

City of Toronto
Service Efficiency Study Program:
Toronto Public Library (TPL)

Statement of Work for External Management Consultants
Roster Assignment #9144-11-7001-Cat2MC05-11

July 7, 2011

1. Background

- a) The City Manager has established a Roster for the provision of consulting services for a range of Assignments (REOI # 9144-11-7001).
- b) This Statement of Work (SOW) is provided in accordance with the requirements of the REOI, and the Assignment will be conducted within the terms and conditions stated in the REOI, especially Appendix B, and its Addenda. For purposes of clarity, some REOI terms and conditions may be repeated in this SOW.
- c) The City Manager wishes to engage an external Management Consultant to assist with Toronto's Service Efficiency Study of the Toronto Public Library (TPL).
- d) As set out in the City Manager's report to Council dated March 8, 2011 (a link to this document is provided on page 8) the City is facing difficult decisions in 2012 and future years to meet its budget challenges. To support City Council's 2012 budget deliberations, the City Manager will undertake Service Efficiency Studies of several City divisions, agencies, and cross-cutting functions.
- e) Invited Consultants are required to submit a proposal and work plan tailored to the Service Efficiency Study or Studies as described in this SOW. The submission will include, at a minimum:
 - Proposed work program with work plan and deliverables;
 - Time schedule;
 - Any other information required in response to this SOW; and
 - Total costs and fees including a cost breakdown for each potential area of study focus in Section 5, Parts A to F of this SOW.
- f) Proposals submitted by invited Consultants will be assessed in terms of completeness of the work program, understanding of the assignment, appropriateness of methodology and appropriateness of the Consultant team, acceptable time frame and schedule for the work, and acceptable cost.

- g) An interview may be held at the sole discretion of the City to refine service scope, prioritize issues, or review the respective responsibilities between the City staff team and the Consultant and proposed team members.
- h) An agreed upon work plan including timelines and deliverables and cost/fees will be approved by the City prior to the commencement of the assignment, through a letter of agreement.

2. Project Purpose

The City has begun a program of Service Efficiency Studies. Several areas have been identified for review during 2011 including the Toronto Public Library. The purpose of the Service Efficiency Studies is to identify and supply actionable recommendations that will provide the maximum of service efficiency savings in the shortest period of time. To that end, the project review should consider a broad range of strategies and apply the most effective methodologies to achieve the stated purpose, for example:

- Business process and work methods streamlining;
- Organizational restructuring;
- Outsourcing;
- Automation;
- Shared services;
- Service innovation; and
- Service adjustments.

The methodologies above shall be applied to ensure that the business model used by the Toronto Public Library reduces the tax subsidy required for its operations on a sustainable basis. The results of the Service Efficiency Studies will be reported to the City Manager and will be implemented through the annual budget process in the fall of this year.

3. Services Required – Overall Role & Deliverables for External Consultant

a) Background Data & Information:

The Toronto Public Library, in consultation with the City Manager's Office, will provide general background data and information, including:

- (i) Suggested areas of study focus to be reviewed and assessed by the Consultant (provided in Section 5, Study Focus);
- (ii) An inventory of services, service levels and standards, activities and types;
- (iii) Financial and budget data;
- (iv) Organization charts;

- (v) Workforce data including staffing information;
- (vi) Recent organizational and service reviews, policy directions, reports and Council decisions;
- (vii) Business process data; and
- (viii) All other available information related to particular services and activities.

b) Consultant Deliverables:

Working with City staff, the external Management Consultant's role and deliverables will include:

(i) *Confirm Focus Areas and Methodology*

Using the baseline information, initial focus areas suggested by the City and additional data, identify the areas of focus and the most appropriate methodologies with the greatest potential for cost savings and improved service delivery.

(ii) *Assess Service Efficiency*

Within the areas to be focussed on:

- Identify and assess the costs and cost drivers of current practice;
- Review and assess services, activities and methods;
- Compare against service providers in other jurisdictions using comparable and relevant best practices;
- Analyze and compare service benchmarks and measures; and
- Assess against other relevant information.

