

Analyst Briefing Notes

Budget Committee

(October 30, 2008)

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

Mike Yu
 Senior Financial Planning Analyst
 Tel: (416) 392-3646

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PART I: CAPITAL PROGRAM

Executive Summary

- The 2008 Approved Capital Budget of \$7.770 million was \$0.703 million or 9% spent as at June 30, 2008. This resulted from difficulties in filling vacant positions, and delays in negotiations with vendors. Actual expenditures by year-end are projected to be \$4.362 million, or 56% of the 2008 Approved Capital Budget. The projection of 2008 funding to be carried forward into the 2009 Recommended Capital Budget is \$3.240 million.
- The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014 to 2018 Proposed Capital Forecast total \$45.735 million of which \$26.265 million is projected for the Program's 5-Year Recommended Capital Plan, requiring debt funding of \$4.683 million in 2009, \$4.698 million in 2010, \$3.500 million in 2011, \$3.500 million in 2012 and \$3.500 million in 2013 for a total of \$19.881 million. The 5-Year Capital Plan, excluding carry forward funding of \$3.240 million, will be funded by:
 - \$19.881 million in debt funding.
 - \$2.587 million in funding from the Building Code Act Service Improvement Reserve Fund.
 - \$0.973 million in funding from the Capital Financing Reserve Fund
 - \$2.824 million in other funding including recoveries from other divisions within Cluster B for Information Technology projects.
- The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; 2014-2018 Proposed Capital Forecast meets the debt affordability targets for all of the ten years.
- In 2009, Animal Services' capital projects are transferring from Public Health to Policy, Planning, Finance and Administration (PPF&A) in the amount of \$0.533 million in 2009 and \$0.440 million in 2010. The two divisions will continue to work together, along with the Corporate Information Technology division to develop an Information Technology (IT) transition plan to share knowledge and expertise in order to facilitate a smooth transfer. Animal Services' capital projects are recommended subject to a review by the Information Technology Division and development of an Information Technology (IT) transition plan between Public Health and PPF&A.
- The 5-Year Recommended Capital Plan (including 2008 carry-forwards) requires cash flows of \$10.061 million in 2009, \$7.125 million in 2010, \$4.532 million in 2011, \$4.140 million in 2012, and \$3.647 in 2013 for a total of \$29.505 million.
 - The recommended new cash flow funding for 2009 to 2013 of \$24.075 million is allocated to Mainframe Application Replacement (\$2.368 million), Asset Preservation (\$5.083 million), Computer System Integration (\$4.809 million), Toronto Building e-services (\$2.247 million) and Remote Computing (\$1.214 million).

