

Analyst Briefing Notes

Budget Committee Review (October 29, 2007)

Page

PART 1: CAPITAL PROGRAM

Executive Summary	2
Recommendations.....	4
2007 Capital Variance Review	5
5-Year Capital Plan (2008 Recommended Budget, 2009-2012 Plan).....	6
5-Year Capital Plan Overview	7
Recommended Changes to the 2007 – 2011 Capital Plan	9
Operating Budget Impact – 5 Year Plan.....	11
Total 2008 Recommended Cash Flow & Future Year Commitments	13

PART II: ISSUES FOR DISCUSSION

2008 Capital Budget Issues	15
5-Year Capital Plan Issues	17
Issues Referred to the Budget Process	N/A

APPENDICES

Appendix 1: 2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates	18 (a) to (e)
Appendix 2: 2008 Recommended Cash Flow & Future Year Commitments	19 (a) to (c)
Appendix 3: 2008 Recommended Capital Projects with Financing Details	20(a) to (b)
Appendix 4: Reserve / Reserve Fund Review	21

Contacts: Alan Cohen, Manager, Financial Planning
Tel: (416) 392- 3740

Cherry Enriquez, Senior Financial Planning Analyst
Tel: (416) 397- 4296

October 19, 2007

PART I: CAPITAL PROGRAM**Executive Summary**

- The 2007 Approved Capital Budget of \$9.166 million was 22% spent as at June 30, 2007. Year-end expenditures are projected to be \$6.427 million, or 70.1% of the 2007 Approved Capital Budget. The Program is projecting an under expenditure of \$2.739 million primarily attributed to station rehabilitation projects that were delayed pending the decision on the CBOS system. As the decision has been made to defer the CBOS system, the funding for these projects will be carried into 2008. The projected cash flow funding of \$2.367 million will be carried forward into 2008.
- The 2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates total \$65.925 million of which \$33.620 million is projected for the Program's 5-Year Capital Plan requiring new debt funding of \$26.0 million that meets the debt affordability targets for each of the five years.
- The 5-Year Capital Plan of \$33.620 million requires a cash flow of \$10.432 million in 2008; \$5.472 million in 2009; \$6.772 million in 2010; \$5.472 million in 2011; and, \$5.472 million in 2012. It will provide funding primarily for the reconstruction/replacement and expansion of 8 ambulance stations; the EMS/Fire Headquarters Power Supply System Upgrade; the completion of the Mobile Data Terminal and the re-design of the communication centre projects; the installation of the station security system on all EMS facilities; and the distribution of 70 automatic external defibrillators per year (up to 2009) to City of Toronto workplaces and facilities.
- The 2008 Recommended Capital Budget includes:
 - commitments for previously approved projects and new/change in scope projects requiring 2008 cash flow of \$8.065 million. This cash flow combined with carry forward funding of \$2.367 million for 2007 projects bring the total 2008 Recommended Capital Budget to \$10.432 million.
 - future year commitments of \$5.072 million in 2009; and, \$0.4 million in 2010.
- The 2008 Recommended Capital Budget of \$8.065 million is 38% allocated to Health & Safety projects at \$3.080 million; 61% to State of Good Repair projects at \$4.885 million; and 1% to Service Improvement projects at \$0.100 million. The recommended budget will fund the completion of the Fire/EMS Headquarters Power Supply System Upgrade project; the next phase of the Central Ambulance Communication Centre (CACC) re-design; ongoing maintenance and repairs of EMS' facilities; and structural state of good repair of 11 ambulance stations to extend its life span and habitability.

