

# Analyst Briefing Notes

## Budget Committee

(January 28, 2008)

**2008 OPERATING BUDGET**

Executive Summary .....	2
Recommendations .....	4

**Section A: 2007 Budget Variance Analysis .....** 5

2007 Experience .....	5
Impact of 2007 Operating Variance on the 2008 Recommended Budget .....	5

**Section B: 2008 Operating Budget Overview .....** 6

3-Year Operating Budget Overview .....	6
Challenges and Issues.....	6

**Section C: 2008 Recommended Base Budget.....** 9

2008 Recommended Base Budget .....	9
2008 Key Cost Drivers and Reduction Strategies.....	9

**Section D: 2008 Recommended Service Priorities .....** 11

Summary of 2008 New / Enhanced Service Priorities .....	11
---	----

**Section E: Issues for Discussion .....** 12

2008 Operating Budget Issues.....	12
-----------------------------------	----

**Appendices:**

Appendix 1: Summary of Recommended Base Budget Changes from 2007 Approved Budget.....	13
Appendix 2: Summary of Service Level Adjustments .....	N/A
Appendix 3: Summary of 2008 Recommended New/Enhanced Service Priorities .....	N/A
Appendix 4: Inflows/Outflows to/from Reserves and Reserve Funds .....	N/A

Contacts: Judy Skinner, Manager, Financial Planning Division  
Tel: (416) 397-4219  
Robert Flesch, Senior Financial Planning Analyst  
Tel: (416) 397-4297

January 28, 2008

## 2008 OPERATING BUDGET

### Executive Summary

- The Toronto Police Services Board's Third Quarter Operating Budget Variance report indicates that the Board expects to be on budget by year-end. The Board's year-end projection of \$2.238 million gross and net is at the 2007 Approved Operating Budget funding level.
- The 3-Year Operating Budget advances the goals and priorities outlined in the Toronto Police Services Board's current Business Plan, and provides funding for the Board's Base budget. The Board's Business Plan focuses on making improvements in the following priority areas:
  - Community Policing Partnerships.
  - Community Safety and Security.
  - Traffic Safety.
  - Delivery of Service.
  - Human Resources.
- The 2008 Recommended Operating Budget for the Toronto Police Services Board of \$2.234 million net is under the 2008 Operating Budget target of \$2.238 million by 0.2% or \$0.004 million. The provision for salary settlements is not included in the 2008 Recommended Operating Budget as it is subject to future negotiations.

**Table 1: 2008 Recommended Budget**

(In \$000s)	2007		2008 Recommended Operating Budget			Change - 2008 Recommended from 2007 Approved Budget		FY Incremental Outlook	
	2007 Appr oved Budget	2007 Projected Actual	2008 Base	2008 New/ Enhanced	2008 Operating Budget			2009	2010
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	2,238.3	2,238.3	2,233.9	0.0	2,233.9	(4.4)	(0.2)	0.0	0.0
<b>REVENUE</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET EXP.</b>	2,238.3	2,238.3	2,233.9	0.0	2,233.9	(4.4)	(0.2)	0.0	0.0
<b>Approved Positions</b>	8.0	8.0	8.0	0.0	8.0	0.0	0.0	0.0	0.0
<b>TARGET</b>			<b>2,238.3</b>		<b>2,238.3</b>				
<b>\$ Over / (Under) Program Target</b>			<b>(4.4)</b>		<b>(4.4)</b>				
<b>% Over / (Under) Program Target</b>			<b>-0.2%</b>		<b>-0.2%</b>				

