



STAFF REPORT ACTION REQUIRED

Core Service Review

Date:	July 21, 2011
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

The purpose of this report is to transmit the Core Service Review Summary and Service Profiles prepared by KPMG LLP and the results of the public consultation, for consideration by Standing Committees at special meetings scheduled between July 18, 2011 and July 28, 2011. Service Profiles of the City's governance functions and the City's agencies will be considered by Executive Committee on July 28, 2011. The City Manager will report further on the Core Service Review to the Executive Committee at its September 19, 2011 meeting, including providing comments on recommendations coming forward from the Special Standing Committee meetings.

The Service Review Program includes: a Core Service Review that examines which services the City should be delivering, Service Efficiency Studies that examine service levels and how specific City services are delivered to ensure the most efficient and cost-effective service delivery, and a User Fee Review that examines all user fees currently in place to determine the extent to which they are fair and collect the full cost of providing the service.

The Service Review Program is being undertaken in 2011 in preparation for the 2012 Budget Process. In 2011, the City will set the foundation for its services and service levels to establish the basis for multi-year planning and service delivery to meet its budgetary objectives in 2012 and beyond.

RECOMMENDATIONS

The City Manager recommends that:

1. the Executive Committee consider the List of Opportunities identified in Appendix A, Part 2 of the report, *Core Service Review*, as part of meeting the 2012 budget reduction targets and make recommendations to the Executive Committee for its September 19, 2011 meeting; and
2. the Executive Committee request the City Manager to review the List of Opportunities to ensure service efficiencies are maximized to meet the 2012 budget targets and multi-year service and financial planning objectives and report directly to Executive Committee for its September 19, 2011 meeting.

Financial Impact

The City is facing difficult decisions in 2012 and future years to meet its budget challenges. The City currently has a 2012 beginning operating spending pressure estimated at \$774 million. The annual stabilization of one-time short term sources of funding must be replaced with expenditure reductions to ensure a long-term sustainable operating budget for the City of Toronto.

The Core Service Review is intended to align City services and service levels within the context of the 2012 Operating Budget. The Core Service Review opportunities identified by KPMG LLP along with the User Fee Review and Service Efficiency Studies are tools to assist in meeting the 2012 budget challenges.

The Deputy City Manager/Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on April 12 and 13, 2011, City Council approved the report, *Service Review Program, 2012 Budget Process and Multi-Year Service Planning Process* and requested:

- (a) the City Manager to report the findings of the Core Service Review in preparation of the 2012 Budget Process to the applicable Standing Committee;
- (b) that each Standing Committee make recommendations to Executive Committee for its September 2011 meeting; and
- (c) the City Manager comment on any Standing Committee recommendations and submit a report directly to Executive Committee for consideration.

The full report can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX4.10>

COMMENTS

This report transmits the findings of the Core Service Review undertaken by KPMG LLP, including a Summary Report and Service Profiles within the jurisdiction of the Executive Committee. This report also transmits the results of the *Toronto Core Service Review: Public Consultation*.

1. Overview of the Core Service Review

To support City Council's 2012 budget deliberations, the City Manager undertook a Core Service Review of all services delivered by City divisions and agencies. The City Manager retained third-party expertise, the firm KPMG LLP, to assist with this initiative.

The Core Service Review conducted by KPMG LLP:

- inventoried all City services, service levels and service standards based on program maps developed for the City's Financial Planning and Reporting System (FPARS);
- identified which City services are mandatory, essential, traditional, and other;
- identified the role the City plays in each service (Regulator, Funder, Manager through Contracted Services or Partnerships, Service Manager and/or Deliverer);
- benchmarked City services and service levels against comparable jurisdictions and leading practices;
- identified opportunities for cost savings, ranking opportunities by both timeframe and potential for savings; and
- identified potential risks and implications of opportunities.

1.1 List of Opportunities and Service Profiles

KPMG LLP has provided a List of Opportunities and areas for potential cost savings. They have identified timeframes; and ranked the risks and implications and barriers related to each opportunity.

KPMG LLP has also prepared Service Profiles for services within the mandate of the Executive Committee. Each Service Profile includes the following information:

- gross and net costs;
- percentage of net cost;
- core ranking;
- service level and source of service level standard;
- the City's role in the service;

- comparative benchmarking information; and
- options and opportunities, and associated risks and implications.

The Service Profiles for the Executive Committee include:

Governance

- Internal Audit (City Manager's Office)
- Equity, Diversity and Human Rights (City Manager's Office)
- Corporate Leadership and Strategic Direction (City Manager's Office)
- Strategic Communications (City Manager's Office)
- Human Resources (City Manager's Office)
- Corporate Finance
- Financial Planning
- Special Projects
- Elect Government (City Clerk's Office)
- Make Government Work (City Clerk's Office)
- Promote Open Government (City Clerk's Office)
- Solicitor (Legal Services)
- Civil Litigation (Legal Services)
- Prosecution (Legal Services)

Cluster A and B

- Affordable Housing Office
- Office of Emergency Management
- City Emergency Human Services
- Toronto Office of Partnerships
- Waterfront Secretariat
- Community Partnership and Investment Program (CPIP)

