

# COMMITTEE AGENDA



TO **Corporate Administration, Finance and Emergency Services Committee**

DATE January 18, 2011

LOCATION Council Committee Room (Room 112)

TIME 5:00 p.m.

## DISCLOSURE OF PECUNIARY INTEREST

## CONFIRMATION OF MINUTES – September 13, 2010

## PRESENTATIONS (Items with no accompanying report)

- a) Presentation by Jim Bruzzeze, BMA Consulting with respect to financial condition assessment. *(powerpoint presentation & dashboard 2009 attachment)*

## CONSENT AGENDA

*The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Corporate Administration, Finance & Emergency Services Committee Consent Agenda will be approved in one resolution.*

ITEM	CITY PRESENTATION	DELEGATIONS	TO BE EXTRACTED
CAFES-1 Finance Department Operational Review		<ul style="list-style-type: none"> <li>• Presentation by Jim Bruzzese, BMA Consulting</li> </ul>	√
CAFES-2 Committee Mandate and Charter			
CAFES-3 City of Guelph Emergency Response Plan & Emergency Management Program			
CAFES-4 Non-Union Termination Policy			

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CAFES-B.1	Guelph Junction Express		<ul style="list-style-type: none"> <li>John Carroll, Vice President, Destiny Tours International Inc.</li> </ul>	√
CAFES – B.2	Guelph & District Multicultural Festival		<ul style="list-style-type: none"> <li>Delfino Callegari, Festival President</li> </ul>	√

Resolution to adopt the balance of the Corporate Administration, Finance & Emergency Services Committee Consent Agenda.

**ITEMS EXTRACTED FROM CONSENT AGENDA**

Once extracted items are identified, they will be dealt with in the following order:

- 1) delegations (may include presentations)
- 2) staff presentations only
- 3) all others.

**OTHER BUSINESS**

**NEXT MEETING** – February 14, 2011 at 4:00 p.m.

**The Corporation of the City of Guelph  
Finance, Administration and Corporate Services Committee  
Monday September 13, 2010, 12:00 noon**

A meeting of the Finance, Administration and Corporate Services Committee was held on Monday September 13, 2010 in the Council Committee Room (Room 112) at 12:00 noon.

Present: Councillors Beard, Billings, Kovach, Wettstein and Mayor Farbridge

Also Present: Councillors Bell and Hofland

Staff Present: Mr. M. Amorosi, Executive Director of Human Resources & Legal Services; Ms. M. Neubauer, Chief Financial Officer/City Treasurer; Mr. S. Armstrong, General Manager of Emergency Services/Fire Chief; Mrs. L.A. Giles, General Manager of Information Services/Clerk; and Ms. J. Sweeney, Council Committee Co-ordinator

There was no disclosure of pecuniary interest.

1. Moved by Councillor Kovach  
Seconded by Councillor Wettstein  
THAT the minutes of the Finance, Administration and Corporate Services Committee meeting held on August 9, 2010 be confirmed as recorded and without being read.

Carried

**Consent Agenda**

The following items were extracted from Finance, Administration & Corporate Services Committee September 13, 2010 Consent Agenda:

- |                |   |
|----------------|---|
| FACS-2010 A.23 | Amendment to Business Licence By-law (2009)-18855                 |
| FACS-2010 A.26 | Operating Budget Variance Report as at July 31, 2010              |
| FACS-2010 A.27 | Funding Methodology for Sharing Costs for Land Ambulance Services |

2. Moved by Councillor Kovach  
Seconded by Councillor Billings  
THAT the balance of the Finance, Administration & Corporate Services Committee September 13, 2010 Consent Agenda, as identified below, be adopted:

a) **Joint Wireless Review Committee (JWRC) Update**

Mrs. L.A. Giles  
Mr. G. Dupuis

THAT the Joint Wireless Review Committee (JWRC) Update report from Information Services Department dated September 13, 2010, be received.

b) **Guelph Fire Department Initial Emergency Response**

REPORT

THAT the revised Guelph Fire Department Initial Response Standard be approved;

AND THAT the revised Guelph Fire Department Initial Response Standard be adopted as a benchmark by Resolution to delineate that, a 4 minute response, represents travel time only for all emergency type incidents, including fire, medical, rescue, and hazardous materials;

AND THAT "Travel Time" response includes the points at which the initial responding fire apparatus leaves the fire station within its respective area; to the time of arrival at the emergency scene.

c) **Request from the Guelph Public Library Board to Declare the Westminister and East End Branch Libraries as Municipal Capital Facilities and Exempt them from Taxation**

REPORT

THAT, in respect of the Westminister Branch Library located in the premises leased to the Guelph Public Library Board located at 31 Farley Drive, staff be directed to bring forward by-laws for Council's consideration in regard to:

- (a) Authorizing the Mayor and Clerk to execute a Municipal Capital Facility Agreement with the owner of the premises, Westminister Square Ltd., and The Guelph Public Library Board;
- (b) Declaring the premises a Municipal Capital Facility under Section 110 of the Municipal Act for the purposes of the municipality and for public use; and
- (c) Exemption of the premises with respect to municipal and school taxes;

AND THAT, in respect of the East End Branch Library located in the premises leased to the Guelph Public Library Board located at 1 Starwood Drive, staff be directed to bring forward by-laws for Council's consideration in regard to:

- (a) Authorizing the Mayor and Clerk to execute a Municipal Capital Facility Agreement with the owner of the premises, Guelph Waston 5-3 Inc., and The Guelph Public Library Board;
- (b) Declaring the premises a Municipal Capital Facility under Section 110 of the Municipal Act for the purposes of the municipality and for public use; and
- (c) Exemption of the premises with respect to municipal and school taxes;

AND THAT the City Clerk be directed to give written notice of the by-laws to the Minister of Education, the Municipal Property Assessment Corporation, the Upper Grand District School Board, the Wellington Catholic District School Board, Le Conseil Scolaire de District due Centre-Sud-Quest and the Conseil Scolaire de District Catholique N64;

AND THAT any outstanding taxes relating to Farley Drive and Starwood Drive will be paid from the Guelph Public Library operating budgets for 2010, effective the date of the passing of the associated municipal capital facilities by-laws.

**d) Corporate Wellness Strategy (People Practices Update)**

Mr. M. Amorosi

THAT the report of the Executive Director of Human Resources & Legal Services dated September 13, 2010 and entitled 'Corporate Wellness Strategy (People Practices Update) be received for information.

Carried

**Amendment to Business Licence By-law (2009)-18855**

REPORT

3. Moved by Councillor Kovach  
Seconded by Councillor Billings  
THAT Schedules B & C of Business Licence By-law (2009)-18855, be amended to delete the health inspection requirement for new and renewal business licences and to reduce the fee for new and renewal business licences for the category of Bed & Breakfast only.

Carried

**Operating Budget Variance Report as at July 31, 2010**

Ms. M. Neubauer 4. Moved by Mayor Farbridge  
Seconded by Councillor Billings  
THAT the report of the Chief Financial Officer dated September 13, 2010 with respect to the July 31<sup>st</sup>, 2010 operating variance, be received for information.

Carried

Ms. M. Neubauer 5. Moved by Mayor Farbridge  
Seconded by Councillor Kovach  
THAT the County of Wellington be requested to provide in the future, a budget with respect to the prescribed legislated services provided as the CMSM and the financial reporting on such prescribed services.

Carried

**Funding Methodology for Sharing Costs for Land Ambulance Services**

REPORT 6. Moved by Mayor Farbridge  
Seconded by Councillor Kovach  
THAT WHEREAS there is no Provincially mandated procedure established for recovery of costs for cross border ambulance calls in Ontario;

AND WHEREAS the recent City of Guelph / County of Wellington arbitration award provides that land ambulance average call costs are to be apportioned on the basis only of calls originating in Wellington and Guelph for call codes 1 to 4, and makes no provision for dealing with the issue of cross border ambulance calls or how to apportion land ambulance costs/revenues that are mandated by the Province but not attributed to either Guelph or Wellington residents;

AND WHEREAS this arbitrated methodology exists only in Guelph and Wellington County and is used nowhere else in the Province of Ontario to apportion land ambulance costs;

BE IT RESOLVED that until such time as the Government of Ontario establishes a Province-wide standard for recovery of cross border land ambulance costs, the City of Guelph will look to the Ontario Government to fund any costs the City must bear associated with cross border land ambulance service provided to municipalities outside Guelph and Wellington County as a result of the arbitration award.

Carried

September 13, 2010

**Finance, Administration & Corporate Services**

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REPORT

7. Moved by Councillor Kovach  
Seconded by Councillor Billings

THAT the report dated September 13, 2010 outlining the methodology for cost sharing for the provision of land ambulance services across the coverage area be received as an interim measure;

AND THAT a copy of this report be forwarded to the County of Wellington for information.

Carried

**Other Business**

The Committee agreed to hear a presentation from representatives of the Guelph Tourist Train at a future meeting of the Finance, Administration & Corporate Services Committee.

The meeting adjourned at 1:05 p.m.

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Chairperson

# *2010 Financial Condition Assessment*

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City of Guelph  
Presentation:  
January 18, 2010



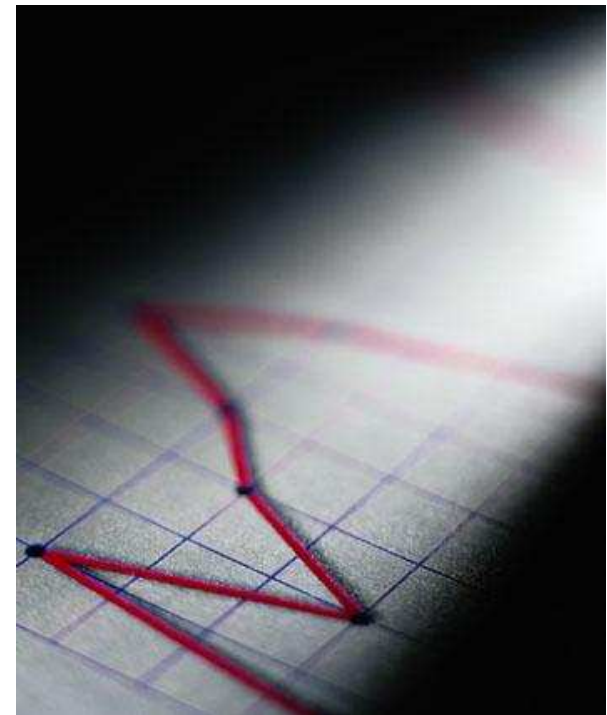
# Presentation

- Provide a financial condition assessment
  - Identify key trends and compare the City's financial status against a peer group of municipal comparators and industry standards
  - Identify areas of strength and challenges

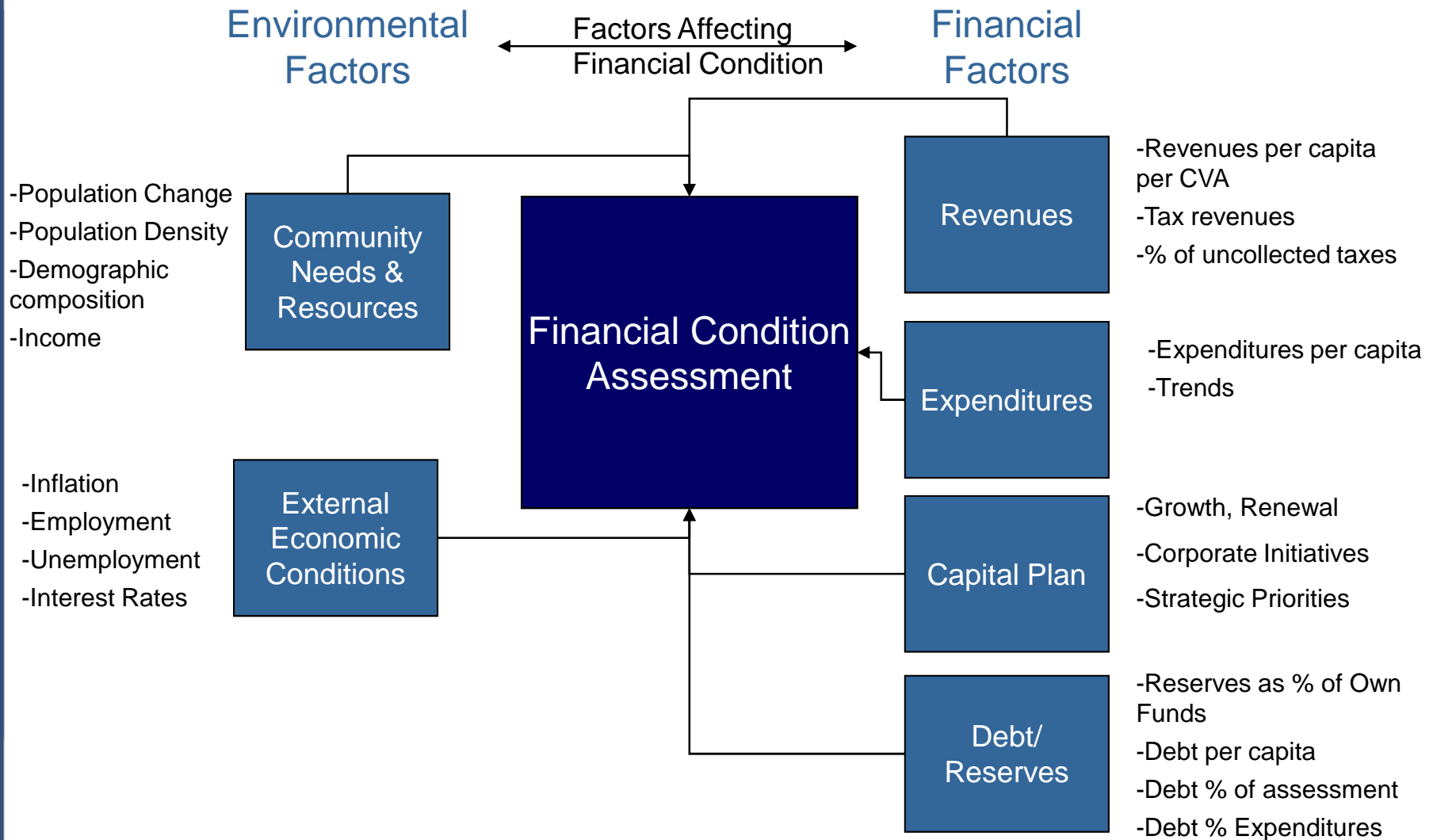
***•Related Indicators***

***•Reserve and Debt Financial Indicators***

***•Financial Position, Taxation and Affordability***



# Financial Condition Assessment



# Municipal Comparators

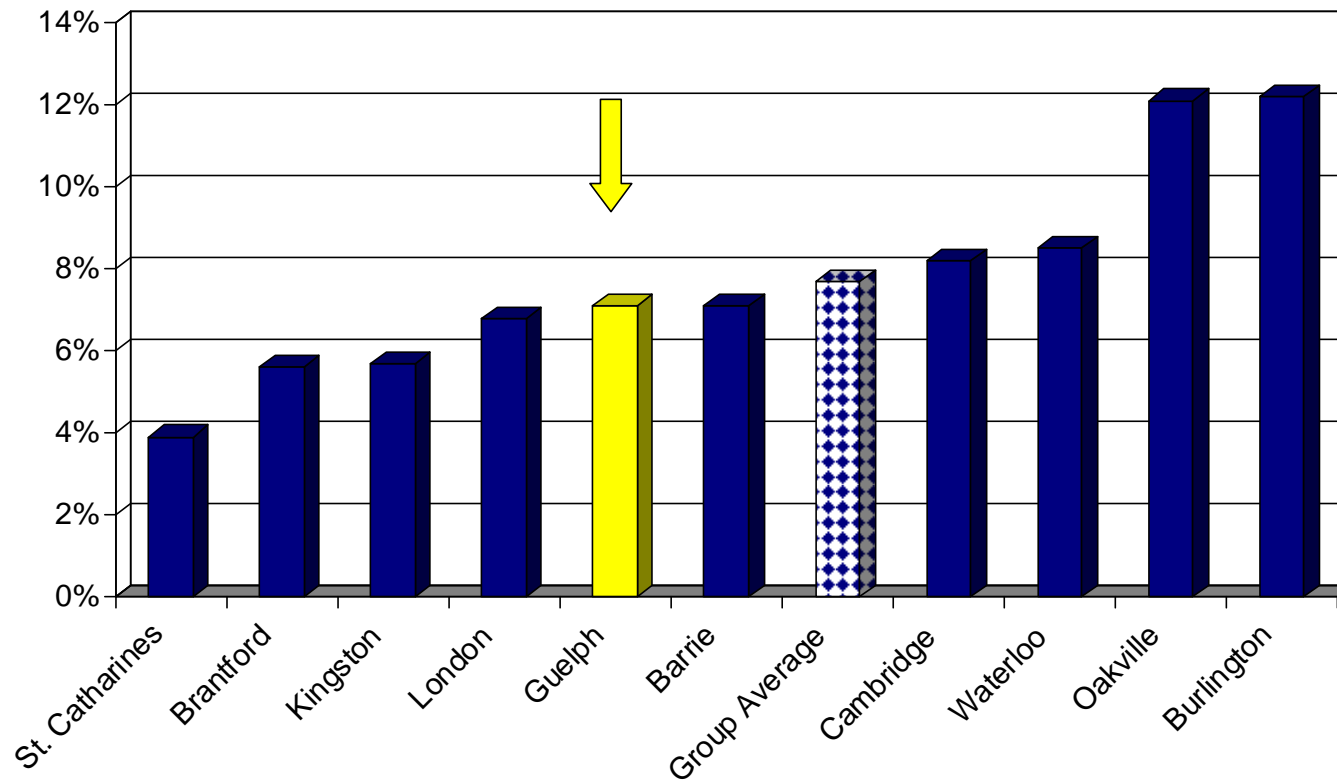
Municipality	2010 Stats Canada estimated Population	Land Area (sq. km.)	Density pop/sq.km	Municipal Tiers	Location	Region
Barrie	137,555	77	1786	single	Simcoe	Simcoe
Brantford	95,285	72	1323	single	Southwest	Brant
Burlington	184,538	186	992	two	GTA	Halton
Cambridge	130,203	113	1152	two	Southwest	Waterloo
Kingston	123,914	450	275	single	Eastern	Frontenac
London	376,481	421	894	single	Southwest	Middlesex
Oakville	185,632	139	1335	two	GTA	Halton
St. Catharines	137,102	96	1428	two	Niagara	Niagara
Waterloo	105,775	64	1653	two	Southwest	Waterloo
Guelph	123,099	87	1415	single	Southwest	Wellington

