**STAFF REPORT**
**ACTION REQUIRED**

# Toronto Police Service – 2013-2022 Capital Program Request

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| **Date:** | November 23, 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's) 2013-2022 Capital Program request.

## RECOMMENDATION

It is recommended that the Budget Committee approve the Service's 2013-2022 capital program with a 2013 net request of $16.4 Million (excluding cash flow carry forwards from 2012), and a net total of $258.8 Million for 2013-2022, as detailed in Attachment A, contained in Appendix A.

## Financial Impact

Table 1 below provides a summary of the Service's 2013-2022 Capital Program request compared to the City of Toronto's ten-year affordability debt target.

The Service's 2013-2022 Capital Program request is below the City's affordability debt target by $2.7 Million (M) for the first five years of the program, and $0.3M for the ten-year program. Additional detail on debt-funded and Reserve-funded projects can be found in Attachments A and B respectively, contained in Appendix A.

**Table 1. Summary of 2013-2022 Capital Program Request ($Ms)**

| | 2013 | 2014 | 2015 | 2016 | 2017 | 5-Year Total | 2018-2022 Total | 2013-2022 Total |
|---|---|---|---|---|---|---|---|---|
| Total on-going and new Projects | 20.0 | 22.8 | 32.0 | 38.2 | 31.1 | 144.1 | 131.1 | 275.2 |
| Recoverable Debt Project | 4.4 | 4.6 | 0.0 | 0.0 | 0.0 | 9.0 | 0.0 | 9.0 |
| Reserve-funded projects | 23.1 | 18.7 | 17.0 | 19.3 | 24.0 | 102.1 | 103.2 | 205.3 |
| **Total gross projects:** | **47.4** | **46.1** | **49.0** | **57.5** | **55.1** | **255.1** | **234.3** | **489.5** |
| Other-than-debt funding | -31.0 | -22.2 | -18.8 | -21.2 | -24.0 | -117.2 | -113.5 | -230.7 |
| **NET DEBT FUNDING:** | **16.4** | **23.9** | **30.2** | **36.3** | **31.1** | **137.9** | **120.9** | **258.8** |
| **CITY DEBT TARGET:** | 16.4 | 23.9 | 30.4 | 36.3 | 33.5 | 140.6 | **118.6** | **259.1** |
| **Variance to target** | **0.0** | **0.0** | **0.2** | **0.0** | **2.4** | **2.7** | **-2.3** | **0.3** |

The implementation of capital projects can have an impact on the Service's on-going operating budget requirements. In addition, the Service is continuing its strategy to properly fund the replacement of vehicles, technology and other equipment through contributions to the Vehicle and Equipment Reserve (Reserve). Attachment C, contained in Appendix A, provides a summary of the estimated operating impact from capital excluding Reserve funded projects. The 2013 operating impact is $0.9M. Approval of the 2013-2022 program, as requested, will result in an estimated annualized pressure to the Service's operating budget of $3.8M by 2022, mainly due to system maintenance and building operational requirements. These operating impacts will be included in future operating budget requests, as required.

## ISSUE BACKGROUND

At its meeting on October 15, 2012, the Toronto Police Services Board (the Board) was in receipt of a report dated October 2, 2012 from Mr. William Blair, Chief of Police, regarding the Service's 2013-2022 Capital Program request.

## COMMENTS

Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and responded to questions by the Board about the process for identifying and acquiring the property for the new Property and Evidence Management facility.

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

During its consideration of the Service's 2013-2022 capital program request, the Board also approved the following recommendation from Chief Blair:

> THAT the Board approve foregoing the requirement for LEED Silver certification for new facilities, while continuing to meet green building requirements and build to LEED Silver standards.

## CONCLUSION

A copy of the Chief's report, 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
Fax No. 416-808-8002

## SIGNATURE

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Alok Mukherjee
Chair

## ATTACHMENT

Appendix A – Minute No. P254/12

cc. Mr. Giuliana Carbone, A/Deputy City Manager & Chief Financial Officer

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**APPENDIX A**

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

**#P254. TORONTO POLICE SERVICE 2013-2022 CAPITAL PROGRAM REQUEST AND LEED-SILVER STANDARD FOR ALL NEW FACILITIES**

The Board was in receipt of the following report October 02, 2012 from William Blair, Chief of Police:

Subject: TORONTO POLICE SERVICE 2013-2022 CAPITAL PROGRAM REQUEST

Recommendations:

It is recommended that:

(1) the Board approve the 2013-2022 capital program with a 2013 net request of $16.4 Million (excluding cash flow carry forwards from 2012), and a net total of $258.8 Million for 2013-2022, as detailed in Attachment A;
(2) the Board approve foregoing the requirement for LEED Silver certification for new facilities, while continuing to meet green building requirements and build to LEED Silver standards; and
(3) the Board forward a copy of this report to the City Budget Committee for approval and to the City's Deputy City Manager and Chief Financial Officer for information.

Financial Implications:

Table 1 below provides a summary of the Toronto Police Service's (Service) 2013-2022 Capital Program request compared to the City of Toronto's ten-year affordability debt target.

The Service's 2013-2022 Capital Program request is below the City's affordability debt target by $2.7 Million (M) for the first five years of the program, and $0.3M for the ten-year program. Additional detail on debt-funded and Reserve-funded projects can be found in Attachments A and B respectively.

