

# **Analyst Briefing Notes**

## **Administration Committee Review**

**(November 7, 2005)**

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**PART I: CAPITAL PROGRAM****Executive Summary**

- The 2005 Approved Capital Budget of \$5.362 million was 25% spent as at September 30, 2005. Actual expenditures by year-end are anticipated to be \$2.258 million, or 42% of the Approved Budget, resulting in projected 2005 cash flow funding of \$3.049 million being carried forward into 2006. This projected under expenditure is primarily attributed to the delay in the start up of the E-Procurement feasibility study, the Document Management and Imaging Initiatives, the Cashiering Upgrade and the Program Planning Information System project due to a review of the SAP functionality and staff availability to work on the project.
- The 2006-2015 Revised Capital program totals \$36.611 million of which \$26.156 million is projected for the Program's 5 year capital plan, with 2006 cash flow of \$6.298 million, \$6.297 million in 2007, \$5.555 million in 2008, \$5.456 million in 2009 and \$2.550 million in 2010.
- The 2006 Proposed Capital Budget including previously approved commitments requires new 2006 cash flow of \$4.183 million gross with debt funding of \$2.745 million. This cash flow combined with carry forward funding of \$2.115 million for 2005 projects brings the total 2006 Proposed Capital Budget to \$6.298 million gross, of which \$4.338 million is funded by debt. Excluding carry forward funding, the 2006 Proposed Capital Budget requires \$2.745 million in debt, bringing the Financial Services Proposed Capital Budget \$1.340 million under the debt guideline.
- 89% of the 2006 proposed new cash flow is allocated to Service Improvement projects at \$3.721 million; 8% of the 2006 proposed new cash flow is allocated to State-of-Good-Repair projects at \$0.335 million and 3% to Legislative or contractually required projects at \$0.127 million.
- The 2007-2010 cash flow projections outlines the capital investments required to maintain the state of good repair of Financial Services' technology infrastructure which includes:
  - ⇒ Upgrade of the existing Parking Tag Management Software (PTMS) requiring \$1.000 million and \$2.000 million debt funding in 2007 and 2008 respectively following a feasibility study in 2006.
  - ⇒ E-Procurement implementation project to commence following the completion of the feasibility study in 2006 requiring debt funding of \$1.000 million in 2007, 2008 and 2009.
  - ⇒ Upgrade of the Revenue Services Tax and Water Systems following the completion of the feasibility study in 2007 requiring 50% debt funding and 50% funding from other revenue of \$1.100 million in 2008 and 2009 respectively.
  - ⇒ Completion of the Business Plan Information System in 2007 requiring \$1.000 million debt funding deferred from 2005 and 2006.

⇒ Upgrade of the Captor (Capital) Migration System requiring debt funding of \$1.000 million in 2008 and 2009 respectively.

- The 2007-2010 cash flow projections to support the aforementioned projects requires debt funding greater than the debt affordability target assigned to Financial Services. The 2007-2010 cash flow projections is to be reviewed by the Deputy City Manager & Chief Financial Officer who will report back to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits.

**Recommendations**

It is proposed that:

1. the 2006-2015 Financial Services capital program request with a total 10-year project cost of \$26.131 million be received;
2. the 2006 Proposed Capital Budget for Financial Services with a total project cost of \$1.226 million and a 2006 cash flow of \$6.298 million and future year commitments of \$3.408 million be approved. The 2006 Proposed Capital Budget consists of the following:
  - a) New Cash Flow Funding for:
    - i) 3 new sub-projects with a 2006 total project cost of \$1.226 million that requires cash flow of \$0.438 million in 2006 and a future year commitment of \$0.583 million in 2007 and \$0.205 million in 2008;
    - ii) 9 previously approved sub-projects with a 2006 cash flow of \$2.811 million and a future year commitment of \$2.484 million in 2007;
    - iii) 5 sub-projects from previously approved projects with carry forward funding from 2004 and prior years requiring 2006 cash flow of \$0.934 million and future year commitments of \$0.400 million in 2007, \$0.600 million in 2008 and \$1.136 million in 2009 which forms part of the affordability targets that requires Council to reaffirm its commitment; and
  - b) 2006 approved cash flow for 7 previously approved sub-projects with carry forward funding from 2005 into 2006 totalling \$2.115 million;
3. new debt service costs of \$0.082 million in 2006 and incremental costs of \$0.394 million in 2007, \$0.414 million in 2008, \$0.297 million in 2009 and \$0.079 million in 2010 resulting from the approval of the 2006 Proposed Capital Budget, be approved for inclusion in the 2006 and future year operating budgets;
4. operating impacts of \$0.121 million for 2007, \$0.370 million in 2008, and savings of \$0.385 million for 2009 and costs of \$0.175 million in 2010 emanating from the approval of the 2006 Capital Budget be considered within the overall scope of the Financial Services' 2006 and future years' operating budget submissions; and
5. the revised cash flow projections of \$6.297 million in 2007, \$5.555 million in 2008, \$5.456 million in 2009 and \$2.550 million in 2010, be referred to the Deputy City Manager & Chief Financial Officer for review, in consultation with appropriate staff, and report back to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits.