Selected based on a number of parameters including population, growth patterns, location, size and governance structure

*Growth-Related  
Indicators*



## Population Growth 2006-2010

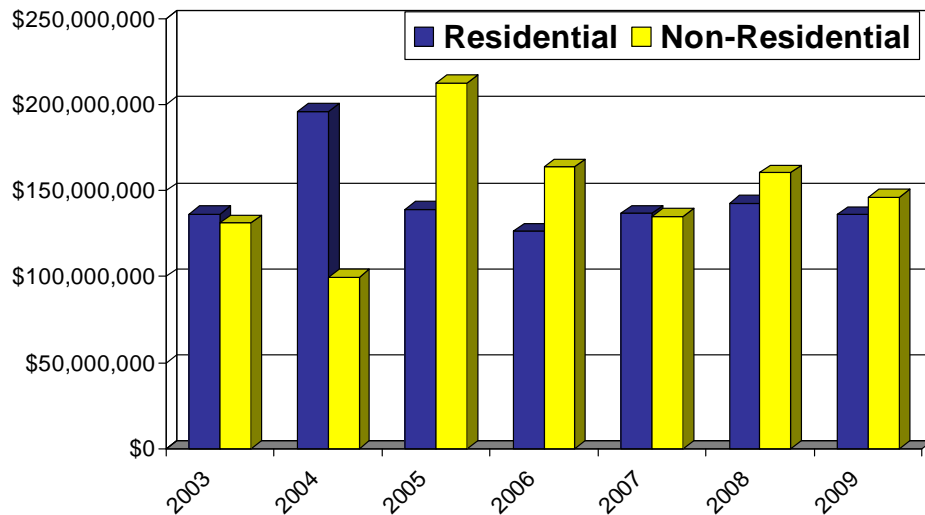
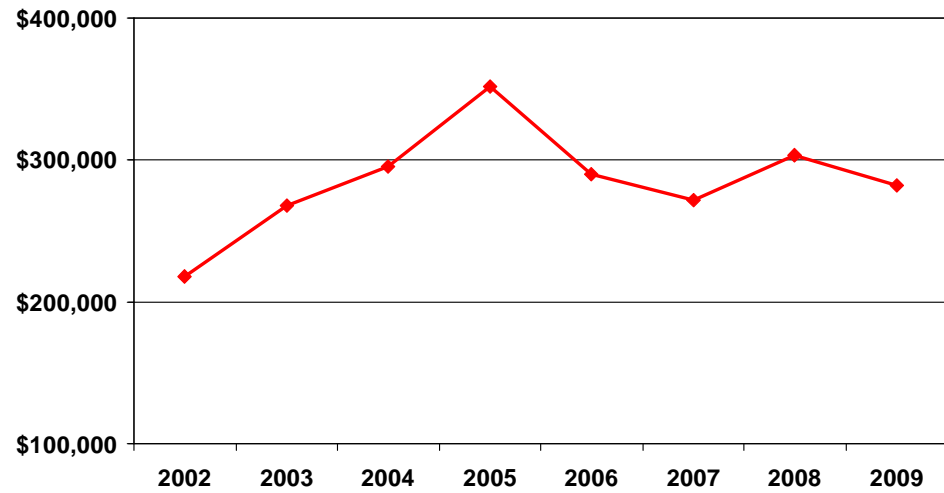


- Guelph experienced population growth of 7.1% slightly below the group average at 7.7% from 2006-2010 (projected)
- Average of 1.8% annually slightly above the target growth rate of 1.5% based on the growth management strategy

# Guelph's Building Construction Activity

- Activity in 2009 continued to be strong

Construction Activity \$000's



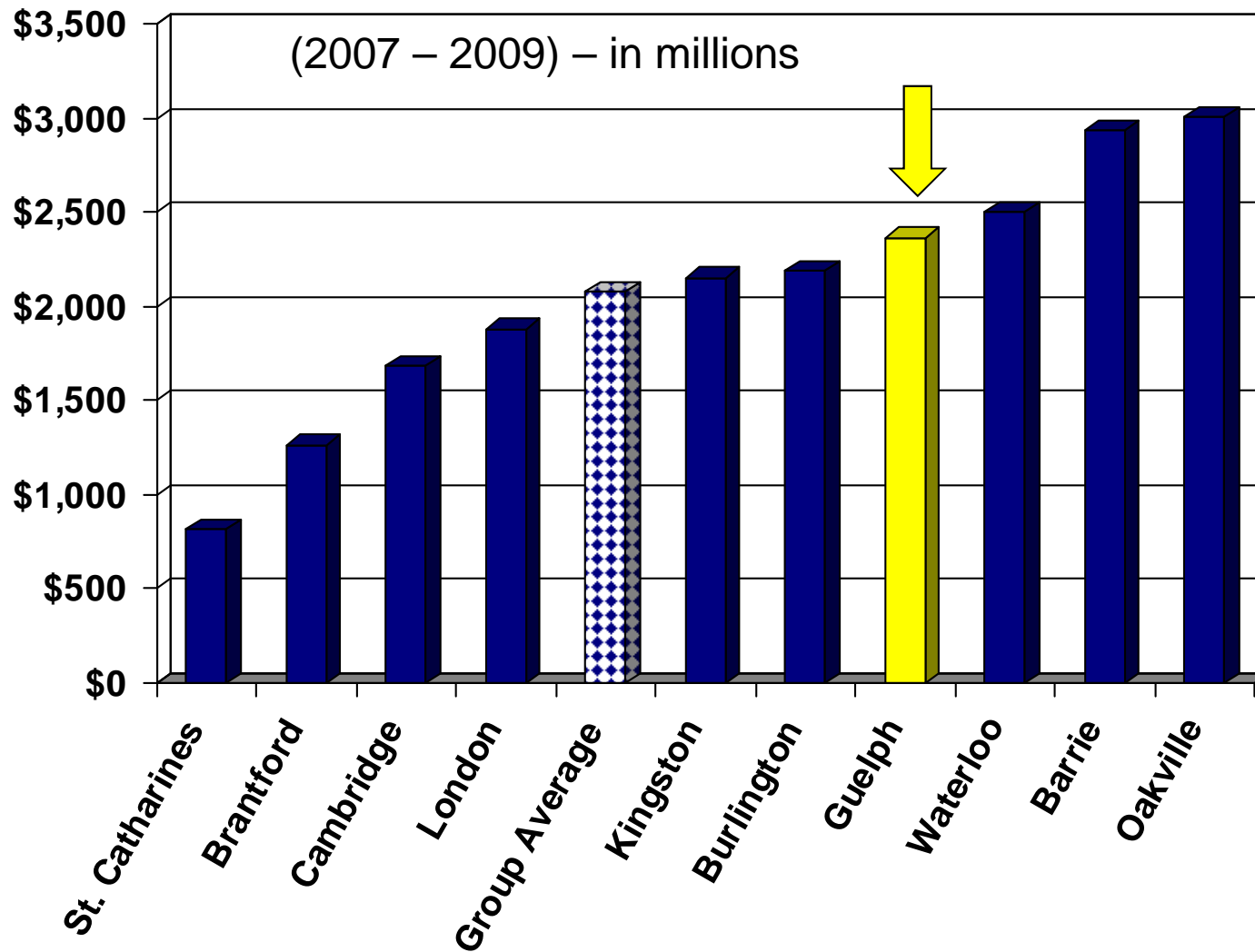
- Good balance between residential and non-residential development

Source: Building Dept

2010 Municipal Study

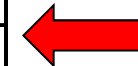
BMA  
Management Consulting Inc.

# Construction Per Capita 3-Year Average



# Assessment Growth Comparison

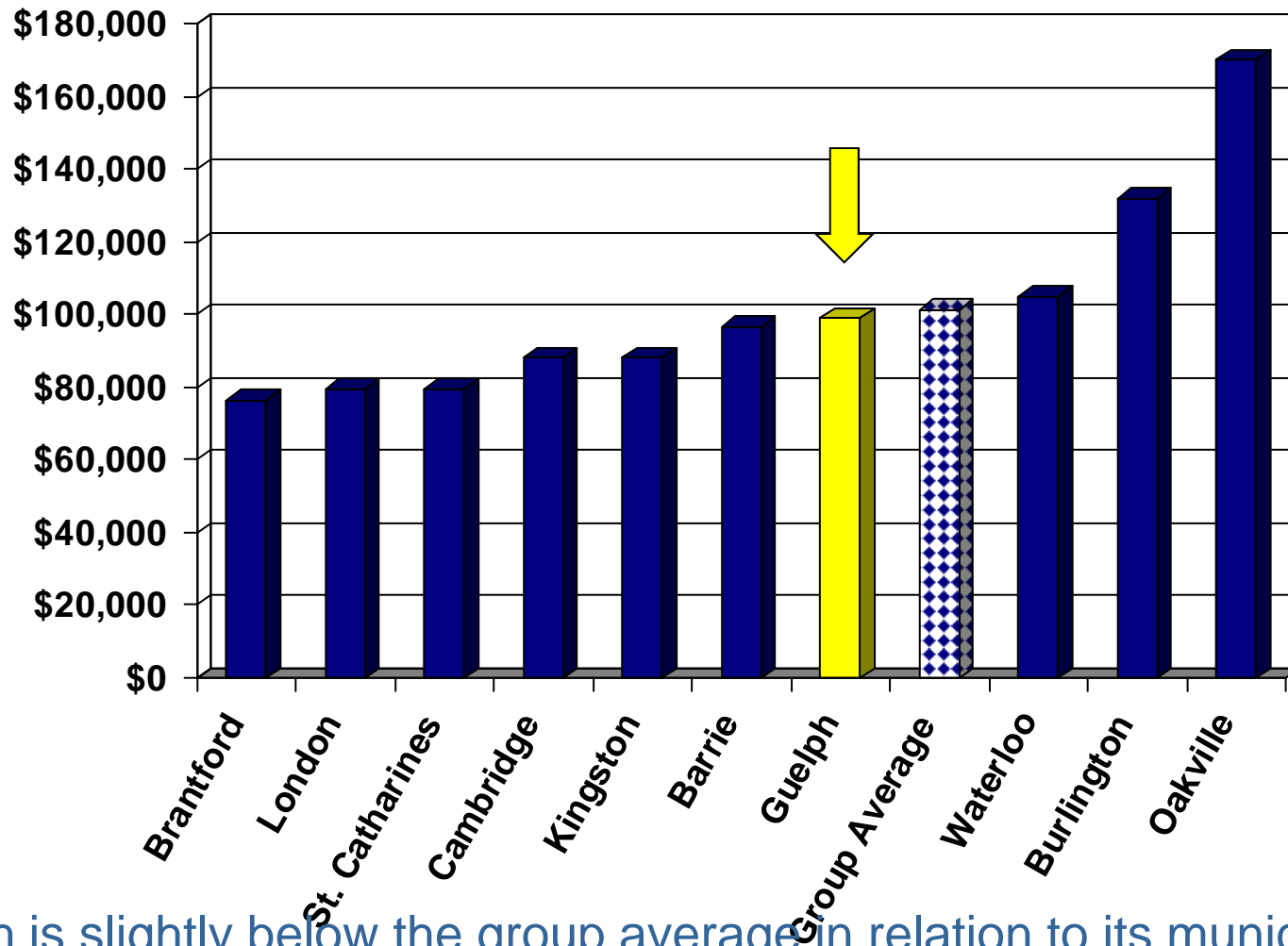
	% Change in CVA 2004-2005	% Change in CVA 2005-2006	% Change in CVA 2006 2007	% Change in CVA 2007-2008	% Change in CVA 2008-2009	% Change in CVA 2009-2010
Kingston	0.4%	19.4%	1.9%	1.0%	10.3%	1.8%
Cambridge	3.5%	13.3%	1.4%	1.2%	6.1%	5.5%
London	2.0%	14.3%	2.2%	1.5%	6.6%	5.9%
St. Catharines	-2.1%	20.9%	0.3%	0.4%	5.5%	6.0%
Waterloo	2.1%	14.0%	0.6%	1.0%	6.3%	6.3%
Burlington	2.3%	13.2%	2.5%	1.2%	8.9%	6.9%
Brantford	0.8%	19.0%	1.2%	4.0%	8.2%	7.0%
Barrie	5.5%	18.4%	3.5%	3.0%	6.7%	7.0%
Oakville	4.1%	18.6%	2.8%	1.9%	9.2%	8.1%
Average	2.1%	16.8%	1.8%	1.7%	7.5%	6.1%
Median	2.1%	18.4%	1.9%	1.2%	6.7%	6.3%
Guelph	2.0%	13.8%	1.9%	3.6%	8.5%	4.7%



- 2006 - 2009 the change in assessment was above average
- 2009 - 2010 the increase was lower than the group average and median



## 2010 Unweighted Assessment Per Capita



Guelph is slightly below the group average in relation to its municipal comparators

*Taxation and  
Affordability*

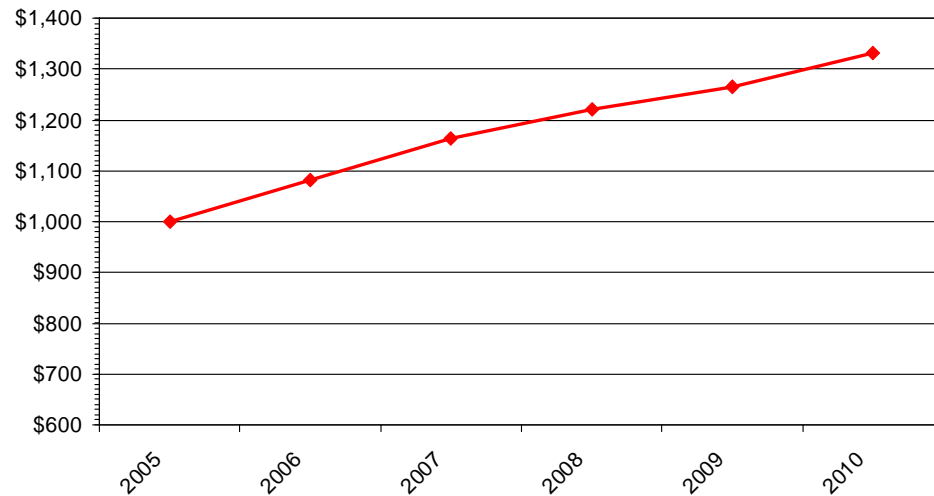


## Net Municipal Levy Per Capita

- Levy per capita does not indicate value for money or the effectiveness in meeting community objectives. Net municipal expenditures per capita may vary as a result of:
  - Different service levels
  - Variations in the types of services
  - Different methods of providing services
  - Different residential/non-residential assessment composition
  - Varying demand for services
  - Locational factors
  - Demographic differences
  - Socio-economic differences
  - Urban/rural composition differences
  - User fee policies
  - Age of infrastructure
  - What is being collected from rates as opposed to property taxes
- As such, this is not an “apples to apples” comparison. Further analysis would be required to determine the cause of differences

# Net Municipal Levy Per Capita

Year	2010 Levy per Capita	2010 Levy per \$100,000 of Assessment
Oakville	\$ 1,412	\$ 829
Burlington	\$ 1,209	\$ 915
Barrie	\$ 1,142	\$ 1,179
Waterloo	\$ 1,336	\$ 1,273
Cambridge	\$ 1,196	\$ 1,358
St. Catharines	\$ 1,210	\$ 1,517
London	\$ 1,212	\$ 1,524
Brantford	\$ 1,185	\$ 1,551
Kingston	\$ 1,431	\$ 1,621
Average	\$ 1,259	\$ 1,307
Median	\$ 1,210	\$ 1,358
<b>Guelph</b>	<b>\$ 1,316</b>	<b>\$ 1,327</b>



- Includes upper and lower tier
- Levy per capita above the group average and median
- Levy per \$100,000 is also above average but below the median
- Levy increasing at a rate faster than inflation over the past several years

