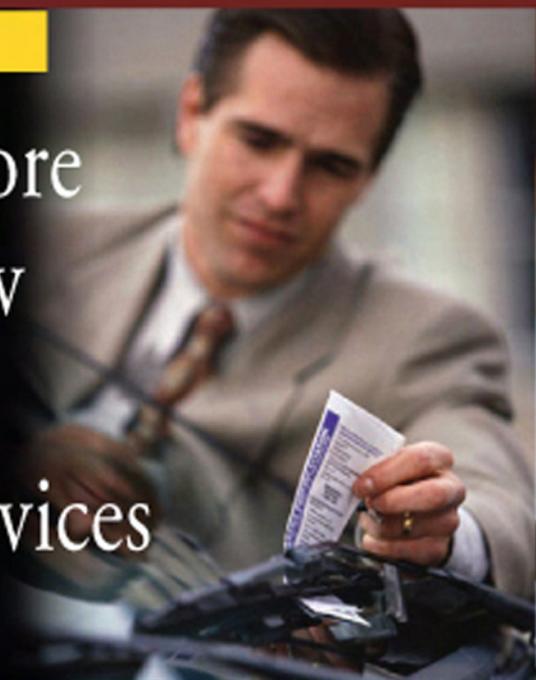


BMA

Management Consulting Inc.



High Level Core
Service Review

Corporate Services



City of Stratford

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Executive Summary

Corporate Services includes Finance, Clerks and Information Systems. No issues were identified in the Finance Division with respect to meeting legislative/regulatory requirements. Further, staffing levels appear reasonable in Finance.

There may be opportunities across the City with respect to centralized purchasing and an increased monitoring role played by Finance.

Finance will be facing increased challenges in the next year to achieve compliance with PSAB regulations which will include the development of a long range financing plan.

Staffing levels in Clerks appears average to high in comparison to other municipalities surveyed. Staffing levels in Clerks are driven in part by the number of Committees and Council support provided. The City currently licenses very few businesses in comparison to other municipalities surveyed. While inspections may be provided, these costs are not being recovered from a permit fee. It is recommended that the City review the various business licenses issued in other jurisdictions and against the goals of licensing to determine if there are new business licenses that should be issued.

Parking enforcement is a service that is frequently outsourced by municipalities to reduce the overall cost of service. This should be investigated by the City to improve the efficiency of the operation.

Information technology services is currently outsourced and seems to be working effectively. No change is recommended.

