

Analyst Briefing Notes

Budget Committee Review

(February 8, 2007)

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2006 Approved Capital Budget of \$10.872 million was 19% spent as at September 30, 2006. Actual expenditures by year-end are anticipated to be \$6.303 million, or 58% of the Approved Budget, resulting in a projected 2006 unspent balance of \$4.569 million. This projected under expenditure is primarily attributed to the preparation of specifications and tenders in the first half of the year. The projection of 2006 funding to be carried forward into the 2007 Recommended Capital Budget is \$4.237 million.
- The 2007 Recommended Capital Budget; 2008 to 2011 Plan and 2012 to 2016 Estimates total \$116.620 million, of which \$67.750 million is projected for the Program's 5-Year Capital Plan, with 2007 cash flow of \$18.532 million, \$14.788 million in 2008, \$10.979 million in 2009, \$12.481 million in 2010 and \$10.970 million in 2011.
- The 2007 Recommended Capital Budget, including previously approved commitments requires new 2007 cash flow of \$14.295 million. This cash flow combined with carry forward funding of \$4.237 million for 2006 projects brings the total 2007 Recommended Capital Budget to \$18.532 million gross, of which \$9.000 million is funded from debt, which meets the debt target, \$4.987 million funded from the I & T (Sustainment) Equipment Reserve and \$0.308 million from Other Revenue.
- The 2007 Recommended Capital Budget for previously approved and new/change in scope projects (not including 2006 carry forward funding) of \$14.295 million is 90.0% allocated to State-of-Good-Repair projects at \$12.884 million and 10.0% is allocated to Service Improvement projects at \$1.411 million.
- 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 2007 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 2007 Recommended Capital Budget comprise of new funding for projects which will commence in 2007, including:
 - SAP 2007 Upgrade, and SAP Planning and Scoping (\$2.520 million) to improve financial planning, analysis and reporting.
 - Data and Document Management upgrades (\$0.618 million) to ensure that data storage and management are operated with current, versatile and economical technology.

- eCity Planning (\$0.220 million) to maximize the City's investment in information and technology.
- ePrint (\$0.100 million) to address the City's requirements, and future challenges.
- eSecurity (\$0.190 million) to safeguard the City's technology assets.
- Network –Broadband Wireless (\$0.250 million) to identify the benefits of Wireless technology to City's business requirements .
- Web Stats – Enterprise Reporting (\$0.060 million) to replace outdated systems with current standards.
- Aligned with the Mayor's Mandate *to improve the City's website to make it easier to navigate and take advantage of new technology* are the following projects:
 - Website Redesign (\$0.550 million) which is being accelerated to improve functionality of the City's Website.
 - Webshere Upgrade – Portal Infrastructure (\$0.175 million).
 - Content Management Software (Vignette) Upgrade (\$0.398 million)

The Mayor's Mandate *to establish a mandatory lobbyist registry in 2007*, has resulted in the Lobbyist Registration System project (\$0.300 million) that will apply to applicable persons or entities wishing to bid on a procurement contract.

- The 2007 Recommended Capital Budget includes previously approved projects for completing the Enterprise Applications Integration (\$0.844 million); the Disaster Recovery project (\$1.100 million); Application Systems involving Data Retention – Mainframe and Client Server (\$1.377) million); the Mainframe-Decommissioning project (\$0.247 million); SAP – HR Org Publisher (\$0.046 million); the Enterprise Patch Management (\$0.171 million); Projects for Technology Infrastructure, designed for Data Centre expansion (\$0.66 million); the Technology Asset Management (\$1.022 million); the HSM & eMail Archiving solutions project (\$0.164 million), and the VoIP Go-Forward Strategy project (\$0.297 million).
- The backlog of projects for this Program, as at December 31, 2006 totals \$17.392 million. The majority of this is attributed to the SAP Environment, the Data Retention-Mainframe, Data Retention-Client Server, the Mainframe Data Decommissioning, and the Disaster Recovery Plan. Approval of the 5-Year Capital Plan will result in the reduction of the backlog over the 5-Year Capital Plan period by 77% or \$13.361 million by the end of 2011.

