

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON MARCH 26, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	RFP 18-04: CITY OF LONDON SERVICE REVIEW – CONSULTING SERVICES

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** with respect to the selection of a consultant to undertake the City of London Service Review (RFP 18-04):

- a) The proposal submitted by KPMG LLP, 1400 – 140 Fullarton Street London, ON N6A 5P2 to provide consulting services for the City of London Service Review at their proposed fees of \$260,000.00 (excluding HST), **BE ACCEPTED** in accordance with the Procurement of Goods and Services Policy;
- b) The financing for the project **BE APPROVED** in accordance with the “Sources of Financing Report” attached hereto as Appendix “A”;
- c) Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this purchase;
- d) Approval herein given **BE CONDITIONAL** upon the Corporation entering into a formal agreement or having a purchase order, or contract record relating to the subject matter of this approval; and,
- e) The Mayor and City Clerk **BE AUTHORIZED** to execute any contract, statement of work or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- “Tabling of the 2016 – 2019 Multi-Year Budget,” Strategic Priorities and Policy Committee, January 11, 2016
- “Service Review Initiatives, Process and 2016 Update,” Strategic Priorities and Policy Committee, September 26, 2016
- “Update on Service Review Initiatives,” Strategic Priorities and Policy Committee, May 29, 2017
- “Service Review Initiatives 2017 Update,” Strategic Priorities and Policy Committee, September 18, 2017

LINK TO THE STRATEGIC PLAN

The City of London Service Review advances the following areas of focus and objectives of Council’s 2015-2019 Strategic Plan:

- Leading in Public Service
- 5. Excellent Service Delivery
 - A) Continue to effectively and efficiently deliver nearly 100 services that Londoners rely on every day.

BACKGROUND

Purpose

The purpose of this report is to seek approval to award a contract to undertake the City of London Service Review (including two “Deep Dive” pilot reviews as part of the scope of work) to KPMG LLP (KPMG) at the proposed fees of \$260,000.00 excluding HST.

Background

Through the 2016-2019 Multi-Year Budget process, Council directed Civic Administration to undertake a Service Review program in order to fund \$4 million in unidentified permanent budget reductions that were built-in to the approved budget, and to prepare for significant budget pressures anticipated for the next Multi-Year Budget (2020 - 2023). To date, the City has selectively utilized six of the seven tools to achieve the permanent budget reductions identified by Council for 2016 and 2017.



Over the past several months Civic Administration has been developing and refining the approach to the “Deep Dive” Service Reviews project and is now proceeding to the execution stage. Based on a best practices review that indicated many municipalities contracted with a third-party to execute projects of this nature, and recognizing the limited City experience and importance of the “Deep Dive” methodology, Civic Administration drafted a Terms of Reference and issued an RFP in January 2018 to select a consultant to lead this initiative.

Discussion

The City of London and KPMG will develop a comprehensive, data-driven evaluation process that will be used to determine if City programs and services reflect London's current priorities, and if they are delivered as effectively and efficiently as possible. In addition, the consultant in collaboration with the City will be undertaking two in-depth reviews as part of the scope of work for the project. While the other tools in the City's service review “toolkit” have focused on analyzing targeted components of various services, the “Deep Dive” project is intended to take a more fulsome view of the City's services to consider whether the right services are being delivered in the right ways.

The City of London Service Review will examine the relevance, effectiveness and efficiency of the City's programs and services, and selected Agencies, Boards and Commissions to ensure that resources are being allocated to achieve the best outcomes for the City and to ensure long-term financial sustainability. In addition, the project will look for opportunities to achieve the following:

- Reduce, eliminate, reallocate or re-prioritize the investment in programs and services that no longer align with priorities and reinvest those savings into programs and services that are more closely aligned with the City's strategic priorities;
- Improve the ability for programs and services to deliver their intended outcomes as defined by the public, the stakeholders and required standards;
- Generate additional revenues, reduce costs or minimize future cost increases required to deliver a program and service;
- Examine if there are better ways to deliver programs and services to improve the relevance, efficiency and effectiveness of them, which could include delivering programs and services in alternate ways, such as partnerships, in-source, out-source, volunteer, etc; and
- Implement and ensure the long-term success of the recommendations.