Review Process

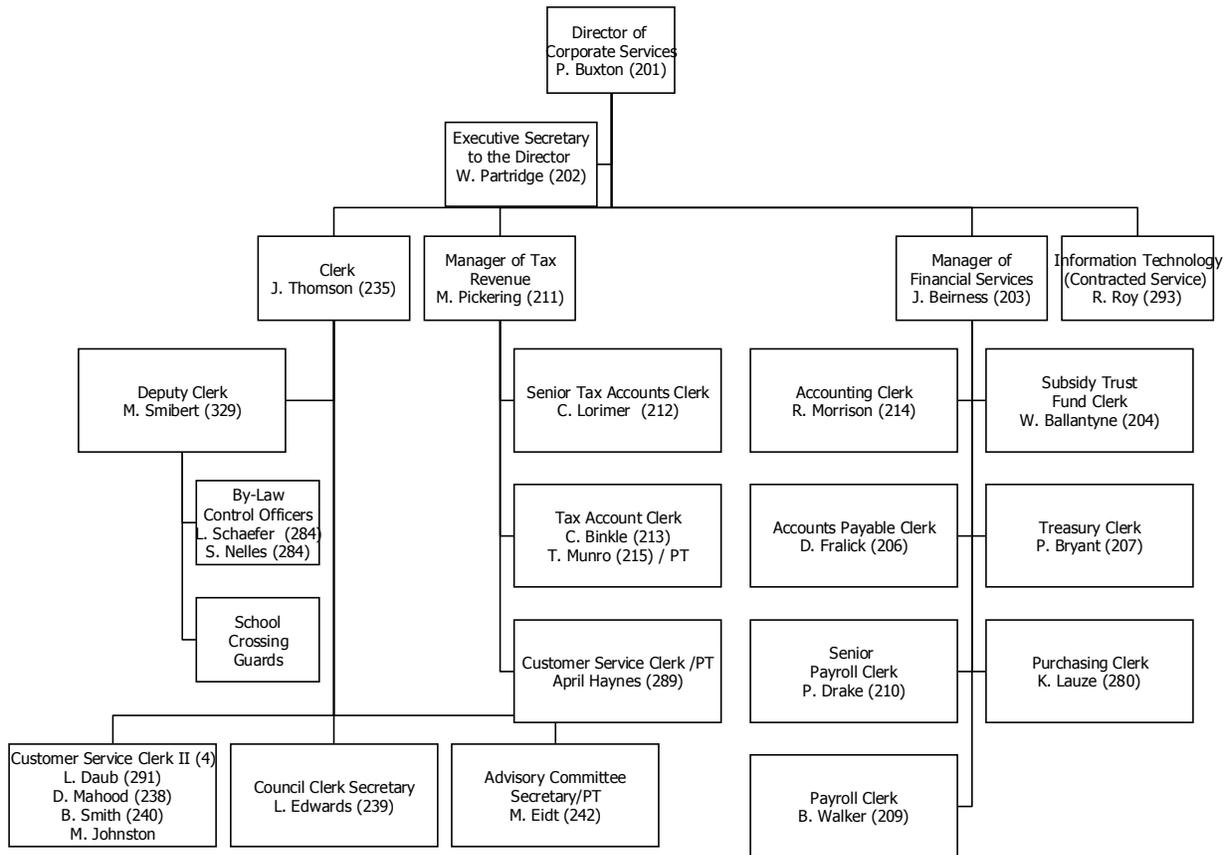
Discussions were held with the Director of Corporate Services and the Deputy Clerk to undertake a high level review:

- Policies, procedures and practices
- Staffing, roles and responsibilities
- Major projects and priorities
- Current and Capital Budgets

The review focused on answering the following questions:

- What are the current programs and services?
- What are the future challenges?
- What are the annual resources/costs?
- How is performance currently measured/tracked?

Organization Structure



Average costs per capita for corporate services and other general government services

Benchmarking Costs

The following table summarizes the 2006 FIR costs per capita for general government which includes program support and corporate management. This includes Corporate Services costs, the CAO's office and Human Resources. The costs per capita excludes transfers to own funds and inter-functional transfers.

Municipality	Corporate Management Subtotal Expenditures Per Capita	Program Support Subtotal Expenditures Per Capita	Total Subtotal Expenditures Per Capita
Belleville	\$ 38.57	\$ 62.16	\$ 100.72
Brockville	\$ 19.93	\$ 135.70	\$ 155.63
Owen Sound	\$ 52.60	\$ 72.08	\$ 124.68
St. Thomas	\$ 9.26	\$ 100.09	\$ 109.36
Tillsonburg	\$ 202.69	\$ -	\$ 202.69
Woodstock	\$ 41.42	\$ 54.34	\$ 95.76
Average	\$ 60.74	\$ 70.73	\$ 131.47
Stratford	\$ 46.95	\$ 82.85	\$ 129.80

As shown above, the costs in Stratford are at the survey average. It is most appropriate to focus on the last column of the table as the reporting tends to differ at the sub-classification level. The cost per capita for these services was \$130 compared with the survey average which was \$131.

The City has an appropriate level of middle management Finance positions

Finance

Finance includes two main sections:

- **Revenues**—this includes a Manager of Revenues, a Senior Tax Account Clerk, 1.5 FTE Tax Account Clerks, 0.5 Customer Service Representative
- **Financial Services**—this includes a Manager, Accounting Clerk, Accounts Payable Clerk, 2 Payroll Clerks, Purchasing Clerk, Subsidy Trust Fund Clerk, Treasury Clerk

The Finance Division is operating with an appropriate level of management positions. Further, the division of the two areas; revenues and financial services is appropriate.

