

City Budget 2013

311 Toronto Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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PART I: RECOMMENDATIONS

**2013 Recommended Operating Budget
(In \$000s)**

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	Operating Budget v. 2012 Appvd. Budget		2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	18,476.2	15,266.6	19,025.8	0.0	19,025.8	549.6	3.0%	911.0	408.5
REVENUE	8,081.1	7,101.4	8,377.7	0.0	8,377.7	296.6	3.7%		
NET EXP.	10,395.1	8,165.2	10,648.1	0.0	10,648.1	253.0	2.4%	911.0	408.5
Approved Positions	186.0	186.0	186.0	0.0	186.0	0.0	0.0%	4.0	

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

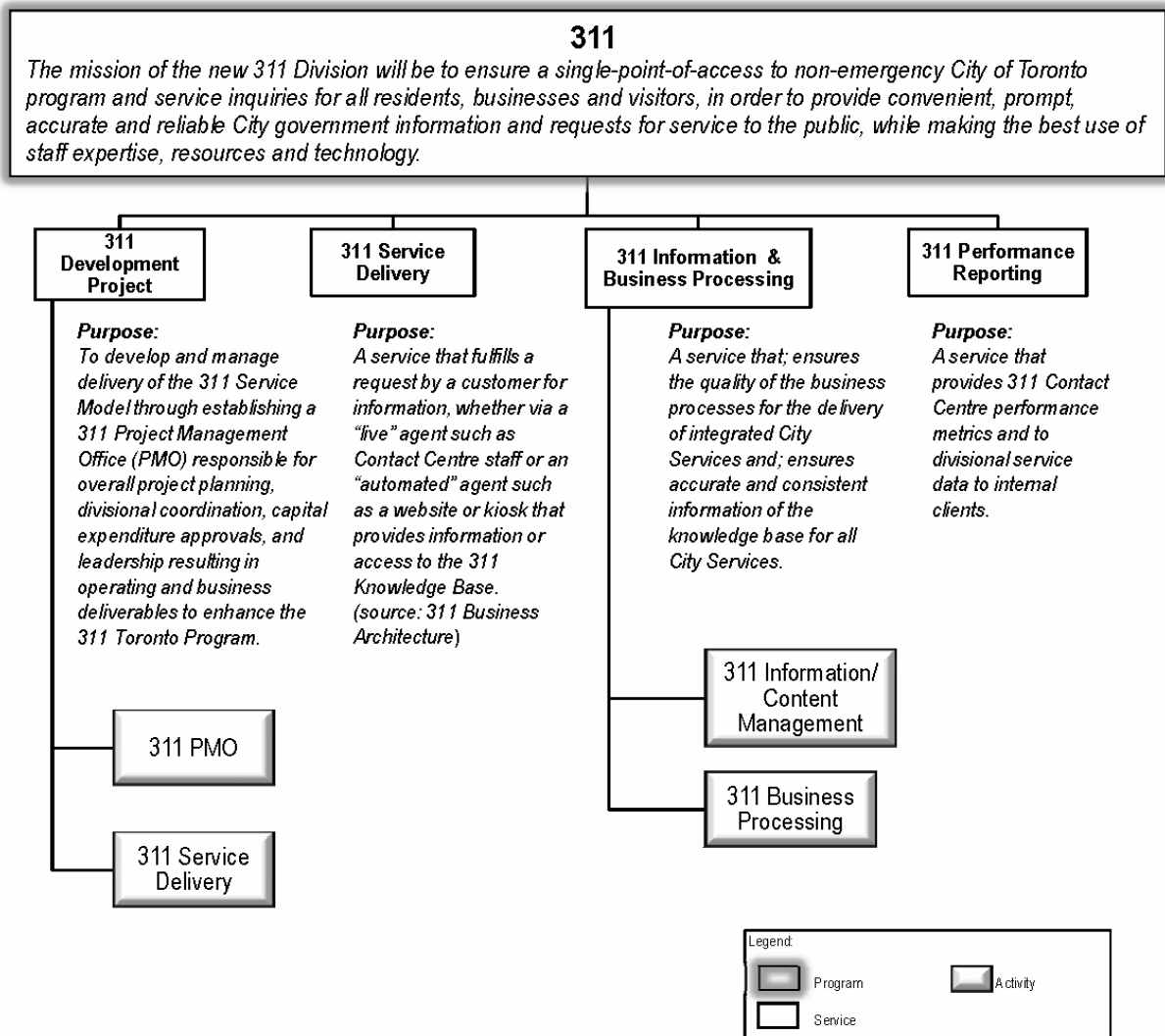
1. City Council approve the 2013 Recommended Operating Budget for 311 Toronto of \$19.026 million gross and \$10.648 million net, comprised of the following services:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Contact Centre	15,394.3	9,976.1
Project Management Office	3,631.5	672.0
Total Program Budget	19,025.8	10,648.1

