EX8.18

TORONTO

STAFF REPORT
ACTION REQUIRED

Update on the Shared Services Project

Date:	September 3, 2015
To:	Executive Committee
From:	Deputy City Manager & Chief Financial Officer
Wards:	All
Reference Number:	P:\2015\Internal Services\CFO\ec15002cfo (AFS #21364)

SUMMARY

This report provides an update on the Shared Services Project, including a multi-year implementation plan and a summary of benefits achieved. The Shared Services Project aims to reduce duplication between the City and the Agencies and Corporations.

The Shared Services Project was started in 2014 based on direction from City Council to implement the shared services recommendations from the KPMG Shared Service Study, which were broken down into recommendations that were to be implemented in the short-term and recommendations that were to be implemented in the long-term after further due diligence and analysis.

In 2014, an Executive Steering Committee and 15 working groups were formed – each working group was given responsibility for a specific functional area (for example, learning, health & safety, procurement, information technology.) The working groups responsible for functional areas where KPMG made a recommendation to implement in the short-term were tasked with validating the KPMG recommendation and implementing the recommendation where shown to add value. The working groups responsible for the longer-term opportunities were tasked with performing a detailed analysis of the area, determining where shared services implementations would add value, creating a business case and implementation plan, and implementing a shared services model after seeking approval from Council and the affected Agency Boards.

Although KPMG estimated potential benefits of between $58.8 and $65.3 million, virtually all the benefits were estimated to be realized once the long-term opportunities were implemented – KPMG did not estimate any significant savings in the short-term.

The Shared Service Project is progressing well. The Executive Steering Committee has taken an approach that is consistent with the approach recommended by KPMG, but goes farther and deeper than KPMG's recommendations for the majority of areas. In addition, the Executive Steering Committee has expanded the scope of the project to include five additional recommendations, two additional functions (facilities management and fleet services) and two additional organizations (Toronto Community Housing and Toronto Zoo.)

To ensure success for a project of this size and scope, it is important to take an iterative approach to implementation. For this reason, the Executive Steering Committee has decided to focus on information technology, procurement, real estate, learning, and insurance shared services assessments in 2015. All other areas are focussed on increasing collaboration in 2015 and examining shared services implementations in the future.

Some shared services implementations may involve complex labour relations issues. If these issues do arise, they may vary between organizations and will require careful investigation and due diligence as options are examined. All implementations will comply with collective agreement obligations.

Although the project is still in early stages, there have been some major benefits achieved related to fleet services, procurement, information technology, labour relations, learning and health & safety, and city stores. In addition, the City and the Agencies have matured through their increased collaboration.

The Executive Steering Committee expects to have 89% (8 of 9) of the short-term recommendations implemented by mid-2016. The remaining short-term opportunity relates to the automation of City Stores purchase to pay processes, which are being considered in the City's Supply Chain Management project. The recommendations listed below will be complete by mid-2016, pending final review and approval from the Shared Services Executive Steering Committee.

1. Share generic training and learning functions
2. Coordinate and standardize common Health & Safety functions
3. Enhance the use of the City's Internal Audit Division by Agencies
4. Establish a Quality Assurance Centre of Excellence
5. Provide the City's online submission application for FOI requests Agencies
6. Expand the City's provision of lessor services to Toronto Transit Commission and Toronto Parking Authority (incorporated into the City-wide Real Estate Review)
7. Insure the City's vehicles under the Toronto Transit Commission Insurance Company Limited
8. Insure the Toronto Parking Authority under the City's insurance

In addition, the Executive Steering Committee expects to have 38% (3 of 8) of the long-term recommendations implemented by mid-2016. The other five long-term opportunities will require detailed analyses and implementations plans to be approved by the Shared Services Executive Steering Committee before a firm completion date can be determined. The
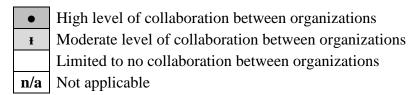
recommendations listed below will be complete by mid-2016 and the remaining recommendations are expected to be complete by 2020.

1. Develop a high-level labour relations and collective bargaining strategy that is aligned across organizations
2. Establish a change management centre of excellence
3. Include the Agencies in a plan to transition to managing digital records

The City is at the forefront of public sector shared services implementations – other governments of the City's size that have undertaken shared services have not included Agencies due to the complications of implementing a transformational initiative across governance structures. For this reason, the Executive Steering Committee has been clear that any recommended implementations must respect each Board's governance and authority and make business sense for each affected Board.

Prior to the Shared Services Project, the City was already using a shared services model to deliver services to its divisions and was already extensively collaborating with the Agencies as outlined in the table below and in Appendix 3. For this reason, expected benefits may not be as significant as other jurisdictions that have undertaken shared services.

Function	City	TTC	TPH	TPS	TPL	TPA	EP	Zoo	TCHC
Facilities Management	●		●	●				Ɨ	
Financial Planning	●	●	●	●	●	●	●	●	●
Fleet Services	●	Ɨ	●	Ɨ	●		Ɨ	Ɨ	●
Human Resources / Labour Relations	●		●		Ɨ	Ɨ	●	●	
Information Management	●	Ɨ	●	Ɨ		Ɨ	Ɨ	Ɨ	Ɨ
Information Technology	●	Ɨ	●	Ɨ	Ɨ	Ɨ	Ɨ	Ɨ	Ɨ
Insurance & Risk Management	●		●	●	●		●	●	●
Internal Audit	●		●	Ɨ			Ɨ		Ɨ
Legal	●	●	●	●	●	●	●	●	●
Parking Services	●	●	n/a	n/a	Ɨ	●			●
Purchasing	●	Ɨ	●	Ɨ	Ɨ	Ɨ	●	Ɨ	Ɨ
Real Estate	●	Ɨ	●	●	●	Ɨ	●	●	Ɨ

●	High level of collaboration between organizations
Ɨ	Moderate level of collaboration between organizations
	Limited to no collaboration between organizations
n/a	Not applicable

Although there are many challenges related to implementing a shared services model across the City and the Agencies & Corporations, the Executive Steering Committee feels the potential benefits outweigh the potential risks if implemented properly. For this reason, the

Shared Services Executive Steering Committee is relying on thorough analysis and solid business cases to move forward with any recommended implementations.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends that:

1. City Council authorize the Deputy City Manager & Chief Financial Officer to implement shared services items related to the following functions where shown to add value:
   a. Common Learning – move to a consolidated model where the small Agencies use the City's common learning and training, as outlined in Appendix 1;
   b. Insurance – move of the City's vehicle insurance from an external provider to the Toronto Transit Commission Insurance Company, if approved by the Government of Ontario, as outlined in Appendix 1;
   c. Procurement – evaluate and report back on a strategic sourcing model, as outlined in Appendix 1; and
   d. Information & Technology – move to an Enterprise Partnership model for infrastructure services, subject to approval of final business case, as outlined in Appendix 1.

2. City Council direct the Deputy City Manager & Chief Financial Officer to report annually to City Council on the status of the Shared Services Project and benefits achieved; and

3. City Council forward this report to the Agency & Corporation Boards listed below for their consideration:
   - Exhibition Place Board of Governors,
   - Toronto Board of Health,
   - Toronto Community Housing Corporation Board of Directors,
   - Toronto Parking Authority Board of Directors,
   - Toronto Police Services Board,
   - Toronto Public Library Board (considered on September 21, 2015),
   - Toronto Transit Commission Board (considered on September 28, 2015), and
   - Toronto Zoo Board of Management (considered on September 10, 2015).

Financial Impact
By implementing Shared Services, KPMG estimated that the City and the Agencies would realize potential benefits of between $58.8 and $65.3 million with up-front investments of between $3.5 and $10.5 million. Of this $58.8 to $65.3 million, KPMG estimated:
- $47 million from pursuing a joint labour relations and collective bargaining strategy; and
- $10 million from sharing common procurement and implementing strategic sourcing.

The Deputy City Manager & Chief Financial Officer agrees there are potential cost savings in these areas, but is of the opinion that cost savings will likely be lower than the KPMG estimates. Actual savings will be highly dependent on the viability of the opportunities as determined by more detailed review, due diligence, and implementation planning. Financial

impacts of shared service models will be reported to Council and Agencies' Boards through future years' budget processes as required.

In addition, the Shared Services Executive Steering Committee believes that, although the Shared Services Study was effective in identifying areas of opportunity for shared services, it did not go to sufficient detail to provide accurate cost savings estimates. For example, the cost savings related to labour relations were arrived at by taking 1% of the total payroll costs for the City.

The table below summarizes expected savings and efficiencies through cost avoidance related to the Shared Services project. The efficiencies listed below are related to areas that were added to the Shared Services Project by the Shared Services Executive Steering Committee and were not in scope for the Shared Services Study. It is difficult to attribute these amounts solely to Shared Services since there are many variables related to efficiencies such as market changes and changes in competition levels.

Area	Expected Efficiencies ($,000)
Fleet Services	
Fuel hedging	18,500
Fuel purchases	9,000
TTC Implementation of SAP	
One-time Licencing Fees	5,000
Software Maintenance and Subscription fees	2,500
Total	35,000

As is the case with any large, transformational project, there is a great deal of work required to complete the project. The Agencies and the City may find it hard to resource the work required to analyze and implement shared services opportunities without additional resources. Any additional resources required will be requested through the regular budget process.

DECISION HISTORY
At its meeting on June 11, 12, and 13, 2013, in consideration of EX32.3 (*Results of the Shared Services Study - City Agencies*), Council directed staff to begin implementation of various short term shared services opportunities and to report back on a multi-year implementation plan for longer term shared services opportunities after consideration by the impacted Agency Boards.

EX32.3 (*Results of the Shared Services Study – City Agencies*) was considered by the Toronto Police Services Board on June 20, 2013 and by the Toronto Public Library Board on September 23, 2013. During its meeting, the Toronto Public Library Board endorsed the following principles for the Library's participation in shared services discussions:
- that Board governance and authority be recognized,
- that implementation of shared services programs be cost neutral to the Board and provide a return on investment,

- that Toronto Public Library have on-going participation of the planning and implementation of applicable shared services programs and there be on-going reporting back to the Board, and
- that Toronto Public Library maintain control over the collective bargaining function while continuing to work collaboratively with the City.

At its meeting on January 29, 2014, in consideration of EX37.1 (*2014 Capital and Operating Budgets*), City Council requested the Deputy City Manager & Chief Financial Officer to report back to City Council in July 2014 with options to accelerate the implementation of shared service opportunities in the KPMG Shared Services Efficiency Study to achieve potential cost savings ranging from $10 million to $15 million in 2014.

EX43.21 (*Update on the Shared Services Project*) was approved by Executive Committee on July 02, 2014 without amendment and was considered by the Toronto Police Services Board on June 19, 2014, Toronto Public Library Board and Toronto Parking Authority Board on June 23, 2014, Toronto Transit Commission Board on June 24, 2014, and the Exhibition Place Board of Governors on September 10, 2014. Despite accelerating the implementation of the shared services opportunities, the project team was not able to achieve potential cost savings ranging from $10 million to $15 million in 2014.

