

October 23, 2001

To: Policy and Finance Committee

From: Acting Chief Administrative Officer

Subject: Alternative Service Delivery (ASD) – Policy and Framework

Purpose:

The main objective of this report is to set out an ASD policy framework (which includes criteria, procedures and processes) for the systematic review of City programs and service delivery mechanisms.

Financial Implications and Impact Statement:

Detailed development of the process, establishing procedures, and conducting basic analysis of options will be done by City staff within approved budgets.

However, additional expert resources will be necessary to assist in providing additional research, conducting in-depth financial analysis in some cases, developing new training programs, and modifying financial systems. New funding for this program where required within the 2002 budget will be submitted through the budget process.

Recommendations:

It is recommended that:

- (1) the Alternative Service Delivery policy framework outlined in this report (which includes criteria for selection of ASD candidate programs, procedures, and processes) be adopted;
- (2) a Council Reference Group consisting of the Standing Committee Chairs, Chair of the Budget Advisory Committee and two members of the Policy and Finance Committee be established to provide guidance and advice to the Acting Chief Administrative Officer on on-going consultations with the respective union representatives and other critical issues relating to ASD;
- (3) the Council Reference Group report early in 2002 on the list of candidate programs for consideration as well as the timelines and processes needed for implementation; and

- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Council on March 6, 7 and 8, 2001 approved the Chief Administrative Officer's report on a Service Delivery Framework and adopted the following policy:

"The City of Toronto is committed to providing accountable quality services at an affordable cost, on a sustainable basis. To this end, the City will systematically review its programs, services and delivery mechanisms and will pursue the most appropriate methods and structures for providing accountable quality service and the best value of the municipal tax dollar."

Council also adopted the following guiding principles:

1. The City will continue to strive to improve existing service quality and standards through a variety of effective and efficient service delivery models.
2. In delivering programs and services, the City will strive to obtain best value through continuous improvements and performance tracking.
3. Candidate programs will be selected and approved by Council on a project by project basis as part of the multi-year program planning process.
4. Employees will be given every opportunity to provide in-house services in a competitive manner, and where applicable will be encouraged to bid on City requests for proposals.
5. In situations where the City decides to use other service delivery options, successful proponents will be required to respect and adhere to the terms and conditions of existing provincial legislation and collective agreements, including successor rights.

Due to the serious budget pressures facing the City in 2001, 2002 and 2003, numerous directives have come forth from the Budget Advisory Committee on Alternative Service Delivery. In response, this report proposes an ASD policy framework within which potential candidates can be considered on a case by case basis and proposes an ASD process that includes criteria for determining the appropriate ASD model and step-by-step decision points.

Discussion:

During the 2001 budget approval process, it was recognized that the City is facing significant budget pressures forecasted to be in excess of \$750 million over the next five years. This has been due to a variety of factors since amalgamation i.e. provincial downloading in the areas of social housing, transit, TTC capital funding, salaries and wage harmonization, increases in debt charges and garbage disposal costs, service level adjustments etc. These are unprecedented financial challenges for the City, and over the next five years, the City will have no choice but to consider re-assessing service level standards; creating new sources of revenue, and seeking creative ways of delivering services.

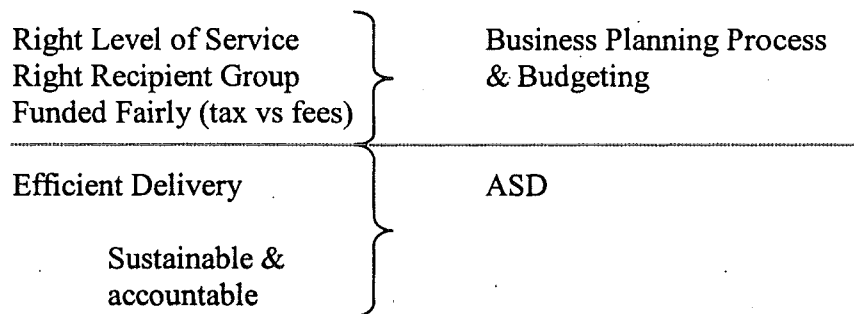
In addition to the continuous improvement strategies in progress, the City needs to review its fundamental role in providing the large number of diverse municipal programs and services. Alternative Service Delivery is another tool that can be used in reviewing and assessing service delivery options through re-assessment of the essential role of government, so as to ensure that services are delivered in a competitive, creative and progressive manner.