2. 311 Toronto's services and 2013 proposed service levels, as outlined on pages 4, 5 and 6, and associated staff complement of 186 positions be approved.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

311 Development Project

- City Divisions

311 Service Delivery

- Contact Customer

311 Information & Business Processing

- City Divisions
- Federal
- Provincial
- Special Purpose Bodies
- Not-for-Profit / NGOs

311 Performance Reporting

- Council
- City Manager
- City Divisions
- Toronto Water
- Solid Waste Management
- Transportation Services
- Municipal Licensing and Standards
- Urban Forestry

2013 Recommended Service Levels

The 2013 proposed service levels for 311 Toronto activities are summarized in the table below:

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
311 Development	311 PMO		311 Project Plans		100% of all plans approved	100% of all plans approved
			311 Service Enhancements Implementations		85% of the time implementation is within budget, scope and timelines	85% of the time implementation is within budget, scope and timelines
	311 Service Office		eServices Strategy			
			Customer Service Policies			
311 Information & Business Processing	311 Business Processing		Business Process Managed		100% of all service requests have been through a BPR, prior to scripting upload	100% of all service requests have been through a BPR, prior to scripting upload
	311 Information/ Content Management		Consultation		100% of all information updated	100% of all information updated
			Service Information Updates	311 Initiated	At least once annually	At least once annually
				Division Request	3 business days	3 business days
311 Performance Reporting			Contact Centre Performance		Actively monitor 100% of all metrics	Actively monitor 100% of all metrics
			Knowledge Inquiries (KPS)		Respond to 100% of all inquires within 24 hours	Respond to 100% of all inquires within 24 hours
			Service Requests Data Sets		Reporting portal up and running 100% of the time	Reporting portal up and running 100% of the time
311 Service Delivery			311 General Enquiry	City Divisions	72%	72%
				Federal	28%	28%
				Provincial	28%	28%
				Special Purpose Bodies	28%	28%
				Not for Profit / NGOs	28%	28%
			311 Service Request	Service Fulfillment Toronto Water	100%	100%

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
				Service Fulfillment Solid Waste Management	100%	100%
				Service Fulfillment Transportation Services	100%	100%
				Service Fulfillment Municipal Licensing & Standards	100%	100%
				Service Fulfillment Urban Forestry	100%	100%
				Service Fulfillment 311	100%	100%
				Service Status Tracking	100%	100%
			311 Service Processing	311 Service Referral	100% of calls transferred accurately	100% of calls transferred accurately
				311 Complaint Logging City Divisions	100% of all complaints accurately logged	100% of all complaints accurately logged
				311 Complaint Logging 311	100% of all complaints accurately logged	100% of all complaints accurately logged
				311 Service Transaction Registration	not tracked till tool installed	not tracked till tool installed
				311 Service Transaction Application	not tracked till tool installed	not tracked till tool installed
				311 Service Transaction Scheduling	not tracked till tool installed	not tracked till tool installed

