The following *draft* Minutes of the special meeting of the Toronto Police Services Board held on October 5, 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 **OCTOBER 5, 2011** at 2:00 PM in the Auditorium, 40 College Street, Toronto, Ontario.

PRESENT:	**Dr. Alok Mukherjee,** Chair **Mr. Michael Thompson,** Councillor & Vice-Chair **Ms. Judi Cohen,** Member **Mr. Chin Lee,** Councillor & Member **Dr. Dhun Noria**, Member **Ms. Frances Nunziata,** Councillor & Member **Mr. Andrew Pringle,** 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 OCTOBER 05, 2011

#P248. APPOINTMENT TO THE BOARD – MR. ANDREW PRINGLE

The Board was in receipt of the attached correspondence dated September 23, 2011 from Ulli Watkiss, City Clerk, with regard to the City Council appointment of Andrew Pringle.

Dr. Alok Mukherjee, Chair, administered the oath of office and the oath of secrecy to Mr. Pringle.

The Board received the foregoing correspondence and extended a welcome to Mr. Pringle.

TORONTO

City Clerk's Office

Ulli S. Watkiss
City Clerk

Secretariat
Cathrine Regan
Civic Appointments Committee
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100 Queen Street West
Toronto, Ontario M5H 2N2

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e-mail: cregan@toronto.ca
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September 23, 2011

Alok Mukherjee
Chair
Toronto Police Services Board
40 College Street
Toronto, Ontario
M5G 2J3

Dear Mr. Mukherjee:

City of Toronto Council, at its meeting on September 21 and 22, 2011, considered Item CA6.1, Toronto Police Services Board – Appointment. City Council adopted the Item and appointed the following citizen to the Toronto Police Services Board, at the pleasure of Council, for a term of office ending on November 30, 2014 and until a successor is appointed:

- Andrew Pringle

Contact information is on the attached confidential sheet. It would be appreciated if you would contact the appointee with information about the board and a meeting schedule.

If you have any questions about this appointment, please contact Cathrine Regan at 416-392-6276 or cregan@toronto.ca.

Yours truly,

for C. Regan
Ulli S. Watkiss
City Clerk

CR/pp

c. Joanne Campbell, Executive Director, Toronto Police Services Board
ABC History File

THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 05, 2011

#P249. TORONTO POLICE SERVICES BOARD – 2012 OPERATING BUDGET REQUEST

The Board was in receipt of the following report September 22, 2011 from Alok Mukherjee, Chair:

Subject: TORONTO POLICE SERVICES BOARD - 2012 OPERATING BUDGET REQUEST

Recommendation:

It is recommended:

1. THAT the Board approve a net 2012 operating budget request of $2,251,600 which is a decrease of 5.2% over a projected 2011 budget of $2,374.100.

Financial Implications:

At its meeting on May 30, 2011 the Board considered its preliminary operating budget (Minute P139/11 refers). The Toronto Police Services Board's 2012 preliminary operating budget request was a net amount of $2,319,600 and $2,819,600 gross (a 2.3% reduction).

The revised operating budget outlined in this report includes the estimated impact of the contract settlements, although only the TPA contract has been ratified at this time. To assist in the Board’s consideration of the budget, the 2011 approved budget has been adjusted for the impact of the contract settlements and the 2012 preliminary request is compared to the adjusted 2011 budget.

The 2012 operating budget request recommended in this report represents a decrease of $122,500 (5.2%) over a projected 2011 budget of $2,374,100.

Background/Purpose:

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 considered by the Board at its meeting on May 30, 2011 (Board Min. P139/00 refers).

At its meeting on May 30, 2011 the Board received the preliminary budget submission and approved the following motion (the preliminary budget is appended to this report):

> *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.*

The Board's Budget Sub-Committee (BSC), at its meeting on July 11, 2011, requested that the Chair provide a report on the impact of achieving the City's reduction target, a reduction of a further $147,400.

A report recommending a revised net operating budget request of $2,251,600 (a 5.1% decrease over 2011) was deferred by the Board at its in camera meeting on July 21, 2011 (Board Min C229/11 refers) At its meeting on August 17, 2011, the BSC received this report.

Discussion:

Inter-departmental Chargeback (IDC) for City of Toronto Legal Services

As requested by the Board, some discussion occurred with the City of Toronto Legal Services Department with respect to the appropriate inter-departmental chargeback for its services; however, no conclusion was reached with respect to the optimum amount for the chargeback.

In both 2009 and 2010, the chargeback was set at $680,000. In both years, the actual expenditures were $595,732.99 and $545,312.78, respectively. I am proposing that, based on actual expenditures for 2009 and 2010, the City accept a reduced IDC that is more reflective of past actuals, for a total 2012 chargeback of $612,000.

Should the IDC be reduced by $68,000 as I propose, a further $79,400 in reductions would be required to meet the City's 2012 target for the Police Services Board.

Impact of Further Reductions: Non-salary Accounts

The Board has very limited options in terms of achieving this reduction. In terms of non-salary accounts, when the amounts allocated for the City Legal chargeback and for external labour relations counsel are factored out of the budget, the actual administrative costs proposed in the 2012 budget total $47,500.

Every administrative account in the Board's budget has been reduced substantially to arrive at this amount. For example, the proposed 2012 budget will restrict professional development and learning opportunities for Board members because the budget will only provide sufficient funds for the attendance of one individual at the Ontario Association of Police Services Boards' conference and one individual at the Canadian Association of Police Boards' conference. Funds will continue to be available, however, to allow the Chair to fulfil his responsibilities to the OAPSB, CACOLE and CABP Boards of Directors. Catering at full-day Board meetings will be scaled back and will be eliminated at all other meetings. No funds will be available to support any succession planning or executive recruitment initiatives. No funds will be available in the event that the Board requires legal advice other than that which is available from the City of Toronto Legal department or the Board's contracted labour relations law firm.

If the Board elects to achieve the City Budget target by a further reduction of $79,400 in the budget for external labour relations counsel, in the view of Human Resources Management which administers these accounts on behalf of the Board, it is unlikely that the Labour Relations Unit could meet its anticipated financial obligations. Although recent settlement statistics related to labour disputes and grievances do indicate that fewer matters proceed to hearings, the matters that do proceed to hearings are increasingly complex. These matters tend to consume substantial legal resources, including time for preparation and arbitration. I am also advised that the Board should anticipate new grievances and proceedings arising from any efforts to downsize the organization as well as potentially, as a result of the numerous working groups that were established as an outcome of recent collective bargaining with the Toronto Police Association.

Human Resources Management is anticipating that the costs of labour relations legal matters will rise in 2012. The Board must consider that it cannot prevent grievances or other disputes, and if the current fiscal climate continues, the Board may experience another escalation in grievance rates similar to that which occurred in 2008.

Impact of Further Reductions: Salary and Benefit Accounts

The budget request in the Board’s salary and benefit accounts, totalling $921,400, include:

$778,800	staff salary and benefits
$2,000	premium pay
$140,600	Board Members’ remuneration

At the Board meeting on May 30, 2011, I responded to the Board’s question as to whether staffing efficiencies could be achieved (Board Minute P139/11 refers). As I indicated, the introduction of document management technology and electronic agendas would increase staff efficiency. This option will be pursued but the initial cost of implementation and potential annual operating costs may be prohibitive.

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

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

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

The premium pay account has been reduced by $7,800 over 2011; however, no further reduction in this account area is recommended.

Conclusion:

If the Board accepts the reductions to the City Legal Services IDC for a budget of $2,251,600, the Board will have achieved a 5.2% overall reduction. In order to meet the City's 2012 target, a further reduction, in the amount of $79,400, to the Labour Relations legal accounts would be required, as discussed in this report. I do not recommend this reduction because there is significant risk that Human Resources Management may not be able to work within a further reduced budget.

It must also be emphasized that these are one-time reductions. Negotiated increases for TPA members and the potential for changes to the Senior Officers' collective agreement will put pressure on the Police Services Board budget in future years. The overall reduction achieved for 2012, therefore, will not be entirely sustainable.

The Board referred the foregoing report back to the Chair for further review and requested that a revised 2012 operating budget submission be provided to the Board for consideration at a future special meeting.

THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 05, 2011

#P250. TORONTO POLICE SERVICE – 2012 OPERATING BUDGET

The Board was in receipt of the following report August 31, 2011 from Alok Mukherjee, Chair:

Subject: TORONTO POLICE SERVICE - 2012 OPERATING BUDGET

Recommendation:

It is recommended that the Board approve the following measures in order to achieve the budget target for the 2012 Toronto Police Service operating budget:

1. Organizational Structure

The Command

1 (a) The size of the Command be reduced to three Deputy Chiefs and a Chief Administrative Officer.

1 (b) Roles within the Command be streamlined to achieve a clearer separation between policing operations and business processes.

Management and Supervision

1(c) The Chief prepare, for the Board's approval, a new Organizational Chart that reflects recommendations 1(a) and 1(b)

1(d) A more streamlined management and supervision structure be established, including, specifically, a reduction, through attrition, in senior ranks, with no new Staff Superintendents and Staff Inspectors being appointed; immediate discontinuation of the practice of appointing 2 I/Cs, except where the span of control justifies such appointments; elimination, with immediate effect, of the practice of appointing a uniform manager in units with civilian managers; and, to the maximum extent possible, return of uniform members to policing functions.

2. Human Resources

Reduction through Attrition and No New Hiring

2(a) With the exception of Parking Enforcement and where required for operational, contractual or statutory reasons, vacancies caused by retirement, resignation or any other such separations not be filled in 2012.

2(b) Subject to availability of funding from the City, the Board offer a voluntary exit program for up to 400 uniform members of the Toronto Police Association in 2011.

2(c) The Board request the City's Deputy City Manager and Chief Financial Officer to consider providing the Board a fund of $20 million to finance the voluntary exit program.

2(d) Subject to funds being available, the Board work with the Chief of Police and the Toronto Police Association to develop and present the voluntary exit program to eligible uniformed members

2(e) The freeze on new hiring continue in 2012.

3. Business Processes

Use of Premium Pay

3 (a) The 2012 budget include a significant reduction in premium pay proportionate to reduction in staff complement. A reduction target of at least 12% be considered.

3 (b) The Chief report utilization of the premium pay budget as part of the Service's operating budget variance reports.

Training and Education

3(c) The budget for Service members' attendance in training events and conferences, whether in or out town, be reduced by 30% from the 2011 level.

3 (d) The Service not host any conference more than once every three years, making sure, as well, that registration fees for non-Service attendees recover the full actual cost.

Use of Alternative Customer Service Methods

3(e) The Board approve, in principle, the outsourcing of police background and criminal record checks pending a full report from the Chief within two months, on the feasibility, financial implications and human resources impact of using this alternative method for providing this service as of 2012.

Use of Alternative Business Practices

3 (f) The Board approve, in principle, that, wherever possible and financially viable, it will seek an alternative method of performing those business functions that are not directly related to the delivery of policing services.

3 (g) The Chief report to the Board within two months on the options for divesting the payroll function, or parts of this function, such as transferring the function to the City or contracting out to another provider, with a cost-benefit analysis and an implementation plan beginning in the 2012 budget cycle.

4. Development of Budget Proposal

4(a) That the Chief of Police develop a budget proposal which incorporates each of these recommendations and submit this proposal to a special public Board Meeting to be scheduled prior to the regularly scheduled October Board Meeting.

4 (b) That the City of Toronto CFO/CM be requested to quantitatively assess the budget proposal referenced in recommendation 4(a) to determine the extent to which the proposal achieves the City's budget target set for the Toronto Police Service in 2012.

Financial Implications:

The financial implications are yet to be determined

Background/Purpose:

The City of Toronto is facing a $774 million operating budget pressure in 2012. As a result of this significant challenge, every City Program, Agency, Board and Commission is being asked to exercise cost constraint, maximize non-tax revenues and ensure that scarce resources are utilized to deliver services that fulfill City Council's priorities in the most cost-effective manner.

As part of that process, a Core Service Review, Service Efficiency Studies and a Comprehensive User Fee Review are being conducted. The Toronto Police Services Board (the Board) and the Toronto Police Service (the Service) are very much involved in these initiatives.

Discussion:

The Board must respond to the fiscal challenge with a comprehensive strategy of transforming the Toronto Police Service and doing business differently. Such a strategy involves measures in the following broad areas: Organizational Structure, Human Resources, Business Processes and Advocacy.

The spiralling cost of municipal policing is a matter of considerable concern for police governance and oversight bodies as well as for police leaders throughout Canada. There is general agreement that if the trend is not reversed, local policing will either become unsustainable or severely hinder local government's ability to pay for all those other services that contribute significantly to the quality of a community's life.

A number of initiatives have been implemented at various levels to address the growing cost of policing, ranging from efforts to persuade the federal government to assume its responsibility in this area to reducing the administrative burden on uniform officers to defining the core business of policing.

In developing the strategies to deal with the rising cost of policing, there are a number of considerations that must be the foundation of any discussion. Legislative provisions governing police services and police services boards serve as the immutable context within which any strategy is devised. Ontario's *Police Services Act* requires and empowers the Board to ensure the provision of adequate and effective policing in the municipality.

Besides the law, certain other considerations should also be taken into account when developing a change strategy. These include: community safety and officer visibility, officer safety, timely and accessible police services, efficiencies through consolidation and sharing of services, where feasible, effective use of the expertise of Service members and focus on innovation.

The attached discussion paper entitled *"Avoiding Crisis, an Opportunity: Transforming the Toronto Police Service"* proposes measures which may result in budgetary reduction or administrative efficiencies in 2012 and also proposes measures which may result in longer term efficiencies. The paper also provides detailed explanation and rationale for the recommendations. I am proposing that the Board approve selected recommendations from the discussion paper as well as a number of new recommendations in order to arrive at a 2012 operating budget request for the Toronto Police Service. The remaining recommendations contained in the paper may be considered in the future and will be addressed in further reports to the Board.

Conclusion:

The discussion related to the Service's 2012 operating budget for 2012 so far has focused almost entirely or largely on the likelihood of a significant downsizing of the workforce as virtually the only method for achieving the magnitude of reduction called for by the City. In this regard, two considerations must be kept in mind.

First, downsizing the workforce through layoffs is not a practical or viable option for the simple reason that this measure involves a complex legal and contractual process which will be lengthy and not concluded in time for establishing the 2012 budget. There is no guarantee of success either.

Second, it is not advisable, in my view, to conclude that layoffs are the only option without first considering every other option. Such an examination has not occurred. Nor has there been any assessment of opportunities presented by the City's recently concluded Core Service Review and the ongoing Service Efficiency Studies.

The recommendations contained in this report take into account the principles underlying the two City projects and are based on the view that the size of reduction required to meet the City's target must involve an identification of opportunities for savings in all aspects of the organization.

It is, therefore, recommended that the Board approve the proposals listed above.

Chair Mukherjee discussed this report with the Board.

The Board approved the foregoing report with amendments to recommendation nos. 2(b), 3(e) and 3(g). The amended recommendations are reprinted below with the amended portions noted in italics.

2(b) **Subject to availability of funding from the City, the Board offer a voluntary exit program for up to 400 uniform members of the Toronto Police Association in 2011*, if needed to meet the reduction target.***

3(e) **The Board approve, in principle, the outsourcing of police background and criminal record checks pending a full report from the Chief *for the December Board meeting*, on the feasibility, financial implications and human resources impact of using this alternative method for providing this service as of *early 2013.***

3 (g) **The Chief report to the Board *for the December Board meeting* on the options for divesting the payroll function, or parts of this function, such as transferring the function to the City or contracting out to another provider, with a cost-benefit analysis and an implementation plan beginning in the 2012 budget cycle.**

The Executive Summary of the report *Avoiding Crisis, an Opportunity: Transforming the Toronto Police Service* is appended to this Minute for information. A copy of the complete report is on file the Board office.

EXECUTIVE SUMMARY

The City of Toronto is facing a $774 million operating budget pressure in 2012. As a result of this significant challenge, every City Program and Agency is being asked to exercise cost constraint, maximize non-tax revenues and ensure that scarce resources are utilized to deliver services that fulfill City Council's priorities in the most cost-effective manner.

As part of that process, a Core Service Review, Service Efficiency Studies and a Comprehensive User Fee Review are being conducted. The Toronto Police Services Board (the Board) and the Toronto Police Service (the Service) are very much involved in these initiatives.

The Board must respond to the fiscal challenge with a comprehensive strategy of transforming the Toronto Police Service and doing business differently. Such a strategy involves measures in the following broad areas: Organizational Structure, Human Resources, Business Processes and Advocacy.

