

Analyst Briefing Notes
Budget Advisory Committee Review
(November 10, 2005)

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Contacts: John DiLallo, Manager, Financial Planning
Tel: (416) 397-4207
Louisa Ting, Senior Financial Planning Analyst
Tel: (416) 392-3646

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2005 Approved Capital Budget of \$4.534 million was 8% spent as at September 30, 2005. Actual expenditures by year-end are anticipated to be \$3.034 million, or 67% of the Approved Budget, resulting in projected 2005 cash flow funding of \$1.500 million being carried forward into 2006. This projected under-expenditure is primarily attributed to the delay in the implementation of the handheld parking devices project. The project was originally scheduled for full implementation in July 2005, but more time was necessary to review all IT requirements to ensure system compatibility before awarding a vendor contract. Full implementation is now expected to take place in June 2006.
- The 2006-2015 Capital Program for Parking Enforcement Unit totals \$5.840 million of which \$3.670 million is projected for the Program's 5-Year Capital Plan, with 2006 cash flow of \$1.934 million; \$0.434 million in 2007; \$0.434 million in 2008; \$0.434 million in 2009; and \$0.434 million in 2010.
- The 2006 Proposed Capital Budget with a project cost of \$0.434 million requires new 2006 cash flow of \$0.434 million gross with no debt financing. This cash flow combined with carry forward funding of \$1.500 million for 2005 project bring the total 2006 Proposed Capital Budget to \$1.934 million gross, of which \$1.500 million is funded by debt and \$0.434 million from the Vehicle & Equipment Reserve.
- 100% of the 2006 proposed new cash flow is allocated to a State-of-Good-Repair project at \$0.434 million.
- Implementing the handheld devices project will result in annual net operating savings of approximately \$0.853 million per year in 2007 and beyond. Savings will be realized through cost savings in the purchase of hand written tag books, pagers and geocoding of parking tag data of \$0.320 million, offset by purchase of batteries, maintenance of handheld devices and radio frequency costs of \$0.450 million, resulting in a net cost of \$0.130 million within the Toronto Police Service, Parking Enforcement Unit; a reduction of 10 data entry clerks in the Revenue Services Division for a savings of \$0.450 million; and an increase in Parking Tag revenues of \$0.533 million resulting from the elimination of illegible parking tickets.
- The 2006-2015 Capital Program for Parking Enforcement Unit includes no new projects other than the annual vehicle and equipment replacement program of \$0.434 million, which is fully funded from the Vehicle & Equipment Replacement Reserve.
- Parking Enforcement Unit's 5-Year Capital Plan will be referred to the Deputy City Manager & Chief Financial Officer for consideration with review of the City's Firm 5-Year Plan within debt affordability limits.

Recommendations

It is recommended that:

1. the 2006-2015 Parking Enforcement Unit Capital Program request with a total 10-year project cost of \$4.340 million be received;
2. the 2006 Proposed Capital Budget for Parking Enforcement Unit with a project cost of \$0.434 million and a 2006 cash flow of \$1.934 million with no future year commits be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow funding for Vehicle & Equipment Replacement project with a 2006 project cost of \$0.434 million that requires cash flow of \$0.434 million in 2006; and
 - b) 2005 approved cash flow for 1 previously approved project with carry forward funding from 2005 into 2006 totalling \$1.500 million.
3. the Vehicle & Equipment Replacement project be funded from the Vehicle & Equipment Reserve and that no new debt be issued to finance the 2006 cash flow requirements for the Parking Enforcement Unit Capital Program;
4. operating impacts of \$0.261 million for 2006 attributable to the Toronto Police Service, Parking Enforcement Unit, emanating from the approval of the 2006 Proposed Capital Budget be considered within the overall scope of the Parking Enforcement Unit 2006 Operating Budget;
5. total annualized net savings of approximately \$0.853 million with \$0.130 million net cost attributable to the Toronto Police Service, Parking Enforcement Unit; \$0.450 million savings to the Revenue Services Division; Parking Tag Operations and \$0.533 million increase in Parking Tag Revenue be considered within the overall scope of Parking Enforcement Unit, Parking Tag Operations and Parking Tag Revenues 2007 and future years' operating budget submissions;
6. the revised cash flow projections of \$0.434 million in 2007; \$0.434 million in 2008; \$0.434 million in 2009; and \$0.434 million in 2010 for Parking Enforcement Unit 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; and
7. the Police Chief, in consultation with the Deputy City Manager & Chief Financial Officer, report to the Administration Committee in 2006 on the status of the implementation of the Handheld Parking Devices project.

