



The City of Port Colborne Service Delivery Review

Final Report

September 8, 2020



Disclaimer

This report is subject to the terms and conditions in our engagement letter March 5th, 2020. This report is intended solely to assist the City of Port Colborne (“the City”) with a service delivery review. The comments and observations in our report are not intended, nor should they be interpreted, to be legal advice or legal opinion. This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated.

We had access to information up to August 10th, 2020 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 expressed herein are valid only in the context of the whole report. Selected observations should not be examined outside of the context of the report in its entirety.

Our observations and full report are confidential and are intended for the use of the City. Our review was limited to the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations should be considered in the context of the procedures performed. In this capacity, we are not acting as external auditors nor value for money auditors and, accordingly, our work does not constitute an audit, examination, value for money, 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 recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the City. KPMG has not and will not perform management functions or make management decisions for the City.

KPMG has no present or contemplated interest in the City. Accordingly, we believe we are independent of the City and are acting objectively.

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Table of Contents

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Chapter	Page
Disclaimer	2
Project Overview	4
Opportunities and Prioritization	11
Conclusion	27
Appendix A: Summary of Findings from Consultations	28
Appendix B: Benchmarking & Performance Perspectives	36



Project Overview

City of Port Colborne
Service Review
Final Report



Introduction

The opportunities and prioritization was prepared to present a roadmap to improve the overall effectiveness and efficiency of the City's current service delivery model. The opportunities reflect the observations and findings from multiple stakeholder engagements with management and staff including a survey that was open to all staff for their input. In addition to the three strategic and top ten opportunities, many more were identified and have been categorized and ranked for future review and consideration.

Setting the Stage

Port Colborne is a dynamic city of 19,000 people on the shores of Lake Erie. A part of the Niagara Region, this community offers the best of small and large city infrastructure and activities. While sharing similarities with other municipalities that have distinct urban and rural areas, Port Colborne's history and vision for the future is unique and makes it special.

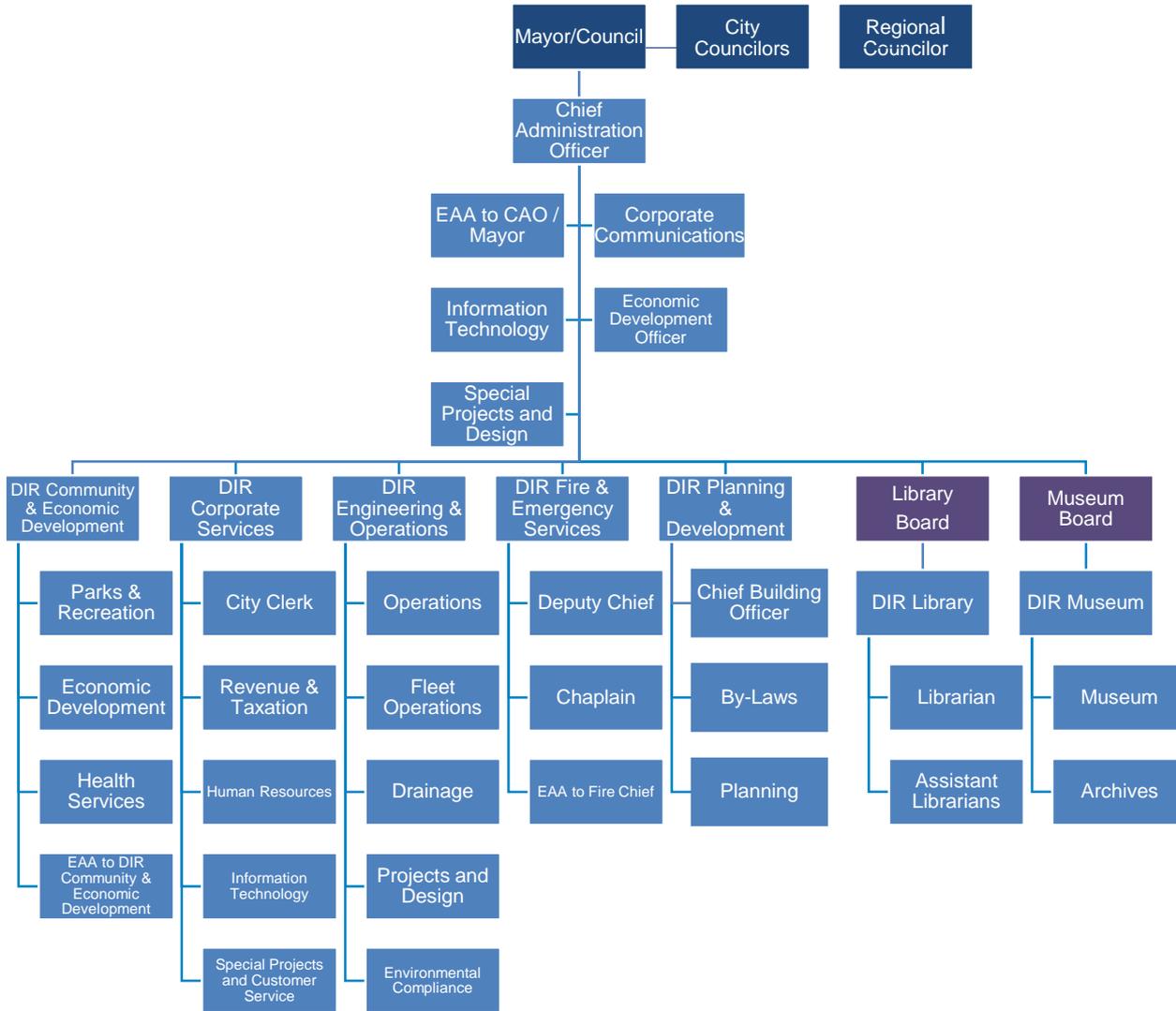
Port Colborne is situated on the north shore of Lake Erie, at the mouth of the Welland Canal. It shares its boundaries with the Township of Wainfleet to the west, the Town of Fort Erie to the east, and the Cities of Welland and Niagara Falls to the north.

The urban area of Port Colborne is located at the southern end of the municipality, centered on the Welland Canal, and consists of a variety of residential neighbourhoods, a downtown/historic core area, as well as various commercial and industrial areas. The urban area makes up less than one-quarter of the municipality's geographic area. The Welland Canal has provided an impetus for industrial development along the waterfront. A number of major industries are located on or close to the waterfront, occupied by residential development (primarily cottages) that have deeded access to the beaches and in many cases, access rights that extend into Lake Erie.

The City government is comprised of the Mayor, 8 City Councillors representing four community wards and a Regional Councillor. The Mayor also represents the City on Regional Council. The City currently has 6 main departments: Office of the CAO, Corporate Services, Planning and Development, Community and Economic Development, Engineering and Operations and Fire and Emergency Services plus the Library and Museum. The City oversees a gross operating budget of ~\$25M and employs over 200 staff (full-time, part-time and casual).

As with all municipalities and other levels of government, the City is balancing community and stakeholder expectations and financial constraints. With the growth it is experiencing, City Council has determined that it is necessary for Port Colborne to consider how municipal services will be delivered sustainably over the long term. Accordingly, it has engaged KPMG to assist with a review of its current service delivery model and identify opportunities for greater efficiency and effectiveness and ensure value for money for its residents.

City of Port Colborne 2020 Organizational Chart



Project Objectives

KPMG was engaged by the City of Port Colborne to undertake a service review. The overall goal of the service review was to better understand the current suite of services, and identify opportunities for improvements, and efficiencies. Specific project objectives included:

- **Inventory Municipal Services** – Conduct a comprehensive review and detailed analysis of the relevance, efficiency and effectiveness of the City’s services including a review of leading municipal organizations. As part of this we considered all aspects of the City’s services including delivery methods, service expenditure and revenue streams.
- **Identify Opportunities** – Explore opportunities based on global leading practices (public, private, not-for-profit) and define options for greater cost efficiency in service delivery and levels.
- **Advise on Implementation** – Evaluate and categorize opportunities to develop recommendations for short-term, mid-term, and long-term priorities. Provide strategic guidance to leadership on implementation and prioritization of new, innovative and/or leading service delivery models that improve upon organizational efficiency while balancing citizen expectations. In addition, highlight the risks associated with each proposed change/option to inform management of the key factors and risks which should be considered during the decision making process.

Project Principles

- The knowledge and expertise of City employees was fully engaged, building upon their knowledge and expertise to arrive at recommended actions through a transparent, participative and inclusive process facilitated by the consultant.
- The service review process was conducted in a way that engaged City employees.
- The aim was to, wherever possible, transfer knowledge and necessary “tools” to City staff to enable them to better develop their own solutions to operational and process issues and challenges over time.
- The framework and approach was based on leading practice from municipal or other levels of government experience and/or private sector.
- Lastly, this was not an audit nor a deeper-dive operational review. This was a review to build on successes and identify opportunities to improve the efficiency and effectiveness of how the City delivers services to the community and citizens of Port Colborne.
- *COVID-19: The intent was to assess the regular service delivery model while taking into account business continuity or COVID-19 specific responses where possible, or to distinguish between them.

