



cutting through complexity

**CORPORATION OF
THE CITY OF TIMMINS**

Service Delivery and Operational Review

Final Report

October 26th, 2015





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Mr. Joe Torlone
Chief Administrative Officer
Corporation of the City of Timmins
220 Algonquin Boulevard East
Timmins, ON P4N 1B3

October 26, 2015

Dear Mr. Torlone

We are pleased to provide our report concerning KPMG's review of the operations of the City of Timmins (the 'City'). Our review was undertaken based on the terms of reference outlined in the request for proposal document dated March 10, 2015 and our subsequent engagement letter with the City dated April 20, 2015.

The purpose of the service delivery and operational review was to evaluate the services and organizational structure of the City with the intention of identifying potential opportunities for efficiencies while at the same time balancing services and service levels with affordability concerns. As noted in our report, the results of our review have identified almost 50 opportunities that could be considered by the City in this regard. Our review has also identified aspects of the City's operations that may benefit from additional investments and as such, consideration could be given to reinvesting any cost reductions realized for the purposes of enhancing services and ensuring that the City's infrastructure meets the needs of its residents.

Our review benefitted significantly from the input and contributions of City employees who participated in a number of different ways. Reviews such as this can be difficult for staff and we would be remiss if we did not express our appreciation for the cooperation afforded to us. It should also be noted that reviews such as this do not comment on the numerous positive aspects of the City's operations.

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

Yours truly,

Per Oscar Poloni, Partner
705.669.2515 | opoloni@kpmg.ca

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City of Timmins Service Delivery and Operational Review

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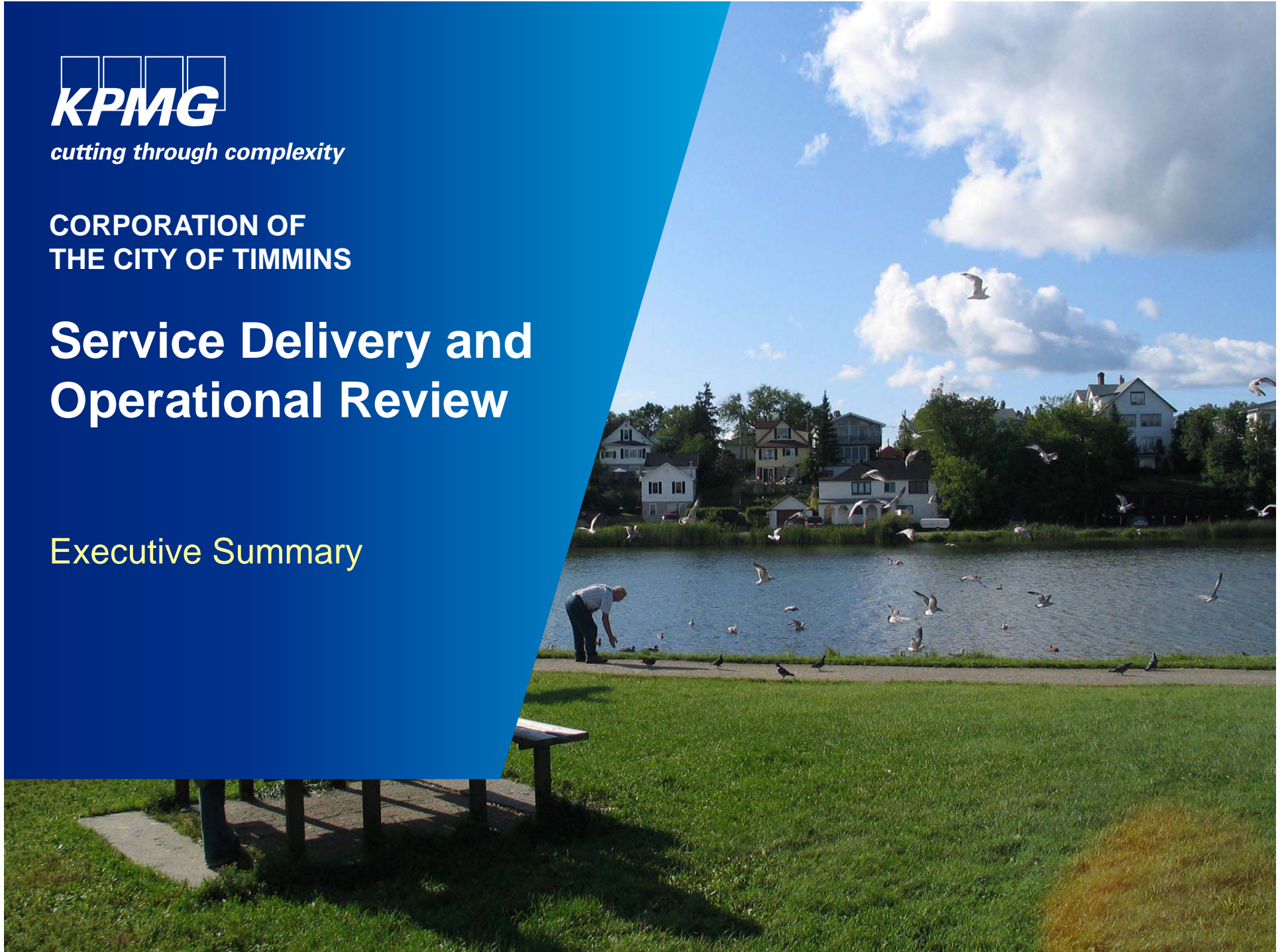


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Service Delivery and Operational Review

Executive Summary



KPMG LLP ('KPMG') has been retained by the Corporation of the City of Timmins (the 'City') to undertake a service delivery and operational review which involved "a detailed review of all operations, services and programs in order to identify opportunities for improvement that will achieve greater efficiency in municipal operations, reduce operating costs and establish long-term sustainability."

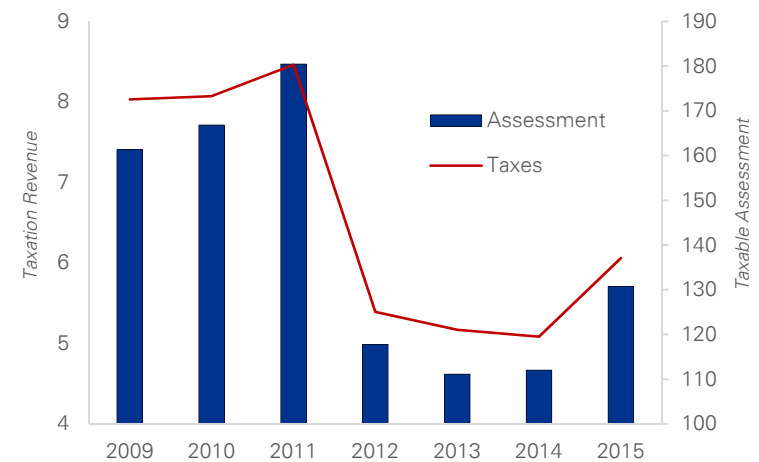
It should be noted that reviews of this nature are intended to focus on areas for potential improvement within the City and as such, do not comment on the numerous positive aspects of its operations.

A. Background to the Review

With more than 800 employees and an annual operating budget of almost \$110 million, the City plays a major role in providing essential services across the 2,979 km² of the municipality. Initially established as one of North America's largest gold camps, the City has grown into major regional hub for government, education, transportation and other services in Northeastern Ontario.

Despite the diversification of the City's economy, the natural resources sector – specifically mining and forestry – continue to be major contributors from the perspective of employment and economic activity. At the same time, and in common with other communities across Northern Ontario, the reliance on natural resources exposes the City to financial impacts during periods of economic downturns, the most recent example of which is the closure of the Kidd Creek Metallurgical site (the 'Met Site') in 2010. In addition to the direct loss of 700 jobs, the closure also impacted the City directly by reducing its industrial assessment by \$62.7 million between 2011 and 2012, with a resultant drop in industrial tax revenues of \$3.1 million. While the City's industrial tax revenues have recovered somewhat since the closure, it still collects \$2.4 million less in industrial tax revenues than it did prior to the closure (\$6.06 million in 2015 vs. \$8.46 million in 2011).

Industrial assessment and taxation (all classes), in millions of dollars



While the City has managed to adapt to cope with the lower level of industrial taxation revenue, the prospect of further financial pressures appears to be on the horizon. Specifically, we understand that Glencore has announced the potential closure of its remaining operations in the City by as early as 2022. In addition to the loss of over 1,000 jobs and the removal of \$280 million in spending from the local economy, the closure of Glencore's remaining operations would result in the loss of approximately 40% of the City's industrial tax base.

With the potential for future disruptions to the City's economy, as well as municipal taxation revenues, the undertaking of a service delivery and operational review is arguably timely. The concept of such a review has been advanced by the City's Chief Administrative Officer ('CAO') for a number of years, with a number of political candidates advocating for such a review during the most recent municipal election (including the current mayor). In addition, community groups such as the Timmins Taxpayers Association and Timmins Chamber of Commerce have also called for objective assessments of the City's operations and spending.

During the course of the City's 2015 budget process, City Council accepted the recommendation of the CAO to undertake a service delivery and operational review. As outlined in the request for proposal document, the review was intended to:

- Develop an inventory of municipal services, along with the identification of the rationale for their delivery by the City;
- Evaluate the current service offerings based on the City's requirements and financial capacity;
- Assess the City's organizational structure, procedures and resource allocations and provide options for enhanced cost effectiveness for the delivery of services;
- Identify and evaluate structures for enhanced partnerships with other community stakeholders;
- Provide the City with potential courses of action intended to achieve cost savings and generate new sources of revenue; and
- Ensure (as much as possible) that the City's operations are aligned with Timmins 2020, the City's recently completed strategic plan.

Following a competitive procurement process, the City selected KPMG LLP ('KPMG') to undertake the service delivery and operational review. This report outlines the results of our review.

In order to preserve the confidentiality of personal information and avoid undue adverse impacts to the City's labour relations, KPMG has requested that opportunities meeting these conditions be included in a separate report for presentation to Council during closed session. The use of closed session meetings is permitted under the provisions of the Municipal Act, which states that matters involving identifiable individuals (s.239(2)(b) and labour relations or employee negotiations (s.239(2)(d)) can be discussed during a closed session of Council.

In addition to matters discussed during the closed session of Council, the results of our analysis concerning external boards, corporations and commissions (TPS, TPLS, TEDC, MRCA) will be presented to these organizations separately.

In light of the above, we wish to remind readers that this report does not include all of the opportunities identified during the course of the review.

B. Key Themes

Our review of the City's operations involved three approaches to gathering information and identifying areas for improvement:

- A review of relevant documentation, including financial reports, agreements and operational statistics;
- A comparison of key financial indicators against other municipalities; and
- Consultation with City personnel through group working sessions as well as individual interviews.

As a result of these procedures, a number of common themes have emerged that would support the rationale for change within the City, as summarized below. We would like to emphasize that given the nature of our mandate, we have not commented on the positive aspects of the City's operations.

- **Taxation levels appear high compared to other Northern municipalities.** An analysis of taxation levels for larger Northeastern Ontario communities indicates that residential taxes in Timmins (on a per household basis) are among the highest in the region, lending credence to concerns over affordability and value-for-money. Concerns over affordability will likely increase in the future as a number of factors place additional pressures on the municipal levy.

It should be recognized that the City's relative taxation level is influenced by a number of factors, including the delivery of non-core services, service levels that exceed other comparator municipalities, operating inefficiencies and the reliance on municipal taxes as opposed to user fees to finance municipal services.

- **The current organizational structure is characterized by a high number of direct reports and places the City at risk for inefficiencies in certain instances.** With 11 direct reports to the City's CAO (which compares to a range of five to eight direct reports for other large Northern Ontario municipalities), the City's organizational structure is at risk of contributing to so-called 'siloeing' where individual departments do not collaborate, resulting in reduced efficiency and increased costs.
- **Aspects of the City's operations could benefit from an enhanced focus on accountability.** In certain functional areas, the extent to which the City assesses performance and ensures the effective use of public funds – both with respect to management and non-management personnel – could be enhanced.
- **Certain systems do not appear to provide necessary information for effective decision-making.** The overall ability of the City to effectively monitor its financial and operational performance appears to be constrained by the absence of key information as a result of insufficient or absent data collection processes and procedures.
- **The current suite of services include non-core services as well as services with higher than necessary service levels.** Notwithstanding the importance that the City plays in the delivery of essential public services, it does provide a number of services that (i) are not delivered by other communities; (ii) can be funded through sources other than taxation; and/or (iii) involve a service level that is higher than what is required.

- **Effective planning for capital appears to be absent.** Consistent with earlier work undertaken by the City, the results of our analysis indicate that the City is on the cusp of a major infrastructure reinvestment requirement as its assets approach end of useful life. While this provides the opportunity for the City to realize financial savings through both the consolidation/rationalize of infrastructure and more cost effective approaches to meeting its infrastructure requirements, its capital planning process does not appear to effectively consider these opportunities.
- **Key policies for financial management appear to be absent or inconsistently applied.** We have been advised that certain key financial policies have not been developed by the City, leading to a potential policy absence for major financial decisions. Where policies exist, it appears that the application of certain policies is not consistent across the City, with some departments operating in contravention of established policies.
- **Certain processes appear to be inefficient.** The review included process mapping of selected process streams, the results of which identified instances of duplication of work efforts, unnecessary manual processes, lack of system interfacing or deficiencies from an internal controls perspective.
- **Opportunities for user fees and other non-taxation revenues do not appear to be pursued to the extent as other municipalities.** There appears to be an overall reluctance on the part of the City (both Council and staff) to charge users for services where the opportunity exists, with some staff members attributing this to past directions from Council not to charge for services in accordance with the City's established user fee policies. As a result, there appears to be an overreliance on taxation to fund municipal services, particularly in comparison to other Northern Ontario municipalities.
- **Certain areas of the municipality are characterized by under-funding.** While the results of the review have identified a number of opportunities for potential cost savings, a number of areas have also been identified that could arguably benefit from increased levels of investment. Progress towards the City's strategic direction as identified in Timmins 2020 is also expected to require incremental investments in certain areas.

C. Opportunities for Consideration

The key themes that have emerged from the service delivery and operational review have provided the basis for opportunities that the City may wish to consider as it seeks to enhance its overall efficiency and effectiveness while realizing cost savings and new revenue sources. These opportunities, which are summarized on the following pages, are divided into two categories:

- **Strategic-level opportunities**, which we suggest require Council direction given their potential impact on residents; and
- **Operational-level opportunities**, representing those that we suggest can be implemented by City management without Council direction as they are operational in nature and fall within the mandate and responsibility of staff.

As noted on the following pages, we have identified a total of 32 potential opportunities for consideration by the City. Where reasonable order of magnitude cost estimates could be developed (12 out of the 32 opportunities have identified financial impacts), we have also provided the potential level of cost savings that may be realized by the City, recognizing that the ultimate financial impact can only be determined once the City proceeds with the implementation of an opportunity. For those opportunities where the estimated financial impacts have been identified, the potential level of cost savings that could be realized by the City over the requirement implementation period (which could be multiple years), could be as high as \$2 million.

In addition to these opportunities, the closed session report includes 11 opportunities, with a potential cost savings to the City of as much as \$5 million. Overall, the combined potential cost savings could be as high as \$7 million or approximately 11% of the City's annual municipal levy in 2015.

Ultimately, the decision as to which of the strategic-level opportunities are pursued by the City rests with Council, recognizing that some opportunities will likely be viewed by Council as:

- Palatable options that will likely be pursued by the City;
- Options that will likely be considered by the City, with the ultimate decision as to whether to proceed with implementation resting on Council's deliberations concerning the option as well as additional analysis undertaken by the City; and
- Unpalatable options that will likely not be considered by Council.

D. Next Steps

We suggest that the implementation of strategic-level opportunities with majority support of Council be tasked to the City's Chief Administrative Officer, who would be responsible for incorporating opportunities into the City's budgeting process for 2016 (which we understand is expected to commence immediately following the finalization of the service delivery and operational review). In certain instances, opportunities may involve a longer term implementation horizon, with consideration in subsequent budget cycles.

Operational-level opportunities, which we suggest do not require Council's direction or approval, could be implemented immediately by the Chief Administrative Officer.



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Department	Opportunity	Type	Category	Estimated Financial Impact
Mayor and Council	Eliminate grants to volunteer associations	Service level reduction	Strategic	\$105,000
	Change Council representation from ward to at large system	Organizational design	Strategic	tbd
Information Technology	Reduce service requirements for printers through introduction of multi-functional printers (MFPs)	Operating efficiency	Operational	tbd
	Reduce travel, training and conference budget	Operating efficiency	Operational	\$30,000
	Introduce virtual desktop environment	Operating efficiency	Operational	\$72,000
Financial Services	Consider establishing in-house legal counsel to support POA and other City departments	Alternate delivery	Operational	tbd
	Formalize appropriate policies for financial management	Operating efficiency	Strategic	tbd
	Implement corporate procurement cards along with appropriate internal controls	Operating efficiency	Operational	tbd
	Implement requirement for monthly budget to actual variance reporting for all department heads	Operating efficiency	Operational	tbd
	Establish uniform billing system for residential water customers (flat rate)	Operating efficiency	Strategic	tbd
Fire Services	Implement charges for false alarms and other services	Revenue generation	Strategic	tbd



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Department	Opportunity	Type	Category	Estimated Financial Impact
Building inspection and by-law enforcement	Structure building inspection services fees to provide for full-cost recovery based on a typical operating year	Revenue generation	Strategic	\$43,000
	Increase focus on issuance of occupancy permits during non-peak periods to ensure all taxable assessment is identified and reported	Revenue generation	Operational	tbd
Roads	Undertake financial review of roads contracts to assess cost-effectiveness of third party contractors.	Operating efficiency	Operational	+\$1,000,000
	Reduce winter roads maintenance to minimum maintenance standards and consider substitution of gravel as surface treatment	Service level reduction	Strategic	
	Develop appropriate vehicle and equipment strategy that maximizes multi-use vehicles and equipment with year-round applicability	Operating efficiency	Operational	
	Re-introduce maintenance management system for public works and establish requirement for variance reporting	Operating efficiency	Operational	
	Establish consolidated vehicle scheduling system to maximize utilization of municipal fleet	Operating efficiency	Operational	\$25,000
	Investigate potential for load limits on Connecting Link with designated truck route for traffic diversion.	Operating efficiency	Strategic	tbd



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Department	Opportunity	Type	Category	Estimated Financial Impact
Water and wastewater services	Implement consistent work order systems for water and wastewater treatment facilities	Operating efficiency	Operational	tbd
	Increase user fees for water main breaks, septic receiving and other services	Revenue generation	Operational	tbd
	Undertake acoustic leak detection or noise correlation testing to identify potential water main failures	Revenue generation	Operational	tbd
Transit	Rationalize low volume traffic routes	Service level reduction	Strategic	\$184,000
	Increase cost recovery for transit services through rate increases and negotiation of automatic student pass program with Northern College	Revenue generation	Strategic	\$250,000
Parks and recreation	Implement recommendations from master recreation plan with respect to rationalization of sports fields, parks and playgrounds.	Service level reduction	Strategic	tbd
	Establish consistent user fee recovery percentage across recreational facilities of same/similar type	Revenue generation	Strategic	\$175,000
	Discontinue City involvement in tent rentals and special event set-ups; or ensure appropriate cost recovery from customers	Service level reduction Revenue generation	Strategic	tbd
Solid Waste	Eliminate duplicate curbside and transfer station options for Kamiskotia service area	Operating efficiency	Strategic	\$50,000
	Reduce residential exemption for tipping fees and Deloro landfill site operating hours	Service level reduction Revenue generation	Strategic	\$105,000
	Introduce a transfer station model for the Deloro landfill site	Operating efficiency	Operational	tbd
Multiple Departments	Introduce electrical efficiency measures, including LED lighting, motion sensors and more efficient electrical equipment	Operating efficiency	Operational	tbd
	Address process inefficiencies	Operating efficiency	Operational	tbd



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Service Delivery and Operational Review

Study Overview



A. Terms of Reference

The terms of reference for our engagement were established in KPMG's engagement letter dated April 20, 2015, which incorporated the proposed workplan outlined in our proposal to the City dated April 8, 2015. Consistent with the City's proposal document dated March 10, 2015, the intention of our review was to provide the City with strategies relating to 'corporate structure, service delivery and staffing resources' with particular focus on 'prioritizing services and to evaluate the overall effectiveness and efficiency of these operations'. Specific outcomes requested by the City included:

- Development of an inventory of municipal services, along with the identification of the rationale for their delivery by the City;
- Evaluation of the current service offerings based on the City's requirements and financial capacity;
- Assessment the City's organizational structure, procedures and resource allocations and the development of options for enhanced cost effectiveness for the delivery of services;
- Identification and evaluation of structures for enhanced partnerships with other community stakeholders;
- Suggestions to the City for potential courses of action intended to achieve cost savings and generate new sources of revenue; and
- Ensuring (as much as possible) that the City's operations are aligned with Timmins 2020, the City's recently completed strategic plan.

B. Methodology

Our approach to the service delivery and operational review involved the following major worksteps:

Confirmation of project scope

- An initial meeting was held with representatives of the City to confirm the terms of our engagement and the scope for work for the review.
- Functional review teams were established to assist with the review of municipal services and the identification of potential opportunities. For the purposes of the review, the City's various functional units were grouped on the basis of similar types of services, with a total of 12 review teams established, as summarized on the following page.
- Members of Council were interviewed to gain their perspective on the review, services provided by the City and potential areas for focus.
- An initial meeting was held with representatives of the functional review teams to explain the overall process and the expected role of the functional review teams.
- An initial meeting was held with representatives of the City's collective bargaining units to discuss the service delivery and operational review process.



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Functional Team No. 1	Functional Team No. 2	Functional Team No. 3
<ul style="list-style-type: none"> • Administration • Clerks • Human Resources • Health and Safety 	<ul style="list-style-type: none"> • Finance • Information Technology • Provincial Offences Act • Municipal Parking 	<ul style="list-style-type: none"> • By-law Enforcement • Building Inspection • Fire
Functional Team No. 4	Functional Team No. 5	Functional Team No. 6
<ul style="list-style-type: none"> • Roads • Water distribution • Wastewater collection • Traffic 	<ul style="list-style-type: none"> • Environmental services • Landfill • Water treatment • Wastewater treatment 	<ul style="list-style-type: none"> • Fleet maintenance (City) • Fleet maintenance (transit) • Engineering services • Procurement
Functional Team No. 7	Functional Team No. 8	Functional Team No. 9
<ul style="list-style-type: none"> • Parks and recreation • Cemetery maintenance • Facilities maintenance • Pool operations 	<ul style="list-style-type: none"> • Planning and development • Timmins Economic Development Corporation ('TEDC') • Mattagami River Conservation Authority ('MRCA') 	<ul style="list-style-type: none"> • Timmins Public Library Board ('TPLB') • Museum • Tourism development
Functional Team No. 10	Functional Team No. 11	Functional Team No. 12
<ul style="list-style-type: none"> • Airport • Transit 	<ul style="list-style-type: none"> • Golden Manor 	<ul style="list-style-type: none"> • Timmins Police Service ('TPS')

Environmental scan

- Information concerning the City's operations, organizational structure, staffing and financial performance was reviewed and summarized to (i) identify the types of services provided; (ii) the City's approach to delivering these services; (iii) the associated level of resources (financial and personnel; (iv) performance outcomes; and (v) funding sources.
- Working sessions were held with the functional review teams to discuss the nature of the services provided and the associated service levels, the rationale for the City's involvement in the delivery of these services and the method of delivery.

Comparative analysis

- Discussions were held with City representatives to determine appropriate municipal comparators that would be utilized during the course of the service delivery and operational review. Two categories of municipal comparators were selected for the comparative analysis:
 - Larger Northeastern Ontario communities (North Bay, Sault Ste. Marie, Greater Sudbury); and
 - Similar sized single tier municipalities (Cornwall, Belleville)¹
- For the selected municipal comparators, financial and personnel information, including the 2015 operating budget and personnel statistics, were obtained and key financial indicators were developed for comparative purposes.
- Additional comparative information for other selected communities was obtained and analysis to provide key financial indicators for selected municipal services, including fire, police, long-term care and transit services.

Organizational design evaluation

- Information concerning the City's current organizational structure was obtained through a review of available documentation as well as discussions with City personnel (both individually and during functional team meetings).
- Organizational structures for other municipalities were reviewed to identify best/common practices for municipal organizational design.
- Principles for the restructuring of the City's organizational structure were identified and presented in our closed session report.

¹ Quinte West was originally included in the comparator group but subsequent excluded from the analysis due to significant differences in services and service levels.

Consultation

- In connection with our review, consultation was held with the following outside agencies, boards and community stakeholder groups:
 - Recreation user groups
 - Timmins Police Services Board
 - Timmins Economic Development Corporation Board
 - Timmins Public Library Board
 - Museum Advisory Committee
 - Timmins Chamber of Commerce
 - Timmins Business Improvement Area
 - Timmins Taxpayers Association
- City employees also provided input to the service delivery and operational review through confidential email and telephone messages, as well as confidential individual interviews.

Opportunity identification and evaluation

- Working sessions were held with the functional review teams to discuss potential opportunities to enhance efficiencies, reduce costs, generate additional non-taxation revenues and/or enhance customer service.
- Working sessions were held with representatives of the following City departments to develop flowcharts for key processes and identify potential areas for enhanced efficiencies:
 - Leisure services
 - Engineering services
 - Planning and development
 - Financial services
 - Clerks
 - Airport operations
 - Fleet
 - Building inspection
 - Public works
- The identified opportunities selected by KPMG for inclusion in our report were assessed to determine (i) the potential financial benefit to the City, either through reduced costs or increased non-taxation revenue; (ii) potential labour relations implications; (iii) risks that could arise as a result of potential non-compliance with regulation or legislation; (iv) other potential risks, including health and safety implications for residents; (v) estimated implementation costs; and (vi) the potential timeframe for implementation.

Report validation

- A preliminary version of our report was provided to City management, TPS, TEDC and TPLB to validate our findings and conclusions.
- As considered appropriate by KPMG, adjustments to the preliminary version of the report were made based on the feedback received.
- As directed by Council, each member of Council received a copy of the preliminary version of our report at the same time as City management, with KPMG providing Council a summary of adjustments made to the preliminary version.
- KPMG conducted individual interviews with each member of Council to discuss our analysis and the identified opportunities.

C. Restrictions

This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly.

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 City of Timmins. Accordingly, KPMG will assume no responsibility for any losses or expenses incurred by any party as a result of the reliance on our report.

This report includes or makes 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 Timmins nor are we an insider or associate of the City of Timmins 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 City of Timmins and are acting objectively.



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Corporate Overview



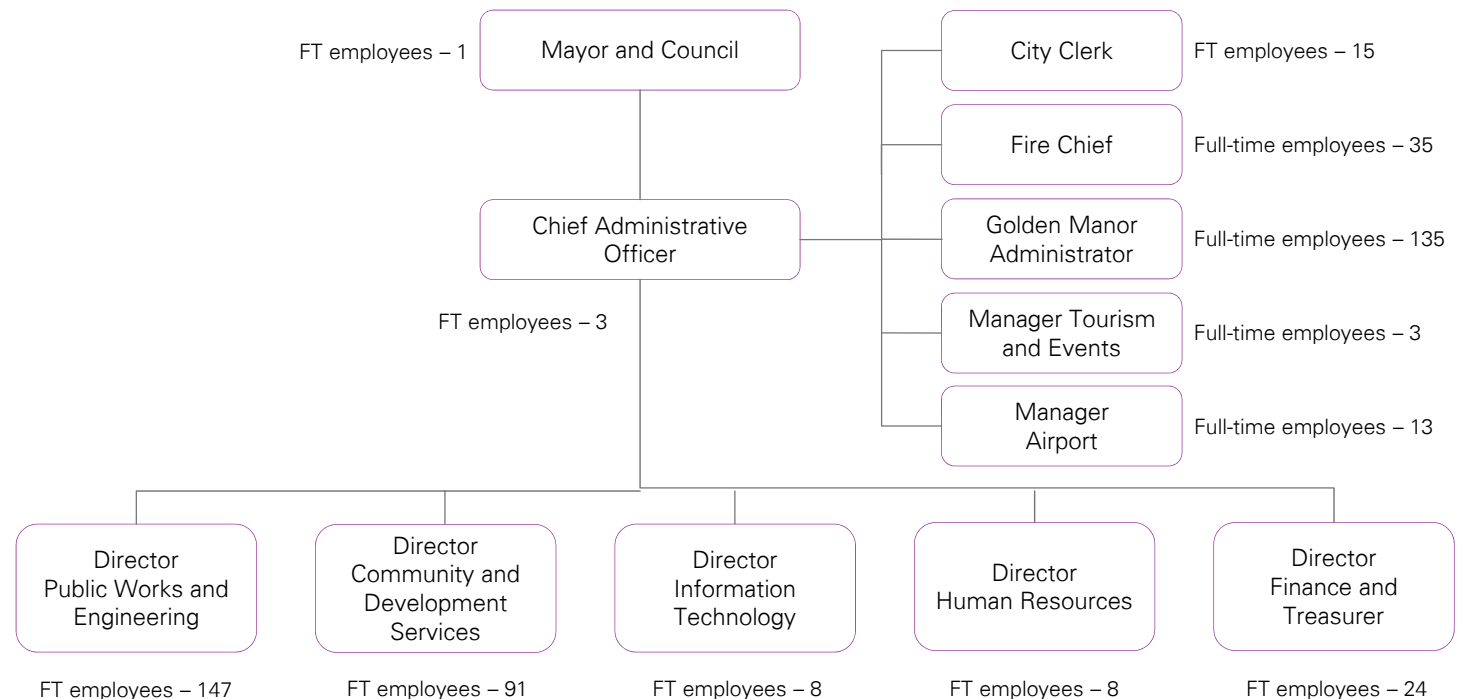
With a total population of just over 43,000 residents, the City is the fourth largest municipality in Northeastern Ontario (in terms of population), with 19,586 households located within the City's 2,979 km² geographical area. In order to meet the needs of its residents, the City employs more than 800 full and part-time employees and is expected to spend more than \$110 million during 2015.

A. Organizational Structure

The City's operations are currently structured into ten operating departments headed by either directors, managers or specific positions (e.g. fire chief, city clerk) reporting directly to the CAO, who in turn reports to Council. As noted below, there is disparity between functional units in terms of number of employees, with some directors overseeing significantly more employees than other directors, while some managers have more employees under supervision than certain directors.

In addition to the employees listed in the organizational structure, City boards, agencies and corporations employ an additional 138 full-time employees.

- TPS – 112 full-time employees
- TEDC – 8 full-time employees
- TPLB – 18 full-time employees





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B. Operating Expenditures

Over the past five years, the City's total expenditures (operating, capital and debt servicing) have increased by \$34 million in annual spending (\$123 million in 2010 vs. \$157 million in 2014), representing an average change of 6.3% per year. Almost half of this increase (\$16.7 million) is due to higher levels of capital spending, with the remaining increase attributed to increases in personnel costs (\$6.4 million increase), contracted services (\$5.9 million increase) and materials and supplies (\$5.5 million).

(in thousands)	2010	2011	2012	2013	2014	Annual Change
Wages and benefits	\$54,935	\$56,773	\$57,754	\$59,525	\$61,331	↑2.8%
Contracted services	\$5,419	\$8,654	\$8,612	\$9,875	\$11,301	↑20.2%
External transfers ^{2,3}	\$12,819	\$10,457	\$10,736	\$11,588	\$11,692	↓2.3%
Materials and supplies	\$24,718	\$25,383	\$27,803	\$27,061	\$30,241	↑5.2%
Total expenses before undernoted items	\$97,892	\$101,269	\$104,906	\$108,050	\$114,565	↑4.0%
Debt servicing costs (interest and principal)	\$831	\$1,483	\$1,483	\$1,483	\$1,483	↑15.6%
Capital expenditures	\$24,395	\$25,662	\$25,363	\$39,342	\$41,132	↑14.0%
Total expenditures	\$123,118	\$128,414	\$131,752	\$148,875	\$157,180	↑6.3%

Contracted services costs for public works functions (roads, water, wastewater and solid waste) have increased significantly since 2010, with administrative contracted services also increasing as a result of the Timmins 2020 initiative. As noted below, other departments reported a cumulative decrease in contracted services costs of 1.8% over the same period.

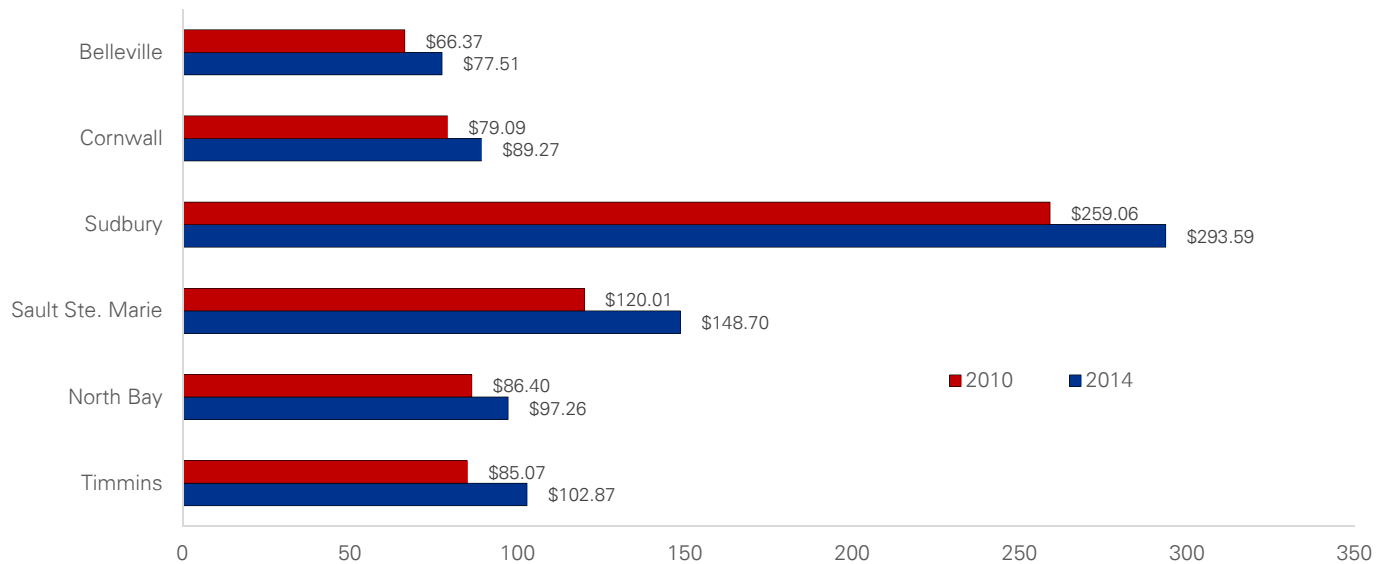
Contracted services costs by function (in thousands)	2010	2014	Annual Change
Roads (including winter roads maintenance)	\$2,046	\$5,393	↑27.4%
Water and wastewater	\$694	\$1,662	↑24.3%
Solid waste	\$431	\$1,526	↑37.1%
Administration	\$690	\$1,272	↑16.5%
All other functions	\$1,558	\$1,448	↓1.8%

² Consists of transfers to the Municipal Property Assessment Corporation ('MPAC'), MRCA, the Cochrane District Social Services Administration Board ('DSSAB'), the Porcupine Health Unit ('PHU') and the Timmins and District Hospital ('TDH'). Costs relating to the TPS, TEDC and TPLB are included in the relevant operating cost category.

³ As a result of changes to funding responsibilities for social assistance programs (so-called 'uploading'), the cost of social programs for municipalities has decreased since 2008. As a result, the City's contributions to the DSSAB have decreased since 2010, resulting in an overall reduction in the reported amount of external transfers.

In comparison with the selected municipal comparators, the rate of increase in the City's operating costs (excluding external transfers) is the second highest amongst the comparator group. As noted below, while the City's increases in personnel costs (wages and benefits) and materials and supplies from 2010 to 2014 are lower than the comparators, its increase in contracted services is significantly higher, affecting the overall rate of increase.

Reported wages and benefits, contracted services and materials and supplies costs (in millions of dollars)⁴



⁴ For the purposes of our analysis, we have adjusted the reported operating costs for Cornwall, Sudbury and Sault Ste. Marie to exclude expenditures relating to ambulance, social assistance, social housing and childcare. This adjustment was made to ensure consistency with respect to treatment of these costs, which are shown as external transfers by the City to the DSSAB and are not reflected in other expense categories.

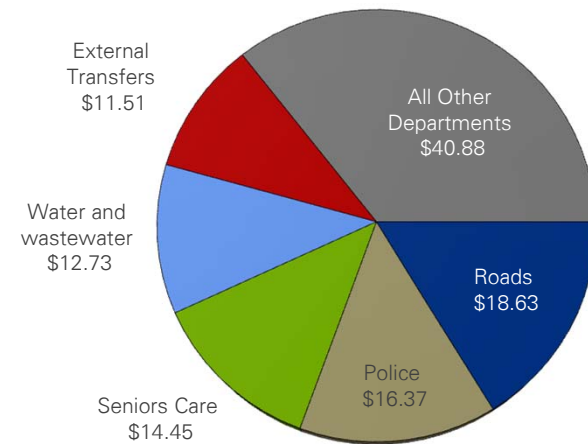
Average annual increase in operating costs (2010 to 2014)	Timmins	North Bay	Sault Ste. Marie	Sudbury	Belleville	Cornwall
Wages and benefits	↑2.8%	↑3.5%	↑4.3%	↑3.6%	↑3.7%	↑3.4%
Contracted services	↑20.2%	↓5.9%	↑7.7%	↑7.9%	↑4.4%	↓8.9%
Materials and supplies	↑5.2%	↑6.1%	↑7.4%	↓1.4%	↑4.6%	↑11.4%
Total	↑4.9%	↑3.0%	↑5.5%	↑3.2%	↑4.0%	↑3.1%

From a functional perspective, the City's operating costs are weighted towards a few large departments, with the four largest departments (roads, police, seniors care and water/wastewater) accounting for 54% of total operating costs. External transfers, the majority of which are beyond the control of the City, account for a further 10% of total operating costs.

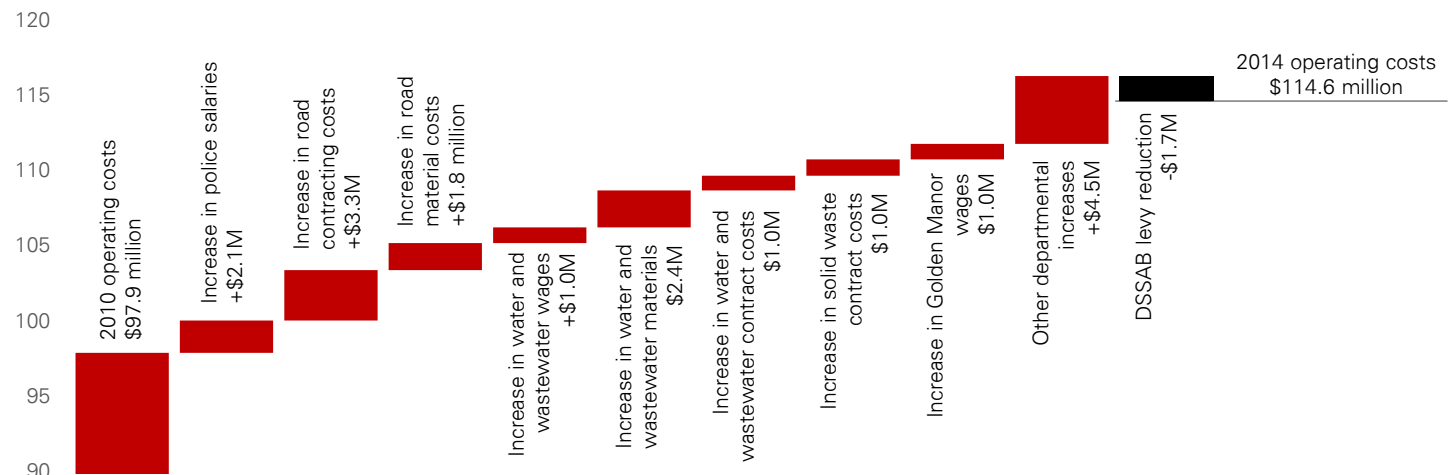
As noted below, the increase in the City's operating costs from 2010 to 2014 is predominantly due to cost increases in police, public works (including roads, water, wastewater and solid waste) and Golden Manor. During the same period, the amount of the DSSAB levy has decreased by \$1.7 million, offsetting some portion of the cost increases experienced.

A summary of total spending in 2010 and 2014 by City function is included on the following page.

Operating Costs by Function, 2014 (in millions of dollars)



Change in operating costs by functional area (in millions of dollars)





City of Timmins Service Delivery and Operational Review

Corporate Overview

FINAL REPORT
 October 26th, 2015
 This report should be
 read in its entirety

Reported operating costs (in thousands)	Analysis	2010	2014	Total Change	Average Annual Change
Corporate services ⁵	Page 36-56	\$8,551	\$9,708	\$1,157	↑3.2%
Fire	Page 60	\$5,594	\$5,843	\$249	↑1.1%
Police	(note 6)	\$13,778	\$16,368	\$2,590	↑4.4%
Building inspection and bylaw enforcement	Page 72	\$653	\$814	\$161	↑5.7%
Roads ⁷	Page 94	\$13,316	\$18,630	\$5,314	↑8.8%
Water treatment and distribution	Page 112	\$5,071	\$7,839	\$2,768	↑11.5%
Wastewater collection and treatment		\$3,058	\$4,886	\$1,828	↑12.4%
Transit ⁸	Page 77	\$5,016	\$5,340	\$324	↑1.6%
Airport	Page 127	\$2,607	\$3,320	\$713	↑6.2%
Solid waste collection and landfill	Page 101	\$2,994	\$4,237	\$1,243	↑9.1%
Assistance to aged persons ⁹	Page 118	\$13,171	\$14,447	\$1,276	↑2.3%
Parks, recreation, cemeteries and facilities	Page 84	\$5,887	\$5,997	\$110	↑0.5%
Library	(note 6)	\$1,438	\$1,606	\$168	↑2.8%
Museum	Page 90	\$267	\$610	\$343	↑22.9%
Planning and development ^{6, 9}	Page 68	\$3,807	\$3,408	(\$399)	↓2.7%
Total expenses before external transfers		\$97,892	\$103,053	\$5,161	↑1.3%
DSSAB		\$11,159	\$9,445	(\$1,714)	↓4.1%
MRCA	(note 6)	\$360	\$487	\$127	↑7.8%
PHU		\$1,165	\$1,205	\$40	↑0.8%
TDH		–	\$375	\$375	n.a.
Total expenditures		\$97,892	\$114,565	\$16,673	↑4.0%

⁵ Includes Mayor and Council, CAO, Clerk Services, Finance, Human Resources and Information Technology

⁶ Financial analysis for TPS, TPLS, TEDC and MRCA has been provided separately to the respective ABC's.

⁷ Includes storm sewers

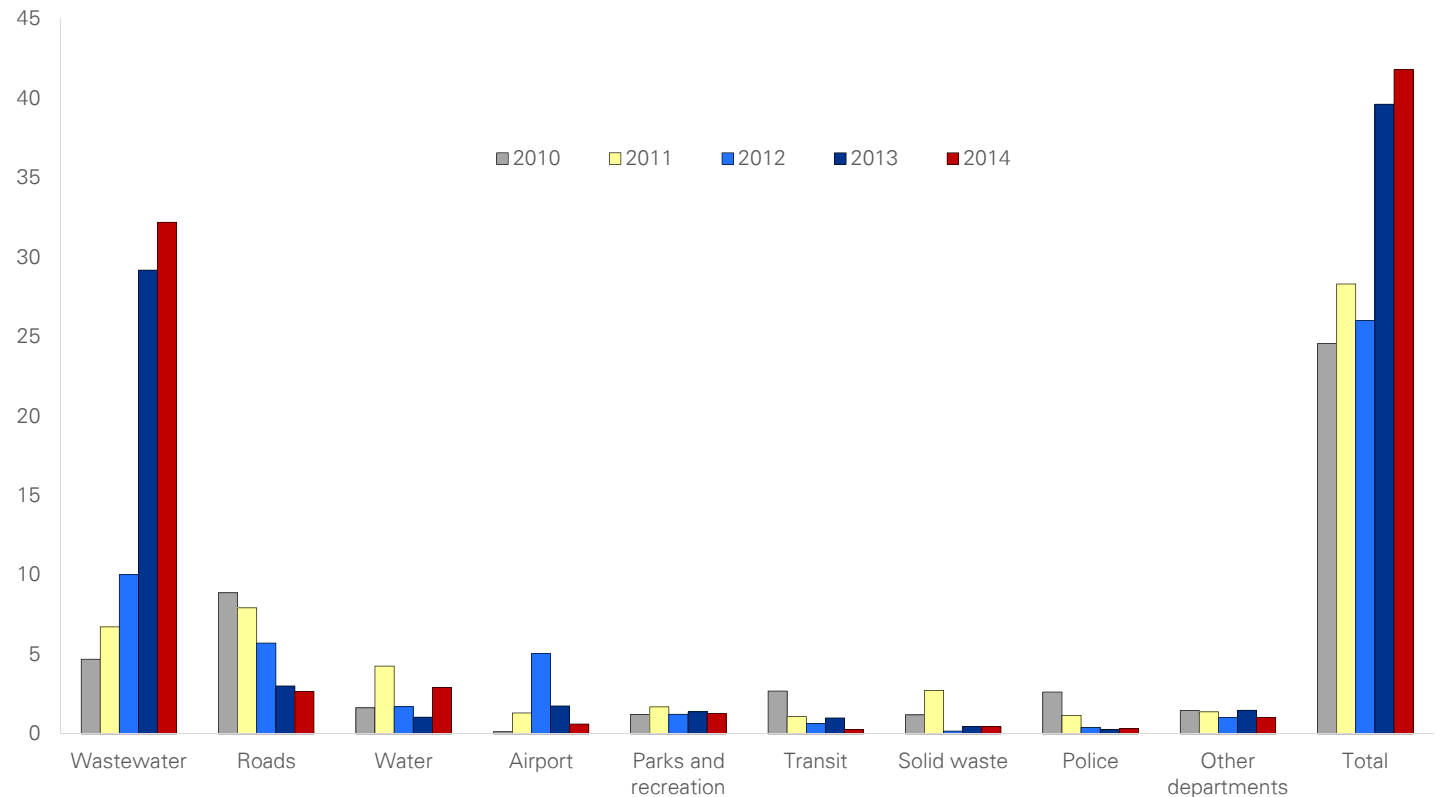
⁸ Includes handi-transit

⁹ Includes the City's planning department and TEDC

C. Capital Expenditures

As noted earlier, the City has experienced a significant increase in capital spending over the last five years, primarily as a result of the Mattagami Wastewater Treatment Plant project which has a forecasted capital cost of more than \$80 million upon completion and funded in part by a \$40 million capital grant from senior levels of government. As summarized below, while capital spending on water and wastewater has risen between 2010 and 2014, most other municipal departments have seen little to no increase, and in some cases decreases, in capital expenditures.

