*cutting through complexity ™*

**City of Toronto**
Core Service
Review Project

**Council Committee Presentation:**
**Parks and Environment**

**July 21, 2011**

# Core Service Review Project

## Terms of Reference

In May of 2011, the City engaged KPMG LLP (KPMG) to conduct the Core Service Review.  As per the City's Statement of Work, the purpose and intent of the review is as follows:

- The project purpose is to review and analyze all City of Toronto services, activities and service levels provided by divisions and agencies and to apply a core service filter to assist Council's decision-making. The filter identifies services that are not core, or that are provided at higher than standard service levels.

## In Scope

- Review and analysis the City's approximately 105 services.
- Review and analysis of approximately 50 services provided by the City's agencies, boards, and commissions.
- Research and analysis of several comparable municipalities and jurisdictions.

## Out of Scope

- Detailed analysis of services to identify efficiency and effectiveness opportunities (these will be delivered through a separate Efficiency Review process).
- Detailed articulation of cost savings potential to be achieved through service changes.
- Management decisions on what actions to pursue with respect to City services.

# Roles and Responsibilities

Projects of this nature require a very clear governance structure, unambiguous roles and responsibilities, and well-defined accountabilities. The following table outlines the roles of the City and KPMG:

| Roles and Responsibilities | |
|---|---|
| **City of Toronto** | **KPMG** |
| • Provide an inventory of all services, service standards and service levels<br><br>• Provide, validate, and ensure accuracy of all financial and budget data and all other available information related to particular services and activities<br><br>• Provide relevant service-related policy directions, reports, and Council decisions<br><br>• Provide any input gathered through the public engagement process (if available in time)<br><br>• Review and validate factual information of service assessment<br><br>• Present results of this report at Council's Standing Committees<br><br>• Council to decide on changes to services provided | • Conduct an assessment of all in-scope services provided by the City and its agencies, boards, and commissions<br><br>• Conduct a jurisdictional review of comparable municipalities/jurisdictions<br><br>• Apply a core service filter to determine the degree to which services are core and whether service levels are above standard<br><br>• Identify options and opportunities to change services and service levels<br><br>• Support the City at Council Committee presentations<br><br>• Provide guidance, advice, and support to the City, as required |

# Project Approach

To meet the objectives of this review, KPMG conducted an assessment of services delivered and service levels, and identified options and opportunities the City could potentially undertake to make changes to its suite of services. The approach is described below and on the following pages.

## Service and Service Level Assessment

- Assessment involved evaluation of each service through a core ranking filter on a mandatory/discretionary continuum

- KPMG also compared current service levels against established service standards set by legislation, council, management, funding sources or industry best practices

- KPMG used four sources of input to perform the assessment (also detailed on the next two pages):

  1. Program maps and type profiles provided by the City. These were developed by the City as a result of its service mapping and cost allocation initiative, and included financial data submitted by programs and divisions

  2. Jurisdictional review of comparative cities and governmental bodies. These included municipal, regional, and provincial governments either of similar size and profile, or of similar approach to delivering specific services

  3. Input and validation from City of Toronto senior management. Numerous interviews and workshops were held with City representatives to gather and subsequently review and validate service assessment information

  4. KMPG experience, including global KPMG Specialist Panel. KPMG involved its own senior employees in other countries with specialized expertise related to a particular domain (e.g., law enforcement, transportation, etc.) to identify global trends and leading practices to inform analysis of services

## Jurisdictional Review

Jurisdictional review included an analysis of OMBI data for Ontario cities and research of jurisdictions, which are comparable to Toronto, were generally established and built out in the same timeframe, and with similar urban characteristics. Provincial and federal jurisdictions were reviewed for information primarily related to governance and administration of large public sector organizations. Note that all cities do not necessarily provide a good comparison for all services (e.g., snow and ice control). List of jurisdictions was validated with City management. Some additional jurisdictional information was provided by the City.

### Cities

- Chicago, USA
- Philadelphia, USA
- Boston, USA
- Montreal, Canada
- Barcelona, Spain
- Melbourne, Australia

### Governments

- Government of Canada
- Government of Ontario
- Government of Alberta
- Government of Saskatchewan

# Project Approach (continued)

## Options and Opportunity Identification

- Options and Opportunities were identified based on the service and service level assessment

- Services that were ranked closer to the "discretionary" side of the core/discretionary continuum were considered for opportunities for scaling down, divestiture, or elimination

- Services that appeared to have elevated service levels were considered for opportunities for service level reductions, alternate service delivery, or reengineering

- Other opportunities were also presented on the basis of jurisdictional review, City management input, and KPMG experience

- Risks and implications of each option were identified and validated with City Management

- While KPMG was not explicitly contracted to quantify the potential savings of each opportunity, a high-level classification of savings potential was nevertheless performed

- Potential timelines for implementation (when first financial impacts would begin to materialize), as well as barriers for implementation (conveying ease or difficulty in pursuing the option) were also identified

## Options and Opportunities – Intended Use

- Options and opportunities presented in this report should not be construed as recommendations; they are included solely for informed decision making by the CMO.  Options are identified as things the City could consider doing, rather than advice to proceed.

