



STAFF REPORT ACTION REQUIRED

Final Operating Budget Variance for the Toronto Police Service – Year Ending December 31, 2016

Date:	May 3, 2017
To:	Budget Committee, Executive Committee
From:	Andy Pringle, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide City Council, via the Budget Committee, with the Toronto Police Service – Final Operating Budget Variance for the Year Ending December 31, 2016.

RECOMMENDATIONS

The Toronto Police Services Board recommends that:

- (1) City Council establish a Toronto Police Service Modernization Reserve to help fund necessary costs required to enable the implementation of the recommendations in the Transformational Task Force final report; and,
- (2) City Council approve a \$3.5 million increase to the 2017 Council Approved Gross Operating Budget for the Police Service funded by a \$3.5 million contribution from the Toronto Police Service Modernization Reserve, conditional upon the creation of the Reserve and the allocation from the City's 2016 year-end surplus to the Reserve.

FINANCIAL IMPACT

At its February 24, 2016 meeting, the Toronto Police Services Board (Board) approved the Toronto Police Service's (Service) revised budget request of \$1,003.7 Million (M).

Toronto City Council (Council), at its February 17, 2016 meeting, approved a \$0.2M reduction to the Service's 2016 operating budget, bringing the total to \$1,003.5M.

At the time the Service's budget was approved, the impact from the collective agreement negotiations between the Senior Officers Organization (S.O.O.) and the Board was not known, and was therefore not included in the budget request.

Impact of Ratified Collective Agreement between the Board and the Senior Officers' Organization (S.O.O.):

The Board, at its May 19, 2016 meeting, requested the approval of a transfer of \$1.3M to the Service's 2016 net operating budget from the City's Non-Program operating budget, with no incremental cost to the City, to reflect the salary and benefit impact of the now-ratified contract with the S.O.O. (Min. No. P122/16 refers).

As a result of the foregoing adjustment, the Service's 2016 net operating budget increased to \$1,004.7M.

Final 2016 Year-end Surplus:

The Service's 2016 year-end surplus is \$9.5M. This amount is \$0.6M more favourable than reported to the Board in September 2016. It is important to note that \$4.8M of this surplus is a result of one-time revenues from the reversals of liabilities and other adjustments. Details regarding these adjustments are discussed in the revenue section of this report. Without these one-time adjustments, the surplus would be \$4.7M.

As part of the 2017 operating budget process, the Service had originally intended to increase its reserve contribution budgets for some of its reserves in order to provide a sustainable funding source to meet current and future obligations and requirements. However, due to significant fiscal pressures, the Service was not able to increase these budgets as much as originally planned.

As a result, the Service is recommending that the Board request the City's Deputy City Manager and Chief Financial Officer to allocate an additional \$6.0M in reserve contributions from the City's 2016 year-end surplus (\$9.5M of which came from the Service), to help mitigate the pressures in some of the reserves. Specifically, to allocate \$2.5M to the Service's Vehicle and Equipment Reserve and \$3.5M to a Modernization Reserve that the Service is requesting be established. The Service has discussed these additional contributions with the Deputy City Manager and Chief Financial Officer, who concurs with this approach.

Should the two additional reserve contribution recommendations be approved, the Service is effectively contributing a net of \$3.5M to the City's final year-end operating surplus.

ISSUE BACKGROUND

At its meeting on April 20, 2017, the Board considered a report dated April 3, 2017 from Chief of Police Mark Saunders containing the Service's Final Operating Budget Variance for the Year-Ending December 31, 2016.

COMMENTS

The Board approved the Chief's report and agreed to forward a copy of it to City Council for approval.

CONCLUSION

A copy of Board Minute No. P86/17 regarding this matter is attached as Appendix "A".

CONTACT

Chief of Police Mark Saunders
Toronto Police Service
Telephone No. 416-808-8000
Fax No. 416-808-8002

SIGNATURE

Andy Pringle
Chair

ATTACHMENT

Appendix A: P86/17

cc. Rob Rossini, Deputy City Manager and Chief Financial Officer

a: TPS final operating budget variance year ending December 2016.doc

APPENDIX “A”

This is an Extract from the Minutes of the Public Meeting of the Toronto Police Services Board that was held on April 20, 2017

P86 Toronto Police Service – Final Operating Budget Variance Report Year-Ending December 2016

The Board was in receipt of a report dated April 03, 2017 from Mark Saunders, Chief of Police, with regard to this matter.

