

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



Report to:	Mayor and Council Members	Priority:	<input type="checkbox"/> High <input checked="" type="checkbox"/> Low
Submitted by:	Tracey Vaughan, Chief Administrative Officer	Meeting Type:	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
Meeting Date:	January 25, 2021		
Report No.:	Chief Administrative Officer-002-21		
Submit comments to Council			

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RECOMMENDATION:

THAT Council receive the Service Delivery Review Report from the Chief Administrative Office for information; and

FURTHER THAT Council endorse the recommended processes outlined in the staff report to advance the Implementation Plan for the Service Delivery Review Report.

1. STRATEGIC PLAN

The Service Review was identified as Action Item #6 in the Prosperity Pillar and advances the objectives of the Programs Pillar; Town of Cobourg provides efficient and effective corporate, community and business and recreational services for its residents, businesses and visitors.

2. PUBLIC ENGAGEMENT

N/A

3. PURPOSE

This report provides a summary of the recommendations provided to Council and Staff through the KPMG Service Review report. Further, it details the process for how staff will approach the implementation of the recommendations, and the process for providing regular reporting to Council and the public.

4. ORIGIN AND LEGISLATION

On November 23rd Council accepted the Town of Cobourg Service Delivery Review by KPMG and directed the Chief Administrative Officer to prepare an implementation report to be presented to Council on January 25, 2020 based on the opportunities outlined in the Service Delivery Report.

5. BACKGROUND

The Service Review report identified Key Findings and Opportunities for Council and Staff to consider. In their report, KPMG noted that two-thirds of the Town's operating costs and 71% of our municipal levy requirement relate to services that are considered to be either mandatory or essential in nature. While discretionary services account for \$6.9 million in annual taxation revenue, \$6.6 of that amount are discretionary services that are traditionally delivered by municipalities of similar size. KPMG's analysis findings were that the ability to achieve reductions to the municipal levy through outright service eliminations or service level reductions is fairly limited. KPMG also noted that Council has not expressed an interest in reducing services or service levels; rather, the focus is finding operating efficiencies while for the most part maintaining current service levels.

The purpose of this report is to respond to the Key Findings and Opportunities identified by KPMG and provide the information to Council on a recommended implementation strategy.

6. ANALYSIS

KPMG's analysis determined that the cost of delivering municipal services in Cobourg is fairly consistent with the selected comparator municipalities. However, it did identify some service areas/levels where Cobourg varies significantly from the comparable municipalities.

The amount of taxation funding for corporate-type services – Clerks, Finance, Human Resources, Information Technology, Office of the CAO, Council, Library, Planning and by-law enforcement are all lower than the average of the comparator municipalities (all falling in the 2nd lowest to 5th lowest range). KPMG attributes this to either: the efficiency of the Town in delivering these services; and/or the need for additional investment in resources.

The following areas were all identified through the analysis as receiving a higher than average level of taxation support - Animal Control, Transit, Arts and Culture and Economic and Tourism Development. KPMG attributes this to either: decisions made by the Town to adopt higher service levels and; the Town's involvement in services that are influenced by its role as a tourism destination, including but not limited to cultural programming, special events and tourism marketing.

KPMG outlined Key Findings in the Service Level report that was received by Council, which include:

- Opportunities for cost reductions exist but will require reductions in services and service
- Levels;
- Differences in service levels appear to be the primary drivers of variances in financial and staffing indicators;
- Corporate-level financial indicators are generally positive when compared to other municipalities, although the Town's financial reserves are towards the lower end of the range; and
- Community services appear to be the most frequently used and are among the most important services for residents.

The fundamental question that KPMG posed to Council is whether the Town wishes to continue with its current investment levels in recreational and cultural programs that support both the quality of life for Cobourg residents and the community's position as a tourism destination.

KPMG further detailed opportunities for consideration, which include:

- Service level reductions;
- Reconsidering the provision of transit services;
- Considering alternate service delivery;
- Increasing non taxation revenues over a multi-year transition period;
- Enhancing operating efficiencies and customer service experience; and
- Performance measurement enhancements.

These opportunities fall into six key theme areas which require a commitment to the following guiding principles:

- That the Town of Cobourg strengthen its corporate policy framework to guide the design, delivery, tracking and reporting of all municipal services and activities;
- That the Town of Cobourg continue its focus on developing strong staff capacity, choosing tools and methodologies that will enable effective and efficient service delivery;
- That the Town of Cobourg update and enhance financial policies and practices to ensure the efficient and effective use of municipal resources, and to work towards future financial sustainability;
- That the Town of Cobourg continue to make investment in appropriate IT infrastructure to enable efficiencies through consolidation, standardization and automation of key service delivery processes;
- That the Town of Cobourg commit to the use of service information in decision making by establishing, and tracking meaningful and timely performance measures; and
- That the Town of Cobourg explore available opportunities to reduce expenditures and streamline operations.