- The Recommended 5-Year Capital Plan funds capital projects are aligned with PPF&A's strategic direction of enhancing management and information systems for the Cluster B divisions through Business Sustainment Systems and Computer System Integration projects.
 - Business Sustainment Systems: Funding of \$12.033 million is provided for subprojects that support/ enhance IBMS in the following areas; improving the quality of assessment data, remote computing, and the development of technology advancements across Cluster B to improve efficiency, accountability and customer service.
 - Computer System Integration: This project at a cost of \$4.809 million will increase efficiency and accountability at City Hall through better connectivity between the Project Tracking Portal and other business systems resulting in improved productivity and service improvements.
- The 2009 Recommended Capital Budget of \$10.061 million, provides funds for State of Good Repair (SOGR) projects (10%) and Service Improvement projects (90%).
 - State of Good Repair projects include Asset Preservation projects of \$1.002 million that keep the 11 works yards in a steady state of good repair. While it does not address the \$4.8 million state of good repair backlog, the backlog will not increase.
 - Service Improvement Projects are Information Technology projects designed to enhance efficiency and effectiveness in service delivery including Business Sustainment Systems of \$2.692 million and Mainframe Application Replacement of \$1.270 million.
- The Recommended 5-Year Capital Plan will result in an incremental operating impact of \$3.516 million net over the five-year period. The operating impact in 2009 will be \$0.117 million. There will be 1.25 permanent and 8 temporary staff required resulting from the approval of the Recommended 5-Year Capital Plan.
- The State of Good Repair Backlog is currently at \$4.8 million for 11 shared yards. Funding in the 2009 Recommended Capital Plan; 2010-2014 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast will not be sufficient to reduce the backlog, however it is not forecasted to grow as a result.
- PPF&A is not currently scheduled to transfer responsibility of Asset Preservation capital projects to Facilities and Real Estate in 2009, however it is recommended that the two divisions continue to work together on developing a strategy and plan for this to occur in the near future.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for Policy, Planning, Finance and Administration with a total project cost of \$8.278 million and a 2009 cash flow of \$10.061 million and future year commitments of \$3.647 million comprised of the following:
 - (a) New Cash Flow Funding for:
 - (i) 30 new sub-projects with a 2009 total project cost of \$8.278 million that requires cash flow of \$5.131 million in 2009 and a future year commitment of \$2.889 million in 2010; \$0.116 million in 2011; \$0.016 million in 2012; and \$0.126 million in 2013;
 - (ii) 4 previously approved sub-projects with a 2009 cash flow of \$1.690 million and a future year commitment of \$0.500 million in 2010;
 - (b) 2008 approved cash flow for 15 previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$3.240 million;
2. Council approve the 2010-2013 Capital Plan for Policy, Planning, Finance and Administration totalling \$15.797 million in project estimates, comprised of \$3.736 million in 2010, \$4.416 million in 2011, \$4.124 million in 2012, \$3.521 million in 2013;
3. Council approve new debt service costs of \$0.117 million in 2009 and incremental costs of \$0.530 million in 2010, \$0.163 million in 2011, \$0.013 million in 2012, \$0.005 million in 2012 and \$0.013 million in 2013, resulting from the approval of the 2009 Recommended Capital Budget, to be included in the 2009 and future year operating budgets;
4. Council approve in principle the 2014-2018 Capital Forecast for Policy, Planning, Finance and Administration totalling \$19.470 million in project estimates, comprised of \$4.391 million in 2014, \$4.066 million in 2015, \$3.755 million in 2016, \$3.758 million in 2017, and \$3.500 million in 2018; and that this forecast be used as a foundation for preparing a firm 2010 to 2019 Capital Plan and Forecast as part of the 2010 Capital Budget process; and,
5. Animal Services' Electronic Communications and Animal Service ePET Enhancement projects in the amount of \$0.533 million in 2009 and \$0.440 million in 2010 be approved conditionally, subject to a review of these project by the Information Technology Division and the development of an IT support transition plan between Public Health and Policy, Planning, Finance and Administration.

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
7,770	703	9.0%	4,362	56%	3,408

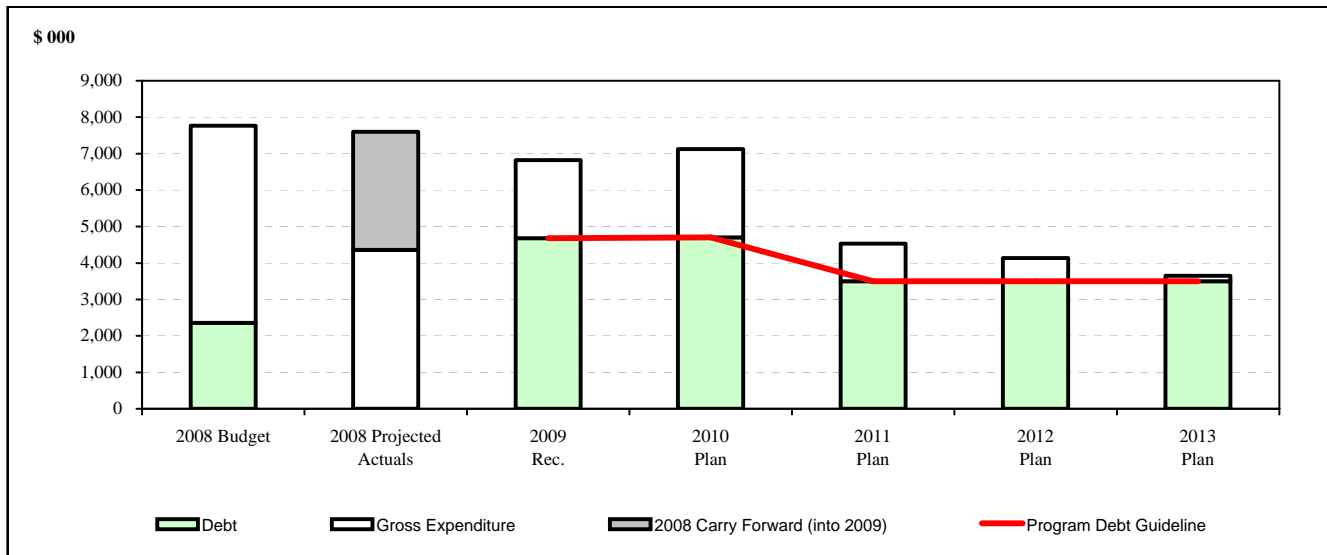
Comments / Issues:

At the end of June 30, 2008, Policy, Planning Finance and Administration (PPF&A) spent approximately \$0.703 million or 9% of its 2008 Approved Capital Budget of \$7.770 million. Policy, Planning, Finance and Administration is projecting that \$4.362 million or 56.1% of its 2008 Approved Capital Budget will be spent by year-end.

The major expenditures in 2008 include the following;

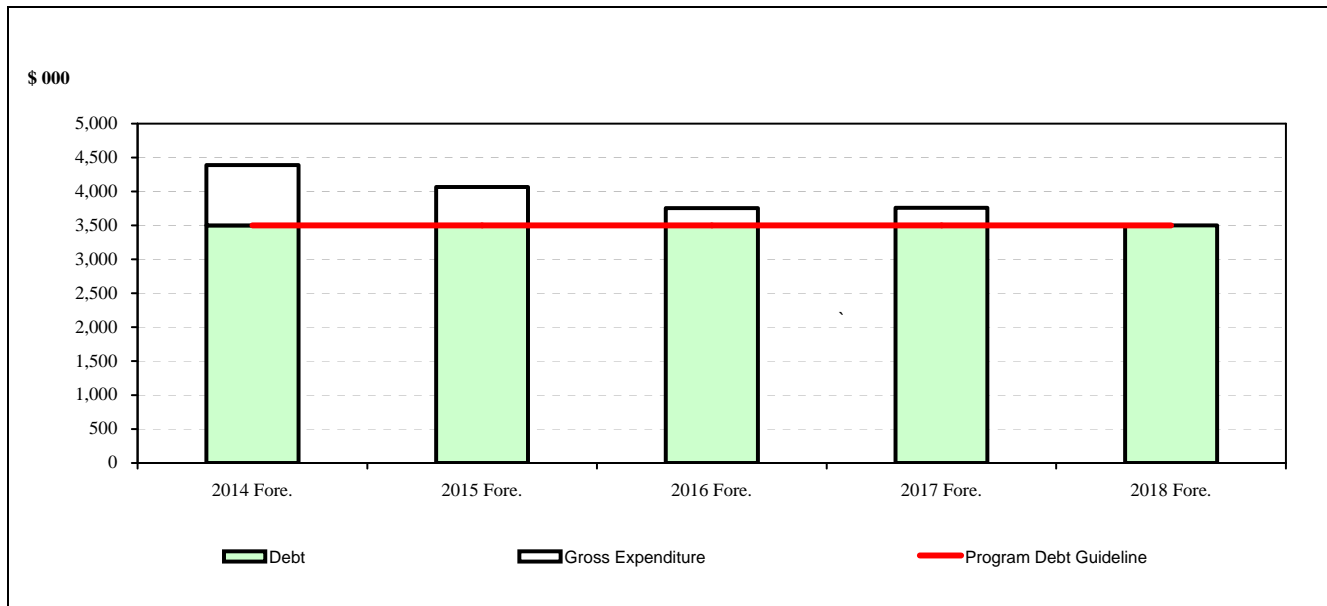
- Business Sustainment Systems - \$0.360 million or 8.6% of the 2008 Approved Capital Budget for this project is spent. The program expects to spend \$1.847 million or 43.9% . Spending on the Remote Computing project was lower than anticipated due to delays in completing the Request for Quotes. A new Project Manager is being hired to lead this project. Other projects such as the MLS Division Technology Enhancement project are behind schedule due to delays in resourcing consulting services for the project.
- Asset Preservation 2008 – The program expects to spend \$.830 million or 100% of the 2008 approved cash flow on this project.
- Mainframe Application Replacement – This is a multi-year project to convert all PPF&A mainframe systems to a platform that can be supported by City staff. This will result in a savings for the City in the amount of \$0.450 million annually resulting in reduced contracted services for Corporate IT. It is projected that \$0.631 million or 48.7% of the 2008 approved cash flow will be spent at year-end and that \$0.664 million will be carried forward into 2009. Six systems have been successfully developed, however due to delays in hiring, the remaining two systems will not be completed until the 1st quarter of 2009.

