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City of Toronto Service Efficiency Study Program:
Cross-Corporate Organizational Review
**Environmental & Energy Efficiency Incentives and Public
Engagement Programs**

Statement of Work for External Management Consultants
Roster Assignment #9144-11-7001-Cat2MC08-11

September 19, 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 Environmental and Energy Efficiency Incentives and Public Engagement programs. The study will involve an organizational review of divisions, agencies and corporations delivering the following programs and functions: environmental and energy efficiency incentive programs (i.e. grants, loans, rebates, etc.) and public engagement (e.g. outreach, education, advocacy, etc.). The consultant will evaluate options developed by the City Manager's Office and finalize a recommendation for a preferred option regarding these functions on a corporate-wide basis with a focused in-depth examination of the following City divisions, agencies and corporations: Toronto Atmospheric Fund (TAF), Toronto Environment Office (TEO), Tower Renewal Office, Facilities Management Division, Toronto Hydro and certain units within the Toronto Public Health, Solid Waste Management, Toronto Water Services and City Planning. The City relationship with the Clean Air Partnership (CAP) through the Toronto Atmospheric Fund (TAF) will also be examined.
- 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:
 - Proposed work program with work plan and deliverables;
 - Time schedule;
 - Costs/fees; and
 - 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 environmental incentive and public engagement programs. 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; and
- Service adjustments.

The methodologies above shall be applied to ensure that the business model used for the delivery of environmental and energy efficiency incentives and public engagement programs by City divisions, agencies and corporations, reduces the tax subsidy required for its operation on a sustainable basis.

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 divisions, agencies and corporations included in this study will provide general background data and information, including:

- (i) Information on services, service levels and standards, activities and types;
- (ii) Financial and budget data;
- (ii) Organization charts;
- (iv) Workforce data including staffing information;
- (v) Recent organizational and service reviews, policy directions, reports and Council decisions;
- (vi) Business process data where available; and
- (vii) 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; and
- 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;

- Identify opportunities for introducing more cost-effective and efficient program delivery approaches that would result in the same benefits;
- Provide cost savings estimates and 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; and
- 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 divisions and agencies impacted, 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 October 3rd, 2011 with completion of the final report by October 31st, 2011; and
- 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 Environmental and Energy Efficiency Programs

All City programs are designed in ways that take account of environmental and energy efficiency concerns and some are by their nature directly involved in measures to improve the environment. This study does not include a review of all environment and energy efficiency related activity in the process of delivering a City program. It is intended to address only those activities that provide incentives or other types of support to encourage the public to act in an environmentally responsible and energy efficient way.

Various City agencies, divisions and corporations deliver a range of environmental incentive programs (i.e. grant, loan, rebates, etc.) and environmental public engagement programs. This study is intended to focus on the delivery of these specific programs.

The main purpose of this Service Efficiency Study is to scan and review the functions, management, and governance of organizations delivering environmental and energy efficiency incentive and public engagement programs in order to: identify the opportunities for greater administrative coordination on a cross corporate level; to reduce programming overlap and duplication, where appropriate; and to rationalize the continuing need for specific programs.

This service efficiency study is guided by two recent Council directives:

- (i) "City Council request the City Manager to review the City's various environmental grant programs to ensure they are structured and managed as efficiently and effectively as possible. The results of the review, along with any recommendations, be reported to Executive Committee." - City Council Decision, March 8 & 9, 2011, AU 1.11
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.AU1.11>
- (ii) Concerning the Toronto Atmospheric Fund (TAF) "The Executive Committee referred the item to the City Manager for a general review, including the achievement of the fund's original goals, operational processes and the economic benefits of the fund."
- City Council Decision, January 17, 2011, EX. 2.10
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX2.10>

Certain environmental programs were also recently reviewed by the Auditor General with reports to City Council in 2011. More information on the audit findings, recommendations and City divisional responses are found in the reports listed in the "Background Reports" section on the last page of this document (see E and G).

Study Focus

The focus of this study is to deliver the 'Services Required' in this Statement of Work (in part 3(b) above) using the following approach:

- A. Undertake a jurisdictional review of best practices of similar incentive and public education programs in large municipalities in Canada and globally and other orders of government in Canada.
- B. Recommend a delivery model and organizational structure of all the various delivery agents for environmental and energy efficiency programs. The City will provide preliminary options to the consultant complete with an initial critical assessment of the options against City objectives. The consultant will evaluate the City's assessment and recommend a preferred option. The consultant may propose alternatives or amendments to the preliminary options.
- C. Develop a Business Case based on the City's environmental and energy efficiency objectives to help determine which incentive and public engagement programs should be delivered, as well as the functions necessary to support and deliver these programs (e.g. program administration, policy, research, communications, branding, sponsorships, etc.).
- D. Assess the various metrics used to track performance of the programs and recommend a framework for developing common metrics in the future.

