



The following *draft* Minutes of the special public meeting of the Toronto Police Services Board held on March 08, 2010 are subject to adoption at its next regularly scheduled meeting.

MINUTES OF THE SPECIAL PUBLIC MEETING of the Toronto Police Services Board held on **MARCH 08, 2010** at 5:00 PM in the Auditorium, 40 College Street, Toronto, Ontario.

PRESENT: **Dr. Alok Mukherjee, Chair**
 Ms. Pam McConnell, Councillor & Vice-Chair
 The Honourable Hugh Locke, Q.C., Member
 Mr. Hamlin Grange, Member
 Mr. Adam Vaughan, Councillor & Member

ABSENT: **Ms. Judi Cohen, Member**
 Mr. Frank DiGiorgio, Councillor & Member

ALSO PRESENT: **Mr. William Blair, Chief of Police**
 Mr. Albert Cohen, City of Toronto - Legal Services Division
 Ms. Deirdre Williams, Board Administrator

**THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING
OF THE TORONTO POLICE SERVICES BOARD HELD ON MARCH 8, 2010**

#P53. MOMENT OF SILENCE

The Board observed a moment of silence in memory of Police Constable Artem Otchakovski of the Peel Regional Police Service who died while on duty on March 2, 2010 and Provincial Constable Vu Pham of the Ontario Provincial Police – Huron County Detachment who died while on duty earlier today, March 8, 2010.

**THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING
OF THE TORONTO POLICE SERVICES BOARD HELD ON MARCH 08, 2010**

**#P54. TORONTO POLICE SERVICE – 2010 OPERATING BUDGET
REQUEST: IMPACT OF FURTHER REDUCTIONS**

The Board was in receipt of the following report dated March 01, 2010 from William Blair, Chief of Police:

Subject: 2010 OPERATING BUDGET REQUEST FOR THE TORONTO POLICE
SERVICE: IMPACT OF FURTHER REDUCTIONS

Recommendations:

It is recommended that:

- (1) the Board receive this report for information; and
- (2) the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer and to the City Budget Committee for information.

Financial Implications:

The Toronto Police Service's (TPS) 2010 Board-approved net operating budget request is \$892.2 million (M). This is an increase of \$37.4M (4.4%) over the approved 2009 net operating budget of \$854.8M (Min. No. P335/09 and P28/10 refer). City staff have recommended to the City Budget Committee that the Board-approved budget be reduced by \$5.9M (0.7%). In addition, City staff has also recommended that the 2010 Board-approved budget be increased by \$1.8M (0.2%) to fund the equivalent of forty-two (42) transit security officers. These City staff recommendations would result in a net reduction of \$4.1M to the Board-approved budget and a proposed 2010 net operating budget for the Service of \$888.1M. This is an increase of \$33.3M (3.9%) over the 2009 approved net operating budget.

Background/Purpose:

The Board approved a 2010 net operating budget request of \$892.2M at its special meeting of January 28, 2010 (Min. No. P28/10 refers). This budget request was provided to the City's Deputy City Manager for information and to the City Budget Committee for approval.

City of Toronto staff has presented the proposed 2010 City of Toronto operating budget to the City of Toronto Budget Committee. This proposed budget includes a \$5.9M reduction and a \$1.8M increase (to fund an equivalent forty-two transit officers) to the Board-approved 2010 net operating budget. Table 1 provides a summary of recommended changes.

Table 1. 2010 TPS Net Operating Budget – Current Status

	Budget (\$Ms)	% Over 2009 Approved Budget
2009 Approved Budget	\$854.8M	
2010 Budget increase	<u>\$37.4M</u>	4.4%
2010 Board-Approved Request	\$892.2M	
City Staff Recommendations:		
Unallocated Reduction	(\$5.9M)	
Deployment of 42 transit officers	<u>\$1.8M</u>	
Net Reductions	(\$4.1M)	(0.5%)
2010 City-Staff Recommended Budget	\$888.1M	3.9%

The Board, at its meeting of February 18, 2010, requested “that the Chief of Police provide a report, for consideration at the public Board meeting, detailing options for and the impact of the City of Toronto’s proposal for a further \$5.9 M permanent and sustainable budget reduction” (Min. No. P50/10 refers).

Discussion:

This report provides the Service’s response to the Board’s request.

Board-approved 2010 Operating Budget Request

The current Board-approved budget request resulted from a thorough review process (over a five-month period) by the Command and Board Budget Sub-committee. The Board-approved 2010 operating budget provides for adequate and effective policing for the City and does not include any additional staff or new initiatives. The 2010 Board-approved increase of 4.4% over the 2009 approved budget is mainly attributable to working agreement/contractual/legislated salary and benefit requirements. These represent 89% of the 4.4% or 3.9% of the increase.

The majority of the Service’s budget pertains to uniform staffing. The uniform staffing is based on a detailed plan taking into account projected attrition and hiring of recruits in order to meet the Board-approved and Council-authorized strength of 5,510 officers. The 5,510 amount has been adjusted to include grant funded programs for the School Resource Officers (+30) and the Police Officer Recruitment Fund (PORF) (+38), and civilianization initiatives (-2) for a revised amount of 5,576 officers.