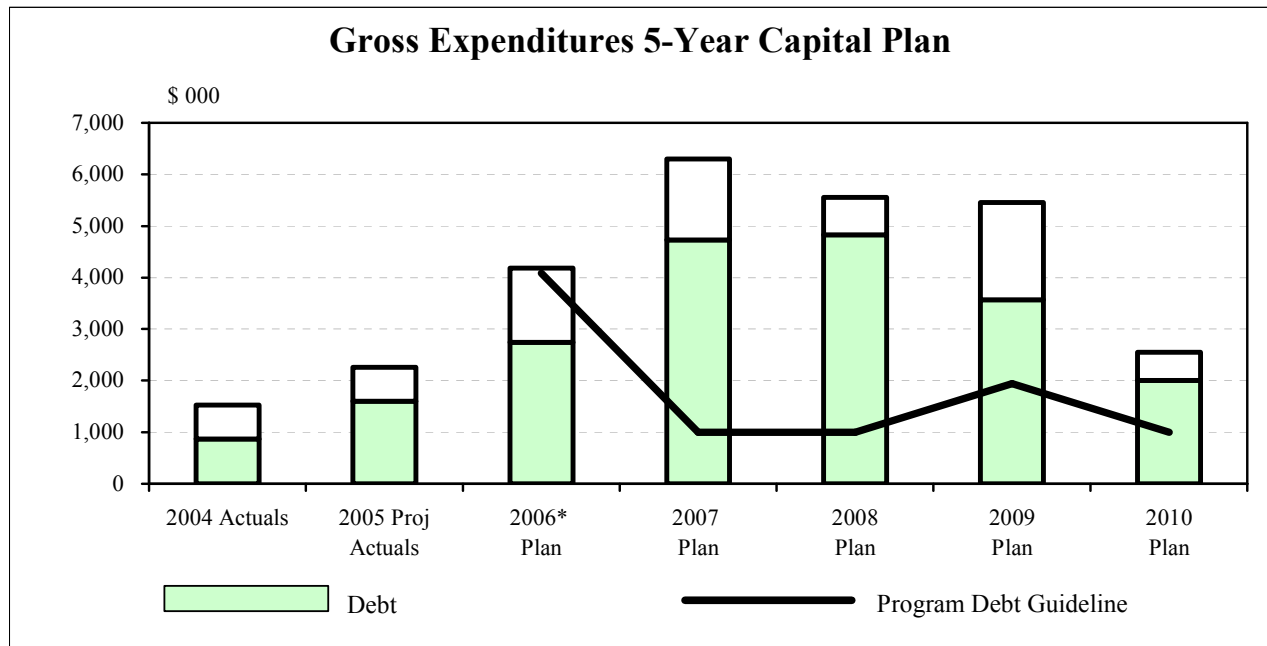
### 2005 Capital Variance Review

2005 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2005 Approved	Actuals as of Sept. 30 Y-T-D (3rd Qtr Variance)		Projected Actuals to Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
5,362	1,350	25	2,258	42	3,104

