
Building the City of Tomorrow

A Discussion Paper

City of Greater Sudbury
November 2003





November 7, 2003

Dear Councillor,

The document you are holding is the final version of a discussion paper entitled **Building the City of Tomorrow**. As you know, this paper originated from my resolution of March 27, 2003 seeking new ways of approaching the City's financial and organizational situation, which received Council's support.

In my State of the City Address to the Greater Sudbury Chamber of Commerce on April 30, 2003, I asked the community to help us address these issues. This document, **Building the City of Tomorrow**, is the final product of those discussions

This final version incorporates feedback received following the paper's initial release in October. Citizens will find the final document available for viewing on the City's website, www.city.greatersudbury.on.ca.

On October 23, 2003 Council indicated its support for the principles, tools and ideas contained in the paper, by passing a resolution recommending that it be forwarded to the incoming Council in January 2004.

I trust and anticipate that the new Council will find the document a useful starting point in its search for ways to address the City's fiscal challenges.

Yours sincerely,

A handwritten signature in black ink that reads 'Jim Gordon'.

Jim Gordon
Mayor

Enclosure

BACKGROUND

This document presents key principles, methodologies and potential ideas arising from a consultative process with community stakeholders of the City of Greater Sudbury. The end result: templates, and more, to assist the City's drive to meet and surmount fiscal challenges, and truly become the City of Tomorrow for all its citizens.

CHRONOLOGY OF EVENTS

(All dates are 2003.)

- MAR 27 Council resolution (2003-147) notes fiscal pressures on City, which negatively impacted Budget 2003 deliberations. Motion includes a plan to "... engage all stakeholders, the community, unions and management" in seeking solutions.
- APR 30 Mayor Jim Gordon's "State of the City" address to Chamber of Commerce issues a challenge to that body to help find solutions to fiscal situation.
- JUNE 4 First public session, called "City of Tomorrow". A brain-storming exercise to generate ideas from external stakeholders, as requested by Mayor and Council.
- JUNE 26 Council resolution (2003-293), in response to report on above session, requests "further review and analysis be undertaken" and that a report be presented to Council on the results of that review and analysis.
- JULY-SEPT Staff working group seconded to research and analyze the ideas generated at June 4 session and at followup staff sessions in early July.
- OCT 3 Mail-out of Discussion Paper entitled "Building the City of Tomorrow", a staff group analysis of and response to ideas presented on June 4.
- OCT 10 Second public session, to receive feedback and comments regarding the Discussion Paper entitled "Building the City of Tomorrow".
- OCT 23 Council resolution (2003-539) recommends that the "principles, tools and ideas" contained within the discussion paper be presented to new Mayor and Council in January of 2004.

A Summary of the feedback received on October 10, as facilitated by Ron Lessard of V Formation Resources, immediately follows. Behind that Summary is the entire Discussion Paper "Building the City of Tomorrow", which was the focus of the October 10 session. This final product was presented to Council on November 13.

Building the City of Tomorrow

A Discussion Paper

SUMMARY OF DISCUSSIONS
AND COMMENTS

COMMUNITY FEEDBACK FORUM

**OCTOBER 10, 2003
TRILLIUM CENTRE, AZILDA**

This summary prepared by Ron Lessard, Facilitator for the Feedback Forum.

BUILDING THE CITY OF TOMORROW

A DISCUSSION PAPER

INTRODUCTION

In his opening remarks, City of Greater Sudbury Mayor Jim Gordon reminded those assembled of the commitment made to participants at the June 4, 2003 Community Stakeholders' meeting: Before submitting any document to City Council, the community group would have an opportunity to discuss and provide feedback on the output, a document entitled "Building the City of Tomorrow", a Discussion Paper.

CAO Mark Mieto further defined the purpose of this Feedback Forum, to include focus on three key questions:

- Have we identified the right principles and tools?
 - Are we headed in the right direction?
 - Has this process been useful?
-

GENERAL COMMENTS ON THE DISCUSSION PAPER

There was a strong consensus from the participants that the "Building the City of Tomorrow" discussion paper is an excellent document; well prepared with substantial content. Some comments of a general nature include:

- "... it's a great first step with promising prospects and opportunities"
- "...work well done...a good tool"
- "...impressed with the document...has a lot of potential"

- **“...a lot of good food for thought”**
- **“...feel that the report treated everyone from inside and outside the core municipality the same. The City of Greater Sudbury is a community of communities”**

SPECIFIC COMMENTS AND FEEDBACK

There was considerable discussion, which took place in the form of constructive feedback and suggestions for improvement. The following is a list of the points raised and ideas put forth by the participants:

- **“Building the City of Tomorrow” should be adopted by the new municipal council and used as “tools for change”**
- **Politics can often interfere with the delivery of municipal services using the tools suggested. We, the community, will need strong direction from the new council to support change.**
- **There is a need to make the objectives explicit and not always try to achieve the ultimate in level of services/products. Use tools to help achieve real dollar savings in service delivery.**
- **There are concerns with the “contracting out of municipal services”, as discussed in the Alternative Service Delivery (ASD) section. Concerns raised range from union position against contracting out to first priority in partnerships and contracts being given to local businesses.**
- **The union is not against change and wants to be proactive. Small, incremental gains, from programs like the continuous improvement plan, can be significant.**
- **Given the high percentage of senior citizens in this community, this ever-increasing population sector needs to be given more prominence and consideration in the report.**
- **Within our community profile, we need to acknowledge the unique needs of not only senior citizens but also children,**

youth, the disabled, and low-income families. The needs of these citizens must be addressed in the planning and decision making processes.

- **There are opportunities to build on the strength of volunteers in our community. Volunteer and community groups bring tremendous opportunities for partnerships and must be encouraged.**
- **The City should explore opportunities of wholly municipal owned corporations and partnerships, which would provide significant benefits to the community.**
- **The City should explore enhanced funding opportunities and lobby for changes to the Community Reinvestment Fund.**
- **There are opportunities to use E-Government to connect with the community and partners. These should be explored and encouraged.**
- **Ensure we capitalize on our community's human resources strengths, and seek opportunities more for research and development.**
- **Opportunities for existing business retention and expansion are important and need to be incorporated into development strategies.**
- **Worthwhile looking at the opportunities of a hotel room levy in consultation with the hospitality industry.**
- **This is an opportunity to deal with a framework of redeployment and retraining as part of "freeing resources up".**
- **The principles of change (page 19) are critical to the success and implementation of "Building the City of Tomorrow".**

- **The principles of change need to be embraced by everyone including council, staff, community groups and individual citizens.**
- **“Building the City of Tomorrow” should be an “all-inclusive” initiative, and can only be enhanced by community groups and citizens’ involvement and participation. We need more positive media support and coverage, to better market our community.**
- **Community Action Networks need to be developed. Engaging the community and its citizens will be important to the success of these initiatives.**
- **In order to build our City of Tomorrow, we have to develop a culture of change for all employees – from senior managers to front-line staff. The community needs to be aware of the “culture of change”.**

NEXT STEPS

All participants were thanked for their attendance and active participation. “Building the City of Tomorrow” will be posted on the City’s website and available to the public. (NOTE: The Paper was posted the afternoon of October 10.) A revised report, incorporating the feedback from this session, will be presented to the existing City Council on November 13, 2003. The final document will also be presented to the new council in December/January, and will be used as a tool during the upcoming preparation of the City budget.

END OF SUMMARY.

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Executive Summary

The City of Greater Sudbury is the largest by land mass in Ontario. Services are delivered in multiple communities, increasing the complexity and cost of delivery. The range of services provided is also diverse, consisting of mandatory and discretionary components. Recent major changes affecting the City include amalgamation (2001), which changed the structure and shape of municipal government; the transfer of responsibility for various provincial services to the local level (1998); and Ontario's elimination of cost-sharing for the development of municipal infrastructure (since 1996).

Canadian municipalities, and in particular those in Ontario, are hard-pressed to finance their new and traditional responsibilities. As a result of the financial pressures they face, there is a shortfall in investments in capital infrastructure. Programs and services that are not mandatory are also being cut to balance budgets. This will limit the ability of cities to compete internationally on measures such as an attractive quality of life. If municipalities are compelled by the difficult fiscal reality they face to focus only on mandated programs, they will become mere delivery agents for provincial services.

Although cities experiencing slow or negative growth in population and assessment, like those in the North, are among the hardest hit, even growing Canadian cities lack the wherewithal to raise the money needed for financing growth. Canadian municipalities, unlike their U.S.A. and other OECD counterparts, do not have access to the tools they need to raise revenues; they also lack legal authority.

This situation could be remedied by the senior levels of government. Municipal advocacy associations and many others are calling on the federal and provincial governments to allocate a share of their existing fuel tax revenues to municipalities, and to fully exempt them from the GST and PST. While there are some indications that these advocacy efforts could succeed, municipalities must at the same time address the immediate financial pressures they face using the means available to them now.

Therefore, City of Greater Sudbury Mayor Jim Gordon initiated a community consultation in the spring of 2003 to generate ideas for improving the financial sustainability of the City. Community leaders participated in a one-day consultation session in June 2003, suggesting a host of options for consideration.

These have since been reviewed by city staff. The results of preliminary research and analysis are provided in this discussion paper. This paper will assist with City policy development over the months and years to come. It will be forwarded to Council along with feedback received at a follow-up consultation session.

The range of options the City will consider in addressing the need to be financially sustainable is broad and includes the option of service divestment. Moreover, the alternatives are broadest for services that are discretionary. Services the municipality is legally mandated to provide, for example, could not be completely eliminated.

Principles are also proposed to govern new ways of working. These are intended to help increase the organization's capacity to adapt to new realities and to change.

The ideas suggested during the community consultation are reviewed within five subject areas, each representing a tool for change: new ways of doing business, alternative service delivery, E-Government Technology, new revenue generation and partnerships. Various examples of progress to date in these areas are also provided.

A full, policy and business case analysis would be required to confirm the advisability of the ideas examined in this discussion paper, should Council deem them worthy of additional investigation. This analysis would ultimately determine whether any measure considered could meet the objectives of this process, which are to reduce the City's cost structure; move to more strategic and focused service delivery; and maintain a positive organizational culture while managing change and projected attrition.

The economic outlook for the City of Greater Sudbury has brightened in recent years and the implementation of an economic development strategic plan promises further progress. The City has also made significant progress in developing policy measures and introducing service delivery efficiencies aimed at addressing its long-term financial needs and shorter-term operating budget pressures. Nevertheless, the gap between infrastructure needs and resources is very wide. The gap between responsibilities and resources for annual operations is also quite significant. A business-as-usual approach, therefore, seems to be the least favoured alternative among all others.

Preface

The municipal government sector has undergone tremendous change in Ontario over the past five years. Most notably, the provincial government transferred many of its responsibilities to the local level in 1998. Shortly after, the province also implemented a program of municipal amalgamation, resulting in the formation of the City of Greater Sudbury in January 2001. This new municipality consists of smaller, mostly rural communities and a central city core, and is the largest by land mass in Ontario.

The City successfully met the challenge of consolidating eight governments into one. At the same time it has ensured the communities it now encompasses receive equitable access to the services it provides. For example, the City established local Citizen Service Centres. But the challenges continue. Today, the City is facing a widening gap between its responsibilities and the resources needed to shoulder them.

A municipal government faced with this challenge has three options: raise additional revenues, often by increasing property taxes; lower expenditures by cutting programs and services in whole or in part; and/or finding ways to create new revenue streams while introducing efficiencies in service delivery. The City is required by law to provide some programs and services. Others are somewhat discretionary. These latter services, however, may be important to the quality of community life. Should the City focus only on mandated programs, it could become mainly a delivery agent for provincial services.

Recognizing the need to address these challenges, Mayor Jim Gordon engaged citizens and employees in a process to find solutions, with the support of City Council. In June 2003, community leaders met to contribute their ideas.

This discussion paper reports the results of this consultation, including the findings of preliminary research and analysis since carried out by City staff. The ideas that were suggested are grouped into five areas: new ways of doing business, alternative service delivery, E-Government Technology, new revenue generation and partnerships.

This paper will assist with policy development in the coming months and years. It will be forwarded to City Council, along with the comments and feedback it generates.

Intergovernmental Issues

Canadian municipalities are becoming increasingly vocal about the need for a new deal with the senior levels of government. The number of programs and services they must deliver has expanded dramatically over the past five years as the senior levels of government have transferred responsibilities to the local level. Capital investment needs are not being met. Operating costs are rising. And municipalities do not have the legal status needed to devise strategies for coping with the revenue shortfalls they face.

Indeed, according to the Federation of Canadian Municipalities (FCM), “Canadian municipal governments do not possess the independence to make their own choices about taxes, spending and debt and thus must rely on other governments to support their fiscal needs.”¹ In recent years, the level of support provided has been insufficient.

Taxes that take into account the ability to pay are said to be progressive. This includes, for example, income taxes and sales taxes, which increase with earnings and consumption. Yet, according to the FCM, no municipality in Canada may levy either of these taxes. When the Canadian Constitution was written in the 19th century, policy makers did not foresee that the future of Canada would rest upon cities, given the agrarian lifestyle of the day. Cities, constitutionally, are mere creations of the provinces. Thus today, they are unable to address the financial shortfalls they face.

Federal revenue sources include personal and corporate income taxes, sales tax, payroll taxes, customs duties, taxes on non-residents, user fees and the fuel tax. The provinces raise revenues through personal and corporate income taxes, sales tax, payroll taxes, resource royalties, gaming, liquor profits, property taxes, user fees and the fuel tax. By contrast, municipalities rely mainly upon property tax, while also deriving revenue from user fees, transfers from the senior governments, investment income and other income; they have no access to progressive forms of taxation.

Although local governments provide an increasingly diverse range of services, particularly in Ontario, they receive only 7% of the tax dollar, compared to 51% for the federal government and 42% for the provinces and territories.

Many U.S. municipalities have a much more diverse toolkit, FCM notes, made up of sales taxes, hotel and motel taxes, business taxes, licence fees, income taxes, tax-exempt municipal bonds, tax incentives, and grants to corporations. A 2001 FCM report notes that the per capita municipal spending rate in the United States is \$1,685 U.S., compared to \$785 U.S. for Canada.

¹Federation of Canadian Municipalities, *Strengthening Communities: on the Path to Fiscal Sustainability*, October 15, 2002.

In Ontario, municipal property taxes are being used to fund a variety of provincial social services previously sustained by provincial government revenues. Not surprisingly, Ontario property tax levels are now the highest in Canada.

According to the Canadian Taxpayers Federation, the 1998 transfer of provincial services to local governments raised property taxes in the province by 33%. Municipalities have also increased their spending to meet these new requirements. In 2001, for example, Ontario municipalities spent \$1,920 per capita, well above the Canadian average of \$1,530. The funding sources for Ontario municipalities that year were property tax (47.5%); service fees (24%); federal and provincial transfers (21%); investments (4%); and other (3%). Provincial Auditor Erik Peters found that in 2001, social services accounted for 25% of municipal expenditures, compared to just over 1% in municipalities outside Ontario.

Since Canadian municipalities have limited means to raise revenues, even cities experiencing rapid growth are struggling financially. They cannot make the investments needed to sustain growth using property taxes alone. It simply takes time to recoup investments in growth from increased assessment revenue. For example, in Edmonton, it takes about ten years to recover investments in new road, water and sewer services from the assessment growth that ultimately occurs with that development.

