

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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Executive Summary

- Information and Technology provides technology leadership and services to the City of Toronto to support effective program delivery and to enable service improvements and operational efficiencies through innovative applications. The Program plans, builds and sustains information technology solutions.
- The major challenge facing Information and Technology over the next three years is meeting increased demand for services with little or no opportunity to increase staff resources as a result of financial constraints. Specific service demand increases include:
 - Demand by the public for more and improved online access.
 - Constantly evolving foundation and application trends which require investigation, evaluation and implementation.
 - Demand by City Programs to support and maintain new initiatives, such as the 311 Contact Centre and the Financial Planning Analysis and Reporting System (FPARS).
 - Implementation of the IT Governance and Transformation model.
- The service objectives for Information and Technology address the challenges and opportunities outlined above, and reflect the information and technology stewardship of the Program in leading the planning, prioritizing and demand management for information and technology resources that support effective City program delivery and enables services to be progressively improved and delivered in a cost effective manner. In addition to planning the information and technology solutions, Information and Technology seeks to design, build and deliver technological solutions to meet the City's business requirements, and to continue to sustain critical enterprise and divisional applications and infrastructure to support the City's services and operations. Specific objectives include:
 - Improve the City's website.
 - Maintain a secure, reliable and high performance technology infrastructure.
 - Maintain uninterrupted access to business information, application, and internet resources.
 - Develop a City-wide I&T strategic planning methodology and framework.
 - Implement and support corporate and Program's specific IT enhancements.
- The 2009 Recommended Operating Budget includes funding of \$0.900 million net for priority actions which address the challenges, opportunities and service objectives.
 - To implement the IT Governance and Transformation, the 2009 Recommended Operating Budget will provide funding for 4 new permanent positions at a cost of \$0.364 million net to establish a corporate-wide strategic planning framework to link common information technology requirements; and establish corporate-wide standards, enterprise architecture, portfolio evaluation and governance processes to align information technology investments with Programs' directions.

- To meet the increasing demand for Technology Infrastructure Support, the 2009 Recommended Operating Budget will provide funding for 6 new permanent positions at a cost of \$0.463 million net to manage service levels according to the Information Technology Infrastructure Library (ITIL) Best Practices, and by identifying I&T services required by Divisions to meet their business needs and priorities. In addition, the resources will maintain and ensure support services for Blackberry users, I&T Service/Helpdesk, eSecurity, Network services and Web Infrastructure Support.
 - To provide the Information and Technology support for the implementation of the 311 Contact Centre, 7 temporary positions are recommended at a cost of \$0.454 million gross and \$0.0 net to provide technical support for the launch of the 311 Contact Centre.
 - To build capital projects, 11 temporary positions are recommended at a cost of \$0.772 million gross and \$0.0 net.
 - To provide 24/7 support for the Web Environment, the 2009 Recommended Operating Budget will provide funding of \$0.070 million net for increased standby resources to improve community access to City services and to ensure City's effectiveness in responding to public inquiries.
- For 2008, Information and Technology is projecting year-end net expenditures of \$48.772 million, which are \$0.363 million under the 2008 Approved Operating Budget of \$49.135 million net. The projected year-end variance is largely due to under-spending in salaries and benefits attributable to vacancies.

Table 1: 2009 Recommended Budget

(In \$000s)	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008 Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/ Enhanced	2009 Operating Budget			2010	2011
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	58,469.0	54,743.8	58,186.5	2,126.6	60,313.1	1,844.1	3.2	1,680.3	803.5
REVENUE	9,333.5	5,971.3	10,033.7	1,226.1	11,259.8	1,926.3	20.6		
NET EXP.	49,135.5	48,772.5	48,152.8	900.5	49,053.3	82.2	0.2	1,680.3	803.5
Approved Positions	395.0	353.0	385.0	28.0	413.0	18.0	4.6	(1.0)	
TARGET			48,152.8		48,152.8				
\$ Over / (Under) Program Target			0.0		900.5				
% Over / (Under) Program Target			0.0%		1.9%				

- The 2009 Recommended Operating Budget for Information and Technology is \$60.313 million gross, \$49.053 million net and is \$0.901 million or 1.9% higher than the 2009 target of \$48.153 million set at 2% less than the 2008 Approved Operating Budget.
- The 2009 Recommended Operating Budget for Information and Technology is comprised of base funding of \$58.187 million gross, \$48.153 million net, which meets the -2% budget target

for 2009. Funding for new/enhanced service priorities of \$2.127 million gross and \$0.901 million net will result in the Program's staff complement increasing by 28 positions to 413 approved positions.

