



# 2019 PRELIMINARY OPERATING AND CAPITAL BUDGETS

INNOVATION, TRANSFORMATION AND TECHNOLOGY DEPARTMENT



PRESENTATION TO STANDING POLICY COMMITTEE ON INNOVATION

March 11, 2019

- Our city is growing - smart and strategic investments are required to support and foster that growth
- Doing things the same old way will not be enough
- New approaches needed for improved outcomes
- Investment directed to services that are most important to the success of the city



- Establishing innovation capability for entire city which will:
  - Find ways to improve existing processes and systems
    - e.g. peggo, 311, permitting, inspections
  - Identify existing great ideas and deploy everywhere they can help
    - Water and Waste app that puts required data in hands of field workers
    - Parking Authority route optimization for vehicles and officers
  - Implement new approaches and technology to improve service and make it more affordable
    - Personalized website where citizen accesses all city services important to them
    - Sensors to direct snow clearing crews where most needed
    - Emergency services dispatch integrated with traffic control to dramatically improve response time with existing resources

## Preliminary Operating Budget (in millions)

	2018 Adopted Budget	2019 Preliminary	2019 Increase / (Decrease)		2020 Projection	2021 Projection
			\$	%		
Expenditure	\$ 20.4	\$ 25.1	\$ 4.7	22.9%	\$ 32.5	\$ 40.1
Revenue	0.1	0.1	-	0.0%	0.1	0.1
Mill rate support	\$ 20.3	\$ 25.0	\$ 4.7	23.1%	\$ 32.4	\$ 40.0

Change	Millions	%
Increased salaries and benefits for new positions *	\$1.63	8.0%
Increased debt and finance charges	\$1.39	6.8%
Increased software, hardware and other equipment servicing *	\$0.88	4.3%
Increased transfer to Computer, Critical Systems and Support Reserve *	\$0.57	2.8%
Increased salaries and benefits due to negotiated wage increases and increments	\$0.35	1.7%
Net decrease in other operational costs	(\$0.15)	(0.7%)
<b>Total</b>	<b>\$4.68</b>	<b>22.9%</b>

\* - additional detail within presentation

- No increased operating spending for current technology (beyond negotiated contract increases)
  - Leverage efficiencies to offset inflationary operating cost increases
  - Limiting spending on current technology to allow for innovation investments to be maximized



## 2019 Preliminary Operating Budget Full Time Equivalents (FTE's)

2018 Adopted Budget	2019 Preliminary	2019 Increase / (Decrease)		2020 Projection	2021 Projection
		Change	%		
149.51	161.76	12.25	8.2%	173.48	175.98

FTEs related to 2019 Capital Budget	
Smart Cities Innovation Program	0.75
Email Archiving	0.25
Communications Network Infrastructure	0.75
<b>Total FTEs relating to 2019 Capital Projects</b>	<b>1.75</b>
FTEs related to 2018 Capital Projects	
Enterprise Content Management	3.00
Information Security Initiatives	0.50
Disaster Recovery Gap Mitigation Phase 1	1.00
<b>Total FTEs relating to 2018 Capital Projects</b>	<b>4.50</b>
FTEs related to 2018 Budget addition of Innovation capability	
Net FTEs from transfer of positions to/from other departments	0.25
<b>Total 2019 budget impact</b>	<b>12.25</b>

## Software, Hardware and Other Equipment Servicing

Software, Hardware, and Other Equipment Servicing	2019 Incremental Cost	Notes
Information Security Initiatives	\$ 98,000	Software support and maintenance
Disaster Recovery Gap Mitigation Phase 1	\$ 325,000	Technical environment, licenses, subscriptions
Smart Cities Innovation Program	\$ 116,991	Technical environment, data streaming, licenses, subscriptions
Email Archiving	\$ 64,506	Software support and maintenance
Intake Program	\$ 35,000	Software support and maintenance
Enterprise Content Management	\$ 345,000	Technical environment, including licenses
Communications Network Infrastructure	\$ 6,709	Software maintenance
<b>Incremental Costs related to capital projects</b>	<b>\$ 991,206</b>	
Innovation capability	\$ 46,054	Software and support costs
Net decrease due to efficiencies	\$ (156,881)	Efficiencies partially offset by inflationary increases
<b>Net increase</b>	<b>\$ 880,379</b>	

- All increased costs are in support of capital projects and innovation capability
- No increases for delivery of existing services