The Service, in preparing the 2010 budget request, was aware of the City’s financial constraints and took these into account. As a result, the following have been included in the Board-approved 2010 budget.

- Deletion of the April 2010 uniform recruit class (resulting in two recruit classes in 2010 instead of the normal three classes)
- Increased gapping for vacant Civilian positions (from an average of six months to nine months)
- Deferral of contribution increases to the Vehicle & Equipment and Sick Pay Gratuity Reserves

- Adjusted expenditures (e.g. medical/dental, caretaking/maintenance) based on 2009 year-end actual experience.

The above actions resulted in \$4M of reductions and this has been incorporated in the 2010 Board-approved budget.

Transit Policing – City Proposal

The City-recommended 2010 operating budget for the Service includes an increase of \$1.8M to fund the equivalent of forty-two (42) officers to effectively replace a significant portion of the Toronto Transit Commission (TTC) security complement. These officers would be in addition to the forty (40) officers that the Service has provided at no additional cost to the City or TTC.

The addition of \$1.8M (equivalent to 42 officers) to the Service's 2010 budget results in significant savings to the TTC 2010 operating budget due to the redistribution of responsibilities. Although the additional funding has been recommended, the City has refused to increase the Service's authorized strength by forty-two (42) officers. Therefore, there is no commitment from the City that this will be sustainable funding. As a result, if the budget is adopted as recommended by the City, the Service would be compelled in the future to redeploy forty-two (42) officers from its current strength to deliver this new function.

Impact of a Further \$5.9M Reduction

Salaries and benefits for the Service's 5,576 officers and 2,056 civilians represents 90% of the Service's net operating budget. These budgets are driven by the Service's collective agreement and legislated requirements. The remaining 10% of the Service's net operating budget represents non-salary expenditures including fixed costs (such as contractual obligations, City chargebacks and Reserve contributions), and have undergone extensive review during the entire budget development process. As a result, any options the Service has to achieve a \$5.9M budget reduction would involve staff and impact on the delivery of effective and adequate policing. Therefore, options for reduction are provided below as per the Board's request however, I do not support or recommend the implementation of these. In addition, these options would not be sustainable.

Uniform Officers:

Savings with respect to uniform officers can only be achieved through non-hiring of replacement officers. The Service's 2010 budget for uniform replacement hires, including outfitting and training, is \$3.8M (the 2010 cost of hiring 258 officers in the August and December classes). In addition, if the Service were to freeze all hiring in 2010, the additional funding for 42 transit officers would not be utilized, resulting in savings of an additional \$1.8M. This would result in a \$5.6M budget reduction for 2010.

The elimination of all recruit classes in 2010 would result in the Service being significantly below its approved deployed strength as of January 1, 2011. The impacts of this action are listed below.

- School Resource Officers (SRO), transit policing officers and some neighbourhood officers would be redeployed to front line primary response.
- Savings projected in the 2010 TTC operating budget will not be achieved if the Service cannot deploy officers to transit policing as the TTC will be required to continue with this function.
- The ability to support local community initiatives and special events would be severely impacted.
- The Board-approved and Council-authorized uniform strength will not be maintained.
- The annualized savings of not hiring 258 officers in 2010 is estimated at \$13.6M. However, there would be a loss of \$7.9M in grant funding in 2011 as the Service would fall below uniform strength levels required by the grant programs. Furthermore, assuming accelerated hiring began in 2011 to offset the non-replacement of 258 officers, there would be an additional cost of \$3.9M in 2011. Therefore, the net savings in 2011 of not replacing 258 officers would be an estimated \$1.9M.
- Although hiring would be accelerated in 2011 to commence the process of reinstating the 258 officers, the earliest the Service could achieve the Board-approved and Council-authorized strength is 2012 as hiring is subject to the number of recruit classes and spaces at the Ontario Police College.

Civilian Staff:

In the 2010 Board-approved budget, non-front-line civilian positions have been gapped for nine months (i.e., the average time a position is left vacant before filling). Assuming positions are gapped for the entire 2010 year (with critical vacancies reviewed on a case-by-case basis); a further \$0.3M in savings could be achieved. The impact of this would be reduced support to areas across the Service, including staff providing direct support to core services such as our fleet, information technology, etc.

Conclusion:

During the review of the 2010 operating budget, Service staff and Board members have performed a detailed line-by-line review of all accounts. The Board-approved 2010 request represents an increase of \$37.4M, or 4.4% over the 2009 approved budget. \$33M (or 89%) of this increase is required to address working agreement and legislated benefit impacts. The remaining 0.5% addresses increases for the maintenance of existing infrastructure.

The only option, other than arbitrary reductions, in finding further savings in the Service's budget would be to adjust staffing levels. In view of the fact that current staffing establishments are at a level that I consider necessary to deliver effective and adequate policing, I cannot recommend any reductions to the Board-approved budget. The deferral of uniform and civilian hiring in 2010 would achieve the \$5.9M further reduction requested by the City; however, this is not sustainable, there would be a long-term impact on the Service's ability to provide effective and adequate policing services to the City of Toronto, and would place financial pressure on future year budgets.

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

Mr. Miguel Avila was in attendance and delivered a deputation to the Board regarding the 2010 operating budget request. Mr. Avila also provided a written copy of his deputation; copy on file in the Board office.