ISSUE BACKGROUND

In 2012, the City Manager identified eight corporate support services to review as a part of a Shared Service Study and retained KPMG to undertake the assignment. The corporate support services included were: information technology, internal audit, insurance & risk management, legal services, human resources/labour relations, procurement & materials management, real estate, and records management.

KPMG's study focused on the City's six largest Agencies with a view to expanding any resulting opportunities to additional City Agencies, where appropriate. The Agencies included were: Exhibition Place, the Toronto Parking Authority, the Toronto Police Service, Toronto Public Health, Toronto Public Library, and the Toronto Transit Commission.

The KPMG report identified many existing shared services and areas of collaboration between the City and the Agencies that were in place prior to their engagement. For example, the City has been working with the Agencies in the areas of accounts payable, corporate finance, financial planning, facilities management, real estate, fleet services, human resources, information technology, information management, internal audit, insurance & risk management, legal services, parking services, procurement, and other areas prior to the KPMG report. However, this existing collaboration was not standardized across organizations. For a list of existing collaboration, see Appendix 3.

City Council approved the implementation of eighteen opportunities and no further action on two opportunities. Eleven opportunities were recommended to be implemented in the shorter term and reported out as required through the City's 2014/2015 budget process or to a standing committee or specific Agency Board.

The remaining seven opportunities were broad transformational directions to the City and its Agencies that require significant business process re-engineering, organizational change, and information technology investment to successfully implement. The City Manager referred these opportunities to the Deputy City Manager & Chief Financial Officer, in consultation with City Agencies, for further due diligence, planning, and the development of a five-year shared service implementation plan.

Shared services are often described by organizations that have implemented these delivery models as a journey that takes time, leadership, careful planning, strategic investments, and good governance. Implementing shared services often involves a multi-year and multi-phase transformation to effect technology investments and business re-engineering across multiple organizations.

COMMENTS

1. Background on Shared Services

Shared services is the redesign of corporate services with the goal to reduce duplication within and across business units and optimize processes. Shared services solutions are tailored to the functions and organizations involved.

Although many successful shared services implementations involve consolidation of some areas, consolidation is not a requirement for shared services to be successful. For example, many organizations choose to consolidate and optimize procurement and information technology functions, while leaving human resources functions decentralized. Regardless of whether functions are consolidated, process review and redesign will occur to ensure all organizations using a function have aligned policy, standardized processes, and developed common metrics.

Since the 1980s private and public sector organizations have been implementing shared services in various forms. Many governments across North America, Europe, and Australia have implemented shared services with varying degrees of success. In Canada, the Federal Government and most provincial governments have implemented shared services to some degree.

The City already uses a shared services model to deliver corporate services to City divisions through Cluster C divisions. The City Agencies, however, continue to manage and deliver some of their own corporate services, sharing services with the City in a way that is neither formalized nor standardized for the same areas. The Shared Services Project aims to improve this by expanding the shared services model to the City Agencies. The goal of the Shared Services Project is for the City and the Agencies to work collaboratively to identify and implement shared services opportunities that will achieve cost savings and service improvements.

2. Project Structure

In 2014, an Executive Steering Committee and 15 working groups were formed. The Executive Steering Committee provides oversight and direction for the overall Shared Services Project, while each working group has been given responsibility for specific recommendations. All teams have representation from all organizations and meet regularly. The working groups are listed below.

1. Change Management Working Group
2. Cooperative Purchasing Group
3. Facilities Management Working Group
4. Fleet Management Steering Committee
5. Health & Safety Working Group
6. Information Management Working Group
7. Information Technology Steering Committee

8. Internal Audit Working Group
9. Labour Relations Steering Committee
10. Learning Working Group
11. Payroll Working Group
12. Quality Assurance Working Group
13. Real Estate Working Group
14. Toronto Parking Authority / City Insurance Working Group
15. Toronto Transit Commission / City Insurance Working Group

3. KPMG Estimated Benefits

The benefits estimated by KPMG are outlined in the table below, broken down by function and time frame required to implement. KPMG did not estimate any major savings in the short-term – all major savings were estimated in the long-term. This is consistent with the project teams' analyses.

Function / KPMG Recommendation	KPMG Estimated Benefits * ($,000)
Implement and Report as Required **(Opportunities to Implement in the Short-Term)**	
Human Resources	
Share generic training and learning functions	100
Coordinate and standardize common Health & Safety functions	-
Internal Audit	
Enhance the use of the City's Internal Audit Division by Agencies	-
Establish a Quality Assurance Centre of Excellence	-
Procurement	
Continue to rationalize the City stores	1,000
Increase direct delivery of City stores items	-
Automate P2P processes related to City stores	-
Information Management	
Provide the City's online submission application for FOI requests	100

Function / KPMG Recommendation	KPMG Estimated Benefits * ($,000)
to Agencies	
Real Estate	
Expand the City's provision of lessor services to Toronto Transit Commission and Toronto Parking Authority	181
Insurance	
Insure the Toronto Transit Commission under the City's insurance	100
Insure the Toronto Parking Authority under the City's insurance	100
Total Estimated Benefits for Short-Term Opportunities	**1,581**
Implement Pending Further Due Diligence and Planning (Opportunities to Implement in the Long-Term)	
Human Resources	
Develop a labour relations and collective bargaining strategy	46,625
Standardize human resource information systems and share payroll administration	2,000
Establish a change management centre of excellence	(125)
Procurement	
Share procurement of common goods and services and implement strategic sourcing	10,000
Information Technology	
Share common information technology infrastructure	2,200
Rationalize information technology applications	1,000
Real Estate	
Coordinate real estate contract and vendor management	1,000
Information Management	
Include the Agencies in a plan to transition to managing digital records	1,000
Total Estimated Benefits for Long-Term Opportunities	**63,700**
Total Estimated Benefits	**65,281**

The KPMG report classified each opportunity with a high, medium, or low potential benefit. Where the working group analysis has shown potential benefits and agreement with KPMG's recommendation, the high end of the range is shown, where the working group analysis has disagreed with KPMG's findings or shows low potential benefits, the low end of the range is shown. Where analysis has not been completed, the high end of the range is shown. All estimates are shown net of estimated investments.

4. Project Approach

The project has been progressing in a path that is consistent with KPMG's recommendations, although in many cases the Executive Steering Committee has taken a broader approach to the functions than the KPMG recommendations. For example, where KPMG had two very specific Real Estate-related recommendations, the City has taken a more global focus on the real estate function and is not limiting the analysis to the specifics of the KPMG report.

Throughout the project, the Shared Services Executive Steering Committee has been ensuring that work is being done in the most efficient and effective way possible. The scope was expanded to add the additional functions and organizations, the working groups have been diving deeper than the KPMG recommendations, and the project teams have been active in finding and implementing maximum opportunities to collaborate.

The table below shows the KPMG recommendations and the related project approach. When the project approach is listed as Exceeding Recommendation, it is intended to mean that the Executive Steering Committee has adopted an approach that addresses a broader scope than the KPMG recommendation and an explanation of how it exceeds the recommendation is provided in the comments section. An approach that goes further than the KPMG recommendation may not translate into additional financial benefits. For more information, see Appendix 1.

Recommendation	Project Approach	Comments
Implement and Report as Required **(Opportunities to Implement in the Short-Term)**		
Human Resources		
Share generic training and learning functions	Exceeds Recommendation	Added TCHC & Zoo to Scope
Coordinate and standardize common Health and Safety functions	Exceeds Recommendation	Added TCHC & Zoo to Scope
Internal Audit		
Enhance the use of the City's Internal Audit Division by Agencies	Consistent with Recommendation	
Establish a Quality Assurance Centre of Excellence	Consistent with Recommendation	Plan to expand in future
Procurement		
Continue to rationalize the City stores and automate P2P processes	Consistent with Recommendation	
Information Management		
Provide the City's online submission application for FOI requests Agencies	Consistent with Recommendation	
Real Estate		

Recommendation	Project Approach	Comments
Expand the City's provision of lessor services to TTC and TPA	Exceeds Recommendation	Added all functions and Agencies & Corporations to Scope
Insurance		
Insure the Toronto Parking Authority under the City's insurance	Consistent with Recommendation	
Insure the Toronto Transit Commission under the City's insurance	Exceeds Recommendation	Added other coverage areas
Implement Pending Further Due Diligence and Planning (Opportunities to Implement in the Long-Term)		
Human Resources		
Develop a labour relations and collective bargaining strategy	Exceeds Recommendation	Added TCHC & Zoo to Scope
Standardize human resource information systems and share payroll	Exceeds Recommendation	Added TCHC & Zoo to Scope
Establish a change management centre of excellence	Exceeds Recommendation	Added TCHC & Zoo to Scope
Procurement		
Share procurement of common goods and services and implement strategic sourcing	Exceeds Recommendation	Added TCHC & Zoo to Scope
Information Technology		
Share common information technology infrastructure	Exceeds Recommendation	Examined all IT infrastructure services and TCHC & Zoo
Rationalize information technology applications	Exceeds Recommendation	Added TCHC & Zoo to Scope
Real Estate		
Coordinate real estate contract and vendor management	Exceeds Recommendation	Added all Functions and Agencies & Corporations to Scope
Information Management		
Include the Agencies in a plan to transition to managing digital records	Exceeds Recommendation	Added TCHC & Zoo to Scope
Additional Opportunities (Opportunities added by the Executive Steering Committee)		
Facilities Management		
Incorporate the Agencies in the Facilities	Exceeds	Not in

Recommendation	Project Approach	Comments
Transformation Project	Recommendation	KPMG's scope
Fleet Management		
Create a Fleet Management Centre of Excellence	Exceeds Recommendation	Not in KPMG's scope
Information Technology		
Establish an IT Contract Management Centre of Excellence	Exceeds Recommendation	Not in KPMG's scope
Internal Audit		
Create an Internal Audit Centre of Excellence	Exceeds Recommendation	Not in KPMG's scope
Real Estate		
Create a Real Estate Centre of Excellence	Exceeds Recommendation	Not in KPMG's scope

5. Project Update

Although the Executive Steering Committee has adopted a more fulsome and global approach to the project than KPMG, the project is progressing according to the sequencing suggested by KPMG. The project teams expect the short-term opportunities to be 89% implemented by mid-2016 and the long-term opportunities to be 38% implemented by mid-2016. We expect all recommendations to be addressed by 2020.

In all cases, the working groups are examining all areas of a function for shared services opportunities instead of focusing on the KPMG recommendation, which were at times very specific. In addition, the scope has been expanded to include
- five additional recommendations,
- two additional functions (facilities management and fleet services) and
- two additional organizations (Toronto Community Housing and Toronto Zoo.)

Based on the analyses performed by the working groups, the Executive Steering Committee has decided to focus on Information Technology, Purchasing, Real Estate, Insurance, and Learning shared services assessments in 2015 and 2016.

All other working groups will be focussing on increasing collaboration, standardizing process, aligning policy, and creating common metrics in 2015. Although these tasks have value in themselves, they allow the groups to more easily transition to a shared services model if the analysis shows value in the future.