Recommendations

The City Manager and the Chief Financial Officer recommend that:

1. the 2007 Recommended Capital Budget for Information and Technology with a total project cost of \$16.391 million and a 2007 cash flow of \$18.532 million, and a future year commitment of \$11.016 million for 2008, \$5.559 million for 2009, \$2.726 million for 2010, and \$4.060 for 2011 be approved. The 2007 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 16 new sub-projects, and 19 change-in-scope sub-projects, with a 2007 total project cost of \$16.391 million that requires cash flow of \$8.176 million in 2007, and a future year commitment of \$6.414 million for 2008, \$0.805 million for 2009, \$0.393 million for 2010, and \$2.510 million for 2011;
 - ii) 18 sub-projects from previously approved projects with a 2007 cash flow of \$5.819 million, and a future year commitment of \$4.602 million for 2008, \$4.754 million for 2009, \$4.240 million for 2010, and \$1.550 million for 2011;
 - iii) 1 sub-project from previously approved sub-projects with carry forward funding from 2005 and prior years requiring 2007 cash flow of \$0.300 million and no future year commitments;
 - b) 2007 approved cash flow for 22 previously approved sub-projects with carry forward funding from 2006 into 2007 totalling \$4.237 million;
2. the 2008-2011 Capital Plan for Information and Technology totalling \$49.218 million in project commitments and estimates, comprised of \$14.788 million in 2008; \$10.979 million in 2009; \$12.481 million in 2010; and \$10.970 million in 2011, be approved;
3. operating impacts of \$0.842 million in 2007 and \$0.892 million in 2008 emanating from the approval of the 2007 Recommended Capital Budget be approved for inclusion in the 2007 and future year operating budgets; and
4. new debt service cost of \$0.270 million in 2007, and incremental debt service costs of \$1.177 million in 2008 resulting from the approval of the 2007 Recommended Capital Budget be approved for inclusion in the 2007, and 2008 to 2011 operating budgets.

