



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 04-122

TO: Mayor Rosen and Members of Council
FROM: Bert Meunier, CAO
PREPARED BY: Sheila Hickey, Director Strategic Initiatives & Communications
DATE OF MEETING: March 30, 2004
SUBJECT: Review of Services

RECOMMENDATION TO COUNCIL:

That Council approves that:

The purpose for undertaking a Review of Services is to find long-term, sustainable solutions to ongoing budget challenges and ensure municipal services and programs are provided in the most efficient, effective manner to best meet the needs of the community.

And further;

That the Review of Services will be conducted by using a two-phased approach.

Phase 1 will identify if there are any services that are non-essential and can be discontinued to allow tax dollars to be directed to those services that are deemed appropriate. It is understood that phase 1 will not necessarily result in fewer services.

Phase 2 (which will be developed for 2005) will be to ensure that the most appropriate management and service delivery models are being used.

And further;

That Council approves the phase one objectives, as outlined in the body of this report.

And further;

That Council directs the Executive Management Team to develop criteria and bring forth a recommendation to Council that identifies a limited number of services that will be reviewed in 2004.

And further;

That Council approves the proposed structure for this project and the roles and responsibilities as defined in the body of this report.

And further;

That Council provides direction with regard to including members of the public on the Task Force.

And further;

That Council approves a reporting schedule based on milestones throughout the Review, and the timelines as identified in the Work Breakdown (Appendix “B”) of this report.

And further;

That Council approves the notion of developing of a Consultation and Communication Plan by working with the champions for the Focus Kingston, “Getting our House in Order” priority area. It is understood that this Plan will be brought back for Council approval, prior to gathering the service data.

And further;

That Council approve in principle, a step process as described in the body of this report, for dealing with displaced staff and instruct the Director of Human Resources to prepare a report that addresses considerations and identifies options for the areas under review.

And further;

That Council approves the required funding, in the amount of \$200,000 to be funded from the Working Reserve Fund.

ORIGIN/PURPOSE:

The purpose of this report is to provide recommendations regarding how Council can proceed with a Review of Municipal Services. This report addresses the following items:

- Purpose, Objectives, Scope and Timing and Approach;
- Structure;
- Roles and Responsibilities;
- Communication and Consultation;
- Reporting & Timelines;
- Human Resource Policy; and
- Budget Envelope

BACKGROUND:

On October 14, 2003, report 03-251 of the Chief Administrative Officer which included a series of recommendations for conducting a "Review of Services" was presented to Committee of the Whole. This led to the following motion [Report 102 of the Committee of the Whole] being presented and approved by Council on October 28, 2003.

That Council approaches its Review of Services as follows:

- Adopt a two-phased approach, as defined in the body of this report (Report No. 03-251), with Phase 1 not necessarily resulting in fewer services; and incorporate the Review of Services into the existing "Excellence" initiative.
- Clearly define the project purpose and the desired outcomes and that Council approve the broad communication of this information.
- Delay initiating the Review until January 2004.
- Invite members of staff to sit on the Task Force.
- Direct the CAO to develop an action plan to inform the citizens of Kingston that the Council is proposing a full review of public services.
- Direct the CAO to develop an action plan which specifically outlines how the public and stakeholders involved in the delivery of public services will be consulted and participate in the Review.
- Direct the CAO to work with the newly elected Mayor to develop a reporting system which ensures that City Council is informed on a regular basis on the activities of the Review Committee.
- Bring the action plan back to Council for approval prior to implementation.

OPTIONS/DISCUSSION:**PURPOSE**

The original resolution of Council (April 15, 2003) identified that since 1998 Council has been confronted each year with budget challenges that will continue unless the municipality is able to find long-term sustainable solutions. The motion also referred to the **2001 Bruzzese, Minshull & Associates Inc. (BMA Inc.) Report on Municipal Competitiveness**, which determined that, "While the City of Kingston ranked low-mid in terms of residential relative tax burden, the median household incomes are below the average of the survey, resulting in a ranking of high on the taxes as a percentage of income."

The **2003 BMA Inc. Report** indicates that the burden on a typical homeowner in Kingston (5.6%) is above the survey average of 5%. This is driven in part by lower than average household incomes.

