

APPENDIX A
STANDING COMMITTEE DECISIONS AND RESPONSES

A. Public Works and Infrastructure

The Public Works and Infrastructure Committee on July 18, 2011, recommended to the Executive Committee that:

- 1) The Executive Committee consider the opportunities contained in Appendix A, Part 2, of the KPMG Standing Committee Summary for Public Works and Infrastructure.**

The Public Works and Infrastructure Committee:

- 1) Requested 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 to the Executive Committee for its September 19, 2011 meeting.**

The City Manager has reviewed and considered the List of Opportunities in his report to the September 19, 2011 Executive Committee to ensure service efficiencies are maximized and to meet the 2012 budget targets and multi-year service and financial planning objectives.

- 2) Requested the City Manager in his report to the Executive Committee on September 19, 2011, to:**
 - a) comment on possible service adjustments to benefits and efficiencies for snow ploughing, snow removal and windrow clearing services, and street sweeping;**

The City Manager will review the KPMG opportunities related to service level adjustments in these areas and prepare a business case as appropriate for implementation through the 2012 Operating Budget.

- b) provide further advice on the effects of eliminating fluoridation of Toronto Water;**

Toronto's drinking water has been fluoridated since 1963. Significant improvement in oral health has been documented since the implementation of water fluoridation. Prior to water fluoridation, children in Toronto used to get an average of 5-7 decayed teeth, compared to the current average of 1-2 decayed teeth. While this improvement in dental health cannot be attributed solely to water fluoridation, water fluoridation has been a significant contributing factor.

The Ontario Public Health Standards (OPHS) mandates municipalities to provide preventive dental care to communities to improve the oral health of the population. This is because dental decay continues to be the most prevalent disease in the population. The recent Canadian Health Measures Survey, 2009, shows that 96% of Canadians are affected by dental disease. Water fluoridation continues to be the most cost-effective way of preventing dental cavities.

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The annual cost of fluoridation of Toronto water is approximately \$1.2 M for hydrofluorosilicic acid and up to \$0.8 M in maintenance costs for a total annual cost of approximately \$2 million. The current cost of fluoridation works out to approximately \$0.77 per person a year.

- c) comment on comparative studies prepared by KPMG for Non-OMBI cities as they relate to wastewater, waste collection, and transportation network control and safety.**

In 2006, KPMG worked with a project team of consultants to review Ontario municipal blue box recycling programs on behalf of the Municipal Industry Programs Committee (MIPC) of Waste Diversion Ontario (WDO).

In the study they reviewed 32 programs of varying size across Ontario to identify opportunities for improvement. Best practices were defined as those resulting in minimized unit cost, while maintaining or improving diversion and producing net positive effects, related to cost and diversion. The municipalities included within this report are not comparable to the size and complexity of Toronto.

There were no comparative studies conducted by KPMG for Non-OMBI cities with respect to the activities of wastewater and transportation network control and safety.

- 3) Forwarded a copy of all written deputations and communications to the City Manager.**

B. Economic Development and Culture

The Economic Development Committee on July 19, 2011, recommended to the Executive Committee that:

- 1) The Executive Committee consider the opportunities contained in Appendix A, Part 2 of the KPMG Standing Committee Summary for the Economic Development Committee.**

The City Manager considered the opportunities within the jurisdiction of the Economic Development Committee in the preparation of this report.

- 2) City Council request the City Manager to identify resource reductions that reflect the efficiencies being achieved by the Employment and Social Services Division and report on these reductions through the 2012 operating budget process.**

Resource reductions that reflect efficiencies will be identified and included in the 2012 Operating Budget.

- 3) City Council request the City Manager, and other appropriate City officials, to negotiate with the Ministry of Training, Colleges and Universities to change**

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Employment Ontario eligibility criteria such that unemployed social assistance recipients can qualify for all Employment Ontario programs.

Currently, fewer than 25% of unemployed people in Toronto qualify for Employment Insurance. Changes in the labour market and restrictions in the EI program are responsible for this trend.

As a consequence, thousands of unemployed Torontonians, who no longer qualify for EI, especially younger workers, cannot access services to find and keep work. Social assistance, and primarily Ontario Works, is a key provider of employment services to a large proportion of unemployed residents and a critical access point for the complete range of services provided through the broader employment services system.