A detailed update for each recommendation is provided in Appendix 1.

6. Benefits Achieved

<u>Increased Collaboration across Organizations</u>

In their report, KPMG included a section on the importance of increasing collaboration across all organizations under the City umbrella. They outlined the benefits, mechanisms, and guiding principles of increasing collaboration and stressed the need to increase collaboration between the City and the Agencies and amongst the Agencies. This section of the report has been of great importance to the Executive Steering Committee, whose members have always been very vocal about the need to work together more.

In 2014, the Executive Steering Committee created a project structure that encourages increased collaboration and sharing of knowledge. The working groups are meeting on a regular basis and there are formal and informal networks being set-up across the organizations, which has led to a shift in attitude in all organizations – there is an increased awareness of initiatives in other organizations, an increased desire to work together across organizations, and working group members regularly rely on each other as a resource.

Although it is hard to capture and quantify the benefits of this change in attitude, it is clear that this change in culture will lead to many long-term benefits for both the Agencies and the City, in both service improvements and cost efficiencies.

<u>Selected Highlights</u>

This section highlights some benefits achieved through the project – Appendix 4 provides more information on benefits achieved since the project started.

1. **Fuel Hedging –** The TTC and the City executed and implemented successful fuel hedging contracts which led to approximately $18.6 million in efficiencies.

2. **Fuel Purchases –** As a result of enhanced collaboration between the City and TTC and a successful pilot program, the TTC determined that it would be acceptable to use a less expensive grade of diesel fuel – this change in fuel is expected to result in a savings of $4.0 million. In addition to this savings, this change has allowed all organizations to purchase the same type of diesel fuel, which the City expects will lead to an efficiency of approximately $5.0 million ($0.05/litre). The procurement is currently being conducted and will be completed before the end of 2015.

3. **SAP** – The TTC has decided to implement SAP and is working with the City to ensure they have a joint strategy for moving forward. As part of the strategy
   - the TTC and the City are developing a 10-year roadmap,
   - the City has dedicated a project team to participate in the TTC implementation and use their experience to upgrade the City's SAP platform. This will enable the City to develop a shared services model to centralize the systems management of SAP and provide implementation, support and sustainment services at a much lower cost; and

- the TTC has benefited from the City's contract with SAP by using the City's discount, allowing them to avoid an estimated $4.9 million in one-time fees and an estimated $2.6 million in annual subscription and software maintenance fees.

4. **Labour Relations –**The Toronto Police Services Board engaged the City's Employee and Labour Relations group to perform bargaining on their behalf during the recently-negotiated uniform and civilian agreements.

5. **Procurement –** The Cooperative Purchasing Group has increased joint contracts from 15 in 2010 to 265 as of July 2015, representing 76 commodity groups, and resulting in efficiencies for all organizations. The City's portion of the 265 contracts is 102 contracts valued at over $400 million. In addition, the City estimates that the prices they received through a joint calls are approximately 5% lower than the price they would have gotten if they had not included the Agencies and Corporations in the calls. Since the City is the largest consumer for most of the joint purchases, this percentage is expected to be higher for the Agencies and Corporations participating on the joint calls. For a listing of the cooperative purchases between the City and the Agencies, see Appendix 2.

6. **City Stores Rationalization** - In 2014, two City Corporate Stores were closed and consolidated into a single location. This resulted in two properties becoming available for other uses.
   - 60 Brant Street: 60 Brant Street will house Eva's Phoenix, a non-for profit shelter that works with youth, and will be incorporated into a mixed-use development that is currently being marketed by Build Toronto. The sale and development of the adjacent mixed-use development will generate revenue for the City from property taxes, development charges, and fees.
   - 320 Bering Avenue: Business cases for the occupancy of 320 Bering Avenue by other City Divisions are currently being examined. If viable, the occupancy will meet the Council recommendation that Bering Yard be retained for City purposes and it's use intensified by adding additional City services.

7. **Fleet Services –** The City's wireless fuel integration program includes fully secure and automated fuel management and additional vehicle operating data capture which improves fleet management capability. The TTC began a pilot to participate in this program in 2015. In addition, the City has been accessing Toronto Police Service fuel sites to refuel Toronto Paramedic Services vehicles.

8. **Learning and Health & Safety** – Collaboration in areas such as developing and sharing of training materials has resulted in improved access to materials and consistency in programming. Continued on a larger scale will provide opportunities for future benefits.

For a more comprehensive list of benefits achieved, please refer Appendix 4.

7. Roadmap for Moving Forward

Based on the Shared Services Executive Steering Committee's direction, assessment and implementation has been accelerated for all areas. The table below provides a high-level overview of the project plan for assessment and/or implementation as determined by a business case.

Recommendation	Target Timeline					
	2014	2015	2016	2017	2018	2019
Implement and Report as Required (Opportunities to Implement in the Short-Term)						
Human Resources						
Share generic training and learning functions			●			
Coordinate and standardize common Health and Safety functions		●				
Internal Audit						
Enhance the use of the City's Internal Audit Division by Agencies	●					
Establish a Quality Assurance Centre of Excellence			●			
Procurement						
Continue to rationalize the City stores and automate P2P processes	Ongoing					
Information Management						
Provide the City's online submission application for FOI requests to the Agencies		●				
Real Estate						
Expand the City's provision of lessor services to TTC and TPA	Deferred					
Insurance						
Insure the Toronto Parking Authority under the City's insurance			●			
Insure the Toronto Transit Commission under the City's insurance			●			
Implement Pending Further Due Diligence and Planning (Opportunities to Implement in the Long-Term)						
Human Resources						
Develop a labour relations and collective bargaining strategy		●				
Standardize human resource information systems and share payroll	To be determined					
Establish a change management centre of excellence		●				
Procurement						
Share procurement of common goods and services and	To be determined					

Recommendation	Target Timeline					
	2014	2015	2016	2017	2018	2019
implement strategic sourcing						
Information Technology						
Share common information technology infrastructure						●
Rationalize information technology applications	To be determined					
Real Estate						
Coordinate real estate contract and vendor management	Deferred					
Information Management						
Include the Agencies in a plan to transition to managing digital records		●				
Additional Opportunities **(Opportunities added by the Executive Steering Committee)**						
Facilities Management						
Incorporate the Agencies in the Facilities Transformation Project			●			
Fleet Management						
Create a Fleet Management Centre of Excellence	●					
Information Technology						
Establish an IT Contract Management Centre of Excellence	To be determined					
Internal Audit						
Create an Internal Audit Centre of Excellence	●					
Real Estate						
Perform City-Wide Real Estate Framework Assessment			●			

For a more detailed project plan, see Appendix 5. For a detailed description of the status & roadmap for each recommendation, see Appendix 1.

9. Expected Benefits

As stated in Section 2, KPMG did not predict savings in the short-term and predicted that the majority of the benefits in the short-term are non-monetary. This is consistent with the analysis the working groups have performed.

As mentioned in previous reports, Shared Services is a transformational project that focusses on optimizing and modernizing corporate services and reducing duplication. The immediate benefit of a shared services implementation is increased collaboration, followed by improved service delivery, resulting in cost avoidance in the long term. This is consistent with other jurisdictions. For example, Ontario Shared Services did not start to realize any significant benefits until the seventh year after implementation. For this reason, various consultants and public-sector organizations that have undertaken shared services have advised against focussing solely on savings.

Some shared services implementations may involve complex labour relations issues. If these issues do arise, they may vary between organizations and will require careful investigation and due diligence as options are examined. All implementations will comply with collective agreement obligations.

Labour Relations

KPMG has estimated that pursuing this opportunity may yield cost savings 1% of the City's salary & benefits budget (approximately $47.0 million.) The Deputy City Manager & CFO, Executive Director of Human Resources, and Shared Services Labour Relations Steering Committee agree that there are potential savings, particularly the avoidance of higher and rising future costs, but are of the opinion that savings will be lower than the KPMG estimates given the complexity of the collective bargaining process. Any benefits associated with this initiative will be difficult to attribute solely to Shared Services.

In addition, the governance structure of the Boards combined with the staggered multi-year collective agreement expiry dates of the numerous collective agreements put limitations on the ability of the City and the Agencies to have a one-size-fits-all coordinated labour relations and collective bargaining strategy, specifically for those agreements that are subject to binding arbitration.

Comparing the City to other Jurisdictions

The City is at the forefront of public sector shared services implementations – other governments of the City's size that have undertaken shared services have not included Agencies due to the complications of implementing transformational initiatives across governance structures.

Since the City is already using a shared services model to deliver corporate services, the order of magnitude benefits expected from a shared services implementation across the City and Agencies is not comparable to other jurisdictions who have undertaken an internal shared services implementation. Since the City represents approximately 70% of the total of the City and the Agencies, the Shared Services Project Team estimates that

approximately 70% of benefits have likely been realized by implementing shared services at the City. For this reason, stakeholders should not expect the same level of benefits to be realized as in other jurisdictions that were completely decentralized prior to implementing shared services. However, no formal analysis has been performed to validate this estimation.

10.   Conclusion

Although there are many challenges related to implementing a shared services model across the City and its Agencies, the Executive Steering Committee feels the potential benefits of Shared Services outweigh the potential risks, if implemented properly. However, the Executive Steering Committee is also aware that opportunities must be fully analysed to ensure benefits will be achieved before starting implementation. For this reason, the Shared Services Executive Steering Committee will continue to review opportunities and will make decisions on implementing initiatives based on thorough analysis and solid business cases.

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ATTACHMENTS

Appendix 1: Detailed Status of Recommendations
Appendix 2: Summary of Cooperative Purchases
Appendix 3: Summary of Existing Collaboration
Appendix 4: Summary of Benefits Achieved
Appendix 5: Project Plan

APPENDIX 1: Detailed Status of Recommendations

This appendix provides a detailed update on the status of each of the recommendations. Use the table of contents below to find locate each opportunity within the appendix.

Status of Opportunities Recommended to Implement and Report Further as Required

Share Generic Training and Learning Functions

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
  a. Share generic training and learning functions

Update

The Learning Working Group was formed in 2014 and has been meeting regularly. The group has completed a current state assessment and has completed an analysis to identify opportunities and determine the roadmap for moving forward.

The group has decided that a shared services model between the City and the smaller Agencies is worth pursuing. A shared services model with the larger Agencies – TPS and TTC – at this point would not add value since their models for delivery of service are drastically different than the other organizations and training is core to their business and common learning cannot easily be separated from their task-specific learning activities.

The group has decided that there is value in increasing collaboration between the City, TPS, and TTC, specifically on eLearning, sharing content, and joint procurement.

Roadmap
Before the end of 2015, the working group will:
- Conduct a preliminary review of what would be required for Agencies to access the Cornerstone on Demand Learning Management System including estimated configuration costs, benefits, preparation, and sustainment costs;
- Develop a single point of contact system to give smaller Agencies access to Toronto classroom courses. Develop a manual registration system to accommodate Agency access to City courses and a fee structure to reflect cost recovery requirements; and
- Implement a formal process to share City owned content and training materials with the larger Agencies.

