

Analyst Briefing Notes
Budget Committee Review
(February 8, 2007)

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2006 Approved Capital Budget of \$9.054 million was 44% spent as at September 30, 2006. Year-end expenditures are projected to be \$6.520 million, or 72% of the 2006 Approved Budget, resulting in projected 2006 cash flow funding of \$2.516 million being carried forward into 2007. The projected under expenditure is primarily attributed to construction delays for two state of good repair projects: Asset Management and Central Ambulance Communication Centre (CACC) & Systems; and the cancellation of the contract for the Engineering Technology project as the vendor was unable to fulfill the terms of the agreement.
- The 2007 Recommended Capital Budget; 2008 to 2011 Plan and 2012 to 2016 Estimates total \$80.174 million of which \$31.756 million is projected for the Program's 5-Year Capital Plan requiring debt funding of \$25.0 million. The 2007 Recommended Capital Budget includes:
 - previously approved commitments and new projects requiring 2007 cash flow of \$5.772 million. This cash flow combined with carry forward funding of \$2.516 million for 2006 projects bring the total 2007 Recommended Capital Budget to \$8.288 million.
 - future year commitments of \$4.942 million in 2008; \$1.926 million in 2009; and, \$0.350 million in 2010. The construction of ambulance stations requires funding spread over a three-year period.
- The 2007 Recommended Capital Budget includes new funding for: the reconstruction or replacement of 4 stations at an average cost of \$1.8 million per station (one station to be completed in 2007, 2 stations in 2008 and one station in 2009); ongoing maintenance and repairs of ambulance facilities; and, the design and analysis of required upgrades to the power supply and support systems of the EMS Fire communication centre at 4330 Dufferin St. facility.
- The accumulated state of good repair backlog at the end of 2006 is estimated to be \$2.895 million primarily for ambulance stations that were former gas stations built 30 to 50 years ago. State of good repair projects totalling \$24.950 million included in the 5-Year Capital Plan is not sufficient to address the SOGR requirements of EMS within the 5 year period. The SOGR backlog is estimated to grow by an average of \$0.340 million, resulting in an accumulated SOGR backlog of \$4.611 million by 2011.

- The 5-Year Capital Plan, including carry forward funding from 2006 to 2007, totals \$31.756 million with 2007 cash flow of \$8.288 million; \$5.652 million in 2008; \$5.672 million in 2009; \$6.672 million in 2010; and, \$5.472 million in 2011. It provides funding for the following: the reconstruction or replacement of 9 ambulance stations; the distribution of 70 automatic external defibrillators per year to City of Toronto workplaces and facilities, the purchase of approximately 125 radio (voice) communications devices to field staff; provide ongoing maintenance and repair to approximately 30 ambulance stations across the City; and, complete previously approved technology infrastructure projects such as the electronic data communication and mobile data communications projects.
- The 5-Year Capital Plan excludes the financial impact of the Centralized Book-On Stations (CBOS) project pending a report to Council expected in June 2007 which will also include financial details of a pilot mega station project in the North Region. Three projects (Station 14 - Etobicoke North Area, Station 17 - Bathurst & York Downs and Station 19 - Turnberry) with a 2007 cash flow of \$1.871 million will be impacted with the implementation of CBOS and proceeding with these projects will be subject to the final City Council decision on the CBOS Project.
- 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 cost, with an initial \$0.250 million in each of 2007 & 2008 for consultant expenses, has been budgeted corporately.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2007 Recommended Capital Budget for Emergency Medical Services with a total project cost of \$10.357 million and a 2007 cash flow of \$8.288 million and future year commitments of \$7.218 million be approved. The 2007 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for
 - i) 7 new sub-projects with a 2007 total project cost of \$10.357 million that requires cash flow of \$4.119 million in 2007 and future year commitments of \$4.662 million in 2008 and \$1.576 million in 2009; and,
 - ii) 4 previously approved sub-projects with a 2007 cash flow of \$1.653 million and future year commitments of \$0.280 million in 2008, \$0.350 in 2009 and \$0.350 million in 2010.
 - b) 2006 approved cash flow for 8 previously approved sub-projects with carry forward funding from 2006 into 2007 totalling \$2.516 million.
2. new debt service costs of \$0.096 million in 2007 and incremental costs of \$0.477 million in 2008, \$0.508 million in 2009, and \$0.173 million in 2010 resulting from the approval of the 2007 Recommended Capital Budget, be approved for inclusion in the 2007 and future year operating budgets;
3. expenditures for the three projects (Station 14 - Etobicoke North Area, Station 17 - Bathurst & York Downs and Station 19 – Turnberry) with a 2007 cash flow of \$1.871 million be deferred pending a report from the General Manager of Emergency Medical Services to the Budget Committee in June 2007 on the financial implication of proceeding with the Centralized Book-On Station Project; and,
4. the 2008-2011 Capital Plan for Emergency Medical Services totaling \$23.468 million in project commitments and estimates, comprised of \$5.652 million in 2008; \$5.672 million in 2009; and \$6.672 million in 2010 and \$5.472 million in 2011, be approved.