**Table 1. Summary of 2013-2022 Capital Program Request ($Ms)**

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| **Variance to target** | **0.0** | **0.0** | **0.2** | **0.0** | **2.4** | **2.7** | **-2.3** | **0.3** |

The implementation of capital projects can have an impact on the Service's on-going operating budget requirements. In addition, the Service is continuing its strategy to properly fund the replacement of vehicles, technology and other equipment through contributions to the Vehicle and Equipment Reserve (Reserve). Attachment C provides a summary of the estimated operating impact from capital excluding Reserve funded projects. The 2013 operating impact is $0.9M. Approval of the 2013-2022 program, as requested, will result in an estimated annualized pressure to the Service's operating budget of $3.8M by 2022, mainly due to system maintenance and building operational requirements. These operating impacts will be included in future operating budget requests, as required.

Background/Purpose:

The purpose of this report is to provide the Board with details of the Service's 2013-2022 Capital Program request. Attachment A to this report provides a detailed project listing of debt-funded projects, and Attachment B provides a detailed listing of projects funded from the Vehicle and Equipment Reserve. Attachment C provides a summary of the estimated operating impact from capital excluding Reserve funded projects in the 2013-2022 program.

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 2013-2022 Capital Program request continues to focus on improving and updating the Service's ageing facility infrastructure, and ensures our key information and technology needs are appropriately addressed. The program also reflects strategies to:

- maximize the use of existing Service facilities by relocating units in leased locations or consolidating Service units so that the sites they currently occupy can be returned to the City for whatever use it deems appropriate; and
- reduce the level of computer equipment assets across the Service to reduce replacement and on-going maintenance costs.

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 are properly replaced.

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. It is important to note that the Service does its best to develop accurate cost estimates. However, these estimates are often developed without full information and more importantly, before going through a procurement process for the various requirements. Consequently, the estimates could change as the project progresses through the project lifecycle. The Board and City are kept apprised of any changes as soon as they become known. Any required transfers from other projects in the program are fully justified and reported to the Board and City Budget Committee for approval. While our Service has done a relatively good job at delivering projects on or below budget, even with the best planning and management, there are times when additional funds are required for certain projects, due to unanticipated events or higher than anticipated market prices. 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 budget perspective.

It should also be noted that as part of the Chief's internal review, the Service is looking at the potential consolidation of existing divisions, to reduce its capital budget requirements as well as enable potential savings in the operating budget. This review could impact new facility projects in our capital program. However, the review is not complete at this time and the operational implications would have to be considered and public consultation held before a decision is made. Board approval would also be sought before proceeding.

*2012 Accomplishments:*

Key accomplishments and developments related to the implementation and management of the capital program in 2012 are as follows:

- Radio Replacement project has been completed, slightly under budget;
- Construction for the new 14 Division has been completed under budget, with a move-in date of September 30, 2012;
- Human Resource Management System (HRMS) additional functionality has been completed on budget (includes implementation of eRecruiting and electronic pay advices and T4's);
- Renovation of the Service's new Property and Evidence Management facility will continue, with an anticipated 2013 completion. Additional funds have been transferred from other projects and requested in the current program request;
- Integrated Records and Information System (IRIS) is currently on budget and will continue, with an anticipated 2014 completion; and
- Replacement of the Automated Fingerprint Identification System (AFIS) will be completed in 2012, under budget.

The Service currently anticipates that 84% of net debt funding will be spent in 2012, resulting in a carry forward amount of $7.4M to 2013. A significant portion of the carry forward amount ($6.5M) is with respect to the Property and Evidence Management Facility. Updates on the status of projects will continue to be provided in the 2012 quarterly capital variance reports.

*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 Service's 2013-2022 Capital Program is below the City's debt target for the five-year and ten-year program; however, in some years it does not meet the debt target (see Table 1).

*LEED-Silver Standard:*

As a result of the Board's decision to develop an environmental policy consistent with the City of Toronto *Green Guide* and *Green Development Standard 2006* (Min. No. P66/2007), the Service adopted a LEED-Silver standard for all new facilities. Subsequently, all new facility projects have included the cost of LEED certification (at a cost of approximately $150,000 for the documentation and approval process). It is recommended that the Service, while continuing to build or renovate facilities to a LEED-Silver standard, not seek LEED certification. This will save approximately $150,000 per affected facility. The cost for affected facility projects has been adjusted to reflect this savings, with the assumption that the Board approves this direction.

*2013-2022 Capital Program:*

The 2013-2022 capital program is segregated into four categories for presentation purposes:

A. On-Going Projects
B. Projects beginning in 2013-2017
C. Projects beginning in 2018-2022
D. Projects funded through Reserves

**A. On-Going Projects**

There are three projects in progress in the 2013-2022 capital program:

1. *State-of-Good-Repair (SOGR) – ongoing*

SOGR is on budget and on schedule. This project provides funding for the SOGR requirements that the Service is responsible for. A detailed SOGR backlog list and ten-year plan has been provided to City staff.

2. *Integrated Records and Information System (IRIS) – anticipated 2014 completion*

IRIS experienced delays in 2011, due to the Board's request for the City Chief Information Officer (CIO) and City Auditor General to review the project, before the contract for the new system was approved by the Board. However, based on a revised project schedule, it is projected to be on budget and the 2013-2022 cash flow remains unchanged from the previous program.

3. *Property & Evidence Management Facility – anticipated 2013 completion*

This high priority project provides funding for a new property and evidence management facility on a City-owned site on Progress Avenue. The project has been approved by the Board, and is included in the Service's current capital program as approved by City Council. The project has commenced and the acquisition of a site for the facility was completed by the City in 2010 (Min. Nos. C308/09 and P143/10 refer), followed by the engagement, by the Service, of an architectural design consultant in June 2011 (Min. No. P158/11 refers) and a construction manager in February 2012 (Min. No. P30/12 refers). Construction to renovate the facility to house the Property and Evidence Management unit is in progress.

