



# Financial Services

## What We Do

Financial Services manages the capital budget for Finance & Treasury Services, which includes the Office of the Chief Financial Officer & Treasurer and Office of the Controller. We manage financial systems and technology for enterprise-wide financial processes and to provide timely, accurate and efficient services to Divisions, Agencies, City Council and the public.

## Why We Do It

The capital budget provides funding to maintain and upgrade our financial systems. In addition, service improvement projects focus on the enterprise-wide modernization of systems and transformation of business processes that improve service delivery. The Service Improvement projects are focused on enhancing the City's capability to provide real-time financial & management information. This will enable the City to make better informed, transparent and strategic decisions through business intelligence, analytics and reporting.

### Our Experience & Success

- Completed requirements to achieve Payment Card Industry (PCI) compliance and developed sustainment program, in partnership with all divisions accepting payment cards from the public.
- The Risk Management Information System (RMIS) Upgrade was successfully implemented in the production environment with post go-live activities managed through monthly releases with supporting documentation. Ongoing planning is underway for new enhancements.
- Pilots of the Supply Chain Transformation included 5 purchasing calls which were successfully issued through our new Ariba procurement platform.

### Key Challenges

- Financial Services' capital projects are complex, transformative and have City-wide implications requiring an extensive consultation process, collaboration and partnerships with key divisions and internal and external expertise.
- Competing demands for limited IT and other divisional internal staff resources.
- Complex and highly legislated environment, including Provincial Asset Management Legislation.

### Priority Actions

- The Supply Chain Transformation Program modernizes the end-to-end supply chain experience, from strategically managing our spend and suppliers to leveraging automation in purchasing and invoicing.
- Modernize and streamline the City's accounting and finance functions.
- Develop an integrated asset management framework to enable the City to make better informed, strategic decisions and set priorities for capital infrastructure investments.
- Technology and software version upgrades to ensure sustainability of financial, payroll, property tax, parking ticket and utility billing systems.

## Budget At A Glance

STAFF RECOMMENDED 10-YEAR CAPITAL PLAN			
\$Million	2019	2020-2028	Total
Gross Expenditures	\$8.8	\$32.1	\$40.9
Debt	\$7.6	\$21.2	\$28.8

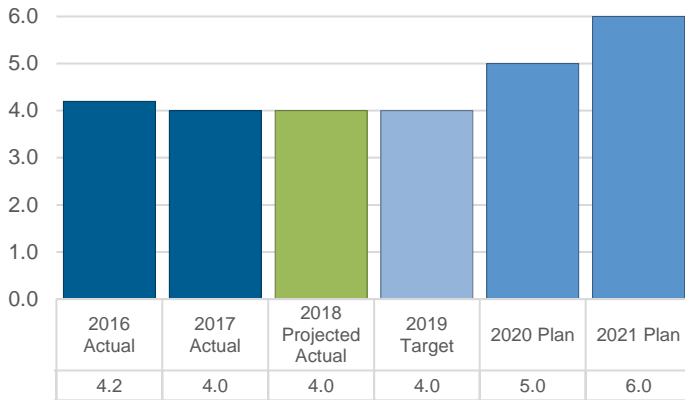
*Note: Excluding 2018 carry forward funding to 2019*

## Key Performance Indicators

### Supply Chain Transformation Program

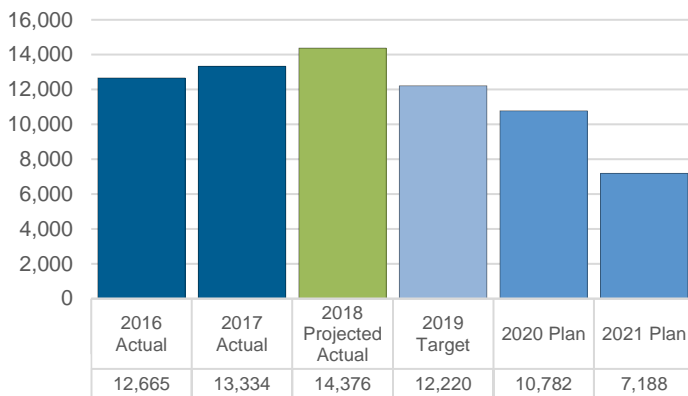
2019 is the primary transition year for the Supply Chain Transformation Program, with all modules being rolled out to Divisions. The benefits will be sustained and increase for 2020 and 2021.

**Average Number of Compliant Bids**



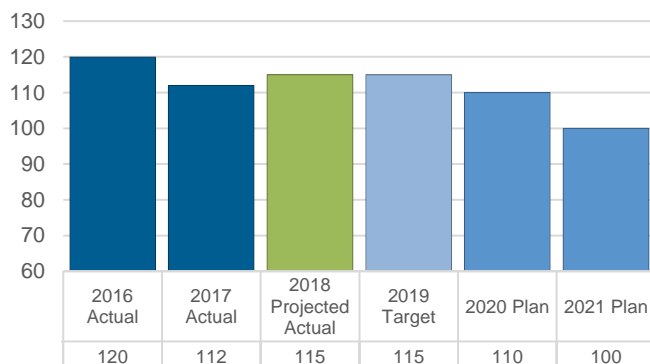
- With the implementation of the Supply Chain Transformation Program, it is anticipated that the average number of compliant bids for new sourcing events will increase by 50%.
- The plan is to increase the average number of compliant bids from 4.0 in 2019 to 5.0 in 2020 and 6.0 in 2021.

**Average Number of Parked Invoices**



- Parked invoices are invoices received by the City but require validation, verification or further action prior to payment.
- The emphasis for 2018 and 2019 is to reduce the number of parked invoices in preparation for the implementation of the Ariba P2P functionality.
- It is expected that by year end in 2019, there will be a 15% reduction in invoices that get parked for resolution. The plan for 2020 and 2021 is a reduction of 25% and 50% from 2018.

**Procurement Cycle Time (in working days)**



- Trends indicate a decrease in the number of working days it takes to complete competitive procurements (from purchase requisition to issuance of purchase order, including award and contract execution).
- With the implementation of the Supply Chain Transformation Program, the plan is to reduce Procurement Cycle Time by 5 working days in 2020 and 15 working days in 2021, from 2018.

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### 2019 - 2028 STAFF RECOMMENDED CAPITAL BUDGET & PLAN

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## RECOMMENDATIONS

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The City Manager recommends that:

1. City Council approve the 2019 Staff Recommended Capital Budget for Financial Services with a total project cost of \$8.624 million, and 2019 cash flow of \$17.931 million and future year commitments of \$14.476 million comprised of the following:

a. New Cash Flow Funds for:

1. Three new / change in scope sub-projects with a 2019 total project cost of \$8.624 million that requires cash flow of \$6.501 million in 2019 and future year cash flow commitments of \$2.123 million for 2020;

2. Ten previously approved sub-projects with a 2019 cash flow of \$0.154 million; and future year cash flow commitments of \$7.486 million for 2020; and \$4.867 million for 2021;

3. Seven previously approved sub-projects with carry forward funding from 2017 and prior years requiring 2019 cash flow of \$2.097 million that requires Council to reaffirm its commitment; and

b. 2018 approved cash flow for seven previously approved sub-projects with carry forward funding from 2018 into 2019 totalling \$9.179 million.

2. City Council approve the 2020 - 2028 Staff Recommended Capital Plan for Financial Services of \$17.662 million in project estimates, comprised of \$0.500 million for 2020; \$0.325 million for 2021; \$2.350 million for 2022; \$1.900 million for 2023; \$1.775 million for 2024; \$3.700 million for 2025; \$2.625 million for 2026; \$3.450 million for 2027, and \$1.037 million for 2028.

3. City Council consider the operating costs of \$0.253 million net in 2019 and \$3.141 million in 2020, resulting from the approval of the 2019 Capital Budget for inclusion in the 2019 and future year operating budgets.

4. City Council approve 31 new temporary capital positions for the delivery of 2019 capital projects and the duration for each temporary position not exceed the life and funding of its respective projects / sub-projects.