- EMS identified an accumulated state of good repair (SOGR) backlog at the end of 2007 of \$11.733 million and requires an average annual funding of \$1.372 million to maintain its current 40 ambulance stations. The 5-Year Capital Plan includes SOGR projects totalling \$25.245 million that will address most of the accumulated backlog including the annual funding requirement of \$1.372 million. By 2012, EMS is projecting an accumulated back log of state of good repair of \$2.461 million, declining by \$9.272 million from \$11.733 million in 2007
- Two projects, included in EMS' 2008 Recommended Capital Budget, will increase future year net operating budgets by a total of \$0.066 million in 2008; \$0.148 million in 2009; and \$0.073 million in 2010.
 - the operating impact of the Public Access Defibrillator (PAD) project of \$0.133 million gross and \$0.066 million net in 2008, \$0.145 million gross and \$0.073 million net in 2009, and \$0.133 million gross and \$0.073 million net in 2010, were approved by City Council in 2006, for training, medical oversight and defibrillator maintenance costs; and,
 - the operating impact of the Station Security project (a new project in 2008) of \$0.150 million gross and \$0.075 million in 2009 is required for ongoing monitoring and maintenance costs of the electronic card access security system to be installed in all EMS stations by 2009.
- EMS' 5 Year Capital Plan was prepared based on the assumption that the Centralized Book-on-Station (CBOS) project will not proceed within the next two or three years, thus all projects that could be impacted by the implementation of CBOS have been deferred to 2010. The decision to defer the CBOS project indefinitely may require EMS to revise the 5-Year Capital Plan. It is recommended that the General Manager of EMS report to the Budget Committee prior to the 2009 Capital Budget process on a plan for new/replacement of stations based on an achievable/realistic timeframe, particularly when new sites must be acquired.
- The critical upgrades to the EMS/Fire Headquarters Power Supply System of \$3.116 million (includes one-year carry forward funding) is funded by contributions from Fire Services (\$1.236 million), Police Services (0.617 million), and EMS (\$1.263 million) representing their share of the total project cost in 2008. This project will ensure that the integrity of all power feeds, linkages and back-up systems are maintained and that all primary or back up power feeds to the facility in the event of power disruptions are operational.
- The Radio Communication System Replacement Project is classified as a corporate project in conjunction with requirements of Fire and Police Services. This system needs to be replaced for all three services as it will no longer be supported by the manufacturer by 2011. As a result, \$70.0 million in total project costs, with an initial \$0.250 million in cash flow funding in each of 2007 & 2008 for consultant expenses, has been budgeted corporately.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Capital Budget for Emergency Medical Services with a total project cost of \$10.566 million and a 2008 cash flow of \$10.432 million and future year commitments of \$5.472 million be approved. The 2008 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for
 - i) four new sub-projects and nine change in scope sub-projects with a 2008 total project cost of \$10.566 million that requires cash flow of \$5.694 million in 2008 and future year commitments of \$4.822 million in 2009; and \$0.050 million in 2010; and,
 - ii) four previously approved sub-projects with a 2008 cash flow of \$2.371 million and future year commitments of \$0.250 million in 2009 and \$0.350 million in 2010.
 - b) 2007 approved cash flow for eight previously approved sub-projects with carry forward funding from 2007 into 2008 totalling \$2.367 million.
2. new debt service costs of \$0.150 million in 2008 and incremental costs of \$0.688 million in 2009, \$0.518 million in 2010, and \$0.044 million in 2011 resulting from the approval of the 2008 Recommended Capital Budget, be approved for inclusion in the 2008 and future year operating budgets;
3. the 2009-2012 Capital Plan for Emergency Medical Services totaling \$23.188 million in project commitments and estimates, comprised of \$5.472 million in 2009; \$6.772 million in 2010; and \$5.472 million in 2011 and \$5.472 million in 2012, be approved; and,
4. the General Manager of EMS report to the Budget Committee prior to the 2009 Capital Budget process on a plan for new/replacement of stations based on an achievable/realistic timeframe, particularly when new sites must be acquired.
5. the 2008 – 2012 Capital Plan be reviewed to identify any operating costs/savings that should be included with the 2009 Capital Budget submission.

2007 Capital Variance Review

2007 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2007 Approved	Actuals as of June 30 (2nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
9,166	2,025	22	6,427	70	2,739

Comments / Issues:

Emergency Medical Services' actual capital expenditures for the six months ended June 30, 2007 totalled \$2.025 million or 22.1% of the 2007 Approved Capital Budget of \$9.166 million. EMS' projected expenditure to year-end is \$6.427 million or 70.1% of the approved cash flow. This represents an improvement over the 62.2% spending rate achieved for 2006.

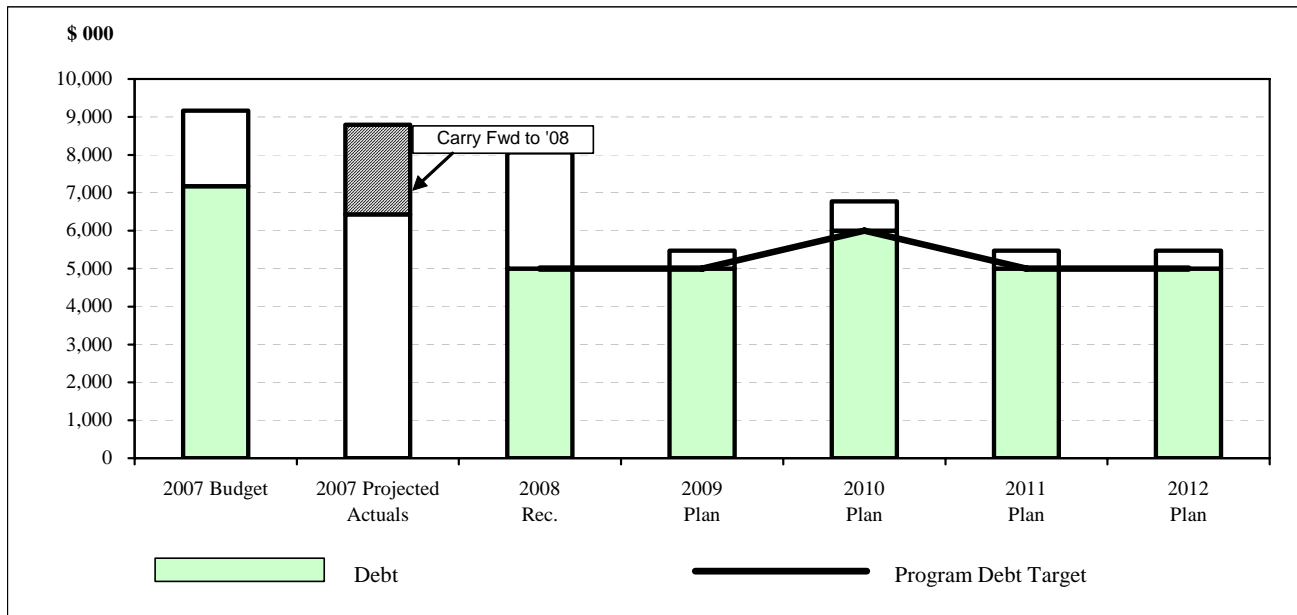
The Program is projecting an under expenditure of \$2.739 million primarily attributed to station rehabilitation projects that were delayed pending the decision on the CBOS system. As the decision has been made to defer the CBOS system, the funding for these projects will be carried into 2008.