2006 Capital Variance Review

2006 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2006 Approved	Actuals as of Sept. 30 Y-T-D (3rd Qtr Variance)		Projected Actuals to Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
9,054	3,961	44	6,520	72	2,534

Comments / Issues:

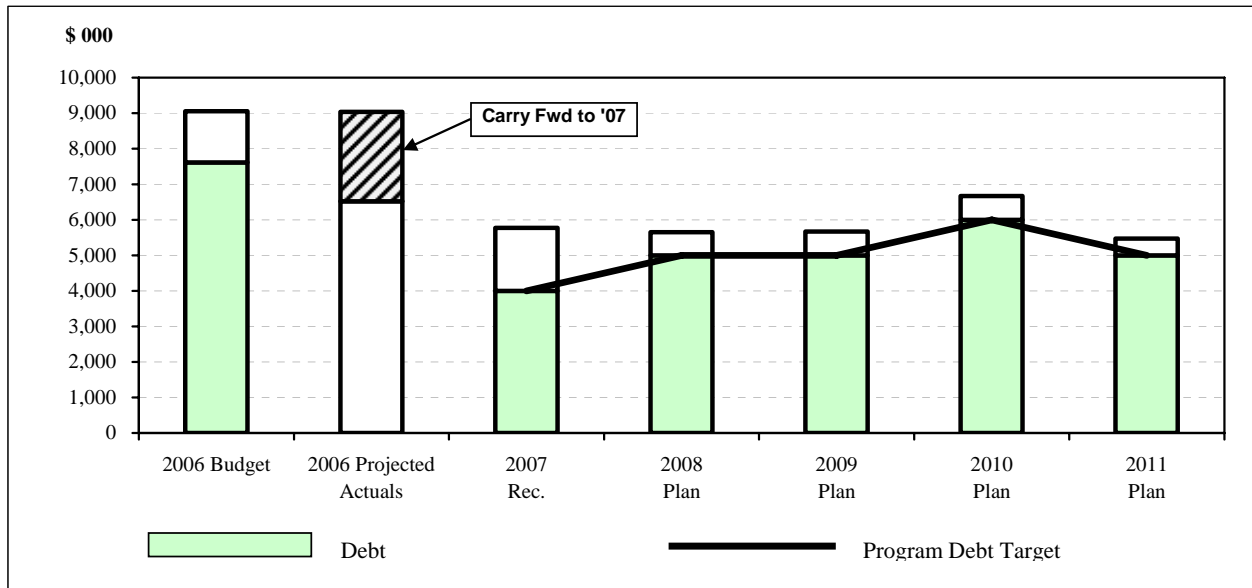
Emergency Medical Services (EMS) spent \$3.961 million or 44% of its 2006 approved cash flow of \$9.054 million during the nine-month period ended September 30, 2006. EMS estimates that spending will be \$6.520 million or 72.0% by year-end. This represents an improvement over the 49.6% achieved for 2005.

The Program is projecting an under expenditure of \$2.534 million primarily attributed to delays in construction and mid-year cancellation of a contract with subsequent awarding of a new contract. The 2006 carry forward funding into 2007 is projected to be \$2.516 million. The remaining under expenditure of \$0.018 million will result in savings as three projects are expected to be completed by year-end 2006.