Capital expenditures by functional area (in millions of dollars)¹⁰



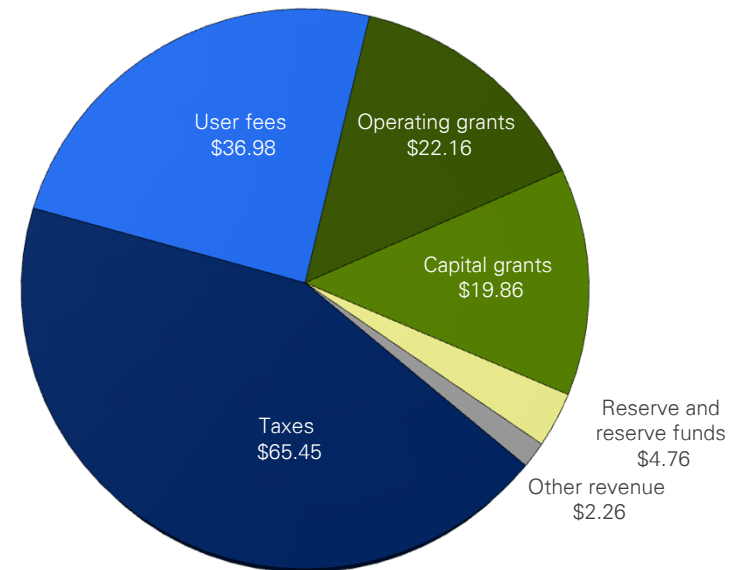
¹⁰ Under financial reporting standards for Canadian municipalities, expenditures are considered to be capital in nature if they provide a benefit such as an extension of the asset's useful life or an increase in its service capacity. In certain instances, expenditures funded through the City's capital budget will not meet the betterment test and as such, are reported as operating costs as opposed to capital expenditures even though they are funded through the City's capital budget.

D. Funding Sources

During the 2014 fiscal year, the City generated a total of \$146.7 million to fund operating and capital expenditures, with a further \$4.8 million of reserves and reserve funds utilized. Local funding sources (defined as taxes and user fees) accounted for \$102.4 million in 2014, representing 70% of all revenue for the City. Grants from senior levels of government amounted to \$42.0 million, consisting of \$31.3 million in Provincial grants (\$21.9 million operating, \$9.4 million capital) and \$10.7 million in Federal grants (\$0.2 million operating, \$10.5 million capital).

Since 2010, the City's total revenues (excluding reserve and reserve fund transfers) increased by \$25.8 million, the majority of this increase being comprised of higher capital grants (\$13.3 million increase) and local sources of revenues (i.e. taxes and user fees), which rose by \$17.6 million. As noted below, the City has effectively been required to fund all operating cost increases since 2010 through local resources, with government operating grants during this period increasing by less than \$200,000.

Revenue by source (2014), in millions of dollars



(in millions)	2010	2011	2012	2013	2014	Change (2010-2014)	Average Annual Change
Taxes	\$54.482	\$57.064	\$58.881	\$62.418	\$65.448	↑\$10.96	↑4.7%
User fees	\$30.383	\$31.469	\$35.773	\$34.614	\$36.980	↑\$6.59	↑5.0%
Operating grants	\$21.985	\$21.699	\$22.002	\$23.161	\$22.164	↑\$0.18	↑0.2%
Capital grants	\$6.560	\$8.267	\$15.423	\$21.052	\$19.861	↑\$13.30	↑31.9%
Other revenue	\$5.803	\$4.162	\$4.829	\$2.509	\$2.263	↓\$3.54	↓21.0%
Total	\$119.213	\$122.661	\$136.908	\$143.754	\$146.716	↑\$27.503	↑5.3%

In comparison to the selected municipal comparators, the City has the highest rate of increase in local share funding for municipal costs, with an overall local share increase of 4.8% per year on average.

Average annual increase in revenues (2010 to 2014)	Timmins	North Bay	Sault Ste. Marie	Sudbury	Belleville	Cornwall
Taxes	↑4.7%	↑2.6%	↑4.0%	↑3.7%	↑3.8%	↑4.2%
User fees	↑5.0%	↑4.0%	↑5.0%	↑4.0%	↑2.8%	↑1.4%
Total local share	↑4.8%	↑3.0%	↑4.4%	↑3.8%	↑3.5%	↑3.0%

E. Taxation and Assessment

As noted earlier, municipal property taxes represent the largest single source of revenue for the City, accounting for 45% of total revenues (excluding reserve and reserve fund transfers).

In Ontario, the allocation of municipal taxes among different property classes is influenced by a number of factors, the most significant of which we consider to be:

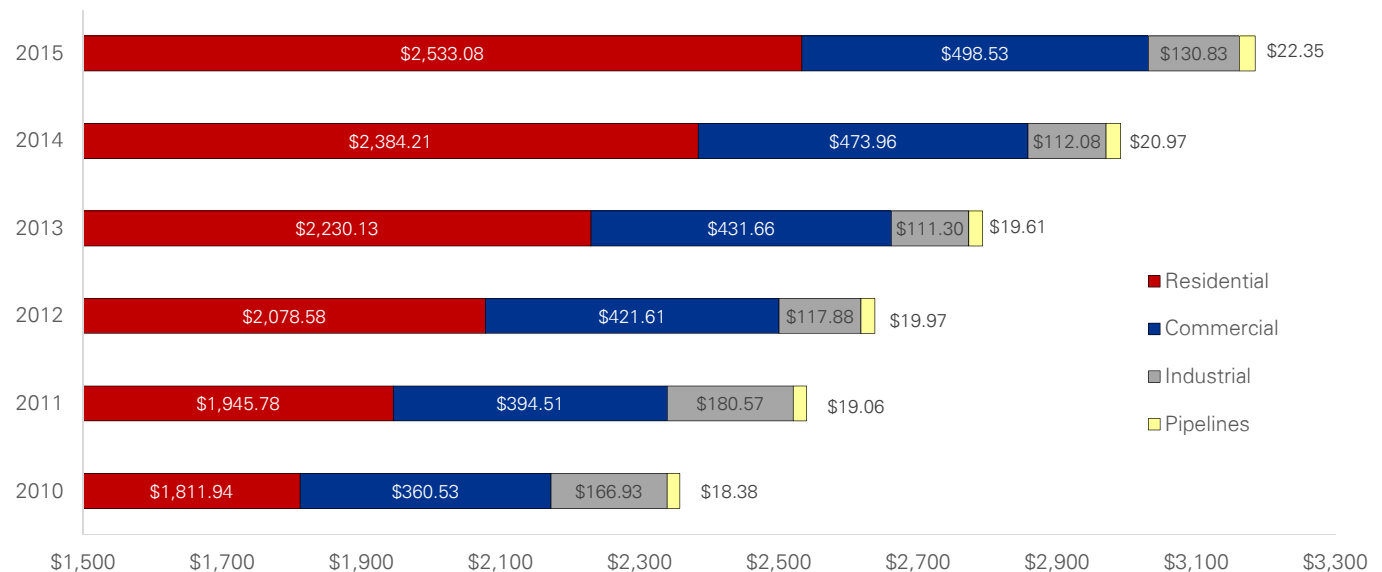
- Assessed values of the property classes, which are determined every four years by MPAC. Where properties experience a decrease in assessed values, these are considered immediately for the purposes of calculating property taxes. For those properties experiencing increases in assessed values, the increases are phased in over four years.
- Tax ratios, which distribute the burden of municipal taxes between different property classes and which are intended to reflect the distribution of taxes prior to the implementation of the property tax regime (fair value assessment). In order to manage the use of tax ratios and prevent the unfair shifting of taxes between classes, the Province has established maximum and minimum tax ratios, as well as other rules concerning how municipalities can change tax ratios.

It is important to recognize that within Ontario, there can be little to no correlation between property taxes and the level of services received. Similar to income taxes, municipal property taxes can be argued to be a progressive tax, whereby individuals with higher property values pay higher taxes on the basis that they can afford to do so. Similarly, industrial and commercial taxation levels are further impacted by tax ratios, which in most (but not all) cases assign a higher burden of taxes to non-residential properties vs. residential properties even where assessed values are the same.

In certain municipalities, some effort is made to align municipal property taxes to services through the use of area rating, which is an approach that establishes different taxation rates for geographical areas where service levels vary. In some cases, municipalities will establish urban vs. rural taxation rates, while other municipalities may area rate for services such as transit and fire protection where the level of service differs by location.

For the 2015 taxation year, the total assessed values of taxable properties in Timmins totaled \$3.18 billion, the majority of which (\$2.53 billion or 76.6%) related to residential properties. Overall, the City's taxable assessment increased by \$827 million since 2010, representing an average annual increase of 6.2%.

Current value assessment by property class (in millions of dollars)¹¹



¹¹ The decrease in industrial assessment in 2012 reflects the closure of the Kidd Met Site. This represented only the latest in a number of industrial assessment losses due to site closures, which have included the loss of the former Grant OSB mill and Tembec sawmill.

¹² Assessment information shown in the graph reflects the assessed value of properties prior to the application of tax ratios. Weighted assessment, which is the basis of the information shown in the bottom chart, reflects the application of tax ratios to non-residential property classes which in most but not all cases, increases the assessed values for tax purposes.

After adjusting for the effects of tax ratios¹², residential ratepayers in the City fund two-thirds of the total municipal levy, which represents the second lowest residential component of the selected Northeastern Ontario municipalities.

Weighted assessment by property class (2014), in millions	Timmins	North Bay	Sault Ste. Marie	Sudbury	Belleville	Cornwall
Residential assessment	\$2,431	\$4,322	\$4,235	\$13,547	\$3,854	\$2,547
Total assessment	\$3,619	\$5,854	\$6,513	\$19,359	\$5,882	\$4,201
Residential assessment percentage	67.2%	73.8%	65.0%	69.9%	65.5%	60.6%

While the City's assessed values have grown by an average of 6.2% per year since 2010 (\$827 million from 2010 to 2015), it is important to note that only a small portion of this growth – \$58.7 million – can be attributed to new construction as opposed to valuation adjustments on existing properties.

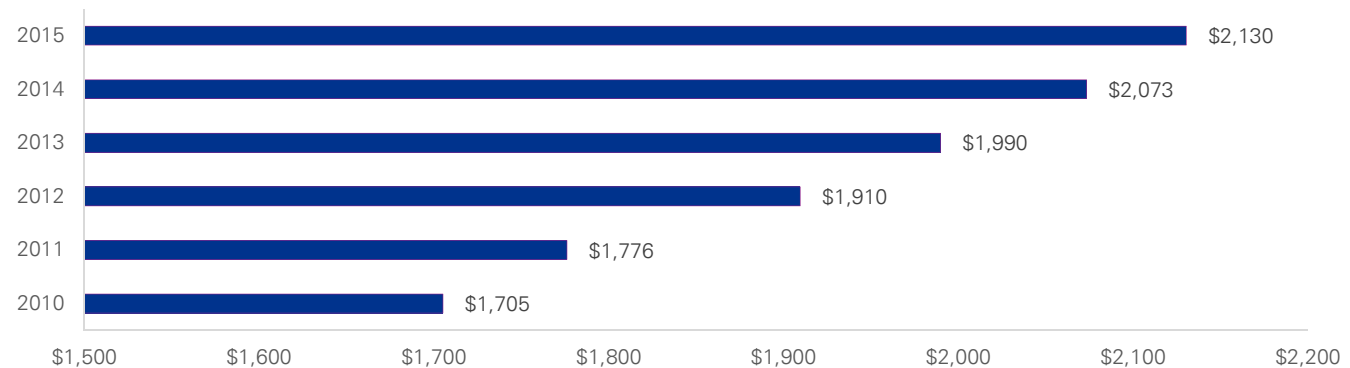
(in millions of dollars)	2011	2012	2013	2014	2011 to 2014 Total
New properties:					
• Residential	\$13.52	\$28.34	\$19.71	\$13.79	\$75.36
• Commercial	\$3.27	\$0.23	\$27.44	\$10.90	\$41.84
• Industrial	(\$66.78)	(\$6.79)	(\$1.52)	\$16.38	(\$58.71)
• Other	\$0.13	(\$1.06)	\$0.59	\$0.56	\$0.22
Total assessed value of newly added properties	(\$49.86)	\$20.72	\$46.22	\$41.63	\$58.71
Valuation adjustments on existing properties	\$231.98	\$77.40	\$108.44	\$156.89	\$574.71
Total increased in taxable assessment	\$182.12	\$98.12	\$154.66	\$198.52	\$633.42

This distinction is arguably viewed as significant as:

- Assessment growth from new construction represents an 'injection' of new taxpayers, as opposed to valuation adjustments which only involve existing properties. In a situation where the majority of assessment growth comes from valuation adjustments, tax increases are funded predominantly by existing taxpayers as opposed to new taxpayers. In the case of the City, new construction accounts for less than 10% of the increase in taxable assessment, meaning that existing taxpayers were required to fund more than 90% of taxation increases; and
- Where tax levies rise at the same rate as assessment growth, affordability concerns may emerge if the rate of increases in valuation adjustments exceeds the increase in household income, resulting in taxpayers paying a greater percentage of their household income for municipal services.

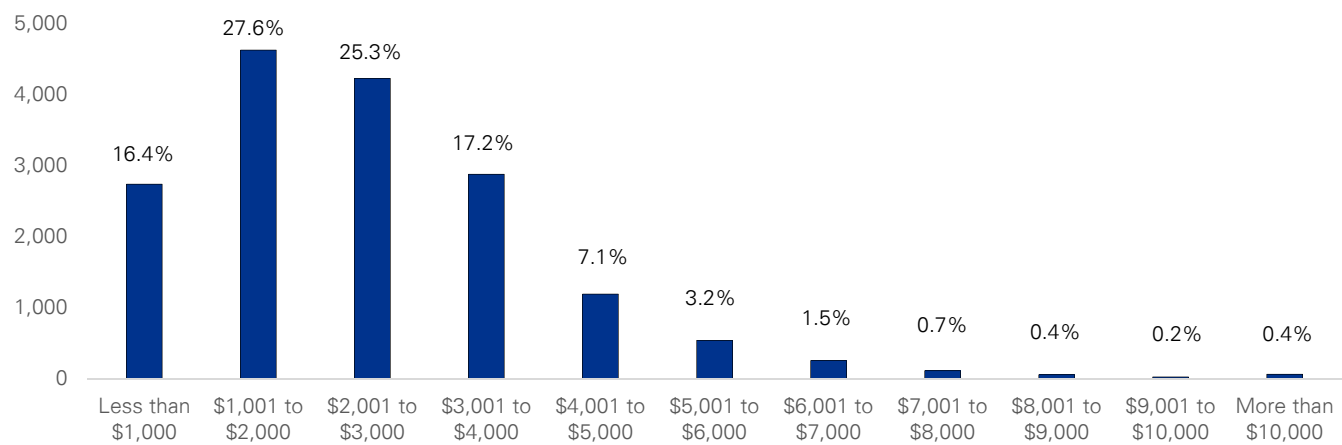
During 2015, the average residential taxpayer in Timmins is expected to pay just over \$2,100 in municipal property taxes, compared to \$1,700 in 2010 (representing an increase of 4.6% per year)¹³.

Average residential taxes per household



In terms of distribution of taxation levels, 44% of the City's residential ratepayers will pay less than \$2,000 in taxes during 2015, with almost 70% paying less than \$3,000 in City taxes.

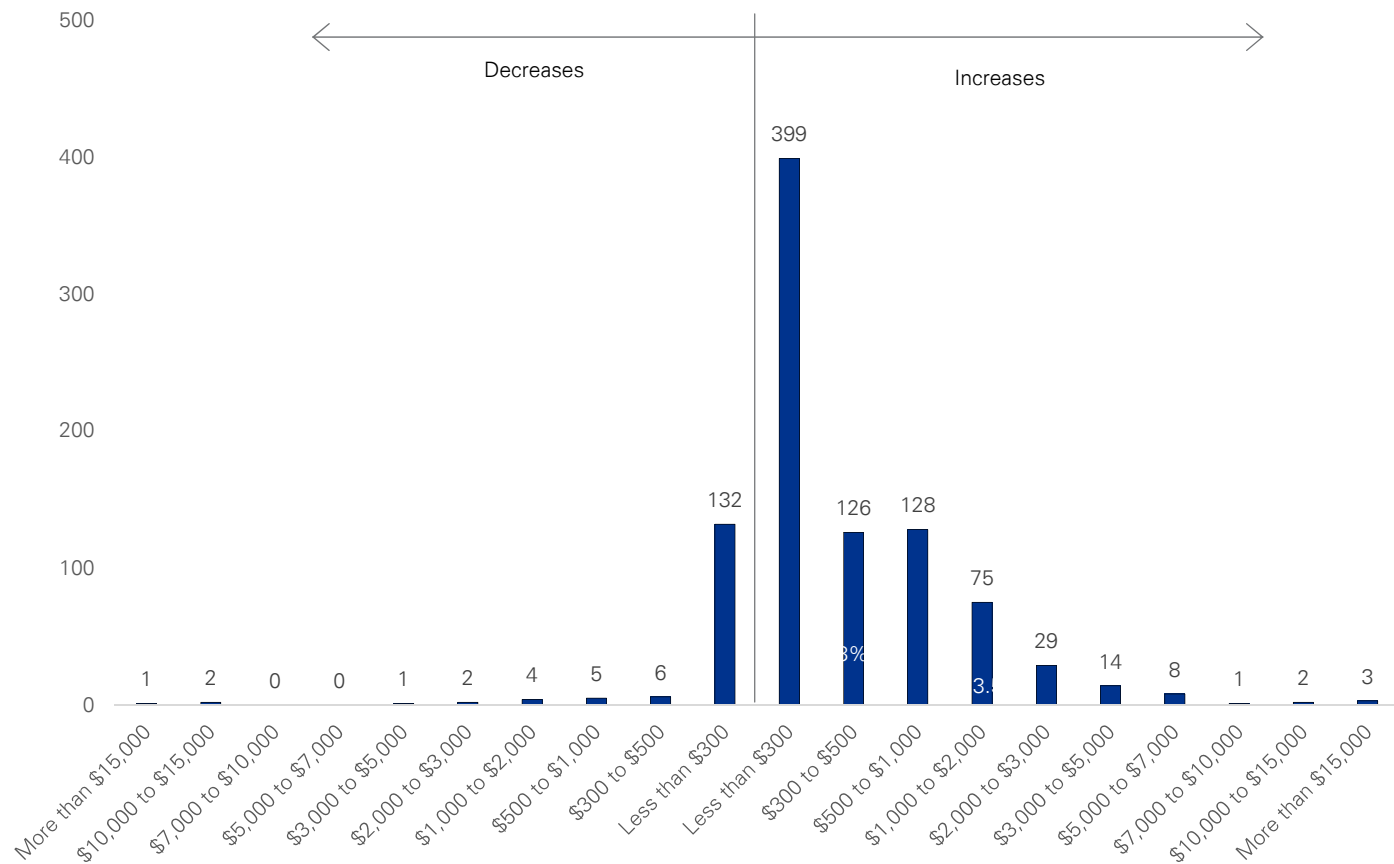
Distribution of residential taxes per household (2015)



¹³ City component of taxes only (i.e. excludes education taxes)

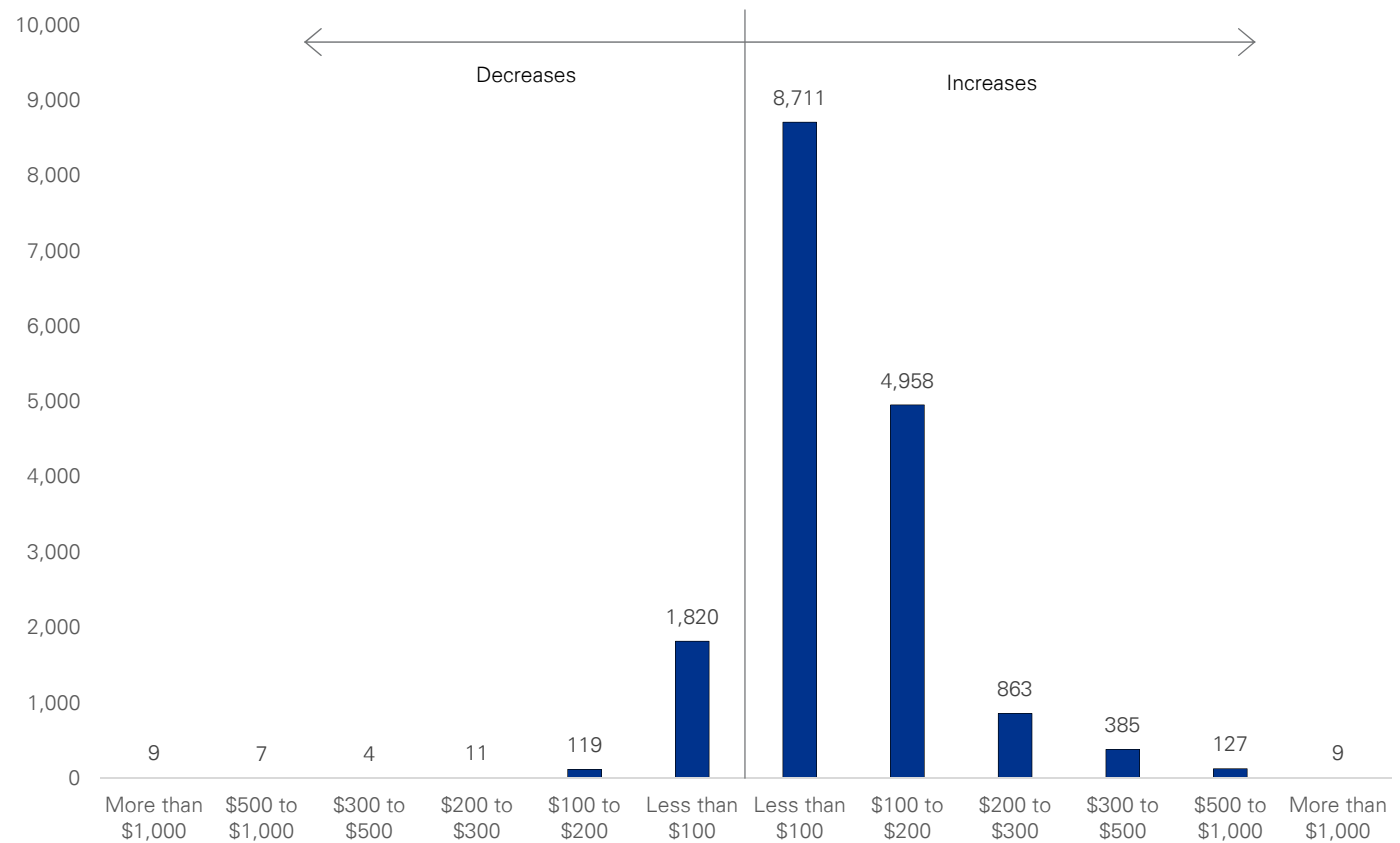
The experience for commercial taxpayers in 2015 was somewhat similar to that of residential taxpayers, with 43% of commercial taxpayers experiencing increases of \$300 or less from 2014, with a further 13% experiencing increases of less than \$500. Overall, 16% of commercial taxpayers experienced a decrease in their property taxes during 2015, the majority of which amounted to \$300 or less.

Change in commercial taxes by property (2014 to 2015)



In comparison to the prior year, 51% of residential taxpayers in the City experienced tax increases of less than \$100 during 2015, with a further 29% experiencing tax increases of less than \$200 from 2014. In addition, approximately 12% of residential taxpayers actually experienced a decrease in their municipal taxes during 2015 compared to 2014.

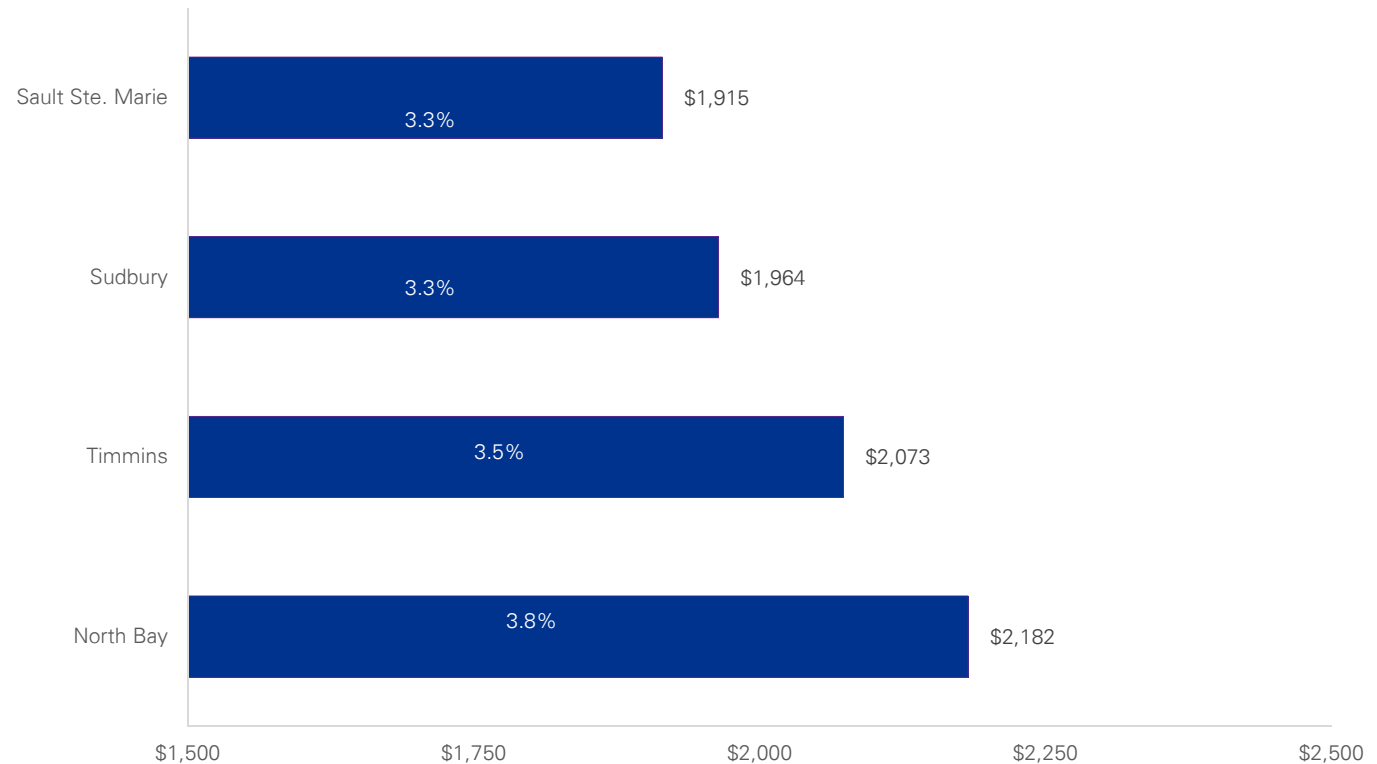
Change in residential taxes by household (2014 to 2015)



Among the four largest municipalities in Northeastern Ontario, average residential property taxes per household in 2014 were generally consistent, with less than \$300 separating the highest (North Bay) and lowest (Sault Ste. Marie) residential taxes per household. Similarly, residential taxes as a percentage of household income were comparable, ranging from 3.8% in North Bay to 3.3% in Sudbury and Sault Ste. Marie.

While the differences are relatively small, the City's residential taxes were the second highest for the larger Northeastern Ontario communities, both in terms of the absolute amount and as a percentage of household income.

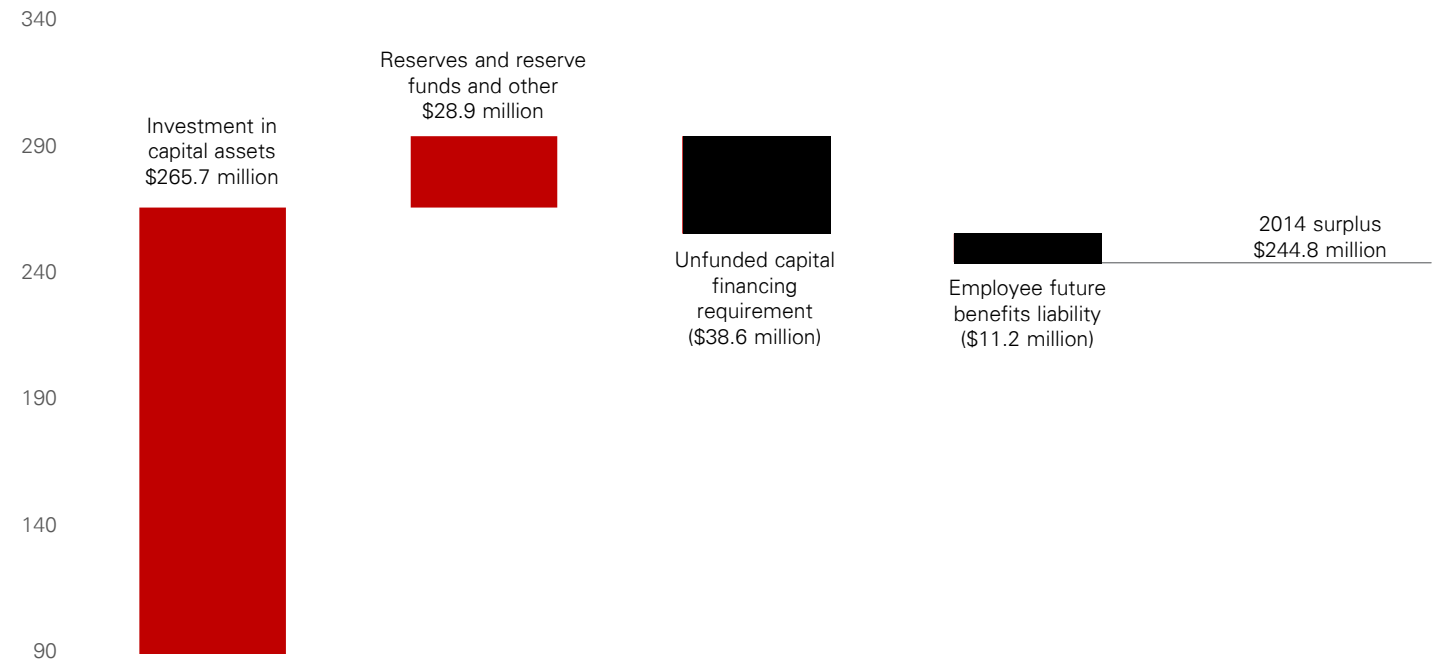
*Average residential taxes per household
 (Percentage of per household income)*



F. Financial Position

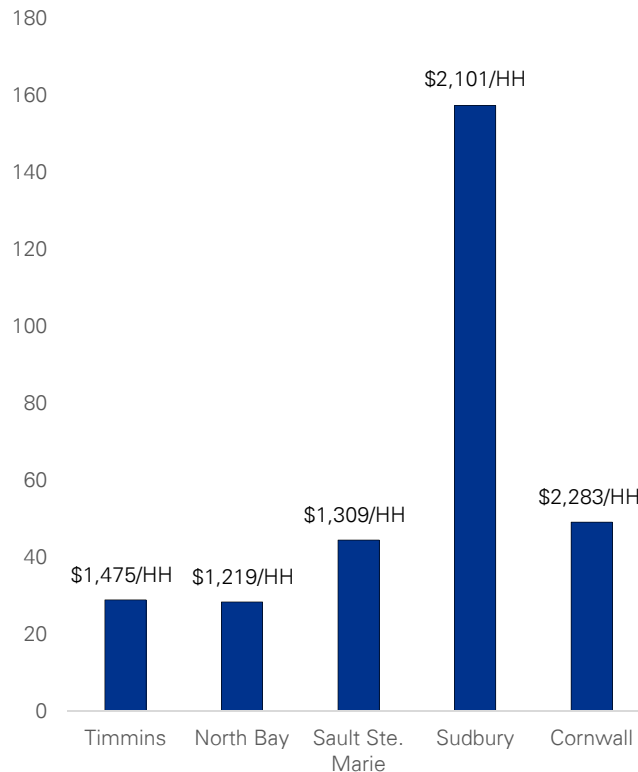
At the end of its most recent fiscal year, the City reported total assets and liabilities of \$300.6 million and \$55.8 million respectively, resulting in an accumulated surplus of \$244.8 million. If the City's investment in its tangible capital assets (infrastructure) and its liability for employee future benefits are excluded, the City is in a reported deficit position of \$9.7 million. As noted below, the City's financial position has been impacted by the Mattagami Water Treatment Plant project, which has an unfunded capital financing requirement of \$38.6 million (representing the City's share of project costs). Once the City obtains debt financing for this amount, its reported financial surplus will increase accordingly.

Composition of accumulated surplus (2014), in millions of dollars

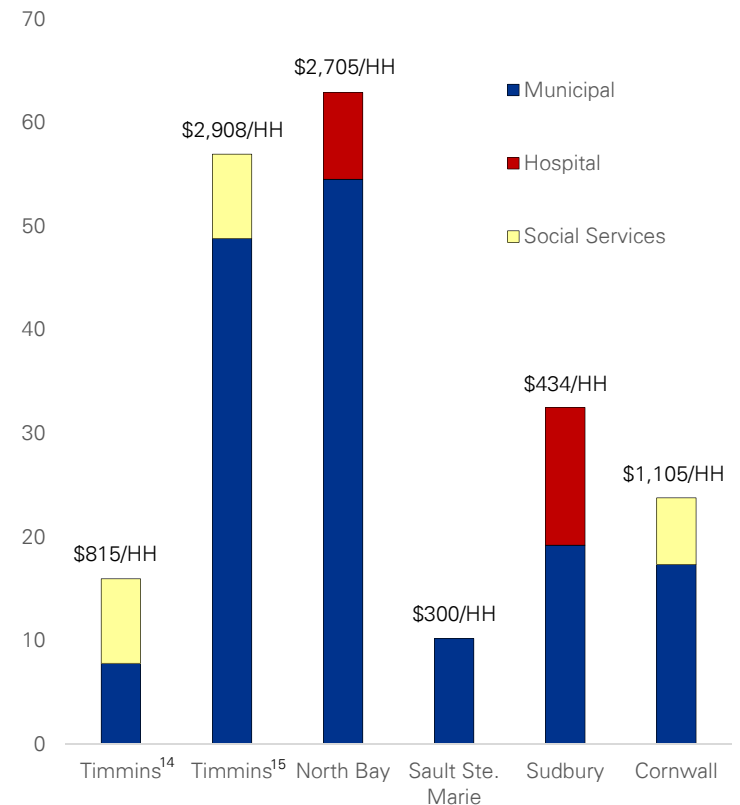


With total reserves and reserve funds of \$28.9 million, the City's reserve and reserve fund balances per household is in the middle of the comparative municipal group while the City's reported long-term debt is the lowest. We expect, however, that the City's comparative position will be impacted upon the completion of financing for the Mattagami Wastewater Treatment Plant, which will likely involve some combination of reserve and reserve fund contributions and long-term debt issuance to meet the City's local funding requirement of \$41 million.

Reported reserves, reserve funds and general surplus (2014), in millions of dollars (per household amounts)



Outstanding long-term debt (2014), in millions of dollars (Debt per household)



¹⁴ Based on outstanding debt as at December 31, 2014

¹⁵ Based on outstanding debt as at December 31, 2014, adjusted for an additional \$41 million in debt relating to the Mattagami Wastewater Treatment Plant project

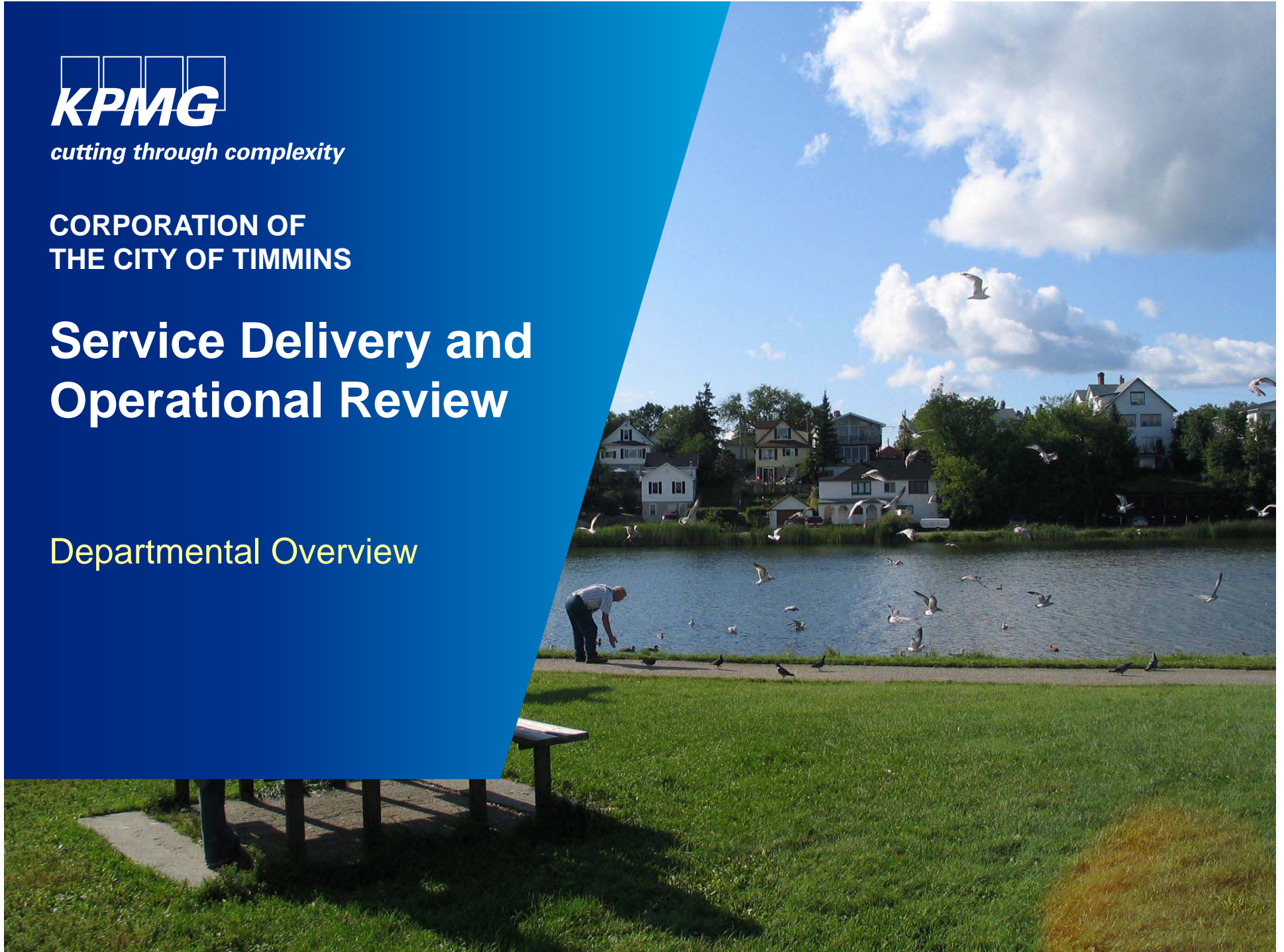


cutting through complexity

**CORPORATION OF
THE CITY OF TIMMINS**

Service Delivery and Operational Review

Departmental Overview



A. Mandate

Council acts as the governance body for the City. As defined under the Municipal Act, 2001, S.O. 2001, c.25 (the 'Municipal Act'), Council's role includes:

- representing the public and consider the well-being and interests of the City;
- developing and evaluating the policies and programs of the City;
- determining which services the City provides;
- ensuring that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of Council;
- ensuring the accountability and transparency of the operations of the City, including the activities of the senior management of the City;
- maintaining the financial integrity of the City;
- carrying out other duties of Council as required.

As a governance body, Council's role is to establish corporate-level policies and programs that are then used by City staff to deliver services in accordance with Council's direction. As noted above, Council's involvement in administrative and controllership aspects of the City are limited to 'ensuring that these are in place'. Section 227 of the Municipal Act goes on to indicate that the role of the officers and employees of the City is to 'implement council's decisions and *establish* administrative policies and procedures to carry out council's decisions' (emphasis added). From our perspective, this wording supports the view that operational decisions rest with the City's employees and not with Council directly.

B. Basis for Delivery

The establishment of a municipal council is a requirement of the Municipal Act, which is the primary legislation governing Ontario municipalities. Among other things, the Municipal Act:

- defines the role of council (Section 224);
- defines the role of the head of council (Section 225); and
- establishes the head of council as the chief executive officer and defines the role of chief executive officer (Section 226.1).

C. Organizational Structure

Council is comprised of the City’s mayor and eight councillors, four of which are elected from Ward 5 and one each from Wards 1 to 4. We understand that while the current ward system does not result in a comparable population per councillor (as Wards 1 to 4 have significantly fewer residents than Ward 5), the system does ensure representation for residents outside of the core urban area (Ward 5).

In addition to regular council meetings, Council also meets as a Committee of the Whole, during which agenda items are discussed and recommended for adoption at regular council meetings.

One full-time employee provides administrative support to Council.



D. Financial Overview

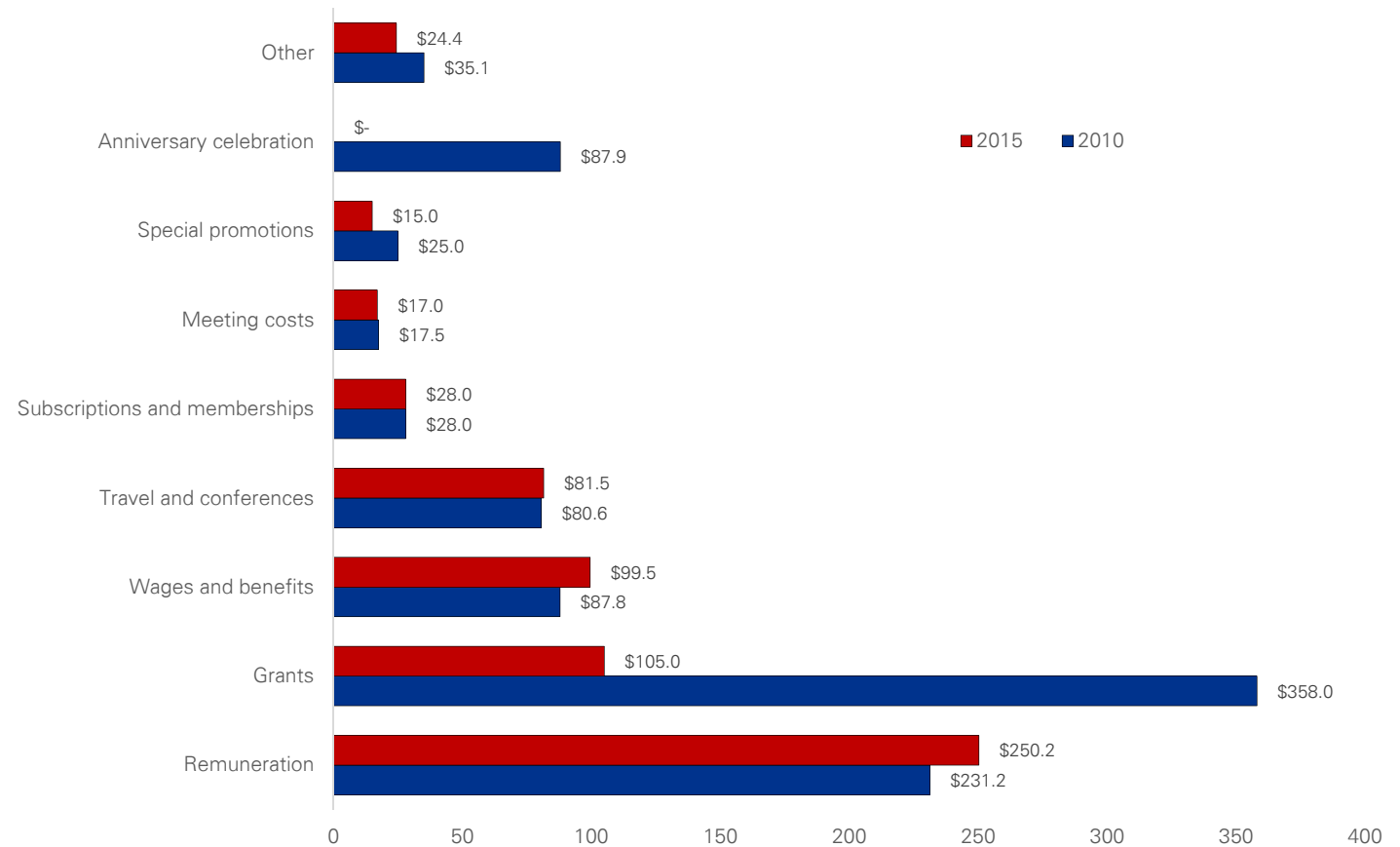
The City has budgeted total expenditures of \$620,600 for Council during 2015, representing a decrease of \$100,000 from the 2014 budget. As noted on the following page, Council remuneration represents the largest single expenditure item, amounting to \$250,300 or 40% of total budgeted expenditures. Grants to volunteer organizations represents the next largest expenditure item, with budgeted costs of \$105,000 for 2015.

Operating Costs	2014 Budget	2014 Actual	2015 Budget
Council remuneration (including benefits)	\$246,700	\$239,713	\$250,230
Grants to volunteer organizations	\$207,900	\$165,516	\$105,000
Employee wages and benefits	\$99,500	\$94,326	\$99,500
Travel and conferences ¹⁶	\$81,500	\$73,675	\$81,500
Subscriptions and memberships	\$28,000	\$28,273	\$28,000
Meeting costs	\$17,000	\$26,664	\$17,000
Special promotions	\$15,000	\$22,155	\$15,000
Other	\$25,000	\$23,291	\$24,370
Total	\$720,600	\$673,613	\$620,600

¹⁶ Includes mileage allowances paid to councillors.

Since 2010, budgeted expenditures for Council have decreased by \$330,000 (\$951,000 in 2010 vs. \$621,000 in 2015). As noted below, a portion of this decrease (\$88,000) is due to the presence of a one-time cost in 2010 to celebrate the 100th anniversary of the discovery of gold in Timmins, with the remainder primarily attributed to decreases in the amount of grants to not-for-profit organizations (\$358,000 in 2010 vs. \$105,000 in 2015).

