

Analyst Briefing Notes

Budget Committee
(October 30, 2008)

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2008 Approved Capital Budget of \$101.479 million was 25.3% spent as at June 30, 2008. Expenditures at year-end are projected to be \$95.490 million, or 94.1% of the 2008 Approved Capital Budget. The projected under expenditures are primarily attributed to challenges in the completion of the New Training Facility due to a combination of labour disruptions in June 2007, earlier-than-expected winter conditions in 2007 and heavy snow falls in 2008. As a result, completion is projected to be approximately nine weeks behind schedule.
- The 2009 Recommended Capital Budget, 2010 to 2013 Recommended Capital Plan, and 2014 to 2018 Proposed Capital Forecast totals \$557.830 million, requiring debt funding of \$325.069 million. Of that amount, \$258.468 million is projected for the Service's Recommended 5-Year Capital Plan, requiring debt funding of \$138.428 million, funding from the Vehicle and Equipment Reserve of \$108.443 million and \$1.184 million in funding from the Capital Financing Reserve, \$7.955 million from development charges and \$2.458 million from the Department of National Defence.
- The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast for the Toronto Police Service is above their 2009-2018 debt target of \$259.906 million by \$65.163 million. However it is below the 5-Year Capital Plan, 2009-2013 debt target of \$140.311 million by \$1.883 million and \$10.840 million below the 2009 debt affordability target of \$25.206 million. Debt funding is above the debt affordability guideline for each year of the Proposed 5-Year Capital Forecast, efforts will be made to smooth out future year debt funding during the 2010 Capital Budget process.
- The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast moves forward on the Toronto Police Services strategic direction of continuing to improve and update the Service's aging facility infrastructure and information systems. Included are specific initiatives to address the Service's goals:
 - The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast provides \$211.790 million for new and expanded facility projects. This includes \$36.012 million for the completion of a new 54 Division by 2016, \$38.403 million for the completion of a new 41 Division by 2018 and \$29.901 million for a new 13 Division to begin in 2016, with completion anticipated outside of the Proposed 5-Year Capital Forecast. The Recommended 5-Year Capital Plan includes \$134.916 million in funding for facility projects. This includes \$26.579 million for the completion of a new 11 Division by 2011 and \$34.923 million for the completion of a new 14 Division by 2012. \$35.000 million is also provided to begin work on a Property and Evidence Management Storage Facility, which is scheduled to begin within the Recommended 5-Year Capital Plan.
 - The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast provides \$74.300 million for IT projects. This will ensure increased functionality and upgrades for existing technologies and provide the Service with the ability to utilize advance

technologies in future years. \$37.570 million in funding is provided for IT Projects in the Recommended 5-Year Capital Plan. \$23.478 million of this funding is needed for the replacement of the current records management system (eCOPS) with a commercial off-the-shelf solution. An additional \$0.990 million is required in 2014 to complete this project.

- Funding of \$20.848 million for the Service's Radio Replacement project within the 2009 Recommended Capital Budget and 2010 – 2013 Recommended Capital Plan will allow the Service to replace current communication radios, ensuring operability on the new shared platform.
- Funding is provided corporately over the 2009 to 2013 time frame for this platform, the Radio Communication System Replacement Project, which is a project in conjunction with requirements of EMS, Fire Services and the Police Service. This system needs to be replaced for all three services as it will no longer be supported by the manufacturer after 2011. As a result, \$70 million in total project cost, funded from debt, has been budgeted corporately.
- The Recommended 5-Year Capital Plan includes changes required to the 2008 to 2012 Capital Plan to ensure funding for the replacement of the current records management system and provides additional funding based on inflationary increases in construction costs required for the completion of 11 and 14 Divisions.
- The 5-Year Recommended Capital Plan requires cash flows of \$37.395 million in 2009, \$58.848 million in 2010, \$68.580 million in 2011, \$51.605 million in 2012; and \$42.040 million in 2013:
 - The 2009 Recommended Capital Budget includes previously approved sub-projects that require a cash flow of \$16.305 million in 2009, \$14.357 million in 2010 and \$5.754 million in 2011. This recommended funding in 2009 provides for the completion of the New Training Facility, \$5.072 million and the Digital Video Asset Management project, \$1.300 million, as well as ongoing funding of \$7.398 million for the completion for 11 Division and \$2.300 million for the In-Car Camera project.
 - The 2009 Recommended new cash flow and new future year commitments, with funding of \$25.828 million is primarily allocated to additional costs for 11 Division, \$1.470 million and numerous lifecycle replacement projects funded from the Vehicle and Equipment Reserve, \$18.335 million.
- The 2009 Recommended Capital Budget of \$37.395 million provides funds for State of Good Repair projects (84%) and Service Improvement projects (16%), as follows:
 - State of Good Repair projects with a cash flow of \$31.353 million in 2009 continue the Service's focus on improving and updating its aging facility infrastructure. \$3.272 million is funded to begin work on the Service's new 11 Division and 14 Division. Continued funding of \$17.585 million is provided for various lifecycle replacement projects funded from the Vehicle and Equipment Reserve, such as \$5.617 million for Vehicle and Equipment Replacement, \$4.785 for Workstations, Printers and Laptops and \$2.910 million for Servers. As well, \$5.072 million in funding is provided to complete construction on the new Training Facility in 2009.

