



The City of Greater Sudbury

Core Services Review



Executive Summary and opportunities
December 2019

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The City of Greater Sudbury - Core Services Review - Final Report

Disclaimer

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Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the City of Greater Sudbury. KPMG has not and will not perform management functions or make management decisions for the City of Greater Sudbury.

This report may include or make reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

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 City of Greater Sudbury nor are we an insider or associate of the City of Greater Sudbury. Accordingly, we believe we are independent of the City of Greater Sudbury and are acting objectively.



Executive Summary, Background and Scope



The City of Greater Sudbury
Core Services Review

Executive Summary

This report was prepared to assist the City of Greater Sudbury (the “City”) with the assessment and identification of opportunities to re-allocate resources to optimize services with the limited budget the City has available.

Our top 10 opportunities are listed below. From these 10 opportunities alone we estimate recurrent potential savings of around \$4.2 million per year of the operating budget which the City can use to allocate to other services, which may increase based on further study from the City.

1. Rationalize facilities

2. Creation of a digital city

3. Implementation of a lean management system

4. Review of school board agreements

5. Modernizing phone systems

6. Review user fees and cost recovery

7. Expand facilities management systems

8. Optimize office space

9. Review maintained parkland requirements

10. Outsource ski hills

In order to get to our top 10 opportunities we used a framework across a range of criteria to score the opportunities out of 35 points. The highest scoring opportunity was 25. This demonstrates that the City has already undertaken substantial efforts to review services, adjust service levels and take advantage of opportunities to re-allocate resources to those areas that need it. Compared to other municipalities, the City is well positioned to take further advantage of the opportunities we have identified.

The City's and Towns of the former Regional Municipality of Sudbury merged to form the City of Greater Sudbury in 2001. This substantially increased the geographic area, number of roads, assets and facilities that the City was responsible for. This is particularly notable when compared to comparable municipalities. The merger had an impact on infrastructure and assets and while reviews have been undertaken on winter road maintenance and facilities within public works, a comprehensive assessment across the City has not been performed. There remains a number of aging and lower utilized facilities which the City should look to close or repurpose. Through rationalization of facilities, the City can focus its operational maintenance spend, resources and capital investments to providing modern, up-to-date, multi-use facilities without a significant impact on the taxation levy.

Digitization remains a key area of focus for municipalities across Ontario, as they look to take advantage of digital offerings to improve the overall services and accessibility of information to their residents, as well as the data and information available internally for management to inform decision making. The City has already begun its journey through use of improved payment opportunities however there remain further opportunities ahead through provision of further online opportunities (application and submission of permits/marriage licenses) as well as the implementation of a time and attendance system for time and activity reporting.

Executive Summary (cont.)

Other opportunities look to address the City's current service levels and whether they should continue to be delivered, in particular within recreational services where there are opportunities to consider outsourcing services to the private sector or other third party organizations, especially given these are not essential or mandatory services provided by the City. The City should look to address this as part of their review of user fees and cost recovery targets. Taking advantage of opportunities can help the City in realigning costs and resources into other areas of the organization where further investments are needed. The City has already approved a budget for City wide LED street lighting project in the 2020 budget.

As part of our review we also assessed the provision of long term care at Pioneer Manor. There have been questions about whether Council should continue to partly fund and operate this facility given there is no mandatory requirement for the City to do so. If Council wanted to end the City's funding for this service, Ministry approval would be required. It would also involve a five-year transition period that would include public consultation. The Ministry could elect to reassign funding to another community where there was a recognized long term care need.

Considering Pioneer Manor is the single largest provider of care home beds in the Greater Sudbury area, this would have a significant effect on the community, including an increased burden on hospitals within the Sudbury area. A lower risk option for Council could be to explore collaboration/partnership opportunities that reduced the corporation's net cost and/or further improved service quality.

Opportunities (see Slide 14)

We applied KPMG's public service delivery model framework to each opportunity listed in the report so the City can fully understand the changes being proposed for the City's overall service delivery model. Opportunities were identified from a working session held by KPMG with City staff, and from benchmarking and financial analysis undertaken by KPMG as well as leading practices from other municipalities. Opportunities were then grouped into five categories: top opportunities, opportunities underway, continuous improvement opportunities, opportunities requiring further follow up, and opportunities that do not merit further action. As well as identifying opportunities under the seven key service areas, KPMG also identified opportunities outside of the seven areas which have also been included in this report.

