



Toronto 2016 BUDGET

OPERATING PROGRAM SUMMARY



Toronto Police Service

2016 OPERATING BUDGET OVERVIEW

Toronto Police Service delivers police services, in partnership with our communities, to keep Toronto the best, safest place to be.

2016 Budget Highlights

The total cost to deliver these services to Toronto residents is \$1,131.1 million gross and \$1,003.5 million net as shown below.

(in \$000's)	2015 Approved	2016 Rec'd Budget	Change	
			\$	%
Gross Expenditures	1,172,317.0	1,130,929.0	(41,388.0)	(3.5%)
Gross Revenues	192,654.1	127,463.9	(65,190.2)	(33.8%)
Net Expenditures	979,662.9	1,003,465.08	23,802.2	2.4%

Toronto Police Service continues to face significant budget pressures in 2016 resulting from collective bargaining costs and a reduction in grant funding.

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Fast Facts

- Average deployed uniform officer strength of 5,235 as compared to an establishment officer strength of 5,440 for 2016.
- Calls to Communications – approximately 1.9 million annually.
- Calls for service – approximately 1.4 million annually.
- Total officer hours spent on calls – approximately 1.5 million hours annually.
- Average officer time on each event – 140.8 minutes (ranging from 15 minutes on a parking issue to over 6,700 minutes on a shooting).

Trends

- The Service has seen an overall increase in, major crime of 3% based on September 2015 year-to-date statistics as compared to 2014.
- Increases have been seen in assault, theft over and shooting incidences.
- Decreases are seen in murder and auto theft offences.
- The Service has issued 72,988 Provincial Offences Act Cautions (i.e. traffic warnings) based on year-to-date September 15 statistics, (up from 42,628 warnings as compared to 2014).

Our Service Deliverables for 2016

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

The 2016 Operating Budget will:

- Maintain an average deployed uniform strength of 5,235 officers.
- Deliver adequate and effective police services in partnership with our communities, by:
 - ✓ Responding to calls.
 - ✓ Performing investigative activities, particularly those related to cybercrime.
 - ✓ Being involved in and ensuring the safety of community initiatives or events.
 - ✓ Addressing community safety issues, particularly those related to pedestrian and traffic safety and police interactions with individuals experiencing mental illness.
- Focus on the Board and Service Priorities, which include:
 - ✓ Safe communities and neighbourhoods.
 - ✓ Economic sustainability and operational excellence.
 - ✓ High quality, professional service to the community.
- Continue to provide security for 263 Provincial courtrooms within the City.

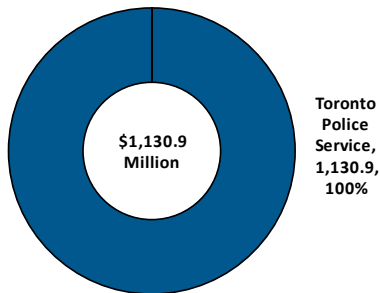
Major Crime Indicators - as at September 30th

Offence	2013		2014		2015	
	Total	% Chg	Total	% Chg	Total	% Chg
Murder	47	-13%	41	-7%	38	
Sex Assault	1,584	4%	1,650	7%	1,761	
Assault	12,072	1%	12,191	8%	13,182	
Robbery	3,149	-13%	2,732	-6%	2,578	
Break and Enter	5,256	1%	5,320	-5%	5,071	
Auto Theft	2,332	12%	2,609	-5%	2,486	
Theft Over	753	-6%	711	8%	771	
Shooting Incidents	165	-15%	140	34%	187	
Total	25,358	0%	25,394	3%	26,074	

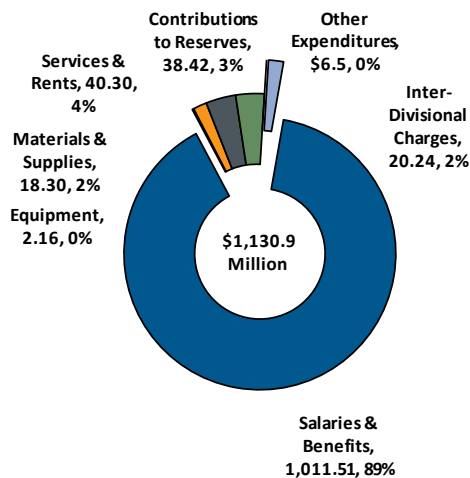
2016 Operating Budget Expenses & Funding

Where the money goes:

2016 Budget by Service

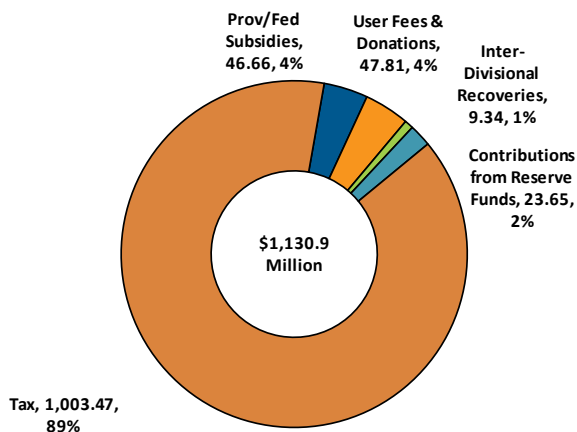


2016 Budget by Expenditure Category



Where the money comes from:

2016 Budget by Funding Source



Our Key Issues & Priority Actions

- Rising cost of policing due to pressures from collective agreements and increased benefit requirements.
 - ✓ Review of approaches to policing models.
 - ✓ Scrutiny of established costs.
 - ✓ Implementing continuous improvement initiatives.
 - ✓ Automation and innovation, such as the new operational system (Versadex), on-line reporting of certain crimes and the Paid Duty Management System.
- Toronto's diverse population with different cultural perspectives, requires that officers be aware of different cultures and sensitivities.
 - ✓ Recruitment for diversity and new hiring initiatives.
 - ✓ Police and community relationship building, including re-framing contacts with the public.

2016 Operating Budget Highlights

- The 2016 Operating Budget of \$1.131.4 million gross and \$1,003.7 million net provides funding for the Toronto Police Service.
- As a result of budget pressures and a reduction in grant funding, three new recruit classes are planned in 2016 for 140 recruits, as compared to 2015 which had a planned total of 260 recruits.
- Funding for the 2016 civilian establishment is based on a gapping rate of 6.5% as compared to the historical gapping level of 4.9%, (with 2015 gapping budgeted at 7.4%)
- The Toronto Anti-Violence Initiative Strategy (TAVIS) provincial grant will not be available in 2016 resulting in a funding reduction of \$5.000 million and a reduction of thirty positions.
- Any further reductions in officer strength will result in additional lost grant funding.

