



STAFF REPORT ACTION REQUIRED

Toronto Police Service: 2016 – 2025 Capital Program Request

Date:	November 16, 2015
To:	Budget Committee, City of Toronto
From:	Andy Pringle, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide the Budget Committee with the 2016-2025 capital program request for the Toronto Police Service (the “Service”).

RECOMMENDATION

It is recommended that the Budget Committee approve the Service’s 2016-2025 Capital Program with a 2016 net request of \$24.3 Million (excluding cash flow carry forwards from 2015), and a net total of \$242.5 Million for 2016-2025, as detailed in Attachment A; contained within Appendix A.

Financial Impact

Capital projects are funded either from the issuance of debt by the City of Toronto (City) or through draws from Reserves established for specific purposes (e.g. the Service’s Vehicle and Equipment Reserve). The Reserves are funded from contributions from the Service’s operating budget. The use of Reserves, along with the allocation of City development charges for qualifying Service projects, reduces reliance on debt funding.

The implementation of capital projects can have an impact on the Service’s on-going operating budget requirements. Capital projects and investments usually require maintenance, support and operation beyond the initial one-time project cost. It is important to determine the impact of the on-going effects on the operating budget. As a result, capital spending decisions are not made independently of the operating budget impact, as the total cost of ownership must be considered.

The Service is also continuing its strategy to properly fund the replacement of vehicles, technology and other equipment through contributions to the Vehicle and Equipment Reserve. Attachment C, contained within Appendix A, provides a summary of the

estimated operating impact from capital excluding Reserve-funded projects. There is no incremental operating impact in 2016. Approval of the 2016-2025 capital program request will result in an estimated annualized pressure to the Service’s operating budget of \$1.9M by 2025, mainly due to increased system maintenance and building operations requirements. These increased operating costs will be included in future operating budget requests, as required. The Board should note that facilities projects are being reviewed in an effort to reduce future budget impacts (capital and operating), as much as possible.

Table 1 below provides a summary of the Service’s 2016-2025 Capital Program request compared to the City of Toronto’s ten-year affordability debt target.

The Service’s 2016-2025 Capital Program meets the City’s ten-year debt-affordability target on average over the ten years. Additional detail on debt-funded and Reserve-funded projects can be found in Attachments A and B respectively, contained within Appendix A.

Table 1. Summary of 2016-2025 Capital Program Request (\$Ms)

	2016	2017	2018	2019	2020	5-Year Total	2021-2025 Total	2016-2025 Total
Total On-Going and New projects	26.1	27.0	22.2	48.7	37.2	161.1	137.5	298.7
Reserve-funded projects	16.7	26.3	30.9	28.2	24.2	126.5	132.8	259.3
Total Gross projects:	42.8	53.3	53.1	76.9	61.4	287.6	270.3	557.9
Funding from Reserve Contribution	-16.7	-26.3	-30.9	-28.2	-24.2	-126.5	-132.8	-259.3
Funding from Developmental charges	-1.8	-2.1	0	-12.8	-5.4	-22.1	-34.0	-56.1
NET DEBT FUNDING:	24.3	24.8	22.2	35.9	31.8	139.0	103.5	242.5
CITY DEBT TARGET:	31.4	35.2	32.0	28.0	31.8	158.4	84.2	242.5
Variance to target “(over)/under”	7.1	10.4	9.8	(7.9)	0	19.3	(19.3)	0

ISSUE BACKGROUND

At its meeting on October 19, 2015, the Toronto Police Services Board (the “Board”) considered a report dated October 16, 2015 from Chief of Police Mark Saunders containing the Service’s 2016 – 2025 Capital Program Request.

COMMENTS

Ms. Sandra Califaretti, Director of Finance and Business Management, was in attendance and delivered a presentation to the Board.

Following the presentation, Ms. Califaretti responded to questions by the Board.

The Board approved the Chief's report and the following Motion:

THAT the Budget Sub-Committee continue to meet throughout 2016 to ensure that the 2017-2021 capital program process takes into account all efficiencies and opportunities, including the following:

- (a) the planned future use of unoccupied space at the Progress facility;
- (b) any future facility realignment options based on the delivery of policing services;
- (c) the appropriate number of police radios required and report to the Board with any capital and operating impacts resulting from this review during the 2017-2021 capital program review process; and
- (d) the appropriate number of marked, plain and specialized vehicles required to deliver services and report to the Board with any operating and capital impacts resulting from the review during the 2017 budget process.

The Board also agreed to forward a copy of this report to the City's Deputy City Manager and Chief Financial Officer for information.

CONCLUSION

A copy of Board Minute No. P275/15 regarding this matter is attached as Appendix "A".

CONTACT

Chief of Police Mark Saunders
Toronto Police Service
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SIGNATURE

Andy Pringle
Chair

ATTACHMENT

Board Minute No. P275/15

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

a: 2016 – 2025 capital program request.doc

APPENDIX “A”

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON OCTOBER 19, 2015

#P275 TORONTO POLICE SERVICE – 2016-2025 CAPITAL PROGRAM REQUEST

The Board was in receipt of the following report October 16, 2015 from Mark Saunders, Chief of Police:

Subject: TORONTO POLICE SERVICE 2016-2025 CAPITAL PROGRAM REQUEST

Recommendations:

It is recommended that:

- (1) the Board approve the Toronto Police Service’s 2016-2025 Capital Program with a 2016 net request of \$24.3 Million (excluding cash flow carry forwards from 2015), and a net total of \$242.5 Million for 2016-2025, as detailed in Attachment A; and
- (2) 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:

Capital projects are funded either from the issuance of debt by the City of Toronto (City) or through draws from Reserves established for specific purposes (e.g. the Service’s Vehicle and Equipment Reserve). The Reserves are funded from contributions from the Service’s operating budget. The use of Reserves, along with the allocation of City development charges for qualifying Service projects, reduces reliance on debt funding.

