

# Analyst Briefing Notes

## Budget Committee Review

(February 8, 2007)

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**Contacts:** Judy Broughton, Manager, Financial Planning  
 Tel: (416) 392-8393

Ron Budhu, Senior Financial Planning Analyst  
 Tel: (416) 397-4559

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**PART I: CAPITAL PROGRAM****Executive Summary**

- The 2006 Approved Capital Budget of \$3.633 million was 57% spent as at September 30, 2006. This under expenditure is primarily attributed to the delay in the implementation of the handheld parking devices project. The project was originally scheduled for full implementation in July 2005, but more time was necessary to review all IT requirements to ensure system compatibility before awarding a vendor contract. Full implementation was completed in October 2006. Actual expenditures by year-end are anticipated to be \$3.633 million, or 100% of the Approved Budget.

The handheld parking devices will better equip all Parking Enforcement Officers to issue parking tickets from a handheld computer device and printer. Once the licence plate is entered, the system will be connected to permit parking information, street addresses, amber alerts and stolen vehicles, will be able to identify street permit(s) issued and determine whether the vehicle has been reported stolen. The wireless connection will allow for more expedient data transfer to members of the public, and will enhance information sharing, public safety and the ability to provide timelier customer service.

- The 2007 Recommended Capital Budget; 2008 to 2011 Plan and 2012 to 2016 Estimates total \$4.340 million of which \$2.170 million is projected for the Program's 5-Year Capital Plan. No debt funding is required as this 5-Year Capital Plan will be funded from the Toronto Police Service's Vehicle and Equipment Reserve.
- The 2007 Recommended Capital Budget including previously approved commitments requires new 2007 cash flow of \$0.434 million gross with no debt funding.
- 100% of the 2007 recommended new cash flow of \$0.434 million is allocated to State-of-Good-Repair projects at \$0.434 million for the annual replacement of vehicles and equipment for the Parking Enforcement Unit.
- Implementing the handheld devices project will result in annual net operating savings of approximately \$0.664 million per year in 2007 and beyond. Savings of \$0.321 million will be realized through cost savings from not purchasing hand written tag books, pagers and geocoding of parking tag data, partially offset by the purchase of batteries, maintenance of handheld devices and radio frequency costs of \$0.190 million, resulting in a net savings of \$0.131 million within the Toronto Police Service, Parking Enforcement Unit; and an increase in Parking Tag revenues of \$0.533 million resulting from the elimination of illegible parking tickets.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2007 Recommended Capital Budget for the Parking Enforcement Unit with a total project cost of \$0.434 million and new 2007 cash flow funding of \$0.434 million with no future year commitments be approved;
2. the Vehicle & Equipment Replacement project be funded from the Toronto Police Services Vehicle and Equipment Reserve to finance the 2007 cash flow requirements for the Parking Enforcement Unit Capital Budget;
3. the 2008-2011 Capital Plan for Parking Enforcement Unit \$1.736 million in project estimates, comprised of \$0.434 million in 2008; \$0.434 million in 2009; \$0.434 million in 2010; and \$0.434 million in 2011, be approved; and
4. total annualized net savings of approximately \$0.664 million with \$0.131 million net savings attributable to the Toronto Police Service, Parking Enforcement Unit and \$0.533 million increase in Parking Tag Revenue be considered within the overall scope of the Parking Enforcement Unit, Parking Tag Operations and Parking Tag Revenues' 2007 operating budgets.