By contrast, the senior levels of government benefit immediately from growth through increased revenues from personal and corporate income taxes, sales taxes and fuel taxes. Indeed, according to the Toronto City Summit Alliance, a consortium of more than 40 civic leaders, "The benefits from higher taxes generated by economic growth flow almost totally to the federal and provincial levels."²

A TD Economics Special Report³ found Canadian cities singularly ill-equipped to cope with responsibilities transferred to them by the senior levels of government. The report noted that property taxes are inherently flawed as an instrument for funding cities' long-term needs as they are only weakly related to the ability to pay and there is no guarantee that property values will rise in tandem with the cost of city programs and services. "What cities really need," the TD Bank report concluded, "is access to an ongoing revenue source." The best alternative, it further concluded, would be piggybacking off existing federal or provincial taxes.

One-time grants, another favoured form of municipal funding among the federal and provincial governments, do not encourage municipalities to implement long-term plans

² Toronto City Summit Alliance, *Enough Talk: An Action Plan for the Toronto Region*, April 2003.

³ TD Economics, *A Choice Between Investing in Canada's Cities or Disinvesting in Canada's Future*, April 22, 2002.

that address their capital spending needs. In other OECD⁴ countries, municipalities have sustainable and reliable revenue streams, including income taxes and, in some cases, a share of national value-added taxes. Through FCM, Canadian municipalities are seeking a share of existing federal and provincial revenues. On May 30, 2003, the FCM's Big City Mayors' Caucus passed a resolution seeking five cents a litre of the federal fuel tax for Canadian municipalities. This resolution was also adopted at the FCM's annual meeting in September.

The FCM is also proposing that the federal government increase the municipal exemption on the GST from the current rate of 57.14 to 100%. Other measures advocated by FCM include the elimination of the excise tax on fuels used in providing essential public goods and a National Municipal Financing Corporation, which would finance municipal infrastructure projects through an interest rate subsidy.

There is some support for a new commitment to municipalities at the federal level. On November 19, 2002, the Prime Minister's Caucus Task Force on Urban Issues released its final report, *Canada's Urban Strategy: A Blueprint for Action* (the Sgro Report).

The report concludes that:

It is clear, there needs to be a new fiscal arrangement for municipalities to ensure sustainability is a main component in any type of funding for multi-year planning.

Three priority programs are proposed: affordable housing, transit/transportation and sustainable infrastructure, to reduce the pressures on municipalities for these large capital expenditures. In 1996, the TD Bank estimated Canada's infrastructure funding shortfall to be some \$44 billion and growing at rate of \$2 billion per year.

According to the Association of Municipalities of Ontario (AMO), Ontario municipalities are facing a \$21.1 billion shortfall in the funding needed to repair water and wastewater infrastructure, as well as municipal roads and bridges. In 1996, the province ended its cost-sharing commitment for municipal infrastructure.

There are also problems in funding for municipal operating budgets. Provincial measures to offset the impact of transferred services have not matched municipal costs dollar for dollar. Some relief was provided by removing a portion of education taxes from the property tax bill and a compensatory fund was also established. But the cost increases associated with service downloading are higher.

When the impact of transferring provincial services to municipalities is set aside, Ontario municipalities saw revenue growth of only 9% between 1992 and 2000, while inflation totalled 14% for the period. By contrast, federal revenues grew by 48% and provincial revenues by 55% during the same period.

⁴The Organisation for Economic Co-operation and Development (OECD) represents 30 countries that share a commitment to democratic government and the market economy.

According to AMO, Ontario municipalities control only about one-third of their expenditures. The remaining two-thirds are allocated to delivering federally and provincially mandated services and meeting various regulatory standards.

Municipalities are required by the province to spend on the following provincial government services: Ontario Works, the Ontario Disability Support Program, provincial social housing, childcare programs, ambulance services, public health services, and provincial transit systems.

Municipalities have somewhat more discretion over spending on fire and police services, infrastructure, parks and recreation, libraries and economic development.

In May 2003, AMO commissioned a survey of 1,200 voting-age Ontario residents. The results provide insights into Ontario citizens' awareness of the municipal fiscal situation and the sensitivity of various alternatives that could be used to balance budgets.

- 80% of respondents agreed that municipalities face extreme budget pressures
- 75% agreed that municipalities need new sources of revenue; of these, half said the revenue sources should be from the senior levels of government, especially the province
- Only about one-third agreed that municipalities should reduce service levels by as much as necessary to prevent tax increases (35.1% agreed; 62.9% disagreed)
- Support for a no-tax-increase policy was generally low if it were to result in decreased municipal spending on infrastructure (72.5% opposed); social services (72.3% opposed); emergency services (85.7% opposed); and community services (67.4% opposed)

The survey was conducted by the Sudbury firm OraclePoll Research Ltd. The polling firm's remarks on the findings include the following observations:

- "Citizens as taxpayers overwhelmingly favour increases to federal and provincial funding to municipalities over further cutbacks in municipal expenditures."
- "Surprisingly, only 5% said that funds should be obtained through better local management, and less than one percent said municipalities should accumulate debt to generate more resources."

The report also notes that, "If municipalities are limited in their revenue, they will only be able to reduce costs in those discretionary service areas, which means community services, such as libraries, parks, swimming pools, and some aspects of emergency services, such as capital costs for police, fire and ambulance services."

AMO outlined the municipal financing measures it is seeking from the province in a February 5, 2003 pre-budget submission to the Standing Committee on Finance and Economic Affairs:

- An exemption from provincial sales tax
- The dedication of three cents per litre of the existing fuel tax to municipal road, bridge and transit infrastructure
- A vehicle licence surcharge
- An overall financing strategy for implementing the recommendations of the Walkerton Inquiry (measures to assure the safety of drinking water)
- The provincial takeover of West Nile disease prevention strategies, including development, funding and delivery
- Assistance with the development of affordable housing

The City of Greater Sudbury made numerous recommendations to the province in a February 2003 submission to the Ministry of Finance in advance of the provincial budget, calling on the province to:

- Index the Community Reinvestment Fund to inflation; this fund compensates municipalities for services transferred to them by the province.
- Remove the administrative spending caps on services transferred to municipalities
- Reinstate municipal-provincial cost-sharing on infrastructure
- Provide municipalities with more progressive revenue alternatives, that is, alternatives which reflect the ability to pay, unlike property tax; progressive revenue streams could developed by allocating a share of gasoline or income taxes to municipalities

Challenges and Opportunities in the City of Greater Sudbury

The financial position of Northern Ontario's cities is somewhat more constrained than that of their Southern Ontario counterparts because of the problem of low or negative growth in both population and assessment. While the population of Greater Sudbury declined by 6% between 1996 and 2001, the population of Ontario grew by 6.1%.

The introduction of Current Value Assessment into the Ontario property tax system makes revenue sensitive to market conditions, too. While cities with growing populations and property values enjoyed growth in assessment in 2002, the City of Greater Sudbury saw a decline of 0.14%. In fact from 1996 to 2003, assessment grew by only 3.4%, an average of 0.42% per year. No substantive change is anticipated over the next few years.

A 2002 comparison of property tax levels in 54 Ontario municipalities with 71% of Ontario's population found that:

- Tax levies in all property classes fall in the low to mid range in Greater Sudbury.
- Greater Sudbury had the eighth lowest net levy per capita, about 15% lower than the Ontario average (\$771 compared to \$897).
- On the measure of taxes for a detached bungalow, Greater Sudbury ranked third lowest; at \$1,720, significantly lower than the Ontario average of \$2,393.
- On the measure of total taxes and utilities (including water, wastewater and hydro), Greater Sudbury ranked fourth lowest, at \$3,637, compared to the Ontario average of \$4,245.

Although these findings might suggest there is additional tax room locally, there are other realities to consider, such as disadvantages in family income, a higher degree of reliance on government transfers among local citizens, and the situation of those on fixed incomes with a limited ability to pay, such as seniors and those with disabilities.

While assessment is static, costs are rising and other forms of revenue declining. The public services transferred to this municipality by the province in 1998 are one example. The funding provided by the province to offset the costs of delivery is not indexed to inflation, and administrative costs are capped at unreasonably low levels. Thus, the City is facing as much as \$2.5 million annually in added costs for these programs, over and above the initial cost increases associated with local services realignment.

Other financial pressures are arising from new federal and provincial regulations requiring costly improvements to the services delivered by municipalities, such as the provision of safe drinking water. The freezing of hydro rates by the province is also

affecting the local hydro-electric utility, potentially reducing its ability to meet 2004 interest obligations of \$3.7 million (\$2.4 million in cash) on a loan from the City.

As the City is legally required to provide certain programs and services, cuts tend occur in community services—libraries, pools and playgrounds—affecting the quality of life. At the beginning of budget deliberations in 2003, the City faced an expenditure increase of 9.3%. In the end, Council approved a 6.6% increase. Several community facilities were closed. Funding for capital projects is also a major concern. The City of Greater Sudbury has projected its infrastructure investment needs over the next ten years to be \$628 million. The revenues available for these capital projects, however, stand at only \$284.4 million, making for a shortfall of \$343.6 million. Roads are a particular concern.

Annual surveys have been used to measure support for various budget alternatives. The results are shown in the table below. Citizens do appear to take more than financial considerations into account when considering city service level alternatives, given that, for example, in 2003, only 23% agreed totally that the City should reduce service levels by whatever is needed to hold the line on taxes. But at the same time, only 32% agreed that the City should maintain current levels of service and increase taxes up to 5%.

Citizen Agreement with Budget Alternatives (%)

| Budget Alternatives | 2000 | 2001 | 2002 | 2003 |
|--|-------------|-------------|-------------|-------------|
| Rather than building new facilities and roads, the city should invest in maintaining and improving existing facilities and roads | 78 | 72 | 78 | 79 |
| Where appropriate, the direct users of City services should pay for the cost of providing those services | 38 | 41 | 36 | 37 |
| The City should maintain current levels of service and increase taxes up to 5% | 22 | 37 | 37 | 32 |
| The City should reduce service levels by whatever is needed to hold the line on taxes | 33 | 21 | 25 | 23 |

In 2003, the City of Greater Sudbury had revenues and expenditures of \$384 million. The table below indicates how funds raised from taxation were spent.

City of Greater Sudbury Expenditures Supported by Local Taxes 2003

| Expenditure Category | % of Total |
|------------------------------------|-------------------|
| Roads | 16.6 |
| Police Services | 15.2 |
| Ontario Works & Employment Support | 11.2 |
| Social Housing | 8.6 |
| Corporate Services | 8.1 |
| Fire Services | 6.9 |
| Solid Waste | 5.3 |
| Leisure & Recreation | 5.2 |
| Transportation Services | 4.0 |
| Emergency Medical Services | 3.1 |
| Outside Agencies | 3.0 |
| Public Libraries/Citizen Services | 2.9 |
| Economic Development and Planning | 2.7 |
| Buildings | 2.0 |
| Children's Services | 1.6 |
| Executive and Administration | 1.2 |
| Fire Protection | 1.2 |
| Long-term Care | 0.6 |
| Transition Expenses | 0.6 |

Positive Developments in the City of Greater Sudbury

The employment picture has brightened significantly in Greater Sudbury over the past two years, almost closing the gap between the local and the provincial unemployment rates. Overall, the local economy is improving such that the potential for future assessment growth is somewhat improved. Employment in the community's mining supply and service sector, for instance, is estimated to stand at 8,000, and to be growing at an annual rate of 10%. The call centre industry, which provides 3,000 jobs locally, also expanded by 150 jobs this year with the opening of the Canadian Blood Services and Clinidata operations.

Over the last two years, \$350 million in capital projects have been completed locally. Capital projects underway stand at \$140 million in the public sector, \$30 million in the private. Four major new retail operations have opened in recent months in the community, helping cement the city's status as a shopping destination for a regional population of 630,000. Science North opened a \$12 million sister attraction, Dynamic Earth, in April. Developments in the health sector are also encouraging. The province recently announced new capital funding for the regional hospital expansion. It has also established the Northern Ontario Medical School in Greater Sudbury and Thunder Bay, which is expected to support the development of the health research industry in Northern Ontario. The \$1 billion project to four-lane Highway 69 between Greater Sudbury and Parry Sound is promising broad benefits to many sectors of the economy.

In June 2003, Council approved an economic development strategic plan put forward by the Greater Sudbury Development Corporation. The plan sets five goals:

- The best mining and supply services in the world
- A city for the creative, curious and adventuresome
- One of Ontario's top 4 destinations
- A leader in health innovation and biotechnology
- A model for eco-industry and renewable energy

In pursuing these goals, the City will focus on technology, quality of life, education and infrastructure. Five grassroots task forces are rolling out action plans for each of the above goals. This plan, if successful, will help to create employment and increase investment in the community, potentially improving the assessment picture by 2015.

Progress and Improvements in City Administration

The City of Greater Sudbury has taken decisive action over the past three years to become sustainable, both financially and administratively. In December 2002, Council adopted the principles of a Long-term Financial Plan developed by Hemson Consulting. Using this plan Council aims to build a self-sustaining community with a sound physical infrastructure and an excellent quality of life. This plan changes the city's approach to financial planning, shifting the emphasis away from bottom-line financial considerations to service delivery within a longer term financial planning horizon.

The Long-term Financial Plan includes a number of policies to help the City close the gap between its financial needs and resources.

- To ensure services are delivered in a cost-effective manner, the city will conduct regular service level and program reviews, using value-for-money audits. The practice of performance measurement, already in place, will continue.
- To develop sustainable operating revenues, the City will use taxation for programs and services that provide community-wide benefits and fully-costed user fees for those that provide individual benefit.
- To meet social equity objectives, the City will implement special programs.
- To avoid excessively high maintenance costs, the City will maintain its infrastructure in a good state of repair, setting aside each year the reserves needed to meet 90% of its infrastructure rehabilitation and replacement needs.
- To develop sustainable revenue streams, the City will continue to press the senior levels of government for a new deal, working with the Association of Municipalities of Ontario, the Federation of Canadian Municipalities and the many other major Canadian organizations that are actively advocating for municipal financing reform.
- To ensure it can invest adequately in vital capital projects, the City will use debt financing where appropriate.
- To ensure funds are available to meet its infrastructure needs, the City will maintain reserves and reserve funds at appropriate levels.
- To ensure adequate planning to meet long-term liabilities, the City will identify and quantify these to Council annually.

The City implemented a number of other measures to increase revenues and trim spending during the 2002-03 fiscal year.

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- By exceeding its employment placement targets under the Ontario Works program, for the third year in a row, the City received \$2.3 million in bonus revenues from the Government of Ontario.
- By acting on tax arrears, the City has collected \$1.63 million since 2000 and made 143 properties ready for public tax sales.
- By combining municipal and library services within its Citizen Service Centres, the City is saving an estimated \$1.1 million in annual operating costs.
- By developing a proposal to reduce ambulance response times, the City received provincial approval for \$730,000 in funding annually.
- By submitting a request for funding to support the purchase of vehicles and medical equipment for Emergency Medical Services, the City obtained one-time funding of \$450,000 from the province.
- By assigning two in-house collection officers to trace and collect monies owing under the Provincial Offences Act (POA), the City collected \$340,000 in unpaid fines over a five-month period in 2003, and arranged to collect another \$90,000 in instalments. This program has been extended for another year. In exchange for administering and prosecuting provincial offences, the City has the right to collect more than \$6 million in unpaid POA fines.
- By integrating 56 benefit plans into one, the City avoided \$330,000 in annual expenses for three years, a total saving of \$1 million.
- By adopting a cost-recovery user fee policy for cemetery services, the City anticipates adding \$90,000 to cemetery reserves in 2003-04, whereas in 2001 it was necessary to withdraw \$302,000 from reserves. Costs for grass cutting were also lowered significantly in 2003 by contracting out this service.
- By purchasing the building that houses the South End branch of the Sudbury Public Library, the city will avoid annual expenditures of \$110,000 by 2012.
- By equalizing solid waste services, costs for the Central Business District were lowered by \$25,000.
- By taking over canteen operations in two community arenas, the City increased revenues by \$18,000.