The spiralling cost of municipal policing is a matter of considerable concern for police governance and oversight bodies as well as for police leaders throughout Canada. There is general agreement that if the trend is not reversed, local policing will either become unsustainable or severely hinder local government's ability to pay for all those other services that contribute significantly to the quality of a community's life.

A number of initiatives have been implemented at various levels to address the growing cost of policing, ranging from efforts to persuade the federal government to assume its responsibility in this area to reducing the administrative burden on uniform officers to defining the core business of policing.

In developing the strategies to deal with the rising cost of policing, there are a number of considerations that must be the foundation of any discussion. Legislative provisions governing police services and police services boards serve as the immutable context within which any strategy is devised. Ontario's *Police Services Act* requires and empowers the Board to ensure the provision of adequate and effective policing in the municipality.

Besides the law, certain other considerations should also be taken into account when developing a change strategy. These include: community safety and officer visibility, officer safety, timely and accessible police services, efficiencies through consolidation and sharing of services, where feasible, effective use of the expertise of Service members and focus on innovation.

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 05, 2011

#P251. TORONTO POLICE SERVICE – 2012 OPERATING BUDGET REQUEST

The Board was in receipt of the following report September 28, 2011 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE – 2012 OPERATING BUDGET REQUEST

Recommendations:

It is recommended that:

(1) the Board approve the Toronto Police Service's 2012 net operating budget request of $944.7 Million (M), a $14.3M or 1.5% increase over the adjusted 2011 net budget;
(2) the Board approve a revised uniform establishment of 5,604 and civilian establishment of 2,062;
(3) the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer for information; and
(4) the Board forward a copy of this report to the City Budget Committee for approval.

Financial Implications:

The Toronto Police Service's (Service) 2012 operating budget request is a net amount of $944.7M ($1,020.5M gross). This request includes the 2012 estimated impact of all labour contract settlements, although not all contract negotiations have been concluded.

The 2011 approved budget of $906.2M will be adjusted to reflect the impact of labour contract settlements. For comparison purposes, the 2011 budget has been adjusted for the impact of the contract settlement and the 2012 request is compared to the adjusted 2011 budget. The 2012 budget request represents an increase of $14.3M (1.5%) over the adjusted 2011 budget of $930.4M.

A summary of the Service's 2012 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 and the 2013 and 2014 budget outlooks.

Table 1 - 2012 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	-$7.8	-0.8%
Negotiated benefits (includes contributions to benefit-rel'd Reserves)	$6.3	0.7%
Pension and statutory deductions impacts (EI, CPP, OMERS)	$4.1	0.4%
Other impacts	-$11.3	-1.3%
Sub-total of increases	$14.3	
2012 Net Budget Request	**$944.7**	1.5%

The Service's 2012 operating budget assumes a reduction of eighteen positions as a direct result of the Board-approved Voluntary Exit Incentive Program (VEIP), plus the elimination of one Deputy Chief position. The uniform staffing deployment target of 5,617 is being reduced by thirteen, for a revised uniform target of 5,604. The civilian establishment is being reduced by six, for a revised civilian establishment of 2,062.

Background/Purpose:

This report provides the Board with information on the Service's recommended 2012 net operating budget request. This request has been developed based on current 2012 plans, anticipated pressures in contractual/mandatory accounts and applying economic factors provided by the City.

The Service's preliminary request of $969.7M was provided to the Board at a special meeting on May 30, 2011 (Min. No. P140/11 refers). At that time, it was noted that the Service's preliminary request exceeded the City-identified target of $886.4M by $83.3M, and that achieving the City-identified target would require deferred hiring, reductions in non-salary accounts, and significant staff reductions. The Service has continued to review and adjust its preliminary budget request, and there have been several meetings with the Board and with the Board's Budget Sub-Committee (BSC) during the past few months.

In light of the need to identify budget reductions, the Chief requested and the Board approved the VEIP (Min. No. C194/11 refers) to enable the Service to move forward immediately on a leaner management structure, through the reduction (10%) of 18 senior management positions in the organization, and the consolidation various units/functions.

At its meeting of September 14, 2011, the BSC was provided with a report providing additional information on the Service's 2012 operating budget request and what would be required to meet the City-identified target. In addition, the staffing and other implications, and resulting operational/risk management impacts were also included in the report. The BSC was also provided with a separate report on organizational chart scenarios for the Service.

Further, at its meeting of September 14, 2011, the Board considered a report from the Board Chair regarding the Service's 2012 operating budget, and approved the recommendations in that report.

This report from the Service provides the Board with information on the Service's 2012 net operating budget request, taking into consideration all discussions and reviews to date. The Chair's recommendations with respect to the budget have been taken into consideration, where feasible, in the development of the 2012 budget request. Attachment B provides a response to each of the Chair's recommendations, for the Board's information.

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 recommended 2012 operating budget request is $58.4M higher than the operating budget target of $886.4M provided by the City CFO.

City Finance has also provided the following 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 Operating Budget Development Process:

The Service has taken all of the City's guidelines into consideration, and in addition to those guidelines, has developed the 2012 operating budget request based on the following actions and directions:

- reduction of 13 uniform and 6 civilian positions to the Service's staffing complements;

- no backfilling of uniform separations during 2012; resume uniform hiring in 2013 (i.e., begin hiring replacement officers in April 2013 recruit class, to return to approved target deployment levels);
- further reductions to premium pay and non-salary related accounts;
- accounts projected based on year-end 2010 information, year-to-date 2011 information, and known changes;
- no new/enhanced services/initiatives; and
- operating impacts from capital reviewed and minimized wherever possible.

2012 Operating Budget Request:

The 2012 operating budget request of $1,020.5M (gross) and $944.7M (net) includes the funding required to attain an average deployed strength of 5,441 officers (which is 163 below the revised deployment target of 5,604), as well as services and equipment required to effectively support operations.

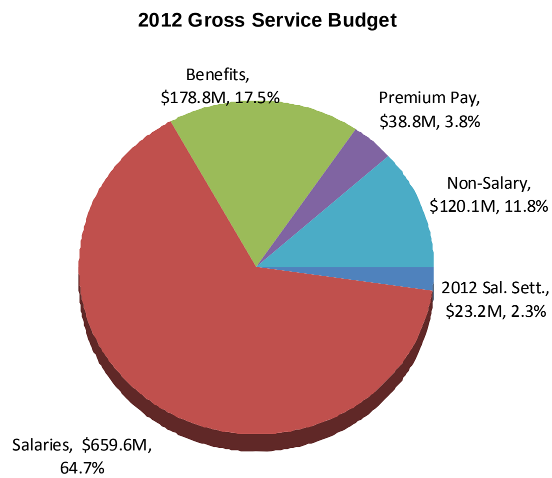


Figure 1. Overall Budget Request

The aforementioned level of staffing is required to provide adequate and effective policing services, and to enable the Service to continue working with its community and City partners to keep Toronto as safe a city as possible.

Figure 1 indicates that, on a gross basis, 88.2% of the Service's budget is for salaries, benefits, and premium pay (court attendance and required overtime). The remaining 11.8% is required for the support of our human resources in terms of the replacement/maintenance of the vehicles, equipment, technology and information they use, facilities they work in, and mandatory 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 Budget Request By Category of Increase			
	2012 Request $Ms	**$ Increase / (Decrease) over 2011 Total Adjusted Budget**	**% Increase / (Decrease) over 2011 Total Adjusted 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	659.6	-$9.2	-1.0%
(c) Premium Pay	38.8	-$3.9	-0.4%
(d) Statutory Deductions and Fringe Benefits	178.8	$2.9	0.3%
(e) Reserve Contributions	39.5	$8.8	0.9%
(f) Other Expenditures	80.6	-$2.0	-0.2%
2012 Gross Budget Request	**$1,020.5**	**$19.7**	2.1%
(g) Revenues	-$75.8	-$5.4	-0.6%
2012 Net Budget Request	**$944.7**	**$14.3**	**1.5%**

(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 TPA contracts have been ratified; the SOO contracts are still under negotiation. For the purposes of this budget, the 2012 budget request includes estimated impacts for 2011 and 2012 for both the TPA and the SOO, based on the ratified TPA contract. The 2012 impact is approximately $23.2M.

(b) Salary Requirements

The total salary budget for 2012 (exclusive of the impact of the salary settlement) is $659.6M. This budget represents a decrease of $9.2M (a 1.0% decrease 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 savings from separations (200 officers)	-$10.2
- 2012 annualized savings from 2011 separations (projected at 180)	-$6.8
- 2011 annualized, 2012 part-year reclassification costs	$8.6
- Civilian reclassifications / increments	$0.2
- Voluntary Exit Incentive Program savings (salary portion)	-$2.3
- Impact of leap year in 2012	$1.6
- Net Other Changes (e.g., in-year job reclassifications, chg in leaves, etc.)	-$0.3
Total	**-$9.2**

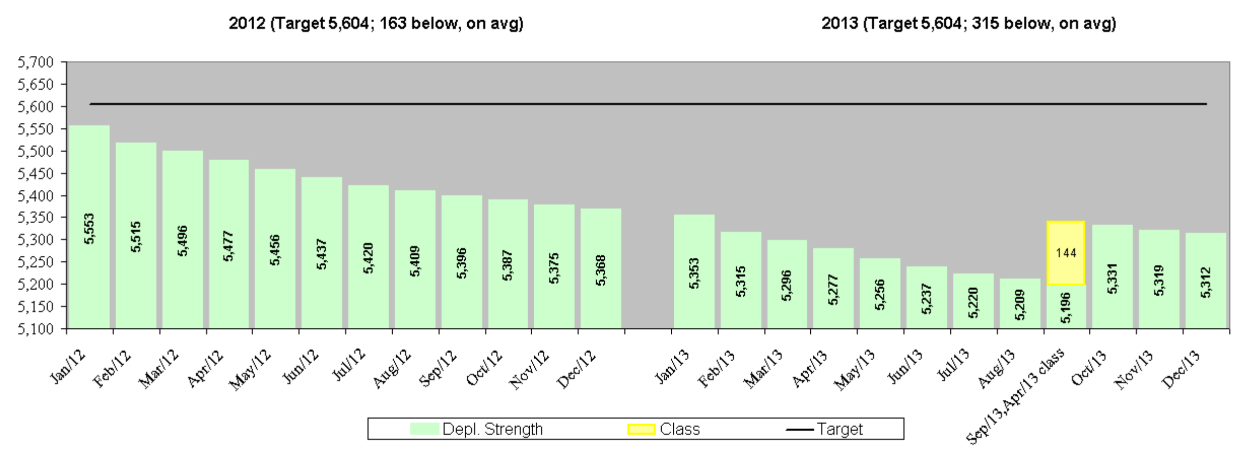
- Human Resource (HR) Strategy for Uniform Members: During the 2011 budget deliberations, the Board confirmed a uniform establishment of 5,587, and a target deployment number of 5,617 (to reflect 30 TAVIS-funded School Resource officers). As a result of organizational changes and the VEIP, the uniform establishment has been revised to 5,574, and the target deployment number to 5,604. As a result, it is being recommended that the establishment and deployed target be set at 5,604 (including the TAVIS-funded School Resource Officers).

  The Service would normally 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 5,604 officers. In light of budget pressures and the City-identified target, the 2012 budget assumes no uniform hiring for a second year (2011 hiring was also deferred due to budget pressures). As a result, the average police officer deployment in 2012 is projected to be 5,441, which is 163 below the authorized target deployment of 5,604.

  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.

  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.

Figure 2. Deployed Strength Projections, 2012 and 2013



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 $6.8M.

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 $8.6M in 2012.

- <u>HR Strategy for Civilian Members</u>: The 2011 Board-approved civilian establishment of 2,068 has been reduced by 6 positions as a result of VEIP. 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 in 2012 are estimated at 90, based on historical experience. An average 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). The filling of civilian vacancies will be frozen wherever possible, the exception being those positions that must be filled to meet a critical operational, legislative and or risk management need. 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 can also change as a result of job evaluations. Civilian salaries are increasing by $0.2M in 2012, primarily resulting from several job evaluations.

- 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 one-time increase for the 2012 year will be reduced in the 2013 operating budget request.

- VEIP Savings: As discussed earlier in this report, the Service's 2012 operating budget assumes a reduction of nineteen positions as a direct result of the Board-approved VEIP and the elimination of one Deputy Chief position. The budget in total has been reduced by $2.9M as a result of VEIP; the salary portion of this reduction is $2.3M. The remaining savings are reflected in the benefits category, discussed later in this report.

- Net Other Changes: The salary budgets are comprised of various other expenditures (e.g., acting pay and other premiums on salaries, as well as temporary salaries for school crossing guards, lifeguards, etc.). In total, these accounts are reduced by $0.3M in 2012.

(c) Premium Pay

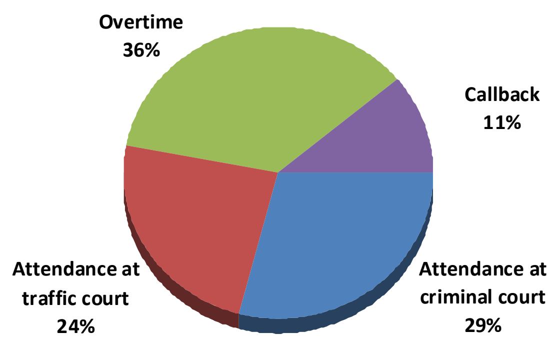


Figure 3. Premium Pay by Reason of Expenditure

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 2011 premium pay budget was reduced by $1.9M (6.6%) to address budget pressures. Given the need to reduce the 2012 operating budget request, the premium pay budget (excluding off-duty court attendance) is being reduced by 10% or a further $3.9M. It should be noted that the combined impact of reductions in 2011 and 2012 represents a decrease of approximately 13% from 2010 (after adjusting for salary settlements, and excluding the impact of off-duty court attendance).

This reduction will impact the operational effectiveness of officers, as there will be fewer available hours to complete investigative work. In addition, the Service's ability to absorb the impact of major unplanned events (e.g. demonstrations, emergency events, high profile homicide/missing persons) will be eliminated. These unplanned events require the utilization of off-duty officers which results in premium pay costs. As a result of the reductions being recommended to premium pay, significant unplanned events could result in a budget shortfall in premium pay and a pressure on the Service's overall 2012 budget .

(d) Statutory Payroll Deductions and Fringe Benefits

This category of expenditure represents an increase of $2.9M (a 0.3% 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.

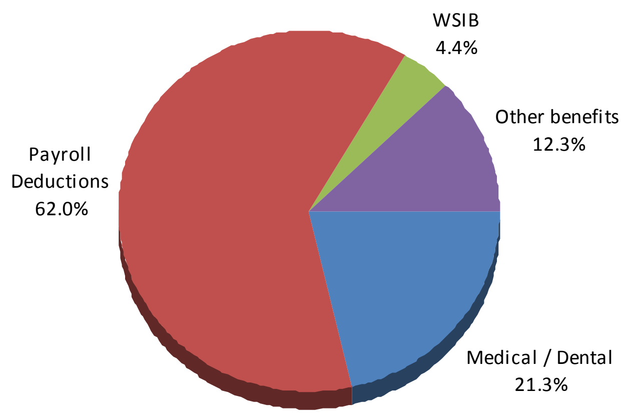


Figure 4. Breakdown of Statutory Deductions and Fringe Benefits

- Ontario Municipal Employees Retirement System (OMERS): In 2011, OMERS announced a three-year contribution rate increase for members and employers. At the time, the 2012 rate increase was estimated to be 1%, and a $6.5M cost was included in the preliminary 2012 operating budget request. Subsequently, on June 28, 2011, it was announced that the rate increase would affect members differently at various earning levels and normal retirement age groups. Members whose normal retirement age is 60 (police officers are in this group) are not being faced with a 1% increase. As a result, the budget increase for OMERS is now $2.8M (prior to VEIP savings).

- 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, and that the Yearly Maximum Pensionable Earnings (YMPE) will be increasing slightly. Taking these changes into consideration, total costs are projected to increase by $0.8M.

- 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 $0.4M. 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), and taking into account the increased cost of benefits, the 2012 administration fees budget has been reduced by $0.8M.

- VEIP: Staffing reductions as a result of the VEIP result in savings to the benefits accounts. Savings related to VEIP ($0.6M) are included in the budget.

- Workplace Safety and Insurance Board (WSIB): The budget for medical, pension and administration costs for WSIB is based on the Service's historical trends for these expenditures. The 2012 budget is expected to increase by $0.5M.