- The 2010 Outlook anticipates an increase in net expenditures of \$1.680 million which is comprised of merit and step increases, funding for training, and operating impact from capital projects deferred from 2009, and annualized costs of new capital positions starting in 2009.
- The 2011 Outlook incremental net expenditure is \$0.803 million for merit and step increases.
- The 2010 and 2011 Outlooks do not include a provision for COLA, as the increase is subject to future negotiations.
- The 2009 Recommended Base Budget funds the Program's cost pressures including the annualization of 2008 cost of living adjustments (COLA), merit and step increases, licensing and maintenance costs, inflationary increases, and the need to meet the -2% target that total \$3.257 million net. These are fully defrayed by efficiencies of \$1.298 million net resulting from cost reduction measures including deferrals of expenditures for external contracted services, and materials and supplies. The I&T Equipment Reserve provides funding in the amount of \$1.959 million for the increased licensing and maintenance costs.
- The 2009 Recommended New/Enhanced Service Priorities will add 28 new positions for new/enhanced service priority actions to implement the I&T Governance and Transformation Project, to provide technical support for the implementation of the 311 Contact Centre, to meet increasing demand for Technology Infrastructure Support, and to deliver Capital Projects.
- The 2009 Recommended Operating Budget will enable Information and Technology to meet its responsibilities for Information and Technology stewardship as part of the Mayor's mandate for Improved Public Service, and in particular, to upgrade the City's website to optimize search engine capability and website accessibility. Information and Technology will support the development and sustainment of an electronically enabled City by providing information technology leadership, applications, and services in order to support program delivery, service improvement, and increase operational effectiveness and efficiency.
- The 2009 Recommended Operating Budget will allow Information and Technology to successfully meet increasing demand for IT services that continue to add operational and financial pressures. The services provided include:
 - Provide full data centre operations services, including disaster recovery.
 - Provide Service Desk support services, including information technology incidents, service requests, workstation setup, and trouble shooting.
 - Deliver software and eSecurity updates through the central network to up to 19,500 desktop computers.
 - Provide daily data processing and support for business applications such as SAP, water, tax, and parking tag payments.
 - Host the City intranet and internet and the Community Information Toronto and Toronto Transit Commission Websites.
 - Manage the availability and performance of more than 400 servers.

- Plan, develop, implement and sustain business solutions to support and enhance service delivery by City Programs.
- Provide IT solution project management services.
- Manage SAP system planning, security, license administration, and daily operational sustainment.
- Provide technical and project management services for the implementation of SAP enhancements and new functionality.
- Manage the City-wide telecommunication systems with more than 26,700 phone lines and associated services.
- Manage the voice mail servers with more than 16,000 mail boxes.
- Provide technical support for approximately 10,000 wireless devices, including cell phones, and pagers, and more than 1,800 Blackberries.
- Develop applications and specific tools that interact with geography and associated attributes for geospatial users.
- Continue to enhance the City's website.
- Implement the IT Governance and Transformation Model to promote service excellence to clients and the public.
- Maintain a high performance technology infrastructure.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Operating Budget for Information and Technology of \$60.313 million gross and \$49.053 million net comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Desktop Computing	36,134.9	28,789.3
Applications and Delivery	19,778.5	16,264.1
Voice and Telecommunications	1,442.7	1,442.7
Land Information	<u>2,957.0</u>	<u>2,557.0</u>
 Total Program Budget	 <u>60,313.1</u>	 <u>49,053.1</u>

3-Year Service Overview and Plan

Information and Technology provides information technology leadership and services to the City of Toronto to support effective program delivery and to enable service improvements and operational efficiencies through the innovative applications.

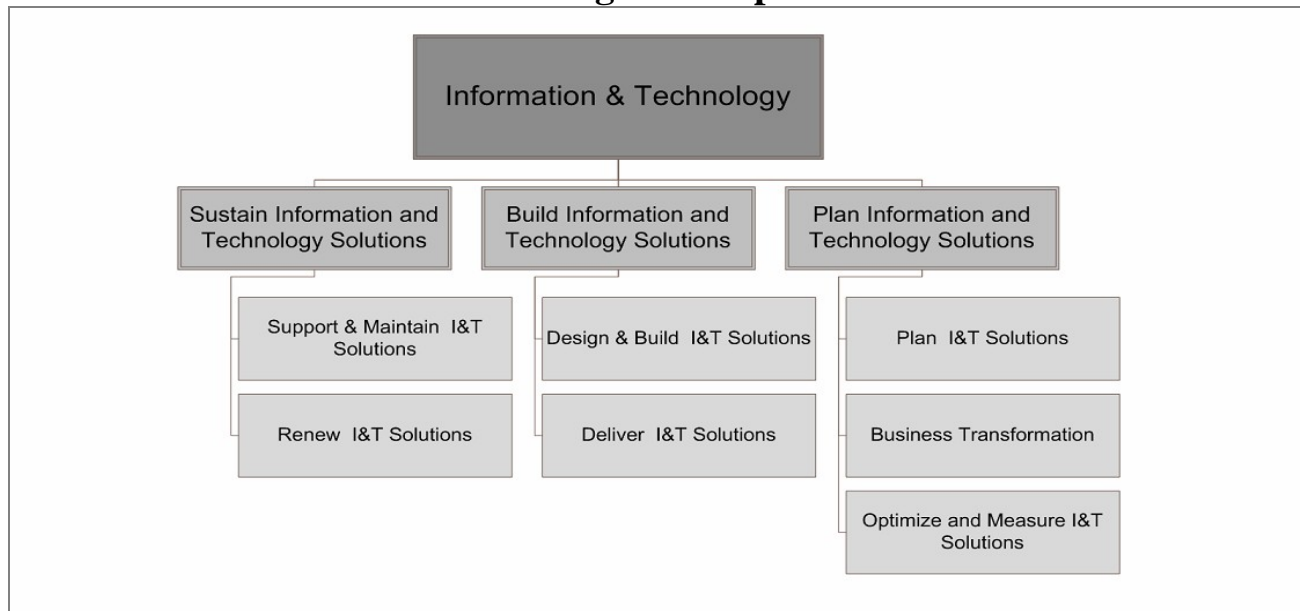
Over the next three years Information and Technology will continue:

- Developing online services and automating business processes to leverage Information Technology.
- Maintaining a secure, reliable and high performance technology infrastructure.
- Emphasizing service delivery excellence.

The Program provides three major services for Information and Technology Solutions.

- 1) **Plan Information and Technology Solutions:** to lead the City in planning, prioritizing and managing demand for information and technology solutions which support effective City program delivery and enables services to be progressively improved and delivered effectively and efficiently.
- 2) **Build Information and Technology Solutions:** to design, build and deliver innovative solutions for City operational requirements that will increase leverage of existing application and technology investments.
- 3) **Sustain Information and Technology Solutions:** to sustain critical enterprise and divisional computer applications and infrastructure to support effective program delivery and to ensure continuity of business operations.

Program Map



Service Challenges and Opportunities

Given the substantial need for the City to have stronger leadership in Information and Technology and the need to establish governing bodies that are more strategic and collaborative, as well as to make information technology a stronger partner in the development of business solutions to deliver City services, Information and Technology faces significant challenges over the next three years, including:

- Implementing the I&T Governance and Transformation model.
- Meeting increased demand from City divisions for services, including 24/7 access to computing resources, and public demand for new and improved services.
- Constantly evolving foundation and application trends require an integrated, business strategy driven enterprise architecture framework, for architecture standards, guidelines, methods, models, and tools to align technology implementation with City services.
- Providing a strategic enterprise framework of information technology plans, policies, standards and methods to ensure alignment of information and technology services with industry best practices.
- Providing oversight and coordination of information technology planning, developing and building solutions, and sustainment.

A significant challenge specific to 2009 is the implementation of the IT Governance and Transformation model. When the IT Governance and Transformation Project was launched in late 2006, it was clear that the timelines to complete the transformation were very aggressive. Some phases of the project, such as confirming the general design of the I&T Division and conducting an inventory of positions and functions, took longer than anticipated.

Realigning IT groups at the divisional, cluster and corporate levels to eliminate service duplications and competing goals is a priority for 2009.

Service Objectives

The service objectives established by Information and Technology address the challenges and opportunities outlined above, and primarily reflect the need to manage organizational effectiveness and an enterprise architecture framework for information technology in order to:

- Enhance the alignment of IT services with the administrative structure of the City, and to strengthen the coordination and delivery of those services.
- Provide City divisions with Enterprise Architecture consulting services.
- Provide the Enterprise Architecture Review Panel with a comprehensive view of all information technology projects in the City of Toronto.
- Maintain uninterrupted access to business information, application and internet resources.
- Manage information and technology assets in compliance with the I&T Asset Lifecycle Plan.
- Support and maintain new initiatives, such as the 311 Contact Centre, and the Financial Planning Analysis and Reporting Systems (FPARS).

Implementing an Enterprise Architecture for the City is a critical element in the new IT Governance model. It will establish Technology Architecture, Information Architecture, and Business Architecture in an integrated environment which will enable the City to meet strategic and service delivery targets. IT services will be better aligned with the administrative structure of the City and coordination and delivery of those services will be strengthened.

The assurance of uninterrupted access to business information, application and internet functionality will meet the increasing demand from Divisions, and the public for services, including 24/7 access to computing resources.

Priority Actions

The 2009 Recommended Operating Budget provides \$60.313 million gross and \$49.053 million net in base and new funding for Information and Technology to deliver its services that are aligned with the Council and Mayor's strategic priorities to provide a more efficient, effective public service.

The 2009 Recommended Operating Budget will enable Information and Technology to:

- ***Improve the City's website to make it easier to navigate and take advantage of new technology***

Redesigning the City's website will improve functionality, navigation, management of web content, and expedite online applications.