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and reiterated that any further savings could only be achieved by adjusting staffing levels and that Chief Blair would not be recommending any staffing adjustments as it would impact the Service's ability to provide effective and adequate policing services to the City of Toronto.

Chief Blair said that if the Service was required to reduce its 2010 operating budget request by \$5.9M, it could only be achieved by not hiring 258 recruits to replace the officers who are leaving in 2010. The 258 recruits would have been hired over two recruit classes which were scheduled to begin in August (120 recruits) and December (138 recruits). The recruit class for April 2010 has been deleted. The non-hiring of 258 officers would be equivalent to a reduction of approximately 14 officers in each division. If the Service freezes all recruit hiring in 2010, the savings will only be \$3.8M of the requested \$5.9M.

Chief Blair indicated that 80 officers is an appropriate number to efficiently and effectively police the transit system. Although the funding of \$1.8M provided by the City to increase the number of transit policing officers by 42 (from 38 to 80) would cover the part-year costs in 2010, the City has not recommended that the current authorized strength be increased by the additional 42 officers for transit policing and the City has not made a commitment to provide sustainable funding for those police resources beyond 2010.

In response to an inquiry by the Board, Chief Blair said that 150 officers were deployed to the Vancouver 2010 Winter Olympics and that the RCMP will reimburse the Service on a full cost recovery basis. The estimated reimbursement, at this time, is approximately \$1.1M. Chief Blair described a number of factors which helped the Service manage effectively during the absence of the 150 officers.

Councillor Pam McConnell advised the Board that she had asked City staff to prepare a briefing note on the progress of reducing the impact of downloaded programs, including court security costs. Councillor McConnell circulated a copy of the *2010 Budget Briefing Note – Progress on Downloaded Program Costs and Provincial Funding Shortfalls* (dated February 25, 2010 by Lydia Fitchko, Acting Executive Director, Social Development Finance & Administration). She also noted that court security costs are estimated to be \$45M in 2010. A copy of the briefing note is appended to this Minute for information. Chief Blair advised the Board that the Service will be required to pay full costs for court security in 2010 and 2011 and that when uploading begins in 2012, it will be recorded as a source of revenue.

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The Board discussed the importance of establishing a strategic and carefully planned approach to managing the budget and determining whether or not any further reductions could be identified.

Chair Mukherjee and Vice-Chair McConnell suggested that some areas, such as administration, conferences, increased gapping for civilian positions, and reducing the size of recruit classes, should be reviewed to determine if further reductions could be made that would result in achieving additional savings.

The Board agreed to take a short break to provide Chief Blair and Service members with an opportunity to review the specific areas noted, to determine whether the 2010 operating budget request could be reduced. After a short break, the meeting resumed and Mr. Angelo Cristofaro, Director of Finance and Administration, responded with a summary of the dollar impact and operational impact of these specified areas. The total maximum reduction would be approximately \$1.0M to \$1.2M. The Board was advised that, if these reduction options were introduced in 2010, there would be additional pressures in 2011.

The Board had a discussion regarding the impact of the G20 Summit and the preparations that are being made now prior to the Summit, including the cancellation of annual leave requests by Service members for annual leave during the time of the G20 Summit. Chief Blair said that many members who have accumulated lieu time may not be permitted to take the lieu time which creates an additional pressure on the budget when the lieu time paydown occurs in August. The Board discussed whether or not cause and effect situations, like the significant cash payout that will occur later in 2010, can be covered in the G20 costs reimbursement. Mr. Veneziano said that the cost recovery arrangement may not allow for indirect impacts, but that the Service could submit it to the Federal government for consideration.

Chair Mukherjee described a list of responsible budget planning initiatives undertaken by the Board and the Service that have resulted in significant savings such as premium pay efficiencies, the divisional review, the compressed work week scheduling pilot program, recommendations to various levels of government seeking funds for policing and the establishment of new business practices that emphasize a value for money approach which resulted in the return of \$20.0M to the City over the past four years.

The Board noted that it is opposed to any budget reductions for the Toronto Police Service that would impact on service delivery and, specifically, any service reductions that will affect Board priorities.

The Board approved the following Motion:

- 1. THAT the Board receive Mr. Avila's deputation and his written submission.**

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The following two Motions were submitted to the Board for consideration along with a request for a recorded vote in accordance with section 22 of the Board's Procedural By-Law; each Motion was considered separately:

2. THAT the Board authorize the Chair to negotiate with the City Budget Chief, the City Manager and the City Budget Committee the possibility of a one-time unallocated reduction to meet this year's budget target.

For

Opposed

Chair Alok Mukherjee
Vice-Chair Pam McConnell
Mr. Hamlin Grange
The Honourable Hugh Locke
Councillor Adam Vaughan

nil

The Motion passed.

3. THAT, given that the further reduction requested by the City to the 2010 net operating budget would result in service reductions, the Board reaffirm its approval of the Toronto Police Service's 2010 net operating budget request of \$892.2 million (M), a 4.37% increase over the 2009 approved net operating budget, and forward a copy of this report to the City Budget Committee for information at its March 12, 2010 meeting.

For

Opposed

Chair Alok Mukherjee
Vice-Chair Pam McConnell
Mr. Hamlin Grange
The Honourable Hugh Locke

Councillor Adam Vaughan

The Motion passed.



