



Budget Committee Meeting

October 05, 2017

**Auditorium – Police Headquarters
1:00 PM**

AGENDA
BUDGET COMMITTEE MEETING
Thursday, October 5, 2017 @ 1:00 PM

Auditorium, 40 College Street, 2nd Floor
Toronto, Ontario

www.tpsb.ca

1. Call to Order
2. Declarations of Interest under the [Municipal Conflict of Interest Act](#).
3. September 26, 2017 from Mark Saunders, Chief of Police
Re: [Toronto Police Service 2018 - Operating Budget Request](#)
4. September 26, 2017 from Mark Saunders, Chief of Police
Re: [Toronto Police Service 2018-2027 Capital Program Request](#)
5. September 26, 2017 from Mark Saunders, Chief of Police
Re: [Toronto Police Service Parking Enforcement Unit - 2018 Operating Budget Request](#)
6. September 25, 2017 from Andy Pringle, Chair
Re: [Toronto Police Services Board - 2018 Operating Budget Request](#)

Adjournment

Declarations of interest under the *Municipal Conflict of Interest Act*.



Toronto Police Services Board Report

September 26, 2017

To: Budget Committee
Toronto Police Services Board

From: Mark Saunders
Chief of Police

Subject: Toronto Police Service – 2018 Operating Budget Request

Recommendations:

It is recommended that:

- (1) the Board Budget Committee approve the Toronto Police Service's 2018 net operating budget request of \$1,005.3 Million (M), a 0% increase over the 2017 approved budget; and
- (2) the Budget Committee forward a copy of this report to the Board for approval.

Financial Implications:

The Toronto Police Service's (Service) 2018 operating budget net request of \$1,005.3M (\$1,137.7M gross) is \$0M or 0% above the 2017 approved budget, and marks the second year in a row that the Service has achieved a 0% increase.

The Service is in the process of transitioning to a new organizational structure that will enable, drive and transform the way policing services are delivered to the various diverse communities and neighbourhoods in the City.

The level of funding being requested in 2018 will ensure public safety services continue to be delivered and at the same time recognizes and helps address the fiscal challenges the City is facing.

A summary of the Service's 2018 changes in the net operating budget request is provided in Table 1.

Table 1- 2018 Summary of Changes

	\$M's	\$ change over 2018 Request	% change over 2017 Request
2017 Net Budget	1,005.3		
2018 Request	1,005.3		
Impact of 2018 Salary Settlement		\$17.4	1.7%

	\$M's	\$ change over 2018 Request	% change over 2017 Request
Salary Requirements		(\$24.5)	(2.4%)
Premium Pay		\$2.7	(0.3%)
Statutory Deductions and Benefits		(\$1.4)	(0.1%)
Reserve Contributions		\$6.4	0.6%
Other Expenditures		\$4.6	0.5%
Transformation Investments		\$3.9	0.4%
2018 Gross Budget Increase		\$9.1	0.9%
Revenues		<u>(\$9.1)</u>	<u>(0.9)%</u>
2018 Net Budget Decrease		(\$0.0)	(0.00%)

Background / Purpose:

The purpose of this report is to provide the Toronto Police Service's Board (Board) with the Service's recommended 2018 operating budget request. The report includes information on the level of funding required in 2018 to support our mission of community safety.

The recommended request has been developed with a focus on achieving the 0% target established by the City, while still sustaining services to maintain adequate and effective policing.

Discussion:

This report contains the following sections:

- Managing the Toronto Police budget – Budget Drivers and Sustainable Savings
- Police Governance – Adequate and Effective Policing
- Transformational Task Force – Implications for the Operating Budget
- Changing Nature of Calls for Service
- Major Crime Indicators
- 2018 City Budget Direction
- 2018 Operating Budget Development Process
- 2018 Pressures Facing the Service and Actions to Reduce
- 2018 Operating Budget Request – Details

Managing the Toronto Police Budget – Budget Drivers and Sustainable Savings:

The 2018 operating budget request cannot be looked at strictly on its own. It must also be reviewed and considered in the context of previous years, and the action taken to sustainably reduce the Service’s funding envelope, as well as the on-going pressures the Service has and continues to face.

The Service’s net operating budget has increased by \$219.1M since 2007, growing from \$786.2M to \$1,005.3M in 2018.

Table 2 summarizes budget increases between 2007 and 2018. Attachment A provides more detailed information with respect to the breakdown of the overall increases.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Req.
Net Budget	786.2	822.0	854.8	888.2	930.4	935.7	936.4	965.5	980.3	1004.7	1005.3	1005.3
\$ Increase		35.8	32.8	33.4	42.2	5.3	0.7	29.1	14.8	24.4	0.6	0.0
Total % increase		4.6%	4.0%	3.9%	4.8%	0.6%	0.1%	3.1%	1.5%	2.5%	0.1%	0.0%
Collective Agreement (% impact)		3.1%	2.0%	3.2%	3.4%	2.5%	2.7%	2.9%	1.9%	2.3%	1.7%	1.7%
Hiring (% Impact)		0.6%	0.2%	0.4%	0.0%	-1.0%	-1.1%	-0.2%	-0.2%	0.4%	-2.4%	-2.4%
Other (% impact)		0.8%	1.7%	0.3%	1.3%	-0.9%	-1.6%	0.4%	-0.1%	-0.2%	0.7%	0.7%

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

- \$250.4M of the total budget increase of \$219.1M from 2007 to 2018 is attributable to salary and benefit increases that have arisen from negotiated and arbitrated collective agreement settlements between the Board and the Toronto Police Association (T.P.A.) and the Senior Officers' Organization (S.O.O.). These significant increases are beyond the Service's control.
- \$57.7M in reductions relates to net staffing reductions from 2007 to 2018, with staffing reductions since 2010 more than offsetting an increase in staffing prior to 2010. Details on staffing reductions are explained later in the report in the section on Uniform and Civilian staffing strategies.
- Costs not attributable to the collective agreements and staffing levels have increased \$26.5M since 2007. Examples of these non-salary accounts 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 were kept significantly below inflation. The non-salary changes from 2007 to 2018 average \$2.4M annually over that period. Over the last several years, the Service has exercised a number of measures to manage the budget and effectively mitigate significant increases. This was done while continuing to provide public safety services as efficiently, effectively and economically as possible, in the face of changing demographics (e.g. aging population) and crime evolution (e.g. cyber, national security).
- The budget impact within the Service's actual control, including reductions in staff and other costs, was below zero in many years. Reductions since 2012, were achieved through heightened resource and contract management, lower actual uniform and civilian staffing levels and premium pay reductions, and are summarized below:
 - -1.9% (-\$17.9M) in 2012;
 - -2.7% (-\$24.8M) in 2013;
 - -0.3% (-\$3.6M) in 2015; and
 - -1.7% (-\$16.7M) in 2017.

In 2014 and 2016, there were slight increases (0.2%) in each year.

Police Governance – Adequate and Effective Policing:

The Ontario *Police Services Act* (P.S.A.) outlines the principles by which policing services will be 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.

Under the P.S.A., a Board is required to submit the operating and capital estimates to municipal council that are required to “maintain the police force and provide it with equipment and facilities.”

In its role as the primary governance body for the Service, the Board is responsible for the provision of adequate and effective policing services in Toronto, working with the Chief of Police, to establish objectives and priorities with respect to policing services and establishing policies that ensure effective management within the Service.

In order to carry out this responsibility, the Board ensures that the Service consists of a Chief of Police and such other police officers and other employees as are required, and ensures that those officers and employees are provided with adequate equipment and facilities in order to execute their public safety mandate.

The 2018 operating budget submission to the Board Budget Committee is a responsible accumulation of expenditures that will maintain an average deployment of 4,870 uniform members in 2018, along with the essential infrastructure and direct and administrative support, that ensures public safety, as mandated in the P.S.A., is maintained. The Board and Service have collaborated on developing a new service delivery model through the Transformational Task Force (Task Force), and the 2018 budget request represents the funds required to transition the Service while maintaining its on-going public safety mandate.

Transformational Task Force – Implications for the Operating Budget:

With the release of the Task Force’s final report in January 2017 – The Way Forward: Modernizing Community Safety in Toronto (The Way Forward report), the Service will be moving forward with unprecedented changes. These changes will impact not only how our services are organized and delivered, but also how we budget to ensure that we get the most out of every dollar, and ensure that every dollar spent contributes to the goals of the Service.

The vision and recommendations in The Way Forward report provide for a new path forward. This vision is reflected in a newly planned community-centric service delivery model with three goals:

- Be where the public needs the Service the most;
- Embrace partnerships to create safe communities; and

- Focus on the complex needs of a large city.

To achieve these goals, the Service will adopt a roadmap that will include changes in five major areas:

- How we relate to the public: focussing on safe communities and neighbourhoods;
- How we deliver our services: from primary to priority response;
- Access to services;
- Affordability and sustainability; and
- Culture change.

Over and above the core policing services that provide the framework for adequate and effective policing of the City, the above goals and strategies will determine where resources and efforts will be focused. Guided by these goals, the Service will continuously look for ways to improve the delivery of public safety within an affordable and sustainable financial envelope.

Quarterly updates are provided to the Board on the implementation of the business plan outlined by the Task Force. Current details can be found in a report - "The Way Forward Second Quarterly Implementation Update" that was received by the Board at its August 24, 2017 meeting (Min. No. P166/17 Refers).

Key accomplishments in 2017 include:

- 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; and
- The start of a shift to a new district model.

Some initiatives planned for 2018 and the future include:

- Transition of the Lifeguard and the Crossing Guard Programs to City Divisions;
- Feasibility analysis of the potential to outsource Parking Enforcement and Court Services;

- Transformation and modernization of the Service's Human Resource Function – People Plan and Restructuring;
- Development of the District Model with possible boundary changes and facility realignment;
- Centralization of Criminal Investigations Bureau (C.I.B.) within each district; and
- Proof of Concept for equipping front line officers with mobile technology – the Connected Officer.

Changing Nature of Calls For Service:

As first responders, police officers must deal with a number of diverse calls for service. Whether called to an incident involving a senior or person with mental health issues, officers must be equipped to handle these sometimes difficult situations. The Service must also remain proactive in the recognition of these special instances of calls. This requires increased training, support and resources to be made available to police to effectively carry out this mandate.

The changing challenges for the policing community underscore the need for the Service to continue adapting the way members interact with different segments of the public. The service delivery model will address community needs in a more proactive way, and the modernization of our human resources function will ensure our members have the right skill sets and competencies to perform their respective roles. However, the changing face of crime will also require investments in technology that, although expensive up front, will bring efficiencies into the Service and assist in the ability to respond to these challenges.

Major Crime Indicators:

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

Major crime rates decreased significantly from 2006 to 2016 (24% overall). However, in 2016 crime trends started to change. Table 3 below highlights that, overall, crime has increased by 3% in 2017 compared to 2016, which in turn was up by 3% over 2015 (as of August 31, 2017).

Table 3 - Major Crime Indicators - as at August 31st					
Offence	2015	2016		2017	
	Total	Total	% Chg	Total	% Chg
Murder	35	53	51%	35	-34%
Sex Assault	1,589	1,531	-4%	1,581	3%
Assault	11,769	12,448	6%	12,660	2%
Robbery	2,303	2,472	7%	2,618	6%
Break and Enter	4,431	4,252	-4%	4,394	3%
Auto Theft	2,029	2,124	5%	2,271	7%
Theft Over	682	677	-1%	754	11%
Total	22,838	23,557	3%	24,313	3%

The table above shows that crime is down in only one of the seven categories - murder.

The 2018 operating budget request has been prepared with the objective of keeping the City safe, balancing this goal with the need to fund current public safety activities and deal with the changing nature of crime (e.g., cyber, national security), while transitioning to a modernized service delivery model that puts communities at its core.

2018 City Budget Direction:

In a memo from the Deputy City Manager and Chief Financial Officer (C.F.O.) to Division Heads and Heads of Agencies in May 2017, the C.F.O. outlined directions and guidelines for the 2018 budget with the aim of addressing the City's estimated \$343M operating budget shortfall.

To this end, City Council approved targets for all City Programs, Agencies and Accountability Officers to achieve a 0% net budget increase for the 2018 operating budget.

The original base budget increase for the Service was \$37.6M over the 2017 approved budget. This meant various reduction strategies and management actions were required to reduce the budget by that amount to achieve the Council-approved target.