Of the total \$2.739 million under expenditure, \$2.367 million will be carried forward into 2008. The remaining \$0.375 million will not be carried forward as two projects are projected to be under budget by year end 2007 and the Station #19 Rehabilitation project will be deferred to 2010.

The following projects will require carry forward funding from 2007 into 2008:

- \$0.826 million for the EMS / Fire Headquarters Power System Upgrade. The analysis and design were completed and the purchasing process has been initiated and ready to go to tender at the end of September. The project will continue to 2008.
- \$0.672 million - Station #17 project was on hold pending the decision on CBOS. The Program has determined that repairs can no longer be delayed due to health and safety issues and will commence in 2008.
- \$0.550 million - Station #29 Rehabilitation project is delayed as the Program is reviewing the appropriate site to relocate this station without an increase in the project cost.
- \$0.105 million - The CACC & Systems SOGR project will be delayed as additional enhancements to the CACC system re-design were identified by users.
- \$0.132 million for state of good repair projects that will continue to 2008 and the CBOS project's final expenditures are anticipated in 2008.

5-Year Capital Plan (2008-2012)



			5-Year Plan					
2007			2008	2009	2010	2011	2012	2008-2012
Budget	Projected Actual							
Gross Expenditures:								
2007 Capital Budget & Future Year Commitments	9,166	6,427	4,942	1,926	350			7,218
Recommended Changes to Commitments			(3,114)	(1,676)	(350)			(5,140)
2008 New/Change in Scope and Future Year Commitments			6,237	4,822	400			11,459
2009 - 2012 Plan Estimates				400	6,372	5,472	5,472	17,716
1-Year Carry Forward to 2008		2,367	➡					
Total Gross Annual Expenditures & Plan	9,166	8,794	8,065	5,472	6,772	5,472	5,472	31,253
Program Debt Target	4,000		5,000	5,000	6,000	5,000	5,000	26,000
Financing:								
Recommended Debt	7,172		5,000	5,000	6,000	5,000	5,000	26,000
Other Financing Sources:								
Reserves/Reserve Funds	772		340					340
Development Charges								0
Federal								0
Provincial	472		872	472	472	472	472	2,760
Other Revenue	750		1,853		300			2,153
Total Financing	9,166		8,065	5,472	6,772	5,472	5,472	31,253
By Category:								
Health & Safety	1,479		3,080	2,050				5,130
Legislated								0
SOGR	6,298		4,885	3,172	6,772	5,472	4,944	25,245
Service Improvement	1,389		100	250			300	650
Growth Related							228	228
Total By Category	9,166		8,065	5,472	6,772	5,472	5,472	31,253
Yearly SOGR Backlog Estimate (not addressed by current plan)			(1,476)	334	(3,872)	(1,733)	(2,525)	(9,272)
Accumulated Backlog Estimate (end of year)			10,257	10,591	6,719	4,986	2,461	2,461
Operating Impact on Program Costs			66	148	73			287
Debt Service Costs			150	688	518	44		1,400

Note: The 1-Year Carry Forward reflects the latest estimate as used in the 2007 2nd Quarter Capital Variance Report.

5-Year Capital Plan Overview

Overview

The Recommended 5-Year Capital Plan of \$31.253 million focuses mainly on maintaining its aging facilities, primarily station replacement and refurbishments and upgrading of the physical and electrical configuration of EMS' communication centre to meet its growing service demands. The Plan will be funded by \$26.0 million of debt for EMS, \$2.760 million from Provincial subsidy, \$1.853 million contribution from Fire and Police Services' (representing their share of the EMS/Fire HQ Power Supply System Upgrade), \$0.340 million in reserve funding and \$0.300 million in other revenues.

