



INFORMATION REPORT

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: October 29, 2012	
SUBJECT/REPORT NO: Corporate Service Delivery Review – Opportunities for Service Improvement (CM11009b/FCS110569b) - (City Wide)	
SUBMITTED BY: Chris Murray City Manager and Roberto Rossini General Manager, Finance & Corporate Services Department	PREPARED BY: Service Delivery Strategy Team (Mike Zegarac, Chair) (905) 546-2424, extension 2739
SIGNATURE: 	

Council Direction:

On July 12, 2012 Council approved a process for the identification of opportunities for further review in an effort to improve the value of our services to our citizens. This process included a series of criteria to be used for evaluation purposes.

It is the objective of this Information Report and accompanying presentation to share the Opportunities which resulted by following that evaluation process.

Information:

Report CM11009a/FCS11056a Service Delivery Review – Opportunity Filter and Profile Template presented to General Issues Committee (GIC) on June 28, 2012 advised that the City would be completing the Service Profiles and would conduct a two-stage evaluation process as approved by Council at that time. The profiles and filter would

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facilitate completion of the first two components of the approved SDR process methodology, namely:

1. Profile all City Facing and Internal Services
2. Rank and Prioritize Service Delivery Opportunities for Improvement/Reduction or Elimination

The Service Profiles were produced and presented to General Issues Committee earlier this month at its meeting of October 18th along with an overview of the lessons learned from the development of the profiles.

Background on the Process

Following Council's endorsement of the two stage opportunity filter process at the June 28th GIC, KPMG reviewed the Service Profiles using the Service Assessment Filter (attached as 'Appendix A' to report CM11009b/FCS11056b) and developed a list of opportunities. The following evaluation criteria were used to determine the Top 30 opportunities with the greatest potential for further review:

1. How the service contributes to achieving the Program's mandate or strategic goals and/or objectives.
2. The cost of delivering the service.
3. How this cost compares to other municipalities.
4. The relative impact on residents if the opportunity was implemented.

The criteria of cost of the service (2.) and client impact (4.) were weighted slightly higher than the other two. The maximum score achievable at this first step was a five (5).

As a result of this filter process, 34 opportunities moved on to the next stage of the evaluation process since several of the opportunities achieved the same score. The following criteria were used to further assess these opportunities in the second stage:

1. Continued analysis on how the service aligns with the Program's strategic objectives, the cost to deliver the service, comparison to other municipalities and how many residents would be impacted by any changes in the service.
2. Recent reports or studies that considered this opportunity and any decisions that resulted from it.
3. What are the potential savings?
4. Are there any barriers to implementation (legal, political environment, labour and contractual obligations, capital costs)?

Each of these criteria carried equal weights on the scale, and the maximum achievable score was twenty (20).

The resulting total score (out of a possible twenty-five (25)) from the application of stage 1 and 2 filters were determined for all of the 34 opportunities.

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As was previously committed to Council, the list of opportunities would be brought forward in the Fall for validation of those service areas that should be the subject of a deep dive and development of a high-level business case for change.

The Results

Starting with the 34 ranked opportunities, KPMG worked with the Service Delivery Review Strategy Team and the Senior Management Team to determine recommended Top 10 service areas with the greatest potential for further review and service improvement that are being presented to the GIC today. In reviewing the list, it became evident that the Top 30 could be grouped into the following categories for ease of communication:

Top 34 Opportunities

- A** = Top 10: This group represents where we should focus our efforts to investigate the most appropriate service level and method of delivery for residents by working with KPMG to develop a high-level business case for further review. (10 opportunities)
- B** = This group includes the initiatives that are already underway. (10 opportunities)
- C** = This group includes initiatives that the City should consider pursuing. (10 opportunities)
- D** = These initiatives have already received a decision during the current term of Council. (4 opportunities)

The complete listing of the Top 34 Opportunities, including filter scores from each stage and other details is presented in Appendix ‘B’ to Report CM11009b/FCS11056b.