Project Scope

• **Phase One: Project Initiation**

- Kick Off Meeting with Project Team
- Project Charter
- Project Schedule

• **Phase Two: Environmental Scan**

- Documentation review to provide insight into the City's operations, financials, and services levels
- Interviews and Focus Groups (24 interviews & 3 focus groups)
- Current State Summary (interviews/focus groups' findings)
- Benchmarking of Port Colborne against 5 comparator Municipalities.
- Online survey for employees

• **Phase Three: Review of Current Service Delivery Model**

- Service Profiles for all of the City's programs and services as per the Municipal Reference Model
- Individual meetings with the City Senior Management Team to confirm service profile data
- Presentation of Interim Report to Project Team & Council

• **Phase Four: Opportunity Identification**

- Three half day working sessions with the Project Team to identify, rank and confirm opportunities
- Identification of potential opportunities to achieve the most efficient and operationally effective service delivery model
- Draft recommendations on changes to services, programs, resources, and responsibilities, including whether specific services should be expanded, reduced, discontinued or delivered in an alternative manner
- Draft recommendations on the prioritization of services

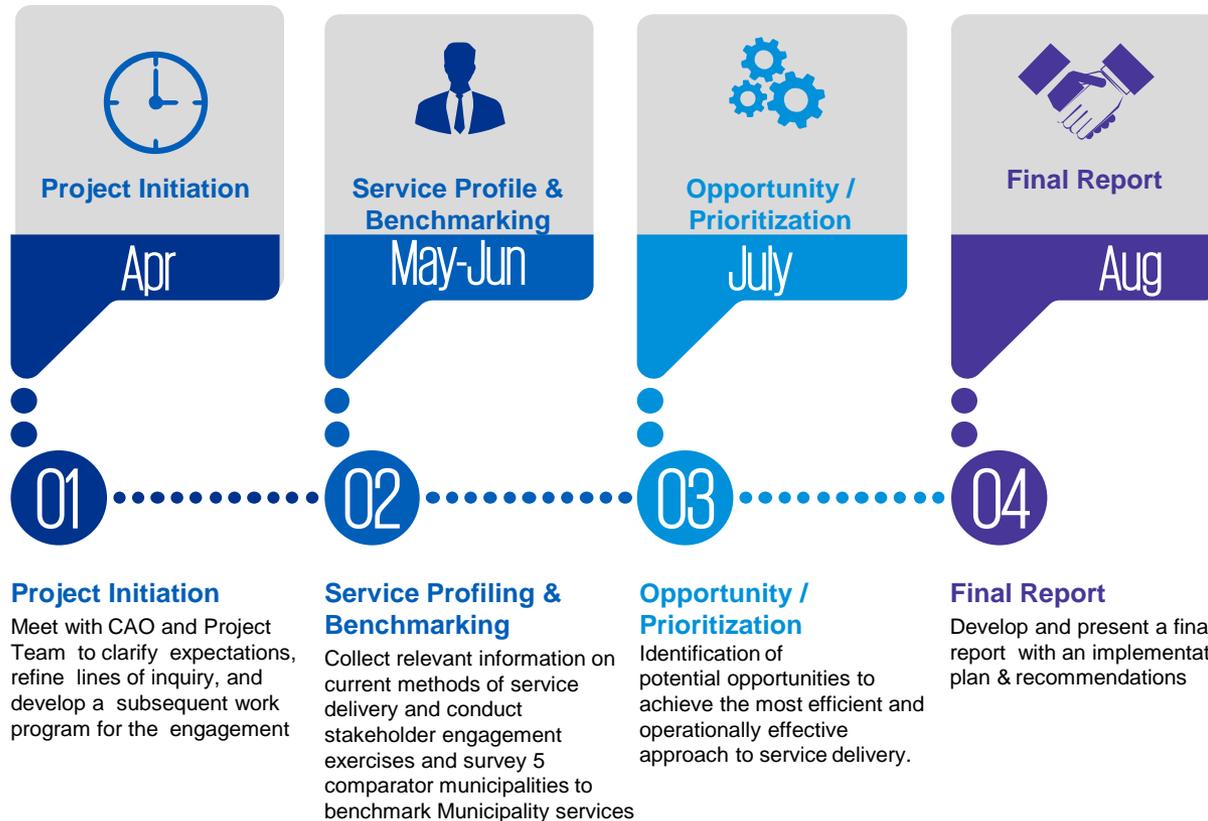
• **Phase Five: Final Report and Presentation**

- Finalize service profiles inventorying current services and delivery approaches
- Specific recommendations with regards to changes in services, programs, resources, and responsibilities, including whether specific services should be expanded, reduced, discontinued or delivered in an alternate manner
- Quantification of financial implications of opportunities identified during the Project
- A Final Report (in PowerPoint format) consolidating the different phases of the Service Delivery Review
- Final Report and presentation to Council and Project Team

Introduction and Context

Work Plan and Progress Report

This engagement commenced on April 3, 2020, and was completed on xxx when KPMG delivered the final report to the City. The diagram below depicts the key phases as outlined in the Project Charter.





Opportunities and Prioritization

City of Port Colborne
Service Review
Final Report



Methodology

KPMG’s experience has shown that most jurisdictions are pursuing the transformation of their public services using traditional approaches such as rapid cost reduction or across the board cuts. We believe that there is an opportunity for municipalities to look beyond doing a little bit less with slightly fewer staff. Instead, municipalities should look at their need to reduce spending as an opportunity to capitalize on new technologies, governance models and financing mechanisms that can help re-shape government. KPMG, in partnership with the University of Toronto, developed a framework (shown adjacent) that captures new public sector delivery models. The framework was developed based on the key insights from leading practices reports and consultations with industry leaders throughout the globe.

The Service Review Project Team used this framework to analyze possible opportunities for change in the City of Port Colborne’s service delivery models. Each of the opportunities were categorized according to the framework so that the Project Team could fully understand the changes being proposed for the City’s service delivery.

Few students of public administration believe that the footprint of government, how government is organized or its relationship with the public will look the same ten years from now as it does today. Governments are having change forced upon them by fiscal challenges on the one hand and technological and social evolutions on the other. These new public service delivery models will help local governments manage this change and ensure that they are not only effective and efficient, but also sustainable into the future.



Methodology

The development of opportunities and their subsequent prioritization involved the following major work steps:

1. Service Profiles

The first major step in developing the list of opportunities was the development of an inventory of programs and services provided by the City of Port Colborne commonly called Service Profiles. The basic elements of a service profile includes a description of the service and sub-service, a comparative analysis, a service level justification and a financial overview. The many different services of the City were categorized using KPMG's Municipal Reference Model.

For the past ten years, KPMG has been actively involved in the profiling of all citizen-facing and internal services using the Municipal Reference Model for Canadian municipalities. The Municipal Reference Model describes the business of local government from the outside-in, in terms of the programs and services that municipalities provide and how these contribute to achieving defined policy outcomes. This can be contrasted with an inside-out view, which focuses on how local governments are organized and the activities that they undertake. Focusing on outcomes, and how governments are achieving those outcomes through their programs and services, supports the fundamental question of whether they are ***delivering the right services, for the right reasons and in the right way.***

A series of working sessions with the City's project team covering all departments were conducted over the course of the project timeline.

These working sessions considered the nature of the department's work, its position within the municipal reference model and the results of the benchmarking review. Data necessary for the completion of the service profiles was discussed and collected. This included the following:

- Budget information, including a breakdown of cost streams
- Capital – includes debt payments and current contributions to capital projects
- Definitive service descriptions
- Rationale on service level assessments and types
- Data on the number of staff delivering the service in “Full Time Equivalents” (FTEs)

Based upon this collected data, the different services of the City were analyzed by the following elements described on the next page:

Methodology

1. Service Profiles (Continued)

a. Service Level

Each service was analyzed to determine its service level. Service was determined to be above standard, at standard, or below standard. Service level standards are defined through a variety of legislation, industry standards, business case analysis justifications, service levels in other municipalities or reasonable expectations.

b. Service Type

Service Reviews typically involve an assessment of a collection of services defined under the Municipal Reference Model to understand to what degree they are core. KPMG, with validation by our municipal clients, has developed a customized continuum for assessing core versus discretionary services. Along the continuum, there are four descriptive categories, which, when applied to a service formed the “Core Ranking” for that service. The “core continuum” categories are Mandatory, Essential, Traditional, and Discretionary.

c. Service Level Source

Finally, to understand and justify the service level analysis, KPMG identified the origin of a service level standard and the role that the City of Port Colborne plays in delivering a service or sub-service. In each service profile, KPMG reviewed the degree to which the standard was prescribed by legislation or set by the Council, management, or funding agreement. KPMG also reviewed the appropriateness of the standard with respect to industry benchmarks or traditional practice, in cases where information was available.

