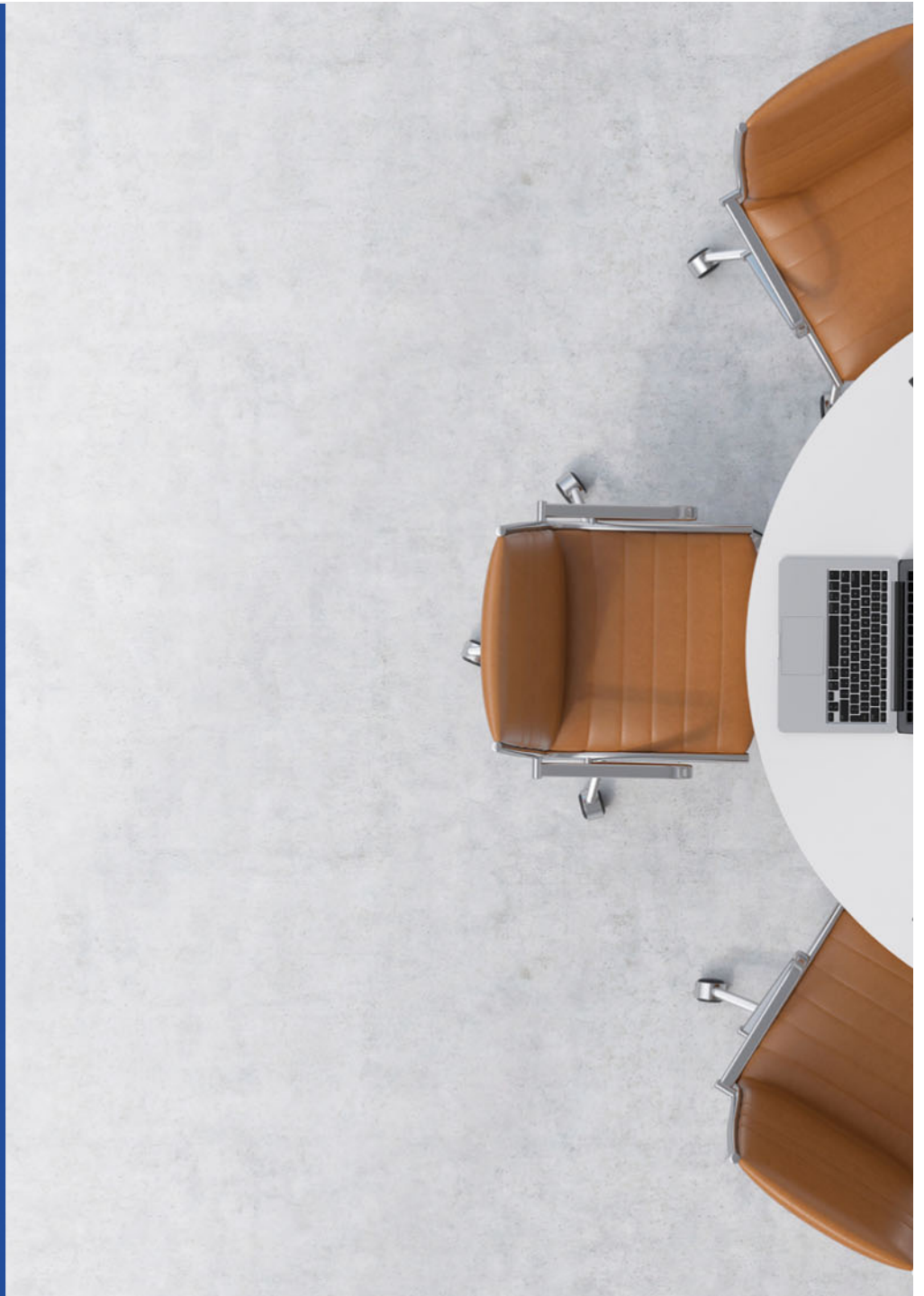




Town of Cobourg

# Organizational Review

Open Session Final Report  
October 21, 2021



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# Executive Summary

## A. Introduction

The Town of Cobourg (the “Cobourg”) is a lower tier municipality located within the geographic boundaries of Northumberland County (the “County”). With a total reported population of approximately 20,000 residents, the Town is the largest municipality in the County from a population perspective, accounting for approximately 23% of the County’s total population. In order to meet the needs of its residents, the Town budgeted in excess of \$40 million for the delivery of municipal services (excluding capital and debt servicing costs), of which \$24.8 million is funded through municipal taxes.

In the fall of 2020, the Town completed a service delivery review, representing the first component of a two-step approach to assess the Town’s operations. The primary focus on the service review was an evaluation of the services delivered by the Town, as well as associated service levels and resource requirements, with the intention of identifying and evaluating potential strategies for achieving operating efficiencies and enhancing financial sustainability through:

- Changes to services and service levels
- Changes to service delivery models (e.g. own resources vs. third party providers)
- Changes to funding approaches for municipal services (e.g. user fees vs. taxation)

As a follow-up to the service delivery review, the second component of the Town’s approach was the completion of an organizational review (the “Review”). Rather than evaluating services, service levels and funding models (i.e. **what** the Town does), the primary focus of the Review was on **how** the Town delivers services, which included, but was not limited to, an evaluation of:

- The Town’s organizational structure and how it supports the effective and efficient delivery of services;
- Staffing, including the number and roles of Town employees; and
- The Town’s internal processes for service delivery and decision-making (so-called ways of working).

KPMG LLP (“KPMG”) was retained in June 2021 to assist the Town with the Review. This report summarizes the results of our analysis, including observations concerning the Town’s organizational structure and staffing as well as potential courses of action that could be considered by the Town to support strategic priorities, enhance the efficiency and effectiveness of service delivery and contribute towards its longer-term financial sustainability.

# Executive Summary

## B. Key Themes from the Review

The evaluation of the Town's organizational structure, staffing and ways of working involved the collection and analysis of information obtained from the following sources:

- Interviews with members of Town Council;
- Interviews with members of the Town's management team;
- Analysis and findings from the service delivery review;
- Comparisons of organizational structures, staffing and other operating aspects with selected Ontario municipalities; and
- An online survey of Town residents intended to obtain their perspectives on the Town's customer service.

We would like to acknowledge the assistance and cooperation provided by Town staff that participated in the Review and would also like to thank the 219 residents of Cobourg that provided their insights and opinions on the Town's level of customer service.

During the course of the Review, a number of key themes emerged that we suggest are significant and merit consideration by management and Council when considering options with respect to the Town's organizational structure, staffing and ways of working. Please note that given the focus of the Review, we have not necessarily commented on or reflected in our report positive aspects of the Town's operations.

- 1. The Town's staffing levels are generally consistent with or lower than those of the selected comparator municipalities, with administrative functions having a generally lower level of staffing than the selected comparator municipalities.** Our analysis also indicates that for certain functions where the level of activity has increased either due to increased client demand, increased regulatory compliance requirements or the addition of new services, there have not been commensurate increases in staffing levels.

These findings appear to suggest an overriding priority on cost containment and affordability, which seems to have limited increases in the Town's staffing complement despite changes in services or regulatory requirements, as well as increased demand for services. Rather than adding staff to address these increased pressures, it also appears that the Town has:

- Assigned additional responsibilities to existing staff, resulting in the dilution of capabilities. For example, the Town has assigned selected by-law enforcement responsibilities to its Chief Building Official, notwithstanding increasing development in the community; and/or
- Relied on third-party service providers at a potentially higher cost than internal resources. We note, for example, that the Town recently incurred \$85,000 in fees for project management services for one project, which is comparable to the annual salary of a middle to senior employee within the Town.

# Executive Summary

- 2. As a consequence of staffing levels, the Town is at risk of failing to achieve its strategic priorities.** The Town's strategic plan outlines a range of key priorities and action items for the 2019-2022 term of Council, with status reports provided to Council on an annual basis. While some progress has been made against certain priorities, we note that in a number of instances, action items have either not been started, or if commenced, may not be completed before the end of the strategic planning period. It appears that in a number of instances, limited staffing resources may be a contributing factor towards the absence of progress on Council's strategic priorities. For example, we note that of the seven action items identified in connection with the priority to promote local economic development, only one has been completed, with one action item in progress and five action items (71%) not yet started, which arguably reflects the absence of a full-time economic development officer position within the Town.

During the course of our interviews with members of Council, we were also advised of additional areas of focus which, while not formally outlined in the strategic plan, appear to represent priority areas for Council, including the use of performance metrics and reporting to enhance transparency and demonstrate value-for-money. In a number of cases, these additional priority areas have not been fully addressed, which likely reflects limitations on staff availability.

- 3. Customer service, while identified as a priority for the Town, appears to require improvement.** During the course of the Review, the Town undertook an online survey of residents that was intended to determine their satisfaction with the level of customer service provided by the Town. As part of the survey, respondents were requested to rate their overall level of satisfaction with the customer service provided by the Town on a scale of 1 to 10, with a response of 10 indicating the respondent was very satisfied while a response of 1 indicating that the respondent was not at all satisfied. A total of 219 residents provided responses to the survey.

Currently, the Town does not have a formal customer service strategy or framework that guides its approach to client service. Specifically, we note that the Town does not have documented performance standards (e.g. minimum times for responding to inquiries), does not track or measure customer service experience and has not revised its processes, internal policies or job descriptions to focus on customer service. In the absence of performance metrics as to what is the acceptable/required level of customer service satisfaction and as such, the survey results are subject to interpretation. For the purpose of our report, however, we have considered a threshold of 8 out of 10 to represent the expected level of customer service satisfaction, which is consistent with standards adopted by other similar sized municipalities.

Overall, 42% of respondents rated their customer service experience at 8 or higher, with an almost equal amount (41%) rating their experience at 5 or lower. We suggest that the survey results reflect a general absence of focus on customer service, which likely reflects limitations on available resources. Specifically, we note that the Town does not appear to have designated a member of its management team as having overall responsibility for customer service (the strategic plan identifies this as a responsibility for all divisions). Furthermore, while customer service traditionally falls under the responsibility of the Town Clerk, we note that this individual is also responsible for multiple functions (legislative services, bylaw enforcement, procurement, policy development, AODA compliance) that limits their capacity to lead the Town's customer service initiatives.

# Executive Summary

**4. Employee morale appears to be low, with the potential for impacts on service delivery.** A recent survey that included responses from more than 60% of Town employees identified an overall low level of morale on the part of Town employees. We understand that, consistent with its approach to customer service, the Town has not developed formal thresholds for employee satisfaction and as such, the results of the employee survey are subject to interpretation. However, we noted that of the 13 personnel matters addressed in the survey:

- Three had responses where more than 60% of respondents indicated they agreed or strongly agreed that they had positive perspectives on the Town's approach to the personnel matter;
- Five had responses where the majority of respondents indicated that they disagreed or strongly disagreed that the Town was doing a good job managing the personnel matter; and
- Five had responses where the percentage of positive responses ranged from 55% to 57%. While representing a majority of responses, we suggest that this is likely less than the prefer level of positive responses.

The results of the survey demonstrated particularly low levels of positive responses for career advancement (28%), training (36%) and employee recognition/appreciation (42%). We note that the Town currently lacks a number of personnel management programs, including (i) formal training strategies (including training needs assessments); (ii) formal succession plans; and (iii) employee recognition programs, which are consistent with the areas of the survey where the lowest level of positive responses were received. We further understand that the Town's Human Resources department has been unable to develop these programs due to the overall inefficiency of its human resources systems and the need to provide human resources support to other Town-related organizations (Police, Library, DBIA, Gallery)

**5. The Town faces risk exposures that if realized, can be significant.** During the course of the Review, we noted a number of areas where the Town's capacities are under resourced, with responsibilities either (i) not assigned; or (ii) assigned to individuals in addition to their other functions. In certain of these areas, the potential exists for significant risk exposures to the Town. For example, the Town currently does not have a formal procurement function, with responsibility assigned to individual managers. As a result, the Town does not have standardized procurement documents or processes for monitoring contractual compliance, creating potential financial or litigation risk to the Town in the event of (i) inadequate risk transfer to the supplier; (ii) increased costs due to ambiguities in terms and conditions for contracts; and (iii) litigation and reputational harm in the event of a so-called failed procurement where bidder allege improprieties in contract awards and challenge contract awards.