Organizations with small enterprises or business units typically allow faster, more customer-oriented decision-making. Other advantages of the Department's organization include:

- Less duplication of tasks, roles and responsibilities;
- Less micro-management and faster decision making;
- Clearer communication between bottom and top layers;
- Lower management costs;
- Greater employee satisfaction and motivation;
- More opportunities for development of employee skills; and
- Less paperwork due to fewer reporting requirements.

The management positions in Finance will face new challenges through the implementation of PSAB.

Finance Budget

	FINAL 2007 Budget	FINAL 2008 Budget	PROJECTED 2009 Budget	2010 Budget
Expenditures				
Salaries, Wages, Benefits	\$ 961,670	\$ 994,150	\$ 1,035,408	\$ 1,066,470
Other Miscellaneous Expenses	\$ 206,050	\$ 211,160	\$ 213,473	\$ 215,853
Total Expenditures	\$ 1,167,720	\$ 1,205,310	\$ 1,248,880	\$ 1,282,323
Total Revenues	\$ (123,000)	\$ (129,240)	\$ (132,547)	\$ (135,954)
Total Net Expenditures	\$ 1,044,720	\$ 1,076,070	\$ 1,116,333	\$ 1,146,369

As shown above, the cost of finance services in 2008 is budgeted at \$1.07 million. This is largely associated with salaries, wages and benefits, which comprise 82% of the expenditures.

No gaps were identified in the operational roles of finance

Operation and Strategic Roles of Finance

Operational roles provided by the Finance Division include:

- To ensure the City's financial records, accounting processes and procedures are in compliance with GAAP, PSAB, Federal and Provincial legislation and the Municipal Act
- To maintain the accuracy, security and integrity of the corporation's books of account
- To advise Council on a regular basis of the financial condition of the Corporation
- To calculate property taxes and collect property taxes
- To administer the City's payroll system, accounts payable, accounts receivable, purchasing system, cash management, payroll, switchboard, financial reporting
- To safeguard municipal financial assets by following active collections procedures and to minimize write-offs and by establishing sound insurance policies
- To pay bills on a timely basis, take advantage of discounts and ensure controls of money going out
- To obtain goods and services at the best value to the Corporation
- To provide banking and deposit services on behalf of the Corporation
- To co-ordinate and manage audits
- Maintain and administer the corporate financial system

As a general comment, no gaps were identified with respect to the completion of operational roles and responsibilities in Finance.

Strategic challenges as a result of new legislative requirements will impact Finance over the next several years

Strategic roles provided by Finance include:

- To provide short and long term financial blueprints that support the strategic directions of Council, protect the City's financial position and minimize the risk to the taxpayer
- To establish fair financial and business practices and policies
- To identify areas of financial risk to the Corporation and to make recommendations on financial policies to mitigate risks
- To lead the organization in the development of value-added systems that support decision-making; assist in identifying risks and exposures, and to lend insight into the City's financial position
- To provide essential financial support and stewardship services
- To offer expert financial counsel and advice to further organizational goals and objectives
- To review methods of transacting business and to make recommendations of ways and means of increasing the efficiency of all operating systems
- To provide leadership in current and capital budget processes
- To provide advice on establishing property tax policies

It should be noted that there will be challenges over the next several years with respect to PSAB compliance. Specifically, the development of long-range financial plans will be necessary and will require the consolidation of asset inventories and the development of financing strategies. Further, budget processes may be impacted which will also require additional resources, whether these are provided in-house or through contracted services.

No operational issues were identified in the taxation area

Revenues

Taxation

This is a specialized area and includes responsibility for the following key activities:

- Compliance with statutory legislative requirements relating to taxation issues
- Interim and final billing and collection of tax revenue owing to the municipality
- Interpret annual tax regulations and initiate changes to tax processes to ensure legislative adherence
- Administer various tax programs including tax capping for protected property classes and liaise with property owners relative to tax programs, deferrals, vacancy, charity and other rebates
- Address delinquent realty tax accounts up to and including initiating and conducting property sales pursuant to the Municipal Act
- Respond to inquiries
- Prints and collates documents for tax notices, supplementary billings, arrears notices, write-offs and adjustments

Taxation includes a senior tax account clerk and 1.5 tax clerks. This provides sufficient backup for the area. Staffing levels in this area are average. Further, the City is outperforming a number of municipalities in Southwestern Ontario in terms of taxes receivable as a percentage of taxes levied. This, in part, may be attributed to the availability of staff to collect taxes on a timely basis (as well as the overall financial health of the community).

