

**Analyst Briefing Notes**  
**Community Services Committee**  
**(November 8, 2005)**

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

- The 2005 Approved Capital Budget of \$11.326 million was 75% spent as at September 30 2005. Actual expenditures by year-end are anticipated to be \$9.078 million, or 80% of the Approved Budget, resulting in projected 2005 cash flow funding of \$1.949 million being carried into 2006 and \$0.299 million no longer required. This projected under expenditure is primarily attributed to delays in acceptance testing for the CAD/RMS project and spending rates on 2005 Asset Management projects.
- The proposed 2006-2015 Capital Program totals \$79.291 million of which \$39.499 million is proposed for the Program's 5 year capital plan, with 2006 cash flow of \$11.095 million, \$9.038 million in 2007, \$8.767 million in 2008, \$5.300 million in 2009 and \$5.300 million in 2010.
- The 2006 Proposed Capital Budget including previously approved commitments requires new 2006 cash flow of \$10.122 million gross with debt funding of \$5.487 million. This cash flow combined with carry forward funding of \$0.973 million for 2005 projects brings the total 2006 Capital Budget to \$11.095 million gross, of which \$6.460 million is funded by debt. It is also recommended that a further \$0.976 million be carried forward from 2005 into 2006.
- 51% of the 2006 proposed new cash flow is allocated to Legislated, required projects at \$5.173 million, 27% to State-of-Good-Repair projects at \$2.718 million; 17% to Growth-Related projects at \$1.750 million (44% of which is debt funded) and 4.7% to one Health & Safety project at \$0.480 million.
- The Legislated Category is driven by requirements for HUSAR projects which are 75% funded through the Federal JEPP (Joint Emergency Preparedness Program)
- The Revised 5-Year Capital Plan reflects all asset needs as presently determined by the Toronto Fire Services. Existing facility maintenance and new facility construction has been determined in consultation with Corporate Facilities and adjusted to reflect the debt guidelines and readiness to proceed. The Revised 5-Year Capital Plan projected cash flows have been smoothed and reflect an average of \$5.1 million in debt funding per year supporting such projects as Asset Management, Station C, HUSAR Facility & Equipment and Training Simulators.
- Program funding requests in the Revised 5-Year Capital Plan include projects identified in the Development Charge plan. Examples include Station C and the Harbourfront Training Centre. These projects represent growth in terms of construction of fire station and facilities. This source of funding has been maximized to the extent allowed by the Development Charge bylaw.
- The 10-year Capital Program incorporates the SOGR backlog as it is currently known. The Asset Management project as currently planned with Corporate facilities encompasses all known requirements for asset preservation.
- Overall, the Program has achieved the recommended 5 year debt guidelines.
- The Radio Communication System Replacement Project is recommended to be re-classified as a corporate project in conjunction with requirements of EMS and Police Services.

**Recommendations**

It is recommended that:

1. the 2006-2015 Toronto Fire Services Capital Program request with a total 10-year project cost of \$68.838 million be received;
2. the 2006 Proposed Capital Budget for Toronto Fire Services with a total project cost of \$9.981 million and a 2006 cash flow of \$11.095 million and future year commitments of \$6.125 million in 2007 and \$3.215 million in 2008 be approved. The 2006 Proposed Capital Budget consists of the following:
  - a) New Cash Flow Funding for:
    - i) 12 new sub-projects with a 2006 total project cost of \$9.981 million that requires cash flow of \$4.869 million in 2006 and future year commitments of \$3.241 million in 2007 and \$1.871 million in 2008;
    - ii) all subprojects with new future year commitments be further reviewed during the 2006 Capital Budget Process and deferred where possible.
    - iii) 7 previously approved sub-projects with a 2006 cash flow of \$5.252 million and future year commitments of \$2.884 million in 2006 and \$1.344 million in 2007;
    - iv) 2006 approved cash flow for 1 previously approved sub-project with carry forward funding from 2005 into 2006 totalling \$0.973 million;
    - v) that a further amount of \$0.976 million in 2005 carry forward funding for 5 previously approved sub-projects be confirmed by the Program and added to the required 2006 cash flow to reflect a total carry forward funding of \$1.949 million;
3. new debt service costs of \$0.165 million in 2006 and incremental costs of \$0.685 million in 2007, \$0.323 million in 2008 and \$0.090 million in 2009 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 in the Toronto Fire Services Operating Budget of \$0.107 million for 2006, \$0.060 million for 2007 and \$0.060 million for 2008 emanating from the approval of the 2006 Capital Budget be considered within the overall scope of the Toronto Fire Services 2006 and future years operating budget submissions;
5. all sub-projects with third party financing be approved conditionally, subject to the receipt of such funding during 2006 and if such financing is not received, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs;
6. the Chief of Toronto Fire Services report back to the Deputy City Manager and the Chief Financial Officer on a costing and priority framework be developed by Spring of 2006 for managing the growth demands and public expectations associated with the Toronto Fire Services various strategic reports, its SOGR backlog and its asset audits and that needs be reviewed collectively in order to revise the Toronto Fire Services 2006-2010 Capital Plan at a sustainable debt funding level.

