



City of Sault Ste Marie

# Third Party Service Review

## Draft Summary Report

(Version 2)

**December 12, 2019**

# Executive Summary

KPMG LLP (“KPMG”) has been retained by the City of Sault Ste. Marie (the “City”) to undertake a review of all of the City’s municipal services. As outlined in the terms of reference for our engagement, the overall goal of the service review is to better understand the relevance, effectiveness and efficiency of programs and services offered by the City (the “City”) and to identify opportunities consistent with the objectives of the Province of Ontario’s Audit and Accountability Fund (the “AAF”).

## A. Background to the Review

In January 2019, KPMG was retained by the City to assist the Corporation with the development of municipal service profiles based on the Municipal Reference Model (the “MRM”). The objectives of the project was to provide a level of service inventory to better understand the services provided by the City, assist in making decisions with respect to service delivery levels and to provide a foundation for future initiatives, including but not limited to a service delivery review.

Upon the announcement of the AAF and subsequent to the City’s successful application, KPMG shifted its focus from municipal service profile development to a third party service review.

The purpose of the third party service review, consistent with the program requirements of the AAF, was to:

- Properly describe and evaluate the City’s operating structure and service levels;
- Critique the City’s operating effectiveness and efficiencies for its administrative processes; and
- Present potential changes that will result in:
  - i. The maintenance of adequate service levels;
  - ii. Increased effectiveness and efficiency within the City’s processes resulting in potential cost reductions; and
  - iii. The modernization of municipal service delivery.

In addition to the changes noted above, additional opportunities were identified that examine the following:

- i. New non-taxation revenue sources; and
- ii. Other matters contributing to the City’s long-term financial sustainability.

# Executive Summary

## B. Key Themes

During the course of our review, a number of common themes emerged with respect to the City, its services and processes.

- From an overall perspective, the majority of the City's municipal services are either mandatory in nature (i.e. required by legislation) or essential. The City does not have any discretionary services which therefore, limits Council's ability to reduce the overall municipal levy.
- The majority of the City's current service levels do not appear to exceed minimum/standard service level requirements. City service levels that appear to exceed minimum/standard service level requirements exist in municipal garbage collection (services provided to non-residential customers), winter maintenance activities, the City's approach to planning, and municipal parking operations; there are instances of services that appear to be delivered below minimum/standard service levels (information technology).
- Generally, the City's financial indicators compare favorably to the selected municipalities included in our comparative analysis. Where the City's financial indicators indicate a higher cost or levy requirement, these are typically related to areas with discretionary spending or service levels that are higher than standard.
- While there are a number of positive aspects of the City's municipal service delivery, our review has identified a number of issues that constrain operating efficiencies and increase the amount of time required by staff to complete processes:
  - The City does not appear to fully utilize technology in the delivery of its services, resulting in an inconsistent approach to processes and the use of so-called manual workarounds that increase the time required to complete processes;
  - The City's processes appear to be heavily reliant on paper, as opposed to electronic formats, with associated inefficiencies (and costs) in terms of the movement and storage of documents; and

# Executive Summary

## C. Service-Focused Opportunities for Consideration

Our report outlines the potential opportunities for the consideration of the City and they generally fall into one of four categories:

- Operating efficiencies, with the anticipated benefit of (i) enhanced decision making and service delivery, (ii) potential capacity gains, and/or (iii) potential cost savings while maintaining current service levels;
- Service level adjustments, representing either (i) the discontinuance of the City's involvement in a non-core service; or (ii) a reduction in the level of service provided;
- Alternate service delivery, which involves changing the City's delivery model for a service (e.g. exploration of using a blend of own resources versus third party providers); and
- Revenue generation. These opportunities seek to reduce the municipal levy by identifying alternate means of funding municipal services through user fees and other cost recovery methods.

## D. Acknowledgement

We would like to take the opportunity to acknowledge the assistance and cooperation provided by staff of the City that participated in the development of the service profiles and the service review. We appreciate that reviews such as this require a substantial contribution of time and effort on the part of City employees and we would be remiss if we did not express our appreciation for the cooperation afforded to us.

As the scope of our review is intended to focus on areas for potential efficiency improvements and/or cost reductions, we have not provided commentary on the numerous positive aspects of the City's operations identified during the course of our review.



City of Sault Ste Marie

# Third Party Service Review

Chapter I  
Overview of the Review

# Overview of the Review

## A. Terms of Reference

The terms of reference for our review were established based on the City's initial consultant brief outlining the expected scope of services. KPMG's proposal to the City dated July 15, 2019 and KPMG's contract with the City dated August 15, 2019. As outlined in the terms of reference, our review involved three key work elements:

1. A review of the City's services and service levels intended to assess:
  - What does the service entail and what is the public policy objective that it seeks to address?
  - What is the rationale for the City's delivery of the service?
  - How does the City's service level compare to a standard benchmark, determined by legislation or service levels established by comparator municipalities?
  - Who are the direct and indirect customers for the service?
  - What are the outputs of the service, both in terms of types and activity?
2. A comparison of financial indicators to similar sized municipalities as follows:

Municipality	Population	Households
<b>Sault Ste. Marie</b>	<b>73,368</b>	<b>34,485</b>
Greater Sudbury	161,531	75,029
North Bay	51,553	24,799
Peterborough	81,032	36,785
Thunder Bay	107,909	50,388
Timmins	41,788	19,317

# Overview of the Review

3. The development of process maps that provide, in flowchart form, an overview of (i) the individual worksteps performed by City personnel in the delivery of the services selected for review; (ii) the sequential ordering of the worksteps; and (iii) decision points included in the process. In addition, the process mapping process identified areas for potential improvement, including:



Process inefficiencies, which may include duplication of efforts, manual vs. automated processes and the performance of work with nominal value



Financial risk, representing areas where the City's system of internal controls is insufficient to prevent the risk of financial loss



Client service limitations, representing aspects of the City's operations that may adversely impact on customer satisfaction



Litigation risk, consisting of potential areas where the City's processes may expose it to risk, including areas where existing measures to mitigate risk are considered insufficient

Overall, a total of 25 process maps were developed during the course of our review.

- Corporate Services – 20 process maps
- Public Works – 5 process maps

In addition, the City provided KPMG with 10 previously prepared process maps for the following services:

- Planning Services – 5 process maps
- Human Resources – 3 process maps
- Building and Bylaw Enforcement Services – 2 process maps

As these process maps are operational in nature, we have provided them under separate cover to the City.

# Overview of the Review

## B. Structure of the Report

In addition to this introductory chapter, our report also includes:

- An overview of the City, including the services provided;
- A summary of key themes identified through our review; and
- Potential courses of action and a suggested implementation framework for consideration by the City.

## C. Restrictions

This report is based on information and documentation that was made available to KPMG at the date of this report. We had access to information up to November 12, 2019 in order to arrive at our observations but, should additional documentation or other information become available which impacts upon the observations reached in our report, we will reserve the right, if we consider it necessary, to amend our report accordingly. This report and the observations and recommendations expressed herein are valid only in the context of the whole report. Selected observations and recommendations should not be examined outside of the context of the report in its entirety.

Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be in the context of the procedures performed. In this capacity, we are not acting as external auditors and, accordingly, our work does not constitute an audit, examination, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and opportunities as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the City of Sault Ste. Marie. Accordingly, KPMG will assume no responsibility for any losses or expenses incurred by any party as a result of the reliance on our report.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

This report includes or makes reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

KPMG has no present or contemplated interest in the City of Sault Ste. Marie nor are we an insider or associate of the City or its management team. Our fees for this engagement are not contingent upon our findings or any other event. While KPMG does provide auditing and other professional services to the City, the service review was conducted by KPMG partners and employees that are not involved in the provision of these services. Accordingly, we believe we are independent of the City of Sault Ste. Marie and are acting objectively.



City of Sault Ste Marie

# Third Party Service Review

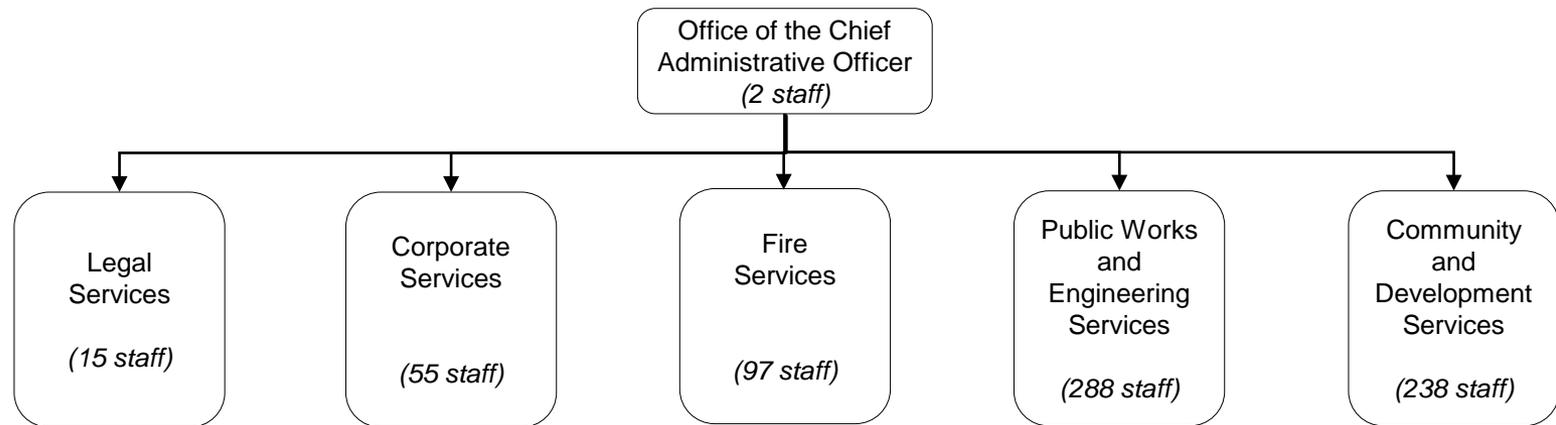
Chapter II  
Overview of the City



# Overview of the City

## A. Organizational Structure and Staffing

From an organizational perspective, the City is organized into six programs with five programs directly reporting to the Office of the Chief Administrative Officer. Overall, the City's services are provided by 696 full-time equivalents with \$96 million of budgeted operating expenditures.