The following 2006 projects require carry forward funding into 2007:

- \$0.839 million for Asset Management 2006 – Renovating Project. Projects are fully committed but repairs are expected to be completed in early 2007
- \$0.545 million for CACC and Systems SOGR Project. Delays in the delivery of materials required before construction work can begin.
- \$0.380 million for Engineering Technology Project. Mid-year cancellation of an existing contract due to the vendor's failure to fulfill its commitment. The contract was re-awarded resulting in this project continuing to 2007.
- \$0.272 million for Emergency Power Supply Project. The contract was awarded later than planned and will continue to 2007.
- \$0.200 million for Headquarters Security Project. In light of current and potential future events, EMS plans to re-evaluate their current security needs and pursue a heightened level of security consistent with 'homeland security' initiatives being considered in other jurisdictions.
- \$0.183 million for the Mobile Data Communications Project delayed to early 2007 to accommodate the redesign of the system control.
- \$0.097 million for Centralized Book-On Station Project for consultant expenses to finalize the CBOS report scheduled in June 2007.

5-Year Capital Plan (2007-2011)



	2006		5-Year Plan					2007-2011
	Budget	Projected Actual	2007 Rec.	2008	2009	2010	2011	
Gross Expenditures:								
Capital Budget & Future Year Commitments	9,054	6,520	5,772	4,942	1,926	350		12,990
New Plan Estimates				710	3,746	6,322	5,472	16,250
1-Year Carry Forward to 2007		2,516						
Total Gross Annual Expenditures & Plan	9,054	9,036	5,772	5,652	5,672	6,672	5,472	29,240
Program Debt Target	4,684		4,000	5,000	5,000	6,000	5,000	25,000
Financing:								
Recommended Debt	7,612		4,000	5,000	5,000	6,000	5,000	25,000
Other Financing Sources:								
Reserves/Reserve Funds	970		850	180				1,030
Development Charges					200	200		400
Federal								
Provincial			472	472	472	472	472	2,360
Other Revenue	472		450					450
Total Financing	9,054		5,772	5,652	5,672	6,672	5,472	29,240
By Category:								
Health & Safety	1,310		1,010	430	250			1,690
Legislative								
SOGR	4,566		4,459	5,122	4,497	5,040	5,472	24,590
Service Improvement	3,178		303	100	350	350		1,103
Growth Related					575	1,282		1,857
Total By Category	9,054		5,772	5,652	5,672	6,672	5,472	29,240
Yearly SOGR Backlog Estimate (not addressed by current plan)			300	296	534	295	291	1,716
Accumulated Backlog Estimate (end of year)		2,895	3,195	3,491	4,025	4,320	4,611	4,611
Operating Impact on Program Costs							20	20
Debt Service Costs			96	499	679	681	797	2,751

* Note that the 1-Year Carry Forward reflects the latest estimate as used in the 2006 3rd Quarter Capital Variance Report

5-Year Capital Plan Overview

Overview

The 5-Year Capital Plan of \$31.756 million with new debt funding of \$25.0 million meets the debt affordability target for the five year period. EMS' 5-Year Capital Plan consists primarily of projects necessary to maintain facility assets in a state of good repair and to continue previously approved technology infrastructure projects pending City Council's approval of the Centralized Book-On Station project.

The 5-Year Capital Plan consists of 6% for Health and Safety projects at \$1.69 million, 84% for State-of-Good-Repair projects at \$24.590 million; 4% for Service Improvement projects at \$1.103 million; and 6% for Growth Related projects at \$1.857 million.

Health and Safety projects include the Public Access Defibrillator (PAD) Program (\$0.660 million) and the Defibrillator Purchase (\$1.03 million) projects. The PAD Program will provide approximately 70 Automatic External Defibrillators (AED) per year to City of Toronto workplaces and facilities to ensure rapid treatment of those who suffer a cardiac arrest on site. The Defibrillator Purchase project is to ensure cardiac monitors/defibrillators are replaced after reaching a normal life cycle of five to seven years.

State of Good Repair projects totalling \$24.59 million continue to represent a major portion of the EMS' 5-Year Capital Plan, and are primarily directed towards the rehabilitation of existing ambulance stations. Existing stations scheduled for replacement are former gas service or police stations that were converted to ambulance facilities nearly 25 years ago, with some dating back to the 1920s. These facilities no longer meet the operational needs of EMS and require substantial state of good repair and redevelopment costs. These projects include the replacement of 9 ambulance stations, at an average cost of \$1.8 million per station.

