
DATE: March 8, 2010

REPORT TITLE: **PUBLIC SECTOR NETWORK (PSN) UPDATE AND BUDGET**

FROM: R. Kent Gillespie, Commissioner of Employee and Business Services

RECOMMENDATION

That the Public Sector Network (PSN) 2009 Financial Results set out in the Subscriber Revenue and Expenditure Statement for the Year Ending December 31, 2009 included in Appendix I attached to the report of the Commissioner of Employee and Business Services, dated March 8, 2010, titled "Public Sector Network (PSN) Update and Budget", be approved;

And further, that the PSN Subscriber Revenue and Expenditure Statement Projection for the Year Ending December 31, 2010 included in Appendix I of the subject report be approved as the 2010 PSN budget in accordance with the PSN partnership agreement.

REPORT HIGHLIGHTS

- Under the PSN Partnership Agreement, an annual PSN Budget is required to be submitted to the respective municipal Councils of the PSN Partners.
- The 2010 PSN Proposed Budget has no impact on the overall Regional Budget.
- In accordance with the PSN Agreement, subscriber revenues are to be applied to offset shared costs for operation and support of the network, thereby reducing the partners' cost of ownership.
- Subscriber revenues for 2010 remain unchanged from the 2009 level of \$278,033 based on signed agreements currently in place.

DISCUSSION

1. Background

a) PSN Budget

Under the Public Sector Network Partnership Agreement, the PSN Steering Committee is required to develop and submit an annual proposed budget to their respective councils for approval. The PSN Steering Committee is comprised of staff representatives from the Region of Peel and each of the three area municipalities. A statement of actual revenues and expenditures for each year is also required to be submitted.

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PUBLIC SECTOR NETWORK (PSN) UPDATE AND BUDGET

The subject report includes the PSN Proposed Budget for 2010 (Appendix 1) showing projected revenues from subscribers remaining unchanged from the 2009 level of \$278,033, based on signed agreements currently in place.

In accordance with the PSN Agreement, revenues received in 2010 will be used to offset shared costs incurred for operation and support of the network, thereby reducing the partners' cost of ownership. The proposed allocation of 2010 revenues is detailed in Appendix I of this report.

Appendix I of the subject report also includes a Revenue and Expenditure statement for the year ending December 31, 2009 including commentary on budget variances.

b) Activity since March 2009

Since the last PSN Update in March, 2009, the following activities have taken place:

- PSN continues to grow, based on additional needs of the partners.
- PSN now consists of 502 kilometers of fibre (over 21,250 strand-kilometers), connecting 287 partner and 20 subscriber facilities, or 307 facilities in all. These numbers represent an increase of 13 kilometers of fibre and 12 additional partner sites connected during 2009 (The cost for additional connections is covered by the partner organization).
- Additional Regional connections during 2009 include the following: North Brampton Water Pumping Station; King Street Compost Curing Facility; Public Works Advance Blvd. Facility; Credit Valley Conservation Authority; Peel Family Shelter; Hwy 401 and Hwy 10 Aerial Replacement; and, 10 Peel Centre Drive Joint Use Facility.

c) Current Status

The following is a list of the current partners and subscribers as of January 31, 2010 and the number of connections each organisation has on the PSN network:

Partner Connections:

- Region of Peel (98)
- Peel Regional Police (23)
- City of Mississauga (91)
- City of Brampton (67)
- Town of Caledon (8)

Subscriber Connections:

- Sheridan College (1)
- William Osler Health Centre (5)
- Trillium Health Centre (10)
- Credit Valley Hospital (3)
- University of Toronto, Mississauga Campus (1)

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FINANCIAL IMPLICATIONS

The recommendations in the subject report have no direct financial impact on the Region. Revenues received from PSN subscribers will be used to offset PSN shared operating costs, which would otherwise be borne by PSN partners. Surplus funds are deposited to the PSN Reserve Fund and will be applied as determined by the PSN steering committee in accordance with the established partner agreements.

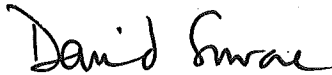
CONCLUSION

PSN remains an outstanding example of technological innovation and of the benefits derived through co-operation and partnership among Peel municipalities and with the broader public sector in Peel. Access fees from subscribers to the network are now funding a substantial portion of the shared costs associated with network operations while providing a small surplus for future network operations.



