

**Analyst Briefing Notes  
Budget Committee  
(October 30, 2008)**

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

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

October 27, 2008

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

- The 2008 Approved Capital Budget of \$12.821 million was 7.7% spent at June 30<sup>th</sup>, 2008. As a result of delays in several initiatives in the first half of the year, projected actual expenditures by year-end are expected to be \$6.792 million or 53% of the 2008 Approved Capital Budget.
  - The projection of 2008 funding to be carried forward into the 2009 Recommended Capital Budget is \$4.529 million. Large multi-year projects requiring 2008 carry forward funding include the completion of the Fixed Asset Records System; upgrade to the Tax Billing System; and, continuation of the Accounts Payable Process Improvements projects in conjunction with the Workflow & Document Management Technology project.
- The 10-Year Capital Plan and Forecast focuses on systems improvements and enhancements and processes that result in better financial and management information for the City. The Recommended 5-Year Capital Plan provides state of good repair upgrades to information systems to improve the accuracy and timeliness of information. The 2014 to 2018 Proposed Capital Forecast provides for system improvements to existing technology to enhance service delivery.
- The 2009 Recommended Capital Budget; 2010 to 2013 Recommended Plan and 2014 to 2018 Proposed Capital Forecast totals \$64.039 million of which \$43.694 million is projected for the Program's 5-Year Capital Plan, requiring debt funding of \$28.037 million. The 5-Year Capital Plan, including carry forward funding from 2008 to 2009, requires 2009 cash flow of \$15.342 million; \$14.342 million in 2010; \$9.801 million in 2011; \$3.059 million in 2012 and \$1.150 million in 2013.
- The 2009 Recommended Capital Budget and 2010 to 2013 Recommended Plan calls for debt funding of \$28.037 million. The Plan meets Financial Services debt affordability target over the 5 years, however, 2010 exceeds the debt target by \$2.341 million. The 2009-2013 Capital Plan includes deferrals of project and cash flow to reduce the impact on debt.
- The 2009 Recommended Capital Budget for Financial Services, excluding funding being carried forward from 2008 to 2009, requires new 2009 cash flow of \$10.813 million gross with debt funding of \$8.570 million. This cash flow includes \$1.286 million for projects carried forward from 2007, \$5.401 million for projects previously approved for 2009 and \$4.126 million for new initiatives. The 2009 Recommended Capital Budget also requires future year commitments totaling \$21.272 million.
- The Recommended 5-Year Capital Plan for Financial Services, excluding one-year carry forward funding, totals \$39.165 million of which 54% of the 2009 recommended cash flow is allocated to State-of-Good-Repair projects at \$21.258 million; 41% is allocated to Service Improvement projects at \$16.183 million; 4% to Legislative or contractually required projects at \$1.624 million and \$0.100 million to Growth related projects.

- Operating impacts total \$1.684 million over the 2009-2013 timeframe and result in on-going costs of \$1.301 million to support the budgeting and planning system-FPARS; \$0.457 million in support of the Tax Billing System Upgrades; \$0.120 million for the Fixed Asset Records System; \$0.050 million for the Accounts Payable Process Improvements project and savings of \$0.244 million after the implementation of the Workflow and Document Management Technology.
- The Recommended 5-Year Capital Plan includes new sub-projects for the extension of the FPARS project (\$7.210 million) through 2010; to comply with the Payment Card Industry (PCI) Data Security Standard (\$0.650 million); upgrade to the Risk Management Information System (\$0.105 million); implement an on-line parking tag dispute resolution process (\$0.100 million) and preparation for and the implementation of a Tax Increment Financing approach (\$0.100 million).
- The Recommended 5-Year Capital Plan provides funding for 2 projects that directly advance the Mayor/Council priority by funding the following priority actions:
  - Improve efficiency and accountability at City Hall by implementing a multi-year planning and budgeting system to support a performance based service model with the Financial Planning Analysis and Reporting System project (FPARS).
  - Better Transit Today by financing projects related to the preparation for and implementation of a Tax Increment Financing (TIF) approach.
- In 2009, the Program is projecting to complete the Fixed Assets Record Systems; the Accounts Payable Process Improvements and the Payment Processing Equipment Replacement projects.
- In addition, the 2009 recommended cash flow will continue with the following projects for completion by 2013
  - Revenue Systems –Phase II to develop and implement a general ledger interface for Tax and Water Systems.
  - Tax Billing System implementation through 2011.
  - Upgrade of the current outdated Parking Tag Management Software due to changing technology.
  - Workflow & Document Management.
  - Financial Planning Analysis and Reporting System (FPARS).
  - E-Procurement Implementation to utilize corporate technology to enhance the purchasing functions.
- The 2009 Recommended Capital Budget will fund new projects commencing in 2009 and/or continuing over the 5-Year Capital Plan such as the Tax Increment Financing; Payment Card Industry (PCI) for credit card compliance; Risk Management Information System upgrade and the Alternate Dispute Resolution Process System.
- Competing demands for limited financial resources combined with efforts to consolidate like initiatives across divisions have impacted the ability to meet projected timelines in previous years. The Program is expecting to see an improvement in spending rates in 2009 and beyond as they actively monitor these issues and mitigate delays where possible.

