TORONTO

REPORT FOR ACTION

2018 Consulting Services Expenditures – City Divisions and Agencies and Corporations

Date: June 10, 2019
To: General Government and Licensing Committee
From: Controller
Wards: All

SUMMARY

As requested by Council, this report provides information on the consulting services expenditures of City Divisions and Agencies and Corporations (A&Cs) for the year ended December 31, 2018. The report contains a summary and details, by category and vendor, of operating and capital consulting services expenditures for 2018, with 2017 comparatives.

Overall, the City and its Agencies and Corporations spent $25.1 Million on consulting services in 2018 for operating and capital combined, which represents an overall increase of $3.7 Million (or 17.2%) compared to 2017. The overall increase in consulting expenditures consists of a $4.6 Million (or 59.6%) increase within A&Cs, offset by a $1.0 Million (or 7.0%) decrease within City Divisions.

The increase is mainly due to Policing Effectiveness and Modernization (PEM) initiatives at the Toronto Police Service and efficiency improvement studies related to the purchase of streetcars and buses at the Toronto Transit Commission (TTC), offset by the completion of a Transportation organizational review, traffic congestion initiatives and environmental assessment studies.

RECOMMENDATIONS

The Controller recommends that:

1. The General Government and Licensing Committee receive this report for information.

FINANCIAL IMPACT

There are no financial implications arising from this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of December 4 to 6, 2001, Toronto City Council (Council), approved the following, in adopting Audit Committee Report No. 10, Clause 10 titled "Policy for the Selection and Hiring of Professional and Consulting Services, Use of Consultants and Expenditure Reduction Strategies, and Hiring of Professional and Consulting Services Review":

- The development of a Purchasing Policy for the Selection and Hiring of Professional and Consulting Services; and

- A requirement that "All future reporting of consulting expenditures be based on actual expenditures incurred and not on the value of contracts awarded unless specifically requested by Council. In order to ensure that such reporting is accurate, all consulting costs reported to Council be reconciled to the City's financial information system by each Department."

The following is the link to the Council decision and staff report:
http://www.toronto.ca/legdocs/2001/agendas/council/cc011204/au10rpt/cl010.pdf

Subsequently, Council at its meeting held on June 18 to 20, 2002, adopted the following recommendation contained in a report dated May 31, 2002 from the Chief Administrative Officer, entitled "Corporate Accountability Framework – Implementation Plan and Status Update on the Use of Consultants" (re: Audit Committee Report No. 6, Clause 1):

"The CAO and CFO, in consultation with the City Auditor, provide an annual report commencing with the period ending December 31, 2002, on consulting expenditures that will include actual consulting expenditures for the previous year and the year prior (i.e., 2002 and 2001 actuals) organized by: department or local board, by the specific consulting categories, and by vendor."

The following is the link to the Council decision and staff report:
http://www.toronto.ca/legdocs/2002/agendas/council/cc020618/au6rpt/cl001.pdf

At its meeting held on May 23 - 25, 2007, Council approved an amended policy for the Selection and Hiring of Professional and Consulting Services to reflect changes made to the City's administrative structure and amendments made to the City's Purchasing and Financial Control By-laws (re: GM4.8). Following is the link to the Council decision and staff report:
http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-05-23-cc08-dd.pdf

ISSUE BACKGROUND

Similar to any public or private entity, the City retains consultants for specific projects or assignments requiring certain technical capabilities, or unique and specialized advice, not available in-house or as required by legislation. It is often more cost effective to retain these specialized services on an as required basis, as compared to employing and training staff for specialized skills that are used infrequently and may become redundant as requirements change.

Consulting services are acquired in accordance with the Council approved policy on the Selection and Hiring of Professional and Consulting Services, as well as the City's Purchasing By-law, policies and procedures.

As outlined in the Council approved policy for the Selection and Hiring of Consulting Services, the term "Consulting Services" is defined as any firm or individual providing expert advice or opinion on a non-recurring (or non-annually) basis to support or assist management decisions in the following areas:

Technical: undertake activities on a defined assignment to assist managers in analyzing technical problems and recommending solutions (including the selection of engineering/architectural designs, research, appraisals, and planning).