The key commitment found in the City's March policy statement is found in the words "review" and "pursue". Although the City's programs are continually reviewed to find ways of improving the quality and efficiency of services, the ASD program is intended to consider a rethinking of the way the City does business in some areas. The City needs to seriously reconsider what role it fulfils in delivering services and to consider changing that role. The key objective of the ASD program is to provide "best value" to the taxpayer. This may be accomplished in some cases by taking on an overall management or regulatory role and ensuring that others deliver a quality, cost-effective system of delivery.

BEST VALUE:

Best value means that the **right level of service** is delivered to the **right recipient group** and that the service is **funded fairly** (taxes vs fees) and **delivered efficiently** on a **sustainable and accountable** basis.

BEST VALUE



The first three issues (level of service, recipient group, and funding) are part of a continuous improvement program within the usual business planning and budgeting processes. Efficiency of directly delivered services is also a major consideration within the continuous improvement program. ASD however is a program where the City rethinks its role in service delivery of major program areas and weighs the benefits and risks of changing that role. The major benefits sought in the ASD program are improved quality and reduced costs. The major risks to be overcome are sustainability and accountability.

ASD DEFINED:

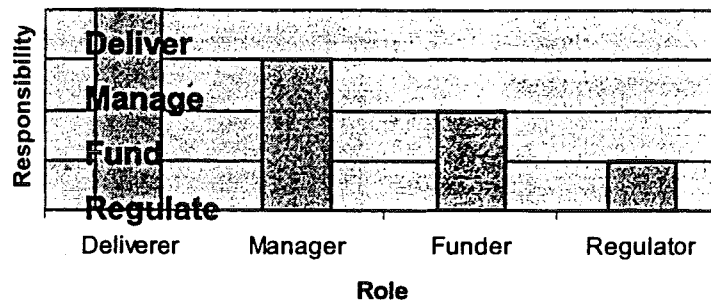
ASD is often mistakenly interpreted to mean privatization or contracting out exclusively. This stems from the practices of the federal and provincial governments who often do privatize services. However, at the municipal level, the options being considered are more diverse and include restructuring within the City structure and further involvement of the voluntary sector. Appendix 4 to this report describes the wide range of options considered within the ASD framework.

Alternative Service Delivery (ASD) has been defined as:

“the creative and dynamic process of public sector restructuring that improves the delivery of services to clients by sharing government functions with individuals, community groups, private sector and other government entities” (IPAC, KPMG).

This definition uses the concept of government sharing its functions with various parties. This emphasizes the idea that government, in implementing ASD, does not entirely give up the responsibility and accountability for services, but rather redefines its role with a view to improving service delivery. Depending on the individual circumstances, government's role can be defined at several levels: (a) as a regulator, (b) as a funder, (c) as a manager or (d) as a deliverer.

GOVERNMENT ROLES vs RESPONSIBILITY



As a Deliverer, the City self-regulates, funds the service, manages it and also delivers. As a Manager, the activity of delivery would be performed by someone else, but the City would still retain the responsibility for managing, funding, and regulating. As the role changes, the activities performed by government change, but the ultimate responsibility for ensuring that quality services are delivered cost-effectively remains with the government.

The City already acts in different roles. The following are examples of these differing roles:

- Regulator: licensing, health inspection, building inspection and permits
- Funder: grants to voluntary sector (community services, culture, access & equity, recreation);
 housing (mixed model exists);
 welfare (form of funding since the City does not provide food and shelter directly, but rather provides the funds)
- Manager: contracted services(garbage collection, road repairs, fleet repairs, snow clearing, daycare, hostels, homemakers-see Appendix 2 for listing);
 management contracts: (golf courses, concessions, pharmacy in Homes for the Aged, National Trade Centre);
 partnerships(Enwave, mixed waste processing facility, taxicab training, collision reporting centres, Union Station, waterfront redevelopment),
 alternatives structures (agencies like Exhibition Place, corporations like Toronto Hydro);
 volunteerism(heritage, community centres, Zoological Society)
- Deliverer: all directly delivered services

