



The following *draft* Minutes of the special public meeting of the Toronto Police Services Board held on May 30, 2011 are subject to adoption at its next regularly scheduled meeting.

MINUTES OF THE SPECIAL PUBLIC MEETING of the Toronto Police Services Board held on **MAY 30, 2011** at 1:00 PM in the Auditorium, 40 College Street, Toronto, Ontario.

PRESENT:

Dr. Alok Mukherjee, Chair
Mr. Michael Thompson, Councillor & Vice-Chair
Mr. Chin Lee, Councillor & Member
Dr. Dhun Noria, Member
Ms. Frances Nunziata, Councillor & Member

ABSENT:

Ms. Judi Cohen, 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 MAY 30, 2011**

**#P139. TORONTO POLICE SERVICES BOARD – 2012 PRELIMINARY
OPERATING BUDGET REQUEST**

The Board was in receipt of the following report May 20, 2011 from Alok Mukherjee, Chair:

Subject: TORONTO POLICE SERVICES BOARD - 2012 PRELIMINARY OPERATING
BUDGET REQUEST

Recommendations:

It is recommended that:

1. the Board receive this report; and,
2. the Board forward a copy of this report to the City of Toronto City Manager and Chief Financial Officer for information.

Financial Implications

The Toronto Police Services Board's 2012 preliminary operating budget request is a net amount of \$2,319,600 and \$2,819,600 gross. This request includes the estimated impact of the contract settlements, although these contracts have not been ratified. To assist in the Board's consideration of the budget, the 2011 approved budget has been adjusted for the impact of the contract settlement and the 2012 preliminary request is compared to the adjusted 2011 budget.

The 2012 preliminary budget request represents a decrease of \$54,500 (2.3%) over a projected 2011 budget of \$2,374,100.

Background:

In accordance with Section 39(1) of the *Police Services Act*, the Board is required to:

...submit operating and capital estimates to the municipal council that will show, separately, the amounts that will be required, (a) to maintain the police force and provide it with equipment and facilities; and (b) to pay the expenses of the board's operation other than the remuneration of board members.

This report addresses the requirements set out in Section 39(1) (b) of the *Act*; however, it should be noted that it has been the practice of the Board to include the remuneration of board members in its budget request.

The following is a summary of the 2012 operating budget request for the Toronto Police Services Board (in thousands).

Salaries/Benefits	\$921,400
Supplies/Equipment	7,300
Services	1,840,200
Contribution from reserve	(500,000)
COLA estimate	<u>50,700</u>
TOTAL NET REQUEST	\$2,319,600

Salaries/Benefits

The budget request includes funds to maintain the Board's staff complement of 7 full time civilian members. In addition, funds are included for the remuneration of a full time Chair as well as honouraria and per diem payments for the citizen appointees to the Board. The remuneration rates for the Chair and for board members are established by City of Toronto Council.

The preliminary 2012 operating budget estimates the impact of labour contract settlements on each staff position and assumes that the City of Toronto will make no changes to the remunerations for the Chair and members of the Board. The budget for premium pay has been substantially reduced as a result of early projections of 2011 actually year-end spending. It is not clear, however, whether this is sustainable and the budget in this area may require further amendment.

Staffing Requirements

At its meeting on January 11, 2011, during consideration of the 2011 operating budget, the Board approved the following motion (Minute P12/11 refers):

THAT, prior to the 2012 operating budget process, the Chair conduct a review of the civilian staffing requirements in the Board office and provide the Board with a report on the results of the review indicating whether or not any new staffing efficiencies were identified.

The current PSB staff complement is seven positions. However, in order to complete the recent review of Board policies, establish processes to review and track new policy development and policy amendments, as well as to respond to legislative changes requiring additional policies and Board responses, an additional unfunded staff position was created in 2009. This position is funded from the Toronto Police Service budget on a continuing but temporary basis. A complement of eight staff positions is required to meet current core functions.

In accordance with the Board's motion, a review of all the administrative functions of the Board was undertaken to determine whether staff resources are being used appropriately, efficiently and in a way that balances the workload. The review examined the administrative workload borne by all eight positions. While the review revealed some minor duplication of administrative tasks the review also highlighted ways in which efficiencies could be achieved through increased use of

existing technological resources (for example, extending the use of electronic scheduling to scheduling of Board members; streamlining the agenda and minutes preparation during the scheduled roll-out of Windows 7) and potential greater efficiencies through investment in new technology. Board staff will be working with TPS IT staff during the Windows 7 roll-out to make the transition as seamless as possible but also to identify improvements that may reduce the amount of time staff spend manipulating electronic documents to create the agenda, minutes, indices and tracking documents.

Staff are currently working with TPS IT in order to explore the feasibility of acquiring a document management system for the Board. Given the increasing volume of documents and demands by Board members, staff, TPS staff, members of the community and others for documents that are publically available and easily searchable the lack of a document management system is a hindrance to Board effectiveness, accountability and transparency. A document management system would also be required as a foundation for moving toward an entirely electronic environment for Board agendas and minutes, in other words, the elimination of the creation and distribution of paper copies of these documents. While these new technology projects would increase efficiency, it is understood that a substantial budget will be required to fund the introduction and maintenance of such technology. Once business cases are finalized the Board will be asked to consider the feasibility of proceeding.

Supplies/ Equipment

The preliminary budget reflects a decrease of 23% over the 2011 approved budget. The preliminary budget in this account area may require further amendment.

Services

Within this account grouping there is a decrease over the 2011 budget. This account area provides funding for the day-to-day operations of the Board's office including professional services, business travel, cellular service, vehicle lease and office supplies. Certain accounts in this budget area have been substantially reduced as a result of early projections of 2011 spending and as a result of a review of 2010 year-end spending. The budget in this area may require further amendment.

Key elements of the professional services accounts are as follows:

\$610,600 Contribution to a Reserve for Costs of Independent Legal Advice

This budget is required to deal with anticipated grievances, arbitration and other labour relations proceedings in 2011. From time to time, the Board may require legal advice independent of the advice provided by City Legal and of the labour relations legal advice provided by our contracted labour relations legal firm, Hicks Morley. It is very difficult to establish a budget in this area as the Board cannot, with any certainty, forecast the number, scope or complexity of legal proceedings.

The Toronto Police Services Board cannot predict or control the number of grievances filed or referred to arbitration. The bargaining units have a right to bring matters to hearing, and the Board is responsible for bearing half of the arbitrator's fees and costs in addition to the costs of

its own legal counsel for preparation and attendance at the hearings. Failure to defend grievances would result in an award whether the matter has merit or not. Since most grievances deal with human rights, employee discipline (including termination), the exercise of managerial rights and authority to direct the workforce, the implications of allowing these grievances to proceed unchallenged would be substantial, in terms of both operational impact and financial impact.

\$680,000 for City Legal Chargeback

The amount requested is the same as the 2011 approved budget. City Council has directed that the cost of work performed by the City Legal Department be charged back to the Police Services Board. City Legal provides day to day legal advice to the Board, including policy development, contract management and may represent the Board in civil actions, human rights complaints, at Coroner's inquests and at various inquiries. The requested amount is equal to the Inter-Departmental Chargeback (IDC) reflected in the Legal Services budget at the City of Toronto.