# Executive Summary

- 6. The Town’s internal processes and policy environment contribute towards the current situation.** While the results of the Review have demonstrated that staffing levels and roles are generally lower than the selected comparator municipalities, we note that the current demands placed on the Town’s resources are also exacerbated by both (i) the inefficiency of its processes; and (ii) the Town’s policy environment:
- The Town currently lacks a human resources information system (“HRIS”), which requires staff to manually accumulate data, diverting them from undertaking higher value personnel services. In addition, the absence of readily available data precludes effective performance management, including but not limited to attendance management and monitoring of training requirements.
  - The Town’s current procurement policy limits the purchasing authority of directors to \$5,000, with the requirement for procurements with higher values to be approved by the CAO or Council. This increases both the level of reporting necessary for procurement approvals and the time for approvals, both of which create inefficiencies. We also note that this level of approval is significantly lower than that adopted by other similar-sized municipalities, some of which have established director-level approval thresholds at \$50,000.
  - The Town does not have a formal delegation of authority by-law which provides the authority of staff to approve certain matters without Council approval. As a result, a high degree of routine and/or low-risk decisions are required to be approved by Council, once again increasing the level of reporting and time required for decision making.
- 7. The Town is expected to experience significant growth pressures in the short to medium term, with a corresponding increase in demand for municipal services.** Under the Growth Plan for the Greater Golden Horseshoe, Northumberland County in general and the Town in particular are expected to experience significant population growth in the next 15 years, with the Town’s population projected to increase to more than 26,000 by 2034, with almost 3,100 new housing units forecasted to be constructed. This level of growth will translate into an increase in resource requirements for the Town:
- The anticipated level of housing construction associated with the forecasted population growth significantly exceeds historical levels of activity (approximately 250 permits of all types per year), placing increased demand on the Town’s planning and building inspection functions.
  - The projected level of growth is also expected to result in increased demand for municipal service infrastructure (e.g. roads), which will require increased resources for planning, procurement and contract administration.

While the impact of future growth will not be consistent across all Town departments, those departments that are the most impacted will likely be required to (i) increase resources to meet the higher level of demand; or (ii) reduce service levels to balance resources with demand. For example, in the absence of appropriate resources to meet the needs of the development community, the Town may be required to reduce the level of building permit inspections, accepting the risks associated with sub-standard construction and/or extend the timeframes for approvals beyond those outlined in the Planning Act and Building Code Act (representing a reduction in service levels).



# Executive Summary

## C. Potential Courses of Action

Based on the results of the Review, it appears that the Town's operations are significantly challenged and constrained by operating inefficiencies, the absence of strategic-level activities (e.g. long-range planning, corporate-wide performance monitoring), concerns over customer service and employee morale and potential exposures arising from insufficient focus and response to risk factors. From a root cause perspective, the analysis indicates that the current situation is due to a combination of:

- Lower levels of staffing in certain key areas and capacities; and
- The general inefficiency of the Town's ways of working (including its processes, policies and decision-making forums), which increases the time required to complete tasks, impacts the level of customer service provided by the Town and diverts staff from higher impact strategic activities to more administrative and operational functions.

In response to the findings of the Review, we have developed potential courses of action that can be considered by the Town in order to ensure the effective and efficient delivery of municipal services that meets the expected level of customer service excellence, appropriately addresses key risk exposures and contributes towards an engaged workforce. These courses of action, which are summarized on the following pages, are divided into the following categories:

- Staffing adjustments that are intended to (i) balance resources with demand; (ii) appropriately address risk exposures; and/or (iii) provide capacity to implement operational changes. Overall, we have identified upwards of 13 employee additions that can be considered by the Town, to be funded through a combination of user fees, financial savings and taxation.
- Organizational realignment to contribute towards enhanced service delivery and corporate-wide strategies.
- Changes to the Town's policy environment to right-size its decision-making processes.
- Changes to the Town's operating processes and ways of working.



# Executive Summary

Category	Potential Course of Action	Basis for Course of Action
<b>Staffing adjustments</b>	1. Addition of one additional building inspector/plans examiner	<ul style="list-style-type: none"> <li>Appropriate capacity to address current and future demand for development services while providing an appropriate level of service to the development community and other clients.</li> </ul>
	2. Addition of a Manager of Long-Range Planning	<ul style="list-style-type: none"> <li>Increased capacity and capabilities to undertake long-range planning in response to Council priorities and anticipated future development.</li> <li>Responsibilities would include but not be limited to long-range planning (including Official Plan updates, development charge studies).</li> </ul>
	3. Addition of a Grant and Policy Writer	<ul style="list-style-type: none"> <li>Increased ability to access senior government grant programs for capital and operating requirements.</li> </ul>
	4. Addition of a Manager of Infrastructure Planning and Infrastructure Planning Analyst	<ul style="list-style-type: none"> <li>Increased capacity and capability to undertake long-range infrastructure planning.</li> <li>Responsibilities would include but not be limited to master planning, updating of development standards, asset management planning, GHG emission reduction and energy efficiency projects, active transportation planning and transit planning.</li> </ul>
	5. Addition of a Manager of By-Law Enforcement	<ul style="list-style-type: none"> <li>Increased focus on by-law enforcement in response to forecasted growth.</li> </ul>
	6. Addition of a Manager of Procurement	<ul style="list-style-type: none"> <li>Increased capacity and capabilities with respect to procurement, including mitigation of potential risks.</li> <li>Responsibilities would include but not be limited to centralized procurement function, standardization of processes and documents, contract monitoring, implementation of best practices, disposal of municipal facilities and lands and spend analysis.</li> </ul>

# Executive Summary

Category	Potential Course of Action	Basis for Course of Action
<b>Staffing adjustments</b>	7. Addition of a Manager of Transformation Initiative	<ul style="list-style-type: none"> <li>Dedicated resource to lead the Town’s initiatives relating to (i) customer service; (ii) continuous improvement; and (iii) performance measurement and reporting.</li> </ul>
	8. Addition of a Manager of the Office of the CAO	<ul style="list-style-type: none"> <li>Dedicated resource to assume administrative and operational tasks from the CAO, providing increased capacity for the CAO to focus on strategic-level initiatives.</li> </ul>
	9. Addition of an Information Technology Analyst	<ul style="list-style-type: none"> <li>Increased capacity to enable technology implementations in support of operating efficiencies (e.g. e-Permitting system) and ensure appropriate resources for cybersecurity response, information technology strategic planning and other initiatives.</li> </ul>
	10. Human Resources Analyst	<ul style="list-style-type: none"> <li>Additional position to assume administrative tasks from Manager of Human Resources, providing capacity for strategic-level initiatives (e.g. succession planning, training strategy, performance monitoring,</li> </ul>
	11. Program Support Financial Analyst	<ul style="list-style-type: none"> <li>Financial resource assigned to operating departments to increase capacity with respect to budgeting, financial planning and forecasting, key performance indicators, variance analysis and costing/business case analysis of specific initiatives.</li> </ul>
	12. Manager of Economic Development	<ul style="list-style-type: none"> <li>Increased capacity to develop and execute economic development strategy and associated activities.</li> </ul>



# Executive Summary

Category	Potential Course of Action	Basis for Course of Action
<b>Organizational Realignment</b>	13. Establishment of the Office of the CAO	<ul style="list-style-type: none"> <li>Consolidation of non-director CAO reports under the Manager of the Office of the CAO, allowing for the delegation of administrative and operational responsibilities by the CAO.</li> <li>This is seen as a prerequisite for future restructuring and capacity additions.</li> </ul>
	14. Delineation of planning between Development Permitting and Long-Range Planning	<ul style="list-style-type: none"> <li>In response to projected growth in the community, this is intended to ensure appropriate focus on long-range planning activities without diverting resources for development approvals.</li> </ul>
	15. Delineation of engineering between Capital Projects and Infrastructure Planning	<ul style="list-style-type: none"> <li>Intended to ensure appropriate focus on infrastructure planning in response to projected growth in the community, legislative requirements for asset management planning and increased focus on environmental and energy initiatives without diverting resources from the execution of capital projects.</li> </ul>
	16. Realign Legislative Services into a separate department.	<ul style="list-style-type: none"> <li>Ensure appropriate representation of Legislative Services within senior management team, including direct reporting between Legislative Services and the Office of the CAO.</li> </ul>
	17. Realignment of emergency management under the Office of the CAO	<ul style="list-style-type: none"> <li>Expand the scope of emergency management to include a corporate-wide focus so as to appropriately address a range of risks, as well as ensure coordination with communications and other corporate functions.</li> </ul>
	18. Consolidate by-law enforcement under Legislative services	<ul style="list-style-type: none"> <li>Consolidate by-law enforcement activities under a single department to provide economies of scale and facilitate sharing of resources.</li> </ul>
	19. Realign Economic Development under Planning and Development	<ul style="list-style-type: none"> <li>Ensure consistency between economic development initiatives and planning decisions (e.g. use of employment lands, planning initiatives for affordable housing, incentives available under CIPs and MCFAs).</li> </ul>

# Executive Summary

Category	Potential Course of Action	Basis for Course of Action
<b>Changes to policy environment and decision-making forums</b>	20. Adopt a delegation of authority by-law	<ul style="list-style-type: none"> <li>Establish an appropriate delegation of decision-making authority from Council to staff for lower risk and routine decisions, thereby reducing reporting and time requirements.</li> </ul>
	21. Revise procurement policy to increase levels of authority for Directors and CAO	<ul style="list-style-type: none"> <li>Establish an appropriate delegation of authority for procurement that reflects the scale of the Town's overall spend and aligns with procurement thresholds established by similar sized municipalities, thereby reducing reporting and time requirements.</li> </ul>
	22. Discontinue current process for policy development in favour of different processes for operating and governance policies	<ul style="list-style-type: none"> <li>Reduce the time required for policy development and updating by eliminating Council involvement in the development of internal operating policies.</li> </ul>
	23. Evaluate the potential for a committee structure as opposed to the current coordinator structure	<ul style="list-style-type: none"> <li>Align the Town's structure for Council-staff interactions with best/common practice for Ontario municipalities and ensure an appropriate delineation between governance and operational responsibilities.</li> <li>This opportunity should be deferred until after the 2022 municipal elections.</li> </ul>
	24. Address key elements of corporate policy and strategy, including (i) customer service strategy; (ii) training strategy; (iii) performance monitoring and key performance indicators; (iv) long-term financial plan; (v) succession planning	<ul style="list-style-type: none"> <li>Appropriately identify and plan for medium to long-term strategies and ensure alignment of Town operations with Council and Community expectations.</li> </ul>

# Executive Summary

Category	Potential Course of Action	Basis for Course of Action
<b>Changes to operating processes and ways of working</b>	25. Develop business cases for key technology enablers (HRIS, e-Permitting, web-based applications, e-commerce).	<ul style="list-style-type: none"> <li>• Increased operating efficiency through elimination of manual processes.</li> <li>• Enhanced customer service through on-line access to municipal services.</li> <li>• Improvement oversight and management of Town operations through availability of more and better data.</li> </ul>
	26. Implement process improvements as identified through process mapping conducted during the service delivery review.	<ul style="list-style-type: none"> <li>• Increase operating efficiency, enhance customer service, improved internal controls and enhanced risk management. The addition of the Manager of Transformation Initiatives is intended to provide capacity to support the implementation of process improvements, while addition of the Grant and Policy Writer is intended to secure grant assistance to assist with continuous improvement.</li> </ul>



