

A photograph of the Toronto skyline, including the CN Tower, viewed from a distance across a green park area with a baseball field in the foreground. The sky is clear and blue.

CITY OF TORONTO Staff Recommended 2010 Operating Budget

Internal Services

March 4, 2010

Internal Services Cluster

Vision Statement:

To partner with City Programs to deliver excellent service and ensure Toronto's financial sustainability.

Mission Statement:

To provide quality and responsive shared services through strategic and innovative leadership, ensuring the best value for Toronto.

Cluster Strategic Directions

- Financial Planning & Fiscal Sustainability
- Strategic Asset Management
- Leverage Information Technology
- Environmental Stewardship
- Policy Development and Compliance
- People & Organizational Effectiveness
- Service Excellence

Cluster Strategic Directions

○ **Financial Planning & Fiscal Sustainability**

- Long Term Fiscal Plan
- Capital Financing Strategy
- Operating Budgets & 10 Year Capital Plans
- Public Interest Partnerships

○ **Strategic Asset Management**

- State of Good Repair
- Major public space revitalization
- Build Toronto

○ **Leverage Information Technology**

- Expand e-Service to the public
- Maximize use of City's major business applications
- IT Sustainment strategy
- IT Governance

Cluster Strategic Directions

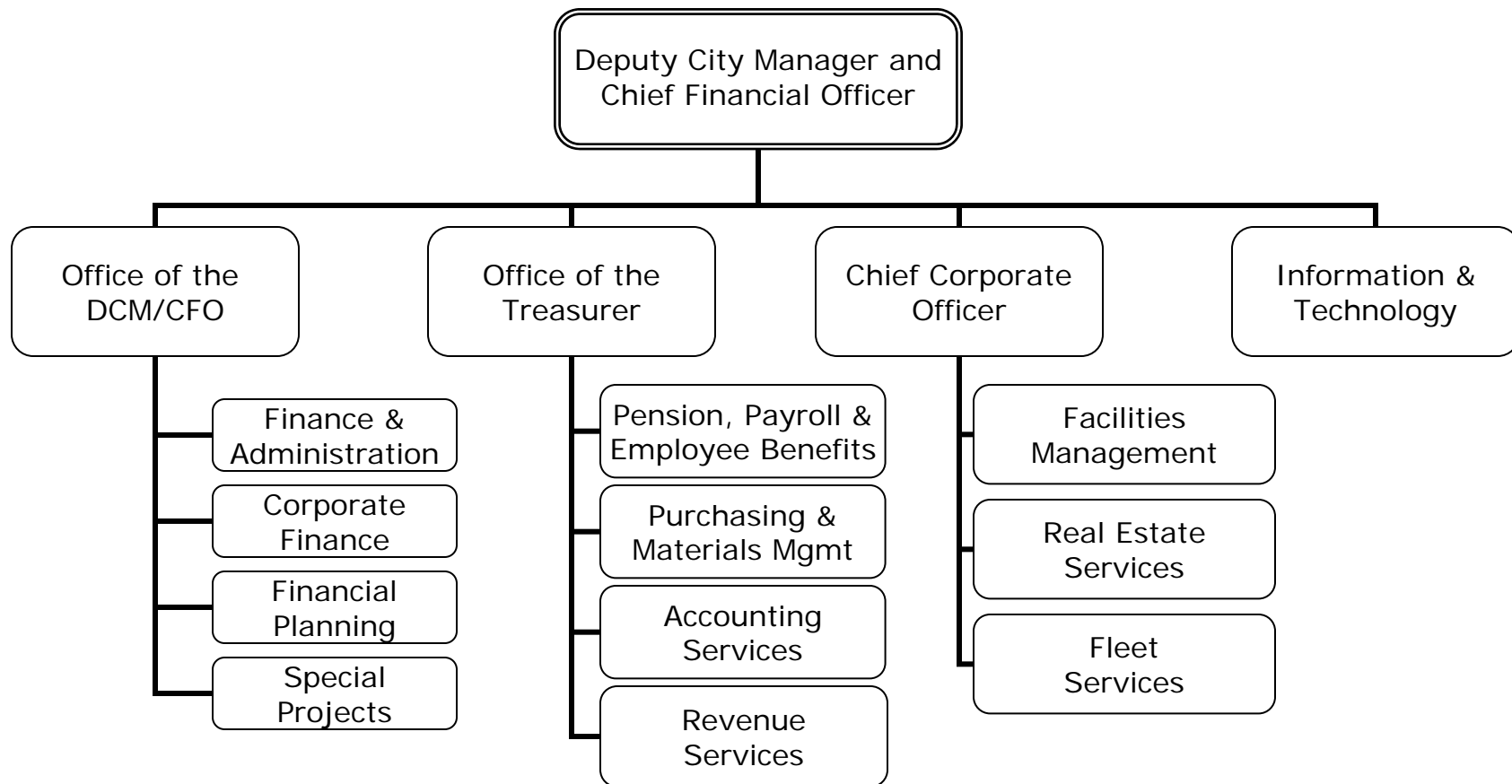
- **Environmental Stewardship**
 - Toronto Sustainable Energy Plan (EEO Component)
 - reduce energy demand by 90 megawatts
 - reduce greenhouse gas emissions city-wide
 - Energy Retrofit Program
 - Implement the Green Fleet Plan 2008-2011
- **Policy Development and Compliance**
 - Development Charges By-Law
 - Competitive Taxation
 - Capital Asset Accounting
 - City of Toronto Act
 - Procurement and Financial Control By-Law