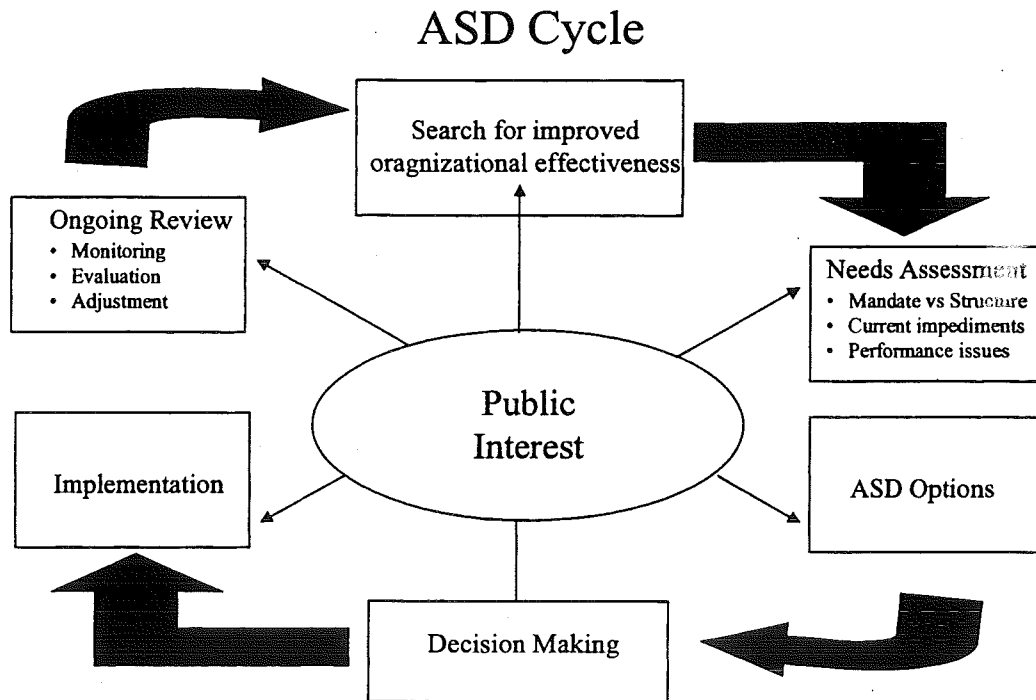
There are also examples where the City maintains a mixed model. This is where both the City and the private sector (for-profit or not-for-profit sectors) provide a similar service. Examples include theatres, day care, homes for the aged, housing, recreation, community centres, and garbage collection.

In some cases, it could be determined that the City should have no direct role in providing a service because the competitive market has the capacity to provide sufficient service at a competitive price. In this case, the service could be privatized and the City could sell its assets and the competitive market would take over. However, there are relatively few cases where there is an opportunity to completely privatize a City service since the service would have to have no public policy impact, be completely self-financing, and be independent of other government services. The Council-approved strategy for Hummingbird Centre for the Performing Arts is an example of a form of privatization to a not-for-profit organization where the City would have no remaining role in the provision of the service, but instead would act as landlord of the facility.

A review of ASD models in other jurisdictions is outlined in Appendix 1. Examples of the percentage of current programs and activities contracted out is outlined in Appendix 2.

ASD – The Cycle

It is useful to regard alternative service delivery both as a journey and a destination. The diagram below represents the different stages of the ASD journey, from organizational needs assessment through to the ongoing review and assessment of ASD initiatives.



The ASD cycle involves five distinct phases:

- **Needs Assessment:** Assess the organization's program and service delivery needs including identifying the strengths, weaknesses, opportunities and threats posed under the current mode of service delivery and assessing the opportunities for changing the City's role in delivery. In this step, candidates for ASD review will be identified.
- **Options Analysis:** Identify the strategic actions required and project plan, establishing the technical specifications and control features, and the search for options. This includes a thorough examination of all appropriate service delivery alternatives, leading to an analysis of the most promising option.
- **Decision-Making:** Select an ASD arrangement and provider/partner forwarding the selected option through the formal decision-making processes.
- **Implementation:** Implementation of the formal agreement operationalizing the new service delivery.
- **Ongoing Review:** Continued review of performance in accordance with expectations, to assess the achievement of result commitments, and learning and correcting when required.

