KPMG

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City of Toronto
Core Service
Review Project

Council Committee Presentation:
Government Management
July 26, 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 • Provide, validate, and ensure accuracy of all financial and budget data and all other available information related to particular services and activities • Provide relevant service-related policy directions, reports, and Council decisions • Provide any input gathered through the public engagement process (if available in time) • Review and validate factual information of service assessment • Present results of this report at Council's Standing Committees • 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 • Conduct a jurisdictional review of comparable municipalities/jurisdictions • Apply a core service filter to determine the degree to which services are core and whether service levels are above standard • Identify options and opportunities to change services and service levels • Support the City at Council Committee presentations • 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

Project Approach (continued)

Jurisdictional Review/Leading Practices

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

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

Project Approach (continued)

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).

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

Core Service Review Methodology – Service Assessment

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

311

Standing Committee
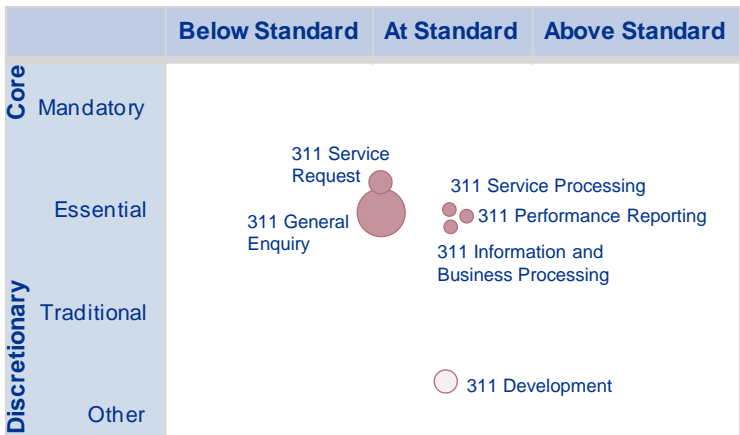
Government Management

Cluster

Cluster A

Program

311

Service Type

External Service Delivery

Program Budget ($m)

Gross	$19.1
Net	$9.7

Rationale for Core and Service Level Assessment

311 Customer Service is essentially a shared interface with the public for many divisions - therefore, this program is essential to providing those divisional services.

Service levels are slightly lower than the standard because response to inquiries is slower than the target.

	Below Standard	At Standard	Above Standard
Core Mandatory			
Essential	311 Service Request / 311 General Enquiry	311 Service Processing / 311 Performance Reporting / 311 Information and Business Processing	
Discretionary Traditional			
Other		311 Development	

Jurisdictional Examples

311 is rapidly becoming the standard approach for municipalities to give a single-point-of-access to non-emergency program and service inquiries for all residents, businesses and visitors.

Montreal, Boston, Philadelphia and Melbourne provide this service at the City level. In Barcelona, this service is provided through a City ABC. The service is available 24/7, 365 days a year in these jurisdictions.

Most provide performance reporting back to internal clients, but two do not have formal processes.

Key Opportunities

- The implementation of 311 as a "one-window" access to City services is still underway. Extension of the program to providing counter services, second tier information for some services, and integration with 211 operations should produce savings and improved public access.

- Outsourcing some aspects of 311 service delivery, particularly access to web-based services, may produce savings.

- Once these changes are implemented (or abandoned) the "311 Development" group will not be necessary.

Services								
Service Name	**Gross Cost ($m)**	**Net ($m)**	**% Net**	**Core Ranking**	**Service Level**	**Source of Standard**	**City Role**	**Notes**
311 General Enquiry	10.82	6.73	62%	2	S-	C	D	• Target of 80% of calls within 75 seconds could be higher.
311 Service Request	2.31	1.44	62%	2	S-	C	D	• Only getting 72% of calls within 75 seconds (target is 80 %) • Activities are : service fulfillment, service tracking.
311 Performance Reporting	0.14	0.09	64%	2	S	IS/M	D	• Internal reporting to divisional services (clients).
311 Service Processing	0.43	0.27	63%	2	S	C/M	D	• Activities are: Service Referral, Complaint Logging, Service Transaction, Service Process Tracking.
311 Information and Business Processing	0.72	0.45	63%	2	S	C/M	D	• This is an internal service for managing the knowledge base, scripting and conducting business process reviews.
311 Development	4.61	0.76	17%	3.5	S	C/M	D	• Required if model continues to evolve, but could be eliminated if model stabilized.