- Service Improvement projects with a cash flow of \$6.042 million in 2009, include \$0.400 million in funding for necessary planning and preparation to begin the Acquisition and Implementation of a New Records Management System, as well as continued funding of \$2.300 million for the In-Car Camera pilot project which will increase Officer and Community safety. The Digital Video Asset Management project which will eventually eliminate the use of physical video evidence media within the organization will require \$1.300 million in funding for project completion in 2009.
- The Recommended 2009-2018 Capital Plan & Proposed Forecast will impact future year Operating Budgets for the Service by a total of \$9.394 million net over the ten-year period. Completion of the New Training Facility will result in an immediate impact of \$1.040 million in the 2009 Operating Budget for building operations and service contracts. Beginning in 2011, incremental impacts totalling \$5.050 million over 5 years will result from the additional 55 full time records management staff needed for the replacement of the current records management system. It is recommended that the service efficiencies arising from this new system be identified to help offset operating impacts.
- The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast provides funds for State of Good Repair inside Police facilities of \$27.656 million or 5.0% over the 2009-2018 period. The Service's State of Good Repair backlog, estimated at \$16.138 million as of December 31, 2008, is projected to decrease to \$11.338 million by December 31, 2013 with a further decrease in backlog to \$3.482 million by December 31, 2018.
- The Facilities and Real Estate Division will continue to work with the Toronto Police Service to identify facilities options for the Property and Evidence Storage facility, including the feasibility of utilizing City property through the City Yard Consolidation Study. Upon confirmation of a suitable site in 2009, staff will include the updated capital project cost estimates as part of the 2010 Capital Budget process.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for the Toronto Police Service with a total project cost of \$27.012 million and a 2009 cash flow of \$37.395 million and future year commitments of \$18.115 million in 2010 and \$7.918 million in 2011. The 2009 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 16 new sub-projects with a 2009 total project cost of \$27.012 million that requires cash flow of \$21.090 million in 2009 and a future year commitment of \$3.758 million in 2010 and \$2.164 million in 2011; and
 - ii) 7 previously approved sub-projects that requires cash flow of \$16.305 million in 2009, \$14.357 million in 2010 and \$5.754 million in 2011;
2. Council approve new debt service costs of \$0.037 million in 2009 and incremental costs of \$0.251 million in 2010, \$0.449 million in 2011 and \$0.227 million in 2012 resulting from the approval of the 2009 Recommended Capital Budget, to be included in the 2009 and future year operating budgets;
3. Council consider the net operating impacts in the Toronto Police Service's operating budget of \$1.040 million for 2009, \$0.501 million in 2011 and \$0.101 million in 2012 emanating from the approval of the 2009 Recommended Capital Budget within the overall scope of the Toronto Police Service's 2009 and future year operating budget submissions;
4. Council approve the 2010-2013 Capital Plan for the Toronto Police Service totalling \$195.040 million in project estimates, comprised of \$40.733 million in 2010; \$60.662 million in 2011; \$51.605 million in 2012; and \$42.040 million in 2013;
5. Council approve in principle the 2014-2018 Capital Forecast for the Toronto Police Service totalling \$299.362 million in project estimates, comprised of \$50.892 million in 2014; \$64.378 million in 2015; \$51.273 million in 2016; \$66.802 million in 2017; and \$66.017 million in 2018; and that this forecast be used as a foundation for preparing a 2010-2019 Capital Plan and Forecast as part of the 2010 Capital Budget process;
6. the Toronto Police Services Board report back during the 2010 Capital Budget process on potential service efficiencies which will be achieved from the implementation of the new records management system which would help offset identified operating impacts; and,
7. the Facilities and Real Estate Division continue to work with the Toronto Police Service to identify facilities options for the Property and Evidence Storage facility, including the feasibility of utilizing City property through the City Yard Consolidation Study.

PART I: CAPITAL PROGRAM

2008 Capital Variance Review

2008 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2008 Approved	Actuals as of June 30 (2nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
101,479	25,627	25.3%	95,490	94.1%	5,989

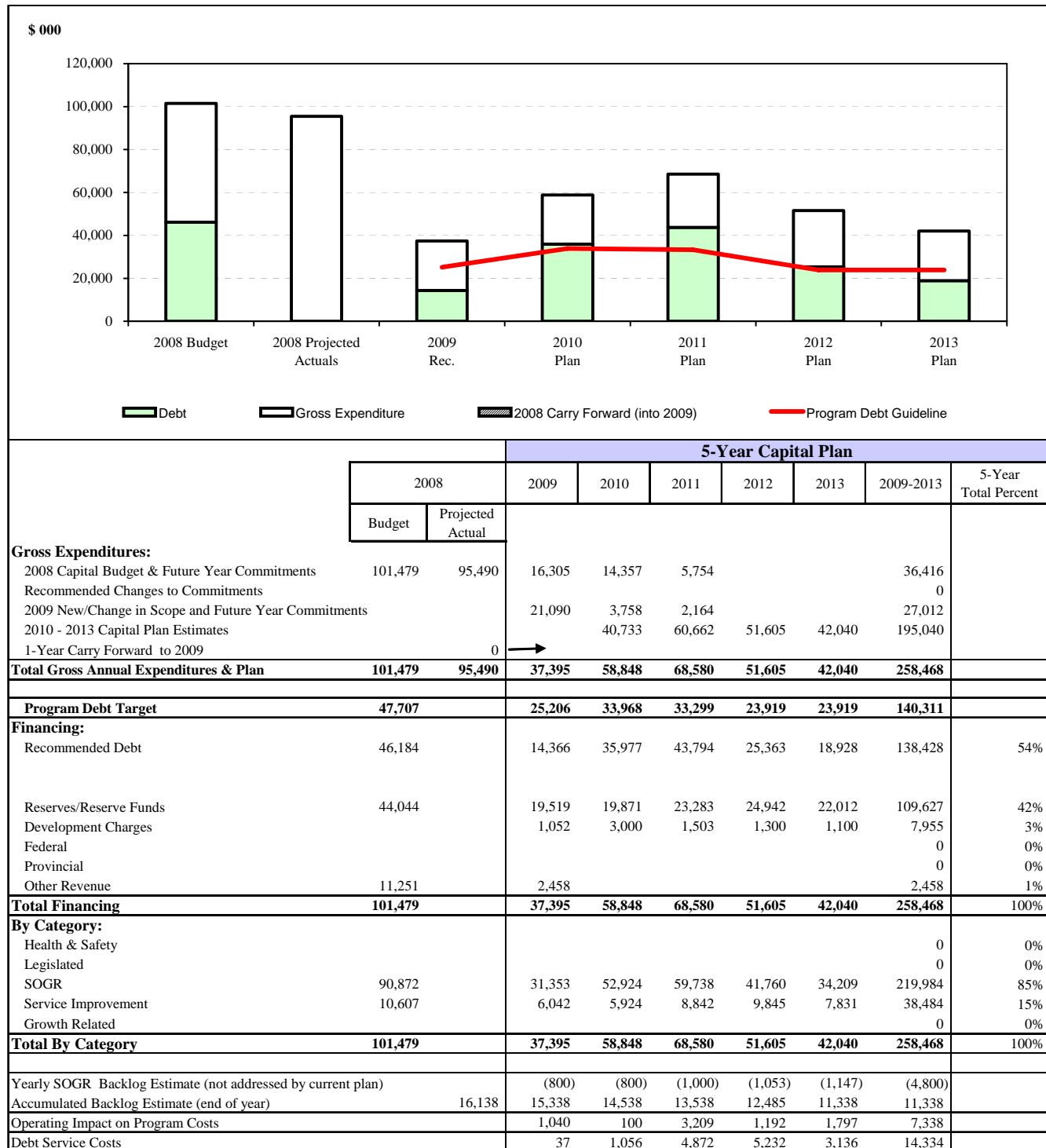
Comments / Issues:

- The Toronto Police Service's 2008 Approved Capital Budget of \$101.479 million was 25.3% or \$25.627 million spent, as at June 30th, 2008. Actual expenditures by year-end are anticipated to be \$95.490 million or 94.1% of the 2008 Approved Capital Budget, as reported in the 2nd Quarter Capital Budget Variance Report. This represents an increase of \$46.717 million or 95.8% in spending over the 2007 gross spending rate of 65.6% (net spending rate was 82%) or \$48.773 million.
- The Toronto Police Service has not identified funding from 2008 to be carried forward into 2009 within the 2009 Recommended Capital Budget. Further adjustments to carry forward funding will be made following reporting on year-end actual expenditures
- The majority of the Toronto Police Service's projected year-end underspending is attributed to the following projects:
 - The New Training Facility project is projected to be \$41.000 million or 95.5% out of an approved cash flow of \$42.933 million by year-end. The projected under spending is the result of a combination of labour disruptions in June 2007, earlier-than-expected winter conditions in 2007 and heavy snow falls in 2008. As a result, completion is projected to be approximately nine weeks behind schedule.
 - The Servers – Lifecycle Plan project for the Service's information technology needs is projected to be \$1.334 million or 47.5% spent out of the 2008 approved cash flow of \$2.810 million by year-end. The projected under spending is the result of \$1.476 million in funds, cash flowed for 2008, which were accelerated to 2007 when the project was ahead of schedule. As these funds are already spent, they are no longer available in 2008 and will show as an under expenditure. This project is funded from the Vehicle and Equipment reserve.

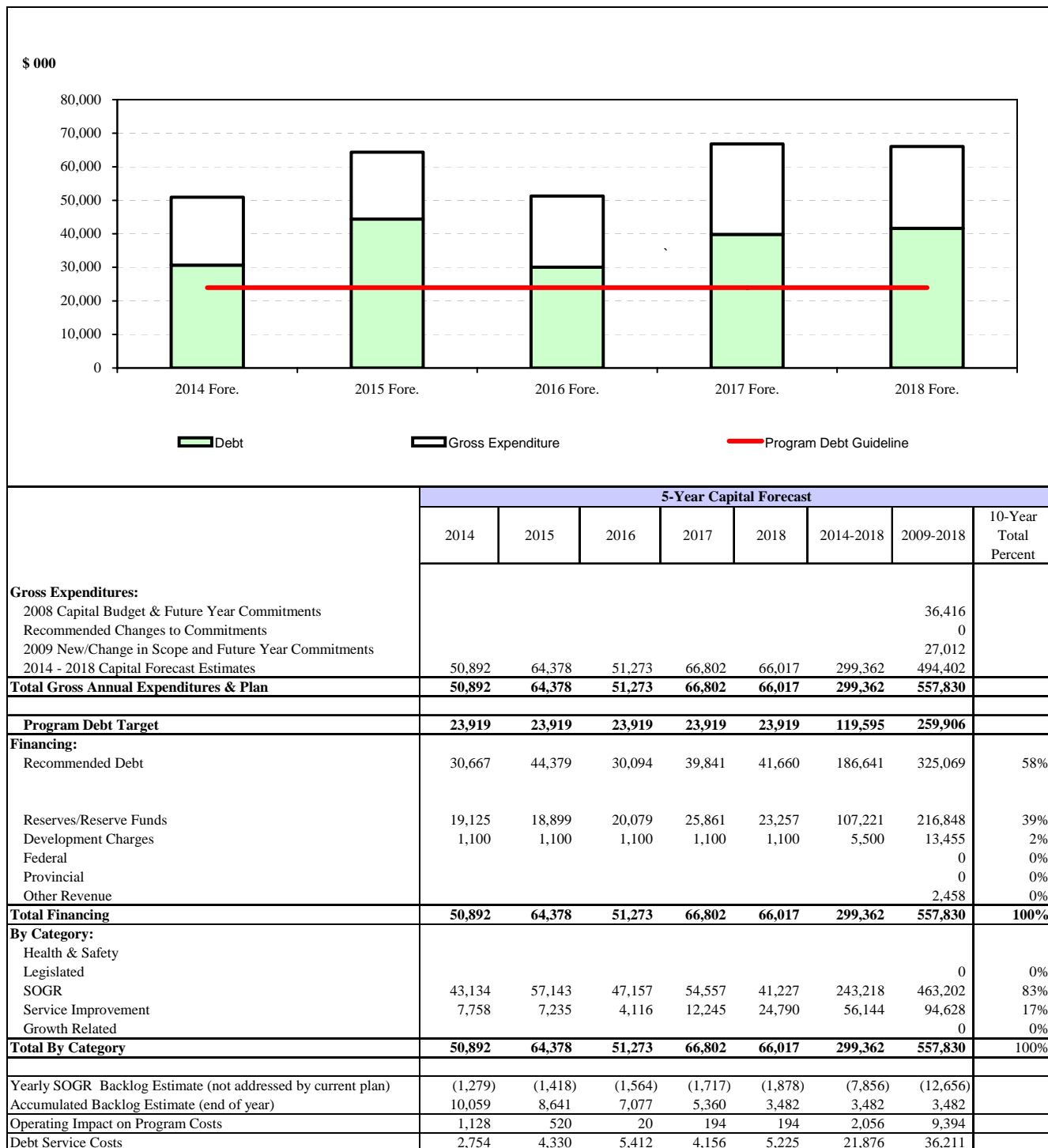
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5-Year Capital Plan