(iii) *Identify and Recommend Opportunities for Improved Efficiency and Cost Savings*

- Identify and recommend changes to work methods, processes, responsibilities, and other factors that will result in the most cost savings and the greatest improvement in service delivery;
- Identify opportunities for introducing more cost-effective and efficient program delivery approaches that would result in the same benefits;
- Provide cost savings estimates and implementation details and steps that will address the changes you have identified and recommended;
- Provide advice and recommendations about which changes can be made quickly, e.g., for savings in 2012, and which will take longer to implement;

- Identify and provide advice on the costs required to make changes including any short term financial investments; and
- Provide advice about any risks and implications for service delivery, policy development, finances, cross divisional or enterprise wide human resource impacts, and other effects of alternatives and changes.

(iv) *Provide reports and documentation*

Provide documentation, reports and presentations for the City Manager as required for each of the deliverables and providing other advice as identified throughout the review process.

(v) *Work with agency staff as required.*

(vi) *Attend, support and provide documentation for status and/or planning meetings* with the City Manager, the designated Project Manager, Library staff, the City staff team, the City Steering Committee established for Service Review activities, and/or other City officials as required.

4. Project Reporting Process and Time Line

- The Services Efficiency Studies will be conducted on an accelerated timeline;
- The City wishes to engage the external Management Consultant by no later than July 27, 2011 with completion of the final report by September 15, 2011; and
- Wherever possible the results of the Service Efficiency Studies will be reported out through the City's 2012 Budget Process, beginning in September, 2011.

5. Service Efficiency Study – Specific Areas of Review for the TPL

Structure and Mandate:

The Library Board is a local board of the City of Toronto, established by the *City of Toronto Act*, which provides that the Library Board be deemed established under the *Public Libraries Act* to manage and control libraries. The Board's mandate is to provide a comprehensive and efficient library service that reflects the community's needs. It directs the preservation and promotion of universal access to a broad range of human knowledge, experience, information and ideas for residents of all ages and backgrounds.

The Toronto Public Library (TPL) is the largest public library system in Canada and the busiest in North America. It has a network of 98 branches including two research and reference libraries, and approximately 17 million

visitors each year. With a circulation of over 32 million items, it requires a number of materials handling processes: acquisition of materials, inter-branch transfers, individual loans (check-out and returns), reserving materials, shelving, storage and disposal, multi-media services and special community programs.

Service Areas:

TPL Service Areas for the purposes of program mapping are grouped into four major areas as follow:

- Administration;
- Library Facility Access;
- Library Collections Use; and
- Programs and Outreach.

Study Focus

The focus of this study is to deliver the 'Services Required' in this Statement of Work (in part 3(b) above) using the following approach:

Potential Areas of Immediate Cost-Savings Opportunities

Seven potential areas of study of service delivery operations and functions have been identified for detailed review and analysis. The consultant will:

- Be provided with 5-7 locations for the purposes of review and analysis;
- Review and analyse services and functions (including service activities and types);
- Recommend opportunities to improve efficiencies and achieve cost-savings;
- Bear in mind that process changes will have an impact across the organization well beyond the group of 5-7 locations being examined.

The potential areas of review set out below have been selected based on certain Lean Six Sigma principles (Attachment E). These proposed efficiency studies would best benefit from consultants familiar with these, or similar, service quality and process re-engineering principles and concepts (Attachment E).

Part A – Rationalize Services:

The consultant will assess services in terms of numbers and distribution of library locations, days and hours of operation, and space and facilities utilization against the relevant service demand factors, including:

- Service area population and stakeholder demographics;
- Toronto Public Library legislated mandate;
- Allocations to discretionary services; and
- Special obligations of an international City.

Part B – Technology Strategic Planning & Migration:

- 1) Multi-media Formats: The consultant will examine how the Library's strategy aims to increase effectiveness and efficiency with digital technology through the format of information offered to its clients; for example, CDs, DVDs, e-books, direct internet access/audio and video streaming, etc.
- 2) Electronic / Virtual Library Service Delivery: The consultant will review the extent to which library operations utilize opportunities to increase virtual services and e-business and whether further efficiencies (e.g. increased use of Internet portals; remote access to library resources; on-line transactions) are viable.