Options, Opportunities, Risks and Implications					
Type	**Options and Opportunities**	**Risks and Implications**	**Potential Savings ***	**Timeframe ****	**Barriers**
ASDR	Consider outsourcing some 311 activities to the private sector.	This is a standard approach for call center management, but there is relatively little experience for outsourcing 311 specifically. May increase difficulty in ensuring responsiveness and flexibility to respond to changes and unusual circumstances. If contractor is housed outside Toronto, may be more difficult to train staff adequately. May take some time to achieve and privacy concerns could be an issue. Pursuing outsourcing may impact staff morale. Depending upon the model, may not make good use of new state of the art facility.	Low (up to 5%)	2013	Low
SSR	Consider expanding the range of call centre services that 311 provides to client divisions.	Consolidating the dispatch functions of divisions like Water, Transportation and Solid Waste with 311, whether full-time or in slow periods, may produce savings. Similarly, providing second tier (more detailed) information for some services may produce savings by reducing need for tier 2 call response in divisions.	Low (up to 5%)	2013	Low
SSR	May be some opportunities in combining with 211.	Subject to suitable cost sharing. Could result in more complex governance.	Low (up to 5%)	2013	Low
SSR	Consider developing one-stop counter service for access to a wide range of municipal services.	To date 311 has provided "one-window" access to city services by phone and on the web. This would extend the same concept to counter services.	Low (up to 5%)	2013	Low
NCSR	Consider reducing or eliminating the 311 Development capacity once the model is fully implemented.	The 311 model will continue to evolve for some time. Extension of common counter services, extending the range of call centre services, or combining with 211 will extend the period during which 311 Development services will be required.	High (more than 20%)	2014+	Low

* 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.

Court Services

Standing Committee

Government Management

Cluster

Cluster A

Program

Court Services

Service Type

External Service Delivery

Program Budget ($m)

Gross	$54.3
Net	-$12.3

Rationale for Core and Service Level Assessment

Courts Services are provided (to the public and defendants) in accordance with the Provincial Offences Act and the Memorandum of Understanding between the City of Toronto and the Ministry of the Attorney General.

Service level standards are characterized in terms of time and the current service level is generally lower than the standard.

	Below Standard	At Standard	Above Standard
Core — Mandatory	Hearings	Interventions / Court Case Management / Processing Payments	
Discretionary — Essential			
Traditional			
Other			

Jurisdictional Examples
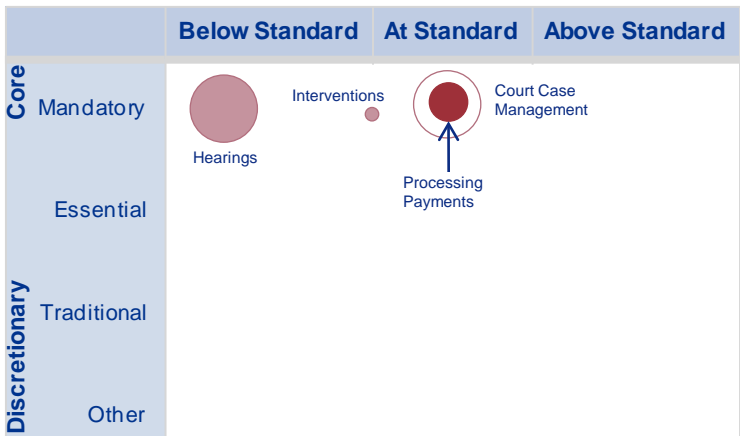
Key Opportunities

• There were no opportunities identified.