(2009 Recommended Budget, 2010-2013 Plan)



5-Year Capital Forecast (2014-2018)



10-Year Capital Plan and Forecast Overview

- The strategic direction reflected in the Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast focuses on continuing to improve and update the Service's aging facility infrastructure. Since 2004 the Service has completed the construction of four new facilities, and the 2009-2018 Capital Plan and Proposed Forecast as presented will provide for the construction and completion of five of six new facilities included in the Capital Budget.
- The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast for the Toronto Police Service is above their 2009-2018 debt target of \$259.906 million by \$65.163 million, however it is below the 5-Year Capital Plan, 2009-2013 debt target of \$140.311 million by \$1.883 million.
- The 2009 Recommended Capital Budget, 2010 – 2013 Recommended Capital Plan and 2014 – 2018 Proposed Capital Forecast totals \$557.830 million gross requiring \$325.069 million in debt. Over the next 10 years, \$215.664 million will be funded from the Vehicle and Equipment Reserve, which is funded annually from the Service's Operating Budget. \$13.455 million, \$2.458 million and \$1.184 million will also be funded from development charges, the Department of National Defence and the Capital Financing Reserve Fund respectively over the 10-Year Capital Plan and Proposed Capital Forecast period. Funding from the Vehicle and Equipment Reserve, which is fairly consistent throughout the 10-Year Capital Plan and Forecast, averages just over \$21.500 million per year. However, debt funding varies from target, from year to year based on yearly capital needs. Efforts will be made to smooth out debt funding in future years.
- State of Good Repair Projects account for 83% or \$463.202 million of the Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast. These projects will primarily focus on continued improvement and updating of the Service's aging facility infrastructure. Also included within the scope of State of Good Repair work are Information Technology upgrades and the Radio Replacement project.
- Service Improvement Projects account for 17% or \$94.628 million of the Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast. These include the Digital Video Asset Management project which will eventually eliminate the use of physical video evidence media within the organization, as well as the In-Car Camera pilot project which will increase Officer and Community safety.
- The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast provides funds for State of Good Repair work inside Police facilities of \$27.656 million from 2009 to 2018. This will ensure a steady decline in the backlog of State of Good Repair for Police facilities. The Service has also identified unmet capital needs arising from a deferral or reduction in scope of capital projects. This includes a deferral of the replacement of 54, 41 and 13 Divisions to 2013 and beyond, as well as a reduction in the scope of the Property & Evidence Management Storage Facility from an \$80.000 million, 228,800 sq ft facility with a 25 year useful life, identified as a result of the feasibility study to a \$35.000 million, 180,000 sq ft facility to be built or retro-fitted to meet the Service's demands for the next 15 years.

- The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast will impact future year Operating Budgets for the Service by a total of \$9.394 million net over the ten-year period. An immediate impact of \$1.040 million will be seen in the 2009 Operating Budget as a result of building operations and service contracts arising from the completion of the New Training Facility. Beginning in 2011, incremental impacts totalling \$5.050 million over 5 years will result from the additional 55 full time records management staff needed for the Replacement of the Current Records Management System. It is recommended that the Service identify potential efficiencies achieved from the implementation of this new system which would help offset the identified Operating impacts.

Multi-Year Debt Affordability Targets

The 2009 Recommended Capital Budget, 2010 – 2013 Recommended Capital Plan and 2014 – 2018 Proposed Capital Forecast is above the debt affordability targets by \$65.163 million or 25.1% over the ten years of the Plan and Forecast. However, the 2009 Recommended Capital Budget and 2010 – 2013 Recommended Capital Plan is \$1.883 million or 1.3% below the cumulative 5-Year debt targets. Debt funding varies from target, from year to year based on yearly capital needs. Debt funding is above the debt affordability guideline for each year of the Proposed 5-Year Capital Forecast, efforts will be made to smooth out future year debt funding during the 2010 Capital Budget process.

Project Financing

The Toronto Police Service's 2009 Recommended Capital Budget and 2010 -2013 Recommended Capital Plan is primarily funded from debt, reserve funds, and development charges. \$138.428 million or 54% of the \$258.468 million 5-Year Capital Plan is funded from debt, while \$109.627 million or 42% will be funded from Reserve Funds, and \$7.955 million and \$2.458 million will be funded from development charges and the Department of National Defence respectively.

The Toronto Police Service will continue to fund lifecycle replacement projects from the Vehicle and Equipment Reserve. This allows the Service to replace equipment through their Capital Budget without requiring debt financing. This does create a pressure on the Services Operating Budget, with incremental increases of approximately \$2.800 million required each year until 2013, when the Service's annual contributions to the Vehicle and Equipment Reserve will reach the required level of \$23.617 million.

Development Charge Funded Projects

The Toronto Police Service's 2009 Recommended Capital Budget, 2010 – 2013 Recommended Capital Plan and 2014 – 2018 Proposed Capital Forecast maximizes available and eligible development charge funding in the amount of \$13.455 million from 2009 to 2018. \$1.800 million in development charge funding proposed in the years 2017 and 2018 is applied to 13 Division, which is not included in the Development Charge Background Study currently before Council. Based on the projected growth in the area this project is located, it is anticipated that this project will be eligible for development charge funding within eight years. However, if this is not the case, funding for this project will need to be accommodated within the established debt guidelines.