SMT are recommending a list of the Top 10 Opportunities for GIC’s consideration today. The Top 10 (category ‘A’) which were filtered from within the Top 34 are depicted in the Table below:

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Opportunity Number	Opportunity Description	Total Score	Comments
Top 10 Recommended Opportunities (A)			
1	Central Fleet - move to a model of purchasing vehicles on credit and charging user departments the cost of the debt payments, using lifecycle costing analysis to determine when vehicles should be retired.	21.7	The use of a credit model for fleet purchases improves the transparency of fleet purchases since fleet costs are fully represented in the operational budget; allows purchase of vehicles when appropriate from life-cycle costing analysis; Balance in fleet reserve can be applied against the City's debt position.
2	Transfer the business of food preparation/delivery at the City's arenas, recreation facilities, golf courses to the private sector and/or community and recreation user groups.	19.2	Food preparation is a service that can be assumed by community user groups or the private sector and reduce the City's operational costs.
3	Undertake a Master Fire Plan with a view to optimizing the use of existing resources and explore opportunities to achieve cost effectiveness and efficiencies, through cost avoidance. Considered an industry best practice, the Master Fire Planning process will draw a correlation between the City Of Hamilton's risk profile and the resources required to support the fire protection and public safety needs of the community. EMS needs, in terms of station locations and coordinated response should be considered.	19	Fire services is a significant cost to the City. It appears that there has not been a full review of the Fire Service since amalgamation. There is an opportunity to address many of the legacy inefficiencies carried over from amalgamation. Savings will largely be avoidance of future increases - but some reductions may be possible.
4	Increase parking rates at existing off-street paid lots, on-street at meters and for monthly permits.	18.2	Parking is an important source of non taxation revenue for municipalities. The opportunities represented by parking should be maximized to reduce the tax burden on property owners.
5	Make Fleet a competitive service provider (users can buy services from Fleet or elsewhere).	17.9	Allowing departments to use Fleet Services or other suppliers would make customer service and better customer value imperatives for Fleet.
6	Increase fees for City operated recreation programs and recreation facility rentals considering: - cost of operations and facility maintenance, - availability of private alternatives (avoiding unfair competition), - the target client group, - the fees charged by other municipalities. As part of the program, expand subsidy programs to ensure affordability is maintained.	17.5	Hamilton has made a significant investment in public recreation facilities and programs. There is an opportunity for the City to determine what is the appropriate R/C ratio for recreation and adjust fees accordingly. Maintaining access to programs for low income residents is a priority.
7	Examine P3 (Public/Private Partnership) Operations and/or lease of private facilities to replace/supplement municipal capacity for recreation facilities.	17.2	P3 development offers the potential to minimize capital and operating costs in development or renovation/upgrade of municipal recreation facilities.
8	Improve sustainability by reducing and limiting costs of voluntary sewer programs by: - Reducing the cost of the Protective Plumbing Program (\$1.7M in 2011), considering lower maximum grants, shared costing, and annual maximums - Establishing a maximum annual contribution to the Sewer Lateral Management Program of \$500,000 (\$3.4M in 2011) and - Limiting the flooding related compassionate grants to circumstances where City facilities created the flood, and for repeated events, protective plumbing was installed (from \$80K to \$730K per year).	17.2	Hamilton offers voluntary sewer programs to its citizens that are generous in their support in comparison to peer municipalities. There is an opportunity to review the terms and conditions of the sewer programs to ensure they are effectively applied, or eliminate them entirely.
9	To develop a Strategic Workforce Plan for the next 3-5 years that readies the City of Hamilton workforce to be flexible and responsive to the changing needs of the community, changing business strategy requirements and the fiscal realities of municipal government.	16.9	Staffing costs are the largest expenditure of the City. How staff are managed can either amplify or mitigate the City's labour costs. Improved flexibility can achieve cost savings without layoffs or outsourcing.
10	Review IT governance and strategy, focusing on: - establishing a corporate GIS system (outsourcing options) -centralizing more IT systems such as client data banks - consolidating records management - centralizing IT resources now in departments.	16.7	It appears that the City's IT strategy is disparate and resources are in various departments. Centralizing resources and addressing highest corporate priorities would improve effectiveness.