It should be noted that the job descriptions for the senior tax account clerk and the tax account clerk are exactly the same. The difference in responsibility should be documented in the job descriptions.

Switchboard/Customer Service Representative

This area is staffed through two part-time positions; one dedicated to customer service and the other from the tax accounts area. This area processes tax and other payments for City goods, services and levies, including property taxes, parking tickets, transit tickets and bag tags. In addition, this area is responsible for operating the City's switchboard and transfers calls as required. As such, the position is well utilized.

A number of municipalities have moved to a full "one stop shopping" customer service centre to better serve the needs of the community and its citizens. The customer service concept simplifies the process of acquiring information and services for customers. The establishment of one area to provide general information regarding the City's departments could result in the streamlining of customer enquiries and limit the amount of time required by support and technical staff from each department. To some extent, this is already the practice in the City of Stratford, however, there may be additional opportunities to fully utilize this position.

Financial Services

Payroll

Stratford has two payroll positions, a senior clerk and a clerk. Job descriptions for these two positions do not differentiate between the senior clerk and the clerk position.

There is a mix in terms of where payroll responsibilities reside:

- In the Finance Department: Stratford, Georgina, Cobourg, Woodstock, Barrie, Ajax, Burlington, Pickering, Milton,
- In Human Resources: Belleville, St. Thomas, Kingston, Guelph, Chatham-Kent, Clarington

Regardless of where this responsibility resides, the staffing levels and processes are similar to that in the City of Stratford where there are generally two payroll positions for municipalities of similar size and scope. Direct deposit for all staff is currently in place. This provides a better service to the employees and is more efficient.

***Decentralized
approach has
some risks***

Purchasing

Purchasing within the City is largely decentralized. There is currently one clerk position. The monitoring of the purchasing procedures are generally at the departmental level. This poses some concerns with respect to controls and the ability to effectively monitor the purchasing policy.

Generally, purchasing responsibilities include the following key activities to:

- Ensure compliance with purchasing policies
- Ensure openness, accountability and transparency while protecting the best interests of the City and obtaining the best value when procuring goods and services
- Prepare and issue tenders, requests for quotations and proposals
- Process purchase requisitions
- Process, clear, to approve and sign all invoices pertaining to blanket orders, prepare and update listings of blanket orders and to open orders

With a decentralized system, there are specific challenges from a risk management perspective, in assuring that the City is efficiently purchasing services and whether there are adequate internal controls to ensure that purchasing policies are being followed. As discussed in other departmental reviews, with such a high degree of decentralization in facilities and fleet, there are risks associated with whether the City is efficiently purchasing services.

A centralized purchasing function and a decentralized one each confer their own advantages. In a municipality with a centralized purchasing function, a corporate-level purchasing department makes decisions and exercises control over purchasing throughout the organization.

Some municipalities adopt a hybrid structure, where some classes of items are purchased centrally and some are purchased locally; or where a spending limit is given, with local managers responsible for purchasing goods up to a certain monetary limit.

Advantages of centralized purchasing functions include:

- Consolidation of buying volume for greater negotiating power and lower costs
- The ability to create a reduced supplier base
- A focus on overall corporate strategy
- Allows business units to focus on their core competencies
- The ability to see the entire spending pattern across the corporation and analysis to find opportunities for cost savings and efficiency

General Accounting Services

This includes accounts receivables, accounts payable and financial reporting with four clerical positions responsible for these activities.

For the most part, staff in this area are cross trained and this provides support during peak times and adequate backup when staff are absent.

Separation of duties is one of the key elements of a strong system of internal control. Separation of duties means that one person's work serves as a complimentary check on another's. It is therefore implied that there is the concept that no one person should have complete control over any transaction from initialization to completion. Having adequate segregation of duties has a major impact on ensuring that transactions are valid and properly recorded.