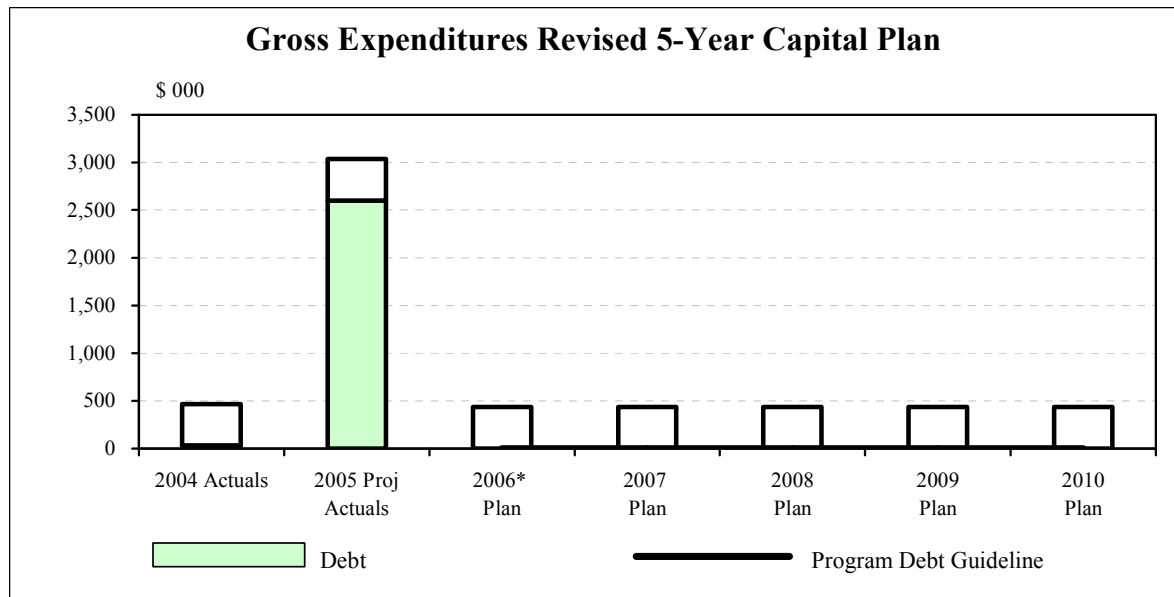
2005 Capital Variance Review

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
4,534	366	3,034	3,034	67	1,500

Comments / Issues:

- The Parking Enforcement Unit's 2005 Approved Capital Budget of \$4.534 million consists of two projects: \$4.100 million for the Handheld Parking Devices and \$0.434 million for the Vehicle & Equipment Replacement project.
- The Parking Enforcement Unit is projecting a year-end spending rate of 67% or \$3.034 million for the 2005 approved projects as of September 30, 2005, resulting in an under-expenditure of \$1.500 million. The entire projected year-end unspent balance is attributable to the Handheld Devices project.
- The projected under-expenditure of \$1.500 million in 2005 is resulting from the unanticipated amount of time required to review all IT requirements to ensure system compatibility before awarding a vendor contract for the handheld parking devices project. It is anticipated that a contract will be finalized early in November and full implementation of the project in June 2006. The implementation was originally scheduled for July 2005.
- The projection of 2005 funding being carried forward into 2006 Proposed Capital Budget is \$1.500 million. Any adjustment to the carry forward funding will be reported through the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget.

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)	2,100	4,534	434	434	434	434	434	2,170
1-Yr Carry/Fwd Gross (Reference only)	1,149		1,500					
Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd	3,249	4,534	1,934					
Actuals	466	3,034						
Financing:								
Debt	2,815	4,100						0
Debt Actuals (including 1-Yr Carry/Fwd)	32	2,600	1,500					
Program Debt Target			0	0	0	0	0	0
Other Financing Sources:								
Reserves/Reserve Funds			434	434	434	434	434	2,170
Development Charges								0
Federal								0
Provincial								0
Other Revenue								0
By Category:								
Health & Safety								0
Legislative								0
SOGR			434	434	434	434	434	2,170
Service Improvement			1,500					1,500
Growth Related								0
Yearly SOGR Backlog Estimate (not addressed by current year projects)								
Accumulated Backlog Estimate (end of year)				0	0	0		0

Note: Debt actuals of \$1.5 million for 2006 reflects debt funding being carried forward from 2005 to 2006. No new debt proposed for 2006.

