

Analyst Briefing Notes

Budget Committee

(October 30, 2008)

Page

PART I: CAPITAL PROGRAM

Executive Summary	2
Recommendations	5
2008 Capital Variance Review	6
5-Year Capital Plan (2009 Recommended Budget, 2010-2013 Plan)	8
5-Year Capital Forecast (2014-2018)	9
10-Year Capital Plan & Forecast Overview	10
Operating Budget Impact-10-Year Capital Plan & Forecast	17
Total 2009 Recommended Cash Flow & Future Year Commitments	19


PART II: ISSUES FOR DISCUSSION


2009 Capital Budget Issues.....	N/A
5-Year Capital Plan Issues	23
5-Year Capital Forecast (2014-2018) Issues	N/A
Issues Referred to the 2009 Capital Budget Process.....	N/A

APPENDICES

Appendix 1: 2009 Rec'd Capital Budget; 2010 to 2013 Plan & 2014 to 2018 Forecast	28 (a) to (e)
Appendix 2: 2009 Recommended Cash Flow & Future Year Commitments	29 (a) to (c)
Appendix 3: 2009 Recommended Capital Projects with Financing Details	30 (a) to (b)
Appendix 4: Reserve / Reserve Fund Review	31 (a) to (b)

Contacts:

Alan Cohen, Manager, Financial Planning
 Tel: (416) 392-3740
 ajcohen@toronto.ca

Brian Tagg, Senior Financial Planning Analyst
 Tel: (416) 392- 5377
 btagg@toronto.ca

November 3, 2008

PART I: CAPITAL PROGRAM**Executive Summary**

- The 2008 Approved Capital Budget of \$7.781 million was 18% spent as at June 30, 2008. Expenditures by year-end are projected to be \$6.838 million, or 88% of the 2008 Approved Capital Budget. \$0.683 million of unspent 2008 funding will be carried forward into 2009 to complete 2008 capital work. The projected under expenditures are primarily attributed to delays in the Toryork Bays Extension (delays in permit and contract preparation). \$0.260 million will not be carried forward into 2009 and represents funding not required for the EMS/Fire HQ Power System Upgrade project, the completion of Station C-on Sheppard Ave between Leslie & Bayview and the HUSAR/JEPP 05/06-06/07 projects.
- The 2009 Recommended Capital Budget; 2010 to 2013 Recommended Capital Plan and 2014 to 2018 Proposed Capital Forecast reflect strategic objectives as outlined in Fire Services' Service Profile. Primarily for Fire Rescue and Emergency Response, citizens are provided with immediate advanced life-saving and first aid for incidents of fire, accident and medical emergencies. Property protection is provided by fully trained and experienced fire suppression teams with the objective of improving response times to 4 minutes or less 90% of the time. These priorities and objectives are being addressed by capital projects for new fire stations, maintenance of existing equipment and facilities as well as acquisition and maintenance of improved training simulators and training facilities.
- The 2009 Recommended Capital Budget; 2010 to 2013 Recommended Capital Plan and 2014 to 2018 Proposed Capital Forecast total \$85.433 million of which \$38.114 million is for the Program's 5-Year Recommended Capital Plan. The 5-Year Recommended Capital Plan meets the debt affordability targets while accommodating implementation of the Master Fire Plan for 2 new fire stations and beginning design for the construction of a third. The 2014 to 2018 Proposed Capital Forecast exceeds the debt affordability targets by \$4.483 million. The debt target has been exceeded in the 2014 to 2018 period due to the addition of projects for the final two new fire stations identified in the Master Fire Plan. Over the 10-year period emergency response times in local districts will be improved to 4 minutes or less 90% of the time. The 10-Year Capital Plan and Proposed Forecast, of \$85.433 million, is funded as follows:
 - \$52.855 million in debt;
 - \$18.751 million in funding from the Development Charge Reserve Fund;
 - \$7.057 million in funding from the Vehicle Reserve Fire Equipment;
 - \$1.900 million in funding from the Capital Financing Reserve Fund;
 - \$3.260 million from federal HUSAR/JEPP funding; and,
 - \$1.610 million in provincial funding.
- The 5-Year Recommended Capital Plan and the 5-Year Proposed Capital Forecast provides funding to add 4 new fire stations as approved in the Master Fire Plan to improve service to

the public by ensuring faster emergency response times. Two stations are recommended in the 2009 to 2013 period and two stations are proposed in the 2014 to 2018 period. Also recommended is the completion of the Toryork Bays Extension, restoration of the Heritage Fire Hall #227, replacement of portable radios and asset management for existing facilities, and, in the 2014 to 2018 period, the renovation and expansion of stations #214 & #323.

- The 5-Year Recommended Capital Plan (including 2009 commitments) requires cash flows of \$6.553 million in 2009, \$7.345 million in 2010, \$7.964 million in 2011, \$8.277 million in 2012 and \$8.658 million in 2013 will result in:
 - Improved response times with the design and construction of Station D (Midland & Eglinton) for \$6.339 million & Station A (Hwy 27/Rexdale) for \$5.971 million as well as the start of design of Station B (Keele St) for \$0.270 million.
 - Completion of expansion of the Toryork Fire Vehicle Maintenance Facility for \$2.331 million to minimize vehicle down-time.
 - The essential life saving replacement of 167 defibrillators as well as the continued life cycle replacement of 268 portable radios for firefighters for \$1.500 million and \$1.875 million respectively,
 - Essential ongoing maintenance and restoration of existing fire stations including the restoration of the Beaches' Fire Hall for \$1.800 million and ongoing Asset Management for \$14.897 million.
 - Improved effectiveness of training activities with the acquisition of Training Simulators for \$1.039 million and renovation of the West Burnhouse for \$0.300 million
- The 2009 Recommended Capital Budget of \$5.870 million provides funds for: State-of-Good-Repair projects (61%); Service Improvement projects (28%), Legislated projects (7%) and Growth Related projects (4%):
 - State-of-Good-Repair: begin the restoration of the Beaches Fire Hall (\$0.700 million), progress with on-going Asset Management (\$1.480 million) required to maintain facilities in a state of good repair, continue the life-cycle replacement of firefighters' portable radios (\$0.375 million) and replace the Voice Logging System to enable complete system redundancy and improved archiving capabilities facilitating improved response from the communications centre (\$0.400 million).
 - Service Improvement : complete the Toryork Bays Extension to enable less down time for repair of fire trucks (\$1.648 million).
 - Legislated projects: continue the HUSAR Equipment projects to ensure effective response in situations requiring Heavy Urban Search and Rescue (\$0.400 million).
 - Growth Related: start design for the new Station D at Midland and Eglinton to facilitate improved response times in that service area (\$0.245 million).