**Recommendations**

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for Financial Services with a total project cost of \$8.165 million and a 2009 cash flow of \$15.342 million and future year commitments of \$21.272 million comprised of the following:
  - a) New Cash Flow Funding for:
    - i) 5 new & change in scope sub-projects with a 2009 total project cost of \$8.165 million that requires cash flow of \$4.126 million in 2009 and a future year commitment of \$4.039 million in 2010;
    - ii) 11 previously approved sub-projects with 2009 cash flow of \$5.401 million and future year commitments of \$8.617 million in 2010 and \$8.616 million in 2011;
    - iii) 4 sub-projects from previously approved projects with carry forward funding from 2007 and prior years requiring 2009 cash flow of \$1.286 million which forms part of the affordability targets that requires Council to reaffirm its commitment; and
  - b) 2008 approved cash flow for 10 previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$4.529 million;
2. Council approve the new debt service costs of \$0.206 million in 2008 and incremental costs of \$0.233 million in 2009; \$1.233 million in 2010; \$1.190 million in 2011; \$0.577 million in 2012 and \$0.291 million in 2013 resulting from the approval of the 2009 Recommended Capital Budget for inclusion in the 2009 and future year operating budgets;
3. Council approve the 2010-2013 Recommended Capital Plan for Financial Services totalling \$7.080 million in project estimates, comprised of \$1.686 million in 2010; \$1.185 million in 2011; \$3.059 million in 2012; and \$1.150 million in 2013;
4. Council consider the net operating impacts of \$1.684 million from 2009 to 2012 emanating from the approval of the 2009 Recommended Capital Budget for inclusion in the 2009 and future year operating budgets; and
5. Council approve in principle the 2014-2018 Capital Forecast for Financial Services totalling \$20.345 million in project estimates, comprised of \$3.400 million in 2014; \$3.025 million in 2015; \$3.420 million in 2016; \$3.800 million in 2017; and \$6.700 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.