(A) Candidate Selection Criteria

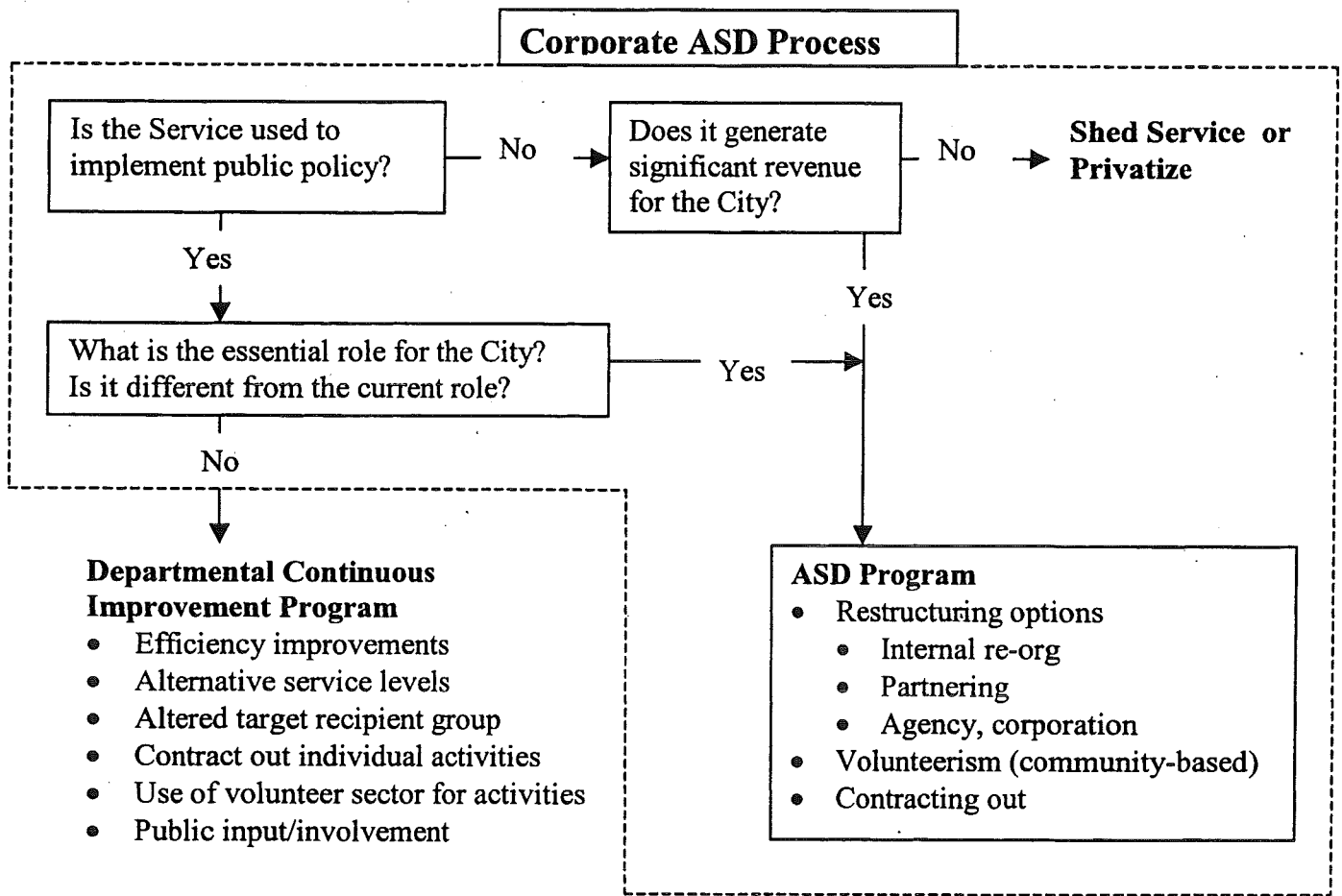
While all City Services and delivery mechanisms should be subject to review, it is important that Commissioners filter services through a screening process in order to select those that best lend themselves to ASD.

The following characteristics are indicative of a suitable ASD review candidate. A candidate need not have all of these characteristics to qualify for review, but the number of feasible options will be reduced as fewer characteristics are present.

