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City of Toronto
Service Efficiency Study Program:

Toronto Transit Commission

Statement of Work for External Management Consultants
Roster Assignment #9144-11-7001-Cat2MC07-11

July 13, 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 the Toronto Transit Commission (TTC).
- d) As set out in the City Manager's report to Council dated March 8, 2011 (see Section 7) the City is facing difficult decisions in 2012 and future years to meet its budget challenges. In 2010 the Toronto Transit Commission accounted for \$1.45B or 15.8% of the City's operating budget. 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 including this study of the TTC.
- 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 Any other information required in response to this SOW; and
 - o Total costs/fees and a break out of costs for each focus area (Parts A to I) in Section 5 of 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 methodologies, 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 Toronto Transit Commission. 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 by the Toronto Transit Commission 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 TTC, in consultation with the City Manager's Office, will provide general background data and information, including:

- (i) Suggested areas of study focus to be reviewed and assessed by the Consultant (provided in Section 5 Study Focus);

- (ii) Information on 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; and
- (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; 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 most cost savings and the greatest improvement in service delivery;
- 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 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 TTC staff as required.*

(vi) *Attend, support and provide documentation for status and/or planning meetings with the City Manager, the designated Project Manager, TTC staff, the City staff team, the City Steering Committee established for Service Review activities, and/or other City or TTC 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 no later than August 5, 2011, with completion of the final report by October 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 Study for the TTC

The Toronto Transit Commission has two program areas: conventional transit and Wheeltrans. Conventional transit provides subway, streetcar/LRT and bus service, while Wheeltrans provides transit services for mobility-impaired people. The program areas operate separately. Demand for both conventional transit and Wheeltrans is growing. Conventional transit demand is expected to rise from a record 477 million passenger trips in 2010, to 511 million in 2013. Between 2009 and 2010, active Wheeltrans registrants rose 12% to 44,800.

Study Focus

The following functions/issues have been identified as potential areas to be studied. As indicated in Section 3(b)(i) of this SOW, the consultant will first undertake a brief scan of these areas and determine which have the greatest potential for cost saving and warrant a more in depth study. After consultation with the Project Manager, the external Management Consultant will then undertake the detailed studies agreed to.

Part A – Peak Hour and Off Peak Service Efficiency:

The consultant will examine the load per vehicle for the peak and off peak transit periods. Increased loads per vehicle may increase rider throughput and make more efficient use of rolling stock. However, potential drawbacks during peak periods include increased loading/exit time and decreased passenger comfort. The consultant will identify periods where supply significantly exceeds demand.

The consultant will review current loading standards by vehicle and service type. The consultant will then recommend new loading standards to accommodate increased vehicle loads for peak and off peak transit periods that maintain or reduce the cost/subsidy per passenger trip. They will propose appropriate loading standards for peak and off peak transit periods, adjustments to headways taking into account the need to accommodate rider demand, adequate quality of service, and safety.

The consultant may also determine other ways to improve transit efficiency by altering operational practices, business processes, or through the application of technology and automation to improve service efficiency. Where new technology or automation is suggested, the consultant will provide rough estimates of the costs, benefits and likely number of years required for implementation. The consultant shall indicate the future scope of work required to ascertain with certainty the costs, benefits and risks of technology investment.

Part B – Ridership Growth Management/Strategies:

The consultant will review the TTC Growth Strategy of March 2003, and any other recent, major ridership growth studies completed by the TTC or consultants for the TTC to assess whether ridership growth strategies remain affordable. The consultant will assess whether the implementation of planned ridership strategies lowers the cost per passenger trip. The consultant will be required to roughly estimate the type and cost of the capital investment required and the operational savings resulting from the investments. The consultant may also suggest new measures which would encourage more efficient ridership as part of service expansion to meet expected growth in demand.

