



STAFF REPORT ACTION REQUIRED

Toronto Police Service – 2015 Operating Budget Request

Date:	November 27, 2014
To:	Budget Committee, City of Toronto
From:	Alok Mukherjee, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide the Budget Committee with the 2015 operating budget request for the Toronto Police Service (the “Service”).

RECOMMENDATION

It is recommended that the Budget Committee approve the Service’s 2015 net operating budget request of \$957.7M which achieves the City’s target of a 0% increase over the 2014 approved budget.

FINANCIAL IMPACT

The Service’s 2015 operating budget net request of \$957.7M (\$1,088.7 gross) is \$0M or 0% above the 2014 approved budget. This achieves the City Manager’s target request to all City divisions, agencies, boards and commissions of a 0% increase over the 2014 approved budget.

A summary of the Service’s 2015 net operating budget request is provided in Table 1. Attachment A provides a detailed summary of the information provided in the remainder of this report and the 2016 and 2017 budget outlooks.

The collective agreements between the Toronto Police Services Board (the “Board”) and the Toronto Police Association and Toronto Police Senior Officers’ Organization, which expire on December 31, 2014, have yet to be settled. Therefore, the Service’s 2015 operating budget request does not include the impact of any salary settlement as it is not known at this time.

ISSUE BACKGROUND

At a meeting held on November 13 2014, the Board was in receipt of a report dated November 01, 2014 from Chief of Police William Blair containing the 2015 operating budget request for the Toronto Police Service.

COMMENTS

The following persons were in attendance and made deputations to the Board:

- Mr. John Sewell, Toronto Police Accountability Coalition*
- Mr. Miguel Avila

*written submission also provided; copy on file in the Board office.

Mr. Sewell expressed concern that a detailed line by line budget was not posted on the Board's website.

The Chair advised the Board that due to the City's truncated budget process, the Board had agreed to a shortened budget process. As a result the Board's Budget Sub-committee did not have an opportunity to prepare the budget in a line by line format that could be posted publicly.

Chief Blair advised that he would provide a budget within seven days of the meeting that would be in a format suitable for posting to the Board's website.

The Board received the deputations and Mr. Sewell's written submission and approved the November 01, 2014 report.

The Board also approved the following Motion:

THAT the Board work with the Chief to provide a more detailed version of the budget that can be posted publicly.

CONCLUSION

A copy of Board Minute No. P260/14, in the form attached as Appendix "A", regarding this matter is provided for information.

CONTACT

Chief of Police William Blair
Toronto Police Service
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SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P260/14

c. Mr. Rob Rossini, Deputy City Manager and Chief Financial Officer

a: TPS 2015 operating budget.doc

APPENDIX “A”

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON NOVEMBER 13, 2014

#P260. TORONTO POLICE SERVICE – 2015 OPERATING BUDGET REQUEST

The Board was also in receipt of the following report November 01, 2014 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE – 2015 OPERATING BUDGET REQUEST

Recommendations:

It is recommended that:

- (1) the Board approve the Toronto Police Service’s 2015 net operating budget request of \$957.7 Million (M), which is a \$0M or 0% increase over the 2014 approved budget;
- (2) the Board approve a revised uniform establishment of 5,462 officers, a reduction of 43 from the current establishment;
- (3) the Board approve a revised civilian establishment of 2,218, an increase of 56 from the current establishment;
- (4) the Board forward a copy of this report to the City’s Deputy City Manager and Chief Financial Officer for information; and
- (5) the Board forward a copy of this report to the City Budget Committee for approval.

Financial Implications:

The Toronto Police Service’s (Service) 2015 operating budget net request of \$957.7M (\$1,088.7 gross) is \$0M or 0% above the 2014 approved budget. This achieves the City Manager’s target request to all City divisions, agencies, boards and commissions of a 0% increase over the 2014 approved budget.

A summary of the Service’s 2015 net operating budget request is provided in Table 1. Attachment A provides a detailed summary of the information provided in the remainder of this report and the 2016 and 2017 budget outlooks.

The collective agreements between the Toronto Police Services Board (Board) and the Toronto Police Association (TPA) and Toronto Police Senior Officers’ Organization (SOO), which expire on December 31, 2014, have yet to be settled. Therefore, the Service’s 2015 operating budget request does not include the impact of any salary settlement, as it is not known at this time.

Table 1 - 2015 Summary of Changes

	\$Ms	\$ change over 2014 Request	% change over 2014 Request
2014 Net Budget	957.7		
2015 Target	957.7		
Net impact of salary costs		-\$2.1	-0.22%
Reserve Contributions		\$0.1	0.01%
Other Expenditures		\$4.7	0.49%
2015 Gross Budget Increase		\$2.7	0.28%
Revenues		-\$2.7	-0.28%
2015 Net Budget Increase		\$0.0	0.00%

The current collective agreements expire December 31, 2014, the 2015 budget request does not include the impact of these labour contracts which are currently being negotiated.

Background/Purpose:

The purpose of this report is to provide the Board with the Service's recommended 2015 operating budget request. The report includes information on the level of funding required in 2015 to provide public safety services to the City of Toronto. The recommended request has been developed to achieve the City Manager's target request of a 0% increase over the 2014 approved budget, and is based on:

- Current 2015 plans, anticipated increases/decreases in vendor contracts and revenue sources (e.g. fees, grants);
- Pressures in mandatory accounts; and
- The application of economic (e.g. price indexes) factors and guidelines provided by the City.

Discussion:

The sections that follow provide information on key accomplishments achieved in 2014, the resources and activities required to achieve the Board's and Service's Business Priorities, continuing Service initiatives intended to maximize service levels while managing the cost of policing, followed by detailed information to justify and explain the various funding requirements that make up our 2015 budget request. Specifically, the report contains the following sections:

- What has Driven the Budget Increases from 2004 to 2014
- Key 2014 Accomplishments
- Board and Service Priorities and the Activities to Achieve the Priorities
- Review of Potential Transfer of School Crossing Guard and Lifeguard Programs to City
- Impact of 2015 Pan American/Parapan American Games
- Major Crime Indicators
- 2015 City and Service Budget Guidelines
- 2015 Operating Budget Development Process
- 2015 Operating Budget Request – Details

What has Driven the Budget Increases from 2004 to 2014:

The Service’s net budget has increased by \$288M since 2004, growing from \$669.7M to \$957.7M in 2014.

Table 2 summarizes budget increases between 2004 and 2014. Attachment C provides more detailed information with respect to the breakdown of the overall increases.

Table 2 – Summary of Year-Over-Year Change - Net Operating Budget (\$Ms)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Req.
Net Budget	669.7	708.3	744.5	778.4	814.2	846.9	880.4	922.6	927.8	928.6	957.7	957.7
\$ Increase		38.6	36.3	33.8	35.8	32.8	33.4	42.2	5.3	0.8	29.1	0.0
Total % increase		5.8%	5.1%	4.5%	4.6%	4.0%	3.9%	4.8%	0.6%	0.1%	3.1%	0.0%
Collective Agreement (% impact)		3.4%	3.2%	2.8%	3.2%	2.1%	3.2%	3.4%	2.5%	2.8%	2.9%	0.0%
Other (% impact)		2.4%	1.9%	1.7%	1.4%	1.9%	0.7%	1.4%	-1.9%	-2.7%	0.2%	0.0%

Based on the above chart and the more detailed information in Attachment C:

- Approximately \$241M or 84% of the total budget increase of \$288M from 2004 to 2014 is attributable to salary and benefit increases that have arisen from negotiated and arbitrated collective agreement settlements between the Board and the TPA and SOO. As previously indicated, these significant increases have been and are beyond the control of the Service.
- \$47M or 16% is related to non-collective agreement related increases. Of this total, \$7M or 2% is related to the hiring of sworn officers , as well as court officers approved by the Board and the City during this time period, due to increases in the number of court rooms by the Province. The phased-in uploading of court security costs by the Province has more than offset this pressure.
- The remaining \$40M or 14% is for increases in non-salary accounts, such as caretaking/utilities, information system maintenance contracts, gasoline, telephones, uniforms and vehicle/communication equipment parts. The non-salary percentage

increases from 2004 to the 2014 averages less than 0.5% annually over that period, which is below the average rate of inflation over that same period.

Key 2014 Accomplishments:

The Service is committed to being a world leader in policing, and is committed to delivering police services which are sensitive to the needs of the community, while promoting innovation, continuous learning and managing for value. To this end, the Service is continuously looking for ways to improve the delivery of policing, support and infrastructure services, as well as management and best practices.