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork

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As indicated, a number of the Top 34 items relate to initiatives that are currently underway. These opportunities were grouped into category 'B' as can be seen in this summary Table below:

Opportunity Number	Opportunity Description	Total Score	Comments
Opportunities Underway (B)			
11	Increase use of bus priority measures (dedicated lanes and signals) to improve the efficiency/effectiveness of public transit.	19.4	Transit Priority lane pilot initiated under development as a Metrolinx Quick-Wins funded initiative. A staff report to Council for consideration is planned in Q4/12.
12	Decrease employee absenteeism.	18.9	An Attendance Improvement Initiative is underway as described in the Management Action Plan reported to AF&A on June 11 (HUR12008). Goal is to achieve a minimum of 10% reduction in average sick days per employee by end of 2014, an average of one day per employee.
13	Consolidate corporate call handling.	17.7	Consolidation of corporate call handling is an opportunity to improve customer service and achieve efficiencies. With partial implementation, there has been approximately \$281k in savings realized to date.
14	In light of all day kindergarten in schools, develop a strategy for evolution of child care in Hamilton (as system operator) and at Red Hill Family Centre (as facility operator) to maximize return for funds spent.	17	The early years learning environment is undergoing widespread change as a result of the Province's policy shift. There is an opportunity for the City to review its early years/daycare services to ensure that they are still relevant and efficient in the new system.
15	Transit - focus on peak hours and days. Reduce evening and weekend service. Use a usage/cost recovery ratio to evaluate routes, route sections and time of day.	16.6	A comprehensive full system Operational Review was completed in 2010. During 2012 budget deliberations, staff listed curtailment of low performing routes as a budget mitigation option. No direction arose from Council discussion.
16	Implement the results of the review of major recreation and community facilities to determine if the current number is warranted or can be reduced, and if the configuration of facilities can be changed as lifecycle investments are required in order to reduce operating costs (e.g. consolidating). Review would encompass: - arenas - indoor pools - outdoor pools - community halls and recreation centres.	16.2	Should be considered in concert with item 7, with any new or replacement facilities considered as P3 approaches, for consolidation to improve efficiency.
17	Hospital emergency room - find resolution to delayed hand-off of EMS patients.	16.2	A continuing problem for EMS. Recently got two off-load nurses. Next steps to be defined.
18	Change procurement processes to emphasize value for dollar and good client service and appropriate levels of risk.	16	An external review of the procurement process was conducted by NIGP. As of December 2011, 27 of the 58 recommendations had been addressed.
19	Long Term Care Homes - Manage the Case Mix Index to maximize revenues.	15.5	The Case Mix Index is a key performance indicator and influences funding of Long Term Care homes. Continued attention to recording activities maximizes revenues.
20	Transit - Establish a target revenue: cost (R/C) ratio and increase transit fares and adjust services (see item 15) as required to achieve it.	15.4	A comprehensive full system Operational Review was completed in 2010. The establishment of a target R/C ratio by Council would give clear direction to Staff on implementing the operational review.

There were an additional 14 opportunities that make up the Top 30. Ten of these opportunities the City could consider pursuing at some future date (category 'C'), and the summary of these items are represented in the Table below:

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Opportunity Number	Opportunity Description	Total Score	Comments
Opportunities to Consider Pursuing (C)			
21	Social Supports: One stop intake of clients for Ontario Works / housing / child care / recreation / transit subsidy / water-wastewater subsidy.	16.9	This approach can improve customer service, and ensure clients are aware of the full range of services available. There is an opportunity for the City to work with the Province to implement a one stop intake for social services and improve the service level while reducing the cost to the City.
22	Close the aviary - Gage Park Master Plan calls for a \$2M upgrade to the Aviary.	16.7	The construction of a new aviary is a significant capital expenditure (\$2M) for a non essential service. Gage Park Master Plan was approved in 2010 (PW10033), with staff to report back with a detailed cost analysis prior to implementation.
23	Examine impacts of development on ongoing municipal costs - storm water ponds, gateway features, landscaping, types of trees, illumination, winter control - change subdivision plans to minimize - or recover costs.	16.6	Approval of subdivisions with non-standard features can lead to costs following the assumption of the subdivision even if the capital cost is funded by the developer. There is an opportunity for the City to limit the features it will accept.
24	Explore opportunities for the City to become the delivery agent for Ambulance Dispatch and consolidate dispatch operations for all emergency services.	16.5	Niagara Region recently assumed ownership of ambulance dispatch; Ottawa has done it for some years. There is an opportunity for the City to explore the consolidation of all emergency services' dispatch into one central operation.
25	Improve corporate management of assets by: - consolidating management of all corporate real estate assets - consolidating asset management functions corporately.	16.5	The City manages/owns a large portfolio of real property and facilities. Leading practice suggests that a business unit devoted to corporate asset management improves minimizes cost of real estate and ensures resources go to highest priorities. This initiative is now underway through the departmental reorganization in Oct. 2012.
26	Examine cost-effectiveness of public health clinics - opportunities to consolidate clinics, delivery in other ways.	16.2	Some health units use multiple purpose clinics and/or make greater use of private practice doctors and dentists to minimize costs and expand client service options. Consolidation - underway Consider if number of clinics is appropriate.
27	Expand outsourcing of design and construction supervision.	16.2	Currently outsourcing is project specific and utilizes a Roster system for consultant selection.
28	Consolidate provision of maintenance for central fleet, fire, ambulance and transit non revenue vehicles. Consider discussion with police for inclusion.	15.7	Fleet maintenance is scattered across the organization. It appears that there are operational/facility issues that remain from amalgamation.
29	Pursue legislative changes to permit the establishment of a user room tax to fund visitor attractions.	15.2	Would serve as key funding source for destination marketing. No authority for compulsory tax.
30	Redesign the budget process with a view to establishing a multi-year, service-based operating budget, minimizing the length of the annual budget cycle.	15.2	Long term operating budgets promotes longer term thinking, reduces annual budget process demands, service based budgets provides a real understanding of the cost of services provided.

Of the remainder of the Top 34, there are four items that Council has already decided on (category 'D') and therefore would not be pursued at this time. These are shown on the following Table:

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Opportunity Number	Opportunity Description	Total Score	Comments
	<i>Opportunities that Council has already Decided (D)</i>		
31	Transfer one Long Term Care home to non-profit operation with resident/family involvement in governance.	15.6	Non-profit operation can lower costs over time, while providing opportunities for family involvement in governance.
32	Golf Courses -Sell one of the Chedoke courses for development purposes.	15.4	Municipal golf courses are a discretionary service, and compete with private courses with lower labour costs and generally similar or higher rates. Update the Business Plan for the course that takes the capital requirements into consideration.
33	Solid Waste Collection - Reduce to bi-weekly.	13.96	The new Waste collection system model was approved through General Issues Committee Report 12-005 in February 2012.
34	Expand contracting of garbage collection and bulk waste collection.	11.6	The new Waste collection system model was approved through General Issues Committee Report 12-005 in February 2012.

Next Steps

Through the scheduled SDR opportunities workshops, Council will be asked to endorse 10 Opportunities for KPMG to undertake development of Executive Business Cases.