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	7,770	4,362	1,690	500				2,190	
Recommended Changes to Commitments			(965)	925				(40)	
2009 New/Change in Scope and Future Year Commitments			6,096	1,964	116	16	126	8,318	
2010 - 2013 Capital Plan Estimates				3,736	4,416	4,124	3,521	15,797	
1-Year Carry Forward to 2009		3,240							
Total Gross Annual Expenditures & Plan	7,770	7,602	6,821	7,125	4,532	4,140	3,647	26,265	
Program Debt Target	3,900		4,683	4,698	3,500	3,500	3,500	19,881	
Financing:									
Recommended Debt	2,356		4,683	4,698	3,500	3,500	3,500	19,881	76%
Reserves/Reserve Funds	477		1,233	880	660	640	147	3,560	14%
Development Charges									
Federal									
Provincial									
Other Revenue	4,937		905	1,547	372			2,824	11%
Total Financing	7,770		6,821	7,125	4,532	4,140	3,647	26,265	100%
By Category:									
Health & Safety	251								
Legislated									
SOGR	1,985		1,002	1,018	1,051	1,000	1,012	5,083	19%
Service Improvement	5,534		5,819	6,107	3,481	3,140	2,635	21,182	81%
Growth Related									
Total By Category	7,770		6,821	7,125	4,532	4,140	3,647	26,265	100%
Yearly SOGR Backlog Estimate (not addressed by current plan)									
Accumulated Backlog Estimate (end of year)		4,800	4,800	4,800	4,800	4,800	4,800	4,800	
Operating Impact on Program Costs				483	266	550		1,299	
Debt Service Costs			117	609	581	455	455	2,217	

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							2,190		
Recommended Changes to Commitments							(40)		
2009 New/Change in Scope and Future Year Commitments							8,318		
2014 - 2018 Capital Forecast Estimates	4,391	4,066	3,755	3,758	3,500	19,470	35,267		
Total Gross Annual Expenditures & Plan	4,391	4,066	3,755	3,758	3,500	19,470	45,735		
Program Debt Target	3,500	3,500	3,500	3,500	3,500	17,500	37,381		
Financing:									
Recommended Debt	3,500	3,500	3,500	3,500	3,500	17,500	37,381		82%
Reserves/Reserve Funds							3,560		8%
Development Charges									
Federal									
Provincial									
Other Revenue	891	566	255	258		1,970	4,794		9%
Total Financing	4,391	4,066	3,755	3,758	3,500	19,470	45,735		100%
By Category:									
Health & Safety									
Legislated									
SOGR	1,000	1,000	1,000	1,000	1,000	5,000	10,083		22%
Service Improvement	3,391	3,066	2,755	2,758	2,500	14,470	35,652		78%
Growth Related									
Total By Category	4,391	4,066	3,755	3,758	3,500	19,470	45,735		100%
Yearly SOGR Backlog Estimate (not addressed by current plan)									
Accumulated Backlog Estimate (end of year)	4,800	4,800	4,800	4,800	4,800	4,800	4,800		
Operating Impact on Program Costs	10	10	10	10	10	50	1,349		
Debt Service Costs	455	455	455	455	455	2,275	4,492		

