



The Corporation of the Town of Milton

Report To:	Council
From:	Strategic Management Team
Date:	August 26, 2019
Report No:	ES-015-19
Subject:	Service Delivery Review – Phase 1 Final Report
Recommendation:	<ol style="list-style-type: none">1. THAT the 18 priority opportunities identified by Blackline Consulting (BLC) in the Service Delivery Review (SDR) – Phase 1 be endorsed in principle and further validated through financial and operational analysis prior to implementation.2. THAT staff be directed to provide updates to Council with respect to the progress of the priority opportunities.

EXECUTIVE SUMMARY

A Corporate-wide Service Delivery Review (SDR) project was identified as a priority by the Strategic Management Team (SMT) and funded by Council with the intent of improving the understanding of services currently provided by the Town and providing better information that allows Council and staff to make informed strategic choices regarding them. The review is being completed in a phased approach with the Community Services Department and Operations Division being completed first.

The goal of the project is to investigate current services and their delivery approach, identify potential changes to service delivery methods and/or service levels and recommend changes that will improve efficiency and effectiveness. Council approved the scope of work on January 21, 2019 (Report - ES-003-19).

REPORT

Background

The Town's annual budget is largely influenced by the financial pressures that are related to the extension of existing services into new growth areas within the community and the funding of Town infrastructure. These trends are consistent with prior long-range study processes and are expected to remain prevalent into the foreseeable future.



Feedback consistently indicates that although municipal services are valued, respondents are divided between the options available to manage the levels of service delivered along with the associated costs. Based on this, the Town attempts to strike an appropriate balance between leveraging non tax-based revenue sources, revising service levels and raising property tax revenues, and proactively identifying and implementing process efficiencies.

A capital project was identified in the 2019 Budget (C100130) to undertake a Corporate-wide SDR in a phased manner over the next 3 years. During this time frame it is anticipated that all services currently provided by the Town will be examined.

The goal of the SDR is to improve the understanding of the services currently provided by the Town and provide better information that will allow Council and staff to make informed strategic choices regarding those services. The review will investigate current services and their delivery approach, identify potential changes to service delivery methods and/or service levels and recommend changes that will improve efficiency and effectiveness.

To prepare for the timely completion of the first phase, the Town undertook a Request for Proposal to seek qualified professional consultants to establish a roster of firms capable of undertaking third-party SDRs (or similarly sustainability, value for money or special purpose reviews) on behalf of the town. The first phase kicked off in late February and is being completed by Blackline Consulting.

Discussion

After reviewing the Service Profiles, having discussions and formal interviews with Council and staff and reviewing the information from the surveys (public and staff), BLC has developed 18 priority opportunities and 31 management opportunities. These include items that may improve services, reduce costs, eliminate waste and increase efficiency.

BLC has provided an analysis of the priority opportunities within the final report, while the management opportunities have been identified as ones that require further investigation and implementation. Priority opportunities include the following:

Community Services – Priority Opportunities

1. Invest in Energy Management
2. Introduce Service Standards
3. Repurpose the Outdoor Pool
4. Pursue different models for single purpose facilities
5. Pursue changing the Town's Seniors' Centre operating model
6. Maintain Fitness Studios/Weight Rooms
7. Maintain the planned Concessions mix

8. Pursue changing the in-house advertising operating model
9. Balance Design & Construction resourcing
10. Review Recreation User fees and cost recovery

Operations Division – Priority Opportunities

11. Reduce Garbage in Parks
12. Convert Seasonal Workers
13. Alternate variable staffing model
14. Forecast workload of new infrastructure
15. Increase automation from I.T
16. Consolidation of fleet vehicles
17. Change to leasing vehicles
18. Plow side streets sooner

Full detail regarding these and other opportunities, as well as the BLC service delivery process, can be found within BLC's final report that is attached as Appendix A.

While a proposed implementation plan is contained in the BLC report (Page 127-131) for all priority opportunities the consultant has noted the importance of validating the supporting assumptions and developing a detailed implementation plan prior to taking any action. Opportunities have been broken down in short term (present to 18 months), medium term (up to 3 years) and long term (3 years+) and take in to consideration urgency, dependencies, estimated effort and available resources/capacity. Opportunities will be further validated including operational and financial analysis, where warranted, prior to implementation. Where further Council approvals are required (for capital budget items, service level changes or additional resources), requests will be made in accordance with the Town's Budget Management Policy (Policy 113).

To ensure a consistent standard, accountability, and continued progress towards achieving the desired improvements, the Strategic Management Team (SMT) will be establishing a governance structure to oversee the implementation of the recommendations contained herein. SMT will provide updates to Council for all service delivery initiatives.

Financial Impact

The SDR document prepared by BLC contains a number of improvement initiatives that are recommended for implementation over a period of several years. For each of these opportunities, BLC has prepared financial projections and suggested a potential timeframe for implementation. The financial and operational assumptions made by BLC will require further validation through the development of a more detailed implementation plan prior to execution of the proposed changes. For the priority



The Corporation of the Town of Milton

opportunities that are endorsed in principle by Council, staff will develop a multi-year work plan to introduce the changes with any related financial implications reflected through the Town's annual budget and/or in-year variance reporting.

With respect to the financial impacts projected in the SDR report, it is important to note that for several of the opportunities the projected benefits will impact a number of different revenue sources (i.e. tax rate, user fees, development charges, external recoveries, etc.) The specific allocation of these benefits by funding source will be refined through the implementation process.

A capital project with a budget of \$258,750 was approved in the 2019 Budget (C100130) to undertake SDRs in a phased manner over the next 3 years. The next phase is anticipated to begin in early 2020 utilizing the consultant roster approved through ES-003-19.

Respectfully submitted,

Andrew Siltala
Acting Chief Administrative Officer

For questions, please
contact:

Kristene Scott ext. 2180
Commissioner, Community Services

Paul Cripps ext. 2501
Commissioner, Engineering Services

Attachments
Schedule A – Community Services and Operations Service Delivery Review Final Report

CAO Approval
Andrew Siltala
Acting Chief Administrative Officer



BLACKLINE
CONSULTING

A Higher Standard

Community Services and Operations

Service Delivery Review Final Report

Town of Milton

12th August 2019

Private and Confidential

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EXECUTIVE SUMMARY

Executive Summary

The Town is embarking on a multi-phase, corporate-wide service delivery review

Like many other municipalities in Ontario, the Town of Milton (Town or Milton) continues to experience rapid growth and changes

In fact, it was the fastest growing municipality (in terms of population) in all of Canada between 2001 and 2011. In an effort to ensure the Town continues to grow efficiently, the Town initiated a Roster of Consultants to undergo a number of in-depth Service Delivery Reviews (SDR) over the coming years. The first SDR the Town has initiated is one that focuses on the Community Services Department (Community Services) and Operations Division of Engineering Services (Operations).

“We are committed to providing a range of quality programs and services that meet the needs of our growing and diverse community”

- *Town of Milton (mission statement)*

- ▶ This statement is a clear indication of the importance this Division and Department have in delivering against this mission statement. Both provide resident impacting services from aquatic programs to making sure the roads are safe to drive on.
- ▶ As a consequence, they share a common responsibility to be resident centric with the services they provide. This can be challenging at times especially when experiencing rapid growth and uncertainty existing among external factors and the impact it may have on the Town. However, by focusing on the resident first and what is best for them the Town can continue to improve services and grow in an efficient manner.

While being fiscally responsible is important, cost-cutting is not the primary objective of this review

The Town has several objectives it wishes to achieve with this first review, namely:

- ▶ Defining the services that Community Services Department and Operations Division provide
- ▶ Assess alternative service delivery options
- ▶ Review the organizational composition (staffing) and appropriateness of resource mixture
- ▶ Identify ways to increase efficiency and effectiveness

The report provides the Town with opportunities to change and support its mission statement

This report includes:

- A summary of the services Community Services and Operations provide
- Detailed recommendations to help improve the Town's Community Services Department and Operations Division
- A proposed roadmap to implement the recommendations

Executive Summary

Community Services offers a broad range of services to the Town

There are seven portfolios within Community Services, 11 services and 27 sub-services

	Recreation	Facilities	Design and Construction	Parks and Facility Planning	Arts and Culture	Community Development	Recreation Facilities Administration
# service	1	1	1	1	1	3	3
# sub-service	7	2	5	3	5	4	1
	<ul style="list-style-type: none"> ▶ Active Living ▶ Aquatics ▶ Camps ▶ Youth ▶ Seniors ▶ Special Needs ▶ Cycling 	<ul style="list-style-type: none"> ▶ Civic Facilities ▶ Recreation Services 	<ul style="list-style-type: none"> ▶ Park / Trail Redevelopment ▶ New Park Construction ▶ New Trail Construction ▶ New Facility Construction ▶ Facility Component Replacement 	<ul style="list-style-type: none"> ▶ Long Term Planning ▶ Development Reviews ▶ Development and Parkland Acquisition 	<ul style="list-style-type: none"> ▶ Art Gallery ▶ Performance Space / Season ▶ Studio Programs ▶ Cultural Services Planning ▶ Volunteers 	<ul style="list-style-type: none"> ▶ Financial Assistance ▶ Organization Support ▶ Data Analytics ▶ Community Building 	<ul style="list-style-type: none"> ▶ Recreation Software Management
Expenses	\$4,206,810	\$13,876,946	\$891,867	\$249,046	\$1,558,856	\$803,443	Expenses and revenues are included within the Facilities portfolio
Revenues	\$(4,383,135)	\$(7,779,039)	\$(366,252)	\$(280,144)	\$(1,203,172)	\$(365,515)	
Net	\$(176,326)	\$6,097,907	\$525,615	\$(31,098)	\$355,684	\$437,928	

Note: Statements do not include all overhead or capital replacement costs associated with operating facilities or delivering programs

Source: Financial figures are provided by Town and based on 2018 actuals

Executive Summary

Like Community Services, many of Operation's services are resident impacting

There are six portfolios within the Operations Division, 27 services and 31 sub-services.

	Roads	Parks	Forestry	Signs and Sidewalks	Fleet	Winter Maintenance
# service	2	9	4	6	5	1
# sub-service	4	7	4	6	6	4
	<ul style="list-style-type: none"> ▶ Roads maintenance ▶ Rural grass cutting ▶ Drainage installation ▶ Drainage maintenance 	<ul style="list-style-type: none"> ▶ Parks maintenance ▶ Turf maintenance ▶ Trail maintenance ▶ Garbage collection ▶ H&S planning ▶ Incident follow up ▶ Tenders, contracts, administration 	<ul style="list-style-type: none"> ▶ Winter operations ▶ Summer operations ▶ Forestry planning ▶ Volunteer work coordination 	<ul style="list-style-type: none"> ▶ Sidewalk inspections ▶ Sidewalk maintenance ▶ Stormwater pond inspections ▶ Sign repair / replace ▶ Standard mowing ▶ Passive weed associated mowing 	<ul style="list-style-type: none"> ▶ Acquisition / disposal ▶ Fuel management ▶ Registration / certifications ▶ Maintenance ▶ Seasonal changeover ▶ Vehicle wash facility 	Plowing, salting, sanding, anti-icing: <ul style="list-style-type: none"> ▶ Roads ▶ Municipal facilities ▶ Sidewalks ▶ Downtown / parking lots, bus stops / shelters
Expenses	\$2,059,756	\$3,407,194	\$1,529,795	\$1,381,257	\$3,397,282	\$5,844,644
Revenues	\$(627,759)	\$(267,510)	\$(151,139)	\$(151,139)	\$(3,396,900)	\$(2,182,952)
Net	\$1,431,997	\$3,135,504	\$1,378,656	\$1,378,656	\$382	\$3,661,692

In addition to the services there were two other expenses of the Division

- ▶ Work for Others cost \$318,458 and generated \$290,049 in revenue, while Administration cost \$354,305.

Note: Fleet revenue is actually cost recovery from the other services.

Source: Financial figures are provided by Town and based on 2018 actuals

Executive Summary

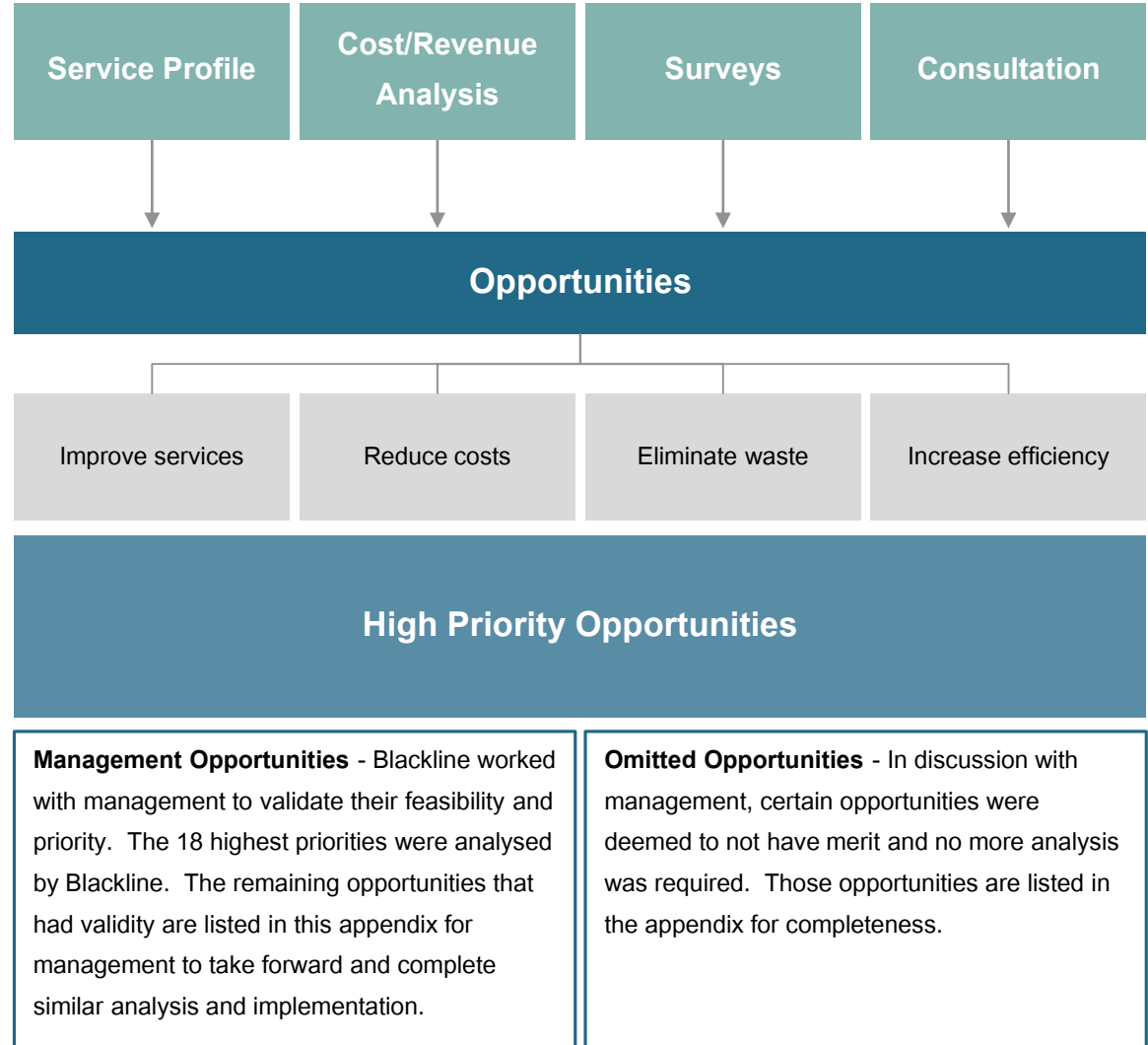
Service profiles, staff and resident surveys, interviews and our observations are the source of the opportunities identified

The opportunities in this Report are derived from several sources

- ▶ **Service Profiles** – we conducted an analysis of service profiles and identified opportunities.
- ▶ **Interviews** – through our consultation with staff.
- ▶ **Surveys** – both staff and public surveys informed opportunities.
- ▶ **Our analysis** – we conducted an analysis of the various areas (e.g. programs). In addition, we have drawn in from our previous experiences and knowledge conducting service reviews where applicable.
- ▶ **Knowledge / Experience** – we brought forth opportunities from previous reviews to test.

A total of 91 opportunities were identified, and 18 of those opportunities are high priority ones. Those opportunities are outlined in the Recommendations section

- ▶ There are some additional opportunities in the Appendix. These are a mix of opportunities that management may pursue, as well as other opportunities that were omitted throughout the life of this project.



Executive Summary

There are 18 high priority opportunities that the Town should consider

The 18 opportunities in the table below represent a net impact of \$665k or 4% financial improvement.

	#	Priority	Current Net Position	Future Net Position	Net Impact
Community Services	1	Invest in energy management	\$4,632,240	\$4,572,682	-\$59,558
	2	Introduce service standards	n.a.	n.a.	n.a.
	3	Repurpose the outdoor pool	\$91,120	\$21,500	-\$69,620
	4	Pursue different models for single purpose facilities	\$132,940	\$132,940	\$0
	5	Pursue changing the Town's Seniors' Centre operating model	\$222,176	-\$76,086	-\$298,262
	6	Maintain fitness studios / weight rooms	-\$141,367	-\$141,367	\$0
	7	Maintain the planned concession mix	-\$32,668	-\$32,668	\$0
	8	Pursue changing the in-house advertising operating model	\$54,035	-\$39,177	-\$93,212
	9	Balance design and construction resourcing	\$791,714	\$695,388	-\$96,327
	10	Review recreation user fees and cost recovery	n.a.	n.a.	n.a.
Operations	11	Garbage in parks	\$270,321	\$146,179	-\$124,142
	12	Convert seasonal workers	\$3,060,724	\$3,141,218	\$80,495
	13	Alternate variable staffing model	\$3,233,756	\$3,183,251	-\$50,504
	14	Forecast workload of new infrastructure	n.a.	n.a.	n.a.
	15	Increase automation from IT	\$834,052	\$747,683	-\$86,369
	16	Consolidation fleet vehicles	\$2,434,752	\$2,292,121	-\$142,631
	17	Change to leasing vehicles	n.a.	n.a.	n.a.
	18	Plow side streets sooner	\$549,347	\$824,021	\$274,674
Total¹			\$16,133,142	\$15,467,685	-\$665,457

Note: Represents potential change in total cost and may impact numerous underlying funding sources (taxes, DC, user fees, etc.). All figures require further validation prior to implementation.

1: 12 and 13 are mutually exclusive, however, converting seasonal workers would deliver some of the same financial benefits as adjusting the months. If 12 is implemented, the Town will save \$48k, whereas implementing 13 will yield a total of \$128k of savings.

Executive Summary

The 18 opportunities are in their respective sections – Community Services and Operations

For ease of use, we provide below a page listing of each high priority opportunity.

Community Services		
#	Opportunity	Page #
1	Invest in energy management	32
2	Introduce service standards	36
3	Repurpose the outdoor pool	39
4	Pursue different models for single purpose facilities	42
5	Pursue changing the Town's Seniors' Centre operating model	50
6	Maintain fitness studios / weight rooms	54
7	Maintain the planned concession mix	58
8	Pursue changing the in-house advertising operating model	62
9	Balance design and construction resourcing	66
10	Review recreation user fees and cost recovery	70

Operations		
#	Opportunity	Page #
11	Garbage in parks	94
12	Convert seasonal workers	99
13	Alternate variable staffing model	103
14	Forecast workload of new infrastructure	107
15	Increase automation from IT	110
16	Consolidation fleet vehicles	114
17	Change to leasing vehicles	118
18	Plow side streets sooner	123

Executive Summary

We propose Community Services begin immediately on implementing some opportunities

2019	2020	2021	2022+
<div data-bbox="96 368 741 618" style="border: 1px solid black; padding: 5px;"> <p>Short Term (18 months)</p> <ul style="list-style-type: none"> 1. Invest in energy management 2. Introduce service standards 9. Rebalance Design and Construction resourcing </div>	<div data-bbox="741 634 1391 1022" style="border: 1px solid black; padding: 5px;"> <p>Medium Term (24 months)</p> <ul style="list-style-type: none"> 8. Change the in-house advertising operating model 10. Review recreation user fees and cost recovery </div>		<div data-bbox="1425 634 1831 1022" style="border: 1px solid black; padding: 5px;"> <p>Long Term (36 months)</p> <ul style="list-style-type: none"> 3. Repurpose the outdoor pool 5. Change the Town's Seniors' Centre operating model </div>

This proposed implementation plan takes into consideration urgency, dependencies and estimated effort. We recommend that following acceptance of this report, the Town further validates the supporting assumptions, develops more detailed implementation plans and creates a plan of action to implement those recommendations as deemed appropriate and based on resources / capacity.

Executive Summary

The implementation schedule takes into account the seasonality of Operations' work and positions projects accordingly

2019	2020	2021	2022+
<div data-bbox="96 368 741 618" style="border: 1px solid black; padding: 5px;"> <p>Short Term (18 months)</p> <ul style="list-style-type: none"> 14. Forecast workload of new infrastructure 16. Consolidate fleet vehicles 12. Convert seasonal workers¹ OR 13. Reschedule seasonal workers¹ </div>	<div data-bbox="741 634 1391 1022" style="border: 1px solid black; padding: 5px;"> <p>Medium Term (24 months)</p> <ul style="list-style-type: none"> 15. Increase automation from IT 11. Garbage in parks </div>		<div data-bbox="1425 634 1831 1022" style="border: 1px solid black; padding: 5px;"> <p>Long Term (36 months)</p> <ul style="list-style-type: none"> 17. Change to leasing vehicles² 18. Plow side streets sooner </div>

This suggested timing for implementation is based on aligning the go-live of projects with the next season of work. For example, given this report will be delivered to the Town in July, it would not be possible have the side street plowing implementation complete before the winter of 2020 begins. In addition, we recommend that following acceptance of this report, the Town further validates the supporting assumptions, develops more detailed implementation plans and creates a plan of action to implement those recommendations as deemed appropriate and based on resources / capacity.

Note: 1 Opportunities 12 and 13 are mutually exclusive, if the Town does one, it cannot do the other one.

Note: 2 The decision to lease will be based on the economic conditions that prevail.

Executive Summary

Milton should establish a governing program to oversee the implementation of the changes

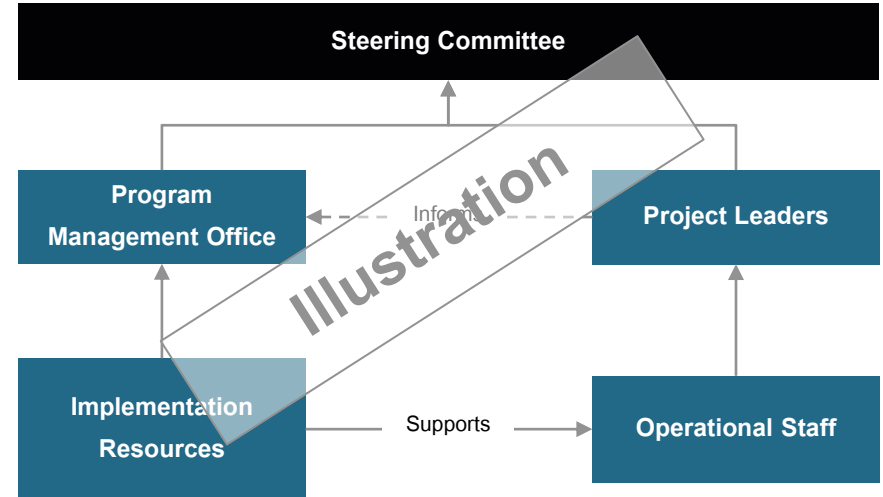
This report contains a large number of changes for the Town to consider

The high priority opportunities have a business case present in this report, and the remaining valid opportunities are allocated to management to complete the investigation and implementation.

- ▶ To help ensure that adequate rigour is placed on the analysis and implementation planning, we recommend the Town establish an implementation governance body.
- ▶ Departmental and divisional staff have full-time jobs, which makes it more difficult to allocate the time and attention required to investigate and implement change.
- ▶ Having a governing body will help identify the resources required, maintain an even standard of investigation and hold managers accountable to their commitments.

The diagram to the right shows a common structure for governing and managing a change program of this nature.

- ▶ The steering committee would typically be made up of senior leaders, to which both the project leaders and program management office (PMO) would report.
- ▶ The PMO would hold the overall program schedule and benefits plan. Additionally, the PMO would have access to resources such as project managers to assist executing the initiatives.



All too often, success is declared when an initiative is implemented and no one confirms the anticipated benefits are achieved

- ▶ Through this review, it was clear that there are many areas where the Town does not have good (accurate, complete, and easily accessible) data that would assist in measuring the impact of changes.
- ▶ At the beginning of any initiative, the anticipated benefits should be clearly defined, which will allow the PMO to identify what data would be required to measure the benefits occurred and to design methods for gathering that data after the initiative is launched.

This governance structure is an example and option for the Town to consider. We recommend that the Strategic Management Team (SMT) decide on the best structure for managing/monitoring progress of initiatives.

Executive Summary

While conducting reviews of this nature, we make observations that may not directly relate to the scope

Both Community Services and Operations provide resident impacting services and thus have a common need to focus on the customer experience, the resident. However, this is not always the case if culture, alignment and performance do not support this resident centric lens. For example, if metrics are about completing a checklist staff may miss small opportunities that benefit the resident experience. This can also cause misalignment between the Community Services and Operations if either is more resident-focused than the other and create an inconsistent resident experience. Given our review, we would suggest that the two (Community Services and Operations) need to harmonize their viewpoints – culture, alignment and performance - to focus on the resident experience.

Culture

- ▶ The staff in both Community Services and Operations are practical and focused on getting their work done. Events that take them away from the day-to-day work are interruptions. These interruptions often relate to resident priorities, whether raised by council, senior management or residents themselves.
- ▶ If Milton is elevating the importance of service and resident first, all staff within Community Services and Operations will need to orient in that direction. Simply stating that resident service is important, does not change the need to get the day-to-day work completed.
- ▶ The Town will need to work on how it can integrate the practical work with meeting expectations and resolving complaints. Citizens purchase goods and services from the Town and expect customer service for their dollar.

The customer experience is measured at the time the goods and services are needed not on a task schedule. For example, when a customer arrives at a field or diamond that has not been prepared for play, the customer is expecting the issue to be addressed at that time.

Alignment

- ▶ Typically, staff want to do a good job – be seen as doing a good job. One barrier to doing a good job is factors outside of their control. Where the measure of doing a good job is not clear, staff will typically default to measures they can control.
- ▶ This appears to be the case with Operations and the measures they use, e.g. Minimum Maintenance Standards (MMS) may not align to how the Town would wish to measure a good job. MMS must be achieved, but the Town should be clear about whether that alone demonstrates doing a good job.

Performance

- ▶ Much of the work of Operations is legislated, with minimum standards of performance. While the focus is on meeting these standard, it does not have alternate measures that prioritize improvement.
- ▶ In fact, much of the MMS focus on activity – plow within a certain number of hours, inspect a road a certain number of times a week.

The Town should consider implementing performance and outcome-based measures to incent improvement. For example, reducing the unit cost of winter maintenance each year.



CONTEXT

Context

The Town is embarking on a multi-phase, corporate-wide service delivery review

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Context

Like Community Services, many of Operation's services are resident impacting

There are six portfolios within the Operations Division, 27 services and 31 sub-services.

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Net	\$1,431,997	\$3,135,504	\$1,378,656	\$1,378,656	\$382	\$3,661,692

In addition to the services there were two other expenses of the Division

- ▶ Work for Others cost \$318,458 and generated \$290,049 in revenue, while Administration cost \$354,305.

Note: Fleet revenue is actually cost recovery from the other services.

Source: Financial figures are provided by Town and based on 2018 actuals

Context

The level of community engagement was the most cited characteristic that residents liked about living in Milton

Milton published a nine-question online survey in March and April

327 residents responded to the survey to provide their views on the services provided by the Operations Division and by the Community Services Department.

- ▶ During the same period, staff were surveyed with 15 questions, with the Town receiving 127 responses.

The word cloud to the right shows the words that appeared most frequently when asked what they liked about living in Milton

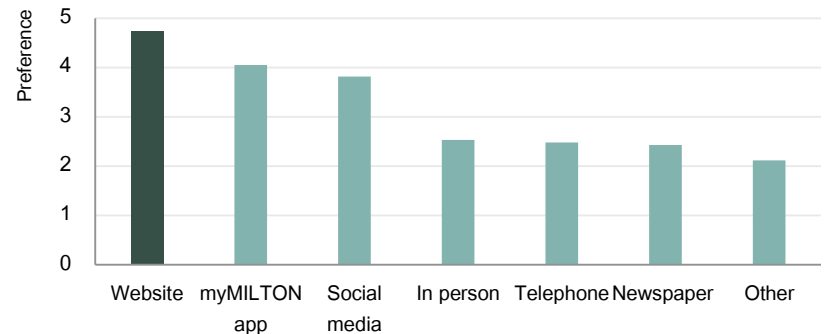
- ▶ Proximity to family, safety and ability to walk to amenities were key themes.
- ▶ Green space was valued. Whether that was parks, trails or nature and conservation areas, there was a strong desire for outdoor activity, often linked to activities for kids.



Residents prefer communication about services to come electronically

On a rating between 1 and 7 (7 most preferred), residents indicated websites, mobile apps and social media were much preferred above traditional channels.

- ▶ The survey was delivered online, which may add a bias to this response.



Context

Residents and stakeholders are largely satisfied with the services that Operations and Community Services provide

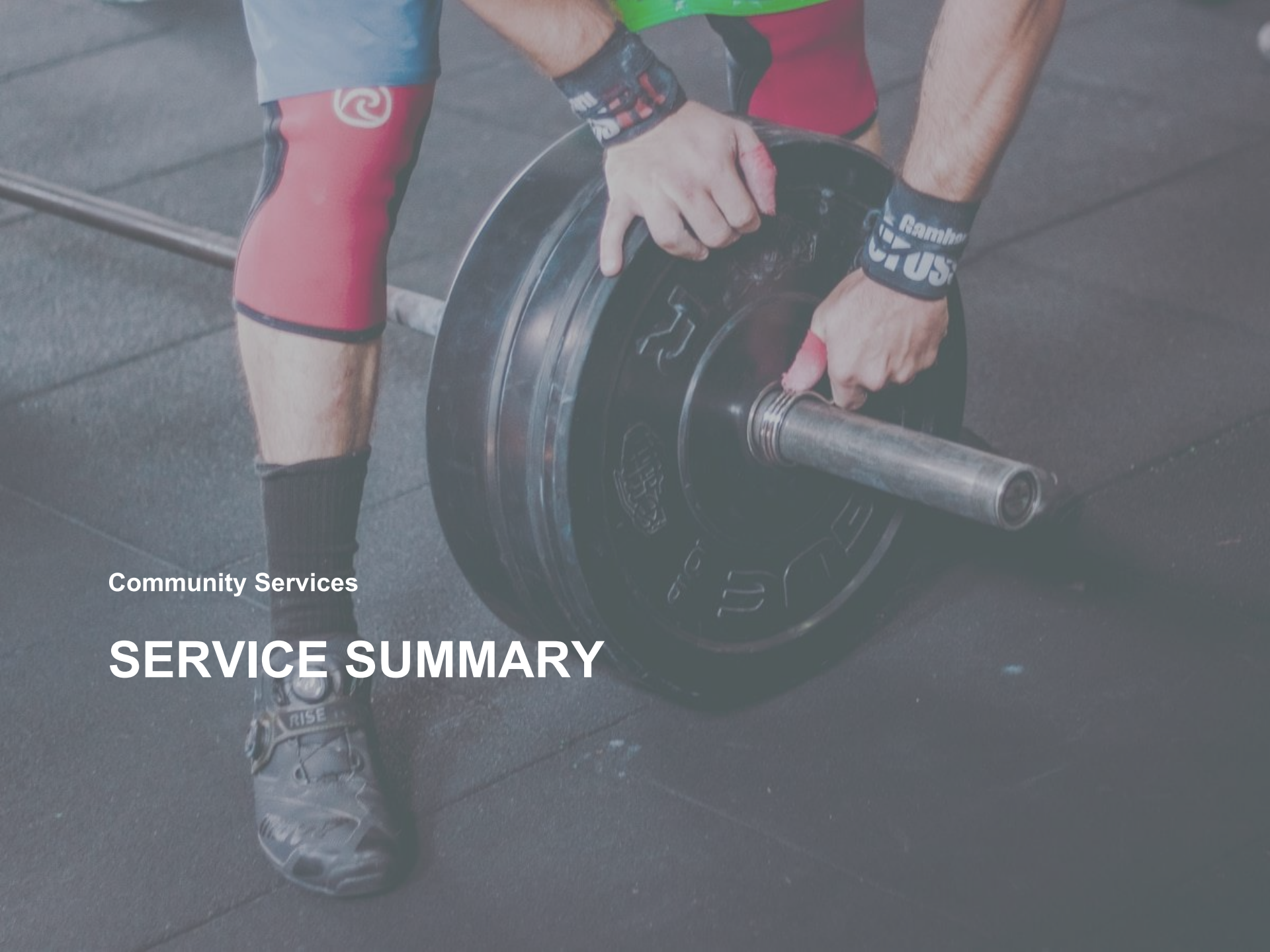
Through a survey made available to residents and Town staff through March and April 2019, less than 10% of respondents expressed dissatisfaction with the services

For both Operations and Community Services, the strength most often cited was the staff attitude and work ethic, which was felt to be essential to meeting the service standards they face.

- ▶ Most respondents were very happy with the maintenance of main roads in winter, with some suggesting (though not many) that they could be plowed less frequently.
- ▶ Parks were frequently cited as a key asset of the Town and the most frequently mentioned facility by residents, as well as one of the most common things they liked about living in Milton.
- ▶ Current programming was felt to be good, but changes in resident demands indicates it may need to be expanded.

When specifically asked where improvements or changes could be made, respondents provided a small number of themes related to each group.

	Community Services	Operations
Resident Survey	Improvements to services: <ul style="list-style-type: none"> ▶ Expand programming ▶ Improve facilities maintenance ▶ Address garbage in facilities ▶ Additional facilities - soccer and ice 	Improvements to services: <ul style="list-style-type: none"> ▶ Fix potholes sooner and address sunken manhole covers ▶ Better winter maintenance of side streets ▶ Clearer sidewalks during winter ▶ Address windrows (either prevent or clear) ▶ Reduce the build-up of garbage in parks
Staff Survey	Improvements to support delivery: <ul style="list-style-type: none"> ▶ Add more staff ▶ Investigate the extensive use of part-time staff ▶ Improve communications ▶ Improve staff morale 	Improvements to support delivery: <ul style="list-style-type: none"> ▶ Increase the number of staff ▶ Investigate the balance of full-time to part-time and seasonal staff ▶ Make better use of technology and IT systems ▶ Increase communication between staff and management

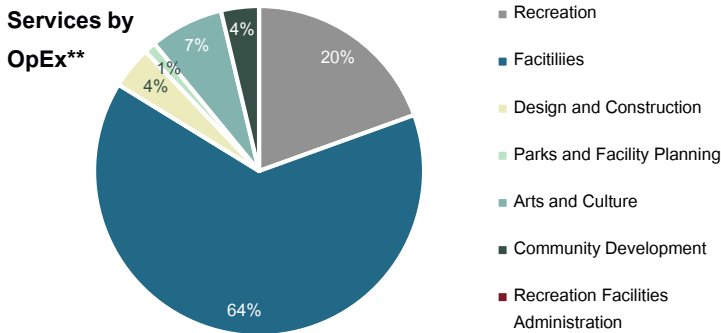


Community Services

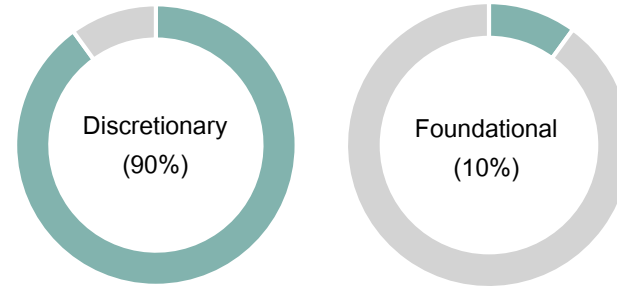
SERVICE SUMMARY

Service Summary

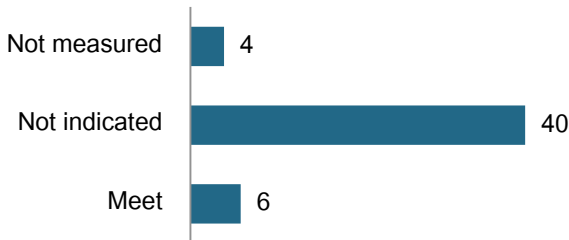
The majority of Community Services' services are discretionary and measure some areas of performance



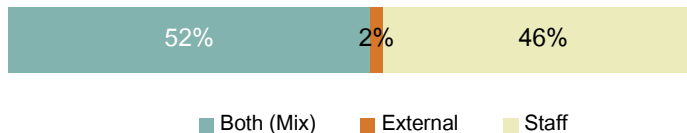
Service Type*



Service Performance



Delivery Model



Work Drivers

70% of services had their work drivers correctly identified by staff.