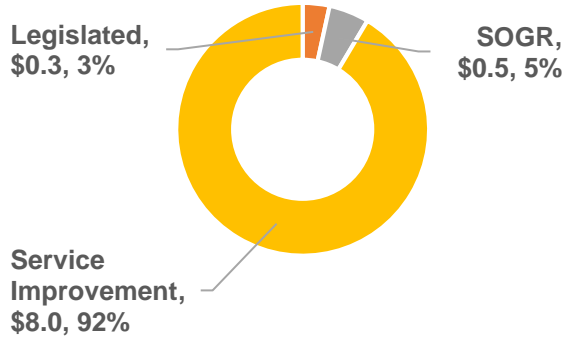


# 2019 – 2028 STAFF RECOMMENDED CAPITAL BUDGET AND PLAN

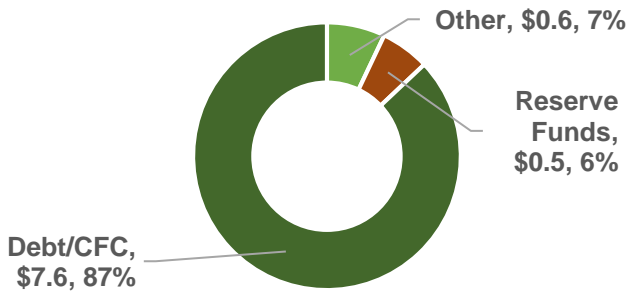
10-YEAR CAPITAL PLAN HIGHLIGHTS

2019 Staff Recommended Capital Budget \$8.752M

By Project Category



By Funding Source

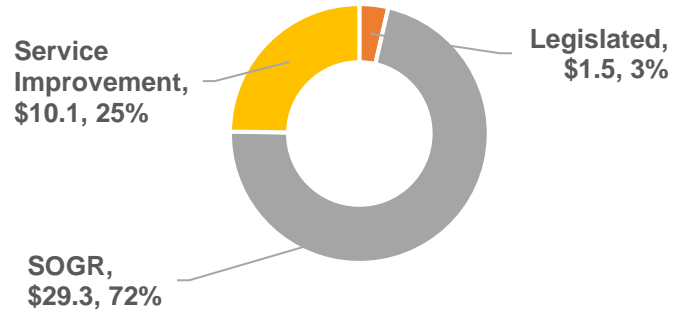


1 YEAR

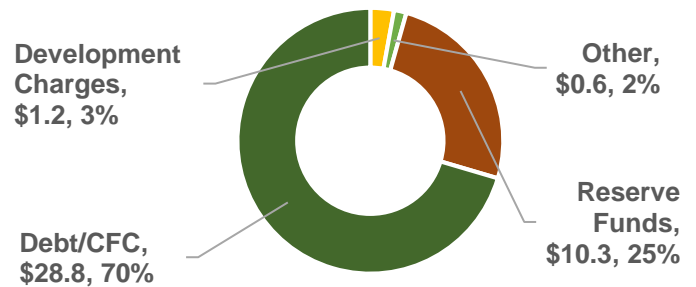
- **\$4.864M** Continue the Supply Chain Management Transformation project.
- **\$1.747M** Continue the Integrated Asset Planning and Management project to establish City framework and policy, in accordance with Provincial legislation for Council approval by July 2019. This forms the basis for an common, integrated, strategic asset management process across the City.
- **\$1.347M** Continue with Phase 2 of the Finance Accounting Systems Transformation (FAST) project for scoping and identifying best practice opportunities for transforming the finance processes and report capabilities.
- **\$0.750M** Continue the Employee Service Centre Project to implement integrated and employee-centric services and processes and self-service functionality.

2019-2028 Staff Recommended Capital Budget and Plan \$40.890M

By Project Category



By Funding Source

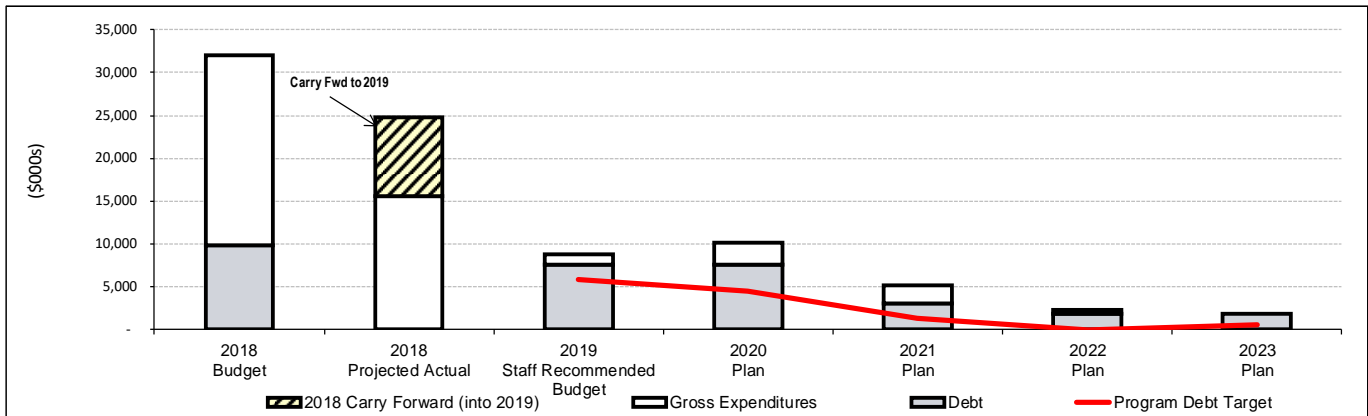


10 YEARS

- **\$5.364M** Continue the Supply Chain Management Transformation.
- **\$2.720M** Continue the Finance Accounting Systems Information (FAST) projects for scoping and identification of best practice opportunities for transforming the finance processes and report capabilities.
- **\$4.000M** SAP System Upgrade that includes improvements to the planning and resource allocation system and continue to implement its corporate management framework.
- **\$8.834M** Continue the Tax & Utility Modernization projects.
- **\$7.950M** Lifecycle replacement of the Tax & Utility Billing Systems.
- **\$2.059M** Continue scoping and planning the Integrated Asset Planning and Management project, to provide integrated policy processes and standard strategic lifecycle asset management.

**2019 – 2028 CAPITAL BUDGET & PLAN OVERVIEW**

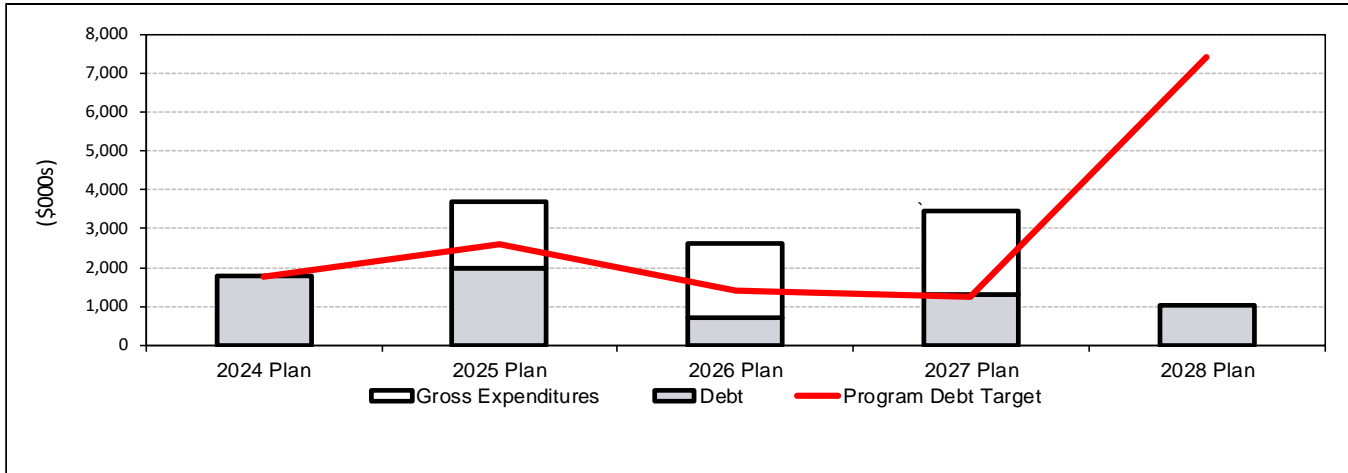
**Chart 1: 10-Year Capital Plan Overview**



	2019 Staff Recommended Capital Budget and 2020 - 2023 Capital Plan								
	2018		2019	2020	2021	2022	2023	2019 - 2023	5-Year Total Percent
	Budget	Projected Actual							
<b>Gross Expenditures by Project Category:</b>									
Health & Safety	-	-	-	-	-	-	-	-	-
Legislated	3,350	-	300	-	125	450	-	875	3.1%
SOGR	9,299	-	450	7,986	5,067	1,900	1,900	17,303	61.1%
Service Improvement	19,269	-	8,002	2,123	-	-	-	10,125	35.8%
Growth Related	138	-	-	-	-	-	-	-	-
<b>Total by Project Category</b>	<b>32,056</b>	<b>15,555</b>	<b>8,752</b>	<b>10,109</b>	<b>5,192</b>	<b>2,350</b>	<b>1,900</b>	<b>28,303</b>	<b>100.0%</b>
<b>Program Debt Target</b>			<b>5,792</b>	<b>4,439</b>	<b>1,361</b>	<b>-</b>	<b>500</b>	<b>12,092</b>	
<b>Financing:</b>									
<b>Debt</b>	<b>9,778</b>		<b>7,617</b>	<b>7,597</b>	<b>2,976</b>	<b>1,900</b>	<b>1,900</b>	<b>21,990</b>	<b>77.7%</b>
Reserves/Reserve Funds	1,108	-	518	2,512	2,091	-	-	5,121	18.1%
Development Charges	777	-	-	-	125	450	-	575	2.0%
Provincial/Federal	-	-	-	-	-	-	-	-	-
Debt Recoverable	-	-	-	-	-	-	-	-	-
Other Revenue	20,393	-	617	-	-	-	-	617	2.2%
<b>Total Financing</b>	<b>32,056</b>		<b>8,752</b>	<b>10,109</b>	<b>5,192</b>	<b>2,350</b>	<b>1,900</b>	<b>28,303</b>	<b>100.0%</b>
<b>By Status:</b>									
2018 Capital Budget & Approved Future Year (FY) Commitments	32,056	15,555	7,779	4,275	-	-	-	12,054	42.6%
Changes to Approved FY Commitments			(7,625)	3,211	4,867	-	-	453	1.6%
2019 New/Change in Scope & FY Commitments			6,501	2,123	-	-	-	8,624	30.5%
2020 - 2023 Capital Plan Estimates				500	325	2,350	1,900	5,075	17.9%
2-Year Carry Forward for Reapproval			2,097					2,097	7.4%
1-Year Carry Forward to 2019		9,179							
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>32,056</b>		<b>8,752</b>	<b>10,109</b>	<b>5,192</b>	<b>2,350</b>	<b>1,900</b>	<b>28,303</b>	<b>100.0%</b>
<b>Asset Value (\$) at year-end</b>									
Yearly SOGR Backlog Estimate (not addressed by current plan)			-	-	-	-	-	-	-
Accumulated Backlog Estimate (end of year)			-	-	-	-	-	-	-
<b>Backlog: Percentage of Asset Value (%)</b>									
Debt Service Costs			301	1,004	867	340	248	2,760	
Operating Impact on Program Costs			253	3,141	-	-	-	3,394	
New Positions			-	9	-	-	-	9	