Adequate funds are available in current Development Charge Reserve balances for the 2009 Recommended development charge funded projects. Development charge funding for the 2010-2018

timeframe is subject to Councils consideration of the new Development Charge By-Law, in the fall of 2008. Development charge funded projects will be re-evaluated during the 2010 Capital Budget process, ensuring funding is consistent with the new Development Charge By-Law, as adopted by Council.

State of Good Repair Backlog and Unmet Service Needs

State of Good Repair

The current State of Good Repair backlog for the Toronto Police Service is estimated at \$16.138 million at December 2008, which represents an increase of \$9.912 million above the \$6.226 million in backlog identified in December 2007 during last year's Capital Budget process. This increase in identified backlog for State of Good Repair work is the result of the inclusion of Priority B, C and D projects in the identified backlog, as these projects were not included in the backlog estimates in 2008. The backlog for only Priority A projects as recorded in 2008, amounts to \$6.027 million.

The 2009 Recommended Capital Budget, 2010 – 2013 Recommended Capital Plan and 2014 – 2018 Proposed Capital Forecast provides funds for State of Good Repair inside Police facilities of \$27.656 million or 5.0% over the 2009-2018 period. Based on the Recommended 5-Year Capital Plan, it is estimated that the Service's State of Good Repair backlog will be decreased to \$11.338 million by December 31, 2013. The Proposed 5-Year Capital Forecast provides funding for State of Good Repair which is projected to result in a further decrease in backlog to \$3.482 million by December 31, 2018.

Unmet Service Needs

As a result of capital pressures, a number of projects were reduced in scope to achieve the City's debt affordability targets, resulting in unmet service needs for the Police Service.

This includes a reduction in the request for the Property & Evidence Management Storage Facility from a 228,800 sq ft, \$80.000 million facility identified in the feasibility study to 180,000 sq ft, \$35.000 million facility, with the service offset being a reduction in the useful life of the facility from 25 years to 15 years. The Service was also required to defer the replacement of 54, 41 and 13 Divisions to 2013 and beyond.

Program Capacity and Readiness to Proceed

The Toronto Police Service's 2008 projected spending rate by year-end is anticipated to be 94.1%. This is a significant improvement over the Service's previous spending capacity which was 65.6% in 2007. It is anticipated that the Service's capacity to spend will not be an issue in 2009 as a large portion of their capital projects are within their control and ready to proceed. This is evident in the continuation of capital work for the New Training Facility which will be completed in 2009, as well, the land for both 11 Division and 14 Division has been secured and significant work will begin in 2009.

Changes to the 5-Year Capital Plan (2009-2012)

Changes from the 2008-2012 Council Approved Capital Plan, as compared with the 2009 Recommended Capital Budget and 2010 – 2013 Recommended Capital Plan are as follows:

- **Replacement of the Current Records Management System**

Recommended funding for the replacement of the current Records Management System (eCOPS) has increased by \$16.468 million or 206% from \$8.000 million originally identified in 2012, within the 2008 Capital Plan. This project has also moved forward with planning now beginning in 2009.

- **14 Division and 11 Division**

As a result of changes in the construction cost index, the project cost for 14 Division has increased by \$4.125 million or 13.4% and the project cost for 11 Division has increased by \$1.470 million or 5.9%. The discrepancy in the increases between the two Divisions is due to the fact that 14 Division includes a parking facility and requires more funding in the latter years of the 2009–2013 Recommended Capital Plan, requiring greater indexing.

Capital Project Highlights

The 10-Year Capital Plan advances the Police Service's strategic priorities:

- The 2009 Recommended Capital Budget, 2010– 2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast for the Police Service is primarily focus on improving and updating its aging facility infrastructure, providing \$211.790 million for new and expanded facility projects.

The Recommended 5-Year Capital Plan includes \$134.916 million in funding for facility projects. This will ensure the completion of the New Training Facility anticipated in 2009, as well as the commencement of 11 Division, 14 Division and the Property and Evidence Management Storage Facility, which are all scheduled to begin within the Recommended 5-Year Capital Plan.

- The 2009 Recommended Capital Budget, 2010– 2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast provides \$74.300 million for IT projects. This will ensure increased functionality and upgrades for existing technologies and provide the Service with the ability to utilize advance technologies in future years.

\$37.570 million in funding is provided for IT Projects in the Recommended 5-Year Capital Plan. The majority of this funding is needed for the Replacement of the Current Records Management System. Since its implementation in 2003, several deficiencies with the current system (eCOPS) have been identified. The replacement of this system with a commercial off the shelf solution has been recommended at a cost of \$24.468 million beginning in 2009 for initial planning, with anticipated completion by 2014.

- The Service's Radio Replacement project requires funding of \$20.848 million during the 2009-2012 period. This Radio Replacement project will allow the Service to replace current communication radios, ensuring operability on the new shared EMS, Toronto Fire and Toronto Police Service's platform. This new platform is being implemented through the City managed Radio Infrastructure Replacement project.

Summary of Major Capital Initiatives

(In \$Thousands)	2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	5-Year Plan	2014 -2018 Forecast	2009 -2018 Total
New & Expanded Facility Projects	8,344.0	23,763.0	25,584.0	8,883.0	10,300.0	76,874.0	134,916.0	211,790.0
IT Projects	832.0	3,933.0	12,736.0	10,896.0	9,173.0	37,570.0	36,730.0	74,300.0
Sub-Total	9,176.0	27,696.0	38,320.0	19,779.0	19,473.0	114,444.0	171,646.0	286,090.0
Other Major Initiatives:								
Vehicle & Equipment Replacement	5,617.0	5,617.0	5,617.0	5,617.0	5,617.0	28,085.0	28,085.0	56,170.0
Workstations, Printers & Laptops	4,785.0	4,816.0	4,826.0	3,774.0	4,785.0	22,986.0	22,985.0	45,971.0
Servers	2,910.0	3,010.0	3,120.0	3,230.0	3,340.0	15,610.0	15,610.0	31,220.0
Handheld Radio Replacement	2,000.0	7,448.0	5,700.0	5,700.0		20,848.0		20,848.0
Sub-Total	15,312.0	20,891.0	19,263.0	18,321.0	13,742.0	87,529.0	66,680.0	154,209.0
Total	24,488.0	48,587.0	57,583.0	38,100.0	33,215.0	201,973.0	238,326.0	440,299.0

- Over the next five years, \$76.874 million is allocated for the construction and/or expansion of new facilities. This focus on State of Good Repair projects is consistent with, and addresses the needs identified in the needs assessment of Police facilities conducted in 1996.
- Vehicle & Equipment Replacement, Workstation, Printers & Laptops and Servers will all be fully funded from the Vehicle and Equipment Reserve, which will fund 42% of the 2009 Recommended Capital Budget and 2010 – 2013 Recommended Capital Plan. Contributions to this Reserve are made by the Toronto Police Service through its Operating Budget.