7. the revised cash flow projections of \$9.038 million in 2007, \$8.767 million in 2008, \$5.300 million in 2009 and \$5.300 million in 2010 for Toronto Fire Services 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;
8. the Radio Communication System Replacement project be re-classified as a Corporate project in conjunction with the related radio system requirements of EMS and Toronto Police Services and the Toronto Fire Services required cash flow of \$36.667 million for 2009 be reallocated out of the capital program of Toronto Fire Services.
9. the Fire Chief, in consultation with the Steering Committee and the Chief Financial Officer, confirm detailed project cost and cash flows by program for the Corporate Radio Communication System Replacement project by June 2006 as part of the scheduled revisiting of the 4-Year Capital Plan.
10. the Chief of Toronto Fire Services in consultation with the Deputy City Manager and Chief Financial Officer report back to Budget Advisory Committee as part of the 2006 Budget Process on alternative funding for the Harbourfront Public Education and Training Centre project that may include the possibility of funding from the Toronto Waterfront Revitalization Corporation.

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
11,326	8,482	75	9,078	80	2,248

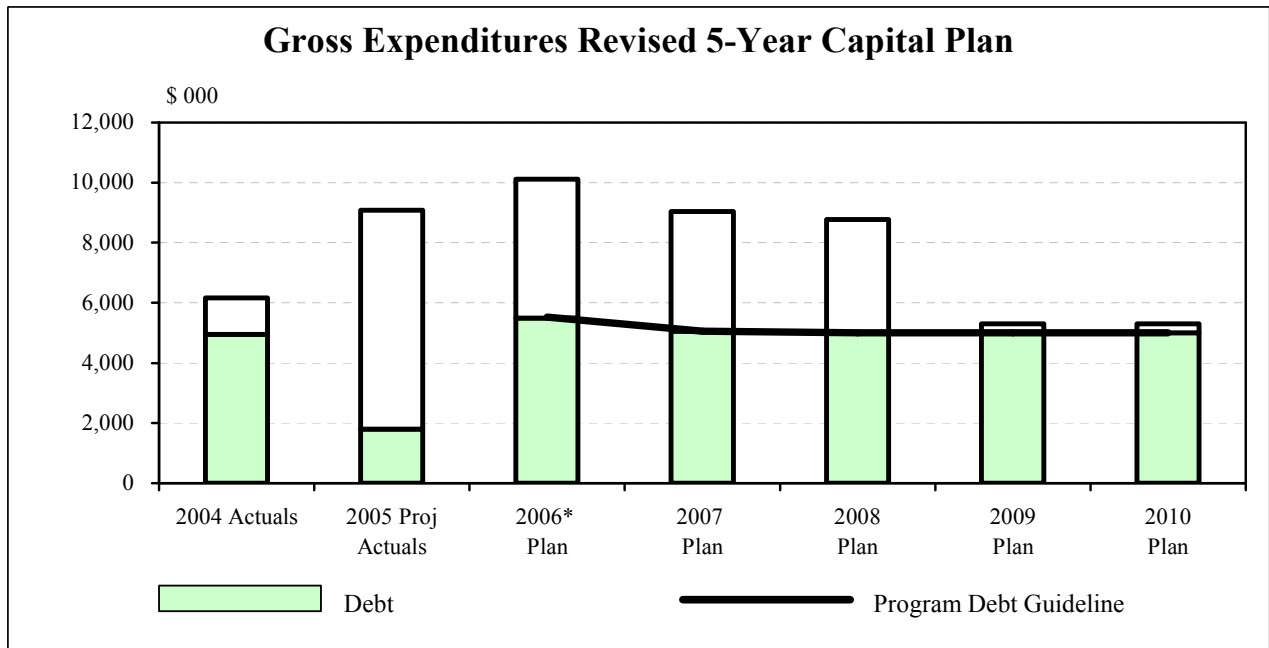
Comments / Issues:

- Fire Services is projecting a year-end spending rate for 19 approved projects of 80% in its September 30, 2005 Variance Report. This spending rate represents an improvement over the 56% achieved for 2004.
- The projection for carry forward funding in the 2006 Proposed Capital Budget is \$0.973 million implying year end actuals of \$10.353 million, however this is not consistent with the projected actuals identified in the 2<sup>nd</sup> or 3<sup>rd</sup> quarter variance reports. The current projected actuals of \$9.078 million imply carry forward funding of \$2.248 million. The total carry forward funding has been reduced by \$0.299 million to \$1.949 million based on under-spending on various projects. The following table details the resultant revised carry forward funding:

Project/Sub-Project Name	2005 - Cash Flow		REVISED Carry Forward
	2005 Plan	Projected Actuals to Year-end	
	\$000s	\$000s	
FIRE-CAD/RMS-COMPUTER AIDED DI ASSET MANAGEMENT - 2005	4,632.55	3,659.55	973.00
FIRE STATION ALERTING SYS IMPR	2,152.00	1,506.40	645.60
KPMG REDEPLOYMENT PROJECTS-2003/2004	425.53	210.00	193.03
FIRE APPARATUS PUMP PANEL HEADSETS	303.49	177.45	
STAT C-SHEPP AVE BETW LESLIE/BAYVIEW	157.60	74.99	82.61
CRANE RESCUE SIMULATOR	200.00	148.00	52.00
IN- FLOOR HOISTS - TORYORK	46.94	6.99	
FIRE FIGHTING FOAM TRAINING SIMULATOR	85.28	50.00	
NEW VEHICLES - 2003/2004	292.76	261.28	
FIRE ACADEMY-PROPANE TRAINING	380.00	352.99	
RAILWAY CAR HAZ MAT SIMULATOR	16.58	6.83	
PORTABLE RADIO ADDITION	12.15	5.00	
	470.00	467.55	2.45
<b>Total Projects with Carry Forward</b>	<b>9,174.87</b>	<b>6,927.02</b>	<b>1,948.69</b>

