

Toronto 2018 BUDGET



OPERATING BUDGET NOTE



Toronto Police Service

2018 OPERATING BUDGET OVERVIEW

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

2018 Budget Summary

The total cost to deliver these services to Toronto residents is \$1,136.2 million gross and \$996.326 million net as shown below:

(in \$000's)	2017 Budget	2018 Preliminary Budget	Change	
			\$	%
Gross Expenditures	1,130,906.9	1,136,249.4	5,342.5	0.5%
Revenues	134,581.4	139,923.9	5,342.5	4.0%
Net Expenditures	996,325.5	996,325.5	0.0	0.0%

Through attrition-based reductions, management actions to reduce costs, and increased provincial recovery for court security services, the TPS is able to achieve the budget target of 0% increase over the 2017 Approved Net Operating Budget.

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CONTACTS

Program:

Tony Veneziano

Chief Administrative Officer

Tel: (416) 808-8005

E-Mail:

financeadministration@torontopoliceon.ca

Corporate:

Judy Skinner

Manager, Financial Planning

Tel: (416) 397-4219

E-Mail: Judy.Skinner@toronto.ca

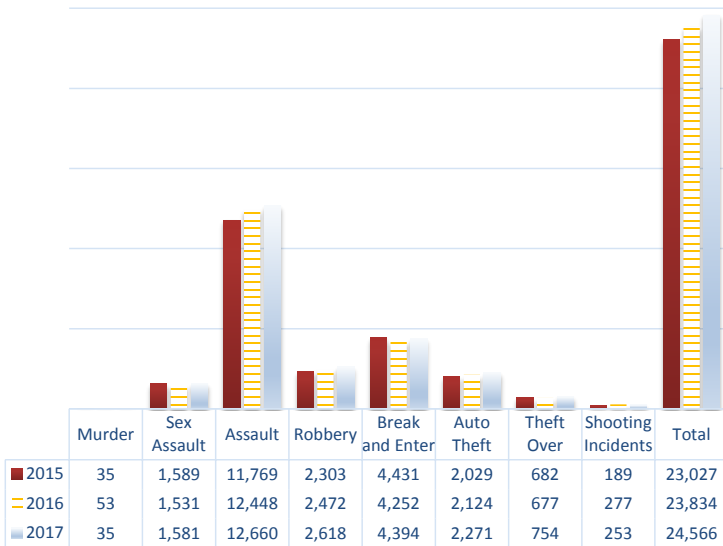
FAST FACTS

- 2018 projected average deployed uniform officer strength of 4,870 as compared to an establishment of 5,448 officers.
- Calls for service – approximately 1.8 million annually including emergency and non-emergency calls.
- Total officer hours spent on calls for service – approximately 1.6 million hours annually.

TRENDS

- Toronto is one of the safest cities in North America, and the Service has, and will continue to work hard with its community partners and other stakeholders to keep it that way.
- Toronto Police Service has seen an overall 3% increase in major crime indicators in 2017 based on August 31 year-to-date statistics as compared to 2016.
- The number of murders and shooting incidents have both decreased in 2017.

**Major Crime Indicators -
Year over Year Comparison as of August 31**



KEY SERVICE DELIVERABLES FOR 2018

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

The 2018 Preliminary Operating Budget enables TPS to continue effective policing strategies through:

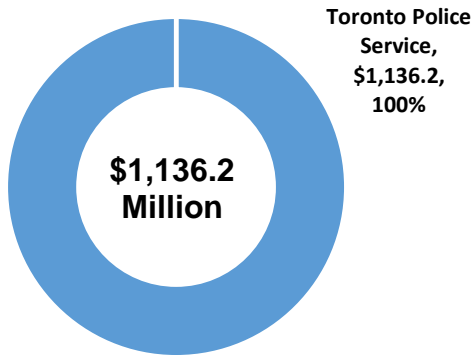
- Crime prevention;
- Law enforcement;
- Assistance to victims of crime;
- Public order maintenance;
- Emergency response;
- Performing investigative activities, particularly those related to cybercrime;
- Being involved in and ensuring the safety of community initiatives or events; and
- Addressing community safety issues, particularly those related to pedestrian and traffic safety, and police interactions with those experiencing mental illness.
- Providing security for Provincial courtrooms within the City of Toronto.

Additionally, the 2018 Preliminary Operating Budget focuses on the Board and Service Priorities, which include:

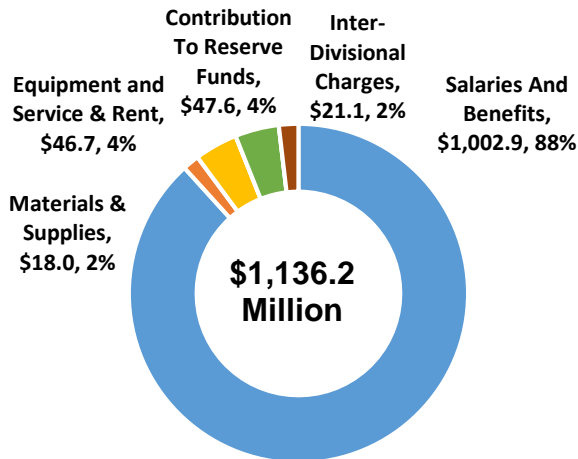
- Safe communities and neighbourhoods;
- Economic sustainability and operational excellence; and
- High quality, professional service to the community.
- Service delivery transformation.

Where the money goes:

2018 Budget by Service

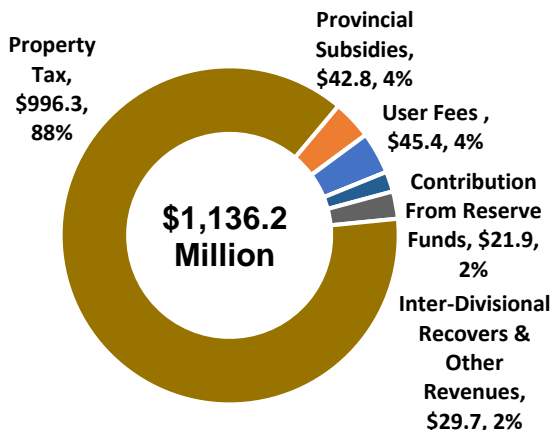


2018 Budget by Expenditure Category



Where the money comes from:

2018 Budget by Funding Source



OUR KEY ISSUES & PRIORITY ACTIONS

- **Continued decline of uniform and civilian staff levels** due to moratorium on hiring recommended by the Transformational Task Force has resulted in increased vacancies for Toronto Police Service.

 - ✓ 2018 Preliminary Operating Budget for TPS reflects continued hiring moratorium except for planned recruits to address higher than expected staff turnover.
 - ✓ Hiring strategy over the next three years will be implemented including two classes, totaling 50 recruits to be deployed in 2018 after training is complete.
- Alternate service delivery recommended by the **Transformational Task Force** will be implemented requiring strong collaboration between Toronto Police Service and City Programs.

 - ✓ Beach Lifeguard Program
 - ✓ School Crossing Guard Program
 - ✓ Diverting non-emergency calls to other City Programs and service providers
- **Further investments** to acquire necessary expertise and capacity for the implementation of the Transformational Task Force recommendations to modernize and transform the Service.

 - ✓ TPS will need to address ongoing budget pressures in addition to Transformational Task Force related costs through implementing ongoing and upcoming modernization and transformation initiatives to mitigate the financial impact.