10-Year Capital Plan and Forecast Overview

- The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast has met the debt affordability targets for all of the ten years. For 2009, the capital projects for Animal Services are transferring to PPF&A from Public Health. The transfer of Animal Services' capital projects will be in the amount of \$0.533 million in 2009 and \$0.440 million in 2010. The capital projects are recommended subject to a review of the Animal Services' capital projects by the Information Technology Division and development of an IT support transition plan between Public Health and PPF&A.
- The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast is funded primarily from debt which accounts for 82% or \$37.381 million of the funding. The other 18% or \$8.354 million represents recoveries from Toronto Water and reserve funding the Capital Financing Reserve Fund and Building Code Act Service Improvement Reserve Fund for Asset Preservation projects and Information Technology projects.
- Service improvement projects account for 78% or \$35.652 million of the total proposed new cash flow in the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast. These projects are anticipated to improve customer service and provide efficiency and technological enhancements across Cluster B Programs. The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast reflects the allocation of significant resources to long-term state of good repair projects to primarily address asset preservation at shared yard facilities. Projects that maintain assets in a state of good repair represent 22% or \$10.083 million of the total proposed new cash flow in the 10-Year Capital Plan and Forecast.
- The focus on service improvement projects within the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast supports the Program's service objectives of improving oversight and management reporting to support Cluster B needs and enhancing customer service delivery.
- The Recommended 5-Year Capital Plan and 2014-2018 Proposed Capital Forecast provides \$10.083 million for high priority Asset Preservation projects that address State of Good Repair requirements. The budget traditionally included average steady State of Good Repair funding of approximately \$2.3 million per year. This has been reduced to approximately \$1.0 million per year in order to meet the corporate debt guidelines. The long-term challenge will be to address the State of Good Repair backlog which is estimated at \$4.8 million for the 11 shared yards.
- The incremental operating impacts include the salaries and benefits for staff working on projects for Business Sustainment Systems, Animal Services Electronic Communications, Computer System Integration and the Document Management System. There will be a total of 2.25 permanent and 8 temporary staff required and program costs of \$1.349 million arising from the approval of the 2009 Recommended Capital Budget; 2010-2013 Capital Plan and 2014-2018 Proposed Capital Forecast. There are no program costs, resulting from the approval of the 2009 Recommended Capital Budget.

- Debt service costs resulting from the approval of the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and 2014-2018 Proposed Forecast will be \$4.492 million. Approval of the 2009 Recommended Capital Budget will result in debt service charges of \$0.117 million.

Multi-Year Debt Affordability Targets

The 2009 Recommended Capital Budget and 2010-2013 Recommended Capital Plan has met the debt affordability targets for each of the ten years. This was achieved through continued effort to ensure capital projects are ready to proceed.

Project Category Breakdown

Service improvement projects account for 78% or \$35.652 million of the total cash flow in the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast. These projects are anticipated to provide efficiency and technological enhancements across Cluster B Programs. Many of these projects are designed to leverage technology to enhance and improve service delivery for the Municipal Licensing and Standards, City Planning, Toronto Building, Technical Services and Transportation Services Programs.

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast reflects the allocation of resources to long-term state of good repair projects to primarily address asset preservation at shared yard facilities. Projects that maintain assets in a state of good repair represent 22% or \$10.083 million of the total cash flow in the 10-Year Capital Plan and Forecast. PPF&A has indicated that the funding for state of good repair projects will not reduce the current backlog of \$4.800 million as increased funding will erode PPF&A's ability to enhance service delivery for Cluster B.

Project Financing

The 2009-2013 Recommended Capital Plan is funded primarily from debt which accounts for 76% or \$19.881 million of the funding. The remaining 24% or \$6.384 million represents other funding in the amount of \$1.925 million; recoveries from Toronto Water in the amount of \$0.839 million and operating budget and reserve funding in the amount of \$3.620 million for Asset Preservation projects and Information Technology projects.

The Building Code Act Service Improvement Reserve Fund provides funding of \$2.587 million for the Toronto Building eServices project designed to provide eServices to the public in order to increase customer service and to develop an electronic tracking system to help implement a future harmonized City Sign By-law. The Capital Financing Reserve Fund provides funding of \$0.973 million for Animal Services' capital projects.

Development Charge Funded Projects

There are no capital projects eligible for Development Charges funding.

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

Asset Preservation - SOGR Needs

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast provides \$10.083 million for high priority Asset Preservation projects that address State of Good Repair requirements. The multi-year Asset Preservation program was developed through a detailed review of building condition assessments by Facilities and Real Estate. Priorities were developed for specific shared yard locations. The budget traditionally included an average steady State of Good Repair funding of approximately \$2.3 million per year. This has been reduced to approximately \$1.0 million per year in order to meet corporate debt guidelines. The long-term challenge will be to address the State of Good Repair backlog which is estimated at \$4.8 million for the 11 shared yards. While the Recommended 5-Year Capital Plan and 5-Year Proposed Capital Forecast does not reduce the State of Good Repair backlog, it is not forecasted to grow as a result.

Unmet Service Needs

There are no unmet service needs resulting from the 2009 Recommended Capital Budget; 2010-2013 Capital Plan and, 2014-2018 Proposed Capital Forecast.