This project experienced some delays in 2011. The schematic design for the new facility was completed by the architect in early 2012. As part of the construction management process, the CM completed a re-assessment of the project cost estimate based on the completed design. Based on the information provided, the CM advised that the project requires an additional $3.25M in order to achieve the original scope of the P&EM facility. The P&EM facility is scheduled to be substantially completed by mid-2013, and the additional $3.25M will be required to complete the project.

After discussion with City Finance staff, it was determined that it would be best to address this additional funding requirement during the 2013-2022 capital program process. This project is eligible for Development Charges (DC) funding, and City Finance staff have confirmed that there are sufficient funds in the DC Reserve to offset the additional $3.25M funding requirement, and that it would be appropriate to assign this funding to the P&EM project. Consequently, the additional funds required for this project are offset by revenue (development charges) from the City's DC Reserve, resulting in no additional debt funding requirements in the current capital program request.

It is important to note that until the space design was completed and the CM hired in early 2012, the Service had no basis or rationale to increase the cost estimate for the new facility. Any increase before this time would have been arbitrary and not supportable.

The Board was advised of the increased funding required for this project at its meeting on May 18, 2012 (Min. No. P118/12 refers). A complete chronology of this project and the reasons for the additional funding requirements was provided to the Board in that report. The applicable excerpt from that report is provided as Attachment D.

The tendering process for the various sub-trades is currently in progress and a more accurate project cost estimate will be available from the CM once the majority of the tenders are awarded. In addition, the Service has and will continue to work with the CM to identify any potential cost savings to reduce the total cost of the project. 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.

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.

## B. Projects Beginning in 2013-2017

*Parking East Relocation ($9M, beginning in 2013)*

The lease for the Parking East (PKE) facility, located on Don Mills Road, expires on June 30, 2014. This project provides funding for the renovation of the existing building at Progress Avenue, to accommodate PKE's space requirements. The building on the Progress

Avenue site is large enough to meet the requirements of both the Property and Evidence Facility and PKE.

The initial estimate for the renovation costs at Progress Avenue to house PKE is $9M. Renovations must begin in 2013 to ensure the facility is ready to be moved into by Parking Enforcement staff prior to the expiry of the lease in mid-2014. By moving into a City-owned facility, Parking Enforcement would realize net savings of $365,000 in 2014, annualizing to $750,000 in 2015. Assuming an estimated 2% inflation factor for each year thereafter, it is estimated that this project would have a payback of 12.5 years, if the use of development charges is not factored into the payback calculation.

Moving the PKE operations out of its current leased premises and into a City-owned facility will:

C. Maximize the use of the recently purchased City-owned facility on Progress Avenue
D. Eliminate any risk around PKE's ability to stay in its current leased location, and
E. Eliminate the risk of increased leased costs at its current location.

There is insufficient room in the Service's 2013-2022 debt targets to accommodate this project fully through debt, and the payback of 12.5 years inhibits funding this project through recoverable debt (where operating savings are used to pay back debt). The Service is therefore proposing that this project be funded partially through debt and partially through recoverable debt. At this time, the 2013-2022 capital program assumes that $4.4M of the project cost can be financed through recoverable debt, which could be paid back in about 7.4 years. This project requires further discussion with the City's CFO and the City Manager to ensure we have their agreement on the financing of this project. Any updates will be provided to the Board as soon as they become available.

*New 54 Division Facility ($36.8M, beginning in 2014)*

This project provides funding for the acquisition of land and construction for a new 54 Division facility. A City-owned property has been allocated for this facility, and the City is in the process of acquiring an adjacent property. The budget assumes the building will be built to LEED-Silver specifications, but without pursuing the certification.

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

*Human Resource Management System Upgrades ($1.1M, beginning in 2014)*

Human resources information and payroll administration for the Service is managed using the PeopleSoft Human Resource Management System (HRMS).

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 2016.

*Time Resource Management System (TRMS) Upgrade ($4.4M, beginning in 2014)*

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 (e.g., will the system require upgrading or replacement). The City of Toronto is looking at an enterprise-wide time and attendance system, and Service staff will continue to communicate with City staff to ensure any potential collaberative efforts with the City are considered and pursued, if feasible. The Board will be kept apprised through the quarterly variance reporting process.

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

*Disaster Recovery Site ($18.8M, beginning in 2014)*

The need to implement a disaster recovery (DR) site that meets industry standards continues to be identified as a critical operational risk management strategy. Currently, the Service is sharing a site with the City. However, the electrical power capacity and space in the current site is limited. Furthermore, industry standards recommend that a disaster recovery site be located at least 40 kilometres away from the main site. The current disaster recovery site is too close to our main site and does not meet the recommended standard. The Service and City Real Estate are looking for a suitable location. The current budget is based on the estimated cost of acquiring a property and building the DR facility. The Service is concurrently exploring the option of sharing a new disaster recovery site with the City or with other police services. Sharing of such a facility would potentially result in reduced capital costs for the Service.

It is anticipated that the project would start in 2014 and would be completed by 2017. However, further discussions on this project will continue and other options explored. Consequently, the timing and cost of this project could change. This Board will be kept apprised accordingly.

*New 41 Division Facility ($38.9M, beginning in 2016)*

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. The budget assumes the building will be built to LEED-Silver specifications, but without pursuing the LEED certification.