Other program and service efficiencies and innovations have also been introduced:

- By increasing enrolment in its pre-authorized payment programs for water and wastewater (to 21%) and taxation (to 38.6%), the City has improved its cash

flow, while also lowering the administrative burden and costs of collection and mailings.

- By purchasing seven new multi-purpose trucks that can reduce salt application rates by up to 20% and improve de-icing by pre-wetting the salt, the City has lowered the cost and improved the effectiveness of winter road maintenance.
- By making its eight zoning by-laws and more than 600 area maps available to users via the Internet, the City has improved service and lowered costs for users.
- By working in partnership with Cambrian College and the Sudbury Base Hospital Paramedics Program to develop Northern Ontario's first local, community-based Advanced Care Paramedics Training Program, the City has enhanced its ability to attract and retain primary and advanced care paramedics while improving medical services.

New Ways of Working

The following guiding principles are proposed as a way to prepare the City of Greater Sudbury for implementing action in the five areas examined in this white paper.

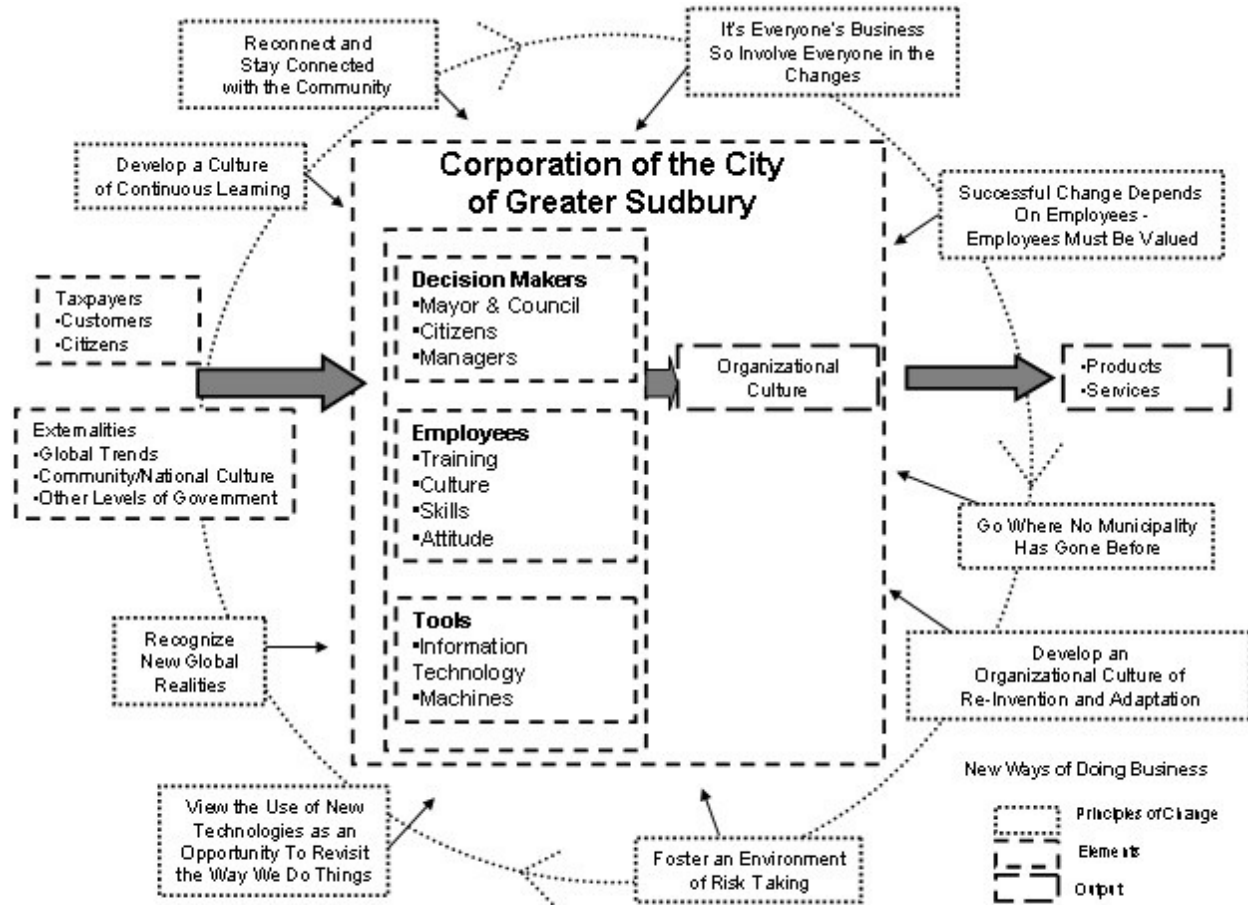
These principles support new ways of working. The goal is to develop an organizational culture that encourages and facilitates both adaptive and proactive change.

This would help the City meet ongoing challenges in a rapidly-changing world that prizes service quality and innovation. The accompanying diagram illustrates the relationship between these guiding principles and City operations.

Proposed Guiding Principles

- Foster an environment that supports risk-taking
- Develop an organizational culture of change/re-invention and adaptation
- Reconnect and stay connected with the community
- Recognize new global realities
- It's everyone's business, so involve everyone in the changes
- Go where no municipality has gone before
- Develop a culture of continuous learning
- View new technology as an opportunity to revisit the way we do things
- Successful change relies on employees: employees must be valued

New Ways of Working Figure 1: Proposed Principles of Change



Mark H. Simeoni – City of Greater Sudbury 2003

As illustrated in Figure 1, the proposed principles interact with other elements, such as citizen input and external trends, to influence how the City operates, ultimately helping to shape the products and services provided to citizens.

Facing a New Reality

A hallmark of any great organization is the ability to reinvent itself and redesign its role in light of changing challenges and constraints. The scope for reinvention is somewhat broader in the private sector than in the public. This enables successful companies to change their strategies to leverage competitive advantages in their area of core competence. (Core competencies are the specific skills a company has or must have to create unique value for customers. They are the things a company can do better than anyone else). For example, Nokia, the world leader in mobile communications, started out as a natural resource company. Rolls-Royce, a company name many associate with the fine cars it no longer makes, holds a prominent position in the civil aerospace, defence, marine and energy markets.

Closer to home, Inco Limited has continually reinvented itself, selling off massive real estate holdings, for example, and getting out of businesses not related to its core competence of mining. Recently, Inco has decided to take advantage of the technology being developed by Original Equipment Manufacturers (OEM) such as Tamrock and Caterpillar. While the company once developed automation features internally, it is today relying upon OEM expertise in automating drills and other equipment.

As noted above, the public sector is somewhat more constrained. For instance, in Ontario, municipalities are mandated to deliver various provincial services. Yet, within the limited authority available to them, municipalities must adopt some strategic focus, particularly given the shortfalls they face in funding. So it may be prudent at this juncture to ask what the core competencies of the City are. What businesses should the City be in? Should the City provide a huge array of services or should it focus on those services that are the overriding concern of citizens, such as roads maintenance?

In any service that the City provides there are four possible outcomes:

- Continue to offer the service as is
- Make the service more efficient
- Allocate increased revenue to the service
- Eliminate the service altogether

In light of the fiscal challenges it is facing, the City must consider these four alternatives in re-examining its services. The City's budget as it stands is not sustainable. The Long-term Financial Plan of the City of Greater Sudbury indicates the need to substantially increase the tax levy to maintain present levels of service.

Rising costs are a major concern for the City of Greater Sudbury and in the Province of Ontario as a whole. The costs of providing municipal services are increasing, while at the same time provincial transfers are decreasing. Moreover there seems to be little will

among taxpayers to accept significant increases in property taxes or user fees, the two mechanisms through which municipalities can raise revenues. As noted earlier, a 2003 citizen survey commissioned by the City found that only 32% of citizens supported a tax increase of 5% to maintain present service levels.

In the past, incremental budget trimming and operational efficiencies have been the main tools used by managers to control deficits. Given the magnitude of the shortfall the City is facing today, these measures alone will be inadequate.

Thus there is a growing realization among municipalities that the status quo is not acceptable: cities need to radically redefine their priorities and redeploy their limited resources. In some cases this may mean increasing expenditures on a particular service while in other instances, it may entail eliminating non-core services that are costly and consequently a greater burden on budgets.

Citizens want to receive excellent municipal services at a reasonable cost and they want to live in a community that is progressive and prosperous. The City faces many pressures affecting both its costs and revenues that are complex and often driven by the shifting priorities of the federal and provincial governments. At the same time, the City must strive to enhance its own administrative efficiency and effectiveness to ensure citizens receive the maximum possible value their local government can deliver. All municipal services, whether mandatory or discretionary, could become candidates for improvement using an appropriate selection of the mechanisms reviewed.

With this in mind, City of Greater Sudbury Mayor Jim Gordon turned to the community, the municipal administration and city employees during the spring of 2003 to request ideas and support for an initiative to tailor municipal operations to the financial realities we face. This was a major theme in the Mayor's State of the City Address to the Greater Sudbury Chamber of Commerce in April, and the focus of a consultation with community leaders held June 4. The latter session generated many ideas.

Council therefore passed the following resolution on June 25, 2003:

Whereas the City of Greater Sudbury must cope with fiscal pressures and changing demographics;

And whereas Council requested a review focusing on delivering quality municipal services at affordable costs in consultation with stakeholders;

And whereas a community stakeholder session was held on June 4, 2003;

THEREFORE BE IT RESOLVED THAT the report from the June 4, 2003 community stakeholders session be received;

AND THAT further review and analysis be undertaken in consultation with community stakeholders;

AND THAT a white paper entitled "The City of Tomorrow" be presented to Council in October 2003.

The primary objectives of this process are to reduce the city's cost structure; move to more strategic and focused service delivery; and maintain a positive organizational culture while managing change and projected attrition. The process is to be implemented over a five-year period, and within the framework of the City's new Long-term Financial Plan.

The many ideas generated by community leaders in June have since gone through a preliminary analysis by municipal staff. Five broad areas of action have been investigated: alternative service delivery; E-Government; new revenue generation; new ways of doing business; and partnerships. This discussion paper reports the results of the research and preliminary analysis carried out on these five themes.

Over the three-year period 2003 to 2005, some 109 city employees are expected to retire, representing 6.3% of the full-time workforce. Of the 109, 72% are employed in Public Works, 17% in Citizen and Leisure Services and 11% in all other departments.

The TD Economics Special Report referenced earlier includes a list of things Canadian cities can do now to improve their financial situations. Many of the recommended measures have already been adopted in Greater Sudbury, particularly through the implementation of the Long-term Financial Plan.

TD Economics has recommended that cities:

- Align property tax systems more closely with the costs of delivering services
- Avoid the over taxation of commercial properties to attract new business to their downtown cores and curb urban sprawl, making the provision of transit more economical and encouraging the construction of low-cost housing
- Make better use of user fees, bringing them closer in line with the marginal costs of providing services (e.g., waste management, water, and urban private transportation)
- Negotiate more flexible labour contracts to facilitate contracting out when cost and standard tests are met

TD Economics also notes that cities need to be legally able to form public-private partnerships, although they face constraints in this regard. Recent changes in Ontario's Municipal Act provide limited natural person-powers to municipalities, potentially facilitating such arrangements.

“Even if the federal and provincial levels of government elect to grant cities new power-sharing and/or financing arrangements,” the report concludes, “this is unlikely to happen overnight. In the meantime, municipal governments from coast to coast must take a long hard look at their own operations and ask themselves whether they are making the best possible use of their limited tool set.”

It is not surprising that TD Economics has turned its attention to the plight of Canada’s cities. “Canada’s 27 Census Metropolitan Areas now make up roughly two-thirds of the nation’s total population, employment and real output,” the report notes.

Council’s Vision for the City of Greater Sudbury

On taking office in 2001, the inaugural Council of the City of Greater Sudbury approved the following Mission, Vision, Values and Broad Goals for the City. These have guided Council in setting annual priorities, which staff has pursued in annual business plans.

Vision

The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.

Mission

We provide excellent access to quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

Values

- Providing high quality service with a citizen focus
- Managing the resources in our trust efficiently, responsibly and effectively
- Encouraging innovation and accepting risks
- Maintaining honest and open communication
- Creating a climate of trust and a collegial working environment
- Acting today in the interests of tomorrow

Goals

- To foster economic development and job creation
- To promote the well-being of our citizens in a healthy, safe and stimulating community

- To protect and improve the environmental and ecological health of the community
- To develop a viable strategy to increase investment in infrastructure
- To secure new sources of revenue through innovative strategies and partnerships
- To ensure our community is attractive to young adults as a place to build careers and raise families
- To put children first
- To present Greater Sudbury to the world as a dynamic and vibrant community

Exploring Tools for Change

The ideas generated by participants in the consulting session for this discussion paper have been divided into five areas, each representing a potential tool for change. These areas are:

- New Ways of Doing Business
- Alternative Service Delivery
- E-Government Technology
- New Revenue Generation, and
- Partnerships

City staff members have completed preliminary research and analysis into these five topics and the individual ideas suggested for each. The results are reported here.

New Ways of Doing Business

The way we do business is influenced by employee skills, new technologies, community expectations and culture, new global realities and trends, organizational culture, decision makers, and the interaction among these elements. The guiding principles proposed earlier in this document are intended to recognize this. To change the way it does business, an organization must also change the way it works.

Preliminary Analysis of Suggestions Received

A list of ideas for new ways of doing business was generated at the City of Tomorrow session. The results of preliminary research into these ideas are provided here.

Purchasing

The City of Greater Sudbury's Supply and Services Section was consulted regarding several ideas suggested for consideration. The discussion included the purchasing arrangements of the local large purchasing institutions buying group, referred to as MUSH (Municipal, University, Schools, Hospitals), that currently meets four times per year with the City's Manager of Supply and Services.

Currently, natural gas, paper supplies, light bulbs/ballasts, lamps, and computers are purchased through the MUSH group. This provides the members with access to volume pricing discounts. As an example, the savings on natural gas are seven cents per cubic metre. There are many opportunities to add other items to this list given the buying power of this large group. Some examples are food, beverages, furniture and commodities. Savings and service levels would be deciding factors.

Another high potential opportunity the group could pursue is that of employee benefits. The City spends approximately \$900,000 per month on benefits for approximately 1,700 workers. The benefits contract is negotiated by the City, based on its number of employees and various statistics. The MUSH group would have the purchasing power of approximately 15,000 workers. The savings, at 3 to 10% could result in savings of \$350,000 to more than \$1 million per year. This could be reduced if the overall characteristics of the group are less favourable than those of the City alone. It is therefore a somewhat risky strategy that nevertheless merits further examination.

Partnering with other municipalities to introduce consortium buying was also discussed. Areas such as road salt, sand, personal protective equipment, etc., were examined. The potential here is less certain since transportation is the major cost factor for salt and sand (accounting for 70% of the purchase price for road salt from one major supplier, for example). Transportation could be negotiable if there is one truck instead of three delivering to different locations. Again, the factors of price and service would influence decisions on this idea.

There may also be an opportunity to negotiate group pricing for City operating departments. For example, there are several operations that purchase food, such as Pioneer Manor, the Day Care, Arenas, concessions, etc. The City could establish common items and request manufacturer pricing based on volumes.

The suggestion was also made that the City avoid depending on a single supplier to help ensure that it receives competitive pricing.

Generic Multi-Tasking Worker

Multi-tasking is often used in teamwork, when front-line employees carry out a broader range of duties. In manufacturing, this can include some supervisory functions, quality control, maintenance and repair tasks. In the health care industry it has occurred in instances where medical staff assumed more patient care functions.