Program Capacity and Readiness to Proceed

Expenditures of \$4.362 million or 56% of the 2008 Approved Capital Budget of \$7.770 million are anticipated to be spent by year-end. The 2008 projected year-end spending rate represents a slight increase over the 2007 amount of \$4.051 million and 2006 amount of \$3.445 million.

The reduction in the Program's budget for Asset Preservation starting in 2007 to \$1 million led to a more rigorous refinement of costs and prioritization of projects. This reduced level of SOGR funding is proposed to continue for 2009. As a result, projects are constantly evaluated for ability to proceed. Reallocations are used to ensure that projects that are delayed are deferred and replaced with ones that are ready to proceed.

Policy, Planning, Finance & Administration has reviewed and refined its cost estimates as well as re-phased projects in an attempt to comply with the City's debt targets. The Program is confident that it has the means to achieve the Recommended 5-Year Capital Plan within the specified timelines and funding targets that have been set.

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

The major change in the Recommended 5-Year Capital Plan from the 2008-2012 Approved Capital Plan is found in the Business Sustainment Systems and Animal Services projects. There are seven new capital sub-projects within the Business Sustainment Systems project with a total cash flow over the 5 Year Capital Plan of \$2.019 million that are introduced for 2009, including City Planning Technology Enhancements in IBMS, Electronic Tirage and Customer Service and Licensing System Enhancements. The seven projects will be funded from debt in the amount of \$1.899 million and \$0.120 million from reserve funds. These projects are aligned with PPF&A's strategic direction to enhance management and information systems for Cluster B Divisions in order to improve efficiency and compliance with corporate policy. These information technology projects are dedicated to

improving operational efficiencies that will facilitate improvements in customer service and compliance with legislative requirements.

The responsibility of Animal Services was transferred to MLS from Public Health during 2008. There are two new information technology projects from Animal Services contained in the Recommended 5-Year Capital Plan as a result of this transfer. The two Animal Services information technology projects amount to \$0.973 million over the Recommended 5-Year Capital Plan period.

Capital Projects Highlights

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast supports PPF&A's strategic direction to enhance management and information systems for the Cluster B divisions in order improve efficiency and compliance with corporate policy and key priorities outlined in the Mayor's Mandate. The following highlights key capital projects:

- **The Computer System Integration:** \$4.809 million is included in the Recommended 5-Year Capital Plan to increase efficiency and accountability at City Hall through better connectivity between the Project Tracking Portal and other business systems resulting in improved productivity and service improvements.
- **The Mainframe Application Replacement:** \$2.368 million is included in the Recommended 5-Year Capital Plan to convert 15 legacy systems that require mainframe operational services externally from EDS. An estimated savings of \$0.450 million net per year corporately will be realized in 2010 when the legacy systems are converted.
- **The Business Systems Sustainment Systems:** \$12.033 million is included in the Recommended 5-Year Capital Plan. The list of subprojects include support/ enhancements to IBMS in the following areas; improving the quality of assessment data, remote computing, and the development of technology advancements across Cluster B to improve efficiency, accountability and customer service. Some of the subprojects include the following;
 - **MLS Enhanced Computer Technology:** \$1.925 million is allocated to implement a new case management system that will support all of the different ML&S enforcement activities through one integrated system. This is an efficiency enhancing initiative which is expected to reduce the amount of time currently required to investigate and resolve all ML&S enforcement inquiries.
 - **Toronto Building eServices:** \$2.247 million is recommended to provide eService for the public. This will enhance transparency and disclosure of information and building plans within the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA). This project will allow business in the City one stop electronic access to a wide range of Toronto Building Services. This will result in improved customer service and reduce staffing pressures that the Program is currently trying to manage.
 - **MLS eServices:** \$1.157 million is allocated to provide service over the Internet to the public allowing for 24 hour access. This will result in improved customer service and accessibility.

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
IT sub-projects	5,819.0	6,107.0	3,481.0	3,140.0	2,635.0	21,182.0	14,470.0	35,652.0
Total	5,819.0	6,107.0	3,481.0	3,140.0	2,635.0	21,182.0	14,470.0	35,652.0

Comments / Issues:

Most of the IT projects in the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast are systems-related service improvement projects; focussing on supporting the various IT processes across Cluster B.