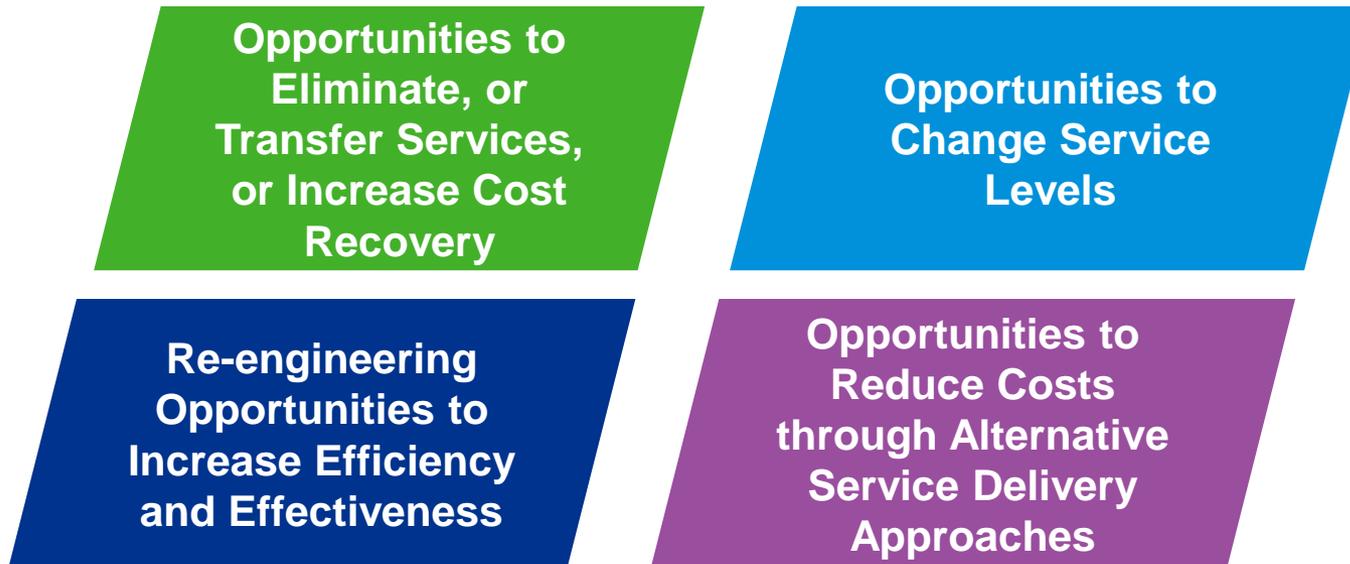
Methodology

2. Opportunity Identification

The second step in the Service Review was the identification of potential opportunities to improve operations through the following:

a. Types of Opportunities

- Elimination or transfer services, or increased cost recovery
- Re-engineered services to increase efficiency and effectiveness
- Alternative service delivery approaches
- Changed service levels



Methodology

b. Opportunities Ranking

In a series of working sessions, KPMG and the Project Team identified opportunities for improved efficiency and effectiveness in the delivery of City services. The opportunities were then assigned an improvement type. Five different improvement types were used and opportunities could be assigned multiple improvement types. The improvement types were:

- Modernizing bureaucratic processes
- Reassignment of roles between levels of government
- Digitization
- Devolution
- Alternative financing and procurement

Methodology

b. Opportunities Ranking (Continued)

Opportunities were evaluated using the criteria below and then grouped into categories of Strategic Opportunities, Top 10 Opportunities and Opportunities Requiring Further Study. The following pages present the opportunities by group, our analysis summary, and the type of improvement based upon the New Public Sector Delivery Model.

Assessment Criteria	Description
Operating \$ Impact	Estimated impact on operating budget.
Capital \$ Impact	Estimated impact on capital requirements.
Barriers To Implementation	Barriers, issues or obstacles to implementing the opportunity: <ul style="list-style-type: none"> • Political • Legal • Labour and Contractual Obligations • Capital Costs
Recent Reviews	Recent reviews or studies conducted that provide insights on the opportunity.
Comparator Analysis	An assessment of service performance against comparable competitors, industry standards or leading practices.
Strategic Program Alignment	The opportunity aligns with the objectives and values of the City, the service, the Official Plan and/or Council priorities.
Client/Customer Impact	The impact of the opportunity on the number of clients, customers and/or people and the extent of the impact.

Strategic Opportunities

Ref No.	Opportunity	Observation	Leading Practice	Improvement Type	Estimated Impact*
1	Establish Service Levels for Municipal Services	The City recognizes the need for defined service levels for each of its services and to date has been inconsistent in establishing and adhering to them. Staff identified the need for clear direction and less ambiguity or mixed messaging as a result of not having established service levels.	Established service levels manage citizen expectations and provide clear direction to staff. They also allow for appropriate planning for resourcing (people and assets) and the appropriate budget allocations.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year
2	Revise and Update Strategic Plan with Departmental Mandates and KPIs	The City recognizes the need to revise and update the Strategic Plan. The Strategic Plan needs to include departmental mandates and KPIs for each department. Staff identified the inconsistency and lack of understanding of these mandates and KPIs.	Strategic Plans are for 3-5 years and viewed and updated on a regular basis. They also align the community with Council and City staff. Department Mandates and KPIs manage expectations, provide clear direction and allow for individual and City growth to meet or exceed said KPIs.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year
3	Integrate Culture Strategic Plans	The City recognizes the opportunity to integrate various culture-related initiatives and strategic plans. Staff identified the opportunity to review resourcing (people, assets and funding) for planning and hosting various cultural events.	The integration of strategic planning for culture-related initiatives will lead to cost effectiveness, innovation, and modernization of multiple cultural events. The City will be able to build on its foundation of initiatives such as the Marine Museum, the Roselawn Centre, and Canal Days etc.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year

* Estimated impacts are preliminary assessments of the potential impact to the organization. Further study and analysis is needed.

Top 10 Opportunities

Ref No.	Opportunity	Observation	Leading Practice	Improvement Type	Estimated Impact*
1	Conduct Fleet Utilization Study and Re-Finance the Fleet	The City operates and maintains a wide variety of fleet vehicles and equipment to deliver municipal services across the municipality. Maintenance has become increasingly complex with pressure of upcoming replacement needs. A fleet strategy and utilization study would assist the City in better understanding its current operations, improve asset management practices, and enhance planning for short-term and long-term financing needs.	Municipalities are increasingly reviewing their fleet operations to understand the current utilization, develop standards for right-sizing the fleet and for future vehicle selection, and leverage possible efficiencies from “green” vehicles and shared economy business models.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year
2	Develop a Facility Condition Assessment and Financial Plan	The City maintains multiple older facilities that are well taken care of. With older buildings there are opportunities for efficiencies and accessibility improvements. There is significant overtime and use of contract resources. The City may benefit from additional full-time trade resources to offset overtime and contracts. With the recent onset of COVID-19, the City is further challenged to implement additional enhancements.	Municipalities are leveraging Lifecycle Management approaches with energy-efficient programs to enhance the long-term maintenance of their facilities.	Modernizing Bureaucracy	Tax/rate benefit >\$100k/year
3	Review Service Delivery of GIS Services	The demand for GIS services is required across multiple departments in the City. There is a need for current and updated data that is readily accessible by multiple staff. This would entail mapping all City-owned and managed assets.	Municipalities can benefit from third-party delivery of GIS services across the City. Outsourcing allows the City to focus on the delivery of City services and benefit from the expertise of a third party provider.	Modernizing Bureaucracy	Tax/rate benefit >\$100k/year

* Estimated impacts are preliminary assessments of the potential impact to the organization. Further study and analysis is needed.

Top 10 Opportunities

Ref No.	Opportunity	Observation	Leading Practice	Improvement Type	Estimated Impact*
4	Conduct Lean Six Sigma Process Review and Modernize Business Processes	Many departments within the City identified the need to standardize and define processes to deliver City services. Many of the existing processes have not been reviewed in recent years and newer areas do not have well-documented processes.	Municipalities are looking to best practices such as Lean Six Sigma Process Reviews to modernize their business processes. These reviews lead to streamlined and enhanced service delivery.	Modernizing Bureaucracy	Tax/rate benefit >\$100k/year
5	Review Seasonal Staffing Model	There are multiple seasonal positions across the City. There is an opportunity to consolidate into full-time positions which will lead to retention of staff, cost savings and overall better delivery of services.	Municipalities are conducting reviews to reduce the use of contract employees, improve retention, retain intellectual capital, and find potential cost-savings.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year
6	Continually review Job Classifications for Outside Workers and the CBA	Continually reviewing job descriptions will ensure efficient operations that are in line with the City's objectives. This opportunity could also provide more flexibility for the City and opportunity for the individuals.	Municipalities are revising CBAs to build in the necessary flexibility across roles.	Modernizing Bureaucracy	Tax/rate benefit >\$100k/year

* Estimated impacts are preliminary assessments of the potential impact to the organization. Further study and analysis is needed.

Top 10 Opportunities

Ref No.	Opportunity	Observation	Leading Practice	Improvement Type	Estimated Impact*
7	Review Data Management and Identify Business Intelligence Opportunities	The City identified a lack of understanding of data available and accessibility for data to be shared across departments with a result of duplicate data being retained in various ways across the City.	Having well-defined data management practices will allow for increased efficiency, more reliable and quality data, better business intelligence and analysis, and improved communications across the City.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year
8	Undertake a Review of Overtime and Resource Utilization Including the Back-Filling with Vacancies and Timelines	Many departments are experiencing the need for overtime suggesting it is time for a review to look at root cause to develop the appropriate recruitment and retention strategy.	Reducing overtime with the potential for additional full-time resources improves delivery of services and overall staff morale.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year
9	Transition to Single Plow Operator and review Grass Cutting and Snow Removal Service Delivery Model	The City identified a cost-savings opportunity to shift from tandem to single plow operator. In addition, the City identified an opportunity for Operations and the Parks Departments to work in tandem on the consolidation of seasonal roles into full-time positions, providing job security and cost efficiency.	Many municipalities have transitioned to single plow operators to realize cost savings. Municipalities are continually striving to deliver the best service for the best cost which may entail insourcing or outsourcing services or utilizing a combination of contract/full-time resources.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year

* Estimated impacts are preliminary assessments of the potential impact to the organization. Further study and analysis is needed.