Staff have reviewed the recommendations of the KPMG report and have collectively begun the work to examine and implement the Key Findings and Opportunities identified where possible to do so. Some of the items identified can be implemented in the short term with little impact to the operations or budgets of the Divisions. Where workloads have allowed, staff have begun to implement some of short term objectives.

Other items are more medium or long term in nature as they require new dedicated funding, new policies or processes to be approved, structural changes in the organization, or additional staff resources. These items have been, or will be identified in future operating and capital budgets. Some of the recommendations related to staffing, organizational structure, or process efficiencies will also be further identified and informed through the Organizational Review which will take place in 2021. The Organizational Review will make recommendations for the Town of Cobourg based on municipal best practices with respect to organizational capacity, structure, and processes. It will also determine the effectiveness and efficiency of the organization with respect to the following categories:

Skills and Capabilities

- Determining if the necessary skills exist within the organization to support its needs;
- Identifying strategic education and training opportunities for staff required for the organization to meet its goals; and
- Evaluating leadership strength in the organization to determine if the organization is well positioned to deliver on its strategic goals.

Ways of Working

- Ensuring that staff spend the majority of their time on value adding activities;
- Maximizing staff roles to ensure that they are efficient and supported by streamlined systems and processes; and
- Examining if staff are able to link their output to high level objectives, critical success factors and key performance indicators.

Organizational Structure

- Determine the optimum number of work levels within the organization;
- Examine the value-add of each level of the hierarchy and structure and how it supports the business strategy;
- Identify and make recommendations to ensure an appropriate and consistent span of control within the organization; and
- Recommend mechanisms for collaboration across different parts of the organization.

The results and recommendations of the Organizational Review will be presented to Council for discussion and decision. Once those recommendations have been endorsed staff will bring back a report to Council regarding the implementation of the recommendations of the review, and will provide updates to Council as to the status of the initiatives.

Service Review Report Implementation

As mentioned previously, Staff have been working to develop and implement those short term opportunities identified within the Service Review Report. These early action items are highlighted for Council's information below.

Consider a reduction in spending for certain recreational and cultural programs as a means of achieving reductions in the municipal levy.

Staff from the Community Services Division will be bringing reports to Council in 2021 that will highlight current recreation, culture and tourism programming and service levels for Council information and review. Staff will take any further direction from Council with respect to amending current service levels for future years.

Reconsider the provision of transit services in light of;

- **Current service levels**
- **Lower than average utilization**
- **Higher than average levels of taxation support**

Staff have researched on-demand service vendors to determine fit for replacing fixed route service with an on demand service with a goal to increase levels of service, increase ridership/revenue and reduce the level of taxation support. Staff are recommending a one (1) year pilot study in the proposed 2021 budget. The pilot will provide the town data to inform service needs and provide future growth projections for capital and operational budgeting.

Staff are working with Metrolinx through their Transit Procurement Initiative (TPI) to prepare for the purchase of smaller vehicles if the on-demand transit pilot results confirm that this is the opportunity to pursue. The Town has ICIP funding available for the purchase of replacement transit vehicles and would any amendments to the funding agreement should smaller vehicles be required as a result of a successful on-demand pilot.

Transit fee structures will also be explored following the on-demand pilot with reference to the 2014 transit optimization study and in coordination with the parking pass fare structure.

Alternate Service Delivery;

Consider discontinuing the Town's involvement in the Joint Animal Control Services Board.

Consider redirecting funding in business attraction from the County to the Town's economic development function.

Council Provided Notice to the Joint Animal Control Services Board at the start of 2020, with the termination clause of 24 months officially ending the agreement in December 2021. The Municipal Clerk will be bringing a report to Council in early 2021 with recommendations on next steps for decision, and how cost savings that are realized can be redirected.

Town of Cobourg provided notice to the County to terminate the funding agreement for business attraction. This agreement will now expire in the end of 2021, providing Council the opportunity to reinvest the \$40,000 into economic development activities for the town in the 2022 budget.

Increase non-taxation revenues over a multi-year transition period;

Consider an increase in planning fees to provide for a 50% recovery of operating costs (currently 27%)

Consider an increase in marina fees to provide funding for future capital requirements.

Consider the implementation of a storm water management fee as a means of ensuring an adequate storm water management reserve for operations and capital funding.

Consider adoption of parking technologies to reduce leakage and increase parking revenues.

Consider the implementation of a three-year user fee by-law with a corresponding user fee policy that provides for annual increases in user fees based on a benchmark inflation rate.

Consider revisions to the Towns user fee by-law to incorporate fees for booking cancellations.

A first step has been taken within the proposed 2021 budget to increase planning fees. The user fee review (also proposed within the 2021 budget) will identify a phased in strategy to reach targeted recovery rates of 40-50% and will recommend increases in engineering fees related to development through the user fee study.

Staff to complete an updated future forecast of capital requirements associated with the campground based on condition assessment reports with financial projection. Once these cost projections are confirmed, staff can identify opportunities to address any funding shortfalls with non-tax revenues.

This review and recommendation for a storm water management fee is already underway through our water/wastewater rate study. Staff expect a draft report soon.