#### Comments / Issues:

- Financial Services projected year-end spending rate for 2005 approved projects at 42% in its September 30, 2005 Variance Report which represents an improvement over the 25% achieved in 2004.
- The projection for carry forwards requested funding in the 2006 Capital submission is \$3.049 million and is lower than the projected actuals identified in the 3<sup>rd</sup> quarter variance report. The 2006 Proposed Capital Budget does not reflect any subsequent changes to funding being carried forward from 2005 to 2006 based on the unspent cash-flow balance projected as at September 30<sup>th</sup>, 2005. Adjustments to carry-forward funding will be reported through to the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget.
- Carry forward funding is required due to delays in issuing RFPs for Document Management and Imaging Initiatives and Unified Cashiering projects. The Document Management RFP is currently being evaluated, however, expenditures of \$0.716 million for the Document Management Initiatives will be delayed to 2006.
- The imaging component of the Accounts Payable Redesign project was also impacted by a delay in issuing the corporate document management RFP and expenditures are not expected until 2006.
- The Revenue System planned release for the unified cashiering RFP is anticipated for the 3<sup>rd</sup> quarter of 2005. 32% of the 2005 cash flow is projected to be spent on hardware replacement.
- The Time Entry Replacement Project has been delayed as staff focused on the implementation of harmonization awards and collective agreements.
- The Program Planning Information System project was delayed due to a review of the SAP functionality and staff availability to work on the project, which has resulted in under-spending in 2005 of \$0.339 million, which will be carried forward to 2006.

## 5-Year Capital Plan (2006-2010)



	5 Year Plan							2006-2010
	2004	2005	2006	2007	2008	2009	2010	
<b>Gross Expenditures:</b>								
Budget (Excluding 1-Yr. Carry/Fwd)	4,034	3,153	4,183	6,297	5,555	5,456	2,550	24,041
1-Yr Carry/Fwd Gross (Reference only)	1,971	2,209	2,115					
Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd	6,005	5,362	6,298					
Actuals	1,524	2,258						
<b>Financing:</b>								
Proposed Debt	1,733	2,271	2,745	4,730	4,830	3,566	2,000	17,871
Debt Actuals (including 1-Yr Carry/Fwd)	869	1,603						
<b>Program Debt Target</b>			<b>4,085</b>	<b>1,000</b>	<b>1,000</b>	<b>1,940</b>	<b>1,000</b>	<b>9,025</b>
Other Financing Sources:								
Reserves/Reserve Funds			612	105	0	500	0	1,217
Development Charges			0	0	275	125	0	400
Federal								0
Provincial								0
Other Revenue			826	1,462	450	1,265	550	4,553
<b>By Category:</b>								
Health & Safety								0
Legislative			127	583	480	125		1,315
SOGR			335	1,952	3,300	3,195	2,550	11,332
Service Improvement			3,721	3,762	1,775	2,136		11,394
Growth Related								0

Yearly SOGR Backlog Estimate (not addressed by current year projects)

Accumulated Backlog Estimate (end of year)

\*Note: 2006 Proposed Debt excludes 1-year carry forward

- The 2007-2010 cash flow projections places primary emphasis on service improvement in previously approved projects but future years projects place greater emphasis on state of good repair in order to maintain their technology infrastructure.
- In its 2006 Proposed Capital Budget, the Program maximized the application of reserves and other offsetting funding to reduce the demand on debt where possible.
- The program does not have any backlog projects to report in 2006, but subject to debt availability, would delay implementation.
- The debt levels for the future years for this program is insufficient when considering that regular technology upgrades are required to optimize the use of the City's financial information systems with required funding fluctuating each year.
  - Projects in the 5-Year Plan includes:
    - Accounts Payable Process Improvements
    - Revenue Systems Upgrade
    - Parking Tag Revenue Management and Parking Tag Scanner Replacement
    - Fixed Assets Records System
    - Workflow & Document Management Technology
    - The Program Planning Information Systems.
  - These projects are highly dependent on corporate I & T resources who are assigned to corporate systems.
  - The 2007-2010 cash flow projections to be reviewed by the Deputy City Manager & Chief Financial Officer who will report back to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits.

