Analyst Briefing Notes
Budget Committee Review
(October 29, 2007)

Page

PART 1: CAPITAL PROGRAM

PART II: ISSUES FOR DISCUSSION

APPENDICES

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PART I: CAPITAL PROGRAM

Executive Summary

- The 2007 Approved Capital Budget of $32.869 million was 16% spent as at June 30, 2007. Actual expenditures by year-end are anticipated to be $23.084 million, or 70% of the Approved Capital Budget, resulting in a projected 2007 unspent balance of $9.785 million. This projected under expenditure is primarily due to savings resulting from effective contracts negotiation for hardware, software licenses, and professional services, and to project delays resulting from project interdependencies.

- The 2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates total $386.336 million, of which $166.373 million is projected for the Program's 5-Year Capital Plan, with 2008 cash flow of $28.885 million, $43.666 million in 2009, $34.091 million in 2010, $29.457 million in 2011 and $30.274 million in 2012.

- The 2008 Recommended Capital Budget and 2009 to 2012 Capital Plan calls for a total debt of $48.769 million. The Plan meets Information and Technology's aggregrate debt target of the same amount. The major portion of the 5-Year Capital Plan is related to asset sustainment comprising 64%, or $105.830 million. This is funded from the Information and Technology Equipment Reserve. The remaining amount of $11.774 million is funded from unapplied capital.

- The 5-Year Capital Plan will ensure that the City has a secure and high performance technology infrastructure and systems environment that is maintained in a state of good repair, and can be flexible enough to responsively adapt to changing business priorities. Most of the projects in the 2008 Recommended Capital Budget are multi-year, for network and computing infrastructure, business applications and data integration environment, as well as for establishing a technology environment with best practices and tools.

- The 5-Year Capital Budget will fund the following projects:

    - Geospatial Projects ($2.440 million) to upgrade the geospatial technology and data warehouse to facilitate on-line geospatial information to better integrate with City information to the common geographic foundation.

    - Data and Document Management upgrades ($5.703 million) to ensure that data storage and management are operated with current, versatile and economical technology.

    - CA Unicentre ServicePlus Service Desk and Enterprise Desktop Tools ($1.661 million) which is part of the Corporate Help Desk Services Enhancement initiatives based on the e-City strategy, and to upgrade to existing desktop support related tools used to manage the IT desktop computer infrastructure.

- Consolidated Data Centre ($18.578 million) to establish a long-term solution to the need for a Data Centre in the City that will contain the current and future enterprise computer systems, consolidating the disparate Data Centres that are presently scattered and operated by different Divisions, and ABCs such as the Toronto Police, Fire Services, EMS, the Toronto Zoo, and TTC.

- eCity Strategic Plan and Planning ($2.720 million) to maximize the City's investment in information and technology.

- ePrint ($1.126 million) to address the City's requirements, and future challenges.

- eCity Enterprise Architecture ($2.495 million) to ensure that anomalies in business information, application, technology, security, and privacy domain architecture are addressed during the design and development of complex systems.

- SAP Projects ($13.356 million) to upgrade the SAP systems, develop and implement applications for Corporate requirements, and divisions' needs for human resources, financial administration, planning and reporting, and facilities and real estate.

- Asset Lifecycle Management ($87.736 million) for the ongoing replacement of the City's information and technology assets, including hardware, software, servers and storage equipment.

- The 2008 Recommended Capital Budget, including previously approved commitments requires new 2008 cash flow of $23.647 million. This cash flow combined with carry forward funding of $5.238 million for 2007 projects brings the total 2008 Recommended Capital Budget to $28.885 million gross. The new cash flow is funded $10.000 million from debt, which meets the debt target. $12.847 million will be funded from the I & T (Sustainment) Equipment Reserve and $0.800 million from unapplied capital financing.

- The 2008 Recommended Capital Budget advances the strategic priority *to improve the City's website to make it easier to navigate and take advantage of new technology* with the following projects:

  - Website Redesign ($01.158 million) which is being accelerated to improve functionality of the City's Website.

  - Webshere Upgrade – Portal Infrastructure ($0.420 million) will speed up the time to deliver online applications resulting in better end users' experiences, and employee productivity.

  - Content Management Software (Vignette) Upgrade ($0.261 million) will migrate the web content to a newer version of the Vignette Content Management Software for better tracking and management of the growth in information content.