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, to a very large extent, 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 video transfer only. 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 primary leased network, avoiding an approximately $750,000 estimated cost for predicted bandwidth increases, and the ability to provide additional network capabilities such as closed-circuit television (CCTV) and radio system transmissions that are not viable on leased, vendor-owned and managed network solutions.

The cost, benefits and timing of this project continue to be reviewed. All opportunites 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 engaging an external consultant to review and report on the financial viability and functionality of the project.

*Radio Replacement ($36.5M, beginning in 2016)*

The Service's current communication radios were replaced over the period from 2006 to 2012. Although the lifecycle for these radios is ideally less than ten years, the Service has decided to replace these radios every ten years to reduce costs. This project provides funding for the replacement of radios beginning in 2016 (for radios purchased in 2006) to 2022.

**F. Projects beginning in 2018-2022**

There are nine projects beginning during the 2018-2022 period. The majority of these projects relate to the continuation of the Service's long-term facility plan for replacement and renovation of facilities. The next replacement of the AFIS system is anticipated in 2018.

The 2012-2021 capital program included the Future Use of Progress Avenue as one project, with a high-level estimate for the cost of establishing an archiving site for the Service, the relocation of the Public Safety Unit (PSU) and the relocation of Forensic Identification Services (FIS). It was assumed that all three projects would be co-located at Progress Avenue. As a result of discussions with City Finance, as well as the potential for alternate locations for these facilities, these are presented as three separate projects in the 2013-2022 program.

A new archiving facility would avoid recoverable costs that have been identified by the City of Toronto for their archiving services (currently, no costs are incurred for this service) and would take space pressure off the City's archiving locations. The relocation of PSU would result in the return of the current facility to the City. Along with the old police college (the C.O. Bick facility), which has already been returned to the City, this would make the entire corner of Birchmount and Finch available to the City. The relocation of FIS would provide needed additional space for specialized equipment.

**G. 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. The Service has done a detailed review of the lifecycle projects and extended the lifecycle where it is possible without increasing risks and/or adversely impacting operations. For example, Mobile Workstations (MWS) life has been extended from four to five years. The Service has completed a computer equipment review and has been able to reduce the number of computers and laptops by approximately 10%. The impact of this reduction will be reflected in future-year reductions in contributions to the Reserve. A printer assessment is currently being conducted to achieve reductions in the number of printers across the Service as well.

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 2013-2022:

**Table 2. 2013-2022 Reserve Activity ($Ms)**

| | 2013 | 2014 | 2015 | 2016 | 2017 | … | 2022 |
|---|---|---|---|---|---|---|---|
| Opening Balance:* | 4.7 | 0.0 | 0.5 | 3.6 | 5.1 | | 0.8 |
| Contributions:** | 18.4 | 19.2 | 20.0 | 20.7 | 21.4 | | 21.4 |
| Draws:*** | 23.1 | 18.7 | 17.0 | 19.3 | 24.0 | | 17.1 |
| Year-End Balance: | 0.0 | 0.5 | 3.6 | 5.1 | 2.4 | | 6.1 |
| Incremental Operating Impact: | 0.8 | 1.6 | 2.4 | 3.1 | 3.8 | | 3.8 |

*anticipated, based on 2012 budget
**includes contributions from Parking Enforcement
***Represents planned spending, including spending for Parking Enforcement

Conclusion:

A detailed review of all projects in the Service's 2013-2022 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 provided debt targets. The 2013-2022 capital program has a 2013 net request of $16.4M (excluding cash flow carry forwards from 2012), and a net total of $258.8M for the ten-year period. The 2013-2022 Capital Program request is below the City's total debt affordability target for the five-year and ten-year program. However, the program does not achieve the City's annual debt target for each year. There is limited flexibility to adjust cash flows to meet the annual City targets, as the funds required for each project vary and are tied to a construction or other schedule.

The 2013-2022 capital program request assumes the Board will approve the recommendation to forego LEED certification for new facilities, while continuing to maintain green building standards. If the Board chooses to continue to seek LEED certification, the program will require adjustment by $150,000 for each facility project or a total of $450,000 for the 10 years.

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. Furthermore, any potential impact on the capital program as a result of the Chief's Internal Organizational Review will be reported to the Board as it becomes known.

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

**cont…d**

**Mr. Tony Veneziano, Chief Administrative Officer, was in attendance and responded to questions about the process for identifying and acquiring the property for the new Property and Evidence Management facility.**

