

BACKGROUND

On May 14th, 2019, Councillor Sizer introduced a motion calling for a core service review. Council passed an amended motion on May 28th, 2019 directing staff to initiate the required work and, prior to any detailed analysis of potential changes in specific services, report information about all of the municipality's services, their cost and performance relative to the city's benchmarking partners. Following an Information Report in July to update Council on the status of the work, staff completed Phase I, producing the requested information about all of the municipality's services, their cost and relative performance. Council received this report at its September 24, 2019 meeting.

At that time, Council decided to proceed with detailed service reviews of the following:

- a) Arenas
- b) Parks
- c) Recreation Programming
- d) Assets and Facilities Management
- e) Roads Operations and Maintenance
- f) Community Grants (including grants provided by Economic Development)
- g) Long Term Care

The work also included a review of the City of Greater Sudbury's enterprise systems to assess how best to sufficiently, appropriately integrate them so that they support routine time, attendance and staff activity reporting.

Consistent with the terms of the province's Audit and Accountability Fund, which required a third party to complete the work. Staff issued a Request for Proposals and KPMG was selected following a review of the four proposals received. KPMG started work in October.

The basis for this review was a desire to assess the potential for changes to services or service levels and assess whether resources could be redirected to services where Council wants to make additional investments. It was not intended as a cost reduction exercise.

It was a condition of the Audit and Accountability Fund that a report be posted to the City's website by December 31 describing the results of KPMG's work. An Executive Summary was posted December 31. KPMG's Final Report is attached here as **Appendix A**.

ANALYSIS

KPMG assessed the services based on a method it developed that examines several elements. Its work included interviews with staff, a review of the service profiles staff developed in Phase I, a review of leading practices from municipal or other levels of government and the private sector, and analysis by its own experienced project team.

Comparative Analysis

The attached final report also offers insights about Greater Sudbury's performance based on comparisons with five other municipalities. The purpose of these comparisons was to identify insights about general performance that could lead to specific opportunities for change. KPMG identified the following general themes:

Municipal Debt: Greater Sudbury's debt per household is the lowest of the comparator group.

Staffing Levels: Greater Sudbury's full time staffing levels have been consistent over the last five years and, overall, are lower than the average of the comparator group.

Winter Road Maintenance: Greater Sudbury's winter maintenance expense (\$5,208/km) is higher than the group average (\$3,454/km), but our net road maintenance expense (\$6,042/km) is lower than the group average (\$9,163/km)

Discretionary Reserves: When compared to the value of our assets, reserve levels here are lower than the comparator group average.

Parks and Recreation: Greater Sudbury's cost per household (\$133 and \$31 respectively) are both lower than the comparator averages. Our recreational programming cost per household is the lowest of the comparator group.

Recreational User Fees: Greater Sudbury's cost recovery from user fees and charges (28%) is consistent with the comparator group average (29%).

Taxation Levels: Greater Sudbury's taxes per household were the second lowest of the comparator municipalities.

These findings align with information staff routinely present to Council. Annual financial comparisons provided by the BMA Municipal Study and annual performance benchmarking comparisons provided by MBNCanada consistently describe the same type of insights. These details are available on our website and are included as part of the corporation's annual budget.

Top 10 Opportunities

KPMG highlighted 10 opportunities for change (please refer to pp.15-46 of KPMG's Final Report). Its estimates suggest positive operating impacts of approximately \$4M per year could be realized by fully implementing these changes.

Of the 10 opportunities, KPMG's assessment indicates five of them could be implemented within the next two years. Of the remaining five opportunities, three could be implemented within the next four years, while two would require more than five years to fully implement. For some of the opportunities, such as developing staff capacity for LEAN management practices, investments will be required that facilitate the anticipated benefits KPMG identified.

Staff believe the opportunities deserve further consideration and generally agree with the estimates of the implementation timelines KPMG provided. Next steps could include undertaking some community consultation activities to assess the level of public support, at least for the opportunities that could be realized within the next two years. For the opportunities that require more than two years to implement, staff could provide further analysis and prepare business cases that would be considered in the 2021 (or future) budget.

Detailed Service Reviews

For the services Council specified, KPMG prepared detailed sub-service profiles and identified leading practices/opportunities. Briefly, its analysis shows:

Community Grants (pp. 96-97): Municipalities do not commonly provide this service. Should Council wish to continue providing this service, KPMG identified opportunities that could reduce the amount of staff time associated with administering the grants. It also recommended increasing the amount of technology support used for managing grant applications.

Roadways – Operations and Maintenance (pp. 98-105): Municipalities commonly provide this service. Greater Sudbury's performance include a mix of activities with some performed "at standard" and some "below standard". Overall, costs are lower than the comparator group. Opportunities for change include:

- a) investigating the potential for more outsourcing of engineering work
- b) reviewing street sweeping services
- c) changing road classifications for roads with lower traffic volumes to reduce maintenance requirements
- d) reviewing the mix of internal v contracted staff for winter maintenance
- e) changing the service level for sidewalk maintenance to increase resident responsibility
- f) centralizing responsibility for plowing municipal arenas and facilities
- g) defining stormwater maintenance service levels
- h) reviewing the subsidized culvert program to reduce or eliminate the municipal subsidy
- i) increasing the amount of sidewalk winter maintenance
- j) implementing LED street lighting