Council budgeted expenditures (in thousands of dollars)



E. Municipal Comparisons

As noted below, the City's costs for Mayor and Council are significantly higher than other communities with similar numbers of households and residents. To a large part, this discrepancy appears to be due to the City's budget for community grants (\$105,000), which are not provided by either North Bay or Cornwall. In addition, the City's budget includes \$100,000 in full-time salary costs, which are higher than both North Bay and Cornwall, which provide Council support through other departments as opposed to a dedicated Council support position. If these costs are excluded from the City's budget, the total cost for Mayor and Council would be in the order of \$415,000, amounting to \$21 per household or \$46,111 per councillor.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
1. Council composition						
Number of councillors (including mayor)	9	11	9	11	13	13
Number of councillors elected at large	1	11	1	11	1	1
Number of councillors elected by ward	8	–	8	–	12	12
Population	43,165	53,651	49,454	46,340	75,400	161,900
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Residents per councillor (excluding mayor)	5,396	5,365	6,181	4,634	6,283	13,491
Households per councillor (excluding mayor)	2,448	2,325	2,633	2,150	2,867	6,237
2. Council costs						
Total budgeted costs (2015)	\$620,600	\$356,253	\$494,800	\$407,688	\$731,395	\$2,322,030
Cost per household	\$31.68	\$15.31	\$23.48	\$18.95	\$21.25	\$31.02
Cost per councillor	\$68,955	\$32,386	\$54,977	\$37,062	\$56,261	\$178,617
3. Full-time staff	1.0	–		0.5	2.0	3.0

A. Basis for Delivery

Pursuant to Section 229 of the Municipal Act, municipalities may (but are not required) to appoint a CAO. Notwithstanding the optional nature of this position, our experience demonstrates that most, if not all, Northeastern Ontario municipalities with populations in excess of 10,000 residents typically have a CAO as opposed to a clerk-treasurer position, which is more prevalent in smaller communities.

B. Mandate

As outlined in the Municipal Act, the role of the CAO is to exercise general control and management of the affairs of the City for the purposes of ensuring the efficient and effective operation of the City. In doing so, the CAO is tasked with implementing Council's strategic direction and seeking guidance, approval and revisions to this direction where considered appropriate.

While CAO positions in smaller communities are typically operational in nature (i.e. directly involved in service delivery), CAO positions in larger communities tend to be more strategic in nature, focusing on policy development, strategic planning, communications and special projects, including major economic development initiatives.

The CAO acts as the go-between for Council and staff and as such, is responsible for monitoring the activities and performance of the other members of the senior management team. The role of the CAO as the only direct report to Council is intended to preserve the distinction between governance and operations.

Inherent in this oversight role is both the requirement for the CAO to monitor major aspects of the City's operations and the need for the CAO to assess the performance of the directors and hold them accountable for their performance in achieving the strategic direction established by Council. Typically, this type of oversight occurs during senior management team ('SMT') meetings that are held weekly.

In addition to the CAO's role within the City, the CAO also acts as the Secretary to the Board of the TPS.

C. Organizational Structure

The CAO's office is comprised of the CAO, the City's recently hired Communications Coordinator and an administrative assistant.

D. Financial Overview

Budgeted expenditures for the CAO's office over the last two years have been heavily impacted by the Timmins 2020 strategic planning initiative, with a total of \$1.32 million budgeted in 2014 and 2015. Excluding this initiative, budgeted expenditures for the CAO's office for 2015 amount to \$330,000, the majority of which is comprised of salaries and benefits.

Operating Costs	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$340,350	\$285,522	\$315,450
Travel, training and conferences	\$18,300	\$15,352	\$18,300
Other	\$17,300	\$17,319	\$17,100
Expense recoveries	(\$20,500)	(\$21,000)	(\$21,000)
Total costs before strategic planning expenses	\$355,450	\$297,193	\$329,850
Strategic planning costs	\$748,475	\$709,243	\$572,990
Total	\$1,103,925	\$1,006,436	\$902,840

Since 2010, budgeted expenditures for the CAO's office have increased by \$596,000, of which \$573,000 related to the Timmins 2020 strategic planning initiative. Included in the strategic planning costs for 2014 and 2015 is a component relating to a contract for two full-time consultants to assist with communications and strategic planning implementation.



E. Municipal Comparisons

Excluding strategic planning costs (which include communications and implementation), the City's budgeted expenditures for the CAO's office are comparable to the selected municipal comparators. Consistent with the City's organizational structure, staffing in the comparative communities (excluding Sudbury) consists of the CAO and administrative support. Staffing for the CAO office in Sudbury includes the CAO, administrative support, communications and French language services.

	Timmins (including strategic planning)	Timmins (excluding strategic planning)	Similar Households and Population			Northeastern Ontario	
			North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015)	\$902,840	\$329,850	\$424,666	\$557,700	\$323,623	\$380,110	\$1,557,506
Number of households	19,586	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$46.10	\$16.84	\$18.25	\$26.48	\$15.04	\$11.04	\$20.80
Full-time staff positions	2.0	2.0	3.0		1.5	2.0	11.0

A. Mandate

Under the provisions of the Municipal Act, the formal duty of the clerk includes:

- recording, without note or comment, all resolutions, decisions and other proceedings of the council;
- if required by any member present at a vote, recording the name and vote of every member voting on any matter or question;
- keeping the originals or copies of all by-laws and of all minutes of proceedings of the council;
- performing other duties required under the Municipal Act or under any other act; and
- performing other duties as are assigned by the City.

Within the City, Clerk Services is responsible for:

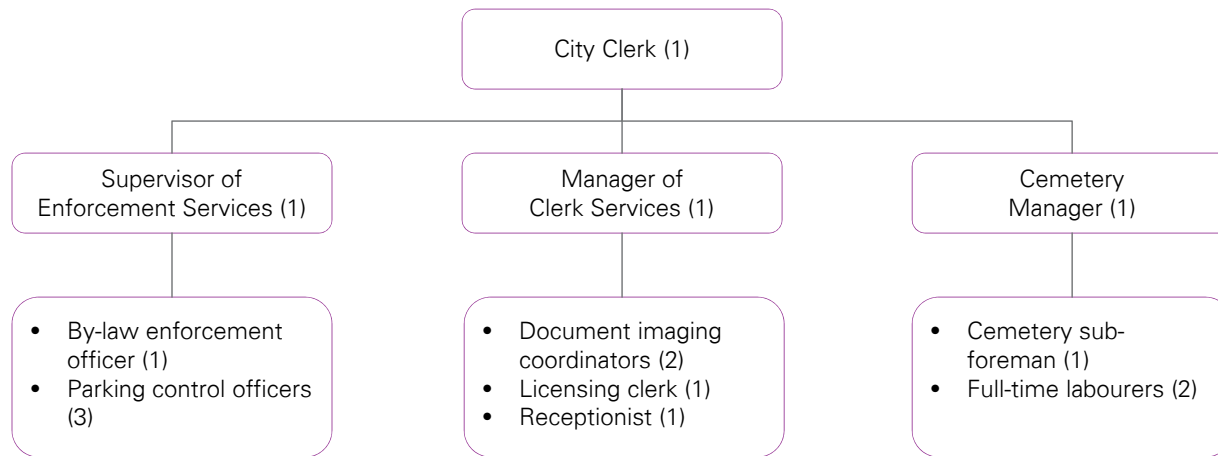
- Council support;
- Document imaging and retention;
- Licensing;
- Committee of Adjustment;
- Cemetery; and
- By-law enforcement, including parking control.

B. Basis for Delivery

Section 228 of the Municipal Act requires all municipalities to appoint a clerk.

C. Organizational Structure

Clerks Services is comprised of 15 full-time employees and is structured as follows:



The two full-time labourer positions shown above are shared between cemeteries (summer) and public works (winter), with seven summer students assigned to cemeteries during the summer months.

D. Financial Overview

For financial reporting and budgeting purposes, the City maintains separate cost centres for clerks and enforcement services and cemeteries. On a consolidated basis, Clerk Services has budgeted expenditures of \$1.44 million for 2015, representing a decrease of approximately \$91,000 from the 2014 budget.

The City is budgeting expenditures of \$693,000 for clerks and enforcement services, the majority of which (\$626,000 or 90%) relates to salaries and benefits. Budgeted expenditures for cemeteries are \$748,000, comprised primarily of wages and benefits (\$417,000), maintenance supplies (\$127,000) and transfers to reserves (\$100,000).

Details of operating costs for Clerks Services are provided on the following page.



City of Timmins Service Delivery and Operational Review Clerk Services

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

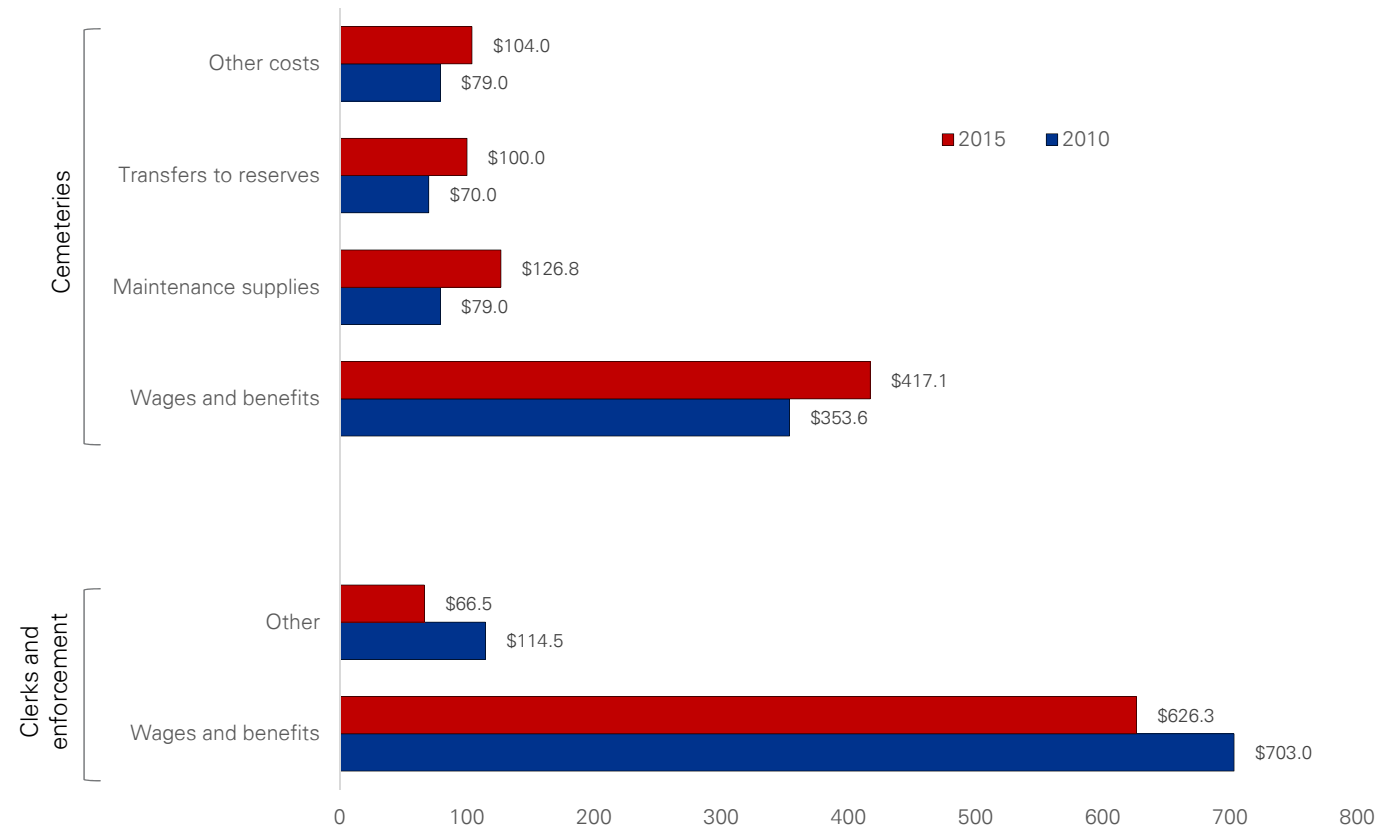
Operating Costs	2014 Budget	2014 Actual	2015 Budget
Clerks and enforcement services	\$738,400	\$700,825	\$692,750
Committee of Adjustment	\$25,600	\$39,585	\$53,600
Cemeteries	\$793,200	\$774,109	\$747,800
Total	\$1,557,200	\$1,514,519	\$1,494,100

Clerks and enforcement services	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$646,250	\$594,728	\$626,250
Training, travel and conferences	\$17,900	\$14,881	\$18,500
Office equipment maintenance	\$21,500	\$18,379	\$21,500
Other costs	\$37,600	\$72,837	\$26,500
Total	\$738,400	\$700,825	\$692,750

Cemeteries	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$417,050	\$372,091	\$417,050
Maintenance supplies	\$187,750	\$162,611	\$126,750
Transfers to reserves	\$100,000	\$156,403	\$100,000
Machinery rental	\$25,000	\$25,535	\$25,000
Vehicle costs	\$25,800	\$27,664	\$43,100
Other	\$37,600	\$29,805	\$35,900
Total	\$793,200	\$774,109	\$747,800

Since 2010, budgeted expenditures for clerks and enforcement services have decreased by \$125,000, primarily due to the restructuring of responsibilities within the City that impacted on the Clerk Services. Cemetery costs during the same period have increased by approximately \$166,000, representing an average annual increase of 5.1%. A portion of this increase (\$30,000) is due to increased contributions to reserves.

Clerk services budgeted expenditures (in thousands of dollars)



E. Municipal Comparison

As noted earlier, the City does not maintain separate cost centres for clerk services and by-law enforcement, with these functions consolidated for financial reporting purposes. While the City's consolidated cost per household of \$40.83 is comparable to similar sized communities located in Southern Ontario, our analysis indicates that this cost is high in comparison to other Northeastern Ontario municipalities. An analysis of full-time staffing indicates that the City has a high level of staff within its clerk services, which could be indicative of higher than average expenditures for clerk services as well in comparison to other communities.

Clerk and enforcement services, cemetery administration ¹⁷	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay ¹⁸	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015)						
• Clerk services	Consolidated for budgeting purposes	\$417,918	\$1,070,300	\$555,034	\$707,370	\$1,270,685
• By-law enforcement		\$244,977	\$267,500	\$267,500	\$167,470	\$2,148,636
Total	\$799,750	\$662,895	\$1,337,800	\$822,534	\$874,840	\$3,419,321
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$40.83	\$28.50	\$63.50	\$38.24	\$25.43	\$45.68
Full-time staff						
• Clerk services	6.0	4.0		5.0	6.0	13.0
• Parking and bylaw enforcement	5.0	4.0		7.0	4.9	12.0

¹⁷ For the purposes of our analysis, we have made the following adjustments to the reported costs for Clerks Services:

- We have included cemeteries administration with clerk and enforcement services to ensure comparability with other municipalities.
- We have excluded contributions to election reserves from the comparative analysis.
- We have excluded Committee of Adjustment expenses from the City's costs as these are typically included in Planning and Development Services.

¹⁸ We have excluded North Bay's client service representative and City Hall maintenance functions (both of which are included in Clerks Services in North Bay) from our analysis of staffing levels as these functions are undertaken by other departments within the City of Timmins. In addition, North Bay's by-law enforcement function is divided between two departments (parking and legal services).



City of Timmins Service Delivery and Operational Review Clerk Services

FINAL REPORT
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With respect to cemetery maintenance, none of the other comparator municipalities with similar household and population levels are responsible for cemetery maintenance, relying instead on third parties for the maintenance of cemeteries. The analysis also indicates that while the City's staffing levels and costs are comparable to Sault Ste. Marie, Sudbury has a lower level of costs and staff on a per cemetery basis, which we believe reflects (at least in part) economies of scale achievable as a result of the higher number of cemeteries in Sudbury (25 vs. three in Timmins).

Cemetery maintenance	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs, excluding reserve transfers (2015)	\$520,600	-	-	-	\$1,075,471	\$1,373,364
Number of cemeteries	3	-	-	-	5	25
Cost per cemetery	\$173,533	-	-	-	\$215,094	\$54,934
Full-time staff	3.0	-	-	-	9.0	7.0
Full-time staff per cemetery	1.0	-	-	-	1.8	0.3

A. Mandate

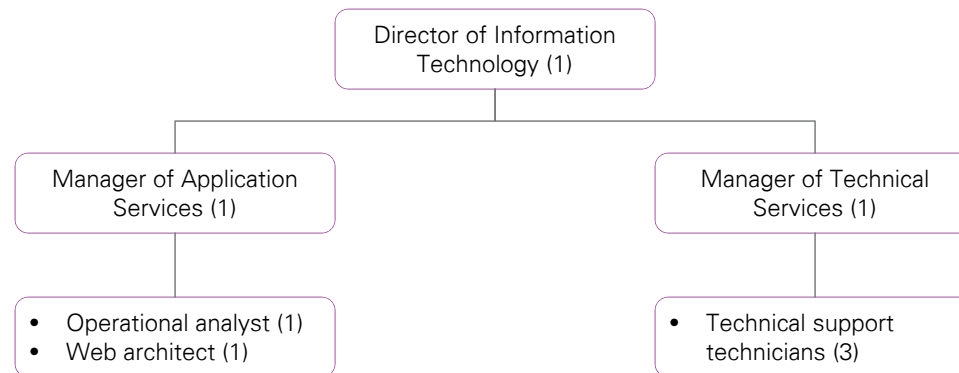
The City's IT department provides technical support (hardware, software, telecommunications and peripherals such as printers and scanners) and information technology training to more than 500 users, including employees of the City, TPS, TEDC, TPLB and MRCA. Information technology support is provided through a help-desk arrangements, whereby user requests are intended to be queued and addressed based on order of priority.

B. Basis for Delivery

While there is no legislative requirement for a municipality to maintain a dedicated information technology capacity, our experience demonstrates that most, if not all, Northeastern Ontario municipalities with populations in excess of 10,000 residents typically have an internal information technology department (as opposed to external service providers).

C. Organizational Structure

The City's IT department is comprised of eight full-time employees (three management, five staff), as follows:



Despite the differentiation of staff between applications (e.g. software) and technical services (e.g. hardware), we were advised that IT personnel will cross-over these functional areas in response to user needs.

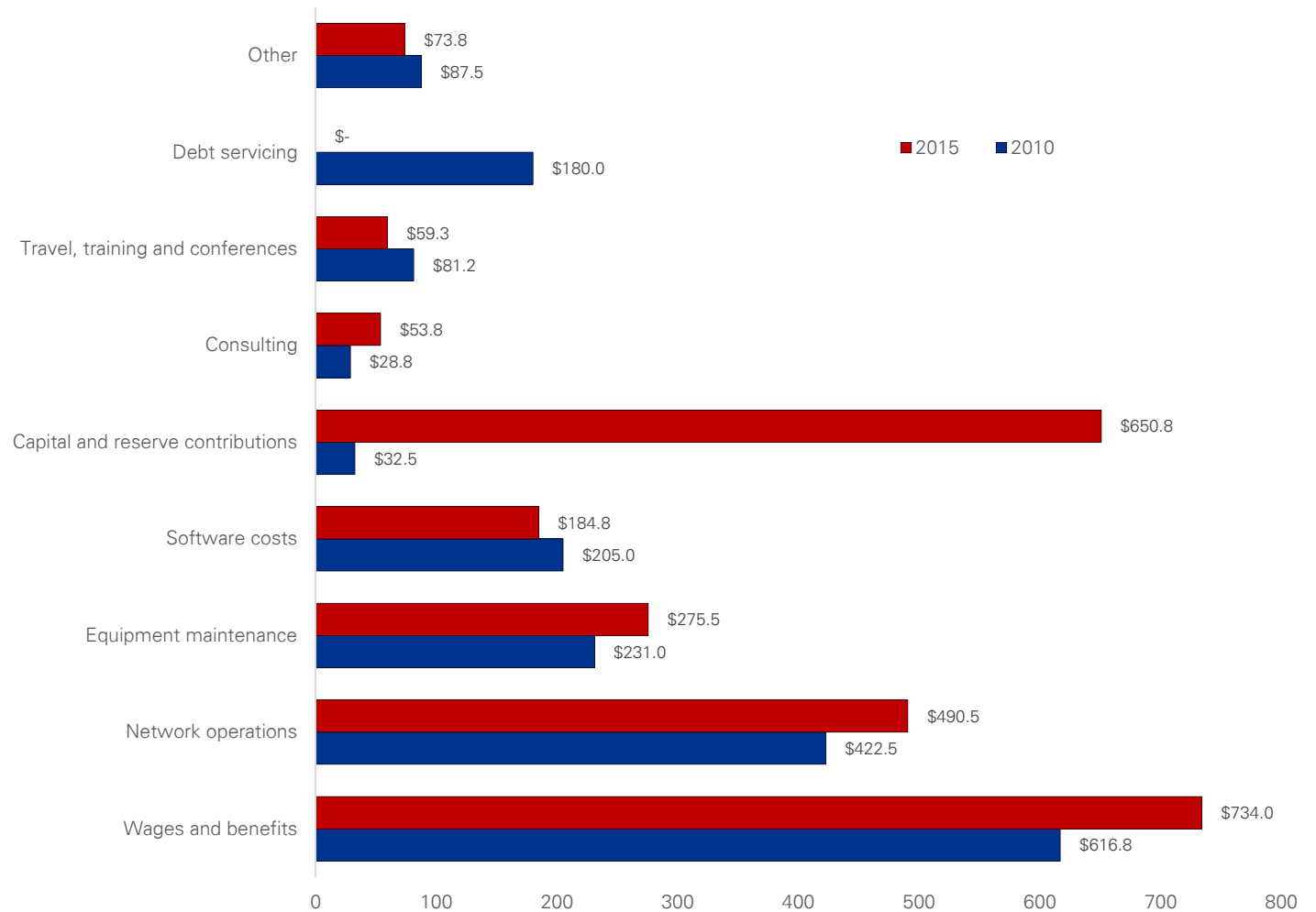
D. Financial Overview

Budgeted expenditures for the City's IT department amount to \$2.52 million for 2015, of which personnel related costs account for \$734,000 or 29% of total expenditures.

Operating Costs	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$735,200	\$723,473	\$734,000
Network operations	\$507,200	\$459,006	\$490,500
Equipment maintenance	\$257,900	\$219,319	\$275,500
Software costs	\$186,900	\$141,492	\$184,800
Capital and reserve contributions	\$206,500	\$562,447	\$650,800
Consulting	\$43,800	\$30,973	\$53,800
Travel, training and conferences	\$59,300	\$55,314	\$59,300
Debt servicing costs	\$180,000	-	-
Other	\$77,300	\$41,229	\$73,800
Total	\$2,254,100	\$2,233,253	\$2,522,500

Since 2010, budgeted expenditures for the City's IT department have increased by \$637,000 annually or approximately 6% per year. As summarized on the following page, the largest increases since 2010 are in the areas of capital and reserve contributions (+\$618,000) and wages and benefits (+\$117,000), with an offsetting decrease in debt servicing costs over the same period (-\$180,000). The increase in wages and benefits reflects the addition to two employees during the last five years

IT budgeted expenditures (in thousands of dollars)



E. Municipal Comparison

With total operating costs of \$1.87 million, the City's IT department has the highest per household cost among the comparator municipalities (\$95.56 per household compared to a weighted average of \$70.86). However, the City's IT department is allocated the cost of network operations, representing the cost of the City's telecommunication and WAN system and which does not appear to be included in the cost of the comparator municipalities. If these costs are excluded, the City's cost per household for IT services amounts to \$70.51, which is the third highest of the comparator communities.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted operating costs (2015)						
• Wages and benefits	\$1,871,700	\$1,907,380	\$1,223,900	\$807,702	\$1,939,755	\$6,496,409
• Less: Network operations costs	(\$490,500)					
• Total operating costs	\$1,381,200	\$1,907,380	\$1,223,900	\$807,702	\$1,939,755	\$6,496,409
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household (operating)	\$70.51	\$82.01	\$58.10	\$37.55	\$56.37	\$89.79
Full-time staff	8.0	13.0		5.0	11.0	34.0

A. Mandate

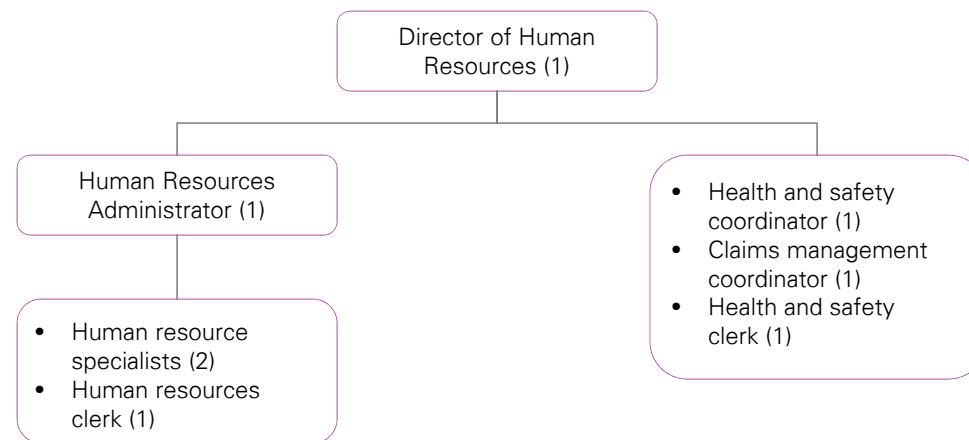
The City’s HR department is responsible for most aspects of personnel administration for the City and outside boards, including recruitment, performance management, health and safety, administration of short-term disability programs¹⁹, pay equity, employee benefits and compensation administration, collective bargaining negotiation and absenteeism management.

B. Basis for Delivery

While there is no legislative requirement for a municipality to maintain a dedicated human resources capacity, our experience demonstrates that most, if not all, Northeastern Ontario municipalities with populations in excess of 10,000 residents typically have an internal HR department (as opposed to external service providers).

C. Organizational Structure

The City’s HR department is comprised of eight full-time employees, structured into a human resources division (headed by the HR Administrator) and a health and safety division (reporting directly to the Director of HR).



¹⁹ Consistent with most municipalities, the City uses an external benefits administrator for long-term disability programs, with the HR department managing this contract.

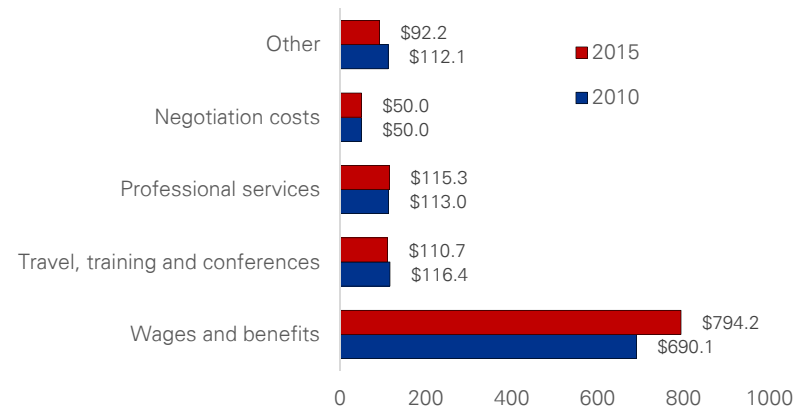
D. Financial Overview

Budgeted expenditures for the City’s HR department amount to \$1.16 million for 2015, the majority of which (68%) relates to personnel costs. The HR department has a relatively high budget for travel, training and conferences due to the fact that City-wide health and safety training costs are charged to the HR department as opposed to the City’s functional units.

Operating Costs	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$781,700	\$783,232	\$794,150
Travel, training and conferences	\$111,700	\$96,074	\$110,700
Professional services (consulting, legal)	\$120,300	\$108,288	\$115,300
Negotiation costs	\$54,300	\$121,615	\$50,000
Reserve contributions	–	\$40,000	–
Other	\$94,350	\$105,451	\$92,200
Total	\$1,162,350	\$1,254,660	\$1,162,350

Since 2010, budgeted expenditures for the City’s HR department have increased by \$81,000, representing an average annual increase of 1.4%. The majority of this increase is due to higher personnel costs (+\$104,000), offset by cost reductions in travel, training and conferences as well as other areas.

HR budgeted expenditures (in thousands of dollars)



E. Municipal Comparison

In comparison to other selected municipalities, the City's HR department has the second lowest cost per employee served, with 2015 budgeted costs amounting to the equivalent of \$1,438.55 per full and part-time employee receiving services from the HR department. It is important to note that the City's HR department provides services to organizations such as TPS, MRCA and Golden Manor, with these types of organizations having their own HR departments in certain of the comparator municipalities.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay ¹⁹	Belleville ²⁰	Cornwall	Sault Ste. Marie	Sudbury ²¹
Total budgeted costs (2015)	\$1,162,350	\$1,063,713	\$943,000	\$1,068,456	\$1,556,433	\$4,564,513
Number of employees receiving services (full and part-time)	808	486	363	793	840	2,946
Cost per employee	\$1,438.55	\$2,188.71	\$2,597.80	\$1,347.36	\$1,852.90	\$1,549.39
Full-time staff	8.0	6.5	5.0	5.0	8.0	27
Employees per full-time staff member	101	75	73	159	105	109

²⁰ Reported information for North Bay has been adjusted to remove \$120,000 in contributions to reserves.

²¹ Reported information for Belleville has been adjusted to remove \$590,000 in expenses and two full-time staff positions related to payroll processing to ensure comparability with the City's HR department as the City's Treasury department is responsible for payroll processing.

²² Reported information for Sudbury has been adjusted to remove \$800,000 in reserve contributions.

A. Mandate

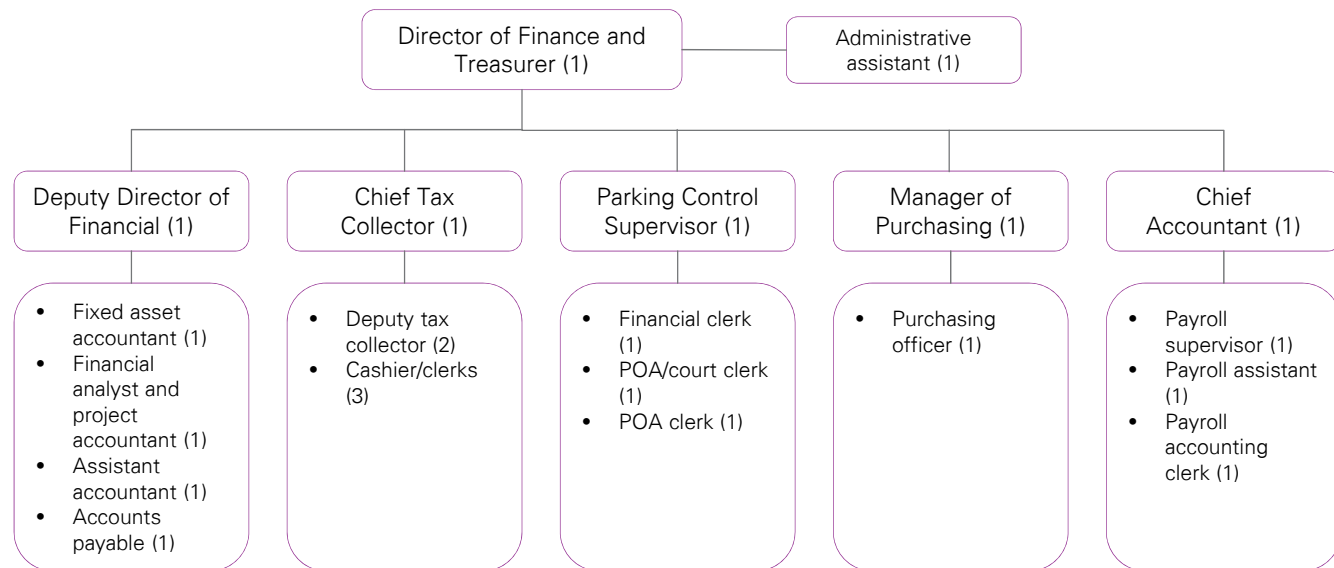
The City's Financial Services department is responsible for all aspects of the City's financial management, including budgeting, levying and collecting taxes, transaction processing (cash receipts, cash disbursements, payroll), procurement, financial planning, risk management and insurance. The Financial Services department also administers the collection of fines under the Provincial Offenses Act ('POA') and is responsible for corporate asset management.

B. Basis for Delivery

Pursuant to Section 286(1), all Ontario municipalities are required to appoint a treasurer 'who is responsible for the handling of all financial affairs of the municipality on behalf of and in a manner directed by the council of the municipality.

C. Organizational Structure

With 24 full-time employees, the City's Financial Services department represents the largest of the corporate services departments within the City.



D. Financial Overview

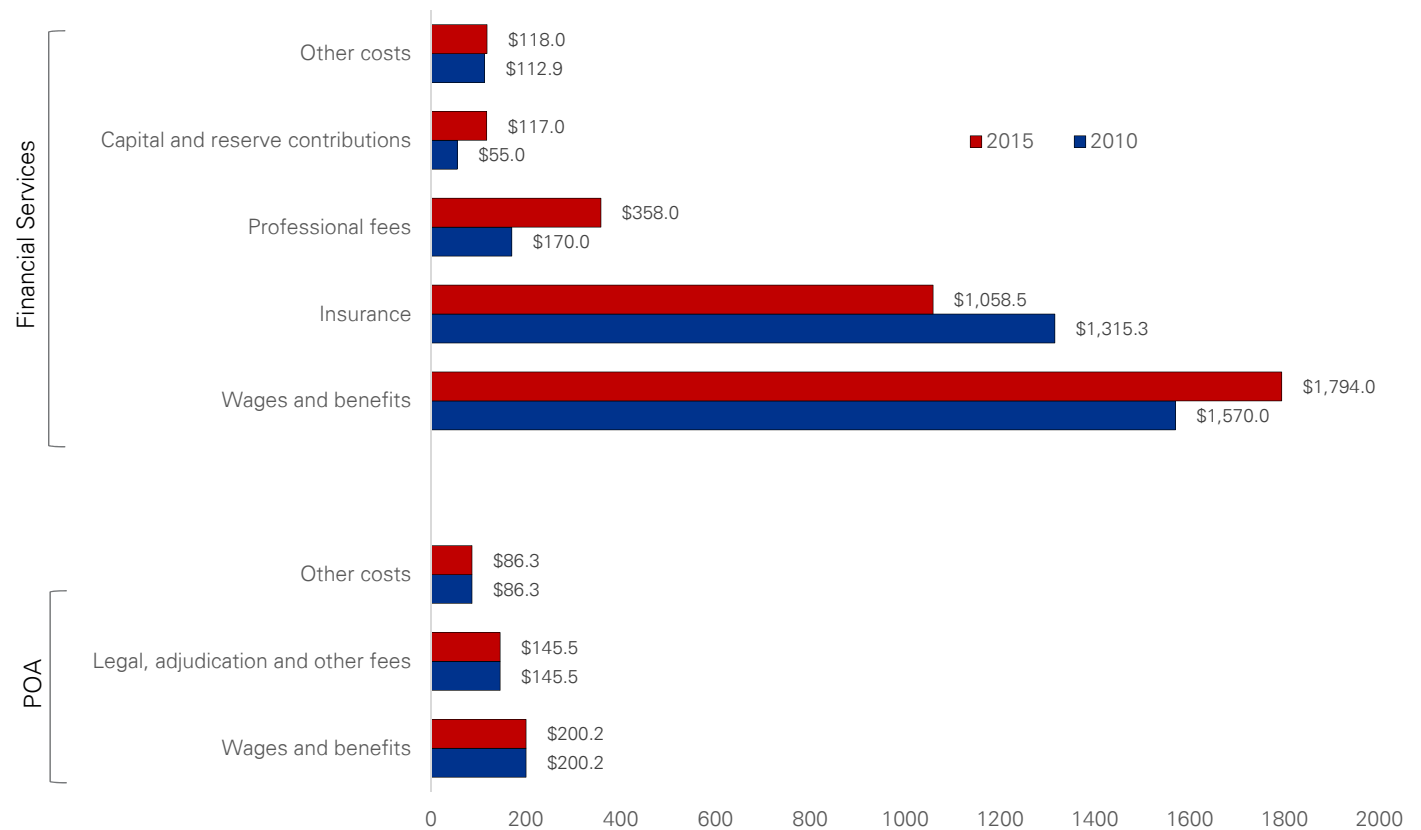
Budgeted expenditures for the City's Financial Services department amount to \$3.44 million in 2015, with an additional \$447,000 budgeted for POA. As summarized below, wages and benefits represent the largest single expenditure item, followed by insurance and professional fees. From a budgeting perspective, the City does not allocate insurance costs to its functional units but rather budgets on a consolidated basis.

Treasury operating costs	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$1,785,000	\$1,659,821	\$1,794,030
Travel, training and conferences	\$23,000	\$18,105	\$23,000
Insurance costs	\$1,058,500	\$749,435	\$1,058,500
Professional fees (legal, audit, consulting)	\$233,000	\$172,833	\$358,000
Postage	\$10,000	\$34,179	\$30,000
Capital and reserve contributions	\$12,000	\$117,000	\$117,000
Other	\$76,000	\$61,656	\$65,000
Total	\$3,197,500	\$2,813,029	\$3,445,530

POA operating costs	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$171,000	\$200,156	\$176,900
Travel, training and conferences	\$6,500	\$4,513	\$6,500
Legal fees	\$60,000	\$52,048	\$60,000
Adjudication, prosecution and other fees	\$88,500	\$81,008	\$88,000
Collection charges	\$30,000	\$12,488	\$20,000
Other	\$84,250	\$81,768	\$96,975
Total	\$440,250	\$431,981	\$447,975

Since 2010, budgeted expenditures for financial services (excluding POA) have increased by \$222,000 (\$3.22 million in 2010 vs. \$3.44 million in 2015), representing an average annual increase of 1.3%. As noted below, the largest increases in financial services costs were in wages and benefits (+\$224,000) and professional fees (+\$188,000), with these increases offset somewhat by lower insurance costs (-\$257,000).

Financial services budgeted expenditures (in thousands of dollars)



E. Municipal Comparison

On a per household basis, the City's 2015 budgeted costs for financial services is somewhat higher than the similar sized comparative municipalities, although its staffing levels appear to be consistent with its comparators. With respect to POA, the City's costs per household are on the lower end of the range for Northern Ontario communities, with the City having the lowest staffing levels for POA.

Financial services (excluding POA) ²²	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015)	\$3,445,530	\$2,249,139	\$1,883,300	\$1,879,944	\$2,847,075	\$13,856,567
Less: corporate insurance costs	(\$1,058,500)	–	–	–	–	–
Adjusted budgeted costs for comparative purposes	\$2,387,030	\$2,249,139	\$1,883,300	\$1,879,944	\$2,847,075	\$13,859,567
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$121.87	\$96.70	\$89.40	\$87.41	\$111.81	\$185.12
Full-time staff	20.0	25.0		20.0	33.0	75.0

POA	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015)	\$447,975	\$1,449,612			\$803,785	\$1,183,351
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$22.87	\$62.33			\$23.36	\$15.80
Full-time staff	4.0	7.0			6.0	9.0

²² For the purposes of our analysis, we have made the following adjustments to the reported costs for financial services:

- We have excluded corporate insurance costs from the City's expenses as other municipalities allocate these to functional departments.
- We have excluded MPAC transfers, employee future benefit costs and other reserve transfers from Belleville's reported financial services costs.

A. Mandate

The City's Fire Services are responsible for ensuring the health and safety of residents through the provision of programs and services focusing on three areas:

- Education, including fire prevention and education programming in schools and public venues
- Prevention, including home inspections to ensure compliance with applicable legislation (e.g. residential smoke detectors) and non-residential inspections of specified properties on a quarterly, bi-annual and annual basis
- Suppression.

In addition to the above, Fire Services also contributes towards the health and safety of residents through:

- Medical response, with the Fire Services responding to medical assist calls where ambulances are not available within a specified timeframe or where the individual is classified as 'vital signs absent'
- Vehicle extrications for motor vehicle accidents
- Ice and water rescue
- Situations involving hazardous materials
- The provision of on-site training programs at work places with respect to fire safety

Fire Services is also designated responsibility for the City's emergency management program and provides assistance to other municipalities and the Ministry of Natural Resources as required.

B. Basis for Delivery

The Fire Prevention and Protection Act, 1997, S.O. 1997, c.4 (the 'FPPA') is the primary legislation impacting municipal fire services in Ontario. Pursuant to Section 2(1) of the FPPA, every municipality is required to:

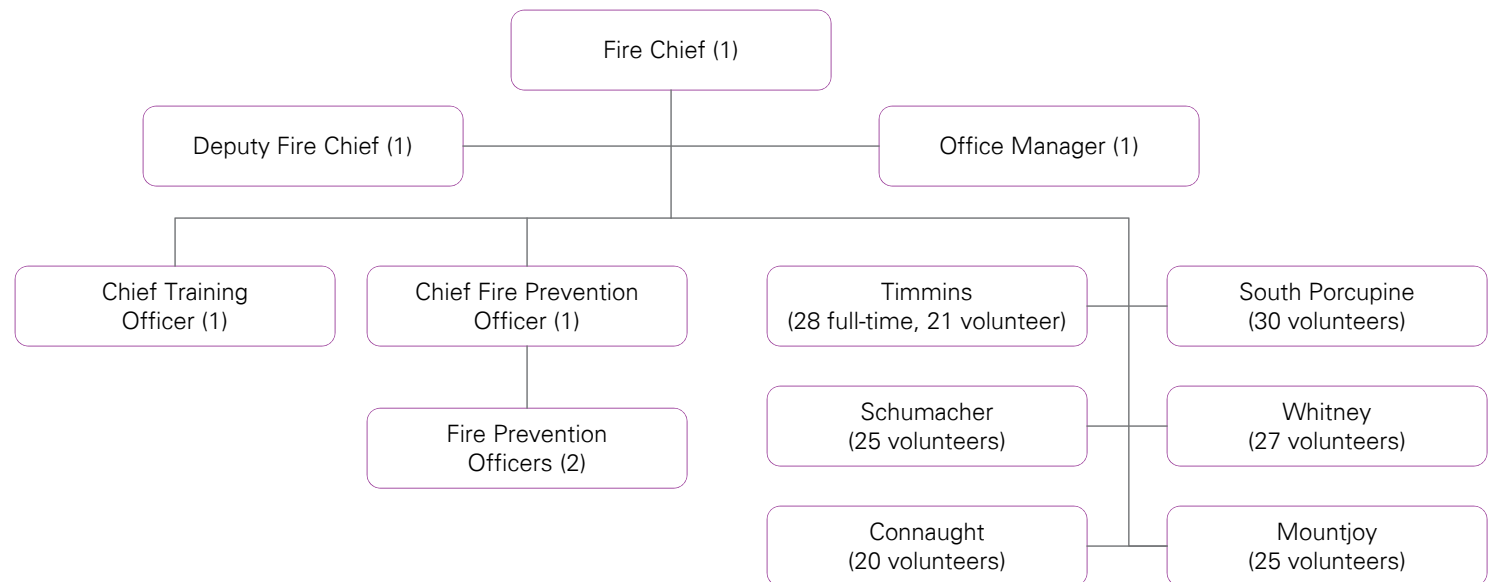
- Establish a program in the municipality which must include public education with respect to fire safety and certain components of fire prevention; and
- Provide such other fire protection services as it determines may be necessary in accordance with its needs and circumstances.

While Section 2(2) of the FPPA requires municipalities to either (i) appoint a community fire safety officer or a community fire safety team; or (ii) establish a fire department, the size of the City and its associated fire safety risks requires a fire department.

Under the FPPA, the City is responsible for determining the level of fire services provided within the community. While Section 2(7) of the FPPA permits the Office of the Fire Marshal and Emergency Management ('OFMEM') to 'monitor and review the fire protection services provided by municipalities to ensure that municipalities have met their responsibilities', the FPPA further states that the OFMEM can make recommendations to the council to address threats to public safety. Accordingly, the OFMEM cannot direct the City to change its fire services. Ultimately, if a municipality does not adopt recommendations from the OFMEM or take compensating measures to address threats to public safety, the Province could make regulations establishing standards for fire protection services in a municipality.

C. Organizational Structure

The City operates a composite fire service that relies on a combination of full-time and volunteer firefighters²³. Operating from six stations, the City's fire services includes 35 full-time staff and an authorized complement of 148 volunteer firefighters (although we understand that certain stations are below their authorized complements).



²³ Composite fire services represent the predominant model for municipalities with populations between 30,000 and 60,000 residents. Of the 19 Ontario municipalities that fall within this population range (including Timmins), 10 (52%) are composite, 5 (26%) are full-time and 4 (22%) are volunteers. For the purposes of our analysis, we have considered any fire service with five or less full-time personnel to be volunteer as opposed to composite.

D. Level of Activity

On an annual basis, Fire Services responds to approximately 1,100 calls for service per year, the majority of which (760 or 67%) are responded to by the Timmins station. As noted below, only a small percentage of calls for service are actual fires (37 per year on average or 3.3% of total calls), with the majority of calls (39%) being false alarms. While the number of false alarms is significant, our experience demonstrates that it is also consistent with other municipalities.

District	Number of Calls (All Types)				Average Number of Calls Per Year (2012-2014)				
	2012	2013	2014	Annual Average	Fire	False Alarms	Medical Assist	Rescue	Other ²⁴
Mountjoy	140	135	125	133	7	57	19	15	35
South Porcupine	92	83	80	85	4	29	13	14	25
Schumacher	81	51	48	60	2	21	7	9	21
Whitney	41	44	49	45	1	16	7	7	14
Connaught	38	36	32	35	1	4	6	16	8
Timmins	779	796	705	760	22	315	116	111	196
Total	1,171	1,145	1,039	1,118	37	442	168	172	299

When responding to a call for service, the City will sometimes dispatch more than one volunteer station (depending on the location and type of the call) resulting in differences between the number of calls per district and the number of unit responses per volunteer station (i.e. the number of times that the volunteer station is dispatched), which are summarized below.

Station	2013 Unit Responses		2014 Unit Responses	
	Total	Monthly Average	Total	Monthly Average
Mountjoy	126	10.5	100	8.3
South Porcupine	95	7.9	83	6.9
Schumacher	109	9.1	92	7.7
Whitney	60	5.0	65	5.4
Connaught	36	3.0	25	2.1

²⁴ Other types of calls include pre-fire conditions, public hazard situations (e.g. downed power lines, hazardous materials spills), carbon monoxide incidents and assistance provided to police and other authorities.