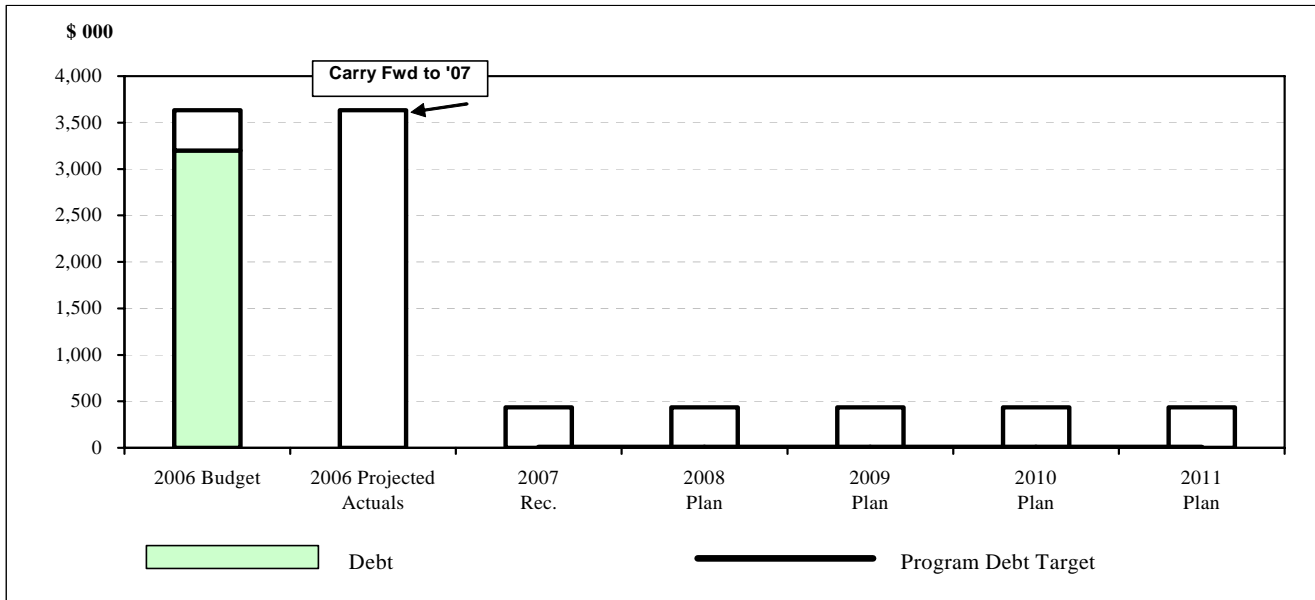
**2006 Capital Variance Review**

<b>2006 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)</b>					
<b>2006 Approved</b>	<b>Actuals as of September 30 (3rd Qtr Variance)</b>		<b>Projected Actuals at Year End</b>		<b>Balance</b>
<b>\$</b>	<b>\$</b>	<b>% Spent</b>	<b>\$</b>	<b>% Spent</b>	<b>\$ Unspent</b>
3,633	2,078	57	3,633	100	0

**Comments / Issues:**

- The Parking Enforcement Unit’s 2006 Approved Capital Budget of \$3.633 million consists of two projects: \$3.199 million in Handheld Parking Devices project funding carried forward from 2005 and \$0.434 million for the Vehicle & Equipment Replacement project.
- At the end of the 3rd quarter, the Parking Enforcement Unit spent approximately \$2.078 million or 57% of its 2006 Approved Capital Budget of \$3.633 million. The under-spending is a result of the delays due to the unanticipated amount of time required to ensure system compatibility before awarding a vendor contract for the handheld parking devices project. A vendor was selected and the contract was signed on December 21, 2005. The detailed design has been finalized and all hardware equipment has been received. Information Technology Services (ITS) has reviewed the technology component that is being used to ensure compatibility.
- The Parking Enforcement Unit is projecting a year-end spending rate of 100% or \$3.633 million for the 2006 approved projects. The pilot program was implemented in July 2006 with full implementation achieved in October 2006. This project is on budget and the Program is currently expecting all funds will be utilized as planned by year-end.