Observations:

- ▶ Almost all of community services are discretionary and within the control of the Town to set the service standards (see Appendix for KPIs).
- ▶ The service profiles indicate informal service standards for the majority of services. However, staff did not indicate whether they are meeting these standards or not. An opportunity for Community Services to put in place appropriate service levels has been identified (see Recommendations section).
- ▶ Services delivery is a mix of staff (internal), volunteers, contractors and partnerships (external). The Department relies heavily on volunteers for some service delivery. In 2018, a total of 553 volunteers supported the Department contributing 32k hours.
- ▶ The Town's population and demographics are the most impactful work drivers on the Department's workload. As the number of residents increase, the Town will likely need to increase programming, while changing demographics may require changes to the type of recreation services delivered.

Note:* Legislated services are mandatory under the Municipal Act; Foundational services are required for the municipality to operate; Discretionary services are determined by each municipality and many of these services represents how the municipality builds the local community.

****** Operating Expenses based on Town 2018 actuals

Service Summary

Community Services' Expenses are growing quicker than revenues

The net position is getting larger as the growth in expenses is increasing more rapidly than revenue

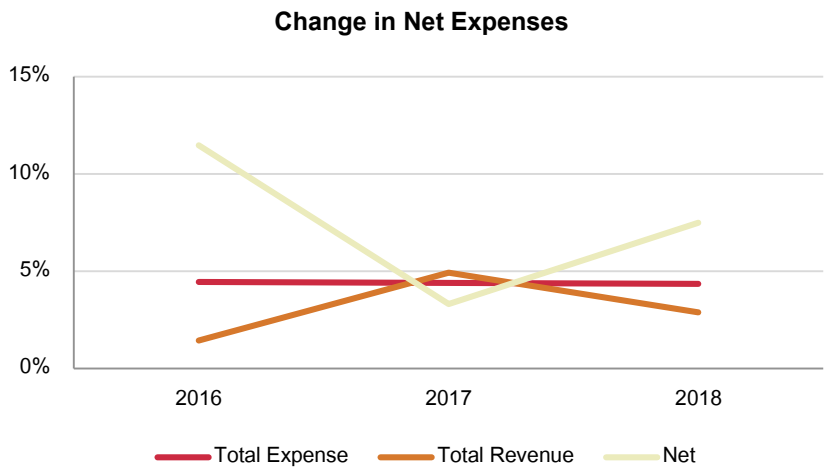
- ▶ Between 2015 and 2018, the net expense position of the Department increased by 22%. In 2015, the net position was \$5.6m; increasing to \$6.9m by 2018. It went up in 2016 by 11% and has been increasing more gradually since (3% in 2017 and 7% in 2018).
- ▶ The year-over-year change in expenses and revenues are not inline; expenses have grown by 4% while revenue fluctuates around 1-5%.
- ▶ During the period 2015 to 2018, average total Municipal Price Index (MPI) measured 3.5%; and average Expense MPI measured 2.6%. Conversely, expenses grew faster than MPI by an average of 1.4% over the period.
- ▶ Labour related expenses and Utilities are the largest cost categories and make-up 84% of expenses. Note that a driver for the increased expenses was driven by increases in wages led by government legislation (i.e. Bill 148) and associated job evaluation exercise.

The majority of Community Service revenue comes from three sources: Rentals, Programs and Leasing

- ▶ In 2018 the three sources contributed to 69% of revenue. The majority of Rentals revenue is from Ice Rentals; this alone adds \$2.5m and has been increasing year over year since 2015 by an average of 2%.
- ▶ Outdoor related rental expenses (administration of permits and associated customer service) are incurred in the Community Services Department budget, but revenues are realized in the Operations' Division budget.

Note: * The year where the National Cycling facility was fully annualized, contributing to the drop in net position

	2015	2016*	2017	2018
Total Expenses	\$ 18,517,344	\$ 19,342,639	\$ 20,195,313	\$ 21,073,968
Total Revenue	-\$ 12,950,032	-\$ 13,136,657	-\$ 13,783,863	-\$ 14,181,969
Net	\$ 5,567,312	\$ 6,205,982	\$ 6,411,450	\$ 6,891,999



Service Summary

Staff commended the quality of customer service provided by the Department

More than half of Town staff referenced either the quality of Town programming or customer service as the department's strongest areas

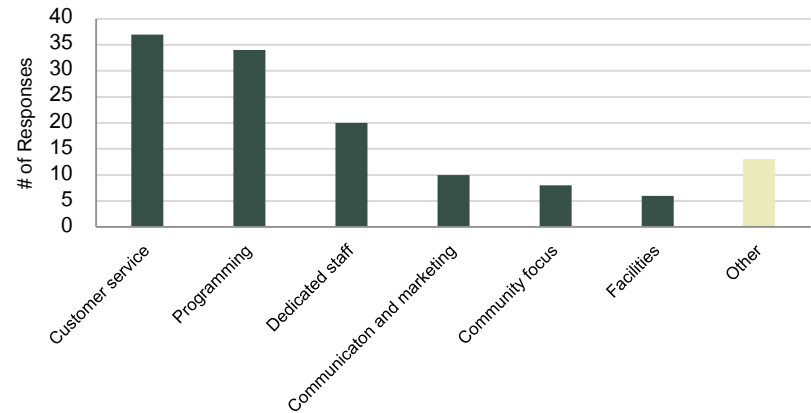
- ▶ Another strength area that was mentioned frequently was around the dedication/commitment of staff to their jobs, which is likely reinforcing the opinion of the Department's customer service.

The most common weakness was not having enough staff and the perceived impact of using part-time staff who are often not as knowledgeable as full-timers, as well as the impact of rotations*

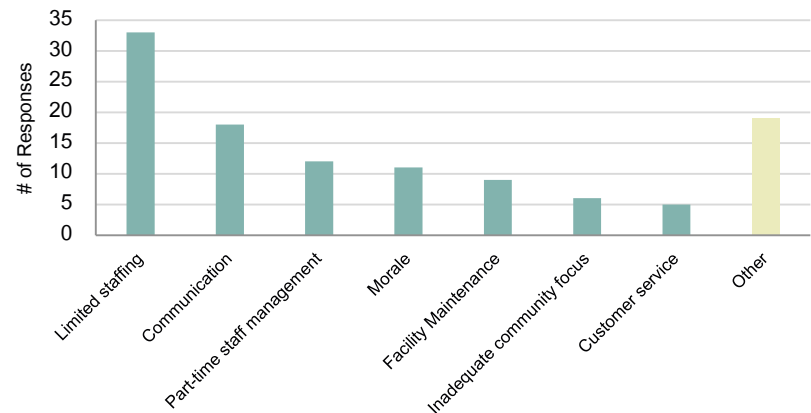
Communication featured as both a strength and a weakness and might be an area for management to pay some attention to, particularly with a distributed workforce.

- ▶ As the survey was anonymous, we cannot tell whether other factors affect people's response on communications, such as where staff are located or their employee classification (FT vs. PT).
- ▶ Looking at weaknesses in aggregate, the team environment seems to be the overriding theme. The number of staff, communications, morale and part-timers all relate to this concept of what it is like to work in Community Services.

What does Community Services do well?



Where can Community Services improve?



* Likely refers to the Town's Expression of Interest (EOI) program



Community Services

ORGANIZATIONAL COMPOSITION

Organizational Composition

Community Services uses a common staffing model, a mix of staff, volunteers and third parties to deliver services

The workforce mix is discretionary and for each municipality to define - there is no trend or pattern

Below is a breakdown of Community Services' entire workforce (based on 2018):

Staff	<ul style="list-style-type: none">▶ Full-time (FT) Headcount:76▶ Part-time (PT) Headcount: 686▶ Total Headcount: 761 OR Full-time Equivalent (FTE): 205
Volunteers	<ul style="list-style-type: none">▶ Number of Volunteers: 553 (number of volunteer hours: 32,031)
Third Parties / Service Agreements	<ul style="list-style-type: none">▶ In addition to the volunteer program, the Department depends on a wide variety of third party affiliated organizations to deliver programs (i.e.: Milton Springers Gymnastics Club, Milton Skating Club, Milton Tennis Club).▶ Community Services relies on several service agreements and contractors:<ul style="list-style-type: none">- National Cycling Institute Milton, contractors for skilled trades for maintaining facilities, snow removal, etc.

The Department is split between two directors; Recreation & Facilities and Culture & Community Investment. Both use a mix of internal staff (full-time/part-time), volunteers and third parties. Recreation & Facilities represents approximately 75% of the total headcount.

- ▶ The following pages provide our analysis of:
 - The change in work driver and the impact they have on Community Services workforce
 - The implications of having a mixed workforce, specifically part-time, full-time, and
 - Benefits and risks of having a large volunteer base

Organizational Composition

Community Services' work volume is increasing

As the Town continues to grow in population, there will be more demands put on Community Services

- ▶ The Town's population continues to increase (see right). Since 2014 it has grown by over 20%. The number of residents is one of the biggest factors that affects the Department's workload. It impacts the type / number of programs, fill-rate, use of facilities, camps and special events of the community.
- ▶ The Town also depends on Community Services to design, construct and maintain facilities. Between 2014 and 2019 the amount of indoor facility space increased by 31%.

Comparing FTE to work drivers, the ratio such as population and indoor space, shows that during these periods, the Department is supporting more with less FTEs

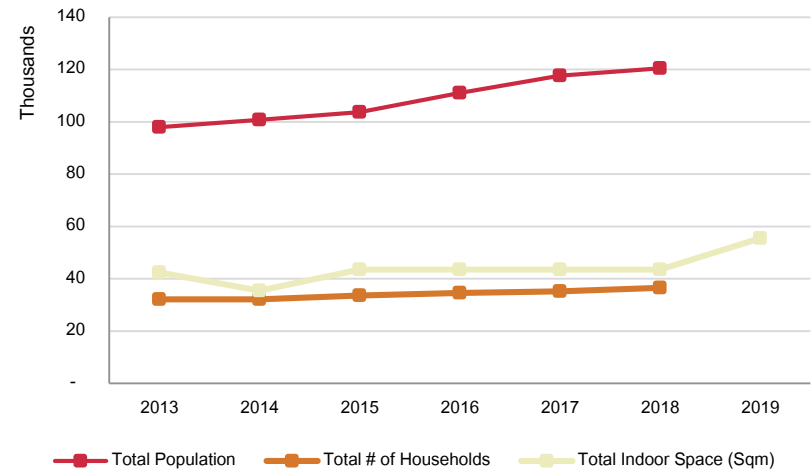
- ▶ In 2014 the ratio to population was 557 to 1, in 2018 it was 588 to 1. Similarly for indoor space, at its lowest it was 196 to 1, in 2019 it will be 274 to 1 (based on current estimates and largely due to the opening of Sherwood Community Centre - SCC).
- ▶ SCC is opening with only 2.4 new FTEs, plus part-time staff that will join as needed. This seems low for the opening of a new facility and is evident with the significant change in FTE ratio to indoor space (see right).

So while population and facility space have increased by 20% and 31% respectively, FTE increase over that same period is 12%.

Source: Milton FIR, publicly available work driver information (2014-2018)

* Estimation – SCC's indoor space in square metres was added to get this number

Community Services - Work Drivers



	2014	2015	2016	2017	2018	2019
Population	100,740	103,700	111,000	117,700	120,500	n.a.
Households	32,180	33,580	34,600	35,252	36,555	n.a.
Indoor Space (Sq. m)	35,470	43,498	43,498	43,498	43,498	55,575*
Ratio to FTE						
Population	557 : 1	552 : 1	593 : 1	607 : 1	588 : 1	n.a.
Household	178 : 1	179 : 1	185 : 1	182 : 1	178 : 1	n.a.
Indoor Space	196 : 1	231 : 1	232 : 1	224 : 1	212 : 1	274 : 1

Organizational Composition

A high percentage of Community Services' headcount is part-time with opportunities to increase spans

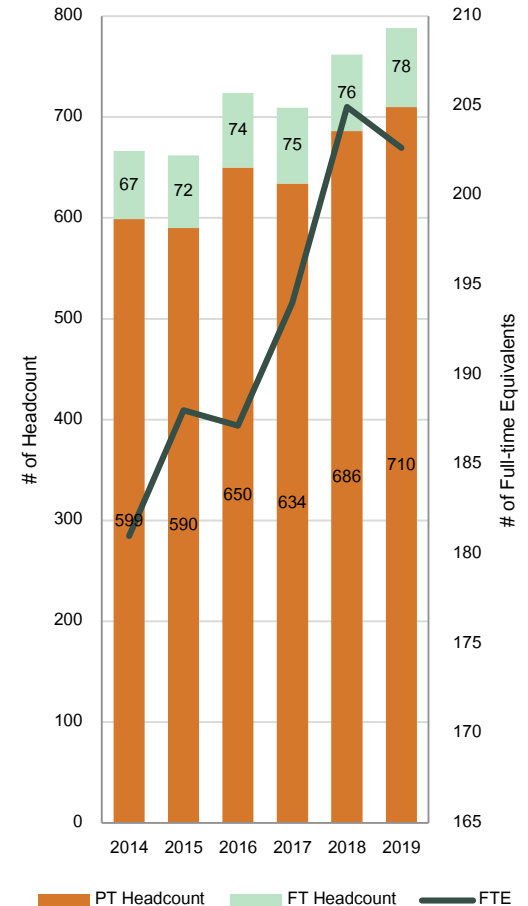
In 2018, Community Services had a total full-time equivalent of 205 (76 full-time, 686 part-time)

- ▶ While the overall complexion (the ratio of full-time to part-time) remains consistent, fluctuations occur with the part-time workforce and reflects the variable nature of the services. Variables include: season, operating hours (up to 18 hour days/7 days a week), service standards, number of facilities, number of events, fill-rate of programs, etc.
- ▶ Having a mixed workforce allows the Department to be more flexible and avoid the risk of fixed ongoing expenses. However, it can cause difficulties ensuring part-time staff onboard efficiently, receive appropriate training, tools and are made productive as quickly as possible.
- ▶ For areas where the workload is highly variable, the Town should continue to leverage part-time staff. In other areas that are more consistent, the Town should consider using more full-time staff.

Community Services spans are broadly reasonable with some areas for further consideration

- ▶ The Department provides a wide range of services that can make it difficult when considering the best span of control. However, we highlight below some areas where there may be opportunities to improve or create more consistency in the spans.
- ▶ The Commissioner has 3 direct reports. Common spans are between 4 and 6. In addition, managers have between 0 and 7 direct reports. This can allow for future growth, however, it can also indicate an imbalance of responsibilities. Some managers provide both a functional role as well as managerial one, whereas others that don't have direct reports only have a functional role.
- ▶ Below manager, there are some examples of low spans among supervisors and coordinators.
 - Supervisor spans are between 13 and 35 in similar work areas. Others in the Division are between 2 and 40.
 - Coordinator spans are between 7 to 187 direct reports for similar work.
- ▶ Addressing low spans may provide more capacity for staff to allocate to other areas/tasks. This analysis is based on spans and comparison to similar positions, it does not include workload analysis.

Community Services - Headcount and FTEs



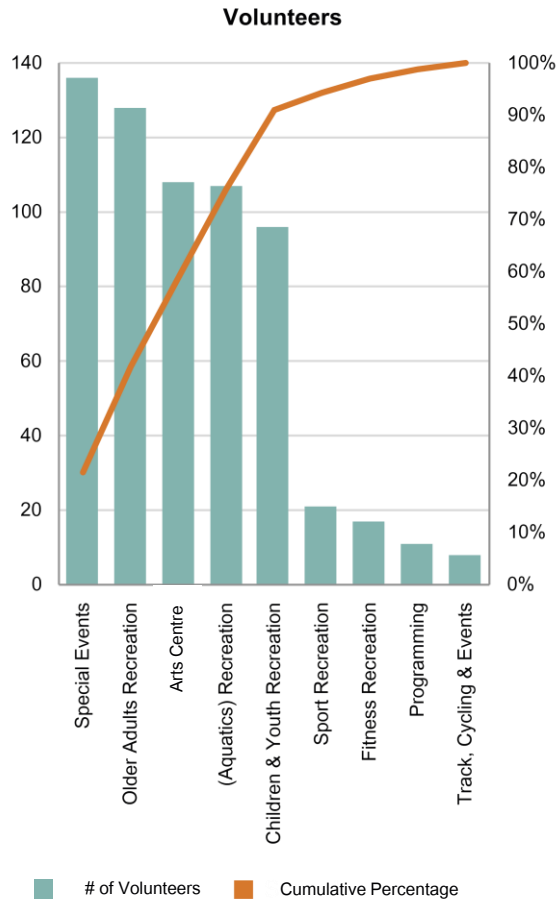
Organizational Composition

Community Services depends on volunteers to deliver certain services

The Town had 553 volunteers in 2018, a similar size to the Departments headcount

Volunteers assist the Town's staff in delivering the following:

- The FirstOntario Arts Centre Milton (FOACM), Milton Seniors' Activity Centre (MSAC), Special Events, Older Adults Programming, Aquatics, and Children and Youth Programming use 90% of the Town's Community Services Department volunteers as per the orange line on the graph.



If the Town's volunteer workforce were to significantly shrink, it would cause the Town's expenses to increase

In 2018, the total hour volunteers worked was 32,031.

- ▶ If we assume the Town only needs 30% (or 9,609 hours*) to maintain the current service standards that volunteers provide today, it would require 190 new positions. This number assumes that not all volunteers are necessary for each facility to function. For example, the FOACM may have 10 volunteers who usher, but we may assume only 5 are necessary to deliver the service.
- ▶ If we assume filling these 190 positions (total of 9,609 hours) with minimum-wage workers, it would increase the Department's expenses by \$153,225 (including 13.9% direct benefits).

This highlights the importance of having a robust volunteer management program to attract, recognize and retain volunteers and mitigate this risk.

Source: Volunteers numbers are Town provided (2018)

* Indicative hours based on Town provided estimates

Organizational Composition

Community Services should consider changes after a number of conditions are met

There are several conditions the Town should consider when making changes to the Community Service's workforce:

- ▶ **Fully operating SCC:** we expect the Department will need to stabilize operations at SCC. As a new facility there is typically an initial period to ramp up operations, where the initial work volume may be low and then increase over time. For example, shifts in volume from other facilities e.g. ice pad time or adding new programs.
- ▶ **Implementing SDR recommendations:** there are several opportunities that will have an impact on the staff complexion and/or spans. Specifically setting service standards will help inform potential workforce changes. Implement these changes then assess span opportunities.
- ▶ **Department structure:** while not part of our scope, the Department may wish to take a broader look at the organizational structure and work allocation across the teams within Community Services and potentially others that work closely with the Department. This may provide a suitable point in time to adjust spans. The Department should also consider timing of vacancies from eligible retirements.
- ▶ **Fluctuating work drivers:** the variable nature of the work may cause imbalances (low spans) at the supervisor/coordinator levels (higher in some years, lower in others). The Town should consider reviewing work drivers and workload when making adjustments.
- ▶ **The number of volunteers:** if changes occur in the volunteer base, the Town could be at risk of having to increase its headcount. Community Services should consider how they would mitigate this risk.



Community Services

RECOMMENDATIONS

Recommendations

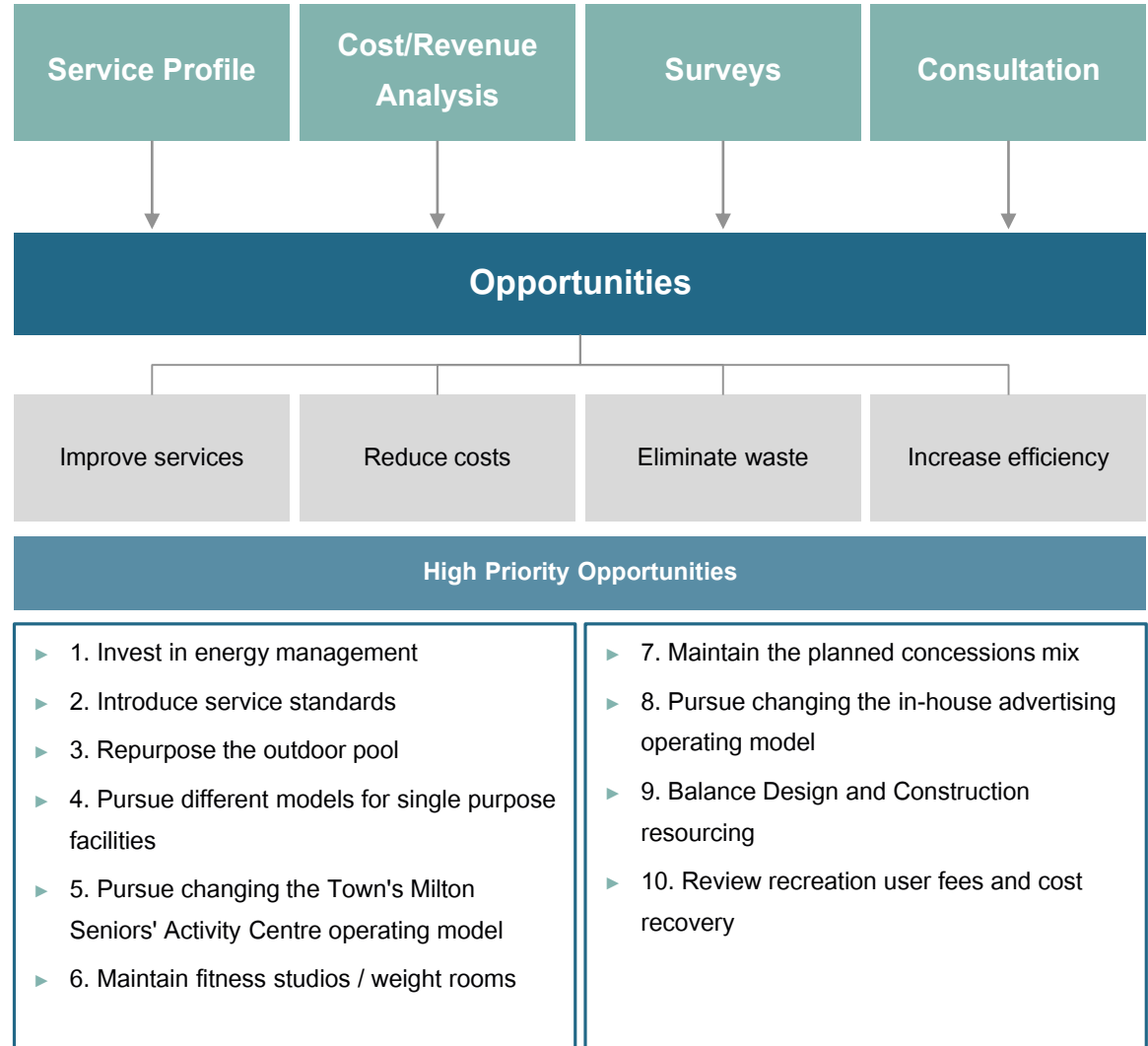
Service profiles, staff and resident surveys, interviews and our observations are the source the opportunities identified

The opportunities in this Report are derived from several sources

- ▶ **Service Profiles** – we conducted an analysis of service profiles and identified opportunities.
- ▶ **Interviews** – through our consultation with staff.
- ▶ **Surveys** – both staff and public surveys informed opportunities.
- ▶ **Our analysis** – we conducted an analysis of the various areas (e.g. programs). In addition, we have drawn in from our previous experiences and knowledge conducting service reviews where applicable.
- ▶ **Knowledge / experience** – we brought forth opportunities from previous review to test.

A total of 37 opportunities were identified, and 10 of those opportunities are high priority ones. Those opportunities are outlined in the Recommendations section

- ▶ There are some additional opportunities in the Appendix. These are a mix of opportunities that management may pursue, as well as other opportunities that were omitted throughout the life of this project.



Recommendations

Of the ten high priority Community Services opportunities investigated, five have a positive economic case to consider

We have investigated 10 opportunities that may improve services, increase efficiency or reduce costs in the Community Service Department

These opportunities are a combination of exploring ways to reduce costs by changing operating models for several services and others are aimed at improving the service delivery.

The table to the right shows the net change to operating expenses for each of the opportunities analyzed.

- ▶ Each opportunity includes a Situation section that describes the current state and analysis on the current state. The source of the information is from interviews with Town staff, documentation, Town provided financial data and derived information.
- ▶ Moreover, each opportunity includes a set of options for the Town to consider. Each option includes a description, benefits and some risks; as well as a summary of financial implications.
- ▶ Lastly, each opportunity includes a table with a financial analysis showing the current-state and the financial implication of the different options on cost and revenue.

The data available in the Town at times is limited

The analysis and figures quoted here are directional. They are intended to assist the Town to decide whether to move forward with additional analysis or with implementation of some opportunities.

Note: * Represents potential change in total cost and may impact numerous underlying funding sources (taxes, DC, user fees, etc.). All figures require further validation prior to implementation.

Below is a summary of the recommendations and the impact

Financial Impact	Current	Future Net	
	Net Position	Position	Net Impact
1. Invest in energy management	\$4,632,240	\$4,572,682	-\$59,558
2. Introduce service standards	n.a.	n.a.	n.a.
3. Repurpose the outdoor pool	\$91,120	\$21,500	-\$69,620
4. Pursue different models for single purpose facilities	\$132,940	\$132,940	\$0
5. Pursue changing the Town's Seniors' Centre operating model	\$222,176	-\$76,086	-\$298,262
6. Pursue closing fitness studios / weight rooms	-\$141,367	-\$141,367	\$0
7. Maintain the planned concessions mix	-\$32,668	-\$32,668	\$0
8. Pursue changing the in-house advertising operating model	\$54,035	-\$39,177	-\$93,212
9. Balance Design and Construction resourcing	\$791,714	\$695,388	-\$96,327
10. Review recreation user fees and cost recovery	n.a.	n.a.	n.a.
Total	\$5,750,190	\$5,133,212	-\$616,979

The recommendations can potentially save the Town \$617k. That being said, it is crucial that every opportunity before being pursued considers the non-financial aspects on the community (e.g. changes in service levels) before committing to implementation.

Recommendations

1. Invest in energy management (1/4)

Situation

The Town does not have specialized staff for Energy Management (EM). Currently, EM falls under the portfolio of the Director of Recreation and Facilities, who spends approximately 3% to 6% of their time annually* on EM related matters for the Town as a whole.

- ▶ This includes looking after facilities and capital projects and applying an EM lens (e.g. LEED standards, etc.); liaising and collaborating with Milton Hydro (including attending bi-weekly meetings on initiatives to be more environmentally friendly); and liaising with other Town departments to identify ways to be more energy efficient.
- ▶ At times, this also includes attending meetings and conferences, and research regarding EM (e.g. attending a finance session on trading energy futures and energy stocks, researching various energy purchasing options, etc.).
- ▶ The Director of Recreation and Facilities also looks for government grants opportunities relating to EM.

Thus far, many initiatives have been taken at the Town aimed at becoming more energy efficient.

- ▶ One of Milton's largest recreation facilities under the auspices of the Director has been retrofitted to be more energy efficient, including geothermal systems, solar panels, and achieving an only 40% reliance on grid electricity.

- ▶ The Town has begun working with Milton Hydro and Union Gas to create a Green Innovation Plan (a community and corporation one) recently. This is as a result of directions laid out by the Provincial and Federal governments regarding climate change and environment. The objective is to ultimately achieve greater energy efficiencies.
- ▶ In partnership with Milton Hydro, solar panels have been installed on the roofs of several facilities as well as a Combined Heat and Power (CHP) installation at Milton Sports Centre (MSC). Both achieved through various grant funding opportunities, to the mutual benefit of the Town and Milton Hydro.

In 2018, the Town successfully reduced its electricity consumption by ~930,000 kWh between the years 2017 and 2018.

- ▶ Some other examples of initiatives the Town has engaged in are LED lighting, replacing facility pumps and motors, building automation systems, staff training on conservation, low flow water fixtures, etc.
- ▶ A total of ~\$370k in grant money was collected and used to create Green Innovation Plans (purchase 2 electric ice resurfacers, and LED lighting retrofits on 3 ice pads).

The Town's Green Innovation Plan is the most recent initiative to advance EM and sustainability. This plan contemplates baseline information and some action items to act on such initiatives. However, due to resource and capability constraints, potential results may not be realized.

Source: Town provided information

Note: *Based on 2,080 hours of work per year

Recommendations

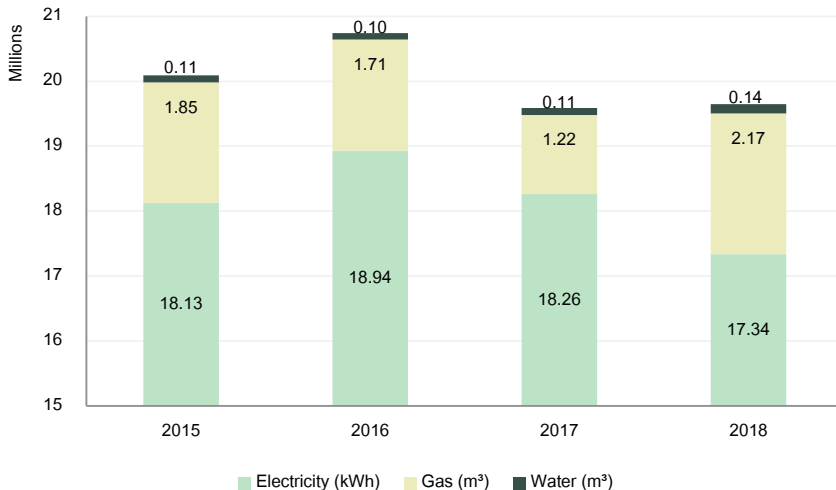
1. Invest in energy management (2/4)

Utilities Usage

The graph below shows the Town's utilities usage (electricity, water, gas), over the period 2015 to 2018:

- ▶ Electricity usage has increased by 21% from 14.3m kWh to 17.3m kWh, albeit falling since 2016
- ▶ Gas usage has increased by 66% from 1.3m m³ to 2.2m m³
- ▶ Water usage has increased by 33% from 108k m³ to 144k m³

The Town has expanded its portfolio of facilities (in this case measured by registered accounts that the Town pays utilities for) over the same period from 46 to 61, an increase of 33% or 15 accounts, this is likely contributing to the rising utilities usage.

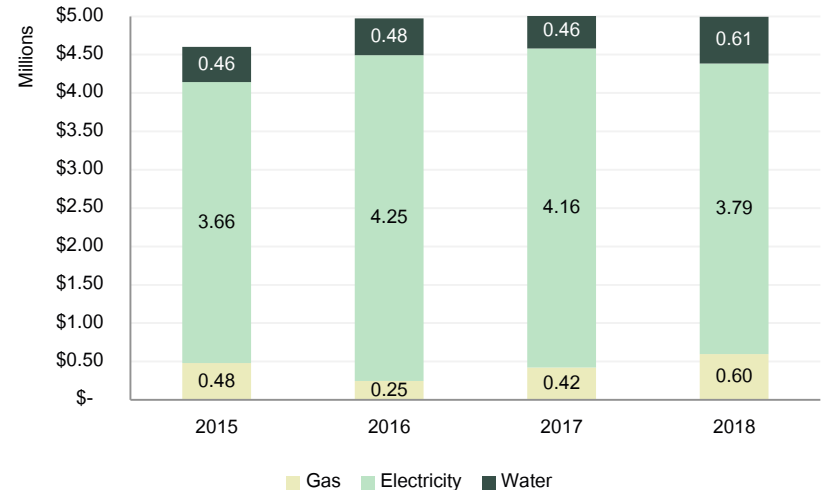


Utilities Costs

The Town's total utilities costs have increased by 9% over the period of 2015 to 2018 – the largest driver is increasing water costs:

- ▶ Water costs grew up from \$459k to \$608k, or 33%
- ▶ Gas costs grew from \$479k to \$595k, or 24%
- ▶ Electricity costs grew from \$3.7m to \$3.8m, or 4%

That said, Electricity costs fell between the years 2016 and 2018, in line with the decrease in consumption – and continue to be on a downward trend.



Source: Town provided figures

Note: 36% of FOACM utility costs are recovered from Milton Public Library; Electricity costs on the chart on the right include all facilities and other areas including streetlights and traffic signals.

Recommendations

1. Invest in energy management (3/4)

The Town should pursue Option 2 – Add Staff dedicated to Energy Management

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	Continue with the current operating model of the Director (existing non-dedicated staff) looking after and overseeing EM across the Town.	<ul style="list-style-type: none"> ▶ No additional costs 	<ul style="list-style-type: none"> ▶ Potential missed cost savings/revenue generation opportunities ▶ Increase in utility costs ▶ Limited capacity based on other priorities 	<ul style="list-style-type: none"> ▶ No change
2 - Add Staff dedicated to Energy Management	Hire a full-time staff dedicated to managing the portfolio of EM. Includes looking after all facilities EM as well as coordinate and liaise with the other departments to be more energy efficient with existing and future facilities.	<ul style="list-style-type: none"> ▶ Achieve greater cost savings than option 1 ▶ Achieve greater grants than option 1 ▶ Enhanced multi-year EM strategy ▶ Energy education 	<ul style="list-style-type: none"> ▶ Requires onboarding and hiring (i.e. HR time) ▶ Skills may be niche and difficult to find ▶ Cost of service may be greater 	<ul style="list-style-type: none"> ▶ A net position increase by ~\$60k
3 - Consulting Firm	Hire a consultancy as a one-time effort (periodically) to create an energy strategy, advice on energy use, financing and help implement some cost saving measures.	<ul style="list-style-type: none"> ▶ Identify potential cost savings ▶ Identify potential cost savings ▶ Enhanced multi-year EM strategy ▶ Energy education 	<ul style="list-style-type: none"> ▶ May require share of cost savings ▶ Without internal expertise execution of the strategy may not yield the full benefits 	<ul style="list-style-type: none"> ▶ A net position increase by ~\$122k

Recommendations

1. Invest in energy management (4/4)

Recommendation

- ▶ After one-time expenses, option 2 is the most financially viable option. It also has a lower risk than option 3.
- ▶ Having an in-house staff allows them to mobilize all departments from the grassroots and work towards engraining an EM culture.
- ▶ In addition, this allows building relationships with vendors and stakeholders (e.g. Milton Hydro) that a consultant may do on behalf of the Town and therefore be transactional in nature.

Key Assumptions

- ▶ Financial assumptions:

	Option 2	Option 3
Labour/External Cost*	\$ 128,338	\$ 250,000
Savings		
Gas	1.0%	1.0%
Hydro	3.0%	3.0%
Water	1.0%	0.5%
Grant Revenue Change	15.0%	-%

Financial Impact	Option 1 – Status Quo	Option 2 – Add Dedicated EM Staff	Option 3 – Consulting Firm
One-time			
Energy Consultant	N/A	N/A	\$250,000
Grant Revenue	-\$370,000	-\$425,500	-\$370,000
Total One-time	-\$370,000	-\$425,500	-\$120,000
Ongoing			
Energy Management			
Costs			
Utilities Cost			
Gas	\$595,476	\$589,521	\$589,521
Hydro	\$3,791,216	\$3,677,480	\$3,677,480
Water	\$608,933	\$602,844	\$605,888
EM Cost			
Labour Cost	\$6,615	\$128,338	\$6,615
Total ongoing	\$5,002,240	\$4,998,183	\$4,879,504
Net Position	\$4,632,240	\$4,572,682	\$4,509,504

Source: Status Quo figures are Town provided (2018)

Note: *Based on publicly available information

Recommendations

2. Introduce service standards (1/3)

Situation

The nature of the Town's Community Service Department are discretionary. The Department has 7 portfolios within it 18 services and 50 sub-services. The majority of the Department's services are discretionary (90%), while only 10% of its services are foundational.

▶ The Department does, however, have several metrics in place today.

Examples include:

- **Activity-based metrics:** annual certification on fire safety equipment or the completion of capital project within one year of budget approval
- **Performance-based metrics:** camp fill rates, change in attendance (retention), or quarterly spending trends
- **Outcome-based metrics:** resident satisfaction or High Five quality standards

Why have Service Standards?

Standards are important as they are a public commitment to a standard of performance that residents and customers can expect – they offer clear definitions of what customers can expect from a service. In addition, it provides clear definition to staff who are delivering services as to what is expected and what they should be delivering.

Often overlooked, but important, is the impact that changes in service standards has. More often than not, a change in standard has implications on a variety of areas, including:

- Resourcing
- Customer satisfaction/expectations
- Finances

For instance, increasing operating hours may require an increase in staff time, which comes at a cost – one may increase programming to fill some additional time, which also comes at a cost. In addition, the impact that it has on other facility costs such as utilities.