- ***Establish a 311 technology solution so that every resident has direct and simple access to a person at City Hall who can help resolve problems.***

The City of Toronto's 311 customer service strategy, when fully implemented, will improve accessibility to City services and will increase the City's effectiveness in responding to public inquiries.

Services and business processes will be designed and organized from the public's perspective. The public will be able to obtain information and access to non-emergency City government services using their method of choice: over the telephone, on the City's Web site, by e-mail, mail, fax, in person and eventually at a self-serve kiosk.

Information and Technology continues to participate in required work on front-end content development and business reviews, core technology implementation, work order system integration and other components related to technology infrastructure and applications for 311.

- ***Implement the I&T Governance and Transformation initiatives.***

The IT Governance and Transformation implementation will enable the City to meet strategic and service delivery objectives and to ensure that IT services will be better aligned with the administrative structure of the City, and coordination and delivery of those services will be strengthened through the following priority actions:

- Developing city-wide I&T Strategic Planning methodology and framework.
- Implementing Technology Architecture, Information Architecture, and Business Architecture.
- Develop a business transformation framework, implementation methodology, and investigative software tools.
- Implement Service Level Agreements with client Divisions.
- Complete corporate IT training and education strategy to leverage existing city resources and investment.
- Develop prioritization/evaluation matrix with Enterprise Architecture Review Panel and Business Advisory Panel.
- Develop enterprise-wide project management methodology and implement project and resource reporting tools.
- Develop performance measurement program strategy (Service Level Agreements, Ontario Municipal Management Benchmarking Initiative, Divisional performance metrics).
- Maintain uninterrupted access to business information, application and internet resources for:
 - 3-1-1 Technology Support.
 - Data Centre and Services.
 - Telecommunications Infrastructure for Voice and Data.
 - Disaster Recovery Implementation.
 - Upgraded Blackberry architecture and services.
 - E-Mail Archiving Solution Implementation.

Table 2: 2008 Budget Variance Review

(In \$000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	50,644.0	58,469.0	54,743.8	(3,725.2)	(6.4)
REVENUES	6,010.6	9,333.5	5,971.3	(3,362.2)	(36.0)
NET EXP.	44,633.4	49,135.5	48,772.5	(363.0)	(0.7)
Approved Positions	384.0	395.0	353.0	(42.0)	(10.6)

* Based on 2008 3rd quarter variance report

2008 Experience

- Information and Technology's year-end net favourable variance is projected to be \$0.363 million or 0.7% below the 2008 Approved Operating Budget.
- The variance in gross expenditures of \$3.725 million was primarily due to salary savings from vacancies. Many positions were vacant during this period due to the recruitment challenges faced by the Division. In addition, there have been several secondments of staff to other City Divisions for various IT initiatives. Most of the resultant savings in salaries and benefits are offset by an increase in contracted services and by a decrease in corresponding recoveries from the Capital Budget, causing revenues to be below budget by \$3.362 million.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

There is no impact on the 2009 Recommended Budget arising from the 2008 Operating Variance. Although Information and Technology will continue to encounter recruitment challenges in filling staff positions, any under-spending in salaries and benefits will be offset by increased contracted professional services to ensure service levels are maintained, and by a corresponding decrease in recoveries from the Capital Budget.

Table 3: 2009 Recommended Base Budget

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
					2010	2011
	\$	\$	\$	%	\$	\$
GROSS EXP.	58,469.0	58,186.5	(282.5)	(0.5)	1,680.3	803.5
REVENUE	9,333.5	10,033.7	700.2	7.5	0.0	0.0
NET EXP.	49,135.5	48,152.8	(982.7)	(2.0)	1,680.3	803.5
Approved Positions	395.0	385.0	(10.0)	(2.5)	(1.0)	
NET TARGET		48,152.8				
\$ Over / (Under) Program Target		0.0				
% Over / (Under) Program Target		0.0%				

2009 Recommended Base Budget

- The 2009 Recommended Base Budget of \$48.153 million net meets the target of a 2.0% decrease over the 2008 Approved Operating Budget and will serve to maintain service levels offered in 2008.
- The 2009 Recommended Base Budget includes 385 approved positions. Fifteen temporary positions have been eliminated as a result of completed capital projects, and the closure of the IT Governance and Transformation Office. Offsetting this decrease is an increase of 5 positions transferred in-year. Two positions were transferred to the Program for maintenance and support of the tax and utility billing systems from Revenue Services. Three positions were added as prior year impacts to support the Disaster Recovery Project.

2009 Key Cost Drivers and Reduction Strategies

The 2009 Recommended Base Budget incorporates the following key cost drivers and reduction strategies in 2009:

- Merit and step increases, and wage harmonization of \$0.665 million.
- Annualization of 2008 COLA of \$0.200 million.
- Inflationary increases for non-labour costs of \$0.066 million.
- Operating impact from capital projects of \$0.183 million.
- Licensing and maintenance costs of hardware and software of \$1.959 million.