Town of Cobourg

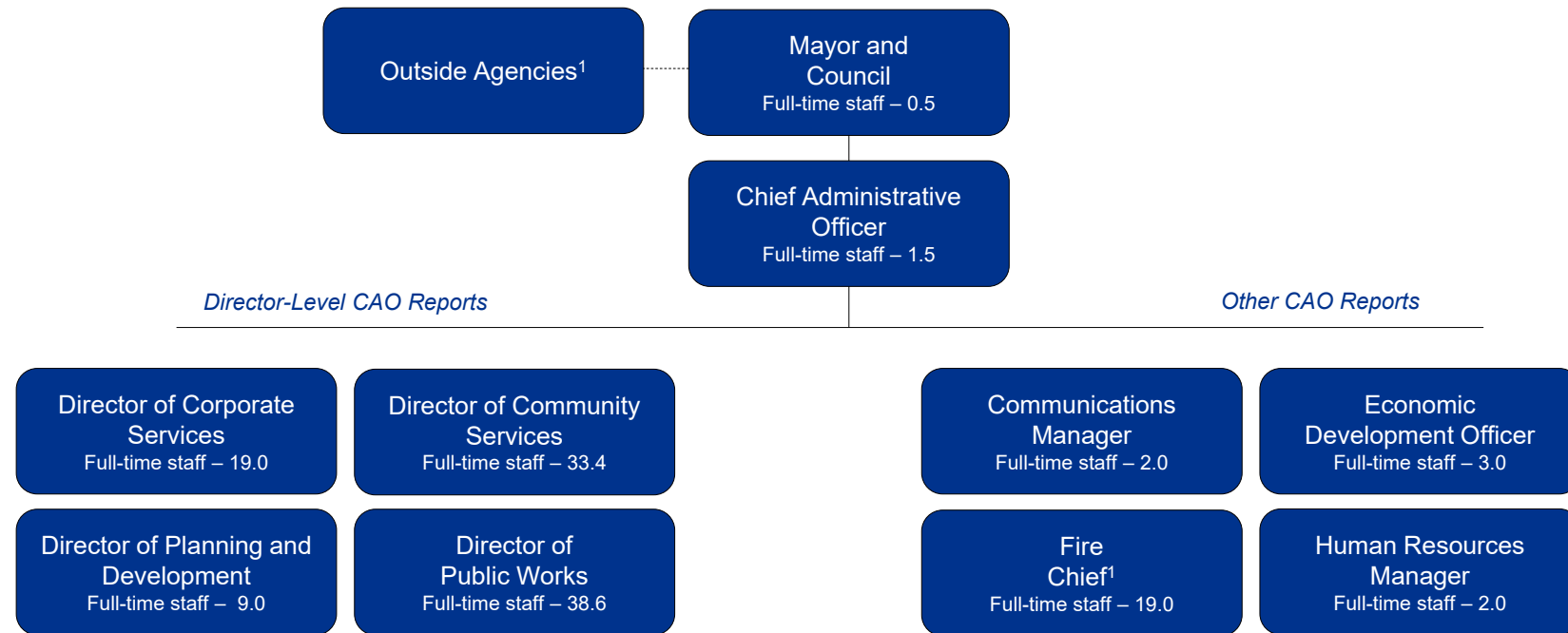
# Corporate Overview



# Corporate Overview

## A. Organizational Structure

The Town's operations are currently structured into four operating departments, each headed by a Director, reporting directly to the CAO, with four non-Director CAO reports. As noted below, there is a degree of disparity between functional units with respect to the number of full-time employees, with some directors having higher staff complements than others (budgeted full-time staff positions are indicated below).



Organizational charts for individual departments are included as Appendix A.

<sup>1</sup> Pursuant to the terms of reference, police, fire suppression, training and prevention, library and conservation authority are excluded from the scope of review.



# Corporate Overview

## **B. Full-Time Staffing**

The Town's 2021 budget reflects a budgeted full-time staffing complement of 110 employees for those services included in the scope of our review, with a total budgeted salary cost of \$7,773,859<sup>2</sup>. During the period 2011 to 2016, the Town's budgeted full-time staffing complement has increased by a net total of 16 positions, with a further five net full-time positions added during the last five years (2016 to 2021). Notable increases in staffing primarily due to:

- Increased staffing for Community Services as a result of the construction of the Cobourg Community Centre ("CCC") in the fall of 2011 and a corresponding increase in the number of parks attendants (+12 positions);
- Increased resources for corporate services, including human resources, finance and facilities (+4 positions);
- The establishment of a communications function within the Town (+2 positions);
- Increased staffing for legislative services, specifically the addition of a Deputy Clerk and Accessibility and Diversity Coordinator (+2 positions).

The budgeted staffing complement includes positions that are vacant, some of which do not have associated budgeted salary costs.

# Corporate Overview

## B. Part-Time Staffing

With respect to part-time staffing, the Town's 2021 budget includes a total of \$569,014 in part-time staffing cost, the majority of which (\$443,292 or 78%) relates to students hired to either (1) meet seasonal demands during the summer for parks maintenance (e.g. grass cutting), marina or campground operations; and (2) to provide part-time workforce to the CCC.

As noted in the summary, the Town has not budgeted part-time wages in 2021 for either its Tourist Ambassador Program or the Concert Hall as these programs were discontinued due to the COVID-19 pandemic. To the extent that these programs are reintroduced in 2022, the Town's budget would experience an increase due to the inclusion of both full and part-time wages for both programs. A summary of the budgeted full and part-time wages for these programs is provided below.

Program	Full-Time Wages	Part-time Wages	Total
Tourist Ambassador Program	–	\$45,940	\$45,940
Concert Hall	\$208,566	\$14,546	\$223,112
Total	\$208,566	\$60,486	\$269,052

## C. Contracted Services

The Town's budget format separately discloses contracted services, as well as budgeted costs associated with specific initiatives. Based on a departmental line-by-line review, we have identified a total of \$2.648 million in contracted/purchased services, comprised of professional fees, contracted services and other third-party costs.

With respect to the Town's budgeted costs for purchased services, we make the following comments and observations:

- The largest contracted expense relates to the Town's transit service, which has a total budgeted cost of \$944,000 (36% of total contracted services costs) and reflects the Town's decision to deliver transit services through a third-party as opposed to direct delivery. Other contracted costs that reflect the Town's decision to use third-party delivery models include animal control (\$101,032) and economic development (\$45,000).
- The Town has made a relatively significant investment in cybersecurity protection, with total contracted costs of \$192,300, with a further \$40,000 budgeted for completion of the Town's information technology strategic plan. Overall, budgeted contracted costs for information technology amount to \$268,300 (10% of total contracted services costs).



# Corporate Overview

- Consistent with other municipalities, the Town utilizes third party contractors for some roads maintenance and other public works activities, including specialized services such as line painting and traffic signal maintenance. Overall, total contracted services costs for public works amounted to \$383,000 (14% of total contracted services), which includes \$70,000 in parking lot maintenance that is funded through user fees as opposed to the municipal levy. The results of the service delivery review indicated that the Town's cost of roads maintenance activities, expressed on a per lane kilometer basis, was generally lower than the selected comparator municipalities and as such, we do not view the Town's contracted service costs for public works to be unreasonable.
- Budgeted costs for contracted services include a number of special projects that are typically provided by external advisors, the more significant of which include the development of a sustainability master plan (\$131,000), the preparation of a development charges study (\$40,000), an update of the Town's official plan and zoning by-law (\$70,000) and the development of plans for the Heritage Conservation District (\$40,000) and Cobourg East Development Area (\$20,000). Overall, the total budget for planning-related contracted costs (including committee of adjustment and heritage planning) is \$273,000 (10%).
- In certain instances, contracted services costs are determined by the nature of the Town's infrastructure. For example, the Town has budgeted \$71,000 for the maintenance of the Victoria Hall building systems (which is typically undertaken by contractors as opposed to directly by municipalities) and \$50,000 for the cleaning of beach washrooms.
- Overall, the Town has budgeted a total of \$83,500 for legal fees, which includes regular corporate legal services and specialized legal services relating to planning, human resources and other functional areas. Based on our experience with similar sized municipalities, we do not consider this level of expenditure for legal services to be excessively high in comparison to other municipalities.



Town of Cobourg

# Key Observations and Findings



# Key Observations and Findings

The terms of reference for the Review were established in our engagement letter dated June 1, 2021 which incorporated the proposed workplan outlined in our proposal to the Town dated March 23, 2021. Consistent with the Town's request for proposal document RFP# CO-21-13-CAO, the overall objective of the Review was the development of courses of action for an enhanced organizational structure, staffing model and decision-making framework that ensures the effective and efficient delivery of municipal services both within the Town and with external parties.

During the course of the Review, we identified a number of positive aspects of the Town's operations, examples of which include the following:

- The Town has appointed a dedicated Accessibility and Diversity Coordinator, demonstrating its commitment to ensuring compliance with the *Accessibility for Ontarians with Disability Act, 2005* ("AODA") as well as fostering an inclusive workplace and community;
- The Town's budgetary processes demonstrate a high level of detailed analysis and best practices in support of expense and revenue forecasting;
- The Town has adopted an innovative approach to building permitting that reduces the potential risk of construction exceeding approved parameters; and
- The Town has established Engaged Cobourg, an online platform that both advises and obtains feedback on Town projects, policies and initiative.

Notwithstanding the above, the objective of the Review was to identify areas for potential enhancements and improvements and as such, our findings and observations do not provide detailed commentary on the positive aspects of the Town's operations. Rather, our finding and observations, and the resultant courses of action identified for consideration by the Town, are primarily intended to identify and address factors contributing towards inefficiencies, increased costs and heightened risk exposures.

This chapter provides a summary of our key observations and findings.

# Key Observations and Findings

## **A. From an overall perspective, the Town's staffing levels and personnel costs are generally consistent with or lower than those of selected comparator municipalities**

We have included as Appendix B an analysis of reported full-time staffing levels and total personnel costs (wages and benefits) for single and lower tier municipalities with population levels within 3,000 residents of the Town's reported population of 19,440 residents (i.e. population levels of 16,440 to 22,440 residents)<sup>3</sup>. While the Town's full-time staffing levels and personnel costs are towards the upper end of the range for the 28 municipalities included in the analysis (6<sup>th</sup> highest and 7<sup>th</sup> highest, respectively), it appears that this reflects, at least in part, the Town's services and service levels:

- As identified in the 2020 service delivery review, the Town has a higher level of investment in Community Services, reflecting both its focus on cultural and special events in support of tourism development, as well as the personnel requirements associated with the CCC. To the extent that parks and recreation personnel are excluded from the analysis, the Town would have the 11<sup>th</sup> highest full-time staffing, which is in the mid-range of the 28 municipalities included in the analysis.
- While the comparator municipalities were selected based on similar population levels, we note that a number appear to be predominantly rural in nature (based on their total geographic area), which often translates in a lower service levels than more urbanized communities. To the extent that the analysis only considers more urbanized communities (i.e. municipalities smaller than 75 km<sup>2</sup>), we note that the Town's full-time staffing complement and personnel costs would be the second lowest of the five smaller communities.

The analysis also indicates that the Town's historical increase in full-time staffing (14 full-time staff added during the period 2011 to 2019) is generally consistent with the experience of the other selected municipalities:

- Three municipalities reported decreases in full-time staffing, with an additional municipality reporting no change to full-time staffing;
- Eight municipalities reported increases in full-time staffing of ten or fewer positions;
- Nine municipalities reported increases of 11 to 15 full-time positions (including the Town); and
- Seven municipalities reported increases of more than 15 full-time positions.

As noted in Appendix B, the average annual change in total wages and benefits from 2011 to 2019 ranged from 2.6% to 6.4%, reflecting a combination of changes in staffing complement and annual compensation adjustments. We note that municipalities that reported either decreases or no change in full-time staffing complements reported personnel cost increases of 1.6% to 3.0% (which we consider to be indicative of the rate of general salary increases), which is consistent with the Town's historical increase in annual compensation levels.

<sup>3</sup> Excludes fire and police services as these services are excluded from the terms of reference and will also vary based on the selected service delivery model (e.g. composite vs. volunteer fire service, municipal police force vs. Ontario Provincial Police).

# Key Observations and Findings

At a more detailed level, an analysis of selected municipalities identifies areas where the Town's full-time staffing levels appear to be low, potentially indicating the need for additional investment in personnel resources.

	Cobourg	Essex	Collingwood	Midland	Huntsville	Owen Sound
Legislative Services	4.0	4.0	9.0	3.0	6.0	5.0
Finance	7.0	10.0	10.0	9.0	8.0	12.0
Human Resources	2.0	1.7	3.0	3.0	3.0	2.0
Information Technology	1.0	3.0	4.0	5.0	3.0	4.0
Planning and Building Services	9.0	9.4	13.5	7.0	15.0	9.0

In addition to staffing levels, the Review also indicated a number of positions that are present in other municipalities but which are absent within the Town, including:

- Centralized procurement;
- Asset management planning;
- Long-range planning;
- Customer service management;
- Legal and risk management; and
- Climate change initiatives.