- ▶ Therefore, it is crucial that as service owners or service managers alter service standards, there is clear analysis of the impact it has on factors (i.e. resourcing, finances, customer satisfaction).
- ▶ Some of the benefits of service standards are:
 - **Accountability** – there is clear accountability to deliver the service standards
 - **Predictability** – the impact of making a change to a standard has a more predictable impact (e.g. increase/decrease in cost, quality, etc.)
 - **Defined expectations** – clear service standards and communication help to manage expectations whether it is of another department or with residents

Recommendations

2. Introduce service standards (2/3)

The Town should pursue Option 2 – Implement Service Standards

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	Continue operating with the KPIs Community Services have in place.	<ul style="list-style-type: none"> ▶ Least disruptive option for staff 	<ul style="list-style-type: none"> ▶ Communication errors ▶ Current practice is a measurement versus an established standard. ▶ Changing quality in delivery of services ▶ Inconsistent service quality – expectations of Council and residents not clearly understood and managed by staff 	<ul style="list-style-type: none"> ▶ No change
2 - Implement Service Standards	Service standards are assessed and rolled out by staff internally. This requires holding working sessions and iterating through service levels by defining them and implementing them.	<ul style="list-style-type: none"> ▶ Consistent service quality and delivery ▶ Negotiated and mutually agreed upon standards 	<ul style="list-style-type: none"> ▶ Time commitment may be too much to deliver an in-depth assessment ▶ There may be bias attached to the standards ▶ Staff may not have the skills to complete this work ▶ May potentially require backfill for staff or third-party support 	<ul style="list-style-type: none"> ▶ No change

Recommendations

2. Introduce service standards (3/3)

Recommendation

The Town should pursue Option 2 – Implement Service Standards.

- ▶ Having service standards will ensure that expectations are managed, and customer satisfaction is kept at a high level.
- ▶ It ensures that as service standards change the Department is able to assess the impact it has on customer satisfaction, resourcing and finances.

Key Assumptions

- ▶ The Town has the time and resources to conduct and adopt a set of service standards.
- ▶ There is no budget impact to either option if there is no backfill or third-party involved.

Recommendations

3. Repurpose the outdoor pool (1/3)

Situation

Rotary Park hosts a heated outdoor pool that is operational throughout the summer (approximately 72 days of operation each year). The average number of users per day has varied over the past three years:

- ▶ 2016 – 227
- ▶ 2017 – 183
- ▶ 2018 – 241

The area includes change rooms and washrooms. The pool is used for drop in swimming only – no rentals take place at this location.

- ▶ The area also has a splashpad adjacent to the pool, two baseball diamonds, two tennis courts, picnic tables, and a creek referred to as the "gem in the middle of the Town." Advertised as being "two pools in one": the Beach Pool is 36" deep with interactive water spray features; the Lap Pool is 42 - 48" deep, with four lanes for length or recreational swimming.

Municipal Scan

The table to the right shows larger municipalities have multiple outdoor pools while smaller municipalities have none. This suggests that the demand for seasonally run outdoor pools is not significant for smaller municipalities and that alternatives such as indoor pools or outdoor splashpads fill the need.

Municipality	# of Outdoor Pools
Oakville	5
Hamilton	10
Mississauga	7
Burlington	1
Richmond Hill	0
Pickering	0
Halton Hills	0

- ▶ There are many outdoor pools located in neighbouring municipalities, ensuring accessibility for Milton residents:
 - Bronte Park Outdoor Pool, Oakville (20km*)
 - David Ramsey Outdoor Pool, Mississauga (25km*)
 - Falgarwood Pool, Oakville (25km*)

Note: *Distance from the Milton's Town Centre

Recommendations

3. Repurpose the outdoor pool (2/3)

The Town should consider Option 2 – Repurpose the outdoor pool

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	This option implies maintaining the current operations.	<ul style="list-style-type: none"> ▶ Least disruptive option – allows the community to benefit from an outdoor pool 	<ul style="list-style-type: none"> ▶ An expensive, weather-dependent facility that is only open an average of 72 days per year 	<ul style="list-style-type: none"> ▶ No change to net position
2 - Repurpose the outdoor pool	The pool can be filled and repurposed to fit the needs of the community. Examples of repurposing the pool may include but are not limited to a dog park or a community garden.	<ul style="list-style-type: none"> ▶ The resources, labour and costs associated with the outdoor pool would be eliminated ▶ Maintenance costs will be heavily reduced 	<ul style="list-style-type: none"> ▶ Loses any of the revenue the pool was generating ▶ Summer camps running out of Rotary Park may be negatively affected 	<ul style="list-style-type: none"> ▶ One-time expenditure of \$200k ▶ Net position will improve by ~\$70k*

Note: *Net position after the initial \$200k spent to repurpose the outdoor pool

Recommendations

3. Repurpose the outdoor pool (3/3)

Recommendation

- ▶ Based on the 2018 actuals, the outdoor pool is experiencing a loss of about \$90k annually.
- ▶ Although there is a one-time cost, it will pay for itself after about two years.
- ▶ Most Municipalities of a comparable size to Milton do not have public-owned outdoor pools due to a lack of demand. There are also outdoor pools in neighbouring municipalities, and so repurposing Rotary Park's outdoor pool should not impact accessibility. As well, the Town has multiple splash pads, ensuring public water is available to the Milton community.

Financial Impact	Option 1 - Status Quo	Option 2 - Repurpose the Outdoor Pool
One-time		
Fill and Landscape Pool	\$0	\$200,000
Ongoing		
Revenue	-\$52,150	\$0
Expenditure	\$143,270	\$21,500
Net Position	\$91,120	\$21,500

Key Assumptions

- ▶ The pool will be repurposed into a dog park or an alternative (e.g. community garden).
- ▶ The \$21.5k is based on a Town study conducted in 2018 estimating expenditure without operating the outdoor pool; the cost to fill and landscape the pool will be \$200k.
- ▶ Washrooms, garbage pickup, regular maintenance and the splash pad will remain.

Recommendations

4. Pursue different models for single purpose facilities (1/5)

Situation

The Town owns three single purpose facilities:

- ▶ Milton Memorial Arena (Memorial Arena)
- ▶ John Tonelli Sports Centre (Tonelli)
- ▶ Rotary Park Outdoor Pool

This report includes a separate opportunity for the outdoor pool, as such, this opportunity focuses on the single purpose arenas.

Both facilities were built in the 70s. Each have community rooms and the washroom facilities and parking lots support other adjacent uses. From a proximity* standpoint both are close to each other (4km). Memorial Arena operates as a campus location due to its proximity to the Milton Leisure Centre (MLC) and FOACM whereby staff can “float” between locations based on work volume and priority.

Metrics

Both arenas have a high utilization:

Location**	Average Weekly Hours Booked	Average Weekly Hours Available	Utilization %
Milton Memorial Arena	59.0	65	91.0
John Tonelli Sports Centre	57.5	65	88.5

Using Milton’s 2017 population of 117,700. The current ratio of ice pads per person is 1:19,616. With the introduction of SCC additional ice pads (opening in 2019), this ratio will change to 1:14,712. In a municipal scan, the ratios (excluding private sector pads) are as follows:

Municipality	Population (2017)	# of Ice Pads***	Ratio
Halton Hills	61,161	6	1:10,194
Oakville	211,382	16	1:13,211
Milton	117,700	8	1:14,712
Burlington	176,170	11	1:16,015
Pickering	86,781	5	1:17,356
Richmond Hill	215,316	7	1:30,759

- ▶ This suggests that Milton, has an adequate number of ice pads for its current population. Should the Town achieve its target population of 228,000 by 2031 it would have a ratio of 1:28,500 still within range of its peers (excluding Richmond Hill puts Milton in the top).
- ▶ This analysis aligns with Toronto’s Performance Measurement and Benchmarking Report. The report documents that municipalities with a more densely populated area may require less ice pads due to proximity of arenas. Comparatively, municipalities which are less densely populated may require more ice pads to accommodate arena accessibility.

Source: Hockey Canada. Annual General Meeting Reports; [City Manager’s Office, Performance Measurement and Benchmarking Report](#)

Note: *Google Maps was used to determine the distance between the arenas

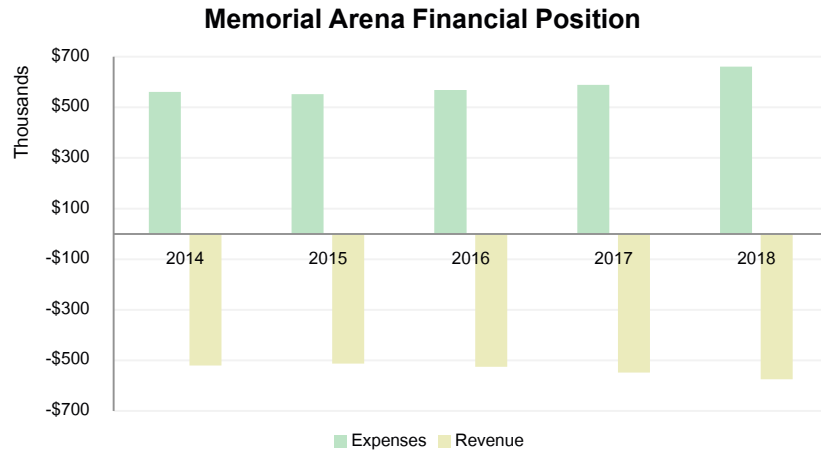
** (Oct to Mar, 4pm to 11pm Mon to Fri and 7am to 10pm Sat/Sun) ***Does not include privately owned ice pads

Recommendations

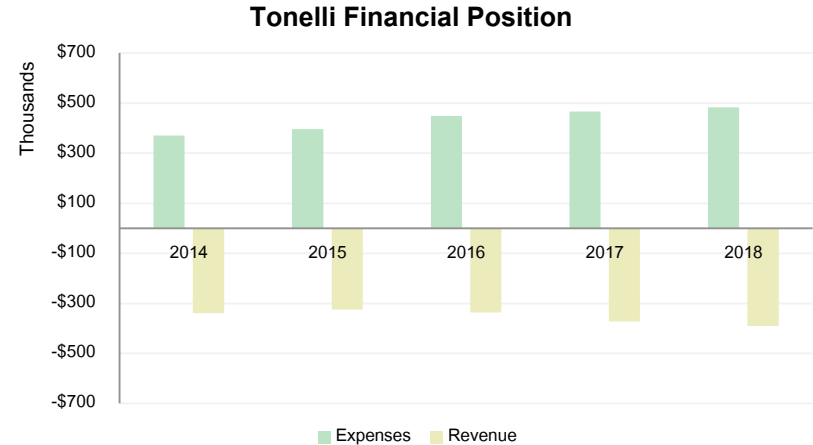
4. Pursue different models for single purpose facilities (2/5)

Financials

While utilization is high for both facilities, revenue remains consistent and expenses are increasing. In particular; transfer to reserve, utilities and labor costs.



To address this, the Department is making several changes starting in the fall. These changes are expected to decrease the net position of Memorial Arena to ~\$92k and ~\$85k at Tonelli in 2019. These changes once fully implemented (2020) is projecting a further decrease to the net position to ~\$65k at Memorial Arena and ~\$55k at Tonelli.



Many municipalities consider different owner / operating models when it comes to facilities. Typical rationale for assessing changes include:

- ▶ Increasing costs
- ▶ Capacity / capability to operate and maintain the facility
- ▶ Change in business model (seen as core for the organization)
- ▶ Change in competitive landscape

Some common models include (see appendix for examples):

- ▶ Municipality builds the asset on a leaseback to a private company
- ▶ Municipality owns the asset; private company operates and maintains (also known as a P3 - Public Private Partnership)
- ▶ Municipality sells asset and all responsibilities to a private company

As the Town continues to grow, a P3 arrangement may be advantageous when building new facilities rather than privatizing an existing asset.

Recommendations

4. Pursue different models for single purpose facilities (3/5)

The Town should pursue Option 1 – Status Quo

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	This option implies maintaining the current situation.	<ul style="list-style-type: none"> ▶ Maintain all influence over the arena(s), including programming, timing, allocation, user fees, etc. ▶ Keep all the revenue generated ▶ Maintain use of both community rooms 	<ul style="list-style-type: none"> ▶ Continue losing ~\$55k-\$95k per annum (Tonelli) and ~\$65k-\$85k per annum (Memorial Arena) ▶ Costs to maintain facilities may increase given age of facilities 	<ul style="list-style-type: none"> ▶ Net position should improve to ~\$65k at Memorial Arena and ~\$55k at Tonelli (by 2020)
2 - Investigate Selling Tonelli (land and facility) to a private operator	<p>Investigate if there is interest in the private sector to purchase the land and facility)*. This will produce a one-time payment of what the land and facility is worth.</p>	<ul style="list-style-type: none"> ▶ Low cost/effort to explore private interest ▶ One-time payout for land and facility 	<ul style="list-style-type: none"> ▶ No interest from a private operator to purchase land and operate arena ▶ Decrease in service levels from a facility aspect may impact future DC calculations for recreation facilities ▶ Town loses control of the land use ▶ Will impact Town ran programs at Tonelli ▶ Potential loss of parking lot and washrooms to support adjacent community uses ▶ Additional ice pads to address population growth / community need if facility is repurposed will be required to maintain service levels 	<ul style="list-style-type: none"> ▶ The net position will increase by up to ~\$92k ▶ The sale could generate \$2-3m (one-time) benefit**

Note: * There are encumbrances that would impact the value of Tonelli

** Land value was calculated based on publicly available real estate information

Recommendations

4. Pursue different models for single purpose facilities (4/5)

The Town should pursue Option 1 – Status Quo

Option	Description	Benefits	Risks	Financial Impact
<p>3 - Investigate a P3 arrangement for Tonelli and / or future recreation facilities</p>	<p>Public-Private Partnerships (PPP) is an alternative form of service delivery whereby the public and private sector engage in a formal collaborative agreement.</p>	<ul style="list-style-type: none"> ▶ Share the expenses with a third-party operator ▶ Maintain some influence over the arena(s) 	<ul style="list-style-type: none"> ▶ Quality of service and facility deteriorates ▶ May impact Town run camps at facility ▶ Pricing may increase causing public concern ▶ Oversight of partnership and vendor management required by Town (not included in financial impact) ▶ Often major capital expenses are the responsibility of the owner – in this case the Town ▶ Space allocation may be different (i.e. more adult versus youth) in order for a private operator to make money in this model – would not be consistent with remainder of facilities 	<ul style="list-style-type: none"> ▶ The net position will increase by up to ~\$8,177

Recommendations

4. Pursue different models for single purpose facilities (5/5)

Recommendation

- ▶ Due to Tonelli’s various encumbrances (i.e. underground servicing, park connections, school lands, etc.), revenue requirements to attract a P3 and lack of case studies we recommend the Town proceed with Option 1 – Status Quo.
- ▶ While Memorial Arena net expense was \$86k in 2018, Tonelli’s net expense in 2018 was \$88k improvements should reduce this gap over the next two years. In addition, the Town should focus efforts to reduce utilities costs via recommendation 1 of this report.
- ▶ If the performance (financial and utilization) degrades then the Town should investigate Option 2 but will need to address encumbrances.

Key Assumptions

- ▶ Option 2 – the land value is worth \$2 – \$3m*
- ▶ Option 3 – Tonelli will be leased to a private sector operator for a price of \$10 per square foot per year
 - Utilities costs are shared on a 50/50 basis with the lessor (re \$54k)

Financial Impact	Option 1 - Status Quo	Option 2 – Investigate selling the Land and the Facility	Option 3 – Investigate Public-Private Partnership
One-time			
Sale of Facility and Land	\$0	-\$3,000,000	\$0
Ongoing			
Program Expenses	\$6,357	\$0	\$0
Program Revenue	-\$1,807	\$0	\$0
Facility Expenses	\$476,532	\$0	\$422,977
Facility Revenue	-\$388,678	\$0	\$0
Yearly Lease Approximation (Revenue)	\$0	\$0	-\$338,750
Net Position	\$92,404	\$0	\$84,227

Source: Status Quo figures are Town provided (2018)

* Based on publicly available real estate information

Recommendations

5. Pursue changing the Town's Seniors' Centre operating model (1/4)

Situation

The Town has a stand-alone seniors' centre - MSAC. It is intended to be used by residents who are 55 years of age or older, although the average age of the members is 76 years. The facility is also a place where older adults socialize and spend time with those of a similar age.

- ▶ The facility has a number of amenities, including a billiards room, craft room, kitchen, auditorium, games room, library/lounge, meeting rooms, multi-purpose activity rooms.

The Centre was opened in 1994. Halton Region (the Region) owns the facility and leases it to the Town. The Town looks after the interior of the building (e.g. repairs, etc.) and the Region is responsible for the exterior of the building (e.g. outside brick, etc.). Occasionally, the Town will conduct work on behalf of the Region but will be reimbursed for it. The net cost of operating the facility and its programming is approximately \$225k per year.

- ▶ The lease agreement for the facility has expired and the Town is currently leasing on a month to month basis.
- ▶ The Region is currently undergoing a review of the area surrounding MSAC (including it) for potential future redevelopment. It is anticipated that this may take another 10 years to come to fruition.
- ▶ Staff ensure that the facility is maintained however any potential upgrades or changes (e.g. non-critical structural changes to the building) have been put on hold.

The Centre hosts events, registered and drop-in programs (approx. 60 different programs), and several other activities (e.g. trips and tours).

- ▶ Some of the rooms are available for outside organizations to rent but use is mainly daytime programming.
- ▶ While the facility is well-maintained, it may not have the attraction that newer seniors' centres or recreation facilities have for the younger demographic.
- ▶ An Older Adult Strategy was developed in 2012 with the intent of providing a long-term framework for the Town in addressing recreation needs of its older adults. One of the action items identified was providing additional space, which will occur when SCC opens.

Volunteers

MSAC heavily relies on volunteers to operate it.

- ▶ In fact, 54% of all Town volunteer hours were related to MSAC in 2018, making up a total of 17,149 hours.
- ▶ In addition, MSAC's share of total volunteers is the largest, 24% or 135 volunteers.
- ▶ The average hours per volunteer in MSAC was also the highest amongst the other areas, for a total of 127 hours per volunteer.

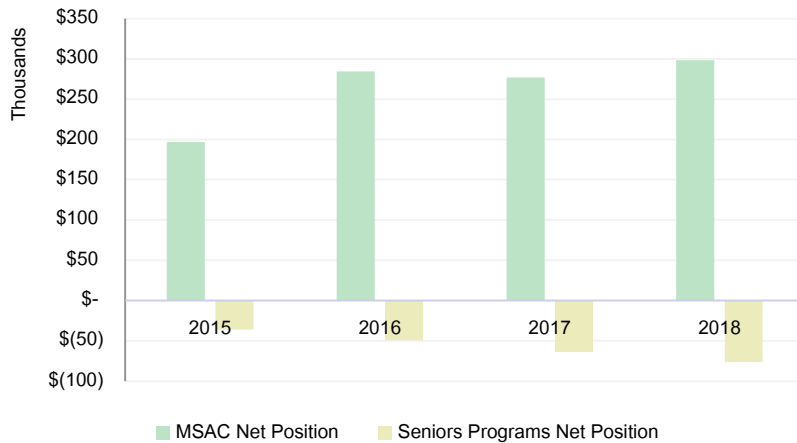
Recommendations

5. Pursue changing the Town's Seniors' Centre operating model (2/4)

Financials

The chart below demonstrates the financial position (programs and facility) of MSAC from the period 2015 to 2018.

MSAC and Senior Programs – Financial Performance



- ▶ **MSAC** – over the period 2015 to 2018, the net position has changed from \$197k to \$298k (52% or \$101k). There was a slight improvement over the year 2014 to 2015, and again in 2016 and 2017.
- ▶ **Seniors Programs** – over the period 2015 to 2018, the net position has been consistently improving year over year. In 2015, the net position was \$36k and in 2018 it was \$76k (112% or \$40k).

Source: Town provided data (2018)

Metrics

The tables below summarize participation and revenue data.

- ▶ **Participation** – over the period 2015 to 2018, memberships were flat but experienced a drop in 2018 (~4%). Drop-ins overall increased until 2017, then dropped in 2018 (~8%). Registered programs have been increasing steadily since 2015 (~60%).

Category	Participation			
	2015	2016	2017	2018
Memberships	817	813	819	784
Drop-ins	19,211	19,622	22,147	20,723
Registered Programs	1,801	2,220	2,886	2,925

- ▶ **Revenues** – over the period 2015 to 2018, membership revenues have declined slightly. Drop in revenue increased 2015 to 2016, then dropped more substantially until 2018. Registered programs revenue has been on an upward path with a slight dip in 2017.

Category	Revenue			
	2015	2016	2017	2018
Memberships	\$17k	\$17k	\$16k	\$16k
Drop-ins	\$32k	\$35k	\$33k	\$28k
Registered Programs	\$45k	\$56k	\$54k	\$56k

Recommendations

5. Pursue changing the Town's Seniors' Centre operating model (3/4)

The Town should consider option 2 – Decentralize Senior Programs

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	Continue operating the MSAC with the current operating model.	<ul style="list-style-type: none"> ▶ No revenue loss from programming or membership ▶ No impact to existing users 	<ul style="list-style-type: none"> ▶ Reduction in volunteer hours would have a large impact on the operating budget, causing the need for additional financial support ▶ Membership numbers may continue to decline ▶ Future of the current facility and timing of redevelopment is uncertain 	<ul style="list-style-type: none"> ▶ No change to net position
2 – Decentralize Senior programs	Discontinue providing programs and services at MSAC and shift program offerings to other town-owned facilities, including integrated space at future facilities.	<ul style="list-style-type: none"> ▶ Less financial and operational commitment for the Town ▶ Increase utilization of other Town facilities 	<ul style="list-style-type: none"> ▶ May experience a loss in membership numbers or program revenue ▶ May impact number of programs due to space availability at other facilities ▶ Social element would be different or difficult in some cases due to operating model ▶ May result in a decrease of Town-run programs for the older adult demographic ▶ Capacity gain for MSAC facility staff 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$300k
3 – Community run	Engage the Seniors Community to directly run the senior's programs at the current facility. Town continues to operate and maintain the facility.	<ul style="list-style-type: none"> ▶ Less financial and operational commitment for the Town ▶ No program costs, but facility cost remains 	<ul style="list-style-type: none"> ▶ May experience a loss in membership numbers ▶ Service level may change ▶ Community group may not exist or be prepared to manage programs in this manner ▶ Capacity gain for MSAC programs staff ▶ Future of the current facility and timing of redevelopment is uncertain 	<ul style="list-style-type: none"> ▶ Net position will worsen by up to ~\$77k

Recommendations

5. Pursue changing the Town's Seniors' Centre operating model (4/4)

Recommendation

While this may cause public concern, the Town should consider with this option plans on how to ensure the impact to older adults is minimized. This will require management to assess the information and opportunity in greater detail before making any changes.

- ▶ Many of the seniors programs run out of other facilities today. Studies indicate that integrating older adults with other age groups can be beneficial.
- ▶ MSAC is a staple to the Town's older adult community and may potentially cause public concern if closed.
- ▶ Closing the centre will likely impact revenue.
- ▶ Community run is still costly and could be more costly than Status Quo if the revenue is not achieved.
- ▶ Decentralization could be offering integrated space at the next community centre the Town builds.

Financial Impact	Option 1 – Status Quo	Option 2 – Decentralize Senior Programs	Option 3 - Community Ran
One-time			
N/A			
Ongoing			
Seniors Centre			
Revenue			
Program Revenue	-\$143,296	-\$143,296	\$0
Facility Revenue	-\$73,673	\$0	-\$73,673
Cost			
Program Cost	\$67,210	\$67,210	\$1,000
Facility Cost	\$371,935	\$0	\$371,935
Net Position	\$222,176	-\$76,086	\$299,262

Key Assumptions

- ▶ Changes in existing service delivery methods would be considered by the public
- ▶ No change in program revenue if Seniors programs are decentralized
- ▶ The Town has other facility space to accommodate additional seniors demand

Source: Status Quo figures are Town provided

Note: *Program Cost (\$1000) is Transfer to Funds

Recommendations

6. Maintain fitness studios / weight rooms (1/4)

Situation

The Town currently provides the following fitness related amenities:

Facility	Type	Description
<ul style="list-style-type: none">▶ Milton Leisure Centre (MLC)▶ Mattamy National Cycling Centre (MNCC)	Weight room	Machines and weights
<ul style="list-style-type: none">▶ Milton Sports Centre (MSC)▶ Milton Leisure Centre (MLC)▶ Mattamy National Cycling Centre (MNCC)▶ Sherwood Community Centre (SCC) (opening in 2019)	Fitness studio	Rooms equipped with mats and basic (non machine) equipment (e.g. exercise balls)

The studio at the MSC is used for Town programs with an emphasis on youth, family and older adult programming – e.g. Yoga, Zumba, etc. In addition, the space is also rented out to private organizations who use it to run programming.

- ▶ Most of the programming is entry level and does not extend its offering to advanced courses (e.g. only offer yoga, not hot yoga).
- ▶ In the absence of customer surveys, Town staff indicated that residents who use these spaces prefer to use Town facilities for financial reasons, social elements, or access to various amenities across the Town.

Mattamy National Cycling Centre

The MNCC is the only one in Canada and the second in North America which meets international standards. It serves as a community recreation facility, and a venue for provincial, national and international events.

- ▶ As a result of the 2019 business plan the Town was successful in being awarded \$824k through the Legacy Fund application process
- ▶ The MNCC has a fully equipped weight room used by athletes and cyclists for training purposes. Also, the weight room can be used by residents who have memberships with the Town.
- ▶ Operating a fully equipped weight room is part of the agreement the Town has with the funders of the MNCC, thus leaving the Town with little flexibility to change this amenity.
- ▶ There are no privately-owned weight rooms in the vicinity to act as substitutes.

Milton Leisure Centre

The MLC has an equipped weight room; however, the equipment is rather old and has not been upgraded in a number of years. The older and worn out equipment is impacting the value of the membership, potentially impacting revenues if residents don't find value in their membership.

- ▶ Direct competition to MLC weight room are the privately-owned weight rooms in the area. These include GoodLife, LA Fitness, Fit for Less, Anytime Fitness, etc.
- ▶ The weight room will require an investment in equipment to ensure it is updated and safety is maintained.

Recommendations

6. Maintain fitness studios / weight rooms (2/4)

The Town is required to submit on an annual basis a business plan reporting on previous performance of financials and support of high performing partners/cycling community (i.e. Ontario Cycling and Cycling Canada in Milton's case).

- ▶ The reporting is required as part of the Legacy Fund agreement. In addition, they are required to report on the upcoming year and the amount of support required for the high-performance community.
- ▶ The weight room is used by high-performance partners to train athletes.
- ▶ Removal of the weight room would be seen as a reduction in support and would result in less funds. While the weight room may be repurposed to a meeting room, it is unlikely that rental fees can compensate for the potential loss in funding (assuming a 10% loss, or \$80k annually).

Metrics

The Town has been exceeding its targets set in the Active Living strategy:

Target (by end of 2019)		Progress
Visits to fitness services	100k	167k
Annual fitness-related revenue	\$473k	\$497k
Unique clients utilizing Town fitness services	3,939	4,007

In 2018, there were 86,561 total Active Living visits, this includes drop-in fitness classes, registered fitness and fitness centre visits. This exceeds the Council Approved Fitness Strategy targets set by the Town.

- ▶ This is an increase of 7% from 2017 and a 44% increase from 2016. The total Fitness related revenue* in 2018 was \$496,703, an increase of 22% from 2017 and 17% increase from 2016.
- ▶ 1,213 unique Older Adults accessed Active Living services in 2018.

Weight room Characteristics

Characteristics of the weight rooms suggest that they are similar at both locations:

Facility	Characteristics
Mattamy National Cycling Centre	<ul style="list-style-type: none"> ▶ 2,023 sq. ft of space ▶ It is equipped with 11 Cardio Machines; 20 Machines; Free Weights
Milton Leisure Centre	<ul style="list-style-type: none"> ▶ 2,220 sq. ft of space ▶ It is equipped with 13 Cardio Machines; 24 Machines; Free Weights

Note: * Includes Annual Membership, 10 Visit/Single Visit, Registered Classes, Personal Training

Recommendations

6. Maintain fitness studios / weight rooms (3/4)

The Town should consider Option 1 – Status Quo

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	This option assumes operations continue with the current operating model.	<ul style="list-style-type: none"> ▶ No loss in revenue ▶ No loss in membership value ▶ No impact to current customers 	<ul style="list-style-type: none"> ▶ Will require capital investment to upgrade equipment (up to \$25k per annum for both locations) 	<ul style="list-style-type: none"> ▶ Requires investment for equipment at both locations
2 - Close both weight rooms	This opportunity suggests shutting down the MNCC and MLC weight rooms.	<ul style="list-style-type: none"> ▶ Less financial burden on Town ▶ Cost avoidance of equipment upgrades 	<ul style="list-style-type: none"> ▶ Active Living membership will lose value and revenue ▶ Displaced High-performance sports partners and users ▶ Likely potential loss in funding from MNCC sponsors (i.e. Legacy Fund) 	<ul style="list-style-type: none"> ▶ Net position will worsen from status quo by up to ~\$141k
3 – Close MLC weight room	This opportunity suggests shutting down the weight room at the MLC.	<ul style="list-style-type: none"> ▶ Less financial burden on Town ▶ Cost avoidance of equipment upgrades 	<ul style="list-style-type: none"> ▶ Impact on Active Living membership value without the MLC weight room ▶ Some loss in membership revenue ▶ Some loss in fitness programming revenue ▶ Repurposed room may not raise as much revenue to compensate for loss in revenue from the weight room closure (membership and programming) 	<ul style="list-style-type: none"> ▶ Net position will worsen from status quo by up to ~\$87k

Note: The scope of this is for equipped weight rooms not fitness studios or rooms that are used for fitness classes. The former is used for programming and alternative options (e.g. convert to meeting room) are unlikely to yield higher returns, also putting membership value at risk.

Recommendations

6. Maintain fitness studios / weight rooms (4/4)

Recommendation

- ▶ The risk of a loss in revenue from membership and programming is high; there is a risk that the Active Living membership loses its value if the MLC weight room is shut down.
- ▶ The integrity of the Facility Agreement is maintained with High Performance Sports Partners and does not jeopardize future contributions from the Legacy Fund.
- ▶ Milton is one of few providers in the Town that offers access to multiple amenities (e.g. ice, pool, weight, rooms, studios) within the same membership.

Key Assumptions

- ▶ MLC fitness space can be repurposed.
- ▶ Small percent of registered programs take place in the weight rooms
- ▶ If the MLC weight room remains operational, equipment will require investment.
 - Ongoing annual capital cost of \$25k to upgrade equipment for both facilities (\$15k for MNCC equipment)

Financial Impact	Option 1 – Status Quo	Option 2 - Close both weight rooms	Option 3 - Close Milton Leisure Centre weight room
One-time			
N/A			
Ongoing			
Equipment upgrades (capital - both facilities, annual)	\$25,000	\$0	\$15,000
Milton Leisure Centre – Net Position			
Weight / Cardio Rooms	-\$91,042	\$0	\$0
Registered Active Living	-\$2,500	\$0	\$0
Personal Training	-\$3,160	\$0	\$0
Total Milton Leisure Centre	-\$96,702	\$0	\$0
Mattamy National Cycling Centre - Net Position			
Weight / Cardio Rooms	-\$69,302	\$0	-\$69,302
Personal Training	-\$363	\$0	-\$363
Total Mattamy National Cycling Centre	-\$69,665	\$0	-\$69,665
Total Net Position	-\$141,367	\$0	-\$54,665

Source: Status Quo figures are Town provided (2018)

Recommendations

7. Maintain the planned concessions mix (1/4)

Situation

Prior to 2008, the Town had outsourced its concessions to third-party vendors. At the time, the Town went through many vendors some of whom were unable to fulfill the financial terms of the agreement and often the quality of service and food was below resident expectations and not in line with the Town's standards, therefore not explored as an option in this report. In 2008, the Town insourced concessions in an effort to improve the service delivery of concessions. Between 2008 and 2012, the Town experimented with a variety of different operating models, and ultimately decided on a combination of vending machines and concessions.

Until recently the Town has provided concessions at three facilities with a fourth one soon – MSC, Tonelli, Memorial Arena, SCC (opening in 2019). These are all dedicated, purpose-built concession spaces (e.g. full kitchens). These concessions offer a variety of food and beverage options for purchase, with the exception of alcohol. Purchase can be made in cash payment, as well as by debit and credit cards.

- ▶ The facilities also have vending machines selling snacks and soft drinks. The vending machines contract includes exclusivity bonuses, i.e. if more revenue than agreed is generated, the Town receives a share of the additional revenues.
- ▶ Vending Machines: MSC has 8 (5 drinks; 3 snacks); Tonelli (1 drinks; 1 snacks); Memorial Arena (2 drinks; 1 snacks); MLC (1 drinks; 1 snacks); MNCC (2 drinks; 2 snacks).

- ▶ The concessions sell foods such as hot dogs, burgers, fries, breakfast options on certain days (e.g. bacon and eggs); drinks include soft drinks and slushies. There are several healthy food items too, however, the Town does not currently have a food or healthy foods strategy.
- ▶ The Town's concessions are supported by one full-time staff and a pool of part-time staff. There is heavy reliance on the one staff, causing a key person dependency risk.

Other Concessions

The concessions at FOACM are independent from the Town's concessions at the other facilities. At FOACM, alcohol is permitted, and concessions are only sold at particular events. For instance, in 2018, FOACM's concessions was operating for 181 events.

- ▶ FOACM concessions are supported by the centre's volunteer base. There are 53 volunteer trained bartenders, with Smart Serve certification. There are between two to four bartenders per four-hour shift.
- ▶ The MSAC offers concessions at times for their members, as well as at some of their events. However, these concessions are prepared in the kitchen at MSAC by volunteer staff. Concessions include light snacks and beverages, as well as sandwiches and hot meals.

Recommendations

7. Maintain the planned concessions mix (2/4)

Recent Changes

Starting in the Fall of 2019, only vending services will be available at Tonelli and Memorial Arena. This decision was made as part of the 2019 budget as a cost mitigation strategy. There has been no alternative plan identified for the space, as of right now it will be vacated.

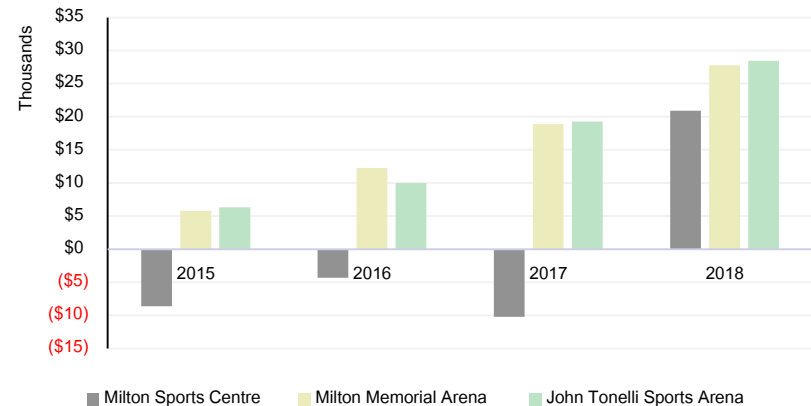
- ▶ The impact of this change in service will be monitored during the fall and winter ice seasons.
- ▶ SCC will open with concessions and vending machines in the fall.
- ▶ In 2018, the MSC budget reflected the fall in concessions revenues, from the completion of a retail and restaurants plaza across the street. Revenue targets are on track to be achieved.

Financials

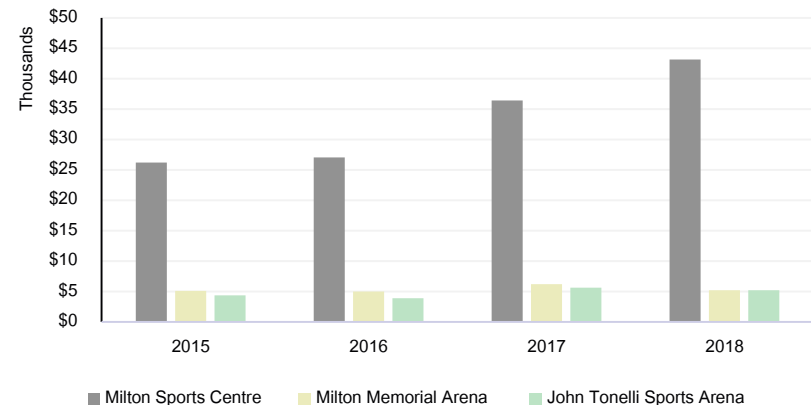
The chart on the right demonstrates total concessions revenue.

- ▶ On aggregate, all facilities' concessions revenue has been declining.
- ▶ Vending machines revenue at MSC have been increasing but fairly flat at both Memorial Arena and Tonelli with slight fluctuations. Despite that, exclusivity bonuses are being earned at all facilities.
- ▶ Forecasted revenues for 2019 are lower because they account for Tonelli and Memorial Arena concessions closures. The Business Plan for SCC was updated in 2018 and included a positive annual net operating concession budget of \$34,524.