2018 OPERATING BUDGET HIGHLIGHTS

- The 2018 Preliminary Operating Budget for TPS is \$1,136.2 million gross and \$996.326 million net representing a 0% increase from the 2017 Approved Operating Budget.
- TPS met the City Council approved budget target of 0%. Savings were identified through the following measures:

 - ✓ Salary and benefits reductions (\$3.233 million); and
 - ✓ Revenue changes (\$5.343 million).
- 88% of the 2018 Preliminary Operating Budget relates to human resource requirements and all staffing strategies have been incorporated.
- Approved staff complement will remain flat at 7,881.0 from 2017 to 2018.

Actions for Consideration

Approval of the 2018 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2018 Preliminary Operating Budget for Toronto Police Service of \$1,137.724 million gross, \$996.326 million net for the following services:

<u>Service</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Police Service	<u>1,136,249.4</u>	<u>996,325.5</u>
Total Program Budget	<u>1,136,249.4</u>	<u>996,325.5</u>

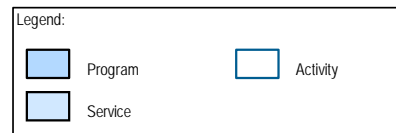
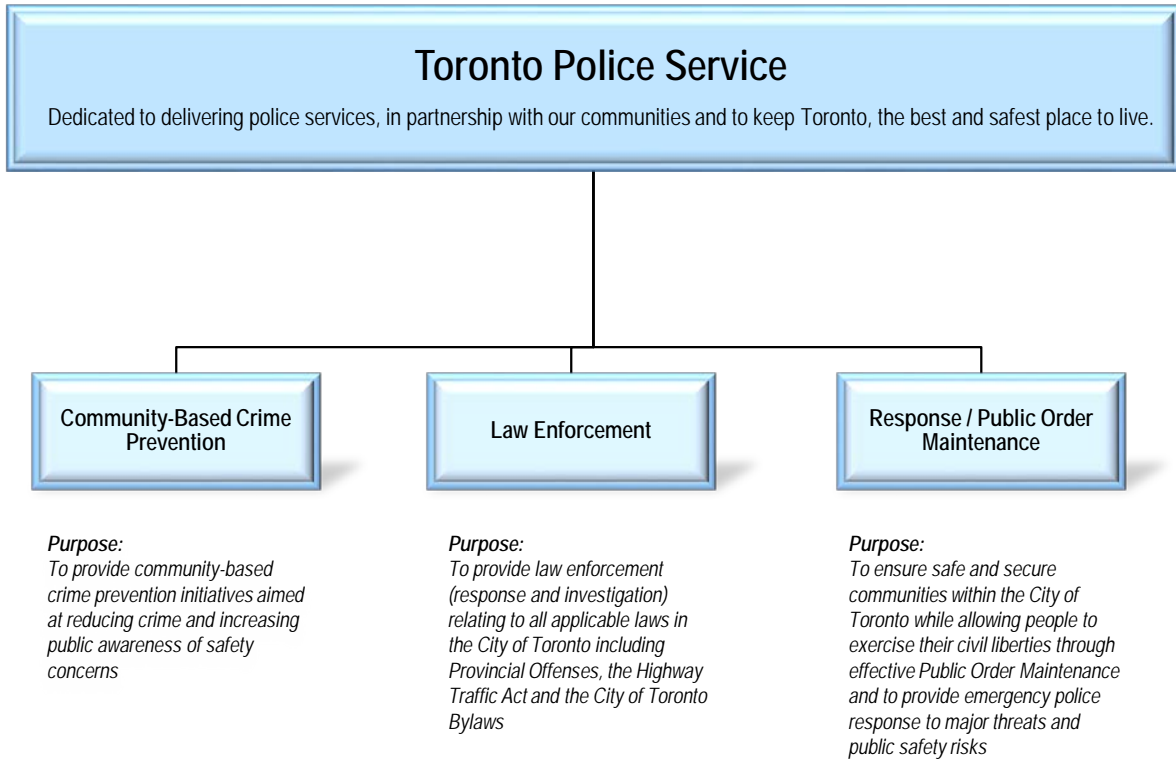
2. City Council approve staff complement for the Toronto Police Services of 7,881 operating service delivery positions, comprising 5,440 uniform officers, 2,230 civilian positions, and 211 part time positions to maintain the 2017 service levels.



Part 1

2018-2020 Service Overview and Plan

Program Map



Service Customer

Community-Based Crime Prevention

- Community Groups
- Local School Boards

Indirect (Beneficial)

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

Law Enforcement

- Incident Victim
- Alleged Offender

Indirect (Beneficial)

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

Response / Public Order Maintenance

- Incident Victim
- Event / Demonstration Attendee

Indirect (Beneficial)

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

Table 1
2018 Preliminary Operating Budget and Plan by Service

(In \$000s)	2017		2018 Preliminary Operating Budget			2018		Incremental Change			
	Budget	Projected Actual	Base	New/Enhanced	Total Budget	Preliminary vs. 2017 Budget		2019 Plan		2020 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Toronto Police Service											
Gross Expenditures	1,130,906.9	1,121,506.9	1,136,249.4	0.0	1,136,249.4	5,342.5	0.5%	(3,360.8)	(0.3%)	4,377.5	0.4%
Revenue	134,581.4	134,081.4	139,923.9	0.0	139,923.9	5,342.5	4.0%	(16,169.2)	(11.6%)	(3,685.0)	(3.0%)
Net Expenditures	996,325.5	987,425.5	996,325.5	0.0	996,325.5	0.0	0.0%	12,808.4	1.3%	8,062.5	0.8%
Total											
Gross Expenditures	1,130,906.9	1,121,506.9	1,136,249.4	0.0	1,136,249.4	5,342.5	0.5%	(3,360.8)	(0.3%)	4,377.5	0.4%
Revenue	134,581.4	134,081.4	139,923.9	0.0	139,923.9	5,342.5	4.0%	(16,169.2)	(11.6%)	(3,685.0)	(3.0%)
Total Net Expenditures	996,325.5	987,425.5	996,325.5	0.0	996,325.5	0.0	0.0%	12,808.4	1.3%	8,062.5	0.8%
Approved Positions	7,881.0	7,079.0	7,881.0	0.0	7,881.0	0.0	0.0%	0.0	0.0%	0.0	0.0%

The Toronto Police Service's 2018 Preliminary Operating Budget is \$1,136.249 million gross and \$996.326 million net, representing a 0% increase from the 2017 Approved Net Operating Budget and achieves the budget target of 0% as set out in the 2018 Operating Budget Directions approved by City Council.

- The 2017 Operating Budget for TPS has been adjusted to recognize the formal transition of two services to City Programs as recommended in the (EX28.5) *Transformational Task Force Report and Impacts on City Divisions* and approved by City Council at its meeting on November 7, 2017:
 - The transfer of the Beach Lifeguard Program and associated budget of \$1.470 million gross and \$1.415 million net, to be delivered by Parks, Forestry and Recreations commencing with the 2018 season; and
 - The transfer of the Crossing Guard Program and associated budget of \$7.525 million gross and net, to Transportation Services
 - Toronto Police Service's 2018 Preliminary Operating Budget has been adjusted to reflect the cost recovery from Transportation Services as TPS will continue to deliver this program until the full transition occurs August 31, 2019.
- Base pressures are mainly attributable to the 2018 cost of living allowance (COLA) for salaries and benefits, and operating impacts of capital, including implementation of the new human resources information system.
- To help mitigate these pressures, Toronto Police Services was able to achieve line by line savings in non-salary expenditures. A portion of these savings were also used to increase budgeted contributions to reserves that have historically been insufficient to meet actual needs.
- The average deployed uniform officer strength is anticipated to be 4,870 and the average civilian strength is expected to be 1,939 in 2018, due to limited hiring. This is below the approved budget complement of 7,881 positions including 5,440 uniform positions, 2,230 civilian positions, and 211 part-time positions.
- The 2019 and 2020 Plan increases are attributable to increased contributions to reserves and reserve funds and other base changes. This is partially offset by the expected decrease in salary and benefits costs.

