

## Core Services Review Update Q2 2024

Presented To:	Finance and Administration Committee
Meeting Date:	May 22, 2024
Type:	Managers' Reports
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Recommended by:	Chief Administrative Officer

## Report Summary

This report describes the status of opportunities identified in the 2020 Core Services Review.

## Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report describes work that has been underway to realize the anticipated benefits described in the 2020 Core Services Review, which was an initiative specifically identified in Council's Strategic Plan as one of the actions to support the "Asset Management and Service Excellence" objective and, specifically, Goal 1.5, "Demonstrate innovation and cost-effective service delivery".

## Financial Implications

There are no financial implications associated with this report.

## Background

The purpose of this report is to respond to the Finance and Administration Committee's March 26, 2024 [direction](#) for an update on the status of the opportunities identified in the 2020 Core Services Review, and to follow-up on the [update](#) provided at the February 21, 2023 City Council meeting.

In 2019, City Council [directed](#) staff to undertake a two-phase core services review. Council selected the services included in the review. Initially, Council directed that funding for this work be provided by the Tax Rate Stabilization Reserve. The province then announced an application-based funding opportunity, the Audit and Accountability Fund, that could serve as a funding source. Ultimately, the project was funded by the Audit and Accountability Fund, avoiding the need for municipal tax funding.

KPMG was retained to undertake the second phase of this work, and its analysis identified potential net cost reductions of \$4 million per year. It believed these savings would be realized by rationalizing facilities, introducing more technology into our work processes (creating a "digital city"), implementing a lean management system, reviewing facility use agreements, modernizing phone systems, reviewing user fees and cost recovery, reviewing maintained parkland requirements and outsourcing ski hills.

Net cost reductions realized to date are approximately \$4,331,000. Cost avoidance worth \$1,380,000 has also been realized following decisions to rationalize facilities and/or divest aging assets. Staff continue to analyze potential cost savings identified specifically through the review and have identified other net cost reduction opportunities identified since the report was originally written.

## Analysis

There were ten opportunities for change recommended by the Core Service Review as follows:

Ref No.	Opportunity	Description	Estimated cost saving for re-allocation
1	<b>Facilities Rationalization</b>	Rationalize the number of city-owned and run facilities with the aim of disposing of the resulting excess capacity across facilities and office buildings.	\$1,000,000

**Status: This is underway.**

Significant effort has been made to address this opportunity, typically as part of other service changes that also address corporate goals such as asset renewal and service improvement projects. For examples, please review the following reports: [Tom Davies Square – One-Stop Shop](#); [Greater Sudbury Museums Review](#); [Emergency Services Station Location Study](#).

Savings realized from the creation of the One-Stop Shop worth \$250,000 annually were directed by Council to support Lorraine Street Transitional Housing services. As work on developing the Valley East Twin Pad facility continues, part of the plan anticipates it would enable the decommissioning of other arenas such as the Centennial Community Centre and the Raymond Plourde Arena.

The Depot Master Plan, intended to renew and renovate existing public works depots and dispose surplus public works facilities, has moved into the detailed design and construction of a new salt and material management building at the Frobisher Yard. As part of this plan, we will also rationalize office space to create a smaller footprint for these support services.

Work remains underway to assess further space utilization changes within Tom Davies Square. With the successful launch of the One-Stop Shop, the use of remote work arrangements by municipal staff and provincial staff at 199 Larch St, the Cultural Hub project at Tom Davies Square anticipates there will be more change opportunities that rationalize municipal facilities and office space. This work is ongoing and staff will bring further reports to Council as the analysis evolves.

As of April 2024, dispositions of underutilized buildings such as the Falconbridge Arena, Coniston Police Store Front, Copper Cliff Firehall, Vermillion Lake Fire Station, and 291 Lourdes Street have generated approximately \$930,000 in sales revenue and reduced the operating budget by approximately \$110,000.

2	<b>Create a Digital City</b>	By prioritizing new and existing digitization projects, the city can leverage technology to improve the delivery of both client facing and internal services.	\$600,000
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**Status: This is underway.**

This update highlights key projects completed in the last year, those coming this year and provides additional data covering the period since the Core Service Review report.

Notable projects completed in the last year include: the Automated Metering Infrastructure project that digitally collects data from over 43,000 water meters, property tax bills online with over 4,600 citizens subscribed so far, the Pronto online building permit system and an online recruiting portal for City job postings.