2018 Operating Budget Development Process:

In developing the 2018 operating budget, the Service took City guidelines and Council direction into consideration. The Service also incorporated the known actions required to enable the new roadmap for a modern Toronto Police Service, which will not only impact how services are organized and delivered, but the associated budget and demonstrated value for the dollars spent.

With the challenging financial environment and the roadmap for change as the guide, the Service applies a strategic and corporate view of the budget. Using the approved 2017 budget as the starting point, a number of actions were employed in order to find the reductions needed for 2018. These included:

- A review of historical spending trends and reduction of funds not historically spent;

- A flat-lining of certain discretionary spending;
- The consolidation of equipment and contracted services funds with central management based on Service priorities and goals;
- Funding cost increases to existing contracts or commitments from within existing budgets by decreasing the budget in other accounts to accommodate new pressures and priorities; and
- A reduction of the contribution to the modernization reserve with a plan to seek funding through year-end surplus funds.

The Service implemented an enhanced public participation model for the 2018 budget process. This new process was intended to improve transparency and accountability in the budget, consistent with the principles of The Way Forward report. In order to give the community earlier opportunities to engage in the budget process and to improve the information available to them, new and earlier checkpoints for public participation were incorporated into the review process.

Budget information has been posted on a budget webpage in a user-friendly format, and includes the following documents:

- Preliminary budget breakdown by unit for major expense categories, including a brief description of each unit;
- Service organizational chart with preliminary budget breakdown for each pillar and Command;
- Detailed line by line request for the Service; and
- Various other informative tools such as infographics on budget increases and source of funding, etc.

A link to the above-noted webpage was provided to the public one week in advance of a Community Information Session that was held on September 19, 2017. At the session, a presentation was made to provide an overview of budget components, as well as details on the 2018 budget request. This was followed by an opportunity for the community to ask questions regarding the budget, the answers to which will be posted on the website.

In addition, members of the public will have opportunities to attend and make deputations at both the public Board Budget Committee meeting of October 5, 2017 and the Board Meeting of October 26, 2017, where the Board Budget Committee and Board, respectively, will deliberate and approve the budget request.

In order to meet the City's requirements, the review process for the Service budget also includes various meetings with City Finance staff, the City Manager, the C.F.O., as well as presentations at a City Budget Committee Informal Review and the City Budget Committee. Budget approval by Council is scheduled for its February 12 and 13, 2018 meeting.

2018 Pressures Facing the Service and Actions to Reduce:

Early in the budget process, preliminary net pressures on the 2018 budget were forecasted at \$37.6M, for a net operating request of \$1,042.9M, a 3.7% increase over the 2017 net approved budget. Table 4 shows these pressures, including those that are outside of the Service's control, along with the actions taken to find savings and the final 2018 net operating budget request.

The 2018 preliminary budget estimate included the following:

- The impact of T.P.A. and S.O.O. collective agreement settlements;
- Bargained provisions that impact costs such as legal indemnifications, medical and dental benefits and retention pay;
- Anticipated increases/decreases in vendor contracts and revenue sources (e.g. fees);
- Pressures in mandatory accounts/statutory obligations;
- The application of economic factors and increases based on historical market trends and inflation rates; and
- Increases in contributions to reserves to address projections of reserve deficits.

It is important to note that the preliminary pressures did not include any new initiatives or investments other than the contribution to a modernization reserve of \$3.5M. This reserve is intended to bridge one-time costs for the implementation of the recommended Task Force initiatives and would include funding for items such as project management services, technological, financial and procurement expertise at various stages of implementation, feasibility and due diligence studies, initial investments and one-time costs for changes in programs.

Table 4 - Summary of 2018 Budget Pressures and Reductions

	\$ Increase / (Decrease) over 2017	2018 Request \$Ms	% Increase / (Decrease) over 2017 Budget
2017 Net Budget - \$1,005.3M		\$1,005.3	
Pressures:			
Benefits & Non-COLA inflationary pressures	\$1.9		
Reserves	6.8		
Investments to Modernize	3.5		
Reversal of unidentified budget reduction	8.3		
Impact of 2018 Salary Settlement	17.1	<u>\$37.6</u>	
2018 Preliminary Net Budget including Pressures		\$1,042.9	3.7%
Reductions:			
Hiring Moratorium	-\$24.5		
Alternate Funding Sources/Bridging Strategies	-\$11.1		
Net Other	<u>-\$2.0</u>	<u>-\$37.6</u>	<u>-3.7%</u>
2018 Request		\$1,005.3	0.0%

To continue to align with the principles of affordability and sustainability and to achieve the Council-approved target of a zero increase, \$37.6M in reductions would be required.

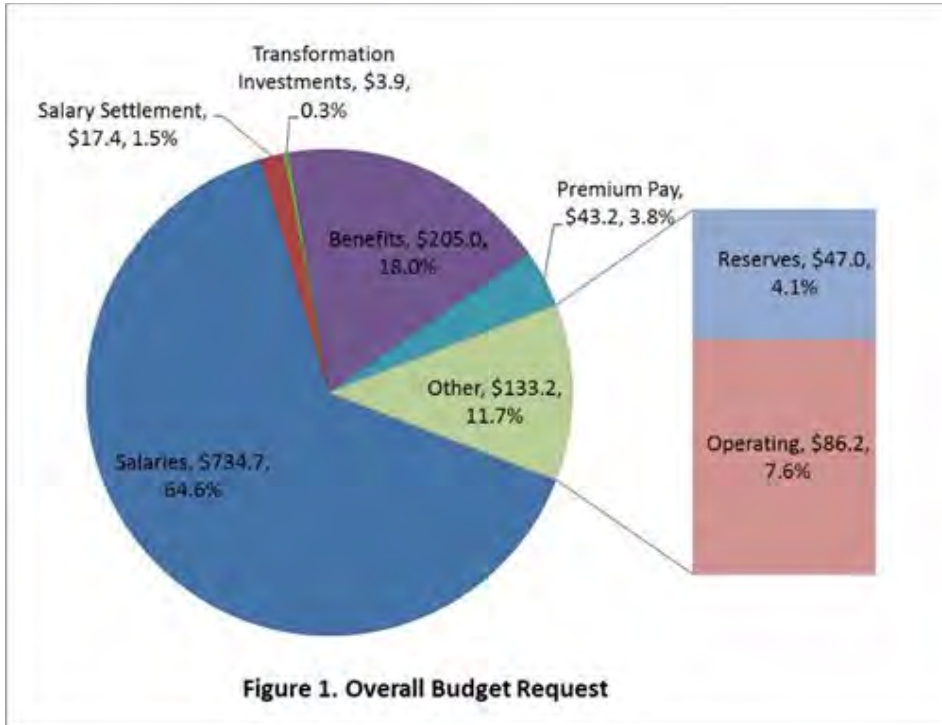
These are highlighted in Table 4 above and discussed below.

- Hiring moratorium: \$24.5M in net salary savings are reflected in the budget request, representing the savings from not filling existing past vacancies, as well as a large part of the vacancies expected to occur in 2018. Further information on the impacts of these reductions is included in the sections of this report on the HR Strategy for Uniform and Civilian members. The budget includes only \$1.2M to fill strategic or critical civilian vacancies where investments in people are required to modernize, achieve other strategic priorities, comply with legislative requirements, provide adequate supervision, and perform necessary work and services. The budget also includes \$2.3M to fund the hiring of 80 uniform officers.
- Alternate funding sources/bridging strategies: \$11.1M of reductions have been made which includes the elimination of a \$3.5M of contribution to the Modernization reserve as well as \$7.6M of unspecified budget reductions made through an increase in revenue. These are one-time bridging strategies to reduce the 2018 budget, that may pose a pressure on the 2019 budget.

- Net other: \$2M of various other reductions have also been made.

The above reductions bring immediate savings to the Service budget, most of them sustainable. After considering all reductions, the Service has achieved \$37.6M in savings, to achieve a budget of zero increase. Details regarding the 2018 operating budget and reference to these reductions can be found in the following section of the report.

2018 Operating Budget Request - Details:



The 2018 net operating budget request of \$1,005.3M (\$1,137.7 gross) will result in the Service operating with an average deployed strength of 4,870 officers in 2018. It also provides necessary funding for services, supplies, equipment and internal services required to effectively support public safety operations.

Figure 1 indicates that, on a gross basis, 88% of the Service’s budget is for salaries, benefits, and premium pay (court attendance, call-backs and required overtime). 4% is required to maintain reserve contributions and the remaining 8% enables the 24/7/365 delivery of services by our people in terms of: the replacement/maintenance of and fuel for their vehicles; the equipment, technology and information they use; the facilities they work in; the mandatory training and the materials and supplies they require.

Table 5 summarizes the current 2018 request by category of increase/decrease, followed by a discussion on each category.

Table 5 - Summary of 2018 Budget Request Changes by Category

	2018 Request \$Ms	\$ Increase / (Decrease) over 2017 Budget	% Increase / (Decrease) over 2017 Budget
2017 Net Budget - \$1,005.3M			
(a) Estimated Impact of 2018 Salary Settlement	17.4	\$17.4	1.7%
(b) Salary Requirements	734.7	-\$24.5	-2.4%
(c) Premium Pay	43.2	\$2.7	0.3%
(d) Statutory Deductions and Benefits	205.0	-\$1.4	-0.1%
(e) Reserve Contributions	47.3	\$6.4	0.6%
(f) Other Expenditures	86.2	\$4.6	0.5%
(g) Transformation Investments	3.9	\$3.9	0.4%
(h) Revenues	<u>-132.5</u>	<u>-\$9.1</u>	<u>-0.9%</u>
Net Request/Amount above target	\$1,005.3	-\$0.0	0.00%

a) Estimated Impact of 2018 Salary Settlement

The 2018 operating budget request includes estimated impacts (\$17.4M) for the T.P.A. and S.O.O. contracts. These contracts were negotiated for a term of 2015 to 2018.

b) Salary Requirements

The total salary requirements for 2018 (exclusive of the impact of the salary settlements), is \$734.7M. This budget represents a decrease of \$24.5M or 2.4% over the 2017 operating budget.

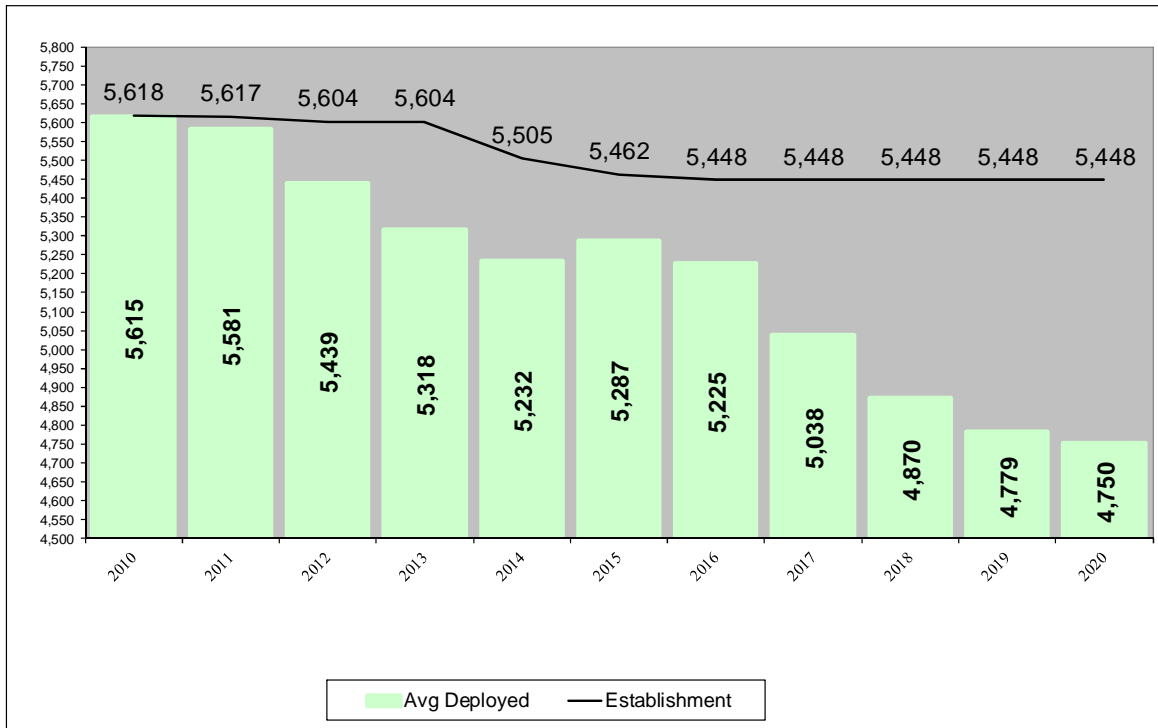
Uniform Officers Staffing Strategy

The Service normally plans class sizes for the three intake classes held annually by the Ontario Police College (in April, August, and December), with the goal of maintaining an average deployed strength equal to our approved establishment. However, in light of budget pressures, and to find savings, since 2010 the Service has been replacing fewer and fewer officers that leave. This has resulted in average officer deployments each year that are significantly below the approved establishment.