- The 2006 Proposed Capital Budget includes no previously approved commitments. New cash flow of \$0.434 million gross with no debt financing is required in 2006 for the Vehicle & Equipment Replacement project. This cash flow combined with carry forward funding of \$1.500 million for handheld devices project bring the total 2006 Proposed Capital Budget to \$1.934 million gross, of which \$1.500 million is funded by debt and \$0.434 million from Vehicle & Equipment Reserve.
- The 5-Year Capital Plan as well as the 10-Year Capital Program includes no new projects other than the annual vehicle and equipment replacement of program of \$0.434 million, which is fully funded from the Vehicle & Equipment Replacement Reserve, and therefore, does not require any debt financing.
- As at September 14, 2005, the Parking Enforcement Unit has 98 automobiles, 3 motorcycles and 40 bicycles. On average, 20 vehicles are replaced each year. Each year, the Parking Enforcement Unit includes in its Operating Budget a contribution to the Vehicle & Equipment Replacement Reserve, to ensure that sufficient funding is available for the vehicle & equipment replacement program for the year.
- The 5-Year Capital Plan will be referred to the Deputy City Manager & Chief Financial Officer as part of the review to be incorporated into recommended Firm 5-Year Capital Plan for the City that will be reported back in the Spring of 2006.

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: Handheld Parking Devices	4											1,500	1,500	1,500	1,500
Sub-Total												1,500	1,500	1,500	1,500
Previously Approved: None.														0	0
Sub Total												0	0	0	0
New and Change in Scope Projects Vehicle & Equipment - PKE	3	4,340								434				434	0
Sub Total		4,340	0	0	0	0	0	0	0	434	0	0	0	434	0
Total 2006		4,340	0	0	0	0	0	0	0	434	0	1,500	1,500	1,934	1,500

*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
2005 Carryforwards Handheld Parking Devices Other Carry Forwards (details on previous page)	4	1,500	1,500				1,500	1,500
Sub Total		1,500	1,500	0	0		1,500	1,500
2004 Carryforwards None.								
Sub Total		0	0	0	0		0	0
2006 Previously Approved Commitments None. Other Previously Approved (details on previous page)								
Sub Total		0	0	0	0		-	-
New Projects Vehicle & Equipment Other New (details on previous page)	3	434					434	0
Sub Total New Projects		434	0	0	0		434	0
Total 2006 Proposed (Incl. 2005 C/Fwd)		1,934	1,500	0	0		1,934	1,500
Less 2005 Carry Forwards		(1,500)	(1,500)	0	0		(1,500)	(1,500)
Total 2006 Proposed (Excl. 2005 C/Fwd)		434	0	0	0		434	-

There are no recommended changes for 2006.

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						1,500	1,500						1,500
Change in Scope							0						0
New			434	434			434						434
New w/Future Year							0						0
Total Expenditure	0	0	434	434	0	1,500	1,934	0	0	0	0	0	1,934
Financing													
Debt						1,500	1,500						1,500
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other													0
Federal Grants													0
Reserves/Res Funds			434	434			434						434
Total Financing	0	0	434	434		1,500	1,934	0	0	0	0	0	1,934

- The 2006 Proposed Capital Budget is \$1.934 million gross, including \$0.434 million for a new project and \$1.500 million for a project carried forward from 2005 to 2006. The new project of \$0.434 million is fully funded from the Vehicle & Equipment Replacement Reserve.
- Approval of the 2006 Proposed Capital Budget will not result in any future year commitments.

Operating Budget Impact

Table 6: Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006*	2007	2008	2009	2010
Program Costs (net) (\$000s)	261.300	(1,114.1)			
Debt Service Charges (\$000s)					
Approved Positions					

The implementation of the handheld parking device project was originally scheduled for July 2005, therefore, the Parking Enforcement Unit's 2005 Approved Budget included the operating impact of \$0.261 million. With the delay in implementation until 2006, it is expected that the Parking Enforcement Unit will have a savings of \$0.261 million at year end. Same amount has been included in the Parking Enforcement Unit 2006 Operating Base Budget submission.

In anticipation of the implementation of the handheld devices project in 2004, a reduction of 10 data entry clerk positions was reflected in the Revenue Services Division's 2004 Operating Budget. With the delay in implementation, Revenue Services Division has been absorbing the unfunded staffing costs through savings achieved by not filling permanent funded positions.