## 2006 Capital Budget Submission Summary (\$000)

2006 Capital Projects		Total Project Cost		2004 Carry Forward		2006 Previous Commitment		2006 New		Total 2006 Request (w/o 2005 C/Fwd)		2005 Carry Forward		Total 2006 (Incl 2005 C/Fwd)	
Project / Sub-Project Name	Cat	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Carryforwards:</b>															
Acct. Payable Process Improvements	4	1,985	1,985	156	156	353	353			509	509	315	315	824	824
A/P Process Improv (Part 2)	4	984	984	134	134	750	750			884	884	0	0	884	884
Collective Agreements Implementation - FS	4	3,952	-	235	0	377	0			612	0	0	0	612	0
Corporate Materials Mgmt & Stores Review	4	260	260	83	83	80	80			163	163	20	20	183	183
Workflow & Document Mgmt Technology	4	2,852	1,426	326	0	0	0			326	0	390	208	716	208
<b>Sub-Total</b>				<b>934</b>	<b>373</b>	<b>1,560</b>	<b>1,183</b>	<b>0</b>	<b>0</b>	<b>2,494</b>	<b>1,556</b>	<b>725</b>	<b>543</b>	<b>3,219</b>	<b>2,099</b>
<b>Previously Approved:</b>															
Revenue System - Phase II	4	3,500	-			500	0			500	0	340	0	840	0
E-Procurement - E-Procurement	4	400	400			300	300			300	300	35	35	335	335
Time Entry System - Replacement	3	2,281	2,281			321	321			321	321	676	676	997	997
Business Plan Information System	4	1,200	1,200			700	700			700	700	0	0	700	700
Financial Plan Analysis & Reporting System	4	950	950			227	227			227	227	339	339	566	566
<b>Sub Total</b>				<b>0</b>	<b>0</b>	<b>2,048</b>	<b>1,548</b>	<b>0</b>	<b>0</b>	<b>2,048</b>	<b>1,548</b>	<b>1,390</b>	<b>1,050</b>	<b>3,438</b>	<b>2,598</b>
<b>New and Change in Scope Projects</b>															
Parking Tag Scanner Replacement	3	111	111					111	111	111	111			111	111
Fixed Asset Records System	2	915	915					127	127	127	127			127	127
Parking Tag Mgmt Software Upgrade	3	200	200					200	200	200	200			200	200
<b>Sub Total</b>		<b>1,226</b>	<b>1,226</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>438</b>	<b>438</b>	<b>438</b>	<b>438</b>	<b>0</b>	<b>0</b>	<b>438</b>	<b>438</b>
<b>Total 2006</b>		<b>1,226</b>	<b>1,226</b>	<b>934</b>	<b>373</b>	<b>3,608</b>	<b>2,731</b>	<b>438</b>	<b>438</b>	<b>4,980</b>	<b>3,542</b>	<b>2,115</b>	<b>1,593</b>	<b>7,095</b>	<b>5,135</b>

\*Category Index: (1) Health & Safety; (2) Legislated/ City Policy; (3) SOGR; (4) Service Improvement/Enhancement; (5) Growth Related



### 2006 Proposed Capital Budget Changes (\$000)

		2006 Requested Cash Flow		Proposed Changes			2006 Proposed Cash Flow	
Project/Sub Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Comments / Issues	Gross	Debt/ Internal Sources
<b>2005 Carryforwards</b>								
Acct. Payable Process improvements	4	315	315				315	315
Corporate Materials Mgmt & Stores Review	4	20	20				20	20
Workflow & Document Mgmt Technology	4	390	208				390	208
Revenue System -Phase II	4	340	0				340	0
E-Procurement	4	35	35				35	35
Time entry System -Replacement	3	676	676				676	676
Financial Plan Analysis & Reporting System	4	339	339				339	339
<b>Sub Total</b>		<b>2,115</b>	<b>1,593</b>	<b>0</b>	<b>0</b>		<b>2,115</b>	<b>1,593</b>
<b>2004 Carryforwards</b>								
Acct. Payable Process improvements	4	156	156				156	156
A/P Payable Improv (Part 2)	4	134	134				134	134
Collective Agreements Implementation	4	235	0				235	0
Corporate Materials Mgmt & Stores Review	4	83	83				83	83
Workflow & Document Mgmt Technology	4	326	0				326	0
<b>Sub Total</b>		<b>934</b>	<b>373</b>	<b>0</b>	<b>0</b>		<b>934</b>	<b>373</b>
<b>2006 Previously Approved Commitments</b>								
Revenue System -Phase II	4	500	0		0		500	0
E-Procurement	4	300	300				300	300
Time entry System -Replacement	3	321	321	(297)	(297)	Deferred to 2007 based on revised spending	24	24
Acct. Payable Process improvements	4	353	353				353	353
A/P Payable Improv (Part 2)	4	750	750				750	750
Collective Agreements Implementation	4	377	0				377	0
Corporate Materials Mgmt & Stores Review	4	80	80				80	80
Business Plan Information System	4	700	700	(500)	(500)	Deferred to 2007 based on revised spending	200	200
Financial Plan Analysis & Reporting Sytem	4	227	227				227	227
<b>Sub Total</b>		<b>3,608</b>	<b>2,731</b>	<b>(797)</b>	<b>(797)</b>		<b>2,811</b>	<b>1,934</b>
<b>New Projects</b>								
Parking Tag Scanner Replacement	3	111	111				0	0
Fixed Asset Records sytem	2	127	127				111	111
Parking Tag Mgmt Software Upgrade	3	200	200				127	127
<b>Sub Total New Projects</b>		<b>438</b>	<b>438</b>	<b>0</b>	<b>0</b>		<b>200</b>	<b>200</b>
<b>Total 2006 Proposed (Incl. 2005 C/Fwd)</b>		<b>7,095</b>	<b>5,135</b>	<b>(797)</b>	<b>(797)</b>		<b>6,298</b>	<b>4,338</b>
Less 2005 Carry Forwards		(2,115)	(1,593)	0	0		(2,115)	(1,593)
<b>Total 2006 Proposed (Excl. 2005 C/Fwd)</b>		<b>4,980</b>	<b>3,542</b>	<b>(797)</b>	<b>(797)</b>		<b>4,183</b>	<b>2,745</b>