Management / Research and Development: undertake planning, organizing and directing activities to assist managers in analyzing management problems and recommending solutions for a defined assignment (can be operational, administrative, organizational policy in nature); with research and development, investigative study, to provide the City with increased knowledge or information.

Information Technology: undertake activities on a defined assignment to assist managers in needs assessment and system selection including information processing, telecommunications and office automation (can be analytical, testing or of a business process nature).

External Lawyers and Planners (Legal): as determined in consultation with City Legal staff is a service undertaken for legal advice or opinion which requires expertise and time that is not available by City staff.

Creative Communications: inclusive of advice and recommendations on strategies for advertising, promotions, public relations and design which requires expertise and time that is not available by City staff.

COMMENTS

The consulting services expenditures reported in this report follow the five (5) categories outlined in the Selection and Hiring of Consulting Services policy that was approved by Council in May 2007.

City Divisions and A&Cs have confirmed their 2018 consulting services expenditures, by vendor, for each of the five categories funded from both the Operating and Capital Budgets. Accounting Services staff have verified and reconciled actual and budget amounts reported by City Divisions to the City's general ledger. Amounts reported for the A&Cs were confirmed by the specific agency or corporation.

The consulting services expenditures for the Accountability Officers are not included in this report as their expenditures are subject to a review by an external consultant and are reported separately.

A summary of the consulting services expenditures for 2018, with 2017 comparatives, for Operating and Capital, of City Divisions and A&Cs, is presented below in Tables 1 and 2:

- Tables 1a (Operating) and 2a (Capital) provide a summary by category;
- Tables 1b (Operating) and 2b (Capital) provide a summary by Service Area and by A&C.

The details of the consulting services expenditures for 2018, by category and vendor, for each City Division and A&Cs, are shown on Appendix A (Operating) and Appendix B (Capital).

Table 1a

OPERATING

Consulting Services Expenditures Summary

By Consulting Category for City Divisions and Agencies & Corporations

(Details in Appendix A)

Category	Contract/ PO Balance Dec 31/18 *(Note 1)*	2018 Budget	2018 Actual	2017 Actual	Increase (Decrease)	2018 Expense by Category	2017 Expense by Category
	($ 000's)				%		
City Divisions							
Creative Communications	-	-	27.1	-	0.0%	1.0%	0.0%
Information Technology	-	-	152.6	61.4	148.5%	5.5%	1.8%
Legal	469.5	250.0	329.1	164.0	100.7%	11.8%	4.7%
Management / R & D	231.2	2,331.9	1,125.5	2,320.0	-51.5%	40.4%	66.5%
Technical	1,635.8	4,825.1	1,150.6	943.9	21.9%	41.3%	27.1%
Total Divisions	**2,336.6**	**7,407.0**	**2,785.0**	**3,489.3**	**-20.2%**	**100%**	**100%**
A&Cs							
Creative Communications	126.5	427.3	516.2	251.5	105.2%	10.0%	9.0%
Information Technology	225.0	237.0	247.5	183.2	35.1%	4.8%	6.6%
Legal	1.5	82.0	73.0	128.7	-43.3%	1.4%	4.6%
Management / R & D	292.3	1,443.1	2,376.3	932.1	154.9%	46.1%	33.5%
Technical	1,515.4	1,610.2	1,939.0	1,288.2	50.5%	37.6%	46.3%
Total A&Cs	**2,160.7**	**3,799.5**	**5,152.1**	**2,783.7**	**85.1%**	**100%**	**100%**
Grand Total	**4,497.2**	**11,206.4**	**7,937.1**	**6,273.0**	**26.5%**		

Note 1: The contract balance remaining as at December 31, 2018 is the amount expected to be spent in future year(s), and is not comparable to the current year expenditure amount.