Many of the 2014 accomplishments were the result of the Chief's Internal Organizational Review (CIOR), a program focusing on efficiency and effectiveness reviews that will allow the Service to provide sustainable, efficient, effective and economical services. Many of the CIOR reviews were dedicated to reviewing business processes, with the aim of streamlining or changing existing processes, and enabling the redeployment of staff time or positions for better overall service delivery. Essentially the reviews looked at what we do, whether we need to continue doing it, and if so, how and who we do it with, so that most cost-effective use of limited resources is achieved.

A summary of some of the major accomplishments follows:

Service Re-organization

Based on an external consultant's review of the Service's organizational structure, on January 1, 2014, a new organizational structure was implemented by the Service. At its meeting of January 16, 2014, the Board approved the new organization structure on an interim basis through December 2014 (Min. No. P11/14 refers). The objective of the review was to identify opportunities to delay the current organization structure, recommend further civilianization opportunities, realign hierarchical span of control and structurally align the organization to provide more effective service delivery.

A number of significant changes resulted from the new organization structure, including the elimination of a senior officer rank and certain management positions, as well as the realignment or consolidation of "like" units. The review also identified service gaps for the organization to rectify. The Service is in the process of completing the implementation of the new organizational structure by moving forward with the hiring of positions that resulted from the realignment and consolidation of functions/units.

Stabilization of the Integrated Records and Information System (IRIS)

IRIS is the Service's core operational system that is critical to front-line operations, investigative responsibilities and information for operational and decision-making purposes. The system went live on November 5, 2013 and continues to go through a period of stabilization during 2014 allowing members to become comfortable with the system's

functionality and requirements. Business intelligence and reporting work will continue into 2015, to optimize the benefits to be gained from this new system.

Paid Duty Management System

The automated Paid Duty Management System (PDMS) was implemented in March 2014. The system was developed in response to the City Auditor General's review and recommendations, as well as the need to improve distribution of paid duties throughout the organization and remove uniform members from those distribution functions. The PDMS has made the process of requesting and filling paid duties more efficient for external customers, while broadening the population of officers available to perform requested duties. The business processes that accompany the system are intended to mitigate the risk of non-collection of both the officers' earnings and the Service's administrative fees, and better meet Canada Revenue Agency legislative reporting requirements.

Staffing

Staffing of both uniform and civilian vacancies, after the 2013 hiring freeze, became a top priority in 2014 to ensure that resources were available to effectively provide both internal and external services, and minimize risks in the various business and administrative processes. The Service hired 180 recruits, distributed between the April and August classes and is currently planning a December class of recruits, in order to maintain average deployment numbers. Civilian hiring focused on addressing the backlog of vacancies resulting from the hiring freeze in 2013, as well as new vacancies resulting from normal attrition and approved civilianization opportunities, which will contribute to bringing the overall cost of the policing program down. Approved 2013 civilianization initiatives, which became a 2014 hiring focus, include Divisional Prisoner Management positions, Forensic Identification positions and Scene of Crime technicians.

Provincial Funding

Provincial grants continue to be leveraged to ensure the Service is able to maintain the Toronto Anti-Violence Intervention Strategy (TAVIS), including the placement of dedicated School Resource Officers in various high schools. Other provincial grants have also subsidized our ability to increase officer presence in communities, as well as the engagement of, and developing relationships with, citizens and other stakeholders. This contributes to the Service's objective of crime prevention, as required under the Adequacy Standards in the Police Services Act.

It is important to note that a significant portion of the provincial funding is tied to staffing levels. As described in further detail in Attachment B, once the Service falls below a threshold of 5,510 officers and recruits, the grant funding begins to be clawed back. As a result, a budget pressure is created as the Service has come to rely on the grant funding to maintain deployment. Therefore any discussions around uniform staffing levels have to take into account the potential loss of provincial grant funding.

Duty Operations Centre

In July, 2014, the Toronto Police Operations Centre (TPOC) went live. TPOC will have oversight of policing operations across the City on a 24/7 basis. TPOC functions include the redeployment of primary response officers across divisional borders based on call volumes and wait times, continuous intelligence monitoring and crime analysis. This unit shares space and operates out of what is currently the Service's Major Incident Command Centre. Although the main centre is up and running, the Service continues to assess technological solutions that would further contribute to the effectiveness of this function.

Centralization of the Transit Patrol Unit (TPU)

In July 2014, the Service's transit patrol functions were consolidated and moved to a centralized location within close proximity to the City's subway system. It should be noted that the TPU is located in a non-City owned location. The arrangement is based on an agreement with a large property management firm that provided an excellent location for TPU operations at a nominal cost to the Service. The move allows for increased efficiency and effectiveness in transit patrol operations.

Implementation of CopLogic for Shoplifting Calls

The software application *Cop logic* is an on-line reporting tool for citizens to input their own occurrence data for subsequent follow up by police support staff. The program became the subject of a 2012 CIOR review, which identified that the application could be used for a broader range of data, thereby reducing the number of occurrences/time front line officers spend inputting data on lower priority occurrences.

As a result, the program was enhanced to divert routine shoplifting (theft under) calls from the regular police response cycle thereby reducing the need for police officer attendance. Major retailers invest heavily in their own loss prevention initiatives, and have embraced the concept of their private security taking on a more active role in the reporting of shoplifting incidents.

In 2014, expanded use of the program, coupled with the Security Partner arrest protocol resulted in reduced efforts by front line officers not having to attend for minor arrests made by private Security Partners, such as Loss Prevention Officers and Security Guards. With the expanded use of CopLogic, the Service conservatively diverts approximately 2,000 shoplifting calls a year. This enables officers to be deployed to higher priority calls and activities.

The use of the CopLogic program highlights how the Service continues to use technology as an enabler to the policing function, providing an effective service while minimizing reliance on human resources. The expanded use of CopLogic is an example of how the Service is increasing the use of on-line reporting to enhance its public safety business model.

Board and Service Priorities and the Activities to Achieve the Priorities:

Every three years, the Board and Service determine the priorities that will be given extra emphasis over the three year period of the plan. Although these priorities do not represent all of

the mandated responsibilities that the Service will be working on, they do provide strategic areas where resources and efforts will be focused on. For the 2014 to 2016 year, the Board and Service reaffirmed their commitment to the following priorities:

Safe Communities & Neighbourhoods

Safe communities and neighbourhoods will continue to be a top priority for the Service in 2015. Public trust, community engagement and public/private partnerships all contribute to public safety. Continuing in 2015, the Service will allocate resources to activities that enhance prevention and enforcement, improve support for victims and witnesses, and improve road safety and traffic flow. Enhanced proactive, rather than reactive engagement of community members, and the development of policing activities, will contribute to fostering a sense of community and improving the perceptions of safety in neighbourhoods. Additionally, our goals are to enhance officers' ability to effectively interact with "people in crisis" (Iacobucci report), and improve both public and Service member awareness of the vulnerabilities associated with the use of the internet and cyber devices.

For the 2015 year, the activities that will help the Service achieve these goals are:

- Targeted public safety initiatives such as Spring Clean, Summer Safety and Fall Maintenance;
- Unit specific initiatives focused in specifics such as Project Red Rose, Hot Wheels and Crib Safe;
- Safer Communities Project;
- Neighbourhood TAVIS initiative;
- The Somali Outreach Program;
- Victim Witness Strategy;
- Police and Community Engagement Review (PACER) Recommendations Implementation; and
- Implementation of Recommendations made by Former Justice Frank Iacobucci in his "Police Encounters with People in Crisis" Report.

Economic Sustainability & Operational Excellence

Although the Service has always been focused on providing value for taxpayers' dollars, more strategic efficiency and effectiveness reviews began with the initiation of the CIOR in 2012. For the first time, economic sustainability and excellence in operations is a standalone goal. This signifies the importance of continuous improvement/value for money and the need to align Service programs with core and priority requirements. This ensures that Service resources are used most effectively in order to enable a more sustainable policing cost model, in the short and longer term. In 2015, the Service will continue operational reviews and the development of partnerships that allow sustainable, efficient, effective and economic services. Developing measurable standards to optimize both internal and external service delivery and improving human resource management and accountability will allow the Service to better manage member performance and comprehensive succession planning for both civilian and uniform members. Finally, the Service continues to explore and expand

the use of technology to not only support administration, operations and investigations, but to also develop and improve the Service's capacity to deal with crimes involving or using technology. The technological initiatives being explored will require up-front investments, and in some cases, enabling legislation.