- Presented options are suggested for consideration if the primary objective is cost savings.  Some may have negative effects on the City, its residents and communities, and these have been identified to the extent possible.  KPMG has made no effort to evaluate whether the negative impacts outweigh the savings possible.

- Options and opportunities have been classified into several categories: potential savings, risks, timing, and barriers to implementation.  These categories closely align with decision criteria, which have been used extensively by other public sector organizations to prioritize opportunities for change.  The classification was done by KPMG to assist the Committee with prioritization and decision making, and should not be construed as detailed analysis of options.

- Potential Savings – this is a categorization of cost savings that relates to a specific service, activity, or type. These related services and activities have been included in the summary table only to demonstrate relationship of options to services.  The committee is not advised to calculate potential savings by multiplying savings categories and service/activity budgets.

## Methods and Tools

Core Service Reviews typically involve an assessment of a suite of services to understand to what degree they are core.  Some organizations define this categorization as a simple binary choice – "core" vs. "non-core".  Others adopt a more descriptive approach of classifying services as "mandatory", "critical", "discretionary" (or other relevant terms pertinent to their industry, scope, and scale).  KPMG experience suggests that a "core continuum" is a more useful assessment method, yielding better results and more informative products.

KPMG, with validation by the City, has developed a customized continuum for assessing core versus discretionary services.  Along the continuum, there are four descriptive categories, which, when applied to a service formed the "Core Ranking" for that service.  Services that were deemed to be classified between these four categorizations were given a fractional ranking (e.g., 3.5).

# Core Service Review Methodology – Service Assessment

## Service Assessment Methodology

The "core continuum" was defined with the following categories:

- Mandatory(1): mandated or required by legislation from the federal or provincial government

- Essential (2): critical to the operation of the City.  Without the service, the City would stop functioning

- Traditional (3): municipal service, provided by virtually all large municipalities for many years

- Other (4): service provided by the City to respond to particular community needs, based on a positive business case, or other specialized purposes

## Service Level Assessment Methodology

In order to assess service level performance, we used the following scale to compare the current service levels of City of Toronto activities with service level standards:

- Below Standard (B)

- At Standard (S), with S- and S+ indicating somewhat below or above standard

- Above Standard (A)

Service level "At Standard" is:

- Consistent with the level required by legislation, or where there is no legislation…

- Consistent with industry standards and practices, and where they are not clear…

- Consistent with business case analysis justification, and where that is not clear…

- Consistent with service levels in other municipalities, and where that is not clear…

- Consistent with reasonable expectations

## Standing Committee

Parks and Environment

## Cluster

Cluster A

## Program

Parks, Forestry and Recreation

## Service Type

External Service Delivery

## Service Budget ($m)

| | |
|---|---|
| Gross | $43.9 |
| Net | $31.3 |

## Rationale for Core and Service Level Assessment

Municipalities are responsible for the trees on municipal land.

The City must maintain the trees to minimize liability from falling branches or trees.

|  | Below Standard | At Standard | Above Standard |
|---|---|---|---|
| **Core** Mandatory | Tree Protection | | |
| Essential | Tree Care Maintenance | Urban Forestry Planning | |
| **Discretionary** Traditional | | | |
| Other | Tree Planting | | |

## Jurisdictional Examples

## Key Opportunities

- Reducing the target for growth of the tree canopy would allow programs to be reduced.