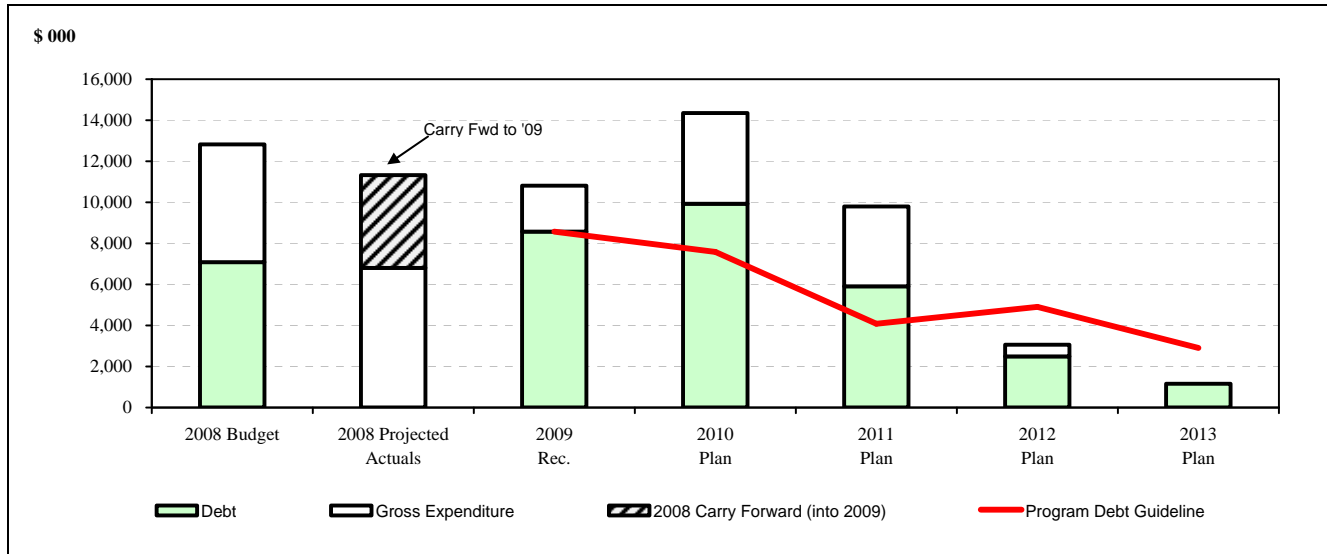
## 2008 Capital Variance Review

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
12,821	983	7.7%	6,792	53%	6,029

## Comments / Issues:

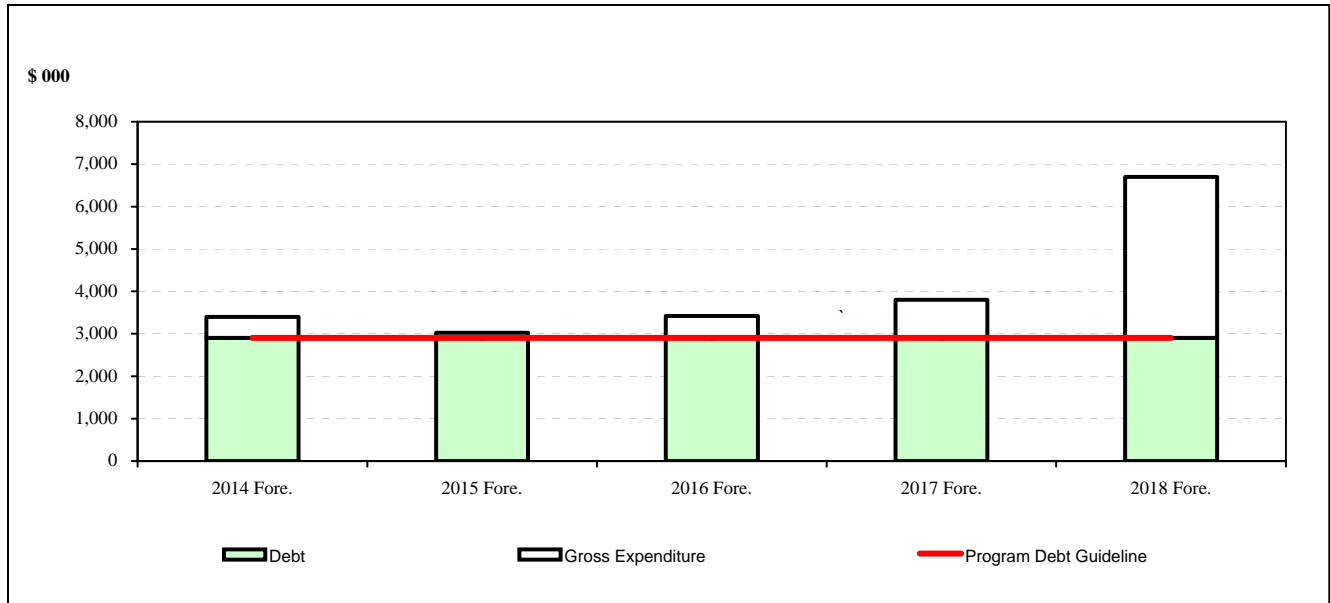
- At the end of June 30, 2008, Financial Services' capital spending was approximately \$0.983 million or 7.7% of its 2008 Approved Capital Budget of \$12.821 million.
- Financial Services' projected year-end spending for 2008 approved projects is \$6.792 million or 53.0% as reported in its June 30, 2008 Variance Report. This represents an improvement over the 31% spending rate achieved in 2007.
- Under spending is due to start-up delays in several initiatives, contract issues with the vendor for imaging projects and closing of projects under budget:
  - *Workflow and Document Management and Imaging projects* - implementation has been delayed due to contract issues. As a result, the combined total under-spending is projected at \$1.841 million at year end for Accounting and Revenue Services.
  - Due to a slow start in acquiring resources for the *Tax Billing System project*, under-spending is forecasted at \$1.780 million with revised plans requiring funds to be carried forward to 2009 and 2010.
  - Delay in acquiring resources required has delayed the *Fixed Asset Record System* project resulting in under-spending of \$1.007 million that will be carried forward to 2009.
  - A delay in finalizing Local 79 wage harmonization has resulted in under-spending in the *Collective Agreement Implementation project* (\$0.390 million).
  - The *E-Procurement* feasibility project was completed under budget and the *Implementation* project is not expecting to incur expenditures in 2008 resulting in under-spending of \$0.200 million.
  - The Combined Utility Bill (Water and Solid Waste) cash flow of \$0.623 million has been deleted as the project cost was absorbed in the Solid Waste Management capital project.
- Of the total \$6.029 million under expenditure, \$4.529 million will be carried forward into 2009.

