

Update Report on the Toronto Police Service Revised 2007-2011 Capital Program Submission

Date:	July 18, 2007
To:	Budget Committee, City of Toronto
From:	Alok Mukherjee, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide the Budget Committee with the Toronto Police Service capital budget/plan for 2007-2011 in response to recommendation no. 120.1 from the March 07, 2007 Council meeting. This budget has been approved by the Toronto Police Services Board and is in keeping with Council-approved debt-funding levels. The Toronto Police Service's 2008-2012 program is anticipated to be approved by the Toronto Police Services Board in September 2007.

Financial Impact

There are no financial implications in regard to the receipt of this report.

ISSUE BACKGROUND

At its meeting held on March 22, 2007, the Toronto Police Services Board was in receipt of a report, dated March 19, 2007 from Chief of Police William Blair containing an update on the Toronto Police Service's – Revised 2007-2011 Capital Program Submission.

COMMENTS

The Board received the Chief's report and approved the following Motions:

1. THAT the Board accept the reduced Capital Program approved by Toronto City Council and detailed in the foregoing report (Attachment 1) with the understanding that the Board will review the adequacy of the Capital Program and report back to the City's Budget Committee in September 2007 with a Capital Program for 2008 to 2012; and

2. THAT the Board forward this report to the City of Toronto Deputy City Manager and Chief Financial Officer for information.

A copy of Board Minute No. P137/07, in the form attached as Appendix “A”, regarding this matter is provided for information.

CONTACT

Chief of Police William Blair
Toronto Police Service
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SIGNATURE

Alok Mukherjee
Chair, Toronto Police Services Board

ATTACHMENT

Appendix A – Board Minute No. P137/07

A:capital budget.doc

Appendix "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON MARCH 22, 2007

#P137. **TORONTO POLICE SERVICE – REVISED 2007-2011 CAPITAL
PROGRAM SUBMISSION – UPDATE**

The Board was in receipt of the following report March 19, 2007 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE REVISED 2007 - 2011 CAPITAL PROGRAM
SUBMISSION – UPDATE

Recommendation:

It is recommended that the Board receive this report.

Financial Implications:

The current debt-funded portion of the Board-approved capital program (\$32.7M in 2007, and \$34.6M on average over the years 2008-2011) is \$7.35M higher than the capital program approved by Toronto City Council on March 7, 2007 (\$32.95M in 2007, and \$32.7M on average over the years 2008-2011). The Council-approved capital program includes \$250,000 for the Traffic Services and Garage Facility (referred to as 9 Hanna), which must be added to the Board-approved capital program. As a result, if the Service is to revise its capital program to meet Council-approved funding levels, \$7.35M in reductions or deferrals must be identified over the years 2007-2011.

Background/Purpose:

At its special meeting of March 7, 2007, City Council approved the Executive Committee's recommendations for the Toronto Police Service capital program, specifically:

“That the Recommended 2007 Capital Budget and 2008-2011 Capital Plan for Toronto Police Service be amended from \$32.700 million debt funding for each of the years 2007 to 2011, to \$32.700 million debt funding for year 2007, and an annual average of \$32.700 million debt funding for the 4 years 2008 to 2011; and the Chair of the Toronto Police Services Board be requested to report back to the Budget Committee by September 2007 with an updated plan for 2008 to 2011; and

Due to the extraordinary delays caused by the legal issues around the ability to gain possession of 9 Hanna Avenue by the end of 2006, that the Toronto Police Services Budget be adjusted to permit a carry forward of \$250,000 for move-in costs for 9 Hanna Avenue”.

As a result, the capital program approved by Council is \$32.950 million debt funding for the year 2007, and an annual average of \$32.700 million debt funding for the four years 2008 to 2011.

Council also received (without recommendation from the City's Executive Committee) a copy of the Service's capital budget submission approved by the Board at a special meeting on February 26, 2007 (Min. No. P91/07 refers).

At the present time, the 2007-2011 Capital Program approved by the Board differs from what Council has approved. This report identifies the actions that would be required to meet the capital funding targets approved by City Council.

Discussion:

In a report to a special Board meeting on February 26, 2007, the Service presented a scenario which outlined the adjustments that would be required to achieve a \$32.7M average capital target for the years 2007-2011, as requested by the City's Budget Committee. In the same report, the Service recommended a revised 2007-2011 Capital Program of \$32.7M for 2007 and an average of \$34.6M for the years 2008-2011. The Board approved the revised capital program recommended by the Service, and did not support the scenario to achieve a \$32.7M average annual capital target over the years 2007-2011. This decision was communicated to the City's Executive Committee.

City Council at its meeting on March 7, 2007 approved the City's Executive Committee recommendation with respect to the Service's capital program. Specifically, Council approved a capital budget of \$32.95M in 2007 and a capital plan that averages \$32.7M annually for the years to 2008-2011.