Concessions Net Position



Vending Machines Revenue



Recommendations

7. Maintain the planned concessions mix (3/4)

The Town should consider Option 1 – Status Quo

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	The opportunity is to continue operating with no changes to the current operating model.	<ul style="list-style-type: none"> ▶ Concessions remain closed at Tonelli and Memorial Arena, but open at MSC ▶ Vending machines at all four facilities 	<ul style="list-style-type: none"> ▶ Financial burden on the Town ▶ Event hosts bring in own concessions, providing variable service and potentially confusion 	<ul style="list-style-type: none"> ▶ No change to net position
2 - Shut all concessions	Shut concessions at all locations, including MSC; continue to operate vending machines.	<ul style="list-style-type: none"> ▶ Avoid all food related costs at Tonelli, Memorial Arena, and MSC ▶ Less operational burden on the Town 	<ul style="list-style-type: none"> ▶ Resident dissatisfaction with closure of concessions ▶ Managing vending and vending machine contracts will still require staff time ▶ Significant investment for concession equipment at MSC ▶ Concessions staff capacity gain 	<ul style="list-style-type: none"> ▶ The net position will improve by up to ~\$20k

Recommendations

7. Maintain the planned concessions mix (4/4)

Recommendation

- ▶ Monitor the upcoming season at Tonelli and Memorial Arena.
- ▶ This recommendation ensures that the vending machines remain operational. Despite the revenue from vending machines declining, the Town continues to receive Exclusivity Bonus suggesting they are performing well.

Key Assumptions

- ▶ Opportunity does not include FOACM or MSAC's concessions as operating models are different.
- ▶ Food sold at Memorial Arena and Tonelli are pre-packaged items; MSC has a fully equipped kitchens selling hot food.
- ▶ Does not include cost of repurposing concessions facility space.

Financial Impact	Option 1 - Status Quo	Option 2 - Shut all concessions
One-time		
N/A		
Ongoing		
Concessions Net Position		
Milton Sports Centre		
Concessions	\$20,923	\$0
Vending Machine	-\$43,137	-\$43,137
Total Milton Sports Centre	-\$22,214	-\$43,137
Milton Memorial Arena		
Concessions	\$0	\$0
Vending Machine	-\$5,231	-\$5,231
John Tonelli Sports Arena		
Concessions	\$0	\$0
Vending Machine	-\$5,223	-\$5,223
Net Position	-\$32,668	-\$53,591

Source: Status Quo figures are Town provided (2018) – figures are all actuals and vending machines include exclusivity bonuses

The financial analysis does not include Sherwood Community Centre (SCC); SCC according to the Town's Business Plan is expected to generate a net position of \$34,524

Recommendations

8. Pursue changing the in-house advertising operating model (1/4)

Situation

The Town takes a corporate-wide decentralized approach to sponsorships and advertising, where every department makes their own decisions around capacity (e.g. use existing staff or hire a dedicated staff member) depending on volume of work, budget and demand.

Prior to 2015, the Community Services Department delivered sponsorships and advertising through the use of part-time staff and third parties rather than having a dedicated capacity. In addition, the Town utilized a number of third parties to support capital campaigns. Third party contracts currently generate approximately \$9k (Milton Sports Centre digital TV advertising).

- ▶ One of the Town's third parties, through the 'Put Your Heart in the Arts' capital campaign, secured funding on behalf of the Town for the FOACM (15-year term).

One of the Town's concerns was the nature of the relationship being transactional with the donors / sponsors. The Town desired to build and foster stronger relationships with donors / sponsors directly. Therefore, in 2015 the Town hired a full-time person to look after the sale of sponsorship for Community Services.

- ▶ In addition, the Department had a variety of staff handling advertising and low value sponsorship assets (programs and events). In 2018, the Department's sponsorship and advertising activities were combined with an existing 0.4 FTE supporting the full-time person.

Some of the achievements since 2015 are:

- ▶ Created a naming and sponsorship policy
- ▶ Created fulfilment reports for donors / sponsors
- ▶ Identified additional donor / sponsor opportunities
- ▶ Created an asset inventory of opportunities for revenue generation
- ▶ Assigned values to inventoried assets using a metrics driven process
- ▶ Engaged department program staff to formalize value-in-kind (contra) arrangements to ensure programs were more fully funded
- ▶ Fostered relationships with donors / sponsors
- ▶ Created customized packages to send to potential donors / sponsors
- ▶ Ensure all transactions have formal agreements
- ▶ Shared expertise with Milton Public Library and the Downtown Milton Business Improvement Area

Furthermore, there are at present over 80 signed agreements, excluding verbal, pending or unsigned agreements. Revenue generation for 2019 is tracking higher than the previous year. In 2018, the Town had 133 clients with two-third considered advertisers, and 11% (or 8 of them) are multi-year agreements. Two years earlier there was only 1 multi-year agreement. These are all managed by the Town's sponsorship staff.

Recommendations

8. Pursue changing the in-house advertising operating model (2/4)

Asset Inventory*

- ▶ Community Services' 2018 advertising asset inventory includes 150 assets within facilities and programs totalling approximately \$800k (excluding SCC as the asset inventory fees are under review). These assets include hundreds more inventory assets. An example of this would be rink boards. Below is a summary of the asset inventory:

Facility	Total Asset Value (2018)
Milton Sports Centre	\$ 320,648
Mattamy National Cycling Centre	\$ 206,542
Programming (e.g. Street Festival, etc.)	\$ 60,250
FirstOntario Arts Centre Milton	\$ 58,133
John Tonelli Sports Centre	\$ 46,725
Milton Memorial Arena	\$ 43,787
Milton Seniors' Activity Centre	\$ 29,519
Milton Youth Advisory Committee	\$ 5,500
Total	\$ 771,104
Approximate Sellable Amount (33%)	\$ 254,464

- ▶ However, in-line with industry standards the Town desires to sell approximately 33% of its asset inventory – or \$255k in potential revenues.

- ▶ The annual inventory fee for the assets range from a low of approximately \$100 for a ¼ page publication ad to over \$75k for naming rights of a facility space. All inventory assets will not be sold at face value as they are often packaged and discounted with volume.

In 2018, total revenue raised was \$185k while the cost (1.4 FTEs) was \$159k. The budget vs. actual variance in 2018 was not ideal, ~62% of what the Town had budgeted to raise from advertising and sponsorships.

- ▶ Main areas of variance: the MNCC and FOACM. For 2019, the revenue for the MNCC improved and the target for FOACM adjusted to reflect it as a donor driven facility.

Category	Budget (2018)	Actuals (2018) **
MSAC & MLC & Arenas – Signage	\$ 72,500	\$ 78,304
Publications	\$ 61,701	\$ 41,872
MNCC	\$ 56,556	\$ 9,948
FOACM	\$ 55,000	\$ 295
Recreation Programs	\$ 25,200	\$ 15,904
Events	\$ 29,650	\$ 38,443
Total	\$ 297,607	\$ 184,766

Source: Town provided data (2018)

Note: * The following assets and value have been developed by the Sponsorship staff and have not been validated by Facilities Managers

** Actuals does not include deferred revenue (e.g. three year contracts)

Recommendations

8. Pursue changing the in-house advertising operating model (3/4)

The Town should consider Option 2 – Outsource

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	The opportunity is to continue with the current operations.	<ul style="list-style-type: none"> ▶ Town maintains sponsor relationships ▶ New opportunities can be explored immediately 	<ul style="list-style-type: none"> ▶ Revenues may not increase ▶ Fixed labour cost for all transactions 	<ul style="list-style-type: none"> ▶ No change to net position
2 - Outsource	The opportunity is to outsource sponsorships to a third-party vendor who will seek opportunities as well as maintain relationships with existing sponsors.	<ul style="list-style-type: none"> ▶ Third party has relationships with potential donors / sponsors ▶ Less financial burden on Town ▶ Access to greater resources through third party 	<ul style="list-style-type: none"> ▶ Relationship may be of more transactional nature ▶ New opportunities may be missed due to contractual obligations with third party ▶ Reliance on a third party to manage contracts between sponsors and Town ▶ Without vendor management practices, revenue targets may be at risk ▶ Potential capacity gains for current sponsorship staff (1 FTE) ▶ Third party requests share of revenues 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$93k
3 - Decentralize sponsorship portfolio	The opportunity is for the Town to decentralize the sponsorship portfolio and re-distribute the workload internally amongst other portfolios.	<ul style="list-style-type: none"> ▶ Less financial burden on Town ▶ Utilize existing staff time 	<ul style="list-style-type: none"> ▶ Revenues may drop if less time is spent building relationships ▶ Puts some revenues at risk ▶ Staff may not have capacity or skills ▶ New opportunities may be missed ▶ Potential capacity gains for current sponsorship staff (1 FTE) 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$108k

Recommendations

8. Pursue changing the in-house advertising operating model (4/4)

Recommendation

- ▶ Outsourcing can allow specialized skills and capabilities to raise greater revenues and leverage existing relationships of a third party.
- ▶ Overall net position is higher and is generating revenues for the Town, slightly better.
- ▶ The Town may enter an agreement with third-party regarding revenue safeguards engrained in contract to protect minimum revenues.

Key Assumptions

- ▶ 0.4 FTE will manage contract with third party organization (included in costs)
- ▶ Financial assumptions:

	Option 2	Option 3
Revenue Change		
Fundraising and Donations	15%	-15%
Advertising Revenue	10%	-10%
Arena Sign Board Revenue	5%	-5%
Brochure & Publication Revenue	10%	-10%
Marketing Campaign Revenue	15%	-15%
Outsourcing Cost / Staff Cost	\$100,000	\$85,000

Financial Impact	Option 1 – Status Quo	Option 2 – Outsource	Option 3 – Decentralize
One-time			
N/A			
Ongoing			
Sponsorship			
Costs			
Salaries and Benefits	\$159,261	\$34,000	\$34,000
Administrative	\$175	\$0	\$175
Purchased Goods	\$0	\$0	\$0
Purchased Services	\$50,759	\$100,000	\$50,759
Total Costs	\$210,195	\$134,000	\$84,924
Revenues			
Fundraising and Donations	-\$49,633	-\$57,078	-\$42,188
Advertising Revenue	-\$55,674	-\$61,241	-\$50,107
Arena Sign Board Revenue	-\$24,778	-\$26,017	-\$23,539
Brochure & Publication Revenue	-\$22,905	-\$25,196	-\$20,615
Marketing Campaign Revenue	-\$3,170	-\$3,646	-\$2,695
Total Revenue	-\$156,160	-\$173,178	-\$139,144
Net Position	\$54,035	-\$39,177	-\$54,209

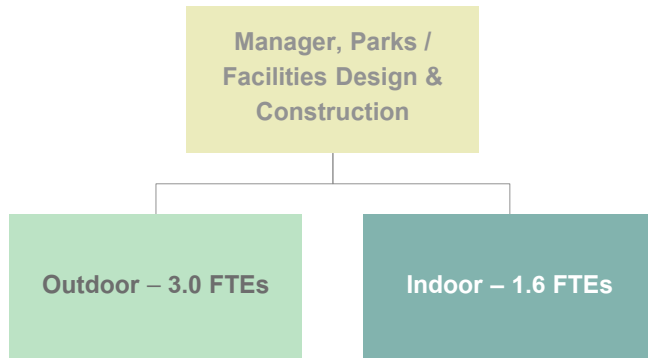
Source: Status Quo figures are Town provided (2018)

Recommendations

9. Balance Design and Construction resourcing (1/4)

Situation

The Town has staff for Design and Construction (D&C) of outdoor and indoor assets. The D&C team reports to the Director of Recreation and Facilities, and resides in the Community Services department – the split is as follows:



- ▶ There are three full-time Project Managers that look after the outdoor areas - parks and trails. This includes development, expansion or redevelopment of parks and trails.
- ▶ From an indoor perspective, there are two part-time Project Managers. They look after indoor areas, e.g. fire halls, recreation facilities, town hall, etc. This includes development, expansion, and repurposing of indoor facilities.

The nature of the activity, D&C, is one that has chargeable hours and is partially funded by Development Charges (new construction). The remainder is funded in other ways, e.g. contributions from operating budget or reserves.

D&C heavily works with third parties like consultants and contractors, this means that D&C staff spend a fair amount of their time managing vendors and conducting project management type tasks (e.g. project oversight, vendor management and evaluation, etc.). These have been quoted as approximately 15-25% of staff time depending on the size and complexity of a given project.

- ▶ The Town's new recreation facility (SCC) that is set to open in 2019 required additional time for project management given its size and complexity; thus the Director of Recreation and Facilities spent 20-25% of their time on PM activities.
- ▶ Moreover, given the nature of the work, work volume in some areas can be unpredictable, whereas in other areas it is predictable and driven by the Capital Plan, thus a 10-20 year outlook exists.

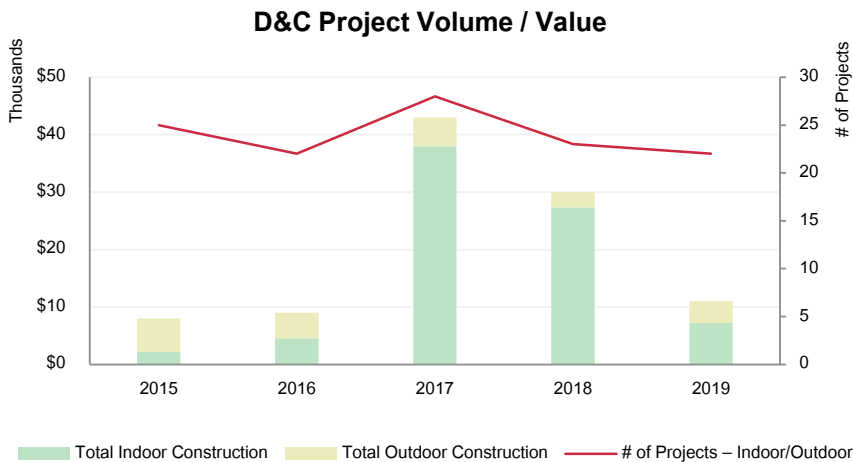
D&C projects are sequential and delays at any point are passed on to the next stage. This is compounded by points in the process where a batch is processed, such as budget and procurement. Missing this point will delay a project by an extended period of time. Delays can also occur with dependencies on other departments, contractors, etc. This can also make it difficult to keep resources fully utilized (chargeable).

Recommendations

9. Balance Design and Construction resourcing (2/4)

Metrics

The total number of projects has been fluctuating between the years with no clear trend. That said, Town-owned indoor space from 2010 to 2017 grew by 94%, while Town-owned outdoor space grew by 13%.



The split of projects per FTE for the year 2019 is as follows:

- ▶ 1.6 FTEs (Indoor) – total construction value of \$7.2m, thus \$4.5m per 1 Indoor D&C FTE.
- ▶ 3.0 FTEs (Outdoor) – total construction value of \$3.8m, thus \$1.3m per 1 Outdoor D&C FTE.

This suggests that either the indoor FTEs are more efficient than the outdoor FTEs or there is significant difference in the work volume between indoor and outdoor.

Source: Town provided data (2018)

There are three ways in which a D&C team can potentially operate:

- ▶ **Specialized:** staff focus in a particular discipline or type of project. For example only outdoor space (e.g. landscape architects) and are not used for other project types. This model works best when there is a certain consistent volume of work to keep the specialists fully occupied. This model is less flexible if work volume shifts.
- ▶ **Generalized:** staff are cross trained to work on a variety of D&C projects and focus more on using a consistent process or project management methodology. This model is best served for smaller organizations that do not have the scale or volume of work to specialize. This model is more flexible if work volume shifts but for complex projects it may not be best suited.
- ▶ **Hybrid:** a mix between the aforementioned models. Some staff will be specialized whereas others will be generalists. Typically, this can work with repeatable activities such as project management or coordination activities which can be given to a lower grade staff member to help ensure consistency but does not require depth of knowledge in a particular area.

In 2017 the Town adopted a hybrid model mixing both D&C staff. There are some challenges with this model given there are no lower grade positions in the D&C team and current staff complement is specialized.

Recommendations

9. Balance Design and Construction resourcing (3/4)

The Town should consider option 3 – Address Imbalance

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	No change to the current D&C operating model.	<ul style="list-style-type: none"> ▶ Least disruptive option to existing staff 	<ul style="list-style-type: none"> ▶ No flexibility with D&C teams to handle changes in work volume 	<ul style="list-style-type: none"> ▶ No impact ▶ D&C financials are a combo of development charges and Town sources
2 - Modify existing model to hybrid	This option suggests bringing the FTE ratio of indoor/outdoor more in-line by: Converting one of the outdoor FTEs to a general role PM coordinator role. This general role could also be a project coordinator to assist on project management.	<ul style="list-style-type: none"> ▶ Improves flexibility through general PM Coordinator ▶ Cost arbitrage ▶ Improves indoor/outdoor balance 	<ul style="list-style-type: none"> ▶ Less specialization ▶ Capacity gains for one outdoor D&C FTE ▶ General FTE may not be able to be fully utilized 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$80k ▶ (Combination of development charges and Town sources)
3 - Address Imbalance	This option suggests bringing the FTE ratio of indoor/outdoor more in-line by: Making the indoor FTEs full-time and reducing the outdoor FTEs by one.	<ul style="list-style-type: none"> ▶ Maintains specialization ▶ Improves indoor/outdoor balance ▶ Opportunity to address shortfalls in other areas of the portfolio using existing staff 	<ul style="list-style-type: none"> ▶ Capacity gain for one outdoor D&C FTE from their current role ▶ Indoor FTEs may have to assist on outdoor projects outside of their specialty 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$96k ▶ (Combination of development charges and Town sources)

Recommendations

9. Balance Design and Construction resourcing (4/4)

Recommendation

- ▶ The Town will continue to experience indoor growth.
- ▶ Should the Town wish to switch to a hybrid model at a later stage this can happen without displacing existing D&C staff (e.g. use of a part-time project coordinator or full PM on large scale projects).
- ▶ This model allows for longer-term planning.

Key Assumptions

- ▶ Indoor facility square footage will continue to increase.
- ▶ PM Coordinator total annual compensation (salary and benefits) assumed to be \$60k.
- ▶ D&C are a combination of development charges and Town sources.
- ▶ Outsourcing all of D&C may not be feasible given Milton's size and needs. For larger projects there would still be management oversight required.

Financial Impact	Option 1 - Status Quo	Option 2 - Modify existing model to hybrid	Option 3 - Address Imbalances
One-time			
N/A			
Ongoing			
D&C			
Costs			
Salaries and Benefits	\$791,714	\$711,993	\$695,388
Net Position	\$791,714	\$711,933	\$695,388

Source: Status Quo figures are Town provided (2018)

Note: Any financial changes would impact both growth and non-growth related funding sources

Recommendations

10. Review recreation user fees and cost recovery (1/4)

Situation

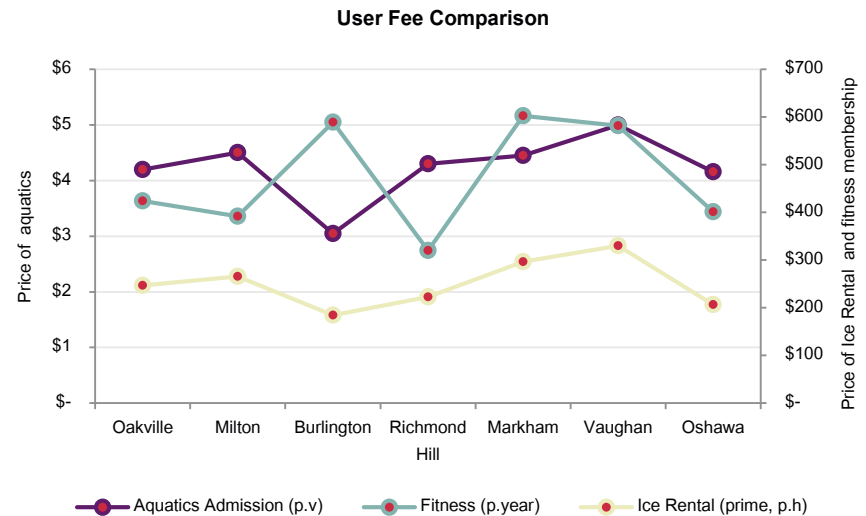
Similar to other municipalities, Milton has user fees to recover some service delivery costs. User fees are currently in place for a variety of areas, including but not limited to Building and Development, Facilities and Rentals, Recreation, Fire, etc. On the Recreation side, the user fees are predominantly for registered programs, renting space at facilities and drop-in sessions.

User fees are engrained in the Town's financial policies, and there are several reviews that the Town engages in to ensure its user fees appropriately recover some costs and are competitive.

- ▶ **Annual Review** – this is an annual process where the Finance department increases all rates consistently to changes in the MPI. In some cases, there are exceptions where departments may put forward a different rate for strategic reasons (e.g. increase program participation).
- ▶ **Comprehensive Review** – this occurs periodically (every 3 to 5 years). This review assesses all costs relating to delivery of a program or service.
- ▶ The review also includes benchmarking to compare fees against other municipalities to ensure Milton's are competitive. Occasionally, the Town may engage in public consultation on user fees.
- ▶ **Budget/Ad-hoc** – this last occurred during the Town's 2019 budget process where Council decided to further increase fees above MPI and benchmarking.

A comparison of some popular programs indicates:

- ▶ Milton's user fees are broadly in line with peers or in some instances below peers – this also includes the study conducted by the Town.
- ▶ Milton's fitness membership is ~\$30 less than the median, and ~\$80 less than the average. That said, some municipalities offer only full membership and others only basic, thus skewing the figures slightly.
- ▶ Milton's aquatic drop-in user fee is slightly above the median and average, however, not the highest price.
- ▶ Milton's ice rental rates are above the median and average figures by ~\$19 and ~\$15 respectively.



Source: Municipality User Fees and Charges publicly available

Notes: Graph – All fees are for Adults; Most basic ("entry level") fitness membership rates were used for a more accurate representation; ice rental price are for Vaughan Resident; Markham has only one ice rental rate regardless of age; Vaughan and Burlington ice rental rates include insurance fees of \$16.50 and \$4.00 respectively; Burlington does not have equipped gyms, but offers mobile fitness equipment like free weights and exercise balls that are used during classes, in addition, the pass is used for land and Aquafit based fitness programs

Recommendations

10. Review recreation user fees and cost recovery (2/4)

Cost Recovery Model

The Town hired a Consultant in 2012 to create a full cost recovery model for the Town. The Consultants created a comprehensive model that included all types of costs from all areas ranging from the cost to the Mayor's Office to the cost of equipment used in programming.

- ▶ The objective was to ensure that the total costs of service encompass all costs – e.g. Town Communications department cost in marketing a particular program, the Legal department cost in drafting and reviewing Recreation partnership agreements, etc.
- ▶ The model is currently used by the Town. The model that was developed by the Consultant made it more difficult for the Town to track and input costs. The Town's current model includes employee costs, other direct costs, indirect costs and capital costs.
- ▶ Community Services used to have cost recovery targets until 2012 but a new policy eliminated the targets, with the rationale that community services aims to provide low cost and affordable options for a broad range of population segments.

Blackline conducted a survey in Winter 2019 with Mississauga, Hamilton, Oakville, Pickering and Richmond Hill.

- ▶ When looking at some of the Town's peers, the following can be concluded about their cost recovery models:
 - All peers have a cost recovery model in place
 - Not all peers take into account all cost categories; the categories range from Direct Cost to Capital Replacement to Equipment and Materials to Administration Costs and Corporate Overhead Costs
 - The majority of peers include Direct Costs and Equipment and Material, some include Administration Costs and Corporate Overhead Costs too
 - The capital replacement costs of recreation facilities is only factored in by one of the peers

Cost Category	Hamilton	Milton	Pickering	Richmond Hill	Mississauga	Oakville
Direct Costs	✓	✓	✓	✓	✓*	✓**
Administration Costs and Corporate Overhead Costs		✓		✓	✓*	✓**
Equipment and Materials		✓	✓	✓	✓	✓
Capital Replacement		✓				✓

Note: *For the purpose of comparing cost models, we have categorized some of Mississauga's indirect costs (i.e. 'utility costs' and 'facility operations labour') to be Direct Costs as they relate to program delivery, and 'facility administration costs' to be Administration Costs as they relate to the administration of facilities; **Sport field cost recovery includes direct cost and corporate overhead only

Recommendations

10. Review recreation user fees and cost recovery (3/4)

The Town should consider Option 2 – Establish cost recovery targets

Option	Description	Benefits	Risks	Financial Impact
1 - Status Quo	Continue with including direct costs in user fees and maintain same procedure and policy for reviews.	<ul style="list-style-type: none"> ▶ Least disruptive to Town staff ▶ Town decides user fee individually on each chargeable activity (e.g. programs) 	<ul style="list-style-type: none"> ▶ Cost recovery targets are not met 	<ul style="list-style-type: none"> ▶ No change
2 - Establish cost recovery targets	The Town should establish a formal policy that outlines cost recovery targets for the different areas of recreation (e.g. programming, rentals, etc.) variable based on Council direction.	<ul style="list-style-type: none"> ▶ Set and achieve cost recovery targets ▶ Range allows for flexibility ▶ Recover greater amount of the costs to deliver services ▶ Policy allows for formality 	<ul style="list-style-type: none"> ▶ May become onerous if model is too complicated to use ▶ Requires staff time to develop model 	<ul style="list-style-type: none"> ▶ Variable based on targets
3 - Increase user fees	Increase user fees to raise more revenues. Currently, Milton's recreation user fees are in line with many of their peers, in some cases they are under their peers and/or median and average figures.	<ul style="list-style-type: none"> ▶ Raise more revenues per chargeable activity (e.g. program) ▶ Recover more of the costs to deliver services ▶ Town can choose where to increase fees, thus maintaining control 	<ul style="list-style-type: none"> ▶ Potential drop in overall revenue if increase is too much (depends on course elasticity) ▶ Concern from the public if fee increases are significant 	<ul style="list-style-type: none"> ▶ Variable based on Council direction

Recommendations

10. Review recreation user fees and cost recovery (4/4)

Recommendation

- ▶ The Town currently does not have cost recovery targets; therefore the first step is establishing a formal policy that sets cost recovery targets for the different areas within recreation (e.g. programming, rentals, etc.).
- ▶ Crucial to achieving cost recovery targets is setting a range rather than a set figure. This allows for greater flexibility with achieving targets.
- ▶ Given that the Town's user fees are in line with its peers it does not have the unused capacity to increase them without becoming competitive.

Key Assumptions

- ▶ Increase in user fees implies an additional 2.5% umbrella increase on top of the annual increases in line with MPI.

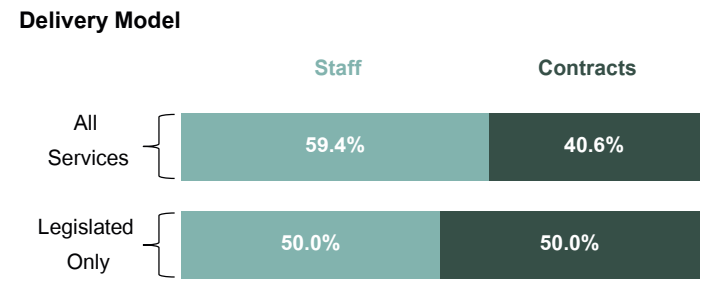
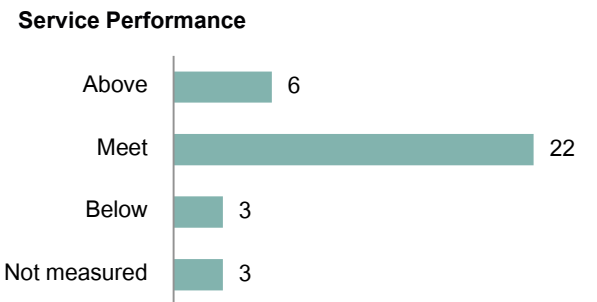
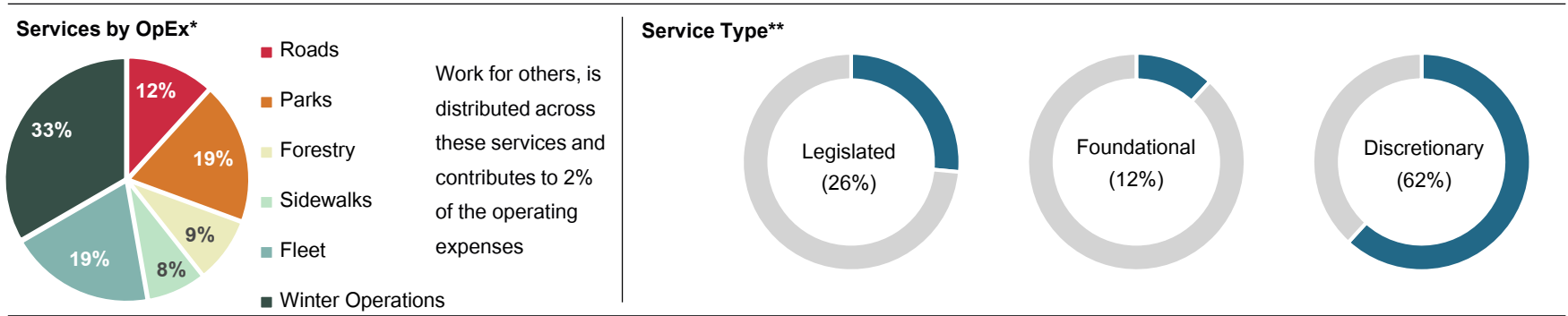


Operations

SERVICE SUMMARY

Service Summary

The majority of Operations services are meeting services standards



Work Drivers

74% of services had their work drivers correctly identified.

Observations:

- ▶ While Operations is governed by a number of pieces of legislation, it only actually affects 26% of the services. The majority, 62% are discretionary and within the control of the Town to set the service standards, mainly related to parks and forestry. Town staff indicate that they are meeting or exceeding the service standards for all legislated standards (see Appendix B for KPI assessment).
- ▶ Town staff estimate they deliver approximately 60% of the services and use contractors for around 40% of services. This distribution is not even across the service types; contractors are relied on most to meet legislated service needs. This shows that Milton has been progressive in its use of contractors to deliver work.
- ▶ The volume of work of the Operations division is strongly affected by the volume of municipal infrastructure, as it increases so does the work of the team.

Note:* Based on Town 2018 actuals.

** Legislated services are mandatory under the Municipal Act; Foundational services are required for the municipality to operate; Discretionary services are determined each municipality and many of these services represents how the municipality builds the local community.

Service Summary

The Division spends \$20 million annually and in recent years this figure has been rising at over twice the rate of inflation

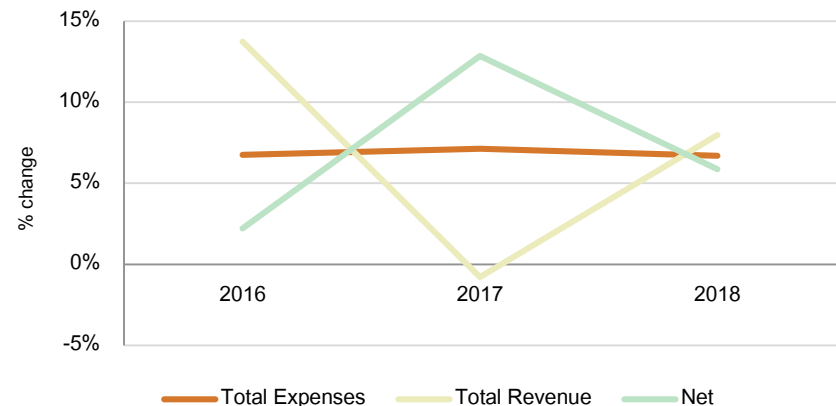
The rate at which expenses are increasing is fairly constant, however, revenue is fluctuating

Between 2015 and 2018, the net cost to the Town increased by 22%, an average of 7% per year.

- ▶ Even though over this period both revenue and expenses increased by 22%, they did not offset each other since revenues are approximately 40% the size of expenses.
- ▶ Of the 53 cost centres that Operations uses, 25 have risen by more than inflation over the last four years and are predominately the largest expenses.* The majority relate to workforce expenses, such as salary and hourly pay, benefits, clothing, and training.
- ▶ Only small expenses, less than \$38,000, have fallen over the period, such as professional development, training allowance, and service agreements.
- ▶ There are many factors that drive expense increase, such as an increase in parks and roads.
- ▶ The six largest (contracts, town-owned equipment rental, hourly full time, materials and supplies, transfer to reserve, and hourly part-time) represent 80% of the expenditures and with the exception of one, have risen by an average of 31% over the period. Any focus on cost management should likely focus on these expenses.

	2015	2016	2017	2018
Total Expenses	\$16,407,478	\$17,516,887	\$ 18,766,873	\$ 20,022,464
Total Revenue	-\$6,462,567	-\$7,350,823	-\$7,293,712	-\$7,875,934
Net	\$9,944,911	\$10,166,064	\$11,473,161	\$12,146,530

Change in Net Expenses



* The Municipal Price Index for Milton from 2015-2018 is 3.27%

Service Summary

Both staff and residents had a largely positive sentiment about the quality of services provided by the Operations division

Almost 40% of those responding said the quality of service was high, which is a strong endorsement for the Town.

When asked directly to rate the quality, less than 10% of residents said it was low.*

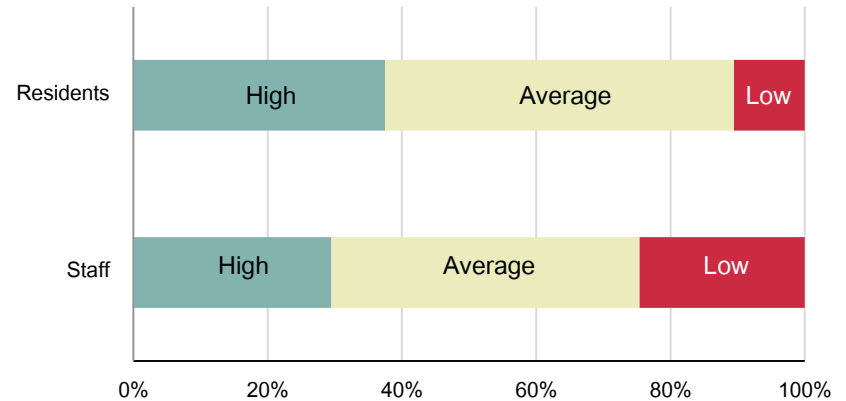
- ▶ Staff were asked about the strengths and weaknesses of the departments. Using a strength as a proxy of high-quality services and a weakness as low quality, over 20% of responses indicated a high quality.
- ▶ For Operations, just over 20% of responses cited a weakness that related directly to a service, most commonly winter maintenance and parks maintenance.

Many residents suggested the same changes to services

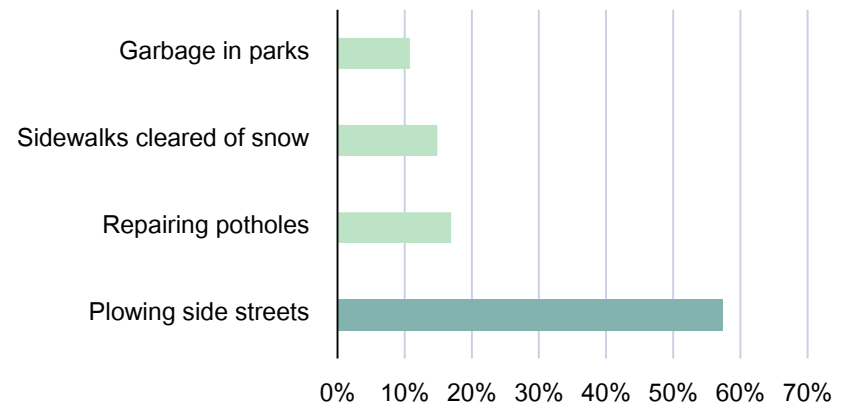
The most commonly requested change was to plow side streets sooner and better.

- ▶ The survey was conducted in March and April, so not surprising winter control was top of mind.
- ▶ Other common changes included repairing potholes sooner, clearing sidewalks of snow and better management of garbage in parks.

Satisfaction with Milton Services



Most Suggested Changes to Services



Note: * Residents were asked about all services, whereas staff were asked specifically about the services of the Operations division

Service Summary

Staff views differ from those of residents when thinking about changes to Operations

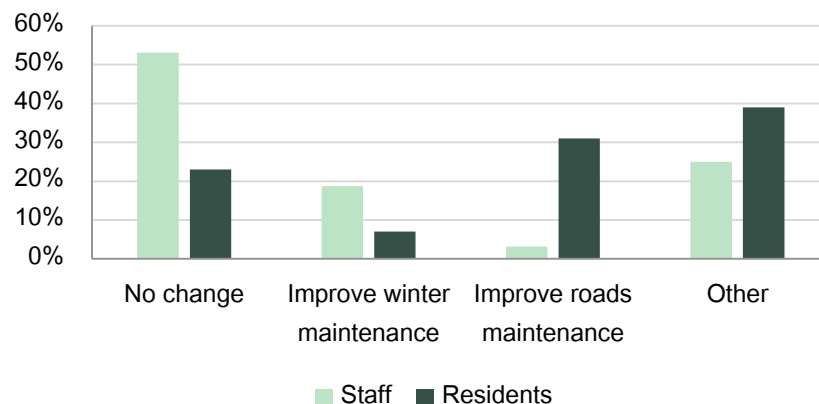
A slight majority of staff felt no changes were needed to Operations

53% of responses indicated either no changes or not enough knowledge to suggest a change.

