

Toronto 2018 BUDGET



CAPITAL BUDGET NOTES



Financial Services

2018 – 2027 CAPITAL BUDGET AND PLAN OVERVIEW

Financial Services' 10-Year Preliminary Capital Plan balances the need to maintain current technology for enterprise-wide financial processes in a state of good repair (SOG) with enhancing the City's capability to further provide real-time financial and management information for program and corporate decision-making through business intelligence, analytics and reporting.

The 10-Year Capital Plan totaling \$51.020 million allocates funding for capital investments currently identified to maintain the existing technology infrastructure in a state of good repair and includes new funding of \$8.851 million for new and enhancements to existing information systems to optimize the use of the City's technology as an enabler for business transformation and associated benefits.

The 10-Year Preliminary Capital Plan will increase future year Operating Budgets by a total of \$2.948 million net over the 2018 - 2027 period, primarily for sustainment, maintenance and support related to the *Supply Chain Management Transformation (SCMT)* and *Payment Card Industry (PCI) Compliance* projects.

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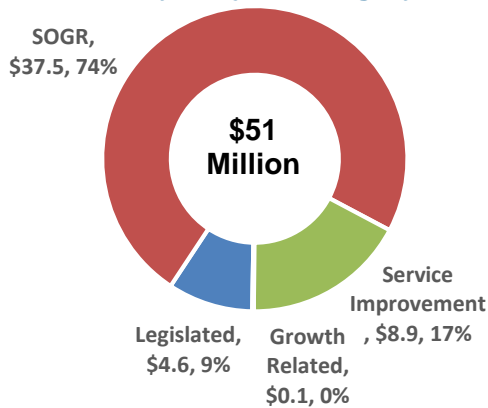
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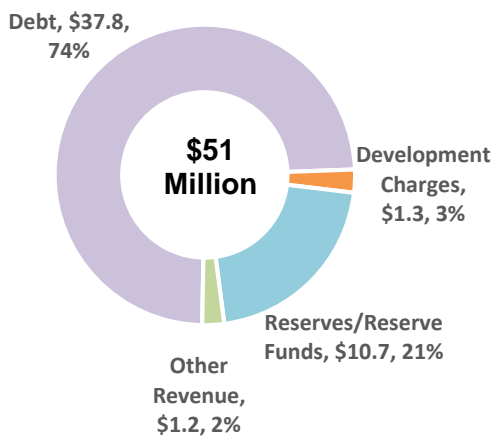
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CAPITAL SPENDING AND FINANCING

2018 - 2027 Preliminary Capital Budget and Plan By Project Category



By Funding Source



Where the money goes:

The 2018 - 2027 Preliminary Capital Budget and Plan totalling \$51.020 million provides funding of:

- \$37.474 million for the state of good repair of Financial Service's information technology systems, including upgrading and replacing outdated systems.
- \$4.607 million for Legislated initiatives including \$3.432 million for *Payment Card Industry (PCI) Compliance*.
- \$8.851 million for Service Improvement initiatives to introduce data analytics, predictive modelling and reporting capabilities and supply chain management processes.

Where the money comes from:

The 10-Year Preliminary Capital Plan requires:

- Debt funding of \$37.827 million (74.1%) for transformative City-wide capital projects such as Supply Chain Management (SCMT) and the Integrated Asset Planning and Management (IAPM) projects and to address aging data systems.
- Additional capital financing of \$10.732 million (21.0%) to be provided from reserve/reserve funds, primarily the Capital Financing Reserve.
- Funding from Development Charges (\$1.263 million or 2.5%) as well as Other Revenue (\$1.198 million or 2.3%) are utilized to fund such projects as the *Development Charges Background Study* and the *Utility Billing System*.

State of Good Repair Backlog

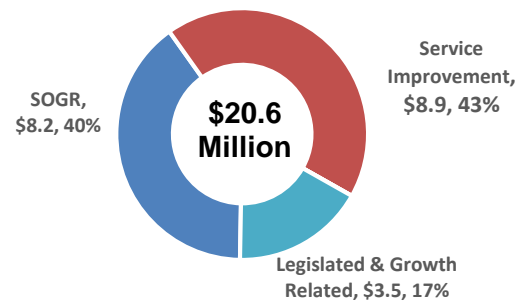
Financial Services does not have a backlog of State of Good Repair for its inventory of system applications. Funding included in the 10-Year Capital Plan addresses all state of good repair projects based on planned lifecycle without backlogs and ensures continuity of the City's technology.

OUR KEY ISSUES & PRIORITY ACTIONS

- **Focus on business process transformation and system modernization** to enhance program and corporate decision-making by providing real-time financial and management information, implementing best practices in key areas such as business analytics, predictive modelling, asset management, procurement, and providing self-service options for vendors, clients and employees.
 - ✓ The 10-Year Preliminary Capital Plan includes funding of \$8.211 million for state of good repair (SOGR) upgrades in 2018 to ensure sustainability of financial systems in the Payroll & Benefits (\$0.909 million), Revenue Services (\$5.238 million) and Financial Planning (\$2.064 million) business areas.
 - ✓ Funding of \$8.851 million is provided in 2018 to leverage technology to transform and automate business processes and reduce manual effort allowing for greater efficiencies.
- **High demand for both IT and other divisional internal staff resources** – Competing demands for limited IT and other internal staff resources combined with efforts to consolidate initiatives across various Programs has impacted the ability to meet projected time lines.
 - ✓ For 2017, Financial Services expects an increase in spending rates compared to the 5-year historical average despite the ongoing challenges.
 - ✓ Financial Services will continue to actively monitor the resource demands for its projects and work closely with I&T to mitigate delays where possible.



2018 Preliminary Capital Budget By Project Category

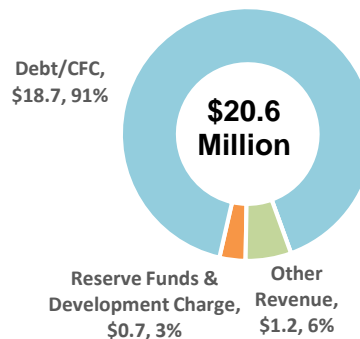


2018 CAPITAL BUDGET HIGHLIGHTS

The 2018 Preliminary Capital Budget for Financial Services of \$20.582 million, excluding carry forward funding, will:

- Continue the *Supply Chain Management Transformation* (\$5.641 million);
- Continue the *Tax & Utility Modernization* projects (\$4.468 million);
- Continue the implementation of the *PCI Compliance* project (\$3.432 million);
- Continue Enterprise Performance Management (EPM) Phase 2 of FPARS; and
- Continue the *Finance Accounting Systems Information (FAST)* project (\$0.500 million) for scoping and identification of best practice opportunities for transforming the finance processes and reporting capabilities.

By Funding Source



Actions for Consideration

Approval of the 2018 Preliminary Capital Budget as presented in these notes requires that:

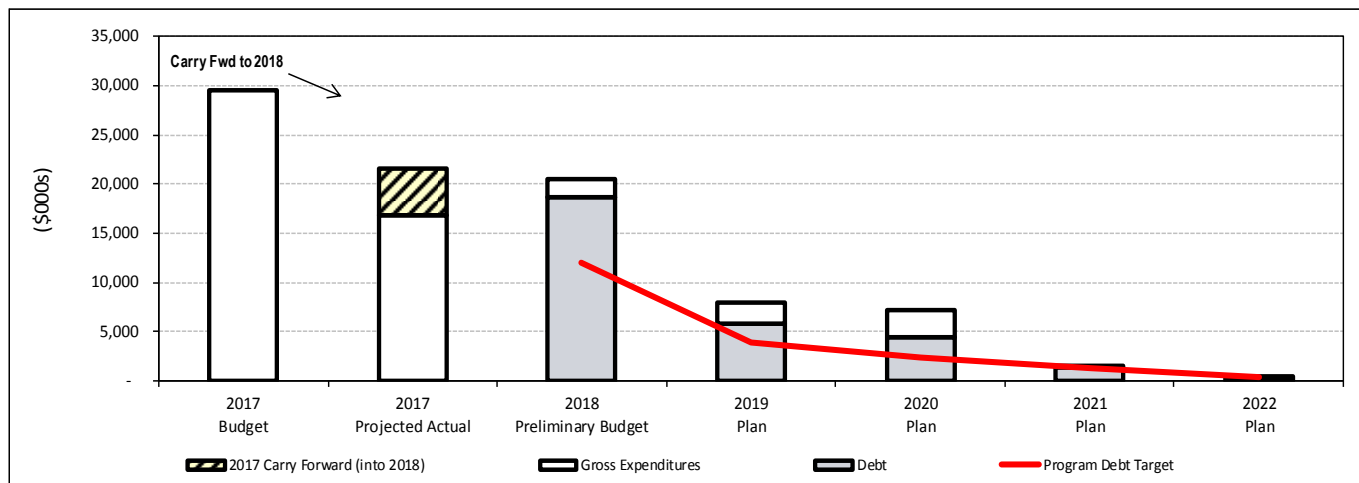
1. City Council approve the 2018 Capital Budget for Financial Services with a total project cost of \$3.665 million, and 2018 cash flow of \$25.339 million and future year commitments of \$12.054 million comprised of the following:
 - a) New Cash Flow Funds for:
 - i. 3 new / change in scope sub-projects with a 2018 total project cost of \$3.665 million that requires cash flow of \$3.665 million in 2018.
 - ii. 11 previously approved sub-projects with a 2018 cash flow of \$14.103 million; and future year cash flow commitments of \$7.779 million for 2019; and \$4.275 million for 2020.
 - iii. 5 previously approved sub-projects with carry forward funding from 2016 and prior years requiring 2018 cash flow of \$2.814 million that requires Council to reaffirm its commitment; and
 - b) 2017 approved cash flow for 6 previously approved sub-projects with carry forward funding from 2017 into 2018 totalling \$4.757 million.
2. City Council approve the 2019 - 2027 Preliminary Capital Plan for Financial Services \$18.384 million in project estimates, comprised of \$0.200 million in 2019; \$2.939 million for 2020; \$1.486 million for 2021; \$0.450 million for 2022; \$0.500 million for 2023; \$2.275 million for 2024; \$5.564 million for 2025; \$3.252 million in 2026; and \$1.718 million in 2027.
3. City Council consider the operating costs of \$2.948 million net in 2019 resulting from the approval of the 2018 Preliminary Capital Budget for inclusion in the 2018 and future year operating budgets.



