



STAFF REPORT ACTION REQUIRED

Toronto Police Service – 2012 – 2021 Revised Capital Program Request

Date:	October 14, 2011
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 2012 – 2021 revised capital program request for the Toronto Police Service.

RECOMMENDATION

It is recommended that the Budget Committee approve the 2012-2021 revised capital program with a 2012 net request of \$24.7M (excluding cash flow carry forwards from 2011), and a net total of \$316.8M for 2012-2021, as detailed in Attachment A, contained in Appendix A.

FINANCIAL IMPACT

The 2012-2021 capital program request meets the City's total debt affordability target for the ten years and achieves the City's annual debt target in seven of the ten years. Due to the deferral of the Integrated Records and Information System (IRIS) project, cash flow requirements now vary from the annual City debt target in three of the 10 years of the program; specifically, under target by \$8.7M in 2012; over target by \$4.8M in 2013; and over target by \$3.9M in 2014. Table 1 provides a summary of the 2012-2021 capital program request compared to the City of Toronto's ten-year debt-affordability target. Additional detail on debt-funded and reserve-funded projects can be found in Attachments A and B respectively which are contained in Appendix A.

Table 1. 2012-2021 Capital Program Request (\$Ms)

	2012	2013	2014	2015	2016	5-Year Total	2017- 2021 Total	2012- 2021 Total
Debt-funded projects	26.1	16.7	25.6	33.1	37.9	139.3	191.7	331.0
Recoverable debt project	1.7	0	0	0	0	1.7	0	1.7
Reserve-funded projects	13.9	23.9	18.3	18.7	23.1	97.7	105.4	203.1
Total gross projects:	41.7	40.5	43.9	51.7	61.0	238.8	297.0	535.8
Other-than-debt funding	-17.1	-24.1	-20.0	-21.2	-24.7	-107.0	-112.0	-219.0
NET DEBT FUNDING:	24.7	16.4	23.9	30.4	36.3	131.8	185.0	316.8
CITY DEBT TARGET:	33.3	11.6	20.1	30.4	36.3	131.8	185.0	316.8
Variance to target	8.7	-4.8	-3.9	0.0	0.0	0.0	0.0	0.0

Attachment C, contained in Appendix A, provides a summary of the estimated operating impacts that result from projects included in the 2012-2021 capital program request. The 2012 operating impact of \$1.7M includes an increase in the contribution to the Reserve of \$0.75M as a result of contribution deferrals in previous years. Approval of the 2012-2021 program, as requested, will result in an estimated annualized operating impact to the Service of \$7.1M by 2021, mainly due to reserve contributions, as well as facility and system maintenance requirements. These operating impacts will be included in future operating budget requests, as required.

ISSUE BACKGROUND

At a meeting held on October 5, 2011, the Board was in receipt of a report dated September 21, 2011 from William Blair, Chief of Police, regarding the 2012 – 2021 revised capital program request for the Toronto Police Service.

COMMENTS

Mr. Angelo Cristofaro, Director of Finance and Administration, was in attendance and delivered a presentation to the Board.

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

CONCLUSION

A copy of the Chief's report dated September 21, 2011 is contained in Board Minute No. P253/11. A copy of Board Minute No. P253/11, in the form attached as Appendix "A" to this report, is provided for information.

CONTACT

Chief of Police William Blair
 Toronto Police Service
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SIGNATURE

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P253/11

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

A: 2012 – 2021 tps revised capital.doc

APPENDIX "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE SPECIAL PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 05, 2011

#P253. TORONTO POLICE SERVICE: 2012 – 2021 REVISED CAPITAL PROGRAM REQUEST

The Board was in receipt of the following report September 21, 2011 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE 2012-2021 REVISED CAPITAL PROGRAM
REQUEST

Recommendations:

It is recommended that:

- (1) the Board approve the 2012-2021 capital program with a 2012 net request of \$24.7M (excluding cash flow carry forwards from 2011), and a net total of \$316.8M for 2012-2021, as detailed in Attachment A; and
- (2) the Board forward a copy of this report to the City of Toronto Budget Committee for approval, and to the City's Deputy City Manager and Chief Financial Officer for information.

Financial Implications:

The 2012-2021 capital program request meets the City's total debt affordability target for the ten years and achieves the City's annual debt target in seven of the ten years. Due to the deferral of the Integrated Records and Information System (IRIS) project, cash flow requirements now vary from the annual City debt target in three of the 10 years of the program; specifically, under target by \$8.7M in 2012; over target by \$4.8M in 2013; and over target by \$3.9M in 2014. Table 1 provides a summary of the 2012-2021 capital program request compared to the City of Toronto's ten-year debt-affordability target. Additional detail on debt-funded and reserve-funded projects can be found in Attachments A and B respectively.

