



## STAFF REPORT INFORMATION ONLY

### Radio Communications System Replacement

<b>Date:</b>	January 7, 2011
<b>To:</b>	Budget Committee
<b>From:</b>	Fire Chief and General Manager, Fire Services
<b>Wards:</b>	All
<b>Reference Number:</b>	p:\2011\ClusterB\FIR\bc1102.doc

#### SUMMARY

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The purpose of this report is to provide an annual project status update to the Budget Committee as requested by Council through the 2008 Capital Budget process. The Chiefs of Toronto Police Service, Emergency Medical Services, and the Steering Committee for the Radio Communication System Replacement project were consulted in preparation of this report.

The Radio Communications System Replacement Project has experienced significant set backs in 2010. The G20 Summit event hosted in Toronto this past summer presented a monumental challenge to the project team. To ensure effective communications was in place to support this unprecedented security event all focus was shifted away from the Project towards the G20.

In Q2 of 2010 the Project retained the services of a Senior Project Manager and did make some progress. The initial priority of the Project Manager was to assess the impact of the G20 event on the overall Radio Communications System Replacement Project. A Request for Expression of Interest (RFEOI) event was conducted supported by Commercial in Confidence Meetings (CICM) with requesting vendors. Results from RFEOI & CICM established that there was a high level of vendor interest in the Project and a vendor willingness to participate in an open, fair, and competitive Request for Proposal (RFP) activity notwithstanding the sole sourced G20 Summit Event.

The Steering Committee, with input from the Fairness Commissioner, PMMD, and Project Manager, has endorsed moving forward with a Request for Proposal in Q1 of 2011. The Chiefs of Police, Fire and EMS have briefed the City Manger of the current Project status and direction. As the Executive Sponsor of the Project, the City Manager will continue to receive timely updates as the project gathers momentum.

Significant project risks with respect to spectrum availability and antenna site development have been identified and actions are currently under way to mitigate.

## Financial Impact

At this time there is no change to the total Capital funds required for the project beyond what has already been approved in the 2009 Capital Budget and 2010-2014 Capital Plan. The delays that have been incurred by the Project necessitated that estimated cash flows be pushed out a year. Cash flow adjustments also included a reallocation of funds between sub projects. An amount of \$0.753 million was moved into CFR905-02 Project Management/Consulting to support the addition of a temporary FTE/Project Coordinator for the duration of the project.

The total project cost estimate remains at \$70 million with the remaining unspent funds redistributed as \$27.77m for 2011, \$28.00m for 2012, and \$13.25m for 2013.

Expenditures in 2010 did not meet forecast and are estimated at \$0.458 million, providing a \$27.77 million carry forward into 2011. The G20 summit event required key Project resources from all three services (Police, Fire, and EMS) for over to six months, seriously impacting project performance.

Activities in 2010 included hiring of a Senior Project Manager and execution of a Request for Expression of Interest (RFEOI) to gauge vendor interest and impacts of the G20 Sole Sourced procurement. The results from the RFEOI concluded that the City will conduct an open, fair, and competitive Request for Proposal event for the Radio Communications System Replacement Project.

The Recommended Capital Plan with proposed changes between sub-projects is shown below. The total project cost remains unchanged, other than for \$9,519.00 in funds that are not being requested that would represent a two year carry forward pressure. Any further required changes to the cash flows will be reviewed as part of the 2012 budget process.

<b>RADIO COMMUNICATION SYSTEM REPLACEMENT PROJECT</b>	<b>LTD Spending</b>	<b>Balance to Completion</b>	<b>Submitted Plan</b>	<b>Sub-Project Revisions</b>	<b>Revised Project Plan</b>
CFR905-01- PROJECT MANAGEMENT / CONSULTING	\$490,481	\$9,519	\$500,000	-\$9,519	\$490,481
CFR905-02- PROJECT MANAGEMENT/CONSULTING -PH2	\$257,858	\$1,278,494	\$783,712	\$752,640	\$1,536,352
CFR905-03-01- TRANSITIONAL COSTS	\$19,710	\$769,290	\$789,000	\$0	\$789,000
CFR905-03-02- RADIO SYSTEM INFRASTRUCTURE REPL/MT	\$0	\$56,599,648	\$57,352,288	-\$752,640	\$56,599,648
CFR905-03-03 SITE CONNECTIVITY	\$200,000	\$625,000	\$825,000	\$0	\$825,000
CFR905-03-04- CONSTRUCTION -RADIO SITES AND TOWERS	\$0	\$2,750,000	\$2,750,000	\$0	\$2,750,000
CFR905-03-05- USER TERMINALS	\$0	\$7,000,000	\$7,000,000	\$0	\$7,000,000
<b>Total Project Costs</b>	<b>\$968,049</b>	<b>\$69,031,951</b>	<b>\$70,000,000</b>	<b>-\$9,519</b>	<b>\$69,990,481</b>