Part 1

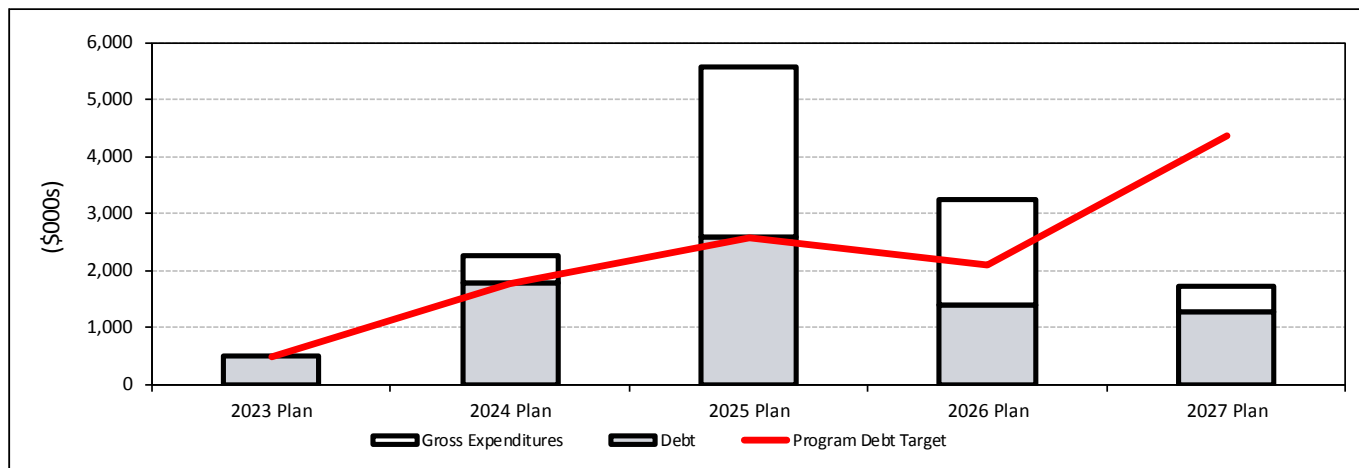
10-Year Preliminary Capital Plan

**Table 1a
10-Year Capital Plan
2018 Preliminary Capital Budget and 2019 - 2022 Capital Plan (In \$000s)**



2018 Preliminary Capital Budget and 2019 - 2022 Capital Plan									
	2017		2018	2019	2020	2021	2022	2018 - 2022	5-Year Total Percent
	Budget	Projected Actual							
Gross Expenditures:									
2017 Capital Budget & Approved Future Year (FY) Commitments	29,472	16,789	13,819	5,423				19,242	51.0%
Changes to Approved FY Commitments			284	2,356	4,275			6,915	18.3%
2018 New/Change in Scope & FY Commitments			3,665					3,665	9.7%
2019 - 2022 Capital Plan Estimates				200	2,939	1,486	450	5,075	13.5%
2-Year Carry Forward for Reapproval			2,814					2,814	7.5%
1-Year Carry Forward to 2018		4,757							
Total Gross Annual Expenditures & Plan	29,472		20,582	7,979	7,214	1,486	450	37,711	100.0%
Program Debt Target			12,081	3,886	2,439	1,361	390	20,157	
Financing:									
Debt			18,701	5,792	4,439	1,361		30,293	80.3%
Reserves/Reserve Funds			595	2,187	2,775			5,557	14.7%
Development Charges			88			125	450	663	1.8%
Provincial/Federal									
Debt Recoverable									
Other Revenue			1,198					1,198	3.2%
Total Financing			20,582	7,979	7,214	1,486	450	37,711	100.0%
By Project Category:									
Health & Safety									
Legislated	4,770	1,350	3,432			125	450	4,007	10.6%
SOGR	10,523	4,070	8,211	7,979	7,214	1,361		24,765	65.7%
Service Improvement	14,041	11,319	8,851					8,851	23.5%
Growth Related	138	50	88					88	0.2%
Total by Project Category	29,472	16,789	20,582	7,979	7,214	1,486	450	37,711	100.0%
Asset Value (\$) at year-end									
Yearly SOGR Backlog Estimate (not addressed by current plan)									
Accumulated Backlog Estimate (end of year)									
Backlog: Percentage of Asset Value (%)									
Debt Service Costs			281	2,051	707	503	146	3,688	
Operating Impact on Program Costs				2,948				2,948	
New Positions									

Table 1b
10-Year Capital Plan
2023 - 2027 Preliminary Capital Plan (In \$000s)



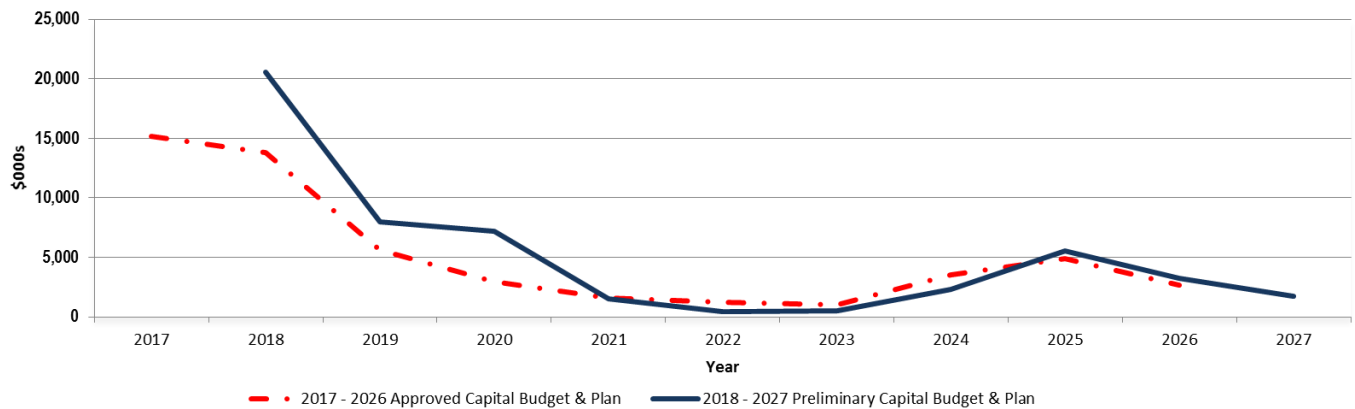
	2023 - 2027 Preliminary Capital Plan						10-Year Total Percent
	2023	2024	2025	2026	2027	2018 - 2027	
Gross Expenditures:							
2017 Capital Budget & Approved Future Year (FY) Commitments						19,242	37.7%
Changes to Approved FY Commitments						6,915	13.6%
2018 New/Change in Scope & FY Commitments						3,665	7.2%
2023 - 2027 Capital Plan Estimates	500	2,275	5,564	3,252	1,718	18,384	36.0%
2-Year Carry Forward for Reapproval						2,814	5.5%
Total Gross Annual Expenditures & Plan	500	2,275	5,564	3,252	1,718	51,020	94.5%
Program Debt Target	500	1,775	2,589	2,098	4,364	31,483	
Financing:							
Debt	500	1,775	2,589	1,402	1,268	37,827	74.1%
Reserves/Reserve Funds		500	2,975	1,700		10,732	21.0%
Development Charges				150	450	1,263	2.5%
Provincial/Federal							
Debt Recoverable							
Other Revenue						1,198	2.3%
Total Financing	500	2,275	5,564	3,252	1,718	51,020	100.0%
By Project Category:							
Health & Safety							
Legislated				150	450	4,607	9.0%
SOGR	500	2,275	5,564	3,102	1,268	37,474	73.4%
Service Improvement						8,851	17.3%
Growth Related						88	0.2%
Total by Project Category	500	2,275	5,564	3,252	1,718	51,020	100.0%
Asset Value(\$) at year-end							
Yearly SOGR Backlog Estimate (not addressed by current plan)							
Accumulated Backlog Estimate (end of year)							
Backlog: Percentage of Asset Value (%)							
Debt Service Costs	10	89	242	306	176	4,510	
Operating Impact on Program Costs						2,948	
New Positions							

Key Changes to the 2017 - 2026 Approved Capital Plan

The 2018 Preliminary Capital Budget and the 2019 - 2027 Preliminary Capital Plan reflects slight decrease of \$1.532 million in capital funding from the 2017 - 2026 Approved Capital Plan.

The chart and table below provide a breakdown of the \$1.532 million or 2.9% decrease in the Capital Program on an annual basis from 2017 - 2027.

Chart 1
Changes to the 2017 - 2026 Approved Capital Plan (In \$000s)



(\$000s)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10-Year Total
2017 - 2026	15,193	13,819	5,623	2,939	1,611	1,230	1,000	3,550	4,889	2,698		52,552
2018 - 2027		20,582	7,979	7,214	1,486	450	500	2,275	5,564	3,252	1,718	51,020
Change %		48.9%	41.9%	145.5%	(7.8%)	(63.4%)	(50.0%)	(35.9%)	13.8%	20.5%		(2.9%)
Change \$		6,763	2,356	4,275	(125)	(780)	(500)	(1,275)	675	554		(1,532)

As made evident in Chart 1 above, the \$1.532 million decrease in the Capital Plan is largely attributed to revised cash flows for capital projects based on updated information.

As reflected in Table 2 on the following page, changes to the 2017 – 2026 Approved Capital Plan, specifically the \$11.943 million increase in capital funding over the nine common years of the Capital Plans (2018 – 2026) arise from the reprioritization of Financial Services' capital projects based on the following factors:

- Cash flow funding was realigned to better reflect actual spending experience for previously approved capital projects based on readiness to proceed, alignment with project activities and timelines, compliance with legislated standards and capacity to deliver and spend.
- \$2.814 million carried forward from 2016 and prior years into 2018 to fund projects such as the CATS Payroll Timesheet Upgrade project (\$0.909 million) and the Integrated Asset Planning Management project (\$1.071 million).