Part C – Borrowing Books & Other Materials:

Over 32 million items are borrowed annually by customers from 98 branches across the City. In addition, 30 branches currently have self-serve check-out installed using radio frequency identification system (RFID technology). The consultant will identify efficiencies in processes that can benefit all branches and be achieved in the short-term (for example, the RFID self-serve scanning technology). A cost-benefit analysis of RFID technology roll-out to additional branches is also desired given plans to expand self-serve borrowing efficiencies over the next few years.

Part D – Returning Books & Other Materials:

Books and other materials that are borrowed are returned and borrower accounts are cleared. Materials are sorted and any holds that are placed on materials to fill customer requests are sent to the appropriate branch. The consultant will examine these processes for potential efficiencies and cost-savings in the short term.

A pilot project at a large district branch has piloted an automated sorter for greater efficiency. The consultant will assess whether it is feasible to also roll-out this project for other locations given the success of the pilot.

Part E – Inter-branch Delivery:

When customers request books and other materials that are not in their local branch, materials are transported to fill holds and return materials to other branch locations. About 1.2 million boxes are delivered through the 98 location inter-branch delivery each year to meet customer needs. Plans are underway to consolidate 2 sorting hubs into 1. The consultant will identify short-term and future efficiencies that can be achieved in sorting and delivery as part of that consolidation.

Part F – Shelving Returned Books and Other Materials:

When books and other materials are returned either directly by customers or through the inter-branch delivery, they are re-shelved. The consultant will review this operation to identify opportunities for greater efficiency and cost savings in the short-term.

Related City of Toronto Studies

The City is currently undertaking a number of studies and reviews that may intersect with this Service Efficiency Study. The consultant should be aware of the areas of shared interest and communicate through the Project Manager wherever there is a potential for overlap.

- (i) *Core Service Review:* review of mandatory and discretionary services/activities, service standards and ranking of services, encompassing all City divisions and the City's service agencies including the TPL.
- (ii) *Facilities Management & Real Estate Study:* a cross-corporate review of facilities management and real estate functions encompassing the City's respective corporate divisions, related functions in City operating divisions, and some City agencies including the TPL.
- (iii) *Fleet Management Study:* a cross-corporate review of fleet management functions encompassing the City's respective corporate division, related functions in City operating divisions, and some City agencies including the TPL.
- (iv) *Review of Administrative Support Services:* other administrative support services which may include purchasing, payroll, accounting, and information technology are expected to be the subject of one or more future in-depth reviews, and this may encompass selected City divisions and service agencies including the TPL.

6. Project Management

The external Management Consultant will report to the City Manager through the Strategic and Corporate Policy Division. The City Manager's delegate and key project contact is:

Nancy Autton
Manager, Governance Structure and Corporate Performance
Strategic and Corporate Policy Division
City Manager's Office
10th Floor, East Tower, City Hall
Telephone: 416-397-0306
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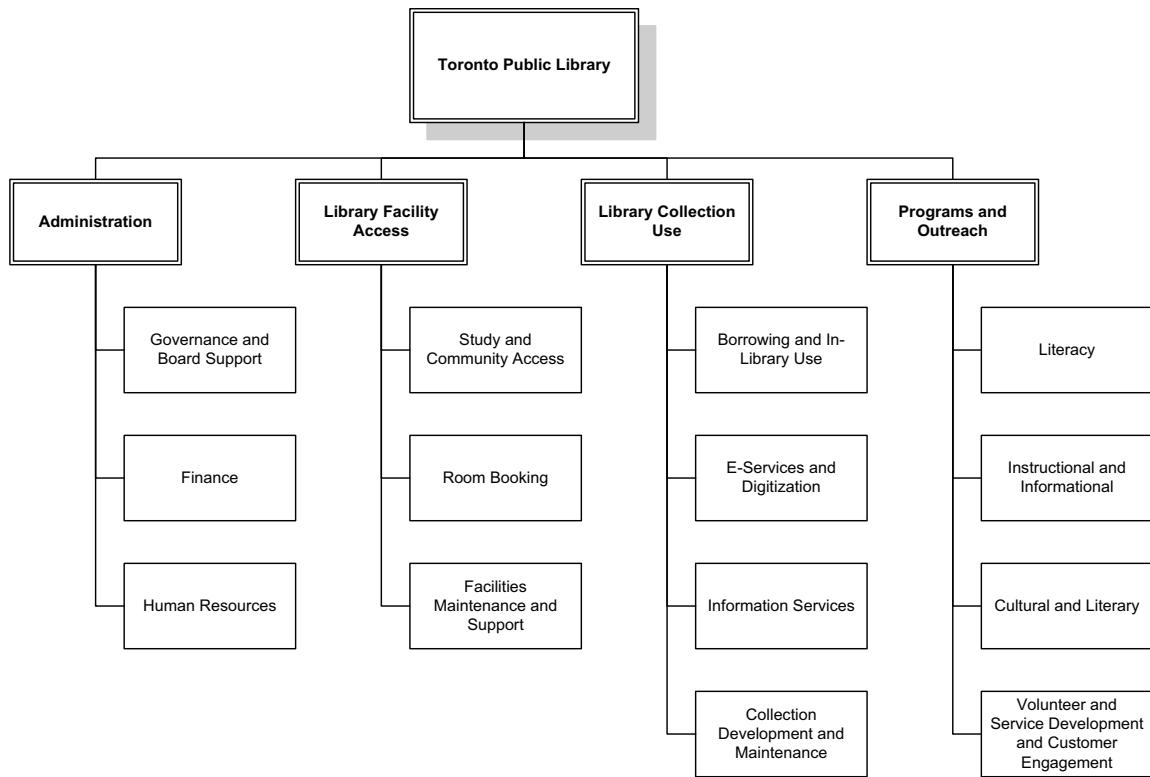
7. Attachments and Information

Respondents are reminded to refer to the original REOI and Addenda, especially Appendix B, Terms and Conditions. Additional information to assist with Responses to this Statement of Work is:

- A. Council Report: Service Review Program, 2012 Budget Process and Multi-Year Financial Planning Process
<http://www.toronto.ca/legdocs/mmis/2011/ex/bgrd/backgroundfile-36612.pdf>
- B. Profiles of City Programs, Agencies and Corporations (as contained in Council Briefing Book, Volume 2) – Please refer to the [PDF document](#) attached to the e-mail inviting your firm to respond to this SOW.
- C. 2011 Budget Information is available at www.toronto.ca/budget2011
- D. A Program Map for the Toronto Public Library as Attachment #1. More information on Toronto Public Library programs, services, and organization can be found at: <http://www.torontopubliclibrary.ca/>
- E. Overview of Lean Six Sigma at the Toronto Public Library.

ATTACHMENT D

Toronto Public Library - Program Map



ATTACHMENT E
USE OF LEAN SIX SIGMA BY TPL

Toronto Public Library staff has undertaken training in continuous improvement techniques using Lean Six Sigma methodologies. This approach to finding efficiencies has been used successfully in manufacturing, corporate and public sector organizations.

The methodology is focused on customer service outcomes and includes the participation of front-line staff. It focuses on describing, measuring, analyzing, implementing and controlling critical processes in an organization, with the objective of improving customer service through greater efficiencies, and as a result, reduced costs.

Given the many branches and high volume of materials circulated, there are a number of materials handling processes in place. Analyzing these processes using Lean Six Sigma methodologies means that any resulting changes are likely to apply to the processes in 98 branch locations, as well as the delivery hub. The Lean Six Sigma approach uses a combination of each of technology and automation, service innovation, and business process re-engineering, to achieve efficiencies.

The potential areas for review in the SOW under the heading 'Potential Areas of Immediate Cost Savings Opportunities' have been selected based on the following Lean Six Sigma principles:

- Keeping the voice of the customer as the driving force in the efficiency review;
- Identifying value in processes and eliminating those that cause waste;
- Standardizing processes to eliminate variations that lead to waste; and
- Making small changes that have the potential for big impact on efficiency.