Table 1b

OPERATING
Consulting Services Expenditures Summary
By Consulting Category for City Clusters and Agencies & Corporations
(Details in Appendix A)

City Divisions	Creative Comm	Info Tech	Legal	Mgmt/ R&D	Tech	2018 Total	2017 Total	2018 Incr (Decr)	2018 Serv & Rents Budget	2018 Exp % of Serv & Rents
	($ 000's)							%	($ 000's)	%
City Manager	0.1	-	-	72.2	-	72.4	33.2	117.9%	17,409.4	0.4%
Community and Social Services	27.0	-	-	634.6	307.4	969.0	1,223.0	-20.8%	854,709.9	0.1%
Corporate Services	-	152.6	166.9	80.9	-	400.4	337.0	18.8%	90,938.8	0.4%
Finance and Treasury Services	-	-	162.2	222.9	416.9	801.9	433.5	85.0%	10,821.3	7.4%
Infrastructure and Development	-	-	-	114.9	426.3	541.3	1,462.5	-63.0%	216,852.0	0.2%
Total City Divisions	**27.1**	**152.6**	**329.1**	**1,125.5**	**1,150.6**	**2,785.0**	**3,489.3**	**-20.2%**	**1,190,731.4**	**0.2%**

Table 1b (continued)

Agencies & Corporations	Creative Comm	Info Tech	Legal	Mgmt/ R&D	Tech	2018 Total	2017 Total	2018 Incr (Decr)	2018 Serv & Rents Budget	2018 Exp % of Serv & Rents
	($ 000's)							%	($ 000's)	%
Exhibition Place	-	6.3	-	-	108.2	114.5	44.1	159.6%	17,113.1	0.7%
TOLive	9.0	-	-	11.2	6.3	26.5	29.5	-10.4%	10,116.0	0.3%
Toronto Police Service	418.3	241.2	26.9	1,146.3	344.9	2,177.5	966.4	125.3%	53,830.3	4.0%
Toronto Police Services Board	-	-	40.9	9.4	-	50.3	82.6	-39.1%	1,274.8	3.9%
Toronto Public Health	-	-	-	501.2	-	501.2	-	-	32,241.5	1.6%
Toronto Public Library Board	88.9	-	-	36.7	-	125.6	60.0	109.3%	20,485.1	0.6%
Toronto Transit Commission	-	-	-	649.4	1,478.4	2,127.9	1,495.1	42.3%	206,893.7	1.0%
Toronto Zoo	-	-	5.2	22.2	1.2	28.6	105.9	-73.0%	11,509.2	0.2%
Total A&Cs	**516.2**	**247.5**	**73.0**	**2,376.3**	**1,939.0**	**5,152.1**	**2,783.7**	**85.1%**	**353,463.6**	**1.5%**
Grand Total	**543.3**	**400.1**	**402.1**	**3,501.9**	**3,089.6**	**7,937.1**	**6,273.0**	**26.5%**	**1,544,195.0**	**0.5%**

As shown on Tables 1a and 1b above, the overall 2018 operating consulting services expenditures are $7.9 Million, which is an increase of $1.7 Million (or 26.5%) compared to 2017. The net year over year change consists of $3.8 Million from new initiatives offset by the completion or winding down of $2.1 Million in consulting engagements from the prior year.

a) City divisions operating consulting expenditures of $2.8 Million represents a net decrease of $0.7 Million (or 20.2%) due to new and ongoing initiatives of $1.3 Million and the completion or winding down of initiatives of $2.0 Million.

The $1.3 Million increase is from the following initiatives:

- Procurement Process Transformation in the Purchasing and Materials Management Division ($0.4 Million).
- Advice on improving the effectiveness of the Policy, Strategy and Planning section for Parks, Forestry and Recreation ($0.2 Million).
- Legal advice on the Union Station project for Real Estate Services ($0.1 Million).
- Poverty Reduction Strategy Development in Social Development, Finance and Administration ($0.1 Million).
- Design pet-friendly guidelines for new multi-unit housing in high density communities for City Planning ($0.1 Million).
- Strategic direction advice on the new centralized real estate agency (CreateTO) for Facilities Management ($0.1 Million).
- Reviews on Blue Bin Study and IT organizational structure in Solid Waste ($0.1 Million).
- Several improvement initiatives in Children Services, Long Term Care Homes and Services, Chief Transformation Office and Information Technology Division ($0.2 Million).

The $2.0 Million decrease in the City's operational consulting expenditures is due to the completion of the following initiatives:

- Organizational structure review and continuous improvement initiatives in Transportation Services ($1.2 Million).
- Reviews on Tenant Relocation Support Services and on Accessibility for Ontarians with Disabilities, in Shelter, Support and Housing Administration Division ($0.5 Million).
- City Wide Real Estate Review, Phase 2 ($0.2 Million).
- Developing investment policy in Corporate Finance Division ($0.1 Million).

b) Agencies and Corporations operating consulting expenditures of $5.2 Million represent a net increase of $2.4 million (or 85.1%), due to new and ongoing initiatives of $2.5 Million and the completion or winding down of initiatives of $0.1 Million.

