



STAFF REPORT ACTION REQUIRED

Toronto Police Service: 2012 Capital Budget Variance Report for the Period Ending June 30, 2012

Date:	September 11, 2012
To:	Budget Committee, City of Toronto
From:	Alok Mukherjee, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide the Budget Committee with the Toronto Police Service's (Service) 2012 capital budget variance report for period ending June 30, 2012.

RECOMMENDATION

It is recommended that the Budget Committee approve a transfer of \$870,000 from the Vehicle Replacement project to the Small Equipment project within the Vehicle and Equipment Reserve.

Financial Impact

The Council-approved net budget for 2012 is \$24.7 million (M). Including the 2011 carry forward, the net available funding in 2012 is \$46.7M.

As of June 30, 2012, the Service is projecting total net expenditures of \$39.4M, compared to \$46.7M in available funding (a spending rate of 84%). The projected under-expenditure for 2012 is \$7.4M of which \$6.5M is for the Property and Evidence Management (P&EM) Facility project. It is anticipated that \$7.2M of the \$7.4M will be carried forward to 2013 to complete projects and \$0.2M will be returned back to the City from completed projects.

ISSUE BACKGROUND

At its meeting on August 15, 2012, the Toronto Police Services Board (Board) was in receipt of a report dated July 30, 2012 from William Blair, Chief of Police, with regard to the Toronto Police Service's 2012 capital budget variance report for the period ending June 30, 2012.

COMMENTS

The Board approved the Chief's report and agreed to forward a copy of the report to the City's Budget Committee for approval and to the City's Deputy City Manager and Chief Financial Officer for information.

CONCLUSION

A copy of the Chief's report dated July 30, 2012 is contained in Board Minute No. P197/12. A copy of Board Minute No. P197/12, in the form attached as Appendix "A" to this report, is provided for information.

CONTACT

Chief of Police William Blair
Toronto Police Service
Telephone No. 416-808-8000
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SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P197/12

cc. Mr. Cam Weldon, Deputy City Manager and Chief Financial Officer

A: tps 2012 capital variance period ending June 30 2012

**THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE
TORONTO POLICE SERVICES BOARD HELD ON AUGUST 15, 2012**

**#P197. TORONTO POLICE SERVICE – 2012 CAPITAL BUDGET VARIANCE
REPORT FOR THE PERIOD ENDING JUNE 30, 2012**

The Board was in receipt of the following report July 30, 2012 from William Blair, Chief of Police:

Subject: 2012 CAPITAL BUDGET VARIANCE REPORT FOR THE TORONTO
POLICE SERVICE – PERIOD ENDING JUNE 30, 2012

Recommendations:

It is recommended that:

- (1) the Board approve a transfer of \$870,000 from the Vehicle Replacement project to the Small Equipment project within the Vehicle and Equipment Reserve; and
- (2) the Board forward a copy of this report to the City's Budget Committee for approval and to the City's Deputy City Manager/Chief Financial Officer for information.

Financial Implications:

The Council-approved net budget for 2012 is \$24.7 million (M). Including the 2011 carry forward, the net available funding in 2012 is \$46.7M.

As of June 30, 2012, the Service is projecting total net expenditures of \$39.4M, compared to \$46.7M in available funding (a spending rate of 84%). The projected under-expenditure for 2012 is \$7.4M of which \$6.5M is for the Property and Evidence Management (P&EM) Facility project. It is anticipated that \$7.2M of the \$7.4M will be carried forward to 2013 to complete projects and \$0.2M will be returned back to the City from completed projects.

Background/Purpose:

At its meeting of January 17, 2012, Toronto City Council approved the Service's 2012-2021 capital program. Subsequently, the Board approved the revised capital program at its February 16, 2012 meeting (Min. No. P26/12 refers). Attachment A provides a summary of the Board and Council approved budget.

This capital variance report provides the status of projects as at June 30, 2012.

Discussion:

Summary of Capital Projects:

Attachment B provides a status summary of the on-going projects from 2011 as well as those projects that started in 2012. Any significant issues or concerns have been highlighted below in the “Key Highlights/Issues” section of this report.