Council Approved Budget

City Council approved the following recommendations:

1. City Council approve the 2016 Operating Budget for Toronto Police Service of \$1,131.149 million gross, \$1,003.465 million net for the following service:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Police Service:	1,131,149.0	1,003,685.1
Total Program Budget	1,131,149.0	1,003,465.1

2. City Council confirm Toronto Police Service uniform establishment of 5,440.0 officers and a civilian establishment of 2,230.0 that was approved by the Toronto Police Services Board.
3. The Toronto Police Services Board work with City staff to establish service standards and service levels for the Toronto Police Service, as previously requested by City Council, in time for the 2017 Budget process.



Part I:

2016 – 2018

Service Overview and
Plan

Program Map

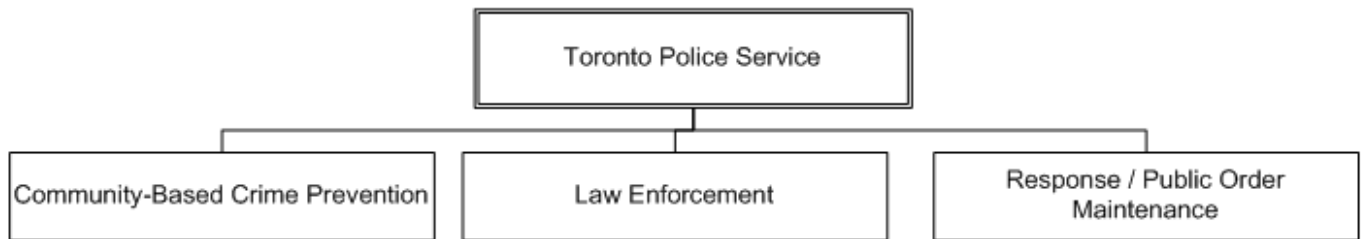


Table 1
2016 Operating Budget and Plan by Service

(In \$000s)	2015		2016 Operating Budget				2016 Rec.d vs. 2015 Budget Approved		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget	Changes		2017		2018		
	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%	
Toronto Police Service												
Gross Expenditures	1,172,317.0		1,130,929.0	-	1,130,929.0	(41,388.0)	(3.5%)	33,364.0	3.0%	32,953.6	2.8%	
Revenue	192,654.1		127,463.9	-	127,463.9	(65,190.2)	(33.8%)	6,534.0	5.1%	6,292.3	4.7%	
Net Expenditures	979,662.9	-	1,003,465.1	-	1,003,465.1	23,802.2	2.4%	26,830.0	2.7%	26,661.3	2.6%	
Total												
Gross Expenditures	1,172,317.0	-	1,130,929.0	-	1,130,929.0	(41,388.0)	(3.5%)	33,364.0	3.0%	32,953.6	2.8%	
Revenue	192,654.1	-	127,463.9	-	127,463.9	(65,190.2)	(33.8%)	6,534.0	5.1%	6,292.3	4.7%	
Total Net Expenditures	979,662.9	-	1,003,465.1	-	1,003,465.1	23,802.2	2.4%	26,830.0	2.7%	26,661.3	2.6%	
Approved Positions	7,883.0		7,881.0	-	7,881.0	(2.0)	(0.0%)	-		-		

The Toronto Police Service’s 2016 Operating Budget is \$1,130.929 million gross and \$1,003.465 million net, representing a \$23,802.2 million or 2.4% increase to the 2015 Approved Net Operating Budget and is not line with the reduction target of a 1% decrease, as set out in the 2016 Operating Budget Directions and Guidelines.

- The 2016 Operating Budget does not include any service changes or new and enhanced service priorities.
- The 2016 Operating Budget will result in Toronto Police Service reducing its total staff complement by 2.0 positions from 7,883.0 to 7,881.0.
- The 2016 and 2017 Plan increases are primarily attributable to cost of living increases.
- There is no collective agreement in place for the Senior Officer Organization which expired on December 31, 2014. No funding is included in the 2016 Operating Budget and the City will make an estimated provision in its corporate accounts until a settlement is reached.

**Table 2
Key Cost Drivers**

Gross Expenditure Changes:	
Prior Year Impacts	
Hiring Strategy:	
Annualized Impact - Last Year's Separations	(7,132.2)
Annualized Impact - Last Year's Replacements	3,063.4
Annualized Impact of Previous Year's Reclassification Costs	4,532.1
Annualization of Civilian Hiring Strategy	2,361.6
	2,824.9
PanAm:	
2015 PanAm Expenditure Reversal	(64,944.2)
2015 PanAm Revenue Reversal	64,944.2
	-
	-
Total Prior Year Impacts	2,824.9
Salary Settlement Impact	21,160.5
Operating Impacts of Capital	-
Economic Factors	
Statutory Payroll Deductions & Benefit Increases	5,125.8
COLA and Progression Pay	
Part-Year Current Year Reclassifications	3,706.8
Other Base Changes	
Impact of Current Year Separations and Hires	(5,894.1)
Premium Pay (TAVIS Grant Reduction)	(1,004.3)
Premium Pay (POA Off-Duty Attendance Reduction)	(440.0)
Movement Towards Historical Gapping Levels	1,250.0
Increased Reserve Contributions	-
Leap Year Costs	1,900.0
Legal Costs	2,010.0
Computer Maintenance	1,084.8
Computer Hardware/Software	(622.3)
Contracted Services	(498.6)
Gasoline	445.7
Gasoline Hedging	(800.0)
Other Net Expenditures (uniforms, equipment, telephones, etc.)	195.0
Total Other Base Changes	(2,373.8)
Additional Council Directed Reductions	(3,220.0)
Total Expenditure Changes	27,224.2
Revenue Changes	
Grant Reduction Resulting From Hiring Strategy	2,135.8
Provincial Funding For Court Services	(7,037.0)
Changes to Reserve Draws (Off-Set Expenditures)	(2,034.7)
Changes to Other Fees	(223.6)
Loss of TAVIS	5,000.0
Leap Year Recovery From Tax Stabilization Reserve	(1,900.0)
Loss of POA Revenue	440.0
Revenue Recovery from PanAm 2015	1,613.2
Miscellaneous Revenue	(1,415.7)
Total Revenue Changes	(3,422.0)
Net Expenditure Change	23,802.2

Key cost drivers for the Toronto Police Service are discussed below:

- The impact of the salary settlement with the Toronto Police Association amounts to \$21.161 million for 2016.
- Prior year impacts resulting from 2015 separations, replacements and reclassifications as well as the expiration of one-time PanAm funding total \$2.285 million.