Cluster Strategic Directions

- **People & Organizational Effectiveness**
 - Facilities Management Transformation
 - Information Technology Transformation

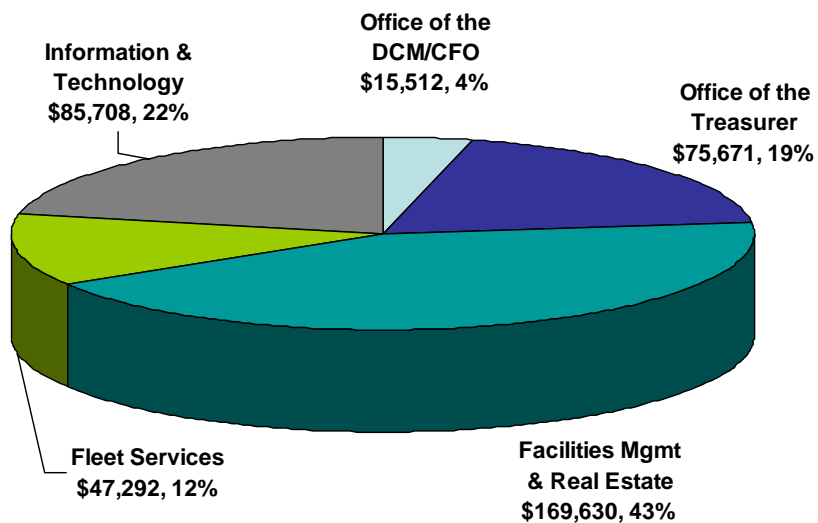
- **Service Excellence**
 - Web Accessibility Improvements
 - Payment Processing Improvements
 - Procurement Process Improvements

