

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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Executive Summary

- The 311 Customer Service Strategy represents a new corporate service delivery model intended to provide all residents with reliable access to non-emergency City services with anticipated Phase I public launch in June 2009. This Program consists of the following services:
 - The 311 Project Management Office which has a mandate to implement the 311 Customer Service Strategy Project, based on the Council approved model (Model 3) and provides on-going guidance and support through project planning, issue management, ongoing research, monitoring and reporting.
 - A New 311 Operating Program which is currently being established by the Project Management Office that will provide 311 services directly to the public following the Phase I launch.
- The main challenge for the 311 Project Management Office will be establishing and operationalizing the new 311 Operating Program while still implementing the highly complex 311 Customer Service Strategy Model. The issues include:
 - Obtaining sufficient 311 Contact Centre Service Representative (CCSR) and other staff resources, including I&T technical support, capable of delivering the 311 service under unpredictable call volume peak demand events and sustained call volume increases.
 - On-going maintenance and support for hardware and software used by the 311 Contact Centre.
 - Concurrently with these 311 Operating Program issues, the integration of multiple existing IT systems and components will continue to remain a challenge throughout the 311 Project implementation until the end of its expected life span in 2011.
- In response to these challenges, the 311 Project Management Office has established detailed service levels and targets for the New 311 Operating Program, while continuing to monitor all capital projects and deliverables under implementation. New/enhanced service priority actions are recommended to mitigate potential risks.
- Over the next three years, the 311 Project Management Office has to ensure successful delivery of the originally approved 311 Customer Service Strategy Model (Phase I and Phase II). In order to further utilize the capacity of the new 311 service system, Phase III (previously contemplated as a part of an incremental service model, Model 4) has also been approved and added to the 311 Project Management Office mandate and will be implemented by the end of 2011.
- Once operational, the new 311 Operating Program will focus on 311 Customer Service delivery, consistent with the established standards and service levels aimed at achieving or exceeding a baseline of resolving 70% of calls at the first point of contact.

- The 2009 Recommended Operating Budget for 311 Customer Strategy is comprised of base funding of \$13.159 million gross and \$5.701 million net and funding for new/enhanced priority actions totaling \$2.123 million gross, \$1.638 million net. An incremental impact of \$1.844 million gross and net, resulting from new/enhanced service priority actions is anticipated in 2010. The new/enhanced service priority actions address the following challenges for 311 Customer Service Strategy:
 - Sufficient staffing and other operational support for the New 311 Operating Program:
 - (a) Staff resources to meet operational requirements once 311 is “Live” (\$0.897 million gross and net).
 - (b) Maintenance and support for hardware and software used by 311 Contact Centre (\$0.444 million gross and net).
 - (c) Information and Technology support to sustain 311 Contact Centre operations (\$0.297 million gross and net).
 - Continued 311 Project enhancement - additional service request integration with two other City applications and extension of some other 311 service functions such as further enhancements of the City’s web design and the on-line Service Page and extension of the knowledge base access to users of the on-line self service function and to divisional Tier 2 specialists, through start up of Phase III, with the funding provided from the 2009 Approved Capital Budget (\$0.485 million gross, \$0 net)
- For 2008, the 311 Program is projecting a year-end net expenditure of \$4.670 million that is \$0.680 million or 12.7% below the 2008 Approved Budget of \$5.350 million. The 2008 Approved Budget and projected year-end actual expenditures have been adjusted to account for all staff and funding reallocations from other City divisions required to establish the New 311 Operating Program in order to provide comparable base budget data for 2008 and 2009.
 - The projected under spending is mostly attributable to staff vacancies in other City divisions (\$0.975 million or 11.0% gross, \$0.680 million or 14.5% net). These vacancies will be used to hire appropriate staff for the new 311 Operating Program in 2009 and the projected favourable net operating budget variance is not expected to have any impact on the 2009 Recommended Budget since all hiring is expected to be completed early in 2009.
 - Although the 311 Project Management Office is projecting a favourable year end gross variance of \$0.594 million, there will be a corresponding reduction in capital funding recoveries, resulting in a \$0 net variance at year end.

Table 1: 2009 Recommended Budget

	2008		2009 Recommended Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008 Approved Budget	2008 Projected Actual	2009 Base	2009 New/Enhanced	2009 Operating Budget			2010	2011
	\$	\$	\$	\$	\$	\$	%	\$	\$
(In \$000s)									
GROSS EXPENDITURE									
311 Project Management Office	3,731.8	3,137.5	3,903.0	485.0	4,388.0	656.2	17.6	3.0	-
311 Operating Program	8,891.9	7,917.2	9,255.9	1,637.8	10,893.7	2,001.8	22.5	1,841.0	(630.0)
	12,623.7	11,054.7	13,158.9	2,122.8	15,281.7	2,658.0	21.1	1,844.0	(630.0)
REVENUE									
311 Project Management Office	3,065.4	2,471.0	3,249.8	485.0	3,734.8	669.4	21.8		-
311 Operating Program	4,208.5	3,913.3	4,208.5	0.0	4,208.5	0.0	0.0		
	7,273.9	6,384.3	7,458.3	485.0	7,943.3	669.4	9.2	-	-
NET EXPENDITURE									
311 Project Management Office	666.4	666.5	653.2	0.0	653.2	(13.2)	(2.0)	3.0	-
311 Operating Program	4,683.4	4,003.9	5,047.4	1,637.8	6,685.2	2,001.8	42.7	1,841.0	(630.0)
	5,349.8	4,670.4	5,700.6	1,637.8	7,338.4	1,988.6	37.2	1,844.0	(630.0)
Approved Positions									
311 Project Management Office	36.0	36.0	37.0	5.5	42.5	6.5	18.1	-	-
311 Operating Program	113.3	113.3	125.0	21.0	146.0	32.7	28.9	2.0	-
	149.3	149.3	162.0	26.5	188.5	39.2	26.3	2.0	-
TARGET			5,242.8		5,242.8				
\$ Over / (Under) Program Target			457.8		2,095.6				
% Over / (Under) Program Target			8.7%		40.0%				