1. **Potential for improved service levels** - Potential exists to deliver improved levels of service more efficiently.
2. **Significant potential cost savings** - The estimated annual budget of the identified service is large enough to offer an acceptable potential for an increase in cost-effectiveness and a positive cost-benefit return.
3. **Independent decision-making desirable** - Situations where it is desirable and in the public interest to establish an independent decision-making entity which is arms' length to Council.
4. **Alternatives are available** - Either there is similar delivery outside of the City for the service or elements of the service are already delivered by someone other than the City.
5. **Municipal role can be redefined** - Potential exists for the City to redefine its role with a view to improving service delivery and cost effectiveness.
6. **The service is a discrete activity** - the service is distinct and separable from all other City services characterized by:
 - a. The service can be described in terms of outputs, not processes.
 - b. Customers and organizations using the delivered service and clients for whom the service is delivered are identifiable.
 - c. Performance criteria can be defined for the delivery of the service.

(B) Corporate ASD Process

Each ASD candidate will undergo a series of analytical steps to determine the best course of action to pursue. The following chart illustrates these steps. Although the questions appear simple on the surface, answering them requires much discussion and input from many different perspectives.



The Corporate ASD Program should address only major changes in the way programs are delivered through a change in the City's role. Other improvements should be pursued through the Departmental Continuous Improvement Program.

Although most discussion centres around distancing the delivery from the City, it is possible that a situation may arise where it would be beneficial to repatriate a service.

(C) Alternative Service Delivery Options

There is a wide interpretation of the definition of alternative service delivery. Various ASD options include:

1. Restructuring – Internal Reorganization or Partnering (private-sector or other public-sector) or Creation of Agencies, Corporations, or Utilities
2. Volunteerism – Delegation for Service Delivery to the Community (with varying levels of government funding and management oversight)
3. Contracting Out - Service contracts or Management Contracts or Government Owned/Contractor Operated (GOCO)
4. Service Discontinuance – Shedding or Privatization

Each delivery option has different characteristics. It should be noted that the actual delivery structure for a program may combine characteristics or features from several options. A description of each option is provided in Appendix 4.

(D) ASD Process Guidelines

Appendix 5 outlines some specific guidelines to be followed in the ASD process. This provides an overview of the scope of analysis required and guidelines for conducting the reviews including consultation processes, handling employee proposals, and objectives in designing agreements with the private sector.

(E) Review and Follow-Up

Post implementation review is required to (a) review the ASD process itself and (b) to review the degree of success of the implemented program changes. A post-mortem review of the ASD process should be undertaken following the first implementation. This should engage Councillors, staff, and other participating stakeholders to determine where improvements could be made to the process.

On an on-going basis, a tracking mechanism is needed to ensure that the intended benefits of any program change are realized. The specifics of the tracking mechanism will be highly dependent on the type of change and the type of benefits expected. Each project should clearly identify the method of tracking success.

Management Tools Required:

In order to ensure that ASD initiatives are successfully planned and implemented, a variety of tools and enablers have been identified based on the experience of other jurisdictions. These include:

- (1) Improved financial tools - costing systems, methods of measuring levels of service for comparison to other options
- (2) Flexible labour agreements and dialogue with unions
- (3) Better process for dealing with the private sector i.e. recognition of profit requirement, stronger commitment to engaging the private sector, fair cost comparison to internal expenditures
- (4) Accountability mechanisms for contracted services
- (5) Enabling legislation for new structures, regulatory powers in some cases
- (6) Protocol for negotiating and contracting with external parties
- (7) Communications strategy and training/development plans for City staff and managers
- (8) Political direction, input, and participation

A major challenge faced by departments in implementing ASD initiatives is a lack of the availability of historical and current cost data in a manner and format that can be used readily for

benchmarking and cost comparisons of alternative options. This situation is particularly aggravated by the fact that each of the former municipalities has used different policies and systems for managing the financial data, making trend data extremely difficult to obtain.

In addition, a standard approach to costing support services will be necessary to ensure that accurate comparisons are made between current costs and proposed changes. It may not be sufficient to merely estimate current support costs provided by other business units. It will be necessary to estimate the actual cost savings in those units if the alternative proposal were to be implemented.

When alternative delivery methods are implemented, the City has certain legal obligations to its employees as well as moral obligations to ensure that staff are treated fairly. Within the context of the ASD consultation process, the City will provide to the bargaining agent appropriate and relevant cost information regarding the proposed ASD initiatives, so as to allow the bargaining agent to make any submissions it may wish to the appropriate Department Head and to the appropriate Committee of Council.

Strategies to lessen the impact of ASD on public employees are now the rule, not the exception, among governments that contract services. These strategies include portable pension rights, early retirement incentives, new skills training for impacted employees and employee assistance for professional career counselling.