The implementation of capital projects can have an impact on the Service’s on-going operating budget requirements. Capital projects and investments usually require maintenance, support and operation beyond the initial one-time project cost. It is important to determine the impact of the on-going effects on the operating budget. As a result, capital spending decisions are not made independently of the operating budget impact, as the total cost of ownership must be considered.

The Service is also continuing its strategy to properly fund the replacement of vehicles, technology and other equipment through contributions to the Vehicle and Equipment Reserve. Attachment C provides a summary of the estimated operating impact from capital excluding Reserve-funded projects. There is no incremental operating impact in 2016. Approval of the 2016-2025 capital program request will result in an estimated annualized pressure to the Service’s operating budget of \$1.9M by 2025, mainly due to increased system maintenance and building operations requirements. These increased operating costs will be included in future

operating budget requests, as required. The Board should note that facilities projects are being reviewed in an effort to reduce future budget impacts (capital and operating), as much as possible.

Table 1 below provides a summary of the Toronto Police Service’s (Service) 2016-2025 Capital Program request compared to the City of Toronto’s ten-year affordability debt target.

The Service’s 2016-2025 Capital Program meets the City’s ten-year debt-affordability target on average over the ten years. Additional detail on debt-funded and Reserve-funded projects can be found in Attachments A and B respectively.

Table 1. Summary of 2016-2025 Capital Program Request (\$Ms)

	2016	2017	2018	2019	2020	5-Year Total	2021-2025 Total	2016-2025 Total
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Background/Purpose:

The purpose of this report is to provide the Toronto Police Services Board (Board) with details of the Service’s 2016-2025 Capital Program request. The request has also been reviewed with City Finance staff and the Board Budget Subcommittee.

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 2016–2025 program estimated operating impact from capital, excluding Reserve-funded projects.

Discussion:

Capital projects, by their nature, require significant initial financial investments. However, they can also provide 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 – Shift to Technological/Information Related Initiatives and Facilities Realignment:

The Service's 2016-2025 Capital Program request contains projects that continue to address and improve the Service's ageing facility infrastructure, and ensure our key information and technology needs are appropriately addressed.

The projects in the capital program will:

- optimize service delivery, both internally and externally;
- optimize/reduce our overall facility space footprint;
- help achieve additional efficiencies and value-added services in our operations; and
- maintain a working inventory of assets that meet operational requirements and ensure the continued health and safety of our members and the public.

The Service's facilities strategy is to let business requirements and potential efficiencies/enhancements that are in line with the Board's and Service's business plan, drive facilities requirements, either through replacement, renovation or elimination over the ten year capital program period, with particular emphasis on the first five years of the program. The review will consider community-specific changes and required service levels, changing customer expectations, expanding the use of technology and evolving policing delivery models required to enhance public safety.

The final objective is to align facilities against service level and operational needs, developing synergies between the Service's units, and achieve cost savings by vacating leased facilities and reducing overall facility and supervisory/administrative overhead. As operational and public safety decisions impact long-term real estate decisions, a framework is required to determine the coordination of people, infrastructure and space requirements to accommodate and allow for future growth while effectively serving the community.

The capital program is also more technology/information systems focussed with an emphasis on producing and managing information as well as enabling effective analysis to support public safety operations and services. New and emerging technologies are playing an increasingly crucial role in policing by equipping officers with enforcement and investigative tools that have the potential to make them better informed and more effective. Given the increasing power of technology, the extensive growth in social media, mobile communications infrastructure, and the expansion of innovative applications available, the need for computer assisted tools and mobility continues to increase in law enforcement agencies. Technology also presents the opportunity to increase officer safety and accountability.

Technology is also changing the structure and operation of law enforcement agencies, enabling administrators to more efficiently manage and deploy resources, monitor crime trends with greater precision, and target intervention and investigative assets with greater effectiveness.

Technology is facilitating closer and more collaborative relationships between law enforcement and the community. The explosive growth and technological sophistication of smartphones and the surging popularity of social networking sites have empowered the general public and raised expectations regarding the transparency of the law enforcement organization, the services provided, and the public's ability to communicate with the police. The Service must therefore position itself to effectively lead and participate in the evolving technological and information sharing environment in order to meet its public safety objectives.

Essentially, the Service's on-going commitment to Intelligence led policing requires reliable, timely and consistent information to help facilitate and achieve this important objective.

The Service is proceeding with various projects such as Business Intelligence (BI), the Human Resource Management System (HRMS) upgrade and a pilot project for Electronic Document Management (EDM). This will allow us to consider and, where appropriate, embrace advancements in technology in order to increase accountability and efficiency, and improve the safety of both the public and police officers. However, the benefits of these initiatives and other opportunities will have to be balanced against the cost, both one-time and on-going.

Development of Cost Estimates and Project Management:

Due to the large cost and complexity of capital projects, the Service has developed and has been following a formal project management framework since 2006. This framework requires the submission of a project charter for each approved project request, and the establishment of a steering committee to oversee the project during its lifecycle.