Sue Corke
Deputy City Manager

Social Development Finance & Administration
City Hall, 14th Fl., East Tower
100 Queen St. West
Toronto, ON M5H 2N2

Lydia Fitchko,
Executive Director
(Acting)

Tel: (416) 392-5207
Fax: (416) 392-8403

2010 BUDGET BRIEFING NOTE

Progress on Downloaded Program Costs and Provincial Funding Shortfalls

Purpose:

To summarize the progress that has been made in reducing the impact that downloaded programs and provincial funding shortfalls have on the City's operating budget.

Key Messages:

- Significant progress was made over the past two years to address the impact that downloaded programs have on the City's operating budget. Most notably, with the release of the final report of the Provincial Municipal Fiscal and Service Delivery Review (the Review), the Province announced its commitment to fundamentally change provincial-municipal funding relationships with respect to cost-shared and mandated social programs.
- The Review's results are consistent with the City's Long Term Fiscal Plan, and have laid the ground work for ongoing savings by clarifying roles and responsibilities and establishing principles to guide investments in social programs. The Review commits the Province to uploading the full cost of the Ontario Disability Support Program (ODSP) benefits and program administration, the Ontario Drug Benefit program (ODB), Ontario Works (OW) benefits (including the upload of shelter per diems), and court security costs from municipalities by 2018.
- The upload of the municipal portions of income security program costs began in 2008 with the upload of ODB, and continues in 2010 with the first phase of upload of the City's mandated contribution to ODSP and OW benefits. The Province has also recently committed to honouring its cost sharing agreement for the administration of OW, a commitment that will reduce the projected pressure on the City budget by \$53.7M in 2010.
- The City is continuing to work with the Province to clarify roles and responsibilities and improve service delivery in the area of housing and homelessness, and on the development of the complete upload plan for court security costs.

Background:

The pressures on Toronto that occurred in the latter part of the 1990s as a result of amalgamation were compounded by a major reorganization of roles, responsibilities and cost-sharing arrangements initiated by the provincial government as a part of Local Services Realignment

(LSR). Under LSR, Toronto and other municipalities became responsible for the delivery and cost-sharing of a wide range of programs while the Province retained primary control over program policy and service delivery models. This group of changes is commonly referred to as “downloading.”

The mismatch between responsibility and authority created by LSR and related changes has severely constrained the City’s ability to contain the burden created by downloaded programs on the property tax base. Costs in downloaded programs have been driven up over time by policy changes made by the Province, inflation, wage settlements, growing service demand, increasing client service needs, and aging physical infrastructure. At its peak in 2007, the gross annual cost of downloaded programs had risen to \$508.8M. Table 1 summarizes these downloaded program costs from 1998 to the present.

In many cost-shared programs, the pressure on the City’s budget has been worsened by funding shortfalls and the Province’s failure to honour its own cost-sharing agreements. By 2010, the cumulative impact of the related provincial funding shortfalls will exceed one billion dollars. Table 2 summarizes these provincial funding shortfalls from 1998 to the present.

Since 1998, the City has used all of the tools at its disposal, including contributions from reserves, service reductions and service efficiencies to minimize the impact of downloaded program costs. In addition, the City has worked with other Ontario municipalities and the Province to have cost-sharing agreements honoured, the full impact of downloading recognised, and appropriate funding roles for social, health and safety services defined.

Over time, the Province mitigated some of the impact of downloading with a variety of measures. These include the introduction of 50% funding for Emergency Medical Services (EMS) and Public Health in 1999 (up from the original LSR proposed level of 0% funding); the introduction of pooling for social services in 1998 and social housing in 2001; the upload of 100% of the operating costs of GO Transit in 2002; phased increases from 2004-7 in provincial contributions for Public Health services to 75%; fully honouring cost-sharing for EMS in 2007 and 2008; and changing guidelines to make Toronto eligible for Ontario Municipal Partnership Fund (OMPF) funding beginning in 2006. However, this group of changes left municipal-provincial funding responsibilities largely unchanged, and did not address the inappropriateness of funding income support programs from property taxes.

In 2006, the Province launched the Provincial Municipal Fiscal and Service Delivery Review, the first comprehensive review of provincial-municipal roles and responsibilities since LSR. The Review was broad in scope, covering fiscal relationships, infrastructure and the delivery of human services, and reflected the spirit of the commitment to consultation set out in the *Municipal Act* and the *City of Toronto Act*.

The Review acknowledged the key service delivery and system management role played by municipalities and recognized the inappropriateness of funding provincial programs from the property tax base. As a result, the Province has begun uploading funding responsibilities from municipalities in several program areas, and has committed to working with AMO and the City

on the development of outcomes-based policy and funding frameworks in others. The full impact of the Review and the work to follow in other program areas are described below.

Income Support Programs: Ontario Disability Support Program, Ontario Drug Benefits, and Ontario Works Benefits

The Province's decision to upload all costs associated with ODB, ODSP, and Ontario Works benefits (including shelter per diems) is one of the most important outcomes of the Review. In the past, the City has been required to pay 20% of the benefit costs for ODB, ODSP and OW, and 50% of the cost of administration for ODSP and OW.