### Total 2006 Proposed Cash Flow & Future Year Commitments (\$000s)

	2004 & Prior Year Carry Forward	2006 Previous Commitments	2006 New Proposed	2006 Total Cash Flow Proposed	2006 Guidelines	2005 Carry Forward	Total 2006 Cash Flow (Incl 2005 C/Fwd)	2007	2008	2009	2010	2011- 2015	Total Cost
<b>Expenditures</b>													
Previously Approved	934	2,811		3,745	3,585	2,115	5,860	2,884	600	1,136			10,480
Change in Scope							0						0
New			111	111	100		111						111
New w/Future Year			327	327	400		327	583	205				1,115
<b>Total Expenditure</b>	<b>934</b>	<b>2,811</b>	<b>438</b>	<b>4,183</b>	<b>4,085</b>	<b>2,115</b>	<b>6,298</b>	<b>3,467</b>	<b>805</b>	<b>1,136</b>	<b>0</b>	<b>0</b>	<b>11,706</b>
<b>Financing</b>													
Debt	373	1,934	438	2,745	4,085	1,593	4,338	2,080	505	718			7,641
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other	326	500		826		522	1,348	1,387	300	418			3,453
Federal Grants													0
Reserves/Res Funds	235	377		612			612						612
<b>Total Financing</b>	<b>934</b>	<b>2,811</b>	<b>438</b>	<b>4,183</b>		<b>2,115</b>	<b>6,298</b>	<b>3,467</b>	<b>805</b>	<b>1,136</b>	<b>0</b>	<b>0</b>	<b>11,706</b>

#### Comments / Issues:

- The 2006 Proposed Capital Budget is \$6.298 million gross, including \$3.745 million in funding for previously approved commitments, \$0.438 million for new/change in scope projects and \$2.115 million for projects carried forward from 2005 to 2006.
- Approval of the 2006 Proposed Capital Budget will result in a commitment of \$3.467 million in 2007, \$0.805 million in 2008 and \$1.136 million in 2009 which will encumber the following year's spending. The 2007 commitment is mainly for sub-projects deferred from 2006 for completion in 2007.
- Approval of the 2006 Proposed Capital Budget will result in incremental operating costs of \$0.121 million for 2007, \$0.370 million in 2008, and savings of \$0.385 million for 2009 and costs of \$0.175 million in 2010.
- The Revenue System project is funded from other revenue and the Collective Agreements Implementation project is funded from Reserve Funds.