The cost estimate for each project in the recommended Capital Program 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 takes all known factors related to the project cost into account in order to develop accurate cost estimates. However, assumptions can change throughout the project as more information becomes available, and after going through a formal procurement process for the various requirements. Despite due diligence efforts taken in advance of the actual start of the project, issues could come to light as the work progresses, resulting in revised cost estimates.

The Board and City are kept apprised of any changes to cost estimates 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. As previously indicated, the Service continues to strive to deliver projects on or below budget, and has been very successful in achieving this objective in the last 10 years. However, even with the best planning and management, there are times when additional funds are required for certain projects, due to required scope changes, 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 and service delivery perspective.

Projects completed in 2015:

The following capital projects were completed in 2015:

- Parking Enforcement East and Headquarters facility (delivered \$1.4M below budget)
- Integrated Records and Information System (IRIS) and stabilization of the system (delivered \$3.3M below budget)

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 2016-2025 Capital Program meets the City's overall debt target, on average, over the ten-year program. However, due to the nature, length and scheduling of projects, there are variances in some years (see Table 1).

2016-2025 Capital Program Request:

The 2016-2025 Capital Program is segregated into four categories for presentation purposes:

- A. On-Going Projects
- B. Projects beginning in 2016-2020
- C. Projects beginning in 2021-2025
- D. Projects funded through Reserves
- E. Potential Projects Outside of the Proposed Portfolio

A. On-Going Projects

There are seven projects in progress in the 2016-2025 Capital Program:

State-of-Good-Repair (SOGR) – (ongoing, \$1.8M in 2016)

This project includes on-going funding for the SOGR requirements that are the responsibility of the Service. By definition, SOGR funds are used to maintain the safety, condition and customer requirements of existing bricks and mortar buildings. However, the Service is developing a work-plan for use of these funds in the future to optimize service delivery and enhance efficiencies for both buildings and technology improvements. By 2016, it is anticipated that the Service's list of projects (including backlogged projects) will be prioritized, a work-plan established and resources allocated to address capacity considerations and funds available. The existing detailed facilities SOGR backlog list and ten-year plan has been provided to City Finance staff.

Human Resource Management System Upgrades (\$2.0M, 2014 to 2016 Upgrade)

The Service uses an Oracle product, PeopleSoft, to manage human resources related information, and to administer and report payroll and benefits related information. This system is referred to as the Human Resource Management System (HRMS).

This project consists of a technical upgrade and a functional upgrade. The technical upgrade is necessary in order to bring the associated software up to date so it can continue to receive vendor support. This support includes receiving system updates, at various times during the year, based on both federal and provincial government legislated changes. There are also technical updates that need to happen on a regular basis pending other vendor software related issues. The planned technical upgrade will bring the system from the current version of 9.1 to version 9.2.

The scope of this project also includes funds for a functional upgrade. However, the Service's approach to the functional upgrade has changed from what was done in the past. Work has begun, with the assistance of an external Project Manager and Senior Developer, to map all human resource and finance business processes within the Service that rely on the PeopleSoft system. The objective of the mapping sessions is to develop a blueprint for the next three years that will prioritize the functional changes and improvements required to achieve administrative and operational efficiencies. Project funds will be utilized to perform the technical upgrade, followed by functional improvements based on the highest priority changes from the blueprint. Additional functionality and business process changes will be executed in years two and three of the plan.

Additional funds of \$550,000 have been requested due to higher than anticipated consulting costs. In addition, a second programmer is being added to the project plan to start the fit-gap and new functionality development.

The estimated operating budget impact for incremental maintenance costs is \$22,000 annually, beginning in 2017. Funding for the next technical upgrade has been added to 2020 and 2021, at an estimated cost of \$1.5M.

Peer-to-Peer Data Centre – (\$20.1M)

This project provides funding for a new Peer to Peer Data Centre facility. The Service's current peer to peer data centre is co-located with the City's main data centre in a City-owned and managed facility. The current location has significant space and power requirement issues for both the City and the Service. As a result, this mission-critical operation is at risk because the Service is subject to limitations in the existing facility which impair current operations and future growth requirements. In addition, the current line-of-sight distance from the primary site is 7 kilometers, which is significantly less than the industry minimum standard of 25 kilometers for disaster recovery / business continuity sites.

Facilities Management and the City Real Estate division have begun to search for suitable properties, based on set criteria that meet Service requirements and industry standards developed by an information technology specialist. An architect and data centre specialist have been hired to assist with evaluation of the available sites, prepare detailed requirements and an updated budget for the facility, as well as complete specific systems inventory and staging work. Once the evaluations are completed, a recommendation will be brought forward to the Board for approval.

The revised budget assumes a higher (\$1M) cost of land (most likely outside the City of Toronto) than was originally estimated. The current assumption is for a 5,000 square feet computer room, with additional space for support and to accommodate the housing of staff in the event of a large and prolonged disaster. The estimated cost of the site could change as a result of several factors, including the actual cost of the land ultimately acquired, and the size and design of the facility. The facility size and design will be reviewed and confirmed and the Board will be kept apprised of any changes to the current preliminary budget through the capital budget approval process, as well as the quarterly capital variance reporting process.

An operating cost impact of \$350,000 per year is estimated for building operations and utilities costs, beginning in mid-2018.

It is important to note that once the Service moves into the new Peer-to-Peer site, the space it currently utilizes at the shared facility with the City will become available for the City's use.