Multi-tasking is often adopted to pursue one of two objectives: lowering costs or enhancing service. To implement this strategy, an organization must identify:

- The areas where this type of work would most likely succeed
- The training needed to upgrade employee skills and knowledge
- Any contractual issues with unionized employees, as this may result in the need to rewrite job descriptions
- The appropriate technological aids to assist employees with their new duties
- Any potential health and safety issues

Several City positions already entail multi-tasking. Those who serve as maintenance workers in the arenas in winter work in parks during summer, for example. Pioneer Manor, too, has developed the Residents Services Aide position, which combines the functions of two previous jobs. Pool and waterfront employees are seasonal multi-tasking workers. The common characteristic is that employees have more than one skill to offer. A culture of continuous learning can enhance an organization's ability to implement multi-tasking. Although this idea has the potential to generate savings to the City in the longer term, there do not appear to be any opportunities for immediate implementation. Given the complexity of the variables involved, no dollar savings can be identified at this time.

Increase Road Maintenance, Outsource/Change Bare-Pavement Policy

The subject of road maintenance outsourcing was discussed with the City's General Manager of Public Works. The City now outsources 100% of road construction work, structural engineering and bridges.

About 12 years ago, the former Regional Municipality of Sudbury outsourced all winter control. Two years later the cost of outsourcing increased by 40%. As the fleet of vehicles had not been sold, it was easy to return to in-house service delivery.

As a result of this experience, the City now outsources only 40% of this work. This helps to maintain competition between contractors and City workers.

The City relies more heavily on outsourcing for winter control in recently annexed and/or outlying areas because the cost of maintaining a depot to store sand, salt, and maintain vehicles in these locations is quite significant.

A Bare Pavement Policy established by Council requires that bare pavement is the target around the clock, seven days a week, on major arteries, resulting in costs of overtime, etc. Many other Cities do not have a Bare Pavement Policy.

The City could save money by adopting a policy change, although the economic impact is unknown. Further investigation would shed light on both the potential savings and the impact on the community.

Fire Inspector and Building Inspector

A suggestion was made that the City should combine the jobs of fire inspector and building inspector. The Ontario Building Code (OBC), which regulates new construction and renovations, already combines fire safety issues with the building permit process. As a result, any project completed under the Building Code automatically complies with the Fire Code. On the other hand, complying with the Fire Code does not necessarily mean compliance with the Building Code. The Fire Department receives a copy of building permit applications as a courtesy.

In effect, the City already combines these two positions. Building permit inspections under the OBC, conducted by building permit inspectors, certify compliance with the Fire Code. The Fire Code is a different issue. It deals with the ongoing ability of a building to offer fire suppression protection.

Matters under the Fire Code relate to the very specific changing equipment and educational capabilities of a local fire department. For example in a sparsely populated rural community with very few buildings there is no need for a full-time fire department with equipment capable of fighting fires in very tall buildings. The Fire Code in that community would be applied differently than in a larger urban centre.

Accordingly, compliance with Fire Code issues is best left to the local fire department. In addition, compliance with the Fire Code is an ongoing matter and is the subject of occasional inspections by the Fire Department. Compliance with the OBC is something that is only certified at the time a building permit is issued.

Laboratory Opportunities

It was suggested that the City investigate the feasibility of combining various testing processes required to comply with provincial regulations. Preliminary research indicates that there are some obstacles. For example, the testing locations for West Nile disease are determined by Health Canada. Birds collected in the City of Greater Sudbury are sent to Guelph and then Winnipeg. In the area of water testing, there is no lab in Sudbury with accreditation in all areas of testing, and accreditation is difficult to obtain. Approximately 25,000 samples of water are collected by the Public Works Department annually and sent for testing outside of the city. Nevertheless, there are numerous organizations in the community that use laboratory testing facilities. The potential for partnerships merits further investigation.

Two-tier pricing

It was suggested that the City investigate the potential for the two-tier pricing of its services, offering a fast-track alternative at a premium price. Two-tier pricing can be used by a monopoly to influence customer behaviour. The British Post Office, for example, introduced two-tier pricing in the 1970's. There, the processing of second-class mail is deferred during peak periods. The excess demand is stored until the Post Office has the excess capacity to process it. Money is saved by reducing the need to process all the mail at the same time (thereby reducing labour requirements at peak periods). In the case of City services, there is a drawback: for each person that would opt to purchase the premium-priced service, one less person would be able to buy the regular-priced service. As a result, the cost of providing the service would be spread out over fewer people, ultimately making this service more costly. Service automation could increase efficiency without the disadvantage of increased costs.

On the other hand, two-tier service delivery can enhance flexibility, making it easier to rapidly deploy labour, while at the same time expanding the variety of work. It is a strategy that could mesh well with the deployment of generic, multi-tasking workers. Generalists must have critical communications, interpersonal and analytical skills. But a flattened organizational hierarchy can lead to worker frustration, even though multi-tasking can enrich the job environment. To implement this strategy, an organization must instill the life-long learning concept within its culture.

Optimizing the solid waste management system

All waste management services are currently privatized in the City of Greater Sudbury, with one exception. The City of Sudbury proper currently receives garbage collection via municipal crews, with the exception of Broder/Dill and the Central Business District. During the last bargaining process, the City honoured the terms of a former City of Sudbury Memorandum of Understanding to use municipal crews for seven years commencing September 1, 1988.

One remaining option in this area is that of contracting out the management function now provided by the City.

Other suggestions made to optimize solid waste management include:

- Further investigate the potential for burying garbage in abandoned mine sites to generate revenue
- Partner with EarthCare Sudbury to promote waste reduction

It should also be noted that a waste optimization study is underway.

Waste Optimization Study - Details and Objective

This study is reviewing existing collection methods and routes. It will identify collection and processing alternatives, and the potential for landfill gas utilization. The ultimate objective is to increase waste diversion rates while simultaneously reducing greenhouse gas emissions associated with waste collection, waste processing and landfill sites. The project will also address issues raised by members of the public and Councillors (e.g., reviewing suggestions to investigate the potential for reducing garbage collection to every two weeks in the winter, match garbage and blue box collection days, and implement a fee-per-bag system for small businesses). It is expected that a final report will be presented to Council in the spring of 2004.

Mandate Red Tape Reduction

Jurisdictions such as New Brunswick and Ontario have introduced red-tape reduction policies to eliminate barriers to growth. New Brunswick, for example, reviews all regulations, permit requirements, fees and policies affecting job creation and business growth. Red tape reduction strategies are typically developed in close consultation with key stakeholders. A group such as the Development Liaison Advisory Committee is a potential model. While it is difficult to project the level of savings that could be achieved, reducing red tape could improve City services from a client perspective.

Provide a Free Transportation Service from Hotels to Shopping Districts as in Denver and Elliot Lake

Adopting this idea would entail an expansion of the City's transit fleet and operating costs for the service with no offsetting revenues. Denver's downtown is much larger than Sudbury's. According to the Denver Planning Department, the local business community and the City offer shuttle services within the downtown. This service is similar to shuttle services offered by casinos in various cities in Ontario. Although no costs were provided by the Denver Planning Department it can be assumed that the program improves services and increases costs to the municipality. Previous studies of local transit services have indicated that the route coverage in downtown Sudbury is extensive, although the service provided is not free of charge.

Revitalize the Downtown—As Have Winnipeg, Halifax and London

Downtown services are currently delivered to the downtown business community through the downtown Business Improvement Area (BIA). The BIA, known as Downtown Sudbury, manages an association and seeks out partnerships where appropriate, in accordance with the provisions of the Municipal Act. It is not clear how this suggestion will result in municipal savings. In addition there is no need to further privatize this already private-sector function. At the same time, there are various successful downtown revitalization models available that the City should consider. Further research and analysis could be conducted to investigate the potential.

Build on the Opportunities of an Expanded Highway 69

The Province of Ontario has announced a commitment to expanding the portion of Highway 69 lying between Parry Sound and Sudbury from two to four lanes. The City of Greater Sudbury could develop a strategy to foster economic growth in tandem with this development. The benefits that may result are longer term and dependent on a number of variables that are not certain. This includes the timing of the completion of the highway, the costs and the strategy itself. It should be noted that there will be costs associated with the development of the strategy and that the payback to the municipality will only be measured in increased assessment at some point in the future.

Other Suggestions Received

- Commission a Convention Centre Study. The hospitality industry is amenable to the idea of a convention centre being built as long as it does not detract from or compete with existing operations and the City does not enter into a partnership with a private company.
 - Although several studies have been commissioned and have failed to demonstrate the viability of this project, there may be an opportunity to explore a project of a larger scale, specifically, a not-for-profit centre for international events, such as that developed in Harrogate, England. This major initiative would entail a significant capital investment. Its feasibility would have to be proven through a detailed study.
- Develop the Ramsey Lake Boardwalk into a user-friendly tourist attraction that generates revenue (i.e., from concessions). The Boardwalk is heavily used, particularly in summer. The City could investigate the potential for partnering with Science North to provide food services, i.e., high quality coffee, and seasonal fare. It is noted that both Science North and the City already operate concessions adjacent to the Boardwalk.
- Reorganize City resources to focus on priorities.

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Alternative Service Delivery

Alternative Service Delivery (ASD) has been an integral part of government for many decades. Municipal governments all over the world are delivering services through partnerships and through community groups, the private sector and non-governmental organizations. In Canada, ASD has been increasingly adopted by both the federal and municipal levels of government as a result of government downsizing and in response to budgetary pressures.

The Treasury Board of Canada, considered a leader in the development of ASD policy in government, defines ASD as, “the pursuit of new and appropriate organizational forms and arrangements, including partnerships with other levels of government and other sectors, in order to improve the delivery of programs and services.”

The American Federation of Employees (state and municipal) defines ASD more directly as, “a term used to describe the use of private firms, community or nonprofit groups, volunteers or individuals to deliver public services.”

In this discussion paper, ASD is defined as the contracting out, or outsourcing, of services for which the City will retain responsibility and accountability, even though they will be delivered by an organization independent of the City.

Background

The prevailing ideological basis for exploring ASD in municipal government is the argument that a government service should be run like a business in order to lower costs and increase efficiency. Interest in ASD is rising among those who consider it a quick fix for the budgetary pressures affecting municipal governments as a result of provincial downloading, amalgamations, and slow or negative population and assessment growth.

Recently, however, the role of government in protecting the public interest has received increased attention in light of private sector failures, such as the Enron affair, and the consequences of extreme government downsizing efforts in Ontario at Walkerton and, allegedly, at an Aylmer meat packaging plant. As result, the public expects a great degree of government control and accountability to protect the public interest.

At the same time, citizens expect governments to demonstrate that every effort has been made to find and implement efficiencies in service delivery before taxes are increased. Many citizens do not object to the delivery of services by organizations external to municipal government, provided that quality and performance standards are met.

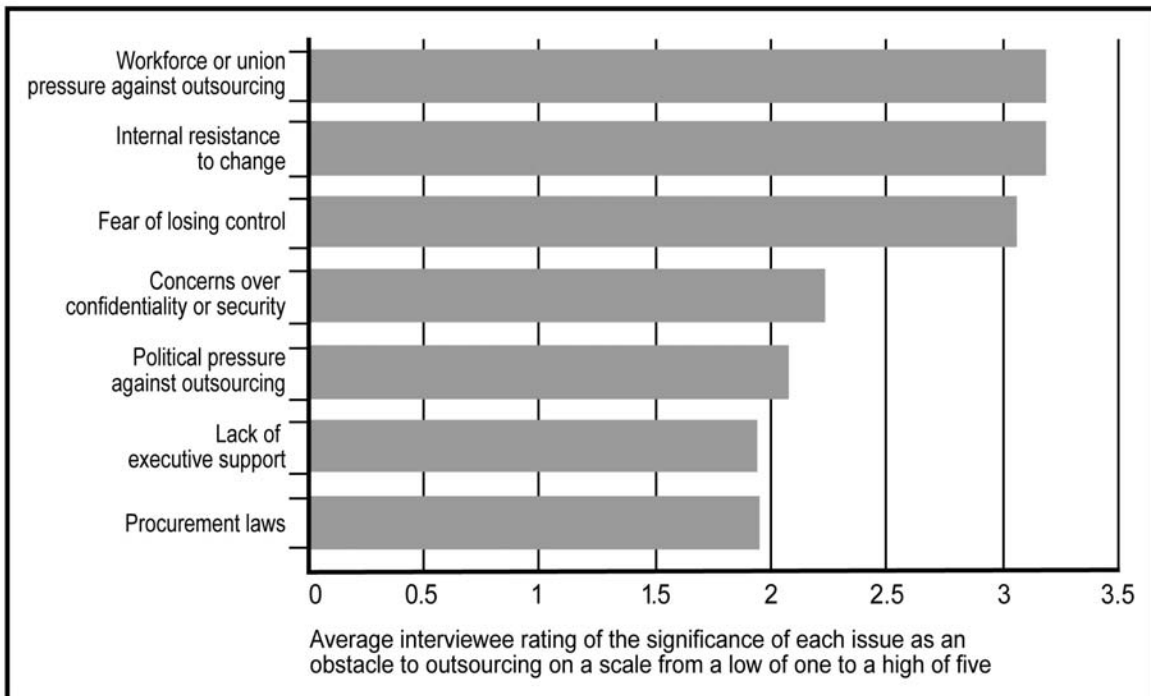
The Washington State Labor Council, AFL-CIO summarizes some of the problems encountered with contracting out public services:

- Lowball bidders often defer hidden future costs or operate in the red to obtain a contract; a couple of years later when the price goes up, the state can no longer provide the service because of layoffs and reorganization.
- The quality of service suffers and the wage gap widens when companies slash wages and hire less skilled employees to increase profits.
- Public accountability and disclosure are reduced because the adequate monitoring of contracts is rare.
- A brand new cost is introduced to ‘consumers’ of public services–profit.

The Labor Council also notes one of the main arguments against contracting out municipal services: “The biggest problem with contracting out is simple to understand—it replaces stable, family-wage jobs with low-wage jobs with few or no benefits.”

In a recent survey by the consulting firm Accenture, the concerns of workers and unions were rated as the most significant obstacle to outsourcing.

Alternative Services Delivery Chart 1



It is important to clarify that Council’s direction is to avoid any negative impact on the City’s current work force. Consequently, the alternative service delivery alternatives

discussed in this paper would only proceed under a redeployment and attrition strategy agreed to by the unions representing City employees. The Mayor has stated on many occasions that service restructuring must only be implemented as opportunities arise as a result of attrition among municipal employees.

Equally persuasive are some of the arguments in favour of ASD. Dr. Scott Carson, Dean of the School of Business and Economics at Wilfrid Laurier University, outlined some of the benefits in a presentation at the Institute of Public Administration of Canada (IPAC) conference, held August 24 to 27, 2003:

- The reduction of costs
- Service quality improvements
- Process innovations
- Acquiring expertise not available in the public service
- Encouraging the growth of strategic private sector industries
- Attracting additional expertise and investment

Dr. Carson also explored the cultural divide between governments and external service providers:

- Governments are sometimes remiss because they fail to understand:
 - The financial requirements and objectives of business
 - That procurement processes can be very expensive
 - That efficiency is key
 - That time delays and unnecessary steps are costly
 - They fail to stay the course at the procurement stage

On the other hand, business often does not attach enough importance to:

- The public policy objectives of government
- The very high levels of accountability in the public sector
- Changing priorities as a result of :
 - Changing voter expectations

- Pressure from media, interest groups and political opposition
- The political fallout from errors

Dr. Carson also outlined key success factors for Alternative Service Delivery:

- Political will
- Public consensus
- Stakeholder support, especially from unions
- The adequacy of resources
- Reward and recognition for making it work
- Tolerance for honest mistakes
- Champions
- Capabilities and expertise

To create these enabling conditions, the City must develop an appropriate policy framework for developing alternative ways to deliver City services with broad community support and union endorsement.