The $2.5 Million increase is due to the following initiatives:

- Toronto Police Services had a $1.2 million increase in the following areas;
    - Policing Effectiveness and Modernization (PEM) projects as envisioned by the Transformation Task Force and the Way Forward Report.
    - Development of a framework and a professional services delivery model to modernize Human Resources.
    - Reviewed and provided advice on both internal and external communication strategies to be in line with modernization initiatives.

- Toronto Transit Commission Human Resources improvement model and development of a Fare Enforcement Pilot Program ($0.6 Million).

- Toronto Public Health organizational reviews and strategic plans for a Healthy Environment ($0.5 Million).

- Rebranding strategy for the Toronto Public Library ($0.1 Million).

- Recommendations on achieving Platinum LEED certification for Exhibition Place ($0.1 Million).

The $0.1 Million decrease in Agencies and Corporations is due to the completion of the organizational review of the Toronto Zoo operations.

The 2018 operating consulting services expenditures were 0.5% of the approved Services and Rents operating budgets with 0.2% and 1.5%, respectively, for City divisions and Agencies and Corporations. The 10 year historical breakdown between City Divisions and, Agencies and Corporations, can be seen on Table 3.

Chart A – Operating

Category	**City Divisions**	**A&Cs**	**Total**
	($000's)		
2018 Operating Consulting Expenditures	2,785.0	5,152.1	7,937.1
2018 Approved Services and Rents Operating Budget	1,190,731.4	353,463.6	1,544,195.0
Consulting Expenditures as a % of Services and Rents Budget	0.2%	1.5%	0.5%

Table 2a

CAPITAL

Consulting Services Expenditures Summary

By Consulting Category for City Divisions and Agencies & Corporations

(Details in Appendix B)

Category	Contract/ PO Balance Dec 31/18 *(Note 1)*	2018 Actual	2017 Actual	Incr (Decr)	2018 Exp by Category	2017 Exp by Category
	($ 000's)			%		
City Divisions						
Creative Comm	42.9	230.0	88.7	159.3%	2.4%	0.9%
Information Technology	206.9	104.9	82.9	26.5%	1.1%	0.8%
Legal	-	-	219.8	-100.0%	0.0%	2.2%
Mgmt / R&D	2,009.1	2,512.9	1,961.5	28.1%	26.7%	19.3%
Technical	8,728.0	6,560.8	7,799.2	-15.9%	69.7%	76.8%
Total Divisions	**10,986.8**	**9,408.7**	**10,152.1**	**-7.3%**	**100.0%**	**100.0%**
A&Cs						
Creative Comm	-	-	-	-	-	-
Information Technology	3,085.5	-	761.2	-100.0%	0.0%	15.3%
Legal	909.5	64.0	30.8	107.6%	0.8%	0.6%
Mgmt / R&D	1,068.8	3,088.5	796.1	287.9%	39.8%	16.0%
Technical	3,216.8	4,602.5	3,403.2	35.2%	59.3%	68.2%
Total A&Cs	**8,280.5**	**7,755.1**	**4,991.4**	**55.4%**	**100.0%**	**100.0%**
Grand Total	**19,267.3**	**17,163.7**	**15,143.4**	**13.3%**		

In reporting capital expenditures, the budget is excluded from the table since capital projects are budgeted at a total project level and consulting services budgets are not separately identified.

Note 1: The contract balance remaining as at December 31, 2018 is the amount expected to be spent in future year(s) and is not comparable to the current year expenditure amount.