Project Objectives

KPMG was engaged by the City of Greater Sudbury to undertake an in-depth analysis of key service areas determined by City Council. The overall goal of this review was to create sub-service profiles for each of the key areas (seven services areas: Long Term Care, Parks, Recreation, Arenas, Facilities Management, Road Maintenance and Community Grants) and conduct a comprehensive, data-driven evaluation process to examine the strategic alignment, relevance, effectiveness, efficiency and sustainability of these programs and services. Our aim was to identify ways in which the services can be streamlined or altered to in order to better align costs and improve efficiency across the City. We also gave consideration to other areas outside of these seven, and included opportunities that presented themselves throughout our work. A further key area of this review was to consider the City's enterprise systems, identifying opportunities to support and enhance routine time, attendance and activity reporting.

Specific project objectives included the following:

1. **Facilitate review** – We conducted a comprehensive review and detailed analysis of the relevance, efficiency and effectiveness of the City's services including a review of comparable municipalities (where data is available) and other insights from our global team as relevant. As part of this, consider all aspects of the City's services including delivery methods, service expenditure and revenue streams as well as the current systems in place to track time, attendance and activity reporting.
2. **Identify opportunities** – We explored opportunities based on leading edge practices globally (public, private, not-for-profit) and define options for sustainable approaches to service delivery and levels, as well as systems to enhance improved data collection in relation to time attendance and activity reporting; and
3. **Prioritize opportunities** – We provided guidance to the City's Senior Management team on implementation and prioritization of new, innovative and/or leading service delivery models that may help realign costs, reallocate resources and/or improve service delivery methods.

Project Principles

- Due to the tight project schedule, we leveraged existing sources of consultation from Council and City staff to inform the work of the Service Review. We used the City's service profiles as a basis for our work and develop sub-service profiles for each of the areas in scope. We met with City staff to identify efficiencies and opportunities for improving the overall delivery of these services.
- The framework and approach was based on leading practice from municipal or other levels of government experience and/or private sector.
- While these reviews often go by many different names – including service efficiency reviews, value for money audits and cost saving studies – they all share the same goal: to determine if a city is delivering its services to its customers in the best possible manner and further, to determine if there are more efficient, effective or economical means to delivering municipal services. For simplicity, this will be called a 'Core Service Review'.

Project Timing

This engagement commenced on October 21, 2019, and was completed when this report was submitted to the City on December 28, 2019. The diagram below depicts the key phases as outlined in the Project Charter:





Methodology for Formulating Opportunities



The City of Greater Sudbury
Core Services Review

Formulation of Opportunities Methodology

KPMG's experience has shown that most jurisdictions are pursuing the transformation of their public services using traditional approaches such as rapid cost reduction or across the board cuts. We believe that there is an opportunity for municipalities to look beyond doing a little bit less with slightly fewer staff. Instead, municipalities should look at their need to reduce spending as an opportunity to capitalize on new technologies, governance models and financing mechanisms that can help re-shape government. KPMG, in partnership with the University of Toronto, developed a framework (shown adjacent) that capture new public sector delivery models. The framework was developed based on the key insights from leading practices reports and consultations with industry leaders throughout the globe.

The Core Services Review Project Team used this framework to analyze possible opportunities for change in the City of Greater Sudbury's service delivery models. Each of the opportunities were categorized according to the framework so that the Project Team could fully understand the changes being proposed for the City's service delivery.

Few students of public administration believe that the footprint of government, how government is organized or its relationship with the public will look the same ten years from now as it does today. Governments are having change forced upon them by fiscal challenges on the one hand and technological and social evolutions on the other. These new public service delivery models will help local governments manage this change and ensure that they are not only effective and efficient, but also sustainable into the future.



The development of opportunities and their subsequent prioritization involved the following major work steps:

1. Review of Sub-Service Profiles & Benchmarking

The first major step in developing the list of opportunities was the review of the City's inventory of programs and services detailed in the City's Service Profiles for each of the seven service areas. Through a series of meetings with City staff, KPMG confirmed the sub-service types and service levels for each of the City's identified services and the financial resources required to deliver them.

In parallel to the service profile analysis, KPMG undertook a jurisdictional review for the City. The jurisdictional review consisted of an analysis of financial statements, Ontario Financial Information Returns and Census data of five comparable municipalities selected by the City (Thunder Bay, London, Guelph, Regina, Windsor). The goal of the benchmarking was to identify areas where the City's performance indicators vary substantially from other municipalities.