The impacts of this change are significant. While federal employment services have been devolved to the province, and are now delivered through Employment Ontario, eligibility for many services, and notably for the most intensive and costly services, is still conditional on receiving EI.

Toronto has seen caseload increases of over 20% as a result of the recent recession. Toronto's position in respect of other governments has been that all unemployed workers have access to programs related to regaining employment.

The Economic Development Committee requested the City Manager to:

- 1) 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 to the Executive Committee for its September 19, 2011 meeting.**

The City Manager has reviewed and considered the List of Opportunities in his report to the September 19, 2011 Executive Committee to ensure service efficiencies are maximized and to meet the 2012 budget targets and multi-year service and financial planning objectives.

- 2) Include in his report to the Executive Committee on September 19, 2011:**

- a) Comments on the development of a future regional approach to Sector Development and Trade Development and any alternative ways, such as through Invest Toronto, to significantly reduce the City's expenditures in these areas.**

The City Manager will review this opportunity including exploring various regional options with stakeholders and other levels of government to determine the viability of a regional economic development agency that would undertake foreign direct investment attraction activities, and sector and trade support functions. The City Manager will report back the outcome of the regional discussions and the potential development of a regional agency in early 2012.

- b) The possibility of negotiating with the Ministry of Community and Social Services to eliminate, simplify and streamline complex and prescriptive social assistance program rules.**

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This follows a recommendation contained in the 2008 report from the City on the Provincial Municipal Fiscal Services Delivery Review (PMFSDR), which reads: "The review partners agree to work together in a timely manner to simplify and modernize delivery of income assistance and employment-related supports. This will involve collaborating on further policy and fiscal analysis to identify opportunities."

This recommendation is aimed at accelerating and broadening the work that has been undertaken to date to reduce resources in the Ontario Works program dedicated to administrative functions by realizing efficiencies through more rigorous program simplification and streamlining.

- c) Discussions with the Province of Ontario to reduce duplication and identify efficiencies by rationalizing and streamlining employment services and employment centres across the city inclusive of new funding arrangements and report to City Council before adopting any changes.**

This recommendation follows key recommendations contained in the City's 2008 report on PMFSDR as follows: "We further agree to better integrate Ontario Works, ODSP and Employment Ontario employment services to improve employment outcomes for clients and to make better use of resources."

The Human Services Implementation Steering Committee (comprised of Provincial, AMO and City of Toronto senior staff) was formed to continue the work initiated through PMFSDR and to oversee the implementation of human services outcomes identified in the report.

The Employment Working Group was tasked with reviewing existing employment services and supports to better integrate Ontario Works, Ontario Disability Support Program, Employment Ontario and immigrant integration and settlement services to improve employment outcomes for clients and to make better use of resources. Initial work was undertaken by the Employment Working Group on developing a vision for further integrating and rationalizing employment services and employment centres.

The City Manager will continue to work with the Province to implement the findings.

- d) A summary of the current service standards and service levels for the 105 services examined.**
- e) The demand/need for the City services identified by KPMG for possible service changes.**

Service standards, service levels and demand/need data are available for most City services, activities and types as part of the Financial Planning and Reporting System (FPARS). This information is quite detailed and will be posted on the City's web site for the benefit of staff, Councillors and the public.

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Demand/need data is examined in service planning and the business case analysis when considering service level adjustments for implementation through the City's annual operating budget process.

- f) A comparison and contrast of each of the opportunities presented in the KPMG Standing Committee Summary for Economic Development and Culture to the corresponding results of the Core Service Review public consultation.**

This information is included in Appendix C of this report.

- g) The economic repercussions to Toronto as a result of the options presented by KPMG.**

This information is included in Appendix D and E of this report.

- 3) Forward his forthcoming report to be considered by the Executive Committee at its meeting on September 19, 2011, to clients and stakeholders affected by the recommendations arising from the Economic Development Core Review.**

C. Community Development and Recreation

The Community Development and Recreation Committee deferred this item to the September 14, 2011 meeting of the Community Development and Recreation Committee to permit the following things to occur:

- 1) The consideration of the City Manager's report on the core service review, user fee review, and service efficiency studies as they pertain to services within the Committee's mandate, once they are officially released to the public.**
- 2) The relevant Division Heads report to the September 14, 2011 meeting of Community Development and Recreation Committee meeting on the service implications of the service reductions proposed by KPMG.**
- 3) The establishment of a subcommittee to conduct four regional consultations in each of the four community council regions in accordance with the following terms of reference:**
 - i. The subcommittee is established for the purpose of reviewing the recommendations of the Core Service Review, the CMs report on the Core Service Review and the User Fee Review (if it is ready by Sept. 12, 2011); the subcommittee will obtain public input on these reviews through four public hearings and advise the Community Development and Recreation Committee on these matters.**
 - ii. The members of the subcommittee include: Councillors Janet Davis, Kristyn Wong-Tam and Joe Mihevc.**

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- iii. The subcommittee will report to the Community Development and Recreation Committee.**
- iv. The subcommittee will begin its work as soon as possible and end with its submission to the Community Development and Recreation Committee on September 14, 2011.**
- v. The reason the Community Development and Recreation Committee cannot do the work is that it is not meeting until September 14, 2011; and transparency and accountability demand that the public have a chance to comment on the Community Development and Recreation recommendations of the City Manager's report.**
- vi. The City Clerk's Office will staff the subcommittee within existing resources.**

And further:

- vii. That all members of Council be invited to attend the service review subcommittee consultations.**
 - ix. That staff from the relevant Community Development and Recreation Committee divisions be requested to be in attendance at the meetings.**
 - ix. That the City Manager be requested to provide a summary of the input of the public consultation to the Community Development and Recreation Committee meeting of September 14, 2011 and then to the September 19, 2011 Executive Committee meeting to inform its deliberations.**
- 4) That the City Manager report to the September 14, 2011 meeting of the Community Development and Recreation Committee on the following:**
- a) The Gordon Cleveland report on quality in Toronto child care centres, and other research on factors that contribute to quality child care.**
 - b) Additional information related to the City of Toronto directly operated child care centres including the profile of children/families, locations, the licensed capacity, factors to be considered when comparing the costs of directly-operated and purchased programs, and other information that clarifies the factual content of the KPMG report on Children's Services.**
 - c) Whether and how the KPMG reported standards address need/demand, quality, public accountability, and social impacts of options identified.**
 - d) The City's intergovernmental strategy to address the cost-sharing shortfall for programs that fall under the Community Development and Recreation Committee.**

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- e) **Additional information on Toronto Long Term Care Homes and Services including:**
 - i. **The legislative restrictions related to the transfer or sale of municipal LTC homes.**
 - ii. **Available beds/clients served and wait lists for residential care and community based programs.**
 - iii. **OMBI benchmarks of Toronto LTC homes.**
 - iv. **A profile of residents in Toronto LTC homes.**
 - v. **Awards received by Toronto LTC homes.**
 - vi. **Other general information/research about quality and accountability in the municipal and non-profit LTC homes sector.**
 - vii. **Any other information that clarifies the factual content of the KPMG report on LTC homes.**
- f) **An update on actions taken to express City Council's intention to revoke the Property Tax Deferral Agreement with nine Private Golf Courses including:**
 - i. **City Council's appeals against the assessment of these golf courses that are undervalued with a view to having their assessment increased to highest and best uses;**
 - ii. **City Council's willingness to terminate the deferred assessment agreements with the clubs; and**
 - iii. **A developed strategy to convince the clubs to terminate these agreements.**
- g) **A comprehensive strategy with feasibility details for consideration to eliminate the growing gap between demand and supply in social housing; and to ensure that the service standard is on par or exceeds other North American jurisdictions comparable in demographic composition.**
- h) **Strategies to implement KPMG's identified key opportunities to divert homeless individuals into expanded social housing, Streets to Homes and alternative programs; and to give homeless people higher priority in accessing social housing by expanding support for the Streets to Homes initiatives to reduce the need for costly shelters and emergency services.**
- i) **Options to eliminate Toronto's homelessness by incorporating the cost analysis and its benefits that was derived from Shelter, Support and Housing Administration's**

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post-occupancy survey of clients that shows those housed permanently improve significantly and also reduces the use of costly shelter and emergency services.

