

Building the NEW City of Toronto

STATUS REPORT ON AMALGAMATION

JANUARY 1998 - JUNE 1999



Amalgamation Office
Office of the Chief Administrative Officer

JULY, 1999

Mayor

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Message from Mayor Mel Lastman

I am pleased to introduce a progress report on the amalgamation process that created our new City of Toronto. It was prepared by the Office of our Chief Administrative Officer.

This is an 18-month review - Building the New City of Toronto - and details the birth and growth to date of the largest city in Canada and the fifth largest city in North America.

The amalgamation of the seven former municipalities was a massive and complex undertaking. Our new City did not come with a set of instructions.

Thousands of municipal services had to be brought together and harmonized. The first 18 months of our new City were a time of extraordinary change. No other municipal government in our country had ever undergone an evolution of this nature.

The success to date has been remarkable, both in terms of quality of life and financial savings for our 2.4 million citizens. That success was achieved by Council and the work of our dedicated and professional staff under the leadership of our CAO, Michael Garrett.

Much, however, needs to be done but the opportunities are unlimited. Our new City is the greatest city in the world. We are a city of people, a city with pride, with passion and with spirit.

Together, we can work together to make our great City even greater.

Cordially,

Mel Lastman
MAYOR

Table of Contents

Executive Summary	i – xi
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The New City of Toronto

Background	1
3 Part Corporate Plan	4
Part 1 Addressing Council's Major Priorities	5
Part 2 Completing Amalgamation	6
Part 3 Building the New City	7
Delivering Regular Municipal Services	7

Bringing Together 7 Municipalities

Amalgamation Savings	9
Amalgamation Savings Targets	10
Savings in Salaries	11
Non-Salary Savings	12
Staff Reduction Targets	13
Budget Constraints in Former Municipalities	14
Utilization of Amalgamation Savings	14
Provincial Savings Estimates	15
Consolidation Savings	16
Efficiency Savings	17

Amalgamation Reductions: Highlights	19
Reduction in Departments	19
Reduction in Divisions	20
Reduction in Executive Positions	20
Reduction in Overall Management Positions	21
Reduction in Systems	22
Reduction in Hardware/Software	24
Reduction in Office Space	25
Reduction in Yards	26
Reduction in Corporate Fleet/Garages	27
Reduction in ABC's	28
Reduction in Insurance Costs	28
 Harmonizing Service Levels & Fees	 29
Solid Waste Harmonization	31
Winter Maintenance Harmonization	32
Parks and Recreation Fee Harmonization	33
Public Health Program Harmonization	33
Toronto Library Hours Harmonization	34
Boulevard & Parking Fees	34
Financial Implications of Council's Service	
Harmonization Decisions	34
Other Service Harmonization Decisions	36
Conclusion	37
 Streamlining Special Purpose Bodies	 38
Status of Governance Reviews	39
Review of Special Committees and Task Forces	41
Appointment to External Entities	41
Conclusion	41
 Addressing Governance Issues	 43
Location of Seat of Government	43
Role of Community Councils	44
Council-Committee Structure	44
Citizen Involvement in the City's Governance	46
Council Procedural Bylaw	46
Conclusion	46

Consolidating Information Technology Systems	48
Year-2000	48
Corporate Communications Systems	49
Financial, Human Resources, Payroll System	49
Integrated Business Management System	50
Program Registration & Facility Permitting System	50
Tax Billing System	50
Water Billing System	50
Land Information System	51
Corporate Technology Standards	51
Enhanced IT Service	51
Consolidated IT Location	52
Conclusion	52
 Creating a New Organizational Structure	 53
Phased Approach to Administrative Amalgamation	54
Status of Departmental Restructuring	56
Works & Emergency Services	56
Community & Neighbourhood Services	56
Urban Planning & Development Services	57
Economic Development, Culture & Tourism	58
Corporate Services	58
Finance Department	59
Conclusion	59
 Harmonizing Human Resources Policies & Programs	 60
Recruitment for the New Organization	60
Downsizing/Exit Programs	61
HR Policies/Programs Harmonization	62
Compensation & Benefits Harmonization	62
First Collective Agreements	63
Conclusion	64

Consolidating Departmental Operations	65
Finance Department	65
Corporate Services	66
Works & Emergency Services	67
Community & Neighbourhood Services	68
Urban Planning & Development	69
Economic Development, Culture & Tourism	70
One Time Transition Costs	70
Building the New City	72
Planning for the Future	72
Council's Strategic Plan	72
Linkages to Other Plans	73
Corporate Management Framework	74
Corporate Values & Aspirations	75
The Challenges Ahead	76
Future Challenges	77
What Citizens Say	78
Toronto City Council	79
City of Toronto Senior Management	81

Building the New City of Toronto

Status Report On Amalgamation

January 1998 - June 1999

Executive Summary

Background

The new City of Toronto was created on January 1, 1998, as a result of Provincial legislation which amalgamated seven municipalities - the regional government of Metropolitan Toronto and six local area municipalities, Toronto, North York, Scarborough, Etobicoke, East York and York.

The new City has a population of 2.4 million, making it the fifth-largest city in North America. The new Corporation has a 1999 gross operating budget of \$5.5 billion, larger than the majority of provincial government budgets. The new City provides a full range of municipal services employing, at the time of amalgamation, 46,000 staff, including those working for agencies, boards and commissions.

An enormous amount of work has been completed to date in bringing together the seven former municipalities and building a new City of Toronto. The size and scope of this amalgamation must not be underestimated. It is a complex, multi-dimensional, multi-year undertaking.

The new City government has developed a three-part corporate plan for moving the new organization forward: (1) addressing Council's priorities and initiatives; (2) completing the amalgamation of seven municipalities; and (3), building the new City of Toronto.

Amalgamation Savings

Of the new City's total gross expenditures of \$5.5 billion, 73% or \$4.0 billion constitutes previously amalgamated programs, such as police, ambulance, social services and public transit. Only 27% or \$1.5 billion constitutes amalgamating programs. Therefore, amalgamation savings can only be derived from one-quarter of the gross expenditures of the new City.

A three-year amalgamation savings target of 10% of amalgamating program expenditures, or \$150 million, has been set. In 1998/99, savings totaled approximately \$120.7 million. An additional \$29.3 million in savings will be achieved in 2000. The City is on track for achieving its target of \$150 million in amalgamation savings by the end of 2000.

The 1998/99 amalgamation savings to date have been applied against the following new costs: Provincial downloading of programs - \$61 million; Provincial downloading of Toronto Transit Commission capital costs - \$46 million; and other costs such as police wage increases - \$13 million.

A three-year staff reduction target of 10% of the workforce in amalgamating programs, or approximately 1,960 full-time equivalent staff, has been set. In 1998/99, staff reductions totalled approximately 1,780, with an additional reduction of approximately 180 staff in 2000. The City is on track for achieving its target of nearly 2,000 in staff reductions by the end of 2000.

The Province of Ontario's publicly stated goals for amalgamation included achieving cost reductions through eliminating duplication, streamlining operations and improving efficiency. The Province had commissioned a study to estimate the potential savings from the creation of a single tier government for Toronto. The study estimated savings from consolidation (i.e. amalgamation) in the range of \$81 million to \$111.8 million. The actual savings by the City in 1998/99 of \$120.7 million, and the overall target of \$150 million by 2000, is considerably greater than the Provincial estimates.

In addition to consolidation savings, the Provincial study estimated efficiency savings, through reduction of operating costs, in the range of \$147.8 million to \$251.6 million. The magnitude of estimated efficiency savings is considered overly optimistic for the immediate future. These estimates anticipate significant efficiency savings to be found not only within the 27% of total gross expenditures for amalgamating programs but also within the 73% of total gross expenditures for previously amalgamated programs including police services, ambulance services and public transit services, but excluding family and social services. They anticipate reductions in 'internal cost drivers' which include salary budgets, and use of contracting out and alternate service delivery. These types of issues have yet to be addressed by Council.

Also, Provincial efficiency savings estimates do not sufficiently recognize the previous operational efficiencies and budget reductions that had occurred in the seven former municipalities prior to amalgamation, starting in the early 1990's. They also do not recognize the subsequent additional costs to the new City as a result of Provincial downloading of programs.

Amalgamation Reductions: Highlights

As a result of amalgamation, a number of reductions in a variety of areas are being achieved. The following highlights some of the consolidated areas in comparing pre- and post-amalgamation changes.

Departments have been reduced from 52 to 6. Divisions have been reduced from 206 to 37. Executive management positions have been reduced from 381 to 154 (60% reduction). Overall management positions have been reduced from 1,837 to 1,204 (34% reduction).

Major information technology systems have been reduced or are in the process of being reduced: financial, human resources and payroll information systems from 21 to 1; tax billing systems from 6 to 1; water billing systems from 6 to 1. Information technology servers, mainframes and mainframe applications will be reduced from approximately 1,300 to slightly under 600.

Staff office space has been reduced by 143,000 square feet or 8.3% , roughly equivalent to office space within the Scarborough Civic Centre, through termination of 7 major commercial leases and space absorbed by the new Council at City Hall. Displaced staff in these areas, along with temporary year-2000 project staff have all been able to be accommodated within City-owned buildings, absorbing an estimated 225,000 square feet of space.

The City is in the process of consolidating its corporate fleet of 4,900 licensed vehicles, off-road vehicles and small equipment, with an initial minimum reduction target of 5%. Garages are targeted to be reduced from 20 to 14 by the end of 1999 (30% reduction), with additional reductions anticipated in subsequent years.

The number of City Service Boards have been reduced from 33 to 14, with key ones being library boards (from 7 to 1), boards of health (from 6 to 1), and hydro boards (from 6 to 1). The City's insurance costs have been reduced by 54% for annual savings of \$4.9 million.

Harmonizing Service Levels and Fees

The harmonization of service levels and fees represents a significant step in the development of a single City with a unified approach to important public services. In the first year of amalgamation, major services continued to be provided at pre-amalgamation levels, as the new City reviewed service level options and associated financial impacts through a public process.

A number of key service level and fee harmonization decisions were adopted by Council in April, 1999, when it approved the 1999 operating budget. Harmonization decisions were made with respect to: solid waste services; winter maintenance services; public health programs; and boulevard and parking fees. Once fully implemented over four years, these decisions will cost the City an additional \$9.5 million annually.

A number of other service harmonization decisions have also been made, particularly with respect to Works programs, as well as to a variety of fee and rate harmonization adjustments, key ones relating to water rates and hydro rates.

Streamlining Special Purpose Bodies

There were 149 agencies, boards and commissions (ABCs) associated with the seven former municipalities. Since the beginning of 1998, the City has worked on the principle that all governing ABCs would continue to operate pending a City review.

A number of reviews on the governance status of ABCs have been completed: Toronto Hydro; Toronto Housing Corporation; Board of Health; Library Board; Parking Authority; Guild Inn; and Toronto Economic Development Corporation. Council has directed that Commissioners review and report back on the future status of a number of other special committees and task forces.

Current and future work with respect to the City's special purpose bodies will focus on: eliminating duplication in programs and services; emphasizing core services and reducing non-core programs; tightening cost control mechanisms; streamlining administrative activities; and refining governance structures and membership selection.

Addressing Governance Issues

Toronto Council, at its first meeting in January, 1998, established a Special Committee to review the final report of the Toronto Transition Team. Key governance areas that the Special Committee focused on included: the location of the seat of government; the role of Community Councils; the Council-Committee structure; citizen involvement in the City's governance; and Council's Procedural Bylaw.

Council selected Toronto City Hall as the seat of government in February, 1998. Based on its experience with the interim Council-Committee structure, Council made adjustments to this structure, effective June, 1999.

The roles and responsibilities of Community Councils were also reviewed. Council adopted a series of changes with respect to Community Councils in October, 1998, which served to strengthen their role within the City's governance structure. Also, Council established policy guidelines for citizen appointments to the City's agencies, boards and commissions.

The interim Procedural Bylaw, which was adopted by Council at its inaugural meeting in January, 1998, was reviewed and a comprehensive set of changes adopted by Council in May, 1998, with further changes adopted in April, 1999.

With the completion of these major reviews, the amalgamation-related phase of Council's governance framework has concluded.

Consolidating Major Information Technology Systems

The consolidation of major information technology systems is fundamental to the successful integration of the seven former municipalities into a single City. Concurrent with this consolidation has been the need to ensure that all technological issues related to year-2000 are resolved. The City has proceeded on both fronts through a single operating framework.

Major information technology systems that have been consolidated, or are in the process of being consolidated, include: corporate communications systems; financial, human resources, payroll information system; an integrated business management system for development approval; a comprehensive parks and recreation management system; a single tax billing system; a single water billing system; and, an integrated land information system.

Corporate technology standards have been established with respect to: desktop, print and file sharing; desktop productivity tool; database of choice; and enterprise system management. Information technology facilities are in the process of being streamlined and consolidated into a main location.

Major on-going information technology issues relate to: levels of funding for technological systems improvements; staff recruitment and retention in a highly competitive marketplace; and the ability to service a large and varied clientele in a high demand, high needs environment.

Creating a New Organizational Structure

Over the past 18 months, the new City has gone through an intensive and extensive process in creating a single new organizational structure to replace the seven former municipal administrations. A three-phased approach was adopted consisting of: the establishment of an overall departmental structure for the new organization; the creation of divisions and sub-units within divisions; and the integration and rationalization of municipal operations.

The creation of six major departments was approved by Council in February, 1998. The six departments are: Community and Neighbourhood Services; Economic Development, Culture and Tourism; Urban Planning and Development Services; Works and Emergency Services; Corporate Services; and Finance.

The majority of departments completed their organizational designs and management restructuring, including recruitment to the new management positions, by December, 1998. In certain large departments, restructuring and management recruitment was completed by June, 1999. Currently, only a few program areas must finalize their organizational design and management structures, primarily in areas where further review was required.

Therefore, within the space of 18 months, 6 new departments and 37 new divisions have been created. This has been a remarkable achievement.

Harmonizing Human Resources Policies and Programs

Given the highly sensitive nature of issues relating to conditions of employment and potential financial impact on the Corporation, great care has been taken in drafting a unified set of human resources policies, programs and procedures.

The new organization has had to fill over 1,200 new management positions, along with hundreds of other positions, the large majority of which were filled through internal recruitment. There has been a strong emphasis on fairness in the process along with an employment equity focus, in light of the fact that, in many cases, there were at minimum six or seven candidates from the former municipalities competing for one position in the new organization.

Significant work took place in late 1997 and 1998 to establish separation programs for employees whose positions were deleted as a result of restructuring and downsizing, and who did not obtain a position in the new organization. These programs were designed to treat exiting employees humanely and fairly while, at the same time, being consistent with industry and legal practice.

The seven former municipalities had very different human resources policies and programs and work is proceeding in a number of areas to harmonize these. Significant work has been underway since the beginning of 1998 in analyzing salary levels for management and non-union staff as part of a major initiative to create a unified compensation and benefits program. For unionized employees, harmonizing pay rates and benefits programs are subject to the negotiation process.

Within the seven former municipalities, there existed over 50 collective agreements, the majority affiliated with the Canadian Union of Public Employees and with the Toronto Firefighters association. The City is currently in the process of negotiating first collective agreements. In total, there are six bargaining units in the new City for which six collective agreements must be drawn up.

Implementation of major components of the integrated Human Resources Information System by November, 2000, will lay the technological foundation for a single, City-wide management system and will result in more effective and efficient decision-making regarding the utilization of human resources. This, together with the finalization of the compensation and benefits programs and first collective agreements, will serve to further stabilize the new organization.

Consolidating Departmental Operations

The integration of day-to-day operations of the services and programs of the seven former municipalities is an enormous and complex undertaking. It affects literally thousands of activities. It involves a multitude of policy decisions with respect to how operations and programs should be carried out. It involves examining all business processes to analyze the many different ways they were carried out in the former municipalities and to develop new integrated ways of providing service which is streamlined, efficient and effective.

All departments have been actively engaged in major business integration activities over the past year, a number of which are highlighted in this report. Many of the consolidation activities have required the acquisition of new technology for business applications, the renovation of existing facilities and the hiring of technical and professional expertise with respect to specific program areas. The one time transition costs for these types of activities for the years 1998 to 2001 are \$153.3 million.

Of this figure, 93% relates to business applications and facilities renovations. It is difficult to separate out pure amalgamation costs in these areas from costs that would have been incurred normally in carrying out regular operations. In fact, some of the former municipalities had deferred expenditures in these areas in light of the pending amalgamation. Therefore costs would have been incurred in these areas regardless of whether amalgamation had occurred.

When costs associated with preparing for Provincial downloading of programs (\$6.2 million) and staff exit costs (\$50 million) are included, the total one-time transition costs approved by Budget Committee and Council for the years 1998 to 2001 are \$209.6 million.

Planning for the Future

Building the new City of Toronto requires planning for the future. It involves not only the complex task of consolidating seven municipalities but also creating a common vision for the future.

The new City has adopted an integrated approach to City building. It combines Council's Strategic Plan, which sets out a vision for the future of the City and the Corporation's contribution to that vision, with a Corporate Management Framework, which is designed to translate Council's vision and directions into a series of implementation objectives within the organization.

Council is currently engaged in the process of developing a Strategic Plan, with working groups identifying goals and strategic directions under four themes: community, economy, environment and governance. The Strategic Plan is linked to other related planning activities, including the development of a new Official Plan, a social plan, an economic development plan, an environment plan, and an infrastructure plan. The Corporate Management Framework will implement the goals and

directions articulated in the Strategic Plan through multi-year program plans, annual budget plans and evaluation of employee performance tied to program objectives.

Corporate values and aspirations will set the direction for the new Corporation. These values and aspirations include: ensuring a high quality of life for all citizens through the provision of excellent municipal services; having a reputation for innovation and leadership in the municipal sector; being an employer of choice and one that communicates effectively; being a fiscally prudent organization that plans actively and with a long term view.

Building a new corporate culture takes time. There is an adjustment period, as the City moves from the old to the new, that needs to be recognized. It is a tribute to the dedication of Council and staff that so much has been accomplished in the first 18 months of the new City.