While the Town currently lacks full-time staff dedicated to these activities, we do note that these functions are being undertaken by existing management personnel. For example, Directors and Managers are responsible for undertaking procurement relating to their respective departments, while asset management planning functions involve the Town's Finance and Engineering functions. In some cases, however, we understand that the Town is required to retain third party advisors to complement its internal resources at a potential cost inefficiency to the Town. For example, we were advised that the Town recently incurred \$85,000 for project management services associated with the development of its community sustainability plan, which is comparable to the annual salary of a manager-level staff person.



# Key Observations and Findings

## B. The Town appears to be at risk of failing to achieve its strategic priorities

The Town has adopted a strategic plan for the current term of Council (2019 to 2022) that identifies a number of strategic actions based on five broad categories (people, places, partnerships, programs, prosperity), which each action assigned to specific staff within the Town. On an annual basis, the Town provides an update as to the progress against the strategic plan that indicates whether initiatives are complete, in progress or yet to be started.

The most recent update was prepared in August 2021 and indicates that while the Town has made progress in attaining its strategic priorities, more than a third of identified action items have yet to be started, with less than 30% of action items completed.

Category	Number of Identified Action Items By Status				Percentage of Identified Action Items By Status		
	Completed	In Progress	Not Started	Total	Completed	In Progress	Not Started
People	8	7	8	23	35%	30%	35%
Places	8	6	5	19	42%	32%	26%
Partnerships	2	2	8	12	17%	17%	66%
Programs	4	11	3	18	22%	61%	17%
Prosperity	5	7	8	20	25%	35%	40%
<b>Total</b>	<b>27</b>	<b>33</b>	<b>32</b>	<b>92</b>	<b>29%</b>	<b>36%</b>	<b>35%</b>

Arguably, the issue of staffing – and more importantly, the capacity of existing staff to assume responsibility for strategic initiatives – represents a significant challenge and constraint for the Town. For example, we note that while responsibility for a number of strategic action items under the Prosperity category is assigned to the CAO and Economic Development Officer, the current vacancy in the Economic Development Officer position means that the CAO is exclusively responsible for the completion of these strategic action items, which results in a scenario where (i) the CAO's capacity is diverted from other areas, reducing the overall level of strategic management capacity available to the Town; or (ii) strategic action items are not pursued. Similarly, we note that the Manager of Legislative Services is assigned responsibility for a number of strategic actions under the Programs category while at the same time being assigned responsibility for legislative services, policy updates, aspects of centralized procurement and bylaw enforcement, which increases the risk that those strategic action items will not be fully pursued and implemented.

# Key Observations and Findings

In addition to limiting the attainment of the Town's strategic plan, it appears that staffing limitations are also impacting the ability of the Town to meet other areas of focus and priority identified by members of Council. During the course of the Review, a number of Councilors expressed a desire for enhanced transparency, accountability and customer service excellence, which would require:

- The development of key performance indicators ("KPI's") for Town operations and the ongoing collection of data to report on the Town's results against these KPI's; and
- The development and execution of a formal customer service strategy that would include, among other elements, formal customer service performance standards (e.g. time to respond to a customer request for service) and the ongoing reporting of the Town's performance against these standards.

Typically, KPI reporting and customer service falls within the mandate of finance and legislative services functions, both of which (i) appear to have staffing levels that are less than the selected comparator municipalities, potentially limiting their ability to address these Council-identified priorities; (ii) have high levels of existing assigned responsibilities which in certain cases include new regulatory requirements (AODA, asset management planning under the *Infrastructure for Jobs and Prosperity Act, 2015*); and (iii) in the case of Legislative Services, the assignment of responsibilities that often fall to other departments in other municipalities (e.g. aspects of procurement, policy development). Accordingly, it appears that the attainment of these other priorities is also challenged due to staffing limitations.

## **C. Customer service, while identified as a priority by the Town, appears to require improvement**

While the Town's strategic plan identifies improving customer service as a strategic priority (with responsibility assigned to all Departments), it currently does not have a dedicated customer service function (responsibility is currently assigned to Legislative Services) or a formal customer service strategy. In the absence of these elements, the Town does not have established standards for customer service (e.g. minimum times for responding to client inquiries, minimum satisfaction levels for survey responses), does not track or measure customer service experience and has not revised its processes, internal policies or job descriptions to enhance the importance of and focus on customer service. As a result, there appears to be a disconnect between the strategic importance placed by Council on customer service and the Town's operational focus on customer service.

In order to determine residents' satisfaction with the Town's delivery of service, the Town undertook an online survey, which obtained responses from 219 residents. We have included on the following page a summary of responses received.

# Key Observations and Findings

## Accessing Town Services – Use of Channels

	In-Person	Telephone	Email	Social Media	Website	Mobile App	Other
During your last contact with the Town, what channel did you use?	19.9%	28.8%	31.5%	5.3%	12.3%	0.3%	2.0%
What is your preferred method of communication with the Town?	16.3%	29.0%	43.9%	0.5%	8.6%	0.9%	0.9%
Difference between actual and preferred contact channel	3.6%	0.2%	12.4%	4.8%	3.7%	0.6%	1.1%

The survey indicated a relative concentration of customer interactions in four main channels – in-person, telephone, email and the Town’s website – which collectively accounted for over 90% of customer interactions. The Town appears to provide a balance of access that is consistent with customer preferences, although survey respondents appear to prefer a higher level of email interactions and a lower level of interactions through the Town’s website and social media platforms, which could be reflective of (i) the ability to provide more tailored requests for services and/or information through a email as opposed to a web-based platform; and/or (ii) the perception that an email will result in a more timely or complete response from the Town. In response to the survey findings, the Town may wish to consider revisions to its web-based service channels, including the enhancement of existing channels to improve customer interface and the deployment of additional service offerings.

# Key Observations and Findings

## Accessing Town Services – Customer Interactions

<i>(not applicable responses excluded)</i>	Strongly Agree	Agree	Total Agree	Disagree	Strongly Disagree
I found the information I was searching for easily	11.1%	54.0%	67.1%	23.2%	9.7%
I found it easy to know which Town department to contact about my inquiry	17.9%	53.6%	71.5%	23.7%	4.8%
During my contact with the Town, the response to my inquiry was prompt	20.7%	47.5%	68.2%	16.7%	15.2%
During my contact with the Town, staff displayed a positive, helpful and knowledgeable attitude	22.9%	53.1%	76.0%	15.1%	8.9%
During my contact with the Town, staff provided clear and concise information	23.2%	48.9%	72.1%	18.9%	8.9%

In the absence of a formal customer service strategy that outlines minimum thresholds for customer satisfaction, the results of the survey are admitted subject to interpretation. For the purpose of our report, however, we have considered a threshold of 80% to represent the expected level of customer service satisfaction. As noted above, while Town staff approach this threshold both in terms of their interactions with clients (76%) and the quality of the information provided (72%), there appear to be issues relating to the timeliness of responses (68%), which we believe reflects, at least in part, the absence of a formally defined service standard.

# Key Observations and Findings

## Accessing Town Services – Effectiveness of the Town’s Response

<i>(not applicable responses excluded)</i>	Once	Twice	More Than Twice	Issue Was Not Resolved
How many times did you contact the Town to get your issue resolved	51.0%	17.3%	13.3%	18.4%

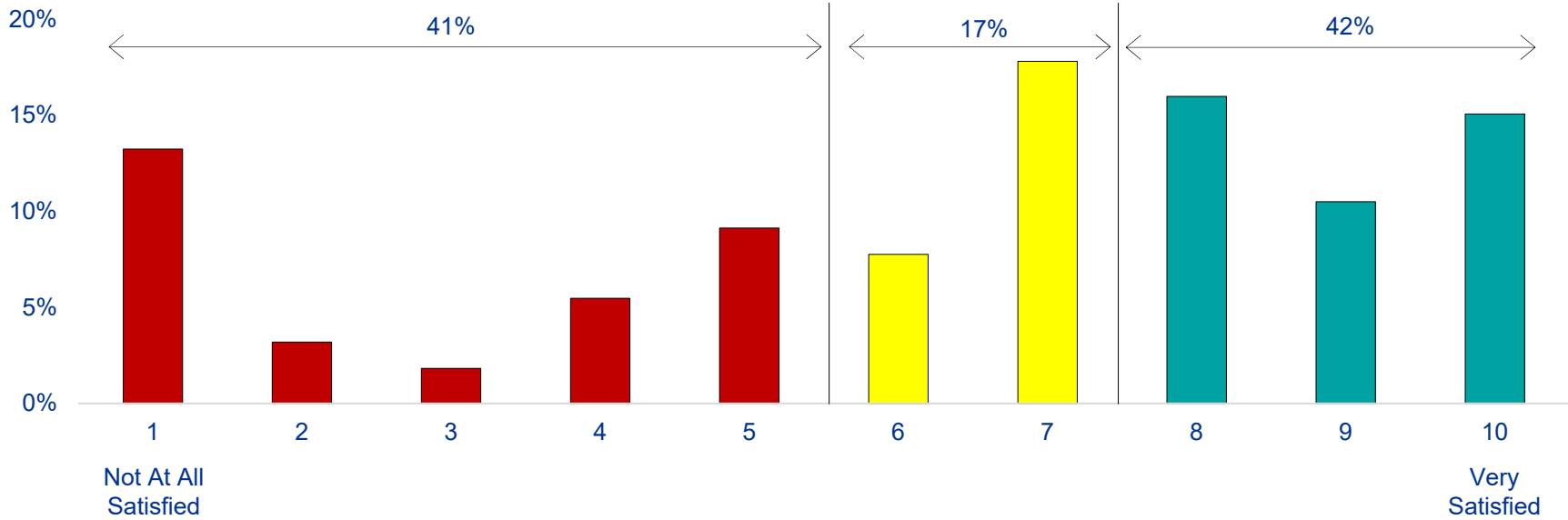
<i>(not applicable responses excluded)</i>	Yes	No
In the end, did you get what you needed	64.0%	36.0%

While subject to interpretation, it appears that the Town is effective in resolving customer issues with limited interactions, with 68% of issues resolved within two customer interactions. It is important to recognize that certain municipal services involve a high degree of complexity or regulatory requirements, which can lead to either multiple interactions or longer timeframes for resolution. From an overall perspective, less than two-thirds of survey respondents felt that they received what they need from the Town through all interactions (e.g. direct client interactions, searches for information on the Town’s website), which we suggest falls below the expectations of Council, staff and residents.

# Key Observations and Findings

## Accessing Town Services – Overall Customer Satisfaction

How Satisfied Were You Overall With the Customer Service Provided by the Town?



As an overall measure of their satisfaction with the Town’s customer service, respondents were asked to rate their experience on a scale of one to ten, with one indicating they were not at all satisfied and ten indicating they were very satisfied. As noted above, the percentage of respondents that indicated they were unsatisfied (five or less) is comparable to the percentage of respondents indicating a relatively high degree of customer satisfaction (eight or more).

# Key Observations and Findings

As noted earlier, the results of the customer service strategy are subject to interpretation given the absence of formal benchmarks for evaluating the Town's performance. At the same time, the ongoing pandemic has significantly impacted the delivery of most, if not all, municipal services and as such, the survey results may not necessarily be reflective of pre or post-pandemic performance. Notwithstanding these considerations, the results of the survey arguably demonstrate a need to focus on enhancing customer service. While this is consistent with the Town's strategic priorities, we suggest that its attainment is challenged by a number of constraints:

- The Town currently does not have a dedicated customer service function but rather has assigned responsibility to individual departments, potentially leading to a lack of focus or resources due to competing demands.
- The absence of a formal customer service strategy likely reflects, at least in part, the absence of capacity at the senior management level to develop such a strategy. Based on our analysis of other municipalities, we note that customer service is often delivered by (i) a dedicated manager of customer service; or (ii) Legislative Services. At the present time, the Town does not have an individual specifically tasked with customer service and the capacity of the Manager of Legislative Services to assume the development of a customer service strategy is limited due to the current assignment of responsibilities to this individual (Legislative Services, policy development, bylaw enforcement, certain elements associated with procurement).
- A key element of a customer service strategy is the incorporation of customer service responsibilities and expectations into employee job descriptions, along with the establishment of employee recognition programs and the consideration of customer service performance as part of annual performance reviews. We understand that none of these elements are being performed by the Town at the present time due to the limited availability of human resources personnel. As noted earlier in our report, the Town's HR function appears to have a lower level of staffing than selected comparator municipalities (see page 22), which we understand is exacerbated by the fact that the Town's human resources function provides support to Town-related entities, further diluting their capacity to implement personnel-related customer service excellence strategies.
- As noted in the 2019 service delivery review, a number of the Town's processes are characterized by operating inefficiencies, potentially leading to increased time for the delivery of municipal services and responding to customer requests. At the present time, the Town does not have a dedicated resource for continuous improvement activities, with individual departments responsible for addressing their own process inefficiencies. Given the absence of a coordinated approach – effective process improvement typically involves the operating department, human resources and information technology – and the existing demands on staff, the ability of the Town to address these inefficiencies is limited, resulting in a continuation of lower than expected customer service.



