



To: Council
From: Debi LucasSwitzer
Date of Meeting: September 4, 2019
Subject: Strategic Planning 2020–2023 & Advance Processes, Report 2

Recommendation:
Recommendation to be presented at September 25, 2019 regular meeting:

That Council authorize the CAO to issue a Request for Proposal for consulting services to conduct a Service Delivery Review that includes a report with recommendations and an implementation plan, and report back to Council in October 2019.

Background:

On August 17, 2019 Council considered and deferred action on the Strategic Planning 2020 – 2023 & Advance Processes report in which the CAO requested the consideration of strategic planning process which included the following elements:

- a) goals and objectives process with Council and Directors for the 2020 budget
- b) a Service Delivery Review
- c) 2020-2023 Strategic Planning process

Council members expressed some concern with the potential costs associated with the request, in addition it was noted that future Councils could change things and/or not undertake or complete the work or projects proposed.

As a result, further explanation of the above noted is explained below.

Goals and Objectives

The goals and objectives process planned in September is intended to provide Council and Directors an opportunity to discuss the upcoming budget process and budget expectations. Staff have heard concerns that 2019 budget items were not included that individual council members felt were important. To address that a facilitated session should assist in defining the goals and objectives for the 2020 budget. In addition, it is also intended that the session will allow for discussion about individual projects Councillors would like to have considered.

Service Delivery Review:

The Ministry of Municipal Affairs, in partnership with the Association of Municipal Clerks and Treasurers of Ontario, the Municipal Finance Officers' Association of Ontario and the Ontario Municipal Administrators' Association developed a comprehensive Guide to Service Delivery Review for Ontario municipalities.

A Service Delivery Review focuses on setting priorities – making choices – that support a planned approach to considering cost reductions while maintaining or improving services and service levels.

Traditionally when budget crunches hit, as is occurring in Ontario, municipalities typically respond in a reactionary manner by taking one or more of the following actions;

- cutting spending across the board,
- selecting which programs/services to cut – “cherry picking”,
- deferring capital projects,
- increasing user fees, or
- using reserves.

Budget reductions for services generally result in reductions to services. Such reductions are often reinstated in future years at which time the reinstated services are typically more costly.

User fee increases can often result in reduced revenue. For example, higher fees for users of a service such as in Parks and Recreation can become too high and participation drops along with the revenue. Deferring capital projects may result in higher pricing down the road. Use of reserves means the strength of the municipal financial position is reduced.

The Service Delivery Guide indicates that a comprehensive Service Delivery Review seeks to answer the following questions;

- a) Does the Township need to continue to be in this business/service?
- b) What do residents expect of the service?
- c) What does Council want for the service?
- d) How does the current performance compare to expectations?
- e) Do the activities logically lead to the expected outcomes?
- f) How is demand for the service being managed?
- g) What are the full costs and benefits for the service?
- h) How can benefits and outputs of the service be increased?
- i) How can the number and cost of inputs be decreased?
- j) What are the alternative ways of delivering the service?
- k) How can a service change best be implemented and communicated?

To undertake such a review specialized skills, knowledge and experience are needed, including; service management, labour relations, financial analysis, operational analysis and cost accounting.

Recommendations as a result of a Service Delivery Review may include; i.e. own forces delivery of snow clearing on sidewalks versus contracted services, contract expertise and duties versus staff continuing to carry duties out thereby adding to the quality of service delivered and capacity of staff (for example payroll services), partnership opportunities that support less costly forms of service delivery.

Staff Rationale for Proposing Service Delivery Review:

Overlaying the question of how services are delivered today and whether the Township is delivering the services in the most cost-effective manner, is the context in which the Township of South Stormont works.

Growth is a significant factor for the consideration of service delivery. Residential units are increasing annually, in fact the Township has averaged 200 building permits annually over the last five years. The majority of the permits are for residential units. Delivery of hard services, such as waste water treatment in Ingleside, becomes compromised leading to the cessation of development and economic prospects diminish.