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
				311 Service Transaction Payment	not tracked till tool installed	not tracked till tool installed
				Status Request	80% of all calls answered within 75 seconds	80% of all calls answered within 75 seconds

2013 Service Deliverables

The 2013 Recommended Operating Budget of \$19.026 million gross and \$10.648 million net for 311 Toronto will provide funding to:

Development

- Develop a cross-divisional scheduler that can be used to book rooms, schedule court dates and other City appointments
- Create a glossary and pictures for the 311 knowledge base
- Plan for the end of lifecycle replacement of servers, hardware and software upgrade to ensure the continuity of the 311 Contact Centre operations
- Continue to develop strategies to address 311 Toronto's staff availability for unpredictable call volume and peak demand events
- Improve access to online services moving customers to lower cost channels
- Continue to support the open data initiative by moving 311 reports on-line

Service Delivery

- Continue operating on a 24 hour a day, seven day a week basis to provide reliable access to non-emergency City services for all residents in 180 languages
- Complete 70% of all contacts at first point of contact and transfer less than 30% of all contacts
- Manage 100% of all front-facing services for the six integrated service divisions by 2013

Performance Reporting

- Provide enhanced reports for divisions and Councillors to graph opportunities and results in a mapping format
- Track 100% of projects developed and implemented on time and on budget
- Track 100% of all service requests initiated by 311

Information and Business Processing

- Produce easy to read, easy to format management information
- Provide enhanced knowledge management for both corporate and public use
- Log and track 100% of all 311 initiated complaints
- Ensure 100% of the information provided by Divisions is posted to the 311 Knowledge base in a timely accurate manner
- Enhance the use of speech analytics to drive efficiencies and increase customer satisfaction

PART III: RECOMMENDED BASE BUDGET

**2013 Recommended Base Budget
(In \$000s)**

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014	2015
	\$	\$	\$	%	\$	\$
GROSS EXP.	18,476.2	19,025.8	549.6	3.0%	911.0	408.5
REVENUE	8,081.1	8,377.7	296.6	3.7%		
NET EXP.	10,395.1	10,648.1	253.0	2.4%	911.0	408.5
Approved Positions	186.0	186.0		0.0%	4.0	

2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$19.026 million gross and \$10.648 million net is \$0.253 million or 2.4% over the 2012 Approved Budget of \$10.395 million net. The 2013 Recommended Base Budget provides \$0.396 million in funding for base budget increases, representing an increase of 3.8% over the 2012 Approved Budget, offset by \$0.143 million in recommended service budget reductions bringing the Program's base budget to \$0.253 million or 2.4% over the budget target of a 0% increase.

- The recommended budget reduction is comprised solely of base budget savings in the amount of \$0.143 million.
- Approval of the 2013 Recommended Base Budget will not result in any changes to the staff complement, as highlighted in the table below:

**2013 Recommended Staff Complement
Base Budget Summary**

Changes	Staff Complement
2012 Approved Complement	182.0
- 2012 In-year Adjustments	4.0
2012 Approved Staff Complement	186.0
2013 Recommended Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	
Total 2013 Recommended Complement	186.0

An in-year adjustment was made to reinstate 4 positions as a result of Council's decision to restore the e-mail channel for 311 Toronto communications.

**2013 Recommended Service Change Summary
(In \$000s)**

Description	2013 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% Change over 2012 Budget	2014		2015	
					Net Expenditur	Position Change	Net Expenditur	Position Change
Base Changes:								
Base Expenditure Changes								
Adjustment to Non-Salary Expenses Based on Actual Experience		(142.8)	(142.8)	(1.4%)				
Base Expenditure Changes		(142.8)	(142.8)	(1.4%)				
Sub-Total Base Budget Changes		(142.8)	(142.8)	(1.4%)				
Total Service Changes		(142.8)	(142.8)	(1.4%)				

2013 Recommended Service Changes

The 2013 recommended service changes consist of base expenditure reductions of \$0.143 million, representing a decrease of 1.4% from the 2012 Approved Budget, which partially offsets the program's incremental base budget pressures of \$0.396 million or a 3.8% increase, bringing the 2013 Recommended Base Budget to \$0.253 million or 2.4% over the 2012 Approved Budget of \$10.395 million.