Key Highlights/Issues:

As part of its project management process, the Service has adopted a colour code (i.e. green, yellow or red) to reflect the health status of capital projects. The overall health of each capital project is based on budget, schedule and scope considerations. The colour codes are defined as follows:

- Green – on target to meet project goals (scope/functionality), and on budget and schedule;
- Yellow – at risk of not meeting certain goals, some scope, budget and/or schedule issues, and corrective action required; and
- Red – high risk of not meeting goals, significant scope, budget and/or schedule issues, and corrective action required.

The following provides summary information on key projects within the 2012-2021 Capital Program. Summary information includes status updates as of the time of writing of this report.

- Property and Evidence Management Facility (\$37.0M)

Overall Project Health Status	
Current	Previous Variance Report
YELLOW	YELLOW

The Property and Evidence Management Unit (PEMU) is responsible for safeguarding the integrity of police processes by ensuring the chain of custody is maintained and continuity is not compromised, from the moment of collection to the ultimate disposition of evidence. The effective and credible management and control of seized evidence has consistently remained one of the major risk factors for police services globally. Failure to have a replacement facility that meets the future needs of the Service would jeopardize the ability of the Service to facilitate legislated requirements for tracking, locating, and disposing of property, and will have a significant negative impact on criminal court proceedings coupled with the increased risk of civil litigation.

This project provides funding for a new property and evidence management facility at the Progress Avenue site. The project was originally approved by the Board in the 2009-2013 capital program, and is included in the Service’s current capital program as approved by City

Council. The project spans over four years, and experienced some delays in 2011, primarily due to the shortage of Service staff resources and the resultant delay in selecting the architect and approving designs. As a result of this delay, \$6.5M will be carried forward to 2013 in order to complete the project.

The schematic design for the new facility was completed by the architect in early 2012. The Construction Manager (CM) was approved by the Board in February 2012. The Service has been working with the CM and the tendering process for the major sub-trades has been completed. Based on the estimated construction costs, a revised budget was prepared and an additional \$3.25M is required. This additional amount has been included in the 2013-2022 capital program request and has been offset by other reductions in order to remain within the City target. The Service has and will continue to work with the CM to identify any potential cost savings without compromising the project scope. The Board will be kept apprised of this project through the quarterly capital variance reports, and if there is a further change to the project estimate, the Board will be advised accordingly.

The P&EM facility is scheduled to be substantially completed by mid-2013. It is expected that the new facility will meet the Service’s property and evidence storage requirements for the next 25+ years. The facility currently occupied by the PEMU will be returned to the City once construction of the new facility is complete and occupancy achieved.

- IRIS – Integrated Records and Information System (\$24.4M)

Overall Project Health Status	
Current	Previous Variance Report
GREEN	YELLOW

This project provides funding for a commercial off-the-shelf (COTS) integrated records and information system. The project team continues to work on the configuration of the Versadex system, including the implementation of eTicketing, ongoing discussions regarding property conversion and business intelligence, and various integration issues.

At its June 15, 2012 meeting, the Board approved the recommended vendor for the supply of an Electronic Disclosure System (EDS), which will support the automation and reduction of manual processes and increased efficiencies envisioned as an outcome of the IRIS Project (Min. No. P149/12 refers).

Currently, the project remains on schedule, within budget, and in scope.

- eTicketing (\$1.7M)

Overall Project Health Status	
Current	Previous Variance Report
GREEN	GREEN

This project provides for the replacement of manual ticket writing with an electronic system that will capture the required data at road side, print a ticket from a portable printer, and

transmit the ticket data wirelessly to corporate servers. With the introduction of an electronic ticketing system, the Toronto Police Service and the City of Toronto Court Services Division will be in a position to benefit from several efficiencies such as: improved ticket legibility; enhanced analytical capabilities relating to enforcement effectiveness and impact; reporting real-time collection of enforcement results for effectively responding to public enquiries; neighbourhood traffic complaints; divisional/corporate traffic safety initiatives; and streamlined court disclosure processes for the attending officer.

From the available funding of \$1.7M, \$45,000 will be spent in 2012 for proof of concept. The rest of the funding will be carried forward to 2013 for the full implementation.

This project is currently projected to be completed on budget with a slight delay to the schedule.