## Assessment and Affordability

	2010 Levy Per Capita	2010 Levy per 100,000 of Unweighted Assessment	2010 Unweighted Assessment Per Capita	2010 Residential Tax Rate	2010 Average Household Income	2010 Property Taxes as a % of Household Income
Oakville	\$ 1,412	\$ 829	\$ 170,250	0.9825%	\$ 143,656	3.2%
Guelph	\$ 1,316	\$ 1,327	\$ 99,123	1.3140%	\$ 85,054	4.2%

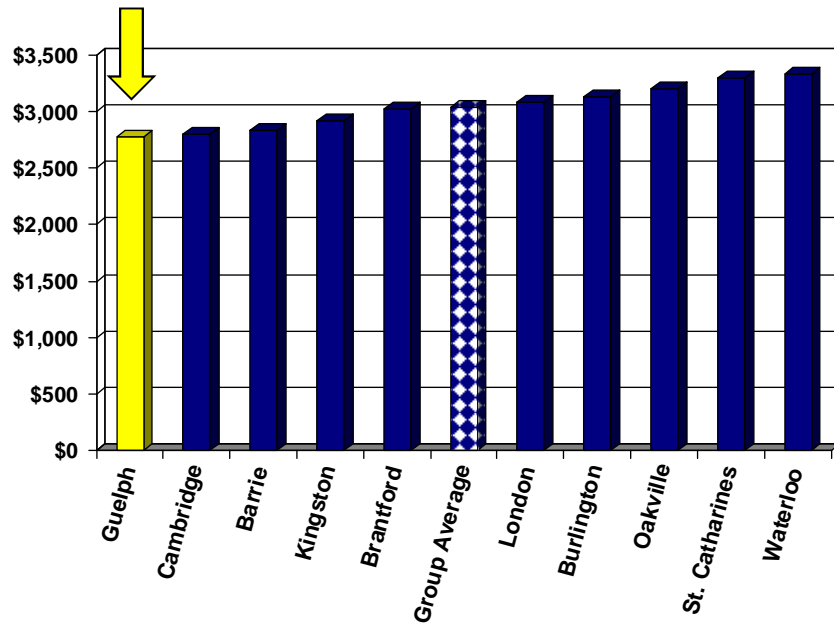
- While Oakville has a higher level of municipal spending on a per capita basis, because of a rich assessment base, the levy per 100,000 of weighted assessment is extremely low, thus resulting in lower tax rates in Oakville
- With higher levels of assessment and higher household incomes the burden on a residential taxpayer in Oakville is lower than that Guelph

## 2010 Water and WW Costs

Volume Meter Size	Residential 250 m3 5/8"	Commercial 10,000 m3 2"	Industrial 30,000 m3 3"	Industrial 500,000 m3 6"
Barrie	\$ 644	\$ 24,252	\$ 71,929	\$ 1,162,113
Brantford	\$ 800	\$ 28,810	\$ 85,482	\$ 1,406,012
Burlington	\$ 681	\$ 21,082	\$ 57,769	\$ 883,651
Cambridge	\$ 772	\$ 26,348	\$ 78,150	\$ 1,270,961
Kingston	\$ 836	\$ 14,393	\$ 40,311	\$ 619,730
London	\$ 771	\$ 19,264	\$ 45,270	\$ 723,427
Oakville	\$ 681	\$ 21,082	\$ 57,769	\$ 883,651
St. Catharines	\$ 833	\$ 24,769	\$ 73,869	\$ 1,227,719
Waterloo	\$ 746	\$ 28,745	\$ 86,244	\$ 1,430,754
Average	\$ 752	\$ 23,194	\$ 66,310	\$ 1,067,558
Median	\$ 771	\$ 24,252	\$ 71,929	\$ 1,162,113
<b>Guelph</b>	<b>\$ 723</b>	<b>\$ 23,715</b>	<b>\$ 69,721</b>	<b>\$ 1,120,348</b>
% difference to average	-3.8%	2.2%	5.1%	4.9%
% difference to median	-6.2%	-2.2%	-3.1%	-3.6%

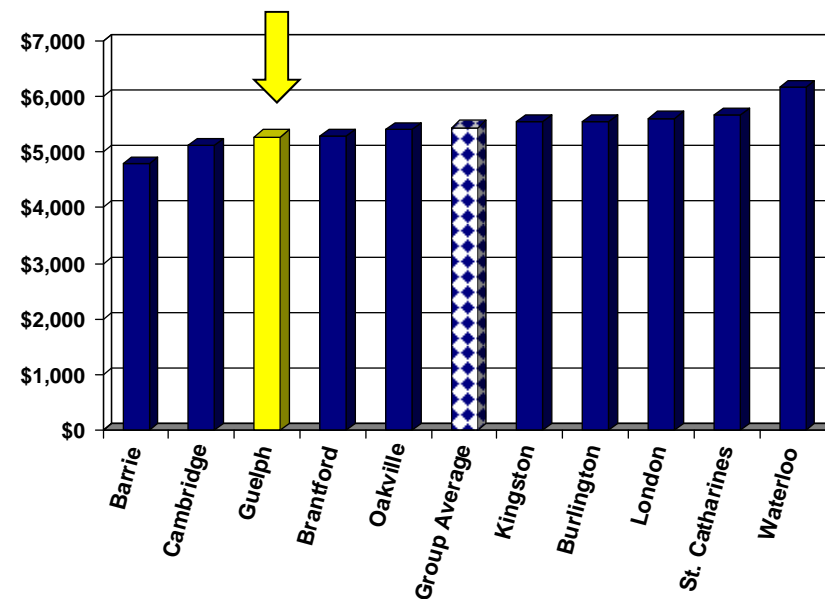
# 2010 Residential Like Property Comparison

Bungalow

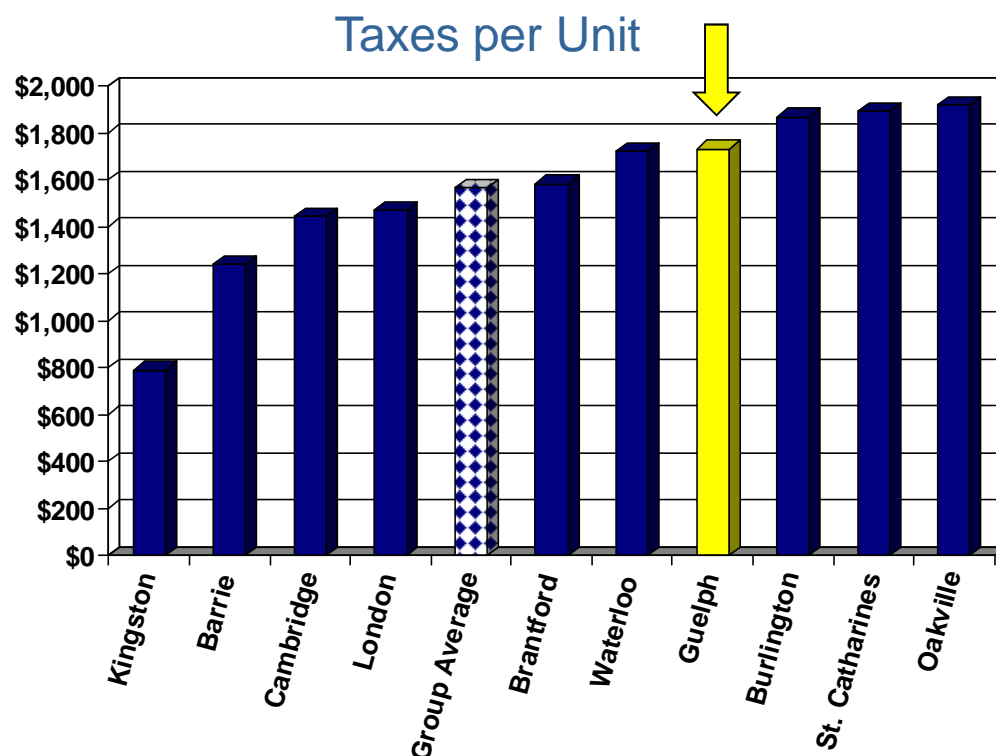


With a relatively strong assessment base and below average municipal levy per capita, the tax burden in Guelph is amongst the lowest in the survey

Senior Executive Home



## 2010 Multi-Residential Like Property Comparison



- The tax burden for multi-residential properties is above the group average. This is due in part to a higher than average tax ratio in the Multi-Residential Class
- City has approved lowering the ratio over 4 years to municipal average - have lowered for 2 consecutive years. Other municipalities above the average have also been lowering.



## Multi-Residential Comparison 2008 - 2010

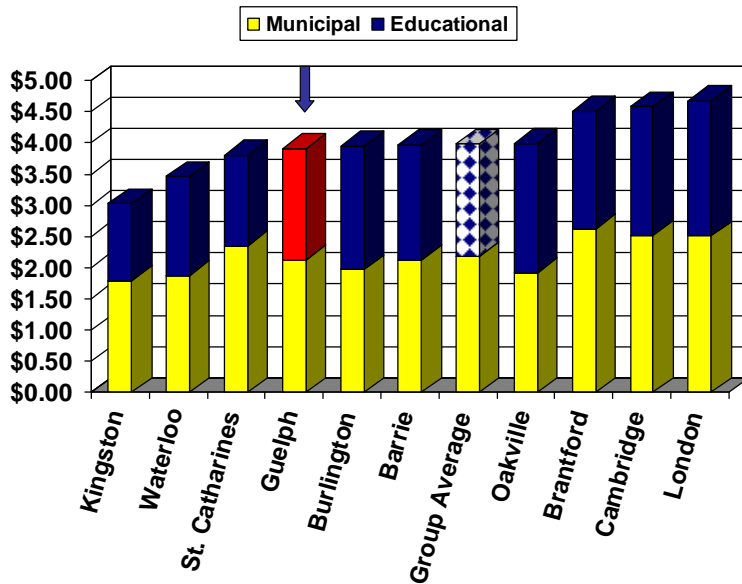
<b>Class</b>	<b>2008 Taxes per Unit</b>	<b>2009 Taxes per Unit</b>	<b>2010 Taxes per Unit</b>
Walkup	\$ 1,791	\$ 1,760	\$ 1,718
Highrise	\$ 1,854	\$ 1,807	\$ 1,732
Tax Ratio	2.7400	2.5965	2.4530

The taxes per unit have decreased over the past 2 years as a result of a reduction in the tax ratio for multi-residential properties

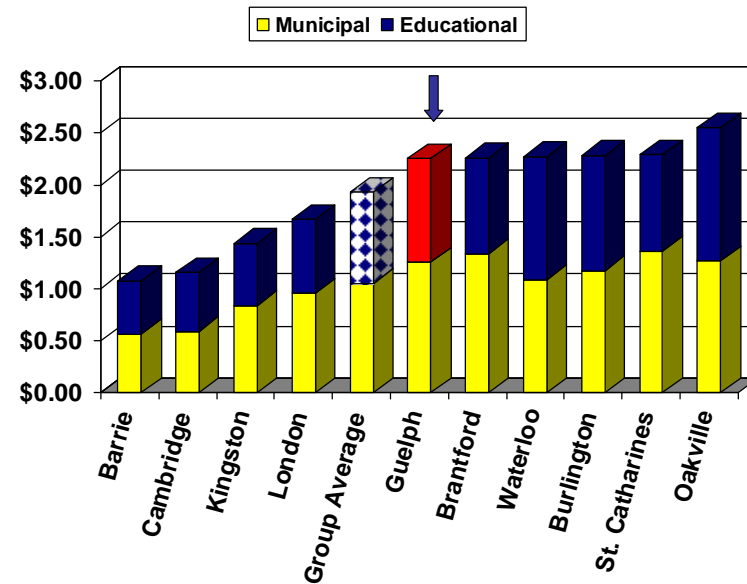
Source: BMA Study

# 2010 Comm. & Ind. Like Property Comparison

Commercial taxes per sq. ft.



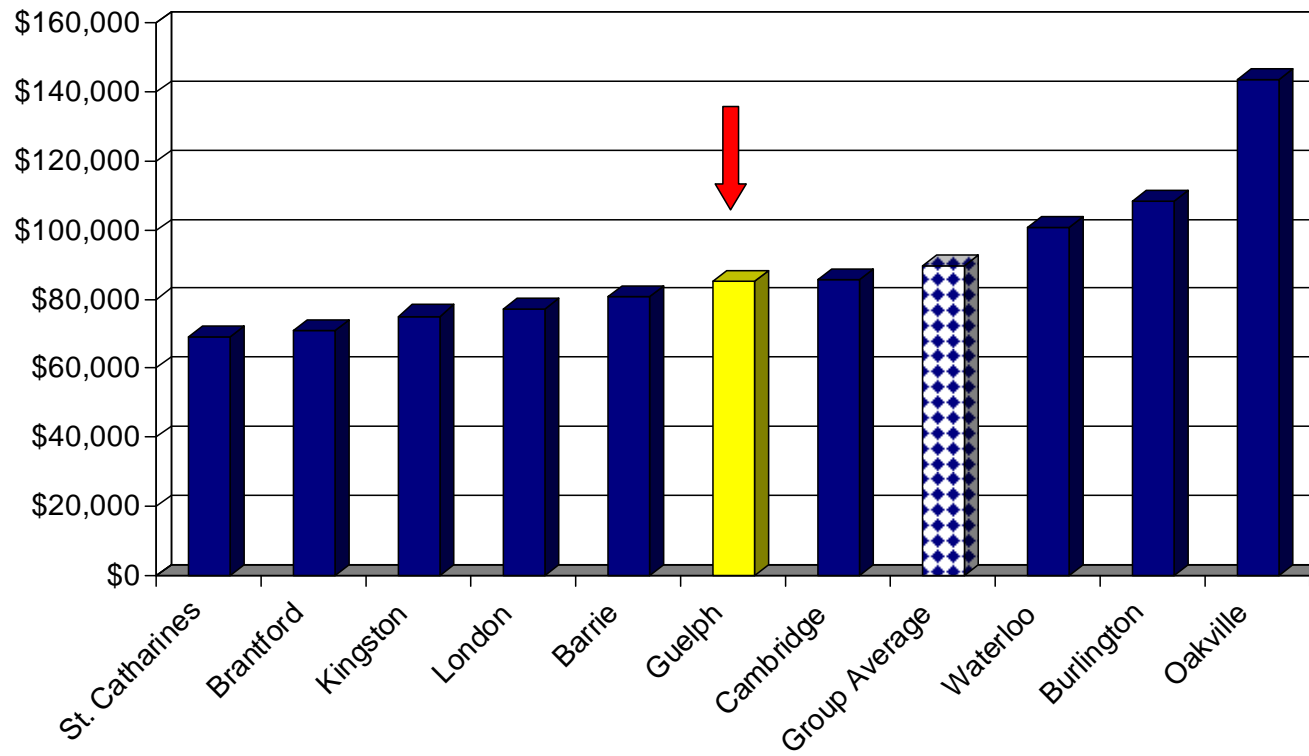
Industrial taxes per sq. ft.