Table 2b

CAPITAL

Consulting Services Expenditures Summary

By Consulting Category for City Divisions and Agencies & Corporations

(Details in Appendix B)

Category	Creative Comm	Info Tech	Legal	Mgmt / R&D	Tech	2018 Total	2017 Total	2018 Incr (Decr)	2018 Approved Budget (Gross)	2018 Exp % of Budget
	($ 000's)							%	($ 000's)	%
City Divisions										
City Manager	-	-	-	2,057.9	44.4	2,102.3	1,778.2	18.2%	248,381.49	0.8%
Corporate Services	-	20.4	-	-	728.7	749.0	250.0	199.7%	501,593.93	0.1%
Finance and Treasury Services	-	-	-	120.0	636.2	756.2	358.8	110.8%	32,056.08	2.4%
Infrastructure and Development	230.0	84.5	-	335.1	5,151.6	5,801.1	7,765.1	-25.3%	1,659,714.23	0.3%
Total Divisions	**230.0**	**104.9**	**-**	**2,512.9**	**6,560.8**	**9,408.7**	**10,152.1**	**-7.3%**	**2,441,745.73**	**0.4%**
A&Cs										
Exhibition Place	-	-	-	-	-	-	44.3	-100.0%	7,279.81	0.0%
TO Live	-	-	-	-	438.9	438.9	122.9	257.2%	7,620.28	5.8%
Toronto Police Service	-	-	-	10.4	121.7	132.1	42.4	211.5%	44,593.00	0.3%
Toronto Public Library Board	-	-	-	155.3	57.9	213.2	6.3	3,304%	39,118.64	0.5%
Toronto Transit Commission	-	-	64.0	2,872.3	3,968.0	6,904.3	4,711.9	46.5%	2,300,349.28	0.3%
Toronto Zoo	-	-	-	50.5	16.0	66.6	63.7	4.6%	13,201.17	0.5%
Total A&Cs	**-**	**-**	**64.0**	**3,088.5**	**4,602.5**	**7,755.1**	**4,991.4**	**55.4%**	**2,412,162.17**	**0.3%**
Grand Total	**230.0**	**1,076.5**	**64.0**	**5,601.4**	**11,163.3**	**17,163.7**	**15,143.4**	**13.3%**	**4,853,907.9**	**0.4%**

As shown on Tables 2a and 2b above, the overall 2018 capital consulting expenditures were $17.2 Million which represents an increase of $2.1 Million (or 13.3%), consisting of an $11.0 Million increase from new or ongoing initiatives and an $8.9 Million decrease from completed consulting engagements or winding down projects.

a) City Divisions capital consulting expenditures of $9.4 Million decreased by $0.7 Million (or 7.3%) compared to 2017, due to new or ongoing initiative spending of $6.1 Million and completed or winding down projects of $6.8 Million.

   The increase of $6.1 Million is due to the following initiatives:

   - Infrastructure planning initiatives including St. Clair West and Yonge Street environmental assessment studies, Allen Road and Eglinton Avenue interchange improvement study, and design submissions for Steeles/Stouffville GO Rail Grade Separation project for Transportation Services ($1.7 Million).

   - Transit expansion initiatives including Rail Deck Park, advice and peer review for Eglinton East and West Light Rail Transit studies and SmartTrack by Strategic and Corporate Policy ($1.1 Million).

   - Union Station enhancement and various feasibility studies for Real Estate Services ($0.6 Million).

   - Surface Transit initiatives including King Street modelling study and operational improvements study for Transportation Services ($0.5 Million).

   - Strategic, Policy and Analysis initiatives including a transportation assessment and built form study for Yonge-Eglinton, Don Mills crossing mobility plan study, and a financial and real estate market analysis for the development of an inclusionary zoning framework ($0.5 Million).

   - Various other Transportation Services initiatives including analysis and review of King Street Pilot project point of sale spending, Richmond-Adelaide planning design study and threat and risk assessment for the City's Intelligent Transportation Systems ($0.5 Million).

   - Urban design initiatives including numerous Heritage Conservation District studies and a Cultural Heritage Landscape Assessment for Exhibition Place ($0.4 Million).

   - Development charges by-law review and Smart Track funding strategy for Corporate Finance ($0.3 Million).

   - Community planning initiatives for planning and urban design for the Main Street Planning Study ($0.1 Million).

   - Comprehensive mixed waste processing with Organics Recovery study for Solid Waste ($0.1 Million).

- Traffic safety initiatives to conduct in-depth traffic safety studies to identify safety issues and recommend mitigation strategies for Transportation Services ($0.1 Million).

- Feasibility studies and energy audits for Environment and Energy ($0.1 Million)

- Assessment and implementation of Time, Attendance and Scheduling System (TASS) and Cross-Application Timesheet (CATS) for Pension, Payroll and Employee Benefits ($0.1 Million).

