

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 \$10.321 million was 38% spent as at September 30, 2005. Actual expenditures by year-end are anticipated to be \$7.216 million, or 70% of the Approved Budget. This projected under expenditure is primarily attributed to legal contracts negotiations, and project management delays.
- The 2006-2015 Revised Capital Program totals \$77.638 million of which \$49.934 million is projected for the Program's 5-Year Capital Plan, with 2006 cash flow of \$10.714 million, \$9.121 million in 2007, \$10.047 million in 2008, \$10.079 million in 2009 and \$9.973 million in 2010.
- The 2006 Proposed Revised Capital Budget including previously approved commitments requires new 2006 cash flow of \$8.450 million gross funded from debt, and \$1.022 million funded from the Information and Technology Equipment Replacement Reserve. This cash flow combined with carry forward funding of \$1.242 million for 2005 projects brings the total 2006 Proposed Capital Budget to \$10.714 million gross.
- 86% of the 2006 proposed new cash flow is allocated to State-of-Good-Repair projects at \$9.213 million, 12% to Service Improvement projects at \$1.251 million, and 2% to Legislative or contractually required projects at \$0.250 million.
- The 2006 Proposed Revised Capital Budget requires 2006 cash flow funding of \$10.714 million for projects related to:
 - Network Upgrade: \$1.483 million
 - Application Systems: \$5.220 million
 - Technology Infrastructure : \$2.552 million
 - Corporate Planning and Management : \$1.459 million
- The 2006 Proposed Revised 5-Year Plan reflects funding for projects related to Application Systems, Technology Infrastructure and Corporate Planning and Management. It incorporates \$3.461 million in 2006 to address backlog of capital projects. It does not include any potential impact arising from the studies related to the e-City Strategic Plan or the Voice-Over Internet Protocol.
- The 2006 Proposed Revised 5 Year Plan exceeds the debt targets by \$0.225 million over the five year period.
- The 2007-2010 cash flow projections of \$9.121 million in 2007; \$10.047 million in 2008; \$10.079 million in 2009; and \$9.973 million in 2010, and the future year commitments as a result of the 2006 Proposed Revised Capital Budget for Information and Technology will be referred to the Deputy City Manager and 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.

Recommendations

It is recommended that:

1. the 2006-2015 Information and Technology Capital Program request with a total 10-year project cost of \$55.065 million be received;
2. the 2006 Proposed Capital Budget for Information and Technology with a total project cost of \$18.991 million and a 2006 cash flow of \$10.714 million be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 24 new sub-projects with a 2006 total project cost of \$18.991 million that requires cash flow of \$5.759 million in 2006, and a future year commitment of \$3.711 million in 2007, \$3.402 million in 2008, \$2.375 million in 2009 and \$1.460 million in 2010;
 - ii) 2 previously approved sub-projects with a 2006 cash flow of \$0.941 million, and future year commitments of \$1.040 million in 2007, \$1.200 million in 2008, \$2.379 million in 2009 and \$2.780 million in 2010;
 - iii) 6 sub-projects from previously approved projects with carry forward funding from 2004 and prior years requiring 2006 cash flow of \$3.713 million, and a future year commitment of \$0.908 million in 2007, which forms part of the affordability targets that requires Council to reaffirm its commitment; and
 - b) 2006 approved cash flow for 4 previously approved sub-projects with carry forward funding from 2005 into 2006 totalling \$1.242 million;
3. new debt service costs of \$0.254 million in 2006 and incremental costs of \$0.930 million in 2007 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 Information and Technology Operating Budget of \$0.117 million in 2006 and \$0.728 million in 2007 emanating from the approval of the 2006 Proposed Capital Budget be considered within the overall scope of the Information and Technology 2006 and future years operating budget submission; and
5. the revised cash flow projections of \$9.121 million in 2007; \$10.047 million in 2008; \$10.079 million in 2009; and \$9.973 million for Information and Technology be referred to the Deputy City Manager and 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.
6. As part of the 2007 Capital Budgets process, the City Manager and Deputy City Manager and Chief Financial Officer's will review all proposed Information and Technology Projects across the City, to ensure Corporate and Program Information Technology projects are aligned and co-ordinated. Information and Technology's sign-off will be required for all I & T related projects proposed by the Programs.