Service Improvement/Growth project totalling \$2.96 million provide for radio infrastructure for portable radios, completion of the CBOS study and construction of a new station in the waterfront (Commissioner St Station) area where the proposed Toronto Waterfront Revitalization plan will be implemented.

- The Radio Infrastructure for Portable Coverage project of \$0.903 million over 4 years consists of the purchase of approximately 125 radio (voice) communication devices that will enable EMS to communicate with the current Fire and Police Services communication system. These radios will also be compatible with the Radio Communication System Replacement Project, a joint project with Fire and Police Services.

EMS' 5-Year Capital Plan does not reflect any funding estimates for the Centralized Book-On Stations (CBOS) system or the Radio Communication System Replacement project.

- A Centralized Book-On Station (CBOS) system entails the consolidation of Toronto EMS's 40 geographically dispersed ambulance stations into three or four centralized multiple book-on locations. Feasibility, needs analysis and design was conducted in 2005, followed by a consultant report in December 2005 outlining the efficiencies of moving to a centralized book-on station system. A more detailed report on the financial impact of the

implementation of the CBOS system will be submitted to the Budget Committee in June 2007. This report will also include the financial requirements of a pilot CBOS project in the North Region.

- The Radio Communication System Replacement project is a shared initiative between EMS, Fire and Police for the replacement of the common infrastructure of the joint radio communication system as the current system infrastructure will be unsupported by the manufacturer by 2011. (See Issues on page 15.)

Multi Year Debt Affordability Target

EMS' Recommended 5-Year Capital Plan has met the debt affordability target of \$5.0 million each year or \$25.0 million total for the five-year period. To achieve the debt targets for each year, EMS amended its capital plan by adjusting the project scope of three station projects (Stations #14, #17 and #29), revising the project cost of the Mobile Data Communication Project from \$3.5 million to \$2.2 million, and deferring 2 station projects (Stations #02 and #30) to 2009 and 2010.

Capacity / Project Readiness

Projects have been prioritized based on a needs assessment undertaken for all capital projects with special emphasis on addressing health and safety issues. Projects are supported by firm cost estimates and a realistic assumption in meeting procurement timelines. However, given the age of most of the stations, major emergency repairs may occur and plans may have to change. Future spending may also change with Council's decision on proceeding with the CBOS Project.

Recommended Changes to the 5-Year Plan

City Council considered the 5-Year Plan (2006-2010) at its meeting of July 25, 26 and 27, 2006. The plan was endorsed in principle. The table below highlights the changes from the Plan proposed in July and the recommended 5-Year Capital Plan. The changes made to the 5-Year Capital Plan have been accommodated within the debt affordability targets for 2007 – 2011.

Highlights of the changes are summarized below:

- A new project, Defibrillator Purchases, approved by City Council in July 2006, was excluded in the 5-Year Plan (2006 – 2010). The total project cost is \$2.0 million with cash flows of \$0.97 million in 2006, \$0.85 million in 2007, and \$0.18 million in 2008. The project is fully funded from the Equipment Reserve.

Other changes are detailed below:

	5-Year Capital Plan Changes (Debt)					Comment
	2007	2008	2009	2010	2011	
Re-allocation:						
Station 14 (Etobicoke North)				(600)		Reduced size of facility based on available funding
Station 17 (Bathurst/York Downs)		(600)				Reduced size of facility based on available funding
Station 19 (York/South Weston)	(600)	600				Deferred to accommodate Station 29
Station 29 (McCowan/Sheppard)	600				(757)	Lost lease on property, currently in negotiations with other divisions for land to build a post
Station 48 (Station Island)				600	(600)	Accelerate construction from 2011 to 2010
Mobile Data Communication	(160)	(90)	-	250		Deferred cost to fund PAD Program
Asset Management	(180)				402	Increase funds to address SOGR requirements
PAD Program	160	90		(250)		Identified as a priority in 2007 and 2008
EMS-Fire HQ Power System Upgrade	180					Design and planning of a critical upgrade to the power supply and support systems at EMS-Fire Headquarters facility at 4330 Dufferin Street.
Sub-total	-	-	-	-	(955)	
New Project:						
Station 42					978	Based on EMS' needs assessment
TOTAL	-	-	-	-	23	

