board of \$2.759 million gross and \$2.259 million net, comprised of the following services:

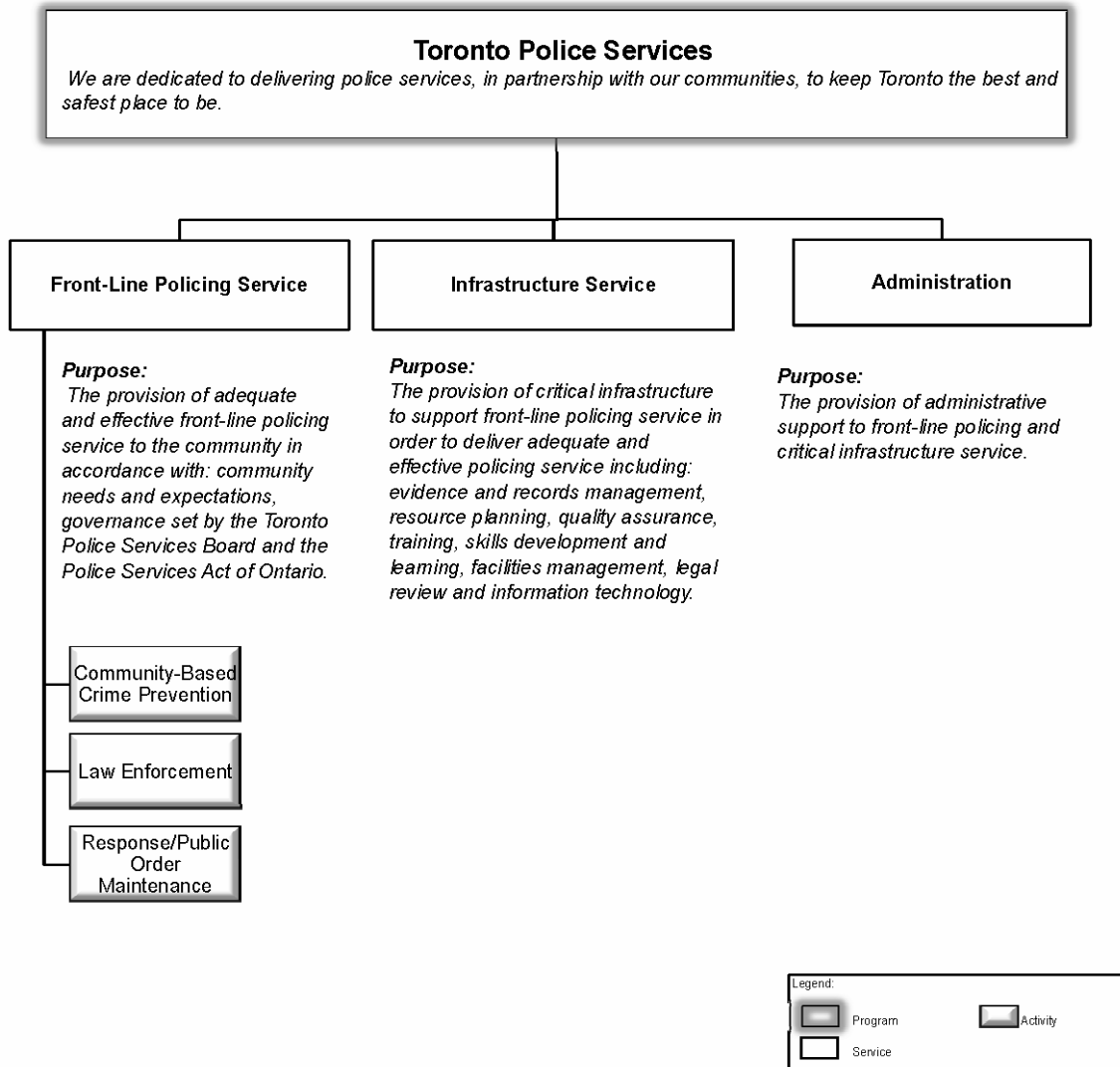
<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Police Services Board	2,758.9	2,258.9
Total Program Budget	<u>2,758.9</u>	<u>2,258.9</u>

2. The Toronto Police Services Board report back to the City Manager and Chief Financial Officer on the final 2013 Operating Budget Request and staff complement for the Toronto Police Services Board approved by the Board.

PART II: 2013 SERVICE OVERVIEW AND PLAN

**Program Map and Service Profiles**

**Toronto Police Service**

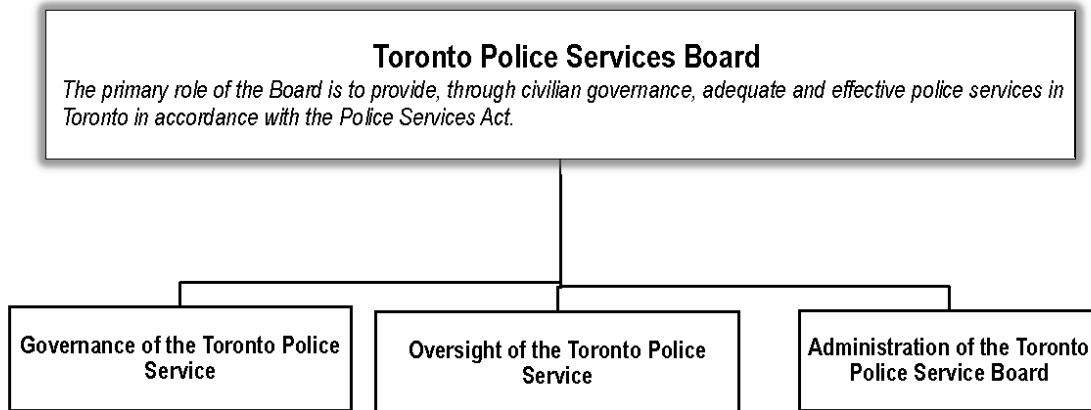


**2013 Service Deliverables**

The 2013 Interim Recommended Operating Budget of \$1.040 billion gross and \$949.141 million net provides funding to:

- Maintain an average deployed uniform strength of 5,350 Officers delivering police services in partnership with our communities.
- Continue to focus on the reduction of crime occurrences as experienced in 2012.
- Continue to provide security for 263 Provincial courtrooms within the City.
- Continue to utilize a fleet of 1,447 cars, 55 motorcycles, 24 boats, 27 horses and 459 other modes of transportation such as bicycles and trailers ensuring the most efficient and effective use of the Service's resources.

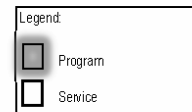
Toronto Police Services Board



**Purpose:**  
*The provision of adequate and effective police services in accordance with community needs and expectations, through policy development and priority setting, through stakeholder consultations and communications and consultation with the Chief of Police as required by the Police Services Act.*

**Purpose:**  
*Monitoring compliance with Board policy and directions. Identifying and researching current policing issues from an oversight perspective and developing recommendations ensuring fiscal responsibility and accountability.*

**Purpose:**  
*The provision of administrative support to the Board.*



The Toronto Police Services Board is responsible, under the *Police Services Act*, to ensure the provision of adequate and effective police services in the City of Toronto, and as such, the Board is dedicated to ensuring delivery of police services in partnership with our communities to keep Toronto the best and safest place to be.