- As part of the (SOG) backlog for Fire Services, the ongoing planned Asset Management projects for the maintenance of stations and facilities had been deferred which, creates the backlog of work that requires to be addressed. The estimated SOGR backlog increases to \$3.751 million at the end of 2013 and, by deferring requirements to the 2014-2018 period, is eliminated by 2018. It is recommended that a detailed SOGR backlog study be completed with Facilities & Real Estate staff.
- Operating impacts totalling \$0.130 million over the 2009-2013 period are required for on-going maintenance costs for the Toryork Fire Vehicle Maintenance Facility (\$0.045 million), for the West Burnhouse (\$0.050 million) and for the on-going maintenance of new Station D (\$0.035 million).
- In addition, funding is provided corporately over the 2009 to 2013 time frame for the Radio Communication System Replacement Project, a corporate initiative involving three Programs: Fire Services, Police Services and Emergency Medical 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, fully funded from debt, has been budgeted corporately in the period 2007 to 2012 and does not form part of each Programs' Capital Plans.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for Fire Services with a total project cost of \$11.416 million and a 2009 cash flow of \$6.553 million and future year commitments of \$7.194 million. The 2009 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - (i) 13 new sub-projects with a 2009 total project cost of \$11.416 million that requires cash flow of \$4.222 million in 2009 and future year commitments of \$3.570 million in 2010 and \$3.624 million in 2011;
 - (ii) 1 previously approved sub-project with a 2009 cash flow of \$1.648 million with no future year commitments; and
 - b) 2008 approved cash flow for 1 previously approved sub-project with carry forward funding from 2008 into 2009 totalling \$0.683 million;
2. Council approve the new debt service costs of \$0.083 million in 2009 and incremental costs of \$0.389 million in 2010, \$0.207 million in 2011 and \$0.120 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 of \$0.130 million in 2009 to 2013 that emanate from the approval of the 2009 Recommended Capital Budget to be included within the overall scope of Fire Services' 2009 Operating Budget and future year operating budgets;
4. Council approve that all sub-projects with third party funding be approved conditionally, subject to the receipt of such funding during 2010 and if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs;
5. Council approve the 2010-2013 Capital Plan for Fire Services totalling \$25.050 million in project estimates, comprised of \$3.775 million in 2010, \$4.340 million in 2011, \$8.277 million in 2012, and \$8.658 million in 2013;
6. Council approve in principle the 2014-2018 Capital Forecast for Fire Services totalling \$47.319 million in project estimates, comprised of \$10.839 million in 2014, \$10.986 million in 2015, \$6.304 million in 2016, \$10.446 million in 2017 and \$8.744 million in 2018; and that this forecast be used as a foundation for preparing a 2010 to 2019 Capital Plan and Forecast as part of the 2010 Capital Budget process;
7. The Chief of Fire Services, in consultation with the Executive Director of Facilities and Real Estate, report to Budget Committee prior to the 2010 Capital Budget Process on a detailed SOGR backlog study including the estimated Asset Management backlog by year for the Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast.

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
7,781	1,407	18.1%	6,838	88%	943

Comments / Issues:

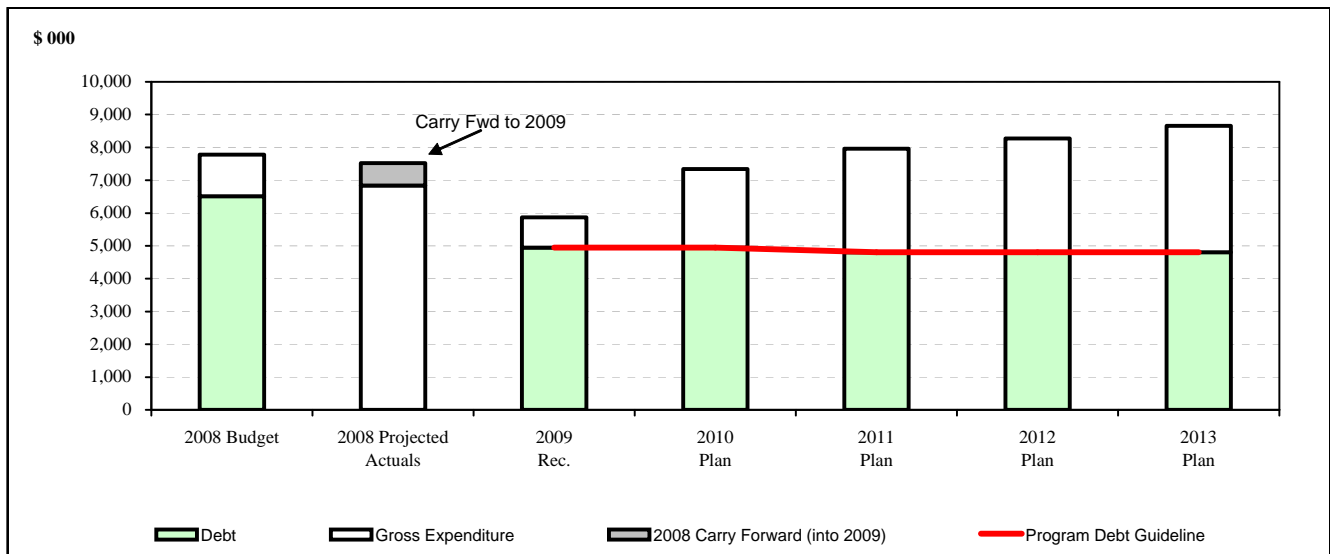
Capital expenditures for the period ended June 30, 2008 totalled \$1.407 million or 18% of Fire Services 2008 Approved Capital Budget of \$7.781 million. Fire Services is presently forecasting an 88 % spending rate by year-end.

The projected year-end under-expenditure of \$0.943 million consists of \$0.684 million (that will be carried forward into 2009) for delays in the Toryork Bays Extension (delays in permit and contract preparation). \$0.259 million (that will not be carried forward into 2009) for the EMS/Fire HQ Power System Upgrade project (\$0.125 million), Station C-on Sheppard Ave between Leslie & Bayview (\$0.123 million) and the HUSAR/JEPP 05/06-06/07 projects (\$0.011 million) that were completed under-budget.

As a corporate initiative, *The Radio Communication System Replacement Project's* capital expenditures are not included in the table above. For the period ended June 30, 2008, capital expenditures totalled \$18,000 or 3.8% of the 2008 Approved Budget of \$0.473 million. No spending has occurred in the second quarter. The Radio Communications System Replacement Project is currently in the system design stage and registers good progress in this area. Costs for 2008 include a Project Manager who is expected to be hired in the last quarter of 2008 for an estimated cost of \$24,000. The Technical Subcommittee, with the approval of the Steering Committee, has initiated procurement activities for the acquisition of specialized testing equipment estimated at \$130,000 and support tools (propagation modeling, standards, asset management) estimated at \$230,000. An additional \$80,000 is estimated for travel and registration costs related to training and testing activities for the Technical Subcommittee members. The balance of expenditures for 2008 will be incurred as an RFP is developed and released as well as with the hiring of a project manager and staff. It is presently forecasted that spending will be 100 % at year-end.