City of Toronto Operating Budget Guidelines

Each year, City Finance issues general guidelines for budget development. In light of anticipated 2012 City-wide pressures, the 2012 budget guidelines include a specific target reduction for each Agency, Board, Commission and Department (ABCD). The 2012 target has been determined based on the 2011 approved budget, anticipated impacts of collective agreements, 2012 pressures that were identified during the 2011 budget development process, and the application of an overall 10% reduction.

City Finance has also provided the following directions and guidelines:

- develop a 2012 Operating Base Budget based on the reported 2012 Outlook, and the economic factors provided by City Finance;
- submit business cases to achieve the 10% reduction target;
- budget cost of living allowance (COLA) for unionized employees where known;
- calculate merit and step increases on a person-by-person basis;
- maintain the 2011 gapping rate (at a minimum) for 2012;
- continue hiring slowdown and complement management strategies;
- calculate fringe benefits based on 2011 projected actual experience, but not to exceed 27.12% for permanent employees; and
- only consider new or enhanced services that are fully non-tax funded.

The Toronto Police Services Board's 2012 operating budget target is estimated to be \$2,172,200, which is \$200,800 less than the 2011 projected operating budget and \$147,400 less than the 2012 preliminary request.

The only potential further reduction to achieve the City's targets is a decrease to the contribution to reserve; however, this is not recommended at this time and would require, in consultation with the TPS Chief Administrative Officer and TPS Labour Relations Unit, a thorough review of the current status of the reserve and the 2011 projections for spending. A decrease in the amount budgeted for the chargeback to City of Toronto Legal Services would require further discussion with the City.

It is anticipated that adjustments to the preliminary 2012 operating budget request will continue to be required based on experience in 2011.

Summary

The Board's 2012 operating budget request of \$2,319,600 represents a 2.3% decrease over the projected 2011 budget.

Ms. Joanne Campbell, Executive Director, was in attendance and provided the Board with a summary of the Board's preliminary 2012 operating budget request.

In response to an inquiry by the Board, Ms. Campbell described examples of the various legal services that are performed by the City Legal Department for the Board on a daily basis. Ms. Campbell also said that monthly statements of work articulating the specific work performed are submitted by City Legal and are available for review, if requested.

The Board approved the following Motions:

- 1. THAT the Board receive the foregoing report and provide a copy to the City's Deputy City Manager and Chief Financial Officer for information; and**
- 2. THAT Board staff be directed to review the legal service chargeback with the City in order to determine how the fees or rates can be lowered.**

TORONTO POLICE SERVICES BOARD						
2012 OPERATING BUDGET						
DETAILED REQUEST						
	2009 Final	2010 Final	2011 Budget	2012 Request	2012 Req over 2011 Bud	
2	CIVILIAN SALARIES	773,109	785,649	812,100	812,100	0
3	ALTERNATE RATE	1,825	0	0	0	0
6	SHIFT BONUS	6	12	0	0	0
	TOTAL REGULAR SALARIES	774,940	785,661	812,100	812,100	0
4	CIVILIAN OVERTIME	0	0	0	0	0
5	CIVILIAN CALLBACK	0	0	0	0	0
6	CIV LIEU TIME CSH PM	9,788	8,940	9,800	2,000	(7,800)
	TOTAL PREMIUM PAY	9,788	8,940	9,800	2,000	(7,800)
8	EMPLOYMENT INSURANCE	8,317	8,177	8,600	8,600	0
9	CANADA PENSION PLAN	18,297	18,513	20,800	20,800	0
10	OMERS	57,377	60,508	69,800	77,900	8,100
	TOTAL BENEFITS	83,991	87,198	99,200	107,300	8,100
11	STATIONERY AND OFF	2,534	4,433	7,400	5,400	(2,000)
12	PRINTED MATERIAL	0	2,100	1,900	1,900	0
13	BOOKS & MAGAZINES	443	0	500	0	(500)
14	MISC MATERIALS	0	97	0	0	0
15	FURNISHINGS	1,814	824	0	0	0
16	COMPUTER HARDWARE	0	709	0	0	0
17	COMPUTER SOFTWARE	0	0	0	0	0
18	OTHER OFFICE EQUIPMENT	0	1,515	0	0	0
	TOTAL SUPPLIES/EQUIPMENT	4,791	9,678	9,800	7,300	(2,500)
20	PUB REL/PROMOTIONS	15,183	0	16,600	6,000	(10,600)
21	CONSULTING - LEGAL	833,816		407,100	450,000	42,900
21a	CONSULTING - OTHER	41,760	21	229,200	50,000	(179,200)
22	TRAVEL - OTHER EXP	3,721	26,948	4,500	4,500	0
23	CONF.-OTHER EXPENSES	18,137		26,500	6,500	(20,000)
24	COURSES/SEMINARS	0		8,500	1,500	(7,000)
26	ADVERTISING & PROMOTION	10,001		10,300	0	(10,300)
27	RENTAL, OFF. EQUIP.	1,346	147	2,300	2,300	0
28	REIMB.-MEMBERSHIP FEES	11,167	0	11,200	11,200	0
29	TELEPHONE	141	0	500	500	0
30	CELLULAR TELEPHONES	5,989	263	8,400	7,000	(1,400)
31	INTERNET	299		1,000	500	(500)
32	RENTAL OF VEHICLES	7,317		8,700	7,500	(1,200)
33	SERVICE & RENT GENERAL	1,012	6	2,100	2,100	0
34	REPAIR & MAINT FURN	410	1,818	0	0	0
36	CONTRIBUTION TO RESERVES	0	450,000	610,600	610,600	0
37	IDC - LEGAL SERVICES	595,733	366,351	680,000	680,000	0
	TOTAL SERVICES	1,546,032	1,361,460	2,027,500	1,840,200	(187,300)
38	MISCELLANEOUS REVENUE	(11,815)	0	0	0	0
39	CONTRIBUTION FROM RESERVES	0	(279,733)	(610,600)	(500,000)	110,600
	TOTAL REVENUE	(11,815)	(279,733)	(610,600)	(500,000)	110,600
	TOTAL	2,407,727	1,973,204	2,347,800	2,268,900	(78,900)
	ESTIMATED COLA VS 2010			26,300	50,700	24,400
	TOTAL			2,374,100	2,319,600	(54,500)
	2012 TARGET				2,172,200	
	DIFFERENCE TO TARGET				147,400	

**THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING
OF THE TORONTO POLICE SERVICES BOARD HELD ON MAY 30, 2011**

**#P140. TORONTO POLICE SERVICE – 2012 PRELIMINARY OPERATING
BUDGET REQUEST**

The Board was in receipt of the following report May 20, 2011 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE – 2012 PRELIMINARY OPERATING
BUDGET REQUEST

Recommendations:

It is recommended that:

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

Financial Implications:

The Toronto Police Service's (Service) 2012 preliminary operating budget request is a net amount of \$969.7 million (M) and \$1,044.7M gross. This request includes the 2012 estimated impact of the labour contract settlements, although the contracts have not been ratified. The 2011 approved budget does not include the impact of the labour contract settlement as negotiations had not been completed at the time of the 2011 budget approval. For comparison purposes, the 2011 budget has been adjusted for the impact of the contract settlement and the 2012 preliminary request is compared to the adjusted 2011 budget. The 2012 preliminary budget request represents an increase of \$39.3M (4.2%) over a projected 2011 budget of \$930.4M.