Facilities Realignment (\$38.6M)

There are a number of facility projects in the Service's capital program. The first of these projects originally provided funding for the construction of a new 54 Division. However, the Board put the start date of this project on hold until the Board received and considered the results of the KPMG-commissioned review of the Chief's Internal Organizational Review (CIOR). No decision has been made as of yet. As a result of the hold, the entire available funding of \$7M for 2015 will be carried forward to 2016.

Given the strategic objectives of Service's capital program, the Service is proceeding with a full facility reassessment, allowing the business plan and service delivery model to drive the need for facilities, what is in those facilities, as well as the size of the facilities and how they are designed /configured. The Facilities Review deliverables will consist of:

- A capital renovation and replacement plan for the 2017 to 2026 program, which maximizes service delivery and public value;
- A short and long implementation plan and associated costs; and
- A plan to maximize the use of existing Service facilities.

The ten year program includes other new facilities and renovations projects. These projects will be modified based on the results of the Service's strategic direction for facilities realignment. It should be noted that the project cost for all these projects may be changed for the 2017-2026 capital program. The Board will be kept apprised of any changes to the current preliminary

budget through the capital budget approval process, as well the quarterly capital variance reporting process.

Time Resource Management System (TRMS) Upgrade (\$4.1M, 2015-2018 upgrade)

An effective time and attendance system is critical for any organization. Project funding has been approved to upgrade the current time keeping system, which is an Infor product, known as the Time Management Resource System (TRMS). This system was implemented and went live in August 2003. The system is used Service-wide to collect and process time and attendance-specific data, administer accrual bank data, and assist in the deployment of members. Since its implementation, the Service has upgraded TRMS to enhance the existing functionality and de-customized the application to reduce maintenance and upgrade costs.

The original scope of this project provided funding to upgrade the version used in 2014, which was expected to only be supported until the end of 2017. The cost estimate for the original project is based on the costs incurred during the last upgrade. However, in 2014, the Service performed an in-house technical upgrade to alleviate a database problem and now has support beyond 2017, although not operating on the latest version. In addition, despite the fact that the funds allocated to this project are based on the continuing need to upgrade, the Service's needs with respect to time-keeping, deployment, scheduling, exception reporting and approval are becoming more sophisticated and complex. The Service wants to therefore ensure that any funds invested to upgrade the current system or implement a new time and attendance system, are well spent and value-added.

As a result, the Service is reviewing the original business case, system functionality and operational requirements, with the goal of exploring all options available including possible participation in the enterprise time and attendance system solution the City is currently exploring. The Service will perform required due diligence and review to determine if the City's enterprise-wide time and attendance system would provide a viable option for the Service in light of its unique labour and time keeping environment. In addition, the Service will explore a further upgrade to the latest version of the product. Given these current unknowns, this business case will continue to be developed and the Board will be kept apprised during the future budget development and approval cycle.

The estimated operating budget impact for incremental maintenance costs is \$22,000 annually, beginning in 2017. Additional funding for a regularly scheduled upgrade of this product has been added to 2022 to 2024, at an estimated cost of \$4.2M.

Business Intelligence (\$10.2M) - project formerly identified as Data Warehouse

Business Intelligence (BI) Technologies represent a set of methodologies, processes, architectures, and technologies that transform raw data into meaningful and useful information used to enable more effective strategic, tactical, and operational insights and decision-making. Services such as Edmonton, Vancouver, New York and Chicago have BI solutions.

The objectives of this project include developing a strategy and architecture for building and maintaining a data warehouse environment, and providing appropriate query, interface and data mining tools. The environment created will allow users to make more effective business decisions, provide improved customer service, and spend less time on searching, acquiring and understanding data. In a policing environment, improved data management can lead to improved and more effective crime analysis by removing data silos. This supports the Service's on-going commitment to intelligence led policing. It also allows for better accuracy and reliability of data, enabling improved deployment of police resources, and the ability to prioritize the investigation of crimes or incidents which enable more value added policing activities and enhanced public safety.

Additional funds of \$1.4M were requested in the 2016-2025 capital program due to higher than anticipated consulting and backfill costs. Progress on this project and any issues that materialize will be reported to the Board through the quarterly capital variance reports.

The annual operating budget impact resulting from incremental maintenance costs and additional staff support for the system is currently estimated at \$1M beginning in mid-2017. However, the Service will continually review and refine this estimated to keep the on-going cost impact as low as possible.

Electronic Document Management (EDM) Proof of Concept (\$0.5M)

An enormous collection of paper-based information exists throughout the Service. It is expensive to create, collect, file, archive, retrieve, reproduce and transport the information. The primary goal of an EDM system is to store, control, monitor, and report on a repository of electronic document files. These documents come from various sources, including office productivity suites, document workflow applications, and other applications that create, edit, update, or delete documents.

In its simplest form, an EDM system represents a group of files as a folder or directory. Given the size and diversity of large enterprises, and of the documents that they produce, EDM systems provide sophisticated capabilities to manage large repositories of documents through the use of metadata and rules that determine what content can be created, read, updated, or deleted and any workflows associated with these activities. EDM provides a range of benefits, including improved efficiency, productivity, access to information and improved customer service. Reduced operating costs are anticipated through the reduced use of paper and printing, and lower requirements for physical storage space.

This project will take a phase-in approach. The scope is for phase one to be a proof of concept where two units of the Service will be tested. If the testing is successful, the system could be introduced to other areas or functions of the Service as well as the Board office. If justified from a cost and benefit analysis, a Service-wide roll-out would include conducting a high-level assessment of today's paper-based information across the Service and the Board, evaluating potential electronic document management and workflow solutions, establishing electronic document standards, policies and procedures, and planning for a Corporate-wide solution.

