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## Contracted Services

The City's total operating budget for 2007 is \$ 7.79 billion, of which almost half is salaries and benefits paid to employees who deliver City services. In other words, it's not discretionary.

The remainder of the operating budget is made up of contracted services and operating necessities such as fuel, rent, electricity, materials, equipment and supplies. In addition, contracted services make up a majority of the City capital budget which contains the funding for City construction, facilities and other operations.

While City workers directly deliver many critical services, the City also makes extensive use of contracted service providers to deliver many services and to build city infrastructure. Contracting services provides the City with the flexibility to pay for services and projects on an as-needed basis and saves the City money by not having to purchase and maintain construction equipment or develop the administration or expertise required to deliver a specialized service or project. For example, the City does not own major construction equipment and therefore contracts out the building of roads and bridges. The City also uses contracted services to leverage existing City-resources. For example, the City contracts for significant portions of winter snow clearing—this saves the city the cost of purchasing and maintaining equipment.

Contracting of services is one way the City has managed salary and other budget pressures and still ensures that services are delivered.

Contracted services are governed by Council procurement by-laws and all major contracts are put out to public tender.

Examples of contracted services are found in virtually all of the City's operations. For example:

- 46% of the 2006 operating budget for waste collection and recycling was for contracted services such as collection, processing and disposal (\$104 million) and 32% of the capital budget for the service was for contracted activities (\$2.7 million).
- 38% of the 206 operating budget for transportation services was for contracted services (\$94 million) and 83% of the capital budget for the service was for contracted activities such as construction and traffic control measures (\$166 million).
- 85% of the 2006 capital budget for water treatment was contracted with outside service providers involved in the building of water treatment plants and other facilities (\$226 million).
- 77% of the 2006 capital budget for City planning was contracted with outside suppliers for planning studies, beautification activities and environmental assessments (\$7 million).

The City also contracts with outside service providers to deliver all or part of many other services and maintenance programs such as:

- 100% of the operating costs for purchased child-care (\$157 million)
- 100% of the capital costs for the best start program (\$19 million)
- 100% of the operating costs for the special needs programs (\$5 million)
- 100% of the capital cost for Business Improvement Area programs for improvements to streetscapes (\$4 million)
- 66% of the operating costs for purchased hostel services (\$44 million)
- 100% of the operating costs for supportive housing programs (\$7 million)
- 79% of the operating costs of the housing help program (\$5 million)
- 14% of employment assistance services (\$8 million)
- 50% of building maintenance services (\$12.5 million)
- 19% of fleet maintenance ((\$4 million)
- 25% of building janitorial services (\$2 million)
- 100% of mainframe services (\$2 million)

Urban forestry, within the Parks, Forestry and Recreation Division, also makes use of contracted services to provide part of the services required to support programs and services. In 2006, over \$12 million was used to pay the cost of contracted services in these areas and 19% of all urban forestry work is done through the use of contracted services.

Toronto Public Health contracts with outside suppliers for the provision of services such as speech and language programs, home visits for the Healthy Babies/Healthy Children programs.

The use of private collection agencies for the collection of unpaid fines (at a cost of \$1.1 million) has assisted the city in recovering over \$7.4 million in previously unpaid fines owing to the City of Toronto.

In 2006, the City's Community Partnership and Investment Program contracted with outside community organizations and agencies to deliver \$40 million in community services that support the City goals and leverage the expertise of the community in the direct delivery of services.

For more information about how to do business with the City, contract management, the City bidders list or to review current tenders and contract awards visit:

[http://www.toronto.ca/tenders/tenders\\_to.htm](http://www.toronto.ca/tenders/tenders_to.htm)

**NOTE: All dollar values represent the amount contracted.**