5-Year Capital Plan (2009-2013)



	5-Year Capital Plan								5-Year Total Percent
	2008		2009	2010	2011	2012	2013	2009-2013	
	Budget	Projected Actual							
<b>Gross Expenditures:</b>									
2008 Capital Budget & Future Year Commitments	12,821	6,792	10,566	10,493	7,676	6,120	3,390	38,245	
Recommended Changes to Commitments			(3,879)	(1,120)	(60)	(5,555)	(3,390)	(14,004)	
2009 New/Change in Scope and Future Year Commitments			4,126	3,283	1,000	(565)		7,844	
2010 - 2013 Capital Plan Estimates				1,686	1,185	3,059	1,150	7,080	
1-Year Carry Forward to 2009		4,529							
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>12,821</b>	<b>11,321</b>	<b>10,813</b>	<b>14,342</b>	<b>9,801</b>	<b>3,059</b>	<b>1,150</b>	<b>39,165</b>	
<b>Program Debt Target</b>	<b>7,550</b>		<b>8,570</b>	<b>7,582</b>	<b>4,085</b>	<b>4,900</b>	<b>2,900</b>	<b>28,037</b>	
<b>Financing:</b>									
Recommended Debt	7,083		8,570	9,923	5,900	2,494	1,150	28,037	72%
Reserves/Reserve Funds	1,725		830	500		105		1,435	4%
Development Charges	443		100			460		560	1%
Federal									
Provincial									
Other Revenue	3,570		1,313	3,919	3,901			9,133	23%
<b>Total Financing</b>	<b>12,821</b>		<b>10,813</b>	<b>14,342</b>	<b>9,801</b>	<b>3,059</b>	<b>1,150</b>	<b>39,165</b>	100%
<b>By Category:</b>									
Health & Safety									
Legislated	1,850		1,164			460		1,624	4%
SOGR	2,650		2,364	6,488	9,066	2,190	1,150	21,258	54%
Service Improvement	8,321		7,185	7,854	735	409		16,183	41%
Growth Related			100					100	0%
<b>Total By Category</b>	<b>12,821</b>		<b>10,813</b>	<b>14,342</b>	<b>9,801</b>	<b>3,059</b>	<b>1,150</b>	<b>39,165</b>	100%
Yearly SOGR Backlog Estimate (not addressed by current plan)									
Accumulated Backlog Estimate (end of year)									
Operating Impact on Program Costs				712	1,259	(287)		1,684	
Debt Service Costs	206		233	1,233	1,190	577	291	3,524	

5-Year Capital Forecast (2014-2018)



	5-Year Capital Forecast							
	2014	2015	2016	2017	2018	2014-2018	2009-2018	10-Year Total Percent
<b>Gross Expenditures:</b>								
2008 Capital Budget & Future Year Commitments							38,245	
Recommended Changes to Commitments							(14,004)	
2009 New/Change in Scope and Future Year Commitments							7,844	
2014 - 2018 Capital Forecast Estimates	3,400	3,025	3,420	3,800	6,700	20,345	27,425	
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>3,400</b>	<b>3,025</b>	<b>3,420</b>	<b>3,800</b>	<b>6,700</b>	<b>20,345</b>	<b>59,510</b>	
<b>Program Debt Target</b>	<b>2,900</b>	<b>2,900</b>	<b>2,900</b>	<b>2,900</b>	<b>2,900</b>	<b>14,500</b>	<b>42,537</b>	
<b>Financing:</b>								
Recommended Debt	2,900	2,900	2,900	2,900	2,900	14,500	42,537	71%
Reserves/Reserve Funds	500	125			725	1,350	2,785	5%
Development Charges			520			520	1,080	2%
Federal								
Provincial								
Other Revenue				900	3,075	3,975	13,108	22%
<b>Total Financing</b>	<b>3,400</b>	<b>3,025</b>	<b>3,420</b>	<b>3,800</b>	<b>6,700</b>	<b>20,345</b>	<b>59,510</b>	<b>100%</b>
<b>By Category:</b>								
Health & Safety								
Legislated			520			520	2,144	4%
SOGR	3,400	3,025	2,900	3,800	6,700	19,825	41,083	69%
Service Improvement							16,183	27%
Growth Related							100	0%
<b>Total By Category</b>	<b>3,400</b>	<b>3,025</b>	<b>3,420</b>	<b>3,800</b>	<b>6,700</b>	<b>20,345</b>	<b>59,510</b>	<b>100%</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)								
Accumulated Backlog Estimate (end of year)								
Operating Impact on Program Costs							1,684	
Debt Service Costs	193	377	377	377	377	1,701	5,225	