The following graph summarizes the operating budget pressures for this Agency and the measures taken to help offset these pressures and achieve the budget target for 2018.

Key Cost Drivers



**Table 2
Key Cost Drivers**

(In \$000s)	2018 Base Operating Budget	
	Toronto Police Service	Total
	\$	\$ Position
Gross Expenditure Changes		
Operating Impacts of Capital		
Operating Impacts of Capital	1,092.0	1,092.0
Salaries and Benefits		
Salaries	(22,112.5)	(22,112.5)
Salary Settlement - Cost of Living Allowances	17,413.0	17,413.0
Benefits	(1,359.2)	(1,359.2)
Human Resources Transformation	2,835.4	2,835.4
Other Base Expenditure Changes		
Contributions to Reserves - Vehicle & Equipment and Sick Pay Gratuity	6,370.6	6,370.6
Other Expenditures (Equipment, Utilities, Contracted Services)	1,103.2	1,103.2
Total Gross Expenditure Changes	5,342.5	5,342.5
Revenue Changes		
Base Revenue Changes		
Contributions from Reserves	(619.2)	(619.2)
Provincial Funding for Court Services	(6,292.3)	(6,292.3)
Other Revenues	1,569.0	1,569.0
Total Revenue Changes	(5,342.5)	(5,342.5)
Net Expenditure Changes		

Key cost drivers for Toronto Police Service are discussed below:

Gross Expenditure Changes

- Operating Impacts of Capital
 - An increase of \$1.092 million is required for the sustainment of two completed IT projects as follows:
 - *Enterprise Business Intelligence project* capability requires \$1.029 million including salary and maintenance costs for the Business Intelligence Unit to continue development and training activities and for the Risk Management Unit to ensure privacy and security.
 - *Transforming Corporate Support project* requires \$0.063 million for system maintenance cost to sustain the new Human Resources Information System.
- Salaries and Benefits
 - Base pressures are mainly attributable to the 2018 cost of living allowance (COLA) and the associated \$17.413 million impact on the 2018 Preliminary Operating Budget. These increased costs were completely offset by reductions of \$22.113 million in salaries and \$1.359 million in benefits, for a total of \$23.508 million due to continued hiring moratorium except for 50 recruits to be deployed after training in 2018.
 - The transformation of the Human Resources will be implemented at an incremental cost of \$2.835 million for new positions required to support this initiative. Although it is presented as a budget pressure, it must be noted that the Human Resources area will shrink in size with significantly fewer positions including the transfer of uniformed officers from HR to front line policing duties.
- Other Base Changes
 - Contributions to reserves increased by \$6.371 million in 2018 largely attributable to the following:
 - An increased contribution of \$3.5 million to the Vehicle & Equipment Replacement Reserve to meet future replacement requirements based on the lifecycles for vehicles and computer equipment as the reserve is projected to be in a deficit position starting in 2019; and

- An increased contribution of \$2.0 million towards the Sick Pay Gratuity Reserve Fund after a detailed review of this reserve indicated that the Service's current annual contribution to the Sick Pay Gratuity Reserve does not meet projected annual draws/payments required. As a result, an increased contribution is required to meet annual obligations.
- Other base changes of \$1.103 million for non-salary expenditure items include caretaking/utilities, information system maintenance contracts, gasoline, telephones, uniforms and vehicle/communication equipment parts. Through a line by line review and action, overall increases for these non-salary expenditure items were kept significantly below inflation.

Revenue Changes

- Contributions from reserves increased by \$0.619 million to align with projected expenditures for health care spending, legal services, and central sick bank.
- An increased in Provincial funding for court security costs of \$6.292 million reflects the final phase-in of the Provincial upload of court services costs over the seven year period since 2012.
- A reduction of \$1.569 million is included to align with estimates for other revenues and recoveries.

In order to achieve the budget reduction target, there were no 2018 service changes for Toronto Police Service.

Approval of the 2018 Preliminary Operating Budget for Toronto Police Service will result in a 2019 incremental net cost of \$12.808 million net and a 2020 incremental cost of \$8.063 million net to maintain the 2018 service levels, as discussed in the following section.

Table 5
2019 and 2020 Plan by Program

Description (\$000s)	2019 - Incremental Increase					2020 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Prior Year Impact										
Recovery for Crossing Guard Program - Transportation	(3,839.0)	(3,839.0)				(3,685.0)	(3,685.0)			
Operating Impacts of Capital										
Operating Impacts of Capital	957.0		957.0	0.1%		92.0		92.0	0.0%	
Salaries and Benefits										
Salaries and Benefits	(9,984.2)		(9,984.2)	(1.0%)		(341.5)		(341.5)	(0.0%)	
Human Resources Transformation	754.9		754.9	0.1%		450.2		450.2	0.0%	
Other Base Changes										
Other Base Changes	4,100.5		4,100.5	0.4%		4,211.8		4,211.8	0.4%	
Contributions to Reserves	4,650.0		4,650.0	0.5%		3,650.0		3,650.0	0.4%	
Revenue										
Reversal of Policing Effectiveness and Modernization Grant		(10,130.2)	10,130.2	1.0%						
Provincial Funding for Court Services		(2,000.0)	2,000.0	0.2%						
Other Revenue		(200.0)	200.0	0.0%						
Sub-Total	(3,360.8)	(16,169.2)	12,808.4	1.3%		4,377.5	(3,685.0)	8,062.5	0.8%	
Total Incremental Impact	(3,360.8)	(16,169.2)	12,808.4	1.3%		4,377.5	(3,685.0)	8,062.5	0.8%	

Toronto Police Services expects a 1.3% increase to the 2019 Operating Budget and a 0.8% increase in 2020. Future year incremental costs are primarily attributable to the following:

Known Impacts:

- The expenses associated with the Crossing Guard Program will be reduced by \$3.839 million gross together with the corresponding recovery from Transportation Services resulting in \$0 net in 2019 as Toronto Police Service will continue to provide the school crossing guard program until July 31, 2019 with full reversal of the recovery as part of the 2020 Budget.
- Incremental operating impact of capital are known for the following:
 - The cost to sustain the *Enterprise Business Intelligence* project will be \$0.780 million in 2019 as the annualized cost of salaries and maintenance are occurring part way through 2018.