# Key Observations and Findings

## D. Employee morale is an area of concern due to performance management gaps

In addition to surveying the perspectives of the Town's residents, the Review also considered the results of an internal survey of the Town's staff that was intended to gauge their views on the Town's performance with respect to a number of personnel matters, which in turn can be used to infer the general level of employee morale and engagement. Approximately 60% of the Town's full-time employee complement completed the survey, the results of which are summarized on the following page.

From an overall perspective, the employee survey appears to highlight a number of concerns relating to employee morale and engagement, particularly with respect to career advancement within the Town, training and development and employee recognition. These findings are consistent with identified limitations in the Town's current human resources function, including:

- The absence of a formal succession plan;
- The absence of a formal training strategy, including protocols for identifying staff training needs and monitoring the extent of training provided;
- The absence of a fulsome performance review process that links goal setting to strategic priorities and measures actual performance on a timely basis;
- Limited employee recognition programs, with 65% of survey respondents indicating that the Town does not do enough to recognize and reward staff; and
- The absence of a formal process to obtain staff input into continuous improvement, with staff evenly divided as to whether the Town is open to change.

As identified elsewhere in our report, the absence of these personnel management activities likely reflects the combined impacts of:

- Process inefficiencies within the Town's human resources function, specifically the absence of a formal HRIS which requires staff to accumulate information manually;
- The involvement of the Town's human resources personnel in the provision of services to other related entities, which we understand can require up to 20% of the Department's capacity; and
- Lower staffing levels in comparison to other municipalities.

As a consequence of low morale and engagement levels, as well as the absence of effective personnel management processes, the Town could potentially be exposed to higher staff turnover, service issues resulting from training gaps, morale impacts on operating effectiveness and customer service and the potential for unidentified or unaddressed performance issues.

# Key Observations and Findings

	Strongly Agree	Agree	Total Agree
I have the tools and resources I need to do my job well	14.3%	51.6%	65.9%
Most days, I see positive results because of my work	15.4%	60.4%	75.8%
My work is valued by this organization	14.3%	42.9%	57.2%
I receive the training I need to do my job well	20.0%	45.6%	65.6%
The amount of work I am expected to do is reasonable	12.1%	45.1%	57.2%
The people I work with take accountability and ownership for results	30.8%	44.0%	74.8%
The people I work with treat me with respect	35.2%	40.7%	75.9%
My coworkers and I openly talk about what needs to be done to be more effective	39.6%	40.7%	80.3%
My manager helps me understand how my work is important to the organization	20.2%	37.1%	57.3%
My manager is approachable and easy to talk to	34.8%	32.6%	67.4%
My manager creates a motivating and energizing workplace	13.5%	37.1%	50.6%
My manager sets high expectations for our team's performance	15.9%	40.9%	56.8%
This organization provides attractive opportunities for training and development	8.9%	27.8%	36.7%
My opinions are sought on issues that affect me and my job	9.0%	43.8%	52.8%
This organization cares about its employees	8.8%	33.0%	41.8%
There are opportunities for my own advancement in this organization	3.4%	25.8%	29.2%
I would recommend the Town of Cobourg as a great place to work	13.2%	41.8%	55.0%

# Key Observations and Findings

## E. The Town faces risk exposures that, if materialized, can be significant

Our analysis of selected similar sized municipalities has identified certain internal functions/capacities that do not appear to be specifically resourced within the Town but rather undertaken through the assignment of responsibility to individual directors and managers. Specifically, we note that:

1. The Town does not have a centralized procurement function, instead relying on individual departments to undertake their own individual procurements and contract awards. While the Manager of Legislative Services has been assigned responsibility for aspects of a centralized procurement function, we understand that progress in these areas has been limited due to competing demands and responsibilities, including legislative services, AODA compliance, bylaw enforcement and policy development. As a result of the Town's decentralized procurement function, we understand that a number of best practices for procurement have not been adopted, including but not limited to:
  - Corporate-wide procurement documents, including standard terms and conditions for contract awards that ensure an appropriate transfer of risk from the Town to third-party service providers. While certain departments (e.g. Public Works) have standardized their procurement approaches, we understand this is not consistent across the Town, with the potential for so-called failed procurements that could result in (i) procurement improprieties, including secret commissions; (ii) increased costs due to the inadequate transfer of risk to third party suppliers and/or ambiguities in contract terms that result in cost escalations for out-of-scope work; (iii) reputational risk due to perceptions of unfair procurement by the Town.
  - Contract and agreement monitoring, including a process for tracking contract expiration dates, cost escalation provisions (e.g. annual increases in costs based on anniversary dates) and compliance with the Town's procurement policies (including whether contracts have actually been executed);
  - Compliance with legislation relating to procurement, including the Canadian Free Trade Agreement, the Comprehensive Economic and Trade Agreement and the Ontario-Quebec Trade and Cooperation Agreement; and
  - Spend analysis intended to support enhanced procurement efficiencies, including product standardization, inventory vs. purchased stock, supplier consolidation and use of alternative procurement methods.
2. The Town currently does not have a dedicated long-range planning function (e.g. Official Plan updates, CIP development, active transportation planning, adoption of planning standards to facilitate affordable housing development) but rather relies on Planning Department personnel to undertake long-range planning in addition to their processing of development applications. In anticipation of increased growth and development in the community as a result of the Growth Plan for the Greater Golden Horseshoe (2020), the ability of the Town to appropriately balance development applications with long-range planning is expected to be increasingly problematic in the short to mid-term future, with the risk of unintended consequences from a planning perspective (e.g. increased congestion, development sprawl, development that is inconsistent with the Town's development standards).

# Key Observations and Findings

3. The Town does not have a dedicated asset management function, with asset management responsibilities currently divided between its Finance and Engineering functions. In the absence of a coordinated approach, the potential exists for the delayed identification of significant capital investment/reinvestment requirements, limiting the timeframe for the Town to plan and efficiently finance capital costs. We understand that while the Town's Engineering function has the capability to undertake longer-term infrastructure planning, it is currently focused on the immediate delivery of capital projects as well as participating in the review and approval of development applications, limiting its capacity to perform broader infrastructure planning.
4. The Town lacks a dedicated capability for environmental and energy efficiency strategies and as a result, may be exposed to increased utility and operating costs, as well as higher environmental emissions, due to the absence of sufficient capacity to identify and implement energy efficiency and other conservation projects.
5. While the Town maintains a robust information technology capacity (including cybersecurity measures) through a combination of its internal staff and external service providers, we note that the level of staffing at the Town is significantly lower than the selected comparator municipalities. To a certain extent, we believe that the relatively low staffing levels may limit the Town's ability to implement necessary changes to its information technology environment in support of the realization of operating efficiencies and customer service improvements (e.g. introduction of a formal HRIS and customer relationship management system ("CRM"), digitization of manual processes, increased service offerings through remote delivery channels).

# Key Observations and Findings

## F. The Town's current ways of working (policies, processes and decision-making forums) contribute towards its existing resource demands and pressures

While the results of our analysis indicate that the Town's staffing – both in terms of the number of employees and internal capabilities – is generally lower than comparable municipalities, the Town's current ways of working also contribute to the Town's resource demands and capacity pressures. **Accordingly, we do not believe that the Town's current challenges are due entirely to its staffing levels but are also the result of how existing staff are utilized and the inherent inefficiencies in the Town's processes.**

During the course of the 2020 Service Delivery Review, process maps were developed for a number of the Town's key processes (finance, building services, planning, parks and recreation, public works) that identified a number of process inefficiencies, including but not limited to duplicate work efforts, the reliance on manual as opposed to automated processes, staff undertaking work with limited value (e.g. overly complex processes). In addition to these findings, the Review has identified additional issues with respect to the Town's ways of working that increase demands on staff and reduce the overall efficiency of its operations:

- The Town currently does not have a formal HRIS, requiring human resources personnel to manually accumulate information relating to employee seniority, time banks and other personnel-related data. The use of management-level personnel for data accumulate reflects the inefficient use of staff and diverts capacity away from higher impact activities, including succession planning, training strategies, employee recognition programs and performance management.
- A number of similar sized municipalities have adopted Delegation of Authority Bylaws pursuant to Section 270(1) of the *Municipal Act, 2001*, which allow council to delegate decision-making authority for routine or lower risk decisions (e.g. execute minor site plan or subdivision agreement amendments, sign minutes of settlement for matters before the assessment review board or Local Planning Appeal Tribunal, grant authority to approve minor fee and service charge rebates), which eliminates the need for staff reports to Council. We note that the Town has not adopted a delegation of authority bylaw and as a result, relatively routine and minor matters are still required to be brought to Council.
- Under the Town's Procurement Bylaw, Directors and the CAO have the authority to approve purchases up to \$5,000 and \$50,000 in value, respectively, with procurements in excess of \$50,000 requiring Council approval. We note that this level of delegated authority is significantly lower than selected comparator municipalities which allow for a higher level of approvals. For example, the Town of Midland allows directors to approve certain procurements up to \$100,000, with the CAO authorized to approval procurements over \$100,000 except where (i) statute prescribes Council's approval; (ii) the procurement is made under an exemption from the bylaw (e.g. non-competitive procurement); (iii) the budget has not been approved for the procurement; (iv) increased funding from a reserve fund is required; or (v) change orders exceed \$50,000. The current authorities for procurement approvals, including the requirement for Council to approval all procurements (as opposed to specific circumstances), significantly increases the time and effort required for procurement approvals.

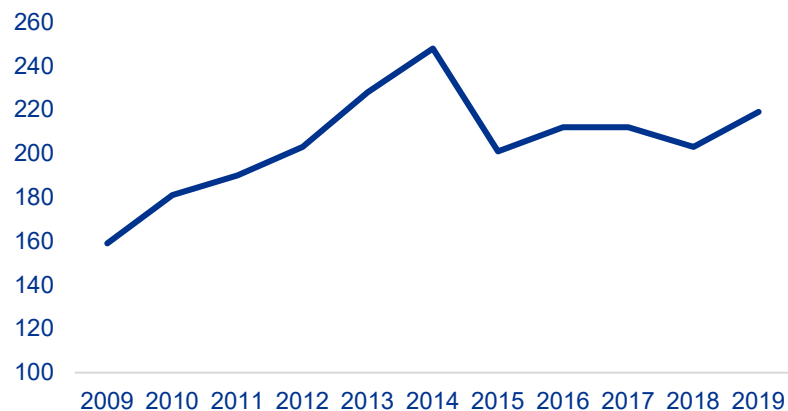
# Key Observations and Findings

## G. In light of anticipated future growth, resource demands and pressures are expected to increase in the near to mid-term future

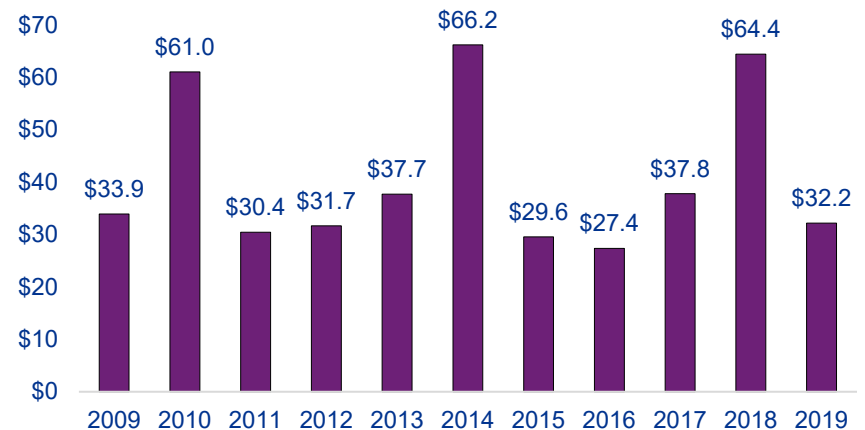
Under the Growth Plan for the Greater Golden Horseshoe, Northumberland County in general and the Town in particular are expected to experience significant population growth in the next 15 years. While the Official Plan for Northumberland County is currently in the process of being updated, we note that the original projections anticipate that the Town's population will increase to more than 26,000 by 2034, with almost 3,100 new housing units forecasted to be constructed. We understand that the anticipated increase in development has already begun to materialize, with 40 active development applications currently in various stages of the planning and development approvals process, representing more than 3,500 dwelling units and almost 500,000 square feet of non-residential development.