A summary of the Service's 2012 preliminary net operating budget request is provided in Table 1. Attachment A provides a detailed summary of the information provided in the remainder of this report.

Table 1 - 2012 Preliminary Budget Request Summary

	Comparison to 2011 Approved Net Budget	
	\$Ms	% change
2011 Approved Net Budget	\$906.2	
2011 impact of collective agreements (estimated)	\$24.2	
2011 Projected Net Budget	\$930.4	
2012 impact of collective agreements (estimated)	\$23.2	2.5%
Net impact of salary costs (assuming police officer hiring resumes in 2012)	\$3.1	0.3%
Negotiated benefits (includes contributions to benefit-rel'd Reserves)	\$7.7	0.8%
Pension and statutory deductions impacts (EI, CPP, OMERS)	\$7.5	0.8%
Other impacts	<u>-\$2.1</u>	-0.2%
Sub-total of increases	<u>\$39.3</u>	
2012 Net Budget Request	\$969.7	4.2%

The Service's 2012 preliminary operating budget request contains no additional uniform or civilian positions, but does assume that hiring of replacement police officers will resume in 2012.

Background/Purpose:

This report provides the Board with information on the Service's 2012 preliminary net operating budget request. This preliminary request has been developed based on current 2012 plans, anticipated pressures in contractual/mandatory accounts and applying economic factors provided by the City. The 2012 preliminary request represents a very high-level estimate based on available information and various assumptions. Given the accelerated City timelines for submission of the 2012 budget, the Service's 2012 preliminary budget has not been reviewed in detail with the Board's Budget Sub-Committee; however, this will be done in the coming months. The preliminary request will be provided to the City of Toronto's Financial Planning Division for staff's initial review. In the interim, the Service will continue to develop its detailed 2012 request, and it is anticipated that the 2012 operating budget will be before the Board for approval at its October 2011 meeting.

Discussion:

City Guidelines:

Each year, City Finance issues general guidelines for budget development. In light of anticipated 2012 City-wide pressures, the 2012 budget guidelines include a specific target reduction for each Agency, Board, Commission and Department (ABCD). The 2012 target has been determined based on the 2011 approved budget, anticipated impacts of collective agreements, 2012 pressures that were identified during the 2011 budget development process, and the application of an overall 10% reduction. The Service's 2012 operating budget target is \$886.4M, which is \$44.0M less than the 2011 projected operating budget and \$83.3M less than the 2012 preliminary request.

City Finance has also provided the following directions and guidelines:

- develop a 2012 Operating Base Budget based on the reported 2012 Outlook, and the economic factors provided by City Finance;
- submit business cases to achieve the 10% reduction target;
- budget cost of living allowance (COLA) for unionized employees where known;
- calculate merit and step increases on a person-by-person basis;
- maintain the 2011 gapping rate (at a minimum) for 2012;
- continue hiring slowdown and complement management strategies;
- calculate fringe benefits based on 2011 projected actual experience, but not to exceed 27.12% for permanent employees; and
- only consider new or enhanced services that are fully non-tax funded.

2012 Preliminary Operating Budget Development Process:

The development of the Service's 2012 preliminary operating budget was based on the following high-level assumptions/guidelines:

- no additional uniform or civilian positions added to the Service's staffing complements;
- Human Resource strategy resumed (i.e., commence hiring of replacement officers in 2012 to return to approved target deployment levels);
- accounts projected based on year-end 2010 information, year-to-date 2011 information, and known changes;
- no new initiatives;
- operating impacts from capital reviewed and minimized wherever possible.

2012 Preliminary Operating Budget Request:

The 2012 preliminary operating budget request of \$1,044.7M (gross) and \$969.7M (net) includes the funding required to attain an average deployed strength of 5,495 officers (which is 122 below the approved deployment target of 5,617), as well as services and equipment required to effectively support operations.

Figure 1 indicates that, on a gross basis, 84% of the Service's budget is for salaries and benefits, and 4.1% is for premium pay (court attendance and required overtime). The remaining 11.9% is required for the support of our human resources in terms of the vehicles, equipment and technology they use, facilities they work in, and training they require.

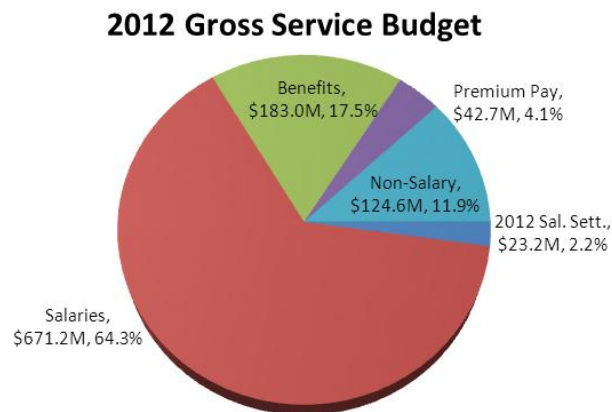


Figure 1. Overall Budget Request

Table 2 below summarizes the current 2012 request by category of increase, followed by a discussion on each category.

Table 2 - Summary of 2012 Preliminary Budget Request By Category of Increase

	Request \$Ms	Change \$Ms	% Increase / (Decrease) over 2011 Total Approved Budget
2011 Estimated Net Budget - \$930.4M	930.4		
(a) Estimated Impact of 2012 Salary Settlement	23.2	\$23.2	2.5%
(b) Salary Requirements	671.2	\$2.3	0.3%
(c) Premium Pay	42.7	\$0.0	0.0%
(d) Statutory Deductions and Fringe Benefits	183.0	\$7.1	0.8%
(e) Reserve Contributions	40.1	\$9.4	1.0%
(f) Other Expenditures	84.5	\$3.1	0.3%
2012 Gross Budget Request	\$1,044.7	\$45.1	4.9%
(g) Revenues	<u>-\$74.9</u>	<u>-\$5.8</u>	<u>-0.6%</u>
2012 Net Budget Request	\$969.7	\$39.3	4.2%

(a) Estimated Impact of 2012 Salary Settlement

The current contracts with the Toronto Police Association (TPA) and Toronto Police Senior Officers' Organization (SOO) expired on December 31, 2010. The new contracts are currently proposed for ratification (for the TPA) and under negotiation (for the SOO). For the purposes of this preliminary budget, the 2012 budget request includes estimated impacts for 2011 and 2012, based on the current TPA proposed contract. The 2012 impact is \$23.2M.

(b) Salary Requirements

The total salary budget for 2012 (exclusive of the impact of the salary settlement) is \$671.2M. This budget represents an increase of \$2.3M (a 0.3% increase over the Service's total 2011 operating budget). Table 3 provides a summary of changes in this category, each of which is discussed in detail below.