Key Policy Questions for Analysis

The process to identify services that would be good candidates for Alternative Service Delivery should start with a clear understanding of the role of the City of Greater Sudbury in shaping the future of the community.

Any service alternative should be analyzed against the priorities of the Mayor and Council for the community. It does not make sense to eliminate or contract out a service when that service might be a key element of the vision and priorities of the community as set by Council.

For example, Council is not mandated to develop trails; however, Council has decided that a healthy community and a high quality of life are key priorities for the City. As a result, Council has developed successful projects such as the Ramsey Lake Boardwalk and the Junction Creek Waterway Park, which are enjoyed by thousands of Sudburians year round.

In this example, although not mandated by legislation, Council is providing a service and product that not only enhances Sudbury's quality of life, but also strengthens

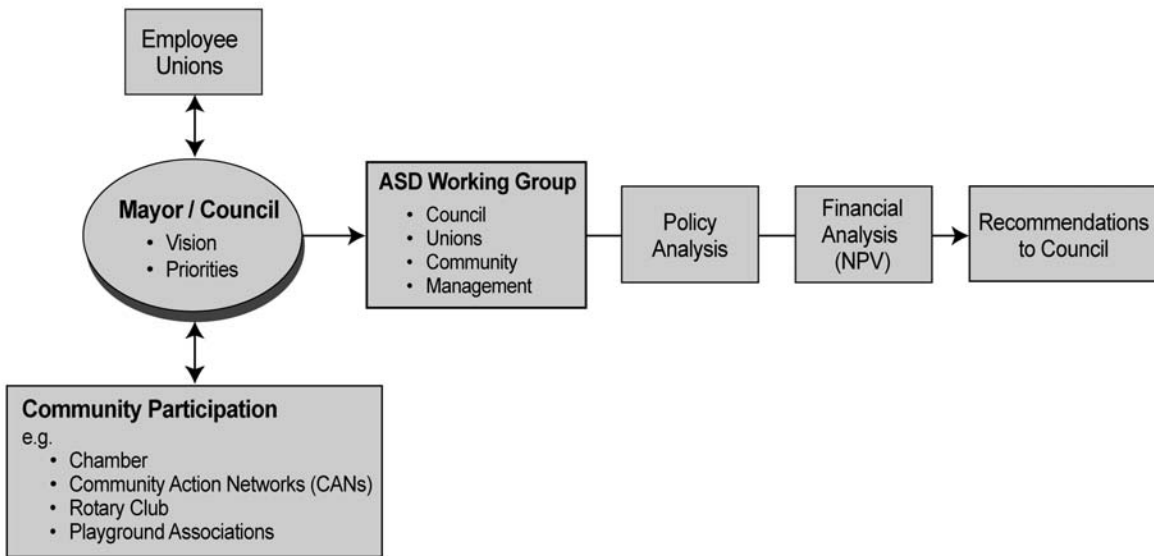
Sudbury as a location for new businesses and families. In this example, the alternative service delivery analysis would explore the 'who' and 'how' of maintaining existing and developing new trails.

There are other services that a municipal council would not outsource. One example is community engagement. City Council sees community engagement as a cornerstone of good government. Community engagement does require substantial financial and human resources for activities such as organizing and advertising for consultation meetings. Moreover, through Community Action Networks (CANs) Council is working in partnership with community leaders to enhance community participation throughout the City. In this example, alternative service delivery alternatives would be limited to logistics such as design and event planning, if required.

The key point illustrated by these examples is that any analysis to review/restructure a service must start with the direction that the Mayor and City Council has set for the community. The proposed process is outlined in figure one.

Alternative Service Delivery Figure 1

PROPOSED PROCESS FOR EVALUATING ALTERNATIVE SERVICE DELIVERY OPTIONS



Carlos Salazar

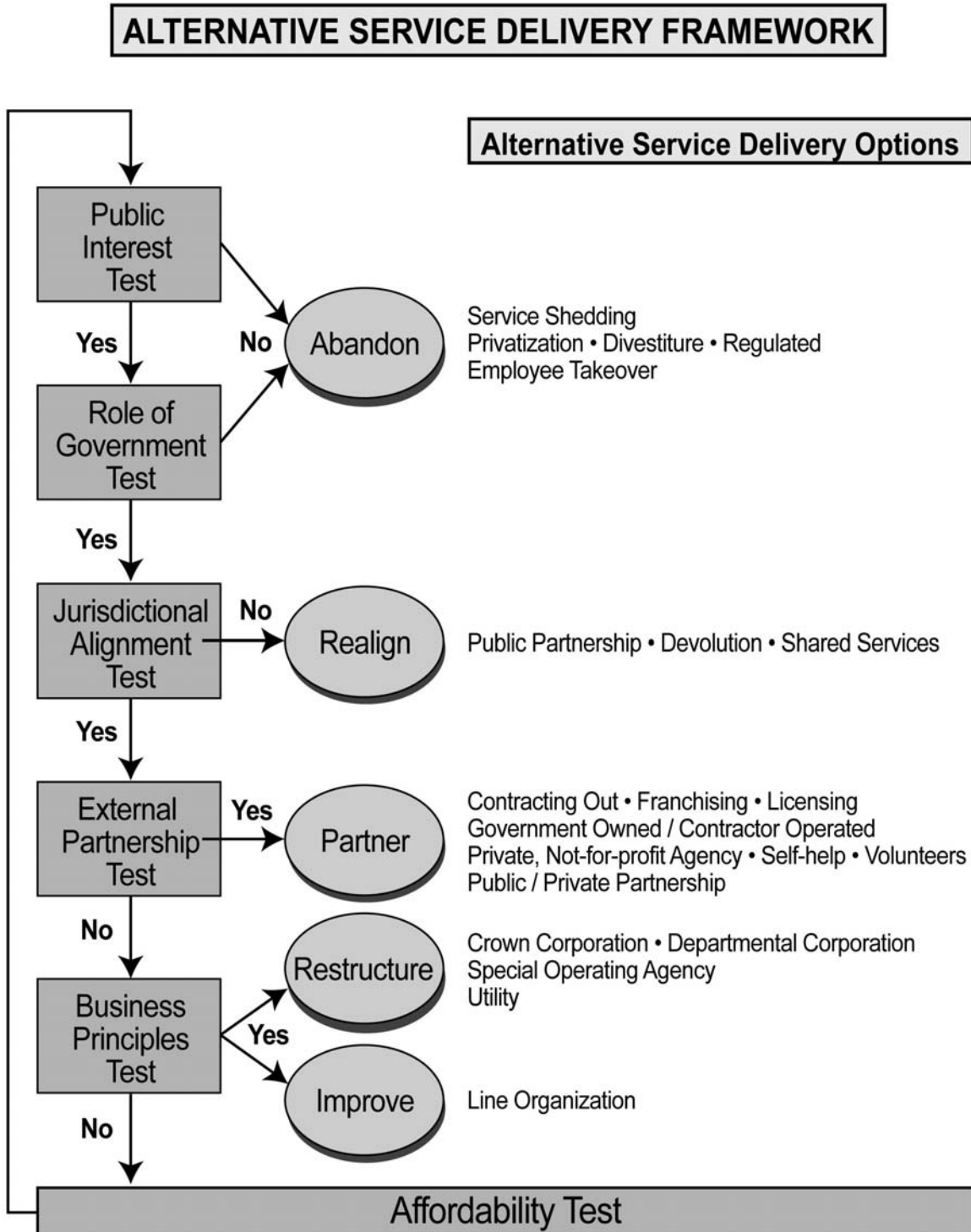
The World Bank, based on work developed by the Treasury Board of Canada Secretariat, suggests using a series of key policy questions to determine whether Alternative Service Delivery is a viable option for a particular service.

ASD Framework Policy Questions

| Strategic Focus | Question |
|-------------------------------|---|
| Public Interest Test | Does the program or service continue to serve a public interest? |
| Role of Government Test | Is there a legitimate and necessary role for government in this program or service? |
| Jurisdictional Alignment Test | Is the lead responsibility for this program or service assigned to the right government jurisdiction? |
| External Partnership Test | Could, or should, this program or service be provided in whole or in part by the private or voluntary sector? |
| Business Principles Test | If the program or service continues within the existing government context, how could its efficiency and effectiveness be improved? |
| Affordability Test | Is the program or service affordable within fiscal realities? |

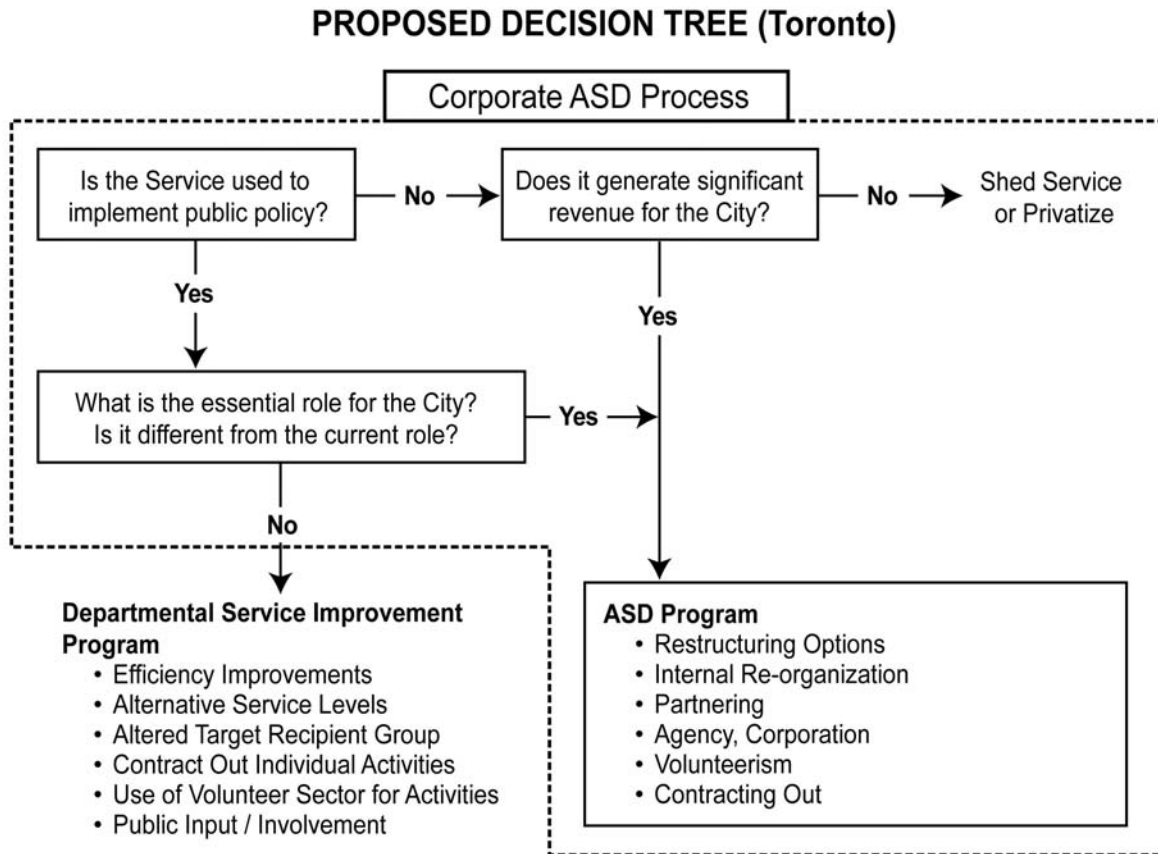
These policy framework questions are the cornerstone of the decision-making trees shown below. Figure 2 addresses the general policy context, while Figure 3, from the City of Toronto, takes the analysis one step further by introducing revenue generation as one of the criteria.

Alternative Service Delivery Figure 2



Source: Treasury Board Secretariat

Alternative Service Delivery Figure 3



Services Suggested by Participants for ASD Analysis

Participants in the community and staff consultation session for this discussion paper suggested the following services as possible candidates for ASD. This is a preliminary list that has not yet been considered by City Council, the unions representing City employees, or the community.

Services Suggested by Participants for ASD Analysis

| Department/Category | Services |
|-----------------------------------|---|
| Corporate Services | Information Technology Financial Services (collection, water billings) Legal Services |
| Economic Development and Planning | By-law Enforcement Economic Development Community Planning GIS/Surveys/Mapping |
| Health and Social Services | Municipal Day Care |
| Citizen Services | Libraries Call Centre Parks and Playgrounds (CS) Parks Maintenance (PW) |
| Community Facilities | Sports and Fitness Centre Community Halls Community Pools Community Arenas |
| Public Works | Engineering Services |

The table provided in Appendix C provides a preliminary financial analysis of these services. As the table illustrates, many of these services are already delivered using a combination of internal and external (purchased) resources. The total amount of these purchased services is more than \$9 million, or 20% of the total cost of the services suggested by participants for Alternative Service Delivery. Purchased services, for example, account for 56% of spending on IT. Externally-sourced IT services include telephone (\$859,000), software application maintenance (\$291,000) and the supply and maintenance of copiers (\$227,000). Many of these costs would continue to be incurred under any ASD alternative.

Many of the services examined also generate significant revenues for the City. For example, Clerk’s Services, a function mandated under the Municipal Act, generates revenues accounting for almost 85% of its annual budget from lottery, marriage, taxi and business licences.

Another important consideration in any ASD analysis is whether there are a sufficient number of alternative suppliers in the community. Many communities use the Yellow

Pages test whereby if there are private sector companies offering the service, then that municipal service is a prime candidate for ASD. Services such as the maintenance of facilities, parks and buildings, for example, can be found in the Yellow Pages. These services are carried out by many private companies such as developers, landscape contractors and building maintenance firms.

In addition to looking at how the private or non-profit sectors could deliver services for municipalities, another technique is to explore interagency arrangements for service delivery. For example, the consolidation of administrative functions such as legal, financial, IT, and human resources for the Health Unit, the Police Department, and Greater Sudbury Utilities, Inc. (Sudbury Hydro) could be explored. Once consolidated, these functions could be delivered by one of the agencies.

Finally, once the policy analysis is completed, a business case must be developed to determine the financial costs and benefits to the City. Appendix A provides the recommended business case template for this purpose.

Alternative Service Delivery Appendix A: Business Case Template

This business case template is based on previous work of the Regional Municipality of Sudbury, assisted by the KPMG Centre for Government. Added to the policy analysis framework outlined in the preceding section, it would provide the City of Greater Sudbury with a means of assessing options for the delivery of municipal services.

The key requirements of a business case are: the definition of program objectives and performance measures; an evaluation of various delivery alternatives; and a cash flow analysis based on net present value to allow a comparison among delivery options.

The business case contains seven key sections. These include:

1. Analysis of the Current Situation
2. Objectives and Performance Measures
3. Analysis of Delivery Options
4. Detailed Analysis of Delivery Options
5. Recommended Delivery Option
6. Implementation Plan
7. Post-implementation Evaluation

Analysis of Current Situation

The purpose of this section of the business case is to provide a brief description of an existing program or service. Include in this section:

- The reason for introducing the program or service;
- The objectives of the program (or service) and the extent to which these objectives support City priorities;
- Whether the objectives are currently being met (and if not what is being done to address sub-optimal performance);
- A description of current customers and their perceptions of and levels of satisfaction with the current program (or service);
- The current method of delivery;

- An approximation of the resources required annually to deliver the program (or service);
- How service levels are monitored and measured; and,
- Any current revenue sources and approximation of revenues generated.