- j) Strategies for alternative financing to expand and improve supportive services and social housing assets including the issuances of community development and social housing bonds, and new social finance models including the creation of city-owned and -operated financial services.**
 - k) The possibility of recovering the full costs of the City's child care provisions from the Province.**
 - l) The possibility of integrating Toronto Fire Services and Toronto EMS.**
 - m) The potential for re-negotiating the City of Toronto's partnership with the Provincial and Federal governments regarding the provision of funding and services for immigrants.**
 - n) Revisiting our relationship with the Provincial and Federal governments on shelters, rooming houses and supportive housing.**
- 5) Before the September 14, 2011 Community Development and Recreation Committee meeting:**
- a) The General Manager, Children's Services forward the summary and any recommendations related to Children's Services contained in the September 19, 2011 Executive Committee Report to all purchase of service child care centres, to parents in directly-operated centres, the Toronto Child Care Advisory Committee, parents applying for or waiting for fee subsidies, and post this on the City Children's Services website.**
 - b) The General Manager of Long-Term Care Homes and Services, forward a summary of the September 19, 2011 Executive Committee Report to the Long Term Care Homes and Services Advisory Committee, and the Home Advisory Committee, Volunteer Advisory Committee, and Family Committee in each long-term care home, and other stakeholder groups such as Meals on Wheels, Concerned Seniors, Toronto Seniors Forum and the Ontario Association of Non-Profit Homes and Services for Seniors (OANHSS).**
- 6) That the Community Development and Recreation Committee consider requesting City Council to:**
- a) Communicate with the provincial government and request that they immediately negotiate and sign a bilateral affordable housing agreement with the federal government as per the July 2011 federal-provincial-territorial affordable housing agreement;**

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- b) **Urge the Province to immediately allocate to Toronto its share of the federal-provincial funding; and**
- c) **Direct Toronto's Affordable Housing Office staff to begin public and stakeholder consultations immediately to determine the priorities for the new Federal and Provincial housing investments to dramatically reduce the all-time record length of Toronto's affordable housing waiting list, recorded at 79,218 households as of June 2011.**

D. Parks and Environment

The Parks and Environment Committee on July 21, 2011, recommended to the Executive Committee that:

- 1) The Executive Committee consider the opportunities contained in Appendix A, Part 2, of the KPMG Standing Committee Summary for Parks and Environment Committee.**

The Park and Environment Committee:

- 1) Requested 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 the Executive Committee.**

The City Manager has reviewed and considered the List of Opportunities in his report to the September 19, 2011 Executive Committee to ensure service efficiencies are maximized and to meet the 2012 budget targets and multi-year service and financial planning objectives.

- 2) Requested the City Manager in his report to the Executive Committee on September 19, 2011 to include the implications of the proposed service reductions for Parks and Environment by KPMG.**

This information is included in Appendix D and Appendix E of this report.

- 3) Requested the General Manager, Parks, Forestry and Recreation to report to the September 15, 2011 meeting of the Parks and Environment Committee on how a community board governance model may be included in the Parks Plan consultation process.**

The General Manager will report directly to the Parks and Environment Committee at its September 15, 2011 meeting on including a community board governance model in the parks plan consultation process.

E. Licensing and Standards

The Licensing and Standards Committee:

- 1) Recommends that the Executive Committee consider the opportunities contained in Appendix A, Part 2 of the KPMG Standing Committee Summary for the Licensing and Standards Committee.**

The Licensing and Standards Committee:

- 1) Requested the City Manager to review the List of Opportunities in Appendix A, Part 2, to ensure service efficiencies are maximized to meet the 2012 budget targets and multi-year service and financial planning objectives and report directly to the Executive Committee on September 19, 2011.**

The City Manager has reviewed and considered the List of Opportunities in his report to the September 19, 2011 Executive Committee to ensure service efficiencies are maximized and to meet the 2012 budget targets and multi-year service and financial planning objectives.

- 2) Requested that the City Manager include the following in his report to the Executive Committee on September 19, 2011:**

- a) Any opportunities for further integration of By-law Enforcement.**

Integration of by-law enforcement activities is well underway through the Toronto Multi-Jurisdictional Enforcement Team (TMET). TMET is responsible to provide a more streamlined, efficient response to enforcement in problem areas and to ensure an effective and integrated multi-jurisdictional inspection and enforcement approach. TMET is made up of staff from Toronto Building, Municipal Licensing and Standards, Parks, Forestry and Recreation, Toronto Public Health, Transportation Services, Toronto Fire Services, and Toronto Water and consults with the Toronto Police Service and the Alcohol and Gaming Commission when required.