**The Board approved the foregoing report.**

## 2013-2022 CAPITAL PROGRAM REQUEST ($000s)

Attachment A

| Project Name | Plan to end of 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Total 2013-2017 Request | 2018 | 2019 | 2020 | 2021 | 2022 | Total 2018-2022 Forecast | Total 2013-2022 Program | Total Project Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **On-Going Projects** | | | | | | | | | | | | | | | |
| State-of-Good-Repair - Police | 0 | 4,613 | 4,594 | 4,469 | 4,601 | 4,600 | 22,877 | 4,200 | 4,200 | 4,200 | 4,200 | 4,200 | 21,000 | 43,877 | 43,877 |
| Property & Evidence Management Facility | 34,455 | 5,831 | 0 | 0 | 0 | 0 | 5,831 | 0 | 0 | 0 | 0 | 0 | 0 | 5,831 | 40,286 |
| IRIS - Integrated Records and Information System | 10,047 | 9,507 | 4,866 | 0 | 0 | 0 | 14,373 | 0 | 0 | 0 | 0 | 0 | 0 | 14,373 | 24,420 |
| **Total, On-Going Capital Projects** | **44,502** | **19,951** | **9,460** | **4,469** | **4,601** | **4,600** | **43,080** | **4,200** | **4,200** | **4,200** | **4,200** | **4,200** | **21,000** | **64,080** | **108,582** |
| **New Projects** | | | | | | | | | | | | | | | |
| 54 Division (includes land) | 500 | 0 | 9,060 | 21,515 | 5,721 | 0 | 36,296 | 0 | 0 | 0 | 0 | 0 | 0 | 36,296 | 36,796 |
| HRMS Upgrade | 0 | 0 | 400 | 690 | 0 | 0 | 1,090 | 0 | 0 | 0 | 0 | 0 | 0 | 1,090 | 1,090 |
| TRMS Upgrade | 0 | 0 | 2,806 | 1,560 | 0 | 0 | 4,366 | 0 | 0 | 0 | 0 | 0 | 0 | 4,366 | 4,366 |
| Disaster Recovery Site | 0 | 0 | 1,000 | 2,875 | 8,850 | 5,475 | 18,200 | 550 | 0 | 0 | 0 | 0 | 550 | 18,750 | 18,750 |
| 41 Division (includes land) | 0 | 0 | 0 | 0 | 372 | 9,282 | 9,655 | 19,050 | 10,224 | 0 | 0 | 0 | 29,274 | 38,929 | 38,929 |
| Expansion of Fibre Optics Network | 0 | 0 | 0 | 881 | 4,785 | 6,385 | 12,051 | 0 | 0 | 0 | 0 | 0 | 0 | 12,051 | 12,051 |
| Radio Replacement | 0 | 0 | 0 | 0 | 13,913 | 2,713 | 16,626 | 3,542 | 2,478 | 4,093 | 5,304 | 4,480 | 19,897 | 36,523 | 36,523 |
| 32 Division - Renovation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,990 | 1,997 | 0 | 0 | 0 | 6,987 | 6,987 | 6,987 |
| 13 Division (includes land) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 372 | 8,645 | 19,753 | 10,159 | 0 | 38,928 | 38,928 | 38,928 |
| AFIS (next replacement) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,053 | 0 | 0 | 0 | 0 | 3,053 | 3,053 | 3,053 |
| 52 Division - Renovation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,948 | 2,948 | 2,948 | 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 |
| Relocation of PSU | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 7,400 | 7,900 | 7,900 | 13,048 |
| TPS Archiving | 0 | 0 | 0 | 0 | 0 | 2,688 | 2,688 | 0 | 0 | 0 | 0 | 0 | 0 | 2,688 | 2,688 |
| Relocation of FIS | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 578 | 578 | 578 | 60,476 |
| **Total, New Capital Projects:** | **500** | **0** | **13,266** | **27,521** | **33,641** | **26,543** | **100,972** | **31,557** | **23,343** | **23,846** | **15,962** | **15,406** | **110,114** | **211,086** | **297,984** |
| **Recoverable Debt Project** | | | | | | | | | | | | | | | |
| Parking East | 0 | 4,358 | 4,642 | 0 | 0 | 0 | 9,000 | 0 | 0 | 0 | 0 | 0 | 0 | 9,000 | 9,000 |
| **Total, Recoverable Debt Project:** | **0** | **4,358** | **4,642** | **0** | **0** | **0** | **9,000** | **0** | **0** | **0** | **0** | **0** | **0** | **9,000** | **9,000** |
| **Total Reserve Projects:** | **138,296** | **23,104** | **18,706** | **16,962** | **19,279** | **24,007** | **102,058** | **24,842** | **20,577** | **18,910** | **21,815** | **17,098** | **103,242** | **205,300** | **343,596** |
| **Total Gross Projects** | **183,298** | **47,413** | **46,074** | **48,952** | **57,521** | **55,150** | **255,110** | **60,599** | **48,120** | **46,956** | **41,977** | **36,704** | **234,356** | **489,466** | **759,162** |
| **Funding Sources:** | | | | | | | | | | | | | | | |
| Vehicle and Equipment Reserve | (138,296) | (23,104) | (18,706) | (16,962) | (19,279) | (24,007) | (102,058) | (24,842) | (20,577) | (18,910) | (21,815) | (17,098) | (103,242) | (205,300) | (343,596) |
| Recoverable Debt | 0 | (2,800) | (1,598) | 0 | 0 | 0 | (4,398) | 0 | 0 | 0 | 0 | 0 | 0 | (4,398) | (4,398) |
| Funding from Development Charges | (8,664) | (5,087) | (1,848) | (1,885) | (1,921) | 0 | (10,741) | (2,270) | (852) | (4,963) | (2,127) | 0 | (10,212) | (20,953) | (29,617) |
| **Total Funding Sources:** | **(146,960)** | **(30,991)** | **(22,152)** | **(18,847)** | **(21,200)** | **(24,007)** | **(117,197)** | **(27,112)** | **(21,429)** | **(23,873)** | **(23,942)** | **(17,098)** | **(113,454)** | **(230,651)** | **(377,611)** |
| **Total Net Debt-Funding Request:** | **36,338** | **16,422** | **23,922** | **30,105** | **36,321** | **31,143** | **137,913** | **33,487** | **26,691** | **23,083** | **18,035** | **19,606** | **120,902** | **258,815** | **381,551** |
| **5-year Average:** | | | | | | | **27,583** | | | | | | **24,180** | **25,881** | |
| **City Target:** | | **16,422** | **23,922** | **30,442** | **36,321** | **33,487** | **140,594** | **31,757** | **26,691** | **18,784** | **21,321** | **20,000** | **118,553** | **259,147** | |
| **City Target - 5-year Average:** | | | | | | | **28,119** | | | | | | **23,711** | **25,915** | |
| **Variance to Target:** | | **0** | **0** | **337** | **0** | **2,344** | **2,681** | **(1,730)** | **0** | **(4,299)** | **3,286** | **394** | **(2,349)** | **332** | |
| **Cumulative Variance to Target** | | | **0** | **337** | **337** | **2,681** | | **951** | **951** | **(3,348)** | **(62)** | **332** | | | |
| **Variance to Target - 5-year Average:** | | | | | | | **536** | | | | | | **(470)** | **33** | |