2006 Capital Projects/Sub-Projects	2006* (\$000s)	2006 approved position change	2007 (\$000s)
Handheld Devices Project			
Police Parking Enforcement Unit	261.3		(130.8)
Finance - Revenue Services - Parking Tag Operations			(450.2)
Parking Tag Revenue			(533.1)
TOTAL	261.3	0.0	(1,114.1)

The operating impact of the new handheld devices project will require \$0.261 million in the 2006 Operating Budget for purchase of batteries, maintenance of handheld devices and radio frequency costs, with incremental net savings of \$1.114 million in 2007, as follows:

Toronto Parking Enforcement Unit – net savings of \$0.130 million

- Purchase of batteries, printer paper, maintenance of the handheld devices and radio frequency costs - \$0.190 million
- Savings in the purchase of hand written tag books, pagers and geocoding of parking tag data - \$0.320 million

Revenue Services Division – net savings \$0.450 million

- Reduction of 10 data entry clerks - \$0.450 million

Parking Tag Revenue – revenue increase \$0.533 million

- Increase in revenue resulting from elimination of illegible parking tickets - \$0.533 million

Debt Service Cost

The 2006 Proposed Capital Budget for Parking Enforcement Unit will result in no new debt service cost in 2006.

PART II: ISSUES FOR DISCUSSION**2006 Issues****Handheld Parking Devices Project**

The Parking Enforcement Unit 2005 Capital Budget included the handheld devices project with a project cost and 2005 cash flow of \$4.100 million. The implementation was originally scheduled for July 2005. Due to the unanticipated amount of time required to review all IT requirements to ensure system compatibility before awarding a vendor contract for the handheld parking devices project, the project was delayed. It is now anticipated that a contract will be finalized in early November and full implementation of the project in June 2006. The required 2006 cash flow of \$1.500 million represents the carried forward funding from 2005.

With the handheld parking devices, the parking enforcement officers will be better equipped to write computer-generated tickets. At the same time, once the licence plate is entered, an enforcement officer will be able to identify street permit(s) issued and determine whether the vehicle has been reported stolen. Furthermore, all fields will be completed through selection from a “pick list” that results in an increase in ticket legibility, making it easier for the recipient to read and understand. The “wireless” connection allows for more expedient data transfer which results in enhanced service delivery to members of the public, as they will be able to discuss their parking infraction notices in a timely manner. The benefits of handheld parking devices would help the enforcement officers to be more efficient in carrying out their duties.

It is critical that the Handheld Parking Devices project is implemented as planned. In anticipation of the implementation of the handheld devices project in 2004, a reduction of 10 data entry clerk positions was reflected in the Revenue Services Division’s 2004 Operating Budget. With the delay in implementation in 2005, Revenue Services has been absorbing the unfunded staffing costs through savings achieved by not filling permanent funded positions. Revenue Services Division has indicated that it may not be able to absorb unfunded staffing costs if further delay occurs in 2006. It is therefore recommended that the Police Chief, in consultation with the Deputy City Manager & Chief Financial Officer, report to the Administration Committee in 2006 on the status of the implementation of the Handheld Parking Devices project.

5 Year Capital Plan Overview

The Parking Enforcement Unit’s 5-Year Capital Plan includes no new projects other than the annual vehicle and equipment replacement program of \$0.434 million, which is fully funded from the Vehicle & Equipment Replacement Reserve. Each year, the Parking Enforcement Unit includes in its Operating Budget a contribution to the reserve, to ensure that sufficient funding is available for the vehicle & equipment program. As at September 14, 2005, the Unit has 98 automobiles, 3 motorcycles and 40 bicycles. On average, 20 vehicles are replaced each year.

Issues Referred to 2006 Capital Budget

There are no issues referred to 2006 Capital Budget.

Outstanding Issues from Prior Years

There are no issues outstanding 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

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Balance as of Sept. 30	Proposed Withdrawals			
			2006	2007	2008	2009 & Beyond
Vehicle & Equipment Reserve	Vehicle & Equipment Replacement		\$434			
Total Reserve / Reserve Fund		\$0	\$434	\$0	\$0	\$0

Each year, the Parking Enforcement Unit's operating budget includes a contribution to the Vehicle & Equipment Replacement Reserve to fund the replacement costs. The Parking Enforcement Unit 2006 Operating Budget includes a contribution of \$0.434 million to the Vehicle & Equipment Reserve for the 2006 vehicle & equipment replacement program.