In 2016, the Transformation Task Force recommended a three-year hiring moratorium that will result in the continued decline of uniform staffing levels. Figure 2 shows the uniform establishment and deployment history from 2010 to 2016 and the projected deployment levels from 2017 to 2020. By 2018, the projected average number of deployed officers will have decreased to 4,870, which is 578 officers below the approved establishment of 5,448 officers.

In 2017, actual separations of uniform officers have significantly exceeded the projected level of separations included in the operating budget. To mitigate the higher than estimated uniform officer separations, 80 uniform hires are planned for end of 2017 and into 2018.

Figure 2. Uniform Establishment and Deployment History



Civilian Members Staffing Strategy

The current Board and City-approved establishment for civilians is 2,230 but is budgeted at 1,882, the projected strength at the end of 2017. This represents a civilian vacancy rate of 16%. Similar to the uniform strategy, fewer and fewer vacant civilian positions have been filled in recent years.

Civilian vacancies throughout the Service are placing a strain on remaining staff, who are required to take on critical responsibilities and workload left unfulfilled by vacant positions, and in some cases, can only focus on mandated responsibilities and functions. As a result, staff's ability to review processes for efficiencies and support/enable Task Force initiatives is seriously hindered by their need to focus on day to day work. Overburdening staff and the transformational changes the Service is embarking on has increased members stress and anxiety. Civilian absenteeism is up 30% over 2015. It has also resulted in an increased risk of errors and omissions, which could, in turn, lead to unnecessary or avoidable costs and impact negatively on the Service's ability to maintain public confidence and accountability. The Service continues to strive to provide required services and support, even with the vacancies.

However, the risk of controls being compromised, services not being properly provided or delayed and errors occurring continues to be a possible reality until key vacancies are filled. Despite the moratorium on hiring, the Task Force considered, in the interim report, that there would be situations where filling vacant civilian positions may be necessary. This would occur where investments in people are required to modernize, to achieve other strategic priorities, to comply with legislative requirements, to provide adequate supervision or to just provide necessary direct and support services. The budget request for salaries includes \$1.2M for these strategic hires. It is estimated that the further net decrease in civilian strength, after the strategic hires, will be approximately 60 civilian members.

c) Premium Pay

Premium pay, which is broken down by category in Figure 3 below, is incurred when staff are required to work beyond their normal assigned hours for extended tours of duty (e.g., when officers are involved in an arrest at the time their shift ends), court attendance scheduled for when the officer is off duty, or call-backs (e.g., when an officer is required to work additional shifts to ensure appropriate staffing levels are maintained or for specific initiatives). The Service's ability to deal with and absorb the impact of major unplanned events (e.g. demonstrations, emergency events, homicide/missing persons) relies on the utilization of off-duty officers which results in premium pay costs.

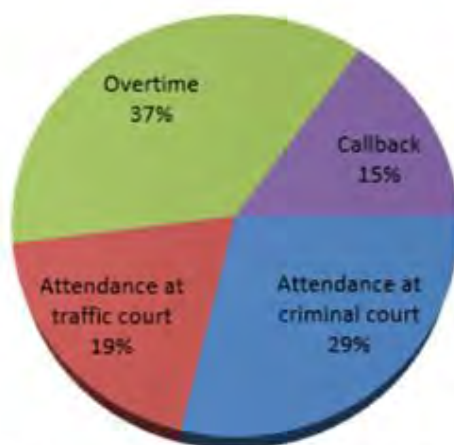


Figure 3. Premium Pay by Reason for Expenditure

As the Service has been reducing its civilian staffing levels, there has been a significant pressure on premium pay to accommodate critical workload issues. Prior to 2018, in developing the Civilian salary budgets, the Service took these pressures into account when determining its gapping rate. However, as the Service is budgeting for existing civilian staffing and does not budget for vacant positions other than critical/strategic hires, an increase of \$2.7M in the 2018 premium pay budget is being requested, bringing the total premium pay to budget request to \$43.2M. However, it is important to note that this \$2.7M was previously included in salaries in 2017 and has been

reallocated to premium pay in 2018. Therefore, it is not an increase to the overall budget.

Civilian overtime and call-backs are authorized where required to ensure deadlines are met, to maintain service levels and for workload that must be completed, to ensure risks are mitigated and additional hard dollar costs are avoided. The majority of the requested increase will be used to accommodate staffing pressures in Court Services and Communications/911.

The Service's civilian premium pay cost is expected to be \$2.7M over budget in 2017, mainly as a result of the hiring freeze and the need to continue to provide required services and deal with workload. This over expenditure has been funded through salary savings from vacancies.

Premium pay budgets have been reduced by a total of \$9.1M (after adjusting for salary settlements, and excluding the impact of off-duty court attendance) from 2010 to 2017 to address budget pressures. Given the significant reductions already taken, further reductions are not recommended in premium pay. In fact, at some point it may be necessary to increase premium pay to help deal with potential service gaps.

d) Statutory Payroll Deductions and Employee Benefits

The total 2018 request for this category is \$205M. This category of expenditure represents a decrease of \$1.4M or 0.1% over the Service's total 2017 budget, and is a major component (18%) of the budget being requested in 2018. As shown in Figure 4, benefits for the Service are comprised of statutory payroll deductions and requirements as per the collective agreements.

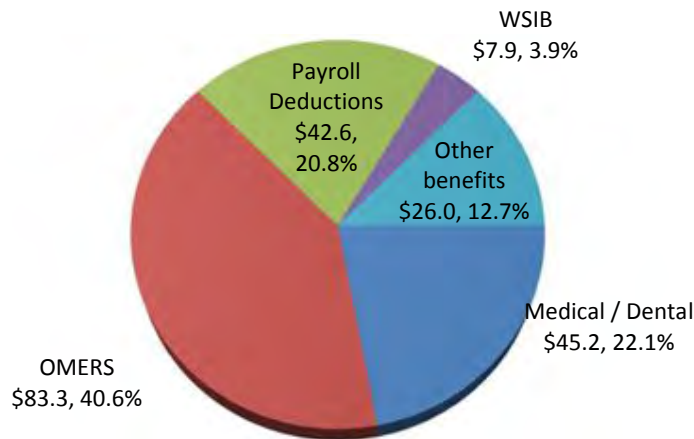


Figure 4. Breakdown of Statutory Deductions and Fringe Benefits

A breakdown of the increase in these expenditures follows:

- Payroll Deductions: Statutory payroll (E.I., C.P.P. and E.H.T.) and pension (O.M.E.R.S.) benefits are based on specific formulae that are affected by gross salaries. As a result of reduced staffing levels, payroll deductions are estimated to

go down by \$2.7M. The Employment Insurance and Canada Pension Plan rates have been updated to reflect estimated levels for 2018, as the 2018 rates are unknown at this time.

- **Medical/Dental Coverage:** The budget for the Board's benefit plan is based on the cost of drugs and services, dental fee schedule, utilization rates and administration fees. Costs for drugs and dental services are based on the average increase experienced over the last three years. However, as a result of reduced staffing levels, as well as increased controls by the Service's new benefit provider, savings of \$0.2M has been included in the 2018 request.
- **Net other changes to benefits:** The various changes in costs in other accounts such as retiree medical/dental, group life insurance and Workplace Safety and Insurance Board (W.S.I.B.) resulted in a net increase of \$1.5M. This includes an increase of \$0.7M attributed to W.S.I.B. due to the impacts from Bill 163, Supporting Ontario's First Responders Act regarding Posttraumatic Stress Disorder (P.T.S.D.).

e) Reserve Contributions

The Service contributes to reserves through provisions in the operating budget. All reserves are established by the City. The City manages the Sick Pay Gratuity and Insurance reserves, while the Service manages the remaining reserves (i.e., Vehicle & Equipment, Legal, Central Sick Bank and Health Care Spending). The total 2018 budget for contribution to reserves is \$47.3M. This budget represents an increase of \$6.4M or 0.6% over the 2017 contribution amount. Increasing the contributions to the reserve has been deferred in the past to reduce the budget or meet City budget targets. This is not a fiscally responsible and sustainable strategy as it simply shifts the burden to further years. It is therefore necessary to increase the required contributions to the reserves as outlined below:

- **Sick Pay Gratuity Reserve (increase of \$2.0M):** The Sick Pay Gratuity reserve is managed by the City, which provides the Service with the annual contribution amount that matches contributions with required payments/draws. A detailed review of this reserve indicated that the Service's annual contribution to the Sick Pay Gratuity reserve does not meet annual draws/payments required. As a result, an increased contribution is required to meet annual obligations.
- **Legal Reserve (increase of \$0.6M):** This reserve has been established to fund indemnification of Service members, as required by the collective agreement, and other legal costs incurred by the Service. During 2015, there was a considerable focus and resources devoted to reducing the longstanding backlog of unpaid legal files dating back to 2010. As a result, the reserve balance was significantly depleted. In order to replenish this reserve, an increased contribution will be required. 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.
- **Contribution to Vehicle and Equipment Reserve (increase of \$3.5M):** 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. A detailed review of this reserve indicated that the Service's annual contribution is much less than the current annual draws/payment and this reserve will be in a deficit position starting in 2019. As a result, an increase to the contribution is required to meet future annual obligations.

- Contribution to Health Care Spending Account (increase of \$0.5M): This reserve funds the post-retirement health care benefit negotiated in the collective agreements. The 2018 contribution for this reserve is increasing by \$0.5M. It is anticipated that this contribution will continue to increase at a modest level for several years, as the annual draw continues to increase.
- Contribution to Central Sick Bank Reserve (decrease of \$0.18M): This reserve funds the T.P.A. long term disability benefit provided by the collective agreement. As there are sufficient funds in this reserve, the 2018 contribution has been reduced by \$179K.

f) Other Expenditures

The 2018 budget request for non-salary costs totals \$86.2M and makes up about 8% of the Service's total 2018 operating budget request. The expenditure categories in this total include the materials, equipment and services required for day-to-day operations.

However, non-salary costs have been contained as much as possible, with an increase of \$4.6M or 0.5% over the 2017 approved budget amount. Since some of these costs are based on collective agreement obligations it is difficult to achieve any significant reductions.

Further reductions in this category are difficult due to the fact:

- \$38.6M, or 45% of the category total represents costs for facilities maintenance and utilities (\$20M) and computer maintenance and support (\$18.6M);
- \$22.7M, or 26%, represents transportation costs (\$13M), officer outfitting and firearms (\$6.1M) and the operating costs associated with communications systems (\$3.6M); and
- \$6.3M, or 7.3%, represents the value of required contracted services (\$3.7M) and legal costs for indemnified officers that are offset by draws from reserves included in Service revenues (\$2.6M).

The remaining \$18.6M, or 22%, incorporate budget requests from every unit in the Service required for their normal operations. These costs include office supplies, external training needs for specialized units, firearm disposal, animal care and other

miscellaneous police business materials. A number of budget reductions have been made to various individual line items, either through a review of historical accounts or the implementation of Service initiatives such as the implementation of a new digital voice-over internet protocol (V.O.I.P.) telephone system.

