



## Toronto Police Services Board Report

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January 17, 2019

To: Chair and Members  
Toronto Police Services Board

From: Mark Saunders  
Chief of Police

**Subject: Toronto Police Service – 2019 Operating Budget Request**

### **Recommendations:**

It is recommended that the Toronto Police Services Board (Board):

- (1) approve the Toronto Police Service's 2019 net operating budget request of \$1,026.8 Million (M), a 3.0% increase over the 2018 approved budget;
- (2) forward a copy of this report to the City of Toronto Budget Committee for approval; and
- (3) forward a copy of this report to the City of Toronto's (City) Chief Financial Officer for information.

### **Financial Implications:**

The Toronto Police Service's (Service) 2019 net operating budget request of \$1,026.8M (\$1,172.8M gross) is \$30.3M or 3.0% above the 2018 approved budget.

The mission of the Service is community safety. Our budget is managed as effectively as possible to allow us to provide the best public safety services to and for the people of Toronto, so that the city is a safe place to live, work, visit and invest in. We are committed to providing the best service at the lowest possible cost, and to this end, we develop our budget based on the principles of transparency, affordability, sustainability and value creation.

With the 2019 Budget Request, the Service continues its commitment to fiscal discipline and accountability, while ensuring the Service is sufficiently resourced with people, technology, analytics and professional capabilities to enable our modernization journey while still delivering adequate and effective policing.

The request includes the hiring of over 300 uniform officers, 122 special constables, 186 part-time retirees and over 200 other civilian roles.

A summary of the Service's 2019 changes in the net operating budget request from the 2018 budget is provided in Table 1.

**Table 1 - Summary of 2019 Budget Request Changes**

<b>(\$M)</b>	<b>2018 Budget</b>	<b>2019 Budget</b>	<b>\$ Change over 2018</b>	<b>% Change over 2018 Total Budget</b>
a) Salary Requirements	751.8	758.6	\$6.8	0.7%
b) Premium Pay	43.9	52.4	\$8.5	0.9%
c) Statutory Deductions & Benefits	208.3	208.5	\$0.2	0.0%
d) Contributions to Reserves	47.6	51.3	\$3.7	0.4%
e) Other Expenditures (\$6M offset by increased Revenues)	85.1	101.9	\$16.8	1.7%
f) Revenues	(140.4)	(146.0)	(\$5.6)	(0.6%)
<b>Net Budget Request</b>	<b>996.5</b>	<b>1,026.8</b>	<b>\$30.3</b>	<b>3.0%</b>

**Background / Purpose:**

The purpose of this report is to provide the Toronto Police Services Board (Board) with information and obtain approval for the level of funding required in 2019 to enable and support our mission of community safety and modernization.

**Discussion:**

This report contains the following sections:

- Service's Operating Context
  - Police Governance
  - Toronto Police Budget – Historical Trends
  - Factors Influencing 2019 Budget Request
- 2019 Budget Details
  - 2019 Budget Direction, Development and Approval
  - 2019 Budget Cost Drivers
  - Unfunded Initiatives
  - Council Decisions Impacting the Service
- 2020 and 2021 Outlooks

**Police Governance**

The Ontario *Police Services Act* (P.S.A.) outlines the principles by which policing services will be provided in Ontario. As a result, in order to ensure the safety and security of all persons and property in Ontario, municipalities are responsible for providing funds to enable adequate and effective policing, which must include, at a minimum, the following core services:

- Crime prevention;
- Law enforcement;
- Assistance to victims of crime;
- Public order maintenance; and
- Emergency response.

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

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

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

The 2019 operating budget request is a responsible accumulation of expenditures that will maintain an average deployment of 4,730 uniform members in 2019, along with the essential infrastructure and direct and administrative support, that ensures public safety, as mandated in the P.S.A., is maintained.

### **Toronto Police Budget – Historical Trends**

The 2019 Operating Budget Request cannot be looked at in isolation and without taking into consideration how the Service has managed its operations in previous years, and how the Service is going to position itself in order to accommodate the changing landscape of policing now and into the future.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Req.
Net Budget	822.0	854.8	888.2	930.4	935.7	936.4	965.5	980.3	1004.7	996.3	996.5	1,026.8
\$ Increase		32.8	33.4	42.2	5.3	0.7	29.1	14.8	24.4	-8.4	0.2	30.3
Total % increase		4.0%	3.9%	4.8%	0.6%	0.1%	3.1%	1.5%	2.5%	-0.8%	0.0%	3.0%
Collective Agreement (% impact)		2.0%	3.2%	3.4%	2.5%	2.7%	2.9%	1.9%	2.3%	1.7%	1.7%	0.0%
Other (% Impact)		2.0%	0.7%	1.4%	-1.9%	-2.7%	0.2%	-0.4%	0.2%	-2.6%	-1.7%	3.0%
C.P.I. Increase*		0.8%	3.2%	2.2%	1.0%	1.6%	2.3%	2.0%	2.2%	1.9%	2.5% (Nov)	2.2%

\*Source: Statistics Canada. Table 18-10-0004-01 Consumer Price Index (C.P.I.), monthly, not seasonally adjusted

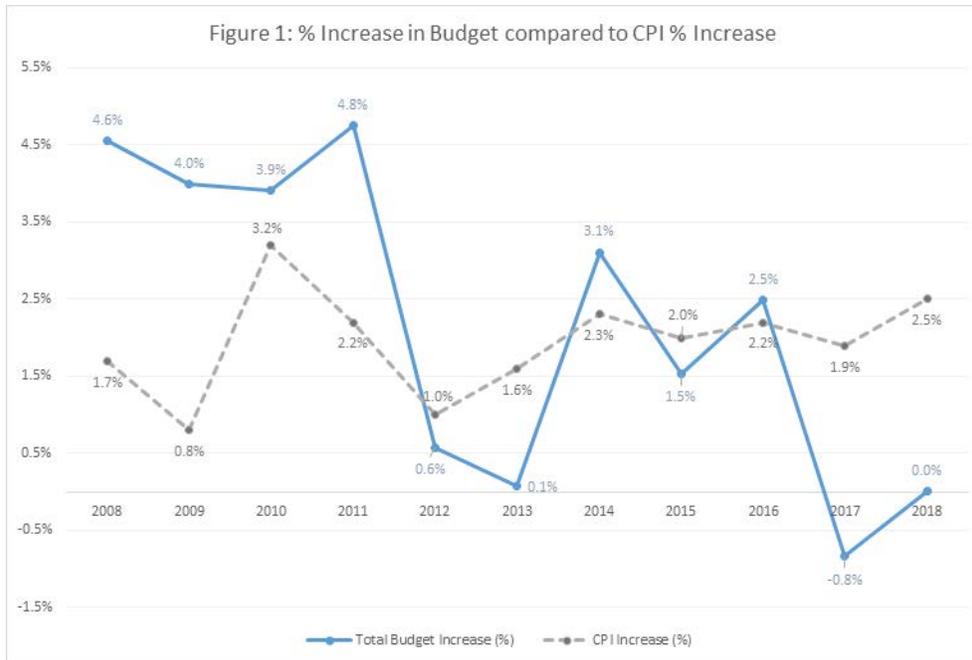
The Operating Budget increase of \$174.5M or 21.2% over 10 years (growing from \$822M in 2008 to \$996.5M in 2018) is comprised of the following:

- \$225.7M of the total budget increase from 2008 to 2018 is attributable to salary and benefit increases that have arisen from negotiated and arbitrated collective agreement settlements between the Board and the Toronto Police Association (T.P.A.) and the Senior Officers' Organization (S.O.O.). These increases are beyond the Service's control.
- \$51.2M in net reductions is not attributable to the collective agreements. These reductions are primarily from staffing, which significantly offsets increases over these years in non-salary costs such as gasoline, contracted services, uniforms and operating impact from capital.

The budget impact within the Service's actual control, including reductions in staff and other costs, was below zero in many years. The chart above demonstrates that, since 2012 other increases were either kept below the rate of inflation or savings were achieved. These savings were created through heightened resource and contract management, lower actual uniform and civilian staffing levels, and premium pay reductions that resulted in the following reductions between 2012 – 2018.

- -1.9% (-\$17.9M) in 2012
- -2.7% (-\$24.9M) in 2013
- -0.4% (-\$3.6M) in 2015
- -2.6% (-\$25.7M) in 2017
- -1.7% (-\$17.3M) in 2018

The average overall budget change over the 10 year period is in line with the C.P.I. increases over the same period and well below the rate of inflation over the last 5 years. This is demonstrated in the below chart.



\*Source: Statistics Canada Table 18 10-0004-001 Consumer Price Index, monthly, not seasonally adjusted. 2018 C.P.I. is to November 2018

## Factors Influencing 2019 Budget Request

For the last two years in a row, the Service has held the operating budget at a 0% increase.

The Service and the City will continue to benefit from savings and efficiencies gained since 2015. The 2019 Budget Request reflects a number of actions taken in previous years to improve the affordability of services delivered, including a hiring moratorium that resulted in savings of \$72.7M (\$5.0M in 2016, \$28.3M in 2017 and estimated \$39.4M in 2018) and various management actions which resulted in further savings of \$30M. In addition, the Service has returned two facilities used by the Community Partnerships and Engagement Unit and the Public Safety Unit to the City of Toronto, with a value of \$4.5M. Overall, these actions saved over 300 positions and over \$100M since 2015.

In addition, the Service's workload has continued to increase by more than 10% (based on ratio of calls per officer) over the last few years, while uniform staffing levels decreased by 9% over the same period, representing a cost avoidance of about \$100M from workload alone. Despite these challenges, the Service achievements in 2018 include, among other things, the following public safety results:

- 27,000 arrests
- Almost 2M calls taken by 9-1-1 with improved response times
- 600,000 calls attended by frontline officers
- Over 1,000 of guns seized
- Clearance rates that averaged about 50%
- 8,000 R.I.D.E. officer hours resulting in over 100,000 vehicles stopped

However, despite budget containment efforts over the past several years, there are aspects in the Service's operating environment that continue to influence our annual funding requirements that are categorized as follows:

- Servicing a Growing City: According to the Ontario Ministry of Finance, the population of Toronto is expected to exceed 3 million by 2018 year-end representing an increase of approximately 76,000 or 2.6%. Toronto is also the leading tourism destination in Canada with more than 43.7 million visitors in 2017. As population and number of visitors increase, so do the total number of calls for service which were approximately 5% higher comparing December 2018 to December 2017, while emergency calls for service were 10% higher for the same time period.
- Resourcing to Meet the Demands: Due to the hiring moratorium and increased number of retirements, uniform staffing levels have declined by 9% since 2015 and civilian staffing levels have declined by 5%. As the number of deployed officers decreases, the Service has to heavily rely on premium pay to help ensure public safety is not compromised. This overreliance on premium pay is not sustainable as it leads to employee fatigue and burn out. In addition to frontline capacity, with an overall vacancy rate of over 12% in 2018, the Service is facing overall staffing shortages across the rest of the Service. Reduced staffing levels, increasing calls for service and an active modernization agenda are putting unsustainable strain on operations and staff in many areas. Efforts are therefore being made to fill critical vacancies and transition to a new service delivery model to meet frontline demands as well as civilian support requirements.
- Funding Assistance from Other Levels of Government: Each year, approximately 90% of the Service's Gross Expenditures are funded by property taxes. Another 4% to 6% are funded by grants and other agreements received from other levels of government. Funding received from Provincial and Federal governments has the potential to be impacted by governments' changing priorities, causing budget uncertainty. The 2019 budget assumes a similar level of funding from other levels of government that was received in 2018.
- Legislative Impacts: There are a number of legislations that will impact the Service in 2019. These legislations include the Workplace Safety and Insurance

Board (W.S.I.B.) Chronic Mental Stress Policy, Cannabis Legislation, Next Generation 911, *R. v. Jordan Decision* and disclosure of “911 tapes” decision (*R.v.M.G.T, 2017*). Each of these legislations represents additional cost and/or resource pressures to the Service.