Operating Budget Impact 10-Year Capital Plan & Forecast Incremental Operating Impact Summary

(In \$Thousands)	2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	5-Year Plan	2014 - 2018 Forecast	2009- 2018 Total
2009 Recommended Capital Budget								
Program Costs (net)	1,040.0		501.0	101.0		1,642.0		1,642.0
Approved Positions			5.0			5.0		5.0
Debt Service Costs	37.3	250.5	448.7	227.2		963.7		963.7
Recommended 2010-2013 Capital Plan								
Program Costs (net)		100.0	2,708.0	1,091.0	1,797.0	5,696.0	925.0	6,621.0
Approved Positions			44.0	13.0	5.0	62.0		62.0
Debt Service Costs		805.5	4,423.7	5,005.2	3,136.3	13,370.8		13,370.8
Proposed 2014-2018 Capital Forecast								
Program Costs (net)							1,131.0	1,131.0
Approved Positions								0.0
Debt Service Costs							21,876.5	21,876.5
Total								
Program Costs (net)	1,040.0	100.0	3,209.0	1,192.0	1,797.0	7,338.0	2,056.0	9,394.0
Approved Positions			49.0	13.0	5.0	67.0		67.0
Debt Service Costs	37.3	1,056.0	4,872.4	5,232.4	3,136.3	14,334.5	21,876.5	36,210.9
<i>Debt Service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 2.5% Year 1, and 13% for subsequent years</i>								

The 2009 Recommended Capital Budget, 2010 – 2013 Recommended Capital Plan and 2014 – 2018 Proposed Capital Forecast will impact future year Operating Budgets for the Toronto Police Service by

a total of \$9.394 million net over the ten-year period. The majority of these impacts are attributed to the following;

- An incremental impact of \$1.040 million to the Service's 2009 Operating Budget will occur to cover building operations and service contract costs arising from the completion of the New Training Facility.
- Incremental impacts of \$2.588 million in 2011, \$0.987 million in 2012, \$0.650 million in 2013, \$0.325 million in 2014 and \$0.500 million in 2015 will result from the Replacement of the Current Records Management System which will require an additional 42 full time staff in 2011 and an added 13 in 2012, totalling 55 additional full time records management staff. It should be noted that it is recommended that the Service find efficiencies achieved from the implementation of this new system which will help offset the identified Operating impacts.

Total 2009 Recommended Cash Flow & Future Year Commitments (\$000s)

	2007 & Prior Year Carry Forwards	2009 Previously Approved Cash Flow Commitments	2009 New Cash Flow Recommended	2009 Total Cash Flow Recommended	2009 Debt Target	2008 Carry Forwards	Total 2009 Cash Flow (Incl 2008 C/Fwd)	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Cost
Expenditures																	
Previously Approved		16,305		16,305			16,305	14,357	5,754								36,416
Change in Scope			(4,452)	(4,452)			(4,452)	3,758	2,164								1,470
New			3,749	3,749			3,749										3,749
New w/Future Year			21,793	21,793			21,793										21,793
Total Expenditure	-	16,305	21,090	37,395		-	37,395	18,115	7,918								63,428
Financing																	
Reserves/Res Funds			19,519	19,519			19,519										19,519
Development Charges		972	80	1,052			1,052	2,000	1,000								4,052
Other		2,458		2,458			2,458										2,458
Debt		12,875	1,491	14,366	25,206		14,366	16,115	6,918								37,399
Total Financing	-	16,305	21,090	37,395		-	37,395	18,115	7,918								63,428

Comments / Issues:

- The 2009 Recommended Capital Budget is \$63.428 million with a cash flow of \$37.395 million in 2009, and future year commitments of \$18.115 million in 2010 and \$7.918 million in 2011, which will encumber the following year's cash flow.
- The 2009 Recommended Capital Budget includes \$36.416 million for previously approved projects, \$1.470 million for change in scope projects, \$3.749 million for new projects and \$21.793 million for new projects with future year requirements. No funds carried forward from 2008 into 2009 have been identified, further adjustments to carry forward funding will be made following reporting on the Police Service's 2008 year-end actual expenditures.
- To fund 2009 recommended cash flow, the Toronto Police Service will require new debt of \$14.366 million in 2009, \$16.115 million in 2010 and \$6.918 million in 2011. New funding of \$18.335 million in 2009 will be funded from the Vehicle and Equipment reserve and \$1.184 million from the Capital Financing Reserve Fund, \$1.052 million in 2009 will be funded from Development Charge funding and \$2.458 million in 2009 will be funded from the Department of National Defence.
- The 2009 recommended cash flow will provide for the completion of the New Training Facility with the substantial completion date anticipated to be in January 2009. Future year commitments in 2010 will also provide for the completion of the In-Car Camera pilot project, which will increase Officer and Community safety. Recommended 2009 to 2011 cash flows will allow for the construction and completion of 11 Division, ensuring the Service is able to update their aging infrastructure.

2009 Recommended Capital Budget

2009 Recommended Capital Budget versus Debt Target

The 2009 Recommended Capital Budget including previously approved commitments requires new 2009 cash flow of \$37.395 million with debt funding of \$14.366 million. The 2009 Recommended Capital Budget for the Toronto Police Service is below their established debt affordability guideline of \$25.206 million by \$10.840 million.