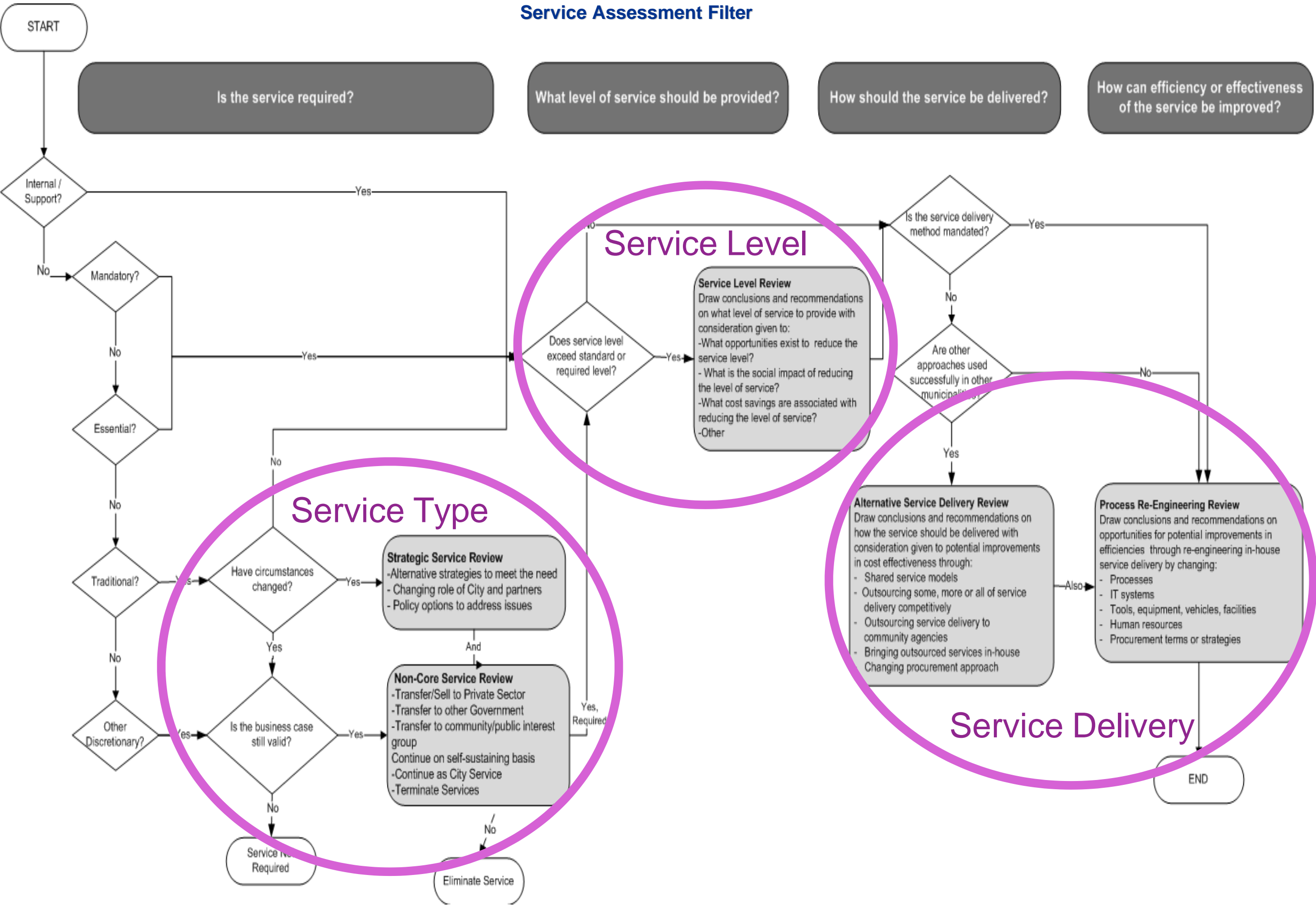
The business cases and a Roadmap for Implementation will accompany the Final Report when it is completed in the first quarter of 2013. This body of work will fulfil the third component of the SDR process methodology, that is,

3. "Deep Dive" Service Delivery Reviews

The fourth and final component – Implementation of "Deep Dive" Reviews – will be presented to Council for consideration and further direction.

List of Appendices

Appendix 'A'	Service Assessment Filter
Appendix 'B'	List of Top 34 Opportunities
Appendix 'C'	List of Opportunities beyond the Top 34



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