- Transformational Task Force: 2019 represents year three of implementing of the Transformational Task Force’s recommendations in The Way Forward Report. Of the 33 recommendations, seven are completed and the remaining is in various stages of planning, design and implementation. Information on the status of the recommendations can be found in The Way Forward Quarterly Update reports (Min. No. P215/2018 refers). The Way Forward priorities for 2019 include the following, for which 2019 work is funded in this operating budget:
  - continuing the move to a district model of policing and civilianization of uniform positions
  - increasing the use and transparency of data and analytics
  - completing the transfer of the School Crossing Guard Program to the City
  - implementing the HR transformation and culture change recommendations
  - improving officers’ mobility by maturing the Connected Officer program
  - enhancing the Strategy Management Office resources to ensure The Way Forward plan is executed effectively
- Changing Landscape of Policing: The nature of crime has changed over time. In the last few decades, the internet has influenced the way traditional crime is conducted (e.g., drug trafficking), how it is investigated and has led to new types of crime. The nature of calls for service has also been dramatically changing. For example, the calls for service involving a person in crisis have increased by 16.1% from 2016 to 2018, and the calls for service involving an overdose have increased by 37.3% during the same time period. This changing environment has created the need for more neighborhood and community-oriented policing and focus on enhancing the public trust in the Service. As a result, the budget reflects costs related to the Neighborhood Officer Pilot, continued investment in Connected Officer, and other technology enabled policing initiatives.
- Major Crime Indicators: Seven major crime indicators are used as a key barometer of crime within the City. All of these indicators can, and are used, to measure how safe a city is, which in turn, is one of the dynamics that impacts quality of life, entertainment, economic development, investment and tourism in a city. A safe city is therefore an important factor in terms of where people live, play, invest, do business and visit. Toronto is one of the safest cities in North America, and the Service has, and will continue to work hard with its community partners and other stakeholders to keep it that way.

Table 3 below highlights that, overall, crime has increased by 3% in 2018 compared to 2017.

**Table 3 – Major Crime Indicators – as at December 31**

Seven Major Crime Indicators						
Offence	December 2016		December 2017		December 2018	
	Total	*% Change	Total	*% Change	Total	*% Change
Murder	75	0%	65	-13%	96	48%
Sexual Violation	1,998	-2%	2,113	6%	2,154	2%
Assault	18,794	4%	19,337	3%	18,997	-2%
Robbery	3,717	5%	3,982	7%	3,635	-9%
Break and Enter	6,432	-7%	6,929	8%	7,569	9%
Auto Theft	3,302	3%	3,607	9%	4,665	29%
Theft Over	1,034	0%	1,169	13%	1,181	1%
<b>Total</b>	<b>35,352</b>	<b>2%</b>	<b>37,202</b>	<b>5%</b>	<b>38,297</b>	<b>3%</b>

\*% Change represents the change over the previous year

The table above shows that crime is down in two of the seven categories – assault and robbery. However, there has been a significant increase in murders, auto thefts, and break and enters.

The 2019 operating budget request has been prepared with the objective of keeping the City safe, balancing this goal with the need to fund current public safety activities and deal with the changing nature of crime (e.g., cyber, national security), while transitioning to a modernized service delivery model that embraces partnerships and puts communities at its core.

### **2019 Budget Direction, Development and Approval**

In June 2018, the Interim City Manager issued directions and guidelines for the 2019 budget with the aim of addressing the City's estimated operating budget shortfall.

To this end, targets were issued for all City Programs, Agencies and Accountability Officers to achieve a 0% net budget increase for the 2019 operating budget.

In April of each year, the Service's Budget & Financial Analysis Unit begins to develop the capital and operating budgets for the next year. The development of budgets is guided by the Service's strategic goals and priorities, as well as the City's directions.

For the preparation of the Operating Budget, the Budget & Financial Analysis Unit collaborates with each unit within the Service to determine service levels, challenges and risks to be addressed to determine the upcoming year's financial requirements as well as the most cost effective way to complete unit specific goals in line with the Service's strategic direction. As part of this process, changes to any relevant legislation, processes and technologies are also identified and reviewed.

Using the approved 2018 budget as the starting point, a number of actions were undertaken in order to develop the 2019 budget request. These included:

- Reviewing staffing requirements and related trends;
- Reviewing historical spending trends and reducing funds historically underspent;
- Flat-lining certain discretionary spending;
- Consolidating equipment and contracted services funds for central management based on Service priorities and goals; and
- Planning for the funding of expected contractual cost increases from within existing budgets by decreasing the budget in other accounts where possible.

The preliminary budget request has undergone comprehensive line-by-line administrative reviews at many levels, both internally with Command, and with City representatives and staff from the Board office. These reviews resulted in adjustments to the budget as new information became known, and as requirements and cost savings opportunities were identified.

The next steps in the budget process include the following:

- Toronto Police Services Board Approval: January 24
- City Budget Committee Review: February 4, 6, 11 and 13
- City Executive Committee Review: March 4
- City Council Approval: March 7

### **2019 Budget Cost Drivers**

The Service's 2019 operating budget net request of \$1,026.8M (\$1,172.8M gross) is \$30.3M or 3.0% above the 2018 approved budget.

**Table 4 - Summary of 2019 Budget Request Changes**

<b>(\$M)</b>	<b>2018 Budget</b>	<b>2019 Budget</b>	<b>\$ Change over 2018</b>	<b>% Change over Total 2018 Budget</b>
a) Salary Requirements	751.8	758.6	\$6.8	0.7%
b) Premium Pay	43.9	52.4	\$8.5	0.9%
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a) Salary Requirements (\$758.6M)

The total salary requirements for 2019 (exclusive of the potential impact of salary settlements as noted below), are \$758.6M, up \$6.8M from the previous budget. The budget for salaries reflects both the savings from efficiencies to be gained through the civilianization of positions, as well as the funds to fill several critical vacant civilian positions gapped in previous budgets.

The current collective agreement with the T.P.A. and S.O.O. expired on December 31, 2018 and there are no agreements yet in place for 2019. Therefore, the impact of the salary settlement is not included in the 2019 Operating Budget Request, and the City will make an estimated provision in its corporate accounts until a settlement is reached.