Additionally, the Licensing and Standards Committee established the Problem Property Sub-Committee on June 29, 2011 to implement a cooperative, multi-jurisdictional, community approach in identifying and referring problem areas to the Executive Director, Municipal Licensing and Standards and TMET.

- b) The possibility of expanding animal licensing in Toronto.**
- c) The possibility of updating online licensing system.**
- d) The possibility of maximizing online donations to Toronto Animal Services.**
- f) The feasibility of requiring micro-chipping of dogs and cats as a requirement of licensing.**

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- g) A review of pet licensing options, including the option of a lifetime licensing system to replace the current annual licensing fee, with micro-chipping dogs and cats as a requirement.**

The Executive Director of Municipal Licensing and Standards will undertake a review of animal licensing including recommendations from Licensing and Standards Committee and report back in 2012.

Enhancements to the E-Pet system and the Municipal Licensing and Standards case management system are being reviewed and will be submitted for consideration through the 2012 Capital Budget.

- e) The possibility of establishing an animal services sub-committee of the Licensing and Standards Committee.**

A Council Reference Group for Animal Services was established by City Council at its July 15, 2008 meeting to provide advice to the Executive Director, Municipal Licensing and Standards on the development and implementation of a strategic plan for Toronto Animal Services. The Reference Group included four Council members appointed on the recommendation of the Striking Committee.

The Reference Group completed its mandate and City Council determined not to re-establish the Reference Group for the 2010-2014 term at its May 17 and 18, 2011 meeting.

F. Government Management

- 1) The Government Management Committee on July 26, 2011, recommended that the Executive Committee consider the opportunities contained in Appendix A, Part 2, of the KPMG Standing Committee Summary for the Government Management Committee.**

The Government Management Committee requested the City Manager to:

- 1) 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 to the Executive Committee for its September 19, 2011 meeting.**

The City Manager has reviewed and considered the List of Opportunities in his report to the September 19, 2011 Executive Committee to ensure service efficiencies are maximized and to meet the 2012 budget targets and multi-year service and financial planning objectives.

- 2) Include in his report to the Executive Committee on September 19, 2011:**

- a) Identification of which components of 311 could be outsourced – from the call centre to the technology – and the potential savings and timelines of outsourcing of the 311 call centre.**

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This report recommends that this motion be referred to the City Manager for review and consideration through the City's continuous improvement initiatives and service efficiency studies.

b) How continuing to incorporate call centre industry best practices to ensure consistent operations and customer accessibility will be achieved.

Toronto's 311 contact centre was developed based on industry best practices. 311 Toronto continues to incorporate the industry best practices through its work with provincial (OMBI), national (Municipal Service Delivery Officers) and international (311 Synergy Group) organizations to understand and define best practices in the contact centre environment. Examples of contact centre industry best practice currently being implemented by 311 include: Smart Phone applications for reporting graffiti; Open API which allows the private sector to develop smart phone application for Toronto's contact centre; Open data; text messaging; end to end service integration between the division and 311 systems; and making more services available on-line.

311 Toronto will continue to identify industry best practices using the networks and resources available. 311 Toronto will continue to leverage its investment to implement these best practices to find efficiencies and improve customer service.

c) What opportunities exist by using the Province of Ontario Information Technology (IT) model, given that there have been significant reforms of the IT function at the province from outsourcing to procurement review.

The Province of Ontario's IT Model has achieved a number of significant reforms ranging from improved access to public services through eGovernment, to streamlined processes and organizational structure (shared services model), to the pursuit of strategic sourcing of IT functions in selected areas, such as shared network infrastructure, to negotiating enterprise wide pricing for personal computers and peripherals. The reforms vary widely and have been implemented over the last 10 years while more reforms are currently underway.

Toronto is implementing its own version of IT Model reforms triggered by an IBM study of IT completed in 2006. Toronto's Model is tailored to its own IT Services based on lessons learned from other jurisdictions, including the Ontario government, and industry best practices. Toronto's reforms range from improved service delivery as seen through more online service offerings, 311 and open government / data, to organizational consolidation across City Divisions, to renegotiated enterprise wide contracts, to outsourced high speed network shared by the City, its agencies and the School Boards.

Savings of \$125 Million over the last five years have been achieved by the Province renegotiating its network infrastructure management contracts, while an additional \$65 Million will be achieved over the next five years through the introduction of audio conferencing, personal computer hardware, mainframe computer equipment and network services.