## 10-Year Capital Plan and Forecast Overview

- The 10-year Capital Plan and Forecast will continue to focus on improvements and enhancements in systems and processes that result in better financial and management information for divisional and corporate decision making.
- The 10-year Capital Plan and Forecast of \$59.510 million with new debt funding of \$42.537 million, meets the debt affordability target set for Financial Services over the 10-year period. Annually, the target has been exceeded in 2010 by \$2.341 million or 30.9% and in 2011 by \$1.815 million or 44.4%. However, projects are under target in 2012 by \$2.406 million and in 2013 by \$1.750 million.
- Of the \$59.510 million for Financial Services' 10-Year Capital Plan and Forecast \$41.083 million or 69% is earmarked for State-of-Good Repair (SOGR) initiatives; \$16.183 million or 27% for Service Improvement projects; \$2.144 million or 4% for Legislated projects and \$0.100 million for Growth Related projects.
- The 10-Year Capital Plan and Forecast is comprised of the following:
  - 15 State-of-Good-Repair projects consisting mainly of new system upgrade projects totalling \$24.845 million with 3 ongoing projects totalling \$16.238 million to maintain current technology.
  - 6 Service Improvement projects totalling \$9.015 million and ongoing service improvement sub-projects totalling \$7.168 million. Key service improvement projects include the Financial Planning Analysis and Reporting System project; the Revenue Services Cashiering Initiative and continuation of the Workflow and Document Management Technology sub-project.
  - Legislated projects include the completion of the Fixed Asset Records System (PSAB requirements) and the Development Charges Background Study in 2012 and 2016 as well a new project that requires the City to comply with the Payment Card Industry (PCI) new security standards.
  - The Growth related project is the Tax Increment Financing Implementation project requiring outside consulting support fully funded from Development Charges and is aligned with the **“Better Transit Today”** priority.
- The 10-Year Capital Plan and Forecast totals of \$59.510 million excluding carry forward funding, of which 71% is funded by debt. The remaining funding consists of developer's contributions and funding from corporate reserve funds.
- The 2009-2013 Recommended Capital Plan will increase future year Operating Budgets by a total of \$1.684 million net mainly for ongoing maintenance and service costs arising from the implementation of FPARS (\$1.301 million) and the Tax Billing System Upgrade (\$0.282 million).



**Multi-Year Debt Affordability Targets**

The Recommended 5-Year Capital Plan of \$39.165 million and the 2014-2018 Proposed 5-Year Capital Forecast of \$20.345 million requires new debt totalling \$42.537 million and meets the debt affordability targets over the 10 year period.

The Recommended 5-Year Capital Plan of \$39.165 million requires new debt of \$28.037 million and meets the debt affordability targets for the five years but not on an annual basis. In 2010, debt of \$9.923 million exceeds the target of \$7.582 million by \$2.341 million or 30.9% and in 2011 debt of \$5.900 million exceeds the target of \$4.085 million by \$1.815 million or 44.4%. However, debt is under target in 2012 by \$2.406 million and in 2013 by \$1.750 million. These were achieved by re-assessing priorities and project requirements with cash flow deferrals into future years in order to reduce the impact on debt. As well, alternative funding sources have been maximized.

The 2014-2018 Proposed 5-Year Capital Forecast of \$20.345 million, requiring new debt funding of \$14.500 million, meets the debt affordability target for each year of the 5-year period.