Objectives and Performance Measures

The purpose of this section of the business case is to provide a clear definition of the objectives of the program (or service) and how performance is currently measured.

Specifically, it is used to:

- Define the objectives of the program (or service);
- Describe how performance is currently measured in terms of efficiency (measuring outputs) and effectiveness (measuring outcomes); and,
- Describe how performance is currently measured using quantitative and qualitative measures.

Analysis of Delivery Options

The purpose of this section of the business case is to explain why alternative approaches for delivering the program (or service) are being considered. These reasons may include:

- Saving the City money;
- Maintaining or improving service levels; or,
- Maintaining or improving revenue levels.

For a new line of business or program/service, the objective in this section of the business case is to explain why the City should be in this business. The reasons to be considered are the same as those described above for reviewing existing programs and services.

In this section of the business case it is vital to assess various delivery options against various success criteria. This exercise will allow business case teams to understand the relative pros and cons of the possible options.

This process would be further strengthened if the City were to review the various options against the City of Greater Sudbury's Success Criteria (as developed by KPMG and the City).

City of Greater Sudbury's Success Criteria

1. SMART ideas—all ideas must be SMART ideas.

Specific—the City of Greater Sudbury must identify opportunities which will help it achieve its targeted net revenue position.

Measurable—a group of ratepayers must be able to agree that the City has achieved what it set out to do.

Attainable—the opportunities the City chooses must be within its power to implement.

Relevant—A CITY government must take advantage of opportunities that are within its domain as a public body.

Time-bound—the City must identify enough opportunities to achieve its net revenue goal.

2. Focus—the focus must be on ensuring effective service delivery for the citizens of the City of Greater Sudbury and minimizing negative impacts on the working environment of its employees.
3. Operating parameters—the City of Greater Sudbury must operate within its financial resources.
4. Compliance—all adopted options must comply with statutory requirements, collective agreements and professional standards where applicable.
5. Decision-making—the decision for acceptance must be fair, rational and defensible. Opportunities should also be of minimal risk.

Detailed Analysis of Delivery Options

The purpose of this section of the business case is to provide a more detailed analysis of best possible options (one or two) against a set of criteria commonly used to assess alternative service delivery opportunities.

These criteria include:

- Comparative analysis—an assessment of the economic and social costs and benefits among the options (e.g., sectoral development, employment, environmental impacts).

- Stakeholder/customer analysis—an assessment of the impact of delivery options on customers and other levels of government and how these groups will react to the delivery options.
- Market analysis—an assessment of the availability, capacity and competence of potential private sector partners (where applicable).
- Legislative/regulatory changes—identification of any legislative or regulatory changes required.
- Human resource impacts—description of the human resource impacts of implementing the proposed delivery options and how to manage these impacts. Specifically, the City must identify:
 - How many staff are involved in the current method of delivery;
 - How many will be affected by the proposed delivery options;
 - What strategies will be employed to deal with staff issues; and
 - What sorts of new skills and knowledge will be required (and how these will be acquired) under the new delivery regimes.
- Benefits—description of the benefits associated with the best delivery options. Possible benefits include:
 - Maintenance or improvement in service levels
 - Reductions in costs
 - Access to new sources of capital
 - Access to technical expertise
 - Realization of the value of under-utilized assets
 - Value-added opportunities
 - Sharing of risks, and
 - Faster project implementation.
- Risks—a description of the key risks associated with the best delivery options and how these risks will be managed. Potential risks include:

- Political risks– congruence with Council agendas/priorities and potential for negative public perception;
- Risks to public health and safety;
- Conflict of interest;
- Financial risks including misuse of public funds, spending more than is required to achieve objectives, and the financial viability of partners/vendors;
- Risks to governance and accountability;
- Legal risks including city liabilities;
- Non-compliance with legal and regulatory requirements;
- Continuity of service;
- Technical risk; and,
- Market risk.
- Financial analysis–financial assessment of the best delivery options. Attached in Appendix D are the templates which should be used to perform the financial analysis. The purpose of the financial analysis is to:
 - Provide financial cost/benefit information for the program or service under the current situation (Section 1);
 - Show cost/benefit information for the program or service under the proposed delivery options (Section 2); and,
 - Provide information on implementation costs and proceeds from the sale of assets (Section 3).

Recommended Delivery Option

The purpose of this section is to describe the recommended delivery option. The choice should be based on the detailed analysis performed and the extent to which the recommended delivery option meets the City of Greater Sudbury's Success Criteria.

Implementation Plan

The purpose of this section of the business case is to outline the key features of the plan to implement the recommended delivery option. The implementation plan should include:

- Time schedules and deliverables for implementation and the results expected;
- Time lines for any required legislative, regulatory or by-law changes;
- The identification of any financial requirements from the cost/benefit analysis and the impact on the City's expenditures and revenues;
- Strategies to deal with any accountability and labour relations issues; and
- A communications plan, including target audiences, key messages and timing for announcements.

Post-implementation Evaluation

The purpose of this section of the business case is to identify how the implementation of the recommended delivery option will be measured. Specifically, the business case team needs to identify:

- How performance will be measured, monitored, evaluated and reported;
- What sorts of corrective actions will be taken if performance objectives are not met; and
- Back-up or contingency plans if service levels from the new delivery model prove to be unacceptable.

Alternative Service Delivery Appendix B: ASD Analysis Framework Template

| Strategic Focus | Question | Service |
|-------------------------------|---|---------|
| Public Interest Test | Does the program or service continue to serve a public interest? | |
| Role of Government Test | Is there a legitimate and necessary role for government in this program or service? | |
| Jurisdictional Alignment Test | Is the lead responsibility for this program or service assigned to the right government jurisdiction? | |
| External Partnership Test | Could, or should, this program or service be provided in whole or in part by the private or voluntary sector? | |
| Business Principles Test | If the program or service continues within the existing government context, how could its efficiency and effectiveness be improved? | |
| Affordability Test | Is the program or service affordable within fiscal realities? | |

Alternative Service Delivery Appendix C: Costs and Employees–Final Current 2003 Budget

| Service | FT Employees | Total Costs | Purchased | % Purchased | Revenues | Net Budget |
|---|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| Corporate Services | | | | | | |
| Information Technology | 30 | \$4,175,702 | \$2,352,100 | 56 | \$173,061 | \$4,002,641 |
| Financial Services | 58 | 5,897,307 | 815,540 | 14 | 1,392,746 | 4,504,561 |
| Legal Services | 34 | 7,104,087 | 1,487,058 | 21 | 5,916,556 | 1,187,531 |
| Economic Dev. & Planning | | | | | | |
| By-law Enforcement | 11 | 1,204,459 | 401,800 | 33 | 609,500 | 594,959 |
| Economic Development | 15 | 2,572,409 | 994,103 | 39 | 810,978 | 1,761,431 |
| Community Planning (incl. GIS/Surveys/Mapping) | 14 | 1,317,181 | 80,828 | 6 | 59,300 | 1,257,881 |
| Social Services | | | | | | |
| Municipal Day Care | 11 | 805,449 | 87,700 | 11 | 591,537 | 213,912 |
| Citizen Services | | | | | | |
| Libraries (incl. TDS Call Centre) | 67 | 6,155,600 | 243,286 | 4 | 653,868 | 5,501,732 |
| Parks and Playgrounds | 0.4 | 4,143,949 | 604,376 | 15 | 322,600 | 3,821,349 |
| Community Facilities | | | | | | |
| Sports & Fitness Centre | 0 | 447,217 | 244,420 | 55 | 280,128 | 167,089 |
| Community Halls | 0 | 519,726 | 196,925 | 38 | 266,172 | 253,554 |
| Community Pools | 4 | 1,445,144 | 382,233 | 26 | 619,881 | 825,263 |
| Community Arenas | 38 | 5,940,459 | 141,780 | 2 | 3,953,943 | 1,986,516 |
| Public Works | | | | | | |
| Engineering Services | 64 | 4,147,077 | 1,207,735 | 29 | 368,382 | 3,778,695 |
| TOTAL | 346.4 | \$45,875,766 | \$9,239,884 | 20 | \$16,018,652 | \$29,857,114 |

Alternative Service Delivery Appendix D: ASD Financial Analysis Template

Part 1

| Project | Current Yr. | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|-------------|--------|--------|--------|--------|--------|
| Current Situation | | | | | | |
| Full-time Employees | | | | | | |
| Costs: | | | | | | |
| Salaries, wages & benefits | | | | | | |
| Other Direct Expenses: | | | | | | |
| Consulting & other services | | | | | | |
| Supplies & Equipment | | | | | | |
| Accommodation | | | | | | |
| Other | | | | | | |
| Indirect Expenses: | | | | | | |
| Overhead | | | | | | |
| Costs to other departments | | | | | | |
| Other | | | | | | |
| Total Costs (a) | | | | | | |
| Benefits | | | | | | |
| Revenues | | | | | | |
| Recoveries | | | | | | |
| Other benefits | | | | | | |
| Total Benefits (b) | | | | | | |
| Total net outflow/inflow: (b)-(a)=(c) | | | | | | |
| Discount factor 3.25%* (apply to [c]) | 1.0 | 0.969 | 0.938 | 0.909 | 0.880 | 0.852 |
| Present value of annual cash flows | | | | | | |
| Net Present Value (sum of present values) | | | | | | |

* Rate of return on Government Bonds

Building the City of Tomorrow: A Discussion Paper

Parts Two and Three

| Project | Current Yr. | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|-------------|--------|--------|--------|--------|--------|
| Proposed Alternative | | | | | | |
| Full-time Employees | | | | | | |
| Costs: | | | | | | |
| Salaries, wages & benefits | | | | | | |
| Other Direct Expenses: | | | | | | |
| Consulting & other services | | | | | | |
| Supplies & Equipment | | | | | | |
| Accommodation | | | | | | |
| Other | | | | | | |
| Indirect Expenses: | | | | | | |
| Overhead | | | | | | |
| Costs to other departments | | | | | | |
| Other | | | | | | |
| Total Costs (a1) | | | | | | |
| Benefits | | | | | | |
| Revenues | | | | | | |
| Recoveries | | | | | | |
| Other benefits | | | | | | |
| Total Benefits (b1) | | | | | | |
| Net inflow/outflow: (b1)-(a1)=(c1) | | | | | | |
| Investment/Implementation Costs & Revenues | | | | | | |
| Costs | | | | | | |
| IT expenditures | | | | | | |
| Other investments | | | | | | |
| Severance/termination | | | | | | |
| Other employee-related costs | | | | | | |
| Total employee-related costs | | | | | | |
| Termination of leases/other contracts | | | | | | |
| Other non-recurring costs | | | | | | |
| Total I&I costs (d) | | | | | | |
| Revenues | | | | | | |
| Proceeds of asset sales | | | | | | |
| Other one-time proceeds | | | | | | |
| Total Revenues (e) | | | | | | |
| Net inflow/(outflow): (e)-(d)=(f) | | | | | | |
| Total net inflow/(outflow): (c1)+(f)=(g) | | | | | | |
| Discount factor (apply to [g]) | 1.0 | 0.969 | 0.938 | 0.909 | 0.880 | 0.852 |
| Present value of annual cash flows | | | | | | |
| Net Present Value (sum of present values) | | | | | | |

E-Government Technology

About E-Government Technology

E-Government technology is the use of electronic tools to:

- Make the delivery of routine services easier and faster (usually utilizing the Internet).
- Change government administrative processes.
- Change government resource management systems.
- Provide opportunities for two-way citizen dialogue with government.

(Source: *Framework for Action, 2002: The Innovation Culture in the Ontario Public Service, 2002*)

The City of Greater Sudbury Should Consider Using E-Government Technology

E-Government technology has the potential to enhance the delivery of municipal services, to create cost efficiencies and to enhance the marketing of the municipality. Specifically, it provides:

- The potential for automating transactional contacts with public and reducing costs.
- The potential for improved citizen accessibility to municipal programs and facilities leading to increased bookings and revenue.
- An important marketing tool for promoting economic development and potentially increasing community prosperity and assessment growth.
- Improved accessibility to City information/services for citizens (24/7).

At the same time, it:

- Reinforces/enhances/develops the City's image as a progressive municipality that is keeping pace with changing times.
- Acknowledges the growing acceptance of computer technology in society.

On January 23, 2003, Council approved its statement of priorities entitled *Mapping the Vision 2003*. This document included a commitment to “embrace the digital revolution”

and its mission included a commitment to “provide excellent access to quality municipal services.”

On March 27, 2003 Council passed a resolution which, among other things, stated that the City of Greater Sudbury would “undertake a program to invest in technology” and “focus on the delivery of quality municipal services with affordable costs.”

Cautions regarding E-Government Technology

- While the majority of citizens have Internet access (63% of households and 70% of businesses [2003 State of Community Report, OraclePoll Research]), others do not. For this latter group, other means of access to City services/programs are necessary. As a result, on-line access may duplicate services, resulting in more work and more costs for the municipality. This may be a transitional problem which gradually diminishes as more citizens acquire Internet access. However, there will always be some for whom computer access is not feasible. It is acknowledged that Internet access is available through the libraries. Also, some experimentation with stand-alone access terminals has occurred.
- Technology can be a high capital/high maintenance investment. Caution must be exercised to ensure that efficiencies gained in one area are not offset by increased IT costs (which may diminish, offset or exceed the intended savings) or by new work demands associated with the new administrative systems.
- To maximize the potential savings and efficiencies associated with E-Government technology requires a re-engineering of how work is done at the City. It can be challenging to change corporate practices and organizational characteristics (e.g., divisions of responsibility, job classifications, administrative processes, work flows, etc.). However, simply superimposing new technology on existing processes will limit the potential for benefit.
- In many cases, the savings from E-Government are contingent on a reduction in payroll resulting from the automation of previously labour-intensive activities. Reducing by 20 or 30% the labour requirements of a particular function carried out by a person or persons with several functions, will not likely result in a payroll reduction. Also, as noted above, impacts on other departments such as IT must be taken into consideration in any cost-benefit analysis. Owing to the efficiency gains and staff reductions that have occurred in many areas since amalgamation, more than one manager indicated that the type of efficiency gains likely to occur would simply free up staff time to deal with other priorities.
- In automating processes utilizing third party software, the City becomes exposed to financial risks associated with licensing costs and hardware/software upgrades. On the other hand, the advantage of third party software is that the City has access to the expertise of the software provider.

Participant suggestions for implementing E-Government Technology (with comments)

- Be selective in investing in E-Government Technology to control costs and to ensure that efficiencies will result.
- Create a committee to prioritize E-Government Technology expenditures.

Possible On-Line Applications emerging from City of Tomorrow brainstorming sessions:

- Provide for on-line tendering.
 - (The City has developed and implemented an on-line tendering application process which is discussed below.)
- Provide on-line delivery of existing services.
 - (Existing on-line services are discussed in the next section. Other services that may be adapted for on-line applications are discussed below.)
- Provide on-line applications for building permits and licences as well as for the issuance of approvals.
 - (The City is proposing to implement on-line building permits and applications through Connect Ontario, as discussed below. Licensing is also discussed below.)
- Put all financial transactions on-line.
 - (Financial transactions are associated with a wide range of City services, which are discussed in the following two sections.)
- Provide for the purchase of cemetery plots on-line.
 - (This is identified as an area for further review below.)

E-Government Technology Implementation at the City to Date

- Tenders
 - All City Tenders and Requests for Proposals are advertised on the City Web site.
 - Interested parties can download Tender documents, register for addendums, and register their name on the plan takers' list.