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NET DEBT FUNDING:	24.7	16.4	23.9	30.4	36.3	131.8	185.0	316.8
CITY DEBT TARGET:	33.3	11.6	20.1	30.4	36.3	131.8	185.0	316.8
Variance to target	8.7	-4.8	-3.9	0.0	0.0	0.0	0.0	0.0

Attachment C provides a summary of the estimated operating impacts that result from projects included in the 2012-2021 capital program request. The 2012 operating impact of \$1.7M includes an increase in the contribution to the Reserve of \$0.75M as a result of contribution deferrals in previous years. Approval of the 2012-2021 program, as requested, will result in an estimated annualized operating impact to the Service of \$7.1M by 2021, mainly due to reserve contributions, as well as facility and system maintenance requirements. These operating impacts will be included in future operating budget requests, as required.

Background/Purpose:

At its May 11, 2011 meeting, the Board received the Service’s preliminary 2012-2021 capital program at a net request of \$33.3M for 2012 (excluding cash flow carry forwards from 2011) and a net total of \$316.8M for 2012-2021, as detailed in Attachment D (Min. No. P136/11 refers).

The preliminary capital request was presented to the Board for information at that time, to ensure the Service could meet the reporting requirements established by the City Manager’s office. Service staff have continued to refine this request over the last few months and discussed the capital program with City Finance. The purpose of this report is to provide the Board with a revised 2012-2021 Capital Program, for approval.

Discussion:

Capital projects, by their nature, require significant financial investments and result in longer-term organizational benefits and impacts. An organization’s capital program should therefore be consistent with and enable the achievement of the organization’s strategic objectives.

Strategic Direction:

The Service’s 2012-2021 capital program request continues to focus on improving and updating the Service’s ageing facility infrastructure and ensuring our information, and communication technology needs are appropriately addressed.

The projects in the capital program will:

- ensure our facilities are in a reasonable state of good repair and replaced/renovated, as necessary;
- enable operational effectiveness/efficiency and service enhancement;
- result in improved information for decision making and to better meet operational requirements;
- help enhance officer and public safety;
- contribute to environmental protection/energy efficiency; and
- ensure our fleet and equipment is cost-effectively replaced.

The Service's 2012-2021 capital program request includes no new debt-funded projects. The cost estimate for each project has been reviewed to ensure the estimate and annual cash flows are still valid, taking into consideration key project milestones, procurement requirements, any third-party actions/approvals required, as well as other applicable assumptions and information. The Service is also mindful of operating budget impacts and so, some projects not yet started are being revisited to ensure they are still viable from an overall cost/benefits perspective.

2011 Accomplishments:

Key accomplishments and developments related to the implementation and management of the capital program in 2011 are as follows:

- new 11 Division has been completed below budget, with a move-in date of September 26, 2011;
- In-car camera installations have been completed on budget, in 415 marked cars as of July 2011;
- voicemail replacement will be completed utilizing Voice over Internet Protocol (VoIP) based on the City's review and recommendation for use of VoIP;
- replacement of the Automated Fingerprint Identification System (AFIS) has commenced in 2011 and is scheduled for completion in 2012, resulting in the carry forward of 2011 funds;
- construction for the new 14 Division is continuing and should be completed by mid-2012;
- radio lifecycle replacements are continuing; and
- an architectural firm has been approved by the Board to complete the design and working drawings for the Service's new Property and Evidence Management facility.

The Service is anticipating that 79% of net debt funding will be spent in 2011, and that \$14.2M will be carried forward to 2012. A significant portion of the carry forward amount (\$7.9M) is due to the Board's deferral of the contract award for the acquisition and implementation of the new IRIS project.

City Debt Affordability Targets:

Corporate targets for Agencies, Boards, Commissions and Departments (ABCDs) are allocated by the City's Deputy City Manager and Chief Financial Officer (City CFO). The 2012-2021 revised capital program request meets the City's total debt affordability target for the ten years and achieves the City's annual debt target in seven of the ten years.

The Board's deferral of the Integrated Records and Information System (IRIS) contract award has impacted the schedule and annual cash flow requirements for this project. As a result, the Service's cash flow requirements now vary from the annual City debt target in three of the 10 years of the program; under target by \$8.7M in 2012; over target by \$4.8M in 2013; and over target by \$3.9M in 2014.

2012-2021 Capital Program:

The 2012-2021 capital program is segregated into four categories for presentation purposes.

- A. On-Going Projects
- B. Projects beginning in 2012-2016
- C. Projects beginning in 2017-2021
- D. Projects funded through the Reserve

A. On-Going Projects

There are six projects in progress in the 2012-2021 capital program:

1. State-of-Good-Repair – ongoing
2. Radio Replacement - 2012 completion
3. 14 Division - 2012 completion
4. Progress Site (Property & Evidence Management Unit) – 2013 completion
5. IRIS – Integrated Records and Information System – anticipated 2014 completion
6. Upgrade to Microsoft 7 – 2012 completion.

All of the above projects with the exception of the implementation of IRIS and Progress Site projects are currently projected to be on budget and on schedule. The current status of these projects was provided in the 2011 second quarter capital variance report (Min. No. P212/11 refers).