- 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 30th, 2005. Adjustments to carry forward funding will be reported through to the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget.
- The balance of \$0.973 million in presently recognized carry forward funding relates to the CAD/RMS (Computer Aided Dispatch/Records Management System) and represents part of the previously approved commitment for 2005. This previously approved future year commitment that was scheduled for 2005 totalled \$1.500 million. Of this amount, \$0.182 million was spent in 2005 with \$0.192 million requested to be deferred to 2006 through the first quarter variance report. This resulted in a \$1.126 million carry forward funding from 2005 into 2006. When adjusted for GST, this amount of carry forward funding is reduced to \$0.973 million.
- The level of carry forward funding required arises from a number of factors – planning and consultation is required on a large proportion of some projects before contracting can proceed, some one-year projects cannot be completed in the months remaining in the year after budget approval, and other complicating issues which arise. In general, staff have been working to complete all possible projects within the year, or the second year at the outside.
- Note that as September 30<sup>th</sup>, 2005, the transfer of HUSAR projects from Emergency Management Plan has not been reflected. This transfer has been referred to the 2006 Capital Budget Process. The transfer will add \$1.9 million to the 2006 Proposed Capital Budget of Toronto Fire Services. (See table entitled “*2006 Proposed Capital Budget Changes (\$000)*”)

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)	7,910	7,880	10,121	9,038	8,767	5,300	5,300	38,526
1-Yr Carry/Fwd Gross (Reference only)	3,012	3,446	973					
<b>Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd</b>	<b>10,922</b>	<b>11,326</b>	<b>11,094</b>					
Actuals	6,168	9,078						
<b>Financing:</b>								
Debt	8,729	8,765	5,486	5,058	5,000	5,000	5,000	25,544
Debt Actuals (including 1-Yr Carry/Fwd)	4,952	1,801						
<b>Program Debt Target</b>			<b>5,518</b>	<b>5,058</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>25,576</b>
<b>Other Financing Sources:</b>								
Reserves/Reserve Funds			200	989	1,160	0	0	2,349
Development Charges			775	1,050	525	0	0	2,350
Federal			3,660	1,222	1,191	300	300	6,673
Provincial			0	719	891	0	0	1,610
Other Revenue			0	0	0	0	0	0
<b>By Category:</b>								
Health & Safety			480	1,240	750	0	0	2,470
Legislative			5,173	564	294	520	1,600	8,151
SOGR			2,718	2,978	4,002	4,780	3,700	18,178
Service Improvement			0	0	0	0	0	0
Growth Related			1,750	4,256	3,721	0	0	9,727
Yearly SOGR Backlog Estimate (not addressed by current year projects)	981	396	297	(866)	(202)			
Accumulated Backlog Estimate (end of year)	1,954	2,350	2,647	1,781	1,579			

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

- The Revised 5-Year Capital Plan reflects all asset needs as presently determined by the Toronto Fire Services. Existing facility maintenance and new facility construction has been determined in consultation with Corporate Facilities and adjusted to reflect the debt guidelines.
- The following table shows the effect of revising the submitted (adjusted) plan to match the debt guidelines. Based on the current debt guidelines, the 5-year adjusted request for Toronto Fire Services is not affordable and a backlog is created. On average, over the 5-year term, required debt is 51% higher than current guidelines, with a cumulative backlog of \$13.1 million.

\$000s	2006	2007	2008	2009	2010	Total
Debt Request*	8,233	9,211	8,878	6,524	5,791	38,637
Debt Target	5,486	5,058	5,000	5,000	5,000	25,544
Difference	2,747	4,153	3,878	1,524	791	13,093
% Difference	50%	82%	78%	30%	16%	51%

\* Debt has been adjusted to reflect the deletion of Radio Communication System Upgrades and Replacement. Debt for the HUSAR equipment projects has also been adjusted in 2006 and 2007.

- The ability to proceed with a 5-year plan for approval in 2006 is dependant on Corporate Facilities completing the necessary technical audits and studies. Typically, these projects would currently be well into the planning phase. Accordingly, while there may be some planning adjustment required reflecting the balance between need and affordability, detailed planning by Corporate Facilities for each facility should be ready and synchronized with this 5-Year Capital Plan.
- Major expenditure/debt drivers for the two year period 2007/08 include Facility Projects, which includes Station C, Toryork Extension and Harbourfront Training Centre projects for funding of \$9.96 million or 55.9%, Asset Management for funding of \$4.0 million or 22.6% and equipment (includes HUSAR) for funding of \$3.8 million or 21.5%.
- The average request for the State of Good Repair (SOGR), over 5-years is \$3.636 million. This comprises an average of 47% of the 5-year plan, which now excludes the Radio Communication System Replacement project. The major impact of the Radio Communication System Replacement Project in 2009 has been addressed in terms of re-classifying the project as a corporate priority and reflecting the Toronto Fire Services' requirements together with similar joint requirements of EMS and Police Services as a separately managed program. This will be funded through debt in a corporate project and so does not effect the backlogs for these Services.
- Major drivers for SOGR for the two year period 2007/08 include Facilities, which includes Toryork Bays Extension \$1.98 million or 28.4%, Asset Management \$4.0 million or 57.5% and equipment (includes HUSAR) \$0.98 million or 14%.
- The only Service Improvement project is the Chaplin Fire & Ambulance Station at \$4.6 million, which has been moved beyond the year 2010 in order to facilitate debt planning.
- Growth projects average \$1.945 million per year or 25% of the five year plan. The Growth categories are composed of fire station builds and training facilities and are prioritized based on resource/land availability and current assessed need to maintain appropriate response times in



the course of providing fire protection services. This was originally based on the 1999 KPMG study. There are currently 5 facilities scheduled over the long range 10-Year Capital Program with 1 station build with the Harbourfront Training Centre projected to start within the 5-year plan. Four station builds have been moved beyond 2015. The Harbourfront Public Education/Training Centre is to start design in 2006 with construction commencing in 2007. This project is not debt funded and is utilizing federal/provincial subsidies and reserve funding and will be recommended conditional on confirmation of federal/provincial government funding. It is also recommended that alternate funding sources be identified, for example within the Waterfront Revitalization Corp.