The Board approved the foregoing report.

Moved by: M. Moliner

Seconded by: S. Carroll



Toronto Police Services Board Report

April 3, 2017

To: Chair and Members
Toronto Police Services Board

From: Mark Saunders
Chief of Police

**Subject: Final Operating Budget Variance for the Toronto Police Service,
Year Ending December 31, 2016**

Recommendations:

It is recommended that the Board:

- (1) request City Council to establish a Toronto Police Service Modernization Reserve to help fund necessary costs required to enable the implementation of the recommendations in the Transformational Task Force final report;
- (2) request that City Council approve a \$3.5 million increase to the 2017 Council Approved Gross Operating Budget for the Police Service funded by a \$3.5 million contribution from the Toronto Police Service Modernization Reserve, conditional upon the creation of the Reserve and the allocation from the City's 2016 year-end surplus to the Reserve;
- (3) request the City's Deputy City Manager and Chief Financial Officer to allocate a \$3.5M contribution for the newly established Toronto Police Service Modernization Reserve from the City's 2016 Year-end surplus;
- (4) request the City's Deputy City Manager and Chief Financial Officer to allocate a \$2.5M contribution to the Toronto Police Services Vehicle and Equipment Reserve from the City's 2016 Year- end surplus; and

- (5) forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer for information and for inclusion in the Year-end Variance Report to City Council.

Financial Implications:

At its February 24, 2016 meeting, the Toronto Police Services Board (Board) approved the Toronto Police Service's (Service) revised budget request of \$1,003.7 Million (M) (Min. No. P29/16 refers).

Toronto City Council (Council), at its February 17, 2016 meeting, approved a \$0.2M reduction to the Service's 2016 operating budget, bringing the total to \$1,003.5M.

At the time the Service's budget was approved, the impact from the collective agreement negotiations between the Senior Officers Organization (S.O.O.) and the Board was not known, and was therefore not included in the budget request.

Impact of Ratified Collective Agreement between the Board and the Senior Officers' Organization (S.O.O.):

The Board, at its May 19, 2016 meeting, requested the approval of a transfer of \$1.3M to the Service's 2016 net operating budget from the City's Non-Program operating budget, with no incremental cost to the City, to reflect the salary and benefit impact of the now-ratified contract with the S.O.O. (Min. No. P122/16 refers).

As a result of the foregoing adjustment, the Service's 2016 net operating budget increased to \$1,004.7M.

Final 2016 Year-end Surplus:

The Service's 2016 year-end surplus is \$9.5M. This amount is \$0.6M more favourable than reported to the Board in September 2016. It is important to note that \$4.8M of this surplus is a result of one-time revenues from the reversals of liabilities and other adjustments. Details regarding these adjustments are discussed in the revenue section of this report. Without these one-time adjustments, the surplus would be \$4.7M.

As part of the 2017 operating budget process, the Service had originally intended to increase its reserve contribution budgets for some of its reserves in order to provide a sustainable funding source to meet current and future obligations and requirements. However, due to significant fiscal pressures, the Service was not able to increase these budgets as much as originally planned.

As a result, the Service is recommending that the Board request the City's Deputy City Manager and Chief Financial Officer to allocate an additional \$6.0M in reserve contributions from the

City's 2016 year-end surplus (\$9.5M of which came from the Service), to help mitigate the pressures in some of the reserves. Specifically, to allocate \$2.5M to the Service's Vehicle and Equipment Reserve and \$3.5M to a Modernization Reserve that the Service is requesting be established. The Service has discussed these additional contributions with the Deputy City Manager and Chief Financial Officer, who concurs with this approach.

Should the two additional reserve contribution recommendations be approved, the Service is effectively contributing a net of \$3.5M to the City's final year-end operating surplus.

Background / Purpose:

The purpose of this report is to provide information on the Service's 2016 final year-end operating budget variance, and to request that the Board obtain Council approval to establish a Service Modernization Reserve as well as City approval for additional contributions to Service reserves from the City's 2016 year-end surplus, as noted in the Financial Implications section of this report..

Discussion:

The following chart summarizes the variance by expenditure and revenue category. Details of each major expenditure category and revenue are discussed in the sections that follow.