Progress Site (\$37.1M, anticipated 2013 completion)

The estimate for the Progress Site (Property & Evidence Management Unit) project has been revised. When the original estimate of \$35.7M was developed, the cost of the site acquired was not known. Included in the original estimate was a preliminary cost estimate of \$15.3M for the construction work required to house the PEMU at a new site. The cost to acquire the Progress site, resulted in only \$13.9M remaining in the project budget to complete the required construction work to get the unit operational. Therefore, an adjustment of \$1.4M

(with no net impact on the total capital program) has been made to this project to better reflect the estimated cost for this project. This adjustment is possible due to the deletion of the Smart Card project previously identified in the capital program. This project is still in the early stages, and the construction estimate will be confirmed once the design and tendering processes are complete. Any adjustment, if required, will be reported to the Board.

It should also be noted that the Progress site exceeds the needs of the PEMU, and therefore presents an opportunity to consolidate other Service operations at this site in the future (subject to availability of funds). This would then allow the return of existing properties to the City.

IRIS (\$24.4M, anticipated 2014 completion)

The deferral of the IRIS project has created uncertainty around this project as well as other projects that are dependant on IRIS (discussed later in this report).

This project was first approved by the Board and City Council in 2008 for the 2009-2013 capital program, and commenced in 2009 (Min. No. P297/08 refers). Various expenditures have been incurred to date to assist in the planning and management of the project. At its May 2010 meeting, the Board approved Versaterm Inc. as the vendor for the supply and delivery of software, maintenance, professional services in relation to the acquisition and implementation of a new records management system, subject to the completion of a statement of work that is acceptable to the Service (Min. No. P144/10 refers).

In February 2011, the Service recommended that the Board approve the award of the contract to Versaterm Inc., as the statement of work developed is acceptable to the Service. The Board deferred consideration of this request (Min. No. P27/11 refers). A revised report was submitted to the Board for consideration at its April 7, 2011 meeting (Min. No. P73/11 refers). At that meeting, the Board referred the report to the City Auditor General (AG) and City Chief Information Officer (CIO) for review and comment. The Board, at its special meeting on April 14, 2011, received the Service's report on the impacts of project deferral and referred the report and accompanying presentation to the AG and the CIO (Min. No. P106/11 refers).

At its meeting of September 14, 2011, the Board received the City's AG and CIO reports, the Service's responses to the AG and CIO reports and the Service's request to award the contract to Versaterm Inc. The Board deferred the request for the contract award to its October 2011 meeting.

In the absence of a Board decision on the software acquisition, the 2012-2021 revised capital program assumes approval of the award to Versaterm will occur at the October Board meeting and includes a revised cash flow requirement for the project based on this assumption. As a result of the deferral of the IRIS project, cash flow requirements now vary from the annual City debt target in three years: under target by \$8.7M in 2012; over target by \$4.8M in 2013; and over target by \$3.9M in 2014.

B. Projects Beginning in 2012-2016

There are no new debt-funded projects beginning in 2012 or 2013.

eTicketing Solution (\$1.7M in 2012, to be funded through Recoverable Debt)

In conjunction with City Court Services, the Service has been pursuing the implementation of an electronic ticketing system which would capture Provincial Offence Notices, print tickets at road side, and transmit ticket data wirelessly to corporate servers. This system would increase the accuracy of tickets, eliminate manual sorting and transportation of tickets, save time with respect to disclosure, and streamline various other business processes. The majority of Ontario's largest police agencies have already deployed electronic ticketing solutions.

This project was originally estimated to cost \$4.3M over three years (2012-2014), but the cost and implementation time of this project has been significantly reduced as a result of the anticipated decision to proceed with the Versaterm records management system, which includes an eTicketing solution. The \$1.7M one-year cost is for the acquisition and installation of printers and portable ruggedized laptops, assuming the use of the IRIS/Versaterm software and server environment.

This project has a net overall payback of two-and-a-half years for the City. Annualized operating costs of \$560,000 (for overall maintenance and planned equipment replacement costs) will be offset by annualized savings of \$1,750,300 (\$271,300 savings in the Service related to staff reductions in Document Services, and \$1,480,000 savings from increased revenue and reduced costs in City Court Services).

As a result of the net savings to the City, City Finance staff have agreed that this project can be funded through recoverable debt, and there is no net impact on the Service's debt financing targets. However, while the net savings will accrue to the City, the Service will incur a net annual operating impact of \$300,000 as responsibility for the maintenance and lifecycle replacement of the system will be a Service responsibility.

Data Warehousing Establishment (\$8.2M, beginning in 2014)

This project has been identified as a key Service requirement for several years, but has been deferred due to funding, and is now scheduled to begin in 2014.