- Vehicle and Equipment Lifecycle Replacements

Projects listed in this category are funded from the Vehicle and Equipment Reserve (Reserve), which is in turn funded through annual contributions from the Service's and Parking Enforcement's operating budgets. The Reserve has no impact on the Capital Program and does not require debt funding. Items funded through this Reserve include the regular replacement of vehicles, furniture and information technology equipment.

The projected under-spending of \$11.4M in 2012 is primarily due to:

- \$1.4M will be carried forward for vehicle replacement (the impact of advance purchases of marked vehicles is being analysed, and any adjustments to reserve requirements for vehicle replacements will be included in the 2013-2022 capital program);
- \$4.2M will be carried forward for Server Replacement – Timing of acquisition of servers has been deferred due to uncertainties of impact of IRIS on various servers and applications;
- \$2.1M will be carried forward for IT Business resumption – Timing of acquisition of servers has been deferred due to uncertainties of impact of IRIS on various servers and applications;
- \$1M will be carried forward for AVL System Replacement – Product delivery is expected in early 2013;
- \$0.8M will be carried forward for Voice Logging Lifecycle Replacement –Pending City Radio Request for Proposal (RFP) closing; to be completed in year 2013;
- \$1.2M will be carried forward for Wireless Parking System – The Service continues to review the results of the RFP for the replacement hardware.

Radio test analysers are required for new radios purchased through the radio lifecycle project. The current radio test analysers have reached their life expectancy and require replacement. The Reserve does not include funding for the replacement of radio test analysers and therefore a transfer of funds from other Reserve projects is necessary. The transfer amount of \$870,000 will be obtained from the Vehicle Replacement project.

Conclusion:

As of June 30, 2012, the Service is projecting a total net expenditure of \$39.4M, compared to \$46.7M in available funding (a spending rate of 84%). The projected under-expenditure for 2012 is \$7.4M and a significant portion (\$6.5M) of this amount is for the P&EM Facility project. It is anticipated that \$7.2M will be carried forward to 2013 and \$0.2M will be returned to the City.

Mr. Tony Veneziano, Chief Administrative Officer, Administrative Command will be in attendance to answer any questions from the Board.

The Board approved the foregoing report.

REVISED 2012-2021 CAPITAL PROGRAM (\$000s)