- The average SOGR backlog over the 5-year plan is \$2.062 million. With this Revised 5-Year Capital Plan, the SOGR backlog impact, based on debt affordability is currently estimated to decrease to \$1.579 million by 2010. However, this is a increase compared to the backlog estimated in 2005 and is due mainly to Asset Management activities, which have been rescheduled to facilitate debt planning.
- The Revised 5-Year Capital Plan is based on moving 44% of the planned major facilities beyond the scope of the 10-year Capital Program. As recommended, Toronto Fire Services needs to review facility costing and priority, its SOGR backlog in conjunction with other City priorities in order to revise the Toronto Fire Services 2006-2010 Capital Plan at a sustainable debt funding level. *(See Recommendations 7 & 8)*

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>															
Computer Aided Dispatch/ Records Mgmt System (CAD/RMS)	3	973	973							0	0	973	973	973	973
<b>Sub-Total</b>				0	0	0	0	0	0	0	0	973	973	973	973
<b>Previously Approved:</b>															
Computer Aided Dispatch/ Records Mgmt System (CAD/RMS)	3	13,374	13,374			192	192			192	192			192	192
Portable Radio Additions	1	1,440	1,440			480	480			480	480			480	480
Training Facilities Renovations	2	882	882			294	294			294	294			294	294
STATION C	5	4,900	2,450			1,550	775			1,550	775			1,550	775
HUSAR Facility	2	2,100	525			1,900	475			1,900	475			1,900	475
Asset Mgmt 2005- Site Work	3	2,388	2,388			836	836			836	836			836	836
<b>Sub Total</b>				0	0	5,252	3,052	0	0	5,252	3,052	0	0	5,252	3,052
<b>New and Change in Scope Projects</b>															
Replacement of Defibrillators	1	1,500	958					1,500	958	1,500	958			1,500	958
Asset Mgmt 2006- Pre-engineering	3	200	200					200	200	200	200			200	200
Asset Mgmt 2006- Emergency Capital Repairs	3	504	504					504	504	504	504			504	504
Asset Mgmt 2006- Building Conditon Assessments	3	61	61					61	61	61	61			61	61
Asset Mgmt 2006- Site Work	3	1,185	1,185					1,185	1,185	1,185	1,185			1,185	1,185
Pro Fuel System Installation	3	180	180					180	180	180	180			180	180
HUSAR/JEPP 05/06-PROJECT	2	1,910	478					574	143	574	143			574	143
HUSAR Facility-Change in Scope	2	800	200					800	200	800	200			800	200
Communications Centre- Back-up Consoles	3	150	150					150	150	150	150			150	150
Communications Centre- QA Study	3	125	125					125	125	125	125			125	125
Toryork Bays Extension	3	100	100					100	100	100	100			100	100
Harbourfront-Public Education/Training Centre	5	4,227	0					200	0	200	0			200	0
<b>Sub Total</b>		10,942	4,141	0	0	0	0	5,579	3,806	5,579	3,806	0	0	5,579	3,806
<b>Total 2006</b>		10,942	4,141	0	0	5,252	3,052	5,579	3,806	10,831	6,858	973	973	11,804	7,831

\*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>								
Computer Aided Dispatch/ Records Mgmt System (CAD/RMS)	3	973	973			Final cash flow required upon completion of acceptance testing of Records Mgmt System	973	973
<b>Sub Total</b>		<b>973</b>	<b>973</b>	<b>0</b>	<b>0</b>		<b>973</b>	<b>973</b>
<b>2006 Previously Approved Commitments</b>								
Computer Aided Dispatch/ Records Mgmt System (CAD/RMS)	3	192	192			Final cash flow deferred to 2006 as of March 2005	192	192
Portable Radio Additions	1	480	480				480	480
Training Facilities Renovations	2	294	294				294	294
STATION C	5	1,550	775				1,550	775
HUSAR Facility	2	1,900	475				1,900	475
Asset Mgmt 2005- Site Work	3	836	836				836	836
<b>Sub Total</b>		<b>5,252</b>	<b>3,052</b>	<b>0</b>	<b>0</b>		<b>5,252</b>	<b>3,052</b>
<b>New Projects</b>								
Replacement of Defibrillators	1	1,500	958	(1,500)	(958)	Cash flow deferred, 50% to 2007, 50% to 2008	0	0
HUSAR/JEPP 05/06-PROJECT	2	574	143	1,336	334	Increase in 2005 cash flow referred to 2006 process (BAC)	1,910	478
HUSAR/JEPP 06/07-PROJECT	2	0	0	270	68	2006/2007 requirements identified through CM/CFO	270	68
Asset Mgmt 2006- Pre-engineering	3	200	200				200	200
Asset Mgmt 2006- Emergency Capital Repairs	3	504	504	(400)	(400)	Deferral based on current spending pattern	104	104
Asset Mgmt 2006- Building Condition Assessments	3	61	61				61	61
Asset Mgmt 2006- Site Work	3	1,185	1,185	(415)	(415)	Continued deferral of 35% (based on 2005 budget)	770	770
Pro Fuel System Installation	3	180	180				180	180
HUSAR Facility-Change in Scope	2	800	200				800	200
Communications Centre- Back-up Consoles	3	150	150				150	150
Communications Centre- QA Study	3	125	125				125	125
Toryork Bays Extension	3	100	100				100	100
Harbourfront-Public Education/Training Centre	5	200	0				200	0
<b>Sub Total New Projects</b>		<b>5,579</b>	<b>3,806</b>	<b>(708)</b>	<b>(1,371)</b>		<b>4,870</b>	<b>2,435</b>
<b>Total 2006 Proposed (Incl. 2005 C/Fwd)</b>		<b>11,804</b>	<b>7,831</b>	<b>(708)</b>	<b>(1,371)</b>		<b>11,095</b>	<b>6,460</b>
Less 2005 Carry Forwards		(973)	(973)	0	0		(973)	(973)
<b>Total 2006 Proposed (Excl. 2005 C/Fwd)</b>		<b>10,831</b>	<b>6,858</b>	<b>(708)</b>	<b>(1,371)</b>		<b>10,122</b>	<b>5,487</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		5,252		5,252	3,052	973	6,225	2,884	1,344				10,453
Change in Scope			800	800	200		800						800
New			2,726	2,726	2,266		2,726						2,726
New w/Future Year			1,344	1,344			1,344	3,241	1,871				6,456
<b>Total Expenditure</b>	<b>0</b>	<b>5,252</b>	<b>4,870</b>	<b>10,122</b>	<b>5,518</b>	<b>973</b>	<b>11,095</b>	<b>6,125</b>	<b>3,215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,435</b>
<b>Financing</b>													
Debt		3,052	2,435	5,487	5,518	973	6,460	2,716	819				9,995
Subsidy (SCPI)				0			0						0
Prov. Subsidy/Grant				0			0	719	624				1,343
Development Charges		775		775			775	1,050	525				2,350
Other				0			0						0
Federal Grants		1,425	2,235	3,660			3,660	922	624				5,206
Reserves/Res Funds			200	200			200	718	623				1,541
<b>Total Financing</b>	<b>0</b>	<b>5,252</b>	<b>4,870</b>	<b>10,122</b>		<b>973</b>	<b>11,095</b>	<b>6,125</b>	<b>3,215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,435</b>

