



**The Corporation of the Township of Tay
Special General Government & Finance Committee
Meeting**

**February 13, 2020
10:00 a.m.**

**Council Chambers, Municipal Office
Agenda**

1. Call to Order

2. Approval of the Agenda

3. Disclosure of Interest

4. Staff Reports / Other Business

- 4.1 Presentation from Chas Anselmo, KPMG – Re: Draft Report, Tay Organization Review
- 4.2 Closed Session – Re: Personal matters about an identifiable individual, including municipal or local board employees (Organization Review)

5. Adjournment



Corporation of the Township
of Tay

Organizational Review

Presentation of Draft Report
to Council

February 13th, 2020



Agenda

1. Key themes of the review
2. Organizational Design
3. Other Opportunities for Council's Consideration
4. Questions

Key Themes of the Review

- The complement of municipal services are consistent with the municipal comparator group
- The Township's operating costs for the delivery of municipal services are consistent/lower than the municipal comparator group
- The Township's staffing levels are consistent/lower than the municipal comparator group
- Overall, the Township's financial indicators (sustainability, vulnerability and flexibility) are consistent with the Township's municipal peers.
- There exists opportunity for the Township to address potential gaps in service delivery

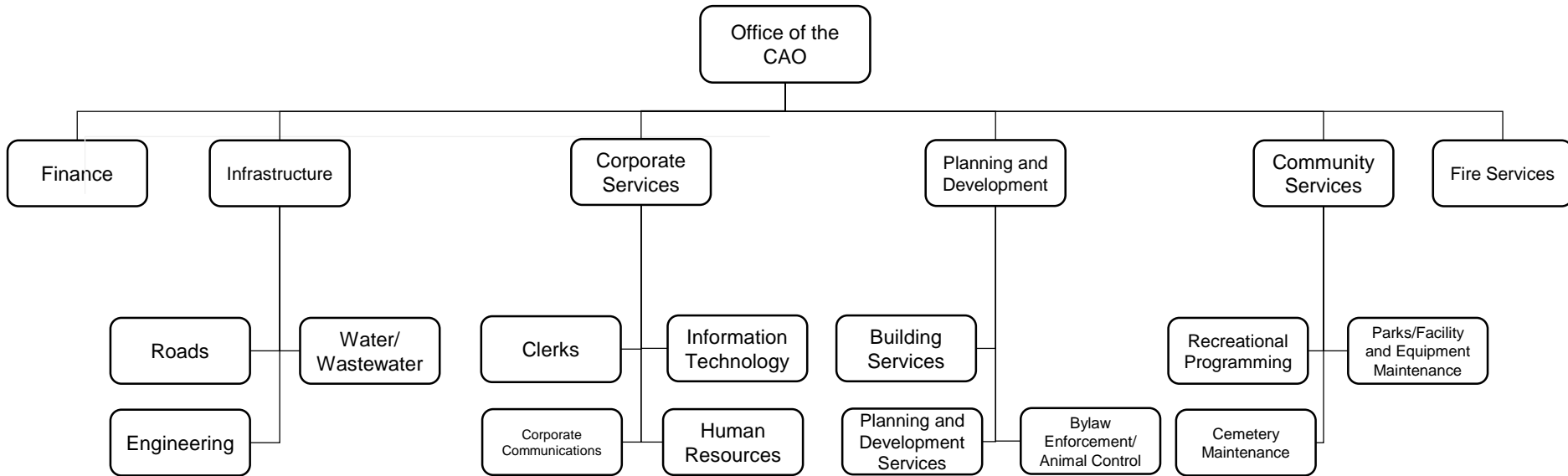
Organizational Structure Design

Considerations for Potential Structures

- Current service delivery and consistency with municipal common/best practice
- Examining current vacancies/gaps within the current structure
- Future needs of the corporation
 - Alignment with the Township's strategic plan
- Consistent with organizational design principles

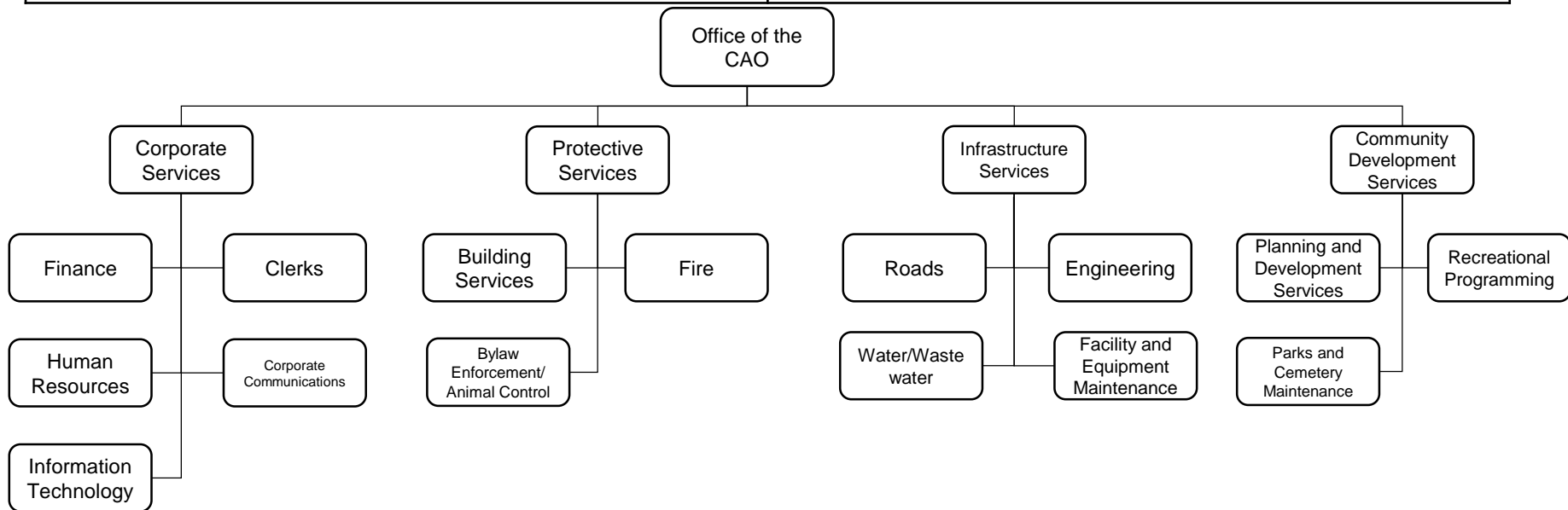
Functional Model I

| | | |
|--|--|--|
| Description | A functional structure is organized around major activity groups. This functional model separates out the finance function from Corporate Services, which is the combination of the Clerk, Technology and Communications and addition of a human resources function. There is also the creation of a new Community Services function which would oversee recreational and maintenance services. This model maintains the current number of direct reports to the Office of the Chief Administrative Officer. | |
| Advantages | Disadvantages | |
| <ul style="list-style-type: none"> High functional specialization – Finance is a core municipal service which is involved in all other departments and as such, remains as a stand alone department within this model Clear control and line of sight in smaller organizations | <ul style="list-style-type: none"> As organizational size and number of functional areas increase – control decreases | |



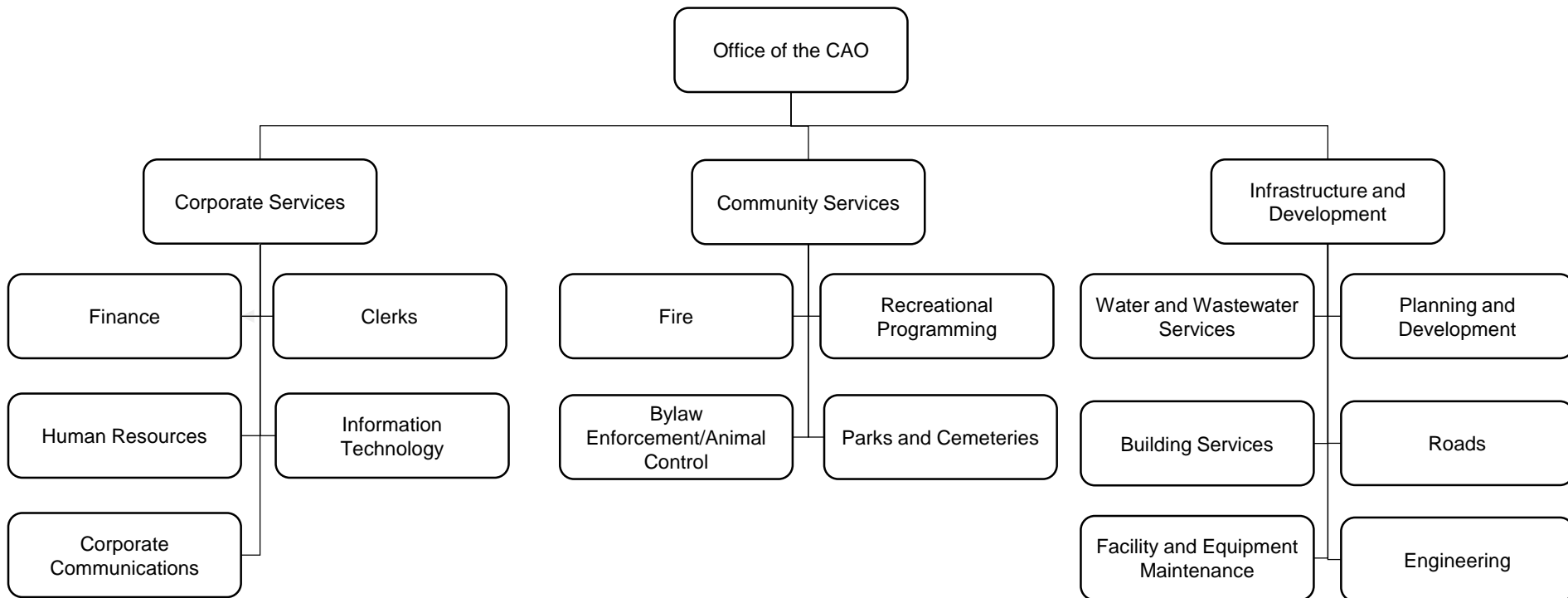
Functional Model II

| | | |
|----------------------|--|----------------------|
| Description | A functional structure is organized around major activity groups similar to the previous model. This revised functional model consolidates Finance into the previously noted Corporate Services function and consolidates bylaw enforcement, fire and building inspection services into a Protective Services group. Community Development Services differs from the previous model – planning and development services and recreational services (community focussed services) would be the core services within. This model differs from the current structure in that there would be four direct reports to the Office of the CAO. The direct reports to the Office of the CAO may serve dual roles – for example, the Director of Protective Services could be the Fire Chief. | |
| Advantages | <ul style="list-style-type: none"> ▪ High functional specialization ▪ Corporate support services (Finance, IT, HR) are consolidated into one department (Corporate Services) ▪ Protection of persons and property are consolidated into one department (Protective Services) ▪ Community related services are consolidated into one department ▪ Clear control and line of sight in smaller organizations | Disadvantages |
| Disadvantages | <ul style="list-style-type: none"> ▪ As organizational size and number of functional areas increase – control decreases | |



Program Model

| | | |
|---|--|--|
| Description | A program based model is organized around specific service delivery programs representing similarly aligned functional work. This model differs from the previous two models and the current structure by reducing the number of direct reports to three – each of the new departments are grouped based on a specific program. The direct reports to the Office of the CAO may serve dual roles – for example, the Director of Protective Services could be the Fire Chief. This approach may be considered to a longer-term option than the previous two models. | |
| Advantages | Disadvantages | |
| <ul style="list-style-type: none"> ▪ Knowledge sharing ▪ Breaks down silos between functional groups ▪ Encourages horizontal integration ▪ Promotes strategic focus across the organization | <ul style="list-style-type: none"> ▪ Span of control becomes large in smaller organizations | |



Other Considerations for Council

Potential Personnel Changes to the Organization

- Human Resources
- Corporate Communications
- Mechanic
- Recreation Assistant
- Engineering Technologist

Potential Personnel Changes to the Organization

- Explore the potential of establishing continuous improvement capacity within the organization
- Explore the redevelopment of the Township's approach to customer service
- Examine and redevelop corporate systems associated with human resources



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Corporation of the Township of Tay

Organizational Review

Draft Report





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Ted Walker

Mayor

Township of Tay

450 Park Street
PO Box 100
Victoria Harbour, ON L0K 2A0

February 13, 2020

Dear Mr. Walker

Organizational Review

We are pleased to provide our report concerning KPMG's organizational review of the Township of Tay (the "Township"). Our review was undertaken based on the terms of reference outlined in our engagement letter with the Township dated October 10, 2019.

The purpose of the review was to assist in an objective evaluation of its current organizational structure and associated municipal service offerings and operations currently provided by the Township, with the view of identifying potential opportunities intended to maximize operating efficiency and effectiveness.

We trust our report is satisfactory for your purposes and appreciate the opportunity to be of service to the Township. Please feel free to contact the undersigned at your convenience should you wish to discuss any aspect of our report.

Signature to provided upon finalization of report

Chas Anselmo, Senior Manager
705.669.2549 | canselmo@kpmg.ca

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Corporation of the Township of Tay

Executive Summary



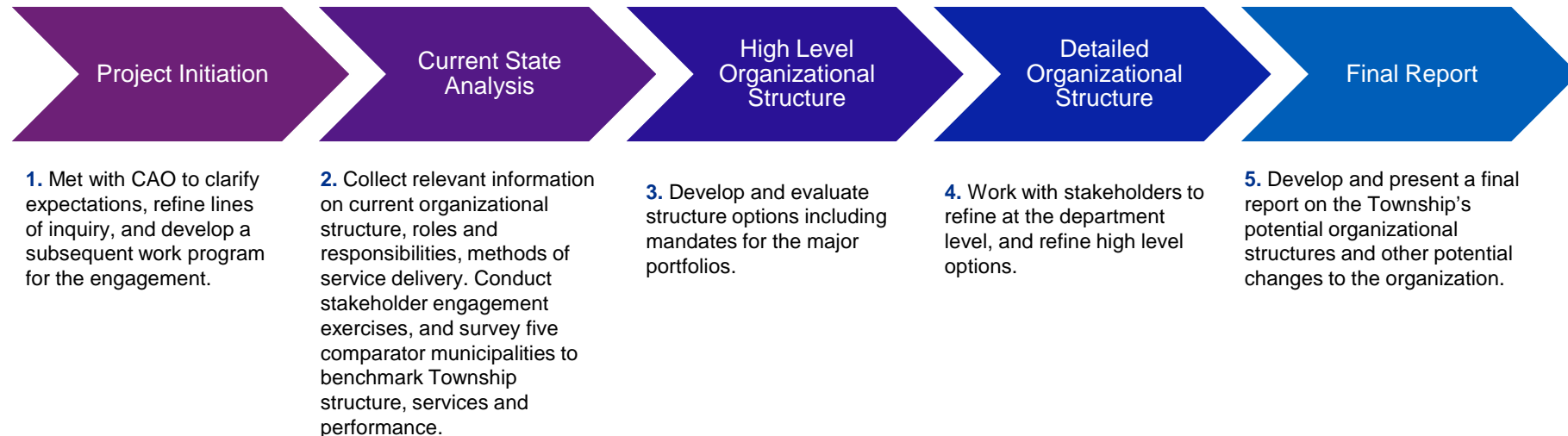
Executive Summary

Terms of Reference

The terms of reference for our engagement were established in KPMG's engagement letter dated October 10, 2019. Based on discussions with the Township, the objectives shared for the review were as follows:

- Identify organizational structures to better support the effective and efficient delivery of services;
- Identify service improvement opportunities;
- Link to the Township's new strategic plan; and
- Position the organization for future innovation.