Continuous improvement initiatives and managing for value have been, and will continue to be, promoted across the Service to ensure the greatest return is provided on the City's and taxpayers' investment in public safety.

For the 2015 year, the activities and opportunities that will help the Service achieve these goals are:

- Development of the HR and Performance Management unit within the Human Resources pillar of Corporate Services Command;
- Continue to review processes for improvement opportunities from an efficiencies and value for money perspective and keep administrative overhead at an optimal level;
- Development of an Asset Management Strategy for major capital assets;
- Continue civilianization initiatives that result in better alignment of service requirements with required knowledge, skills and abilities and in most cases, an overall reduced program cost to the Service;
- Continue the Traffic Technology Review, which began in May 2012, and evaluated the use of technology to improve public safety in relation to traffic. As part of the CIOR, a number of technologies such as red-light cameras, pro turn cameras, speed radar cameras and other technologies that are being used in other jurisdictions, as well as the outcomes on public safety for their use, were assessed. In the final report, the review team cited outcomes that were very positive for traffic safety in the jurisdictions where these technologies were being used. The team provided a strong business case for their use, demonstrating how these technologies would allow the redeployment of officers to more productive public safety activities, as well as enable a further reduction in court overtime, as officers would not have to attend court for these offences. The report included a recommendation for the Service and Board to immediately begin to advocate with governing bodies and the City of Toronto for use (or increased use - i.e. red light cameras) of these technologies. This will require meetings with appropriate City and Provincial officials;
- Ensuring all procurement engagements are submitted to a competitive process that promotes fairness and transparency, while obtaining the best price and value for the organization;
- Uniform-specific performance measurement and the program evaluation process;
- Pooling of divisional resources; and
- Flexible shift schedules for specialized units.

High Quality, Professional Service to the Community

High quality and professional service are the cornerstones of the Service core values. In specifically identifying these goals as priority, the Service commits to implementing organizational and operational changes that address concerns of bias, discrimination, profiling

and ethics. Through improved training and professional development, Service members will have the opportunity to enhance the range of skills and cultural competencies needed to police effectively in the City of Toronto, allowing them to embrace diversity and community interactions. Customer service improvements continue to be a priority in 2015, with a focus on both internal and external person to person relations, and the use of a professional, courteous and respectful approach in each interaction.

For the 2015 year, the activities that will help the Service achieve these goals are:

- Finalization of the Service's Customer Service Excellence strategy and implementation of the plan to enhance the provision of quality service to both internal and external customers;
- The continuation of Intercultural and Diversity training;
- Community confidence /satisfaction surveys;
- Victim follow-up notifications;
- Increased education and innovation initiatives;
- Increased number of Virtual Town Hall community meetings
- Implementation of the PACER recommendations; and
- Increased number of high visibility, neighbourhood and community patrols.

Review of Potential Transfer of School Crossing Guard and Lifeguard Programs to City:

The Service continues to review our operations in order to maximize service levels and manage the cost of policing programs. Both the Lifeguard Program and School Crossing Guard Program, which are non-core policing services, were the subject of comprehensive reviews as part of the CIOR. The programs were also reviewed by City Staff, in terms of the City potentially taking over the management of these programs.

Lifeguard Program

The Service's Marine Unit has been administering the Lifeguard Program since 1982. Approximately 84 Lifeguard and 13 Head Lifeguards, who are temporary, part-time non-Toronto Police Association employees, are responsible for 11 beaches. One civilian member of the Marine Unit supervises the program. Lifeguards are trained, equipped and supervised by the Service. Wage rates are set by the Toronto Police Services Board.

The City's Parks, Forestry & Recreation (PF&R) performed a comprehensive review and financial analysis to determine the cost of transferring administration of the program to the City. The proposed location for the group was in the PF&R's Aquatic Section. The City took the direct cost of the program, such as supervisory salaries, materials and equipment into account, as well as the indirect costs such as human resources, labour relations, and financial/administrative services. In addition, the analysis recognized the significant coordination with the Service's Marine Services unit that is required to successfully carry out rescue-related tasks.

The City concluded that it would be more expensive for its PF&R division to administer the program, and has therefore recommended that the lifeguard program continue to be delivered by the Service. The cost of this program is currently provided for in the City's Non-Program budget, but may be moved back to the Service's operating budget. A decision on this will be confirmed through the 2015 budget review process.

Crossing Guard Program

Approximately 700 crossing guards are currently managed by 16 Service members, mostly police officers working at divisions and Traffic Services. A CIOR Review assessed this model and recommended that management of this function should be civilianized and centralized. There is currently one full-time equivalent civilian assigned to this, so this initiative could result in the civilianization of 11 uniform positions.

Although the Service recommended civilianization of the program management, a determination of where the overall administration of the school crossing guard program should reside was the subject of continuing discussions with the City. Therefore, the implementation of this initiative was put on hold pending further direction from the City and the Board. During 2014, the City conducted their own review of the program, to determine if there was any cost/benefit to moving the program to the City Transportation Services division.

The City took the direct cost of the program, such as supervisory salaries, materials and equipment, into account, along with indirect administrative costs, such as human resource and financial requirements.

The City analysis concluded that it would be more expensive for its Transportation Services division to manage the crossing guard program, and has recommended that the program continue to be administered by the Service. This also enables the current arrangement, whereby a police officer can cover a crossing guard location in an emergent situation, to continue. The cost of this program is currently provided for in the City's Non-Program budget, but may be moved back to the Service's operating budget. A decision on this will be confirmed through the 2015 budget review process.

The Service will continue to review the proposed civilianization option, along with other possible service delivery models, with the goal of implementing a new model for the delivery of this service in 2015.

Impact of the 2015 Pan American/Parapan American Games:

The Toronto 2015 Pan American/Parapan American Games (Games) will be held in the City of Toronto and surrounding municipalities in July and August of 2015. The Toronto Police Service's Pan Am Games Planning Team continues to prepare for the Games' operational phase (June 24 to August 21, 2015), working cooperatively with multiple internal and external stakeholders. Since approximately 65% of the Games' competition and training venues are located within the City of Toronto, extensive planning prior to the arrival of

athletes, coaches, team officials, and Games' family members from the 41 participating countries is required. To increase the number of personnel available to meet the Games' resource demands, particularly during between July 6 and July 26, 2015, when personnel requirements are at their peak, a number of staffing strategies have been implemented.

Business continuity planning team members have done extensive analysis of resource obligations required to meet the demands of the Games' operational phase, while ensuring the continuity of regular operations. As a result, the human resource strategy developed for the 2015 budget must balance the increased requirements for uniform members for the Games, regular Service operations, other special events, unexpected events and the need to achieve the City's target.

A budget for the Service's security responsibilities for the Games is being finalized. A cost recovery agreement with the Ministry is in the process of being finalized and executed as well. The Service's budget does not reflect the cost and recoveries for the Games, other than the planning costs that have and are being incurred. Discussions have begun with City Finance staff on how the budget for the Games will be reflected in the Service's 2015 budget.

Major Crime Indicators:

Seven major crime indicators are used as a key barometer of crime within the City. Table 3a indicates that all major crime indicators have decreased significantly (36%) from 2005 to 2013.

Table 3a Major Crime Indicators - as at December 31			
Offence	2005	2013	
	Total	% Chg	Total
Murder	80	-29%	57
Sex Assault	1,657	-4%	1,599
Assault	19,164	-25%	14,448
Robbery	4,540	-25%	3,391
Break and Enter	10,997	-42%	6,349
Auto Theft	9,191	-66%	3,096
Theft Over	1,133	-29%	799
Total	46,762	-36%	29,739

Table 3b below highlights that, although major crime was down in all categories except for murder in 2013 compared to 2012, there have been increases in break and enter, auto theft and theft over in 2014. Overall, major crime has increased by 1% in 2014, compared to 2013 (as of September 30, 2014). While year to date 2014 figures show a leveling off of the favourable trends experienced from 2005 to 2013, the indicators are still favourable.

Table 3b - Major Crime Indicators - as at September 30th					
Offence	2012	2013		2014	
	Total	% Chg	Total	% Chg	Total
Murder	41	15%	47	-13%	41
Sex Assault	1,381	-19%	1,114	0%	1,112
Assault	12,080	-10%	10,931	-4%	10,502
Robbery	3,058	-15%	2,589	-15%	2,200
Break and Enter	5,159	-14%	4,431	13%	5,009
Auto Theft	2,725	-15%	2,306	10%	2,541
Theft Over	602	-10%	542	24%	671
Total	25,046	-12%	21,960	1%	22,076

All of these indicators can, and are used, to measure how safe a city is, which in turn, is one of the dynamics that impact quality of life, entertainment, economic development, investment and tourism in a city. A safe city is therefore an important factor in terms of where people live, play, invest, do business and visit. Toronto is one of the safest cities in North America, and the Toronto Police Service has, and will continue to work hard with its community partners and other stakeholders to keep it that way.