As a result of unplanned G20 Summit event during 2010, an adjustment of cash flows for 2010 thru 2013 was completed. Of the life-to-date spending of \$0.968 million; \$0.491million in sub-project CFR905-01 was spent prior to 2010. The 2011 proposed cash flow is entirely carry

forward from 2010, the 2011 prior approved funding has been deferred to 2012 and that year's funding to 2013; the following table outlines the revised cash flow going forward:

<b>RADIO COMMUNICATION SYSTEM REPLACEMENT PROJECT</b>	<b>LTD Spending</b>	<b>2011 Cash Flow</b>	<b>2012 Cash Flow</b>	<b>2013 Cash Flow</b>	<b>Total Cash Flow</b>
CFR905-01- PROJECT MANAGEMENT / CONSULTING	\$490,481				\$490,481
CFR905-02- PROJECT MANAGEMENT/CONSULTING -PH2	\$257,858	\$433,494	\$425,000	\$420,000	\$1,536,352
CFR905-03-01- TRANSITIONAL COSTS	\$19,710	\$385,000	\$310,000	\$74,290	\$789,000
CFR905-03-02- RADIO SYSTEM INFRASTRUCTURE REPL'MT	\$0	\$22,553,938	\$22,940,000	\$11,105,710	\$56,599,648
CFR905-03-03 SITE CONNECTIVITY	\$200,000	\$350,000	\$275,000	\$0	\$825,000
CFR905-03-04- CONSTRUCTION -RADIO SITES AND TOWERS	\$0	\$1,250,000	\$1,250,000	\$250,000	\$2,750,000
CFR905-03-05- USER TERMINALS	\$0	\$2,800,000	\$2,800,000	\$1,400,000	\$7,000,000
<b>Total Project Costs</b>	<b>\$968,049</b>	<b>\$27,772,432</b>	<b>\$28,000,000</b>	<b>\$13,250,000</b>	<b>\$69,990,481</b>

## DECISION HISTORY

In 2004 the Chiefs of Toronto Fire, Police and EMS forecast the upcoming requirement to replace the City's public safety voice radio system shared by all three agencies. In 2005 a consultant was commissioned to review technology direction and financial impact.

At its meeting of March 7, 2007, City Council approved the 2007 Fire Services Capital Budget and in so doing, adopted the following recommendation:

49. An initial project cost for the Radio Communication System Replacement of \$0.500 million for consultant studies be approved with cash flow commitments of \$0.250 million in 2007 and \$0.250 million in 2008 and that the Chiefs of Toronto Fire Services, Toronto Police Service and Emergency Medical Services in consultation with the Steering Committee for Radio Communication System Replacement project and Deputy City Manager and Chief Financial Officer, report to the Budget Committee by July 2007 on the project status and any emergent issues, detailed project cost and cash flows.

At its meeting of December 11, 12 and 13, 2007, City Council approved the 2008 Fire Services Capital Budget and in so doing, adopted the following recommendation:

64. the Steering Committee for the Radio Communication System Replacement project report to Budget Committee on an annual basis starting in July 2008 to update the status of the project including project management costs and infrastructure issues including the disposition of hand-held portable radios once known.

## ISSUE BACKGROUND

The City's Public Safety Voice Radio system is approaching the end of its supported lifecycle. After 2012 system support will become "best effort" with no availability of replacement components. This is significant risk for the City's most critical system where any outage will impact first responders' ability to deliver services to the public.

## COMMENTS

A Radio Communications Steering Committee, co-chaired by Fire, Police, and EMS, reporting to the City Manager continues to provide project oversight. This report provides the latest information on the project and re-evaluates the budget impact included in the Capital Budget projections. The initial timelines for the completion of the project will be changed due to unexpected delays previously mentioned. Target date for release of an RFP is set for Q1 2011. Project completion has been estimated for Q4 2013.

The G20 event created an urgent need to substantially increase radio communications capabilities in a manner that interfaced transparently with the current radio system. This resulted in expenditure of more than \$8.3 million for radio system infrastructure via sole source procurement with the incumbent system supplier. While this was funded from a separate G20 Capital project with expectations of a 50% recovery from the Government of Canada, it created a very real need to review our procurement strategy for the Radio Communications System Replacement Project.

To determine the most appropriate procurement strategy the Project, with the support of PMMD and the Fairness Commissioner, held an RFEOI to gauge market reaction to the G20 event. The RFEOI included Commercial in Confidence Meetings (CICM) with respondents that requested such a meeting. Results from the RFEOI & CICM's established that there was a high level of vendor interest in the Project and a vendor willingness to participate in an open, fair, and competitive Request for Proposal activity notwithstanding the sole sourced G20 Summit Event.

As a result of G20 related Project delays it is anticipated that a new system will not be in place until well beyond the end of supported life date, December 2012. While the Steering Committee recognizes that the current system configuration with the G20 components is not optimal, it should also be pointed out that the G20 initiative replaced some of the most vulnerable core equipment. Although there remains a sense of urgency to replace the radio system, it is balanced with the knowledge that risk of legacy equipment failure prior to new system implementation has been reduced.

## **CONTACT**

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