Project Scope



Executive Summary

Current State Assessment

At the time of the report, the Township has 47 permanent full-time staff. The following table is a summary of each department within the current organizational structure

| | Office of the CAO | Public Works | Planning and Development | Municipal Clerk | Technology and Communications | Finance | Fire |
|-----------|-------------------|--------------|--------------------------|-----------------|-------------------------------|---------|------|
| Full-time | 2 | 26 | 7 | 2 | 2 | 6 | 2 |
| Part-time | 1 | - | - | - | 1 | - | 1 |

Financial Indicators and Benchmarking

The Township's financial indicators appear to demonstrate the Township does not appear to have issues with the three financial condition categories (sustainability, flexibility and vulnerability). From an overall perspective, we note that:

- The Township does not appear to be facing a significant affordability constraint, with taxation levels consistent with the comparator municipalities;
- The Township's financial position indicators are generally consistent with the comparator municipalities; and
- The Township's operating costs and staffing levels are consistent with the comparator group.

Additionally, the Township currently provides a complement of services that appear to be consistent with its comparator group and do not appear to exceed expected service levels.

The operating costs and staffing levels associated with municipal service delivery is consistent with the comparator group with the Township falling to the low end of the comparator group for both operating costs and staffing levels. This presents a potential opportunity to invest in strategic and/or traditional services typically found in similarly sized municipalities.

Executive Summary

Potential Organizational Design Options

Three potential organizational design options were developed for the consideration of the Township. The following table summarizes the three options contained within the report:

| Option | Advantages | Disadvantages | Consistent with Municipal Common Practices | Consistent with Municipal Comparators |
|---------------------|--|--|---|--|
| Functional Model I | <ul style="list-style-type: none"> ▪ High functional specialization ▪ Clear control and line of sight in smaller organizations | <ul style="list-style-type: none"> ▪ As organizational size and number of functional areas increase – control decreases | Yes – Municipalities of similar size structure their organizations with functional direct reports to the Chief Administrative Officer | Yes – The majority of the municipal comparators have ‘flat’ organizations with more than 4 direct reports to the Chief Administrative Officer; The average number of direct reports within the municipal comparator group is seven |
| Functional Model II | <ul style="list-style-type: none"> ▪ High functional specialization ▪ Back office services (Finance, IT, HR) are consolidated into one department (Corporate Services) ▪ Protection of persons and property are consolidated one department (Protective Services) ▪ Clear control and line of sight in smaller organizations | <ul style="list-style-type: none"> ▪ As organizational size and number of functional areas increase – control decreases | Yes – Many municipalities structure their organization in a similar fashion | No – The majority of the municipal comparators have relatively ‘flat’ organizations with multiple direct reports to the Chief Administrative Officer |

Executive Summary

Potential Organizational Design Options

Three potential organizational design options were developed for the consideration of the Township. The following table summarizes the three options contained within the report:

| Option | Advantages | Disadvantages | Consistent with Municipal Common Practices | Consistent with Municipal Comparators |
|-----------------|---|--|---|--|
| Program Model I | <ul style="list-style-type: none"> ▪ Knowledge sharing ▪ Breaks down silos between functional groups ▪ Encourages horizontal integration ▪ Promotes strategic focus across the organization | <ul style="list-style-type: none"> ▪ Span of control becomes large in smaller organizations | Yes – A program based organizational structure is commonly found in larger municipalities | No – The majority of the municipal comparators have relatively ‘flat’ organizations with multiple direct reports to the Chief Administrative Officer |

In addition to the three organizational structure options, five positions were identified that are either currently vacant/or did not previously exist within the Township:

- Human resources
- Engineering technologist
- Mechanic
- Corporate communications
- Recreation assistant

Other Opportunities for Consideration

Beyond the three potential structural and staffing changes, three other opportunities were provided for the consideration for the Township:

- Explore the potential of establishing continuous improvement capacity within the organization;
- Explore the redevelopment of the Township’s approach to customer service; and
- Examine and redevelop corporate systems associated with human resources.

We recognize that the ultimate decision as to the organizational structure and related municipal services provided by the Township rests with Council and we trust our report assists with the decision making process.

KPMG would like to express our appreciation to members of Council, management and staff of the Township of Tay who assisted with and participated in the review.



Corporation of the Township of Tay

Project Overview



Project Overview

Terms of Reference

The terms of reference for our engagement were established in KPMG's engagement letter dated October 10, 2019. Based on discussions with the Township, the objectives shared for the review were as follows:

- Identify organizational structures to better support the effective and efficient delivery of services;
- Identify service improvement opportunities;
- Link to the Township's new strategic plan; and
- Position the organization for future innovation.

Project Scope

- **Project Planning:** Meet with the Chief Administrative Officer to clarify expectations, refine lines of inquiry, and develop a subsequent work program for the engagement.
- **Current State Analysis:** Collect relevant information on the current organization structure, roles and responsibilities, and methods of service delivery, conduct stakeholder engagement exercises and survey five comparator municipalities to benchmark Township structures, services and performance.
- **High Level Organizational Structure:** Develop and evaluate structure options including mandates for the major portfolios.
- **Detail Organizational Structure:** Work with stakeholders to refine at the department level, and refine high level options.
- **Final Report & Presentation:** Develop and present a final report on the Township's potential organizational structures and other potential changes to the organization.

Project Overview

Restrictions

This report is based on information and documentation that was made available to KPMG at the date of this report. We had access to information up to January 30, 2020 in order to arrive at our observations but, should additional documentation or other information become available which impacts upon the observations reached in our report, we will reserve the right, if we consider it necessary, to amend our report accordingly. This report and the observations and recommendations expressed herein are valid only in the context of the whole report. Selected observations and recommendations should not be examined outside of the context of the report in its entirety.

Our observations and full report are confidential and are intended for the use of the Township. Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be in the context of the procedures performed. In this capacity, we are not acting as external auditors and, accordingly, our work does not constitute an audit, examination, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and opportunities as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the Township of Tay. Accordingly, KPMG will assume no responsibility for any losses or expenses incurred by any party as a result of the reliance on our report.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the Township of Tay nor are we an insider or associate of the Township of Tay or its management team. Our fees for this engagement are not contingent upon our findings or any other event. Accordingly, we believe we are independent of the Township of Tay and are acting objectively.



Corporation of the Township of Tay

Current State
Assessment



Current State Assessment

Population Trend

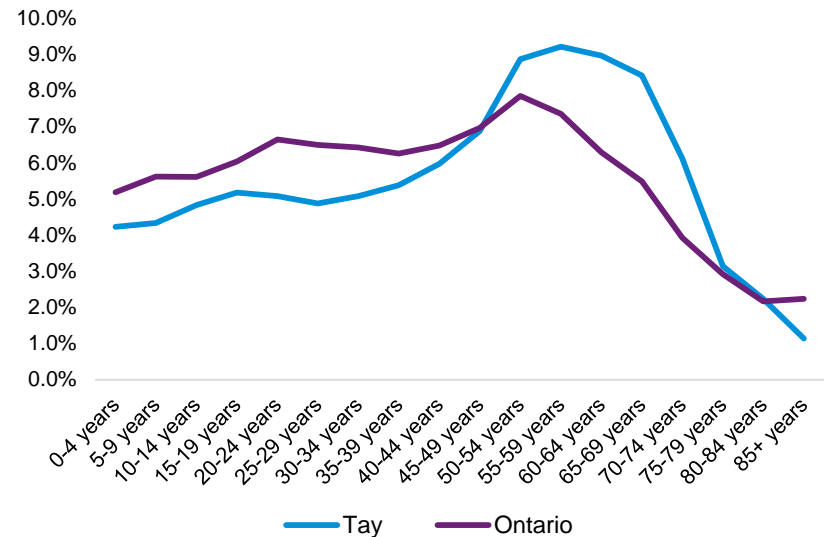
Based on the information collected as part of the Township's 2016 Census Profile, the Township's population is 10,033 with 4,931 private dwellings. Over the past twenty years (1996 to 2016), the Township's population has increased in each Census reporting year with the exception of a decrease of 12 residents between 2006 and 2011. Since 1996, the Township has increased by an average of 2.7% over each Census period.

| Census Profile Year | Population | Population Change |
|---------------------|------------|-------------------|
| 2016 | 10,033 | 3.1% |
| 2011 | 9,736 | -0.1% |
| 2006 | 9,748 | 6.4% |
| 2001 | 9,162 | 1.3% |
| 1996 | 9,044 | - |

Source: Statistics Canada – Census Profile for the Township of Tay

Demographics of the Township

The demographics of the Township of Tay appear to be consistent with demographic trends across Ontario. The demographic trend of the Township appears to be similar to that of the Province's whereas the population over 50 years or older is 48% (Ontario is 45%).

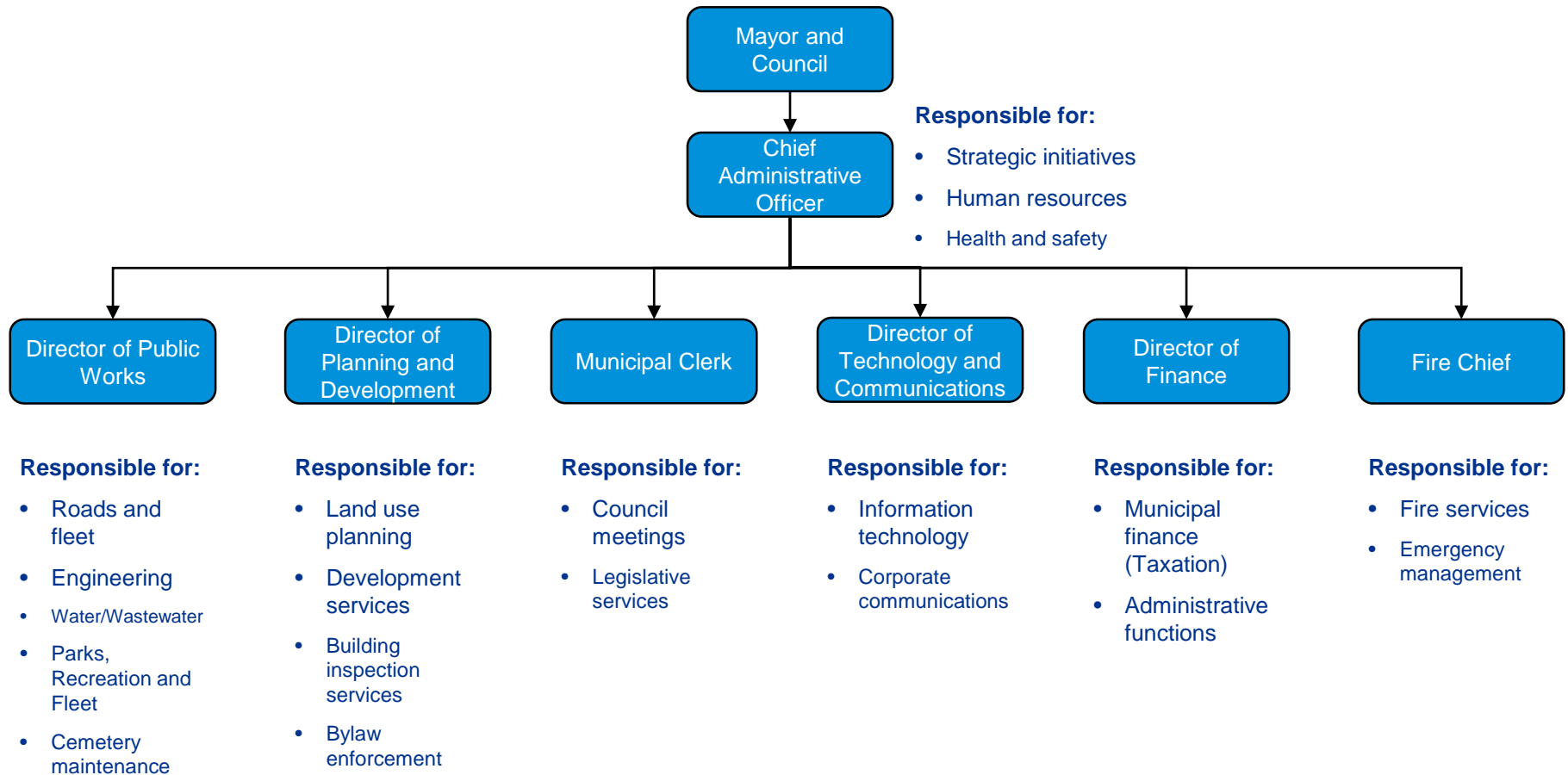


Source: Statistics Canada – Census Profile for the Township of Tay

Township of Tay Organizational Review

Current State Assessment

The Township's Current Organizational Structure



Township of Tay Organizational Review

Current State Assessment

Township's Staffing Profile

At the time of the report, the Township has 47 permanent full-time staff. The following table is a summary of each department within the current organizational structure

| Department | Full-time | Part-time |
|-------------------------------|-----------|-----------|
| Office of CAO | 2 | 1 |
| Public Works | 26 | |
| Planning and Development | 7 | - |
| Municipal Clerk | 2 | - |
| Technology and Communications | 2 | 1 |
| Finance | 6 | - |
| Fire* | 2 | 1 |
| Total | 47 | 3 |

Source: KPMG Analysis of Township Organizational Chart

Summary of Personnel Changes

Based on information provided by the Township, the following table summarizes changes to the Township's staffing complement over the past four years

| | |
|------|--|
| 2019 | <ul style="list-style-type: none"> Information Technology Technician position added |
| 2018 | <ul style="list-style-type: none"> Committee Coordinator/Clerks Administrative Assistant became a full-time position Two part-time positions (Communications and Special Projects Officer and Recreation Administrative Assistant) became a full-time position |
| 2017 | <ul style="list-style-type: none"> No personnel changes noted |
| 2016 | <ul style="list-style-type: none"> Elimination of Planning Technician and Planning Administrative Assistant; Creation of Planner and Engineering Technologist positions (currently, the Engineering Technologist is vacant) |

* - The Fire Department has a volunteer complement of 62 firefighters

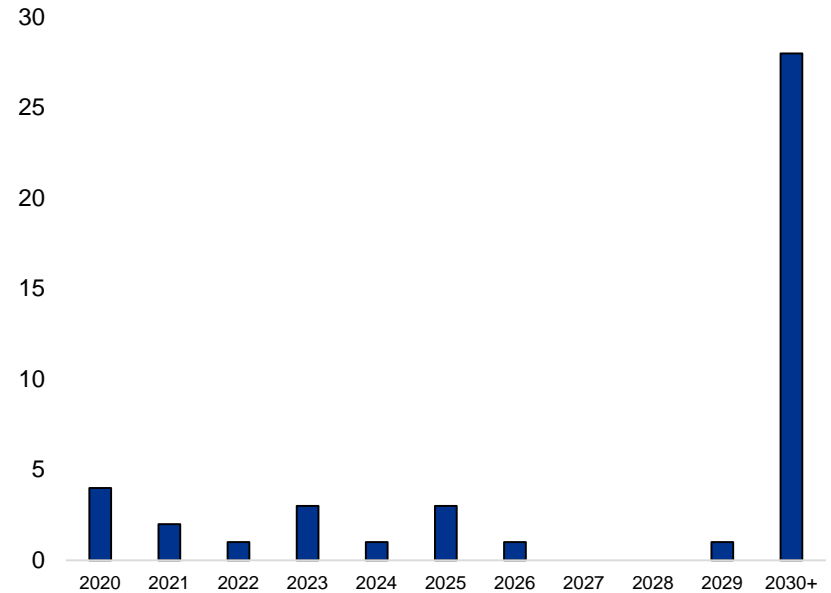
Current State Assessment

Township Staffing Profile

The Ontario Ministry of Finance has identified the aging population as the greatest demographic trend facing Ontario and this is a challenge that municipalities are also facing with respect to its workforce and ability to attract and retain municipal professionals. Based on KPMG's analysis of the Township's staffing profile, approximately 25% of the Township's fulltime employees may be in a position to retire.