The findings and recommendations of recently completed studies, audits and other financial data collection will be made available to the consultant. The consultant will work with existing information and analysis provided by the City and the organizations included in this review and provide further analysis to formulate recommendations.

As part of this cross-corporate study, the study area includes the following City agencies and divisions:

Toronto Atmospheric Fund (TAF) - City Agency

The Toronto Atmospheric Fund (TAF) was established in 1991 to assist the City of Toronto in meeting its goal of reducing greenhouse gas emissions. In 2000, TAF's mandate was expanded to include the promotion of better air quality. TAF is governed by the Toronto Atmospheric Fund Act, but the City has the authority to change the governance model and TAF's mandate by amending the relationship framework.

TAF's mandate includes the promotion of global climate stabilization through the reduction of greenhouse gas emissions, local air quality, energy conservation and efficiency, public understanding of global warming and its implications for the urban environment, and related research and technology development. TAF manages a multi-million dollar endowment (original \$23 million contribution) from the City of Toronto and uses its investment revenue to provide loans and grants both to community organizations and to City programs to support activities related to TAF's mandate of improving air quality, energy efficiency and energy security. TAF is self-financed, with net zero cost to the City's operating or capital budget. More information can be found at: <http://www.toronto.ca/taf/>

On behalf of the City, TAF provides annual financial contributions to support programs of the Clean Air Partnership (CAP) including: the annual Clean Air and Climate Changes Summit and the Greater Toronto Area Clean Air Council. More information on CAP can be found at: http://www.cleanairpartnership.org/about_cap_relationships

Toronto Environment Office (TEO), Deputy City Manager's Office

The Toronto Environment Office serves the community and City programs by facilitating decision-making on substantive environmental issues and concerns through research, collaborative planning and the development of sound policy recommendations and delivery of effective programs that emphasize sustainable development and the growth of the green economy. TEO administers several grant programs that engage community groups and businesses. More information can be found at: <http://www.toronto.ca/teo/index.htm>

Tower Renewal Office (TRO), City Manager's Office

The Tower Renewal Office is a program to drive broad environmental, social, economic, and cultural change by improving Toronto's 1,000 concrete apartment towers and the neighbourhoods that surround them. They are some of the City's most inefficient buildings. Through the Tower Renewal project, Toronto's older apartment buildings will be transformed to achieve a cleaner and greener city, increase social and cultural benefits and stronger communities, and improve local economic activity. The Tower Renewal approach facilitates property owner and resident engagement on environmental and energy sustainability measures. TRO is in the process of developing, subject to Provincial approval, a self-sustaining (*i.e.* no cost to the City) funding mechanism for apartment building owners to fund significant energy-saving retrofits. More information can be found at: http://www.toronto.ca/tower_renewal/

Facilities Management Division, Energy & Strategic Initiatives Group

The City's Facilities Management Division provides custodial, security, building maintenance, energy and construction services to City divisions and select agencies in accordance with service level agreements. The Energy and Strategic Initiatives Group in the Division delivers energy sustainability, savings and security programs for both City-owned facilities and external building owners including, but not limited to loan programs such as the Better Buildings Partnership (BBP).

The study focus for the Facilities Management Division is specifically on the delivery of Energy and Strategic Initiatives by the Energy and Waste Management Office and the Energy Efficiency Office.

Further information on these programs is found at:

Energy and Waste Management Office:

<http://www.toronto.ca/ewmo/index.htm>

Energy Efficiency Office:

<http://www.toronto.ca/energy/index.htm>

Toronto Hydro

Toronto Hydro Corporation is a holding company, which wholly-owns two principal subsidiaries:

- Toronto Hydro-Electric System Limited (THS) - distributes electricity and engages in Conservation and Demand Management ("CDM") activities;
- Toronto Hydro Energy Services Inc. - provides street lighting services.

The principal business of the Corporation and its subsidiaries is the distribution of electricity by THS. THS owns and operates an electricity distribution system, which delivers electricity to approximately 703,000 customers located in Toronto. It is the largest municipal electricity distribution company in Canada and distributes approximately 19% of the electricity consumed in Ontario.

THS designs and delivers electricity Conservation and Demand Management (CDM) programs. Certain activities are mandated as a condition of licence for electricity distributors in Ontario.