### **2013 Service Objectives**

The Toronto Police Services Board, following consultation with the Chief of Police, creates service objectives for the Toronto Police Service. The Board itself does not have specific objectives, however it monitors the achievements of the Toronto Police Service.

### **2013 Service Deliverables**

The 2013 Interim Recommended Operating Budget of \$2.259 million net for the Toronto Police Services Board will provide funding to:

- Continue to deliver service objectives outlined in the proposed 2013 Business Plan in order to provide adequate and effective police service.
- Continue to provide governance and civilian oversight and to monitor achievements of the Toronto Police Service.



## PART III: RECOMMENDED BASE BUDGET

## 2013 Recommended Base Budget

## Toronto Police Service

(In \$000s)

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change		FY Incremental Outlook	
			2013 Recommended Base vs. 2012 Appvd. Budget		2014	2015
	\$	\$	\$	%	\$	\$
GROSS EXP.	1,012,031.2	1,040,276.1	28,244.9	2.7	44,986.7	3,159.4
REVENUE	76,369.0	91,135.6	14,766.6	19.3	5,574.8	6,292.3
NET EXP.	935,662.2	949,140.5	13,478.3	1.4	39,411.9	(3,132.9)
Approved Positions	7,869.0	7,868.0	(1.0)	(0.0)		

## 2013 Recommended Base Budget

The 2013 Interim Recommended Base Budget of \$1.040 billion gross and \$949.141 million net is \$13.478 million or 1.4% over the 2012 Approved Budget of \$935.662 million net and \$21.329 million or 2.3% over the 0% increase target.

- The 2013 Interim Recommended Operating Budget for Toronto Police Service includes funding for the 2013 salary settlement impact of \$24.790 million, statutory payroll deductions and benefit increases of \$8.750 million, and increased reserve contributions in the amount of \$1.800 million.
  - There is no agreement in place for the Senior Officer Organization (expired December 2012); therefore, following the usual practice, no funding is included in the 2013 Interim Recommended Operating Budget, and the City will make an estimated provision in its corporate accounts until a settlement is reached.
- These pressures are partially offset by annualized savings from 2012 separations and projected 2013 separations that will result in savings of \$7.282 million, a reduction of \$0.634 million to the premium pay budget, a revenue increase in the amount of \$5.991 million due to increased provincial funding for court services, and a decrease in other expenditures such as caretaking, maintenance, telephones, computers, etc.

Item	\$ Change	% Change
2013 Salary Settlement Impact	\$24.790M	2.6%
Statutory Payroll Deductions and Benefit Increases	\$8.750M	0.9%
Increased Reserve Contributions	\$1.800M	0.2%
Annualized Savings from 2012 and Projected 2013 Separations/ Replacements and Reclassifications	(\$7.282M)	(0.8%)
Premium Pay Reduction	(\$0.634M)	(0.1%)
Revenue Changes (Loss of PORF, Provincial funding for court services, other recoveries changes)	(\$5.991M)	(0.6%)
Other expenditures (i.e., caretaking, maintenance, telephones, computers, etc.)	(0.104M)	0%
<b>Amount Above 0% Increase Target</b>	<b>\$21.329M</b>	<b>2.3%</b>
Recovery from City for Lifeguard and School Crossing Guards Programs	(\$7.851M)	(0.8%)
<b>Increase After Recovery from City</b>	<b>\$13.478M</b>	<b>1.4%</b>

- The Toronto Police Service will recover the costs of the School Crossing Guard and Lifeguard programs in 2013 only while the City Manager reviews the programs in order to identify the appropriate service levels and which City Programs will deliver these functions in 2014.
  - This recovery reduces the Service’s net operating budget by \$7.851 million, however, since the cost will be sustained by the City, the reduction cannot be considered as part of the Service’s reduction target.
- As a result, the 2013 Interim Recommended Base Budget of \$1.040 billion gross and \$949.141 million net is \$21.329 million or 2.3% above the 0% increase target.
- The 2013 Interim Recommended Operating Budget does not include any service changes or new/enhanced priority actions at this time.
- Approval of the 2013 Interim Recommended Base Budget will reduce the Toronto Police Service's approved staff complement by one civilian position, as highlighted in the table below.
  - The Toronto Police Service's Facilities Management Unit conducted a review of the services they provide and how best to deliver these services. The review identified a new model that can deliver the required services and reduce the approved staff complement by one position.
  - This model would eliminate three project supervisor positions and the asset clerk positions but add a second senior project coordinator and two project coordinators.
  - This structure would more equitably distribute responsibility for major construction and renovation work between two senior project coordinators and place responsibility for minor renovations projects with the two project coordinators.

**2013 Recommended Staff Complement  
Base Budget Summary  
Toronto Police Service**

Changes	Staff Complement
<b>2012 Approved Complement</b>	7,869.0
- 2012 In-year Adjustments	
<b>2012 Approved Staff Complement</b>	<b>7,869.0</b>
<b>2013 Recommended Staff Complement Changes</b>	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	(1.0)
<b>Total 2013 Recommended Complement</b>	<b>7,868.0</b>

**2013 Recommended Base Budget  
Toronto Police Services Board  
(In \$000s)**

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014	2015
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	3,231.6	2,758.9	(472.7)	(14.6)	4.6	-
<b>REVENUE</b>	980.0	500.0	(480.0)	(49.0)	-	-
<b>NET EXP.</b>	2,251.6	2,258.9	7.3	0.3	4.6	-
Approved Positions	8.0	8.0	-	0.0	-	-

### 2013 Recommended Base Budget

The 2013 Interim Recommended Base Budget of \$2.759 million gross and \$2.259 million net is \$0.007 million or 0.3% over the 2012 Approved Budget of \$2.252 million net.