The current demographics of the Township's personnel is consistent with the municipality's demographic curve illustrated earlier within this chapter. 36% of the Township's workforce is over 50 years of age with representation across all other age ranges for the remaining 64%.

Potential Staff Retirement Profile (2020 to 2030 and beyond)



Source: KPMG Analysis of Information Provided by the Township

Current State Assessment

Operating Expenditures

Over the past five years, the Township's operating expenditures (excluding amortization) have increased by nearly \$2.9 million (\$10.37 million in 2014 vs. \$13.30 million in 2018), representing an average increase of 6.6% over that period of time. All expenditure categories experienced growth over the past five years. Expenditures related to wages and benefits grew by an average of 4.4% from 2014 to 2018. Expenditures related to the acquisition of materials and interest paid on the Township's long term debt increased by an average of 4.4% and 13.6% respectively. Contracted services increased by 10.4% on average.

| | 2014 | 2015 | 2016 | 2017 | 2018 | Average Change |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------|
| Wages and benefits | \$4,630,864 | \$4,847,055 | \$5,220,689 | \$5,371,940 | \$5,498,942 | +4.4% |
| Interest on long term debt | \$232,278 | \$215,387 | \$270,960 | \$329,355 | \$378,378 | +13.6% |
| Materials | \$2,684,478 | \$2,599,213 | \$3,065,395 | \$3,085,303 | \$3,143,901 | +4.4% |
| Contracted services | \$2,677,743 | \$2,635,069 | \$2,942,237 | \$2,918,627 | \$3,867,090 | +10.4% |
| Rents and financial expenses | \$50,483 | \$21,043 | \$287,669 | \$1,461,279 | \$676,603 | +404.1% |
| External transfers | \$89,606 | \$92,727 | \$43,849 | \$68,471 | \$81,487 | +6.5% |
| Total expenses (Exc. Amortization) | \$10,365,452 | \$10,437,494 | \$11,830,799 | \$13,234,975 | \$13,306,401 | +6.6% |

Source: KPMG Analysis of Financial Information Returns

Current State Assessment

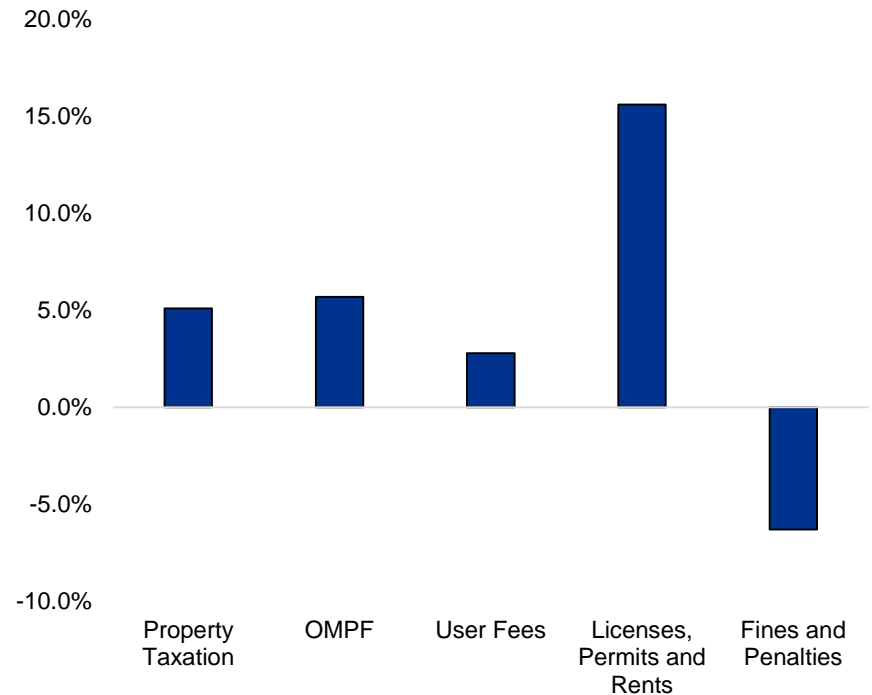
Funding Sources

For the 2018 fiscal year, the Township generated and received revenues of \$21.3 million. Of that total, the Township's local funding sources (defined as taxes and user fees) accounted for \$6.6 million and represented 67.6% of total revenue. Property tax revenues (own purpose taxation) has increased on an average of 5.1% for the years between 2014 to 2018. Over the same time period, user fee revenues increased on an average of 2.8%.

The Township's Ontario Municipal Partnership Fund ('OMPF') allocation, an unconditional grant provided to municipalities by the Province of Ontario, increased by an average of 5.7% over the past five years where the Township received \$236,500 more in 2018 than in 2014.

Other revenue sources for the Township's purposes have varied over the five years examined for the purposes of the review and in many cases, the revenues generated are not entirely within the control of the municipality. Revenues associated with licensing and permitting increased by an average of 15.6% meanwhile fines and penalties related revenues decreased by an average of 6.3%.

Funding Source Average Changes (2014 to 2018)



Source: KPMG Analysis of Financial Information Returns



Corporation of the Township of Tay

Financial Indicators
and Benchmarking



Financial Indicators and Benchmarking

In order to provide additional perspective on the Township's financial performance and position, we have included in this chapter an analysis of financial indicators for the Township and other comparative municipalities.

In Canada, the development and maintenance of principles for financial reporting fall under the responsibility of the Accounting Standards Oversight Council ('AcSOC'), a volunteer body established by the Canadian Institute of Chartered Accountants in 2000. In this role, AcSOC provides input to and monitors and evaluates the performance of the two boards that are tasked with established accounting standards for the private and public sector:

- The Public Sector Accounting Board ('PSAB') establishes accounting standards for the public sector, which includes municipal governments; and
- The Accounting Standards Board ('AcSB'), which is responsible for the establishment of accounting standards for Canadian entities outside of the public sector.

In May 2009, PSAB released a Statement of Recommended Practice that provided guidance on how public sector bodies should report on indicators of financial condition. As defined in the statement, financial condition is '*a government's financial health as assessed by its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others*'. In reporting on financial condition, PSAB also recommended that three factors, at a minimum, need to be considered:

- **Sustainability.** Sustainability is the degree to which the Township can deliver services and meet its financial commitments without increasing its debt or tax burden relative to the economy in which it operates. To the extent that the level of debt or tax burden grows at a rate that exceeds the growth in the Township's assessment base, there is an increased risk that the Township's current spending levels (and by association, its services, service levels and ability to meet creditor obligations) cannot be maintained.
- **Flexibility.** Flexibility reflects the Township's ability to increase its available sources of funding (debt, taxes or user fees) to meet increasing costs. Municipalities with relatively high flexibility have the potential to absorb cost increases without adversely impacting on affordability for local residents and other ratepayers. On the other hand, municipalities with low levels of flexibility have limited options with respect to generating new revenues, requiring an increased focus on expenditure reduction strategies.
- **Vulnerability.** Vulnerability represents the extent to which the Township is dependent on sources of revenues, predominantly grants from senior levels of government, over which it has no discretion or control. The determination of vulnerability considers (i) unconditional operating grants such as OMPF; (ii) conditional operating grants such as Provincial Gas Tax for transit operations; and (iii) capital grant programs. Municipalities with relatively high indicators of vulnerability are at risk of expenditure reductions or taxation and user fee increases in the event that senior levels of funding are reduced. This is particularly relevant for municipalities that are vulnerable with respect to operating grants from senior levels of government, as the Municipal Act does not allow municipalities to issue long-term debt for operating purposes (Section 408(2.1)).

Financial Indicators and Benchmarking

As a means of reporting the Township’s financial condition, we have considered the following financial indicators (*denotes PSAB recommended financial indicator).

| Financial Condition Category | Financial Indicators |
|------------------------------|---|
| Sustainability | <ol style="list-style-type: none"> 1. Financial assets to financial liabilities* 2. Total reserves and reserve funds per household 3. Total operating expenses as a percentage of taxable assessment* 4. Capital additions as a percentage of amortization expense |
| Flexibility | <ol style="list-style-type: none"> 5. Residential taxes per household 6. Total long-term debt per household 7. Residential taxation as a percentage of average household income 8. Total taxation as a percentage of total assessment* 9. Debt servicing costs (interest and principal) as a percentage of total revenues* 10. Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets* |
| Vulnerability | <ol style="list-style-type: none"> 11. Operating grants as a percentage of total revenues* 12. Capital grants as a percentage of total capital expenditures* |

A detailed description of these financial indicators is included on the following pages, including a comparison of the Township’s performance and position against the comparator group.

As noted on the following pages, the Township’s financial indicators appear to demonstrate the Township does not appear to have issues with the three financial condition categories. From an overall perspective, we note that:

- The Township does not appear to be facing a significant affordability constraint, with taxation levels consistent with the comparator municipalities;
- The Township’s financial position indicators are generally consistent with the comparator municipalities; and
- The Township’s operating costs and staffing levels are consistent with the comparator group.

Financial Indicators and Benchmarking

FINANCIAL ASSETS TO FINANCIAL LIABILITIES

This financial indicator provides an assessment of the Township's solvency by comparing financial assets (including cash, investments and accounts receivable) to financial liabilities (accounts payable, deferred revenue and long-term debt). Low levels of financial assets to financial liabilities are indicative of limited financial resources available to meet cost increases or revenue losses.

TYPE OF INDICATOR

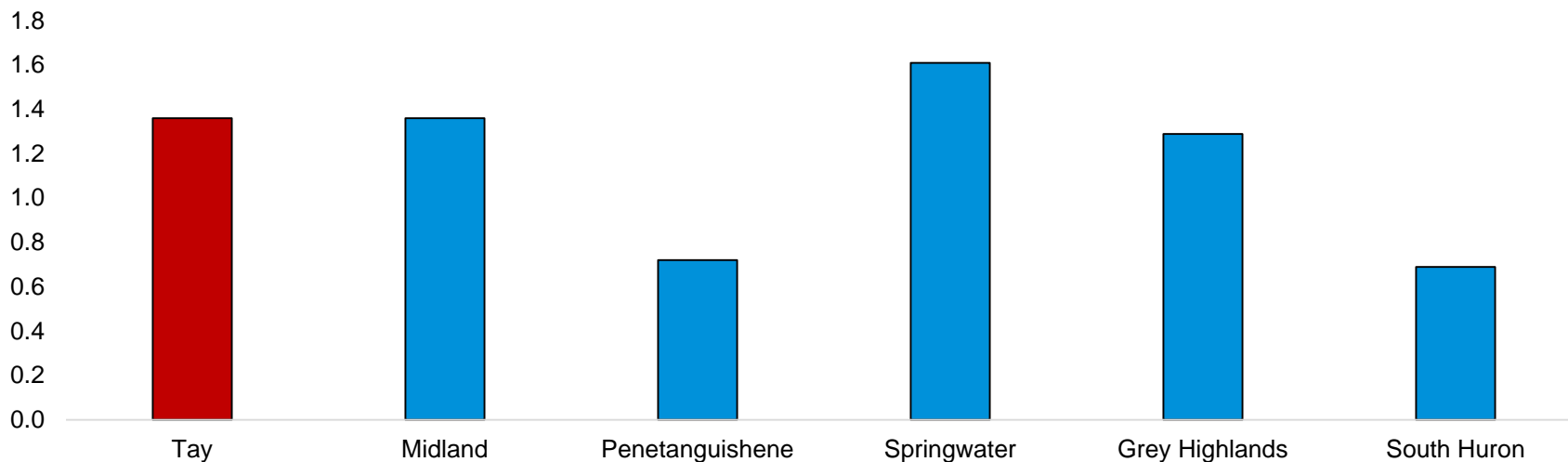
Sustainability ✓
 Flexibility
 Vulnerability

FORMULA

FIR Schedule 70, Line 9930,
 Column 1 divided by FIR
 Schedule 70, Line 9940,
 Column 1

POTENTIAL LIMITATIONS

- Financial assets may include investments in government business enterprises, which may not necessarily be converted to cash or yield cash dividends
- Financial liabilities may include liabilities for employee future benefits and future landfill closure and post-closure costs, which may (i) not be realized for a number of years; and/or (ii) may not be realized at once but rather over a number of years



Financial Indicators and Benchmarking

TOTAL RESERVES AND RESERVE FUNDS PER HOUSEHOLD

This financial indicator provides an assessment of the Township's ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, user fees or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, requiring the Township to revert to taxation or user fee increases or the issuance of debt.