The Challenges Ahead

To date, key amalgamation-related savings and reductions are on track - budget and staff reduction targets have been met, and amalgamation savings have off-set costs as a result of Provincial downloading of programs and other costs, thus avoiding potential property tax increases. Regular municipal services have continued to be delivered, while major internal changes have been underway. All of these activities combined have required extraordinary effort on the part of staff in all departments.

Toronto still faces many challenges in building a new City. Council must develop a compelling vision for the new Toronto through its Strategic Plan. The Corporation must continue to strengthen its fiscal capacity without impacting negatively on property taxes. Council must address difficult choices with respect to core programs and service delivery options. The City must complete the harmonization of service levels, the integration of operations, the consolidation of key corporate assets, and the streamlining of selected agencies, boards and commissions. It must finalize the compensation plan, benefits programs and first collective agreements. This is an ambitious agenda which calls for strong commitment, dedication and cooperation.

What Citizens Say

The most important judges of the success of amalgamation are the citizens of Toronto. When citizens were asked about amalgamation in the spring of 1999, 70% of Toronto residents stated that they were satisfied with life after amalgamation (Environics Research). Another survey revealed that 66% of Torontonians who stated an opinion felt that amalgamation was a success (Ekos Research). In June, 1999, 79% of Toronto residents felt that Council was on the right track in terms of where it was taking the new City of Toronto (Angus Reid Group).

During this time of rapid and major change, the needs and concerns of Toronto citizens must be the first priority. A commitment to continuing to improve the quality of life of the City, a commitment to actively engaging citizens in their community, and a commitment to building the finest City in the world are noble aspirations for the new City of Toronto.

The New City of Toronto

Background

The new City of Toronto was created on January 1, 1998, as a result of Provincial legislation which amalgamated the seven municipalities of Metropolitan Toronto, Toronto, North York, Scarborough, Etobicoke, East York and York. The new Toronto is large, diverse and complex.

- Toronto, with a population of 2.4 million, is the fifth largest city in North America
- The new Corporation has a gross budget of \$5.5 billion, the largest municipal budget in Canada and larger than the majority of provincial budgets
- The City covers 632 square kilometres
- There are 900,000 dwellings and more than 473,000 properties in Toronto
- There are more than 10,300 streets, 6,200 kilometres of roads and more than 152 kilometres of shoreline along Lake Ontario
- There are 74.3 square kilometres of green space and 31.4 kilometres of park trails

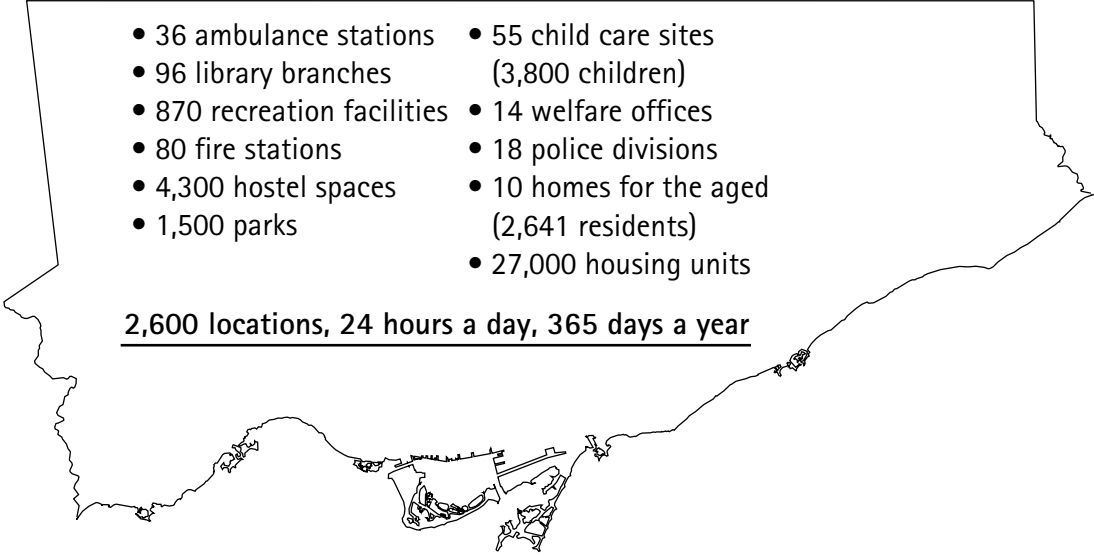
The scope of services of the new City of Toronto is significant. The diagram on the next page illustrates the extensive array of services provided by the City. The insured replacement value of City-owned facilities is \$8.5 billion.

At the time of amalgamation, there were approximately 46,000 full-time-equivalent (FTE) employees working for the former municipalities and their agencies, boards and commissions. Of this number, approximately 24,000 employees worked in previously amalgamated services provided by the former regional government of Metropolitan Toronto. These services included ambulance services, police services, the Toronto Transit Commission (T.T.C.), social services, children's services and homes for the aged.

Size in the North American Context (by population)



Scale of Services

- 
- 36 ambulance stations
 - 96 library branches
 - 870 recreation facilities
 - 80 fire stations
 - 4,300 hostel spaces
 - 1,500 parks
 - 55 child care sites (3,800 children)
 - 14 welfare offices
 - 18 police divisions
 - 10 homes for the aged (2,641 residents)
 - 27,000 housing units

2,600 locations, 24 hours a day, 365 days a year

Approximately 19,600 employees worked in amalgamating programs impacting on property tax rates, including:

- Fire services
- Planning and development services
- Garbage collection and recycling services
- Transportation services
- Parks and recreation programs
- Economic development programs
- Public health services
- Library services
- Housing services

Including water-rate supported programs and the Toronto Parking Authority, there were a total of 22,000 FTE positions in amalgamating programs.

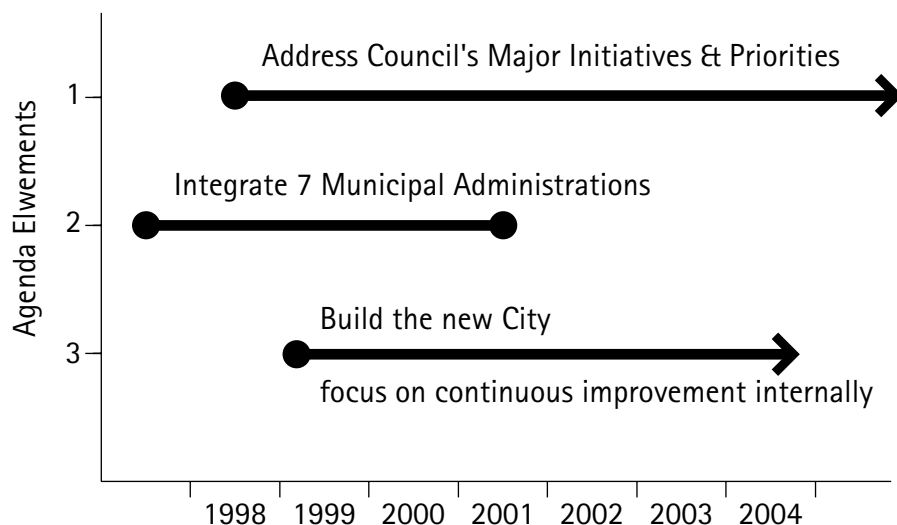
Three-Part Corporate Agenda

The City has a corporate plan for moving the organization forward, through amalgamation and beyond. The plan has three main components:

- Addressing Council's priorities;
- Completing the amalgamation of seven municipalities;
- Building the new City.

The three-part corporate plan serves as the guiding framework for the numerous activities and projects currently underway throughout the Corporation.

Three-Part Corporate Agenda



Each of the three components of the corporate agenda is described briefly below.

Part 1 Addressing Council's Major Priorities

The first part of the agenda is to address Council's major priorities and initiatives. During the past 18 months, Council has actively addressed a range of major issues. Many of these have been non-amalgamation issues. These types of issues can generally be categorized as social/economic, urban planning and development, governance, environment, and other issues. Some of the major subjects which have been addressed within each of these categories are identified below. Eventually, Council's major priorities and initiatives will be articulated through its Strategic Plan.

Major Council Priorities & Initiatives: Highlights

January 1998 – June 1999

Social & Economic

Homelessness Strategy
School Facility Review
Children & Youth Issues
Employment Initiatives
Tenant Protection
Access & Equity Issues
Housing First Policy

Urban Planning & Development

Official Plan
Railway Lands Development
Downsview Secondary Plan
Union Station Acquisition
Gardiner Expressway East Dismantling
Yonge/Dundas Public Square and Redevelopment
Scarborough Hydro Lands
4,500 Site Specific Applications
Condominium Conversion/ Protection of Rental Housing

Environment

Chemical Pesticide Reduction
Reduction of Sulphur in Fuels
Smog Prevention/Reduction Strategy
Idling Control Bylaw
Bicycle Lanes on Spadina/City-wide
Better Building Partnership/
Energy Renewal Initiatives
Carbon Monoxide Detector Bylaw

Governance

Toronto Hydro Incorporation
Greater Toronto Services Board
Ward Boundary Changes

Other Issues

Provincial Downloading
Year –2000 Technology Issues
Taxi Industry Reform
Olympic Bid for 2008
Property Reassessment/Tax Policy

Part 2 Completing Amalgamation

The second part of the corporate agenda is to complete the integration of the seven former municipalities. Given the size, scope and magnitude of the new City, this is a complex, multi-dimensional, multi-year undertaking. By and large, the majority of integration and consolidation initiatives are targeted for completion within a three year timeframe - from the beginning of 1998 to the end of 2000.

There are 11 major guideposts that will signal the completion of amalgamation:

- 1 Benefits of amalgamation demonstrated by reduced costs and streamlined processes
- 2 Major public services harmonized
- 3 Selected agencies, boards and commissions streamlined
- 4 Major governance issues resolved
- 5 Key information technology systems integrated
- 6 Organizational structuring of departments completed
- 7 Major operational, program and corporate policies consolidated
- 8 Major human resources and labour relations issues resolved
- 9 Major business processes integrated
- 10 Office space consolidated and staff appropriately relocated
- 11 Emergence of a positive new organizational culture and shared vision

This report focuses on the status of eight areas related to amalgamation. These are:

- 1 Savings and reductions
- 2 Service and fee levels
- 3 Special purpose bodies
- 4 Council governance
- 5 Major information technology systems
- 6 Organizational structure
- 7 Departmental operations
- 8 Human resources policies and programs.

Progress in each of these areas as of June, 1999, is discussed in the next sections of this report.

Part 3 Building the New City

The third component of the corporate agenda is to work with Council in building a community vision for the new City as it enters the 21st century and to take the necessary steps to implement this vision. Internally, the thrust is to transform the entire organization to one that is mission-driven, which is clear about its purpose, objectives and desired outcomes, has measures in place to evaluate these outcomes and is positioned to deliver high quality service to the public as efficiently and effectively as possible.

A number of initiatives with respect to building the new organization, from Council's vision and Strategic Plan to the internal transformation of the organization, are described later in this report.

Delivering Regular Municipal Services

The new municipality faces unique challenges in having to deal with multiple major change events at the same time. These include: addressing Council's major initiatives; consolidating the programs and services of seven municipalities; building and implementing a new civic vision; addressing the impact of Provincial downloading of services; implementing a major new property assessment system; addressing year 2000 technology issues; and, addressing major social issues.

Notwithstanding these major changes, the Corporation must continue, at the same time, to provide high calibre, uninterrupted services to the public. Roads and sidewalks must continue to be maintained, garbage must be collected, safe drinking water must be provided, emergency fire service must be available, public health services must be provided, library doors must be open, development applications must be reviewed, properties must continue to be inspected for health and safety, parks must be maintained, recreation programs must be delivered and so on.

Carrying on the day-to-day business of the municipality also means addressing the diverse types of local issues before the six Community Councils, such as road closures, narrowing of pavements, realignment of intersections, installation of speed bumps, sign bylaw variances, community festival events, traffic management plans, parking prohibitions, boulevard leasing applications, zoning applications, official plan amendments, tree removal requests, site plan applications, boulevard cafe permit requests and commercial boulevard parking requests.

While this report focuses primarily on the amalgamation of the seven former municipalities, these on-going municipal activities need to be acknowledged so as to provide a realistic, comprehensive picture of the current challenges and pressures facing the new organization.

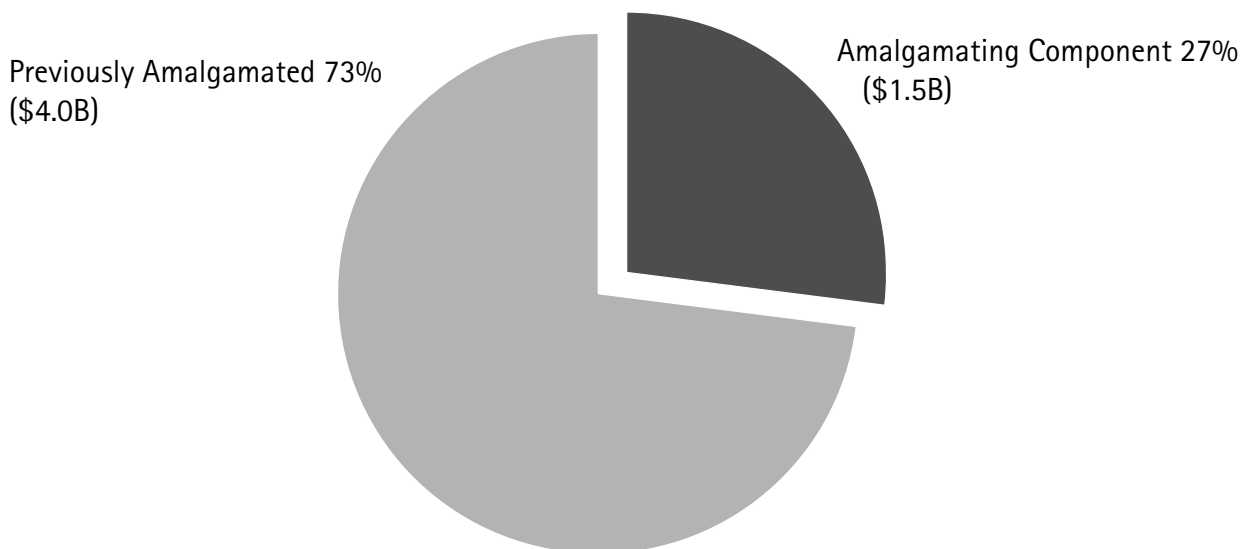
Bringing Together 7 Municipalities

Amalgamation Savings

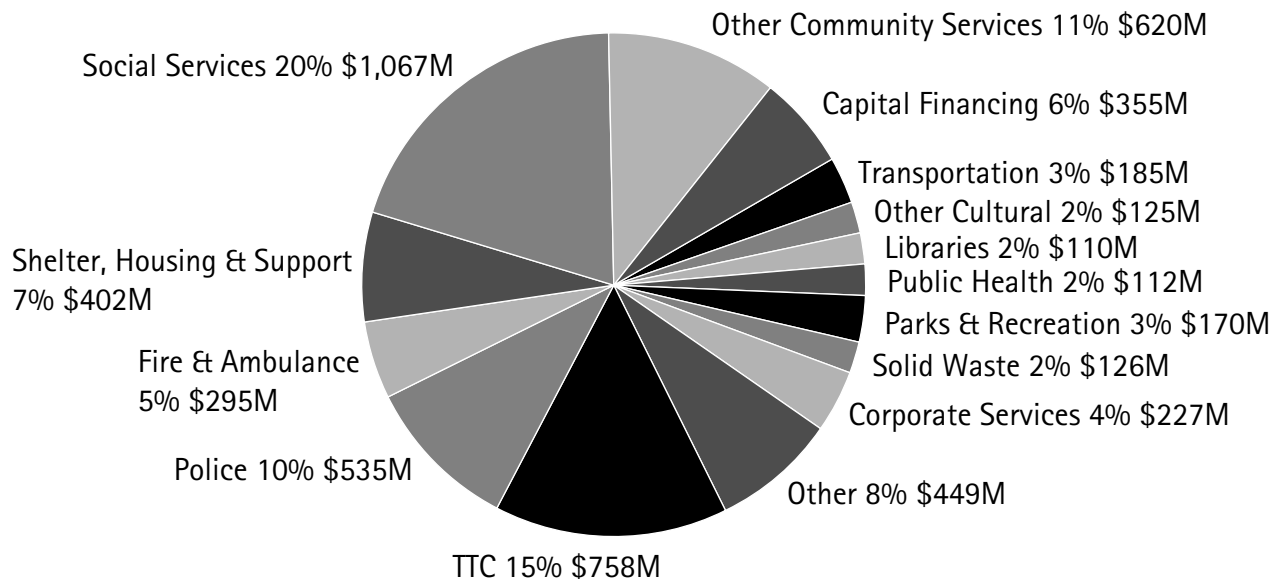
The Province of Ontario's publicly stated goals for the amalgamation of the six local governments and the regional government of Toronto into a single city included achieving cost reductions through eliminating duplication, streamlining operations and improving efficiency in service delivery.

It is important to note that while the new City's total gross expenditures for 1999 are \$5.5 billion, only \$1.5 billion (27%) constitutes amalgamating programs. The great majority of expenditures in the new City relate to previously amalgamated services, the main expenditure areas being social services, police services and the Toronto Transit Commission.