- The 2013 Interim Recommended Operating Budget for Toronto Police Services Board includes pressures of \$0.007 million that include 2013 salary settlement impact of \$0.004 million and benefit increases of \$0.009 million.
  - There is no agreement in place for the Senior Officer Organization (expired December 2012); therefore, following the usual practice, no funding is included in the 2013 Interim Recommended Operating Budget, and the City will make an estimated provision in its corporate accounts until a settlement is reached.
- These pressures were offset by a reduction of \$0.005 million in salary costs in order to align budgeted amounts with actual costs.
- The 2013 Interim Recommended Operating Budget does not include any service changes or new/enhanced priority actions.
- Approval of the 2013 Interim Recommended Base Budget will not result in any changes to the Toronto Police Services Board's approved staff complement as highlighted in the table below:

**2013 Recommended Staff Complement  
Base Budget Summary  
Toronto Police Services Board**

Changes	Staff Complement
<b>2012 Approved Complement</b>	8.0
- 2012 In-year Adjustments	
<b>2012 Approved Staff Complement</b>	<b>8.0</b>
<b>2013 Recommended Staff Complement Changes</b>	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	
<b>Total 2013 Recommended Complement</b>	<b>8.0</b>

**2014 and 2015 Outlook**  
**Toronto Police Service**  
(In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
<b>Known Impacts</b>											
Salary Settlement Impact	28,284.3		28,284.3	3.0							3.0
Benefit Increases	3,285.6		3,285.6	0.3		3,114.9		3,114.9	0.3		0.7
Provincial Upload of Court Security		6,292.3	(6,292.3)	(0.7)			6,292.3	(6,292.3)	(0.6)		(1.3)
Loss of PORF		(717.5)	717.5	0.1							0.1
Increased Contribution to Reserves	7,400.0		7,400.0	0.8		900.0		900.0	0.1		0.9
Separations, Replacements and Reclassification	943.7		943.7	0.1		(3,764.4)		(3,764.4)	(0.4)		(0.3)
Other expenditures	4,150.7		4,150.7	0.4		2,900.9		2,900.9	0.3		0.7
Radio Communication System Replacement	922.4		922.4	0.1		8.0		8.0	0.0		0.1
<b>Sub-Total - Known Additional Impacts</b>	<b>44,986.7</b>	<b>5,574.8</b>	<b>39,411.9</b>	<b>4.2</b>	<b>0.0</b>	<b>3,159.4</b>	<b>6,292.3</b>	<b>(3,132.9)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>3.8</b>
<b>Total Incremental Impacts</b>	<b>44,986.7</b>	<b>5,574.8</b>	<b>39,411.9</b>	<b>4.2</b>	<b>0.0</b>	<b>3,159.4</b>	<b>6,292.3</b>	<b>(3,132.9)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>3.8</b>

Approval of the 2013 Interim Recommended Base Budget for Toronto Police Service will result in a 2014 incremental cost increase of \$39.412 million and a 2015 incremental cost decrease of \$3.133 million to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

**2014:**

*Known Impact*

- The Toronto Police Association salary settlement will result in additional funding requirement of \$28.284 million. There is no agreement in place for the Senior Officer Organization (expired December 2012); therefore, following the usual practice, no funding is included in the 2013 Interim Recommended Operating Budget, and the City will make an estimated provision in its corporate accounts until a settlement is reached.
- Benefits increases will require addition funding of \$3.286 million due to increases in medical, dental and administrative changes, as well as WSIB and retiree benefits increases.
- Additional revenue of \$6.292 million is projected for 2014 to reflect the Provincial upload of court security and prisoner transportation costs, which began in 2012.
- Revenue loss of \$0.718 million is anticipated since the Provincial Officer Recruitment Fund (PORF) ends in March 2013.
- Contributions to Reserves will increase by \$7.400 million mostly due to \$6.5 million contribution increase to the Sick Pay Reserve Fund to ensure its sustainability.
  - The Service has requested to allocate \$6.5 million of its projected 2012 year-end surplus to the reserve to help offset the pressure for 2014. If approved, this allocation would reduce the TPS's year-end surplus by \$6.5 million and eliminate the pressure in 2014 on a one-time basis (i.e., the 2014 pressure would be moved to 2015).
- Net impacts of separations, replacements and reclassification costs will require additional funding of \$0.944 million.
- Other expenditures such as caretaking, computer maintenance, gasoline and impacts of capital projects will require additional funding of \$4.151 million.

- The anticipated completion of the Radio Communication Infrastructure Replacement project in 2014 will result in additional costs of \$0.922 million to reflect TPS's share of maintenance costs for the new system.

2015:

#### *Known Impact*

- Benefits increases will require additional funding of \$3.115 million due to increases in medical, dental and administrative changes, as well as WSIB and retiree benefits increases.
- Additional revenue of \$6.292 million is projected to reflect the Provincial upload of court security and prisoner transportation costs, which began in 2012.
- Contributions to Reserves will increase by \$0.900 million mostly due an increase to the Vehicle and Equipment Reserve to ensure its sustainability.
- Impacts of separations, replacements and reclassification costs will result in savings of \$3.764 million.
- Other expenditures such as caretaking, computer maintenance, gasoline and impacts of capital projects will require additional funding of \$2.901 million.
- The completion of the Radio Communication Infrastructure Replacement project will require additional funding of \$0.008 million to support the new radio infrastructure system.
- 2014 is the last year of the current salary settlement for Association members. Therefore, following the usual practice, there is no anticipated pressure included in the Outlook, although the City will make an estimated provision in its corporate accounts until a settlement is reached.

### 2014 and 2015 Outlook Toronto Police Services Board (In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
<b>Known Impacts</b>											
Salary Settlement Impact	4.6		4.6	0.2%							0.2%
<b>Sub-Total - Known Additional Impacts</b>	4.6	0.0	4.6	0.2%	0.0	0.0	0.0	0.0	0.0%	0.0	0.2%
<b>Total Incremental Impacts</b>	4.6	0.0	4.6	0.2%	0.0	0.0	0.0	0.0	0.0%	0.0	0.2%

Approval of the 2013 Interim Recommended Base Budget for Toronto Police Services Board will result in a 2014 incremental cost increase of \$0.005 million and no 2015 incremental costs to maintain 2013 service levels.

Future year incremental costs are primarily attributed to the salary settlement that will require additional funding of \$0.005 million. There is no agreement in place for the Senior Officer Organization (expired December 2012); therefore, following the usual practice, no funding is included in the 2013 Interim Recommended Operating Budget, and the City will make an estimated provision in its corporate accounts until a settlement is reached.

## PART V: ISSUES FOR DISCUSSION

**2013 and Future Year Issues****2013 Issues***0% Increase Target*

- The City of Toronto has established a budget target of a 0% increase for all Agencies and Divisions. For Toronto Police Service, the target is a net budget of \$935.662 million which is the City Council Approved 2012 Net Operating Budget adjusted to reflect the senior officer salary settlement.
- According to the established procedure, the Toronto Police Service's Operating Budget submission is reviewed by the Toronto Police Services Board's Budget Sub-Committee (BSC) and approved by the Board before it is submitted to the City for review and consideration.
- The BSC reviewed the overall preliminary budget submission for the Service, scrutinized significant centralized accounts and reviewed the budget request on a Command by Command basis. In reviewing the preliminary budget submission, the Board's Budget Sub-Committee also considered the 0% increase target which the City of Toronto has requested the Board achieve.
- As a result of these reviews, the BSC made a number of requests for further information and the Board approved a number of recommendations to the Chief of Police. The recommendations reflected the BSC's intent that the 2013 Operating Budget submission presented by the Chief of Police achieve the 0% increase budget target.
- However, during the Board meeting on November 14, 2012, the Chief of Police presented for the Board's approval a 2013 Operating Budget request for Toronto Police Service in the amount of \$949.141 million net that was \$13.478 million or 1.4% over the 2012 Approved Operating Budget and \$21.329 million or 2.3% over the 0% budget target.
- The Chief of Police has indicated that achieving a \$21.329 million reduction would require significant staff reductions, and would seriously impact the delivery of policing services. According to the Chief of Police, the following actions would be required to achieve the 0% increase target:
  1. Not hire December recruit class of 80 for savings of \$4.2 million;
  2. Not hire 261 recruits in 2013 for savings of \$3.4 million;
  3. Not hire 90 civilians in 2013 for savings of \$1.9 million; and
  4. Lay off 137 uniform officers and 52 civilians for savings of \$11.8 million.
- The Board did not approve the Chief's 2013 Operating Budget request. The Board requested that the Chief submit a revised 2013 Operating Budget request in December 2012 and requested that the Chief give consideration to the following measures identified by the Board:
  - No new uniform recruitment in 2013, except the class of 80 going forward, until a review has been conducted by an external expert to determine the desired uniform strength of TPS;