Digitization projects continue to be expanded upon since the KPMG report, including the 311 CRM system now supporting 34 online request types; the recreation and facility booking system supporting 14 online transactions and the Pronto system with online access to 14 permit types. The City's internal ERP system, PeopleSoft, was further expanded through the COMPASS and HCMP projects to modernize the workplace with 17 new internal self-serve functions for staff and supervisors.

A key project coming up is the "Digital Service Strategy", which will deliver a road map to improve citizen access to, and efficiencies of, city services. This work will include estimate of the potential return on investment from further changes to the corporation's use of technology.

3	<b>Lean Management System</b>	Through implementation of a lean management system (or other business innovation methods), the City can implement opportunities for efficiency, including those identified by front-line employees.	\$350,000
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**Status: This is underway.**

In late 2023, staff with responsibility for analytics and business process improvement were centralized into the Data, Analytics and Change division. Staff from Water and Wastewater Services, GIS Operations, Community Safety, Information Technology and Finance now work as one team with a shared focus on strengthening the corporation's standards for data management, finding new ways to apply data when managing the corporation's services and analyzing potential costs and benefits from policy or process changes.

Various improvement initiatives have been implemented to eliminate manual data entry, reduce errors or automate repetitive processes throughout the organization. Some examples include the roll-out of self-service time entry (a savings of two FTE), automated alerts for water distribution sampling data (a productivity improvement equivalent to approximately 0.2 FTE per year for Water supervisors) and an auto-generated On-Call schedule (a productivity improvement equivalent to approximately 0.1 FTE per year in Linear Infrastructure). A project is underway with Community Paramedicine that could produce a productivity improvement equivalent to 1.0 FTE which would allow paramedics to visit an additional 40 patients in need per month. The lean process reviews have also resulted in initiation of a project to discontinue a separate timekeeping system used by two divisions, which will result in annual licence fee cost avoidance worth \$167,000.

This division's workplan prioritizes projects according to their projected operating cost savings, potential productivity improvements, potential for data/service improvement and risk avoidance. In addition, lean process reviews precede planned technology improvement projects to maximize the return on investment from those projects, minimize cycle times and/or enhance service quality.

4	<b>Review Shared Use Agreements</b>	The pricing charged and services provided by the City through shared use agreements of arenas and recreation facilities should be reviewed.	\$175,000
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**Status: This remains outstanding.**

Revisions of the joint use agreement with local school boards remains outstanding due to other conflicting priorities and workloads. However, the principles of the City's User Fee Framework are being applied to school use of municipal facilities. For example, school skating and swimming sessions are recognized as having community benefits and have been treated under the shared use understanding with local school boards. Activities which are primarily individual benefit (hockey tournaments, hockey schools) are charged the applicable user fee. The City also collaborated with three local school boards to leverage National Lifesaving Society funding to deliver the Swim to Survive program to Grade 3 students across the community.

Additionally, the agreement relating to the Northern Water Sports Centre was reviewed and revised.