Agencies

- Arena Boards of Management
- Association of Community Centres (AOCCs)
- Exhibition Place
- Heritage Toronto
- Sony Centre for the Performing Arts (Theatres)
- St. Lawrence Centre for the Arts (Theatres)
- Toronto Centre for the Arts (Theatres)
- Toronto Atmospheric Fund
- Toronto Parking Authority
- Toronto Police Service Board
- Toronto Police Service
- Chronic Diseases and Injury (Toronto Public Health)
- Family Health (Toronto Public Health)
- Provincially Mandated – Dental and Child Health (Toronto Public Health)

- Municipally Mandated – Dental Health and Investing in Families (Toronto Public Health)
- Municipally Mandated – Community Partnership and Investments Program (Toronto Public Health)
- Infectious Diseases (Toronto Public Health)
- Environmental Health (Toronto Public Health)
- Emergency Preparedness (Toronto Public Health)
- Administration (Toronto Public Library)
- Library Facility Access (Toronto Public Library)
- Library Collection Use (Toronto Public Library)
- Programs and Outreach (Toronto Public Library)
- Conventional Transit (Toronto Transit Commission)
- Wheel-Trans Transit (Toronto Transit Commission)
- Toronto Zoo
- Yonge-Dundas Square

The List of Opportunities and Service Profiles are attached as Appendix A.

2. Toronto Core Service Review: Public Consultation

2.1 Public Consultation Process

The City Manager launched a public consultation process to encourage the public to tell the City what they think about City services, to elicit their input on service priorities and to learn what the public wants City Council to consider when making decisions about future service delivery.

The public consultation had several main objectives: providing information to the public so that they could participate in the process, providing multiple options for participation and input, providing input to the City, Standing Committees and Council to assist them in their deliberations, and closing the communication loop with participants by posting raw and analysed data. The public consultation process ran from May 11, 2011 to June 17, 2011 and over 13,000 people participated.

The consultation included:

1. **A Feedback Form.** All participants were encouraged to complete a feedback form designed for this consultation and made available online and in paper copy. The questions explored service priorities, service delivery models and funding options for City services.
2. **A website** was developed with information about the City and its services, an online version of the feedback form, a calendar and map of City-run and Councillor-led sessions, a blog, social media links and the consultation plan.

3. **Information Kits** were available for organizations, individuals and City Councillors to support their small group discussions. The kits included suggestions for running a session as well as directions for submitting input and information on other engagement opportunities.
4. **Public Roundtable Discussions** - 8 sessions were held across the City at various times and days of the week to give the public opportunities to learn about and discuss City services and provide their feedback.

The public will have additional opportunities to provide input and feedback at 8 Special Standing Committee meetings scheduled from July 18, 2011 to July 28, 2011 to consider the City Manager's report *Core Service Review*.

2.2 Key Observations

City staff reviewed all feedback gathered through the public consultation including the feedback form and the 8 public sessions. The feedback form enabled residents to focus and comment on the services most important to them while the 8 public sessions enabled residents to discuss why they felt various services were necessary to the City.

The consultation confirms that the public:

- value and rely on the services that the City delivers;
- prioritized services that generally reflect the services ranked core and essential by KPMG such as public transit, emergency response, water treatment and distribution, public health services, garbage, organics and recycling, roads, sidewalks and traffic services, and public libraries;
- are mixed about how best to pay for City services - some residents support an increase in taxes or users fees, while other residents would rather see service reductions than an increase in taxes or user fees, or residents preferred a combination of tax or user fee increases and service reductions;
- identified some services that could be delivered by others (private sector or not-for-profit); and
- prefer the City to deliver its services better than most other cities.

The report, *Toronto Core Service Review: Public Consultation*, is attached as Appendix B. The report and raw data are available online at www.torontoservicereview.ca

3. Next Steps

The City Manager was requested to report further on the Core Service Review directly to the Executive Committee at its September 19, 2011 meeting, including providing comments on recommendations coming forward from the Special Standing Committee

meetings. In developing the report and final recommendations, the City Manager will carefully consider all relevant information including:

- the findings of the Core Service Review conducted by KPMG LLP;
- the results from the *Toronto Core Service Review: Public Consultation*;
- the recommendations to Executive Committee from the Special Standing Committees; and
- public deputations at the Special Standing Committee meetings.

The City Manager's report will recommend service and service level changes and reductions for incorporation into the 2012 Operating Budget process for consideration by the Executive Committee at its September 19, 2011 meeting and by City Council at its September 27, 2011 meeting. It is critical that City Council provide budget direction to staff related to City services and service levels for consideration through the 2012 budget process.

At the same time, results from the 2011 Service Efficiency Studies will also be considered through the 2012 Operating Budget process.

CONTACT

Joseph P. Pennachetti
City Manager
Phone: 416-392-3551
Fax: 416-392-1827
Email: jpennac@toronto.ca

SIGNATURE

City Manager

ATTACHMENTS

Appendix A – KPMG LLP Standing Committee Summary and Service Profiles
Appendix B – *Toronto Core Service Review: Public Consultation*