## 2013-2022 CAPITAL PROGRAM REQUEST ($000s)

Attachment B

| Project Name | Plan to end of 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Total 2013-2017 Request | 2018 | 2019 | 2020 | 2021 | 2022 | Total 2018-2022 Forecast | Total 2013-2022 Program | Total Project Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Other than debt expenditure (Draw from Reserve)** | | | | | | | | | | | | | | | |
| Vehicle and Equipment (LR) | 50,875 | 2,627 | 4,422 | 5,320 | 5,320 | 5,320 | 23,009 | 5,320 | 5,320 | 5,320 | 5,320 | 5,320 | 26,600 | 49,609 | 100,484 |
| Workstation, Laptop, Printer (LR) | 26,817 | 3,525 | 3,723 | 3,112 | 3,186 | 3,525 | 17,071 | 3,723 | 3,112 | 3,186 | 3,525 | 3,723 | 17,269 | 34,340 | 61,157 |
| Servers (LR) | 19,331 | 2,064 | 4,058 | 2,998 | 3,121 | 3,228 | 15,469 | 1,917 | 4,158 | 3,184 | 3,292 | 3,077 | 15,628 | 31,097 | 50,428 |
| IT Business Resumption (LR) | 11,722 | 1,669 | 1,269 | 1,522 | 1,644 | 1,702 | 7,806 | 1,294 | 1,553 | 1,677 | 1,736 | 1,320 | 7,580 | 15,386 | 27,108 |
| Mobile Workstations (LR) | 8,210 | 7,474 | 1,000 | 0 | 0 | 250 | 8,724 | 7,730 | 1,000 | 0 | 0 | 250 | 8,980 | 17,704 | 25,914 |
| Network Equipment (LR) | 4,782 | 2,466 | 1,104 | 998 | 1,200 | 2,900 | 8,668 | 1,126 | 1,018 | 1,200 | 3,000 | 1,200 | 7,544 | 16,212 | 20,994 |
| Locker Replacement (LR) | 2,617 | 350 | 350 | 350 | 500 | 350 | 1,900 | 48 | 198 | 48 | 198 | 48 | 540 | 2,440 | 5,057 |
| Furniture Replacement (LR) | 3,676 | 713 | 713 | 713 | 1,455 | 727 | 4,321 | 727 | 727 | 1,484 | 742 | 742 | 4,422 | 8,743 | 12,419 |
| AVL (LR) | 1,498 | 0 | 0 | 0 | 0 | 1,500 | 1,500 | 0 | 0 | 0 | 1,500 | 0 | 1,500 | 3,000 | 4,498 |
| In - Car Camera (LR) | 0 | 444 | 530 | 689 | 972 | 346 | 2,981 | 793 | 909 | 728 | 972 | 346 | 3,748 | 6,729 | 6,729 |
| Voice Logging (LR) | 774 | 353 | 0 | 0 | 0 | 0 | 353 | 1,200 | 0 | 0 | 0 | 0 | 1,200 | 1,553 | 2,327 |
| Electronic Surveillance (LR) | 1,070 | 0 | 0 | 0 | 1,069 | 0 | 1,069 | 0 | 0 | 0 | 1,091 | 0 | 1,091 | 2,160 | 3,230 |
| Digital Photography (LR) | 253 | 0 | 0 | 119 | 126 | 0 | 245 | 0 | 0 | 122 | 128 | 0 | 250 | 495 | 748 |
| DVAM I (LR) | 1,109 | 0 | 0 | 949 | 0 | 0 | 949 | 0 | 0 | 949 | 0 | 0 | 949 | 1,898 | 3,007 |
| Voicemail / Call Centre (LR) | 315 | 0 | 0 | 0 | 0 | 500 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 815 |
| DVAM II (LR) | 0 | 0 | 1,203 | 0 | 0 | 0 | 1,203 | 0 | 1,263 | 0 | 0 | 0 | 1,263 | 2,466 | 2,466 |
| Asset and Inventory Mgmt.System (LR) | 123 | 0 | 72 | 0 | 0 | 0 | 72 | 72 | 0 | 0 | 0 | 72 | 144 | 216 | 339 |
| Property & Evidence Scanners (LR) | 117 | 0 | 0 | 0 | 117 | 0 | 117 | 0 | 0 | 0 | 119 | 0 | 119 | 236 | 353 |
| DPLN (LR) | 0 | 500 | 0 | 0 | 0 | 0 | 500 | 700 | 0 | 0 | 0 | 0 | 700 | 1,200 | 1,200 |
| Small Equipment (e.g. telephone handset) (LR) | 770 | 350 | 0 | 0 | 0 | 0 | 350 | 0 | 750 | 750 | 0 | 0 | 1,500 | 1,850 | 2,620 |
| Video Recording Equipment (LR) | 264 | 92 | 92 | 92 | 92 | 92 | 460 | 92 | 92 | 92 | 92 | 92 | 460 | 920 | 1,184 |
| 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 | 2,974 | 2,974 | 0 | 0 | 0 | 0 | 0 | 0 | 2,974 | 5,950 |
| EDU/CBRN Explosive Containment (LR) | 474 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 474 |
| CCTV | 0 | 182 | 70 | 0 | 182 | 70 | 504 | 0 | 182 | 70 | 0 | 182 | 434 | 938 | 938 |
| AEDs | 0 | 195 | 0 | 0 | 195 | 0 | 390 | 0 | 195 | 0 | 0 | 195 | 390 | 780 | 780 |
| Fleet Equipment | 100 | 100 | 100 | 100 | 100 | 100 | 500 | 100 | 100 | 100 | 100 | 100 | 500 | 1,000 | 1,100 |
| **Total Reserve Projects:** | **138,296** | **23,104** | **18,706** | **16,962** | **19,279** | **24,007** | **102,058** | **24,842** | **20,577** | **18,910** | **21,815** | **17,098** | **103,242** | **205,300** | **343,596** |