E. Financial Overview

The City has budgeted a total of \$7.05 million in operating costs for Fire Services for 2015, the majority of which (\$4.76 million or 68%) relate to full-time firefighter wages and benefits. Volunteer honoraria and benefits represent the next largest expenditure item, with each volunteer station receiving the same amount of honoraria (\$125,000 per station) regardless of the number of volunteers or calls for service.

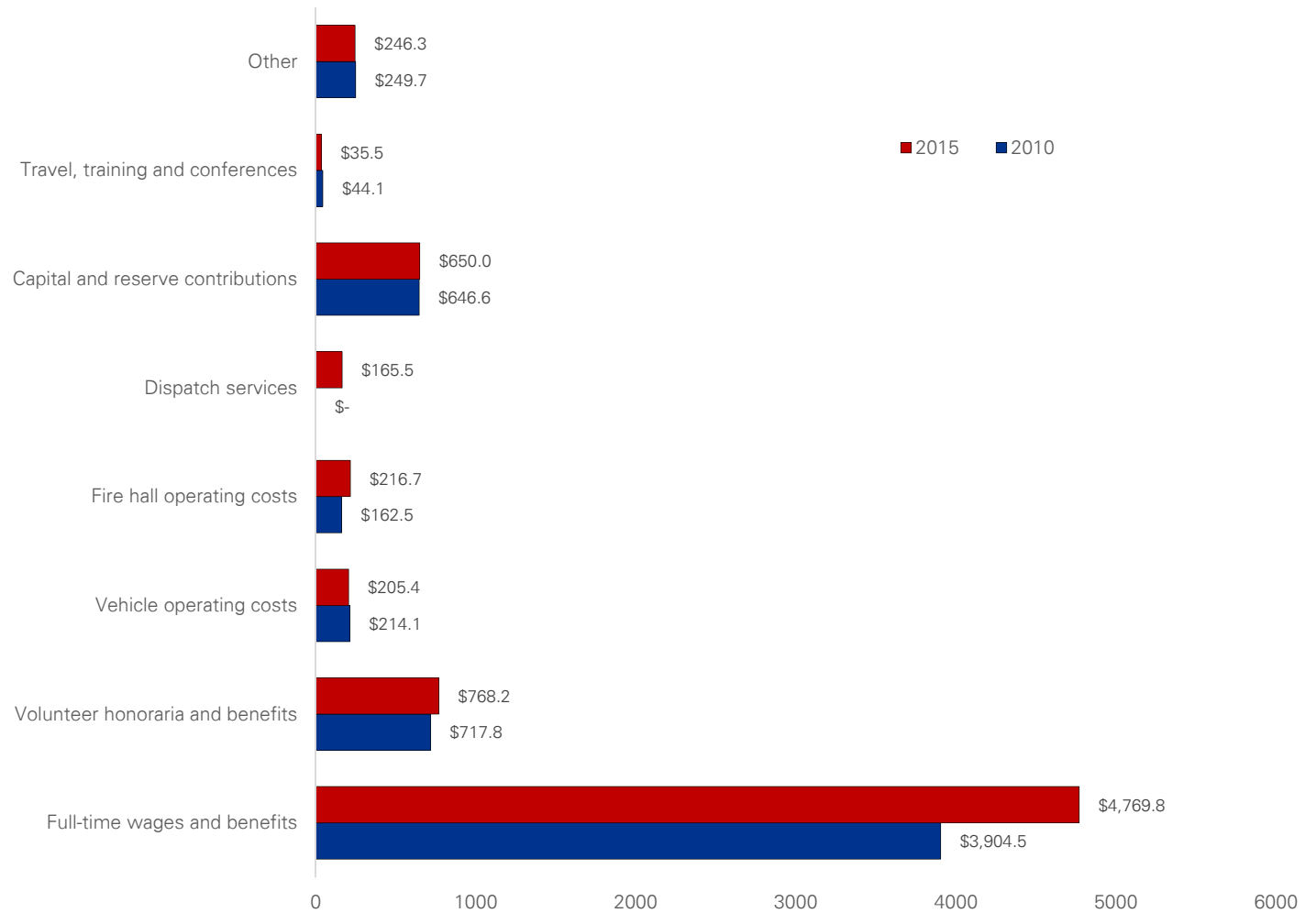
Operating Costs	2014 Budget	2014 Actual	2015 Budget
Full-time wages and benefits	\$4,653,000	\$4,375,988	\$4,769,800
Volunteer honoraria and benefits	\$728,600	\$745,519	\$768,200
Travel, training and conferences	\$41,500	\$25,281	\$35,500
Vehicle operating costs	\$198,200	\$211,228	\$205,400
Fire hall operating costs (utilities, maintenance, etc.)	\$270,200	\$160,790	\$216,700
Dispatch services (paid to TPS)	\$165,580	\$165,580	\$165,580
Capital expenditures	\$525,000	\$253,666	\$650,000
Reserve contributions ²⁵	–	\$443,600	–
Supplies, equipment maintenance and other costs	\$234,500	\$271,654	\$246,300
Total	\$6,816,580	\$6,653,306	\$7,057,480

Since 2010, budgeted costs for Fire Services have risen from \$5.93 million to \$7.05 million, representing an increase of \$1.1 million or 3.5% per year on average. As noted on the following page, the increase in Fire Services expenses has been driven primarily by two factors:

- Increases in full-time firefighter wages and benefits of \$865,000 (4.0% per year on average). The level of increase in full-time firefighter wages is consistent with our understanding of similar increases in other municipalities, with interest arbitration being the sole vehicle for resolving collective bargaining disputes.
- The allocation of \$165,000 in costs relating to dispatching services that was not included in the 2010 budget.

²⁵ To the extent that Fire Services does not expend its full capital allocation, unspent funds (along with a portion of operating surpluses) are transferred to reserves in order to fund capital expenditures in the subsequent year. The actual annual budget allocation for capital is \$325,000, with the remaining budget representing the carryforward of the prior year's unexpended capital.

Fire services budgeted expenditures (in thousands of dollars)



F. Municipal Comparison

On a per household basis, the City’s 2015 budgeted costs for Fire Services (excluding contributions to reserves and capital) is \$327 per household, representing the second lowest cost per household of the comparator municipalities. As noted below, three of the five comparator municipalities have full-time fire service models, which have a higher average cost per household (\$488) than composite models (\$372).

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Type	Composite	Full-time	Composite	Full-time	Full-time	Composite
Operating costs excluding capital and reserve transfers (2015)	\$6,407,480	\$12,560,616	\$10,160,400	\$8,849,518	\$17,646,758	\$23,025,845
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$327.14	\$540.07	\$482.33	\$411.47	\$512.88	\$307.62

From a staffing and station perspective, the City has a relatively high level of both fire stations and firefighters when compared to 14 other municipalities of similar size (defined as having between 15,000 and 30,000 households) or larger centres in Northeastern Ontario. As noted on the following page, the City has one fire station for every 3,264 households, which is the fourth lowest ratio of the communities considered, and one firefighter for every 108 households, which is the second lowest ratio of the communities considered. To a certain extent, it could be argued that the geographic size of the City requires a higher number of both fire stations and firefighters due to distance and travel times and we note that Sudbury, which is comparable to the City in terms of geographic area (Sudbury – 3,227 km², Timmins – 2,979 km²), has similar ratios in terms of fire stations to households and firefighters to households.



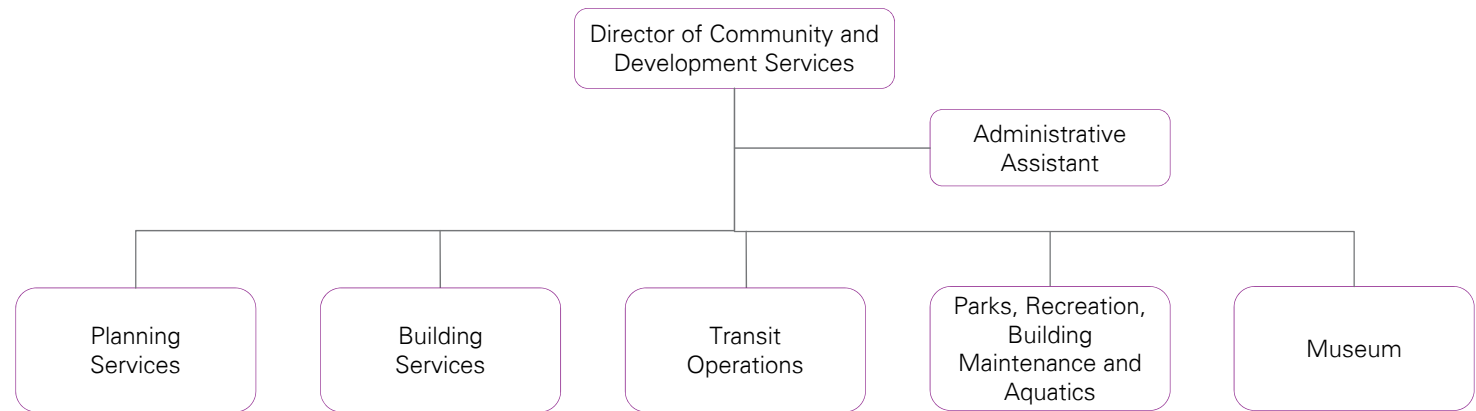
City of Timmins Service Delivery and Operational Review Fire Services

FINAL REPORT
October 26th, 2015
This report should be
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	Model	Households	Fire Stations	Firefighters	Households per Station	Households per Firefighter
Haldimand County	<i>Volunteer</i>	19,852	13	317	1,527	63
Caledon	<i>Composite</i>	21,319	9	309	2,369	69
Quinte West	<i>Composite</i>	17,382	7	148	2,483	117
Sudbury	<i>Composite</i>	74,851	24	480	3,119	156
Timmins	<i>Composite</i>	19,586	6	182	3,264	108
Welland	<i>Composite</i>	21,485	5	116	4,297	185
Belleville	<i>Composite</i>	21,065	4	114	5,266	185
Georgina	<i>Composite</i>	18,291	3	86	6,097	213
Halton Hills	<i>Composite</i>	19,808	3	119	6,603	166
Fort Erie	<i>Volunteer</i>	15,274	2	69	7,637	221
Whitchurch-Stouffville	<i>Composite</i>	15,083	2	67	7,542	225
North Bay	<i>Full-time</i>	23,257	3	87	7,752	267
St. Thomas	<i>Full-time</i>	16,398	2	53	8,199	309
Woodstock	<i>Full-time</i>	16,641	2	54	8,321	308
Sault Ste. Marie	<i>Full-time</i>	34,407	4	96	8,602	358
Cornwall	<i>Full-time</i>	21,507	2	63	10,754	341
Average (excluding Timmins)					4,902	200

The City's Community and Development Services department is the fourth largest functional area by number of full-time employees and is responsible for the delivery of a range of services to residents.

The department is structured into six divisions, as summarized below and employs 81 full-time and 91 part-time and seasonal employees.



Descriptions of each division follow.

A. Mandate

The City's Planning Services division is responsible for municipal planning function, including:

- Overseeing the Official Plan, zoning by-law and Community Improvement Plan;
- Developing site plan controls;
- Participating in Ontario Municipal Board meetings as required;
- Liaising with developers and consultants on land use planning matters;
- Coordinating GIS services for the City;
- Providing input to the Committee of Adjustment;
- Managing the City's land portfolio; and
- Providing guidance on planning-related matters to other City departments (e.g. Building Services).

The City's Committee of Adjustment, which is the body that grants permission for applicants to vary from by-law requirements in accordance with the provisions of the Planning Act, does not fall within the mandate of the Planning Services division but rather is within the scope of Clerk Services. The City's current reporting structure for the Committee of Adjustment appears to be inconsistent with our understanding of common practice for Ontario municipalities, which is to have the Committee of Adjustment fall under Planning Services.

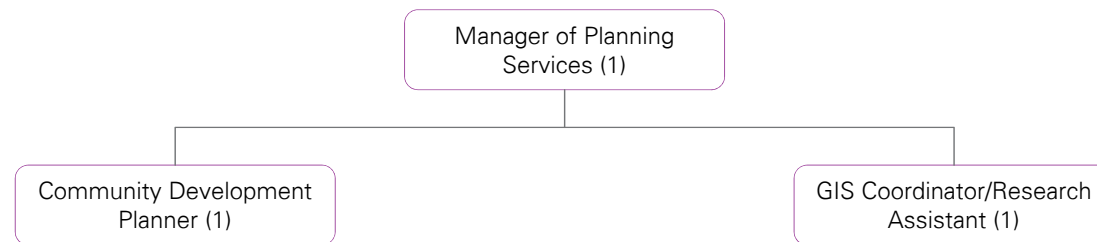
A. Basis for Delivery

The Planning Act, R.S.O. 1990, c. P.13 (the 'Planning Act') establishes the responsibility for municipalities to:

- Make local planning decisions that will determine the future of their community;
- Prepare planning documents such as an official plan, community improvement plan and zoning by-laws; and
- Ensure planning decisions and planning documents are consistent with the Provincial Policy Statement and do conform or do not conflict with Provincial plans.

C. Organizational Structure

The Planning Services division is comprised of three full-time employees, with the Manager of Planning Services reporting to the Director of Community and Development Services. A graphical depiction of the organizational structure and full-time staffing complement of the Planning Services division is provided below.



D. Financial Performance

As summarized on the following page, City has budgeted a total of \$1.76 million for Planning Services in 2015, which includes \$775,000 for assistance available to eligible applicants under the City’s Community Improvement Plan (44% of total budgeted expenditures). Wages and benefits and planning consultants and other professional fees represent the next largest expense categories, amounting to \$599,000 and \$302,000 respectively. Planning consultant and other professional fees include costs for maintaining the City’s corporate GIS system as well as third party planning reviews funded by private sector partners, with offsetting revenues budgeted at \$217,300 for 2015.

Since 2010, the City’s budget for Planning Services has increased by \$727,000 (\$1.037 million in 2010 vs. 1.764 million in 2015), due primarily to higher budgeted allocations for Community Improvement Plan costs (+\$499,000) and planning consultants and other professional fees (+\$221,000). The increase in planning consultants and other professional fees reflects the third party planning reviews, which are offset by a comparable amount of contributions from third parties (\$217,300).



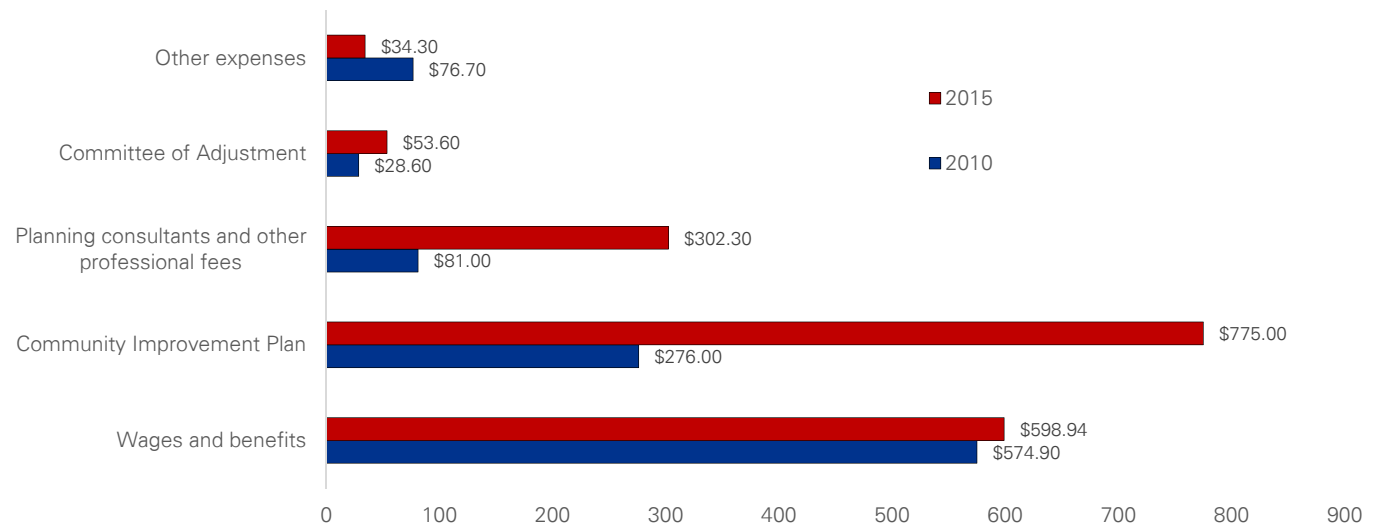
City of Timmins Service Delivery and Operational Review

Planning Services

FINAL REPORT
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	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$592,800	\$530,504	\$598,940
Community Improvement Plan expenditures	\$767,800	\$234,748	\$775,000
Planning consultants and other professional services	\$323,900	\$93,345	\$302,300
Travel, training and conferences	\$17,500	\$12,096	\$12,400
Committee of Adjustment	\$25,600	\$39,585	\$53,600
Reserve contributions	–	\$530,000	–
Other expenses	\$28,000	\$23,099	\$21,900
Total	\$1,755,600	\$1,463,377	\$1,764,140

Planning services budgeted expenditures (in thousands of dollars)



E. Municipal Comparison

On a per household basis, the City's budgeted planning costs for 2015 amount to \$39.41, which is higher than the reported costs for North Bay and Sault Ste. Marie and slightly higher than the average cost per household for the three similar sized municipalities included in the analysis (\$36.22). It would appear that a portion of this cost differential is due to the inclusion of costs relating to the maintenance of the City's corporate GIS system, which our analysis indicates is normally included in other departments within the comparative municipalities (most notably engineering or information technology).

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015)	\$1,764,140	\$591,957	\$778,000	\$995,304	\$707,065	\$6,141,701
Less: CIP program costs	(\$775,000)	-	-	-	-	-
Less: third party planning review revenues	(\$217,300)	-	-	-	-	-
Adjusted costs for comparative purposes	\$771,840	\$591,957	\$778,000	\$995,304	\$707,065	\$6,141,701
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$39.41	\$25.45	\$36.93	\$46.28	\$20.55	\$82.05
Number of full-time staff	3.0	5.0		7.0	7.0	44.0

A. Mandate

Responsibility for building inspection within the City rests with the Building Services division, which is a component of the City’s Community and Development Services Department. The Building Services division is tasked with the administration of the City’s powers and responsibilities under the Building Code Act, 1992, S.O. 1992, c. 23 (the ‘BCA’), including the issuance of building and other construction-related permits, inspections and the reporting of new assessments to MPAC for taxation purposes.

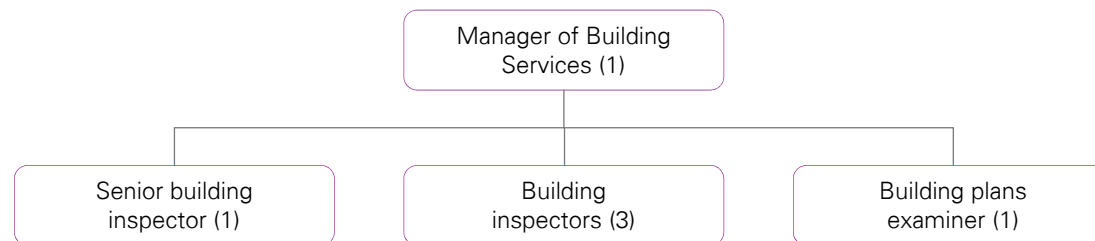
In executing its responsibilities, Building Services personnel will work with applicants to facilitate the building permit application process. During the course of our review, we were advised that in certain instances, City personnel provide services for no cost (other than the building permit fee) that would normally require paid professional advisors.

B. Basis for Delivery

Pursuant to Section 3.1 of the BCA, municipalities are mandated the responsibility to enforce the BCA and in doing so, are required to appoint a chief building officer and such inspectors under Section 3(2) of the BCA. Consistent with other Provincial legislation, the BCA does allow for collaboration and joint enforcement involving two or more municipalities (Section 3(3)).

C. Organizational Structure

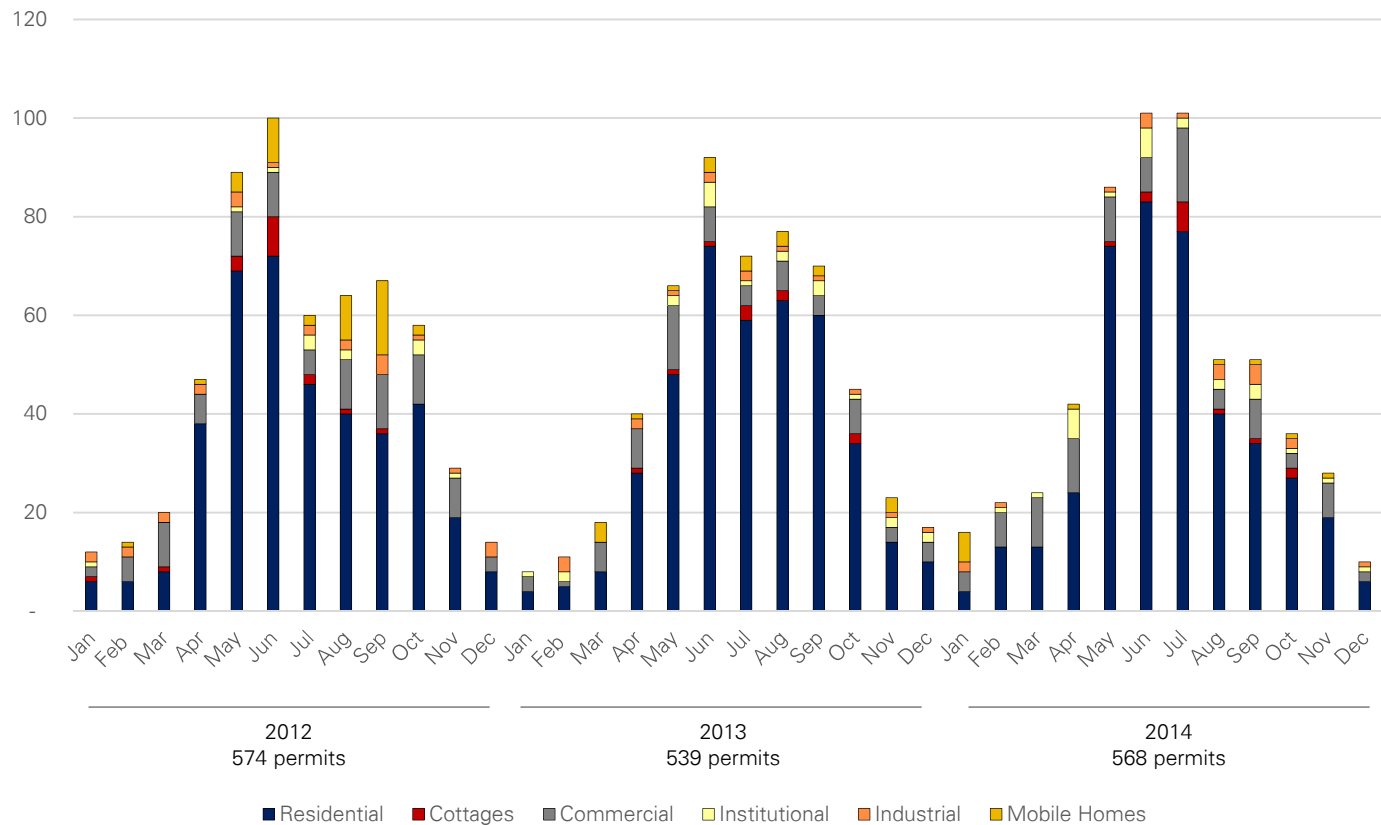
The Building Services division is comprised of six full-time employees, with the Manager of Building Services reporting to the Director of Community and Development Services. A graphical depiction of the organizational structure and full-time staffing complement of the Building Services division is provided below.



D. Level of Activity

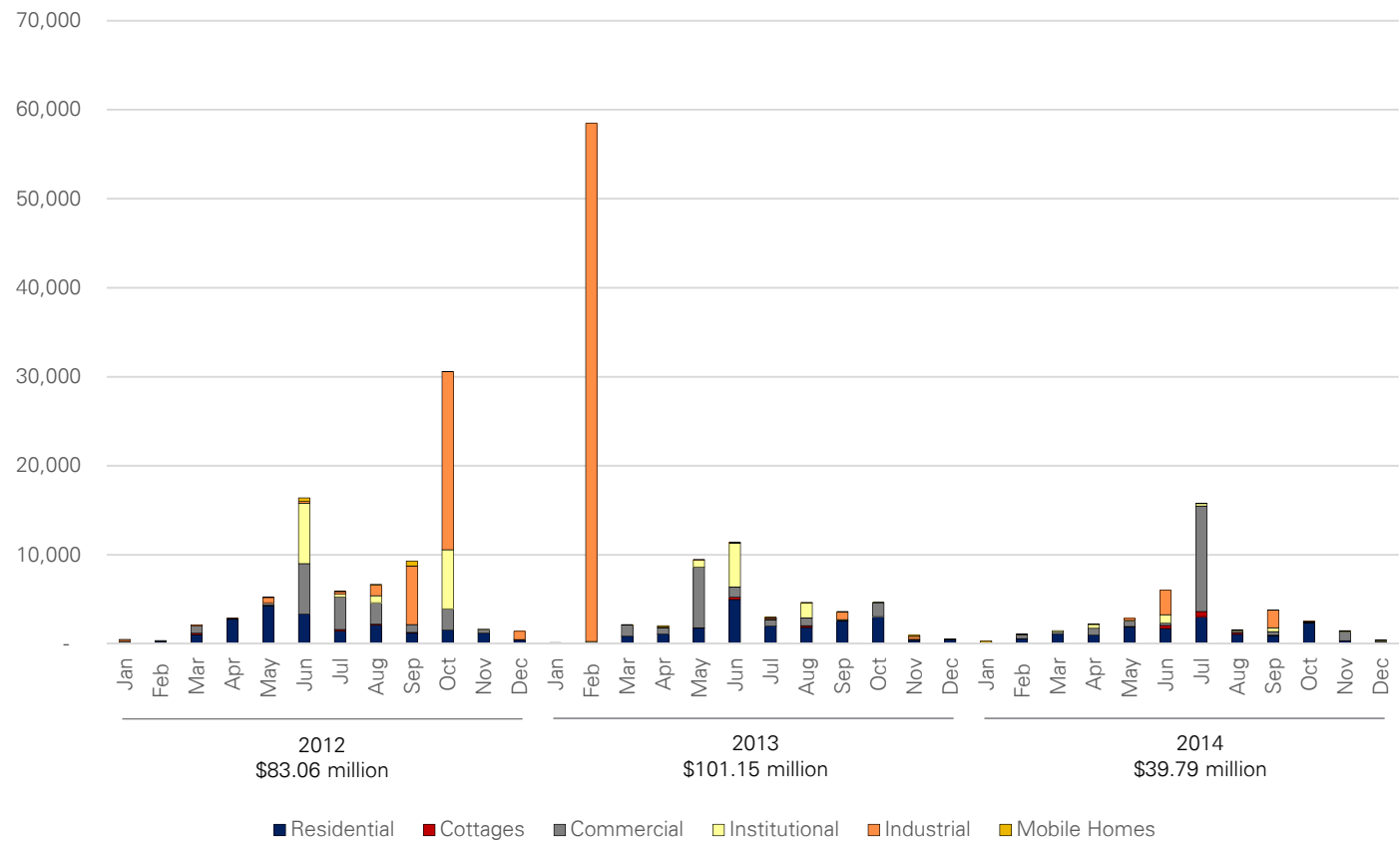
Over the last three years, the Building Services division has issued a total of 1,681 building permits of all types (average of 560 per year), the majority of which relate to residential properties (1,211 permits or 72% of all permits issued). As noted below, the issuance of building permits is seasonal in nature, with peak levels of activity during the summer and fall months.

Number of building permits issued by type and month (2012 to 2014)



The total value of building permits issued over the last three years amounted to \$224 million. While residential properties accounted for the largest percentage of permits issued, they amounted to \$53 million in construction value. In comparison, industrial, commercial and institutional permits amounted to \$166.3 million in construction value.

Value of building permits issued by type and month, in thousands of dollars

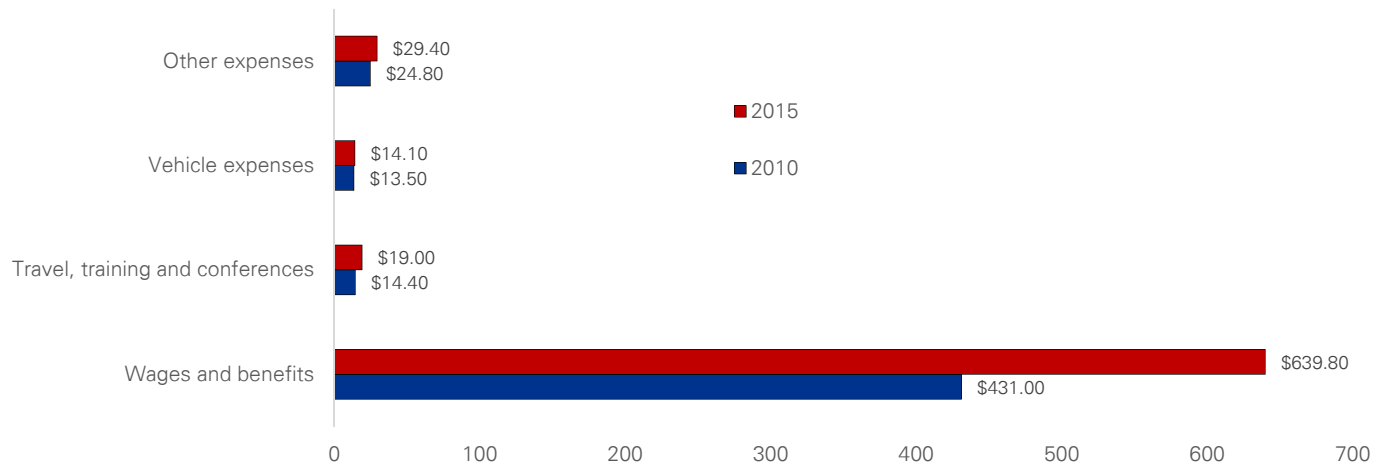


E. Financial Overview

The City has budgeted \$702,000 for building services in 2015, the majority of which (91%) relates to wages and benefits. As noted below, building service costs have increased by almost \$220,000 since 2010, reflecting the addition of two new positions to the division and the associated impact on personnel costs. During the same period, the value of building permits issued increased from \$19.4 million to \$39.7 million.

	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$659,000	\$590,716	\$639,800
Travel, training and conferences	\$13,500	\$11,396	\$19,000
Vehicle operating costs	\$18,950	\$17,326	\$14,100
Capital expenditures	\$30,000	\$21,059	–
Other expenses	\$29,600	\$24,645	\$29,400
Total	\$751,050	\$665,142	\$702,300

Building services budgeted expenditures (in thousands of dollars)



F. Municipal Comparison

In comparison to the selected comparator municipalities, the City's Building Services division generally compares favourably from both a cost and performance metric perspective. As noted below, the City's cost of building services per household, per permit issued and per \$1,000 value is consistent with or lower than the comparator municipalities, while the number and value of permit issued per full-time staff member is at the upper end of the range for the selected municipalities.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015) ²⁶	\$702,300	\$679,345	\$961,400	\$988,014	\$1,060,550	\$3,119,843
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Number of full-time staff	6.0	8.0		9.5	11.5	31.0
Activity indicators²⁷						
Number of permits issued	560	553			1,317	2,131
Value of permits issued	\$75 million	\$65 million			\$106 million	\$293 million
Performance indicators						
Cost per household	\$35.85	\$29.21	\$45.63	\$45.93	\$30.82	\$41.68
Cost per permit issued	\$1,254.10	\$1,228.47			\$805.27	\$1,464.03
Cost per thousand dollars of construction activity	\$9.36	\$10.45			\$10.05	\$10.64
Permits issued per full-time staff	93.3	69.1			114.5	68.7
Value of permits issued per full-time staff	\$12.5 million	\$8.1 million			\$9.2 million	\$9.5 million

²⁶ Under the provisions of the BCA, municipalities are permitted to allocate overhead costs to building services for the purposes of determining user fees. As the City does not make this allocation for budgeting purposes, we have excluded overhead allocations from other comparator municipalities where such allocations have been identified.

²⁷ The number of permits issued and value of building permits has been determined based on available sources. For Timmins, North Bay and Sudbury, this information reflects annual averages for the period 2012 to 2014; for Sault Ste. Marie, this information reflects the annual average for 2012 and 2013.

A. Mandate

Transit Services operates conventional transit routes from 6:30 am to midnight, Monday to Saturday and 8:30 am to 7:30 pm on Sunday, although the hours for individual routes will vary based on usage levels. The City has a total of 11 transit routes that collectively cover 255 kilometres with 387 stops.

The City maintains a fleet of 19 conventional transit buses and five handi-transit vehicles. In addition to the operation of its vehicles, Transit Services is also responsible for the maintenance of this fleet.

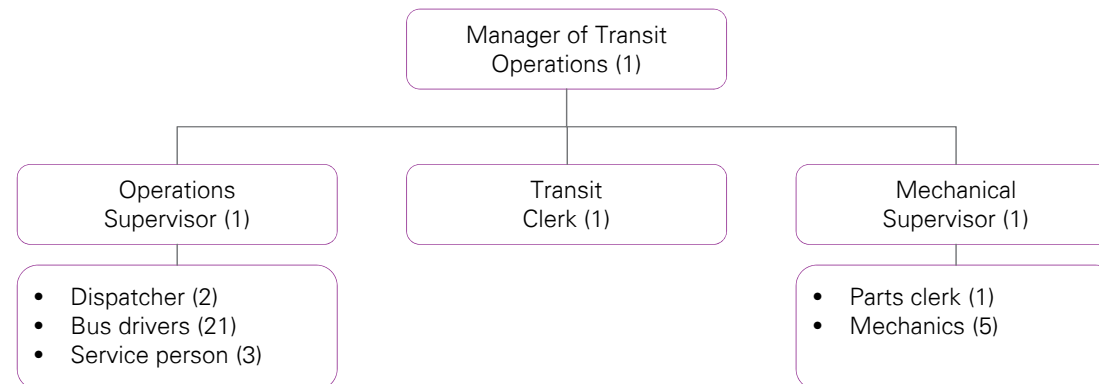
B. Basis for Delivery

While there does not appear to be a formal requirement for Ontario municipalities to provide transit services, most if not all larger communities have introduced conventional and handi-transit services, particularly given that Provincial gas tax funding is restricted to transit services and is not available unless some form of transit service is provided.

Where a municipality chooses to provide transit services, it retains the discretion to determine the level of service, although certain aspects of municipal transit services are mandated by the Ontario Human Rights Commission.

C. Organizational Structure

The Transit Operations division is comprised of 36 full-time employees, with the Manager of Transit Operations reporting to the Director of Community and Development Services. The Transit Operations division also employs 12 part-time bus drivers. A graphical depiction of the organizational structure and full-time staffing complement of the Transit Operations division is provided below.



D. Level of Activity

Over the last three years (2012 to 2014), an average of 44,000 hours of conventional transit services were provided annually, covering an average of 1.04 million kilometres and transporting 1.04 million passengers (including transfers). As noted below, monthly transit volumes vary between 80,000 to 95,000 per month, with the summer months (June, July and August) and winter months (December, January, February) having lower passenger levels than spring and fall.

Total passengers by month (2012 to 2014)



As noted below, there is considerable variability between the City's transit routes in terms of number of passengers, with the three busiest routes accounting for 62% of total ridership. The number of bus passengers also varies by time of day, with five routes having less than three passengers per hour during off-peak times.

	Number of Passengers					Hourly Ridership	
	2012	2013	2014	Average	Percentage of Total	Low	Peak
Route 5	54,251	60,878	59,019	58,049	5.6%	2.00	20.24
Route 6	14,912	12,832	12,507	13,417	1.3%	4.16	13.19
Route 7	17,944	17,927	19,039	18,303	1.8%	1.77	4.65
Route 9	55,415	56,013	56,311	55,913	5.4%	4.86	16.35
Route 16	218,279	219,338	227,839	221,819	21.4%	4.70	38.01
Route 31	84,993	83,737	82,174	83,635	8.1%	2.22	15.39
Route 32	65,008	63,175	64,285	64,156	6.2%	2.50	17.04
Route 36	6,456	2,225	Discontinued	4,341	0.4%	Discontinued	
Route 37	243,597	231,234	231,561	235,464	22.7%	3.57	42.79
Route 38	196,998	185,207	184,849	189,018	18.2%	5.79	38.20
Route 901	75,265	79,532	80,399	78,399	7.6%	3.94	26.49
Route 902	15,366	14,678	16,304	15,449	1.5%	2.55	9.08
	1,061,387	1,033,579	1,038,148	1,037,963	100.0%		

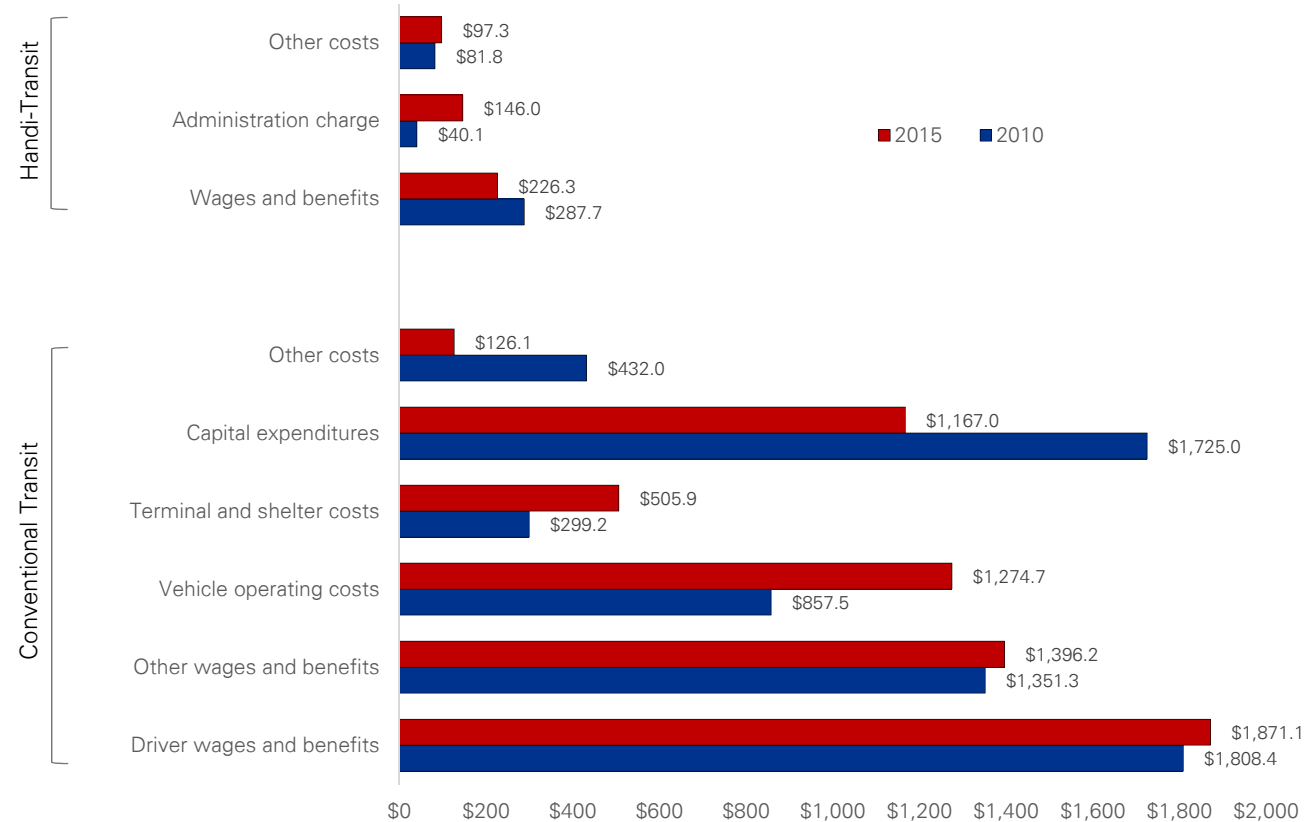
E. Financial Performance

Budgeted Transit Services expenditures in 2015 amount to \$6.34 million, 52% of which relates to wages and benefits for transit personnel. Budgeted 2015 expenditures for handi-transit services amount to \$469,000, with personnel costs and an administration charge representing the largest expenditures by type.

Conventional transit	2014 Budget	2014 Actual	2015 Budget
Wages and benefits – drivers	\$1,790,380	\$1,840,435	\$1,871,050
Wages and benefits – dispatch	\$191,586	\$203,591	\$207,660
Wages and benefits – vehicle servicing	\$617,498	\$705,141	\$741,960
Wages and benefits – administration	\$442,429	\$437,959	\$446,570
Total wages and benefits	\$3,041,893	\$3,187,126	\$3,267,240
Vehicle operating costs	\$1,250,700	\$1,077,101	\$1,274,700
Insurance	\$115,894	\$113,793	\$114,000
Terminal and shelter costs	\$463,411	\$530,166	\$505,890
Capital expenditures	\$760,000	\$210,653	\$1,167,000
Other expenses	\$126,304	\$53,119	\$12,110
Total	\$5,758,202	\$5,171,958	\$6,340,940
Handi-transit	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$240,100	\$223,298	\$226,250
Insurance	\$21,420	\$26,850	\$26,900
Vehicle operating costs	\$64,000	\$58,934	\$68,500
Administration charge	\$145,990	\$151,899	\$146,000
Other expenses	–	\$46	\$1,500
Total	\$471,510	\$461,029	\$469,550

Since 2010, budgeted expenditures for transit have decreased by approximately \$70,000 (\$6.88 million in 2010 vs. \$6.81 million in 2015). As noted below, while Transit Services has experienced significant increases in vehicle operating costs (+\$417,000) and terminal and shelter costs (+\$207,000), these increases have been offset by reduced capital expenditures (-\$558,000) and other costs (-\$306,000). During the same period, wages and benefits for all transit employees have increased by \$108,000.

Transit budgeted expenditures (in thousands of dollars)



F. Municipal Comparison

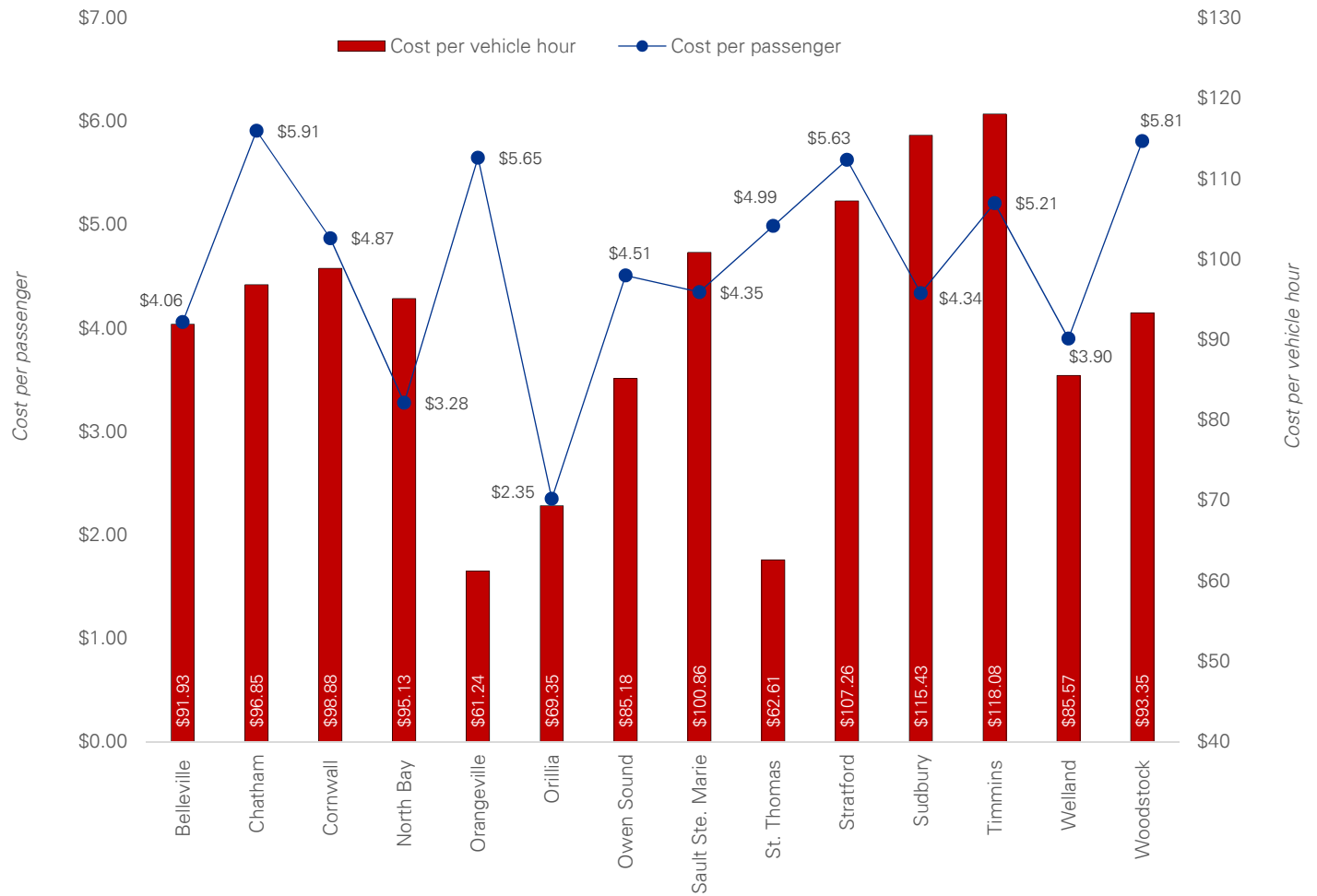
As noted below, the City’s overall transit costs (conventional and handi-transit) appear comparable to other large centres in Northeastern Ontario when calculated on a per household basis. While the City’s costs are higher than those for comparator municipalities located in Southeastern Ontario, we assume that some portion of this cost differential is due to climatic conditions and relative fuel prices.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015) ²⁷	\$5,643,490	\$6,603,124	\$4,452,300	\$5,441,193	\$9,552,260	\$21,321,996
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$288.14	\$283.91	\$211.36	\$252.99	\$277.63	\$284.86
Number of full-time staff	36.0	34.8		45.0	90.3	111.0

Notwithstanding the above, a review of two financial indicators for conventional transit services – operating cost per vehicle hour and operating cost per passenger – indicates that the City’s costs are at the upper end of the range for municipalities with similar operating parameters such as the population served by transit system and/or the transit system service area (see graph on the following page). While we believe that some component of this differential can be attributed to fuel costs and operating conditions, we note that the presence of routes with low rates of utilization could adversely impact the City’s competitiveness with respect to these financial indicators as well.