More information about Toronto Hydro and the service level of specific electricity Conservation and Demand Management (CDM) programs are found at: <http://www.torontohydro.com>

Other Divisions and Agencies

There are other operating divisions with certain units addressing specific environmental incentive and public engagement programs including:

Board of Health/Toronto Public Health:

http://www.toronto.ca/health/boh_index.htm

Toronto Water:

<http://www.toronto.ca/water/>

Solid Waste Management:

<http://www.toronto.ca/garbage/index.htm>

City Planning:

<http://www.toronto.ca/planning/index.htm>

Related City of Toronto Studies

The City is currently undertaking a number of studies and reviews that may intersect with this Service Efficiency Study. The consultant should be aware of the areas of shared interest and communicate through the Project Manager wherever there is a potential for overlap.

- (i) *Core Service Review*: review of mandatory and discretionary services/activities, service standards and ranking of services, encompassing all City divisions and the City's service agencies (excludes Toronto Hydro).
- (ii) *Facilities Management and Real Estate Study*: a cross-corporate review of facilities management functions encompassing the City's respective corporate division, related functions in City operating divisions, and some City agencies.
- (iii) *Fleet Management Study*: a cross-corporate review of fleet management functions encompassing the City's respective corporate division, related functions in City operating divisions, and some City agencies.
- (iv) *Review of Administrative Support Services*: other administrative support services which may include purchasing, payroll, accounting, and information technology are expected to be the subject of one or more future in-depth reviews, and this may encompass selected City divisions and services agencies.

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:

Nancy Autton
Manager, Governance Structures and Corporate Performance
Strategic and Corporate Policy Division
City Manager's Office
10th Floor, East Tower, City Hall
Telephone: 416-397-0306
E-mail: nautton@toronto.ca

7. Attachments and Information

Respondents are reminded to 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. City of Toronto Climate Change, Clean Air and Sustainable Energy Plan at: <http://www.toronto.ca/changeisintheair/index.htm>
- E. Council Report: Toronto Environment Office- Review of Administration of Environment Grants, Council Decision - March 8, 2011:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.AU1.11>
Background Information: Toronto Environment Office - Review of Administration of Environmental Grants (January 17, 2011):
<http://www.toronto.ca/legdocs/mmis/2011/au/bgrd/backgroundfile-35905.pdf>
Appendix 1 - Toronto Environment Office - Review of Administration of Environmental Grants (January 17, 2011):
<http://www.toronto.ca/legdocs/mmis/2011/au/bgrd/backgroundfile-35906.pdf>
Appendix 2 - Management's Response to the Auditor General's Review of Toronto Environment Office - Review of Administration of Environmental Grants (January 17, 2011):
<http://www.toronto.ca/legdocs/mmis/2011/au/bgrd/backgroundfile-35907.pdf>

- F. Council Report: Toronto Atmospheric Fund - Transactions under Council Authority Delegated to Board of Directors:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.E X2.10>
- G. Audit Committee Report: Facilities Management Division Energy Efficiency Office – Management of Energy Loans and Grants Funded by the Ontario Power Authority-Audit Committee Decision- May 12, 2011:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.A U2.3>
- Background Information:*
Facilities Management Division Energy Efficiency Office - Management of Energy Loans and Grants Funded by the Ontario Power Authority (March 4, 2011):
<http://www.toronto.ca/legdocs/mmis/2011/au/bgrd/backgroundfile-37761.pdf>
- Appendix 1 - Facilities Management Division Energy Efficiency Office Management of Energy Loans and Grants Funded by the Ontario Power Authority (March 4, 2011):
<http://www.toronto.ca/legdocs/mmis/2011/au/bgrd/backgroundfile-37762.pdf>
- Appendix 2 - Management's Response to the Auditor General's Review of Facilities Management Division Energy Efficiency Office - Management of Energy Loans and Grants Funded by the Ontario Power Authority
<http://www.toronto.ca/legdocs/mmis/2011/au/bgrd/backgroundfile-37763.pdf>
- H. The *Conservation and Demand Management Code for Electricity Distributors* from the Ontario Energy Board (OEB) sets out the obligations and requirements that Toronto Hydro must comply with in relation to the Conservation and Demand Management (CDM) Targets set out in their licenses. The CDM code is found at:
<http://www.ontarioenergyboard.ca/OEB/ Documents/EB-2010-0215/Conservation%20and%20Demand%20Management%20%28CDM%29 Code.pdf>
- More information on the general licensing requirements is found on the Ontario Energy Board website at:
[http://www.ontarioenergyboard.ca/OEB/Industry/Regulatory+Proceedings/Policy+Initiatives+and+Consultations/Conservation+and+Demand+Management+\(CDM\)/Electricity+CDM](http://www.ontarioenergyboard.ca/OEB/Industry/Regulatory+Proceedings/Policy+Initiatives+and+Consultations/Conservation+and+Demand+Management+(CDM)/Electricity+CDM)