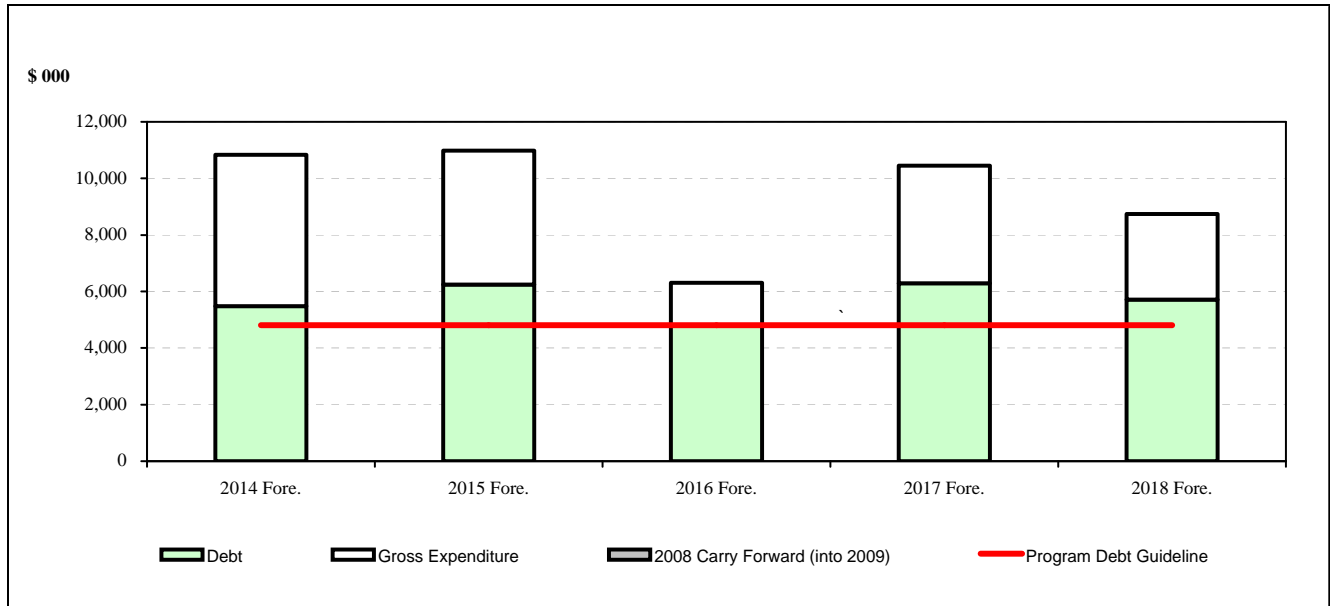
(This page is intentionally blank.)

5-Year Capital Plan (2009-2013)



	2008		5-Year Capital Plan					2009-2013	5-Year Total Percent
	Budget	Projected Actual	2009	2010	2011	2012	2013		
	Gross Expenditures:								
2008 Capital Budget & Future Year Commitments	7,781	6,838	1,648					1,648	
Recommended Changes to Commitments									
2009 New/Change in Scope and Future Year Commitments			4,222	3,570	3,624			11,416	
2010 - 2013 Capital Plan Estimates				3,775	4,340	8,277	8,658	25,050	
1-Year Carry Forward to 2009		683							
Total Gross Annual Expenditures & Plan	7,781	7,521	5,870	7,345	7,964	8,277	8,658	38,114	
Program Debt Target			4,950	4,950	4,809	4,809	4,809	24,327	
Financing:									
Recommended Debt	6,512		4,950	4,950	4,809	4,809	4,809	24,327	64%
Reserves/Reserve Funds	625		477	806	744	1,922	1,326	5,275	14%
Development Charges	94		143	1,439	2,261	1,396	2,373	7,612	20%
Federal	549		300	150	150	150	150	900	2%
Provincial									
Other External									
Total Financing	7,781		5,870	7,345	7,964	8,277	8,658	38,114	100%
By Category:									
Health & Safety	155					1,500		1,500	4%
Legislated	1,058		400		519	260	260	1,439	4%
SOGR	5,044		3,577	4,735	3,564	4,324	4,324	20,524	54%
Service Improvement	1,337		1,648	140				1,788	5%
Growth Related	188		245	2,470	3,881	2,193	4,074	12,863	34%
Total By Category	7,781		5,870	7,345	7,964	8,277	8,658	38,114	100%
Yearly SOGR Backlog Estimate (not addressed by current plan)		2,870	1,578	(660)	200	(274)	(707)	137	
Accumulated Backlog Estimate (end of year)		3,614	5,192	4,532	4,732	4,458	3,751	3,751	
Operating Impact on Program Costs				95		85	(50)	130	
Debt Service Costs			83	470	640	625	625	2,443	

5-Year Capital Forecast (2014-2018)



	5-Year Capital Forecast								10-Year Total Percent
	2014	2015	2016	2017	2018	2014-2018	2009-2018		
Gross Expenditures:									
2008 Capital Budget & Future Year Commitments							1,648		
Recommended Changes to Commitments							11,416		
2009 New/Change in Scope and Future Year Commitments							11,416		
2014 - 2018 Capital Forecast Estimates	10,839	10,986	6,304	10,446	8,744	47,319	72,369		
Total Gross Annual Expenditures & Plan	10,839	10,986	6,304	10,446	8,744	47,319	85,433		
Program Debt Target	4,809	4,809	4,809	4,809	4,809	24,045	48,372		
Financing:									
Recommended Debt	5,482	6,241	4,809	6,288	5,708	28,528	54,755		64%
Reserves/Reserve Funds	1,293	998	641	375	375	3,682	7,057		8%
Development Charges	2,476	2,349	170	3,633	2,511	11,139	18,751		22%
Federal	869	774	417	150	150	2,360	3,260		4%
Provincial	719	624	267			1,610	1,610		2%
Other External									
Total Financing	10,839	10,986	6,304	10,446	8,744	47,319	85,433		100%
By Category:									
Health & Safety							1,500		2%
Legislated							1,439		2%
SOGR	4,233	5,084	5,213	4,434	4,434	23,398	43,922		51%
Service Improvement							1,788		2%
Growth Related	6,606	5,902	1,091	6,012	4,310	23,921	36,784		43%
Total By Category	10,839	10,986	6,304	10,446	8,744	47,319	85,433		100%
Yearly SOGR Backlog Estimate (not addressed by current plan)	(521)	(1,274)	(1,311)	(444)	(444)	(3,994)	(3,857)		
Accumulated Backlog Estimate (end of year)	3,230	1,956	645	201	(243)	(243)	(243)		
Operating Impact on Program Costs							130		
Debt Service Costs	742	732	776	662	803	3,714	6,305		

10-Year Capital Plan and Forecast Overview

- The 2009 Recommended Capital Budget; 2010 to 2013 Recommended Capital Plan meets the Council approved debt affordability targets in every year of the plan. The 2014 to 2018 Proposed Capital Forecast exceeds the Council approved debt affordability targets in every year of the plan except 2016. Projects have been deferred or removed from the 5-Year Recommended Capital Plan to make room for Fire Services' priority Master Fire Plan project within the 2009 to 2013 time frame. However, the 2014 to 2018 Proposed Capital Forecast exceeds the debt affordability targets by \$4.483 million. The variance is due to the addition of projects for the design and construction of two new fire stations in accordance with the Master Fire Plan in the 2014 to 2018 period. As well, each new fire station includes additional square footage to accommodate gender based facilities and space for district management. Debt targets for Fire Services average \$4.8M per year over the 10-year Capital Plan.
- The 5-Year Recommended Capital Plan is at the debt targets and recommends addition of Station D, Station A and the design phase of Station B. Fire Services has reviewed and deferred projects for asset management and fire station expansion in order to accommodate the increased debt funding for these new stations.
- The 2014 to 2018 Proposed Capital Forecast is over the debt targets due to the completion of Station B and the design and construction of Station G at Sunnybrook Hospital. Fire Services has reviewed and removed projects for future asset management and the Water/Ice Simulator in order to partially accommodate the increased debt funding for these new stations.
- The 10-Year Capital Plan and Forecast funding requirement is comprised of \$1.500 million or 2% for Health & Safety projects, \$1.439 million or 2% for Legislated projects, \$43.922 million or 51% for State of Good Repair (SOGR) projects, \$1.788 million or 2% for Service Improvement projects, \$36.784 million or 43% for Growth Related projects. The funding allocated to project categories is generally consistent across the 10 years.
- Significant projects over the 10-Year Capital Plan and Forecast by category are as follows:
 - Health & Safety: the project for Replacement of Defibrillators in 2012 of \$1.500 million funded by reserves.
 - Legislated: the HUSAR/JEPP 09/10 project in 2009 of \$0.400 million which is 75% federally funded as well as training simulators in 2011 to 2013 of \$1.039 million funded by debt.
 - SOGR: For the 5-Year Recommended Capital Plan: Asset Management projects for facility maintenance of \$14.897 million funded by debt as well as Replacement of HUSAR equipment of \$0.800 million which is 75% federally funded, Replacement of Portable Radios of \$1.875 million funded by reserves, the West Burnhouse renovation project of \$0.300 million funded by debt, and the restoration of the heritage fire hall in the Beaches of \$1.800 million. For the 5-Year Proposed Capital Forecast: Asset Management projects for facility maintenance of \$17.623 million funded by debt as well as Replacement of HUSAR equipment of \$1.000 million which is 75% federally funded, Replacement of Portable Radios of \$1.875 million funded by reserves and the renovation and expansion of Stations #214 and #323 totalling \$2.900 million.