## 2006-2015 Capital Program Financial Services

### Operating Budget Impact

#### Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)	0.000	0.121	0.370	(0.385)	0.175
Debt Service Charges (\$000s)	82.4	394.4	414.0	297.1	79.0
Approved Positions	0.000	0	2	(15)	0

#### Program Incremental Operating Costs

The 2006 Proposed Capital Budget will increase the Program's Operating Budget, with incremental impacts in 2006 and future years as a result of the following capital projects/subprojects:

#### Incremental Operating Impact Summary By Project/Sub-Project

2006 Capital Projects/Sub-Projects	2006 (\$000s)	2006 approved position change	2007 (\$000s)
A/P Process Improv (Part 2)	0.000	0	0.050
Time entry System -Replacement	0.000	0	-0.070
Workflow & Document Mgmt Technology	0.000	0	0.141
<b>TOTAL</b>	<b>0.000</b>	<b>0</b>	<b>0.121</b>

The incremental operating costs outlined above include the following:

- The 2009 savings will be realized upon the completion of the Workflow & Document Management Technology project. This project involves the development of a new Customer Service Model for the Revenue Services Division to link electronic images directly to a customer's account resulting in more efficient, cost effective customer services. Efficiencies due to improved workflow and document management will result in the reduction of 15 approved positions in 2009.

#### Debt Service Cost

The Financial Services' 2006 Proposed Capital Budget will result in New debt service costs of \$0.082 million in 2006 and incremental costs of \$0.394 million in 2007, \$0.414 million in 2008, \$0.297 million in 2009 and \$0.079 million in 2010.

*Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 3.0% Year 1, and 14% for subsequent years*

## **PART II: ISSUES FOR DISCUSSION**

### **2006 Issues**

#### **2006 Proposed Capital Budget versus Guideline**

The 2006 debt affordability guideline for Financial Services Program was set at \$4.085 million, of which 67% of the debt funding was allocated to New / Change of Scope and previously approved commitments.

The 2006 Proposed Capital Budget requires \$2.745 million debt and, is therefore, \$1.340 million under the debt affordability guideline which is mainly due to:

- \$0.573 million of the Financial Planning Analysis and Reporting System Development sub-project was deferred to 2007 given the need to complete an end to end review of the financial planning process City-wide and the inability to assign resources to the project in 2005.
- Delays in finalizing a corporate Document Management strategy are impacting on the imaging component of the Accounts Payable Process Improvement project (\$0.560 million) in Financial Services.

#### **5-Year Capital Plan Overview**

The Financial Services' 5-Year Capital Plan has been developed based on future technology upgrades required to maintain current technology in the state of good repair and to optimize the use of the City's current financial information systems. Most of the capital projects in this Capital Plan are systems-related, focussing on technological improvements to more effectively support City-wide financial processes. The 5-Year current debt targets are insufficient to sustain the future plan.

The 2007 cash flow is at the same level of 2006 (including carry-forward funding) due to deferral of projects from 2005 to 2006, some of which have now been moved ahead to 2007. Under-spending in 2005 is mainly due to delays in issuing RFPs which impacted the 2006 and 2007 cash flow. Further delays will impact the periodic upgrades required in 2008 and 2009.

The future years' debt target does not take into consideration the periodic technology upgrades that are required to maintain the City's financial information systems. The future years' targets are referred to the Deputy City Manager & Chief Financial Officer and will report back to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits.

- The 2007 and 2008 cash flow includes \$1.000 million and \$2.000 million debt funding respectively for the upgrade of the Parking Tag Management Software (PTMS). The PTMS system is used to process approximately 3,000,000 parking tickets generating \$80 million in revenue annually for the City. The existing system has reached the end of its life cycle and

## **2006-2015 Capital Program**

### **Financial Services**

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upgrade is required to ensure future revenue streams. A feasibility study will be conducted in 2006 for implementation in 2007 and 2008.

- The E-Procurement implementation project will commence following completion of the feasibility study. Implementation will take place in 2007, 2008 and 2009 requiring debt funding in the amount of \$1.000 million in each year.
- The 2007 cash flow also includes \$0.150 million to conduct the feasibility study for the Revenue Services Tax and Water Systems Upgrade. The 2008 and 2009 cash flow includes \$1.100 million in each year to complete the replacement of this system. This upgrade is 50% funded from debt and 50% from other revenue.
- The 2007 cash flow of \$1.000 million debt funding for the Business Plan Information System is a result of under-spending in 2005 due to a delay in reviewing SAP functionality as well as staffing availability. Spending is expected to improve in 2006 as now staff are in place to complete the previously approved project. This has impacted the 2006 and 2007 cash flow.
- The 2008 and 2009 cash flows include debt funding of \$1.000 million for each year respectively for the CAPTOR Migration System upgrade and \$0.500 million in 2009 for Investment & Debt System upgrade.
- The new Development Charge by-law will be in effect in 2008 and as such the program will be performing a background study in 2008 at a cost of \$0.275 million and \$0.125 million to adopt the new by-law in 2009. The \$0.400 million required to update the new by-law will be fully funded from Development Charges.