Base Expenditure Changes: (\$0.143 million gross, savings of \$0.143 million net)

Adjustment to Non-Salary Expenses Based on Actual Experience

- Based on a detailed review of actual spending, various non-salary expenses were adjusted, resulting in savings of \$0.143 million net. These non-salary expenses include various services, rents and equipment expenses.

2014 and 2015 Outlook (In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
Known Impacts											
Operating Impacts of Capital	540.0		540.0	5.1%	4						5.1%
Progression Pay	75.5		75.5	0.7%		77.9		77.9	0.7%		1.4%
Step Increases	108.6		108.6	1.0%		85.6		85.6	0.7%		11.8%
Cost of Living Adjustment	186.9		186.9	1.8%		247.0		247.0	2.1%		4.1%
Sub-Total Known Impacts	911.0		911.0	8.9%	4.0	410.5		410.5	3.6%		3.9%
Anticipated Impacts											
Sub-Total - Anticipated Additional Impacts											
Total Incremental Impacts	911.0		911.0		4.0	410.5		410.5			

Approval of the 2013 Recommended Base Budget for 311 Toronto will result in a 2014 incremental cost increase of \$0.911 million and a 2015 incremental cost increase of \$0.409 million to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

Known Impacts

- *Operating Impacts of Capital* – In 2014, an additional \$0.540 million will be required for 4 new positions to support the service enhancements of the scheduler, online services and text messaging functionality that will become operational with the completion of 311's capital projects planned and/or underway in 2013.
- *Progression Pay, Step Increase and Cost of Living Adjustments* total \$0.371 million in 2014 and \$0.409 million in 2015

PART V: ISSUES FOR DISCUSSION

2013 and Future Year Issues**Core Service Review and Efficiency Study Implementation**

On September 26 and 27, 2011, City Council adopted a report that addressed the results of the detailed Core Service review conducted by KPMG. Council approved specific recommendations regarding 311 Toronto and service levels, namely:

- *Counter Services – Consider developing one-stop counter services for access to a wide range of municipal services.*

Status: A counter service efficiency study is being undertaken by the City Manager's Office and is expected to be completed early in 2013.

- *Outsourcing – Consider which components of 311 could be outsourced. developing one-stop counter services for access to a wide range of municipal services*
- *City Council request the City Manager to review the remaining efficiency related opportunities to determine whether and in what manner implementation is appropriate through the 2012, 2013 and 2014 Operating Budgets.* The following opportunity was identified:

311 –Merge with 211 and expand range of Services

Status: A service efficiency review study has been awarded to a consultant. The scope of work includes a review of the possibility of outsourcing as well as a review of the possibility of partnerships with other jurisdictions, including public and private partnerships.

E-Mail Channel

The 2012 Approved Operating Budget included a reduction for the deletion of e-mail service by 311 Toronto, resulting in savings of \$0.280 million. That decision was reversed by City Council at its meeting of March 5, 6, and 6, 2012. Subsequently, \$0.129 million was reinstated in the 311 Toronto's 2012 Operating Budget. The remaining balance of \$0.151 million is required to annualize the Council approval to reinstate the service and has been included in the 2013 Recommended Operating Budget for 311 Toronto.