- The 2008 Recommended Capital Budget will also allow for the completion of the Telecom Management System, the Geospatial Data Warehouse, the SAP –Personnel Development Qualifications and SAP Planning and Scoping projects, the Strategic Planning-IT Performance Measurement, the Server-Project Management, the ServicePlus Service Desk upgrade, the Enterprise Patch Management, and the Network Directory Services. It will allow for the start of the projects outlined above in the 5-Year Capital Plan.

- 95% of the 2008 Recommended Capital Budget is allocated to state of good repair projects at $22.485 million; 4% or $0.911 million is allocated to service improvement projects; and 1% or $0.251 million is provided for legislated projects.

- The backlog of projects for this Program, as at December 31, 2007 totals $7.900 million attributed to the Disaster Recovery project. This project will identify and establish a standby site for the City's Data Centre, with the objective to have a back-up facility to provide business continuity to critical applications in the event of a disaster affecting the main Data Centre. The 5 Year Capital Plan includes $1.100 million each year in 2008 to 2012 to address the backlog.

- The Program has identified operating impacts of $0.347 million in 2008, $0.427 million in 2009, $0.326 million in 2010, no impact in 2011, and $0.048 million in 2012.

Recommendations

The City Manager and the Chief Financial Officer recommend that:

1.   the 2008 Recommended Capital Budget for Information and Technology with a total project cost of $31.254 million and a 2008 cash flow of $28.885 million, and a future year commitment of $8.749 million for 2009, $10.244 million for 2010, $10.225 million for 2011, and $1.750 million for 2012 be approved. The 2008 Recommended Capital Budget consists of the following:

    a) New Cash Flow Funding for:

        i)   23 new and change in scope sub-projects with a 2008 total project cost of $31.254 million that requires cash flow of $12.631 million in 2008, and a future year commitment of $3.190 million for 2009, $7.518 million for 2010, $6.165 million for 2011, and $1.750 million for 2012;

        ii)   28 sub-projects from previously approved projects with a 2008 cash flow of $11.016 million, and a future year commitment of $5.559 million for 2009, $2.726 million for 2010, and $4.060 million for 2011;

    b) 2007 approved cash flow for 19 previously approved sub-projects with carry forward funding from 2007 into 2008 totalling $5.238 million;

3.   operating impacts of $0.347 million in 2008 emanating from the approval of the 2008 Recommended Capital Budget be considered within the overall scope of the Information and Technology's 2008 Operating Budget;

4.   new debt service cost of $0.300 million in 2008, and $1.100 million in 2009 resulting from the approval of the 2008 Recommended Capital Budget be approved for inclusion in the 2008 and future year operating budgets;

5.   the 2008-2012 Capital Plan for Information and Technology totalling $166.373 million in project commitments and estimates, comprised of $28.885 million in 2008; $43.666 million in 2009; $34.091 million in 2010; $29.457 million in 2011; and $30.274 million in 2012 be approved; and

6.   Information and Technology report back to the Budget Committee before the start of the 2009 capital budget process on potential savings in operating costs as a result of the Consolidated Data Centre.