Capital Budget by Project Category

- State of Good Repair projects represent \$31.353 million or 84% of the 2009 Recommended Capital Budget. The 2009 debt target is sufficient to fund 2009 SOGR requirements. SOGR projects are driven primarily by 11 Division and the Training Facility, as the Service continues to focus on improving and updating its aging facility infrastructure. Also included are IT upgrades and the Radio Replacement project.
- Service Improvement projects account for \$6.042 million or 16% of the 2009 Recommended Capital Budget. These include the In-Car Camera pilot project which will increase Officer and Community safety, as well as the Digital Video Asset Management project which will eventually eliminate the use of physical video evidence media within the organization.

2009 Capital Budget Highlights

The 2009 Recommended Capital Budget will provide funding for the initial planning required for the Acquisition and Implementation of a New Records Management System, it is projected that this new system will be implemented and operational by 2014. The 2009 Recommended Capital Budget also provides funding for the continued work performed by the Service for State of Good Repair, building a new 11 Division to be completed by 2011 and a new 14 Division to be completed by 2012, the In-Car Camera pilot project to increase Officer and Community safety, IT upgrades and the Radio Replacement project. Funding provided for in the 2009 Recommended Capital Budget will ensure the completion of the New Training Facility and the Digital Video Asset Management project by year-end.

Capacity and Readiness to Proceed

The 2009 Recommended Capital Budget is ready to proceed. A large portion of the Toronto Police Service's Capital projects are within their control and their capacity to spend will not be a concern. This includes the continuation of Capital work for the New Training Facility which will be completed in 2009. As well, the land for both the 11 Division and 14 Division new facilities, which has been secured and significant work will begin in 2009.

PART II: ISSUES FOR DISCUSSION

5-Year Capital Plan Issues

Acquisition and Implementation of Next Generation Records Management System

\$0.400 million in funding is recommended in 2009 for the Police Service to begin the Records Management System (RMS) project to increase their records management capacity by replacing the existing eCOPS application. The current application eCOPS, which was developed in-house and implemented in 2003 at a cost of \$18.500 million, resulted in a reduction of Records Management staff by 70 positions, for an annual savings of \$4.100 million.

Since its implementation the Service has identified several deficiencies with the current system, including their inability to maintain and enhance the application to address changing needs, the inability to fully exchange information with other Police Services and the system inability to provide integration or interoperability with other systems. As well, certain critical components of an RMS system are not available, and it is frustrating and time consuming for users.

Since the development of eCOPS, there has been significant improvements in commercial-off-the-shelf (COTS) applications. Over the last 5 years every other Police Service in Canada acquiring a new RMS solution has taken the COTS route.

Recommended funding to purchase and implement a new COTS RMS solution during the years 2009 – 2014, follows the Auditor General's recommendation to buy, not build their next generation RMS. The recommended funding for this project is as follows;

	2009 - 2018 Recommended Capital Plan and Proposed Capital Forecast							
(\$000's)	2009	2010	2011	2012	2013	2014	2015	Total
Capital Cost	400	1,564	8,092	8,752	4,670	990		24,468
Incremental Op. Impacts			2,588	987	650	325	500	5,050
Required Full Time Staff			42	13				

Recommended funding of \$0.400 million in 2009 is required to ensure necessary planning and preparation for the project can begin.

This project will create a significant pressure on the Service's Operating Budget to accommodate the 50 new RMS staff, 5 new IT staff and additional maintenance costs. However, this will remove the burden from front line Officers who currently must enter data into the system.

It is recommended that the Toronto Police Services Board report back during the 2010 Capital Budget process on potential service efficiencies which will be achieved from the implementation of the new records management system which would help offset identified Operating impacts.

Police 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 reside in any one of these 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. A recent report from the Fire Chief to Budget Committee dated September 19, 2008 provided a status update on this project and advised that due to new radio frequency spectrum regulatory issues that have an impact on the system design, the timelines of the subsequent project phases will be delayed by one year. The changes do not present additional risk to the radio infrastructure and do not impact the overall success of the project. Every necessary step is being taken to ensure that the vendor continues to support the existing system into 2012.

The following table summarizes the changes to the project's cash flow funding:

\$000s	Commitments		Estimates				Total
	2007	2008	2009	2010	2011	2012	
2008 Approved Cash Flow Plan	50	450	28,000	28,000	13,500		70,000
Revised Cash Flow Plan	27	473	250	28,000	28,000	13,250	70,000
Change	(23)	23	(27,750)	-	14,500	13,250	-

The following is a breakdown of the project cost:

FY	PROJECT COMPONENT	RECOMMENDED COST (\$000)
2007-2011	Development of Governance Agreement, technical subcommittee training, development of Infrastructure Functional Specifications & System Supplier RFP, Project Management	986
2009-2012	Transitional Costs incl.test equipment, asset control system	789
2010-2012	Communication Towers, Radio Site Building Equipment	2,750
2010-2012	Site Connectivity	825
2010-2012	Radio System Infrastructure Replacement	57,650
2010-2012	Provision for User Terminals	7,000
2007-2012	Total Project Cost	70,000

This project represents a unique and effective partnership among the City's three emergency services. It also represents a significant expenditure for the City. For both these reasons the proper oversight and involvement from the City Managers Office, Finance and Internal Audit has been established. 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. In the 2008 Capital Budget it was approved 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.

5-Year Capital Forecast Issues

Property and Evidence Storage Management – Acquisition of a New Facility

In 2007, \$0.258 million was allocated for a Property and Evidence Management Storage Feasibility Study. The purpose of the study was to determine what the Service required from an evidence management technology perspective, and also the long-term physical storage requirements in order to adequately store evidence and property.

The study determined that a facility with an estimated life expectancy of 25 years would required a minimum of 228,800 sq. ft. situated on 10 acres of land with a cost of \$60.000 million (plus), not including the cost of land or brownfield site clean up.

The study also determined that even with retro-fitting of the current facility, a new facility would be required by April of 2012.

