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City of Toronto
Service Efficiency Study Program:

Fleet Services Review

Statement of Work for External Management Consultants
Roster Assignment #9144-11-7001-Cat2MC02-11

May 30, 2011

1. Background

- a) The City Manager has established a Roster for the provision of consulting services for a range of Assignments (REOI # 9144-11-7001).
- b) This Statement of Work (SOW) is provided in accordance with the requirements of the REOI, and the Assignment will be conducted within the terms and conditions stated in the REOI, especially Appendix B, and its Addenda. For purposes of clarity, some REOI terms and conditions may be repeated in this SOW.
- c) The City Manager wishes to engage an external Management Consultant to assist with Toronto's Service Efficiency Study of its fleet services functions.
- d) As set out in the City Manager's report to Council dated March 8, 2011 (Attachment A) the City is facing difficult decisions in 2012 and future years to meet its budget challenges. To support City Council's 2012 budget deliberations, the City Manager will undertake Service Efficiency Studies of several City divisions, agencies, and cross-cutting functions.
- e) Invited Consultants are required to submit a proposal and work plan tailored to the Service Efficiency Study or Studies as described in this SOW. The submission will include, at a minimum:
 - o Proposed work program with work plan and deliverables;
 - o Time schedule;
 - o Costs/fees; and
 - o Any other information required in response to this SOW.
- f) Proposals submitted by invited Consultants will be assessed in terms of completeness of the work program, understanding of the assignment, appropriateness of the Consultant team, acceptable time frame and schedule for the work, and acceptable cost.

- g) An interview may be held at the sole discretion of the City to refine service scope, prioritize issues, or review the respective responsibilities between the City staff team and the Consultant and proposed team members.
- h) An agreed upon work plan including timelines and deliverables and cost/fees will be approved by the City prior to the commencement of the assignment, through a letter of agreement.

2. Project Purpose

The City has begun a program of Service Efficiency Studies. Several areas have been identified for review during 2011 including the fleet services function. The purpose of the Service Efficiency Studies is to identify and supply actionable recommendations that will provide the maximum of service efficiency savings in the shortest period of time. To that end, the project review should consider a broad range of strategies and apply the most effective methodologies to achieve the stated purpose, for example:

- Business process and work methods streamlining
- Organizational restructuring
- Outsourcing
- Automation
- Shared services
- Service innovation

The results of the Service Efficiency Studies will be reported to the City Manager and will be implemented through the annual budget process in the fall of this year.

3. Services Required – Overall Role & Deliverables for External Consultant

a) Background Data & Information:

The City will provide general background data and information, including:

- (i) Suggested areas of study focus to be reviewed and assessed by the Consultant;
- (ii) An inventory of services, service levels and standards, activities and types;
- (iii) Financial and budget data;
- (iv) Organization charts;
- (v) Workforce data including staffing information;

- (vi) Recent organizational and service reviews, policy directions, reports and Council decisions;
- (vii) Business process data;
- (viii) All other available information related to particular services and activities.

b) Consultant Deliverables:

Working with City staff, the external Management Consultant's role and deliverables will include:

(i) *Confirm Focus Areas and Methodology*

Using the baseline information, initial focus areas suggested by the City and additional data, identify the areas of focus and the most appropriate methodologies with the greatest potential for cost savings and improved service delivery.

(ii) *Assess Service Efficiency*

Within the areas to be focussed on:

- Identify and assess the costs and cost drivers of current practice
- Review and assess services, activities and methods
- Compare against service providers in other jurisdictions using comparable and relevant best practices
- Analyze and compare service benchmarks and measures
- Assess against other relevant information

(iii) *Identify and Recommend Opportunities for Improved Efficiency and Cost Savings*

- Identify and recommend changes to work methods, processes, responsibilities, and other factors that will result in the greatest improvement in service delivery and the most cost savings.
- Provide implementation details and steps that will address the changes you have identified and recommended.
- Provide advice and recommendations about which changes can be made quickly, e.g., for savings in 2012, and which will take longer to implement.
- Identify and provide advice on the costs required to make changes including any short term financial investments.
- Provide advice about any risks and implications for service delivery, policy development, finances, cross divisional or enterprise wide human resource impacts, and other effects of alternatives and changes.

(iv) *Provide reports and documentation*

Provide documentation, reports and presentations for the City Manager as required for each of the deliverables and providing other advice as identified throughout the review process.

(v) *Work with divisional and agency staff as required.*

(vi) *Attend, support and provide documentation for status and/or planning meetings with the City Manager, the designated Project Manager, the divisional General Manager, the City staff team, the City Steering Committee established for Service Review activities, and/or other City officials as required.*

4. Project Reporting Process and Time Line

- a) The Services Efficiency Studies will be conducted on an accelerated timeline.
- b) The City wishes to engage the external Management Consultant by June 15, 2011 until September 15, 2011.
- c) Wherever possible the results of the Service Efficiency Studies will be reported out through the City's 2012 Budget Process, beginning in September, 2011.