Chart 2: 10-Year Capital Plan Overview (Continued)



	2024 - 2028 Staff Recommended Capital Plan						
	2024	2025	2026	2027	2028	2019 - 2028	10-Year Total Percent
<b>Gross Expenditures by Project Category:</b>							
Health & Safety	-	-	-	-	-	-	
Legislated	-	-	150	450	-	1,475	3.6%
SOGR	1,775	3,700	2,475	3,000	1,037	29,290	71.6%
Service Improvement	-	-	-	-	-	10,125	24.8%
Growth Related	-	-	-	-	-	-	
<b>Total by Project Category</b>	<b>1,775</b>	<b>3,700</b>	<b>2,625</b>	<b>3,450</b>	<b>1,037</b>	<b>40,890</b>	<b>100.0%</b>
<b>Program Debt Target</b>	<b>1,775</b>	<b>2,589</b>	<b>1,402</b>	<b>1,268</b>	<b>7,416</b>	<b>26,542</b>	
<b>Financing:</b>							
<b>Debt</b>	<b>1,775</b>	<b>2,000</b>	<b>700</b>	<b>1,300</b>	<b>1,037</b>	<b>28,802</b>	70.4%
Reserves/Reserve Funds	-	1,700	1,775	1,700	-	10,296	25.2%
Development Charges	-	-	150	450	-	1,175	2.9%
Provincial/Federal	-	-	-	-	-	-	
Debt Recoverable	-	-	-	-	-	-	
Other Revenue	-	-	-	-	-	617	1.5%
<b>Total Financing</b>	<b>1,775</b>	<b>3,700</b>	<b>2,625</b>	<b>3,450</b>	<b>1,037</b>	<b>40,890</b>	<b>100.0%</b>
<b>By Status:</b>							
2018 Capital Budget & Approved Future Year (FY) Commitments	-	-	-	-	-	12,054	29.5%
Changes to Approved FY Commitments	-	-	-	-	-	453	1.1%
2019 New/Change in Scope & FY Commitments	-	-	-	-	-	8,624	21.1%
2024 - 2028 Capital Plan Estimates	1,775	3,700	2,625	3,450	1,037	17,662	43.2%
2-Year Carry Forward for Reapproval	-	-	-	-	-	2,097	5.1%
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>1,775</b>	<b>3,700</b>	<b>2,625</b>	<b>3,450</b>	<b>1,037</b>	<b>40,890</b>	<b>100.0%</b>
<b>Asset Value(\$)</b> at year-end	-	-	-	-	-	-	
Yearly SOGR Backlog Estimate (not addressed by current plan)	-	-	-	-	-	-	
Accumulated Backlog Estimate (end of year)	-	-	-	-	-	-	
<b>Backlog: Percentage of Asset Value (%)</b>							
Debt Service Costs	242	242	202	118	158	3,722	
Operating Impact on Program Costs	-	-	-	-	-	3,394	
New Positions	-	-	-	-	-	9	

## Staff Recommended 10-Year Capital Plan by Project Category

Table 4: Summary of Capital Projects by Project Category

(In \$000s)	Total App'd Cash Flows to Date*	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2019 - 2028 Total	Total Project Cost
<b>Total Expenditures by Category</b>													
<b>Legislated</b>													
<i>Development Charges Background Study 2021</i>		-	-	125	450	-	-	-	-	-	-	575	575
<i>Development Charges Background Study 2026</i>		-	-	-	-	-	-	-	150	450	-	600	600
<i>PCI Compliance</i>	7,662	300	-	-	-	-	-	-	-	-	-	300	7,662
<b>Sub-Total</b>	<b>7,662</b>	<b>300</b>	<b>-</b>	<b>125</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>450</b>	<b>-</b>	<b>1,475</b>	<b>8,837</b>
<b>State of Good Repair</b>													
<i>Capital Migration to New System 2027</i>		-	-	-	-	-	-	-	-	500	597	1,097	2,975
<i>Integrated Asset Planning Management (IAPM)</i>	5,000	-	2,059	-	-	-	-	-	-	-	-	2,059	5,000
<i>Investment &amp; Debt Mgmt System Replacement 2020</i>		-	500	-	-	-	-	-	-	-	-	500	500
<i>Investment &amp; Debt Mgmt System Replacement 2025</i>		-	-	-	-	-	-	600	-	-	-	600	600
<i>Parking Tag Mgmt Software Replacement 2026</i>		-	-	-	-	-	-	-	500	800	440	1,740	3,000
<i>Parking Tag Mgmt Software Upgrade</i>	2,592	-	1,185	-	-	-	-	-	-	-	-	1,185	2,592
<i>Risk Mgmt Information System Replacement 2025</i>		-	-	-	-	-	-	600	-	-	-	600	600
<i>Risk Mgmt Information System Upgrade</i>	1,892	450	275	-	-	-	-	-	-	-	-	725	1,892
<i>SAP Upgrades (ECC, PBF, Payroll)</i>		-	-	200	1,900	1,900	-	-	-	-	-	4,000	4,000
<i>Tax and Utility Billing Systems Modernization</i>	15,893	-	3,967	4,867	-	-	-	-	-	-	-	8,834	15,893
<i>Tax Billing System Replacement 2024</i>		-	-	-	-	-	1,775	2,000	200	-	-	3,975	3,975
<i>Utility Billing System Replacement 2025</i>		-	-	-	-	-	-	500	1,775	1,700	-	3,975	3,975
<b>Sub-Total</b>	<b>25,377</b>	<b>450</b>	<b>7,986</b>	<b>5,067</b>	<b>1,900</b>	<b>1,900</b>	<b>1,775</b>	<b>3,700</b>	<b>2,475</b>	<b>3,000</b>	<b>1,037</b>	<b>29,290</b>	<b>45,002</b>
<b>Service Improvement</b>													
<i>eBilling Initiative</i>	469	469	-	-	-	-	-	-	-	-	-	469	469
<i>Electronic Self Service Tax and Utility</i>	551	242	-	-	-	-	-	-	-	-	-	242	551
<i>Employee Service Centre (ESC)</i>	255	750	250	-	-	-	-	-	-	-	-	1,000	1,255
<i>Finance Accounting Systems Transformation (FAST)</i>	2,000	1,347	1,373	-	-	-	-	-	-	-	-	2,720	4,260
<i>Revenue System - Phase II (Part 2)</i>	3,500	330	-	-	-	-	-	-	-	-	-	330	3,500
<i>Supply Chain Management Transformation</i>	13,629	4,864	500	-	-	-	-	-	-	-	-	5,364	18,993
<b>Sub-Total</b>	<b>20,404</b>	<b>8,002</b>	<b>2,123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,125</b>	<b>29,028</b>
<b>Total Expenditures by Category (excluding carry forward from 2018)</b>	<b>53,443</b>	<b>8,752</b>	<b>10,109</b>	<b>5,192</b>	<b>2,350</b>	<b>1,900</b>	<b>1,775</b>	<b>3,700</b>	<b>2,625</b>	<b>3,450</b>	<b>1,037</b>	<b>40,890</b>	<b>82,867</b>

\*Life to Date approved cash flows are provided for multi-year capital projects with cash flow approvals prior to 2019, excluding ongoing capital projects (i.e. Civic Improvement projects)

## 2019 - 2028 Key Capital Projects

Capital projects funded in the 10-Year Staff Recommended Capital Plan are critical for the upgrade and replacement of the information systems to improve accuracy and timeliness of information, standardize reporting processes and financial planning and management for processes and practices across the City and facilitate enhanced information to support efficient and effective Programs, Committees and Council decision-making.

