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City of Toronto
Core Service
Review Project

**Council Committee Presentation:
Planning and Growth Management**

July 27, 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
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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. KPMG 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/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

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.

Core Service Review Methodology

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

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

City Planning

City Planning

Development Review, Decision and Implementation

Standing Committee
 Planning and Growth Management

Cluster
 Cluster B

Program
 City Planning

Service Type
 External Service Delivery

Service Budget (\$m)

Gross	\$19.4
Net	n/a

Rationale for Core and Service Level Assessment

Community planning and review of development applications has long been an important municipal role.

Jurisdictional Examples

In Montreal, an Urban Planning Advisory Committee (known as "UPAC") is mandated to evaluate the special requests of citizens or developers, in terms of urban planning and land use.



Note: * denotes that bubble size and color are not reflective of financial budgets – data not available.

Key Opportunities

- There are opportunities to make the planning processes less complex and more consistent which will both reduce costs and the time required to process applications. This will limit the extent and duration of public discussion in some cases. It could also limit the amount of free information provided to proponents requiring that they engage professionals for assistance, or pay for the time of City staff providing information.

City Planning

Development Review, Decision and Implementation

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Development Review, Decision and Implementation (includes all activities below)	19.4 *	n/a	n/a	(*) This figure represents cost of all activities described below on this page				
Committee of Adjustment	n/a	n/a	n/a	1	S+	M	R	<ul style="list-style-type: none"> Service level involves extensive consultation and co-ordination.
Community Planning	n/a	n/a	n/a	1	S+	M	R/D	<ul style="list-style-type: none"> Applications not consistently processed within target time frames – this is generally due to more extensive circulation, public involvement and discussion than required. Design and Site Plan inconsistent across the City - includes developments, like single-family, where not required.
Heritage Review	n/a	n/a	n/a	3	S+	L/C	R/D	<ul style="list-style-type: none"> Archeological Review exceeds standards. Public Art program optional.

•Note: n/a denotes data not available

City Planning

Development Review, Decision and Implementation

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings*	Timeframe**	Barriers
SLR	Consider less proactive and detailed intents review process.	Could speed up processing of applications, but could lead to sub-optimal outcomes.	Medium (up to 20%)	2012	Low
NCSR	Consider eliminating public art programs.	Program appears to generate substantial investment in public art at modest costs to the City.	Low (up to 5%)	2012	Low
SSR	Consider the opportunity to harmonize the Site Plan By-law.	The value added by City Planning does not appear to be commensurate with the amount of effort required to process certain site plan applications. In particular, single family created by consent, single family homes on ravines and homes on lots.	Low (up to 5%)	2013	Low
SSR	Consider co-location with other City Divisions.	Could result in cost savings.	Low (up to 5%)	2013	Medium
SLR	Consider streamlining review of planning applications.	Could speed up processing of applications, but could lead to sub-optimal outcomes.	Medium (up to 20%)	2013	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.

City Planning

Civic and Community Improvement

Standing Committee

Planning and Growth Management

Cluster

Cluster B

Program

City Planning

Service Type

External Service Delivery

Service Budget (\$m)

Gross	\$3.7
Net	n/a

Note: A portion of Heritage Inventory and Incentives is also reviewed under the Community Partnership and Investment Program.

Rationale for Core and Service Level Assessment

Heritage Preservation is a traditional municipal role.

The Public Realm improvements program goes beyond what some cities do.

Jurisdictional Examples

Montreal, Chicago, Boston and Melbourne provide this service at the City level.



Note: * denotes that bubble size and color are not reflective of financial budgets – data not available.

- Key Opportunities**
- The support to heritage structures could be reduced or eliminated.
 - The support to public realm improvement could be reduced or eliminated. The major impacts would be on the capital budget.

City Planning

City Building and Policy Development

Standing Committee

Planning and Growth Management

Cluster

Cluster B

Program

City Planning

Service Type

- External Service Delivery
- Governance

Budget (\$m)

Gross	\$13.5
Net	n/a

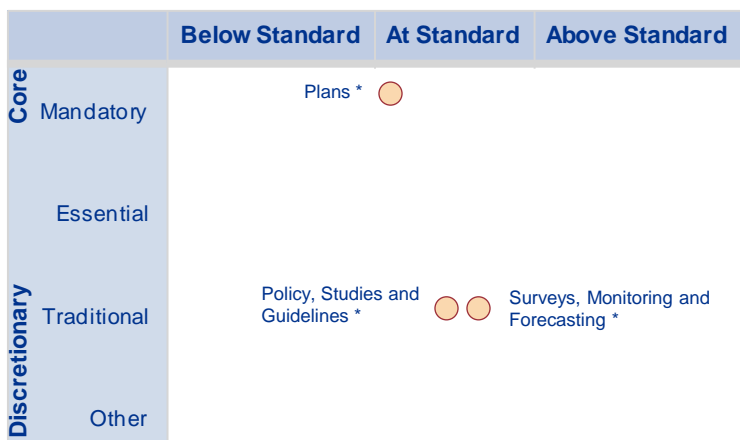
Rationale for Core and Service Level Assessment

Many plans are required by provincial legislation.

Policy and area studies are carried out by most municipalities.

Jurisdictional Examples

Montreal, Chicago, Boston and Melbourne provide this service at the City level.



Note: * denotes that bubble size and color are not reflective of financial budgets – data not available.

Key Opportunities

- No opportunities were identified.

Toronto Building

Toronto Building Building Permission and Information

Standing Committee
 Planning and Growth Management

Cluster
 Cluster B

Program
 Toronto Building

Service Type
 External Service Delivery

Service Budget (\$m)

Gross	\$26.2
Net	-

Rationale for Core and Service Level Assessment

Issuing permits and inspecting construction is required by legislation. Building records as a service to individuals requesting is a traditional municipal service. The sign tax is an optional revenue source.

Service levels for permit review and issuance are somewhat lower than legislated standards. Increasing service levels (faster permit issuance) will increase costs. As a self-supporting service, this will result in higher fees. The decision to increase fees and improve service levels (or not) should be made in consultation with the industry that pays the fees.

Jurisdictional Examples

The new Ontario Building Code set maximum timeframes for processing building applications. Most municipalities, including Toronto, are not fully attaining the requirements on all applications although reliable comparative data is not yet available.



- Key Opportunities**
- Consistent with the opportunity in planning, Toronto Building could stop providing information to the public/applicants at not cost, either allowing professionals to provide it or charging for consultation time.
 - Process improvements and new technologies can improve efficiencies, but results will not reduce property taxes as program is self-supporting from fees.

Toronto Building Building Inspection

Standing Committee
 Planning and Growth Management

Cluster
 Cluster B

Program
 Toronto Building

Service Type
 External Service Delivery

Service Budget (\$m)

Gross	\$20.5
Net	-

Rationale for Core and Service Level Assessment

Building Inspection is required by legislation.

There are some types of proactive inspections related to signs that are not required by legislation. These are a small portion of the activities.

Service level is close to legislative requirements and generally consistent with other municipalities.

See Building Permission and Information for discussion of service level implications.

Jurisdictional Examples

The new Ontario Building Code set maximum timeframes for processing building applications. Most municipalities, including Toronto, are not fully attaining the requirements on all applications although reliable comparative data is not yet available.

	Below Standard	At Standard	Above Standard
Core	Mandatory	Permit Inspections and Enforcement *	Building Complaint Resolution
	Essential		
Discretionary	Traditional		
	Other	(*) Refer to note in Activity table on next page	

Key Opportunities

- The proactive inspections to identify possible breaches of the sign by-law could be reduced or eliminated, however sign tax revenues may decline.