Organization Chart

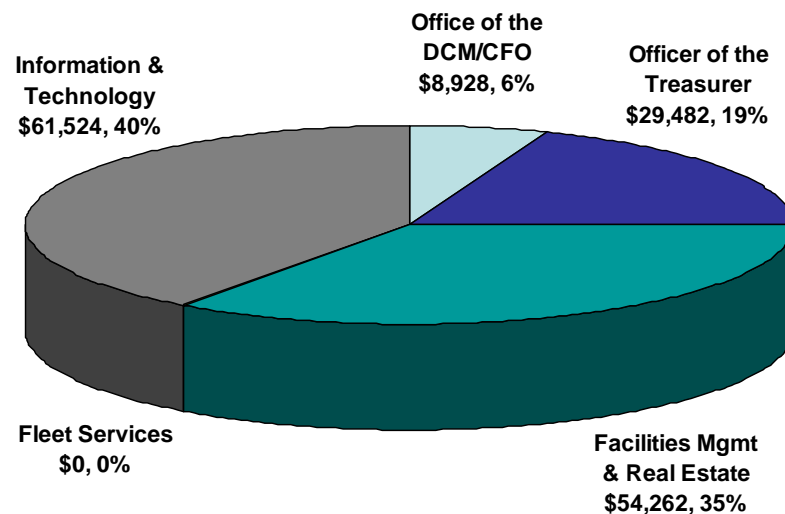


2010 Recommended Budget (\$000s)

Gross: \$393,813



Net: \$154,196



2010 Recommended Net Budget

(In \$000s)	2009 Approved Budget \$	2010 Recom'd Budget \$	2010 Recom'd Budget vs 2009 Approved Budget	
			\$	%
Office of the CFO/DCM	8,949.8	8,928.0	(21.8)	(0.2)
Office of the Treasurer	30,464.1	29,482.3	(981.8)	(3.2)
Facilities Management & Real Estate	54,923.9	54,261.7	(662.2)	(1.2)
Fleet Services	332.2	0.0	(332.2)	(100.0)
Information & Technology	60,310.6	61,523.6	1,213.0	2.0
Total Internal Services	154,980.6	154,195.6	(785.0)	(0.5)

Office of the DCM/CFO

2010 Admin. Recommended Operating Budget - Overview

What We Do

- Protect the City's financial assets through corporate management of borrowing and investments
- Protect the City's physical assets through insurance and risk management
- Provide corporate financial planning, management, reporting and control services to City Programs and ABCs
- Provide financial analysis, negotiation, assessment and advisory services
- Provide administrative services to the Internal Services Cluster, supporting its day to day operations of delivering financial and shared services to other divisions, City Council and the Public

Service Levels

- Issued debentures in 2009 totalling \$400 million to support the City's capital works program
- Invest the City's \$4.6 billion investment portfolio
- Process approximately 14,000 insurance claims annually
- Reviewed, analyzed and made recommendations on the 2010-2019 capital budget and plan totalling \$25.7 billion (tax and rate supported)
- Reviewed, analyzed and made recommendations for the 2010 Operating Budget totalling \$10.4 billion (tax and rate supported)
- Manage City's development charges system which yields on average \$80 million annually
- Review over 880 staff reports with financial implications annually
- Review approximately 330 contract reports for award by Bid Committee and approximately 50 contract reports for award by Council

Efficiencies & Innovation

- Investment program produces high returns that consistently meets or exceeds industry benchmarks
- Maintain AA credit rating with stable outlook during tough economic times
- Developed debt restructuring plan that is affordable and finances highest priority capital projects on a city-wide basis
- Innovative use of financial incentive tools to attract investment to the City
- Engaging private sector in infrastructure investments

Achievements & Awards

- Received two prestigious awards for the City's Long Term Fiscal Plan: the GFOA Award for Excellence and a Silver Award from the Public Sector Quality Fair
- Policy for commodity hedging adopted by Council and being implemented
- Introduced a new Development Charges Bylaw that provides capital funding
- Introduced a Service Review process in 2009 to establish priorities and to guide 2010 Budget Process
- Transition of cluster IT Services to Corporate Information and Technology division as part of the IT Transformation Strategy

2010 Recommended Budget

2010 Recommended Net Base Budget Before Reductions (\$000s)		9,316
Net Budget Reductions:		
· Efficiencies	(75)	
· Revenue Adjustment - DC	(21)	
· Hiring Delays & Position Reductions	(292)	(388)
2010 Recommended Net Budget		8,928
2009 to 2010 Budget Change		(22)
% Change		(0.2%)

Opportunities / Challenges

- Securing funding for long term operating plan
- Maximizing all economic stimulus funding
- Implementing a multi-year, service-based Financial Planning Process with focus on performance and long term planning
- Financial constraints and cost reduction environment faced by the City of Toronto

Office of the Treasurer

2010 Admin. Recommended Operating Budget - Overview

What We Do

- Provide financial reporting and control services to City Divisions, ABCs and the Public that ensures compliance with General Accepted Accounting Principles, Public Sector Accounting Board, Federal and Provincial Legislation and Council Policies
- Provide timely, accurate and efficient payment processing
- Provide cost effective payroll, employee benefits and pension services to employees and pensioners in an accurate, efficient and timely manner
- Provide purchasing and materials management services in support of public program and service delivery through the application of open, fair, equitable and accessible business processes and practices
- Administer the City's major revenue sources including property taxation, water services, solid waste fees, parking tickets, Municipal Land Transfer Tax and Personal Vehicle Tax