- *Peer to Peer Site* will require \$0.175 million in 2019 and additional \$0.179 million in 2020 for building operations, service contracts and utilities, starting mid-2019.
- *Transforming Corporate Support* will require \$0.002 million for maintenance costs in 2019 and such costs will be reduced by \$0.159 million in 2020.
- The new 54/55 Divisions Amalgamation (part of *Facility Realignment* project) requires \$0.072 million in 2020 for building operations, service contracts and utilities, starting in 2020.
- These future year of estimates do not include the anticipated significant operating impact of the Connected Officer program and the potential body worn camera initiative, or investments that may be required to enable transformational initiatives, as these are not known at this time.
- Salaries and Benefits are expected to continue to decrease due to continued hiring moratorium and promotions. These savings will be used to offset the annualization of the Human Resources Transformation initiative.
 - The current collective agreement expires at the end of 2018. It is noted that the future year pressures do not include a provision for 2019 and 2020 salary settlement costs.
- Other base changes include increased costs for caretaking, maintenance, utilities, other equipment, and computer hardware, software and maintenance, incrementally increasing by \$4.101 million in 2019 and \$4.212 million in 2020.
- Contributions to reserves are expected to increase by \$4.650 million in 2019 and \$3.650 million in 2020 for Vehicle & Equipment, Health Care Spending, and Legal Reserves.
- Included in the TPS's 2018 Preliminary Operating Budget is revenue of \$10.130 million in anticipation of a one-time grant for the Ministry's new Policing Effectiveness and Modernization which will be reversed in 2019. Such grants are reviewed and renewed on an annual basis with the Province.
 - Grant approvals are not expected until the spring of 2018. TPS will report any changes to the value of the unspecified grant to Council through the quarterly variance reporting process.
- Due to reduced staffing costs in court security services, a decrease of \$2.0 million to the TPS's share of the Provincial funding is expected in 2019, as this funding is tied to expenditure levels.



Part 2

2018 Preliminary Operating Budget by Service

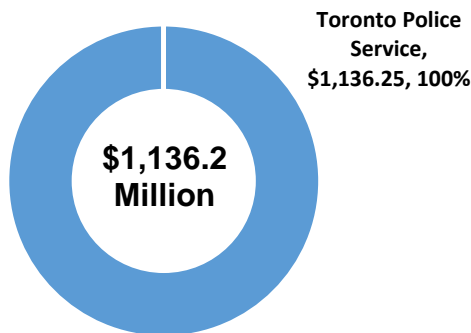
Toronto Police Service



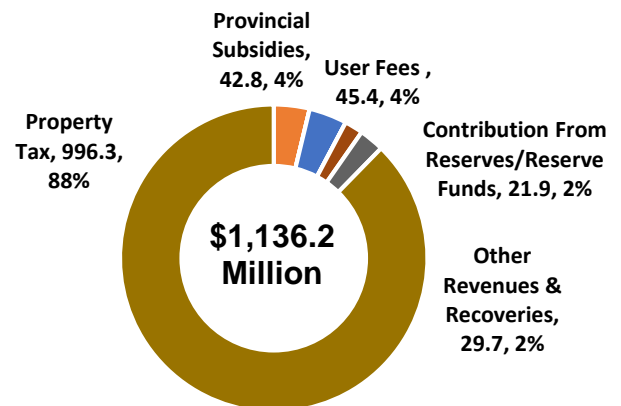
What We Do

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

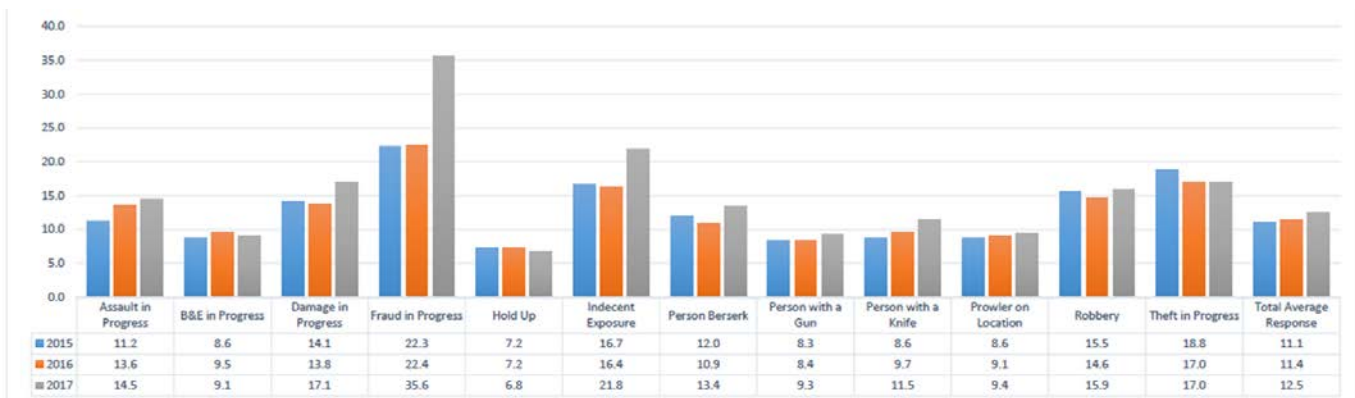
2018 Service Budget by Activity (\$M)



2018 Service by Funding Source (\$M)

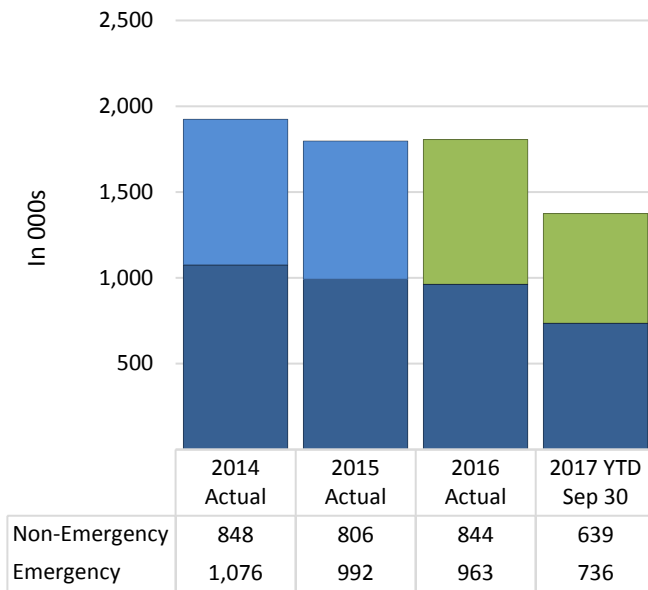


Response Times to Selected Emergency Events by Type of Crime (minutes)



Overall, the 2018 Service Levels are consistent with the approved 2017 Service Levels for Toronto Police Service.

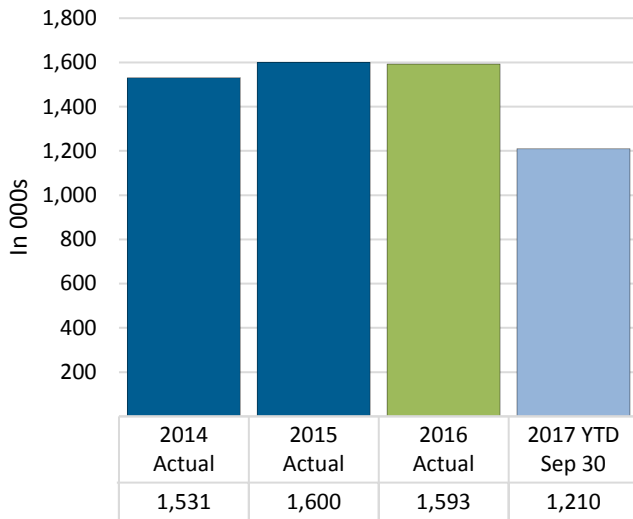
Emergency/Non-Emergency Calls



Service Performance Measures

- The number of calls for service (emergency and non-emergency) has continued at a similar level since 2014.
- Emergency calls in 2017 has increased over 2016, however the year end number is expected to be lower than in 2015.
- As of the third quarter, there were 1,375,083 calls for service to the Toronto Police Service.
- As crime is changing, TPS faces new challenges. Cybercrime, national security and domestic violence are examples of the increasing complexity of the calls TPS responds to.
- These crime types are sensitive in nature and require a level of specialized investigative support.
- The public expects high quality support and customer service from Toronto Police Service.