The Executive Management Team (EMT) has identified a 5-year plan to achieve a more sustainable financial position by 2008, which relies on a progressive reduction in taxes and reserves. For 2004, the EMT is projecting a 4% tax increase plus a net reduction of 1.8 million in operating expenses. For the years 2005 through 2008, the projected tax increase would be limited to the cost of living with no use of reserves and a further net reduction of \$1.5 million over the three year period.

The Review of Services is one strategy that will help us achieve this reduction.

Section 300 of the *Municipal Act, 2001* requires municipalities to provide annual public notice of improvements and barriers to the effectiveness and efficiency of their service delivery. Under this regulation, the Minister of Municipal Affairs and Housing reserves the right to create regulations surrounding section 300. While to date, this power has not been exercised, this provision encourages municipalities to consider the current state of their delivery.

Clarity of purpose is essential to ensure this project is understood and well-managed. The following purpose statement is being proposed to clarify Council's reasons for conducting the Review of Services.

Proposed Purpose Statement

The purpose for undertaking a Review of Services is to find long-term, sustainable solutions to ongoing budget challenges and ensure municipal services and programs are provided in the most efficient, effective manner to best meet the needs of the community.

Phase 1 will identify if there are any services that are non-essential and can be discontinued to allow tax dollars to be directed to those services that are deemed appropriate. It is understood that phase one will not necessarily result in fewer services.

In this report, the word discontinue means the municipality would stop providing the service or program altogether. The municipality could sell its assets or controlling interest to a private company (privatization) or simply stop providing the service without concern for whether the service continues. Conversely, by conducting this type of exercise the municipality would be confirming and clarifying the reason it has decided to continue delivering those services that remain.

Phase 2 (which will be developed for 2005) will be to ensure that the most appropriate management and service delivery models are being used.

The words most appropriate management and service delivery models refers to finding better, more cost effective ways of delivering the services and programs through internal improvement initiatives or by exploring Alternate Service Delivery.

OBJECTIVES OF PHASE 1

Systematically review the services and programs the municipality is currently providing to:

1. determine the degree of fit or necessity of those services and programs in terms of the achievement of public policy and strategic value (which services the municipality should be providing).
2. consult staff and the public as to how they view the service as it relates to item 1 above.
3. identify any services that do not serve the purpose of achieving of our public policy and/or strategic intentions
4. assess the financial implications of discontinuing any services that do not serve the purpose
5. create an exit strategy for those services that are deemed non-essential
6. develop a framework to evaluate the fit of new business opportunities and for reviewing municipal services as part of the organization’s strategic planning exercise.

SCOPE & TIMING

Council needs to determine what services will be reviewed first. Due to workload pressures and limited resources it is recommended that Council direct the Executive Management Team to develop criteria and bring forth a recommendation to Council that identifies a limited number of services that will be reviewed in 2004. It is anticipated that the review of the initial services will be completed and submitted to Council by December 15, 2004.

APPROACH

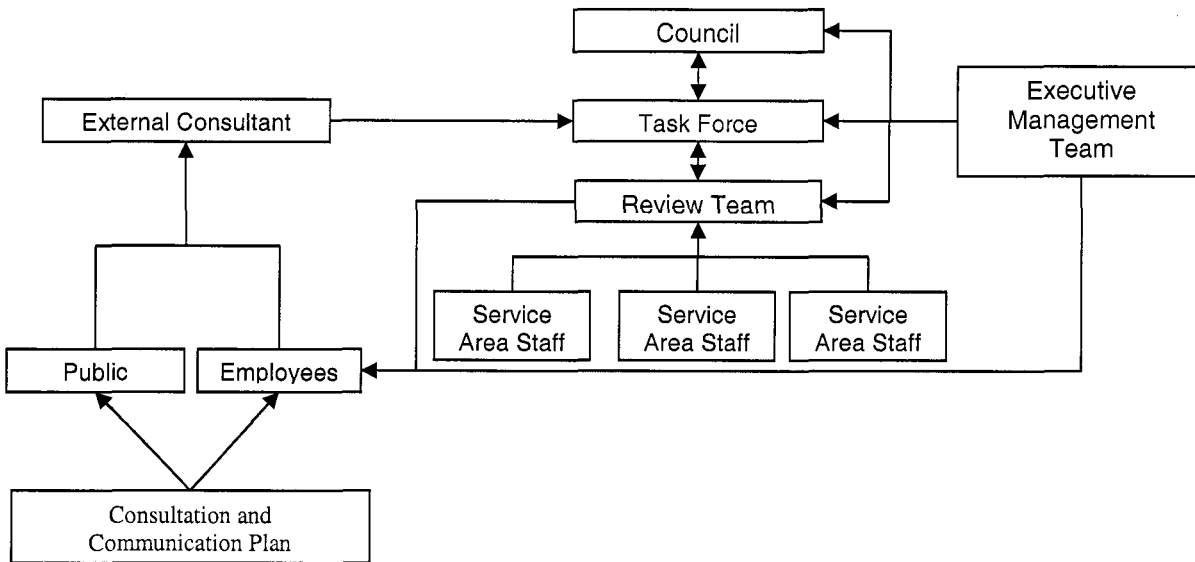
The Review of Services will be conducted by using a two-phased approach as identified below.