*Legislated*

- Legislated projects total \$1.475 million or 3.6% of the total 10-Year Staff Recommended Capital Plan's expenditures.
  - The *Development Charges Background Study 2021 & 2026* projects (\$1.175 million) provide funding for the periodic review of the Development Charges By-law and are funded by Development Charges.
  - The *PCI Compliance* project (\$0.300 million) provides funding to continue the upgrades necessary to maintain City compliance with the Payment Card Industry Data Security Standard (PCI DSS).

*State of Good Repair (SOGR)*

- SOGR projects account for \$29.290 million or 71.6% of the total 10-Year Staff Recommended Capital Plan's expenditures.
  - The *Tax/Utility Billing System Modernization* project (\$8.834 million) will continue the a system redesign and upgrade to accommodate new technology and programs that will improve on the efficiency and automation of billing and revenue processing operations, and incorporate new web-based technology to support self-service options and improved customer service. The *Tax Billing System Replacement 2024* and *Utility Billing System Replacement 2025* projects provide funding for future year replacements.
  - The *SAP Upgrades (ECC, PBF, Payroll)* Project (\$4.000 million) provides upgrade funding to replace the corporate program that includes the management of financial accounting transactions, planning

development, analysis, budget, reporting, payroll, along with an assortment of financial and non-financial data to support staff from programs, senior management and Councillors.

- The *Integrated Asset Planning & Management* project (\$2.059 million) provides continued funding for the 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, budgeting and management system. This project also incorporates the requirements from Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure which became effective January 1, 2018. A framework and City Policy will be submitted to City Council to prior to the Provincial deadline July 2019.
- The *Parking Tags Management Software (PTMS)* requires \$1.185 million in funding for an upgrade in 2020 and funding from 2026 of \$1.740 million for lifecycle replacement due to changing technology. The current PTMS system is used to process 3 million parking tickets annually that generate approximately \$80 million in revenue.

### Service Improvement

- Service Improvement projects amount to \$10.125 million or 24.8% of the total 10-Year Staff Recommended Capital Plan's expenditures.
  - The *Supply Chain Management Transformation (SCMT)* project (\$5.364 million) will modernize the City's end-to-end procurement tools and processes enabling the Purchasing and Materials Management Division (PMMD) and Accounting Services to capitalize on business process efficiencies. The implementation of new technology (SAP Ariba) and new processes is foundational for 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 and makes it easier to do business with the City.
  - The *Finance Accounting Systems Transformation (FAST)* project (\$2.720 million) provides Phase 2 funding for business transformation activities that rebuild the foundations for accounting within the City with streamlined and standardized processes and system design that support improved reporting and analytics based on best practices. The transformed business processes will allow for a more effective implementation of the technology enabler SAP S/4.
  - *Employee Service Centre (ESC)* project (\$1.000 million) supports Pension, Payroll & Employee Benefits' (PPEB) transition towards operating as a customer-centric employee service centre. The additional funding is mainly for the resources (8 positions) required to complete the previously approved seed-funded project from 2018. This project is expected to complete in 2020.

## Operating Impact of Completed Capital Projects

Table 5: Net Operating Impact Summary

Projects	2019 Budget		2020 Plan		2021 Plan		2022 Plan		2023 Plan		2019 - 2023		2019 - 2028	
	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions
<b>Previously Approved</b>														
<i>Fin. Plan. Analysis &amp; Reporting System (FPARS)</i>	-	-	693	5.0	-	-	-	-	-	-	693	5.0	693	5.0
<i>PCI Compliance</i>	253	-	-	-	-	-	-	-	-	-	253	-	253	-
<i>Supply Chain Management Transformation</i>	-	-	2,448	4.0	-	-	-	-	-	-	2,448	4.0	2,448	4.0
<b>Sub-Total: Previously Approved</b>	<b>253</b>	<b>-</b>	<b>3,141</b>	<b>9.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,394</b>	<b>9.0</b>	<b>3,394</b>	<b>9.0</b>
<b>Total (Net)</b>	<b>253</b>	<b>-</b>	<b>3,141</b>	<b>9.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,394</b>	<b>9.0</b>	<b>3,394</b>	<b>9.0</b>

The Staff Recommended 10-Year Capital Plan will increase future year Operating Budgets by \$3.394 million net over the 2019 - 2028 period, primarily due to the following projects:

- *Financial Planning Analysis & Reporting System (FPARS)* requires \$0.693 million in 2020 for 5 positions for the sustainment of Enterprise Performance Management for the City.
- The *Payment Card Industry (PCI) Compliance* project requires \$0.253 million in 2019 for hardware/software maintenance and support of the cardholder data environment that processes, stores and transmits cardholder data or sensitive payment authentication data.

- The *Supply Chain Management Transformation* project will require \$2.448 million in operating funding for hardware and maintenance, software license and ARIBA subscription and support expenses in 2020. The 2020 – 2023 plan includes \$1.892 million each year for the ARIBA subscription. Where this budget will reside will be in accordance with the Cloud Funding Model.

## New Capital Project Delivery Positions

**Table 5a: Capital Project Delivery: New Temporary Positions**

Project Name	CAPTOR Project Number	Position Title	# of Positions	Project Delivery		Salary and Benefits \$ Amount( \$000s)					
				Start Date (m/d/yr)	End Date (m/d/yr)	2019	2020	2021	2022	2023	2024 - 2028
e-Time Enterprise Rollout	ITP906881-160	SENIOR HR CONSULTANT HRIS	1.0	01/01/2019	12/01/2021	133.9	137.5	141.1			
e-Time Enterprise Rollout	ITP906881-160	HR CONSULTANT HRIS	1.0	01/01/2019	12/01/2021	116.3	119.4	122.6			
Cloud-based Human Resources Information System	ITP907747-117	PROJECT MANAGER PPEB	1.0	04/01/2019	12/01/2021	107.3	148.0	151.9			
eTime Attendance and Scheduling Management	CPR127-46-03	FINANCIAL & SYSTEMS ANALYST SYST & REP	2.0	04/01/2019	12/01/2021	176.1	242.1	248.4			
eTime Attendance and Scheduling Management	CPR127-46-03	SYSTEMS INTEGRATOR 2	3.0	04/01/2019	12/01/2021	221.3	302.9	312.2			
Employee Service Centre	FNS908344	BUSINESS ANALYST	3.0	04/01/2019	12/01/2021	265.7	364.7	374.3			
Employee Service Centre	FNS908344	MANAGER CLIENT SERVICES	2.0	04/01/2019	12/01/2021	233.2	320.2	328.6			
Employee Service Centre	FNS908344	PROJECT MANAGER PPEB	1.0	04/01/2019	12/01/2021	107.3	148.0	151.9			
Employee Service Centre	FNS908344	SENIOR CHANGE MANAGEMENT CONSULTANT	1.0	04/01/2019	12/01/2021	107.3	148.0	151.9			
Employee Service Centre	FNS908344	PROJECT COORDINATOR MCIC	1.0	04/01/2019	12/01/2021	86.5	119.4	122.6			
Integrated Asset Planning Management	CFO906892	BUSINESS ANALYST SII	8.0	04/01/2019	12/01/2021	744.2	1,027.4	1,054.6			
Integrated Asset Planning Management	CFO906892	COMMUNICATIONS ADVISOR	1.0	04/01/2019	12/01/2021	86.5	119.4	122.6			
Integrated Asset Planning Management	CFO906892	SENIOR CHANGE MANAGEMENT CONSULTANT	2.0	04/01/2019	12/01/2021	214.7	296.0	303.9			
Integrated Asset Planning Management	CFO906892	SENIOR FINANCIAL PLANNING ANALYST	4.0	04/01/2019	12/01/2021	429.4	592.1	607.7			
<b>Total</b>			<b>31.0</b>			<b>3,029.8</b>	<b>4,085.1</b>	<b>4,194.5</b>			

Approval of the 2019 - 2028 Staff Recommended Capital Budget and Capital Budget for Financial Services will require 31 new temporary capital position that has been included in the 2019 Staff Complement for Office of Chief Financial Officer & Treasurer and Office of the Controller.

- 31 new temporary position will be required to provide support for the following capital project delivery:
  - e-Time Enterprise Rollout
  - Cloud-based Human Resources Information System
  - Employee Service Centre
  - Integrated Asset Planning Management

It is recommended that City Council approve these new 31.0 temporary capital positions for the delivery of the above capital projects / sub-projects and that the duration for each temporary position not exceed the life of the funding of its respective capital projects / sub-projects.

## 2018 CAPITAL PERFORMANCE

### 2018 Project Delivery

During 2018, Financial Services accomplished the following capital projects and activities.