A data warehouse (DW) is defined as a dedicated software and hardware platform for integrating enterprise data from multiple sources. Currently the Service has a large number of operational databases. These databases often contain no historical data; are not designed for analytical processing, and data is not readily available for analysis. Fundamentally, operational databases should not be used for reporting.

A proper database (DB) and Data Warehouse/Business Intelligence (DW/BI) transforms all available data (irrespective of volume) into meaningful business information. Through the introduction of corporate standards, defined data structures and training, the Service will benefit from timelier and better-informed business decisions, as well as services such as crime management, standards, co-ordination, statistics, and support for division and squad analysis.

The scope of this project is for the building of a corporate Integrated Database (DB) and Data Warehouse (DW) with Business Intelligence (BI) to re-engineer the corporate business process, information requirements and decision-making process. This project will integrate all silo data and databases into a corporate DW environment, and reduce the time users spend in the search, acquisition, and understanding of data results. Data will have the right format and structure with standardized corporate direction and the usage of DW/BI will reduce the load on operational databases for reporting and analytical purposes.

This project has an estimated operating budget impact of \$1.1M annually, based on the assumption that five new staff will be required (three positions in the DW management team and two technical staff for development and on-going support) at a cost of \$0.6M, and \$0.5M for system maintenance commencing in year 2017. It should be noted that this project assumes these staff will be hired during the implementation of this project. This project is planned to begin in 2014, and the Service will continue to refine the operating impacts of this project, including reviewing potential operational savings that could be used to offset the additional operating costs. Service Information Technology Services (ITS) staff will also meet with City Information Technology (IT) staff to determine if there are any opportunities to leverage what the City has done with respect to data warehousing. An updated business case will be prepared for the 2013-2022 capital program, and the need for this project will be revisited during that process.

New 54 Division Facility (\$36.9M, beginning in 2014)

This project provides funding for the acquisition of land and construction for a new 54 Division facility in accordance with the Service's long-term facilities plan. This facility was built in 1954 as a light industrial building and it was renovated and occupied by the Service in 1973. The project assumes that a site will be acquired by 2014. A suitable City-owned property has been identified, and the Service expressed its interest to the City in utilizing this site for the new 54 Division. The City's Property Management Committee at its August 30, 2010 meeting supported the Service's business case and has designated the City property for the new 54 Division. However, in order to make the site ideal for a new division, the Service requires the acquisition of a small privately owned portion of land adjacent to the City site. City Real Estate is pursuing the acquisition of the privately owned site and there is funding in the 2011 capital program for the purchase. City Real Estate is also conducting tests at this site for potential environmental issues.

The construction estimate for the new 54 Division is based on the completed 23 Division facility construction cost, inflated for anticipated construction increases and a continued requirement for LEED-Silver certification. This estimate will be updated in future capital programs, based on final costs for 11 and 14 Divisions and other available information.

The additional operating cost impact of \$144,000 per year is for building operations and utilities, and will begin in 2016.

Electronic Document Management (\$0.5M, beginning in 2014)

This project provides funding to begin the implementation of standardized equipment, software and storage techniques for the conversion of Service data to an electronic format. This project will reduce costs of storage, retrieval and transporting of documents, improve information accessibility and reduce the use of paper.

The estimated annual net operating budget savings of \$78,000 per year are due to a reduction in paper and printing costs, offset by an increase in maintenance costs. There are further potential savings with respect to time associated with court preparation, and improved information accessibility. This project is planned to begin in 2014, and the Service will continue to refine the operating impacts of this project. In addition, the Service has consulted with the City's IT staff regarding their document management system and the City has indicated that the Service will have the ability to access any award that the City may make in relation to this project. An updated business case, taking into consideration any City decisions on their system, and refined operating costs/savings will be prepared for the 2013-2022 capital program.

Human Resource Management System (HRMS) Upgrade (\$0.8M, beginning in 2014)

Human resources information and payroll administration for the Toronto Police Service is managed using the PeopleSoft HRMS. In June 2007, the HRMS application was upgraded to version 8.9. The Service implemented an upgrade in April 2011 to remain compliant with continued vendor support.

This project provides funding for an anticipated upgrade to HRMS beginning in 2014. Estimates are based on the costs incurred during the last HRMS upgrade, and future project costs will be refined as more information becomes available with respect to requirements at that time (e.g., will the system require upgrading or replacement, will there be any changes to the Service's architecture, etc.).

The operating budget impact is an estimate for incremental maintenance costs of \$22,000 annually, beginning in 2015.

The Service, prior to commencing the upgrade, will review whether it is more beneficial to replace the HRMS, and will consider potentially using the City's SAP system as part of the review.

Time Resource Management System (TRMS) Upgrade (\$3.4M, beginning in 2014)

The Service uses TRMS, which went live in August 2003, to collect and process time and attendance specific data, administer accrual bank data, assist in paid duty administration, and in the deployment of members. From August 2006 to May 2008, the Service was engaged in upgrading the TRMS application from version 3.54J to version 5.0. The scope of this project was to upgrade the existing functionality within the TRMS system and decustomize the application to reduce/avoid maintenance costs.