- Continue with measures such as the Chief's Internal Organizational Review (CIOR);
  - Review and consider all outsourcing opportunities;
  - Consider designation of one warrant officer in each division;
  - Consider a plan to operate premises only during the day time effective June 2013, such as any police divisions that do not have enough public demand after work hours; and
  - Include two Board members to participate in the Chief's CIOR as well as the external reviews to determine span of control and the desired uniform strength of the TPS.
- The Board also approved opening negotiations with the Toronto Police Association to eliminate or reduce the practice of 2-officer patrols effective June 2013 and replace the current 5 platoon system with 4 platoons per division effective June 2013.
  - The revised 2013 Operating Budget submission for Toronto Police Service will be considered by the Toronto Police Services Board during a special meeting in December 2012.
    - It is recommended that the Toronto Police Services Board report back to the City Manager and Chief Financial Officer on the final 2013 Operating Budget Request for Toronto Police Service once it is approved by the Board.
  - As a result, the 2013 Recommended Operating Budget presented in these Analyst Notes represents the interim 2013 Budget request only.

#### *Lifeguard and School Crossing Guard Programs*

- In an effort to concentrate on the core functions of policing, the Service has proposed divesting itself of the lifeguard and school crossing guard programs with the appropriate City Divisions taking responsibility of these functions.
- The Lifeguard program provides supervision on the beaches along the shores of Lake Ontario within the City of Toronto. The Service has been administering the program since 1982, when the Service amalgamated with the Harbour Police. For part of this time, the Service received a recovery from the City for the cost of the program; however, the Service has been financially responsible for the total program since 2001. Lifeguards are trained, equipped and supervised by the Service.
- The School 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.
- It is recommended that the City Manager review these programs in order to identify the appropriate service levels and City Divisions to deliver these functions in 2014. Until the review is completed and appropriate City Divisions are identified, the Service will continue to administer these programs and required funding will be received from the City's Non-Program budget. This will result in a recovery of \$1.133 million for Lifeguard program and \$6.718 million for School Crossing Guard program, for a total recovery of \$7.851 million in 2013.

- This recovery reduces the Service's net operating budget by \$7.851 million. However, as the cost will have to be sustained by the City, the reduction cannot be considered as part of the Service's reduction target. Therefore, the 2013 Interim Recommended Operating Budget is \$21.329 million or 2.3% over the City's 0% increase target while the actual increase from the 2012 Approved Operating Budget is \$13.478 million or 1.4% at this time.

### *Paid Duty*

- Off-duty police officers are available for hire to provide police presence for a range of functions: traffic control, funeral escorts, escorts for wide/oversize loads, film shoots, and security at sporting events, concerts, etc.
- The Service does not pay the officers for performing paid duty functions or charge the clients for the actual paid duty services. The officers are paid directly by the client. In addition, there are no overtime costs for paid duty assignments performed by officers.
- The Service prepares T4s for officer paid duty earnings and administers the paid duty program. The Service charges paid duty customers a 15% administration fee to cover the costs of this service. This recovery is approximately \$4.6 million in annual revenue and is included in the Toronto Police Service's operating budget as revenue and offsets the costs of administering the program.
- In his report, the Auditor General indicated that in 2009, City divisions and agencies paid approximately \$7.8 million for paid duty services. This included an estimated \$2.6 million in direct expenditures by the City and \$5.2 million in paid duty costs charged indirectly to the City by contractors doing City work.
- At its meeting on November 29, 30 and December 1, 2011, City Council adopted, with amendment, a staff report titled "Review of Paid Duty Officers' Traffic Control Assignments". In so doing, the City Council adopted the new Paid Duty Officer guidelines that reduced the requirement for the use of Paid Duty Police Officers, and in some cases, eliminated it in the Transportation Services Division's permits, documents and policies.
- In a letter dated September 11, 2012, the Chief of Police directed that, effective December 1, 2012, the Toronto Police Service will no longer perform paid duties for the City of Toronto or its agencies, except in circumstances where there is concern about the risk to public safety if there is no uniform police officer at the paid duty site.
- The effective date of December 1, 2012 gives time for the City's Divisions to make alternative arrangements and to work with the Service's Central Paid Duty Office to develop lines of communication and procedures associated with this change.
- The City is currently working to communicate the revised by-law requirements to all affected parties and paid duty clients.

### *Chief's Internal Organizational Review*

- In early 2012, in response to significant current and anticipated future fiscal pressures, the Chief's Internal Organizational Review (CIOR) was established to engage members of the Service to conduct reviews of operations, infrastructure, administration, business processes



and organizational structure with the goal to better achieve the Service's mission while increasing public value by becoming more effective, efficient and economical.

- As a result of the ongoing CIOR, current business processes may be revised resulting in changes to staffing complement and ratio between uniform and civilian establishment.
- At this time, the review is not complete and Board approval must be sought before any changes proceed.
- It is recommended that Toronto Police Service report back to the Deputy City Manager and Chief Financial Officer on the outcomes of the Chief's Internal Organizational Review and its impact on the operating budget and staffing complement by June 2013, prior to the TPS's 2014 Operating Budget process.

### Future Year Issues

#### *Toronto 2015 Pan American/Parapan American Games*

- On November 6, 2009, Toronto was selected as the host city for the 2015 Pan American/Parapan American Games by the Pan American Sports Organization (PASO).
- The Province has designated the Ontario Provincial Police (OPP) as the lead for security planning and coordination. The OPP as the lead agency for security planning has created an Integrated Security Unit (ISU) that includes representation from the following Ontario municipal police services based on their jurisdiction over the proposed venues:
  - Toronto Police Service;
  - Niagara Regional Police Service;
  - Halton Regional Police Service;
  - Hamilton Police Service;
  - Peel Regional Police Service;
  - York Regional Police Service; and
  - Durham Regional Police Service.
- The TPS is responsible for all security planning, operations and demobilization at all venues located within the City of Toronto, and is a partner in the traffic management plan. Security operation is divided into three sections:
  1. Planning phase: January 1, 2011 to June 23, 2015;
  2. Deployment phase: June 24 to August 21, 2015; and
  3. Demobilization phase: August 22 to December 31, 2015
- Funding for all Games security in the planning, operations and demobilization phases is the responsibility of the Province of Ontario, with the exception of some specific items such as CCTV hardware and software, fencing, hand held scanners, vehicle screening equipment, magnetometers, and portable lighting provided by TO2015.
- The Toronto Police Service has been participating in the planning for the Toronto 2015 Pan American/Parapan American Games since 2011. Initially, two officers were dedicated to this exercise, however the number of required staff is expected to grow to 50 in 2015.

