

TORONTO COMPUTER LEASING INQUIRY / TORONTO EXTERNAL CONTRACTS INQUIRY

INTERIM BUDGET REVIEW AND INTERIM DETERMINATION OF ADDITIONAL REQUIRED FUNDING BASED UPON EXPANDED MANDATE FROM CITY COUNCIL

An estimated budget, based upon the knowledge available in the very early setup days of the Toronto Computer Leasing Inquiry (TCLI), was provided to the City in early June 2002 at the request of the City Solicitor. That budget estimate was a preliminary one. The Inquiry indicated it would provide the City with a further budget estimate in September 2002. That further budget estimate was delayed until December 2002 pending consideration of the impact of expanded terms of reference from Toronto Council for the Toronto External Contracts Inquiry (TECI) and confirmation of any additional funding required to meet the original terms of reference.

The original June 2002 budget for TCLI was estimated at \$1.9 million. City staff indicated, in a Report to Council on October 1, 2 and 3, 2002, that there will be a significant increase in costs related to TECI. A preliminary estimate by City staff was an additional \$3 to \$4 million for the expanded terms of reference (includes additional direct costs for the Inquiry and additional City legal contract staff). This December 2002 further budget estimate is for \$5.9 million including unallocated contingency funding of \$0.5 million.

It is essential to note that this is still an interim budget estimate until the Inquiry is able to verify or modify the many assumptions noted for budget purposes below.

The Inquiry has made many assumptions in the preparation of this further budget estimate. These are as follows:

- Office and hearing room space are being provided by the City of Toronto at the East York Civic Centre in existing owned space. It is assumed that the Inquiry needs no budget for the cost of using those facilities. Most furniture, computers, printers, etc. are being provided from existing surplus City stock and no new cost or budget is associated with that. Some budget is required for limited facilities improvements such as re-keying and locksmith costs; minimal painting; original moving of furniture and setting up of workstations and offices; required electrical costs; furniture costs from City surplus warehouse; limited equipment and furniture not readily available from City stock; two notebook computers and accessories; fax machine; telephones; etc.
- It is very difficult to estimate the potential costs of an inquiry due to the unknowns in hearing length; potential delays in receiving all documents and materials from the City and Parties; unknown potential volume of documents that are provided to or must be located by the Inquiry; unknown forensic audit

- and investigative needs; potential for legal challenges; impact of the Parties participation at the hearing; etc.
- For budget purposes only, it is now assumed that the Inquiry will complete its responsibilities by December 2003. Hearings were only able to commence in December 2002 as a result of a necessary delay to allow the OPP to undertake and complete a related investigation.
 - The length of time for witness examination will increase significantly as the number of Parties with standing has continued to increase and many witnesses have retained Counsel. This will increase the overall length of hearings.
 - As the length of hearings is still unknown at this time, for budget purposes it is assumed that there will be 40 days of hearings required for TCLI. This was the estimate provided by City staff in the January 2002 Report to Audit Committee. It must be noted however that this estimate is likely to be exceeded based upon the experience in December 2002 when the Inquiry had 14 days of evidence and heard from only 5 witnesses (the fifth witness will in fact not be finished until January 2003). There are at least 37 additional witnesses to give evidence. Contingency funding noted below is expected to be required primarily for possible additional days of hearings.
 - At this extremely preliminary stage of TECI, the expanded mandate for TECI is assumed for budget purposes to require an additional 40 days of hearings. It is further assumed that there will be 10 hearing days on "good governance". Contingency funding noted below is expected to be required primarily for possible additional days of hearings.
 - Court reporting and transcript costs posted to the Inquiries' website are directly related to and are based upon the assumed number of hearing days noted above.
 - Assumptions have to be made and estimates arrived at related to anticipated forensic audit services and investigative services for TECI. At the time of preparing this estimate, the Inquiry still does not have many documents related to TECI and hence the estimate of \$250,000 and \$90,000 respectively for such estimates is really a guess pending receipt of factual information and materials.
 - Expert services related to good governance are estimated at \$100,000
 - As, at the time of preparing this budget estimate, there are many unknowns and assumptions, a contingency amount of \$500,000 has been included in the 2003 budget. The primary purpose of the contingency funding is anticipated to be for costs associated with the actual number of hearing days exceeding the number of assumed days as noted above.
 - Certain budget items (such as counsel fees, court reporting and transcript fees) would be reduced if the Inquiries proceed faster than expected.
 - No monies have been included in this budget for intervenor funding to people with standing
 - The website (www.torontoinquiry.ca) of the Inquiries is a major means to communicate with the public. It includes same day posting of the transcripts by the court reporting service provider. Costs have increased from the June 2002 budget estimate as a result of required updating and ongoing

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maintenance for TECI as well as TCLI over the estimated term of the
Inquiries.