As a result, the 2015 operating budget has been prepared with the objective of maintaining an adequate number of uniform members and providing them with required equipment that will allow the Service, in partnership with community stakeholders, to focus on those strategic and proactive activities that continue to contribute to keeping major crime and quality of life indicators in line.

2015 City and Service Budget Guidelines:

For 2015, the City Manager and Deputy City Manager/Chief Financial Officer (CFO) requested that each program and agency submit an operating budget equivalent to their 2014 net approved operating budget – a 0% increase.

City Finance guidelines also instructed that the following factors be considered:

- Implementation of Efficiency Review savings;

- Implementation of user fee changes;
- Historical spending patterns;
- Continuous improvements; and
- Operating impacts from capital.

Additional, specific guidelines that pertain to the Service include:

- budget for known wage settlements;
- budget for fringe benefit requirements should be aligned to each position;
- adjust salary budgets for known and unplanned gapping; and
- apply economic factors provided by the City for specific accounts (e.g. gasoline, hydro).

2015 Operating Budget Development Process:

The Service has taken all of the City's guidelines into consideration, and in addition to those guidelines, has developed the 2015 operating budget request based on the following actions and directions:

- resume hiring of uniform officers to achieve a deployment target of the actual average number of officers deployed in 2013 and 2014;
- budget for non-salary accounts based on year-end 2013 information, year-to-date 2014 information, and known changes;
- no new/enhanced services/initiatives other than civilianization and other efficiency and cost-effectiveness opportunities; and
- operating impacts from capital be reviewed and minimized wherever possible.

No consideration was given to the 2015 and future salary settlement impacts as they are not known at this time.

The Service began its 2015 operating budget development in April 2014. A preliminary budget, serving as the starting point for City Finance staff review, was provided to City staff in July.

From May to August 2014, a detailed budget development and review process continued within the Service, with budgets developed at the unit level, reviewed by respective Staff Superintendents and Directors, and Command Officers, and then collectively by the Chief and Command.

Throughout this review period, Service staff continued to fine-tune the budget request with more up-to-date information and analysis. For example, accounts that are based on trends (such as medical benefits) can be updated with more recent actual expenditures. On October 9, 2014, the Board, at its confidential meeting, was presented with a 2015 operating budget request that reflected a 0% increase over 2014. Concurrently, meetings with City Finance staff, the City's CFO and City Manager occurred on August 7 and October 17, 2014.

2015 Operating Budget Request - Details:

As a result of civilianization recommendations included in the Service's HR strategy, the Service's approved uniform deployment target would be reduced from 5,505 to 5,462. For the purposes of discussion in this section of the report, all comparisons are made to the current Board and City-approved establishment and deployed target of 5,505. However, the impact of the civilianization initiative, once approved, has been included where appropriate.

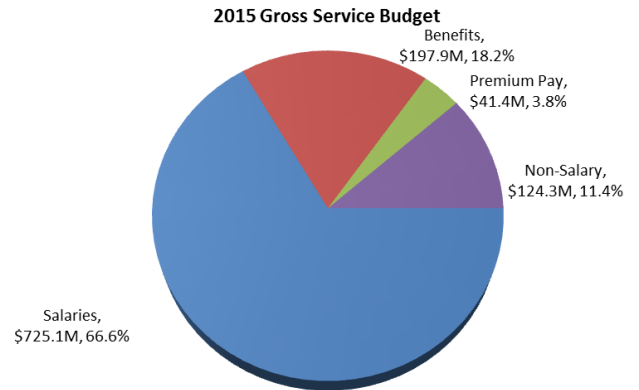


Figure 1. Overall Budget Request

The 2015 net operating budget request of \$957.7M will result in the Service attaining an average deployed strength of 5,275 officers in 2015 (which is 230 below the currently approved target of 5,505), as well as services, supplies, equipment and internal services required to effectively support operations.

Figure 1 indicates that, on a gross basis, 89% of the Service's budget is for salaries, benefits, and premium pay (court attendance, callbacks and required overtime). The remaining 11% is required for the support of our human resources in terms of the replacement/maintenance of the vehicles, equipment, technology and information they use, facilities they work in, mandatory training they require, along with the materials and associated costs of any regular business entity.

Table 4 summarizes the current 2015 request by category of increase/decrease, followed by a discussion on each category.

Table 4 - Summary of 2015 Budget Request Changes by Category

	2015 Request \$Ms	\$ Increase / (Decrease) over 2014 Budget	% Increase / (Decrease) over 2014 Budget
2014 Net Budget - \$957.7M			
(a) Estimated Impact of 2015 Salary Settlement	n/a	n/a	n/a
(b) Salary Requirements	725.1	\$1.9	0.20%
(c) Premium Pay	41.4	-\$4.4	-0.46%
(d) Statutory Deductions and Fringe Benefits	197.9	\$1.2	0.13%
(e) Reserve Contributions	38.4	\$0.1	0.01%
(f) Other Expenditures	85.9	\$4.7	0.50%
(g) Civilianization	-	-\$0.8	-0.08%
(h) Revenues	- 131.0	-\$2.7	-0.28%
Net Request/Amount above target	\$957.7	\$0.0	0.00%

The current collective agreements expire December 31, 2014, the 2015 budget request does not include the impact of these labour contracts which are currently being negotiated.

(a) Estimated Impact of 2015 Salary Settlement

The current collective agreements between the Board and the Toronto Police Association (TPA) and Senior Officers' Organization (SOO) will expire on December 31, 2014. Therefore, no salary settlement impacts are included in the 2015 operating budget request.

(b) Salary Requirements

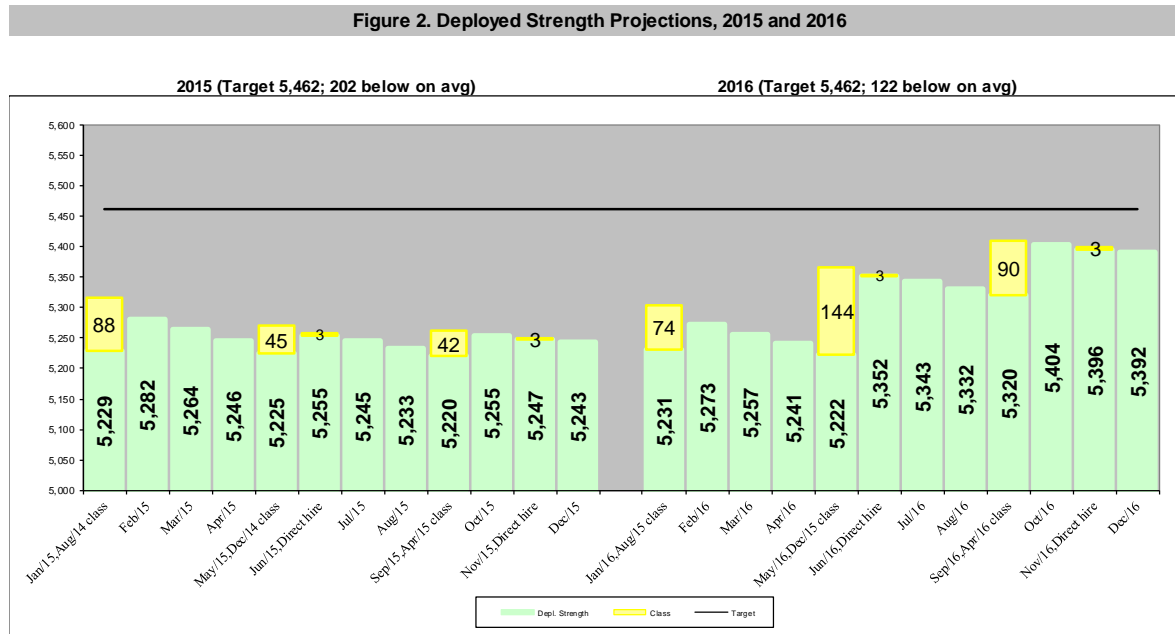
The total salary budget for 2015 (exclusive of the impact of the salary settlements) is \$725.1M. This budget represents an increase of \$1.9M (a 0.20% increase over the Service's total 2014 operating budget). Table 5 provides a summary of changes in this category, each of which is discussed in detail below.