- Statutory payroll deductions and benefit increases amount to \$5.125 million, (the Service is working with its group benefits administrator to analyze and better understand the reasons for this increase so as to determine any action possible to mitigate this increase).
- COLA and progression pay amounts of \$3.707 million.
- Other Base Changes:
 - The impact of current year's hires and separations amounts to a decrease of \$5.894 million.
 - An increase of \$2.010 million for legal costs, (the Board has taken steps to mitigate this budget pressure, (see pg.20).
 - A reduction in premium pay of \$1.004 million arising from the loss of the provincial TAVIS grant.
 - The hiring movement towards historical gapping levels for civilian staff amounts to a \$1.250 million increase
 - Gasoline hedging contracts result in a savings of \$0.800 million.
- At its meeting on February 17, 2016, City Council approved the following additional reductions totaling \$3.220 million:
 - A reduction to discretionary expenditures, including but not limited to business travel; conferences, consulting contracts; purchase of equipment, furniture, supplies advertising, promotion and production of materials except where it is critically required for service delivery in the amount of \$3.000 million.
 - To achieve this reduction, discretionary expenditures were reduced by \$0.200 million, (conferences, training and office supplies), with the remaining \$2.800 million consisting of a reduction to the Vehicle and Equipment Reserve contribution (see pgs. 20-22).
 - A reduction of \$0.220 million gross and net, with the funds to be directed to the Youth Development Unit for the purposes of the Focus Toronto Crime Prevention Program as part of the implementation of the Toronto Youth Equity Strategy, and that City Council direct Social Development Finance and Administration to work in coordination with the Toronto Community Housing Corporation on the implementation of such programs.
- Revenue Changes:
 - The provincial TAVIS grant will not be available in 2016 resulting in a revenue reduction of \$5.000 million.
 - A further reduction of \$2.136 million funding from the province for the Canadian Policing Partnership and Safer Communities grants, both of which are tied to uniformed officer strength.
 - The continued uploading of Court Services costs will result in additional revenue of \$7.037 million.

- Leap year costs of \$1.900 million will be funded from the City's Tax Rate Stabilization Reserve, given that it is a one-time expense.
- To help mitigate the 2016 Budget pressures, the Service was able to achieve savings through:
 - Staffing at an average deployed uniform officer strength of 5,235 in 2016 as compared to an average deployed officer strength of 5,260 in 2015.
 - The hiring of uniform officers only to replace the number of officers that will separate from the Service.
 - The Service has pursued shared service opportunities with other Police Services in Ontario to reduce the cost of procuring supplies and equipment through effective contract management.
 - Reducing new recruit class sizes.
 - On-going civilianization initiatives.
- In summary, the \$24,022.2 million or 2.8% increase is attributable to the following:
 - Collective agreement impact of \$21,160.1 million or 2.2%.
 - Loss of provincial TAVIS grant of \$5,000.0 million or 0.5%.
 - Other net expenditure decreases (\$2,137.9) million or -0.2%.

**Table 5
2017 and 2018 Plan by Program**

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
Salary Related	17,746.9		17,746.9	1.8%		18,190.4		18,190.4	1.8%	
Employment Benefits	3,398.1		3,398.1	0.3%		3,693.3		3,693.3	0.4%	
Economic Factors										
Other Expenditure Changes	4,559.8		4,559.8	0.5%		4,540.6		4,540.6	0.4%	
Revenue										
Provincial Upload of Court Security Costs		6,292.3	(6,292.3)	(0.6%)			6,292.3	(6,292.3)	(0.6%)	
Miscellaneous Revenues		241.7	(241.7)	(0.0%)						
Sub-Total	25,704.8	6,534.0	19,170.8	1.9%		26,424.3	6,292.3	20,132.0	1.9%	
Anticipated Impacts:										
Other										
Increased Contribution to Reserve Funds	6,200.0		6,200.0	0.6%		4,600.0		4,600.0	0.4%	
Hiring Impact of civilianization, separations, etc.	1,459.2		1,459.2	0.1%		1,929.3		1,929.3	0.2%	
Sub-Total	7,659.2		7,659.2	0.8%		6,529.3		6,529.3	0.6%	
Total Incremental Impact	33,364.0	6,534.0	26,830.0	2.7%		32,953.6	6,292.3	26,661.3	2.6%	

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Salary and benefit increase arising from the last collective agreement total \$21.145 million in 2017 and \$21.884 million in 2018.
- The continued provincial upload of court security costs will result in additional revenue of \$6.292 million in 2017 and \$6.292 million in 2018, with 2018 being the final year of the provincial uploading of court security costs.

Anticipated Impacts:

- Increased contributions to reserve funds are projected to be \$6.200 million in 2017 and \$4.600 million in 2018.
- The staffing impact resulting from the hiring strategy is projected to result in an increase of \$1.459 million in 2017 and an increase of \$1.929 million in 2018.
- The 2017 and 2018 plan is subject to change once the Senior Office Organization collective agreement is in place.



Part II:

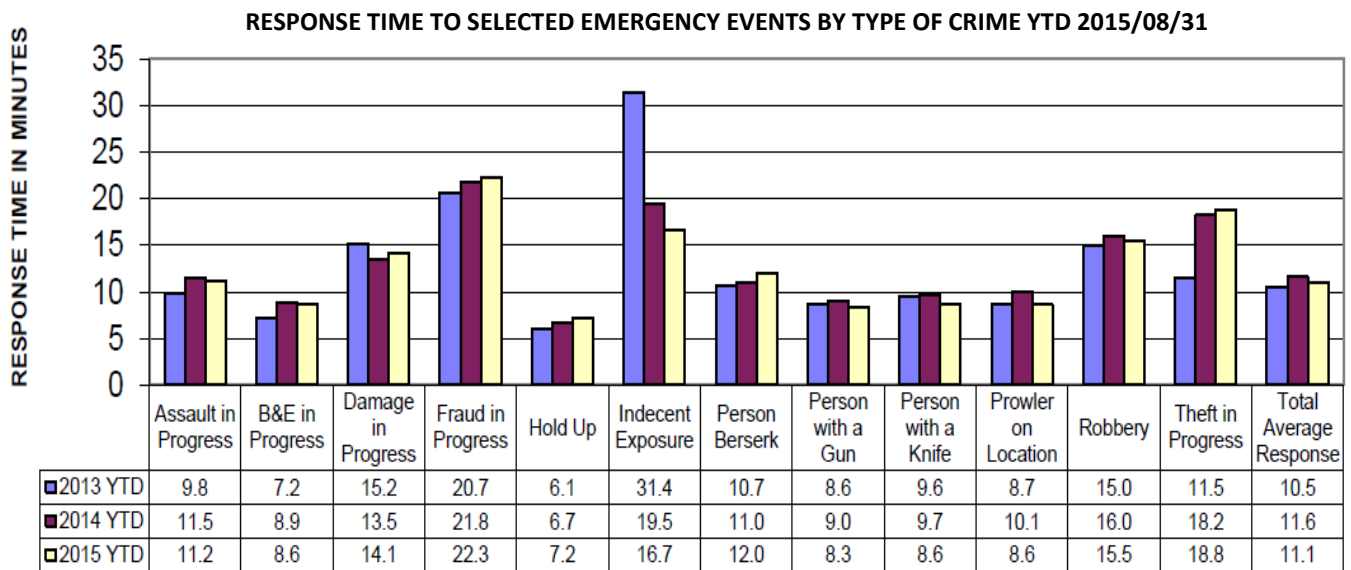
2016 Budget by
Service

Toronto Police Service



What We Do

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



(YTD reflects statistics as at August 31, for the years 2013, 2014 and 2015)

- Average response times for emergency events including robbery, person with a gun and assault in progress were down based on year-to-date August 2015 statistics as compared to year-to-date August 2014 statistics.

Service Performance

Output Measure – Average Time per Event

Average Time (Minutes) per CAD Event	1999	2005	2009	2014
Average Time per Event - All	97.5	165.8	180.2	194.9
Average Time per Event - Domestic	173.8	282.6	319.1	338.0
Average Time per Event - Shootings	1,858.6	4,021.4	4,113.6	6,707.3

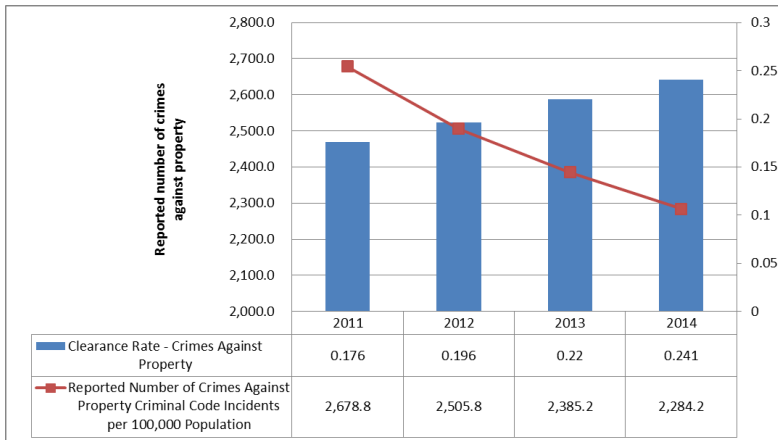
- The average time per event has increased over the years for all events.
- Shooting and domestic events have risen substantially over the last several years.
- Increase in time spent on calls due to:
 - Additional evidence being collected (video, witness statements, etc.).
 - Waiting times at hospitals.
 - Increased time taken to complete related documentation.
 - Increased proportion of officers in early career.
 - Public expectations for officers to take additional time while on scene.

Effectiveness Measure – Major Crime Indicators

Offence	YTD - 2015-09-30		
	2014	2015	%Chg
Murder	41	38	-7%
Sex Assault	1,650	1,761	7%
Assault	12,191	13,182	8%
Robbery	2,732	2,578	-6%
Break and Enter	5,320	5,071	-5%
Auto Theft	2,609	2,486	-5%
Theft Over	711	771	8%
Shooting Events	140	187	34%
Total	25,394	26,074	3%

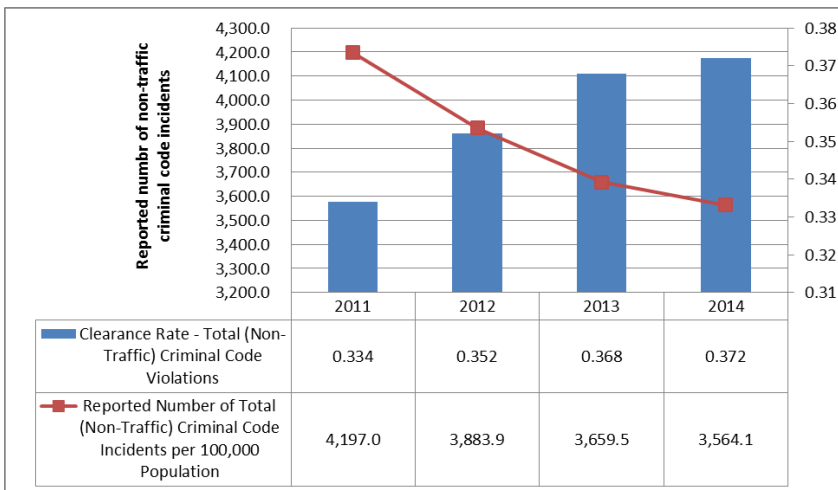
- Overall, major crime has increased by 3% based on year-to-date September 2015 statistics as compared to 2014.
- Major crime indicators are used to measure how safe a city is, which impacts the quality of life, economic development and tourism in a city.
- Toronto is one of the safest cities in North 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.

Efficiency Measure – Clearance Rates for Crimes Against Property



- The clearance rates for crimes against property has consistently increased for the period 2011 – 2014.
- The reported number of crimes against property also consistently decreased for the period 2011 – 2014.

Efficiency Measure – Clearance Rates for Non-Traffic Criminal Code Violations



- The clearance rates for non-traffic criminal code violations has consistently decreased for the period 2011 – 2014.
- The reported number of non-traffic criminal code violations also consistently decreased for the period 2011 – 2014.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting the 2016 Budget