• Legislative change could facilitate increased revenue and more efficient operation.

Policy, Planning, Finance and Administration

* Services under this program report to multiple standing committees, only services pertaining to Government Management Standing Committee are included here

Financial Management

Standing Committee

Government Management

Cluster

Cluster B

Program

Policy, Planning, Finance and Administration

Service Type

Internal Service

Service Budget ($m)

Gross	$8.7
Net	$2.6

Rationale for Core and Service Level Assessment

Financial Management is combination of mandatory and essential services needed to successfully operate the City.

Financial Management service levels are, for the most part, at standard levels with some below standard in Financial Transaction and Payment Processing, and Management Reporting and Control.

		Below Standard	At Standard	Above Standard
Core	Mandatory			● Budget Planning, Coordination and Submission
	Essential	Financial Transaction and Payment Processing ○ / Management Reporting and Control ○		○ Business Advice and Consultation
Discretionary	Traditional			
	Other			

Jurisdictional Examples

In Chicago, the majority of the Finance and Administration functions are performed by the Office of Budget and Management.

In Boston, the Finance and Administration Functions are under the Office of Administration and Finance.

In Philadelphia, the Finance and Administration function is under the Office of the Director of Finance.

Key Opportunities

- Key opportunities in Finance Management include pooling Finance resources across divisions into a centralized function.

- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Program Support

Standing Committee
Government Management

Cluster
Cluster B

Program
Policy, Planning, Finance and Administration

Service Type
Internal Service

Service Budget ($m)
Gross	$11.3
Net	$5.0

Rationale for Core and Service Level Assessment
Program Support is combination of mandatory and essential services needed to successfully operate the City.

Program Support service levels are at standard levels.

	Below Standard	At Standard	Above Standard
Core Mandatory			◯ Time and Attendance
Core			Complement Management and Reporting
Essential		General Administration ⬤ ◯	
Discretionary Traditional		Program Communications and Consultation	
Discretionary Other			

Jurisdictional Examples

Key Opportunities
- The key opportunities in Program Support is to centralize similar administrative services across all divisions.

- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Organizational Effectiveness

Standing Committee
Government Management

Cluster
Cluster B

Program
Policy, Planning, Finance and Administration

Service Type
Internal Service

Budget ($m)	
Gross	$1.1
Net	$0.7

Rationale for Core and Service Level Assessment

Organizational Effectiveness is mix of Traditional and discretionary - other services.

Organizational Effectiveness service levels are at standard levels.

	Below Standard	At Standard	Above Standard
Core Mandatory			
Essential			
Discretionary Traditional	Cross Divisional Planning and Coordination ○		
	Program Review ●		
Other	Performance Management ●		

Jurisdictional Examples

Key Opportunities

- The key opportunities in Organizational Effectiveness are to use external vendors for some services and combine some performance measurement services with Finance.

- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Social Development, Finance and Administration

* Services under this program report to multiple standing committees, only services pertaining to Government Management Standing Committee are included here

Standing Committee

Government Management

Cluster

Cluster A

Program

Social Development, Finance and Administration

Service Type

Internal Service

Service Budget ($m)

Gross	$6.4
Net	$3.7

Rationale for Core and Service Level Assessment

Financial Management and Program Support is an essential service to successfully operate the City.

Financial Management and Program Support service levels are at standard levels.

		Below Standard	At Standard	Above Standard
Core	Mandatory			
	Essential		Financial Management and Reporting · Revenue Management · Program Support · Financial Planning and Coordination · Communications Management and Event Planning	
Discretionary	Traditional			
	Other			

Jurisdictional Examples

- In Chicago, the majority of the Finance and Administration functions are performed by the Office of Budget and Management.

- In Boston, the Finance and Administration Functions are under the Office of Administration and Finance.

- In Philadelphia, the Finance and Administration function is under the Office of the Director of Finance. The communications function is managed by the office of the City Representative.

Key Opportunities

- Key opportunities in Finance Management and Program Support include pooling resources across divisions into a centralized function.

- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Accounting Services

Accounting Services

Standing Committee

Government Management

Cluster

Cluster C

Program

Accounting Services

Service Type

Internal

Program Budget ($m)

Gross	$12.0
Net	$8.8

Rationale for Core and Service Level Assessment

Accounting Services is a combination of mandatory and essential support services that are required to successfully operate the City.

Tax and Financial Systems Support is achieving service level standards while Financial Reporting and Control and Payment Processing are performing at or below service level standards.

	Below Standard	At Standard	Above Standard
Core Mandatory		Financial Reporting and Control	
Essential	Payment Processing	Tax and Financial Systems Support	
Discretionary Traditional			
Other			

Leading Practices

Leading Practices include:

- Centralized accounting services on behalf of operating units and report to Corporate Finance i.e. shared services.
- Within the Province of Ontario, a shared service function for certain accounting functions is being integrated throughout the Ontario Public Sector through the Ministry of Government Services.
- Reliance on standardized processes to ensure consistency in recording financial transactions.
- Maximize ERP system to automate processes and push transactional controls into operating units and departments.

OMBI Benchmark:

- Cost to process an invoice - Toronto $10.63, OMBI average $4.66.
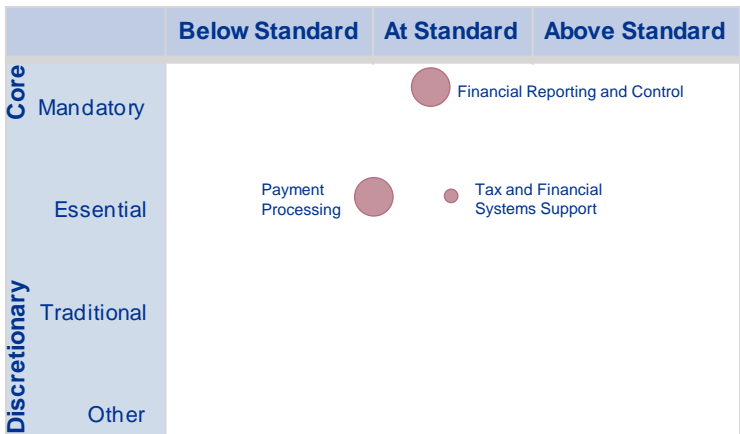
Key Opportunities

- The key opportunity in Accounting Services is to consolidate the A/R function across divisions into a shared service unit.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Facilities and Real Estate

Facilities and Real Estate
Facilities Management

Standing Committee
Government Management

Cluster
Cluster C

Program
Facilities and Real Estate

Service Type
Internal

Program Budget ($m)
Gross	$145.9
Net	$79.5

Rationale for Core and Service Level Assessment

Facilities Management is an essential service required to successfully operate the City.

Service level standards across Facilities Management are being consistently achieved.

	Below Standard	At Standard	Above Standard
Core Mandatory			
Essential		Custodial Care / Energy Management / Facilities Maintenance / Security and Safety	
Discretionary Traditional			
Other			

Leading Practices

Leading practices include:
- Use of external providers for custodial and security services.
- Centralized management of facilities i.e. shared services.

OMBI Benchmarks:
- Facility Operating Cost per Sq. Ft of Office Building
    - City of Toronto: $13.50
    - OMBI Average: $12.47
- Custodial Cost per Sq. Ft. of HQ Building
    - City of Toronto: $4.18
    - OMBI Average: $2.53

Key Opportunities

- The key opportunities in Facilities Management include strategic sourcing and pooling resources across agencies and divisions.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Facilities and Real Estate
Real Estate Services

Standing Committee
Government Management

Cluster
Cluster C

Program
Facilities and Real Estate

Service Type
Internal

Program Budget ($m)	
Gross	$24.6
Net	-$25.0

Rationale for Core and Service Level Assessment

Real Estate Services is an essential service required to successfully operate the City.

Service levels standards across Real Estate Services are being consistently achieved.