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The City of Toronto has achieved annual savings of over \$8 Million and \$50 Million over five years through leveraging network infrastructure management and consolidated enterprise licensing. The City is projecting additional annual savings of \$9.8 Million and \$90 Million over the next five years through the full roll out of Voice over Internet Protocol (VOIP), continued discounts through enterprise licensing standardization, and increased virtualization of IT infrastructure. Given the differences in scale between the Province of Ontario and City of Toronto, these efficiency improvements are comparable.

d) Potential savings and timelines of outsourcing of the City's Consolidated Data Centre project, and as part of this review, identify:

i. Whether other large public sector organizations outsource their data centre

Very few large public sector organizations have outsourced their data centres as these are very long term assets that are less costly over the long term to own versus outsource. A stable and secure environment for critical public sector data and information services is enhanced by owning and operating the facility. While there are limited examples of cities outsourcing their data centre, such as the City of Minneapolis, most public sector organizations retain their data centre operations in-house, such as the Cities of Edmonton and Montreal, and the Province of Ontario.

ii. Best practices in public sector outsourcing

Best practices in public sector data centres are following three different directions:

- Consolidation of distributed data centres into one or fewer data centres;
- Strategic sourcing of lower risk systems; and
- Public Private Partnership (P3) funding of new data centres.

Consolidation efforts are underway across all large public sector organizations including the Government of Canada. Strategic sourcing initiatives have tended to focus on low risk applications/data being outsourced as a complementary strategy to prolong data centre life. This is where cloud computing may offer potential in the future. Finally, P3 funding engages the private sector in the design, build, finance and management of the facility, thus sharing the risk associated with a large capital investment.

iii. Whether private sector best practices involve outsourcing data centre.

Large private sector organizations with data centre's similar in size to the city, have tended to outsource selected IT services and systems and have retained mission critical systems in their data centres. For example, most large Canadian financial institutions have elected not to outsource their data centres but have outsourced their credit card and debit card operations.

The long-term economics and control of mission-critical information still favours internal ownership. However, small and medium sized organizations are more likely to outsource their data centre operations given that such operations are not considered mainstream to their business model.

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The Information & Technology Division has conducted an analysis with Corporate Finance of potential savings and timelines for the City's Consolidated Data Centre Project. The results indicated that in comparison to leasing a consolidated data centre, the City will save approximately \$60 Million over 20 years. The project was initiated to address a critical situation at the City's current data centre, where both space and power were reaching their capacity and to investigate potential economies of scale that could be achieved through the consolidation of up to 22 smaller data centres, communications and server rooms.

The City has taken steps to develop its Consolidated Data Centre resulting in the preparation of an application for P3 funding through P3 Canada which received favourable feedback. A full business case is now being developed for final approval by the P3 Canada Board of Directors. The Province of Ontario followed the same approach for its consolidated data centre in Guelph. The City has obtained the support of the Province's Infrastructure Ontario agency to assist in the development of a business case.

If successful, a P3 with the Province of Ontario and Government of Canada would achieve a grant to reduce 25% of the construction costs of the Consolidated Data Centre. These additional funds further support the overall benefits in the original business case for the project and would increase the estimated savings of \$60 Million over 20 years to \$100 Million for the same period.

- e) Total IT Capital and Operating Budgets for the City and its agencies broken out by specific Division and Agency and how this compares to large urban cities such as Montreal, Ottawa, Vancouver, Chicago and the Ontario government.**
- f) Identification of what the Province of Ontario has done and where is there an opportunity for the City to save monies in the IT Division across all Agencies, Boards, Commissions, and Divisions.**
- g) The total IT headcount for the City and its Agencies broken out by specific Division and Agency and why some Divisions have their own IT Staff and how this compares to Montreal, Ottawa, Vancouver, Chicago and the Ontario Government.**
- h) Potential cost savings and timelines if the City and Agencies outsourced all IT functions.**

Detailed information related to headcounts and budget information for City divisions and agencies was not able to be compiled in the amount of time between the special Standing Committee meetings and the September 19, 2011 Executive Committee meeting. Additionally, KPMG identified a number of opportunities related to shared service models and strategic sourcing of services (versus complete outsourcing) across the City and its agencies, including for information and technology. A shared service study will be undertaken to look at potential efficiencies across City divisions and agencies. It is therefore recommended that motions e., f., g., and h. be referred to the City Manager for inclusion in that study.