Project Name	Plan to end of 2011	2012	2013	2014	2015	2016	Total 2012-2016 Request	2017	2018	2019	2020	2021	Total 2017-2021 Forecast	Total 2012-2021 Program	Total Project Cost
On-Going Projects															
State-of-Good-Repair - Police		4,510	4,565	4,594	4,469	4,621	22,759	4,331	4,529	4,841	5,113	5,238	24,051	46,810	46,810
Radio Replacement	23,018	5,371	0	0	0	0	5,371	0	0	0	0	0	0	5,371	28,389
14 Division - Central Lockup	26,605	8,910	0	0	0	0	8,910	0	0	0	0	0	0	8,910	35,515
Property and Evidence Management Facility	27,339	7,149	2,581	0	0	0	9,729	0	0	0	0	0	0	9,729	37,068
IRIS - Integrated Records and Information System	10,047	0	9,507	4,866	0	0	14,373	0	0	0	0	0	0	14,373	24,420
Upgrade to Microsoft 7	1,492	160	0	0	0	0	160	0	0	0	0	0	0	160	1,652
Total, On-Going Capital Projects	88,502	26,099	16,653	9,460	4,469	4,621	61,302	4,331	4,529	4,841	5,113	5,238	24,051	85,353	173,854
New Projects															
54 Division (includes land)	500	0	0	9,060	21,665	5,721	36,446	0	0	0	0	0	0	36,446	36,946
Data Warehouse Establishment	0	0	0	3,617	1,354	3,233	8,204	0	0	0	0	0	0	8,204	8,204
Electronic Document Management	0	0	0	49	441	0	490	0	0	0	0	0	0	490	490
HRMS Upgrade	0	0	0	155	682	0	836	0	0	0	0	0	0	836	836
TRMS Upgrade	0	0	0	1,943	1,470	0	3,413	0	0	0	0	0	0	3,413	3,413
Digital Content Manager	0	0	0	1,360	1,673	0	3,033	0	0	0	0	0	0	3,033	3,033
41 Division (includes land)	0	0	0	372	8,564	0	8,937	20,636	9,506	0	0	0	30,142	39,079	39,079
Expansion of Fibre Optics Network	0	0	0	881	5,585	0	6,466	5,585	0	0	0	0	5,585	12,051	12,051
Radio Replacement	0	0	0	0	0	10,193	10,193	2,836	4,622	1,174	4,954	11,581	25,167	35,360	35,360
13 Division (includes land)	0	0	0	0	0	0	0	372	8,645	19,903	10,159	0	39,079	39,079	39,079
AFIS (next replacement)	0	0	0	0	0	0	0	0	3,053	0	0	0	3,053	3,053	3,053
Disaster Recovery Site	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32 Division - Renovation	0	0	0	0	0	0	0	0	3,053	3,934	0	0	6,987	6,987	6,987
52 Division - Renovation	0	0	0	0	0	0	0	0	0	0	0	2,062	2,062	2,062	8,300
55 Division - Renovation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,000
22 Division - Renovation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,000
Progress (Future use)											5,088	10,440	15,528	15,528	70,000
Total, New Capital Projects:	500	0	0	16,183	28,539	33,296	78,018	29,429	28,879	25,012	20,200	24,083	127,603	205,621	282,831
Total debt funded Capital Projects:	89,002	26,099	16,653	25,643	33,008	37,917	139,320	33,760	33,408	29,852	25,313	29,321	151,654	290,974	456,685
Recoverable debt Project															
eTicketing Solution	0	1,719	0	0	0	0	1,719	0	0	0	0	0	0	1,719	1,719
Total, Recoverable debt project:	0	1,719	0	0	0	0	1,719	0	0	0	0	0	0	1,719	1,719
Total Reserve Projects:	130,369	13,926	23,854	18,259	18,654	23,054	97,747	17,451	24,325	19,567	19,519	24,525	105,387	203,134	333,503
Total Gross Projects	219,371	41,745	40,507	43,902	51,662	60,971	238,786	51,211	57,733	49,419	44,832	53,846	257,041	495,827	791,908
Funding Sources:															
Vehicle and Equipment Reserve	(130,369)	(13,926)	(23,854)	(18,259)	(18,654)	(23,054)	(97,747)	(17,451)	(24,325)	(19,567)	(19,519)	(24,525)	(105,387)	(203,134)	(333,503)
Infrastructure Stimulus Fund (ISF) (14D)	(8,572)	0	0	0	0	0	0	0	0	0	0	0	0	0	(8,572)
Recoverable debt - eTicketing	0	(1,719)	0	0	0	0	(1,719)	0	0	0	0	0	0	(1,719)	(1,719)
Funding from Development Charges	(7,230)	(1,434)	(231)	(1,721)	(2,565)	(1,596)	(7,547)	(273)	(1,651)	(3,161)	(1,530)	0	(6,615)	(14,162)	(21,392)
Total Funding Sources:	(146,171)	(17,079)	(24,085)	(19,980)	(21,219)	(24,650)	(107,013)	(17,724)	(25,976)	(22,728)	(21,049)	(24,525)	(112,002)	(219,016)	(365,187)
Total Net Debt-Funding Request:	73,200	24,665	16,422	23,922	30,443	36,321	131,773	33,487	31,757	26,691	23,783	29,321	145,039	276,811	426,721
5-year Average:							26,355						29,008	27,681	
City Target (= net approved in 2010):		33,339	11,619	20,051	30,443	36,321	131,773	33,487	36,845	37,131	38,788	38,788	185,039	316,812	
City Target - 5-year Average:							26,355						37,008	31,681	
Variance to Target:		8,674	(4,803)	(3,871)	0	(0)	0	0	5,088	10,440	15,005	9,467	40,000	40,001	
Variance to Target - 5-year Average:							0						8,000	4,000	