Staff have proposed additional pay and display machines in the 2021 budget that will reduce revenue leakage, and parking rates will be part of the user fee review proposed for 2021.

The review and recommendation for user fee bylaws will be explored through the User Fee Review that has been anticipated in the draft 2021 budget.

This review and recommendation to incorporate cancellation fees will be explored through the User Fee Review that has been anticipated in the draft 2021 budget.

Enhance operating efficiencies and customer service experience;

Implement strategies to reduce the use of paper documentation, with associated changes to the Town's records retention policy.

Implement operational changes for parks and recreation to enhance ease of payment for customers and reduce revenue leakage.

Delegate approval authority for site plan applications to staff (as permitted under the Planning Act and adopted by other municipalities) reducing the time and effort required for Council approval.

Implement changes to the Town's financial processes to enhance the effectiveness and efficiency of

- **Transaction processing**
- **Financial reporting; and**
- **Accounts receivable monitoring**

Consider the establishment of a centralized procurement function that would be responsible for

- **Standardizing procurement approaches and documents**
- **Managing contract documentation**
- **Performing data analytics on municipal spending**
- **Incorporating best practices from other municipalities**

The Municipal Clerk will be preparing an RFP for February with respect to the digitization process that will examine appropriate systems. This work is tied to the IT strategy that will also be going to RFP through the Director of Corporate Services in 2021.

Step 1 priority in 2021 will be bringing Council Business documents back online through ICompass for the public to access.

Stage 2 will be the full digitalization of other important Town documents, and then working internally to digitalize work as it is being produced and move away from paper to digital records.

The Community Services Division is working to implement process improvements to reduce revenue leakage that include, revising payment terms and conditions at time of booking, drafting policy and terms and conditions with respect to cancellations, and developing new procedures to evaluate the cost of events and incorporate corresponding cost containment measures.

Finance staff have been working to maximize the number of property taxpayers using monthly payment plans (PAP) and working internally to move user fees to online payment options, including parking, dog tags and transit fees. In addition, staff are working through the process of converting suppliers to Electronic Funds Transfer methods of payment to reduce processing costs and risk of fraud associated with payments by cheque.

A system upgrade is being completed which will provide the option of emailing property tax bills to homeowners reducing printing and postage as well as staff time in performing these functions.

Finance continues to be focused on ongoing staff training to gain a better understanding of the financial reporting system, with the goal of enhanced accuracy on financial reports and more timely reporting to Council and the Public.

Accounts Receivable Monitoring is a longer term goal as it involves significant changes with respect to how business units handle invoicing and collecting accounts receivable. The goal is to move to a centralized function ensuring consistent approaches and reducing the duplication of efforts, involving IT solutions and staff resources making it a longer term objective.

If the funding for the User Fee Study is approved in the 2021 budget Finance plans to issue an RFP in the first quarter of this year.

Staff are investigating best practices with respect to delegated authority models and will bring forward a recommendations report for Council's consideration.

Performance measurement enhancements;

Review the current processes for tracking and reporting key performance indicators in order to ensure consistency across municipal departments.

Develop an enterprise risk management strategy that identifies key corporate level risks, existing capabilities, potential gaps and mitigating measures.

Once the organizational review is complete and the recommendations are endorsed by Council the Senior Management Team in coordination with the staff from their divisions will determine a meaningful set of Key Performance Indicators that will be reported to Council to be established, tracked and reported on an annual basis.

The Service Level Review Implementation plan will be further informed by future staff reports and regular updates to Council. These updates will include information about the Accountabilities, Initiatives, Planning, Engagement, and Resources required and will keep Council and the public informed on the progress of the Implementation Plan, as well as resources required and any future decisions required of Council. These categories will be used to create a charter for each initiative that will be utilized by each working group and will provide Council and the Public with an easy to understand snapshot of progress on each initiative.

The Charter Categories as described above are as follows;

Accountabilities	One accountable person identified for each recommendation
Initiatives	Recommendations will be reviewed and logically grouped into initiatives for effective implementation
Planning	A one page charter will be developed for each initiative, including those already in progress
Engagement	Accountable person and other internal resources assigned to each initiative will involve the appropriate committees and stakeholders as required

Resources	Any resources required to complete each initiative
Council Decisions	Any future Council decisions required for implementation of the initiative

7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

N/A

8. CONCLUSION

The Senior Leadership Team will be the lead working group for the Service Review Implementation Plan, and will include key staff identified for specific action items as needed. Directors in each Division will establish working groups that will meet regularly to review the recommendations and tasks and track their progress against the stated goals and timeframes. The implementation plan is a working document that may need to be amended from time to time to balance operational workloads and emerging Council priorities. Reports regarding the implementation of the recommendations will be brought forward to Council beginning June 2021.

Report Approval Details

Document Title:	Service Delivery Review Report_CAO Tracey Vaughan - Chief Administrative Officer-002-21.docx
Attachments:	
Final Approval Date:	Jan 15, 2021

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Jan 15, 2021 - 3:50 PM