Total Hours Spent on Calls for Service



- As complexity of crimes increase, the time officers spend on each call increases respectively.
- Investigations are more time and resource intensive due to legislative requirements and evidentiary standards and processes.



Part 3

Issues for Discussion

Issues Impacting the 2018 Budget

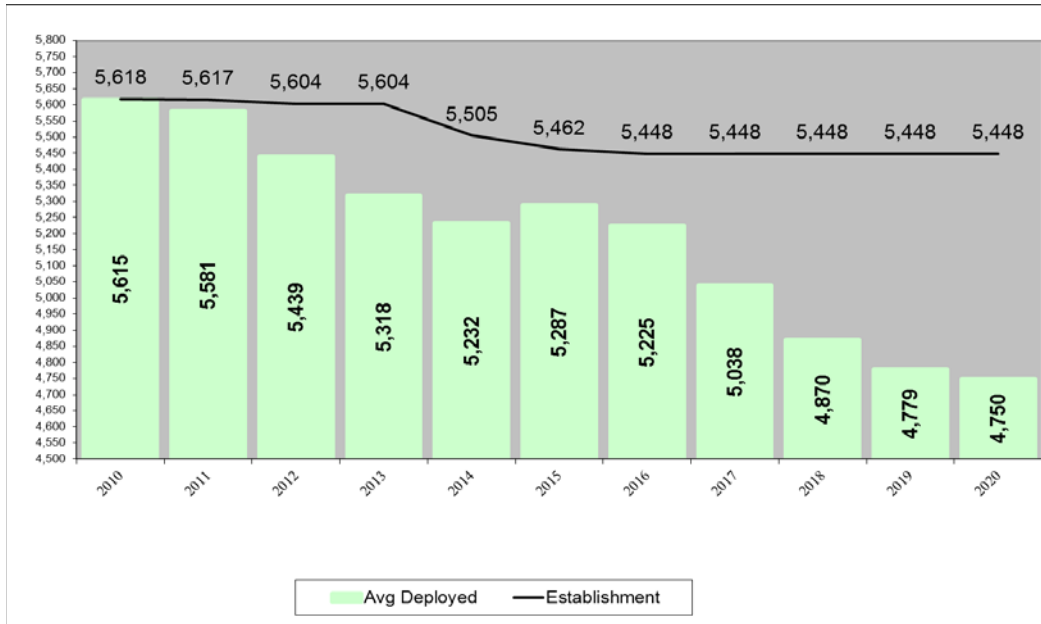
Budget Target

- At its meeting on May 24, 2017, the "2018 Budget Process: Budget Directions and Schedule" staff report (EX25.18) was submitted for consideration and adopted by City Council regarding the establishment of the 2017 Budget Process and the scheduling of the review and approval of the Tax and Rate Supported 2018 Operating Budget and 2017-2026 Capital Budget and Plan for the City of Toronto.
<https://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-103740.pdf>
- City Council adopted an across the board budget target of 0% net above the 2017 Approved Net Operating Budgets for all City Programs and Agencies utilizing strategies including but not limited to controlling expenditures through cost saving measures, and exploring all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery.
- 88% of Toronto Police Service's 2018 Preliminary Operating Budget relates to human resource requirements. All staffing strategies such as attrition-based reductions were incorporated to achieve the budget target of a 0% increase over 2017.
- Non-salary costs represent 12% of the 2018 Preliminary Operating Budget. All options were considered and costs were reduced where possible. A review of historical spending trends allowed Toronto Police Service to reduce funds that have not historically been spent. The 2018 Preliminary Operating Budget reflects the results of flat-lining certain discretionary spending, and consolidating equipment and contracted services funds with central management based on Service priorities and goals.
- TPS was able to fund cost increases to existing contracts or commitments from within existing budgets by decreasing expenditures in the above noted areas to accommodate new pressures and priorities:
 - Contributions to Reserves that have historically received one-time funding from year-end surplus now have been increased in the base budget for ongoing sustainability.
 - Additionally, TPS seeks a contribution to the Police Service Modernization Reserve from the City's 2017 year-end surplus to add funding capacity for TPS to support the implementation of the Transformational Task Force recommendations.

Transformational Task Force Recommendations: Hiring Moratorium

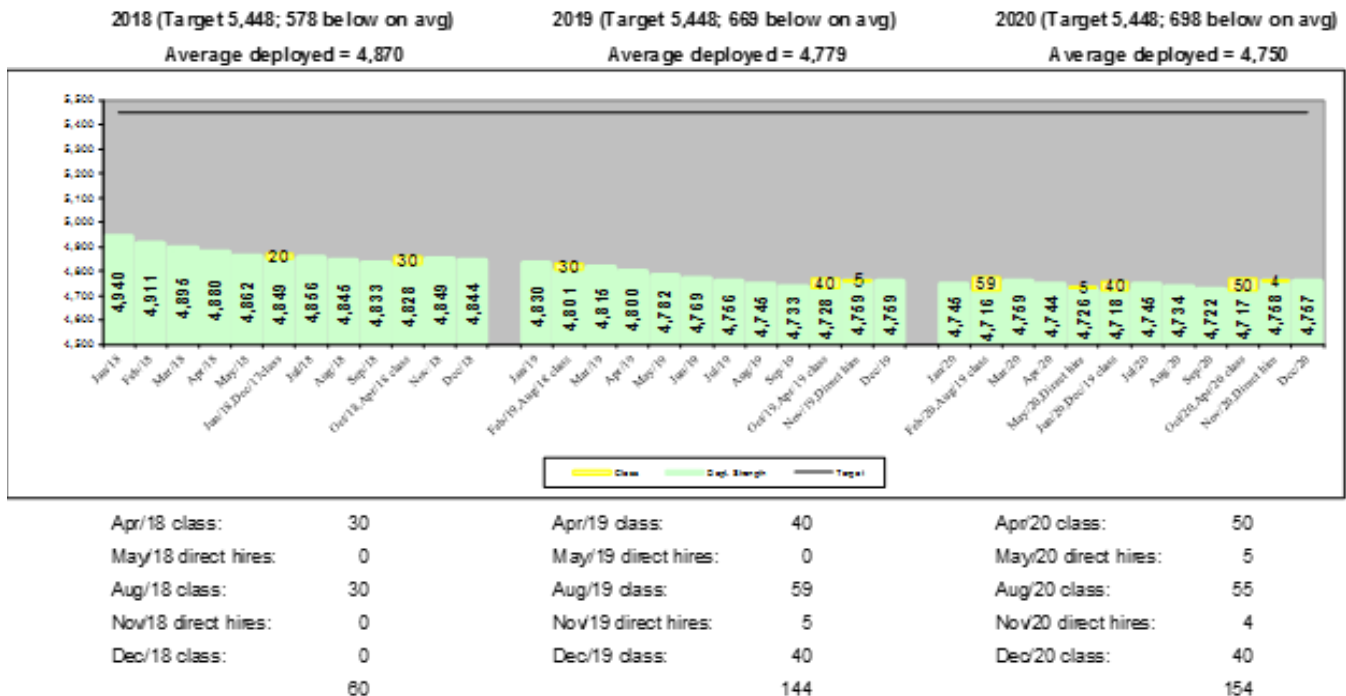
- In 2016, the Transformational Task Force recommended a three-year hiring moratorium on hiring for officers and civilians that resulted in a continued decline of uniform and civilian staffing levels. This moratorium will allow the Service to ensure that it has the right type and number of members for the new service delivery model and the leanest possible management structure.
- The hiring moratorium continued in 2017 for all positions with the exception of strategic requirements and Communications Operators, resulting in increased vacancies for the Toronto Police Service.
- The chart below shows the uniform establishment and deployment history from 2010 - 2017, with projected deployment levels to 2020. In 2018, the average number of deployed officers is forecasted to decrease from 5,615 in 2010 down to 4,870 for 2018.