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i) Potential cost savings and timelines if the City and its agencies implemented a contracted electronic payroll and paystub program.

The City is implementing a strategic approach to electronic pay advice notices to employees through an Employee Self Service (ESS) Portal. This allows leveraging of the existing SAP technology and implementation of additional self service functionality in the future to modernize our payroll/HR environment. The estimated timing for this roll-out is first quarter of 2012 for all non-union employees and elected officials followed by unions/associations as per consultations with the unions and corporate readiness.

The Employment Standard Act (ESA) requires that employers who replace written statements with electronic statements must provide each employee with a confidential computer and printer at their regular work location, and allow them to print the statement on their regular pay day. Not all employees have access to a confidential computer/printer at this time. This would require employee type portals being set-up in various yards and work locations which may require a significant capital investment.

Savings and efficiencies may also be realized from implementing other self serve functionality such as employee self viewing and/or updating of personal information, address changes, benefits etc. along with ESS. This may result in significant savings and efficiencies in the future.

Each City agency is responsible for operating its own payroll system. The ability to move towards electronic pay and/or self serve functionality will depend on their current payroll environment and requirements under their collective agreements.

Potential efficiencies related to implementing electronic payroll and paystub programs across the City and its agencies will be examined further in the shared service study.

j) The financial impact (including reductions to staffing costs) and operating benefits of utilizing cloud-based or other virtual-like productivity and e-mail applications and of replacing the City's current server, data storage and back-up capacity with cloud-based services or other virtual-like systems.

Cloud computing is a combination of technologies and IT service delivery models for on-demand, shared computing resources that can be provisioned rapidly and scale easily in response to service demand. Cloud computing can include:

- Public Cloud Computing – access to software solutions over the Internet;
- Private Cloud Computing – access to software solutions within the City's IT environment and network; or
- Hybrid Cloud Computing – a combination of the above two models.

The City has established a cloud computing technology position to monitor and assess potential opportunities and conduct pilot projects to examine the risk and security implications. The City has already realized some benefits of these approaches from an infrastructure management perspective. The City's IT Division has recognized the merits of cloud computing and related

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virtualization and has made significant progress in server infrastructure virtualization in its data centre and selection application opportunities such as an eRecruitment service.

k) The feasibility and financial impact of replacing City Personal Computers within client alternatives more suited to cloud-based computing or other virtual-like systems.

Leading research firms point out that organizational uptake on “virtualized desktops” is not yet widespread. Very few large organizations consider this form of computing as an all-encompassing solution. Best practices point to certain types of usage as conducive to this technology. Thin-client or virtualized desktops are best suited to simple use environments. The City has already implemented over 400 thin-client stations. There are a number of issues related to flexibility of this computing platform for staff that use many applications, the ability of this technology to work seamlessly across various peripheral devices, and the capacity of the network to reliably cope with demand.

l) Security and data protection issues related to cloud-based computing and other virtual-like systems.

Leading research firms note that leveraging only a public cloud computing approach poses unique security and data protection risks. Although the benefits of cloud computing are attractive, so is the need to develop proper security for cloud computing implementations. Cloud computing adoption is still low and relatively new as a technology. Embracing purely public cloud computing without adequate security controls can place the IT infrastructure, systems and City information at risk, ultimately impacting the City's reputation and integrity. Public cloud computing introduces three additional risks: one due to the enabling cloud technology itself, a second risk associated with outsourcing to a third party, and a third risk associated with shared environments with other tenants in the cloud. The combination of these unique characteristics creates challenges in maintaining data integrity, security, privacy and service availability. The City is still responsible for overall compliance and data security. Any adoption of cloud computing would have to give equal importance to a comprehensive adoption plan/strategy as well as an exit strategy to mitigate potential risk. In May 2010, the Information and Privacy Commissioner of Ontario published a report on privacy and use of the cloud and stated: "Without a profound increase in the understanding and assessment of the risks accompanying Cloud computing, and without proper counter-measures being deployed and evaluated, the Cloud may become the exclusive domain of non-sensitive data – a status far below its anticipated potential."