As noted below, the historical level of the Town's development activity has remained relatively consistent over the past decade, the level of anticipated development is expected to create additional demands on the Town's planning and building services functions, with the likely outcome being either (i) a need for additional resources to meet the requirements and service level standards of legislation and the development community; or (ii) the acceptance of service level reductions, either in the form of increased time for the approval of applications or reduced diligence and inspections on applications and construction.

Number of Building Permits Issued



Value of Building Permits (in millions)



# Key Observations and Findings

While the impact of future growth will likely be most felt by the Town's planning and building services functions, it is reasonable to assume that the anticipated development will also increase demand on other functional area including but not limited to (i) infrastructure planning for the Town's road network and other infrastructure in order to accommodate the higher population and usage levels; (ii) transit planning in the event that the increase in population results in increased demand for transit services, route alternatives and on-demand transit; (iii) bylaw enforcement due to increase pressures on parking; and (iv) planning for additional strategies to encourage the development of affordable housing, including the use of tax incentive grants (either through a community improvement plan or municipal capital facility agreements) and provisions under the Planning Act that can support affordable housing development.





Town of Cobourg

# Potential Courses of Action



# Potential Courses of Action

Based on the results of the Review, it appears that the Town's operations are significantly challenged and constrained by operating inefficiencies, the absence of strategic-level activities (e.g. long-range planning, corporate-wide performance monitoring), concerns over customer service and employee morale and potential exposures arising from insufficient focus and response to risk factors. From a root cause perspective, the analysis indicates that the current situation is due to a combination of:

- Lower levels of staffing in certain key areas and capacities; and
- The general inefficiency of the Town's ways of working (including its processes, policies and decision-making forums), which increases the time required to complete tasks, impacts the level of customer service provided by the Town and diverts staff from higher impact strategic activities to more administrative and operational functions.

In response to the findings of the Review, we have developed potential courses of action that can be considered by the Town in order to ensure the effective and efficient delivery of municipal services that meets the expected level of customer service excellence, appropriately addresses key risk exposures and contributes towards an engaged workforce. These courses of action, which are summarized on the following pages, are divided into the following categories:

- Staffing adjustments that are intended to (i) balance resources with demand; (ii) appropriately address risk exposures; and/or (iii) provide capacity to implement operational changes.
- Organizational realignment to contribute towards enhanced service delivery and corporate-wide strategies.
- Changes to the Town's policy environment to right-size its decision-making processes.
- Changes to the Town's operating processes and ways of working.

These strategies are discussed in further detail on the following pages.

# Staffing Adjustments

In response to the identified risks and pressures facing the Town, we have identified upwards of 13 employee additions that can be considered by the Town, to be funded through a combination of user fees, financial savings and taxation. As summarized below, these employee additions are intended to either:

- Support strategic initiatives, including continuous improvement and customer service excellence
- Respond to growth pressures that are emerging and increasing demand for municipal services
- Enhance the Town's ability to identify, manage and respond to significant risk areas and corporate requirements.

Suggested job descriptions for each position have been provided under separate cover to the Town.

Employee Addition	Basis for Course of Action
<p>Manager of the Office of the CAO</p>	<p>This position is a dedicated resource that would assume administrative and operational tasks from the CAO, as well as act as the CAO's delegate in certain instances, in order to provide increased capacity for the CAO to focus on strategic-level initiatives, executing Council's direction, partnership development and team development. The results of the service delivery and operational review identified significant pressures and time demands for the CAO that have required the focus on administrative issues (e.g. report writing) as opposed to higher value strategic items (the absence of progress on certain elements of the Town's strategic plan demonstrates this situation). Additional demands on the CAO's capacity also result from (i) the need for the CAO to assist Directors with their own responsibilities (which reflect capacity constraints on the part of Directors); and (ii) the emergence of high profile issues that require the immediate attention of the CAO create, further limiting the capacity of the CAO to achieve progress on strategic initiatives.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Manager of Transformation Initiatives</p>	<p>This is a dedicated resource responsible for leading the Town's initiatives relating to (i) customer service; (ii) continuous improvement; and (iii) performance measurement and reporting. This will ensure adoption of best practices for transformation activities and contribute towards a corporate-wide focus on strategic initiatives (as opposed to the delegation of responsibility to individual departments). At the present time, responsibility for these key priorities rests with the CAO and the Directors, resulting in the absence of a centralized approach and the limited focus given competing demands. In addition, the establishment and execution of continuous improvement and customer service strategies is optimized where specific technical expertise (e.g. LEAN greenbelt training) and past experience are available. The Town currently does not have the requisite skills or capacity to undertake these initiatives within the organization without significantly disrupting other aspects of its operations, resulting in the recommendation to create a new position. The establishment of this position is also intended to increase the scope of application of these strategies as the Manager of Transformation Initiatives is able to work directly with Directors and has CAO-level support, as opposed to relying on personnel within a specific department that may not receive the same level of cooperation and support within the organization.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
Program Support Financial Analyst	<p>The Town currently employs a financial analyst that provides support within the Finance Department for financial analysis and planning and reporting. While Directors and Managers within the Town's functional areas are responsible for the management of their budgets and the investigation of variances (and are provided with access to relevant financial information), the organizational review has identified a general need for increased financial support to functional departments. As opposed to assisting the Finance Department, the Program Support Financial Analyst would act as a resource for functional units, assisting with the development of budgets, the analysis of budget variances throughout the year, financial analysis relating to business cases for new initiatives, financial reporting associated with grants and the development and reporting of financial indicators. The use of program support financial analysts has been adopted by other municipalities as a means of elevating financial oversight and accountability and supplementing the level of financial support available to functional managers.</p>
Building inspector/Plans examiner	<p>As noted earlier in our report, the Town is experiencing a significant increase in development, with a corresponding increase in planning and building permit applications. For example, there are currently 3,500 housing units at various stages of the planning application and approval process. While the current level of resources has been sufficient to address the demands of the development community (200 to 250 residential permits per year) while at the same time meeting the expectations of the development community, the level of anticipated building permit activity is expected to require either (1) an increase in capacity to receive, review and approve building permit applications and conduct the subsequent inspections; or (2) reduce service level standards for the development community. The addition of this position is intended to ensure that the Town can continue to meet the service level expectations of the development community while at the same time protecting future property owners by ensuring compliance with the Ontario Building Code.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Manager of Long Range Planning</p>	<p>The Town currently maintains a consolidated planning function, with no delineation between development application approvals and long range planning. Long range planning is a necessary requirement for accommodating growth, ensuring congruence between long range planning and the Town's priorities from a planning perspective (e.g. intensification, use of employment lands) and utilizing planning tools to achieve the Council's strategic priorities and address public policy issues (e.g. use of incentives and other tools under the Planning Act to support affordable housing development). In the absence of a dedicated long range planning position, the Town is required to rely other either (1) existing staff, recognizing that they have limited capacity due to the need to focus on development application review and approvals; and/or (2) external advisors. As noted earlier in our report, the Town incurred over \$220,000 in contract costs for planning related activities (sustainability master plan, official plan and zoning bylaw update, heritage and economic development planning) at a higher cost than internal resources. The addition of a Manager of Long Range Planning is intended to ensure an appropriate focus on long range planning without the need to divert resources from planning application approvals.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
Grant Writer/Policy Writer	<p>Currently, responsibility for grant writing rests with the individual functional departments, who are required to identify and respond to grants in addition to their other duties. As such, capacity for the investigation and pursuit of new revenues is limited by other demands on Town staff, potentially resulting in instances of missed revenues. At the same time, the development and updating of corporate policies rests with the Manager of Legislative Services, with involvement from Council, the CAO and functional managers. The current process involves a high degree of staff involvement and requires a shift in existing capacity from other functions, which may not be sufficient based on the other demands on the Manager of Legislative Services and functional managers. At the same time, gaps in the Town's policy environment exposes it to potential risks from a reputational and regulatory perspective, which may ultimately result in legal exposure and financial costs.</p> <p>The addition of a grant and policy writer is intended to enhance the Town's ability to secure funding for specific initiatives (both operating and capital), while also allowing for dedicated appropriate resources for policy development and updating. The position is structured as a dual-role responsibility (grants and policy) given the expectation that the level of work associated with the individual elements is not sufficient to support a full-time position.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Manager of Infrastructure Planning</p>	<p>Consistent with its planning function, the Town's current approach to infrastructure management does not delineate between the delivery of capital projects (e.g. procurement, contract administration, commissioning) and longer term infrastructure planning. The organizational review identified the fact that the Town's engineering resources are predominantly focused on capital project delivery, with long term planning delivered on ad hoc basis. Additionally, the Town has limited capacity to undertake other infrastructure planning that is focused on key priorities, including environmental sustainability initiatives, active transportation planning, transit planning. The Town also lacks a formalized asset management planning function, which not only limits its capacity to conduct long term capital planning and forecasting but also challenges its ability to meet the asset management planning requirements of the Infrastructure for Jobs and Prosperity Fund, which requires asset management plans for core infrastructure by July 1, 2022 and non-core infrastructure by July 1, 2024.</p> <p>The establishment of the Manager of Infrastructure Planning is intended to ensure that the Town has dedicated resources to undertake effective planning for the renewal and replacement of its infrastructure, as well as replace the use of consultants for infrastructure related planning. In addition, the Manager of Infrastructure Planning provides capacity to plan for key environmental, social and governance priorities, including environmental sustainability, active transportation and public transit optimization.</p>



# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Infrastructure Planning Analyst</p>	<p>The position of Infrastructure Planning Analyst is intended to provide technical support to the Manager of Infrastructure Planning. While the Manager of Infrastructure Planning develops strategies and plans for the renewal of the Town’s infrastructure and initiatives focused on sustainability, active transportation and other priority areas of focus, the Infrastructure Planning Analyst undertakes technical research, data analysis, legislative and best practices investigation and creates supporting models for asset management planning, capital forecasting and other planning activities.</p> <p>The addition of the position of Infrastructure Planning Analyst is intended to ensure sufficient capacity for asset management and other long term infrastructure planning while ensuring that the Manager of Infrastructure Planning has the capacity to focus on the development of strategy, policy and financing plans, as opposed to becoming involved in lower level data collection and analysis.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Manager of Procurement</p>	<p>The Town currently lacks a standardized procurement function and as such is exposed to a range of potential risks, including but not limited to (1) the inability to obtain sufficient risk transfer to service providers due to the absence of sufficient provisions in contract agreements; (2) criticism of the Town's procurement processes due to complaints raised by proponents with respect to the fairness of the Town's processes; (3) potential contravention of legislation relating to procurement, most notably the Canada Free Trade Agreement, the Comprehensive Economic and Trade Agreement and the Ontario-Quebec Trade and Cooperation Agreement; (4) potential violations of its procurement policy, including the inappropriate lack of competitive bidding processes and unaddressed conflict of interest situations; (5) higher purchasing costs due to the lack of best practices, poor timing of procurement decisions, lack of clearly defined project terms and scope of work and failing to implement best practices for municipal procurements.</p> <p>The establishment of a Manager of Procurement is intended to address potential risk areas faced by Town with respect to its procurement function, while at the same time ensuring consistency in procurement and compliance with the Town's procurement by-law, alleviating demands on functional managers by centralizing aspects of the procurement function and adjusting the Town's procurement processes to reflect best practices for municipal procurements.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Information Technology Analyst</p>	<p>Currently, the Town's information technology group consists of one employee, with external support for cybersecurity protection and other information technology needs. While the current resources appropriately address cybersecurity and other risks, as well as ensure the day-to-day maintenance of the Town's systems, we understand that additional capacity to assist with technology implementations in support of operating efficiencies (e.g. e-Permitting system, HRIS, CRM) are limited, thereby constraining the ability to realize operating efficiencies through the use of technology. Additionally, we note that the Town budgeted \$40,000 for an information technology strategic plan in 2021, which could potentially have been undertaken with internal resources had sufficient capacity been available.</p> <p>The addition of an Information Technology Analyst position is intended to provide the Town with sufficient capacity to support operating efficiencies through the implementation of new technologies, enhance customer service by increasing access to municipal services through its website and other electronic platforms and support the ongoing adoption of remote/hybrid working models resulting from the pandemic. The position is also intended to provide capacity to meet the demands of internal customers, particularly given that the Town only employs one in-house information technology staff member.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
Human Resource Analyst	<p>As noted earlier in our report, the Town’s human resources function, while having staffing levels that are comparable with or lower than similar sized municipalities, is required to provide services to a range of related parties, resulting in an estimated increase in workload of 20%. At the same time, the Town’s current systems and absence of a formal HRIS increase the level of work required for data collection and analysis and other administrative functions, further increasing workload demands. As a result, key performance management tasks, including but not limited to effective performance management, training strategies and employee recognition are not fully executed, with resultant impacts on employee morale and performance.</p> <p>The addition of a Human Resource Analyst is intended to provide sufficient capacity to meet the administrative needs of the Town’s Human Resources function, allowing the Manager of Human Resources to focus on strategic-level initiatives (e.g. succession planning, training strategy, performance monitoring, training strategy, performance monitoring). This is intended to result in improved employee morale (resulting in enhanced customer service and improved operating efficiency), reduced turnover (resulting in lower costs associated with recruitment and onboarding), improvement management of overtime, sick leave and other absences (reducing personnel costs) and increasing the ability of the Town to identify and address issues surrounding employee performance.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Manager of Economic Development</p>	<p>While the Town has identified a number of action items in its strategic plan related to economic development, it currently does not have a Manager of Economic Development, with responsibility for economic development falling to the CAO. Given the current demands on the CAO, there is limited capacity for the leadership of economic development activities, resulting in a number of the identified action items remaining incomplete. At the same time, other aspects of economic development, including the potential use of financial incentives, are either not pursued or are investigated on an ad hoc basis, with limited direction provided to current staff assigned to economic development activities.</p> <p>The addition of a Manager of Economic Development is intended to contribute to the achievement of Council's strategic priorities with respect to economic development, in turn strengthening the local economy, ensuring the future development and the use of employment lands is aligned with the Town's economic development strategy and implementing best practices and proven strategies for economic development.</p>

# Staffing Adjustments

Employee Addition	Basis for Course of Action
<p>Manager of By-Law Enforcement</p>	<p>The Manager of By-Law Enforcement is a proposed position that would coordinate all aspects of the Town's by-law enforcement activities, providing a consistent approach to by-law enforcement and ensuring sufficient resources and oversight to address specific areas of concern as well as develop an approach that reflects the Town's role as a tourism destination. Currently, by-law enforcement falls under the direction of the Manager of Legislative Services and is impacted by limited capacity due to other responsibilities and demands. The establishment of a specific position for By-Law enforcement would provide the Town with the requisite experience in municipal law enforcement and allow for the development of policies and procedures that incorporate best practices and ensures an appropriate response to by-law infractions and threats to public health and safety.</p> <p>The hiring of a Manager of By-Law Enforcement is consistent with the Town's strategic plan, which identified a requirement for this position.</p>

# Organizational Realignment

In conjunction with the addition of the identified employees, the Town may also wish to undertake an organizational realignment to ensure that resources are appropriately focused on strategic priorities and the potential issues facing the Town. As part of this organizational realignment, the Town may wish to consider:

1. **Establishing the Office of the CAO** as a new department within the Town's organizational structure, which would include (i) the Manager of the Office of the CAO; (ii) the Town's communications function; and (iv) the economic development function.
2. **Delineate the Town's Planning functions** into two separate sections:
  - Development Approvals, which is responsible for the processing of development applications; and
  - Long-Range Planning, which is responsible for Official Plan updates, CIP development and administration and other planning initiatives.
3. **Delineate the Town's Engineering function** into two sections:
  - Capital Project Management, which is responsible for the design and delivery of capital infrastructure projects; and
  - Infrastructure Planning, which is responsible for infrastructure planning in response to projected growth in the community, legislative requirements for asset management planning, transit planning and environmental and energy initiatives.
4. **Structure Legislative Services as a standalone department** to ensure regulatory and legislative input at the executive leadership team level and provide a direct line of reporting to the CAO. Legislative Services represents a key municipal service and most (but not all) similar sized municipalities have organizational structures that have a direct line of reporting between Legislative Services and Corporate Services. In addition, the current practice and assignment of responsibilities to the Manager of Legislative Services is consistent with Director-level allocations. Both of these considerations support the separation of Legislative Services into a separate department.

In establishing the Department of Legislative Services, the Town may wish to consider the following adjustments to its organizational structure:

- Transferring responsibility for Purchasing to Corporate Services upon the recruitment of a Manager of Procurement;
- Transferring responsibility for Emergency Management from Fire Services to Legislative Services, which allows for the consideration of emergency and risk management issues into policy development and reflects the legislative nature of emergency management services;
- Transferring responsibility for by-law enforcement services currently undertaken by Building Services to Legislative Services, providing a single approach to by-law enforcement and leveraging the capacity and experience of the Manager of By-Law Enforcement; and
- Embedding the Manager of Transformation Initiatives in Legislative Services, aligning customer service with the Town's policy development function;

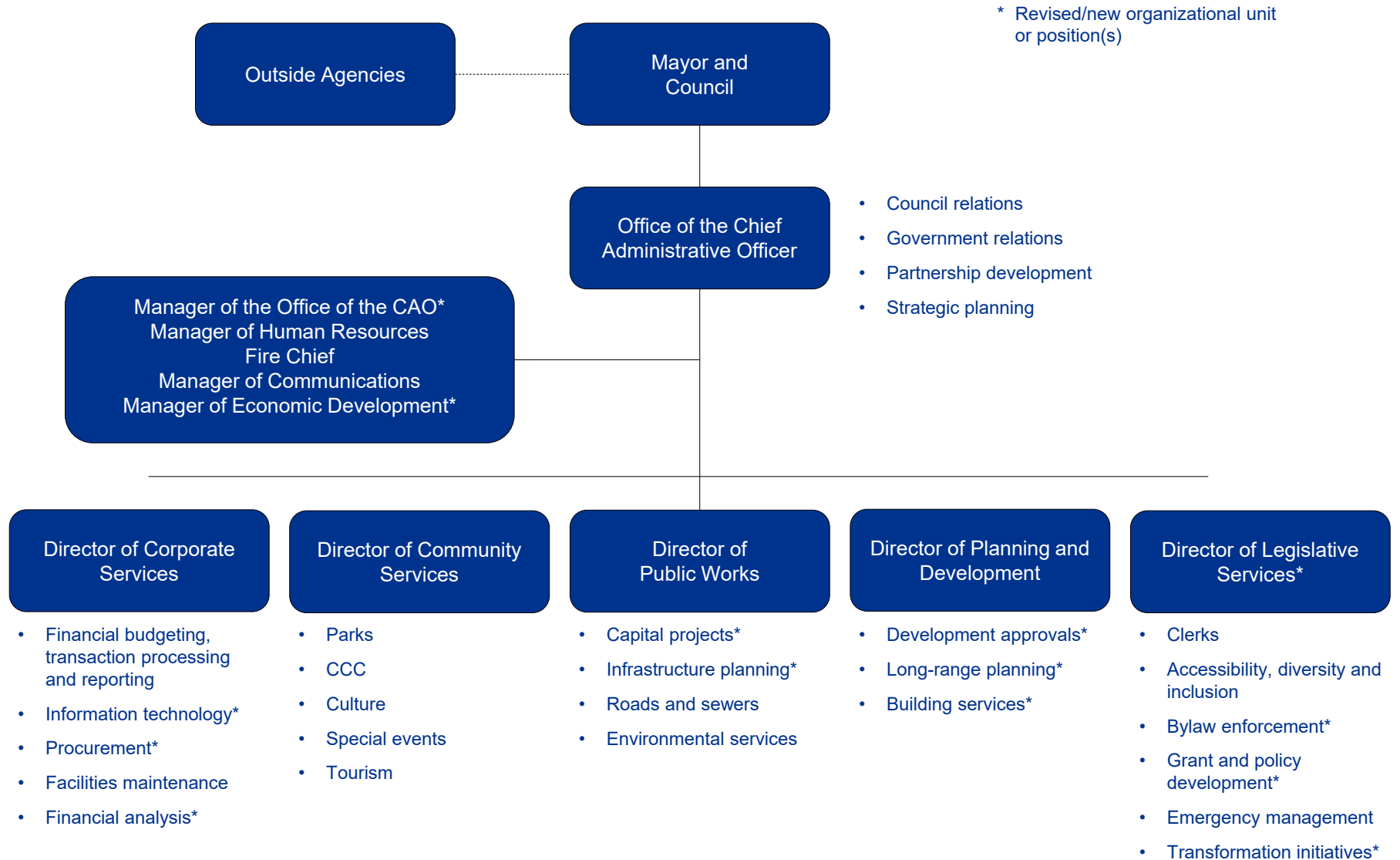
# Organizational Realignment

- Embedding the Grant and Policy Writer in Legislative Services, reflecting the role of Legislative Services in updating existing and developing new policies and supporting by-laws; and
- Establishing the Accessibility and Inclusiveness Coordinator as a full-time position. Currently established as a contract employee, the Accessibility and Inclusiveness Coordinator has assisted with the advancement of policy development, training and other initiatives relating to accessibility, inclusiveness, diversity and equity, including contributing towards compliance with the Accessibility for Ontarians with Disability Act (“AODA”). Given the continued requirement for compliance with AODA and the increased focus on ESG (environmental, social and corporate governance) and inclusiveness of members of the BIPOC community, the Town may wish to consider establishing the Coordinator of Accessibility and Inclusiveness as a full-time position. The cost of this position is already included in the 2021 budget and as such, does not require an increase in 2022 (other than regular salary adjustments in line with the Town’s pay grid).

A depiction of the proposed organizational structure following the proposed staffing additions and organizational realignments is provided on the following page.



# Organizational Realignment



\* Revised/new organizational unit or position(s)

# Operational and Governance Changes

As noted in our report, a number of aspects of the Town's ways for working are contributing towards the capacity issues and constraints facing the Town. While the proposed additions to the Town's staffing are intended to address these issues, changes to the Town's internal processes and policies are also required to fully resolve the Town's challenges and further the attainment of its strategic priorities. Specific courses of action that could be considered by the Town with respect to its internal ways of working include the following:

1. The Town may wish to consider the adoption of a delegation of authority bylaw, which will provide authority to staff for routine and low-risk decisions, reducing the time and level of work required by staff and Council.
2. The Town may wish to revise its procurement policy to provide for (1) increased approval levels for directors that reflect the scale of the Town's overall budget; (2) an exception-based approach for Council procurement approvals that identifies the need for Council approval based on specific circumstances as opposed to the quantum of the procurement; and (3) the ability for the Town to participate in shared procurement opportunities and other best practices for procurement (e.g. rostering of consultants).
3. With the addition of a Grant and Policy Writer, the Town may wish to discontinue its current approach to policy development, which involves biweekly meetings with the CAO, Manager of Legislative Services and members of Council, in favour of a more streamlined approach that differentiates between operational policies that do not require Council approval vs. policies that require Council approach and includes Council and the CAO at appropriate points in the policy development process.
4. The Town may wish to consider submitting applications under the Municipal Modernization Fund for funding to assist with the implementation of opportunities for operating efficiencies, which could include:
  - The development of a customer service strategy that addresses, at a minimum:
    - The establishment of minimum customer service level strategies and mechanisms for the collection, analysis and reporting of performance data
    - Strategies for developing an internal culture that places an appropriate focus and importance on customer service
    - Establishing alternative service delivery channels that respond to changing customer preferences, facilitates access to municipal services and responds to and builds upon changes from the current pandemic
    - Identifying information technology requirements in support of customer service excellence and other operational changes intended to streamline processes so as to enhance customer service
  - The development of needs assessments/business cases for key technology enablers, including but not limited to HRIS, ePermitting, CRM systems and web-based applications
  - Implementation assistance for the development of a mechanism for KPI's as a means of enhancing the Town's level of transparency and accountability (design, data collection, reporting)

# Operational and Governance Changes

5. The Town may wish to reevaluate the current use of the Council Coordinator role for governance in favour of a committee structure. The current Council Coordinator role, while providing the Coordinator with a detailed understanding of the municipal services within their portfolio, has been cited by some members of Council and staff as increasing the level of work required with respect to staff-council interactions, as well as contributing towards potential morale issues for Town staff. We note that the use of a Council Coordinator structure does not appear to reflect best/common practice for Ontario municipalities, which we understand generally involves the appointment of Council members to standing committees.