In order for the ASD initiatives to succeed, the City will have to formally incorporate the management of the ASD initiatives into its mode of operations. A structured training program will be required to support the development and implementation of ASD initiatives and to ensure that the ASD projects are managed consistently using an appropriate project management methodology.

The challenge for management is to lead the change process while maintaining a motivated and productive work force. As part of the overall change management strategy, ongoing, clear, and timely communications with the service users and staff is also very critical. At the same time, the transition period should be made as brief as possible so that normalcy may return quickly for the program areas.

It is also recommended that Council Reference Group be established to advise the Acting Chief Administrative Officer on on-going consultations with the respective union representatives and other critical issues relating to ASD.

Conclusion:

An alternative service delivery policy framework provides a process through which the City can assess creative and cost effective options for delivering programs and services. By adopting the proposed ASD policy framework and in close consultation with a Council Reference Group, Council will be assured that departments will systematically review and evaluate options for maximizing savings and efficiencies towards the accomplishments of their service delivery objectives. The policy framework ensures that a systematic review of services is undertaken,

that Council approves candidate programs, and that stakeholders are involved in the development of service delivery models. It is therefore recommended that the Council Reference Group report by early 2002 on candidate programs for consideration as well as the process and timelines for implementation.

A handwritten signature in black ink, appearing to read 'Shirley Hoy', with a stylized flourish at the end.

Shirley Hoy
Acting Chief Administrative Officer

REVIEW OF ASD MODELS IN OTHER JURISDICTIONS

Model/Jurisdictions	ASD Model Description	Objectives	Characteristics	Enabling Environment
Direct delivery (Most cities in Ontario) Candidates: Most core or essential services	City funds, delivers all services and programs, assumes all the risks and responsibility	To manage, control all aspects of service delivery, set standards, quality and levels of service	Predominant use of in-house resources, direct management by staff under Council direction	Management of service delivery, collective agreements, internal supervision and control functions
Contracting out (Chicago , Ontario, UK , Australia) Candidates: Fleet, waste, recreation, snow removal, janitorial services	Transferring the operation of a function or activity to a contractor for a specific period of time but not transferring the responsibility or accountability for it.	Reduce costs, new ideas and methods, limit public monopoly on services. Certain services more widely available and efficiently delivered by private sector	Competitive process, staff dislocation issues, loss of some direct control, city retains responsibility and accountability for outcomes/standards	Costing systems, structured RFP/RFI process. Predetermined service levels/standards, contract management of service providers
Partnerships (Ontario, Federal govt.) Candidates: Transportation, transit, buildings, facilities, plant operations	A collaborative arrangement between two or more parties based on mutual interest and a clear understanding, agreement or contract that sets out the objectives and terms of the arrangement.	Raise capital, share risk, access expertise, new methods. Promote new technology and infrastructure investment	Major infrastructure projects, or restructuring of services (TDHC) or economic development projects/goals	Skilled managers and negotiators, financial analysis, formal bid process, legal expertise on major projects, liability issues identified
Best Value - through competition and benchmarking (Local governments in U.K.) Candidates: Recreation, housing, finance, refuse collection, property, catering, IT	The intent of the Best Value program is to challenge the way services are provided. Specifically, services should not be delivered directly if other more efficient and effective means are available.	Competition as a means to continuous improvement and improved performance goals. Achieve best practice for specific program or service	Clear service standards through benchmarking. Various ASD models in use. Target for continuous improvements or combination of in-house and external service provider	Costing systems, bid process, management skills, resources for in-house bids, benchmarking expertise
Competitive service delivery (US, Australia , UK) Candidates: Fleet, waste collection, golf course management, water and waste plants	Service provider determined by competitive process that includes civic staff	Services improve from competition, in-house providers compete with external providers	Complex bid process, costing staff bids complex, need viable marketplace, union collaboration critical	Costing systems, structured bidding process, contract management skills, benchmarks, performance measures

Jurisdictions reviewed:

1. Canada: Winnipeg, Vancouver, Ottawa, Brampton, Hamilton-Wentworth, Halton, Federal Government, Province of Ontario
2. US: Phoenix, Indianapolis, Charlotte, Chicago, Portland
3. UK: Department of Environment
4. Australia: Sydney National Government

EXAMPLES OF CURRENT PROGRAMS – PERCENTAGE CONTRACTED OUT

♦ **Childcare Spaces:**

83% (\$160.6M) of spaces are contracted

♦ **Shelter & Housing:**

13% (\$57.4M) for bednights, building maintenance, computer system etc.

