

June 17, 2008

To: Executive Committee
From: Budget Committee
Subject: Fire Services 2008 Capital Program Change Request

Recommendations:

The Budget Committee recommended to the Executive Committee that:

- 1. City Council defer to 2009 an amount of \$0.648 million of the \$1.984 million approved 2008 capital cash flow for the Toryork Bays Extension project.**
- 2. City Council reallocate \$0.648 million to the following projects, as a result of Recommendation 1:**
 - a. \$0.350 million for the Overhaul of the Fireboat Electrical System advancing the project from 2009 to 2008;**
 - b. \$0.180 million for Fire Services' share of a new project, the Fire Services Payroll Time Scheduling System Upgrade, with a 2008 cash flow and total project cost of \$0.280 million funded by \$0.180 million in debt and \$0.100 million recovered from the Pension, Payroll & Employee Benefits Capital budget; and**
 - c. \$0.118 million for the 2nd year carry forward re-submission of the HUSAR/JEPP 05/06-Project - which requires a total amount of \$0.470 million, funded by \$0.118 million in debt and \$0.352 million in JEPP subsidy.**
- 3. City Council eliminate the resulting net pressure of \$0.298 million in 2009 by reducing Fire Services' Asset Management - 2009 project by an equivalent amount.**

Background:

The Budget Committee on June 17, 2008, considered a report (June 4, 2008) from the Fire Chief and the Director, Pension, Payroll & Employee Benefits, entitled “Fire Services 2008 Capital Program Change Request”.

for City Clerk

Merle MacDonald/mb
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**STAFF REPORT
ACTION REQUIRED**

Fire Services 2008 Capital Program Change Request

Date:	June 4, 2008
To:	Budget Committee
From:	Fire Chief William A. Stewart Ivana Zanardo, Director, Pension, Payroll & Employee Benefits
Wards:	All
Reference Number:	P:\2008\ClusterB\FIR\bc0809.doc

SUMMARY

Fire Services is requesting an adjustment to its 2008 – 2012 Capital budget. The Toryork Bays Extension project will be delayed in 2008 and as a result can release approximately \$0.648 million of the \$1.984 million 2008 cash flow for other purposes. Accordingly, Fire Services is requesting that two projects be advanced to fill the gap and that some of the deferred funding be used to offset a 2nd year carry forward on a third project. The Overhaul of the Fireboat Electrical System, a subproject of the Fireboat Medical Cabin and Electrical System Overhaul project, would be advanced from 2009 to 2008 at a project cost of \$0.350 million. A new project is being submitted as an immediate necessity for Fire Services, the Payroll Time Scheduling System Upgrade, which will replace the existing fire payroll time entry system with a projected cash flow of \$0.280 million (net \$0.180 million). The 2nd year carry forward for the HUSAR/JEPP 05/06-Project requires a re-submission for its estimated debt funding of \$0.118 million, which will be offset by the Toryork Bays Extension project funding deferral as well.

The requested changes will not impact the overall net bottom line of Fire's 2008 – 2012 program.

RECOMMENDATIONS

Toronto Fire Services recommends that:

1. An amount of \$0.648 million of the \$1.984 million approved 2008 capital cash flow for the Toryork Bays Extension project be deferred to 2009.
2. As a result of recommendation 1, \$0.648 million be re-allocated to the following projects:

- a. \$0.350 million for the Overhaul of the Fireboat Electrical System advancing the project from 2009 to 2008.
 - b. \$0.180 million for Fire Services' share of a new project, the Fire Services Payroll Time Scheduling System Upgrade, with a 2008 cash flow and total project cost of \$0.280 million funded by \$0.180 million in debt and \$0.100 million recovered from the Pension, Payroll & Employee Benefits Capital budget.
 - c. \$0.118 million for the 2nd year carry forward re-submission of the HUSAR/JEPP 05/06-Project - which requires a total amount of \$0.470 million, funded by \$0.118 million in debt and \$0.352 million in JEPP subsidy; and,
3. The resulting net pressure of \$0.298 million in 2009 be eliminated by reducing Fire Services' Asset Management - 2009 project by an equivalent amount.

Implementation Points

Fire Services will maintain the total \$0.280 million gross cash flow for the Fire Services Payroll Time Scheduling System Upgrade within its accounts and the Pension, Payroll & Employee Benefits contribution of \$0.100 million will be managed through the creation of a sub-project within its capital budget identifying the contribution as a funds transfer to Fire for that purpose.

Financial Impact

Fire Services proposed 2008 – 2012 Capital program changes is summarized in the table below. There is no net change in the net debt position of the Program or the 5 year Capital program targets:

2008 Fire Serves Capital Program Adjustments (\$000's)	2008 Cash flow	2009 Cash flow
Defer Toryork Bays Extension - CFR059	(\$648)	\$648
Advance Overhaul of the Fireboat Medical Transportation Cabin and the Electrical System - (New Number)	\$350	(\$350)
Create Fire Services Payroll Time Scheduling System Upgrade Less: Pension, Payroll & Employee Benefits capital budget - (New WBS Number)	\$280 (\$100)	
Re-submit HUSAR/JEPP 05/06-Project - CFR054 Less: JEPP funding	\$470 (\$352)	
Reduce Asset Management - 2009 - (New WBS Number)		(\$298)
Net Debt Change	\$0	\$0

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Fire Services 2008 – 2012 capital program estimates were approved by City Council at its meeting on December 11, 12 and 13, 2007.