	Below Standard	At Standard	Above Standard
Core Mandatory			
Essential			
Discretionary Traditional			
Other			

Property Appraisal
Property Acquisition
Development and Portfolio Planning
Lease Management
Property Disposal

Leading Practices

Leading practices include:
- Centralized management of real estate i.e. shared services.
- Standardized lease terms.

Key Opportunities

- The key opportunities in Real Estate include pooling resources across agencies and divisions.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Finance and Administration

Finance and Administration

Standing Committee

Government Management

Cluster

Cluster C

Program

Finance and Administration

Service Type

Internal

Program Budget ($m)

Gross	$3.1
Net	$2.8

Rationale for Core and Service Level Assessment

Finance and Administration is a mix of mandatory, essential, and other discretionary support services required to operate the City.

Service level standards across Finance and Administration are being consistently achieved.

	Below Standard	At Standard	Above Standard
Core Mandatory		● Executive Leadership	
Essential		Financial Management and Program Support ●●	
		Communications	
Discretionary Traditional			
Other	● Organizational Management Consulting		

Leading Practices

Leading Practices include:

- Centralize finance across operating units and departments report into Corporate Finance. i.e. shared services.
- Focused on analysis of operating units, reporting of performance, and tracking expenses and revenues against plan.
- Staffed mainly with trained accountants and analysts to provide insight and support to decision-making units within an organization.

Key Opportunities

- Key opportunities in Finance and Administration include pooling Finance resources across divisions and using external service providers when required.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Fleet Services

Fleet Services
Fleet Services

Standing Committee

Government Management

Cluster

Cluster C

Program

Fleet Services

Service Type

Internal

Program Budget ($m)	
Gross	$48.1
Net	$0.1

Rationale for Core and Service Level Assessment

Fleet Services is an essential support service required to successfully operate the City.

Service standards across Fleet Services are being consistently achieved.

		Below Standard	At Standard	Above Standard
Core	Mandatory			
	Essential		Fleet Management / Fuel Management	
Discretionary	Traditional			
	Other			

Leading Practices

Leading Practices include:

- Centralized fleet management across all services.
- Combination of in-house repair services and outsourced services (e.g. windshields, transmissions, engine blocks).
- Standardization of vehicle types.
- Measuring key performance metrics such as turn around time on repairs, up-time/down-time, % fleet available, cost per mechanic hour.
- Using internal cost recovery (e.g. lease model).
- Using industry standards (e.g. Canadian Association of Municipal Fleet Managers) for vehicle life.

Key Opportunities

- The key opportunities within Fleet Services include increasing the number of agencies served; and continue the optimization of in-sourced and outsourced repair/maintenance services.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Information Technology

Information Technology

Standing Committee

Government Management

Cluster

Cluster C

Program

Information Technology

Service Type

Internal

Program Budget ($m)

|	
Gross	$101.3
Net	$67.6

Rationale for Core and Service Level Assessment

Information Technology is an essential support service required to successfully operate the City.

Service standards for IT are based on availability and response time and are being achieved in most service areas.

	Below Standard	At Standard	Above Standard

Core: Mandatory, Essential
Discretionary: Traditional, Other

Labels: Business IT Solutions, IT Infrastructure, Client Support and IT Service Improvement, Enterprise IT Strategy

Leading Practices

Leading Practices include:

- Leading organizations use a broader set of service standards and key performance indicators focusing, for example, on eliminating diversity and complexity in the IT environment, and on the cost attribution by service and channel.
- Many organizations are aggressively pursuing strategic sourcing strategies for IT activities. e.g. data centre, network, client device management. Strategic sourcing involves determining the optimal mix of internal delivery and managed external delivery i.e. outsourcing.
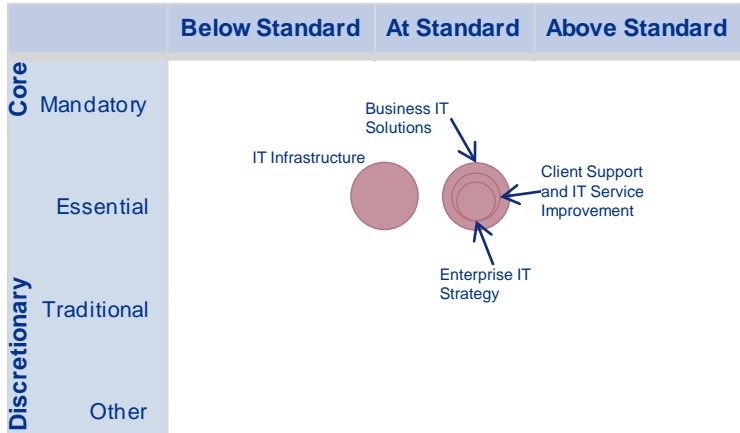
Key Opportunities

- The key opportunities within Information Technology include strategic sourcing of several IT services, further consolidation to a single shared service and development of industry standard service levels.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Purchasing and Materials Management

Purchasing and Materials Management

Standing Committee

Government Management

Cluster

Cluster C

Program

Purchasing and Materials Management

Service Type

Internal

Program Budget ($m)

Gross	$10.4
Net	$7.0

Rationale for Core and Service Level Assessment

Purchasing and Materials Management is an essential support service required to successfully operate the City.

Service level standards for Purchasing and Materials Management are being achieved or exceeded.

		Below Standard	At Standard	Above Standard
Core	Mandatory			
	Essential		Purchasing	Materials Management Stores and Distribution
Discretionary	Traditional			
	Other			

Leading Practices

Leading Practices include:

- Aggregate purchasing across divisions.
- Strategically sourcing major materials and services.
- Automating parts of the procurement process including electronic requisitions and authorizations.
- Drop shipments to reduce inventory levels.
- Shared inventory facilities across organizations to reduce costs.
- Improve purchasing and divisions staff skills to maximize realization of contract savings.
- Local UK governments aggregating purchase volume across municipalities to reduce purchase costs.
- UK municipality up-skilled its staff to achieve contract and discount savings that had previously been unrealized.

Key Opportunities

- The key opportunities within Purchasing and Materials Management include consolidating purchasing across ABCs and potentially reducing high service levels.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Purchasing and Materials Management

Services								
Service Name	**Gross Cost ($m)**	**Net ($m)**	**% Net**	**Core Ranking**	**Service Level**	**Source of Standard**	**City Role**	**Notes**
Purchasing	7.10	4.48	65%	2	S	M/C	D	
Materials Management Stores and Distribution	3.26	2.49	76%	2	S+	M/C	D	• Material requests issued and delivered within 5 calendar days vs. the standard of 7 calendar days.

Options, Opportunities, Risks and Implications					
Type	**Options and Opportunities**	**Risks and Implications**	**Potential Savings***	**Timeframe ****	**Barriers**
SSR	Consider consolidating purchasing with ABCs to obtain greater purchasing power.	Requires increased coordination and inventory management.	Medium (up to 20%)	2012	Low
SLR	Evaluate if exceeding material issue and delivery standard (5 days vs. 7 days) has a significant associated cost.	Will require evaluation if current service standard meets internal needs. May delay work projects within divisions.	Low (up to 5%)	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.

Pension, Payroll and Employee Benefits

Pension, Payroll and Employee Benefits

Standing Committee

Government Management

Cluster

Cluster C

Program

Pension Payroll and Employee Benefits

Service Type

Internal

Program Budget ($m)

Gross	$13.0
Net	$10.1

Rationale for Core and Service Level Assessment

Pension Payroll and Employee Benefits is a mandatory support service required to successfully operate the City.

Service standards for Pension Payroll and Employee Benefits are mainly response time based and are being consistently achieved.