5. Service Efficiency Study – Specific Areas of Review for Fleet Services

The Mission of the Fleet Services Division is to provide responsive and efficient fleet management services to City programs and select Agencies in order to maximize safety and environmental sustainability, and minimize lifecycle costs. The Division provides services to all divisions with vehicles with the exception of the Parks, Forestry & Recreation Division for which it deals only with small engine equipment.

Over ninety percent of the Fleet Services Division business is represented by the Solid Waste Management, Transportation Services, Toronto Water, and Parks, Forestry & Recreation Divisions. Respecting Agencies, Fleet Services manages aspects of fleet services for the Toronto Public Library. It also prepares capital budget reports respecting mechanical and maintenance operations for all areas of the Corporation although it does not provide actual procurement, maintenance, or other services for those areas (e.g. Toronto Zoo, Toronto Police Services, Exhibition Place, and others).

Service Level Agreements are in place with clients and Inter-divisional Recoveries (IDR) are monthly.

There are two primary functions within the Fleet Service Division namely, Fleet Management and, Fuel Management.

a) Fleet Management:

Fleet Management provides repair and preventative maintenance services for vehicles and equipment to support divisional operations and comply with legislative requirements. The Fleet Management function consists of the following activities:

- Fleet Acquisition;
- Fleet Maintenance;
- Fleet Disposal; and
- Vehicle Safety.

b) Fuel Management:

Fuel Management consists of Fuel Acquisition and Fuel Distribution activities to support divisional operations and oversight at all City-owned fuel sites.

Study Focus:

The focus of this study is to deliver the Services Required in this Statement of Work (in part 3(b) above) by examining cost-drivers for fleet services on a Corporate-wide basis. Major cost-driver areas for the purposes of the SES of fleet services operations have been identified as:

- Parts costs;
- Labour costs;
- Fuel costs;
- Procurement standards/costs; and
- Use of vehicles and equipment for the purposes intended (i.e. for City business).

The study will include an examination of cost-saving opportunities in one or more of the cost-driver areas in both Fleet Management and Fuel Management activities for:

- The Fleet Services Division itself;
- Clients covered by Service Level Agreements;
- Other major divisions operating vehicle and equipment fleets (e.g. Emergency Medical Services and, Fire Services); and
- Other City Agencies (non-revenue fleets only, e.g. not TTC rolling stock).

Specifically, the study approach should include an initial scan of fleet and fuel functions/operations for the same Agencies that are in-scope for the Core Services Review currently underway. Please refer to the document "Profiles of City Programs, Agencies and Corporations" contained in the Council Briefing Book, Volume 2 which is the PDF document attached to the e-mail inviting your firm to respond to this SOW, namely:

- Section 2 – City Agencies, as follow:
 - 2.1 to 2.3 inclusive;
 - 2.8 to 2.10 inclusive;
 - 2.15 and 2.16; and
 - 2.18 to 2.22 inclusive.

As a result of the initial scan, consultants should report to the City on their findings regarding the:

- (i) Divisions and Agencies most likely to yield operational cost-savings;
- (ii) Best practice models in place within the City Corporation and their potential application to other divisions and/or Agencies; and
- (iii) The areas from findings (i) and (ii) above that the consultant proposes to subject to the in-depth SES focus in order to provide at a minimum:
 - Assessment and financial analysis of cost-drivers;
 - Identification of Corporate duplications;
 - Best practice delivery models and how the City compares;
 - Benchmarked data on the major cost-drivers and how the City compares;
 - Specific mandate, organizational, workflow and productivity changes and the methods to implement them for immediate cost-savings; and
 - Specific mandate, organizational, workflow, and productivity changes/options for longer-term implementation (i.e. for 2012 & beyond).

6. Project Management

The external Management Consultant will report to the City Manager through the Strategic and Corporate Policy Division. The City Manager's delegate and key project contact is:

Lynda Taschereau
Strategic and Corporate Policy Division
City Manager's Office
11th Floor, East Tower, City Hall
Telephone: 416-392-6783
E-mail: ltascher@toronto.ca

7. Attachments and Information

Respondents are reminded to please refer to the original REOI and Addenda, especially Appendix B, Terms and Conditions. Additional information to assist with Responses to this Statement of Work is:

- A. Council Report: Service Review Program, 2012 Budget Process and Multi-Year Financial Planning Process
<http://www.toronto.ca/legdocs/mmis/2011/ex/bgrd/backgroundfile-36612.pdf>
- B. Profiles of City Programs, Agencies and Corporations (as contained in Council Briefing Book, Volume 2) – Please refer to the PDF document attached to the e-mail inviting your firm to respond to this SOW.
- C. 2011 Budget Information is available at www.toronto.ca/budget2011
- D. Organization charts for areas under review.