- In 2011, only non-salary costs were recovered from TO2015 which amounted to \$0.014 million. In 2012, approximately \$0.600 million in funding is expected from TO2015, to compensate the Service for staff planning time and for all incremental non-salary expenditures. The memorandum of understanding (MOU) for this funding is still being finalized, but there is a written communication committing TO2015 to this funding. Non-salary expenditures are being maintained at a minimum pending signing of the MOU.
- The TPS's Operating Budget submissions for future years will reflect the estimated cost of the Games, as well as anticipated funding from TO2015 and other orders of government. It is assumed that TPS's costs will be fully recovered from TO2015 (for part of 2013) and the OPP (for the second part of 2013, and 2014 and 2015), resulting in no net cost impact for TPS and the City.

### *Sick Pay Reserve Fund*

- On October 29, 2008, through the Adequacy of Employee Benefits Reserve Fund report, City Council endorsed a plan to require Agencies, Boards and Commissions to contribute annual funding to the Sick Leave Reserve Fund that matches budgeted withdrawals.
- The Toronto Police Service has historically withdrawn approximately \$6.0 to \$6.5 million more per year than it has contributed to the Reserve Fund.

### \$Million

Year	Contributions	Draws	Net Draw
2002	7.2	10.9	(3.7)
2003	1.5	4.7	(3.2)
2004	3.6	8.6	(5.0)
2005	3.6	9.0	(5.4)
2006	3.6	9.0	(5.4)
2007	3.6	8.5	(4.9)
2008	3.6	12.4	(8.8)
2009	3.6	9.5	(5.9)
2010	3.7	10.1	(6.4)
2011	17.0	9.6	7.4
2012	4.1	12.0	(7.9)
<b>Balance</b>			<b>(49.2)</b>

- In 2011, the Service received permission from the City to contribute an extra \$6.5 million to this reserve and in early 2012, the Service requested that the City allocate \$13 million of the Service's 2011 underspending to the reserve to help offset the pressure for both 2013 and 2014. The Deputy City Manager and CFO and the Executive Committee approved re-allocating only \$6.5 million of the Service's 2011 favourable year-end variance to the Sick Pay Gratuity Reserve, thus offsetting the pressure for the 2013 budget year. The 2014 outlook includes a \$6.5 million increase in contribution for the Sick Pay Reserve Fund.
- As at the third quarter, the Toronto Police Service has projected a year-end under expenditure of \$6 million for 2012; however, the most recent indications show that the projected year-end favourable variance will be approximately \$8 million. As a result, the TPS has requested that the City allocate \$6.5 million of its projected year-end savings to the

Sick Pay Gratuity Reserve to help offset the pressure for 2014. If approved, this allocation would reduce the TPS's year-end underspending by \$6.5 million to \$1.5 million.

- This additional contribution will relieve the pressure for 2014 on a one-time basis, however it will not address the increased contribution obligation. Therefore, it is recommended that the Toronto Police Service develop a strategy prior to the 2014 Operating Budget process to increase its contributions to the Sick Leave Reserve Fund in order to match annual withdrawals.

### *Court Security*

- Section 137 of the *Police Services Act* states that police services boards are responsible for court security to “ensure the security of judges and of persons taking part in or attending proceedings.” On January 1, 1990, the Provincial government transferred responsibility for court security costs to municipalities. The costs have grown steadily since the transfer. In 1990, the cost of providing security in court facilities and costs related to prisoner transportation to and from court facilities was under \$16 million. The number of courtrooms has grown from 138 in 1990 to 263 in 2012. As a result of the increase in courtrooms, court security costs have risen from 1990 levels to \$45.971 million based on a review of 2010 actual costs.
- Following the Provincial-Municipal Fiscal and Service Delivery Review, released in Fall 2008, the Toronto Police Service and City of Toronto representatives participated in the consultation with the Ministry of the Attorney General and the Ministry of Community Safety and Correctional Services on the collection of current court security costs and data, and the development of court security standards, associated costs, and related governance as part of the court security costs upload to the Province.
- As outlined in the Provincial-Municipal Fiscal and Service Delivery Review, the Province will upload the costs of court security over seven years, starting in 2012, by providing funding to all municipalities to a maximum of \$125 million annually at maturity. The following schedule shows the timing and projected Toronto Police Service amounts of the upload:

<b>2012:</b> 14% (\$6.292M)	<b>2016:</b> 71% (\$31.460M)
<b>2013:</b> 29% (\$12.584M)	<b>2017:</b> 86% (\$37.752M)
<b>2014:</b> 43% (\$18.876M)	<b>2018:</b> 100% (\$44.044M)
<b>2015:</b> 57% (\$25.168M)	

- Anticipated upload estimates are reflected in the 2013 Interim Recommended Operating Budgets for both the Toronto Police Service and Court Services.

### *Independent Civilian Review into Matters Relating to the G20 Summit*

- The Board is reviewing the recommendations arising from Justice Morden’s Independent Civilian Review into Matters Relating to the G20 Summit. This report recommends a substantially expanded and strengthened role for civilian governance of the Toronto Police Service. In his report on page 37, Justice Morden writes:

*The Board and its staff in the past have increasingly shouldered a heavy burden in carrying out their responsibilities. If my recommendations are implemented this burden will be increased. Likely, this will necessitate the devotion of further resources to support the Board's work.*

- Although, no additional funding has been recommended in 2013 as a result of Justice Morden's report, his recommendations, if implemented, could result in additional funding requirements that may have an impact on the Board's budget in 2014 and beyond.