- The tax burden for neighbourhood shopping is below the group average of the municipalities selected

- The tax burden in the industrial class is slightly above the group average of select municipal comparators
- Higher than average tax ratio

## 2010 Gross Household Income



- In 2010, average household income in Guelph was \$85,054, compared with a group average of \$89,659
- The average household incomes in the survey ranged from a low of \$69,291 in St. Catharines to a high of \$143,656 in Oakville

# Affordability

	2010 Property Taxes as a % of Household Income	2010 Water/WW Costs as a % of Household Income	2010 Total Municipal Burden as a % of Household Income
Oakville	3.2%	0.5%	3.7%
Burlington	3.3%	0.7%	4.0%
Waterloo	3.8%	0.7%	4.5%
Cambridge	4.0%	0.8%	4.8%
Barrie	4.2%	0.8%	5.0%
London	4.1%	1.0%	5.1%
Brantford	4.2%	1.1%	5.3%
St. Catharines	4.7%	1.2%	5.9%
Kingston	4.9%	1.1%	6.0%
Average	4.0%	0.9%	4.9%
Median	4.1%	0.8%	5.0%
Guelph	4.2%	0.8%	5.0%

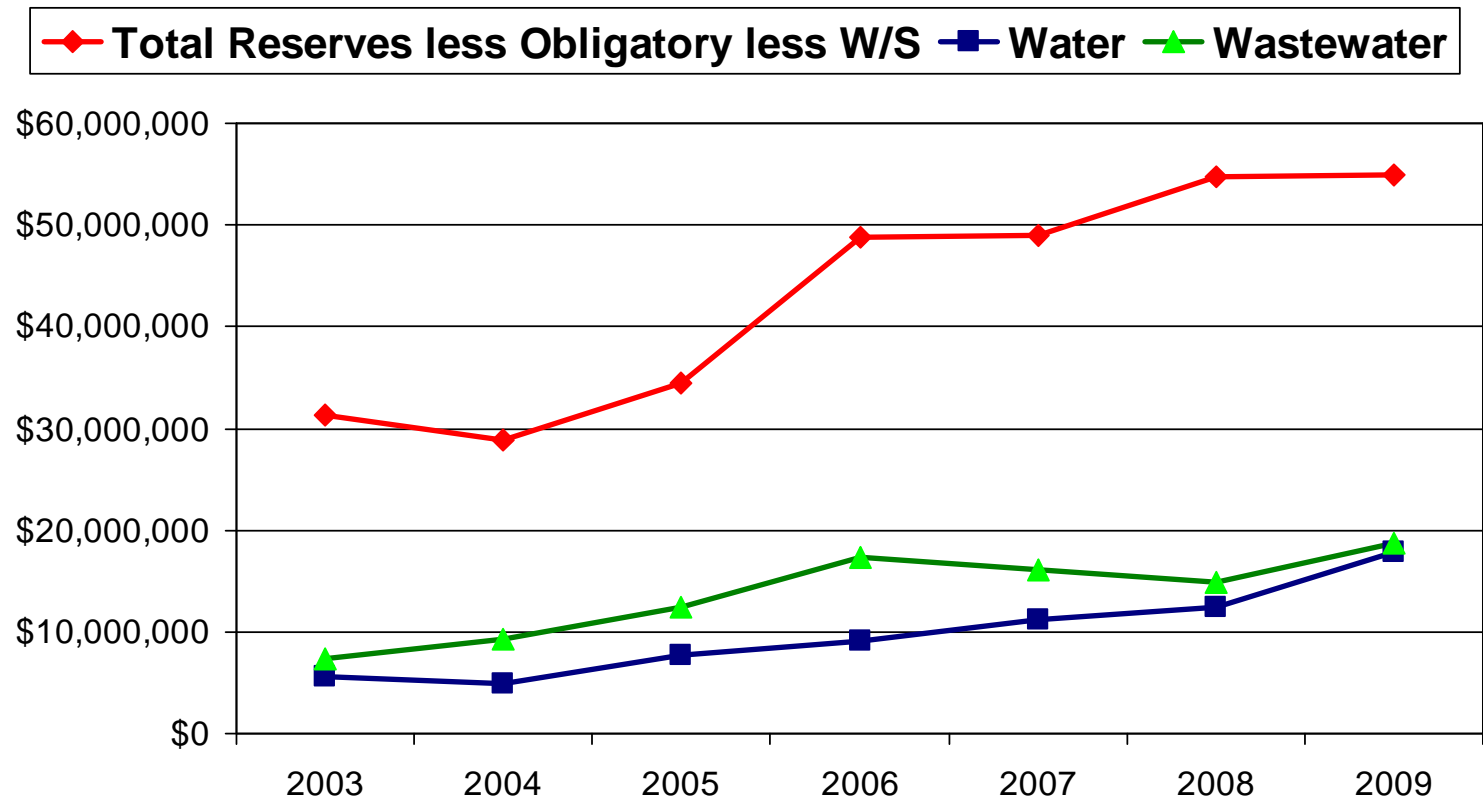
- Average burden in 2010 in Guelph is at the survey the median for property taxes and water and wastewater



*Reserve, Debt and  
Other Financial  
Indicators*



## Reserves/Reserve Funds 2003-2009

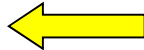


- Total Tax reserves increased from 2004-2009 (2009 less commitments is \$33 million)
- Water/WW reserves also experienced an increase from 2008-2009

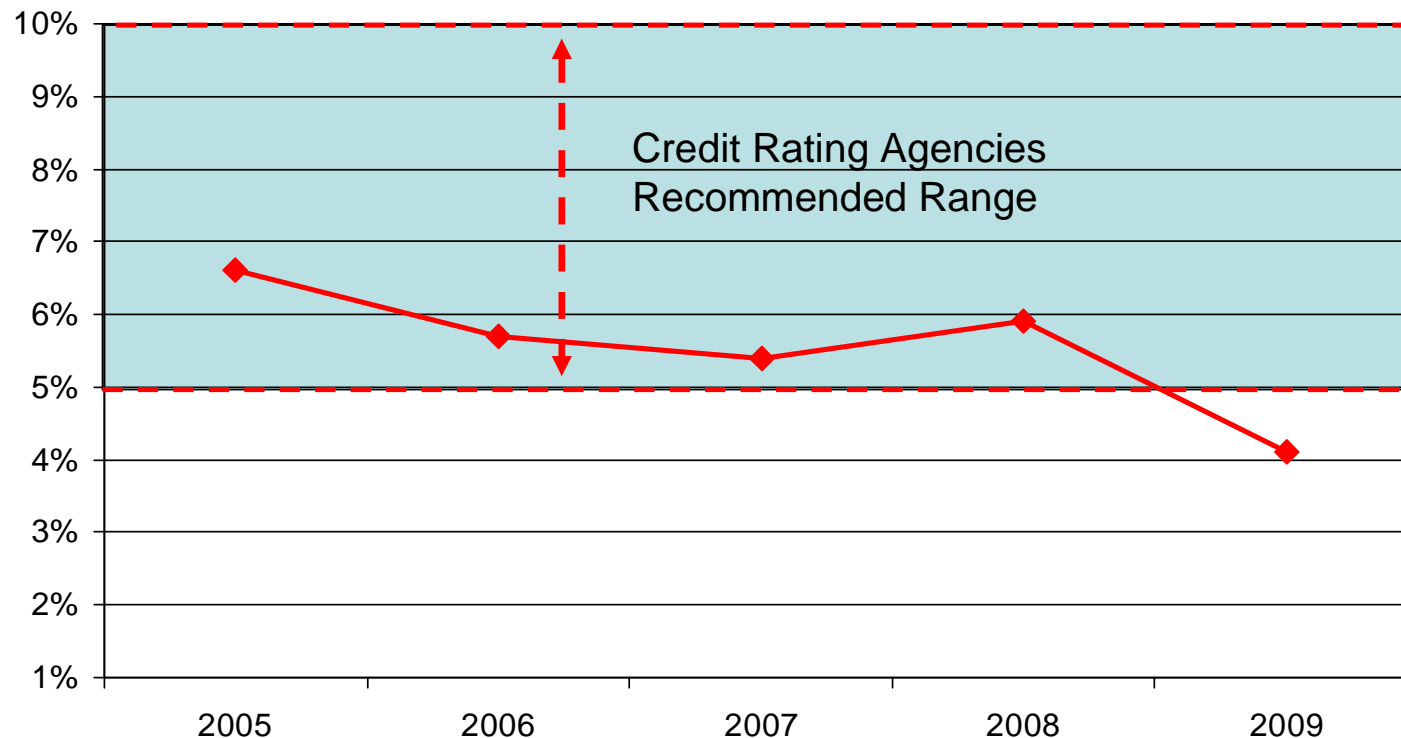
## Tax Reserves as a % of Own Source Revenue

Municipality	2009 Discretionary Reserves less WWW as % Own Source Revenue
Brantford	22.0%
London	35.0%
Cambridge	38.0%
Burlington	41.0%
Oakville	41.5%
Kingston	42.2%
Waterloo	44.7%
Barrie	53.4%
St. Catharines	65.6%
Average	42.6%
Median	41.5%
Guelph	26.6%

- Guelph's 2009 reserves as a percentage of Own Source Revenue is at 26.6% compared with the total survey average of 42.6%



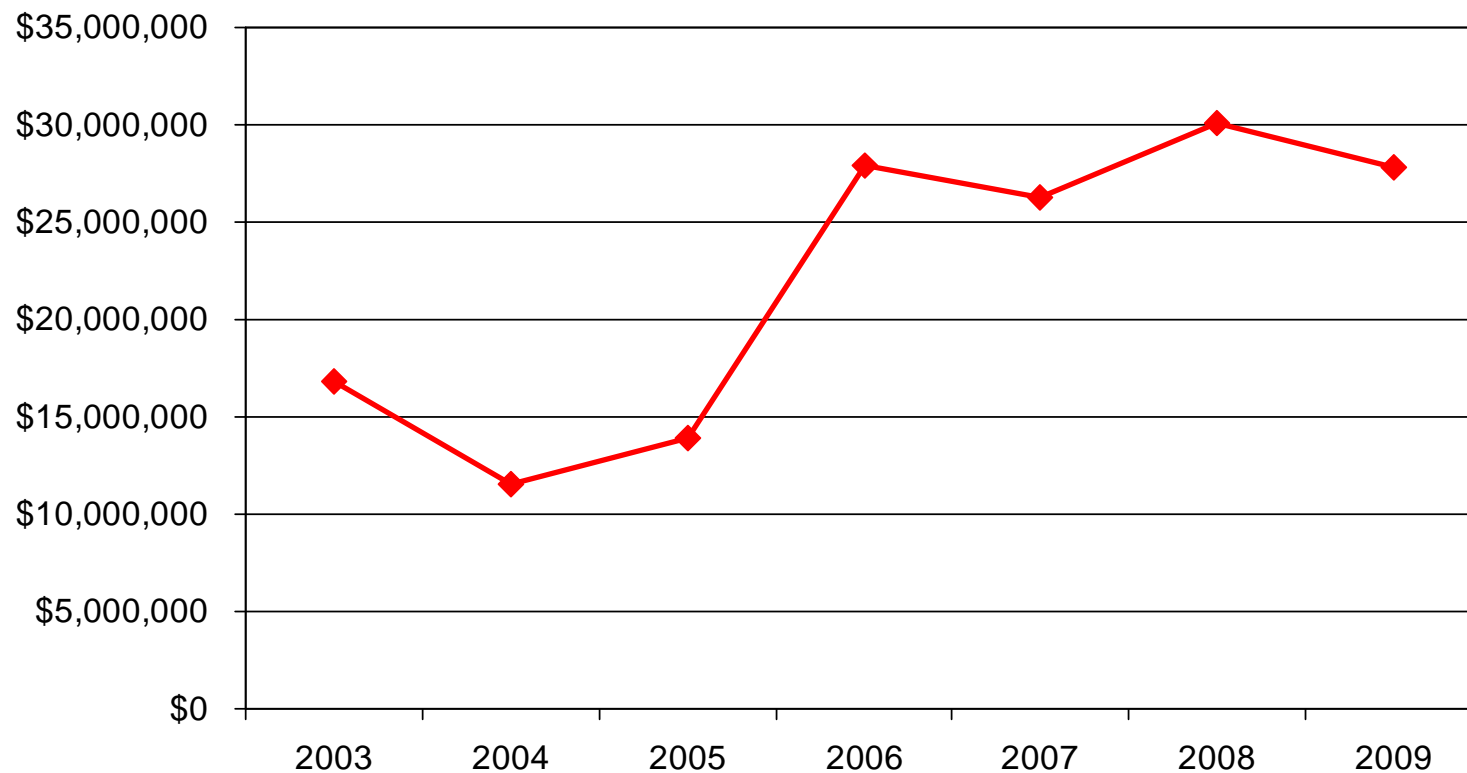
# Tax Stabilization Reserves



- GFOA recommends a target of 5-10% of total tax revenues be maintained
- Guelph has approximately 4% in stabilization reserves as a percentage of tax revenues
- Tax Stabilization Reserves as a % of tax revenues decreased from 2008-2009 – no surplus in 2009

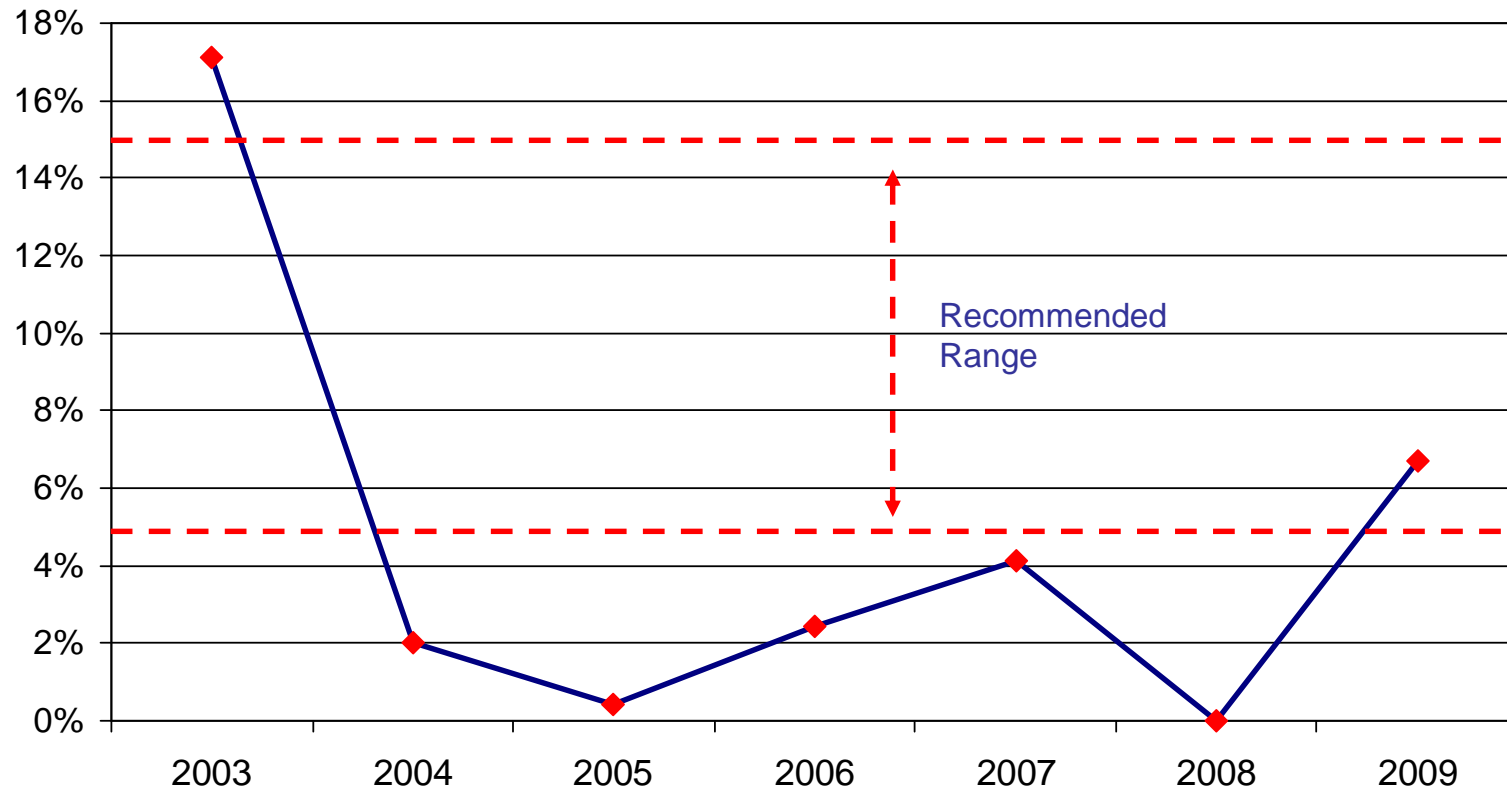


## Tax Capital Reserve Funds



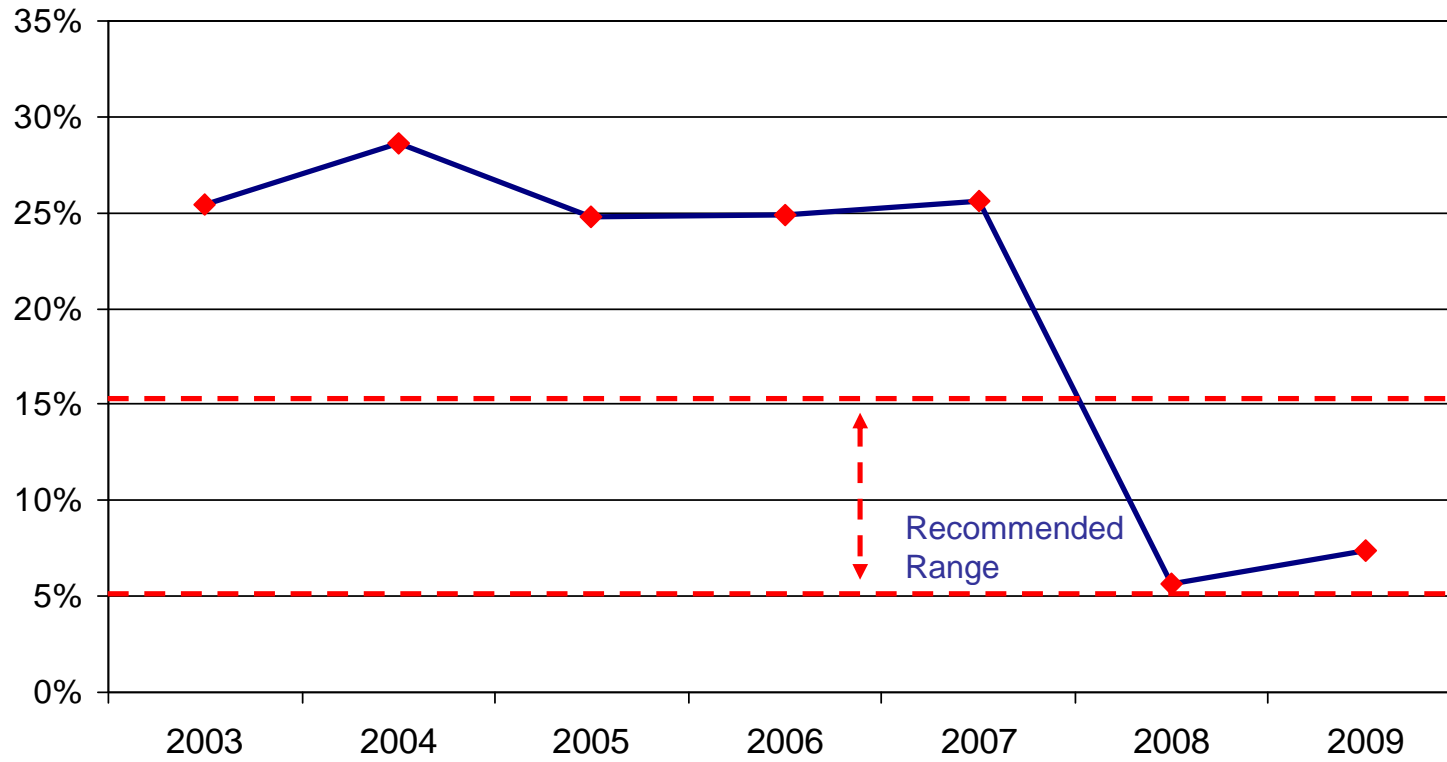
- Accumulated depreciation based on historical cost is approximately \$342 million and the reserve balance is approximately \$28 million