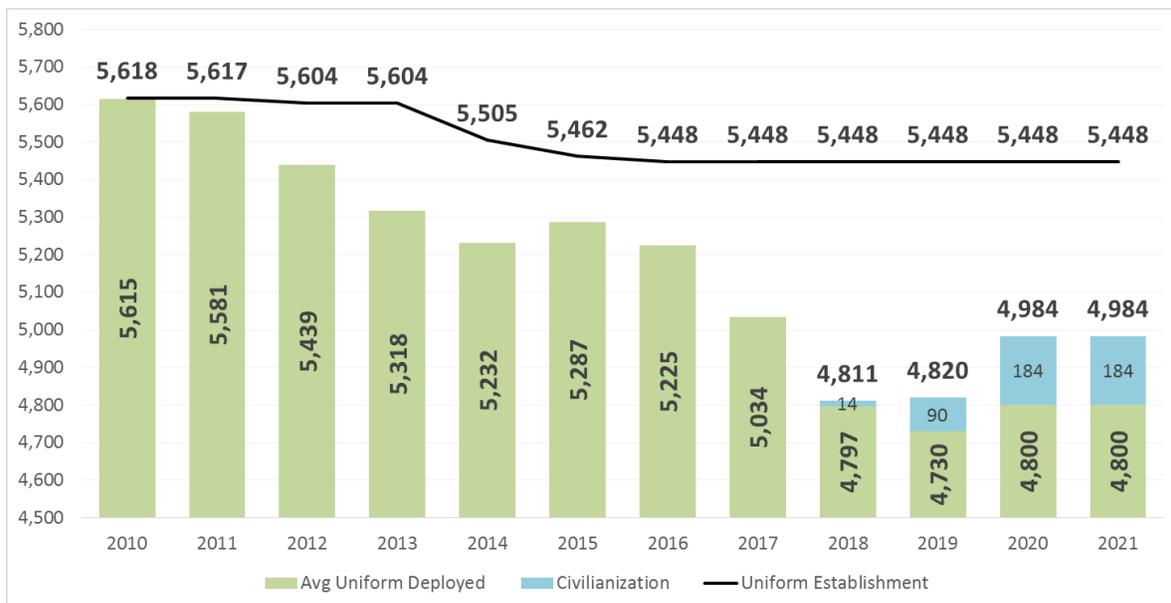
*Service Delivery Model*

As part of its modernization efforts, the Service has started to staff positions using more cost-effective approaches such as civilianizing uniform positions. To move forward, the Service must look at roles that provide maximum utility and economy while maintaining high quality service. The term “civilianization” refers to the use of a civilian employee (typically at a lower cost) to perform police-related activities, that are currently performed by an officer, that do not require the authority or special training of a police officer. Deploying civilian staff with the appropriate training, education and experience to perform the job, frees up frontline officers for core policing duties.

To make more efficient and effective use of police resources, the Service and the City have collaborated to redirect some non-policing calls to other city departments and service providers. A review of non-emergency calls found that thousands of these calls can be diverted to 311 for follow-up with various city departments. As a result, the Service and City rolled out a public education campaign to ensure the public is aware

that the 311 service, not 911, is the place to call for non-emergency issues, such as a broken water main. Other changes include, the administration of the Toronto’s School Crossing Guards program being transferred to the City by July 2019 as well as the ability to submit parking complaints online instead of handled by 911 call takers. All these changes will free up priority response policing resources and increase frontline capacity.

**Figure 2: Uniform Establishment and Deployment History**



Note: Above graph excludes part-time retirees

Figure 2 shows the uniform establishment and deployment history from 2010 to 2018 and the projected deployment levels from 2019 to 2021. In 2018, the projected average number of deployed officers decreased to 4,797, which are 651 officers below the approved establishment of 5,448 officers.

In 2018, 295 officers separated from the Service. To mitigate the high number of uniform officer separations, more than 300 uniform hires are planned over the three intake classes in 2019. The Service is also pursuing lateral hires from other police services. This strategy considers an estimated 250 officers will leave in 2019 and any variance to that is considered in adjusting the number of hires to be made in each class.

The average number of deployed positions is estimated to be 4,730 officers in 2019.

The Service’s delivery model includes both uniform positions, as well as civilian positions to deliver some services that were previously performed by officers, creating greater capacity for priority work. These positions include Crime Analysts, Bookers, Senior Court personnel and Special Constables. The use of part-time retired officers is also being pursued in 2019 as a stop-gap/temporary measure due to anticipated staff shortages this year, and until staffing levels increase to more sustainable levels.

Hiring of these positions will be completed gradually over the year. As the graph above shows, the effective amount of supplemented resources translates to 90 F.T.E.s in 2019, for a total of 4,820 members delivering policing services. These 90 F.T.E.s will annualize to 184 full time equivalents for a total of 4,984 police delivery resources in 2020 (excluding part-time retirees). This number is still 464 below the approved establishment of 5,448 officers. Further details regarding these positions included in the budget can be found in the following section.

The salary changes included in the 2019 operating budget request are described below:

Prior Year Impacts – the salaries budget has increased by \$5.4M to include the impacts of the Board's previously approved initiatives:

- 53 Communications positions to address increased calls for service and to reduce a significant increase in call processing times back to response standards (Min. No. P65/18 refers).
- The transformation and modernization of H.R. transformation plan was approved by the Board in 2017 (Min. No. P228/17 refers) and included two phases for hiring approved positions, with implementation starting in 2018 and continuing into 2019.

Civilianization Initiatives - This budget assumes the civilianization of 184 uniform positions, some are vacant and others that are filled and could be redeployed to core policing duties. 140 of the 184 positions are offset by a reduction in the uniform average deployed strength, for a net savings of \$0.5M in 2019. The following positions will be civilianized in 2019

- 136 Special Constables: The creation and approval by the Board of the Special Constable position in 2018 (Min. No. P26/2018 refers), provides relief to frontline policing where emergency situations have been brought under control and no longer require armed officers. Special Constables perform the duties of prisoner management, basic report taking, document service, assisting with crime scene security, canvassing, assisting with searching for evidence and missing persons, assisting community members with crime prevention through environmental design, evidence collection and processing, parking infractions (tag and tow authority), mental health apprehension authority, and the de-escalation of people in crisis. The Special Constables will be deployed to supplement existing resources and therefore create capacity to allow frontline officers to focus on higher priority and emergency situations. In 2018, 40 positions were approved for hiring and this budget request includes the expansion of this program to an additional 96 Special Constables. To-date, the Service has hired 14 special constables and plans to hire an additional 122 special constables in 2019.
- 28 Crime Analysts: As the Service transitions to the district policing model and Neighbourhood Officer Program, enhanced crime analysis and improved capabilities related to data analytics contributes to a sustainable intelligence-led approach, to reduce gun violence and strategically achieve enhanced

divisional/district crime management and traffic analysis. The civilianization of these critical positions will allow for the strategic redeployment of the uniform officers currently performing this role to core public safety duties, thereby contributing to a reduction in staffing pressures on the frontline while simultaneously providing highly trained and specialized civilian resources to conduct advanced analysis for the Service.