- Leasing costs for the Date Centre Co-Location facility of \$0.120 million net.
- Showcase Ontario and IT Showcase event costs of \$0.040 million net.

To mitigate the operating cost pressures, the 2009 Recommended Base Budget incorporates the following reduction options:

- Funding for Contracted and Other Professional services has been reduced by \$0.662 million net.
- Standby/Call back funding for Geospatial support has been reduced by \$0.012 million net.
- Funding for other operating expenditures, including materials and supplies, training and conferences has been adjusted based on needs by \$0.364 million.
- Operating impacts from Capital projects in the amount of \$0.260 million have been deferred to 2010 in order to meet the -2% target in 2009.
- The contribution from the I&T Equipment Reserve has increased by \$1.959 million to offset the cost pressures from increased licensing and maintenance costs.

2010 and 2011 Outlook: Net Incremental Impact

The following pressures which result from the 2009 Recommended Operating Budget for Information and Technology will have a net incremental impact of \$1.680 million on the Program's 2010 Operating Budget, comprised of the following:

- Merit and step increases of \$0.937 million
- Annualizations of new positions of \$0.415 million
- Operating impacts from capital of \$0.173 million
- Deferred training and conference costs of \$0.155 million.
- Deferred impact from capital of \$0.260 million.

The 2011 Outlook of \$0.803 million net reflects merit and step increases only.

No provisions for cost-of-living (COLA) adjustments have been included as these are subject to future negotiations.

Table 4

2009 New / Enhanced Service Priority Actions: Summary

(In \$000s)

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$	#	\$	\$
Enhanced Services:					
(a) Enhanced Services - Council Approved					
(b) Enhanced Services - Program Initiated					
Implementation of I&T Transformation Project - Head Architect	91.8	91.8	1.0	45.9	
Implementation of I&T Transformation Project - Manager Risk Management and Security.	91.8	91.8	1.0	45.9	
Implementation of I&T Transformation Project - Manager Infrastructure Management.	91.8	91.8	1.0	45.9	
Business Transformation - Manager Client Relations Management.	91.8	91.8	1.0	45.9	
Business Transformation - Manager Service Level Management	91.8	91.8	1.0	45.9	
Technology Infrastructure Services-Blackberry Support Specialist	74.3	74.3	1.0	37.1	
Technology Infrastructure Services-I&T Service/Help Desk Support	74.3	74.3	1.0	37.1	
Technology Infrastructure Services-Enterprise Systems Support	148.6	148.6	2.0	74.3	
Network Services Support Specialist	74.3	74.3	1.0	37.1	
Providing 24/7 Support for the Web Environment	70.0	70.0			
I&T Support for the Implementation of 311 Contact Centre	453.6		7.0		
Temporary staffing to deliver Capital Projects	772.5		11.0		
Sub-Total Enhanced Services	2,126.6	900.5	28.0	415.1	0.0
Total New/Enhanced Services	2,126.6	900.5	28.0	415.1	0.0

2009 Recommended New / Enhanced Service Priority Actions**Enhanced Service Priority Actions – Program Initiated:**

The 2009 Recommended Operating Budget for Information and Technology includes \$2.127 million gross and \$0.900 million net to fund 28 positions of which 10 are permanent and 18 are temporary for new/enhanced priorities that implement the I&T Governance and Transformation Project, for Technology Infrastructure Services and Support, and to deliver Capital Projects.

The following permanent new positions identified as a strategic need arising from the IT Transformation will enable Information and Technology to move forward on a client-focused approach to I&T services management, business solution planning and development, architecture and project management, and to effectively facilitate business transformation, inter-divisional collaboration and partnership, service improvement and accessibility to the public.

Funding for each of the positions below is in the 2009 Recommended Operations Budget for 8 months in 2009 (effective May 1, 2009) at a prorated costs of \$0.092 million and net incremental impact in 2010 of \$0.046 million, for a total of \$0.460 million in 2009 and \$0.230 million in 2010.

An *IT Governance and Transformation -Head Architect* permanent position is recommended to provide leadership for implementing the new Enterprise Architecture (EA) program at the City to establish an architecture environment that will transform the way IT services are provided. This is a new function and will fall within the I&T Strategic Planning and Architecture Section. Without this position, system integration issues will escalate. There will not be adherence to corporate standards and IT investments will not be optimized.

A *Manager – Risk Management & Information Security* permanent position is recommended to provide leadership in both the IT risk management and security areas and will also develop the framework for City wide I&T disaster recovery and business planning. The City's determination to provide as many services as possible to the public via online/internet present substantial threats and risks to all City systems and applications. This has created a responsibility to ensure the confidentiality, integrity and accessibility of its corporate data. Without this position, there would be a higher risk of potential inadvertent exposure of private / personal data managed by the City. This would impact the reputation of the City and undermine public confidence in municipal government.