2007 Capital Variance Review

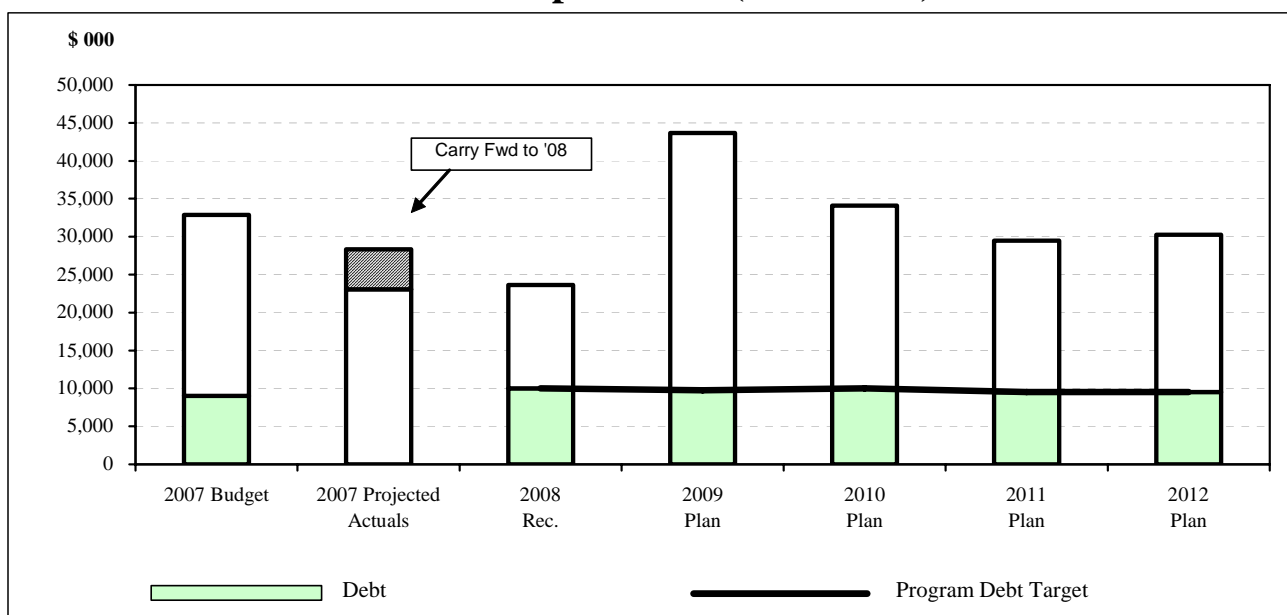| 2007 Budget to Actuals Comparison - Total Gross Expenditures ($000s)					
2007 Approved	**Actuals as of June 30 (2nd Qtr Variance)**		**Projected Actuals at Year End**		**Balance**
$	**$**	**% Spent**	**$**	**% Spent**	**$ Unspent**
32,869	5,140	16	23,084	70	9,785

Comments / Issues:

- At June 30, 2007 Information and Technology spent approximately $5.140 million or 16% of its 2007 Approved Capital Budget of $32.869 million. The Program has projected that by year end its spending will be $23.084 million or 70% of its 2007 Approved Capital Budget.

- The projected year end under spending is mainly due to project delays arising from project complexity and other program inter-dependencies. In addition, effective contracts negotiation has resulted in better pricing for hardware, software, licenses, and professional services resulting in underspending in some projects. The Enterprise Application Integration project which is connected to the 3-1-1 project was delayed due to Council's decision in March 2007 to have a new call document for the 3-1-1 Technology RFP to be issued. This change has delayed the expected technology award date into the third quarter of 2007. The funding for this project ($0.844 million) was approved by Council in September 2007 for transfer to the 2007 Capital Budget for the 3-1-1 project. As a result of the technology RFP extension, the completion of several others inter-related sub-projects have been extended into 2008. Another project that has been delayed is the Website Re-design, which is dependent on two other Web projects: the WCM Vignette Upgrade, and the Web Portal Infrastructure. The development and implementation strategies for all three must be consistent. Due to the resulting complexity, there has been a delay in getting the RFP issued.

- The challenges facing the sustainment program include limited disposal options for decommissioned equipment and a shortage of storage facilities. As a result, large scale monitor deployments have been delayed. A new disposal policy was approved by City Council in July and a Request For Quotation (RFQ) has been issued to select a vendor. Deployments are expected to resume in the 3rd quarter. The under-spending is also attributed to the Voice Mail Replacement project where the solution proposed by the existing service provider was not acceptable and as such an RFQ was approved in May 2007 for a replacement voice messaging platform. Implementation has been deferred to 2008. The funding for the Service Desk Automatic Distribution Replacement project has been transferred to the 3-1-1 capital project, as approved by Council in September 2007. This project will be completed within the scope of the voice mail replacement project in 2008. Savings are being achieved as well for Storage and Servers from favourable pricing and server consolidation which has resulted in fewer server replacements to date in 2007.

- Information and Technology's projected year-end spending rate of 70% as reported in its June 30, 2007 Variance Report is an improvement over the 64% spending rate achieved in 2006.

- Carry forward funding included in the 2008 Recommended Capital Budget is $5.238 million and is lower than the year-end projected unspent expenditures of $9.785 million identified in the 2nd Quarter Variance Report due to the following:

  - The Enterprise Application Integration project is delayed due to the extension to the evaluation and recommendation schedule for 3-1-1 Technology project. The funding for this project ($0.844 million) was approved by Council in September 2007 for transfer to the 2007 Capital Budget for 3-1-1.

