



STAFF REPORT ACTION REQUIRED

Toronto Police Service: 2013 Capital Budget Variance Report – Period Ending June 30, 2013

Date:	October 11, 2013
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 2013 capital budget variance report for the period ending June 30, 2013.

RECOMMENDATION

It is recommended that the Budget Committee receive this report for information.

Financial Impact

The Council-approved net budget for 2013 is \$16.4 million (M) and, including the 2012 carry forward, the net available funding in 2013 is \$23.4M.

As of June 30, 2013, the Toronto Police Service (Service) is projecting total net expenditures of \$18.9M, compared to \$23.4M in available funding (a spending rate of 81%). The projected under-expenditure for 2013 is \$4.5M and it is anticipated that the total amount will be carried forward to 2014.

ISSUE BACKGROUND

At its meeting on September 12, 2013, the Toronto Police Services Board (the Board) was in receipt of a report dated August 14, 2013 from William Blair, Chief of Police, with regard to the Service's 2013 capital budget variance report for the period ending June 30, 2013.

COMMENTS

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 and to the City's Budget Committee for information.

CONCLUSION

A copy of the Chief's report dated August 14, 2013 is contained in Board Minute No P225/13. A copy of Board Minute No. P225/13, 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

Alok Mukherjee
Chair

ATTACHMENT

Appendix A – Board Minute No. P225/13

cc. Mr. Rob Rossini, Deputy City Manager and Chief Financial Officer

A: tps 2013 capital variance ending june 30 2013

APPENDIX "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON SEPTEMBER 12, 2013

#P225 TORONTO POLICE SERVICE: 2013 CAPITAL BUDGET VARIANCE REPORT FOR THE PERIOD ENDING JUNE 30, 2013

The Board was in receipt of the following report August 14, 2013 from William Blair, Chief of Police:

Subject: 2013 CAPITAL BUDGET VARIANCE REPORT FOR THE TORONTO
POLICE SERVICE – PERIOD ENDING JUNE 30, 2013

Recommendations:

It is recommended that the Board receive this report and forward a copy to the City's Budget Committee and the City's Deputy City Manager and Chief Financial Officer for information.

Financial Implications:

The Council-approved net budget for 2013 is \$16.4 million (M) and, including the 2012 carry forward, the net available funding in 2013 is \$23.4M.

As of June 30, 2013, the Toronto Police Service (Service) is projecting total net expenditures of \$18.9M, compared to \$23.4M in available funding (a spending rate of 81%). The projected under-expenditure for 2013 is \$4.5M and it is anticipated that the total amount will be carried forward to 2014.

Background/Purpose:

At its meeting of October 15, 2012, the Toronto Police Services Board (Board) approved the Service's 2013-2022 Capital Program (Min. No. P254/12 refers). Toronto City Council, at its meeting of January 16, 2013, approved the Service's 2013-2022 Board-approved Capital Budget. Attachment A provides a summary of the Board and Council approved budget.

This capital variance report provides the status of projects as of June 30, 2013.

Discussion:

Summary of Capital Projects:

Attachment B provides a status summary of the on-going projects from 2012 as well as one project that started in 2013. Any significant issues or concerns have been highlighted below in the "Key Highlights/Issues" section of this report.

Key Highlights/Issues:

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

- Green – on target to meet project goals (scope/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 2013-2022 Capital Program. Summary information includes status updates as of the time of writing of this report.

- Parking Enforcement East (\$9M)

Overall Project Health Status	
Current	Previous Variance Report
GREEN	GREEN

This project provides funding to relocate the Parking Enforcement East (PKE) and Parking Headquarter Management (PHQ) facility to the Progress Avenue site.

In early 2010, the City acquired a site on Progress Avenue for the new P&EM facility. The site and building acquired exceeds the needs of PEMU, and includes 8 acres of vacant land. This creates an opportunity for the Service to co-locate other facilities at this site.

The current PKE and PHQ lease has a five-year term, expiring June 30, 2014. It was determined that the existing building at Progress Avenue could be renovated to accommodate PKE and PHQ, and that this renovation could be completed prior to the expiry of the lease agreement. Moving PKE and PHQ to the Progress Avenue site will realize net annual savings of approximately \$0.6M. It will also remove the risk of having the lease terminated and the challenge of finding a suitable site, and/or increased lease rates. In addition, it will take advantage of an existing City-owned property and get greater value from the investment in that property.

The project design phase is complete and the project is currently in the tendering phase to engage a construction contractor (from the Service's list of pre-qualified contractors approved by the Board) to perform the required renovations. As part of the construction management process, the contractor will complete a re-assessment of the project estimate based on the completed design. Future capital variance reports will identify if there are any changes to the project estimate.

This project is funded partially by recoverable debt of \$4.4M from the estimated annual projected savings, along with \$4.6M of debt funding.