To the extent that the Town wishes to undertake an analysis of its governance structure and the relative merits of the coordinator and committee structures, we suggest that this be deferred until the term of the new Council following the 2022 elections.

6. The Town may wish to develop an action plan for the implementation of process changes in response to the findings from the 2020 Service Delivery Review, with a particular focus on opportunities that are relatively easy to implement without the need for extensive time commitments by staff and/or investments in information technology. Funding for implementation activities could be available through the Municipal Modernization Fund, with 65% of third-party implementation costs available for funding.

# Financial Analysis

## A. Business Case Analysis

The suggested additions to staffing levels, as well as the proposed realignment of the Town’s organizational structure, are expected to result in an increase in the Town’s salary costs of \$1,100,000, with an additional \$330,000 in associated benefit costs. For certain positions, some or all of the associated costs can be funded through user fees as opposed to the municipal levy, with the estimated levy requirement amounting to \$1,040,000.

Full-Cost Recovery Through User Fees	Partial Cost Recovery Through User Fees	No Cost Recovery Through User Fees
<ul style="list-style-type: none"> <li>• Building Inspector/Plans Examiner</li> <li>• Grant and Policy Writer</li> <li>• Manager of Bylaw Enforcement</li> </ul>	<ul style="list-style-type: none"> <li>• Manager of Long-Range Planning</li> <li>• Manager of Infrastructure Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure Planning Analyst</li> <li>• Manager of Procurement</li> <li>• Manager of the Office of the CAO</li> <li>• Manager of Transformation Initiatives</li> <li>• Information Technology Analyst</li> <li>• Human Resources Analyst</li> <li>• Program Support Financial Analyst</li> <li>• Manager of Economic Development</li> </ul>
Estimated wages and benefits - \$300,000 Estimated levy requirement - \$nil	Estimated wages and benefits - \$245,000 Estimated levy requirement - \$155,000	Estimated wages and benefits - \$885,000 Estimated levy requirement - \$885,000

The addition of the suggested positions is expected to provide direct financial benefits to the Town in the form of both cost avoidance, cost reductions, and new revenue sources, examples of which include the following:

- As noted earlier in our report, the Town’s 2021 budget include costs for a variety of initiatives, studies and plans that could be performed using internal resources (i.e. suggested new positions), providing a direct cost savings to the Town. While contingent on the nature of the work performed and future initiatives, we suggest that the new positions could potentially have reduced contracted services by as much as \$278,000, as follows:

# Financial Analysis

Contracted Service	Budgeted Cost (2021)	Potential Savings Assuming Different Levels of Internal Work		
		Low (25%)	Medium (50%)	High (75%)
Sustainability Master Plan	\$131,000	<b>\$32,750</b>	<b>\$65,500</b>	<b>\$98,250</b>
Development Charges Study	\$40,000	\$10,000	\$20,000	\$30,000
Information Technology Strategic Plan	\$40,000	\$10,000	\$20,000	\$30,000
Official Plan Update	\$40,000	\$10,000	\$20,000	\$30,000
Heritage Conservation District Plan	\$40,000	\$10,000	\$20,000	\$30,000
User Fee Review	\$35,000	\$8,750	\$17,500	\$26,250
Zoning By-Law Update	\$30,000	\$7,500	\$15,000	\$22,500
Asset Management Plan	\$15,000	\$3,750	\$7,500	\$11,250
<b>Total</b>	<b>\$371,000</b>	<b>\$92,750</b>	<b>\$185,500</b>	<b>\$278,250</b>

We suggest that the Town's recent addition of an Accessibility and Diversity Coordinator has resulted in a positive financial benefit to the Town as the wages and benefits for that position is significantly lower than the cost of obtain a similar level of service from external advisors.

- The addition of a Grant and Policy Writer could potentially increase the level of grant support obtained from the Province under programs such as OCIF (90% grant funding for eligible capital projects up to \$2 million), asset management planning grants through FCM (\$50,000) and funding under the Municipal Modernization Program, a four-year, \$125 million program that provides funding for third party reviews and implementation. In our experience, municipalities of comparable size to Cobourg have received as much as \$100,000 per project under the program.

# Financial Analysis

- As noted earlier in our report, a number of the suggested positions are intended to enhance the Town’s operating efficiencies, with the expectation of financial benefits from direct cost savings and increased capacity that can be redirected towards other areas of focus. For example:
  - The addition of an Information Technology Analyst is intended to provide capacity to support the implementation of an ePermitting system for building permits. We understand that other municipalities that have implemented ePermitting systems have experienced significant reductions (i.e. approaching 100%) in printing, paper, courier and other costs relating to the use of hard copy documentation, while the time required to process building permit applications has decreased by 50%. Based on the Town’s 2021 budget, this would translate into operating cost savings of up to \$1,600 per year and a capacity gain of \$75,000 (equal to 25% of the budgeted staffing costs for building services).
  - The addition of the Manager of Transformation Initiatives is intended to realize financial benefits (cost savings and capacity gains) through the implementation of a continuous improvement program and associated efficiency gains in the Town’s various processes. Process mapping undertaken during the service review identified a high degree of reliance on paper documentation and manual service delivery, indicating a corresponding high potential for operating efficiencies. While the benefits of a continuous improvement program will vary based on the nature of the service under review and the specifics of the Town’s processes, an analysis of published results for similar other continuous improvement projects indicates that savings could be as high as 2% to 5% of operating costs.

Analysis	Source	Estimated Cost Savings
Cost and Savings of Six Sigma Programs: An Empirical Study	Quality Management Journal	1.7%
City of Kawartha Lakes LEAN Six Sigma Project Analysis	KPMG Analysis	1.9%
Six Sigma Costs and Savings	iSixSigma	1.2% to 4.5%
Is LEAN Worth the Investment?	Thomas Publishing	>5% (31% of respondents) 3% to 4% (36% of respondents) <2% (19%)

Based on the City’s reported operating costs of approximately \$27 million (excludes police, water and library services), this would equate to an estimated financial benefit of \$540,000 to \$1,350,000 annually.

- Certain of the suggested positions identified during our review are intended to address areas of potential risk faced by the Town and as such, provide the opportunity for the avoidance of potential costs, non-compliance with Provincial legislation or regulation, potential litigation and reputational impacts.

# Financial Analysis

Ultimately, the decision as to whether to proceed with the suggested courses of action, as well as the approach to financing strategies, rests with Council. In order to assist Council with the evaluation of potential options for financing, we make the following comments and observations:

- In certain instances, the suggested additional staff are intended to address potential financial, litigation and reputational risk exposures faced by the Town and as such, could be viewed in the context of the cost of not addressing these risks.
- We understand that the Town's 2021 budget considered an increase in the total municipal levy of approximately \$107,000 (0.4%) and if viewed over a two-year period (2021 and 2022), the average rate of increase in the Town's levy over the last two years is calculated to be 1.8% per year (exclusive of other budgetary pressures).
- While the identified additions of new positions are proposed for the Town's 2022 fiscal year, the potential does exist to defer recruitment of some of the positions to either later in 2022 or into the 2023 fiscal year, allowing the Town to spread the cost of these additions over two fiscal years.



Town of Cobourg

# Appendix A Current Organizational Structure

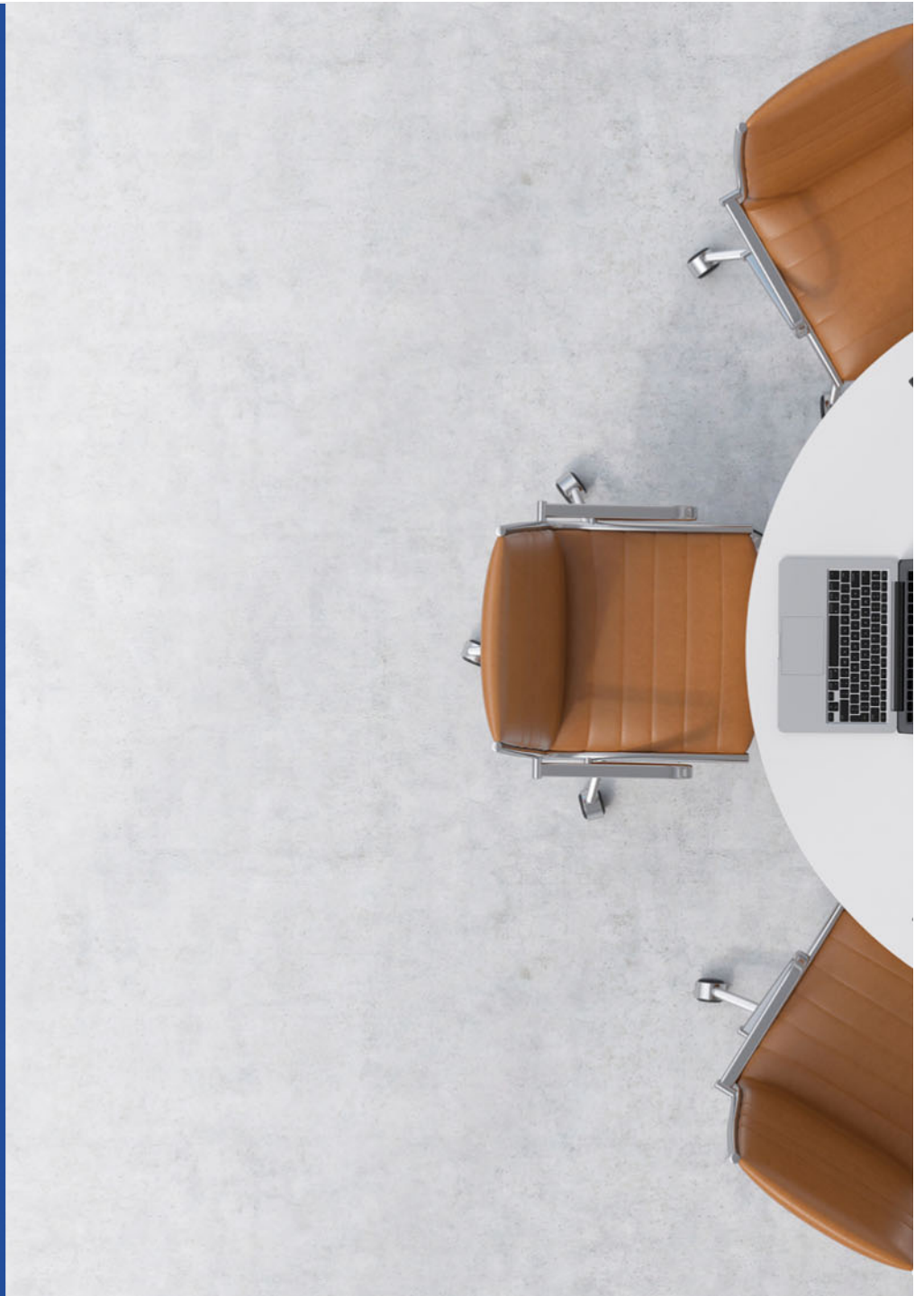






Town of Cobourg

# Appendix B Comparative Analysis





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