- The 2009 Recommended Operating Budget for 311 Customer Service Strategy is \$7.338 million net and is \$2.096 million or 40.0% higher than the 2009 target of \$5.243 million net, which is 2% below the 2008 Approved Operating Budget. The recommended above target funding is required for the establishment of the new 311 Operating Program. The 2009 Recommended Operating Budget for the Project Management Office meets the 2009 budget target.
- The 2009 Recommended Operating Budget is comprised of base funding of \$13.159 million gross and \$5.701 million net and funding for new/enhanced priority actions of \$2.123 million gross and \$1.638 million net. Approval of the 2009 Recommended Operating Budget will result in the Program’s staff complement increasing by 39.2 positions to 188.5 approved positions.
 - The 2010 Outlook anticipates a net increase of \$1.844 million or 25.1% in operating costs which includes merit and step adjustments for the Project Management Office of \$0.003 million and incremental net impact of new/enhanced service priority actions of \$1.841 million. The ongoing step and merit increases for the new 311 Operating Program are not known at this time since the Program has not yet been fully established.
 - The 2011 Outlook incorporates a net reduction of \$0.630 million or 8.6% since it reflects only costs of software and other support services that require an annual license renewal.

Since the servers warranty (usually a 3 year warranty) costs are included in the 2010 Outlook, there will be no costs for this component in 2011.

- The 2010 and 2011 Outlooks do not include a provision for cost-of-living adjustments (COLA), as further increases are subject to future negotiations.
- The 2009 Recommended Base Budget of \$13.159 million gross and \$5.701 million net will fund:
 - The 311 Project Management Office and work on front-end content development and business reviews, core technology implementation, work order system integration and implementation of other capital infrastructure (\$3.903 million gross, \$0 net). It includes funding for merit and step increases, annualizations of the 2008 cost of living adjustments and non-salary inflationary factors in the total amount of \$0.009 million. Funding of \$3.250 million will be fully recovered from the 2009 Approved Capital Budget for the 311 Customer Service Strategy, resulting in a base budget of \$0.653 million net that meets the 2009 Operating Budget target for the 311 Project Management Office.
 - The new 311 Operating Program is comprised of permanent staff, the majority of which will be reallocated from other City divisions for up to 125 positions (\$9.256 million, \$5.047 million net). It incorporates key cost drivers including annualizations of the 2008 COLA, merit and step increases and other non discretionary expenditures that total \$0.364 million, resulting in the new 311 Operating Program being \$0.458 million or 10% above the target (established 2% below the 2008 Operating Budget that assumes transfers from other City divisions completed in 2008, or anticipated to be completed in 2009 in order to establish the new 311 Operating Program).
- The 2009 Recommended Operating Budget provides \$15.282 million gross, \$7.338 million net in base and new funding for a number of priority actions and activities that advance the Mayor's mandate and Council's policy agenda:
 - Through enhancements to City communications, including technology, website and online registration, the 311 Customer Service Strategy will improve public access to City services and information and will greatly increase efficiency and accountability of the public service, one of Council's key priorities.
 - The 311 Customer Service Strategy will incorporate options for a multilingual access to City Services in more than 150 languages and will significantly contribute to meeting demand from the public for approachable, accessible government and achieving "An Inclusive, Diverse Multicultural City".
 - It will also assist in enabling quick response such as litter and dumping problems identified by residents who will be able to use a new "311" telephone service as well as all other 311 channels of communication to report on problem areas.
- The 2009 Recommended Operating Budget will add 39.2 positions to the 311 Customer Service Strategy (32.7 permanent, 6.5 temporary). All permanent positions are needed for the 311 Operating Program: (a) 11.7 new positions will be created with funding transferred from other City divisions, and (b) 21 positions are required for new/enhanced service priority actions in

order to meet operational requirement once 311 is “Live” (12 positions) and to maintain and support hardware and software used by 311 Contact Centre (9 positions). All temporary positions pertain to the work on the capital program resulting from approval of the 2009 Capital Budget (Commissioning Phase and Phase III). The Program’s staffing complement would thus increase from 149.3 to 188.5 positions.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

- 1. Council approve the 2009 Recommended Operating Budget for 311 Customer Service Strategy of \$15.282 million gross and \$7.338 million net comprised of the following services:

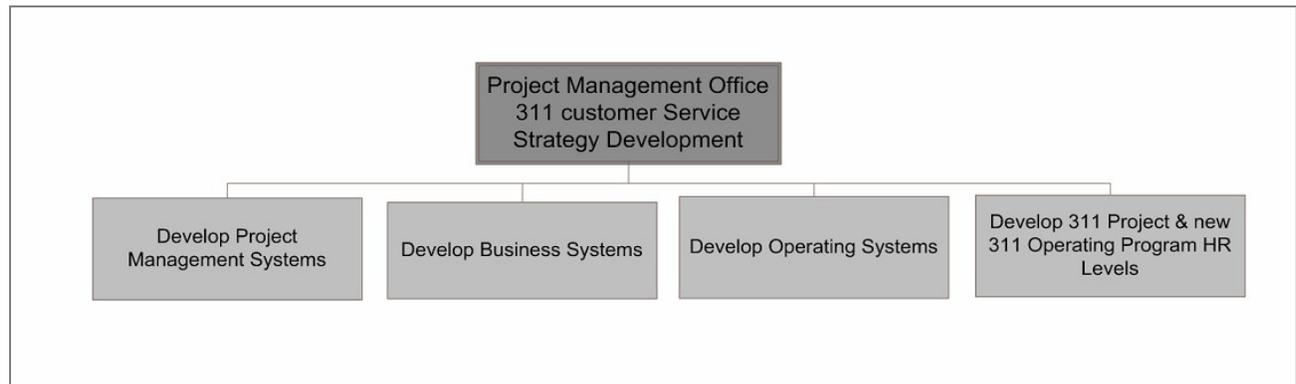
<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
311 Project Management Office and Capital Program Related Work	4,388.0	653.2
311 Operating Program	<u>10,893.7</u>	<u>6,685.2</u>
Total Program Budget	<u><u>15,281.7</u></u>	<u><u>7,338.4</u></u>



- The 311 Customer Service Strategy represents a new service model for the City of Toronto. This initiative is still under implementation by the 311 Project Management Office, which is also responsible for development of the new 311 Operating Program. Once established (June 2009), the 311 Operating Program will provide, through its consolidated Contact Centre and other channels operating on a 24 x 7 x 365 basis, reliable access to non-emergency City Services for all residents in 150 languages.
- The 311 Customer Service Strategy consists of two services, the 311 Project Management Office and the 311 Operating Program. The 311 Project Management Office currently performs dual roles of developing and implementing not only the 311 Project systems, but also the 311 Operating Program, which will deliver services to the general public, once the Project systems are in place. The service goals and objectives are addressed separately throughout this document.