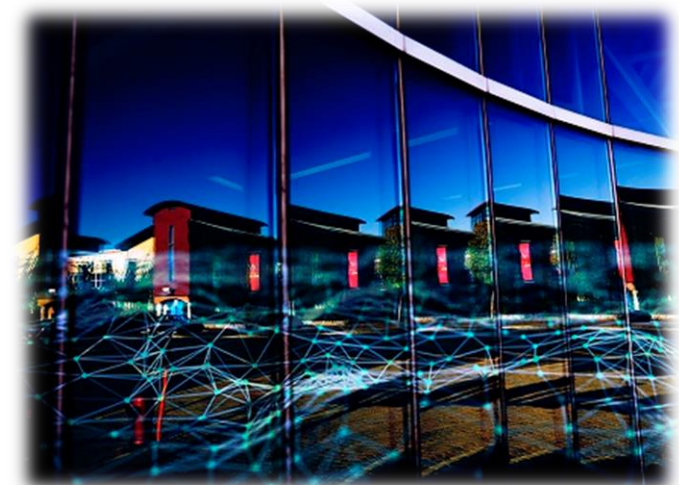
# Reserve Contribution Detail



## Computer, Critical Systems and Support Reserve

In Thousands	2017 Actual	2018 Forecast	2019 Draft	2020 Proj	2021 Proj	2022 Proj	2023 Proj	2024 Proj
Beginning Balance	475	967	1,589	964	1,868	2,800	1,744	1,902
Revenue	1,004	880	1,395	1,521	1,339	1,464	1,556	1,465
Expenses	(512)	(258)	(2,020)	(617)	(407)	(2,520)	(1,398)	(425)
Ending Balance	\$ 967	\$ 1,589	\$ 964	\$ 1,868	\$ 2,800	\$ 1,744	\$ 1,902	\$ 2,942
Departments Utilizing Reserve								
Innovation, Transformation and Technology	657	1,267	611	1,491	2,388	1,297	1,419	2,423
Community Services	44	18	10	-	-	-	-	-
Planning, Property and Development	76	92	97	96	95	94	93	92
Public Works	190	212	246	281	317	353	390	427
Ending Balance by Department	\$ 967	\$ 1,589	\$ 964	\$ 1,868	\$ 2,800	\$ 1,744	\$ 1,902	\$ 2,942

- Reserve contribution amounts based on preventing reserve going into the negative
- Innovation, Transformation and Technology portion of reserve is projected to have \$0 balance in 2028
- Contributions reduced in 2018 to balance budget, requiring contribution increase of \$0.57M in 2019



- Innovation Strategy Program - \$1M in 2019 and \$10M over next 5 years
  - Streamlining existing processes (e.g. peggo, 311, permitting, inspections)
  - Improving how the citizens engage with the city and have their needs met (e.g. increased access to information that matters to them, automated agents to reduce wait times, effective incident handling so citizens always know the status of their issues)
- Smart Cities Innovation Program - \$1M in 2019 and \$10M over next 5 years
  - Leverage investment in Traffic Management Centre maximize value of existing road infrastructure and improve efficiency of other services (e.g. emergency vehicle routing, targeted snow clearing, enhanced combined sewer management, more efficient deployment of Transit fleet)
  - Tracking and sharing of train activity with roadway users to dramatically improve transportation within the city





- Technology investment - \$9M in 2019 and \$25M over the next 5 years
  - Maintaining technology critical to city services
    - Replacing 20 year old radio system
    - Upgrade 8 year old MS Office software before losing security fixes
    - Replacing computers and technology when no longer reliable
  - Protecting city services from unacceptable risk
    - Ensuring critical systems (e.g. 311, Assessment/Taxation, Water Billing) continue working during computer outages
    - Security threat detection and response to deal with rapidly increasing technology attacks
  - Implementing urgent, high value service enhancements
    - Content management for documents supporting business decisions
      - Issue raised in Independent Fairness Commissioner report
    - Email and document discovery capability to support legal proceedings

# Capital Budget 6 Year View



Project Name	2018 Adopted	2019 Prelim	2020 Proj	2021 Proj	2022 Proj	2023 Proj	2024 Proj	6 Year Total
<b>INNOVATION</b>								
Innovation Strategy	\$ 2,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 11,000
Smart Cities Innovation Program	-	1,000	2,000	2,000	2,000	2,000	2,000	11,000
<b>INFORMATION TECHNOLOGY</b>								
Communications Network Infrastructure	813	298	317	158	1,151	784	386	3,094
Enterprise Computing Initiatives	1,413	1,026	1,600	2,718	1,391	1,034	1,002	8,771
PeopleSoft Enhancements	412	892	854	823	887	857	922	5,235
Core Information Technology Program	283							-
GIS Aerial Imagery Renewal Program	165		159		188		188	535
Communications Systems Branch Facilities		174						174
Information Security Initiatives	603	365	308	306	309	318	325	1,931
Email Archiving		484						484
Enterprise Content Management	2,231	1,102	303	105				1,510
Microsoft Office License Evergreen	222	1,375	817	208	330	184	71	2,985
Printing Graphics & Mail Services Asset Renewal	152			350				350
Microsoft Development Network Software Renewal		247			271			518
Disaster Recovery Gap Mitigation Phase 1	1,023	954						954
Tait Radio Replacement		1,902	1,157	342				3,401
Corporate VoIP Phone System			188					188
Enterprise Business Intelligence Expansion			1,274					1,274
Intake Program		534	547	557	567	546	556	3,307
<b>Total</b>	<b>\$ 9,317</b>	<b>\$ 11,353</b>	<b>\$ 11,524</b>	<b>\$ 9,567</b>	<b>\$ 9,094</b>	<b>\$ 7,723</b>	<b>\$ 7,450</b>	<b>\$ 56,711</b>

- Innovation 2019 investment \$2M
  - Split equally between Innovation Strategy and Smart Cities Programs
- Technology 2019 investment \$9.4M
  - Dedicated to maintaining services, reducing unacceptable risk, and addressing urgent needs

- Transition to subscription models by technology providers
  - In the past we have extended our use of older technology to reduce costs (e.g. using Microsoft Office 2010 for over 8 years)
  - As technology providers shift to subscription models, we will no longer have that option and expenditures will become increasing operating budget based rather than capital budget based (with a higher overall cost)
- Technology has become integral to almost every city service
  - Must clearly demonstrate how technology supports the services and drive innovation within the services to increase efficiency and reduce ongoing costs
- Maximizing innovation investment while maintaining existing services
  - Must invest in new approaches to evolve as an organization, while maintaining required existing services at an acceptable level
  - Thorough understanding of business needs and effective priority setting will be key to success

# Additional Questions