5-Year Capital Plan (2007-2011)



	2006		5-Year Plan					2007-2011
	Budget	Projected Actual	2007 Rec.	2008	2009	2010	2011	
<b>Gross Expenditures:</b>								
Capital Budget & Future Year Commitments	3,633	3,633	434					434
New Plan Estimates				434	434	434	434	1,736
1-Year Carry Forward to 2007		0						
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>3,633</b>	<b>3,633</b>	<b>434</b>	<b>434</b>	<b>434</b>	<b>434</b>	<b>434</b>	<b>2,170</b>
<b>Program Debt Target</b>								<b>0</b>
<b>Financing:</b>								
Recommended Debt	3,199							0
<b>Other Financing Sources:</b>								
Reserves/Reserve Funds	434		434	434	434	434	434	2,170
Development Charges								0
Federal								0
Provincial								0
Other Revenue								0
<b>Total Financing</b>	<b>3,633</b>		<b>434</b>	<b>434</b>	<b>434</b>	<b>434</b>	<b>434</b>	<b>2,170</b>
<b>By Category:</b>								
Health & Safety								0
Legislative								0
SOGR	434		434	434	434	434	434	2,170
Service Improvement	3,199							0
Growth Related								0
<b>Total By Category</b>	<b>3,633</b>		<b>434</b>	<b>434</b>	<b>434</b>	<b>434</b>	<b>434</b>	<b>2,170</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)								0
Accumulated Backlog Estimate (end of year)								0
<b>Operating Impact on Program Costs</b>								(1,114)
<b>Debt Service Costs</b>								0

\* Note that the 1-Year Carry Forward reflects current projection and as reflected in CAPTOR.

## **5-Year Capital Plan Overview**

### **Overview**

#### **5 Year Capital Plan Overview**

The Parking Enforcement Unit's 5-Year Capital Plan estimates reflect annual expenditure requirements for the vehicle and equipment replacement program. \$0.434 million, required annually, will be fully funded from the Toronto Police Service's Vehicle and Equipment Reserve. Each year, the Parking Enforcement Unit includes in its Operating Budget a contribution to the reserve, to ensure that sufficient funding is available for the vehicle & equipment replacement program.

#### **Multi Year Debt Affordability Target**

The Parking Enforcement Unit does not have an on-going requirement for debt-funded projects and as such there is no debt target established for this Program.

#### **State of Project Readiness**

Replacement of vehicles and equipment can proceed as scheduled based on the lifecycle of current inventory.

As at December 31, 2006, the Parking Enforcement Unit has 100 automobiles, 2 motorcycles and 39 bicycles. On average, 20 vehicles are replaced each year. The Parking Enforcement Unit includes in its annual Operating Budget a contribution to the Vehicle and Equipment Replacement Reserve, to ensure that sufficient funding is available for the vehicle & equipment replacement program.

#### **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 and endorsed the Plan in principle.

There are no changes to the Plan.

#### **State of Good Repair Backlog and Unmet Needs**

The program does not have a backlog of projects. The Handheld Parking Devices project was completed in 2006.

#### **Pre-approvals**

There were no pre-approvals requested for this Capital program.

**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
<b>Expenditures</b>													
Previously Approved				0			0						0
Change in Scope				0			0						0
New			434	434			434						434
New w/Future Year				0			0						0
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>434</b>	<b>434</b>		<b>0</b>	<b>434</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>434</b>
<b>Financing</b>													
Debt				0			0						0
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges				0			0						0
Other				0			0						0
Federal Grants													0
Reserves/Res Funds			434	434			434						434
<b>Total Financing</b>	<b>0</b>	<b>0</b>	<b>434</b>	<b>434</b>		<b>0</b>	<b>434</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>434</b>

**Comments / Issues:**

- The 2007 Recommended Capital Budget is \$0.434 million gross for a new project fully funded from the Toronto Police Services Vehicle and Equipment Reserve.
- Approval of the 2007 Recommended Capital Budget will not result in any future year commitments.