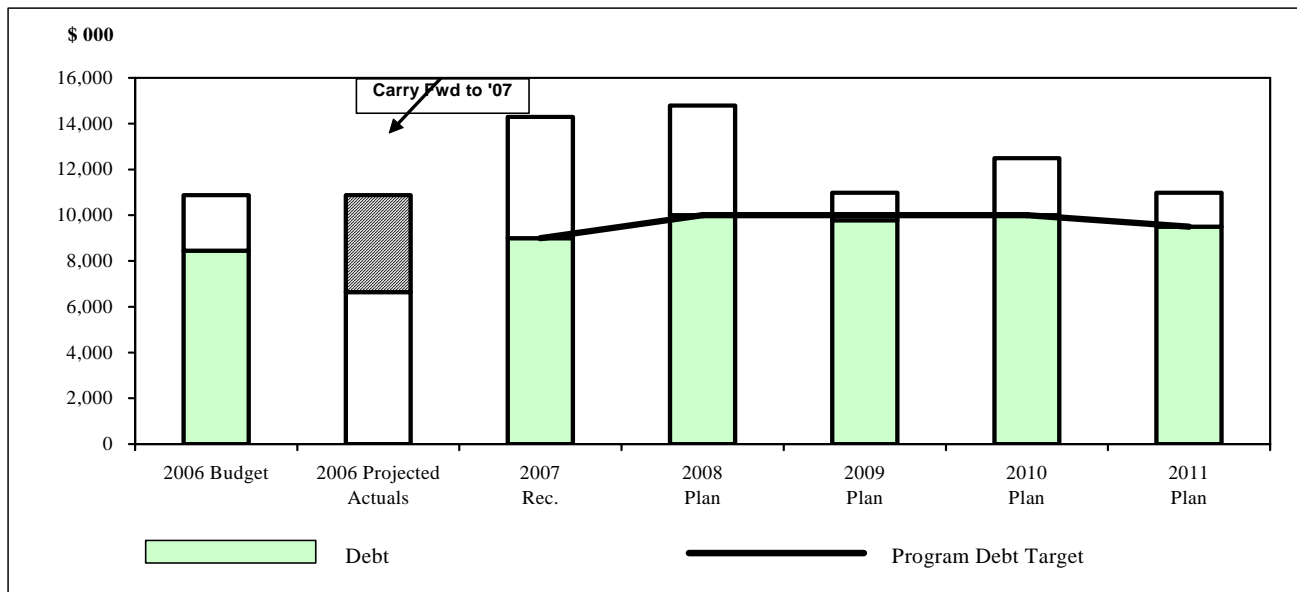
2006 Capital Variance Review

2006 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2006 Approved	Actuals as of Sept 30 (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
10,872	2,107	19	6,303	58	4,569

Comments / Issues:

- At the end of the 3rd quarter of 2006, Information & Technology spent approximately \$2.107 million or 19% of its 2006 approved cash flow budget of \$10.827 million. Under spending is mainly due to delays caused by the need to coordinate the participation of the various Programs such as Legal Services, Human Resources, Financial Planning and Social Development & Administration Divisions that are involved with I&T's capital initiatives. In addition, the procurement of IT Projects is very complex, and has resulted in a spending rate of 58% of the 2006 Approved Capital Budget.
- Carry forward funding included in the 2007 Recommended Capital Budget is \$0.300 million for previously approved projects from 2005 and prior years which forms part of the 2007 debt requirement to complete the Telecom Management System. Funding of \$4.237 million is being carried forward from 2006 into 2007 to complete previously approved projects.

5-Year Capital Plan (2007-2011)



	2006		5-Year Plan					
	Budget	Projected Actual	2007 Rec.	2008	2009	2010	2011	2007-2011
Gross Expenditures:								
Capital Budget & Future Year Commitments	10,872	6,635	14,295	11,016	5,559	2,726	4,060	37,656
New Plan Estimates				3,772	5,420	9,755	6,910	25,857
1-Year Carry Forward to 2007		4,237						
Total Gross Annual Expenditures & Plan	10,872	10,872	14,295	14,788	10,979	12,481	10,970	63,513
Program Debt Target	n/a		9,000	10,000	10,000	10,000	9,500	48,500
Financing:								
Recommended Debt	8,450		9,000	10,000	9,769	10,000	9,500	48,269
Other Financing Sources:								
Reserves/Reserve Funds	1,022		4,987	4,125	1,210	2,481	1,470	14,273
Development Charges								
Federal								
Provincial								
Other Revenue			308	663				
Total Financing	9,472		14,295	14,788	10,979	12,481	10,970	62,542
By Category:								
Health & Safety								
Legislative	250			251	58			309
SOGR	9,527		12,884	13,826	10,666	12,049	10,770	60,195
Service Improvement	1,095		1,411	711	255	432	200	3,009
Growth Related								
Total By Category	10,872		14,295	14,788	10,979	12,481	10,970	63,513
Yearly SOGR Backlog Estimate (addressed)/not addressed by current plan			(3,971)	(3,969)	254	(2,655)	(3,020)	(13,361)
Accumulated Backlog Estimate (end of year)		17,392	13,421	9,452	9,706	7,051	4,031	4,031
Operating Impact on Program Costs			842	892	343	528	162	2,767
Debt Service Costs			270	1,290	1,393	1,374	1,385	5,712

* Note that the 1-Year Carry Forward reflects current submission and as reflected in CAPTOR.

5-Year Capital Plan Overview

Overview

The 2007 - 2011 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: for example, Human Resources, Legal Services, and the Office of the DCM and Chief Financial Officer.