The decrease of $6.8 Million is due to the following projects or consulting phase completions:

- Infrastructure Planning initiatives including St. Clair traffic congestion and Glen Road pedestrian environment assessment ($1.6 Million)

- Strategic Initiatives, Policy and Analysis initiatives including TOCore and research to amend the City's Office Plan policies related to parkland acquisitions ($1.1 Million).

- Transportation Services Yonge Street Environmental Assessment and cycling options study ($0.9 Million).

- Urban Design heritage and conservation related projects and architectural services for 200 Wellesley Street East ($0.5 Million).

- Transit Expansion initiatives including the traffic study of Eglinton East Light Rail Transit and, Eglinton West and Martin Grove ($0.7 Million)

- Other transportation initiatives including corridor studies, environmental assessment studies and traffic management strategies ($0.4 Million).

- Community Planning initiatives including Bloor West, Laird and Scarborough Centre Public Art Master Plan ($0.4 Million)

- Waterfront Secretariat Waterfront Transit Reset Study Phase 2 ($0.3 Million).

- Transportation Planning for Scarborough Centre master plan and Scarborough Subway Extension transit fare integration ($0.2 Million)

- Legal advice for lease negotiations for Facilities Management ($0.2 Million).

- Solid Waste project related to the rate and transition cost models and Perpetual Care Reserve Fund ($0.2 Million).

- Evaluation of options to prioritize and improve streetcar operations on King Street ($0.2 Million).

- Surface Transit Operational studies ($0.1 Million).

b) Agencies and Corporations capital consulting expenditures of $7.8 Million represents a net increase of $2.8 Million (or 55.4%) from new or ongoing initiatives of $4.9 Million and a $2.1 Million decrease from completed or winding down projects.

The increase of $4.9 Million is due to the following initiatives:

- Toronto Transit Commission had a $4.3 Million increase in the following areas:
    - Improve efficiency related to the purchase of streetcars and buses ($1.8 Million)
    - Advice and recommendations to improve service and efficiency related to vehicle programs ($0.9 Million)
    - Support subway car retrofits and increase passenger capacity ($0.5 Million)
    - Review performance management framework related to standards, reporting protocol and capital budget process ($0.4 Million)
    - Advice and recommendations to increase the useful life of subway cars ($0.3 Million)
    - Conduct a traction power load flow study including peak load and reduced load during emergency situations ($0.3 Million)
    - Review of documents and legal agreements to provide assessments and advice of obligations ($0.1 Million)

- Civic Theatres Toronto (TO Live) had a $0.3 Million increase in new initiatives for the following areas:
    - Consultation on as-built documentation ($0.2 Million)
    - Consultation on LED auditorium lighting and replacement of motor control centres ($0.1 Million)

- Energy audits and efficiency reports for various locations and facilities services for Toronto Public Library Board ($0.2 Million).

- Development of a long-term plan regarding the use of 700 MHz broadband spectrum for Public Safety Broadband ($0.1 Million) for the Toronto Police Service.

The decrease of $2.1 Million is due to the following initiatives:

- Toronto Transit Commission had a reduction of $2.0 Million due to the completion of the following initiatives:
    - Subway and surface track projects for track rehabilitation design and to establish optimal wheel and rail profiles to increase

wheel/rail life as well as improve ride comfort and safety ($0.9 Million)
  - Acquisition and implementation of the TTC Computer Aided Dispatch (CAD) and Automated Vehicle Location (AVL) programs ($0.4 Million)
  - Business process re-engineering and organizational change management strategies related to SAP implementation ($0.3 Million)
  - Train door monitoring system safety review ($0.2 Million)
  - Comparative analysis on Enterprise Risk Management and a warehouse study ($0.2 Million)

- Exhibition Place completion of environmental and archeological studies ($0.1 Million).

2018 capital consulting expenditures were 0.4% of the 2018 approved Gross Capital Expenditure Budget, and were 0.4% and 0.3%, respectively, for City Divisions and A&Cs. The 10 year historical spending pattern of City Divisions and A&Cs is provided on Table 3.