Service Levels

- Process 420,000 invoices with 90% of invoices paid within 60 days
- Process 800,000 pay cheques and 116,000 pension cheques
- Approximately \$1.5 billion in purchases
- Process 1,700 purchase orders/contracts
- Manage warehouse inventory valued at \$2.1 million
- Process 66,000 issues of warehoused goods from City warehouses
- Process 1.3 million tax bills with revenues of \$5.5 billion
- Process 3 million parking tickets with revenues of \$80 million
- Process 1.5 million utility bills with revenues of \$1 billion

Efficiencies & Innovation

- On-line Call Document System has improved the efficiency of issuing and distributing call documents to potential bidders
- Accounts Payable Early Payment Discount Initiative has saved the City over \$4.75 million since 2005
- Achieved net zero increase to benefits through Collective Bargaining and introduced a new Illness and Injury Plan to reduce sick leave liabilities
- Joint water and solid waste utility bill resulting in administrative savings
- Claimed and received approximately \$1.5 million in commodity tax recoveries
- Protection of the City's tax assessment base, through the appeal process, helped to achieve savings/revenues of approximately \$50 million

Achievements & Awards

- Public Sector Quality Fair Awards:
 - Silver Award for the Accounts Payable Early Payment Discount Initiative
 - Merit Award for the Full Costing Model and its Application to Recreation Programs
 - Award of Excellence for the Online Call Document System
- Received GFOA Award for Financial Reporting for the Annual Financial Report for the third consecutive year
- Implemented 2009 Pandemic Procurement & Stockpiling Plan
- Successfully launched:
 - An updated interactive voice response (IVR) telephone system for parking tickets & water meter reading
 - Water Meter Reading Website
- Implemented updated assessment values and the provincially legislated 4-year phase-in of assessment increases for all properties in the City
- Tax Policies to protect the vulnerable

2010 Recommended Budget

2009 Recommended Net Base Budget Before Reductions (\$000s)		31,456
Net Budget Reductions:		
· Fee Adjustments	(947)	
· Position Reductions	(1,027)	(1,974)
2010 Recommended Net Budget		29,482
2009 to 2010 Budget Change		(982)
% Change		(3.2%)

Opportunities / Challenges

- Replacement/update of IT applications for Tax, Utility, and Parking Tickets
- To maintain and improve customer service standards in Revenue Services Call Centre
- Implementation of Automated Water Meter Reading
- Compliance with new accounting requirements for:
 - Capital Asset Accounting
 - Harmonized Sales Tax
 - Payment Card Industry compliance

Facilities Management & Real Estate

2010 Admin. Recommended Operating Budget - Overview

What We Do

- Operate and clean city facilities
- Maintain City facilities in a state of good repair
- Ensure the safety and security of City staff and the public using City facilities
- Manage and develop corporate energy programs and waste management programs
- Acquisition and disposal of municipal properties
- Landlord for leased property

Service Levels

- Manage City facilities equivalent to 15 million square feet
- Conduct 275 building condition assessments annually
- Renovate 160,000 square feet of floor space annually
- Project manage 600 capital projects annually
- Complete 44,000 building maintenance work orders annually
- Provide safe and secure environment for 1,345 facilities
- Administer 58,000 corporate facility meeting room bookings

Service Levels

- Coordinate 8,000 special events open to the public annually
- Manage energy retrofits for 50 buildings annually
- Conduct 30 energy audits annually
- Monitor 8,000 energy accounts
- Manage over 5,400 properties in the Asset Portfolio
- Complete over 300 property appraisals annually
- Sell approximately 35 City owned properties annually

Efficiencies & Innovation

- Energy retrofit program has realized \$5.5 million in energy savings since 2002, equivalent to 17,700 tonnes of CO₂ emission reductions
- Declare 21 properties surplus for turnover/transfer to Build Toronto and 10 properties for transfer to Build Toronto
- Conduct property tax/assessment appeals resulting in \$2 million in tax savings
- Maximize lease revenues on City property and generate over \$20 million in net revenues for the City

Achievements & Awards

- Received Electrical Safety Award
- Received Award of Excellence at the Public Sector Quality Fair for Nathan Phillips Square Revitalization Design Competition
- Assumed operational responsibility for Union Station
- Commenced implementation of the Capital Asset Management System and the Preventative Maintenance System
- OPA Master Program Agreement enhancement for an additional \$20 million to facilitate 19.0 megawatts of conservation outcomes
- Construction management to achieve LEED silver certification at the new Police Training Facility
- BOMA BEST certification for City Hall and Metro Hall facilities