- Service Improvement: the Toryork Bays Extension in 2009 of \$1.648 million (excluding carry forward funding of \$0.683 million from 2008) funded by debt. Also included is the planned acquisition of a new van for the District Chiefs of South Command for \$0.140 million funded by debt.
- Growth Related: For the 5-Year Recommended Capital Plan: the construction of the new Station D at Midland & Eglinton for \$6.339 million, the new Station A at Hwy 27/Rexdale for \$5.971 million and the design for the new Station B on Keele St for \$0.270 million All are funded 58% by development charge reserve funds and 42% by debt. For the 5-Year Proposed Capital Forecast: the construction of the new Station B on Keele St for \$8.281 million and the new Station G at Sunnybrook Hospital for \$10.301 million. Both projects are funded 58% by development charge reserve funds
- The financing of the 10-Year Capital Plan includes 62% funded by debt, 10% funded by reserves, 22% funded by development charges and 4% federal subsidy with an additional 2% in provincial funding anticipated for the Harbourfront - Public Education/Training Centre in 2014, 2015 and 2016.
- Accumulated SOGR backlog is estimated to increase from \$3.614 million at the end of 2008 to \$3.751 million by the end of 2013. As part of the (SOGR) backlog for Fire Services, the ongoing planned Asset Management projects for the maintenance of stations and facilities has been deferred which, as shown at the bottom of the 5-Year Capital Plan Table on page 8, creates a backlog of work that requires to be addressed. Given current debt targets, the estimated SOGR backlog will increase to \$3.751 million at the end of 2013. By deferring requirements to the 2014-2018 period, the estimated SOGR backlog would be eliminated by 2018.
- Operating Budget impacts over the 10-Year Capital Plan and Proposed Capital Forecast totalling \$0.200 million include on-going facility maintenance costs for Toryork and training facilities as well as new fire stations D, A, B & G.
- As noted, the 10-Year Capital Plan and Proposed Capital Forecast begins to move forward with the recommendations of the Master Fire Plan approved in 2007. Stations D, A and B have been added to the 5-Year Recommended Capital Plan. The station builds have been split by phase and are each scheduled on a 3 -year build plan.
- As reported to Budget Committee on September 19, 2008, the Radio Communication System Replacement project, a corporate initiative involving three Programs: Fire Services, Police Services and Emergency Medical Services, is being delayed by one year and will be complete in 2012. There is no impact to the overall project cost or risk. The revised 5-Year Capital Plan by detailed project component is recommended for 2009.

Multi-Year Debt Affordability Targets

The 5-Year Recommended Capital Plan meets the debt affordability targets. This has been achieved by deferring projects into future years and maximizing available funding sources. Debt targets for Fire Services average \$4.8M per year over the 2009 to 2018 period.

The 2014 to 2018 Proposed Capital Forecast exceeds the debt affordability targets by \$4.483 million. As noted, these variances are due to addition of projects for the design and construction of two new fire stations in accordance with the Master Fire Plan. Expenditures for construction of Stations D & A and for the design of Station B have been added to the 5-Year Recommended Capital Plan cash flows and accommodated within debt targets. Station B will be completed in 2015, while Station G at Sunnybrook Hospital will be completed in 2018. The station builds have been split by phase and are each scheduled on a 3 -year build plan. The Capital Plan includes phases for land acquisition, environmental assessment and construction.

The 5-Year Recommended Capital Plan also reflects the deferral of projects such as the refurbishment and building of Training Simulators (\$1.040 million) to the period 2011-2013. Asset management projects have been reviewed with Facilities & Real Estate staff and accommodated within the established debt targets for the program. The planned Water/Ice Simulator (\$1.101 million) in 2014 has been removed in order to accommodate the new station construction. Other arrangements have been made to accommodate this training requirement.

New projects also accommodated within the debt targets for Fire services include the Voice Logging System Replacement, Extractors and Dryers, Training Facilities Renovations for the West Burnhouse and renovations and expansion for 3 fire stations.

Project Financing

Project financing for 2009-2013 is based 64% on debt, 14% on reserves, 20% on development charges and 2% on federal subsidy. Similarly, project financing for 2014-2018 period is as follows: 60% on debt, 8% on reserves and reserve funding, 24% on development charges and 8% on federal/provincial subsidy. The federal/provincial subsidy is required to support the on-going projects related to HUSAR equipment as well as the Harbourfront - Public Education/Training Centre planned for 2014 to 2016. As mentioned previously, debt funding targets will accommodate all currently envisioned requirements. Development charge funding is required for Stations D, A, B & G as well as a re-assessment of the Master Fire Plan in 2012 and 2017.

Development Charge Funded Projects

For Station D, the 2009 cash flow of \$0.245 million for design includes development charge funding of 58.26% or \$0.143 million and other reserve funding of 41.74% or \$0.102 million. The 2010-2013 Capital Plan includes the subsequent phases for land acquisition, environmental assessment and construction in the amounts of \$2.470 million in 2010 and \$3.624 million in 2011. Funding sources for 2010 and 2011 are consistent with the 2009 funding. The balance of the 10-year Plan & Forecast includes Station A, Station B and Station G which are similarly structured to Station D in terms of project phases and funding sources. The 5-Year Capital Plan includes a further \$0.283 million for re-assessment of the Master Fire Plan in 2012. The 5-Year Capital Forecast from 2014 to 2018 currently plans for another Master Fire Plan re-assessment in 2017 in the amount of \$0.312 million funded through development charges.

As shown in Appendix 5, these planned expenditures can be accommodated within the Fire Services Development Charge Reserve Fund. The 10-Year Capital Plan and Forecast includes Development Charge funding of \$18.751 million for new and future growth projects. The Fire Services Development Charge Reserve Fund has a projected 2008 year-end balance of \$2.314 million and is available to fund Station D. Funding beyond this is dependant upon receipt of Development Charge funding estimated at \$16.538 million over the next 10 years.

State of Good Repair (SOGR) Backlog and Unmet Service Needs

The ongoing planned Asset Management projects for the maintenance of stations and facilities had been deferred which, as shown at the bottom of the 5-Year Capital Plan Table on page 8, creates the backlog of work that requires to be addressed. The backlog is estimated to be \$3.614 million as of year-end 2008. Given current debt targets, the estimated SOGR backlog would be increased to \$3.751 million at the end of 2013 and, by deferring requirements to the 2014-2018 period, that would be eliminated by 2018.