A summary of project changes for the years 2018 - 2026 totalling \$11.943 million are provided in Table 2 below:

Table 2
Summary of Project Changes (In \$000s)

\$000s	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018 - 2026 Total
2017 - 2026 Capital Budget & Plan	15,193	13,819	5,623	2,939	1,611	1,230	1,000	3,550	4,889	2,698		37,359
2018 - 2027 Preliminary Capital Budget & Plan	-	20,582	7,979	7,214	1,486	450	500	2,275	5,564	3,252	1,718	49,302
Capital Budget & Plan Changes (2018 - 2026)		6,763	2,356	4,275	(125)	(780)	(500)	(1,275)	675	554		11,943

	Total Project Cost	2018	2019	2020	2021	2022	2023	2024	2025	2026	2018 - 2026	2027	Revised Total Project Cost
Changes to Previously Approved Projects' Future Year Commitments													
CATS - Payroll Timesheets Upgrade	7,540	909									909		7,540
Electronic Self Service Tax and Utility	551	110									110		551
Finance Accounting Systems Transformation (FAST)	1,500	500									500		2,000
IAPM - Planning and Scoping	5,000	(742)	1,906								1,164		5,000
Parking Tag Mgmt Software Upgrade	2,592												2,592
PCI Compliance	10,362	266									266		10,362
Risk Mgmt Information System Upgrade	1,892		450	275							725		1,892
Fin. Plan. Analysis & Reporting System (FPARS)	60,820	1,345									1,345		60,820
Supply Chain Management Transformation (SCMT 1)	8,019	1,122									1,122		8,019
SCMT - Change in Scope		2,910									2,910		2,910
Tax Billing Systems Modernization	9,922			2,000							2,000		9,922
Tax Increment Financing Implementation	160	88									88		160
Utility Billing Systems Modernization	5,971			2,000							2,000		5,971
Total Changes to Previously Approved Commitments	114,329	6,508	2,356	4,275							13,139		117,739
Changes to Previously Planned Project Estimates													
Capital Migration to New System	2,975									(696)	(696)	280	2,975
Development Charges Background Study	1,175									(450)	(450)	450	1,175
Investment & Debt Mgmt System Replacement	1,100												1,100
Parking Tag Mgmt Software Replacement	3,000							500	(75)	(425)		988	3,000
Payment Processing Equipment Replacement	780					(780)					(780)		
Risk Mgmt Information System Replacement	125				(125)				600		475		600
SAP Upgrades (ECC, PBF, Payroll)	4,000												4,000
Tax Billing System Replacement	3,975							(500)	75	425			3,975
Utility Billing System Replacement	3,975						(500)	(1,275)	75	1,700			3,975
Total Changes to Previously Approved Plan Estimates	21,105					(125)	(780)	(500)	(1,275)	675	554	(1,451)	1,718
New to the 10-Year Capital Plan													
Employee Service Centre (ESC)		255											255
Total New		255											255
Total Changes		6,763	2,356	4,275	(125)	(780)	(500)	(1,275)	675	554	11,943	1,718	138,794

Significant Capital Project Changes in Financial Services:

Cash flow funding for the following previously approved capital projects have been adjusted based on historical spending rates, capacity and expected progress and completion of the projects, as outlined below:

- The *Financial Planning Analysis & Reporting System (FPARS)* project requires previously approved and unspent funding to be carried forward into 2018 to continue with the implementation of all of the deliverables for the second phase of this project, *Enterprise Performance Management*.
- Additional 2017 carry forward cash flow funding is also required to complete the legislated –*Payment Card Industry (PCI) Compliance* project.

Changes to Previously Approved Projects' Future Year Commitments

Deferrals/Accelerations:

- *Risk Management Information System Upgrade* – Following the review and recommendations from the City staff-led Business Executive Committee (BEC), the project team has revised the project plan and realigned cash flow funding estimates with the expected project timelines.
- *Tax and Utility Billing System Modernization* – \$4.000 million in cash flow funding has been deferred from 2018 to 2020 based on revised estimates from project teams on the timing of developing key business intelligence foundational elements and Phase 3 requirements.

Changes to Previously Approved Planned Project Estimates

- *Tax and Utility Billing System Modernization* – cash flow funding has been revised as a result of the delay on the Tax and Utility Billing System Modernization project that is currently in progress.
- *Risk Management Information System Replacement* – cash flow funding has been deferred to align with the revised timeline of the Risk Management Information System Upgrade project.

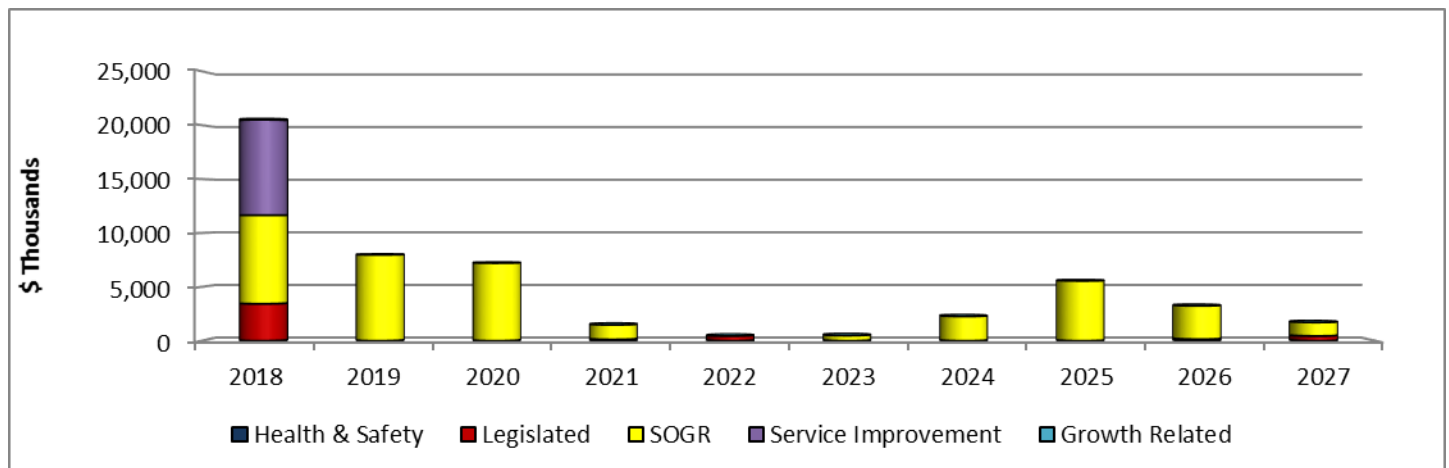
New to the 10-Year Preliminary Capital Plan

The following capital projects is new to the 10-Year Capital Plan:

- *Employee Service Centre (ESC) Project* – \$0.255 million in seed funding is required in 2018 to perform the initial planning for a self-service portal that will allow the Pension, Payroll & Employee Benefits (PPEB) service area to be ready for future shared services.

2018 – 2027 Preliminary Capital Plan

Chart 2
2018 – 2027 Preliminary Capital Plan by Project Category (In \$000s)



As illustrated in Chart 2 above, the 10-Year Preliminary Capital Plan for Financial Services of \$51.020 million provides 73.4% funding for State of Good Repair (SOGR) projects as priorities and 17.3% for Service Improvement projects. Legislative mandated and Growth Related projects represent the remaining 9.2% of projects over the 10-year period.

- State of Good Repair projects account for \$37.474 million for upgrades and future years replacements of information systems to improve accuracy and timeliness of information, standardize reporting practices across the City and facilitate improved information distribution to Programs, Committees and Council.
- Service Improvement projects account for \$8.851 million which includes the completion of the *FPARS* project and implementation of the *Supply Chain Management Transformation* project as well as the new initial phase of the *Finance Accounting Systems Transformation* project.
- Legislated projects account for \$4.607 million of the Capital Plan, which includes funding to complete the *PCI Compliance* project and the periodic review of the *Development Charges Background Study*.

Table 3 below details all capital projects, by category, included in the 2018 - 2027 Preliminary Capital Budget and Plan for Financial Services:

Table 3
2018 - 2027 Capital Plan by Project Category (In \$000s)

	2018 Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2018 - 2027 Total	Total Project Cost
Total Expenditures by Category												
Legislated												
<i>Development Charges Background Study</i>				125	450				150	450	1,175	1,175
<i>PCI Compliance</i>	3,432										3,432	10,362
Sub-Total	3,432			125	450				150	450	4,607	11,537
State of Good Repair												
<i>Capital Migration to New System</i>									279	280	559	2,975
<i>CATS - Payroll Timesheets Upgrade</i>	909										909	7,540
<i>IAPM - Planning and Scoping</i>	2,064	1,906									3,970	5,000
<i>Investment & Debt Mgmt System Replacement</i>			500					600			1,100	1,100
<i>Parking Tag Mgmt Software Upgrade</i>	770	956									1,726	2,592
<i>Parking Tag Mgmt Software Replacement</i>							500	814	698	988	3,000	3,000
<i>Risk Mgmt Information System Upgrade</i>		450	275								725	1,892
<i>Risk Mgmt Information System Replacement</i>								600			600	600
<i>SAP Upgrades (ECC, PBF, Payroll)</i>		200	2,439	1,361							4,000	4,000
<i>Tax Billing Systems Modernization</i>	2,730	2,730	2,000								7,460	9,922
<i>Tax Billing System Replacement</i>						500	1,275	1,775	425		3,975	3,975
<i>Utility Billing Systems Modernization</i>	1,738	1,737	2,000								5,475	5,971
<i>Utility Billing System Replacement</i>							500	1,775	1,700		3,975	3,975
Sub-Total	8,211	7,979	7,214	1,361		500	2,275	5,564	3,102	1,268	37,474	52,542
Service Improvements												
<i>Electronic Self Service Tax and Utility</i>	110										110	551
<i>Employee Service Centre (ESC)</i>	255										255	255
<i>Fin. Plan. Analysis & Reporting System (FPARS)</i>	2,345										2,345	60,820
<i>Finance Accounting Systems Transformation (FAST)</i>	500										500	2,000
<i>Supply Chain Management Transformation (SCMT 1)</i>	2,731										2,731	8,019
<i>SCMT - Change in Scope</i>	2,910										2,910	2,910
Sub-Total	8,851										8,851	74,555
Growth Related												
<i>Tax Increment Financing Implementation</i>	88										88	160
Sub-Total	88										88	160
Total Expenditures by Category (excluding carry forward)	20,582	7,979	7,214	1,486	450	500	2,275	5,564	3,252	1,718	51,020	138,794

*Life to Date approved cash flows are provided for multi-year capital projects with cash flow approvals prior to 2017, excluding ongoing capital projects (i.e. Civic

2018 - 2027 Capital Projects

The 10-Year Preliminary Capital Plan is in keeping with Program's objectives to balance the need to maintain existing technology infrastructure in a state of good repair to support city-wide services as well as implementing service improvements to maximize the use of the City's current financial information systems. The emphasis of the 10-Year Preliminary Capital Plan is systems oriented, focusing on technological improvements to enhance city-wide financial processes.