- *Financial Planning, Analysis & Reporting System (FPARS) Phase 2 – Enterprise Performance Management (EPM)* has started in 2018 to further leverage service information in order to organize, integrate, automate, and analyze performance measures, processes, and systems to drive successful business performance results. The deliverables including City-Wide Tools, Performance Management Process and Automation, Data Analytics, Data Visualization and Organizational Change Management.
- In 2018, the EPM project developed an integrated, standard automation solution that can be used to export, transform and import data into the SAP Business Warehouse for analytics and reporting for the City.
- The Supply Chain Management Transformation (SCMT) project went live with Ariba Spend, Ariba Sourcing and Ariba Contract Management modules. All modules are actively used by the business. Ariba Spend is used by the Category Management project team to identify savings opportunities. Ariba Sourcing and Contract Management, the electronic call management tools, are being ramped up with 5 successful calls in the market, 75% of the PMMD buyers are trained and on ramp up track to replace all paper calls by Q2 2019.
- A working group of City division and agency representatives were convened to develop the Corporate Asset Management Policy which will be presented to City Council by Q2 2019 for approval, in accordance with Provincial legislation requirements.
- Completed *Risk Management Information System Upgrade*, which successfully promoted to production with post-go live activities managed through monthly release strategy to document and plan for new enhancement requests and any workflow/reporting changes.
- Completed *Cross-Application Timesheet (CATS) Implementation* to replace the existing SAP customized time and attendance module which is no longer supported by SAP.
- *Finance Accounting Systems Transformation (FAST)*
  - Completed workshops for Cash Management, Accounts Receivable, Reporting and Coding Block Reviews.
  - Onboarded external consultant and began the work to assist the City quantify benefits of re-engineering accounting processes and the system coding block.
  - Substantially completed workshops for Accounts Receivable and Reporting.
- Completed all required activities for the *Payment Card Industry (PCI) Compliance* project, achieving compliance in December, 2018.

### Status Update on Council Approved New Capital Projects in the 2018 Capital Budget

During the 2018 Budget process, City Council approved new capital projects totalling \$0.255 million in cash flow funding and debt in the 2018 Capital Budget for Financial Services. The implementation status is detailed below:

- *Employee Service Centre (ESC)* – \$0.255 million in seed funding was required in 2018 to perform the initial planning for transformation of the Pension, Payroll & Employee Benefits (PPEB) service area through implementation of integrated and employee-centric services and processes and self-serve functionality. Also, additional \$1.000 million has been recommended in 2019 for resources to complete the existing seed-funded project.

## 2018 Financial Performance

Table 6: Budget vs. Actual by Project Category

Project Category (In \$ Millions)	2017			2018			2019	
	Budget	Actual	Spending Rate %	Budget	Projected Actual *	Spending Rate %	Staff Recommended Capital Budget (excl. 1 Yr Carry Forward)	Staff Recommended Capital Budget (incl. 1 Yr Carry Forward)
Health & Safety	-	-		-	-		-	
Legislated	4.770	0.977	20.5%	3.350	3.104	92.7%	0.300	0.300
SOGR	10.523	1.785	17.0%	9.299	1.796	19.3%	0.450	7.435
Service Improvement	14.041	7.092	50.5%	19.269	10.517	54.6%	8.002	10.196
Growth Related	0.138	-	0.0%	0.138	0.138	100.0%	-	
<b>Total</b>	<b>29.472</b>	<b>9.854</b>	<b>33.4%</b>	<b>32.056</b>	<b>15.555</b>	<b>48.5%</b>	<b>8.752</b>	<b>17.931</b>

Note - 2018 projection based on the Q3 capital variance submission

As illustrated in the table above, the year-end spending projected for 2018 is 48.5%. Five major projects, however, are significantly underspent and funding will be carried forward into 2019 from 2018. These projects include: Supply Chain Management Transformation (SCMT) for \$4.029 million; Tax Billing System for \$3.563 million; Utility Billing System for \$2.029 million; Integrated Asset Planning Management (IAPM) for \$1.912 million and Financial Planning Analysis Reporting System (FPARS) for \$1.680 million.

- The SCMT project is delayed due to delayed hiring for both internal and external resources resulting in a longer than expected timeframe to reach certain milestones and accomplishments.
- The Tax Billing system and Utility Billing System were delayed due to insufficient staff resources. Requests for contract staff were submitted for both projects in the fourth quarter of 2018.
- The Integrated Asset Planning Management (IAPM) project is delayed to incorporate changes from Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure which became effective in 2018.
- The Financial Planning, Analysis & Reporting System (FPARS) EPM project experienced delay due to insufficient external resources and technical issues.

For additional information regarding the 2018 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, 2018" adopted by City Council at its meeting on December 13, 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.8>

## Impact of the 2018 Capital Variance on the 2019 Staff Recommended Capital Budget

- As a result of the delays in the capital projects described in the 2018 Q3 Capital Variance Report, funding of \$9.179 million is being carried forward from 2018 for inclusion in the 2019 Staff Recommended Capital Budget to continue the capital work.
- In addition, \$2.097 million in cash flow funding is being carried forward from 2017 for the following projects which requires Council to reaffirm its commitment, consistent with the treatment of funding being carried forward 2 or more years, as per the City's Carry Forward Policy:
  - Finance Accounting Systems Transformation (FAST)
  - Parking Tags Management Software Upgrade
  - Tax/Utility Billing systems
  - Electronic Self Service Tax and Utility
  - eBilling Initiative
  - Revenue System Phase 2
- The 2019 - 2028 Staff Recommended Capital Budget and Plan includes revised cash flow funding estimates for the above projects. Cash flow funding estimate have been realigned in 2019 to coincide with the revised project timeline activities and capacity to spend.



## ISSUES FOR DISCUSSION

## ISSUES IMPACTING THE 2019 BUDGET

### 2019 Budget Overview

#### 10-Year Capital Plan:

- The 2018 Council Approved Capital Budget for Financial Services of \$32.056 million was primarily dedicated to service improvement. During 2018, Financial Services experienced delays in some projects mainly due to resource issues and legislative changes. As a result, the year-end spending rate is projected to be 48.5% of the 2018 Capital Budget. The unspent cash flow funding has been carried forward into 2019 to continue the capital work.
- The Staff Recommended 2019 - 2028 Capital Plan provides investments of \$40.890 million primarily for State of Good Repair and Service Improvement project which will ensure the upgrades and future year replacements of core financial information systems, as well as funding to complete the *Financial Planning, Analysis and Reporting System (FPARS)*, *Supply Chain Management Transformation (SCMT)* and *Finance Accounting Systems Transformation (FAST)* projects and continue work for Integrated Asset Planning and Management System.
- This Staff Recommended 10-Year Capital Plan reflects an increase of \$9.415 million or 30.9% in capital funding when compared to the 2018 - 2027 Approved Capital Plan. Key changes to the 2019-2027 common year period are summarized as follows:
  - The *SCMT* project requires an additional \$5.364 million based on revised resourcing analysis for the project including \$1.892 million for the 2019 Ariba subscription cost.
  - A project cost increase of \$1.000 million for the *Employee Service Centre (ESC)* project to continue the previously approved seed-funded project that will complete its planning objectives with a goal to achieve process automation, integration and a deployment of a self-service portal.
  - The deferral of cash flow funding of \$0.711 million for the *Electronic Self Service Tax and Utility*, the *eBilling* initiative and the *Revenue System Phase 2* project from 2018 to 2019 to align with the Print and eBilling RFP which was awarded late 2018.
  - The deferral of \$0.367 million for the *Tax Billing System* and *Utility Billing System Modernization* projects to 2019 due to project staffing delays.

### Capital Unmet Needs Not Included in the 2019 – 2028 Staff Recommended Capital Budget and Plan

The "Unmet Capital Needs" identified by Financial Services are noted in the table below, but no cost estimates are yet available.

**Table 8: Unmet Capital Needs Not Included in the Staff Recommended 10-Year Capital Plan**

Project Description (In \$ Millions)	Total Project	Non-Debt Funding	Debt Required	Cash Flow (In \$ Millions)										
				2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
NOT INCLUDED	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Readiness for S/4 HANA &amp; ERP Implementation</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Unmet Needs (Not Included)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### The *Readiness for S/4 HANA & ERP*

- Implementation* project is the final phase (Phase 3) of the FAST program. It will encompass the re-implementation of the SAP system of record, S/4HANA, given SAP's intent to cease upgrades in 2020 and support for the current SAP ECC in 2025.
- This final phase is being considered a re-implementation and will consist of a new chart of accounts, system organization using data elements not currently in use (such as business segments) and accounting close changes to align with financial reporting.



- Implementation will also consider all audit recommendations including full automation of the consolidation process which continues to be reflected in the external auditor's management letter to the City.
- At this time, the project is currently in the planning phase and is included as a placeholder.