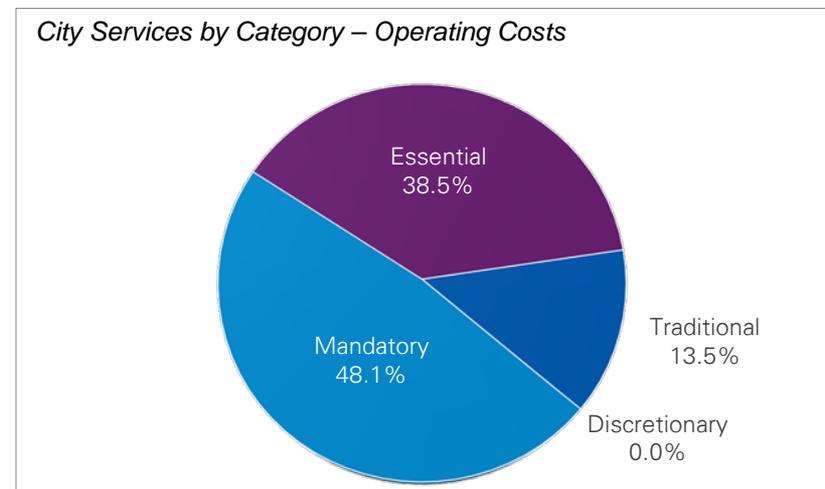
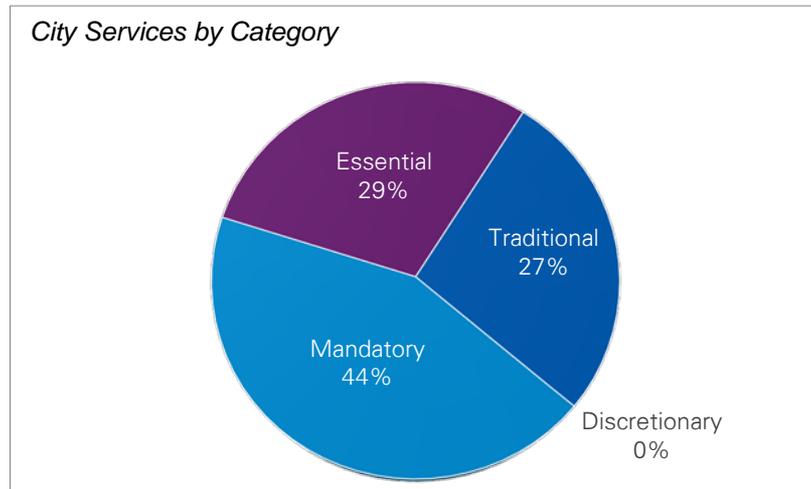


# Overview of the City

## B. Services

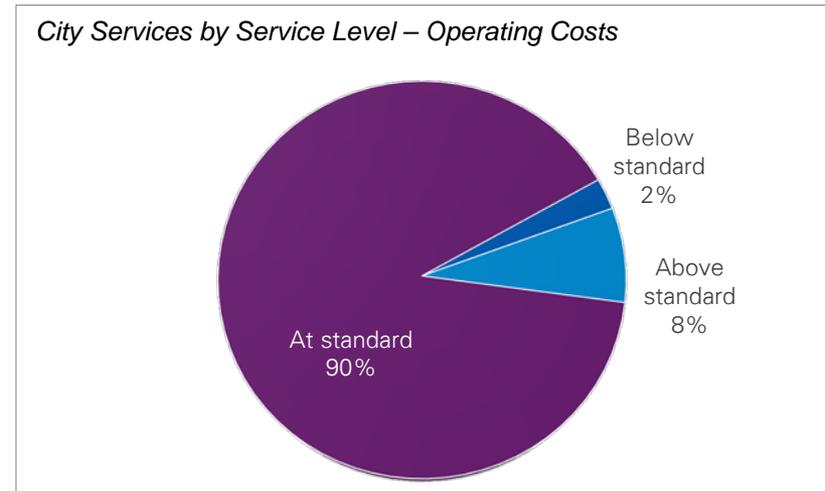
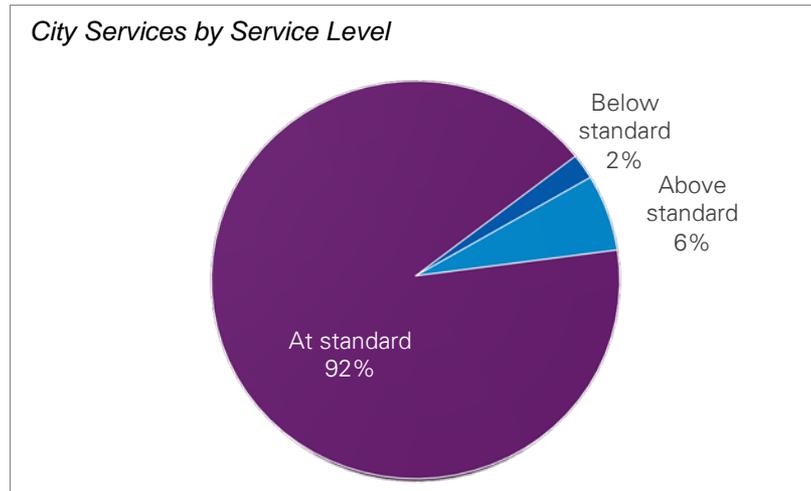
For the purposes of our review, we have classified the City's services into one of four categories based on the rationale for the City's delivery of the service.