2010 Recommended Budget

2010 Recommended Net Base Budget Before Reductions (\$000s)		57,164
Net Budget Reductions:		
· Efficiencies	(1,305)	
· Revenue Adjustments	(833)	
· Position Reductions	(764)	(2,902)
2010 Recommended Net Budget		54,262
2009 to 2010 Budget Change		(662)
% Change		(1.2%)

Opportunities / Challenges

- Revitalization of major public space:
 - Union Station
 - Nathan Phillips Square
 - Old City Hall
 - St. Lawrence Market North
- Implementation of the Facilities Transformation Project and implementation of supporting information systems
- Aging Facility Infrastructure – 20% of City owned buildings are over 50 years old
- Grow and enhance the Real Estate portfolio relationship with Build Toronto

Fleet Services

2010 Admin. Recommended Operating Budget - Overview

What We Do

- Acquisition and disposal of the City vehicles and equipment
- Maintain fleet inventory for provision of:
 - Salt and plow trucks for snow removal
 - Sweepers for street cleaning
 - Trucks to pick up garbage, repair potholes and fix water main breaks
 - Aerial trucks to maintain tree canopy
 - Trucks and equipment to maintain parks and beaches
 - Vehicles for animal services and bylaw enforcements
 - Bookmobiles and vans for the transport of library materials
- Train and license drivers and operators of City vehicles and equipment
- Management and oversight of the City's fuel sites

Service Levels

- Manage approximately 4,900 vehicles and pieces of equipment with an estimated replacement value of \$286 million
- Process approximately 31,000 repair orders annually on a timely basis
- Manage 21 and oversee 36 fuel sites for a total of 57 sites
- Ensure fuel is available 24/7 to support divisional operations
- Conduct 220 spot checks annually to ensure safe usage
- Assess and maintain records for 10,000 driver permits
- Provide training and testing for Ontario Ministry of Transportation license upgrades to 2,000 City operators annually

Efficiencies & Innovation

- Reduce CO₂ emissions from fleet operations by 15,300 tonnes
- Fuel sites upgrade and closure to reduce environmental risks and to improve operational efficiencies
- Achieved the Commercial Vehicle Operators Registration (CVOR) safety rating
- Implementation of a new fuel purchasing program including financial hedging to minimize the impacts of fluctuating market fuel prices and to minimize costs
- Rationalization of City fleet will reduce approximately 100 vehicles by ensuring that all vehicles on hand are required and fully utilized in order to minimize maintenance costs
- Implementation of parts consignment model eliminated the need to carry City inventory of up to \$2 million and reduced vehicle downtime
- Continue to reduce maintenance downtime average below 4 hours per service occurrence
- Continue to enhance the fleet's environmental impacts by choosing environmentally sustainable vehicles, fuel and practices

Achievements & Awards

- Public Sector Quality Fair Awards:
 - Bronze Award for the Green Fleet Expo
 - Recognition of Commitment to Quality for the Idle-Free Campaign for City of Toronto
 - Recognition of Commitment to Quality for the Fleet Services Driver Tracking System
- Added 110 green vehicles to City's fleet, bringing the total to 520
- Commenced the installation of "idle free" devices in the light-duty vehicles to reduce fuel consumption, costs and CO₂ emissions
- Upgrade of Fleet Management System provided enhanced tools to manage fleet operations and to provide timely information to Divisions

2010 Recommended Budget

2010 Recommended Net Base Budget Before Reductions (\$000s)		626
Net Budget Reductions:		
· Efficiencies	(283)	
· Position Reductions	(343)	(626)
2010 Recommended Net Budget		-
2009 to 2010 Budget Change		(332)
% Change		(100.0%)

Opportunities / Challenges

- Re-aligning maintenance operations at various Fleet locations to meet clients' demand on service
- Aging workforce demands careful succession plan for maintenance staff
- Maintaining a high standard of driver safety in a fiscally challenging environment
- Implementing and maintaining Service Level Agreements in accordance with the Fleet Governance Model
- Continue the "Idle Free" campaign to reduce carbon dioxide emissions