- The 2008 Recommended Operating Budget for the Toronto Police Services Board is \$2.234 million net. This is comprised entirely of base funding and does not include funding for any new/ enhanced service priorities. Approval of the 2008 Recommended Operating budget will not change the Board's approved complement of 8 positions.
  - The Outlooks for 2009 and 2010 do not include a provision for cost of living (COLA) on salaries, as the increase is subject to future negotiations.
- The 2008 Recommended Base Budget key cost drivers include the following:
  - \$1.300 million for internal (\$0.600 million) and external (\$0.700 million) legal services, which remains unchanged from the 2007 Approved Operating Budget.
  - \$0.017 million increase for services and rents.
- The key cost drivers noted above are mitigated by the following reductions in gross expenditures:
  - \$0.002 million for telephone equipment.
  - \$0.025 million in 2007 one-time funding for the Sexual Assault Steering Committee.
  - \$0.017 million due to a decrease in the forecasted number of members attending conferences and a change in location of the Canadian Association of Police Boards Conference from Calgary (2007) to Toronto (2008).
- The Toronto Police Services Board's strategic priorities include the following initiatives:
  - Toronto Anti-Violence Intervention Strategy (TAVIS).
  - Stopping gun violence.
  - Youth in Policing Initiative (YIPI).
  - Closed Circuit Television (CCTV).

### **Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for the Toronto Police Services Board of \$2.234 million gross and net, comprised of the following service, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Toronto Police Services Board	<u>2,233.9</u>	<u>2,233.9</u>
Total Program Budget	<u><u>2,233.9</u></u>	<u><u>2,233.9</u></u>

## Section A: 2007 Budget Variance Analysis

**Table 2: 2007 Budget Variance Review**

(In \$000s)	2006 Actuals	2007 Approved Budget	2007 Projected Actuals*	2007 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	2,171.9	2,238.3	2,238.3	0.0	0.0
<b>REVENUES</b>	14.8	0.0	0.0	0.0	0.0
<b>NET EXP.</b>	2,157.1	2,238.3	2,238.3	0.0	0.0
<b>Approved Positions</b>	8.0	8.0	8.0	0.0	0.0

\*Note: Projected Actuals Based on September 30, 2007 Variance Report.

### 2007 Experience

The Toronto Police Services Board's Third Quarter Operating Budget Variance report indicates that the Board expects to be on budget by year-end. The Board's year-end projection of \$2.238 million gross and net is consistent with the 2007 Approved Operating Budget.

The approved complement of 8 staff, including the Chair of the Board, is forecasted to remain unchanged by year-end.

### Impact of 2007 Operating Variance on the 2008 Recommended Budget

The Toronto Police Services Board's gross and net expenditures are consistent with the 2007 Approved Operating Budget and therefore there are no 2007 variances that impact the Board's 2008 Recommended Operating Budget.

**Section B: 2008 Operating Budget Overview****3-Year Operating Budget Overview**

The Toronto Police Services Board's mandate is to oversee the provision of police services, including law enforcement and crime prevention in the City. The Board is the civilian trustee to the public interest for police services in the community.

The Toronto Police Services Board has approved a 2006 to 2008 Business Plan with the following 5 goals and priorities for the Toronto Police Service:

- Community Policing Partnerships.
- Community Safety and Security.
- Traffic Safety.
- Delivery of Service.
- Human Resources.

The Toronto Police Services Board will be under continuing pressure to ensure that a safe environment is maintained for all the residents and employees within Toronto. The Board will have to continually examine the deployment of Toronto Police Service resources to ensure that its workforce is deployed in the most effective and efficient manner.

**Challenges and Issues****Court Security Costs**

The Toronto Police Services Board is currently in discussions with the government of Ontario to reassume full responsibility for the cost of providing court security. The Board has, over the years, repeatedly requested that the financial impact of court security costs on the Toronto Police Service be examined, with the intent of the Province uploading these costs from municipalities. Court security costs have increased significantly over the last several years.

Please refer to the Issues Section for an expanded discussion regarding Court Security Costs.

**Legal Costs**

The legal expenditures of the Toronto Police Services Board have increased dramatically, from a cost of \$0.680 million in 2005, to \$1.300 million in 2007. Legal costs are forecasted to remain at \$1.300 million for 2008. This includes funding of \$0.600 million for internal legal services and \$0.700 million for external legal services.

The City's Legal Services provides services dealing with issues relating to real estate, contract administration, inquests, human rights, privacy and general legal advice to the Board. External legal services are utilized for labour relations matters, issues related to the Toronto Police Association, civil actions and matters where Legal Services would be in a conflict situation. External counsel is also used when Legal Services has insufficient resources to undertake Toronto Police Services Board work.