2005 Capital Variance Review

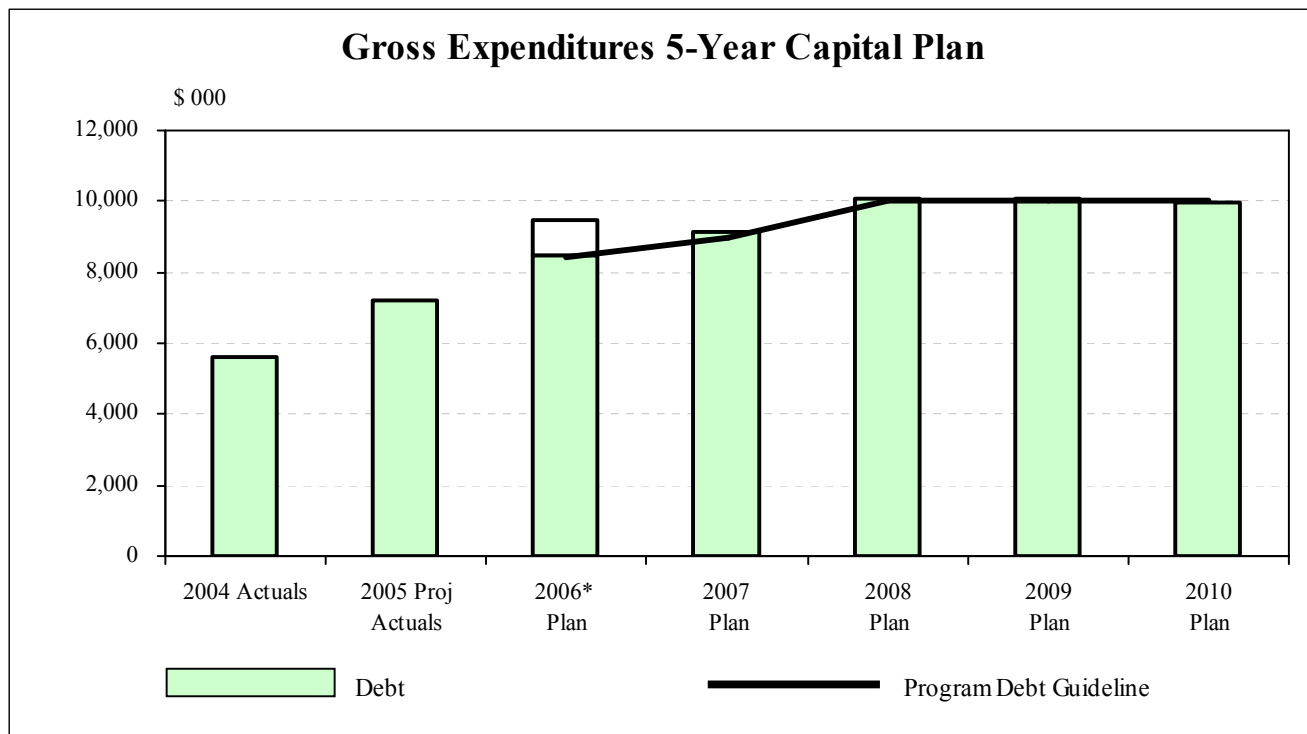
2005 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2005 Approved	Actuals as of Sept. 30 Y-T-D (3rd Qtr Variance)		Projected Actuals to Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
10,321	3,919	38	7,216	70	3,105

Comments / Issues:

- Information and Technology is projecting a year end spending rate of 70% or \$7.216 million for 2005 approved projects as of September 30, 2005. This spending rate represents an improvement over the 43% achieved in 2004.
- All of the total projected unspent balance of \$3.105 million at the end of 2005 will carry forward from 2005 into 2006, of which \$1.242 million of the unspent balance is related to 2005 approved projects. 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 projected year end unspent balance is due to a combination of the timing of the Capital Budget approval, the complexity of the RFP process, and subsequent legal negotiations between the City and the selected vendors.
 - Although the budget was approved in February, the specifications are often quite complex, and take a substantial amount of time to develop and finalize. Often, the negotiations between the City's legal staff and the vendors tend to delay the onset of work as the contracts cannot be executed until the terms and conditions are finalized.
- Examples of projects experiencing some delays include:
 - i. Performance & Service Level Management Implementation: The under spending of \$0.096 million gross in 2005 is the result of difficulties experienced in the RFP process, with three separate calls ending without a successful bid, either because there was no tender received, the bid failed through legal contract negotiation, or no one qualified.
 - ii. Data Warehousing Strategy – Enterprise Implementation: The under spending of \$0.495 million is due to a change in scope that delayed the development and issuance of the RFP, which is presently in Purchasing for review and subsequent release. No commitment or contract is expected until the first quarter in 2006.