Amalgamating Component Constitute Only 27% of Total Gross Expenditures



1999 Expenditures by Major Program (Gross) \$5.5 Billion



Amalgamation Savings Targets

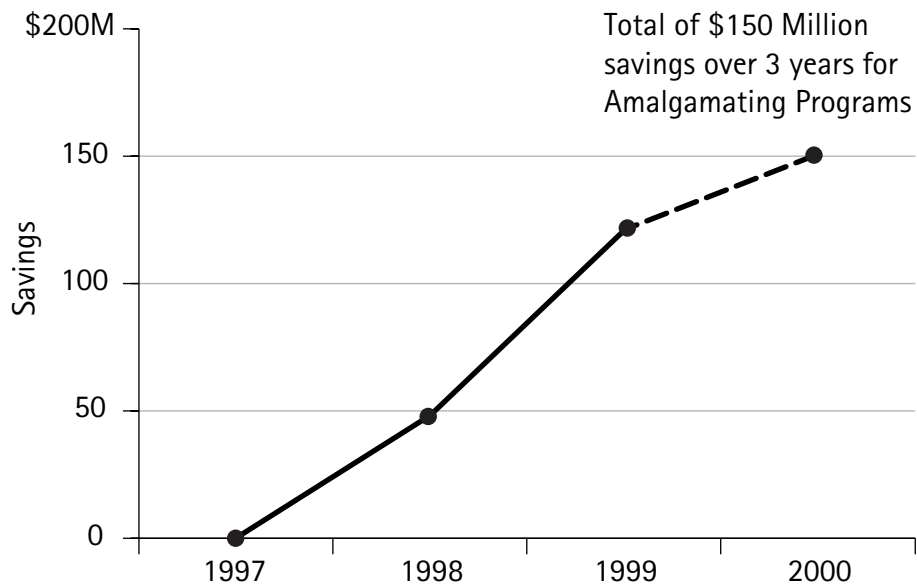
In 1998, the City of Toronto set an amalgamation savings target of \$150 million over three years. This represented a reduction of 10% of the \$1.5 billion gross expenditures of the amalgamating programs. The source of amalgamation savings are only possible through reductions in expenditures of the amalgamating programs which constitute 27% of gross expenditures of the new City.

The City's three-year amalgamation savings target is on track as summarized below and illustrated on the next page.

Cumulative Amalgamation Savings 1998 - 2000

Year	Amalgamation Savings by Year \$Millions	Cumulative Amalgamation Savings \$Millions
1998	48.2	48.2
1999	72.5	120.7
2000	29.3	150.0

Cumulative Amalgamation Savings (\$ Millions)



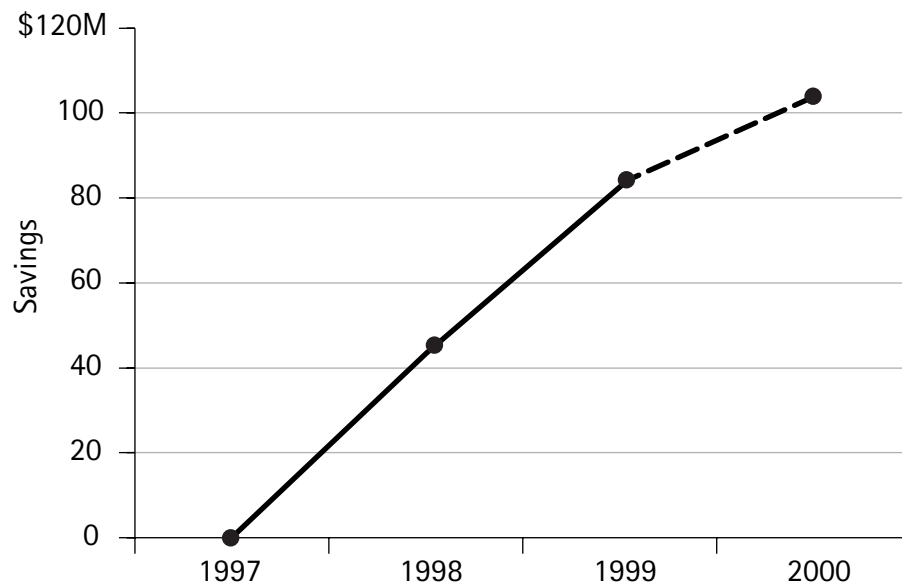
Savings in Salaries

The bulk of amalgamation savings have been achieved through staff reductions and resultant savings in salaries and benefits. These savings are summarized below.

Cumulative Salary & Benefits Amalgamation Savings 1998 - 2000

Year	Amalgamation Savings by Year \$Millions	Cumulative Amalgamation Savings \$Millions
1998	43.4	43.4
1999	41.3	84.7
2000	19.3	104.0

Cumulative Salary & Benefits Amalgamation Savings



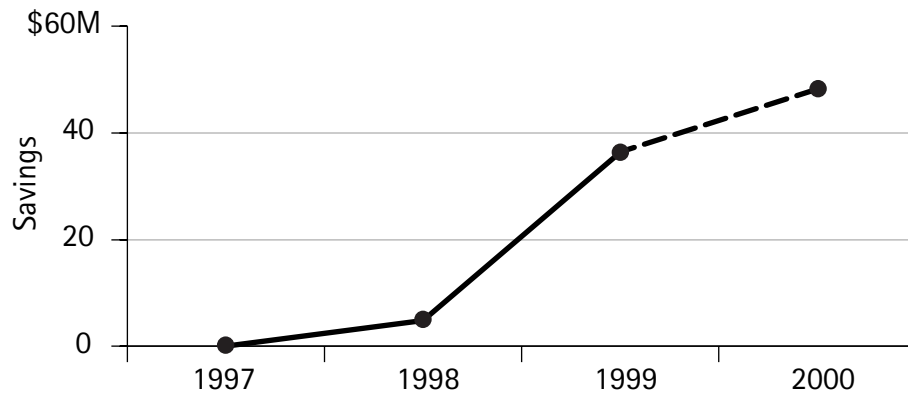
Non-Salary Savings

Savings have also been achieved in non-salary items through service rationalization initiatives in the amalgamating programs. These are summarized below:

Cumulative Non-Salary Amalgamation Savings 1998 - 2000

Year	Amalgamation Savings by Year \$Millions	Cumulative Amalgamation Savings \$Millions
1998	4.8	4.8
1999	31.2	36.0
2000	10.0	46.0

Cumulative Non-Salary Amalgamation Savings

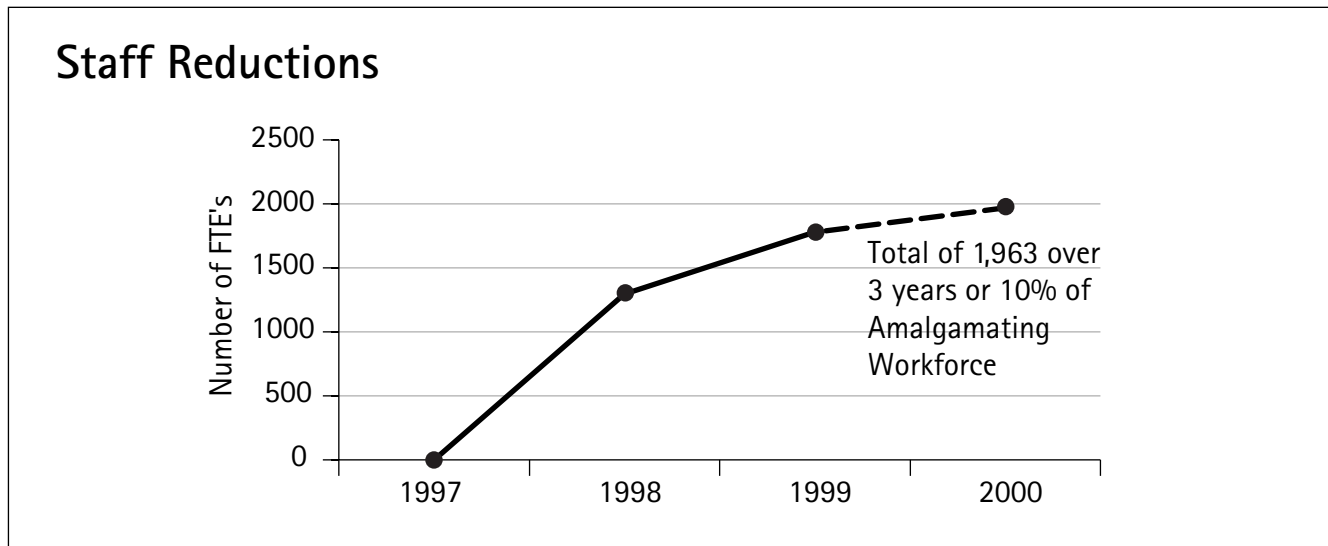


Staff Reduction Targets

The City set a target of 10% reduction in staff in the amalgamating programs. At the end of 1997, just prior to amalgamation, the seven former municipalities had approximately 19,629 full time equivalent positions in amalgamating programs which impact on property tax rates. A 10% staff reduction target translates into approximately 1,963 staff. This three-year staff reduction target is on track as summarized below.

3-Year FTE Staff Reduction Target

1998	1,295
1999	486
2000	182
TOTAL	1,963



Budget Constraints in Former Municipalities

The significant amalgamation savings and staff reductions achieved to date are all the more remarkable given the background of declining expenditures by the former municipalities since the early 1990s. All seven municipalities had gone through a prolonged period of budget cuts for nearly a decade in response to: the severe economic recession of the early 1990's; the shrinking assessment base and the former Councils' emphasis on a zero property tax increase or very limited increases; the Province's Expenditure Control Program; and, the Province's Social Contract program.

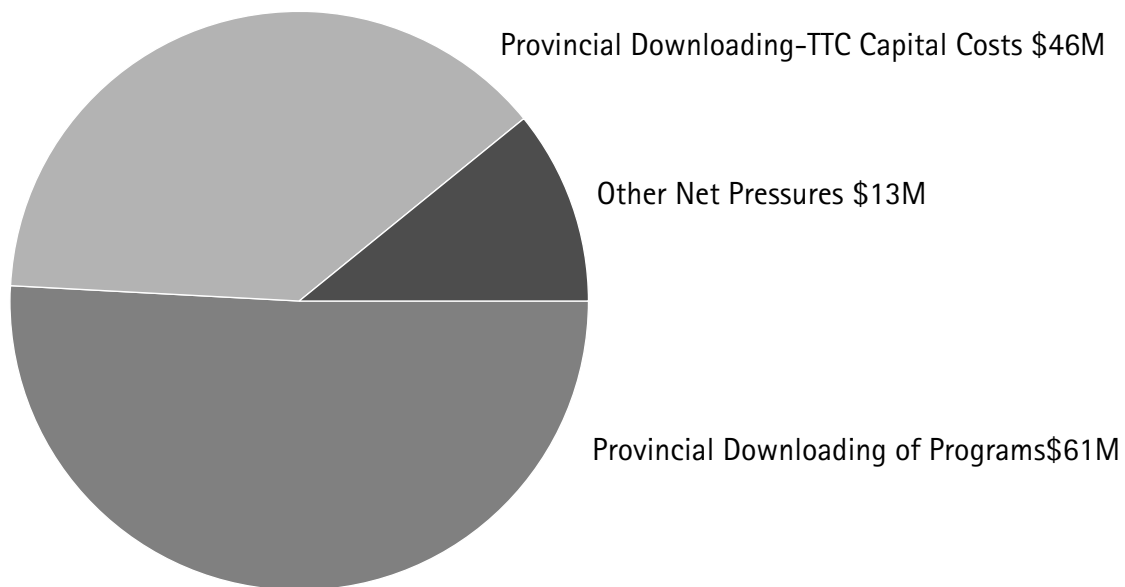
Utilization of Amalgamation Savings

Shortly after the Provincial government announced the amalgamation of the City of Toronto, it also announced a series of shifts in responsibility for specific programs between Ontario municipalities and the Province. The financial result for the new City of Toronto was the downloading of costs from the Province that were greater than those that were taken up by the Province. The major downloaded areas were social services, public transit and social housing.

The significant savings that have been achieved from the amalgamation of the seven former municipalities have been directed, in large measure, to cover the costs of Provincial downloading. The utilization of the \$120 million in 1998/99 amalgamation savings is summarized and illustrated below:

Provincial Downloading of Programs	\$ 61 million
Provincial Downloading of T.T.C. Capital Costs	\$ 46 million
Other Pressures (e.g. police wage increase)	\$ 13 million
TOTAL:	\$120 million

Utilization of 1998-1999 Amalgamation Savings



Provincial Savings Estimates

Prior to introducing legislation in 1997 to create the new City of Toronto, the Province of Ontario commissioned a study to estimate the potential savings and costs from the creation of a single tier government for Toronto.

The Provincial study made the distinction between savings to be achieved through consolidation and savings to be achieved through efficiency enhancements. Savings through consolidation were to be achieved by the elimination of activities that would no longer be necessary in the new organization such as one rather than seven councils, one set of city administrators rather than seven, and one functional department head rather than seven in amalgamating programs.

According to the Provincial study, savings from efficiency enhancements were to be achieved through the reduction in operating costs that would be possible with improvements in the efficiency of many municipal functions, including amalgamated services provided by the former regional government of Metropolitan Toronto

Consolidation Savings

The Provincial study estimated consolidation savings in the range of \$81.7 million to \$111.8 million as a result of amalgamating the seven municipalities. In contrast, in 1998/99, the City will have achieved \$134.3 million in amalgamation savings (including water rate supported services for comparability purposes with the Provincial study). The City expects further savings in 2000. This exceeds even the upper range of the consolidation savings estimated in the Provincial study.

The table on the next page compares the estimated consolidation savings in the Provincial study as compared to the City's actual experience in 1998/99. It indicates that the City has been very successful in achieving consolidation savings as a result of amalgamation.

**Comparison of City of Toronto Consolidation Savings:
Provincial Estimates Versus Actual Savings
(\$Millions)**

	Provincial Study Estimates		City of Toronto Actual Savings in 1998/99 *
	From	To	
General Government	40.0	50.0	27.6
Protection	19.7	31.0	5.8
Transportation	3.5	5.4	18.7
Environmental	5.0	7.0	20.0
Health	3.0	3.9	7.0
Social & Family Services	-	-	17.5
Recreation & Culture	8.0	11.0	28.9
Planning & Development	2.5	3.5	8.8
TOTAL	81.7	111.8	134.3

*includes water rate supported services for comparability purposes with Provincial study

Efficiency Savings

In addition to consolidation savings, the Provincial study estimated efficiency savings of between \$147.8 million and \$251.6 million. In arriving at these figures, the study's approach contained three elements that need to be addressed:

- 1 Efficiency savings were to be achieved not only in the 27% of amalgamating programs but also significant efficiency savings were to be achieved in the previously amalgamated programs such as police services, ambulance services and the T.T.C., but excluding family and social services.
- 2 Efficiency savings were to be achieved through focusing on "internal cost drivers" which include such factors as compensation costs and work rules.

- 3 Related to the second point, efficiency savings were to be achieved through outsourcing and contracting out in a number of areas including: contracting out some computer centre operators; further outsourcing of certain police functions; contracting out more road and electrical maintenance, snow removal and data collection; contracting out management and operation of wastewater treatment facilities; tendering waste collection functions to private and public employee proposals; and, implementation of alternative methods of delivery in planning.

The City is in the process of addressing these three elements. However, it is unlikely that major additional efficiency savings in previously amalgamated services such as the Police and the T.T.C. will occur in the short-run.

As well, given that the City has a high proportion of unionized staff, these types of internal cost drivers are closely tied to labour agreements. Significant shifts in internal cost drivers are therefore unlikely to occur in the near future.

Council has yet to address the issue of contracting out and outsourcing with respect to a number of municipal services and Council's direction with respect to this issue still has to be determined. It is, therefore, difficult to predict savings arising from this area in the short-run.

In addition to the above, it should be noted that the Provincial study did not recognize that the seven former municipalities had realized sizeable efficiencies and made reductions in their budgets in the years preceding amalgamation, for reasons described earlier in this section. This has had the effect of limiting the potential for further efficiency savings after consolidation.

It is unlikely that the magnitude of efficiency savings estimated in the Provincial study can be readily achieved in the short-run.

Bringing Together 7 Municipalities

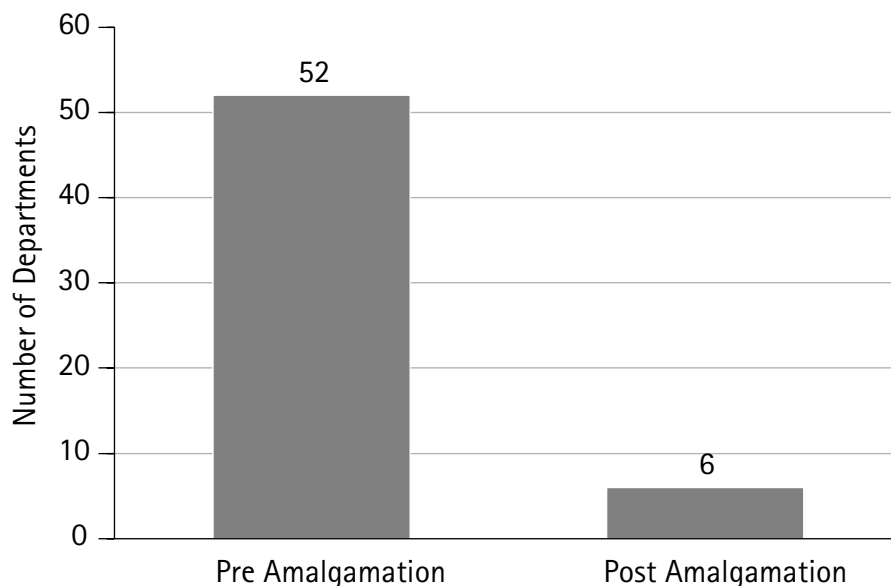
Amalgamation Reductions: Highlights

The amalgamation savings achieved since 1998 reflect the elimination of duplication and streamlining of the new organization that has occurred to date. Results to date in a number of areas are highlighted on the following pages.

Reduction in Departments

Prior to amalgamation, in 1997, there were 52 departments in the seven municipalities. As a result of the administrative restructuring adopted by City Council in early February, 1998, six departments were created.