The Recommended 5-Year Capital Plan of \$31.253 million is allocated 16% or 5.130 million to Health & Safety projects, 81% or \$25.245 million is allocated for State of Good Repair projects, 2% or \$0.650 million is provided for Service Improvement projects, and 1% or \$0.228 million is provided for a Growth Related project.

There are four Health and Safety projects totalling \$5.130 million or 16%:

- EMS/Fire Headquarters Power System (\$3.116 million) is a previously approved project in 2007. Two power failures experienced in 2006 compromised the EMS/Fire Communications centres, critical links between operational activities of both EMS and Fire and public safety needs of City of Toronto residents. The project assumes funding contributed by the three emergency services, EMS for \$1.263 million (includes \$0.826 million in funding carried forward from 2007), Fire Services of \$1.236 million and Police Services of \$0.617 million, as all three services benefit from the power supply system upgrade.
- The PAD Program (\$0.500 million) will continue to provide approximately 70 Automatic External Defibrillators (AED) per year (up to 2009) to City of Toronto workplaces and facilities to ensure rapid treatment of those who suffer a cardiac arrest on site;
- The Defibrillator Purchase project (\$0.340 million) will ensure cardiac monitors/defibrillators are replaced after reaching a normal life cycle of five to seven years; and,
- The Station Security project (\$2.000 million) will provide for an electronic card access security system to all EMS stations that will replace the current key only access system. This new system will also be used to access equipment and supply assets (such as drug stocks) at ambulance stations for better asset control which was a key concern in the Auditor General's review conducted in 2004.

State of Good Repair projects totalling \$25.245 million or 81% continue to be a priority, and these projects are based on EMS' assessment of its critical facility needs. Projects include the following:

- Replacement of 6 ambulance stations at a total cost of \$11.031 million (average cost of \$1.8 million per station). These ambulance stations are former gasoline service stations or police stations, with some structures dating back 80 to 90 years. The garage bays in these facilities can no longer accommodate later model ambulance vehicles;

- The Mobile Data terminal (MDT) technology project of \$2.2 million will include the installation of modems, automatic vehicle locating (AVL) receivers, and server / software replacement for new and back-up ambulance vehicles;
- Completion of the Communication Centre and operational deployment redesign (\$1.3 million) that will improve overall system efficiency, improve response time performance and help mitigate the impact of hospital offload delay; and,
- Ongoing maintenance and repairs of other ambulance stations as well as structural refinement of 11 EMS stations and Service District Centres (\$10.714 million).

The Service Improvement projects totalling \$0.650 million or 2% includes two projects: the Radio Infrastructure for Portable Coverage project (\$0.350 million) that will provide better in-building radio coverage and subway radio reception and Station 44 Renovation (\$0.300 million) to enhance EMS' coverage of the surrounding community.

The Growth Related project is the construction of a new ambulance station in Etobicoke (\$0.228 million, for completion in 2013) to address the population growth in that particular area (due to a high density condominium development) including a disproportionately high number of senior citizens in that area.

It is important to note that EMS developed their 5-Year Capital Plan on the assumption that the CBOS project will not proceed within the next two or three years, thus, all projects that could be impacted by the implementation of CBOS have been deferred to 2010. The decision to defer the CBOS project indefinitely may require EMS to revise its 5-Year Capital Plan.

Multi Year Debt Affordability Target

The 5-Year Capital Plan of \$31.253 million requiring new debt funding of \$26.0 million meets the debt affordability target over the five year period. EMS re-allocated funds between previously approved project commitments and future year plans to fully utilize debt funding availability and meet its debt targets for each year.

Recommended Changes to the 2007 – 2011 Capital Plan

The recommended changes to the 2007 – 2011 Capital Plan are as follows:

Changes to the 2008 - 2011 Capital Plan Debt Affordability Targets							Comments:
	2008	2009	2010	2011	2012	Total	
Previously Approved Projects							
Station 14	(1,171.0)	(1,576.0)	2,552.0	222.0	0.0	27.0	Deferred to meet debt targets
Station 17	(443.0)	0.0	0.0	0.0	0.0	(443.0)	Revised project requirements
Station 19	(1,500.0)	0.0	1,172.0	500.0	0.0	172.0	Deferred to meet debt targets
CBOS	(100.0)	0.0	0.0	0.0	0.0	(100.0)	Study completed.
CACC	1,300.0	0.0	0.0	0.0	0.0	1,300.0	To complete the communication redesign
HQ Emergency Power Supply	37.0	0.0	0.0	0.0	0.0	37.0	Classified as a priority
Sub-total	(1,877.0)	(1,576.0)	3,724.0	722.0	0.0	993.0	
New Projects:							
Station 18	200.0	1,904.0	(224.0)	(549.0)	0.0	1,331.0	Accelerated due to current state of the building
Station 30	0.0	0.0	(787.0)	(1,117.0)	0.0	(1,904.0)	EMS reprioritized capital projects to meet debt targets
Mobile Data Collection	(310.0)	0.0	(350.0)	350.0	350.0	40.0	EMS reprioritized capital projects to meet debt targets
Asset Management	587.0	(630.0)	43.0	0.0	828.0	828.0	EMS reprioritized capital projects to meet debt targets
Station 41	0.0	(1,223.0)	(674.0)	1,800.0	97.0	0.0	EMS reprioritized capital projects to meet debt targets
Station 29	0.0	200.0	400.0	0.0	0.0	600.0	Required additional funding due to change in station requirements
Station 02	0.0	(375.0)	(1,282.0)	0.0	0.0	(1,657.0)	EMS reprioritized capital projects to meet debt targets
Radio Infrastructure	100.0	(100.0)	(350.0)	0.0	0.0	(350.0)	Revised project requirements
Station 48	0.0	0.0	(600.0)	(1,528.0)	0.0	(2,128.0)	Requirements to be addressed in Station Refurbishment project
Station 42	0.0	0.0	0.0	(978.0)	1,477.0	499.0	EMS reprioritized capital projects to meet debt targets
Station Security	200.0	1,800.0	0.0	0.0	0.0	2,000.0	New project Identified as a priority for better tracking and recording of crew station-access-egress activities, as well as for equipment/supply sign-out transactions.
Station Refurbishments	1,100.0	0.0	100.0	1,300.0	1,720.0	4,220.0	This project will allow EMS to complete structural refinement on a number of EMS stations (#s 23, 28, 47, 12, 15, 33, 44, 49, 48, 11, 13) to extend the life span and habitability of stations, in the short term - negating need for more comprehensive overall station rehabilitation or replacement in the long term.
Queensway & Royal York	0.0	0.0	0.0	0.0	228.0	228.0	New station to address the population growth in that particular ward (due to a high density condo development) including a disproportionately high number of senior citizens (completion in 2013)
Station 44	0.0	0.0	0.0	0.0	300.0	300.0	Requirements to be addressed in Station Refurbishment project
Sub-total	1,877.0	1,576.0	(3,724.0)	(722.0)	5,000.0	4,007.0	
TOTAL	0.0	0.0	0.0	0.0	5,000.0	5,000.0	

Projects have been deferred / accelerated based on a combination of factors: readiness to proceed, state of good repair requirements and meeting the debt targets for each year of the 5-year period.

Program Capacity and Readiness to Proceed

The CBOS project significantly impacted the projected spending rate for EMS in 2007. Three major rehabilitation station projects totalling \$1.771 million were put on hold pending the outcome of the CBOS project final review. Excluding these three rehabilitation station projects, the projected year-end spending rate for 2007 will be 89%, a significant improvement over the 62.2% achieved in 2006.

For 2008, most of the projects are previously approved projects with commitments to continue to their next phase. From a capacity and readiness standpoint, these projects are currently underway and expected to be completed as scheduled.

Future projects planned for 2009 – 2012 were prioritized based on a needs assessment, focusing more on addressing SOGR backlog and the required annual funding to maintain facilities in a state of good repair. Cost estimates have been reviewed and further refined in order to fully utilize the yearly available debt funding.

A major challenge that the Program has considered in their 5 Year Capital Plan is the difficulty of finding suitable sites for three station relocation / construction (within the same vicinity), as well as the requirement for environmental assessments. EMS has phased these projects to commence in 2010 and 2012 to allow staff to consult with Facilities and Real Estate staff for site locations.

Backlog of Projects – Unmet Needs

State of Good Repair projects account for 81% or \$25.245 million of the Recommended 5-Year Capital Plan of \$31.253 million. These projects consist primarily of replacing existing stations and maintaining facility assets in a state of good repair. As a result of funding constraints in previous years, the projected backlog of state of good repair by year-end 2007 will be \$11.733 million.

EMS has identified an average annual funding requirement of \$1.372 million to maintain their current 40 stations in a state of good repair. The 5-Year Capital Plan will address most of the accumulated backlog as well as required annual funding of \$1.372 million. EMS is pursuing a strategy of completing structural refinements (as opposed to complete renovation/reconstruction) on a number of EMS stations (#s 23, 28, 47, 12, 15, 33, 44, 49, 48, 11, 13) between 2008 – 2012 to extend each facility's life span and habitability, as a short term solution. By 2012, EMS' is projecting an accumulated backlog of state of good repair of \$2.461 million, a reduction of \$9.272 million from \$11.733 million in 2007.

Capital Project Highlights

Strategic Priorities:

EMS will continue to maintain its 40 ambulance stations in a state of good repair and will continue to update the physical and electrical configuration of its communication centre to improve overall system efficiency in the deployment of EMS resources and dispatching of patients.