**2013-2022 - CAPITAL BUDGET REQUEST ($000s)**

**OPERATING IMPACT FROM CAPITAL**

**ATTACHMENT C**

| Project Name | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 911 Hardware / Handsets | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | System maintenance cost. Year 2012 is for half year |
| Property and Evidence Management Facility | 175.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | Building Operations, Service Contracts and Utilities |
| 14 Division - Central Lockup | 264.0 | 264.0 | 264.0 | 264.0 | 264.0 | 264.0 | 264.0 | 264.0 | 264.0 | 264.0 | Building Operations, Service Contracts and Utilities |
| Upgrade to Microsoft 7 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | Maintenance costs |
| IRIS - Integrated Records and Information System | 220.0 | 320.0 | 1,754.0 | 1,754.0 | 1,754.0 | 1,754.0 | 1,754.0 | 1,754.0 | 1,754.0 | 1,754.0 | Maintenance costs; lifecycle contribution |
| eTicketing Solution | 72.7 | 290.9 | 290.9 | 290.9 | 290.9 | 290.9 | 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 | 72.0 | 144.0 | 144.0 | 144.0 | 144.0 | 144.0 | 144.0 | Building Operations, Service Contracts and Utilities; starting half a year 2016 |
| HRMS Upgrade | 0.0 | 0.0 | 0.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | Incremental maintenance cost of $22K per year from 2016 |
| TRMS Upgrade | 0.0 | 0.0 | 0.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | Incremental maintenance cost of $22K per year from 2016 |
| 41 Division | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 72.0 | 144.0 | 144.0 | 144.0 | Building Operations, Service Contracts and Utilities; starting half a year 2019 |
| Radio Replacement | 0.0 | 88.1 | 282.2 | 608.2 | 198.5 | 224.5 | 199.0 | 296.6 | 282.5 | 161.1 | Additional support cost - Extend life from 7 years to 10 years |
| Disaster Recovery Site | 0.0 | 0.0 | 0.0 | 0.0 | 175.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | Building Operations, Service Contracts and Utilities; starting mid-2017 |
| 13 Division | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 72.0 | 144.0 | Building Operations, Service Contracts and Utilities; starting 2021 |
| **Total Projects Operating Impact** | **851.7** | **1,433.0** | **3,061.0** | **3,503.0** | **3,340.4** | **3,541.4** | **3,587.8** | **3,757.5** | **3,815.4** | **3,766.0** | |
| **Total Projects incremental Operating Impact** | **418.7** | **581.3** | **1,628.1** | **442.0** | **-162.7** | **201.0** | **46.4** | **169.7** | **57.9** | **-49.4** | |

ATTACHMENT D

Capital Variance Report Period Ending March 31, 2012 – Min. No. P118/12

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/functionalities), 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 name of this project has been changed to "Property and Evidence Management Facility" to avoid confusion with a separate project in the Service's capital program titled "Progress Site – Future Use."

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. 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.

An in-depth review of the Service's property and evidence storage/retention requirements by an external consultant in 2007 identified several deficiencies with the existing facility in terms of its capacity to store property and evidence based on retention trends.

The Service faces ever-growing property and evidence storage requirements due to the following factors:

- The rate of evidence collection is greater than the rate of evidence disposition;
- The number of items collected per occurrence is increasing; and
- The length of time evidence needs to be retained is increasing due to various factors (for example, City of Toronto By-Law 689-2000 now requires all homicide evidence to be held indefinitely).

The consultant concluded that if property retention trends continue, the existing facility would be at maximum capacity by 2013. The Service was able to extend the life of the current facility to the end of 2013 by making some business process changes, erecting temporary storage facilities and essentially eliminating any redundant items. However, the acquisition/construction of a new facility to meet the future needs of the Service remains a critical priority.

This project provides funding for a new property and evidence management facility at the Progress Avenue site. The project has been approved by the Board, and is included in the Service's current capital program as approved by City Council. The project has commenced and the acquisition of a site for the facility was completed by the City in 2010 (Min. Nos. C308/09 and P143/10 refer), followed by the engagement, by the Service, of an architectural design consultant in June 2011 (Min. No. P158/11 refers) and a construction manager in February 2012 (Min. No. P30/12 refers).