### **Core Service Review and Efficiency Study Implementation - Status Update**

- In April 2011, City Council adopted the Service Review Program which included the Toronto Police Service.
- The Service Efficiency Study for Toronto Police Service was conducted by Ernst & Young and identified six opportunities for further efficiencies and projected the potential dollar benefits/savings associated with each of these opportunities, as outlined below:
  1. If the TPS were to adopt a staffing model in which 40% of a front line officer's time was spent on proactive policing, then based on an analysis of the number of calls handled by officers (reactive time) during 2010/2011 TPS could potentially reduce the complement of officers by 105 to 115 officers resulting in annual savings of between \$9 to \$10 million;
  2. If the collective bargaining agreement could be renegotiated to change the shift schedule for front line officers from 10-10-8 shift schedule to an 8-8-8 shift schedule and assuming a proactive policing rate of 40%, then TPS could potentially reduce the complement of front-line officers by approximately 300 officers resulting in annual savings of up to \$25 million. On this basis, TPS could realize an additional \$10 million in shift schedule cost savings if the balance of officers currently on the 10-10-8 shift schedule were moved to an 8-8-8 shift schedule;
  3. TPS has moved to civilianize certain positions occupied by police officers, and there appears to be additional roles which need to be reviewed in further detail to determine whether further civilianization is possible. Based on the analysis, there may be as many as 227 positions which could be civilianized. This could lead to annual savings up to \$3.7 million based on the difference in the average wage of a police officer and a civilian employee at TPS;
  4. Based on the span of control analysis for the 17 divisions of the TPS, there were 7 divisions which appear to have more supervisors than may be required and if the number of supervisors were brought in line with the study benchmark, then the potential savings would be approximately \$2.2 million per year;
  5. On average, call taking staff answer emergency calls within 2 seconds and non-emergency calls within 7 seconds. Based on the analysis of call volumes and TPS maintaining an emergency service level benchmark of 90% within 10 seconds waiting as

a minimum standard for all calls, the number of call taking staff could be reduced with annual savings up to \$400,000; and

6. Call dispatch staff for four divisions consistently handle less calls on average than the other divisional call dispatch staff. There may be an opportunity to consolidate the dispatch desks for these divisions with potential annual savings of \$650,000.
- At its meeting on November 24, 2011, the Board received the final report and requested that the Chief respond to the report with respect to the recommendations it contained.
  - The report submitted by the Chief responded to each recommendation, noting that a number of these recommendations require further information and will be incorporated into the Chief's Internal Organizational Review of the TPS that is currently underway.

## Appendix 1

### 2012 Performance

#### Toronto Police Service

#### 2012 Key Accomplishments

In 2012, Toronto Police Service achieved the following results:

- ✓ A 10% reduction in the Service's 7 major crime indicators, which are used as a high level barometer of crime within the City, as of October 31, 2012, over the same period in 2011, comprised of the following:
  - 47 murders, representing a increase of 9% from 2011;
  - 1,369 sexual assaults, representing a decrease of 11% from 2011;
  - 12,754 assaults, representing a decrease of 12% from 2011;
  - 3,395 robberies, representing a decrease of 3% from 2011;
  - 5,636 break and enters, representing a decrease of 6% from 2011;
  - 2,975 auto thefts, representing a decrease of 15% from 2011; and
  - 624 thefts over \$5,000, representing a decrease of 9% from 2011.
- ✓ The Service responded to 552,675 calls for service as of October 31, 2012 (a decrease of 0.2%).
- ✓ The Service made 45,514 arrests (Criminal Code and CDSA) as of October 31, 2012 (an increase of 3%).
- ✓ The Service responded to 1,454 gun calls as October 31, 2012, representing an increase of 6% from 2011.
- ✓ The Service issued 455,235 Provincial Offences Act tickets (includes speeding, traffic lights, stop signs, LLA, trespass, pedestrian, cyclist, careless driving, etc.), compared to 504,576 issued in the same period in 2011, representing a decrease of 10% from 2011.
- ✓ 2,116,611 parking tags had been issued as of October 31, 2012, compared to 2,136,823 in the same period in 2011.
- ✓ Began implementation of Prisoner Management initiative: This initiative involves the transfer of prisoner management functions in divisions to court officers. This freed up court officer positions that could be redeployed to the divisions to fulfill prisoner management functions), which in turn has allowed the Service to redeploy police officers to the frontline.
- ✓ The Service conducted a review of workstations and laptops, and was able to reduce this inventory by approximately 10%, therefore saving replacement and maintenance costs.
- ✓ Implemented Project Summer Safety: The seven-week initiative, rolled out at the end of July in response to several violent gang-related crimes in the City, aimed to improve safety in Toronto's communities and increase positive engagement between officers and members of the public. The initiative proved to be very successful in reducing crime and victimization during the term of the program.

- ✓ Crime mapping tool which is a tool to monitor and track sex crimes and offenders was recognized with the Pitney Bowes Software People's Choice Meridian Award.
- ✓ The Human Resources self-serve portal has gone live, including ePay and eRecruit. Pay advices and T4s, for example, are now provided online, significantly reducing paper and envelopes requirement.

## 2012 Performance

- Toronto Police Service produces Environmental Scans which provide a comprehensive assessment of the factors that are expected to influence or change the delivery of police services.
- Due to the long-term nature of many trends outlined in the Environmental Scan, and to align with Service's Business Planning process, a complete Scan is now produced every three years.
- The Environmental Scans and Environmental Scan Updates are posted on the Toronto Police Service's website: <http://www.torontopolice.on.ca/publications>.

## Toronto Police Services Board

### 2012 Key Accomplishments

In 2012, Toronto Police Services Board achieved the following results:

- ✓ The Board received The Honourable John W. Morden's report entitled *Independent Civilian Review into Matters Relating to the G20 Summit* and established implementation work groups.
- ✓ The Board developed and approved a number of new policies including a Human Rights policy, an Accommodation policy and a Publication of Expense Details policy. In addition, the Board initiated a number of reviews of existing and proposed policies, including whistleblowing, searches of persons, wearing of name badges and the Board-Council protocol.
- ✓ The Board requested that the Auditor General conduct a study of the use of "contact cards", requested that police provide everyone stopped a copy of the contact including the reason for the stop and requested quarterly reports on "carding activities" including the race and ages of those "carded".
- ✓ The Board became a key participant in the Future of Policing Advisory Committee (FPAC) which is examining the sustainability of policing, Province-wide.

## 2012 Budget Variance Analysis

### 2012 Budget Variance Review

#### Toronto Police Service

(In \$000s)

(In \$000s)	2010	2011	2012	2012	2012 Approved Budget vs	
	Actuals	Actuals	Approved Budget	Projected Actuals*	Projected Actual Variance	
	\$	\$	\$	\$	\$	%
<b>Gross Expenditures</b>	1,034,054.8	997,289.6	1,012,031.2	1,013,300.0	1,268.8	0.1
<b>Revenues</b>	162,020.3	90,898.8	76,369.0	85,600.0	9,231.0	12.1
<b>Net Expenditures</b>	872,034.5	906,390.8	935,662.2	927,700.0	(7,962.2)	(0.9)
<b>Approved Positions</b>	7,896.0	7,870.0	7,869.0	7,662.0	(207.0)	(2.6)

\* Based on updated year-end projections.

### 2012 Experience

- As of September 30, 2012, the Toronto Police Service projected a year-end net favourable variance of \$6 million or 0.6% under the 2012 Approved Net Operating Budget of \$935.662 million. However, more recent year-end projections indicate a year-end net favourable variance of \$7.962 million or 0.9%.
- This projected under expenditure consists of projected lower than planned spending on salaries and benefits in the amount of \$2.9 million, lower than planned spending for materials and supplies and services in the amount of \$3.2 million mostly due to lower fuel and telephone costs; and higher than planned revenues of \$1.9 million due to increased background check requests, paid duty administration fees and greater than budgeted recoveries for overseas secondments.