In 2007, the Province agreed to fully fund the Ontario Disability Support Program and the Ontario Drug Benefit programs as an early outcome of the Review. The upload of ODB costs was completed in 2008, and the upload of ODSP will be complete by 2011. The upload of OW benefit costs begins in 2010 and will be complete by 2018. Table 3 summarizes the projected savings that the upload of these program areas will have on the City's budget.

The Province has also recently committed to fully funding their 50% share of the OW cost of administration. The Province's earlier decision to cap its contribution to these administration costs had led to rising shortfalls in this area, and this recent commitment will reduce the pressure on the City's budget that had been projected for 2010 by \$53.7M.

Policing and Court Services

Starting in 2012, the Province will upload the costs of court security over seven years by providing funding to municipalities to a province-wide maximum of \$125 million annually at maturity. This funding will be apportioned to all applicable municipalities, and the proportion that the City will receive has not yet been determined. Table 4 summarizes the province-wide phased upload schedule from 2012 to 2018.

This funding will relieve the growing pressure faced by the City as part of the Toronto Police Services budget, where the cost of the provision of court security is expected to reach \$45.3 million in 2010. The funding will also relieve the \$1.2 million cost associated with the administration of court security that has impacted the budget of the Court Services division since responsibility for the administration of the Provincial Offences Act was transferred to the City in 2002.

In preparation for the upload, the City, the Toronto Police Service and the Toronto Police Board will participate in a consultation with the Ministry of the Attorney General and the Ministry of Community Safety and Correctional Services. The consultation will focus on the collection of data, the development of court security standards, and the determination of associated costs and related governance issues.

Emergency Medical Services

Emergency Medical Services are funded by a 50/50 cost-sharing agreement for land ambulances and 100% provincial funding for the Central Ambulance Communications Centre (CACC). Prior to 2006, the Province had capped its contribution to salaries and inflationary increases for both land ambulance and CACC, creating significant funding shortfalls for the City.

In March of that year, the provincial government announced its intention to honour its cost sharing agreement for emergency medical services. Although it elected to continue to cap its contribution to CACC, the City did not experience any funding shortfalls in 2007 or 2008.

In 2009, the CACC costs incurred by the City will exceed the provincially-established cap for this area. As a result of salary and other inflationary increases, the City will experience a \$2.4 million funding shortfall in its 2009 operating budget. Staff are continuing to negotiate with the Ministry of Health and Long Term Care to address this shortfall and are optimistic that it can be eliminated in 2010.

Housing and Homelessness: Social Housing and Emergency Shelter

As a part of the upload of OW benefits cost, shelter per diems, which are a part of the Ontario Works Act, will also be uploaded. Table 3 summarizes the projected savings that the upload of these shelter costs will have on the City's budget beginning in 2010.

In addition to the upload, the Province will be working with AMO and the City to consolidate the existing range of housing and homelessness programs across provincial ministries into a housing service managed at the municipal level. This review builds on the Review's commitment to developing outcomes-based policy and funding frameworks, and an analysis of funding arrangements for this broader housing service will be included in the work.

Until both the upload of OW benefits and the review of housing and homeless services are completed, the City will continue to experience fiscal pressures related to both emergency shelter and social housing services. For emergency shelter services, the current provincial per diem covers only a portion of the services delivered in shelters and is capped at rates that are lower than the actual cost of providing service in Toronto. In 2010, the provincial funding shortfall in this service area is expected to reach \$31.4M.

In the area of social housing area, the downloaded cost of this service will reach \$334.0 million in 2010, primarily because of the widening gap between tenant incomes and market rents, inflationary impacts, and the rising cost of maintaining an aging housing stock. As the review of this service area proceeds, the City will work to obtain a greater commitment from the federal government in the housing area, a need also identified by the Province and AMO as a part of the Review. In particular, the City will ask the federal government to reverse its scheduled withdrawal of approximately \$168.8 million in social housing funding and seek continued commitments for affordable housing.

Child Care

In 2010, child care services will face a \$19.0M funding shortfall. This shortfall is primarily a result of the fact that provincial funding for base programs is not indexed to inflation and has been frozen at levels established in 1995. Without base funding increases, the City has been forced to draw on reserve funds to maintain the current service level of 24,000 subsidies and recognize actual costs for child care operators.

For 2010, the City can draw on unspent 2005/6 Best Start monies from the Child Care Expansion Reserve Fund to partially address budget pressures and maintain current levels of service. However, in 2010 the Province will reduce the City's Best Start Funding by \$15.3M and by 2011 the reserve fund will be depleted. With all possible measures available to address funding shortfalls exhausted, a service level reduction of approximately 2,000 child care subsidies in 2011 and a further reduction of 3,000 subsidies by 2012 may be required.

Offsetting Social Program Costs: Pooling and the Ontario Municipal Partnership Fund

In addition to property taxes, the City has used two sources of revenue to fund its social program responsibilities. First, the City has relied on pooling revenues, collected by the Province from other GTA municipalities, to offset some of its social housing and social assistance obligations. Second, the City has used its Ontario Municipal Partnership Fund (OMPF) grant to offset these obligations since it first became eligible for the fund in 2006. Table 5 summarizes these offsets from 1998 to the present.