- Net other changes to benefits: The remaining $0.3M increase for benefits is primarily a result of changes in costs in other accounts that are administered by the Service's benefits service provider (retiree medical / dental and group life insurance), as well as some increases in other minor accounts.

(e) Reserve Contributions

The Service contributes to reserves and reserve funds through provisions to our 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 $39.5M. This budget represents an increase of $8.8M over the 2011 contribution amount (a 0.9% increase over the Service's total 2011 operating budget). The 2012 reserve contribution increase is due to the following:

- Sick Pay Gratuity Reserve: Following a detailed review of this reserve by the City two years ago, the Service was advised that the contribution to the Sick Pay Gratuity reserve should be increased by $6.5M annually. Based on budget discussions with City staff, this increase has been deferred in the last two years due to overall budget pressures. During 2011 budget deliberations, the City's Budget Committee Chair requested that the Service fully fund this reserve commencing in 2012. 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 that 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 $1.2M.

- 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.

- The Service is also undertaking a review of its vehicle and equipment requirements to determine if the level of these assets can be reduced and/or their life cycle replacement increased. Any impacts from this review will be reflected in future budget requests, in terms of reduced annual contributions to this reserve.

- Health Care Spending Account (HCSA) Reserve: This reserve has been established to fund the long-term funding requirements for the post-retirement health care benefit negotiated by the Board and the TPA/SOO in the previous collective agreements. In 2011, contributions were reduced from $0.8M to $0.3M due to budget pressures. In 2012, the remaining $0.3M contribution is being reduced to zero, again to address budget pressures. This short-term reduction can be accommodated as the HCSA is sufficiently funded at this time. However, this will create a budget pressure next year, as contributions will have to increase 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. Based on projected pressures on this reserve, the 2012 budget includes $0.6M to resume contributions at historical levels.

Increased contributions to the aforementioned Service reserves have been deferred in previous years. The Service can continue to defer the increased contribution to the Health Care reserve for another year, although it does create a future budget pressure that will have to be managed. However, deferring required contributions to the sick pay gratuity and vehicle & equipment reserves is not fiscally responsible and therefore not recommended.

(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 or reduced even further. Changes have only been included where considered mandatory, and one-time reductions have been taken into account where applicable. The total decrease for these expenditures is $2.0M (a 0.2% decrease 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 caretaking service for Service facilities (Min. No. P15/2011 refers). At this time, no firm direction has been provided by City Facilities with respect to an alternative delivery model for these services. Consequently, the Service continues to budget for caretaking 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 $3.2M): The Service obtains its gasoline requirements based on a joint contract coordinated by the City. 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. The Service's gasoline expenditure budget is also increasing by $1.2M as a result of a service-delivery change, where Toronto Emergency Medical Services (EMS) is now purchasing gasoline from Service pumps. This $1.2M increase is directly offset by revenue from the reimbursement by EMS to the Service for their gasoline, and therefore the overall net impact on the 2012 budget for gasoline is $2.0M.

- Uniforms (decrease of $0.8M): The 2012 budget does not include any costs to outfit new recruits for police officers. It is assumed that Court Officers, School Crossing Guards and Auxiliary members will continue to be replaced, but at an overall reduced rate, resulting in savings of $0.1M. Anticipated replacement costs for uniform clothing and equipment have been reduced wherever possible, and the anticipated cost of regular replacements has been decreased by $0.7M.

- Equipment replacement (decrease of $0.8M): The Service maintains equipment budgets for items that are not managed through the Vehicle and Equipment Reserve, either due to their specialized nature or low-cost-per-item. The Service's equipment budget in total has been reduced from $2.2M to $1.4M (a 35% reduction). This has been achieved through the elimination of some one-time expenditures in 2011 (e.g., buyout of leased vehicles), as well as a detailed review of all requests to ensure all possible reductions are have been made.

- Cleaning Contract (decrease of $0.7M): As a result of a change in service providers effective January 2012, the cleaning voucher cost is being reduced by approximately 30%. Savings are also being realized as a result of reduced deployment overall in 2012.

- Courses, seminars and conferences (decrease of $0.9M): Training costs as a result of no recruits being hired in 2011 or 2012 results in a reduction of $0.1M (the 2011 budget included training costs for recruits hired in 2010, and still being trained in 2011). Funding for Senior Officer Leadership Development courses and other centralized training has been decreased by $0.3M (a reduction of 38%). A detailed review of specialized training requirements in each Command has resulted in a reduction of $0.1M (18%). Anticipated reimbursement of tuition fees has been reduced by $0.1M (50%).

- Vehicles (preparation, parts, tires, and rental - decrease of $0.3 M): These accounts have been reduced based on historical spending and specific reductions where possible.

- Net other changes (decrease of $2.4M): In addition to the specific accounts listed above, the non-salary accounts are comprised of many different type of expenditures, including materials and supplies (such as office supplies, health and safety supplies, and fingerprinting supplies) and services (such as repairs to equipment, telephone lines and air time for cell phones, and service contracts). Unit Commanders were requested to review and reduce these budgets wherever possible, and reductions of $2.4M have been realized across over 100 accounts.

(g) Revenue

Total revenue has been increased by $5.4M, resulting in a 0.6% decrease over the Service's total 2011 budget.

- Provincial funding for Court Security Costs (increase of $5.5M): 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.

- Gasoline recovery (increase of $1.2M): As discussed earlier in this report, EMS is now purchasing gasoline from Service pumps. This $1.2M increase in revenue has a net-zero impact on the Service's budget.

- Fee Changes (increase of $0.1M): Revenues for fees charged by the Service are anticipated to increase by $0.1M, as a result of the annualized impact of changes to fees made in 2011, and based on 2011 projections.

- Grants – reduction due to non-hiring (decrease of $1.3M): As a result of the deferral in uniform hiring, uniform staffing levels will fall below the benchmarks established by the Police Officer Recruitment Fund (PORF) grant. Based on deployment figures projected for 2012 (see Figure 2), grant funding is expected to decrease by $1.3M in 2012.

- Net other changes (decrease of $0.1M): Changes in various other accounts result in a net decrease in revenues. No assumptions have been made regarding potential changes to the City by-laws requiring uniformed officers to attend construction sites or other locations. Any change to these by-laws may result in decreased revenues related to the Service's paid duty administration.

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 adjusted operating budget, and a reduction of $58.4M from the 2012 operating budget request being recommended by the Service).

Further reductions to the Service proposed 2012 operating budget of $944.7M are not recommended. Premium pay budgets have been reduced by almost 13% over the last two years. Budgets for supplies, training, advertising, consulting, etc. were significantly reduced to address funding pressures in 2011, and these accounts have been reduced further in the 2012 request.

The Service has deferred increasing it sick pay gratuity contributions for the last two years in order to help relieve overall budgetary pressures. It would not be fiscally responsible to continue deferring the required contributions, as it would simply provide one-time relief that is not sustainable and would shift the liabilities to future years. Similarly, Service staff considered the deferral of $2M in increased contributions to the Service's vehicle and equipment reserve. While not as critical as the sick pay gratuity contribution, this deferral is also not recommended as it would impact the ability of the Service to meet its 2012 and future vehicle and equipment commitments.

A $2.5M reduction in part-time court security staffing was also considered, as this could be achieved through reduced hours and attrition in part-time staff. However, this reduction cannot be recommended as it would significantly reduce court security service levels and increase security risk at the court locations, and could result in resistance from the Courts and its judiciary.

Although the reductions to the Service-managed reserves and part-time court security staffing are not recommended, these items amount to $4.5M and even if they were reflected as a budget reduction, there would still be a shortfall of $53.9M to achieve the City target. Given that the majority of the Service's budget is for salaries and benefits, a further $53.9M budget reduction could only be achieved through a significant reduction in staffing levels (i.e. lay-offs) effective January 1, 2012. The budget impact of any lay-offs and the number of lay-offs required, would need to take into account severance costs as well as loss of grant revenue for uniform positions. Consequently, reductions in staffing levels to achieve the City's target, would require the elimination of approximately 650 sworn officers (in addition to the estimated attrition of 200 included in the 2012 budget request) and approximately 240 civilians, effective January 1, 2012.

Any reduction of this magnitude would severely impact the Service's ability to provide adequate and effective policing services and is therefore strongly not recommended.

Due to the legislative/procedural requirements to implement lay-offs it is highly unlikely, if not impossible, that this could be achieved by January 1, 2012. As a result, any delay in the effective date would require additional staff reductions to meet the City target.

Conclusion:

The Service's 2012 net operating budget request of $944.7M is $14.3M or 1.5% higher than the adjusted 2011 net operating budget of $930.4M. The 2012 budget request includes the funding required to achieve an average deployed strength of 5,441, which is 163 below the authorized target of 5,604, 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, all uniform hiring has again been deferred and civilian hiring frozen to the extent possible in 2012.

It is important to note that the Service has faced on-going pressures to reduce its operating budget requirements over the last several years, while addressing significant collective agreement impacts and other inflationary pressures, such as benefit increases, gasoline costs, etc.

The Service has and continues to promote continuous improvement and value for money thinking across the organization to help address these on-going budgetary pressures. To this end, a number of reviews and initiatives (internal and external) have been conducted over the last several years that have resulted in efficiencies, cost savings and avoidance, as well as obtaining greater value from our people and other resources.

Table 4 summarizes budget increases over the last several years, and Attachment C provides more detailed information with respect to the breakdown of the overall increases.

Table 4 – Summary of Year-Over-Year Change - Net Operating Budget ($Ms)

	2004	2005	2006	2007	2008	2009	2010	2011	2012 Req.
Net Budget	677.5	716.1	752.4	786.2	822.0	854.8	888.2	930.4	944.7
$ Increase		38.6	36.3	33.8	35.8	32.8	33.4	42.2	14.3
Total % increase		5.7%	5.1%	4.5%	4.6%	4.0%	3.9%	4.8%	1.5%
Collective Agreement ($ impact)		3.8%	3.1%	2.8%	3.1%	2.0%	3.2%	3.4%	2.5%
Other (% impact)		1.9%	2.0%	1.7%	1.5%	2.0%	0.7%	1.4%	-1.0%

Based on the above chart and the more detailed information in Attachment C, approximately $188M or 70% of the total budget increase of $267M from 2004 to 2012 (based on the recommended 2012 operating budget request), is attributable to salary and benefit increases arising from negotiated and arbitrated collective agreement settlements. The remaining $79M or 30% is related to other non-collective agreement increases. Of this total, $24.5M or 9% is related to the hiring of sworn and court officers approved by the Board and the City during this time period. The remaining $54.1M or 21% is for increases in non-salary accounts, such as caretaking/utilities, information system maintenance contracts, gasoline, telephones, uniforms and vehicle/communication equipment parts. The non-salary percentage increases from 2004 to the preliminary 2012 average less than 1% over that period, which is below the rate of inflation.

As previously indicated, the 2012 budget request is $14.3M or 1.5% higher than the Service's 2011 operating budget. If the collective agreement impact was excluded, the Service's operating budget request would be $9.9M or 0.9% below the 2011 budget of $930.4M.

With respect to 2012, all possible reductions have been incorporated into the Service's recommended budget request. Any permanent staffing reductions beyond the continued deferral of hiring in 2012, will have significant operational, legislative and risk management implications, and will impact the Service's ability to provide adequate and effective policing services. Such a reduction is therefore strongly not recommended.

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

The following persons were in attendance and delivered deputations to the Board:

- **Tim Maguire, 1st Vice President, CUPE Local 79 ***
- **Miguel Avila ***
- **John Sewell ***

*** written submission also provided; copy on file in the Board office.**

The Board also received a written submission from Alan Paterson; copy on file in the Board office.

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and delivered a presentation to the Board. A paper copy of the presentation is on file in the Board office.

Following the presentation, Chief Blair, Mr. Veneziano and Mr. Angelo Cristofaro, Director of Finance and Administration, responded to questions by the Board.

The Board was advised that the foregoing 2012 operating budget request reflects the cost of delivering the current level of policing services. Chief Blair said that the Service will continue to work with the City of Toronto and that the Service will implement any economic efficiencies that may be identified by the City.

In response to a question about whether or not there are opportunities to learn about innovative cost-saving measures that may have been implemented by police services in other parts of the world, Chief Blair said that he regularly meets with representatives from other police services and protection agencies and that alternative methods for delivering services in an economical manner are often a topic of the discussions.

In response to a question about adequate and effective police services, Chief Blair agreed with the Board that there are no quantifiable standards or benchmarks for determining the delivery of adequate and effective police services and that the *Police Services Act* and the Adequacy Regulations do not indicate that the services have to be provided in a certain way in order to be adequate or effective.

The Board asked Chief Blair whether or not the Service conducted any exercises during the 2012 operating budget process to identify any new methods for delivering policing services in a less costly manner. Chief Blair provided examples of previous initiatives that were implemented and reiterated that the Service continuously reviews the way in which it delivers policing services to ensure that they are delivered in an economical manner, however, no specific exercise was undertaken.

The Board asked for a breakdown of the foregoing 2012 operating budget request against the City's target and over the 2011 operating budget.

Mr. Cristofaro advised the Board that:

- **the proposed 2012 net budget is $944.7M (which includes the collective agreement impacts for the years 2011 and 2012)**
- **the City had established a target of $886.4M**
- **the 2011 revised budget is anticipated to be adjusted to $930.4M**
- **therefore, the proposed budget ($944.7M) exceeds the target ($886.4M) by $58.3M and exceeds the 2011 budget by $14.3M (or 1.5%)**
- **although the request of $944.7M exceeds the target ($886.4M) by $58.3M, it achieves $25M (or 30%) of the 10% reduction target.**

The Board approved the following Motions:

1. **THAT the Board receive the foregoing report from the Chief;**

2. **THAT the Board approve a target of reducing the Service budget by 10% equating to a 2012 budget of $886.4M;**

3. **THAT, in adopting Motion No. 2, recognizing the constraints in achieving this target, the Board requests the Chief to provide options for achieving this target over two years for the Board's consideration;**

4. **THAT the Chief submit a revised 2012 operating budget, and any options pursuant to Motion No. 3, to the Board for approval no later than Thursday, October 13, 2011; and**