### Impact of 2012 Operating Variance on the 2013 Recommended Budget

- The Toronto Police Service requested that the City allocate \$6.5 million of its projected year-end variance to the Sick Pay Gratuity Reserve to offset the pressure on a one-time basis for 2014.
- If approved, this allocation would not impact the 2013 Interim Recommended Operating Budget. However it will reduce the TPS's 2012 year-end favourable variance by \$6.5 million and alleviate the 2014 pressure on a one-time basis.



## 2012 Budget Variance Analysis

### 2012 Budget Variance Review Toronto Police Services Board (In \$000s)

(In \$000s)	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2012 Approved Budget vs Projected Actual Variance	
	\$	\$	\$	\$	\$	%
<b>Gross Expenditures</b>	2,597.2	2,491.5	3,711.6	3,711.6		
<b>Revenues</b>	463.5	164.5	1,460.0	1,460.0		
<b>Net Expenditures</b>	2,133.7	2,327.0	2,251.6	2,251.6		
<b>Approved Positions</b>	8.0	8.0	8.0	8.0		

\* Based on the 3rd Quarter Operating Budget Variance Report.

### 2012 Experience

- The Toronto Police Services Board's third quarter Operating Budget Variance results indicate that the Board expects to be on budget by year-end. The Board's year-end projection of \$3.712 million gross and \$2.252 million net is consistent with the 2012 Approved Operating Budget.

### Impact of 2012 Operating Variance on the 2013 Recommended Budget

- There is no impact of 2012 Operating Budget variance on the 2013 Interim Recommended Operating Budget.

## Appendix 2

## 2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

### Program Summary by Expenditure Category Toronto Police Service (In \$000s)

Category of Expense	2010	2011	2012	2012	2013	2013 Change from		2014	2015
	Actual	Actual	Budget	Projected Actual	Recommended Budget	2012 Approved Budget		Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	889,812.8	883,472.3	900,393.7	898,900.0	925,574.2	25,180.5	2.8	959,010.2	958,368.7
Materials and Supplies	22,210.7	18,565.9	21,282.8	21,500.0	21,392.4	109.6	0.5	22,023.1	22,475.6
Equipment	9,599.8	5,413.0	1,396.1	3,700.0	1,561.7	165.6	11.9	1,561.7	1,561.7
Services & Rents	64,166.5	33,212.9	35,071.2	35,312.6	35,584.7	513.5	1.5	37,768.0	38,812.9
Contributions to Capital									
Contributions to Reserve/Res Funds	29,970.9	37,719.1	32,755.6	32,755.6	34,775.8	2,020.2	6.2	42,175.8	43,075.8
Other Expenditures									
Interdivisional Charges	18,294.1	18,906.4	21,131.8	21,131.8	21,387.3	255.5	1.2	22,724.0	24,127.5
<b>TOTAL GROSS EXPENDITURES</b>	<b>1,034,054.8</b>	<b>997,289.6</b>	<b>1,012,031.2</b>	<b>1,013,300.0</b>	<b>1,040,276.1</b>	<b>28,244.9</b>	<b>2.8</b>	<b>1,085,262.8</b>	<b>1,088,422.2</b>
Interdivisional Recoveries	10,113.1	11,892.4	11,108.8	11,108.8	18,782.6	7,673.8	69.1	18,782.6	18,782.6
Provincial Subsidies		23,918.2	27,546.9	31,200.0	33,022.6	5,475.7	19.9	38,597.4	44,889.7
Federal Subsidies	79,513.9	4,952.3							
Other Subsidies	29,484.6								
User Fees & Donations	29,623.2	38,129.8	20,723.0	26,300.9	21,384.8	661.8	3.2	21,810.4	21,810.4
Transfers from Capital Fund									
Contribution from Reserve/Reserve Funds	13,285.5	12,006.0	16,990.3	16,990.3	17,945.6	955.3	5.6	17,520.0	17,520.0
Sundry Revenues									
<b>TOTAL REVENUE</b>	<b>162,020.3</b>	<b>90,898.7</b>	<b>76,369.0</b>	<b>85,600.0</b>	<b>91,135.6</b>	<b>14,766.6</b>	<b>19.3</b>	<b>96,710.4</b>	<b>103,002.7</b>
<b>TOTAL NET EXPENDITURES</b>	<b>872,034.5</b>	<b>906,390.9</b>	<b>935,662.2</b>	<b>927,700.0</b>	<b>949,140.5</b>	<b>13,478.3</b>	<b>1.4</b>	<b>988,552.4</b>	<b>985,419.5</b>
<b>APPROVED POSITIONS</b>	<b>7,896.0</b>	<b>7,834.0</b>	<b>7,869.0</b>	<b>7,662.0</b>	<b>7,868.0</b>	<b>(1.0)</b>	<b>(0.0)</b>	<b>7,868.0</b>	<b>7,868.0</b>

### 2013 Key Cost Drivers

Salary and benefit expenses represent 88.9% of the Toronto Police Service's 2013 gross expenditures. Salary and benefit costs have historically increased with contractually obligated wage increases, officer reclassification expenses and increased benefit costs.

- The significant variance in salary and benefits expenditure increases experienced year over year can be attributed to additional costs in 2010 to accommodate G20 requirements and lower than average increases in 2011 and 2012 arising from hiring deferrals.
- The 2013 increase of \$25.181 million or 2.8% from the 2012 approved budget includes funding of \$24.790 million for wage settlement increases for Toronto Police Association members and \$8.749 million in increased costs for OMERS and benefits.

Services and rents costs have varied over the last 3 years as a result of one-time G20 requirements in 2010 and reduced expenditures in 2011 and 2012 following service efficiency measures.

The significant increase in actual annual revenues in 2010 and subsequent decrease in 2011 arises from one-time G20 funding in 2010. The 2013 increase of \$14.767 million or 19.3% is primarily the result of the following:

- An estimated \$6.292 million in the Provincial upload of court security and prisoner transportation costs, which begins in 2012 based on approximately 14% of 2010 actual costs. The Province will continue to incrementally increase the uploaded costs until 2018 at which time it is anticipated funding will achieve 100% of the 2010 actual court security and prisoner transportation costs.
- A one-time recovery of \$7.851 million from the City of Toronto's Non-Program Budget for Lifeguard and School Crossing Guard programs. This recovery is provided for 2013 only to allow time for the City Manager to review these programs in order to identify the appropriate City department to take ownership of these functions in 2014.

The Interim 2013 Recommended Base Budget provides funding for the following:

#### *Prior Year Impacts*

- The annualized impact of previous year's reclassification costs will require additional funding of \$5.425 million.
- These costs will be offset by the annualized impact of last year's separations that result in savings of \$9.893 million.

#### *Economic Factors*

- The salary settlement impact will result in additional pressure of \$24.790 million.
- Fringe benefits increases (OMERS, EI, CPP, WSIB, medical, dental, etc.) will require \$8.749 million in additional funding.