- ▶ 23% of resident comments suggested no changes, still a high percentage, but much lower than staff.
- ▶ The most suggested change by residents was to roads maintenance (31% of suggestions). Whereas only 3% of staff made suggestions related to road maintenance, indicating staff feel the service is suitable.
- ▶ Another difference of viewpoint was winter maintenance. 19% of staff suggestions related to improvements to winter maintenance. For residents, this was only 7%, suggesting they are more satisfied with winter maintenance (or see less need to change it) than they are for roads maintenance.
- ▶ The remainder of responses spanned a large number of services and were not concentrate in areas to allow comparison.

These differences suggest that direct consultation might be required generally in order to identify resident priorities

Comparison of Staff and Resident Responses



Note: Residents were asked about all services, whereas staff were asked specifically about the services of the Operations division, as such, comparisons are limited to these services.

A photograph of a worker in a black hard hat and an orange safety vest with reflective stripes, working on a complex metal structure. The worker is looking down at a component of the structure. The background is a blurred grid of metal pipes and beams, suggesting an industrial or construction setting. The overall image has a slightly desaturated, blue-tinted appearance.

Operations

REVIEW OF THE OPERATING MODEL

Review of the Operating Model

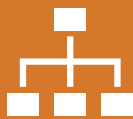
The Operations Divisions uses a mixed staffing model with full-time, seasonal, students and contractors

The Division depends substantially on seasonal staff and contractors to fulfill its mandate

Below is a breakdown of the Division's entire workforce:

Administration	<ul style="list-style-type: none">▶ Director: 1▶ Managers: 5▶ Coordinator: 1
Staff	<ul style="list-style-type: none">▶ Full-time (FT) Headcount: 43▶ Seasonal (SE) Headcount: 16▶ Students (ST) Headcount: 30▶ Total Headcount: 89
Contracts	<ul style="list-style-type: none">▶ In 2018, the Division spent \$6.4m on contracts across all of it's services (e.g. road maintenance, forestry operations etc.)

The Division is split into five service teams, Forestry, Parks, Roads, Sidewalks and Fleet. Each manager uses a mix of internal staff (FT, SE and ST) and oversees a total contract value between \$0.045m to \$3.3m. In this section, we assess two main components of the Division's operating model:



Staffing

We review the current span of control and identify some areas where there may be opportunities to improve or create more consistency in the spans.



Contracts

We assess current contract usage. For each service, we ask whether staff or contractors are more economically viable and whether the service activities are suitable to be contracted out.

Review of the Operating Model

The number of staff a manager oversees varies between the teams

Span of Control (SoC) is an organizational design tool that measures how efficient the design of an organization is

- ▶ It is not a tool for how efficiently the work is delivered, but focuses on managerial overhead and organizational layers.
- ▶ SoC counts the number of people one management position is responsible for. Spans that are too high or too low suggest a less efficient organizational structure.
- ▶ In the case of Operations, the work of each team shares similar characteristics, which is why the Town has grouped the activities into the Division, and we would therefore expect similar spans across the various management positions.

When taking into account the dollar value of contracts each manager oversees, the Roads manager oversees the largest headcount

The table to the right shows the various managers, the total headcount they oversee and the dollar value of contracts they manage.

- ▶ To make it more comparable, we converted the contract management effort into a theoretical FTE using the assumption that the effort to manage \$100,000 of contract spend equates to managing 1 FTE.
- ▶ Three of the positions, Forestry, Sidewalks and Fleet, have lower spans than the other two positions, suggesting changes to organizational structure could be made.

Manager	Head-count	Contract Value	Contract FTE	Total Head-count
Forestry	10	\$891,219	8.9	18.9
Parks	45	\$452,667	4.5	59.5
Roads	20	\$3,343,197	33.4	53.4
Sidewalks	8	\$1,354,372	13.5	21.5
Fleet	3	\$746,141	7.5	10.5
Total	86¹	\$6,787,596	68	154

1. Administrative clerks were not included in this analysis as they report into the administrative coordinator, not one of the five managers.

Review of the Operating Model

Increasing span more evenly distributes the management workload

The Division currently has 86 total staff to five managers¹

If we incorporate the contracts, this increases to a total headcount of 154.

- ▶ Generally, where headcounts and spans are low, in addition to their functional management responsibilities, a proportion of the managers time is spent delivering the day-to-day work.
- ▶ This is true of Fleet and Forestry, the second of whom retains a Development Engineering role that is not reflected in this workload analysis.
- ▶ When this is the case, there is typically an opportunity to consolidate roles and have managers more occupied with managing rather than executing. While the scope and skills required for staff to complete their activities may differ, the act of managing people remains the same.

There are two approaches to increasing organizational efficiency

Each approach is suitable under different conditions.

- ▶ The first is to consolidate roles, pushing day-to-day workloads lower in the organization. This is suitable when managers are occupied with day-to-day work.
- ▶ The second is to restructure responsibilities within the management positions. This is suitable when there is evidence of spans that are both too high and too low within an organizational unit.

1. Administrative clerks were not included in this analysis as they report into the administrative coordinator, not one of the five managers.

We looked at grouping staff in different ways to more evenly distribute the managerial workload

Our primary consideration was the number of positions and not the people. However, any changes should consider the suitability of the skillset of the individuals to manage the staff and work. We highlight below some areas where there may be opportunities to improve or create more consistency in the spans.

- ▶ Consolidating Fleet and Sidewalks staff, without reducing total headcount, under a single manager increases spans for that manager to be more in line with Forestry.
- ▶ Having a supervisor between fleet staff and the manager will reduce any inefficiencies that may arise due to specialized scope – managers manage people, while supervisors ensure correct work.
- ▶ Pushing the day-to-day activities (such as on-call shifts) to supervisors, will allow managers to focus on managerial work such as contract oversight and workforce planning.

Reorganize services to more evenly distribute spans.

- ▶ From the index of services an example package of restructuring could include:
 - Move Trails from Parks to Sidewalks
 - Move Garbage Collection from Parks to Sidewalks
 - Move Forestry and Horticulture from Forestry to Parks
 - Move Passive Weed from Parks to Sidewalks

Review of the Operating Model

The operating model is the distribution of work between internal staff and external contracts

In 2015, the Town received a report from KPMG on Strategic Workforce Planning

Within this report, comments were made relating to the Operations division on pages 32 and 38. Both comments raised concerns that the Town used too much contract services and that this approach led the Division to be less cost-effective than other municipalities.

- ▶ We have investigated the current operating model asking two specific questions:
 - Does the Town need to change what services are contracted out?
 - Is the cost of service delivery, specifically winter control, more expensive than other municipalities?
- ▶ To do this analysis, we have used FIR data from 2016. The reader should note that FIR, while the best source of general data for comparing municipalities, does have problems.
- ▶ The FIR is a defined format that all municipalities must adhere to, however, municipalities chose to include expenses in different categories. For example, one municipality might chose to allocate its fleet expenses back to individual services, another might chose to retain them in a central fleet cost centre.
- ▶ These differences mean that FIR analysis should be directional and assist municipalities to decide on whether to do additional investigation or not.

To investigate the contracted services, we analyzed the current situation qualitatively and quantitatively

We assessed each external facing service against four criteria to determine whether it was suitable to be contracted out, those criteria are:

Specialized skills	Are specialized skills required that the municipality would not be able to fully utilize
Specialized equipment	Would the required equipment be idle for much of the time
Variable workload	Does the workload vary meaning staff would be underutilized if delivered fully internally
Infrequent workload	Is it an activity that occurs infrequently making it difficult to staff efficiently or to maintain the required knowledge

Quantitatively, we compared the cost for Town staff to deliver a unit of work to the cost of the contractor.

- ▶ The lower unit cost indicated the more economically attractive delivery method.

Review of the Operating Model

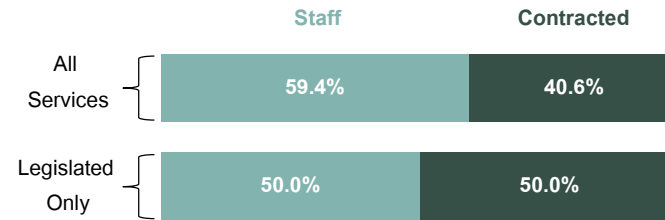
Milton has a modern approach to service delivery and has contracted out much already

As highlighted in 2015 Strategic Workforce Planning report, Operations contracts out a material amount of its service delivery

Based on management estimates of workload, as much as 40% of the services are delivered through external contracts, as shown in the chart to the right.

- ▶ When legislated services are considered, this rises to 50% – indicating a higher use of contractors to meet legislated standards.
- ▶ Legislated standards are by nature arguably more important and it is up to the municipality to determine what is the best delivery model to meet the standards for these services.

Service Delivery Model Today

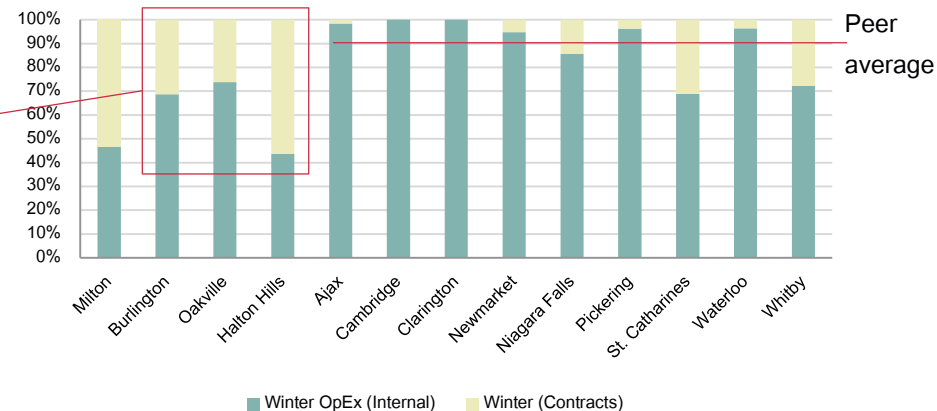


Looking at winter control specifically, Milton contracts out a much higher percentage than a sample peer group

We selected nine municipalities outside the region with similarities to Milton, such as population or geography.

- ▶ The chart on the lower right shows the percentage of winter control expenses that go to contracted services. Milton is by far the highest compared to this group, where the average is around 10%.
- ▶ It's interesting to note that the other municipalities in the Region also use contracts to a much larger extent than the average of the other nine.
- ▶ We further analyze this on page 89.

Distribution of Winter Control Expenses



Review of the Operating Model

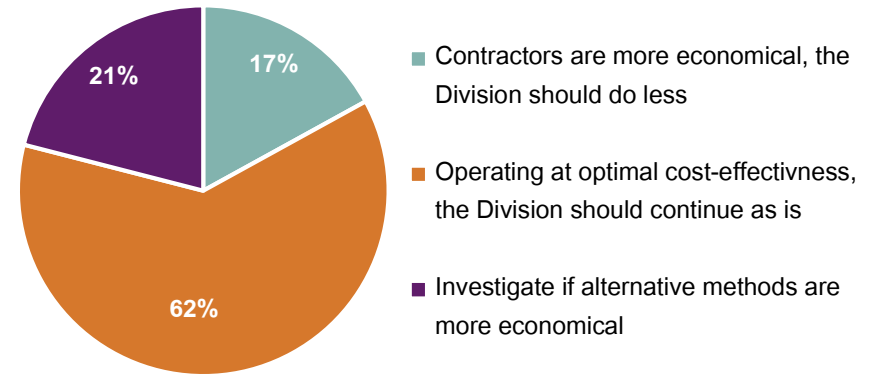
Our analysis shows that the majority of the 24 external-facing services have a suitable operating model between staff and contracts

Less than one-fifth of the Division's external-facing services require changes to the operating model

For 62% of the services, we agree that the choice of delivery model is the most economical approach to delivering that services.

- ▶ However, 17% (4) of the services show contract delivery to be more economical and suggests the Town should increase the use of contractors for these services.
- ▶ The final 21% (5) require further investigation as these are either services that are currently delivered internally but meet the qualitative criteria to benefit from contracting, or they do not have any 2018 costs, preventing us from being able to compare the economic benefit.
- ▶ The Town should investigate whether contracting some or all of these services would yield economic benefit.

Percentage of Services



Review of the Operating Model

There is no economic benefit to change the delivery of these services

The table to the right provides the cost per unit of workload for contractors versus the Town staff

- ▶ The work for drainage maintenance is currently evenly split between contractors and staff. As each has a similar delivery cost, there is no evidence to change the current model of service delivery.
- ▶ The work associated with garbage collection is mostly completed by staff. The Town collects the garbage into a large garbage bin, which is handed over to a contractor who takes the contents to the landfill. However, there are some instance where Town staff will take the garbage directly to the dump. While the scope varies between the Division and contractors, the cost per unit workload is on par.
- ▶ The Divisions relies slight more on the contractors for sidewalk winter maintenance than it's staff. However, each appear to be delivering work relatively close in price.

Service	Workload		Cost per % workload		Total Cost of Service	Meets Qualifying Criteria
	C	D	C	D		
Drainage main.	50%	50%	\$3,858	\$3,852	\$385,490	Yes
Garbage collect.	20%	80%	\$5,878	\$6,826	\$663,626	Yes
Winter maint. (sidewalks)	60%	40%	\$5,050	\$5,961	\$541,447	Yes
Winter maint. (roads)	50%	50%	\$44,948	\$57,868	\$5,140,826	Yes

- ▶ There is an even split of work between the contractors and the Division for winter roads maintenance. The difference in delivery cost between contractors and staff can likely be explained by the fact that the contractors and staff maintain different classes of roads and sidewalks, with staff maintaining roads with much higher provincially legislated service standards. Further, while there are more units that are contracted out, for a number of smaller winter events, internal staff are utilized and contractors are not called out.

Note: C – contractors; D – division

Note: Figures and analysis derived by Blackline – Workload estimates provided by the Division

Review of the Operating Model

Continue providing these eight services primarily through contractors

The first two services have a noticeable difference in delivery cost but are effectively fully contracted out today

- ▶ While this may be attributed to differences in scope, we do not have this information to confirm.
- ▶ Sidewalk maintenance is almost entirely delivered by the contractor, internal staff do minimal work on sidewalk repairs. The majority of internal costs associated with the sidewalk program are associated with sidewalk inspections.
- ▶ Passive weed and winter maintenance of facilities are entirely contracted out. Our qualitative analysis of the four contracting criteria confirm these services are candidates for contracts as they have variable workload and require specialized equipment.
- ▶ Winter maintenance of specific sites include downtown, bus stops, bus shelters and parking lots. The difference in costs could potentially be explained by scope, for example, contractors maintain bus shelters, while staff maintain DBIA regions

Service	Workload		Cost per % workload		Total Cost of Service	Meets Qualifying Criteria
	C	D	C	D		
Forestry op.	85%	15%	\$10,257	\$24,524	\$1,239,735	Yes
Fencing	90%	10%	\$310	\$627	\$34,191	Yes
Sidewalk maint.	98%	2%	\$2,828	\$2,065	\$281,235	Yes
Passive weed	100%	0%	\$6,064	N/A	\$612,088	Yes
Winter maint. (facilities)	100%	0%	\$179	N/A	\$17,905	Yes
Winter maint. (specific sites)	50%	50%	\$2,975	\$1,557	\$226,585	Yes
Urban mowing	100%	0%	\$4,187	N/A	\$454,508	No
Rural mowing	100%	0%	\$468	N/A	\$47,670	No

- ▶ In contrast, the final two services do not meet the criteria for contracting. However, given the available data, we do not suggest changing the delivery model.

Note: C – contractors; D – division

Note: Figures and analysis derived by Blackline – Workload estimates provided by the Division

Review of the Operating Model

These three services do not meet the qualifying criteria for contract use

Continue delivering these three services internally

- ▶ Given the frequency and predictability (two of the four qualifying criteria) of the workload associated with playground inspections, there isn't a need for contractors. The Division noted that while the majority is delivered internally, the occasional use of contractors is required for specific tasks.
- ▶ The work for horticulture is also predictable, consistent and does not require extensive training. It is reasonable to have this service delivered entirely in-house.
- ▶ Similarly, trail maintenance is seasonal, yet predictable. It is reasonable to continue to deliver this service primarily in-house.

Service	Workload		Cost per % workload		Total Cost of Service	Meets Qualifying Criteria
	C	D	C	D		
Playgrounds	5%	95%	\$7,628	\$1,733	\$202,781	No
Horticulture	0%	100%	N/A	\$972	\$116,554	No
Trails	0%	100%	N/A	\$31	\$3,102	No

Note: C – contractors; D – division

Note: Figures and analysis derived by Blackline – Workload estimates provided by the Division

Review of the Operating Model

The Division has chosen not to use contractors for services that qualify

The Division may benefit from investigating alternative service delivery for those listed in the table to the right

Based on the four qualitative criteria for contract use, these services qualify for use of contractors. However, the Division has chosen to deliver almost entirely in-house, with the exception of maintaining pioneer cemeteries.

- ▶ Workload associated with drainage installation and sign repair, replacement and installation, is both variable and infrequent. Having dedicated resources maintain any necessary certification or training may be expensive. The variability makes it difficult to plan staffing requirements, which may delay completion of other activities.
- ▶ Sidewalk and stormwater inspections are infrequent – sidewalk inspections occur once every 16 months and stormwater pond inspections occur for one 4-week period annually. There were no 2018 expenses associated stormwater inspections. The infrequency and variability suggests contractors could be more cost-effective.

Service	Workload		Cost per % workload		Total Cost of Service	Meets Qualifying Criteria
	C	D	C	D		
Drainage instal.	10%	90%	\$13	\$2,177	\$196,027	Yes
Sign repair	10%	90%	\$156	\$3,320	\$300,365	Yes
Sidewalk inspect.	0%	100%	N/A	\$785	\$78,465	Yes
SWP inspect.	0%	100%	N/A	N/A	N/A	Yes
Pioneer cemet.	100%	0%	N/A	N/A	N/A	No

- ▶ Similarly, there is no evidence of 2018 financials associated with maintaining pioneer cemeteries. While the service does not qualify for contractor use, the Division indicates they deliver this service almost exclusively through contractors. Further investigation is required to confirm the exact costs of service delivery.

Note: C – contractors; D – division

Note: Figures and analysis derived by Blackline – Workload estimates provided by the Division

Review of the Operating Model

Increase the use of contractors for these four services

It would be economically beneficial to increase the use of contractors for the services listed in the table to the right

There is a degree of variable workload associated with roads maintenance and fleet services, qualifying the use of contractors.

- ▶ While the workload for road maintenance is evenly split between both parties, the Division is spending two to three times more, a difference too large to be entirely explained by difference in scope.
- ▶ In contrast, fleet workload can be variable at certain points throughout the year. It is likely that the contractors appear more economical because the Division outsources less complicated work to contractors during peak points of the year.
- ▶ The tasks associated with parks and turf maintenance do not qualify for the use of contractors based on the four qualitative criteria, however, when used, the contractors are over four times more cost-effective per unit of workload. Given the current workload split, it appears that additional work can be give to contractors.

Service	Workload		Cost per % workload		Total Cost of Service	Meets Qualifying Criteria
	C	D	C	D		
Road maint.	50%	50%	\$7,726	\$17,357	\$1,254,148	Yes
Fleet services	30%	70%	\$11,515	\$14,478	\$1,357,909	Yes
Parks maint.	30%	70%	\$4,726	\$18,226	\$1,417,581	No
Turf maint.	40%	60%	\$4,834	\$14,694	\$1,074,993	No

This analysis indicates that increasing the use of contracted services to deliver a greater percentage of these four services can reduce costs

- ▶ This is based solely on financial analysis of the Town's 2018 actuals and the workload percentages estimated by the Division. As a first step, the Town should complete an in-depth operational analysis to confirm the feasibility of contracting out more services. Specifically, confirm the current scope and identify related workload metrics.
- ▶ Seasonality is a factor. It may be worth the Town also investigating whether the severity of seasons has an effect on the relative cost-effectiveness of service delivery.

Note: C – contractors; D – division

Note: Figures and analysis derived by Blackline – Workload estimates provided by the Division

Review of the Operating Model

Milton's cost per lane kilometre of winter maintenance is higher than peers with similar populations

The 2015 report indicated the reason for Milton having higher costs than its peers for winter maintenance was the use of contracts

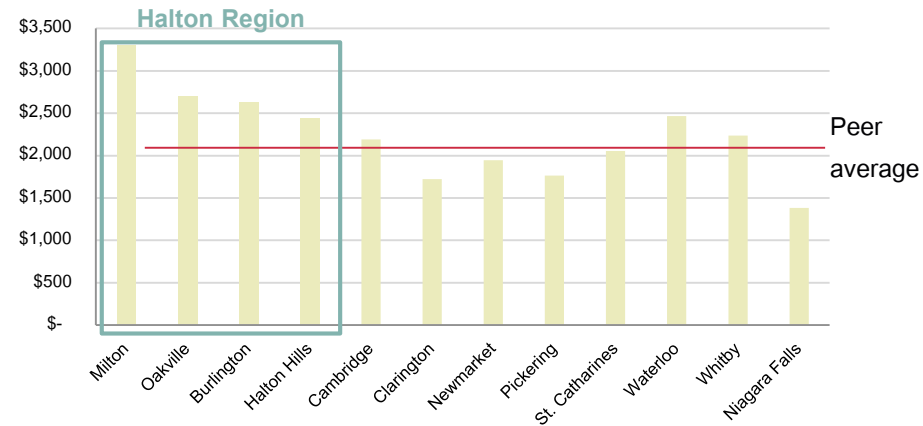
When we look at the cost per lane kilometre for winter maintenance using BMA's analysis of the FIR data, Milton reports a much higher number than peer.

- ▶ The chart to the right shows the average cost over the last five years per lane kilometre for winter control. Milton stands at \$3,296 compared to the peer average of \$2,139.
- ▶ This is a material difference, over 50% more than the average.
- ▶ Comparisons of this nature are not perfect and our clients will often point out problems such as municipalities putting different costs into different categories within an FIR submission, with the validity of which peers to select and with real differences between municipalities.

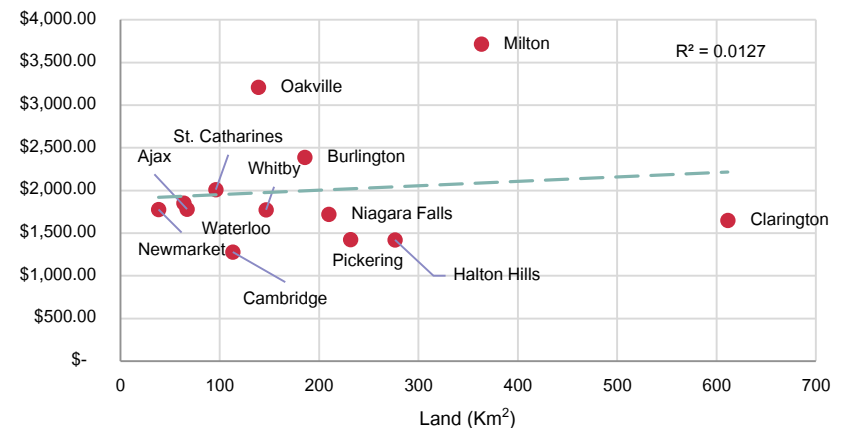
Using the 2016 FIR data, we attempted to identify factors that might explain the difference.

- ▶ The size of the municipality does not have a large impact on cost. The chart to the right shows that as landmass increases, costs do trend up, but the connection is weak. The R^2 shown in the top right indicates the degree to which the landmass effects the cost, a strong R^2 approaches 1.
- ▶ The 2015 report suggested that the higher cost related to contract costs. However, in 2016, when separate the internal and contract costs and allocate 50% of the Towns materials to the contracts, as they use Town salt and sand, the per lane kilometre of the Town and contractors are similar, \$3,660 and \$4,180 respectively and does not explain the higher costs.

Winter Control Cost Per Lane Km¹



Effect of Land Mass on Cost Per Lane Km²



1. BMA analysis of FIR data

2. FIR 2016 data

Review of the Operating Model

Factors such as population density or total lane kilometres do not affect the lane kilometre cost of winter maintenance

Other factors such as population density and total kilometres of roads also do not seem to be determining factors

Both the charts to the right show low R² numbers.

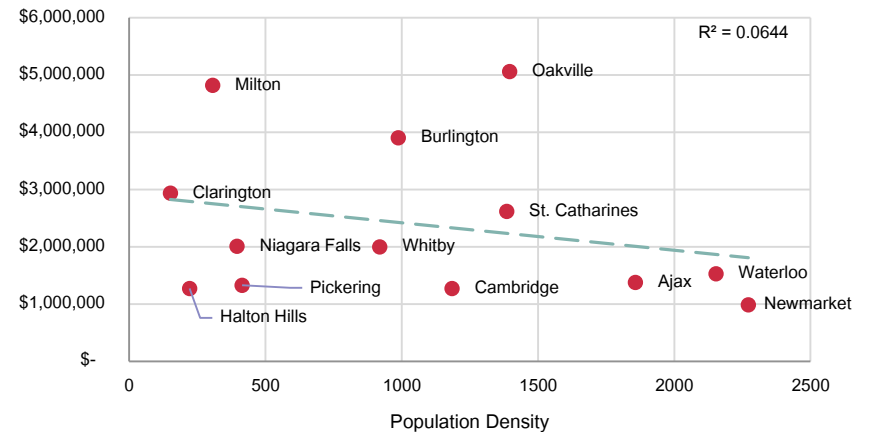
- ▶ When we look at Milton's labour and materials expenses compared to peers, it seems that labour is the biggest contributor to the higher cost per lane kilometre.
- ▶ One possible explanation is that Milton allocates all staff time who work winter maintenance, not just those who are part of the roads team.
- ▶ While other municipalities may use parks staff for winter maintenance, they may report their time under parks activities rather than winter for FIR purposes.

We recommend Milton undertake further investigation of its winter operations, possibly with the assistance of peers, to understand the cost difference

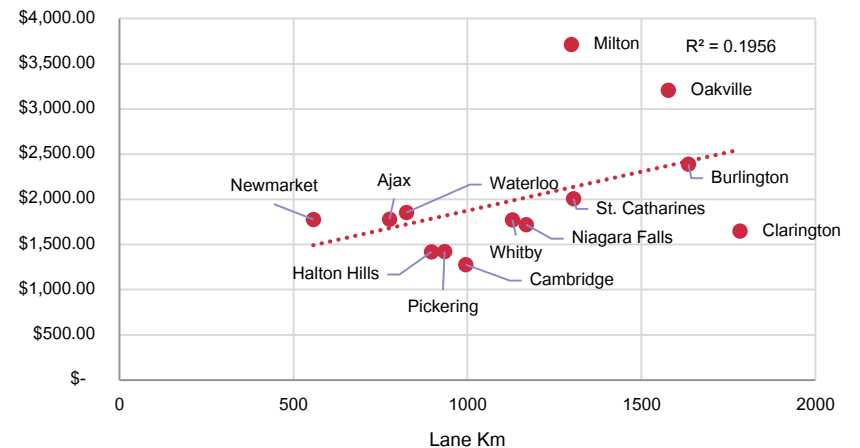
With the data available to us at this time, we cannot determine the root cause of the difference. It may be the way Milton operates that causes the difference or it may relate to the way Milton reports the data.

- ▶ With it not being winter, operational observations cannot be made to determine if there are operational reasons for the difference.
- ▶ Equally, investigation is required to determine if the other municipalities that are report much lower winter maintenance costs are their costs reporting differently.

Effect of Population Density on Winter Control Costs



Lane Km vs Cost per Lane





Operations

RECOMMENDATIONS

Recommendations

Service profiles, staff and resident surveys, interviews and our observations are the source of the opportunities identified

Following our first phase of discovery and analysis, we identified a range of opportunities that could improve service delivery

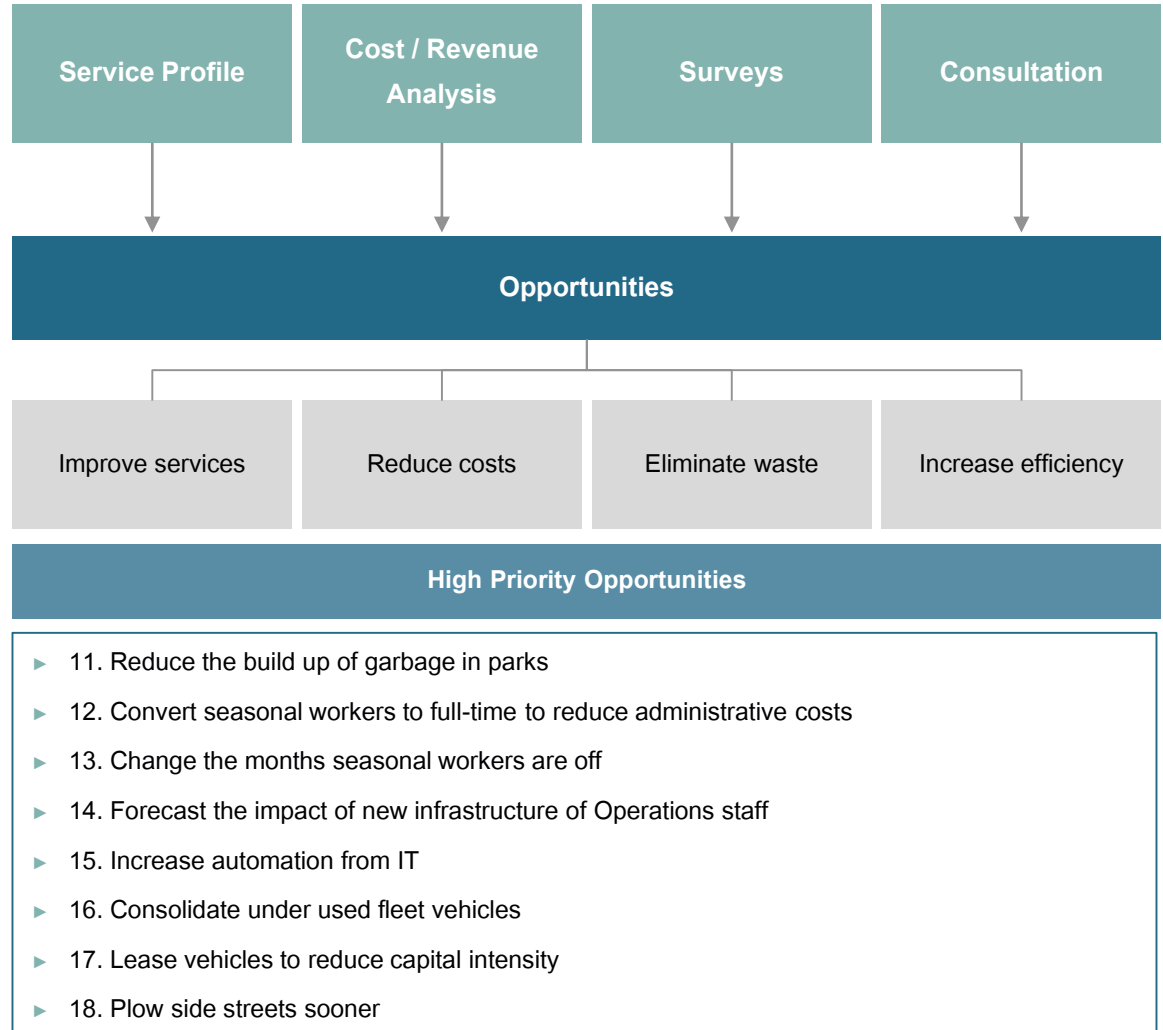
In total, we identified 54 opportunities for the Operations division.

- ▶ These opportunities came from a range of sources and considered all aspects of the work of the Division.
- ▶ The opportunities consider both where costs could be reduced and also where service levels should be increased.

Of the 54 opportunities, eight were identified as high priority by management

The follow section shows the more detailed analysis of these opportunities including the forecast operational impact should the Town implement them.

- ▶ The list to the right shows a summary of those eight opportunities.



Recommendations

Of the eight high priority Operations Division opportunities investigated, four have a positive economic case to consider

We have investigated eight opportunities to improve services, of which two are mutually exclusive

These opportunities are a combination of increasing efficiency, reducing costs and increasing service levels. The table to the right shows the net change to operating expenses for each of the opportunities analyzed.

- ▶ Each opportunity includes a situation section that describes the current state. The source of the information is from interviews with Town staff, documentation and Town provided financial data.
- ▶ Moreover, each opportunity includes a set of options for the Town to consider. Each option includes a description, benefits and some risks; as well as a summary of financial implications.
- ▶ Lastly, each opportunity also includes a table with a detailed financial analysis showing the current cost of service and the financial implication of the different options to that cost.

The data available in the Town at times is limited

The analysis and figures quoted here are directional. They are intended to assist the Town to decide whether to move forward with additional analysis or with implementation of some opportunities. This is particularly relevant for the financial analysis where some assumptions have been made to portray the different options in the future.

Note: * Represents potential change in total cost and may impact numerous underlying funding sources (taxes, DC, user fees, etc.). All figures require further validation prior to implementation.

Below is a summary of the recommendations and the impact

Financial Impact	Current Net Position	Future Net Position	Net Impact
11. Garbage in parks	\$270,321	\$146,179	-\$124,142
12. Convert seasonal workers	\$3,060,724	\$3,141,218	\$80,495
13. Alternate variable staffing model	\$3,233,756	\$3,183,251	-\$50,504
14. Workload model	n.a.	n.a.	n.a.
15. Increase automation from IT	\$834,052	\$747,683	-\$86,369
16. Consolidate fleet vehicles	\$2,434,752	\$2,292,121	-\$142,631
17. Change to leasing vehicles	n.a.	n.a.	n.a.
18. Plow side-streets sooner	\$549,347	\$824,021	\$274,674
Total	\$10,382,952	\$10,334,473	-\$48,478

Opportunities 12 and 13 are mutually exclusive, if the Town does one, it cannot do the other. That said, converting seasonal workers would deliver some of the same financial benefits as adjusting the months. If the Town implements 12, it can save the \$48k, however, if 13 is implemented the savings will total \$129k. It is crucial that every opportunity before being pursued considers the non-financial aspects (e.g. changes in service levels) before committing to implementation.

Recommendations

11. Garbage in Parks (1/5)

Situation

Halton Region, like many other municipalities, wants to reduce the amount of material that goes to into the landfill. In 2011, the Region launched its solid waste management strategy. One element of this strategy was to lower its residential garbage collection service standard to every other week and reduce the garbage bag limit.

- ▶ The objective is to incent residents to reduce the production of garbage and to do more recycling.
- ▶ However, an unintended consequence seems to be an increase of household garbage being dumped in and around park garbage bins.

The Division estimates that approximately 75% of garbage left in parks is household waste.

- ▶ The current collection schedule is effective when household garbage is minimal. However, the unpredictable and variable nature of residential garbage dumping means garbage receptacles often overflow.
- ▶ In an attempt to combat household garbage, the Town posts the related bylaw information on each garbage can. However, this has not been effective.

Current Collection Model

Garbage collection follows a route optimized rotational schedule, rather than a defined daily schedule, with staff completing as much of the route in one shift and then picking up from the same spot the next day. With this schedule, each park garbage can is emptied approximately twice a week (Monday to Friday). Garbage collection is staffed differently each season:

- ▶ Summer season (April to October): two garbage trucks, each with one staff member. The Town is divided into two sections, one truck per section. In addition to fixed garbage cans, the Town places seasonal green cans in all sports fields and frequently visited locations (e.g. ice cream shops, village squares) bringing the total can count to 650, with about 16-20 cans emptied each hour.
- ▶ Winter season (November to March): seasonal green cans in sports fields and special areas are removed from the route, reducing collection to 300 fixed cans one garbage truck and two staff collecting at the same rate as in summer.

Recommendations

11. Garbage in Parks (2/5)

Overflowing Garbage Cans

Feedback from residents and staff indicated that garbage bins in parks are often overflowing, making them unusable and creating an unappealing scene for residents and visitors.

- ▶ Where garbage is dropped in the bin at a relatively steady rate, the rotational schedule can work well. However, the dumping of household garbage fills a receptacle almost immediately. If that receptacle had just been emptied, it would now remain visually full for up to three days when it is next emptied.

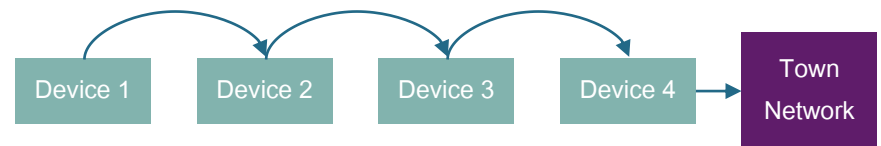
The Internet of Things (IoT) is introducing many different technologies that can assist municipalities to manage their operations and garbage has not been left out.

- ▶ A whole range of devices are on the market that sense the fill level of a garbage bin (as shown in the image to the right). The vendors also offer route optimization calculations based on the data.
- ▶ Additionally, a big inefficiency of parks garbage collection is visiting bins that are not full. These devices would prevent the Division from wasting time emptying bins still with capacity.
- ▶ Moreover, a system of this nature would show you when a bin is emptied. Plus, over time, you can get an indication of which bins are used more than others, potentially informing decisions about bin location and density.



The Town can access the data on these smart devices through a wireless cellular network. However, this can be prohibitively costly as each individual device is connected to the network.

