
DATE: February 15, 2012

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) 2011 Financial Results set out in the Subscriber Revenue and Expenditure Statement for the Year Ending December 31, 2011 included in Appendix I attached to the report of the Commissioner of Employee and Business Services, dated February 15, 2012, 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, 2012 included in Appendix I of the subject report be approved as the 2012 PSN budget in accordance with the PSN partnership agreement.

REPORT HIGHLIGHTS

- Under the Public Sector Network (PSN) Partnership Agreement, an annual PSN Budget is required to be submitted to the respective municipal Councils of the PSN Partners.
- The 2012 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.

DISCUSSION

1. Background

a) PSN Budget

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

Appendix 1 of the subject report includes the PSN Proposed Budget detailing the proposed allocation of revenues in 2012. In accordance with the PSN Agreement,

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revenues received in 2012 will be used to offset shared costs incurred for operation and support of the network, thereby reducing the partners' cost of ownership.

Appendix I of the subject report also includes a Revenue and Expenditure statement for the year ending December 31, 2011 with commentary on budget variances.

b) New Installation / Site Connections

The following is a summary of activities over the last year:

- An additional 57 kilometers of fibre optic cables were installed.
- An additional 58 partner sites were connected (costs associated with partner site connections are covered, by agreement, by the responsible partner organization).
- PSN now consists of 597 kilometers of fibre (over 29,059 strand-kilometers), connecting 416 partner and 18 subscriber facilities, for a total of 434 facilities in all.
- Additional Regional connections during 2011 included Battleford Water Pumping Station and Goreway Ambulance Services.

c) Current Status

The following is a list of the current number of connections on the PSN Network:

Partner Connections:

- Region of Peel (107)
- Peel Regional Police (21)
- City of Mississauga (103)
- City of Brampton (177)
- Town of Caledon (8)

Subscriber Connections:

- Sheridan College (2)
- William Osler Health Centre (3)
- Trillium Health Centre (9)
- Credit Valley Hospital (3)
- University of Toronto, Mississauga Campus (1)

FINANCIAL IMPLICATIONS

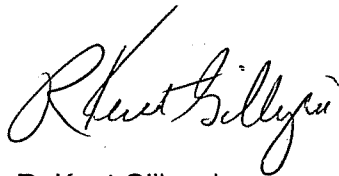
The recommendations in the subject report have no direct financial impact on the Region. Revenues received from PSN subscribers are used to offset PSN shared operating costs, which would otherwise be borne by PSN partners. Surplus funds are deposited to the PSN Reserve Fund and will be applied as determined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

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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 Giovanni Mosquera at extension 4762 or via email at geovanni.mosquera@peelregion.ca

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

**Public Sector Network
Subscriber Revenue and Expenditure Statement
Projection for the Period Ending December 31, 2012**

	2012 ¹ <u>Budget</u>	2011 <u>Budget</u>	Variance Inc / (Dec)
Revenues			
Sheridan College	82,200	72,000	10,200
University of Toronto	6,024	6,024	-
Trillium Health Centre	64,509	64,509	-
William Osler Health Centre	28,992	58,992	(30,000)
Credit Valley Hospital	87,754	39,254	48,500
Total	<u>269,479</u>	<u>240,779</u>	<u>28,700</u>
Common Expenses			
Cable locate services	110,000	71,000	39,000
One Call Services	62,000	53,500	8,500
Maintenance	25,000	29,100	(4,100)
Network Upgrades	11,229	20,400	(9,171)
Operational Costs	60,000	56,600	3,400
Contribution to Reserve Fund	-	7,929	(7,929)
Other	1,250	2,250	(1,000)
Total Expenses	<u>269,479</u>	<u>240,779</u>	<u>28,700</u>
Surplus / <Deficit>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Reserve Fund</u>			
Opening balance, Jan 1, 2012	\$ 298,556		
Contribution from (to) operating account	\$ -		
Projected Closing balance - Dec 31, 2012	<u>\$ 298,556</u>		

Notes:

1. Net Increase in Revenue is due to additional connections at Sheridan College Mississauga Campus and Credit Valley Hospital partially offset by the disconnection of the old Wm Osler Hospital site.
2. Increase in cable locates services is due to higher locate volumes being billed resulting from an increase in the amount of buried fibre (over 100%) together with an increase in construction activity within the Region over the last two years
3. Increase in One Call services relates to the increase in locate and construction activity within the Region
4. Lower maintenance costs is due to an anticipated reduction in deficiencies.
5. Network Upgrade costs include backbone reconfiguration and 407 crossings deferred from 2011.
6. Operational costs include Project Management fees and support for Fibre Management software.
7. Contribution to reserve fund not anticipated for 2012
8. Other Items include registration and other meeting costs.

**Public Sector Network
Subscriber Revenue and Expenditure Statement
For the Year Ending December 31, 2011**

	2011 <u>Budget</u>	2011 <u>Actual</u>	Variance <u>Inc / (Dec)</u>
Revenues			
Sheridan College	72,000	76,250	4,250
University of Toronto	6,024	6,024	-
Trillium Health Centre	64,509	64,509	-
William Osler Health Centre	58,992	48,992	(10,000)
Credit Valley Hospital	39,254	39,254	-
Total	<u>240,779</u>	<u>235,029</u>	<u>(5,750)</u>
Common Expenses			
Cable locate services	71,000	103,749	32,749
One Call Services	53,500	76,625	23,125
Maintenance	29,100	24,904	(4,196)
Network Upgrades	20,400	-	(20,400)
Operational Costs	56,600	61,181	4,581
Contribution to (from) Reserve Fund	7,929	(31,430)	(39,359)
Other	2,250	-	(2,250)
Total Expenses	<u>240,779</u>	<u>235,029</u>	<u>(5,750)</u>
Surplus / <Deficit>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Reserve Fund</u>			
Opening balance, Jan 1, 2011	\$ 316,943	\$ 316,943	
Contribution from (to) operating account	\$ 7,929	\$ (31,430)	
Interest Income	\$ -	\$ 13,043	
Closing balance - Dec 31, 2011	<u>\$ 324,872</u>	<u>\$ 298,556</u>	

Notes:

1. Increase in cable locates services is due to higher locate volumes being billed resulting from an increase in the amount of buried fibre (over 100%) together with an increase in construction activity within the Region over the last two years
2. Increase in One Call services relates to settlement of 2009 invoices - funds were transferred to reserve in 2010.
3. Lower maintenance costs is due to a reduction in deficiencies.
4. Network Upgrade costs include some backbone reconfiguration and 407 crossings deferred to 2012.
5. Operational costs include Project Management fees and support for Fibre Management software.
6. Contribution to reserve fund not made due to net increase in costs.
7. Other Items include registration and other meeting costs.