In parallel with the uploading of ODB, ODSP and OW benefits, the Province has made changes to OMPF allocations process. As the upload of these social program costs proceeds, the Province will concurrently claw back a portion of the municipal OMPF grant, a grant originally designed to offset social program costs. A full OMPF claw back schedule has been established by the Province, and in almost every year the City will realize net savings from the upload of income support programs in spite of the OMPF claw back. Table 3 summarizes the full OMPF claw back schedule from 2008 – 2018.

Table 1
SUMMARY OF DOWNLOADED PROGRAM COSTS
FOR THE YEARS 1998 TO 2010 (in \$M)

Downloaded Programs	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 Projected	2010 Budget
	Actual												
ODSP/ODB ¹	-	132.1	137.9	133.0	135.0	143.6	153.9	160.0	169.6	178.8	148.7	143.9	77.5
Social Housing ^{2,3}	-	242.2	220.4	254.1	287.4	292.9	293.2	311.2	308.1	328.8	316.5	321.2	334.0
Court Services ⁴	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.2	1.2	1.2	1.2
Total Downloaded Programs	-	374.3	358.3	387.1	423.4	437.5	448.1	472.2	478.7	508.8	466.4	466.3	412.7

Notes:

- 1 : The Province assumed the full cost for ODB starting in 2008. ODSP Administration was uploaded in 2009, and ODSP benefits will be uploaded in 2010 and 2011.
- 2 : Social Housing costs are shown before pooling and OMPF revenues.
- 3 : From 2005 on, Social Housing costs also include the Strong Communities Rent Supplement, Social Housing Admin, Housing Allowance, Realty Tax, Social Housing Admin System, Housing Allowance Pilot and Affordable Housing Program expenses.
- 4 : Court Security.

**Table 2
SUMMARY OF PROVINCIAL FUNDING SHORTFALL
FOR THE YEARS 1998 TO 2010 (in \$M)**

Provincial Funding Shortfall / Cap	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 Projected	2010 Budget	Cumulative Impact Total
	Actual													
OW COA	-	-	-	0.6	5.1	12.2	16.9	18.6	19.2	23.1	28.3	27.9	-	151.9
Shelter per diem	2.4	6.5	12.0	7.9	14.1	16.9	22.2	24.7	25.3	27.7	30.2	27.7	31.4	249.0
Child Care ¹	-	-	-	-	-	-	-	-	-	-	-	0.7	19.0	19.7
Emergency Medical Services	-	0.7	-	0.7	5.7	6.4	9.0	9.8	6.4	-	-	2.4	-	41.1
Police ²	-	31.2	33.5	35.6	38.3	42.5	43.4	46.0	53.1	53.5	58.8	60.4	63.2	559.5
Total Provincial Funding Shortfall / Cap	2.4	38.4	45.5	44.8	63.2	78.0	91.5	99.1	104.0	104.3	117.3	119.1	113.6	1,021.2

Notes:

- 1: Funding shortfalls in child care prior to 2009 have been managed with the Child Care Expansion Reserve Fund and Best Start funds.
- 2: Police includes: policing of criminal courts (\$45.3M - 2010), policing of provincial highways (\$1.8M), provision of school crossing guards (\$7.1M), and the Provincial cap on the City's community policing grants (\$9.0M).

**Table 3
SUMMARY OF PROJECTED SAVINGS FROM INCOME BENEFIT UPLOADED PROGRAM COSTS
FOR THE YEARS 2008 – 2018 (in \$M)**

Program Area	City Cost Shares / Projected Savings from Upload											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Ontario Drug Benefits (2007 City Cost Share: 20%)	(39.1)	-	-	-	-	-	-	-	-	-	-	-
Ontario Disability Support Program Administration Costs (2007 City Cost Share: 50%)	50.0%	(20.0)	-	-	-	-	-	-	-	-	-	-
Ontario Disability Support Program Benefits (2007 City Cost Share: 20%)	20.0%	20.0%	10.0%	(77.5)	-	-	-	-	-	-	-	-
Ontario Works Benefits (2007 City Cost Share: 20%)	20.0%	20.0%	19.4%	18.8%	17.2%	14.2%	11.4%	8.6%	5.8%	2.8%	(27.1)	
Ontario Works Hostels Per Diem (2007 City Cost Share: 20%)	20.0%	20.0%	19.4%	18.8%	17.2%	14.2%	11.4%	8.6%	5.8%	2.8%	(11.8)	
OMPFC Claw Back	-	19.7	20.8	20.8	20.8	20.8	6.8	6.9	6.8	6.9	6.8	
Total Projected Savings from Income Benefit Program Uploads	(39.1)	(0.3)	(62.9)	(63.2)	3.6	(11.6)	(25.3)	(26.9)	(28.7)	(32.2)	(32.1)	

**Table 4
SUMMARY OF PROVINCE WIDE COURT SECURITY COST UPLOADS
FOR THE YEARS 2012 – 2018 (in \$M)**

	2012	2013	2014	2015	2016	2017	2018
Phased Upload Percentage	14.0%	29.0%	43.0%	57.0%	71.0%	86.0%	100.0%
Province-Wide Upload Funding ¹	17.5	36.25	53.75	71.25	88.75	107.5	125.0

Note 1: Upload funding will be apportioned to all applicable municipalities. The City's upload funding allocation for each year has not yet been determined.