The Council-approved capital program is \$7.35M less than the capital program approved by the Board on February 26, 2007. The following adjustments would enable the Service to achieve to 2007-2011 Capital Program funding levels approved by Council:

- Defer \$9.2M in funding for the Property & Evidence Management Storage (\$5.6M), Data Warehouse Establishment (\$3.1M) and Electronic Document Management (\$0.5M) projects to beyond 2011 - these deferrals are necessary to achieve the lower funding targets.
- Increase Traffic Services and Garage Facility (9 Hanna) project by \$0.25M – this adjustment is required to reflect Council approval of the funding required for the move-in costs.
- Increase 11 Division by \$0.9M – revised budget estimate assumes property acquisition by end of first quarter 2008, reflects inflation impact of revised cash flow for the project, and retains funding for LEED-Silver certification.
- Increase 14 Division by \$0.7M – the revised budget estimate assumes property acquisition by end of 2007, reflects inflation impact of revised cash flow for the project, and retains funding for LEED-Silver certification. It should be noted that the budget estimate for this project will increase further if an underground parking structure is required. Any revisions required will be reported to the Board during the 2008-2012 Capital Program process.

Attachment 1 provides a revised 2007-2011 Capital Program for the Service, which reflects the aforementioned adjustments, and meets the debt-funding level approved by City Council.

Conclusion:

A capital program by its nature is a long-term plan comprised of various single and multi-year projects. Predictable and stable funding levels are critical to delivering the projects that comprise the capital program, and achieve the objectives and needs of the Service and the Board. Annual debt-funding levels from the City, however, have been reduced significantly over the past two years (from \$40M to \$35M, to the current \$32.7M). The Service cannot respond to continually decreasing debt-funding targets without seriously compromising the ability to deliver the projects in our plan.

The Service is aware of and understands the City's budget pressures, and has taken action over the last year to review and update our capital program, and stay within the debt targets identified by the City. The current capital program has been revised significantly from the 2006-2010 plan, to reflect more up-to-date information and respond to the City's financial constraints. In addition to updating cost estimates and adjusting project cash flows, the replacement of three divisions (54, 41 and 13) and the renovation of 32 Division have been deferred to beyond 2011. Further, the \$35.5M cost to replace the Service's mobile and portable radios, which was previously to be funded as part of a corporate City project, has now been absorbed by the Service's capital program.

As part of the City's 2007-2011 capital program review process, the Service has continued to refine the capital program over the last two months. A revised 2007-2011 Capital Program recommended by the Service (at \$32.7M in 2007 and an average of \$34.6M for the years 2008-2011), was approved by the Board at its meeting on February 26, 2007, and communicated to the City's Executive Committee. However, at its meeting on March 7, 2007, City Council approved a capital program that is \$7.35M lower than the Board-approved capital program.

The adjustments and deferrals that would be required to meet the lower funding level approved by Council are provided in this report, and reflected in Attachment 1. It is important to note that these additional changes have been made within a very short time frame. Consequently, the impacts of these changes on the various projects, and the entire capital program, may not have been fully considered, and will therefore be revisited as part of the 2008-2012 capital budget process.

In approving the lower funding targets (\$32.7M) for the Service, Council also requested that the Chair report back by September 2007, on an updated plan for 2008-2011. In view of the timelines for the submission of the 2008-2012 capital program, Council's request will be addressed as part of the 2008-2012 process. Project estimates and cashflows will be updated as necessary to reflect more up-to-date information, including the status and impact of the Department of National Defence partnership in the new training facility, and any increases to the current funding levels will also be addressed at that time.

Mr. Tony Veneziano, Chief Administrative Officer, Administrative Command, will be in attendance to answer any questions from the Board.

The Board received the foregoing report and approved the following Motions:

- 1. THAT the Board accept the reduced Capital Program approved by Toronto City Council and detailed in the foregoing report (Attachment 1) with the understanding that the Board will review the adequacy of the Capital Program and report back to the City's Budget Committee in September 2007 with a Capital Program for 2008 to 2012; and**
- 2. THAT the Board forward this report to the City of Toronto Deputy City Manager and Chief Financial Officer for information.**