Recreation (pp. 106-112): Municipalities commonly provide this service. Greater Sudbury's service levels for pools were classified as "below standard", while Recreation Programming, Fitness Centres and Youth Centres were classified as "at standard". Service levels for the corporation's trailer parks and ski hills were classified as "above standard" because Greater Sudbury is unique in its provision of these services. Overall, costs are lower than the comparator group. Opportunities for change include:

- a) reviewing user fees and cost recovery requirements
- b) outsourcing the provision of ski hills to a third party
- c) assessing the potential for divesting fitness centre services
- d) reviewing utilization rates and program options for day camps and summer playground programming
- e) assessing the potential for divesting municipal trailer parks
- f) assessing the potential for incorporating youth centres within existing community centres instead of their own dedicated spaces

Facilities Management (pp. 113-116): Municipalities commonly provide this service. Greater Sudbury's service levels were classified as "at standard". Cost per square meter of recreation facilities is second lowest within the comparator group, although Greater Sudbury has the largest amount of available recreation facility space. Opportunities for change include:

- a) rationalizing the number of facilities
- b) adopting a multi-purpose facility service delivery model
- c) standardizing project management practices for all facility capital projects

- d) incorporating asset management software and improving the use of building automation
- e) reviewing the potential for revenue from naming rights
- f) preparing a facilities master plan

Arenas (pp. 117-119): Municipalities commonly provide this service. Greater Sudbury's service levels were classified as "below standard" for Community Halls and Community Arenas, while the Sudbury Community Arena was classified as "at standard". Opportunities for change include rationalizing the number of arenas.

Parks (pp.120-127): Municipalities commonly provide this service. Greater Sudbury's service levels were classified as "below standard" for Parks/Parkland, Playfields and Outdoor Rinks, while Non-motorized trails, playgrounds and splash pads and Community Centres and Halls were classified as "at standard". There is a larger number of hectares maintained here (866.25 hectares per 100,000 residents) compared to other municipalities (341.37 hectares per 100,000 residents), but operating costs are below average. Opportunities for change include:

- a) reducing the amount of maintained parkland
- b) revising the Parks categorization system to change maintenance standards
- c) reducing the number of playgrounds and splash pads
- d) changing the method for determining playfield rental charges
- e) increasing the availability of premier playfields to better align with municipal comparators
- f) reducing the number of community halls
- g) reviewing joint use arrangements with school boards
- h) reducing the amount of maintained trails
- i) reducing the number of maintained outdoor rinks

Long-term Care (pp.128-129): Municipalities typically provide this service, although northern Ontario communities can elect not to provide it. Greater Sudbury's service was classified as "above standard". There is a greater supply of beds here compared to our MBNCanada comparators, and our cost per bed day is the lowest among MBNCanada members. Opportunities for change include:

- a) outsourcing management
- b) collaborating with the province or other third parties on service approaches that reduce the corporation's net cost

Enterprise Systems to Support Routine Staff Time, Attendance and Activity Reporting

KPMG performed an assessment of the corporation's enterprise systems with recommendations for change that facilitate data collection and processing to support routine, real-time staff time, activity and attendance reporting. It identified options based on the corporation's current enterprise systems and recommended a direction. Please refer to **Appendix B** for more details.

The result of following KPMG's recommended direction would require approximately 18 months and involve a series of project steps. Dedicated staff time and financial resources worth approximately \$1.7M would be required. The outcome would be enterprise-wide standards and tools to capture real-time information about staff service efforts, attendance and accomplishments.

This will provide new and comprehensive data to support decisions about resource allocation, as well as process and policy changes to maximize organizational efficiency. It further

strengthens the corporation's accountability and performance reporting framework by providing data that shows exactly what type, and how much, of staff's time is required for supporting the corporation's programs and services. For example, it will provide deeper insights into the factors driving overtime and/or absence costs, and facilitate greater management control over the decisions that lead to those costs.

On a practical level, KPMG's recommended direction would eliminate a series of unrelated, manual workflows for staff time and attendance reporting that do not provide enterprise-wide data and replace them with a digital system that compiles standard information about the whole organization. Further due diligence will be undertaken to support a business case for consideration in a future budget, but staff are confident the payback on this initiative is less than three years.

Community Engagement for Service Changes

While the corporation is a low-cost service provider, its geography and significantly larger service area means it has a higher number of assets compared to other similar-size municipalities. These assets – facilities, trails, roads, etc – individually have lower activity levels associated with them than similar assets in other municipalities. Combined with Greater Sudbury's low operating cost position, it suggests we are not providing the same quality service as could be available in other cities because, for example, the facilities don't have the same number of features or amenities, or they are not maintained at levels found in other communities.

The asset renewal needs for this large asset base are significant. KPMG's recommendations to rationalize facilities and reduce the amount of maintained parkland are consistent with Council's objective for this review – to identify where resources could be redirected to services where Council wants to make additional investments.

Staff recognizes there is potential for residents to be concerned about service changes and take the view that fewer, but higher quality services appear instead to be a service reduction. Recommended Motion #3, if approved, reflects staff's interest in developing a thoughtful, deliberate approach for supporting Council's decisions about such changes.

CONCLUSION

KPMG's analysis identified a series of potential improvements that change some of our services. It notes that Greater Sudbury is a low-cost municipal government when compared to similar municipalities. Service levels generally match, or are below, those found in other similar municipalities. This is consistent with annual benchmarking comparisons that offer detailed comparisons about Greater Sudbury's performance at both provincial and national levels. Opportunities for change are available.