A *Manager – Infrastructure Management Services* permanent position is recommended to provide coordinated service planning, architecture, project management, and budgeting for the City's Technology Infrastructure Services (TIS) Section. The position will manage a large number of technology infrastructure projects, including Voice over Internet Protocol (VoIP), Disaster Recovery and produce more client-focused, secure, high performance and reliable technical solutions. The Manager will provide new I&T asset management and configuration management functions that will improve the ability of I&T to ensure the most cost-effective life cycle of hardware/software assets and ensure that all changes to applications and infrastructure do not adversely impact availability or performance of current systems and the end-users (including staff, Councillors and the public).

Without this position, it will not be possible to effectively move forward on an integrated approach to technology infrastructure services planning, architecture and project management, and to effectively establish and maintain the I&T asset management and configuration management functions.

A ***Manager – Client Relationship Management*** permanent position is recommended to lead the City's I&T Transformation Agenda by addressing the service and communication gaps between I&T and City Programs. It will provide the critical functions to Programs of identifying solutions that would meet their business requirements. The Manager will ensure that I&T services management, business solution planning and development, architecture and project management will move forward on a client-focused approach.

A ***Manager – Service Level Management*** permanent position is recommended to support the City's IT Transformation Agenda. The position will review the management practice of I&T in all Programs according to the Information Technology Infrastructure Library (ITIL) Best Practices. It will provide support and services to the Client Relationship Management Managers and Programs in identifying I&T services and standards required by program divisions to meet their business requirements and priorities.

I&T Infrastructure Maintenance and Support – The following 5 permanent positions effective April 1, 2009, are recommended to ensure that Information and Technology's ability to maintain the current service level and ongoing support will not be compromised by inadequate resources. For each of the following position funding of \$0.074 million with a net incremental impact in 2010 of \$0.037 million is recommended.

Blackberry Support: An Enterprise Technical Support Specialist position to service the increasing demands for Blackberry support and ensure timely compliance for monthly reporting requirements to all Divisions is recommended.

Blackberry technology is now considered critical for Council, Senior Management & City operational staff with an expectation of 24/7 service availability. The number of devices and users has doubled in the past 3 years. Currently there are over 1,800 with an expectation that it will be over 2,000 by the end of 2009. The industry standard ratio of staff to Blackberry device/user for support is 1: 200. Based on our current numbers, this would mean at least 9 staff would be required to support the Blackberrys.

I&T Service/Help Desk: An Enterprise Technical Support Specialist is recommended to supplement the problem resolution capability of the IT Service Desk at a cost of \$0.074 million net and net incremental impact in 2010 of \$0.037 million. This position will improve the response time to trouble-shoot issues and restore service to the client(s). There has been a 23% growth in calls (phone calls/emails) requesting both technical assistance and new services in the past few years without any increase in staff. This upward trend is continuing. The current staff complement is having difficulty coping with this demand growth. Service levels are not meeting expectations and staff turnover is high. Currently 15 staff provide this support. The industry standard for the ratio of I&T service desk staff to clients is in the range of 1:500.

Without this position, the Service/Help Desk will be severely challenged to effectively deliver support to clients. Service levels and response times will decrease further and maintaining service level targets during peak calling periods will not be possible.

Enterprise Systems Products Unit: An Enterprise Technical Support Specialist costing \$0.074 million in 2009 and \$0.037 million in 2010 is recommended for the Internet/Network Security Group in the Enterprise Systems Products Unit. This group protects the City's data communications network and data from both external and internal intrusion. The growth in complexity of new

applications and infrastructure over the past few years, without any staff growth, is making it difficult for this group to adequately protect the City. Currently 3 staff provide support in this group.

Among the many new challenges is the Payment Card Industry (PCI) compliance standard. An organization's ability to process credit card transactions can be shut down if not compliant. The standards are rigorous and will require a considerable re-architecture of our current technology environment, greater effort in designing electronic service delivery applications that involve online payment, and increased labour associated with regular compliance testing and reporting to the PCI governance body.

Network Services: An Enterprise Network Technician position is recommended to support priority foundation projects, maintain critical I&T infrastructure in a state of good repair and improve capital project delivery to address aging infrastructure and new physical and electronic infrastructure initiatives.

The City's Network Services group manages one of the largest municipal networks in North America providing this critical and time-consuming function in-house, which includes network architecture and design, implementation, management and monitoring.

Web Infrastructure Support: An Enterprise Technical Support Specialist position is recommended for the Web Infrastructure Group for major initiatives to revitalize the City's website (and underpinning technology) plus the rapid growth in web-based applications, notably related to online applications. This group has not increased in size in several years.

Without this position, the ability to maintain the critical web development infrastructure in a state of good repair and to actively participate in the architecture/design of new web-based applications without becoming a bottleneck will be challenged.

Temporary Positions for Capital Projects:

Eighteen temporary positions are recommended to work on capital projects and their salary costs for 9 months (April to December 2009) of \$1.226 million will be recovered from the Capital Budget.