		Below Standard	At Standard	Above Standard
Core	Mandatory		Employee and Retiree Benefit and Pension Compensation / Payroll / Non-OMERS Pension	
	Essential			
Discretionary	Traditional			
	Other			

Leading Practices

Leading Practices include:

- Outsourcing payroll activities to a 3rd party provider.
- Outsourcing pension plan administration to a 3rd party provider.
- High reliance of self-service applications for employees to update personal information, time entry, approvals, training, etc.

Key Opportunities

- Key opportunities within Pension, Payroll and Employee Benefits include outsourcing administrative services, exploring cost recovery options and reducing payroll runs.
- Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Revenue Services

Revenue Services
Property Tax Billing

Standing Committee
Government Management

Cluster
Cluster C

Program
Revenue Services

Service Type
External Service Delivery

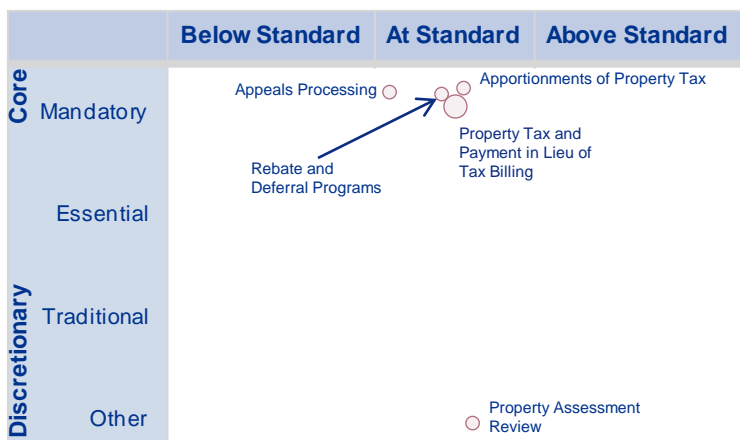| Service Budget ($m)	
Gross	$7.1
Net	$0.7

Rationale for Core and Service Level Assessment

Property Tax Billing is a mandatory service required to successfully operate the City.

Service levels standards for Property Tax billing are consistently being achieved.

	Below Standard	At Standard	Above Standard

Core
- Mandatory — Appeals Processing, Rebate and Deferral Programs, Apportionments of Property Tax, Property Tax and Payment in Lieu of Tax Billing
- Essential

Discretionary
- Traditional
- Other — Property Assessment Review

Jurisdictional Examples

- Property tax billing is a standard activity across all municipal regions. The frequency of billing and payment options drive the effort involved with this service.

- Similar to Toronto, many municipalities offer varying payment frequency e.g. installment plans.

Key Opportunities

- The key opportunity within Property Tax Billing is to offer online payments options to residents.

Revenue Services
Utility Billing

Standing Committee
Government Management

Cluster
Cluster C

Program
Revenue Services

Service Type
External Service Delivery

Budget ($m)	
Gross	$7.6
Net	$0.8

Rationale for Core and Service Level Assessment

Utility Billing is an essential service to successfully operate the City.

Service level standards for Utility Billing are consistently achieved.

	Below Standard	At Standard	Above Standard
Core Mandatory			
Essential		Meter Reading Operations, Water Billings, Solid Waste Billings	
Discretionary Traditional			
Other			

Jurisdictional Examples

- Similar to Toronto, San Francisco, Boston and Washington DC are implementing automated water meter programs. This reduces the requirement for physical meter readings and therefore i) reduces the cost to bill and ii) provides more accurate billing.

Key Opportunities

- The key opportunities within Utility Billing are to offer online payments options to residents; and to strategically source meter reading.

Revenue Services
Parking Ticket Operations

Standing Committee
Government Management

Cluster
Cluster C

Program
Revenue Services

Service Type
External Service Delivery

Service Budget ($m)
Gross	$3.7
Net	$0.4

Rationale for Core and Service Level Assessment

Ticket processing is required to enforce city parking by-laws.

Service levels are generally consistent with standards set by legislation.

		Below Standard	At Standard	Above Standard
Core	Mandatory			○ Parking Ticket Processing
	Essential			
Discretionary	Traditional			
	Other			

Jurisdictional Examples

• Parking Ticket Operations is a standard activity across all municipal regions.