  - The Enterprise Patch Management project was put on hold. Information and Technology will continue with investigation/testing of alternative patch strategies. Consequently, this project will not proceed. The long term strategy for Enterprise Patch Management will be revisited in the Enterprise Systems Management review.

- **Cost Containment Impact**

No capital projects were deferred as a result of the 2007 Cost Containment measures by Information and Technology.

5-Year Capital Plan (2008-2012)

		5-Year Plan					
	2007		**2008**	**2009**	**2010**	**2011**	**2012**	**2008-2012**
	Budget	**Projected Actual**						
Gross Expenditures:								
2007 Capital Budget & Future Year Commitments	32,869	23,084	11,016	5,559	2,726	4,060		23,361
Recommended Changes to Commitments								0
2008 New/Change in Scope and Future Year Commitments			12,631	3,190	7,518	6,165	1,750	31,254
2009 - 2012 Plan Estimates				34,917	23,847	19,232	28,524	106,520
1-Year Carry Forward to 2008		5,238						
Total Gross Annual Expenditures & Plan	**32,869**	**28,322**	**23,647**	**43,666**	**34,091**	**29,457**	**30,274**	**161,135**
Program Debt Target			**10,000**	**9,769**	**10,000**	**9,500**	**9,500**	**48,769**
Financing:								
Recommended Debt	9,000		10,000	9,769	10,000	9,500	9,500	48,769
Other Financing Sources:								
Reserves/Reserve Funds	23,561		12,847	32,247	20,947	16,350	20,024	102,415
Development Charges								0
Federal								0
Provincial								0
Other	308		800	1,650	3,144	3,607	750	9,951
Total Financing	**32,869**		**23,647**	**43,666**	**34,091**	**29,457**	**30,274**	**161,135**
By Category:								
Health & Safety								
Legislated			251	55				306
SOGR	31,458		22,485	43,156	33,259	28,857	29,874	157,631
Service Improvement	1,411		911	455	832	600	400	3,198
Growth Related								
Total By Category	**32,869**		**23,647**	**43,666**	**34,091**	**29,457**	**30,274**	**161,135**
Yearly SOGR Backlog Estimate (not addressed by current plan)			(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(5,500)
Accumulated Backlog Estimate (end of year)		7,900	6,800	5,700	4,600	3,500	2,400	2,400
Operating Impact on Program Costs			347	427	326	0	48	1,147
Debt Service Costs			300	1,393	1,375	1,385	1,330	5,783

* Note that the 1-Year Carry Forward reflects the latest estimate as used in the 2007 2nd Quarter Capital Variance Report.

5-Year Capital Plan Overview

Overview

In previous years the review of the Information and Technology's 5-Year Capital Plan was conducted in two separate pieces: (1) Information and Technology – Development and (2) Information and Technology – Sustainment. For 2008 these two capital budgets and plans have been consolidated in the Recommended 5-Year Capital Plan for the Information and Technology Program.

The 2008 - 2018 Capital Plan ensures that the City has a secure and high performance technology infrastructure and systems environment that is maintained in a state of good repair, and can be flexible enough to responsively adapt to changing business priorities.

Most of the projects are corporate in nature (ie: serving multiple Programs), however, I&T does historically budget for some specific capital initiatives on behalf of single sponsoring Programs, such as Human Resources, Legal, and Corporate Grants projects.

Information and Technology has established four main grouping for its projects as outlined below:

- *Technology Infrastructure: ($37.036 million)*

  - Disaster Recovery (secondary Data Centre site)
  - Data Centre Expansion
  - Directory Services
  - Voice over IP Strategy
  - Operations Management Tools
  - HSM & e-Mail Archiving Solutions
  - Enterprise Systems Management
  - Broadband Wireless Implementation
  - Consolidated Data Centre
  - Technology Asset Management

- *Application Systems:($25.167 million)*

  - Website infrastructure, content management system upgrades and website redesign
  - Geospatial technology
  - Data Retention projects to ensure that applications resident in legacy technology environment can be effectively migrated to sustainable platforms
  - Document management (core technology plus 4 initial divisional implementation projects)
  - Mainframe Decommissioning
  - SAP upgrade and business applications:
    SAP Projects: SAP is one of the City's core application systems and it is growing in importance as the integrated toolset for financial management, human resources, payroll, and work-order processes. A business process review is underway for SAP projects. The result of this may change the order in which SAP projects are rolled out as all Business Warehouse projects and timelines will need to be aligned with the Financial Planning and Reporting project budget and timelines.
    Based on the planning coordinated by the SAP Competency Centre and its Steering Committee the following is included in the 5-Year Capital Plan:
    - SAP upgrade to MySAPerp (a major refresh of the application environment)