This project would provide funding to upgrade TRMS beginning in 2014, to ensure continued vendor support, as well as to examine additional functionality that can assist the Service in achieving further efficiencies in its business processes. Estimates are based on the costs incurred during the last upgrade, and future project costs will be refined as more information becomes available with respect to requirements at that time.

The operating budget impact is an estimate for incremental maintenance costs of \$22,000 annually beginning in 2016.

The Service, prior to commencing the upgrade, will review whether it is more beneficial to replace the TRMS, and will consider potentially using the City's SAP system as part of the review.

Digital Content Manager (\$3M, beginning in 2014)

An integrated Digital Content Management System (DCMS) will provide a system that will manage the Service's unstructured information content (video, audio and unstructured electronic text). Currently, evidence comes from various sources (911, audio recordings, digital photography, In-Car Camera systems, closed-circuit televisions, etc.) and is maintained in silo systems.

A DCMS will provide an automated process for the management of this digital or electronic evidence. With the DCMS, all silo systems capturing digital evidence would be integrated and interfaced with the Service's record management system. The DCMS would allow digital evidence to be retrieved by any Service device.

The total project cost is estimated at \$3M for two years of development. Operating costs are estimated at \$178,000 annually, comprised of \$84,000 for one support staff (required for maintenance of the system) and \$94,000 for maintenance of software licenses, beginning in 2016. As is the case for the Data Warehouse and Electronic Document Management projects, the Service is revisiting the operating impacts of this project, including reviewing potential operational savings that could be used to offset the additional operating costs. An updated business case will be prepared for the 2013-2022 capital program, and the need for this project will be revisited.

New 41 Division Facility (\$39.1M, beginning in 2015)

This project provides funding for the land acquisition and construction for a new 41 Division facility. The land cost estimate is dependent on the actual location chosen and market values at the time of purchase, and therefore may change. Construction estimates are based on 23 Division facility construction costs, inflated for anticipated construction increases and a continued requirement for LEED-Silver certification. This estimate will be updated in future capital programs, based on final costs for 11 and 14 Divisions and other available information. The Service will also explore the feasibility of constructing a new facility on the current 41 Division site. This could reduce the cost estimate for this project significantly.

The additional operating cost impact of \$144,000 per year is for building operations and utilities.

Expansion of Fibre Optics Network (\$12.1M, beginning in 2015)

The Service's data network has evolved into a complex environment over the past several years, providing connectivity for approximately 89 sites and over 7,000 network connects for both external and internal access.

All City-wide networks currently used by the Service are owned and managed by others, and system access is rented to the Service based on our data requirements. All Service data is combined with other customers and then sent through the fibre-optic cable. This model was cost effective in the past, as the Service's data requirements were comparatively low and restricted to the transmission of business systems data.

The advent of bandwidth-intensive applications (video systems, radio infrastructure and new application architectures) has increased our capacity requirements, and the cost of renting privately owned fibre has, and will, continue to increase as our demands increase.

The Service is addressing its immediate data-transfer needs through the use of Bell, Telus and Cogeco (once fully implemented) leased fibre networks and proposed TTC-owned fibre network. The Service also has its own limited fibre network that is used for the Closed-Circuit Television (CCTV) cameras deployed in the entertainment district and other locations as required. In addition, the fibre-optics network was also leveraged to provide high speed connections for the transfer of Digital Video Asset Management System (DVAMS), In Car Camera (ICC) and CCTV video information from Division 51, 52, 14 and Traffic Services to the main data centre. This increased the divisions' data capacity until such time as the data network capacity could be upgraded.

The Service's long-term strategy is to integrate its current fibre-optic assets into a Service-wide, Service-owned and operated fibre-optic network with connections to all critical police locations. The main benefits expected from building an integrated Service-wide fibre optic network are: the elimination of the current leased disaster recovery network (this will save current operating costs of \$750,000 annually and avoid a further \$750,000 estimated for predicted bandwidth increases); and the ability to provide additional network capabilities

such as CCTV and radio system transmissions that are not viable on leased, vendor-owned and managed network solutions. Net operating budget savings (taking into consideration additional maintenance costs for Service-owned fibre and disaster recovery network lease savings) are estimated to be \$500,000 annually.

The cost, benefits and timing of this project continue to be reviewed. All opportunities for public-private partnerships, including the potential for a City of Toronto integrated solution, are being reviewed and refined, and will be revised in future capital program requests. The Service currently has a reciprocal agreement for the use of fibre-optic sharing that will allow for joint TTC/Service usage. The project plan includes a Request for Information to be issued prior to project commencement. This will allow for current construction market costs to be evaluated and potential partnerships to be developed to ensure sound financial viability and functionality of this project.

Radio Replacement (\$35.4M, beginning in 2016)

This project provides funding for the next lifecycle replacement of the Service's mobile and portable radios. This project is scheduled to start in 2016, based on an estimated ten-year lifecycle for radios.