The changing context of municipal services whether through downloading or reduction in funding coupled with the community expectations means a carefully considered balancing act is needed. Many of the new residential units are home to individuals who are new to the community. Each new home owner comes with experiences and expectations based on previous communities. These experiences and expectations often mean an increased demand for service.

The requirement to address infrastructure needs whether due to growth, accessibility requirements or the asset management program requires a careful analysis of the services, needs and costs associated with the services provided.

The size of various communities in the Township affect the Township's ability to provide cost effective services in the smaller areas. Some have the capacity to manage the growth and handle increased fees while others do not. The importance of ensuring sustainable services at reasonable cost is one of the significant factors facing the Township in the budgets ahead.

2020 – 2023 Strategic Planning

The current Strategic Plan expires in 2020 and many of the tasks are completed or underway so it is a good time to consider the next several years and the outcomes desired for the corporation. Having a plan, whether everything is fully carried out - or not - in the future, means there is a path to follow and the

Township is not reacting to every issue or item in an unplanned and ad hoc fashion.

Winston Churchill is reputed to have said "Plans are of little importance but, planning is essential".

A strategic planning process provides corporations with an opportunity to consider and develop options towards desired future outcomes. Strategic Plans are the documents that serve to provide guidance in the years ahead. Tasks and projects are undertaken by individuals and departments in the corporation to support the overall goals and objectives of the plan. Over time the tasks and projects may change or differ slightly from what was originally intended. The changes or differences could be due to funding options not originally considered, loss of expertise and knowledge, added services and programs of greater importance. All of these are unknowns at the time a strategic plan is prepared - a strategic plan is completed at a moment in time with whatever information is known and available. However, completed planning processes deliver options that help guide the staff and the corporation towards realizing the goals and objectives of the plan. If goals and objectives are achieved the strategic plan is successful.

Process Proposed:

Step a, the goals and objectives process is to examine Council's goals and objectives along with those of the senior management team and to then prioritize the list of proposed projects for 2020. This step is scheduled to take place on September 24th and the costs associated with the process are minimal.

Step b, the Service Delivery Review is intended to provide Council with a different approach to consider services and spending for the 2021 and longer-term budgets and service delivery needs of the Township. It may be possible that some of the items identified could be implemented in 2020 depending on budget capacity, staff resources and political willingness to implement. Is it intended to start this process November with anticipated completion in February/March 2020.

Step c, the Strategic Planning Process is the final step in the three-step process. The Strategic Plan is an opportunity to support the delivery of the recommendations in the Service Delivery Review by defining the vision, goals and objectives of the Township for the short and medium term. The Strategic Plan ultimately provides guidance to staff and Council as to the priorities for the Township. The final step is anticipated to be undertaken after the Service Delivery Review, April/May 2020.

Upon review of the Guide, the areas of concern facing the Township and the uncertainty of future funding and downloading, staff believe the three-step

process outlined above is a strong and logical step towards greater efficiencies and effective services delivery. The method proposed helps support the development of longer-term operational and capital budgets, strategic plans, asset management and service delivery today and into the future.

Costs associated with the Service Delivery Review vary depending on the number of services and elements being considered, the analysis and research of the various options, and finally the implementation plan. Research has shown the approved Service Delivery Review projects in other municipalities in 2018 and 2019 vary from \$48,000 to several hundred thousand depending on the municipality size and scope of work requested.

At this time Staff is recommending that an RFP be issued for consulting services to undertake a Service Delivery Review, and the RFP results be brought to Council for consideration in Oct.

Options:

1. That Council authorize the CAO to issue a Request for Proposal for consulting services to conduct a Service Delivery Review that includes a report with recommendations and an implementation plan, and report back to Council in October 2019.

This is the recommended option.

2. Do nothing
3. That Council directs the CAO to _____
in relation to the development of a Strategic Planning Process, and further that the funds intended for finding service efficiencies and improvements remain in a reserve account.

Financial Impact:

Whether in Report #1 issued at the August 17, 2019 meeting or this report, the financial impact is \$0.00 until an RFP is approved. The funds (\$602K) received from the Province intended for finding service efficiencies and improvements remains in a reserve account.

Others Consulted:

Director of Corporate Services, Director of Finance, other CAO's.