- The minutes of Tender openings and Tender awards are posted on the Web site.
- Staff is able to monitor who is downloading Tender documents.
- Tender submissions to the City are not routinely accepted electronically but special arrangements are sometimes made.
- Internal efficiencies have been experienced, with staff able to do more with less
- Costs are being avoided as a result of the reduced need for new staff
- Smart Pay
 - The payment of parking tickets may now be done on-line.
 - This is a real-time system in which each on-line parking ticket payment is immediately registered in a control database.
 - Payments can be made only by Visa credit card.
 - There is a one-dollar service fee for the user.
 - The software for this application was developed in-house.
 - Smart Pay has been in place for two years.
- Class E-Connect
 - Used for registering in Leisure Services Programs
 - Power-skating registrations (including payments) are now available on-line and in the fall additional leisure programming will be available for on-line registration
 - The next phase would involve providing information regarding facility availability on-line
 - Leisure Services staff at one arena can now access arena availability information for other arenas
 - Based on commercial software utilized by many municipalities
 - A potential benefit is increased revenues from more active use of facilities

- E-Tickets
 - Ticketing for Sudbury Arena events
 - Visa, MasterCard, Amex
 - User fee varies from \$2.50 to \$3.50
 - Customers are now able to view a graphic of the arena showing the location of the best available seat
 - Has significantly reduced counter staff requirements
 - Also doing ticketing for Northern Lights Festival Boreal and Summerfest
- Inspector +
 - Developed jointly with Pen Systems
 - Royalty agreement in place
 - Allows Building Inspector records to be done on a PC Tablet or PDA
 - Able to print notes on a portable printer on-site
 - Also handles Fire Inspection records
 - Other applications are being developed
 - Each night all files are synched with TDS records
 - Company is working on a by-law enforcement application and a sidewalk inspection application
 - Does not currently handle drawings
- Geographic Information System (GIS)
 - GIS technology provides a means of linking database information with maps
 - Digital street mapping is available for the whole city and is accessible on the City's Web site
 - Digital parcel mapping and orthophotography for the city will soon be available

- Geosmart funding from the Province of Ontario (to prepare a corporate GIS) has been approved subject to a municipal funding commitment
- Event Registration
 - On-line registration for municipally-sponsored events
 - Individuals can register for events but not pay fee
 - Plans are underway to allow payment of registration
- planningsudbury.com
 - Planning Committee agendas are available on-line
 - Allows citizens to submit comments on-line
 - Allows public to determine property zoning and related regulations
- Land Division Committee/Committee of Adjustment
 - Automated application database
 - Allows automatic entry of comments from City departments
 - Generates reports, mailing lists, agendas
- Library
 - Virtual Library is a comprehensive and secure community information source
 - Library provides full-text newspaper and magazine database subscriptions on-line
 - Library catalogue on-line provides electronic access to information on library resources from home, office or within the library
 - Electronic access to patron records allows library users to renew and reserve materials electronically
 - Library users may receive e-mail notices, including material arrival notices, overdue notices and reserve alerts

- Interactive library access includes everything from on-line reference services to book reviews by library users
- Community Information database includes access to community newspapers and digital copies of over 10,000 historical photographs
- Free public Internet access is provided at approximately 100 computers located across 13 library branches in the CGS
- Miscellaneous Information, Document Downloads, FAQs, Job Postings
 - A wide range of information about City services is provided on-line (please see City Services A-Z index).

Other Opportunities to Deliver City Services Using E-Government Technology

- Building Permits
 - Subject to Connect Ontario funding and a financial commitment by the City, an on-line building permit system has been proposed
 - System would allow citizens to apply on-line, pay on-line, track the status of their application
 - Staff would manage file on-line
 - Includes a GIS component linking building permits to maps
- Licensing
 - The software that would be used for the Building Permit application described above has a licensing module which can be added.
 - Alternatively, an in-house system could be developed
 - While this capability has been discussed, no time frame has been set for implementation
 - The City issues business, lottery, marriage, dog and taxi licences; it also provides for the on-line registration of non-licensable businesses.
- Other Transactional Services Offered by the City—for Future Investigation
 - Arena and other facility bookings (has the potential to increase arena and facility usage and revenue). However, there are complexities arising from

insurance and special occasion permits, which limit the potential for the automation of facility bookings at this time. Automated facility availability queries are more feasible.

- Cemetery Services currently uses paper records. However, an effort is underway to fund the digitization of records into recently purchased software for this purpose. The City does not currently have a database of plots or mapping in an electronic format, which would be required to implement this service. In addition, cemetery plots are often purchased through the funeral home as part of the funeral service package; as funeral homes must contact the cemetery services office directly to schedule the burial service and make other arrangements, this service may be of only limited interest to this main user group.
- Community centre bookings (has the potential to increase centre usage).
- Handi-Transit Bookings (contracted out)
- Marriage Licence Application (requires the submission of paper copies of official documents. Also would require provincial approval as the City acts on province's behalf)
- Birth Registration (Original signatures are required. Also would require provincial approval as the City acts on province's behalf).
- Burial Permits (Requires the submission of paper copies of official documents.)
- Death Registration (Requires the submission of paper copies of official documents. Also would require provincial approval as the City acts on the province's behalf).
- Freedom of information requests
- Water billing account details/balances
- Tax account details/balances
- Long-term care applications
- Social housing applications (Clients require assistance in answering questions and proper documentation is required).
- Child Care applications
- Map downloads from the Web

Other Considerations

- GIS Technology has the potential to provide efficiencies in the routing of transportation-related services, such as police, fire, ambulance, snowplows, city transit, and school buses. Also, a variety of administrative and service procedures could benefit and be reshaped by this technology.
- The digitization of paper files and drawings would free up storage space and enhance accessibility to staff and the public.
- Other technologies, such as the use of computer-based road sanding/salting equipment and energy-saving technology, have not been examined.
- With the restructuring of the new City, an attempt was made to combine similar customer service and cash-handling functions in Citizen Service Centres. The highest volumes of work at the Citizen Service Centres are generally related to the payment of water and tax bills, leisure program registrations, facility bookings, licence issuance and transit passes.
- The Call Centre at the City currently offers real-person contact. While many organizations now use an automated attendant, this is generally not popular with callers. As a result, such a move would likely have serious public relations implications. A recent survey of City Call Centre users found that more than 90% of callers to the City prefer live-voice answering to automated attendant service. Both Call Centre and Citizen Service Centre staff members do make use of a database of frequently asked questions in assisting citizens.

What Other Cities Are Doing Through E-Government Technology

A quick Internet survey suggests that most cities offer similar services on the Web:

- FAQs and information
- Application form downloads
- Selected registrations—usually leisure services
- Selected payments—usually parking tickets and dog licences
- Some offer E-bills

E-services seem to consistently be an add-on to conventional services such as telephone services delivered by citizen service representatives.

Conclusions

- The use of E-Government Technology can be justified both from a service delivery perspective and a cost-savings perspective. However, in either case, the technology must be applied strategically following a careful analysis of the cost/benefit implications.
- Providing on-line tools for delivering/administering municipal programs or responsibilities does not automatically translate into cost savings. In fact, the opposite may be true in certain cases. If cost saving is the goal, E-Government Technology must be selectively applied.
- The clearest potential for cost saving occurs where automated processes reduce demands on staff resources in the carrying out of a function and where the implementation costs and particularly the ongoing maintenance costs do not offset any reduced payroll costs. With respect to revenue generation, the most potential seems to be related to increasing the usage of City facilities.
- To achieve the maximum benefits from E-Government Technology, consideration should be given to re-engineering candidate City processes. Adapting the technology to existing processes may yield only limited savings, whereas changing City procedures may achieve significant savings.
- To assess the potential for applying E-Government Technology to specific administrative processes to achieve cost savings requires detailed knowledge of internal processes as well as knowledge of the limitations, capabilities and costs of potential technological solutions.
- As a result of the restructuring which occurred within the new City, many customer service transactions have already been centralized in citizen service centres. Some of these transactions are now available on the Internet (e.g., payment of parking fines). There is the potential for the automation of additional transactions.
- There are software packages in use at the City that are not being fully utilized. While some of these unused features may lead to additional efficiencies, staff time is required to analyze the feasibility of using the features and to implement the necessary changes.
- Enhanced corporate support for E-Government solutions will be required, including IT support, Web site support and staff training.
- A corporate GIS would provide the basis for further E-Government applications and opportunities for re-engineering certain internal municipal processes.

Possible Next Steps

Should Council wish to further assess the benefits of adopting additional E-Government Technology, the next steps outlined below are suggested.

- General Managers could consult with their management teams to identify functions within their departments that could potentially be automated.
- A review team, possibly consisting of representatives of each department as well as Information Technology, could be formed to assess the feasibility of automating identified functions.
- As functions are reviewed, consideration could be given to alternative ways to carry out these functions and opportunities sought to combine, rationalize and automate work processes.
- An important test in the evaluation process could be the probability and magnitude of cost savings vs. the cost of setting up and maintaining an automated system and also the customer service benefit of the initiative. Consideration should be given to the fact that savings may occur in one department while offsetting costs occur in another. In particular, the increased demands for IT support must be quantified. Estimates of costs and a detailed description of savings should be provided.
- The municipality could investigate opportunities to obtain external advice and recommendations regarding the re-engineering of municipal processes and procedures in conjunction with the application of computer technology in municipal services.
- A program of training to ensure that all employees are skilled in the use of computer technology would be a necessary component of a strategy to move the organization to E-Government.
- Each department could be requested to review the major software packages currently utilized and to identify any unused capabilities which could be taken advantage of to achieve additional efficiencies.
- A public education campaign could be developed to promote the City's on-line services.
- Given the rapid acceptance and heavy utilization of the City's Web site, a review of its content and organization could be carried out to enhance user navigation and access to information. The City could examine other municipal and corporate Web sites to determine current best practices. Consideration could be given to identifying strategic priorities for the Web site. This will determine web content and organization. For example, the City's Web site could be organized

around the priorities of Council, the marketing of the community for economic development purposes, the delivery of municipal services to citizens, etc.

- A corporate Geographic Information System (GIS) approach to the management of municipal data has the potential to provide a basis for improved data sharing across the corporation (and with other public sector organizations) and for the provision of more data to the public via the Internet. A corporate GIS would also become the foundation for various E-Government applications. The municipality could build on its existing GIS initiatives to establish a corporate GIS.

New Revenue Generation

As noted earlier in this discussion paper, Canadian municipalities are constrained in their ability to develop sources of revenue in comparison to their counterparts in other OECD countries. Ontario municipalities in particular rely heavily on property tax revenues to fund a diverse range of services, including mandatory provincial services. The table below illustrates the weight of the City's various sources of revenue.

City of Greater Sudbury: Sources of Revenue 2003

| Sources of Revenue | % of Total |
|---------------------------|------------|
| Grants | 41.6 |
| Levies and Other Taxation | 33.5 |
| User Fees | 18.5 |
| Other Revenue | 2.5 |
| Investment Earnings | 1.8 |

In areas with no or low population and assessment growth, like the North, the budgetary pressures municipalities face is heightened, increasing the likelihood of property tax rate increases and/or reductions in the level and range of programs and services provided. Other factors driving the need for new revenue among municipalities include:

- Infrastructure deterioration, particularly after cost-sharing arrangements with the province were discontinued in 1995
- Revenue imbalance: the cost of provincial services transferred to municipalities in 1998 is not adequately funded because of unreasonably low administrative caps and the failure to account for inflation within the funding mechanism
- The need to meet new regulatory requirements introduced by the senior governments, such as those flowing from the Walkerton Inquiry
- The loss of revenue among local hydro utilities arising from the provincial decision to freeze hydro rates below market values

The Federation of Canadian Municipalities advises municipal governments to consider the following criteria in assessing the most appropriate new revenue sources:

- Reliable and responsive to growth: The revenue source should grow sufficiently to cover the rising costs of services without risk of interruption. A more reliable source of revenue makes it easier for cities to make long-term plans.
- Transparent and visible: There should be a clear link between the tax and the services received by beneficiaries.

- Low administration and compliance cost: The revenue source should be easy and not too costly to administer and collect.
- Efficient: The revenue source should not unduly distort the allocation of resources.
- Equitable: The approach should be fair, either by matching beneficiaries with those bearing the burden or by levying taxes based on ability to pay.
- Strategic: Programs should meet key priorities to advance common government objectives.
- Adequate: Municipal governments should have the capacity to generate sufficient revenues at reasonable tax rates to meet expenditure needs and changing fiscal circumstances.⁵

City staff members have completed a preliminary analysis of the suggestions made during the June 4 community consultation. The suggestions have been divided into three categories: ideas with high potential, ideas with some potential and ideas deemed not appropriate at this time.

Category 1: Ideas with HIGH Potential

- Advocate for the redistribution of existing taxes among the three levels of government: The City and its stakeholders could raise awareness of inequities in the distribution of the total tax dollar. Suggested strategies include seeking:
 - A full exemption from paying the GST, which would be worth \$2.7 million to the City annually based on 2002 expenditures
 - An exemption from paying the PST
 - A share of the gas taxes collected by the senior levels of government
- Broaden the tax assessment base: Recently, the City introduced a New Multiple Residential (NMR) tax assessment category, intended to spur the development of new multi-residential units and/or the conversion of vacant commercial space. This could create new revenues in the future by increasing overall assessment values and, therefore, property tax receipts. Another potential conversion of low-tax-value lands is explained in the July 2003 issue of *Municipal World* magazine: the conversion of brownfields into reclaimed and developed properties. Similarly, this would increase their assessment values, increasing property tax receipts.

⁵Strengthening Communities, 6-7.

- Tax Incentive Zones: The provincial government has provided local businesses with a means of saving taxes while they grow and create employment. This growth would provide benefits to the City in the future through increased assessment. The City will therefore encourage businesses to take advantage of the tax reductions and provide them with assistance in doing so.
- Designation of Northeastern Ontario as a Region of Excellence for Mining: This designation is a natural fit for Greater Sudbury, which has major mining operations and the highest number of mining industry supply firms of any community in Canada. The Greater Sudbury Development Corporation's new economic development strategic plan aims to achieve world recognition for the community as having "the best mining and supply services in the world." Although the benefits to the City are indirect in the short term, as businesses and jobs congregate in the area because of its leadership position, the City will accrue the direct benefits of a growing tax assessment base. Under the plan, the GSDC will be pursuing the three strategies listed below:
 - Be a leader in manufacturing cost-effective equipment and tools for deep mining, including mine safety, and innovative processing of natural resources.
 - Leverage technology assets and mining robotics expertise for energy, space and military applications.
 - Create a world-class mining engineering school

Category 2: Ideas with SOME Potential

- Development charges: Development charges are an ongoing source of revenue for the City. A new study is needed to justify the continuation and/or expansion of the City's policy in this area as the existing by-law expires in August 2004.
- New user fees (capital levy): In the City's Long-term Financial Plan, user fees are to incorporate a provision for recovering capital replacement costs. Although there may be some resistance to this policy within the community, it is a fiscally responsible way of providing high quality programs and services. Under current legislation, water and wastewater rates must include a capital component. Any changes in user fees must balance fiscal needs with the need to maintain a reasonable level of accessibility and affordability to as many citizens as possible.
- Expand slots revenue: The Ontario Lottery and Gaming Corporation operates a slot machine facility at the Sudbury Downs racetrack and provides the City with a 5% share of its revenues. The City could investigate further whether its share of revenues can be increased. It could also encourage further expansion of the gaming facility to increase its overall revenues, enhance the City's attractiveness to both visitors and citizens, and help to create employment.