The most significant changes are summarized below:

- Computer Maintenance (increase of \$1.4M): The cost of computer maintenance is impacted by current contract costs, determined through a procurement process. Technological advances and the addition of new systems have enhanced communication, information and efficiencies, but come with increased costs for maintenance and support. The 2018 increase is due to various contract increases for the Service's maintenance of hardware and software.
- Caretaking, Maintenance and Utility Costs for T.P.S. facilities (increase of \$0.74M): The City provides facility caretaking and maintenance services for the Service, and administers the Service's utility costs. The City and Service review the costs for all facilities in detail to determine where efficiencies or changes to internal services levels can be applied to reduce the budget. Higher utility costs account for most of the increase in this category.
- Telephone/Data lines (decrease of \$0.3M): Over the past few years, the Service has been transitioning from an analog telephone system to a new digital V.O.I.P. system, realizing considerable savings. As the transition moves forward, more savings will be realized in future years.
- Operating Impact from Capital (increase of \$1.1M): As capital projects are approved, they often have operating impacts such as computer maintenance, additional staffing requirements, facility maintenance, etc. For 2018, operating impacts include \$1M for the Enterprise Business Intelligence (E.B.I.) project and \$84K for the Transforming Corporate Support project.
- Recruit Hiring cost (increase of \$0.5M): Includes items such as uniform, courses for Police College, background checks, etc.
- Net other changes (increase of \$1.2M): In addition to the specific accounts listed above, the non-salary accounts are comprised of many different type of expenditures, including materials and supplies (such as office supplies, health and safety supplies, and fingerprinting supplies) and services (such as repairs to equipment, telephone lines, courses and conferences, etc.).

g) Transformation Investments

Total costs are expected to be \$3.9M, resulting in a 0.39% increase over the Service's total 2017 net budget. These costs are attributed to both the transformation of the Service's Human Resources (H.R.) function and the absorption of indirect costs by the Service related to the transfer of the lifeguard and crossing guard programs to the City. These are discussed in more detail below.

Human Resource (H.R.) Transformation

Because culture change is pivotal to the Service's modernization, a comprehensive people management and H.R. strategy for the Service will be recommended at the October 26, 2017 Board meeting. This strategy represents a significant strategic shift for the Service, including the development of a more strategic H.R. function. Significant changes to the roles, functions, and structure of the Service's H.R. unit to enable it to play a modern and enabling role, including:

- A focus on cultivating the potential of people;
- H.R. as a credible, service-oriented enabler and partner; and
- Four areas of strategic focus for the H.R. unit: people, leadership, culture and diversity, and effective delivery.

This initiative results in an estimated budget pressure of \$2.8M for new positions required to support the transformation of H.R. Although this is presented as a budget pressure, it must be noted that the H.R. program area will shrink in size with significantly fewer positions than that of the previous approved establishment in H.R., including the transfer of uniform officers from H.R. to front line policing duties.

Transfer of Lifeguard and Crossing Guard Programs

Included in The Way Forward report is a recommendation that the beach lifeguard and school crossing guard programs be transferred to City divisions, and that the beach lifeguard program be delivered by Parks, Forestry and Recreation going forward and that the school crossing guard program be delivered by Transportation Services or a third party service provider under contract.

Ongoing work has occurred between Service and City staff to transition these programs to the City. The current proposal calls for the transfer of the budgets to the City, including \$1.5M gross (\$1.4M net) for the lifeguard program and \$7.6M for the school crossing guard program. Included in the costs that would be transferred are \$1.1M in 2018 for the administration of the programs. However, the Service will not be able to divest itself of the costs to administer the programs and must redeploy the staff currently administering the programs, to other areas of the Service. Based on planned transfer dates of October 2017 for the lifeguard program and August 2018 for the crossing guard program, transfer of these costs to the City budget will create a pressure in 2018 of \$1.1M.

h) Revenues

The total revenue budget for 2018 is \$132.5M, an increase of \$9.1M or 0.91% over the Service's total 2017 net budget.

Provincial funding for Court Security Costs (increase of \$6.3M): In 2011, the Ontario government announced that it will be removing up to \$125M in court security and prisoner transportation costs from municipal budgets by 2018, phasing in the upload of these costs starting in 2012. The Service's share to be phased-in over the seven year

period was estimated at \$45M, increasing at a rate of approximately \$6.2M per year. In 2018, this phase-in concludes and tops out at approximately \$42.8M. However, this funding is tied to expenditure levels. Therefore, due to reduced staffing costs in Court Services, a decrease of \$2M in this grant is expected for 2019.

Unallocated Revenue (increase of \$1.8M):

The Service’s 2018 operating budget request includes an unspecified reduction of \$7.6M to achieve a zero increase in the net budget. This unallocated reduction is currently budgeted as miscellaneous revenue. The Service is committed to achieving a zero overall budget increase from 2017. It is expected that some of the unallocated reduction could be achieved through the realization of increased revenues, that may be acquired through the Ministry’s new Policing Effectiveness and Modernization grant or through reduced expenditures. As grant approvals are not expected until the spring of 2018, the source of this reduction is unknown at this point.

2019 and 2020 Outlooks:

The chart below provides the 2019 and 2020 outlook budgets for the Service. The current collective agreement expires at the end of 2018, therefore the 2019 and 2020 salary settlement outlooks are estimates based on inflation.

The outlooks in Table 6, below, demonstrate that the Service anticipates a 3.2% pressure in 2019 and a 2.5% pressure in 2020 based on expected staffing levels, economic indicators and contractual and legislative obligations known at this time. Although Service staffing levels are expected to decrease during 2019 and level off during 2020, the Service is still facing significant budget pressures during the next several years. These pressures 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.

Table 6 – 2019 & 2020 Outlooks (\$Ms)

	2019	2020
Starting Request	\$1,005.3	\$1,037.3
Salary savings from reduced-hiring	(\$10.3)	(\$2.4)
Benefit cost increases	\$2.3	\$2.4
Reserve contributions	\$4.7	\$3.7
Non Salary – inflationary and contract increases	\$5.0	\$4.3
Revenues	\$12.3	\$0.0
Total change before salary settlement	\$14.0	\$8.0
Salary settlement	\$18.0	\$18.3
Net Change	\$32.0	\$26.3
Outlook	\$1,037.3	\$1,063.6
Percentage change over prior year	3.2%	2.5%

Conclusion:

The Service's 2018 budget request includes the level of funding required to provide public safety services while transitioning to a new service delivery model to be implemented as a result of recommendations made by the Transformational Task Force. The modern Service will continuously evaluate its services and business processes in order to better serve the public, will make investments that enable officers to connect with the communities they serve and will implement strategies that make policing affordable and sustainable for the citizens of Toronto.

Given the roadmap towards a new and modernized police service, the 2018 net operating budget request is \$1,005.3M, which is a \$0M or 0.0% increase over the 2017 approved budget. This request includes a number of reductions made as a result of:

- Staffing strategies that include 80 uniform and 30 civilian strategic hires;
- Alternate funding source or bridging strategies;
- Management actions that created efficiencies; and
- The divestment of services that are not core to policing.

However, the Service is in a transition year. Therefore, funding for existing operations must continue as investigations, traffic enforcement, maintaining public order and responding to priority calls for service require an allocation of resources and the necessary equipment. Given that the majority of these front-line activities represent core services that define adequate and effective policing, funding to allow the Service to continue these operations, along with the necessary internal support, will ensure the safety and security of the city.

Although the Service is moving forward, the efforts made in prior years to reduce its operating budget requirements, in light of increased equipment and technology needs, inflationary pressures and other cost increases, cannot be ignored. As the business of policing evolves, new or enhanced equipment and staff training are required to meet the Service's public safety mandate, all of which comes at a cost. While the Service will achieve the City's 0% target in 2018, it will be difficult to achieve a flat line budget in future years. Also, at some point the civilian moratorium has to be lifted, as investments will need to be made to implement the Task Force's recommendations.

The Transformational Task Force has committed to identifying \$100M in reductions and savings in the Service's operating budget over the next three years, money that will not need to be included in future budget requests. Until current service delivery transitions completely to the new model, any further reductions for future years cannot be estimated.

The Service has strived to produce a responsible budget that balances, to the extent possible, the need to provide required core public safety services with the need to meet the fiscal pressures of the City in an environment that will change and evolve over the next three years.

This budget represents a responsible funding request that will enable the Service to continue to deliver public safety services that will keep the city and its many neighbourhoods safe, and at the same time meet the City's 0% target.

Mr. Tony Veneziano, Chief Administrative Officer, will be in attendance to answer any questions the Board may have regarding this report.

Respectfully submitted,

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Req.	2007- 2018	Avg.
Net Budget	786.2	822.0	854.8	888.2	930.4	935.7	936.4	965.5	980.3	1004.7	1005.3	1005.3		
\$ Increase		35.8	32.8	33.4	42.2	5.3	0.7	29.1	14.8	24.4	0.6	0.0	219.1	
Total % increase		4.6%	4.0%	3.9%	4.8%	0.6%	0.1%	3.1%	1.5%	2.5%	0.1%	0.0%	27.9%	
Collective Agreement (\$ impact)		24.7	16.7	27.2	30.2	23.2	25.6	27.3	18.4	22.4	17.3	17.4	250.4	22.8
Hiring (\$ Impact)		4.6	1.8	3.5	0.2	-9.4	-10.0	-2.2	-2.2	4.4	-23.9	-24.5	-57.7	-5.2
Other (\$ impact)		6.5	14.2	2.7	11.8	-8.5	-14.8	4.0	-1.4	-2.4	7.2	7.1	26.5	2.4
Collective Agreement (% impact)		3.1%	2.0%	3.2%	3.4%	2.5%	2.7%	2.9%	1.9%	2.3%	1.7%	1.7%	31.8%	2.5%
Hiring (% Impact)		0.6%	0.2%	0.4%	0.0%	-1.0%	-1.1%	-0.2%	-0.2%	0.4%	-2.4%	-2.4%	-7.3%	-0.5%
Other (% impact)		0.8%	1.7%	0.3%	1.3%	-0.9%	-1.6%	0.4%	-0.1%	-0.2%	0.7%	0.7%	3.4%	0.3%
Collective Agreement (% of total increase)		69.0%	50.9%	81.4%	71.6%	437.7%	3657.1%	93.8%	124.3%	91.8%	-	-	114.3%	
Hiring (% of total increase)		12.9%	5.6%	10.5%	0.4%	-177.4%	-1428.6%	-7.6%	-14.9%	18.0%	-	-	-26.3%	
Other (% of total increase)		18.2%	43.3%	8.2%	28.0%	-160.4%	-2114.3%	13.7%	-9.5%	-9.8%	-	-	12.1%	



Toronto Police Services Board Report

September 26, 2017

To: Budget Committee
Toronto Police Services Board

From: Mark Saunders
Chief of Police

Subject: Toronto Police Service 2018-2027 Capital Program Request

Recommendation(s):

It is recommended that:

- (1) the Board Budget Committee approve the Toronto Police Service's 2018-2027 Capital Program with a 2018 net request of \$20.9 Million (excluding cash flow carry forwards from 2017), and a net total of \$220.4 Million for the 10 year period 2018-2027, and as detailed in Attachment A; and
- (2) the Budget Committee forward a copy of this report to the Board for approval.

Financial Implications:

Capital projects are funded either from the issuance of debt by the City of Toronto (City) or through draws from the Toronto Police Service's (Service's) Vehicle and Equipment Reserve. Some projects also qualify for Development Charges (D.C.) which are fees collected from developers to help pay for the cost of infrastructure required to provide municipal services in growing areas.

The Service is continuing its strategy to properly fund the replacement of vehicles, technological and other equipment through contributions to the Vehicle and Equipment Reserve. This Reserve is funded from contributions from the Service's operating budget. The use of this reserve, along with the allocation of City development charges for qualifying Service projects, reduces the Service's and City's reliance on debt funding.

The implementation of capital projects can have an impact on the Service's on-going operating budget requirements. Capital projects and investments usually require maintenance and operational support beyond the initial one-time project cost. Where additional infrastructure and equipment are required, operating budget increases are required to replace the assets in accordance with their life cycle. It is therefore important to determine the ongoing impact of capital investments on the operating budget. As a

result, capital spending decisions are not made independently of the operating cost impact; the total cost of ownership is considered.

Table 1 below provides a summary of the Toronto Police Service's (Service) 2018-2027 Capital Program request compared to the City of Toronto's ten-year debt target.

The Service's 2018-2027 Capital Program meets the City's ten-year debt-affordability target on average over the ten years. Additional details on debt-funded and reserve-funded projects can be found in Attachments A and B respectively.