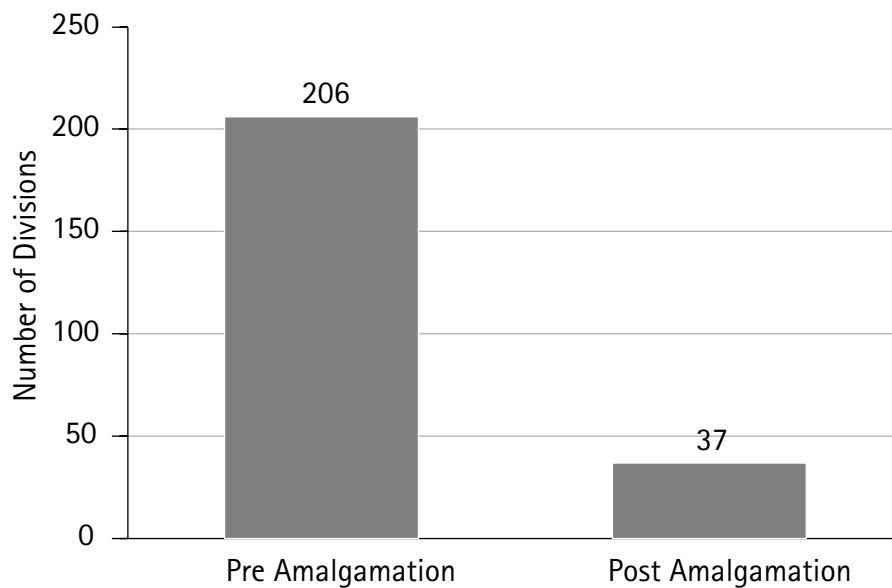
Departments Reduced from 52 to 6



Reduction in Divisions

Prior to amalgamation, in 1997, there were 206 divisions in the seven municipalities. As a result of the massive restructuring that has taken place over the past 18 months, there are now 37 divisions in the new City of Toronto. This represents an 82% reduction in the number of divisions.

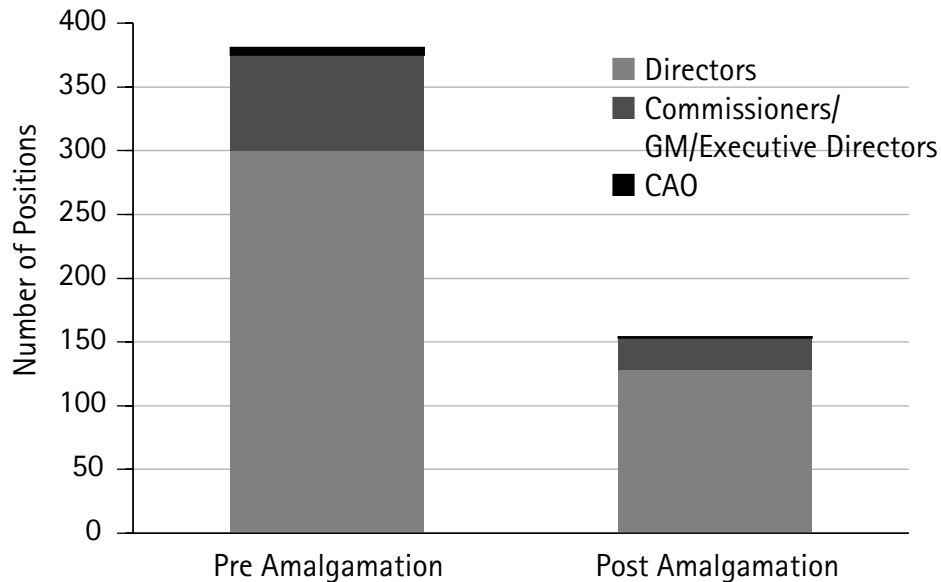
Divisions reduced from 206 to 37



Reduction in Executive Positions

Prior to amalgamation, in 1997, there were 381 executive positions in the seven municipalities for amalgamated programs. These positions included Chief Administrative Officers, Commissioners, Deputy Commissioners, Executive Directors, General Managers and Directors. As a result of restructuring, there are now 154 executive positions. This represents a 60% reduction in executive ranks.

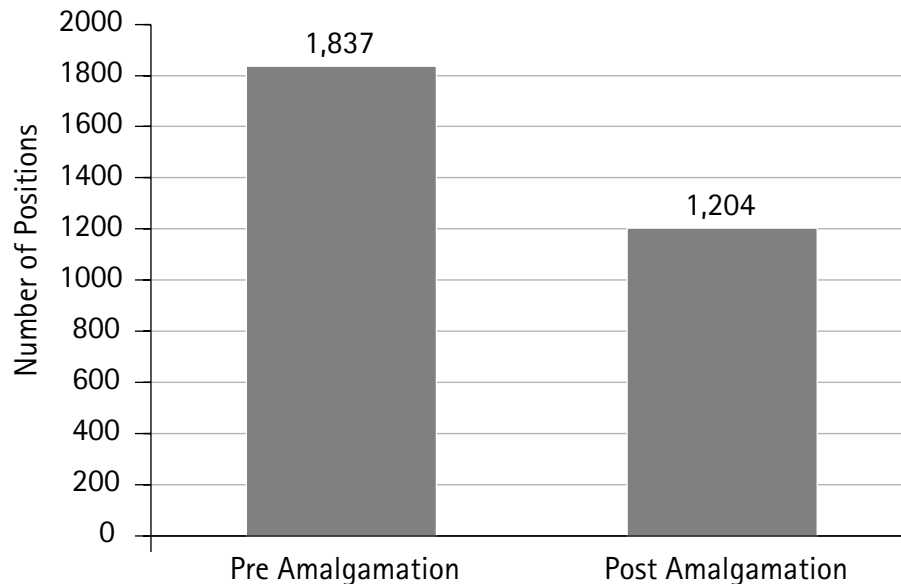
Executive Management Positions Reduced from 381 to 154 (60% reduction)



Reduction in Overall Management Positions

Prior to amalgamation, in 1997, there were 1,837 management positions in the seven municipalities in amalgamated programs. This included not only executive positions but all supervisory positions. As a result of restructuring, there are now 1,204 management positions. This represents a 34 % reduction in management staff as compared to the former municipalities.

Total Number of Management Positions Reduced from 1,837 to 1,204 (34% Reduction)



Reduction in Systems

The consolidation of major corporate information technology systems is a major priority of the new organization. A later section of this report describes in greater detail the consolidation activities of the organization in these areas. To highlight key systems reductions here, these systems include:

- Financial, human resources, payroll information system (from 21 systems to 1 system)
- Tax billing system (from 6 systems to 1 system)
- Water billing system (from 6 systems to 1 system)
- Corporate communications system (e.g. 3 e-mail systems to 1 system)

In addition to corporate systems, there are many business systems in departments that have been, or are in the process of being, consolidated. Examples of systems consolidation in three major program areas are highlighted below, namely, Economic Development, Culture and Tourism, Works Divisions, and Urban Planning and Development.

In the Economic Development, Culture and Tourism, there will be an 84% reduction in the number of key business systems by the end of 1999, as highlighted below.

Economic Development, Culture & Tourism: Key Systems

Type of System	Number of Systems	
	Pre-Amalgamation 1997	End of 1999
Tree Management	7	1
Maintenance Management	7	1
Registration Permitting	6	1
Facility Permitting	7	1
Contact Management	4	1
Total	31	5

In the Urban Planning and Development department, there will be a 35% reduction in the number of key systems by the end of 1999 and a 73% reduction by the end of 2001.

Urban Planning & Development: Key Systems

Type of System	Pre-Amalgamation 1997	Number of Systems		
		1999	End of 2000	2001
Building/Zoning Permits	21	13	2	2
Planning Tracking	44	21	14	10
GIS/CAD*	13	12	12	12
Municipal Standards Tracking	15	11	1	1
Licensing Tracking	2	1	1	1
TOTAL	95	62	30	26

*Geographic Information Systems/Computer-Aided Design

In Works Divisions, there will be a 26% reduction in the number of key systems in 1999 and a 75% reduction by the end of 2001, as shown below.

Works Divisions: Key Systems					
Type of System	Pre-Amalgamation	Number of Systems			
		1997	1999	End of 2000	2001
Bridge Maintenance	6	6	1	1	
Fleet	3	1	1	1	
TMMS*	16	5	4	3	
Permit Issuing	6	2	1	1	
Customer Service Requests	8	1	1	1	
MIDS/TIDS Database**	180+	150	100	50	
Beaches Monitoring Program	5	1	1	1	
TOTAL	224+	166	109	57	
*Toronto Maintenance Management System **Sewer/water databases					

Reduction in Hardware/Software

Prior to amalgamation, there were 12 million lines of mainframe code for 231 business applications. As a result of amalgamation, 7.6 million lines of mainframe code have been eliminated, reducing the number of applications required. Through consolidation of IT systems, there has been a major reduction in servers, mainframes and mainframe applications as noted below.

Reduction In IT Servers, Mainframes & Mainframe Applications		
Hardware/Software Application	Pre-Amalgamation	Post-Amalgamation
Mid-range Servers	1,100	500
Mainframes	4	2
Mainframe Applications	231	87
Total	1,335	589

Reduction in Office Space

While the organization has been completing major management restructuring and downsizing, there has been a parallel process to consolidate office space. Significant movement of staff has occurred as the new organizational units are consolidated into new locations. There were approximately 2,500 staff moves in 1998 and there will be an estimated 3,500 moves in 1999.

The City is addressing the reduction of needed office space (including general purpose and community service space) through a Master Plan, which is under development. The objectives of the Master Plan are:

- to align the use of office and civic space with service delivery goals
- to reduce the overall office space inventory to lower operational costs
- to ease the transition into an amalgamated City through effective use of space
- to consolidate the office and civic space based on the needs of the new organizational structures
- to update work space approaches to improve productivity
- to implement accountability for space utilization at the department and divisional level

At the time of amalgamation, general purpose office space occupied by staff was approximately 1.7 million square feet. The City has terminated seven major commercial leases since 1998, saving \$2.8 million per year in rental costs and reducing leased office space by 87,500 square feet. The 400 staff who had occupied leased space were accommodated in City-owned buildings. City office buildings have also had to accommodate 250 staff from City Hall that vacated nearly 56,000 square feet in order to accommodate the new Council, new committee meeting rooms and City Clerk's staff.

Altogether, including terminated leases and space vacated, an 8.3% reduction in office space has been achieved to date. This translates into approximately 143,000 square feet. This is roughly equivalent to the office space within the Scarborough Civic Centre.

City-owned buildings have also had to absorb 350 temporary staff working on year-2000 technology projects. In total, the City has absorbed 1,000 additional staff within City-owned buildings, a requirement of approximately 225,000 square feet. This is nearly equivalent to the total amount of office space in the York, East York and Etobicoke civic centres combined.

Further office space consolidation will be continuing and will be the subject of further reports to Council.

Reduction in Yards

The majority of City yards are connected with the operations of Works and Emergency Services and the Parks and Recreation Division. Both of these areas have recommended to Council the closing of specific yards. Compared to the number of yards in 1997, pre-amalgamation, a 14% reduction is targeted by the end of 1999, as identified by the operational departments and shown in the table on the next page.

A cross-functional staff team, led by the Commissioner of Economic Development, Culture and Tourism, the Commissioner of Works and Emergency Services and the Commissioner of Corporate Services, has been convened to explore further ways to rationalize yards. This effort should result in further reductions in the number of yards in subsequent years.

A pilot study is underway in one of the yards shared by Works and Emergency Services and Parks and Recreation to identify savings and costs associated with consolidation and to use the findings from the pilot to inform decisions on the consolidation of additional yards. The study findings will be reported to the Administration Committee by June, 2000.

Reduction In Yards			
Dept/Division/Agency	1997 Pre-Amalgamation	1999 Target	2000+
Corporate Services	3	3	
Parks & Recreation	40	38	Further consolidation
Works & Emergency Serv.	50	42	
Parking Authority	6	2	

Reduction in Corporate Fleet/Garages

The seven former municipalities, in 1997, owned an estimated total of 4,900 licensed vehicles (e.g. cars and trucks), off-road vehicles (e.g. tractors, plows) and small equipment (e.g. grounds maintenance). This figure does not include fire, ambulance, police and T.T.C. vehicles or those of agencies, boards and commissions. The new City is currently in the process of rationalizing its fleet with an initial minimum target of 5% reduction in its overall fleet size. A zero base review of corporate fleet will be completed by the end of 1999. Work is also underway to develop a comprehensive policy for fleet maintenance and management.

Based on the findings of a consultant's study, the Chief Administrative Officer has recommended: the closure of six garages by December, 1999, resulting in a 30% reduction in garages (as summarized on the next page); further garage closures to be considered upon completion of the yards rationalization study; and, over a three year period, an assessment by the City of the feasibility of adopting a four-garage model.

It is recognized that, over the longer term, further consolidation of fleet and facilities may be possible between City departments and its agencies, boards and commissions.

Reduction In City-Owned Garages			
	1997 Actual	1999 Target	2000+ Target
Number of Garages	20	14	Move towards four-garage model

Reduction in ABCs

To date, reviews have combined specific agencies, boards and commissions and some have been reclassified. As compared to the 149 pre-amalgamation ABCs, there are now 84 ABCs falling within the City's jurisdiction and 12 being classified as external entities. The changes are noted below.

Pre- And Post-Amalgamation Status Of Agencies, Boards & Commissions			
	1997 Pre-Amalgamation	City June, 1999	External
City Service Boards	33	14	
External Service Boards	3	–	3
Quasi-Judicial Tribunals	19	5+local panels	
Arts & Heritage	21	4+ local panels	
Business Improvement areas	37	36	
Recreation Boards	29	18	9
Financial Administrative Bodies	7	7	
Total	149	84	12

Significant reductions have occurred with respect to City Service Boards including library boards (from 7 to 1), boards of health (from 6 to 1) and hydro boards (from 6 to 1).

Reduction in Insurance Costs

In 1998, the majority of the insurance programs of the former municipalities were consolidated into one program. This has resulted in cost savings of \$4.9 million, a 54% reduction from 1997 costs.

Bringing Together 7 Municipalities

Harmonizing Service Levels & Fees

The City of Toronto provides thousands of municipal services and programs to the public. In 1998, the first year of amalgamation, the City continued to maintain municipal services at the same level as those provided by the seven former municipalities. The main consideration was to continue to provide uninterrupted services while seeking to: (a) restructure the organization; and (b) undertake detailed reviews on which to base recommendations for harmonized public services.

Budget reduction targets in 1998 were, by and large, achieved through staff reductions in areas where functions were duplicated and where there would be minimal impact on direct service delivery to the public.

The expectation in 1998 was that departments would review and assess their respective programs to identify where the harmonization of services and user fees was required. A review of these harmonization options, associated financial implications and subsequent recommendations were to be integrated with the 1999 operating budget review process. This exercise was intended to be a multi-year undertaking with priorities established for the sequencing of programs to be reviewed. Implementation of the harmonization options approved by Council would also be phased over a number of years, in many cases.

A variety of approaches have been taken to the harmonization of services and user fees. These include:

- Establishing a User Fee committee of elected officials to obtain public input in the review of the harmonization of fees for recreational programs;
- Identifying key operational programs with major financial or service impact and having the harmonization options and associated financial impact reviewed by the Community Councils and appropriate Standing Committee as part of 1999 program budget submissions.

In the report, Service Level Harmonization (September 18, 1998), the Chief Administrative Officer and the Chief Financial Officer and Treasurer identified key programs and services which have significant variations across the City and where harmonization could have a significant financial impact. These included:

- Solid waste collection and recycling
- Winter maintenance activities
- Public health services
- Library services
- Parks and recreation user fees
- Boulevard and parking fees

Harmonization of other programs and services which would not have a material financial impact were to be dealt with through the normal 1999 budget process.

In order to provide Committees and Council with a comprehensive understanding of the cumulative impact of harmonization options on each of the former municipalities, a report was prepared by the Chief Administrative Officer providing detailed analysis of the following harmonization areas:

- Identification of harmonization options and financial impact of the services and fees previous listed
- Impact of water rate harmonization
- Impact of hydro rate harmonization (as previously approved by Toronto Hydro Board)
- Impact of tax rate harmonization
- Net financial assets contributed by each of the former municipalities
- Fixed assets of each of the former municipalities
- The impact of actual value assessment (although not related to harmonization)
- Illustrations of the impact of harmonization in each of the former municipalities by different types of property (e.g. residential, retail, office, industrial)

Significant discussion of the various harmonization options detailed in the report took place and the operating budget adopted by Council at its meeting of April 26, 1999, resulted in the key service changes outlined below.

Solid Waste Harmonization

With respect to garbage and recycling collection for low density residential properties, the City has harmonized to once a week garbage and bi-weekly recycling pick-up effective September, 1999, and summer collection for the entire City to be phased in over three years.

The City has harmonized yard waste collection services to once a week collection from mid-April to the end of May and from the beginning of October to the end of November, with collection once every two weeks from the beginning of June to the end of September.

For low density residential properties where only disabled persons reside, the City will provide rear and side yard collection.

With respect to garbage collection for small commercial properties, the new City has introduced a standardized set of fees, based on frequency of collection, for commercial properties receiving more than twice a week collection.

The annual additional costs or savings arising from these decisions are summarized below.

Solid Waste Program		
	Additional Annual Expenditures (Savings) in 1999 \$Millions	Additional Annual Expenditures (Savings) When Fully Implemented \$Millions
Garbage & recycling collection for low density residential properties	(0.5)	1.4
Yard waste collection services	(0.2)	(0.2)
Rear & side yard collection for disabled	0.0	0.0
Garbage collection for small commercial properties	(2.3)	(4.7)
TOTAL	(3.0)	(3.5)

Winter Maintenance Harmonization

The City has set the standard for mechanical clearing of windrows (i.e. snow deposited at the end of driveways after ploughing) to four times per season for all areas where this is feasible. This standard will be phased in so that in the winter of 1999/2000, this service will be introduced in the former Etobicoke and parts of the former Toronto, York and East York.

With respect to sidewalk snow clearing, services will be harmonized to an average of eight times a year in the former North York, East York and Scarborough, with this service being introduced throughout the entire City over the next four years.

Enhanced snow clearing of roads will be provided in the former municipalities of Toronto, York and East York over a two year period. An additional \$200,000 will be spent in 1999 throughout the City for snow removal preparedness.