The Program's 2008 – 2017 Capital Program includes the following major capital initiatives:

Summary of Major Capital Initiatives

	\$000s						
	2008 Rec. Budget	2009 Plan	2010 Plan	2011 Plan	2012 Plan	Total 2008 -2012	Total 2013 -2017
Facilities Projects: New and Expanded							
Replacement of 6 Stations	200	2,104	4,631	2,522	1,574	11,031	1,693
Service Improvement/Growth Projects (2 stations)	0	0	0	0	528	528	1,452
Future Facility Projects							12,197
IT sub-projects			N/A				
TOTAL	200	2,104	4,631	2,522	2,102	11,559	15,342
Other Major City Initiatives:							
N/A							

The New / Expanded Facility projects in the 5-Year Capital Plan of \$11.559 million includes the replacement of 6 ambulance stations and the expansion of 2 stations, with four of these stations to be completed within the 5-Year Capital Plan. Future projects beyond 2012 totalling \$12.197 million include the completion of 5 station renovations, construction of a Decontamination Facility for both vehicles and staff, and four Service District Vehicle Cleaning & Detail Centres based on the Ministry of Health standards with revenue generating possibilities.

Operating Budget Impact – 5-Year Plan Incremental Operating Impact Summary

Incremental Operating Budget Impact	2008	2009	2010	2011	2012
2008 Recommended Capital Budget					
Program Costs (net) (\$000s)	66.0	148.0	73.0		
Approved Positions					
Debt Service Charges (\$000s)	150.0	688.0	518.0	44.0	
Recommended 2009 - 2012 Capital Plan					
Program Costs (net) (\$000s)					
Approved Positions					
Debt Service Charges (\$000s)	0.0	12.0	212.0	766.0	700.0
Total					
Program Costs (net) (\$000s)	66.0	148.0	73.0		
Approved Positions					
Debt Service Charges (\$000s)	150.0	700.0	730.0	810.0	700.0
<i>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.</i>					

Program Operating Impacts

The 2008 Recommended Capital Budget will increase future year Operating Budgets by a total of \$0.066 million in 2008; \$0.148 million in 2009; and \$0.073 million in 2010. The Operating Budget net impacts are primarily the result of the following recommended capital projects:

- The Public Access Defibrillator (PAD) Program, previously approved in 2006, designated EMS as the primary administrator of the Public Access Defibrillator (PAD) Program on behalf of the City. The (PAD) Project, to be completed in 2009, provides funding for the distribution of 70 Automatic External Defibrillators (AEDs) per year to City of Toronto workplaces and facilities. The operating funds for training, medical oversight and defibrillator maintenance of \$0.066 million in 2008, \$0.073 in 2009, and \$0.073 million in 2010, were approved by City Council in 2006.
- The Station Security Project is a new project in 2008 that will provide funding for the installation of an electronic card access security system to all EMS stations by 2009. This new system will also be used to access equipment and supply assets (such as drug stocks) at ambulance stations for better asset control which was a key concern in the Auditor General's review conducted in 2004. The operating impact of \$0.075 million is for monitoring services once the project is completed in 2009.

The remaining projects included in the Recommended 5-Year Capital Plan are mostly SOGR and station refurbishments and no operating impacts have been identified. However, it is recommended that the 5-Year Capital Plan be reviewed to quantify any operating costs that should be included with the 2009 Capital Budget submission.

Total 2008 Recommended Cash Flow & Future Year Commitments
(\$000s)

	2006 & Prior Year Carry Forwards	2008 Previously Approved Cash Flow Commitments	2008 New Cash Flow Recommended	2008 Total Cash Flow Recommended	2008 Debt Target	2007 Carry Forwards	Total 2008 Cash Flow (Incl 2007 C/Fwd)	2009	2010	2011	2012	2013- 2017	Total Cost
Expenditures													
Previously Approved		2,371		2,371		2,367	4,738	250	350				5,338
Change in Scope			3,794	3,794			3,794	1,118	50				4,962
New			1,500	1,500			1,500						1,500
New w/Future Year			400	400			400	3,704					4,104
Total Expenditure	0	2,371	5,694	8,065		2,367	10,432	5,072	400	0	0	0	15,904
Financing													
Debt		1,719	3,281	5,000	5,000	2,218	7,218	4,600	400				12,218
Subsidy (SCPI)			400	872			872	472					1,344
Prov. Subsidy/Grant		472											
Development Charges													
Other			1,853	1,853		90	1,943						1,943
Federal Grants													
Reserves/Res Funds		180	160	340		59	399						399
Total Financing	0	2,371	5,694	8,065		2,367	10,432	5,072	400	0	0	0	15,904

*Pending review of meeting debt target

Comments / Issues:

- The 2008 Recommended Capital Budget for Emergency Medical Services is \$10.432 million gross. This includes \$2.371 million in funding for previously approved project commitments, \$5.694 million for new / change in scope projects and \$2.367 million in carry forward funding from 2007 to 2008 to complete previously approved projects.
- Approval of the 2008 Recommended Capital Budget will result in commitments of \$5.072 million in 2009 and \$0.400 million in 2010. These are primarily for the completion of five projects: construction of two stations (#18 and #29); the purchase of an additional 70 defibrillators under the Public Access Defibrillator (PAD), completion of the Station Security System; and various state of good repair projects under EMS' Asset Management Program.
- The 2008 capital financing is comprised of new debt funding of \$5.0 million, a Provincial grant from the Provincial Ministry of Health and Long Term Care of \$0.872 million for the Asset Management and the EMS/Fire HQ Power Supply System Upgrade projects; Other Revenues consists of Fire and Police Services share of the Emergency Power Supply project of \$1.853 million and Equipment Reserve funding of \$0.340 million for the purchase of defibrillators.