- IRIS – Integrated Records and Information System (\$23.4M)

Overall Project Health Status	
Current	Previous Variance Report
YELLOW	YELLOW

This project provides funding for a commercial off-the-shelf (COTS) integrated records and information system. This is the core operations system for the Service. eJust is an Electronic Disclosure System (EDS) that is part of the IRIS project. When implemented, the eJust system will reduce time spent on manual/paper preparation of court disclosure.

System testing for the Versadex software began in October 2012. The full implementation for Versadex and eJust is scheduled to start in November 2013, with a minimum three-month stabilization/production support period ending February 2014.

Train-the-trainer sessions were conducted from May to the end of June 2013. During July and August, the trainers will rehearse training material and, when possible and practical, the trainers will begin early training at their divisions. End-user training formally starts at the beginning of September and at this point, is on track.

The Service is finalizing all aspects of technology development, product testing, and stabilizing all business and technology solutions. A memorandum of understanding has been established with the Ministry of the Attorney General (MAG) to support electronic disclosure practices between our organizations. Facilities and technology work is underway to enable communications between the MAG court locations and the Service to manage court disclosure.

The centralized occurrence review function will be performed by Service uniform and civilian personnel in a function called General Occurrence Review (GO Review). The GO Review team will be responsible for the quality control of the general occurrence submissions from officers across the Service. The centralized GO Review process will provide support to the front line by conducting a thorough and skilled review of occurrences, ensuring that the occurrence meets a consistent corporate standard. The GO Review will ensure that all general occurrence and court case preparations meet established criteria.

Equally important is the seamless output of disclosure to our external partners. The purchase of Versadex and eJust, allows the Service to greatly improve its business practices with respect to disclosure of information for court purposes. With a Centralized Disclosure (CD) process, criminal courts will be staffed with clerical personnel trained in the creation of electronic briefs using the eJust software application. They will be responsible for extracting and compiling the information gathered in Versadex to create disclosure, and will be working directly with their MAG counter parts. This partnership will lead to the provision of efficient, streamlined disclosure.

The Master Name Index (MNI) function is a new business process that will be introduced into the Records Management Unit within the Service. It is similar to a Master Patient Index

within the health care system. Every name, address, business, vehicle listed on every report, occurrences, arrests, Field Information Reports (FIRs), accidents, Provincial Offences Tickets (POTs) (e-ticketing), supplementaries, etc. must be master name indexed. The MNI links an individual's name to events with which the individual is associated. Every person identified with an event is given a master name record. Should that person become associated with future events, his or her master name record is linked to those events.

The IRIS project team is working with Human Resources (HR) to transition staff to the GO Review, CD, and MNI functions within the project's training and implementation timelines. This is a very challenging task that must be performed under very tight timelines, and that has been impacted by the loss of the Director, Human Resources and limited resources in HR, due to outstanding vacant positions.

Board approval will be requested, as required, to take the necessary action to enable the transition and establishment of the new business functions. All steps are being taken to avoid any delay in the implementation of the new system.

The project health status remains yellow due to two aspects of the project: pending Board approval to fill vacancies for the new GO review, CD management and MNI maintenance business functions, and ensuring technology plans to setup production servers align with the go-live date of November 5, 2013, based on the very tight timelines within which all required IT work must be completed. Despite the complexity and size of this project, the Service is taking all steps to achieve the go-live date.

The original cost of the project was estimated at \$24.4M. However, \$1.1M was returned to the City at the end of 2012 and the budget was revised to \$23.4M. It is estimated at this point that the project will have further under spending of \$1.1M in 2013, and that the total project cost will be under spent by \$1.5M once the project is completed and the transition, stabilization and production support period ends in 2014. Future capital variance reports will identify if there are any changes to these estimates.

- eTicketing (\$1.7M)

Overall Project Health Status	
Current	Previous Variance Report
GREEN	GREEN

This project provides for the replacement of manual ticket writing with an electronic system that will capture the required data at road side, print a ticket from a mobile printer, and transmit the ticket data wirelessly to corporate servers. With the introduction of an electronic ticketing system, the Service and the City of Toronto (Court Services Division) will be in a position to benefit from several efficiencies. These include: improved ticket legibility; enhanced analytical capabilities relating to enforcement effectiveness and impact; reporting real-time collection of enforcement results for effectively responding to public enquiries and neighbourhood traffic complaints, and streamlined court data filing and disclosure processes for the attending officer.

This project is fully funded by recoverable debt and is progressing as expected with all stakeholder partners. It is anticipated that this project will be below budget by \$0.1M. The project is currently on schedule.