In order to ensure additional funding for Asset Management projects, it was recommended last year that the Chief of Toronto Fire Services, in consultation with the Deputy City Manager and Chief Financial Officer, report back to Budget Committee as part of the 2009 Capital Budget Process on a revised and detailed estimate of the current state-of-good repair backlog. This is currently in process and it is recommended that a detailed SOGR backlog study be completed with Facilities & Real Estate staff.

The Program had deferred the refurbishment and building of Training Simulators (\$1.040 million) and the Water /Ice Simulator (\$1.101 million) to the period 2011-2014 due to affordability. The planned Water/Ice Simulator (\$1.101 million) in 2014 has now been removed in order to accommodate the new station construction. Other arrangements have been made to accommodate this training requirement.

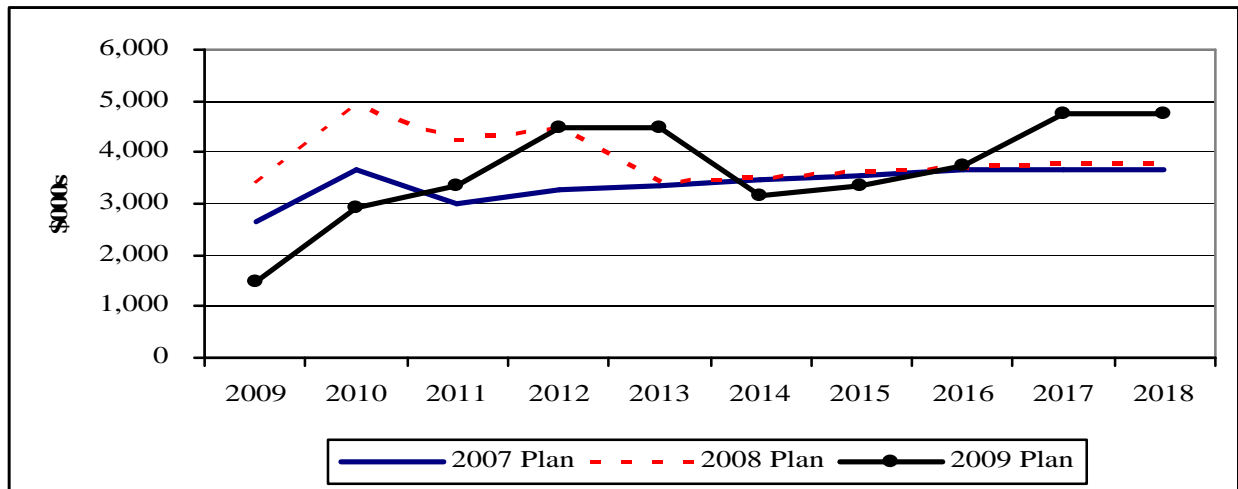
The construction of the Chaplin Fire Station has been deferred to the period between 2019 and 2023. The updated Master Fire Plan, approved in 2007, sets out priorities, timelines and cash flow requirements for the replacement of up to 10 stations. The approved time frame for implementation was 2008 to 2017 and has been deferred due to affordability. However, the first priority stations, Stations D, A & B are recommended to be added to the 5-Year Capital plan and will be complete in 2015. *Please see PART III: ISSUES FOR DISCUSSION, 5-Year Capital Plan Issues.*

Program Capacity and Readiness to Proceed

Cash flows set out in each year of the 10-Year Capital Plan and Proposed Capital Forecast are generally consistent with historical spending experience. A review of the last six years of spending, including the latest projection for 2008, would indicate an average yearly capacity of \$7.7 million, representing a spending rate of 63%. Similarly, focusing only on the last three years, the corresponding amounts show an average capacity of \$8.0 million with a spending average of 78%. 2008 projections indicate an improvement on this trend with spending approximating 88%.

The Asset Management project has been reviewed to ensure readiness to proceed. Current Asset Management projects are based on the needs assessment done in consultation with Facilities & Real Estate staff. This on-going program has been deferred in the part due to spending capacity and debt affordability. While the total spending capacity of Fire Services has improved over 2007 by some 16%, increased debt funding was provided in the last Capital Plan for Asset Management projects in order to address SOGR backlog. 2007 spending for Asset Management projects was 82% while the current year-end projection for 2008 assumes 100%. Future year estimates are achievable and, based on Corporate Facilities requirements, the projects are ready to proceed. The following graph compares the last 3 Capital Plans and indicates increased priority for asset management in the last years of the 5-year Capital Plan.

Asset Management



Several other projects in the 5-Year Recommended Capital Plan are being recommended to proceed based on either established commitments or urgent requirements:

- This 5-Year Recommended Capital Plan includes \$2.331 million for the Toryork Bays Extension project. The 2009 cash flow is composed of \$1.648 million in previously approved commitments and \$0.683 million in funding carried forward from 2008. It is anticipated that Toronto Fire Services will complete this project as planned in 2009.
- Station D is being added to the 5-Year Recommended Capital Plan beginning in 2009. Total project cost is \$6.339 million with \$1.744 million debt funded. No land has been acquired yet but certain sites have been reviewed and the design will depend on the configuration of the site

and access to the road. It is recommended that it should form part of the 2009 to 2011 commitments for Fire Services and should be ready to proceed in 2009.

- Stations A & B are in the early planning and negotiation stages with no lands yet acquired but have been added to the 5-Year Recommended Capital Plan starting in 2011 and 2013, respectively, in order to move forward with the Master Fire Plan.
- The restoration of heritage Fire Station # 227 on Queen Street East in the Beaches is required to start in 2009 in the amount of \$0.700 million. This capital expenditure of \$1.800 million in debt funding over 2009/2010 is required due to the deterioration of the façade and clock tower.
- The expansion of Station 413 was deemed as urgent as this station now has a staff-capacity issue. Total project cost is \$1.500 million debt funded. This project will not need to proceed and has been deferred based on the current disposition of the near-by new Station A in the 5-Year Capital Plan.

Recommended Changes to the 5-Year Capital Plan (2009-2013)

The 2009-2013 Capital Plan includes changes to future year cash flow commitments previously approved by Council, due to delay of construction the Toryork bays Extension from 2008 to 2009 in order to accommodate the latest estimate. There is no change to the overall project cost for this project and the changes have been accommodated within the approved debt targets established for this Program.

In addition to the new fire stations, the 5-Year Capital Plan includes new projects. \$0.400 million is added for the Voice Logging System Replacement in order to address system redundancy and system failure issues, \$0.172 million is added for the project to procure Extractors and Dryers for cleaning of firefighters' personal protective equipment and \$0.300 million for Training Facilities Renovations for the West Burnhouse. Estimates have been compiled in 2008 by contractors in order to determine the extent of necessary repairs for the west burn tower.

In 2010, \$0.140 million has been added for the new District Chiefs' van for District 17. The new van is dependant on the establishment of a South Command as detailed in the Master Fire Plan. Finally, a first planned periodic re-assessment of the Master Fire Plan for \$0.283 million in 2012 will be accommodated with funding from the Fire Services Development Charge Reserve Fund.

Capital Projects Highlights

As strategic priorities, facility expansion / renovation and new facility construction have been determined in consultation with Facilities & Real Estate staff and have been included in the 10-Year Capital Plan and Proposed Capital Forecast based on debt affordability and the readiness to proceed. The following table summarizes major capital Initiatives for new & expanded Facilities and IT projects.