Table 1. Summary of 2018-2027 Capital Program Request (\$Ms)

Description	2018	2019	2020	2021	2022	5-Year Total	2023-2027 Total	2018-2027 Total
Total Gross Projects	44.1	75.4	73.2	51.2	52.4	296.2	227.0	523.3
Vehicle and Equipment Reserve Funding	-21.1	-31.5	-27.4	-20.1	-26.4	-126.5	-137.4	-263.9
Development charges	-2.1	-3.7	-12.6	-2.3	-5.2	-26.0	-12.9	-39.0
Total Net Debt Funding	20.9	40.1	33.1	28.7	20.8	143.2	76.7	220.4
City Target:	-20.9	40.1	33.1	28.7	20.8	143.2	76.7	220.4
Variance to Target:	0	0	0	0	0	0	0	0

Background / Purpose:

The purpose of this report is to provide the Board Budget Committee with details of the Service's 2018-2027 Capital Program request. The request was presented at a high level at the Board Budget Committee's Community Information session, held on September 19, 2017. At this meeting, the public was provided with information on how the capital budget is developed and had an opportunity to ask questions regarding the preliminary budget request.

Attachment A to this report provides a detailed project listing of debt-funded projects. Attachment B provides a detailed listing of projects funded from the Vehicle and Equipment Reserve. Attachment C provides a summary of the 2018–2027 program estimated operating impact from capital, excluding reserve-funded projects.

Discussion:

Capital projects, by their nature, require significant initial financial investments. However, they also provide longer-term organizational benefits and impacts. An organization's capital program should therefore be consistent with, and enable, the achievement of the organization's strategic objectives.

The Service's strategic direction is outlined in the Transformational Task Force's (T.T.F.) final report, Action Plan: The Way Forward – Modernizing Community Safety in Toronto (The Way Forward report). This report includes initiatives that will require capital investments that modernize the Service by contributing to the Service's goals to:

- be where the public needs the Service the most;
- embrace partnerships to create safe communities; and
- focus on the complex needs of a large city.

Similar to the Service's 2017-2026 Capital Program, the 2018 – 2027 Capital Program continues to be transitional. Historically, projects have addressed and improved the Service's aging facility infrastructure, updated or replaced core systems and maintained existing equipment. The need to maintain existing facilities and equipment continues to exist. However, the need to improve and modernize how the Service delivers public safety and internal support services is important, and is the overall strategic objective of the Board and the Service. The recommendations in The Way Forward report confirmed the need for more and better information to Service members, whether they are on foot, on a bike, on a horse or in a car, through careful and value added investments in technology that increases officer mobility. It also recognized the need to realign and reduce the number facilities. As a result, the 2018 – 2027 Capital Program contains projects that fund continuing needs, but moves towards technology and information related initiatives, as well as a realignment and optimization of the facilities infrastructure.

The projects in the Capital Program will:

- Optimize service delivery, both internally and externally;
- Optimize, reduce and change our overall facility footprint;
- Achieve additional efficiencies and value-added services in our operations;
- Maintain a working inventory of assets that meet operational requirements and ensures the continued health and safety of our members and the public; and
- Improve the quality, reliability of, as well as access to, information for operational and decision making purposes.

Understanding the effects of technological change is a critical issue in contemporary policing. In recent decades, there have been many important developments with respect to information technologies (I.T.). Specially, Internet protocol based communications convergence and associated mobile technologies, analytical information systems, video surveillance, in-car and body worn camera (B.W.C.) systems, facial recognition and other technologies have far-reaching implications for policing. Technology acquisition and deployment decisions are high-priority topics for police, as law enforcement agencies at all levels of government consider investments in technology, with the goals of creating greater opportunities for information sharing, collaboration and operational effectiveness and efficiencies.

As a result, the Service is in the process of creating a technology road map (Information Technology Strategic Plan) that aligns to the short-term and long-term goals of the Services' commitment to strategic transformation with specific technology solutions to help meet those goals. Developing a roadmap has various uses and phases. It helps reach a consensus about a set of needs and the technologies required to satisfy those need. It provides a mechanism to help forecast information and technology development and implementation, and it provides a framework to help plan and coordinate technology implementation and manage the on-going replacement investments.

In addition, technology is changing how the public is able, and often prefers to access and engage the Service. The Way Forward report recognizes that new options for the public to connect with and access police services and information on a timely basis are critical to creating a responsive, accessable and cost-effective police service.

The placement of facilities and the choice of technologies to support modern public safety services require significant planning and effort. The Facilities Realignment project in the Service's Capital Program requests funding for new and modern structures, the placement and number yet to be determined, that meet the needs of a large, evolving and complex city. The selection of sustainable, value-added technology is essential and must involve careful consideration of specific ways in which new and existing technologies can be deployed and used at all levels of the organization to improve efficiency and effectiveness, as well as public and officer safety.

However, the benefits of these initiatives and other opportunities must be balanced against the cost, both one-time and on-going, and competing project requests will have to be prioritized. Technology projects such as Enterprise Business Intelligence (E.B.I.), Transforming Corporate Support and Connected Officer, will all enhance member mobility and information needs.

In summary, the Service's Capital Program is evolving into a more technology and information systems focused plan with an emphasis on producing and managing information as well as enabling effective analysis to support public safety operations and services. The program transitions the Service from a facilities-based organization to an information and technology-based service provider.

Development of Cost Estimates and Project Management:

Due to the large cost and complexity of capital projects, the Service has developed and has been following a formal project management framework since 2006. This framework requires the submission of a project charter for each approved project request, and the establishment of a steering committee to oversee the project during its lifecycle.

The cost estimate for each project in the recommended Capital Program has been reviewed to ensure the estimate and annual cash flows are still valid, taking into consideration key project milestones, procurement requirements, any third-party actions/approvals required, as well as other applicable assumptions and information. It is important to note that the Service takes all known factors related to the project cost into account in order to develop accurate cost estimates. However, assumptions can change throughout the project as more information becomes available, and after going through a formal procurement process for the various requirements. Despite due diligence efforts taken in advance of the actual start of the project, issues could come to light as the work progresses, resulting in revised cost estimates.

The Board and City are kept apprised of any changes to cost estimates as soon as they become known. Any required transfers from other projects in the program are fully justified and reported to the Board and City Budget Committee for approval. The Service strives to deliver projects on or below budget, and has been very successful in achieving this objective in the last 10 years. However, even with the best planning and management, there are times when additional funds may be required for certain projects, due to required scope changes, unanticipated events or higher than anticipated market prices. The Service is also mindful of operating budget impacts that could result from capital projects, and so, some projects not yet started are being revisited to ensure they are still viable from an overall budget and service delivery perspective.

City Debt Affordability Targets:

Corporate targets for Agencies, Boards, Commissions and Departments (A.B.C.D.s) are allocated by the City's Deputy City Manager and Chief Financial Officer (C.F.O.). This year, Council approved a status quo 10-year capital budget based on current debt targets A.B.C.D.s.

The Service's 2018- 2027 Capital Program meets Council's overall debt target, on average, over the ten-year program. Given the strategic objectives of the Service's Capital Program, the Service is proceeding with a full facility reassessment, which could result in timing as well as cost and cash flow estimate changes in the facility realignment project.

There are also two projects (Connected Officer and B.W.C.) below the line that are not included as part of the Service's Capital Program due to funding restrictions. City Finance staff are aware of these projects and will review the possibility of any additional

funding after consolidating the overall Capital Program for the City, and assessing the various priorities.

2018-2027 Capital Program Request:

The 2018-2027 Capital Program is segregated into five categories for presentation purposes:

- A. On-Going Projects
- B. Projects beginning in 2018-2022
- C. Projects beginning in 2023-2027
- D. Projects funded through Reserves
- E. Other projects – below the line

A. On-Going Projects

Project description excludes projects with no 2018 funding requests and carry forward only:

State of Good Repair (S.O.G.R.) - ongoing, \$4.4M in 2018

This project includes on-going funding for the S.O.G.R. requirements that are the responsibility of the Service. By definition, S.O.G.R. funds are used to maintain the safety, condition and requirements of existing bricks and mortar buildings. However, beginning in 2016, these funds have been utilized to enhance existing technological assets in order to optimize service delivery and increase efficiencies. In light of the future plans for Service facilities, planned use of these funds will be aligned with the Facilities Realignment initiative, with priority being given to backlogged projects that must continue and that will not be impacted by the transformation of the Service's facility footprint.

Transforming Corporate Support - \$8.4M

The Service uses Oracle Canada's PeopleSoft Human Resource Management System (H.R.M.S.) to manage personnel related information and to administer and report payroll and benefits particulars.

Phase I of the Transforming Corporate Support project concluded in March 2017. The Project plan for phase II has been developed and discussions with internal subject matter experts have been initiated. The phase II scope will be refined with input from stakeholders at all levels within the organization.

Currently, the following project streams have been established:

1. Operational Enhancements/Production Support (including application enhancements and centralization of data entry)

2. Core System Redesign (security administration, position management, organizational charts and Human Resources analytics)
3. Talent Management Tools (training administration, uniform recruitment, performance management, diversity analytics, recruitment and performance analytics)
4. Benefits/Pension/Payroll Optimization and Automation
5. Time and Labour Planning (to replace the existing Time and Resource Management System)

Project resourcing and planning for centralization of data input and governance is ongoing. This project will result in improved customer service and improved member understanding and satisfaction with human resources, payroll and benefit services. This project provides for an investment that will consolidate the current H.R.M.S. and Time and Resource Management System (T.R.M.S.), with an objective to develop a new overall solution, with enhanced and value added processes that will be more efficiently and cost-effectively enabled by a single cradle-to-grave time and people management system.

Peer to Peer Site (Disaster Recovery Site) - \$19.9M

The need to ensure that Service members have information available at all times is critical to ongoing operations. This project provides funding for a new peer-to-peer data centre facility. The Service's current peer-to-peer data centre is co-located with the City's main data centre in a City-owned and managed facility. The current location has significant space and power requirement issues, which impact both the City and the Service. As a result, this mission-critical operation is at risk because the Service is subject to limitations in the existing facility, which impair current operations and future growth requirements. In addition, the current line-of-sight distance from the primary site is seven kilometers, which is significantly less than the industry minimum standard of 25 kilometers for disaster recovery sites. This project commenced over a year ago, after an in-depth analysis of various options to meet this business continuity need, and has been approved by the Board.

A recommended site was brought forward to the project steering committee and communicated to the Board on March 17, 2016 (Min. No. C59/16 refers). City Real Estate completed its negotiations with the landowner and fulfilled their due diligence process. The real estate transaction closed on December 5, 2016. Conditional Site plan approval has been received and construction is underway.

The Board will be kept apprised of the status of this project, through the variance reporting process.

54/55 Divisions Amalgamation (Part of Facility Realignment project) - \$39.9M

The Way Forward report recommends a modernized policing model for the City, which includes a leaner facilities footprint, consistent with the previous strategy of the Service. This allows the Service to transition to a new service delivery model and equip itself with

facilities and technology required to optimize the delivery of policing services. The amalgamation of 54 division and 55 division is the first step in the phased facilities realignment.

The Service has been working with City Real Estate Services, City Planning and the respective local Councillors to select a site. Three potential sites (all City owned) have been short-listed. Community consultation meetings are scheduled for October 10 and 17, 2017 and a working team and steering group have been established to select an appropriate site. Once a suitable site is selected, the Service and the City will go through the normal process to finalize the decision for appropriate approvals.

Enterprise Business Intelligence - \$10.2M

Enterprise Business Intelligence (E.B.I.) technologies represent a set of methodologies, processes, architectures, and technologies that transform raw data into meaningful and useful information used to enable more effective strategic, tactical, and operational insights and decision-making. Police services such as Edmonton, Vancouver, New York and Chicago all have some form of E.B.I. solutions. The Service has identified the need for this system solution for a number of years, but until 2014, the required capital investment was continually deferred due to other priorities and to stay within the City's debt target.

The Service currently runs dozens of application systems, with each database individually structured, and therefore requiring heavy data manipulation and manual data processes. This information environment is inadequate and inefficient to cost-effectively support the Service's transformational goals. The Service requires an integrated analytical and business intelligence platform to support efficient police officer deployment and performance management, program and policy evaluation, crime analysis and prevention, and justification of expenditures.

This project will transform the Service's raw data from its key databases into useful, consistent and reliable information stored in a corporate data warehouse, and will build an integrated business intelligence and analytical platform. Consolidated information will be made widely available across the Service, allowing all members to make better information-based decisions. The use of E.B.I. is a critical strategic component to intelligence led public safety and support activities, which will enable more cost-effective, proactive and value added public safety services.