**Project Financing**

The Recommended 5-Year Capital Plan is primarily funded from debt at 72% or \$28.037 million. Other sources of funding consist mainly of the following:

- Other revenues of \$9.133 million will provide funding for a new technology and a new system with automated meter reading capability for the Water Billing System Upgrade of \$5.971 million; the Revenues Services ongoing Cashiering Project of \$1.404 million and the Workflow and Document Management Technology of \$1.108 million;
- Reserves will provide funding of \$0.655 million for the Planning and Scoping project and \$0.710 million for Upgrade the Investment & Debt Management System and the Risk Management Information System; and
- Development Charge funding of \$0.560 million will fund the Development Charges Background Studies in 2012 and 2016 and the Tax Increment Financing Implementation project.

Over the 10-year planning horizon, project financing remains relatively unchanged, with debt accounting for 71% or \$42.537 million of the total cash flow funding of \$59.510 million. Other sources of funding include recovery from other City programs of 22% or \$13.108 million and reserve funds of 5% or \$2.785 million and development charges for 2% or \$1.080 million.

**Development Charge Funded Projects**

A total of \$0.460 million will be used during the 2009 to 2013 timeframe to carry out background studies required to implement the Development Charges By-Laws every four years. An additional \$0.520 million will be used in the 2016 to adopt a new by-law and \$0.100 million will be used to finance outside consulting assistance in structuring the appropriate vehicle to support the Tax Increment Financing approach.

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

The Program does not have a backlog of State-of-Good-Repair projects.

**Program Capacity and Readiness to Proceed**

The completion of previously approved projects is a priority for Financial Services, and these projects form a large part of the 2009 recommended cash flow.

The spending rate for 2008 at 53% indicates that the Program is projecting to improve over the 2007 spending rate of 31%. The Program's capacity to spend will depend on the ability to hire staff and resolve other contract issues. Further delays will impact the mandated and required upgrades in future years to meet the Program's (and in many cases, the City's) strategic goals.

The FPARS project experienced delays in 2008 as acquiring specialized resources took longer than anticipated. This project is now proceeding as planned.

The Recommended 5-Year Capital Plan includes projects that maintain existing systems in a state-of-good repair that facilitate the need for flexible and timely information while maximizing non-debt funding sources and utilizing Development Charge funding for future years' Development Charges Bylaw Background Studies. The Program has the means to achieve the Recommended 5-Year Capital Plan within the specified timelines and the funding targets that have been set.

**Changes to the 5-Year Capital Plan (2009-2012)**

Recommended changes to the 2008–2012 Capital Plan address the need to upgrade information systems to new changing technology and to meet new regulations.

Highlights of the recommended changes are summarized below:

- The Workflow and Document Management and Imaging projects implementation were delayed in 2008 due to contract issues. Cash flow funding of \$1.552 million has been deferred to 2010.
- The Parking Tag Management Software Upgrade originally scheduled for 2012 has been deferred to 2014. (\$1.115 million).
- New project debt funding for the Tax Billing System Upgrade originally scheduled for 2012 has been deferred to 2016 reducing 2012 debt requirements by \$1.325 million.
- The Financial Planning Analysis and Reporting System previously scheduled for 2011 has been revised by \$2.500 million, thereby reducing \$0.250 million in debt funding in 2011, \$1.250 million in 2012 and \$1.000 million in 2013.
- The Central Property Database project has been transferred to Information and Technology from the five year period reducing \$2.250 million in debt over the 2011-2013 period.

**Capital Projects Highlights****Strategic Priorities:**

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast advances the Financial Services strategic direction of Financial Planning and Fiscal Sustainability. Information Technology supports several key priorities outlined in the Mayor's Mandate and Council's policy agenda. The following highlights key capital projects:

- ***Efficiency and Accountability at City Hall:***

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast provides \$9.865 million in funding for implementation of the Financial Planning, Analysis and Reporting System (FPARS) that will form part of the Action Plan.

FPARS is required to support a new streamlined planning and budgeting process City-wide that will be multi-year, service-based and performance focus. This project will support a foundation that includes service planning, multi-year service-based budgeting, performance management (through metrics and score carding), and expanded system functionality integration and support (through Enterprise Architecture). The new operating budget system to be operational in time for the City's 2011 Operating Budget process will enable the City to implement recommendations made by the Fiscal Review Panel to streamline the budget process.