The City and KPMG will be applying a multi-phased approach to the execution of the City of London Service Review project. The following provides the phases that will be completed as part of the project and identifies the timelines that are associated with each phase:

- Phase 1 – Project Initiation / Ground Work (Start - April 2018)
- Phase 2 – Service Profiles / Benchmarking (May-June 2018)
- Phase 3 – Prioritization of Opportunities for In-Depth Reviews (July-September 2018)
- Phase 4 – In-Depth Pilot Reviews (October-January 2018)
- Phase 5 – Final Report/Presentation (Finish - February 2019)

The project will align with the development of the new City of London Strategic Plan (2019 – 2023) and the new City of London Multi-Year Budget (2020 – 2023). Specifically, the deliverables to be completed during Phase 3 and Phase 4 will aim to inform the priorities for the strategic planning and multi-year budgeting processes.

Public engagement will be an important part of the project. A community conversation is necessary to gather perspectives and suggestions regarding the services the City provides and the levels of service expected by the public. The work plan for the project incorporates two touch points with the public. During Phase 3 City staff will engage with the public to understand the priorities, needs and expectations of public relative to the list of top candidate opportunities for in-depth reviews. The results of the community conversation during Phase 3 will inform the suggested prioritization of in-depth pilot reviews and recommendations to Council. In Phase 4 City staff will engage with the public to understand community values regarding the services that are being reviewed, and seek input on the levels of service targets that are recommended. It is envisioned that the results of the community conversation obtained during this phase will inform the suggested levels of service targets that are brought forward to Council for their consideration.

Purchasing Process

A formal RFP was issued on January 23, 2018, to source professional consulting services to assist with the undertaking of the City of London Service Review. The scope of the RFP included resources to provide project management, technical and functional consulting, and other requirements.

After the RFP was posted on bids&tenders™, one (1) addendum was issued to respond to questions, inquires and clarification requests. There were twelve (12) plan takers registered. Three (3) proponent submissions were received and all three were compliant.

A two-envelope RFP process was employed, one envelope containing the technical proposal and the second envelope containing the pricing for the work. The three (3) submissions were evaluated based on the technical criteria outlined in the document, with only two (2) of the

proponents' technical submissions meeting the City's requirements. The final step was to open the pricing envelope. The City did not open the pricing envelope for the proponent who did not meet the City's requirements.

The highest scoring proponent was KPMG.

Financial Impact

The City of London Service Review is not included in the City's approved operating budget, but can be accommodated by a one-time draw from the Efficiency, Effectiveness and Economy Reserve on the authority of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer as per the Source of Financing schedule attached hereto as Appendix "A". The proposed cost for the project is \$260,000.00, excluding HST.

Conclusion

The proposal submission from KPMG was the overall highest-scoring proponent which met the noted evaluation criteria, all terms, conditions, specifications and requirements, displayed an understanding of the work, and possesses the technical expertise required. It is recommended that KPMG be awarded the contract.

Acknowledgements

This report was prepared with the assistance of Ian Collins, Kyle Murray, John Millson, and Jason Davies from Finance and Corporate Services, and Mary Ma, Procurement Officer, Purchasing and Supply.

PREPARED BY:	RECOMMENDED BY:
MARK JOHNSON BUSINESS PLANNING PROCESS MANAGER FINANCE AND CORPORATE SERVICES	ANNA LISA BARBON, CGA, CPA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach: Appendix A – Source of Financing

cc: Mary Ma, Procurement Officer
Jason Davies, Manager III, Financial Planning & Policy

APPENDIX 'A'

#18051

Chair and Members
Strategic Priorities and Policy Committee

March 26, 2018
(Award Contract)

RE: City of London Service Review - Consulting Services
RFP 18-04 (Subledger NT18GG04)
Service Review Business Unit - 060108
KPMG LLP (KPMG) - \$260,000 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance confirms that the cost of this project is not included in the Operating Budget, but can be accommodated as a one-time draw from the Efficiency, Effectiveness & Economy Reserve and that subject to the recommendations of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and, the detailed source of financing for this project would be:

<u>ESTIMATED EXPENDITURES</u>	<u>This Submission</u>
Consulting - 060108.301500	\$264,576
NET ESTIMATED EXPENDITURES	<u><u>\$264,576</u></u>

SOURCE OF FINANCING:

Drawdown from Efficiency, Effectiveness and Economy Reserve	2)	\$264,576
TOTAL FINANCING		<u><u>\$264,576</u></u>

1) **Financial Note:**

Contract Price	\$260,000
Add: HST @13%	33,800
Total Contract Price Including Taxes	293,800
Less: HST Rebate	29,224
Net Contract Price	<u><u>\$264,576</u></u>

NOTES:

- 2) The funding is available as a drawdown from the Efficiency, Effectiveness & Economy Reserve. The uncommitted balance will be approximately \$8.7 million after the approval of this project.

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Anna Lisa Barbon
Managing Director, Corporate Services &
City Treasurer, Chief Financial Officer