- iii. Document Imaging and Management: The under spending of \$0.350 million is attributed to the proposals evaluation process, and expected to be completed in the fourth quarter of 2005. Contract execution is anticipated for the first quarter of 2006.
- Information and Technology staff are working with Legal Services, Purchasing and Materials Management, and Risk Management to develop strategies to reduce the time required to finalize legal negotiations.

5-Year Capital Plan (2006-2010)



	5 Year Plan							2006-2010
	2004	2005	2006	2007	2008	2009	2010	
Gross Expenditures:								
Budget (Excluding 1-Yr. Carry/Fwd)	12,158	5,297	9,472	9,121	10,047	10,079	9,973	48,692
1-Yr Carry/Fwd Gross (Reference only)	7,919	5,024	1,242					
Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd	20,077	10,321	10,714					
Actuals	5,591	7,216						
Financing:								
Debt	12,158	10,321	8,450	9,121	10,047	10,079	9,973	47,670
Debt Actuals (including 1-Yr Carry/Fwd)	5,591	7,216						
Program Debt Target			8,445	9,000	10,000	10,000	10,000	47,445
Other Financing Sources:								
Reserves/Reserve Funds			1,022	0	0	0	0	1,022
Development Charges			0	0	0	0	0	0
Federal			0	0	0	0	0	0
Provincial			0	0	0	0	0	0
Other Revenue			0	0	0	0	0	0
By Category:								
Health & Safety								0
Legislative			250	0	250	480	380	1,360
SOGR			9,213	8,271	9,395	9,599	9,593	46,071
Service Improvement			1,251	850	402	0	0	2,503
Growth Related			0	0	0	0	0	0
Yearly SOGR Backlog Estimate (not addressed by current year projects)	0	0	0	0	0	0	0	0
Accumulated Backlog Estimate (end of year)	16,362	16,362	16,362	16,362	16,362	16,362	16,362	16,362

*Note: 2006 Debt excludes 1-year carry forward debt funding.

- The Revised 5-Year Capital Plan ensures that the City has a secure, and high performance technology infrastructure and systems environment that is maintained in a state of good repair, and can be flexible enough to responsively adapt to changing business priorities.
- The Revised 5-Year Capital Plan identifies total cash flow of \$49.934 million, with 2006 cash flow of \$10.714 million, \$9.121 million in 2007, \$10.047 million in 2008, \$10.079 million in 2009 and \$9.973 million in 2010.
- The 2006-2010 Revised 5-Year Plan reflects cash flow totalling \$29.769 million for projects related to:
 - Network Upgrade : \$8.642 million
 - Application Systems: \$9.399 million
 - Technology Infrastructure : \$6.902 million
 - Corporate Planning and Management : \$4.826 million
- 86% of the 2006 requested new cash flow is allocated to State-of-Good-Repair projects, 12% to Service Improvement projects, and 2% to Legislative or contractually required projects.
The most significant projects requiring SOGR funding are:

- a) Network Upgrade beginning in 2006 requiring \$1.483 million;
 - b) Applications Systems, including document, data retention and management; projects to improve the City's ability to electronically distribute consistent virus and security patches, to continue with the program to migrate data from obsolete technology to current technical environments, and to archive SAP data to ensure that data volumes do not adversely impact the production system, which require \$5.220 million in 2006;
 - c) Technology infrastructure, including data centre, and directory services, and technology asset management requiring \$2.552 million in 2006; and
 - d) Corporate Planning and Management, including enterprise patch management, and ITIL best practices implementation requiring \$1.459 million in 2006.
- In consideration of the affordability guidelines, the Revised 5-Year Capital Plan uses a ramping up of resources to deal with the backlog of projects valued at \$16.362 million. For example, the disaster recovery plan requires 2006 cash flow of \$0.841 million, which will ramp up in the future years, with \$1.000 million in 2007, and \$1.000 million in 2008, and \$2.379 million and \$2.780 million in 2009 and 2010 respectively.
 - The Revised 5-Year Capital Plan has attempted to smooth out the cash flow to meet targets with cash flow of \$10.714 million, \$9.121 million in 2007, \$10.047 million in 2008, \$10.079 million in 2009 and \$9.973 million in 2010.
 - The following studies have yet to be completed (both targeted for 2006) that could impact the Revised 5-Year Capital Plan.
 - E-City Strategic Plan
 - Voice over Internet Protocol

The e-City Strategic Plan may generate a new list of requirements/opportunities and/or revise the set of priorities for funding requirements in Information and Technology.