C. Projects beginning in 2017-2021

There are eight projects beginning during the 2017-2021 period. The majority of these projects (six) relate to the continuation of the Service's long-term facility plan for replacement and renovation of facilities.

The need to implement a disaster recovery site that meets industry standards continues to be identified as a requirement, details for which are not known at this time. Although the timing and cost estimates are unknown, a placeholder for this project is maintained as it is anticipated to be included in the Service's future capital programs. The Service will also work with the City and other police services to determine if there are potential opportunities for a shared disaster recovery site.

The "Progress Site (Future Use)" project provides an estimate for the anticipated use of unused space in the on-site facility, as well as unused land at the Progress Site. There are Service facilities that will require relocation by 2021 and this project would provide funds for relocation to the Progress Site. The relocation of facilities to the Progress site will result in current facilities being declared surplus and available to the City. At this time, it is contemplated that the Public Safety unit, Forensic Identification Services and Parking Enforcement East could be located at Progress. Service staff will continue to evaluate which properties would be best relocated to the Progress Site, and will provide updates in future capital program requests.

Parking Enforcement Facilities

The Service investigated the possibility of relocating the Parking East (PKE) facility to the Progress Site, in anticipation of the lease expiring on June 30, 2014. The lease for Parking West (PKW) also expires in 2014, and it was proposed that the Service would use State of Good Repair funding to renovate and relocate PKW operations to an existing Service facility, with no additional impact on debt funding. Applying savings from both leases, the cost of the required renovations for Parking East (estimated to be \$8.5M) would have a net payback of almost ten years. The renovation cost of \$8.5M cannot be accommodated within current debt targets, and City Finance does not support the use of recoverable debt for this project. As a result, the parking enforcement operations will remain in the leased facilities and this issue will be reviewed in future capital programs.

D. Reserve-Funded Projects

All projects listed in this category are funded from the Reserve, and have no impact on debt financing. Using the Reserve for the lifecycle replacement of vehicles and equipment avoids having to request the equipment replacements through the capital program and as a result does not require the City to debt-finance these purchases. This approach has and continues to be supported by City Finance. It should be noted, however, that this strategy of funding equipment replacements from the Reserve results in an impact on the operating budget, as it is necessary to make regular annual contributions to replenish the Reserve.

Attachment B represents all of the currently identified Reserve-funded projects. Estimates are revised annually based on up-to-date information.

Table 2, below, provides a summary of anticipated Reserve activity for 2012-2021:

Table 2. 2012-2021 Reserve Activity (\$Ms)

	2012	2013	2014	2015	2016	...	2021
Opening Balance:*	0.2	4.7	- 0.1	1.5	2.7		3.5
Contributions:**	18.4	19.1	19.9	19.9	19.9		21.2
Draws:***	13.9	23.9	18.3	18.7	23.1		24.5
Year-End Balance:	4.7	- 0.1	1.5	2.7	- 0.5		0.2
Incremental Operating Impact:	0.8	1.5	2.3	2.3	2.3		3.6

* based on 2011 plan

Conclusion:

A detailed review of all projects in the Service's 2012-2021 capital program request has been conducted, to ensure the capital program reflects the priorities of the Service, is consistent with the Service's strategic objectives, and is in line with City targets. The revised 2012-2021 capital program has a 2012 net request of \$24.7M (excluding cash flow carry forwards from 2011), and a net total of \$316.8M for the ten-year period. The 2012-2021 Capital Program request meets the City's total debt affordability target for the ten years and achieves the City's annual debt target in seven of the ten years. Due to the deferral of the Integrated Records and Information

System (IRIS) project, cash flow requirements vary from the annual City debt target in three of the ten years of the program: under target by \$8.7M in 2012; over target by \$4.8M in 2013; and over target by \$3.9M in 2014. Given that the Capital Program has no new projects commencing in 2012 and 2013, there is limited flexibility to adjust cash flows to meet the annual city targets.

The Service will continue to review some of the projects in the program that have not yet started to ensure the business case for moving forward on these projects is strong, justified and can be accommodated within the City's debt envelope.

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

Mr. Angelo Cristofaro, Director of Finance and Administration, was in attendance and delivered a presentation to the Board. A paper copy of the presentation is on file in the Board office.