The original business case included the requirement of five additional positions in I.T. The Information Security unit has also identified the need for three additional positions, with one dedicated to information privacy and two positions for monitoring confidentiality, integrity and availability. Also, the Business Intelligence Unit identified the need for two positions (Data Scientist and Reporting Developer). These requirements are included in the Operating impact from Capital. However, the requests will be reviewed in more detail with the goal of reducing the operating impact.

The Service envisions the E.B.I. project continuing in future in order to include additional data sources for investigative work and business analytics reports. Additional funding

may therefore be required in future years to enable the continuation of this project. A full justification for any additional investments in this solution will be included in future capital project requests.

T.P.S. Archiving - \$0.7M

This project provides funding for the establishment of an archiving function at the Service's property and evidence site. Legislation requires the Service to store certain documentation for periods beyond the current year. For example, "cold case" files must be retained for a minimum of 25 years; financial records must be retained for seven years; memo books are also stored for a lengthy period of time. The relatively new requirement for video storage is also increasing. Service staff is endeavouring to reduce current holdings, but based on retention periods, the Service is faced with increasing storage requirements.

The Service currently stores its archival records and files at City Archives. However, the City is also experiencing space pressures within its storage facility. Assuming a ten percent growth annually, storage requirements within five years would be substantial. Therefore, using an existing Service facility for the archiving of some Service records is a prudent solution, particularly if the City were to limit space or expand on a cost recovery basis.

There is no on-going operating impact currently assumed as a result of this project. Future analysis will be required to determine if any additional resources will be required, and an update will be provided in future capital program requests.

Radio Replacement Project - \$39.4M (for the current 10 year lifecycle – does not include 2028)

The Service's current communication radios were replaced over the period of 2006 to 2012. The lifecycle for these radios is ideally seven years. However, in order to reduce capital costs, the Service has extended the replacement period for these radios to every ten years. While the extension of this lifecycle to ten years has resulted in some incremental operating costs, there is still an overall cost benefit to the Service. A Request for Proposal (R.F.P.) to select a vendor for the replacement of radios over the next several years has been completed. The Service intends to report the recommended vendor for the radios to the Board for approval at the October 26, 2017 meeting.

B. Projects beginning in 2018-2022

41 Division (Part of Facility Realignment project) - \$38.9M

A new 41 Division is one of the first steps in the phased facilities realignment, as part of T.T.F. recommendations for a modernized policing model.

The Service had identified 41 Division in its long-term facility replacement program. The Environics tool developed for territorial optimization identifies the 41 Division site as an optimal location to create a district headquarters that will encompass the 42 and 43 divisions. The site is ideal to redevelop as a new modern facility in line with the Service's overall modernization plan.

The new facility will be constructed on the same property. This requires the partial demolition of the existing facility, relocating services and the setup of temporary structures on the property to ensure that policing operations are maintained.

The Service intends to commission a consultant to develop a detailed phased plan to reconstruct the new district facility on the existing property.

Automated Fingerprint Identification System (A.F.I.S.) – \$3M

The current AFIS system was purchased and implemented in late 2012. Replacement is scheduled to be implemented in early 2019. Replacement of this system maintains vendor support, incorporates all updates and provides functionality that is more efficient.

Facility Realignment – \$84M

The current divisional framework is outdated and does not cost-effectively meet the needs of a growing, changing and complex City. New divisional boundaries that take into account the needs of Toronto's 140 neighbourhoods are required. The deployment of our members based on where public needs are of the highest priority along with a citywide priority response capacity, will permit officers to respond quickly. As a result, the modernized police service will be better engaged and provide public safety services through fewer and differently configured facilities. This will result in lower facility operating and replacement costs. It will also allow the Service to return redundant real estate assets to the City. The City will benefit from the return of these properties by reusing the facilities for other purposes. It could also develop or sell the properties.

For this reason, the Capital Program amalgamates previous funding requests into one Facilities Realignment project. However, this project excludes the new consolidated 54/55 Division and new 41 Division projects as these have more immediate plans. The requested funding allows the Service to transition to a new service delivery model, that makes use of appropriate technology and that is supported by strategically located facilities in order to optimize the delivery of policing services.

Property and Evidence Warehouse Racking -\$1M

Funding is required for the for 10 year expansion of the property racks. The funding requirement of \$40K in 2020 is for a study of what is required for the long term racking.

C. Projects beginning in 2023-2027

There are no projects beginning during the 2023-2027 period.

D. Projects funded through Reserves

Vehicle and Equipment Lifecycle Replacements

All projects listed in this category are funded from the Service's Vehicle and Equipment Reserve and have no impact on debt financing. Using the Reserve for the lifecycle replacement of vehicles and equipment avoids having to debt-finance these purchases. This approach has and continues to be supported by City Finance. It should be noted, however, that this strategy of funding equipment replacements from the Reserve results in an impact on the operating budget, as it is necessary to make regular annual contributions to replenish the Reserve balance so that future requirements are sustainable.

It is important to note that as new systems are implemented or existing systems are being enhanced, the inventory of computer equipment grows which, over time, increases the level of funding required for the replacement of this equipment. Increase data storage requirement and the proliferation of video storage have also increased the equipment needs and replacement requirements. These factors put significant pressure on the operating budget, as increased contributions are required.

Asset custodians continue to maximize the use of current assets and prolong lifecycle replacements as much as possible, to ensure the viability of the Reserve on a long-term basis.

E. Other Projects – Below the Line

Connected Officer Program

The T.T.F. recommended an investment in the potential transition from mobile workstations in vehicles to smart devices carried by officers. This allows officers to be connected at all times to the most current operational information and be where public needs the Service the most. Members will be more directly accessible through all forms of communication and be able to perform additional functions from wherever they are located.

At present, police stations are one of the most obvious symbols of the relationship between police and residents. They are where equipment is stored and prisoner processing takes place. Stations are also where officers start and finish their working day.

As the Service moves forward and modernizes, we will be strategically placing officers throughout neighbourhoods to serve the growing demands of the City. The mobile technology will not require the facility footprint of past models. Technologically connected officers will have new mobile devices, which can access the information they require from anywhere. With functions such as: filing reports, making calls, corresponding with email, and accessing databases, there will be a reduced reliance on the use of workstations at police stations or in vehicles.

The future model of policing requires leveraging the connected officer mobility project and will make an officer more efficient as they spend less time performing duties in a police station, which can be done just as efficiently on a mobile device. The initial phase of the project, costing \$2.6M in 2017, which includes a Proof of Concept (P.O.C.) and the acquisition of 700 devices, is being funded from the Ministry of Community Safety and Correctional Services grant - the Police Effectiveness and Modernization (P.E.M.) grant. City Finance staff have advised that they will revise the 2017-2026 gross and net Capital Program in order to capture the entire cost of the project.

The total capital project cost is estimated at \$24.3M and City Finance staff has advised to include this project below the line in the Service's 2018 - 2027 Capital Program, as it currently does not fit within the debt target allocated to the Service. Subsequent to review and evaluation of all other City priorities and as part of the capital budget review process, which will also consider the on-going annual operating costs to maintain this program, a determination will be made as to whether this project can be included in the 2018-2027 Capital Program. If approved, this project could qualify for Development Charges as well, which will reduce the debt amount.

The annual operating impact of this project, which includes software licenses, data plans, warranty and lifecycle of devices will be significant and is in the process of being reviewed and refined. Once the P.O.C. is complete, the benefits and value of the devices, potential issues and the overall capital and operating impact of this project will be reported to the Board.

Body Worn Cameras (B.W.C.) Full Implementation - \$15.3M

In February 2015, the Service started a 12-month pilot project (at a total cost of \$0.43M) to explore the benefits, challenges, and issues surrounding the use of B.W.C. The pilot finished in March 2016, and a report was provided and a presentation made to the Board's September 2016 meeting. The report concluded that B.W.C. was strongly supported by the community as well as the Service's officers.

Implementing a B.W.C. program within the Service will involve significant one-time (capital) and on-going (camera and infrastructure replacement, image storage management, including retrieval, administration, staffing, etc.) costs. The Service is therefore moving forward very carefully with a potential B.W.C. system, through the issuance of a non-binding R.F.P. that can now consider cloud storage as part of a potential solution. This will be a large and complex procurement, as well as a significant long-term investment, and will therefore require a well-crafted R.F.P. that results in the best overall solution, at the best value and that ensures the Service, Board and taxpayer's' interests are protected, both short and long-term.

Subsequent to review and evaluation of all other City priorities and as part of the capital budget review process, which will also consider the on-going annual operating costs to maintain this program, a determination will be made as to whether this project can be included in the Capital Program. If approved, this project could qualify for Development Charges as well to reduce the debt amount.

Conclusion:

A detailed review of all projects in the Service's 2018-2027 Capital Program request has been conducted, to ensure the Capital Program reflects the priorities of the Service, is consistent with the Service's strategic objectives, and is in line with City provided debt targets. The 2018 - 2027 Capital Program has a 2018 net request of \$20.9M (excluding cash flow carry forwards from 2017), and a net total of \$220.4M for the ten-year period.

Given the strategic objectives of The Way Forward report, the Service is proceeding with a full facility reassessment, allowing the business plan and service delivery model to drive the need for facilities, what is in those facilities and the size of the facilities. It should be noted that once that work is complete, the cost estimate for the facility realignment project will very likely change.

The Service's 2018-2027 Capital Program request continues to be in a transitional state, as the Service awaits information that will allow more informed decision making regarding our facilities and technological requirements.

Mr. Tony Veneziano, Chief Administrative Officer, Corporate Services Command will be in attendance to answer any questions the Board may have regarding this report.

Respectfully submitted,

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

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**TORONTO POLICE SERVICE
PRELIMINARY 2018-2027 CAPITAL PROGRAM REQUEST (\$000s)**

Attachment A

Project Name	Plan to end of 2017	2018	2019	2020	2021	2022	Total 2018-2022 Request	2023	2024	2025	2026	2027	Total 2023-2027 Forecast	Total 2018-2027 Program	Total Project Cost
Projects In Progress															
State-of-Good-Repair - Police		4,400	4,400	4,530	3,925	4,400	21,655	4,400	4,400	4,400	4,400	4,400	22,000	43,655	43,655
Transforming Corporate Support	4,435	1,300	1,700	1,000			4,000			0	0	0	0	4,000	8,435
Peer to Peer Site (Disaster Recovery Site)	8,665	7,759	3,500	0	0	0	11,259	0	0	0	0	0	0	11,259	19,924
54/55 Amalgamation	7,448	2,800	18,000	11,625			32,425							32,425	39,873
Conducted Energy Weapon (C.E.W.)	750	0	0	0	0	0	0	0	0	0	0	0	0	0	750
Body Worn Camera - Initial phase	500	0	0	0	0	0	0	0	0	0	0	0	0	0	500
Parking Handheld Administrative Penalty System (A.P.S.)	2,550	0	0	0	0	0	0	0	0	0	0	0	0	0	2,550
Enterprise Business Intelligence	9,216	1,000	0	0	0	0	1,000	0	0	0	0	0	0	1,000	10,216
TPS Archiving	50	650	0	0	0	0	650	0	0	0	0	0	0	650	700
Radio Replacement	14,141	4,779	3,664	4,949	6,074	4,544	24,010	42	1,026	226	0	14,141	15,435	39,445	53,586
Total, Projects In Progress	47,755	22,688	31,264	22,104	9,999	8,944	94,999	4,442	5,426	4,626	4,400	18,541	37,435	132,434	180,189
Upcoming Projects															
41 Division		395	9,561	16,622	9,850	2,500	38,928							38,928	38,928
Automated Fingerprint Identification System (A.F.I.S.) Replacement	0	0	3,053	0	0	0	3,053	0	0	0	0	0	0	3,053	3,053
Facility Realignment	0	0	0	7,000	11,211	14,528	32,739	15,240	10,617	12,459	12,906	0	51,222	83,961	83,961
Property & Evidence Warehouse Racking	0	0	0	40	0	0	40	1,000	0	0	0	0	1,000	1,040	1,040
Total, Upcoming Capital Projects:	0	395	12,614	23,662	21,061	17,028	74,760	16,240	10,617	12,459	12,906	0	52,222	126,982	126,982
Total Gross Debt Funded Capital Projects:	47,755	23,083	43,878	45,766	31,060	25,972	169,759	20,682	16,043	17,085	17,306	18,541	89,657	259,416	307,171
Total Reserve Projects:	233,529	21,060	31,508	27,387	20,106	26,425	126,486	24,656	38,133	25,397	23,097	26,098	137,381	263,867	497,395
Total Gross Projects	281,283	44,143	75,386	73,153	51,166	52,397	296,245	45,338	54,176	42,482	40,403	44,639	227,038	523,283	804,566
Funding Sources:															
Vehicle and Equipment Reserve	(233,529)	(21,060)	(31,508)	(27,387)	(20,106)	(26,425)	(126,486)	(24,656)	(38,133)	(25,397)	(23,097)	(26,098)	(137,381)	(263,867)	(497,395)
Funding from Development Charges	(28,476)	(2,134)	(3,741)	(12,641)	(2,320)	(5,204)	(26,040)	(10,542)	(1,814)	(578)	0	0	(12,934)	(38,974)	(67,450)
Total Funding Sources:	(524,009)	(23,194)	(35,249)	(40,028)	(22,426)	(31,629)	(152,526)	(35,198)	(39,947)	(25,975)	(23,097)	(26,098)	(150,315)	(302,840)	(564,845)
Total Net Debt-Funding Request:	(485,452)	20,949	40,137	33,125	28,740	20,768	143,719	10,140	14,229	16,507	17,306	18,541	76,723	220,443	239,721
5-year Average:							28,744						15,345	22,044	
City Target:		20,949	40,137	33,125	28,740	20,768	143,719	13,314	19,492	13,560	16,658	13,700	76,724	220,443	
City Target - 5-year Average:							28,744						15,345	22,044	
Variance to Target:		(0)	0	0	0	0	(0)	3,174	5,263	(2,947)	(648)	(4,841)	1	0	
Cumulative Variance to Target			(0)	(0)	(0)	(0)		3,173	8,436	5,489	4,841	0			
Variance to Target - 5-year Average:							(0)						0	0	