5. **THAT the Board receive the deputations and the written submissions.**

Attachment A

2012 OPERATING BUDGET REQUEST - TORONTO POLICE SERVICE
2012 Request, 2013 and 2014 Outlook - Status Quo Scenario

		# 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)			24,204.5					
				930,406.4					
					2012 Req:	944,747.3	2013 Out:	989,659.0	
Salary Requirements									
U1	Annualized impact of 2011 separations (projected at 180; was budgeted @ 220)			(6,837.3)					
U2	Annualized impact of 2011 replacements (projected and budgeted @ 0)			0.0		entire		entire	
U3	Savings from 2012 Separations (200)			(10,180.8)		category		category	
U4	Cost of 2012 Hires (previously planned at 366)			0.0					
U5	Annualized impact of 2011 reclassification costs			3,498.5					
U6	Part-year 2012 reclassification costs			5,121.4		4,860.0		9,597.0	
U7	Leap year			1,600.0		0.0			
C1	Year-over-year change in estimate for increments			180.5		0.0			
U9	Voluntary Exit Incentive Program (VEIP) savings	-13	-6	(2,262.8)		0.0		0.0	
U8	Net Other Changes (e.g., in-year job reclassifications, chg in leaves, etc.)			(347.4)		0.0		0.0	
				(9,227.9)	-0.99%	**4,860.0**	0.51%	**9,597.0**	0.97%
Premium Pay									
P1	Net Other			(3,865.2)		0.0		0.0	
				(3,865.2)	-0.42%	**0.0**	0.00%	**0.0**	0.00%
Fringe Benefits									
F1	Medical / dental / admin increases			(365.5)		1,370.7		1,476.4	
F2	EHT, EI, CPP, OMERS - estimated rates for budgeted salaries			776.0		83.1		84.8	
F4	OMERS - rate increase continuing in 2012 and 2013			2,751.4		6,600.0		0.0	
F5	Retiree - medical / dental			(23.1)		23.8		129.3	
F6	Group life insurance			(551.4)		67.2		78.5	
F7	WSIB Medical, Pension, Admin			528.4		725.7		801.0	
	VEIP Savings (benefits portion)			(566.0)		0.0		0.0	
F9	Net Other			342.7		(81.2)		15.8	
				2,892.5	0.31%	**8,789.3**	0.93%	**2,585.8**	0.26%
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			1,230.0		500.0		0.0	
R3	Health Care Reserve Contribution			(300.0)		1,000.0		100.0	
R4	Contribution to Reserve - Vehicle & Equipment			750.0		750.0		750.0	
R5	Contribution to Legal Reserve			580.0		1,000.0		(500.0)	
				8,760.0	0.94%	**3,250.0**	0.34%	**350.0**	0.04%
Other Expenditures									
O1	Caretaking / maintenance / utilities (facilities)			660.3		1,260.9		1,336.7	
O2	Gasoline (assumes average increase)			2,032.7		263.0		359.3	
O3	Gasoline (EMS) (offset by revenue)			1,220.6		0.0		0.0	
O3	Uniforms			(843.0)		(501.4)		(27.3)	
O4	Other equipment			(409.3)		0.0		0.0	
O5	Cleaning Contract (uniform)			(685.6)		(25.1)		52.2	
O6	Computer hardware / software			(199.8)		618.7		649.6	
O7	Computer maintenance			(176.6)		0.0		0.0	
O8	Telephone			(156.3)		311.0		326.6	
O9	Consulting (various)			(163.6)		0.0		0.0	
O10	Courses, seminars, training			(695.0)		14.0		(38.3)	
O12	Vehicles (Prep, parts, tires, rental)			(344.2)		0.0		25.0	
O15	Fixed, other			(1,083.8)		0.0		0.0	
	Operating Impact from Capital (other than salaries)			(296.4)		260.0		1,514.7	
	Non-fixed, other			(668.8)		0.0		0.0	
				(1,995.9)	-0.21%	**2,201.1**	0.23%	**4,198.5**	0.42%
Revenues									
Rv1	Court Services' uploading			(5,515.0)		(3,676.7)		(2,451.1)	
Rv2	Gasoline recovery (EMS) (offset)			(1,129.0)		0.0		0.0	
	Loss of PORF			0.0		2,800.0		0.0	
	Grants (reduction due to non-hiring)			1,335.9		1,000.0		0.0	
	Changes in fees for records checks			(141.0)		0.0		0.0	
Rv3	Miscellaneous Revenue			52.6		0.0		0.0	
				(5,396.5)	-0.58%	**123.3**	0.01%	**(2,451.1)**	-0.25%
BUDGET INCREASE, prior to Salary Settlement Impact		(13)	(6)	**(8,833.0)**	-0.95%	**19,223.7**	2.03%	**14,280.2**	1.44%
TOTAL BUDGET REQUEST, prior to Salary Settlement impact		5,604	2,062	**921,573.4**		**963,971.0**		**1,003,939.2**	
	Estimated salary settlement impact			**23,173.9**	2.49%	**25,688.0**	2.72%	**27,595.7**	2.79%
TOTAL BUDGET REQUEST, including all approved items		**5,604**	**2,062**	**944,747.3**	**1.54%**	**989,659.0**	**4.75%**	**1,031,534.9**	**4.23%**

Attachment B

Response to Recommendations from Chair's Board Report (September 14, 2011 meeting) on the Toronto Police Service's (TPS) 2012 Operating Budget

Recommendation	**TPS Response**
1 Organizational Structure **<u>The Command</u>**	
1 (a) The size of the Command be reduced to three Deputy Chiefs and a Chief Administrative Officer.	2012 budget request is based on revised organizational chart that reflects three Deputy Chiefs and a CAO.
1 (b) Roles within the Command be streamlined to achieve a clearer separation between policing operations and business processes.	2012 request is based on revised organizational chart which has realigned functions, consolidated functions and increased span of control, where appropriate.
<u>Management and Supervision</u>	
1 (c) The Chief prepare, for the Board's approval, a new Organizational Chart that reflects recommendations 1(a) and 1(b)	See separate report to October 5, 2011 Special Board meeting.
1 (d) A more streamlined management and supervision structure be established, including, specifically, a reduction, through attrition, in senior ranks, with no new Staff Superintendents and Staff Inspectors being appointed; immediate discontinuation of the practice of appointing 2 I/Cs, except where the span of control justifies such appointments; elimination, with immediate effect, of the practice of appointing a uniform manager in units with civilian managers; and, to the maximum extent possible, return of uniform members to policing functions.	The revised organizational structure, taking into account the Voluntary Exit Incentive Program (VEIP), results in a more streamlined management structure through the consolidation of functions and the increased span of control due to the elimination of 18 management positions, in addition to the deletion of one deputy chief position. The Service has reviewed the 2 I/C function and reduced this where feasible. Uniform managers in units with civilian managers have been deleted (e.g. Employment, Parking Enforcement). The deferral of uniform hiring will require the redeployment of uniform staff to front-line operations, until hiring resumes.
<u>2.</u> Human Resources **<u>Reduction through Attrition and No New Hiring</u>**	
2 (a) With the exception of Parking Enforcement and where required for operational, contractual or statutory reasons, vacancies caused by retirement, resignation or any other such separations not be filled in 2012.	The 2012 operating budget request includes the deferral of all uniform hiring and gapping for civilian staff vacancies The hiring of civilian staff to fill vacancies will be deferred wherever possible, and only when required to meet legislative or critical operational and risk management requirements..

Recommendation	TPS Response
2 (b) Subject to availability of funding from the City, the Board offer a voluntary exit program for up to 400 uniform members of the Toronto Police Association in 2011.	See separate confidential report to the Board. The impact of this proposed program is not included in the Service's 2012 operating budget request, submitted to the special October 5, 2011 Board meeting.
2 (c) The Board request the City's Deputy City Manager and Chief Financial Officer to consider providing the Board a fund of $20 million to finance the voluntary exit program.	Not applicable.
2 (d) Subject to funds being available, the Board work with the Chief of Police and the Toronto Police Association to develop and present the voluntary exit program to eligible uniformed members.	Not applicable.
2 (e) The freeze on new hiring continue in 2012.	The 2012 budget request includes a hiring freeze assumption for uniform and civilian positions. However, some critical civilian positions will need to be filled. These requests will be carefully reviewed by the respective Command Officer, Deputy Chief, Corporate Command and the Chief, before being approved.
3. Business Processes **<u>Use of Premium Pay</u>**	
3 (a) The 2012 budget include a significant reduction in premium pay proportionate to reduction in staff complement. A reduction target of at least 12% be considered.	The Service reduced its 2011 premium pay budget by 6.6% and has included a further 10% reduction in 2012. Therefore, this request has been met and any further reductions will have a significant operational impact, and therefore cannot be accommodated.
3 (b) The Chief report utilization of the premium pay budget as part of the Service's operating budget variance reports.	Budget variance reports have and will continue to include information on premium pay utilization.
<u>Training & Education</u>	
3 (c) The budget for Service members' attendance in training events and conferences, whether in or out town, be reduced by 30% from the 2011 level.	This budget was reduced in 2011, and the 2012 request includes a further significant reduction in training and conferences.

Recommendation	TPS Response
3 (d) The Service not host any conference more than once every three years, making sure, as well, that registration fees for non-Service attendees recover the full actual cost.	In accordance with recommendations from the City Auditor General's review of training, the Service now hosts necessary conferences no more than once every two years, however, the Service will consider whether this frequency can be extended to every three years.
Use of Alternative Customer Service Methods	
3 (e) The Board approve, in principle, the outsourcing of police background and criminal record checks pending a full report from the Chief within two months, on the feasibility, financial implications and human resources impact of using this alternative method for providing this service as of 2012.	While the Service had conducted a preliminary review of this matter, a further more detailed review will be completed and a report submitted to the Board. This review could include the issuance of a request for information (RFI) from qualified vendors. Therefore, it will not be possible to report to the Board within the two month time frame.
3 (f) The Board approve, in principle, that, wherever possible and financially viable, it will seek an alternative method of performing those business functions that are not directly related to the delivery of policing services.	No impact on 2012 request and the Service supports delivering administrative and support services (e.g. potentially contracting out City cleaning for Service facilities) as cost-effectively as possible. This matter is being looked at as part of the City's service efficiency reviews.
3 (g) The Chief report to the Board within two months on the options for divesting the payroll function, or parts of this function, such as transferring the function to the City or contracting out to another provider, with a cost-benefit analysis and an implementation plan beginning in the 2012 budget cycle.	The Service will review this matter and report back to the Board. However, two months will not be sufficient time to properly review this request.
4. Development of Budget Proposal	
4 (a) That the Chief of Police develops a budget proposal which incorporates each of these recommendations and submits this proposal to a special public Board Meeting to be scheduled prior to the regularly scheduled October Board Meeting.	Recommendations have been taken into account where feasible, and reflected in our response to each recommendation in this Attachment.

Recommendation	TPS Response
4 (b) That the City of Toronto CFO/CM be requested to quantitatively assess the budget proposal referenced in recommendation 4(a) to determine the extent to which the proposal achieves the City’s budget target set for the Toronto Police Service in 2012.	Not applicable, City Manager and Deputy City Manager to respond.

Attachment C

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012 Req.	2004-2012	Avg.
Net Budget	677.5	716.1	752.4	786.2	822.0	854.8	888.2	930.4	944.7		
$ Increase		38.6	36.3	33.8	35.8	32.8	33.4	42.2	14.3	267.2	
Total % increase		5.7%	5.1%	4.5%	4.6%	4.0%	3.9%	4.7%	1.5%	39.4%	
Collective Agreement ($ impact)		22.7	22.5	21.2	24.7	16.7	27.2	30.2	23.2	188.3	23.5
Hiring ($ Impact)		0.8	5.1	12.6	4.6	1.8	3.5	0.2	-3.8	24.8	3.1
Other ($ impact)		15.0	8.8	0.0	6.5	14.2	2.7	11.8	-5.1	54.1	6.8
Collective Agreement (% impact)		3.4%	3.1%	2.8%	3.1%	2.0%	3.2%	3.4%	2.5%	23.6%	2.9%
Hiring (% Impact)		0.1%	0.7%	1.7%	0.6%	0.2%	0.4%	0.0%	-0.4%	3.3%	0.4%
Other (% impact)		2.2%	1.2%	0.0%	0.8%	1.7%	0.3%	1.3%	-0.5%	7.1%	0.9%
Collective Agreement (% of total increase)		58.8%	61.9%	62.7%	69.0%	51.0%	81.3%	71.6%	161.6%	70.5%	
Hiring (% of total increase)		2.2%	13.9%	37.1%	12.8%	5.6%	10.5%	0.4%	-26.2%	9.3%	
Other (% of total increase)		39.0%	24.2%	0.1%	18.2%	43.4%	8.2%	28.0%	-35.4%	20.2%	

THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 05, 2011

#P252. TORONTO POLICE SERVICE – ORGANIZATIONAL STRUCTURE

The Board was in receipt of the following report September 27, 2011 from William Blair, Chief of Police:

Subject: ORGANIZATIONAL STRUCTURE

Recommendations:

It is recommended:

(1) that the Board approve the organizational structure contained in Attachment A; and

(2) that the Board approve the deletion of six (6) civilian positions and thirteen (13) uniform positions, for a revised civilian establishment of 2,062 and uniform establishment of 5,574 (excluding 30 School Resource Officers).

Financial Implications:

The proposed organizational structure (Attachment A) reflects the deletion of eighteen (18) management positions and one Deputy Chief position. The management position reductions are a direct result of the Board-approved Voluntary Exit Incentive Program (VEIP) and the Service's objective to reduce management levels, consolidate functions and increase span of control. The reduction of a Deputy Chief position is due to the retirement of two (2) Deputy Chiefs and the Service's realignment of Command functions. Therefore a total reduction of nineteen (19) positions from the current Board-approved organizational structure are reflected in the proposed structure.

The incremental cost of $0.9M for the VEIP was funded from savings achieved in the approved 2011 operating budget. Annualized estimated savings of $3M, commencing January 1, 2012, are attributable to the reduction of 19 positions and will be reflected in the 2012 operating budget request.

Background/Purpose:

On September 14, 2011, the Board's Budget Sub-Committee (BSC) received a report outlining the Service's recommended organizational structure following the reduction of management positions and the consolidation of various functions. In addition, the report contained information with respect to the BSC's request on August 16, 2011 for an organizational structure that reflects only two Deputy Chief positions. The Board's Budget Sub-Committee discussed the report and requested that it be forwarded to the Police Services Board for its consideration.

Discussion:

The retirement of two Deputy Chiefs in 2011 provided the Service with the opportunity to review its management structure. Given the potential for reduced staffing levels, it was prudent to first implement reductions at the management level. As a result, the Service recommended and the Board approved the VEIP. The VEIP resulted in the reduction of 18 management positions. Following the VEIP, a review was undertaken to reorganize the Service with the objectives of producing a leaner management structure, increased span of control and the consolidation of functions.

Attachment A: Recommended Organizational Structure - 4 Command Officers (3 Deputy Chiefs, 1 CAO)

The current structure of 5 Command Officers (4 Deputy Chiefs and 1 CAO) has provided what I believe to be the optimal structure to serve the community of Toronto. The mandate of the Deputy Chiefs and the CAO is to support the Chief in providing overall leadership and strategic direction for the Toronto Police Service (TPS). They play a major role in policing this diverse and complex city and meeting the expectations of our community. They are key to building relations with the many racial, ethnic, cultural, age and gender communities that make up the City of Toronto. They also shoulder the significant challenge of working with the members of the Service to deal with constantly changing and challenging work requirements.

The current structure has allowed for a sufficient number of Command Officers to provide strategic direction to the core functions of the Service. The current number of Command Officers has also allowed for an organizational structure that has aligned and enabled a greater synergy among related functions and units.

As a new organizational structure was considered, the Service was mindful of the City's financial challenges and this has been taken into account along with our commitment to the safety of Toronto and the delivery of community based policing. The principles that were used in July 2005 to institute the 5 Command structure (Min. No. C172/05 refers) were also taken into account when considering a new streamlined structure.

In considering a new structure, previous configurations over the past 25 years were reviewed. Over the years, the Command structure has ranged from a 3 Command Officer structure (2 Deputy Chiefs and a CAO) through to a 7 Command Officer structure (6 Deputy Chiefs and a CAO). The benefits and negative effects of the various structures were assessed in putting forward a new organizational structure.

The recommended Service organizational structure is provided in Attachment A. In developing this structure, the Service has taken into account the need to maintain an effective response to crime and disorder, the continued maintenance of public trust through accountability, and the establishment of internal and community-based partnerships; continued excellence through personnel and leadership development; strong and effective financial and support functions; a visible presence of the uniform function, and the continued recognition of the value of diversity within the community and Service and the need for diversity within the Service itself.

The proposed structure with 4 Command Officers includes 3 Deputy Chiefs and 1 CAO. It is one which I believe will allow for the effective operation of the Toronto Police Service (TPS). In many areas it creates a leaner structure with a larger, but manageable, span of control at the senior officer/management level without undermining an appropriate decision-making and accountability structure. It also maintains opportunities for succession planning and staff development which are critical to any organization.

An effective span of control throughout the organization is critical to ensure appropriate legislated compliance with the *Police Services Act* as well as Ontario Regulations such as the Adequacy and Effectiveness of Police Services (O.R. 3/99) and the Special Investigations Unit (O.R. 267/10).

To emphasize this, the Ferguson Report (January 2003) noted that any amount of shortcomings in management expertise and accountability has and will continue to expose the Service to the potential for serious misconduct and corruption. Further, it will remain a major contributor to unethical behaviour. The proposed structure with one less Deputy Chief will allow the Command to continue to provide the necessary and appropriate leadership as well as reduce the risks associated with too large a span of control. It will also allow the Service to continue to meet the expectations of the Police Services Board for a 5 member Command (as outlined in the June 2005 Ray & Berndston/Lovas Stanley document prepared for the PSB, Toronto Police Service Deputy Chiefs, Position Descriptions and Competency Profiles).

The recommended organization chart reflects the reduction of 19 positions (one Deputy Chief and 18 from the VEIP) from the current Board-approved structure. It maintains a functional alignment that will continue to support operational effectiveness and I believe it will allow us to meet the Service's legislated mandate and obligations.

The following consolidations, realignments and deletions have been incorporated in the recommended organizational structure.