- 18 Bookers: At its meeting of October 2015, the Board approved the civilianization of the uniform booking officer positions in all of the divisions (Min. No. P165/15 refers). While this function has traditionally been performed by a police officer, a review of the position indicated that the booker position does not require a police officer for the management of the prisoners or the completion of paperwork. The Service started staffing the Booker position on a permanent basis at the beginning of 2016; however, due to the hiring moratorium the Service was unable to fully staff this role and only 45 positions were filled, which resulted in police officers having to fill this role. The 2019 Operating Budget Request includes the civilianization of an additional 18 Bookers, bringing the total budgeted number of civilian booker positions to 63.
- 2 Senior Courts positions: The Court Services section will civilianize 2 uniform positions by replacing two Location Administrator positions with civilians.

Backfilling Vacant Positions That Were Previously Gapped – The Service is facing a vacancy rate of over 12% for 2018. Vacancies over the last few years have put a strain on remaining staff that have been required to take on additional critical responsibilities and workload due to unfulfilled vacant positions. Hiring to fill 104 vacancies that were previously gapped is therefore required to modernize, achieve strategic priorities, comply with legislative requirements, and provide the necessary internal and external direct and support services. These positions will be hired in a staggered approach over the next 12 months, and into 2020 in order of priority. Included in the 104 positions are 52 court officers, 13 positions for Information Technology, and a net 39 other civilian positions that were previously unfunded in prior years to achieve 0% targets. All of these positions are within the approved complement, and will require funding of \$7.2M in 2019.

Gapping Adjustments – Gapping represents the savings that can be achieved as a result of vacancies that are not intended to be filled in a particular year, staff turnover for positions funded in the budget and taking a staged hiring approach. In 2016, a hiring moratorium was introduced and this helped the Service to save more than \$70.0M in salaries and benefits from 2016 to 2018. The 2019 Operating Budget Request includes gapping of \$13.6M for civilian positions, representing 7% gapping.

New Positions – The 2019 Operating Budget Request includes funding of \$7.9M for 9 new positions and 186 part-time retirees, as follows:

- 9 Corporate Communications: The Operating Budget Request includes funding to expand the Corporate Communications Unit by nine positions from 16 to 25 positions, resulting from an April 2018 request by the Board to externally review

the Service's Corporation Communications function. These nine positions will help increase capabilities in public relations, internal communication and digital strategy.

- **186 Part-Time Retirees:** The 2019 Operating Budget Request includes funding of to hire 186 part-time retirees who will work 30 hours per week (this equates to 81 F.T.E.s. in 2019 based on the timing of hiring and 140 in 2020). The part-time retirees will be deployed Primary Report Intake, Management and Entry (P.R.I.M.E.) unit and Community Investigative Support Units (C.I.S.U.) to supplement existing resources as a stop-gap to current staffing shortages and will allow frontline officers to focus on higher priority and emergency situations. The purpose of part-time officers will be to deal with time consuming non-emergency calls for service, walk-ins, taking reports over the phone and online.

Other Net Salary Changes – The other net changes to salaries require additional funding of \$0.6M in 2019. This category represents all other salary changes including items such as salary step progressions for staff, grant funding for salaries (offset by grant revenue), as well as savings of \$3.8M for the transfer of the School Crossing Guard Program occurring on July 1, 2019. A corresponding decrease of \$3.8M is included in revenues, as the City provides reimbursement for the function while delivered by Service personnel.

b) Premium Pay (\$52.4M)

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 call-backs (e.g. when an officer is required to work additional shifts to ensure appropriate staffing levels are maintained or for specific initiatives). The Service's ability to deal with and absorb the impact of major unplanned events (e.g. demonstrations, emergency events, and homicide / missing persons) relies on the utilization of off-duty officers which results in premium pay costs.

Since the staffing levels have been decreasing over the years, there has been a significant pressure on premium pay to accommodate critical workload issues. The 2017 and 2018 operating budgets were not increased to reflect the requirements for premium pay in order to achieve 0% target. Premium pay is subject to the exigencies of policing and the aforementioned staffing pressures, as well as continued police presence required at planned and ad hoc events. The Service is projecting an unfavourable variance of \$22M in premium pay in 2018 which is mostly attributed to uniform premium pay over-expenditure, mainly a result of reduced staffing levels and high profile/extraordinary cases and events.

The total premium pay requirements for 2019 are \$52.4M representing a 19.4% or \$8.5M increase from the 2018 budget. This increase is estimated as the minimum requirement and is \$13.5M less than the projected 2018 year end actuals. This amount takes into consideration anticipated staffing levels and takes into account the 2018 expenditure for extraordinary events. As the number of average deployed uniform

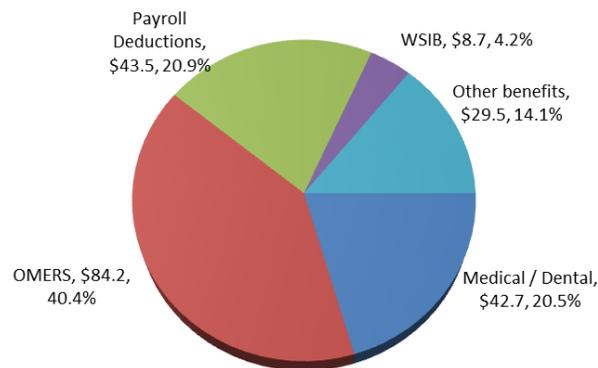
officers is expected to decrease further in 2019 primarily due to a large number of retirements, an increase is required in the premium pay budget to help meet policing service demands on the frontline, support and investigative units of the Service.

Additional premium pay is also incurred as units address critical workload issues resulting from a significant number of civilian staff vacancies across the Service. Although 2018 civilian premium pay expenditures will be overspent by approximately \$3.2M, the civilian premium pay budget remains flat in 2019, as funds have been included to fill some critical civilian vacant positions.

c) Statutory Payroll Deductions and Employee Benefits (\$208.5M)

Statutory payroll deductions and employee benefits expenditures of \$208.5M are \$0.2M or 0% higher than the previous year budget and are a major component (20.3%) of the Service’s total 2019 Budget request. These expenditures include the following items:

**Figure 3: Breakdown of Statutory Deductions and Fringe Benefits**



Payroll Deductions (\$0.9M reduction): Statutory payroll (E.I., C.P.P. and E.H.T.) and pension (O.M.E.R.S.) benefits are based on specific formulae that are affected by gross salaries.

Medical/Dental Coverage (\$2.6M reduction): The budget for the Board’s benefit plan is based on the cost of drugs and services, dental fee schedule, utilization rates and administration fees. Historically, this category of expenditure has come under budget, but the actuals have been increasing year over year. This account has been brought in line with historical actuals. This will be monitored very closely as the demands for these benefits continue to increase.