2012 Capital Budget Variance Report as at June 30, 2012 (\$000s)

Project Name	Carry Forward from 2011	2012 Budget	Available to Spend in 2012	2012 Projection	Year-End Variance - (Over)/ Under	Total Project Budget	Total Project Cost (Projects)	Project Variance (Over) / Under	Comments	Project Health
Debt-Funded Projects										
<u>Facility Projects:</u>										
Property and Evidence Management Facility	5,314.0	7,149.0	12,463.0	6,000.0	6,463.0	37,046.1	37,046.1	-	Please refer to the body of the report.	Yellow
11 Division (excludes cost of land)	303.5	0.0	303.5	203.4	100.1	29,134.0	29,033.9	100.1	Project is below budget and completed. Minor outstanding issues and deficiencies are being addressed.	Green
14 Division (excludes cost of land)	2,282.3	8,909.6	11,191.9	10,632.9	559.0	35,515.0	35,515.0	-	Project is on budget and on schedule.	Green
54 Division	497.0	0.0	497.0	497.0	-	36,946.0	36,946.0	-	Some issues with respect to cost and environmental assessment of property.	Yellow
5th Floor Space Optimization	209.8	0.0	209.8	209.8	-	787.0	787.0	-	Project is on budget and completed. Minor outstanding issues and deficiencies are being addressed.	Green
<u>Information Technology Projects:</u>										
HRMS Additional Functionality	60.0	0.0	60.0	61.0	-	406.0	407.0	- 1.0	Project is completed \$1K over budget and on schedule. Another capital project will be identified and the City will do transfer of funding.	Green
Integrated Records and Information System (IRIS)	7,300.9	0.0	7,300.9	7,300.9	-	24,420.0	24,420.0	-	Please refer to the body of the report.	Green
911 Hardware/Handset	311.7	0.0	311.7	250.0	61.7	1,092.0	1,030.3	61.7	Upgrades are going as planned and on time with 50% completion at this time. This project is below budget and on schedule.	Green
Radio Replacement	817.5	5,371.0	6,188.5	6,176.7	11.8	34,389.0	34,389.0	-	Project is estimated to be slightly below budget and on schedule.	Green
Upgrade to Microsoft 7	1,049.6	160.0	1,209.6	1,049.6	160.0	1,652.0	1,652.0	-	The Roll out of Windows 7 started in the first quarter of 2012. This project is on budget and on schedule.	Green
eTicketing Solution	0.0	1,719.0	1,719.0	45.0	1,674.0	1,719.0	1,719.0	-	Please refer to the body of the report.	Green
<u>Replacements / Maintenance / Equipment Projects:</u>										
State-of-Good-Repair - Police	1,526.0	4,510.0	6,036.0	6,036.0	-	n/a	n/a	n/a	Project is on budget and on schedule.	Green
AFIS	2,814.4	-	2,814.4	2,814.4	-	2,827.0	2,827.0	-	Workflows and factory acceptance test is scheduled in August. Project is on budget and on schedule.	Green
Total Debt-Funded Projects	22,486.7	27,818.6	50,305.3	41,276.7	9,028.6					
Lifecycle Projects (Vehicle & Equipment Reserve)										
Vehicle Replacement	4,048.2	1,757.0	5,805.2	4,422.3	1,382.9	n/a	n/a	n/a	Please refer to the body of the report.	Green
IT-Related Replacements	5,857.0	10,226.0	16,083.0	7,796.8	8,286.2	n/a	n/a	n/a	Please refer to the body of the report.	Green
Other Equipment	4,149.2	1,943.0	6,092.2	4,043.3	2,048.9	n/a	n/a	n/a	Please refer to the body of the report.	Green
Total Lifecycle Projects	14,054.4	13,926.0	27,980.4	16,262.4	11,717.9					
Total Gross Expenditures:	36,541.0	41,744.6	78,285.6	57,539.1	20,746.5	Percent spent:		73.5%		
Less other-than-debt funding:										
Funding from Developmental Charges	-443.0	-1,434.0	-1,877.0	-1,877.0	-	n/a	n/a	n/a		
Recoverable Debt - eTicketing Solution	0.0	-1,719.0	-1,719.0	-45.0	1,674.0					
Vehicle & Equipment Reserve	-14,054.4	-13,926.0	-27,980.4	-16,262.4	- 11,717.9	n/a	n/a	n/a		
Total Other-than-debt Funding:	-14,497.4	-17,079.0	-31,576.4	-18,184.4	-13,391.9					
Total Net Expenditures:	22,043.7	24,665.6	46,709.3	39,354.7	7,354.6	Percent spent:		84.3%		