- For the City's ***network and computing infrastructure***:
 - Directory Services
 - Data Centre Expansion
 - Voice over IP Strategy
 - Broadband Wireless Strategy
 - Enterprise Systems Management
 - Telecommunications Management System
 - Disaster Recovery (secondary Data Centre site)
- For the City's ***business application and data integration environment***:
 - Corporate Grants
 - Website infrastructure, content management system upgrades and website redesign
 - 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)
 - Enterprise Application Integration (included with 3-1-1 but funded by I&T)

SAP is one of the City core application systems and it is growing in importance as the integrated toolset for financial management, human resources, payroll, and work-order processes. Based on the planning coordinated by the SAP Competency Centre and its Steering Committee the following is budgeted for 2007:

- SAP upgrade to MySAPerp (a major refresh of the application environment)
 - SAP Personnel Development Qualifications
 - SAP Business Warehouse – Planning and Scoping
 - Financial Planning, Analysis and Reporting System
- To ensure the City most effectively manages its technology environment through ***best practices and tools***:
 - Enterprise Technology Asset Management System
 - ITIL – IT service management and operational best practices design and implementation.
 - Enterprise Patch Management
 - eCity Strategic Planning (including initiation of Enterprise Architecture)
 - Operations support tools and storage management

Mayor's Mandate

The 5-Year Capital Plan is aligned with the following priorities outlined in the Mayor's Mandate.

- ***Making A Stronger Economy – To improve the City's website to make it easier to navigate and take advantage of new technology***

The 5-Year Capital Plan includes funding for the following projects to advance this objective:

Website Redesign to improve functionality, enhance the public image of the City, and encourage increased usage. This project is being accelerated, and funding of \$0.550 million in 2007, and \$0.850 million in 2008 has been recommended.

Websphere Upgrade – This portal Infrastructure project will speed up the time to deliver online applications resulting in better end-users' experiences, and employee productivity. This is a multi-year project for which funding of \$0.175 million in 2007, \$0.420 million in 2008, and \$0.852 million in 2009 has been recommended.

Content Management Solution Software (Vignette) Upgrade: The City's website is one of the largest in Canada, and the largest municipal website in the country. There are over 100,000 documents that must be tracked and managed. Every year the content growth in both internet and intranet is significant. Having content managed through a single solution is a pre-requisite for many of the City operations and initiatives to ensure that the content is timely, accurate, and trusted. The content management solution software currently uses Vignette version 6. Vignette Corporation will no longer support this version as of December 2008. The recommended funding for this project is \$0.398 million in 2007 and \$0.261 million in 2008. This project will migrate the content to a newer version, acquire product training for the supported Vignette version and begin implementation of the upgrade and migration.

- ***Making A Stronger Economy – To establish a mandatory lobbyist registry in 2007***

The 2007 Recommended Capital Budget also includes funding for the Lobbyist Registration System (\$0.300 million) for the Office of the Lobbyist Registrar.

Multi Year Debt Affordability Target

The 2007-2011 Capital Plan has met the Council approved debt affordability targets for each of the five years. This has been achieved by carefully planning the capital projects in order to maximize available funding sources, and meet the established target.

Capacity

The 2006 Approved Capital Budget of \$10.827 million was 19% or \$2.107 million spent, as of September 30, 2006. Actual expenditures by year-end are anticipated to be \$6.303 million or 58% of the 2006 Approved Capital Budget. The 2006 projected spending rate by year-end represents an improvement from the Program's historic spending capacity which was 53% in 2005, and 28% in 2004. Refinements have been made to the procurement process, and discussions are continuing to attempt to ease some of the City's stringent legal requirements in contract negotiations. These factors are helping the Program to complete more of the projects on a timely basis.

State of Project Readiness

The Information and Technology 5-Year Capital Plan is ready to proceed. Technical studies and needs assessments have been completed for I&T Projects included in the 5-Year Capital Plan. The study by SunGard Availability Services to conduct an Application/Business Impact Analysis was completed in 2004, resulting in the Disaster Recovery Plan project. The funding for this project, which is part of the backlog of projects, is phased over 5 years in order to meet the established debt targets. The SAP 2007 Upgrade and SAP Planning and Scoping are aligned with the Financial Planning Division's project for Financial Planning, Analysis and Reporting.

Recommended Changes to the 5-Year Plan

City Council considered the 5-Year Plan (2006-2010) at its meeting of July 25, 26 and 27, 2006 and endorsed the Plan in principle.