TYPE OF INDICATOR

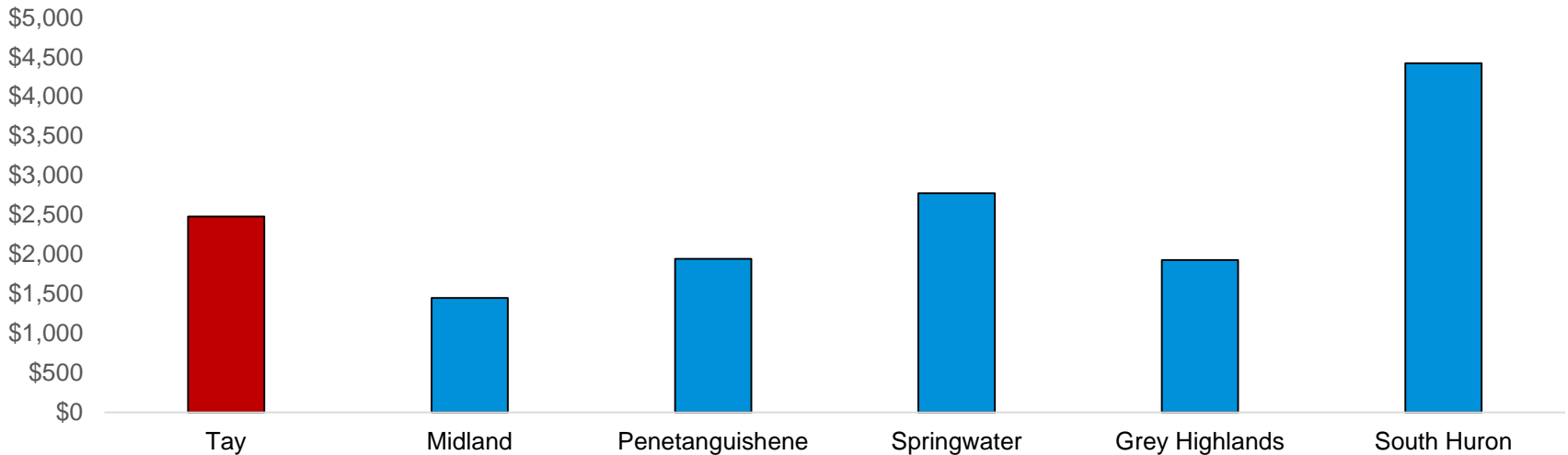
Sustainability ✓
 Flexibility
 Vulnerability

FORMULA

FIR Schedule 70, Line 6420,
 Column 1 divided by FIR
 Schedule 2, Line 40, Column 1

POTENTIAL LIMITATIONS

- Reserves and reserve funds are often committed to specific projects or purposes and as such, may not necessarily be available to fund incremental costs or revenue losses
- As reserves are not funded, the Township may not actually have access to financial assets to finance additional expenses or revenue losses



Financial Indicators and Benchmarking

TOTAL OPERATING EXPENSES AS A PERCENTAGE OF TAXABLE ASSESSMENT

This financial indicator provides an assessment of the Township's solvency by determining the extent to which increases in operating expenses correspond with increases in taxable assessment. If increases correspond, the Township can fund any increases in operating costs without raising taxation rates.

TYPE OF INDICATOR

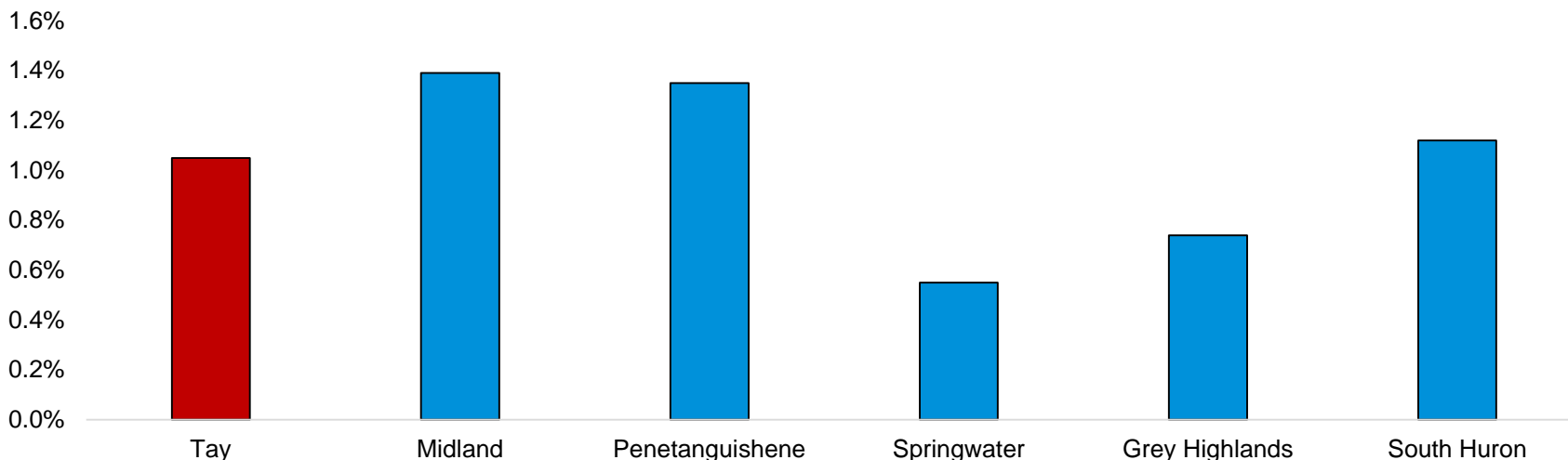
Sustainability ✓
 Flexibility
 Vulnerability

FORMULA

FIR Schedule 40, Line 9910, Column 7 less FIR Schedule 40, Line 9910, Column 16 divided by FIR Schedule 26, Column 17, Lines 9199 and 9299

POTENTIAL LIMITATIONS

- As operating expenses are funded by a variety of sources, the Township's sustainability may be impacted by reductions in other funding sources that would not be identified by this indicator.



Financial Indicators and Benchmarking

CAPITAL ADDITIONS AS A PERCENTAGE OF AMORTIZATION EXPENSE

This financial indicator provides an assessment of the Township’s solvency by assessing the extent to which it is sustaining its tangible capital assets. In the absence of meaningful reinvestment in tangible capital assets, the Township’s ability to continue to deliver services at the current levels may be compromised.

TYPE OF INDICATOR

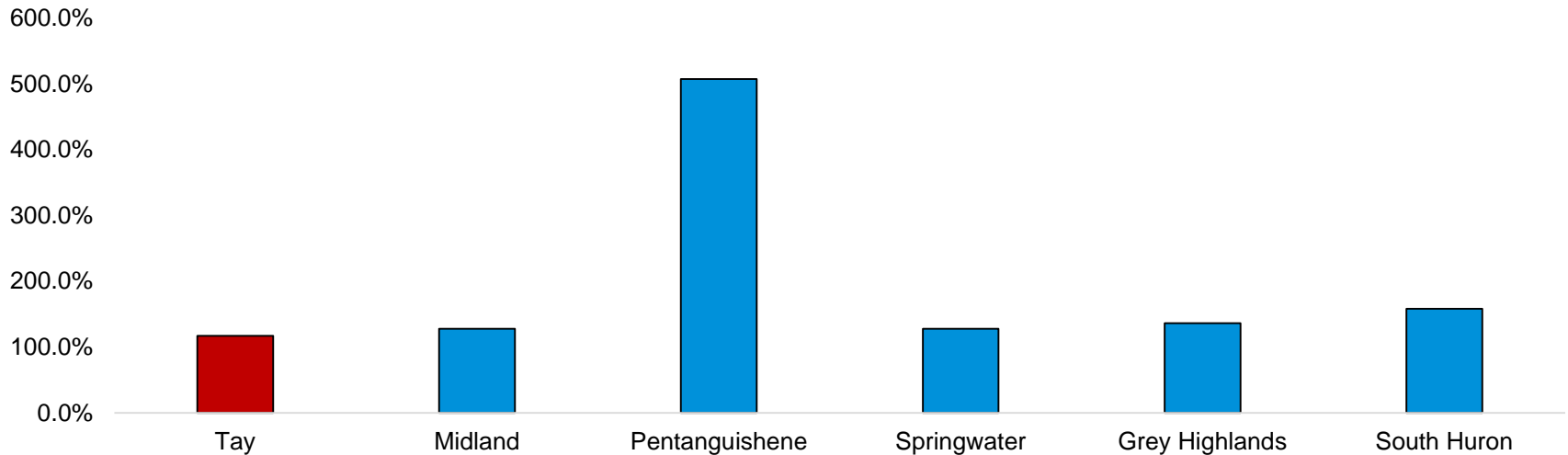
Sustainability ✓
 Flexibility
 Vulnerability

FORMULA

FIR Schedule 51, Line 9910, Column 3 divided by FIR Schedule 40, Line 9910, Column 16

POTENTIAL LIMITATIONS

- This indicator considers amortization expense, which is based on historical as opposed to replacement cost. As a result, the Township’s capital reinvestment requirement will be higher than its reported amortization expense due to the effects of inflation.
- This indicator is calculated on a corporate-level basis and as such, will not identify potential concerns at the departmental level.



Financial Indicators and Benchmarking

RESIDENTIAL TAXES PER HOUSEHOLD

This financial indicator provides an assessment of the Township's ability to increase taxes as a means of funding incremental operating and capital expenditures.

TYPE OF INDICATOR

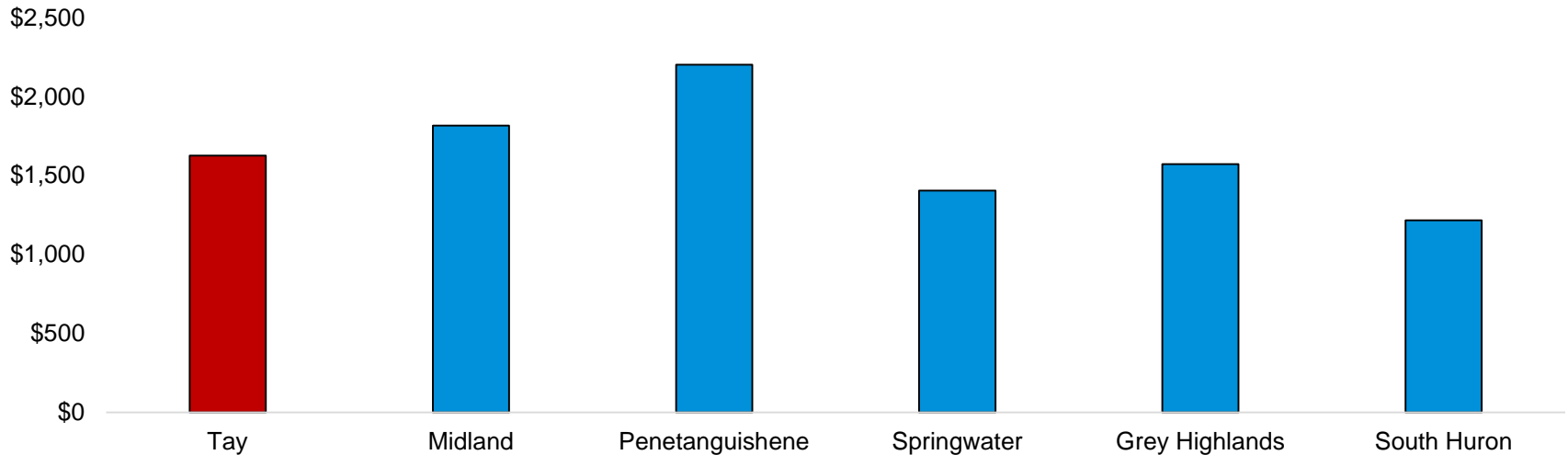
Sustainability
 Flexibility ✓
 Vulnerability

FORMULA

FIR Schedule 26, Line 0010 and Line 1010, Column 4 divided by FIR Schedule 2, Line 0040, Column 1

POTENTIAL LIMITATIONS

- This indicator does not incorporate income levels for residents and as such, does not fully address affordability concerns.



Financial Indicators and Benchmarking

RESIDENTIAL TAXATION AS A PERCENTAGE OF HOUSEHOLD INCOME

This financial indicator provides an indication of potential affordability concerns by calculating the percentage of total household income used to pay municipal property taxes.

TYPE OF INDICATOR

Sustainability

Flexibility ✓

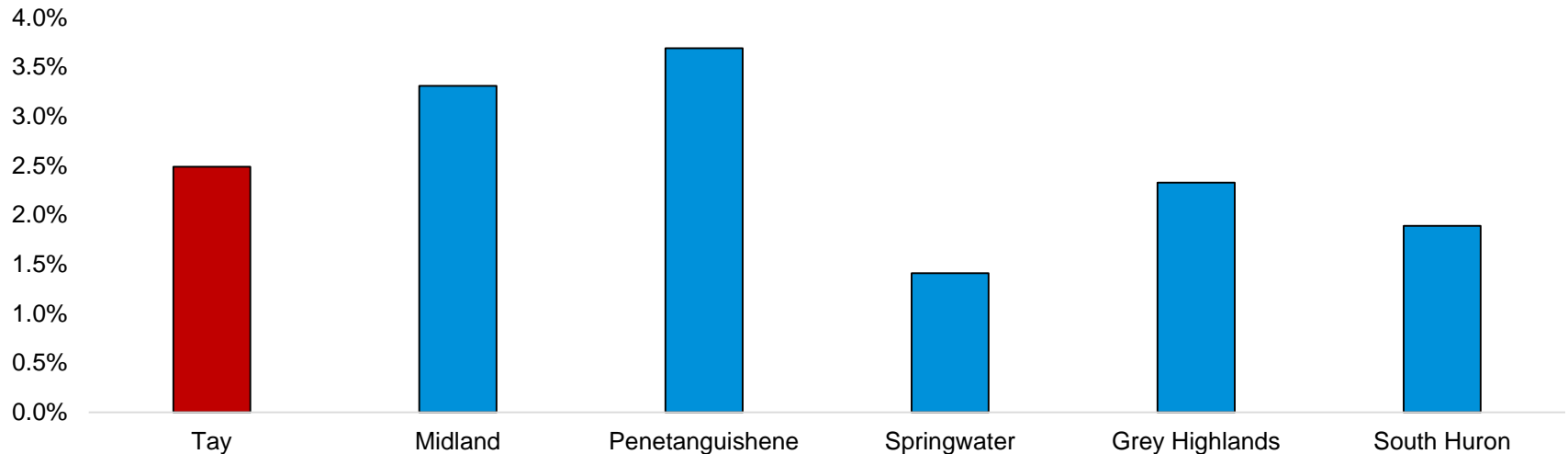
Vulnerability

FORMULA

FIR Schedule 26, Line 0010 and Line 1010, Column 4 divided by FIR Schedule 2, Line 0040, Column 1 (to arrive at average residential tax per household). Average household income is derived from the National Housing Survey.

POTENTIAL LIMITATIONS

- This indicator considers residential affordability only and does not address commercial or industrial affordability concerns.
- This indicator is calculated on an average household basis and does not provide an indication of affordability concerns for low income or fixed income households.