Overall, we found that there is an adequate separation of duties within Finance. We recognize that an optimal separation of duties may not always be practicable, especially in a City the size of Stratford, which may lack sufficient financial resources necessary to provide additional personnel.

***Good cross
training in this area***

Recommendations Finance

That staff explore the advantages and disadvantages for a centralized purchasing function in the City of Stratford.

Clerks

Clerks is responsible for the following key activities:

- To support Council
- To prepare Council agendas and minutes
- Maintain Corporate records management and archives
- To provide legislative support to Committee and Council
- To document reproduction and distribution
- To fulfill other statutory requirements – commissioning of oaths and affidavits
- To record Council and Committee proceedings and maintain the official records of the City (by-laws, agendas, minutes, and agreements)
- To coordinate all requests received under the Municipal Freedom of Information and Protection of Privacy Act
- To serve as a general information office with respect to a broad range of inquiries from the public
- To process official correspondence to and from Council

In addition, Clerks is responsible for parking by-law enforcement, crossing guards and licensing.

There are 9.5 FTEs included in the Clerks Division. This includes:

- Clerk
- Deputy Clerk
- 2 by-law control officers—parking
- 4 customer service clerks
- Council Clerk Secretary
- Advisory Committee Secretary

Clerks Budget

	FINAL 2007 Budget	FINAL 2008 Budget	PROJECTED 2009 Budget	2010 Budget
Expenditures				
Salaries, Wages, Benefits	\$ 415,400	\$ 428,700	\$ 441,840	\$ 454,640
Legal	\$ 25,500	\$ 25,000	\$ 25,500	\$ 26,000
Services - Other	\$ 11,237	\$ 7,084	\$ 7,297	\$ 7,515
Town Crier	\$ 52,300	\$ 52,300	\$ 52,300	\$ 52,300
Other Miscellaneous Expenses	\$ 72,613	\$ 76,700	\$ 87,496	\$ 165,612
Total Expenditures	\$ 577,050	\$ 589,784	\$ 614,433	\$ 706,067
Revenues				
User Fees, Rentals, FOI	\$ (46,770)	\$ (38,691)	\$ (34,932)	\$ (36,843)
Licenses and Permits - Marriage, Lottery Licensing	\$ (140,201)	\$ (149,160)	\$ (150,382)	\$ (151,684)
Transfer from Reserves				\$ (70,000)
Total Revenues	\$ (186,971)	\$ (187,851)	\$ (185,314)	\$ (258,527)
Total Net Expenditures	\$ 390,079	\$ 401,933	\$ 429,119	\$ 447,540

As shown above, the 2008 budgeted net cost of the Clerks Division was \$402,000.

As will be discussed in this section of the report, there are opportunities to increase revenues for the Clerks operations and to reduce operating costs.

Benchmarking—Staffing

A high level comparison of staffing levels was undertaken for the core Clerks functions (excluding by-law enforcement, crossing guards). Based on the analysis undertaken, staffing levels appear average to high. For example, staffing levels for St. Thomas and Woodstock for core Clerks activities include 4 FTEs compared with 7.5 in Stratford. Staffing levels may be driven, in part, in Stratford due to the number of Committees that are supported by staff.

**Staffing levels
appear average to
high**

***The Municipal Act
includes
provisions for
establishing
licensing fees******Licensing***

On January 1, 2003, the New Municipal Act 2001 was adopted by the Province of Ontario, providing a new legislative framework for business licensing in Ontario.

The new Act made a number of substantial legislative changes including:

- That licensing of businesses can only be done for three reasons; health and safety, nuisance control, and consumer protection.
- That the municipality must be able to justify the passing of a by-law for one of the three reasons mentioned above and the justification must be included in the by-law.
- That the Act limited the amount charged for licensing fees to the costs directly related to the administration and enforcement of the by-law and that it also required all municipalities to post and have available for viewing the detailed calculation of the fee for each license class.