2008 Recommended Capital Budget

2008 Recommended Capital Budget versus Debt Target

The 2008 debt affordability guideline for Emergency Medical Services is set at \$5.000 million. The recommended debt funding for 2008 of \$5.0 million is at the debt affordability guideline for 2008.

Recommended Capital Budget by Category

The 2008 Recommended Capital Budget includes 38% of cash flow funding for Health and Safety projects at \$3.080 million, 61% for State-of-Good-Repair projects at \$4.885 million; and 1% for a Service Improvement project at \$0.100 million.

The Health and Safety projects include the PAD Program (\$0.250 million), the Defibrillator Purchase (\$0.340 million), Station Security System (\$0.200 million) and the EMS/ Fire Headquarters Power Supply System Upgrade project (\$2.290 million).

The four State of Good Repair projects in 2008 are as follows:

- design phase of the Station 18 renovation project;
- the second phase of the communication centre re-design;
- structural refinements of approximately 11 ambulance stations; and,
- regular repairs and maintenance of ambulance stations.

EMS' Service Improvement project for 2008 allows for continued upgrade to its radio infrastructure which includes improving in-building and subway radio reception coverage.

PART II: ISSUES FOR DISCUSSION

2008 Capital Budget Issues

Radio Communication System Replacement

The Radio Communication System Replacement project is a corporate initiative involving three Programs: Fire Services, Police Services and Emergency Medical Services and does not form part of these individual Programs' Capital Plans. This project will be fully funded by debt at a total cost of \$70.0 million for the replacement of the joint radio communication system infrastructure. As confirmed by a consultant's study and Motorola, the current equipment and system infrastructure will be unsupported and in need of replacement by 2011.

Initial cash flow funding of \$0.250 million in both 2007 and 2008 for system consultants and project management are followed by project cash flows of \$28.0 million in each of 2009 and 2010 and \$13.5 million in 2011. In 2007, \$0.250 million was allocated for consulting and educational/training initiatives. Spending to year-end is estimated to be \$0.050 million with \$0.200 million being carried forward into 2008. In 2007, \$0.025 million was committed for consulting services to establish project governance among the three emergency services. A Governance Agreement did not exist between the Services and is the first step in the process. The agreement will provide a framework to cover issues related to system administration, including, for example, sharing of the system, change management and new members. As well, it is required that an additional \$0.025 million will be spent in 2007 on training/educational initiatives for the technical subcommittee in order to enhance their knowledge of current industry standards for radio communication related to Project 25 protocols.

In 2008, a Request for Proposals will be issued to identify a preferred system solution that meets requirements to be developed by the three emergency services. A Project Manager will be hired to oversee the project on behalf of the three emergency services. Significant expenditures on the project are not anticipated until 2009 and beyond, following the selection of a vendor and awarding of a contract.

The following is a preliminary assessment of cost drivers:

FY	ITEM	ESTIMATED COST (\$M)
2007	Development of Governance Agreement, technical subcommittee training	\$0.050
2008	Development of Infrastructure Functional Specifications & System Supplier RFP	\$0.450
2009-2011	Infrastructure Replacement (Approx.)	\$62.470
2009-2011	Portable Radio Replacement (Contingency)	\$7.000
2011	Overseeing Assembly, Installation and Test	\$0.030
2012	Costs Associated with Transition	TBD
2007-2012	Total Project Cost	\$70.000

This radio infrastructure project includes costing for the replacement of Fire mobile (in-vehicle) radios and a contingency for Fire handheld radios. This is estimated to be \$7 million and also includes upgrade costs for existing radios from all three agencies. However there are also replacement and/or additional radios budgeted within each of the Police, Fire, and Emergency Medical Services Capital Budgets. These radios are currently being purchased as required. The contingency within the Radio Communication project will only be used if, by the time the new system is implemented, the recently purchased portable radios are ultimately discontinued and available models are incompatible with existing portable radios. This is not likely to be the case however it is too early to assume a budget reduction at this point. The Steering Committee is recommended to report back on the disposition of this issue once it is determined.

EMS' Radio Infrastructure for Portable Coverage project of \$0.350 million included in its 5-Year Capital Plan will provide funding for the purchase of additional radio (voice) communication devices that will enable EMS to communicate with the current Fire and Police Services communication system. These radios will be compatible with the new radio infrastructure system to be commissioned in 2011.