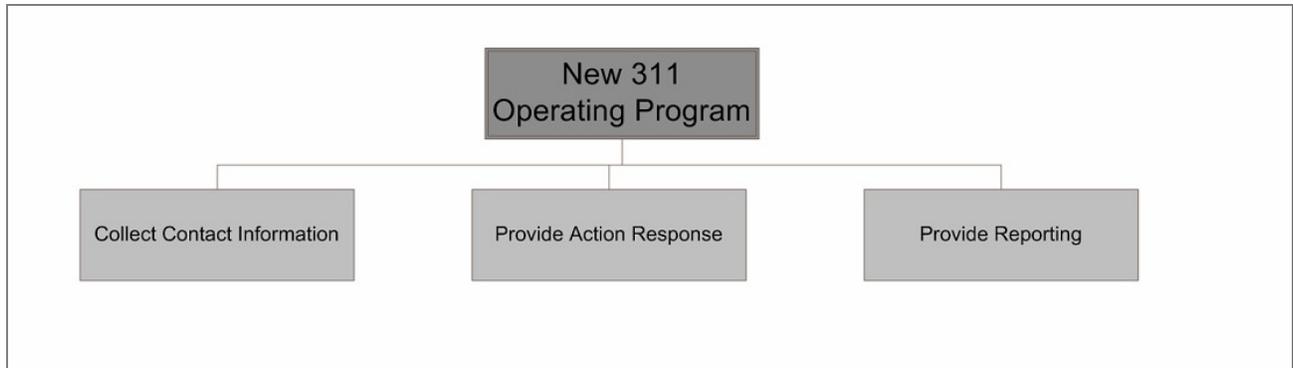
311 Project Management Office

- Over the next three years, the 311 Project Management Office will continue to provide ongoing leadership to City divisional partners in developing, managing, and implementing various business, operating and management systems included in the originally approved 311 Service Model (Model 3, Phase I and Phase II) and recently approved Phase III (previously contemplated as a part of an incremental Model 4), as well as the new 311 Division, including ongoing service enhancements/ expansion, and formal Project close-out activities as detailed in the Program Map:



311 Operating Program

- Once established in June 2009, the new 311 Operating Program will ensure a single-point-of-access for non-emergency City programs and service inquiries for all residents, businesses and visitors, and provide convenient, prompt, accurate and reliable City government information and requests for service to the public, while making the best use of staff expertise, resources and technology, as shown in the Program Map below:



- Initially, the 311 Operating Program will include general inquiry information and the placement and tracking of service requests for Solid Waste Management, Transportation, Toronto Water (Phase I) and Urban Forestry and Municipal Licensing and Standards (Phase II). The launch date for Phase I is scheduled for June 19, 2009. The launch date for Phase II is scheduled for April 19, 2010.

Service Challenges and Opportunities

In 2009 and beyond, the 311 Project Management Office faces numerous challenges:

- The challenge over the next two years will be meeting the project launch dates for Phases I and II. Implementation of the highly complex 311 Technology Model carries inherent risks to:
 - Integrate best technological features of several 311 installations (for the most comprehensive and responsive municipal 311 system at launch)
 - Integrate multiple back-end legacy work order systems with the core 311 technology system
- Another significant concern is successful operationalization of the new 311 Operating Program capable of delivering the Council approved 311 Customer Service Strategy and Service Model including:
 - Obtaining sufficient 311 Contact Centre Service Representatives and other operational staff to deliver the service
 - Obtaining sufficient resources for ongoing systems maintenance and support
 - Extensive training required for new staff and the retention of these staff in an evolving operating environment
 - Developing methods to address peak demand call volumes
 - Ensuring that there will be no promotion of other customer facing service lines “post launch”.
- Further complicating the situation is the fact that all challenges will be experienced concurrently, since the 311 Project Management Office will be operationalizing the new 311 Operating Program while still implementing the 311 Project systems.

In developing the appropriate strategies the 311 Project Management Office focuses on the following:

- Performing as a formal Project Management model (on methodology, documentation, accountability) for best practice and knowledge transfer to City staff
- Fostering divisional collaboration consistent with the Toronto Public Service Initiative (i.e. City staff are a collective whole);
- Using City knowledge, expertise, resources, and technology in a strategic, effective and efficient manner.

Service Objectives

In order to respond to the above critical challenges the Program has established the following objectives:

311 Project Management Office

- In preparation for the June 2009 launch, the 311 Project Management Office will continue to fulfill its critical responsibilities including the inter-divisional coordination, policy development, business process reviews, service content identification, business realization tasks and Human Resources matters such as staff training and liaison with the unions. The 311 Project Management Office has to ensure:
 - Successful delivery of Phase I and Phase II and the project close out according to audit requirements (Commissioning Phase).
 - Commencement of the development of Phase III activities in 2009, which will continue throughout 2010 and 2011. Phase III was approved during the 2009 Capital Budget process, to allow existing staff resources to use their skills and experience they developed during Phases I and II of the Project.
 - Continued City-wide service innovation including access to information on City programs and services and enhanced capability of “in-person” service transactions.
 - Successful launch of the new 311 Operating Program in June 2009.
- To achieve these objectives, the 311 Project Management Office focuses on the following principal actions:
 - Managing the project efficiently to deliver quality project components according to the Council approved model and schedule.
 - Managing issues arising from the project implementation effectively.
 - Coordinating, monitoring and reporting on the progress of all 311 capital sub-projects.
 - Providing briefings and presentations on specialized project components to the 311 Steering Committee and Council as well as to external parties.