Backlog of Projects – Unmet Needs

State of Good Repair:

State of Good Repair projects account for 84% or \$24.59 million of the recommended 5-Year Capital Plan of \$29.24 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 2006 is \$2.895 million, listed as follows:

- \$2.135 million for various state of good repairs for 7 stations and hubs; garage door widening
- \$0.400 million for generators
- \$0.250 million for Station Security
- \$0.110 million for Visual Identity (Renaming of stations)

EMS has identified an average annual funding requirement of \$1.95 million to maintain their current 40 stations in a state of good repair. The 5-Year Capital Plan addresses only approximately \$1.6 million of these requirements, resulting in an average SOGR backlog increase of \$0.350 million per year or an accumulated backlog of \$4.611 million by 2011. Since the available debt funding for SOGR projects is insufficient to address EMS' capital needs, EMS and Facilities and Real Estate conducted a facility assessment to determine priorities and needs requirements of facilities that can be accommodated within the debt affordability guideline with special emphasis placed on health and safety issues.

Operating Impact of Capital

The operating impact required in 2011 of \$0.020 million are costs for electricity, hydro, water and other on-going costs to run the proposed new station, Commissioner's Street – Waterfront Station planned for 2010. This new station was recommended to address the service gap in the waterfront area when the Toronto Waterfront Revitalization Plan is implemented.

Pre-approvals

City Council at its meeting of December 5 and 6, 2006 approved the report from the Deputy City Manager and Chief Financial Officer, entitled 'Pre-Approval of 2007 Capital Projects Commitment and Spending' at its meeting of September 15, 2006. City Council on December 5 and 6, 2006, adopted the following motions:

The recommended pre-approval cash flow for Emergency Medical Services in the amount of \$1.999 million is comprised solely of previously approved projects. Of this total, \$0.988 million represents 2006 unspent funding being carried forward to 2007 to continue on-going projects such as the Electronic Data Systems, Central Ambulance Communication Centre (CACC) and Systems SOGR, and Asset Management. In addition, \$1.012 million of pre-approval cash flow is required to ensure continuity of projects underway for which 2007 funding has been previously approved and will be required to be spent in the first few months of the year such as the Defibrillator Purchases, CACC and Systems SOGR, and Centralized Book-On System (CBOS).

**Total 2007 Recommended Cash Flow & Future Year Commitments
(\$000s)**

	2005 & Prior Year Carry Forward	2007 Previously Approved Cash Flow Commitments	2007 New Cash Flow Recommended	2007 Total Cash Flow Recommended	2007 Debt Target	2006 Carry Forward	Total 2007 Cash Flow (Incl 2006 C/Fwd)	2008	2009	2010	2011	2012-2016	Total Cost
Expenditures													
Previously Approved		1,653		1,653		2,516	4,169	280	350	350			5,149
Change in Scope													0
New			970	970			970						970
New w/Future Year			3,149	3,149			3,149	4,662	1,576				9,387
Total Expenditure	0	1,653	4,119	5,772	0	2,516	8,288	4,942	1,926	350	0	0	15,506
Financing													
Debt		803	3,197	4,000	4,000	2,219	6,219	4,290	1,926	350			12,785
Subsidy													0
Prov. Subsidy/Grant			472	472			472	472					944
Development Charges													0
Other			450	450		297	747						747
Federal Grants													0
Reserves/Res Funds		850		850			850	180					1,030
Total Financing	0	1,653	4,119	5,772	4,000	2,516	8,288	4,942	1,926	350	0	0	15,506

Comments / Issues:

- The 2007 Recommended Capital Budget for Emergency Medical Services is \$8.288 million gross. This includes \$1.653 million in funding for previously approved commitments, \$4.119 million for new projects and \$2.516 million in carry forward funding from 2006 to 2007 to complete previously approved projects.
- Approval of the 2007 Recommended Capital Budget will result in commitments of \$4.942 million in 2008, \$1.926 million in 2009 and \$0.35 million in 2010. The commitments for new projects are primarily for the completion of four projects: the relocation and construction of two stations (#14 and #19), a major renovation for one existing station (#17) and various renovation projects under EMS’ Asset Management program.
- 2006 capital financing is comprised of an annual grant for asset management of \$0.472 million from the Provincial Ministry of Health and Long Term Care; Other Revenues of \$0.450 million consists of \$0.300 million in proceeds from the sale of land due to the planned relocation of a station to a more accessible location in the same vicinity and \$0.150 million represents Fire Services’ share of the joint power supply upgrade project with EMS; and \$0.850 million from the Equipment Reserve for the purchase of the defibrillators.