Financial Indicators and Benchmarking

TOTAL LONG-TERM DEBT PER HOUSEHOLD

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

TYPE OF INDICATOR

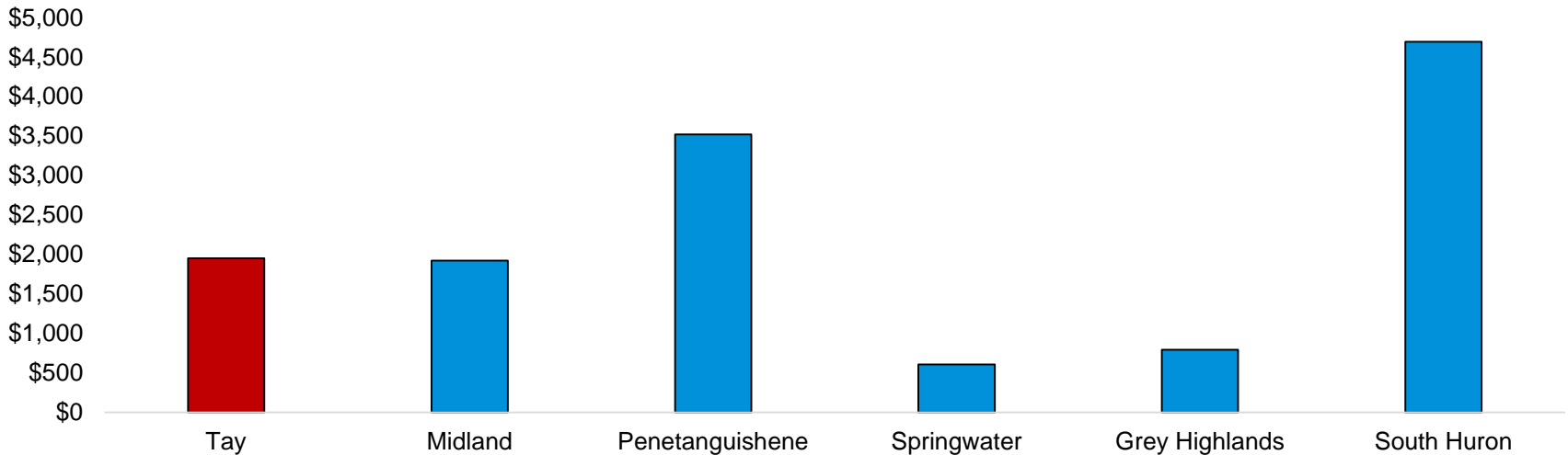
Sustainability
Flexibility ✓
Vulnerability

FORMULA

FIR Schedule 70, Line 2699,
Column 1 divided by FIR
Schedule 1, Line 0040, Column
1

POTENTIAL LIMITATIONS

- This indicator does not consider the Provincial limitations on debt servicing cost, which cannot exceed 25% of own-source revenues unless approved by the Ontario Municipal Board



Financial Indicators and Benchmarking

TOTAL TAXATION AS A PERCENTAGE OF TOTAL ASSESSMENT

This financial indicator provides an indication of potential affordability concerns by calculating the Township's overall rate of taxation. Relatively high tax rate percentages may limit the Township's ability to generate incremental revenues in the future.

TYPE OF INDICATOR

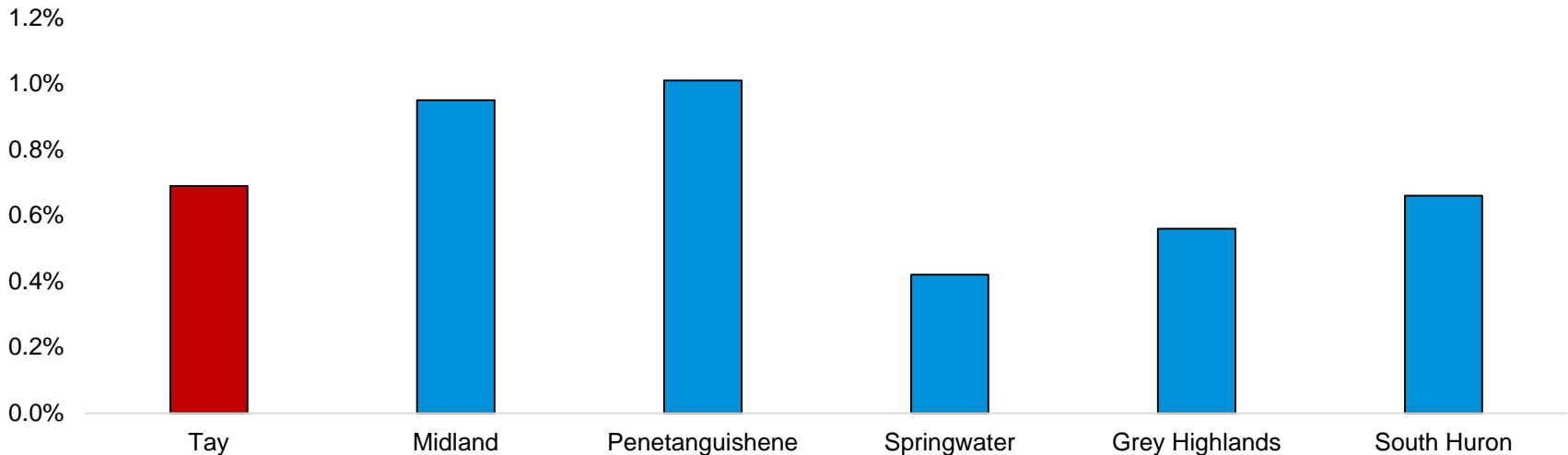
Sustainability
Flexibility ✓
Vulnerability

FORMULA

FIR Schedule 26, Line 9199 and Line 9299, Column 4 divided by FIR Schedule 26, Line 9199 and 9299, Column 17.

POTENTIAL LIMITATIONS

- This indicator considers the Township's overall tax rate and will not address affordability issues that may apply to individual property classes (e.g. commercial).



Financial Indicators and Benchmarking

DEBT SERVICING COSTS (INTEREST AND PRINCIPAL) AS A PERCENTAGE OF TOTAL REVENUES

This financial indicator provides an indication as to the Township's overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs. The Township's ability to issue additional debt may be limited if debt servicing costs on existing debt are excessively high.

TYPE OF INDICATOR

Sustainability

Flexibility ✓

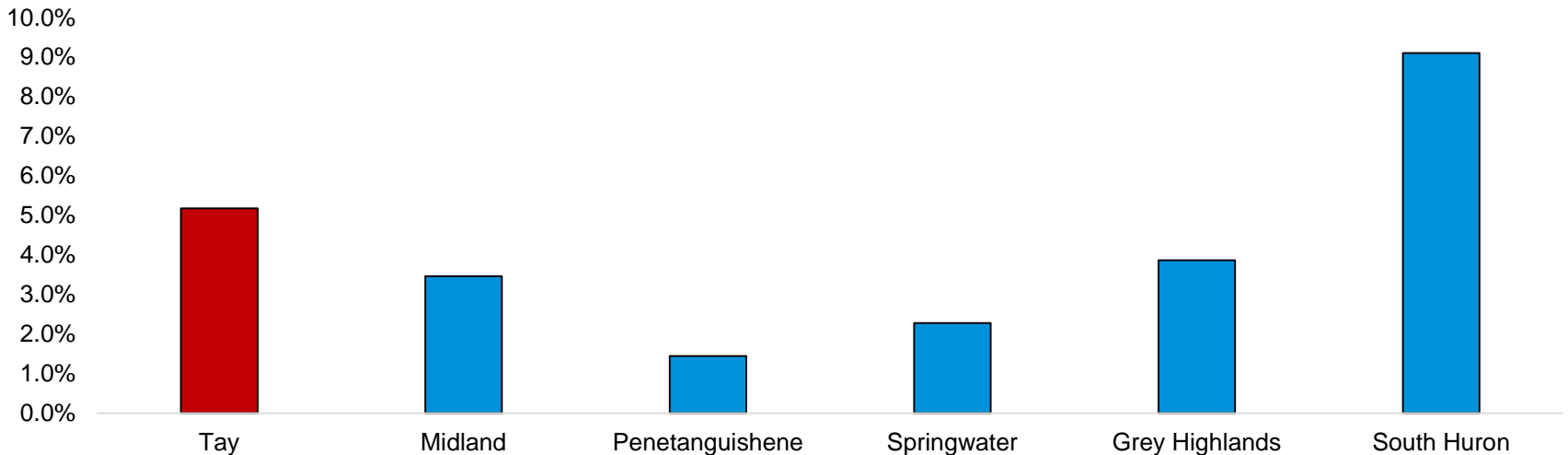
Vulnerability

FORMULA

FIR Schedule 74C, Line 3099, Column 1 and Column 2 divided by FIR Schedule 10, Line 9910, Column 1.

POTENTIAL LIMITATIONS

- No significant limitations have been identified in connection with this indicator



Financial Indicators and Benchmarking

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS AS A PERCENTAGE OF HISTORICAL COST OF TANGIBLE CAPITAL ASSETS

This financial indicator provides an indication as to the extent to which the Township is reinvesting in its capital assets as they reach the end of their useful lives. An indicator of 50% indicates that the Township is, on average, investing in capital assets as they reach the end of useful life, with indicators of less than 50% indicating that the Township's reinvestment is not keeping pace with the aging of its assets.

TYPE OF INDICATOR

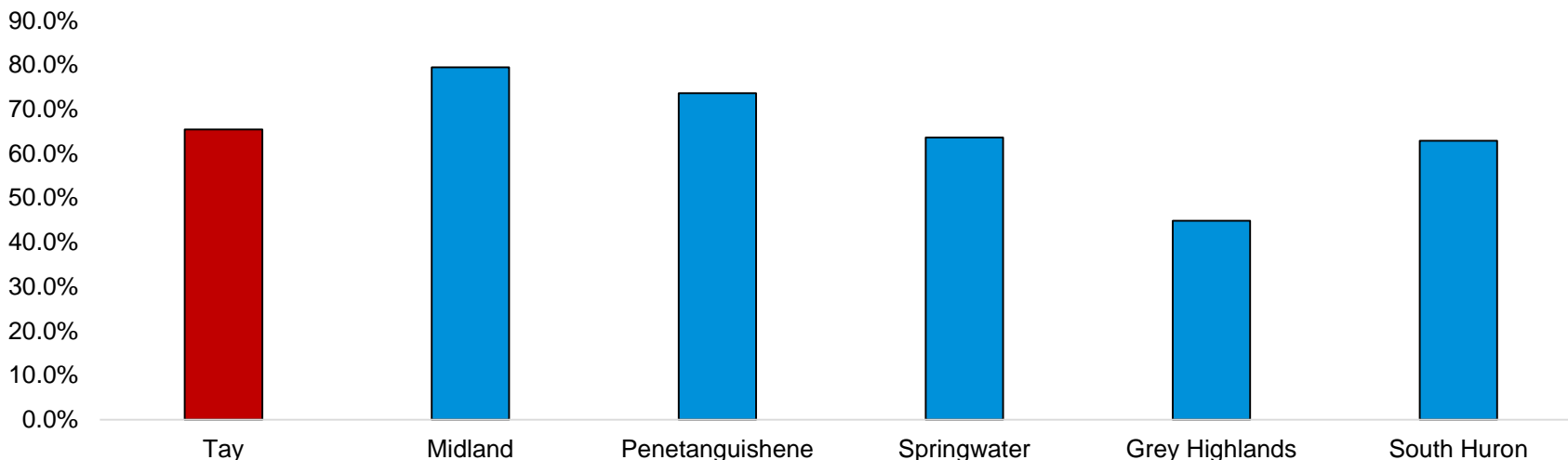
Sustainability
 Flexibility ✓
 Vulnerability

FORMULA

FIR Schedule 51A, Line 9910, Column 11 divided by FIR Schedule 51A, Line 9910, Column 6.

POTENTIAL LIMITATIONS

- This indicator is based on the historical cost of the Township's tangible capital assets, as opposed to replacement cost. As a result, the Township's pace of reinvestment is likely lower than calculated by this indicator as replacement cost will exceed historical cost.
- This indicator is calculated on a corporate-level basis and as such, will not identify potential concerns at the departmental level.



Financial Indicators and Benchmarking

OPERATING GRANTS AS A PERCENTAGE OF TOTAL REVENUES

This financial indicator provides an indication as to the Township's degree of reliance on senior government grants for the purposes of funding operating expenses. The level of operating grants as a percentage of total revenues is directly proportionate with the severity of the impact of a decrease in operating grants.

TYPE OF INDICATOR

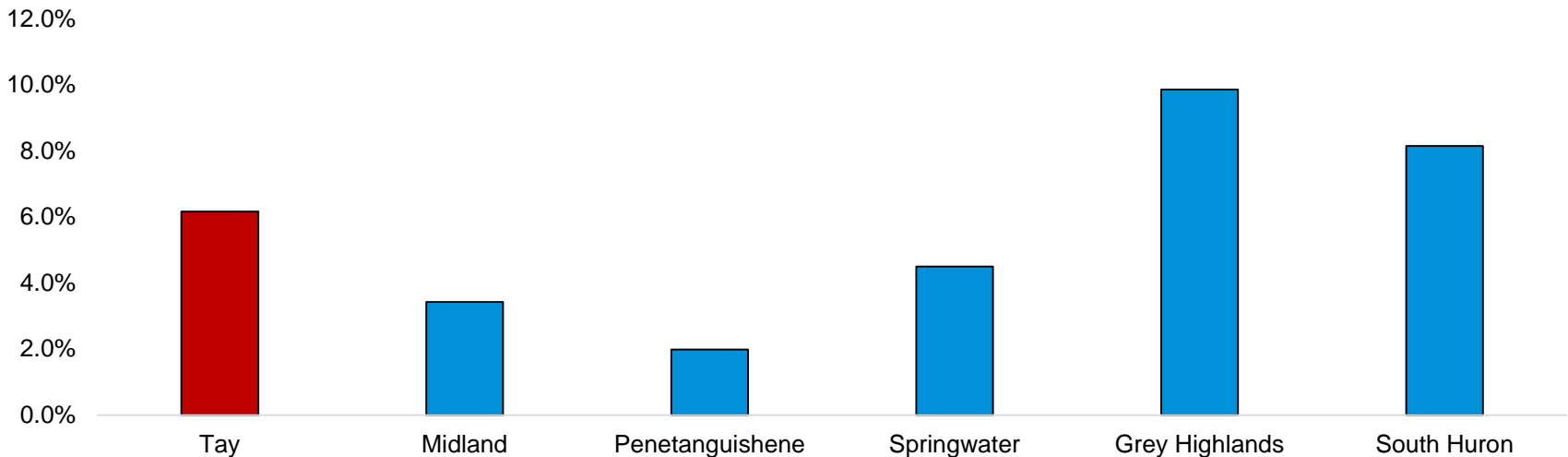
Sustainability
 Flexibility
 Vulnerability ✓

FORMULA

FIR Schedule 10, Line 0699,
 Line 0810, Line 0820, Line
 0830, Column 1 divided by FIR
 Schedule 10, Line 9910,
 Column 1.

POTENTIAL LIMITATIONS

- To the extent possible, the Township should maximize its operating grant revenue. As such, there is arguably no maximum level associated with this financial indicator.



Financial Indicators and Benchmarking

CAPITAL GRANTS AS A PERCENTAGE OF TOTAL CAPITAL EXPENDITURES

This financial indicator provides an indication as to the Township's degree of reliance on senior government grants for the purposes of funding capital expenditures. The level of capital grants as a percentage of total capital expenditures is directly proportionate with the severity of the impact of a decrease in capital grants.