Toronto Police Services Board Review of the 2016 Operating Budget

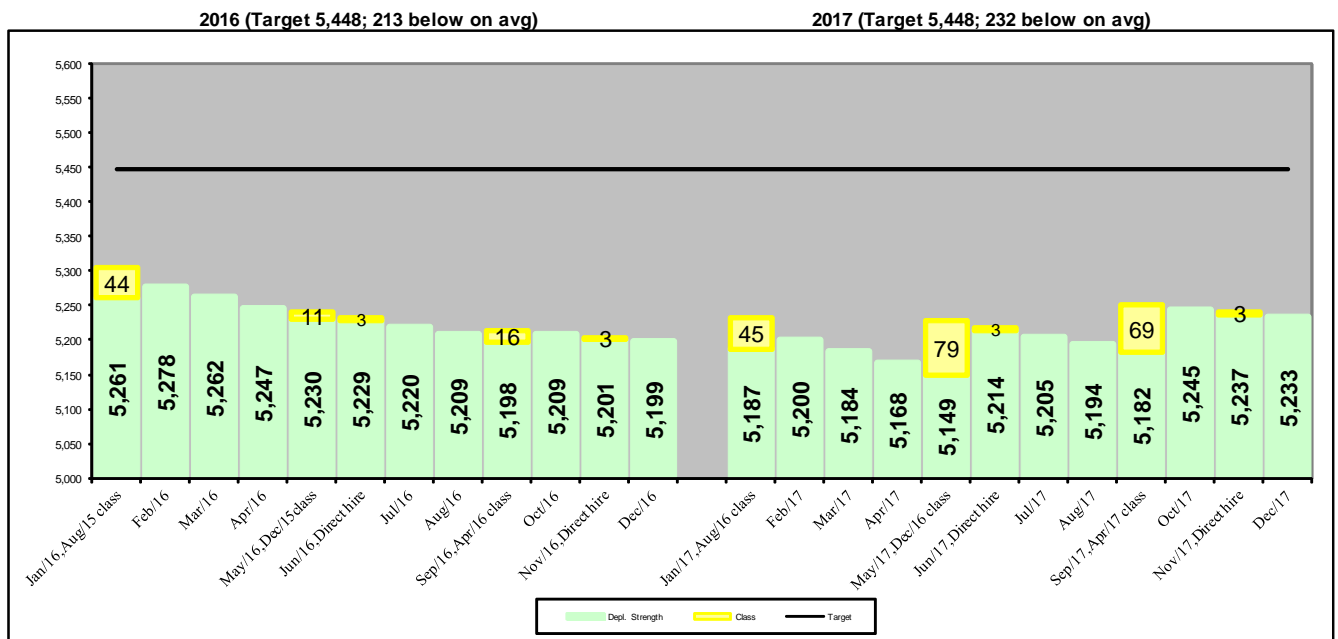
- The Service's original 2016 Operating Budget Submission in July 2015 was \$57.007 million or 5.9% over the 2015 Net Approved Operating Budget, (which is 6.9% over the target of a 1% decrease to the 2015 Approved Operating Budget).
- The Service's 2016 Council Approved Operating Budget is \$23.802 million or 2.4% over the 2015 Net Approved Operating Budget, (which is 3.5% over the target of a 1% decrease to the 2015 Approved Operating Budget) and amounts to a reduction of \$33.205 million from the original July 2015 Operating Budget Submission.
- The reduction of \$33.205 million is primarily attributable to changes in hiring strategy and discretionary expenditures (i.e. caretaking, uniforms etc.) totaling \$24.485 million, one-time items (the funding of Leap Year costs by City reserves and utilization of any available 2015 year-end surplus for contribution to the Service's reserves) totaling \$5.500 million, as well as a further Council approved reduction in discretionary expenditures of \$3.220 million.

Uniformed Officer Strength

- The 2016 Operating Budget is based on an Average Deployed Uniformed Officer Strength of 5,235 as compared to the 2015 Average Deployed Uniformed Officer strength of 5,260.
- The 2016 Budget Establishment Uniformed Office strength of 5,440 represents a reduction of 14 uniformed officers as a result of on-going civilianization initiatives, as compared to the 2015 Approved Budget Establishment Uniformed Officer strength of 5,454.
- The Establishment Uniformed Officer Strength is authorized by the Board, approved by City Council and represents the standard officer strength under ideal conditions.
- In order to meet budget targets, the Board has recommended. the three classes planned for 2016 total 140 recruits as compared to the 260 recruits planned in 2015.

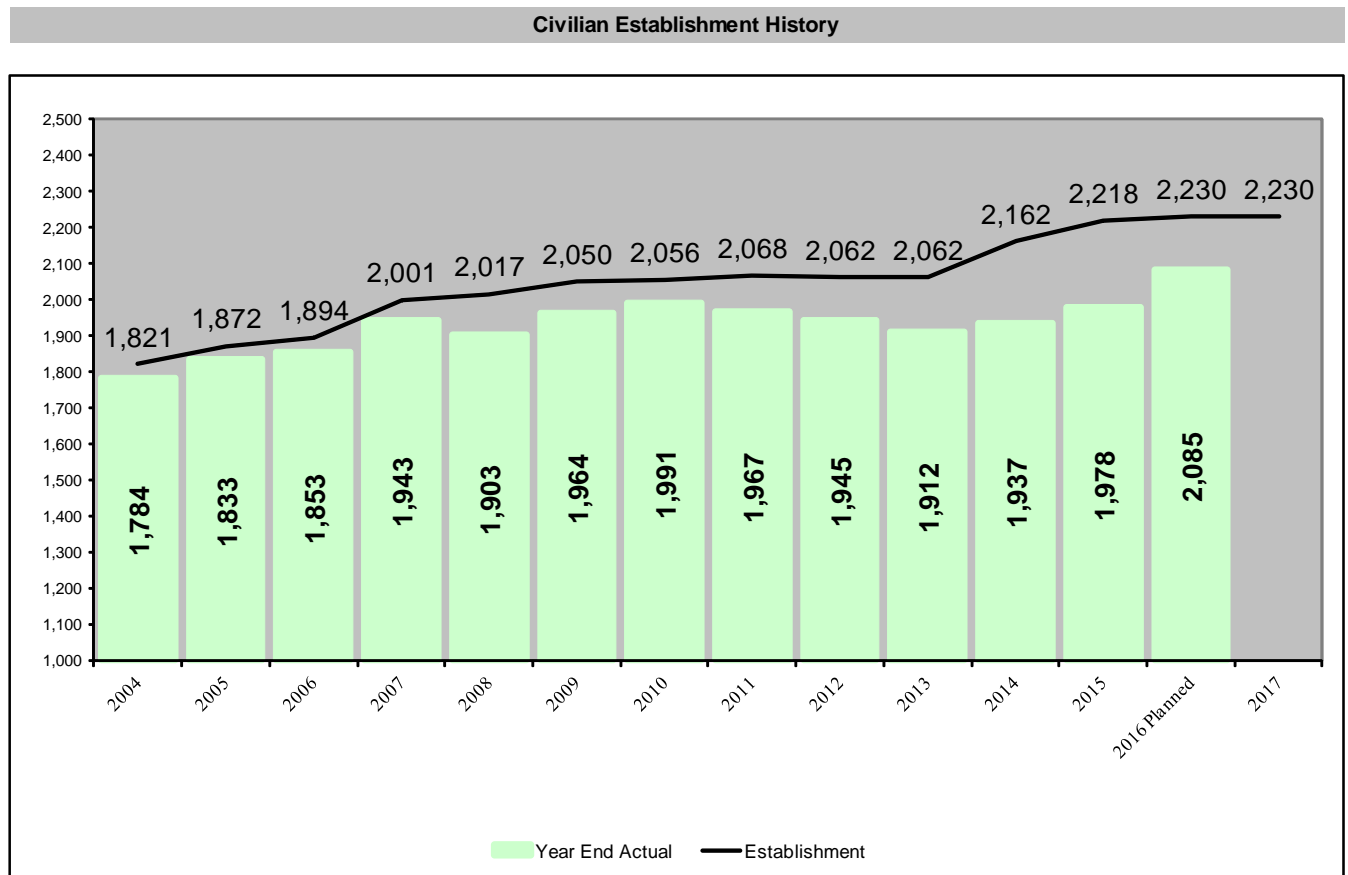
- The Service has taken the following actions to mitigate budget pressures:
 - Separation Assumptions – The annualized impact of the number of separations in 2015 assumed for 2016 results in a reduction of \$7.132 million. Savings from 2016 separations are \$8.929 million.
 - 2015 New Recruit Class Size – The December 2015 new recruit class size was reduced to 11 from a planned class size of 144.
 - New Recruit Class Sizes - Three new recruit classes are planned for 2016 with class sizes of 16 in April, 45 in August and 79 in December, as compared to the three new recruit classes planned for 2015 with class sizes of 42 in April, 74 in August and 144 in December, (subsequently reduced to 11).
 - The chart below outlines the Service's hiring strategy, (including anticipated class sizes, and direct hires):