- ▶ An alternative is mesh networks. These allow each device to network to another nearby device to create a data chain that terminates with a connection to the Town's network.
- ▶ Each of the fill sensors would have the capability to act as node on the mesh.
- ▶ The operating costs are lower, as only the devices that directly connect to the network incur an ongoing internet service provider (ISP) expense.



Recommendations

11. Garbage in Parks (3/5)

Education to Change Behaviour

Education is a key tool to change the attitudes of residents and the culture of the Town. This can include:

- ▶ Informing residents of both the environmental effects of dumping household garbage and the negative impact this has on the overall Town aesthetic, quality of life and desirability can incent better behaviour.
- ▶ There may be many cases where residents are just unaware of what to do with their waste. Through education, the Town can inform residents on the correct way of managing waste (e.g. reduce, reuse, recycle, compost etc.), as well as how to deal with infrequent and large wastes (e.g. waste associated with renovations, moving, etc.).
- ▶ There are many educational tactics depending on the demographics of the targeted residents, such as a social media campaign through platforms including Instagram, Facebook, and Twitter. There are also many benefits to having education occur within the parks themselves, for instance, placement of bylaw officers at parks with high foot traffic to patrol and provide educational information (pamphlets etc.) to residents seen littering or dumping household waste.

It is likely that the region already provides some aspects of waste education. It may be beneficial for the Town to partner with the Region to leverage Region's resources and align with their solid waste strategy.

Enforcement to Change Behaviour

Dumping household garbage in parks is a breach of municipal bylaws. There a variety of methods to proactively deter this type of behaviour. High-resolution surveillance is one of the more affordable options, as opposed to human resources.

- ▶ In many instances, having cameras clearly visible to residents deters the offence from occurring and cameras with bright flash further the effect.
- ▶ Portable cameras are relatively inexpensive at less than \$7,000 per camera. The portable nature allows them to be moved from areas where poor behaviour has subsided to areas with higher numbers of incidents.
- ▶ Some cameras have features such as motion sensors and high-resolution imagery, which decreases the time required by officers to review footage for identifiable information.
- ▶ However, the use of surveillance should always be in compliance with applicable privacy legislation. It is likely that signs identifying the cameras will be required and footage will need to be destroyed once reviewed.

Unlike smart garbage cans, education and enforcement address the root cause of excessive garbage in parks by changing resident behaviour. With less garbage in parks, the frequency of garbage collections can be reduced.

Recommendations

11. Garbage in Parks (4/5)

The Town should consider Option 4 – Educate and Enforce

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	This option is to continue operating with no changes to the operating model.	<ul style="list-style-type: none"> ▶ No additional operational costs. 	<ul style="list-style-type: none"> ▶ Poor resident behavior continues. ▶ Town aesthetics remain poor in areas with overflowing garbage. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged
2. Smart Technology	This option is to retrofit smart devices onto existing garbage cans and any future cans.	<ul style="list-style-type: none"> ▶ Improvement in Town aesthetics. ▶ Reduction in the number of resident complaints. ▶ Operational savings (no longer visit bins that are not full). 	<ul style="list-style-type: none"> ▶ One-time costs for devices. ▶ May increase collection frequency requiring additional capacity. ▶ Residents will continue to dump waste and device won't detect waste dumped outside of bins. 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$73k.
3. Educate	In addition to smart devices, launch a 12-month education campaign to inform residents of correct garbage etiquette.	<p>In addition to Option 2:</p> <ul style="list-style-type: none"> ▶ Slight reduction in garbage volume and required collections. 	<ul style="list-style-type: none"> ▶ Difficult to change resident behaviour with education alone. ▶ One-time costs for campaign, including bylaw officers to patrol parks and educate residents. 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$90k.
4. Educate and Enforce	In addition to smart devices and an education campaign, increase enforcement using high-resolution cameras.	<ul style="list-style-type: none"> ▶ Substantial reduction in garbage volume and required collections. ▶ Although one-time costs are highest, this will deter other poor behavior in addition to illegal dumping – making parks cleaner and safer. 	<ul style="list-style-type: none"> ▶ One-time costs for cameras. ▶ Additional administrative costs associated with potential initial increase in resident inquiries. 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$124k.

Recommendations

11. Garbage in Parks (5/5)

Recommendation

- ▶ Introduce smart devices to all existing and future garbage receptacles, install portable cameras at problematic areas and launch a 12-month education and enforcement campaign.

Key Assumptions

- ▶ One-time costs to retrofit garbage bins with smart devices with mesh network capabilities and install portable cameras.
- ▶ The 12-month education campaign (option 3 and 4) will require a one-time increase in bylaw officers (one-year contract) to patrol and educate residents, and administrative staff to create educational materials and liaise between Parks and Bylaw.
- ▶ During the first year of installing cameras, we expect the volume of inquiries from residents to increase and then eventually subside. We suggest a one-time increase in administrative staff for the length of the campaign.
- ▶ While it is difficult to accurately forecast potential revenue, we suggest that during the campaign the Town issue \$500 fees, when applicable, as another level of deterrent.
- ▶ While the cloud-based system will increase costs by \$7.8k, the use of smart devices and route optimization will decrease operational costs by 30%.
- ▶ The education campaign will likely result in a 20% decrease in household waste, further decreasing the garbage collection operating costs. However, we believe the combined approach of education and enforcement will result in a 50% decrease in household waste. Ongoing collection costs will fall to \$146k as the Parks team adjusts their staff, materials and vehicles to manage less garbage, and can be redirected to other activities.

Note: Bylaw salary information was gathered from interviews with department staff.

	Option 1 - Status Quo	Option 2 - Technology	Option 3 - Education	Option 4 - Enforcement
Financial Impact				
One-time				
Costs				
Smart Devices	\$0	\$97,500	\$97,500	\$97,500
Cameras	\$0	\$0	\$0	\$60,000
Staffing	\$0	\$0	\$96,750	\$150,500
Materials and Supplies	\$0	\$0	\$18,500	\$19,250
Total One-time Costs	\$0	\$97,500	\$212,750	\$327,250
Ongoing				
Costs				
Garbage Collection				
Staffing	\$140,270	\$98,189	\$89,773	\$69,574
Materials	\$48,890	\$34,223	\$31,290	\$24,249
Equipment	\$81,161	\$56,813	\$51,943	\$40,256
Enforcement				
Staffing	\$0	\$0	\$0	\$4,300
Technology				
System	\$0	\$7,800	\$7,800	\$7,800
Net Position	\$270,321	\$197,025	\$180,805	\$146,179

Additional One-time Staff	#3	#4
Number of bylaw officers	2	3
Salary of bylaw officers	\$43k	
Number of admin. staff	0.25	0.5
Salary of admin. staff	\$40k	

Recommendations

12. Convert seasonal workers (1/4)

Situation

Seasonal staff make up a significant proportion of the Operations workforce. These staff are hired to work 10 months of the year, with one month off in April and another in October. Unlike the student workforce, seasonal staff have the same responsibilities as full-time employees. This requires heavy investment from the Town for extensive training of all seasonal staff twice a year. Full-time staff do not require these investments on an annual basis. Additionally, this likely reduces the potential pool of candidates during recruitment, as these staff are required to have the same qualifications (e.g. certification, experience etc.) as full-time.

	Full-Time (FT)*	Seasonal (SE)	% SE of Total headcount
Parks	12	10	45%
Forestry	4	3	43%
Roads	15	2	12%
Fleet	3	1	25%
Signs	7	0	0%
Total	41	16	39%

Note: * Not including management
Note: FT – full-time; SE – seasonal; ST - student

Pay Equity

Management indicated that for many years the Division had difficulty retaining seasonal staff to return after each one-month break. Seasonal staff would often leave for full-time positions at neighbouring municipalities. Each year, it was challenging to recruit staff of the same calibre and quality as the full-time employees.

In preparation for Bill 148 (Fair Workplaces, Better Jobs Act, 2017), the Division increased seasonal pay in line with full-time. This has since expanded the pool of applicants and increased retention rates.

- ▶ However, even with fair pay in place, there is still a cultural risk associated with the seasonal work model. There are less developmental and promotional opportunities compared to the full-time model, potentially limiting incentive for staff to return and reducing the attractiveness of the Town for quality candidates.

Further, with pay equity, there is less economic difference between the seasonal and full-time staff.

Recommendations

12. Convert seasonal workers (2/4)

Seasonal Recruitment and Training

Currently, in the Operations Division, seasonal staff are recruited and trained each year.

- ▶ On average, management spend three days annually on recruitment activities.
- ▶ Seasonal staff are used interchangeably with full-time staff. This requires extensive training, including, but not limited to, Book 7, DZ, ground force etc. This is in addition to typical human resource guided training requirements such as health and safety, WHMIS, etc.
- ▶ On average, management spend five days annually on training activities, while the new staff spend closer to 10 or 12 days.
- ▶ Likely, newly hired seasonal staff are not as efficient as tenured full-time employees and for the first few weeks of employment, are not able to be complete work at the same rate.

Converting seasonal staff to full-time would eliminate the labour related to recruitment and training, potentially reducing the total cost of the workforce

- ▶ Moreover, the overall headcount will remain constant throughout the year (there will no longer be two months with 30% less staff available).

Recommendations

12. Convert seasonal workers (3/4)

The Town should consider Option 2 – Convert SE to FT

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	This option is to continue operating with no changes to the staffing model.	<ul style="list-style-type: none"> ▶ Least disruptive option to staff 	<ul style="list-style-type: none"> ▶ Higher operating costs (e.g. recruitment and training). ▶ Reduced service levels for a period of time (e.g. shortly after hiring new employees until they are fully trained and capable). ▶ Will continue to have staffing shortages in April and October. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.
2. Convert SE to FT	This option suggests eliminating the use of seasonal workers and replacing them with the equivalent capacity of full-time employees.	<ul style="list-style-type: none"> ▶ Reduction in recruitment and training costs. ▶ Higher rates of productivity with more experienced staff. ▶ Consistency with the Town's workload. ▶ A stronger level of employee loyalty, retention and lower attrition level. 	<ul style="list-style-type: none"> ▶ While the annual labour capacity is the same, there will be less headcount, which present difficulties during peak demand such as winter storms. ▶ Increased costs for benefits and paid holidays. ▶ Movement of staff from SE to FT may be difficult due to the collective agreements that are in place. 	<ul style="list-style-type: none"> ▶ Net position will increase by ~\$80k.

Recommendations

12. Convert seasonal workers (4/4)

Recommendation

- ▶ Convert seasonal staff to full-time. As seasonal employees receive the same pay and complete the same work as full-time employees, switching will save the Town the effort to hire and train seasonal staff, as well as the decreased efficiency that occurs during the first two weeks of new employment.
- ▶ The time saved from not having to undertake recruitment, training courses, and on-the-job training, allows for a reduction in total FTE.

Key Assumptions

- ▶ Management spends up to four days on recruitment and four days on training activities each year.
- ▶ Newly hired seasonal staff spend 10 days on training courses and workshops, and 10 days of on-the-job training, reducing their productivity by 50% during that time.
- ▶ FT receive additional benefits (e.g. dental care) at 24.6% of their pay.
- ▶ Though the opportunity increases operating costs marginally by \$80k, consideration should be given to non-financials (e.g. the impact of smaller headcount at peak times, staff retention and morale).

Please note, this is an economic analysis. Many roles within the Operations Division are unionized. Any changes in role responsibility will require negotiation with the Union.

Note: Students are not included in this model as these staff are truly seasonal workers, only employed for four months of the year.

Financial Impact	Option 1 - Status Quo	Option 2 - Convert to FT
One-time		
N/A		
Ongoing		
Costs		
Staffing	\$3,060,724	\$3,141,218
Net Position	\$3,060,724	\$3,141,218

Assumptions	Value
Financial	
Total annual FT pay with benefits (41 FT)	\$2,427,223
Total annual SE pay (16 SE)	\$633,500
Time Saved	
For 5 managers (in days)	40
For 16 SE staff (in days)	240
Total time saved converted from days to FTE	1.27

Recommendations

13. Alternate variable staffing model (1/4)

Situation

Much of the work for each of the teams in the Division has seasonality to it (as described in the table to the right). The current work structure focuses on the high priority items and delays lower priorities until capacity is available (e.g. regular fleet maintenance is on hold during seasonal change over). However, with the current variable staffing model, the times seasonal staff are not working does not match lower workloads. This can result in decreased service levels.

- ▶ While over the cycle of a year all the work gets completed, the team expressed challenges in meeting deadlines (e.g. park opening activities). In some cases, service standards are reduced, and items are delayed (e.g. tree removals are pushed back until enough staff are available).
- ▶ During April, staff are still operating winter shifts meaning there is less staff available during normal hours to complete the work and seasonal staff are not available.

	Parks	Roads	Forestry	Fleet
Current Model	No seasonal staff in April and October			
Challenges	Peak workload is April and October (park opening / closing activities required). FT staff on winter shifts. With no SE/ST to complete remaining work, the services standards drop.	During April, all staff are on winter shifts. During this time, there are no SE/ST to begin addressing the work that was put on hold during the winter due to the weather.	Some staff are on winter shifts. With no SE/ST the team reduces service standards (e.g. tree removal turnaround time).	2018-2019 was the first year Fleet utilized SE and would like this to continue. Peak workload is March - June, and August-December (seasonal change over). Summer and winter months are slower as the primary focus is maintenance.

Recommendations

13. Alternate variable staffing model (2/4)

The Town should consider Option 2 – Reschedule Seasonal Workers.

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	This option is to continue operating with no changes to the staffing model.	<ul style="list-style-type: none"> ▶ Least disruptive option to staff 	<ul style="list-style-type: none"> ▶ No improvement in service levels. ▶ Higher operating costs (e.g. overtime, maintenance). ▶ If staff feel overworked there may be morale issues. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.
2. Reschedule Seasonal Workers	<p>This option suggests changing the months where there are no seasonal workers from the current months to months that have the lowest workload. This is to ensure that seasonal workers are present during the busiest months of the year.</p>	<ul style="list-style-type: none"> ▶ Increased service standards by reducing delays or missed deadlines. ▶ Reduction in overtime hours during the months seasonal staff are not available and potentially less spent on contracts in those months. ▶ Small reduction in total work as delaying work, such as park repairs can make the defect worse and require more work to fix. 	<ul style="list-style-type: none"> ▶ When workload is investigated in more detail, the Division may find that workload peaks do not align as well as we believe in this analysis. ▶ The use of seasonal workers may be difficult to address due to the collective agreement that is in place. 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$51k.

Recommendations

13. Alternate variable staffing model (3/4)

Recommendation

- ▶ Align seasonal staffing with workload peaks and troughs (i.e. full staff complement when the team has the highest volume of work).
- ▶ This will likely reduce the delays in getting work done that occur throughout the year.
- ▶ It may also make a small reduction in the total work as problems are not left to worsen before being resolved.

Key Assumptions

- ▶ A portion of overtime costs can be attributed to the months each team is short-staffed with the most work.
- ▶ If overtime is spread evenly during the year, changing the months so that overtime is no longer required during months without seasonal staff will reduce total overtime costs.
- ▶ Additionally, staff will likely be more productive during those two months as they will not have to switch between tasks as much.

As with opportunity #12, this is an economic analysis. Any changes in role responsibility will require negotiation with the Union.

	Option 1 - Status Quo	Option 2 - Reschedule
Financial Impact		
One-time		
N/A		
Ongoing		
Costs		
Overtime	\$173,032	\$144,193
Staffing	\$3,060,724	\$3,039,058
Net Position	\$3,233,756	\$3,183,251

Assumptions	Value
Financial	
Total annual FT pay with benefits (41 FT)	\$2,427,223
Total annual SE pay (16 SE)	\$633,500
Savings	
Reduction in overtime	16.7%
Increase in productivity	5%
Productivity gains	\$22k

Note: Overtime associated with regional roads is not included in the analysis as it is reimbursed in full by the Region

Recommendations

13. Alternate variable staffing model (4/4)

Suggested Approach

The transition between the two seasons, winter and summer, is problematic since winter control is still required, which reduces the staff available during the daytime and the new seasonal work is increasing.

- ▶ We are suggesting May rather than April as shifts have been completed at this point and set up for summer is complete. Similarly, set up for winter has been completed in October, so we are proposing November as it is less likely to have winter events, however, we acknowledge they do occur. In this situation, the Town may need to rely more on contracts to meet the MMS.
- ▶ We recommend the Division confirm the workload peaks (as outlined to the right).

Identify workload peaks

- ▶ Review workload for each team – specifically, the frequency of work and effort (in time) to complete the work. This may require time in motion studies or job shadowing to ensure accurate identification of work volume.
- ▶ Map the volume of work for each month to illustrate where workload is highest and lowest.
- ▶ There may be some instances where there isn't a clear divide of work among the months (e.g. the volume of work in October is only slightly higher than November, just shy of requiring full complement). In these cases, identify whether work can be moved from one month to another to clearly distinguish between high and low peaks.
- ▶ During the months where workload is highest, ensure teams are at full complement. Months with the lowest workload will be when seasonal employee contracts end.
- ▶ Ideally, the variable staffing model should ensure that seasonal employees are available during the periods that FT staff are seconded to winter maintenance (shift schedule).
- ▶ Any change to the working schedule would need to be agreed during contract negotiations.

Recommendations

14. Forecast workload of new infrastructure (1/3)

Situation

When the Town assumes a new subdivision or builds new infrastructure (e.g. roads, parks, sidewalks etc.), it is added to the portfolio of Operations to maintain, thereby increasing the overall workload for the Division.

- ▶ Operations does not have a way of forecasting how this will impact their workload, resourcing requirements and budget in the coming weeks, months or years.
- ▶ Today, operating implications of capital expenditures is considered within the annual budgets. Within the operating budgets, departments identify the impact to budgets of growth of the Town.
- ▶ Operations does not have a foundation to provide input on the operating impacts, which may be compounded by the source of additional infrastructure are two departments – Engineering (which Operations is a division of) and Community Services.

Workload Tool

- ▶ We have developed an Excel model that maps the current staffing to the current infrastructure, based on the current workload (activities and timing) for each piece of infrastructure. This allows us to identify the volume of labour required to maintain each unit of infrastructure. For example, if 15 FTE of labour is used for road maintenance of 100km of roads, each kilometre uses 0.15 FTE of labour.

The table provided to the right is an example of the type of output from the workload model (see Appendix B for full list of infrastructure included in the workload model).

- ▶ Staff can input the units of additional infrastructure they will have to maintain and based on the current staffing; the model will estimate the additional staff that would be required to maintain the additional infrastructure.

Infrastructure	Additional Units		Additional Staff
Roads (Class 1)	25	lane km	3.90
Roads (Class 2)	15	lane km	0.43
Roads (Class 3)	35	lane km	0.37
Roads (Class 4)	15	lane km	0.12
Roads (Class 5)	30	lane km	0.19
Roads (Class 6)	10	lane km	0.74
Sidewalks	35	lane km	1.73

Note: The workload model will forecast staffing requirements only. Equipment and materials are not included.

Recommendations

14. Forecast workload of new infrastructure (2/3)

The Town should consider Option 2 – Workload Model

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	This option is to continue operating with current practices.	<ul style="list-style-type: none"> ▶ Least disruptive option – no change to the way the Town currently handles new infrastructure, means management and staff will not need to learn new methods. 	<ul style="list-style-type: none"> ▶ New infrastructure is added, and the Division is unable to adjust headcount appropriately – either not adding enough staff, resulting in a decrease in service levels; or, adding too many, which is costly. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.
2. Workload Model	Use the workload tool developed here (and provided in a separate document) to translate the volume of new infrastructure into an estimate of the impact on workload to maintain the additional infrastructure.	<ul style="list-style-type: none"> ▶ Clearly plan resourcing and linking it to new infrastructure will allow the Division to better match workload and staffing. ▶ Modelling the impact has the potential of improving budgeting and forecasting. Additionally, if operating impacts of new infrastructure can be added to the business case for new infrastructure it may change some of the investment decisions. 	<ul style="list-style-type: none"> ▶ The model contemplates the labour to maintain units of infrastructure today. As changes to work practices occur or new technology is introduced, the labour will not remain as it is today. Overall, we would want the cost to maintain a unit of infrastructure to go down over time. As this happens, the model should be updated to reflect that efficiency. ▶ New infrastructure arguably needs less maintenance than older infrastructure. This model forecasts maintenance labour of the average aged infrastructure. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.

Recommendations

14. Forecast workload of new infrastructure (3/3)

Recommendation

- ▶ Establish a process with Planning and with Community Services to have them provide infrastructure-related information on new and approved infrastructure to input into the model to identify workload impacts.
- ▶ Operations will be better able to plan their staff and structure using the model.
- ▶ Implement measures that show the cost per unit of infrastructure is going down over time and updated the model periodically to reflect this.

Key Assumptions

- ▶ The workload planning tool will be adopted and monitored by the management team.
- ▶ A pilot using the Excel template provided to Operations will be used to prove the benefits.
- ▶ Consideration of any additional material, equipment or contracted services is not captured in this model and will need to be identified by the Town during the annual budget process.

Financial Impact	Option 1 - Status Quo	Option 2 – Workload Model
While there are currently no adjustments to on-going costs, implementation of a workload planning tool will ensure maintenance costs are more accurately depicted in future infrastructure business cases.		

Recommendations

15. Increase automation from IT (1/4)

Situation

Work Order Management

The current IT systems have some features that support administration of work activities. As these are not traditional work order management systems, aspects of the work order management process remain manual.

- ▶ Inspectors use tablets to record inspections while in the field. However, work orders are generated on returning to the office, rather than in real-time.
- ▶ Work orders can also be created by customer service representatives in response to resident calls, emails or walk-ins. Similarly, these are not provided to Operations staff in real-time. Further, CSRs have are not equipped to accurately prioritize work orders and often work orders are created for the Division that belong to another area.
- ▶ Currently, there isn't capability for automated prioritization, workflow and escalations. Managers review and prioritize work orders each morning. While the current systems have some prioritization functionality, it is not aligned with legislative standards (MMS). Managers manually check whether a work order has been completed.
- ▶ There is limited mobile access. Work orders are distributed at the beginning of each day, any new work orders that are reported during the day will not be assessed until the following day (with the exception of emergencies). This may be leading to lower priority work getting completed before higher priority.
- ▶ During the winter months, crews complete a paper log of winter activities, which are then filed in a binder. If challenged, they can return to the log as evidence. As the log is not linked to work orders, it can be time-consuming to manually synthesize the data to confirm whether service standards are met.

Preventative Fleet Maintenance

While current AVL systems monitor and track vehicle activity, such as drive time, speed, etc., the Division does not have a fleet management system.

- ▶ Fleet maintenance is a highly paper-based process. Everything from booking a vehicle for maintenance to tracking vehicle history (e.g. scheduled or unscheduled maintenance or repairs) is completed with paper.
- ▶ Basic paper maintenance records are kept on vehicles to remind operators and fleet staff when a vehicle is due for maintenance. It is difficult to maintain paper maintenance schedules and it is up to the operators to bring vehicles in. Vehicles likely miss maintenance or are late undertaking it. Additionally, some preventative maintenance tasks may not occur. Paper records can be difficult to find and prevents any analysis on vehicle histories or cost to maintain.
- ▶ Maintenance information is not automatically linked to asset management information. This may mean that lower priority (better condition) assets get 'refurbished' ahead of higher priority ones, as the most up-to-date maintenance information is not considered.
- ▶ The Division does not have a system capable of inventory management. The current CMIC system is a financial system that is capable of the value of items, rather than inventory itself (e.g. type of inventory, number of hand, reminders when ordering is required). While CMIC works for tracking larger inventory items such as salt and sand, vehicle parts and inventory are not tracked or managed. This will likely lead to carrying more inventory than is required, parts expiring and probably getting lost.

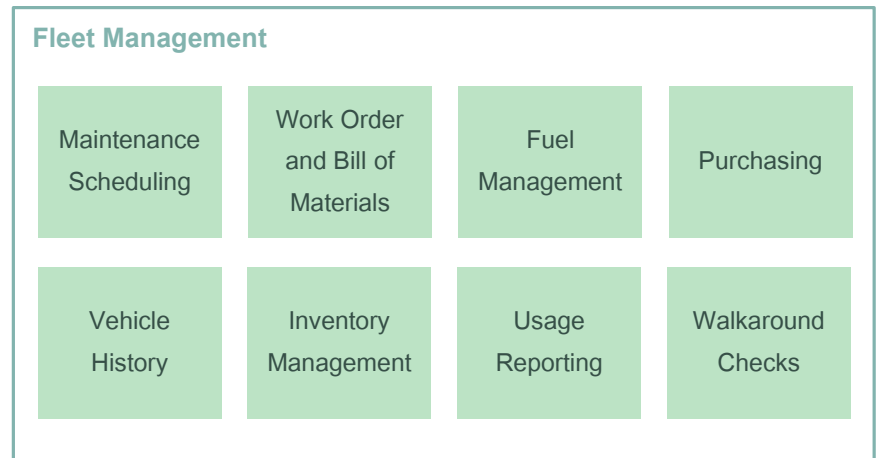
Recommendations

15. Increase automation from IT (2/4)

Required Functionality

There are many products in the market that support municipal operations related to fleet and work orders. To the right, we highlight some common functionality that the Division has shown to require.

- ▶ While current systems have aspects of these, the main areas for functionality the Division expressed desire is work order prioritization, improved mobility and real-time work order updates.



Recommendations

15. Increase automation from IT (3/4)

The Town should consider Option 3 – Implement New Systems

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	This option is to continue operating with current practices.	<ul style="list-style-type: none"> ▶ Least disruptive option to staff. 	<ul style="list-style-type: none"> ▶ Increased time spent managing unprioritized work orders, and without real-time and route optimization functionality, there may be unnecessary travel times. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.
2. Training, Tools, Fleet System	This option is to provide refresher training, tablets and licenses to all staff, as well as provide a fleet management system.	<ul style="list-style-type: none"> ▶ Adhering to prescribed maintenance schedule will reduce repair work. ▶ Increased training and staff access to tools will decrease time spent managing and closing work orders. 	<ul style="list-style-type: none"> ▶ Some core functionality is still missing, such as prioritization 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$26k.
3. Customize and Fleet System	This option is to enhance the features of the current systems to further automate and support the Divisions activities, as well as provide a fleet management system.	<ul style="list-style-type: none"> ▶ Eliminate duplication in transcribing paper records during winter season. ▶ Reduction in time spent reviewing and allocating work orders. ▶ Adhering to prescribed maintenance schedule will reduce repair work. 	<ul style="list-style-type: none"> ▶ With any IT systems, costs go up substantially the more a client tries to customize the ways the software works. 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$75k.
4. Implement New Systems	Implement fleet management and work order management systems that automate and automate Division activities.	<ul style="list-style-type: none"> ▶ Similar to above ▶ Smaller one-time cost as out-of-the-box systems are less expensive than customization. 	<ul style="list-style-type: none"> ▶ Higher training costs ▶ Consideration should be given regarding the difficulty to integrate with current systems (e.g. GIS). 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$86k.

Recommendations

15. Increase automation from IT (4/4)

Recommendation

Features of the solution would include:

- ▶ Fleet maintenance scheduling notifications.
- ▶ Electronic inspection so that work orders are automatically generated in real-time.
- ▶ Automated dynamic prioritization and distribution of work orders; mobile access.
- ▶ Link to asset maintenance; asset condition is updates when work order is complete.

Key Assumptions

- ▶ One-time costs include training staff and management on the new system, additional tablets for staff that currently aren't using them, and having a consultant work with Operations to gather system requirements.
- ▶ Finally, Option 4 contains the cost to implement an out-of-the-box solution, in comparison to Option 3 which would likely require about 6 months of a business analyst's time to customize the current systems.
- ▶ Ongoing costs for licensing will increase, as staff will now be provided with limited access.

	Option 1 - Status Quo	Option 2 - Training / Tools	Option 3 - Customization	Option 4 - New System
Financial Impact				
One-time Costs				
Training	\$0	\$1,354	\$2,257	\$4,930
Tablets	\$0	\$3,300	\$3,300	\$3,300
Requirements	\$0	\$0	\$28,107	\$40,000
Customization and Implementation	\$0	\$0	\$40,000	\$10,000
Total One-time Costs	\$0	\$4,654	\$73,663	\$58,230
Ongoing Costs				
Current System Licensing	\$10,800	\$29,040	\$29,040	\$0
Fleet Management Software Licensing	\$0	\$15,000	\$15,000	\$15,000
Work Order Management Software Licensing	\$0	\$0	\$0	\$18,000
Labour associated with work order mgmt.	\$77,111	\$57,772	\$8,412	\$8,412
Fleet expenses associated with repair work	\$746,141	\$706,271	\$706,271	\$706,271
Net Position	\$834,052	\$808,084	\$758,723	\$747,683

- ▶ With mobile access, work orders can be closed immediately, rather than having to return to the centre. Additionally, the capability for prioritization of work orders reduces management labour required to review and allocate. Time managing work orders is based on 2018 work order volumes.
- ▶ Better managed maintenance of vehicles will reduce the cost of repairs by 5%.

Recommendations

16. Consolidate fleet vehicles (1/4)

Situation

The Operations division requires a variety of different vehicles to complete its broad scope of work. The Division currently has 151 vehicles in the fleet.

- ▶ To get the most value from the vehicle, it should be used to the fullest extent possible. A vehicle used eight hours a day will have a lower cost of ownership than a vehicle used four hours a day because there are a range of fixed costs associated with each vehicle.
- ▶ As well as the cost to purchase the vehicle other fixed costs include storage, licensing, time-based maintenance, insurance and seasonal change-over.

Over time, as workloads change, the fleet will change as will the usage of individual vehicles.

- ▶ By reviewing the fleet utilization, we may identify vehicles that are underutilized and may not be required in the fleet any longer. The vehicle usage can be consolidated to another vehicle, increasing its utilization and reducing the total cost of ownership.
- ▶ Additionally, vehicles with lower utilization may signal work that would be better contracted out.

Vehicles are not available the same amount of hours in each season

Mowers are not used during winter, for example, but are required extensively during summer.

- ▶ For each type of vehicle, we created a number of available hours for each season, shown in the table below.

Vehicle Type	Winter	Summer
Backhoe	455	910
Baseball groomer	0	910
Cargo van	910	910
Chipper	0	910
Excavator	455	910
Flatbed	455	910
Grader	910	910
Litter	0	910
Loader	455	910
Mower	0	910

Vehicle Type	Winter	Summer
Packer	910	910
Pickup	910	910
Plow dump truck	2730	910
Roller	230	910
Tractor	230	910
Trailer	230	910
Transporter	230	910
Turf	0	910
Turf topper	0	910

Recommendations

16. Consolidate fleet vehicles (2/4)

We cannot expect vehicles to be 100% utilized, but highlighted in the table to the right are the vehicle pools with low average utilization

The shading provides a visual indication of the relative utilization.

- - 60-100% utilization
- - 30-60% utilization
- - 0-30% utilization

- ▶ Chippers, excavators, hot-mix transporters and turf utility vehicles have moderate utilization, but the Town has few numbers of these vehicles. They are required for the work, so no reduction is possible.
- ▶ The fleet of mowers, tractors and trailers can be reduced slightly to increase utilization.
- ▶ The backhoe is a required piece of equipment but has a very low utilization. While the Town must have access to one, renting or forming lending agreements with other municipalities may be more economical. This is similar with the litter vacuum and rollers as they also have very low utilization.
- ▶ The utilization suggests the Town could operate with fewer flatbeds and wheel loaders.
- ▶ The plow dump trucks (tandems) have a low utilization, but we expect this to some extent, as the fleet should be sized to meet the MMS during a winter event. The Town should consider whether the trucks can get more utilization during summer months on other tasks.

Vehicle Type	Number in Fleet	Average of Utilization
Backhoe	1	19%
Cargo van	3	91%
Chipper	1	45%
Excavator	1	60%
Flatbed	2	26%
Grader	1	14%
Litter	1	1%
Loader	5	23%
Mower	22	54%
Packer	2	85%
Pickup	47	80%
Plow dump truck	18	15%
Roller	2	19%
Tractor	10	45%
Trailer	21	40%
Transporter	1	31%
Turf utility	3	39%
Turf topper	1	8%

Recommendations

16. Consolidate fleet vehicles (3/4)

The Town should consider Option 2 – Reduce Fleet Size

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	Continue operating with current fleet size.	<ul style="list-style-type: none"> ▶ Retain vehicle specialization. 	<ul style="list-style-type: none"> ▶ High fixed costs (storage, licensing, etc.) 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.
2. Reduce Fleet Size	Consolidate and eliminate under-utilized vehicles	<ul style="list-style-type: none"> ▶ Higher utilization of a vehicle represents a higher return on the asset or a lower total cost of ownership. ▶ The fixed costs associated with fleet will come down. ▶ Lower capital investment in fleet. 	<ul style="list-style-type: none"> ▶ Some consideration would need to be given to vehicle specialization, which may be the reason some vehicles have lower utilization. To implement changes, it may require some vehicles to be retired in their normal cycle to then be replaced by more generalist vehicles. 	<ul style="list-style-type: none"> ▶ Net position will improve by up to ~\$143k.

Additional observations:

There may be some benefit from reducing the variety of models and manufacturers in the fleet. Pickups are the most numerous vehicle. There are seven different models from two manufacturers in use. While the fleet is generally consistent, there is small amount of additional standardization that could be achieved.

Recommendations

16. Consolidate fleet vehicles (4/4)

Recommendation

- ▶ Eliminate rollers and litter vacuum and rent equipment to meet the Divisions needs.
- ▶ Reduce other fleet vehicles by the amounts shown in the table below.
- ▶ The analysis to the right also includes eliminating the backhoe. We present the economic effect of this change to support decision making. Management has strongly indicated that a backhoe is required, particularly during for after-hours calls when fast access is particularly required. In this situation, management has concerns on having to rent the vehicle or having to access it from another municipality. These operational concerns may outweigh the economic benefit.

Key Assumptions

- ▶ The Town would receive a benefit of \$114k from the sale of the vehicles at 10% of the replacement value.
- ▶ Maintenance will be reduced as external contractors will not be required for these vehicles. Internal staff time will be reallocated to maintaining remaining fleet, further reducing the external labour costs.
- ▶ By rationalizing the fleet as described, the Town would see a fall in ongoing costs by approximately \$142k.
- ▶ Amortization is straight line over the lifecycle of each vehicle.
- ▶ To replace the rollers and litter vacuum, we have used commercial rental rates applied to the hours used to get the rental charges.

Note: In 2018, a number of units for Mowers and Loaders were at the end of their life expectancy, resulting in higher than usual costs to maintain these units.

	Option 1 - Status Quo	Option 2 - Consolidate Fleet
Financial Impact		
One-time		
Revenue from sale of vehicles	\$0	\$114,100
Ongoing		
Costs		
Insurance	\$63,000	\$58,593
Amortization	\$1,620,016	\$1,529,518
Lube oil internal	\$5,595	\$5,362
Materials external	\$557,362	\$508,119
Outside labour	\$188,779	\$156,759
Rental charges	\$0	\$33,770
Net Position	\$2,434,752	\$2,292,121

	Change	Current Utilization	Forecast Utilization
Mowers	-5	54%	69%
Trailers	-2	40%	50%
Tractors	-3	45%	65%
Loaders	-3	23%	57%

Recommendations

17. Change to leasing vehicles (1/5)

Situation

The Town currently buys all of its fleet vehicles outright. Management estimate the replacement cost of the current fleet to be \$16.3 million.

- ▶ Leasing vehicles lowers the capital tied up in the fleet assets and may reduce the total cost of ownership of the vehicles.

Leasing

A lease is similar to a rental, the Lessee has use of the vehicle for the duration of the lease, but does not own the vehicle.

- ▶ The Lessee can chose an initial payment and the Lessor will guarantee a value to the vehicle at the end of the lease.
- ▶ For the period of the lease, the Lessee must repay the purchase price, less the down payment and less the residual value. The lessee must also pay the interest on the purchase price minus the down payment.
- ▶ The table to the right outlines some of the key terms related to leasing.
- ▶ To compare the cost of leasing with that of purchasing, we calculate the present values of the leasing cash flow using the Town's discount rate. We then compare this to the purchase price less the discounted residual value of the vehicle
- ▶ It is our understanding that moving from purchasing to lease does not impact the development charges calculation.¹ If additional fleet equipment is required to maintain additional infrastructure, the lease cost can be included in the development charge

	Definition
Lease Interest Rate	<ul style="list-style-type: none"> ▶ The rate you get is based on your credit score. Different dealerships will offer different interest rates. ▶ Use a rate between 2% and 5% if the Town has a strong credit, between 6% and 9% for average credit and between 10% to 15% for poor credit.
Down Payment	<ul style="list-style-type: none"> ▶ A payment made in cash during the onset of the lease.
Residual Value	<ul style="list-style-type: none"> ▶ The vehicle's worth at the end of the lease term. This value depends on the depreciation rate of the vehicle.
Lease Term	<ul style="list-style-type: none"> ▶ The number of months the lease term lasts for.

Recommendations

17. Change to leasing vehicles (2/5)

There are many variables associated with leasing

We modelled the effect of changing three of the variables on the decision to lease or to buy. Appendix B contains the complete working tables for each of the examples to the right.