# Parks, Forestry and Recreation
## Parks

### Standing Committee
Parks and Environment

### Cluster
Cluster A

### Program
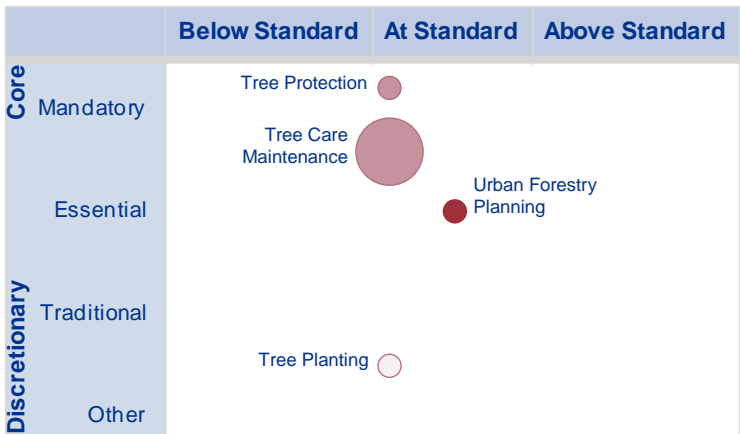Parks, Forestry and Recreation

### Service Type
External Service Delivery

### Service Budget ($m)
| | |
|---|---|
| Gross | $131.3 |
| Net | $112.2 |

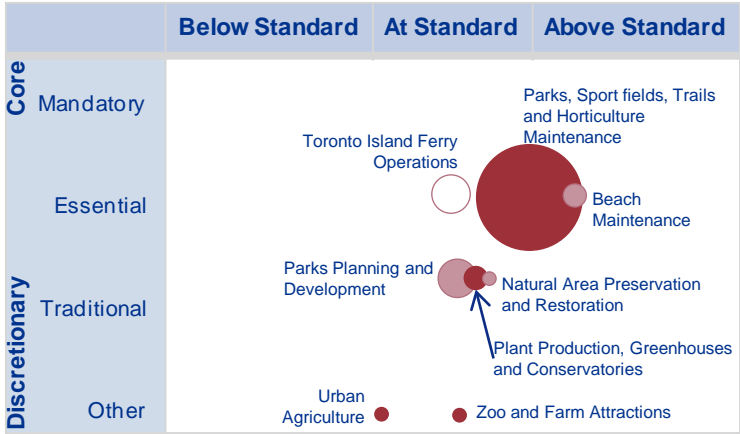### Rationale for Core and Service Level Assessment

The City has a legal responsibility to keep its properties in a safe condition to avoid liability for any accidents. Relative Parks and Beach Maintenance are therefore rated as essential services. Service levels are above the level required to meet the legislative requirements. Furthermore, some specific areas within Parks provide a higher service level than required even recognizing the high level of public use.

The Toronto Island Ferry is a unique Toronto service responding to local needs.

The Zoo, Farms and Urban Agriculture services are additional enhancements to Park services in Toronto.

### Jurisdictional Examples

OMBI data indicates that:

- Toronto has less parkland per capita than other Ontario cities, and spends more per hectare of parkland to maintain it, both of which are consistent with the much higher population density.

- 59% of residents use parks at least once a week and only 7% report they never use parks.



Chart axes: columns — Below Standard, At Standard, Above Standard. Rows (Core): Mandatory, Essential; (Discretionary): Traditional, Other.

Bubbles: Toronto Island Ferry Operations; Parks, Sport fields, Trails and Horticulture Maintenance; Beach Maintenance; Parks Planning and Development; Natural Area Preservation and Restoration; Plant Production, Greenhouses and Conservatories; Urban Agriculture; Zoo and Farm Attractions.

### Key Opportunities

- There are opportunities to eliminate some non-core services, particularly the urban agriculture and farm and zoo activities.

- There are opportunities to reduce service levels, particularly in grass cutting.

- There are also opportunities to reduce costs by contracting maintenance activities, including the potential to contract with interested community groups, such as sport field user groups.

| Activities | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Activity Name** | **Gross Cost ($m)** | **Net ($m)** | **% Net** | **Core Ranking** | **Service Level** | **Source of Standard** | **City Role** | **Notes** |
| Beach Maintenance | 2.89 | 2.19 | 76% | 2 | S+ | M | D | • Service being provided above what is required to keep beach goers safe. |
| Natural Area Preservation and Restoration | 0.88 | 0.65 | 74% | 3 | S | M | D | |
| Parks Planning and Development | 6.09 | 4.28 | 70% | 3 | S | M | D | |
| Parks, Sport fields, Trails and Horticulture Maintenance | 109.50 | 101.10 | 92% | 2 | S+ | M/IS/C | D | • In some areas, standards are not met (Graffiti Removal). <br>• Service standard could be re-examined in specific areas (Weekly grass cutting and litter pick up, Clearing snow) . |
| Plant Production, Greenhouses and Conservatories | 3.54 | 3.35 | 95% | 3 | S | M | D | |
| Toronto Island Ferry Operations | 6.47 | -1.14 | -18% | 2 | S | M | D | |
| Urban Agriculture | 0.49 | 0.49 | 100% | 4 | S- | M | D | • Service standard calls for twice as many urban community gardens as are now provided. |
| Zoo and Farm Attractions | 1.39 | 1.27 | 91% | 4 | S | M | D | |