Coordinate and Standardize Common Health and Safety Functions

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
  b. Coordinate and standardize common health and safety functions

Update

The Health & Safety Working Group was formed in 2014 and has been meeting regularly. The group has completed a current state assessment and has completed an analysis to identify opportunities and determine the roadmap for moving forward.

The Group concluded that there is value in increasing collaboration between all the Organizations. It was decided, however, that a shared services model would not add value since each organization takes a different approach to their model for delivery of service which would require the organizations to redesign the way they integrate health & safety into their core business. The cost to do this is expected to out-weigh any savings generated. However, the group has decided that there is value in increasing collaboration between all the organizations.

The group is working together on:
- Increased information sharing around advisory bulletins;
- Capitalizing on e-learning modules related to health and safety;
- Developing a common approach to comply with new training standards;
- Developing a common approach to responding to legislative changes;
- Identifying common procurement related to health and safety; and
- Identifying common equipment needs and services.

Roadmap
Before the end of 2015, the working group will:
- Develop common metrics
- Operationalize the community of practice
- Roll-out the Global Harmonization System
- Work together to procure H&S services

Enhance the Use of the City's Internal Audit Division by Agencies

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
  c. Enhance the use of the City's Internal Audit Division for compliance, assurance and business risk consulting services by Agencies that do not have their own audit resources

Update

Completed in 2014. The Toronto Public Library, Exhibition Place, and Toronto Police Services Board have agreed to use the City's Internal Audit to perform various engagements.

Establish a Quality Assurance Centre of Excellence

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
  d. Establish a Quality Assurance Centre of Excellence to leverage tools, templates and specialized skills, coordinate work plans and share best practices

Update
Completed in 2015. The Quality Assurance Centre of Excellence was formed and met for its first regular meeting in May 2015.

Roadmap for moving forward
The group will continue to meet regularly. Once the group has agreed upon a workplan that adds value for all participating organizations, the group will consider expanding membership to the additional Agencies and City divisions.

Continue to rationalize the City Stores

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
  e. Continue to rationalize the City stores and increase direct delivery of consumable goods and automate P2P (purchase to pay) processes

Update

This recommendation from KPMG's Shared Services Study related only to the City of Toronto and was consistent with recommendations from the Auditor General related to continuing to rationalize City Stores, increase direct delivery of products where appropriate and increase the use of technology. Rationalization of City Stores is a continual process of determining whether existing Stores should be closed, consolidated or expanded and whether new Stores should be opened.

The rationalization of City Stores began in 2006 with six Divisions in scope and a total of 7 Corporate Stores and 18 Divisional warehouses, for a grand total of 25 stores/warehouses. At the beginning of 2014, there were 4 Corporate Stores (60 Brant St, 320 Bering Avenue, 1050 Ellesmere Avenue and City Hall) and 3 Corporate Warehouses (Finch, Rivalda and Dohme). In 2014, two Corporate Stores (Brant and Bering) were consolidated and relocated to 799 Islington Avenue. The renovation at 799 Islington (approximately a 32,000 sq foot warehouse) is scheduled to be completed by August 2015 allowing PMMD to further consolidate two Corporate warehouses (Rivalda and Dohme) into Islington leaving three Corporate Stores and one Corporate Warehouse. The consolidation of the two warehouses should result in efficiencies gained through stock consolidation, stock rotation and fewer warehouse transfers.

City Divisions also have Divisional Warehouses, where the inventory is overseen/managed by PMMD but manned by staff from the respective City Division. At the beginning of 2015 the following Divisions had PMMD managed warehouses:

- Parks, Forestry and Recreation – 1 warehouse;
- Toronto Water – 2 warehouses;
- EMS – 1 warehouse;
- Toronto Fire – 1 warehouse.

	2006	2014	2015 (Year End)
Divisional Warehouses	18	8	5
Corporate Warehouses	7	3	1
Corporate Stores	0	3	3
Total	25	14	9

Finally, PMMD has been working on an overall supply chain management technology solution. PMMD hired PWC to conduct a fit-gap analysis and to provide a technology implementation roadmap in order for PMMD to enhance its' use of technology, including items such as having an online ordering capability for City Stores.

Roadmap
PMMD will continue to work with Divisions to rationalize Divisional Warehouses and determine whether those warehouses can be further consolidated into 799 Islington Avenue. Discussions have already begun with Divisions. PMMD continues to create, validate and use direct delivery options with vendors, where appropriate, without incurring unnecessary inventories of overstocked goods throughout the City in various departments. PMMD is also working on a business case for the 2016 Budget process related to implementing new technology.

City provides Freedom of Information submission application to Agencies

Council Directive
City Council requests the City Clerk to provide as a best practice, the City's online submission application for Freedom of Information requests to interested Agencies when it becomes available.

The City purchased and implemented a module for the City's CLASS system, used extensively by Parks, Forestry, and Recreation for online registrations. This module was adapted for the FOI submission tool. A demonstration to the Agencies was provided in March 2015.

Roadmap

Each Agency will determine if the City's tool meets their needs. If it does, each Agency will work with the City to install the tool.

Expand the City's provision of lessor services to the TTC and the TPA

Council Directive
City Council requests the Chief Corporate Officer to work with the Chief Executive Officers of the Toronto Transit Commission and Toronto Parking Authority regarding the possibility of the City providing lessor services to their Agencies.

Update
The Real Estate Working Group was formed in 2014 and met regularly until February 2015 when it was decided that the best approach was to expand the scope of this project to all real estate functions and all Agencies and Corporations.

Council approved the City-Wide Real Estate Review report in April 2015. This project will analyse the options related to improving coordination of all real estate activities for all organizations.

Roadmap
The City, under the direction of the City Manager's Office, will hire an external consultant to review the existing real estate structures of all City divisions, Agencies, and Corporations with the aim to improve coordination between all real estate functions on a City-wide basis. By Q1 2016, a report will be delivered to Council with recommendations and an implementation plan to create a City-Wide Framework for the City and its Agencies and Corporations.

Insure the TTC and the TPA under the City's insurance

Council Directive
City Council requests the City Manager and Deputy City Manager & Chief Financial Officer, to work with the Chief Executive Officers of the Toronto Transit Commission and Toronto Parking Authority, to insure the Toronto Transit Commission and the Toronto Parking Authority under the City's insurance for non-specialized policies and exclusive of claims, where the City is able to provide similar coverage for a lower cost and report further as required.

Toronto Parking Authority

Update
Toronto Parking Authority and the City's Insurance & Risk Management Division has met multiple times to discuss this opportunity in 2014 and 2015. In April 2015, the groups met with their brokers to create a workplan to decide on an approach to complete an analysis by fall 2015.

<u>Roadmap</u>
Toronto Parking Authority, the City's Insurance & Risk Management Division, and their respective brokers will complete the analysis of this opportunity by fall 2015. If there is value in consolidating the insurance programs, an implementation plan will be completed by December 2015 and the programs will be consolidated in 2016.

Toronto Transit Commission

<u>Update</u>
Toronto Transit Commission and the City's Insurance & Risk Management Division met multiple times to discuss this opportunity in 2014 and 2015. In March 2015, the groups decided to examine the potential for the City to insure its vehicles through the TTC Insurance Company. Although this option would lead to a potential savings of approximately $300,000 to the City, it would require a change to the TTC Insurance Company that must be approved by the Province. In May 2015, the City and the TTC met with the Province to discuss the possibility of insuring the City's vehicle and three other areas of risk with the TTC Insurance Company.

<u>Roadmap</u>
In 2015, the TTC and the City will apply to expand the scope of the TTC Insurance Company to include the City's auto vehicles and other risk categories. The results of this application will not be known until 2016.

Status of Opportunities Recommended to Implement Pending Further Due Diligence and Planning

City-wide labour relations strategy

<u>Council Directive</u>
City Council authorizes the City Manager and the Executive Director, Human Resources to lead the development of a labour relations and collective bargaining strategy for the City and its Agencies going forward, in consultation with City Agencies, and report the strategy to the City's Employee and Labour Relations Committee for approval in principle.

<u>Update</u>
In 2014, the Shared Services Labour Relations Steering Committee was formed. This committee includes representatives from the City and the Agencies in scope for the Shared Services Project and has been meeting regularly to discuss ways to enhance communications related to their various Labour Relations and Collective Bargaining Strategies.

The discussions with these organizations have been mindful of the differences in governance structures and the various expiry dates of the City's and Agencies collective agreements. The

following table sets out the expiry dates of the collective agreements and identifies who performs bargaining for each of the agreements.

| Organizations / Union | Bargaining Year | | | | | Bargaining Performed by: |
	2014	2015	2016	2017	2018	
City of Toronto						
TPFFA Local 3888	●					City
CUPE Local 79 (4 agreements)		●				City
TCEU (CUPE) Local 416		●				City
CUPE Local 2998		●				City
Toronto Public Library						
CUPE Local 4948		●				TPL
Toronto Community Housing Corporation						
CUPE Local 79		●				TCHC
Exhibition Place						
CUPE Local 2840		●				City
IBEW Local 353		●				City
CUPE Local 5116		●				City
IATSE Local 58		●				City
Painters & Allied Trades		●				City
Carpenters Local 27		●				City
Plumbers Local 46		●				City
LIUNA Labourers Local 506			●			City
Toronto Parking Authority						
TCEU Local 416				●		TPA
Toronto Zoo						
CUPE Local 1600				●		City
Toronto Transit Commission						
ATU Local 113					●	TTC
CUPE Local 2					●	TTC
IAMAW Lodge 235					●	TTC
CUPE Local 5089					●	TTC
Toronto Police Services Board						
Toronto Police Association (6 agreements)					●	City
Senior Officers' Organization (2 agreements)	●					External Counsel

The Toronto Police Services Board engaged the City's Employee and Labour Relations group to conduct bargaining on their behalf during the recently-negotiated uniform and civilian agreements (Uniform, Unit A, Unit B, Unit C, Unit D and Unit E).

Currently, the City has direct Shared Services Agreements for bargaining with Exhibition Place, the Toronto Police Services Board, and the Toronto Zoo. The Shared Services Labour Relations Steering Committee and Shared Services Executive Steering Committee are

examining the possibility of entering into similar agreements with other Agency and Corporation Boards.

KPMG has estimated that pursuing this opportunity may yield cost savings 1% of the City's salary/benefits budget or approximately $47M. The Deputy City Manager & CFO, and Executive Director of Human Resources agrees that there are potential cost savings, particularly the avoidance of higher and rising future costs, but is of the opinion that cost savings will likely be lower than the KPMG estimates given the complexity of the collective bargaining process and the pragmatic realities of collective bargaining in the public sector – specifically for those agreements that are subject to binding arbitration.

Roadmap
The governance structure of the Boards combined with the staggered multi-year collective agreement expiry dates of the numerous collective agreements put limitations on the ability of the City and the Agencies to have a one-size-fits-all coordinated labour relations and collective bargaining strategy. However, the collaborative sharing of information combined with the direct service agreement arrangements create the beginnings of the development of a successful working framework.

The Shared Services Labour Relations Steering Committee will continue to meet regularly to share information and discuss collective bargaining strategies, best practices, and successful strategies and bargaining outcomes. This increased collaboration will lead to greater alignment between the organizations during collective agreement negotiations.