2. Opportunity Identification

Using this initial analysis, the second step in the Service Delivery Review was for KPMG to work with the City's project team to identify potential opportunities to improve operations through the following types of opportunities:

- Elimination or transfer services, or increased cost recovery
- Re-engineered services to increase efficiency and effectiveness
- Alternative service delivery approaches
- Changed service levels

**Opportunities to
Eliminate, or
Transfer Services,
or Increase Cost
Recovery**

**Opportunities to
Change Service
Levels**

**Re-engineering
Opportunities to
Increase Efficiency
and Effectiveness**

**Opportunities to
Reduce Costs
through Alternative
Service Delivery
Approaches**

3. Opportunities Ranking

Opportunities were evaluated and scored using the criteria below and then grouped into categories of top opportunities, opportunities underway, continuous improvement opportunities, opportunities requiring further follow up, and opportunities that do not merit further action based upon the New Public Sector Delivery Model.

Assessment Criteria	Description
Operating \$ Impact	Estimated impact on operating budget
Capital \$ Impact	Estimated impact on capital requirements
Barriers To Implementation	Barriers, issues or obstacles to implementing the opportunity. <ul style="list-style-type: none"> • Political • Legal • Labour and Contractual Obligations • Capital Costs
Recent Reviews	Recent reviews or studies conducted that provide insights on the opportunity.
Comparator Analysis	An assessment of service performance against comparable competitors, industry standards or leading practices.
Strategic Program Alignment	The opportunity aligns with the objectives and values of the City, the service, the Official Plan and/or Council priorities.
Client/ Customer Impact	The impact of the opportunity on the number of clients, customers and/or people and the extent of the impact.

Formulation of Opportunities Methodology

Through a series of meetings and working sessions with the City's management team and staff interviews, KPMG developed a list of 100 opportunities for improved efficiency and effectiveness in the delivery of the City's services. These opportunities were in turn evaluated and scored using KPMG's assessment criteria (operating/capital \$ impact, barriers, comparator analysis, strategic alignment, citizen impact). Based upon this scoring, the 100 opportunities were grouped into the following categories.

Opportunity Type	Description	Number
Top 10 Opportunities	These opportunities scored the highest in the evaluation and represent the opportunity for the greatest operating and/or capital efficiencies.	10
Opportunities Underway	These opportunities are either underway or are being initiated in the near future. Accordingly, there is limited value in considering these opportunities for further in depth analysis by KPMG.	6
Opportunities Requiring Further Study	These opportunities were ranked lower than the Top 10 Opportunities. They will require further study by the City to determine whether implementation is warranted.	71
Opportunities for City Building	These are opportunities that would require significant capital and extends beyond one term of Council, and require the City to conduct in-depth analysis on the opportunity for implementation. The opportunities may not necessarily generate cost savings, but are considered important long-term business investments for the City to achieve their strategic priorities.	4
Opportunities Which Do Not Merit Further Follow-Up Action	These opportunities were rated "No Further Action" for the following reasons: another opportunity addresses the issue better, they would have too great an impact on clients, the barriers to implementation are too significant, or simply the ideas lack sufficient merit to pursue.	9



List of Opportunities



The City of Greater Sudbury
Core Services Review

Opportunities & Prioritization

Top 10 Opportunities

These opportunities were scored as our “Top 10” opportunities. Further details of the top 10 opportunities can be found in the “Top 10 Opportunity Scorecard” section of our report.