**Comments / Issues:**

- The 2006 Proposed Capital Budget is \$11.095 million gross, including \$5.252 million in funding for previously approved commitments, \$4.870 million for new/change in scope projects and \$0.0973 million for projects carried forward from 2005 to 2006.
- Approval of the 2006 Proposed Capital Budget will result in commitments of \$6.125 million in 2007 and \$3.215 million in 2008 which will encumber the following years' spending. The 2007 & 2008 commitments are for Station C which is scheduled to start construction and the Harbourfront Public Education and Training Centre construction which is partly reserve funded and partly government funded (net cost to the City is zero). These two facilities account for \$7.177 million or 77% of the two year cash flow. Included in 2007 is \$0.815 million for Asset Mgmt deferred from 2006 to facilitate debt planning. Also included in the commitments is \$1.348 million over two years for Portable Radio Additions, HUSAR equipment and Fire Training Props & Equipment.
- As shown above, the 2006 guidelines allow for debt funding of all previously approved commitments, the change in scope for the HUSAR Facility and all of the proposed debt funded new projects for 2006.

## Operating Budget Impact

### Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)	107.0	60.0	60.0	(60.0)	0.0
Debt Service Charges (\$000s)	164.6	685.1	323.3	90.1	0.0
Approved Positions	1.0				

### 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:

2006 Capital Projects/Sub-Projects	2006 (\$000s)	2006 approved position change	2007 (\$000s)
HUSAR / CBRN Facility - Change in Scope	0	0	60
Communications Centre - QA Study	107	1	0
<b>TOTAL</b>	<b>107</b>	<b>1</b>	<b>60</b>

The Program has identified 1 new approved position in its submission.

The incremental operating costs outlined above include the following:

- HUSAR / CBRN Facility - Change in Scope: The change in scope primarily relates to the unforeseen increases in labour and construction materials to build the facility. The operating impact associated with this project is estimated to be \$60K per year for building maintenance and support starting in 2007.
- Communications Centre – Quality Assurance Study: The \$107K impact in 2006 is the beginning of annual cost for 1 staff to support the on-going data research entailed in completion of this project.

### Debt Service Cost

The 2006 Proposed Capital Budget for Toronto Fire Services will result in new debt service costs of \$0.165 million in 2006 and the incremental cost of \$0.685 million in 2007, \$0.323 million in 2008 and \$0.090 in 2009. The increase shown in 2007 is due to the full debt service cost impact of new project cash flow from 2006. This includes new projects and previously approved commitments. Projects for Asset Management and HUSAR expenditures are, respectively, 36% and 22% of this impact. (*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 Recommended Capital Budget versus Guideline**

The 2006 debt affordability guideline for Toronto Fire Services is set at \$5.518 million, which is 80.5% of the debt funding requested for New / Change of Scope and previously approved commitments approved in 2005 for 2006. If the 2006 Proposed Capital Budget is adopted, the Program will be under target by \$32 thousand. At this level, the Program is essentially on target and all previously approved commitments totalling \$3.052 million are accommodated within the debt guideline. The 2006 Proposed Capital Budget provides change in scope funding for increased construction costs for the HUSAR Facility. Note that the debt guidelines established for the HUSAR projects within the former Emergency Management Plan Program (EMP) (\$0.392 million in 2006) have been reallocated to Fire Services and are part of the debt guideline of \$5.518 million

The 2006 Proposed Capital Budget, has maximized use of virtually all available Reserve Fund and Development Charge financing available at this time.