TYPE OF INDICATOR

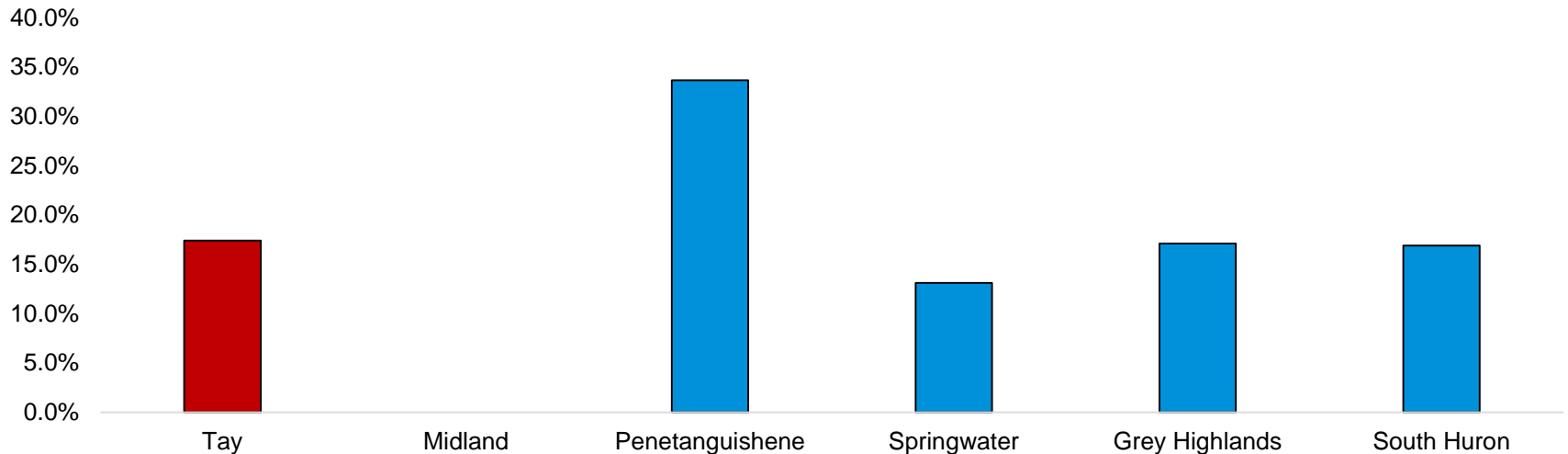
Sustainability
Flexibility
Vulnerability ✓

FORMULA

FIR Schedule 10, Line 0815,
Line 0825, Line 0831, Column
1 divided by FIR Schedule 51,
Line 9910, Column 3.

POTENTIAL LIMITATIONS

- To the extent possible, the Township should maximize its capital grant revenue. As such, there is arguably no maximum level associated with this financial indicator.



Financial Indicators and Benchmarking

Municipal Benchmarking

In addition to the corporate-level financial indicators presented in this chapter, we have also undertaken benchmarking for selected municipal services based on comparisons to similar-sized municipalities.

Each service was benchmarked against five comparator municipalities and those municipalities were selected on the basis of being located in

- Midland
- Grey Highlands
- Penetanguishene
- South Huron
- Springwater

The service-level comparative analysis, which is based on 2018 Financial Information Returns ('FIR'), is intended to provide perspective on the relative cost of delivering services. However, it is important to recognize potential limitations with respect to the analysis:

- Differences in organizational structure and resource allocations can complicate a municipal-to-municipal comparison as the structure of budgets may not yield an apples-to-apples comparison. In certain instances, we have attempted to adjust for these differences by aggregating same or similar services to a level that allows for a reasonable comparison. However, in certain cases the requisite information was not available to KPMG for the purposes of our review.
- In a number of instances, the allocation of costs can vary significantly, impacting any comparison of financial indicators. For example, the treatment of corporate-type costs such as insurance, information technology and financial support can differ, with some municipalities allocating these costs to individual departments while others budget for them as a central cost. Similarly, different approaches to the allocation of fleet expenses (operating only, operating plus capital, operating plus capital plus corporate costs) have the potential to skew the financial analysis.
- The financial benchmarking is independent of any adjustment for service levels. Accordingly, the comparative position of any municipality included in our analysis does not necessarily reflect operating efficiencies but may be due to higher or lower levels of service.

In light of the above, financial indicators are not available for all of the Township's services.

A summary of our service-level financial benchmarking is provided on the following pages.

Current State Assessment - Benchmarking

| Service | Indicator | Tay | Comparator Municipalities | |
|-------------------------|--|------------|---------------------------|-------------|
| | | | Low | High |
| Corporate Wide | Wages and benefit costs per household | \$1,115.18 | \$1,002.79 | \$1,924.87 |
| | Wages and benefit costs as a percentage of total operating expenditures | 40.3% | 30.9% | 51.6% |
| | Contracted services costs per household | \$784.24 | \$697.09 | \$1,145.94 |
| Corporate Services | Net operating costs per household | 363.64 | \$310.24 | \$484.18 |
| | Wages and benefit costs as a percentage of departmental operating costs | 69.1% | 56.5% | 74.6% |
| Transportation Services | Operating costs per lane kilometre | \$7,133.83 | \$4,287.54 | \$31,526.84 |
| | Wages and benefit costs as a percentage of departmental operating costs | 48.9% | 26.5% | 45.4% |
| | Number of operators per 100 lane kilometre | 3.4 | 2.8 | 7.8 |
| Environmental Services | Level of cost recovery for water and wastewater services generated through user fees | 124.8% | 128.6% | 190.0% |
| | Wages and benefits costs as a percentage of departmental operating costs | 18.7% | 4.5% | 43.4% |
| Fire Services | Net operating costs per household | \$184.30 | \$95.07 | \$324.55 |
| | Wages and benefit costs as a percentage of departmental operating costs | 57.2% | 56.2% | 87.2% |

Source: KPMG Analysis of Financial Information Returns

Current State Assessment – Benchmarking

| Service | Indicator | Tay | Comparator Municipalities | |
|---|--|----------|---------------------------|----------|
| | | | Low | High |
| Planning and Development Services | Net operating costs per household | \$66.89 | \$42.54 | \$76.50 |
| | Level of cost recovery for planning services generated through user fees | 21.1% | 13.7% | 74.6% |
| | Wages and benefit costs as a percentage of departmental operating costs | 58.7% | 3.5% | 71.2% |
| Other Protective Services (Building and Bylaw Services) | Operating costs per household | \$95.55 | \$57.06 | \$101.02 |
| | Wages and benefit costs as a percentage of total operating expenditures | 82.0% | 36.0% | 91.5% |
| Parks and Recreation Services | Total net operating costs per household (excluding library services) | \$197.84 | \$130.13 | \$298.31 |
| | Total Wages and benefit costs as a percentage of departmental operating costs (excluding library services) | 70.1% | 45.3% | 57.8% |
| | Recreational facilities – net operating cost per household | \$53.95 | \$50.03 | \$197.66 |
| | Recreational programming – net operating cost per household | \$21.69 | \$25.40 | \$56.31 |

Source: KPMG Analysis of Financial Information Returns

Current State Assessment - Benchmarking

Municipal Staffing Comparative Analysis

At the time of the report, the Township of Tay has 47 budgeted full-time employees. Within the 47 positions, there exist vacancies including the positions of the Chief Administrative Officer, the Communications and Special Projects Officer (these positions became vacant during the time of the review),

The following table is a comparative summary of the Township's staffing levels versus the comparative municipalities. Based on KPMG's analysis, the Township's staffing levels are consistent with the comparator group.

| Service (Full-time Positions) | Tay | Comparator Municipalities | | |
|-------------------------------|-------------|---------------------------|--------------|-------------|
| | | Low | High | Average |
| Corporate Services | 13.0 | 9.0 | 25.0 | 18.5 |
| Fire Services | 2.5 | 1.0 | 14.0 | 5.0 |
| Parks and Recreation Services | 2.5 | 2.0 | 26.0 | 11.0 |
| Public Works | 22.0 | 17.0 | 42.0 | 24.0 |
| Planning and Development | 7.0 | 0.5 | 13.0 | 5.0 |
| Total | 47.0 | 46.0 | 129.0 | 69.0 |



Corporation of the Township of Tay

High Level
Organizational
Structure Design



High Level Organizational Structure Design

Introduction

Organization design is the deliberate process of configuring structures, processes, and people practices to create an effective organization capable of achieving the organization's identified strategy.

Form Follows Function - strategy drives structure; processes are based on structure; and structures and processes define the implementation of people practices. Structure is just one of several levers to be 'pulled' in organizations to optimize performance and an effective organization design considers: strategy, structure, processes and systems, people practices and culture.

Common Organizational Design Pitfalls

| Observations | Implications |
|--|---|
| Organization design efforts often begin and end just with a structure chart. | Creating just structure charts is insufficient with respect to effective governance and collaboration within the organization and across boundaries. And it is inadequate if you want people to adopt new accountabilities, responsibilities and ways of working. |
| Many organizations evolve without conscious design choices from a holistic perspective. | Piecemeal tweaks over time can result in structures that become inefficient, with unclear accountabilities and suboptimal working relationships. <i>This has been a key issue for the Township of Woolwich over the years.</i> |
| Creating an effective 'lean' organization doesn't happen by chance. | Focusing an organization on primary outputs and deliverables, and helping reduce non value-added activities is a common objective. However, lean organizations do not exist by chance. They have to be deliberately designed. |
| Today's organizations compete in rapidly changing environments. | Leadership should constantly rethink how their business is designed and how it can achieve and sustain increased levels of performance. No matter what is driving change, more rigor needs to be applied to ensure that structures, processes, systems, and capabilities all support the objective. |
| Organization design can become a political compromise – undertaken to find jobs for existing people. | Senior teams need an opportunity to work outside of the current conventions, politics and mindsets to start again. |

High Level Organizational Structure Design

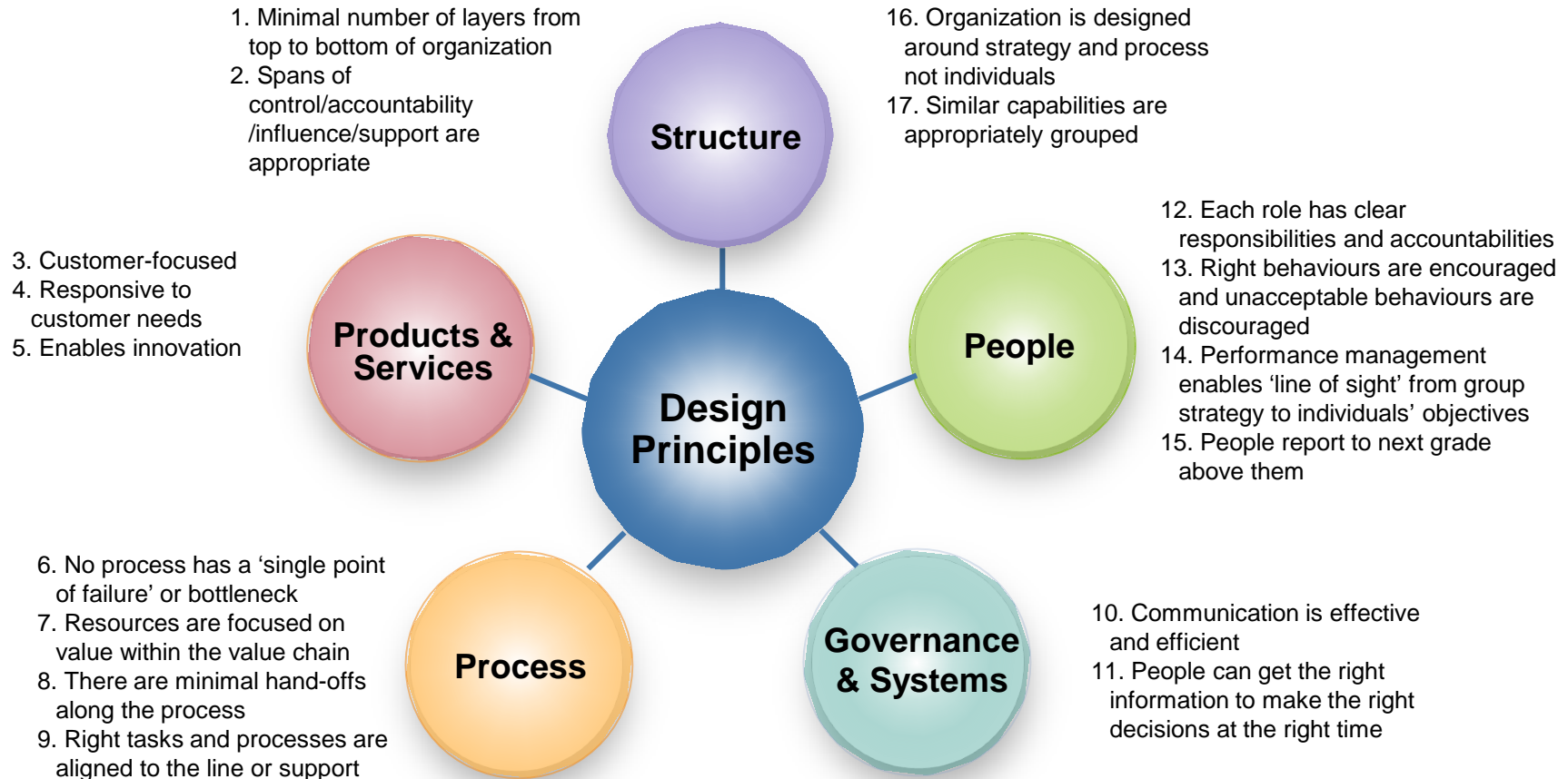
Organizational Design Principles

For the purposes of the high level organizational structure design, the following principles are to be considered:

- Design principles form the criteria against which to measure the organization design.
- Design principles should reflect a focus on effectiveness. An organization is effective if it is doing the right things to achieve its mandate and vision.
- Design principles should reflect a focus on efficiency. An organization is efficient if it is doing things in a way that maximizes utilization of resources.
- Design principles should reflect desired performance (success measures).

High Level Organizational Structure Design

Leading Practice in Design Principles



High Level Organizational Structure Design

Leading Practice in Design Principles (continued)

18. **Form follows function** – Build an organization around its role and purpose – not around its people.
19. **Single points of accountability** – There will be clear, well-defined accountabilities and decision-making authorities, supporting the concepts of single points of accountability for results
20. **Future growth and change** – Organize to be flexible and adaptable to future growth and service needs.
21. **Span of control** – Span of control should be as broad as possible without sacrificing efficiency. However, there is a limit to the number of positions one person can effectively be responsible for.
22. **Specialization** – The activities for which a single individual is held accountable should be similar.
23. **Simplicity** – The organization should be kept as simple as possible.
24. **Layers of supervision** – The number of levels of authority should be held to a minimum.
25. **Decision making** – The organization design should facilitate effective and timely decision-making in support of day-to-day operations.
26. **Decentralize/centralize** – What to centralize and decentralize depends on the nature of the work being performed and the objectives of the organization relative to its customers and stakeholders. As a very general rule, decentralize customer-facing work and centralize enabling system work.
27. **Consistent with strategic direction** – The overall organizational design should support the vision, direction and strategic priorities.
28. **Customer driven** – The design of the organization should be accessible, responsive and easily understood by the customer.
29. **Balance in scale and scope** – The scale and scope of operations across each layer in the organization should be comparable in terms of operational, political and financial complexity and risk.
30. **Minimal organizational disruption** – The preferred organization design should help minimize the potential service disruptions to the customer.
31. **Reasonable workload** – The organization should be designed to balance reasonable workload, the ability to keep promised deadlines, and provide high service levels.