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)								
Approved Positions								
Debt Service Costs	117.08	529.82	162.92	12.58	4.83	827.22	13.23	840.45
Recommended 2010-2013 Capital Plan								
Program Costs (net)		483.0	266.0	550.0		1299.0		1299.0
Approved Positions		4.58	2.42	2.00	0.25	9.25		9.25
Debt Service Costs		79.35	417.87	442.42	450.17	1389.81		1389.81
Recommended 2014-2018 Capital Forecast								
Program Costs (net)							50.0	50.0
Approved Positions							1.00	1.00
Debt Service Costs							2261.77	2261.77
Total								
Program Costs (net)		483.0	266.0	550.0		1299.0	50.0	1349.0
Approved Positions		4.58	2.42	2.00	0.25	9.25	1.00	10.25
Debt Service Costs	117.08	609.17	580.79	455.00	455.00	2217.03	2275.00	4492.03
<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>								

Comments / Issues:

Program Operating Impacts

The incremental operating impacts outlined above include the salaries and benefits for staff working on projects for Business Sustainment Systems, Animal Services Electronic Communications, Computer System Integration and the Document Management System. There will be a total of 2.25 permanent and 8 temporary staff required and program costs of \$1.349 million arising from the approval of the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast. There are no operating impacts as a result of the 2009 Capital Budget and there will

be a total of 1.25 permanent and 8 temporary staff required and program costs of \$1.299 million as a result of the 5-Year Recommended Capital Plan.

Debt Service Cost

Debt service costs resulting from approving the 2009 Recommended Capital Budget amount to \$0.117 million in 2009. The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast will result in debt service charges of \$4.492 million for projects undertaken during this period.

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	220	1,470		1,690		3,240	4,930	500									5,430
Change in Scope		(965)		(965)			(965)	925									(40)
New			4,070	4,070			4,070	1,964	116	16	126						6,292
New w/Future Year			2,026	2,026			2,026	-									2,026
Total Expenditure	220	505	6,096	6,821		3,240	10,061	3,389	116	16	126						13,708
Financing																	
Reserves/Res Funds	220		1,013	1,233		376	1,609	440									2,049
Development Charges				-			-										0
Other		500	405	905		565	1,470	1,425									2,895
Debt		5	4,678	4,683	4,683	2,299	6,982	1,524	116	16	126						8,764
Total Financing	220	505	6,096	6,821	4,683	3,240	10,061	3,389	116	16	126						13,708

Comments / Issues:

- The 2009 Recommended Capital Budget is \$10.061 million and includes funding from 2008 projects carried forward into 2008 of \$3.240 million; previously approved commitment funding of \$1.690 million; and \$5.131 million for new/change in scope projects.
- Approval of the 2009 Recommended Capital Budget will result in a commitment to future year funding for new/change in scope projects of \$2.889 million in 2010; \$0.116 million in 2011; \$0.016 million in 2012; and \$0.126 million in 2013.
- The previously approved commitment for the MLS Enhanced Computer Technology project has been decreased by \$0.925 million in 2009 by deferring the majority of the work into 2010 as a result of hiring delays in 2008.
- The Mainframe Application will require a future year commitment of \$1.098 million in 2010 in order to complete the work necessary to avoid the renewal of EDS contract in 2010 and generate a savings of \$0.450 million per year operationally for the Corporate Information Technology Division.

2009 Recommended Capital Budget

2009 Recommended Capital Budget versus Debt Target

The 2009 Recommended Capital Budget including previously approved commitments requires new 2009 cash flow of \$6.821 million gross with debt funding of \$4.683 million. This cash flow combined with funding carried forward of \$3.240 million for 2008 projects provides a total 2009 Recommended Capital Budget of \$10.061 million gross. The 2009 Recommended Capital Budget for PPF&A meets the debt affordability guideline of \$4.683 million.

Capital Budget by Project Category

Service improvement projects account for 85% or \$5.819 million of the total proposed new cash flow in the 2009 Capital Budget. These projects are anticipated to provide efficiency and technological enhancements across Cluster B Programs. Service improvement projects continue to drive the PPF&A Capital Program. The Business Systems Sustainment project has a cash flow of \$2.692 million in 2009, the subprojects include support/ enhancements to IBMS and the development of technology advancements across Cluster B designed to improve customer service, compliance with legislative requirements and operational efficiencies.