### **Strategic Priorities**

The strategic priorities advanced by the Toronto Police Services Board include "making a safe City safer" through punishing criminals and deterring people from crime and ensuring that young people have real opportunities. Specific initiatives which align with this policy include the following:

**Toronto Anti-Violence Intervention Strategy (TAVIS):** Continuing the successful Toronto Anti-Violence Intervention Strategy funded by the Province, which combines a focused crackdown on gangs with an emphasis on building strong community relationships. The Strategy uses community mobilization to:

- Reduce crime and disorder.
- Make neighbourhoods safer.
- Bring neighbours together to keep their neighbourhood safe and liveable.

The Toronto Police Service has reported that TAVIS is working well and a key part of the Service's comprehensive plan for building a meaningful relationship with all communities in the City. As of October 16, 2007, TAVIS officers have been responsible for 2,565 arrests and the seizure of 63 firearms.

**Gun Violence:** Pursuing discussions with the federal government for: no bail for anyone who commits a crime while in possession of a gun; complete ban on handguns and all semi-automatic weapons; significantly increase enforcement measures and actively seek the cooperation of the United States government to prevent international gun trafficking; and, to develop an effective gun registry.

**Youth in Policing Initiative (YIPI):** Continue with the Youth in Policing Initiative funded by the Province, enabling youth from priority neighbourhoods across Toronto to work in a variety of areas within the Toronto Police Service. The objective of the program is to acquaint youth with the police and develop potential career opportunities.

In 2007, approximately 100 youth had summer employment with the Toronto Police Service as part of the YIPI. This new innovative program allowed young people to work one-on-one with the Service members, from Forensic Identification Services to the Marine Unit to divisions throughout the City.

**Closed Circuit Television (CCTV):** In February 2006, the Toronto Police Services Board began research into the use of closed circuit television in support of community policing. All aspects of the closed circuit television technology; operation; impact; privacy concerns; best practices; and, governance were reviewed. Closed circuit television cameras were deployed in a small number of areas in 2006.

Though extensive crime analysis and public consultation in January and February 2007, the Toronto Police Service identified areas in the City for a pilot project. At the end of April 2007, the Toronto Police Service commenced trials with deployment of cameras in 31 and 42 Divisions, and in the Entertainment District (52 Division). In October 2007, the pilot was further extended in 51 Division.



### Section C: 2008 Recommended Base Budget

**Table 3: 2008 Recommended Base Budget**

	2007 Approved Budget	2008 Recommended Base	Change 2008 Recommended Base vs. 2007 Approved Budget		FY Incremental Outlook	
					2009	2010
(In \$000s)	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	2,238.3	2,233.9	(4.4)	(0.2)	0.0	0.0
<b>REVENUE</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET EXP.</b>	2,238.3	2,233.9	(4.4)	(0.2)	0.0	0.0
<b>Approved Positions</b>	8.0	8.0	0.0	0.0	0.0	0.0
<b>NET TARGET</b>		<b>2,238.3</b>			<b>0.0</b>	<b>0.0</b>
<b>\$ Over / (Under) Program Target</b>		<b>(4.4)</b>			<b>0.0</b>	<b>0.0</b>
<b>% Over / (Under) Program Target</b>		<b>-0.2%</b>			<b>0.0%</b>	<b>0.0%</b>

### 2008 Recommended Base Budget

The 2008 Recommended Base Budget for the Toronto Police Services Board of \$2.234 million gross and net is comprised of \$2.234 million for base funding and includes no new/enhanced service priorities. The 2008 Recommended Base Budget is \$0.004 million or 0.2% under the 2007 Approved Operating Budget of \$2.238 million.

The provision for the 2008 salary settlement is not included as it is subject to future negotiations.