- Achieving full staffing to start the new 311 Division.
- Preparing for future new 311 Division service demands.
- The 311 Project Management Office identifies its key customers and services as:
 - 311 Sub-project Teams and divisional partners - the 311 Project Management Office provides leadership on project management methodology and standards, training, coaching and support, monitoring and standards compliance, as well as issues management on all sub-project activities and co-ordination of all interdivisional activities, including consolidated project reporting.
 - Council – the 311 Project Management Office provides project status reporting, budget development and variance monitoring, issues management and ongoing research.

The 2009 Recommended Operating Budget incorporates base funding of \$3.903 million gross, \$0.653 million net for the 311 for the Project Management Office for the required work on content development and business process reviews, core technology implementation, work order system integration and other components related to capital infrastructure, as well as development of the new 311 Operating Program.

311 Operating Program

The main objective of the new 311 Operating Program will be to deliver 100% on the approved 311 Customer Strategy consisting of:

- 70% first contact service resolution with 30% calls transferred to 2nd Tier Specialists
- Consistent customer service standards based on the “5 Drivers” of Customer Satisfaction (Quality Criteria) including:
 - Timely Service – obtain contact and response
 - Knowledge of 311 staff – right answer/transfer
 - Courtesy of 311 staff – go the extra mile
 - Fair, Equitable Treatment - all contacts
 - Outcome - satisfaction with result
- Established service levels for each contact channel that meets or exceeds the existing corporate standards and targets including:
 - Establish targets for service levels (e.g. phone answer in 30 seconds, 70% of time in 2009 to 80% of time by 2011)
 - Establish performance reports to capture 311 system input/output that divisions use to refine standards

- Conduct surveys, set baseline to excel in satisfaction.
- Foster continued City-wide service innovation.

The main customer for this new 311 Operating Program will be the general public – the 311 Project Management Office will conduct customer service satisfaction surveys for 311 service quality to establish a baseline measure that meets or exceeds similar jurisdictions. As a part of the 311 Project implementation (and the Project Charter), the 311 Project Management will also establish 311 performance metric reports that capture system input and output to be used by divisions in addressing their service issues and refining their performance standards.

Overall, the 311 Service model is envisioned as a “citizen-centric”, customer-oriented service delivery, which will also effect City service transformation through collection of extensive information database and reporting systems that will be used to further improve/enhance City services.

The 2009 Recommended Operating Budget dedicates base funding of \$9.256 million gross, \$5.047 million net for the new 311 Operating Program and incorporates key cost drivers including annualizations of the 2009 COLA, merit and step increases and other non discretionary expenditures that total \$0.364 million.

Priority Actions

The 2009 Recommended Operating Budget provides \$15.282 million gross and \$7.338 million net in base and new funding for this initiative. In order to address the challenges and service objectives the following new/enhanced priority actions are recommended:

- In order to achieve sufficient staffing and other operational support for the New 311 Operating Program:
 - (a) To meet operational requirements once 311 is “Live”, 12 additional permanent positions are recommended at a cost of \$0.897 million gross and net.
 - (b) To sustain 311 Contact Centre operations, an additional 9 positions are recommended to provide the Information and Technology support at a cost of \$0.297 million gross and net.
 - (c) To provide maintenance and support for hardware and software, including licences used by 311 Contact Centre funding of \$0.444 million gross and net is provided.
- In order to further enhance the 311 Project and integrate additional service requests with at least two other City applications and extend some other 311 service functions such as the City’s web design and the on-line Service page, development of a City-wide counter service strategy and extension of the knowledge database to divisional Tier 2 specialists, through start up of Phase III , funding of \$0.485 million, fully recoverable from the 2009 Approved Capital Budget for 311 Customer Service Strategy is included.

By providing funding in support of the 311 Project Management Office and implementation of the 311 Customer Service Strategy, the 2009 Recommended Operating Budget will advance the following Mayor’s Mandate and Council’s policy strategic priorities:

- *Establish a 311 hotline so that every resident has a direct and simple access to a person at City Hall who can help resolve problems*

By establishing direct and simple access to City Hall, through enhancement to City communication channels, the 311 Customer Service Strategy will greatly increase efficiency and accountability of the public service.

- *Create a coordinated Litter Action Team that will quickly clean up serious litter and dumping problems*

Litter and dumping problems identified by residents' calls to a new 311 telephone service and through all other 311 channels of communication will be used to coordinate efforts of a Litter Action Team, which will be created to enable quick response to any serious problem area.

- *Ensure Multilingual access to City Services through the 311 Project*

The 311 Customer Service Strategy overall design incorporates options for multilingual access to City Services and will enable quick, accurate response to the public in the language of their choice. This is a significant contribution to improved public access to city services and achieving "An Inclusive, Diverse Multicultural City".

Table 2: 2008 Budget Variance Review

(In \$000s)	2007 Actuals*	2008 Approved Budget**	2008 Projected Actuals	2008 Appvd. Budget vs. Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXPENDITURE					
311 Project Management Office	2,490.9	3,731.8	3,137.5	(594.4)	(15.9)
311 Operating Program	0.0	8,891.9	7,917.2	(974.7)	(11.0)
	2,490.9	12,623.7	11,054.7	(1,569.1)	(12.4)
REVENUE					
311 Project Management Office	2,118.7	3,065.4	2,471.0	(594.4)	(19.4)
311 Operating Program	0.0	4,208.5	3,913.3	(295.2)	(7.0)
	2,118.7	7,273.9	6,384.3	(889.6)	(12.2)
NET EXPENDITURE					
311 Project Management Office	372.2	666.4	666.5	0.0	0.0
311 Operating Program	0.0	4,683.4	4,003.9	(679.5)	(14.5)
	372.2	5,349.8	4,670.4	(679.5)	(12.7)
Approved Positions					
311 Project Management Office	33.0	36.0	36.0	0.0	0.0
311 Operating Program	0.0	113.3	113.3	0.0	0.0
	33.0	149.3	149.3	0.0	0.0

* 2007 Actuals are for the 311 Project Management Office only

**2008 Approved Budget and Projected Actuals reflect in-year corporate transfers of positions/budgets for the new 311 Operating Program. They are also adjusted to include positions/budget transfers anticipated for 2009 in order to provide comparable base budget data for these two years.