## 2007 Recommended Capital Budget

### Operating Budget Impact

#### Incremental Operating Budget Summary

Incremental Operating Budget Impact	2007	2008	2009	2010	2011
Program Costs (net) (\$000s)	(663.9)				
Debt Service Charges (\$000s)	0.0	0.0	0.0	0.0	0.0
Approved Positions	0	0	0	0	0

### Program Incremental Operating Costs

The operating impact of the new handheld devices project will result in incremental net savings of \$0.664 million in the 2007 Operating Budget for the purchase of batteries, maintenance of handheld devices and radio frequency costs, as follows:

2007 Capital Projects/Sub-Projects		2007 (\$000s)	2007 approved position change	2008 (\$000s)
<b>Handheld Devices Project</b>	Police Parking Enforcement Unit	(130.80)	0.00	
	Parking Tag Revenue	(533.10)		
<b>TOTAL</b>		<b>(663.90)</b>	<b>0.00</b>	<b>0.00</b>

The incremental operating savings outlined above include the following:

Toronto Parking Enforcement Unit – net savings of \$0.131 million

- Purchase of batteries, printer paper, maintenance of the handheld devices and radio frequency costs - \$0.190 million
- Savings in the purchase of hand written tag books, pagers and geocoding of parking tag data - \$0.321 million

Parking Tag Revenue – revenue increase \$0.533 million

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

In anticipation of the implementation of the handheld devices project in 2004, a reduction of 10 data entry clerk positions with a net savings of \$0.450 million was reflected in the Revenue Services Division's 2004 Operating Budget. With the delay in implementation, Revenue Services Division has been absorbing the unfunded staffing costs through savings achieved by not filling permanent funded positions.

**PART II: ISSUES FOR DISCUSSION****2007 Capital Budget Issues**

There are no 2007 outstanding issues.

**5-Year Capital Plan Issues****Hand-Held Parking Ticket Issuance Devices –Project Status**

At its meeting of March 8, 2005, the Toronto Services Board approved the acquisition of a Wireless Parking Ticket Issuance solution from Epic Data Inc. for the Toronto Police (TPS) Parking Enforcement Unit. The Police Services, on behalf of the Board, and Epic Data Inc. engaged in contract development negotiations, and on December 21, 2005, they entered into an agreement.

The project commenced in January 2006 and project related hardware was delivered at that time. Full implementation was completed in October, 2006.

An updated status report outlining the results from both the field trial and implementation will be provided to the Toronto Police Services Board in early 2007 and the Chief of Police will forward the final report to the General Governance Committee in 2007. This status report is still pending. This project is on schedule and within the approved budget.

With the handheld parking devices, all Parking Enforcement Officers will issue parking tickets from a handheld computer device and printer. Through a wireless connection, the handheld computers will communicate in real time with the data collection servers holding parking ticket data. The data collection servers will be interfaced with several City of Toronto and Toronto Police Services (TPS) systems, resulting in a more comprehensive and intelligent parking system. The interface to and from the City of Toronto Parking Tag Operations will allow for real time information sharing. The system will also be connected to permit parking information, street addresses, amber alerts and stolen vehicles. This real time data transfer technology will enhance information sharing, public safety and the ability to provide timelier customer service.

## Appendix 4

### Reserve / Reserve Fund Review

(\$000s)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Uncmooitted balance as of September 30, 2006	Proposed Withdrawals				
			2007	2008	2009	2010	2011
XQ0003 Vehicle & Equipment Reserve	PEO906577 Vehicle & Equipment Replacement	\$16,185	\$434	\$434	\$434	\$434	\$434
Total Reserve / Reserve Fund		\$16,185	\$434	\$434	\$434	\$434	\$434

Each year, the Parking Enforcement Unit's operating budget includes a contribution to the Vehicle & Equipment Replacement Reserve to fund the replacement costs. The Parking Enforcement Unit's 2007 Operating Budget includes a contribution of \$0.434 million to the Toronto Police Service's Vehicle and Equipment Reserve for the 2007 vehicle & equipment replacement program.

Appendices 1-3 not available online.