- **Mandatory services** are those services that are required to be delivered by regulation or legislation.
- **Essential services** are those services that, while not mandatory, are required to be delivered in order to ensure public health and safety and/or the effective functioning the City from a corporate perspective.
- **Traditional services** are those services that are not mandatory or essential but which are typically delivered by municipalities of comparable size and complexity and for which a public expectation exists that the service will be provided.
- **Discretionary services** are those services that are delivered at the direction of the City without a formal requirement or expectation, including services that may not be delivered by other municipalities of comparable size and complexity.



# Overview of the City

A representation of the service based on the City's service level (at, above or below standard) and the basis for the City's delivery of the service (mandatory, essential, traditional, other discretionary). Service level standards reflect legislated service level standards or, where no legislated standard exists, service level standards enacted by municipalities of comparable size and complexity.



# Overview of the City

## C. Financial Overview

The following chart is a breakdown of the operating revenues and expenditures of the City's departments based on the 2019 budget. Consistent with the municipal sector, the City's largest operational spend exists within its Public Works and Engineering department which accounts for approximately 42% of the entire operating budget. The City's Community Development and Enterprise Services and Fire Services are the next two largest departments from an operational spend perspective, approximately 25% and 21% respectively. With respect to overall costs, the City's single largest expenditure is in relation to the provision of wages and benefits to City employees which comprises 45% of the operating budget.

Department	Governance	Office of CAO	Corporate Services	Legal Services	Fire Services	Public Works and Engineering	Community Development and Enterprise Services
Operating Revenue	-	\$268,248	\$312,342	\$2,261,698	\$7,667,155	\$2,630,424	\$11,640,260
<b>Operating Expenditures (exc. Capital expenses and transfers to own funds)</b>							
<b>Wages and Benefits</b>	\$509,784	\$594,902	\$6,118,957	\$1,330,408	\$19,765,980	\$21,834,430	\$16,848,747
<b>Materials and Supplies</b>	\$63,503	\$40,027	\$95,569	\$75,837	\$568,425	\$10,548,828	\$3,983,002
<b>Contracted Services</b>	\$3,100	\$390	\$1,003,348	\$302,000	\$28,334	\$7,015,823	\$1,267,769
<b>Maintenance and Repairs</b>	\$35,675	\$4,630	\$659,823	\$4,000	\$231,375	\$2,725,133	\$2,098,816
<b>Other</b>	\$88,500	\$10,715	\$117,270	\$1,586,096	\$222,698	\$174,755	\$944,300
<b>Total</b>	<b>\$700,652</b>	<b>\$650,664</b>	<b>\$7,994,967</b>	<b>\$3,298,341</b>	<b>\$20,816,812</b>	<b>\$42,298,969</b>	<b>\$25,142,634</b>

# Overview of the City

## D. Comparative Analysis

We have included a summary of financial indicators for the City as well as selected comparator municipalities, chosen on the basis of having a similar level of population served as the City.

Service	Indicator	Sault Ste. Marie	Comparator Municipalities	
			Low	High
Office of the CAO	Operating cost per household	\$11.11	\$7.50	\$24.50
Clerks Services*	Operating cost per household	\$31.10	\$13.29	\$42.76
Legal Services*	Operating cost per household	\$28.13	\$20.20	\$97.86
Financial Services	Operating cost per household	\$62.27	\$65.70	\$175.97
Human Resources	Operating cost per household	\$39.16	\$30.97	\$62.66
Information Technology	Operating cost per household	\$67.85	\$74.99	\$116.56
Roads*	Operating costs per lane kilometre	\$17,678	\$7,002	\$14,934
Solid Waste – Collection and disposal	Operating cost per household	\$93.14	\$80.11	\$182.49
Solid Waste – Waste diversion	Operating cost per household	\$45.88	\$42.86	\$131.35
Wastewater Treatment	Operating costs per household	\$221.31	\$185.01	\$403.69
Engineering and Design Services*	Operating cost per household	\$63.95	\$60.52	\$94.34
Planning Services	Net levy per household	\$28.55	\$15.36	\$82.91
	Operating costs funded through non-taxation revenue	10.8%	8.0%	43.8%
Building Permit and Inspection Services	Net levy per household	\$0.00	\$0.92	\$16.56
	Operating costs funded through non-taxation revenue	100%	73%	97%