Table 3 - Breakdown of Salary Requirements

	Change \$Ms
- Human Resource strategy for uniform members	
- 2012 part-year cost of hires (366 officers)	\$8.6
- 2012 part-year savings from separations (200 officers)	-\$10.2
- 2012 annualized savings from 2011 separations (projected at 180)	-\$7.2
- 2011 annualized, 2012 part-year reclassification costs	\$9.2
- Human Resource strategy for civilian members	\$0.3
- Impact of leap year in 2012	\$1.6
Total	\$2.3

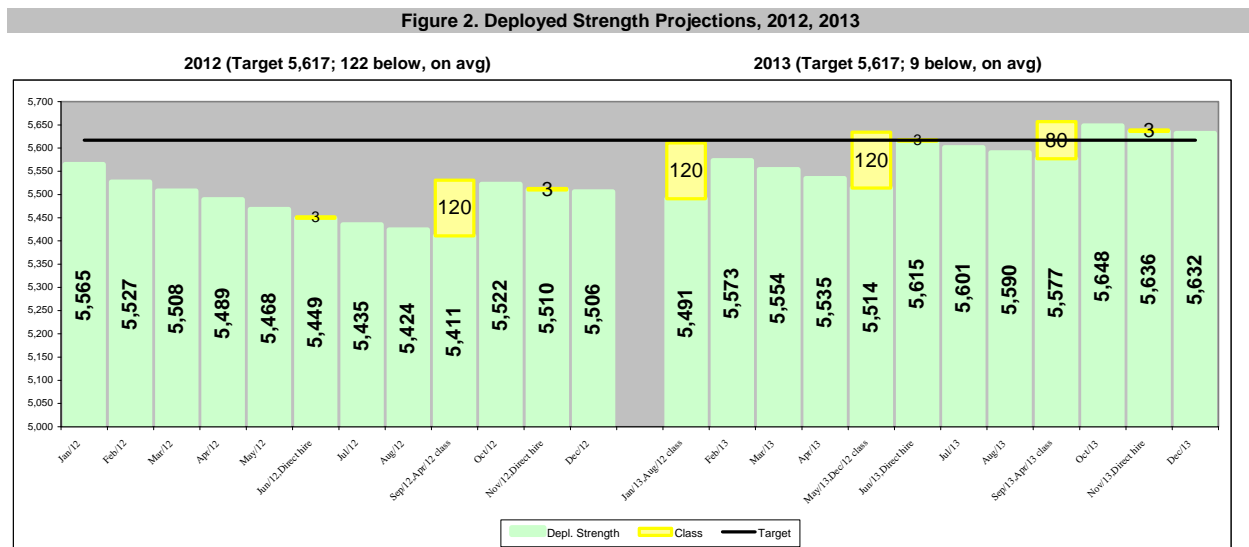
Human Resource (HR) Strategy for Uniform Members: During the 2011 budget deliberations, the Board confirmed a uniform establishment of 5,587, and a target deployment number of 5,617 (to reflect 30 TAVIS-funded School Resource officers).

HR projects the number of officers that are anticipated to retire or resign. This information is then used to plan class sizes for the three intake classes held annually by the Ontario Police College (April, August, December), with the goal of maintaining an average deployed strength of 5,617 officers.

In order to address budget reduction targets for the 2011 budget year, no recruit classes have been planned for 2011. The 2012 budget assumes the resumption of uniform hiring effective the April 2012 class, at a rate of 120 officers per class. Although hiring is anticipated to resume in 2012, non-hiring in 2011 will continue to have an impact on officer deployment in 2012. As a result, the average police officer deployment in 2012 is projected to be 5,495, which is 122 below the authorized target of 5,617. Separations are monitored on a monthly basis to allow the Service to adjust its hiring projections as required. Based on actual attrition experience, the Service will revise its projected hiring needs as required throughout 2012.

2012 separations are projected at 200. Resignations and retirements occur throughout the year, and the part-year savings of 200 officers leaving is estimated at \$10.2M. 2012 hires are projected at 366 (three recruit classes of 120 each and 6 projected direct entries). The part-year cost of hiring 366 officers is \$8.6M.

The following graph (Figure 2) depicts the net impact of separations and hires in each month for 2012 and 2013, based on the assumptions identified above.



Given that the Service budget is based on the timing of hires and separations, the impacts from 2011 must be annualized in the following year. The 2012 annualized net impact of 2011 separations is a further budget reduction of \$7.2M.

Officers are hired at a recruit salary rate, and continue to move up through the ranks. This creates annual budget pressures until officers become first-class constables (a four-and-a-half year process from date of hire). The cost of reclassifications for officers hired in 2010 and in previous years is \$9.2M in 2012.

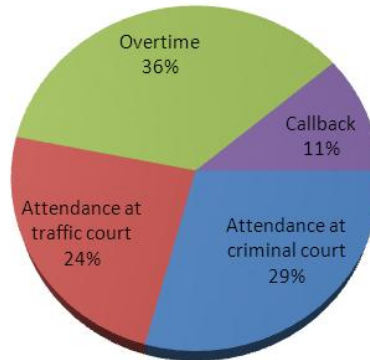


Figure 3. Premium Pay by Reason for Expenditure

▪ HR Strategy for Civilian

Members: The current Board-approved civilian establishment is 2,068 positions. This establishment pertains to

the permanent full-time complement of the Service and excludes part-time and temporary personnel. Permanent staff for the Board office and Parking Enforcement unit are also excluded as these units have separate operating budgets.

Civilian separations for the 2012 year are estimated at 90, based on historical experience. A six-month salary gap is assumed for each anticipated vacancy (with the exception of positions that must be fully staffed, such as Communication Operators and Court Officers). Civilian gapping in 2012 is at 4.0% and represents a salary savings of \$6.8M. The gapping percentage and related salary savings is unchanged from 2011 and therefore there is no impact in 2012. As with the uniform personnel, civilian separations are monitored very closely and the Board will be updated on any significant change to this estimate through the budget variance reports.

Civilian salaries change annually based on anticipated increments, and the annualization of previous years' decisions, as well as any changes in trends regarding separations and leaves. Civilian salaries are increasing by \$0.3M in 2012, primarily resulting from increments.

- Leap Year: Leap year has an impact every four years, as salaries are budgeted based on the number of days in the year. The \$1.6M added for the 2012 year will be a reduction in the 2013 operating budget request.

(c) Premium Pay

Premium pay 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 callbacks (e.g., when an officer is required to work additional shifts to ensure appropriate staffing levels are

maintained or for specific initiatives). Figure 3 provides a breakdown by category of premium pay.

The total premium pay budget for 2012 (exclusive of the impact of the salary settlement) is \$42.7M. The \$1.9M reduction implemented in 2011 is being maintained, and this budget represents a zero increase over 2011.

(d) Statutory Payroll Deductions and Fringe Benefits

This category of expenditure represents an increase of \$7.1M (a 0.8% increase over the Service's total 2011 budget). As shown in Figure 4, fringe benefits for the Service are comprised of statutory payroll deductions and requirements as per the collective agreements.

- Ontario Municipal Employees Retirement System (OMERS): Based on information provided by OMERS in 2010, the contribution rate is anticipated to increase by a further 1% of salaries effective January 2012. Based on projected 2012 salaries and the anticipated rate increase from OMERS, an additional \$6.5M is required for pension contributions in 2012. OMERS has recently announced potential further changes to rates in 2012 and if these changes are confirmed, impact on the 2012 operating budget will be identified in future budget updates.
- Other Payroll Deductions: Other statutory payroll deductions (EI, CPP and EHT) are based on specific formulae that are affected by gross salaries. The rates for Canada Pension Plan (CPP) and Employment Insurance (EI) are adjusted annually. It is anticipated (based on previous federal government announcements) that EI rates will be increasing in 2012. At this time, no change in CPP is assumed. Based on projected salaries and an estimated EI increase, total costs are projected to increase by \$1.0M.
- Medical/Dental Coverage: The budget for these benefits 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 four years, and are projected to increase by \$1.1M. The Service will be entering into a new contract for benefits administration, effective January 2012. As a result of a joint procurement process with the City and the Toronto Transit Commission (TTC), the 2012 administration fees budget has been reduced by \$0.7M.