<ul style="list-style-type: none"> • <i>Which services and programs should the municipality be providing?</i> 	Phase 1
<ul style="list-style-type: none"> • <i>What level of service should be provided?</i> • <i>How those services should be provided?</i> 	Phase 2

The question in phase one will be answered by reviewing service and opinion data. The criteria for gathering service data is illustrated in Appendix “A”. The process for gathering employee and public opinion data will be detailed in a Consultation and Communication Plan which will be presented to Council by May 1, 2004. This date will ensure there is time to provide notice and information to staff and the public, in advance of the data gathering.

STRUCTURE

The following structure is being proposed for Phase 1 of the Review. The Roles and Responsibilities for each component are defined in the next section of this report.



ROLES AND RESPONSIBILITIES

Council: Council has a critical role to play and holds the ultimate authority for decision making. Section 224 of the *Municipal Act, 2001* sets out the role of Council. Many of the broad areas of responsibility prescribed in this provision impact the Review process. Council-exclusive roles are:

- To represent the public and to consider the well-being and interests of the municipality;
- To develop and evaluate the policies and programs of the municipality;
- To determine which services the municipality provides;
- To ensure that administrative practices and procedures are in place to implement the decisions of council;
- To maintain the financial integrity of the municipality; and
- To carry out the duties of council under this or any other Act.

A Work-Breakdown (Appendix “B”) has been developed that illustrates what information must be presented and approved by Council, and when that should happen.

Task Force: The Task Force will oversee the process, provide guidance to the staff Review Team, review the analyses completed by the consultant, and make final recommendations to Council. Report 03-251 identified the Task Force should consist of 7 to 9 members which would include the Mayor, CAO, Councillors and staff. The report did not identify which staff or how they would be selected. It is now recommended that the staff positions be filled by unionized staff. There has also been some public interest in the Review so Council may wish to increase the size of the Task Force to include a few members of the public.

Executive Management Team: The EMT will provide liaison and coordination between their staff and the Review Team and Task Force. They will communicate the purpose, objectives, process and outcomes with their staff and will approve the staff resources to gather the service data. The EMT will work with the Strategic Initiatives office to develop the processes and tools for collecting the data. They will also play a “challenging role” by reviewing the service data and provide objective advice to the Review Team and Task Force. As the reviews are completed and following Council direction, the EMT will be responsible for implementing and reporting performance standards for the service areas selected and for leading the development of exit plans for any services that are deemed to be non-essential.

Director of Strategic Initiatives: The Director will be responsible for the following items.

- project management
- research and report writing
- work with the EMT to develop the proposed approach and the data collection tools
- secure and direct the consultant
- lead the Review Team
- provide advice to the Task Force and EMT

Review Team: The Review Team will report to the **Director of Strategic Initiatives** and will be responsible for organizing and facilitating the collection of service data for the service areas selected. The **Departmental Representatives** will coordinate the staff meetings and assist the service areas to complete the service data templates. The Review Team will communicate with staff and function as the staff resource for their respective departments. A **Communications Officer** will participate as a member of the Review Team. This individual will work with the Review Team, the Director of Strategic Initiatives and the Community Champions for “Getting our House in Order” to design a communications plan and consultation process for the Review. **Administrative Support** for the Review Team will be provided by the Strategic Initiatives project office assistant.

Service Area Staff: Staff from each approved service area will be brought together to receive information regarding the purpose of the review and to complete the service data templates. The total number of staff that participates in the data gathering exercise will depend on the services selected.