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**TORONTO COMPUTER LEASING INQUIRY /
TORONTO EXTERNAL CONTRACTS INQUIRY
REVISED INTERIM BUDGET (AS OF DECEMBER 2002)**

<u>Cost Category</u>	<u>Budget 2002</u>	<u>Budget 2003</u>	<u>Budget Total</u>
Salaries and Benefits:	nil	nil	nil
Materials and Supplies:	\$10,000	\$10,000	\$20,000
Furniture and Equipment:	\$15,000	\$2,000	\$17,000
Corporate Services:	\$17,000	\$55,000	\$72,000
Services and Rents:			
Staff	\$108,000	\$313,250	\$421,250
Counsel	\$1,241,000	\$2,451,000	\$3,692,000
Advertising	\$50,000	\$10,000	\$60,000
Reporting / transcripts	\$20,000	\$180,000	\$200,000
Experts & Witnesses	\$80,000	\$210,000	\$290,000
Other	\$115,000	\$519,000	\$634,000
Total	\$1,614,000	\$3,683,250	\$5,297,250
Contingency	nil	\$500,000	\$500,000
Budget Total:	\$1,656,000	\$4,250,250	\$5,906,250

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Stockwood Spies:	\$2,000	
*Brian Gover - \$310 per hour		
Ronda Bessner (Senior Legal Analyst)	\$29,000	\$700 per day
Advertising and commun. News releases, notices of meetings and hearings	\$50,000	
Court Reporting & Transcript fees	\$20,000	
Experts & Witness Fees:		
NETTEC	\$30,000	
Other	\$50,000	
Other Professional and Technical Services:		
Investigators (B.Blake)	\$2,000	
Audio Services (B. Sandor)	\$5,000	
Document Management	\$60,000	
Website Development / Updating	\$35,000	
Travel and Accommodation	\$1,000	
Telephone	\$12,000	
TOTAL 2002	\$1,956,000	

FISCAL YEAR 2003 (January to December):

SALARIES AND BENEFITS: nil

MATERIALS AND SUPPLIES:

Misc. Office Supplies \$10,000

FURNITURE AND EQUIPMENT: \$2,000

CORPORATE SERVICES:

Mail / courier \$3,000
Printing \$20,000
Copying \$7,000
Other Services \$25,000

SERVICES AND RENTS:

Consult - Technical and Professional:

CAO	David Henderson	\$70,800	\$600 per day
Communications Officer	Peter Rehak	\$76,800	\$600 per day
Senior Legal Secretary	Clita Saldanha	\$47,500	\$24 per hour
Legal Secretary	Various	\$39,000	\$20 per hour
Hearings Registrar	Joyce Ihamaki	\$16,150	\$170 per day
Hearing Room Officer	Andy Pandoff	\$13,000	\$18 per hour
Temporary Agency	The Affiliates	\$50,000	

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Professional and Technical Legal (*Counsel):

Torkin Manes Cohen Arbus:

*Ron Manes	\$681,000	\$385 per hour
*David Butt	\$513,000	\$290 per hour
*Daina Groskaufmanis	\$291,000	\$210 per hour
*Junior	\$160,000	\$90 per hour
TOTAL	\$1,645,000	

Rogers, Moore

*Pat Moore	\$350,000	\$310 per hour
*Julie Dabrusin	\$283,000	\$160 per hour
TOTAL	\$633,000	

Ronda Bessner (Senior Legal Analyst) \$173,000 \$700 per day

Advertising and commun. \$10,000

Court Reporters & Transcript fees \$180,000

Experts & Witness Fees:

Assetlinx	\$30,000
NETTEC	\$30,000
Good Governance	\$100,000
Other	\$50,000

Other Professional and Technical Services:

Investigators (B. Blake \$68,000 and Other \$22,000) \$90,000

Forensic audit expert services \$250,000

Audio Services (B. Sandor) \$30,000

Document Management (Platinum Legal) \$60,000

Website Development / Updating \$72,000

Travel and Accommodation \$5,000

Telephone \$12,000

Contingency \$500,000

TOTAL 2003 \$4,250,250

* Counsel hourly rates set by City Solicitor