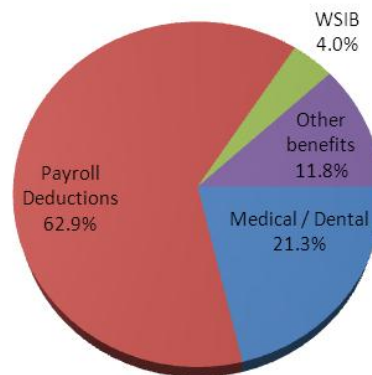


Figure 4. Breakdown of Statutory Deductions and Fringe Benefits

- Workplace Safety and Insurance Board (WSIB): Medical, pension and administration costs for WSIB are projected to remain relatively unchanged in 2012. The budget for these accounts is based on the Service's historical trends for these expenditures.
- Net other changes to benefits: The remaining \$0.7M decrease for benefits is primarily attributed to savings in other accounts that are administered by the Service's benefits service provider (retiree medical / dental and group life insurance). Again, as a result of a joint procurement process with the City and TTC, the 2012 costs are decreasing, effective January 2012.

(e) Reserve Contributions

The Service 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 (i.e. Vehicle & Equipment, Legal, Central Sick Bank and Health Care). The total 2012 budget for contribution to reserves is \$40.1M. This budget represents an increase of \$9.4M over the 2011 contribution amount (a 1.0% increase over the Service's total 2011 operating budget). The 2012 reserve contribution increase is due to the following:

- Sick Pay Gratuity Reserve: The Sick Pay Gratuity reserve is managed by the City and the City advises the Service as to the amount of the annual contribution. After a detailed review, two years ago, of this reserve by the City, the Service was advised that the contribution to the Sick Pay Gratuity reserve must be increased by \$6.5M annually. Following budget discussions with City staff, this increase has been deferred in the last two years due to other financial pressures on the Service budget. During 2011 budget deliberations, the City's Budget Committee Chair requested that the Service fully fund this reserve. As a result, an increase of \$6.5M has been included in the 2012 budget.
- Central Sick Bank Reserve: This reserve funds salaries for staff who have exhausted regular sick time and are on long-term sick leave. Funding for this reserve has historically been dictated by the collective agreement. The most recently negotiated agreement has determined that the Board is required to fully fund this obligation. Based on projected spending in this reserve, contributions for 2012 have been increased by \$0.9M.
- Vehicle and Equipment Reserve: This reserve is used to fund the lifecycle replacement of our fleet of vehicles, information technology equipment, and various other equipment items. Each item identified to be funded from this reserve is analyzed to determine lifespan and specific replacement requirements, which in turn determines the level of contribution required annually to enable the replacement. The lifecycle replacement strategy for Information Technology related equipment started in 2006, and will be an on-going pressure for the Service's operating budget until approximately 2014. While this approach will create an operating budget pressure each year, it reduces the Service's capital requirements, stabilizes expenditures in the long term, and is consistent with the City's approach for IT equipment replacement. Increased contributions to this reserve were deferred in 2011 due to budget pressures, and a \$0.8M increase is budgeted for 2012 for this Reserve, to ensure planned expenditures can be accommodated.

- Health Care Spending Reserve: This reserve has been established to fund the long-term funding requirements for the post-retirement health care benefit awarded in the previous collective agreement. Total contributions in 2011 were deferred due to budget pressures, and a \$0.6M contribution is being reinstated in 2012. This contribution will have to increase steadily in future years to ensure the long-term funding requirements can be met.
- Legal Reserve: This reserve has been established to fund on-going legal indemnification and other legal costs to the Service. Total contributions in 2011 were deferred for this reserve also, and a \$0.6M contribution is being reinstated in 2012.

(f) Other Expenditures

The remaining expenditure categories include the materials, equipment and services required for day-to-day operations. Wherever possible, accounts within this category have been flat-lined to the 2011 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 \$3.1M (a 0.3% increase over the Service's total 2011 budget). The following summarizes the most significant changes:

- Caretaking, Maintenance and Utility Costs for TPS facilities (increase of \$0.7M): During the 2011 budget process, the Board requested the City's Budget Committee, in consultation with the City Manager, to pursue the most economical way of delivering the same level of custodial service (Min. No. P15/2011 refers). At this time, no firm direction has been provided by the City, and so the Service continues to budget for custodial services in 2012 utilizing the current arrangement with the City. The increase in this account is limited to salary increases for City staff (based on collective agreements); anticipated utility increases; and the increased maintenance costs associated with the new 11 Division (scheduled to open in 2011) and part-year costs for the new 14 Division (scheduled to open in 2012).
- Gasoline (increase of \$2.0M): The Service budgets for gasoline based on anticipated consumption and a cost-per-litre established by the City. City guidelines have increased the cost-per-litre by \$0.34 for 2012, resulting in a \$2.0M pressure in this account.
- Uniforms (increase of \$0.8M): The cost to outfit new recruits in 2012 (based on 366 recruits) is \$1.1M (the 2011 budget did not include any costs for recruit outfitting). Other costs for uniform clothing and equipment are projected to decrease by \$0.3M.
- Net other changes to expenditures (decrease of \$0.4M): Any one-time expenditures included in the 2011 operating budget have been removed, and all other accounts have been flat lined at 2011 levels.

(g) Revenue

Total revenue has been increased by \$5.8M, resulting in a 0.6% decrease over the Service's total 2011 budget. Revenue is changing in two areas:

- Provincial funding for Court Security Costs: The Ontario government has 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 upload formula has not been fully determined yet; however, based on total provincial funding of \$125M per year (for all municipalities) and assuming a phased-in approach, \$5.5M has been included in the 2012 budget as a very preliminary estimate.
- School Resource Officers funded through TAVIS: The Service has received provincial Toronto Anti-Violence Intervention Strategy (TAVIS) funding for the past several years. The Service uses some of this money to fund 30 School Resource Officers (SROs). In 2012, \$70,000 per SRO officer will be funded from the TAVIS grant (to mirror funding levels provided by the Police Officers Recruitment Fund). As a result, and in anticipation of continued TAVIS funding, the 2012 budget includes \$2.1M in TAVIS funding to offset SRO costs. This is an increase of \$0.3M from the amount included in the 2011 budget.