♦ **Homes for the Aged:**

7% (\$10.0M) for homemakers and nursing, laundry etc.

♦ **Housing Company:**

8% (\$21.0M) for maintenance and technical services

♦ **Facilities & Real Estate:**

20% (\$17.7M) for custodial, maintenance, security and property management

♦ **Information & Technology:**

13% (\$4.9M) for mainframe computing, network design, program maintenance

♦ **Transportation Services:**

28% (\$59.7M) for roadway, pedestrian and environmental services, traffic systems, survey and mapping

♦ **Parks and Recreation:**

5.4% (\$10.9M) for services including building, equipment, advertising & promotion, control system, janitorial and landscaping

♦ **Economic Development**

38% (\$4.5M) for advertising and promotion including marketing services for Tourism Toronto (\$4.2M)

♦ **Technical Services, WES:**

Capital contracts: \$192.9M for Water & Wastewater (01 Budget \$221.2M)
\$143.4M for Transportation (01 Budget \$195.7M)

EXAMPLES - CURRENT ACTIVITIES

Activity	% Contracted Out
♦ Solid Waste Management	
Apartment Garbage Collection	96%
Apartment Recycling Collection	70%
Curbside Garbage Collection	26%
Curbside Recycling Collection	20%
Curbside Yardwaste Collection	20%
Haulage of Garbage to City Facilities	53%
Haulage/Disposal to Michigan	100%
♦ Parks & Recreation	
Forestry Tree Maintenance	20%
North District Parks Security in high risk areas	100%
Arena ice systems – North & West	65%
Vending	100%
Facility Maintenance	20%

ASD DEVELOPMENT PROCESS

1. ASD CANDIDATE SELECTION

1. Commissioners review services within their departmental mandates and screen potential ASD Review candidates to determine those which offer best potential for ASD, and submit a list of potential candidates to the CAO.
2. An interdepartmental staff team provides an initial assessment, engaging the public, stakeholders, or others as appropriate and makes a presentation to the Council Reference Group.
3. Based on the feedback from the Council Reference Group, the CAO prepares the ASD Review Agenda for consideration by the Policy & Finance Committee.
4. Council reviews the recommendations from the Policy & Finance Committee and adopts the annual ASD Review Agenda listing candidates for review and approves any funding required to complete the analysis.

2. IDENTIFICATION & PLANNING (Option Approval)

1. The CAO in consultation with Commissioners establishes a Review Team to conduct the ASD Review of candidates approved by Council.
2. The Review Team conducts the feasibility study including impact analyses, identifies a possible sourcing strategy, and submits the feasibility study to the Policy & Finance Committee. It should be noted that the Review Team may recommend continuation of the current service provision.
3. Council considers the recommendations from the Policy & Finance Committee and authorizes staff to proceed with implementation.

3. DEVELOPMENT (Structure/Contract Approval)

1. The Review Team pursues the identified sourcing strategy, assesses the options, and identifies the preferred provider partner and the ASD arrangements.
2. ASD agreement is drafted in conjunction with a business plan and incorporated in a Selection Report for approval if required.

4. IMPLEMENTATION

1. The ASD Agreement is entered into. The ASD arrangement is commenced with a corresponding wind-down of the existing City service provision.

5. MONITORING AND EVALUATION

1. The CAO submits an annual report on the results and accomplishments of ASD programs to Council.

DEFINITION OF ASD OPTIONS

1. Internal Reorganization

Some services could benefit from reorganization within the City structure to combine, separate or re-group programs in a way that will eliminate duplication, improve communications and interactive processes, or gain an independent perspective.

2. Partnering

The provision of services through a collaborative arrangement between two or more parties based on mutual interest and a clear understanding, agreement or contract that sets out the objectives and terms of the arrangement. Partnering can be either formal or informal, legally binding or not. Partnering options can be in the form of public partnering, an intergovernmental arrangement; public/private partnering, and private non-profit service organization.

3. Restructuring -Creation of Agencies, Corporations, SOAs or Utilities

The provision of service through a separate entity with some independence from the municipal government's administration. These entities sometimes continue as a monopoly but are expected to apply business-like practices and consider market forces, incentives, and mechanisms to improve service delivery, reduce costs while protecting the public interest. Services are usually delivered through user fees or other revenue-generating initiative.