The annual additional costs arising from these decisions are summarized below.

Winter Maintenance Program		
	Additional Annual Expenditures in 1999 \$Millions	Additional Annual Expenditures When Fully Implemented (in 2003) \$Millions
Mechanical Clearing of windrows	0.4	1.6
Sidewalk snow clearing	0.2	7.7
Enhanced snow clearing	0.4	1.2
TOTAL	1.0	10.5

Parks and Recreation Fee Harmonization

Prior to amalgamation, only the former City of Toronto had a no user fee policy for parks and recreation programs. The harmonized parks and recreation fee policy will result in free drop-in, subscriber and introductory instruction programs for children and youths, and free drop-in programs for older adults across the new City. Fees will be charged for adults and all other specialized programs at a standardized rate. This decision will result in reduced revenue from fees of \$800,000 in 1999 and \$1.9 million when fully implemented.

Public Health Program Harmonization

Dental program services have been expanded to cover the entire City by extending hours of operation in existing clinics to provide service to low income seniors and children.

With respect to the food safety program, the tuberculosis program and the needle exchange program, services have been standardized across the City to meet the Ministry of Health's minimum program requirements.

The additional costs associated with these decisions are noted below.

Public Health Program		
	Additional Annual Expenditures in 1999 \$Millions	Additional Annual Expenditures When Fully Implemented \$Millions
Dental program	0.8	0.8
Food safety	0.4	1.1
TB program	0.5	1.2
Needle exchange	0.2	0.4
TOTAL	1.9	3.5

Toronto Library Hours Harmonization

City Council, in approving the 1999 budget, decided that Sunday library service hours would be harmonized across the City at no additional costs. As a result, a number of libraries are now open on Sundays across the entire City.

Boulevard and Parking Fees

Standardized rates have been established with respect to road allowance fees, vending box fees, boulevard parking fees, permit parking fees and commercial boulevard parking fees. With the exception of commercial boulevard parking fees, these rates are now the same throughout the City.

The additional revenues arising from these decisions are noted below.

Program	Additional Annual Revenue in 1999 \$Millions	Additional Annual Revenue When Fully Implemented \$Millions
Road allowance fees	0.2	0.4
Vending box fees	0.0	0.1
Boulevard parking fees	0.0	0.7
Permit parking fees	0.8	1.4
Commercial boulevard parking fees	0.1	0.3
TOTAL	1.1	2.9

Financial Implications of Council's Service Harmonization Decisions

The harmonization decisions outlined above have been the result of detailed review and analysis by staff, including the presentation of options and cost implications of the major services. There has been considerable discussion at Community Councils, Standing Committees, Budget Committee and Council prior to these decisions being finalized.

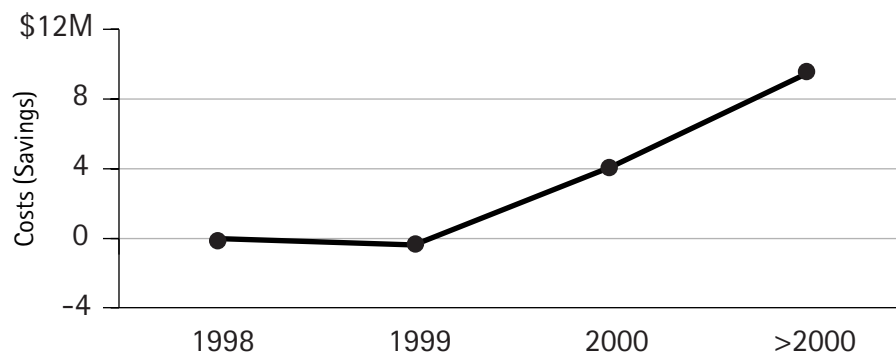
Historically, in municipal amalgamations, the trend has been to move to the highest level of service where disparities existed between municipalities. This can have significant cost implications. The City's zero tax increase objective in 1998 and 1999, as well as a target for zero tax increase in 2000, combined with the expectation that consolidation will save money, requires that the costs associated with harmonization decisions be monitored closely.

The overall result of Council's harmonization decisions of April 26, 1999, has been to decrease 1999 net costs by \$400,000 but increase annual costs by approximately \$9.5 million annually once the harmonization decisions are fully implemented over four years. This is a trend that needs to be closely monitored given the current constrained fiscal climate. However, it should also be viewed in the context of the total gross expenditure budget of amalgamating programs of \$1.5 billion. The table below and illustration on the next page summarize the costs of the various harmonization decisions.

Cost Implications of Key Harmonized Services Program

	Additional Annual Expenditures (Savings) in 1999 \$Millions	Additional Annual Expenditures (Savings) When Fully Implemented \$Millions
Solid Waste	(3.0)	(3.5)
Winter Maintenance	1.0	10.5
Parks & Recreation Fees	0.8	1.9
Public Health	1.9	3.5
Boulevard & Parking Fees	(1.1)	(2.9)
TOTAL	(0.4)	9.5

Cumulative Costs (Savings) from Service/Fee Harmonization



Other Service Harmonization Decisions

In addition to the above harmonization decisions impacting significantly on the operating budget, numerous other service level harmonization decisions have been taken or are before Council for consideration. A number of these related to programs in the Works & Emergency Services Department are noted below.

- Residential water service connection repair program
- Sewer use by-law harmonization
- Sewer connection blockage inspection and repair program
- Tree root removal and grant policy
- Downspout disconnection program
- Snow management plan
- City-wide water metering program

In addition, over the past eighteen months, there have been a number of fee and rate harmonization decisions taken by City Council, including the following:

- Heritage preservation services fees
- Building permit and planning application fees
- Water rates
- Hydro rates (approved by Toronto Hydro Board)
- Development charges (currently under review)
- Film permit user fees

Conclusion

Service level and user fee harmonization have been critical issues for the new Council. They represent significant steps in building a single city with a unified approach to important public services. In a number of cases, harmonization decisions have resulted in major long-term financial and programming commitments for the Corporation.

In the first year of amalgamation, 1998, the decision was to continue to provide major services at the same levels as the former municipalities. This allowed for the new organization to complete major management restructuring and to review service level options and associated financial impacts through a public process. The result was a number of key service level and user fee decisions at the April 26, 1999, Council meeting which approved the 1999 operating budget for the City of Toronto.

Further harmonization of public services will be considered in the coming year, particularly with respect to commercial garbage collection, distribution of grants and the distribution of facilities in the new City.

Bringing Together 7 Municipalities

Streamlining Special Purpose Bodies

Many different approaches were taken by the seven former municipalities in the delivery of services to suit specific circumstances and the community being served. While many services were delivered by City departments through various arrangements (e.g. directly, contracted out), a wide variety were also delivered through special purpose bodies.

The Toronto Transition Team identified 295 entities to which the former councils had made appointments. These were:

Special Committees and Task Forces	96
Agencies, Boards and Commissions	149
External Organizations*	50
TOTAL	295

* not under City's jurisdiction to change (e.g. hospital board)

Since the beginning of 1998, the City has worked on the principle that all entities would continue to operate until the City reviews them and determines what is required for the new organization. Given the large variety of bodies the new City inherited, the Chief Administrative Officer, in his report, *Classification of Special Purpose Bodies and Framework for Board Appointment Processes* (February 8, 1999), proposed a classification system to facilitate the development of policy regarding these bodies. This system differentiates these entities as follows:

- City service boards
- External service boards
- Quasi-judicial tribunals
- Arts & heritage
- Business improvement areas
- Recreation boards
- Financial administrative bodies

Status of Governance Reviews

The status of the governance reviews of the above bodies is summarized below.

Quasi-Judicial Tribunals

There are 19 entities under review by the Urban Planning and Development Services department including:

- Committee of Adjustments (in progress)
- Property Standards Committees (in progress)
- Courts of Revision (in progress)
- Fenceviewers (in progress)
- Licensing Tribunal (restructuring completed)
- Rooming House Licensing (review pending)

Arts & Heritage Bodies

Arts and heritage entities include:

- Local Architectural Conservation Advisory Committees (LACACs)
- Heritage Toronto
- City-owned Museums
- Arts Councils.

Governance structure reviews for arts and heritage bodies have been completed and approved by Council. The Economic Development, Culture and Tourism department is currently finalizing implementation plans.

External Service Boards

External service boards are not under the City's jurisdiction. They are partly financed and/or appointed by others. The City has no authority to change their structure. These are:

- Toronto Regional Conservation Authority
- Toronto District Heating Corporation
- Canadian National Exhibition Association (CNEA)

The Toronto District Heating Corporation is planning to revise its structure. Also, the CNEA, which is established by legislation to operate the CNE fair, is planning to revise its structure.

City Service Boards

Prior to amalgamation, there were 33 city service boards. As a result of amalgamation, there are now 14. The governance status of reviews is noted below.

<u>Board</u>	<u>Governance Structure Review Status</u>
Toronto Hydro	Completed
Toronto Housing Corp.	Completed
Board of Health	Completed
Library Board	Completed
Parking Authority	Completed *
Guild Inn	Completed *
Toronto Economic Development Corp.	Completed *
North York Performing Arts Centre	Review planned **
St. Lawrence Centre	Review planned **
TradeLink	Review planned
Toronto Transit Commission	No review scheduled
Hummingbird Centre	No review scheduled
Police	No review scheduled
Exhibition Place	No review scheduled
Zoo	No review scheduled

* Further review planned/in progress

** Part of theatre review by Culture Division

Business Improvement Areas

The membership and composition structure of the 36 Business Improvement Areas was recently amended.

Recreational Facilities Boards

There are currently 10 Associated Community Centres and 8 Arena Boards of Management in the new City, most of which were in the former City of Toronto. These are currently under review by the Office of the Chief Administrative Officer.

Financial Administrative Bodies

Financial administrative entities include civic pension administration and sinking fund administration. These are currently under review by the Chief Financial Officer and Treasurer.

Review of Special Committees and Task Forces

All committees and task forces will be reviewed by Commissioners, who will make recommendations to the appropriate Standing Committee with respect to the future of each of these committees.

Appointment to External Entities

The City will continue to make appointments to external entities which are not under the City's jurisdiction to change. These include hospital boards, children's aid societies, cultural boards, Toronto Port Authority, Tourism Toronto, Metro Toronto Convention Centre, Hockey Hall of Fame, Harbourfront Centre, Harbourfront Foundation, Greater Toronto Airports Authority and municipal associations.

Conclusion

The review of the City's many and varied special purpose bodies is a major, multi-year undertaking. Significant progress has been made to date in key areas, particularly with respect to governance structures.

The upcoming challenges, in reviewing special purpose bodies, will be to:

- eliminate duplication in programs and services
- emphasize core services and reduction of non-core programs
- tighten cost control and containment mechanisms
- streamline administrative activities
- continue to refine governance structures and membership selection.

Bringing Together 7 Municipalities

Addressing Governance Issues

In preparation for the creation of the new City of Toronto, the Provincial government set up, in 1997, a Toronto Transition Team charged with the responsibility of drafting recommendations on the new City's governing and administrative structures and responsibilities. At its first meeting in January, 1998, the new Toronto Council created a Special Committee to review the final report of the Toronto Transition Team. Key areas that the Special Committee examined related to governance issues, including:

- location of the seat of government
- role of Community Councils
- Council-Committee structure
- citizen involvement in the City's governance
- Council Procedural Bylaw

The decisions of Council with respect to each of these issues is highlighted below.

Location of Seat of Government

The location of the seat of government was a high priority for the new Council. In February, 1998, Council chose Toronto City Hall, the city hall of the former City of Toronto, as the seat of government of the new City. An aggressive timetable was established to renovate City Hall in order to move all members of Council and key City Clerk's staff to this location by the end of the year. A sub-committee of the Special Committee was established to oversee the renovation. The move to the new seat of government was successfully accomplished on time and on budget by December, 1998. Council met in the refurbished Council chamber for the first time on February 2, 1999.

The next phase, currently underway, involves the consolidation of head office administrative functions within City Hall.

Role of Community Councils

The Special Committee undertook a comprehensive review of the roles and responsibilities of community councils. This was a particularly sensitive undertaking given, both the untested nature of this part of the Provincial legislation creating the new City of Toronto, and the strong public and Council sentiment to ensure their role in keeping a large government with a huge jurisdiction in touch with local communities and allowing for citizen input on local issues. Various techniques were used to obtain public input including public meetings, deputations, focus groups and discussion papers.

The recommendations of the Special Committee adopted by Council in October, 1998, resulted in a strengthened role for community councils within the City's governance structure and included:

- Clarification of community councils' mandates for local planning, transportation and recreation matters
- Distinguishing between city-wide matters to be addressed by Council versus local matters to be addressed by the community councils
- Greater scope to make final decisions
- Greater number of matters to be delegated to community councils.

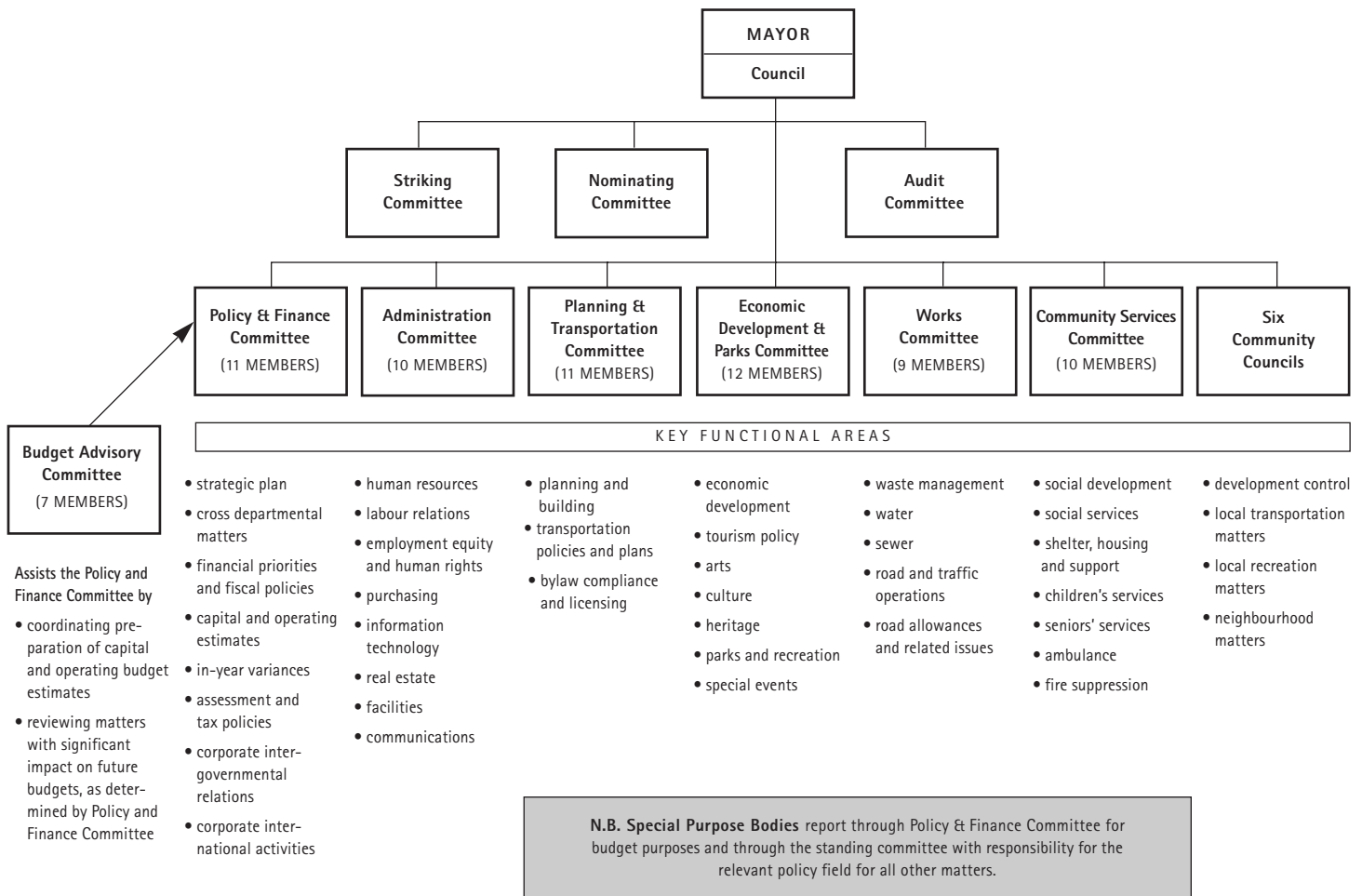
Council, in 1998, also moved to elect a third Councillor position to the East York Community Council and made some changes to the Procedural Bylaw to enable Community Councils to establish committees, task forces and hold recorded votes.

Council-Committee Structure

At its inaugural meeting in January, 1998, the new Council adopted an amended version of the committee structure recommended by the Toronto Transition Team. Council established the structure on an interim basis and requested a comprehensive review by the Special Committee of the basic Council-committee structure.

A thorough review was undertaken and included questionnaires and interviews with Members of Council to assess their preliminary experiences with the interim committee structure as well as discussions with key senior management and City Clerk's staff. This resulted in a discussion paper of findings and suggested direction which was further reviewed along with a questionnaire by all members of Council. The revised committee structure was adopted by Council at its meeting in early February, 1999, for implementation on June 14, 1999.

Council-Committee Structure and Mandates



Citizen Involvement in the City's Governance

The new Council has been guided by principles supporting strong citizen access and public participation in the work of the municipal government.

Council adopted at its meeting in early February, 1998, interim policy guidelines for making citizen appointments to the City's agencies, boards and commissions. These were subsequently replaced by a long term policy on citizen appointments, early in 1999.

A staff report was prepared for the Special Committee meeting of February 12, 1999, which examined the relationship between citizens and their municipal government, including the many ways in which citizens become involved. The report outlined a broad framework for citizen participation in the new City of Toronto. At its meeting in early February, 1999, City Council directed the six Commissioners to review and report back on all pre-existing advisory committees, working groups and task forces within their respective areas of responsibility.

