

Municipality Of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Administration

To: Mayor and Members of Council

From: Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
GM, Finance, Budget, Information Technology & Transformation

Date: July 19, 2020

Subject: 2021 Budget Opportunities for 0%

Recommendations

It is recommended that:

1. Council approve further analysis of the proposed items related to service delivery to efficiently provide quality core services to Chatham-Kent residents and to achieve a 2021 Budget target of 0%.
2. Detailed reports be brought to Council on or prior to the November 9, 2020 Council meeting for Council's final approval ahead of 2021 Budget deliberations.

Background

Council has been advised that the 2020 projected deficit due to Covid-19 prior to any upper level support funding is approximately \$2M to \$5M. At the June 29th Council meeting, Council directed administration to bring forward a 2021 budget at the inflation rate plus the requirements for the Asset Management Plan, and to bring options on getting to a zero percent budget increase.

This report provides a list of options for Council to consider if it desires to achieve a zero percent budget increase for 2021. In addition, the majority of the items recommended are permanent changes that will bring permanent tax savings to taxpayers.

Comments

The annual BMA Study and many past master plans and studies consistently point to Chatham-Kent as being an efficiently run organization based on what it is asked to do. However, it is the opinion of the executive management team that in some areas we are providing services based on past practices and are in some cases, over delivering to the actual needs of residents and providing non-core municipal services.

EMT has provided a list of items that can be implemented over the 2021 and 2022 budget cycles in Appendix A. Chatham-Kent will soon approach its 25th anniversary. Many of the service levels offered to residents are based on outdated requirements and technologies, or simply legacy services that have no requirement to be provided.

By Council approving further analysis of the proposed items, it is expected that if the data and future corresponding report recommends the reduction of a service, that Council will act on the recommendation. EMT is responding to Council's direction for 0% budget and the reduction of these items to get to 0% will require Council's support to end current service levels. This is a significant task for both Council and EMT to embark on and will take significant resources over the coming months. Before approving this list, Council is encouraged to remove any of those items listed that they do not have an appetite to consider for service reduction during budget deliberations. This would both guide administration in the prioritization of the work and also reduce concerns that members of the public might have about losing a particular service.

Some of the items require a one-time investment in order to achieve the annual operating savings. Pay back analysis will be completed in the reports and the one time funding could be funded either from existing reserves or by self-financing with the future saving delaying the tax savings. Administration will individually make recommendations that make the most sense for the service and costs involved.

The items on the list are not the exhaustive list of items being reviewed by Administration. As part of the Council Strategic Priorities, the Growth Plan, labour relations, tax policy and ongoing efficiencies, there are a variety of other significant reports coming to Council over the next several months.

Timing

Recognizing that there are several items listed that will have significant localized impact that will need public consultation to explain the rationale, in this Covid-19 environment, we are recommending moving quickly to consultation where applicable and bringing final recommendations for Council to consider and make decisions on, well ahead of the 2021 Budget Deliberation period. This is a time for lasting decisions and cannot be decided at the last moment during budget deliberations. There may be a necessity to add additional council meetings in the fall to schedule reports on each item. It is recommended that all reports come to Council on or before the November 9th Council meeting, ahead of EMT final 2021 budget formation.

Note 1: This document does not address any efficiency opportunities related to Council composition.

Note 2: Other divisions were identified for review but due to the Covid-19 Pandemic, EMT did not recommend reviewing for the 2021 Budget process.

Note 3: Some contracted services do not appear on the list as they are already being reviewed with timing of the next long term contract. (transit, garbage, recycling, etc.)

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The Executive Management Team provided the items listed in this report.

Financial Implications

It is estimated that savings can be implemented in the 2021 and 2022 budgets to save an estimated \$3M - \$5M annually or approximately a 2% to 3.5% tax impact.

Prepared by:

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Finance, Budget, Information Technology & Transformation

Attachments: Schedule A – 2021 Budget Opportunities List

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Appendix A – 2021 Budget Opportunities List