Top 10 Opportunities

Ref No.	Opportunity	Observation	Leading Practice	Improvement Type	Estimated Impact*
10	Delivery of Health Services/ Physician Recruitment Program	The city has identified an opportunity to re-evaluate mandate, role and function of Health Services/ Physician Recruitment Program.	Evaluate ongoing programs for physician recruitment. Consider redefining/ narrowing the scope of the program and outsourcing administration to the Niagara Physician Recruitment and Retention Program to eliminate duplication of services.	Modernizing Bureaucracy	Tax/rate benefit <\$100k/year

* Estimated impacts are preliminary assessments of the potential impact to the organization. Further study and analysis is needed.

Opportunities Requiring Further Study

Opportunity
Develop Long-Term Financial Plan with Lifecycle Costing
Develop a Financial Reporting Process for Council and Management
Review Resourcing for Roles That Require Ongoing 24/7 Support Roles (E.G. IT, Comms, Emergency Management)
Create a People Development, Retention and Succession Plan
Conduct a Corporate Security and Privacy Review
Implement Adopt-A-Road Program
Create Backups for Critical Positions with Cross-Training
Review Economic Development Service Delivery Model
Review Telecommunications Backbone to Ensure Consistent Service Delivery Across All City Facilities and Sites
Establish User Group to Focus On Cost Recoveries
Implement Performance Management and Goal Setting
Implement Open Data for the City
Develop Infrastructure Needs Study for All Linear Assets
Review Communication Policies (Social Media, Communications Etc.)
Conduct Road Needs Study

Opportunity
Consistent Technology Training Program for Staff
Conduct Review of Job Descriptions and Compensation
Conduct a Review of Municipal Standards and Operational Guidelines
Review Revenue Agreements
Conduct User Fee Review
Review 3P for Infrastructure Financing
Further Refine Organizational Structure
Develop Risk Management Plan
Develop Policies and Procedures for Data Management and Retention
Improve the Development Application Process
Streamline the Procurement Process
Review and Update Technology Policies and Procedures including Remote etc.
Implement a Formal Project Management Process
Implement Activity-Based Budgeting
Identify and Promote Citizen Volunteer Opportunities

Opportunities Requiring Further Study (continued)

Opportunity
Review Opportunities for Potential Devolvement of Business Units Into Corporations
Invest in IT Software for Business Processes
Review Multiple Payment Sites
Review Municipal Services for Alternative Service Delivery
Reduce Parkettes and Reinvest In Community Parks

City Building & Regional Opportunities

Opportunity
Evaluate CRM Partnership Opportunities with Neighbouring Municipalities
Partner with Niagara Libraries for Shared Service Delivery
Review Shared Service Delivery Models with Niagara Municipalities
Consolidate CEMC Services with Neighbouring Municipalities
Separate Storm Sewer and Sanitary Waste Treatment
Build a Permanent Farmer's Market
Establish City Land Management Framework Review City Land Ownings and Identify Surplus Land
Build a Discovery Centre for Culture and Recreation

Projects Underway

Opportunity
Marina Operations Alternative Service Delivery
Develop a Customer Service Intake Process
Conduct Employee Surveys On a Regular Basis
Review Business Continuity Planning to Include Longer-Term Events In Light of COVID-19

Summary and Next Steps

Summary

KPMG was engaged by the City of Port Colborne to undertake a service review. The overall goal of the service review was to better understand the current suite of services, and identify opportunities for improvements, and efficiencies.

In a series of working sessions, KPMG with the Project Team identified opportunities for improved efficiency and effectiveness in the delivery of City services. The opportunities and prioritization provide a roadmap to improve the overall effectiveness and efficiency of the City's current service delivery model. The opportunities reflect the observations and findings from multiple stakeholder engagements with management and staff including a survey that was open to all staff for their input. In addition to the three strategic and top ten opportunities, many more were identified and have been categorized for future review and consideration.

Next Steps

The Senior Leadership will determine the approach, timing and resources to implement the strategic and top ten opportunities.

Updating the City Strategic Plan and Service Levels can commence simultaneously and the Service Levels should align to the Strategic Plan. The integration of the Culture Strategic Plans should commence following the update of the City Strategic Plan.



The Top Ten Opportunities could be broken up into Quick Wins, Internal and External.

- Quick wins as the name implies can easily and quickly be implemented such as #10 Transition to Single Snow Plow Operator.
- Internal and External refer to the resourcing.
 - Internal opportunities may be completed entirely by City resources such as #9 Review Grass Cutting and Snow Removal Service Delivery Model.
 - External opportunities may require the assistance of external expertise such as #4 Lean Six Sigma Process Review and Modernize Business Processes or to augment internal resources. .



Appendix A

Summary of Findings from

Consultations

City of Port Colborne
Service Review
Final Report



The Engagement Process

As part of the City of Port Colborne service review, senior leadership and managers were interviewed to obtain an understanding of the services provided by the City, to identify challenges, to identify opportunities for financial and operational efficiencies, and to utilize key measurements for continuous improvement.

The Office of the CAO and management of each of the City's five (5) Commissions were interviewed in confidential one-on-one discussions. In addition, three focus groups of front-line municipal staff were held.

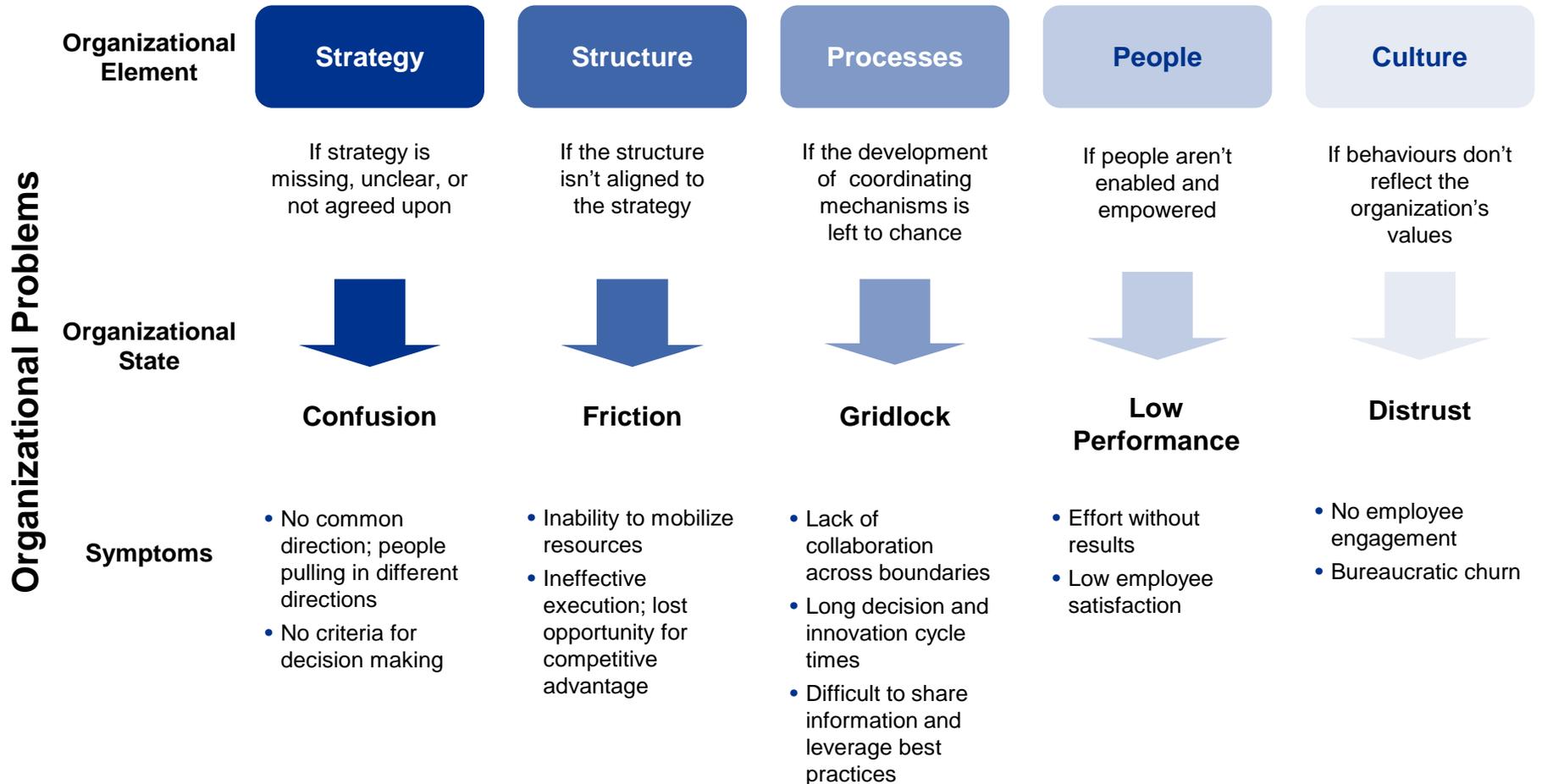
Interviews

Chief Administrative Officer
Director, Community and Economic Development
Director, Engineering and Operations
Director, Fire and Emergency Services
Director, Planning and Development
Manager, Revenue and Taxation
Director, Library Services
Director/Curator, Museum

Chief Building Official
Deputy Fire Chief
City Clerk
Manager, Information Technology
Manager, Parks and Recreation
Manager, Facilities
Manager, Operations
Manager, By-Law Services
Supervisor, Roads
Supervisor, Design and Construction
Supervisor, Development and Asset Inventory
Supervisor, Utilities
Superintendent, Drainage
Coordinator, Human Resources
Officer, Communications

A Model for Analyzing Organizational Performance

KPMG used the following model as a means of analyzing and understanding organizational performance and problems. Note: this is a model, and does not describe results for the City of Port Colborne.