Standardize HR information systems and share payroll administration

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City Agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by Boards of affected City Agencies:
   a. Standardize human resource information systems and share payroll and benefits
       administration

Update
The City's Pension, Payroll, and Employee Benefits Division (PPEB) completed a Program Review of operations, including a complete review of its end-to-end business process, in 2013.

Based on the results of this review, PPEB embarked on three major IT infrastructure projects - the Employee and Management Self Service Portal (ESS/MSS); an Enterprise Time, Attendance and Scheduling Management program (TASS); and a major update to SAP as it relates to payroll (CATS).

The ESS/MSS project commenced in March 2014 and remains on track to complete phase one in 2015. The City issued an RFP for the CATS/TASS project and is in final negotiations with a consortium to assist with its implementation. It is anticipated the project will commence in June 2015 and is scheduled to be completed by the end of 2016 for the 2 pilot divisions.

It was recommended by both the consultant who conducted the Program Review and KMPG that prior to the City examining shared services opportunities in depth it needs to upgrade its IT infrastructure and modernize its end-to-end processes. As a result, the focus will continue over the next year to implement the 3 capital projects and review its business process and organizational structure to prepare the foundation for shared services.

The City and Agencies, however, do feel that mutual benefit can be gained by creating a community of practice immediately to share best practices and examine any potential shared services opportunities. The first of these meetings took place on April 16, 2014.

Roadmap
Shared Services will be considered once the City has completed their process of modernizing their payroll systems.

The City's Director, PPEB will continue to coordinate monthly meetings with the Agencies to update the Agencies on the status of the major capital projects, to share best practices, review all collective agreements and business requirements, and determine potential shared services opportunities, given the differences in each Agency's business.

Establish a Change Management Centre of Excellence

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City Agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by Boards of affected City Agencies:
   f. Establish a change management centre of excellence to support the implementation of shared services and other major City change initiatives.

Update
The City added one full-time permanent change management consultant position to the complement of the Shared Services Project Team in 2015. The Shared Services Project Team has started discussions with Human Resources, the City Manager's Office, and other areas in the City and Agencies to develop the scope of services and best reporting relationship for a Change Management Centre of Excellence.

Roadmap
The Change Management Consultant will develop a change strategy for the project and work with the Shared Services Project Team, Human Resources, and the City Manager's Office to

determine the plan for the Change Management Centre of Excellence. Resources will be added to the Shared Services Project Team as needed to manage change effectively. These positions will move over into the Change Management Centre of Excellence once the scope of services and reporting relationship have been confirmed and approved.

Share procurement of common goods and implement strategic sourcing

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City Agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by Boards of affected City Agencies:

    a. Share procurement of common goods and services and implement strategic sourcing

Update &Roadmap

Development of Strategic Sourcing in Procurement
Strategic Sourcing is the process of identifying cost saving/efficiency opportunities, evaluating potential suppliers, negotiating supplier contracts and continually managing supplier relationships to achieve corporate goals. Strategic Sourcing drives benefits across a number of areas within the organization, and is not simply a cost reduction effort; the true objective is to create value in many forms—quality, cost, risk, compliance with policy objectives like green procurement etc. Strategic Sourcing is not simply bundling or consolidating buying and is more than just the acquisition process.

Implementing strategic sourcing in procurement was the main recommendation from the KPMG Shared Services Study. The recommendation was for the City of Toronto to implement category management, a form of strategic sourcing, by re-organizing its Purchasing and Materials Management Section first. Once that was done, the next step would be to bring the Agencies into the strategic sourcing model.

In order to do this, the City's Purchasing and Materials Management Division ("PMMD") has embarked on a program review that will review its service delivery and organizational structure and set out an implementation plan that will move to a strategic sourcing model. PMMD, using internal resources, has finalized a current state assessment and has retained Ernst & Young who will recommend potential models for the City to move towards and to provide a fit-gap analysis and a roadmap and implementation plan for the preferred model. The consultant began work in July, 2015 and will provide its final report at the end of March, 2016. Depending on the implementation roadmap, some items may be implemented in 2016 through to 2017.

Cooperative Purchasing Group
As noted above, the main recommendation from KPMG's Shared Services Study was for the City to implement strategic sourcing. In the interim, while work is being done to assess how the City would implement strategic sourcing, the City of Toronto and the Agencies and

Corporations are working collaboratively to identify common procurement opportunities through the monthly Cooperative Purchasing Group (CPG meetings). A formal terms of reference was recently signed off by the members of the Executive Shared Service Steering Committee. The terms of reference guide how the CPG will operate. Appendix 2 provides a list of the purchases done jointly with one or more Agencies and/or where an Agency has piggy-backed off the City's contract.

The next steps the CPG is working on include continuing to identify joint procurement opportunities, implementing and tracking the cost saving and other metrics established by the CPG, reviewing the processes and legal terms to determine standardization amongst the Agencies where possible, and comparing procurement opportunities against the Provincial Vendor of Record (VOR) system.

Share common information technology infrastructure

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City Agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by Boards of affected City Agencies:
   a. Share common information technology infrastructure with a focus on infrastructure management, data management and storage

Update
The City's Information & Technology Division formed a project team in 2014 responsible for all three IT-related opportunities (IT Infrastructure, IT Application Rationalization, and IT Contracts). This project team completed an RFP process for an external consultant to provide the tools and experience needed to assist the project team in performing an assessment of the IT Infrastructure function and make a recommendation on a shared services model. In addition, an IT Steering Committee was formed that consisted of the Chief Information Officers (or their equivalents) for the City and the Agencies & Corporations.

Assessment
This assessment indicated that 40% to 65% of technology infrastructure and services areas were highly eligible for shared services, with the exception of Toronto Police Service. Only common infrastructure areas that are not core to an Agency's business were considered for this assessment.

The project team completed an assessment of the nine common technology infrastructure areas listed below.

1. Data Centre Services
2. Desktop Services
3. Enterprise Backup
4. Internet Services
5. IT Services Desk
6. Messaging and Telephony
7. Network Services
8. Platform Infrastructure
9. Storage Services

During the analysis, it was determined to focus on the City, Toronto Police Service, Toronto Transit Commission, and the Toronto Public Library since they represented approximately 94% of the common, non-core technology infrastructure services. The remaining organizations (Exhibition Place, Toronto Community Housing, Toronto Public Health, Toronto Parking Authority, Toronto Zoo) represented less than 6% of the common, non-core technology infrastructure services and the IT Steering Committee concluded that detailed analysis of these entities would have limited value. These organizations will be included in the implementation where shown to add value.

It is important to note that the City and Agencies are already collaborating in a number of technology infrastructure areas. Examples include sharing of the City's data centre infrastructure, leveraging the Toronto Police Service 911 telephone systems and services, and use of the City's Geographic Information Systems for digital maps and data. For more detail about existing collaboration, see Appendix 3 and Appendix 4.

Roadmap for IT Infrastructure & Services

Based on results of the assessment, it was recommended that a three-phase approach to shared services be adopted, which is summarized below. This approach has been recommended by the Shared Services IT Steering Committee, but has not yet been approved by the Shared Services Executive Steering Committee.

Phase 1: Setting the Foundation	
Timeframe:	2015 to 2016
Estimated Cost:	$300,000
Activities:	- Hiring of a project team - Creation of governance - Preparation of project and communication plans - Creation of business case for moving to Enterprise Partnership
Comments:	The first phase is preparation for the implementation of IT Shared Services.
Decision: Are we ready for Enterprise Partnership?	
Comments:	The Shared Services Executive Steering Committee will confirm that the business case exists and the governance structure and organizational change management plans are in place to move to Enterprise Partnership.
Phase 2: Enterprise Partnership	
Timeframe:	2016 to 2019
Estimated Cost:	Between $2.6 and $5.5 million to implement Enterprise Partnership and set the foundation for implementing Managed Services.
Estimated Benefit:	Between $2.0 and $4.0 million annually, based on PwC industry data and the data gathered by the City and Agencies & Corporations.
Activities:	- Standardization of processes - Standardization of systems

	- Coordination of purchasing and contract management
Comments:	- Enterprise Partnership focusses on increasing collaboration between the organizations with an agreed-upon approval process. - Enterprise Partnership is expected to be implemented by 2019 and is expected to deliver approximately 50% of the benefits of a full consolidation with significantly lower risk.

Decision: Do we move to Managed Services?	
Comments:	The Executive Steering Committee will decide if a business case exists to move to Managed Services based on the estimated costs and potential benefits.

Phase 3: Managed Services	
Timeframe:	Starting in 2019
Estimated Cost:	To be determined during Enterprise Partnership
Estimated Benefit:	To be determined during Enterprise Partnership
Activities:	Consolidation of functions between the City and the Agencies & Corporations
Comments:	Based on the results of Enterprise Partnership, the decision will be made whether to move to a consolidation.

During the assessment, the IT Steering Committee recognized the importance of change management in any approach that was being considered. Managing change effectively is essential to ensure success, especially when considering the complex and long-established business models of the City and the Agencies & Corporations.

Rationalize information technology applications

<u>Council Directive</u>
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City Agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by Boards of affected City Agencies:
   a. Rationalize information technology applications

<u>Update</u>
The City's Information & Technology Division formed a project team in 2014 responsible for all three IT-related opportunities (IT Infrastructure, IT Application Rationalization, and IT Contracts). As recommended in the KPMG report, a separate team was seconded to work on the IT Application Rationalization Assessment, largely due to the dependencies that application rationalization has on the IT Infrastructure. This also aligns with industry best practice, whereby IT Application Rationalization implementation begins in the second stage of implementation. As such it was determined that it should follow any decision made on the IT Infrastructure recommendation. The City and Agencies are establishing a joint project

team tasked with gathering and assessing the application inventories in conjunction with business functions they support.

In addition, the City and TTC have been formally engaged in collaborating to establish the foundation for a common, shared SAP environment. Other Agencies will be engaged to assess opportunities to leverage in the Shared Services SAP ERP Strategy.

Roadmap
Work on the IT Application Rationalization has focused on the development of the framework needed to collect the inventory of applications in the City and Agencies and identify the business functions they support. Given the volume of applications and the business functions they support, a joint project team will be assembled with subject matter experts from the City and Agencies. This team will work together to:
1. Map the landscape of IT Applications.
2. Assess opportunities for shared application services by business capability.
3. Develop and implement an application inventory governance model.
4. Develop and maintain a shared inventory of applications.
5. Analyze opportunities to consolidate applications.
6. Identify a list of prioritized projects to rationalize IT Applications (Roadmap).

Coordinate real estate contract and vendor management

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City Agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by Boards of affected City Agencies:
  e. Coordinate real estate contract and vendor management through an information technology platform

Update
The Real Estate Working Group was formed in 2014 and met regularly until February 2015 when it was decided that the best approach was to expand the scope of this project to all real estate functions and all Agencies and Corporations.

Council approved the City-Wide Real Estate Framework report in April 2015. This project will analyse the options related to the better coordination of all real estate activities for all relevant City Agencies, Corporations and divisions.