## OTHER ISSUES IMPACTING THE 2019 BUDGET

### Modernization, Transformation and Innovation Initiatives

#### SAP Modernization Roadmap

- The *Finance Planning Analysis and Reporting System (FPARS)* project was the first SAP implementation project that modernized and transform City's planning, budgeting, management and reporting processes. Given its level of integration with other corporate and divisional processes, it identifies the need to assess other opportunities for SAP-enabled process modernization. A value engineering review was undertaken and the SAP Modernization Roadmap was established. The FPARS project includes two major phases:
  - Phase 1 of the project is to establish a 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. The implementation Phase 1 completed in May 2015 and is in sustainment mode.
  - Phase 2 of the project is to implement the 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. Phase 2 will provide the following benefits:
    - The City-wide tools will provide for the foundation for the other business intelligence and data analysis initiatives, and support the City-wide Enterprise Business Intelligence Implementation. FPARS project was the first large scale integrated transformational project to develop the integration required for updating planning and monitoring processes, both corporate and divisional. This requires collaboration and partnerships with key divisions and agencies, varying levels of divisional staff involvement/support and internal and external expertise. We are still in the process of working with divisions in the appropriate changes to their processes. Ongoing salary and benefit savings of \$22.2 million have been realized in the operating budget through the use of the PBF budgeting tool, which includes the PEP process (integration of people, positions and money) and other budget processes.
    - Automation will decrease in operational costs of data manipulation; reduction in manual processes for data collection; eliminating manual errors and increase data accuracy and data quality. The tools are being used to access and update service measures, and will provide the capabilities to capture other data to report on.
    - The Data Analytics providing access to real-time data to identify patterns, future outcomes, and trends for improved forecasting, predictive modelling and strategic decision-making. Data Visualization will improve real-time reporting capabilities and better communicating of numerical information in visual formats.
- The *Finance Accounting Systems Transformation (FAST)* project is the business transformation initiative facilitating the SAP Modernization Roadmap that results in streamlined and standardized business processes and better reporting, by reducing the number of offline information sources, and analytics. The end result would improve the quality, accuracy and timeliness of information.
  - The *FAST - Business Transformation* project is the next phase of the previously approved seed-funded FAST project that was approved in 2017. It builds on previous work and continues the business re-

engineering efforts based on SAP best practices. This phase will also include a rationalization of non-SAP business systems, given the number and use identified as part of the seed funding opportunity review. The "to be" business process design will begin in this phase (Phase 2) and continue into 2021. As a result, funding of \$2.260 million (\$0.887 million in 2019 and \$1.373 million in 2020) has been recommended to implement this phase. The funding is included in the 2019 Staff Recommended Budget, however, it is still subject to Strategy and Portfolio Review Committee (SPRC)'s approval.

- In 2021, work will begin to establish the City's readiness for SAP S/4, the new SAP instance replacing the current City ECC system.
- The *Readiness for SAP S/4 Implementation* project is the final phase (Phase 3) of the *FAST* program. It will encompass the re-implementation of the SAP system of record, S/4HANA, given SAP's intent to cease upgrades in 2020 and support for the current SAP ECC in 2025. The City's IT landscape redesign will be included in this phase, which is an actual re-implementation of the system. The new technology enabler will consist of standardized and streamlined business processes, a reduced number of shadow systems capturing accounting information, a new chart of accounts, system organization using data elements not currently in use (such as business segments) and accounting close changes to align with financial reporting. Implementation will also consider all audit recommendations including full automation of the consolidation process which continues to be reflected in the external auditor's management letter to the City. At this time, the project is currently being planned and is included as a placeholder. Ranking and prioritization will be reviewed.
- S/4 HANA & ERP Implementation project was submitted without a budget as a placeholder pending identification of future requirements.

## Integrated Asset Planning and Management

- As part of the City's Fiscal Sustainability Goal for infrastructure assets, the Integrated Asset Planning and Management Project was initiated in 2017 to develop an integrated asset management framework that will establish corporate governance, process, strategy and technology solutions. This framework will enable the City of Toronto to plan, manage, budget and monitor assets strategically, and set priorities for optimized long-term capital infrastructure investments to support a resilient and sustainable City.
- An asset management framework establishes systematic approach that supports the organization in moving toward service, asset and financial sustainability through an integrated asset management approach. This requires standardizing demand management, lifecycle management and financial planning management processes (both corporate and divisional) of assets. The framework will provide a common language for the Tangible Capital Assets through policy, guidelines, processes, reporting and performance measures.
- On December 27, 2017, the Province of Ontario released Regulation 588/17, Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015. Regulation 588/17 came into effect January 1, 2018 and with the following requirements:
  - Strategic Asset Management Policy - A policy that addresses 12 specified components must be approved and adopted by resolution of City Council by July 1, 2019.
  - Asset Management Plans - Asset management plans (AMP) that include specified components are to be delivered in accordance with the following timeline:
    - July 1, 2021 - AMP for core municipal infrastructure assets (include water, wastewater, and storm water management).
    - July 1, 2023 – AMP for all other municipal infrastructure assets (including green infrastructure assets).
    - July 1, 2024 - AMP for all municipal infrastructure assets that build on the requirements of the 2021/2023 AMPs to include proposed levels of service, lifecycle activities and funding required to meet those levels of service, and the estimated funding shortfall.
- In accordance with Ontario Regulation 588/17 and the objectives of the Integrated Asset Planning and Management Project, a working group of City division and agency representatives has been established to

develop the Corporate Asset Management Policy which will be presented to City Council by Q2 2019 for approval.

## Other Modernization, Transformation and Innovation Initiatives

- The *Tax & Utility Billing System Modernization* will ensure that current and future business needs are met, developing electronic billing systems and enhancing reporting, while continuing to expand online self-service options. This project will improve the information technology architecture supporting the tax billing system which will minimize the number of interruptions and out-of-service times to tax business functions. As an added benefit to incorporating critical foundational elements and enhanced business capabilities, the project will also support "Improved Customer Service" with such services as pre-authorized payments and on-line mailing address changes.
- The *Supply Chain Management Transformation (SCMT)* project will modernize the procurement operating model, transforming organizational structure, procurement policies, processes and technology to achieve best value for money for procurements. The transformation project will automate and unclutter City procurement processes to let our people and suppliers focus on the work they are supposed to and spend less time on non-value adding activities. Other benefits are:
  - Reduction of the procurement cycle time by up to 65% as evidenced by the Province when they implemented their procurement solution.
  - Increase compliance to corporate contracts and make it easier for employees to do the right thing.
  - Remove the primary root causes for parked invoices (consistently in the 15,000-18,000 range) that cannot be paid due missing or incorrect information.
  - Reduce the staffing need for repetitive tasks.
  - Enablement of the Category Management project, the implementation of which will result in savings on the purchase of goods and services throughout the entire organization. By 2021, the anticipated cashable benefits is approximately \$41.0 million and the Category Management function of PMMD will be set up to continuously extract savings and drive strategic collaboration with City Divisions and suppliers.
- Pension, Payroll & Employee Benefits (PPEB) Service Delivery is being modernized and transformed through investments in the following initiatives:
  - Employee Central - Partnering with HR and IT to develop a new Employee Central module of the SAP Success Factors through the *Cloud-based Human Resources Information System (CHRIS)* project that is funded in the Information and Technology 2019 -2028 Capital Plan.
  - Implementation of the *eTime* project will modernize the timekeeping and staff scheduling processes; improve data integrity and controls.
  - The *Employee Service Centre (ESC)* project will transform the service delivery model for all PPEB services for employees and retirees through implementation of integrated and employee centric services and processes and self-serve functionality. This project will streamline business processes, increase in automation of manual tasks and reduction in administrative cost per staff/retiree, and provide self-serve options and improve customer service with a one-stop inquiry contact for staff/retiree.

## ISSUES IMPACTING FUTURE YEARS

### **Funding Source for Investment and Debt Management System Replacement:**

- The Investment and Debt Management System Replacement project provides maintenance upgrades that support the continued delivery of timely, effective and accurate financial information and services to the City's Divisions, Agencies, Boards and Commissions and to the public.
- This is a lifecycle replacement project that is required every 5 years. Funding of \$0.500 million and \$0.600 million have been requested for 2020 and 2025, respectively. This project has been historically funded from the Capital Financing Reserve but requires an alternative ongoing source for future funding.
- Future funding requirements for Modernization and Transformation Projects:
  - Implementation of S4/HANA
  - Implementation of Integrated Asset Planning and Management

## REPORTING ON 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. The following projects have been reported on a quarterly basis during 2018:

### Project Overview and Deliverables

- 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 establish 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 will 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 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.

### Financial Update

Project name (In \$000s)	Initial Approval Date	Approved Project Cost	Life to Date Expenditures as at Dec 31, 2017	2018		2019	2020	Projection To End of Project	Status	End Date		On Budget	On Time
				Budget	Year-End Projection *	Budget	Plan			Planned	Revised		
Financial Planning Analysis and Reporting System (FPARS)	2010	60,820	54,643	5,175	3,495	1,385	0	59,523	Significant Delay	Dec-18	Dec-19	Ⓢ	Ⓢ

\* 2018 year-end projection based on the Q3 capital variance

<b>On Budget</b>	<b>On Time</b>
> 70% of Approved Project Cost <span style="background-color: #92D050; border: 1px solid black; border-radius: 50%; padding: 2px;">Ⓢ</span>	On/Ahead of Schedule <span style="background-color: #92D050; border: 1px solid black; border-radius: 50%; padding: 2px;">Ⓢ</span>
Between 50% and 70% <span style="background-color: #FFFF00; border: 1px solid black; border-radius: 50%; padding: 2px;">Ⓢ</span>	Minor Delay < 6 months <span style="background-color: #FFFF00; border: 1px solid black; border-radius: 50%; padding: 2px;">Ⓢ</span>
< 50% or >100% of Approved Project Cost <span style="background-color: #FF0000; border: 1px solid black; border-radius: 50%; padding: 2px;">Ⓢ</span>	Significant Delay > 6 months <span style="background-color: #FF0000; border: 1px solid black; border-radius: 50%; padding: 2px;">Ⓢ</span>

### Project Status

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

Deliverables completed in Phase 1 are:

- 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.
  - The Service Inventory is the basis for organizing service information in the City. It has been used to align key information initiatives including multi-year Service Planning and Budgeting, performance measures and customer service initiatives such as Web-Revitalization.
- 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.