2007 Recommended Capital Budget

2007 Recommended Capital Budget versus Debt Target

The 2007 Recommended Capital Budget requires \$4.0 million in debt funding which meets the debt affordability target set for EMS for 2007. EMS achieved the debt target by reducing the size of two stations planned for relocation and reduced the project cost of the Mobile Data Communications project by delaying lifecycle replacements of mobile computing equipment and host servers. 80% of the debt requirement is allocated to new projects and 20% to previously approved commitments.

Capacity / Readiness

In 2006, EMS is projecting a spending rate of 72%, an improvement over the spending rate of 49.6% in 2005. Steps have been taken to address procurement difficulties experienced in previous years.

Given the limited debt affordability target for EMS, 2007 projects were carefully reviewed and project costs supported by firm estimates. The Program is fully committed to completing 2007 capital projects as planned.

2007 Operating Budget Impact

Incremental Operating Impact Summary

Incremental Operating Budget Impact	2007	2008	2009	2010	2011
Program Costs (net) (\$000s)					
Debt Service Charges (\$000s)	95.9	477.4	508.2	173.4	
Approved Positions					

Program Operating Impacts

There is no operating impact from the approval of the 2007 Recommended Capital Budget for EMS.

PART II: ISSUES FOR DISCUSSION**2007 Capital Budget Issues****The Centralized Book-On Station (CBOS) Project:**

In 2005, City Council approved the capital funding of \$0.8 million, which included \$0.500 million for a consultant to review the feasibility of a CBOS system in Toronto in 2005 and \$0.1 million each year in 2006, 2007 and 2008 for a Project Manager position responsible for the overall direction and management of the study.

The study was to identify both the operational efficiencies and capital savings in moving the current 40-station dispatch model to a 4 mega-station district system. Future operating efficiencies were expected as has been the experience of several other North American cities that have moved to a similar model. These efficiencies were highlighted in the December 2005 consultant report which identified the following potential efficiencies:

- reduced end of shift overtime;
- reduction in the amount of on-hand inventory required because of the consolidation into four centralized buildings;
- recovery of lost drug inventory due to better controls that can only be accomplished in a centralized facility; and,
- better asset control that will meet or exceed the Auditor General's recommendations contained in the City Auditor's Report of November 29, 2004.

Another report has been requested with a more detailed financial assessment and forecast of proceeding with the CBOS system including the possibility of a pilot mega station project in the North region. This report from the General Manager of EMS was planned for September 2006 but deferred to June 2007 for the new Council's review and approval.

The following projects, included in the Recommended 5-Year Capital Plan will be impacted should the proposed CBOS system be approved by City Council. These stations would eventually be converted to smaller paramedic posts at an estimated cost of \$0.600 million (compared to construction costs of a regular station estimated at \$1.8 million). The capital savings will be re-invested into the development and construction of the four centralized multiple book-on stations. The full financial implication will be reported to Budget Committee in June 2007.

Capital Projects impacted should CBOS proceed:

Capital Projects:	2007	2008	2009	2010	2011	Total
Station 14 - Etobicoke North Area	327	1,171	1,576			3,074
Station 17 - Bathurst & York Downs	772	443				1,215
Station 19 - Turnberry	772	1,500				2,272
Station 41 - Pape Ave.			1,223	881		2,104
Station 02 - Commissioner Street - Waterfront Station			575	1,282		1,857
Station 18 - Chaplin Cres.				224	549	773
Station 30 - S/E Etobicoke				987	1,117	2,104
Station 48 - Station Island				600	1,528	2,128
Station 42 - 1535 Kingston Rd. - Facility Costs					78	78
Station 42 - 1535 Kingston Rd. - Land					900	900
TOTAL	1,871	3,114	3,374	3,974	4,172	16,505

Thus, it is recommended that expenditures for the three projects (Station 14 - Etobicoke North Area, Station 17 - Bathurst & York Downs and Station 19 – Turnberry) with a 2007 cash flow of \$1.871 million be deferred pending a report from the General Manager of Emergency Medical Services to the Budget Committee in June 2007 on the financial implication of proceeding with the Centralized Book-On Station system for EMS.