**Table 5
SUMMARY OF OFFSETS TO MANDATED/DOWNLOADED PROGRAM COSTS
FOR THE YEARS 1998 TO 2009 (in \$M)**

Offset	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 Projected	2010 Budget
	Actual												
GTA Pooling ^{1,2,4}	(100.0)	(95.7)	(89.5)	(133.8)	(155.6)	(171.7)	(181.8)	(189.6)	(196.9)	(176.0)	(143.8)	(115.0)	(86.3)
OMPFF ^{2,3}									(35.0)	(80.8)	(111.0)	(117.5)	(125.5)
Total Offsets	(100.0)	(95.7)	(89.5)	(133.8)	(155.6)	(171.7)	(181.8)	(189.6)	(231.9)	(256.8)	(254.8)	(232.5)	(211.8)

Notes:

- 1 : GTA Pooling revenues include reconciliation adjustments recorded for prior years. Pooling revenues are certified subsequent to the year end closing.
- 2 : In its 2007 budget the Province announced its intention to phase out pooling by GTA municipalities by 2012. The Province is providing sufficient funding under the OMPFF to offset the decline in GTA pooling to recipient municipalities, including Toronto.
- 3 : The 2009 OMPFF amount includes both an increase to offset the phase out of pooling and a claw back as a result of the upload of ODSP administration costs.
- 4 : GTA pooling figures include both pooling revenues for social housing and social services.

Prepared by: Lydia Fitchko, Executive Director (Acting), Social Development, Finance & Administration, 416-392-5207, lfitchko@toronto.ca

Date: February 25, 2010

**THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING
OF THE TORONTO POLICE SERVICES BOARD HELD ON MARCH 08, 2010**

#P55. G8/G20 SUMMIT MEETINGS - PROCUREMENT PROCESS

The Board was in receipt of the following report dated February 26, 2010 from William Blair, Chief of Police:

Subject: G8/G20 SUMMIT MEETINGS - PROCUREMENT PROCESS

Recommendations:

It is recommended that:

- (1) the Board authorize the Chief of Police to make commitments and awards within the G8/G20 funding approved by City Council, that would otherwise require Board approval in accordance with the Financial Control By-law No. 147, for goods/services related to the provision of security for the G8/G20 summit meetings;
- (2) the Board authorize the Chair to enter into any agreements with the federal or provincial governments, other police services, municipal jurisdictions and other organizations with respect to the G8/G20 summit meetings, as approved to form by the City Solicitor; and
- (3) the Chief of Police and the Chair provide reports to the Board's 2010 August meeting identifying respectively goods/services procured through the authority identified in recommendations (1) and (2).

Financial Implications:

There are no financial implications relating to the recommendations contained within this report.

Background/Purpose:

On December 7, 2009, the Prime Minister announced that Toronto will host the G20 Summit on June 26 and 27, 2010, immediately following the G8 Summit in Muskoka. On February 19, 2010, the federal government announced that the G20 Summit will be held in downtown Toronto, at the Metro Toronto Convention Centre. The Direct Energy Centre at Exhibition Place has been chosen for the media centre. The security and protection surrounding the G8 and G20 Summit is very intricate and collaboration from various law enforcement partners is taking place to ensure a safe and secure event. These combined efforts will result in the largest security event in Canadian history.

At its meeting held on February 22 and 23, 2010, City Council approved additional funding for the 2010 Service budget specifically to address the additional costs of providing security for the Summit. The majority of the funding required for the Summit relates to salaries and benefits for staff resources. The federal government has indicated that all eligible costs for the Summit will be reimbursed.

Given the timing of the announcement, the short time frame remaining prior to the Summit and the work required to properly prepare for it, there is a need to expeditiously acquire goods/services for Summit security. Given the terms of the Financial Control By-law No. 147 as amended (the By-law), it would be very difficult for the Service to comply with the By-law and still meet the deadlines arising for planning, and provision of, the Summit security. As a result, a modified procurement process specific for goods/services related to the Summit is recommended.

Discussion:

The Service's procurement procedures are based on the By-law and this includes the various authorities for commitments and awards. For example, an award for over \$500,000 for goods/services requires Board approval, where there is no vendor of record in place. The G8/G20 event will require the procurement of goods/services which will be in excess of \$500,000. However, given the need to meet operational requirement dates, the Service would not be able to obtain Board approval for an award without compromising the G8/G20 project schedule. In addition, to achieve the aggressive timetable to meet the security requirements for the Summit the Service's Purchasing Manager will determine the most appropriate method for procuring required goods/services.

In addition, various agreements with other levels of governments and other public bodies may be required expeditiously to ensure reimbursement for Summit related expenditures and obtaining the assistance of other parties in providing security for the event.

Where possible, the Service will utilize Board-approved vendor of record agreements to acquire goods/services. Proceeding in this way without Board approval complies with the By-law. Informal quotations will be managed through the office of the Purchasing Manager. There may also be a need to acquire goods/services through a single/sole source award for timing or proprietary reasons and these will need to be justified to the Purchasing Manager prior to any award being made.

However, the requirements and timing of the G8/G20 Summit will require the Service, in certain instances, to deviate from the By-law. Therefore, a modified procurement process and authority for awards and commitments are required specifically to meet the G8/G20 requirements.