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								
Toryork Bays Extension	2,331					2,331		2,331
Training Facilities Renovation West Burnhouse	300					300		300
Renovation and Expansion of Station #214							1,200	1,200
Renovation and Expansion of Station #323							1,700	1,700
Master Fire Plan:								
Station D Midland & Eglinton	245	2,470	3,624			6,339		6,339
Station A (Hwy 27/Rexdale)			257	1,910	3,804	5,971		5,971
Station B (Keele St)					270	270	8,281	8,551
Station G - Sunnybrook							10,301	10,301
Subtotal Master Fire Plan:	245	2,470	3,881	1,910	4,074	12,580	18,582	31,162
Subtotal New & Expanded Facility Projects	2,876	2,470	3,881	1,910	4,074	15,211	21,482	36,693
IT Projects								
Replacement of Portable Radios	375	375	375	375	375	1,875	1,875	3,750
Voice Logging System Replacement	400					400		400
Sub-Total IT Projects	775	375	375	375	375	2,275	1,875	4,150
Other Major City Initiatives:								
N/A								
Sub-Total								
Total	3,651	2,845	4,256	2,285	4,449	17,486	23,357	40,843

- \$36.693 million or 43% of the total 10-Year Capital Plan and Forecast of \$85.433 million is for New & Expanded Facility projects.
- Starting in 2009, Station D is being recommended to start addressing the requirements of the Master Fire Plan focused on improving emergency response times. Only Station D at Midland & Eglinton is being recommended for commitment in 2009. Stations A, B and G are planned for 2011 to 2018.
- Increased emphasis on fire prevention will be achieved with the renovation and expansion of Station #214 in 2014/2015 which is required to upgrade the ageing facility and accommodate the Fire Prevention staff move.
- Efficiency in allocation of resources will be attained with the renovation and expansion of Station #323 in 2015/2016 which is required to consolidate Public Education materials, props and office space for staff from Elizabeth Street.

- Increased effectiveness of firefighters and health and safety issues will be addressed with the ongoing lifecycle replacement of portable radios. 536 radios will be replaced over the 2009 to 2018 period.
- System maintenance cost reductions and protecting against communication system failure and providing improved call-data retrieval in emergency situations will be achieved with the Voice Logging System replacement for \$0.400 million in 2009.

Operating Budget Impact - 10-Year 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)		95.0		85.0	(50.0)	130.0		130.0
Approved Positions						-		-
Debt Service Costs	82.6	389.2	207.1	120.1	-	799.0	-	799.0
Recommended 2010-2013 Capital Plan								
Program Costs (net)						-	35.0	35.0
Approved Positions						-		-
Debt Service Costs	-	81.3	432.9	505.1	625.2	1,644.3		1,644.3
Proposed 2014-2018 Capital Forecast								
Program Costs (net)						-	35.0	35.0
Approved Positions						-		-
Debt Service Costs							3,614.2	3,614.2
Total								
Program Costs (net)	-	95.0	-	85.0	(50.0)	130.0	70.0	200.0
Approved Positions	-	-	-	-	-	-	-	-
Debt Service Costs	82.6	470.5	640.0	625.2	625.2	2,443.3	3,614.2	6,057.6
<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>								

Program Operating Impacts

The 2009 Recommended Capital Budget will result in an increase future year Operating Budgets by a total of \$0.130 million net from 2009 to 2013. A further increase of \$0.070 million is forecasted for 2014.

The incremental net operating costs outlined above include the following:

- Toryork bays Extension: The \$0.045 million impact in 2008 is the estimated cost for first year maintenance costs after completion of this project. This is will an ongoing million operating cost in 2010.
- Training Facilities Renovations-West Burnhouse: The \$0.050 million impact in 2010 is the estimated cost for ongoing maintenance after completion of this project.

- Station D (New Station 221)-Eglinton and Midland: The \$0.085 million impact in 2012 is the estimated cost for first year maintenance costs after completion of this project. This is reduced by \$0.050 million to an ongoing \$0.035 million operating cost beginning in 2013.
- Station A - (Hwy 27/Rexdale): The \$0.085 million impact in 2014 is the estimated cost for first year maintenance costs after completion of this project. This is reduced by \$0.050 million to an ongoing \$0.035 million operating cost beginning in 2015.
- Station B - (Keele St): The \$0.085 million impact in 2016 is the estimated cost for first year maintenance costs after completion of this project. This is reduced by \$0.050 million to an ongoing \$0.035 million operating cost beginning in 2017.

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		1,648		1,648		683	2,331										2,331
Change in Scope				-			-										-
New			3,277	3,277			3,277										3,277
New w/Future Year			945	945			945	3,570	3,624								8,139
Total Expenditure	-	1,648	4,222	5,870	-	683	6,553	3,570	3,624	-	-	-	-	-	-	-	13,747
Financing																	
Reserves/Res Funds			477	477			477	431	369								1,277
Development Charges			143	143			143	1,439	2,111								3,693
Other			300	300			300										300
Debt		1,648	3,302	4,950	4,950	683	5,633	1,700	1,144								8,477
Total Financing	-	1,648	4,222	5,870	4,950	683	6,553	3,570	3,624	-	-	-	-	-	-	-	13,747

Comments / Issues:

- Previously Approved projects require cash flow of \$2.331 million in 2009 for the Toryork Bays Extension. This includes funding carried forward from 2008 of \$0.683 million. New projects require a cash flow of \$4.222 million in 2009 and include funding for Asset Management of \$1.480 million, Heritage Fire Hall Restoration of \$0.700 million, the Voice Logging System Replacement of \$0.400 million, the HUSAR/JEPP 09/10 project of \$0.400 million, Replacement of Portable Radios of \$0.375 million, Training Facilities Renovations of \$0.300 million, the design of Station D for \$0.245 million, the acquisition of extractors and dryers for cleaning firefighters’ protective equipment for \$0.172 million and the renovation of the fireboat medical cabin for \$0.150 million.
- Approval of the 2009 Recommended Capital Budget of \$6.553 million will result in future year commitments of \$3.570 million in 2010 and \$3.624 million in 2011 which will encumber the following year’s spending for the completion of Heritage Fire Hall Restoration and Station D.
- For 2009, these projects are funded by debt of \$5.633 million, other funding of \$0.300 million (federal subsidy for HUSAR), development charge funding of \$0.143 million and reserves of \$0.477 million.

2009 Recommended Capital Budget

2009 Recommended Capital Budget versus Debt Target

The 2009 debt affordability guideline for Toronto Fire Services of \$4.950 million has been met while accommodating the design phase for the new Station D at Midland and Eglinton. This has been achieved by re-allocating funding from Asset Management projects to specific State of Good Repair (SOGR) projects such as:

- the Voice Logging System Replacement for \$0.400 million,
- the project to procure Extractors and Dryers for \$0.172 million,
- Training Facilities Renovations for the West Burnhouse for \$0.300 million,
- the Heritage Fire Hall Restoration for \$0.700 million and
- the Overhaul of the Fireboat Medical Cabin for \$0.150 million.

These five projects total \$1.722 million in 2009. A comparison of 2009 debt funding for Asset Management projects between the 2008 Capital Plan and the 2009 Capital Plan indicates that \$1.920 million has been re-allocated from Asset Management. This is consistent in future years as well as the Program has re-prioritized asset management for existing facilities in order to implement new station construction as approved in the Master Fire Plan.