## Water Stab. Reserves as a % of Water Revenues



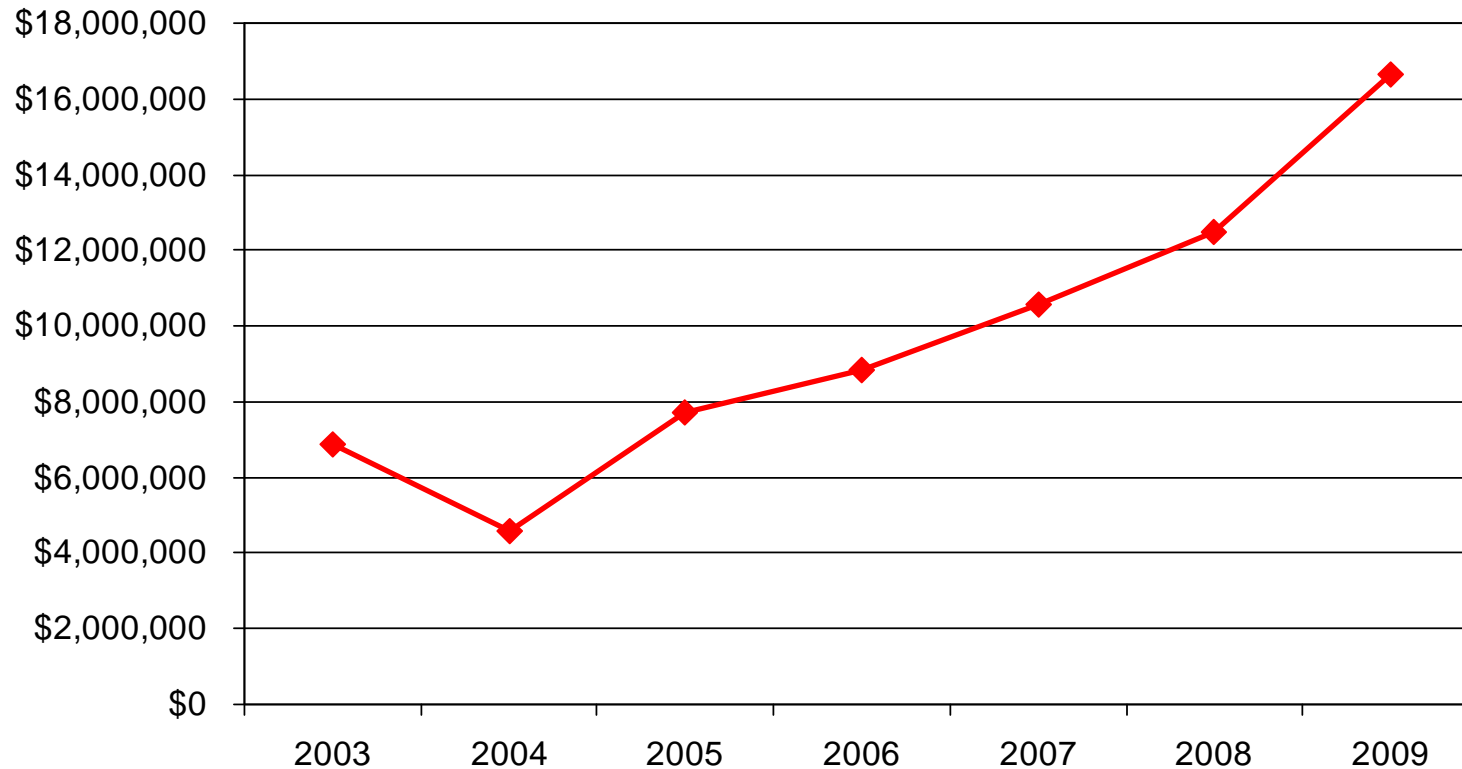
- GFOA recommends water stabilization reserves to be between 5-15% of gross revenues
- In 2009, Water Stabilization Reserves increased and is now in the range

# Wastewater Stabilization Reserve



The Wastewater Stabilization Reserve is within the recommended range for best practices

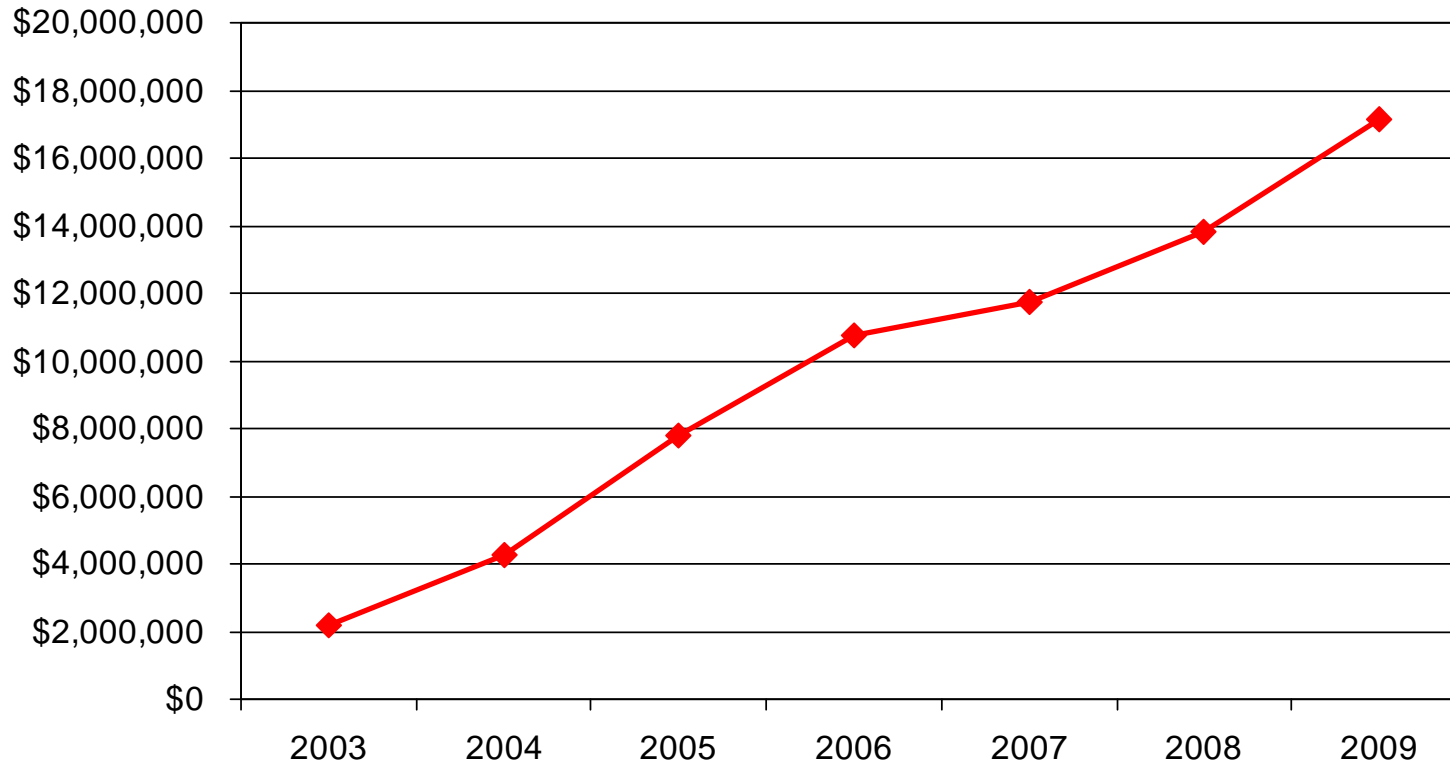
# Water Capital Reserve



Accumulated depreciation based on historical costs is \$75.8 million, the reserve balance is \$16.7 million

Goal is to continually increase toward the accumulated depreciation level

# Wastewater Capital Reserve



Accumulated depreciation based on historical costs is \$106 million, the reserve balance is \$17.1 million

Goal is to continually increase toward the accumulated depreciation level

## 2009 Surplus Ratio

Municipality	Total Operating Surplus Ratio	Tax Operating Surplus Ratio
Barrie	-4.2%	-6.2%
Brantford	0.5%	-2.5%
Burlington	1.0%	1.0%
Cambridge	-5.5%	-10.2%
Kingston	2.1%	0.9%
London	1.2%	-1.2%
Oakville	-5.2%	-5.2%
St. Catharines	3.5%	3.0%
Waterloo	-8.8%	-11.9%
Average	-1.7%	-3.6%
Median	0.5%	-2.5%
Guelph	-2.1%	-7.1%

- Operating revenues minus operating expenses (including amortization) as a % of Own Source Revenue
- Appropriate level of surplus should be determined as part of long term financial plan
- Strive to have a positive ratio

## 2009 WWW Surplus Ratio

Municipality	2009 Water Surplus Ratio	2009 Wastewater Surplus Ratio
Brantford	19.8%	13.7%
Cambridge	8.2%	7.5%
Kingston	2.5%	16.4%
London	19.9%	10.7%
St. Catharines	12.3%	-6.6%
Waterloo	8.9%	13.3%
Average	11.9%	9.2%
Median	10.6%	12.0%
Guelph	32.1%	7.3%

- Operating revenues minus operating expenses (including amortization) as a percentage of Own Source Revenue
- Appropriate level of surplus should be determined as part of long term financial plan and should move up to replacement value

## 2009 Asset Consumption Ratio

Municipality	2009 Asset Consumption Ratio
Barrie	23.8%
Waterloo	27.4%
Oakville	29.2%
Burlington	32.2%
London	33.0%
Cambridge	38.1%
Kingston	38.8%
St. Catharines	43.5%
Brantford	48.6%
Average	35.0%
Median	33.0%
Guelph	42.0%

- Written down value of assets
- Highlights age of assets and potential replacement needs
- Guelph's infrastructure is older than the survey average



## 2009 WWW Consumption Ratio

Municipality	2009 Water Asset Consumption Ratio	2009 Wastewater Asset Consumption Ratio
Barrie	14.2%	30.5%
Brantford	28.4%	36.6%
Cambridge	29.8%	40.2%
Kingston	30.3%	24.9%
London	29.6%	36.0%
St. Catharines	24.7%	30.3%
Waterloo	27.1%	27.8%
Average	26.3%	32.3%
Median	28.4%	30.5%
Guelph	41.8%	44.3%

- Written down value of assets
- Highlights age of assets and potential replacement needs
- Guelph has an older water/wastewater infrastructure

## Debt Interest as % of Own Source Revenues (less WWW)

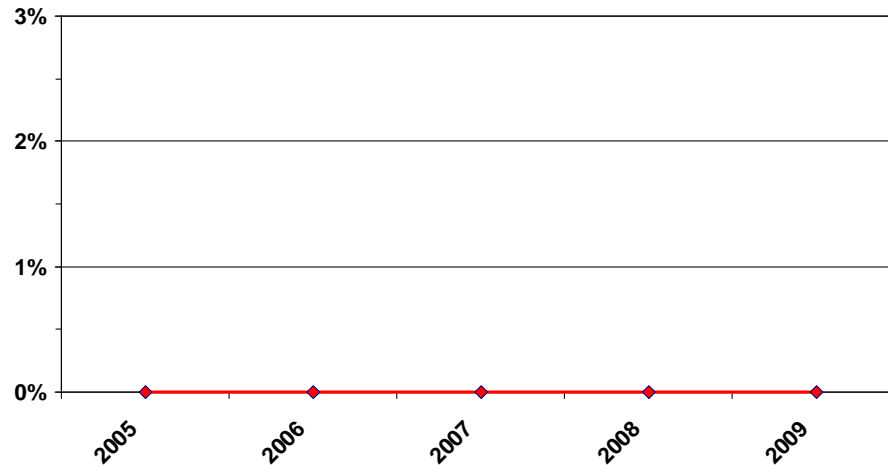
Municipality	2009 Debt Interest as % Own Source Revenues (Excluding Water/wastewater)
Cambridge	0.0%
Brantford	0.4%
Barrie	0.7%
Oakville	0.7%
Burlington	1.3%
Kingston	1.7%
London	1.8%
St. Catharines	1.9%
Waterloo	5.6%
Average	1.6%
Median	1.3%
Guelph	2.1%

Debt interest is rising in most municipalities

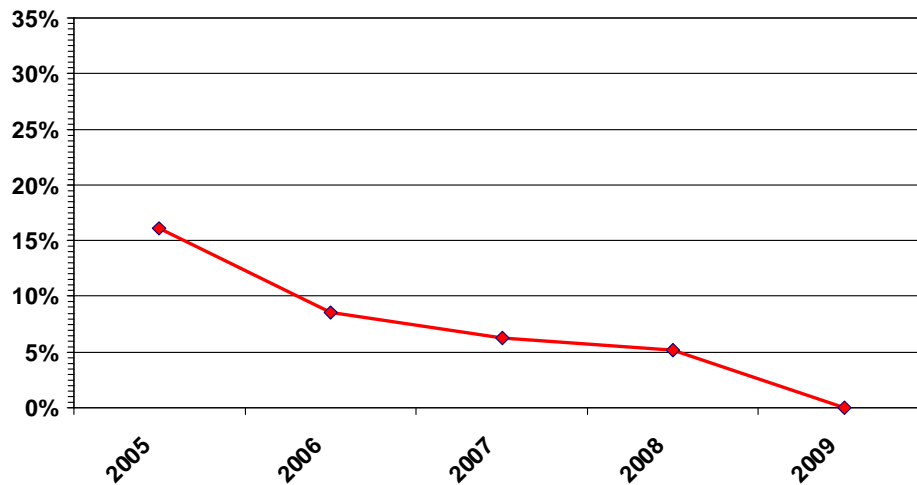


- Guelph's debt interest as a % of own source revenues is above the average but well within industry standards. New policy in place in Guelph to issue debt for new assets only, not replacement

## Water and WW Debt Charges as a % of Expend.



- No water debt

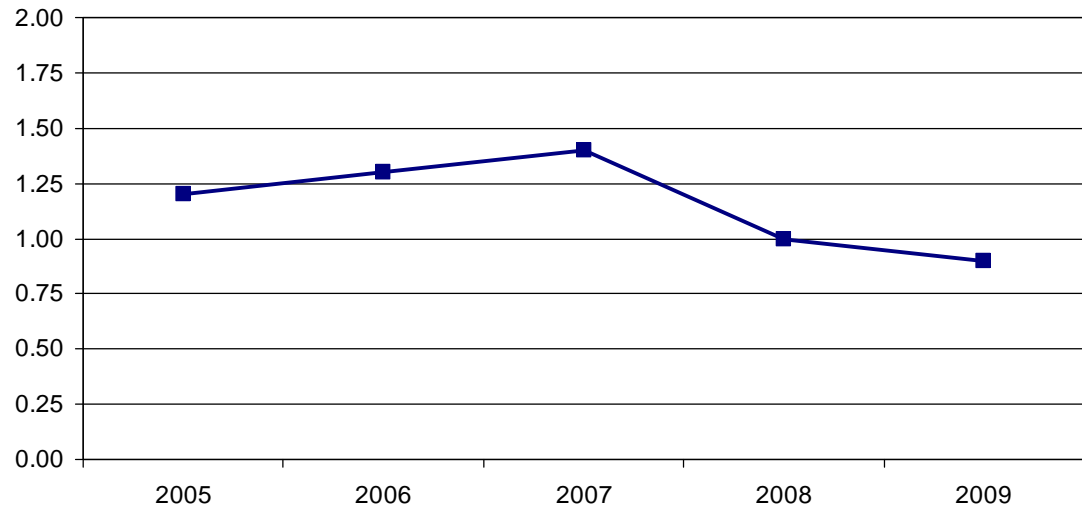


- No Wastewater debt

# Debt to Reserve Ratio

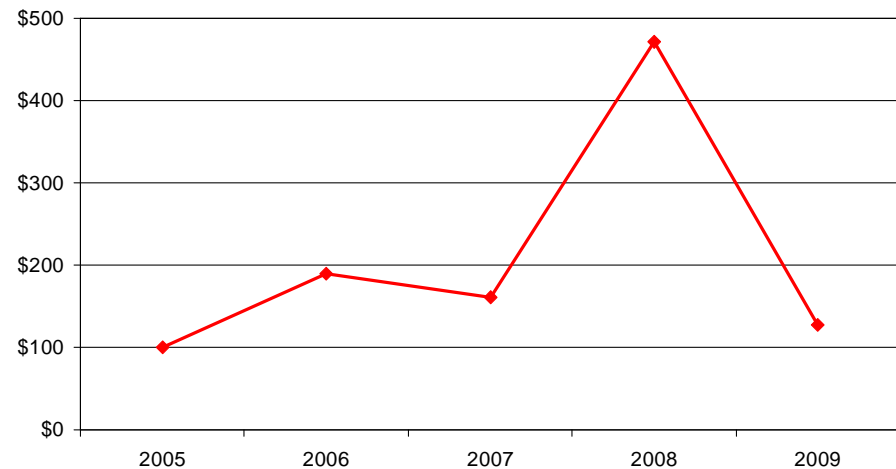
Municipality	Debt to Reserve Ratio 2009
Cambridge	0.0
Brantford	0.2
Barrie	0.3
Oakville	0.3
Burlington	0.6
St. Catharines	0.6
London	0.7
Kingston	1.0
Waterloo	1.0
Average	0.5
Median	0.6
<b>Guelph</b>	<b>0.9</b>