State of Good Repair (SOGR)

- SOGR projects account for \$37.474 million or 73.4% of the total 10-Year Capital Plan's Expenditures.
- The *Tax Billing System Modernization* project will entail a system redesign and upgrade to accommodate new technology and new approved programs that will improve on the efficiency and automation of billing and revenue processing operations; and to incorporate new web-based technology to support self-service options and improved customer service.
 - Funding for this replacement project over the 10-Year Capital Plan period includes \$7.460 million in initial SOGR funding as well as \$3.975 million for Future Upgrades.
- The *Utility Billing System Modernization* initiative requires \$9.450 million in funding over 2018-2027 to upgrade the system to ensure it will meet current and future business needs.
 - The system supports the current billing process and combines both Water and Solid Waste into one utility bill.
 - Improvements are required to the operating system in order to accommodate new technology that will generate efficiencies, cost-savings and enhanced service delivery.
- The *SAP Upgrade (ECC, PBF and Payroll)* project requires \$4.000 million in SOGR funding to make improvements to the planning and resource allocation system and continue to implement its corporate management framework.
 - This upgrade will improve the quality of the Programs' business planning by consolidating information to support decisions relative to resource allocation and levels of service.
- The *Integrated Asset Planning & Management* (formerly the CAPTOR Migration to New System) project requires \$2.064 million in 2018 and \$1.960 million in 2019 funding to proceed with the current assessment of the City's asset (capital) planning, budgeting, reporting and execution processes to establish a base for strategic asset planning and management best practices and city-wide business requirements for an integrated, common, asset planning, budget and management system.
 - This provides the opportunity to take an integrated, end to-end approach to asset planning, budgeting, financial reporting and asset management City-wide and prepare for new Provincial legislated requirement that every municipality to have an integrated asset management system by 2020.
 - This system will replace the current CAPTOR budget system implemented in 1999 as an interim solution and now is due for a major upgrade and/or replacement.
- The *Parking Tags Software Replacement System* requires \$4.726 million in funding for current and future upgrades, for lifecycle replacement due to changing technology.
 - This system processes parking tickets that generate annual revenues to the City and must be kept current to ensure continued revenue flows and improved customer service.

Service Improvements

- Service Improvement projects account for \$8.851 million or 17.3% of the total 10-Year Capital Plan's investments.
- The 10-Year Capital Plan includes previously approved funding of \$2.345 million to continue work on the *Enterprise Performance* Management phase (phase 2) of the *FPARS* project. This phase of the project will implement the technology platform (SAP HANA) and business intelligence and data governance framework to support the development and rollout of automated and integrated performance reporting; forecasting, analytics and predictive modelling tools; self-service analytics and reporting and data visualization for the City.
 - Value realization and project close out activities are being planned for 2019, including change management, training and sustainment activities.
- The *Supply Chain Management Transformation* project requires \$5.641 million in 2018 to implement SAP Ariba.
 - This project was merged in 2016 with the approved eProcurement Implementation, Supply Chain Management Transformation and Accounts Payable Process Improvements projects.
 - This project will improve customer service to City Programs and their associated vendors, generating savings from pooled demand and allowing for an increased number of bids and proposals.
 - The project will also improve productivity by automating the source-to-pay process, improve overall transparency, enhance City Store services through online ordering/inventory tracking and improve contract lifecycle management.
 - This project will enable improved oversight of contract and vendor performance management through automation.
 - Implementation of SAP Ariba will enable the City to move to Category Management and strategic sourcing.
- The *Finance Accounting Systems Transformation (FAST)* project requires increased funding in 2018 of \$0.500 million. This project is part of the SAP Modernization Roadmap that was adopted as the strategic direction and foundation for the Simply Finance implementation project planned.
 - The opportunities identified in the SAP Value Engineering report provide insight as to the areas in comparison to best practices that is possible for the city to achieve. With greater integration and capacity of Simple Finance, business processes will be streamlined and reduce the number of offline information sources which will improve the quality of information.

Legislated and Growth Related

- Legislated projects total \$4.607 million or 9.0% of the total 10-Year Preliminary Capital Plan's spending.
- The *PCI Compliance* project requires funding of \$3.432 million in 2018 for Payment Card Industry Data Security Standard (PCI DSS) compliance from DSS 2.0 to the required 3.0 version as the City is subject to PCI DSS compliance standards.
 - The *Payment Card Industry (PCI) Compliance* project will result in City of Toronto compliance with the standards for organizations that accept, process and/or store credit card payments addressing network architecture, applications security, data transport, data storage and access, vulnerability testing as well as defining the areas that require documented processes, policies and standards.

2018 Preliminary Capital Budget and Future Year Commitments

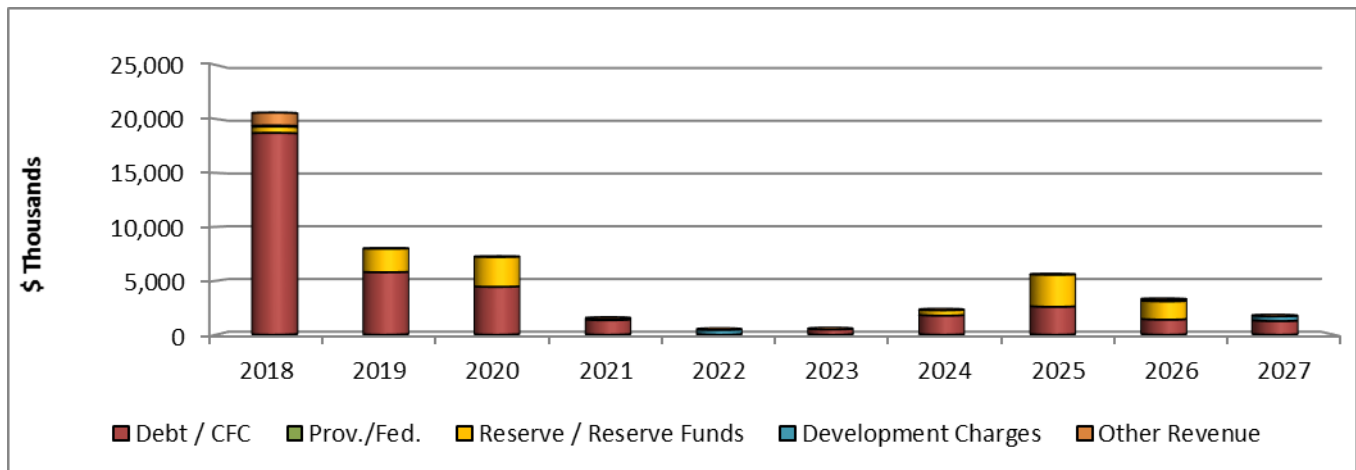
Included as a sub-set of the 10-Year Capital Plan is the 2018 Preliminary Capital Budget and Future Year Commitments, which consists of 2018 and future year cash flow funding estimates for projects previously approved by Council; adjustments (Scope Change) to those previously approved projects; as well as new projects which collectively, require Council approval to begin, continue or complete capital work.

Table 3a below lists the capital projects to be funded by the 2018 Preliminary Capital Budget and associated Future Year Commitments for Financial Services:

Table 3a
2018 Cash Flow & Future Year Commitments (In \$000s)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total 2018 Cash Flow & FY Commits
Expenditures:											
Previously Approved											
<i>CATS - Payroll Timesheets Upgrade</i>	909										909
<i>Electronic Self Service Tax and Utility</i>	110										110
<i>IAPM - Planning and Scoping</i>	2,064	1,906									3,970
<i>Parking Tag Mgmt Software Upgrade</i>	770	956									1,726
<i>PCI Compliance</i>	3,432										3,432
<i>Fin. Plan. Analysis & Reporting System (FPARS)</i>	2,345										2,345
<i>Risk Mgmt Information System Upgrade</i>		450	275								725
<i>Supply Chain Management Transformation (SCMT 1)</i>	2,731										2,731
<i>Tax Billing System</i>	2,730	2,730	2,000								7,460
<i>Tax Increment Financing Implementation</i>	88										88
<i>Utility Billing System</i>	1,738	1,737	2,000								5,475
Subtotal	16,917	7,779	4,275								28,971
Change in Scope											
<i>Finance Acct Sys Transformation (FAST) Additional</i>	500										500
<i>SCMT - Change in Scope</i>	2,910										2,910
Subtotal	3,410										3,410
New w/Future Year											
<i>Employee Service Centre (ESC)</i>	255										255
Subtotal	255										255
Total Expenditure	20,582	7,779	4,275								32,636
Financing:											
Debt/CFC	18,701	5,592	2,000								26,293
Debt Recoverable											
Other	1,198										1,198
Reserves/Res Funds	595	2,187	2,275								5,057
Development Charges	88										88
Provincial/Federal											
Total Financing	20,582	7,779	4,275								32,636

Chart 3
2018 – 2027 Preliminary Capital Plan by Funding Source (In \$000s)



The 10-Year Preliminary Capital Plan of \$51.020 million will be financed by the following sources:

- Debt of \$37.827 million representing 74.1% of the financing over the 10-year period to fund the following major projects
 - *PCI Compliance* project (\$3.432 million);
 - *Integrated Asset Planning & Management* (3.970 million);
 - *Financial Planning Analysis & Reporting System (FPARS)* (\$2.345 million);
 - *SAP Upgrades* (\$4.000 million); and
 - *Tax Billing System* (\$11.435 million)
- Reserve and Reserve Funds of \$10.732 million or 21.0% of required funding over 10 years for the following major projects:
 - *Utility Billing System* project (\$8.289 million);
 - *Investment and Debt Management System Upgrade* (\$1.100 million); and
 - *Risk Management Information System Replacement* (\$1.325 million);
- Development Charges, which represent \$1.263 million or 2.5% of the 10-Year Preliminary Capital Budget's funding, to fund periodic updates to the Development Charges per legislation.
- Other sources of funding account for \$1.198 million or 2.3% of total capital financing:
 - Funding is primarily from Rate Supported Programs for the eligible portion of the *Utility Billing System* and *Electronic Self-Serve Tax and Utility* project.

10-Year Capital Plan: Net Operating Budget Impact

Table 5
Net Operating Impact Summary (In \$000s)

Projects	2018 Budget		2019 Plan		2018 - 2022		2018 - 2027	
	\$000s	Position	\$000s	Position	\$000s	Position	\$000s	Position
Previously Approved								
<i>Supply Chain Management Transformation (SCMT)</i>			2,448.0	-	2,448.0	-	2,448.0	-
<i>PCI Compliance</i>			500.0		500.0	-	500.0	-
					-	-	-	-
Total (Net)	-	-	2,948.0	-	2,948.0	-	2,948.0	-

The 10-Year Preliminary Capital Plan will increase future year Operating Budgets by \$2.948 million net in 2019, as shown in the table above.