New Command/Unit

- The Human Resources and Executive Commands have been combined to form the new Corporate Command
- A new unit, Corporate Analytics has been formed and reports to Corporate Services pillar

Unit Re-Alignment/ Deletions/Merging

- The Human Resources Management and Human Resources Development pillars have been merged into the Human Resources Management pillar and have become one pillar under Corporate Command
- The Toronto Police College has been realigned to become a part of the Human Resources Management pillar
- The Employment unit is merged with Compensation & Benefits into one unit, the Benefits & Employment unit

- The Diversity Management unit has been deleted and the function is merged into Human Resources Management, reporting to the Director
- The Staff Planning Unit has been deleted and is merged to become a part of the Human Resources Support Services unit
- The legal counsel function reporting to the Chief of Police has been deleted as a unit and has been merged to become a part of Legal Services
- The Legal Services unit has been re-aligned to report to Professional Standards
- The Audit & Quality Assurance unit has been re-aligned to report to the CAO
- The IT Governance Management unit has been deleted and has been merged to become a part of the Project Management unit
- Quality Assessment & Integration is merged with Infrastructure & Operations Support Services and the Police Liaison position is deleted
- The Community Mobilization unit is merged with TAVIS to become the TAVIS/Community Mobilization unit in the Divisional Policing Command pillar
- The Unit Commander of Mounted & Police Dog Services unit, will also manage the Marine Unit
- The Unit Commander of Organized Crime Enforcement will also manage the Hold-up Squad and the Toronto Drug Squad

The current Board-approved 5 Command Officer structure (4 Deputy Chiefs and 1 CAO) is the preferred structure in terms of management efficiency, operational effectiveness and corporate risk management. The proposed 4 Command Officer structure (3 Deputy Chiefs and 1 CAO) reflects the reduction of 19 positions (one Deputy Chief and 18 from the VEIP) from the current Board-approved structure. The recommended structure in Attachment A allows for a manageable span of control between the Commands and also allows for the position of a Corporate Command Deputy Chief which would oversee the necessary executive functions; the structure in Attachment B does not. While less than ideal, the 3 Deputy/1 CAO structure provides for reduced but manageable effectiveness, efficiency and risk management while allowing the Service to meet its minimum legislated mandate and public service obligations.

Therefore, the organizational structure based upon a 4 Command Officer structure (3 Deputy Chiefs and 1 CAO), Attachment A, is being recommended for approval.

<u>Attachment B: Not Recommended - Alternative Organizational Structure - 3 Command Officers (2 Deputy Chiefs, 1 CAO)</u>

The Service was requested by the Board's Budget Sub-Committee to consider a 2 Deputy Chiefs and 1 CAO model as an alternative organizational structure. This alternative is presented in Attachment B. Since 1984, the Service has utilized this type of structure twice, most recently for almost 5 years (January 25, 2001 – October 14, 2005) and, therefore, has experienced its operational implications. This model presents significant challenges both in terms of the strategic management required at the Command level and on a daily operational level because of an unmanageable span of control.

The resulting implications of increasingly complex matters dealing with the *Police Services Act*, the *Human Rights Code*, as well as recent amendments to the *Occupational Health and Safety Act* require a comprehensive understanding and appropriate Command decisions to reduce exposure of risk to the Service. This model makes it exceedingly difficult to provide the necessary oversight.

It potentially creates a span of control for Command Officers that will diminish significantly their capacity to to provide the necessary and appropriate leadership to their direct reports and in supporting me in the strategic management of the Service. To alleviate this span of control issue it will be necessary to increase the number of direct reports to the Chief of Police.

As the Chief it will be necessary for me to become involved in the daily operations of units and pillars of the Service; responsibilities currently, and appropriately, belonging to Staff Superintendents/Directors and Deputy Chiefs, respectively. Ironically, in alleviating the unmanageable span of control created by this model for my Command Officers, it reduces my ability to turn my attention to the strategic management of the Service and to address corporate initiatives. A previous complaint and experience with the 3 Command Officer structure was that it left little time for the Command Officers and Chief to turn their attention to corporate and strategic issues.

Compared to the recommended 4 Command Officer structure, the alternative organizational structure would result in estimated savings of $350,000, arising from the deletion of one additional Deputy Chief position and related costs. However; the savings offer questionable protection against the elevated management risks associated to this structure.

The 3 Command Officer structure re-institutes many of the issues that were of previous concern to the PSB and Service (and subsequently addressed with the confirmation of the organizational chart approved by the PSB in July 2005).

For example, under the *Police Services Act*, the Chief of Police has an adjudicative role with respect to complaints against the police which are investigated by Professional Standards. Previously, the direct report of this body was perceived as a potential conflict resulting from the investigative body having a direct reporting relationship to the adjudicator, thereby undermining public confidence in the process. This direct reporting relationship was removed in 2005 to address this negative perception and alleviate concerns about independent investigation of complaints. In doing so, the Chief of Police was also relieved of involvement in specific cases and free to devote more time to promoting professional conduct by all Service members.

Similarly, in this alternative model, Corporate Communications, once again, reports directly to the Chief of Police. Previously, the perception existed that the unit served only the Chief of Police rather than the entire organization which has been the mandate of the unit since first created. Re-instituting this direct report undermines the role of Corporate Communications which is to serve the entire organization on a corporate basis.

It is my opinion that a 3 Command Officer structure, as in Attachment B, will not provide an adequate organization structure that will allow the Toronto Police Service to meet its legislative responsibilities in an operationally effective manner. I believe that it will impede the continued success we have experienced in policing this City over the past 5 years. Given the Service's negative experience with a 3 Command Officer model and the risks it poses I do not recommend the structure reflected in Attachment B.

Conclusion:

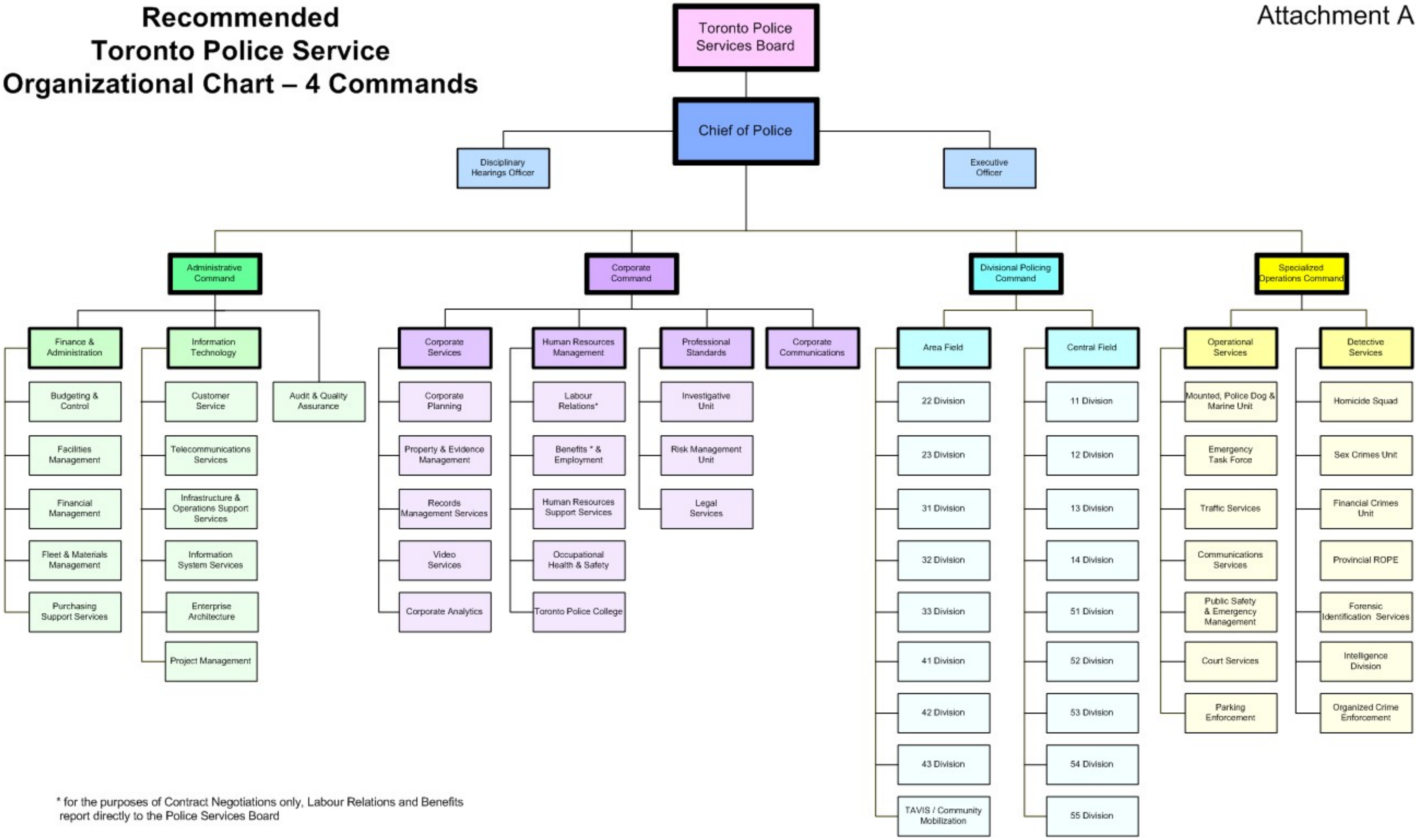
As requested, this report provides the Board's Budget Sub-Committee (BSC) with the Service's recommended organizational structure, a 4 Command Officer structure – Attachment A, following the reduction of management positions and the consolidation of various functions. In addition, information is provided in this report with respect to the BSC's request for an organizational structure that includes two Deputy Chief positions.

Therefore, the organizational structure reflected in Attachment A is being recommended for approval. I will be in attendance to answer any questions the Board may have.

The Board approved the foregoing report.

Recommended Toronto Police Service Organizational Chart – 4 Commands

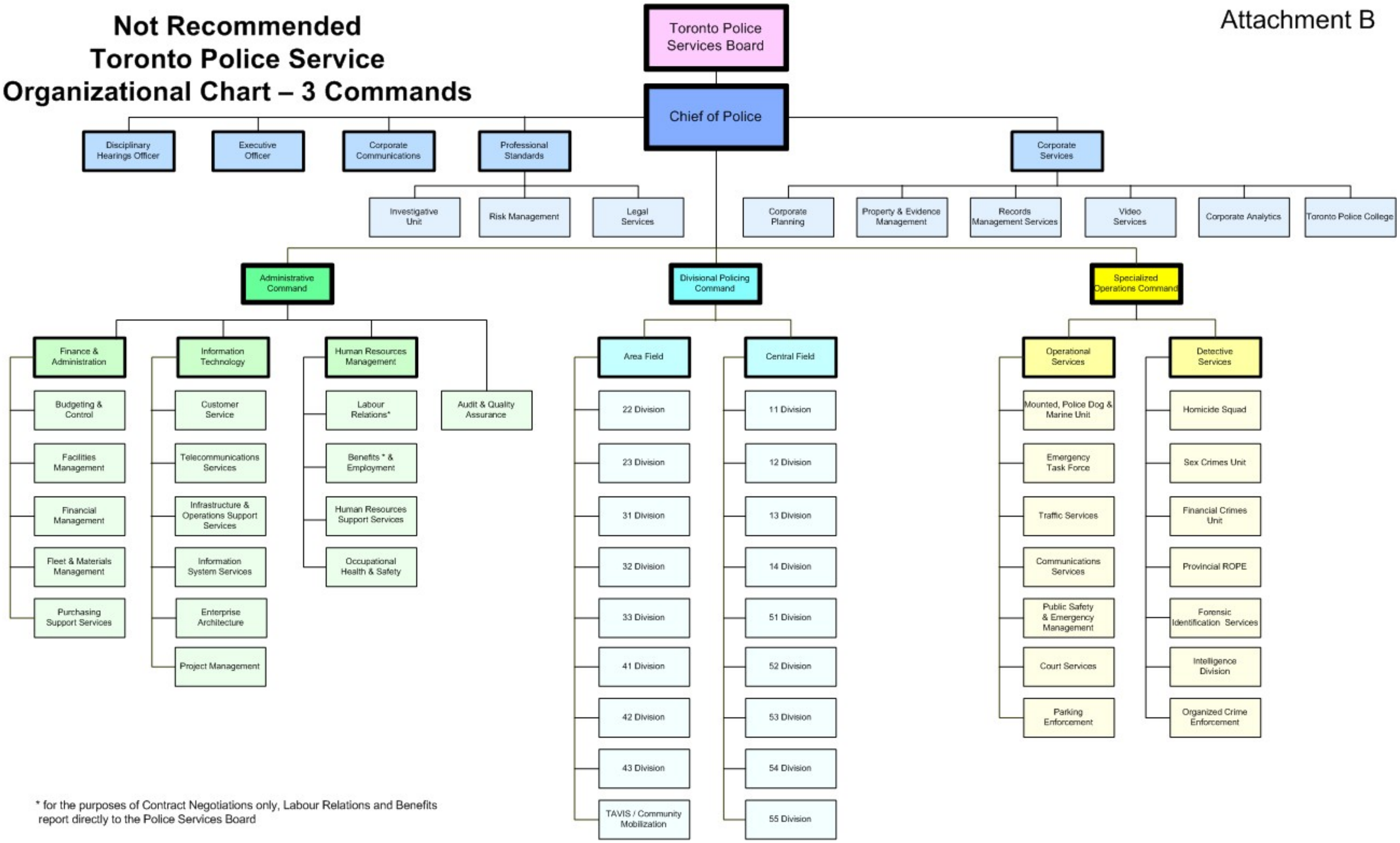
Attachment A



* for the purposes of Contract Negotiations only, Labour Relations and Benefits report directly to the Police Services Board

Attachment B

Not Recommended
Toronto Police Service
Organizational Chart – 3 Commands



* for the purposes of Contract Negotiations only, Labour Relations and Benefits report directly to the Police Services Board

THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 05, 2011

#P253. TORONTO POLICE SERVICE: 2012 – 2021 REVISED CAPITAL PROGRAM REQUEST

The Board was in receipt of the following report September 21, 2011 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE 2012-2021 REVISED CAPITAL PROGRAM REQUEST

Recommendations:

It is recommended that:

(1) the Board approve the 2012-2021 capital program with a 2012 net request of $24.7M (excluding cash flow carry forwards from 2011), and a net total of $316.8M for 2012-2021, as detailed in Attachment A; and

(2) the Board forward a copy of this report to the City of Toronto Budget Committee for approval, and to the City's Deputy City Manager and Chief Financial Officer for information.

Financial Implications:

The 2012-2021 capital program request meets the City's total debt affordability target for the ten years and achieves the City's annual debt target in seven of the ten years. Due to the deferral of the Integrated Records and Information System (IRIS) project, cash flow requirements now vary from the annual City debt target in three of the 10 years of the program; specifically, under target by $8.7M in 2012; over target by $4.8M in 2013; and over target by $3.9M in 2014. Table 1 provides a summary of the 2012-2021 capital program request compared to the City of Toronto's ten-year debt-affordability target. Additional detail on debt-funded and reserve-funded projects can be found in Attachments A and B respectively.

Table 1. 2012-2021 Capital Program Request ($Ms)

	2012	2013	2014	2015	2016	5-Year Total	2017-2021 Total	2012-2021 Total
Debt-funded projects	26.1	16.7	25.6	33.1	37.9	139.3	191.7	331.0
Recoverable debt project	1.7	0	0	0	0	1.7	0	1.7
Reserve-funded projects	13.9	23.9	18.3	18.7	23.1	97.7	105.4	203.1
Total gross projects:	**41.7**	**40.5**	**43.9**	**51.7**	**61.0**	**238.8**	**297.0**	**535.8**
Other-than-debt funding	-17.1	-24.1	-20.0	-21.2	-24.7	-107.0	-112.0	-219.0
NET DEBT FUNDING:	**24.7**	**16.4**	**23.9**	**30.4**	**36.3**	**131.8**	**185.0**	**316.8**
CITY DEBT TARGET:	**33.3**	**11.6**	**20.1**	**30.4**	**36.3**	**131.8**	**185.0**	**316.8**
Variance to target	**8.7**	**-4.8**	**-3.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Attachment C provides a summary of the estimated operating impacts that result from projects included in the 2012-2021 capital program request. The 2012 operating impact of $1.7M includes an increase in the contribution to the Reserve of $0.75M as a result of contribution deferrals in previous years. Approval of the 2012-2021 program, as requested, will result in an estimated annualized operating impact to the Service of $7.1M by 2021, mainly due to reserve contributions, as well as facility and system maintenance requirements. These operating impacts will be included in future operating budget requests, as required.

Background/Purpose:

At its May 11, 2011 meeting, the Board received the Service's preliminary 2012-2021 capital program at a net request of $33.3M for 2012 (excluding cash flow carry forwards from 2011) and a net total of $316.8M for 2012-2021, as detailed in Attachment D (Min. No. P136/11 refers).

The preliminary capital request was presented to the Board for information at that time, to ensure the Service could meet the reporting requirements established by the City Manager's office. Service staff have continued to refine this request over the last few months and discussed the capital program with City Finance. The purpose of this report is to provide the Board with a revised 2012-2021 Capital Program, for approval.