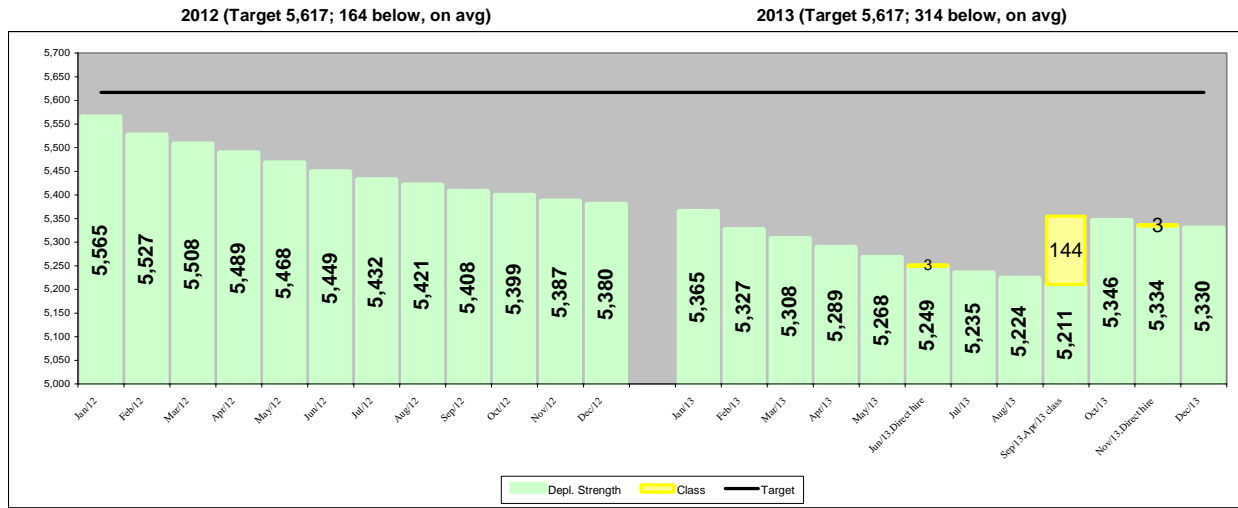
10% Reduction Target:

As discussed in the "City Guidelines" section of this report, the City has identified a 2012 operating budget target of \$886.4M for the Service (a reduction of \$44.0M from the 2011 projected operating budget, and a reduction of \$83.3M from the 2012 preliminary operating budget request).

Significant adjustments would be required to achieve a reduction of \$83.3M in the 2012 preliminary operating budget request. The following provides a list of potential reductions that could be implemented but are not being recommended:

- Defer uniform hiring again in 2012: The Service could continue to defer uniform officer replacement in 2012. This would result in an average deployed strength of 5,453 in 2012, which is 164 below the approved target strength. Due to the fixed timing of recruit classes, and the four-and-a-half months of training required, deployment would continue to drop in 2013, even if hiring were to resume at an accelerated pace effective April 2013. This continued deferral would impact on the Service's ability to provide effective policing services to the City of Toronto. This option would provide a reduction of \$8.6M in salary costs (the part-year costs of recruit hiring included in the 2012 preliminary operating budget). It would also reduce the clothing and equipment budget by \$1.1M, as funding to outfit the new recruits would not be required. It is anticipated, however, that ongoing deferral of hiring would begin to impact on provincial grant funding. The net savings of this deferral would reduce the Service's 2012 request by an estimated \$8.8M. The following graph (Figure 5) depicts deployment strength projections for 2012 and 2013 if such a deferral were to be implemented (Figure 5 assumes accelerated hiring of recruits would resume in April 2013).

Figure 5. Eliminate 2012 Hires



- Reduce premium pay expenditures in 2012 by 10%: As mentioned previously in this report, premium pay is comprised of court, overtime, callback and lieutime. Officers are required to attend court; therefore, any premium pay reductions would be targeted to the 47% of the current budget that is spent on overtime and callback. A 10% reduction would result in a budget reduction of \$4.3M. This reduction would impact the operational effectiveness of officers, as there will be fewer available hours to complete investigative work.
- Reduce non-salary accounts by 10%: An arbitrary 10% reduction to “non-fixed” accounts (excluding ongoing contracts, operational requirements such as gasoline, and required contributions to Reserves) would result in a budget reduction of \$3.9M. The 2012 operating budget request maintains the non-salary accounts at the reduced 2011 levels (budgets for promotions, training, advertising, consulting, etc. were significantly reduced to address funding pressures in 2011). A further \$3.9M reduction in these accounts would continue to impact staff’s ability to provide effective services.

The reductions identified above total \$17M. These reductions are not recommended and would have significant service impacts on policing in the city. These reductions would still leave a budget request that exceeds the 10% reduction target by \$66.3M. The Service could only achieve the 10% reduction target through significant reductions to existing staff levels.

Conclusion:

The Service’s 2012 preliminary net operating budget request of \$969.7M is \$39.3M or 4.2% higher than the projected 2011 net operating budget of \$930.4M. The 2012 budget request includes the funding required to achieve an average deployed strength of 5,495, which is 122 below the authorized target of 5,617, as well as the necessary supporting infrastructure (e.g., civilian staffing, equipment, services). No additional uniform or civilian positions have been included in the budget request

The Service's annual, detailed budget development and review process will continue through the summer months, to develop a comprehensive budget request that is fiscally responsible and addresses service demands.

All opportunities for reductions have been incorporated and the budget being presented to the Board for receipt represents the funding level required to provide adequate and effective public safety services to the City, as well as the operational impacts of achieving a 10% reduction.

Mr. Angelo Cristofaro, Acting Chief Administrative Officer, Administrative Command will be in attendance to answer any questions from the Board.

Mr. Angelo Cristofaro, Acting Chief Administrative Officer, and Ms. Elizabeth Hewner, Manager, Budgeting and Control, were in attendance and delivered a submission to the Board on the Service's 2012 preliminary operating budget request. A paper copy of the presentation is on file in the Board office.

The Board inquired about the implications that would arise if the deferral of hiring recruits continued into 2012. Chief Blair said that, although he could not quantify the specific implications at this time, some areas would be reviewed first so that there were sufficient officers in other areas to ensure public safety.

The Board approved the following Motions:

- 1. THAT the Board receive the foregoing report and provide a copy to the City's Deputy City Manager and Chief Financial Officer for information;**
- 2. THAT the Board direct the Chief to prepare a 2012 operating budget showing the net impact of deployment strength of 5,100 officers and 1,700 civilian staff; and**
- 3. THAT the Board direct the Chief to report to the Board's Budget Sub-Committee on the impact of deferring uniform hiring in 2012 and reducing premium pay by 15% as well as the feasibility of an arbitrary reduction of 15% in "non-fixed" account.**