²⁷ Excludes capital.

Conventional transit financial indicators (2013)



A. Mandate

The City's Parks, Recreation and Building Maintenance division (the 'PRBM') is responsible for the operation and maintenance of most of the City's buildings and well as the maintenance of its outdoor recreation and cultural facilities and spaces (e.g. parks, playgrounds, sports fields, flower beds). Certain City facilities such as the TPS building and water and wastewater treatment facilities are maintained by either third party contractors or other functional units within the City and do not involve personnel from the PRBM.

The City does not provide a significant amount of parks and recreation programming with the exception of aquatic programming at the Archie Dillon Sports Complex, which is delivered by a separate division that reports directly to the Director of Community and Development Services. However, in addition to a purely maintenance capacity, PRBM also supports community events through set up and tear down of stages, seating and other equipment used in community, cultural and recreational activities such as the Kayak Festival.

B. Basis for Delivery

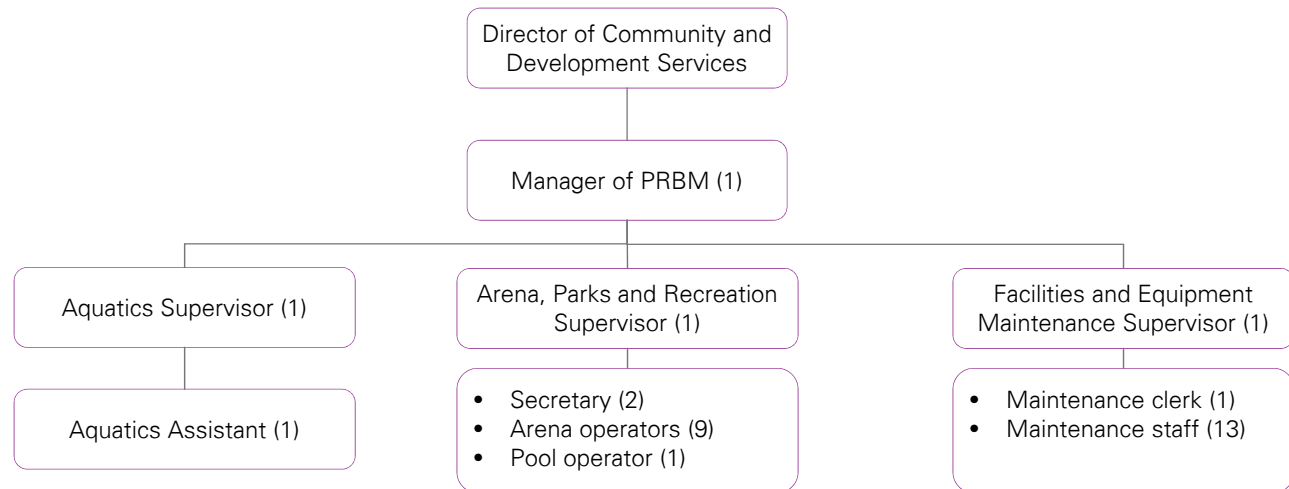
The provision of parks and recreation services (either through programming or access to recreational facilities) is not legislated and as such, represents a discretionary (although expected) municipal service. Similarly, the maintenance of a building services capacity is a practical as opposed to regulated requirement.

C. Organizational Structure

The PRBM is structured into two functional units reporting to the Director of Community and Development Services:

- Aquatics programming; and
- Parks, Recreation and Building Maintenance, which is further broken down into:
 - Arenas, parks and recreation, which is responsible for the operation of the City's arenas (winter season) and the maintenance of the City's outdoor sports fields, parks and playgrounds (summer season).
 - Facilities and equipment maintenance, which provides general equipment and facility maintenance for most City owned facilities. For specialty types of services such as building automation systems, major electrical repairs and heating, ventilation and air conditioning systems, the City will rely on external contractors as opposed to PRBM.

A graphical depiction of the PRBM organizational structure as well as full-time staffing complement is included on the following page.



In addition to the full-time staff noted above, PRBM also employs the following seasonal and summer students:

- Part-time arena operators (10)
- Part-time pool operators (2)
- Part-time building maintenance staff (7)
- Seasonal parks maintenance staff (6)
- Part-time life guards and pool cashiers (30)
- Summer students (20)

D. Level of Activity

The City’s recreational infrastructure consists of a total of nine facilities (three arenas, one multi-use facility (arena/pool), five community halls), eight baseball fields, four tennis courts, six soccer fields, 36 playgrounds, 48 parks (of which 42 are neighbourhood parks), three outdoor ice rinks, two skate parks, two splash pads and one boat launch. Gymnastics programming is also available through a third party operating from the Confederation Sports Complex.

As noted on the following page, the City provides in excess of 17,000 hours of recreational use annually to residents through its arenas, community halls and Sportsplex, with additional usage of the City’s sports fields, parks and playgrounds.

Facility Type	Facility Name	Primary Usage (in hours) ²⁸			Secondary Usage (in hours) ²⁹		
		2012	2013	2014	2012	2013	2014
Arenas	Archie Dillon Sportsplex	2,416	2,163	1,992	–	–	–
	McIntyre Arena	1,836	2,091	2,101	3,366	1,964	2,600
	Mountjoy Arena	1,447	1,552	1,379	–	–	–
	Whitney Arena	1,304	1,669	1,643	467	916	1,691
	Total/Average	7,003	7,475	7,115	4,033	3,159	4,454
Community Halls	Centennial Hall	1,315	1,376	1,128	–	–	–
	H.R. Bielek Community Centre	120	114	166	–	–	–
	Maurice Londry Community Centre	708	650	626	–	–	–
	Hoyle Community Centre ³⁰	–	–	–	–	–	–
	Connaught Community Centre ³⁰	–	–	–	–	–	–
	Total/Average	2,143	2,140	1,920	–	–	–
Pool	Archie Dillon Sportsplex	3,425	3,140	3,684	675	932	1,072
Total		12,571	12,755	12,719	4,708	4,091	5,526

²⁸ Primary usage relates to the following:

- Arenas – rental of ice surface, including ice rentals and special events
- Community halls – rental of community hall space
- Pool – programming provided in pool area

²⁹ Secondary usage relates to the following:

- Arenas – rental of hall areas available in arena facilities
- Pool – rental of hall area available in Sportsplex, as well as other usage of pool area not included in City aquatics programming

³⁰ Usage information is not maintained by the City for the Hoyle Community Centre or Connaught Community Centre.



City of Timmins Service Delivery and Operational Review Parks, Recreation and Building Maintenance

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This report should be read in its entirety

E. Financial Performance

The 2015 budget includes \$6.69 million in expenditures for PRBM, comprised of \$5.50 million in parks and recreation spending and \$1.19 million in building maintenance costs. From a functional perspective, arenas and pool facilities represent the largest category of expenditures, amounting to \$3.57 million or 53% of total PRBM expenditures. In terms of type of expenditure, personnel costs account for 39% of total budgeted expenditures (\$2.57 million).

Budgeted expenditures (2015)	Archie Dillon Sportsplex ³¹	McIntyre Arena	Mountjoy Arena	Whitney Arena	Community Halls ³²	Outdoor Facilities	Parks and Recreation Admin	Building Maintenance	Total
Wages and benefits	\$806,900	\$281,000	\$115,100	\$118,700	\$12,150	\$728,500	\$133,700	\$382,400	\$2,578,450
Utilities	\$316,850	\$417,000	\$95,940	\$161,370	\$82,950	\$37,300	–	\$23,430	\$1,134,840
Capital and reserve contributions	\$393,600	\$156,400	\$50,000	–	\$10,000	\$435,000	–	\$637,700	\$1,682,700
Materials, supplies and other	\$282,600	\$213,100	\$93,250	\$77,600	\$136,550	\$189,700	\$162,300	\$143,770	\$1,298,870
Total	\$1,799,950	\$1,067,500	\$354,290	\$357,670	\$241,650	\$1,390,500	\$296,000	\$1,187,300	\$6,694,860
2014 Actual	\$1,727,504	\$1,447,391 ³³	\$279,289 ³⁴	\$389,036	\$545,315 ³⁵	\$1,369,656	\$271,595	\$897,380 ³⁶	\$6,927,166

³¹ Represents the combined cost of arena and pool operations.

³² Includes the Confederation Sports Complex.

³³ Includes \$496,894 in capital and reserve contributions (\$340,494 more than 2015).

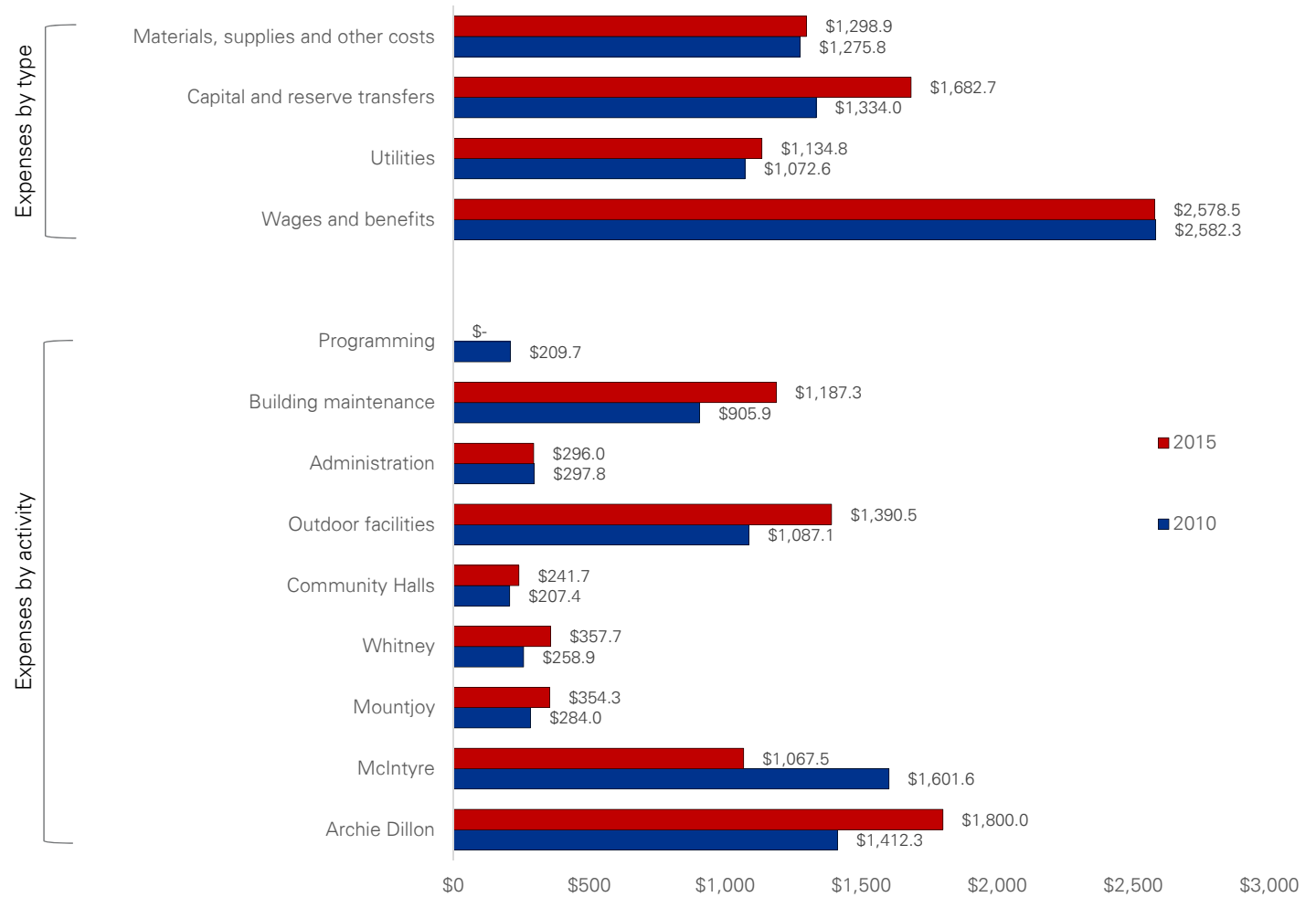
³⁴ Includes \$1,868 in capital and reserve contributions (\$48,132 less than 2015 budget).

³⁵ Includes \$272,150 in capital and reserve contributions (\$262,150 more than 2015 budget).

³⁶ Includes \$290,109 in capital and reserve contributions (\$347,591 less than 2015 budget).

As noted on the following page, budgeted expenditures for PRBM have increased from \$6.26 million in 2010 to \$6.69 million in 2015, with allocations to capital and reserves increasing by \$348,000 while other costs have increased marginally. In addition to increasing the amount of capital and reserve allocations of PBRM, the City has also shifted funding between facilities, with Archie Dillon and outdoor facilities receiving increases in budget allocations since 2010 of \$387,000 and \$303,000 respectively, while budgeted expenditures for the McIntyre Arena have decreased by \$534,000 over the same period.

PRBM budgeted expenditures (in thousands of dollars)



F. Municipal Comparison

As noted below, the City's expenditures on parks and recreation activities, both in absolute terms and on a per household basis, is the lowest of the comparator municipalities selected for analysis. With the exclusion of Sault Ste. Marie, the City's costs are approximately \$110 per household lower than other selected Northern Ontario centres (equating to \$2.1 million) and \$250 per household lower than similar sized municipalities located in Southern Ontario (equating to \$4.9 million).

To a large extent, we attribute the difference in costs between the City and the selected comparators to represent differences in services and service levels, as opposed to purely operational efficiencies, particularly since the City offers little to no recreational programming other than aquatics.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs, excluding capital and reserves (2015) ³⁷						
• Arenas and pools	\$2,979,410	\$3,243,029	\$4,562,800	\$6,409,128	\$4,523,455	\$11,469,235
• Community halls	\$231,650	–	\$393,400	\$503,331	\$736,390	\$989,460
• Parks, sports fields, playgrounds and programming	\$955,500	\$4,086,863	\$3,768,600	\$2,777,185	\$3,074,630	\$9,662,564
• Parks and recreation administration	\$296,000	\$465,660	\$1,396,600	\$503,331	\$444,285	\$2,796,704
Adjusted operating costs for comparative purposes	\$4,462,560	\$7,795,552	\$10,121,400	\$10,192,175	\$8,334,445	\$24,917,963
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$227.87	\$335.19	\$480.48	\$473.94	\$242.23	\$332.90
Number of full-time staff	31.0	45.8		46.5	52.0	91.0
Number of arenas and pools	4	4	2	3	3	14
Operating cost per arena and pool	\$744,852	\$810,757	\$2,281,400	\$2,136,376	\$1,507,818	\$603,643

³⁷ We have excluded costs relating to marinas, ski hills and other types of recreational facilities that are operated by the comparator municipalities but which are not present in the City. In the event that these were included, the differential between the City's investment and that of the comparator municipalities would increase.

A. Mandate

The mission of the Timmins Museum: National Exhibition Centre (the 'Museum') is to operate a community museum and a national exhibition centre to "connect objects of cultural and national significance to the community and visitors".

B. Basis for Delivery

Museum services are discretionary in nature and are not required to be delivered under legislation or regulation.

C. Organizational Structure

The Museum's operations are overseen by the Museum Director/Curator, who manages a staff of two full-time and four part-time employees, as follows:

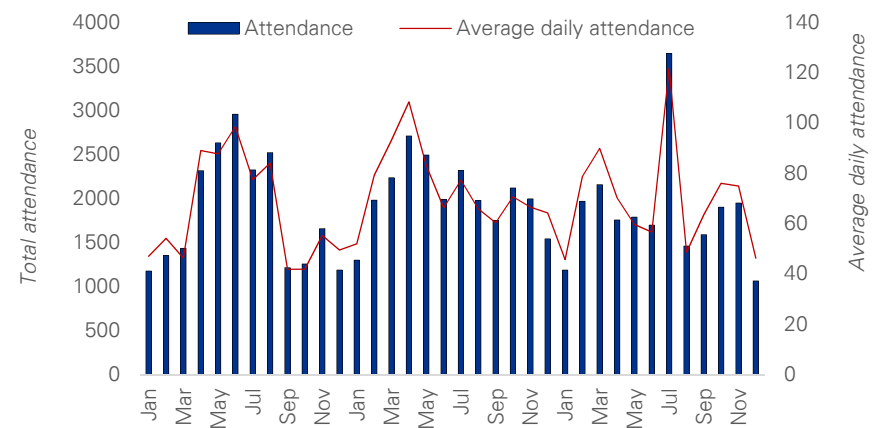
- Full-time program coordinator
- Full-time development and marketing coordinator
- Four part-time museum attendants

The City has established a Museum Advisory Committee to provide input and guidance on museum activities.

D. Level of activity

Attendance information provided by the City indicates that an average of 23,000 visitors attend the Museum annually, representing an average daily attendance of 69 visitors per operating day. There appears to be some degree of seasonality with respect to the Museum's attendance, with winter months having somewhat lower levels of attendance than other months of the year. These attendance levels reflect all visitors to the Museum, including school visits as well as special events attendance.

Reported museum attendance (2012 to 2014)



E. Financial Performance

The City has budgeted a total of \$375,000 for Museum operations in 2015, which is consistent with actual operating costs during the 2014 fiscal year. Personnel costs represent the largest single expenditure category, accounting for 32% of budgeted expenditures.

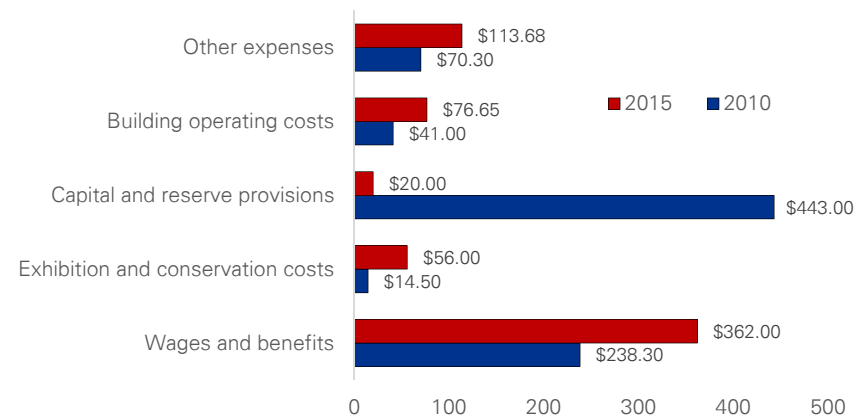
	2014 Budget	2014 Actual	2015 Budget
Wages and benefits	\$310,100	\$358,069	\$362,000
Travel, training and conferences	\$11,800	\$13,008	\$11,480
Utilities	\$46,350	\$45,170	\$47,150
Gift shop ³⁸	\$24,500	\$44,222	\$31,500
Exhibition, conservation and statue costs	\$35,500	\$39,114	\$56,000
Capital expenditures and reserve contributions	\$10,000	\$15,292	\$20,000
Building maintenance	\$32,500	\$26,804	\$29,500
Other expenses	\$91,100	\$83,714	\$70,700
Total	\$561,850	\$625,393	\$628,330

³⁸ Represents gift shop operating costs, including cost of goods sold. Offsetting gift shop revenues are as follows:

- 2014 budget \$40,600
- 2014 actual \$57,153
- 2015 budget \$42,000

Excluding capital expenditures (which were impacted by a major renovation project in 2010), the Museum’s budgeted costs in 2015 are \$244,000 higher than 2010, with almost half of this increase (\$124,000) due to increased staffing costs.

Museum budgeted expenditures (in thousands of dollars)





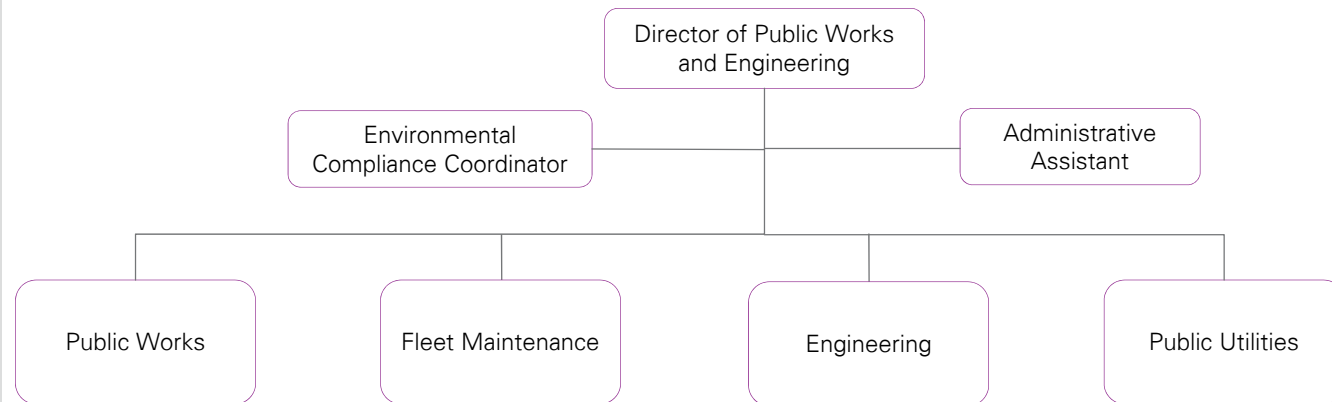
F. Municipal Comparison

As noted below, the City has the highest level of investment in museum services among the municipalities included in the comparative analysis. In certain instances (North Bay, Cornwall), the municipalities do not operate museums, relying instead on not-for-profit organizations that may or may not receive a subsidy from the municipality.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs, excluding capital and reserves (2015)	\$608,330	–	\$98,200	\$8,316	\$380,040	\$576,061
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$31.05	–	\$4.66	\$0.38	\$11.04	\$7.69
Number of full-time staff	3.0	–		–	2.0	3.0

The City's Public Works and Engineering department is the largest functional area by number of full-time employees and is responsible for the maintenance of key municipal infrastructure.

The department is structured into four divisions, as summarized below and employs 147 full-time employees.



Descriptions of each division follow.

A. Mandate

Public Works is responsible for the maintenance of the City's municipal road network, including traffic signals, sidewalks and laneways and also plows City parking lots during the winter season. The division is also responsible for the collection of solid waste from residents, including recyclables, as well as the operation of the City's landfill and transfer stations.

B. Basis for Delivery

Section 44(1) of the Municipal Act establishes the City's responsibility to keep highways or bridges under its jurisdiction "in a state of repair that is reasonable in the circumstances". Ontario Regulation 239/20: Minimum Maintenance Standards for Municipal Highways provides further clarification by establishing minimum maintenance standards for a range of road network maintenance activities, including but not limited to:

- Patrolling highways to monitor conditions
- Snow plowing
- Ice prevention (sanding and salting)
- Pothole repairs

The issue of what constitutes minimum maintenance standards with respect to the prevention of icing has emerged as a major issue for municipalities due to a 2011 court case (Giuliani v. Halton) which established the legal responsibility for municipalities to prevent icing.

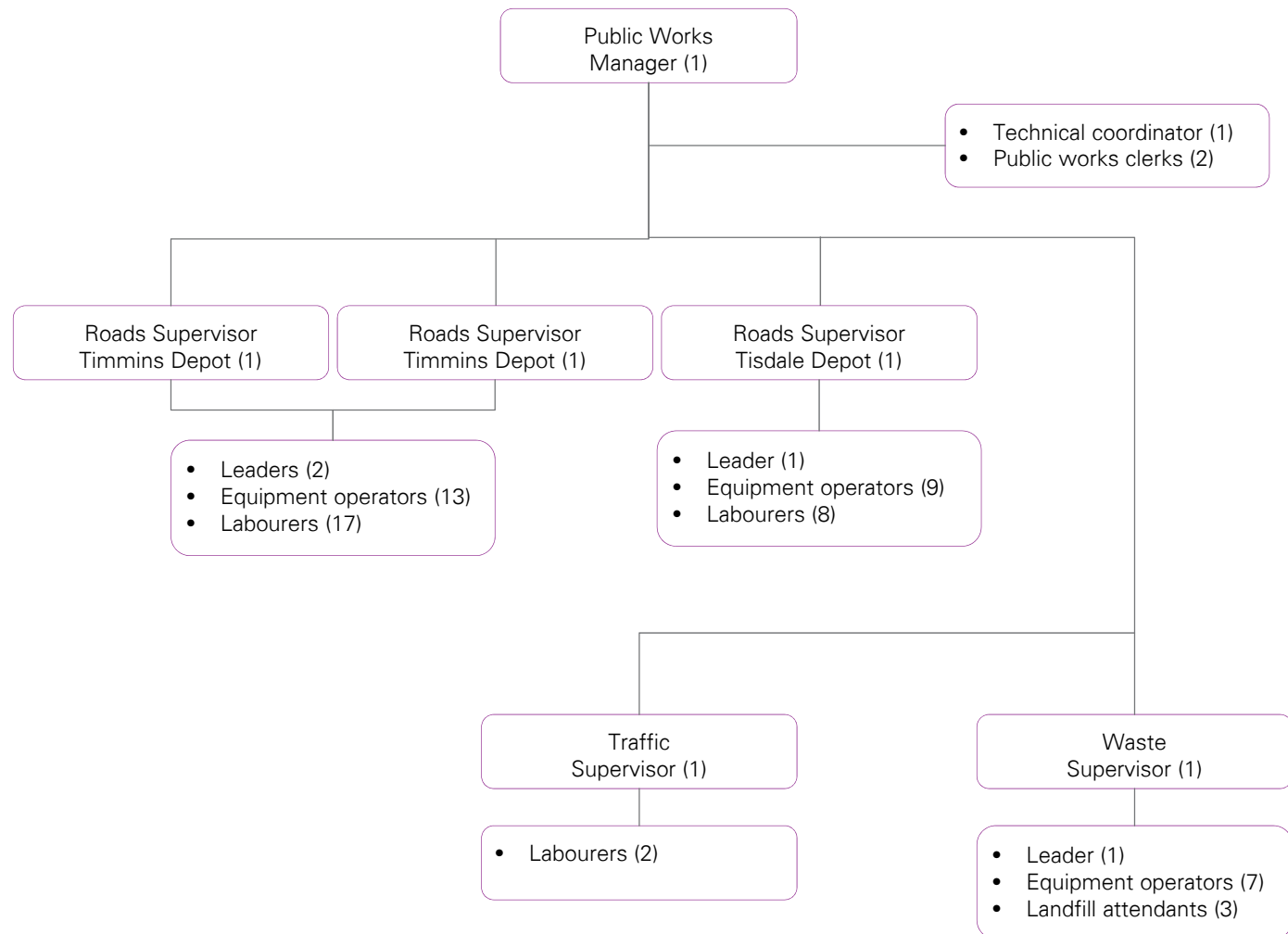
Unlike road maintenance, there is no regulatory requirement for municipalities to provide solid waste collection services. However, this is an expected service in large municipalities.

C. Organizational Structure

From an organizational structure perspective, the Public Works division is divided into four functional units:

- Three roads maintenance functional units, based on the City's two public works depots (Tisdale and Timmins), with the Timmins depot allocated between two supervisors
- Waste management
- Traffic

The division's organizational structure and full-time staffing are provided on the following page.



For the purposes of our report, and notwithstanding the City’s organizational structure, we have included the City’s solid waste activities in a separate analysis. Accordingly, this section of our report deals with the City’s road and traffic activities only.

D. Level of Activity

The City's roads maintenance program is divided between winter and summer activities:

- Winter roads maintenance consists of plowing, sanding and salting of municipal roads, sidewalks, laneways and parking lots. The Public Works department has established a number of maintenance routes that, depending on the nature of the road network (e.g. urban vs. rural), will use different types of equipment (plow trucks, graders, etc.), with the City using a combination of its own resources and contractors for winter maintenance activities. Winter roads maintenance activities will also include the removal of snow banks, pothole patching using cold patch asphalt, the clearance of blocked culverts and other maintenance activities as required. Consistent with most municipalities, the winter roads maintenance season runs from October 15th to April 15th, although winter roads maintenance activities will occur outside of this period as required.
- Summer roads maintenance activities commence in the spring with street sweeping, grading and dust control for gravel roads, line painting and other activities, continuing through the summer months to include the clearance of ditches, shoulder and culvert repairs, catchbasin maintenance, pothole repairs (with hot mix asphalt used for longer-lasting repairs to potholes filled with cold patch during the winter months), brushing, crack sealing, tree cutting and other activities as required. Capital work on roads will also be performed during the summer months, using either the City's own forces or external contractors.

Typically, municipalities utilize a maintenance management system to track both expenses and outcomes with respect to roads maintenance activities such as number of kilometres plowed, amount of sand and salt applied, square metres of asphalt patched and the cost of contracted out vs. internally delivered services. While we requested this type of information as part of our data analysis, we were advised that the City discontinued the use of their system in 2009 and as such, were unable to provide detailed information concerning roads maintenance activities and outcomes.

E. Financial Performance

We have summarized below the City’s 2015 budgeted and 2014 actual expenditures for road maintenance activities and capital expenditures, which total \$18.83 million for the 2015 fiscal year. As noted below, personnel costs represent the largest category of expenditures, amounting to \$5.15 million or 27% of total budgeted expenditures. In comparison to other municipal functions, the proportion of the budget comprised of personnel costs is relatively low and reflects the ‘heavy infrastructure’ nature of roads maintenance, with significant requirements for heavy equipment, materials (primarily aggregates and asphalt) and capital reinvestment. In addition, and consistent with other municipalities, the City utilizes contractors as opposed to internal resources for a number of activities, most notably:

- Winter highways maintenance;
- Maintenance of surface treated (chip and tar) roads, including lifts and capital upgrades;
- Summer maintenance activities for the Highway 101 Connecting Link;
- Bridge inspections (required every second year by regulation) and bridge repairs;
- Maintenance of traffic signals and streetlights.

Overall, contracted services account for 23% of roads operating costs (i.e. excluding capital).

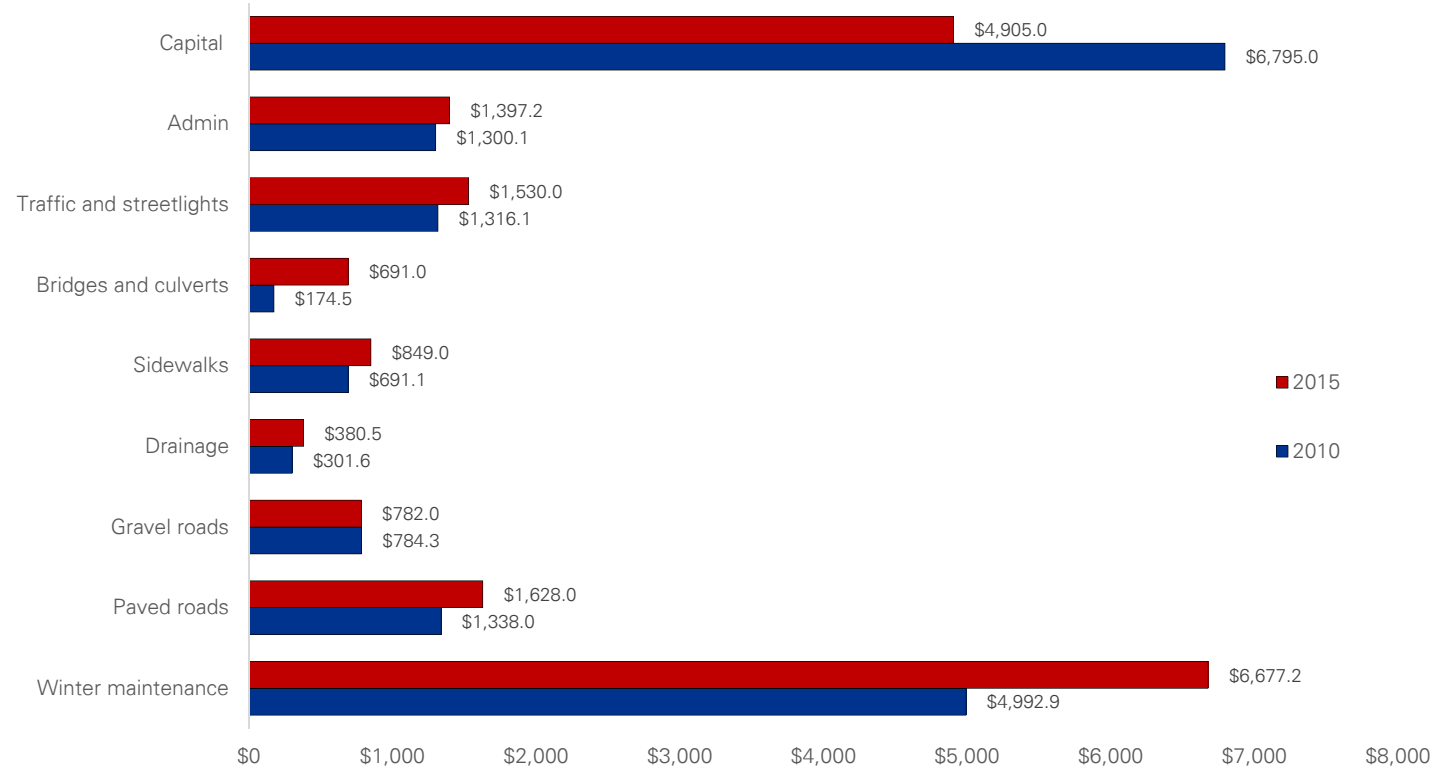
	Roads Maintenance			Drainage ³⁹	Sidewalks	Bridges and Culverts	Traffic and Streetlights	Admin and Capital	Total
	Winter	Paved (Summer)	Gravel (Summer)						
Wages and benefits	\$2,012,400	\$802,000	\$268,000	\$170,000	\$473,000	\$85,000	\$276,900	\$1,363,700	\$5,154,000
Contractor costs	\$2,080,000	\$225,000	\$3,000	\$65,000	–	\$505,000	\$383,000	–	\$3,261,000
Equipment costs	\$1,525,000	\$367,000	\$295,000	\$95,000	\$275,000	\$61,000	\$33,000	–	\$2,651,000
Materials and supplies	\$1,059,800	\$234,000	\$216,000	\$50,500	\$101,000	\$40,000	\$77,150	\$93,500	\$2,571,950
Capital expenditures	–	–	–	–	–	–	\$60,000	\$4,845,000	\$4,905,000
Total	\$6,677,200	\$1,628,000	\$782,000	\$380,500	\$849,000	\$691,000	\$1,530,050	\$6,302,200	\$18,839,950
2014 Actual	\$6,806,862	\$1,703,127	\$762,929	\$385,219	\$766,512	\$508,415	\$1,804,774	\$5,418,272	\$18,156,110
Contracted services costs	31.2%	13.8%	0.4%	17.1%	–	73.1%	26.1%	–	23.4%

³⁹ Includes maintenance of ditches, catch basins and curb repairs.

Since 2010, the City's total budget for roads has increased from \$17.69 million to \$18.83 million (+\$1.14 million), representing an average annual increase of 1.2%. However, during this timeframe there appears to have been a significant shift between operating and capital costs, with operating costs increasing by \$3.03 million since 2010 (an average annual increase of 5.0%) while capital allocations have decreased by \$1.95 million.

As noted below, while all roads maintenance activities have seen an increase in their operating budgets with the exception of gravel roads maintenance, the largest increases have been in the areas of winter roads maintenance (+\$1.13 million), maintenance of the Highway 101 Connecting Link (+\$0.55 million) and bridge maintenance (+\$0.52 million).

Roads budgeted expenditures (in thousands of dollars)



As noted below, the primary contributor to the increase in operating costs for these activities is significant growth in contractor costs, which increased by \$1.62 million since 2010 (\$0.95 million in 2010 to \$2.58 million in 2015), an average annual increase of 22%. In comparison, other operating costs have increased as follows:

- Wages and benefits +2.8% per year
- Equipment costs +3.8% per year
- Materials and supplies +0.5% per year

As noted earlier in our report, the reported increase in the City's reported road contractor costs is significantly higher than the experience of other larger communities in Northeastern Ontario.

	Winter Maintenance			Bridges and Culverts			Total Change 2010-2015
	2010	2015	Change	2010	2015	Change	
Wages and benefits	\$1,758,900	\$2,012,400	\$253,500	\$64,500	\$85,000	\$20,500	\$274,000
Contractor costs	\$940,500	\$2,080,000	\$1,139,500	\$15,000	\$505,000	\$490,000	\$1,629,500
Equipment costs	\$1,281,000	\$1,525,000	\$244,000	\$35,000	\$61,000	\$26,000	\$270,000
Materials and supplies	\$1,012,500	\$1,059,800	\$47,300	\$60,000	\$40,000	(\$20,000)	\$27,300
Total	\$4,992,900	\$6,677,200	\$1,684,300	\$174,500	\$691,000	\$516,500	\$2,200,800

We understand that the increase in the amount of bridge maintenance costs reflects the cyclical nature of mandatory bridge inspections, which are conducted every two years and budgeted for in 2015 but not 2010. With respect to increases in winter maintenance contracted costs, City staff have advised us that the increases in contract costs reflect the absence of a competitive bidding environment due to limited numbers of interested contractors.

F. Municipal Comparison

The basis for analysis of roads costs is the average maintenance cost per lane kilometer, which we consider to be a more relevant indicator of performance than per household cost as it reflects the size of the municipal road network under maintenance. In addition, we have excluded the Southern Ontario comparators (Belleville and Cornwall) from the comparative analysis due to differences in winter climatic conditions, which significantly influence roads maintenance costs.

As noted below, the City’s cost per lane kilometer of \$14,353 is the highest of the larger Northeastern Ontario municipalities, which reported a weighted average cost per lane kilometer of \$11,935. The differential of \$2,418 per lane kilometer, when applied against the City’s total road network, equates to \$2.35 million annually.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted roads maintenance costs, excluding capital	\$13,994,950	\$9,049,045	Excluded from analysis due to differential in winter conditions and impact on road maintenance costs		\$17,257,756	\$40,936,468
Number of lane kilometres of municipal road network	975	783			1,234	3,617
Roads maintenance costs per lane kilometer	\$14,353	\$11,556			\$13,985	\$11,317
Number of full-time staff	59.0	47.0			118.0	147.0

A. Mandate

In addition to roads maintenance, the Public Works division is responsible for the collection of solid waste and recyclables and the operation of the City's landfills and transfer station.

B. Basis for Delivery

There is no requirement under the Municipal Act for municipalities to collect solid waste or maintain landfill operations. However, where a municipality chooses to do so, the provisions of the Environmental Protection Act, R.S.O. 1990, c.E.19 and Ontario Regulation 232/98: Landfilling Sites ('EPA') apply.

C. Organizational Structure

The Public Works division includes functional units for both roads and solid waste. A graphical depiction is provided in the preceding section.

D. Level of Activity

Garbage collection, including both waste and recyclables, occurs on a five-day a week basis (Monday to Friday). The City has divided the service area for garbage collection into different beats, with four beats occurring Monday, Tuesday and Friday and five beats occurring on Wednesday and Thursday (resulting in 22 beats over the course of a week). In addition to its regular garbage collection service, the City provides residents with a two week spring clean-up.

The City currently operates five landfills – Deloro, German, Hydro Bay (Thornloe), Ice Chest (Evelyn) and Kamiskotia (Robb) – as well as the Tisdale transfer station. The City does not have a hazardous waste depot but does separate used oil and e-waste at the site of its Deloro landfill.

During 2014, the City collected a total of 7,076 tonnes of waste from residential property owners, amounting to an average of 360 kilograms (795 pounds) per household for the year, with 31,226 tonnes of waste from all sources received at its landfills. The City reported diverting 4,100 tonnes of waste from its landfills during 2014, the majority of which was transported by truck to a multi-use recycling facility ('MURF') located in Sudbury.

E. Financial Performance

The City has budgeted a total of \$3.31 million for solid waste, consisting of \$1.00 million for collection, \$1.50 million for landfill operations⁴⁰ and \$798,000 for waste diversion. Wages and benefits represent the largest expenditure by type, amounting to 30% of total budgeted costs.

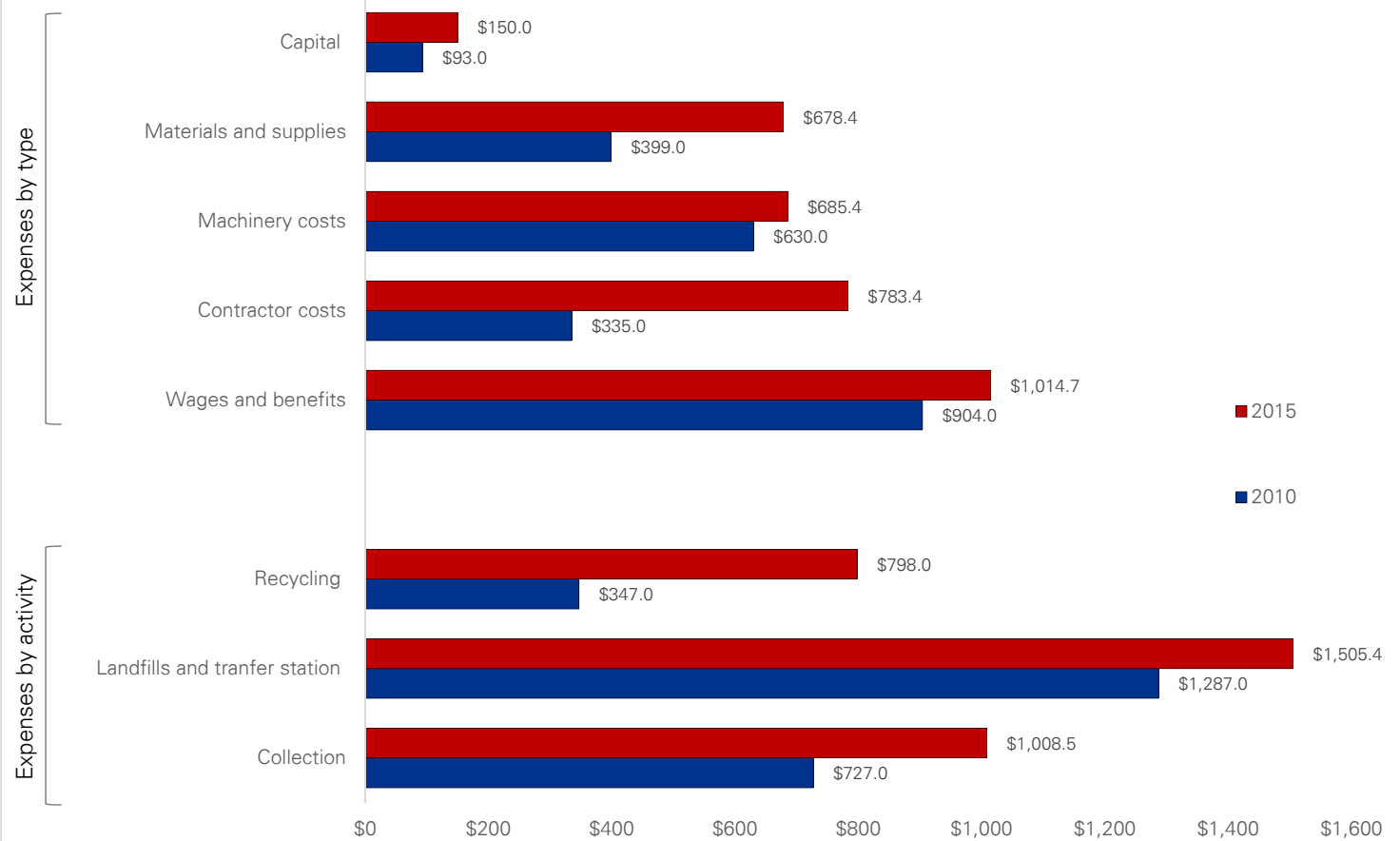
	Collection (Garbage and Recyclables)	Landfills and Transfer Station	Recycling	Total
Wages and benefits	\$496,700	\$518,000	–	\$1,014,700
Contractor costs	\$95,400	\$133,000	\$555,000	\$783,400
Machinery costs	\$399,400	\$286,000	–	\$685,400
Materials and supplies	\$17,000	\$568,400	\$93,000	\$678,400
Capital expenditures	–		\$150,000	\$150,000
Total	\$1,008,500	\$1,505,400	\$798,000	\$3,311,900
2014 Actual	\$1,067,160	\$1,776,750	\$832,817	\$3,676,727

Since 2010, budgeted costs for solid waste have increased from \$2.36 million to \$3.31 million, an increase of \$950,000 over five years or 7% per year. As noted on the following page, solid waste costs for all three activities (collection, landfills, recycling) have increased:

- Recycling costs have increased by \$451,000 since 2010, reflecting an increase in capital funding of \$150,000 and an overall increase in the contract cost for recyclables of \$235,000, representing the cost of hauling materials to the Sudbury MURF (not present in 2010).
- Collection costs have risen by \$281,000 over the same period, reflecting increases in wages and benefits (+\$44,000), machinery costs (+\$154,000) and contracting costs (+\$70,000).
- Landfill and transfer station operating costs have increased by \$218,000 since 2010 due to higher machinery costs (+\$99,000), contractor costs (+\$115,000) and consulting costs for the City’s waste management studies (+\$121,000), offset by lower material and supply costs. Since 2010, wages and benefits for landfill operations increased by \$22,000, or 0.8% per year on average.

⁴⁰ The majority relates to the operation of the Deloro landfill site.

Solid waste budgeted expenditures (in thousands of dollars)



F. Municipal Comparison

The City's overall cost of solid waste services is \$161.43, which is the second lowest of the Northern Ontario communities included in our analysis – North Bay (\$182.17), Sault Ste. Marie (\$155.74) and Sudbury (\$274.82). In addition, the City's collection costs on a per household basis compare favourably with the comparators despite the fact that it is the only municipality that performs solid waste collection using its own resources (as opposed to contractors).