**TORONTO POLICE SERVICE
PRELIMINARY 2018-2027 CAPITAL PROGRAM REQUEST - RESERVE (\$000s)**

Attachment B

Project Name	Plan to end of 2017	2018	2019	2020	2021	2022	Total 2018-2022 Request	2023	2024	2025	2026	2027	Total 2023-2027 Forecast	Total 2018-2027 Program	Total Project Cost
Other than debt expenditure (Draw from Reserve) for Life Cycle Replacement															
Vehicle and Equipment	75,118	6,129	7,175	6,178	5,743	5,802	31,027	5,802	5,802	5,802	5,802	5,802	29,010	60,037	135,155
Workstation, Laptop, Printer	40,935	2,920	3,802	4,427	3,180	3,262	17,591	2,014	5,628	5,059	3,491	2,153	18,345	35,936	76,871
Servers	33,916	3,903	4,241	4,441	3,634	2,325	18,544	4,113	6,512	4,678	3,825	3,825	22,953	41,497	75,413
IT Business Resumption	16,997	2,482	1,955	787	2,297	660	8,181	2,716	2,163	831	2,824	2,824	11,358	19,539	36,536
Mobile Workstations /connected officer	15,252	300	9,144	1,000	0	0	10,444	300	9,144	1,000	0	0	10,444	20,888	36,140
Network Equipment	13,856	2,800	2,400	2,900	1,750	2,250	12,100	3,750	3,750	2,900	1,750	2,250	14,400	26,500	40,356
Locker Replacement	3,465	48	48	168	540	540	1,344	540	540	540	540	540	2,700	4,044	7,509
Furniture Replacement	7,430	1,080	500	500	500	500	3,080	500	500	500	500	500	2,500	5,580	13,010
Automatic Vehicle Locator (A.V.L.)	1,498	0	0	1,551	0	0	1,551	0	0	1,551	0	0	1,551	3,102	4,600
In - Car Camera	4,263	0	0	0	0	2,202	2,202	2,061	0	0	0	0	2,061	4,263	8,526
Voice Logging	1,127	0	350	0	0	0	350	0	350	0	0	0	350	700	1,827
Electronic Surveillance	1,705	200	0	0	0	500	700	0	0	0	0	500	500	1,200	2,905
Digital Photography	758	0	0	292	316	0	608	0	0	292	316	0	608	1,216	1,974
eTicketing	125	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Voice Mail / Call Centre	853	0	0	0	0	0	0	600	0	0	0	0	600	600	1,453
Digital Video Asset Management (D.V.A.M. I & II)	2,730	362	1,613	263	262	244	2,744	244	1,507	275	362	362	2,750	5,494	8,224
Asset and Inventory Mgmt. System	23	0	0	0	0	0	0	0	0	0	0	0	0	0	23
Property & Evidence Scanners	23	0	40	0	0	0	40	0	40	0	0	0	40	80	103
Divisional Parking Lot Network (D.P.L.N.)	499	0	0	1,500	0	0	1,500	0	0	0	1,600	0	1,600	3,100	3,599
Small Equipment (e.g. telephone handset)	1,220	0	0	750	750	0	1,500	0	0	0	750	750	1,500	3,000	4,220
Small Equipment - test analyzers	870	0	0	0	580	580	1,160	0	0	0	0	0	0	1,160	2,030
Small Equipment - In Car Camera (I.C.C.) Microphones	135	21	158	150	158	150	637	0	0	21	158	150	329	966	1,101
Small Equipment - Video Recording Equipment	724	64	78	20	70	64	296	78	40	72	82	58	330	626	1,350
Small Equipment - Video Recording Property & Video Evidence Management	0	17	4	43	30	17	111	4	77	0	17	30	128	239	239
Small Equipment - Auditorium Audio and Visual Equipment	0	0	0	0	0	500	500	0	0	0	0	0	0	500	500
Radar Unit Replacement	860	182	0	12	21	15	230	344	256	226	96	246	1,168	1,398	2,258
Livescan Machines	257	540	0	0	0	0	540	540	0	0	0	0	540	1,080	1,337
Wireless Parking System	4,238	0	0	0	0	5,523	5,523	0	0	0	0	5,523	5,523	11,046	15,284
Closed Circuit Television (C.C.T.V.)	752	0	0	275	275	0	550	0	0	300	250	0	550	1,100	1,852
Automated External Defibrillator (A.E.D.s.)	12	12	0	100	0	12	124	0	42	0	12	0	54	178	190
Fleet Equipment	500						0						0	0	500
Security System	1,600						0						0	0	1,600
Conducted Energy Weapon (CEW)	1,302	0	0	1,350	0	0	1,350	750	0	1,350	0	0	2,100	3,450	4,752
Marine Vessel Electronics	485	0	0	0	0	585	585	0	0	0	0	585	585	1,170	1,655
911 PBX Replacement	0	0	0	0	0	0	0	300	1,075	0	0	0	1,375	1,375	1,375
Connected/Mobile Officer	0			680		694	1,374		707		722		1,429	2,803	2,803
Total Reserve Projects:	233,529	21,060	31,508	27,387	20,106	26,425	126,486	24,656	38,133	25,397	23,097	26,098	137,381	263,867	497,395

TORONTO POLICE SERVICE
PRELIMINARY 2018-2027 IMPACT FROM CAPITAL (\$000s)

Attachment C

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total 2018- 2027	Comments
Facility Realignment	0.0	0.0	72.0	216.0	290.9	371.7	452.6	461.7	470.9	480.3	2,816.1	Building Operations, Service Contracts and Utilities; starting half a year 2020. Included estimated increase of 2% per year
Transforming Corporate Support	84.5	86.2	-73.2	-70.2	-67.0	-63.9	-60.6	-57.3	-53.9	-50.5	-303.9	maintenance cost
Peer to Peer Site	0.0	175.0	353.5	357.0	360.6	364.2	367.9	371.5	375.2	379.0	3,104.0	Building Operations, Service Contracts and Utilities; starting mid-2019
Enterprise Business Intelligence	1,028.8	1,808.8	1,808.8	1,808.8	1,808.8	1,808.8	1,808.8	1,808.8	1,808.8	1,808.8	17,308.0	\$0.29M for salaries for 5 FTE's in 2018 (half year) and \$0.59M beginning 2019; \$0.48M for maintenance starting 2019 per BM# P85, April 20, 2016; PLUS \$475K for Business Intelligence Unit to continue development and training activities; \$263,800 for RMU for 3 FTE's for privacy and security.
Total Projects Operating Impact	1,113.3	2,070.0	2,161.1	2,311.7	2,393.2	2,480.8	2,568.7	2,584.7	2,601.0	2,617.6	22,924.2	



Toronto Police Services Board Report

September 26, 2017

To: Budget Committee
Toronto Police Services Board

From: Mark Saunders
Chief of Police

Subject: Toronto Police Service Parking Enforcement Unit – 2018 Operating Budget Request

Recommendation(s):

It is recommended that:

- (1) the Board Budget Committee approve the Toronto Police Service Parking Enforcement Unit's 2018 net operating budget request of \$46.7 Million (M), a 0% increase over the 2017 approved budget; and
- (2) the Budget Committee forward a copy of this report to the Board for approval.

Financial Implications:

The Toronto Police Service Parking Enforcement Unit's (P.E.U.) 2018 net operating budget request is \$46.7M (\$48.3M gross). This request includes the 2018 impact of the labour contract settlements for Toronto Police Association (T.P.A.) members, and requires the same level of funding as the 2017 approved net operating budget – a 0% increase.

Background / Purpose:

The purpose of this report is to provide the Board with P.E.U.'s recommended 2018 operating budget request. The report includes information on the level of funding required in 2018 to provide parking enforcement services to the City of Toronto (City), based on the current service delivery model. The recommended request has been developed with a focus on achieving the 0% target increase requested by the City, while ensuring adequate coverage is provided for by-law enforcement.

Discussion:

The P.E.U. assists with the safe and orderly flow of traffic by responding to parking concerns and enforcing applicable municipal by-laws. The unit also provides operational support to the Toronto Police Service (Service). The P.E.U. operating budget is separate from the Service's operating budget, and is included in the City's consolidated Parking Tag Enforcement Operations budget, which is comprised of the following:

1. Police P.E.U. – responsible for the enforcement program, based on municipal by-laws, community based parking programs and Municipal Law Enforcement Officer (M.L.E.O) training and oversight;
2. City Treasurer, Revenue Processing – responsible for processing and collecting fines and overseeing dispute centres, trial requests and pre-court document processing;
3. City Court Services, Judicial Processing – responsible for scheduling and supporting the Provincial Offences Act (P.O.A) trials. All costs associated with Parking courts are covered under this umbrella; and
4. City Legal Services – responsible for prosecutions.

Parking Enforcement Unit Responsibilities:

The P.E.U. is staffed specifically to ensure the safe and orderly flow of traffic, meet enforcement objectives, respond to calls for service from the community and provide a visible presence to promote compliance. Parking Enforcement Officers (P.E.O.s) are deployed to zones throughout the City to patrol for the aforementioned reasons and support effective service delivery. Any shortfall in staffing levels creates shortages, which places pressure on the enforcement (tag issuance) of non-compliance with applicable by-laws and calls for service, both of which can impact traffic flow. The unit takes all possible action, including the use of available premium pay, to mitigate the overall impact on enforcement activities.

Parking Tag Revenues:

Although the P.E.U. is responsible for parking tag issuance, actual revenues, as noted above, accrue directly to the City and are collected by the City Treasurer through the Revenue Services division. Revenues collected are impacted by City Council initiatives (e.g. 10 minute grace period), by-law changes, increased fines and programs, such as legal parking permit issuance, methods of payment and level of compliance. All of these factors have an impact on enforcement operations, the number of tags issued, public behaviour and the overall amount of revenues collected.

2018 Operating Budget – Guidelines and Budget Development Process

In 2018, all City Divisions and Agencies are required to manage and offset their own pressures as well as contribute toward mitigating corporate City pressures. To this end, the City has established a 0% increase target for all City Divisions, Agencies, Boards and Commissions. City Finance guidelines included a number of factors that were to be considered in developing the 2018 budget, including strategies to control expenditures, reviewing service levels for efficiencies and the need to clearly justify any new staffing requests.

In preparing the 2018 operating budget for P.E.U., the following assumptions were made:

- No additional positions added to P.E.U.'s staffing complement;
- Replacement P.E.O.s continues, based on attrition estimates;
- Required budget increases were absorbed into existing funding amounts; and
- Historical funds budgeted but not spent were reduced from the current budget request.