2012 OPERATING BUDGET REQUEST - TORONTO POLICE SERVICE								
2012 Request, 2013 and 2014 Outlook								
	# unif.	# civ.	2012 Request	% chg	2013 Outlook	% chg	2014 Outlook	% chg
2011 Approved Budget (March 2011 Approval), after in-year insurance adj.	5,617	2,068	906,201.9					
Estimated impact of salary settlement (for discussion purposes only)			<u>24,204.5</u>					
			930,406.4					
				2012 Req:	969,733.8	2013 Out:	1,008,854.0	
Salary Requirements								
U1 Annualized impact of 2011 separations (projected at 180; was budgeted @ 220)			(7,239.4)					
U2 Annualized impact of 2011 replacements (projected and budgeted @ 0)			0.0					
U3 Savings from 2012 Separations (200)			(10,173.7)		entire category estimated as		entire category estimated as	
U4 Cost of 2012 Hires (366)			8,629.0					
U5 Annualized impact of 2011 reclassification costs			4,126.3					
U6 Part-year 2012 reclassification costs			5,121.4		6,200.0		6,200.0	
U7 Leap year			1,600.0		(1,600.0)			
C1 Year-over-year change in estimate for increments (still being analyzed)			276.4					
U8 Net Other Changes (e.g., in-year job reclassifications, actual increments, etc.)			0.0		500.0		500.0	
			2,340.0	0.25%	5,100.0	0.53%	6,700.0	0.66%
Premium Pay								
P1 Net Other			0.0		0.0		0.0	
			0.0	0.00%	0.0	0.00%	0.0	0.00%
Fringe Benefits								
F1 Medical / dental / admin increases			389.2		397.0		404.9	
F2 EHT, EI, CPP, OMERS - estimated rates for budgeted salaries			0.0		0.0		0.0	
F3 EI (anticipated rate increase)			1,000.0		0.0		0.0	
F4 OMERS - rate increase continuing in 2012 and 2013			6,500.0		6,600.0		0.0	
F5 Retiree - medical / dental			(393.7)		0.0		0.0	
F6 Group life insurance			(346.8)		0.0		0.0	
F7 WSIB Medical, Pension, Admin			(8.5)		0.0		0.0	
F9 Net Other			0.1		0.0		0.0	
			7,140.3	0.77%	6,997.0	0.72%	404.9	0.04%
Contributions to Reserve								
R1 Contribution to Sick Pay Gratuity Reserve (to be discussed with City staff)			6,500.0		0.0		0.0	
R2 Change to Central Sick Bank contribution			930.0		500.0		0.0	
R3 Health Care Reserve Contribution			600.0		100.0		100.0	
R4 Contribution to Reserve - Vehicle & Equipment			750.0		750.0		0.0	
R5 Contribution to Legal Reserve			580.0		0.0		0.0	
			9,360.0	1.01%	1,350.0	0.14%	100.0	0.01%
Other Expenditures								
O1 Caretaking / maintenance / utilities (facilities)			657.2		0.0		0.0	
O2 Gasoline (assumes average increase)			1,971.5		263.0		359.3	
O3 Uniforms			785.7		700.0		0.0	
O6 Computer hardware			(25.0)		0.0		0.0	
O9 Consulting (various)			(43.5)		0.0		0.0	
O10 Courses, seminars, training			92.0		0.0		0.0	
O12 Vehicles (Prep, parts, tires, rental)			(63.0)		0.0		0.0	
Operating Impact from Capital (other than salaries)			(246.4)		0.0		1,700.0	
Net Other			(0.3)		0.0		0.0	
			3,128.2	0.34%	963.0	0.10%	2,059.3	0.20%
Revenues								
Rv1 Court Services' uploading			(5,515.0)		(3,676.7)		(2,451.1)	
Rv2 Grants (increase to SRO budget allocation)			(300.0)		(93.1)		(95.9)	
Loss of PORF			0.0		2,800.0		0.0	
			(5,815.0)	-0.62%	(969.8)	-0.10%	(2,547.0)	-0.25%
BUDGET INCREASE, prior to Salary Settlement Impact			16,153.5	1.74%	13,440.2	1.39%	6,717.2	0.67%
TOTAL BUDGET REQUEST, prior to Salary Settlement impact			946,559.9		983,174.0		1,015,571.2	
Estimated salary settlement impact			23,173.9	2.49%	25,680.0	2.65%	28,295.8	2.80%
TOTAL BUDGET REQUEST, including all approved items			969,733.8	4.23%	1,008,854.0	4.03%	1,043,867.0	3.47%
2011-2014 contract settlement not yet ratified (May 12, 2011)								
ASSUMES NO CHANGE IN GRANT FUNDING DUE TO REDUCED STAFFING LEVELS (to be confirmed)								

**THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING
OF THE TORONTO POLICE SERVICES BOARD HELD ON MAY 30, 2011**

**#P141. TORONTO POLICE SERVICE – PARKING ENFORCEMENT UNIT -
2012 PRELIMINARY OPERATING BUDGET REQUEST**

The Board was in receipt of the following report May 20, 2011 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE – PARKING ENFORCEMENT UNIT – 2012
PRELIMINARY OPERATING BUDGET REQUEST

Recommendations:

It is recommended that:

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

Financial Implications:

The Toronto Police Service's Parking Enforcement Unit's (PEU) 2012 preliminary operating budget request is a net amount of \$41.9 million (M) and \$43.5M gross. This request includes the 2012 estimated impact of the labour contract settlements, although the contracts have not been ratified. The 2011 approved budget does not include the impact of the labour contract settlement as negotiations had not been completed at the time of the 2011 budget approval. For comparison purposes, the 2011 budget has been adjusted for the impact of the contract settlement and the 2012 preliminary request is compared to the adjusted 2011 budget. The 2012 preliminary budget request represents an increase of \$1.4M (3.5%) over a projected 2011 budget of \$40.4M.

A summary of PEU's 2012 preliminary net operating budget request is provided in Table 1.

Table 1 - 2012 Preliminary Budget Request Summary

	Comparison to 2011 Approved Net Budget	
	\$000s	% change
2011 Approved Net Budget	\$39,520.4	
2011 impact of collective agreements (estimated)	\$924.4	
2011 Projected Net Budget	\$40,444.8	
2012 impact of collective agreements (estimated)	\$860.4	2.1%
Change in salary costs	\$0.0	0.0%
Change in fringe benefits	\$278.3	0.7%
Change in materials, equipment, services	\$278.1	0.7%
Sub-total of increases	\$1,416.8	
2012 Net Budget Request	\$41,861.6	3.5%

PEU's 2012 preliminary operating budget request contains no additional uniform or civilian positions, but does assume the replacement of Parking Enforcement Officers (PEOs) lost through attrition.

Background/Purpose:

This report provides the Board with information on PEU's 2012 preliminary net operating budget request. This preliminary request has been developed based on current 2012 plans, anticipated pressures in contractual/mandatory accounts and applying economic factors provided by the City. The 2012 preliminary request represents a very high-level estimate based on available information and various assumptions. Given the accelerated City timelines for submission of the 2012 budget, PEU's 2012 preliminary budget has not been reviewed in detail with the Board's Budget Sub-Committee; however, this will be done in the coming months. The preliminary request will be provided to the City of Toronto's Financial Planning Division for staff's initial review. In the interim, PEU will continue to develop its detailed 2012 request, and it is anticipated that the 2012 operating budget will be before the Board for approval at its October 2011 meeting.

Discussion:

Guidelines:

Each year, City Finance issues general guidelines for budget development. In light of anticipated 2012 City-wide pressures, the 2012 budget guidelines include a specific target reduction for each Agency, Board, Commission and Department (ABCD). The 2012 target has been determined based on the 2011 approved budget, anticipated impacts of collective agreements, 2012 pressures that were identified during the 2011 budget development process, and the application of an overall 10% reduction. PEU's 2012 operating budget target is estimated to be \$37.6M, which is \$2.8M less than the 2011 projected operating budget and \$4.2M less than the 2012 preliminary request.

City Finance has also provided the following directions and guidelines:

- develop a 2012 Operating Base Budget based on the reported 2012 Outlook, and the economic factors provided by City Finance;
- submit business cases to achieve the 10% reduction target;
- budget cost of living allowance (COLA) for unionized employees where known;
- calculate merit and step increases on a person-by-person basis;
- maintain the 2011 gapping rate (at a minimum) for 2012;
- continue hiring slowdown and complement management strategies;
- calculate fringe benefits based on 2011 projected actual experience, but not to exceed 27.12% for permanent employees; and
- only consider new or enhanced services that are fully non-tax funded.

2012 Preliminary Operating Budget Development Process:

The development of PEU’s 2012 preliminary operating budget was based on the following high-level assumptions/guidelines:

- no additional positions added to PEU’s staffing complements;
- replacement of PEOs continues, based on attrition estimates;
- accounts projected based on year-end 2010 information, year-to-date 2011 information, and known changes; and
- no new initiatives.