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
Progress Site (Property & Evidence)	27,339	7,149	2,581	0	0	0	9,729	0	0	0	0	0	0	9,729	37,068
IRIS - Police Operations Mgmt System Impl'n	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	0	372	8,564	8,937	20,636	9,506	0	0	0	30,142	39,079	39,079
Expansion of Fibre Optics Network	0	0	0	0	881	5,585	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	3,559	4,741	8,300	8,300	8,300
55 Division - Renovation	0	0	0	0	0	0	0	0	0	0	1,529	6,471	8,000	8,000	8,000
22 Division - Renovation	0	0	0	0	0	0	0	0	0	0	0	1,290	1,290	1,290	8,000
Progress Site (Future use)	0	0	0	0	0	0	0	0	5,088	10,440	15,005	9,467	40,000	40,000	40,000
Total, New Capital Projects:	500	0	0	16,183	28,539	33,296	78,018	29,429	33,967	35,452	35,205	33,550	167,603	245,621	252,831
Total debt funded Capital Projects:	89,002	26,099	16,653	25,643	33,008	37,917	139,320	33,760	38,496	40,292	40,318	38,788	191,654	330,974	426,685
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	62,821	59,859	59,837	63,313	297,041	535,827	761,908
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	36,845	37,131	38,788	38,788	185,039	316,811	396,721
5-year Average:							26,355						37,008	31,681	
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	0	(0)	(0)	0	0	1	
Variance to Target - 5-year Average:							0						0	0	

2012-2021 RESERVE - 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
Other than debt expenditure (Draw from Reserve)															
Vehicle and Equipment (LR)	48,248	2,627	2,627	4,422	5,320	5,320	20,316	5,320	5,320	5,320	5,320	5,320	26,600	46,916	95,164
Workstation, Laptop, Printer (LR)	23,913	2,904	3,525	3,751	3,345	3,186	16,711	2,904	3,525	3,751	3,345	3,186	16,711	33,422	57,335
Servers (LR)	16,271	3,060	3,164	2,958	2,998	3,121	15,301	3,228	3,017	3,058	3,184	3,292	15,779	31,080	47,351
IT Business Resumption (LR)	10,110	1,612	1,669	1,269	1,522	1,644	7,716	1,702	1,294	1,553	1,677	1,736	7,962	15,678	25,788
Mobile Workstations (LR)	7,970	240	7,214	1,443	0	0	8,897	245	7,359	1,472	0	0	9,076	17,973	25,943
Network Equipment (LR)	4,289	493	2,466	1,104	998	502	5,563	2,515	1,126	1,018	512	2,565	7,736	13,299	17,588
Locker Replacement (LR)	2,200	417	47	47	47	426	984	48	48	48	434	49	627	1,611	3,811
Furniture Replacement (LR)	2,250	1,426	713	713	713	1,455	5,020	727	727	727	1,484	742	4,407	9,427	11,677
AVL (LR)	893	605	0	299	562	604	2,070	0	0	0	305	573	878	2,948	3,841
In - Car Camera (LR)	0	0	657	788	1,051	1,138	3,634	0	657	788	1,051	1,138	3,634	7,268	7,268
Voice Logging (LR)	774	0	353	0	437	315	1,105	0	360	0	446	321	1,127	2,232	3,006
Electronic Surveillance (LR)	1,070	0	0	0	0	1,069	1,069	0	0	0	0	1,091	1,091	2,160	3,230
Digital Photography (LR)	253	0	0	0	119	126	245	0	0	0	122	128	250	495	748
DVAM I (LR)	1,109	0	0	0	1,050	0	1,050	0	0	0	1,071	0	1,071	2,121	3,230
Voicemail / Call Centre (LR)	315	0	0	0	300	0	300	500	0	0	306	0	806	1,106	1,421
DVAM II (LR)	0	0	0	1,203	0	0	1,203	0	0	1,263	0	0	1,263	2,466	2,466
Asset and Inventory Mgmt.System (LR)	123	0	0	0	0	123	123	0	0	0	0	126	126	249	372
Property & Evidence Scanners (LR)	117	0	0	0	0	117	117	0	0	0	0	119	119	236	353
DPLN (LR)	0	0	500	0	0	0	500	0	700	0	0	0	700	1,200	1,200
Small Equipment (e.g. telephone handset) (LR)	454	350	350	0	0	0	700	0	0	0	0	600	600	1,300	1,754
Video Recording Equipment (LR)	138	92	92	92	92	92	460	92	92	92	92	92	460	920	1,058
Radios - Replacement	6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	6,000
Livescan Machines (LR)	423	0	0	0	0	423	423	0	0	0	0	431	431	854	1,277
Wireless Parking System (LR)	2,976	0	0	0	0	2,916	2,916	0	0	0	0	2,916	2,916	5,832	8,808
EDU/CBRN Explosive Containment (LR)	474	0	0	0	0	0	0	0	0	0	0	0	0	0	474
CCTV	0	0	182	70	0	182	434	70	0	182	70	0	322	756	756
AEDs	0	0	195	0	0	195	390	0	0	195	0	0	195	585	585
Fleet Equipment	0	100	100	100	100	100	500	100	100	100	100	100	500	1,000	1,000
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

2012-2021 CAPITAL BUDGET (\$000s)
OPERATING IMPACT FROM CAPITAL (incremental over 2011)