The changes from the 2006-2010 Capital Plan recommended in July 2006 and the recommended 2007-2011 Capital Plan result in an increase of \$4.386 million in 2007, which reflects the addition of new application systems projects such as the Lobbyist Registration System, the Website Redesign, and the Broadband Wireless project, and carry forward funding from 2006 into 2007 based on the actual spending to the end of 2006.

State of Good Repair Backlog and Unmet Need

The backlog as at December 31, 2006 is valued at \$17.392 million for the SAP Environment, (\$3.434 million), the Data Management-Mainframe (\$1.250 million), Data Retention-Client Server (\$0.516 million), the Mainframe Data Decommissioning, (\$4.800 million), and the Disaster Recovery Plan (\$7.392 million). The Recommended 5-Year Capital Plan will reduce the backlog by 23% or \$3.971 million by the end of 2007, and over the 5-Year Capital Plan period by 77% or \$13.361 million by the end of 2011.

Operating Impact of the 5-Year Capital Plan

The incremental operating impacts from capital are \$0.842 million in 2007, \$0.892 million in 2008, \$0.343 million in 2009, \$0.528 million in 2010, and \$0.162 million in 2011. These Program costs are for additional maintenance charges and licensing fees.

Pre-approvals

The pre-approved 2007 cash flow as approved by City Council on December 5, and 6, 2006 for Information & Technology is \$4.433 million. Of this amount, \$1.454 million represents unspent 2006 funding being carried forward into 2007 to complete 2006 work underway. New pre-approval cash funding in the amount of \$0.964 million gross and \$0.179 million net is comprised of five new projects. Total commitments in the amount of \$3.151 million are required for these new projects. Two of the new projects are funded from the Technology Equipment Reserve (\$0.785 million) and include the SAP 2007 Upgrade which is on a critical timeline.

Total 2007 Recommended Cash Flow & Future Year Commitments (\$000s)

	2005 & Prior Year Carry Forward	2007 Previous Commitments	2007 New Recommended	2007 Total Cash Flow Recommended	2007 Debt Target	2006 Carry Forward	Total 2007 Cash Flow (Incl 2006 C/Fwd)	2008	2009	2010	2011	2012-2016	Total Cost
Expenditures													
Previously Approved	300	5,819		6,119		4,237	10,356	4,602	4,754	4,240	1,550		25,502
Change in Scope			1,984	1,984			1,984	1,330	(653)	(1,907)	1,960		2,714
New							0						0
New w/Future Year			6,192	6,192			6,192	5,084	1,458	393	550		13,677
Total Expenditure	300	5,819	8,176	14,295		4,237	18,532	11,016	5,559	2,726	4,060	0	41,893
Financing													
Debt	0	5,819	3,181	9,000	9,000	4,105	13,105	6,228	4,349	1,626	2,960		28,268
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Unapplied Capital			308	308			308	663					971
Federal Grants													0
Reserves/Res Funds	300	0	4,687	4,987		132	5,119	4,125	1,210	1,100	1,100		12,654
Total Financing	300	5,819	8,176	14,295	9,000	4,237	18,532	11,016	5,559	2,726	4,060	0	41,893

Comments / Issues:

- The 2007 Recommended Capital Budget is \$18.532 million and includes funding for 2006 projects carried forward into 2007 of \$4.237 million; carried forward funding for 2005 and prior year projects of \$0.300 million; previously approved commitment funding of \$5.819 million; and \$8.176 million for new and change in scope projects.
- Approval of the 2007 Recommended Capital Budget will result in a future year commitment of \$11.016 million in 2008, \$5.559 million in 2009, \$2.726 million in 2010, and \$4.060 million in 2011 which will encumber the following year's spending.
- The 2007 Recommended Capital Budget is \$9.000 million funded from debt, \$4.987 million from the I&T Equipment (Sustainment) Reserve and \$0.308 million from Other Revenue.

2007 Recommended Capital Budget

2007 Recommended Capital Budget versus Debt Target

The 2007 Recommended Capital Budget meets the debt target at \$9.000 million. To assist the Program in meeting its target, six projects are being funded in the amount of \$4.987 million from the I&T Equipment Reserve; given the nature of these projects which is to replace outdated technology and systems with current, supportable versions. The incremental \$0.308 million in 2007 and the 2008 future year commitment of \$0.663 million required to accelerate the Website Redesign project as a result of the Mayor's Mandate is funded from Other Revenue.