Uniform Establishment and Deployment History & Projections



- There will be some circumstances where hiring or filling vacant positions may be necessary, for instances, to address staff departures happening at a rate faster than expected. In this year alone, approximately 300 Toronto Police Services staff have retired, resigned, or moved to other police services, including 191 uniform officers. Approximately 250 police employees typically retire or resign each year.
- The chart below outlines the Toronto Police Service's hiring strategy over the next three years (2018 to 2020), including anticipated class sizes and direct hires for uniform officers. In 2018, there will be 2 classes for a total of 60 recruits to go through the required training.

Deployed Strength Projections – 2018 to 2020



- Savings of \$22.113 million in salary costs will be realized in 2018 from vacancies.

TTF Alternative Service Delivery Impacting City Programs

- In May 2017, Executive Committee received the *Transformational Task Force (TTF) Report* from the Toronto Police Service as its 2017 - 2019 business plan, and requested comments from City Council. The TTF report requested that Council's considerations be input into the Toronto Police Service's 2017 - 2019 Business plan, to fulfill the requirement of O. Reg. 3/99 under the Police Services Act that the Toronto Police Service consult with City Council on their business plans.
- The TTF Report / Business Plan can be obtained from below.
<https://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-103581.pdf>
 - The Transformational Task Force's final report entitled "*Action Plan: The Way Forward*" provides the TPS, and the City as a whole, with a business plan to modernize policing that is future focused and supportive of City Council's goal of a city where individuals and communities feel safe and secure.
 - Aligned to the City's commitment to continuous improvement, the 32 recommendations provide a strategic path for the TPS as it seeks to explore new methods of service delivery in a manner that is effective, efficient and adaptable to the changing needs of the residents and the communities it serves.
- At its meeting on November 7th, 2017, City Council adopted (EX28.5) a report entitled "*Toronto Police Transformational Task Force Report and Impacts on City Divisions*". The report highlighted the alternative service delivery of Beaches Lifeguard Program, the School Crossing Guard Program, and Non-Emergency Calls that will become the responsibility of the City.
 - City Programs are supportive of these program delivery changes as they advance City objectives and allow the Toronto Police Service to focus on core policing to be better positioned to control its overall costs, which will benefit the City as a whole.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.5>

Beach Lifeguard Program (Transfer to Parks, Forestry and Recreation)

- The Beach Lifeguard Program provides lifeguard services on Toronto beaches while the City of Toronto provides lifeguard services for the rest of the City. Parks, Forestry and Recreation (PFR) has extensive experience providing lifeguard services at City-affiliated pools and has a well-developed administrative structure to support this type of service, and already maintains City beaches and beach facilities.
- City Council directed the General Manager, Parks, Forestry and Recreation (PFR) to deliver the Beach Lifeguard Program starting November 10, 2017 and that the Beach Lifeguard Program budgets in the amount of \$1.470 million gross and \$1.415 million net be transferred from Toronto Police Service to Parks, Forestry and Recreation to reflect the new delivery responsibility.
 - No savings were identified in Toronto Police Service as civilian staff currently administering and supporting this program will be redeployed to other priorities within TPS despite the program will be delivered by alternative means.
- Based on the current model, the cost for delivery of the service by PFR will be higher as a result of delivering the same services within the City's current operations, which include a narrower span of control and increased relief coverage, as well as the required contribution to reserves for the replacement of the program's assets in the future.

School Crossing Guard Program (Transfer to Transportation Services)

- The Crossing Guard Program assists children crossing the street 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 crossing guards when necessary.
- Since 1948, the Toronto Police Service administered the program and has sent officers to fill in when crossing guards are unexpectedly absent. In 2015, this resulted in 3,138 hours of officer time away from other needs to which only a police officer can respond.
- Included in the Transformational Task Force report was a recommendation that the School Crossing Guard Program, with its \$7.5 million budget, become the responsibility of the City of Toronto, or an alternative. This recommendation will allow members that support the program to be redeployed to other priorities. This change

was also recommended as part of the 2011 KPMG City of Toronto Core Services Review. In 2013, the City of London, Ontario implemented a similar approach.

- City Council adopted *Toronto Police Transformational Task Force Report and Impacts on City Divisions* report and in so doing authorized the General Manager, Transportation Services, to contract with a third-party service provider for the alternative delivery of the school crossing guard program starting August 1, 2019, with the Toronto Police Service continuing the program until July 31, 2019 and with this transfer of responsibility, approved the transfer of the 2017 Approved Operating Budget for the School Crossing Guard Program totalling \$7.525 million gross and net be transferred from the Toronto Police Service to Transportation Services to provide oversight and fund program delivery by a third-party service provider.
- Given that Toronto Police Service will continue to deliver the program for a transitional period to enable Transportation Services to implement its delivery model, City Council also approved that the Toronto Police Service Budget for the delivery of the crossing guard program was adjusted on a one-time basis to facilitate the reimbursement from the City of their delivery of the program, by increasing the 2017 Approved Operating Budget by \$7.525 million gross with full recovery from Transportation Services, resulting in a net zero financial impact to the Toronto Police Service Budget.
- The General Manager, Transportation Services was directed to develop an implementation plan for the crossing guard program and report back to the Public Works and Infrastructure Committee in the second quarter of 2018.
- Although the budget was transferred to Transportation Services, the delivery of service continues to be carried out by Toronto Police Service for 2018. The 2018 Preliminary Operating Budget for Toronto Police Service includes \$7.525 million in recoveries from Transportation Services for the Crossing Guard Program.

Non-Emergency Calls

- The Transformational Task Force recommendation to develop a risk assessment tool to identify non-emergency calls could increase budget pressures for various City divisions. As the Toronto Police Service refocuses on core policing, officer response to non-emergency calls will be limited to those where there is a clear risk to public safety.
- City Programs responsible for the intake and response to calls for by-law enforcement and traffic related services will likely experience increased referrals from the Toronto Police Service. As a result, 311 Toronto, Municipal Licensing and Standards, Transportation Services, and Economic Development and Culture (Film & Television and Digital Media Office) will likely be affected.
- City staff are working with the TPS to understand the full operational and financial impacts to City divisions. Financial impacts to the City as a result of this recommendation will be addressed through future year budget cycles.