Appendix 1 2012 Performance

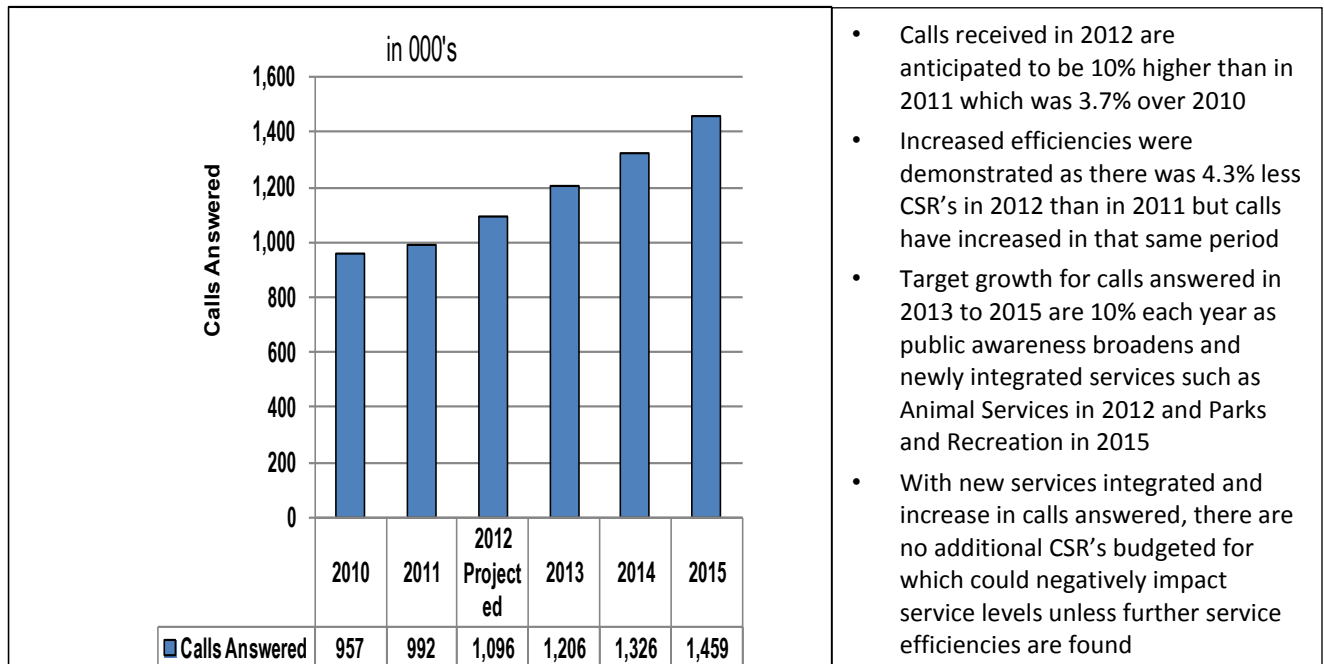
2012 Key Accomplishments

In 2012, 311 Toronto achieved the following results:

- ✓ Expanded public access to Animal Service information and service requests available on a 24/7 basis by integrating into the 311 system
- ✓ Replaced manual reporting process with automated reports
- ✓ Introduced 24/7 access to room bookings using the 311 number effective December 31, 2012
- ✓ Increased access to self serve using smart phone technology (graffiti and pot holes service requests)
- ✓ Calls answered range from 75,000 to over 120,000 monthly and have increased by approximately 10% from 2011
- ✓ 2012 Award Winner of the MISA (Municipal Information Systems Association) Municipal Service Excellence (Innovators) Award for the Mobile Application
- ✓ Counter Service Efficiency Review completed
- ✓ Completed instant updates using text messaging