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
1. Collection						
Total budgeted costs (excluding capital)	\$1,008,500	\$1,231,686	\$1,677,900	\$1,688,454	Budgeted information is not broken down by activity but rather is shown in aggregate. Total solid waste costs are \$5,358,700 or \$155.74 per household, compared to \$161.43 for Timmins.	\$9,701,677
Number of households	19,586	23,257	21,065	21,507		74,851
Cost per household	\$51.49	\$52.96	\$79.65	\$78.51		\$129.61
Collection delivery model	Internal	Contracted	Contracted	Contracted		Contracted
2. Landfill operations						
Total budgeted costs (excluding capital)	\$1,505,400	\$2,050,567	\$249,500	\$490,254	Budgeted information is not broken down by activity but rather is shown in aggregate. Total solid waste costs are \$5,358,700 or \$155.74 per household, compared to \$161.43 for Timmins.	\$8,031,064
Number of households	19,586	23,257	21,065	21,507		74,851
Cost per household	\$76.86	\$88.16	\$11.84	\$22.79		\$107.29
3. Recycling (diversion)						
Total budgeted costs (excluding capital)	\$648,000	\$954,576	\$1,303,100	\$1,805,333	Budgeted information is not broken down by activity but rather is shown in aggregate. Total solid waste costs are \$5,358,700 or \$155.74 per household, compared to \$161.43 for Timmins.	\$2,838,018
Number of households	19,586	23,257	21,065	21,507		74,851
Cost per household	\$33.08	\$41.04	\$61.86	\$83.94		\$37.91
Number of full-time staff	10.0	8.0		3.0		21.0

A. Mandate

The City's Fleet Maintenance division is tasked with the maintenance of the City's fleet with the exception of:

- Airport vehicles and equipment (maintained by Airport personnel)
- Police vehicles (maintained by a third party contractor)
- Transit vehicles (maintained by transit personnel)

In this capacity, the Fleet Maintenance division undertakes the following activities:

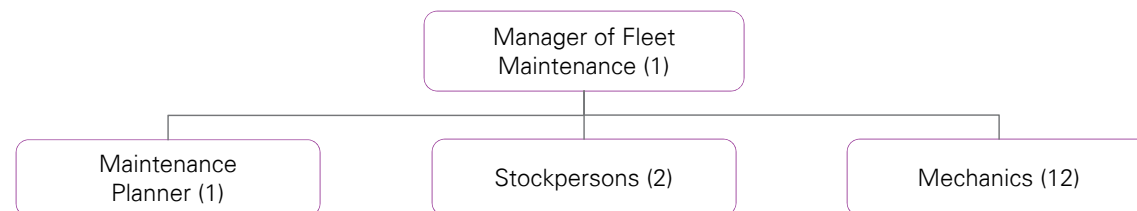
- Scheduled maintenance on City vehicles and equipment based on kilometres or hours;
- Unscheduled maintenance based on vehicle and equipment inspections undertaken by City operators. In certain instances, repairs may be undertaken by external contractors as opposed to Fleet Maintenance personnel if (i) the repairs are under warranty; or (ii) the nature of the repair requires specialized skills or tools (e.g. transmission, air conditioning);
- Management of the City's stores inventory;
- Management of the City's fuel distribution activities; and
- Management of licensing, registration and other compliance matters relating to fleet management.

B. Basis for Delivery

The requirement for a fleet maintenance capacity is practical and not a regulatory requirement. However, the City's fleet activities are regulated by Ontario Regulation 424/97: Commercial Motor Vehicle Operators' Information ('CVOR').

C. Organizational Structure

A graphical depiction of the division's organizational structure is provided below.

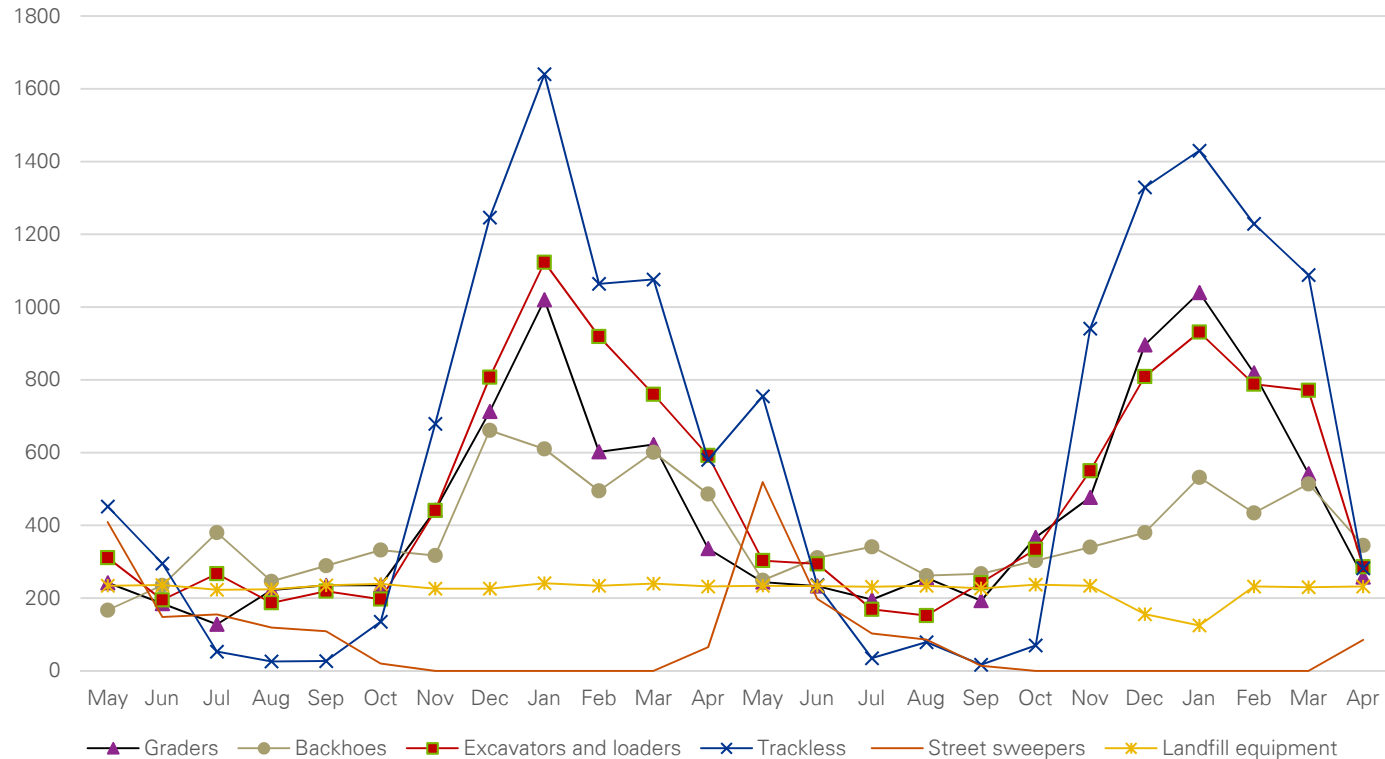


D. Level of Activity

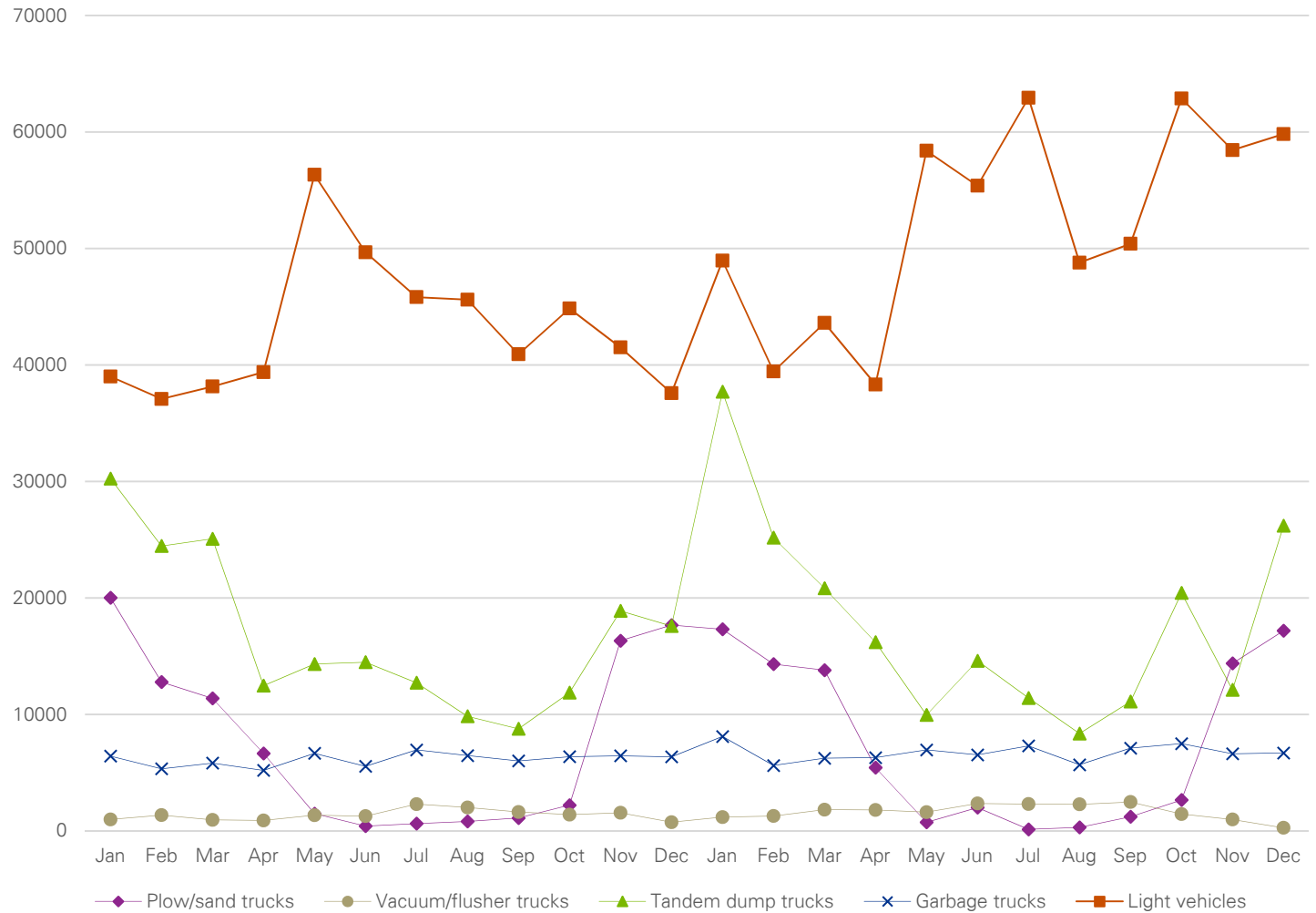
The City's fleet is comprised of approximately 150 units, the majority of which are light vehicles (pick-up trucks, passenger cars, vans) assigned to individual City departments.

We have included below a summary of fleet utilization by type of equipment, which indicates a considerable degree of seasonality with respect to the City's fleet. Specifically, we note that some types of vehicles have pronounced peak and off-peak periods, including months where utilization reaches 0%.

Monthly equipment utilization, in hours (May 2013 to April 2015)



Monthly vehicle utilization, in kilometres (January 2012 to December 2014)





City of Timmins Service Delivery and Operational Review

Fleet Maintenance

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

	May 2013 to April 2014						May 2014 to April 2015					
	Number of Units	Total Mileage (kms)	Monthly Mileage (kms)			Months with <100km	Number of Units	Total Mileage (kms)	Monthly Mileage (kms)			Months with <100km
			High	Low	Average				High	Low	Average	
Plow/sand trucks	5	91,458	5,406	70	1,524	13	5	89,461	4,931	73	1491	17
Vacuum/flusher trucks	2	16,410	1,372	302	684	–	2	19,773	1,461	126	824	–
Tandem dump trucks	9	200,693	4,526	42	1,858	6	9	214,042	9,335	37	1,981	6
Garbage trucks	4	73,569	2,871	277	1,414	–	6	80,605	2,771	185	1,240	–
Light vehicles	59	513,030	3,200	103	719	403	71	621,851	12,106	7	725	280

	May 2013 to April 2014						May 2014 to April 2015					
	Number of Units	Total Hours	Monthly Hours			Months with No Usage	Number of Units	Total Hours	Monthly Hours			Months with No Usage
			High	Low	Average				High	Low	Average	
Graders	6	4,982	262	6	69	11	7	5,521	221	5	66	6
Backhoes	4	4,819	285	11	100	2	4	4,278	202	25	89	–
Loaders and excavators	5	6,018	333	9	100	4	5	5,629	263	8	93	4
Trackless	9	7,273	216	5	66	18	10	7,491	236	1	62	26
Street sweepers	4	1,025	181	4	21	26	4	1,005	202	3	21	29
Landfill equipment	2	2,790	154	75	116	–	2	2,605	155	76	108	–

A. Mandate

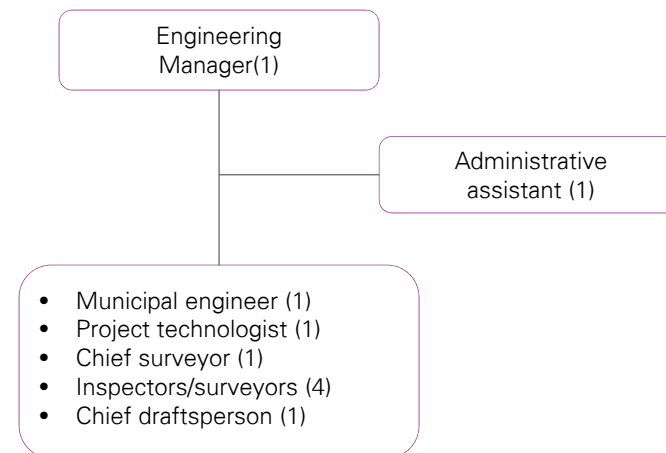
The City's Engineering Services division is responsible for the provision of engineering and other technical support to City departments, including project management, engineering design, quality control, including testing, for major projects, contract administration, management of the City's capital roads program, surveying services, GIS support, asset management, procurement and customer support for municipal drainage issues.

B. Basis for Delivery

The requirement for an engineering capacity is practical and not a regulatory requirement.

C. Organizational Structure

A graphical depiction of the division's organizational structure, along with full-time staffing complement is provided below.



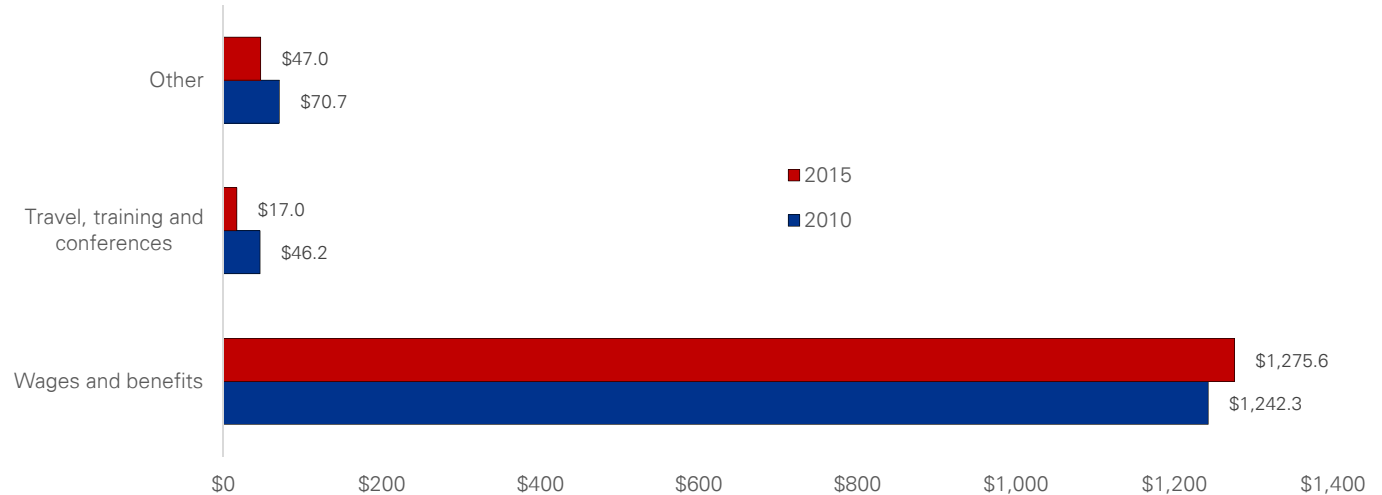
D. Financial Performance

The City's 2015 budget has allocated a total of \$1,339,600 for engineering costs, of which \$500,000 is allocated to environmental services (water and wastewater). As summarized below and consistent with the nature of engineering services, personnel costs represent the largest expenditure item, accounting for 95% of total budgeted expenditures.

	2014 Budget	2014 Actual	2015 Budget
Wages and benefits		\$1,189,966	\$1,275,600
Travel, training and conferences		\$16,612	\$17,000
Other expenses		\$18,343	\$47,000
Total (before allocation to environmental services)		\$1,224,921	\$1,339,600

Since 2010, the budget for the Engineer Division has decreased by approximately \$50,000, with increases in salaries of \$32,000 offset by reductions in travel, training and other non-personnel costs.

Engineering budgeted expenditures (in thousands of dollars)





E. Municipal Comparison

On a per household basis, the City's budgeted engineering costs are the second lowest among the comparative municipalities, which we attribute to the relatively lower level of full-time staff employed by the City for engineering services.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs (2015)	\$1,339,600	\$1,635,161	\$1,703,100	\$1,606,458	\$2,221,000	\$5,646,621
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Cost per household	\$68.39	\$70.30	\$80.84	\$74.69	\$64.55	\$75.43
Number of full-time staff	10.0	15.0		13.0	25.0	50.0

A. Mandate

The Public Utilities division is responsible for the operation and maintenance of the City's water and wastewater treatment facilities, the water distribution and wastewater collection networks and the City's landfill and transfer stations.

B. Basis for Delivery

Under the Municipal Act, there is no requirement for municipalities to maintain drinking water systems. Where municipalities choose to maintain a drinking water system, the provisions of the Safe Drinking Water Act, 2002, S.O. 2002, c.32 ('SDWA') and related regulations apply.

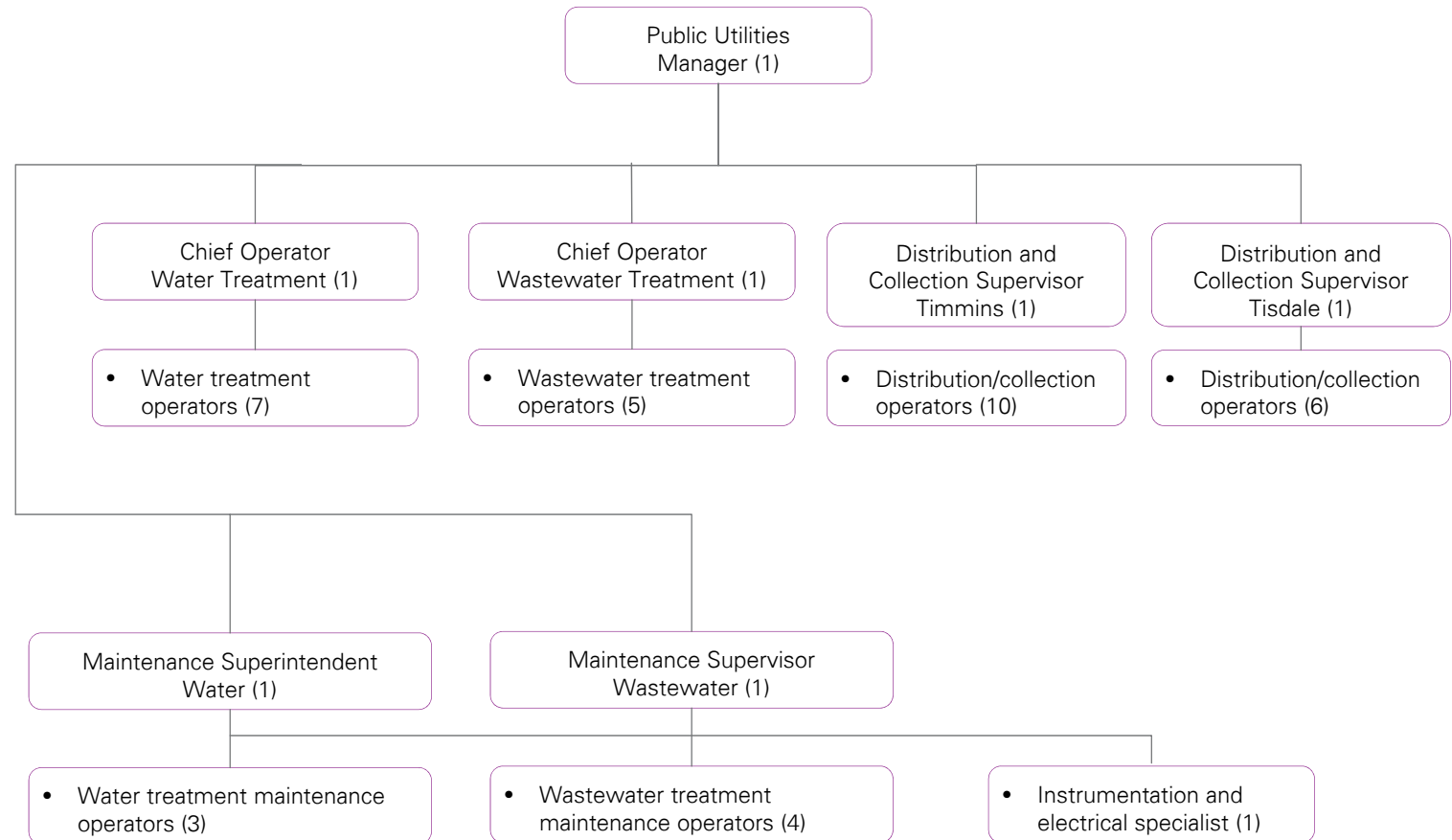
C. Organizational Structure

From an organizational perspective, the Public Utilities division is divided into separate functional units:

- Water treatment plant operation
- Water treatment plant maintenance
- Wastewater treatment plant operation
- Wastewater treatment plant maintenance
- Distribution and collection system maintenance operating from the Timmins depot
- Distribution and collection system maintenance operating from the Tisdale depot

The water and wastewater plant maintenance functions have access to a shared instrumentation and electrical specialist.

A graphical depiction of the division's organizational structure and full-time staffing complement is provided on the following page.



D. Level of Activity

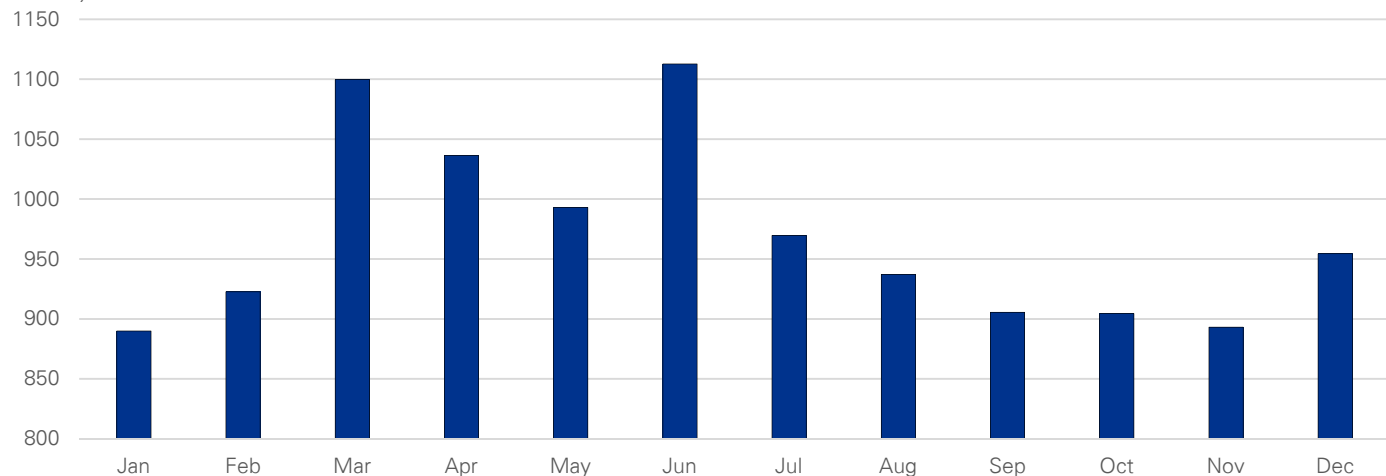
The City's water treatment and distribution system consists of the following infrastructure components:

- The Mattagami River water treatment plan, which can receive a maximum of 54,600 m³ of water per day;
- Two clearwells and three reservoirs providing 35,558 m³ of storage capacity;
- Two booster stations; and
- 232 kilometres of water mains.

The City's wastewater collection and treatment system is comprised of two wastewater treatment plants, one lagoon system and 180 kilometres of wastewater mains.

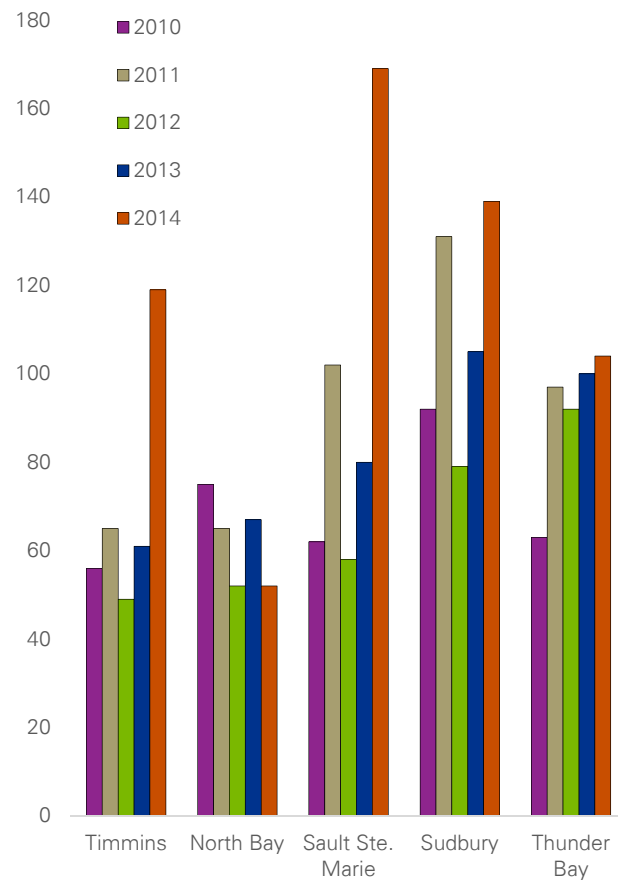
During 2014, the City treated a total of 11.6 million m³ of water, representing 58% of the system's maximum capacity, compared to 9.68 million m³ of water during 2013. As noted below, treated water volumes peaked during the month of June, with high treatment volumes also experienced during March and April. In the same year, the City treated a total of 11.8 million m³ of wastewater. The fact that the City receives more wastewater through its collection system than it delivers through its distribution system is due to infiltration (i.e. water entering the wastewater collection system through cracks and separations in the system) and/or inflows (representing water entering through illegal hook-ups such as residential weeping tile systems connected to the City's system).

Monthly treatment volumes (in thousands of m3)

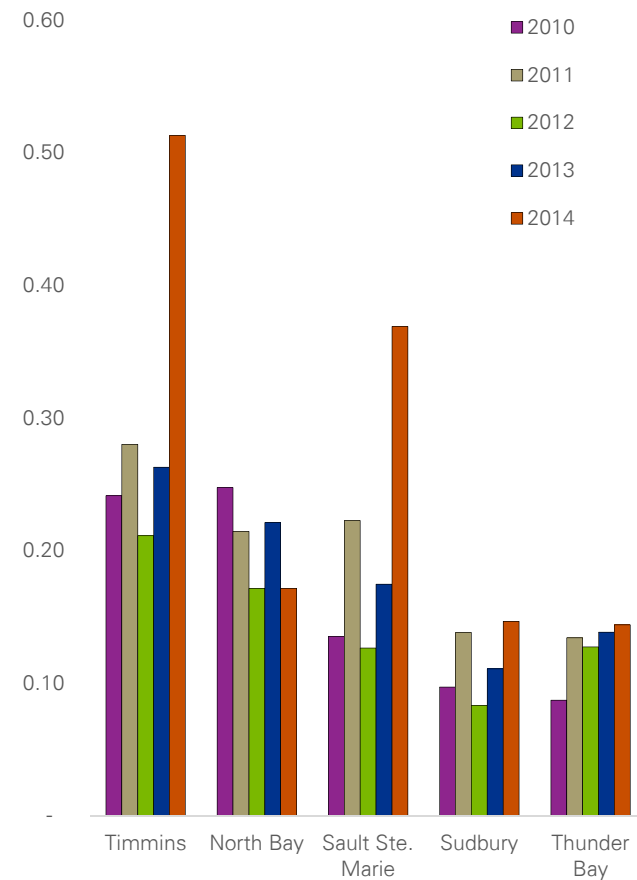


In recent years, the City has experienced an increase in water main breaks during winter months due to the combination of colder weather and lack of snow cover, both of which result in deeper ground frost. As noted below, the City reported 119 water main breaks during 2014, equating to one water main break for every two kilometres of mains.

Number of reported watermain breaks



Number of reported watermain breaks per kilometer of watermains





E. Financial Performance

We have summarized below the City's 2014 budget for water and wastewater services, which amounted to \$17.6 million (\$10.3 million operating, \$7.3 million capital). Materials and supplies represent the largest category of operating expenditures, amounting to \$4.55 million, which includes the cost of utilities and chemicals used in the treatment process. Wages and benefits represent the next largest operating cost at \$4.1 million.

Treatment activities represent the largest category of expenditure by type of activity, accounting for over 60% of operating costs.

	Water Treatment	Wastewater Treatment	Water Distribution	Wastewater Collection	Water Billing	Total
Wages and benefits	\$1,509,100	\$1,150,400	\$1,039,000	\$458,000	–	\$4,156,500
Contractor costs	\$110,000	\$325,000	\$130,000	\$115,000	–	\$680,000
Equipment costs	–	–	\$160,000	\$210,000	–	\$370,000
Administrative charges	\$279,700	–	–	\$558,000	\$126,000	\$963,700
Materials and supplies	\$1,987,600	\$1,199,400	\$1,020,300	\$323,300	\$27,000	\$4,557,600
Operating costs	\$3,886,400	\$2,674,800	\$2,189,300	\$1,454,300	\$153,000	\$10,357,800
Capital expenditures	\$3,200,000	\$375,000	\$850,000	\$2,887,300	–	\$7,312,300
Total (2014)	\$7,086,400	\$3,049,800	\$3,039,300	\$4,341,600	\$153,000	\$17,670,100

F. Municipal Comparative

The City's water and wastewater treatment costs amount to an average of \$334 per household, which is the highest of the municipalities selected for comparison. In comparison, its distribution and collection costs are the lowest of the comparator group on both a per household and per kilometer of main basis.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
1. Treatment						
Water	\$3,866,400	\$2,642,328	We have excluded Belleville and Cornwall from our analysis of water and wastewater costs due to geographic differences that could significantly impact on the cost indicators (e.g. absences of similar winter frosts, location outside of the Canadian Shield. Additionally, we have excluded Sault Ste. Marie from the analysis as water services are delivered through a public utilities commission and not by the City.			\$9,431,663
Wastewater	\$2,674,800	\$3,337,990				\$10,438,223
Total	\$6,541,200	\$5,980,318				\$19,869,886
Number of households	19,586	23,257				74,851
Cost per household	\$333.97	\$257.14				\$265.46
2. Distribution and collection						
Water	\$2,189,300	\$4,832,627				\$12,917,101
Wastewater	\$1,454,300	\$2,264,360				\$6,707,828
Total	\$3,643,600	\$7,096,987				\$19,624,929
Number of households	19,586	23,257				74,851
Length of distribution and collection network (km)	412	576	1,722			
Cost per household	\$186.03	\$305.15	\$262.18			
Cost per kilometer of distribution network	\$8,843	\$12,321	\$11,396			

A. Mandate

Golden Manor is a 177-bed municipal facility that provides long-term care to residents. Under the terms of the Long-Term Care Homes Act, 2007, S.O. 2007, c.8 (the 'LTCHA'), Golden Manor is required to deliver a range of mandated services, including:

- Nursing services, including the presence of at least one registered nurse on a 24/7 basis;
- Personal support services;
- Restorative care;
- Recreational and social activities;
- Dietary services and hydration;
- Medical services;
- Access to religious and spiritual practices;
- Accommodation services, including housekeeping, laundry and maintenance; and
- Volunteer programs.

B. Basis for Delivery

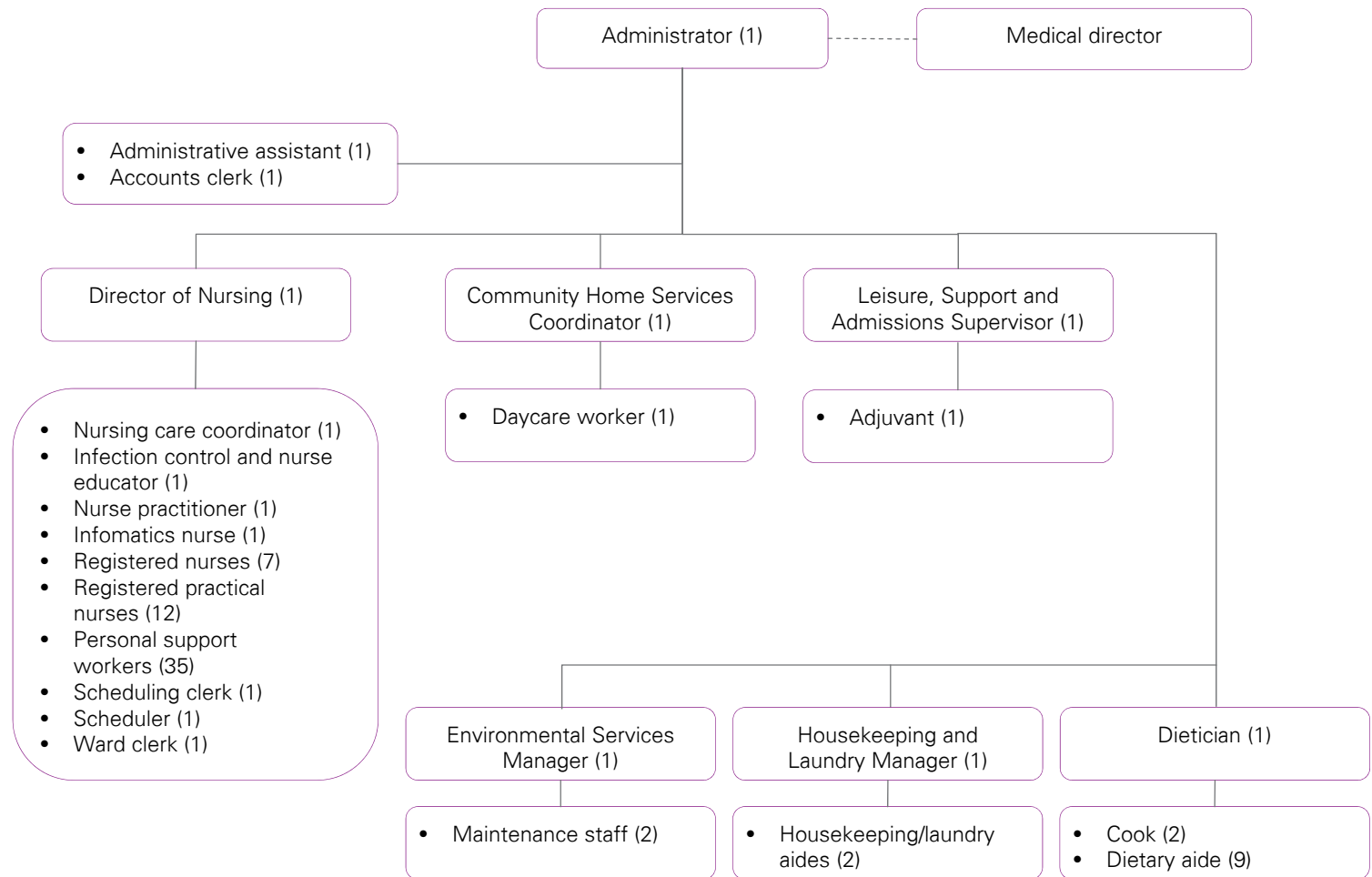
While the LTCHA requires Southern Ontario municipalities to establish and maintain a municipal home, the requirement for a municipal home is optional for northern municipalities.

Within Ontario, municipal homes represent the minority of both long-term care facilities and beds. A recent publication by the Ontario Association of Non-Profit Homes and Services for Seniors ('OANHSS') indicates that municipal homes account for only 17% of long-term care homes in Ontario and 21% of long-term care beds.

In at least one instance – the F.J. Davey Home in Sault Ste. Marie – a municipality has chosen to discontinue municipal support of a long-term care home in favour of a not-for-profit model that does not involve municipal support.

C. Organizational Structure

With a total of 135 full-time employees, Golden Manor represents the second largest functional unit in the City from a staffing perspective. Golden Manor's organizational chart and full-time staffing complement information is provided on the following page.



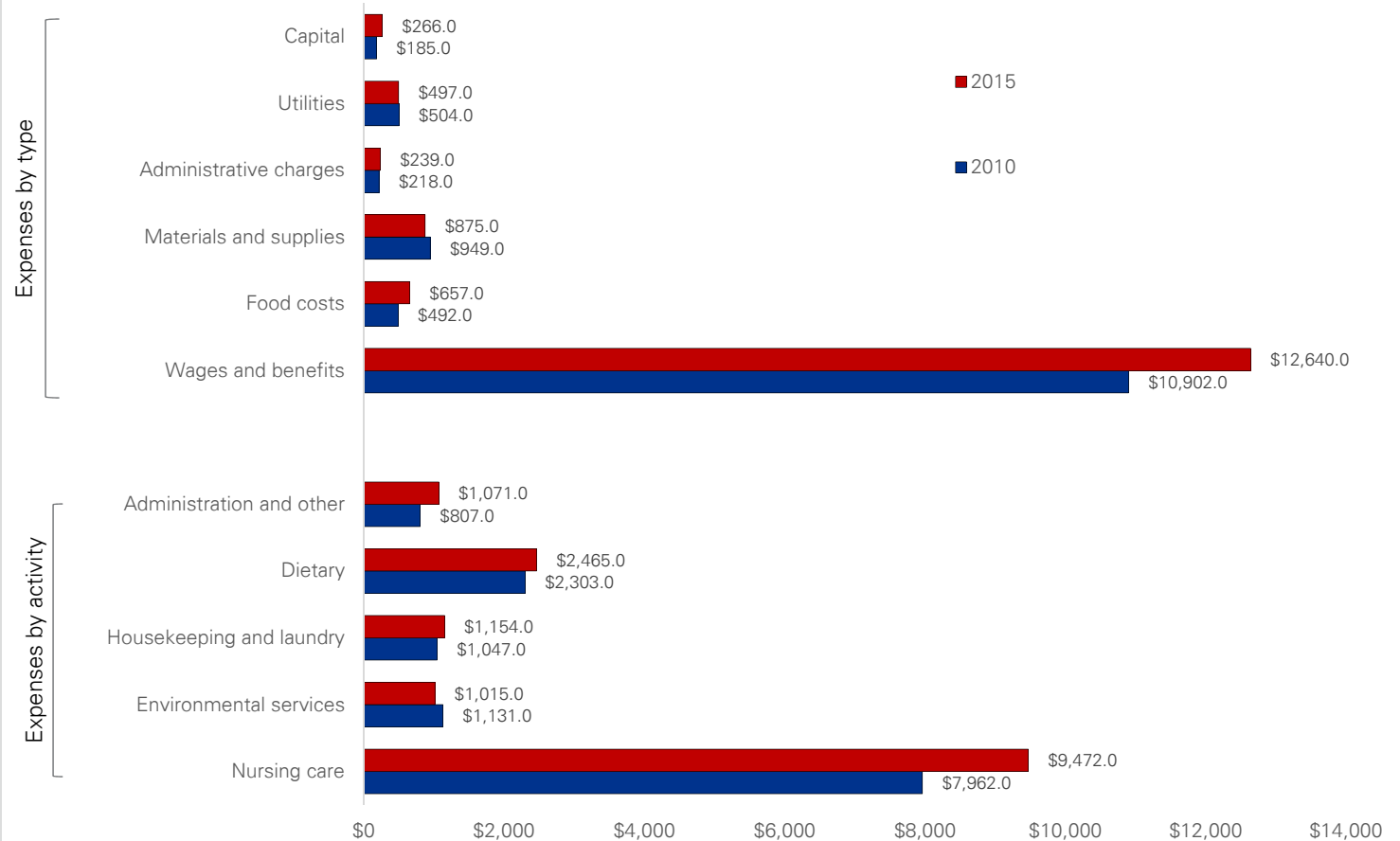
D. Financial Performance

Total budgeted expenditures for Golden Manor in 2015 amount to \$15.17 million, 83% of which are wages and benefits. As noted below, nursing care represents the largest activity from the perspective of total budgeted expenditures, amounting to 62% of total spending.

	Nursing Care	Community Home Services	Home Support Program	Environmental Services	Housekeeping and Laundry	Dietary	Administration	Total
Wages and benefits	\$9,065,755	\$98,000	\$91,840	\$317,000	\$998,900	\$1,686,480	\$383,000	\$12,640,975
Food costs	–	\$10,000	–	–	–	\$647,500	–	\$657,500
Materials and supplies	\$372,438	\$7,340	\$39,080	\$201,000	\$126,000	\$91,100	\$38,050	\$875,008
Administrative charges	–	–	\$13,850	–	–	–	\$226,050	\$239,900
Utilities	–	–	–	\$497,240	–	–	–	\$497,240
Capital	\$34,000	–	–	\$162,400	\$30,000	\$40,000	–	\$266,400
Total	\$9,472,193	\$115,340	\$144,770	\$1,177,640	\$1,154,900	\$2,465,080	\$647,100	\$15,177,023
2014 actual	\$9,228,056	\$116,873	\$144,189	\$1,231,299	\$1,148,073	\$2,383,753	\$627,305	\$14,879,548

Since 2010, total budgeted spending for Golden Manor has increased by \$1.92 million (\$13.25 million in 2010 vs. \$15.17 million in 2015). As summarized on the following page, the majority of this increase is due to higher wages and benefits, which have increased by \$1.7 million during the same period, representing an average annual increase of 3.0%. From a functional perspective, nursing care has accounted for the bulk of the increase in budgeted expenditures, increased by \$1.51 million or an average of 3.5% per year since 2010.

Golden Manor budgeted expenditures (in thousands of dollars)



E. Municipal Comparison

After consideration of Provincial grants, user fees and other revenues, the City’s budgeted support for Golden Manor amounts to \$3.56 million, or \$182.03 per household. As noted below, this represent the highest level of municipal support for long-term care among the comparator municipalities from both a per household basis and in absolute dollars.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted municipal support for long-term care	\$3,565,223	\$2,530,254	\$1,605,200	\$1,039,420	–	\$3,482,223
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Budgeted municipal support per household	\$182.03	\$108.80	\$76.20	\$48.33	–	\$46.52

The high level of municipal support required for Golden Manor in comparison to other municipal long-term care facilities is a reflection of two factors:

- Golden Manor has a significantly higher nursing cost per resident day of care than other long-term care facilities. As noted on the following page, Golden Manor incurs \$135.06 in nursing costs per resident day of care. In comparison the average nursing care cost per resident day for ten selected municipal long-term care facilities is \$118.27. This differential of \$17.00 per day is likely due to a combination of factors, including the mix of nursing staff (with Golden Manor having a relatively high complement of registered nurses) and the past direction of Council to increase the level of personal support worker hours.

The differential of \$17.00 per day in nursing costs, if eliminated, would reduce the City’s municipal contribution by as much as \$1.1 million.

- Golden Manor receives a lower proportion of its non-grant revenue in preferred fees (8.4%) than the selected comparator long-term care facilities (11.3%). As a result, Golden Manor’s resident fee revenue per day (\$53.35) is lower than the average of the comparator facilities (\$57.32), requiring a higher level of municipal support. We estimate that the differential in resident fees per day amounts to approximately \$250,000 per year.



City of Timmins Service Delivery and Operational Review

Golden Manor

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

	Golden Manor	Comparative Long-term Care Facilities										
		No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8	No. 9	No. 10	Average
Location	Timmins	Southern Ontario					Northern Ontario					
Number of resident days ('000)	66	60-70	>70	60-70	<60	>60	>60	<60	<60	>60	<60	72
Cost per resident day												
Nursing and personal care	\$135.06	\$118.35	\$127.48	\$152.71	\$103.15	\$114.74	\$106.01	\$104.14	\$118.50	\$119.92	\$117.67	\$118.27
Program support services	\$4.78	\$9.88	\$10.21	\$10.20	\$10.74	\$10.00	\$9.60	\$9.99	\$9.70	\$8.98	\$10.66	\$10.00
Raw food	\$8.75	\$8.09	\$8.00	\$8.07	\$8.01	\$8.32	\$8.28	\$7.99	\$7.85	\$8.73	\$7.97	\$8.13
Housekeeping	\$13.07	\$13.84	\$8.79	\$19.59	\$8.62	\$8.26	\$8.59	\$4.94	\$8.85	\$14.69	\$8.86	\$10.50
Building maintenance	\$5.02	\$6.25	\$6.48	\$9.14	\$5.46	\$6.68	\$4.47	\$5.98	\$10.59	\$6.90	\$5.51	\$6.75
Dietary	\$22.26	\$19.41	\$16.67	\$23.90	\$18.54	\$22.29	\$16.51	\$13.65	\$17.65	\$22.29	\$18.01	\$18.89
Laundry and linen	\$3.84	\$3.08	\$3.73	\$5.38	\$4.53	\$4.85	\$4.77	\$3.91	\$2.56	\$5.31	\$3.66	\$4.18
Resident fees												
Preferred as a percent of total	8.4%	17.5%	14.9%	9.5%	9.7%	11.6%	10.1%	12.4%	11.5%	5.7%	10.3%	11.3%
Average per resident day	\$53.36	\$62.11	\$61.28	\$57.81	\$54.82	\$54.46	\$56.82	\$59.83	\$57.90	\$50.44	\$57.79	\$57.33

A. Mandate

Tourism Timmins is tasked with the promotion of Timmins as a tourism destination and is responsible for:

- Operation of the City's Welcome Centre;
- Coordination of festivals and special events, with Tourism Timmins acting as the lead for the annual kayak festival ;
- Tourism-related product development;
- Coordination of industrial tours; and
- Coordinate the summer concert series.

Prior to the retention of a full-time communications coordinator, Tourism Timmins was participated in corporate communications.

B. Basis for Delivery

Tourism development is a discretionary service with no regulatory requirement for municipalities to undertake this type of activity.