Summary of Top Themes from Consultations

Key themes have emerged from the interviews and focus group discussions, which are summarized below. The information in this document is **preliminary** and should be treated accordingly. It may be refined in subsequent deliverables to reflect additional feedback and further analysis.

Theme	
Strategy	<ul style="list-style-type: none"> ▪ We understand the City currently does not have an updated Strategic Plan. During our consultation, staff consistently identified an overall intention to be strategic and at the same time there was nothing substantial to support the intent. Staff shared they are starting to get excited about the possibilities. Senior leadership acknowledged an updated Strategic Plan needs to be completed and is a priority for the CAO. ▪ Staff expressed some frustration at the lack of a Strategic Plan which results in conflicting priorities from Council and senior leadership. Staff believe they are not functioning as efficiently as they could be and which reduces overall customer service. ▪ Staff noted a desire for the clear communication of priorities. Staff believe this will enable departments to develop and monitor key performance indicators (KPIs) and objectives. Staff view there is an opportunity for better alignment with existing metrics that are currently captured across the organization. ▪ Without strategic direction, staff acknowledged customer service is more reactive and complaint-driven. Staff did note that the organization is shifting to a more proactive approach. ▪ Interviewed staff noted that there is limited succession planning within the organization. Staff across the City shared that the City is undergoing a significant transition with multiple retirements and more on the horizon. Staff identified a need for improved knowledge transfer, cross-training and leadership development to ensure the transfer of local knowledge. ▪ Respondents noted that the combination of a workforce in transition, substantial new initiatives, and limitations in financial capabilities has resulted in significant overtime and a stretched workforce. In particular, a number of new initiatives underway (Marina, Cemetery, Roselawn etc.) are being layered on top of existing municipal service delivery. ▪ Staff observed that they do not have the time or tools to support and deliver current service levels as well as Council's new initiatives. We understand the organization also has limited capacity to understand the potential budget/taxation implications associated with the new initiatives.

Summary of Top Themes from Consultations

Key themes have emerged from the interviews and focus group discussions, which are summarized below. The information in this document is **preliminary** and should be treated accordingly. It may be refined in subsequent deliverables to reflect additional feedback and further analysis.

Theme	
Structure	<ul style="list-style-type: none"> ▪ The City currently has 6 main departments: Office of the CAO, Corporate Services, Planning & Development, Community & Economic Development, Engineering & Operations and Fire & Emergency Services plus the Library and Museum. The City underwent a significant re-organization in 2017. Staff noted that regardless of the implementation challenges, the re-organization has been well received by staff. ▪ Respondents noted there is an opportunity to consolidate the number of departments with 1 or 2 individuals. We understand there is minimal cross-training or a formal backup in-place, which leads to multiple single points of failure across the City. This reduces the City's overall service level standard to its citizens. ▪ Staff noted Councillors and senior leadership are reaching down into day-to-day operations with individual requests creating both overlaps and gaps and resulting in confusion for staff. We understand that staff believes this behaviour reflects an inability to delegate, the lack of horizontal integration across the organizational structure and poor communication. Staff noted it would be beneficial to the organization for senior leadership and Council to better understand their strategic roles and allow front-line staff to deliver. ▪ We understand that staff are aware of the potential for shared services with other municipalities. They expressed the need for these shared service opportunities to be clearly defined and understood with criteria to effectively determine what combination of services are in the best interest of the City. Staff shared examples of collaboration with other municipalities to enhance service delivery, improve efficiency and are contribute to cost reduction. ▪ Staff also identified service areas where replacing contractors with City employees could be more efficient and effective. Staff noted that the bringing of grass cutting services in-house has achieved positive results.

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Key themes have emerged from the interviews and focus group discussions, which are summarized below. The information in this document is **preliminary** and should be treated accordingly. It may be refined in subsequent deliverables to reflect additional feedback and further analysis.

Theme	
Processes	<ul style="list-style-type: none"> ▪ City staff expressed a common belief in the need for improved systems and processes to allow for more streamlined service delivery. ▪ Respondents acknowledged that the City’s technology is outdated. They noted that the City has started to modernize it, most notably with the introduction of Office 365 and Teams leveraged for the recent response to COVID-19. Staff were unified in identifying the need for a centralized customer relationship management system to allow the sharing of information across the organization. Other areas identified by staff included the City’s GIS system, the work order system and financial reporting. Staff also noted that telecommunications is not consistent across the City. Staff shared examples of how this negatively impacts customer service and staff at the Sugarloaf Marina. ▪ Staff observed that the financial system replacement project has been underway for almost three years and has caused significant challenges for both the IT and Finance teams. Staff across the City are seeking a better understanding of the budget and financial reporting processes and how they align with strategic initiatives such as customer service, Canal Days, and the recently approved Parks and Recreation Master Plan. ▪ Staff expressed a need for the development and review of work processes and their communication across the organization both internally and externally. In particular, respondents indicated a need to educate staff, Council and citizens on the City’s work processes. Staff understand there must be metrics associated with all processes and procedures. They acknowledged there are different levels of maturity across the city in this area. Some less mature service areas include building inspection and financial reporting, specifically monthly variance reporting by department. ▪ We understand there was a recent initiative to develop a new internal process to fund new projects or resources. Key to the new process was ensuring that Council has the appropriate information to make informed decisions recognizing their decision ultimately impacts taxation and the overall budget. ▪ Respondents commonly remarked on the importance of communications. Staff indicated they are not always aware of what is happening across the City and the potential direct or indirect impact to their service area. Staff would like to see a process for sharing good results and wins with the public or communicating results from the past year. They also felt there is an opportunity to share future planned projects and their status with the public.

Summary of Top Themes from Consultations

Key themes have emerged from the interviews and focus group discussions, which are summarized below. The information in this document is **preliminary** and should be treated accordingly. It may be refined in subsequent deliverables to reflect additional feedback and further analysis.

Theme	
People	<ul style="list-style-type: none">• Staff across the City noted that they feel supported by their immediate and upper management. Despite feeling overwhelmed at times and with increased overtime, respondents noted that the overall moral of the staff is good and they are fully engaged. They love working for the City and take pride in serving the citizens of Port Colborne.• We understand that performance reviews are not consistently conducted across the organization because of capacity issues and the recent re-organization.• All service areas identified a need for more timely recruitment for vacancies since each vacancy directly impacts customer service. Respondents observed that for retirements, there needs to be an overlap period to allow for knowledge transfer. For example, the Human Resource Manager left the City on April 24th with no identified replacement.• Staff noted that compensation levels need to be reviewed to ensure the City can continue to attract and retain employees with the skills and knowledge necessary for moving the City forward. Despite this, the City has recently attracted several highly skilled candidates who were seeking a work-life balance.• We understand that there is minimal staff development, particularly in the area of leadership development for existing or up and coming managers. Where certification and licensing are required, we heard that the City needs to ensure staff receive the appropriate training to maintain their designations.• Respondents observed that for some areas, there is an immediate need to establish cross-training for backup purposes and for other areas to more efficiently utilize staff across multiple service areas and activities. Staff noted that some managers are being innovative and are leveraging vendors to keep staff abreast of new products and available technologies.

Summary of Top Themes from Consultations

Key themes have emerged from the interviews and focus group discussions, which are summarized below. The information in this document is **preliminary** and should be treated accordingly. It may be refined in subsequent deliverables to reflect additional feedback and further analysis.

Theme	
Culture	<ul style="list-style-type: none">• Across the organization, there was genuine respect for the CAO and his vision for the City. Although, both staff and the CAO observed that he can be a little too <i>into the weeds</i> on certain issues.• Staff expressed widespread enjoyment with their employment at the City. Staff consistently shared their mindset of service, the importance of making a positive social impact for the City and wanting to <i>do what's right</i>. There was an overall sense of pride, responsibility and service in how staff spoke about the City and their roles. Overall, respondents expressed a belief that staff share a culture of hard work with minimal ego.• One staff member noted that <i>old timers are loving the new kids who have passion and innovative ideas. The City is recruiting people who see the big picture, problem solvers, right attitude, visionaries – and old timers are coming along board because they see the efficiencies to be had etc.. New staff are bringing in a lot of energy and capabilities and old staff are open and yes, at times there is some conflict.</i>• Staff observed that the City's culture is evolving to one of empowerment with leadership willing to hear from staff and implement their ideas.• One respondent noted the City is not a <i>risk aware</i> organization with little or no understanding of risk management. There is a realization by staff that they need to stretch dollars (fiscally aware) and be innovative/creative in service delivery.



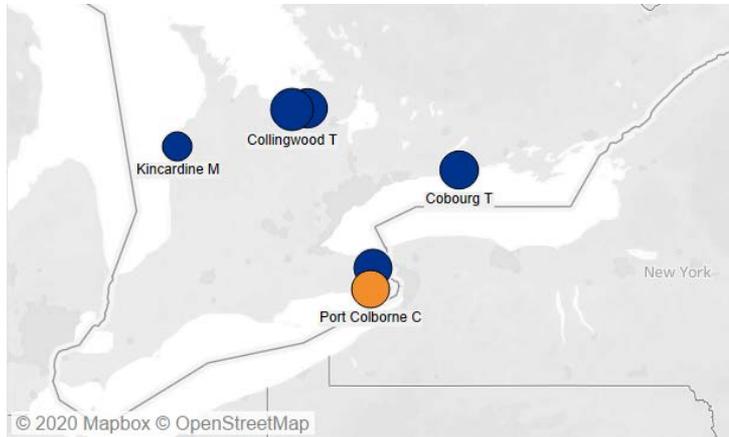
Appendix B Benchmarking & Performance Perspectives

City of Port Colborne
Service Review
Final Report



Comparative Analysis – Why Compare to Other Communities?