B. Projects beginning in 2016-2020

Radio Replacement (\$40M)

The Service's current communication radios were replaced over the period of 2006 to 2012. Although the lifecycle for these radios is ideally seven years, the Service has decided to replace these radios every ten years to reduce capital costs. While the extension of this lifecycle to ten years has resulted in some incremental operating costs, there is still an overall cost benefit to the Service. This project provides funding for the replacement of radios beginning in 2016 (for radios purchased in 2006) to 2025. A review will be conducted in 2016 to determine the impact on the number of radios required due to the Service operating well below the approved uniform establishment.

41 Division Facility (\$38.9M)

This project provides funding for the land acquisition and construction for a new 41 Division. Land costs could change significantly based on the actual location chosen and market values at the time of purchase. 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, as there would be no land-acquisition cost. However, it would also make the project more complicated in terms of relocating existing staff during construction of the new facility, and will result in costs to move and house the officers in an alternate location. It will also increase the time required to complete the project. Some of the land savings would be re-directed to the costs of temporarily re-locating 41 Division staff during the construction process.

The present project cash flow assumes the acquisition of land. Some of the design and minor construction work would begin in 2018 with the majority of construction commencing in 2019. It should be noted that this project is part of the facility realignment plan and the scope of the project could entirely change. The Board will be kept apprised through future capital budget processes.

The additional operating cost impact of \$144,000 per year is a high-level estimate for building operations and utilities commencing from mid-2021.

It should be noted that funding for and timing associated with this project could be impacted by the Facilities Realignment project described earlier in this report. The scope of that project will include all planned renovations and replacements in the Capital Program.

TPS Archiving (\$0.8M)

This project provides funding for the establishment of an archiving function at the Service's Progress Avenue site. Legislation requires the Service to store certain documentation for periods beyond the current year. For example, "cold case" files must be retained for a minimum of 25 years; financial records must be retained for seven years; memo books are also stored for a lengthy period of time. The relatively new requirement for video storage is also increasing.

Service staff is endeavouring to reduce current holdings, but based on retention periods, the Service is faced with increasing storage requirements.

The Service currently stores its archival records and files at City Archives. However, the City is also experiencing space pressures within its storage facility. In 2011, City Archives indicated that there would be a newly introduced charge for storing and retrieving boxes. The Service has not yet been required to pay this fee. However, once invoicing for the fee begins, based on initial discussions and assuming a ten-percent growth annually, storage costs would grow to \$300,000 or more annually, within five years. Therefore, using the Progress site for the archiving of records could be a prudent solution.

There is no on-going operating impact currently assumed as a result of this project. Future analysis will be required to determine if any additional resources will be required, and an update will be provided in future capital programs.

32 Division Renovation (\$12M)

This project requests funding for the renovation of 32 Division as per the Service's long-term facility plan for replacement and renovation of facilities. An amount for required renovations has been estimated. However, this estimate will be further reviewed and refined as the project start date approaches.

The cost of the project includes structural modifications to the garage area and providing additional usable square footage, elevator modernization, upgrades to cells for prisoner and officer safety, exterior upgrades to provide parking for disabled members of the public, improved storm water management to resolve the frequent ponding in the parking lot, and upgrades and replacement of major HVAC system components including major electrical upgrades. It should be noted that this project is part of the facility realignment plan and, as a result, the scope and the cost of the project could entirely change. The Board will be kept apprised through future capital budget processes.

There is no on-going operating impact currently assumed as a result of this project.

Parking West (\$9.6M)

The Service's Parking Enforcement West Unit currently occupies 11,577 square feet of rentable area at 970 Lawrence Avenue West. Parking West has occupied this location since 1995. The lease expired on December 31, 2014, and since a suitable City of Toronto (City)-owned facility for Parking West was not identified City real estate staff engaged the landlord in renewing the existing lease agreement in September 2013. Those negotiations were completed in late October 2014, and resulted in a new lease agreement.

The five-year lease, which ends on December 31, 2019, will allow time for City real estate to find an alternate location for the Parking West Unit, as well as the time to renovate or construct the facility. The negotiated agreement includes an exit strategy if the Service chooses not to extend the lease for the 4th year. This amount includes the cost of the 5th year base plus

additional rent, excluding parking. The Service may also choose not to renew the lease for the 5th year, without penalty (Min. No. P131/15 refers).

The Service and the City both agree that it is prudent to review all leased facilities to determine if it would be more cost-effective to move the respective operations into a City-owned (either existing or to be purchased) facility. The annual savings of moving from a leased facility will enable the Service to obtain greater value from its investment in this City-owned site.

It is anticipated the project will commence in 2017 and will be completed by 2019. No operating impact is estimated at this point for this project.

It should be noted that funding for and timing associated with this project could be impacted by the Facilities Realignment project described above. The scope of that project will include all planned renovations and replacements in the Capital Program.

13 Division Facility (\$38.9M)

This project provides funding for the land acquisition and construction of a new 13 Division facility. Construction on the Eglinton Crosstown line project will impact the timing and scope of any construction on this site. This project is also part of the facility realignment plan and the scope and the cost of the project could entirely change. The Board will be kept apprised through future capital budget processes.

The additional operating cost impact of \$150,000 per year is a high-level estimate for building operations and utilities commencing from mid-2023.

C. Projects beginning in 2021-2025

There are five projects beginning during the 2021-2025 period.

