

December 05, 2006

To: Budget Committee, City of Toronto

From: Alok Mukherjee, Chair

Subject: Toronto Police Service – 2007-2011 Capital Program Request - Revised

Purpose:

The purpose of this report is to provide the City of Toronto – Budget Committee with the Toronto Police Service’s revised 2007-2011 Capital Program Request.

Financial Implications and Impact Statement:

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

Recommendation:

It is recommended that the Budget Committee receive this report.

Background:

At its meeting held on November 28, 2006, the Toronto Police Services Board was in receipt of a report, dated November 27, 2006, from Chief of Police William Blair regarding the revised 2007-2011 Capital Program Request.

Comments:

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and responded to questions by the Board about the Chief’s report.

The Board approved the report from the Chief and agreed to provide a copy to the City's Deputy City Manager and Chief Financial Officer and to the City's Budget Committee for information.

Conclusions:

A copy of Board Minute No. P387/06, in the form attached as Appendix "A" to this report, regarding this matter is provided for information.

Contact:

Chief of Police William Blair
Toronto Police Service
Telephone no. 416-808-8000
Fax. No. 416-808-8002.

Alok Mukherjee
Chair

List of Attachments:

Appendix A - Board Minute No. P387/06

a: 2007-2011capital-revised.doc

cc: Mr. Joseph Pennachetti, Deputy City Manager and Chief Financial Officer

APPENDIX "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON NOVEMBER 28, 2006

#P387. TORONTO POLICE SERVICE: 2007-2011 CAPITAL PROGRAM REQUEST - REVISED

The Board was in receipt of the following report November 27, 2006 from William Blair, Chief of Police:

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

Recommendations:

It is recommended that:

- (1) the Board approve the revised 2007-2011 Capital Program with a 2007 request of \$35.8 million (M) (excluding cash flow carry forward from 2006) and a net total of \$173.2M for 2007-2011 (an average of \$34.6M per year); and
- (2) the Board forward this report to the City's Deputy City Manager and Chief Financial Officer, and to the City Budget Committee for information.

Financial Implications:

Following discussions with the City Manager and City's Deputy City Manager and CFO, and a further review of our initial capital program request for 2007-2011, a revised capital program request is being submitted to the Board for approval. This revised request for 2007-2011 totals \$173.2M net, includes a 2007 request of \$35.8M, and averages \$34.6M per year over the 5 years. The revised request is slightly lower (\$0.5M in 2007 and an average of \$0.1M annually over the 5 years) than what was submitted to the Board for approval at its October 19, 2006 meeting (Min. No. P325/06 refers).

Background/Purpose:

The Chief of Police submitted a report dated October 2, 2006, to the October 19, 2006 Board meeting, recommending a 2007-2011 Capital Program of \$174.1M net, which included a 2007 request of \$36.3M, and averaged \$34.8M over the 5 years. At this meeting, the Board considered a further report dated October 11, 2006, from the Chief of Police which appended a letter from the City's CFO requesting that the Service review its 5 year capital plan and report back on projects which could be deferred to reduce the annual target to \$32M.

The Board approved the 2007-2011 capital program report from the Chief and referred the City's request for a revised submission to the Board's Budget Subcommittee (BSC) for discussion.

Discussion:

Capital Funding Target:

Capital funding targets for Agencies, Boards, Commissions and Departments (ABCDs) are allocated by the City's CFO.

At its meeting on December 8, 9 and 12, 2005, City Council approved the Service's 2006-2010 capital budget at a total net expenditure of \$31.92 million for 2006. City Council did not approve the years 2007-2010 of the capital program (which totalled \$35M net annually for the Service), and requested that the City's CFO report "through the Budget Advisory Committee to the Policy and Finance Committee and Council by June 2006 on a recommended 2007-2010 Capital Plan in accordance with the Council approved debt guidelines."

In order to address City Council's request, Service and City staff held several meetings on the subject of the revised targets for 2007-2010, and the City agreed, in principle, to support the Service's capital budget request at an average of \$35M per year, with the understanding that the replacement of radios (at a total revised estimate of \$35.5M) and Information Technology (IT) lifecycle costs (at an annual average expenditure of \$7M) would be accommodated without impacting the \$35M net average annual budget. The Board approved a revised 2006-2010 capital program request for the Service on June 15, 2006, which reflected these and several other adjustments (Min. No. P193/06 refers).