Issues Impacting Future Year

Financial Implications Resulting from Transformational Task Force Implementation

- The final Transformational Task Force Report includes recommendations that will change how policing services are organized and delivered. Additional investments need to be made to enable the transition and implementation of the modernized Toronto Police Service as envisioned by the Transformational Task Force. Necessary costs incurred by the Transformational Task Force to obtain the research, analysis and other expertise are required to analyze opportunities and implement the recommendations in the final report.
 - Expertise is required for a police service demand model analysis, an information technology assessment, strategic advice, project management, communications, and reporting writing/design.
 - At the end of 2016, the Chief Financial Officer allocated \$3.500 million from the year-end operating surplus towards the newly created Police Modernization Reserve to implement the Transformational Task Force recommendations. In 2017, TPS withdrew \$2.290 million from this reserve to support modernization and transformation initiatives.

- Toronto Police Service is anticipating a requirement for an additional \$3.5 million in both 2018 and 2019. It is noted that this funding requirement has not been funded in the 2018 Preliminary Operating Budget for Toronto Police Service. TPS will be requesting that the 2018 contribution to the Police Modernization Reserve be funded from the City's 2017 year-end operating surplus in accordance with the City's Surplus Management Policy and the allocation be considered by the Chief Financial Officer.
- The implementation of the various Transformational Task Force recommendations is a large and complex undertaking which will require a significant amount of work and effort. TPS is tracking the value of these resources as part of its overall project management framework.
- In addition to the Transformational Task Force implementation related costs, Toronto Police Service must address ongoing budgetary pressures beyond 2018 arising primarily from:
 - Toronto Police Association and Senior Officer Organization collective agreements expiring at the end of 2018.
 - Bargained provisions that impact costs including legal indemnifications, medical and dental benefits, and retention pay).
 - Anticipated increases / decreases in vendor contracts.
 - Pressures in mandatory accounts or statutory obligations.
 - Inflationary increases to fixed costs based on market trends.
 - Increases in contributions to reserves to address projections for reserve deficits.
- Savings are expected to be realized to offset ongoing budget pressures from the implementation of new Toronto Police's service delivery model arising from the implementation of the Transformational Task Force recommendations. In order to do so, Toronto Police Service will need to continue exploring and implementing modernization and transformation initiatives planned for 2018 and the future, some of which will require cooperation from City Programs. This includes:
 - Transition the Crossing Guard Program, and Non-Emergency Calls to the City, as discussed in the above section.
 - Complete the feasibility analysis for the potential alternate or shared delivery of Court Security and Parking Enforcement.
 - At the request of Toronto Police staff, the City is undertaking an independent analysis of possible options and has engaged a third-party consultant to review the potential costs and benefits that would arise from these initiatives.
 - Transform Human Resources – Restructuring.
 - Develop new District Model with possible boundary changes and facility re-alignment (territorial optimization) using demand and workload modelling.
 - Centralize Criminal Investigations Bureau (CIB) within each district.
 - Equip front-line officers with mobile technology carried by all officers to receive the most current operational information (The Connected Officer).



Appendices

Appendix 1

2017 Service Performance

Key Service Accomplishments

In 2017, Toronto Police Service accomplished the following:

- ✓ A moratorium on hiring and promotions that will give the Service the time it needs to change outdated models and practices to make better use of existing officers and realign its resources to support a neighbourhood-centered approach to policing and other priorities;
- ✓ Return of two facilities no longer required by the Service to the City – these properties have a combined estimated fair market value of \$4.5M and their return also resulted in a \$250,000 operating budget reduction;
- ✓ Disbanding of TAVIS and Transit Patrol units and the redeployment of officers in those units to other Service priorities;
- ✓ Start of a shift to a new District model;
- ✓ Enhanced public participation model for Operating and Capital Budget; and
- ✓ Planning/proof of concept for major change initiatives e.g. CIB, HR Reorganization, Connected Officer.

Appendix 2

2018 Preliminary Operating Budget by Expenditure Category Program Summary by Expenditure Category

Category of Expense (\$000's)	2015	2016	2017	2017	2018	2018 Change from		Plan	
	Actual	Actual	Budget	Projected	Preliminary	2017 Approved		20119	2020
	\$	\$	\$	Actual *	Budget	\$	%	\$	\$
Salaries And Benefits	981,964.8	1,005,468.2	1,006,149.8	996,749.8	1,002,926.5	(3,223.3)	(0.3%)	989,159.4	985,186.8
Materials & Supplies	18,213.8	16,663.8	17,524.7	17,524.7	17,984.0	459.3	2.6%	18,192.8	18,405.4
Equipment	4,149.8	4,470.9	2,314.8	2,314.8	2,603.3	288.5	12.5%	2,807.4	2,963.3
Service And Rent	44,808.3	41,334.8	40,767.6	40,767.6	44,048.7	3,281.1	8.0%	47,387.8	51,418.3
Contribution To Reserves/Reserve Funds	38,100.6	35,621.1	43,738.1	43,738.1	47,609.1	3,871.0	8.9%	52,259.1	55,909.1
Inter-Divisional Charges	19,872.6	20,282.3	20,411.9	20,411.9	21,077.8	665.9	3.3%	21,080.4	21,083.1
Total Gross Expenditures	1,107,109.9	1,123,841.0	1,130,906.9	1,121,506.9	1,136,249.4	5,342.5	0.5%	1,130,886.9	1,134,965.9
Inter-Divisional Recoveries	10,018.7	11,973.6	18,841.0	18,341.0	17,935.5	(905.4)	(4.8%)	10,257.5	6,572.5
Provincial Subsidies	48,901.0	49,226.5	37,802.5	37,802.5	42,802.5	5,000.0	13.2%	42,802.5	42,802.5
User Fees & Donations	56,287.4	56,630.4	46,042.5	46,042.5	45,443.0	(599.5)	(1.3%)	45,443.0	45,443.0
Contribution From Reserves/Reserve Funds	18,542.9	10,812.8	23,860.0	23,860.0	21,931.2	(1,928.8)	(8.1%)	21,931.2	21,931.2
Sundry and Other Revenues			8,035.4	8,035.4	11,811.7	3,776.3	47.0%	11,811.7	11,811.7
Total Revenues	133,750.0	128,643.3	134,581.4	134,081.4	139,923.9	5,342.5	4.0%	132,245.9	128,560.9
Total Net Expenditures	973,359.9	995,197.7	996,325.5	987,425.5	996,325.5	0.0	0.0%	998,641.0	1,006,405.0
Approved Positions	7,883.0	7,337.0	7,881.0	7,061.0	7,881.0			7,881.0	7,881.0

* Based on the 9-month Operating Variance Report

Toronto Police Service is projecting a favourable year-end variance of \$8.900 million net due to under-spending in salaries and benefits as a result of the Service's hiring moratorium and separations being greater than planned. TPS is projecting 215 officer separations compared to the budgeted 160 officer separations in the 2017 Approved Operating Budget.

For additional information regarding the 2017 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2017" considered by City Council at its meeting on December 5, 6, and 7, 2017.