- ▶ We used an example of a Dodge Ram 4X4 with a purchasing price of \$93,215.
- ▶ In the first example, we varied the interest rate between 1.5% and 3.5%. With a down payment of \$10,000 and a residual of 35%. When the interest rate is less than 2.46%, it is more economical to lease.
- ▶ In the second example, we held interest and residual steady and increased the down payment. Increasing the down payment up to \$30,000 keeps the case for leasing, however, after that buying is a better decision. In combination with interest rates, increasing down payment allows you to increase interest rate slightly while still favouring leasing.
- ▶ Finally, we held down payment and interest steady and decreased the residual value. Lower residual values favour leasing, with \$35,000 being the point at which buying becomes more favourable.

Leasing is most beneficial with a low down payment and a low residual value at the end of the lease.

	Example 1	Example 2	Example 3
Purchase price	\$ 93,215	\$ 93,215	\$ 93,215
Down payment	\$ 10,000	\$ 30,000	\$ 10,000
Lease months	60	60	60
Interest	2.46%	2.46%	2.46%
Residual value	\$ 32,626	\$ 32,626	\$ 35,000
	Lease	Buy	Lease

Recommendations

17. Change to leasing vehicles (3/5)

The Town should consider Option 1 – Status Quo monitor leasing terms are beneficial, i.e. interest rates are very close to, or below, the Town's discount rate

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	This option is to continue buying vehicles.	<ul style="list-style-type: none"> ▶ Least disruptive option. ▶ Flexibility in structuring fleet (vehicle types, length of time owning, etc.). ▶ Minimal administrative effort. 	<ul style="list-style-type: none"> ▶ Increased capital. ▶ Potentially higher maintenance costs due to vehicle age. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.
2. Lease vehicles	This option is to lease vehicles. This should only be considered if all the leasing parameters are met.	<ul style="list-style-type: none"> ▶ Increases certainty – within the parameters of the lease, you know what you will have to pay and when. With a purchased vehicle, resale value is hard to determine accurately. ▶ While not quantified here, leasing will typically lower the average age of vehicles – which in turn should reduce the maintenance cost of vehicles. ▶ Leasing also allows the Town to direct its capital towards other projects. 	<ul style="list-style-type: none"> ▶ The analysis contained here uses interest rates today, which remain at historically low levels. This analysis should be repeated if lease rates change. ▶ Reduction in the flexibility the Town has as the lease terms will dictate the length of time the Town will have the vehicle. ▶ Some argue the value of a vehicle is in the tail of its useful life. Vehicle value does not fall in a straight line, but more rapidly in the first few years. ▶ Leasing does not transfer any of the risks of ownership or the costs of maintenance. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.

Recommendations

17. Change to leasing vehicles (4/5)

Recommendation

Comparing leasing to purchasing suggests that leasing is only economically valid when the interest rate on the lease is within 0.3% of the Town's discount rate.

- ▶ The rate currently is 2.43%, meaning lease rates less than 2.7% interest would economically be better than purchase.
- ▶ Making a low down payment and/or reaching the end of the lease period with a low residual value of the vehicles can improve the economic returns.

Leasing Parameters

With the following parameters, leasing is 0.9% less expensive than purchasing outright.

- ▶ Lease rate = 2.25%
- ▶ Down payment = \$10,000
- ▶ Residual value = 35%

Financial Impact	Option 1 - Status Quo	Option 2 – Lease Vehicles
<p>This analysis is highly sensitive to the inputs and a relatively small change to any input can change the recommendation. The option to lease should not be considered unless all leasing parameters are met. The Town should also consider the risks or barriers before concluding on the lease decision.</p>		

Recommendations

17. Change to leasing vehicles (5/5)

Renting for seasonal workers

Summer employees working four months also require vehicles. However, with fewer staff in the balance of the year, these vehicles will get less utilization. Rather than purchasing or leasing, renting could be a more economical approach.

- ▶ The table to the right highlights the annual costs of owning versus renting one pickup truck (Dodge Ram 1500).
- ▶ If the Division rents the truck for four months of the year at the current common rental rate of \$480 per week, the annual costs would be \$8,000.
- ▶ The cost of ownership are a combination of depreciation and maintenance, which total just over \$11,000 for the same vehicle.
- ▶ When compared side-by-side, leasing is approximately 25% less costly than outright ownership.

While our analysis is specific to pickup trucks, other potential vehicle candidates could include mowers and tractors – vehicles that are used only during the summer months for park maintenance.

- ▶ We suggest the Division review current vehicle usage to identify those that are used seasonally – specifically, for a short period of time - and consider taking on rental units instead of ownership.

Financial Impact	Owning Vehicle	Renting Vehicle
Rental charges	\$0	\$8,319
Depreciation	\$7,500	\$0
Maintenance costs	\$3,880	\$0
Annual Costs	\$11,380	\$8,319

Leasing vehicles and renting for the short term are not mutually exclusive

If parameters are met, leasing can be a viable option for vehicles that the Town requires for much of the year. Whereas renting is only beneficial for seasonal vehicles (used 4 months or less a year).

Recommendations

18. Plow side-streets sooner (1/4)

Situation

Feedback from the resident survey indicates an overall dissatisfaction with the timeliness of plowing side streets. The legislated minimum maintenance standards for side streets are lower than for main streets (see table to below). During winter events this means they are addressed later than main roads and less frequently.

- ▶ Currently, the majority of side streets are maintained by contractors. The MMS allows up to 24 hours to get to these class 5 streets, while contractors address these roads within 8-24 hours. The average contract costs for winter maintenance over the past five years was \$549,347 (as per the Division's 2018 Financial Statements).

MMS Class	Ln Km	MMS Plow (Hrs)	Town Class	Actual Plow (Hrs)
Roads - Service Class 1	77.13	4	N/A	N/A
Roads - Service Class 2	251.39	6	A	4-6
Roads - Service Class 3	366.37	12	B	8-12
Roads - Service Class 4	528.23	16	C	12-16
Roads - Service Class 5	419.77	24	D	8-24
Roads - Service Class 6	32.59	No standard	E	14-24

Note: Vaughan has implemented a performance-based contract:

<https://www.vaughan.ca/news/Pages/Vaughans-trendsetting-winter-road-maintenance-contract-is-the-first-of-its-kind-in-Ontario.aspx>

There may be two reasons when side streets are not plowed sooner

Root cause one:

- ▶ Side streets are more narrow than main roads, making it difficult for larger vehicles to access, particularly with parked cars. This means that the presence of parked cars may be preventing contractors from plowing the side streets sooner. Where vehicles can access the street, staff and contractors may have to plow side streets a second time after parked cars move.
- ▶ To manage this, on occasion, enforcement is used to encourage residents to move parked cars, but this can introduce a delay of 24 hours.

Root cause two:

- ▶ To manage the cost, the resources put to side street plowing are adequate to have streets cleared with the MMS. To reach a higher service standard would require additional resources.

Recommendations

18. Plow side streets sooner (2/4)

Solution to root cause one: discourage residents from parking on roads

With respect to accessing the side streets, Milton is not alone with this situation.

- ▶ Modern residential developments tend to have lanes that are approximately 10 foot wide. Which is the case in much of the recently developed subdivisions in Milton.
- ▶ The Town enforces an overnight prohibition of on-street parking between 2 am and 6 am, which is common at municipalities in the region. However, the Division has expressed that residents do not abide and continue to park overnight.
- ▶ Increasing enforcement for during the winter months, whereby bylaw officers patrol side streets ticketing those parked during parking prohibition periods, will likely deter this behaviour.
- ▶ Additionally, during severe winter events, it is likely that parking prohibition will need to extend past the prescribed time. This will also require increased enforcement.
- ▶ We have assumed that increased enforcement from October to March will reduce the volume of parked cars, making side streets physically more accessible for contractors and staff to plow sooner and alleviating the need for multiple plow trips.

Solution to root cause two: increase funding and resources

In order to address side streets sooner, additional resources would be required.

- ▶ Assuming the average service standard is 12 hours, reducing this to 8 hours would require an additional 50% of resources. Since this work is currently largely contracted out, we can directly calculate an increase in contract costs using the 2015-2018 financial data provided by the Division.

To achieve a 30% reduction in the time to plow side streets would increase current contract costs by \$274,673.

- ▶ With the average annual contract costs for winter maintenance being \$549,347. To change the time from 12 hours to 8 hours we have prorated the costs.

Additionally, more narrow snowplows could be used, which is what Toronto does and Toronto does not require a prohibition of on-street parking. With contractors dedicated to side streets, they would require this equipment.

Recommendations

18. Plow side-streets sooner (3/4)

The Town should consider Option 2 – Plow Sooner

Option	Description	Benefits	Risks	Financial Impact
1. Status Quo	This option is to continue operating with current practices.	<ul style="list-style-type: none"> ▶ Least disruptive option to staff and service delivery. ▶ Lower operating costs. 	<ul style="list-style-type: none"> ▶ Resident dissatisfaction. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged.
2. Enforcement Campaign	This option is to increase parking enforcement for one-time 6-month period.	<ul style="list-style-type: none"> ▶ Substantial reduction in the number of residents that park on the street. ▶ Without cars impeding access to the streets, the Division will be able to get to the side streets sooner with the current contractors, staffing and vehicles. 	<ul style="list-style-type: none"> ▶ Higher operating costs due to additional bylaw enforcement officers and their required equipment. 	<ul style="list-style-type: none"> ▶ Net position remains unchanged. However, there is limited data available to accurately calculate all the potential costs and savings.
3. Plow Sooner	This option is to reduce the time it takes to plow side streets during winter storms.	<ul style="list-style-type: none"> ▶ This opportunity is a service level increase and contemplated based on resident and staff feedback. ▶ Improve resident satisfaction with winter conditions in Milton. ▶ There is the possibility of fewer accidents on side streets with improved road conditions. 	<ul style="list-style-type: none"> ▶ Plowing routes need to be considered to ensure both main and side streets are coordinated. ▶ Higher operating costs (including increased fleet and contracted staff). ▶ Will require changes to contract terms. 	<ul style="list-style-type: none"> ▶ Net position will increase by up to ~\$275k.

Recommendations

18. Plow side-streets sooner (4/4)

Recommendation

- ▶ Increase the service level so that side streets are plowed 30% sooner.
- ▶ The majority of side streets are plowed by contractors, an increase in service level would lead to an increase in the current contract costs.

Key Assumptions

- ▶ For an annual parking enforcement program, we've assumed the Town would contract additional bylaw officers during the winter months to increase coverage during the overnight parking prohibition hours.
- ▶ Assuming that at least half of the Class 5 roads are monitored by current bylaw officers and that the additional officers would cover 10 km of side streets an hour, we believe four bylaw officers would adequately cover the remaining side streets. Additional costs include contracted administrative staff to cover the increase in resident concerns and parking tickets.
- ▶ However, there is limited data to support the need to increase enforcement. The Division does not currently track workload metrics and is unable to provide information related to the current number of parked cars on the road, the length of time they wait for cars to be moved, or the number of times contractors (or staff) need to revisit the roads to plow once cars move. As such, it is not possible to quantify whether additions to the contract are required, or any potential financial savings or revenue.

Financial Impact	Option 1 - Status Quo	Option 2 - Enforcement	Option 3 - Plow Sooner
One-time			
Costs			
Materials and supplies	\$0	\$7,652	\$0
Total One-time Costs	\$0	\$7,652	\$0
Ongoing			
Costs			
Enforcement staffing	\$0	\$134,315	\$0
Truck plowing contract	\$549,347	\$549,347	\$824,021
Net Position	\$549,347	\$683,662	\$824,021

- ▶ For option 3, we believe the service standard on side streets would not affect the ability of the Town to maintain other streets to the MMS.
- ▶ Contract costs would increase linearly as service standards are improved.
- ▶ The contract cost to plow side streets is currently ~\$550,000 based on 2015-2018 financial data provided by the Division.
- ▶ Reducing time to clear side streets by 30% would cost the Town and additional ~\$275,000.



IMPLEMENTATION PLAN

Implementation Plan

We propose Community Services begin immediately on implementing some opportunities

2019	2020	2021	2022+
<div data-bbox="96 368 741 618" style="border: 1px solid black; padding: 5px;"> <p>Short Term (18 months)</p> <ul style="list-style-type: none"> 1. Invest in energy management 2. Introduce service standards 9. Rebalance Design and Construction resourcing </div>	<div data-bbox="741 634 1391 1022" style="border: 1px solid black; padding: 5px;"> <p>Medium Term (24 months)</p> <ul style="list-style-type: none"> 8. Change the in-house advertising operating model 10. Review recreation user fees and cost recovery </div>		<div data-bbox="1423 634 1831 1022" style="border: 1px solid black; padding: 5px;"> <p>Long Term (36 months)</p> <ul style="list-style-type: none"> 3. Repurpose the outdoor pool 5. Change the Town's Seniors' Centre operating model </div>

This proposed implementation plan takes into consideration urgency, dependencies and estimated effort. We recommend that following acceptance of this report, the Town further validates the supporting assumptions, develops more detailed implementation plans and creates a plan of action to implement those recommendations as deemed appropriate and based on resources / capacity.

Implementation Plan

The implementation schedule takes into account the seasonality of Operations' work and positions projects accordingly

2019	2020	2021	2022+
<div data-bbox="96 368 741 618" style="border: 1px solid black; padding: 5px;"> <p>Short Term (18 months)</p> <ul style="list-style-type: none"> 14. Forecast workload of new infrastructure 16. Consolidate fleet vehicles 12. Convert seasonal workers¹ OR 13. Reschedule seasonal workers¹ </div>	<div data-bbox="741 634 1391 1022" style="border: 1px solid black; padding: 5px;"> <p>Medium Term (24 months)</p> <ul style="list-style-type: none"> 15. Increase automation from IT 11. Garbage in parks </div>		<div data-bbox="1425 634 1831 1022" style="border: 1px solid black; padding: 5px;"> <p>Long Term (36 months)</p> <ul style="list-style-type: none"> 17. Change to leasing vehicles² 18. Plow side streets sooner </div>

This suggested timing for implementation is based on aligning the go-live of projects with the next season of work. For example, given this report will be delivered to the Town in July, it would not be possible have the side street plowing implementation complete before the winter of 2020 begins. In addition, we recommend that following acceptance of this report, the Town further validates the supporting assumptions, develops more detailed implementation plans and creates a plan of action to implement those recommendations as deemed appropriate and based on resources / capacity.

Note: 1 Opportunities 12 and 13 are mutually exclusive, if the Town does one, it cannot do the other one.

Note: 2 The decision to lease will be based on the economic conditions that prevail.

Implementation Plan

Milton should establish a governing program to oversee the implementation of the changes

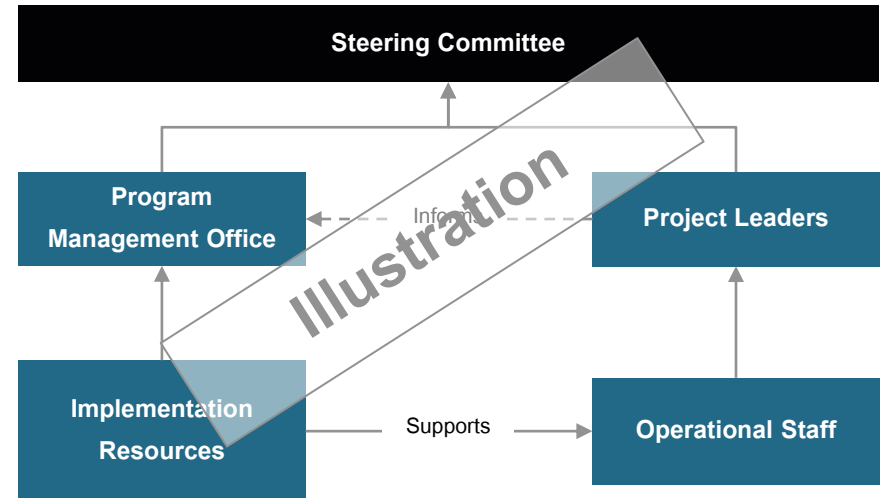
This report contains a large number of changes for the Town to consider

The high priority opportunities have a business case present in this report, and the remaining valid opportunities are allocated to management to complete the investigation and implementation.

- ▶ To help ensure that adequate rigour is placed on the analysis and implementation planning, we recommend the Town establish an implementation governance body.
- ▶ Departmental and divisional staff have full-time jobs, which makes it more difficult to allocate the time and attention required to investigate and implement change.
- ▶ Having a governing body will help identify the resources required, maintain an even standard of investigation and hold managers accountable to their commitments.

The diagram to the left shows a common structure for governing and managing a change program of this nature.

- ▶ The steering committee would typically be made up of senior leaders, to which both the project leaders and program management office (PMO) would report.
- ▶ The PMO would hold the overall program schedule and benefits plan. Additionally, the PMO would have access to resources such as project managers to assist executing the initiatives.



All too often, success is declared when an initiative is implemented and no one confirms the anticipated benefits are achieved

- ▶ Through this review, it was clear that there are many areas where the Town does not have good (accurate, complete, and easily accessible) data that would assist in measuring the impact of changes.
- ▶ At the beginning of any initiative, the anticipated benefits should be clearly defined, which will allow the PMO to identify what data would be required to measure the benefits occurred and to design methods for gathering that data after the initiative is launched.

This governance structure is an example and option for the Town to consider. We recommend that the Strategic Management Team (SMT) decide on the best structure for managing / monitoring progress of initiatives.

Implementation Plan

While conducting reviews of this nature, we make observations that may not directly relate to the scope

Both Community Services and Operations provide resident impacting services and thus have a common need to focus on the customer experience, the resident. However, this is not always the case if culture, alignment and performance do not support this resident centric lens. For example, if metrics are about completing a checklist staff may miss small opportunities that benefit the resident experience.

This can also cause misalignment between Community Services and Operations if either is more resident-focused than the other, creating an inconsistent resident experience. We suggest that the two (Community Services and Operations) need to harmonize their views – culture, alignment and performance - to focus on the resident experience.

Culture

- ▶ The staff in both Community Services and Operations are practical and focused on getting their work done. Events that take them away from the day-to-day work are interruptions. These interruptions often relate to resident priorities, whether raised by council, senior management or residents themselves.
- ▶ If Milton is elevating the importance of service and resident first, all staff within Community Services and Operations will need to orient in that direction. Simply stating that resident service is important, does not change the need to get the day-to-day work completed.
- ▶ The Town will need to work on how it can integrate the practical work with meeting expectations and resolving complaints. Citizens purchase goods and services from the Town and expect customer service for their dollar.

The customer experience is measured at the time the goods and services are needed not on a task schedule. For example, when a customer arrives at a field or diamond that has not been prepared for play, the customer is expecting the issue to be addressed at that time.

Alignment

- ▶ Typically, staff want to do a good job – be seen as doing a good job. One barrier to doing a good job is factors outside of their control. Where the measure of doing a good job is not clear, staff will typically default to measures they can control.
- ▶ This appears to be the case with Operations and the measures they use, e.g. Minimum Maintenance Standards (MMS) may not align to how the Town would wish to measure a good job. MMS must be achieved, but the Town should be clear about whether that alone demonstrates doing a good job.

Performance

- ▶ Much of the work of Operations is legislated, with minimum standards of performance. While the focus is on meeting these standard, it does not have alternate measures that prioritize improvement.
- ▶ In fact, much of the MMS focus on activity – plow within a certain number of hours, inspect a road a certain number of times a week.

The Town should consider implementing performance and outcome-based measures to incent service improvements. For example, reducing the unit cost of winter maintenance each year.

APPENDICES

APPENDIX A
COMMUNITY SERVICES –
SUPPLEMENTARY PAGES

Appendix A

General - Recreation facilities across Milton

Facility	Description	Specifications	Includes	Hours open to Public
FirstOntario Arts Centre Milton (FOACM)	The FirstOntario Arts Centre Milton provides creative, artistic experiences that include education, summer camps, performance, and gallery exhibitions.	<ul style="list-style-type: none"> ▶ 90,375 square feet ▶ Built in 2011 	<ul style="list-style-type: none"> ▶ 2 Theatres ▶ Library ▶ Art Studios / Gallery ▶ Meeting Room 	<ul style="list-style-type: none"> ▶ 830am to 9pm (Mon to Fri) ▶ 930am to 5pm (Saturday) ▶ 1pm to 5pm (Sunday)
Indoor Turf Centre	The Indoor Turf Centre is an indoor air-supported structure in the fall/winter.	<ul style="list-style-type: none"> ▶ 80,000 square feet ▶ Built in 2014 	<ul style="list-style-type: none"> ▶ Turf sports ▶ Joint use HCDSB 	<ul style="list-style-type: none"> ▶ 5pm to 11pm ▶ 8am to 11pm (weekends) ▶ Season: November - April
John Tonelli Sports Centre (Tonelli)	The John Tonelli Sports Centre is a single pad arena for hockey and skating in the fall/winter and lacrosse and ball hockey in the spring/summer	<ul style="list-style-type: none"> ▶ 33,875 square feet ▶ Built in 1978 	<ul style="list-style-type: none"> ▶ Community Room ▶ Single Pad 	<ul style="list-style-type: none"> ▶ 230pm to 10pm ▶ 7am to 5pm (weekends)
Mattamy National Cycling Centre (MNCC)	The only Mattamy National Cycling Centre of its kind in Canada, and only the second in North America. It serves as both a community recreation facility and a venue for provincial, national and international events.	<ul style="list-style-type: none"> ▶ 150,000 square feet ▶ Built in 2015 	<ul style="list-style-type: none"> ▶ Cycling track ▶ Weight Room ▶ Fitness Centre / Studio ▶ 3 Gymnasiums ▶ Meeting rooms ▶ Walking / Running track 	<ul style="list-style-type: none"> ▶ 6am to 11pm
Milton Leisure Centre (MLC)	Milton Leisure Centre is a recreational centre offering fitness, swimming, and other special interest programs.	<ul style="list-style-type: none"> ▶ 45,605 square feet ▶ Built in 1991 	<ul style="list-style-type: none"> ▶ Pool ▶ Gymnasium ▶ Weight room ▶ Fitness Centre / Studio ▶ Meeting Room 	<ul style="list-style-type: none"> ▶ 530am to 11pm

Source: Town Website; Town provided information (2019)

Appendix A

General - Recreation facilities across Milton

Facility	Description	Specifications	Includes	Hours open to Public
Milton Memorial Arena (Memorial Arena)	Milton Memorial Arena is open all year long with a single pad arena for hockey and skating in the fall/winter and lacrosse, ball hockey and other events in the spring/summer.	<ul style="list-style-type: none"> ▶ 37,250 square feet ▶ Built in 1975 	<ul style="list-style-type: none"> ▶ Single pad arena ▶ Community Room 	<ul style="list-style-type: none"> ▶ 3pm to 11pm ▶ 7am to 1230am (weekends)
Milton Seniors' Activity Centre (MSAC)	The Milton Seniors' Activity Centre. A facility for adults 55+ with registered and drop-in programs – from trips and tours, to special events and activities.	<ul style="list-style-type: none"> ▶ 22,000 square feet ▶ Built in 1950 	<ul style="list-style-type: none"> ▶ Community Rooms 	<ul style="list-style-type: none"> ▶ 830am to 10pm ▶ 930am to 9pm (weekends)
Milton Sports Centre (MSC)	The Milton Sports Centre offers skating, fitness, swimming, preschool programs, walking track and other special interest programs.	<ul style="list-style-type: none"> ▶ 248,350 square feet ▶ Built in 2003 	<ul style="list-style-type: none"> ▶ 4 ice pads ▶ Pool ▶ Gym ▶ Meeting Rooms 	<ul style="list-style-type: none"> ▶ 6:30am to 12:30am
Sherwood Community Centre (SCC)	<i>Opening in 2019</i> Sherwood Community Centre is a multi-use facility offering fitness, swimming, skating and other general interest programs.	<ul style="list-style-type: none"> ▶ 130,000 square feet ▶ Built in 2019 	<ul style="list-style-type: none"> ▶ 2 ice pads ▶ Pool ▶ Meeting rooms ▶ Branch library ▶ Fitness Studio 	<ul style="list-style-type: none"> ▶ 9am to 11pm ▶ 8am to 10pm (weekends)

Appendix A

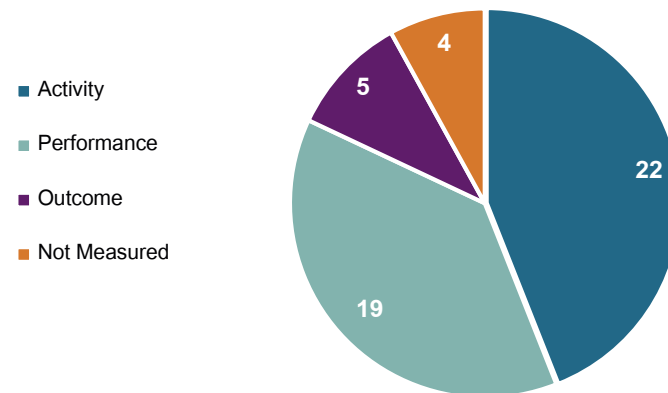
Community Services' Service Summary - KPIs

The majority of the Department's services are discretionary

Unlike legislated services that have mandated services standards, discretionary service standards are self-imposed – it is completely within the power of the municipality to decide to track performance measures against their services.

- ▶ The informal service standards provided in the service profiles were a mix of activity, performance and outcome-based measures (as shown in the graph to the right).
- ▶ In comparison to Operation's services, Community Services have fewer activity-based service standards. This is to be expected, as discretionary services are provided to the community with the intent to improve quality of life. As such, performance and outcome-based metrics are more suitable.
- ▶ We are unable to comment on the Departments performance as staff only indicated whether service standards are being achieved for 20% of the services.
- ▶ However, we presume that the Department is meeting the High Five service standards within the Recreation portfolio – Canada's comprehensive quality standards for children's sport and recreation programs. For Milton to maintain accreditation, the Town must demonstrate meeting the High Five outcome measures.

Standard by Type*



Below are a few examples of services standards provided in the Service Profiles:

- | | |
|--------------------|---|
| Activity | <ul style="list-style-type: none">▶ Annual certification on fire safety equipment▶ Completion of capital projects within one year of budget approval |
| Performance | <ul style="list-style-type: none">▶ Camp fill rates▶ Change in attendance (retention)▶ Quarterly spending trends |
| Outcome | <ul style="list-style-type: none">▶ Resident satisfaction▶ HighFive quality standards |

Notes: * Based on what Community Services currently measures

Appendix A

Community Services' Service Summary - KPIs

Using performance indicators can be helpful for improving service delivery and supporting decision-making

Service standards provide staff with performance targets and outline service expectations. Ultimately, service standards should measure whether you are achieving the intent of the service and indicate where you should consider changes to better meet the objective of the service.

- ▶ Our assessment suggests that 66% of services have standards that adequately measure the intent.
- ▶ In the table to the right, we describe the intent of each portfolio as we understand it to be and provide a mixture of activity, performance and outcome service standards that would adequately measure that intent.

While discretionary services do not require the Department to set service standards, doing so will make it easier to manage operations and enhance service delivery.

Recreation To promote active and healthy lifestyles	<ul style="list-style-type: none"> ▶ Participation by age group ▶ Registration and waitlist ▶ Cost recovery 	<ul style="list-style-type: none"> ▶ Health/lifestyle benefits (increased happiness, decreased illness)
Facilities To provide safe facilities for residents	<ul style="list-style-type: none"> ▶ Facility utilization ▶ Resident satisfaction ▶ Contract performance 	<ul style="list-style-type: none"> ▶ Accessibility ▶ Response times per maintenance request
Design and Construction To efficiently and effectively increase Town infrastructure	<ul style="list-style-type: none"> ▶ Resident engagement ▶ Financial performance (cost effectiveness) 	<ul style="list-style-type: none"> ▶ Turnaround times (RFP's, reporting etc.)
Parks and Facility Planning To ensure there is adequate recreational space	<ul style="list-style-type: none"> ▶ Number of parks ▶ Location of facilities (radius coverage) 	<ul style="list-style-type: none"> ▶ Facility space per resident ▶ Number of facilities
Arts and Culture To stimulate, promote and support the community through the arts	<ul style="list-style-type: none"> ▶ Length of time / frequency of showcases ▶ Satisfaction of attendees ▶ Timeliness of registration 	<ul style="list-style-type: none"> ▶ Success rates ▶ Opportunities for artists ▶ Volunteer base ▶ Community engagement
Community Development To provide financial support to those in need	<ul style="list-style-type: none"> ▶ Timeliness of application processing 	<ul style="list-style-type: none"> ▶ Aid per resident ▶ Minimum financial aid targets
Recreation Admin. Assist residents that have recreational queries	<ul style="list-style-type: none"> ▶ Customer satisfaction 	

Appendix A

#2 Introduce service standards - Initial service standards

Portfolio	Service	Outcome	Customers	Standards
Recreation	Recreation Programming	Providing many different affordable and accessible ways to be physically active therefore improving the overall health of the community.	Public	<ul style="list-style-type: none"> ▶ High Five ▶ Accessibility ▶ Ratio of participant/room size ▶ Fill rate ▶ Satisfaction ▶ Response time to queries of X
Facilities	Recreation Operations	Facilities are kept clean and well maintained for our customers to visit and staff to have an enjoyable place to work.	Public/Staff	<ul style="list-style-type: none"> ▶ Cleanliness ▶ Accessibility ▶ Environmental (Air Quality, Gas, Water, Temperature) ▶ Winter Control ▶ Hours of Operation ▶ Response time/maintenance
	Civic Operations		Public/Staff	
Planning, Design and Construction	Parks and Facilities	Provision of new (or redevelopment of) parks, trails and facilities.	Public	<ul style="list-style-type: none"> ▶ X% Green Space ▶ SqM/resident ▶ Park service radius ▶ Facility service radius

Appendix A

#2 Introduce service standards - Initial service standards

Portfolio	Service	Outcome	Customers	Standards
Arts and Culture	Art Gallery	Provision of a place for artists to showcase their creative works and recreation opportunities for residents. The gallery enriches and engages residents, artists and organizations through the provision of quality artistic experiences and opportunities that stimulate, promote and support the arts in Milton therefore improving the overall social well-being of the community.	Public	<ul style="list-style-type: none"> ▶ Fill rate (Weekend, Exhibition) ▶ Work sold
	Box Office	Provision of a welcoming atmosphere for customer engagement related to facility staff, department programs, rental activities and municipal services. Staff are responsive to the needs of customers, visitors and residents of the community.	Public	<ul style="list-style-type: none"> ▶ Hours of operation ▶ Response time to queries ▶ Payment options

Appendix A

#2 Introduce service standards - Initial service standards

Portfolio	Service	Outcome	Customers	Standards
Arts and Culture	Performance Space/Season	Provision of a place for artists to showcase their creative works and recreation opportunities for residents. Performances enrich and engage residents, artists and organizations through the provision of quality artistic experiences and opportunities that stimulate, promote and support the arts in Milton therefore improving the overall social well-being of the community.	Public	<ul style="list-style-type: none"> ▶ See Rec. Ops. ▶ Community space provided fill rate ▶ Fill rate (Occupied day, performance)
	Studio Programs & Camps	Provision of many different affordable and accessible recreation opportunities (drama, music, art) that encourage personal enjoyment and social well-being of the community.	Public	<ul style="list-style-type: none"> ▶ See Rec. Programs
	Volunteers	Provision of services that help to strengthen the community while empowering individuals to gain experience, develop skills, and have opportunities for socialization. Volunteering contributes to individual well-being and social cohesion in the community.		<ul style="list-style-type: none"> ▶ Meeting Town volunteer standards ▶ Fill rate ▶ Satisfaction of X

Appendix A

#2 Introduce service standards - Initial service standards

Portfolio	Service	Outcome	Customers	Standards
Community Development	Access to Recreation	Supporting families that cannot afford fees associated with Town recreation programs.	Public	<ul style="list-style-type: none"> ▶ Application processing in 14 days ▶ Response time to queries of X
	Grants & Subsidies	Supporting organizations that provide recreation, artistic and cultural programs and services for the benefit of the community.	Third Parties	<ul style="list-style-type: none"> ▶ Approval of grants based on set criteria ▶ Distribution of grants in XX days ▶ Response time to queries of X ▶ Distribution of grants in 15 weeks
Recreation Facilities Administration	Concessions	Provision of vending options and quality food service delivered promptly and courteously within recreation facilities that is responsive to customer needs.	Public	<ul style="list-style-type: none"> ▶ Hours of Operation ▶ Complaint/query response time
	Customer Service	Provision of a welcoming atmosphere for customer engagement related to facility staff, department programs, rental activities and municipal services. Staff are responsive to the needs of customers, visitors and residents of the community.	Public	<ul style="list-style-type: none"> ▶ Customer satisfaction of X% ▶ Complaint/query response time
	Revenue Generation	Allow a platform for business to promote/increase Town funding.	Public	<ul style="list-style-type: none"> ▶ X% of revenue from non-fee/levy sources ▶ Asset inventory fill rate ▶ Donor/sponsor retention rate

Appendix A

#4 Pursue different models for single purpose facilities – Case Study

	Case Study: Bluewater, Ontario	Case Study: Hamilton, Ontario
Model	Public-Private Partnership (P3 plan)	Management and operation agreement
Vendor	The Bayfield Arena Community Partners Association and the Bayfield Facility Initiative Team (BACPA/BFIT)	Nustadia Developments
Term	5 Years	N/A
Facility	Ice Rink in the Bayfield Complex	Ice Centre
Value	After the 5 years, it is projected to generate a reserve fund of around \$169,000.	The cost to develop the facility was \$16,800,000, whereby the City of Hamilton provided the up-front capital costs.
Description	<p>BACPA/BFIT developed a business plan to allow the group to operate the ice rink inside the Bayfield Complex. The Municipality was advised to work with a third-party facilitator/negotiator to work with both parties to develop a fair agreement.</p> <p>The P3 plan is expected to have one full time and two part time workers, which would be at a 50% less cost than current.</p>	<p>Mohawk 4 Ice Centre is a 136,000 square foot facility, which hosts four NHL sized ice surfaces, a restaurant, concession, sport retail outlet and a multi-purpose community room. It is managed and operated by Nustadia Developments through an agreement with the City. This agreement implies the facility will be sustainable in its operations and the debenture debt will be annually paid back so there will be no negative impact on the Tax Levy.</p>

Source: [Bluewater Delegation Request](#), [Mohawk 4 Ice Centre](#), [City of Hamilton Public Health & Community Services Department](#)

Note: No single pad arena comparators could be found, therefore case studies are predominantly based on quad pad arenas

Appendix A

#4 Pursue different models for single purpose facilities – Case Study

	Case Study: Coquitlam, British Columbia	Case Study: Oakville, Ontario
Model	Public Partnership with a Private Operator	Public-Private Partnership
Vendor	RF Properties	Oakville Soccer Club (OSC)
Term	30-Year Agreement	20-Year Operation Licence Agreement
Facility	Ice Arena	Soccer Centre
Value	Amortized over 30 years at \$1-1.6 million/year.	\$10.9 million, broken down: \$1 million contribution from the Town \$300,000 upfront contribution from the OSC \$9.5 million debenture issued by the Town that will be paid off through the annual fees paid by the OSC.
Description	<p>Planet Ice is an arena which hosts four ice pads in the Cape Horn Industrial Park in Coquitlam. Planet Ice along with another Public-Private arena, Poirier Sport and Leisure Complex, are the only two facilities which offer ice arena services in Coquitlam. These services include: hockey, skating, curling, sledge hockey, etc.</p> <p>The purpose of this partnership is to ensure the City can provide the appropriate level of ice services for its residents in all areas.</p>	<p>The Pine Glen Soccer Centre is officially owned by the Town of Oakville, while the OSC is responsible for its ongoing operation and finances.</p> <p>The centre is 100,000-square feet, with a full-sized regulation soccer field with FIFA class artificial turf that can be organized into four smaller fields. Not only is it being utilized by the OSC's 10,000 members, but it also accommodates other sports programs. The centre also has changerooms, public washrooms, a community meeting room, and a concession area.</p>

Source: [Coquitlam Draft Arena Services and Facilities Strategy](#), [‘Oakville Soccer Club opens new home’](#)

Note: No single pad arena comparators could be found, therefore case studies are predominantly based on quad pad arenas

Appendix A

#4 Pursue different models for single purpose facilities – Case Study

	Case Study: Calgary, Alberta	Case Study: Zurich, Ontario
Model	Owned by the City and Operated by a Third Party	Privately Operated
Vendor	YMCA	ALL-IN Canadas Scooter/BMX Mail-Order/Indoor Skatepark
Term	20-Year Occupancy Lease	Indefinite
Facility	Recreation Centre	Arena Turned into a Skatepark
Value	The YMCA entered a 20-year occupancy lease at a starting rate of \$27 per square foot per year for approximately 36,000 square feet (total value ~\$1m)	N/A
Description	<p>Remington YMCA in Quarry Park was one of four new recreation facilities the City of Calgary developed as part of the city's \$480 million investment to meet the demand for increased recreation services. The City of Calgary oversaw the planning, design and construction of all the facilities.</p> <p>Remington YMCA is a city-owned facility operated by YMCA Calgary. The 94,000 square foot facility provides leisure, recreational and community services and amenities.</p>	The All-In Skatepark is a good example of re-purposing a decommissioned arena into an indoor recreation centre by a private operator. It is one of the largest skateparks in Ontario at 40,000 square feet, which accommodates action sports like skateboarding, BMX bikes and scooters.