- Above the survey average but is in accordance with credit rating agency recommendations of 1:1 ratio. Slight decrease in 2009



# Financial Position per Capita

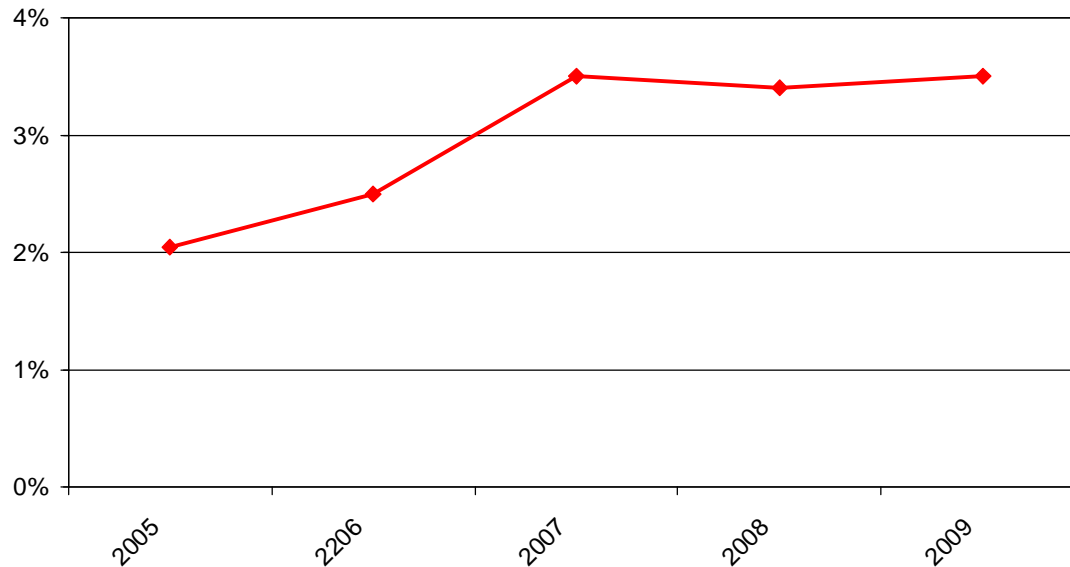
Municipality	2009 Financial Position per Capita
Barrie	\$ (834)
Kingston	\$ (775)
London	\$ (95)
St. Catharines	\$ 527
Waterloo	\$ 576
Cambridge	\$ 606
Burlington	\$ 905
Oakville	\$ 994
Brantford	\$ 1,172
Average	\$ 342
Median	\$ 576
Guelph	\$ 127



Below the survey average

Increased debt

# Taxes Receivable as a % of Taxes Levied



Municipality	2009 % Receivables of Taxes Levied
London	3.1%
Burlington	3.8%
Waterloo	4.7%
Kingston	5.1%
St. Catharines	5.7%
Brantford	5.8%
Oakville	6.1%
Cambridge	6.6%
Barrie	8.3%
Average	5.5%
Median	5.7%
<b>Guelph</b>	<b>3.5%</b>

- If uncollected property taxes rise to more than 8%, credit rating firms consider this a negative factor – Guelph’s is 3.5% in 2009
- Credit rating agencies assume that municipalities normally will be unable to collect 2 - 5% of its property taxes within the year that taxes are due
- Guelph is low compared with industry standards and also the municipal comparator group

# *Summary*



## Long Range Financial Planning

- GFOA recommends that “All governments should regularly engage in long-term financial planning...”
- Guelph has committed to long range financial planning which will:
  - ✓ Identify fiscal issues and opportunities
  - ✓ Establish fiscal policies and goals
  - ✓ Examine fiscal trends
  - ✓ Produce a financial forecast
  - ✓ Provide for feasible solutions



## Growth-Related Summary

- Guelph's average annual population increased by 1.8% from 2006-2010, faster than the targeted annual growth rate of 1.5%
- Guelph has a good mix of residential and non-residential development
- The City's 3-year average (2006-2009) building permit activity per capita exceeded the group average of municipal comparators
- Assessment base is slightly lower than the survey average and assessment growth from 2009-2010 was lower than the survey average and median
- Overall, positive growth-related factors



## Taxation and Affordability

- Levy per capita has increased at a rate faster than inflation since 2003 but is close to the average of municipal comparators
- Guelph has low to average water and sewer costs
- Tax burden tends to be low-mid for all property classes with the exception of Multi-Residential
- Average household income in Guelph is close to the survey average which is one measure of a community's ability to pay
- Total municipal burden as a % of household income is at the median
- Overall, positive tax, water/ww and affordability positioning



## Reserves, Debt and Financial Summary

- From 2003-2009, reserves have been trending upward
- Stabilization reserves should be between 5%-10% of revenues
  - Tax Stabilization Reserve = 2.4%
  - Water Stabilization Reserve = 7%
  - Wastewater Stabilization Reserve = 7%
- Currently negative tax operating surplus but positive water/ww surplus
- Tax debt charges as a % of own source revenues is above the average but well with industry standards and there is no Water/Wastewater debt
- Debt to Reserve Ratio positive trend - within industry standards
- Positive financial position but lower than survey average
- Tax receivables well within industry standards
- Overall, positive debt, reserve and financial trends but additional reserve requirements for tax programs to support capital replacement








*BMA Management Consulting Inc.*

**2010 Municipal Study**



**BMA**  
Management Consulting Inc.

## City of Guelph Financial Condition Assessment - Dashboard

A dashboard is a reporting tool that can help make sense of complex data. What follows is a glance at the growth and financial “vitals” of the corporation based on information gathered by the City’s independent consultant.

Performance Indicator	2009 finding	Change from 2008 to 2009
<b>Growth Related</b>		
Population		
Building Related Activity		
Assessment		
<b>Reserves, Debt and Other Financial Indicators</b>		
Tax Reserves as a % of own source revenues		
Water Reserves as a % of gross revenues		
Wastewater Reserves as a % of gross revenues		
Tax surplus ratio <b>(new)</b>		
Water surplus ratio <b>(new)</b>		
Wastewater surplus ratio <b>(new)</b>		
Debt interest as a % of gross revenues		
Water debt service costs as a % of gross revenues		
Wastewater debt service costs as a % of gross revenues		
Debt to reserve ratio		
<b>Financial Position</b>		
Financial Position		
Taxes receivable as a % of taxes levied		
<b>Affordability Indicators</b>		
Municipal levy per capita		
Household income		
Affordability of municipal services		
Water and sewer affordability		

### Legend

Positive – stay the course	
Caution – monitor (in the right range but may be moving in the wrong direction)	
Negative – corrective action necessary	
Positive change	
No change from 2008 to 2009	
Negative change	

# City of Guelph Financial Condition Assessment

## Dashboard – 2009

### Growth Related Indicators

Growth-related indicators encompass various characteristics including population, assessment, and business activity. These provide insight into the community's collective ability to generate revenue relative to the community's demand for public services. An examination of local growth related characteristics can identify, for example, the need to shift public service priorities because of changes in the community.

Dashboard Indicator and Description	Dashboard Result 2009	Comments
<p><b>Population</b></p> <p>It is important to understand changes in population, the speed with which a municipality is growing, the demographic characteristics of the community and how these are changing and to compare these trends against the target growth for the municipality. Continual decreases in population may indicate serious structural problems in the economy of the municipality. Sudden increases in population can create immediate pressure for new capital outlay and increased levels of service for expanding operating programs. A gradually increasing population trend is generally considered favorable as is a change that is consistent with the municipality's strategic plan for growth.</p>	<p>Caution</p>	<p>Growing slightly faster than City's target. Target annual growth of 1.5% compared with the actual annual growth of 1.8%</p>
<p><b>Building Related Activity</b></p> <p>Building activity impacts factors such as the employment base, income, property values and the strength of the assessment base. Generally, the net cost of servicing residential development is higher than the net cost of servicing commercial or industrial development. The ideal condition would be to have sufficient commercial and industrial development to more than offset the costs of the residential development.</p>	<p>Positive</p>	<p>Good balance between Res/Non-Res Trending upward</p>
<p><b>Assessment</b></p> <p>Assessment provides an indication of the "richness" of the assessment base in each municipality as well as changes in assessment from year to year. This considers the extent of assessment growth, the assessment per capita on a comparative basis and the assessment composition. Assessment per capita indicates the increase in a municipality's ability to pay for services and may reflect the economic well-being of the municipality. Assessment composition; i.e. the proportionate contribution from residential, commercial and industrial tax revenue sources is important to understand, not only on an annual basis, but also trends over time. Generally, a higher percentage of commercial and industrial assessment indicates higher revenue raising ability because commercial and industrial tax rates are higher than residential tax rates and therefore generate more tax revenue.</p>	<p>Positive</p>	<p>Good balance between Res/Non-Res Trending upward</p>

## City of Guelph Financial Condition Assessment Dashboard – 2009

### Reserves, Debt and Other Financial Indicators

Reserve and debt policies, practices and trends are important financial indicators of a municipality's financial health. Reserves are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves includes:

- To provide rate stabilization in the face of variable and uncontrollable factors (growth, interest rates, unemployment rates, changes in subsidies)
- To provide financing for one-time or short term requirements without permanently impacting the tax rates
- To make provisions for replacements/renewals/acquisitions of assets/infrastructure that are currently being consumed
- To avoid spikes in funding requirements for large capital projects by reducing their reliance on long-term debt borrowings
- To provide a source of internal financing and to ensure adequate and sustainable cash flows
- To provide flexibility to manage debt levels within Council approved guidelines and protect the City's financial position
- To provide for future liabilities incurred in the current year but paid for in the future

Dashboard Indicator and Description	Dashboard Result 2009	Comments
<p><b>Tax Reserves as a % of Own Source Revenues</b></p> <p>The availability of reserves may indicate the relative health of a municipality and council's willingness to "put money away for a rainy day". Generally, municipalities that have higher levels of reserves are considered financially healthier and may be more advanced in their strategic planning. However, a low indicator here may not necessarily indicate a financially weak municipality - It may simply reflect council policy to keep tax rates at a minimum rather than building reserves. Trends on this indicator in relation to the own source revenues should be considered as well as a comparison to other similar municipalities. Consideration should also be given to contributions to support the underlying assets and the availability of funds to address unforeseen events.</p>	Caution	<p>Changed from Stable to Upward trend</p> <p>Lower than survey average</p>
<p><b>Water Reserves as a % of Gross Revenues</b></p> <p>Same as above.</p>	Caution but improving	<p>Changes from Negative to Caution</p> <p>Trending upward</p> <p>Higher than survey average</p> <p>Contributions aligned with full lifecycle costing but historical gaps exist</p>
<p><b>Wastewater Reserves as a % of Gross Revenues</b></p> <p>Same as above.</p>	Caution but improving	<p>Changed from Caution to Caution but improving. Trending upward</p> <p>Higher than survey average</p> <p>Contributions less than full lifecycle costing</p>

City of Guelph Financial Condition Assessment  
Dashboard – 2009

Dashboard Indicator and Description	Dashboard Result 2009	Comments
<p><b>Tax Surplus Ratio (NEW)</b></p> <p>An operating surplus (deficit) arises when operating revenue exceeds (is less than) operating expenses including amortization. When an operating surplus is achieved, the amount is available for capital expenditure over and above amortization expenses. Some level of surplus is both appropriate and required. The operating surplus ratio is the operating surplus (deficit) expressed as a percentage of rates. A negative ratio indicates the percentage increase in total rates that would be required to achieve a break-even result. Municipalities consistently achieving operating surpluses, having regard to asset management and meeting service level needs are a good indication of financial sustainability.</p>	Caution	Operating ratio deficit of -7.1%. This indicates a need for an increase in own source revenues to breakeven
<p><b>Water Surplus Ratio (NEW)</b></p> <p>Same as above.</p>	Positive	Operating ratio surplus of 32.1%
<p><b>Wastewater Surplus Ratio (NEW)</b></p> <p>Same as above.</p>	Positive	Operating ratio surplus of 7.3%



## City of Guelph Financial Condition Assessment Dashboard – 2009

Debt structure is important because debt is an explicit expenditure obligation that must be satisfied when due. Debt can be an effective tool to finance capital improvements and to smooth out short-term expenditures; however, its misuse can cause serious financial problems. When municipalities issue debentures, they enter into a long-term commitment that requires them to make timely principal and interest payments over the life of the debentures. Hence, they need to ensure that:

- future debt service payments to bondholders can be made in full and on time, without jeopardizing the provision of essential services;
- an acceptable degree of flexibility is available, including sufficient revenues, to meet unanticipated expenditures;
- outstanding debt obligations will not threaten long-term financial stability of the municipality; and
- the amount of outstanding debt will not place undue burden on residents and businesses

Dashboard Indicator and Description	Dashboard Result 2009	Comments
<p><b>Debt Interest as a % of Gross Revenues</b> Debt service costs as a percentage of the total gross expenditures highlights the magnitude of expenditures required to service past obligations therefore not available for other services. A high debt service ratio may indicate a municipality that has taken on too much debt but it may also indicate that the municipality has taken an aggressive approach to debt repayment and is paying down their debt quickly to avoid interest costs. Similarly, a low debt service ratio could indicate a municipality is strong financially and can finance most capital projects through their operating budget. It may also indicate that a municipality is financially weaker and has deferred capital projects and allowed important infrastructure to deteriorate. Credit rating agencies recommend that this ratio not exceed 5%.</p>	Positive	<p>Changed from a Caution to Positive</p> <p>Higher than survey average</p> <p>Still at reasonable level (1.9%)</p>
<p><b>Water Debt Service Costs as a % of Gross Revenues</b> Same as above.</p>	Positive	<p>Changed from trending downward to no debt</p> <p>Lower than survey average</p>
<p><b>Wastewater Debt Service Costs as a % of Gross Revenues</b> Same as above.</p>	Positive	<p>Trending downward</p> <p>Lower than survey average</p>
<p><b>Debt to Reserve Ratio</b> Credit rating agencies consider a ratio of 1.0 to be financially prudent, whereby for every dollar of debt there is a dollar of reserves (excluding obligatory reserves). Trends over time as well as municipal comparators should be used to determine the indicator</p>	Positive	<p>Higher than survey average but within range considered acceptable by credit rating agencies</p>

City of Guelph Financial Condition Assessment  
 Dashboard – 2009  
**Financial Position Indicators**

The financial position of the municipality can provide information on the overall health of the municipality. It should be noted that the financial position reported below does not include a reporting on the tangible capital assets of a municipality. Under the new PSAB accounting rules, by 2009, municipalities were required to report the total tangible capital assets less accumulated depreciation. In future, this will provide a more accurate picture of a municipality's financial position. For comparative purposes, the indicators below reflect the change in same statistics as were reported in 2008, and exclude tangible capital assets.

Dashboard Indicator and Description	Dashboard Result 2009	Comments
<p><b>Financial Position</b>            A municipality's financial position is defined as the total fund balances including equity in business government enterprises less the amount to be recovered in future years associated with long term liabilities. The assessment includes a trend analysis as well as a comparative analysis on a per capita basis.</p>	Positive	Changed from Caution to Positive  Trending upward  Close to survey average
<p><b>Taxes Receivable as a % of Taxes Levied</b>            Every year, a percentage of property owners are unable to pay property taxes. Credit rating agencies assume that municipalities normally will be unable to collect 2 - 5% of its property taxes within the year that taxes are due. If this percentage increases over time, it may indicate an overall decline in the municipality's economic health. Additionally, as uncollected property taxes rise, liquidity decreases. This is also an Indicator of the strength of collection policies in place and the economic strength of a municipality. If uncollected property taxes rise to more than 8%, credit rating firms consider this a negative factor because it may signal potential instability in the property tax base.</p>	Positive	Relatively flat  Lower than survey average  At the mid range considered reasonable

City of Guelph Financial Condition Assessment  
Dashboard – 2009

**Affordability Indicators**

Affordability considers not only the cost of municipal services; it takes into consideration income levels of the community.