- Vehicle and Equipment Lifecycle Replacements

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

Every effort was made to reduce expenditures in this Reserve in 2013, in order to address the \$5M reduction to reserve contributions made by the Board at its December 10, 2012 meeting, when it approved the Service's 2013 operating budget. Expenditure deferrals have been identified for the workstations/laptops/printers, server replacement and information technology/business resumption equipment projects. As a result, \$4.2M of 2013 expenditures has been moved to future years. In addition, \$1.6M has been deferred from 2013 to 2014 for Voice Logging Lifecycle Replacement, Telephone Handset Lifecycle Replacement, In-car Camera Lifecycle Replacement and Divisional Parking Lot Networks (DPLN). It must be noted that the \$5M reduction to reserve contributions in 2013 has created significant operating budget pressures for the Service in 2014 and onwards. The Service has completed a line-by-line review of lifecycle items in the Reserve, and is also working with City Financial Planning staff to identify other options to meet the lifecycle funding requirements.

Conclusion:

As of June 30, 2013, the Service is projecting total net expenditures of \$18.9M, compared to \$23.4M in available funding (a spending rate of 81%). The projected under-expenditure for 2013 is \$4.5M and it is anticipated that the total amount will be carried forward to 2014.

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

The Board approved the foregoing report.

Moved by: F. Nunziata

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	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
Total debt funded Capital Projects:	45,002	19,951	22,726	31,990	38,242	31,143	144,052	35,757	27,543	28,046	20,162	19,606	131,114	275,166	406,566
Recoverable Debt															
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 Capital Budget Variance Report as at June 30, 2013 (\$000s)

Project Name	Carry Forward from 2012	2013 Budget	Available to Spend in 2013	2013 Projection	Year-End Variance - (Over)/ Under	Total Project Budget	Total Project Cost (Projects)	Project Variance - (Over) / Under	Comments	Overall Project Health
Debt-Funded Projects										
Facility Projects:										
Property and Evidence Management Facility	5,487.8	5,831.0	11,318.8	9,112.7	2,206.2	40,286.8	40,286.8	-	Project is on budget and on schedule.	Green
14 Division	300.0	0.0	300.0	300.0	-	35,515.0	34,283.0	1,232.0	Outstanding issues are being addressed. Project is below budget and on schedule.	Green
Parking East	0.0	4,358.0	4,358.0	3,800.0	558.0	9,000.0	9,000.0	-	Please refer to the body of the report.	Green
Information Technology Projects:										
Integrated Records and Information System (IRIS)	0.0	9,507.0	9,507.0	8,368.3	1,138.7	23,359.0	21,859.0	1,500.0	Please refer to the body of the report.	Yellow
Radio Replacement	50.0	0.0	50.0	50.0	-	34,389.0	33,537.9	851.1	Minor outstanding issues are being addressed. Project is below budget and on schedule.	Green
Upgrade to Microsoft 7	160.0	0.0	160.0	160.0	-	1,652.0	868.7	783.3	Project is below budget and on schedule.	Green
eTicketing Solution	1,707.4	0.0	1,707.4	1,610.1	97.3	1,719.0	1,621.7	97.3	Please refer to the body of the report.	Green
Replacements / Maintenance / Equipment Projects:										
State-of-Good-Repair - Police	1,122.1	4,613.0	5,735.1	5,235.1	500.0	n/a	n/a	n/a	Project is on budget and on schedule.	Green
Total Debt-Funded Projects	8,827.3	24,309.0	33,136.3	28,636.1	4,500.1					
Lifecycle Projects (Vehicle & Equipment Reserve)										
Vehicle Replacement	994.4	2,627.0	3,621.4	3,621.4	-	n/a	n/a	n/a	Please refer to the body of the report.	Green
IT-Related Replacements	9,475.5	18,937.0	28,412.5	22,457.9	5,954.7	n/a	n/a	n/a	Please refer to the body of the report.	Green
Other Equipment	1,835.3	1,540.0	3,375.3	3,172.7	202.6	n/a	n/a	n/a	Please refer to the body of the report.	Green
Total Lifecycle Projects	12,305.2	23,104.0	35,409.2	29,252.0	6,157.3					
Total Gross Expenditures:	21,132.5	47,413.0	68,545.5	57,888.1	10,657.4	Percent spent:		84.5%		
Less other-than-debt funding:										
Funding from Developmental Charges	-120.0	-5,087.0	-5,207.0	-5,207.0	-	n/a	n/a	n/a		
Recoverable Debt - Parking East	0.0	-2,800.0	-2,800.0	-2,800.0	-					
Recoverable Debt - eTicketing Solution	-1,707.4	0.0	-1,707.4	-1,707.4	-					
Vehicle & Equipment Reserve	-12,305.2	-23,104.0	-35,409.2	-29,252.0	- 6,157.3	n/a	n/a	n/a		
Total Other-than-debt Funding:	-14,132.6	-30,991.0	-45,123.6	-38,966.3	-6,157.3					
Total Net Expenditures:	6,999.9	16,422.0	23,421.9	18,921.8	4,500.1	Percent spent:		80.8%		