- 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.
- 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.
- 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 launched in 2016 for use by Program Management for monitoring and reporting. Training has been provided to all City Program Areas 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.
  - FPARS EPM expected benefits can be achieved through four distinct yet related deliverables: City-wide tools; performance management process and automation; data analytics; and data visualization; transforming people, processes and systems, at the corporate and divisional levels.

The FPARS EPM Project will deliver:

- City-Wide Tools
 

FPARS EPM is implementing a number of technical tools which are being utilized by the EPM project and will also be leveraged by all divisions through the e-City modernization initiative. This suite of tools incorporates data integration, forecasting, predictive analysis, and self-serve reporting capabilities. These tools provide the foundation for the other deliverables, and support the City-wide Enterprise Business Intelligence Implementation initiative.
- Performance Management Process and Automation
 

Improve performance management through automation of source data systems for collecting, integrating, monitoring, and reporting processes. FPARS EPM established an integrated, standard automation solution that can be used to export, transform and import data into the SAP Business Warehouse for analytics and reporting for the City. Automation will produce the following benefits: decrease in operational costs of data manipulation; reduction in manual processes for data collection; eliminating manual errors and increase data accuracy and data quality. The tools are being used to access and update service measures, and will provide the capabilities to capture other data to report on.
- Data Analytics
 

Identify and implement latest technology tools for data analytics. These tools will benefit the City by providing access to real-time data to identify patterns, future outcomes, and trends for improved forecasting, predictive modelling and strategic decision-making.
- Data Visualization
 

Identify and implement latest technology and tools for data visualization, including Lumira and Design Studio, improving real-time reporting capabilities and better communicating of numerical information in visual formats.
- Organizational Change Management
 

The Project will deliver: better systems; real-time data; new self-serve integration and reporting tools; and enhanced budgeting, monitoring and reporting processes, facilitating decision-making divisionally (vertical thinking) and City-wide (horizontal thinking), and strengthening capabilities for our knowledgeable workforce.

Financial Update:

- As of December 31, 2017, total cumulative expenses incurred since the inception of the project was \$54.6 million. The 2018 projected project costs are anticipated to be \$3.5 million, and \$1.4 million in 2019, with a total projected cost of \$59.5 million as of December 2019, as summarized below in Table 9.

**Table 9**  
**FPARS Budget/Total Project Cost Summary**  
**(\$ Millions)**

Cost Description	Total Project Costs	Life to Date Cost Dec 31, 2017	Projected Cost 2018	Projected Cost 2019	Projected Cost to End of Project
Actual Costs prior to 2009 (Configured Solution)	6.0	6.0	-	-	6.0
FPARS Project Business Transformation & Implementation	54.8	48.6	3.5	1.4	53.5
<b>Total FPARS Project</b>	<b>60.8</b>	<b>54.6</b>	<b>3.5</b>	<b>1.4</b>	<b>59.5</b>

- In terms of immediate benefits that have been achieved to date, ongoing salary and benefit savings of \$22.2 million (Table 10) have been realized in the operating budget through the use of the PBF budgeting tool, which includes the PEP process and other budget processes.

**Table 10**  
**FPARS Saving to Date**  
**(\$ Millions)**

Operating Savings	2015 Net	2016 Net	2017 Net	2018 Net	2019 Net	Saving To Date
Fleet Services	0.150					0.150
311 Toronto	0.191					0.191
City Managers Office					0.243	0.243
Facilities Management & Real Estate	1.003				0.434	1.437
Office of the Chief Financial Officer	0.034					0.034
Office of the Treasurer	0.300					0.300
Information & Technology	1.039					1.039
Legal Services	0.750					0.750
Toronto Water	2.178					2.178
Parks, Forestry & Recreation		1.897	4.128		3.002	9.027
Social Development, Finance & Administration		0.054			0.045	0.099
Children Services		1.675				1.675
Court Services		0.260			0.142	0.402
Shelter, Support & Housing Administration		0.805			0.191	0.996
Fire Services		3.163				3.163
Toronto Public Health				0.200	0.419	0.619
<b>Total Operating Savings</b>	<b>5.645</b>	<b>7.854</b>	<b>4.128</b>	<b>0.200</b>	<b>4.476</b>	<b>22.303</b>
2014 - 2023 Capital Budget and Plan Savings	2.030					2.030
<b>Total Capital Savings</b>	<b>2.030</b>					<b>2.030</b>

Key Project Challenges

- The FPARS project is very complex, transformative and has city-wide implications which requires collaboration and partnerships with key divisions and agencies, varying levels of divisional staff involvement/support and internal and external expertise. The project has experienced challenges, including insufficient resources and technical issues. As a result, the completion date is delayed from Q4 2018 to Q3/Q4 2019.



# APPENDICES



## Appendix 7

### 2019 Capital Budget; 2020 - 2028 Capital Plan Including Carry Forward Funding

(In \$000s)	Total App'd Cash Flows to Date*	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2019 - 2028 Total	Total Project Cost
<b>Total Expenditures by Category</b>													
<b>Legislated</b>													
Development Charges Background Study 2021		-	-	125	450	-	-	-	-	-	-	575	575
Development Charges Background Study 2026		-	-	-	-	-	-	-	150	450	-	600	600
PCI Compliance	7,662	300	-	-	-	-	-	-	-	-	-	300	7,662
<b>Sub-Total</b>	<b>7,662</b>	<b>300</b>		<b>125</b>	<b>450</b>				<b>150</b>	<b>450</b>		<b>1,475</b>	<b>8,837</b>
<b>State of Good Repair</b>													
Capital Migration to New System 2027		-	-	-	-	-	-	-	-	500	597	1,097	2,975
Integrated Asset Planning and Management (IAPM)	5,000	1,747	2,059	-	-	-	-	-	-	-	-	3,806	5,000
Investment & Debt Mgmt System Replacement 2020		-	500	-	-	-	-	-	-	-	-	500	500
Investment & Debt Mgmt System Replacement 2025		-	-	-	-	-	-	600	-	-	-	600	600
Parking Tag Mgmt Software Replacement 2026		-	-	-	-	-	-	-	500	800	440	1,740	3,000
Parking Tag Mgmt Software Upgrade	2,592	770	1,185	-	-	-	-	-	-	-	-	1,955	2,592
Risk Mgmt Information System Replacement 2025		-	-	-	-	-	-	600	-	-	-	600	600
Risk Mgmt Information System Upgrade	1,892	450	275	-	-	-	-	-	-	-	-	725	1,892
SAP Upgrades (ECC, PBF, Payroll)		-	-	200	1,900	1,900	-	-	-	-	-	4,000	4,000
Tax and Utility Billing Systems Modernization	15,893	4,468	3,967	4,867	-	-	-	-	-	-	-	13,302	15,893
Tax Billing System Replacement 2024		-	-	-	-	-	1,775	2,000	200	-	-	3,975	3,975
Utility Billing System Replacement 2025		-	-	-	-	-	-	500	1,775	1,700	-	3,975	3,975
<b>Sub-Total</b>	<b>25,377</b>	<b>7,435</b>	<b>7,986</b>	<b>5,067</b>	<b>1,900</b>	<b>1,900</b>	<b>1,775</b>	<b>3,700</b>	<b>2,475</b>	<b>3,000</b>	<b>1,037</b>	<b>36,275</b>	<b>45,002</b>
<b>Service Improvement</b>													
eBilling Initiative	469	469	-	-	-	-	-	-	-	-	-	469	469
Electronic Self Service Tax and Utility	551	551	-	-	-	-	-	-	-	-	-	551	551
Employee Service Centre (ESC)	255	750	250	-	-	-	-	-	-	-	-	1,000	1,255
Finance Accounting Systems Transformation (FAST)	2,000	1,847	1,373	-	-	-	-	-	-	-	-	3,220	4,260
Revenue System - Phase II (Part 2)	3,500	330	-	-	-	-	-	-	-	-	-	330	3,500
Supply Chain Management Transformation	13,629	4,864	500	-	-	-	-	-	-	-	-	5,364	18,993
Fin. Plan. Analysis & Reporting System (FPARS)	60,820	1,385	-	-	-	-	-	-	-	-	-	1,385	60,820
<b>Sub-Total</b>	<b>81,224</b>	<b>10,196</b>	<b>2,123</b>									<b>12,319</b>	<b>89,848</b>
<b>Total Expenditures by Category (including carry forward from 2018)</b>	<b>114,263</b>	<b>17,931</b>	<b>10,109</b>	<b>5,192</b>	<b>2,350</b>	<b>1,900</b>	<b>1,775</b>	<b>3,700</b>	<b>2,625</b>	<b>3,450</b>	<b>1,037</b>	<b>50,069</b>	<b>143,687</b>