Consultant: The Consultant’s role will be to facilitate staff and public information sessions. Once the data has been gathered the Consultant will analyse the service and opinion data and prepare a recommendation for the Task Force to review. The use of an independent, third-party is being recommended to ensure objectivity in the process.

Municipal Employees: Municipal employees are responsible for participating in information sessions and sharing views, opinions and expectations.

The Public: The municipality provides services and programs primarily to satisfy public needs. The role of the public will be to share views, opinions and expectations that will help council make meaningful decisions.

Note: Additional information regarding the resources required to fulfill this plan are identified in Appendix “C” of this report.

REPORTING AND DELIVERABLES

Generally speaking, project reporting is usually done one of two ways, either by establishing a regular schedule such as monthly or bi-monthly or reporting at specific milestones. Considering Council approval will be required throughout the Review we are recommending the latter approach. The Work Breakdown (Appendix “B”) identifies the components of work and the timeframe they are expected to be completed. Regular reporting to Council has been built into the work breakdown to allow Council to review and approve items as we move through the steps.

COMMUNICATION AND CONSULTATION

A Consultation Plan will be developed for Council approval. The “Getting our House in Order” priority area in the Focus Kingston strategic plan identifies the need to ensure that citizens’ and committees can be heard by City Council. We know that residents are interested in municipal efforts, particularly as it affects the services provided by the municipality. The intent is to work with the staff and community Champion for this area, to design a process to conduct effective consultation and develop procedures that can be used by staff and Council on other initiatives.

A subset of the consultation plan will be a communications plan that identifies what information will be communicated to staff and the public, when it needs to be addressed and who will be involved. This will include press releases, scheduling information sessions, invitations and letters to staff and e-city and web publications.

HUMAN RESOURCE POLICY

As recommended previously in report 03-251 and based on the experience of other municipalities we are recommending that Council provide up-front direction with regard to how it will deal with staff that may be displaced as a result of the Review. Guidelines for dealing with unionized staff are established in the various collective agreements. Article 14 – Job Security in the CUPE 109 contract (Appendix “D”) is a good example of a step process to deal with employees who are displaced. It provides for relocation first, retraining, separation settlement for those who are close to retirement, successor rights and bumping. Council may want to commit to a similar step-process for dealing with non-union staff. Once the service areas have been identified, Council may wish to have the Director of Human Resources prepare a report that addresses considerations and identifies options for the areas under review.

BUDGET REQUIREMENT

The funds for this project have been included in the CAO’s budget in the amount of \$200,000.

EXISTING POLICY/BY-LAW:

There are no existing policies/by-laws concerning this subject, on record, to date.

LINK TO STRATEGIC PLAN:

This work is linked to the Getting our House in Order priority area. It is a component of the Excellence initiative to improve our organizational effectiveness and will help us achieve our corporate objectives of managing our costs and optimizing our revenues.

FINANCIAL CONSIDERATIONS:

The budget requirements for this project will be funded from the Working Fund Reserve.

CONTACTS:

Sheila Hickey – Director, Strategic Initiatives and Corporate Communications 546-4291 ext. 2221

DEPARTMENTS/OTHERS CONSULTED AND AFFECTED:

Executive Management Team

NOTICE PROVISIONS:

N/A


APPENDICES:

Appendix “A” – Service Data Criteria

Appendix “B” – Work Breakdown

Appendix “C” – Phase 1 - Resource Requirements

Appendix “D” – Article 14 –CUPE 109 collective agreement



Bert Meunier
Chief Administrative Officer

Appendix “A”

Phase 1-Service Data Criteria

To ensure consistency, data gathering for each service that is selected would be conducted by internal staff using a systematic approach to gather the following information.