Discussion:

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

Strategic Direction:

The Service's 2012-2021 capital program request continues to focus on improving and updating the Service's ageing facility infrastructure and ensuring our information, and communication technology needs are appropriately addressed.

The projects in the capital program will:

- ensure our facilities are in a reasonable state of good repair and replaced/renovated, as necessary;
- enable operational effectiveness/efficiency and service enhancement;
- result in improved information for decision making and to better meet operational requirements;
- help enhance officer and public safety;
- contribute to environmental protection/energy efficiency; and
- ensure our fleet and equipment is cost-effectively replaced.

The Service's 2012-2021 capital program request includes no new debt-funded projects. The cost estimate for each project has been reviewed to ensure the estimate and annual cash flows are still valid, taking into consideration key project milestones, procurement requirements, any third-party actions/approvals required, as well as other applicable assumptions and information. The Service is also mindful of operating budget impacts and so, some projects not yet started are being revisited to ensure they are still viable from an overall cost/benefits perspective.

2011 Accomplishments:

Key accomplishments and developments related to the implementation and management of the capital program in 2011 are as follows:

- new 11 Division has been completed below budget, with a move-in date of September 26, 2011;
- In-car camera installations have been completed on budget, in 415 marked cars as of July 2011;
- voicemail replacement will be completed utilizing Voice over Internet Protocol (VoIP) based on the City's review and recommendation for use of VoIP;
- replacement of the Automated Fingerprint Identification System (AFIS) has commenced in 2011 and is scheduled for completion in 2012, resulting in the carry forward of 2011 funds;
- construction for the new 14 Division is continuing and should be completed by mid-2012;
- radio lifecycle replacements are continuing; and
- an architectural firm has been approved by the Board to complete the design and working drawings for the Service's new Property and Evidence Management facility.

The Service is anticipating that 79% of net debt funding will be spent in 2011, and that $14.2M will be carried forward to 2012. A significant portion of the carry forward amount ($7.9M) is due to the Board's deferral of the contract award for the acquisition and implementation of the new IRIS project.

City Debt Affordability Targets:

Corporate targets for Agencies, Boards, Commissions and Departments (ABCDs) are allocated by the City's Deputy City Manager and Chief Financial Officer (City CFO). The 2012-2021 revised capital program request meets the City's total debt affordability target for the ten years and achieves the City's annual debt target in seven of the ten years.

The Board's deferral of the Integrated Records and Information System (IRIS) contract award has impacted the schedule and annual cash flow requirements for this project. As a result, the Service's cash flow requirements now vary from the annual City debt target in three of the 10 years of the program; under target by $8.7M in 2012; over target by $4.8M in 2013; and over target by $3.9M in 2014.

2012-2021 Capital Program:

The 2012-2021 capital program is segregated into four categories for presentation purposes.

A. On-Going Projects
B. Projects beginning in 2012-2016
C. Projects beginning in 2017-2021
D. Projects funded through the Reserve

A. On-Going Projects

There are six projects in progress in the 2012-2021 capital program:

1. State-of-Good-Repair – ongoing
2. Radio Replacement - 2012 completion
3. 14 Division - 2012 completion
4. Progress Site (Property & Evidence Management Unit) – 2013 completion
5. IRIS – Integrated Records and Information System – anticipated 2014 completion
6. Upgrade to Microsoft 7 – 2012 completion.

All of the above projects with the exception of the implementation of IRIS and Progress Site projects are currently projected to be on budget and on schedule. The current status of these projects was provided in the 2011 second quarter capital variance report (Min. No. P212/11 refers).

Progress Site ($37.1M, anticipated 2013 completion)

The estimate for the Progress Site (Property & Evidence Management Unit) project has been revised. When the original estimate of $35.7M was developed, the cost of the site acquired was not known. Included in the original estimate was a preliminary cost estimate of $15.3M for the construction work required to house the PEMU at a new site. The cost to acquire the Progress site, resulted in only $13.9M remaining in the project budget to complete the required construction work to get the unit operational. Therefore, an adjustment of $1.4M (with no net impact on the total capital program) has been made to this project to better reflect the estimated cost for this project. This adjustment is possible due to the deletion of the Smart Card project previously identified in the capital program. This project is still in the early stages, and the construction estimate will be confirmed once the design and tendering processes are complete. Any adjustment, if required, will be reported to the Board.

It should also be noted that the Progress site exceeds the needs of the PEMU, and therefore presents an opportunity to consolidate other Service operations at this site in the future (subject to availability of funds). This would then allow the return of existing properties to the City.

IRIS ($24.4M, anticipated 2014 completion)

The deferrral of the IRIS project has created uncertainty around this project as well as other projects that are dependant on IRIS (discussed later in this report).

This project was first approved by the Board and City Council in 2008 for the 2009-2013 capital program, and commenced in 2009 (Min. No. P297/08 refers). Various expenditures have been incurred to date to assist in the planning and management of the project. At its May 2010 meeting, the Board approved Versaterm Inc. as the vendor for the supply and delivery of software, maintenance, professional services in relation to the acquisition and implementation of a new records management system, subject to the completion of a statement of work that is acceptable to the Service (Min. No. P144/10 refers).

In February 2011, the Service recommended that the Board approve the award of the contract to Versaterm Inc., as the statement of work developed is acceptable to the Service. The Board deferred consideration of this request (Min. No. P27/11 refers). A revised report was submitted to the Board for consideration at its April 7, 2011 meeting (Min. No. P73/11 refers). At that meeting, the Board referred the report to the City Auditor General (AG) and City Chief Information Officer (CIO) for review and comment. The Board, at its special meeting on April 14, 2011, received the Service's report on the impacts of project deferral and referred the report and accompanying presentation to the AG and the CIO (Min. No. P106/11 refers).

At its meeting of September 14, 2011, the Board received the City's AG and CIO reports, the Service's responses to the AG and CIO reports and the Service's request to award the contract to Versaterm Inc. The Board deferred the request for the contract award to its October 2011 meeting.

In the absence of a Board decision on the software acquisition, the 2012-2021 revised captial program assumes approval of the award to Versaterm will occur at the October Board meeting and includes a revised cash flow requirement for the project based on this assumption. As a result of the deferral of the IRIS project, cash flow requirements now vary from the annual City debt target in three years: under target by $8.7M in 2012; over target by $4.8M in 2013; and over target by $3.9M in 2014.

B. Projects Beginning in 2012-2016

There are no new debt-funded projects beginning in 2012 or 2013.

eTicketing Solution ($1.7M in 2012, to be funded through Recoverable Debt)

In conjunction with City Court Services, the Service has been pursuing the implementation of an electronic ticketing system which would capture Provincial Offence Notices, print tickets at road side, and transmit ticket data wirelessly to corporate servers. This system would increase the accuracy of tickets, eliminate manual sorting and transportation of tickets, save time with respect to disclosure, and streamline various other business processes. The majority of Ontario's largest police agencies have already deployed electronic ticketing solutions.

This project was originally estimated to cost $4.3M over three years (2012-2014), but the cost and implementation time of this project has been significantly reduced as a result of the anticipated decision to proceed with the Versaterm records management system, which includes an eTicketing solution. The $1.7M one-year cost is for the acquisition and installation of printers and portable ruggedized laptops, assuming the use of the IRIS/ Versaterm software and server environment.

This project has a net overall payback of two-and-a-half years for the City. Annualized operating costs of $560,000 (for overall maintenance and planned equipment replacement costs) will be offset by annualized savings of $1,750,300 ($271,300 savings in the Service related to staff reductions in Document Services, and $1,480,000 savings from increased revenue and reduced costs in City Court Services).

As a result of the net savings to the City, City Finance staff have agreed that this project can be funded through recoverable debt, and there is no net impact on the Service's debt financing targets. However, while the net savings will accrue to the City, the Service will incur a net annual operating impact of $300,000 as responsibility for the maintenance and lifecycle replacement of the system will be a Service responsibility.

Data Warehousing Establishment ($8.2M, beginning in 2014)

This project has been identified as a key Service requirement for several years, but has been deferred due to funding, and is now scheduled to begin in 2014.

A data warehouse (DW) is defined as a dedicated software and hardware platform for integrating enterprise data from multiple sources. Currently the Service has a large number of operational databases. These databases often contain no historical data; are not designed for analytical processing, and data is not readily available for analysis. Fundamentally, operational databases should not be used for reporting.

A proper database (DB) and Data Warehouse/Business Intelligence (DW/BI) transforms all available data (irrespective of volume) into meaningful business information. Through the introduction of corporate standards, defined data structures and training, the Service will benefit from timelier and better-informed business decisions, as well as services such as crime management, standards, co-ordination, statistics, and support for division and squad analysis.

The scope of this project is for the building of a corporate Integrated Database (DB) and Data Warehouse (DW) with Business Intelligence (BI) to re-engineer the corporate business process, information requirements and decision-making process. This project will integrate all silo data and databases into a corporate DW environment, and reduce the time users spend in the search, acquisition, and understanding of data results. Data will have the right format and structure with standardized corporate direction and the usage of DW/BI will reduce the load on operational databases for reporting and analytical purposes.

This project has an estimated operating budget impact of $1.1M annually, based on the assumption that five new staff will be required (three positions in the DW management team and two technical staff for development and on-going support) at a cost of $0.6M, and $0.5M for system maintenance commencing in year 2017. It should be noted that this project assumes these staff will be hired during the implementation of this project. This project is planned to begin in 2014, and the Service will continue to refine the operating impacts of this project, including reviewing potential operational savings that could be used to offset the additional operating costs. Service Information Technology Services (ITS) staff will also meet with City Information Technology (IT) staff to determine if there are any opportunities to leverage what the City has done with respect to data warehousing. An updated business case will be prepared for the 2013-2022 capital program, and the need for this project will be revisited during that process.

New 54 Division Facility ($36.9M, beginning in 2014)

This project provides funding for the acquisition of land and construction for a new 54 Division facility in accordance with the Service's long-term facilities plan. This facility was built in 1954 as a light industrial building and it was renovated and occupied by the Service in 1973. The project assumes that a site will be acquired by 2014. A suitable City-owned property has been identified, and the Service expressed its interest to the City in utilizing this site for the new 54 Division. The City's Property Management Committee at its August 30, 2010 meeting supported the Service's business case and has designated the City property for the new 54 Division. However, in order to make the site ideal for a new division, the Service requires the acquisition of a small privately owned portion of land adjacent to the City site. City Real Estate is pursuing the acquisition of the privately owned site and there is funding in the 2011 capital program for the purchase. City Real Estate is also conducting tests at this site for potential environmental issues.

The construction estimate for the new 54 Division is based on the completed 23 Division facility construction cost, inflated for anticipated construction increases and a continued requirement for LEED-Silver certification. This estimate will be updated in future capital programs, based on final costs for 11 and 14 Divisions and other available information.

The additional operating cost impact of $144,000 per year is for building operations and utilities, and will begin in 2016.

Electronic Document Management ($0.5M, beginning in 2014)

This project provides funding to begin the implementation of standardized equipment, software and storage techniques for the conversion of Service data to an electronic format. This project will reduce costs of storage, retrieval and transporting of documents, improve information accessibility and reduce the use of paper.

The estimated annual net operating budget savings of $78,000 per year are due to a reduction in paper and printing costs, offset by an increase in maintenance costs. There are further potential savings with respect to time associated with court preparation, and improved information accessibility. This project is planned to begin in 2014, and the Service will continue to refine the operating impacts of this project. In addition, the Service has consulted with the City's IT staff regarding their document management system and the City has indicated that the Service will have the ability to access any award that the City may make in relation to this project. An updated business case, taking into consideration any City decisions on their system, and refined operating costs/savings will be prepared for the 2013-2022 capital program.

Human Resource Management System (HRMS) Upgrade ($0.8M, beginning in 2014)

Human resources information and payroll administration for the Toronto Police Service is managed using the PeopleSoft HRMS. In June 2007, the HRMS application was upgraded to version 8.9. The Service implemented an upgrade in April 2011 to remain compliant with continued vendor support.

This project provides funding for an anticipated upgrade to HRMS beginning in 2014. Estimates are based on the costs incurred during the last HRMS upgrade, and future project costs will be refined as more information becomes available with respect to requirements at that time (e.g., will the system require upgrading or replacement, will there be any changes to the Service's architecture, etc.).

The operating budget impact is an estimate for incremental maintenance costs of $22,000 annually, beginning in 2015.

The Service, prior to commencing the upgrade, will review whether it is more beneficial to replace the HRMS, and will consider potentially using the City's SAP system as part of the review.

Time Resource Management System (TRMS) Upgrade ($3.4M, beginning in 2014)

The Service uses TRMS, which went live in August 2003, to collect and process time and attendance specific data, administer accrual bank data, assist in paid duty administration, and in the deployment of members. From August 2006 to May 2008, the Service was engaged in upgrading the TRMS application from version 3.54J to version 5.0. The scope of this project was to upgrade the existing functionality within the TRMS system and decustomize the application to reduce/avoid maintenance costs.

This project would provide funding to upgrade TRMS beginning in 2014, to ensure continued vendor support, as well as to examine additional functionality that can assist the Service in achieving further efficiencies in its business processes. Estimates are based on the costs incurred during the last upgrade, and future project costs will be refined as more information becomes available with respect to requirements at that time.

The operating budget impact is an estimate for incremental maintenance costs of $22,000 annually beginning in 2016.

The Service, prior to commencing the upgrade, will review whether it is more beneficial to replace the TRMS, and will consider potentially using the City's SAP system as part of the review.

Digital Content Manager ($3M, beginning in 2014)

An integrated Digital Content Management System (DCMS) will provide a system that will manage the Service's unstructured information content (video, audio and unstructured electronic text). Currently, evidence comes from various sources (911, audio recordings, digital photography, In-Car Camera systems, closed-circuit televisions, etc.) and is maintained in silo systems.

A DCMS will provide an automated process for the management of this digital or electronic evidence. With the DCMS, all silo systems capturing digital evidence would be integrated and interfaced with the Service's record management system. The DCMS would allow digital evidence to be retrieved by any Service device.

The total project cost is estimated at $3M for two years of development. Operating costs are estimated at $178,000 annually, comprised of $84,000 for one support staff (required for maintenance of the system) and $94,000 for maintenance of software licenses, beginning in 2016. As is the case for the Data Warehouse and Electronic Document Management projects, the Service is revisiting the operating impacts of this project, including reviewing potential operational savings that could be used to offset the additional operating costs. An updated business case will be prepared for the 2013-2022 capital program, and the need for this project will be revisited.

New 41 Division Facility ($39.1M, beginning in 2015)

This project provides funding for the land acquisition and construction for a new 41 Division facility. The land cost estimate is dependent on the actual location chosen and market values at the time of purchase, and therefore may change. Construction estimates are based on 23 Division facility construction costs, inflated for anticipated construction increases and a continued requirement for LEED-Silver certification. This estimate will be updated in future capital programs, based on final costs for 11 and 14 Divisions and other available information. The Service will also explore the feasibility of constructing a new facility on the current 41 Division site. This could reduce the cost estimate for this project significantly.

The additional operating cost impact of $144,000 per year is for building operations and utilities.

Expansion of Fibre Optics Network ($12.1M, beginning in 2015)

The Service's data network has evolved into a complex environment over the past several years, providing connectivity for approximately 89 sites and over 7,000 network connects for both external and internal access.

All City-wide networks currently used by the Service are owned and managed by others, and system access is rented to the Service based on our data requirements. All Service data is combined with other customers and then sent through the fibre-optic cable. This model was cost effective in the past, as the Service's data requirements were comparatively low and restricted to the transmission of business systems data.

The advent of bandwidth-intensive applications (video systems, radio infrastructure and new application architectures) has increased our capacity requirements, and the cost of renting privately owned fibre has, and will, continue to increase as our demands increase.

The Service is addressing its immediate data-transfer needs through the use of Bell, Telus and Cogeco (once fully implemented) leased fibre networks and proposed TTC-owned fibre network. The Service also has its own limited fibre network that is used for the Closed-Circuit Television (CCTV) cameras deployed in the entertainment district and other locations as required. In addition, the fibre-optics network was also leveraged to provide high speed connections for the transfer of Digital Video Asset Management System (DVAMS), In Car Camera (ICC) and CCTV video information from Division 51, 52, 14 and Traffic Services to the main data centre. This increased the divisions' data capacity until such time as the data network capacity could be upgraded.