Category	2016 Budget (\$Ms)	Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Salaries	\$763.4	\$759.7	\$3.7
Premium Pay	\$44.2	\$47.1	(\$2.9)
Benefits	\$206.8	\$198.7	\$8.1
Materials and Equipment	\$23.0	\$21.2	\$1.8
Services	\$66.1	\$61.5	\$4.6
Contributions to / (Draws from) Reserves	\$11.9	\$24.8	(\$12.9)
Revenue	(\$110.7)	(\$117.8)	\$7.1
Total	\$1,004.7	\$995.2	\$9.5
Increased Reserve Contributions			(\$6.0)
Total Net			\$3.5

Salaries:

Salaries were underspent by \$3.7M.

Expenditure Category	2016 Budget (\$Ms)	Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Uniform Salaries	\$576.9	\$578.0	(\$1.1)
Civilian Salaries	\$186.5	\$181.7	\$4.8
Total Salaries	\$763.4	\$759.7	\$3.7

The 2016 approved budget included funding for 146 uniform hires. The Service hired 15 cadets in April 2016, as a commitment had already been made to the successful individuals. However, as the Service is undergoing a transformational review, planned and budgeted uniform hiring for the rest of 2016 was cancelled. Savings from the reduced hiring were \$2.3M.

Separations for the first half of 2016 were lower than originally anticipated. However, by year end, the Service experienced 171 uniform officer separations for the year, compared to the 165 included in the 2016 budget. Although the number of separations was higher than estimated, the earlier slowdown in separations, combined with fewer staff on unpaid leaves than originally budgeted, created a cost pressure of \$0.6M, which partially offset the savings from the reduced hiring.

Included within the Uniform Salaries are salaries for Paid Duty officers. For 2016 there was an unfavourable variance of \$2.8M for Paid Duty officer salaries. However, this unfavourable variance was directly offset by a favourable recovery, as outlined in the “Revenue” section of this report.

In anticipation of the transformational review, the Service significantly reduced civilian hiring as well. Savings from not filling vacancies that existed prior to the moratorium and new vacancies amounted to \$4.8M. However, due to workload pressures and the critical nature of work performed in units with significant vacancies, the Service had to utilize premium pay to complete work and other activities that must be performed.

Impacts of Civilian Hiring Moratorium:

A temporary hold on civilian vacancies is appropriate and necessary in some areas, in order to achieve the planned transformational changes, and the right sizing of the organization that will result.

However, it is important to note that not filling some civilian position vacancies is not realistic or practical, and has and will expose the Service to significant risk, in terms of errors, reduced service levels and non-compliance with procedures and legislation.

It also puts significant pressure and stress on the remaining staff who must continue to perform all required work that is not part of the transformation exercise, but an operational requirement for the Service. Some key position vacancies must therefore be filled.

Investment in some skilled civilian positions must also occur, as transformed functions, re-

engineered business processes, and strategies are rolled out. In addition, filling key vacancies that support and enable Service/Board priorities, including some of the recommendations in the Transformational Task Force (T.T.F.) final report, are an important investment and critical to successfully achieving the overall goal of a modern, professional and sustainable police service.

Consequently, a full civilian hiring freeze over a three year period is simply not sustainable, as services must continue to be provided while the Service is modernizing. It is also not cost-effective in some cases, as it forces management to utilize overtime (premium pay) or hire temporary contractors to fill the gaps to enable the continuation of key services.

Premium Pay:

Premium pay was overspent by \$2.9M.

Expenditure Category	2016 Budget (\$Ms)	Projected Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Court	\$10.4	\$10.9	(\$0.5)
Overtime	\$6.4	\$6.4	\$0.0
Callback	\$9.7	\$10.0	(\$0.3)
Lieu Time Cash Payment	\$17.7	\$19.8	(\$2.1)
Total Premium Pay	\$44.2	\$47.1	(\$2.9)

Additional premium pay was incurred as units continually addressed critical workload issues resulting from a significant number of civilian staff vacancies across the Service. Civilian overtime and call-backs are authorized where required to ensure deadlines are met and key service levels are maintained and risks are mitigated. As a result of reduced staffing levels, the unfavourable premium pay variance for civilian premium pay was \$2.1M, which has been more than offset by a corresponding savings in civilian salary costs. However, as previously noted, the ability for existing staff to continue working significant overtime to meet workload and other requirements, is creating anxiety and putting stress on some individuals and is therefore not sustainable from an additional work and wellness perspective.