# Overview of the City

Service	Indicator	Sault Ste. Marie	Comparator Municipalities	
			Low	High
Bylaw Enforcement	Operating cost per household	\$7.81	\$15.28	\$28.98
Fire Services*	Net levy per household	\$391.85	\$314.84	\$574.69
Conventional Transit	Operating cost per hour	\$106.71	\$91.77	\$119.63
	Operating cost per trip	\$5.65	\$3.19	\$5.58
	Operating costs funded through non-taxation revenue	26.5%	34.7%	46.9%
Specialized Transit	Operating cost per hour	\$68.25	\$59.51	\$87.11
	Operating cost per trip	\$27.92	\$25.81	\$39.51
	Operating costs funded through non-taxation revenue	6.0%	5.9%	14.9%
Parks and Cemeteries*	Operating costs per household	\$97.31	\$21.16	\$187.00
Recreation and Culture Services*	Net levy per household	\$268.78	\$210.52	\$512.66
	Operating costs funded through non-taxation revenue	46%	18%	63%



City of Sault Ste Marie

# Third Party Service Review

Chapter III  
Key Themes

# Key Themes

During the course of our work, KPMG undertook a review of the City's services and processes, the intention of which was to identify areas for potential improvement from the perspectives of operating efficiencies, internal controls, customer service enhancements and risk management. Based on our review of the City's services and associated processes, we noted a number common themes that reflected same or similar findings that were identified in multiple instances, either within the same process or across different processes, and which include the following.

- 1. From an overall perspective, the majority of the City's municipal services are either mandatory in nature (i.e. required by legislation) or essential. The City does not have any discretionary services which therefore, limits Council's ability to reduce the overall municipal levy.**

In the development of the City's municipal service profiles using the MRM methodology, all of the City's services were categorized into one of four categories defined in a previous chapter of the summary report. Based on the application of the methodology, 73% of the City's services fall into the categories of mandatory and essential. Further to this, the balance of the City's services (27%) were defined as traditional whereas the services provided by the City are consistent with similarly sized municipalities.

While the absence of discretionary services may limit Council's ability to reduce the overall municipal levy (e.g. outright service elimination), the City still has the potential to reduce costs and increase upon its effectiveness and efficiency in service delivery based on the opportunities identified later within the report.

- 2. The majority of the City's current service levels do not appear to exceed minimum/standard service level requirements. City service levels that appear to exceed minimum/standard service level requirements exist in municipal garbage collection (services provided to non-residential customers), winter maintenance activities, the City's approach to planning, and municipal parking operations.**

Closely linked to the previous point noted above, the City's services were subjected to a second categorization as part of the service profile development. City services were analyzed to determine whether or not each service was being delivered below, at or above standard. Based on the service profiles developed, the majority of the City's services do not appear to exceed or fall short of minimum or standard service levels – 94% of the City's services are considered to be at standard and 6% of the services were considered to be above standard based on KPMG's analysis of those services.

# Key Themes

- 2. The majority of the City's current service levels do not appear to exceed minimum/standard service level requirements. City service levels that appear to exceed minimum/standard service level requirements exist in municipal garbage collection (services provided to non-residential customers), winter maintenance activities, the City's approach to planning, and municipal parking operations.**

The services that were considered to be above minimum/standard service level requirements were as follows:

*Winter maintenance* - While the City's maintenance standard for roads will exceed those adopted by certain other municipalities and the Province, the higher standard reflects the required level of service given the City's climatic conditions, particularly with respect to winter roads maintenance.

*Planning activities* - The City undertakes planning activities (development, long-range, land use) which exceeds Provincial requirements as well as other municipalities. However, the City's approach to planning including turnaround times that exceed the timelines set within the Planning Act are the result of Council direction to ensure that the City promotes itself as being viewed as in support of development opportunities. Additionally, proposed timeline changes as part of Bill 108 (the More Homes, More Choices Act) may not present any challenges to the City's planning function given its current approach

*Solid waste management services* – The City currently collects non-residential and multi-family units (5 units or more) solid waste. A common practice with respect to non-residential and multi-residential solid waste is municipalities will not collect this type of waste and those users are required to arrange for third party service providers to collect on their behalf.

*Municipal parking* – The City provides for two hours of free parking within their municipal parking lots. This practice is considered to be above standard in comparison to the municipal comparator group where there is no such provision.

# Key Themes

**3. Generally, the City's financial indicators compare favorably to the selected municipalities included in our comparative analysis. Where the City's financial indicators indicate a higher cost or levy requirement, these are typically related to areas with discretionary spending or service levels that are higher than standard.**

For the purposes of the review, 26 municipal financial indicators were developed with the City's services being compared against five similarly sized municipalities in Ontario. Based on the results of the comparative analysis, the majority of the City's financial indicators fall within the range of the municipal comparator group. Two financial indicators (operating costs per household for financial services and information technology services) were lower than the comparator group. The City had four financial indicators that exceeded the range within the comparator group:

- The City's operating cost per lane kilometre for the maintenance of municipal roads was the highest within the comparator group which is consistent with the level of service provided which also exceeds that of the comparator group;
- The City's conventional transit's operating cost per trip was the highest within the group; and
- The last two financial indicators that were the highest in comparison to the comparators were in relation to the net levy cost per household for building inspection services and the level of cost recovery achieved by the City through building permit fees. Operating building permits and inspections at full cost recovery is permitted under the Building Code Act and is considered to be a municipal best practice.