Capital Program Required to Address Current Council-Approved Debt Funding Levels

Project Name	Plan to end of 2006	2006 Carry Over	2007-2011					2007-2011 Proj. Total Plan	2012-2016 Proj. Total Plan	Total Project
			2007	2008	2009	2010	2011			
Facility Projects										
23 Division (Kipling and Finch)	15,165	-456.1	2,500	0	0	0	0	2,500	0	17,665
New Training Facility (Replacement of C.O. Bick)	5,900	1,092.4	26,169	38,663	5,100	0	0	69,932	0	75,832
11 Division -Central Lock-up	0	0	0	555	7,112.5	10,528.8	6,101.9	24,298.2	0	24,298.2
14 Division-Central Lock-up	1,000	999	0	1,952	6,652	9,539	4,516.6	22,659.6	0	23,659.6
Traffic Services and Garage Facility (9 Hanna)	7,100	0	250	0	0	0	0	250	0	7,350.0
Intelligence / Special Investigation Facility	0	0	1,000	1,000	2,800	0	0	4,800	0	4,800
Property & Evidence Management	0	0	258	0	0	0	0	258	22,696	22,954
Long Term Facility Plan	0	0	0	0	0	0	0	0	105,186	105,186
Information Technology Projects										
Automated Vehicle Location System Expansion	780	349.3	405	405	00	0	0	810	0	1,590
HRMS Additional Functionality	1,915	1,415	0	745	500	0	0	1,245	0	3,160
TRMS Additional Functionality	2,453	1,903	0	215	0	0	0	215	0	2,668
In – Car Camera (cashflow change)	662	124	1,000	2,300	2,300	2,400	0	8,000	0	8,662
Digital Video Asset Management II	2,350	2,098.4	0	2,015	1,300	0	0	3,315	0	5,665
Jetforms Replacement	638	0	550	0	0	0	0	550	0	1,188
Geocoding Engine	0	0	457	0	0	0	0	457	0	457
Police Community Automated Notification System	0	0	927	0	0	0	0	927	0	927
CASC System Replacement	0	0	1,500	0	0	0	0	1,500	0	1,500
Data Warehouse Establishment	0	0	0	0	0	0	0	0	6,594	6,594
Record Management Systems Replacement	0	0	0	0	0	0	0	0	8,000	8,000
Electronic Document Management	0	0	0	0	0	0	0	0	500	500
Radio Console Dispatch for Communication Centre	0	0	0	0	0	0	0	0	220	220
Replacements/Maintenance/Other Projects										
Radio Replacement (cashflow change)	8,530.1	199.6	0	0	0	9,600	11,400	21,000	0	29,530.1
Facility Security	2,745	160.9	400	515	0	0	0	915	0	3,660
State-of-Good-Repair – Police	10,730	543.7	1,700	1,800	1,900	1,900	1,900	9,200	9,500	29,430
Furniture Lifecycle Replacement	2,250	250.6	750	0	0	0	0	750	0	3,000
Total – Capital Budget Request	62,218.1	8,679.7	37,866	50,165	27,664.5	33,967.8	23,918.5	173,581.8	152,696	388,495.9

Capital Program Required to Address Current Council-Approved Debt Funding Levels

Project Name	Plan to end of 2006	2006 Carry Over	2007-2011					2007-2011 Proj. Total Plan	2012-2016 Proj. Total Plan	Total Project
			2007	2008	2009	2010	2011			
Other than debt - Funded from Reserve										
Vehicle and Equipment Replacement	15,099	0	5,098	5,033	5,033	5,033	5,033	25,230	25,165	65,494
Workstation, laptop, printer – lifecycle	7,218	86.4	4,341	4,040	5,260	4,300	4,480	22,421	26,150	55,789
Servers – lifecycle	4,668	108.3	0	2,810	2,910	3,010	3,120	11,850	16,950	33,468
IT business resumption – lifecycle plan	7,164	1,185.5	260	0	0	1,590	1,640	3,490	8,920	19,574
Mobile Workstations	0	0	0	0	6,436	0	0	6,436	15,940	22,376
Network Equipment	0	0	0	0	0	0	0	0	4,610	4,610
Locker Replacement	0	0	550	550	550	550	0	2,200	0	2,200
Radio Replacement	0	0	0	4,000	2,000	0	0	6,000	0	6,000
Total – Funded from Reserve	34,149	1,383.2	10,249	16,433	22,189	14,483	14,273	77,627	97,735	209,511
Land Cost										
54 Division	1,708	1,708	0	0	0	0	0	0	0	1,708
14 Division	4,230	4,230	0	0	0	0	0	0	0	4,230
41 Division	3,254	3,254	0	0	0	0	0	0	0	3,254
11 Division	2,500	2,500	3,000	0	0	0	0	3,000	0	5,500
13 Division	0	0	0	0	0	0	0	0	5,500	5,500
Total Land Cost	11,692	11,692	3,000	0	0	0	0	3,000	5,500	20,192
Summary										
Total Gross Request	108,059.1	21,754.9	51,115	66,598	49,853.5	48,450.8	38,191.5	254,208.8	255,931	618,198.9
Less Draw from Reserve	-34,149	-1,383.2	-10,249	-16,433	-22,189	-14,483	-14,273	-77,627	-97,735	-209,511
Less Recovery from Dept of National Defence (DND)	0	0	-4,916	-2,458	-2,458	0	0	-9,832	0	-9,832
Less Land Cost	-11,692	-11,692	-3,000	0	0	0	0	-3,000	-5,500	-20,192
Total Net Capital Budget Request	62,218.1	8,679.7	32,950	47,707	25,206.5	33,967.8	23,918.5	163,749.8	152,696	378,663.9
2008-2011 Average								32,700		