- SAP Personnel Development Qualifications
- SAP Business Information Warehouse – Planning and Scoping
- SAP Financial Planning and Reporting
- SAP Workflow Design
- SAP Work Orders, Projects, and Real Estate
- SAP Employee Self Service Portal
- SAP e-Recruitment
- SAP 2007 Upgrade
- SAP 2011 Upgrade

- *Corporate Planning and Management:($16.434 million)*

  o Strategic Planning – IT Performance Measurement Program
  o e-City Strategic Plan
  o e-City Planning
  o e-City Enterprise Architecture
  o e-City Information Security
  o e-Print
  o ITIL – Best Practices Implementation
  o Enterprise Reporting and Change Management Tools.
  o System Development Life Cycle

- *IT Sustainment:(87.736 million)*

  o Asset Lifecycle Replacements

The total funding of $87.736 million over the 5-Year Plan is allocated for the replacement of technology assets for hardware, software, servers, storage and enterprise software, and technology equipment for the City's IT network.

The Recommended 5-Year Plan meets the debt target each year 2008-2012.

The Recommended 2008-2012 Capital Plan allocates 1% of the cash flow funding to legislated projects; 95% to state of good repair projects, and 4% is allocated to growth projects.

Multi-Year Debt Affordability Target

The Recommended 2008-2012 Capital Plan has met the debt affordability targets for each of the five years. This has been achieved by carefully planning the phases of the projects and their cash flow requirements into future years, and identifying alternate sources of funding.

Recommended Changes to the 2007 – 2011 Capital Plan

The Recommended 2008 to 2012 Capital Plan for Information and Technology consolidates (1) Information and Technology-Development and (2) Information and Technology-Sustainment that previously was considered as two separate capital budgets.

The changes to the 2007 – 2011 Capital Plan result from recasting the future year cash flow for the e-City Strategic Plan, e-City Enterprise Architecture, the commencement of the Consolidated Data Centre in 2008, the start of implementation for the Enterprise Systems Management in 2009, and for the VoIP (Voice Over Internet Protocol) in 2011. The primary focus of these changes is to comply with the established debt targets.

The table below summarizes the changes:

Recommended Changes to 5-Year Plan							
		2007	2008	2009	2010	2011	TOTAL 2007-2011
	Cat	Gross	Gross	Gross	Gross	Gross	Gross
APPROVED BUDGET							
I&T - Dev		14,460	14,788	10,979	12,481	10,970	63,678
I&T - Sustainment		13,402	13,435	25,614	23,662	18,518	94,631
TOTAL - 2007		27,862	28,223	36,593	36,143	29,488	158,309
I&T - Dev		14,460	14,160	14,279	17,388	17,815	78,102
I&T - Sustainment		13,402	9,487	29,387	16,703	11,642	80,621
TOTAL - 2008			23,647	43,666	34,091	29,457	158,723
CHANGES							
I&T - Dev			(628)	3,300	4,907	6,845	14,424
I&T - Sustainment			(3,948)	3,773	(6,959)	(6,876)	(14,010)
TOTAL - 2008			(4,576)	7,073	(2,052)	(31)	414
Revised 5-Yr. Cash Flow-IT Dev			14,160	14,279	17,388	17,815	78,102
Revised 5-Yr. Cash Flow-IT Sustainment			9,487	29,387	16,703	11,642	80,621
TOTAL - 2008			23,647	43,666	34,091	29,457	158,723

Program Capacity and Readiness to Proceed

The completion of previously approved projects is a priority for the Information and Technology Program, and these projects form a large part of the 2008 recommended cash flow, and the 5-Year Capital Plan.

The spending rate of 70% for 2007 indicates that the Program has been able to improve over prior years spending rates. In 2006, the spending rate was 64%. Information and Technology is focusing its efforts on ensuring that project delays within the Program's control are kept to a minimum or eliminated.