The Act also requires municipalities to maintain a list of:

- the classes of business that are subject to licensing
- the license fee to be charged
- the administration and enforcement cost for each class of license
- the formula used to calculate the license fees

The *Municipal Act* clarifies the type of businesses that may be licensed:

- Trades and occupations
- Exhibitions, concerts and festivals
- Sale or hire of goods on an intermittent or one time basis
- Display of samples, patterns and specimens for sale

Stratford has very few business licences

The City of Stratford currently does not licence many businesses operating in the City. Many of the businesses operating in the City of Stratford require inspections, whether it be for a building, fire, health or zoning compliance. These inspections are done to ensure that the establishment or facility is in compliance with the various regulations. Also, the Building Division wants to ensure that such professions as plumbers and drain layers are certified to perform the services that they offer. These situations certainly fall within the legislative requirements of health and safety and consumer protection.

Any staff time spent on performing these regulatory functions are currently paid for by all taxpayers. Most municipalities have licence fees to recover the costs. This provides revenue generating opportunities for the City. Examples of the types of licences issued in other municipalities include:

- Restaurants
- Master Plumber
- Beauty Salons, Barber Shops
- Hotels, Motels
- Tourist Camps
- Tobacco Shops
- Group Homes
- Drain and Sewer Layers
- Dry Cleaner
- Public Garage
- Butcher Shop
- Billiards, Bowling Alley
- Mobile Canteen
- Vehicle Towing
- Taxi

In many cases, the City is already providing an inspection but it is not recovering the costs of these inspections for Health, Fire and Building.

Recommendation—Licensing

That the City consider the merits of licensing a number of businesses to support health and safety, nuisance control, and consumer protection goals and objectives.

Opportunities exist to reduce the cost of parking enforcement

Parking Enforcement

The parking enforcement group consists two By-law Control Officers and support from a Customer Service Clerk.

The parking enforcement personnel execute the parking enforcement by-laws and are responsible for monitoring and enforcing parking meter compliance and parking zone enforcement.

In 2008, the enforcement group issued 15,000 parking ticket violations resulting in \$115,440 revenue. Enforcement of the metered time limits promotes turnover and, therefore, creates greater patron parking availability for the benefit of local businesses.

Based on the analysis of the 2007 FIRs, the City of Stratford is operating parking at a cost of \$10 per capita (\$322,000 cost to taxpayers). A number of municipalities are operating at a break even or profit position such as Barrie, Bracebridge, Ottawa, London, Port Colborne, Kitchener, Fort Erie and Sudbury.

Parking enforcement is a growing area in the field of privatization. Currently, a number of municipalities use contracted services for parking by-law enforcement. For example, the City of Cambridge in December 2007 reviewed parking enforcement services and associated costs in other municipalities and concluded that employing outside contract services is the most viable and cost effective means of providing parking by-law enforcement. Other municipalities that contract parking by-law enforcement include Milton, Hamilton, St. Catharines, North Bay, Sudbury and Windsor.

Recommendation—Parking Enforcement

That the City investigate alternative service delivery options with respect to parking enforcement, with a focus on creating efficiencies.

Information Technology

The City currently outsources information technology services. This is completed through a detailed service contract which defines the terms of services to be provided to the City.

The following provides a summary of the budgeted costs for this service.

	FINAL 2007 Budget	FINAL 2008 Budget	2009 Budget	PROJECTED 2010 Budget	2011 Budget
Contracted Services	\$ 516,870	\$ 530,385	\$ 543,000	\$ 550,000	\$ 550,000
Other Miscellaneous Expenses	\$ 94,933	\$ 94,989	\$ 96,925	\$ 96,925	\$ 96,925
Transfers to Reserves	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
Total Expenditures	\$ 706,803	\$ 720,374	\$ 734,925	\$ 741,925	\$ 741,925
Revenues	\$ (57,481)	\$ (57,731)	\$ (59,231)	\$ (59,231)	\$ (59,231)
Total Net Expenditures	\$ 649,322	\$ 662,643	\$ 675,694	\$ 682,694	\$ 682,694

The City is transferring funds to the reserves for the replacement of computers and related technologies.