APPENDIX B

OPERATIONS – SUPPLEMENTARY PAGES

Appendix B

Operations service summary – KPIs

With the heavy use of paper, we are not able to confirm that service standards are met

Within the service profiles, 28 of the 34 services indicated they met or exceed the defined service standards.

- ▶ Beyond paper logs of activity, no performance reporting occurs. Periodically, managers will produce a report, such as the annual performance of winter maintenance required by the Province.
- ▶ This lack of reporting on measure will make it difficult to manage the performance standards.

Even if reporting was in place, most of the measures do not promote improvement in service delivery

We typically think of measures as one of three types, a measure of: activity, performance or outcome.

- ▶ Over half (57%) of these services have activity-based measures.
- ▶ 40% have a mix of activity-based and performance measures. Services that use the Minimum Maintenance Standards (MMS) for roads, sidewalks and signs have activity standards (e.g. frequency of highway patrolling) and performance standards (e.g. time to remove snow).
- ▶ None of the services have outcome measures.

Activity measures ensure specific work is completed, they do not confirm that services are being delivered to expectation.

- ▶ Performance and outcome metrics inform to what extent or how well the services are being delivered – it's these measures that encourage improvement or innovation.



Activity (or output)

These metrics are easier to plan and are a measure of what you are accomplishing. Typically, these measures are volume-based.

- ▶ Number of inspections
- ▶ Length of grass
- ▶ Height of snow



Performance (or efficiency)

These are a measure of how well you are accomplishing the task. Typically, these measures are efficiency-based like financial metrics or timeliness.

- ▶ Turnaround time
- ▶ Cost effectiveness
- ▶ Fall in costs of service



Outcome

These would be a measure of the goal itself. Typically, these measures are customer-centric metrics.

- ▶ Resident satisfaction
- ▶ Usage of parks
- ▶ Percentage coverage of weeds

Appendix B

Operations service summary – KPIs

To decide on which type of measure is most useful, it is important to first consider what being successful at an activity would look like – a good metric measures achieving the intent of the service

We reviewed the service profiles and assessed each measure on whether we believe it is appropriate for the service.

- ▶ The majority of the services with service standards (90%) have appropriate metrics for measuring successful service delivery.
- ▶ The services with service standards deemed not appropriate include trails and stormwater pond inspections. For these services, we would expect to see additional standards regarding turnaround times. For example, trail maintenance has metrics regarding inspection frequency, but it would be beneficial to set a minimum time to address trail deficiencies.
- ▶ In the table to the right, we provide example standards for the services that do not currently have standards or have standards that we feel do not adequately measure the intent of the service.

As well as more performance and outcome based measures, we would like to see some that relate to financial performance

While Operations must meet legislative service standards, this should be balanced with incentives to seek more cost effective ways of achieving that.

Service and Intent	Example Standards
<p>Rural grass cutting: Keep roadways clear from visual obstructions and provide an attractive streetscape.</p>	<ul style="list-style-type: none"> ▶ Maintain a specified grass height ▶ Remove debris once a week
<p>Stormwater management: Maintain the storm network without causing disruption to residents.</p>	<ul style="list-style-type: none"> ▶ Fix issues within 48 hours of inspection
<p>Trails: Provide clean and safe trails for public use.</p>	<ul style="list-style-type: none"> ▶ Inspect trails for fallen debris within 24 hours of weather event ▶ Fix trail deficiencies within 24 hours
<p>Forestry planning: Review all Town infrastructure to ensure adequate forestry design.</p>	<ul style="list-style-type: none"> ▶ Set turnaround times for site plan comments ▶ Submit site inspection results within 24 hours of inspection
<p>Fleet management: Provide fleet for Town-wide operations.</p>	<ul style="list-style-type: none"> ▶ Frequency of fuel inspection ▶ Turnaround time for emission testing
<p>Fleet maintenance: Ensure fleet is maintained and fully operational.</p>	<ul style="list-style-type: none"> ▶ Maintenance turnaround times ▶ Changeover deadlines

Appendix B

#11. Garbage in Parks – Case Study

Household Waste

While overflowing garbage is the immediate issue, the underlying cause is poor resident behaviour. To achieve a long term reduction of garbage in parks, this cause will need to be addressed. The table below highlights two examples of other governments addressing this issue.

	Case Study: State of Texas	Case Study: City of Winnipeg
Problem	In the 1980s, the Texas Department of Transportation was spending \$20 million annually on trash pick-up on highways.	In 2016, the municipality experienced high volumes of garbage dumping in public spaces.
Approach	<ul style="list-style-type: none"> ▶ Created “Don’t Mess with Texas” anti-littering campaign targeting key demographic (males, 16-25). ▶ Targeted the key demographics (young males, 16-25 years old). Offenders were fined up to \$500, and repeat offenders fined up to \$2000+ with 180-days of jail time. 	<ul style="list-style-type: none"> ▶ Installed cameras at various locations throughout the city where illegal dumping activities occurred. ▶ Offenders were fined \$100 for littering, \$600 for dumping garbage and \$2000 for large scale dumping of garbage.
Outcome	<p>Reduction of littering on Texas highways by 72% (1986-1990).</p> <ul style="list-style-type: none"> ▶ 1 year after start of campaign: 29% reduction of littering ▶ 2 year after start of campaign : 54% reduction of littering 	<ul style="list-style-type: none"> ▶ After a month of installation: 5 people charged, 3 convicted ▶ As of March 8, 103 investigations of illegal dumping, 15 are under investigation, and 34 resulted in enforcement, including \$16,800 in fines.
Lesson	<ul style="list-style-type: none"> ▶ An educational campaign tailored to the audience can have a high impact. 	<ul style="list-style-type: none"> ▶ Success with the use of enforcement technology.
Differences to Milton	<ul style="list-style-type: none"> ▶ The problem was littering on highways, not household garbage dumping in public garbage cans. 	<ul style="list-style-type: none"> ▶ Relied on a camera surveillance only. ▶ Winnipeg’s population is 7 times that of Milton.

Appendix B

#17. Change to leasing vehicles – Scenario analysis

Adjusting the lease interest rate has a large effect on the attractiveness of leasing

The table to the right shows the impact of increasing the lease interest rate.

- ▶ The example is a \$ 93,215 Dodge pickup, where a \$10,000 down payment is made and the residual value is 35% of the purchase price.

Scenario 1 – Interest

Interest	1.50%	2.25%	2.46%	3.00%	3.50%
Purchase price	\$ 93,215	\$ 93,215	\$ 93,215	\$ 93,215	\$ 93,215
Down payment	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Months	60	60	60	60	60
Residual	\$ 32,625.25	\$ 32,625.25	\$ 32,625.25	\$ 32,625.25	\$ 32,625.25
PV of residual	\$ 28,896.18	\$ 28,896.18	\$ 28,896.18	\$ 28,896.18	\$ 28,896.18
Capitalized cost	\$ 50,589.8	\$ 50,589.8	\$ 50,589.8	\$ 50,589.8	\$ 50,589.8
Depreciation	\$ 843.2	\$ 843.2	\$ 843.2	\$ 843.2	\$ 843.2
Money factor	0.000625	0.000938	0.001025	0.001250	0.001458
Interest	\$ 72.4	\$ 108.6	\$ 118.7	\$ 144.8	\$ 168.9
Monthly payments	\$ 916	\$ 952	\$ 962	\$ 988	\$ 1,012
Total paid	\$ 54,934	\$ 57,106	\$ 57,714	\$ 59,278	\$ 60,726
Present value	\$ 51,678.49	\$ 53,721.79	\$ 54,293.91	\$ 55,765.08	\$ 57,127.28
Total outlay PV	\$ 61,678.49	\$ 63,721.79	\$ 64,293.91	\$ 65,765.08	\$ 67,127.28
Total purchase PV	\$ 64,318.82	\$ 64,318.82	\$ 64,318.82	\$ 64,318.82	\$ 64,318.82
	4.1%	0.9%	0.0%	-2.2%	-4.4%
	Lease	Lease	Lease	Buy	Buy

Appendix B

#17. Change to leasing vehicles – Scenario analysis

Increasing the down payment makes leasing less attractive

The table to the right shows the impact of increasing the down payment

- ▶ The example is a \$ 93,215 Dodge pickup, with a lease interest rate of 2.46% and a residual value is 35% of the purchase price.

Scenario 2 – Down Payment

Interest	2.46%	2.46%	2.46%	2.46%	2.46%
Purchase price	\$ 93,215	\$ 93,215	\$ 93,215	\$ 93,215	\$ 93,215
Down payment	\$ -	\$ 10,000	\$ 20,000	\$ 30,000	\$ 40,000
Months	60	60	60	60	60
Residual	\$ 32,625	\$ 32,625	\$ 32,625	\$ 32,625	\$ 32,625
PV of residual	\$ 28,896	\$ 28,896	\$ 28,896	\$ 28,896	\$ 28,896
Capitalized cost	\$ 60,589	\$ 50,589	\$ 40,589	\$ 30,589	\$ 20,589
Depreciation	\$ 1,009	\$ 843	\$ 676	\$ 509	\$ 343
Money factor	0.001025	0.001025	0.001025	0.001025	0.001025
Interest	\$ 129	\$ 118	\$ 108	\$ 98	\$ 88
Monthly payments	\$ 1,139	\$ 962	\$ 785	\$ 608	\$ 431
Total paid	\$ 68,329	\$ 57,714	\$ 47,099	\$ 36,484	\$ 25,869
Present value	\$ 64,279	\$ 54,293	\$ 44,307	\$ 34,321	\$ 24,335
Total outlay PV	\$ 64,279	\$ 64,293	\$ 64,307	\$ 64,321	\$ 64,335
Total purchase PV	\$ 64,318	\$ 64,318	\$ 64,318	\$ 64,318	\$ 64,318
Difference to purchasing	0.06%	0.04%	0.02%	0.00%	-0.03%
	Lease	Lease	Lease	Buy	Buy

Appendix B

#17. Change to leasing vehicles – Scenario analysis

Higher residual values favour buying

The table to the right shows the impact of increasing the residual value

- ▶ The example is a \$ 93,215 Dodge pickup, with an lease interest rate of 2.46% and a down payment of \$10,000.

Scenario 3 – Residual

Interest	2.46%	2.46%	2.46%	2.46%	2.46%
Purchase price	\$ 93,215	\$ 93,215	\$ 93,215	\$ 93,215	\$ 93,215
Down payment	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Months	60	60	60	60	60
Residual	\$ 5,000.00	\$ 15,000.00	\$ 25,000.00	\$ 35,000.00	\$ 45,000.00
PV of residual	\$ 4,428.50	\$ 13,285.50	\$ 22,142.50	\$ 30,999.50	\$ 39,856.49
Capitalized cost	\$ 78,215.0	\$ 68,215.0	\$ 58,215.0	\$ 48,215.0	\$ 38,215.0
Depreciation	\$ 1,303.6	\$ 1,136.9	\$ 970.3	\$ 803.6	\$ 636.9
Money factor	0.0010250	0.0010250	0.0010250	0.0010250	0.0010250
Interest	\$ 90.4	\$ 100.7	\$ 110.9	\$ 121.2	\$ 131.4
Monthly payments	\$ 1,394	\$ 1,238	\$ 1,081	\$ 925	\$ 768
Total paid	\$ 83,640	\$ 74,255	\$ 64,870	\$ 55,485	\$ 46,100
Present value	\$ 78,683.86	\$ 69,855.00	\$ 61,026.14	\$ 52,197.27	\$ 43,368.41
Total outlay PV	\$ 88,683.86	\$ 79,855.00	\$ 71,026.14	\$ 62,197.27	\$ 53,368.41
Total purchase PV	\$ 88,786.50	\$ 79,929.50	\$ 71,072.50	\$ 62,215.50	\$ 53,358.51
	0.12%	0.09%	0.07%	0.03%	-0.02%
	Lease	Lease	Lease	Lease	Buy

Appendix B

#14. Forecast workload of new infrastructure – Complete infrastructure list

No.	Infrastructure	No.	Infrastructure
1	Roads - Service Class 1	16	Sports courts - Tennis, Basketball
2	Roads - Service Class 2	17	Skate parks
3	Roads - Service Class 3	18	Splash pads
4	Roads - Service Class 4	19	Playgrounds
5	Roads - Service Class 5	20	Trails
6	Roads - Service Class 6	20	Trails
7	Sidewalks	21	Woodlots
8	Bridges	22	Flower beds
9	Lumineers		
10	Reg. and warning signs		
11	Stormwater ponds and channels		
11	Stormwater ponds and channels		
12	Urban catch basins		
12	Rural catch basins		
13	Rural grass areas		
14	Sports turf - Class A		
15	Parks - Passive turf		

Of the 54 opportunities identified for the Operations division, Blackline worked with management to validate their feasibility and priority. The ten highest priority were analysed by Blackline. The remaining opportunities that had validity are listed in this appendix for the Operations management to take forward and complete similar analysis and implementation.

APPENDIX C

OPERATIONS – OPPORTUNITIES FOR MANAGERS TO PURSUE

Appendix C

Opportunities

Problem Statement	Opportunity	Source	Opportunity Type	Portfolio
Periodically, councillors will apply their influence to have specific issues elevated in priority, which delays work that has already been prioritized. At times increases the time and labour required to resolve the issue the councillor is concerned about, since it may be more efficient to deal with along with a group of other issues, not on its own.	Investigate approaches to allow councillors input to be prioritized along with the other priorities of the municipality.	Surveys	Improving Flow	All
Front-line staff are continually faced with difficulties in getting their work completed. Often they have ideas on what could be changed to resolve these difficulties, but have no real forum for promoting this ideas	Establish a structured process/forum to regularly have staff consider/suggest changes that could improve the efficiency and quality of the services	Interviews	Improving Services to Residents	All
Work orders are created by Town staff based on resident reports for work that is already underway. Ops staff have to recognize and reconcile these duplicates which takes time.	Have information available to CSR on what work is done, underway and planned so they can correctly address resident inquiries	Interviews	Improving Services to Residents	Management

Appendix C

Opportunities

Problem Statement	Opportunity	Source	Opportunity Type	Portfolio
	Extra supervisory staff in parks "area" of operations	Opportunity Session	Improving Services to Residents	Parks
There is a backlog of forestry work, which means there is wait time between a resident making a request and that request being completed. It does not appear the backlog is growing.	Instigate a temporary project focused on eliminating the backlog using additional staff so as not to affect day-to-day operations.	Interviews Surveys	Improving Flow	Forestry
Each group orders and manages its own inventory, which takes them away from their regular work. It may also lead to more inventory on hand or paying higher prices for quick/small orders	Establish a dedicated inventory function that manages the inventory for all teams. This may need the Division to manage inventory for other departments to make it worthwhile. Implement an inventory management system such as KANBAN to minimise inventory on hand and avoid outages. This should reduce the space required to hold inventory, reduce the total cost of inventory over a year and increase the productivity of teams that use inventory.	Interviews	Managing Costs	All

Appendix C

Opportunities

Problem Statement	Opportunity	Source	Opportunity Type	Portfolio
<p>The Town keeps an inventory of park recreation materials such as picnic tables that it loans to groups running events in its parks. These events usually occur outside of the common work week and staff distributing and returning the materials are being paid overtime.</p>	<p>Stop providing these materials to groups and require them to bring their own. Or transfer responsibility to a more cost effective resource within the Town.</p>	<p>Interviews Surveys</p>	<p>Managing Costs</p>	<p>Parks</p>
<p>With the province passing legislation to not allow the use of pesticides for the management of weeds, Milton operates a passive weed program to reduce the growth. This program has not been as effective at managing weeds as pesticide-based approaches.</p>	<p>Investigate alternative approaches that can better manage weed.</p>	<p>Surveys</p>	<p>Eliminating Waste</p>	<p>Parks</p>

Appendix C

Opportunities

Problem Statement	Opportunity	Source	Opportunity Type	Portfolio
<p>Many of the roads in Milton have horticulture on either side, particularly the main entry streets. Limited maintenance occurs to this streetscape and at time it is heavily weeded or visibly not maintained creating a less pleasant impression for residents and tourists.</p>	<p>Improve the urban streetscape. (Potentially combine with opportunity #36, where reducing weed management in some areas will allow the Division to improve streetscape of more visited/populated areas).</p>	<p>Surveys</p>	<p>Improving Services to Residents</p>	<p>Sidewalks</p>
<p>There is a long-list of roads work orders waiting to be addressed. Crews are sent out on the oldest or most important work orders. This backlog creates a delay to getting to new work orders. It does not appear the backlog is growing.</p>	<p>Either clear the backlog so that work orders are addressed promptly or create a prioritization framework that ensures work orders are addressed in priority.</p>	<p>Surveys</p>	<p>Improving Flow</p>	<p>Roads</p>
<p>Sidewalks during winter are not cleared of snow, much of which is the residents responsibility.</p>	<p>Run an education program for residents to increase their understanding of their responsibilities during winter. Additionally, increase the enforcement of by-laws that relate to resident winter maintenance responsibilities.</p>	<p>Surveys</p>	<p>Improving Services to Residents</p>	<p>Winter Operations</p>

Appendix C

Opportunities

Problem Statement	Opportunity	Source	Opportunity Type	Portfolio
<p>Many calls received by the Town relate to when a residents street will be plowed following a snow event.</p>	<p>Publish the plowing schedule in some format, both for Town customer services and for residents, to resolve calls quickly or to prevent calls happen at all.</p>	<p>Surveys</p>	<p>Improving Services to Residents</p>	<p>Winter Operations</p>
<p>Schools adjacent to Town fields use these field for programming and recess. The use of the fields is not aligned to the maintenance activities - for example, stop usage during seeding. This misalignment lowers the condition of the fields for all users not just schools.</p>	<p>Review the agreement with schools seeking ways to align the schools usage with the maintenance schedule.</p>	<p>Service Profiles</p>	<p>Improving Services to Residents</p>	<p>Parks</p>
<p>Time is spent tracking salt volume. However, current practice is inaccurate and time-consuming. Volumes are off at the end of the year. This activity takes up time that could be better spent on delivering winter services for residents.</p>	<p>Winter control inventory - convert to operating expense</p>	<p>Opportunity Session</p>	<p>Reducing Duplication</p>	<p>Winter Operations</p>

Appendix C

Opportunities

Problem Statement	Opportunity	Source	Opportunity Type	Portfolio
<p>The Town requires a variety of different vehicles to do the various work it has. Not all the vehicles are used all of the time. Higher utilization of a vehicle represents a higher return on the asset/lower cost of ownership.</p>	<p>Review the current fleet and utilization to find under-utilized vehicles to rationalize or look at identifying different types of vehicles that can achieve a higher utilization because of their features.</p>	<p>Service Profiles</p>	<p>Managing Costs</p>	<p>Fleet</p>

Of the 37 opportunities identified for the Community Services department, Blackline worked with management to validate their feasibility and priority. The ten highest priority were analysed by Blackline. The remaining opportunities that had validity are listed in this appendix for the Community Services management to take forward and complete similar analysis and implementation.

APPENDIX D

COMMUNITY SERVICES – OPPORTUNITIES FOR MANAGERS TO PURSUE

Appendix D

Opportunities

Problem Statement	Opportunity	Theme	Opportunity Type	Portfolio
Time and attendance is manual and time consuming for processing (capture, review, approval). It also adds to unnecessary storage (hard copy).	Automate time and attendance for staff as this can be time consuming, especially for seasonal employees	Technology	Efficiency	All
Shortage in staff may require reduced operating hours.	Reduce service levels based on individual facilities and their demands (e.g. different opening hours)	Resource	Efficiency	Facilities
Input on programs and recreation assets from residents may be limited.	Create a process for increasing the engagement with community groups	Process	Service Improvement	Community Development
Community Services does not have a dashboard to measure performance. This causes issues when trying to demonstrate value of the services.	With the implementation of a new system, utilize data and metrics to track program and facility usage to inform decision making, measure performance and demonstrate value of services	Technology	Service Improvement	All
Similar to time and attendance, the process for payroll and expense approvals is time consuming.	Streamline the payroll and expense approval process for staff to approve their direct reports' expenses	Process	Efficiency	All

Appendix D

Opportunities

Problem Statement	Opportunity	Theme	Opportunity Type	Portfolio
The Town's programs for inclusion are limited and tend to focus on the majority of the demographic.	Expand inclusive approach to program offerings (e.g. cultural diverse programs/events)	Process	Service Improvement	Community Development
Currently volunteer management resides in Arts & Culture however volunteers are used throughout COMS.	Review the established Volunteer Management practices currently in place with all staff. Establish quality assurance checks to ensure consistency to ensure consistency town-wide (i.e.: onboarding, appreciation)	Resource	Efficiency	Community Development
Snow removal is a split responsibility between OPS / COMS and in some cases, it may not be best suited for COMS to remove snow (duplicate with OPS).	Transfer the responsibility of snow removal for COMS facilities to Operations from Community Services.	Interviews	Service Improvement	Facilities

Appendix D

Opportunities

Problem Statement	Opportunity	Theme	Opportunity Type	Portfolio
The Town does not have a consistent approach for identifying and pursuing grants.	Create a process for tracking grants (effort/cost to submit and beneficiaries) and revenue recognition	Process	Revenue Enhancement	Revenue Generation
Currently any after hours calls regarding field issues go to the Fire Department (the only 24/7 operation). This is not only inefficient but not the best way to service residents.	Review the customer service expectation and determine the best streamlined approach to resolve concerns (includes technology)	Technology / Process	Service Improvement	Recreation Facilities Administration
The FirstOntario Arts Centre Milton has staff manning the ticket booth at reduced hours. However, the library is open for longer hours, is in the same building and could offer the same services.	Assess role of Art Centre front desk staff, operating hours, scope of work and use of automation	Technology	Cost Reduction	Arts & Culture

Appendix D

Opportunities

Problem Statement	Opportunity	Theme	Opportunity Type	Portfolio
There is no formal onboarding for staff (especially PT) which can lead to low productivity, inefficiencies and increase in risk.	Ensure that resource onboarding (new or EOI) is consistent and includes the necessary training e.g. health & safety	Process	Service Improvement	Recreation
Opportunities exist to enhance the use of data for planning parks and communities.	Use Environics (or similar data) to better understand new resident demographics, personas and help ensure best fit of services for communities	Technology	Service Improvement	Parks and Facility Planning
The planning process is highly manual and paper based. Data management of records is limited and not easy to share information internally and with 3rd parties.	Revise planning process and tools to improve their ability to share information, reduce reliance on paper and key individuals	Process	Service Improvement	Parks and Facility Planning

Appendix D

Opportunities

Problem Statement	Opportunity	Theme	Opportunity Type	Portfolio
Residents suggest there is a desire for greater variety for programs; both for the family, seniors and children.	Increase variety of programming (with a focus on seniors, children and youth)	Programming	Service Improvement	Recreation
Survey data indicated that disseminating information and communications within COMS to all staff could be improved.	Improve internal communication (departmental) to address staff survey results: <ul style="list-style-type: none"> - staff feel departments work in silos - large number of PT staff makes communication break down and messaging inconsistent - Lack of communication from COMS leadership about what goes on beyond in the broader municipality 	Communication	Service Improvement	All

Of the 54 opportunities identified, in discussion with management, 22 were deemed to not have merit and no more analysis was required. Those opportunities are listed here for completeness.

APPENDIX E

OPERATIONS - OPPORTUNITIES OMITTED

Appendix E

Opportunity Type – Increasing Efficiency

Problem Statement	Opportunity	Rationale
<p>The fleet management team is 3 mechanics and 1 supervisor, which is not an optimal size. If a vehicle needs to be moved, it requires two people, the work is seasonal - particularly during summer/winter changeover, meaning regular activities get delayed.</p>	<p>Either expand or reduce the size of the fleet management team to hit an efficient size. Expanding could occur by forming agreements with other municipalities to complete fleet management on their behalf - similar to the Roads MOU. Reduction could occur by making greater use of private garages or by contracting with another municipality to take on fleet management for the Town</p>	<p>The limited size and number of bays would be a roadblock to increasing the size of the team.</p>
<p>Milton has grown over the last 30 years and so has the work of the Operations team. When they were smaller, staff had to have multiple roles, but now the team has grown, they have remained somewhat generalists. This means they move between roles and are potentially less knowledgeable about any one area - and more knowledgeable across all areas.</p>	<p>Investigate increasing specialization to reduce dead-time when switching between activities and increase efficiency from specialized knowledge.</p>	<p>Management feel that with increased specialization the Division will lose flexibility. Additionally, if roles become specialized, the contract agreements will need to be reviewed.</p>

Appendix E

Opportunity Type – Increasing Efficiency

Problem Statement	Opportunity	Rationale
N/A	Dedicated staff to task related areas	This opportunity is in line with opportunity #29.
<p>Seasonal and part-time staff make up a significant proportion of the operations workforce. However, each year they must be recruited, which takes time, and they must be trained. Full-time staff do not require these investments on an annual basis.</p>	<p>Investigate whether changing the mix of full-time to part-time/seasonal would create more productive time for managers and staff.</p>	<p>This opportunity is in line with opportunity #37.</p>
<p>Milton has grown over the last 30 years and so has the work of the Operations team. When they were smaller, staff had to have multiple roles, but now the team has grown, they have remained somewhat generalists. This means they move between roles and are potentially less knowledgeable about any one area - and more knowledgeable across all areas.</p>	<p>Investigate increasing specialization to reduce dead-time when switching between activities and increase efficiency from specialized knowledge.</p>	<p>After further investigation, it appears that staff are largely specialized in their activities today. The switching costs between activities is low and it would be more inefficient because of travel time, for staff to be more limited in their scope of work.</p>

Appendix E

Opportunity Type – Improving Flow

Problem Statement	Opportunity	Rationale
Currently the garage has two bays, which limits the number of vehicles that can be worked on. If a vehicle requires parts and has to wait, it will occupy one of the bays until the parts arrive.	Expand service garage so more vehicles can be repaired	This opportunity would only be required if the Division decided to expand fleet services which would require increasing the fleet team (see opportunity #8)
To book a vehicle in for maintenance requires staff to complete and deliver a paper request form, which is time consuming and delays the actual maintenance occurring.	Implement an online booking system for scheduling vehicles for maintenance	The current method works well given the unpredictability of maintenance. For example, vehicles that are booked may not be as critical as another vehicle that broke down spontaneously and is the only one of it's kind.
User groups currently have free use of the fields, meaning the Town bears the full cost of maintaining them.	Charge user groups to use the fields to defray some of the cost of maintenance.	User groups already pay fees for using any facilities, including fields.

Appendix E

Opportunity Type – Improving Service to Residents

Problem Statement	Opportunity	Rationale
<p>The current forestry budget is largely expended during the non-winter months, leaving forestry assets unattended during winter.</p>	<p>Either increase the forestry budget to allow for the current service level plus winter forestry services or rebalance the expenditure to reduce non-winter services to allow budget to be available for winter forestry services.</p>	<p>N/A</p>
<p>Due to the seasonality of work and the number of fleet staff, there is a backlog of maintenance activities. When vehicles breakdown, they are delayed repairing them reducing the capacity of operational staff.</p>	<p>Investigate the cost to the Town of delays getting vehicles repaired and conclude on the business case for greater investment in fleet services.</p>	<p>If there are delays it would be due to: the size of the garage and waiting for parts. This is not a priority problem at the moment.</p>
<p>Operations uses a number of outside contracts to deliver its services, however, the quality of the services delivered by contractors is considered lower than that by staff. Additionally, managers feel they do not have the time to adequately monitor the performance of the contracts.</p>	<p>Increase the oversight of contractors to measure and improve the quality of services delivered. Formulate a set of performance measures that can be integrated into contracts. Ensure staff have enough time to enforce standards, potentially dedicating one staff to a contract performance management role.</p>	<p>Currently, the Division audits contractors. There is specialization that is required for each contract, which prevents the possibility of having one dedicated person to be responsible. However, there may be an opportunity to consolidate the number of contracts.</p>
<p>The plowing process in the Town pushes some snow onto sidewalks and driveways and off of the roads. This creates windrows that residents are unhappy with.</p>	<p>Investigate approaches to preventing or clearing windrows. Present the cost of a program to the Town for review.</p>	<p>This is primarily an issue with development of the Town (i.e. there is no area to drop the snow as the houses are built close together). Additionally, ploughing needs to be completed before windrows can be cleared.</p>

Appendix E

Opportunity Type – Improving Service to Residents

Problem Statement	Opportunity	Rationale
<p>Residential side streets have a lower services standard during winter and can be 48 hours following an event before they are cleared. This winter, the delay lead to snow becoming compacted, icy and difficult/impossible to clear. These were dangerous conditions for drivers and pedestrians.</p>	<p>Investigate the cost to the Town of snow clearance on side streets sooner.</p>	<p>The Division is meeting the mandated service standards and sees this problem statement as more of an education issue. Additionally, where there are parked cars, it is not possible to clear, leaving residents to think the Division did not get to that area. The Division is currently working on a social media plan to educate residents on winter maintenance standards.</p>
<p>With infrastructure under the road surface, not just operations staff need access to complete maintenance. On occasion, the same or nearby section of road will be dug up to complete maintenance on other infrastructure such as a utility.</p>	<p>Establish a structured process for coordinating maintenance activities between all entities that would include Town departments, utility companies and potentially other tiers of government - with the objective of reducing the incidences of multiple maintenance on the same sections of road.</p>	<p>This opportunity is not needed. The Town coordinates well internally, with multiple maintenances occurring rarely.</p>
<p>During winter, all staff are dedicated to winter maintenance and other activities get deferred. This can create a backlog of work for non-winter activities. With the current staffing model, when staff are able to return to the other items, they address the oldest work orders, but new ones continuously enter the queue, creating delays.</p>	<p>Investigate staffing models that would either prevent backlogs occurring or eliminate them quickly, so that during non-winter maintenance months, new requests do not wait in queues.</p>	<p>The Division has indicated that no permanent backlogs exist. Temporary backlogs occur at times during the year, which are run down quickly. By the end of a year, all the work required in the year has been completed. Management reports that the MMS are met where they apply, at all times of the year.</p>

Appendix E

Opportunity Type – Eliminating Waste

Problem Statement	Opportunity	Rationale
<p>Operating from a single ops. centre may require crews to travel across the full geography of Milton using productive time in vehicles. This is compounded by traffic based delays at peak periods.</p>	<p>Combine route optimization with traffic avoidance - such as Google Maps or Waze to reduce unproductive time. Combine inspection and repair crews into a single trip so that all time spent in a vehicle is productive.</p>	<p>The Division currently assigns work orders at the start of the day based on location and travel time. Rather than route optimization, there may be an opportunity for managers to improve the pre-planning aspect (e.g. a checklist to ensure tools are not forgotten).</p>

Appendix E

Opportunity Type – Reducing Over-Processing

Problem Statement	Opportunity	Rationale
<p>Work must be coded in a detailed manner which takes time and it is not clear what this information is used for.</p>	<p>Rebalance the level of detail required for job costing to reduce the time it takes, without reducing the value of the information</p>	<p>The data is valuable and worth the cost of entering the level of detail.</p>
<p>Operations relies on temporary and contract staff to manage the seasonal variability of work. The hiring criteria do not require these staff to have specific knowledge or qualifications relating to the work they will be doing, which requires full-time staff to provide on the job training. Since hiring occurs every year, this training must occur every year.</p>	<p>Change the hiring criteria to require specific knowledge or experience that will reduce or eliminate the need to training temporary or contract staff.</p>	<p>This is no longer a problem for the Division. Based on government standards (e.g. equal pay); the division was able to attract "seasonal jobbers" who have the right experience and/or education. Additionally, there is less seasonal turnover, decreasing the overall amount of training required.</p>

Appendix E

Opportunity Type – Managing Costs

Problem Statement	Opportunity	Rationale
Manager of fleet currently does the fuel measurement and management, which is a moderately expensive resource for this activity.	Transfer responsibility for fuel to the inventory function described above, which should reduce the labour cost of managing fuel.	The Division already has this ability and likes the current method (e.g. linked to CMIC).
There is currently no consequence to departments of not fulfilling their responsibilities for fleet management. This maybe leading to less attention paid to maintenance and higher maintenance costs when vehicles get to the Fleet team.	Start a chargeback program to departments to provide them an incentive to complete all of their fleet responsibilities in order to minimise the maintenance cost. Additionally, departments can use the outside service contracts and deliver vehicles directly so that Fleet is not short-handed moving vehicles.	Equipment is used by multiple groups across all seasons, making it challenging to know who to charge for services. Educating staff on the proper use and maintenance of equipment (e.g. do not leave truck on idle) may better address this problem.

Of the 37 opportunities identified, in discussion with management, 11 were deemed to not have merit and no more analysis was required. Those opportunities are listed here for completeness.

APPENDIX F

COMMUNITY SERVICES - OPPORTUNITIES

OMITTED

Appendix F

Opportunity Type – Service Improvement

Problem Statement	Opportunity	Rationale
New assets are being added with insufficient funding to support them from an operational perspective - e.g. staff to operate the facilities and to maintain them.	Plan for the operations of facilities as the capital planning gets conducted to avoid negative impact on resourcing.	The Town engages in activities related to identifying the necessary resourcing required for new capital projects when planning for facilities / projects.
The Town does not have a framework for managing risk however it influences the decision-making of Management and Council. Without a proper framework decisions are made without proper assessing risks.	Create a comprehensive Risk Management Framework to list and assess risks the Department faces.	This will be addressed as part of a broad Corporate initiative.
Staff are not trained consistently on emergency situations. Also due to the Town's EOI process this can introduce a higher likelihood that emergency services may not be performed adequately.	Ensure that staff are consistently trained on emergency situations (e.g. health and safety training such as CPR training).	Frontline staff undergo training as part of their employment which includes health and safety (including CPR) and how to deal with an emergency situation (i.e. lost child, fire, etc.)
Customer service for registration and answering questions is difficult, time consuming and is not customer focused.	Revise registration process and customer service training to focus on customer experience.	This will be addressed as part of a broader Corporate technology initiative. In addition, 75% of registrations are currently conducted online.
Opportunities exist to further engage with communities and organize sport leagues.	Collaborate with community groups to formalize community ran organized sports (e.g. leagues) to increase revenues	No space currently exists to operate additional leagues within prime time

Appendix F

Opportunity Type – Efficiency

Problem Statement	Opportunity	Rationale
<p>Procurement takes a long time and COMS does a lot of tendering. Tenders sitting and waiting to be processed because there is so much work. Soccer dome comes down in 3 weeks but have to do it quickly. Procurement everyone tried to do it quickly because there is a push to get things done.</p>	<p>Create a schedule of procurement to avoid bottle necks during construction season to avoid project delays.</p>	<p>The Town currently engages in providing Procurement with a schedule to give them early sight of COMS work. However, the issue is with the volume of work happening in parallel due to demand from all areas of the Town on the procurement resources.</p>
<p>While the Town has a EOI process to move staff around and try different positions it can cause resource constraints and reduce productivity. Especially since the Town does not have robust SOPs or technology to manage key processes.</p>	<p>Review the Expression of Interest (EOI) process to ensure that resources are not impacted in 'home' positions.</p>	<p>EOI has been put in place to ensure staff have the ability to explore working in other areas and as part of their professional development. The feedback from staff has been positive regarding EOI. The total number of EOI has been less than 10 since the initiation of the program 2 years ago.</p>
<p>When the Town has new material to present at facilities someone has to upload it at each location, each TV rather than using software to push it out. it is time consuming and can cause difficulties (technical).</p>	<p>Purchase software to manage media distribution across Town facilities (TVs).</p>	<p>This will be addressed as part of a broader Corporate technology initiative that is being reviewed currently.</p>

Appendix F

Opportunity Type – Efficiency

Problem Statement	Opportunity	Rationale
No framework exists to formally assess use of partnerships.	Create a framework to identify best use of partnerships for the Town to deliver recreation programs	Opportunities are currently explored through the submission/development of a Business Case
Currently, the Town's facilities asset inventory is documented in a manual fashion (logged on spreadsheets) with little automation (e.g. identify disposition dates and work backwards on making inspections/repairs/replacements) and is the responsibility of a soon to retire employee.	Implement a system, SOPs and training to ensure tracking of assets continues and is done in the most efficient way possible	Information exists in the current system. Efficiency should be reviewed as part of the Asset Management portfolio to ensure consistency across the corporation.

Appendix F

Opportunity Type – Revenue Enhancement

Problem Statement	Opportunity	Rationale
<p>The Town's Financial Assistance Program is not rigorous enough resulting in people submit false information to get approved for reduced fees.</p>	<p>Revise the financial assistance program that is offered to residents to address inclusion and changing demographics.</p>	<p>The Town's financial assistance program is reviewed on a set frequency and provides assistance to many residents in need. Applicants must provide a number of documents to which the criteria is reviewed against. There is no knowledge of false claims being submitted.</p>