The Service continues to strictly monitor and control premium pay. Uniform overtime is authorized by supervisory personnel based on activities for protection of life (i.e., where persons are at risk), protection of property, processing of arrested persons, priority calls for service (i.e., where it would be inappropriate to wait for the relieving shift), and case preparation (where overtime is required to ensure court documentation is completed within required time limits). There are situations where more premium pay than expected was incurred. For example, the Service incurred \$0.8M in overtime and call back costs as a result of enhanced policing required for the N.B.A. All-Star game.

Benefits:

Benefits were underspent by \$8.1M.

Expenditure Category	2016 Budget (\$Ms)	Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Medical / Dental	\$42.6	\$42.8	(\$0.2)
O.M.E.R.S. / C.P.P. / E.I. / E.H.T.	\$132.0	\$130.0	\$2.0
Sick Pay /C.S.B./L.T.D.	\$18.6	\$12.4	\$6.2
Other (e.g., W.S.I.B., life insurance)	\$13.6	\$13.5	\$0.1
Total Benefits	\$206.8	\$198.7	\$8.1

Medical / Dental benefits came in slightly unfavourable variance with a variance of \$0.2M. Favourable variances totaling \$2.0M in the OMERS/C.P.P./E.I./E.H.T. category are mainly a result of reduced staffing levels.

The favourable variance in the Sick Pay and Central Sick Bank (C.S.B.) accounts were offset by reduced draws from reserves. This is discussed in the “Contributions to / (Draws from) Reserves” section of this report.

Materials and Equipment:

Expenditures in this category reflect a favourable variance of \$1.8M.

Expenditure Category	2016 Budget (\$Ms)	Projected Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Vehicles (gas, parts)	\$10.6	\$9.8	\$0.8
Uniforms	\$3.5	\$2.8	\$0.7
Other Materials	\$4.5	\$4.5	\$0.0
Other Equipment	\$4.4	\$4.1	\$0.3
Total Materials & Equipment	\$23.0	\$21.2	\$1.8

Most of the savings in the Vehicles category was as a result of reduced consumption of gasoline, a portion of which resulted in reduced revenue from the City as the Service purchases gasoline on behalf of Toronto Paramedic Services and their usage was down compared to budget as well. The favourable variance in the uniforms category arose as a result of outfitting costs saved due to reduced uniform hiring. Savings in the other equipment categories were made up of numerous savings achieved as a result of the Service’s initiative to reduce spending where operationally feasible.

Services:

Expenditures in this category were underspent by \$4.6M.

Expenditure Category	2016 Budget (\$Ms)	Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Legal Indemnification	\$2.6	\$2.1	\$0.5
Uniform Cleaning Contract	\$1.2	\$1.1	\$0.1
Courses / Conferences	\$2.1	\$1.8	\$0.3
Clothing Reimbursement	\$1.5	\$1.5	\$0.0
Computer / Systems Maintenance	\$16.5	\$15.8	\$0.7
Phones / cell phones / 911	\$4.9	\$4.7	\$0.2
Caretaking / maintenance utilities	\$19.5	\$19.6	(\$0.1)
Other Services	\$17.8	\$14.9	\$2.9
Total Services	\$66.1	\$61.5	\$4.6

The savings in Legal Indemnification was offset by reduced draws from reserves, discussed later in this report. The favourable variance in course/conferences is a result of action taken by the Service in an effort to reduce expenditures wherever possible. The favourable variance in Computer / Systems Maintenance was a result of contracts coming in at lower than estimated prices.

The Service experienced a \$2.9M favourable variance in Other Services as a result of savings in related hiring costs (e.g. psychological screening, medical assessments) due to reduced uniform hiring, and lower expenditures in other accounts.

Contributions to / (Draws from) Reserves:

The final variance for this category is \$12.9M unfavourable.