Deployed Strength Projections, 2016 and 2017



Civilian Hiring Strategy

- Civilianization is a long-term Service strategy that will continue to review the authority and skills set required to perform roles and functions, with the goal of providing service delivery in the most efficient and cost effective way possible.
- As part of Toronto Police Service's on-going civilianization strategy, in 2016, 14 uniform positions have been civilianized and when combined with the deletion of 2 civilian positions, results in a budgeted 2016 civilian complement of 2,230.
- Civilian staffing levels are currently 240 positions below the establishment level. The 2016 Operating Budget is based on a civilian gapping rate of 6.5% as compared to the 2015 rate of 7.4%, resulting in a budget pressure of \$1.250 million, (with the historical gapping level being 4.9%).
- Due to operational requirements, court officer, communication officer and station duty office positions must be fully staffed and are not subject to gapping, which comprise over 40% of the civilian establishment of 2,230.
- The chart below outlines the increasing civilianization trend for providing service delivery:



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

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

- The upload of these costs is on track and the Service's share to be phased in over this seven year upload time frame is approximately \$44.000 million with a \$7.000 million increase budgeted for 2016.

Grant Funding

- Provincial Toronto Anti-Violence Initiative Strategy (TAVIS) Grant:
 - In 2012, the province announced secured, permanent funding for anti-violence intervention Programs.
 - This funding has assisted the Service in achieving the goals of reducing violence, increasing community safety and improving the quality of life for members of the community in Toronto.
 - This funding helped to cover costs of premium pay associated with TAVIS, School Resource Officers (30 partially funded positions), Rapid Response Team operational costs (supporting teams totaling 74 officers) and neighbourhood TAVIS initiatives.
 - This program had become an integral part of the delivery of policing services to the City of Toronto.

- This funding will not be available in 2016 resulting in a reduction of revenue of \$5.000 million to the Service and a reduction of 30 officers in the December 2015 class.
- Grants Tied to Staffing:
 - The Service receives two grants from the Ministry of Community Safety and Correctional Services (MCSCS) 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).
 - As the Service dips below the threshold number of uniform officers required to maintain this grant funding, the result is a reduction of \$2.136 million funding from the province for the Canadian Policing Partnership and Safer Communities grants for 2016.
 - Any further reduction to uniformed officer strength would result in an additional loss of grant funding.
- The Toronto Police Services Board Chair has written the Minister of Community Safety and Correctional Services seeking funding commitments regarding TAVIS and other provincial grants.
- It is anticipated that the MCSCS will provide further clarification on the status of this funding in June 2016.

Issues Impacting Future Year

Fiscal Sustainability – Reserve Funds Adequacy

- The Service contributes to various reserves through the operating budget to manage future costs at sustainable levels.
- 2016 Operating Budget reserve contributions have been reduced by \$2.800 million from the 2015 level of \$38.100 million, (with the entire \$2.800 million reduction being made to the Vehicle & Equipment Reserve, as part of the City Council approved additional reductions of \$3.220 million to the Toronto Police Services' Operating Budget, see pg.8).
- The anticipated 2016 budgeted level of reserve contributions does not support the anticipated level of future reserve draws.
- If available, any year-end surplus will be used to fund the Service's 2016 reserve fund requirements, with a targeted increase of \$2.100 million dollars over the 2015 level of contributions of \$38.100 million, amounting to \$40.2 million, (requiring a surplus allocation of \$4.900 million).
- For reserve funding levels to be sustainable, reserve contributions would need to be increased by \$5.600 million for 2016 as compared to the targeted increase of \$2.100 million.

- If available, the required surplus of \$4.900 million would be allocated to the following reserves:
 - Sick Pay Gratuity Reserve Fund, \$1.500 million increase for 2016:
 - The Sick Pay Gratuity reserve is managed by the City, to provide the Service with the annual contribution amount in order to match contributions with required payments/draws.
 - 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 phase in was extended to 2017.
 - Legal Liabilities Reserve, \$0.500 million increase for 2016:
 - This reserve has been established to fund on-going indemnification of Service members, as required by the Police Services Act, and other legal costs incurred by the Service.
 - During 2015, there has been a considerable focus and resources devoted to legal claims to clean up the longstanding backlog of unpaid files dating as far back as 2010. As a result, it is anticipated that the 2015 cost will be about \$6.2 million.
 - The Service is working collaboratively with the Toronto Police Association on a 12 month pilot that is currently underway to test a more efficient manner in which claims are processed once they have been submitted for payment.
 - In addition, to help mitigate the cost for these services, the Board has now capped the hourly rates legal firms can charge for these services.
 - Health Care Spending Reserve, \$0.100 million increase for 2016:
 - This reserve funds the post-retirement health care benefit negotiated in the collective agreements.
 - The 2016 contribution for this reserve is increasing by \$0.100 million. It is anticipated that this contribution will need to continue to increase at a modest level for several years in the future.
 - Vehicle & Equipment Reserve, \$2.800 million increase for 2016:
 - This reserve is used to fund the lifecycle replacement of the Service's 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.
- This increase, if made from any available surplus would restore this contribution to the same level as 2015.
- It should be noted that at the current level of contribution this reserve may be in a significant deficit starting in 2017.