Conclusion:

The G8/G20 Summit occurring in June 2010 will require extraordinary expenditures for various types of equipment, material and services. Given the short time period to plan for this event and the need to obtain goods/services to meet critical timelines, it would be difficult for the Service to address this situation and also comply with all of the By-law requirements. As a result, it is recommended that for goods/services related to the G8/G20 Summit, the Chief be authorized to make awards within the funding provided by City Council for the event and the Chair be authorized to enter into any other required agreements in respect to the Summit that would typically require Board approval. As noted above, it is recommended that both the Chief and Chair report to the Board for its August 2010 meeting on any actions undertaken pursuant to this authority.

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

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and responded to questions about this report.

The Board approved the foregoing report.

**THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING
OF THE TORONTO POLICE SERVICES BOARD HELD ON MARCH 08, 2010**

**#P56. NEW 11 DIVISION ARCHITECTURAL SERVICES– PURCHASE
ORDER AMENDMENT**

The Board was in receipt of the following report dated March 01, 2010 from William Blair, Chief of Police:

Subject: NEW 11 DIVISION ARCHITECTURAL SERVICES - PURCHASE ORDER
AMENDMENT

Recommendation:

It is recommended that the Board approve an amendment of \$288,750 (including taxes) to the current purchase order with Stantec Architecture Limited for architectural design and consulting services for the new 11 Division facility, for a revised purchase order amount of \$1,392,362.50 (including taxes).

Financial Implications:

There are no financial implications relating to the recommendation in this report. The amendment of \$288,750 relates mainly to additional work required from Stantec Architecture Limited (Stantec) as a result of decisions made on which components of the current facility would be retained. This information was not available at the time of the Request for Proposal (RFP) to select the Architect and therefore not included in any responses to the RFP. The Service was aware of the potential funding impact of decisions surrounding the heritage components of the current facility, and included a preliminary estimate of an additional \$2.5M in the new 11 Division approved capital project. Therefore, the amendment of \$288,750 will be absorbed within the \$2.5M and there is no impact on the overall approved project budget.

Background/Purpose:

The Board, at its meeting of December 18, 2008, approved the award of architectural design and consulting services to Stantec in the amount of \$1,103,612.50 (including taxes) for the new 11 Division facility (Min. No. P338/08 refers). A purchase order was issued to Stantec based on the Board approval. As a result of a change in scope from what was identified in the RFP document, an amendment to the purchase order is required. The reasons for the amendment are discussed below.

Discussion:

The RFP, to select the architectural firm for the new 11 Division, indicated that the successful Architect would work with a heritage advisory working group to determine which aspects of the 1913 school building at 2054 Davenport Road could be incorporated in the design of the new 11 Division. Therefore, Stantec's response to the RFP did not include any impacts of whatever

decisions would be made by the heritage advisory working group. The decision reached by the advisory working group (supported by the Service) was to retain the façade of the 1913 portion of the school building. This decision also increased the overall floor area of the new facility by 11,000 square feet (SF) to a total of 67,000 SF. As a result, in October 2009, Stantec requested additional fees of \$400,838 (including taxes), from what was included in their proposal, on the basis that the scope of the project as per the RFP had changed.

The retention and reuse of the existing façade impacted the original scope as follows:

- structural consulting to research and implement the most economical means of stabilizing the existing structure and providing new floor and roof structures;
- architectural consulting dealing with the requirements of the existing building envelope and the complexity of new to existing connections, including specific drawings and specifications;
- full heritage consulting to provide contract documents and contract administration services related to heritage preservation;
- increased the floor area from 56,000 SF to 67,000 SF resulting in design changes to heating/ventilation/air-conditioning, electrical and architectural finishes; and
- additional tendering required related to structural complexity and heritage components.

While the Service recognized that some adjustment to the original fee submitted by Stantec was warranted, a detailed analysis was conducted in order to ensure that the final settlement agreed to was fair, reasonable and justified. To this end, Service staff had a number of meetings with Stantec and performed a detailed analysis of each of the components of the claim. The Service also examined architectural fees as a percentage of construction costs for other projects to ensure that the request was in line with these projects. While the analysis was being conducted, Stantec continued to perform in a professional manner and provided services as required for the project.

As a result of the analysis and continued discussions with Stantec, and subject to the Board's approval, the Service and Stantec agreed to an additional amount of \$288,750 (including taxes) for the services rendered. The additional fee results in a revised total fee of \$1,392,362.50 (including taxes). This revised amount is within the approved project budget.

It is important to note that the agreement with Stantec for the revised fee does not include any fee impacts that may result from other project changes/schedule delays that are not known at this time. At this time, the Service is not aware of any such impacts.

Conclusion:

The architectural design and consulting services for the new 11 Division were awarded to Stantec. As a result of changes to the original scope, Stantec submitted a claim for additional fees of \$400,838 (including taxes). The Service had a number of meetings with Stantec to discuss their claim and also conducted a detailed analysis of the additional costs requested. The discussions were conducted in good faith by both parties, and Stantec continued to provide all required services to the project in a professional manner, during this time. The result of the detailed analysis was that additional costs were warranted, and the Service was able to reach an agreement with Stantec for an additional amount of \$288,750 (including taxes).

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

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and responded to questions about this report.

The Board approved the foregoing report.

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#P57. ADJOURNMENT

Alok Mukherjee
Chair