311 Implementation and Launch: 7 Temporary Positions are recommended to work on the implementation and launch of the 311 Contact Centre and ensure that all target dates will be met. The hard launch date for Phase I is scheduled for June 19, 2009. The hard launch date for Phase II is scheduled for April 19, 2010. Information and Technology will provide infrastructure and technical services during the 311 Contact Centre implementation phases to work on infrastructure planning, designing, building, training, testing and acceptance tasks. Over the next two years, they will work in various areas including Network Services, Platform Support, Telecommunication, Voice and Systems Products and Services in the Technology Infrastructure Services Section.

The salary and benefits costs of these 7 positions for 6 months in 2009 are \$0.454 million gross, and \$0.0 net, and incremental impact of \$0.454 million gross and \$0.0 net in 2011. These costs are recovered from the 311 Contact Centre capital project.

I&T Capital Projects: Funding of \$0.772 million gross and \$0.0 net in 2009 is recommended for 11 Temporary Positions to deliver Capital projects in the approved 2009 Capital Budget for Information and Technology:

- **The Disaster Recovery Project** requires 5 temporary positions over the next three years, to deliver this project pursuant to the need for Information and Technology to continue to deliver its mission critical computer services to end users in the event of a disaster. If a disaster prevents the use of a computer facility normally used to support critical City business operations, an alternate site must be able to be activated to step in to continue to maintain operations, in spite of the disaster. This “back-up” site will enable the City to recover information systems quickly which is critical to public health, safety and the ongoing provision of City services. Without a Disaster Recovery Plan, the City has an unacceptable risk due to the high impact nature of indefinite disruptions or disasters to the City’s Main Data Centre.
- **The City of Toronto Telecommunication Infrastructure Project** requires 5 temporary positions over the next three years to build this project which has three major components: Centrex (the current telephone system), VoiP (Voice over internet Protocol) and WAN (Wide Area Network data services). Each of these components are closely interlinked; a high capacity WAN with priority voice packet delivery is required for VoiP. This project will provide enhanced telephony services for operations throughout the City through the use of VoiP and unified messaging that will help to increase staff productivity. It will also provide improvements and flexibility with the City’s enterprise data network using next generation WAN link technologies along with higher bandwidth rates required to support the City’s current and future multimedia, graphical, database and geospatial applications.
- **The Dual Web infrastructure Project** requires 1 temporary position for the next three years. This project is pursuant to the eService strategy to provide an effective service delivery alternative to the public using Internet. The City currently delivers these eServices on a Webshare/Domino technology platform. With the high demand of Web applications, the need for a rapid application development and deployment environment must be met, which will require that a city-wide .NET infrastructure be established not only to maintain a set of service delivery standards for all divisions, but also to enforce the consistent compliance of security policies.

Approval of this funding will advance the Mayor and Council’s strategic priority to redesign the City’s website to make it easier to navigate and take advantage of new technology.

2009 Budget Issues

2009 Recommended Operating Budget vs Guideline

The 2009 Recommended Operating Budget for Information and Technology meets the target of -2% compared to the 2008 Approved Operating Budget. This has been accomplished by incorporating reduction options totalling \$3.257 million, including the costs drivers and cost pressures as previously described.

However, in order to implement the IT Governance and Transformation initiative, to ensure current service levels are maintained and to build and support capital projects, new/enhanced priority actions are recommended, resulting in the 2009 Recommended Operating Budget of \$60.313 million gross and \$49.053 million net, which is 1.9% over the target of a 2% reduction over the 2008 Approved Net Operating Budget.

IT Governance and Transformation

IT Governance and Transformation is to determine a model for IT governance and organization design that could be implemented to increase the City's technology leadership and innovation while supporting continuous improvement and effective, cost efficient service delivery within its new corporate administrative structure.

The IT Governance and Transformation Project effectively began in May 2007, with the establishment of a Chief Information Officer position for the City, reporting to the Deputy City Manager and Chief Financial Officer, to develop and implement a new model for the delivery of IT services and organization design amongst City Programs. This transformation of IT services is necessary so that:

- IT functions can be aligned to the new corporate structure.
- Service delivery quality and efficiencies can be improved.
- The City's technology leadership and innovation can be enhanced.
- The overall capability in core IT competencies can be enhanced.
- The City IT investments can be leveraged across City's Programs through coordinated planning, evaluation and priority setting.

The two year (2007 – 2008) project has established the foundation on which to build the new model.

The IT Governance and Transformation initiative is moving into an implementation phase in 2009, and this has created a need for additional resources to manage the challenging task of establishing a new model, while at the same time ensuring that services continue to be maintained and operational, and access to information technology is uninterrupted in the midst of increasing demand for maintenance and support.