## Appendix 8

**2019 Cash Flow and Future Year Commitments  
including Carry Forward Funding**

(In \$000s)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total 2019 Cash Flow & FY Commits
<b>Expenditures:</b>											
<b>Previously Approved</b>											
<i>eBilling Initiative</i>	469	-	-	-	-	-	-	-	-	-	469
<i>Electronic Self Service Tax and Utility</i>	551	-	-	-	-	-	-	-	-	-	551
<i>Fin. Plan. Analysis &amp; Reporting System (FPARS)</i>	1,385	-	-	-	-	-	-	-	-	-	1,385
<i>Finance Accounting Systems Transformation (FAS)</i>	960	-	-	-	-	-	-	-	-	-	960
<i>Integrated Asset Planning Management (IAPM)</i>	1,747	2,059	-	-	-	-	-	-	-	-	3,806
<i>Parking Tag Mgmt Software Upgrade</i>	770	1,185	-	-	-	-	-	-	-	-	1,955
<i>PCI Compliance</i>	300	-	-	-	-	-	-	-	-	-	300
<i>Revenue System - Phase II (Part 2)</i>	330	-	-	-	-	-	-	-	-	-	330
<i>Risk Mgmt Information System Upgrade</i>	450	275	-	-	-	-	-	-	-	-	725
<i>Tax and Utility Billing Systems Modernization</i>	4,468	3,967	4,867	-	-	-	-	-	-	-	13,302
<b>Subtotal</b>	<b>11,430</b>	<b>7,486</b>	<b>4,867</b>	-	-	-	-	-	-	-	<b>23,783</b>
<b>Change in Scope</b>											
<i>Employee Service Centre (ESC)</i>	750	250	-	-	-	-	-	-	-	-	1,000
<i>Supply Chain Management Transformation</i>	4,864	500	-	-	-	-	-	-	-	-	5,364
<b>Subtotal</b>	<b>5,614</b>	<b>750</b>	-	-	-	-	-	-	-	-	<b>6,364</b>
<b>New w/Future Year</b>											
<i>Finance Accounting Systems Transformation (FAS)</i>	887	1,373	-	-	-	-	-	-	-	-	2,260
<b>Subtotal</b>	<b>887</b>	<b>1,373</b>	-	-	-	-	-	-	-	-	<b>2,260</b>
<b>Total Expenditure (including carry forward from 2018)</b>	<b>17,931</b>	<b>9,609</b>	<b>4,867</b>	-	-	-	-	-	-	-	<b>32,407</b>
<b>Financing:</b>											
<i>Debt/CFC</i>	10,448	7,597	2,776	-	-	-	-	-	-	-	20,821
<i>Other</i>	6,380	-	-	-	-	-	-	-	-	-	6,380
<i>Reserves/Res Funds</i>	1,103	2,012	2,091	-	-	-	-	-	-	-	5,206
<b>Total Financing</b>	<b>17,931</b>	<b>9,609</b>	<b>4,867</b>	-	-	-	-	-	-	-	<b>32,407</b>

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## **Appendix 9**

### **2019 Capital Budget with Financing Detail**

## Appendix 10

### Inflows and Outflows to/from Reserves and Reserve Funds 2019 – 2028 Capital Budget and Plan

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2018 *	Contributions / (Withdrawals)										
			2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	Total
XR1404 Waste Management	Beginning Balance	85,499	46,825	46,342	45,969	46,419	46,419	46,419	46,419	46,419	46,419	46,419	
	<i>Withdrawals (-)</i>												
	Transfer to Capital	(65,508)											
	Utility Billing System		(374)	(373)	450	-							
	Electronic Self Service Tax and Utility		(59)	-									
	e-Billing Initiative		(50)	-									
	<b>Total Withdrawals</b>	<b>(65,508)</b>	<b>(483)</b>	<b>(373)</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<i>Contributions (+)</i>												
	Interest		763										
	Transfer from Operating		26,072										
<b>Total Contributions</b>	<b>26,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Balance at Year-End</b>		<b>46,825</b>	<b>46,342</b>	<b>45,969</b>	<b>46,419</b>	<b>46,419</b>	<b>46,419</b>	<b>46,419</b>	<b>46,419</b>	<b>46,419</b>	<b>46,419</b>	<b>46,419</b>	

\* Based on 9-month 2018 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2018 *	Contributions / (Withdrawals)										
			2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	Total
XR6003 Toronto Water Reserve	Beginning Balance	678,755	739,823	739,738	739,056	738,235	738,235	738,235	738,235	738,235	738,235	738,235	
	<i>Withdrawals (-)</i>												
	Transfer to Capital	(304,475)											
	Utility Billing System		(66)	(682)	(821)	-							
	Electronic Self Service Tax and Utility		(11)										
	e-Billing Initiative		(9)										
	<b>Total Withdrawals</b>	<b>(304,475)</b>	<b>(85)</b>	<b>(682)</b>	<b>(821)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<i>Contributions (+)</i>												
	Interest		8,180										
	Transfer from Operating		357,362										
<b>Total Contributions</b>	<b>365,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Balance at Year-End</b>		<b>739,823</b>	<b>739,738</b>	<b>739,056</b>	<b>738,235</b>	<b>738,235</b>	<b>738,235</b>	<b>738,235</b>	<b>738,235</b>	<b>738,235</b>	<b>738,235</b>	<b>738,235</b>	

\* Based on 9-month 2018 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2018 *	Contributions / (Withdrawals)										
			2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	Total
XR6004 Toronto Wastewater Reserve	Beginning Balance	204,688	208,997	208,912	208,230	207,409	207,409	207,409	207,409	207,409	207,409	207,409	
	<i>Withdrawals (-)</i>												
	Transfer to Capital	(478,037)											
	Utility Billing System		(66)	(682)	(821)	-							
	Electronic Self Service Tax and Utility		(11)										
	e-Billing Initiative		(9)										
	<b>Total Withdrawals</b>	<b>(478,037)</b>	<b>(85)</b>	<b>(682)</b>	<b>(821)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<i>Contributions (+)</i>												
	Interest		2,386										
	Transfer from Operating		479,960										
<b>Total Contributions</b>	<b>482,346</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Balance at Year-End</b>		<b>208,997</b>	<b>208,912</b>	<b>208,230</b>	<b>207,409</b>	<b>207,409</b>	<b>207,409</b>	<b>207,409</b>	<b>207,409</b>	<b>207,409</b>	<b>207,409</b>	<b>207,409</b>	

\* Based on 9-month 2018 Reserve Fund Variance Report

### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2018 *	Contributions / (Withdrawals)										Total	
			2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan		
XQ0011 Capital Financing Reserve	Beginning Balance	443,981	434,550	434,550	434,050	434,050	434,050	434,050	434,050	434,050	433,450	433,450	433,450	
	<i>Withdrawals (-)</i>	(244,470)												
	<i>Investment &amp; Debt Management Systems Replacement</i>			(500)						(600)				
	<b>Total Withdrawals</b>	<b>(244,470)</b>	<b>-</b>	<b>(500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(600)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Contributions (+)</b>													
	Transfer from Operating	235,039												
	<b>Total Contributions</b>	<b>235,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Program/Agency Net Withdrawals and Contributions</b>														-
<b>Balance at Year-End</b>		<b>434,550</b>	<b>434,550</b>	<b>434,050</b>	<b>434,050</b>	<b>434,050</b>	<b>434,050</b>	<b>434,050</b>	<b>433,450</b>	<b>433,450</b>	<b>433,450</b>	<b>433,450</b>	<b>433,450</b>	<b>-</b>

\* Based on 9-month 2018 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2018 *	Contributions / (Withdrawals)										Total	
			2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan		
XR1010 Insurance Reserve Fund	Beginning Balance	35,866	31,922	31,472	31,197	31,197	31,197	31,197	31,197	31,197	31,197	31,197	31,197	
	<i>Withdrawals (-)</i>													
	<i>Transfer to Operating</i>	(4,093)												
	<i>Transfer to Capital</i>	(242)												
	<i>Risk Management Information System Replacement</i>		(450)	(275)										
	<b>Total Withdrawals</b>	<b>(4,335)</b>	<b>(450)</b>	<b>(275)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contributions (+)</b>														
	Interest	391												
	<b>Total Contributions</b>	<b>391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Program/Agency Net Withdrawals and Contributions</b>														-
<b>Balance at Year-End</b>		<b>31,922</b>	<b>31,472</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>31,197</b>	<b>-</b>

\* Based on 9-month 2018 Reserve Fund Variance Report