Dashboard Indicator and Description	Dashboard Result 2009	Comments
<p><b>Municipal Levy per Capita</b> This indicator shows the average cost, to each resident, of municipal services. When comparing municipalities, it is a more accurate reflection of residential property taxes than tax rates. It is calculated by dividing total property tax revenue by population. This analysis does <u>not</u> indicate value for money or the effectiveness in meeting community objectives. A high per capita levy may indicate that a municipality is reaching a ceiling on tax rates. A low per capita levy may indicate that a municipality has a relatively large industrial/commercial tax base to share the tax burden. Further, municipalities with user charges for services such as garbage collection will tend to have a lower per capita levy than municipalities that fund all services through tax revenue. However, it does provide information on the cost of municipal government per person.</p>	Caution	<p>Changed from Positive to Caution Trending upward and increasing at a rate exceeding inflation</p> <p>Slightly higher than survey average</p>
<p><b>Household Income</b> Personal income is one measure of a community's ability to pay. A higher gross household income will usually mean a lower dependency on governmental services, recreation, and social assistance. Credit rating firms use per capita income as a measure of a municipality's ability to meet its financial obligations. It is helpful to compare against other municipalities and to identify the change in household income over time.</p>	Positive	<p>Slightly lower than the group average</p> <p>Increasing at a rate close to survey of comparable municipalities</p>
<p><b>Affordability of Municipal Services</b> This indicates the percentage of household income that is used to pay municipal property taxes. It is calculated by dividing residential tax burden on an average residential house by average household income. This indicator gives a picture of the relative ability of taxpayers in a municipality to pay taxes. Trend analysis over time and against other municipalities is recommended to assess affordability.</p>	Positive	<p>Close to survey average</p> <p>Relatively stable</p>
<p><b>Water and Sewer Affordability</b> According to research undertaken, utilities with higher credit ratings consistently consider the impact of operational and capital programs on rate affordability. While credit rating agencies believe credit is due to those systems that consistently raise rates to preserve financial strength, these activities will be more sustainable when rate affordability is a focus of policymakers and cost containment is regularly employed. Credit rating agencies believe that not only should the level of rates for particular customers be considered in these reviews, but also the affordability of rates relative to income, particularly for residential users. Depending on the source used, industry benchmarks used consider rates for water/wastewater service higher than 2%-3% of household income to be unaffordable. Water/sewer affordability may be measured by comparing the cost associated with the average household usage to average household income and the trends over time as well as against other municipal comparators.</p>	Positive	<p>Lower than survey average</p> <p>Increases reflect investment in capital</p> <p>Relatively stable</p>

City of Guelph Financial Condition Assessment  
Dashboard – 2009

**CORPORATE ADMINISTRATION, FINANCE & EMERGENCY SERVICES COMMITTEE  
CONSENT AGENDA**

**January 18, 2011**

Members of the Corporate Administration, Finance & Emergency Services Committee.

**SUMMARY OF REPORTS:**

The following resolutions have been prepared to facilitate the Committee’s consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with immediately. The balance of the Corporate Administration, Finance & Emergency Services Committee Consent Agenda will be approved in one resolution.

**A Reports from Administrative Staff**

<b>REPORT</b>	<b>DIRECTION</b>
<p><b>CAFES-2011 A.1) FINANCE DEPARTMENT OPERATIONAL REVIEW</b></p> <p>THAT Report FIN-11-04 dated January 18, 2011 regarding the Finance Department Operational Review Study prepared by BMA Management Consulting Inc. be received for information purposes.</p> <p>AND THAT the financial resources required to implement the recommendations of the operational review study be referred to the 2011 budget process;</p> <p>AND THAT the Chief Financial Officer provide regular reports through the Corporate Administration, Finance and Emergency Services Committee and the Audit Committee regarding on-going progress in reviewing and implementing improvements to accounting processes as identified in the BMA study.</p>	<p>Approve</p>
<p><b>CAFES-2011 A.2) COMMITTEE MANDATE AND CHARTER</b></p>	
<p><b>CAFES-2001 A.3) CITY OF GUELPH EMERGENCY RESPONSE PLAN &amp; EMERGENCY MANAGEMENT PROGRAM</b></p> <p>THAT Council adopts the 2011 Emergency Response Plan and Emergency Management Program by by-law.</p>	<p>Approve</p>
<p><b>CAFES-2011 A.4) NON-UNION TERMINATION POLICY</b></p> <p>THAT the Non-Union Termination Policy dated January 18, 2011 be</p>	<p>Receive</p>

received for information.

**CAFES-2011 A.5 GUELPH JUNCTION EXPRESS**

Receive

THAT the Information Report dated January 18, 2011, which has been prepared by the General Manager of Economic Development and Tourism Services regarding The Corporation of the City of Guelph's efforts to support the Guelph Junction Express, be received.

**B Items for Direction of Committee**

attach.

# City of Guelph

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## *Operational and Organizational Review Findings and Proposed Organization Structure*

*January 18, 2010*



# Presentation

## Study Objectives

### Defining the Role of Finance

- Role of CFO, Statutory Framework
- Feedback from Departments
- Research – Evolving Role of Finance

### Organizational Effectiveness

- Introduction
- General Feedback from Departments
- Review by Proposed Division





# Guiding Principles

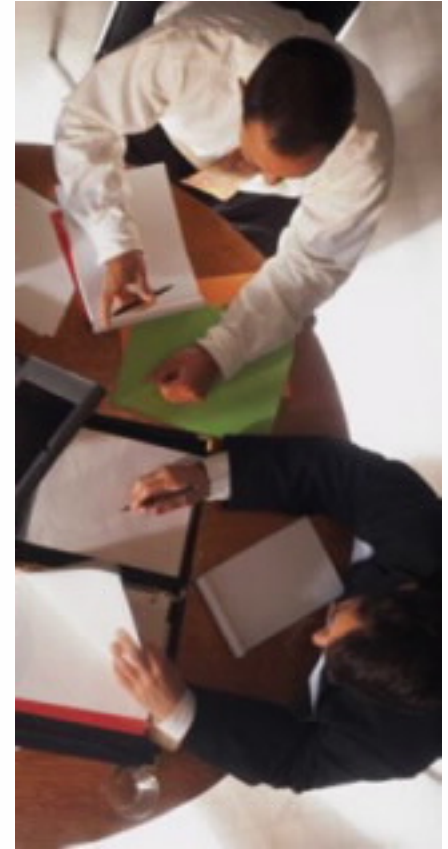
Finance has the resources and can be relied upon to be responsive to needs of departments and elected officials

Staff are providing added value in interpreting financial information for departments (not just compiling data)

Ease of access to quality data and timely reporting

Workloads are fairly distributed and staff have the required skills to perform the tasks and know what is expected of them

Organization structure supports an integrated approach to financial decision making



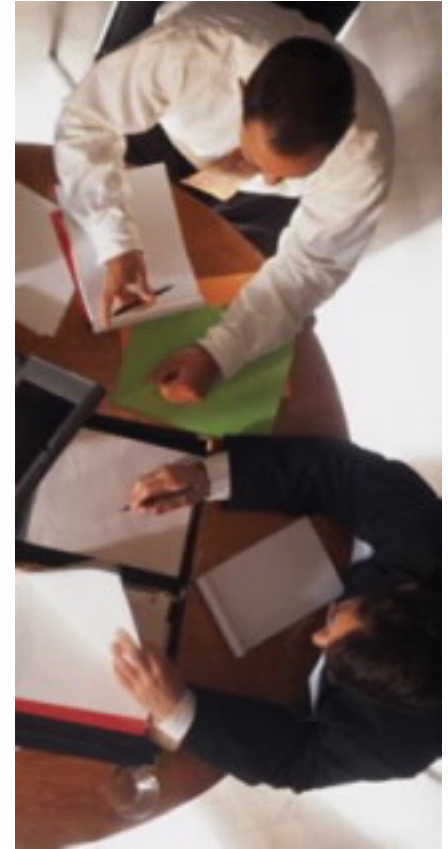
# Study Objectives

Clarification of functions, roles and responsibilities in the stewardship of the City's financial resources for the Treasurer, Finance staff, the CAO, SMT and Departments

Review the Finance organization structure and the appropriateness of staffing levels with comparative/benchmark data

Assess current finance organization structure in light of Guelph's goals and service requirements

Make recommendations for improvement with respect to the guiding principles



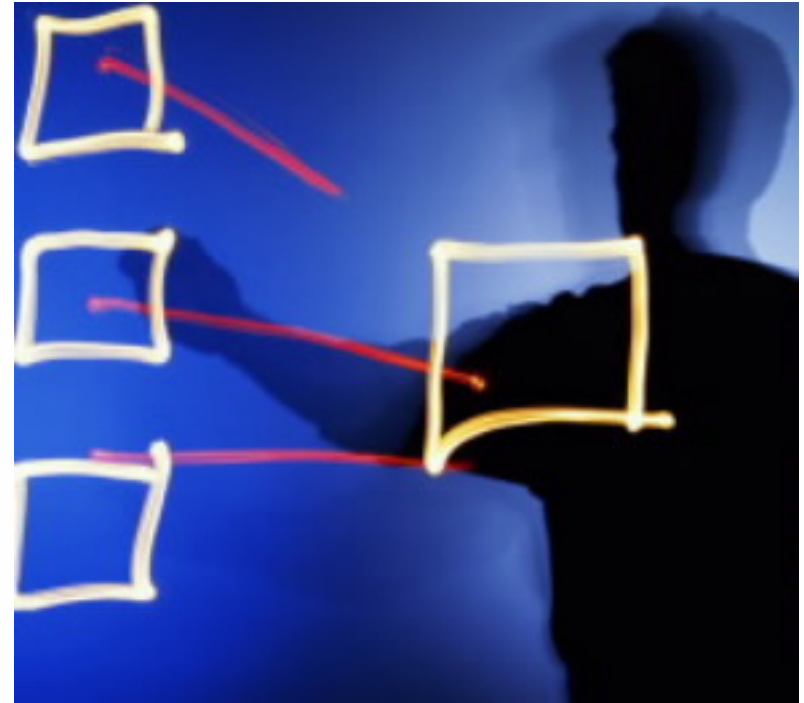
## Extensive Consultation Process

One-on-one meeting with each Finance staff

One-on-one interviews and focus group session with staff across the Corporation (80+ staff)

Finance Staff survey

External benchmarking



*Introduction – Defining  
the Role of the Finance  
Department*



# Clarify the Evolving Role of Finance

Role clarity has a significant impact on organizational success

Uncertainty can affect both individual and organizational performance

As such there is a need to clarify the role of Finance

MFOA's 2009 recently released book entitled *Serving to Your Potential: Enhancing Strategic Influence in the Treasurer's Office* states,

- “The Treasurer must move beyond tactical backroom roles and expectations and move into the strategic roles of strategist and catalyst for improvement in the organization.”

Recent studies released by IBM Business Consulting Services and Accenture note that finance departments are going to play a greater strategic role in their organizations

Sophisticated financial insight capabilities are increasingly needed to address looming fiscal and operational challenges

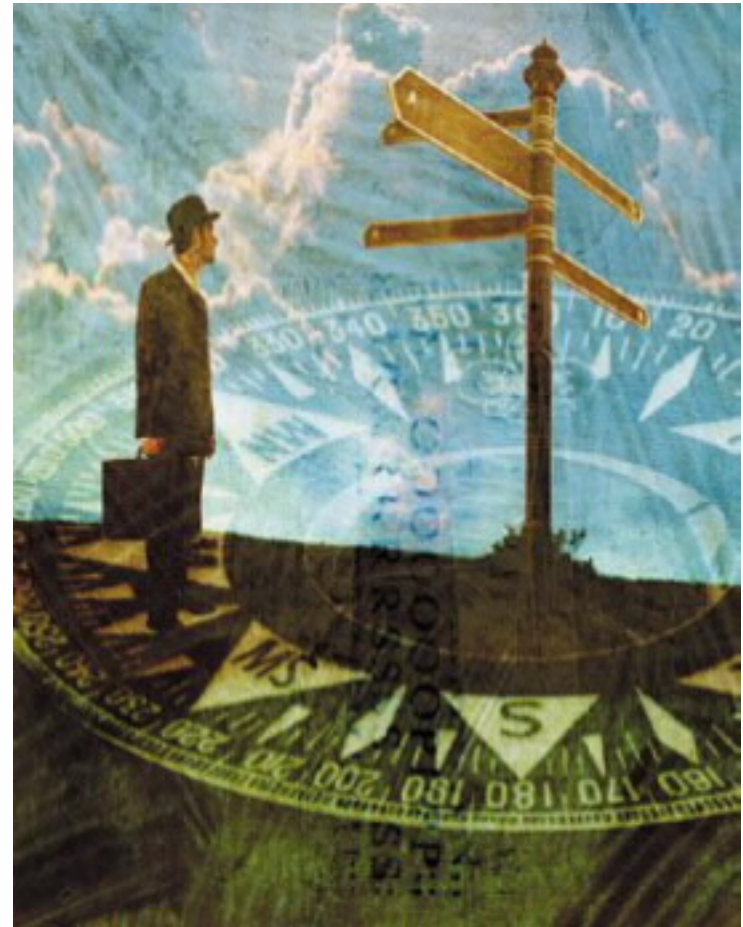
# Clarify the Evolving Role of Finance

There is heightened focus on outcomes and increased transparency

- Citizens want to see what their tax dollars buy and measure results against public goals

In leading public organizations, political leaders define their organization's strategic goals and objectives, while CFOs help to map the organization's path toward that target by:

- Translating the vision of the organization into financial terms
- Providing the financial insights that enable political leaders to navigate troubled waters
- Providing financial advice and analysis to departments as they plan projects or proposals



# Department Feedback – Role of Finance

Roles of Finance as identified by Departments:

- **Partner** –Finance needs resources to partner more, and help analyze and predict not only record and report
- **Service Delivery Agent** –Finance needs to be responsive and focus on building & managing relationships with Departments
- **Financial Controls and Accountability** –Ensure adherence to financial legislative and regulatory requirements
- **Strategist and Catalyst** - Finance needs to provide critical strategic financial advice as the City faces funding pressures to maintain services and infrastructure

# Recommendations

That the Finance Division's roles be clearly defined and endorsed by Executive Team and Council

That service level agreements be defined in consultation with each department

That all reports to Council with financial implications be processed through CFO

That CFO be directly involved in all internal committees related to major capital projects





# Organizational Effectiveness Overview

Next section provides an overview based on the key roles of Finance as well as the proposed Divisions in the new organization:

1. Financial Planning, Policy
2. Purchasing and Risk Management
3. Financial Reporting, Accounting and Control
4. Taxation and Utility Revenues

## *Financial Planning and Policy*



# Financial Planning & Policy Division

Responsibility of Council under Municipal Act is to maintain financial integrity of the municipality

This requires financial information on a timely basis, long range financial plans, financial advice and strategy guidance

Financial planning business unit plays a critical role in supporting Council and the operating department



# Financial Planning & Policy Division

## Issues

No central point of contact – previous structure where one business analyst was assigned to a department was more effective

Departments want someone in Finance to understand their business

Separate budget responsibility for Operating and Capital may result in disconnects

Most Departments would like assistance on variance reporting

Insufficient resources, especially to assist in special project financial analysis

Comprehensive review has not been undertaken for all user fees

No dedicated resources with banking expertise, reserve management, investments

# Financial Planning & Policy Division

## Benchmarking

Municipality	Tier	2010 Lower Tier Levy (millions)	Water/WW Gross Expenditures Budget (millions)	Budgets, Financial Planning Staffing	Revenues per Staff
Barrie	1	\$ 149.60	\$ 33.90	7	\$ 28
Brantford	1	\$ 112.90	\$ 35.42	11	\$ 13
Chatham-Kent	1	\$ 118.10	\$ 30.70	6	\$ 25
Thunder Bay	1	\$ 142.20	\$ 29.50	2	\$ 86
Burlington	2	\$ 104.40	N/A	9	\$ 12
Kitchener	2	\$ 95.70	\$ 32.40	7	\$ 18
Oakville	2	\$ 125.80	N/A	7	\$ 8
Guelph (current)	1	\$ 161.95	\$ 38.60	6	\$ 33
Guelph (proposed)	1	\$ 161.95	\$ 38.60	11.0	\$ 18

Guelph's staffing level is 1 staff for every \$33 million of revenue, lowest in the survey

Note: Thunder Bay is not a good comparator for this area as budgets is decentralized in the City with each Department having their own analyst – feedback indicates that this is not working and the City is considering a centralized approach

## Proposed Staffing

### **Financial Planning**

**(11 FTE)**

Manager of Financial Planning/Deputy

Treasurer

4 Departmental Analysts

3 Corporate Analysts

1 Capital Asset Analyst

2 Accounting Analysts

## Recommendations

That a plan be developed for ongoing monitoring and maintenance of the long range financial plan

That financial planning play a leadership role in development of performance measures and outcome based budget

That a comprehensive review be conducted on all user fees



# Financial Planning & Policy Division

## Benefits/Implications

Reporting framework to keep Council, citizens and senior management informed of financial health of corporation