The initial cost estimate for a new property and evidence storage facility developed by the external consultant was exceedingly high at $60M. This estimate to build a facility that would meet the needs of the Service for the next 25 years did not include the cost of land, which would have brought the cost to between $70M and $80M. Given the financial constraints, the Service was not prepared to and could not justify such a cost. Consequently, the Service began working with the City to acquire and renovate an existing building that would meet the Service's requirements for the next 10 to 15 years, and fit within the City's capital targets. As a result of the importance and urgency of this facility, Service staff had meetings with the City Manager, City Deputy City Manager/Chief Financial Officer and senior City Facilities and Real Estate staff, all of whom understood and supported the need for the facility.

A preliminary cost estimate for the project of $35.3M, including the cost of the study, was reported to and approved by the Board at its meeting on September 18, 2008 as part of the Service's 2009-2013 Capital Program Request (Min. No. P273/08 refers). This estimate was subsequently increased to $35.7M as a result of the cost impact from the introduction of the Harmonized Sales Tax (HST).

The cost to acquire a suitable site and the condition of the building on the site was unknown at the time the cost estimate was prepared, and unlike building a new divisional facility, the Service did not have previous projects it could use as comparisons, in order to assist it in developing the estimate. The specialized needs of the PEMU made the cost estimate even more difficult to determine. Due to the foregoing and in the absence of a completed design, the development of a cost estimate for the P&EM Facility project proved to be very challenging and uncertain, and the Service was concerned from the outset that the estimate of $35.7M may not be sufficient. Through the capital program process and variance reports, the Service regularly advised the Board that the estimate was preliminary and could change, and that any impacts would be reported to the Board as soon as they became known.

The Progress Avenue site was acquired by the City (with the Service's concurrence) in 2010 for $21.8M. It is a good site which has the capacity to meet the operational requirements of PEMU for the next 25+ years. The 287,752 square foot building is in good condition and the site includes eight acres of vacant land. The site is, however, larger than what is required by PEMU, and the cost was also higher than the Service had hoped. The site does provide opportunities for the consolidation of other operations on the site, thereby providing future potential financial benefits to the Service and the City. However, the P&EM Facility project has absorbed the full cost of the site acquired, even though future projects will benefit from the use of this existing site. The potential opportunities this site presents have and will continue to be explored by the Service and, subject to proper justification and availability of capital funds, will be recommended for consideration/approval in future. For that reason, a project on the "future use" of the Progress site is included in the last five years (starting in 2018) of the Service's 2012-2021 capital program.

The cost to acquire the site left only $13.9M for design, construction, equipment and fit-up requirements. This was below the high level estimate the Service had developed to house the PEMU at the Progress site. As a result, as part of the Service's 2011-2020 capital program process, the Service deleted the Smart Card project from its capital program and moved the $1.3M allocated for the Smart Card project to the P&EM Facility project. There were no net impacts on the Service's capital program as a result of this move, and the capital program was approved by the Board and the City. Also at the end of 2010, a total of $125,000 was transferred from the New Training Facility, Digital Video Asset Management System (DVAMS II) and Intelligence facility projects (Min. No. P80/11 refers). These actions increased the project budget to $37.0M, and the funds available for design, construction and equipment to $15.3M. However, it was noted at that time that the adjusted funding for the cost of work required to house the PEMU could still be insufficient, and that once the design phase and tendering process were completed, the cost estimate would be reported to the Board (Min. No. P212/11 refers).

This project spans over four years. The project 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. Based on the estimated annual cash flows for the project, the City's one year carry forward rule required spending of $1.2M in 2011. Only $100,000 was spent, and as result, $1.1M of unspent funds in 2011 was returned to the City. This reduced the funding available for this project by $1.1M. However, the project could not sustain a reduction in funding and required the full estimated amount. As a result, $1.1M was transferred from the 11 Division and 5$^{th}$ Floor Space Optimization projects to the P&EM Facility project, as both those projects are projected to be completed under budget. These transfers were approved by the Board at its April 19, 2012 meeting. It is important to note that these transfers did not increase the budget for the P&EM Facility project, but rather restored the funding to the original budget, before the loss of 2010 funding from the application of the City's one year carry forward rule. This represents a one-time exemption to the City's carry-forward policy, as the funds have been re-purposed for a project different from those for which they were carried forward.

The schematic design for the new facility was completed by the architect in early 2012. The Construction Manager (CM) was retained in February 2012 at an estimated cost of $0.7M. As part of the construction management process, the CM completed a re-assessment of the project estimate based on the completed design. Based on the information provided, the CM has advised that the project requires an additional $3.25M in order to achieve the scope of the P&EM Facility. It is important to note that until the space design was completed and the CM hired in early 2012, the Service had no basis or rationale to increase the cost estimate for the new facility. Any increase before this time would have been arbitrary and not supportable.

The tendering process for the various sub-trades is currently in progress and a more accurate project cost estimate will be available from the CM once the majority of the tenders are awarded. In addition, the Service has and will continue to work with the CM to identify any potential cost savings to reduce the total cost of the project. 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, and the additional $3.25M will be required in 2013 to complete the project. After discussion with City Finance staff, it was determined that it would be best to address this funding requirement during the 2013-2022 capital program process. This project is eligible for Development Charges (DC) funding, and City Finance staff have confirmed that there are sufficient funds in the DC Reserve to offset the additional $3.25M funding requirement, and that it would be appropriate to assign this funding to the P&EM project. Therefore, the 2013-2022 program will include a request to increase this project's gross funding by $3.25M, to be offset by revenue from the City's DC Reserve, with no net impact on the Service's debt-funded capital budget.

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.