Organizational Reviews and Overall Budget Impact:

- The Board is currently reviewing changes to the Service, presented in the following studies:
 - Toronto Police Service: Service Efficiency Study (KPMG) / Final Report to City Manager (October 26, 2011)
 - KPMG Review – Opportunities for the Future for the Board's Consideration/(December 17, 2015)
- Changes to the operations of the Service could significantly affect the 2017 and future year Operating Budgets.



Appendices:

Appendix 1

2015 Service Performance

2015 Key Service Accomplishments

In 2015, Toronto Police Service accomplished the following:

Pan Am and ParaPan Am Games

- ✓ Successful management of security at all venues.
- ✓ No major disruptions to Games or City or to delivery of policing services to other areas of City.
- ✓ Liaison with organizers resulted in minimal disruption from demonstrations.
- ✓ Officers complimented for being professional, helpful, friendly, and engaging with the community.

Cybercrime

- ✓ Continue to inform the public on issues such as phishing, identity theft, and Internet vulnerabilities using both traditional and social media (e.g. #Fraudchat, videos, booklets/pamphlets, etc.)
- ✓ Equip and staff the Computer Cyber Crime section of Intelligence Services at a level that ensures the Service's capacity to process computers and cell phones related to offences in an effective and timely manner.

Human Trafficking

- ✓ 7 month Sex Crimes Unit investigation – Project Guardian – ended in April 2015 with nine arrests on human trafficking and drug-related charges.
- ✓ Female victims ranged in age from 15 to 33 years old.

Customer Service Excellence initiative

- ✓ Providing tools to members (tips at a glance, phone etiquette suggestions, how to handle media calls) to help them to provide a good customer experience.
- ✓ Standardized twitter handles throughout the Service; increased social media activity.
- ✓ Officer assigned to respond to social media conversations in Toronto Police Operations Centre.

Appendix 2

2016 Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2014	2015	2015	2016	2016 Change from		Plan	
	Budget	Actual	Budget	Projected Actual *	Budget	2015 Approved Budget	%	2017	2018
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	966,566.3	966,120.8	1,028,821.7	1,033,042.9	1,011,506.7	(17,315.0)	(1.7%)	1,034,110.9	1,057,923.9
Materials and Supplies	21,101.2	19,273.2	19,807.6	19,642.3	18,298.4	(1,509.2)	(7.6%)	18,341.8	18,455.9
Equipment	2,212.9	5,992.1	3,105.4	4,897.5	2,157.8	(947.6)	(30.5%)	2,157.8	2,157.8
Services & Rents	38,003.8	36,217.3	62,263.4	69,001.6	43,425.7	(18,837.7)	(30.3%)	46,034.7	49,828.1
Contributions to Capital							-		
Contributions to Reserve/Res Funds	38,297.7	36,493.7	38,100.0	38,100.0	35,300.0	(2,800.0)	(7.3%)	41,821.9	46,421.9
Other Expenditures							-		
Interdivisional Charges	19,819.8	20,097.1	20,218.9	20,097.7	20,240.4	21.5	0.1%	21,825.9	22,459.0
	1,086,001.7	1,084,194.2	1,172,317.0	1,184,782.0	1,130,929.0	(41,388.0)	(3.5%)	1,164,293.0	1,197,246.6
Interdivisional Recoveries	20,682.2	20,574.1	9,956.1	11,103.8	9,336.5	(619.6)	(6.2%)	9,336.5	9,336.5
Provincial Subsidies	41,495.4	42,760.3	112,245.2	113,363.6	46,664.0	(65,581.2)	(58.4%)	53,198.0	59,490.3
Federal Subsidies							-		
Other Subsidies							-		
User Fees & Donations	47,815.0	52,411.6	47,018.8	49,905.6	47,810.7	791.9	1.7%	47,810.7	47,810.7
Transfers from Capital Fund							-		
Contribution from Reserve/Reserve Funds	18,347.9	15,341.8	22,534.0	27,946.1	23,652.7	1,118.7	5.0%	23,652.7	23,652.7
Sundry Revenues			900.0			(900.0)	(100.0%)		
	128,340.5	131,087.8	192,654.1	202,319.1	127,463.9	(65,190.2)	(33.8%)	133,997.9	140,290.2
	957,661.2	953,106.4	979,662.9	982,462.9	1,003,465.1	23,802.2	2.4%	1,030,295.1	1,056,956.4
Approved Positions	7,870.0	7,410.0	7,883.0	7,498.0	7,881.0	(2.0)	(0.0%)	7,881.0	7,881.0

* Based on the 2015 9-month Operating Variance Report

For additional information regarding the 2015 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, 2015" approved by City Council at its meeting on December 9, 2015.