For the purposes of the project, five comparator communities were selected as municipal comparators based on population growth, urban/ rural characteristics and geography:



Municipality	Population ¹	Households ¹	Area Square KM ²
1. Port Colborne	18,300	10,303	122
2. Thorold	18,801	8,498	83
3. Collingwood	23,815	11,522	34
4. Wasaga Beach	20,675	13,225	59
5. Cobourg	19,440	8,958	22
6. Kincardine	11,390	6,187	538
Average	18,737	9,782	143

¹ Source - Financial Information Returns, Schedule 2

² Source - Statistics Canada census profile, 2016 census data

The primary purpose of the comparative analysis was to understand the performance of comparator municipalities and to identify opportunities to change how the City's organization is aligned to deliver municipal services.

- Communities with similar financial benchmarks/service levels – insight into operating efficiencies
- Communities with different financial benchmarks/service levels – opportunities to change existing organizational structure/processes to reflect common service levels

Comparing financial performance and taxation levels has both benefits and risks:

- Provides insight into affordability issues; what a peer municipality can achieve with the same resources
- Assumes that all variables are the same (assessment base, non-taxation revenues)
- Assumes that taxation and service levels in other communities are 'right'

Note: We obtained the information summarized in the following pages from financial information returns (FIRs) submitted to the Province of Ontario. We have not reviewed a draft of this data summary with the benchmarked comparators for the purpose of confirming the factual accuracy of the information presented.

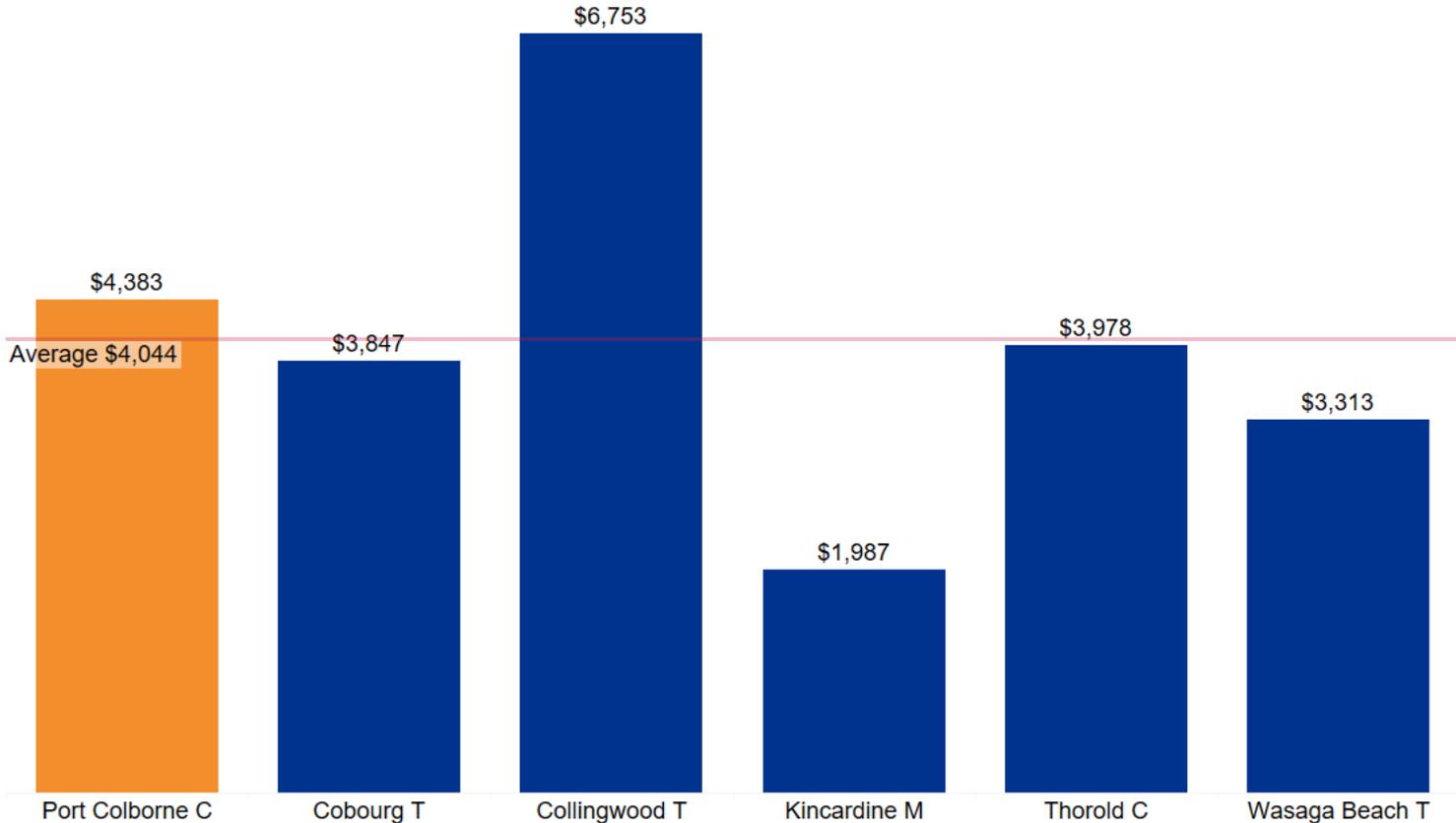
Municipal Debt per Household (2018)

This financial indicator provides an assessment of the City's ability to issue more debt by considering the existing debt load on a per household basis. High debt levels per household may preclude the issuance of additional debt.

The City of Port Colborne has the second highest level of debt per household at \$4,383. The average debt per household of the comparator group is \$4,040, with Collingwood having the most debt per household at \$6,753.

A higher debt per household level indicates the City has reduced flexibility in the use of debt as a financing tool for future large capital projects.

Municipal debt per household (2018)



Source – KPMG analysis of annual Financial Information Returns, Schedule 2 & Schedule 70

Discretionary Reserves per Household (2018)

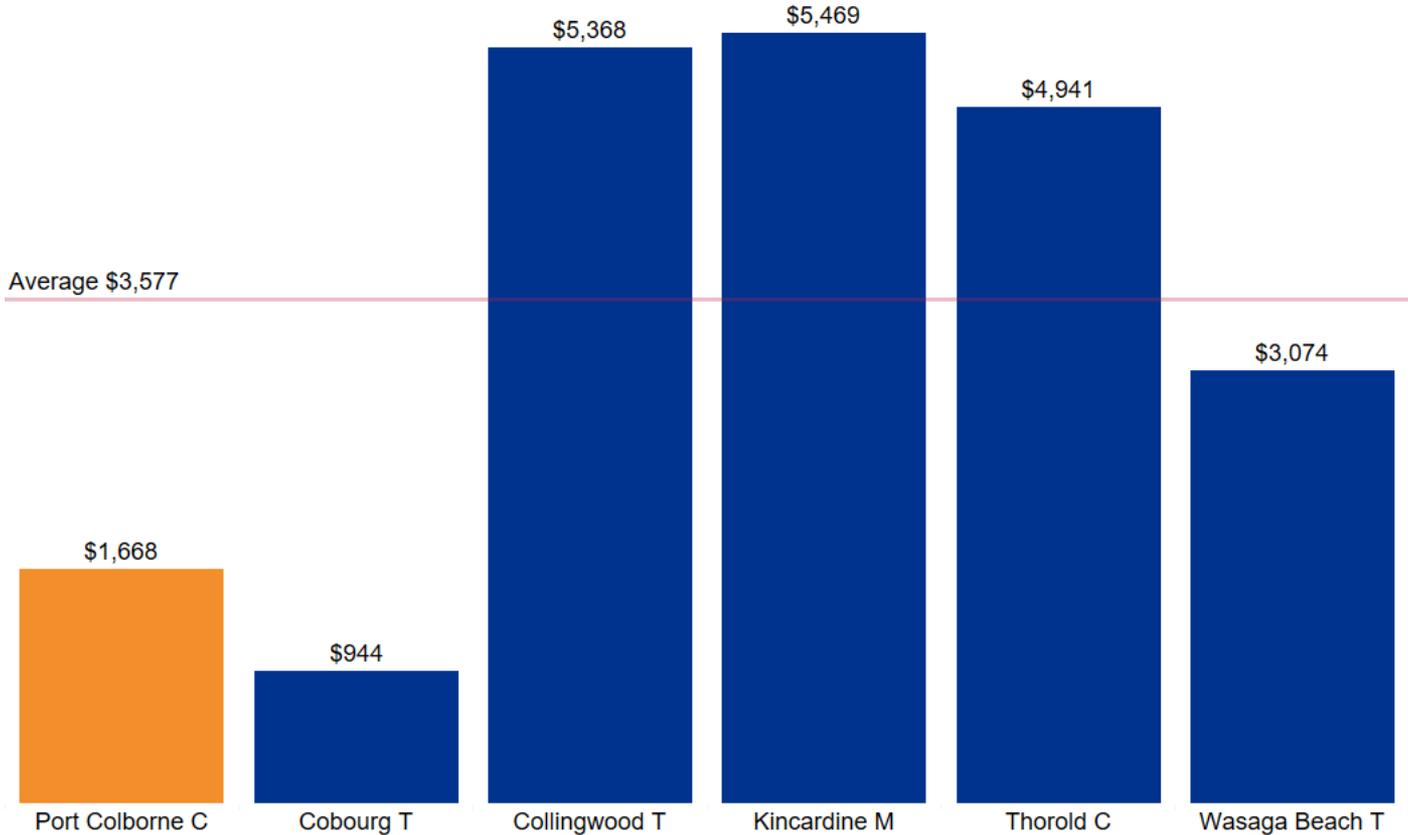
The City of Port Colborne holds the second lowest amount of discretionary reserves per household among the comparator group.