Please note that municipal comparisons do not provide for absolute results with respect to service delivery for the purposes of the review. The comparative analysis provides the ability to compare financial performance and determine where they may be opportunities to adjust service levels to the common standard which may increase operating costs if the City is the low cost service provider and there is evidence of services/operations not currently being delivered and/or decrease operating costs if a service is brought in line with the comparator group.

# Key Themes

## 4. While there are a number of positive aspects of the City's municipal service delivery, our review has identified a number of issues that constrain operating efficiencies and the ability to provide a high level of customer service and increase the amount of time required by staff to complete processes:

- **The City's processes appear to be heavily reliant on paper, as opposed to electronic formats, with associated inefficiencies (and costs) in terms of the movement and storage of documents;**

Despite the utilization of computer systems for most services delivered by the City, its processes continue to be primarily paper-based, including contract documents, records retention and communications. The process maps have identified instances where the City continues to hard copy files as opposed to digital files maintained on a central server, which reduces operating efficiencies by requiring the physical movement of files, as well as time required to locate files and the information contained therein. In addition, the continued use of hard copies also increases operating costs associated with printing, storage equipment and the cost of renting areas for storage as a result of a recent disposition of a municipally owned building which housed municipal files. Similarly, the use of paper for communications (e.g. distribution of hard copy reports) increases both printing costs and the risk of loss of information while at the same time diverting staff resources from other activities.

- **The City's processes appear to be limited in supporting a high level of customer service.**

One outcome of process improvement activities is examining the process through the lens of the intended end user/customer. In many cases, processes may not have evolved to meet the current needs/expectations and/or continue to operate to meet the needs of the organization. The City has processes where the user/resident may be required to visit multiple sites in order to achieve the end result (e.g. cemetery services) and while the City has made use of some technological to support customer service (QR codes for building permit activities) that does not preclude the City from examining all customer facing processes to ensure that the view of the customer is supported versus what the organization's believes is the want of the end user.

# Key Themes

3. **While same or similar functions are undertaken within the Division, the Division has not adopted a one-window customer service approach, requiring client participation on multiple occasions.** A common, yet often elusive, objective for providers of human and social services is the achievement of an integrated approach to service delivery, whereby services are delivered based on client needs as opposed to a siloed approach that delivers services independently. Arguably, the traditional approach to program delivery increases the risk of both delivering the wrong level of service (too much or too little), while limiting the ability to attain economies of scale and operating efficiencies. Our review of the Division's processes have identified some instances where same or similar services are being delivered through a non-integrated approach, the most notable examples of which are income verification and Ministry reporting.

We appreciate that while the Division's processes include same or similar functions at a high level, there can be significant differences in terms of the execution of these functions (e.g. different reporting formats to the Ministry, different bases for determination of income). Accordingly, the achievement of increased integration will likely require an investment on the part of the City in staff training and supporting technology.



City of Sault Ste Marie

# Third Party Service Review

Chapter IV  
Service-Focused Opportunities for  
Consideration

# Service-Focused Opportunities for Consideration

This section of our report outlines the potential opportunities for the consideration of the City and they generally fall into one of four categories:

- Operating efficiencies, with the anticipated benefit of (i) enhanced decision making and service delivery, (ii) potential capacity gains, and/or (iii) potential cost savings while maintaining current service levels;
- Service level adjustments, representing either (i) the discontinuance of the City's involvement in a non-core service; or (ii) a reduction in the level of service provided;
- Alternate service delivery, which involves changing the City's delivery model for a service (e.g. exploration of using a blend of own resources versus third party providers); and
- Revenue generation. These opportunities seek to reduce the municipal levy by identifying alternate means of funding municipal services through user fees and other cost recovery methods.

# Service-Focused Opportunities for Consideration

Nature of the Opportunity	Opportunity	Rationale	Anticipated Benefit
Alternate Service Delivery	Investigate the potential of the expanded use of third party service providers	<p>Municipalities provide an extensive and diverse range of services to their respective residents and to potentially maximize effective and efficient service delivery, municipalities deliver those services through one of three ways: with internal resources, the use of third party service providers (contracted services) and/or a combined approach where the municipality and a third party service provider share in service delivery.</p> <p>Based upon those service profiles, it would appear that the City relies on its own resources for service delivery in particular in areas where a combined service delivery approach is more commonly used.</p> <p>The following areas are potential candidates but not exclusive to:</p> <ul style="list-style-type: none"> <li>• <b>Public Works Operations</b> –winter control and summer maintenance activities;</li> <li>• <b>Building maintenance</b></li> <li>• <b>Print shop services</b></li> <li>• <b>Carpentry services</b></li> <li>• <b>Municipal greenhouses</b></li> <li>• <b>Outdoor rinks</b></li> <li>• <b>Parabus operations</b></li> <li>• <b>Snow removal for transit operations</b></li> </ul>	<p>Potential cost savings in excess of \$1,000,000 annually</p>