	Change \$Ms
- Human Resource strategy for uniform members	
- 2015 impact of 2015 replacements	\$6.5
- 2015 part-year savings from separations (estimated at 180 officers)	-\$10.6
- 2015 annualized savings from 2014 separations (projected at 210)	-\$15.0
- 2015 annualized impact of 2014 replacements	\$11.2
- 2014 annualized and 2015 part-year reclassification costs	\$4.9
- Annualization of CIOR initiative	\$3.5
- Change in gapping experience	\$1.5
- Vulnerable Sector Screening Staff - Offset by Revenue	\$0.8
- Net Other Changes (e.g., in-year job reclassifications, chg in leaves, etc.)	-\$0.9
Total	\$1.9

- Human Resource (HR) Strategy for Uniform Members: The Service normally plans class sizes for the three intake classes held annually by the Ontario Police College (in April, August, and December), with the goal of maintaining an average deployed strength equal to our approved establishment.
-
- In light of budget pressures, the Service's current strategy reflects a reduced hiring plan to maintain a deployment level in 2015 equal to the 2013 and 2014 average deployment level of 5,275. This deployment level is 230 below the current approved establishment of 5,505, prior to the proposed 2015 civilianization initiatives. To achieve this deployment level, class sizes have been established at 45 for December 2014 and 85 (April), 74 (August) and 144 (December) for 2015 classes. The annualized impact of the 2014 replacements is \$11.2M.

The part-year cost of the 2015 hires is \$6.5M. The proposed civilianization initiatives would result in a reduction of the April class from 85 to 42 recruits. It is important to note that the Service has made a conscious decision to not ramp up hiring to the Board and City current approved establishment of 5,505, in order to help maintain the budget request increase over 2014, at 0%.

-
- 2014 separations are projected at 210 (compared to 165 as budgeted for in 2014). 2015 separations are projected at 180. Resignations and retirements occur throughout the year. Given that the Service budget is based on the timing of hires and separations, the impacts from 2014 must be annualized in the following year. The 2015 annualized net impact of 2014 separations results in a budget reduction of \$15M. The part-year savings of 180 officers anticipated to leave in 2015 is estimated at \$10.6M.
-
- Figure 2 shows the impact of proposed civilianization initiatives in 2015 on the Service’s target average deployment, from 5,505 to 5,462. In addition, the Figure depicts the Service’s uniform HR strategy, which includes anticipated classes in December 2014 and the 2015 year, that would allow the Service to maintain average deployment at the 2013 and 2014 levels. Without the class of 45 in December 2014, the Service would be at about 5,200 officers during the busy summer months of 2015 – or about 305 officers below our current approved strength. As noted earlier, the Service’s ability to respond to its’ planned objectives and the policing needs of special events such as the PanAm/Parapan Games is dependent on ensuring the proposed human resource strategy is adhered to. Figure 2 also depicts the net impact of separations and hires in each month for 2015 and 2016, based on the assumptions identified above.
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- Officers are hired at a recruit salary rate, receiving pay increases as they continue to move up through the ranks. This creates annual budget pressures until officers become first-class

constables (a four-and-a-half year process from date of hire). The 2015 cost of reclassifications for officers hired in 2014 and in previous years, is \$3.4M.

-
- HR Strategy for Civilian Members: Opportunities for civilianization are recommended that would increase the Service's approved civilian establishment to 2,218. For the purposes of this discussion, all comparisons are made to the current Board and City-approved establishment of 2,162. This establishment pertains to the permanent full-time complement of the Service and excludes part-time and temporary personnel. Permanent staff for the Board office and Parking Enforcement unit are also excluded as these units have separate operating budgets.
-
- The 2014 budget contained only part year funding for the CIOR civilianization initiatives; the annualized pressure of these initiatives in 2015 amounts to \$3.5M. It must be noted that had these initiatives not been approved, there would have been a greater pressure on the 2015 operating budget for the costs of the required uniform staffing that the civilians are replacing. The Board should note that civilianization can cause an immediate pressure as a result of the civilian hiring, but reduces the overall program cost once fully implemented.
-
- The Service gapping and hiring strategy generally assumes civilian hiring at a rate that would keep pace with separations, assuming an average six-month salary gap for each anticipated vacancy, with the exception of positions that must be fully staffed, such as Communication Operators and Court Officers. As part of the 2013 budget approval, the Board directed that, with the exception of communication operators, there be no civilian hiring, except where warranted and approved by resolution of the Board. The Board's direction resulted in a significant reduction in 2013 hires. Following the lift of the hiring freeze in 2014, efforts have been made to fill the significant backlog of positions resulting from the freeze and new vacancies resulting from civilian separations in 2014. Due to the significant number of vacancies, efforts to catch up will continue into 2015 and 2016. Civilian staffing levels are currently well below establishment with approximately 200 vacancies. Civilian separations in 2015 are estimated at 85, based on historical experience. This necessary increased hiring pace results in a \$1.5M pressure on the 2015 budget request.

As evidence by the 2013 hiring freeze, uniform and civilian vacancies throughout the Service are placing a strain on remaining staff and having a detrimental impact on operations. Staff are required to take on responsibilities left unfulfilled by vacant positions and are focusing only on the mandated responsibilities and functions. As a result, staff's ability to review processes for efficiencies is seriously hindered by their need to focus only on day to day work. Overburdening staff has resulted in an increased risk of errors and omissions, which could in turn, lead to unnecessary or avoidable costs, and impact negatively on the Service's ability to maintain public confidence and accountability. The Service continues striving to provide required services and support, even with the vacancies. However, the risk of activities not being fulfilled, services delayed and errors and omissions occurring continues to be a possible reality until vacancies are filled. Reducing the number of vacancies continues to be a top priority; maintaining gapping at reasonable levels is the prudent strategy in the longer term.

Finally, the Board, at its meeting of April 10, 2014, approved the addition of 13 positions to improve the efficiency of responding to requests for vulnerable sector screening checks to within a two week timeline for completion (Board Minute #P66/2014 refers). Funding for this initiative was to come from a proposed increase to the fees. As a result, Toronto City Council, at its meeting of August 25, 26, 27 and 28, 2014, approved the proposed fee increase to be effective January 1, 2015.

- Civilianization Initiatives (decrease of \$0.8M):** Civilianization is a long-term Service strategy that will continue to review the authority and skills set required to perform jobs and functions, with the goal of providing the respective services in the most efficient and cost-effective way possible. In 2014, a number of positions historically staffed with uniform members, were civilianized. This resulted in a lower uniform establishment, with a corresponding increase to the civilian establishment. As a result, longer term benefits will be experienced, including an overall reduction in the cost of affected programs. In 2015, the Service continued its review of how service is provided, with the goal of identifying initiatives that will allow the Service to provide more efficient, effective or economical services. Table 6 summarizes the civilianization initiatives that have been recommended for implementation, and their staffing impacts.

Table 6 - Summary of Civilianization Initiatives				
<u>Command</u>	<u>Unit</u>	<u>Job Title (Classification if Known)</u>	<u># of Uniform Positions</u>	<u># of Civilian Positions</u>
Corporate Services	Accounting Services	Group Leader, CPDO Admin Clerk, Paid Duties Paid Duty Coordinator	-3	3
Corporate Services	Occupational Health & Safety	Health and Safety Officer (Z24)	-1	1
Corporate Services	HR & Performance Management	Uniform database management analyst	-1	1
Operational Support Command	Professional Standards	Governance Analyst (A11)	-3	3
Operational Support Command	Toronto Police College	Training and Couse Facilitator	-7	7
Operational Support Command	Records Management Services	Charge Processing Clerk, A05	-18	18
Specialized Operations Command	Deployment to be determined	Crime Scene Support Technician	-10	10
			<u>-43</u>	<u>43</u>

As a result of the civilianization initiatives, the Service has recommended a decrease to the uniform establishment of 43 (down to 5,462) and an increase to the civilian establishment by the same amount (up to 2,218). The civilianization of an additional 43 positions in 2015, will result in the total civilianization of 142 positions in 2014 and 2015, with further opportunities currently being assessed.

-
- **Net Other Changes:** The mix of personnel in the Service changes from year-to-year. For example, as officers with retention pay retire from the organization, the average salary becomes slightly lower. The salary budgets are also comprised of various other expenditures (e.g., acting pay and other premiums on salaries, as well as temporary salaries for school crossing guards, lifeguards, etc.). In total, net other changes in all salary accounts result in a decrease of \$0.9M in 2015.