2007 Recommended Capital Budget by Project Category

The 2007 Recommended Capital Budget is comprised mainly of state of good repair projects at 87%. These projects account for \$16.125 million of the total 2007 recommended cash flow of \$18.532 million. State of good repair projects are driven by renewal needs, to extend the useful life of assets, ensure service reliability, and postpone replacement. 12% is for service improvement and enhancement, and 1% is legislated.

- The 2007 Recommended Capital Budget includes new funding for the following projects which will commence in 2007:
 - SAP 2007 Upgrade, and SAP Planning and Scoping, (\$2.520 million) which will result in improved Programs' financial planning management. These projects are expected to be completed over a two year period.
 - Data and Document Management upgrades (\$1.050 million) which will provide for enterprise-wide data and document management in the City. The Data Management – Mainframe project (\$0.432 million) is multi year, which continues to migrate business data from the mainframe environment to current, more versatile and economical server technology. Also included are the Data Warehousing Environment Upgrade (\$0.220 million) and the Vignette Upgrade (\$0.398 million) for internet and intranet content solution.
 - eCity Planning (\$0.220 million in 2007) to create a comprehensive multi-year strategy and detailed, prioritized blueprint for the City to ensure that it is maximizing its investment in information technology.
 - ePrint (\$0.100 million) to establish a well managed cost effective printing solution to address the City's requirement today, and respond to future printing challenges.
 - eSecurity (\$0.190 million) to ensure that the City information technology has adequate protection from destructive viruses and other invasive threats.
 - Network –Broadband Wireless (\$0.250 million) to commission a Wireless Technology Study to identify how wireless technology can fit into the City's business requirements.
 - Web Stats – Enterprise Reporting (\$0.060 million) to replace current or obsolete program with the advance of newer server technology.
 - Aligned with the priorities set out in the Mayor's Mandate for ***“making a stronger economy”***, to improve the City's website to make it easier to navigate and take

advantage of new technology”, the 2007 Recommended Capital Budget includes the Website Redesign project, which is being accelerated, to improve functionality, enhance the public image of the City, and encourage increased usage. A two year project, the Website Redesign requires cash flow of \$0.550 million in 2007, and \$0.850 million in 2008. In addition, the Content Management Software (Vignette) Version 6 Update (\$0.398 million) will ensure that there is adequate capacity to handle significant content growth in both the internet and the intranet. The Webshare Upgrade – Portal Infrastructure (\$0.175 million) will speed up the time to deliver online applications resulting in better end-users’ experiences, and employee productivity.

- In addition, the Lobbyist Registration System (\$0.300 million) for the Office of the Lobbyist Registrar is the result of the Mayor’s Mandate *to establish a mandatory lobbyist registry in 2007*
- The 2007 Recommended Capital Budget includes the following previously approved projects:
 - The Enterprise Applications Integration (\$0.844 million) in connection with 3-1-1 implementation. This project was deferred from 2006 due to a necessity to bundle this requirement with the 3-1-1 Project RFP. The 3-1-1- RFP needs to specify the City standard Enterprise application integration product.
 - The Disaster Recovery project (\$1.100 million) to ensure continuity in the City’s ability to operate business as usual should a disaster strike the technology, electronic data, and document environment. This project is multi-year and requires funding of \$5.508 million from 2007 to 2011.
 - Data Retention – Client Server (\$0.745 million) to migrate and retain critical data from outdated platforms to servers.
 - Data Management-Mainframe Decommissioning (\$0.247 million) to move data from mainframe to server technology.
 - The SAP – HR Org Publisher (\$0.046 million) for human resource management requirements is 78% complete.
 - The Enterprise Patch Management (\$0.171 million) to mitigate risks and vulnerabilities in information and technology infrastructure services through integrated and managed patch management.