The City also has specific records management requirements from an Information Management and legislative perspective. For example, the City Clerk highlights that there would be a requirement to segregate records for City Council/Accountability Officers from City staff in cloud computing implementations. Given the potential benefits and value balanced against the potential risks and maturity of the technology, the City's position is to continue to develop its private cloud capabilities and to further assess and monitor potential strategic and selective public cloud computing opportunities, piloting where appropriate towards the industry best practice of a hybrid cloud computing model.

G. Planning and Growth Management

The Planning and Growth Management Committee on July 27, 2011, recommended to the Executive Committee that:

- 1) The Executive Committee consider the opportunities contained in Appendix A, Part 2, of the KPMG Standing Committee Summary for Planning and Growth Management.**

The Planning and Growth Management Committee:

- 1) Requested 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 the Executive Committee.**
- 2) Requested the City Manager to include in his report to the Executive Committee for its meeting on September 19, 2011:**
 - a) a mechanism to efficiently manage the developer financed one percent for Public Art Programs;**

The City of Toronto's Percent for Public Art Program, which implements Policy 3.1.4 of the Official Plan, is based on achieving 1% of the value of the gross construction cost of major new developments for public art at the time of issuance of a building permit. Applicants and the City participate in a process of negotiation and contributions are agreed-to through the rezoning process and in Section 37 and 45 agreements.

The current program is managed efficiently, administered by one FTE, with input from other staff on a proposal-by-proposal basis, and it has resulted in application-related public art contributions averaging \$9 million per year between 2006 and 2010.

The City Manager's Core Service Review final report recommends that staff review options to cover the city's administrative costs of the Percent for Public Art Program and report back to the Planning and Growth Committee.

- b) an efficient provision of heritage resources through the greater use of partnerships between the City, Heritage Toronto and linking Heritage Grants and Heritage Tax Credits to such partnerships.**

Opportunities will be explored for partnerships between Heritage Preservation Services (HPS), Heritage Toronto and the wider community, including a process to more effectively involve the community in identifying properties for listing and designation.

The 5-year review of the Official Plan, currently being undertaken by City Planning, provides opportunities for efficiencies to be realized within the broader municipal heritage structure as outlined in Toronto Municipal Code Chapter 103, Heritage, and allows for dialogue on ways to

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better pursue the protection of heritage resources. The conclusions resulting from this policy review will be reported to Council.

In terms of the Toronto Heritage Grant Program and the Heritage Property Tax Rebate Program, these two conservation incentive programs are administered through HPS in City Planning. The properties receiving grants also require permits issued by HPS (on behalf of Council) under the Ontario Heritage Act. Administering this program through HPS is an efficient and streamlined process that limits any delays in approvals and the delivery of the grants. The Heritage Property Tax Rebate Program requires close interaction between HPS, Revenue Services and the Municipal Property Assessment Corporation (MPAC). Administration by an arm's length organization that does not have direct access to other City divisions may cause processing delays. HPS is also responsible for ensuring that Heritage Easement Agreements (HEA) tied to rebated properties are adhered to. The policy review would need to consider the implications of working with another agency including if this would result in processing delays, two layers of review or inefficiencies.

H. Executive

The Executive Committee:

- 1) Directed that the list of opportunities contained in Appendix A, Part 2, of the KPMG Standing Committee Summary be further considered by the Executive Committee on September 19, 2011.**
- 2) Requested 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 to the Committee on September 19, 2011.**

The City Manager has reviewed and considered the List of Opportunities in his report to the September 19, 2011 Executive Committee to ensure service efficiencies are maximized and to meet the 2012 budget targets and multi-year service and financial planning objectives.

- 3) Recommended that the City Manager review opportunities identified in the KPMG report related to efficiencies through shared service models for communications, facilities management, fleet, real estate, information technology, legal services, human resources, and finance and administration for all City divisions and large City agencies, including Toronto Library, Toronto Police, Toronto Transit Commission, Toronto Zoo and other agencies as appropriate; and incorporate as appropriate in the 2012 and 2013 budget process.**

The City Manager will undertake shared service studies for a range of functions for all divisions and large agencies and incorporate as appropriate in the 2012 and 2013 budget process.

- 4) Recommended that the City Manager consider all opportunities identified in the KPMG report related to City Agencies and incorporate as appropriate in the 2012 and 2013 budget process.**

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The City Manager has considered the opportunities identified by KPMG related to City agencies and this report seeks authority to implement service changes to some agencies. Service level adjustments will also be examined and incorporated as appropriate in the 2012 and 2013 budget process.