It should be noted that the Transformational Task Force's The Way Forward report includes a recommendation regarding possible alternate service delivery or shared services for Parking Enforcement. An external consultant has been engaged by the City to review the viability of an alternative or shared service delivery model. A report is expected by the end of 2017. Accordingly, at this time, the 2018 request is based on the current service delivery model.

2018 Operating Budget Request:

The 2018 operating budget request of \$46.7M (\$48.3M gross) includes the funding required to maintain an average deployed strength of 357 P.E.O.s (the approved deployment target), as well as services and equipment required to effectively support operations. In order to ensure optimal staffing levels to meet operational demands, the Unit works to maintain the approved staffing target, on average, throughout the year.

Figure 1 indicates that, on a gross basis, 85.0% of P.E.U.'s budget is for salaries, premium pay and benefits. The remaining 15.0% is required to support P.E.O.s in terms of the vehicles, equipment and technology they use, facilities they work in, and training they require.

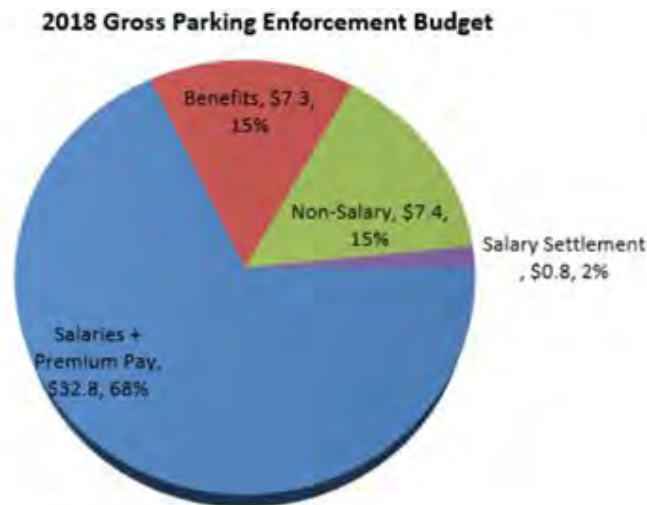


Figure 1. Overall Budget Request

Table 1 below summarizes the current 2018 request by category of change, followed by a discussion on each category.

Table 1 - Summary of 2018 Budget Request By Category of Change			
	Request \$000s	\$ Increase / (Decrease) over 2017	% Increase / (Decrease) over 2017
2017 Net Budget - \$46,722,600			
(a) Impact of 2018 Salary Settlement	\$769.1	\$769.1	1.65%
(b) Salary Requirements	\$30,271.3	-\$285.9	-0.61%
(c) Premium Pay	\$2,506.8	-\$239.4	-0.51%
(d) Statutory Deductions and Employee Benefits	\$7,284.6	-\$407.8	-0.87%
(e) Reserve Contributions	\$2,704.2	\$10.9	0.02%
(f) Other Expenditures	\$4,711.8	<u>\$153.1</u>	<u>0.33%</u>
2018 Gross Budget Request	\$48,247.8	\$0.0	0.00%
(g) Revenues	<u>-\$1,525.2</u>	<u>\$0.0</u>	<u>0.00%</u>
2018 Net Budget Request	\$46,722.6	\$0.0	0.00%

(a) Impact of 2018 Collective Agreement (\$0.8M)

The 2018 impact of the 2015 to 2018 salary settlement with the T.P.A. is \$0.8M, or 1.65%.

(b) Salary Requirements (\$30.3M)

The 2018 P.E.U. budget reflects an overall establishment of 394, which includes a staff complement of 357 P.E.O.s. The 2018 salary budget assumes that the replacement of P.E.O.s will continue based on attrition estimates. This budget represents a \$285,900 or 0.61% decrease over P.E.U.'s total 2017 budget, due to backfills of vacancies being budgeted at lower rates than staff that separate from the P.E.U.

(c) Premium Pay (\$2.5M)

Nearly all premium pay at the P.E.U. is related to enforcement activities, attendance at court and the backfilling of members attending court. Premium pay is utilized to staff enforcement activities at special events or directed enforcement actions instituted to address specific problems. The opportunity to redeploy on-duty staff for special events is minimal, as this will result in decreased enforcement in the areas from which they are being deployed. All premium pay expenditures are approved by supervisory staff and carefully controlled.

At its July 12, 2016 meeting, Council adopted the report on the Administrative Penalty System (A.P.S.) for Parking Violations. The new administrative process is intended to:

- Provide a fair and equitable dispute resolution process for parking disputes, ensuring that individuals who contest an administrative penalty (i.e. parking fines) for a parking violation will receive an impartial review in a timely manner, ideally within 60 days.
- Provide customers with greater access to dispute resolution services through the implementation of processes and technologies, including on-line options for disputing or paying a penalty, that are more accessible and efficient than those currently allowed under the P.O.A.
- Allow the City sufficient flexibility to respond to fluctuating parking dispute levels, while building capacity within the court system for the processing of offences that are more serious.
- Help the City regulate the flow of traffic by promoting compliance with its by-laws respecting the parking, standing, or stopping of motor vehicles.

The total premium pay budget request for 2018 is \$2.5M. This budget represents a \$239,400 or 0.51% decrease over P.E.U.'s total 2017 budget, as a result of an anticipated decrease in required court attendance due to the implementation of the A.P.S. It must be noted that operating impact of the A.P.S. is not yet fully known, as it was implemented during the second half of 2017.

(d) Statutory Payroll Deductions and Employee Benefits (\$7.3M)

This category of expenditure represents a decrease of \$407,800 or 0.87% over P.E.U.'s total 2017 budget. Employee benefits are comprised of statutory payroll deductions and requirements as per the collective agreements.

The decrease is a result of decreases in statutory benefit costs due to projected vacancies at the start of the 2018 budget year.

(e) Reserve Contributions (\$2.7M)

P.E.U. contributes to reserves and reserve funds through provisions from its operating budget. All reserves and reserve funds are established by the City. The City manages the Sick Pay Gratuity and Insurance reserves, while the Service manages the remaining reserves (the Vehicle and Equipment and Central Sick Bank reserves). The total 2018 budget for contributions to the reserves is \$2.7M. This budget represents a \$10,900 increase or a 0.02% increase over P.E.U.'s total 2017 budget.

(f) Other Expenditures (\$4.7M)

Other expenditure categories include the materials, equipment and services required for day-to-day operations. Wherever possible, accounts within this category have been flat-lined or reduced from the 2017 level. Changes have only been included where considered mandatory and one-time reductions have been taken into account where

applicable. The total increase for these expenditures is \$153,100 or 0.33% over P.E.U.'s total 2017 budget, due mainly to maintenance costs for the handheld ticketing devices.

(g) Revenues (\$1.5M)

Revenue is comprised of draws from reserves and towing/pound administrative recoveries. This budget is the same as P.E.U.'s total 2017 budget.

2019 and 2020 Outlooks:

City Finance has requested that budget outlooks for 2019 and 2020 be provided for each budget. Based on known pressures and inflationary increases, the current estimate for 2019 is \$48.2M (a \$1.5M or 3.2% increase over 2018) and for 2020 is \$49.2M (a \$1.0M or 2.0% increase over 2019). The 2019 and 2020 assume collective agreement impacts at the rate of inflation, as the current contract expires at the end of 2018.

Conclusion:

The P.E.U.'s 2018 net operating budget request is \$46.7M, which is \$0M a 0% over the 2017 approved budget, thereby meeting the City's target of a 0% increase.

The 2018 budget request includes the funding required to maintain the approved establishment of P.E.O.s, as well as the necessary supporting infrastructure. This budget request will allow the P.E.U. to provide enforcement services to promote compliance and improve the traffic flow within the City.

Mr. Tony Veneziano, Chief Administrative Officer, will be in attendance to answer any questions the Board may have regarding this report.

Respectfully submitted,

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

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Toronto Police Services Board Report

September 25, 2017

To: Budget Committee
Toronto Police Services Board

From: Andy Pringle
Chair

Subject: Toronto Police Services Board 2018 Operating Budget Request

Recommendation(s):

1. THAT the Budget Committee approve a proposed 2018 net operating budget of \$2,309,100 which is an increase of 0% over a 2017 adjusted budget of \$2,309,100; and,
2. THAT the Budget Committee forward this report to the Board for approval.

Financial Implications:

The proposed 2018 net operating budget, recommended in this report, represents an increase of 0% over a 2017 adjusted budget of \$ 2,309,100. The Toronto Police Services Board ("the Board") 2018 operating budget request is a net amount of \$2,309,100.

Background / Purpose:

The Board's 2018 operating budget achieves the City's target of a 0 % increase over the 2017 Council adjusted net operating budget.

Discussion:

Non-salary Accounts

The requested budget does not include any new initiatives or programs.

In terms of non-salary accounts, when the amounts allocated for the City Legal chargeback, chargeback, for external labour relations legal counsel and ongoing consulting costs arising from a Memorandum of Settlement with the Ontario Human Rights Commission are factored out of the budget, the actual non-salary costs proposed in the 2018 budget amount to approximately \$100,000.

The proposed 2018 budget includes funding for limited professional development and learning opportunities for Board members by providing sufficient funds for their attendance at the Ontario Association of Police Services Boards' (OAPSB) conference and the Canadian Association of Police Governance's (CAPG) conference.

Funds will not be available in the event that the Board requires legal advice other than that which is available from the City of Toronto Legal department or from the Board's contracted labour relations law firm. Similarly, no funds will be available should the Board require any additional external consulting advice or professional services.

Expenditures within the proposed legal services accounts are difficult to predict as they are often incurred in response to an action or event. Recent settlement statistics related to labour disputes and grievances do indicate that fewer matters proceed to a hearing; the matters that do proceed to hearings are increasingly complex. With the implementation of projects and initiatives from The Way Forward final report, it is anticipated that there will be an increased frequency of labour relations legal expenditures in 2018. Due to the complexity and in many cases novel features of these files, they will likely consume substantial legal resources, including time for preparation for hearings.

Salary and Benefit Accounts

The budget request in the Board's salary and benefit accounts, totalling \$1,037,200, includes salary/benefits for its approved staff complement and for the Council-established Board Member remuneration.

Board staff members provide the administrative support to ensure the Board's provision of civilian oversight to the community. As such, the work performed by the staff is fundamentally linked to the Board's ability to provide adequate and effective police services to the community.

Board staff must not only deal with the significant volume of work generated by the Board on a day-to-day basis but also manage on-going strategic, proactive policy initiatives; both are areas that are critical in meeting the Board's legislative mandate.

Currently, with the Board's limited staff, it is often challenging to meet the existing demands.

Further, in 2015 the Board received a final report on the implementation of the recommendations arising from Justice Morden's *Independent Civilian Review into Matters Relating to the G20 Summit*. This report recommends a substantially expanded and strengthened role for civilian governance of the Toronto Police Service. In his report at page 37, Justice Morden writes:

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

Since receiving and approving Morden's report, the Board has reduced its staff complement by one position and has significantly reduced its budget in response to the City's budget pressures.

In late 2017, the Board is also anticipating that the Province will introduce significant amendments to the Police Services Act. The Board will assess the impact of those changes during 2018 and it can be anticipated that the Board's 2019 budget request will address any financial pressures that may arise from the amendments.

Conclusion:

In an effort to further improve effectiveness and in light of the work involved in the implementation of The Way Forward and in anticipation of changes to the Police Services Act, which is the provincial legislation establishing the Board's mandate, the Board will continue to assess its governance role and the resources required to support its role

Respectfully submitted,

Andy Pringle
Chair

2018 Proposed Operating Budget

Toronto Police Services Board

	2016 Actual	2017 Budget	Change	2018 Request
Salaries	802.9	895.1	0.0	895.1
Benefits	111.4	124.4	0.0	124.4
Premium Pay	5.4	0.0	0.0	0.0
Reserves	610.6	529.0	0.0	529.0
Other Expenditures	1,012.4	1,260.6	(17.7)	1,242.9
Total Gross Request	2,542.7	2,809.1	(17.7)	2,791.4
Revenue	(350.5)	(500.0)	0.0	(500.0)
Total Net Request	2,192.2	2,309.1	(17.7)	2,291.4
Salary Settlement				17.7
Total Net Request Including Salary Settlement	2,192.2	2,309.1	0.0	2,309.1