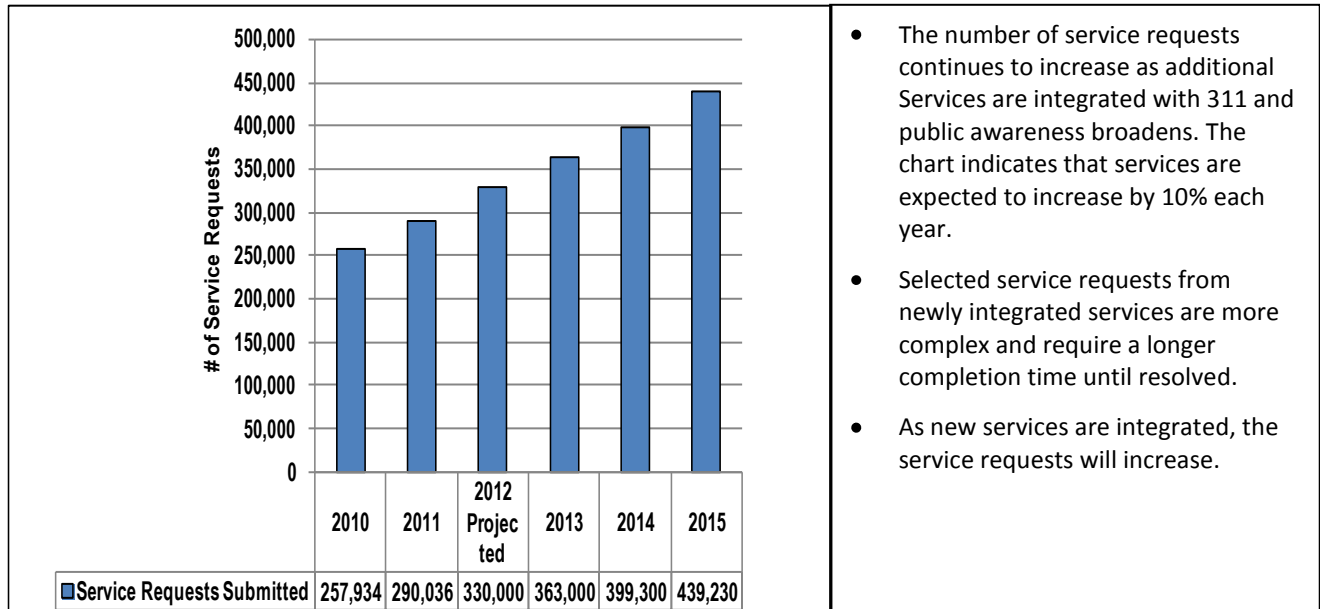
2012 Performance

Telephone Calls Answered –Output Measure



- Calls received in 2012 are anticipated to be 10% higher than in 2011 which was 3.7% over 2010
- Increased efficiencies were demonstrated as there was 4.3% less CSR's in 2012 than in 2011 but calls have increased in that same period
- Target growth for calls answered in 2013 to 2015 are 10% each year as public awareness broadens and newly integrated services such as Animal Services in 2012 and Parks and Recreation in 2015
- With new services integrated and increase in calls answered, there are no additional CSR's budgeted for which could negatively impact service levels unless further service efficiencies are found

Service Requests Submitted – Output Measure



- The number of service requests continues to increase as additional Services are integrated with 311 and public awareness broadens. The chart indicates that services are expected to increase by 10% each year.
- Selected service requests from newly integrated services are more complex and require a longer completion time until resolved.
- As new services are integrated, the service requests will increase.

2012 Budget Variance Analysis

2012 Budget Variance Review (In \$000s)

(In \$000s)	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2012 Approved Budget vs Projected Actual Variance	
	\$	\$	\$	\$	\$	%
Gross Expenditures	15,051.8	15,661.6	18,476.2	15,266.6	(3,209.6)	(17.4)
Revenues	6,379.5	7,382.4	8,081.1	7,101.4	(979.7)	(12.1)
Net Expenditures	8,672.3	8,279.2	10,395.1	8,165.2	(2,229.9)	(21.5)
Approved Positions	181.5	196.0	186.0	186.0		

* Based on the 3rd Quarter Operating Budget Variance Report.

2012 Experience

- The third quarter variance report for 311 Toronto indicates that the Program will be \$2.230 million or 21.5% under the 2012 Approved Net Operating Budget due to savings in salaries and benefits arising from hiring delays.