One significant factor impacting on the Program's capacity is the availability of specialized IT professionals in the market place. There is a shortage of resources, particularly those with expertise in Geospatial Information System (GIS), or SAP. As a result, I&T is faced with recruitment challenges in the market for qualified IT professionals. This has impacted the progress made with some I&T projects. Information and Technology is using and developing in-house knowledge and expertise to alleviate the situation. External contracted services are obtained where necessary.

Notwithstanding the above, Information and Technology is ready to proceed with their capital plan.

Backlog of Projects – Unmet Needs

The Disaster Recovery Plan project with a project cost of $7.900 million is a critical unmet need for the City. This project will identify and establish a standby site for the City's Data Centre, with the objective to have a back-up facility to provide business continuity to critical applications in the event of a disaster affecting the main Data Centre, presently at 703 Don Mills Rd. This site would provide alternative office space, communications equipment, supplies and the ability to house computer equipment in the event of a disaster. This site will also provide off-site tape vaulting facilities, accommodation for disk storage and an information and technology testing lab. In 2007 a suitable leased site was found at Titfield Road, and the construction of the server room is expected to be completed in 2007. Work continues on this project, which will be implemented in a phased approach over 10 years.

The Disaster Recovery Plan is being funded and a site established within a City property at Tiffield Road in 2007. Further progress will be made in 2008, and the project will be substantially in place by 2012.

The 2008 -2012 Capital Plan includes $1.100 million each year in 2008 to 2012 to address the unmet needs for a disaster recovery facility. This will leave an outstanding balance of $2.017 million by 2012. The 2013 to 2017 estimates include $5.500 to continue to address the needs of the disaster recovery plan.

This is no backlog in Information and Technology replacements.

Capital Project Highlights

Strategic priorities:

The Recommended 5-Year Capital Plan is aligned with the following strategic priorities:

> o *Improve the City's Website to make it easier to navigate and take advantage of new technology*

The 2008 5-Year Capital Plan included funding (previously approved) for:

- ➢ Website Re-Design ($1.158 million): This project will re-design the City of Toronto Web Site. The current version is becoming dated in its functionality and results in continuous requests from Council for improvements.
- ➢ Content Management Software (Vignette) Upgrade ($0.261 million): This software enables the City's Website to manage Web content. Vignette will no longer support our current software version 6 as of December 2008. Funds are required to assess the upgrade effort, implement it and provide accompanying hardware and Vignette product training.
- ➢ Websphere Upgrade – Portal Infrastructure ($0.420 million): This project will improve functionality for users including single sign-on, and consolidation of application user interfaces.

Summary of Major Capital Initiatives

	$000s						
	2008 Rec. Budget	2009 Plan	2010 Plan	2011 Plan	2012 Plan	Total 2008 -2012	Total 2013 -2017
Facilities Projects: New and Expanded	0	0	0	0	0	0	0
IT sub-projects	28,885	43,666	34,091	29,457	30,274	166,373	219,963
Total	**28,885**	**43,666**	**34,091**	**29,457**	**30,274**	**166,373**	**219,963**
Other Major City Initiatives: (Please specify)							
Total	**28,885**	**43,666**	**34,091**	**29,457**	**30,274**	**166,373**	**219,963**

Over the next five years, $87.736 million is allocated for the lifecycle replacement of technology assets, for hardware, software, servers, storage and enterprise software, and technology equipment for the City's computing network.

Application systems development projects include SAP projects, Geospatial, as well as Website re-design projects are allocated at $25.167 million over the 5-Year Capital Plan.

Technology infrastructure projects include Operations Management Tools, and Enterprise Systems Management implementation. Total cash flow for these projects over the next five years is $31.053 million. This includes a new project for the Consolidated Data Centre. The five year cost for this project is $18.578 million. The funding identified is 50% or $9.289 million from the IT Equipment Reserve, and the other half from unapplied capital financing.

Projects for Corporate Planning and Management total $16.434 million. These include projects for e-Business and e-City, namely: e-City Strategic Plan, e-City Enterprise Architecture, and e-City Information Security, and e-Print.