- The projected spending rate for 2005 of 70% indicates that the Program has been able to improve over the 2004 spending rate of 43%, and continues to ensure that project delays are kept to a minimum. Information and Technology staff are working with Legal Services, Purchasing and Materials Management and Risk Management to develop strategies to reduce the time required to finalize legal negotiations.

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
Carryforwards:															
Data Warehousing Strategy	3	2,033	2,033	767	767			-		767	767			767	767
Network Upgrade - Application Response	4	500	500									92	92	92	92
Network Upgrade - Telecom Mgmt	3	750	750							-	-	300	300	300	300
Network Upgrade - Lifecycle Mgmt	3	6,914	6,914							-	-	250	250	250	250
Doc Mgmt - Develop and Test	3	1,000	1,000	155	155					155	155			155	155
Doc Mgmt - Litigation Pilot	4	2,265	2,265	1,098	1,098					1,098	1,098			1,098	1,098
Ownership - eCity Strategy	3	600	600							-	-	600	600	600	600
SAP Archiving	3	1,900	1,900	1,200	1,200					1,200	1,200			1,200	1,200
Total				3,220	3,220	0	0	0	0	3,220	3,220	1,242	1,242	4,462	4,462
Previously Approved:															
Network Upgrade - Disaster Recovery	3	9,000	9,000			841	841			841	841			841	841
Geospatial - Integrated Environment	3	510	510			100	100			100	100			100	100
Total				3,220	3,220	941	941	0	0	941	941	1,242	1,242	5,403	941

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2006 Capital Budget Submission Summary (continued)

(\$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
New and Change in Scope Projects															
Doc Mgmt - Develop and Test	3	99	99					594	594	594	594			594	594
Geospatial - Integrated Environment-Tools	3	240	240					120	120	120	120			120	120
SAP Archiving	3	540	540					750	750	750	750			750	750
App Sys - Mainframe Decommissioning	3	3,950	3,950					250	250	250	250			250	250
App Sys - Electronic Records Mgmt	2	1,740	1,740					250	250	250	250			250	250
App Sys - Live Stream Upgrade	3	196	196					196	196	196	196			196	196
App Sys - SAP Personnel Qualifications	3	680	680					500	500	500	500			500	500
App Sys - Solution Mgr Implementation	3	230	230					230	230	230	230			230	230
App Sys - Data Mgmt - Mainframe	3	1,600	1,600					400	400	400	400			400	400
App Sys - Webtrends Integration	3	169	169					169	169	169	169			169	169
App Sys - Web Content Mgmt	3	229	229					229	229	229	229			229	229
App Sys - Data Retention - Client Server	3	865	865					375	375	375	375			375	375
App Sys - EAI Solution & Interfaces	3	650	650					150	150	150	150			150	150
Corp Mgmt - IT Perform Measurements	4	618	618					64	64	64	64			64	64
Corp Mgmt - Enterprise Patch Mgmt	3	1,058	1,058					245	245	245	245			245	245
Corp Mgmt - Server-Project Mgmt	3	756	756					152	152	152	152			152	152
Corp Mgmt - ITIL-Best Practices Implement	3	2,595	2,595					493	493	493	493			493	493
Tech Infrastructure - Data Centre Expand	3	2,500	2,500					460	460	460	460			460	460
Tech Infrastructure - Directory Services	3	980	980					480	480	480	480			480	480
Tech Infrastructure - VoiP Strategy	3	400	400					300	300	300	300			300	300
Tech Infrastructure - Operations Mgmt Tools	3	900	900					200	200	200	200			200	200
Tech Infrastructure - HSM & email acchiving	3	1,000	1,000					190	190	190	190			190	190
Tech Infrastructure - Tech Asset Mgmt	3	1,122	1,122					1,022	1,022	1,022	1,022			1,022	1,022
Sub Total		21,557	21,557	-	-	-	-	6,319	6,319	6,319	6,319	-	-	6,319	6,319
		-													
Total		21,557	21,557	3,220	3,220	941	941	6,319	6,319	10,480	10,480	1,242	1,242	11,722	11,722