Reserve Expenditures (\$3.3M increase, offset by reserve draws in revenue): The Service has experienced significantly more retirements in 2018 than in previous years, which resulted in greater Sick Pay Gratuity (S.P.G.) payments. As separations are expected to continue at a high rate, the 2019 budget includes an increase of \$3M to cover S.P.G. payments. This is offset by draws from the S.P.G. reserve, for a net zero impact on the 2019 budget.

Net other changes to benefits (\$0.4M increase): Various changes in costs in other accounts such as retiree medical/dental, group life insurance and W.S.I.B.

The Service is projecting an increase in W.S.I.B. costs, with an estimated \$1.7M pressure, primarily due to impacts of Bill 163, Supporting Ontario's First Responders Act regarding Post Traumatic Stress Disorder (P.T.S.D.). As the Service will be undertaking a comprehensive review of W.S.I.B. claims, greater oversight and controls will help mitigate some of the increase. As a result, \$0.6M is included in the budget to cover these increases, offset by other benefit savings of \$0.2M.

d) Reserve Contributions (\$51.3M)

The Service contributes to a number of reserves through provisions in the operating budget. All reserves are established by the City of Toronto. The City manages the S.P.G. and Insurance reserves, while the Service manages the remaining reserves such as Vehicle & Equipment, Legal, Central Sick Bank, Health Care Spending and Modernization.

The total reserve contribution for 2019 is \$51.3M, up \$3.7M or 7.7% from last year, mostly to ensure the sustainability of the Vehicle & Equipment Reserve and Sick Pay Gratuity Reserve. The contributions to Reserves are calculated based on a detailed analysis of the current year's Reserve balance, budgeted draws and projected future year draws. Further details of these reserves follow:

- Sick Pay Gratuity Reserve: The S.P.G. is paid upon termination of employment with the Service to every member who has been in the employ of the Board for an aggregate period of at least ten years. The payment schedule is outlined in the Service's collective agreements. The Sick Pay Gratuity reserve provides the Service with the annual contribution amount that matches contributions with required payments/draws. The Service has been taking action over the last several years to increase the annual contributions to this Reserve, and in 2019 is adding \$1.0M to its contribution in order to better meet annual obligations.
- Vehicle & Equipment Reserve: This reserve funds the lifecycle replacement of the Service's fleet of vehicles, information technology equipment, and various other equipment items. Each category of assets funded from this reserve is analysed to determine how often it should be replaced as well as specific replacement requirements, which in turn determines the level of contribution required annually to enable the replacement. The lifecycle for vehicles and computer equipment have been extended as much as possible without negatively impacting operations and officer safety, or causing significant repair and maintenance costs. A detailed review of this reserve indicated that the Service's annual contribution is much less than the current annual draws/payment. As a result, an increase to the contribution in the amount of \$3.0M is required to meet future annual obligations.
- Legal Reserve: This reserve has been established to fund indemnification of Service members, as required by the collective agreement, and other legal costs

incurred by the Service. The reserve has accumulated sufficient funds over the years and, as such, its annual contribution is reduced by \$0.8M in 2019. The expenditures and balance will be closely monitored and the annual contribution revised accordingly in future years, as needed.

- **Central Sick Bank Reserve:** This reserve funds the T.P.A. long-term disability benefit provided by the collective agreement. There are currently sufficient funds in this reserve and no increase to the annual contribution is required.
- **Health Care Spending Account:** This reserve funds the post-retirement health care benefit negotiated in the collective agreements. The 2019 contribution for this reserve is increasing by \$0.4M since the annual draw continues to increase.
- **Modernization Reserve:** This reserve was established in 2017 to provide a source of funding to help enable modernization and transformation initiatives so that the Service can achieve a more effective, efficient and value added police service. In Council's approval of this reserve, the purpose statement allowed contributions to be made only through any year-end surplus funds of the Service. Therefore, no additional contributions to this reserve are included in the 2019 operating budget request.

e) Other Expenditures (\$101.9M)

Other expenditures represent 10% of total expenditures and include items such as caretaking and utility costs, ammunition, vehicle parts, computer equipment and maintenance, gasoline, operating impact of completed capital projects and contracted services. These expenditures will require additional funding of \$16.8M or 19.7% in 2019 with the biggest increases attributed to the following items:

- **Contracted Services** will require additional funding of \$5.9M in 2019. This includes \$4.0M for modernization initiatives that will be fully recovered from the Modernization Reserve for a net zero impact. Funding for modernization initiatives cover such costs as project management services; technological, strategic, financial and procurement expertise; feasibility studies, Culture Change, Public Engagement Strategy, and Service Engagement Strategy. Also, there are additional requirements for telecommunication for the remaining site installation of Cogeco (\$0.8M), review of business partnership and wellness strategy (\$0.1M), Employee Services (\$0.1M) and Occupational Health and Safety nurse (\$0.1M).
- **Computer maintenance** will require additional funding of \$1.5M for various software licenses. The cost of computer maintenance is impacted by current contract costs, determined through a procurement process. Technological advances and the additional of new systems have enhanced communication, information and efficiencies, and come with increased costs for maintenance and support.
- **The operating budget impact of completed capital projects** will require additional funding of \$1.2M. As capital projects are implemented, they often have operating

budget impacts such as computer maintenance, additional staffing requirements, facility maintenance, etc. For 2019, operating impacts are comprised mainly of five positions for the Enterprise Business Intelligence (E.B.I) project, as well as data plans, licences and maintenance for 700 mobile devices funded in the Connected Officers capital project.

- Recruit hiring costs will require additional funding of \$2.2M. Recruit hiring costs include such items as uniforms, courses at the Toronto Police College and required checks which include medical and psychological testing.
- Caretaking, maintenance and utility costs for Service facilities will require additional funding of \$0.6M. The City provides facility caretaking and maintenance services for the Service and administers the Service's utility costs. The City and Service review the costs for all facilities in detail to determine where efficiencies or changes to internal service levels can be applied. This estimate was provided by the City.
- Psychological Assessments will require additional funding of \$0.3M, due to an increase in the assessment rate.
- Additional funding of \$0.3M will be required due to a 10 cent increase in gasoline prices (according to City estimates).
- \$1.8M in non-salary costs related to Federal and Provincial grants that are fully recovered by Revenue.