Reserves Category	2016 Budget (\$Ms)	Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Contribution to Reserves	\$35.6	\$35.6	\$0.0
Draws from Reserves	(\$23.7)	(\$10.8)	(\$12.9)
Contributions to / (Draws from) Reserves	\$11.9	\$24.8	(\$12.9)

As part of the annual operating budget process, the Board and Council approve contributions to and expenditures from reserves, as included in the net operating budget request. The various reserves are established to provide funding for anticipated expenditures to be incurred by the Service, and to avoid large swings in costs from year to year. The Service contributes and/or

draws from the following reserves: City Sick Pay Gratuity; City Insurance; Vehicle and Equipment; Central Sick; Post-Retirement Health; Legal; and City Tax Stabilization.

The adequacy of reserves is reviewed annually, based on the Service's estimated spending and asset replacement strategies. Contributions are made and expensed to the operating budget accordingly. The Service works closely with City Finance staff to ensure that assumptions are reasonable and justifiable.

In 2016, the Service made all required contributions to its reserves. However, the above unfavourable variance was a result of not fully drawing from the reserve funding sources, given the need to balance funding for the current year with the need to help sustain the future health of the reserves. Of particular note, as outlined below, are the actions taken regarding the Central Sick Bank, Post-Retirement Health and City Tax Stabilization reserves.

The Central Sick Bank (C.S.B.) Reserve funds salaries for staff that have exhausted regular sick time and are on long-term sick leave. The Service funds C.S.B. expenditures through this reserve. During the budget process, the Service has been attempting to bring the budgeted reserve contribution to sustainable levels. In order to restore the financial sustainability of this reserve, the Service did not make any draws during the year, resulting in an unfavourable revenue variance of \$3.7M.

The Post-Retirement Health Reserve funds benefit payments, as negotiated by the Board, to current and future retirees from ages 65 to 75. As the cost of this benefit is projected to increase significantly in the coming years, the Service did not make any draws from this reserve during 2016, resulting in an unfavourable revenue variance of \$0.6M. This allows the Service to begin to establish adequate funds in this reserve.

As the Service is reporting a year-end surplus, a draw was also not made from the City's Tax Stabilization Reserve that was budgeted to offset onetime leap year costs. This resulted in a \$1.9M unfavourable revenue variance.

The above approach of not fully drawing from reserves was discussed with the Deputy City Manager/Chief Financial Officer, who agreed that the methodology was sound, given the need to balance funding for the current year with the future health of the reserves and taking into account the financial position of the Service and the City.

In addition, full draws to budget were not required for Sick Pay Gratuity, Central Sick Bank and Legal, as the associated expenses were favourable. Not drawing to budget resulted in a further unfavorable revenue variance of \$6.7M in this category. However, since the associated expense was favourable by the exact same amount, the net overall impact was zero.

Revenue:

Revenues were \$7.1M favourable.

Revenue Category	2016 Budget (\$Ms)	Year-End Actual (\$Ms)	Fav / (Unfav) (\$Ms)
Recoveries from City	(\$10.9)	(\$11.3)	\$0.4
C.P.P. and Safer Community grants	(\$14.9)	(\$11.0)	(\$3.9)
Other Government grants	(\$38.0)	(\$38.2)	\$0.2
Fees (e.g., paid duty, alarms, reference checks.)	(\$12.5)	(\$13.4)	\$0.9
Secondments	(\$2.6)	(\$2.5)	(\$0.1)
Other Revenues (e.g., prisoner return)	(\$7.1)	(\$13.9)	\$6.8
Paid Duty - Officer Portion	(\$24.7)	(\$27.5)	\$2.8
Total Revenues	(\$110.7)	(\$117.8)	\$7.1

The Community Policing Partnership (C.P.P.) and 1,000 Officers - Safer Communities grants are tied to staffing levels. The original grant revenue budget assumed class sizes that would maintain staffing levels close to the grant threshold outlined in the agreement between the Board and Province. However, in order to start the process towards future cost containment, the Service made a decision in the first quarter of 2016 to not hire beyond the 15 recruits already committed to in the April 2016 class. As a result, uniform staffing levels went below the required provincial threshold, which resulted in lower grant revenue and an unfavourable variance of \$3.9M from the 1,000 Officers - Safer Communities Grant.

The favourable variance in recoveries from the City consists of various offsetting items such as recoveries for premium pay for attendance at Provincial Offences Act courts and recoveries for the joint radio system incurred by the Service on behalf of Toronto Paramedic Services and Toronto Fire Services, as part of the shared communications system operated and maintained by the Service.