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
2005 Carryforwards								
Other Carry Forwards (details on previous page)	3	1,242	1,242				1,242	1,242
Sub Total		1,242	1,242	0	0		1,242	1,242
2004 Carryforwards								
Doc Mgmt - Litigation	4	1,098	1,098	(448)	(448)	Reduction to achieve debt target.	650	650
Other Carry Forwards (details on previous page)	3	2,122	2,122				2,122	2,122
Sub Total		3,220	3,220	(448)	(448)		2,772	2,772
2006 Previously Approved Commitments								
Other Previously Approved (details on previous page)	3	941	941				941	941
Sub Total		941	941	0	0		941	941
New Projects	3							
Geospatial-Integrated Environment Tools	3	120	120	(110)	(110)	Reduction to achieve debt target.	10	10
Live Stream Upgrade	3	196	196	(100)	(100)	Reduction to achieve debt target.	96	96
SAP Personnel Qualifications	3	500	500	(350)	(350)	Reduction to achieve debt target.	150	150
Server Project Management	3	152	152	(152)	(152)	Reduction to achieve debt target.	-	-
ITIL Best Practices Implementation	3	493	493	(193)	(193)	Reduction to achieve debt target.	300	300
Operations Mangement Tools	3	200	200	(100)	(100)	Reduction to achieve debt target.	100	100
Technology Asset Management	3	1,022	1,022	0	(1,022)	Reduction to achieve debt target.	1,022	0
Human Resource Organization Publisher	4	0	0	195	195	Transfer from HR recommended	195	195
Corporate Grants Information System	4	0	0	250	250	Transfer from Grants Program	250	250
Other New Projects (details on previous page)	3	3,636	3,636				3,636	3,636
Sub Total New Projects		6,319	6,319	(560)	(560)		5,759	4,737
Total 2006 Proposed (Incl. 2005 C/Fwd)		11,722	11,722	(1,008)	(1,008)		10,714	9,692
Less 2005 Carry Forwards		(1,242)	(1,242)	0	0		(1,242)	(1,242)
Total 2006 Proposed (Excl. 2005 C/Fwd)		10,480	10,480	(1,008)	(1,008)		9,472	8,450

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
Expenditures													
Previously Approved	2,772	941		3,713	0	1,242	4,955	1,948	1,000	2,379	2,780		13,062
Change in Scope					0		0						0
New			1,423	1,423	0		1,423						1,423
New w/Future Year			4,336	4,336	0		4,336	3,711	3,402	2,375	1,460		15,284
Total Expenditure	2,772	941	5,759	9,472	0	1,242	10,714	5,659	4,402	4,754	4,240	0	29,769
Financing													
Debt	2,772	941	4,737	8,450	8,450	1,242	9,692	5,659	4,402	4,754	4,240		28,747
Subsidy (SCPI)					0								0
Prov. Subsidy/Grant					0								0
Development Charges					0								0
Other				0	0		0						0
Federal Grants					0								0
Reserves/Res Funds	0	0	1,022	1,022	0	0	1,022						1,022
Total Financing	2,772	941	5,759	9,472	8,450	1,242	10,714	5,659	4,402	4,754	4,240	0	29,769

Comments / Issues:

- The 2006 Proposed Capital Budget is \$10.714 million gross, including \$3.713 million in funding for previously approved commitments, \$5.759 million for new/change in scope projects and \$1.242 million to fund projects carried forward from 2005 to 2006.
- Approval of the 2006 Proposed Capital Budget will result in a commitment of \$5.659 million in 2007, \$4.402 million in 2008, \$4.754 million in 2009 and \$4.240 million in 2010.