Corporation of the Township of Tay

Potential
Organizational Design
Options



Organization Types Comparison Chart¹

| ORGANIZATION TYPE | ADVANTAGES | DISADVANTAGES | USE WHEN |
|---|---|--|--|
| <p>FUNCTIONAL</p> <p>A functional structure is organized around major services/activity groups</p> <p>Ex: finance, Clerk, planning</p> | <ul style="list-style-type: none"> • Knowledge sharing within unit • High functional specialization • Efficiency & economies of scale • Standardization | <ul style="list-style-type: none"> • Limited decision making capacity • Communication across functions is difficult • Coordination across functions is difficult • Less responsive to end user needs | <ul style="list-style-type: none"> • Single line of business • Common standards are required • Highly regulated • Core capability is based in functional expertise or economies of scale |
| <p>PRODUCT/PROGRAM</p> <p>A product structure is organized around products or programs</p> <p>Ex: Corporate Services, Community Services</p> | <ul style="list-style-type: none"> • Speed of product development cycle • Product excellence • Product diversification • Operating freedom | <ul style="list-style-type: none"> • Duplication of effort • Lost economies of Scale • Multiple customer points | <ul style="list-style-type: none"> • Product features are competitive advantage • Multiple products for separate market segments • Short product life cycles |
| <p>CUSTOMER</p> <p>A customer structure is organized around market segments or specific customers</p> <p>Ex: specific urban areas</p> | <ul style="list-style-type: none"> • Customization • Relationship building • Solutions not just products | <ul style="list-style-type: none"> • Knowledge sharing is limited • Duplication of effort • Lost economies of Scale | <ul style="list-style-type: none"> • Buyers/customers have power • Customer knowledge is a competitive advantage • Rapid customer service is key • Rapid product cycles are key |
| <p>GEOGRAPHIC</p> <p>A geographic structure is organized around physical location</p> <p>Ex: Elmira, Breslau, St. Jacobs</p> | <ul style="list-style-type: none"> • Responsive to regional customer needs • Relationship building • Selective centralization-decentralization | <ul style="list-style-type: none"> • Mobilization & sharing resources is difficult • Sharing knowledge is difficult • Multiple points of contact for clients • Internal competition for resources • Client relationships belong to who? | <ul style="list-style-type: none"> • Smaller efficient scale exists • High cost of transport • Just-in-time delivery is critical • Need to locate close to supply source |

¹ Adapted from Designing Your Organization, Amy Kates and Jay R. Galbraith, 2007

Organization Types Comparison Chart¹

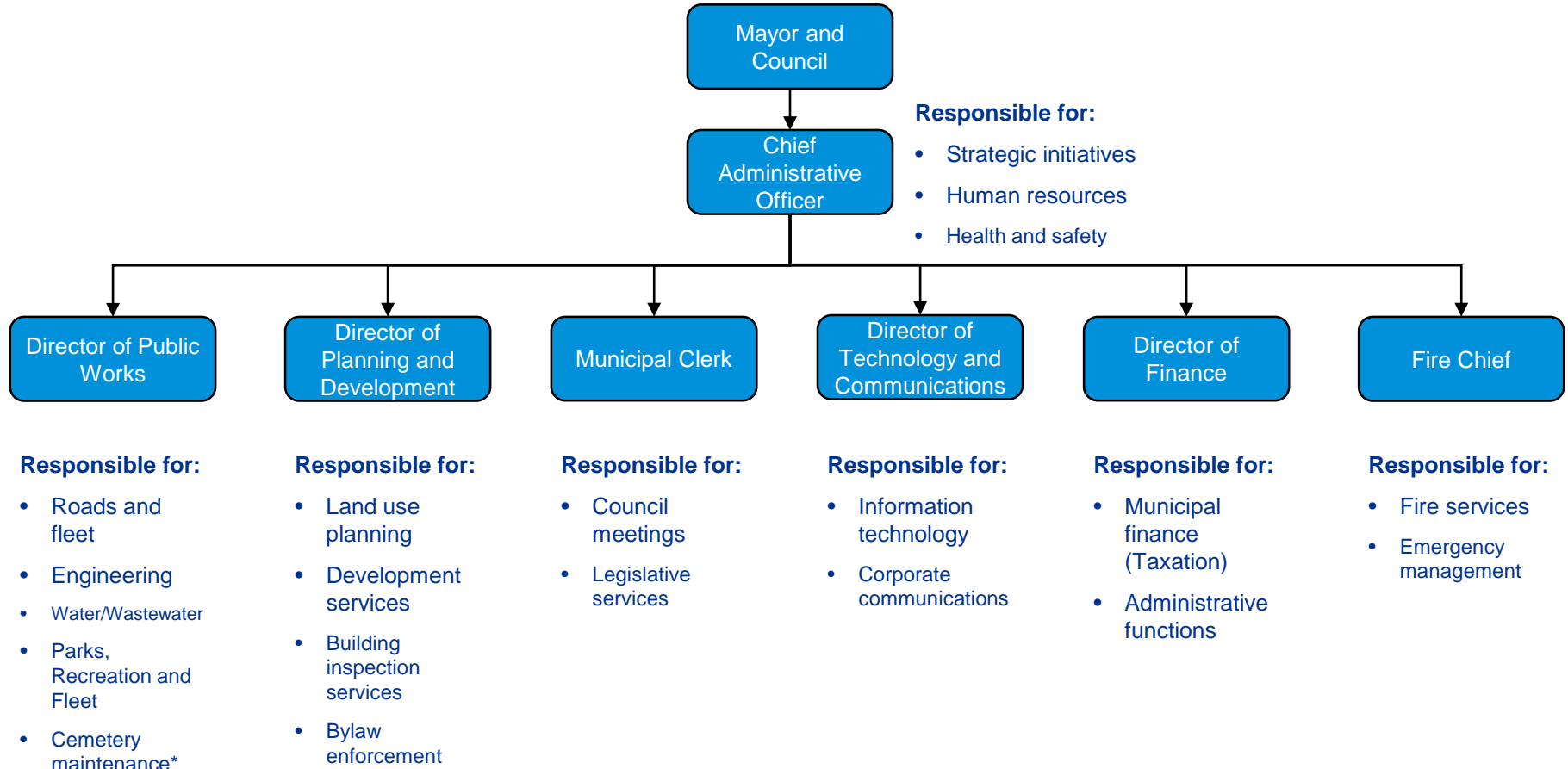
| ORGANIZATION TYPE | ADVANTAGES | DISADVANTAGES | USE WHEN |
|--|---|---|---|
| <p>PROCESS</p> <p>A process structure is organized around major processes</p> | <ul style="list-style-type: none"> • Process excellence • TQ (total quality) • Cycle time reduction • Continuous Improvement • Easy measurement • Cost reductions | <ul style="list-style-type: none"> • Coordination between processes is often difficult | <ul style="list-style-type: none"> • Short product life • Rapid development cycles • Cost reduction is critical |
| <p>Matrix</p> <p>Matrix organizations are typically designed so that the “Front” of the organization faces the customer and the “Back” of the organization is product facing.</p> | <ul style="list-style-type: none"> • Single point of interface for customer • Cross selling • Value-added systems & solutions • Product focused • Multiple distribution channels | <ul style="list-style-type: none"> • Internal competition for resources • Price disagreements • Customer needs disagreements • Marketing belongs • Conflicting metrics • Complex accounting | <ul style="list-style-type: none"> • Multiple product lines and multiple market segments • Global customers • Competitive advantage is in combined customer and product excellence |

¹ Adapted from Designing Your Organization, Amy Kates and Jay R. Galbraith, 2007

Township of Tay Organizational Review

Current Organizational Structure

The Township's Current Organizational Structure



* - Contracted service

Potential Organizational Structures

For the purposes of the reader, the current organizational structure for the Township could be categorized as a functional model whereas the Township is organized around major services/activity groups. Functional models bring the following advantages and disadvantages:

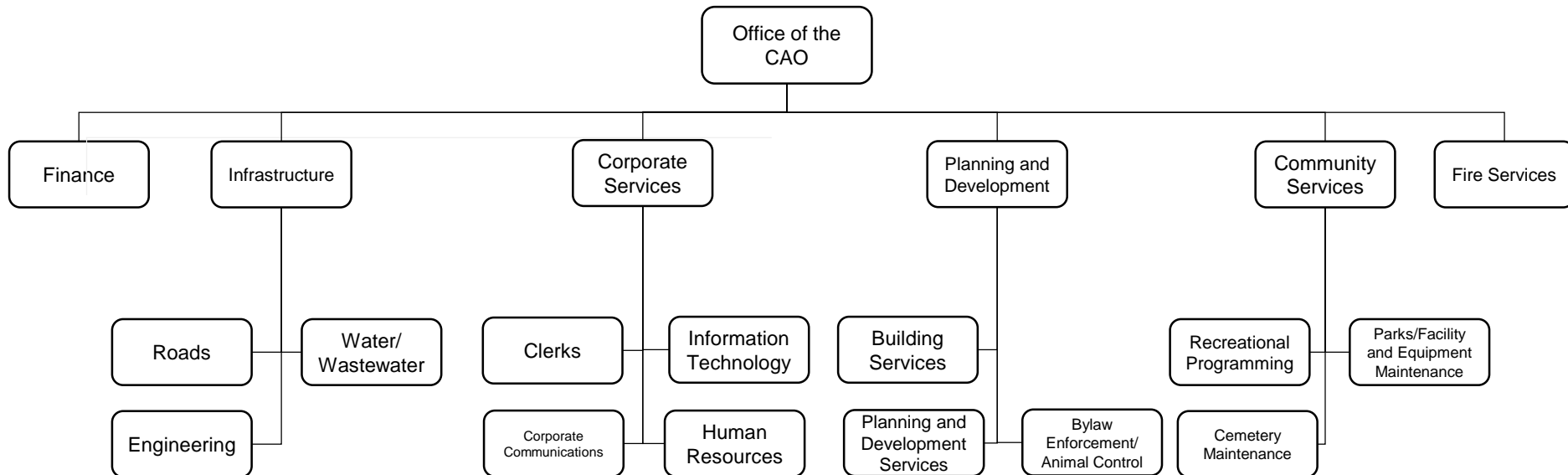
| Advantages | Disadvantages |
|---|--|
| <ul style="list-style-type: none"> • Knowledge sharing within unit • High functional specialization • Efficiency & economies of scale • Standardization | <ul style="list-style-type: none"> • Limited decision making capacity • Communication across functions is difficult • Coordination across functions is difficult • Less responsive to end user needs |

Three potential organizational structures are provided for the Township’s consideration within this chapter. Beyond the potential re-organization of municipal services, the following are assumptions within each of the models:

- All three models seek to achieve the goal of reducing the number of direct reports to the Office of the Chief Administrative Officer – the potential benefit of this reduction in the number of reports to the Chief Administrative Officer is to potentially free up capacity to effectively manage the corporation while allowing for the CAO to act in a more strategic fashion;
- As identified within the options whereas municipal services are consolidated, the direct report to the Office of the Chief Administrative Officer would serve potentially two roles – Director of the cluster as well as a senior role in the organization (for example, the Director of Corporate Services could be the Township Treasurer);
- The position of Executive Assistant remains in place and within the Office of the Chief Administrative Officer;
- Each of the departments retain administrative assistance – these positions would be considered to be fulltime and dedicated resources within. There exists the potential of pooling all administrative support to potentially better serve the organization as well as potentially allow for enhanced customer service but at the time of this report, a shift towards a clustered approach may be considered to be a long-term opportunity for the Township’s consideration;
- There are positions identified within each of the potential options that are may be either vacant and/or do not currently exist within the Township at the time of this report. The decision to ultimately fill and/or create those positions remains a decision of Council; and
- Linked to the previous point, those positions identified that are currently absent within the Township at the time of this report are subject to the Township’s approval and subsequent implementation of its strategic plan.

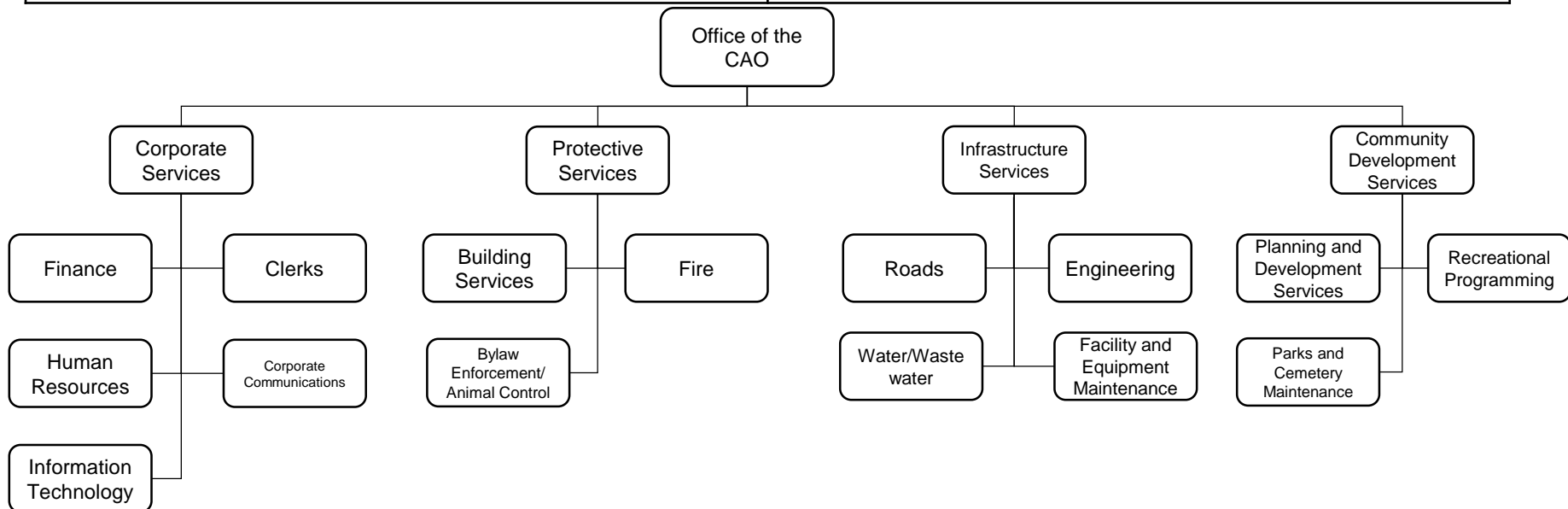
Functional Model I

| | | |
|--|--|--|
| Description | A functional structure is organized around major activity groups. This functional model separates out the finance function from Corporate Services, which is the combination of the Clerk, Technology and Communications and addition of a human resources function. There is also the creation of a new Community Services function which would oversee recreational and maintenance services. This model maintains the current number of direct reports to the Office of the Chief Administrative Officer. | |
| Advantages | Disadvantages | |
| <ul style="list-style-type: none"> High functional specialization – Finance is a core municipal service which is involved in all other departments and as such, remains as a stand alone department within this model Clear control and line of sight in smaller organizations | <ul style="list-style-type: none"> As organizational size and number of functional areas increase – control decreases | |