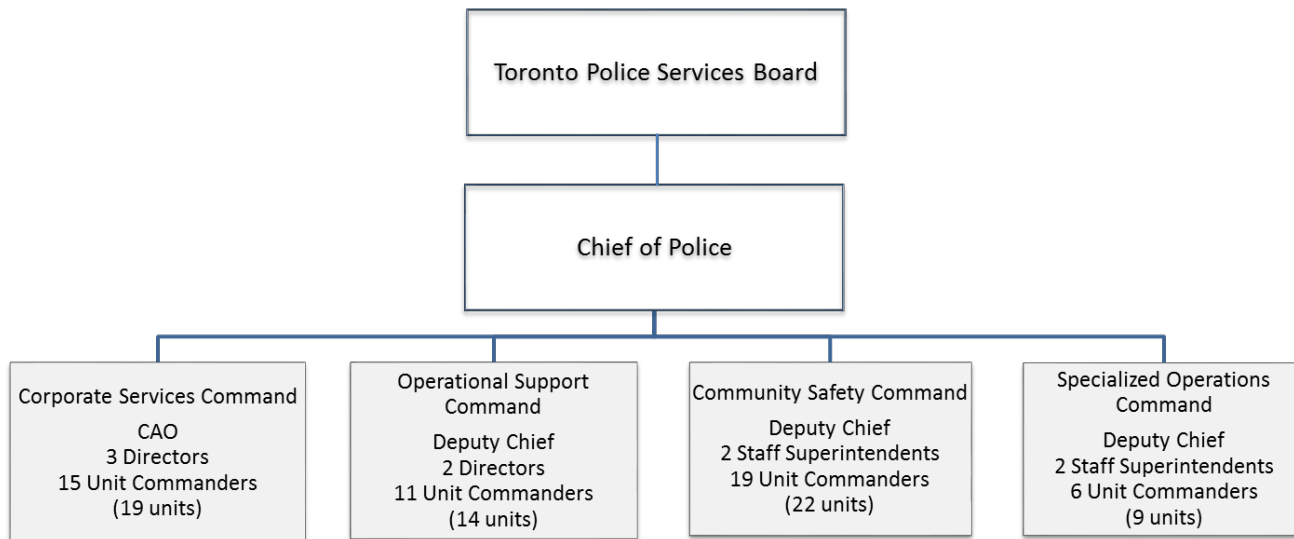
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.25>

Impact of 2017 Operating Variance on the 2018 Preliminary Operating Budget

Attrition-based reductions will continue into 2018 while the Toronto Police Service designs and deploys the new service delivery model. The financial savings resulting from a large number of vacancies have been incorporated into the 2018 Preliminary Operating Budget for Toronto Police Service. It is anticipated that these savings will be sufficient to mitigate the budget pressures primarily attributable to the cost of living allowance (COLA) as a strategy to achieve the budget target for 2018.

Appendix 3

2018 Organization Chart



2018 Total Complement

	Category	Uniform	Civilian	Part Time	Total
Operating	Permanent	5,440.0	2,230.0	211.0	7,881.0
	Temporary			-	-
	Total Operating	5,440.0	2,230.0	211.0	7,881.0
Capital	Permanent			-	-
	Temporary			-	-
	Total Capital	-	-	-	-
Grand Total		5,440.0	2,230.0	211.0	7,881.0

Notes:

- Currently, there are additional 8 uniform positions allocated to Toronto Police Service Parking Enforcement Unit, for a total City-wide approved uniform position complement of 5,448.

Appendix 6a

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance		7,481.4	7,481.4	7,082.5	6,778.5
TPS Health Care Spending Reserve	XR1720				
<i>Proposed Withdrawals (-)</i>			(1,220.4)	(1,525.5)	(1,906.9)
<i>Contributions (+)</i>			821.5	1,221.5	1,621.5
Total Reserve / Reserve Fund Draws / Contributions		7,481.4	7,082.5	6,778.5	6,493.1
Balance at Year-End		7,481.4	7,082.5	6,778.5	6,493.1

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance		5,033.1	5,033.1	4,492.7	3,952.3
TPS Central Sick Pay	XR1701				
<i>Proposed Withdrawals (-) TPS</i>			(4,157.1)	(4,157.1)	(4,157.1)
<i>Proposed Withdrawals (-) Parking</i>			(180.1)	(180.1)	(180.1)
<i>Contributions (+) TPS</i>			3,616.7	3,616.7	3,616.7
<i>Contributions (+) Parking</i>			180.1	180.1	180.1
Total Reserve / Reserve Fund Draws / Contributions		5,033.1	4,492.7	3,952.3	3,411.9
Balance at Year-End		5,033.1	4,492.7	3,952.3	3,411.9

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance		9,958.6	9,958.6	10,158.6	2,910.6
Toronto Police Service Vehicle & Equipment Reserve	XQ1701				
<i>Proposed Withdrawals (-)</i>			(21,060.0)	(31,508.0)	(27,387.0)
<i>Contributions (+) TPS</i>			19,266.0	22,266.0	25,266.0
<i>Contributions (+) Parking</i>			1,994.0	1,994.0	1,994.0
Total Reserve / Reserve Fund Draws / Contributions		9,958.6	10,158.6	2,910.6	2,783.6
Balance at Year-End		9,958.6	10,158.6	2,910.6	2,783.6

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance		1,000.0	1,000.0	1,000.0	1,000.0
Toronto Police Service Modernization	XQ1903				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		1,000.0	1,000.0	1,000.0	1,000.0
Balance at Year-End		1,000.0	1,000.0	1,000.0	1,000.0

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance		1,518.6	1,518.6	75.3	(473.7)
Toronto Police Service Legal Liability Reserve	XQ1901				
<i>Proposed Withdrawals (-) TPS</i>			(3,152.3)	(2,508.0)	(2,358.0)
<i>Proposed Withdrawals (-) TPSB</i>			(500.0)	(500.0)	(500.0)
<i>Contributions (+) TPS</i>			1,680.0	1,930.0	2,180.0
<i>Contributions (+) TPSB</i>			529.0	529.0	529.0
Total Reserve / Reserve Fund Draws / Contributions		1,518.6	75.3	(473.7)	(622.7)
Balance at Year-End		1,518.6	75.3	(473.7)	(622.7)

* Based on 9-month 2017 Reserve Fund Variance Report

Appendix 6b

Inflows/Outflows to/from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 \$	Withdrawals (-) / Contributions (+)		
			2018 \$	2019 \$	2020 \$
Projected Beginning Balance		28,251.5	28,251.5	25,503.8	23,756.1
Sick Leave	XR1007				
<i>Proposed Withdrawals (-) TPS</i>			(14,030.3)	(14,030.3)	(14,030.3)
<i>Proposed Withdrawals (-) Parking</i>			(544.6)	(544.6)	(544.6)
<i>Contributions (+) TPS</i>			11,282.6	12,282.6	12,282.6
<i>Contributions (+) Parking</i>			544.6	544.6	544.6
Total Reserve / Reserve Fund Draws / Contributions		28,251.5	25,503.8	23,756.1	22,008.4
Balance at Year-End		28,251.5	25,503.8	23,756.1	22,008.4

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 \$	Withdrawals (-) / Contributions (+)		
			2018 \$	2019 \$	2020 \$
Projected Beginning Balance		25,981.1	25,981.1	37,018.1	48,055.1
Insurance Reserve Fund	XR1010				
<i>Contributions (+) TPS</i>			10,942.3	10,942.3	10,942.3
<i>Contributions (+) Parking</i>			94.7	94.7	94.7
Total Reserve / Reserve Fund Draws / Contributions		25,981.1	37,018.1	48,055.1	59,092.1
Balance at Year-End		25,981.1	37,018.1	48,055.1	59,092.1