- Property and Evidence Warehouse Racking for 10 year expansion
- Expansion of Fibre Optics Network
- 22 Division Renovations, Relocation of Emergency Management and Public Order Unit (EMPO), and relocation of Forensic Identification Services Unit (FIS) all subject to the Facility Realignment review project.

D. Projects funded through Reserves

All projects listed in this category are funded from the Service's Vehicle and Equipment Reserve and have no impact on debt financing. Using the Reserve for the lifecycle replacement of vehicles and equipment avoids having 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 balance so that future requirements are sustainable.

Estimates for all projects are revised annually based on up-to-date information, and new replacement plans are included as they become known. Lifecycles are managed by asset custodians who are responsible for continually reviewing requests, reducing these where possible to get the greatest value out of the reserve draws. Attachment B identifies all of the currently identified Reserve-funded capital projects.

Despite lump sum contributions to the Vehicle and Equipment Reserve, current utilization plans predict a deficit beginning in 2018 until 2022 (see Table 2 below) given the current contribution strategy (no additional contributions in 2016; annual \$2M increments from 2017 to 2021). As previously indicated asset custodians continue to maximize use of current assets and prolong lifecycle replacements to ensure viability of the Reserve on a long-term basis. However, the Vehicle and Equipment Reserve is at risk as current contribution levels are not sufficient to cover the required equipment replacement.

Table 2, below, provides a summary of anticipated Reserve activity for 2016-2025.

Table 2 - 2016-2025 Reserve Activity (\$Ms)

	2016	2017	2018	2019	2020	2025
Opening Balance	\$1.4	\$4.2	-\$0.6	-\$7.9	-\$10.6		\$2.7
Contribution	\$19.6	\$21.6	\$23.6	\$25.6	\$27.6		\$29.6
Draws	\$16.7	\$26.3	\$30.9	\$28.2	\$24.2		\$24.5
Year-end Balance	\$4.2	-\$0.6	-\$7.9	-\$10.6	-\$7.3		\$7.7
Incremental Operating Impact	\$0	\$2.0	\$2.0	\$2.0	\$2.0		0.0

E. Potential Projects outside of the Proposed Portfolio

- Next Generation 911 (NG911) – No further information is available at this time, however, this initiative will require partnership with the City and Emergency Services; and
- Body Worn Cameras – The results of the pilot, along with a recommendation regarding body-worn cameras, will be provided to the Board as they become available, at which time next steps will be determined.

Conclusion:

A detailed review of all projects in the Service’s 2016-2025 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 2016-2025 capital program has a 2016 net request of \$24.3M (excluding cash flow carry forwards from 2015), and a net total of \$242.5M for the ten-year period. The 2016-2025 Capital Program request meets the City’s total debt affordability target for the 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 funds required for each project vary based on the nature, schedule and staffing allocation to each project.

Given the strategic objectives of Service's capital program, the Service is proceeding with a full facility reassessment, allowing the business plan and service delivery model to drive the need for facilities, what is in those facilities and the size of the facilities. It should be noted that the project cost for facilities projects that are included in this program may be changed for the 2017-2026 capital program.

This Capital Program request has been reviewed with the Board Budget Sub-Committee and City staff and is being tabled at the Board for approval and submission to the City.

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

Ms. Sandra Califaretti, Director of Finance and Business Management, was in attendance and delivered a presentation to the Board. A copy of the presentation slides is on file in the Board office.

Following the presentation, Ms. Califaretti responded to questions by the Board.

The Board approved the foregoing report and the following Motion:

THAT the Budget Sub-Committee continue to meet throughout 2016 to ensure that the 2017-2021 capital program process takes into account all efficiencies and opportunities, including the following:

- (e) the planned future use of unoccupied space at the Progress facility;**
- (f) any future facility realignment options based on the delivery of policing services;**
- (g) the appropriate number of police radios required and report to the Board with any capital and operating impacts resulting from this review during the 2017-2021 capital program review process; and**
- (h) the appropriate number of marked, plain and specialized vehicles required to deliver services and report to the Board with any operating and capital impacts resulting from the review during the 2017 budget process.**

Moved by: J. Tory

PRELIMINARY 2016-2025 CAPITAL PROGRAM REQUEST (\$000s)