R. Kent Gillespie
Commissioner of Employee
and Business Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Adam Hughes, Director, Information & Technology Services at extension 4388 or via email at adam.hughes@peelregion.ca

- c. Legislative Services
Manager, Financial Support Unit (FSU) BT -

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APPENDIX I

PUBLIC SECTOR NETWORK

2010 PROPOSED BUDGET

And

2009 FINANCIAL SUMMARY

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**Public Sector Network
Subscriber Revenue and Expenditure Statement
Projection For the Year Ending December 31, 2010**

	2010 Budget	2009 Budget	Variance Inc / (Dec)
Revenues			
Sheridan College	72,000	72,000	-
University of Toronto	6,024	6,024	-
Trillium Health Centre	69,135	69,135	-
William Osler Health Centre	91,620	91,620	-
Credit Valley Hospital	39,254	39,254	-
Total	<u>278,033</u>	<u>278,033</u>	<u>-</u>
Common Expenses			
Cable locate services	68,400	66,000	2,400
One Call Services	51,000	44,000	7,000
Maintenance	34,200	30,000	4,200
Network Upgrades	20,400	20,000	400
Operational Costs	66,300	65,000	1,300
Contribution to Reserve Fund	20,483	26,333	(5,850)
PSN Wireless Pilot	15,000	25,000	(10,000)
Other	2,250	1,700	550
Total Expenses	<u>278,033</u>	<u>278,033</u>	<u>-</u>
Surplus / <Deficit>	<u>-</u>	<u>-</u>	<u>-</u>

Reserve Fund

Opening balance, Jan 1, 2010	\$ 239,925
Contribution from operating account	\$ 20,483
Projected Closing balance - Dec 31, 2010	<u>\$ 260,408</u>

Notes:

1. Revenue target unchanged from 2009 level
2. Slight increases in cable locates services and maintenance due to higher volumes.
3. Network Upgrade costs includes some backbone reconfiguration.
4. Operational costs includes Project Management fees and support for Fibre Management software.
5. PSN Wireless project ongoing.
6. Reserve contribution lowered due to other expense increases.

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**Public Sector Network
Subscriber Revenue and Expenditure Statement
For the Year Ending December 31, 2009**

	2009 Budget	2009 Actual	Variance Inc / (Dec)
Revenues			
Sheridan College	72,000	72,000	-
University of Toronto	6,024	6,024	-
Trillium Health Centre	69,135	69,135	-
William Osler Health Centre	91,620	91,620	-
Credit Valley Hospital	39,254	39,254	-
Total	<u>278,033</u>	<u>278,033</u>	<u>-</u>
Common Expenses			
Cable locate services	66,000	69,137	3,137
One Call Services	44,000	55,755	11,755
Maintenance	30,000	11,986	(18,014)
Network Upgrades	20,000	-	(20,000)
Operational Costs	65,000	67,206	2,206
Contribution to Reserve Fund	26,333	52,638	26,305
PSN Wireless Pilot	25,000	13,823	(11,177)
Other	1,700	7,488	5,788
Total Expenses	<u>278,033</u>	<u>278,033</u>	<u>-</u>
Surplus / <Deficit>	<u>-</u>	<u>-</u>	<u>-</u>
Reserve Fund			
Opening balance, Jan 1, 2009	\$ 178,652	\$ 178,652	-
Contribution from operating account	\$ 26,333	\$ 52,638	\$ 26,305
Investment Income	-	\$ 8,635	\$ 8,635
Closing balance - Dec 31, 2009	<u>\$ 204,985</u>	<u>\$ 239,925</u>	<u>\$ 34,940</u>

Notes:

1. Net Revenues for 2009 on target
2. Cable Locate and One Call services include self assessed PST and some 2008 invoices.
3. Lower maintenance costs is due to a reduction in deficiencies and deferral of network inspections.
4. Lower Network Upgrade costs relates to lower completion costs for 407 Duct Crossing.
5. Operational costs includes Project Management fees and support for Fibre Management software.
6. Increase in reserve contribution relates to 2009 surplus.
7. PSN Wireless project costs lower than projected.
8. Other costs include legal opinion related to CRTC registration and reporting requirements.