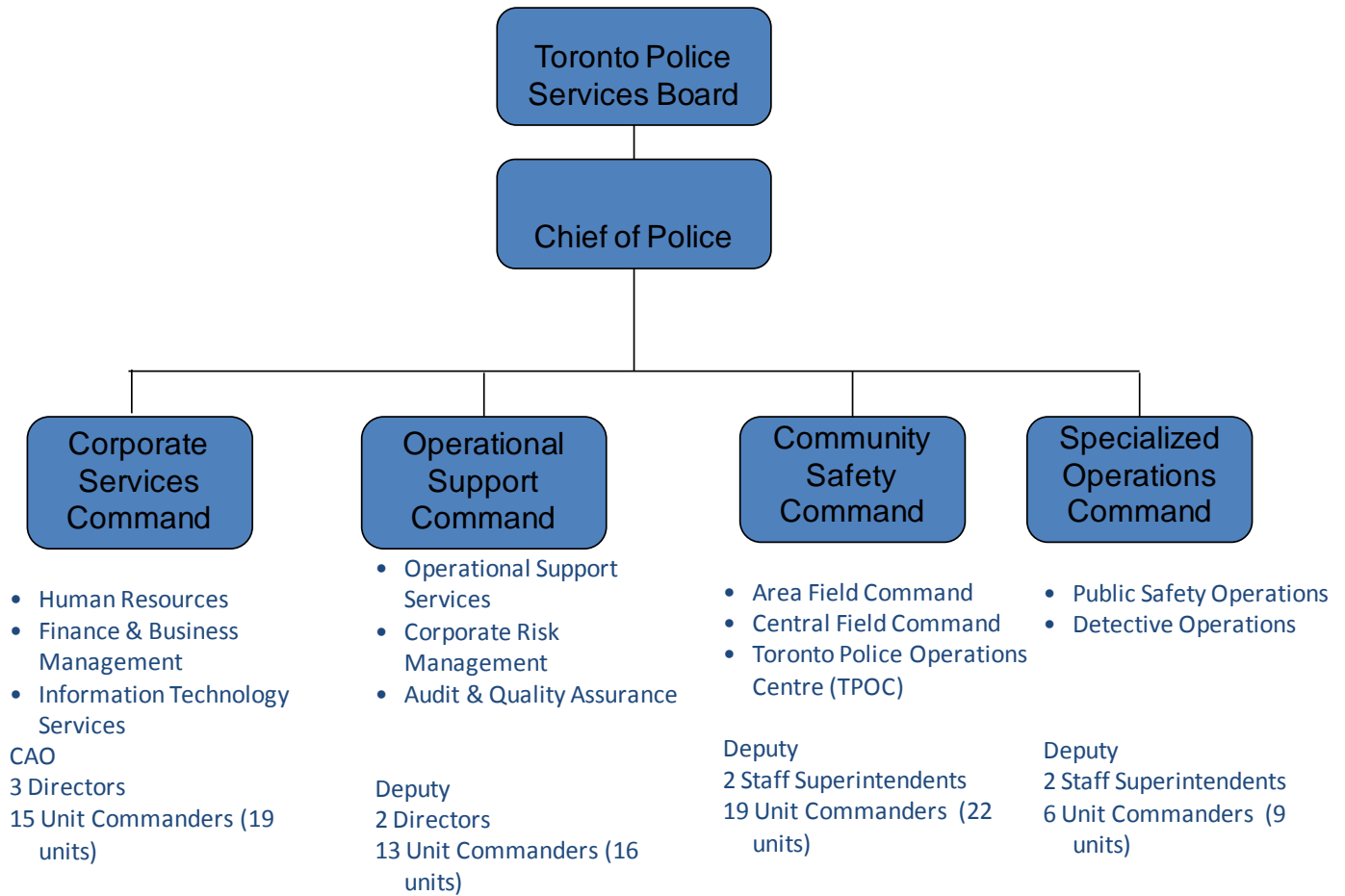
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.27>

Impact of 2015 Operating Variance on the 2016 Operating Budget

The 2015 Operating Variance had no impact on the 2016 Operating Budget.

Appendix 3

2016 Organization Chart



2016 Complement

Category	Uniform*	Civilian	Part Time / Temp FTE	Total
Toronto Police Service	5,440.0	2,230.0	211.0	7,881.0

*Note: Excludes 8 officers who are assigned to Parking Enforcement.

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
Projected Beginning Balance		1,274.0	1,274.0	1,180.5	(2,608.0)
Toronto Police Service Vehicle & Equipment Reserve	XQ1701				
<i>Proposed Withdrawals (-)</i>			(16,734.0)	(26,349.0)	(30,925.0)
<i>Contributions (+)</i>			16,640.5	22,560.5	24,560.5
Total Reserve / Reserve Fund Draws / Contributions		1,274.0	1,180.5	(2,608.0)	(8,972.5)
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		1,274.0	1,180.5	(2,608.0)	(8,972.5)

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
Projected Beginning Balance		4,022.5	4,022.5	4,683.5	4,324.4
Toronto Police Service Health Care Spending Reserve Fund	XR1720				
<i>Proposed Withdrawals (-)</i>			(639.0)	(798.8)	(998.4)
<i>Contributions (+)</i>			1,300.0	439.7	544.7
Total Reserve / Reserve Fund Draws / Contributions		4,022.5	4,683.5	4,324.4	3,870.7
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		4,022.5	4,683.5	4,324.4	3,870.7

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
Projected Beginning Balance		2,838.5	2,838.5	3,287.0	4,735.5
Toronto Police Service Legal Liabilities Reserve	XQ1901				
<i>Proposed Withdrawals - TPS (-)</i>			(742.1)	(742.1)	(742.1)
<i>Proposed Withdrawals - TPS Board (-)</i>			(500.0)	(500.0)	(500.0)
<i>Contributions - TPS (+)</i>			1,080.0	2,080.0	2,080.0
<i>Contributions - TPS Board (+)</i>			610.6	610.6	610.6
Total Reserve / Reserve Fund Draws / Contributions		2,838.5	3,287.0	4,735.5	6,184.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		2,838.5	3,287.0	4,735.5	6,184.0

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
Projected Beginning Balance		420.7	420.7	1,709.8	1,709.8
Toronto Police Service Central Sick Bank Reserve Fund	XR1701				
<i>Proposed Withdrawals (-)</i>			(2,510.9)	(3,510.9)	(3,510.9)
<i>Contributions (+)</i>			3,800.0	3,510.9	3,510.9
Total Reserve / Reserve Fund Draws / Contributions		420.7	1,709.8	1,709.8	1,709.8
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		420.7	1,709.8	1,709.8	1,709.8

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
Projected Beginning Balance		517.2	517.2	517.2	517.2
Toronto Police Service Museum Reserve	XQ4003				
<i>Proposed Withdrawals (-)</i>			-	-	-
<i>Contributions (+)</i>			-	-	-
Total Reserve / Reserve Fund Draws / Contributions		517.2	517.2	517.2	517.2
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		517.2	517.2	517.2	517.2

* Based on 9-month 2015 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		25,335.2	25,335.2	12,018.1	2,712.1
Insurance Reserve Fund	XR1010				
<i>Contributions (+)</i>			10,142.4	10,142.4	10,142.4
Total Reserve / Reserve Fund Draws / Contributions		25,335.2	35,477.6	22,160.5	12,854.5
Other Program / Agency Net Withdrawals & Contributions			(23,459.5)	(19,448.4)	(14,654.9)
Balance at Year-End		25,335.2	12,018.1	2,712.1	(1,800.4)

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		60,624.3	60,624.3	58,760.6	61,433.3
Sick Leave Reserve Fund	XR1007				
<i>Proposed Withdrawals (-)</i>			(12,491.9)	(12,679.2)	(12,491.9)
<i>Contributions (+)</i>			7,171.4	8,171.4	8,171.4
Total Reserve / Reserve Fund Draws / Contributions		60,624.3	55,303.8	54,252.8	57,112.8
Other Program / Agency Net Withdrawals & Contributions			3,456.8	7,180.5	7,898.8
Balance at Year-End		60,624.3	58,760.6	61,433.3	65,011.6

* Based on 9-month 2015 Reserve Fund Variance Report