**5 Year Capital Plan Overview**

- The Revised 5-Year Capital Plan reflects all asset needs as submitted by Toronto Fire Services. A major element of the future year estimates is the Asset Management plan. This plan has been developed with Corporate Facilities and represents planning requirements to ensure assets are maintained in a state of good repair. The other major capital component is the rebuild and new build of fire stations that has been incorporated into the 10 year plan, starting in 2005 and slowly ramping up into the period 2011 to 2015. 44% of the original build plan has been moved beyond 2015 to facilitate debt planning.
- The Revised 5-Year Capital Plan reflects coordination with the Council Priority of to “Strengthen our at-risk neighbourhoods” that improves community safety through maintenance and acquisition of Fire Services assets. Among these initiatives are the Asset Management program which seeks to maintain and preserve current facilities. Fire Station rebuilding and new building seeks to ensure the appropriate level of protection services in neighbourhoods across the city. Responsibility for the City’s HUSAR (Heavy Urban Search & Rescue) program also now resides with Fire Services. This 5-Year Capital Plan includes provision for the construction of a HUSAR building to serve as a command centre for marshalling of equipment and resources in the event the City requires this service.
- The current affordability guidelines are insufficient to sustain the projected future year estimates for the Program. Over the first 5-years of the plan there is an average annual deficit of \$2.5 million based on 2006 recommended debt levels. By 2010 the estimated additional backlog, based on revised projections<sup>1</sup>, is \$12.5 million.

- Based on current debt affordability, there was a need to revise the 5 and 10-year plans. This has been done and reflected in the Revised 5-Year Capital Plan. It was recommended in 2005 that the Acting Commissioner of Works & Emergency Services, in consultation with the Fire Chief, revise the 10 year plan to adjust the planned timing of Fire Station Rebuild and Relocation projects in order to achieve less condensed cash flow estimates. This has been addressed with respect to the Revised 5-Year Capital Plan. However will be revisited in conjunction with other City programs in order to provide a long range plan that coordinates with priorities related to new facilities.

<b>5 Year Capital Plan Summary</b>		<b>(\$000's)</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
Health & Safety	1,980	490	0	0	0	<b>2,470</b>
Legislative	5,173	1,084	1,894	0	0	<b>8,151</b>
SOG	4,506	4,424	5,759	3,894	3,498	<b>22,081</b>
Service Improvement	0	2,140	2,460	0	0	<b>4,600</b>
Growth Related	1,750	5,306	2,671	3,637	4,056	<b>17,420</b>
<b>Total projected cash flow</b>	<b>13,409</b>	<b>13,444</b>	<b>12,784</b>	<b>7,531</b>	<b>7,554</b>	<b>54,722</b>
<b>Debt Request</b>	<b>6,857</b>	<b>9,143</b>	<b>9,813</b>	<b>6,504</b>	<b>5,791</b>	<b>38,108</b>
<b>2006 Affordability Guideline</b>	<b>5,518</b>	<b>5,058</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>25,576</b>
<b>Yearly Backlog</b>	<b>(1,339)</b>	<b>(4,085)</b>	<b>(4,813)</b>	<b>(1,504)</b>	<b>(791)</b>	<b>(12,532)</b>
<b>Accumulated Backlog</b>	<b>(1,339)</b>	<b>(5,424)</b>	<b>(10,237)</b>	<b>(11,741)</b>	<b>(12,532)</b>	

1. The revised projections, as depicted in the above table, has been adjusted too remove the Radio Communications System Replacement and add funding for the HUSAR equipment projects identified in the CM/CFO reviews.

- State of readiness of projects is one of the main parameters for the two major components of the 5-year plan. The new station builds are scheduled based on project readiness determined by design readiness, perceived need and land availability. Except for Station C and the HUSAR Facility, all other station builds are in the very preliminary phase of determining land resources. The other major item of the plan is Asset Management. This is the optimum plan for scheduled preventive and maintenance work as determined in engineering estimates by the Corporate Facilities group.
- In the 5-year plan, State of Good Repair projects average approximately \$4.4 million per year for the period 2006-2010. This is equivalent to an average 43% of the total program per year. These estimates are mainly composed of timely scheduled preventive maintenance.
- Service Improvement/Growth related projects average \$4.4 million per year or approximately 43% of the Capital Plan in an average year. As mentioned previously, these cost estimates are driven by the station rebuilds, which would be prioritized based on need and resource/land availability.

5-Year Plan Proposed Changes (\$000)