Costs for this project were initially estimated at \$79.170 million. This included the costs to purchase the required land and to build the facility with a 25 year life span. Due to funding pressures in the Capital program, the Capital Budget as approved by the Toronto Police Services Board has been modified to accommodate a storage capacity for an anticipated 15 years as opposed to 25 years.

Even with this decrease in project cost to \$35.000 million and a reduced square footage to 180,000 sq ft, the funding required to complete this facility before April 2012 is currently beyond the City's debt affordability guidelines. Funding for this project is forecasted for the 2013-2016 capital planning period, beginning in 2013 with \$10.000 million in funding.

The Facilities and Real Estate Division will continue to work with the Toronto Police Service to identify facilities options including the feasibility of utilizing City property through the City Yard Consolidation Study. Upon confirmation of a suitable site in 2009, staff will include the updated capital project cost estimates as part of the 2010 Capital Budget process.

Appendix 1

2009 Recommended Capital Budget; 2010 to 2013 Plan and 2014 to 2018 Forecast

Appendix 2

2009 Recommended Cash Flow and Future Year Commitments

Appendix 3
2009 Recommended Capital Projects
with Financing Details

Appendix 4

Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 31, 2008	Proposed Withdrawals									
			2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.
XR2704 Development Charge Reserve Fund - Police	Beginning Balance	\$3,075	\$3,075	\$2,523	\$570	\$160	\$2	\$43	\$85	\$126	\$167	\$209
	11 Division		(\$972)	(\$2,000)	(\$1,000)							
	14 Division		(\$80)	(\$1,000)	(\$503)	(\$1,300)						
	Property & Evidence Storage						(\$1,100)	(\$1,100)	(\$1,100)	(\$1,100)		
	41 Division										(\$400)	
	13 Division										(\$700)	(\$1,100)
	Total Proposed Withdrawals		(\$1,052)	(\$3,000)	(\$1,503)	(\$1,300)	(\$1,100)	(\$1,100)	(\$1,100)	(\$1,100)	(\$1,100)	(\$1,100)
	Projected Contributions		\$500	\$1,046	\$1,094	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141
	TOTAL RESERVE FUND BALANCE AT YEAR-END	\$3,075	\$2,523	\$570	\$160	\$2	\$43	\$85	\$126	\$167	\$209	\$250

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 31, 2008	Proposed Withdrawals									
			2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.
XQ1701 Vehicle and Equipment Reserve - Police	Beginning Balance	\$8,096	\$8,096	\$4,978	\$3,123	\$657	(\$669)	(\$564)	\$2,427	\$5,645	\$7,682	\$3,938
	Vehicle and Equipment Replacement		(\$5,617)	(\$5,617)	(\$5,617)	(\$5,617)	(\$5,617)	(\$5,617)	(\$5,617)	(\$5,617)	(\$5,617)	(\$5,617)
	Workstation, Laptop, Printer Lifecycle		(\$4,785)	(\$4,816)	(\$4,826)	(\$3,774)	(\$4,785)	(\$4,597)	(\$4,597)	(\$4,597)	(\$4,597)	(\$4,597)
	Servers Lifecycle		(\$2,910)	(\$3,010)	(\$3,120)	(\$3,230)	(\$3,340)	(\$3,122)	(\$3,122)	(\$3,122)	(\$3,122)	(\$3,122)
	IT business resumption Lifecycle			(\$1,588)	(\$1,644)	(\$1,701)	(\$1,761)	(\$1,339)	(\$1,339)	(\$1,339)	(\$1,339)	(\$1,339)
	Mobile Workstations Lifecycle				(\$250)	(\$7,500)	(\$1,500)			(\$250)	(\$7,500)	(\$1,500)
	Network Equipment Lifecycle		(\$1,723)	(\$480)	(\$500)	(\$520)	(\$2,603)	(\$1,165)	(\$1,165)	(\$1,165)	(\$1,165)	(\$1,165)
	Locker Replacement Lifecycle		(\$550)	(\$550)								
	Furniture Replacement Lifecycle		(\$750)	(\$750)	(\$750)	(\$750)	(\$750)	(\$750)	(\$750)	(\$750)	(\$750)	(\$750)
	AVLS Replacement Lifecycle			(\$316)	(\$593)	(\$639)				(\$316)	(\$593)	(\$638)
	In - Car Camera lifecycle Replacement					(\$33)	(\$655)	(\$818)				(\$33)
	Voice Logging lifecycle Replacement			(\$459)	(\$324)		(\$370)		(\$459)	(\$324)		(\$370)
	CAD - Computer Aided Dispatches System					(\$100)	(\$331)				(\$100)	(\$331)
	Electronic Surveillance Lifecycle Replacement				(\$1,977)					(\$1,977)		
	Digital Photography lifecycle Replacement			(\$126)	(\$130)				(\$126)	(\$130)		
	DVAM I Lifecycle Replacement			(\$1,109)					(\$1,109)			
	Replacement of Call Centre Application (ACD-X)			(\$315)					(\$315)			
	DVAM II Lifecycle Replacement							(\$1,417)				
	Asset and Inventory Management System (AIMS)				(\$127)					(\$127)		
	Property & Evidence Scanners Lifecycle				(\$65)					(\$65)		
	DPLN Replacement					(\$778)					(\$778)	
	Telephone Handset Replacement			(\$300)	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)
	Radio Replacement		(\$2,000)									
	AFIS/Licescan/RICI			(\$435)								(\$435)
	Wireless Parking System				(\$3,060)							(\$3,060)
	Total Proposed Withdrawals		(\$18,335)	(\$19,871)	(\$23,283)	(\$24,942)	(\$22,012)	(\$19,125)	(\$18,899)	(\$20,079)	(\$25,861)	(\$23,257)
	Projected Contributions		\$15,217	\$18,017	\$20,817	\$23,617	\$22,117	\$22,117	\$22,117	\$22,117	\$22,117	\$22,117
	TOTAL RESERVE FUND BALANCE AT YEAR-END	\$8,096	\$4,978	\$3,123	\$657	(\$669)	(\$564)	\$2,427	\$5,645	\$7,682	\$3,938	\$2,797