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City of Toronto
Service Efficiency Study Program:

Solid Waste Management Services Division

Statement of Work for External Management Consultants
Roster Assignment # 9144-11-7001-Cat2MC04-11

June 30, 2011 Amended version per Addendum#1

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 the Solid Waste Management Services division.
- 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 Solid Waste Management Services (SWM) Division. 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.
- Identify opportunities that differentiate between the services provided and benefits received, and whether there are different, or more cost-effective and efficient ways to deliver the same benefits.
- 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 for a 6-week study beginning in mid July and ending no later than August 30, 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 SWM Division

Solid Waste Management Services is responsible for collecting, transporting, processing, composting and disposing of municipal and private sector solid waste and recyclables, as well as household hazardous waste. The division has four sections: Collections Operations; Transfer & Disposal Operations; New Infrastructure Development & Contracted Services; and Policy & Planning.

Together, these sections oversee and manage:

- Thirteen maintenance and operating yards;
- One composting facility;
- Seven transfer stations and household hazardous waste depots;
- Two materials recovery facilities; and
- Green Lane Landfill.

The five primary service functions within Solid Waste Management are:

a) Solid Waste Collection:

Provides effective solid waste collection services to residents of the City of Toronto through the following activities:

- Curbside Collection*;
- Small Commercial Waste collection;
- Multi-Residential Collection;
- Litter Collection;
- Customer Drop-off;
- Community Environment Days;
- Bins and Tags; and
- Litter Bins and Special Events & Parks.

* Residential curbside collection is managed among the four districts. Service to District 1 is currently contracted out. Service to District 2 is already proposed for contracting out pending a successful RFQ process (to include litter and recycling collection in City parks, as well as mechanical litter vacuum operations throughout the City, e.g. on roads and sidewalks). Districts 3 and 4 services are provided by the Toronto public service.

b) Solid Waste Processing, Transfer and Disposal:

Provides effective and environmentally safe processing, transfer and disposal of the City of Toronto's solid waste for Solid Waste Service Providers, through the following activities:

(i) *Material Receiving, Processing and Transport of:*

- Durable Goods*;
- Yard Waste;
- Recyclables;
- Drywall;
- Organics;
- Residual Waste; and
- Municipal Hazardous or Special Waste.

* As part of the service of receiving, processing and transporting Durable Goods, the City is now piloting a Reuse Centre with a view to establish three (3) such centres in total.

(ii) *Residual Disposal:*

- Green Lane Operation & Disposal; and
- Former Landfill Site Care.

c) Waste Management Education/Awareness:

Provide effective communication to residents of the City on the ways to participate in the City's waste management programs in order to encourage diversion.

d) Revenue Generation:

Generate revenue through a volume-based rate structure and other income sources, in order to cover the cost of solid waste management.

e) Contract Management:

Manage contracts to ensure effective and efficient waste management services.

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 Solid Waste Management on a division-wide basis. Major cost-driver areas for the purposes of the SES of solid waste management operations have been identified as:

- Salary costs;
- Non-payroll costs; and
- Vehicle Operating Costs*;
- New diversion capital activities (i.e. mixed-waste processing plant).

* City-wide, non-revenue fleet services are the subject of a separate Service Efficiency Study, but do not include issues that may be related to contracted-out SWM fleets.

The study will include an examination of cost-saving opportunities in one or more of the cost-driver areas. In that vein, taking into account the planned contracting out of curbside collection in District 2, the City is interested in having the consultant identify the efficiencies in operations and staffing that are most likely to yield operational savings as a result of that change. For this as well as other cost-driver areas to be examined, the consultant will identify whether the area(s) for savings require changes and implementation beyond 2012.

Consultants should also bear in mind the opportunities of Solid Waste Management to generate/realize offset Revenues for its operations as follow:

- Recycling markets;
- Industry funding;
- Volume-based Rate Structure; and
- User Fees (will be the subject of a separate City-wide study on user fees).

Areas for Immediate Cost-Saving Opportunities:

In terms of immediate impact for 2011 and 2012, the City must realize operational efficiencies, immediate cost-savings, and additional revenue generation opportunities. The SWM Division has identified that in addition to the upcoming District 2 contracting-out initiative, an opportunity for the City to realize additional revenues may exist with the expansion of the 'Drop and Load' Program at the City's SWMS Transfer Stations. The City of Toronto Transfer Stations Drop and Load Service provides private sector waste collectors and haulers with waste loading services for the transportation and final disposal of their commercially collected waste through the City's transfer station network, and a fee is charged for this service. With respect to 'Drop and Load', additional revenue may be achieved through a review of this service included the fee charged and strategies to increase this revenue opportunity.

And, the consultant should examine analysis conducted by the SWM Division respecting the following in order to validate the division-identified associated cost-savings:

- Discontinuing the practice of allowing four free tags for garbage in excess of residents' chosen garbage bin size;
- Discontinuing the practice of allowing occasional overflow recycling to be set out in clear plastic bags (undermines the automated collection method);
- Discontinuing the Environment Days hosted by Councillors (many services are now available through formal programs, operations, depots, or pick-up for example); and
- Pursuing additional revenue generation through a fee-for-service charge to Charities, Institutions, and Religious Organizations (CIROs) currently exempt from the volume-based waste rate system.

The consultant should report to the City on all of the above areas as well as other efficiency findings within the Division identified by the consultant, in terms of:

- Cost-savings;
- Direct Service implications;
- Divisional resource need implications; and/or
- Efficiencies in operations and staffing.

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, per the "Org Chart" [PDF document](#) attached to the e-mail inviting your firm to respond to this SOW.