Capital Budget by Project Category

State of Good Repair projects represent 61% of the 2009 Recommended Capital Budget. The 2009 requirement for new Asset Management capital work (\$1.480 million), as specified in the Master Fire Plan and \$1.722 million for various new SOGR projects as mentioned above has been included in the 2009 Recommended Capital Budget. As well, \$0.375 million for ongoing Replacement of Portable Radios is funded by the Vehicle Reserve Fire Equipment.

Legislated projects represent 7% of the 2009 Recommended Capital Budget the on-going HUSAR/JEPP program for 2009/2010 at a cost of \$0.400 million. This project is funded 75% through federal subsidy.

Service Improvement project funding represents 28% of the 2009 Recommended Capital Budget. The 2009 requirement is for the Toryork Bays Extension project to allow an increase in vehicle servicing capacity at a cost of \$1.648 million in previously approved commitments for 2009.

The only Growth related project is Station D. The cost of design of \$0.245 million represents 4% of the 2009 Recommended Capital Budget.

2009 Capital Project Highlights

The Recommended 2009 Budget provides funding to:

- Increase vehicle servicing capacity in order to reduce emergency vehicle downtime with the Toryork Bays Extension (\$1.648 million).
- Ensure timely repair and maintenance of key facilities with Asset Management (\$1.480 million).
- Contribute to preserving the City's historical buildings as well as maintaining a functioning emergency facility in a state of good repair with the Restoration of Heritage Fire Hall (\$0.700 million).
- System maintenance cost reductions and protecting against communication system failure and providing improved call-data retrieval in emergency situations with the Voice Logging System Replacement (\$0.400 million).
- Ensure capacity and ability to react when heavy urban search and rescue is required with the HUSAR/JEPP 09/10 project (\$0.400 million).
- Ensure effective and safe emergency response with the timely replacement of key firefighter communication equipment with the Replacement of Portable Radios (\$0.375 million).
- Enable improved opportunities for firefighter training with the Training Facilities Renovations for the West Burnhouse (\$0.300 million).
- Move forward with improving emergency response times in Scarborough with the start of design for the new Station D (\$0.245 million).

Capacity and Readiness to Proceed

The cash flow for the 2009 Recommended Capital Budget is consistent with historical spending experience. The average yearly spending capacity for Fire Services Capital is \$7.7 million. Including carry forward funding, the 2009 Recommended Capital Budget totals \$6.553 million. Average spending was 78% of budget over the past 3 years. Specific projects scheduled for 2009 have been reviewed for their readiness to proceed as follows:

- The Asset Management project has been reviewed with Facilities & Real Estate staff to ensure readiness to proceed.
- The 2009 Recommended Capital Budget includes \$2.331 million for the Toryork Bays Extension project. Funding was approved in 2007, conditional on the Program reporting back on the results of the feasibility study in time for the 2008 Capital Budget process. Approved and ready to proceed in 2008, an in-year adjustment was made to defer \$0.648 million of the cash flow to 2009 due to delays in necessary planning approvals and contract preparation. It is anticipated that Toronto Fire Services will complete this project as planned in 2009. As a result of this adjustment, Fire Services was able to proceed with other projects including the Overhaul of the Fireboat Electrical System, the Payroll Time Scheduling System Upgrade, which replaces the existing fire payroll time entry system, and continued support for the on-going HUSAR/JEPP 05/06-Project.
- Station D is included in the 2009 Recommended Capital Budget in the amount of \$0.245 million with the balance of funding of \$6.094 million over the next 2 years. There were two options for the latest design of fire stations that being a 7000 sq. foot design or a 10,000 sq. foot design. The later, recommended design would allow for incorporation of gender based

staff facilities as well as more space for Division Command. While no land has been acquired yet, certain sites have been reviewed and it is recommended that Station D move forward at this time based on the 10,000 sq. foot model and is ready to proceed in 2009.

- The restoration of heritage Fire Station # 227 on Queen Street East in the Beaches is recommended to start in 2009 in the amount of \$0.700 million once design and planning is completed. Total project cost for this renovation is \$1.800 million and will be completed in 2010. This capital expenditure is required due to the deterioration of the façade and clock tower. Fire Services in consultation with Facilities & Real Estate staff will provide an updated Capital Project Synopsis detailing the necessary repairs and timing of the project and confirm that necessary estimates have been synchronized with the 5-Year Recommended Capital Plan in order that this project can proceed in 2009.

PART II: ISSUES FOR DISCUSSION

5-Year Capital Plan Issues

Master Fire Plan

City Council on June 19, 20 and 22, 2007, adopted the following recommendations:

1. The Toronto Fire Services Fire Master Plan 2007 document be adopted as the guiding principles for the development of the Service over the next five years.
2. Funding for implementation of the Master Fire Plan recommendations be addressed as part of the TFS annual Operating and Capital budget submissions.

The Council approved Master Fire Plan included a Fire Station Development Plan that addresses future fire station needs for the period 2008-2017. These operational needs are based on future growth projections. However, as part of developing an affordable plan for station/facilities builds, the facilities were deferred to 2013-2024. Table 1 shows the stations **as specified in the Master Fire Plan**: (note: excludes the proposed Portlands Fire Station on Commissioner's Street to support Waterfront development scheduled for 2017).

Table 1

Original Master Fire Plan

Project (\$000s)	2008	2009	2010	2011	2012	Total 5 Yr Program	2013- 2017
New Station Development							
Station D (New Station 221) (Eglinton Ave & Midland Ave)	3,299	1,745				5,043	
Station G (New Station 124) - Sunnybrook		4,352	1,635			5,988	
Station B (New Station 144) (Keele St between Sheppard/Wilson)			3,798	1,913		5,710	
Station A (New Station 414) (Hwy 27 & Rexdale Blvd)				2,042	1,811	3,853	
Chaplin Fire and Ambulance Station (Station 135)					2,171	2,171	2,904
Co-location Stations 323 & 324 (Pape/Jones) ²							6,464
Co-location 424 & 425 (Bloor West) ²							8,025
Station 141 - Relocation for York University/York Region Subway							7,092
New Station - (King Street between Dufferin & Bathurst)							7,438
Total New Station Development	3,299	6,097	5,433	3,955	3,982	22,766	31,923

The 5-Year Recommended Capital Plan includes Station D at Midland and Eglinton, Station A - (Hwy 27/Rexdale) and the design of Station B (Keele St) while the completion of Station B and Station G at Sunnybrook are included in the 5-Year Proposed Capital Forecast. Based on the latest draft

Development Charge Study these stations are eligible to have 58.26% of the funding come from development charges. As shown in *Appendix 5 - Reserve / Reserve Fund Review*, there will be sufficient funding for these expenditures in the Fire Development Charges Reserve Fund. The balance is to be funded through debt and other reserves as the projects are beyond what the debt targets can accommodate. Adding Station B & G results in the debt affordability targets being exceeded by \$4.483 million in the 2014 to 2018 period.

Table 2 illustrates the current plan for fire station construction on a priority basis. Each project has been delineated into a design; land acquisition and construction phase in three consecutive years. Station G -Sunnybrook is scheduled to start the design phase in 2013. The period 2014 to 2018 includes two stations: the completion of Station G and Station B on Keele St between Sheppard and Wilson. The final station, the Chaplin Fire Station, falls into the period 2019 to 2023.