Action	Reason
Clarity of Purpose Test	<p>Define primary clients & stakeholders (internal & external)</p> <p>Define linkages to other internal services</p> <p>Define the <u>purpose or intent</u> of the service</p>
Public Interest Test	To determine how important the service is to meet the <u>needs</u> of the primary clients & stakeholders. Is there sufficient public interest?
Role of Government Test	Is there a <u>legitimate and necessary role</u> for municipal government in this service (public policy)? Determine if service is legitimate and necessary to meet the municipality's legal/policy mandate. Who else is involved in the delivery of the service? Can the public interest needs be met if service was no longer provided by municipal government?
Strategic Value Test	Is the service important and necessary for the municipality to achieve the <u>strategic objectives</u> defined in the community and/or corporate vision?
Cost/Benefit Test	<p>What is the <u>net cost/revenue</u> of the service? How is it funded? Is it affordable? Are city assets required to provide this service? How are they accounted for in the net cost/revenue calculation? What are the expenditures, revenues and staff associated with providing this service?</p>
Performance Test	<p>What is the <u>evidence</u> that the service is meeting its intended policy and public needs objectives as identified in the above boxes? Are there established service levels for this service? Are there performance measures in place to monitor the achievement of established service levels?</p> <p><i>Initially service improvements may be limited to establishing, monitoring and reporting performance of the service area that will lead to future improvements.</i></p>



*Recommend appropriate action to either **exit or improve** service.*

Appendix "B"

Work Breakdown for Review of Services

	Tasks	Timeframe	Resources	Done
				√
1	Mission, Vision, Values Adopted (established Corporate direction)	Jun 03	Strategic Initiatives (SI)	√
2	Background report presented to Council with recommended approach	Oct 03	SI	√
3	Develop Corporate Balanced Scorecard (established Corporate objectives)	Oct 03	SI	√
4	Report to Council to address amended motion from Oct/03 report (recommend approach, reporting system and how the public & stakeholders can participate in the review)	Mar 23/04	CAO	√
5	Council to confirm approach, expected outcomes, establish mandate & composition of task force and provide direction regarding Human Resource policy	Mar 23/04	Council	
6	Identify a short list of services to be reviewed first for Council approval	Apr 15/04	EMT/Council	
7	Consultation & Communications Plan designed and submitted to Council for approval (identifies how staff & the public will be informed and how they can participate)	May 1/04	SI & GOHO Community Champions	
8	Staff "Review Team" organized & trained (to facilitate the data gathering for selected services)	May 1/04	SI	
9	Templates developed for gathering service data	May 1/04	SI	
10	Establish Task Force	May 1/04	Council Support	
11	HR report to Council regarding options for areas under review-based on Council direction of Mar 23 rd .	May 15/04	HR	
12	Consultant selected (to facilitate information sessions, perform analysis & recommendations, and facilitate consultation on recommendations)	May 15/04	SI	
13	Data gathering on selected services (this timeline is dependent upon the types and number of services that are selected for the initial review)	Jun-Aug 31/04	Staff for each service area and Review Team	
14	Report to Council on service data findings (receive for information)	Sept 01/04	Task Force	
15	Information sessions with staff, Council & public to share/confirm service data findings	Sept 30/04	Consultant, Task Force, EMT	

Appendix "B"

16	Analysis & Recommendations (based on service data and information sessions)	Oct 31/04	Consultant	
17	Report to Council on analysis & recommendations (receive for information)	Nov 15/04	Task Force	
18	Consult/Communicate results to staff & public	Nov 30/04	Consultant & Review Team, Task Force	
19	Council report to consider & approve recommendations	Dec 15/04	Task Force	
20	Develop exit plans if required	Jan-Mar 05		
21	Council approval of exit plans			
22	Exit Service(s)			

Appendix "C"

Phase 1 Resource Requirements

Estimated Resource Requirements

Human Resources # (FTE)	Division/Business Unit/and/or External Org	Skill/Expertise	Estimate Total Time (workdays)
13	Mayor and Council	Political leadership & decision making	Part of 8 Council meetings plus attendance at consultation sessions
8-11	Task Force-Mayor, CAO and 7-9 others combined Councillors, unionized staff & possibly members of the public	Provide direction, oversee the process and make recommendations to Council	8-12 meetings plus attendance at consultation sessions
6	Executive Management Team (EMT)	Administrative leadership	10 days
1	Director, Strategic Initiatives	Project Lead	90 days
8	Staff Review Team-Project leader plus one staff member from each Dept, one Communications Officer, one Strategic Initiatives business analyst, Strategic Initiatives admin support	Facilitation of data gathering, communications	30 days over 5 months
1	Consultant	Internal & public consultation, data analysis & recommendations	TBD
Depends on services selected	Service Area Staff – from the service areas under review-	Gather service data	Depends on services selected
1	Committee Clerk-to support the Task Force	Administrative Support	8-12 meetings