Project Name	Plan to end of 2015	2015 CF	2016	2017	2018	2019	2020	Total 2016-2020 Request	2021	2022	2023	2024	2025	Total 2021-2025 Forecast	Total 2016-2025 Program	Total Project Cost
Projects In Progress																
State-of-Good-Repair - Police		3,000	1,800	4,000	4,000	4,000	4,000	17,800	4,000	4,000	4,000	4,000	4,000	20,000	37,800	37,800
HRMS Upgrade	1,485	985	550	0	0	0	380	930	1,105	0	0	0	0	1,105	2,035	3,520
Peer to Peer Site (Disaster Recovery Site)	3,879	3,500	5,000	7,759	3,500	0	0	16,259	0	0	0	0	0	0	16,259	20,138
Divisional Facilities Realignment	7,000	7,000	0	0	1,600	21,421	8,387	31,408	217	0	0	0	0	217	31,625	38,625
TRMS Upgrade	600	300	0	1,500	2,022	0	0	3,522	0	630	1,500	2,022	0	4,152	7,674	8,274
Business Intelligence	2,336	2,000	4,069	3,811	0	0	0	7,880	0	0	0	0	0	0	7,880	10,216
Electronic Document Management (Proof of Concept)	50		450	0	0	0	0	450	0	0	0	0	0	0	450	500
Total, Projects In Progress	15,350	16,785	11,869	17,070	11,122	25,421	12,767	78,249	5,322	4,630	5,500	6,022	4,000	25,474	103,723	119,073
Upcoming Projects																
Radio Replacement	0		14,141	3,050	3,460	2,452	4,949	28,052	6,074	4,544		42	1,026	226	11,912	39,964
41 Division (includes land)	0		0	0	395	9,561	19,122	29,078	9,850	0	0	0	0	9,850	38,928	38,928
TPS Archiving	0		50	50	650	0	0	750	0	0	0	0	0	0	750	750
32 Division - Renovation	0		0	1,200	4,790	5,990	0	11,980	0	0	0	0	0	0	11,980	11,980
Parking West	0			5,600	1,800	2,200	0	9,600	0	0	0	0	0	0	9,600	9,600
13 Division (includes land)	0		0	0	0	0	372	372	8,645	18,500	11,411	0	0	38,556	38,928	38,928
AFIS (next replacement)	0		0	0	0	3,053	0	3,053	0	0	0	0	0	0	3,053	3,053
Property & Evidence Warehouse Racking	0									0	1,040			1,040	1,040	1,040
Expansion of Fibre Optics Network	0		0	0	0	0	0	0	881	0	4,785	6,385	0	12,051	12,051	12,051
22 Division - Renovation	0		0	0	0	0	0	0	0	0	3,000	5,300	0	8,300	8,300	8,300
Relocation of PSU	0		0	0	0	0	0	0	500	5,400	5,148	2,000	0	13,048	13,048	13,048
Relocation of FIS	0		0	0	0	0	0	0	0	0	0	4,649	12,653	17,302	17,302	60,525
Total, Upcoming Capital Projects:	0	0	14,191	9,900	11,095	23,256	24,443	82,885	25,950	28,444	25,426	19,360	12,879	112,059	194,944	238,167
Total Debt Funded Capital Projects:	15,350	16,785	26,060	26,970	22,217	48,677	37,210	161,134	31,272	33,074	30,926	25,382	16,879	137,533	298,667	357,240
Total Reserve Projects:	199,590	1,224	16,734	26,349	30,925	28,237	24,235	126,480	22,963	25,418	31,585	28,317	24,505	132,788	259,268	458,857
Total Gross Projects	214,940	18,009	42,794	53,319	53,142	76,914	61,445	287,614	54,235	58,492	62,511	53,699	41,384	270,321	557,935	816,098
Funding Sources:																
Vehicle and Equipment Reserve	(199,590)		(16,734)	(26,349)	(30,925)	(28,237)	(24,235)	(126,480)	(22,963)	(25,418)	(31,585)	(28,317)	(24,505)	(132,788)	(259,268)	(458,857)
Funding from Development Charges	(21,476)		(1,800)	(2,131)	0	(12,775)	(5,410)	(22,116)	(6,380)	(9,688)	(11,971)	(5,415)	(578)	(34,032)	(56,148)	(77,624)
Total Funding Sources:	(221,066)		(18,534)	(28,480)	(30,925)	(41,012)	(29,645)	(148,596)	(29,343)	(35,106)	(43,556)	(33,732)	(25,083)	(166,820)	(315,415)	(536,481)
Total Net Debt-Funding Request:	(6,126)		24,260	24,839	22,217	35,902	31,800	139,018	24,892	23,386	18,955	19,967	16,301	103,502	242,520	279,617
5-year Average:								27,804							20,700	24,252
City Target:			31,366	35,231	31,991	27,978	31,800	158,366	17,322	9,310	18,581	22,581	16,360	84,154	242,520	
City Target - 5-year Average:								31,673						16,831	24,252	
Variance to Target:			7,106	10,392	9,774	(7,924)	0	19,348	(7,570)	(14,076)	(374)	2,614	59	(19,348)	0	
Cumulative Variance to Target				17,498	27,272	19,348	19,348		11,778	(2,298)	(2,672)	(59)	0			
Variance to Target - 5-year Average:								3,870						(3,870)	0	

PRELIMINARY 2016-2025 CAPITAL PROGRAM REQUEST (\$000s)