It is below the comparator group average by \$1,912 per household.

The discretionary reserve position illustrated in this graph does not include development charges, gas tax, and park land reserves.

In practical terms, a strong discretionary reserve position allows for greater flexibility in financing options for new infrastructure.

Discretionary reserves per household (2018)



Source – KPMG analysis of annual Financial Information Returns, Schedule 2 & Schedule 60

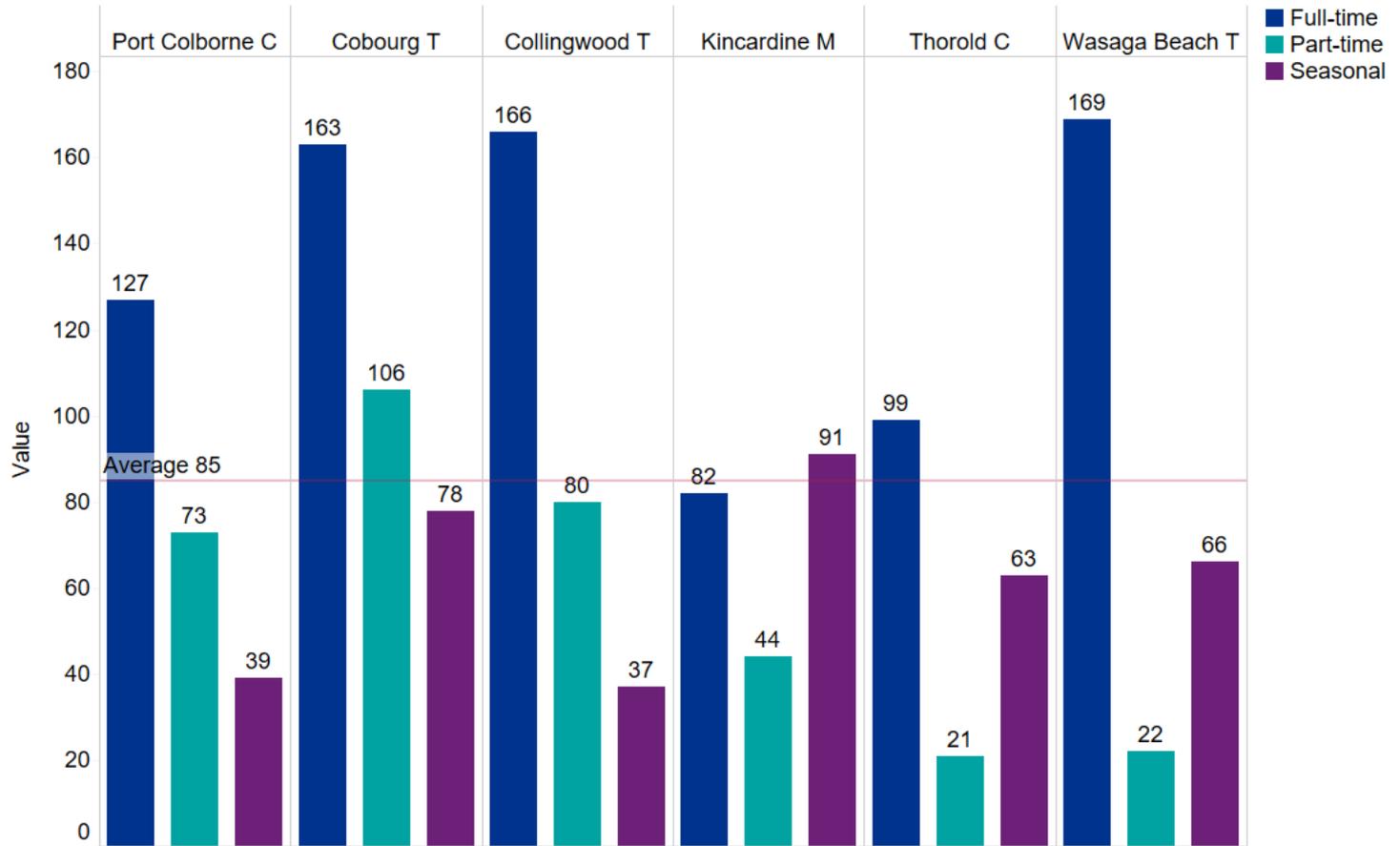
Historical Staffing Levels By Type 2014 - 2018

When viewed over the past five years, staffing levels for full-time, part-time and seasonal employees have seen little variation .

There is, however, modest growth in the number of full-time employees in 2017 and 2018.

The last year in which additional part-time resources were added to the City was in 2015.

Staffing levels by comparator (2018)



Source – KPMG analysis of annual Financial Information Returns, Schedule 80A

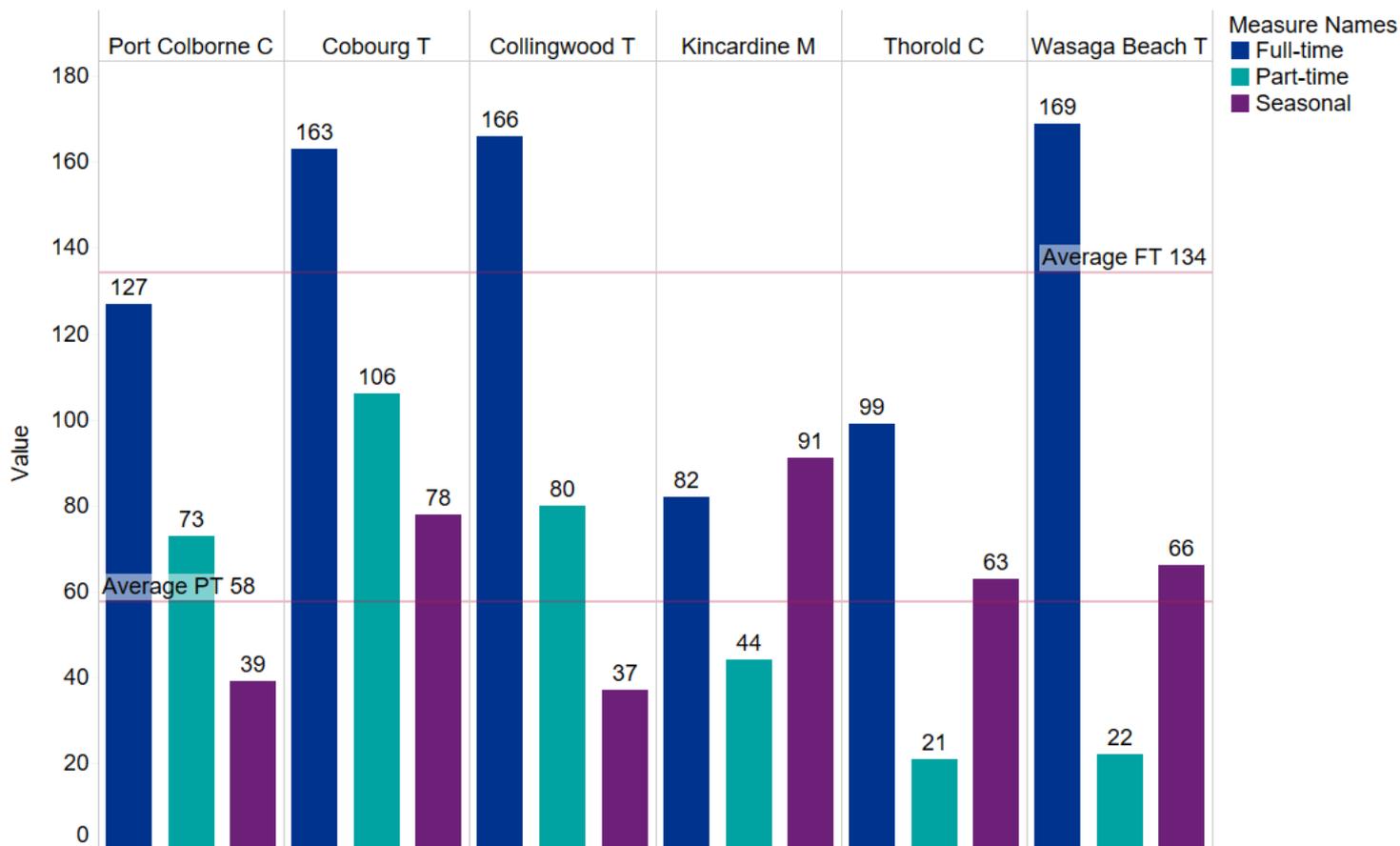
Source – KPMG analysis of annual Financial Information Returns, Schedule 80A

2018 Full-Time and Part-Time Staffing by Comparator

When staffing levels are compared across the comparator group, Port Colborne is below the comparator average in real terms for full-time positions.

The ratio of full-time to part-time positions for Port Colborne is consistent with two of its comparators (Cobourg and Collingwood).