2012 Preliminary Operating Budget Request:

The 2012 preliminary operating budget request of \$43.5M (gross) and \$41.9M (net) includes the funding required to maintain an average deployed strength of 357 PEOs (the approved deployment target), as well as services and equipment required to effectively support operations.

2012 Gross Parking Enforcement Budget

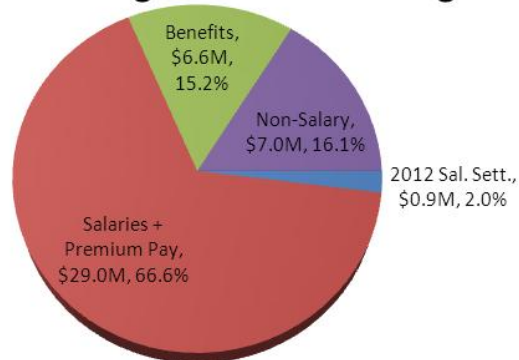


Figure 1. Overall Budget Request

Figure 1 indicates that, on a gross basis, 83.9% of PEU’s budget is for salaries, premium pay and fringe benefits, and the remaining 16.1% is required for the support of our human resources in terms of the vehicles, equipment and technology they use, facilities they work in, and training they require.

Table 2 below summarizes the current 2012 request by category of increase, followed by a discussion on each category.

Table 2 - Summary of 2012 Preliminary Budget Request By Category of Increase

	Request \$000s	Change \$Ms	% Increase / (Decrease) over 2011 Total Approved Budget
2011 Estimated Net Budget - \$40,444,800			
(a) Estimated Impact of 2012 Salary Settlement	860.4	\$860.4	2.1%
(b) Salary and Premium Pay Requirements	28,976.1	\$0.0	0.0%
(c) Statutory Deductions and Fringe Benefits	6,622.8	\$278.3	0.7%
(d) Other Expenditures	<u>7,017.3</u>	<u>\$278.1</u>	<u>0.7%</u>
2012 Gross Budget Request	\$43,476.6	\$1,416.8	3.5%
(e) Revenues	<u>-\$1,615.0</u>	<u>\$0.0</u>	<u>0.0%</u>
2012 Net Budget Request	\$41,861.6	\$1,416.8	3.5%

(a) Estimated Impact of 2012 Salary Settlement

The current contracts with the Toronto Police Association (TPA) and Toronto Police Senior Officers' Organization (SOO) expired on December 31, 2010. The new contracts are currently proposed for ratification (for the TPA) and under negotiation (for the SOO). For the purposes of this preliminary budget, the 2012 budget request includes estimated impacts for 2011 and 2012, based on the current TPA proposed contract. The 2012 impact is \$860,400.

(b) Salary and Premium Pay Requirements

The 2012 PEU budget maintains the approved current staff complement of 357 PEOs. The total salary and premium pay budget for 2012 (exclusive of the impact of the salary settlement) is \$28,976,100. This budget represents a zero increase over PEU's total 2011 operating budget.

(c) Statutory Payroll Deductions and Fringe Benefits

This category of expenditure represents an increase of \$278,300 (a 0.7% increase over PEU's total 2011 budget). Fringe benefits are comprised of statutory payroll deductions and requirements as per the collective agreements.

Based on information provided by the Ontario Municipal Employees Retirement System (OMERS) in 2010, the contribution rate is anticipated to increase by a further 1% of salaries effective January 2012. Based on projected 2012 salaries and the anticipated rate increase from OMERS, an additional \$256,500 is required for pension contributions in 2012.

The remaining change of \$21,800 is required for increased medical and dental costs (offset by reduced administration fees) and a small projected increase in Employment Insurance (EI).

(d) Other Expenditures and revenues

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 to the 2011 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 \$278,100 (a 0.7% increase over PEU's total 2011 budget). The most significant increase in this category is related to gasoline. PEU budgets for gasoline based on anticipated consumption and a cost-per-litre established by the City. City guidelines have increased the cost-per-litre by \$0.34 for 2012, resulting in a \$148,100 pressure in this account.

The remaining increase of \$130,100 is primarily due to anticipated increased maintenance and supply costs related to the replacement of parking handheld devices (the replacement is currently underway, and this figure will be revised as more information becomes available).

(e) Total revenue for PEU remains unchanged at \$1,615,000.

10% Reduction Target:

As discussed in the "City Guidelines" section of this report, the City has identified a 2012 operating budget target of \$37.6M for PEU (a reduction of \$2.8M from the 2011 projected operating budget, and a reduction of \$4.2M from the 2012 preliminary operating budget request).

Significant adjustments would be required to achieve a reduction of \$4.2M in the 2012 preliminary operating budget request. The following provides a list of potential reductions that could be implemented but are not being recommended:

- Defer replacement hiring in 2012: The 2012 budget assumes hiring of 20 PEOs at the beginning of 2012 (based on projected attrition). Non-hiring of these PEOs would save \$1.2M, but would have a significant impact on tag issuance.
- Reduce premium pay expenditures in 2012 by 10%: Premium pay for PEU is incurred for court attendance and for limited callbacks to ensure enforcement activities are maintained at required levels. A 10% reduction in these areas would reduce the operating budget request by \$255,000, but would impact the operational effectiveness of PEOs, and also have a significant impact on tag issuance.
- Reduce contributions to Reserve: PEU's budget includes an amount for handheld devices. The current devices are being replaced in 2011; once final costs are known, future replacement costs will be estimated. This will, in turn, allow us to determine whether the contribution amount in the PEU budget could be reduced.

The reductions identified above total \$1.5M. These reductions are not recommended and would have significant service impacts on parking enforcement in the City. These reductions would still leave a budget request that exceeds the 10% reduction target by \$2.8M. PEU could only achieve the 10% reduction target through significant reductions to existing staff levels.

Conclusion:

PEU's 2012 preliminary net operating budget request of \$41.9M is \$1.4M or 3.5% higher than the projected 2011 net operating budget of \$40.4M. The 2012 budget request includes the funding required to maintain the targeted level of parking enforcement officers, as well as the necessary supporting infrastructure. No additional positions have been included in the budget request

PEU's annual, detailed budget development and review process will continue through the summer months, to develop a comprehensive budget request that is fiscally responsible and addresses service demands.

All opportunities for reductions have been incorporated and the budget being presented to the Board for receipt represents the funding level required to provide adequate and effective parking enforcement services to the City, as well as the operational impacts of achieving a 10% reduction.

Mr. Angelo Cristofaro, Acting Chief Administrative Officer, Administrative Command will be in attendance to answer any questions from the Board.

Mr. Angelo Cristofaro, Acting Chief Administrative Officer, was in attendance and provided the Board with a summary of the Parking Enforcement Unit's preliminary net 2012 operating budget request.

In response to an inquiry by the Board about the impact that the reductions may have on parking tag issuance in 2012, Mr. Cristofaro said that a quantitative analysis will be provided to the Board through the Budget Sub-Committee.

The Board received the foregoing report and agreed to forward a copy to the City's Deputy City Manager and Chief Financial Officer for information.

**THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING
OF THE TORONTO POLICE SERVICES BOARD HELD ON MAY 30, 2011**

#P142. ADJOURNMENT

Alok Mukherjee
Chair