Project Name	Plan to end of 2015	2015 CF	2016	2017	2018	2019	2020	Total 2016-2020 Request	2021	2022	2023	2024	2025	Total 2021-2025 Forecast	Total 2016-2025 Program	Total Project Cost
Other than debt expenditure (Draw from Reserve)																
Vehicle and Equipment (LR)	63,404	0	6,021	6,054	5,990	6,990	6,104	31,159	5,804	5,804	5,804	5,804	5,804	29,020	60,179	123,583
Workstation, Laptop, Printer (LR)	36,374	500	2,702	3,298	3,129	3,909	4,012	17,050	3,413	3,237	2,007	4,947	4,796	18,400	35,450	71,824
Servers (LR)	30,425	31	1,291	2,499	4,203	4,741	4,741	17,475	3,197	2,624	4,807	4,158	3,394	18,180	35,655	66,079
IT Business Resumption (LR)	16,373	28	0	1,365	1,992	2,543	1,345	7,245	1,477	1,433	1,775	1,553	1,568	7,806	15,051	31,424
Mobile Workstations (LR)	16,664	0	0	300	9,420	1,000	0	10,720	0	300	9,420	1,000	0	10,720	21,440	38,104
Network Equipment (LR)	9,356	0	1,600	2,900	2,800	2,400	2,900	12,600	1,750	2,250	3,750	3,750	2,900	14,400	27,000	36,356
Locker Replacement (LR)	2,917	0	500	350	48	198	48	1,144	540	540	540	540	540	2,700	3,844	6,761
Furniture Replacement (LR)	6,687	290	743	757	757	1,480	772	4,509	2,357	772	1,340	1,940	780	7,189	11,698	18,385
AVL (LR)	1,498	0	0	0	0	0	1,650	1,650	0	0	0	0	1,650	1,650	3,300	4,798
In - Car Camera (LR)	444	0	2,202	2,209	0	0	0	4,411	2,202	2,209	0	0	0	4,411	8,822	9,266
Voice Logging (LR)	1,127	38	0	0	0	350	0	350	0	0	0	350	0	350	700	1,827
Electronic Surveillance (LR)	805	0	0	1,323	0	0	0	1,323	0	1,363	0	0	0	1,363	2,686	3,491
Digital Photography (LR)	486	0	272	0	0	0	228	500	258	0	0	0	0	258	758	1,244
eTicketing	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Voicemail / Call Centre (LR)	315	38	38	500	0	0	0	538	0	500	0	0	0	500	1,038	1,353
DVAM I, II (LR)	2,969	0	362	362	362	1,613	263	2,962	262	244	244	1,507	275	2,532	5,494	8,463
Asset and Inventory Mgmt. System (LR)	195	49	0	0	0	0	0	0	0	0	0	0	0	0	0	195
Property & Evidence Scanners (LR)	23	0	0	0	0	40	0	40	0	0	0	40	0	40	80	103
DPLN (LR)	500	0	0	0	0	1,500	0	1,500	0	0	0	1,600	0	1,600	3,100	3,600
Small Equipment (e.g. telephone handset) (LR)	1,220	0	0	0	0	0	750	750	750	0	0	0	0	750	1,500	2,720
Small Equipment - test analyzers (LR)	870	0	0	0	580	580	0	1,160	0	0	0	0	0	0	1,160	2,030
Small Equipment - ICC Microphones (LR)	137	0	0	0	261	261	261	783	0	0	261	261	261	783	1,566	1,703
Small Equipment - Video Recording Equipment (LR)	540	0	92	92	92	92	92	460	92	92	92	92	92	460	920	1,460
Radar Unit Replacement	565	0	49	307	189	0	12	557	21	15	440	180	230	886	1,443	2,008
Livescan Machines (LR)	423	0	0	0	540	0	0	540	0	0	540	0	0	540	1,080	1,503
Wireless Parking System (LR)	1,825	0	0	2,973	0	0	0	2,973	0	2,973	0	0	0	2,973	5,946	7,771
CCTV	502	250	250	0	0	0	275	525	275	0	0	0	300	575	1,100	1,602
AEDs	0	0	12	0	12	0	112	136	0	12	0	30	0	42	178	178
Fleet Equipment	400	0	100	100	100	100	100	500	100	100	100	100	100	500	1,000	1,400
Security System (LR)	1,100	0	500	475	450	440	570	2,435	465	465	465	465	465	2,325	4,760	5,860
Conducted Energy Weapon (CEW) Replacement	1,320	0	0	0	0	0	0	0	0	0	0	0	1,350	1,350	1,350	2,670
Marine Vessel Electronics Replacement	0	0	0	485	0	0	0	485	0	485	0	0	0	485	970	970
Total Reserve Projects:	199,590	1,224	16,734	26,349	30,925	28,237	24,235	126,480	22,963	25,418	31,585	28,317	24,505	132,788	259,268	458,857

2016-2025 - CAPITAL BUDGET REQUEST (\$000s)

OPERATING IMPACT FROM CAPITAL

Attachment C

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 10 years	Comments
54 Division	0.0	0.0	0.0	0.0	0.0	72.0	144.0	145.4	146.9	148.4	656.7	Building Operations, Service Contracts and Utilities; starting half a year 2021. Included estimated increase of 2% per year
HRMS Upgrade	0.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	198.0	Incremental maintenance cost of \$22K per year from 2017
TRMS Upgrade	0.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	198.0	Incremental maintenance cost of \$22K per year from 2017
Peer to Peer Site	0.0	0.0	175.0	350.0	353.5	357.0	360.6	364.2	367.9	371.5	2,699.7	Building Operations, Service Contracts and Utilities; starting mid-2018
41 Division	0.0	0.0	0.0	0.0	0.0	72.0	144.0	145.4	146.9	148.4	656.7	Building Operations, Service Contracts and Utilities; starting half a year 2021
13 Division	0.0	0.0	0.0	0.0	0.0	0.0	0.0	75.0	150.0	151.5	376.5	Building Operations, Service Contracts and Utilities; starting half a year 2023
Business Intelligence Technology	0.0	300.0	1,038.0	1,038.0	1,038.0	1,038.0	1,038.0	1,038.0	1,038.0	1,038.0	8,604.0	\$0.6M for salaries for 5 people; \$0.5M for maintenance
Total Projects Operating Impact	0.0	344.0	1,257.0	1,432.0	1,435.5	1,583.0	1,730.6	1,812.1	1,893.6	1,901.8	13,389.6	
Total Projects Operating Impact excluding Facilities Maint	0.0	344.0	1,082.0	1,082.0	1,082.0	1,082.0	1,082.0	1,082.0	1,082.0	1,082.0	9,000.0	
Total Projects - Incremental Operating Impact	0.0	344.0	913.0	175.0	3.5	147.5	147.6	81.5	81.6	8.1	11,487.9	