Staffing levels by comparator (2018)

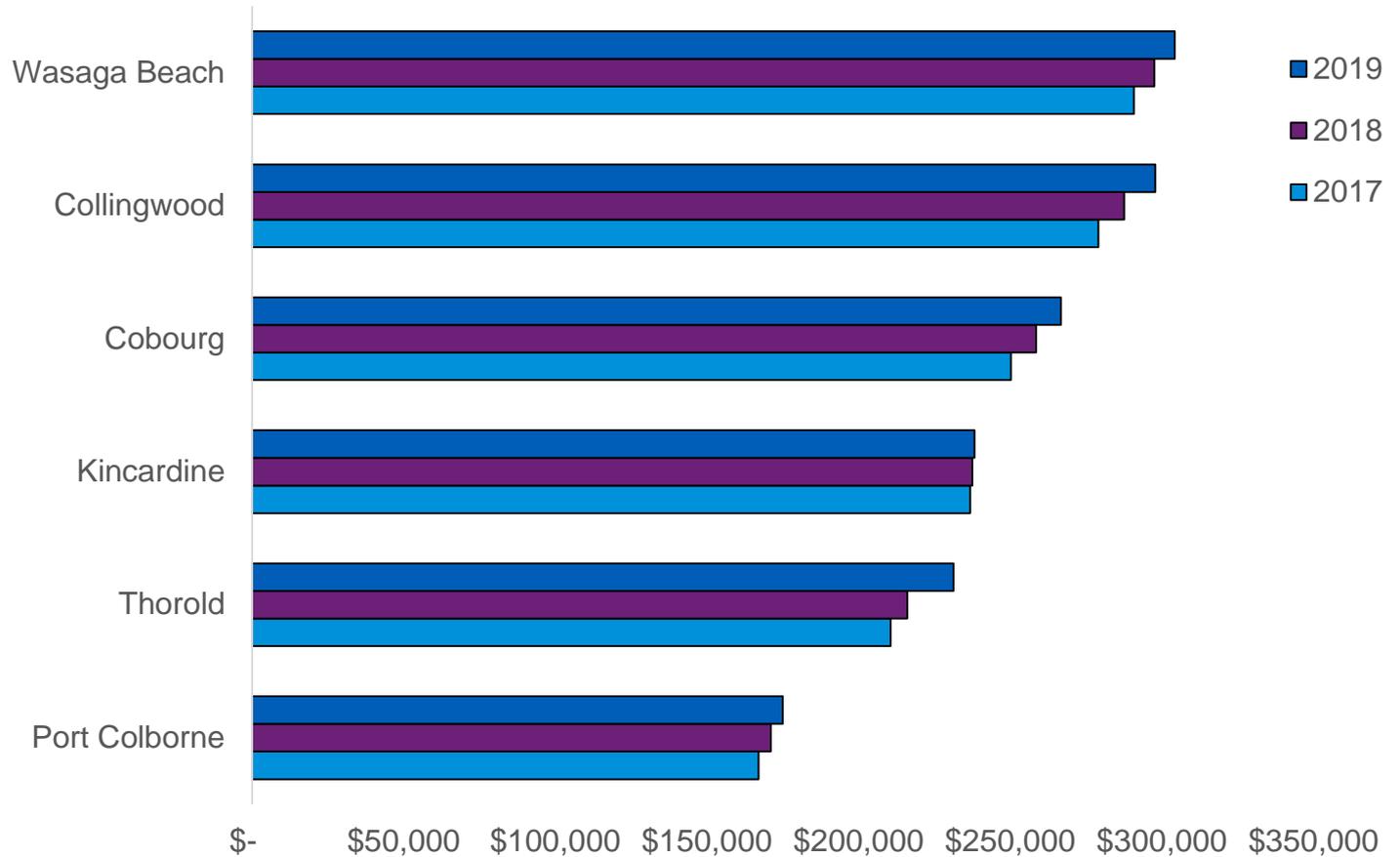


Source – KPMG analysis of annual Financial Information Returns, Schedule 80A

Residential Median Current Value Assessment

Residential median looks at the median price of residential property within the municipality, not the average.

Port Colborne holds the lowest median residential property value among its comparator group.

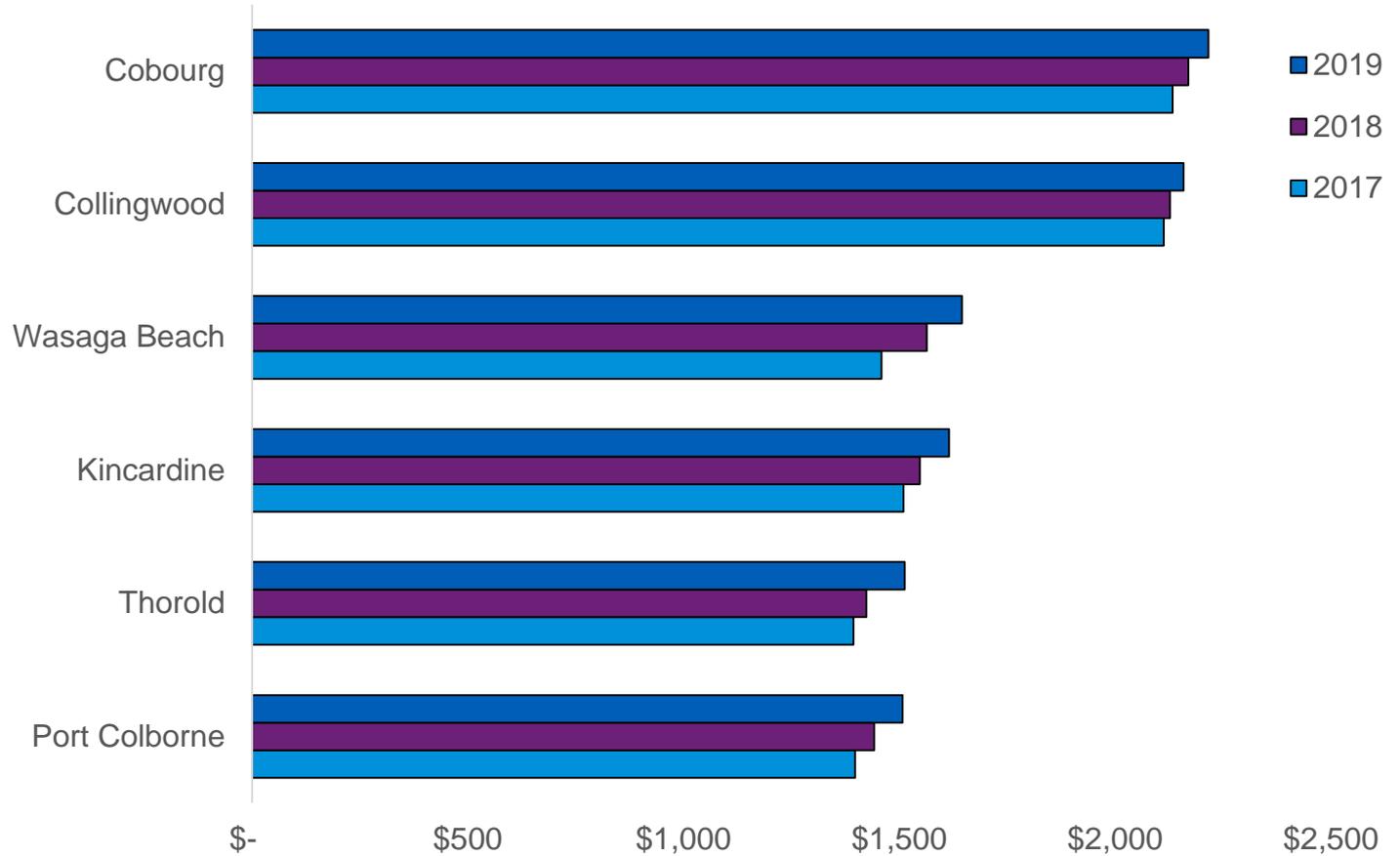


Source: KPMG analysis of OPTA data

Residential Taxes per Household (Average/Typical Property)

Residential taxes per household looks at the average property tax per household paid by citizens for lower tier municipal services.

Port Colborne has the lowest average residential taxes per household among the comparator group.



Source: KPMG analysis of OPTA data

Summary of General Themes

The benchmarking and financial analysis highlights that relative to the comparator group, Port Colborne delivers municipal services at a cost consistent with the average of its peers.

General Themes

Municipal Debt

- Port Colborne's debt position when considered on a per household basis is above the average of the comparator group. A high debt position denies flexibility to the City in managing the capital demands related to growth. This reflects the City's large capital commitments in the past several years.

Discretionary Reserve Balances

- The City holds the lowest amount of discretionary reserves per household among the comparator group. Decreasing discretionary reserves over time is an indicator that the City's flexibility for financing from reserves is becoming more restricted thereby increasing the reliance on debt.

Staffing Levels

- There has been little change in the staffing level of the City's full-time complement over the past five years. The City's full-time complement is lower than the average of the comparator group. The ratio of part-time employees to full-time employees is higher than most of the comparator group.

Taxation Levels

- Among the comparator municipalities, residential taxes per household is at the bottom of the comparator group. Port Colborne has the lowest residential median current value assessment of the comparator group.

Overall

- The benchmarking and financial analysis highlights that Port Colborne is experiencing some financial challenges that will need to be addressed to ensure financial sustainability over the long term. Consideration will need to be given to the City's service levels and wide range of delivered municipal services.



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