ISSUE BACKGROUND

Fire Services has identified a projected variance early in the year for the Toryork Bays Extension project. The project construction phase will be delayed for necessary approvals and contract preparation limiting possible site work to late in the year and will result in unspent funds. At this point, Fire has projected that \$0.648 million of the \$1.984 million in approved project funds should be deferred to 2009.

Fire is proposing three projects to take up the available cash flow room provided by the project deferral in 2008; one 2009 project will be advanced and a new project will be added to the 2008 Capital program and a third project with 2nd year carry forward requiring re-submission that has to be considered as new project funding.

The retro-fit of the Fireboat electrical system is a sub-project of the Fireboat Medical Cabin and Electrical System Overhaul and requires the removal of all existing outdated ceramic –filled copper tube wiring, watertight bulkhead fittings, the main electrical panels, receptacles, switching and fixtures. New race-ways will be hung to contain Coast Guard approved electrical cable run through watertight bulkhead fittings. All light fixtures, receptacles and switches are to be replaced, originating from a new approved electrical panel. All work must be performed by a certified Marine Electrician, and inspected by Transport Canada. The current 110 volt electrical system has far surpassed its intended lifespan. Components can no longer be purchased to repair the existing equipment.

The timeline to complete this project item is six to eight weeks, which makes it a suitable item to advance to the 2008 capital schedule at a total project cost of \$0.350 million.

The new Fire Services Payroll Time Scheduling System Upgrade project is intended to replace Fire's existing time entry system; a custom system designed at the time of amalgamation, which is no longer supported. The proposed replacement is the QuatroTime Version 4.0 system developed by Quatro Group Software Systems Inc. Quatro has developed scheduling systems for other City divisions, such as EMS. The solution identified leverages the City's existing investment to meet TFS requirements in a cost effective manner. The Pension, Payroll & Employee Benefits Division is supporting this initiative and will cost share to a value of \$0.100 million of the \$0.280 million project with a re-distribution of funds from its approved 2008 capital budget. There is an impact of this capital item on Fire's Operating budget requiring the addition of annual software maintenance costs of approximately \$0.045 million.

As a result of an arbitrated decision, Firefighters are paid to date. As a result, there are substantial post-pay adjustments that need to be uploaded into SAP. The current fire payroll input system is not able to manage the quantity of post pay and other recently awarded statutory holiday pay and shift bonus payment adjustments in a timely manner.

The payroll project has been reviewed by existing IT Platform Support Staff and will be submitted for authorization under the new IT governance guidelines upon adoption of the recommendations in this report.

The (HUSAR)/JEPP 05/06 project is a cost-shared project with the Federal government under the Joint Emergency Preparedness Program (JEPP), which has been picking up 75% of the costs for this and previous projects that established Fire Services Heavy Urban Search and Rescue program. The funds were used to acquire equipment caches, medical supplies, provide training and to build a HUSAR facility for storage and staging. The funding is time sensitive and must fall within the federal year of approval or be re-submitted to JEPP for the subsequent year. After spending only 55% in 2006, the remaining balance of \$0.870 million in the HUSAR/JEPP 05/06 project, was carried over to 2007 and was re-submitted and subsequently approved by the JEPP program late in the year. A further carry forward into 2008, as also recommended in the 2007 Final Year-End Capital Variance Report, in the amount of \$0.470 million is required to complete equipment acquisition by the end of the March 31, 2008 which is the Federal fiscal year-end.

COMMENTS

Capital program funding targets require programs to make best use of funds and ensure that projects proceed in a timely manner. In this case, where a substantial variance is likely to occur impacting the program's capital completion rate at the end of the year, Fire is proposing re-arranging projects to address the matter.

The proposed project adjustments are balanced and will not impact the net debt position of the Corporation or the capital program 5 year targets. The projects advanced to the 2008 capital project schedule have been chosen as they can be completed within the budget year.

Toronto Fire Services has determined that the current Staff Management System (SMS) utilized by Toronto Fire to report attendance is inadequate and in need of immediate replacement and is proposing the creation of a new 2008 capital project for that purpose. The project is supportable based on the following criteria:

- Existing Staff Management System is difficult to support and unable to accommodate changes in Collective Agreement and as a result all time entries are currently entered into SAP manually (labour intensive) no SAP interface
- Solution required immediately, implementation to begin in 2008
- Proposed solution includes a direct interface to SAP
- Proposed solution vendor currently under contract with other City Divisions
- Proposed solution includes required TFS customization. Collective Agreement rules, Previous Pay Adjustment, SAP and RMS interfaces
- Enhanced functionality for; attendance management, Modified Duty, and daily staffing programs. Increased efficiencies with payroll processing
- Funding available as proposed

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SIGNATURE



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