This is comprised of funding to sustain the *Supply Chain Management Transformation* project that will require \$2.448 million in operating funding for hardware and maintenance, software license and subscription and support expenses in 2019. The *PCI Compliance* project will also require \$0.500 million in 2019 to sustain the Card Holder Data Environment (CDE) that processes, stores and/or transmits cardholder data or sensitive payment authentication data.

The future operating impacts will be reviewed each year as part of the annual Operating Budget process



Part 2

Issues for Discussion

Issues Impacting the 2018 Capital Budget

Review of Capital Projects and Spending

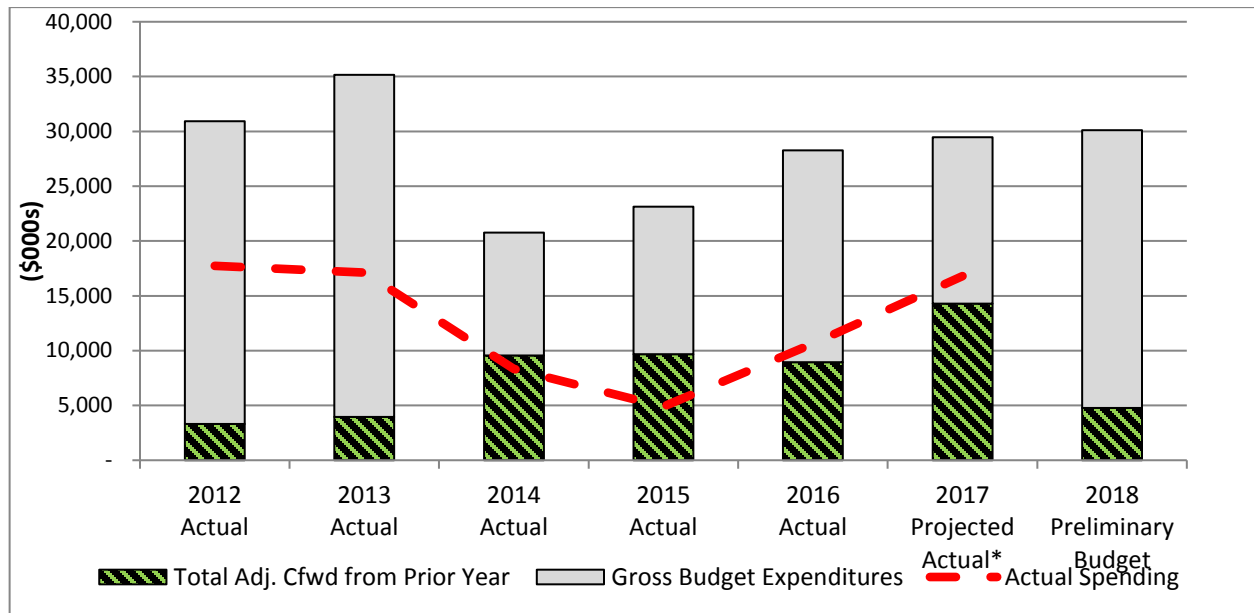
- City Council, at its meeting of May 25, 2017 considered the report entitled "2018 Budget Process – Budget Directions and Schedule EX25.18" and directed that City Programs and Agencies submit their 2018 – 2027 Capital Budget and Plans requiring that:
 - annual cash flow funding estimates be examined to more realistically match cash flow spending to project activities and timing, especially in the first 5 years of the Capital Plan's timeframe.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.18>
- The 2018 – 2027 Preliminary Capital Budget and Plan for Financial Services has been established following a review of capital requirements based on the reprioritization of capital needs; a review of the Program's spending capacity and the readiness to proceed of planned projects; as well as the ability to reduce overall debt funding and/or leverage non-debt funding sources.
 - The 10-Year Preliminary Capital Plan includes the deferral of \$4.757 million in 2018 cash flow funding to future years based on project readiness and spending capacity by aligning to actual project timelines and activities.
 - Financial Services had an average annual spending rate over the past five years 2012 – 2016 of 43.5%, inclusive of large scale, multi-year major capital projects such as the *Financial Planning Analysis & Reporting System (FPARS)*.
- The following tables illustrates Financial Services' rate of spending from 2012 to 2016 as well as projected year end spending for 2017

Table 6
Capital Spending Rates (In \$000s)

Category	2012			2013			2014			2015			2016			Spending Rate 5 Year 2012-2016	2017		
	Budget	Actual	Spending Rate %	Budget	Actual	Spending Rate %	Budget	Actual	Spending Rate %	Budget	Actual	Spending Rate %	Budget	Actual	Spending Rate %		Budget	Projected Actual *	Spending Rate %
Legislated	1,555	658	42.3%	1,247	306	24.5%	715	478	66.9%	2,450	553	22.6%	4,022	457	11.4%	24.5%	4,770	1,350	28.3%
SOGR	5,008	376	7.5%	7,697	415	5.4%	4,542	688	15.1%	7,067	3,377	47.8%	10,638	5,261	49.5%	28.9%	10,523	4,070	38.7%
Service Improvement	20,935	16,701	79.8%	26,071	16,194	62.1%	15,234	7,160	47.0%	13,354	964	7.2%	13,216	4,910	37.2%	51.7%	14,041	11,319	80.6%
Growth Related	138	-	0.0%	138	197	142.8%	263	-	0.0%	250	-	0.0%	388	-	0.0%	16.7%	138	50	36.2%
Total	27,636	17,735	64.2%	35,153	17,112	48.7%	20,754	8,326	40.1%	23,121	4,894	21.2%	28,264	10,628	37.6%	43.5%	29,472	16,789	57.0%

* 2017 Projection based on the 2017 Q3 Capital Variance Report

**Chart 5
Capacity to Spend – Budget vs. Actual
(In \$000s)**



- In establishing the 2018 - 2027 Capital Program, Financial Services projects were reviewed for readiness to spend, dependencies, capacity to deliver and historical spending as part of the IT 2018-2027 Integrated Portfolio Plan.
 - Cash flow funding was then adjusted to better align with expected delivery of projects. Timelines and actuals for the Tax and Utility Billing System Upgrade project's funds of \$4.000 million was deferred from 2018 to 2020.
- The capacity to spend or move forward on several IT-related projects was primarily hindered by the projects' close connection with other Divisional IT projects and resources, as more of these projects have integrated business processes, data or technology requiring the same subject matter experts to participate in these projects or require the same technical expertise that is in high demand, where available. Despite these dependencies, projects are progressing with completion dates within the first five years of the 2018-2027 Capital Plan.
- Financial Services Capital Plan includes projects for Accounting Services; Payroll, Pension & Employee Benefits; Financial Planning; Revenue Services; Corporate Finance; and Purchasing & Materials Management Programs.
 - Projects that Financial Services is responsible for are large, City-wide, complex, require consultation and collaboration with partner/client Programs to ensure business needs are met, processes, data, and technology are integrated, and have significant impact on resources and organizational change.
- Capital spending for Financial Services' projects will continue to be monitored in 2018, with spending reported quarterly through the City's variance reports and staff will report on any future adjustments as required, as part of the 2019 Budget process.

2018 - 2027 Preliminary Capital Plan vs Debt Targets

- The Program's 2018 Preliminary Capital Budget and 2019 - 2027 Preliminary Capital Plan is above the debt target over the 10 years. As noted, Financial Services is enhancing the City's capability to further provide real-time financial and management information for program and corporate decision making through business intelligence, analytics and reporting. This is being achieved through investment in information systems to improve business processes allowing for greater efficiencies. These investments are essential to improve customer experience and gain service efficiencies with significant spending requirements occurring in 2018, 2019 and 2020 as shown below:

(\$000s)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
2018 - 2027 Preliminary Capital Plan	20,582	7,979	7,214	1,486	450	500	2,275	5,564	3,252	1,718	51,020
Debt Funding Required	18,701	5,792	4,439	1,361	-	500	1,775	2,589	1,402	1,268	37,827
Program Debt Target	12,081	3,886	2,439	1,361	390	500	1,775	2,589	2,098	4,364	31,483
Over/(Under) Debt Target	6,620	1,906	2,000	-	(390)	-	-	-	(696)	(3,096)	6,344

Reporting on Existing Major Capital Projects: Status Update

In compliance with the Auditor General's recommendations to strengthen accountability, additional status reporting on all major capital projects is required in order to strengthen accountability, manage risks, improve controls and ensure successful implementation/completion of major capital projects. The following projects have been reported on a quarterly basis during 2017:

The Financial Planning Analysis and Reporting System (FPARS) Project

(\$000s)	Total Project Cost		2017		2018	2019	Projection to End of Project	End Date		On Budget	On Time	
	Initial Approval Date	Approved	Life to Date Expenditures as at Dec 31, 2016	Budget	Year-End Projection*	Preliminary Budget		Plan	Planned			Revised
	2010	60,820	51,500	5,973	4,221	2,345	-	60,820	2018	2018	Ⓢ	Ⓢ

* Based on 2017 Q3 Capital Variance Report

On/Ahead of Schedule	Ⓢ	>70% of Approved Project Cost
Minor Delay < 6 months	Ⓜ	Between 50% and 70%
Significant Delay > 6 months	Ⓡ	< 50% or > 100% of Approved Project Cost

Project Scope:

- The *Financial Planning Analysis and Reporting System (FPARS) Project* is a complex, large scale, enterprise business transformation and technology project, utilizing new SAP technologies to support the City's transition towards a service-based and performance focused organization.
- The FPARS project includes two major phases:
 - Establishment of multi-year service-based planning and budgeting by implementing SAP's Public Budget Formulation (PBF), Reporting Analytics, and Complement Planning and Management functionality as well as re-engineering accounting and payroll transactional processes through SAP's Enterprise Central Component (ECC) and performance to form the basis for planning, budgeting, reporting and evaluating City Services as in Program Maps.
 - Implementation of Enterprise Performance Management (EPM) functionality to deliver analytics, forecasting, predictive modelling, data validation, reporting and score-carding solutions for the City. The solution suite is to enable Programs to manage their performance in order to plan, budget, monitor, and analyze their business more effectively by providing the capacity to forecast, model and assess performance while utilizing aggregated and disaggregated data for business intelligence, analytics and solutions to improve efficiency and effectiveness of service delivery.
 - With a shared purpose, real time information where ever possible, easy to use tools and streamlined processes, it will be much simpler to align Program outcomes with the City's overall strategies. Through

increased insight, and access to the right information at the right time, the solution will provide the organization with fact-based guidance for value-based decision making.