2008 Experience

The Third Quarter Operating Variance Report for the 311 Customer Service Strategy indicates that the Project Management Office and the new 311 Operating Program are expecting favourable variances of \$1.314 million or 17.9 % gross and \$0.518 million or 16.1 % net. The favourable variances were mainly due to the following:

- Delays in signing the Technology Solution contract resulted in an overall extension to the original project schedule which translated into delayed staffing requirements (\$0.551 million)

and a subsequent corresponding reduction in recoveries for salaries and benefits for staff supporting the Capital Program, resulting in a small favourable variance of \$0.007 million net for the Project Management Office.

- Implementation of the new 311 Operating Program commenced at the end of the third quarter of 2008 with the majority of staff and funding reallocated from other City divisions to the 311 Customer Service Strategy. This later start results in a favourable variance of \$0.764 million or 16.1% gross and \$0.511 million or 18.6% net, mainly due to vacancies.

Overall, the Program is projecting a favourable year-end variance of \$1.569 million gross and \$0.680 million net from the 2008 Approved Operating Budget or 12.4 % and 12.7 %, respectively. The projected under spending is mostly attributable to the later implementation of the 311 Operating Program and vacancies that will be held to hire new staff for this Program in 2009 (\$0.975 million or 11.0% gross, \$0.680 million or 14.5% net). Although the 311 Project Management Office is projecting a favourable year end gross variance of \$0.594 million, there will be a corresponding reduction in recovery from capital funding, resulting in a \$0 net variance at year end.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

The favorable net year-end operating budget variance projected in the Third Quarter Variance Report is not expected to have any impact on the 2009 Recommended Budget since it is attributable to one time factors which will not recur in 2009.

Table 3: 2009 Recommended Base Budget

(In \$000s)	2008 Approved Budget	2009 Recommended Base	Change 2009 Recommended Base vs. 2008 Approved Budget		FY Incremental Outlook	
			\$	%	2010 \$	2011 \$
GROSS EXPENDITURE						
311 Project Management Office	3,731.8	3,903.0	171.2	4.6		
311 Operating Program	8,891.9	9,255.9	363.9	4.1		
	12,623.7	13,158.9	535.1	4.2	0.0	0.0
REVENUE						
311 Project Management Office	3,065.4	3,249.8	184.4	6.0		
311 Operating Program	4,208.5	4,208.5	(0.0)	(0.0)		
	7,273.9	7,458.3	184.4	2.5	0.0	0.0
NET EXPENDITURE						
311 Project Management Office	666.4	653.2	(13.2)	(2.0)	-	-
311 Operating Program	4,683.4	5,047.4	364.0	7.8	0.0	0.0
	5,349.8	5,700.6	350.8	6.6	0.0	0.0
Approved Positions						
311 Project Management Office	36.0	37.0	1.0	2.8		
311 Operating Program	113.3	125.0	11.7	10.3		
	149.3	162.0	12.7	8.5	0.0	0.0
NET TARGET		5,242.8			0.0	0.0
\$ Over / (Under) Program Target		457.8			0.0	0.0
% Over / (Under) Program Target		8.7%			0.0%	0.0%

2009 Recommended Base Budget

- The 2009 Recommended Base Budget for the 311 Customer Service Strategy of \$13.159 million gross and \$5.701 million net is \$0.458 million or 8.7% higher than the 2009 target of \$5.243 million net, which is 2% less than the 2008 Approved Operating Budget (adjusted for all anticipated staff and funding reallocations for the purpose of establishing the new 311 Operating Program).
- The 2009 Recommended Base Budget for 311 Customer Service Strategy of \$5.701 million net represents a \$0.351 million or 6.6% increase compared to the 2008 Approved Operating Budget. This funding is required for two distinct services: the 311 Project Management Office and all activities associated with the capital program implementation (\$0.653 million net), as well as the

new 311 Operating Program that will be providing services directly to the public (\$5.047 million net).

311 Project Management Office

- The 2009 Recommended Base Budget will fund all project management roles and responsibilities of the 311 Project Management Office (\$0.830 million gross) as well as work on content development and business process reviews, core technology implementation, work order system integration and other components related to capital infrastructure (\$3.073 million gross), for a total amount of \$3.903 million gross. It includes funding for merit and step increases, the annualized impact of the 2008 cost-of-living adjustments (COLA) and non-salary inflationary factors, partially offset by reversal of non-recurring items (an additional day included in 2008), in the total amount of \$0.024 million.
- Funding of \$3.250 million is included on the 2009 Approved Capital Budget for the 311 Customer Service Strategy. The capital funding recovery will be used for the following, resulting in a 0% net increase to the 2009 Recommended Base Budget:
 - Costs of expert staff dedicated to this project which includes: the ongoing Commissioning mandate of the 311 Project Management Office to ensure that all sub-project deliverables are provided, new functions tested, and all Phase I and Phase II Project close-out documents prepared, for a total of \$3.073 million. Based on the current resource plan, this includes 30 temporary positions including the addition of one temporary position, compared to 29 temporary positions required in 2008.
 - Costs for staff with project management roles and responsibilities regarding the capital infrastructure within the Project Management Office (\$0.177 million). These staff are responsible for overseeing specific individual subprojects, as well as management of the project customization requirements. They also provide consolidated cost management and controls and have a responsibility for overall quality assurance and risk management strategies. Similarly, during the 2006, 2007 and 2008 Operating Budget processes, recoveries of \$0.226 million, \$0.186 million and \$0.256 million respectively were approved (from the 2006, 2007 and 2008 Capital Budgets for 311 Customer Service Strategy) to fund the same functions within the Project Management Office, resulting a \$0 net impact corporately. The Project Management Office has a staff of 7 performing the above roles.
- The 2009 Recommended Base Budget for the 311 Project Management Office is \$3.903 million gross and \$0.653 million net and meets the 2009 target of 2% less than the 2008 Approved Operating Budget for this service. It reflects funding for 37 approved positions. This represents an addition of one temporary position to the existing staff complement of 36.
- Although the 2009 Recommended Base Budget for the 311 Project Management Office meets its target of a 2% decrease from the 2008 approved net funding levels, there is an overall increase of \$0.171 million on both the expenditure and revenue sides, due to capital infrastructure related work required to complete Phase I and II. The capital funding recovery for this base budget change has been included in the 2009 Approved Capital Budget for the 311 Customer Service Strategy. It is anticipated that the 311 project staff will decrease in 2010 and 2011, as the project shifts from the implementation phase to the close-out phase.