# Service-Focused Opportunities for Consideration

Nature of the Opportunity	Opportunity	Rationale	Anticipated Benefit
Operating Efficiency	Realign responsibilities currently within Corporate Communications to other City departments.	<p>Currently, the City's Corporate Communications function is responsible for employee recognition and the oversight of the City's Information Manual (a collection of City policies).</p> <p>The City may wish to consider the following:</p> <ul style="list-style-type: none"> <li>• Shift the responsibility of City's employee recognition program from Corporate Communications to Human Resources – Municipal employee matter typically are the responsibility of a municipality's human resources function.</li> <li>• Shift the oversight and maintenance of the Information Manual to the Clerks function within Corporate Services given the nature of the document</li> </ul>	Enhanced decision-making and service delivery
Operating Efficiency	Conduct a citizen's satisfaction survey to assess City's performance with respect to services and service delivery	Based on information shared during the review, the City has not conducted such a survey in recent years. The survey may assist the City in future decision making with respect to the level of service provided as well as assess the current basket of services delivered by the City and potentially identify gaps.	Enhanced decision-making and service delivery
Operating Efficiency	Ensure all communication functions are centralized to ensure all City departments are compliant with new visual branding as well as coordinating all internal communications from the department	Centralizing communications to ensure consistent messaging is delivered across the organization and brand compliance is considered to be a best/common practice and represents an operating efficiency within the corporation.	Enhanced decision-making and service delivery

# Service-Focused Opportunities for Consideration

Nature of the Opportunity	Opportunity	Rationale	Anticipated Benefit
Operating Efficiency	Explore the potential for a continuous improvement pilot project	<p>While the City currently has a relatively small budget for quality improvement, the current use of that budget appears to be focused on corporate training opposed to continuous improvement initiatives (e.g. Lean Six Sigma expertise).</p> <p>Establishing continuous improvement allows the City to have access to resources who are then tasked with identifying areas of interest and assisting staff in acting upon the results with the intended goal of increasing the effectiveness and efficiency in service delivery.</p>	Potential capacity gains and/or cost savings of \$100,000 to \$500,000
Operating Efficiency	Identify an approach in measuring the implementation of the City's strategic plan	<p>At the time of the review, there did not appear to be a process in place which measured the progress of implementation in relation to the City's strategic plan.</p> <p>The establishment of such a process provides Council, City management and staff and the community with the ability to monitor progress and establish annual goals based on progress made.</p>	Enhanced decision-making and service delivery
Operating Efficiency	Ensure the integration of legal services with respect to corporate wide decision making processes	Based on information shared during the consultations, the legal department is not consistently brought into the decision making processes of other departments which may expose the corporation to risk. The City may want to establish a process by which the legal department has an opportunity to provide comments prior to a decision	Enhanced decision-making and service delivery

# Service-Focused Opportunities for Consideration

Nature of the Opportunity	Opportunity	Rationale	Anticipated Benefit
Operating Efficiency	Investigate the number of committees and sub-committees of Council and the associated impact on effective decision making and use of resources.	To ensure that the City is maximizing the use of both Council and staff resources, the City may wish to review the mandate of each committee and subcommittee. The purpose of the review would be to determine whether or not their original intent is still being achieved and how it assists in effective decision making.	Enhanced decision-making and service delivery
Operating Efficiency	Explore the potential of redeveloping the City's approach to procurement	To ensure that the City's procurement policy and associated permitting spend approvals are appropriate given the size of the municipality and provides the opportunity for more effective and efficient decision making	Enhanced decision-making and service delivery
Operating Efficiency	Review the City's delegation of authority bylaw	To ensure that the City's level of delegation of authority is appropriate given the size of the municipality and provides the opportunity for more effective and efficient decision making	Enhanced decision-making and service delivery
Operating Efficiency	Undertake vendor rationalization	To ensure that the City's approach to vendors is appropriate and provides the opportunity for more effective and efficient decision making	Enhanced decision-making and service delivery
Operating Efficiency	Establish data analytics within the Finance department to optimize financial processes	Information shared during the review identified a number of low value activities which could be potentially be eliminated (low value journal entries and disbursements)	Enhanced decision-making and service delivery
Service Level Adjustment	Explore the potential of reducing the level of snow removal services provided during the winter months	Based on information shared during the review, the City appears to provide a high level of service with respect to snow removal and as such, there exists the potential of reducing the level of service potentially in line with the municipal comparator group.	Potential cost savings in excess of \$1,000,000 annually