Project Deliverables and Status:

- Phase 1 – PBF Implementation – completed in May 2015 and is in sustainment mode.

Deliverables completed in Phase 1 are:

1. Service Inventory for City Programs

- City's Service Inventory includes 155 distinct services offered to the public to support direct service delivery and good governance.
- Service inventory is the basis for organizing information in the City. It has been used to align key information initiatives including multi-Year Service Planning and Budget, performance measures and customer service initiative such as Web-Revitalization.

2. Service Planning

- FPARS has completed technical work in PBF that enables the entry of service planning information (e.g. strategic goals, service objectives targets and priority actions) for reporting purposes.

3. Multi-Year Service-Based Budgeting

- An upgraded version of PBF (8.1) has been released, including new functionality (Audit and Reporting), as well as enhanced business intelligence reporting and analytics.

4. Processes to Organize Financial, Complement and Performance Data in a Service View

- Development of further dynamic reporting capabilities, including HR vacancy reports and detailed payroll reports that support planning and strategic workforce information and reporting needs.

5. Processes and Tools to Analyze and Report on Service Performance and Results

- Advanced training on reporting has been provided in order to leverage PBF, new HR and payroll reports to their fullest potential.
- The SPIRIT dashboard has been launched in 2016 for use by Program Management for monitoring and reporting. Training has been provided to all City Program Areas, including senior management, on the dashboard's data, capabilities and utilization.

- Phase 2 – Enterprise Performance Management (EPM) – will further leverage service information in order to organize, integrate, automate, and analyze performance measures, processes, and systems to drive successful business performance results.

- Through EPM, the team will be leveraging automation tools, for capturing performance measurement and service and financial data, and utilizing this information for forecasting, simulating and reporting purposes.
- Discovery work is underway to define requirements, leading to a Proof of Concept (Fit Gap) and implementation of the best toolsets to automate performance management process in 2018.

Phase 2 deliverables include:

1. Foundational BI & Data Governance

- To develop Data Governance and common Business Intelligence Framework across the City of Toronto in partnership with Information & Technology staff.

2. Performance Inventory

- Organize, integrate, automate, and analyze performance measures, processes, and systems to drive the successful business performance results that will support monitoring, evaluating and reporting.

3. Automation/Technology
 - Implement with HANA the latest tools and expert resources, to improve performance and provide capability to users to use forecast data analytics and reporting capabilities
4. SAP Reporting Strategy (Self Service Analytics & Reporting Capability)
 - Analyze existing SAP reports and develop new consolidated BI reports
5. Forecasting, Analytics & Predictive Modelling Toolsets
 - Develop strategy, plan and implement predictive modelling and analytic tools for forecasting
6. Data Visualization Through Dashboards & Scorecards
 - Develop and implement strategy through latest technology in order to develop self-service reports to City staff and the public.

Financial Update:

- As of December 31, 2016, total cumulative expenses incurred since the inception of the project was \$51.500 million with an additional \$4.221 million projected to be spent by the end of 2017.
- The 2018 cash flow funding totals \$2.345 million and includes \$1.745 million in funds carried over from 2017.

Payroll Timesheets Upgrade project (CATS)

(\$000s)	Total Project Cost		2017		2018	2019	Projection to End of Project	End Date		On Budget	On Time
	Initial Approval Date	Approved	Life to Date Expenditures as at Dec 31, 2016	Budget	Year-End Projection*	Preliminary Budget		Plan	Planned		
2014	7,540	5,931	1,610	700	909	-	7,540	2017	2017	Ⓢ	Ⓢ

* Based on 2017 Q3 Capital Variance Report

On/Ahead of Schedule	Ⓢ	>70% of Approved Project Cost
Minor Delay < 6 months	Ⓜ	Between 50% and 70%
Significant Delay > 6 months	Ⓡ	< 50% or > 100% of Approved Project Cost

- The *Payroll Timesheets Upgrade project (CATS)* is a state of good repair project to replace the City's current time entry application which is heavily customized, outdated and no longer supported by SAP.
- CATS is current SAP best practice and will provide a secure, sustainable and fully supported application that will be a single point of integration with a time, attendance and scheduling solution.
 - The CATS Implementation project with an overall project cost of \$7.540 million was successfully implemented in production as schedule on September 14, 2016. The 45 day post go-live support and warranty period ended October 30th, 2016. The transition and hand-over to the City sustainment team for the CATS solution was completed on October 28th, 2016. The roll out of Employee Self Service & Manager Self Service for time reporting functions is being piloted to selected City Programs.
 - Spending to the end of 2017 is expected to be \$0.700 million and the project is expected to be on budget.

Financial Update:

- As of December 31, 2016, total cumulative expenses incurred since the inception of the project was \$5.931 million with an additional \$1.610 million projected to be spent by the end of 2017.
- The 10-Year Capital Plan includes \$0.909 million to carry out a city wide rollout of the "Employee Self-time Reporting" to individual divisions, sections and units.

Issues Impacting the 10-Year Capital Budget

The Supply Chain Management Transformation (SCMT) Project: Implementation

- The SCMT project is a complex, large-scale, enterprise business transformation and technology project, implementing SAP's Software-as-a-Service Cloud Solution known as SAP Ariba. This project will enable a number of modules within SAP Ariba and enhance the City's use of the existing SAP-ECC system enabling the Purchasing and Materials Management Division (PMMD) and Accounting Services to capitalize on business process efficiencies.
- It represents a core component to improve the efficiency and effectiveness of the City's Purchasing and Materials Management purchases across the City.
- The implementation of new technology to automate the procurement process is a core component to enable PMMD's Category Management/Strategic Sourcing and Operational Transformation which will move PMMD from a transaction focused service to one that provides strategic valued added service to City Divisions. This project is also a foundation for the City's Shared Services Project.
- The project will:
 - Improve customer service to City Programs and their associated vendors, generate savings from pooled demand;
 - Improve the overall quality and timeliness of the City's procurement process, which is expected to generate greater quality and value within future procurement agreements. The procurement and accounts payable streamlining with the new vendor will automate source-to-pay activities that are currently highly manual and labour intensive, and will reduce/remove bottlenecks from current business practices;
 - Enhance the quality and the number of bids and proposals received;
 - Result in a decrease in total cycle time to conduct competitive calls and drive an improvement in service delivery by PMMD where client Programs will be able to obtain their contracts in a more timely fashion;
 - Enhance materials management functionality within the current SAP platform and is projected to improve City Stores capability and expand current service, which will involve enabling City Stores processes with web ordering for internal customers and more consistent and reliable practices to supply materials from central stores to internal customers throughout the City;
 - Enable Accounts Payable to offer dynamic discounting to Vendors where the City can see savings on paying invoices if the City pays faster;
 - Improve overall transparency and accountability in the procurement process through the use of a centralized database and enhanced reporting;
 - Improve oversight of contract and vendor performance management through automation;
 - Enable the City to move to Category Management and Strategic Sourcing.
- The City and SAP Canada have recently concluded the Master Cloud Services Agreement and Order Form for SAP Ariba to begin implementation of the Project in 2017.
- Based on cost benefit analyses, cost/service efficiency savings for PMMD is estimated at approximately 127 hours per FTE (or equivalent to 2.6 buyers). Additional savings are expected across the organization as the expected as the project is implemented.
 - Increasing the ability to capture discounts for early invoice payments may produce an additional savings of approximately \$0.200 million to \$0.300 million.
 - Cost recovery from SAP Maintenance costs (unused software) - \$2.497 million or \$0.500 million per year over 5 years.
 - Could reduce the procurement cycle time by up to 65% as evidenced by the Province when they implemented their procurement solution.



Appendices

Appendix 1

2017 Performance

2017 Key Accomplishments

In 2017, Financial Services made significant progress and/or accomplished the following:

- ✓ *Financial Planning, Analysis & Reporting System (FPARS) project:*
 - Continue the close-out phase, working on functionality fixes and improvements, value realization and on finding system and process improvements
 - Continue Phase 2 Enterprise Performance Measurement (EPM)
- ✓ *Supply Chain Management Transformation (SCMT)*
 - Sourcing and Contract Management modules have been configured and are being prepared for unit and User Acceptance testing
- ✓ *Finance Accounting Systems Transformation (FAST)*
 - Development of key project documents such as the project charter, requirements/scope documentation, and business process review

2017 Financial Performance

2017 Budget Variance Analysis (in \$000's)

2017 Budget	As of Sept. 30, 2017		Projected Actuals at Year-End		Unspent Balance	
	\$	% Spent	\$	% Spent	\$ Unspent	% Unspent
29,472	7,103	24.1%	16,789	57.0%	12,683	43.0%

* Based on 2017 Q3 Capital Variance Report

For additional information regarding the 2017 Q3 capital variances and year-end projections for Financial Services, please refer to the attached link for the report entitled "*Capital Variance Report for the Nine-Month Period Ended September 30, 2017*" considered by City Council at its meeting on November 27, 2017.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BU37.1>

Impact of the 2017 Capital Variance on the 2018 Preliminary Capital Budget

- As a result of delays in the capital projects, as described in the 2017 Q3 Capital Variance Report, funding of \$4.757 million is being carried forward to the 2018 Preliminary Capital Budget to continue the capital work.
- A detailed review of the 2018 – 2027 Preliminary Capital Budget and Plan has been conducted and the necessary adjustments have been made to the timing of cash flow funding for major capital projects such as Supply Chain Management Transformation, PCI Compliance, Financial Planning Analysis & Reporting System, and Integrated Asset Planning Management which are the major contributors to annual under expenditures. By deferring the cash flow funding to future years, the 2018 Preliminary Capital Budget reflects readiness to proceed and will lead to a higher rate of spending.