C. Organizational Structure

Tourism Timmins employs a total of three full-time employees:

- Manager of Tourism, Events and Communication, with overall responsibility for tourism development;
- Coordinator of Festivals, Events and Special Projects
- Coordinator of Meetings, Conventions and Sports Tourism

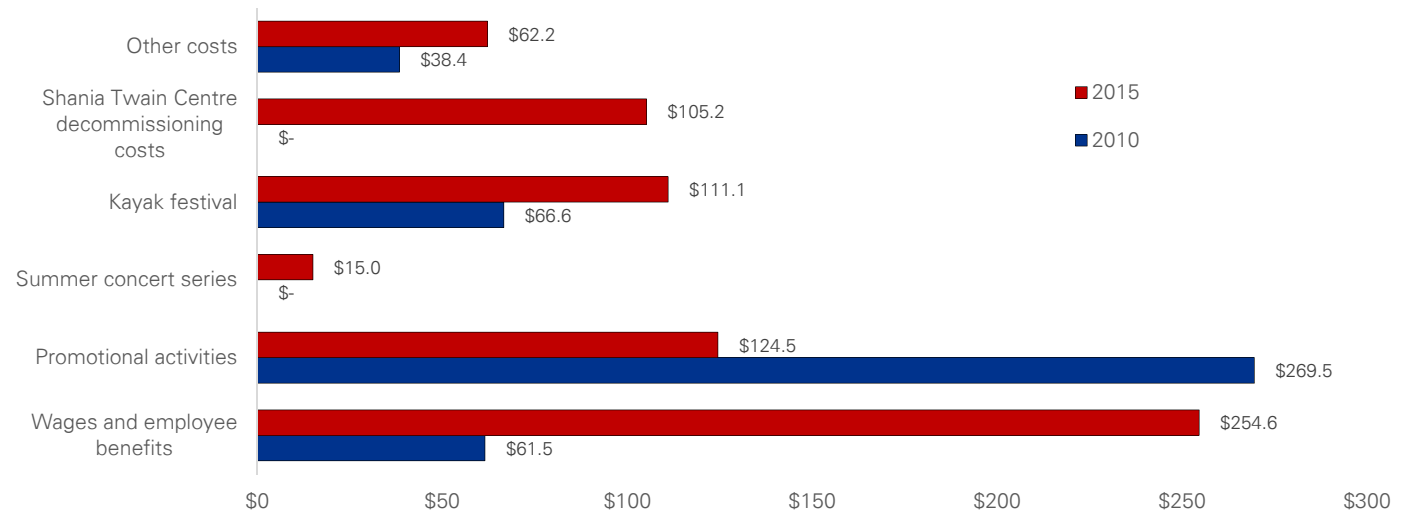
D. Financial Performance

The City's 2015 budget included \$672,550 in expenditures for Tourism Timmins. As summarized on the following page, wages and benefits represented the largest expense item, accounting for almost 40% of total budgeted expenditures.

Since 2010, the budget for tourism development has increased by 54% (\$436,000 in 2010 vs. \$672,000 in 2015). Of this increase, almost half relates to costs for the decommissioning of the former Shania Twain Centre. The remainder relates to increase in the cost of the Kayak Festival (+\$45,000) and personnel costs (+\$193,000), offset by decreases in promotional activity costs (-\$145,000).

	2014 Actual	2015 Budget
Wages and employee benefits	\$230,938	\$254,600
Promotional activities	\$130,769	\$124,500
Travel, training and conferences	\$10,047	\$11,800
Rent	\$24,422	\$24,000
Summer concert series	\$14,235	\$15,000
Kayak festival	\$116,798	\$111,050
Shania Twain Centre decommissioning costs	\$97,377	\$105,200
Other costs	\$31,470	\$26,400
Total	\$656,056	\$672,550

Tourism budgeted expenditures (in thousands of dollars)



E. Municipal Comparison

From a financial perspective, the City's contribution towards tourism development is significantly higher than other communities in Northeastern Ontario, amounting to \$22.53 per household in Timmins compared to an average of \$4.83 per household for North Bay and Sault Ste. Marie. This difference of \$17.70 per household equates to approximately \$350,000 (\$17.70 x 19,586 households in Timmins).

In addition to the difference in overall municipal financial support for tourism development, it also appears that Timmins is different from other Northeastern Ontario municipalities by virtue of the fact that it directly employs staff for tourism development, as opposed to other communities that appear to pursue tourism development through a combination of economic development personnel as well as third party services (i.e. advertising contracts).

	Timmins	North Bay	Sault Ste. Marie	Sudbury ⁴¹
Total budgeted municipal support (2015)	\$441,300	\$168,655	\$82,700	n.a.
Number of households	19,586	23,257	34,407	74,851
Municipal support per household	\$22.53	\$7.25	\$2.40	n.a.

⁴¹ Tourism costs for Sudbury are reported as part of economic development and are not disclosed separately.

A. Mandate

The Victor M. Power Airport provides infrastructure for air transportation to and from Timmins, including scheduled air service to:

- Toronto via Air Canada Jazz and Porter Airlines
- Sudbury and Kapuskasing via Bearskin Airlines
- Moosonee via Air Creebec and Thunder Airlines, with connections to Attawapiskat, Fort Albany, Peawanuck and Kasechewan

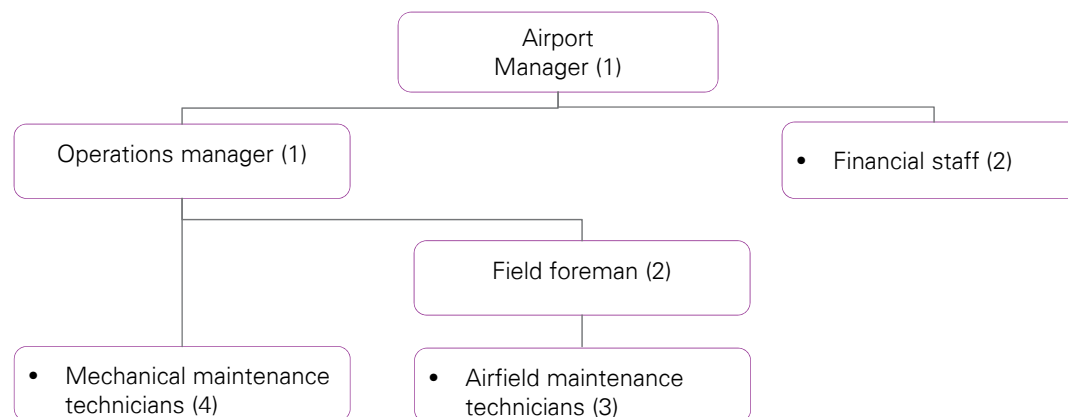
The Airport acts as a regional transportation hub for movements to the James Bay Coast, including air service to the DeBeers Victor Mine. The Airport also hosts operations for the Aviation and Forest Fire Management Branch of the Ministry of Natural Resources and Ornge.

B. Basis for Delivery

The Airport was established in 1955. There is no regulatory requirement for Ontario municipalities to operate airports and unlike most municipal services, the legislation governing airport operations is Federal as opposed to Provincial.

C. Organizational Structure

The Airport employs a total of 13 full-time and seven seasonal staff, the majority of which are involved in facility maintenance. The Airport's organizational structure and full-time staffing complement is provided below.



D. Level of Activity

During 2014, a total of 2,549 plane movements occurred at the Airport, with 210,448 passengers either emplaning or deplaning during this period. From a passenger perspective, the Airport is the second busiest airport in Northeastern Ontario, handling slightly fewer passengers than Sudbury (232,879) but more than Sault Ste. Marie (187,834 passengers in 2013).

E. Financial Performance

The Airport has traditionally been a net revenue generator for the City, with its operating surpluses transferred into reserves. In determining its operating costs, the Airport is allocated costs from the City, including rent and administrative costs. Additionally, the City charges the Airport an amount in lieu of property tax, with the combined sum of these charges amounting to \$395,000 during 2014.

	2014 Budget	2014 Actual	2015 Budget
Revenues	\$3,755,000	\$3,995,331	\$3,952,000
Expenses:			
• Wages and benefits	\$1,293,770	\$1,363,513	\$1,290,000
• Advertising	\$260,000	\$346,296	\$170,000
• Contracted services (janitorial, security, parking)	\$360,000	\$395,416	\$313,000
• Vehicle costs	\$159,900	\$255,438	\$190,700
• Utilities	\$290,000	\$305,253	\$330,000
• City allocated costs	\$520,000	\$395,416	\$475,000
• Capital contributions	\$426,000	\$12,240	\$615,000
• Materials, supplies and other costs	\$396,900	\$511,093	\$480,400
Total expenses	\$3,706,570	\$3,584,665	\$3,864,100
Excess of revenues over expenses before reserve transfer	\$48,430	\$410,666	\$87,900
Contribution to reserves	\$48,430	\$410,666	\$87,900



City of Timmins Service Delivery and Operational Review

Airport

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

F. Municipal Comparison

While North Bay, Sault Ste. Marie and Sudbury all have airports, these are operated by Airport Development Corporations (as opposed to directly by the municipality) and do not appear to receive any financial support from their municipalities or provide any financial return to their municipalities.

Belleville appears to have no financial involvement with its airport, while Cornwall provides a contribution of \$211,000 to a regional airport.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted municipal support	(\$568,430)	-	-	\$211,560	-	-
Number of households	19,586	23,257	21,065	21,507	34,407	74,851
Budgeted municipal support per household	(\$29.02)	-	-	\$9.84	-	-

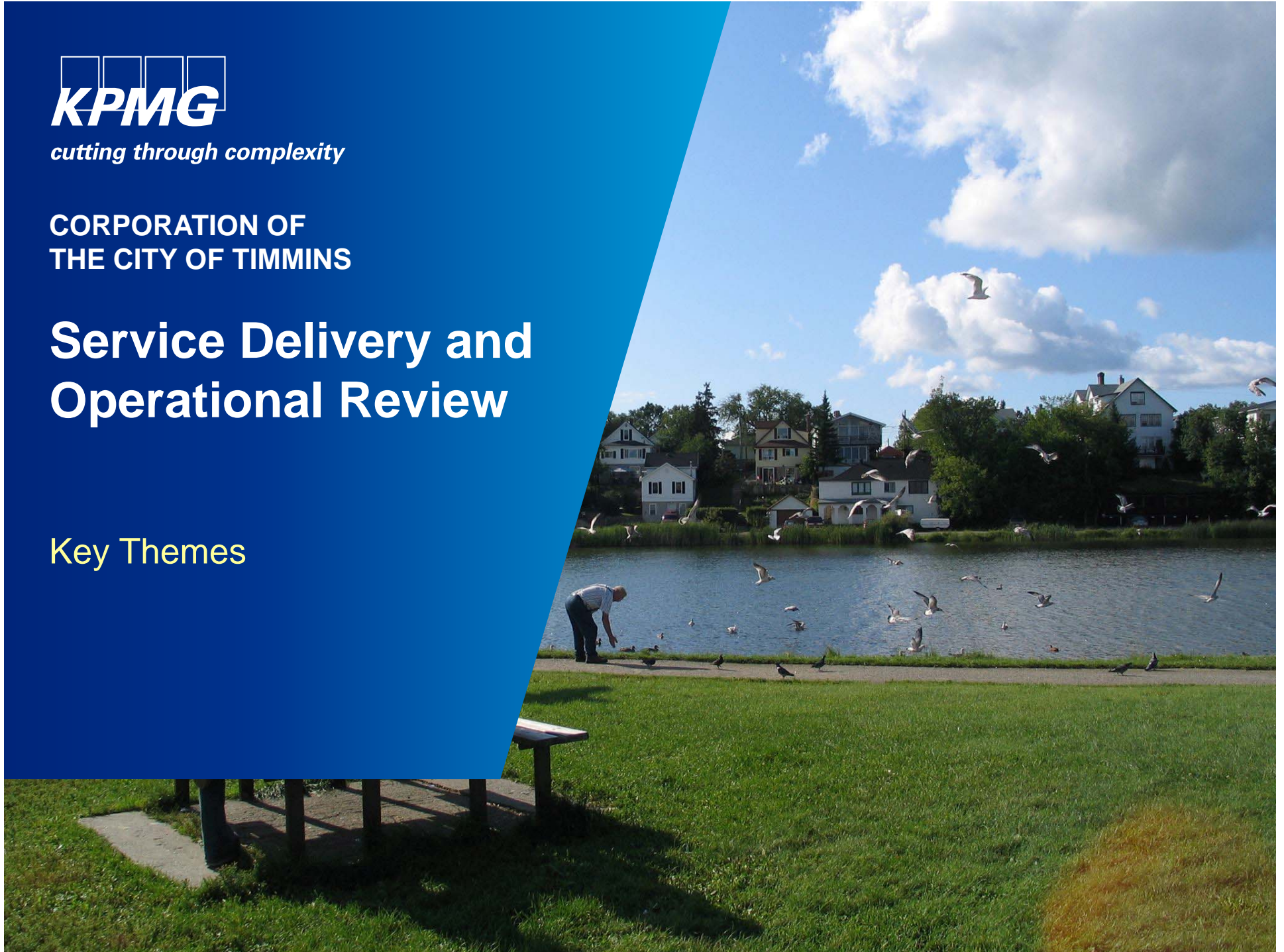


cutting through complexity

**CORPORATION OF
THE CITY OF TIMMINS**

Service Delivery and Operational Review

Key Themes



During the course of our review, a number of themes emerged which support the rationale for the service delivery and operational review and its focus on enhancing the efficiency of the City's operations while reducing costs. While we understand that the concept of a service delivery and operational review has been under consideration for some time, the findings of our review indicate that a number of potential areas for improvement currently exist within the City's operations, with the potential for significant additional financial pressures in the short to medium term future.

As the scope of our review is intended to focus on areas for potential improvements and/or cost reductions, we have not provided commentary on the positive aspects of the City's operations, which include (but are not limited to) the following:

- The City utilizes what we consider to be a highly innovative system for recording employee time at Golden Manor, with employees logging in and out of the system through the use of their thumb print.
- The City's airport operations, by virtue of its position as a regional hub, provides a meaningful financial return to the municipality.
- In a number of areas, including fire and police services, the City's costs compare favourably to (and in some cases are lower than) comparable municipalities.
- In constructing what we consider to be a modern and impressive library facility for its residents, the City has demonstrated the ability to enter into shared service arrangements with other organizations that have also been incorporated into the facility. Similarly, the City has demonstrated a willingness to consider the use of third party arrangements for recreational services such as ice time rentals and gymnastics programming.
- In an effort to reduce costs and time requirements associated with planning applications, Planning Services has introduced preliminary planning conferences for clients that facilitate planning applications by identifying information requirements and approvals up-front, reducing the potential for unforeseen delays later in the planning process.

We have provided on the following pages a summary of areas of concern that are intended to be addressed by the opportunities presented later in our report.

A. Taxation levels appear high compared to other Northern municipalities, with additional pressures likely materializing in the short to medium term future

As noted earlier in our report, the City has one of the higher levels of taxation (both in terms of average tax per household and property taxes as a percentage of household income). While the difference between the City and other large Northeastern Ontario communities is relatively small in absolute terms (less than \$160 per year), there are two factors that will place added pressure on municipal taxes in the City, particularly the residential component of the levy.

- We understand that Glencore has announced the potential closure of its remaining operations in the City by as early as 2022. In addition to the loss of over 1,000 jobs and the removal of \$280 million in spending from the local economy, the closure would result in the loss of approximately 40% of the City's industrial tax base. This will require the City's remaining taxpayers to fund Glencore's former share of the municipal tax levy, with the impact compounded by the fact that as large industrial properties, Glencore pays 2.93 times more tax per dollar of assessment than residential taxpayers due to the application of the large industrial tax ratio. The closure would shift in excess of \$1 million to residential taxpayers (representing an increase of approximately 4%), with the remaining non-residential taxpayers also required to fund a portion of Glencore's current contribution to the municipal levy.
- Additional increases in the municipal levy may result from ongoing assessment appeals. At the date of this report, 257 requests for reconsideration and appeals filed in 2015 were still outstanding, involving properties with 2015 taxes of \$53.6 million. During 2015, 52 appeals and reconsiderations were processed, resulting in a reduction of the City's taxation revenues of just over 10% of the taxes under appeal. While the ultimate result of the remaining requests for reconsideration and appeals cannot be reasonably determined, it could amount to as much as \$5.4 million (i.e. 10% of the taxes under review), based on the City's experience to date.

The City's experience with respect to requests for reconsideration and appeals is consistent with our understanding of the experience of a number of larger municipalities, which have witnessed an increase in the amount of appeals filed with the Assessment Review Board, specifically appeals by commercial property owners citing so-called 'functional obsolescence' – the argument that properties are too large for their current use and as such, have suffered an impairment in value that should be reflected in their assessed values.

It should be recognized that the City's relative taxation levels is influenced by a number of factors, including the delivery of non-core services, service levels that exceed other comparator municipalities, operating inefficiencies and the reliance on municipal taxes as opposed to user fees to finance municipal services.

B. The current organizational structure is characterized by a high number of direct reports and places the City at risk for inefficiencies in certain instances

The City’s current organizational structure divides its operations into 11 functional units, each reporting to the CAO. The number of direct reports in the City’s organizational structure is higher than other Northern Ontario municipalities, which typically have between six and eight direct CAO reports (including in-house legal counsel, which is not present in the City).

Direct CAO Reports	Timmins	North Bay	Sault Ste. Marie	Thunder Bay	Sudbury
Clerk	✓		✓	✓	
Fire chief/emergency services	✓	✓	✓	✓	✓
Long-term care	✓				
Airport	✓				
Tourism development	✓				
Communications	✓			✓	✓
Infrastructure/Public works	✓	✓	✓	✓	✓
Community services	✓	✓	✓	✓	✓
Human resources	✓		✓		✓
Information technology	✓				
Finance	✓	✓	✓		✓
In-house legal counsel ⁴²		✓	✓	✓	
Corporate services		✓			✓
Growth, development, planning			✓		✓

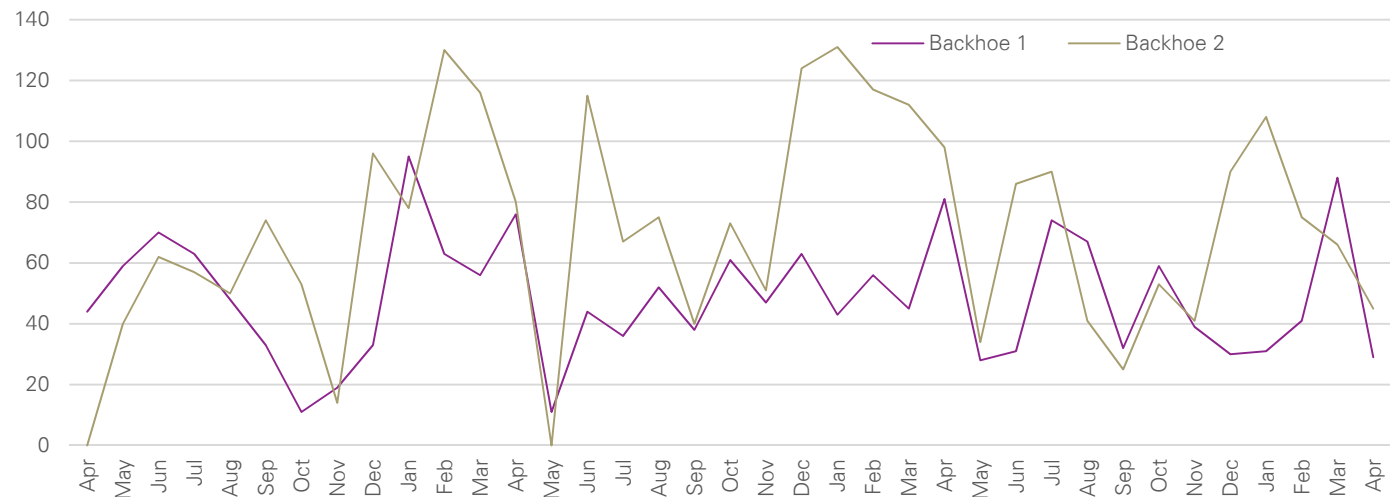
⁴² While Sudbury maintains an in-house legal counsel, this position does not report directly to the CAO but rather reports through corporate services.

Organizations with a large number of top-level direct reports are typically viewed as being at the risk of so-called ‘silencing’, characterized by functional units operating independently of each other with reduced collaboration and resource sharing. This risk is further compounded by the fact that a large number of direct reports is difficult to manage from a practical perspective, leading to information gaps that preclude effectively addressing silencing.

During the course of the functional team meetings, we were advised that there is a degree of non-collaboration between certain of the City's functional units. The absence of collaboration exposes the City to inefficiencies and increased costs due to competing demand for resources or, in some cases, the need for functional units to purchase resources from outside the organization even though these resources are available in other City functional areas. Some examples of these instances of lack of collaboration, and the implications for the City, include the following:

- One municipal department implemented a new system for recording employee time worked without advising the City's Information Technology, Financial Services or Human Resources departments until the system was implemented and ready to go live. We understand that as a result of this lack of collaboration, the City experienced difficulties integrating the new system with its existing payroll and human resources modules and information technology support processes.
- One municipal department currently rents backhoes from a private sector equipment supplier (at a cost of approximately \$25,000 per year), notwithstanding the fact that two of the four City-owned backhoes have been used an average of 48 hours and 70 hours per month over the past three years. At the same time, some municipal facilities have their parking lots plowed by outside contractors as opposed to City personnel despite the apparent availability of equipment, with one department incurring \$30,000 per year for contracted snowplowing costs.

Hourly equipment hours for selected backhoes (April 2012 to April 2015)



C. Aspects of the City’s operations could benefit from an enhanced focus on accountability

As a publicly-funded organization, it is reasonable to expect that a key priority of the City would be to ensure the effective and efficient use of taxpayers funds, which would require a degree of accountability within the organization. In contrast to this fundamental concept, we were advised during functional team meetings and individual interviews that the extent to which the City assesses performance and ensures the effective use of public funds – both with respect to management and non-management personnel – could be enhanced.

During the course of our review, we identified a number of situations that would support the content that accountability measures within certain areas of the City could be strengthened, including (but not limited to) the following:

- We have identified two instances where significant expenditures were incurred that resulted in no value to the City and which appear to have been avoidable. In the first instance (which occurred prior to the current director being appointed), several hundreds of thousands of dollars were spent on technology that was installed, never used and ultimately discarded. In the second instance, the City was required to spent several hundreds of thousands of dollars to repair infrastructure damage that was caused by the actions of City personnel, the cost of which could have been mitigated had the City undertaken prompt action to rectify the situation (as was advised by staff at the time). In both instances, it appears that the individuals involved were not held to a sufficient level of accountability.
- At the present time, there is no requirement for senior staff to provide monthly explanations for variances between budgeted and actual financial results and in certain instances, senior staff confirmed that this type of analysis does not occur on a monthly basis. While the establishment of financial monitoring controls are at the discretion of City, our experience demonstrates the monthly budget to actual variance analysis is a common/best practice for municipalities of similar size, services and complexity as the City.
- In at least one department, staff are not provided with a schedule of work activities but rather are allowed to use their discretion as to the type and frequency of work to be undertaken.
- During the period from August 11, 2014 to October 23, 2014, the City paid a total of \$11,200 for the rental of a John Deere 310J backhoe/loader from a third party, despite the fact that the City appears to have had availability within its fleet of four owned backhoes (including two that appear to be the same as the one rented by the City), as noted below.

	Hours Used		
	August	September	October
2001 Case 590 Super SM	67	32	59
2001 Case 590 Super SM	41	25	53
2010 310SJ John Deere	58	104	122
2012 310SJ John Deere	96	106	69

D. Certain systems do not appear to provide necessary information for effective decision-making

As outlined in earlier chapters of our report, the City is a large organization that delivers a significant number of programs and services to its residents. Given the overall size of the City, the complexity and sophistication of its operations and the potential risks that it faces – financial, health and safety for both its employees and residents, legislative – we suggest that its decision-making processes need to be comprehensive and evidence-based. This, in turn, requires information systems that provide information that is both relevant and timely. However, the results of our review include instances where the City's systems do not appear to provide an adequate level of information necessary for effective decision-making and the monitoring of its financial performance, examples of which include:

- As noted earlier, the City does not have a functioning maintenance management system ('MMS') for the capture and reporting of costs and performance measures. As a result, the City does not have access to what we consider to be key information for the effective delivery of infrastructure maintenance services. In the absence of MMS, we understand that the City makes high level allocations of employee time based on broad categories (winter maintenance, gravel roads, etc.) as opposed to more detailed groupings that reflect the activities actually undertaken. The results of the review also indicated that the City had difficulty providing information concerning activities on a timely basis⁴³, with staff required to accumulate information from various sources (including hard copy documents) to provide relatively basic information concerning the City's activities. Accordingly, it would appear that the lack of MMS results in not only a lack of detailed information, but also timeliness issues for the presentation of what information is available, precluding the City from:
 - Budgeting public works expenditures based on projected number of procedures (e.g. water main breaks) and the cost per procedure performed;
 - Tracking actual costs by procedure type and identifying budgetary variances. In addition, the city is unable to determine if budget variances are due to (i) differences between the number of planned and actual procedures; and (ii) differences between the planned and actual cost per procedure.
 - Evaluating the cost per procedure performed by internal resources vs. external contractors in order to assess which delivery model results in the lowest cost.
- The City does not have a consistent approach to the management of its facilities. We were advised that the City has two different facility work order maintenance systems in place – one system for water and wastewater treatment facilities, a different system in place for other facilities – although not every facility is covered by a work order maintenance system. As a result, preventative maintenance activities are at risk of being undertaken inconsistently across the City's inventory of buildings.
- While the City undertakes periodic 'dips' of its fuel tanks, it does not maintain a perpetual inventory of fuel inventories that would allow for a comparison against the actual dipped volumes of fuel and as such, is unable to identify fuel losses until a year-end costing of inventory is performed.

⁴³ During the course of the review, one department required four months to prepare information requested by KPMG.

E. The current suite of services include non-core services as well as services with relatively high service levels

During the course of our review and as discussed in more detail later in our report, the City currently provides a number of services that (i) are not delivered by other communities; (ii) can be funded through sources other than taxation; and/or (iii) involve a service level that is higher than what is required. This City's involvement in this form results in the diversion of resources from other core areas (both operational and capital) and places pressure on the municipal levy with the effect of increasing concerns over affordability.

Opportunities for the elimination of non-core services as well as potential reductions to service levels are discussed in the next chapter of our report.

F. Effective planning for capital appears to be absent

The City's recently prepared asset management plan indicates that it is on the cusp of a major infrastructure reinvestment requirement as its assets approach end of useful life. Specifically, the asset management plan estimates that the City would need to spend almost \$300 million to replace those components of its infrastructure that will reach the end of their useful lives. Of this amount, \$111 million relates to assets that are considered to be either extreme or high risk, which reflects not only a high probability of failure over the next decade, but also significant consequences once a failure occurs (e.g. threats to public health and safety). In comparison to these amounts, the City's total capital budget for 2015 is \$10.8 million.

Recognizing that the City will almost certainly be required to prioritize its capital needs in order to maximize its return on investment, effective capital planning is arguably a key element of long-term financial sustainability. However, the results of our review have identified areas of concern with respect to the City's capital planning process, including the absence of long-term capital plans for certain (but not all) departments.

With respect to capital planning, there also appears to be a general reluctance on the part of the City to consider the co-location of different departments into shared facilities as a means of achieving reductions in operating and capital costs. For example:

- While the results of our review indicate apparent operational challenges arising from two separate roads depots, the City has not pursued the use of a facility (which could potentially house other municipal departments such as fire services), choosing instead to purchase a replacement depot, continuing the current two-depot system;
- While the City has identified the need for a new downtown fire station, it did not proceed with a combined emergency services facility when constructing its new police building, nor did it pursue a shared facility with the DSSAB, which has constructed a stand-alone EMS base in the downtown core; and
- The City is currently evaluating the construction of new aquatics centre, notwithstanding the fact that a multi-use recreational facility, which would allow it to consolidate aquatics, ice pads and other recreational activities into a single site, may represent a preferred solution.

The City has also displayed, in certain instances, a reluctance to act on commissioned reports and analysis that recommend divestment of infrastructure in response to the actual level of demand for municipal services. For example, while the recently commissioned recreation master plan has recommended the decommissioning of outdoor sports fields, parks and playgrounds, we understand that the City has yet to act on these recommendations. We were advised that the apparent reluctance on the part of the City to consolidate or rationalize facilities reflect an overriding desire to preserve the level of existing municipal facilities in each electoral ward. If accurate, this would suggest that facility and capital planning are being undertaken on a ward-by-ward basis as opposed to a City-wide approach.

In addition to asset rationalization and consolidation, the City's capital planning process is also challenged by:

- The apparent absence of long-term needs analysis that attempts to identify equipment requirements based on the City's current needs. In the absence of this analysis, it appears that the City is on a so-called 'fill and replace' approach whereby it continues to purchase the same type of equipment even though it does not fully meet its needs. We were advised that this is prevalent within certain aspects of the City's public works fleet.
- The continued reliance on purchasing equipment that has a high degree of seasonal use, with significant periods of off-peak utilization, as opposed to alternate methods of procurement (rentals, contracted service).
- The absence of a formal reserve fund policy that identifies, allocates and protects funding for future capital expenditures.

G. Key policies for financial management appear to be absent or inconsistently applied

Based on our discussions with the City's Financial Services department, we understand that the City does not have certain key policies that normally establish the policy environment for major financial decisions. Examples of missing or outdated policies include:

- Reserve and reserve fund policy
- Capital financial policy
- Debt use policy
- Budgeting policy
- Investment and treasury policy

Notwithstanding the existence of policies in other areas, it appears that the application of certain policies is not consistent across the City, with some departments operating in contravention of established policies. For example:

- While most departments are required to obtain Council approval for budget overruns on capital projects, we were advised that the Public Works and Engineering department is permitted to redistribute funds within its capital budget allocation to fund overruns without the need for Council approval.
- The results of our review have identified instances where major contracts were awarded without a competitive procurement process, representing contravention of the City's procurement policy.

H. Certain processes appear to be inefficient

The service delivery and operational review included process mapping of selected process streams, the intention of which was to obtain an understanding of the work steps undertaken by City personnel as part of the overall process. The results of the process mapping, which are submitted under separate cover, have identified a number of areas where the City's processes could potentially be enhanced through the elimination of duplicate work efforts, increased use of automation (particularly through better interfacing of different systems), better assignment of work efforts and other measures. Examples of areas for potential improvement include the following:

- Hours worked for the City's fleet maintenance mechanics is currently recorded multiple times, including (1) upon completion of the mechanics' timesheets; (2) upon entry of the hours worked into the vehicle maintenance work order system; (2) upon entry into an Excel spreadsheet; and (4) upon entry into the City's payroll system.
- In one instance, a City employee would process financial transactions through the City's financial management system (iCity) and would also complete an Excel spreadsheet that duplicates the calculations as a means of testing the outputs from the system.
- In certain instances, senior management personnel (e.g. departmental directors and divisional managers) are responsible for clerical activities, including inputting employee hours worked and making travel arrangements for staff.

I. Opportunities for user fees and other non-taxation revenues do not appear to be pursued to the extent as other municipalities

The results of our review indicate an overall reluctance on the part of the City (both Council and staff) to charge users for services where the opportunity exists, with staffing citing Council's past tendency to override cost recovery efforts in the past. In certain instances, the City's cost recovery efforts are also compromised by the absence of full cost allocations for services, with the true cost of delivering a service (both the direct cost of employee wages and benefits as well as corporate support costs such as information technology and financial support) not considered when determining the appropriate amount of user fees. A number of examples where user fees and other non-taxation revenues are not pursued include the following:

- The City currently does not charge users for the first incident of a frozen water service in a calendar year, with residents charged \$500 for each subsequent incident incurred during the same calendar year. We have been advised by City staff that in some instances, the actual cost of repairing a frozen water service could be as high as \$5,000 to \$6,000 if the City is required to restore damage to lock stone driveways incurred during the repair. In addition, City staff advised us that residents with a high risk for froze water services are requested to run their water continuously (at no cost to the resident) in order to prevent the freezing of their service but in a number of instances, the resident will refuse to do so. In these circumstances, the standard fee for frozen water services applies, despite the fact that the resident could have prevented the incident from occurring.
- The City will utilize staff from the PRBM Division to set up and tear down stages, seating and tents for special events at no cost to the event, despite the fact that the set up for a major event could involve as many as ten City employees for a week (400 hours in total), with the City's payroll costs amounting to as much as \$20,000.
- As noted on the following page, the City recovers a lower percentage of its costs through user fees for cemeteries, transit and parks and recreation facilities. To the extent that the City adjusted its cost recovery percentage for these services to the average of Sudbury, Sault Ste. Marie and North Bay (which may actually not be possible due to affordability concerns), the incremental revenue would be in excess of \$2 million annually.

(in thousands)	Budgeted Costs	Current		Northern Ontario Average		Difference
		Cost Recovery	Revenue	Cost Recovery	Revenue	
Cemeteries	\$747	38%	\$285	95%	\$710	\$425
Transit ⁴⁴	\$6,738	25%	\$1,675	40%	\$2,695	\$1,020
Recreation facilities	\$3,577	40%	\$1,439	66%	\$2,361	\$922
Total						\$2,367

⁴⁴ Unlike other communities, we understand that the City does not have an arrangement with Northern College whereby students are automatically issued bus passes upon enrollment, which may account for a portion of the differential in cost recoveries for transit services.



City of Timmins Service Delivery and Operational Review

Key Themes

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(in thousands)	Timmins			North Bay			Sault Ste. Marie			Sudbury		
	Costs	Fees	Recovery	Costs	Fees	Recovery	Costs	Fees	Recovery	Costs	Fees	Recovery
Building services	\$702	\$659	94%	\$896	\$838	94%	\$1,060	\$796	75%	\$3,995	\$3,995	100%
Cemeteries	\$747	\$285	38%				\$1,168	\$1,068	91%	\$1,584	\$1,574	99%
Transit	\$6,738	\$1,675	25%	\$6,714	\$3,476	52%	\$9,552	\$2,583	27%	\$21,321	\$8,478	40%
Landfills	\$1,505	\$1,402	93%	\$2,050	\$2,920	142%				\$8,031	\$6,000	75%
Water and wastewater	\$10,357	\$17,764	172%	\$13,076	\$20,794	159%				\$39,493	\$60,404	153%
Parks and recreation facilities												
Archie Dillion Sportsplex	\$1,799	\$585	33%									
McIntyre Arena	\$1,067	\$497	47%									
Whitney Arena	\$354	\$211	60%									
Mountjoy Arena	\$357	\$146	41%									
Memorial Gardens				\$1,816	\$779	43%						
Pete Palangio				\$900	\$726	81%						
West Ferris				\$588	\$253	43%						
John Rhodes Centre							\$1,173	\$1,093	93%			
McMeeken Arena							\$261	\$121	46%			
Essar Centre							\$2,149	\$1,623	76%			
Sudbury arenas (14)										\$8,376	\$5,404	65%
Total/average for parks and recreation facilities	\$3,577	\$1,439	40%	\$3,304	\$1,758	53%	\$3,583	\$2,837	79%	\$8,376	\$5,404	65%



cutting through complexity

**CORPORATION OF
THE CITY OF TIMMINS**

Service Delivery and Operational Review

**Opportunities for
Consideration**



This section of our report outlines potential opportunities that could be considered by the City as a means of reducing the overall municipal levy, which generally fall into one of four categories:

- Operating efficiencies, which involve changes to the City's processes to maximize outcomes while minimizing resources;
- Service level reductions, representing either (i) the discontinuance of the City's involvement in a non-core service; or (ii) a reduction in the level of service provided;
- Alternate service delivery, which involves changing the City's delivery model for a service (e.g. internal resources vs. contracting out); and
- Revenue generation. These opportunities seek to reduce the municipal levy by identifying alternate means of funding municipal services through user fees and other cost recovery methods.

In addition to the categories noted above, we believe that opportunities will differ based on the nature of the approval required for implementation. Specifically, we suggest that some opportunities – those that are purely operational in nature – could be implemented by management without Council's explicit approval on the basis that these are operational matters and fall within management's discretion. Other opportunities – for example those involving major changes to services – are considered to be more strategic in nature and as such, would likely require Council approval prior to implementation. Ultimately, the distinction between operational and strategic opportunities rests with the City, recognizing once again that Council's role is that of a governance body.

Pursuant to the provisions of the Municipal Act, matters involving identifiable individuals (s.239(2)(b)), the proposed pending acquisition or disposition of land (s.239(2)(c)), and/or labour relations or employee negotiations (s.239(2)(d)) can be discussed during a closed session of Council due to the sensitive nature of the matters involved. KPMG has requested that opportunities meeting these conditions be included in a separate report for presentation to Council during closed session. As such, this report does not include all of the opportunities identified during the course of the review.

The potential opportunities for consideration follow.



City of Timmins Service Delivery and Operational Review
Eliminate Grants to Volunteer Associations

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Potential financial impact

- To be determined*
- Less than \$100,000*
- \$100,000 to \$250,000* x
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction* x
- Operating efficiency*
- Alternate delivery*
- Revenue generation*

Approval category:

- Strategic* x
- Operational*

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

The 2015 budget for mayor and Council includes \$105,000 for grants to volunteer associations. We note that the City has been reducing its budget for Council grants over time:

- 2014 budget \$207,900
- 2010 budget \$358,000

The City may wish to consider further reductions to or the outright elimination of the budgetary allocation for community grants as a means of reducing the overall municipal levy. Factors in support of this opportunity include the following:

- Contributions to community groups are discretionary in nature and as such, are not required to be made by the City.
- It would appear that a number of comparator communities do not provide similar grants to volunteer associations.
- The City provides in-kind support to community organizations (in addition to these grants), including the use of municipal facilities, equipment and staff at no cost.

B. Financial Impact and Timeframe

The elimination of community grants would reduce municipal expenditures by \$105,000 or 0.2% of the overall municipal levy. Changes to the City's community grants program could be introduced as part of the 2016 budget process.

C. Suggested Approval Requirements

As this opportunity impacts the budget allocation for Mayor and Council, we consider it to be a strategic-level opportunity requiring Council approval.

D. Other Considerations

In the event that the City chooses to continue with the provision of grants to community organizations, consideration should be given to establishing a formal policy with respect to community grants, including:

- The use of a standardized application process, including the introduction of a standard application form and the identification of mandatory information required from applicants, which could include:
 - Articles of incorporation/letters patent
 - Information concerning board members
 - Financial information, including formal financial statements and the required level of assurance
- Eligibility criteria for applicants, including but not limited to:
 - The types of organizations that are eligible to apply
 - The types of activities that will be supported by the City
 - The types of activities that will not be supported by the City
 - Maximum contribution amounts, both in terms of absolute dollar value and percentage of eligible costs to be funded
- The establishment of a means test for applicants that could include:
 - A requirement for applicants to contribute a percentage of eligible costs as a condition of receiving funding from the City
 - Criteria that must be met by applicants to demonstrate financial need. Alternatively, the City could establish criteria that would be indicative of an applicant not being eligible for funding such as bank balances in excess of a certain amount.
- The introduction of a so-called 'cooling off' period, whereby applicants that receive funding are required to wait a pre-defined period before becoming eligible for additional grants
- The requirement for applicants to provide a formal report subsequent to the receipt of the City's grant, including outcomes achieved and a financial report on the sources and uses of funds along with the required level of assurance



City of Timmins Service Delivery and Operational Review

Change System of Council Representation

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Potential financial impact

<i>To be determined</i>	x
<i>Less than \$100,000</i>	
<i>\$100,000 to \$250,000</i>	
<i>\$250,000 to \$500,000</i>	
<i>More than \$500,000</i>	

Type of opportunity:

<i>Service level reduction</i>	
<i>Operating efficiency</i>	x
<i>Alternate delivery</i>	
<i>Revenue generation</i>	

Approval category:

<i>Strategic</i>	x
<i>Operational</i>	

Implementation timeframe:

<i>2016</i>	
<i>Subsequent years</i>	x

A. Opportunity Overview

During the course of our review, we noted that certain aspects of the City's decision-making process appear to be influenced by the desire to preserve municipal investments in specific wards, exposing the City to the risk that initiatives that are in the City's best interests as a whole are not pursued due to the potential impacts on a specific ward. We recognize that there is a significant differential in population between the central urban area and the outlying areas that the current system attempts to address by providing equal political representation between the urban and rural areas. In addition, the current ward system appears to preserve the legacy communities that existed prior to municipal restructuring in 1973. That said, the anticipated pressures faced by the City – potential closure of Glencore's operations, significant capital reinvestments required as the City's infrastructure approaches end of life, erosion of the City's non-residential assessment base as a result of appeals and continued concerns over affordability – arguably provide support for the need to implement potentially major changes to its operations.

In order to facilitate its decision-making process and allow for decisions to be made in the best interest of the City as a whole, the City may wish to consider revising its system of Council representation to move to:

- An at-large system whereby members of Council are elected based on overall votes cast. We note that two of the five municipalities included in the comparative analysis (North Bay, Cornwall) use at-large models;
- A revised ward system that involves a realignment of wards such that each ward includes both rural and urban areas. This is similar to the realignment of ward boundaries that was introduced in Greater Sudbury upon municipal amalgamation in 2001; or
- A hybrid system that is comprised of a mix of at-large and ward representation. We note that none of the comparator municipalities use a hybrid system and anticipate that this would require an increase in Council size.

B. Financial Impact and Timeframe

We do not anticipate that changes to the City's system of Council representation would result in cost savings.

We understand that under the provisions of the Municipal Act, a change to municipal council can only be adopted through a referendum, with the introduction of a new Council structure commencing at the start of the next council (i.e. 2018).

C. Suggested Approval Requirements

Changes to Council are considered to be a strategic-level opportunity requiring Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review

Introduce Multi-Functional Printing

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Potential financial impact

- To be determined* x
- Less than \$100,000*
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency* x
- Alternate delivery*
- Revenue generation*

Approval category:

- Strategic*
- Operational* x

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

During the course of the functional team meetings, we were advised that the City has approximately 250 printers for 500 computer users. The preponderance of printers within the City, with no one standard established for printers, requires the City to maintain a significant investment in printer supplies and also complicates maintenance and servicing as the City's IT Department is required to maintain a large number of different printers.

As opposed to maintain a large number of small printers, the City may wish to consider the preparation of a cost-benefit analysis on the investment in larger multi-functional printers that would each serve the needs of a significantly higher number of users. In addition to both standardizing and reducing the City's investment in printers, multi-functional printers also have scan, fax and copying capabilities, allowing the City to reduce its overall investment in peripherals while simplifying the task of printer support and servicing. When considering the acquisition of multi-functional printers, the City could also consider the appropriate method of acquisition (lease vs. buy) as we understand that leasing printers is the prevalent method of acquisition.

B. Financial Impact and Timeframe

The estimated financial impact of this opportunity will be determined through the completion of the cost-benefit analysis. We anticipate that the annual financial impact will be \$50,000 or less.

Implementation of this opportunity could begin immediately.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, we suggest it can be implemented without Council approval.

D. Other Considerations

Consideration could be given to retaining personal printers for users that are involved in the printing of confidential and sensitive information such as employee payroll information, matters involving litigation, etc.

Consideration could also be given to procuring multi-functional printers on a collaborative basis, including the issuance of a joint request for proposal with other public sector organizations such as TADH, post-secondary institutions and local school boards.

In preparing the cost-benefit analysis, the City should ensure that the analysis is not limited to acquisition costs but rather addresses all lifecycle costing components such as printing and copying supplies and maintenance costs.



City of Timmins Service Delivery and Operational Review

Reduce IT Services Travel and Training Costs

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

- To be determined*
- Less than \$100,000* x
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency* x
- Alternate delivery*
- Revenue generation*

Approval category:

- Strategic*
- Operational* x

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

As noted below, the budgeted cost of travel, training and conferences for the IT department is approximately two to three times the amount of other corporate service-type departments. Given that travel is both a discretionary cost item and that alternatives to travel are increasing (including web-based training and videoconferencing), the City may wish to consider reducing the budget for travel, training and conferences for the IT department to a level commensurate with other departments within the City.

	Information Technology	Financial Services	Human Resources	Clerk Services
Budgeted travel, training and conferences costs	\$59,300	\$23,000	\$22,700 ⁴⁵	\$18,500
Number of full-time employees	8.0	20.0	8.0	7.0
Travel costs per employee	\$7,412	\$1,150	\$3,212	\$2,642

⁴⁵ Excludes health and safety training costs of \$85,000 which are incurred City-wide but charged to the Human Resources Department budget.

B. Financial Impact and Timeframe

Based on travel costs incurred by other corporate services departments, the City may wish to reduce the budget for IS Services travel, training and conferences by \$30,000.

This opportunity can be implemented as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, we suggest it can be implemented without Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review

Introduce Virtual Desktop Environment

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined

Less than \$100,000 x

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

The City currently leases desktop computers for staff at an annual cost of \$240,000. The City may wish to consider transition to a virtual desktop environment, which involves one or more servers running desktop operating systems and application software. The use of a virtual desktop environment would allow the City to reduce its investment in desktop computers as well as administrative and maintenance costs.

B. Financial Impact and Timeframe

City staff have estimated the savings that could be achieved through the introduction of a virtual desktop environment to be in the order of 30% of its current desktop leasing costs, or \$72,000 annually.

Implementation of this opportunity could begin immediately, although full implementation will be tied to the expiration of the City's current leases and evergreen replacement cycle for computer desktops.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, we suggest it can be implemented without Council approval.

D. Other Considerations

The introduction of a virtual desktop environment may require an initial investment in server hardware and associated software systems.



City of Timmins Service Delivery and Operational Review

Consider the Establishment of In-House Legal Counsel

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact:

- To be determined* x
- Less than \$100,000*
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency*
- Alternate delivery* x
- Revenue generation*

Approval category:

- Strategic*
- Operational* x

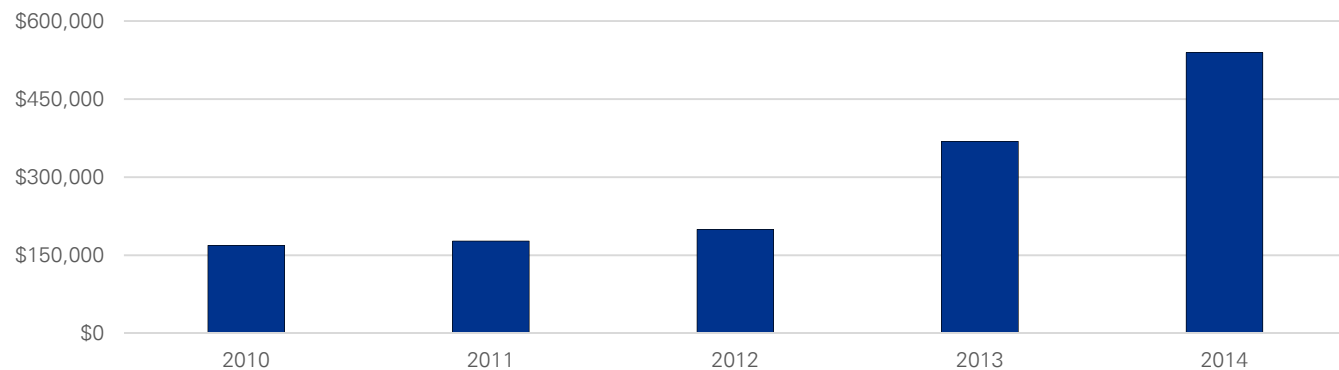
Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

Currently, the City is the only one of the five largest Northern Ontario municipalities without an in-house legal counsel, relying instead on external counsel for legal assistance, including POA prosecution. From 2010 to 2014, the City spent a total of \$1.96 million on legal services, of which approximately \$55,000 per year relates to POA prosecutions. The increase in legal fees during 2013 and 2014 relates to an increased demand for specialized legal services, as well as settlement costs associated with claims by property owners that were included in legal fees.