Project / Sub-Project Name	2006		2007		2008		2009		2010		TOTAL 2011-2015		Comments / Issues
	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>	<b>10,831</b>	<b>6,858</b>	<b>13,174</b>	<b>9,143</b>	<b>12,784</b>	<b>9,813</b>	<b>44,218</b>	<b>43,191</b>	<b>7,554</b>	<b>5,791</b>	<b>48,645</b>	<b>43,671</b>	
<b>Proposed 2006 Changes</b>	(708)	(1,371)	1,835	1,362	750	479							2006 & 2007 Include new HUSAR equipment Defibrillators & Asset Mgmt deferred to 2007/08
<b>PROPOSED CHANGES: Balance</b>													
<b>Previously Approved:</b>													
Station C			(1,050)	(525)	1,050	525							
Station G													Moved from 2012 to 2014
<b>New:</b>													
Toryork Bays Extension			(500)	(500)			500	500					
Training Simulators (TFA)			(520)	(520)	(520)	(520)	520	520	520	520			Deferred to meet guideline
Water/Ice Rescue Simulator					(1,080)	(1,080)			1,080	1,080			Deferred to meet guideline
Asset Management Future Years			(1,761)	(1,761)	(822)	(822)	366	366	202	202			Deferred to 2015
Chaplin Fire & EMS Station			(2,140)	(2,140)	(2,460)	(2,460)					4,600	4,600	Deferred to 2011
Station A									(2,173)	(1,087)	2,173	1,087	Deferred to 2015
Station D							(3,637)	(2,910)	(1,883)	(1,506)	5,520	4,416	Deferred to 2012
Radio Communication Syst. Repl.							(36,667)	(36,667)					Moved to Non-Program
Radio Communication Syst. Upgrade					(935)	(935)							
<b>Sub-Total Proposed Changes</b>	(708)	(1,371)	(4,137)	(4,085)	(4,017)	(4,813)	(38,918)	(38,191)	(2,254)	(791)	12,293	10,103	
<b>Proposed 5-Yr. Cash Flow</b>	<b>10,122</b>	<b>5,487</b>	<b>9,037</b>	<b>5,058</b>	<b>8,767</b>	<b>5,000</b>	<b>5,300</b>	<b>5,000</b>	<b>5,300</b>	<b>5,000</b>	<b>60,938</b>	<b>53,774</b>	
<b>Debt Guideline</b>		<b>5,518</b>		<b>5,058</b>		<b>5,000</b>		<b>5,000</b>		<b>5,000</b>			
<b>Variance To Debt Guideline</b>		<b>(31)</b>											



**Capacity**

- If the last six consecutive years of program spending capacity are examined, the trend would seem to indicate a pattern where typically a year of greater under-spending is resolved in the following year. This would suggest a two-year cycle of spending in order to achieve full budget utilization.
- Average under-spending over the six-year period including the latest projection for 2005 would indicate an average yearly capacity of \$12.1 million representing an average under-spending of 29%. Similarly, focusing on the last three years, the corresponding amounts are an average capacity of \$8.7 million with under-spending averaging 35%. While this period is influenced by under-spending due to the CAD/RMS project, it is a relatively close to the 6 year average. 2005 indicates a continuation this trend but better at only 20% under-spending.
- In determining the appropriate capacity to be expected and so the appropriate budget, the program priorities should supersede any conclusions arrived at through reviewing the latest statistics. The accuracy of these recommended cash flows will depend on the variability to be found in the delivery of product/service from the contracted vendors and/or the ability of the program to expedite approved orders such as the completion of remaining project milestones for the CAD/RMS project and major build projects such as Station C and Asset Management. For 2006, Asset Management projects are based on the needs assessment done in consultation with Corporate Facilities. Station C is almost complete in the planning stage and is ready to go to tender with construction starting in 2006. The planning for the HUSAR Facility is complete with confirmation of other government funding. The balance of station builds schedule for 2006-2010 are generally still only planned and need to confirm availability of land to proceed.

**Backlog of Projects – Unmet Needs**

Typically, backlog represents work deferred from past years as well as items requested for 2006, which cannot be accommodated in the budget. The 10-Year Capital Program includes the 2005 for of Toronto Fire Services is 24% higher than the 2006 Proposed Capital Budget. It can be seen in the earlier table entitled “*2006 Proposed Capital Budget Changes*”, activities requested for 2006 have been deferred and which adds to the existing backlog. For example, the ongoing Asset Management projects, which are co-ordinated with Corporate Facilities, are viewed in the request as a constant “manageable and affordable rehabilitation program”. The recommended budget has deferred a nominal 35% of the 2006 program to 2007 based on historical spending and current commitments in the system. It is recommended that affordability generated project backlogs be re-planned for completion within the balance of 5-year plan.

A main focus of the 10-Year Capital Program remains the rebuild or replacement of existing fire stations and training facilities. The program, originally based on the 1999 KPMG study, encompasses 9 locations. The first 5-year segment involves 3 locations including Station C, the HUSAR Facility and the Harbourfront Training Centre. The original 10-Year Capital Program reflects previous budget recommendations that the station/facility builds be re-scheduled in a more staggered cash flow. However, the revised 10-Year Capital Program means that the second 5 year segment cash flows are further separated in order that the Program achieve optimum affordability in view of other competing city priorities. This plan represents what can be accomplished in terms of cash flow spending given the constraints of budget and project scheduling.

**Development Charge Funding**

The 5-Year Capital Plan and 10-Year Capital Program for the Growth portion of the Fire Services Capital program includes Development Charge funding dedicated to the fire station builds. The 10 year plan includes \$6.846 million or 8.6% to be funded through Development Charge Reserves. The Revised 5-Year Capital Plan incorporates \$2.3 million or 11.8% funding from Development Charges. While this funding source has been applied in accordance with the bylaw, Fire Services will continue to monitor available DC funding to determine whether the 2006 and future year projects that are eligible for further Development Charge funding and modify the five year plan to reflect any further possible use of this source of financing.

**CAD/RMS (Computer Aided Dispatch/ Record Management System)**

As part of Council's approval of the 1999 Capital Budget, cash flow funding of \$14.5 million was approved for a CAD project that was a Corporate (Amalgamation) Transition Capital project. During the 2003 Capital Budget process, Transition projects were transferred to the responsible program including this one to Fire Services. CAD/RMS (Computer Aided Dispatch / Record Management System) is currently entering its final year of capital expenditure. Originally approved at a project cost of \$14.5 million and cash flowed over 3 years, the project has a 2006 proposed cash flow comprised of \$0.973 million carry forward funding from 2005 and \$0.192 million to fund the previously approved commitments for 2005 that were deferred to 2006 through the first quarter variance report. The carry forward funding from 2005 is for acceptance testing and is required to address residual contract payments. The project's last remaining milestones are expected to be complete in 2005. The total project cost has not changed since approval and it is anticipated that the project will be completed within budget. Once complete, the system will allow Toronto Fire Services greater effectiveness allowing them to be fully integrated with Bell Canada's Emergency 9-1-1 System, recommending resources and apparatus for dispatch, tracking of vehicles via on-board computers, a full computerization of schedule planning and fire prevention inspection activities.