Capacity /Readiness

Information and Technology is ready to proceed with the 2007 Recommended Capital Budget. Many of the 2007 projects are a continuation of previously approved projects such as: the SAP – HR Org Publisher (\$0.195 million) for human resource management requirements which is 78% complete; the Enterprise Patch Management (\$0.245 million) to mitigate risks and vulnerabilities in information and technology infrastructure services through integrated and managed patch management is 31% complete and requires \$0.171 million in 2006 carry forward funding to complete in 2007; the Enterprise Applications Integration (EAI) project, with a 2006 approved cash flow of \$0.767 million, was approved by BAC in July for deferral to 2007. This is due to having to bundle this requirement with the 3-1-1 Project’s RFP.

Operating Budget Impact

Incremental Operating Impact Summary

Incremental Operating Budget Impact	2007	2008	2009	2010	2011
Program Costs (net) (\$000s)	842.0	892.0	343.0	528.0	162.0
Debt Service Charges (\$000s)	270.0	1176.8	815.6	527.2	267.7
Approved Positions	5.0	8.0	(6.0)	1.0	0.0

Program Incremental Operating Costs

The 2007 Recommended Capital Budget will increase the Program's Operating Budget, with incremental impacts in 2007 and future years as a result of the following capital projects/subprojects:

2007 Capital Projects/Sub-Projects	2007 (\$000s)	2007 approved position change	2008 (\$000s)
Network Upgrade/Strategic Planning/CPM Disaster Recovery Plan	218		172
Tech Infrastructure/Network/Data Centre Expansion	49		
Tech Infrastructure/Network/Directory Services	3	1	5
Tech Infrastructure/Products & Services/Operations Management Tools	20		30
Tech Infrastructure/Storage/HSM & eMail Archiving Solutions	39	1	20
Application Systems/Doc Mgmt/Vignette Upgrade	80		
Application Systems/Electronic Service/LiveStream	11		
Application Systems/Data Mgmt/EAI Solution & Business Interfaces	38		
Application Systems/HR Org Publisher	26		
SAP/SAP Archiving	11		
Corp Planning/Project Mgmt/Project Mgmt Methodology	5		
Corp Planning/Total Cost of Ownership/Enterprise Patch Mgmt	110		
Tech Infrastructure/Technology Asset Management	36		144
Tech Infrastructure/Lifecycle Management	196		
Data Warehousing Strategy /Enterprise Applications Integration			145
Document Imaging and Management/Core Environment			188
Geospatial Technology & Systems/Integrated Geospatial Environment			22
Application Systems/WebSphere Upgrade-Portal Infrastructure			38
Application Systems/SAP 2007 Upgrade		3	55
Application Systems/SAP Planning & Scoping			30
Corporate Planning & Management/PMO Testing Tools			30
Corporate Planning & Management/Enterprise Patch Management			13
TOTAL	842	5	892

The incremental operating impacts from capital are for maintenance support and licensing costs for the systems software.

Debt Service Cost

The Information and Technology 2007 Recommended Capital Budget will result in new debt service costs of \$0.270 million in 2007 and incremental costs of \$1.177 million in 2008, \$0.823 million in 2009, \$0.553 million in 2010 and \$0.268 million in 2011.

PART II: ISSUES FOR DISCUSSION**5-Year Capital Plan Issues****Capacity Issues – Ability to Spend**

The Program's spending rates are historically low (2005 at 53%; 2004 at 28%). The projected 2006 spending rate is 58%, which is an improvement over previous years. Many of the 2007 recommended projects are previously approved, and underway.

The ability to spend has been negatively affected by difficult contract negotiations, scarcity of qualified IT technical professionals in the market place, and delays in processing. The Information and Technology Division is establishing more extensive internal process control, and spending monitoring to minimize projects delay. In addition, refinements have been made to the procurement process, and discussions with other Programs such as Legal Services and Purchasing and Material Management are continuing in order to expedite the processes. These factors are helping the Program to complete more of the projects on a timely basis.

Information and Technology is committed to monitoring the availability of internal resources, and the processes used to plan, procure, prioritize, and deliver a co-ordinated capital program.

Appendices not available online.