311 Operating Program

- The 311 Operating Program requires base budget funding of \$9.256 million gross and \$5.047 million net. This Program will provide direct 311 service to the public, starting in 2009. It will have permanent staff, the majority of which will be reallocated together with appropriate funding (for an estimated 125 positions) from other City divisions.
 - Salary and non salary funding in the amount of \$3.799 million net for an estimated 89.3 positions, has been transferred to the 311 Customer Service Strategy. The remaining transfers resulting in salary and non-salary funding of \$1.000 million net for an estimated 35.7 positions are reflected in this budget to be considered as a part of the 2009 Operating Budget process. These transfers are included as a base adjustment in the 2009 Recommended Operating Budgets of all affected divisions.
 - Overall, these transfers (\$8.892 gross and \$4.683 million net in salary and non-salary costs for an estimated 125 positions) will have a \$0 net impact corporately. However, it is currently anticipated that an addition of 11.7 positions to the City's staff complement will be required. These positions need to be created since some of the City divisions provided only funding for the new 311 Operating Program, rather than actual positions. The 311 Operating Program will report back on the final number of new positions to be created (resulting in a \$0 net impact) once all anticipated transfer arrangements are finalized.
 - In addition to the above funding transferred from other City divisions, the 311 Operating Program requires funding in the amount of \$0.248 million net to offset the 2009 pressures such as merit and step increases, the annualized impact of the 2008 cost of living adjustments (COLA) and non-salary inflationary factors. In order to comply with job evaluation requirements for the 311 Customer Service Representative (CSR) staff there is a need for additional salary funding of \$0.116 million net to bring their salaries to appropriate compensation levels.
 - A transfer of salary and non-salary funding for an estimated additional 4 CSR positions (for a \$0 net impact corporately) is anticipated for later in 2009. Although these 4 positions are required and were included in the 311 Operating Program organization chart since its inception, they have not yet been identified within the existing City staff complement. Therefore, these positions are not included in the 2009 Recommended Budget and will be added as an in-year adjustment (once identified) in order to enable full staffing of the new 311 Operating Program.
- The 2009 Recommended Base Budget for the 311 Operating Program is \$9.256 million gross and \$5.047 million net. When compared to the 2009 target of 2% less than the 2008 Approved Budget (reallocated from other City divisions in 2008 and those anticipated to be reallocated in 2009 in order to implement this new 311 Operating Program), this base budget is \$0.458 million or 7.8% above the target.

2009 Key Cost Drivers and Reduction Strategies

Key cost drivers for 2009 include:

- Merit and step increases, the annualized impact of the 2008 cost-of-living adjustments (COLA) and non-salary economic factors for the new 311 Operating Program (\$0.248 million).
- Additional salary funding and benefits required to provide compensation for the 311 Contact Centre Service Representative positions based on final job evaluation (\$0.116 million).
- Costs for staff dedicated to the Capital Program, including the Commissioning mandate and project management roles and responsibilities of the 311 Project Management Office in the amount of \$3.250 million, to be recovered from capital funding, resulting in a \$0 net impact.

2010 and 2011 Outlook: Net Incremental Impact

The following issues need to be considered in relation to the 2010 and 2011 Outlook for the 311 Customer Service Strategy:

- The 311 Project Management Office will continue to support the implementation of the Council approved model until a successful launch of Phase I in June 2009 and Phase II in April 2010. In that role (Commissioning Phase), the 311 Project Management Office has a mandate for ensuring that all sub-project deliverables are met, new functions tested and all Phase I and II Project close-out documents are prepared. These activities will take place at the same time the new 3-1-1 Toronto Operating Program is delivering services to the public.
- As previously noted, 30 temporary positions have been approved to complete the work. These positions include research and technology staff, user acceptance testers, new staff trainers etc., all contributing significantly to the 311 Project implementation. The need for these positions will be decreasing significantly as the Phase II launch and project completion/documentation wrap-up dates approach.
- The new 311 Operating Program will be providing 311 service to the public, commencing with the public launch in June 2009. This division will require permanent staff of 152 positions. The 2009 Recommended Base Budget will fund 125 positions. It is anticipated that additional salary and non-salary funding for up to 4 positions will be transferred from other City divisions later in 2009, for a \$0 net impact corporately, bringing the number of funded positions to 129. In addition to the operational labour and space requirements for the remaining 21 positions, there will be incremental technology costs. These requirements have been funded as recommended new/enhanced service priority actions in 2009 in the amount of \$2.123 million gross and \$1.638 million net.



Table 4
2009 New / Enhanced Service Priority Actions: Summary
(In \$000s)

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$	#	\$	\$
Enhanced Services					
(a) Enhanced Services - Council Approved					
(b) Enhanced Services - Program Initiated					
Project Management Office					
Enhancement of 311 Services and Efficiencies	485.0	0.0	5.5		
311 Operating Program					
Support Required to Meet 311 Pressures	896.5	896.5	12.0	429.2	
Hardware/Software Maintenance and Support Costs	444.2	444.2		817.6	(630.0)
I&T Support to Sustain 311 Contact Centre Operations	297.1	297.1	9.0	594.2	
Sub-Total 311 Operating Program	1,637.8	1,637.8	21.0	1,841.0	(630.0)
Sub-Total Enhanced Services	2,122.8	1,637.8	26.5	1,841.0	(630.0)
(a) New Services - Council Approved					
(b) New Services - Program Initiated					
Sub-Total New Service Priorities					
Total Recommended New / Enhanced Service Priorities	2,122.8	1,637.8	26.5	1,841.0	(630.0)

2009 Recommended New / Enhanced Service Priority Actions**Enhanced Service Priority Actions – Program Initiated**

There are four recommended enhanced service priorities, resulting in a \$2.123 million gross, \$1.638 million net impact in 2009. An incremental impact of \$1.841 million gross and net is anticipated for 2010, followed by a cost reduction of \$0.630 million in 2011.