Council Procedural Bylaw

The Toronto Transition Team prepared a draft Procedural Bylaw, which Council adopted on an interim basis at its inaugural meeting in January, 1998. At its meeting of May 13 and 14, 1998, Council adopted a comprehensive set of changes to the interim bylaw. The revisions simplified the language, clarified meanings, streamlined the rules and procedures governing Council debates and made minor corrections to selected sections. Further changes to the Procedural Bylaw were adopted in April, 1999, as a result of changes to the Council-Committee structure. This has resulted in more streamlined decision-making.

Conclusion

The amalgamation-related phase of Council's governance framework has concluded with the selection of the seat of government, the implementation of the revised Council-Committee structure, the clarification of the role of Community Councils, the identification of citizen participation issues and the adoption of the revised Procedural Bylaw. The work of the Special Committee to review the final report of the Toronto Transition Team concluded in March, 1999.

Subsequent reviews in some of the above areas will occur. For example, Council directed that the Council-Committee structure be reviewed at the end of 18 months and every three to five years thereafter. This type of review can be viewed as good business practice within a normal Council cycle. Other governance issues, such as the revisions to ward boundaries approved by Council early in 1999, reflect the still-evolving nature of the City's new municipal government structure.

Bringing Together 7 Municipalities

Consolidating Information Technology Systems

Fundamental to the successful amalgamation of the seven municipalities is the integration of major information technology systems. These systems lay the foundation for the building of the new organization as a single entity. Once fully implemented, they will contribute significantly to enabling the organization to deliver its myriad of programs and services as efficiently and effectively as possible. The City's information technology principles are:

- To focus on customer and network-based solutions, making data and applications available from anywhere in Toronto
- To buy existing products versus building custom-designed systems
- To focus on centralized administration with decentralized service delivery to client organizations
- To focus on organization-wide solutions to facilitate communications and data sharing across the new City
- To streamline the administration and reduce costs through the establishment of organization-wide master agreements for the acquisition of information technology services.

The information technology service review team, in 1997, documented for the Toronto Transition Team approximately 855 systems applications representing largely the responsibilities of the central systems group for each of the seven former municipalities. Approximately 50% of these applications were of a financial nature. A number of initiatives are currently underway to consolidate and streamline the myriad of existing systems both corporately and departmentally.

Year-2000

The new City of Toronto established a year-2000 program office in July, 1998, to work with departments to ensure business continuity on January 1, 2000, and beyond. In order to meet the challenging deadlines, wherever possible, the City selected one solution that would meet the functional needs of the new City, would be year-2000 ready and could scale to the size of the new City. All former municipalities were then migrated to this solution. This approach reduced the year-2000 workload significantly while serving amalgamation.

Some of the major consolidation initiatives related to amalgamation and year-2000 are highlighted below.

Corporate Communications Systems

By July, 1998, work was completed in linking the 430 networked computer locations within the new organization, including all fire stations. Also, five digit dialling capability was instituted for the approximately 1,200 work locations with telephones. As a result, the ability of the new organization, with hundreds of relatively far-flung work locations, to communicate internally was quickly established.

Within the former municipalities, there were three e-mail systems - Groupwise, Lotus Notes and cmail. By June, 1998, the new organization had the capability of communicating among all three systems. Since that time, work has proceeded in establishing a single corporate standard. The new system, Groupwise 5.5., will be operational by September, 1999, encompassing both the City organization and Toronto Police Services. The new system will incorporate one calendaring system throughout the organization.

The City's internet site was set up early in 1998, resulting in improved internal and external communications. Citizens can obtain information on municipal services from a single technological window. Staff can obtain information through the City's intranet on a range of subject matter such as internal telephone listings and job postings.

Financial, Human Resources, Payroll Information System

Each of the seven former municipalities had different systems for financial, payroll and human resources, for a total of 21 different systems. The City is in the process of establishing a unified system, SAP, which will collapse the 21 systems into one. By October, 1999, the new financial system will be in place. The new payroll system will be operational by the end of December, 1999, with the former City of Toronto coming into operation by the end of January, 2000.

As part of a staged implementation approach, major components of a single human resources management system will be operational by November, 2000.

Integrated Business Management System

Within the former municipalities, there were many systems dealing with development approval, permitting, municipal standards and licensing processes. None of these systems was year-2000 ready. A significant amount of work is currently underway to create a new business management system which will replace these dozens of systems with one year-2000 ready, integrated system for the new City. This new system will be operational by 2000.

Program Registration and Facility Permitting System

Within the former municipalities, a variety of systems were used for program registration, facility reservations (e.g. ice rinks, baseball diamonds etc.), revenue collection and day-to-day administration of parks and recreation programs. The City is moving to a single, integrated system, CLASS, which is year-2000 ready and will enable the City to support service rationalization across all former municipalities. This new system will be operational by December, 1999, with further expansion in early 2000.

Tax Billing System

The introduction of an updated property assessment system by the Province necessitated the creation of a whole new tax billing system. This replaced the six tax billing systems of the former local municipalities. The new system was completed and implemented by October, 1998.

Water Billing System

The six former local municipalities each had different water billing systems for residential, commercial and industrial properties. By November, 1999, a single, integrated system will be in place. In the new system, approximately 30,000 water bills will be sent out each week.

Land Information System

Of the former municipalities, only Scarborough and Metropolitan Toronto had significant geographic mapping systems. These are currently being combined into one system with target completion in the year 2000. An inter-departmental staff working group is identifying common mapping applications which will be maintained corporately, and geographic information systems related to business applications which will be maintained departmentally.

Corporate Technology Standards

The integration of many different information technology systems has required the establishment of corporate standards. These standards will result in reduction in the multiplicity of software being used within the organization for the same general purpose, thereby reducing costs, and will significantly contribute to corporate integration. Detailed staff analysis and review has gone into the establishment of standards. Some of these include the following: desktop (Tier 1 hardware running NT 4.0); print and file sharing (Novell 4.1.1); desk top productivity tool (Office97xx); database of choice (Oracle); and enterprise system management (CA.TNG)

Enhanced IT Service

Some of the former municipalities had information technology user support desks while others did not. As of May, 1999, a corporate-wide user support help desk has been established as a single point of contact for information technology problems or change requests. This service replaces the existing desks and provides service to areas where it did not previously exist.

Corporate information technology hours of operation have been increased from five to six days per week, without any increase in staff. This has been necessitated by an increase in demand for service, with additional users and with the organization becoming increasingly reliant on technology to carry out its business. In addition, major new systems are currently being implemented as a result of year- 2000 and amalgamation.

Consolidated IT Location

The City has begun to consolidate its technology in one main location. To date, information technology facilities in the former Etobicoke, East York and York have been consolidated and transferred to the new location. The organization is currently in the process of consolidating information technology facilities in the former City of Toronto, North York and Scarborough, which is targeted for completion by October, 1999. The full consolidation will result in annualized savings of \$750,000.

Conclusion

Technology is a key enabler for the building of the new organization, given its size and complexity. The major corporate systems have been integrated or are on track for integration by the year 2000. There are also a myriad of program-related systems in departments that have also been integrated or are still in the process of being integrated. Some of this integration will occur through the year-2000 business priorities projects.

Significant ongoing challenges for information technology systems within the organization continue to be issues of time, money and resources. Time reflects the multiple and immediate demands for technological services throughout the organization in building new, integrated systems and maintaining the quality of existing programs. Money reflects the significant capital investment that the City must continue to make in technology in all aspects of its operations. Resources reflect the fact that specialized information technology skills are in strong demand in the marketplace and the City must compete effectively in order to obtain and retain the skilled staff that it needs. These three components will be continuing themes in addressing systems needs in integrating seven municipalities and building a new organization.

Bringing Together 7 Municipalities

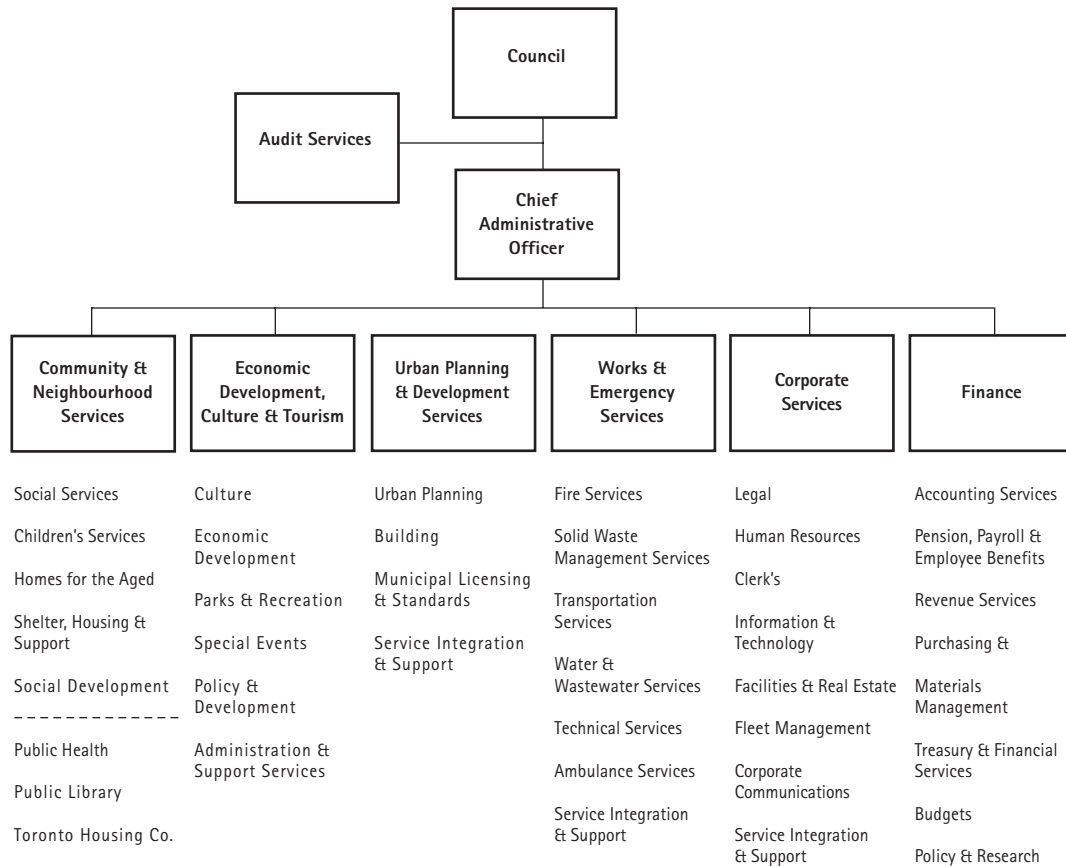
Creating a New Organizational Structure

Bringing together the organizations of the seven former municipalities is a complex task in terms of magnitude and scope. This section highlights the organizational restructuring activities that have taken place since January, 1998.

City Council, in early February, 1998, reviewed the City of Toronto Administrative Structure report from the Chief Administrative Officer, which outlined options for departmental structures and the clustering of services for the new City. Council approved the creation of six departments:

- Community and Neighbourhood Services
- Works and Emergency Services
- Urban Planning and Development Services
- Economic Development, Culture & Tourism
- Corporate Services
- Finance Department

Administrative Structure



Phased Approach to Administrative Amalgamation

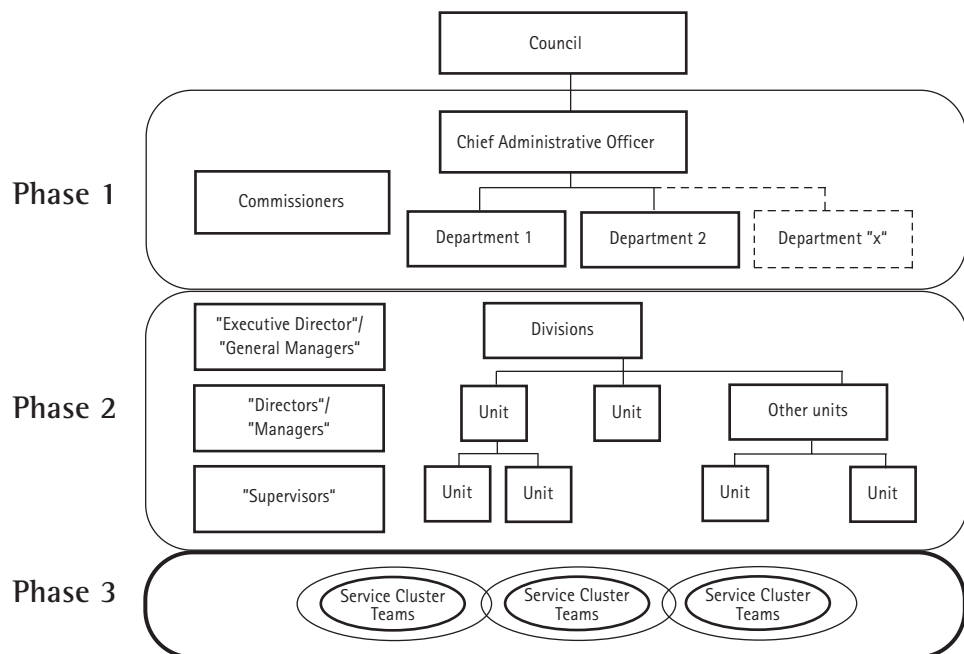
A phased approach was adopted to manage and coordinate the massive restructuring within each of these new departments, in order to bring together seven municipal organizations.

PHASE 1 was the establishment of the overall administrative structure of the new organization. This phase was completed with Council's adoption of the creation of six departments to be headed by Commissioners reporting to the Chief Administrative Officer. The hiring of all Commissioners was completed by April, 1998.

PHASE 2 has been the design of the internal organization of each department, the first component being the design of the main divisions and the creation of positions reporting directly to the Commissioner. The second component was the design of sub-units and management levels within the divisions. A combination of internal staff resources and external management consulting expertise has been utilized in the development of detailed designs for divisions and units.

PHASE 3 is the integration and rationalization of municipal services previously provided by the seven former municipalities. This phase, which began in the summer of 1998, consists of a number of projects initiated by departments which would identify opportunities for delivering the amalgamating services more efficiently and effectively, identify ways to reduce costs and meet 1999 and 2000 budget targets.

Phased Approach To Administrative Amalgamation

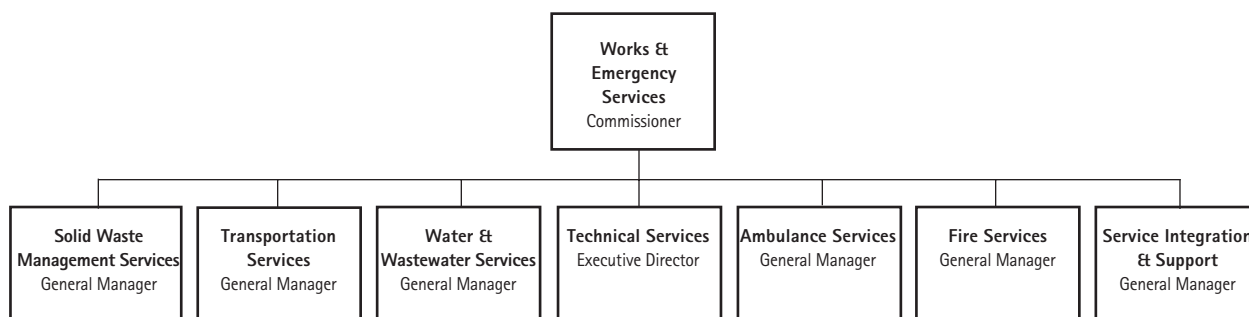


Status of Departmental Restructuring

This section briefly describes the status of restructuring in each department as of June, 1999.

Works & Emergency Services

This department has approximately 9,633 full-time equivalents (FTEs) in 1999. Ambulance services and major components of water, wastewater, solid waste, transportation and technical services were previously amalgamated services. The management structure in all divisions is completed. All new senior management positions are in place. Hiring at all management levels of this large department was complete by June, 1999.



Community & Neighbourhood Services

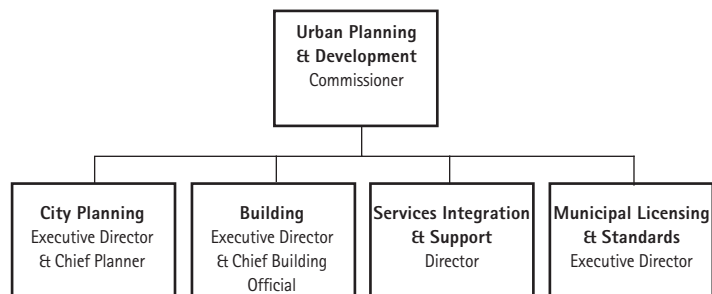
This department has approximately 8,886 FTEs in 1999. Three of the currently amalgamating programs report through boards: Public Health (1,258 FTEs); Toronto Public Library (1,773 FTEs), and Toronto Housing Company (626 FTEs). A new division is the Shelter, Housing and Support Division. The senior management design of all amalgamating units and management hiring is complete. In Public Health, restructuring work is continuing with respect to dental services and animal services.

The department also has a number of large previously amalgamated services: Children's Services, Social Services, Social Development, Homes for the Aged. As a result of Provincial downloading and operational reviews initiated by the Province in 1998, organizational restructuring is underway in the Children's Services and Social Services divisions. Restructuring is targeted for completion by the fall of 1999.