The Service's 2007-2011 capital budget request, that was approved by the Board at its October 19, 2006 meeting, is consistent with the 2006-2010 revised request, and reflects an annual average target of \$34.8M net over the 5 years. However, during the capital budget review process with the City, the City CFO recommended that the Service's debt affordability target be revised from an average of \$35M per year to \$32M per year, for a total debt funding of \$160M over the 5-year capital program. This request was communicated to the Board; the Board referred the City CFO's request to the Board's BSC for discussion.

2007-2011 Revised Capital Program:

In preparation for the meeting with the Board's BSC on November 17, 2006, and in response to the City CFO's request, Service staff revisited the Board-approved 2007-2011 capital program. As a result of this review, a net decrease of \$0.5M in 2007 was achieved by removing two projects (replacement of Forensic Identification Services Software Program and Citizen Internet Reporting). These two projects will be funded from the Service's operating budget in 2006 and 2007 respectively. Also, cashflow for the New Training Facility project was adjusted between 2006 and 2009, with no impact on the total cost for the project.

These changes result in a 2007 request of \$35.8M and an average of \$34.6M per year over the five-year program. A revised 2007-2011 capital program reflecting the above changes was presented to the Board's BSC on November 17, 2006 (see Attachment A).

In response to the City CFO's request to achieve a \$32M average annual target, the Service also provided the Board's BSC with information on action that would be required to achieve the City's request. The Service advised that projects to replace the Service's aging and inadequate facilities are a priority and therefore cannot be deferred. In addition, several projects have already been started or are well in progress. Consequently, the only projects that could be considered to achieve the lower target requested by the City are new projects or those that have not yet commenced.

The potential deferral of the following projects was identified for discussion with the Board's BSC at its meeting on November 17, 2006:

- deferral of In-Car Camera project to 2010;
- deferral of GeoCoding Engine project to 2011;
- deferral of Police Community Automated Notification System, Data Warehouse establishment and Electronic Document Management projects to 2012.

These actions would have resulted in a 2007 budget of \$33M net and a five-year average of \$32.6M.

The Board's BSC, at its meeting of November 17, 2006, reviewed and discussed the actions that would be required to further reduce the 2007-2011 capital program. The Board's BSC supported the Service's position that these actions would impact on key priorities of the Board and the Service, and therefore did not recommend the deferral of the projects.

Conclusion:

A capital program by its nature is a long-term plan comprised of many multi-year projects. While the Service is aware of and understands the City's budget pressures, continual reductions to the Service's capital funding targets impact on the Service's ability to properly plan and deliver the projects in the program.

The Service's 2007-2011 capital program addresses critical infrastructure (facility and information technology) priorities, and no further reductions to the program are possible without compromising the Service's ability to achieve key priorities and objectives. The program has been revised significantly from the 2006-2010 plan to reflect more up-to-date information, but also to respond to the City's financial constraints. Specifically, the cost of projects in the 2006-2010 capital program have been revised to represent more up-to-date estimates, and cash flows have been adjusted and deferred wherever possible. In addition, the replacement of three divisions (55, 41 and 13) and the renovation of 32 division, that were in the 2006-2010 capital program have been deferred to beyond 2011. Further the \$35.5M cost to replace the Service's mobile and portable radios, which was previously expected to be funded as part of a corporate

City project, has now been absorbed by the Service's capital program. Uncertainty over the Department of National Defence's (DND) participation in the new training facility is a further factor in the Service's inability to accommodate further reductions to its capital program request. If DND is ultimately not a part of this project, the total cost of the facility will increase significantly and will have to be absorbed within the Service's approved capital funding targets. This will affect not only the new training facility project but also other projects in the program.

It is therefore recommended that the Board approve the revised 2007-2011 Capital Program with a 2007 net request of \$35.8M (excluding cash flow carry forwards from 2006) and a net total of \$173.2M for 2007-2011 (an average of \$34.6M per year), and that the Board forward this report to the City's Deputy City Manager and Chief Financial Officer, and to the City Budget Committee for information.

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

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and responded to questions by the Board about this report.

The Board approved the foregoing.