Department / Division	Item to Review	Comments
Corporate (led be Municipal Governance and ITT)	<ul style="list-style-type: none"> • Document Management System 	<p>\$400,000 has already been allocated in previous budgets for a full analysis of the requirement and the implementation of a digital document management system. Digitization of documents and records will enable improvements to efficiency and accessibility of information for staff and residents.</p>
Corporate (Led by Budget & Performance Services)	<ul style="list-style-type: none"> • Continuation of Service Review Process 	<p>Deep dives into specific services is recommended to continue perpetually to continually examine for opportunities for efficiencies.</p>
Corporate (Led by Financial Services)	<ul style="list-style-type: none"> • Tax Rate Review 	<p>A tax rate review has been undertaken by Financial Services and a report will be delivered to Council shortly with recommendations of rationalizing over 3,000 tax rates and the fairness of area rating.</p>
Corporate Wide (Led by Financial Services)	<ul style="list-style-type: none"> • Tax Policy Review 	<p>A detailed analysis of the Farm, Industrial, Commercial, Multi-Residential and Residential tax ratios.</p>
Corporate (Led by Financial Services)	<ul style="list-style-type: none"> • Purchasing Policy • Delegation of authority • Reserve policy 	<p>Update Purchasing Policy to review and make recommendations for digitization, updated limits and delegation of purchasing authority. Investigate options and best practices for delegation of authority across the organization to ensure Council is working at a policy level and day to day operations are managed by staff. Review and recommend reserve policy to streamline both lifecycle and standard reserve practices within auditor guidelines.</p>
Corporate (Led by HROD)	<ul style="list-style-type: none"> • Retiree Benefits 	<p>Investigate options and best practices for short term employees that retire with Chatham-Kent</p>
CAO – Fire Services	<ul style="list-style-type: none"> • Service delivery model review 	<p>The Fire Master Plan is currently underway and will provide recommendations for a safe and efficient fire service including station locations and appropriate fleet and equipment. Due to timing any potential savings will target the 2022 budget.</p>
CHS – CALS – Recreation Services	<ul style="list-style-type: none"> • Municipal recreation programming 	<p>Review and determine whether legacy programming can be delivered by community organizations and / or local businesses.</p>
CHS – CALS – Art and Culture	<ul style="list-style-type: none"> • Museums • Galleries 	<p>Review and determine whether legacy facilities could be transferred to community groups or deaccession of artifacts and selling the asset.</p>
CHS – Libraries	<ul style="list-style-type: none"> • Number of locations and service delivery model 	<p>Review usage, locations, future needs and modern delivery model and opportunities to co-locate with other municipal services (hubs).</p>

Appendix A – 2021 Budget Opportunities List

Department / Division	Item to Review	Comments
CS – Customer Services	<ul style="list-style-type: none"> • Location consolidation • Services delivered • Service delivery model 	<p>Investigate and make recommendations on the level of service required, services that can be accommodated electronically, whether locations can be eliminated or co-located with other facilities (hubs), which services are provided by the call centre, peak staffing full time vs part time, and cash collection alternatives and promotion.</p>
IES – Engineering	<ul style="list-style-type: none"> • Core vs. non-core infrastructure review • Infrastructure decommissioning • Determine the level of roads and bridges required to be maintained • Conversion of movable bridges to fixed structures • Address 0.4% annual reduction in costs as identified in Asset Management Plan 	<p>Consider hiring an outside consultant to analyze core versus non-core infrastructure, particularly bridge infrastructure, and verify data to make informed decisions to assist to close the \$50+ million infrastructure gap with methods other than raising taxes.</p> <p>Continue to make recommendations to Council on items to lower the lifecycle budget requirements (currently funded at approximately 54%).</p> <p>Continue focus on reduced buildings as services consolidated.</p>
IES – Public Works	<ul style="list-style-type: none"> • Leaf and Yard Waste • Long grass by-law • Road use policies 	<p>Review and make recommendations relating to standardizing or eliminating the level of service of leaf and yard service across the municipality.</p> <p>Review long grass by-law fee structure and make recommendations related to repeat offenders.</p> <p>Implement road use policies and add fees for excessive clean up costs</p>
IES – Fleet	<ul style="list-style-type: none"> • Buy Vs. Rent 	<p>Investigate and make recommendations relating to the use of rentals for peak period usage.</p>
IES – Recreation Facilities	<ul style="list-style-type: none"> • Arenas – number of locations and service delivery model • Arena Canteens – number of locations and delivery model • Outdoor Pools – number of locations and service delivery model • Parks 	<p>Review arenas and make recommendations to align demand to capacity. For arenas no longer needed for ice time negotiate transfer to community groups to operate non ice activities.</p> <p>Review canteens and consider closure, outsourcing or conversion to vending machines.</p> <p>Review outdoor pools and make recommendations for low usage locations.</p> <p>Review consolidation, naturalization and potential sale of parks.</p>
POLICE	<ul style="list-style-type: none"> • Service Centre Delivery Model • Fleet Lifecycle Model 	<p>Investigate and make recommendations on the level of counter service required and whether locations can be consolidated.</p> <p>Review and analyze fleet utilization and repair cost to determine whether savings could be realized by extending front line vehicle lifecycles.</p>