ATTACHMENT C

Project Name	2012	2013	2014	2015	2016	By 2021	Comments
11 Division - Central Lockup	328.0	328.0	328.0	328.0	328.0	328.0	Building Operations, Service Contracts and Utilities
Voice Mail/Call Centre	160.0	160.0	-337.0	-337.0	-337.0	-337.0	Server replacement (\$500K every 5 years), license renewal (\$250K every 4 years), annual telephone savings (\$500K) beginning at end of 2013, \$160 for maint. Costs from 2012
911 Hardware / Handsets	25.0	50.0	50.0	50.0	50.0	50.0	System maintenance cost. Year 2012 is for half year
14 Division - Central Lockup	373.0	264.0	264.0	264.0	264.0	264.0	Building Operations, Service Contracts and Utilities
Progress site (Property & Evidence)	50.0	50.0	50.0	50.0	50.0	50.0	High Level estimate for Building Operations and Utilities. In 2012 is for post construction cleanup
Upgrade to Microsoft 7	35.0	70.0	70.0	70.0	70.0	70.0	Maintenance costs
IRIS - Police Operations Mgmt System Impl'n	0.0	200.0	1,855.0	1,855.0	1,855.0	1,855.0	Maintenance costs; lifecycle contribution
eTicketing Solution	0.0	72.7	290.9	290.9	290.9	290.9	Operating cost and reduction of 4 staff in Document Services
54 Division	0.0	0.0	0.0	0.0	72.0	144.0	Building Operations, Service Contracts and Utilities; starting half a year 2016
Data Warehouse Establishment	0.0	0.0	0.0	0.0	0.0	1,056.0	\$0.6M for salaries for 5 people; \$0.5M for maintenance; starting 2017
Electronic Document Management	0.0	0.0	0.0	0.0	-77.9	-77.9	Reduction in paper & printing cost, off-set by increase in maintenance cost
HRMS Upgrade	0.0	0.0	0.0	22.0	22.0	22.0	Incremental maintenance cost of \$22K per year from 2015
TRMS Upgrade	0.0	0.0	0.0	0.0	22.0	22.0	Incremental maintenance cost of \$22K per year from 2016
Digital Content Manager	0.0	0.0	0.0	0.0	178.0	178.0	\$94K for support and maintenance; \$84K for 1 FTE; starting 2016
41 Division	0.0	0.0	0.0	0.0	0.0	144.0	Building Operations, Service Contracts and Utilities; starting half a year 2018
Fibre Optics	0.0	0.0	0.0	0.0	0.0	-500.0	Assumes \$500K annual savings, beginning in 2018
13 Division	0.0	0.0	0.0	0.0	0.0	TBD	Building Operations, Service Contracts and Utilities; starting 2020
Long Term Facility Plan	0.0	0.0	0.0	0.0	0.0	TBD	TBD
Total Projects Operating Impact	971.0	1,194.6	2,570.8	2,592.8	2,786.9	3,559.0	
Total Reserve Operating Impact	750.0	1,500.0	2,250.0	2,250.0	2,250.0	3,550.0	Based on current assumptions; under review
Total Operating Impact from Capital	1,721.0	2,694.6	4,820.8	4,842.8	5,036.9	7,109.0	

BOARD RECEIVED - 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
Progress Site (Property & Evidence)	27,339	7,149	2,581	0	0	0	9,729	0	0	0	0	0	0	9,729	37,068
IRIS - Police Operations Mgmt System Impl'n	10,047	8,674	4,704	995	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	34,773	11,850	5,589	4,469	4,621	61,301	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	0	372	8,564	8,937	20,636	9,506	0	0	0	30,142	39,079	39,079
Expansion of Fibre Optics Network	0	0	0	0	881	5,585	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
Long Term Facility Plan	0	0	0	0	0	0	0	0	3,053	3,934	5,088	12,502	24,576	24,576	24,576
Progress Site (Future use)	0	0	0	0	0	0	0	0	5,088	10,440	15,005	9,467	40,000	40,000	40,000
Total, New Capital Projects:	500	0	0	16,183	28,539	33,296	78,018	29,429	33,967	35,451	35,205	33,550	167,602	245,620	246,120
Total Capital Projects:	89,002	34,773	11,850	21,772	33,008	37,917	139,319	33,760	38,496	40,292	40,318	38,788	191,654	330,973	419,975
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	48,699	35,704	40,031	51,662	60,971	237,066	51,211	62,821	59,859	59,837	63,313	297,041	534,107	753,478
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)
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)	(15,360)	(24,085)	(19,980)	(21,219)	(24,650)	(105,294)	(17,724)	(25,976)	(22,728)	(21,049)	(24,525)	(112,002)	(217,296)	(363,468)
Total Net Debt-Funding Request:	73,200	33,339	11,619	20,051	30,443	36,321	131,772	33,487	36,845	37,131	38,788	38,788	185,038	316,811	390,010
5-year Average:							26,354						37,008	31,681	
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:		(0)	1	0	0	(0)	1	0	0	0	0	0	1	1	
Variance to Target - 5-year Average:							0						0	0	