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	-2,000	2,500	0	0	0	0	2,500	0	17,665
New Training Facility (Replacement of C.O. Bick College)	5,900	0	25,929	21,236	22,767	0	0	69,932	0	75,832
11 Division -Central Lock-up	200	0	0	1,000	5,500	9,778	5,093	21,371	0	21,371*
14 Division-Central Lock-up	1,000	1,000	1,034	8,857	5,068	5,054	0	20,013	0	21,013
Intelligence / Special Investigation Facility (starting in 2007)	0	0	1,000	1,000	0	2,800	0	4,800	0	4,800
Property & Evidence Management (starting in 2007)	0	0	258	0	0	1,155	8,175	9,588	13,366	22,954
Long Term Facility Plan (beyond 2007)	0	0	0	0	0	0	0	0	105,186	105,186
Information Technology Projects										
Automated Vehicle Location System Expansion	780	0	405	405	00	0	0	810	0	1,590
HRMS Additional Functionality	1,915	1,415	200	545	500	0	0	1,245	0	3,160
TRMS Additional Functionality	2,453	1,558	215	0	0	0	0	215	0	2,668
In – Car Camera (cash flow change)	662	100	2,600	3,000	2,386	2,385	0	10,371	0	11,033
Digital Video Asset Management II	2,350	2,092	300	2,015	1,000	0	0	3,315	0	5,665
Jetforms Replacement	638	0	550	0	0	0	0	550	0	1,188
Geocoding Engine (2007 new project)	0	0	457	0	0	0	0	457	0	457
Police Community Automated Notification System (2007 new project)	0	0	922	0	0	0	0	922	0	922
CASC System Replacement (2007 New Project)	0	0	1,500	0	0	0	0	1,500	0	1,500
Data Warehouse Establishment (beyond 2007 project)	0	0	0	0	0	1,500	1,607	3,107	3,487	6,594
Record Management Systems Replacement (beyond 2007 Project)	0	0	0	0	0	0	0	0	0	0
Electronic Document Management (beyond 2007 project)	0	0	0	0	0	0	500	500	0	500
Radio Console Dispatch for Communication Centre (beyond 2007 project)	0	0	0	0	0	0	0	0	220	220

CAPITAL PROJECTS – 2007-2011 REQUEST (\$000s)

Project Name	Plan to end of 2006	2006 Carry Over	2007-2011					2007-2011 Proj. Total Plan	2012-2016 Proj. Total Plan	Total Project
Replacements / Maintenance / Other Projects										
Radio Replacement (cash flow change)	8,530	0	0	0	0	9,600	11,400	21,000		29,530
Facility Security	2,745	0	400	515	0	0	0	915	0	3,660
State-of-Good-Repair – Police	10,730	0	1,700	1,800	1,900	1,900	1,900	9,200	9,000	28,930
Furniture Lifecycle Replacement	2,250	0	750	0	0	0	0	750	0	3,000
Total – Capital Budget Request	55,318.1	4,165	40,720	40,373	39,121	34,172	28,675	183,061	131,259	369,439
Other than debt expenditure (Draw 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	0	4,341	4,040	5,260	4,300	4,480	22,421	25,550	55,189
Servers – lifecycle	4,668	0	0	2,810	2,910	3,010	3,120	11,850	16,950	33,468
IT business resumption – lifecycle plan	7,164	0	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	6436.0	12,872
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 – Other than debt expenditure (Draw from Reserve)	34,149	0	10,249	16,433	22,189	14,483	14,273	77,627	83,021	194,797
Summary										
Total Gross Request	89,467	4,165	50,969	56,806	61,310	48,655	42,948	260,688	214,280	564,236
Less Draw from Reserve	-34,149	0	-10,249	-16,433	-22,189	-14,483	-14,273	-77,627	-83,021	-194,797
Less Recovery from Department of National Defence (DND)	0	0	-4,916	-2,458	-2,458	0	0	-9,832	0	-9,832
Total Net Capital Budget Request	55,318.1	4,165	35,804	37,915	36,663	34,172	28,675	173,230	131,259	359,607

* 11 Division – the total project cost does not include \$200K for plan to 2006 yearend; due to City's one year carry forward rule, this funding is lost and TPS is requesting it again in the 2007-2011 capital program.