EMS Fire Headquarters Power System Upgrade:

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

The total cost of the project has been estimated at \$2.125 million. The proposed funding between the three Toronto emergency services, EMS, Fire and Police is as follows:

	<u>2007*</u>	<u>2008**</u>	<u>TOTAL</u>
EMS	180	670	850
Fire	150	700	850
Police		425	425
Total	330	1,795	2,125

*Included in the 2007 Recommended Capital Budget
 **to be submitted, once the study is finalized, as part of the 2008 Capital Budget process

EMS' 2007 Recommended Capital Plan includes 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. Once the study for the design and planning of the upgrades is finalized, the funding for the systems upgrade, estimated at \$1.795 million, will be submitted as part of the 2008 Capital Budget process including potential provincial funding.

5-Year Capital Plan 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.

The following is a preliminary assessment of cost drivers:

FY	ITEM	ESTIMATED COST (\$000)
2007/8	Development of Infrastructure Functional Specifications	\$460
2008	Development of System Supplier RFP	\$40
2009-2011	Infrastructure Replacement (Approx.)	\$69,470
2011	Overseeing Assembly, Installation and Test	\$30
2012	Costs Associated with Transition	TBD
2007-2009	Total Project Cost	\$70,000

This 'radio infrastructure' project does not include the replacement of mobile (in-vehicle) or handheld radios, which are budgeted within each of the Police, Fire, and Emergency Medical Services Capital Budgets. Toronto Fire Services has budgeted \$0.522 million in 2007 for 75 additional portable radios and \$0.100 million for enhancement of downtown and waterfront radio coverage that will be compatible with the new radio infrastructure system to be commissioned in 2011. As well, Toronto Fire Services ensures timely replacement of their portable radios through their Operating Budget. This budget allowed for the replacement of 35 radios in 2006.

The Steering Committee, which consists of Deputy Chiefs from the 3 Services, has been formed and has met with the City Manager Office and Financial Planning Division and plans to report to Budget Committee for July 2007 on the project. The Steering Committee is to report back on a governance agreement on how the project would be managed and reconfirmation of project costs, timelines and cash flows.

Future Year Targets

The 5-Year Capital Plan debt requirements will have to be revisited should the CBOS project be approved.

Appendix 4

Reserve / Reserve Fund Review (\$000s)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Business Case / Issue		Proposed Withdrawals (-) / Contributions (+)				
				2007	2008	2009	2010	2011
			\$	\$	\$	\$	\$	\$
Equipment Reserve	XQ1019	Beginning Balance	3,011,000.0	1,886,000.0	1,741,000.0	1,706,000.0	1,706,000.0	1,706,000.0
		Projected Contributions (Operating)	705,000.0	705,000.0	705,000.0			
		Projected Withdrawals (Capital)	(1,830,000.0)	(850,000.0)	(740,000.0)			
		Projected Year-End Balance	1,886,000.0	1,741,000.0	1,706,000.0	1,706,000.0	1,706,000.0	1,706,000.0
Vehicle Reserve	XQ1018	Beginning Balance	4,551,900.0	1,247,700.0	1,247,700.0	1,247,700.0	1,247,700.0	1,247,700.0
		Projected Contributions (Operating)		3,635,000.0	3,635,000.0			
		Projected Withdrawals (Capital)	(3,304,200.0)	(3,635,000.0)	(3,635,000.0)			
		Projected Year-End Balance	1,247,700.0	1,247,700.0	1,247,700.0	1,247,700.0	1,247,700.0	1,247,700.0
Total Reserve / Reserve Fund			3,133,700.0	2,988,700.0	2,953,700.0	2,953,700.0	2,953,700.0	2,953,700.0

Appendices 1-3 not available online.