| | **Options, Opportunities, Risks and Implications** | | **Potential Savings \*** | **Time Frame \*\*** | **Barriers** |
|---|---|---|---|---|---|
| **Type** | **Options and Opportunities** | **Risks and Implications** | | | |
| SLR | Consider reducing standard for snow clearing to be eight centimeters of snowfall. | Current standard of clearing parking lots and pathways after five centimeters is higher than the standard for snow clearing on residential roads. There would increase the risk of slip and fall claims particularly with respect to pedestrian pathways. | Low (up to 5%) | 2012 | High |
| SLR | Consider reducing standard for grass cutting, other than on sports fields. | Weekly grass cutting may not be necessary except for high-use surfaces like playing fields. | Low (up to 5%) | 2012 | Low |
| ASDR | Consider partly contracting maintenance of park facilities to interested community groups. Example: Sports associations for sport fields, horticultural groups for some flower displays. | Parks can often be maintained at lower cost yet higher standards by groups with vested interests in the outcome. Approach would not work in all circumstances, particularly where large equipment is required. | Medium (up to 20%) | 2013 | Low |
| ASDR | Consider contracting maintenance of parks. | Routines tasks such as grass cutting can often be achieved more cheaply when contracted. | Medium (up to 20%) | 2013 | Low |
| NCSR | Consider eliminating horticulture activities. | These activities are not related to maintaining the safety of Toronto parks. | Low (up to 5%) | 2012 | Medium |
| NCSR | Consider eliminating Urban Agriculture service. | This is a relatively new and expanding activity area that provides some residents the opportunity to grow food on city parkland. | High (more than 20%) | 2012 | Medium |
| NCSR | Consider elimination of the Zoo and Farm attractions. | These are "above-standard" services, but enjoyed by many residents. | High (more than 20%) | 2012 | Medium |

\* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.
    Savings will accrue to utility rates rather than taxes where noted.
\*\* Timeframe refers to first year in which savings could be realized.  Full savings may take longer.

# Toronto Environment Office
## Toronto Environment Office

### Standing Committee

Parks and Environment

### Cluster

Cluster B

### Program

Toronto Environment Office

### Service Type

• External Service Delivery
• Internal Support Services

### Program Budget ($m)

| | |
|---|---|
| Gross | $11.5 |
| Net | $3.2 |

### Rationale for Core and Service Level Assessment

Environmental Support for Residents and Businesses are optional services that increase awareness and foster action on environmental issues.

Corporate Environmental Support Services is also largely discretionary services, with the exception of Regulatory Reporting, which is required by legislation (federal, provincial and city by-laws).

|  | Below Standard | At Standard | Above Standard |
|---|---|---|---|
| **Core** Mandatory | | | |
| Essential | | | |
| **Discretionary** Traditional | | | |
| Other | | | |

Environmental Advisory, Coordination and Regulatory Reporting

Monitoring, Research and Evaluation

Strategic Policy Analysis, Development and Implementation

Program Design and Delivery

Community Engagement

Community Grants

Community Partnerships

### Jurisdictional Examples

Some of the comparator cities were identified as having some similar programs:

• Montreal has guidelines to assist the municipal administration in integrating sustainable development into planning and policy-making in Montréal.

• In Chicago, the Chicago Department of Environment develops environmental policies, initiatives and programs, enforces the City's environmental code and regulations.

• In Melbourne , The Environment Management Plan sets out responsible waste and environmental practices for all properties in the municipality.
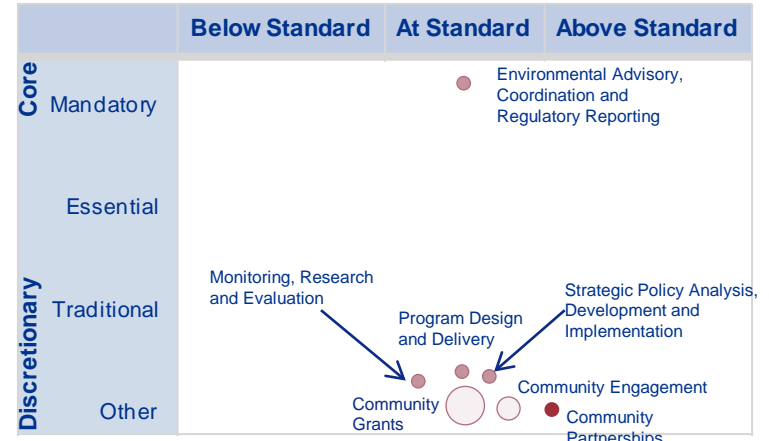
### Key Opportunities

• The activities of the Toronto Environmental Office are largely non-core and could be eliminated, albeit with some damage to Toronto's record and reputation in the environmental field.