Roadmap
The City, under the direction of the City Manager's Office, will hire an external consultant to review the existing real estate structures of all City divisions, Agencies, and Corporations with the aim to improve coordination between all real estate functions on a City-wide basis. By Q1 2016, a report will be delivered to Council with recommendations and an

implementation plan to create a City-Wide Framework for the City and its Agencies and Corporations.

Include the Agencies in a plan to transition to managing digital records

Council Directive
City Council requests the City Clerk, in consultation with the City Manager and the Chief Information Officer, to include in the Information Management Strategy for the City, a plan to transition to managing digital records and phased-in implementation to include City Agencies.

Update
The City and Agencies have been meeting regularly. The City's development of an Information Management Strategy originally planned to begin in 2014 was delayed, and work on the initiative started at the beginning of 2015. No Agency has a comparable initiative for an organization-wide information management strategy underway or planned. However, some Agencies, including the TTC and Toronto Police Service, are actively developing digital record keeping capabilities and may well be 'ahead' of the City in terms of implementation. IM Working Group will be consulted in the development of the City's strategy in order for Agencies to adapt the IM strategy for their purposes as appropriate. The City's Information Strategy is scheduled for completion at the end of 2015.

Roadmap

The City will consult with the Agencies while in process of developing the City's strategy so that the Agencies can be phased in as part of the transition to digital records. The Working Group noted significant dependencies between the strategy and other initiatives, including, management of IT contracts, sharing IT infrastructure, rationalizing IT applications.

Status of Additional Shared Service Opportunities

Incorporate the Agencies in the Facilities Transformation Project

Council Directive
None - this opportunity was added by the Shared Services Executive Steering Committee.

Update
The Facilities Management Working Group met in 2014 and decided that the best approach was for the City's Facilities Management Division perform shared services assessments with each Agency separately. These assessments started in January 2015 with Toronto Public Library with a discussion around using a shared services model to provide security services. Toronto Parking Authority's assessment was started in March 2015.

Roadmap
Agency assessments will begin in 2015 and continue in 2016 with implementation potential to commence in 2017.

Establish a Fleet Management Centre of Excellence

Council Directive
None - this opportunity was added by the Shared Services Executive Steering Committee.

Update
Fleets' shared services are coordinated formally through the Fleet Management Steering Committee (FMSC). In 2014 the Terms of Reference were revised and membership was expanded. The FMSC is comprised of members from FSD, TPS, TFS, TPS (EMS), TTC non-revenue, Exhibition Place, TPA, Toronto Zoo, Toronto Public Library and PMMD. At each monthly meeting, issues of concern are discussed and coordinated as required.

The main benefit is information-sharing. To this point the greatest savings can be attributed to the Bulk Fuel Purchase which is coordinated by PMMD and the contract is managed by FSD. In 2014 the creation of the Consolidated Green Fleet Plan 2014 – 2018 was developed by FSD, TPS, FSD, TTC non-revenue and TPS is seen as an efficiency. Each year FSD updates the Emergency Support Function (ESF) document on behalf of all members.

Roadmap
In 2016 the FMSC will continue to serve its members and coordinate Fleet activities as required.

Establish an IT Contract Management Centre of Excellence

Council Directive
None - this opportunity was added by the Shared Services Executive Steering Committee.

Update
The City's Information & Technology Division formed a project team in 2014 responsible for all three IT-related opportunities (IT Infrastructure, IT Application Rationalization, and IT Contracts). The IT Project Management team has engaged PMMD and has assigned a team lead from the IT Contract Management Office.

Although many City IT contracts are already adopted by Agencies (which reduces duplicate procurement activity and allows for pricing improvements) the team anticipates that economies of scale can be realized by combining contracts for common IT infrastructure, applications, and services.

Roadmap

A task force consisting of City and Agency resources with IT contract management experience will endeavor to:
- Review existing IT Contracts
- Identify City and Agency resources to form a task force to assess IT Contract rationalization opportunities.
- Assess the benefits of establishing an IT Contract Management Centre of Excellence to formalize collaboration and implement processes that support sharing of IT contracts between the City and Agencies.

Any immediate opportunities will be identified and acted upon. In addition, recommendations adopted for implementing IT Shared Services Infrastructure and Rationalization of Applications may foster opportunities to consolidate IT Contracts.

Establish an Internal Audit Centre of Excellence

Council Directive
None - this opportunity was added by the Shared Services Executive Steering Committee.

Update
Completed in 2014. The group is meeting quarterly to share best practices and examine opportunities for increase collaboration.

Establish a Real Estate Centre of Excellence

Council Directive
None - this opportunity was added by the Shared Services Executive Steering Committee.

Update
The Real Estate Centre of Excellence was formed in 2014 and met regularly until February 2015 when it was decided that the best approach was to expand the scope of this project to all real estate functions and all Agencies and Corporations.

Council approved the City-Wide Real Estate Framework report in April 2015. This project will analyse the options related to the better coordinating of all real estate activities for all relevant City Agencies, Corporations and divisions.

Roadmap
The City, under the guidance of the City Manager's Office, will hire an external consultant to review the existing real estate structures of all City division, Agencies, and Corporations with the aim to improve coordination between all of real estate functions on a City-wide basis. By Q1 2016, a report will be delivered to Council with recommendations and an implementation plan to create a City-Wide Real Estate Framework for the City and its Agencies and Corporations.

APPENDIX 2: Summary of Cooperative Purchases

As a result of the Shared Services Study, the Cooperative Purchasing Group was formed and has increased joint contracts from 15 in 2010 to 265 as of July 2015. The graph below summarizes the joint contracts in place from 2010 to the end of July 2015.

Joint Contracts in Place

The following tables identify the cooperative purchases completed to date (either through a joint procurement where Agency requirements are built into the City's call before issuance or through piggy-backed procurement where an Agency entered into a contract with the City's vendor after the fact) and identify future opportunities identified by the CPG for further analysis to become joint procurements.

These tables do not include cooperative purchases with organizations outside the City of Toronto – for example, the Toronto Police Service regularly purchases jointly with other policing organizations at the provincial and federal levels.

Any purchases noted in Table 1 are automatically considered for future opportunities for Table 2. In addition, future opportunities will continue to grow as more analysis on common spending is done through the CPG.

Table 1 – Joint and Piggy-Backed Purchases Done to Date

	Description of Product/Service		Description of Product/Service
1	Antifreeze	39	Maintenance of Signal Equipment
2	Automotive Suspension Parts	40	Media Storage Services
3	Automotive Oils	41	Metals
4	Automotive Rust Control	42	Moving Services
5	Banking	43	New Signal Installation
6	Batteries	44	Phone Language Interpretation

	Description of Product/Service		Description of Product/Service
7	Benefit Consulting	45	Painting Services
8	Bicycle Rings	46	Paper products - wipes, towels, toilet
9	Cargo Vans	47	Personal Care Products
10	Cisco Network Equipment	48	Pest Control
11	Collections	49	Pick up and Recycling of Lamps
12	Custom Broker	50	Picnic Tables
13	Data Network Services	51	Plumbing Supplies
14	Desktop Equipment	52	Print & Online Advertising
15	Doors and Maintenance	53	Purchasing Card
16	Electrical Supplies	54	Radio & Voice Logging Infrastructure
17	Employee & Pensioner Health Benefits	55	Rental of Mops
18	Envelopes	56	Rock Salt
19	ePrint Devices	57	Safety Footwear
20	Executive Recruitment Services	58	Servers & Warranty
21	Fertilizers	59	Stationary
22	Fire Extinguisher Maintenance	60	Supply & Install of Transit Shelters
23	Fire Hydrant Maintenance	61	Symantec Veritas Licenses & Support
24	Fine Paper	62	Tire Repair
25	Flags	63	Toner
26	Fleet Parts & Inventory Management	64	Traffic Sign Brackets
27	Fuel	65	Translation Services
28	Fuel Site Maintenance & Repair	66	Training Courses
29	Garbage Bags	67	Truck Chassis
30	Graffiti Removal Services	68	Various Lumber
31	Grass Seeds	69	Vehicle Maintenance
32	Headsets	70	Vehicle Purchases
33	Hydro & Natural Gas	71	Walk Off Mats
34	Ice Melting Products	72	Waste Oil Removal
35	Industrial Supplies	73	Watches (25 years of service)
36	IT Resources Roster	74	Welding Gases
37	Janitorial Supplies	75	Wireless Telecommunications
38	Lamps & Ballasts	76	Uniform Rental and Cleaning

Table 2 – Future Opportunities Not Identified in Table 1

	Description of Product/Service
1	Appliances
2	ARC Resistant Clothing (Orange)
3	Auto Parts

	Description of Product/Service
4	Chain Link Fencing
5	Electrical Components
6	Electrical Supplies
7	Emergency Generators – Testing & Repair
8	Freon R22
9	Furniture (Various)
10	Hand Cutting Tools
11	Misc. Hardware and Bldg Products
12	Motors
13	Office Equipment Repairs
14	Office Furniture Repairs
15	Parts Cleaning Stations - Service
16	Pumps & Electric Motors
17	Safety Products/Equipment
18	SAP Licenses
19	Shredder Service
20	Summer & Winter Maintenance
21	Time & Attendance Mgt System
22	Towels
23	Towing Services

APPENDIX 3: Summary of Existing Collaboration

Although the KPMG report identified many shared services opportunities in place, some shared services opportunities were not included in the list they provided. The table below summarizes the level of collaboration between the City and the Agencies prior to the Shared Services Project. A more comprehensive list of existing shared services activities follows the table.

Function	City	TTC	TPH	TPS	TPL	TPA	EP	Zoo	TCHC
Facilities Management	●		●	●				ᵻ	
Financial Planning	●	●	●	●	●	●	●	●	●
Fleet Services	●	ᵻ	●	ᵻ	●		ᵻ	ᵻ	●
Human Resources / Labour Relations	●		●		ᵻ	ᵻ	●	●	
Information Management	●	ᵻ	●	ᵻ		ᵻ	ᵻ	ᵻ	ᵻ
Information Technology	●	ᵻ	●	ᵻ	ᵻ	ᵻ	ᵻ	ᵻ	ᵻ
Insurance & Risk Management	●		●	●	●		●	●	●
Internal Audit	●		●	ᵻ			ᵻ		ᵻ
Legal	●	●	●	●	●	●	●	●	●
Parking Services	●	●	n/a	n/a	ᵻ	●			●
Purchasing	●	ᵻ	●	ᵻ	ᵻ	ᵻ	●	ᵻ	ᵻ
Real Estate	●	ᵻ	●	●	●	ᵻ	●	●	ᵻ

●	High level of collaboration between organizations
ᵻ	Moderate level of collaboration between organizations
	Limited to no collaboration between organizations
n/a	Not applicable

Facilities Management
The City's Facilities Management Division is engaged with the Agencies as listed below.
- The City provides a full range of services to Toronto Public Health.
- The City provides building operations, maintenance, and custodial services to Toronto Police Service.
- The City provides Energy and Environment services to the Zoo.
- The City provides various services to the other Agencies upon request.