Information & Technology

2010 Admin. Recommended Operating Budget - Overview

What We Do

- Ensure an effective IT governance to direct the policy, strategic planning and execution of IT investments according to the City's priorities and Council directions
- Through enterprise architecture, reviews are conducted to ensure new investments in software and technology can be maintained efficiently and that they lever existing City investments and enhance information sharing
- Plan, build, implement and upgrade technology and business applications for program divisions to enhance service delivery and/or efficiency
- Provide technical support to the City's IT to ensure services are available 7 days a week, 24 hours a day, 365 days of the year
- Provide training on desktop and critical applications to City staff
- Manage the City's technology infrastructure including data centre, network, telecommunication, desktop, systems and applications
- Manage City's toronto.ca website and online applications

Service Levels

- Manage over 16,000 desktops, 3,800 notebooks, 20,000 monitors, 3,800 printers and 150 plotters and scanners
- 3 Data Centres that are operational 7x24x365 that hosts many mission critical and business critical systems
- Manage over 1,100 servers, with over 400 Terabytes of data (equivalent to 33 million phone books)
- Respond to 94,000 service desk calls annually
- Manage 23,000 land-line phones, 14,000 voice-mail boxes, 2,500 blackberries and 7,500 cell phones/pagers
- Manage 200 corporate business applications
- Account management for over 26,000 active user accounts, over 20,000 E-Mail accounts with over 500,000 messages per month
- Oversee 26 public online applications, over 260,000 web pages including 143,000 Council & Committee documents
- City website has over 2.2 million page views/week and over 110 million/year
- Provide IT training to over 1,500 city staff per year on a wide range of key skill areas

Efficiencies & Innovation

- Moved to 5 year I&T Asset Lifecycle compared to industry standard of 3 years
- Established an SAP Licensing Framework, allowing the City to take an integrated, coordinated approach to investments in SAP software. The City's SAP license discount percentage has doubled as a result of this initiative
- Migrated 180 Microsoft Windows servers to 20 virtual servers improving the efficiency and availability of resources and applications
- IT Transformation – centralizing delivery of corporate IT support and development
- Improvements to IT Governance:
 - eService/eGovernment/eBusiness Committees
 - Business Advisory Panel chaired by City Manager
 - SAP Steering Committee

Achievements & Awards

- Public Sector Quality Fair Awards:
 - Gold Award for the Technology End of Lease Initiative
 - Recognition of Commitment to Quality for the SAP Competency Centre: Upgrade to MySAP ERP
- Launched www.toronto.ca/open and developed strategies in support of Open Data
- Launched Toronto Innovation Showcase to showcase City's IT innovations and success stories on collaboration and partnerships
- Co-sponsor and key role to develop an enterprise eService Strategy
- Co-sponsor and key role to launch 311 and 311 online presence, including the @311Toronto Twitter account
- Awarded new Telecommunication Contract that will replace the City's individual voice and data contracts with a Unified Communications approach based on Voice over Internet Protocol
- Completed contract negotiations with Cogeco for a state of the art digital network that will greatly assist the City in connecting with the public

2010 Recommended Budget

2010 Recommended Net Base Budget Before Reductions (\$000s)		63,012
Net Budget Reductions:		
• Efficiencies	(1,831)	
• Minor Service Level Changes	(699)	
• Position Reductions	(498)	(3,028)
2010 Recommended Base Net Budget		59,984
2009 to 2010 Base Budget Change		(318)
% Change		(0.5%)
New/Enhanced Services:		
• Maintenance Fee for SAP Licensing	1,540	1,540
2010 Recommended Net Budget		61,524
2009 to 2010 Budget Change		1,222
% Change		2.0%

Opportunities / Challenges

- Growing citizen demand for new and improved web based services with the expectation of seamless access to services & information on a 7x24 basis
- Growing demand/opportunities from divisions to leverage IT for their transformation goals within a resource constrained environment
- SAP Landscape Upgrade to improve reporting effectiveness and expand SAP Business Intelligence and Data Warehouse technologies
- Completing final stage of I&T governance and transformation to improve planning and priority setting
- Move towards a “unified communications” implementation over the next 2 years to replace current phone technology with a state of art integrated voice and data telecommunications capability
- Plan and build new Data Centre and Data Centre Services that will consolidate over 22 current computer facilities

Internal Services Cluster - 2011 Outlook

- **Expenditure Increases:**

- Cost of Living Allowance and Progression Pay
- Inflation – Materials & Supplies
- Impact of Capital Projects

- **Cost Mitigation Strategies:**

- Look for sustainable efficiencies
- Review of user fees
- Service review process including review of position requirements