### 2008 Key Cost Drivers and Reduction Strategies

The 2008 Recommended Base Budget key cost drivers include the following:

- Legal service charges are forecast to remain unchanged from the 2007 Operating Budget of \$1.300 million. This includes internal legal services of \$0.600 million and external services of \$0.700 million.
- Services and rents are projected to grow by \$0.017 million, which includes the following increases:
  - Courses for training requirements are forecasted to increase by \$0.005 million.
  - Cellular phones are anticipated to increase by \$0.002 million.
  - Clothing reimbursement for one staff member is projected to grow by \$0.002 million.

- Lease cost of the Board's vehicle, which will be transferred from the Toronto Police Service, is estimated to cost \$0.007 million.

The key cost drivers noted above will be mitigated by the following reductions in gross expenditures:

- Telephone equipment is projected to decline by \$0.002 million.
- One-time funding for the Sexual Assault Steering Committee will reduce the base budget by \$0.025 million.
- Change in location of the Canadian Association of Police Boards Conference from Calgary (2007) to Toronto (2008) will reduce the base budget by \$0.017 million for travel expenses.

**2009 and 2010 Outlook: Net Incremental Impact**

The 2009 and 2010 Outlook does not include cost of living allowance (COLA). The provision for COLA is not included as the salary increase is subject to future negotiations.

**Section D: 2008 Recommended Service Priorities**

**2008 Recommended New/Enhanced Service Priorities**

Not Applicable.

**Section E: Issues for Discussion****2008 Operating Budget Issues****Negotiation of Collective Agreements**

The collective agreements between the Toronto Police Services Board and the Toronto Police Association expired on December 31st, 2007. Negotiations for new contracts commenced on October 25, 2007.

The provision for salary settlement is not included in the 2008 Recommended Operating Budget as it is subject to future negotiations.

**Court Security Costs**

The Toronto Police Services Board is negotiating with the government of Ontario to reassume full responsibility for the cost of providing court security. The Board has, over the years, repeatedly requested that the financial impact of court security costs on the Toronto Police Service be examined, with the intent of the Province uploading these costs from municipalities.

Section 137 of the Ontario Police Services Act states that police services boards are responsible for court security to “ensure the security of judges and of persons taking part in or attending proceedings.” On January 1, 1990, the provincial government transferred responsibility for court security costs to municipalities. The costs have grown steadily since the transfer. In 1990, the cost of providing security in court facilities and costs related to prisoner transportation to and from court facilities was under \$16.000 million. It is estimated that the cost will be \$41.400 million in 2008. The forecasted court security costs for 2008 do not include the provision for salary settlement as it is subject to future negotiations.

# Appendix 1

## Summary of Recommended Base Budget Changes From 2007 Approved Budget

(In \$000s)	Summary of 2008 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2009	2010
		\$	\$	\$	\$	\$
<b>2007 Council Approved Operating Budget</b>	<b>8.0</b>	<b>2,238.3</b>	<b>0.0</b>	<b>2,238.3</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments						
Corporate adjustments						
<b>2007 Approved Operating Budget</b>	<b>8.0</b>	<b>2,238.3</b>	<b>0.0</b>	<b>2,238.3</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts		21.7		21.7		
Zero base items						
Economic factors						
<b>Adjusted Base Budget</b>	<b>8.0</b>	<b>2,260.0</b>	<b>0.0</b>	<b>2,260.0</b>	<b>0.0</b>	<b>0.0</b>
Other base changes		(26.1)		(26.1)		
Base revenue changes						
Recommended Service Level Adjustments:						
Base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
<b>Total Recommended Base Adjustments</b>	<b>0.0</b>	<b>(26.1)</b>	<b>0.0</b>	<b>(26.1)</b>	<b>0.0</b>	<b>0.0</b>
<b>2008 Recommended Base Budget</b>	<b>8.0</b>	<b>2,233.9</b>	<b>0.0</b>	<b>2,233.9</b>	<b>0.0</b>	<b>0.0</b>
<b>2008 Program Operating Target</b>				<b>2,238.3</b>		
<b>% Over (Under) Program Target</b>				<b>-0.2%</b>		
<b>% Over (Under) 2006 Appvd. Budget</b>				<b>-0.2%</b>		