<p>Separate, but related, is the work that was completed to share services with nearby communities, including Markstay-Warren and Atikameksheng. Staff recently completed an agreement with Markstay-Warren to provide water and wastewater services. This provides a win/win solution that leverages, and extends, staff's expertise. Also, in collaboration with Vale, we have a long-standing agreement to share water services in Lively, Copper Cliff, Naughton and Whitefish.</p>			
5	<b>Modernize Phone Systems</b>	A telephone modernization plan could not only save on operational costs compared to a traditional desk phone but also enable a more flexible work environment.	\$75,000
<p><b>Status: <u>This is complete.</u></b></p> <p>As anticipated, the modernized phone system achieved intended operating savings and provides more integration between technology tools to support a more flexible work environment.</p>			
6	<b>Review User Fees &amp; Cost Recovery</b>	Fee structures charged to users for arenas and recreation facilities should be reviewed and aligned with cost recovery rates for recreation facilities.	\$245,000
<p><b>Status: <u>This is complete.</u></b></p> <p>Council approved a user fee policy that identified a consistent method for defining subsidies related to municipal user fees that recognizes both personal and community benefits associated with the service. While actual fee revenue will vary according to utilization levels, the projected change in 2023 leisure services operating revenues is anticipated to be \$660,000 greater than 2022 levels. This aligns with Council's budget direction to increase reliance on non-tax revenue and reduces requirements for property tax support while maintaining access to municipal services. Further, in the 2024-2025 Budget Council approved a Transit fare increase worth \$555,000, reducing the need for taxpayer subsidy.</p>			
7	<b>Expand Facilities Management Systems</b>	Facilities management services such as remote monitoring and automation for HVAC systems could be expanded to arena and recreation facilities.	\$156,000
<p><b>Status: <u>This is underway.</u></b></p> <p>Various capital projects have been approved that address this change opportunity. For example, the 2022 Budget included \$833,000 for improvements at various pool facilities; the 2023 Budget (p.423) includes \$795,000 for HVAC upgrades at Minnow Lake Place. Capital forecasts anticipate further investments in accordance with current asset management plans.</p> <p>This is in addition to the expansion of automation systems at 1160 Lorne, Downtown Transit Depot, Fire stations and new builds such as Sparks Street, Lorraine Street and the addition at Pioneer Manor. As these projects are completed, staff anticipate the projected operating cost savings described in the Core Service Review will be realized.</p>			
8	<b>Optimize Office Space</b>	Explore opportunities to optimize office space through consolidated seating arrangements, introducing flexible/remote working locations, and moving from paper-based document storage.	\$193,000
<p><b>Status: <u>This is underway.</u></b></p> <p>In November 2023, Council provided direction for staff to proceed with the Cultural Hub at Tom Davies Square. The cultural hub project is a catalyst for Municipal Services Relocation into 199 Larch Street. Planning is underway, with a consulting and design team retained to advance both the cultural hub and municipal relocation projects.</p>			
9	<b>Review Maintained</b>	Hectares of parkland maintained by the City far exceed established service levels and benchmarking averages and could be naturalized to standard levels.	\$980,000

	<b>Parkland Requirements</b>		
<b>Status: <u>This is underway.</u></b>			
<p>The 2024/2025 budget included the disposition of open space/natural parkland to achieve additional revenue of \$250,000 per year. The focus will be on properties identified as natural parkland with little to no recreational purpose and no plans for development. The City's parkland disposition policy establishes the process for the sale of individual parkland properties. This approach would redirect the funds from the sale to the net levy, rather than the reserve as stated in the current policy.</p> <p>Leisure Services Division staff are also working with Planning Services to review parkland with limited recreational value to support housing development. A report identifying potential properties and recommended process/policy changes is planned for the Planning Committee by early Q4.</p>			
10	<b>Outsource Ski Hills</b>	The operation of ski hills is a service uniquely offered by the City which could be outsourced to a private or not-for-profit third-party provider.	\$243,000
<b>Status: <u>This is underway.</u></b>			
<p>At Council's <a href="#">direction</a>, staff are preparing a report for the August 2024 Community &amp; Emergency Services Committee providing additional information on municipal ski hills, including:</p> <ul style="list-style-type: none"> <li>• Further details on the Lively Ski Hill capital projects including updated project estimates;</li> <li>• Alternatives to continuing with the projects as originally contemplated;</li> <li>• Utilization and operating costs of City of Greater Sudbury operated ski hills;</li> <li>• Recommended utilization targets for ski hills.</li> </ul>			

In addition to these “top 10 opportunities”, the Core Service Review also identified ideas that could merit further study. While many of these are not expected to result in cost savings, additional updates have been provided in Appendix A for opportunities that are actively under review or that have been completed.

## Next Steps:

The Core Service review identified, but did not analyze in any detail, other staff-generated suggestions for potential change. **Appendix A** provides information about the status of those suggestions and, where applicable, the impact they've had on the corporation's performance. Total operating net cost reductions of \$4,331,000 have been realized, and capital cost avoidance of \$1,380,000 has also been produced from analyzing these suggestions and developing solutions that change the corporation's service level and/or processes.

Staff regularly seek opportunities for cost savings or cost avoidance. The Data, Analytics and Change Division's mandate includes regularly performing work that reduces the corporation's net costs and produces service improvements.

## References:

Core Services Review Update, February 21, 2023: <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=48724>

Core Service Review Final Report, January 2020: <https://www.greatersudbury.ca/city-hall/reports-studies-policies-and-plans/pdfs/kpmg-final-report-of-core-service-review/>

Report to City Council, September 24, 2019: <https://pub->

[greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=2075](https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=2075)

Motion CC2019-156, May 28, 2019 (amended from FA2019-40, May 14, 2019): <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=30307>