Financial Planning
The City's Financial Planning Division offers a full range of services to all the City agencies.

Fleet Services
The City's Fleet Services Division is engaged with the Agencies as listed below.

- Fleet Management Steering Committee with representation from Exhibition Place, Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Public Library, Toronto Transit Commission, Toronto Community Housing Corporation, the Zoo, and some City divisions.
- The City is the sole provider for fleet maintenance and management for Toronto Community Housing Corporation, Toronto Public Health, and Toronto Public Library.
- The City's fleet contracts can be accessed by the Agencies (maintenance, rentals, tires).
- The City's Emergency Medical Services (EMS) Division vehicles use Toronto Police Service Fleet fuel locations to refuel.
- The Agencies use the City's fuel locations to refuel.
- The Agencies use the City's pricing to purchase fuel, where advantageous.
- The Agencies use the City's pricing on vehicles, where advantageous.
- The Agencies participate in the City's emergency management planning to provide a comprehensive overview of fleet contingencies, contacts, and resources.
- Agency fleet training opportunities are available to City division employees.
- The City provides training to the Agencies when requested.

Human Resources

The City's Human Resources Division provides a full range of services to Toronto Public Health, full labour relations services, including bargaining, to Exhibition Place, and provides bargaining services to the Zoo. Additionally, The City's Health and Safety group is engaged with the Agencies as listed below.
- Toronto Parking Authority, Toronto Public Library, and Exhibition Place use the City's Health & Safety group for Health & Safety training.
- The City's Health & Safety group offers some Health & Safety consultation to the Agencies, upon request.

Information and Technology

The City's Information & Technology Division is engaged with the Agencies as listed below. Additional collaboration areas are captured in Appendix 4.
- Provides a full range of Information Technology services to Toronto Public Health.
- The City's Chief Information Officer and the heads of Information Technology for Toronto Public Library, Toronto Transit Commission, and Toronto Police Service regularly meet to discuss strategy, policy, and collaboration opportunities.
- The City and the Agencies meet regularly to share standards and best practices.
- The City, Toronto Public Health, and Toronto Community Housing Corporation are currently sharing a Data Centre.
- The City and the Agencies regularly meet to discuss vendor products and identify opportunities for joint Information Technology purchasing.
- The City provides infrastructure and application services and support to the Zoo.
- Toronto Transit Commission and the City will collaborate to best leverage the City's existing SAP contract.
- The City provides IT Infrastructure services to TCHC through a co-location of TCHC's primary data centre within the City's space at the Telus data centre.
- Numerous contract collaboration arrangements exist for hardware, software, and services. These are listed in Appendix 4.

- TPS provides a common platform for 911 telephone systems used by Toronto Fire and Toronto Paramedic Services, allowing for ease of communication, handoff of calls, and cost reductions.
- TPS provides the radio operations infrastructure leveraged by Toronto Fire, Toronto Paramedic Services, TCHC, and Corporate Security.
- TPS uses the City's SAP system for financial tracking and transactions and is interested in exploring shared services opportunities in Time & Attendance and Scheduling.
- TPS obtains digital maps and data from City.
- TPS leverages the City Archives in storage and licensing, concluding in 2016.
- The Zoo leverages the City's email infrastructure.
- The TTC leverages the City's open data platform for a variety of vehicle arrival and service disruption services.

Information Management
The City Clerk's Office, Corporate Information Management Services is engaged with the Agencies as listed below.
- The City provides low-cost, off-site records retrieval and storage services for more than 50 Agencies, Boards, committees, and Corporations, including Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Transit Commission, Toronto Community Housing Corporation, Hydro, the Zoo, Toronto Port Lands, Sinking Fund Committee, AOCC Boards, Business Improvement Areas, Heritage Toronto, St. Lawrence Centre for the Arts, Toronto Licensing Tribunal, and numerous Quasi-Judicial and Advisory Boards.
- Of the City's 800 Livelink Records Management Software licenses, over 50 are shared and used by the Agencies listed above.
- The City provides archives services (preservation and access by the public) for Toronto Public Health, Toronto Transit Commission, Hydro, and the 519 Community Centre.
- The City processes Freedom of Information (FOI) Requests for Build Toronto, Toronto Public Health (for MFIPPA requests only) the Zoo and provides advice to Arena Boards, AOCCS, and numerous Quasi-Judicial and Advisory Boards.
- The City provides advice to Agencies on classification and scheduling of common administrative records such as financial, human resources, and administrative records.
- The City shares information management policies and standards with the Agencies.
- The City has concluded Service Level Agreements for information management services with Toronto Public Health, Toronto Transit Commission, Harbourfront Community Centre, The 519 Community Centre, Applegrove Community Centre, and Ralph Thornton Community Centre.

Insurance and Risk Management
The City's Insurance & Risk Management group is engaged with the Agencies as listed below.
- The City provides a full range of services to Toronto Police Service, Toronto Public Health, Toronto Public Library, and the Zoo.
- The City provides services to the other Agencies upon request.

Internal Audit
The City's Internal Audit Division is engaged with the Agencies as listed below.

- The City provides audit services to Toronto Public Health.
- The City provides internal audit services to Exhibition Place on a fee per audit basis, which is determined at the beginning of each audit.
- The City has assisted Toronto Community Housing Corporation to implement recommendations from the Auditor General's report on Procurement.
- The City is working with the Toronto Police Service Board which identified two potential reviews.
- Toronto Community Housing Corporation, Toronto Transit Commission, Toronto Police Service, and the City have collaboratively established a Cross-Agency Audit Working Group that meets quarterly. The quarterly meetings are intended to discuss emerging issues in the internal audit field, leverage training opportunities, exchange ideas, share tools, and share work programs. These meetings are deemed to be extremely beneficial to all participating organizations and all participating organizations have gained knowledge from the experiences of the others.

Legal Services
The City's Legal Division is engaged with the Agencies as listed below.
- The City's provides legal support for real estate transactions to all Agencies.
- The City provides all services to Exhibition Place, Toronto Public Health, and the Zoo.
- The City provides municipal law expertise to Toronto Public Library and Toronto Parking Authority.
- The City is the Toronto Police Services Board's legal counsel and provides legal support to both Toronto Police Service and the Toronto Police Service Board for contracts, employment law, and non-employment-related human rights claims.

Parking Services
Toronto Parking Authority is engaged with the City, Toronto Transit Commission, and Toronto Community Housing Corporation as listed below.
- Toronto Parking Authority operates 53 parking facilities owned by the City and Toronto Transit Commission on a year-round basis.
- Toronto Parking Authority operates 15 City locations during the summer months only.
- Toronto Parking Authority operates one parking facility for Toronto Public Library.
- Toronto Parking Authority is responsible for all aspects of supply, operation, maintenance, collection and servicing of revenue equipment for approximately 50 TCHC visitor parking facilities.

Purchasing
The City's Purchasing and Materials Management Division (PMMD) is engaged in procurement of common goods and services with the Agencies in the ways listed below.
- The City provides a full range of procurement services to Exhibition Place and Toronto Public Health directly.
- The City and the Agencies established a Cooperative Purchasing Group (CPG) which includes Toronto Public Library, Toronto Transit Commission, Toronto Police Service, Exhibition Place, Toronto Community Housing Corporation, and the Zoo to identify and work collaboratively on procurement initiatives.
- Agencies and Corporations use City Stores to pick up commonly held inventory, this includes Toronto Transit Commission, Toronto Community Housing Corporation,

Toronto Police Service, Exhibition Place, Toronto Parking Authority, University of Toronto, the Zoo, University Settlement, Habourfront Community Centre, St Lawrence Centre for the Arts, 519 Church St Community Centre, and Deep Quong Non-Profit Homes Inc. (See Appendix 2 for listings of joint purchases and piggy-back purchases done to date and future joint procurement opportunities identified.)

Real Estate
The City's Real Estate Services Division is engaged with the Agencies as listed below.
  - The City provides a full range of services to Toronto Public Health and Toronto Police Service.
  - The City provides some lessor services to Toronto Public Library.
  - The City provides leasing services to Toronto Transit Commission and Toronto Parking Authority in some circumstances.
  - The City rents space to the Agencies and the Agencies rent space to the City.

Toronto Public Health
The City and Toronto Public Health are highly integrated and share all services. The City offers a full suite of services to Toronto Public Health in the areas listed below.
  - Facilities Management
  - Fleet Services
  - Human Resources
  - Information and Technology
  - Information Management
  - Insurance and Risk Management
  - Internal Audit
  - Legal Services
  - Purchasing
  - Real Estate

Appendix 4: Summary of Benefits Achieved

The two tables below summarize benefits identified through the work of the Shared Services Working Groups. This list should not be considered an exhaustive list of benefits achieved – many benefits are hard to capture. As part of the Shared Services journey in order to accurately capture and report benefits, processes and systems must be in place across the organizations and currently these requirements do not exist. This work is part of the enhanced collaboration approach applicable to all Shared Services opportunities identified in this report. In the absence of the needed processes and systems, the following chart represents anecdotal benefits.

These tables do not include benefits achieved through partnerships with organizations outside of the City of Toronto – for example, the Toronto Police Service regularly partners with other policing organizations at the provincial and federal levels.

Table 1 – Non-IT benefits achieved

Benefit	Estimated Efficiency (in hours)	Comments
Total	**3,020**	
Training and Learning	**90**	
EP used the City's Fraud Prevention course instead of developing their own	40	Course content will be valid for a period of 5 years.
EP used the City's list of consultants for professional development programs	10	
TTC used the City's Ethics course to create their own customized course	40	
Fleet Services	**1,820**	
Joint fuel purchases – City, Zoo, TCHC, TPL, EP, TTC, TPS all purchase fuel jointly	NA	Estimated 5¢/litre savings compared to retail price. Subject to competitive procurement process.
Joint vehicle purchases – City, TCHC, TPL	NA	
Fleet Management Information System (FMIS) - FSD, TFS and EMS, TCHC, TPL	1,820	Estimated cost avoidance of $0.12 million/year in licensing & maintenance fees
Emergency Support Function (ESF) has been established amongst Agencies - TTC, TFS, TPS, EMS, FSD, EP, TPA	NA	Coordination of resources in an emergency is simplified, reducing risk
Occupational Health and Safety	**110**	
EP uses the City's Training Program	NA	

Benefit	Estimated Efficiency (in hours)	Comments
TPL uses the City's policies to inform its own related policy framework	40	
Access to the City's intranet provides access to internal documents and advisories	20	Saved time on environmental scan
COT, TPS and TTC have developed a range of e-training modules.	200	
Joint call for ergonomic assessment services	NA	
Collaboration on Working at Heights training	NA	
Information Management	**1,000**	
EP adopted the City's records classification scheme and records retention schedule	1,000	
EP adopted the City's document management system, LiveLink.	NA	Estimated cost avoidance of $100,000 in one-time software costs and an estimated $10,000/year in technical support costs
The City launched an online application for submitting FOI requests early in 2015.	NA	Application has not been operating long enough to estimate benefits.
City Stores Rationalization		
In 2014 – 2 City Corporate Stores were closed and consolidated into a single location (799 Islington).	NA	60 Brant Street - The sale and development of the adjacent mixed-use development will generate revenue for the City from property taxes and development charges and fees
Other		
Agencies Access to City Job Board	NA	This has allowed smaller Agencies and Corporations to gain greater visibility and reach a much larger audience.