The 2009 Recommended Capital Budget will fund a number of service improvement projects starting in 2009. These include City Planning Tech Enhancements in IBMS, Electronic Tirage and Customer Service and Licensing System Enhancements. Changes to Provincial legislation through Bills 51 and 53 affecting the Planning Act and the City of Toronto Act will require changes to the development approvals and workflows in the City Planning Division. The City Planning Tech Enhancements in IBMS project will bring the City into compliance with legislative requirements and improve inter-Divisional workflows. Electronic Tirage and Customer Service project will direct clients at the counter to various services offered in Toronto Building and ensure they have the proper documentation in place before waiting to be served. This will help to improve customer service and improve efficiencies with staff resources and business processes. The Licensing System Enhancements project will improve efficiencies in the Municipal Licence and Standards Division by digitally tracking many documents that are stored offline which will reduce the amount of manual look-up and paper file retrieval.

The Mainframe Application Replacement project has a cash flow of \$1.270 million in 2009 and will be complete in 2010. This project will provide for the conversion of 15 legacy systems and will save an estimated \$0.450 million net per year corporately in annual maintenance fees beginning in 2010. Another service improvement project that will continue beyond 2009 is Toronto Building eServices. This project will allow business in the City 24 hour access to a wide range of Toronto Building Services. The Computer System Integration project will continue until 2014, which is work that involves improving connectivity between the Project Tracking Portal and other business systems that will result in improved productivity and service improvements.

Projects that maintain assets in a state of good repair represent 15% or \$1.002 million of the total proposed new cash flow for 2009. The majority of Asset Preservation projects recommended are paving projects at the various shared yards and are expected to be completed in 2009.

Capacity and Readiness to Proceed

Spending rates have remained relatively consistent while expenditure amounts continue to increase. Expenditures of \$4.362 million or 56% of the 2008 Approved Capital Budget of \$7.770 million are anticipated to be spent by year-end. The 2008 projected year-end spending rate represents a slight decrease over the 2007 expenditures of \$4.051 million or 59.3% of the 2007 Approved Capital Budget of \$6.831 million and a slight increase over the 2006 amount of \$3.445 million or 48.2% of the 2006 Approved Capital Budget of \$7.141 million.

Projects are constantly evaluated for ability to proceed. Reallocations are used to ensure that projects that are delayed are deferred and replaced with ones that are ready to proceed. The Program has the means to complete the 2009 Recommended Capital Budget within the specified timelines and funding targets that have been set.

PART II: ISSUES FOR DISCUSSION**5-Year Capital Plan Issues****Animal Services' Capital Projects**

In 2009, responsibility for Animal Services capital projects will be transferred to PPF&A from Public Health. Public Health and PPF&A will be working on a plan to ensure the smooth transfer of knowledge for the recommended Animal Services capital projects. It is recommended that cash flow funding in PPF&A's Recommended 5-Year Capital Plan be approved in the amount of \$0.533 million in 2009 and \$0.440 million in 2010 subject to the development of a plan to transition IT support between PPF&A and Public Health and review of these projects with Information Technology staff to ensure that the Animal Services projects continue to be feasible, effective and ready to proceed.

Asset Preservation Projects

The 2009 Recommended Capital Budget and 2010-2013 Recommended Capital Plan reflects the allocation of resources to long-term state of good repair projects at shared yard facilities through Asset Preservation projects. Projects that maintain assets in a state of good repair represent 19% or \$5.083 million of the total proposed new cash flow on the 2009 Recommended Capital Budget and 2010-2013 Recommended Capital Plan. A Facilities Management Review has recommended a number of divisions transfer responsibility of facilities to the Facilities and Real Estate Capital Program starting in 2009. Although PPF&A is not currently scheduled to transfer responsibility of Asset Preservation capital projects in PPF&A to Facilities and Real Estate in 2009, it is recommended that the two divisions continue to work together on developing a strategy and plan to facilitate this in the near future.

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 (In \$Thousands)	Balance as of December 31, 2008 (Projected)	Proposed Withdrawals										2009-2018 Total	
		2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.		
XR 1305 Building Code Act Service Improvement RF	8,481.9	700.0	440.0	660.0	640.0	147.0							2,587.0
XR 1010 Capital Financing RF		533.0	440.0										973.0
Total Reserve / Reserve Fund	8,481.9	1,233.0	880.0	660.0	640.0	147.0	0.0	0.0	0.0	0.0	0.0	0.0	3,560.0