#### *Other Base Changes*

- Annualized impacts of previous year's reclassification costs and part year 2013 reclassification costs are estimated to require additional funding of \$3.686 million.
- Current year separations and hires will result in savings of \$3.807 million.
- Leap year and other changes will result in savings of \$2.692 million.
- Contribution to Reserves will increase and require additional funding of \$1.800 million.
- Other expenditures such as caretaking, maintenance, utilities, gasoline and uniforms will result in savings of \$0.103 million.

#### *Revenue Changes*

- Loss of Police Officer Recruitment Fund, changes in grant funding and other recoveries will create base budget pressure in the amount of \$0.717 million.
- Additional provincial funding for court services will result in additional revenue of \$6.292 million.
- Changes to reserve draws and fees will result in additional revenue of \$0.416 million.

- The revenues will increase due to a one-time recovery of \$7.851 million from the City of Toronto's Non-Program Budget for Lifeguard and School Crossing Guard programs.

## 2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

### Program Summary by Expenditure Category Toronto Police Services Board (In \$000s)

Category of Expense	2010	2011	2012	2012	2013	2013 Change from		2014	2015
	Actual	Actual	Budget	Projected Actual	Recommended Budget	2012 Approved Budget	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	881.8	906.8	972.1	972.1	979.4	7.3	0.8	984.0	984.0
Materials and Supplies	8.3	2.9	7.3	7.1	7.3	0.0	0.0	7.3	7.3
Equipment	1.5	0.2		0.2		0.0			
Services & Rents	560.2	585.4	1,029.6	1,029.6	551.2	(478.4)	(46.5)	551.2	551.2
Contributions to Capital									
Contributions to Reserve/Res Funds	600.0	640.6	610.6	610.6	610.6	0.0	0.0	610.6	610.6
Other Expenditures									
Interdivisional Charges	545.3	355.6	612.0	612.0	610.4	(1.6)	(0.3)	610.4	610.4
<b>TOTAL GROSS EXPENDITURES</b>	<b>2,597.1</b>	<b>2,491.5</b>	<b>3,231.6</b>	<b>3,231.6</b>	<b>2,758.9</b>	<b>(472.7)</b>	<b>(14.6)</b>	<b>2,763.5</b>	<b>2,763.5</b>
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations									
Transfers from Capital Fund									
Contribution from Reserve/Reserve Funds	463.5	146.3	980.0	980.0	500.0	(480.0)	(49.0)	500.0	500.0
Sundry Revenues		18.2							
<b>TOTAL REVENUE</b>	<b>463.5</b>	<b>164.5</b>	<b>980.0</b>	<b>980.0</b>	<b>500.0</b>	<b>(480.0)</b>	<b>(49.0)</b>	<b>500.0</b>	<b>500.0</b>
<b>TOTAL NET EXPENDITURES</b>	<b>2,133.6</b>	<b>2,327.0</b>	<b>2,251.6</b>	<b>2,251.6</b>	<b>2,258.9</b>	<b>7.3</b>	<b>0.3</b>	<b>2,263.5</b>	<b>2,263.5</b>
<b>APPROVED POSITIONS</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>		<b>8.0</b>	<b>8.0</b>

### 2013 Key Cost Drivers

The Toronto Police Services Board's actual annual salary and benefits costs have increased by 2.8% in 2011, they are projected to increase by 7.2% in 2012 and are budgeted to increase by 0.8% in 2013.

- Salary and benefit costs have historically increased with contractually obligated wage increases, increased benefit costs and Board member remuneration increases.
- The 2013 increase in salary and benefits is below experiences from previous year, as increases for the Senior Officers' Organization (SOO) contract for 2013 are still under negotiation and are not included in the TPSB's budget.

The Toronto Police Services Board's actual annual services and rent costs have varied significantly over the past 3 years, with an increase of 4.5% in 2011, projected increases of 28% in 2012 and budgeted decreases of 46.5% in 2013.

- Historically these costs have varied based on one-time emerging requirements within consulting expenses, mostly for legal costs.
- The 2012 Approved Budget includes a one-time adjustment of \$0.480 million gross and \$0 net to cover a portion of the costs of the Independent Civilian Review of the policing of the G20 Summit. In 2011, the City Council approved a one-time use of surplus funds from the Toronto Police Service's 2011 Operating Budget Variance to cover these costs.

The 2013 Interim Recommended Base Budget provides funding for the following:

*Economic Factors*

- The salary settlement impact will result in additional pressure of \$0.004 million.
- OMERS increase will require \$0.010 million in additional funding.

## Appendix 5

## Inflows / Outflows to / from Reserves & Reserve Funds (In \$000s)

### Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2014	2015
			\$	\$	\$
<b>Toronto Police Service Vehicle &amp; Equipment Reserve</b>	XQ1701	Projected Beginning Balance	18,067.2	13,403.7	13,938.2
		Proposed			
		Withdrawals (-)	(23,104.0)	(18,706.0)	(16,962.0)
		Contributions (+)	18,440.5	19,240.5	20,040.5
<b>Balance at Year-End</b>			<b>13,403.7</b>	<b>13,938.2</b>	<b>17,016.7</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2014	2015
			\$	\$	\$
<b>Toronto Police Service Health Care Spending Reserve Fund</b>	XR1720	Projected Beginning Balance	1,474.2	2,234.1	2,994.0
		Proposed			
		Withdrawals (-)	(240.1)	(240.1)	(240.1)
		Contributions (+)	1,000.0	1,000.0	1,000.0
<b>Balance at Year-End</b>			<b>2,234.1</b>	<b>2,994.0</b>	<b>3,753.9</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2014	2015
			\$	\$	\$
<b>Toronto Police Service &amp; Board Legal Liabilities Reserve</b>	XQ1901	Projected Beginning Balance	5,922.5	6,033.1	6,143.7
		Proposed			
		Police Service Withdrawals (-)	(580.0)	(580.0)	(580.0)
		Police Board Withdrawals (-)	(500.0)	(500.0)	(500.0)
		Police Service Contribution (+)	580.0	580.0	580.0
		Police Board Contribution (+)	610.6	610.6	610.6
<b>Balance at Year-End</b>			<b>6,033.1</b>	<b>6,143.7</b>	<b>6,254.3</b>

### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
		\$	\$	\$	\$
<b>Insurance Reserve Fund</b>	XR1010	21,258.9	8,742.6	8,742.6	8,742.6
<b>Central Sick Bank</b>	XR1701	590.9	(4,133.4)	(4,133.4)	(4,133.4)
<b>Central Sick Bank</b>			3,126.0	3,126.0	3,126.0
<b>Sick Leave</b>	XR1007	20,836.4	(12,000.0)	(12,000.0)	(12,000.0)
<b>Sick Leave</b>			4,106.0	4,106.0	4,106.0
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>(158.8)</b>	<b>(158.8)</b>	<b>(158.8)</b>

\* Based on 3rd Quarter Variance Report