Table 2

Revised Master Fire Plan

STATION (\$000S)	2009	2010	2011	2012	2013	TOTAL 2009- 2013	2014	2015	2016	2017	2018	TOTAL 2014- 2018	TOTAL PROJECT
Station D (Eglinton /Midland)	245	2,470	3,624			6,339							6,339
Station A (Hwy 27/Rexdale)			257	1,910	3,804	5,971							5,971
Station B (Keele St)					270	270	4,250	4,031				8,281	8,551
Station G - Sunnybrook									291	5,700	4,310	10,301	10,301
Total	245	2,470	3,881	1,910	4,074	12,580	4,250	4,031	291	5,700	4,310	18,582	31,162

The Master Fire Plan has resulted in a confirmation of the future station requirements and identifies the years they are required based on current call volumes, population and growth statistics. Current road response times average 6.15 minutes or more. In accordance with NFPA (National Fire Protection Association) standard 1710, the goal is to reduce emergency response times and achieve a four minute road response 90% of the time. This goal will be achieved by effectively distributing resources through these new stations.

There are also new developments in the City which will require additional stations in areas such as the Portlands which is estimated at \$5.074 million and envisioned for 2017. City Planning is working with Fire Services to help identify these areas and the timing for when these stations are required.

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 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.

There is no change to the total capital funds required for the project beyond what has already been approved in the 2008 Capital Budget and 2009-2012 Capital Plan. Changes are required in the cash flows and will add one year to the project with a revised planned completion in 2012.

The total project cost is estimated at \$70 million, with the majority of the funds required between 2010 and 2012 (\$28 million in each of 2010 and 2011, and \$13.250 million in 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	-

In 2007, \$0.027 million was spent for consulting and educational/training initiatives. The consulting firm of Lapp-Hancock was retained and worked with the three public safety services to develop a Governance Agreement. Funds were also spent on training/educational initiatives related to the technical subcommittee in order to enhance knowledge of the current industry standards. \$0.223 million in remaining funds were carried forward into 2008 and added to the \$0.250 million already approved for that year.

Costs for 2008 include a Project Manager who is expected to be hired in the last quarter of 2008 for an estimated cost of \$24,000. The Technical Subcommittee, with the approval of the Steering Committee, has initiated procurement activities for the acquisition of specialized testing equipment estimated at \$130,000 and support tools (propagation modeling, standards, asset management) estimated at \$230,000. An additional \$80,000 is estimated for travel and registration costs related to training and testing activities for the Technical Subcommittee members.

For 2009, an estimated \$250,000 has been recommended to fund the detailed design of the system including project management services, detailed coverage analysis, and release of an RFP.

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 radio infrastructure project includes costing for the replacement of Fire mobile (in-vehicle) radios and a contingency for Fire handheld radios. This is estimated to be \$7 million and also includes upgrade costs for existing radios from all three agencies. However there are also replacement and/or additional radios budgeted within each of the Police, Fire, and Emergency Medical Services Capital Budgets. These radios are currently being purchased as required. The contingency within the Radio Communication project will only be used if, by the time the new system is implemented, the recently purchased portable radios are ultimately discontinued and available models are incompatible with existing portable radios. This is not likely to be the case however it is too early to assume a budget reduction at this point. The Steering Committee is recommended to report back on the disposition of this issue once it is determined.

Over 2005, 2006 and 2007, Toronto Fire Services has budgeted \$1.440 million for 200 additional portable radios. As well, \$0.055 million will be spent in 2008 evaluating mobile repeater technology and procedures. Any equipment purchased from this initiative will be compatible with the new radio infrastructure system to be commissioned in 2012.

Toronto Fire Services also plans for timely replacement of their portable radios through their Operating Budget. This is achieved through yearly contributions to the Vehicle Reserve - Fire Equipment-XQ1020. Therefore, a separate capital project has been established for this purpose with cash flows of \$0.625 million in 2008 and \$0.375 million for each subsequent year in the 10-Year Capital Plan and Forecast. As these acquisitions can be phased, Toronto Fire Services should ensure the replacements are compatible with the Radio Communication System Replacement. This should ultimately lead to a lower estimated project cost for the system replacement.

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.

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 of December 31, 2008	Proposed Cash Flows											
			2009 Rec Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	2009-2018 Total	
XR2023 Development Charges RF Fire	Beginning Balance	2,314	2,314	2,587	1,780	151	863	598	230	90	2,028	503	2,314	
	Contributions (Estimated DC inflows)		416	632	632	2,108	2,108	2,108	2,208	2,108	2,108	2,108	16,538	
	Station D (Midland & Eglinton)		(143)	(1,439)	(2,111)									(3,693)
	Station A (Hwy 27/Rexdale)				(150)	(1,113)	(2,216)							(3,479)
	Station B (Keele St)						(157)	(2,476)	(2,349)					(4,982)
	Station G - Sunnybrook									(170)	(3,321)	(2,511)		(6,002)
	Fire Services Master Plan Reviews					(283)					(312)			(595)
	Total Proposed Contributions (Withdrawals)		273	(807)	(1,629)	712	(265)	(368)	(141)	1,938	(1,525)	(403)		(2,213)
XR2023 Development Charges RF Fire BALANCE AT YEAR-END		2,314	2,587	1,780	151	863	598	230	90	2,028	503	101	101	

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2008	Proposed Cash Flows											
			2009 Rec Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	2009-2018 Total	
XQ1020 Vehicle Reserve Fire Equipment	Beginning Balance	759	759	827	894	962	(471)	(404)	(336)	(269)	(202)	(134)	759	
	Contributions (Operating)		442	442	442	442	442	442	442	442	442	442	4,424	
	Replacement of Defibrillators					(1,500)								(1,500)
	Replacement of Portable Radios		(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(3,750)
	Total Proposed Contributions (Withdrawals)		67	67	67	(1,433)	67	67	67	67	67	67	67	(826)
XQ1020 Vehicle Reserve Fire Equipment BALANCE AT YEAR-END		759	827	894	962	(471)	(404)	(336)	(269)	(202)	(134)	(67)	(67)	

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2008	Proposed Cash Flows										
			2009 Rec Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	2009-2018 Total
XQ4205 Fire Svcs Public Education Reserve	Beginning Balance	321	321	321	321	321	321	321	(597)	(1,220)	(1,486)	(1,486)	321
	Contributions (Operating)												-
	Harbourfront - Public Education/Training Centre--Multimedia Programming								-	-	(266)		(266)
	Harbourfront - Public Education/Training Centre--Design and Construction - Future Years								(918)	(623)	-		(1,541)
	Total Proposed Contributions (Withdrawals)		-	-	-	-	-	-	(918)	(623)	(266)	-	(1,807)
XQ4205 Fire Svcs Public Education Reserve BALANCE AT Y/E		321	321	321	321	321	321	(597)	(1,220)	(1,486)	(1,486)	(1,486)	(1,486)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2008	Proposed Cash Flows										
			2009 Rec Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	2009-2018 Total
XR1011 Capital Financing Reserve Fund	Beginning Balance	30,412	30,412	30,310	29,879	29,510	29,463	28,512	28,512	28,512	28,512	28,512	30,412
	Contributions (Operating)												-
	Station D (Midland & Eglinton)		(102)	(431)	(369)								(902)
	Station A (Hwy 27/Rexdale)					(47)	(951)						(998)
	Total Proposed Contributions (Withdrawals)		(102)	(431)	(369)	(47)	(951)	-	-	-	-	-	(1,900)
XR1011 Capital Financing Reserve Fund BALANCE AT YEAR-END		30,412	30,310	29,879	29,510	29,463	28,512	28,512	28,512	28,512	28,512	28,512	28,512