City legal fees (all departments and boards)



While the presence of an in-house legal counsel will not avoid the need to hire specialized legal counsel for personnel and certain litigation matters, it could assume responsibility for POA and bylaw enforcement prosecution, insurance claims, commercial legal services (reviews of leases, agreements), planning matters and other less complex legal matters.

Given the significance (and increasing amount) of legal fees, the differential in hourly costs between in-house and external legal counsel and the presence of internal legal capacity in all other large Northern Ontario municipalities, the City may wish to consider reviewing the rationale for in-house legal capacity, specifically the development of a cost-benefit analysis that considers the results of consultation with other larger municipalities in Northern Ontario. In the event that the results of the analysis support the introduction of in-house legal counsel and the City proceeds with this alternative, it may wish to do on a pilot project basis whereby a City solicitor and administrative support are retained on a contract basis for a one-year term, after which time the position is evaluated based on cost savings achieved and other measures.

Alternatively, the City may wish to forego the completion of a cost-benefit analysis, proceeding instead with the establishment of an in-house legal counsel on a pilot project basis.



City of Timmins Service Delivery and Operational Review
Consider the Establishment of In-House Legal Counsel

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

- To be determined*
- Less than \$100,000* x
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency* x
- Alternate delivery*
- Revenue generation*

Approval category:

- Strategic*
- Operational* x

Implementation timeframe:

- 2016* x
- Subsequent years*

B. Financial Impact and Timeframe

The financial impact of establishing an in-house legal counsel will be determined through the completion of the cost-benefit analysis and the completion of the pilot project term.

Contingent upon the time required to complete the cost-benefit analysis (and whether the City chooses to forego the completion of a cost-benefit analysis), the decision as to whether the City will implement an in-house legal counsel could be incorporated into the City's 2016 budget.

C. Suggested Approval Requirements

This opportunity is considered to be strategic in nature given the additional of a new functional unit within the City and the potential to increase staffing levels by at least two employees (City solicitor plus administrative assistant/clerk). Accordingly, we suggest that this opportunity require Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review
Formalize Appropriate Financial Management Policies

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic x

Operational

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

During the course of our review, we noted that the City currently lacks a number of policies that are applicable to financial management, including policies for reserves and reserve funds, capital financing, budgeting and debt. In order to ensure that the City has an appropriate financial environment that is supportive of long-term planning and financial sustainability, it may wish to consider the formal adoption of key financial policies. We have provided suggested policies to the City under separate cover.

B. Financial Impact and Timeframe

The adoption of formal policies is expected to contribute towards enhanced financial management, planning and sustainability. As such, the financial impact of these policies will apply across the City but cannot be reasonably determined.

We suggest that the development and presentation of new policies for Council approval can commence immediately.

C. Suggested Approval Requirements

This opportunity is considered to be strategic in nature as major financial policies typically require Council approval.

D. Other Considerations

As part of its policy framework, the City should establish formal milestones for the review and revision of key financial and other policies.



City of Timmins Service Delivery and Operational Review

Consider the Introduction of Procurement Cards

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

As noted earlier in our report, the City has not adopted procurement cards for low value transactions, relying instead on purchase orders to authorize these types of transactions. Given that the cost of processing a purchase order could exceed the actual cost of the item being purchased, the City may wish to consider the implementation of procurement cards for employees responsible for making frequent purchases of low value items, such as maintenance personnel.

B. Financial Impact and Timeframe

The financial impact resulting from the introduction of procurement cards (resulting from enhanced efficiencies and corporate rebate programs)

The process of investigating potential procurement card arrangements can be commenced immediately.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, we suggest it can be implemented without Council approval.

D. Other Considerations

In the event that the City does proceed with the use of procurement cards, it may wish to consider (i) the use of rebate programs that may be available from the financial institution providing the cards, which involve a payment to the City based on a percentage of total transaction; and (ii) the establishment of an appropriate system of internal controls is implemented to prevent and detect fraudulent use of the procurement cards, which may include:

- Placing restrictions on the use of cards, both in terms of total spending allowed, the types of items that cannot be purchased (e.g. alcohol) and geographic restrictions on card use;
- Requiring employees to provide receipts for all items purchased, with supervisors required to review the receipts to ensure the appropriateness of the purchases;
- Updating the City's employee fidelity insurance coverage as appropriate; and
- Monitoring monthly credit card usage by employee (e.g. trend analysis on monthly spending) to identify anomalous spending patterns.

In addition to the above, the City may wish to consider the adoption of a formal policy for the use of procurement cards, along with the requirement that employees (i) acknowledge the policy upon receipt of their procurement card; and (ii) provide annual declarations of compliance with the policy.



City of Timmins Service Delivery and Operational Review

Implement Budget-to-Actual Monitoring

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

At the present time, senior management personnel are not required to provide formal reports on the financial performance of their functional units, leading to the risk that significant budgetary overruns are not identified and addressed in a timely manner. While management provides Council with quarterly financial reports, this reporting is relatively high level and the frequency of every three months may not provide sufficient time to adjust the City's operations to reduce expenditures, particularly towards the end of the year. Accordingly, the City may wish to consider requiring all department heads to provide monthly variance analysis to the Financial Services department that includes an explanation of the factors contributing towards significant budgetary variances (which could be defined as a percentage of a budgeted item or an absolute dollar value), the courses of action to be undertaken to address the variances and the projected financial performance of the department over the remainder of the year. These monthly reports would then be consolidated into a City-wide financial analysis and reported to the CAO as part of the regular SMT meetings.

B. Financial Impact and Timeframe

The requirement for formal budget-to-actual analysis is expected to contribute towards enhanced financial management, planning and sustainability. The financial impact of this opportunity cannot be reasonably determined at this time.

The implementation of monthly budget-to-actual reporting be commenced immediately.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, we suggest it can be implemented without Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review
Establish a Uniform System for Water Billings

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

- To be determined* x
- Less than \$100,000*
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency* x
- Alternate delivery*
- Revenue generation*

Approval category:

- Strategic* x
- Operational*

Implementation timeframe:

- 2016*
- Subsequent years* x

A. Opportunity Overview

The City currently provides residential water customers with the option of being billed on either a metered or flat rate basis, which allows customers to choose the option that is perceived as resulting in the lowest cost (i.e. high volume users would likely select the flat rate, while low volume users would likely select the metered rate). From an administrative perspective, the presence of two billing options requires a duplicate approach to invoicing and could potentially complicate the budgeting process for water and wastewater services due to difficulties in forecasting consumption, which affects the metered water rate.

As a means of simplifying the overall process for water billings, the City may wish to consider establishing a single approach to residential water billing whereby all residential customers are invoiced in the same manner. In proceeding with this opportunity, the City may also wish to consider the adoption of a flat rate system for residential customers, based on the following considerations:

- A flat rate billing is generally easier to administer than metered billing;
- A flat rate billing system avoids the need to read water meters, providing a cost reduction to the City, eliminating the potential for loss of revenue from water meter tampering and eliminates the cost of new meters to the City and replacement meters to homeowners; and
- A flat rate billing system avoids so-called 'consumption risk', which is the loss of revenue that would be experienced by the City in the event that its consumption forecasts under a metered billing system are incorrect. Consistent with other municipal water systems, the majority of the City's treatment and distribution/collection costs are fixed costs that do not fluctuate with water consumption levels. As a result, an unanticipated decrease in consumption would result in revenue decreases that are not accompanied by corresponding decreases in expenses, resulting in financial deficits.

Please note that this opportunity relates to residential water billings only. While subject to change at the City's discretion, we suggest that water billings for large multi-residential and ICI customers (institutional, commercial and industrial) continue to be determined based on metered consumption.

B. Financial Impact and Timeframe

The financial cost savings associated with this opportunity cannot be reasonably determined at this time.

Given the need for public consultation and communication associated with a change in water billing structure, this opportunity will require time to implement and as such, we do not anticipate it can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be strategic in nature and as such, will require Council approval for implementation.

D. Other Considerations

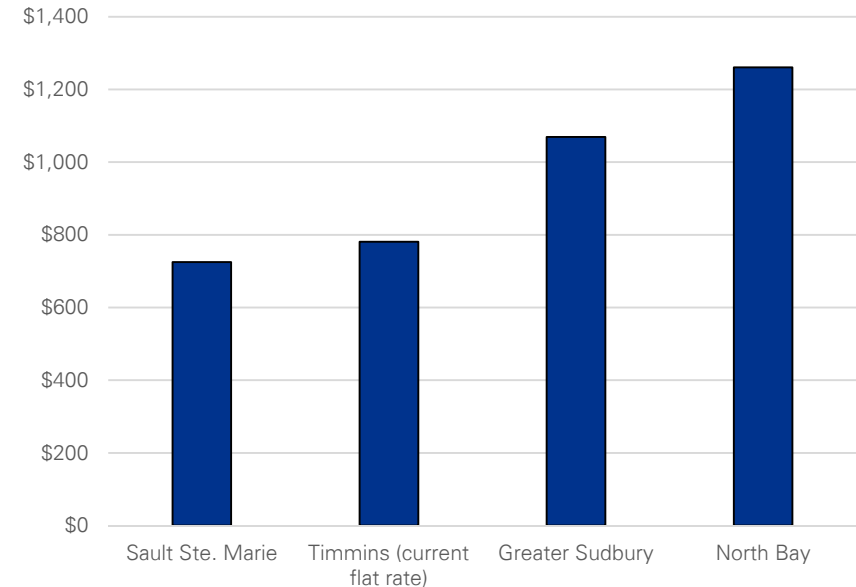
In the event that the City chooses to proceed with this opportunity, consideration could be given to conducting a formal cost-of-service study for water and wastewater services that would address (among other items):

- The total cost of providing water and wastewater services;
- The appropriate allocation of costs between residential, multi-residential and ICI customers;
- The identification and evaluation of rate structures for metered customers, including the type of metered rate (constant, declining, increasing) and the determination of fixed monthly charges for metered customers;
- Capital reinvestment requirements for the City’s water and wastewater infrastructure; and
- Alternatives for the funding of fire protection capacity incorporated into the City’s water system, including the potential shift of these costs to the municipal levy.

The completion of a cost-of-service study would provide the City with support for overall changes to its water and wastewater rates, which we note are the second lowest of the four large Northeastern Ontario municipalities.

In addition to the above, the City may also wish to consider whether to introduce some form of program to address affordability issues arising from a shift to a single residential water rate system. Given that individuals with fixed incomes such as seniors and those receiving social assistance may be adversely impacted by the proposed move to a single rate system, the City could consider a rebate program similar to a seniors’ tax rebate program.

Annual residential water and wastewater charges (assuming 20 m3 of consumption per year)





City of Timmins Service Delivery and Operational Review

Implement Charges for False Fire Alarms

FINAL REPORT
October 26th, 2015
This report should be read in its entirety

Potential financial impact

- To be determined* x
- Less than \$100,000*
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency*
- Alternate delivery*
- Revenue generation* x

Approval category:

- Strategic* x
- Operational*

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

From 2012 to 2014, 39% of calls for service received by Fire Services were false alarms (440 per year on average), for which the City does not charge a false alarm fee on the basis that they do not want to discourage residents from calling for assistance. We note however, that a number of municipalities do charge for false fire alarms, including North Bay and Sudbury (a review of Sault Ste. Marie's user fee bylaws did not identify false alarm fees for fire services). We also note that the TPS charges a fee for false police alarms.

Recognizing the cost associated with responding to a call for service, the City may wish to consider the adoption of a fee for false fire alarms. The false alarm fee could consider different rates for residential and non-residential customers, as well as an escalating fee schedule whereby the amount increases by call (e.g. first call free, second call \$400, third call \$800).

B. Financial Impact and Timeframe

The level of revenue generated by this opportunity will be contingent upon the fee structure determined.

The implementation of user fees for false alarms can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity will require changes to the City's user fee bylaw and as such, Council approval will be required. Accordingly, we have considered it to be a strategic-level opportunity.

D. Other Considerations

In the event that the City chooses to proceed with this opportunity, consideration should be given as to whether false carbon monoxide alarms should be included in the types of calls generating user fees. During the course of our review, we were advised that charging for false CO alarms could result in residents not calling the fire department, with the potential for risks for human health and safety.



City of Timmins Service Delivery and Operational Review

Introduce Full Cost Recovery For Building Services

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

- To be determined*
- Less than \$100,000* x
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency*
- Alternate delivery*
- Revenue generation* x

Approval category:

- Strategic* x
- Operational*

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

Under the provisions of the BCA, municipalities are permitted to establish fees to fully recover costs, including an appropriate allocation of overhead costs from internal groups supporting the department. To the extent that the revenues exceed actual costs, the City is required to transfer the funds to a designated reserve fund.

The City has budgeted a cost recovery percentage for building inspection services of 94% for 2015, with \$43,000 of costs anticipated to be funded through the municipal levy. Notwithstanding the budgeted revenues, we note that the actual level of support in 2014 was \$160,000, reflecting a \$202,000 shortfall in budgeted revenues. Accordingly, the amount of tax support for building services in 2015 may be higher than the amount indicated in the City's budget.

As part of its 2016 budget process, the City may wish to consider increasing the amount of revenue generated by building inspection services through (i) an increase in the rate of fees charged; and (ii) the introduction of new permit requirements. In establishing building permit fees, the City should also base its calculations on a typical year – as noted earlier, the City has experienced periods with unusually high permit values which do not recur annually and as such, these higher than normal revenues should not be considered when establishing fees for building services.

B. Financial Impact and Timeframe

Based on 2015 budgeted revenues and expenditures, this opportunity is expected to reduce the City's municipal levy by \$43,000. The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity will require changes to the City's user fee bylaw and as such, Council approval will be required. Accordingly, we have considered it to be a strategic-level opportunity.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review

Increase Focus on Occupancy Permit Issuance

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency

Alternate delivery

Revenue generation x

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

For taxation purposes, properties are added to a municipality's assessment base upon the issuance of an occupancy permit, with the taxation of properties pro-rated for when they are added to the assessment base (e.g. properties issued occupancy permits in November are taxed for two months of the year in which they are added). To the extent that a permit is issued but not closed through the issuance of an occupancy permit, the assessed value of the construction to which the permit relates to is not subject to taxation.

At the present time, the City has approximately 200 open building permits for which occupancy permits have not been issued. Additionally, we were advised that the Building Services division has not been actively pursuing the closure of these permits but has the capacity to do so during off-peak periods (November to April). Accordingly, the City may wish to increase its efforts to close open building permit files through active inspections, particularly in advance of the end of the taxation year so as to ensure taxable assessment on completed projects is included in the City's tax base.

B. Financial Impact and Timeframe

The level of revenue generated by this opportunity will be contingent upon the number of permits closed and the associated taxation revenue and cannot be estimated at this time.

The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, does not require Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review

Undertake a Review of Public Works Contracts

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

To be determined

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000 x

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery x

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

During the course of our review, and as discussed in more detail earlier in our report, we note that the cost of contracted services for the maintenance of the City's road network has increased at a rate of approximately 20% per year on average since 2010. While we understand that winter maintenance costs may have increased due to climatic conditions and material costs, we note that other Northeastern Ontario municipalities have experienced increases that are less than half that experienced by the City. While City staff have indicated that these increases also reflect the absence of a competitive bidding environment (which has left the City exposed to premium costing), we note that:

- In certain instances, the City has not undertaken competitive bidding processes for contracted services and as such, does not appear to have actually 'tested' the market;
- The City has changed its specifications with respect to the ability of contractors to include a percentage of recycled asphalt in its materials, which we understand has increased material costs. However, we understand that the City's decision to change its specifications is expected to result in reduced maintenance costs over the long-term due to less deterioration of asphalt surfaces; and
- In the absence of MMS, the City is challenged to determine the average cost of activities undertaken by contractors as well as whether the internal delivery of these services would be more cost efficient.

In addition to the above, we were advised that aspects of the City's management and oversight of contractors could be improved.

Given the significant increase in contractor costs, particularly when viewed in comparison to other Northeastern Ontario municipalities, the City may wish to consider undertaking a review of public works contracts with the specific intent of:

- Ascertaining the exact reasons for the increase in contractor costs over the last five years;
- Determining whether the use of contractors as opposed to internal resources is appropriate based on the cost;
- Reviewing the process for managing contractors to ensure that the City is appropriately charged for services;
- Reviewing the language of major contracts to ensure that appropriate clauses and provisions are included to minimize financial and other risk to the City; and
- Assessing whether alternative contract arrangements, such as multi-year contracts or design-build-finance-maintain arrangements, would be appropriate and beneficial for the City.

B. Financial Impact and Timeframe

Overall, our analysis indicates that the City's road costs are approximately 20% higher than the larger Northeastern Ontario municipalities when expressed on a per lane kilometer basis, with the differential representing approximately \$2.35 million in extra costs per year. As noted earlier in our report, contract costs have increased by approximately 20% per year since 2010 compared with 7% for other Northeastern Ontario communities. Included in this increase in contract costs is \$1.14 million in higher annual costs for winter roads maintenance.

While the level of cost savings cannot be reasonably determined at this time, we anticipate it could be in excess of \$1 million per year when combined with other opportunities focused on roads maintenance.

The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, does not require Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review

Reduce Winter Roads Maintenance in Rural Areas

FINAL REPORT
October 26th, 2015
This report should be read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction x

Operating efficiency

Alternate delivery

Revenue generation

Approval category:

Strategic x

Operational

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

The City's road network is comprised of a mix of urban and rural roads with varying speed limits and traffic volumes, both of which determine the minimum maintenance standards for winter maintenance. At the present time, it appears that the City is exceeding the Provincial minimum maintenance standards for rural roads and as such, the opportunity exists to achieve cost reductions through a reduction in the maintenance standard. In addition, the City's road network includes paved roads with low average daily traffic volumes that are in need of significant repair.

As a means of reducing future maintenance and capital costs, the City may wish to consider reconstructing low volume paved rural roads as gravel roads, which would be graded and sealed annually with calcium treatments. While City staff have indicated that reductions in maintenance standards for rural roads have been considered in the past, our analysis suggests that additional opportunities to reduce maintenance levels are available.

B. Financial Impact and Timeframe

The level of revenue generated by this opportunity will be contingent upon the nature of the changes implemented and cannot be estimated at this time.

The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

Given the potential sensitivities surrounding winter roads maintenance standards, we consider this opportunity is considered to be strategic in nature and as such, should require Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review

Develop An Appropriate Vehicle and Equipment Strategy

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction x

Operating efficiency

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

The results of our analysis indicate that there is a significant degree of underutilization of the City's fleet due to the seasonal nature of demand, the presence of specialized use equipment and what appears to be more vehicles than necessary (based on the number of months with little to no usage of certain types of vehicles). Accordingly, it would appear that the City could benefit from the development of a vehicle and equipment strategy that considers:

- The number and type of vehicles actually required
- The appropriate method of acquisition (purchase vs. lease vs. rent)

In undertaking the vehicle and equipment strategy, we suggest that the City focus on maximizing its investment in multi-use vehicles and equipment with year-round applicability. In addition to focusing on vehicles and large equipment, the City should also identify the need for smaller pieces of equipment – for example, we were advised that Public Utilities personnel are sometimes required to wait in excess of eight hours for a contractor to provide the City with a 'breaker', despite the fact that the City could purchase one for its backhoes at a cost of \$25,000.

B. Financial Impact and Timeframe

The level of cost savings generated by this opportunity will be contingent upon the outcome of the fleet review.

The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, does not require Council approval.

D. Other Considerations

No other significant considerations have been identified.



City of Timmins Service Delivery and Operational Review

Reintroduce MMMS

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

The City's ability to effectively manage its public works functions is challenged by the absence of timely and relevant information otherwise available through MMS. Notwithstanding the fact that the City discontinued the use of MMS in 2009, it may wish to consider re-establishing MMS for use in the management of its public works functions.

We have been advised by City staff that a MMS module has been purchased (Mainstar) and is ready for immediate implementation.

B. Financial Impact and Timeframe

The financial benefit of MMS is expected to result from improved information for decision-making purposes, including the enhanced ability to budget for public works activities and identify significant operational variances on a timely basis. Given the nature of these benefits, the financial impact of MMS cannot be determined at this time.

The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, does not require Council approval.

D. Other Considerations

In connection with the implementation of MMS, the City may wish to consult with other large municipalities in Northeastern Ontario to review their use of MMS, its incorporation into the management of public works and any 'lessons learned' that may be applicable to the City.



City of Timmins Service Delivery and Operational Review
Establish a Consolidated Fleet Management System

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

To be determined

Less than \$100,000 x

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

As noted earlier in our report, we have identified two instances where the City rented and continues to rent equipment from a third party despite the apparent availability of the same and similar equipment within the City, with the result being increased operating costs.

In order to avoid situations where City equipment is unused while other departments rent the same or similar equipment from third parties, the City may wish to consider the establishment of a consolidated fleet management system that allows all City users to identify available vehicles.

B. Financial Impact and Timeframe

Enhancing the City's ability to schedule equipment and vehicles will allow it to eliminate the use of a third-party provider for backhoes, resulting in a cost savings of \$25,000 annually, with additional cost savings potentially materializing.

The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, does not require Council approval.

D. Other Considerations

No other significant considerations have been identified in connection with this opportunity.



City of Timmins Service Delivery and Operational Review

Establish Load Limits on Riverside/Algonquin

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

- To be determined* x
- Less than \$100,000*
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction*
- Operating efficiency* x
- Alternate delivery*
- Revenue generation*

Approval category:

- Strategic* x
- Operational*

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

Riverside Drive and Algonquin Boulevard represent a portion of the Highway 101 Connecting Link and as such, are subject to significant levels of heavy truck volumes. In addition to adding to traffic congestion in the downtown core, the presence of heavy trucks impacts the City from an infrastructure perspective as a result of the heavy loads transported along the corridor.

As a means of reducing heavy truck traffic in the downtown core, the City may wish to consider the introduction of load limits on Riverside Drive and Algonquin Boulevard, with the designation of a heavy truck route to the north of the City (allowing a defacto bypass from the western portion of the City to Highway 655). While Riverside Drive and Algonquin Boulevard are designated as connecting links by the Province of Ontario, KPMG has received written confirmation that load limits can be imposed if sufficient justification can be made.

B. Financial Impact and Timeframe

This opportunity is expected to reduce wear and tear on Riverside Drive and Algonquin Boulevard, although the diversion of heavy truck traffic will only shift and not eliminate these vehicles. To the extent that heavy trucks operate in contravention of the load limits, the City could realize incremental bylaw enforcement revenue.

The establishment of load limits can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

We have considered this to be a strategic-level opportunity that requires Council approval.

D. Other Considerations

In order to avoid the implementation of load limits, the City may wish to solicit interest from the private sector for cost-sharing agreements for the upgrading and/or maintenance of Riverside Drive and Algonquin Boulevard.



City of Timmins Service Delivery and Operational Review

Introduce a Consistent Facility Work Order System

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

<i>To be determined</i>	
<i>Less than \$100,000</i>	x
<i>\$100,000 to \$250,000</i>	
<i>\$250,000 to \$500,000</i>	
<i>More than \$500,000</i>	

Type of opportunity:

<i>Service level reduction</i>	
<i>Operating efficiency</i>	x
<i>Alternate delivery</i>	
<i>Revenue generation</i>	

Approval category:

<i>Strategic</i>	
<i>Operational</i>	x

Implementation timeframe:

<i>2016</i>	x
<i>Subsequent years</i>	

A. Opportunity Overview

Currently, the City does not have a consistent work order system for the management of water and wastewater treatment facilities, potentially leading to breakdowns and increased repair costs as a result of a lack of preventative maintenance. The City may wish to establish and implement a common work order system for all water and wastewater treatment facilities in order to ensure that preventative maintenance activities are undertaken when required, as well as to ensure the efficient use of municipal resources.

B. Financial Impact and Timeframe

The implementation of a standard work order system for water and wastewater facilities is expected to allow for improved preventative maintenance, with the expectation of reduced costs for repairs and maintenance. However, the financial benefit expected to result from this opportunity cannot be reasonably determined at this time.

The implementation of this opportunity can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is considered to be operational in nature and as such, does not require Council approval.

D. Other Considerations

No other significant considerations have been identified in connection with this opportunity.



City of Timmins Service Delivery and Operational Review

Increase User Fees for Water and Wastewater

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined

Less than \$100,000 x

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency

Alternate delivery

Revenue generation x

Approval category:

Strategic x

Operational

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

The results of our review indicate a number of water and wastewater services where the City's user fees are either too low in comparison to the actual cost of providing the service or not charged, including:

- Thawing/repairing frozen water services
- Septic receiving
- Utility inspections

In keeping with our overall comments concerning cost recoveries, the City may wish to consider revising its user fee bylaw to provide for an appropriate user fee structure for water and wastewater services.

B. Financial Impact and Timeframe

The level of revenue generated by this opportunity will be contingent upon the fee structure determined.

The implementation of user fees for water and wastewater services can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity will require changes to the City's user fee bylaw and as such, Council approval will be required. Accordingly, we have considered it to be a strategic-level opportunity.

D. Other Considerations

No other significant considerations have been identified in connection with this opportunity.



City of Timmins Service Delivery and Operational Review

Implement Testing for Water Leaks

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

We understand that certain municipalities will utilize the services of a third-party contractor to undertake testing of their water distribution systems, with the most common approaches being acoustic leak detection surveys and noise correlation testing. The use of this testing allows municipalities to address water main failures on a timely and pro-active basis, avoiding the need for emergency repairs. We understand that the City currently does not undertake this type of testing and as such, consideration could be given to implementing a testing program whereby a portion of the City's water distribution system is tested on a recurring basis.

Additionally, the City may wish to consider the implementation of testing on a pilot project basis, with the ongoing continuation of testing contingent upon a demonstrated reduction in water main failures.

B. Financial Impact and Timeframe

The financial benefits associated with this opportunity are expected to be derived from a reduction in the cost of emergency water repairs, including contractor costs and staff overtime. The estimated financial benefit cannot be reasonably determined at this time.

The implementation of this recommendation can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity is operational in nature and as such, does not require the approval of Council.

D. Other Considerations

No other significant considerations have been identified in connection with this opportunity.



City of Timmins Service Delivery and Operational Review

Rationalize Low Volume Transit Routes

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined

Less than \$100,000

\$100,000 to \$250,000 x

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction x

Operating efficiency

Alternate delivery

Revenue generation

Approval category:

Strategic x

Operational

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

We understand that at the request of Council, City staff have prepared a review of transit routes in the City with recommendations for the rationalization of routes with low volumes of ridership. While we further understand that the options identified in the staff report may not necessarily reflect staff's preferred options for route rationalization, the results of our analysis indicate that the City does have a number of routes where ridership is very low during certain operating hours. Accordingly, the City may wish to consider a transit route rationalization that incorporates:

- (i) The establishment of criteria for routes that will be subject to review (e.g. less than three passengers per hour)
- (ii) Some form of community consultation with respect to potential route changes
- (iii) The development of a methodology for quantifying the financial impacts of the route rationalization

B. Financial Impact and Timeframe

The level of cost savings generated by this opportunity will be contingent upon the extent of the route rationalization.

Based on information reported by the City to the Canadian Urban Transit Association, we note that the City's average operating cost per hour was \$118.08 in 2013. Accordingly, a one-hour reduction in a route that operates six days a week, 52 weeks a year, would result in a potential cost savings of approximately \$36,000 per year and we have identified five routes where the minimum hourly ridership is less than three passengers. Based on the assumption that the minimum ridership will be set at three per hour, resulting in a reduction of one hour for each of the five routes, this opportunity could potentially save the City as much as \$184,000 annually.

The rationalization of transit routes can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

Given the implications from a service-level perspective and the anticipated requirement for community consultation, we suggest that this represents a strategic-level opportunity that would require Council approval.

D. Other Considerations

No other significant considerations have been identified in connection with this opportunity.



City of Timmins Service Delivery and Operational Review

Increase Cost Recovery for Transit Services

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

To be determined

Less than \$100,000

\$100,000 to \$250,000 x

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency

Alternate delivery

Revenue generation x

Approval category:

Strategic x

Operational

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

As noted earlier in our report, the City currently recovers approximately 25% of transit costs through user fees, as opposed to 40% for other large Northeastern Ontario municipalities. While we understand that a portion of this differential is due to the absence of an automatic bus pass arrangement with Northern College, we note that the City's bus rates are, in certain instances, less than the average of other larger Northeastern Ontario communities, most notably with respect to cash prices and monthly bus passes for adults and students.

	Timmins	North Bay	Sault Ste. Marie	Sudbury	Northern Ontario Average
Cash price:					
Adults	\$2.50	\$2.75	\$2.50	\$2.70	\$2.65
Students	\$2.00	\$2.75	\$2.50	\$2.70	\$2.65
Seniors	\$2.00	\$2.75	\$2.50	\$2.05	\$2.43
Monthly pass:					
Adults	\$69.00	\$82.00	\$60.00	\$76.00	\$72.67
Students	\$54.00	\$67.00	\$60.00	\$70.00	\$65.67
Seniors	\$54.00	\$57.00	\$50.00	\$46.00	\$51.00

In light of this differential, the City may wish to consider increasing transit rates to provide for a level of pricing and cost recovery that is consistent with other larger Northeastern Ontario communities.

B. Financial Impact and Timeframe

In order for the City to achieve the same level of cost recovery as other large communities in Northeastern Ontario, its revenues would need to increase by approximately 60%, which we do not believe is achievable given that the differential in rates ranges from 5% (adult monthly passes) to 33% (student cash price). However, an assumed 15% increase in revenues resulting from the upward adjustment of the City's rates would result in \$250,000 in incremental revenues.

In addition to rate increases, the City may also wish to consider continuing its efforts to negotiate an automatic bus pass agreement with Northern College, which will generate additional revenues for transit services.

B. Financial Impact and Timeframe (continued)

Implementation of this opportunity could proceed as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity will require changes to the City's user fee bylaw and as such, Council approval will be required. Accordingly, we have considered it to be a strategic-level opportunity.

D. Other Considerations

As noted on the preceding page, the City's rate for seniors' monthly bus passes is higher than the average of other large Northeastern Ontario communities. Accordingly, the City may wish to consider a reduction in senior bus pass rates as part of any change in transit rates.



City of Timmins Service Delivery and Operational Review

Implement Master Recreation Plan Recommendations

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction x

Operating efficiency

Alternate delivery

Revenue generation

Approval category:

Strategic x

Operational

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

The City's recently completed master recreation plan outlined a number of specific sports fields, parks and playgrounds that were recommended for closure. We understand that the City has not yet adopted these recommendations and suggest that the City consider their adoption as part of the overall implementation of the service delivery review opportunities.

B. Financial Impact and Timeframe

The level of cost savings generated by this opportunity will be contingent upon the extent of rationalization undertaken by the City.

The rationalization of parks and recreation infrastructure can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

Given the implications from a service-level perspective, we suggest that this represents a strategic-level opportunity that would require Council approval.

D. Other Considerations

No other significant considerations have been identified in connection with this opportunity.



City of Timmins Service Delivery and Operational Review

Consider Increasing Recreation User Fees

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

To be determined

Less than \$100,000

\$100,000 to \$250,000 x

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency

Alternate delivery

Revenue generation x

Approval category:

Strategic x

Operational

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

Our analysis indicates that the City currently recovers approximately 40% of the cost of recreational facilities through user fees, with considerable variation in the amount (cost recovery percentages range from 33% to 61%). In comparison, the average cost recovery for other larger Northeastern Ontario communities is 66%.

In order to provide a degree of consistency between City facilities, as well as other large centres in Northeastern Ontario, the City may wish to revise its user fee schedule to both increase user fees from an overall perspective and more closely align different facilities from the perspective of user fee recoveries. In this regard, we understand that City staff have prepared a revised user fee bylaw which is currently awaiting Council approval.

B. Financial Impact and Timeframe

In order for the City to achieve the same level of cost recovery as other large communities in Northeastern Ontario, its revenues would need to increase by approximately 64%, which we do not believe is immediately achievable given the magnitude of the differential involved. Accordingly, the City may wish to consider increasing user fees over a defined transition period (e.g. five years) until such time as its cost recovery percentage for recreational facilities is consistent with the average of other larger Northeastern Ontario communities. For example, annual increases of 12% over a five-year transition period would increase the City's revenues by approximately \$175,000 in each of 2016 to 2020.

Changes to the City's user fee structure for parks and recreation facilities can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity will require changes to the City's user fee bylaw and as such, Council approval will be required. Accordingly, we have considered it to be a strategic-level opportunity.

D. Other Considerations

To the extent that increasing user fees adversely impacts low-income families, the City may wish to consider the implementation of a corresponding subsidy program whereby low income families are provided with credits that can be used to offset the cost of parks and recreation activities.



City of Timmins Service Delivery and Operational Review

Discontinue City Assistance for Events at No Cost

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

- To be determined* x
- Less than \$100,000*
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction* x
- Operating efficiency*
- Alternate delivery* x
- Revenue generation* x

Approval category:

- Strategic* x
- Operational*

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

As noted earlier in our report, City personnel are often required to assist with tent rentals and event set-up and tear down without a full recovery of the associated cost (which could be as high as \$20,000). As such, the City may wish to consider one of the following options:

- Discontinue its involvement in these types of services;
- Establish a user fee that fully recovers the cost of providing these services; or
- Contract out event set-up and tear down activities.

B. Financial Impact and Timeframe

The level of cost savings generated by this opportunity will be contingent upon the direction undertaken by the City with respect to the identified alternatives:

- In the event that the City chooses to establish a user fee that fully recovers its costs, we estimate the financial benefit to the City will be as much as \$50,000 per year.
- In the event that the City chooses to discontinue its involvement in these activities, it will realize a non-financial benefit as a result of freeing up capacity within its PRBM Division.
- If the City chooses to contract out these services, it will incur incremental costs while at the same time realizing the capacity benefit noted above.

The City's approach to special events can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

Given the potential for service level reductions and/or changes to the City's user fee bylaw, we have considered this a strategic-level opportunity that requires Council approval.

D. Other Considerations

No other significant considerations have been identified in connection with this opportunity.



City of Timmins Service Delivery and Operational Review

Eliminate Duplicate Waste Options for Kamiskotia

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

<i>To be determined</i>	
<i>Less than \$100,000</i>	x
<i>\$100,000 to \$250,000</i>	
<i>\$250,000 to \$500,000</i>	
<i>More than \$500,000</i>	

Type of opportunity:

<i>Service level reduction</i>	x
<i>Operating efficiency</i>	
<i>Alternate delivery</i>	
<i>Revenue generation</i>	

Approval category:

<i>Strategic</i>	x
<i>Operational</i>	

Implementation timeframe:

<i>2016</i>	x
<i>Subsequent years</i>	

A. Opportunity Overview

We understand that residents of the Kamiskotia area are currently provided with curbside garbage pick-up and also have access to a City transfer station. As this represents a duplicate level of service, the City may wish to consider discontinuing curbside garbage collection in Kamiskotia, with residents instead required to utilize the City's transfer station.

B. Financial Impact and Timeframe

The level of cost savings generated by this opportunity is estimated by KPMG to be in the order of \$50,000.

The City's approach to special events can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

Given the potential for service level reductions, we have considered this a strategic-level opportunity that requires Council approval.

D. Other Considerations

The elimination of curbside pickup may result in increased incidences of garbage dumping. Accordingly, the City may wish to consider increasing both the level of fines (to the extent possible) and enforcement efforts to deter garbage dumping by residents.



City of Timmins Service Delivery and Operational Review

Rationalize Operating Hours and Tipping Fee Exemption

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

- To be determined* x
- Less than \$100,000*
- \$100,000 to \$250,000*
- \$250,000 to \$500,000*
- More than \$500,000*

Type of opportunity:

- Service level reduction* x
- Operating efficiency*
- Alternate delivery*
- Revenue generation* x

Approval category:

- Strategic* x
- Operational*

Implementation timeframe:

- 2016* x
- Subsequent years*

A. Opportunity Overview

As noted below, the results of our analysis indicate that the City provides a higher level of service with respect to landfill hours for the Deloro site as well as the tipping fee exemption provided to residential customers in comparison to other Northeastern Ontario municipalities.

<i>Summer landfill operations</i>	Timmins	North Bay	Sudbury	Sault Ste. Marie
Operating hours:				
• Monday to Friday	8:00 am to 5:45 pm	7:30 am to 5:00 pm	7:00 am to 7:00 pm	8:00 am to 5:00 pm
• Saturday		8:00 am to 5:00 pm	8:00 am to 5:00 pm	7:30 am to 3:30 pm
• Sunday		12:00 pm to 4:00 pm	Closed	Closed
Operating hours per week	68.25 hours	60.50 hours	69.00 hours	53.00 hours
Residential exemption	125 kg per trip	None	50 kg per week	None
<i>Winter landfill operations</i>	Timmins	North Bay	Sudbury	Sault Ste. Marie
Operating hours:				
• Monday to Friday	8:00 am to 3:45 pm	7:30 am to 5:00 pm	8:00 am to 5:00 pm	8:00 am to 5:00 pm
• Saturday		8:00 am to 5:00 pm	8:00 am to 5:00 pm	Closed
• Sunday		Closed	Closed	Closed
Operating hours per week	54.25 hours	56.50 hours	54.00 hours	45.00 hours
Residential exemption	125 kg per trip	None	50 kg per week	None

In light of these differences, the City may wish to consider reducing operating hours for the Deloro landfill while at the same time reducing the residential exemption for tipping fees.

B. Financial Impact and Timeframe

Assuming the closure of the Deloro landfill site on Sundays during both the summer and winter operating seasons, the total operating hours would be reduced by approximately 14%. Given that not all operating costs are variable in nature, a reduction in operating hours of 14% would not necessarily translated into a similar level of cost savings. However, assuming a reduction of 7% (i.e. 50% of the proposed percentage reduction in operating hours), the potential savings to the City arising from reduced landfill hours could be as high as \$105,000 per year.

A reduction in the residential tipping fee exemption is anticipated to result in additional revenues for the City, the quantum of which cannot be reasonably determined.

Implementation of this opportunity could proceed as part of the City's 2016 budget process.

C. Suggested Approval Requirements

This opportunity will require changes to the City's service levels and user fee bylaw and as such, Council approval will be required. Accordingly, we have considered it to be a strategic-level opportunity.

D. Other Considerations

A reduction in both landfill operating hours and residential tipping fee exemption may result in increased incidences of garbage dumping. Accordingly, the City may wish to consider increasing both the level of fines (to the extent possible) and enforcement efforts to deter garbage dumping by residents.



City of Timmins Service Delivery and Operational Review

Implement a Transfer Station System for Landfills

FINAL REPORT
October 26th, 2015
This report should be read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

Currently, the City's operating procedures for the Deloro landfill system allow residents to dispose of waste directly onto the landfill pile. The current system has the potential to expose the City to potential risk from a litigation perspective in the event that residents are hurt while accessing the landfill pile. In addition, the ability of residents to dispose of waste without some form of pre-sorting may reduce the City's potential to divert a portion of residential waste from the landfill.

In light of these concerns, the City may wish to establish a transfer station for the Deloro landfill. Rather than disposing of waste directly onto the landfill pile, residents would place their waste in different bins, with specific bins identified for the disposal of divertible materials such as wood, metal and cardboard as a means of improving the City's diversion rate. The movement of waste from the bins to the landfill would be undertaken by City personnel, with residents prohibited from accessing the landfill directly. This provides an additional benefit of mitigating potential health and safety risks to City residents.

B. Financial Impact and Timeframe

This opportunity is not expected to result in significant operational cost reductions for the City but rather has been identified on the basis of other benefits.

The implementation of process changes can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

We have considered this to be an operational-level opportunity that does not require Council approval.

D. Other Considerations

No other significant considerations have been identified with respect to this opportunity.



City of Timmins Service Delivery and Operational Review

Electrical Efficiency Measures

FINAL REPORT
 October 26th, 2015
 This report should be read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

During the course of our review, we noted that a number of City facilities do not appear to use either (i) LED lighting; or (ii) motion sensors that would allow for lights to be turned off in vacant areas. We further understand that certain equipment used by the City such as cooling fans for its computer server rooms are old and as such are not as electrically efficient as newer equipment.

Given the increasing cost of electricity, particularly during peak demand periods, the City may wish to consider implementing small scale electrical efficiency measures such as the installation of motion detectors, LED lighting and, where considered appropriate, new equipment.

B. Financial Impact and Timeframe

While the level of cost savings generated by this opportunity is contingent upon the extent of efficiency measures introduced by the City, we note that its total budget for electricity in 2015 is \$2.088 million (excluding electricity used by water and wastewater treatment facilities).

The implementation of electrical efficiency measures can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

We have considered this to be an operational-level opportunity that does not require Council approval.

D. Other Considerations

No other significant considerations have been identified with respect to this opportunity.



City of Timmins Service Delivery and Operational Review

Address Process Inefficiencies

FINAL REPORT
October 26th, 2015
This report should be
read in its entirety

Potential financial impact

To be determined x

Less than \$100,000

\$100,000 to \$250,000

\$250,000 to \$500,000

More than \$500,000

Type of opportunity:

Service level reduction

Operating efficiency x

Alternate delivery

Revenue generation

Approval category:

Strategic

Operational x

Implementation timeframe:

2016 x

Subsequent years

A. Opportunity Overview

During the course of our review, we undertook process mapping for the following functional units:

- Leisure services
- Clerks
- Building inspection
- Planning and development
- Airport operations
- Public works
- Financial services
- Fleet
- Engineering services

As a result of our review, we noted a number of instances where the City's processes are characterized by inefficiencies, including duplication of efforts, manual as opposed to automated processes and either the absence of effective internal controls or the presence of excessive internal controls. The results of our findings have been communicated to the City under separate cover.

The City may wish to adjust its operations in order to address the areas of inefficiencies identified through the process mapping.

B. Financial Impact and Timeframe

This opportunity is intended to increase the overall efficiency of the selected processes and as such, the potential cost savings cannot be reasonably determined.

The implementation of process changes can be considered as part of the City's 2016 budget process.

C. Suggested Approval Requirements

We have considered this to be an operational-level opportunity that does not require Council approval.

D. Other Considerations

No other significant considerations have been identified with respect to this opportunity.



cutting through complexity

**CORPORATION OF
THE CITY OF TIMMINS**

Service Delivery and Operational Review

**Opportunities for
Reinvestment**



To the extent that the City realizes cost savings and/or incremental non-taxation revenues as a result of the implementation of opportunities, it may wish to consider the development of a strategy for the application of these savings, which could include:

- Reductions in the municipal levy;
- Contributions to reserves and reserve funds;
- Investments in municipal programs; and/or
- Increased capital expenditures.

In the event that the City chooses to reinvest a portion of cost savings into municipal programs, it may wish to consider the following:

A. Parks and recreation programming

As noted below, the City's 2015 budgeted expenditures for parks and recreation is the lowest among the comparator municipalities both in absolute dollars and on a per household basis. Specifically, we note that the City's expenditures for parks, sports fields, playgrounds and programming are significantly lower than the comparator municipalities. We understand that the City provides no recreational programming outside of its aquatics programs and accordingly, it may wish consider reinvesting a portion of financial benefits realized into parks and recreation so as to provide a level of service that its comparable to other communities.

	Timmins	Similar Households and Population			Northeastern Ontario	
		North Bay	Belleville	Cornwall	Sault Ste. Marie	Sudbury
Total budgeted costs, excluding capital and reserves (2015)						
• Arenas and pools	\$2,979,410	\$3,243,029	\$4,562,800	\$6,409,128	\$4,523,455	\$11,469,235
• Community halls	\$231,650	–	\$393,400	\$503,331	\$736,390	\$989,460
• Parks, sports fields, playgrounds and programming	\$955,500	\$4,086,863	\$3,768,600	\$2,777,185	\$3,074,630	\$9,662,564
• Parks and recreation administration	\$296,000	\$465,660	\$1,396,600	\$503,331	\$444,285	\$2,796,704
Adjusted operating costs for comparative purposes	\$4,462,560	\$7,795,552	\$10,121,400	\$10,192,175	\$8,334,445	\$24,917,963

B. Enterprise Resource Planning System

As a large municipality with diverse programs and services, the City requires a range of financial and non-financial information for effective management of its operations. Currently, the City does not have an Enterprise Resource Planning System ('ERP'), which would provide it with an integrated view of its operations through the implementation of a suite of integrated business applications (accounting, human resources, customer services, procurement, asset management, etc.) and enhanced decision-support capabilities. ERP systems are widely employed in the healthcare sector – all hospitals in Northeastern Ontario, regardless of size, have access to ERP systems.

Given the issues identified during the course of our review with respect to the City's information requirements and the ability of its existing systems to meet its needs, the City may wish to consider evaluating the costs and benefits of an ERP system. While conditional upon the City's specific needs, we note that certain ERP systems may be larger and more complex than what the City would actually require and the City's procurement of an ERP system (assuming that the City chooses to do so upon completion of the cost-benefit analysis) should reflect its needs.

C. Project Management

While different departments within the City are responsible for the management of major projects (e.g. construction, information system implementation), we note that the City does not have a formal project management capability, relying on staff from its functional areas and/or external consultants for project management. While the City does employ at least one designated project management professional ('PMP'), we note that this individual is employed with the TEDC and as such, is not available to provide support for construction or information technology projects.

Given the anticipation of continued capital investments on the part of the City, including both infrastructure and information technology, as well as the potential transformation of the City's organizational structure and operations, the City may wish to consider establishing a project management position as a means of ensuring that effective project management approaches are employed for major projects. If established, this individual could be placed within Engineering, IT Services or the CAO's office, with this option particularly relevant if the individual is expected to assist the CAO with the implementation of opportunities identified during the course of the review.



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