5 – Year Plan Proposed Changes (\$000s)

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
PROGRAM REQUEST		10,480	10,480	14,101	14,101	12,091	12,091	10,576	10,576	10,929	10,929	58,177	58,177
PROPOSED CHANGES:													
2004 Carry Forwards:													
Doc Mgmt - Litigation	4	(448)	(448)	448	448								
Previously Approved:													
New:													
Geospatial-Integrated Environment Tools	3	(110)	(110)									(110)	(110)
Live Stream Upgrade	3	(100)	(100)									(100)	(100)
SAP Personnel Qualifications	3	(350)	(350)	0	0	250	250					(100)	(100)
Server Project Management	3	(152)	(152)			(190)	(190)	190	190			(152)	(152)
ITIL Best Practices Implementation	3	(193)	(193)	(298)	(298)	140	140	140	140	(84)	(84)	(295)	(295)
Operations Mangement Tools	3	(100)	(100)					100	100			0	0
Technology Asset Management	3	0	(1,022)									0	(1,022)
Human Resource Organization Publisher	4	195	195									195	195
Corporate Grants Information System	4	250	250									250	250
Future years estimates				(5,130)	(5,130)	(2,244)	(2,244)	(927)	(927)	(872)	(872)	(9,173)	(9,173)
Sub-Total		(1,008)	(2,030)	(4,980)	(4,980)	(2,044)	(2,044)	(497)	(497)	(956)	(956)	(9,485)	(10,507)
Proposed Cash Flow		9,472	8,450	9,121	9,121	10,047	10,047	10,079	10,079	9,973	9,973	48,692	47,670
Debt Guideline			8,445		9,000		10,000		10,000		10,000		47,445
Variance To Debt Guideline			5		121		47		79		(27)		225

Operating Budget Impact

Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)	117.0	728.0	474.0	113.0	66.0
Debt Service Charges (\$000s)	253.5	929.5	0.0	0.0	0.0
Approved Positions	0.0				

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)
ITP906881-29	Data Retention - Client Server	10.0	0	0.0
ITP906881-25	Webtrends Integration - Phase 2	30.0	0	0.0
ITP906882-8	TCO-Enterprise Patch Mgmt	20.0	0	110.0
ITP906883-2	Network - Directory Services	17.0	0	3.0
ITP906883-4	P&S-Operations Management Tools	14.0	0	20.0
ITP906883-5	HSM&eMail Archiving Solutions	26.0	0	39.0
ITP906882-7	CA Unicentre Service Plus Service Desk	0.0	0	20.0
ITP906881-10	WCM Vignette Upgrade	0.0	0	85.0
ITP906881-30	HR Org Publisher Implementation	0.0	0	15.0
ITP906883-6	Technology Asset Management	0.0	0	180.0
ITP906881-27	DW - EAI Solution & Business Interfaces	0.0	0	25.0
ITP000222-2	DW Enterprise Implementation	0.0	0	231.0
TOTAL		117.0	0	728.0

- The incremental operating impact from Capital is for additional maintenance charges and licensing fees once systems project implementation is finalized.

PART II: ISSUES FOR DISCUSSION

2006 Issues

2006 Recommended Capital Budget versus Guideline

The 2006 debt affordability guideline for Information and Technology was set at \$8.445 million. The 2006 Proposed Capital Budget is \$10.714 million, of which \$8.450 million is funded from debt, and \$1.022 million is funded from the Information and Technology Equipment Reserve. The latter is for the Technology Asset Management project which is directly related to the Information and Technology Sustainment Program for which a reserve funding strategy is in place. The Technology Asset Management project will implement an enterprise-scale, integrated solution that manages the entire lifecycle for information and technology assets within the City.

The 2006 Proposed Revised Capital Budget \$10.714 million for Information and Technology was adjusted from its submission based on the Program's need and ability to spend.

The \$8.450 million debt funding is mostly for State of Good Repair projects, and exceeds the guideline by \$0.005 million.

5 Year Capital Plan Overview

The Revised 5-Year Capital Plan ensures that the City has a secure, and high performance technology infrastructure and systems environment that is maintained in a state of good repair, and can be flexible enough to responsively adapt to changing business priorities.

The Plan supports two primary priorities of Council, namely:

- Improving public services:
 - Website improvements for better information access
 - Online services infrastructure and applications
 - 311 (many elements of 311 depend upon the core I&T infrastructure)
- Increasing public involvement in civic affairs:
 - Elections system
 - eGovernment initiatives such as video streaming of Council meetings

86% of the 2006 Proposed Capital Budget is for State of Good Repairs projects. This includes projects that are designed to ensure that the City's primary data centre at 703 Don Mills has sufficient capacity to maintain services, and that a disaster recovery plan is initiated to enable the City to recover from an unforeseen disaster. A major outage of technology components can have very serious consequences, if there is not a backup system to allow the City to continue to operate. The City will effectively be paralyzed. A disaster recovery project is overdue, and urgently needed.