* Only efficiencies related to program time were included in this summary, efficiencies related to procurement were not included.

Table 2 – IT benefits achieved (some in place prior to the Shared Services Project)

Information Technology Area	Organizations Involved	Benefit
IT Infrastructure	City, TCHC, TPH	City, TCHC, & TPH Data Centres are co-located
Network hardware	City, TPH, TTC, Zoo, TCHC	The TTC, TCHC, & Zoo leverage the City's contract to purchase network hardware.
Telecommunications Contracts	City, TPH, Zoo, TCHC	Monetary savings are realized by the economies of scale used to secure pricing discounts linked to the volume of services.
Sharing of Federal Contracts	City, All Agencies	City & All Agencies benefit by using Federal IT contracts instead of undertaking separate procurement processes.
LAN/WAN services	City, TPH, Zoo, TCHC	TCHC & Zoo are using the City's services.
Intranet and Internet Services	City, TPH, TPL, EP, TTC, ZOO	Agencies benefit by leveraging the City's Network
Server and Storage Procurement and Maintenance	City, EP, TCHC, TPA, TPH, TPL, TTC, ZOO	The City and Agencies share a contract.
Procurement of workstations and imaging services	City, TCHC	The City and Agencies share a contract.
Hosting service – Virtual desktop Server Infrastructure, Storage Services	City, TPH, TTC, TPL	TTC, TPH & TPL are currently leveraging the City's hosting services.
Unstructured File Repository	City, Zoo, TPL, Zoo	Toronto Zoo benefit through leveraging shared maintenance contracts.
Oracle – Software & Service Contract	City, TPL	City and TPL benefit through leveraging the various vendor contracts.
Cogeco Fiber Network Project	City, TPL, TTC, TPS, TCHC	City, TPL, TTC, TPS, TCHC benefit through leveraging vendor (Cogeco)

Information Technology Area	Organizations Involved	Benefit
		contract.
911 telephone systems	TPS, CoT	Common platform and system allows for ease of communications and handoff of calls.
Radio infrastructure	City, TPS, TCHC	Common platform and system for voice radio operations.
SAP	City, TPS	TPS uses the City's SAP system for financial tracking and transactions.
Financial Planning & Report System (FPARS)	City, TPS	Active participation with CoT in project
Geospatial Information Systems (GIS)	City, TPS, TCHC	TPS obtains digital maps and data from City. Shared contract for TPS with City for geographic Information, TCHC uses ARCGis.
Application Parking Ticket system	City, TPS	Benefits to City, TPS include improved service delivery and efficiency.
Memo Book Application Manages boxes of stored memo books at City Archives.	City, TPS	TPS leveraging City Archives in storage and licensing until 2016.
eTicketing Application Traffic infractions	TPS, City	Improved service delivery and efficiency
Application Vehicle Impound system File Transfer	City, TPS	Improved service delivery and efficiency
HRMS Peoplesoft Application Human Resource Management System	City, TPS	Improved service delivery and efficiency
PDMS Application Pay Duty System	City, TPS	Improved service delivery and efficiency
Court Scheduling Applications	City, TPS	Improved service delivery and efficiency

Information Technology Area	Organizations Involved	Benefit
Parking Information Notification System	City, TPS	Improved service delivery and efficiency
CERS Application Clothing Reimbursement	City, TPS	Improved service delivery and efficiency
Bell Canada Contract Integrated telecommunications infrastructure Agreements	City, TPS, TCHC	Cost savings was realized by leveraging this contract
Email	City, Zoo	- Zoo is fully integrated into the City's Email Infrastructure - Benefits to Zoo include access to Email services without the need for separate, dedicated resources.
Open Data Platform	City, TTC	The TTC leverages the City's Open Data Platform for transit arrival times and service disruptions.
Remote Access Tokens	City, TTC	TTC & City collaborate on maintenance and purchases
Language Line Services	City, TTC	Used by TTC's Legal & Claims and Transit Enforcement departments
Copying and Printing	City, TTC, TCHC	Shared contracts for Multi-Function Devices
Document Storage	City, TTC, TCHC	TTC & TCHC share the City's contract for off-site media storage
Microsoft Select Plus	City, TCHC	Microsoft level D pricing

Appendix 5: Project Plan

The table below presents a high-level project plan broken down by time frame to implement and recommendation.

Recommendation / Task to Complete Recommendation	Status	Target Timeline					
		2014	2015	2016	2017	2018	2019
Implement and Report as Required (Opportunities to Implement in the Short-Term)							
Human Resources							
Share generic training and learning functions							
- Establish a Working Group	Complete	●					
- Examine Shared Services Opportunities	In Progress	●					
- Pilot Shared Services Model	In Progress		●				
- Expand Shared Services Model to small Agencies	Not Started			●			
Coordinate and standardize common Health and Safety functions							
- Establish a Working Group	Complete	●					
- Examine Shared Services Opportunities	In Progress	●					
- Align Policy	In Progress		●				
- Standardize Processes	In Progress		●				
- Create Common Metrics	In Progress		●				
Internal Audit							
Enhance the use of the City's Internal Audit Division by Agencies							
- Offer Internal Audit Services to EP	Complete	●					
- Offer Internal Audit Services to TPL	Complete	●					
Establish a Quality Assurance Centre of Excellence							
- Establish a Centre of Excellence	Complete		●				
- Consider extending membership to the Agencies	Not Started			●			
Procurement							
Continue to rationalize the City stores and automate P2P processes							
- Rationalize Locations & Increase Direct Deliveries	Ongoing		Ongoing				
- Automate P2P Processes				●			
Information Management							
Provide the City's online submission application for FOI requests Agencies							
- Create a FOI Online Submission Application	Complete		●				
- Make the Application Available to the Agencies	Complete		●				
Real Estate							
Expand the City's provision of lessor services to TTC and TPA							

Recommendation / Task to Complete Recommendation	Status	Target Timeline					
		2014	2015	2016	2017	2018	2019
- Establish a Working Group	Complete	●					
- Complete an Analysis of the Recommendation	Complete	●					
- Defer until City-Wide Real Estate Framework Assessment Complete	In Progress			●			
Insurance							
Insure the Toronto Parking Authority under the City's insurance							
- Complete an Analysis for Toronto Parking Authority	In Progress		●				
- Implement findings	Not Started			●			
Insure the Toronto Transit Commission under the City's insurance							
- Complete an Analysis	Complete		●				
- Examine Potential of City using TTC Insurance Company	Complete		●				
- Apply to the Province for Permission for the City to use the Company	Not Started		●				
- Implement	Not Started	To be determined					
Implement Pending Further Due Diligence and Planning (Opportunities to be Implement in the Long-Term)							
Human Resources							
Develop a labour relations and collective bargaining strategy							
- Establish a Working Group	Complete	●					
- Develop a Strategy for Moving Forward	In Progress		●				
Standardize human resource information systems and share payroll administration							
- Establish a Working Group	Complete	●					
- Examine Shared Services Opportunities	In Progress		●				
- Complete the City's Payroll Modernization Projects	In Progress			●			
- Assess Shared Service Opportunities and Models	Not Started				●		
- Prepare Business Case and Implementation Plan	Not Started				●		
- Approve Business Case and Implementation Plan	Not Started				●		
- Implement	Not Started	To be determined					
Establish a change management centre of excellence							
- Establish a Working Group	Complete	●					
- Develop a Strategy for Moving Forward	Complete		●				
Procurement							
Share procurement of common goods and services and implement strategic sourcing							
- Establish a Cooperative Purchasing Group:	Complete	●					
- Create Cooperative Procurement Procedures	Complete	●					
- Align Policy	In Progress		●				

Recommendation / Task to Complete Recommendation	Status	Target Timeline					
		2014	2015	2016	2017	2018	2019
- Standardize Processes	In Progress		●				
- Create Common Metrics	Complete		●				
- Establish Strategic Sourcing Working Group	Complete	●					
- Complete City's Program Review	In Progress			●			
- Implement Strategic Sourcing at the City	Not Started				●		
- Extend Strategic Sourcing to the Agencies	Not Started	To be determined					
Information Technology							
Share common information technology infrastructure							
- Establish a Steering Committee	Complete	●					
- Set the foundation for Enterprise Partnership	In Progress			●			
- Decide whether to move to Enterprise Partnership	Not Started			●			
- Implement phased-in Enterprise Partnership	Not Started			●	●	●	●
- Decide whether to move to Managed Services	Not Started						●
- Implement	Not Started	To be determined					
Rationalize information technology applications							
- Establish a Working Group	Complete	●					
- Develop a Shared Service model to centralize the systems management of SAP ERP	In progress				●		
- Assess IT Application for rationalization between the City, Agencies & Corporations	In progress			●			
- Rationalize Information Technology	Not Started	To be determined					
Real Estate							
Coordinate real estate contract and vendor management							
- Establish a Working Group	Complete	●					
- Complete an Analysis of the Recommendation	Complete	●					
- Defer until City-Wide Real Estate Framework Assessment Complete	In Progress			●			
Information Management							
Include the Agencies in a plan to transition to managing digital records							
- Establish a Working Group	Complete	●					
- Develop a Strategy for Moving Forward	In Progress		●				
Additional Opportunities **(Opportunities added by the Executive Steering Committee)**							
Facilities Management							
Incorporate the Agencies in the Facilities Transformation Project							
- Establish a Working Group	Complete	●					
- Complete Assessments for all Agencies	In Progress		●				

Recommendation / Task to Complete Recommendation	Status	Target Timeline					
		2014	2015	2016	2017	2018	2019
- Implement opportunities identified from assessments	In Progress	To be determined					
Fleet Management							
Create a Fleet Management Centre of Excellence							
- Establish a Working Group	Complete	●					
- Examine Shared Services Opportunities	Ongoing	●					
- Align Policy	In Progress		●				
- Standardize Processes	In Progress		●				
- Create Common Metrics	In Progress		●				
Information Technology							
Establish an IT Contract Management Centre of Excellence							
- Establish a Working Group	Complete	●					
- Implement	Not Started	To be determined					
Internal Audit							
Create an Internal Audit Centre of Excellence							
- Establish a Working Group	Complete	●					
- Examine Shared Services Opportunities	Complete	●					
- Assess potential to Align Policy	Complete		●				
- Assess potential to Standardize Processes	Complete		●				
- Assess potential to Create Common Metrics	Complete		●				
Real Estate							
Create a Real Estate Centre of Excellence							
- Establish a Working Group	Complete	●					
- Examine Shared Services Opportunities	Complete	●					
- Defer until City-Wide Real Estate Framework Assessment Complete	In Progress			●			
Coordinate Real Estate Functions across all City Agencies and Corporations							
- Assess Shared Service Opportunities and Models	In Progress			●			
- Bring Recommendations to Council for Approval	Not Started			●			
- Implement	Not Started	To be determined					