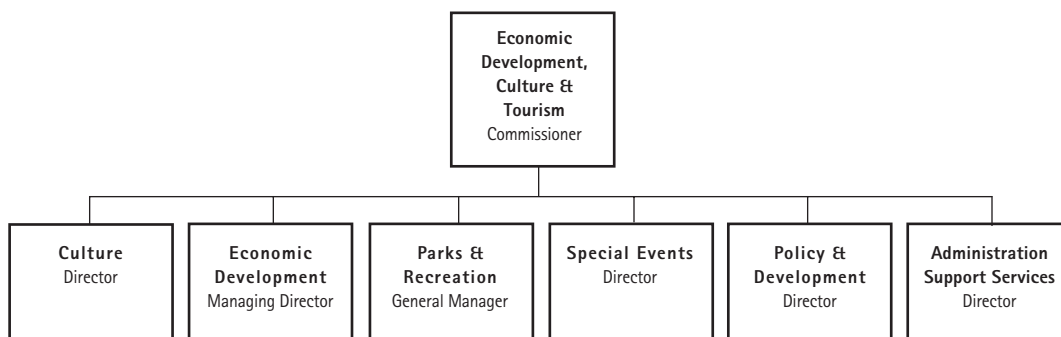
Urban Planning & Development Services

This department has approximately 911 FTEs in 1999. The management structure for the Buildings, Urban Planning, Municipal Standards and Service, and Integration and Support Divisions has been finalized. Management recruitment is completed in these divisions with the exception of Municipal Licensing and Standards. Work is currently underway to finalize the organizational structure of municipal licensing functions as part of the integration of the former Toronto Licencing Commission within the department.



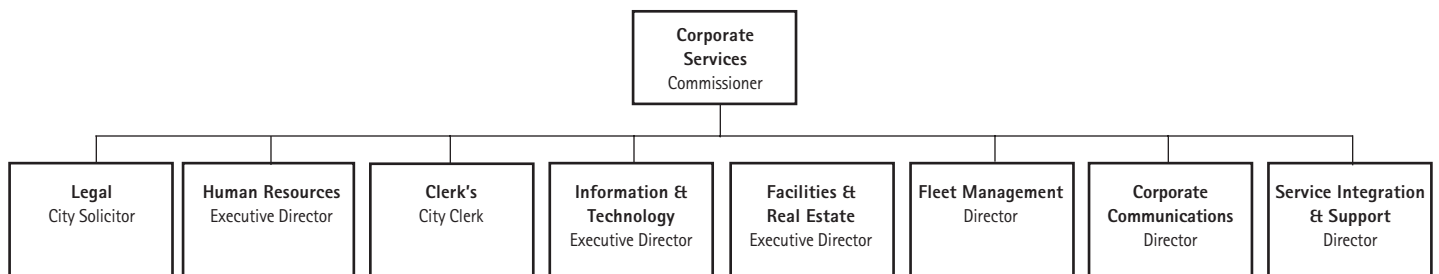
Economic Development, Culture & Tourism

This department has approximately 3,578 FTEs in 1999. The management structure of all divisions, with the exception of the Culture Division, has been approved and all senior managers are in place. At its meeting on December 16 and 17, 1998, Council adopted recommendations which clarified the relationship between local historical boards and the new City. The approved direction will be the basis of the structuring of the Culture Division, which is currently being finalized.



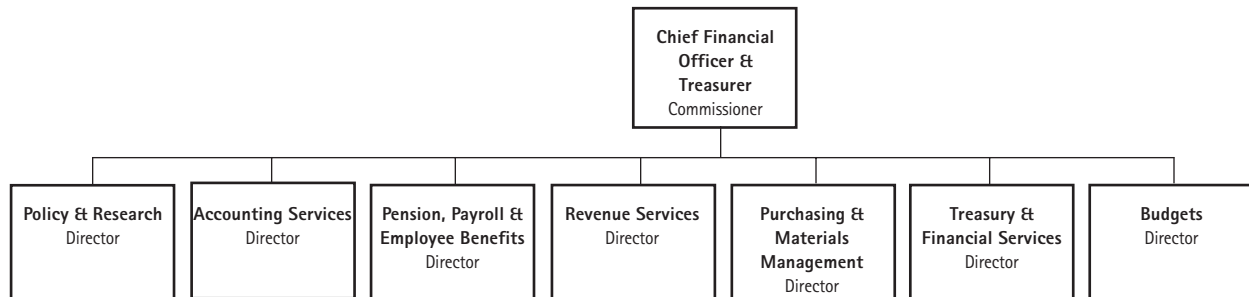
Corporate Services

This department has approximately 2,164 FTEs in 1999. The organizational design of all divisions is complete with the exception of Fleet Management which is awaiting the conclusion of a fleet study. While the large majority of positions have now been filled, final recruitment continues in Information and Technology, Corporate Communications, and Facilities and Real Estate.



Finance Department

This department has approximately 742 FTEs in 1999. The design of the management structure was completed September, 1998. The recruitment of all management and non-union positions is also complete.



Conclusion

Most divisional and management hirings were complete by December, 1998. There are only a few areas where organization designs still need to be completed and where management recruitment is still underway, due largely either to the size of the program or to later start dates. By the fall of 1999, all designs and recruiting should be completed. Therefore, in the space of 18 months, six new departments and 37 new divisions within these departments have been created. This has been a remarkable undertaking, both with respect to the magnitude of the change and the very short timeframe within which it has occurred. The next step will be the organizational restructuring at front line staff levels which is currently in its early stages in a number of divisions.

Bringing Together 7 Municipalities

Harmonizing Human Resources Policies and Programs

There are many major employee-related issues that must be addressed in integrating the administrations of the seven former municipalities. In 1997, the former municipalities employed approximately 46,000 fulltime equivalent (FTE) staff including those working for agencies, boards and commissions. Of the total number, approximately 24,000 staff worked in already amalgamated services. Approximately 22,000 FTE staff were employed in amalgamating programs (including water rate supported programs and the Toronto Parking Authority). If water rate-supported programs and the Toronto Parking Authority employees are excluded from this last figure, the number of staff in amalgamating programs was about 19,600 in 1997.

The highly sensitive nature of issues related to conditions of employment and potential financial impacts on the Corporation has called for great care in drafting a unified set of human resources policies programs and procedures for the new City. The range of policies and programs that have been harmonized or are currently in the process of being harmonized is highlighted below.

Recruitment for the New Organization

Staff recruitment in the new organization has largely occurred through the internal recruitment process. This has been a significant undertaking given the large number of new positions. There has been a strong emphasis on fairness in the recruitment process in light of the fact that, in many cases, there were at minimum six or seven candidates from the former municipalities competing for one position in the new organization. An employment equity focus was also maintained during the recruitment process.

In order to ensure fairness, standardized approaches have been introduced at all points in the recruitment process, including:

- the drafting of position descriptions
- the posting of positions
- the screening of applicants' resumes
- the drafting of interview questions, evaluation criteria and rating system
- the interviewing of shortlisted candidates and, on occasion, the testing of potential candidates
- the checking of references of final candidates,
- the setting of interim salary ranges pending introduction of a new compensation program.

The new organization has had to recruit for 1,200 management-level positions to date, along with many other positions. The great majority of positions have had to go through the above-described recruitment process. This has been an enormous undertaking for Human Resources staff for the first 18 months of the amalgamated City. Added to the challenge has been the need to recruit under very tight timeframes so as to build an operational management structure as quickly as possible to replace those in the former municipalities which ceased to exist on January 1, 1998.

The City has been very successful in this large endeavour, with the great majority of management positions now filled.

Downsizing/Exit Programs

Significant work took place in late 1997 and early 1998 to establish separation programs for employees whose positions were deleted as a result of restructuring and downsizing. Based on the first year's experience, adjustments to the exit program were made in March, 1999. These programs were designed with the primary intent that exiting employees should be treated as fairly and humanely as possible. At the same time, these programs had to meet the tests of fiscal responsibility and consistency with legal and industry practice. Policies on re-employment of former employees after restructuring were also put in place.

HR Policies/ Programs Harmonization

The seven former municipalities had vastly different human resources policies and programs. There has been significant work undertaken over the past year to harmonize human resources practices. Some key areas where work has been completed include:

- Human rights policy and programs
- Employee performance management program
- Professional membership & association fees policy
- Vacation carryover policy
- Reference checking
- Employment contracts.

Key human resources policies and programs that are in the process of being harmonized include:

- Internal and external employee assistance programs
- Health & safety practices & committees
- Disability management
- Ergonomic programs
- Employment equity policy & programs
- Lieu time/overtime policies
- Hours of work policy
- Short-term disability provisions
- Care for ill dependents policy
- Leave with/without pay policies
- Employment of relatives policy
- Job sharing
- Alternate work arrangements
- Mandatory retirement.

Compensation & Benefits Harmonization

Significant work has been underway since the beginning of 1998 in analyzing salary levels for management and non-union staff as part of a major initiative to create a unified compensation and benefits program for these groups in the new City. A new management and non-union compensation program will be implemented during 1999 and 2000, comprised of:

- Salary reviews
- Job evaluation program
- Recruitment & selection processes
- Training & development program
- Establishment of core job competencies
- Succession planning program.

At the same time, a new benefits program will be introduced for management and non-union staff. Issues relating to harmonizing pay rates and benefits programs are subject to negotiation for unionized employees.

First Collective Agreements

Within the seven former municipalities, there existed over 50 collective agreements, the majority affiliated with the Canadian Union of Public Employees (CUPE) and with the Toronto Firefighters association.

In 1998, as a result of votes taken by CUPE members to determine local representation, two main CUPE locals emerged - Local 79 and Local 416. These two locals now represent a total of approximately 23,000 inside and outside municipal workers in the new City of Toronto (employed in a combination of amalgamating services and previously amalgamated services). The Toronto Firefighters association represents close to 3,000 firefighters in fire services, which is an amalgamating program.

Negotiations are currently underway with CUPE Locals 79, 416 and the Toronto Firefighters association to negotiate first collective agreements under the amalgamated City. In total, there are six bargaining units in the new City for which six collective agreements must be drawn up.

Conclusion

Significant progress has been made on all major aspects of the integration of human resources policies and programs. Many of these activities are completed or will be completed by 2000. Implementation of major components of the integrated Human Resources Information System by November, 2000, will lay the technological foundation for a single, City-wide management system which will result in more effective and efficient decision-making regarding the utilization of human resources. Another major step forward for the new City will occur with the finalization of the compensation and benefits programs and the first collective agreements. This will result in further clarification of the employer-employee relationship within the municipal corporation, will serve to further stabilize the new organization, and will contribute to effective and efficient operations.

Bringing Together 7 Municipalities

Consolidating Departmental Operations

The integration of day-to-day operations of services and programs of the seven former municipalities is an enormous and complex undertaking. It affects literally thousands of activities. It involves a multitude of policy decisions with respect to how operations and programs should be carried out. It involves examining all business processes to analyze the many different ways they were carried out in the seven former municipalities and to develop new integrated ways of providing service, which is streamlined, efficient and effective.

All departments have been actively engaged in major business integration activities over the past year. A number of these activities are highlighted below.

Finance Department

Many business process integration projects have been completed or are underway in the Finance Department. A key initiative is the implementation of the new **financial, payroll and human resources system**. A new consolidated process for preparing the City's **capital and operating budget** has been established. A new **corporate chart of accounts** and the program areas reflecting the new program/service activity model have been completed and a new consolidated **financial reporting system** has been put in place.

Reviews to standardize and improve key **payroll processes, pension administration services** and revenue services have been completed. Consistent practices and procedures with respect to **cash handling, balancing and counting of cash** in regional offices have been established. There has also been consolidation of the City's **investment function** by consolidating daily cash inflows and outflows from the former municipalities.

Standardized processes and procedures for **tenders, quotation requests and requests for proposals** have been established as well as standardization of **Tender Process documentation**. A review to consolidate warehouse operations is currently underway.

Corporate Services

Corporate Services has led key amalgamation activities with respect to **human resources programs and policies** and the integration of **information technology systems**. These areas are discussed in greater detail in other sections of this report.

The integration of operations relating to **services to Council, to Standing Committees including Community Councils, other committees and to elected officials** have been key priorities for the City Clerk's Division. Preparation for the municipal election to be held in 2000, the first to be organized by the new City, has required significant work by the City Clerk with respect to identifying a suitable **election hardware/software support system** for consideration by Council. Other initiatives in City Clerk's include the consolidation of **records storage facilities and services**, the consolidation of gaming services systems throughout the new City as well as the consolidation of databases of the former municipalities related to the **Vital Statistics Act** and the **Marriage Act**.

Consolidation of **office space and facilities** is underway as a result of the major restructuring and downsizing of the organization. This has involved significant planning and coordination of thousands of **staff moves** to new locations throughout the City. The **renovation of space** within Toronto City Hall for Council and for head office functions has been a major component of this consolidation effort, as well as planning for the future use of the **civic centers** in the former municipalities.

Studies are also underway regarding consolidation of the City's **fleet, garages and yards**. Two systems, **fuel management and dispensing** and **fleet management information**, are being developed to increase the overall efficiency and effectiveness of the fleet through better information management including fuel usage, equipment use and garage efficiency.

Legal Services have harmonized the **legal practices** of the former municipalities and significantly reduced reliance on external resources, achieving a reduction of almost 25% in program costs.

A **Corporate Visual Identity program** is being implemented which will provide a publicly unified look for the new City. A one-stop call centre for public inquiries, **Access Toronto**, has been operational for over a year and handles nearly 1,200 calls daily.

In the seven former municipalities, the provision of internal support services was provided in a variety of ways, some decentralized in operating units and some delivered through centralized units. The new organization is seeking to maximize efficiency and effectiveness in the provision of these services to departments through the implementation of a **common services delivery model**. This model is client-driven, with budgets for specified levels of service eventually to reside with the end-user departments with respect to such internal services as human resources, information technology, purchasing, printing and facilities management.

Works & Emergency Services

Major operational integration reviews in Emergency Services include the consolidation of **fire/ambulance headquarters** and the **fire/ambulance facilities study**, which includes a **fleet component**.

In Fire Services, projects include integration of the **radio communications system** and the **computer-aided dispatch system**.

In the Works Divisions, integration projects have proceeded in a number of areas including **waste and recycling collection routes**, **white goods collection and waste and recycling collection calendars**.

The **water distribution function** of the former Scarborough Public Utility Commission has been fully integrated with the City's water and wastewater operation. The integration of **water meter maintenance and water sampling and testing** has also been completed.

In the developmental stages are new standards for the design, construction and maintenance of local and collector roadways, arterials and expressways and underground municipal sewers and watermains. Also under development is the integration of snow operations, summer road operations, road classification and traffic control policies.

Bylaw integration is proceeding with Traffic Bylaws, the Garbage Bylaw, Fire Routes and the Sewer Use Bylaw.

Technical Services is in the process of integrating emergency planning, parcel fabric mapping and the development of the Toronto Integrated Data System (TIDS), which will integrate the City's asset and infrastructure information. Also underway is the integration of emergency/after-hours dispatch and radio communications systems and the investigation of contaminated sites owned by the City.

Community & Neighbourhood Services

A number of consolidation activities are underway in the Toronto Public Library including an integrated telephone library reference system, standardization of electronic access by the public, an integrated business communications system, integrated library cataloguing and circulation systems, identifying the most appropriate library service delivery plan for the Research and Reference Library and the Urban Affairs Library, the consolidation of administrative facilities and the standardization of administrative business practices.

Public Health is also undertaking a number of integration initiatives including projects concerning centralized notification of reportable diseases, the integration of local bylaw enforcement, sexually transmitted disease case management and redesign of the vaccine preventable disease program. A unified Animal Control Bylaw was adopted for the new City in February, 1999.

The operations of the two housing companies in the former City of Toronto and Metro Toronto were consolidated into the new Toronto Housing Company, while at the same time implementing Provincial social housing reform and major operational changes to reduce costs and enhance tenant service.

The department supported Council's Municipal Grants Review Committee in establishing the new City of Toronto **grants policy** and the administrative framework for **grants programs and allocations**.

Urban Planning & Development

The Urban Planning and Development Department is spearheading the **municipal bylaw harmonization project** which is a major multi-year initiative to address the many bylaws regulating property and ancillary uses of the seven former municipalities, which need to be reviewed and harmonized consistent with Council's directions. While the Municipal Licensing and Standards Division is playing a corporate coordination, integration and project management role with respect to bylaw harmonization, each department continues to have carriage of harmonizing bylaws within their areas of responsibility. A preliminary workplan and framework for priority bylaws is targeted for review by Council in the fall of 1999.

The **New Official Plan** will serve as a blueprint for guiding Toronto's future to ensure that the City's quality of life is sustainable over time. The Plan is targeted for completion by June, 2000.

The **Integrated Business Management System (IBMS)** will serve to provide professional services to the public related to building, municipal standards, licensing and urban planning functions using advanced technology.

The **'new practices - development approval process review'** initiative is undertaking a comprehensive review of the City's processes in reviewing development and building applications in order to identify customer service and efficiency improvements and is scheduled for completion in the fall of 1999.

The **urban design streetscape** harmonization initiative has reviewed current guidelines and practices and is in the process of developing harmonized streetscape policies, guidelines and technical specifications. It is targeted for completion in December, 1999.

The department is also undertaking **accommodation and administrative staffing reviews** as well as reviews to identify **customer service best practices** and to harmonize **business practices in district offices**.

Economic Development, Culture & Tourism

The Economic Development, Culture and Tourism Department is developing comprehensive **front line service standards** with respect to service levels, standards and work processes in the parks and recreation area. Further work will be required with respect to establishing **building and maintenance standards for facilities**, such as community centres. The department has also recently undertaken a review of **parks yards** for consolidation purposes and a concessions review.

The department has also launched a new **Economic Development Strategy** for the new City and has addressed the integration of practices, procedures and policies related to **film permit issuance** as well as consolidating the operations of the **Film and T.V. Office**. A new common framework for **international twin city linkages** has been developed.

The department's **program registration, facility scheduling and permitting, and revenue management systems** have been consolidated and a new integrated management system is currently being implemented. In addition, the department has introduced new **special events** such as the annual Toronto Street Festival and has expanded existing events to achieve a City-wide focus and appeal.

One-Time Transition Costs

Many consolidation activities have required the acquisition of new technology for business applications (e.g. new financial, human resources and payroll system), the renovation of existing facilities (e.g. Toronto City Hall), and the hiring of technical and professional expertise with respect to specific areas (e.g. telecommunications).