- ***Better Transit Today:***

Funding in the amount of \$0.100 million is provided for the implementation of a Tax Increment Financing approach for the purposes of funding projects related to the Toronto-York Spadina Extension and the Toronto Waterfront to increase service levels in public transit.

**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
<b>New &amp; Expanded Facility Projects</b>								
<b>IT Projects</b>								
Tax Billing System	2,720	3,154	3,400			9,274	3,975	13,249
Water Billing System	361	1,709	3,901			5,971		5,971
Financial Planning, Analysis & Reporting System	5,826	4,039				9,865	4,000	13,865
Captor Migration to New System		125	950	1,325		2,400	2,975	5,375
Parking Tag Management Software Upgrade	458	1,000	815			2,273	2,080	4,353
Other IT projects	5,812	4,065	735	1,274	1,150	13,036	2,820	15,856
Sub-Total								
<b>Total</b>	<b>15,177</b>	<b>14,092</b>	<b>9,801</b>	<b>2,599</b>	<b>1,150</b>	<b>42,819</b>	<b>15,850</b>	<b>58,669</b>

Most of the projects in this Recommended 5-Year Capital Plan and the Proposed 5-Year Capital Forecast are systems related; focussing on supporting the City's financial processes. They are primarily state of good repair or service improvement projects with 15 previously approved projects to be completed within the 2009 to 2013 timeframe and 5 new and change in cope projects scheduled for completion by 2012.

## 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
<b>2009 Recommended Capital Budget</b>								
Program Costs (net)		712	1,259	(287)		1,684		1,684
Approved Positions		2		(13)		(11)		(11)
Debt Service Costs	233	1,214	1,078	390		2,915		
<b>Recommended 2010-2013 Capital Plan</b>								
Program Costs (net)								
Approved Positions								
Debt Service Costs		20	112	187	291	609		
<b>Recommended 2014-2018 Capital Forecast</b>								
Program Costs (net)								
Approved Positions								
Debt Service Costs							1,701	
<b>Total</b>								
Program Costs (net)	0	712	1,259	(287)		1,684		1,684
Approved Positions	0	2		(13)		(11)		(11)
Debt Service Costs	233	1,233	1,190	577	291	3,524	1,701	5,225
<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>								

The 2009-2013 Recommended Capital Plan will increase future year Operating Budgets by a total of \$1.684 million net over the five-year period, with no projected impact for the 2014-2018 Capital Forecast period.

The incremental net impacts are the result of the following recommended capital projects/sub-projects:

- Storage and maintenance of the Financial Planning, Analysis and Reporting System data will result in operating costs of \$0.542 million in 2010; \$0.661 million in 2011; and \$0.098 million in 2012. In addition, \$0.120 million will be required for creating and updating databases of the Corporate Fixed Assets Records System in 2010;
- The Workflow & Document Management Technology project development of a new Customer Service Model for the Revenue Services Division results in additional program costs for system maintenance of \$0.141 million in 2011;
- Savings of \$0.385 million will be realized upon the completion of the Workflow & Document Management Technology project. This project will link electronic images directly to a customer's account resulting in more efficient, cost effective customer service and will result in the reduction of 15 approved positions in 2012;
- The Imaging component of the Accounts Payable Process Improvement project requires \$0.050 million for technical support in 2010; and
- The Tax Billing system will require \$0.457 million for system maintenance and training services in 2011.

**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
<b>Expenditures</b>																	
Previously Approved	1,286	5,401		6,687		4,529	11,216	8,617	8,616								28,449
Change in Scope																	
New			4,126	4,126			4,126	4,039									8,165
New w/Future Year																	
<b>Total Expenditure</b>	<b>1,286</b>	<b>5,401</b>	<b>4,126</b>	<b>10,813</b>		<b>4,529</b>	<b>15,342</b>	<b>12,656</b>	<b>8,616</b>								<b>36,614</b>
<b>Financing</b>																	
Reserves/Res Funds	725		105	830		320	1,150										1,150
Development Charges			100	100		65	165										165
Other		1,313		1,313		4,144	5,457	3,519	3,901								12,877
Debt	561	4,088	3,921	8,570	8,570		8,570	9,137	4,715								22,422
<b>Total Financing</b>	<b>1,286</b>	<b>5,401</b>	<b>4,126</b>	<b>10,813</b>	<b>8,570</b>	<b>4,529</b>	<b>15,342</b>	<b>12,656</b>	<b>8,616</b>								<b>36,614</b>