- Affinity (credit) card: An affinity card is a credit card sponsored by an organization which in turn receives a share of the card user's fees. The direct revenue (fee) potential may be minor, but an affinity card could also increase the visibility of the City. This idea merits further study.

A number of ideas with revenue implications are examined elsewhere in this discussion paper. These include:

- Offer the ability to fast-track projects for a premium price (two-tier pricing)
- Co-operate with other corporations to deliver new programs and services
- Offer assistance and support for arts and cultural strategies and services
- Optimize the solid waste management system
 - The potential is currently being explored by City management and a Solid Waste Optimization Plan will be completed by the spring of 2004
- Produce and market new sources of energy
 - EarthCare Sudbury, a community partnership of some 60 organizations, is launching a sustainable development action plan this fall; the plan includes a Community Energy Plan made up of an energy-efficiency and an alternative energy production component
 - Two energy production projects are already under intensive study: a wind power generation project and a bio-diesel plant
- Introduce value-added services, such as hangar development, at the Sudbury Airport
 - Requires further study to assess the needs of users and the revenue potential
- Implement a corporate sponsorship program to, for example, grant facility naming rights in exchange for a financial contribution

Category 3: Ideas Deemed Not Appropriate at this Time

- Market the City's knowledge and expertise by providing services and consulting; this option is not recommended for two reasons:
 - A lack of excess capacity
 - Competing with the private sector may not be well received by citizens

Conclusion

Should Council decide to proceed with these proposals, the following measures could be of assistance:

- Complete a detailed policy and business case analysis for the high potential alternatives suggested in this paper.
- Ensure that a net present value analysis is completed for those alternatives involving capital investments. This method of analysis considers all cash flows throughout the entire life of the project and accounts for the time value of money.
- Evaluate the alternatives using the criteria developed by the Federation of Canadian Municipalities.

Partnerships

There are many options available for the delivery of public services. These range from the direct provision of services by a ministry or government department to outright privatization, where the government transfers all responsibilities, risks and rewards for service delivery to the private sector. Within this spectrum, public-private partnerships can be categorized based on the extent of public and private sector involvement and the degree of risk allocation.

According to The Canadian Council for Public-Private Partnerships,⁶ the term “public-private partnership” (PPP or P3) when used in Canada carries a specific meaning. Firstly, it relates to the provision of public services or public infrastructure. Secondly, it necessitates the transfer of risk between partners. Arrangements that do not include these two concepts are not technically “public-private partnerships.”

The definition of “public-private partnership”, as embraced by The Canadian Council for Public-Private Partnerships is:

A cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.

Public-private partnerships span a spectrum of models that progressively engage the expertise or capital of the private sector. At one end, there is straight contracting out as an alternative for services traditionally delivered by public sector employees. At the other end, there are arrangements that are publicly administered but within a framework that allows for private financing, design, building, operation and sometimes temporary ownership of an asset. Appendix A describes various models of public-private partnerships.

The term “privatization” is used in the case of full divestiture or when a specific function is turned over to the private sector and regulatory control remains a public sector responsibility. In the United States, the terms “privatization” and “public-private partnerships” are used interchangeably. In Canada “privatization” refers to the furthest point on the PPP spectrum, where most or all assets are held by the private sector. This Canadian definition more closely resembles the terminology used in countries other than the USA.

A review of the literature regarding P3s indicates that the municipality needs to do a tremendous amount of groundwork before involving itself in a project. Obtaining independent financial and legal advice and conducting due diligence are important

⁶ Web site of The Canadian Council for Public-Private Partnerships:
<http://www.pppcouncil.ca>

steps that must be taken.⁷ The due diligence process includes a market analysis, a total development budget, a financial analysis, and the exploration of public and private financing alternatives.⁸

Although the literature reviewed pertains in large part to the development of facilities through public-private partnerships, the same steps taken can and should be followed for public programs and services where the partnership model is being considered.

Existing Partnerships of the City of Greater Sudbury

As illustrated by the examples provided below, the City of Greater Sudbury has already formed many internal and external partnerships. In some cases, these examples directly relate to ideas suggested by community stakeholders at the consultation session held in connection with this discussion paper. Yet there is the opportunity to develop more. Many employees of the City appear to be aware of the advantages of partnering with other City departments, divisions and sections as well as with other public organizations, and the not-for-profit and private sectors.

Continued administrative and management support and direction on the development of partnerships would ensure that the City is able to capitalize on opportunities when they arise. In areas of the Corporation where attempts to create partnerships have not taken place, training and encouragement could be provided.

Land Reclamation Program

Begun in 1973, the City's world-renowned Land Reclamation Program is a partnership among numerous agencies and institutions. Community and private sector partners include the Vegetation Enhancement Technical Advisory Committee (VETAC), the Tree Canada Foundation, TransCanada Energy, Eddie Bauer, the Government of Canada, the Government of Ontario, Inco Limited, Falconbridge Limited, the Nickel District Conservation Authority, Laurentian University, Collège Boréal, Cambrian College, and various community groups. The City of Greater Sudbury's Economic Development and Planning Department administers the program and facilitates the contributions of the various partners with the support of other City departments.

Regional Business Centre

The Regional Business Centre is an excellent example of how the need to support small business development in the community grew from an idea to an internationally recognized, multi-faceted, community, business and government partnership.

⁷ George H. Rust-D'Eye, "Don't Get 'Done In' When Making a Deal, *Municipal World*, October 2002.

⁸ Calvin Younger, "Taking the Power Position: How to negotiate public/private projects from strength," *Municipal World*, April 2003.

The need for a co-ordinated and centralized resource to help small businesses get started and receive advice and support as they develop was first identified in 1995. The then Sudbury Regional Development Corporation (SRDC) prepared a discussion paper, which was distributed in the community to government and private sector agencies that assist small businesses. The response to the discussion paper was positive and the need to establish a dynamic and responsive agency was strongly supported.

The Regional Business Centre was launched in October 1995 with eight community partners, which included the SRDC, the Sudbury and District Chamber of Commerce, the Ministry of Northern Development and Mines, Cambrian College, Laurentian University, the Royal Bank, Toronto Dominion Bank and the Canadian Imperial Bank of Commerce.

Over the past eight years, the centre has become an important resource for small businesses. Its diverse group of private and public partners provides programs, services and advice to small business clients in the City of Greater Sudbury. The centre strives to meet the needs of growing businesses through the various stages of their development. Renowned for its success as a model for small business development, it won a North American award as an innovative partnership.

This successful partnership provides a valuable service to the business community in return for a modest stable financial contribution from the City. There are now 19 partners in the centre, including financial and post-secondary educational institutions, telecommunications providers, government agencies, and legal and accounting firms. The key to the success of the centre is its partners, who actively participate in the development and delivery of the products and services, and regard their involvement as an investment, not a sponsorship.

Handi Transit Service

The City's Handi Transit service is an example of an external partnership with the private sector, consumers and City Councillors.

Under a six-year contract which commenced in May 2003, the service is provided by Estaire Bus Lines, a private company. The contract is overseen by City staff. An advisory committee comprised of users representing all disabilities and two City Councillors meets throughout the year. This committee brings forward recommendations for improvement to the system and monitors the implementation of the City's accessibility plan, which includes handi-transit as well as conventional transit system services.

The benefits of this partnership are numerous. Firstly, the private sector provides a service to the community at a cost below a city-run alternative. Secondly, any savings that are realized can be reinvested to implement the five-year accessibility plan, which will harmonize the level of service throughout the City of Greater Sudbury. Thirdly, the

community actively participates in ensuring that the service meets the needs of the citizens who use it.

Serving the Double-cohort of Post Secondary Students

In June 2003, Council adopted an economic development strategic plan entitled *Coming of Age in the 21st Century*. This plan identified five economic engines. Engine 2: *A city for the creative, curious and adventuresome* envisions Greater Sudbury as a “youth-friendly” city with a dynamic urban environment. The private sector is already developing residential opportunities and cultural amenities in the downtown core that are appealing to the ‘under thirty-five’ generation. The Sudbury Metro Centre and the Greater Sudbury Development Corporation are supportive of these initiatives and other non-profit organizations involved with the City’s Youth Cabinet are anxious to make their contribution.

Partnerships with Complementary Service Providers

The City has a history of developing partnerships with other service providers and businesses in the community. For example, the City’s bilingual day-care centre is located in the YMCA Centre for Life, a multi-purpose facility which houses programs offered by the Sudbury Family YMCA and other community service providers. Another example is the joint-use agreement between the City and local school boards, which enables both organizations to use each other’s facilities at no charge. Yet another is the partnership that Employment Support Services has with YMCA Employment and Career Services to operate the Community Helper Program for low income seniors.

Partnerships for the Maintenance, Use and Future Development of Community Leisure Facilities

This form of partnership has potential for continued and future development. A true public-private partnership now exists between the City and the Sudbury Wolves, the city’s Ontario Hockey League team. Under this Design-Build-Finance-Operate (DBFO) model, the Sudbury Wolves will be designing, financing and constructing an addition to the Sudbury Community Arena. The Sudbury Wolves will then operate the corporate suites and club lounge programs within the facility under a long-term lease. At the end of the lease, the capital improvements will revert to the City of Greater Sudbury.

Another example of a recently established partnership involves Le Conseil scolaire de district catholique du Nouvel-Ontario, the City and the community’s soccer organizations. The school board has just completed the construction of a new secondary school at the corner of Notre Dame Avenue and Kathleen Street. École secondaire Sacre Coeur is the site of two full-size soccer fields and a mini field. Contributions from the City of Greater Sudbury and local soccer associations have made it possible to sod the fields this fall so that they will be available for the 2004 soccer season. The school board has contributed \$230,183 in construction costs; City Council has agreed to provide \$50,000 and the soccer organizations are contributing

\$25,000 for the cost of the sod. Once the fields are operational, the school board will maintain them from September to June of each year and the City will provide maintenance during the months of July and August.

Additional Ideas on Partnerships Received During Consultation

Most of the suggestions identified by the community stakeholders who participated in the discussions about partnerships at the community forum are not bona fide public-private partnerships. Rather, they involve working with community-based, non-profit and private sector organizations to develop and deliver special events, programs and services. A few of the suggestions were related to the creation of facilities, which are traditionally the projects considered for public-private partnerships.

Some of the examples provided by the community were not specific. For example, in answer to the question “What are the municipal services that present an opportunity to look at private or other partnerships as part of the delivery mechanism?,” one response was “All areas where there is a customer services/citizen interaction.” This discussion paper attempts to identify potential projects or activities that might fall into this category.

Establish a Corporate Geographic Information System

It was suggested that the City establish a Corporate Geographic Information System (GIS), an idea also addressed in other sections of this paper. The potential benefits mentioned include:

- Possible revenue earned by charging for documents
- Potential savings through routing efficiencies for buses, snowplows, Emergency Medical Services vehicles, garbage collection
- Better decisions and increased efficiency through data sharing

The City has received conditional funding from the Ministry of Natural Resources under the GEOSMART Program to take the first steps to implement a corporate GIS. City Council will be considering a financial commitment to this project in the near future.

Enhance the Arts and Cultural Sector – Performing Arts Centre

The idea of establishing a performing arts centre continues to have support in the community. While this would be an asset to the arts and cultural sector and the community as a whole, the resources to build such a facility, or to refurbish an existing facility, currently do not exist. More importantly, the ability to establish a regular revenue stream for such a centre has not been demonstrated. Staff members of the Greater Sudbury Development Corporation continue to work with local proponents who are advocating for the development of such a facility.

Seek an Increased Share of Revenues from the Senior Levels of Government and the Rescinding of Regulatory Barriers

The Citizen and Leisure Services Department has plans to develop a skateboard park. A non-profit service club is willing to provide a capital contribution of \$70,000 toward its construction. The facility would be owned and maintained by the City. The service club has raised its contribution for the facility through lottery funds.

The Province's gaming regulations prohibit the use of funds raised through lotteries for municipal purposes; therefore, the service club is not allowed to make its contribution toward the facility.

In addition, representatives from the Citizen and Leisure Services Department have indicated that applications to the government and other agencies for the funding of projects and facilities necessitate the endorsement and involvement of community partners. Many of these groups raise funds in the community by sponsoring bingo games and selling Nevada tickets. Often their potential contributions go untapped since the municipality cannot receive funds that are raised by non-profit organizations in this manner.

The City could consider lobbying the provincial government to allow municipalities to receive contributions from non-profit organizations that these organizations have raised through gaming activities. This would enable local governments to participate in partnerships that will benefit the community.

Naming Facilities

The City could benefit financially by allowing organizations to pay for having municipal facilities bear their names. There are also opportunities for non-profit and private sector organizations to receive recognition for their financial and in-kind contributions to programs and services.

At the same time, the City supports many major community events and activities by contributing facilities, labour and equipment. The acknowledgement of the City's contributions would make a positive contribution to its image.

The City could consider developing a sponsorship policy to enable departments to offer non-profit and private sector organizations visibility in exchange for their financial and in-kind contributions. Similarly, the City could ensure that when it is involved in a community event or project, its involvement is consistently and properly acknowledged.

Avoid Competing with the Private Sector, e.g., Community Halls, Parking Lots, etc.

The amalgamation of the former area municipalities and the Regional Municipality of Sudbury resulted in the newly created City of Greater Sudbury inheriting a stock of buildings and facilities. The City is looking at ways of developing partnerships with the community and the private sector utilizing sound business planning principles to enable the City to divest itself of surplus properties. The City has the responsibility to derive revenue to recover the operating and capital costs associated with the properties it owns and maintains while balancing the community need for affordable access. Community halls and facilities are rented at competitive rates where possible. Also, as part of its commitment to downtown development, the City operates a number of parking lots and charges the same rate as that charged at private sector lots.

Partnerships Appendix A: Models of Public-Private Partnerships⁹

The following terms are commonly used to describe partnership agreements in Canada, although this should not be considered a definitive or complete listing:

Design-Build (DB): The private sector designs and builds infrastructure to meet public sector performance specifications, often for a fixed price, so the risk of cost overruns is transferred to the private sector. (Many do not consider DB's to be within the spectrum of PPP's).

Operation & Maintenance Contract (O & M): A private operator operates a publicly-owned asset under contract for a specified term. Ownership of the asset remains with the public entity.

Design-Build-Finance-Operate (DBFO): The private sector designs, finances and constructs a new facility under a long-term lease, and operates the facility during the term of the lease. The private partner transfers the new facility to the public sector at the end of the lease term.

Build-Own-Operate (BOO): The private sector finances, builds, owns and operates a facility or service in perpetuity. The public constraints are stated in the original agreement and through ongoing regulatory authority.

Build-Own-Operate-Transfer (BOOT): A private entity receives a franchise to finance, design, build and operate a facility (and to charge user fees) for a specified period, after which ownership is transferred back to the public sector.

Buy-Build-Operate (BBO): Transfer of a public asset to a private or quasi-public entity usually under contract that the assets are to be upgraded and operated for a specified period of time. Public control is exercised through the contract at the time of transfer.

Operation Licence: A private operator receives a licence or rights to operate a public service, usually for a specified term. This is often used in IT projects.

Finance Only: A private entity, usually a financial services company, funds a project directly or uses various mechanisms such as a long-term lease or bond issue.

Other terms used in the PPP field:

RFEI Request for Expressions of Interest
RFQ Request for Qualifications
RFP Request for Proposals

⁹ Web site of The Canadian Council of Public-Private Partnerships

Next Steps

This discussion paper and the comments it generates will be presented to City Council during the month of November 2003, and will assist the City in developing policy in the months and years to come. As described in this paper, the City is already addressing many of the excellent suggestions it has received from those who contributed their time, energy and ideas to helping to build the City of Tomorrow.

To comment on this discussion paper or contribute additional ideas, please contact:

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