Funds of \$153.3 million for these types of one-time transition costs have been approved in 1998 and 1999 by Budget Committee and Council for the years 1998 to 2001. Of this figure, 93% relate to business applications and facilities renovation. It is difficult to separate out pure amalgamation costs in these areas from costs that would have been normally incurred in carrying out regular operations. In fact, some of the former municipalities had deferred expenditures in these areas in light of the pending amalgamation. Therefore, costs would have been incurred in these areas regardless of whether amalgamation had occurred.

When the costs of preparing for Provincial downloading and staff exit costs are included, the total transition costs are \$209.6 million. These costs are summarized below.

Summary of Approved Transition Costs					
1998 - 2001					
	1998 \$000	1999 \$000	2000 \$000	2001 \$000	TOTAL \$000
Business Applications	10,264	32,885	19,791	6,290	69,230
Facilities	10,581	33,370	18,720	10,000	72,671
Organizational Design/ Service Rationalization Studies	2,400	2,600	-	-	5,000
Other Studies	700	2,174	208	-	3,082
Other	618	2,720	35	-	3,373
SUB-TOTAL	<u>24,563</u>	<u>73,749</u>	<u>38,754</u>	<u>16,290</u>	<u>153,356</u>
Preparatory Work for Downloading	887	5,391	-	-	6,278
Staff Exit Costs	25,000	25,000	-	-	50,000
TOTAL	<u>50,450</u>	<u>104,140</u>	<u>38,754</u>	<u>16,290</u>	<u>209,634</u>

Building The New City

Planning For The Future

Building the new City of Toronto requires planning for the future. It involves not only the complex task of consolidating the seven former municipalities but also creating a common vision for the future. It requires translating this vision into a series of goals and objectives that are readily understood by the public and can be achieved through a planned multi-year process.

The organization has adopted an integrated approach to City building. It combines Council's Strategic Plan, which sets out Council's collective vision for the future of the City and the Corporation's contribution to that vision, with the Corporate Management Framework, which is designed to translate Council's vision and directions into a series of implementation objectives within the organization.

Council's Strategic Plan

Council initiated the development of a Strategic Plan for the City and established a Council Reference Group to guide the planning process in the fall of 1998. The purpose of the Strategic Plan, which is to be reviewed in each term of Council, is to:

- Serve as Council's leadership document (i.e. Council's strategic agenda)
- Identify the future desired state for the community
- Outline 'quality of life' success measures
- Set the direction for the organization with respect to core programs and service planning.

At their initial plenary session in March, 1999, members of Council discussed the future state of the City and identified key topic areas. Working groups, led by Reference Group members, were formed to develop goals and strategic directions under four themes: community, economy, environment, and governance.

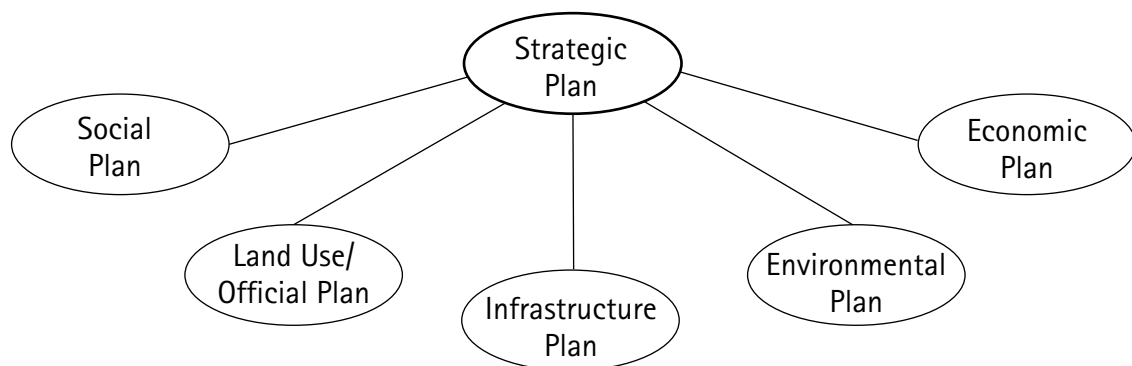
At a second plenary session in July, 1999, Council discussed the emerging issues and goals under the four themes and the relationships among them. Further work will occur during the summer of 1999 in identifying strategic directions to achieve stated goals and identifying the Corporation's specific role.

At the same time, the organization is exploring ways of measuring progress towards achievement of the goals identified in Council's Strategic Plan. Efforts will also be made, through the multi-year business planning process, to coordinate performance measures at the program level.

Linkages with Other Plans

The strategic planning initiative is closely linked to a number of other planning initiatives within the organization with respect to development of an Official Plan for the new City to replace those of the former municipalities, a social plan, an economic development plan, an environment plan and an infrastructure plan. Work is underway in all of these areas, led by different departments. These plans will involve extensive consultation with the public and key stakeholders.

Council's Strategic Plan - Linkages



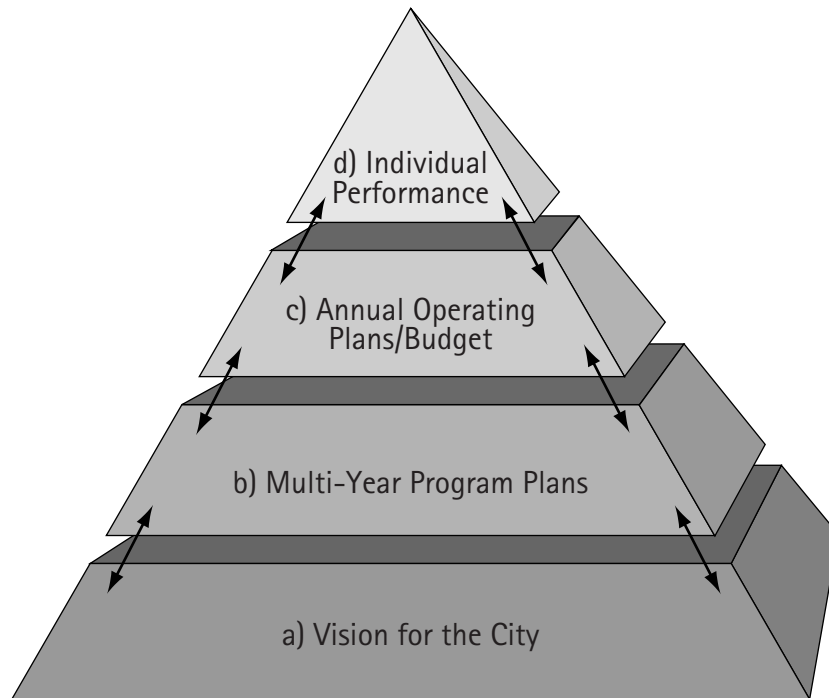
Corporate Management Framework

Translating the goals and directions set by Council into the planning and delivery of programs and services is a key challenge for the administration in the coming years. A general framework for moving ahead with this agenda has been established called the Corporate Management Framework. This framework, which was before Council in May, 1998, in a report from the Chief Administrative Officer, consists of four major components, in a cascading relationship. This is summarized below and illustrated below:

Components of Corporate Management Framework

- A Establishment of Council's broad vision for the community, goals and directions
- B Adoption of multi-year program plans which:
 - implement Council's stated goals and directions
 - define service objectives and delivery approaches
 - identify relevant performance measures
 - identify expected outcomes/results
 - identify needed resources, investments, timeframes
- C Preparation of annual budget plans which:
 - operationalize program plans
 - set annual service levels
 - define performance expectations
- D Evaluation of employee performance which:
 - establishes individual accountabilities
 - identifies performance measures tied to specific program/budget objectives.

Corporate Management Framework



Each of the components of the Corporate Management Framework is a major current initiative within the organization. Once fully implemented over the next two to three years, the framework will result in a major shift in how the organization carries out its business in providing effective and efficient delivery of municipal services and programs.

Work is currently proceeding with respect to all four components under the leadership of the Chief Administrative Officer.

Corporate Values and Aspirations

The past 18 months have been a time of tremendous change for Council and staff. Almost everyone has had to adjust to the size and scope of the new City. Staff have experienced uncertainty in many aspects of their jobs. Many have been relocated to new work locations as space consolidation occurs. Most have had to adjust to new reporting relationships and new managers. Many are learning to work in areas of the City with which they were previously unfamiliar. A number are tackling new jobs within the restructured organization.

During this time of major change, moving forward to define clear corporate values and aspirations will help solidify the new organization. Over the past year, senior staff have set preliminary directions as to these values and aspirations. These will be refined further through engaging staff at all levels in the organization and by linking up with Council's vision for the new City of Toronto.

Some emerging themes with respect to corporate values and aspirations include:

- Ensuring a high quality of life for citizens through the provision of quality, customer driven services, which result in high levels of satisfaction
- Having a reputation for innovation and leadership in the municipal sector
- Being an employer of choice and one that communicates effectively at all levels of the organization and with the public
- Being a fiscally prudent organization - one that plans actively and with a long-term view.

Building a new corporate culture takes time. There is an adjustment period, as the City moves from the old to the new, that needs to be recognized. Issues of staff morale during this time of major change are inevitable and unavoidable. At the same time, the major accomplishments that the City has achieved in bringing together seven diverse municipalities within such a short period need to be celebrated. Even as these major internal adjustments are occurring, staff continue to deliver regular municipal services. It is a tribute to the dedication of Council and staff that so much has been accomplished in the first 18 months.

Building the New City

The Challenges Ahead

The size and scope of this amalgamation must not be underestimated. It has presented great challenges for both Council and staff. As highlighted in this report, amalgamation is a complex, multi-dimensional, multi-year undertaking. While much work has been accomplished over the past 18 months, much work remains to be done.

To date, key amalgamation-related savings and reductions are on track:

- Budget reduction targets have been met.
- Staff reduction targets have been met.
- Amalgamation savings have offset costs as a result of Provincial downloading and other new costs, thereby avoiding potential property tax increases.

At the same time, service levels have improved in various areas including public health services, snow clearance, recreation programs and dental services.

The major accomplishments of the past 18 months, both with respect to amalgamation and other key Council initiatives, suggest that the new City has progressed far in a remarkably short period of time. At the same time as these major initiatives have been underway, regular municipal services have continued to be delivered throughout the City. All of these activities combined have required extraordinary effort on the part of staff in all departments, which should be recognized.

Future Challenges

Turning to the future, some of the upcoming challenges for the new City of Toronto include:

- Building a new, compelling vision of Toronto through the Strategic Plan and plans related to social development, economic development, environment and the Official Plan, and aligning the organization to achieve this vision

- Continuing to strengthen the fiscal capacity of the Corporation without impacting negatively on property taxes
- Addressing difficult choices with respect to core programs and service delivery options
- Completing the harmonization of service levels and integration of operations
- Further consolidating key corporate assets including yards, fleet and facilities
- Negotiating first collective agreements and harmonizing compensation and benefits plans
- Further streamlining selected agencies, boards and commissions.

There is a need for strong commitment, dedication and cooperation in moving forward on this ambitious agenda into the year 2000 and beyond.

What Citizens Say

The most important judges of the success of amalgamation are the citizens of Toronto. Born on January 1, 1998, amidst great public controversy, the amalgamation of the new City has proceeded, from the public's perspective, relatively quietly over the past 18 months. When citizens were asked in the spring of 1999 about amalgamation, 70% of Toronto residents stated that they were satisfied with life after amalgamation (Environics Research). Another survey revealed that 66% of Torontonians who stated an opinion felt that amalgamation was a success (Ekos Research). In June, 1999, 79% of Toronto residents felt that Council was on the right track in terms of where it was taking the new City of Toronto (Angus Reid Group).

During this time of rapid and major change, Council and staff will continue to keep the needs and concerns of Toronto citizens uppermost in making critical decisions which will affect the life of the City for decades to come. A commitment to continuing to improve the quality of life of the City, a commitment to actively engaging citizens in their community, and a commitment to building the finest City in the world are noble aspirations for the new City of Toronto.

Toronto City Council

Mel Lastman

Mayor

John Adams	Ward 23	Midtown
Gerry Altobello	Ward 13	Scarborough Bluffs
Brian Ashton	Ward 13	Scarborough Bluffs
Maria Augimeri	Ward 7	Black Creek
Bas Balkissoon	Ward 18	Scarborough Malvern
Lorenzo Berardinetti	Ward 15	Scarborough City Centre
Milton Berger	Ward 9	North York Centre South
Ila Bossons	Ward 23	Midtown
Elizabeth Brown	Ward 5	Rexdale-Thistletown
Sandra Bussin	Ward 26	East Toronto
Raymond Cho	Ward 18	Scarborough Malvern
Gordon Chong	Ward 1	Don Parkway
Olivia Chow	Ward 24	Downtown
Robert Davis	Ward 28	York Eglinton
Betty Disero	Ward 21	Davenport
Brad Duguid	Ward 15	Scarborough City Centre
Mike Feldman	Ward 8	North York Spadina
John Fillion	Ward 10	North York Centre
Frank Faubert	Ward 16	Scarborough Highland Creek
Joanne Flint	Ward 9	North York Centre South
Dennis Fotinos	Ward 21	Davenport
Norman Gardner	Ward 10	North York Centre
Mario Giansante	Ward 3	Kingsway-Humber
Douglas Holyday	Ward 4	Markland-Centennial
Tom Jakobek	Ward 26	East Toronto
Anne Johnston	Ward 22	North Toronto
Irene Jones	Ward 2	Lakeshore-Queensway
Norman Kelly	Ward 14	Scarborough Wexford
Blake Kinahan	Ward 2	Lakeshore Queensway
Joan King	Ward 12	Seneca Heights
Chris Korwin-Kuczynski	Ward 19	High Park
Jack Layton	Ward 25	Don River
Gloria Lindsay Luby	Ward 3	Kingsway Humber
Peter Li Preti	Ward 7	Black Creek
Doug Mahood	Ward 17	Scarborough Agincourt
George Mammoliti	Ward 6	North York Humber

Pam McConnell	Ward 25	Don River
Joe Mihevc	Ward 28	York Eglinton
David Miller	Ward 19	High Park - Parkdale
Denzil Minnan-Wong	Ward 1	Don Parkway
Ron Moeser	Ward 16	Scarborough Highland Creek
Howard Moscoe	Ward 8	North York Spadina
Frances Nunziata	Ward 27	York Humber
Dick O'Brien	Ward 4	Markland Centennial
Case Ootes	Ward 1	East York
Joe Pantalone	Ward 20	Trinity Niagara
Jane Pitfield	Ward 1	East York
Michael Prue	Ward 1	East York
Kyle Rae	Ward 24	Downtown
Bill Saundercook	Ward 27	York Humber
Judy Sgro	Ward 6	North York Humber
Sherene Shaw	Ward 17	Scarborough Agincourt
David Shiner	Ward 12	Seneca Heights
Mario Silva	Ward 20	Trinity Niagara
Bruce Sinclair	Ward 5	Rexdale Thistledown
Mike Tzekas	Ward 14	Scarborough Wexford
Michael Walker	Ward 22	North Toronto

City of Toronto Senior Management

Michael R. Garrett Chief Administrative Officer

CAO's Office

Barbara Hume-Wright	Director, Executive Management
Rosanna Scotti	Director, Strategic & Corporate Policy
Roda McInnis Contractor	Director, Amalgamation

Audit Services

Jeffrey Griffiths City Auditor

Community & Neighbourhood Services

Shirley Hoy	Commissioner, Community & Neighbourhood Services
Marna Ramsden-Urbanski	General Manager, Children's Services
Sandra Pitters	General Manager, Homes for the Aged
Joanne Campbell	General Manager, Shelter, Housing & Support
Heather MacVicar	General Manager, Social Services
Eric Gam	Executive Director, Social Development & Administration *
Derek Ballantyne	Chief Executive Officer, Toronto Housing Company
Sheela Basrur	Medical Officer of Health
Josephine Bryant	Chief Executive Officer/City Librarian, Toronto Public Library

Corporate Services

Brenda Glover	Acting Commissioner, Corporate Services, & Executive Director, Human Resources & Amalgamation
Novina Wong	City Clerk
Valerie Chavossy	Director, Corporate Communications
Susanne Borup	Executive, Director Facilities & Real Estate
Stan Burrows	Director, Fleet Management
Jim Andrew	Executive Director, Information & Technology
H. W. Osmond Doyle	City Solicitor
John Barr	Acting Director, Service Integration & Support
Peter van der Laan	Departmental Amalgamation Team Lead

Economic Development, Culture & Tourism

Joe Halstead	Commissioner, Economic Development, Culture & Tourism
Claire Tucker-Reid	General Manager, Parks & Recreation
Frank Kershaw	Director, Policy & Development
Brenda Librecz	Managing Director, Economic Development
Beth Hanna	Cultural Liaison, Culture
Jaye Robinson	Director, Special Events
Karen Thorne-Stone	Director, Administration & Support Services *

Finance

Wanda Liczyk	Chief Financial Officer & Treasurer
Al Shultz	Director, Accounting Services
Josie LaVita	Acting Director, Budget Services
Ivana Zanardo	Director, Pensions, Payroll & Employee Benefits
Lou Pagano	Director, Purchasing & Materials Management
Giuliana Carbone	Director, Revenue Services
Len Brittain	Director, Treasury & Financial Services *
Joe Farag	Director, Development, Policy & Research

Urban Planning & Development

James Ridge	Acting Commissioner, Urban Planning & Development, & Executive Director, Municipal Licensing & Standards
Yaman Uzumeri	Executive Director/ Chief Building Official, Building
Paul Bedford	Executive Director & Chief Planner, City Planning
Glenn Kippen	Director, Service Integration & Support *

Works & Emergency Services

Barry Gutteridge	Commissioner, Works & Emergency Services
Ron Kelusky	General Manager, Ambulance Services
Alan Speed	Fire Chief
Angelos Bacopoulos	General Manager, Solid Waste Management Services
David Kaufman	General Manager, Transportation Services
Mike Price	General Manager, Water & Wastewater Services
Tom Denes	Executive Director, Technical Services
Bill Forrest	Director, Support Services
Neil Rothenberg	Departmental Amalgamation Team Lead

* Departmental Amalgamation Team Lead