311 Project Management Office*Enhancement of 311 Services and Efficiencies*

Additional funding in the amount of \$0.485 million gross is provided for 5.5 temporary positions in 2009 to develop strategies and implement the above service priorities. The 2009 Approved Capital Budget includes funding in the amount of \$0.485 million for these positions resulting in a \$0 net impact.

Funding for this service priority is recommended in order to utilize the efficiencies of the 311 technology's capacity to absorb more system integrations and to take advantage of the existing staff resources. The following activities are anticipated:

- (a) provision of additional service request capabilities to include additional systems/divisions (i.e. Model 4, Phase III).
- (b) further enhancements and improvements to the City's web design and the on-line Service Page.
- (c) extension of the knowledge base access to users of the on-line self service function and to divisional Tier 2 specialists.
- (d) development of a City-wide Counter Service Strategy.

311 Operating Program*Support Required to Meet 311 Pressures*

Appropriate administration, research and managerial support is necessary to ensure that:

- All human resources, financial, accounting and reporting requirements are met in support of the 311 Operating Program.
- Information and functionality of the knowledge database are maintained.
- To liaise with other divisions, manage the 311 application components and configure service requests.
- Appropriate levels of management are in place to ensure quality coaching, performance standards and consistency of front line customer service.

- Increased service demand caused by the easy to remember 3 digit new phone number for 311 is met. Jurisdictions across North America have experienced significant increased call demands ranging from 20% to 400% due to the implementation of 311. The 311 Project Management Office has conducted extensive analysis of other 311 jurisdictions and has come to a conservative service pressure level increase of 20%.

All recommended administrative and managerial positions are considered comparable to, or below industry standards. For example, the Program Map for the 311 Operating Division anticipates 10 managerial/supervisory positions for 122 Contact Centre Service Representatives (CCSRs) or one manager/supervisor for each 12 CCSRs compared to one manager/supervisor for each 10 CCSRs in some other jurisdictions.

New funding of \$1.326 million gross and net is required for the following 14 permanent staff positions: Director (1), Managers (2), Supervisors (3), Contact Centre Customer Service Representatives (1), Research Analysts (3), Support A and B positions (3) and Administrative Assistants (1).

Funding in the amount of \$0.897 million gross and net is recommended to provide 12 positions in 2009. An incremental impact of \$0.429 million is anticipated for 2010 to account for full year salaries of these 12 positions and the addition of two remaining positions (1 Research Analyst and 1 Support B assistant). This estimate is based on the minimum requirements currently anticipated to support the 311 Contact Centre operations when it goes live in 2009.

Since 2005, when the initial \$0 impact concept of the 311 Customer Service Strategy was first discussed there have been many organizational reductions and cost containment measures which have left divisions without the capacity to provide 311 with full operational resources. Without the above positions, the new 311 Operating Program will not be able to meet the expected quality of service and performance levels, which could cause longer wait times, high abandon rates and lower customer satisfaction ratings.

Maintenance and Support Costs for Hardware and Software used by Contact Centre

Funding in the amount of \$0.444 million gross and net is recommended for the maintenance and support costs for all system software and hardware purchased by the City for 311 Technology Solution, such as Web Application Server Licenses for Uniface and Web Methods Integration Server Maintenance.

Ongoing 24x7x365 maintenance and sustainment of the 311 Technology Solution is crucial to the success of the Project and operational capacity of the 311 Contact Centre with respect to hardware/software.

An incremental impact of \$0.818 million gross and net is anticipated for 2010, with the costs decreasing in 2011 (\$0.630 million reduction). Decreasing costs reflect the fact that the servers warranty (usually a 3 year warranty) costs would have been paid already in 2010 and the 2011 impact would include only the software and other support services that require an annual license renewal.

Information and Technology Support to Sustain 311 Contact Centre Operations

The proposed 311 Technology Solution is complex and large scale. Major system components include Service Quality Management, Internet Protocol (IP) Telephony, Enterprise Application Integration (EAI), Workforce Management, and Quality Management. Some of the technology and products are specialized and new to the City and require a unique set of skills for on-going sustainment. In addition to specialized technology, the 311 Technology Solution uses standard City technology such as servers, desktop, database, etc. The support of these standard technologies for 311 represents significant incremental work due to the scale of the additional infrastructure.

To ensure no additional risk to existing project commitments, 9 additional permanent I&T technical staff positions are required for the sustainment of the 311 Contact Centre operations, once the 311 Solution is launched. The required I&T services include ongoing support for the new server/storage/network infrastructure and ongoing sustainment of the City's developed components as follows:

- Technology Infrastructure Services (TIS):
 - to manage the additional 85 servers and associated infrastructure that is in line with the industry accepted standard of 1 support person per every 40 servers (2 positions)
 - to manage database, network and telephony components (1 position)
 - manage the product administration and deployment for new technology components in 311 such as Enterprise Application Integration (EAI), and Service Quality Management (1 position)
- System Development and Sustainment (SDS):
 - to maintain the operation and sustainment of the EAI environment, including in-house developed integration components (3 positions)
 - to maintain the deployment of software packages, maintain the complex integrated reporting systems, technical product administration, and maintain the Geospatial components (2 positions)

The 2009 salary costs for these positions are estimated at \$0.297 million for four months of 2009 (September to December). An incremental impact of \$0.594 million net is anticipated in 2010 to account for full year salary costs.

These additional I&T technical staff positions are critical to the support of the 311 Contact Centre operations. The number of positions is based on the minimum resource requirements to support the 311 Contact Centre operations when it goes live in 2009.

In comparison, the I&T Division has 26 staff sustaining the SAP System (which supports Payroll, Accounting and Human Resources), 20 staff sustaining the IBMS system (which supports Planning & Building), and 14 staff sustaining the CLASS system (which supports Parks & Recreation). These resources do not include the number of staff providing business support within the other divisions that use these application systems.