Appendix 2

**2018 Preliminary Capital Budget;
2019 - 2027 Capital Plan Including Carry Forward Funding
(\$000s)**

Project	Total Project Cost	Prior Year Carry Forward	2018	2019	2020	2021	2022	2018 - 2022	2023	2024	2025	2026	2027	2018 - 2027 Total
Legislated:														
<i>Development Charges Background Study</i>	1,175	420				125	450	995				150	450	1,595
<i>PCI Compliance</i>	10,362	1,979	3,432					5,411						5,411
Sub-Total	11,537	2,399	3,432			125	450	6,406				150	450	7,006
State of Good Repair:														
<i>Capital Migration to New System</i>	2,975											279	280	559
<i>CATS - Payroll Timesheets Upgrade</i>	7,540		909					909						909
<i>IAPM - Planning and Scoping</i>	5,000	533	2,064	1,906				4,503						4,503
<i>Investment & Debt Mgmt System Replacement</i>	1,100				500			500			600			1,100
<i>Parking Tag Mgmt Software Upgrade</i>	2,592		770	956				1,726						1,726
<i>Parking Tag Mgmt Software Replacement</i>	3,000									500	814	698	988	3,000
<i>Risk Mgmt Information System Upgrade</i>	1,892	70		450	275			795						795
<i>Risk Mgmt Information System Replacement</i>	600										600			600
<i>SAP Upgrades (ECC, PBF, Payroll)</i>	4,000			200	2,439	1,361		4,000						4,000
<i>Tax Billing Systems Modernization</i>	9,922		2,730	2,730	2,000			7,460						7,460
<i>Tax Billing System Replacement</i>	3,975								500	1,275	1,775	425		3,975
<i>Utility Billing Systems Modernization</i>	5,971		1,738	1,737	2,000			5,475						5,475
<i>Utility Billing System Replacement</i>	3,975									500	1,775	1,700		3,975
Sub-Total	52,542	603	8,211	7,979	7,214	1,361		25,368	500	2,275	5,564	3,102	1,268	38,077
Service Improvements:														
<i>Electronic Self Service Tax and Utility</i>	551		110					110						110
<i>Employee Service Centre (ESC)</i>	255		255					255						255
<i>Fin. Plan. Analysis & Reporting System (FPARS)</i>	60,820	1,745	2,345					4,090						4,090
<i>Finance Accounting Systems Transformation (FAST)</i>	2,000		500					500						500
<i>Supply Chain Management Transformation (SCMT 1)</i>	8,019	10	2,731					2,741						2,741
<i>SCMT - Change in Scope</i>	2,910		2,910					2,910						2,910
Sub-Total	74,555	1,755	8,851					10,606						10,606
Growth Related:														
<i>Tax Increment Financing Implementation</i>	160		88					88						88
Sub-Total	160		88					88						88
Total	138,794	4,757	20,582	7,979	7,214	1,486	450	42,468	500	2,275	5,564	3,252	1,718	55,777

Appendix 3

2018 Preliminary Capital Budget; 2019 - 2027 Capital Plan

CITY OF TORONTO

Gross Expenditures (\$000's)

Financial Services						Current and Future Year Cash Flow Commitments							Current and Future Year Cash Flow Commitments Financed By											
						2018	2019	2020	2021	2022	Total 2018-2022	Total 2023-2027	Total 2018-2027	Provincial Grants and Subsidies	Federal Subsidy	Development Charges	Reserve Reserves	Reserve Funds	Capital from Current	Other 1	Other2	Debt - Recoverable Debt	Total Financing	
Sub- Priority	Project No. SubProj No.	Project Name Sub-project Name	Ward	Stat.	Cat.																			
<u>FNS908403 Finance Accounting Systems Transformation (FA)</u>																								
0	2	Finance Acct Sys Transformation (FAST) Additional	CW	S3	04	500	0	0	0	0	500	0	500	0	0	0	0	0	0	0	500	0	500	
		Sub-total				500	0	0	0	0	500	0	500	0	0	0	0	0	0	0	500	0	500	
<u>TRE906809 Tax and Utility Billing Systems Modernization</u>																								
1	1	Tax Billing System	CW	S2	03	2,730	2,730	2,000	0	0	7,460	0	7,460	0	0	0	0	0	0	0	7,460	0	7,460	
1	2	Utility Billing System	CW	S2	03	1,738	1,737	2,000	0	0	5,475	0	5,475	0	0	4,314	0	1,161	0	0	0	0	5,475	
		Sub-total				4,468	4,467	4,000	0	0	12,935	0	12,935	0	0	4,314	0	1,161	0	7,460	0	12,935		
<u>TRE906811 Parking Tag Mgmt Software Upgrade</u>																								
1	1	Parking Tag Mgmt Software Upgrade	CW	S2	03	770	956	0	0	0	1,726	0	1,726	0	0	0	0	0	0	0	1,726	0	1,726	
		Sub-total				770	956	0	0	0	1,726	0	1,726	0	0	0	0	0	0	0	1,726	0	1,726	
<u>TRE906817 Tax Billing System Replacement 2023</u>																								
3	1	Tax Billing System Replacement 2023	CW	S6	03	0	0	0	0	0	0	3,975	3,975	0	0	0	0	0	0	0	3,975	0	3,975	
		Sub-total				0	0	0	0	0	0	3,975	3,975	0	0	0	0	0	0	0	3,975	0	3,975	
<u>TRE906818 Parking Tag Mgmt Software Replacement 2024</u>																								
3	1	Parking Tag Mgmt Software Replacement 2024	CW	S6	03	0	0	0	0	0	0	3,000	3,000	0	0	0	0	0	0	0	3,000	0	3,000	
		Sub-total				0	0	0	0	0	0	3,000	3,000	0	0	0	0	0	0	0	3,000	0	3,000	
Total Program Expenditure						25,339	7,979	7,214	1,486	450	42,468	13,309	55,777	0	0	1,683	1,100	9,702	0	1,198	0	42,094	0	55,777

CITY OF TORONTO

Gross Expenditures (\$000's)

Financial Services					Current and Future Year Cash Flow Commitments and Estimates						Current and Future Year Cash Flow Commitments and Estimates Financed By												
					2018	2019	2020	2021	2022	Total 2018-2022	Total 2023-2027	Total 2018-2027	Provincial Grants and Subsidies	Federal Subsidy	Development Charges	Reserve Reserves	Reserve Funds	Capital from Current	Other 1	Other2	Debt - Recoverable Debt	Total Financing	
Sub- Priority	Project No. SubProj No.	Project Name Sub-project Name	Ward	Stat. Cat.																			
Financed By:																							
		Development Charges			508	0	0	125	450	1,083	600	1,683	0	0	1,683	0	0	0	0	0	0	1,683	
		Reserves (Ind. "XQ" Ref.)			0	0	500	0	0	500	600	1,100	0	0	0	1,100	0	0	0	0	0	1,100	
		Reserve Funds (Ind."XR" Ref.)			665	2,187	2,275	0	0	5,127	4,575	9,702	0	0	0	0	9,702	0	0	0	0	9,702	
		Other1 (Internal)			1,198	0	0	0	0	1,198	0	1,198	0	0	0	0	0	1,198	0	0	0	1,198	
		Debt			22,968	5,792	4,439	1,361	0	34,560	7,534	42,094	0	0	0	0	0	0	0	0	42,094	42,094	
Total Program Financing					25,339	7,979	7,214	1,486	450	42,468	13,309	55,777	0	0	1,683	1,100	9,702	0	1,198	0	42,094	0	55,777

- Status Code Description**
 S2 S2 Prior Year (With 2018 and/or Future Year Cashflow)
 S3 S3 Prior Year - Change of Scope 2018 and/or Future Year Cost(Cashflow)
 S4 S4 New - Stand-Alone Project (Current Year Only)
 S5 S5 New (On-going or Phased Projects)
 S6 S6 New - Future Year (Commencing in 2019 & Beyond)

- Category Code Description**
 01 Health and Safety C01
 02 Legislated C02
 03 State of Good Repair C03
 04 Service Improvement and Enhancement C04
 05 Growth Related C05
 06 Reserved Category 1 C06
 07 Reserved Category 2 C07

Appendix 4

2018 Cash Flow and Future Year Commitments

CITY OF TORONTO

Gross Expenditures (\$000's)

Financial Services

						Current and Future Year Cash Flow Commitments						Current and Future Year Cash Flow Commitments Financed By													
Sub-Project No.	Project Name	Ward	Stat.	Cat.		2018	2019	2020	2021	2022	Total 2018-2022	Total 2023-2027	Total 2018-2027	Provincial Grants and Subsidies	Federal Subsidy	Development Charges	Reserves	Reserve Funds	Capital from Current	Other 1	Other2	Debt - Recoverable Debt	Total Financing		
<u>CFO906795 Fin. Plan. Analysis & Reporting System (FPARS)</u>																									
0	7	SAP Business Process Change & Technology Transfer	CW	S2	04	4,090	0	0	0	0	4,090	0	4,090	0	0	0	0	0	0	0	0	4,090	0	4,090	
Sub-total						4,090	0	0	0	0	4,090	0	4,090	0	0	0	0	0	0	0	0	4,090	0	4,090	
<u>CFO906798 Risk Mgmt Information System Upgrade</u>																									
1	1	Risk Mgmt Information System Upgrade	CW	S2	03	70	450	275	0	0	795	0	795	0	0	0	0	795	0	0	0	0	0	795	
Sub-total						70	450	275	0	0	795	0	795	0	0	0	0	795	0	0	0	0	0	795	
<u>CFO906892 Integrated Asset Planning Management (IAPM)</u>																									
3	1	IAPM - Planning and Scoping	CW	S2	03	2,597	1,906	0	0	0	4,503	0	4,503	0	0	0	0	0	0	0	0	4,503	0	4,503	
Sub-total						2,597	1,906	0	0	0	4,503	0	4,503	0	0	0	0	0	0	0	0	0	4,503	0	4,503
<u>FNS907437 Tax Increment Financing Implementation</u>																									
2	1	Tax Increment Financing Implementation	CW	S2	05	88	0	0	0	0	88	0	88	0	0	88	0	0	0	0	0	0	0	88	
Sub-total						88	0	0	0	0	88	0	88	0	0	88	0	0	0	0	0	0	0	88	
<u>FNS907438 PCI Compliance</u>																									
1	1	PCI Compliance	CW	S2	02	5,411	0	0	0	0	5,411	0	5,411	0	0	0	0	0	0	0	0	5,411	0	5,411	
Sub-total						5,411	0	0	0	0	5,411	0	5,411	0	0	0	0	0	0	0	0	0	5,411	0	5,411
<u>FNS907443 Development Charges Background Study</u>																									
3	1	Development Charges Background Study	CW	S2	02	420	0	0	0	0	420	0	420	0	0	420	0	0	0	0	0	0	0	420	
Sub-total						420	0	0	0	0	420	0	420	0	0	420	0	0	0	0	0	0	0	420	
<u>FNS907850 CATS - Payroll Timesheets Upgrade (Additional)</u>																									
0	1	CATS - Payroll Timesheets Upgrade	CW	S2	03	909	0	0	0	0	909	0	909	0	0	0	0	0	0	0	0	909	0	909	
Sub-total						909	0	0	0	0	909	0	909	0	0	0	0	0	0	0	0	0	909	0	909
<u>FNS908049 Electronic Self Service Tax and Utility</u>																									
0	1	Electronic Self Service Tax and Utility	CW	S2	04	110	0	0	0	0	110	0	110	0	0	0	0	18	0	37	0	55	0	110	
Sub-total						110	0	0	0	0	110	0	110	0	0	0	0	18	0	37	0	55	0	110	
<u>FNS908076 Supply Chain Management Transformation</u>																									
0	1	Supply Chain Management Transformation (SCMT 1)	CW	S2	04	2,741	0	0	0	0	2,741	0	2,741	0	0	0	0	0	0	0	0	2,741	0	2,741	