The favourable variance in fees is mainly a result of increased recoveries for criminal reference checks and clearance fees.

The \$6.8M favourable variance in Other Revenues is primarily comprised of the following one-time revenues, resulting from liabilities no longer required:

- \$2.9M favourable amount as a result of the Service taking into income the remaining liability for Pay Equity issues. In 2002, a file was opened with the Ontario Pay Equity office as a result of a complaint related to legislative changes requiring employers to self-manage pay equity plans. At the time, a liability was established to cover potential grievance and other costs while compliance requirements were evaluated and implemented. Recently, it was confirmed that this file has been closed, as the Service is in full compliance with the legislation. Since there are no outstanding obligations for the

Service, the remaining liability was brought into income.

- \$1.9M as a result of the Service taking into income the allowance for doubtful accounts established at the 2015 year end related to the outstanding receivable for the PanAm Games costs. The outstanding amounts owing have now been settled and the remaining allowance can be brought into income.

The favourable variance in the Paid Duty Officer Portion results in a net zero overall variance, as it directly offsets salaries paid to officers performing paid duties.

Increased Reserve Contributions:

As explained to the Board when the Service presented its 2017 Operating Budget Request (Min. No. P242/16 refers), the Service works with City Finance to review required spending and the adequacy of reserves. Based on the Service's estimated spending and replacement strategies, the Vehicle and Equipment Reserve will fall into a deficit position by 2019, unless significant additional contributions are made to the Service's base budget in future years. As a result, in order to help ensure adequate funds in the reserve, it is recommended that the Board request the City's Deputy City Manager and Chief Financial Officer to allocate an additional \$2.5M contribution to the Service's Vehicle and Equipment Reserve from the City's 2016 year-end operating budget surplus, to which the Service contributed \$9.5M from its year-end surplus. The Deputy City Manager/Chief Financial Officer supports this additional allocation to the Vehicle and Equipment Reserve.

Establishment of a Modernization Reserve for T.T.F. Requirements:

In February 2016, the T.T.F. began work on a vision to modernize the Service. The final T.T.F. report, which was approved by the Board at its February 2017 meeting (Min. No. P19/17 refers), includes recommendations that will change how police services are organized and delivered.

In 2016, necessary costs were incurred for T.T.F. related activities. These costs were funded from the Board's special fund, as well as the Service's 2016 operating and capital budgets, depending on the nature of the expenditure.

The Service's preliminary 2017 operating budget request included a \$3.5M contribution to a new Modernization Reserve which would be established to help cover one-time costs for the implementation of the T.T.F. initiatives. These costs include items such as: project management services; technological, financial and procurement expertise at various stages of implementation; feasibility and due diligence studies; and any initial investments for changes in programs.

However, in order to achieve a zero budget increase in 2017, the final budget submission was based on the assumption that the Service would be able to contribute \$3.5M of its 2016 operating budget surplus to the modernization reserve.

The Service is therefore requesting that the Board request City Council to approve the establishment of a Modernization Reserve, and request the City's Deputy City Manager and Chief Financial Officer to allocate an initial \$3.5M contribution from the City's 2016 year-end operating budget surplus. This approach is supported by the Deputy City Manager/Chief Financial Officer.

Conclusion:

The 2016 year-end surplus is \$9.5M, which includes taking \$4.8M of liabilities that are no longer required, into income.

This surplus will be returned to the City and will therefore be part of the City's overall 2016 surplus.

However, recommendations have been made in this report to utilize \$6.0M of the City's 2016 surplus, as follows:

- \$2.5M to the Vehicle and Equipment Reserve so it can meet future asset replacement requirements; and
- \$3.5M to a new Modernization Reserve to help fund T.T.F. requirements.

The foregoing strategies helped take pressure off of the approved 2017 budget request, and enabled the Service to achieve a final approved budget of slightly under a 0% increase over 2016.

If the recommendations are approved, the Service's final year end surplus of \$9.5M will effectively result in a net contribution of \$3.5M towards the City's 2016 year-end operating budget surplus - \$9.5M surplus less the \$6M to be allocated by the City towards the Service's reserves.

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

Respectfully submitted,

Mark Saunders, O.O.M.
Chief of Police

AC

Filename: service_201712_operating_variance_bm201704.docx