Appendix "D"

ARTICLE 14 – JOB SECURITY

14.01 The Employer shall retain the responsibility and the right to determine the methods through which municipal services are provided. However, in the event that an employee is displaced from his/her job by technological change and/or the contracting out of work and/or is given notice of lay-off, prior to exercising the right to bump in accordance with Article 15.03, the Corporation will first attempt to:

- (a) Relocate the employee in another job in his/her area of competency if such is available within the Corporation.
- (b) If (a) is not possible, but a position is available for which the employee could be retrained, assume responsibility for the retraining of the employee for a period of three (3) months.
- (c) Notwithstanding the foregoing, employees within five (5) years of normal retirement, in receipt of lay-off notice may choose to accept lay-off or may choose to retire. The Employer agrees to provide three (3) months' notice and provide him/her with a separation settlement of two (2) weeks' salary per year of service to a maximum of fifty-two (52) weeks.
- (d) In the event the Employer "sells" a business or ceases to provide a service, the Employer will make every effort to deploy the affected employees with the new service provider, should one exist.

In the event the right to displace (bump) in accordance with Article 15.03 provides the employee with an opportunity of a wage rate that is greater than the options under (a) and (b) above, the employee shall retain that right at his/her options, to be decided upon within two (2) working days of receipt of option.

14.02 Notwithstanding the foregoing, no employee hired prior to January 1st, 1992 shall be laid-off during the term of this Collective Agreement.

14.03 Should there be an introduction of new equipment or technology and advance training is necessary to meet the technological changes, the Employer will provide such training for affected employees. In the event an employee fails to meet the required standards within a period of three (3) months, the employee shall be given lay off notice and may exercise his/her rights in accordance with Article 15.

TASK FORCE TO REVIEW SERVICES MEETING NO. 01-2004

AGENDA

Meeting to be held May 18th, 2004 at 10:00 a.m.- 12:00 noon
In the Loyalist Room, City Hall

Please provide regrets to Sunni Rideout, Committee Clerk at 546-4291, Ext. 1219

1. ELECTION OF OFFICERS
2. DISCLOSURE OF PECUNIARY INTEREST
3. MOTION OF COUNCIL

The following motion was approved by Kingston City Council on April 13, 2004. A copy of the report from the Chief Administrative Officer (Report No. 04-122) is attached hereto.

THAT Council approve that the purpose for undertaking a Review of Services is to find long-term, sustainable solutions to on-going budget challenges and to ensure municipal services and programs are provided in the most efficient, effective manner to best meet the needs of the community;

- and further –

THAT the Review of Services will be conducted by using a two-phased approach:

- Phase 1 will identify if there are any services that are non-essential and can be discontinued to allow tax dollars to be directed to those services that are deemed appropriate; it being understood that Phase 1 will not necessarily result in fewer services.
- Phase 2 (which will be developed for 2005) will be to ensure that the most appropriate management and service delivery models are being used.

- and further –

THAT Council approve the Phase 1 objectives, as outlined in the body of Report No. 04-122 (attached);

- and further –

THAT Council direct the Executive Management Team to develop criteria and bring forth a recommendation to Council that identifies a limited number of services that will be reviewed in 2004;

- and further –

THAT Council approve the proposed structure for this project and the roles and responsibilities as defined in the body of Report No. 04-122 (attached);

- and further –

THAT the Task Force be comprised of Members of Council and that staff and the public be allowed access to the Committee similar to that of the Solid Waste Task Force;

- and further –

THAT Council approve a reporting schedule based on milestones throughout the Review and the timelines as identified in the Work Breakdown (Appendix B) of Report No. 04-122 (attached);

- and further –

THAT Council approve the notion of developing a Consultation & Communication Plan by working with the champions for the FOCUS Kingston "Getting Our House In Order" priority area; it being understood that this Plan will be brought back for Council approval prior to gathering the service data;

- and further –

THAT Council approve, in principle, a step process as described in the body of Report No. 04-122 (attached) for dealing with displaced staff and instruct the Director of Human Resources to prepare a report that addresses considerations and identifies options for the areas under review;

- and further –

THAT Council approve the required funding in the amount of \$200,000.00 to be funded from the Working Reserve Fund.

4. DATE OF NEXT MEETING
5. ADJOURNMENT