Part C – Wheeltrans Operations:

Wheeltrans' net budget is forecast to grow 10.1% from 2010, to \$91.0M. Wheeltrans has a blended model of using in-house service delivery, combined with contracted services. The consultant will examine the optimum balance of TTC and contracted service to ascertain the lowest possible cost model per passenger trip, while providing adequate customer service. The consultant will also examine operational work processes and recommend ways to maximize passenger loads, minimize trip distance and wait times, taking into account technologies planned for implementation and other technologies which have not been procured. Where technological innovation is required, the consultant shall indicate the scope of work required to ascertain with certainty the costs, benefits and risks, of technology investment and the likely number of years required for implementation.

Part D – Incident Management:

Where service is disrupted due to medical emergency or equipment failure optimal incident management can significantly improve system efficiency. The consultant will analyse the TTC incident management work processes to determine if better response and resolution time can be achieved in order to improve system efficiency.

Part E – Charter Services:

The TTC offers charter services for buses and streetcars. The rates vary from approximately \$900 to \$2,400 minimum charge depending on the type of vehicle rented. The consultant will examine whether the service produces net income for the TTC, whether the rates are appropriate or should be adjusted to maximize net income, and whether the sales and marketing of the service should be managed by a third party at a cost savings.

Part F – Shared Services:

The consultant shall comment on the potential synergies and savings in sharing functions with the City and may include but not be limited to garbage removal, landscaping/snow removal, sign shop, internal audit, and building cleaning.

Part G – Management Structure:

The consultant shall undertake a review of the management organization structure with respect to organization type, levels of reporting and span of control. The consultant shall provide options that provide optimal efficiency.

Part H – Capital Project Management:

The TTC has a large capital budget and recent/current projects include the Spadina subway extension, the Eglinton LRT line, the St. Clair Streetcar/LRT, and the rebuilding of track infrastructure on Roncesvalles Avenue. Each project requires sound project management from the design through to the construction phase. The consultant is to examine whether work process changes could reduce project implementation costs and time by improving work flow efficiency during planning and implementation of capital projects. The consultant shall also recommend processes and tools to control cost overruns on capital projects to ensure value for money.

Part I – Bus Life:

The TTC can reduce its life cycle costs for buses, including capitalization, if bus life is set at an appropriate level. Extending bus life could increase operating costs due to factors such as increased breakdowns and higher maintenance costs per vehicle kilometre. However, reducing bus life increases the frequency of procurement and creates higher capital costs. The consultant will examine the trade-offs and recommend an optimal bus life by bus type that reduces the combined capital/operating expenditures.

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 including TTC.
- (ii) *Facilities Management & Real Estate Study:* a cross-corporate review of facilities management and real estate functions encompassing the City's respective corporate divisions, related functions in City operating divisions, and some agencies including TTC.
- (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 agencies including TTC.
- (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 including TTC.

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:

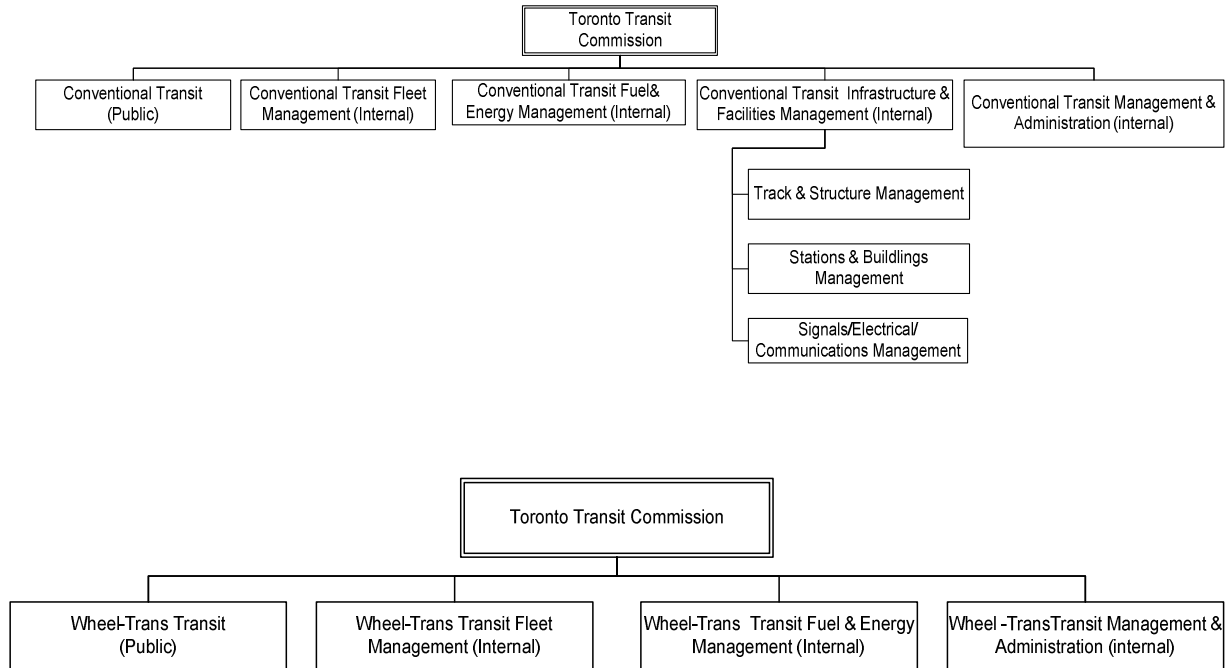
Nancy Autton
Manager, Governance Structure and Corporate Performance
Strategic and Corporate Policy Division
City Manager's Office
10th Floor, East Tower, City Hall
Telephone: 416-397-0306
E-mail: nautton@toronto.ca

7. Attachments and Information

Respondents are reminded to 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. TTC Program Map – Attachment A
- B. Service Agencies – City Agencies Chart June 2011 – Attachment B
- C. TTC Growth Ridership Strategy, March 2003
http://www3.ttc.ca/PDF/Transit_Planning/ridership_growth_strategy_2003.pdf
- D. 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>
- E. 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.
- F. 2011 Budget Information is available at www.toronto.ca/budget2011
- G. Performance measurement information for 2009 as set out in the report on Measuring Toronto's Progress
http://www.toronto.ca/progress/service_areas.htm

Attachment A: TTC Program Map



Attachment B: Service Agencies Chart

City of Toronto Agencies and Corporations

Agencies ¹			Corporations ²	
Service Agencies	Quasi-Judicial & Adjudicative Boards	Partnered Agency	City Corporations	Partnered Corporations
<ul style="list-style-type: none"> > Board of Health > Exhibition Place > Heritage Toronto > Police Services Board > Public Library Board > Sony Centre for the Performing Arts > St. Lawrence Centre for the Arts > Toronto Centre for the Arts > Toronto Parking Authority > Toronto Transit Commission > Toronto Atmospheric Fund > Toronto Zoo > Yonge-Dundas Square <p>Community-Based</p> <ul style="list-style-type: none"> > 8 Arena Boards > 10 Association of Community Centre Boards (AOCCs) > 71 Business Improvement Areas (BIAs) 	<ul style="list-style-type: none"> > Committee of Adjustment > Committee of Revision > Compliance Audit Committee > Property Standards Committee / Fence Viewers > Rooming House Licensing Commissioner ³ > Sign Variance Committee > Toronto Licensing Tribunal 	<ul style="list-style-type: none"> > Toronto and Region Conservation Authority 	<ul style="list-style-type: none"> > Build Toronto Inc. > Invest Toronto Inc. > Toronto Community Housing Corporation > Toronto Hydro Corporation > TEDCO operating as Toronto Port Lands Company (TPLC) 	<ul style="list-style-type: none"> > Enwave Energy Corporation > Waterfront Toronto

Notes:

1. Previously referred to as agencies, boards and commissions.
2. Ontario *Business Corporations Act* (OBCA) corporations.
3. Rooming House Licensing Commissioner and Deputy are Officers, rather than an agency of the City, but in all other respects function as a quasi-judicial and adjudicative board.

Updated: June 2011