#### f) Revenues

Approximately 88% of the Total Expenditures are funded by the City of Toronto property taxes. The remaining 12% are funded as follows: 4% by Provincial grants, 5% by User Fees and Donations, 2% by Reserve funding and 1% by Interdepartmental Recoveries.

The 2019 Total Revenue budget for items other than property taxes is \$146.0M which represents an increase of \$5.6M or 4.0% compared the Service's budgeted revenue in 2018. Revenues include the following:

- Interdepartmental Recoveries (I.D.R.s.) represent approximately 10% of the total revenues for the Service and include recoveries for such items as paid duties, gasoline, police record checks and security for special events that are requested by other City Agencies or Divisions. The I.D.R.s. for 2019 is estimated at \$14.0M which represents a decrease of \$3.6M from 2018. The reduction reflects the transfer of the School Crossing Guard Program to the City of Toronto with a corresponding reduction in cost recovery.
- Provincial Grants represent 33% of the total revenues for the Service. The most significant grants include:
- Court Security and Prisoner Transportation (C.S.P.T.) – \$40.8M: The Province uses an expenditure-based funding model to determine the annual allocations for

each municipality based on each municipality's relative share of the total provincial court security and prisoner transportation costs. The Service expenditures represent approximately 37% of the total court security and prisoner transportation costs across the Province which equated to \$42.8M in 2018. This funding pays for approximately 70% of 505 Court Services staff and covers 272 courtrooms in 2018. The contract between the City of Toronto and the Province expired on December 31, 2018. Consequently, there is a level of uncertainty around 2019 funding for court security and prisoner transportation. Nonetheless, as the Service has not heard otherwise it is assuming that the Province will continue to subsidize the court costs which are expected to decrease by \$2.0M from \$42.8M in 2018 to \$40.8M in 2019 due to reduced staffing costs, resulting in a decreased grant allocation. This funding is vital, especially given the expanding security needs for court facilities, including the new courthouse that is being built.

- Guns and Gangs Provincial Grant - \$4.9M: The budget increase for grants also reflects the new provincial grant of \$4.9M to combat guns and gangs in Toronto. The province will provide this annual amount over four years, ending March 31, 2022, for a total of \$19.6M over the grant term. The grant allocates funding for additional digital, investigative and analytical resources.
- The Service is also assuming that the Province will provide at least \$10M through the Policing Effectiveness and Modernization (P.E.M.) grant to cover the cost of Public Safety Response Team salaries.
- User Fees, Rentals and Donations: This category represents 37% of the total revenues for the Service and includes revenues generated from false alarm fees, sale of accident reports, reference checks, rental of pay duty equipment and various donations. User Fees, Rentals and Donations for 2019 are estimated at \$54.5M which represents a \$1.6M reduction from 2018. The reduction is comprised of \$1.4M due to the Service no longer responding to alarms until they have been verified as not false, \$0.2M due to reduced prisoner transportation recoveries, \$0.1M due to lost recoveries from Ministry of Attorney General (M.A.G.) for transcribing the accused statements.
- Funding from Reserves: This represents 20% of the total revenues for the Service and include draws from reserves such as S.P.G., Central Sick Pay, Post-Retirement Health Care, Legal and Modernization Reserve. Contributions from Reserves for 2019 are estimated at \$29.8M which represents an increase of \$7.3M from 2018. \$4M of the increase is for a draw from the Modernization Reserve in order to cover T.T.F. related costs already discussed in the Reserves section, \$3.0M represents the increase to the draw from the Sick Pay Gratuity Reserve with the remaining \$0.3M representing the increase to the draw from the Health Care Spending Account.

## Unfunded Initiatives

Funding for a number of initiatives are not included in the 2019 Operating Budget Request because they are either not sustainable within an affordable budget or the required funding cannot be determined due to unknown information at this point in time. The following items are not addressed in this budget request:

- Neighbourhood Officer Program (N.O.P.) Expansion: In 2013, the Service implemented the Neighbourhood Officer Program in order to reduce crime, increase public safety and improve trust in the police. With increasing gun and gang violence, the N.O.P. has become a critical resource of the Service and an important vehicle for disrupting gang activity and bettering the lives of community members who are involved in gang activity or vulnerable to gang inclusion. Currently, there are 96 Neighbourhood Officers (N.O.s.) deployed in 33 neighbourhoods across the City. To reduce the gun and gang violence associated to youth in Toronto, an immediate expansion of the N.O.P. is required. This will require an expansion of N.O. coverage from 33 current priority neighbourhoods to 60 total priority neighbourhoods. To staff 60 priority neighbourhoods with N.O.s., additional 108 Neighbourhood Officer – Constables and 12 Neighbourhood Officer Supervisors – Sergeants will be required in addition to uniform, smartphones and bicycles. Additional annual funding of approximately \$16.4M would be required for the expansion of this program. As requested, the Service has made requests for funding for this initiative to both the Provincial and Federal governments; however, no funding has been approved to date.
- Cannabis Legislation: The *Cannabis Act* was enacted on October 17, 2018. This legislation creates a legal and regulatory framework for controlling the production, distribution, sale and possession of cannabis in Canada.

Although it is anticipated that implementation of this legislation will result in impacts to the Service, the extent of these impacts are not fully known at this time. Building on the work already done by the Service, other Canadian police services, and other agencies, the Service is in the process of developing a comprehensive measurement framework to measure and track the impact of this legislation on the Service.

Information received from various areas of the Service has identified the following preliminary impacts to the Service, which will be explored further during the development of the measurement framework:

- The development of training to educate members on this new legislation, as well as the time required for members to complete the training. This training is mandatory for all officers and for all Communications Services personnel.
- The purchase of the oral fluid screening devices and other equipment necessary for enforcement.

- Training additional Drug Recognition Evaluators and increasing the number of officers trained in Standardized Field Sobriety Testing.
- Enforcement of illegal dispensaries and of drug impaired driving.
- Since legalization, Health Canada may no longer cover the cost to physically destroy seized cannabis. Should this prove to be true, the Service will incur this additional cost. Increased enforcement of illegal dispensaries may also result in increased storage requirements.
- The development and ongoing adaptation of Service governance to address the legalization of cannabis as it applies to members.

While some data on cannabis-related occurrences and charges are available, the relatively short period of time since the October 17 implementation of the legislation makes it difficult to determine any trends or estimate increased requirements as a result of the legalization. Only \$0.4M has been included in the 2019 Operating Budget Request related to drug recognition and field sobriety training and equipment, as well as specialty pay for drug recognition experts.