Ref No.	Opportunity	Description	Estimated cost saving for re-allocation
1	Facilities Rationalization	Rationalize the number of city-owned and run facilities with the aim of disposing of the resulting excess capacity across facilities and office buildings.	\$1,000,000
2	Create a Digital City	By prioritizing new and existing digitization projects, the city can leverage technology to improve the delivery of both client facing and internal services.	\$600,000
3	Lean Management System	Through implementation of a lean management system (or other business innovation methods), the City can implement opportunities for efficiency, including those identified by front-line employees.	\$350,000
4	Review Shared Use Agreements	The pricing charged and services provided by the City through shared use agreements of arenas and recreation facilities should be reviewed.	\$175,000
5	Modernize Phone Systems	A telephone modernization plan could not only save on operational costs compared to a traditional desk phones but also enable a more flexible work environment.	\$75,000
6	Review User Fees & Cost Recovery	Fee structures charged to users for arenas and recreation facilities should be reviewed and aligned with cost recovery rates for recreation facilities.	\$245,000
7	Expand Facilities Management Systems	Facilities management services such as remote monitoring and automation for HVAC systems could be expanded to arena and recreation facilities.	\$156,000
8	Optimize Office Space	Explore opportunities to optimize office space through consolidated seating arrangements, introducing flexible/remote working locations, and moving from paper-based document storage.	\$193,000
9	Review Maintained Parkland Requirements	Hectares of parkland maintained by the City far exceed established service levels and benchmarking averages and could be naturalized to standard levels.	\$980,000
10	Outsource Ski Hills	The operation of ski hills is a service uniquely offered by the City which could be outsourced to a private or not-for-profit third-party provider.	\$243,000

Opportunities & Prioritization

Opportunities Underway

These opportunities are either underway or are being initiated in the near future. Accordingly, there is limited value in considering these opportunities for further in-depth analysis by KPMG.

Ref No.	Opportunity	Current Status
11	Increase community outreach and digitize citizen engagement	The City has initiatives underway to shift citizen interaction online including the implementation of a new CRM system.
12	Improve the data analytics functionality for the Roads department	An extensive study was performed prior to acquiring the Cityworks platform for which a steering committee is driving the development.
13	Implement LED street lighting	A business case for LED street lighting from 2015 has been updated to reflect current costs and savings which is under review. Council approved the project in the budget for 2020.
14	Develop a self serve online HR system to reduce administrative paper processing	HR has developed a Human Capital Management plan which recommends, among other steps, the implementation of self service so that employees and supervisory personnel can perform routine payroll, benefits and HR process work electronically
15	Review employees benefits and the cost of benefits provided	For non-union staff, a recent benefits review has led to changes being made recently. This opportunity has been reviewed and addressed.
16	Review the mix of contracted vs internal staff utilized for winter maintenance	Work around this opportunity has recently been performed to consider the level of snow removal which is contracted out.

Opportunities & Prioritization

Opportunities Requiring Further Study

These opportunities are not candidates for further in-depth analysis, but may warrant follow-up study by staff to determine whether implementation is warranted.

Ref No.	Opportunity
17	Conduct an energy efficiency audit of Pioneer Manor
18	Review the service level for delivery of street sweeping
19	Explore joint procurement opportunities with other public sector entities
20	Outsource management of the community grant programs
21	Outsource facility management and maintenance activities
22	Conduct a city-wide fleet utilization study
23	Review revenue/cost recovery activities across the City (e.g. street fees)
24	Establish Council approved service level standards for all customer facing services
25	Enhance leadership training for front line staff
26	Revise French languages services policy to enable more efficient methods of translation
27	Partner with communities to improve pool services
28	Review the feasibility of using electric vehicles in the municipal fleet

Ref No.	Opportunity
29	Outsource disability management services to a third party
30	Explore potential for multi-use recreational facilities and move away from single use facilities
31	Review quality control measures for large procurement contracts
32	Review services classified as “non-essential” and consider the impact of privatizing such services
33	Perform a deep dive of revenue generated vs cost of running trailer parks and fitness centers
34	Provide cross training to City staff for enhanced skillsets
35	Assess staffing models for parks and arenas to identify greater efficiencies between seasons
36	Expand the business innovation group across the City
37	Implement paid parking for all municipal parking lots
38	Outsource engineering of roads to a third party
39	Rationalize the number of pools
40	Standardize IT systems used across the City

Opportunities & Prioritization

Opportunities Requiring Further Study

These opportunities are not candidates for further in-depth analysis, but may warrant follow-up study by staff to determine whether implementation is warranted.