Key Opportunities

• No opportunities identified.

Revenue Services
Tax, Utility and Parking Ticket Client Services

Standing Committee

Government Management

Cluster

Cluster C

Program

Revenue Services

Service Type

External Service Delivery

Service Budget ($m)

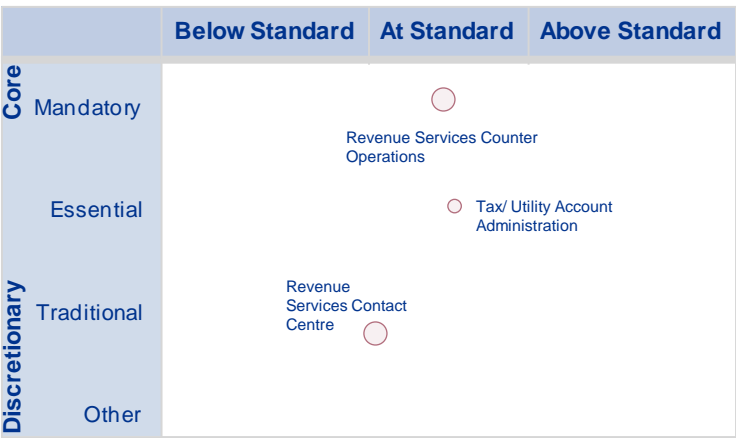|	
Gross	$9.7
Net	$1.0

Rationale for Core and Service Level Assessment

Revenue Services Counter Operations for parking ticket first appearance facilities is a mandatory service driven by legislation.

Tax/Utility Account Administration is an essential service to successfully run and operate the City.

Revenue Services Contact Centre is a traditional service operated by the City.

These services are delivered at or slightly below standard levels.

Jurisdictional Examples

	Below Standard	At Standard	Above Standard
Core Mandatory		Revenue Services Counter Operations	
Essential		Tax/ Utility Account Administration	
Discretionary Traditional	Revenue Services Contact Centre		
Other			

Key Opportunities

- No options/opportunities identified.

Standing Committee

Government Management

Cluster

Cluster C

Program

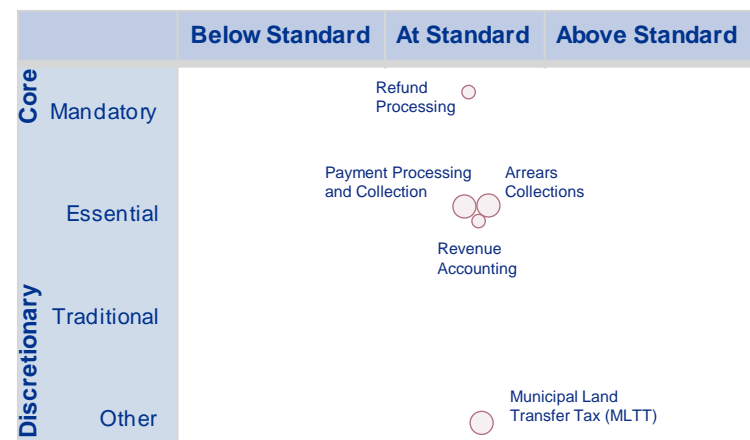Revenue Services

Service Type

External Service Delivery

Service Budget ($m)

Gross	$10.3
Net	$1.1

Rationale for Core and Service Level Assessment

Revenue Accounting is a mix of mandatory and essential services with the exception of the Municipal Land Transfer Tax.
All services are delivered at standard service levels.

		Below Standard	At Standard	Above Standard
Core	Mandatory		Refund Processing ○	
	Essential		Payment Processing and Collection / Arrears Collections / Revenue Accounting	
Discretionary	Traditional			
	Other	Municipal Land Transfer Tax (MLTT) ○		

Jurisdictional Examples

Key Opportunities

- The key opportunities in Revenue Accounting and Collection include pooling accounting resources across all divisions and strategically sourcing payment processing.