- ShotSpotter: ShotSpotter is gunshot detection technology that uses sophisticated acoustic sensors to detect, locate and alert police about illegal gunfire incidents in real-time. The digital alerts include a precise location on a map with corresponding data such as the address, number of rounds fired, type of gunfire, and delivered to any mobile device. Additional annual funding of approximately \$0.6M would be required for this technology. The Service has made requests for funding for this initiative to both the Provincial and Federal governments. Funding has not been approved to date.

### **Council Decisions Impacting the Service**

A number of Council decisions, made during 2018, reference requirements for the Service to take actions and/or to report back to Council through the 2019 Budget Process:

- Rec. 12: City Council authorize the City Manager to request, enter into any necessary agreements, receive, and allocate Provincial or Federal Government funding up to \$15.0 million to support enforcement initiatives, including enhanced surveillance activities and enhanced community security in local communities most impacted by gun violence as detailed in Revised Appendix B, #18 (C.C.T.V.), #19 (ShotSpotter) and #20 (Gun Violence Reduction Plan) to the report (July 17, 2018) from the Interim City Manager.
  - *The 2019 Operating Budget Request does not include any funding for ShotSpotter or C.C.T.V. expansion program and to date neither level of government has responded to this request. See discussion on ShotSpotter (#19) in the section on Unfunded Initiatives. The expansion of the C.C.T.V. program is discussed in the Capital Budget Request.*

- Rec. 14: City Council direct the City Manager to report through the 2019 budget process on the impact of these investments and any additional resources required to implement a proactive safe summer plan in 2019.
  - *The Service spent \$2.7M on the Summer Safety Program during the summer of 2018. There has been no decision to implement a proactive safe summer plan in 2019 and, as such, no funding has been included in the 2019 Operating Budget Request for this purpose.*
- Rec. 17: City Council request the Toronto Police Services Board to immediately hire 100 new police officers, funded in 2018 through the Tax Rate Stabilization Fund, with the 2019 costs to be considered as part of the 2019 Budget Process.
  - *In December 2018, the Service hired 134 uniform recruits. The ongoing costs of these officers are built into the 2019 Operating Budget Request.*
- Rec. 18: City Council request the Toronto Police Services Board to request the Chief of Police to:
  - b. accelerate the implementation of a sustainable Neighbourhood Policing Model City-wide recommended through the Toronto Police Service modernization plan and to report to the Budget Committee through the 2019 budget process to address if any additional funding is required.
    - *The 2019 Operating Budget Request includes the continuation of the enhanced pilot program. Further expansion of the Neighbourhood Officer Program is not included in the 2019 Operating Budget Request. See further discussion on the Neighbourhood Officer Program expansion in the section on Unfunded Initiatives.*

### **2020 and 2021 Outlooks:**

The outlooks in Table 5, below, demonstrate that the Service anticipates a 2.6% pressure in 2020 and a 1.7% pressure in 2021 based on expected staffing levels, continued grant funding levels, economic indicators and contractual and legislative obligations known at this time. Service staffing levels are expected to increase during 2019 resulting in a significant annualized impact in 2020. These pressures do not include salary settlements, the operating impact of the full expansion of the Connected Officer program and the potential Body Worn Camera initiative, or investments that may be required to enable transformational initiatives, as these are not known at this time.

**Table 5– 2020 & 2021 Outlooks (\$M)**

	<b>2020</b>	<b>2021</b>
Starting Request	\$1,026.8	\$1,053.4
Salary requirements	\$11.3	\$7.9
Benefit cost increases	\$2.6	\$2.5
Reserve contributions	\$3.7	\$2.6
Non Salary – inflationary and contract increases	\$5.3	\$4.4
Revenues	\$3.7	\$0.0
<b>Total change before salary settlement</b>	<b>\$26.6</b>	<b>\$17.4</b>
Salary settlement	n/a	n/a
<b>Net Change</b>	<b>\$26.6</b>	<b>\$17.4</b>
<b>Outlook</b>	<b>\$1,053.4</b>	<b>\$1,070.8</b>
<b>Percentage change over prior year</b>	<b>2.6%</b>	<b>1.7%</b>

**Conclusion:**

The Service, guided by The Way Forward Plan, has taken on the challenging task of changing the way the Service operates – civilianization, service delivery changes as well as investments to move the Service to intelligence and technology enabled policing.

The Service's 2019 net operating budget request of \$1,026.8M (\$1,172.8M gross) is \$30.3M or 3.0% above the 2018 approved budget. This budget follows two years of a 0% budget increase and a budget that is at or below the rate of inflation on average over the last five years.

The request includes the hiring of over 300 uniform officers, 122 special constables, 186 part-time retirees and over 200 other civilian roles. These figures do not include any additional hiring as a result of additional vacancies created in-year.

This budget increase reflects significant savings generated since 2015, a reduction of about 300 positions and accommodating increasing levels of work with a reduced workforce.

Outcomes that can be expected from this funding level include:

- Maintaining an average deployed uniform strength of 4,730 or 4,820 including civilianized positions;
- Hiring to fill over 800 uniform and civilian positions, excluding Auxiliaries and grant funded programs such as the Youth in Policing Initiative;
- Achieving an overall improvement in response times;
- Providing security for 272 Provincial courtrooms within the City of Toronto and prisoner transportation;

- Addressing community safety issues, particularly those related to pedestrian and traffic safety, and police interactions with persons in crisis;
- Allocating additional digital, investigative and analytical resources to combatting gangs and gun criminals; and
- Continuing with the modernization initiatives and recommendations identified in The Way Forward Report.

It must be noted that this budget is not without risks and dependencies that are not within the Service's control. Ongoing discussions are occurring regarding additional funding for Cannabis legalization and initiatives such as Shot Spotter and expansion of the Neighbourhood Officer program. The Service is also reliant on funding commitments from the Province regarding Court Security Prisoner Transportation (\$40M) and P.E.M. (\$10M). The Service is assuming that it will continue to receive this funding and if one or both are not received, a significant budget pressure will result in 2019. The premium pay budget is correlated with staffing levels and level of crime and therefore it is subject to police exigencies and cannot be fully predicted. These risk areas will be monitored and changes to assumptions will be reported to the Board.

Overall, with the 2019 Budget Request, the Service continues its commitment to fiscal discipline and accountability, while ensuring the Service is adequately resourced with people, technology, analytics and professional capabilities to enable our modernization journey while still delivering adequate and effective policing.

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

Respectfully submitted,

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