### **Capacity**

The spending rate for 2005 of 42% indicates that the Program has been able to improve over the 2004 spending rate of 25% and has attempted to ensure that project delays are kept to a minimum, especially when funded by debt. New request funding in 2006 has been kept at a low \$0.438 million. The remaining cash flow included in the Program's 2006 Proposed Capital Budget is to enable the Program to complete existing projects.

### **Backlog of Projects – Unmet**

The program has no backlog of projects, however, this could change should future year projected requirements not proceed due to debt affordability limits.

## 2007-2010 cash flow projections Changes (\$000)

Project / Sub-Project Name	Cat	2006		2007		2008		2009		2010		TOTAL 2011-2015	
		Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
		1	2	3	4	5	6	7	8	9	10	11	12
<b>PROGRAM REQUEST</b>		4,980	3,542	6,297	4,730	5,555	4,830	5,456	3,566	2,550	2,000	10,455	8,075
<b>Proposed 2006 Changes</b>				(450)	0								
<b>PROPOSED CHANGES:</b>													
<b>2004 Carry Forwards:</b>													
<b>Previously Approved:</b>													
Time Entry System Replacement	3	(297)	(297)										
Business Plan Information System	4	(500)	(500)										
<b>New:</b>													
Sub-Total Proposed Changes		(797)	(797)	(450)	0	0	0	0	0	0	0	0	0
<b>Proposed 5-Yr. Cash Flow</b>		4,183	2,745	5,847	4,730	5,555	4,830	5,456	3,566	2,550	2,000	10,455	8,075
<b>Debt Guideline</b>			4,085		1,000		1,000		1,940		1,000		
<b>Variance To Debt Guideline</b>			(1,340)		3,730		3,830		1,626		1,000		

**Strategic Direction**

- The start up and completion of previously approved projects is a priority that will assist other City programs to improve the delivery of its key services to the public.
- Moving ahead with the corporate Document Management project will enable the Program to move forward on its related projects. This is expected to progress in 2006 with the selection of the successful proponent in late 2005.
- Financial Planning has initiated an “end to end” operating budget process review of City programs and ABC’s to assist in the development of specifications for budget technologies that will facilitate Council’s strategic direction of providing multi-year service and activity based operating budget presentations. The specifications will initially be used to evaluate the ability of SAP’s Business Planning and Simulation module to meet the City’s analysis and presentation needs, including:
  - ⇒ linking Council priorities, strategies, goals and objectives that can cascade through the organization at the service and activity level;
  - ⇒ providing the tracking and reporting of quantitative and qualitative performance measures including service level indicators;
  - ⇒ providing analytical tools that permit sensitivity and scenario analysis; and
  - ⇒ providing the flexibility to incorporate and track long-term business planning initiatives.

In the event that SAP is determined to not meet the City’s operational budget system and reporting requirements, an RFP will be developed for evaluating and selecting alternate operating budget technologies. The new operating budget system is projected to be operational for the City’s 2008 Operating Budget review process.

**Service Priority Setting**

Timely capital investments are required to maintain the state of good repair of the technology infrastructure and to implement system improvements to enhance service delivery and optimize the use of the City’s financial information systems.

**Issues Referred to 2006 Capital Budget**

No issues were referred to the 2006 Capital Budget review for the Financial Services.

**Outstanding Issues from Prior Years**

There are no issues outstanding from Prior Years for the Financial Services.

**Appendix 1**  
**2006 Proposed Capital Budget**  
**and 2007 to 2015 Revised Program**



**Appendix 2**  
**2006 Proposed Capital Budget**  
**& Future Year Commitments**

**Appendix 3**  
**2006 Proposed Capital Projects**  
**with Financing Details**

**Appendix 4**  
**Reserve / Reserve Fund Review**  
**(\$000)**

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Balance as of September 30	Proposed Withdrawals			
			2006	2007	2008	2009 & Beyond
XR1002 Employee Benefits Reserve F	TRE906813 Collective Agreements Implementation	\$145,120	\$612			
Total Reserve / Reserve Fund		\$145,120	\$612	\$0	\$0	\$0