Chart B - Capital

Category	City Divisions	A&Cs	Total
	($000's)		
2018 Capital Consulting Expenditure	9,408.7	7,755.1	17,163.7
2018 Approved Capital Budget	2,441,745.7	2,412,162.2	4,853,907.9
Consulting Expenditure as a % of Capital Budget	0.4%	0.3%	0.4%

Table 3 - Ten Year Summary

A comparison of the total consulting services expenditures for years 2009 to 2018 is presented in Table 3 below:

Historical Consulting Expenditures (2009 - 2018)

Year	Operating			Capital			TOTAL
	City	A&Cs	Total Operating	City	A&Cs	Total Capital	
	($ 000's)						
2018	2,785.0	5,152.1	7,937.1	9,408.7	7,755.1	17,163.7	25,100.8
2017	3,489.3	2,783.7	6,273.0	10,157.0	4,991.3	15,148.3	21,421.3
2016	3,495.7	2,206.4	5,702.1	11,408.8	15,814.5	27,223.3	32,925.4
2015	2,276.6	1,167.6	3,444.2	11,280.6	5,315.0	16,595.6	20,039.8
2014	1,986.9	1,651.0	3,637.9	4,751.5	2,781.8	7,533.3	11,171.2
2013	2,861.7	1,405.5	4,267.2	10,607.0	2,713.0	13,320.0	17,857.2
2012	2,497.3	1,465.4	3,962.7	12,443.0	1,899.1	14,342.1	18,304.8
2011	3,464.1	2,107.1	5,571.2	4,641.5	2,327.0	6,968.5	12,539.7
2010	1,585.2	5,241.5	6,826.7	3,963.9	4,024.7	7,988.6	14,815.3
2009	2,033.5	3,892.3	5,925.8	16,960.3	3,451.6	20,411.9	26,337.7

Total 2018 Operating and Capital consulting services expenditures of $25.1 million were $3.7 million (or 17.2%) greater than the prior year. City Divisions spent $1.0 Million (or 7.0%) less than 2017, while A&Cs spent $4.6 Million (or 59.6%) more.

While spending on consulting services is subject to operational requirements and varies from year to year, several measures implemented since 2002 have resulted in improved control. The initial zero-based justification during the budget process, stricter guidelines on the selection of consultants, compliance with purchasing policies, the requirement to report consulting expenditures as a separate item on the quarterly Operating Budget Variance report as well as this annual report, collectively ensure that City Divisions and A&Cs are maintaining control over their consulting expenditures.

As shown on Appendix C - Historical Consulting Expenditure Chart, Capital consulting expenditures for both City Divisions and A&Cs fluctuate due to capital project requirements. The trend line on the Historical Consulting Expenditure Charts illustrate the lack of consistent pattern in consulting services usage over the past decade.

From the Capital chart (Appendix C), there were significant increases incurred by City Divisions in 2009 and by A&C's in 2016. The major projects in City Divisions for 2009 included initiatives to optimize the water supply for the City and York Region, revitalize Union Station and develop the Financial Planning Analysis Reporting System (FPARS). In 2016, significant capital expenditures were incurred in A&Cs due to the TTC's implementation of SAP and program reviews.

From the Operating Chart (Appendix C), there were significant increases incurred by A&C's in 2010 and 2018. In 2010, the increase was due to the Toronto Transit Commission's transit development initiative of an open payments fare system while the 2018 increase has been previously discussed in the above report.

Due to the highly variable nature of consulting requirements, including both volume and skillset required, it is more cost effective to retain these specialized services on an as required basis. The alternative strategy of employing and training staff for specialized skills that are used infrequently for short time periods and may become redundant as requirements change, would lead to higher overall costs in the long-term.

Accounting Services has created a database of consulting services expenditures on the Accounting Services Intranet site and on the Open Data website which is available to the public. The following is the link to the Open Data website:

http://wx.toronto.ca/inter/fin/consultingservices.nsf/HomePageFM?OpenForm

This detailed database maintains a rolling five years of expenditure history, and will be updated with the 2018 consulting services expenditures following receipt of this report by Committee.

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SIGNATURE

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ATTACHMENTS

Appendix A: 2018 Consulting Services Expenditure - Operating
Appendix B: 2018 Consulting Services Expenditure - Capital
Appendix C: Historical Consulting Expenditure Chart