2009 Budget Issues

2009 Recommended Operating Budget vs. Guideline

The 2009 Recommended Operating Base Budget for the 311 Customer Service Strategy is \$13.159 million gross and \$5.701 million net. The 2009 target for this Program is \$5.243 million, representing 2% less than the 2008 Approved Budget that accounts for all salary and non salary funding reallocated in 2008 and anticipated to be reallocated in 2009 from other City divisions, in order to implement this new 311 Operating Program. The Program's 2009 Recommended Base Budget is \$0.458 million or 8.7% above the target.

It should be noted that in 2005, when the 311 Customer Service Strategy was initially approved, a \$0 operating impact was anticipated. However, due to significant organizational and funding reductions which has left other divisions without the capacity to provide 311 with additional resources, the Program now requires additional funding for its base budget as well as new/enhanced service priorities that provide additional management and support positions. This resulted in the 2009 Recommended Operating Budget being \$2.096 million or 40.0% above the target.

New 311 Operating Program

The new 311 Operating Program will be the single-point of access to non-emergency City of Toronto services. The 2009 Recommended Base Budget reflects salary and non salary costs for 125 staff positions for the 311 Contact Centre, the majority of which will be funded from the existing divisional resources. Salary and non-salary funding for 89.3 positions has been already reallocated in 2008, with remaining transfers of funding and positions for an estimated 35.7 staff positions is anticipated for 2009.

The recommended staffing levels are crucial to the success of the 311 service, especially due to the fact that extensive training is required for both new and retained staff in this still evolving operating environment. If the appropriate staffing levels are not established before the public launch due to any unforeseen circumstances, the new 311 Operating Program would not be able to meet expected quality of service and performance levels, which will cause longer wait times, high abandon rates and lower customer satisfaction ratings.

Other Challenges and Issues

The proposed 311 technology solution is very complex and includes Service Quality Management, Internet Protocol (IP) Telephony, Enterprise Application Interface (EAI), Workforce Management and Quality Management. The introduction of EAI for integration of the Contact Centre to the backend service delivery systems (TMMS, Hansen and IBMS) is unique to Toronto's 311 implementation. Although the inherent challenges of integrating multiple existing IT systems are recognized and measures to mitigate risks are in place, any unanticipated delays to major components of the Technology solution or backend system integration could impact capacity to deliver all intended features at launch. The Program continues to monitor and validate the project implementation schedule.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
2008 Council Approved Operating Budget	68.0	6,060.3	3,083.5	2,976.8	0.0	0.0
In-year approvals and technical adjustments	57.3	4,180.8	2,656.8	1,524.0		
Corporate adjustments	0.0	(35.1)	0.0	(35.1)		
2008 Approved Operating Budget	125.3	10,206.0	5,740.3	4,465.7	0.0	0.0
Prior year impacts	0.0	(1,662.4)	(1,711.8)	49.4		
Zero base items	0.0	(1.6)	0.0	(1.6)		
Economic factors	0.0	210.3	9.9	200.4		
Adjusted Base Budget	125.3	8,752.3	4,038.4	4,713.9	0.0	0.0
Other base changes	36.7	4,406.6	3,406.6	1,000.0		
Base revenue changes						
Recommended Base Adjustments:						
Base changes						
Service efficiencies			13.3	(13.3)		
Revenue adjustments						
Minor service impact						
Major service impact						
Total Recommended Base Adjustments	36.7	4,406.6	3,419.9	986.7	0.0	0.0
2009 Recommended Base Budget	162.0	13,158.9	7,458.3	5,700.6	0.0	0.0
2009 Program Operating Target	N/A	N/A	N/A	5,242.8	0.0	0.0
% Over (Under) Program Target				8.7%		
% Over (Under) 2008 Appvd. Budget				6.6%		

Appendix B

Summary of Service Level Adjustments

Appendix C

**Summary of 2009 Recommended New/Enhanced
Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER "A" 311 CUSTOMER SERVICE STRATEGY							
	2008*	2008*	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	Approved Budget	Projected Actuals		\$	%		
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	12,152.7	10,583.8	13,907.1	1,754.4	14.4%	14,941.9	14,941.9
Materials and Supplies	24.5	24.5	65.1	40.6	165.8%	65.1	65.1
Equipment	12.3	12.3	49.2	36.8	298.3%	49.2	49.2
Services & Rents	410.8	410.8	1,143.8	733.0	178.4%	1,961.5	1,331.5
Contributions to Capital	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	12.3	12.3	5.4	(6.9)	(56.3%)	5.4	5.4
Other Expenditures	0.0	0.0	7.5	7.5	n/a	7.5	7.5
Interdivisional Charges	11.0	11.0	103.6	92.6	841.8%	103.6	103.6
TOTAL GROSS EXPENDITURES	12,623.7	11,054.7	15,281.7	2,658.0	21.1%	17,134.1	16,504.1
Interdivisional Recoveries	4,143.4	4,143.4	4,143.4	0.1	0.0%	4,143.4	4,143.4
Provincial Subsidies	62.0	62.0	62.0	0.0	0.0%	62.0	62.0
Federal Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Other Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
User Fees & Donations	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Transfers from Capital Fund	3,065.4	2,175.8	3,734.8	669.4	21.8%	3,742.9	3,742.9
Contribution from Reserve Funds	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contribution from Reserve	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Sundry Revenues	3.1	3.1	3.1	0.0	0.0%	3.1	3.1
TOTAL REVENUE	7,273.9	6,384.3	7,943.3	669.5	9.2%	7,951.4	7,951.4
TOTAL NET EXPENDITURES	5,349.8	4,670.4	7,338.4	1,988.5	37.2%	9,182.6	8,552.6
APPROVED POSITIONS	149.3	149.3	188.5	39.2	26.3%	190.5	190.5

* 2008 Approved Budget and Projected Actuals reflect in-year corporate transfers of positions/budgets for the new 311 Operating Program. They are also adjusted to include positions/budget transfers anticipated for 2009 in order to provide comparable base budget data for these two years.

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2008 \$	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
			\$	\$	\$
Insurance Reserve Fund	XR1010		5.4	5.4	5.4
Total Reserve / Reserve Fund Draws / Contributions			5.4	5.4	5.4