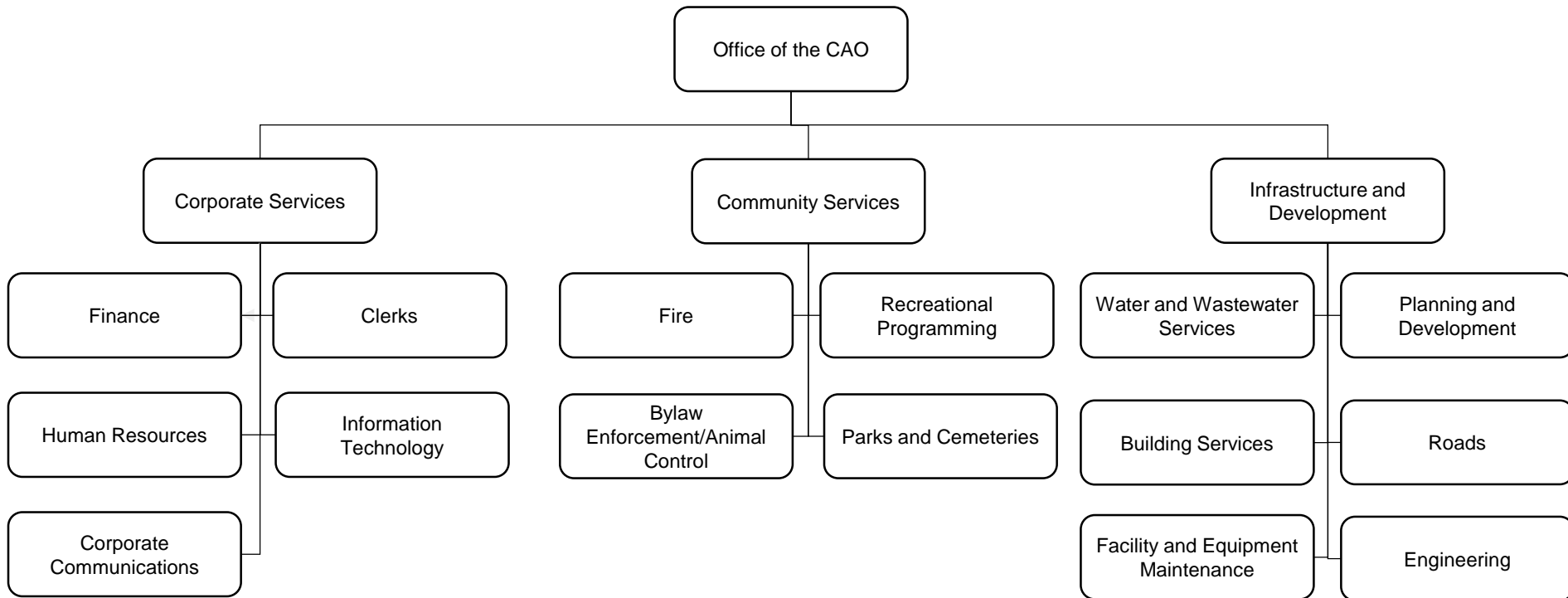
Functional Model II

| | | |
|--------------------|--|----------------------|
| Description | A functional structure is organized around major activity groups similar to the previous model. This revised functional model consolidates Finance into the previously noted Corporate Services function and consolidates bylaw enforcement, fire and building inspection services into a Protective Services group. Community Development Services differs from the previous model – planning and development services and recreational services (community focussed services) would be the core services within. This model differs from the current structure in that there would be four direct reports to the Office of the CAO. The direct reports to the Office of the CAO may serve dual roles – for example, the Director of Protective Services could be the Fire Chief. | |
| Advantages | <ul style="list-style-type: none"> ▪ High functional specialization ▪ Corporate support services (Finance, IT, HR) are consolidated into one department (Corporate Services) ▪ Protection of persons and property are consolidated into one department (Protective Services) ▪ Community related services are consolidated into one department ▪ Clear control and line of sight in smaller organizations | Disadvantages |
| | <ul style="list-style-type: none"> ▪ As organizational size and number of functional areas increase – control decreases | |



Program Model

| | | |
|---|--|--|
| Description | A program based model is organized around specific service delivery programs representing similarly aligned functional work. This model differs from the previous two models and the current structure by reducing the number of direct reports to three – each of the new departments are grouped based on a specific program. The direct reports to the Office of the CAO may serve dual roles – for example, the Director of Protective Services could be the Fire Chief. This approach may be considered to a longer-term option than the previous two models. | |
| Advantages | Disadvantages | |
| <ul style="list-style-type: none"> ▪ Knowledge sharing ▪ Breaks down silos between functional groups ▪ Encourages horizontal integration ▪ Promotes strategic focus across the organization | <ul style="list-style-type: none"> ▪ Span of control becomes large in smaller organizations | |



Summary of Potential Organizational Structures

| Option | Advantages | Disadvantages | Consistent with Municipal Common Practices | Consistent with Municipal Comparators |
|---------------------|--|--|---|--|
| Functional Model I | <ul style="list-style-type: none"> ▪ High functional specialization ▪ Clear control and line of sight in smaller organizations | <ul style="list-style-type: none"> ▪ As organizational size and number of functional areas increase – control decreases | Yes – Municipalities of similar size structure their organizations with functional direct reports to the Chief Administrative Officer | Yes – The majority of the municipal comparators have ‘flat’ organizations with more than 4 direct reports to the Chief Administrative Officer; The average number of direct reports within the municipal comparator group is seven |
| Functional Model II | <ul style="list-style-type: none"> ▪ High functional specialization ▪ Corporate support services (Finance, IT, HR) are consolidated into one department (Corporate Services) ▪ Protection of persons and property are consolidated one department (Protective Services) ▪ Clear control and line of sight in smaller organizations | <ul style="list-style-type: none"> ▪ As organizational size and number of functional areas increase – control decreases | Yes – Many municipalities structure their organization in a similar fashion | No – The majority of the municipal comparators have relatively ‘flat’ organizations with multiple direct reports to the Chief Administrative Officer |

Summary of Potential Organizational Structures

| Option | Advantages | Disadvantages | Consistent with Municipal Common Practices | Consistent with Municipal Comparators |
|-----------------|---|--|---|--|
| Program Model I | <ul style="list-style-type: none"> ▪ Knowledge sharing ▪ Breaks down silos between functional groups ▪ Encourages horizontal integration ▪ Promotes strategic focus across the organization | <ul style="list-style-type: none"> ▪ Span of control becomes large in smaller organizations | Yes – A program based organizational structure is commonly found in larger municipalities | No – The majority of the municipal comparators have relatively ‘flat’ organizations with multiple direct reports to the Chief Administrative Officer |

Potential Personnel Changes to the Organization

| Position | Rationale | Consistent with | | Potential Budget Impact |
|-----------------|--|-----------------|-----------------------|---|
| | | Common Practice | Municipal Comparators | |
| Human Resources | <p>At the time of the review, the responsibility and delivery of human resources as well as health and safety is fragmented. There are a number of individuals within the organization who provide aspects of these service however there is not one person who has the complete oversight over all activities.</p> <p>Based on a scan of the municipal comparator group as well as a scan of common practices of similarly sized municipalities, the majority of the municipalities have established human resources/health and safety capacity within their organizations. Additionally, it appears to be a position that is dedicated to human resources and health and safety exclusively opposed to simply being a function of another position.</p> <p>The Township may wish to consider the creation of a human resources position responsible for all human resources and health and safety. To ensure continuity and capacity, the Township may wish to continue the provision of health and safety support through the one administrative assistant position currently assisting with health and safety.</p> | Yes | Yes | Potential additional operating costs of \$95,000 to \$110,000 |

Potential Personnel Changes to the Organization

| Position | Rationale | Consistent with | | Potential Financial Impact |
|----------|--|-----------------|-----------------------|---|
| | | Common Practice | Municipal Comparators | |
| Mechanic | <p>The Township currently purchases fleet maintenance services from third party providers. Based on information provided by the Township, the Township has spent on average \$95,000 for labour related to fleet maintenance and those costs have increased by an average of 26.5% on an annual basis.</p> <p>With the costs for service (labour only) increasing on an annual basis, the Township may want to consider the addition of a mechanic within its Public Works department. The potential addition of this position would potentially result in cost savings within the first years taking into account any potential upfront costs (shop tools and equipment).</p> <p>The position may provide for the Public Works department to become more responsive with internal resources dedicated to fleet and equipment maintenance (e.g. less lost time in transit as well assets being maintained to a higher standard).</p> | Yes | Yes | Potential future cost savings on an ongoing basis after the first year and associated upfront costs |

Potential Personnel Changes to the Organization

| Position | Rationale | Consistent with | | Potential Financial Impact |
|--------------------------|---|-----------------|-----------------------|-------------------------------|
| | | Common Practice | Municipal Comparators | |
| Engineering Technologist | <p>Within the current organizational structure of the Township's Public Works' department, there exists the position of Engineering Technologist. Based on information provided during the course of the review, the position has remained vacant for over a year.</p> <p>In the absence of an Engineering Technologist, the responsibilities of the position have been become that of the Director of Public Works. The needs that the role of the Engineering Technologist fills are both strategic and technical in nature. The position provides the organization with the technical expertise to assist in project management, engineering design, development review and support, quality control, including testing for major projects, contract administration, surveying services, procurement and asset management.</p> <p>With the engineering needs of the municipalities largely tied to the level of annual capital investment and the ongoing maintenance of asset management plans and its incorporation into the day to day operations, there exists the need within each municipality for a heightened level of service and coordination.</p> | Yes | Yes | No impact – budgeted position |

Potential Personnel Changes to the Organization

| Position | Rationale | Consistent with | | Potential Financial Impact |
|--------------------------|---|-----------------|-----------------------|--|
| | | Common Practice | Municipal Comparators | |
| Corporate Communications | <p>During the course of the review, the Township's Communications/Special Projects Officer left the organization. The vacancy has left the Township without one person assigned the responsibility of coordinating and delivering upon all Township related communications.</p> <p>With the importance placed upon communications including one of the core goals of the Township's latest strategic plan (Tay Open) which specifically focuses on communications with the public, the Township may want to consider the creation of a position dedicated to coordinating all outreach and communications both internal and external. A centralized approach communications may result in effective and efficient service delivery including duplication of efforts as well as the reducing the potential risk of inconsistent messages being provided to the public.</p> <p>Recognizing the importance of the items identified above, it is considered to be a municipal common practice to have a communications officer within a municipal organization and the majority of the municipal comparators have this resource within their organizations.</p> | Yes | Yes | Potential additional operating costs of \$40,000 to \$50,000 |

Potential Personnel Changes to the Organization

| Position | Rationale | Consistent with | | Potential Financial Impact |
|----------------------|--|-----------------|-----------------------|--|
| | | Common Practice | Municipal Comparators | |
| Recreation Assistant | <p>Based on the current structure of positions within the Township, the Township's Communications/Special Projects Officer (currently vacant) was also responsible on a part-time basis for providing administrative support to the Manager of Parks, Recreation and Facilities. Some of the roles included overseeing the publication of the recreation guide and the oversight of facility rental process including general inquiries to invoicing.</p> <p>The creation of this position within the Township is subject to:</p> <ul style="list-style-type: none"> ▪ The Township establishing a fulltime communications person within the organization; and ▪ The implementation of its strategic plan (Tay Active) which is in support of increasing the level of recreational programming and activities offered by the Township. | Yes | Yes | Potential additional operating costs of \$30,000 to \$40,000 |



Corporation of the Township of Tay

Other Opportunities
for Consideration



Other Opportunities for Consideration

| Opportunity | Rationale | Anticipated Benefit |
|--|--|--|
| <p>Explore the potential of establishing continuous improvement capacity within the organization</p> | <p>During the course of the review, two common themes with respect to service delivery and it appears that the Township’s operational process:</p> <ul style="list-style-type: none"> • Manual – whereas processes exist where staff are required to record data into spreadsheets and then re-enter the information into various systems; • Use of technology – Directly related to the first theme, the Township staff makes use of various manual based approaches to workflow opposed to the use of software where information may only need to be captured once opposed to multiple points of data entry. <p>Given the appearance of process inefficiencies, the Township may wish to consider exploring the implementation of continuous improvement within the organization where the focus becomes finding a simpler, better way through continuous drive to identify and eliminate waste, inefficiencies and errors, in day to day work.</p> <p>A common practice to achieve the statement above is the breakdown of workflow into individual steps with the intended outcome of increasing the effectiveness and efficiency of work by potentially removing duplication of efforts, risk, and other inefficiencies.</p> <p>To achieve this, the Township may want to pursue the establishment of continuous improvement expertise within the organization including undergoing a lean six-sigma transformation project which would create internal capacity to oversee continuous improvement across the organization.</p> | <p>Potential capacity gains through operating effectiveness and efficiencies within the organization</p> |

Other Opportunities for Consideration

| Opportunity | Rationale | Anticipated Benefit |
|---|--|---|
| <p>Explore the redevelopment of the Township's approach to customer service</p> | <p>A common theme throughout the organization was the potential need for a different approach to how the Township engages with residents.</p> <p>Consistent with the Township's strategic plan, the Township may wish to give some consideration as to how to improve upon this through the following:</p> <ul style="list-style-type: none"> ▪ Explore changing how residents can access municipal services via its telephone service; ▪ Ensure all communications tools are being utilized to maximize opportunities to engage with the public and vice versa; ▪ Explore the potential of the development of a customer service cluster comprised of all front-line municipal staff along with enhanced cross training to allow them to potentially address more questions at the first point of contact; and ▪ Ensure that the Township review and adhere to a customer service policy (e.g. all communications are acknowledged within 24 hours of receipt). | <p>Potential capacity gains within the organization</p> |

Other Opportunities for Consideration

| Opportunity | Rationale | Anticipated Benefit |
|--|---|---|
| <p>Examine and redevelop corporate systems associated with human resources</p> | <p>During the course of our review, we noted that the Township appears to be currently lacking or inconsistently delivering upon corporate programs, policies and systems necessary to ensure the effective and efficient delivery of municipal services. Specifically, we note that the following are either lacking or in early stages:</p> <ul style="list-style-type: none"> ▪ The identification of future staffing needs with the initiation of succession planning within the organization; ▪ Ensure that the Township’s performance management program is delivered consistently including the establishment of an annual goal setting process for management that aligns with corporate and Council priorities. With the new strategic plan, this may provide for a good opportunity to initiate this; and ▪ Establish training policies to ensure training reflects the roles and responsibilities of staff and explore the potential of cross-training staff to better assist the Township in the delivery of all municipal services; | <p>Potential capacity gains within the organization</p> |



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