(c) Premium Pay

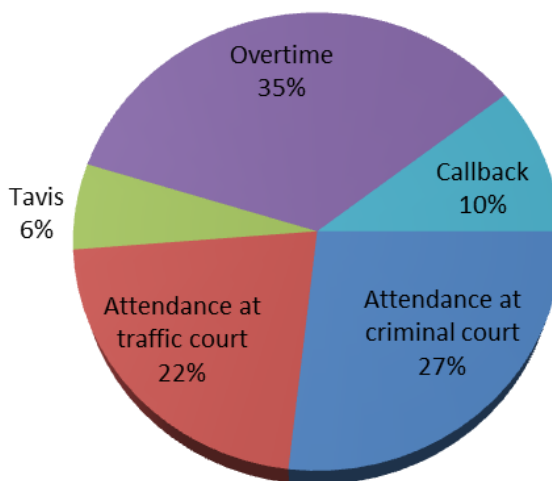


Figure 3. Premium Pay by Reason for Expenditure

Premium pay is incurred when staff are required to work beyond their normal assigned hours for extended tours of duty (e.g., when officers are involved in an arrest at the time their shift ends), court attendance scheduled for when the officer is off duty, or callbacks (e.g., when an officer is required to work additional shifts to ensure appropriate staffing levels are maintained or for specific initiatives). Figure 3 provides a breakdown by category of premium pay.

The 2011-2014 premium pay budgets were reduced by a total of \$6.9M (18.4%) to address budget pressures (after adjusting for salary settlements, and excluding the impact of off-duty court attendance).

The Service’s ability to absorb the impact of major unplanned events (e.g. demonstrations, emergency events, high profile homicide/missing persons) relies on the utilization of off-duty officers which results in premium pay costs. However, based on 2014 trends, the Service is

now in a position to recommend a further premium pay reduction of \$1.5M, bringing the total reduction since 2011 to \$8.4M (22.5%).

Over and above this decrease, the Service has experienced a significant decrease in premium pay costs incurred for officer attendance at traffic court while off-duty. The 2015 premium pay budget request has been reduced by a further \$2.9M to reflect this experience. However, it is important to note that this reduction has a net zero impact on the Service's operating budget, as the Service will be reducing its recovery from the City by the same amount.

(d) Statutory Payroll Deductions and Fringe Benefits

This category of expenditure represents an increase of \$1.2M (a 0.13% increase over the Service's total 2014 budget). As shown in Figure 4, fringe benefits for the Service are comprised of statutory payroll deductions and requirements as per the collective agreements.

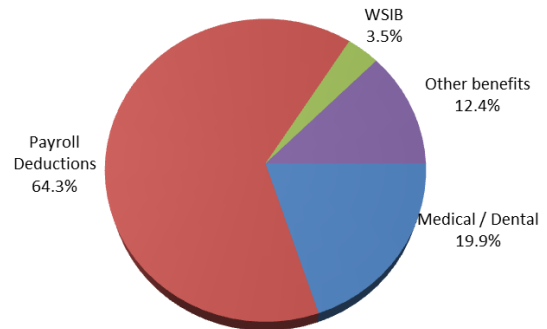


Figure 4. Breakdown of Statutory Deductions and Fringe Benefits

- Payroll Deductions: Statutory payroll (EI, CPP and EHT) and pension (OMERS) benefits are based on specific formulae that are affected by gross salaries. A small decrease to the rates applied to the Yearly Maximum Pensionable Earnings (YMPE) level for uniform staff for 2015 has been included. Employment Insurance and Canada Pension Plan rates have been updated to reflect estimated levels for 2015. Total costs are projected to remain about the same in 2015 as 2014.
- Medical/Dental Coverage: The budget for these benefits is based on the cost of drugs and services, dental fee schedule, utilization rates and administration fees. Costs for drugs and dental services are based on the average increase experienced over the last four years. In 2014, the Service observed a moderate decline in the increase for these benefits. This has been considered in the 2015 request, resulting in a lower projected increase of \$0.1M.
- Net other changes to benefits: The current contract for retiree medical/dental insurance expires at the end of 2014. Premiums are expected to increase significantly in 2015, resulting in a pressure of \$0.8M. The various changes in costs in other accounts (such as group life insurance and Workplace Safety and Insurance Board (WSIB) result in a net decrease of \$0.2M. Benefits funded from reserves are expected to increase by \$0.5M.

(e) Reserve Contributions

The Service contributes to reserves through provisions in the operating budget. All reserves are established by the City. The City manages the Sick Pay Gratuity and Insurance reserves, while the Service manages the remaining reserves (i.e., Vehicle & Equipment, Legal, Central Sick Bank and Health Care). The total 2015 budget for contribution to reserves is \$38.4M. This budget represents an increase of \$0.1M over the 2014 contribution amount (a 0.01%

increase over the Service's total 2014 operating budget). The small 2015 reserve contribution increase is due to the following:

- Sick Pay Gratuity Reserve (increase of \$1.0M): The Sick Pay Gratuity reserve is managed by the City, which provides the Service with the annual contribution amount. A detailed review of this reserve indicated that the Service's annual contribution to the Sick Pay Gratuity reserve should be increased by \$6.5M annually to meet current annual draws/payments. As part of the 2014 budget approval process, it was agreed to phase in this increase from 2014 to 2016.
 -
- However, to mitigate budget pressures in 2015, the City Manager and City CFO have agreed to extend the phase in period by one year, to 2017. Further increases of \$2.0M in 2016 and \$1.5M in 2017 will be included so that our budget base includes the funding necessary to meet our annual obligations in this regard.
 -
- Central Sick Bank Reserve (decrease of \$1.0M): This reserve funds salaries for staff who have exhausted regular sick time and are on long-term sick leave. Based on projected spending and the balance in this reserve, budgeted contributions for 2015 have been reduced by \$1.0M.
 -
- Contribution to Vehicle and Equipment Reserve (increase of \$0.0M): 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. Life cycles for vehicles and computer equipment have been extended as much as possible without negatively impacting operations and officer safety, or causing significant repair and maintenance costs. The Service continues to perform a line-by-line review of lifecycle items in the Reserve to determine if any sustainable reductions can be achieved. Based on current lifecycle expenditure requirements, requested contributions for 2015 are being maintained at 2014 levels, with planned annual increases of \$1.0M in 2016 and 2017.
 -

(f) Other Expenditures

The remaining expenditure categories include the materials, equipment and services required for day-to-day operations, which are similar to those incurred by regular business entities. Wherever possible, accounts within this category have been flat-lined to the 2014 level or reduced even further. Changes have only been included where considered mandatory, and one-time reductions have been taken into account where applicable. The total increase for these expenditures is \$4.7M (a 0.5% increase over the Service's total 2014 operating budget). The following summarizes the most significant changes:

- Caretaking, Maintenance and Utility Costs for TPS facilities (increase of \$0.4M): The City provides caretaking and maintenance services for the Service, and administers the Service's utility costs. Based on initial estimates, the Service was asked to budget for an increase of \$1.3M. Since then, City and Service staff have reviewed the costs for all facilities in detail

and, taking into consideration appropriate service levels for caretaking and maintenance, as well as historical spending for utilities, the requested increase has been reduced to \$0.4M. Service and City staff will closely monitor expenditures and service levels during the year to ensure this spending level is not exceeded and service levels remain unchanged.

- Gasoline (decrease of \$0.5M): The Service obtains its gasoline based on a joint contract coordinated by the City. The City establishes a cost-per-litre for budgeting purposes, and the Service applies this cost to its anticipated consumption levels. In addition, the City's Emergency Medical Services (EMS) staff access the Service's fuel sites for their gasoline requirements and EMS reimburses the Service for the actual cost of gas used. The 2015 budget request is based on City established pricing which is unchanged from 2014 and expected usage, which has decreased during 2014. The decrease in usage is expected to continue into 2015, resulting in the reduced budget request.
- Computer Maintenance (increase of \$1.0M): The cost of computer maintenance is impacted by current contract values as well as market rates when existing contracts expire. Technological advances and the addition of new systems (e.g. In Car Cameras) have allowed the Service to alter its approach to policing and increase officer safety and accountability. However, the increase in systems and related software/hardware has caused increased cost pressures. The 2015 increase is due to various contract increases for the Service's maintenance of hardware and software.
- Impact from Capital (increase of \$2.8M): When the capital budget is prepared, estimated operating budget impacts are included as part of the business case, and are identified to the Board and the City, during their consideration and approval of each project in the Capital Program. The operating impact from capital projects in 2015 relates to licensing and maintenance costs for the Toronto Radio Infrastructure Project (TRIP), eTicketing and Integrated Records and Information System (IRIS) projects.
- Net other changes (increase of \$1.0M): In addition to the specific accounts listed above, the non-salary accounts are comprised of many different type of expenditures, including materials and supplies (such as office supplies, health and safety supplies, and fingerprinting supplies) and services (such as repairs to equipment, telephone lines, courses and conferences, etc.). In all cases, increases have been justified during the budget process to ensure that they are operationally required. Through the budget process, these accounts have been reviewed and reduced wherever possible.