Operating Budget Impact – 5-Year Plan
Incremental Operating Impact Summary

Incremental Operating Budget Impact	2008	2009	2010	2011	2012
2008 Recommended Capital Budget					
Program Costs (net) ($000s)	347				
Approved Positions	2				
Debt Service Charges ($000s)	300	1,100			
Recommended 2009-2012 Capital Plan					
Program Costs (net) ($000s)		427	326	0	48
Approved Positions					
Debt Service Charges ($000s)		293	1,375	1,385	1,330
Total					
Program Costs (net) ($000s)	347	427	326	0	48
Approved Positions	2				
Debt Service Charges ($000s)	300	1,393	1,375	1,385	1,330

Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 3.0% Year 1, and 14% for subsequent years.

Debt Service Cost

The 2008 Recommended Capital Budget will result in new debt service costs of $0.300 million in 2008, and $1.100 million in 2009 resulting from the approval of the 2008 Recommended Capital Budget.

The Recommended 2008 5-Year Capital Plan will result in incremental debt service costs of $1.393 million in 2009, $1.375 million in 2010, $1.385 million in 2011 and $1.330 million in 2012

Program Operating Impact

The 2008-2012 Capital Plan will increase future year Operating Budgets by a total of $1.147 million net over the five-year period, with $0.347 million of the increase impacting 2008 for hardware and software maintenance.

The Operating Budget net incremental impacts outlined above are from the following capital projects/sub-projects:

Project Name	2008		2009		2010		2011		2012		TOTAL	
	$000's	Position	$000's	Position	$000's	Position	$000's	Position	$000's	Position	$000's	Position
TCO-Enterprise Patch Management			13		24						37	-
Websphere -Portal Infrastrucure	38										38	-
Technology Asset Management	134										134	-
Operation Management Tools	20										20	-
Doc Mgmt-Litigation Pilot Project			69		225						294	-
HSM & Email Archiving Solutions			20								20	-
Doc Mgmt - Core Development	110										110	-
SAP- 2007 Upgrade	10										10	-
DM-DW EAI Solution and Interface			145								145	-
PMO-Testing Tools			54		12						66	-
SAP - Planning & Scoping			30								30	-
Enterprise Desktop Tools					50				28		78	-
Disaster Recovery Plan	30		83								113	-
Network - Directory Services	5								20		25	-
Enterprise Systems Mgt Strategy		2										2.0
e-City Enterprise Architecture			13		15						28	-
Total Net Incremental	**347**	**2**	**427**		**326**				**48**		**1,147**	**2**

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Total 2008 Recommended Cash Flow & Future Year Commitments
($000s)

	2006 & Prior Year Carry Forwards	2008 Previously Approved Cash Flow Commitments	2008 New Cash Flow Recommended	2008 Total Cash Flow Recommended	2008 Debt Target	2007 Carry Forwards	Total 2008 Cash Flow (Incl 2007 C/Fwd)	2009	2010	2011	2012	2013-2017	Total Cost
Expenditures													
Previously Approved		11,016		11,016		5,238	16,254	5,559	2,726	4,060			28,599
Change in Scope			(677)	(677)			(677)	(890)	326	(1,050)	250		(2,041)
New			11,052	11,052			11,052						11,052
New w/Future Year			2,256	2,256			2,256	4,080	7,192	7,215	1,500		22,243
Total Expenditure		**11,016**	**12,631**	**23,647**		**5,238**	**28,885**	**8,749**	**10,244**	**10,225**	**1,750**	**0**	**59,853**
Financing													
Debt		7,231	2,769	10,000	**10,000**	1,822	11,822	4,239	2,856	1,910	250		21,077
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other		663	137	800			800	1,650	3,144	3,608	750		9,952
Federal Grants													0
Reserves/Res Funds		3,122	9,725	12,847		3,416	16,263	2,860	4,244	4,707	750		28,824
Total Financing		**11,016**	**12,631**	**23,647**		**5,238**	**28,885**	**8,749**	**10,244**	**10,225**	**1,750**	**0**	**59,853**

Comments / Issues:

- The 2008 Recommended Capital Budget is $28.885 million, and includes previously approved funding of $11.016 million, and new funding of $12.631 million, and 2007 approved cash flow carried forward funding into 2008 of $5.238 million.

- Approval of the 2008 Recommended Capital Budget will result in a future year commitment of $8.749 million in 2009, $10.244 million in 2010, and $10.225 million in 2011, and $1.750 million in 2012.

- The 2008 Recommended Capital Budget excluding carry forward funding, is $10.000 million funded from debt, and $12.847 from the IT Equipment Reserve, and $0.800 million from unapplied capital financing.