**Radio Communication System Replacement**

The major budget impact of the Radio Communication System Replacement Project in 2009 has been addressed in terms of re-classifying the project as a corporate priority and reflecting the Toronto Fire Services' requirements together with similar joint requirements of EMS and Police Services as a separately managed program. This will be funded through debt in a corporate project and so does not effect the backlogs for these Services.

- On October 25, 2005 a meeting was held with all three programs and Financial Planning in order to get a current status on the project and rationalize the latest project cost and cash flow estimates.
  - This project for replacement of the radio system infrastructure has currently been re-estimated. The total project cost is estimated to be \$70 million and would incorporate new system infrastructure requirements for all three services.

- In addition, the estimated \$43 million for the Police Services share was re-identified as being the required funding for the replacement of handheld radios currently dating from 1992.
- It should be noted that both Fire Services and EMS have budgeted for replacement of Portable radios within the 2006 Proposed Capital Budgets and would be in addition to the funding for the system replacement but would be compatible with this system replacement.
- A feasibility study by the consultant is to be tabled at the Steering Committee on November 14, 2005. This report is to detail which type of system should be implemented and related time lines and funding requirements.
- It is recommended that the Fire Chief, in consultation with the Steering Committee, confirm detailed cash flows by program by June 2006 as part of the scheduled revisiting of the 4-Year Capital Plan.
- The currently estimated cash flows are as follows:

<b>\$000s</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2006-2010</b>	<b>2011-2015</b>	<b>Total</b>
Consultant	100				500				500
Proposed Cash Flow System Replacement						17,375	34,750	17,375	69,500
% per year						25%	50%	25%	
Police Handheld Radio Replacements			7,133	5,133	5,133	11,133	28,532	14,266	42,898
<b>Total Project</b>	<b>100</b>	<b>-</b>	<b>7,133</b>	<b>5,133</b>	<b>5,633</b>	<b>28,508</b>	<b>63,283</b>	<b>31,641</b>	<b>112,898</b>

## **Issues Referred to 2006 Capital Budget**

### **HUSAR/CBRN**

There are 3 projects included within the 2006 Proposed Capital Budget that represent the HUSAR/CBRN (Heavy Urban Search and Rescue/ Chemical, Biological, Radiological, Nuclear) project. The 3 projects are HUSAR Facility and the HUSAR/JEPP Equipment projects for 2005/06 and 2006/07 respectively. The former is to provide a central location for management of human and material resources related to the HUSAR program. The latter projects provide funding to acquire new HUSAR equipment. Both projects are being transferred from the Emergency Management Plan Program.

At its meeting of September 16, 2005 Budget Advisory Committee received the report dated September 12, 2005 entitled “ Request For In-Year Capital Budget Funding For Federally Cost Shared Heavy Urban Search and Rescue (HUSAR) Program Equipment Acquisition” from the Deputy City Manager requesting that the 2005 Fire Services Capital Budget be increased by \$1.910 million for the purchase of HUSAR equipment. This was composed of an estimated 2005 gross expenditure of \$1.336 million, \$0.335 million net and a 2006 commitment of \$0.573 million gross, \$0.142 million net. Budget Advisory Committee referred the report to the 2006 Budget Process. As a result, the whole cash flow is now scheduled in 2006.

While the Facility project has received funding confirmation, the HUSAR equipment project has not and therefore the acquisition of the equipment cannot proceed without confirmation of federal JEPP (Joint Emergency Preparedness Program) funding. It should also be noted that the HUSAR Facility project which has cash flow commitments of \$2.7 million gross, \$675 million net and 2005 carry forward funding of \$0.800 million gross and \$0.200 million net is approximately 80% complete in planning and should be tendered in the Fall of 2005.

## **Outstanding Issues from Prior Years**

-None



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

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

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



## Appendix 4

### Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Balance as of Sep 30	Proposed Withdrawals			
			2006	2007	2008	2009 & Beyond
<b>XQ1020 Vehicle Reserve Fire Equipment</b>	<b>FIR906671 Replacement of Defibrillators</b>	<b>\$449</b>	<b>271</b>	<b>271</b>		
XR2023 Development Charges RF Fire	FIR000118 Station C-Sheppard & Leslie	\$1,974	775	1,100	475	
XR2023 Development Charges RF Fire	FIR000167 Station D-Eglinton & Midland	see above				1,104
XR2023 Development Charges RF Fire	FIR000121 Station A-Hwy 27 & Rexdale	see above				2,047
XR2023 Development Charges RF Fire	FIR000117 Station B- Keele & Wilson	see above				1,168
XR2023 Development Charges RF Fire	FIR000124 Station G-Sunnybrook	see above				1,345
<b>XR2023 Development Charges RF Fire</b>	<b>Subtotal</b>	<b>1,974</b>	<b>775</b>	<b>1,100</b>	<b>475</b>	<b>5,664</b>
<b>XR4205 Fire Services Public Ed. RF</b>	<b>FIR906772 Harbourfront Public Ed./Training Centr</b>	<b>\$201</b>	<b>200</b>	<b>718</b>	<b>889</b>	
<b>Total Reserve / Reserve Fund</b>		<b>\$2,625</b>	<b>\$1,246</b>	<b>\$2,089</b>	<b>\$1,364</b>	<b>\$5,664</b>