4. Volunteerism

Some services could be delivered primarily through the volunteer sector. These may support local community interests or may be broader-based, requiring direction from expert community interests. These relationships could be financially supported by the City to some degree or could be supported through use of other resources including City facilities.

5. Contracting Out

The provision of services by transferring the operation of a function to a contractor for a specific period of time but not transferring the responsibility or accountability for it. Government programs that are widely performed in the private sector are good candidates for contracting out.

6. Government Owned/Contractor Operated

The provision of services whereby a government-owned facility is operated by a third party, usually a for-profit contractor. It is often used when a government facility has surplus capacity that a commercial operator can market to the private sector.

7. Service Shedding

Shedding occurs when the government reduces the level of service or stops providing a service altogether due to lack of demand, insufficient resources, or the desire to reduce the size of government. The service may be assumed by a private firm, non-profit organization where there is a market demand or may be discontinued entirely. Programs that are not inherently governmental and where there are no substantial revenue opportunities may be candidates for service shedding.

8. Privatization

A process aimed at shifting functions, in whole or part, from the government to the private sector where there is no continuing public policy reason to retain responsibility within government. Divestiture is a form of privatization involving the outright sale of government-owned assets or enterprises. After divestiture, government generally has no role in the financial support, management, regulation, or oversight of the divested activity. In selected cases, government may sell its assets or controlling interests in a service to a private company but protect the public interest through regulation.

ASD PROCESS GUIDELINES

The guidelines for determining and developing service delivery alternatives shall be as follows:

1. To ensure a consistent approach to decision-making, City Services will be reviewed for alternative service delivery on a project by project basis in accordance with the ASD Development Process in Appendix 3.
2. City Services will be identified and screened for ASD review by staff using the screening criteria outlined in Section (A). Unsolicited proposals received from the private sector for ASD arrangements will be subject to the same screening process.
3. City Services will be confirmed for ASD review as part of an ASD review agenda which will be approved by Council annually.
4. ASD Reviews will be conducted by ASD review teams established by the CAO and the Executive Management Team following Council approval of the ASD candidates.
5. Consultation with the public where appropriate, the service's immediate clients, employees and their representatives, and other stakeholders will be an integral part of every ASD review.
6. Service delivery alternatives for City services under review will be assessed and evaluated through a quantitative business plan analysis which will include, where appropriate:
 - a. a feasibility analysis to determine whether alternatives are possible given the existing constraints and risks;
 - b. a cost-benefit analysis to assess the financial and economic costs and benefits of service delivery alternatives;
 - c. a project environment assessment to identify the factors which will, or could, influence its success or failure, and to determine the viability of the service delivery alternatives;
 - d. an impact analysis to assess the specific impacts of service delivery alternatives on individuals or groups both inside and outside the organization; and
 - e. a market analysis to assess the availability, capacity and competence of potential providers partners, and their interest.
7. Two approaches can be used to source ASD arrangements. The suitability of one approach over another will depend upon the nature of the ASD project.

a. Sole Source Solicitation

Sole source solicitation may be appropriate when the potential ASD provider partner is another public sector organization, a non-profit organization, or where the City has an ownership interest in the organization.

b. Competitive Proposal Call Solicitation

This method is particularly useful when looking for creative and innovative approaches to service delivery and to share operating and financial risk.

c. Labour Bids

Every opportunity will be given to considering proposals from internal staff groups. This should be carefully considered prior to engagement of external bidders, but must be compared on an equal footing.

8. The choice of ASD arrangement will:

- a. ensure the best value for the municipal tax dollar and the optimal balance of overall benefits to the City and the community;
- b. maximize protection of the public interest and the City's information and investments within acceptable risks;
- c. retain the City's responsibility for the provision of mandated services, and provide contingency planning;
- d. retain as appropriate the City's authority to establish or adjust the services offered, the service levels and standards, and the price users will pay;
- e. ensure provision of services at levels and standards that are consistent with legislation and City objectives;
- f. provide arrangements for fair treatment of impacted staff;
- g. where necessary utilize multi-year contracts to defray capital investment by contractors;
- h. ensure ASD provider partner accountability;
- i. ensure continuity of service to the public.