(g) Revenues

Total revenue has been increased by \$2.7M, resulting in a 0.28% decrease over the Service's total 2014 net budget.

- Provincial funding for Court Security Costs (increase of \$6.3M): 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 about \$45M. An increase of \$6.3M is therefore anticipated for 2015.

- Prisoner Return Recoveries (increase of \$0.4M): When the Maplehurst Detention Centre and Vanier Centre for Women opened in 2003 in Milton, the provincial government began reimbursing the Service for the additional cost of transporting prisoners from Milton to Toronto. The Ministry began relocating these prisoners from Milton to the new Toronto South Detention Centre starting in April 2014, resulting in a reduction of revenue from the Ministry associated with the transportation of prisoners from Milton. When the 2014 budget was prepared, it was anticipated that all of the revenue would be lost after April 2014. However, a significant number of prisoners continue to be transported to Milton, and as a result, the Service will continue to receive revenue.
- Secondment Revenue (decrease of \$2.0M): There has been a significant reduction on United Nations overseas secondments and as a result, recoveries are expected to be much lower than previous years.
- Off-Duty POA Court Attendance (\$2.9M decrease): As discussed in the premium pay section of this report, there is an anticipated significant decrease in City recoveries for this initiative, in the amount of \$2.9M.
- Grants (decrease of \$0.5M): 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). Attachment B provides a summary of the CPP and Safer Communities grants with respect to the staffing thresholds assumed for each.

Based on the current hiring scenario, the Service may not receive full funding from the Safer Community grant in 2015. As a result, a reduction of \$0.5M has been factored into our budget request. It should be noted that civilianization impacts uniform establishment, reducing the amount of grant funding available. For 2015, the reduction in grant revenue has been factored into the net impact of the proposed civilianization initiative shown above.

- Vulnerable Sector Screening (\$0.8M increase): As discussed in the HR Strategy for Civilian Positions section of this report, there is an anticipated increase in revenues for Vulnerable Sector Screening due to an increase in fees effective January 1, 2015.
- Net other changes (increase of \$0.6M): Changes in various other accounts (e.g. recoveries and draws from Reserves to offset increased expenditures) result in a net increase in revenues.

2016 and 2017 Outlooks:

Attachment A provides the 2016 and 2017 outlook budgets for the Service. It should be noted that the financial impact of union contract settlements in place after December 2014 are not known at this time and therefore not factored into the outlook budgets. The outlooks demonstrate that the Service anticipates a 1.66% pressure in 2016 and a 0.51% pressure in 2017 (not including the impact of salary settlements in those years) based on economic indicators and contractual and legislative obligations known at this time.

Conclusion:

The Service’s 2015 net operating budget request is \$957.7M, which is unchanged from the 2014 net operating budget. The Service has taken various actions to ensure that the net budget request meets the City’s target of a 0% increase over the 2014 approved budget.

The 2015 budget request includes the funding required to achieve an average deployed strength of 5,275 in 2015, which is 230 below the authorized target of 5,505, but equal to the average deployed strength for the last two years. If approved by the Board, the average deployed strength will be further reduced by 43 uniform positions, resulting from the proposed civilianization of 43 positions in 2015.

The budget also provides funding for the necessary supporting infrastructure (e.g., civilian staffing, equipment, services), and assumes that civilian hiring will resume at a pace that will address the significant staffing shortages currently affecting the Service.

As shown in Figure 5, the majority of the Service’s budget is allocated to front-line activities such as responding to calls, investigations and traffic enforcement. This allocation of resources allows the Service to focus on activities which meet the Service and Board’s strategic priorities.

Other policing activities include community-based foot and bicycle patrol, and provision of court services. Only 15% of the budget is allocated to internal services like Fleet, Information Technology (IT) and Communications, areas which directly support front-line policing operations. The remaining 4% is assigned to administration and training.

It is important to note that the Service has faced on-going pressures to reduce its operating budget requirements over the last several years, while dealing with significant collective agreement impacts, which are beyond the Service’s control. The Service has also had to address and fund inflationary and other pressures, such as benefit increases, gasoline costs, etc., while attempting to meet budget targets imposed by the City.

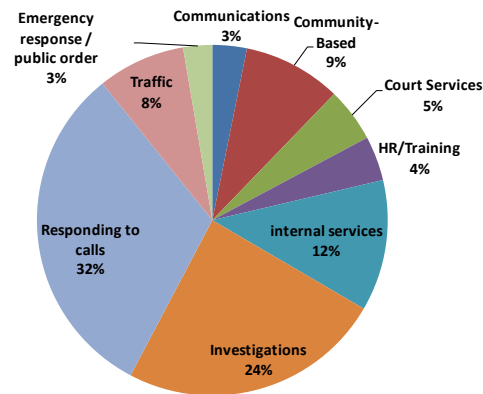


Figure 5 - How Does the Service Use the Taxpayer's Investment in Public Safety

The Service has and continues to promote continuous improvement and value for money thinking across the organization, as evidenced by the Service and Board priority of Economic Sustainability and Operational Excellence, to help address these on-going budgetary pressures. To this end, a number of reviews and initiatives (internal and external) have been conducted over the last several years that have resulted in efficiencies, cost savings and avoidance, as well as obtaining greater value from our human and other resources.

The main reason for the large increase in the Service's budget over the last 10 years has been the impact of the collective agreement settlements. This factor alone has accounted for \$241M or 84% of the \$288M net budget increase from 2004 to 2014. The current collective agreements between the Board and the TPA and SOO expire on December 31, 2014, and the impact of the collective agreements in 2015 is not known at this time. The Service has however, taken various action, as identified in this report, to achieve the City target of a 0% increase over 2014. We are also committed to continuing initiatives that will enable more sustainable, effective and value-added public safety services, so that taxpayers get the greatest return from their investment in public safety services.

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

The following persons were in attendance and made deputations to the Board:

- **Mr. John Sewell, Toronto Police Accountability Coalition***
- **Mr. Miguel Avila**

***written submission also provided; copy on file in the Board office.**

Mr. Sewell expressed concern that a detailed line by line budget is not posted on the Board's website.

The Chair advised the Board that due to the City's truncated budget process, the Board agreed to a shortened budget process. As a result the Board's budget subcommittee has not had an opportunity to prepare the budget in a line by line format that can be posted publicly.

The Chief advised that he would provide a budget within the next 7 days that will be suitable to be posted publicly.

The Board received the deputations and Mr. Sewell's written submission and approved the foregoing report.

The Board approved the following Motion:

- 1. THAT the Board work with the Chief to provide a more detailed version of the budget that can be posted publicly.**