**Comments / Issues:**

- The 2009 Recommended Capital Budget for Financial Services is \$15.342 million gross. This includes \$5.401 million in funding for previously approved commitments, \$4.126 million for new / change in scope projects and \$4.529 million in carry forward funding from 2008 to 2009 to complete previously approved projects.
- Approval of the 2009 Recommended Capital Budget will result in a funding commitment of \$12.656 million in 2010 and \$8.616 million in 2011. The commitments for 2010 are for five previously approved projects which are: Revenue System Phase II Cashiering ; Tax Billing System; Parking Tag Management Software Upgrade; Workflow & Document Management Technology and for the change in scope of the Financial Planning, Analysis and Reporting System Extension project.
- The 2009 capital financing is comprised of new debt funding of \$8.570 million; recoveries from other City Programs of \$1.313 million; reserves will for insurance systems upgrade; completion of the Collective Agreement project and Planning & Scoping of SAP for the FPARS project of \$0.830 million; and Development Charges of \$0.100 million for the development of the Tax Increment Financing project.

## 2009 Recommended Capital Budget

### 2009 Recommended Capital Budget versus Debt Target

The 2009 Recommended Capital Budget of \$8.570 million debt meets the debt target for this Program. The Program will continue to focus on improvements and enhancements in systems and processes that will result in better financial and management information for divisional and corporate decision making.

### Capital Budget by Project Category

The 2009 Recommended Capital Budget reflects the allocation of 66% or \$7.185 million to service improvement projects. The major Service Improvement projects to be undertaken in 2009 include the Financial Planning, Analysis and Reporting System, Accounts Payable Processing Improvements and Workflow and Document Management Technology projects.

State of Good Repair sub-projects account for 22% of the 2009 Recommended Capital Budget at \$2.364 million and include the Parking Tag Management Software Upgrade, the Tax Billing System Upgrade and Payment Processing Equipment Replacement projects.

Legislated projects comprise 11% of the 2009 Recommended Budget at \$1.164 million and include the Fixed Asset Records System and the PCI Compliance projects.

The Growth Related Tax Increment Financing Implementation project for \$0.100 million is required for the preparation for and implementation of a tax increment financing approach to fund the Toronto-York Spadina Extension and the Toronto Waterfront projects which are aligned with Council's priorities.

### Capital Projects Highlights

#### Strategic Priorities:

The 2009 Recommended Capital Budget provides funding for 2 projects that advances Financial Services' strategic direction and supports several key priorities outlined in the Mayor's Mandate and Council's policy agenda.

- ***Efficiency and Accountability at City Hall:*** The 2009 Recommended Capital Budget provides funding of \$5.826 million for the Financial Planning, Analysis and Reporting System project.
- ***Better Transit Today:*** Funding in the amount of \$0.100 million is provided for the implementation of a Tax Increment Financing related to the Toronto-York Spadina Extension and the Toronto Waterfront to increase service levels in public transit.

### Capacity and Readiness to Proceed

The 2009 Recommended Capital Budget will fund the continuation of projects that began in 2008 and prior years. The Program will focus on projects currently underway. Delays as a result of limited resources and contract issues are not expected to continue in 2009.

**PART II: ISSUES FOR DISCUSSION**

**5-Year Capital Plan Issues**

There are no issues for the 5-Year Capital Plan.

**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	Balance as of December 31, 2008	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.			
XR1002 Employee Benefits Reserve Fund	TRE906813 Collective Agreements Implementation	147,824.0	(70)												(70)
XQ1508 IT Sustainment Reserve	CFO906795-3 Planning and Scoping	27,632.0	(655)												(655)
XR1010 Insurance Reserve Fund	CFO906798-1 Risk Management Information System	15,745.0	(105)			(105)				(125)				(125)	(460)
XR1011 Capital Financing Reserve Fund	CFO906794-1 Investment and Debt Management System Upgrade	0.0			(500)										(500)
XR1011 Capital Financing Reserve Fund	CFO906802-1 Investment and Debt Management System Upgrade	0.0						(500)							(500)
XR1011 Capital Financing Reserve Fund	FNS907439-1 Investment and Debt Management System Upgrade	0.0												(600)	(600)
<b>Total Reserve / Reserve Fund</b>			(830)	0	(500)	(105)	0	(500)	(125)	0	0		(725)	(2,785)	