CITY OF TORONTO

Gross Expenditures (\$000's)

Financial Services						Current and Future Year Cash Flow Commitments							Current and Future Year Cash Flow Commitments Financed By													
Sub-Project No.	Project Name	Ward	Stat.	Cat.		2018	2019	2020	2021	2022	Total 2018-2022	Total 2023-2027	Total 2018-2027	Provincial Grants and Subsidies	Federal Subsidy	Development Charges	Reserve Reserves	Reserve Funds	Capital from Current	Other 1	Other2	Debt - Recoverable Debt	Total Financing			
<u>FNS908076 Supply Chain Management Transformation</u>																										
0	7	SCMT - Change in Scope	CW	S3	04	2,910	0	0	0	0	2,910	0	2,910	0	0	0	0	0	0	0	0	0	2,910	0	2,910	
		Sub-total				5,651	0	0	0	0	5,651	0	5,651	0	0	0	0	0	0	0	0	0	5,651	0	5,651	
<u>FNS908344 Employee Service Centre (ESC)</u>																										
1	1	Employee Service Centre (ESC)	CW	S4	04	255	0	0	0	0	255	0	255	0	0	0	0	0	0	0	0	0	255	0	255	
		Sub-total				255	0	0	0	0	255	0	255	0	0	0	0	0	0	0	0	0	255	0	255	
<u>FNS908403 Finance Accounting Systems Transformation (FA)</u>																										
0	2	Finance Acct Sys Transformation (FAST) Additional	CW	S3	04	500	0	0	0	0	500	0	500	0	0	0	0	0	0	0	0	0	500	0	500	
		Sub-total				500	0	0	0	0	500	0	500	0	0	0	0	0	0	0	0	0	500	0	500	
<u>TRE906809 Tax and Utility Billing Systems Modernization</u>																										
1	1	Tax Billing System	CW	S2	03	2,730	2,730	2,000	0	0	7,460	0	7,460	0	0	0	0	0	0	0	0	0	7,460	0	7,460	
1	2	Utility Billing System	CW	S2	03	1,738	1,737	2,000	0	0	5,475	0	5,475	0	0	0	0	4,314	0	1,161	0	0	0	0	5,475	
		Sub-total				4,468	4,467	4,000	0	0	12,935	0	12,935	0	0	0	0	4,314	0	1,161	0	7,460	0	12,935		
<u>TRE906811 Parking Tag Mgmt Software Upgrade</u>																										
1	1	Parking Tag Mgmt Software Upgrade	CW	S2	03	770	956	0	0	0	1,726	0	1,726	0	0	0	0	0	0	0	0	0	1,726	0	1,726	
		Sub-total				770	956	0	0	0	1,726	0	1,726	0	0	0	0	0	0	0	0	0	1,726	0	1,726	
Total Program Expenditure						25,339	7,779	4,275	0	0	37,393	0	37,393	0	0	508	0	5,127	0	1,198	0	30,560	0	37,393		

CITY OF TORONTO

Gross Expenditures (\$000's)

Financial Services						Current and Future Year Cash Flow Commitments and Estimates						Current and Future Year Cash Flow Commitments and Estimates Financed By									
						2018	2019	2020	2021	2022	Total 2018-2022	Total 2023-2027	Total 2018-2027	Provincial Grants and Subsidies	Federal Subsidy	Development Charges	Reserve Reserves	Reserve Funds	Capital from Current	Other 1	Other2
Sub- Priority	Project No. SubProj No.	Project Name Sub-project Name	Ward	Stat.	Cat.																
Financed By:																					
		Development Charges				508	0	0	0	0	508	0	508	0	0	0	0	0	0	508	
		Reserve Funds (Ind."XR" Ref.)				665	2,187	2,275	0	0	5,127	0	5,127	0	5,127	0	0	0	0	5,127	
		Other1 (Internal)				1,198	0	0	0	0	1,198	0	1,198	0	0	0	1,198	0	0	1,198	
		Debt				22,968	5,592	2,000	0	0	30,560	0	30,560	0	0	0	0	30,560	0	30,560	
Total Program Financing						25,339	7,779	4,275	0	0	37,393	0	37,393	0	5,127	0	1,198	0	30,560	0	37,393

- Status Code Description**
- S2 S2 Prior Year (With 2018 and/or Future Year Cashflow)
 - S3 S3 Prior Year - Change of Scope 2018 and/or Future Year Cost\Cashflow)
 - S4 S4 New - Stand-Alone Project (Current Year Only)
 - S5 S5 New (On-going or Phased Projects)

- Category Code Description**
- 01 Health and Safety C01
 - 02 Legislated C02
 - 03 State of Good Repair C03
 - 04 Service Improvement and Enhancement C04
 - 05 Growth Related C05
 - 06 Reserved Category 1 C06
 - 07 Reserved Category 2 C07

Appendix 5

2018 Preliminary Capital Budget with Financing Detail

(Phase 2) 24-Financial Services

Sub-Project Category: 01,02,03,04,05,06,07

Type: B Sub-Project Status: S2

Type: C Sub-Project Status: S2,S3,S4,S5



CITY OF TORONTO

**Financial Services
Sub-Project Summary**

Project/Financing Priority Project	Project Name	Start Date	Completion Date	2018	Financing										
				Cash Flow	Provincial Grants Subsidies	Federal Subsidy	Developmt Charges	Reserves	Reserve Funds	Capital From Current	Other 1	Other 2	Debt	Debt - Recoverable	
3	<u>CFO906892</u> Integrated Asset Planning Management (IAPM)														
3	1 IAPM - Planning and Scoping	01/01/2014	12/31/2018	2,597	0	0	0	0	0	0	0	0	0	2,597	0
	Project Sub-total:			2,597	0	0	0	0	0	0	0	0	0	2,597	0
4	<u>TRE906811</u> Parking Tag Mgmt Software Upgrade														
1	1 Parking Tag Mgmt Software Upgrade	01/01/2006	12/31/2019	770	0	0	0	0	0	0	0	0	0	770	0
	Project Sub-total:			770	0	0	0	0	0	0	0	0	0	770	0
6	<u>TRE906809</u> Tax and Utility Billing Systems Modernization														
1	1 Tax Billing System	01/01/2007	12/31/2019	2,730	0	0	0	0	0	0	0	0	0	2,730	0
1	2 Utility Billing System	01/07/2007	12/31/2019	1,738	0	0	0	0	577	0	1,161	0	0	0	0
	Project Sub-total:			4,468	0	0	0	0	577	0	1,161	0	0	2,730	0
Program Total:				25,339	0	0	508	0	665	0	1,198	0	0	22,968	0

Status Code	Description
S2	S2 Prior Year (With 2018 and/or Future Year Cashflow)
S3	S3 Prior Year - Change of Scope 2018 and/or Future Year Cost(Cashflow)
S4	S4 New - Stand-Alone Project (Current Year Only)
S5	S5 New (On-going or Phased Projects)

Category Code	Description
01	Health and Safety C01
02	Legislated C02
03	State of Good Repair C03
04	Service Improvement and Enhancement C04
05	Growth Related C05
06	Reserved Category 1 C06
07	Reserved Category 2 C07

Appendix 6

Reserve / Reserve Fund Review

Reserve / Reserve Fund – Program Specific (\$000s)

Reserve / Reserve Fund Name	Project / Subproject Name and Number	Projected Balance as at Dec 31, 2017 *											2018 - 2027 Total Contributions / (Withdrawals)	
			2018 Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan		
Waste Management (XR1404)	Beginning Balance		75,379	74,784	73,047	71,047	71,047	71,047	71,047	71,047	70,547	68,772	67,072	
	Withdrawals (-)													
	Electronic Self Service Tax and Utility FNS908049		(18)											(18)
	Utility Billing System Replacement TRE906809-2		(577)	(1,737)	(2,000)									(4,314)
	Utility Billing System Replacement FNS907445-1									(500)	(1,775)	(1,700)		(3,975)
	Total Withdrawals			(595)	(1,737)	(2,000)				(500)	(1,775)	(1,700)		(8,307)
Total Reserve Fund Balance at Year-End		75,379	74,784	73,047	71,047	71,047	71,047	71,047	71,047	70,547	68,772	67,072	(8,307)	

* Based on the 2017 Q3 Variance Report

Reserve / Reserve Fund Review – Corporate (\$000s)

Reserve / Reserve Fund Name	Project / Subproject Name and Number	Projected Balance as at Dec 31, 2017 *											2018 - 2027 Total Contributions / (Withdrawals)	
			2018 Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan		
Capital Financing Reserve (XQ0011)	Beginning Balance		357,239	357,239	357,239	356,739	356,739	356,739	356,739	356,139	356,139	356,139	356,139	
	Withdrawals (-)													
	Investment & Debt Management Systems Replacement FNS907439				(500)					(600)				(1,100)
	Total Withdrawals				(500)					(600)				(1,100)
Total Reserve Fund Balance at Year-End		357,239	357,239	357,239	356,739	356,739	356,739	356,739	356,739	356,139	356,139	356,139	356,139	(1,100)

* Based on the 2017 Q3 Variance Report

Reserve / Reserve Fund Name	Project / Subproject Name and Number	Projected Balance as at Dec 31, 2017 *											2018 - 2027 Total Contributions / (Withdrawals)	
			2018 Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan		
Insurance Reserve Fund (XR1010)	Beginning Balance		25,981	25,981	25,531	25,256	25,256	25,256	25,256	25,256	24,656	24,656	24,656	
	Withdrawals (-)													
	Risk Management Information System Replacement CFO906798, CFO906800			(450)	(275)					(600)				(1,325)
	Total Withdrawals			(450)	(275)					(600)				(1,325)
Total Reserve Fund Balance at Year-End		25,981	25,981	25,531	25,256	25,256	25,256	25,256	25,256	24,656	24,656	24,656	24,656	(1,325)

* Based on the 2017 Q3 Variance Report