The Service's long-term strategy is to integrate its current fibre-optic assets into a Service-wide, Service-owned and operated fibre-optic network with connections to all critical police locations. The main benefits expected from building an integrated Service-wide fibre optic network are: the elimination of the current leased disaster recovery network (this will save current operating costs of $750,000 annually and avoid a further $750,000 estimated for predicted bandwidth increases); and the ability to provide additional network capabilities such as CCTV and radio system transmissions that are not viable on leased, vendor-owned and managed network solutions. Net operating budget savings (taking into consideration additional maintenance costs for Service-owned fibre and disaster recovery network lease savings) are estimated to be $500,000 annually.

The cost, benefits and timing of this project continue to be reviewed. All opportunites for public-private partnerships, including the potential for a City of Toronto integrated solution, are being reviewed and refined, and will be revised in future capital program requests. The Service currently has a reciprocal agreement for the use of fibre-optic sharing that will allow for joint TTC/Service usage. The project plan includes a Request for Information to be issued prior to project commencement. This will allow for current construction market costs to be evaluated and potential partnerships to be developed to ensure sound financial viability and functionality of this project.

Radio Replacement ($35.4M, beginning in 2016)

This project provides funding for the next lifecycle replacement of the Service's mobile and portable radios. This project is scheduled to start in 2016, based on an estimated ten-year lifecycle for radios.

C. Projects beginning in 2017-2021

There are eight projects beginning during the 2017-2021 period. The majority of these projects (six) relate to the continuation of the Service's long-term facility plan for replacement and renovation of facilities.

The need to implement a disaster recovery site that meets industry standards continues to be identified as a requirement, details for which are not known at this time. Although the timing and cost estimates are unknown, a placeholder for this project is maintained as it is anticipated to be included in the Service's future capital programs. The Service will also work with the City and other police services to determine if there are potential opportunities for a shared disaster recovery site.

The "Progress Site (Future Use)" project provides an estimate for the anticipated use of unused space in the on-site facility, as well as unused land at the Progress Site. There are Service facilities that will require relocation by 2021 and this project would provide funds for relocation to the Progress Site. The relocation of facilities to the Progress site will result in current facilities being declared surplus and available to the City. At this time, it is contemplated that the Public Safety unit, Forensic Identification Services and Parking Enforcement East could be located at Progress. Service staff will continue to evaluate which properties would be best relocated to the Progress Site, and will provide updates in future capital program requests.

Parking Enforcement Facilities

The Service investigated the possibility of relocating the Parking East (PKE) facility to the Progress Site, in anticipation of the lease expiring on June 30, 2014. The lease for Parking West (PKW) also expires in 2014, and it was proposed that the Service would use State of Good Repair funding to renovate and relocate PKW operations to an existing Service facility, with no additional impact on debt funding. Applying savings from both leases, the cost of the required renovations for Parking East (estimated to be $8.5M) would have a net payback of almost ten years. The renovation cost of $8.5M cannot be accommodated within current debt targets, and City Finance does not support the use of recoverable debt for this project. As a result, the parking enforcement operations will remain in the leased facilities and this issue will be reviewed in future capital programs.

D. Reserve-Funded Projects

All projects listed in this category are funded from the Reserve, and have no impact on debt financing. Using the Reserve for the lifecycle replacement of vehicles and equipment avoids having to request the equipment replacements through the capital program and as a result does not require the City to debt-finance these purchases. This approach has and continues to be supported by City Finance. It should be noted, however, that this strategy of funding equipment replacements from the Reserve results in an impact on the operating budget, as it is necessary to make regular annual contributions to replenish the Reserve.

Attachment B represents all of the currently identified Reserve-funded projects. Estimates are revised annually based on up-to-date information.

Table 2, below, provides a summary of anticipated Reserve activity for 2012-2021:

Table 2. 2012-2021 Reserve Activity ($Ms)

	2012	2013	2014	2015	2016	…	2021
Opening Balance:*	0.2	4.7	- 0.1	1.5	2.7		3.5
Contributions:**	18.4	19.1	19.9	19.9	19.9		21.2
Draws:***	13.9	23.9	18.3	18.7	23.1		24.5
Year-End Balance:	4.7	- 0.1	1.5	2.7	- 0.5		0.2
Incremental Operating Impact:	0.8	1.5	2.3	2.3	2.3		3.6

* based on 2011 plan

<u>Conclusion:</u>

A detailed review of all projects in the Service's 2012-2021 capital program request has been conducted, to ensure the capital program reflects the priorities of the Service, is consistent with the Service's strategic objectives, and is in line with City targets. The revised 2012-2021 capital program has a 2012 net request of $24.7M (excluding cash flow carry forwards from 2011), and a net total of $316.8M for the ten-year period. The 2012-2021 Capital Program request meets the City's total debt affordability target for the ten years and achieves the City's annual debt target in seven of the ten years. Due to the deferral of the Integrated Records and Information

System (IRIS) project, cash flow requirements vary from the annual City debt target in three of the ten years of the program: under target by $8.7M in 2012; over target by $4.8M in 2013; and over target by $3.9M in 2014. Given that the Capital Program has no new projects commencing in 2012 and 2013, there is limited flexibility to adjust cash flows to meet the annual city targets.

The Service will continue to review some of the projects in the program that have not yet started to ensure the business case for moving forward on these projects is strong, justified and can be accommodated within the City's debt envelope.

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

Mr. Angelo Cristofaro, Director of Finance and Administration, was in attendance and delivered a presentation to the Board. A paper copy of the presentation is on file in the Board office.

The Board approved the foregoing report.

ATTACHMENT A

REVISED 2012-2021 CAPITAL PROGRAM ($000s)

Project Name	Plan to end of 2011	2012	2013	2014	2015	2016	Total 2012-2016 Request	2017	2018	2019	2020	2021	Total 2017-2021 Forecast	Total 2012-2021 Program	Total Project Cost
On-Going Projects															
State-of-Good-Repair - Police		4,510	4,565	4,594	4,469	4,621	22,759	4,331	4,529	4,841	5,113	5,238	24,051	46,810	46,810
Radio Replacement	23,018	5,371	0	0	0	0	5,371	0	0	0	0	0	0	5,371	28,389
14 Division - Central Lockup	26,605	8,910	0	0	0	0	8,910	0	0	0	0	0	0	8,910	35,515
Progress Site (Property & Evidence)	27,339	7,149	2,581	0	0	0	9,729	0	0	0	0	0	0	9,729	37,068
IRIS - Police Operations Mgmt System Impl'n	10,047	0	9,507	4,866	0	0	14,373	0	0	0	0	0	0	14,373	24,420
Upgrade to Microsoft 7	1,492	160	0	0	0	0	160	0	0	0	0	0	0	160	1,652
Total, On-Going Capital Projects	**88,502**	**26,099**	**16,653**	**9,460**	**4,469**	**4,621**	**61,302**	**4,331**	**4,529**	**4,841**	**5,113**	**5,238**	**24,051**	**85,353**	**173,854**
New Projects															
54 Division (includes land)	500	0	0	9,060	21,665	5,721	36,446	0	0	0	0	0	0	36,446	36,946
Data Warehouse Establishment	0	0	0	3,617	1,354	3,233	8,204	0	0	0	0	0	0	8,204	8,204
Electronic Document Management	0	0	0	49	441	0	490	0	0	0	0	0	0	490	490
HRMS Upgrade	0	0	0	155	682	0	836	0	0	0	0	0	0	836	836
TRMS Upgrade	0	0	0	1,943	1,470	0	3,413	0	0	0	0	0	0	3,413	3,413
Digital Content Manager	0	0	0	1,360	1,673	0	3,033	0	0	0	0	0	0	3,033	3,033
41 Division (includes land)	0	0	0	0	372	8,564	8,937	20,636	9,506	0	0	0	30,142	39,079	39,079
Expansion of Fibre Optics Network	0	0	0	0	881	5,585	6,466	5,585	0	0	0	0	5,585	12,051	12,051
Radio Replacement	0	0	0	0	0	10,193	10,193	2,836	4,622	1,174	4,954	11,581	25,167	35,360	35,360
13 Division (includes land)	0	0	0	0	0	0	0	372	8,645	19,903	10,159	0	39,079	39,079	39,079
AFIS (next replacement)	0	0	0	0	0	0	0	0	3,053	0	0	0	3,053	3,053	3,053
Disaster Recovery Site	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32 Division - Renovation	0	0	0	0	0	0	0	0	3,053	3,934	0	0	6,987	6,987	6,987
52 Division - Renovation	0	0	0	0	0	0	0	0	0	0	3,559	4,741	8,300	8,300	8,300
55 Division - Renovation	0	0	0	0	0	0	0	0	0	0	1,529	6,471	8,000	8,000	8,000
22 Division - Renovation	0	0	0	0	0	0	0	0	0	0	0	1,290	1,290	1,290	8,000
Progress Site (Future use)	0	0	0	0	0	0	0	0	5,088	10,440	15,005	9,467	40,000	40,000	40,000
Total, New Capital Projects:	**500**	**0**	**0**	**16,183**	**28,539**	**33,296**	**78,018**	**29,429**	**33,967**	**35,452**	**35,205**	**33,550**	**167,603**	**245,621**	**252,831**
Total debt funded Capital Projects:	**89,002**	**26,099**	**16,653**	**25,643**	**33,008**	**37,917**	**139,320**	**33,760**	**38,496**	**40,292**	**40,318**	**38,788**	**191,654**	**330,974**	**426,685**
Recoverable debt Project															
eTicketing Solution	0	1,719	0	0	0	0	1,719	0	0	0	0	0	0	1,719	1,719
Total, Recoverable debt project:	**0**	**1,719**	**0**	**0**	**0**	**0**	**1,719**	**0**	**0**	**0**	**0**	**0**	**0**	**1,719**	**1,719**
Total Reserve Projects:	**130,369**	**13,926**	**23,854**	**18,259**	**18,654**	**23,054**	**97,747**	**17,451**	**24,325**	**19,567**	**19,519**	**24,525**	**105,387**	**203,134**	**333,503**
Total Gross Projects	**219,371**	**41,745**	**40,507**	**43,902**	**51,662**	**60,971**	**238,786**	**51,211**	**62,821**	**59,859**	**59,837**	**63,313**	**297,041**	**535,827**	**761,908**
Funding Sources:															
Vehicle and Equipment Reserve	(130,369)	(13,926)	(23,854)	(18,259)	(18,654)	(23,054)	(97,747)	(17,451)	(24,325)	(19,567)	(19,519)	(24,525)	(105,387)	(203,134)	(333,503)
Infrastructure Stimulus Fund (ISF) (14D)	(8,572)	0	0	0	0	0	0	0	0	0	0	0	0	0	(8,572)
Recoverable debt - eTicketing	0	(1,719)	0	0	0	0	(1,719)	0	0	0	0	0	0	(1,719)	(1,719)
Funding from Development Charges	(7,230)	(1,434)	(231)	(1,721)	(2,565)	(1,596)	(7,547)	(273)	(1,651)	(3,161)	(1,530)	0	(6,615)	(14,162)	(21,392)
Total Funding Sources:	**(146,171)**	**(17,079)**	**(24,085)**	**(19,980)**	**(21,219)**	**(24,650)**	**(107,013)**	**(17,724)**	**(25,976)**	**(22,728)**	**(21,049)**	**(24,525)**	**(112,002)**	**(219,016)**	**(365,187)**
Total Net Debt-Funding Request:	**73,200**	**24,665**	**16,422**	**23,922**	**30,443**	**36,321**	**131,773**	**33,487**	**36,845**	**37,131**	**38,788**	**38,788**	**185,039**	**316,811**	**396,721**
5-year Average:							**26,355**						**37,008**	**31,681**	
City Target (= net approved in 2010):		**33,339**	**11,619**	**20,051**	**30,443**	**36,321**	**131,773**	**33,487**	**36,845**	**37,131**	**38,788**	**38,788**	**185,039**	**316,812**	
City Target - 5-year Average:							**26,355**						**37,008**	**31,681**	
Variance to Target:		**8,674**	**(4,803)**	**(3,871)**	**0**	**(0)**	**0**	**0**	**0**	**(0)**	**(0)**	**0**	**0**	**1**	
Variance to Target - 5-year Average:							**0**						**0**	**0**	

ATTACHMENT B

2012-2021 RESERVE - CAPITAL PROGRAM ($000s)

Project Name	Plan to end of 2011	2012	2013	2014	2015	2016	Total 2012-2016 Request	2017	2018	2019	2020	2021	Total 2017-2021 Forecast	Total 2012-2021 Program	Total Project Cost
Other than debt expenditure (Draw from Reserve)															
Vehicle and Equipment (LR)	48,248	2,627	2,627	4,422	5,320	5,320	20,316	5,320	5,320	5,320	5,320	5,320	26,600	46,916	95,164
Workstation, Laptop, Printer (LR)	23,913	2,904	3,525	3,751	3,345	3,186	16,711	2,904	3,525	3,751	3,345	3,186	16,711	33,422	57,335
Servers (LR)	16,271	3,060	3,164	2,958	2,998	3,121	15,301	3,228	3,017	3,058	3,184	3,292	15,779	31,080	47,351
IT Business Resumption (LR)	10,110	1,612	1,669	1,269	1,522	1,644	7,716	1,702	1,294	1,553	1,677	1,736	7,962	15,678	25,788
Mobile Workstations (LR)	7,970	240	7,214	1,443	0	0	8,897	245	7,359	1,472	0	0	9,076	17,973	25,943
Network Equipment (LR)	4,289	493	2,466	1,104	998	502	5,563	2,515	1,126	1,018	512	2,565	7,736	13,299	17,588
Locker Replacement (LR)	2,200	417	47	47	47	426	984	48	48	48	434	49	627	1,611	3,811
Furniture Replacement (LR)	2,250	1,426	713	713	713	1,455	5,020	727	727	727	1,484	742	4,407	9,427	11,677
AVL (LR)	893	605	0	299	562	604	2,070	0	0	0	305	573	878	2,948	3,841
In - Car Camera (LR)	0	0	657	788	1,051	1,138	3,634	0	657	788	1,051	1,138	3,634	7,268	7,268
Voice Logging (LR)	774	0	353	0	437	315	1,105	0	360	0	446	321	1,127	2,232	3,006
Electronic Surveillance (LR)	1,070	0	0	0	0	1,069	1,069	0	0	0	0	1,091	1,091	2,160	3,230
Digital Photography (LR)	253	0	0	0	119	126	245	0	0	0	122	128	250	495	748
DVAM I (LR)	1,109	0	0	0	1,050	0	1,050	0	0	0	1,071	0	1,071	2,121	3,230
Voicemail / Call Centre (LR)	315	0	0	0	300	0	300	500	0	0	306	0	806	1,106	1,421
DVAM II (LR)	0	0	0	1,203	0	0	1,203	0	0	1,263	0	0	1,263	2,466	2,466
Asset and Inventory Mgmt.System (LR)	123	0	0	0	0	123	123	0	0	0	0	126	126	249	372
Property & Evidence Scanners (LR)	117	0	0	0	0	117	117	0	0	0	0	119	119	236	353
DPLN (LR)	0	0	500	0	0	0	500	0	700	0	0	0	700	1,200	1,200
Small Equipment (e.g. telephone handset) (LR)	454	350	350	0	0	0	700	0	0	0	0	600	600	1,300	1,754
Video Recording Equipment (LR)	138	92	92	92	92	92	460	92	92	92	92	92	460	920	1,058
Radios - Replacement	6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	6,000
Livescan Machines (LR)	423	0	0	0	0	423	423	0	0	0	0	431	431	854	1,277
Wireless Parking System (LR)	2,976	0	0	0	0	2,916	2,916	0	0	0	0	2,916	2,916	5,832	8,808
EDU/CBRN Explosive Containment (LR)	474	0	0	0	0	0	0	0	0	0	0	0	0	0	474
CCTV	0	0	182	70	0	182	434	70	0	182	70	0	322	756	756
AEDs	0	0	195	0	0	195	390	0	0	195	0	0	195	585	585
Fleet Equipment	0	100	100	100	100	100	500	100	100	100	100	100	500	1,000	1,000
Total Reserve Projects:	**130,369**	**13,926**	**23,854**	**18,259**	**18,654**	**23,054**	**97,747**	**17,451**	**24,325**	**19,567**	**19,519**	**24,525**	**105,387**	**203,134**	**333,503**

2012-2021 CAPITAL BUDGET ($000s)

OPERATING IMPACT FROM CAPITAL (incremental over 2011)