The Steering Committee for the Radio Communication System Replacement project consists of Deputy Chiefs from the 3 Services and has been formed in consultation with the City Manager's Office. It is recommended that the Steering Committee report to Budget Committee on an annual basis starting in July 2008 to update the status of the project including project management costs and infrastructure issues.

EMS / Fire Headquarters Power Supply System Project:

EMS' 2007 Capital Budget included a 2007 cash flow of \$0.330 million (\$0.180 million funded by debt and \$0.150 million funded from Fire Services) for the design and planning of the critical upgrade required to the power supply and support systems at the EMS/Fire Headquarters.

The engineering firm that conducted a needs analysis estimated that \$3.1 million (in addition to the \$0.330 million approved in 2007) is required to upgrade the power supply system. The table below summarizes the cash flow funding in 2007 and 2008 with contribution from the three emergency services. Funding is included in EMS, Fire and Police Services' 2008 Recommended Capital Budget.

	2007 Approved Budget	2008 Cash Flow
	<i>\$000s</i>	
EMS	180	863 *
Provincial Subsidy		400
Sub-total (EMS)		1,263
Fire Services	150	1,236
Police Services		617
Grand Total	330	3,116
*Includes Carry Forward Funding from 2007 to 2008		

Background:

The EMS and Fire Headquarters at 4330 Dufferin Street houses the EMS Central Ambulance Communication Centre, the Fire Communication Centre and the Toronto Police 911 Back-up Call Centre (which is also used for special event coordination, e.g. Caribana).

Two separate incidents in 2006 raised serious concerns about the integrity of the power systems, and their ability to maintain primary or even back up power feeds to the facility in the event of power disruptions. These incidents made it necessary for staff from EMS and Fire to decide that a more comprehensive assessment of the integrity of all the power feeds, linkages and back-up systems is required.

The firm of Morrison Hershfield was retained to undertake a critical power engineering audit of the power supply and support systems at the EMS-Fire Headquarters and it was determined that a major overhaul of the systems has to be undertaken as soon as possible. The site investigation and analysis of the existing electrical and mechanical systems revealed several major deficiencies two of which were significant as it would place the EMS-Fire facility in a high-risk situation

5-Year Capital Plan Issues

Future Year Targets

The Centralized Book-On Station (CBOS) Project:

In 2005, feasibility needs analysis and design study was conducted in 2005, followed by a consultant report in December 2005 which identified potential operational efficiencies and capital savings in moving the current 40-station dispatch model to a 4 mega-station district system. A Centralized Book-On Station (CBOS) system will entail the consolidation of Toronto EMS's 40 geographically dispersed ambulance stations into three or four centralized multiple book-on locations.

Since 2005, EMS has deferred the replacement/renovation of stations that will be impacted by the implementation of CBOS. In 2007, three projects were deferred pending the decision to proceed or not to proceed with the proposed CBOS system. The 2008 Capital Budget and 2009 – 2012 Plan was prepared based on the assumption that the CBOS project will not proceed within the next two or three years. All projects that could be impacted if CBOS does proceed have been deferred to 2010. As the CBOS project has been deferred indefinitely, EMS will need to review the 2008 – 2017 Capital Program based on affordability targets and requirements for new/replacement stations. Thus, it is recommended that the General Manager of EMS report to the Budget Committee prior to the 2009 Capital Budget process on a plan for new/replacement of stations based on an achievable/realistic timeframe, particularly when new sites must be acquired.

Appendix 1

2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates

Appendix 2

2008 Recommended Cash Flow and Future Year Commitments

Appendix 3
2008 Recommended Capital Projects
with Financing Details

Appendix 4

Reserve / Reserve Fund Review

(\$000s)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2007	Proposed Withdrawals				
			2008	2009	2010	2011	2012
XQ1019 Equipment Reserve	Beginning Balance	\$1,973,954	\$1,973,954	\$2,338,954	\$3,043,954	\$3,043,954	\$3,043,954
	Projected Contributions (Operating)		\$705,000	\$705,000			
	AMB907094 - 1 - Defibrillator Purchases 2006-2008		(\$340,000)				
	Total Proposed Withdrawals		\$365,000	\$705,000	\$0	\$0	\$0
TOTAL RESERVE FUND BALANCE AT YEAR-END		\$1,973,954	\$2,338,954	\$3,043,954	\$3,043,954	\$3,043,954	\$3,043,954
XQ1018 - Vehicle Reserve	Beginning Balance	\$1,421,082	\$1,421,082	\$1,421,082	\$1,421,082	\$1,421,082	\$1,421,082
	Projected Contributions (Operating)		\$3,635,000	\$3,635,000			
	CFL013 - EMS Vehicle/Equipment Replacement		(\$3,635,000)	(\$3,635,000)			
	Total Proposed Withdrawals		\$0	\$0	\$0	\$0	\$0
TOTAL RESERVE FUND BALANCE AT YEAR-END		\$1,421,082	\$1,421,082	\$1,421,082	\$1,421,082	\$1,421,082	\$1,421,082