Ref No.	Opportunity
41	Centralize the management and monitoring of City facilities
42	Review seasonal/part time employees and consolidate roles to full time positions
43	Implement an issues management group across the City
44	Combine the service delivery of museums and libraries
45	Discontinue curb-side waste pick up in non-commercial areas
46	Incentivize the use of eco-friendly options for property owners
47	Discontinue community grant funding programs
48	Implement a 4-day working week
49	Monitor security of facilities internally from a single location
50	Review purchasing agreements and assess the total cost of acquisition alongside the purchase price
51	Contract out accounts payable, payroll, and other back-office functions
52	Eliminate print advertising in favour of digital communications

Ref No.	Opportunity
53	Review naming rights of City buildings
54	Consolidate/restructure departments to better align with activities
55	Rationalize the number of community halls
56	Prepare a comprehensive facilities master plan
57	Conduct regular reviews of land use planning fees
58	Sell or close the long-term care home
59	Outsource the management of tourism to an independent corporation
60	Re-assess the classification of arena employees (e.g. maintenance employees)
61	Monetize/sell City ownership in the local distribution company
62	Privatize waste collection
63	Perform an internal review of outdated policies
64	Implement a single staff training group within the City

Opportunities & Prioritization

Opportunities Requiring Further Study

These opportunities are not candidates for further in-depth analysis, but may warrant follow-up study by staff to determine whether implementation is warranted.

Ref No.	Opportunity
65	Review the use of City vehicles vs paying staff mileage for personal vehicles
66	Review buy/lease options for City vehicles
67	Lease out excess fire hall buildings
68	Consider post-implementation reviews of capital projects
69	Privatize functions like security, energy management, facilities, and event planning
70	Outsource management of the long term care home
71	Offer City employees discounted transit passes to promote green transportation
72	Review flexible/remote working options
73	Implement bi-weekly garbage collection
74	Develop in-house solutions for buildings maintenance for less reliance on out-sourced staff
75	Have one department responsible for snow plowing of City arena's and facilities
76	Review how parking lots are plowed

Ref No.	Opportunity
77	Explore micro transit and similar public transit models
78	Change service level standards for fire services
79	Evaluate the supply and demand of recreational services considering demographic changes
80	Review winter maintenance for non-municipal roads
81	Use a rate based system for solid waste and storm water systems
82	Eliminating area ratings
83	Review the fees charged to groups that rent space in Pioneer Manor from the city
84	Move away from ward based council
85	Rationalize the number of playgrounds
86	Review recreational programming services
87	Offer services (long term care, corporate services like Finance and HR, fleet management etc) to other municipalities

Opportunities & Prioritization

Opportunities for City Building

These opportunities that would require significant capital and extends beyond one term of Council, and require the City to conduct in-depth analysis on the opportunity for implementation. The opportunities may not necessarily generate cost savings, but are considered important long-term business investments for the City

Ref No.	Opportunity	Opportunity Description
88	Have a single digital tool for applying for and managing grants	An integrated portal for managing grants can create efficiencies in the management and assessment of grant applications and enable faster communication with other municipal departments.
89	Retrofit ice plants to generate hydro savings	A large upfront capital investment would be required to retrofit ice plants at arenas but this opportunity would result in long-run operating cost reductions through energy savings.
90	Invest in innovative delivery methods for park services	Modernizing park service delivery methods (such as using a smart waste management system) can create efficiencies in how park services are delivered.
91	Perform upgrades to promote energy savings in City facilities	Due to the age of numerous City buildings, energy saving efficiencies can be realized from a City-wide energy efficiency assessment and upgrades.

Opportunities Which Do Not Merit Further Follow-Up Action At This Time

These opportunities were rated “No Further Action” for the following reasons: another opportunity addresses the issue better, they would have too great an impact on clients, the barriers to implementation are too significant, or simply the ideas lack sufficient merit to pursue. Despite this, the City should consider reviewing these opportunities at a later date should circumstances or services change.

Ref No.	Opportunity	Rationale
92	Implement internal transit system for staff	An internal transit system would have a negative operating impact with no positive impact on clients.
93	Review the subsidized culvert program and either increase charges or remove program	Minimal financial benefit with negative impact on clients.
94	Develop a waste for energy facility	Would require a large capital outlay for energy generation which may not be strategically in line with the City's Official Plan.
95	Fully outsource trailer parks	Minimal financial benefit as the trailer park tax levy is currently very low.
96	Encourage staff to identify cost savings/efficiencies through incentives	Other opportunities such as energy efficiency audits and facilities rationalization already address this.
97	Decrease the service level for residential street plowing	Minimal financial benefit with negative impact on clients.
98	Convert remote roads into seasonal use only	Minimal financial benefit with negative impact on clients.
99	Have residents plow their own sidewalks	Minimal financial benefit with negative impact on clients.
100	Bring sidewalk maintenance to the minimum maintenance standard.	Minimal financial benefit with negative impact on clients.



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