2008 Recommended Capital Budget

2008 Recommended Capital Budget versus Debt Target

The 2008 Recommended Capital Budget has met the debt affordability target of $10.000 million. This has been achieved by maximizing non-debt sources to fund the Capital program.

Recommended Capital Budget by Category

The 2008 Recommended Capital Budget is allocated 1% to one Legislated project which is the Document Management – Electronic Records Management project.

Cash flow funding for State of Good Repair projects comprises 95% of the 2008 Recommended Capital Budget. State of Good Repair projects form the core of Information and Technology's capital work program, and include Technology Asset Lifecycle replacements, Application Systems Development, Technology Infrastructure, and Corporate (Technology) Planning and Management projects.

The Service Improvement projects comprise 4% or $3.198 million of the 2008 Recommended Capital Budget, mainly for Data Management – Data Warehouse implementation to enable effective and efficient use and management of the data and information City-wide, and for the e-City Strategic Plan.

PART II: ISSUES FOR DISCUSSION

2008 Capital Budget Issues

There are no 2008 Capital Budget Issues.

5-Year Capital Plan Issues

I & T Equipment (Sustainment) Reserve

Funding for the Sustainment Program of $18.129 million annually is provided to the Information and Technology Equipment Reserve from the Non-Program Budget as an annual contribution. The Information and Technology Recommended 5-Year Capital Plan requires $87.736 million to fund IT replacements. Last year the 2007 – 2011 Capital Plan was approved with six I&T Development projects funded from the I&T Equipment Reserve. The 2008 – 2012 Recommended Capital Plan contains a new project for a Consolidated Data Centre, with a cost of $18.578 million over five years, of which $9.289 million or 50% is recommended to be funded from the I&T Equipment Reserve and the other $9.289 million from unapplied capital financing.

Projections to the end of 2012 indicate that $15.176 million will remain in the Reserve after funding $105.830 million of I&T Projects. The adequacy of IT Equipment Reserve will be assured if the annual contribution from Non-Program is maintained in an annual amount of $18.000 million on average. Please refer to Appendix 4 for a more detailed analysis.

Consolidated Data Centre

The Consolidated Date Centre is a major initiative funded in the recommended 5-Year Capital Plan at a cost of $18.578 million. Its objective is to establish a long-term solution for a Data Centre in the City that will contain the current and future enterprise computer systems, consolidating the disparate Data Centres that are presently scattered and operated by different Division, and ABCs such as the Toronto Police, Fire Services, EMS, the Toronto Zoo, and TTC. Upon completion, which is forecasted for 2013, this project will be used to accommodate growth in IT services to meet the needs of the user community.

It is recommended that Information and Technology report back to the Budget Committee before the start of the 2009 capital budget process on potential savings in operating costs as a result of the Consolidated Data Centre.

Appendix 1

2008 Recommended Capital Budget; 2009 to 2012 Plan And 2013 to 2017 Estimates

Appendix 2

2008 Recommended Cash Flow
And Future Year Commitments

Appendix 3

2008 Recommended Capital Projects
With Financing Details

Appendix 4
Reserve / Reserve Fund Review
($000s)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2007	Proposed Withdrawals				
			2008	2009	2010	2011	2012
XQ1508 I&T Equipment Reserve	Beginning Balance ($,000)	$27,397	$27,397	$32,599	$18,546	$15,735	$17,438
	Contribution from Operating Budget		$18,503	$18,194	$18,136	$18,053	$17,762
	Disaster Recovery Plan		($1,100)	($1,100)	($1,100)	($1,100)	($1,100)
	Telecom Management System		($100)				
	SAP 2007 Upgrade		($1,649)				
	SAP Planning and Scoping		($373)				
	Consolidated Data Centre		($137)	($1,650)	($3,144)	($3,608)	($750)
	Technology Asset Management			($110)			
	Financial Services Planning & Scoping		($455)				
	Sustainment-Lifecycle Asset Mgmt		($9,487)	($29,387)	($16,703)	($11,642)	($18,174)
	Total Proposed Withdrawals		$5,202	($14,053)	($2,811)	$1,703	($2,262)
TOTAL RESERVE FUND BALANCE AT YEAR-END		**$27,397**	**$32,599**	**$18,546**	**$15,735**	**$17,438**	**$15,176**