Included in the Revised 5-Year Capital Plan are projects to improve the City's ability to electronically distribute consistent virus and security patches, continuing with the program to migrate data from obsolete to current technical environments and archiving SAP data to ensure that data volumes do not

adversely impact the production system. This will help maintain the performance of the technology environment.

The Revised 5-Year Capital Plan uses a ramping up of resources to deal with the backlog of projects valued at \$16.362 million. For example, the disaster recovery plan requires 2006 cash flow of \$0.841 million, which will ramp up in the future years, with \$1.000 million in 2007, and \$1.000 million in 2008, and \$2.379 million and \$2.780 million in 2009 and 2010 respectively.

The Revised 5-Year Capital Plan has attempted to smooth out the cash flow to meet targets with cash flow of \$10.714 million, \$9.121 million in 2007, \$10.047 million in 2008, \$10.079 million in 2009 and \$9.973 million in 2010.

The following studies have yet to be completed (both targeted for 2006) that could impact the Revised 5-Year Capital Plan.

- E-City Strategic Plan
- Voice-over Internet Protocol

The e-City Strategic Plan may generate a new list of requirements/opportunities and/or revise the set of priorities for funding requirements in Information and Technology.

The forecast for the five years subsequent to 2010 is also included at the aggregate project level. These numbers are very rough estimates. While some sub-projects can be forecast past five years, Information and Technology is an area in which it is difficult to predict beyond five years, as it responds to changes in business priorities and emerging technology opportunities.

The 2007-2010 cash flow projections of \$9.121 million in 2007; \$10.047 million in 2008; \$10.079 million in 2009; and \$9.973 million for Information and Technology be referred to the Deputy City Manager and 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.

Capacity

The 2005 projected rate of spending for the program is 70%. This is an improvement over 2004, when the spending rate was 43%. In the past, several factors such as, the procurement planning, the late capital budget approval, and the complexity of negotiating legal agreements contributed to long delays in project start up, and/or completion. With the 2006 Capital Budget receiving approval by December 31, 2005, the tendering can begin sooner. The Program expects to achieve a significant improvement in its spending rate.

Information and Technology staff are working with Legal Services, Purchasing and Materials Management, and Risk Management to develop strategies to reduce the time required to finalize legal negotiations.

Backlog of Projects

Information and Technology has identified \$16.362 million in project backlog, as follows:

Disaster Recovery Plan	\$8.159
SAP Archiving	\$1.000
Mainframe Decommissioning	\$4.550
SAP-Personnel Qualifications	\$0.180
EAI – Solution and interfaces	\$0.100
Data Retention – Client Server	\$0.490
Patch Management	\$0.813
Directory Services	\$0.500
Technology Asset management	\$0.570

The 2006 Capital Budget begins to address the backlog of projects with a slow start in light of the affordability targets. Given a limited debt target of only \$8.445 million in 2006, the Revised 5-Year Capital Plan addresses the backlog of projects and indicates a smaller cash flow request in 2006 of \$3.461 million to facilitate the projects to begin, and increasing the cash flow projections in the future years to complete the projects. For example, the disaster recovery plan identifies a 2006 cash flow of only \$0.841 million, which will ramp up in the future years. Similarly, the Mainframe decommissioning requires \$0.250 million in 2006, but will require \$3.950 million over the next four years.

City's Information and Technology Projects

As part of the 2007 Capital Budgets process, the City Manager and Deputy City Manager and Chief Financial Officer's will review all proposed Information and Technology Projects across the City, to ensure Corporate and Program Information Technology projects are aligned and co-ordinated. Information and Technology's sign-off will be required for all I & T related projects proposed by the Programs.

Issues Referred to 2006 Capital Budget

There are no issues referred to the 2006 Budget Process.

Outstanding Issues from Prior Years

There are no outstanding issues from prior years.

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

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Reserve / Reserve Fund Name	Project / SubProject Name and Number	Balance as of Aug 31	Proposed Withdrawals			
			2006	2007	2008	2009 & Beyond
Information & Technology Equipment Reserve	Technology Asset Management	0.0	1,022.0			
Total Reserve / Reserve Fund		0.0	1,022.0	0.0	0.0	0.0