# Service-Focused Opportunities for Consideration

Nature of the Opportunity	Opportunity	Rationale	Anticipated Benefit
Operating Efficiency	Investigate the potential for energy efficiency projects	The pursuit and potential implementation of energy efficiency projects are considered to be best/common practice and have the potential of reducing the City's energy consumption and incorporate more environmentally friendly practices.	Potential cost savings of up to \$100,000 annually
Operating Efficiency	Explore the potential of how municipal equipment is acquired on an annual basis (lease vs. buy options)	Investigating the potential of leasing versus buying equipment may provide the City with greater flexibility in its approach in financing both their operational and capital expenditures.	Potential cost savings of \$100,000 to \$500,000 annually
Operating Efficiency	Expand the use of Automatic Vehicle Locators (AVLs) on all municipal equipment and fleet.	A recognized best practice for municipal operations is the use of GPS technology that allows municipalities to maintain an electronic record of vehicle location and status. The intention of this technology is to provide a complete and readily accessible record of the City's operations.	Enhanced decision-making and service delivery
Operating Efficiency	Incorporate customer service practices for municipal cemetery operations	The current state of operations for municipal cemetery services may not be consistent with common customer service practices. Currently, there are office closures and limitations to a customer's ability to pay for services including methods of payment and location for payment. The City may want to address these operational matters to potentially enhance the customer's experience.	Enhanced decision-making and service delivery
Service Level Adjustment	Explore the potential of reducing current cemetery maintenance service levels	Currently, the municipal cemetery grounds are cut on a two week schedule and there may exist the ability to reduce maintenance	Potential cost savings of up to \$100,000 annually

# Service-Focused Opportunities for Consideration

Nature of the Opportunity	Opportunity	Rationale	Anticipated Benefit
Service Level Adjustment	Discontinue the provision of crematorium services	The City currently provides crematorium services. Recently, another crematorium has begun operation and as a result, the level of activity at the municipal site has declined. The City may want to consider no longer offering the service in lieu of competition	Potential cost savings of \$100,000 to \$500,000 annually
Operating Efficiency	Shift toward the full implementation of cemetery software	At the time of the review, the City had yet to fully implement software for its cemetery services; based on information shared, the software is commonly used in the municipal sector but the City has yet to “go live” with the software package	Enhanced decision-making and service delivery
Operating Efficiency	Explore the potential of creating one maintenance unit tasked with all outdoor municipal maintenance	As an operating efficiency and to potentially enhance operational flexibility, the City may want to consider pooling all outdoor maintenance (parks and cemeteries) into one functional unit opposed to its current structure	Enhanced decision-making and service delivery
Service Level Adjustment	Reduce the level of maintenance service provided to municipal sportsfields	Currently, municipal sportsfields are maintained twice a week; The City may wish to explore reducing the level of maintenance to provide grass cutting less frequently for all sportsfields	Potential cost savings of up to \$100,000 annually
Operating Efficiency	Consolidate various activities within the Engineering and Design department	Based on information shared in the development of service profiles, there are three activities that currently are delivered by various departments but to support more effective and efficient service delivery may be candidates to centralized within the Engineering department: <ul style="list-style-type: none"> <li>• All design functions</li> <li>• Asset management</li> <li>• Responsibility for municipal signage including operational functionality of traffic signals</li> <li>• Source water protection</li> </ul>	Enhanced decision-making and service delivery

# Service-Focused Opportunities for Consideration

Nature of the Opportunity	Opportunity	Rationale	Anticipated Benefit
Operating Efficiency	Shift the responsibility of accessibility from Planning to Clerks	As an operating efficiency and common practice, the City may wish to shift accessibility into the scope of the City Clerk given nature of its service delivery	Enhanced decision-making and service delivery
Operating Efficiency	Explore the potential of creating one maintenance unit tasked with all fleet maintenance	As an operating efficiency and to potentially enhance operational flexibility, the City may want to consider pooling all fleet maintenance into one functional unit opposed to its current structure	Potential cost savings of \$100,000 to \$500,000 annually
Operating Efficiency	Investigate the potential benefits of centralizing fuel procurement	Exploring the potential of going to market for fuel as one larger customer may provide greater economies of scale and potentially lower costs	Potential cost savings of up to \$100,000 annually
Service Level Adjustment	Discontinue the practice of providing two hours of free parking in municipal lots	The City currently provides two hours of free parking at all of their municipal lots; the City may wish to follow a common practice where no free parking is provided and install pay and display units	Potential cost savings of up to \$100,000 annually
Operating Efficiency	Establish a municipal succession plan	Considered to be a municipal common practice, the City may wish to commence the development of a succession plan with the intended outcome of developing staff for the future	Enhanced decision-making and service delivery
Operating Efficiency	Investigate the use of analytics to potentially enhance the organization's ability to identify, monitor and address trends that may impact on service delivery	The use of analytics will potentially assist the City in ensuring potential issues are addressed before any significant impacts occur with respect to service delivery.	Enhanced decision-making and service delivery

# Service-Focused Opportunities for Consideration

Opportunities were identified by KPMG that over the course of the review were initiated by City staff. For the purposes of the City, the opportunities are noted below:

Nature of the Opportunity	Opportunity
Service Level Adjustment	Discontinue the collection of non-residential and multi-family (5 units or more) waste
Revenue Generation	<p>Investigate the potential of increasing user fees associated with the following services. All user fees are reviewed on a five year cycle to determine the suitability of all user fees. The following services were identified as potential areas of focus:</p> <ul style="list-style-type: none"> <li>• Legal services</li> <li>• Planning and development services</li> <li>• Solid waste management</li> <li>• Engineering and design</li> <li>• Transit</li> </ul>
Service Level Adjustment	Rationalize the number of playgrounds consistent with the City's Master Plan



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