Moved by: A. Mukherjee

Board Meeting, November 13, 2014									
2015 REQUEST - TORONTO POLICE SERVICE									
2015 Request, 2016-2017 Outlook									
	# unif.	# civ.	2015 Request	% chg	2016 Outlook	% chg	2017 Outlook	% chg	
Total Approved Establishment	5,505	2,162							
2014 Approved Budget			957,661.2						
				2015 Request:	957,661.2	2016 Outlook:	973,524.9		
Salary Requirements									
A Annual'd impact-last year's separations (210(P))			(15,027.5)	2015 sepn:	(7,055.6)	2016 sepn:	(6,543.4)		
B Annualized impact of last year's replacements			11,244.9	2015 repl:	13,078.0	2016 repl:	11,532.2		
C Savings from current year's separations (180(B))			(10,602.4)	2016 sepn:	(9,643.1)	2017 sepn:	(9,643.1)		
D Cost of current year's hires			6,512.6	2016 repl:	6,600.2	2017 repl:	4,769.9		
E Annualized impact of previous year's reclassification costs			3,429.6		2,770.7		3,555.8		
F Part-year current year reclassification costs			1,428.5		1,847.2		2,370.4		
G Leap year			0.0		1,900.0		(1,900.0)		
I Annualization of CIOR initiatives			3,529.1		1,000.0		0.0		
J Change in gapping estimates			1,538.8		1,500.0		0.0		
K Vulnerable Sector Screening - Offset by Revenue (see note 1)		13	761.4		0.0		0.0		
Y1 New Initiatives - civilianization	-43	43	(812.7)		(85.6)		434.1		
L Net other (chg in retention pay, classifications, etc.)			(943.3)		0.0		0.0		
			1,059.0	0.11%	11,911.8	1.24%	4,575.9	0.47%	
Premium Pay									
A POA Off-Duty Court Attendance (change in estimate)			(2,944.0)		0.0		0.0		
C Net Other			(1,500.0)		0.0		0.0		
			(4,444.0)	-0.46%	0.0	0.00%	0.0	0.00%	
Fringe Benefits									
A Medical / dental / admin changes			109.6		937.8		1,205.6		
B Retiree benefits			839.6		115.5		119.2		
C Benefit costs funded from Reserve (offset by draws)			492.1		4.5		4.7		
D EHT, EI, CPP, OMERS - estimated rates for budgeted salaries			38.8		2,267.9		1,186.4		
G WSIB Medical, Pension, Admin			(259.0)		284.5		231.1		
H Net Other			9.6		45.4		17.8		
			1,230.7	0.13%	3,655.6	0.38%	2,764.8	0.28%	
Contributions to Reserve									
A Increased contribution to Health Care Spending Account			100.0		100.0		100.0		
B Increased contribution to Sick Pay Gratuity			1,000.0		2,000.0		1,500.0		
C Planned growth - Vehicle/Equip			0.0		1,000.0		1,000.0		
F Change in contribution to Central Sick Bank			(1,000.0)		0.0		0.0		
			100.0	0.01%	3,100.0	0.32%	2,600.0	0.27%	
Other Expenditures									
A Caretaking / maintenance / utilities (facilities)			392.0		1,587.8		635.4		
B Uniform cleaning contract			57.1		57.1		0.0		
C Telephone / data lines			(127.0)		(650.0)		0.0		
D Uniforms			63.7		150.0		100.0		
E Vehicles - prep, parts, tires			10.4		(0.2)		(0.2)		
F Computer maintenance			1,011.5		500.0		525.0		
G Computer hardware / software			330.7		0.0		0.0		
J Courses and seminars			5.1		0.0		0.0		
K Gasoline			(519.6)		0.0		0.0		
L Legal costs			(47.1)		0.0		0.0		
M Other equipment			(125.9)		0.0		0.0		
N Operating impact from capital			2,755.0		357.0		0.0		
O Recruit hiring costs			0.5		0.0		0.0		
Q Communication parts / radio, pager rentals			(29.5)		(120.0)		0.0		
R Contracted Services			203.8		0.0		0.0		
Z Net other			762.1		(6.3)		56.4		
			4,742.8	0.50%	1,875.4	0.20%	1,316.6	0.14%	
Revenues									
A Loss of grant funding due to non-hiring			498.7		0.0		0.0		
B Prisoner return recovery			(442.5)		0.0		0.0		
D Provincial funding for court services			(6,292.3)		(6,292.3)		(6,292.3)		
E Changes in secondment revenue			2,029.4		0.0		0.0		
G Changes in other recoveries			(95.7)		0.0		0.0		
H Changes to reserve draws (offsets expenditures)			(554.2)		0.0		0.0		
I Changes in other fees			64.9		0.0		0.0		
J Vulnerable Sector Screening (see note 1)			(761.4)		0.0		0.0		
J1 Decrease to Off Duty court attendance			2,944.0		0.0		0.0		
M Recovery from PanAm 2015			0.0		1,613.2		0.0		
N Miscellaneous revenue			(79.4)		0.0		0.0		
			(2,688.5)	-0.28%	(4,679.1)	-0.49%	(6,292.3)	-0.65%	
BUDGET INCREASE (DECREASE):	(43)	56	(0.0)	0.00%	15,863.7	1.66%	4,965.0	0.51%	
TOTAL BUDGET REQUEST	5,462	2,218	957,661.2		973,524.9		978,489.9		
Notes:									
(1) Civilian establishment changed in-year for vulnerable sector screening staffing; cost directly offset by revenue (zero net impact).									
(2) No collective agreement in place after December 31, 2014									
(3) PanAm costs currently identified as zero impact; costs have not been allocated by category									

Grants Tied to Uniform Staffing Levels

The Service receives two (2) 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.

Community Policing Partnership Grant - 251 positions

- Established in 1998
- Provincial cost-sharing of additional officers across Ontario; Province pays half of salary and benefits, up to \$30,000 per officer
- Officers must be assigned to community policing functions (primary response, foot patrol, bike patrol, school liaison)
- Program indefinite

1,000 Officers - Safer Communities Grant – 250 positions

- Established in 2005
- Provincial cost-sharing of 1,000 additional officers across Ontario; province pays half of salaries and benefits, up to \$35,000 per officer
- Province-wide, half of the officers must be assigned to community policing functions and the other half to target some of 5 key areas established by the province including youth crime, guns and gangs, marijuana grow operations, domestic violence and child pornography
- TPS program allocation to the target areas is as follows:

Category	Allocation
Community Policing	175
Targeted Areas:	
Youth Crime	16
Guns and Gangs	27
Organized Crime (Marijuana Grow Ops)	18
Protecting Children from Internet Luring and Child P.	9
Court Efficiencies	5
Total	250

Officers must be allocated according to the activities outlined in our application for the program. This allocation was approved by the Ministry and forms a part of the Agreement, which indicates that “the Ministry agrees to cost-share 250 police officers of which 175 has been allocated to community policing and 75 to the targeted areas/court efficiencies.” No officers were allocated to two of the categories – Dangerous Offenders and Domestic Violence.

- Program indefinite

Attachment B (continued)

Benchmarks:

The Province has established a benchmark complement of sworn officers for each grant; funding is provided for each officer in excess of the benchmark for the number of officers allocated to the Service under the grant:

Grant	Benchmark		# Officers Funded over Benchmark	Min. # Officers to Maintain Funding	Funding per Officer	Total Annual Grant Funding
CPP	Jun. 15, 1998	4,929	251	5,180	\$30,000	\$7,530,000
Safer Communities	Oct. 23, 2003	5,260	250	5,510	\$35,000	\$8,750,000

Toronto Police Service Summary of Year-Over-Year Change - Net Operating Budget (\$Ms)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Req.	2004- 2015	Avg.
Net Budget	669.7	708.3	744.5	778.4	814.2	846.9	880.4	922.6	927.8	928.6	957.7	957.7		
\$ Increase		38.6	36.3	33.8	35.8	32.8	33.4	42.2	5.3	0.8	29.1	0.0	288.0	
Total % increase		5.8%	5.1%	4.5%	4.6%	4.0%	3.9%	4.8%	0.6%	0.1%	3.1%	0.0%	43.0%	
Collective Agreement (\$ impact)		22.7	22.5	21.2	24.7	16.7	27.2	30.2	23.2	25.6	27.3	0.0	241.3	21.9
Hiring (\$ Impact)		0.8	5.1	12.6	4.6	1.8	3.5	0.2	-9.4	-10.0	-2.2	0.4	7.4	0.7
Other (\$ impact)		15.0	8.8	0.0	6.5	14.2	2.7	11.8	-8.5	-14.8	4.0	-0.4	39.4	3.6
Collective Agreement (% impact)		3.4%	3.2%	2.8%	3.2%	2.1%	3.2%	3.4%	2.5%	2.8%	2.9%	0.0%	36.0%	2.7%
Hiring (% Impact)		0.1%	0.7%	1.7%	0.6%	0.2%	0.4%	0.0%	-1.0%	-1.1%	-0.2%	0.0%	1.1%	0.1%
Other (% impact)		2.1%	1.2%	0.0%	0.8%	1.7%	0.3%	1.3%	-0.9%	-1.6%	0.4%	0.0%	5.9%	0.5%
Collective Agreement (% of total increase)		58.8%	62.0%	62.6%	68.9%	51.0%	81.4%	71.6%	441.4%	3287.1%	93.9%	n/a	83.8%	
Hiring (% of total increase)		2.2%	13.9%	37.1%	12.8%	5.6%	10.5%	0.4%	-178.9%	-1284.0%	-7.6%	n/a	2.6%	
Other (% of total increase)		39.0%	24.2%	0.1%	18.2%	43.4%	8.2%	28.0%	-161.7%	-1900.4%	13.7%	n/a	13.7%	

Note: For comparison purposes, the 2004 to 2012 Net Budgets have been restated to reflect the recovery of the Lifeguard and Crossing Guard Programs