ATTACHMENT C

Project Name	2012	2013	2014	2015	2016	By 2021	Comments
11 Division - Central Lockup	328.0	328.0	328.0	328.0	328.0	328.0	Building Operations, Service Contracts and Utilities
Voice Mail/Call Centre	160.0	160.0	-337.0	-337.0	-337.0	-337.0	Server repalcement ($500K every 5 years), license renewal ($250K every 4 years) ,annual telephone savings ($500K) beginning at end of 2013, $160 for maint. Costs from 2012
911 Hardware / Handsets	25.0	50.0	50.0	50.0	50.0	50.0	System maintenance cost. Year 2012 is for half year
14 Division - Central Lockup	373.0	264.0	264.0	264.0	264.0	264.0	Building Operations, Service Contracts and Utilities
Progress site (Property & Evidence)	50.0	50.0	50.0	50.0	50.0	50.0	High Level estimate for Building Operations and Utilities. In 2012 is for post construction cleanup
Upgrade to Microsoft 7	35.0	70.0	70.0	70.0	70.0	70.0	Maintenance costs
IRIS - Police Operations Mgmt System Impl'n	0.0	200.0	1,855.0	1,855.0	1,855.0	1,855.0	Maintenance costs; lifecycle contribution
eTicketing Solution	0.0	72.7	290.9	290.9	290.9	290.9	Operating cost and reduction of 4 staff in Document Services
54 Division	0.0	0.0	0.0	0.0	72.0	144.0	Building Operations, Service Contracts and Utilities; starting half a year 2016
Data Warehouse Establishment	0.0	0.0	0.0	0.0	0.0	1,056.0	$0.6M for salaries for 5 people; $0.5M for maintenance; starting 2017
Electronic Document Management	0.0	0.0	0.0	0.0	-77.9	-77.9	Reduction in paper & printing cost, off-set by increase in maintenance cost
HRMS Upgrade	0.0	0.0	0.0	22.0	22.0	22.0	Incremental maintenance cost of $22K per year from 2015
TRMS Upgrade	0.0	0.0	0.0	0.0	22.0	22.0	Incremental maintenance cost of $22K per year from 2016
Digital Content Manager	0.0	0.0	0.0	0.0	178.0	178.0	$94K for support and maintenance; $84K for 1 FTE; starting 2016
41 Division	0.0	0.0	0.0	0.0	0.0	144.0	Building Operations, Service Contracts and Utilities; starting half a year 2018
Fibre Optics	0.0	0.0	0.0	0.0	0.0	-500.0	Assumes $500K annual savings, beginning in 2018
13 Division	0.0	0.0	0.0	0.0	0.0	TBD	Building Operations, Service Contracts and Utilities; starting 2020
Long Term Facility Plan	0.0	0.0	0.0	0.0	0.0	TBD	TBD
Total Projects Operating Impact	**971.0**	**1,194.6**	**2,570.8**	**2,592.8**	**2,786.9**	**3,559.0**	
Total Reserve Operating Impact	**750.0**	**1,500.0**	**2,250.0**	**2,250.0**	**2,250.0**	**3,550.0**	Based on current assumptions; under review
Total Operating Impact from Capital	**1,721.0**	**2,694.6**	**4,820.8**	**4,842.8**	**5,036.9**	**7,109.0**	

ATTACHMENT D

BOARD RECEIVED - 2012-2021 CAPITAL PROGRAM ($000s)

Project Name	Plan to end of 2011	2012	2013	2014	2015	2016	Total 2012-2016 Request	2017	2018	2019	2020	2021	Total 2017-2021 Forecast	Total 2012-2021 Program	Total Project Cost
On-Going Projects															
State-of-Good-Repair - Police		4,510	4,565	4,594	4,469	4,621	22,759	4,331	4,529	4,841	5,113	5,238	24,051	46,810	46,810
Radio Replacement	23,018	5,371	0	0	0	0	5,371	0	0	0	0	0	0	5,371	28,389
14 Division - Central Lockup	26,605	8,910	0	0	0	0	8,910	0	0	0	0	0	0	8,910	35,515
Progress Site (Property & Evidence)	27,339	7,149	2,581	0	0	0	9,729	0	0	0	0	0	0	9,729	37,068
IRIS - Police Operations Mgmt System Impl'n	10,047	8,674	4,704	995	0	0	14,373	0	0	0	0	0	0	14,373	24,420
Upgrade to Microsoft 7	1,492	160	0	0	0	0	160	0	0	0	0	0	0	160	1,652
Total, On-Going Capital Projects	**88,502**	**34,773**	**11,850**	**5,589**	**4,469**	**4,621**	**61,301**	**4,331**	**4,529**	**4,841**	**5,113**	**5,238**	**24,051**	**85,353**	**173,854**
New Projects															
54 Division (includes land)	500	0	0	9,060	21,665	5,721	36,446	0	0	0	0	0	0	36,446	36,946
Data Warehouse Establishment	0	0	0	3,617	1,354	3,233	8,204	0	0	0	0	0	0	8,204	8,204
Electronic Document Management	0	0	0	49	441	0	490	0	0	0	0	0	0	490	490
HRMS Upgrade	0	0	0	155	682	0	836	0	0	0	0	0	0	836	836
TRMS Upgrade	0	0	0	1,943	1,470	0	3,413	0	0	0	0	0	0	3,413	3,413
Digital Content Manager	0	0	0	1,360	1,673	0	3,033	0	0	0	0	0	0	3,033	3,033
41 Division (includes land)	0	0	0	0	372	8,564	8,937	20,636	9,506	0	0	0	30,142	39,079	39,079
Expansion of Fibre Optics Network	0	0	0	0	881	5,585	6,466	5,585	0	0	0	0	5,585	12,051	12,051
Radio Replacement	0	0	0	0	0	10,193	10,193	2,836	4,622	1,174	4,954	11,581	25,167	35,360	35,360
13 Division (includes land)	0	0	0	0	0	0	0	372	8,645	19,903	10,159	0	39,079	39,079	39,079
AFIS (next replacement)	0	0	0	0	0	0	0	0	3,053	0	0	0	3,053	3,053	3,053
Disaster Recovery Site	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Facility Plan	0	0	0	0	0	0	0	0	3,053	3,934	5,088	12,502	24,576	24,576	24,576
Progress Site (Future use)	0	0	0	0	0	0	0	0	5,088	10,440	15,005	9,467	40,000	40,000	40,000
Total, New Capital Projects:	**500**	**0**	**0**	**16,183**	**28,539**	**33,296**	**78,018**	**29,429**	**33,967**	**35,451**	**35,205**	**33,550**	**167,602**	**245,620**	**246,120**
Total Capital Projects:	**89,002**	**34,773**	**11,850**	**21,772**	**33,008**	**37,917**	**139,319**	**33,760**	**38,496**	**40,292**	**40,318**	**38,788**	**191,654**	**330,973**	**419,975**
Total Reserve Projects:	**130,369**	**13,926**	**23,854**	**18,259**	**18,654**	**23,054**	**97,747**	**17,451**	**24,325**	**19,567**	**19,519**	**24,525**	**105,387**	**203,134**	**333,503**
Total Gross Projects	**219,371**	**48,699**	**35,704**	**40,031**	**51,662**	**60,971**	**237,066**	**51,211**	**62,821**	**59,859**	**59,837**	**63,313**	**297,041**	**534,107**	**753,478**
Funding Sources:															
Vehicle and Equipment Reserve	(130,369)	(13,926)	(23,854)	(18,259)	(18,654)	(23,054)	(97,747)	(17,451)	(24,325)	(19,567)	(19,519)	(24,525)	(105,387)	(203,134)	(333,503)
Infrastructure Stimulus Fund (ISF) (14D)	(8,572)	0	0	0	0	0	0	0	0	0	0	0	0	0	(8,572)
Funding from Development Charges	(7,230)	(1,434)	(231)	(1,721)	(2,565)	(1,596)	(7,547)	(273)	(1,651)	(3,161)	(1,530)	0	(6,615)	(14,162)	(21,392)
Total Funding Sources:	**(146,171)**	**(15,360)**	**(24,085)**	**(19,980)**	**(21,219)**	**(24,650)**	**(105,294)**	**(17,724)**	**(25,976)**	**(22,728)**	**(21,049)**	**(24,525)**	**(112,002)**	**(217,296)**	**(363,468)**
Total Net Debt-Funding Request:	**73,200**	**33,339**	**11,619**	**20,051**	**30,443**	**36,321**	**131,772**	**33,487**	**36,845**	**37,131**	**38,788**	**38,788**	**185,038**	**316,811**	**390,010**
5-year Average:							**26,354**						**37,008**	**31,681**	
City Target (= net approved in 2010):		**33,339**	**11,619**	**20,051**	**30,443**	**36,321**	**131,773**	**33,487**	**36,845**	**37,131**	**38,788**	**38,788**	**185,039**	**316,812**	
City Target - 5-year Average:							**26,355**						**37,008**	**31,681**	
Variance to Target:		**(0)**	**1**	**0**	**0**	**(0)**	**1**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	
Variance to Target - 5-year Average:							**0**						**0**	**0**	

THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 05, 2011

#P254. TORONTO POLICE SERVICE – PARKING ENFORCEMENT UNIT: 2012 OPERATING BUDGET REQUEST

The Board was in receipt of the following report September 26, 2011 from William Blair, Chief of Police:

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

Recommendations:

It is recommended that:

(1) the Board approve a 2012 net Operating Budget request of $42.1 Million (M), a $1.6M increase over the adjusted 2011 net budget;
(2) the Board forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer for information; and
(3) the Board forward a copy of this report to the City Budget Committee for approval.

Financial Implications:

The Toronto Police Service's Parking Enforcement Unit's (PEU) 2012 net operating budget request is $42.1M ($43.7M gross). This request includes the 2012 impact of the labour contract settlements, and represents an increase of $1.6M (4.0%) over the adjusted 2011 net operating budget of $40.4M.

The 2011 approved budget of $39.5M will be adjusted to reflect the impact of labour contract settlements. For comparison purposes, the 2011 budget has been adjusted for the impact of the contract settlement and the 2012 request is compared to the adjusted 2011 budget.

PEU's 2012 operating budget request assumes the complement of Parking Enforcement Officers (PEOs) and civilian staff remains unchanged. One uniform management position has been deleted as a direct result of the Voluntary Exit Incentive Program (VEIP).

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

Table 1 - 2012 Budget Request Summary

	Comparison to 2011 Adjusted Net Budget	
	$000s	**% change**
2011 Adjusted Net Budget	$39,520.5	
2011 impact of collective agreements	$916.5	
2011 Projected Net Budget	**$40,437.0**	
2012 impact of collective agreements	$860.4	2.1%
Change in salary costs	-$120.6	-0.3%
Change in fringe benefits	$281.8	0.7%
Change in materials, equipment, services	$293.7	0.7%
Change in Sick Pay Gratuity Reserve	$311.1	0.8%
Sub-total of increases	$1,626.4	
2012 Net Budget Request	**$42,063.4**	4.0%

Background/Purpose:

This report provides the Board with information on PEU's 2012 net operating budget request for consideration and approval, and represents an update to the 2012 preliminary operating budget request that was presented to the Board at its meeting of May 30, 2011 (Min. No. P141/11 refers).

Discussion:

The PEU assists with the safe and orderly flow of traffic by responding to parking concerns and enforcing applicable municipal by-laws. The unit also provides operational support to the Toronto Police Service (Service). The PEU operating budget is separate from the Service's operating budget, and is included in the City's consolidated Parking Tag Enforcement Operations 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). City Finance has confirmed that this target reduction does not apply to PEU.

For 2012, City Finance directions and guidelines include:

- develop a 2012 Operating Base Budget based on the reported 2012 Outlook and the economic factors provided by City Finance;
- 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 Operating Budget Development Process:

The Service has complied with the City guidelines, as appropriate, and the PEU's 2012 operating budget has been developed based on the following Service assumptions/guidelines:

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

2012 Operating Budget Request:

The 2012 operating budget request of $43.7M (gross) and $42.1M (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.

Figure 1 indicates that, on a gross basis, 83.2% of PEU's budget is for salaries, premium pay and fringe benefits and the remaining 16.8% 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 change, followed by a discussion on each category.

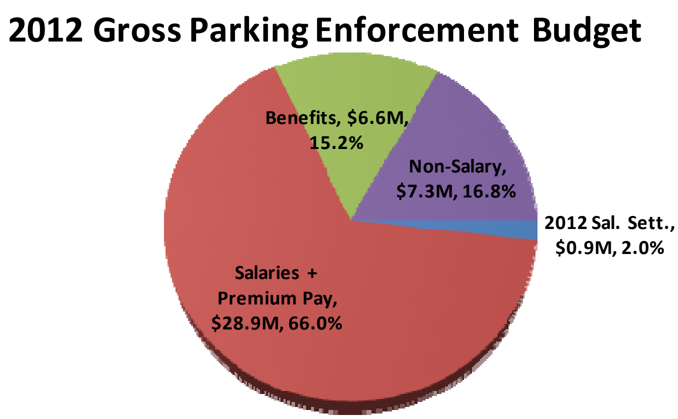


Figure 1. Overall Budget Request

Table 2 - Summary of 2012 Budget Request By Category of Change

	Request $000s	$ Increase / (Decrease) over 2011	% Increase / (Decrease) over 2011
2011 Adjusted Net Budget - $40,437,000			
(a) Impact of 2012 Salary Settlement	860.4	$860.4	2.1%
(b) Salary and Premium Pay Requirements	28,847.4	-$120.6	-0.3%
(c) Statutory Deductions and Fringe Benefits	6,626.6	$281.8	0.7%
(d) Reserve Contributions	2,302.6	$311.1	0.8%
(e) Other Expenditures	5,041.4	$293.7	0.7%
2012 Gross Budget Request	**$43,678.4**	**$1,626.4**	4.0%
(f) Revenues	-$1,615.0	$0.0	0.0%
2012 Net Budget Request	**$42,063.4**	**$1,626.4**	**4.0%**

(a) Impact of 2012 Salary Settlement ($0.9M)

The 2011 to 2014 contract with the Toronto Police Association (TPA) was ratified by the Board at its *in camera* meeting held June 9, 2011 (Min. No. C188/11 refers). The 2012 impact is $0.9M (a 2.1% increase over PEU's total 2011 operating budget).

(b) Salary and Premium Pay Requirements ($28.8M)

The 2012 PEU budget reflects a revised establishment of 394 (including the impact of VEIP). Included in the establishment is a staff complement of 357 PEOs. The total salary and premium pay budget for 2012 (exclusive of the impact of the salary settlement) is $28.8M. This budget represents a $0.1M decrease (a 0.3% decrease over PEU's total 2011 budget). The reduction is as a result of the deletion of one uniform senior officer position through the VEIP.

(c) Statutory Payroll Deductions and Fringe Benefits ($6.6M)

This category of expenditure represents an increase of $0.3M (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 $0.3M is required for pension contributions in 2012.

(d) Reserve Contributions ($2.3M)

PEU 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 and Central Sick Bank). The total 2012 budget for contribution to reserves is $2.3M. This budget represents an increase of $0.3M over the 2011 contribution amount (a 0.8% increase over PEU's total 2011 operating budget). The 2012 reserve contribution increase is due to a requirement to increase funding to the Sick Pay Gratuity Reserve. After a detailed review of this reserve by the City two years ago, the Service was advised that the contribution to the Sick Pay Gratuity reserve must be increased. Following budget discussions with City staff, this increase has been deferred in the last two years due to other financial pressures. However, it would not be fiscally responsible to continue deferring the required contribution increase, and as a result the additional funding requirement has been included in the 2012 budget request.

(e) Other Expenditures ($5.0M)

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 $0.3M (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 $0.32 for 2012, resulting in a $0.15M pressure in this account.

The remaining increase of $0.15M is primarily due to anticipated increased maintenance and supply costs related to the replacement of parking handheld devices, (which is currently underway).

(f) Revenues ($1.6M)

Revenue is comprised of draws from reserves and towing/pound administrative recoveries and total revenue for PEU remains unchanged.

Conclusion:

PEU's 2012 net operating budget request of $42.1M is $1.6M or 4.0% higher than the adjusted 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. One uniform senior officer position has been reduced and the unit is now being managed by a civilian manager. The budget being presented to the Board for approval represents the funding level required to provide adequate and effective parking enforcement services to the City.

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

Mr. Angelo Cristofaro, Director of Finance and Administration, was in attendance and provided an overview of the 2012 operating budget request for the Parking Enforcement Unit.

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 OCTOBER 05, 2011

#P255. ADJOURNMENT

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Alok Mukherjee
Chair