Impact of 2012 Operating Variance on the 2013 Recommended Budget

- There are no impacts of the 2012 Operating Variance on the 2013 Recommended Budget as it is projected that all positions will be filed in 2013.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2010	2011	2012	2012	2013	2013 Change from		2014	2015
	Actual	Actual	Budget	Projected Actual	Recommended Budget	2012 Approved Budget		Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	13,059.4	13,971.3	16,437.0	13,459.4	16,992.7	555.7	3.4%	17,804.9	18,213.4
Materials and Supplies	15.5	10.4	20.7	20.7	21.0	0.3	1.4%	21.0	21.0
Equipment	45.8	17.8	23.8	23.8	19.2	(4.6)	(19.3%)	19.2	19.2
Services & Rents	1,728.0	1,176.7	1,709.8	1,477.9	1,713.5	3.7	0.2%	1,713.5	1,713.5
Contributions to Capital						0.0	n/a		
Contributions to Reserve/Res Funds	21.4	22.3	22.5	22.5	22.5	0.0	0.0%	22.5	22.5
Other Expenditures	0.8	(0.1)				0.0	n/a		
Interdivisional Charges	180.9	463.2	262.3	262.3	256.9	(5.4)	(2.1%)	256.9	256.9
Required Adjustments						0.0	n/a		
TOTAL GROSS EXPENDITURES	15,051.8	15,661.6	18,476.1	15,266.6	19,025.8	549.7	3.5%	19,838.0	20,246.5
Interdivisional Recoveries	4,274.6	5,107.9	4,894.1	4,893.8	5,051.5	157.4	3.2%	5,051.5	5,051.5
Provincial Subsidies						0.0	n/a		
Federal Subsidies	32.9					0.0	n/a		
Other Subsidies						0.0	n/a		
User Fees & Donations						0.0	n/a		
Transfers from Capital Fund	2,067.6	2,274.4	3,186.9	2,207.6	3,326.2	139.3	4.4%	3,297.9	3,297.9
Contribution from Reserve Funds						0.0	n/a		
Contribution from Reserve						0.0	n/a		
Sundry Revenues	4.4	0.1				0.0	n/a		
Required Adjustments						0.0	n/a		
TOTAL REVENUE	6,379.5	7,382.4	8,081.0	7,101.4	8,377.7	296.7	4.0%	8,349.4	8,349.4
TOTAL NET EXPENDITURES	8,672.3	8,279.2	10,395.1	8,165.2	10,648.1	253.0	2.4%	11,488.6	11,897.1
APPROVED POSITIONS	181.5	196.0	186.0	186.0	186.0	0.0	0.0%	190.0	190.0

2013 Key Cost Drivers

- Salaries and benefits are the largest expenditure category and account for 89.3% of the total expenditures, followed by services and rents at 9%. The remainder of expenditure categories total 1.7%.
- The 2013 recommended budget for salaries and benefits has increased by \$0.556 million or 3.4% to fund progression and step increases, negotiated salary increases in the amount of \$0.405 million and the add back of the e-mail channel at \$0.151 million.
- Services and rents have increased by \$0.003 million or .2%, as a result of inflationary factors, an operating impact of capital, offset by savings realized as a result of a detailed review of actual spending (\$0.143 million).

The 2013 Recommended Base Budget provides funding for the following:

Prior Year Impacts

- Prior year impacts total \$0.102 million. This is an operating impact of capital projects completed. This increase in funding provides for hardware and software costs for the Animal Services integration and funding to maintain the 311 instant update confirmation of service.

Economic Factors

- Salary and benefit increases totaling \$0.388 million for negotiated wage settlements, step and progression pay increases and fringe benefit rate changes.
- Non-labour inflationary factors resulted in an increase of \$0.040 million.

Other Base Changes

- A detailed review of actual expenditures resulted in savings of \$0.143 million in non-salary items.
- The restoration of funding for the e-mail channel totals \$0.151 million.

Revenue Changes

- Interdivisional recoveries were increased by \$0.157 million for salary and benefit adjustments (negotiated increases, fringe rate increases and progression step increases).

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds (In \$000s)

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	21,130.4	22.5	22.5	22.5
Total Reserve / Reserve Fund Draws / Contributions			22.5	22.5	22.5