The 2009 Recommended Operating Budget includes funding of \$2.127 million gross and \$0.901 million net for the new/enhanced priority actions to facilitate the implementation of the IT

Governance and Transformation initiative to strengthen I&T leadership and integrate services across the City by creating a strong shared services division that works with business units to take better advantage of information and technology in delivering services to citizens and other clients.

Over the next three years, there will be many transition initiatives, including an introduction of an Enterprise Architecture for IT in the City, the development of new procedures/tools or changes to existing ones. Throughout, all Divisional IT staff from across the City will be involved.

In 2009, Information and Technology will begin to consolidate IT Staff from Clusters A, B, and C, that are performing common IT services (eg. desktop support, service desk and server management), and strive to optimize support for the Programs served by the Cluster IT units, based on formal service level agreements to be established.

The implementation of the IT Governance and Transformation initiatives will launch a new vision for the Information and Technology Division, and continue to enhance governance processes with new steering committees for key applications that will align with the Enterprise Architecture Review Panel, and the Business Advisory Panel.

When completed, IT services will be better aligned with the administrative structure of the City and coordination and delivery of those services will be strengthened.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
2008 Council Approved Operating Budget	396.0	58,520.1	9,333.5	49,186.6	0.0	0.0
In-year approvals and technical adjustments	(1.0)	(54.4)		(54.4)		
Corporate adjustments		3.3		3.3		
2008 Approved Operating Budget	395.0	58,469.0	9,333.5	49,135.5	0.0	0.0
Prior year impacts	5.0	673.8	204.6	469.2		
Zero base items				0.0		
Economic factors		808.3	77.4	730.9		
Adjusted Base Budget	400.0	59,951.1	9,615.5	50,335.6	0.0	0.0
Other base changes	(15.0)	(482.6)	(1,488.2)	1,005.6		
Base revenue changes			(18.9)	18.9		
Recommended Service Level Adjustments:				0.0		
Base changes		50.0		50.0		
Service efficiencies		(627.6)	(34.2)	(593.4)		
Revenue adjustments			1,959.5	(1,959.5)		
Minor service impact		(336.8)		(336.8)		
Major service impact		(367.6)		(367.6)		
Total Recommended Base Adjustments	(15.0)	(1,764.6)	418.2	(2,182.8)	0.0	0.0
2009 Recommended Base Budget	385.0	58,186.5	10,033.7	48,152.8	0.0	0.0
2009 Program Operating Target				48,152.8		
% Over (Under) Program Target				0.0%		
% Over (Under) 2008 Appvd. Budget				-2.0%		

Appendix B

Summary of Service Level Adjustments

Appendix C

**Summary of 2009 Recommended New/Enhanced
Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: INTERNAL SERVICES PROGRAM: INFORMATION & TECHNOLOGY							
	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	40,662.4	36,880.2	42,289.5	1,627.1	4.0%	43,866.7	44,710.0
Materials and Supplies	336.2	210.0	303.7	(32.5)	(9.7%)	303.7	303.7
Equipment	187.8	1,295.0	379.0	191.2	101.9%	449.0	449.0
Services & Rents	16,759.3	15,398.1	16,799.2	39.9	0.2%	17,057.3	17,057.3
Contributions to Capital	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	94.2	94.2	94.2	0.0	0.0%	94.2	94.2
Other Expenditures	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Interdivisional Charges	429.0	496.3	447.4	18.4	4.3%	447.4	447.4
TOTAL GROSS EXPENDITURES	58,469.0	54,373.9	60,313.0	1,844.0	3.2%	62,218.4	63,061.7
Interdivisional Recoveries	2,257.5	2,256.0	2,546.2	288.6	12.8%	2,546.2	2,546.2
Provincial Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Federal Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Other Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
User Fees & Donations	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Transfers from Capital Fund	5,321.6	2,306.0	6,173.3	851.7	16.0%	6,188.7	6,228.5
Contribution from Reserve Funds	1,294.5	1,294.5	2,451.5	1,157.0	89.4%	2,329.0	2,329.0
Contribution from Reserve	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Sundry Revenues	459.9	2.0	89.0	(370.9)	(80.6%)	89.0	89.0
TOTAL REVENUE	9,333.5	5,858.5	11,259.9	1,926.4	20.6%	11,152.9	11,192.7
TOTAL NET EXPENDITURES (EXCLUDING CAPITAL FINANCING)	49,135.5	48,515.4	49,053.1	(82.4)	(0.2%)	51,065.5	51,869.0
APPROVED POSITIONS	385.0	385.0	413.0	28.0	7.3%	416.0	416.0

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec 2008 \$	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
			\$	\$	\$
Insurance Reserve Fund	XR1010	27,714.8	94.2	94.2	94.2
I&T Equipment Reserve	XQ1508	20,084.8	(2,451.5)	(2,451.5)	(2,451.5)
Total Reserve / Reserve Fund Draws / Contributions			(2,357.3)	(2,357.3)	(2,357.3)