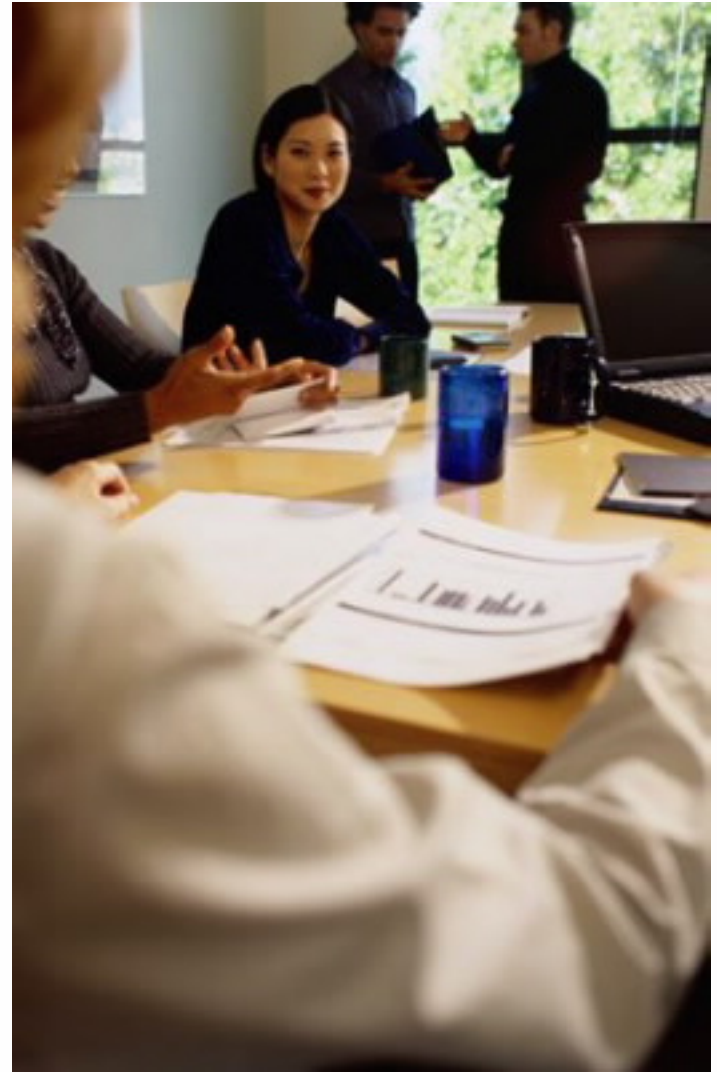
Ongoing financial support to departments including customized reports and analysis as well as proactive identification of issues

A multi-year Financial Plan and accompanying financial policies

Provides centralized policy development resources

Maximizing investment returns while adhering to investment policy

Helping create a culture characterized by setting of strategic, meaningful & measurable goals





*Purchasing and Risk  
Management Division*



# Purchasing and Risk Management Division

## Key Roles of Purchasing

Develop and maintain purchasing policies and procedures

Obtain the best value when procuring goods and services

Develop and maintain a database of pre-qualified suppliers, vendors and contractors of goods and services purchased by the City



# Purchasing and Risk Management Division

## Key Roles of Risk Management

Negotiate annual insurance coverage and management of the City's insurance claims

Track insurance claims and provide reporting to Departments with respect to trends, outcomes and opportunities for improvements



# Purchasing and Risk Management Division

## Issues

Significant increases in volume of construction and tenders and projects are becoming more complex

Expressions of interest need to be streamlined to support Department needs

Policies need updating e.g. there are a lot of small invoices which are time-consuming to process and not efficient – can be different policies to reduce workloads. In 2008:

- 4,000 POs less than \$100
- 6,760 less than \$200 (33%)

No risk management strategy – Reactive claims processing, not a proactive approach to risk management

- Limited statistical information available on the trends of claims, types of claims, locations
- No dedicated resource for risk management and no reporting so Departments don't know how to improve risk management for the future

# Purchasing and Risk Management Division

## Benchmarking

Municipality	Tier	Levy (millions)	Water/WW Gross Expenditures Budget (millions)	Purch. (Excludes Stores)	Risk Mgmt
Barrie	1	\$ 149.60	\$ 33.90	8	1
Brantford	1	\$ 112.90	\$ 35.42	7	
Chatham-Kent	1	\$ 118.10	\$ 30.70	2	1
Thunder Bay	1	\$ 142.20	\$ 29.50	6	
Burlington	2	\$ 104.40	N/A	4	1
Kitchener	2	\$ 95.70	\$ 32.40	8	
Oakville	2	\$ 125.80	N/A	9	1
# Guelph (current)	1	\$ 161.95	\$ 38.60	4	
Guelph (proposed)	1	\$ 161.95	\$ 38.60	4	1

Most appropriate benchmarks for Purchasing should consider the types of services as well as the size of the budget to provide an indication of purchasing

A number of municipalities have created a position responsible for Insurance and Risk Management, seeing the value and payback associated with proactive risk management

With the exception of C-K, Guelph has the lowest staffing levels

## Proposed Staffing

### **Procurement and Risk Management**

**(5 FTE)**

Manager of Procurement and Risk  
Management

Risk Management Specialist

Purchasing Agent

Buyer

Purchasing Assistant

# Recommendations

Work with all departments to establish a risk inventory and Strategic Risk Management Plan

Risk analysis reports submitted to Council on a regular basis

Priority be given to update purchasing by-law



# Purchasing and Risk Management Division

## Benefits/Implications

Enhance the accountability of all operating departments for risk management

Create operational efficiencies through improved work processes and policies

Potentially reduce costs related to liabilities and risk management

Liability and insurance costs potentially reduced

Purchase of goods and services with effective, open and fair purchasing policies and practices



*Financial Reporting,  
Accounting & Control*



# Financial Reporting, Accounting and Control

Responsible for capturing, controlling and properly recording and reporting on financial transactions

Responsible for the integrity of the City's financial records and ensuring that all management reports accurately reflect all transactions incurred within the accounting period

- Preparation of Financial Statements, FIRs, MPMPs on a timely basis

Responsible for collection of accounts receivable other than taxation

# Financial Reporting, Accounting and Control

## Issues

Delays in year-end, insufficient backup to complete year-end Statements

Bank reconciliations – no dedicated resource or appropriate backup

Finance currently plays no role in monitoring of water/sewer revenues from hydro – this is completed by Water Division - \$38.4 million in annual revenues for water/wastewater

No encumbrance accounting is a significant issues for Departments preparing variance reports

- Many departments run a parallel system to address this problem which creates inefficiencies

JD Edwards – has the capability to run the FIRs but this has not been developed which creates inefficiencies and increases the chance of errors

PSAB updates and project to move to new platform behind schedule

May be opportunities to increase collection efficiencies through a more centralized approach

# Benchmarking

Municipality	Tier	Levy (millions)	Water/WW Gross Expenditures Budget (millions)	Financial Reporting, Accounting A/R A/P (Excludes Payroll)
Barrie	1	\$ 149.60	\$ 33.90	9
Brantford	1	\$ 112.90	\$ 35.42	13
Chatham-Kent	1	\$ 118.10	\$ 30.70	19
Thunder Bay	1	\$ 142.20	\$ 29.50	11
Burlington	2	\$ 104.40	N/A	9
Kitchener	2	\$ 95.70	\$ 32.40	12
Oakville	2	\$ 125.80	N/A	15
# Guelph (current)	1	\$ 161.95	\$ 38.60	10
Guelph (proposed)	1	\$ 161.95	\$ 38.60	10

Guelph has amongst the lowest staffing levels

A number of municipalities surveyed have a dedicated Financial Systems Analyst in the Finance Department to support timely reporting requirements and assist with special projects involving system upgrades and enhancements (e.g. Brantford, Burlington, Kitchener, Thunder Bay)

## Proposed Staffing

### **Financial Reporting and Accounting**

**(10 FTE)**

Manager of Financial Reporting and Accounting

Senior Corporate Analyst

Supervisor of Accounting

Financial Systems Analyst

Financial Analyst

Account Analyst

A/R

3 A/P Clerks

# Recommendations

A/R policies and procedures be established

Training be provided to all users of the financial system

Financial system implementation plan be developed with priority on encumbrance accounting



# Financial Reporting, Accounting and Control

## Benefits/Implications

Knowledge and understanding of corporate financial controls along with roles and responsibilities in financial management

Council and departments will receive timely and accurate financial and other information for sound decision making and facilitate early detection of problems

Accounts receivable policies are consistent across the Corporation

Vendors paid in accordance with negotiated payment terms

Guidance and expertise on all systems with a financial component

Compliance with accounting regulations and requirements

Better monitoring of utility revenues, reducing the risk of lost revenues

Internal controls are effective and efficient

## *Taxation Revenues*





# Taxation Revenues Division

Ensure completion of all statutory reporting relating to property taxes

Preparation of tax policies

Liaise with property owners relative to tax programs, deferrals, vacancy, charity and other rebates

Provide timely and accurate billing and collection of property taxes and maintenance of taxpayer accounts

Protect the assessment base by actively reviewing and appealing assessment values that do not accurately reflect market values and therefore reduce the City's revenue base

- Represent the City's interests during assessment appeal hearings
- Preparation of appeals

Maintain the corporate database of properties and ownership



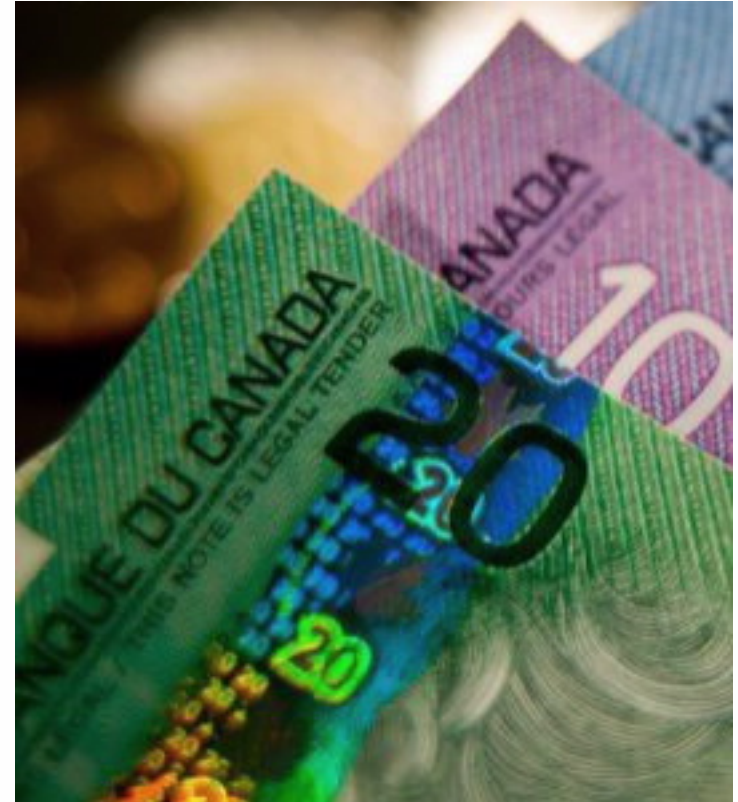
# Taxation Revenues Division

## Issues

Succession planning and cross training of staff is needed

More analytical support

Proactive assessment management



# Taxation Revenues Division

## Benchmarking

Municipality	Tier	Total 2010 Levy (Upper and Lower Tier) + Education Levy	Tax Collection # of Staff	Taxation Staff per Net Levy (millions)
Barrie	1	\$ 207.68	9	\$ 24
Brantford	1	\$ 144.77	9.5	\$ 15
Chatham-Kent	1	\$ 147.40	8	\$ 18
Thunder Bay	1	\$ 184.21	9	\$ 20
Burlington	2	\$ 318.91	12	\$ 27
Kitchener	2	\$ 322.71	23	\$ 14
Oakville	2	\$ 371.62	11	\$ 34
<b>Guelph (current)</b>				
Guelph (current)	1	\$ 222.41	7	\$ 32
<b>Guelph (proposed)</b>				
Guelph (proposed)	1	\$ 222.41	8	\$ 28

Excludes General Revenues for each of the municipalities for comparison purposes to Guelph which were rolled into the Financial Reporting section

Guelph's staffing levels are lowest in the survey and in comparison to the levy, they are second lowest

# Taxation and Revenue Division

## Proposed Staffing

### **Taxation**

**(8 FTE)**

Manager of Taxation

Tax Collector

Senior Tax Analyst

Assessment Review Officer

Billing and Administration Clerk

3 Customer Service Clerks

# Recommendations

That the City be proactive and take all necessary steps to protect the assessment base

That comprehensive billing and collection policies and procedures be adopted



# Taxation Revenues

## Benefits/Implications

Accurate and timely tax bills

Maximization of revenue through assessment management

Provide Council with understanding of impacts of tax policies

More timely, effective and relevant communications with taxpayers

Policies for collection and outstanding accounts will be in place to ensure fair and equitable treatment for all tax and ratepayers

# Conclusion

Council requires financial expertise to ensure sustainability of assets and services

Finance must move beyond tactical backroom roles into the roles of strategist and catalyst for improvement

Requires sufficient and appropriate resources to support finance's administrative and strategic roles

The Finance Department has been operating with significantly less staff resources which have been addressed in the recommendations

# COMMITTEE REPORT



**TO** Corporate Administration, Finance and Emergency Services

**SERVICE AREA** The Office of the CAO  
**DATE** January 18, 2011

**SUBJECT** Finance Department Operational Review  
**REPORT NUMBER** FIN-11-04

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## RECOMMENDATIONS

That Report FIN-11-04 dated January 18, 2011 regarding the Finance Department Operational Review Study prepared by BMA Management Consulting Inc. be received for information purposes.

THAT the financial resources required to implement the recommendations of the operational review study be referred to the 2011 budget process.

THAT the CFO provide regular reports through the CAFES and Audit Committees regarding on-going progress in reviewing and implementing improvements to accounting processes as identified in the BMA study.

## SUMMARY

This report presents the independent review of the City's Finance Department conducted by BMA Consulting Inc., outlines the benefits associated with implementing the recommendations of the report and identifies the additional resources that will be required over the next two years. The Executive Summary attached to this report, outlines the study process, key findings, recommendations, benchmarking data and the proposed structure for the Finance Department.

## BACKGROUND

In an information report dated July 5, 2010, the Finance and Audit Committees were advised that, with the assistance of BMA Consulting, the Finance Department was undertaking an operational review of its services to ensure that the department continued to provide services in an efficient and effective manner.



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Key objectives of the study included clarification of functions, roles and responsibilities and a review of the department's structure, to ensure that resources are aligned with workloads and priorities, that the City's financial processes are synonymous with best practices and that they support an integrated approach to financial decision making. The study included comparative benchmark data using BMA's extensive databases and network of municipal contacts.

## **REPORT**

Attached to this report is the executive summary of BMA's analysis, benchmarking data and a series of recommendations. The CFO has already commenced implementing improvements within the available funding envelope provided in the 2010 budget. Additional staffing and associated financial resources required to implement the remaining changes are detailed in the Financial Implications section of this report, and will be incorporated into the 2011 budget presentation.

If implemented, the recommendations contained in BMA's report offer the following benefits:

### Improved Financial Planning and Policy

- ✓ Improved reporting framework to keep Council, citizens and senior management informed of financial health of corporation
- ✓ Ongoing financial support to departments including customized reports and analysis as well as proactive identification of issues
- ✓ The ability to maintain a multi-year Financial Plan and accompanying financial policies
- ✓ Availability of centralized policy development resources
- ✓ Dedicated resources available to maximize investment returns while adhering to investment policy
- ✓ A culture characterized by setting of strategic, meaningful & measureable goals

### Enhanced Purchasing and Risk Management

- ✓ Enhanced accountability of all operating departments for risk management
- ✓ Creation of operational efficiencies through improved work processes and policies
- ✓ Potential reduction of costs related to liabilities and risk management
- ✓ Reduced liability and insurance costs
- ✓ Goods and services purchased with effective, open and fair purchasing policies and practices

### Better Financial Reporting and Control

- ✓ Improved ability to manage financial controls and accountability
- ✓ Council and departments will receive timely and accurate financial and other information for sound decision making, and for facilitating early detection of problems
- ✓ Accounts receivable policies will be consistent across the Corporation

- 
- ✓ Vendors will be paid in accordance with negotiated payment terms
  - ✓ Guidance and expertise will be available on all systems with a financial component
  - ✓ Ensuring the City is in compliance with accounting regulations and requirements
  - ✓ Better monitoring of utility revenues, reducing the risk of lost revenues

#### Tax Revenues

- ✓ Accurate and timely tax bills
- ✓ Maximized revenue through proactive assessment management
- ✓ More timely, effective and relevant communications with taxpayers
- ✓ Policies for collection and outstanding accounts to ensure fair and equitable treatment for all tax and ratepayers

### **CORPORATE STRATEGIC PLAN**

Implementation of the recommendations contained in the BMA report is consistent with Strategic Plan Goal #5: A community-focused, responsive and accountable government

5.3 Open, accountable and transparent conduct of municipal business

5.6 Organizational excellence in planning, management, human resources and people practices

### **FINANCIAL IMPLICATIONS**

Additional staff resource requirements are identified in the following areas:

- Two Financial analysts dedicated to specific departments for support
- Two Financial analysts to assist with investing, revenue analysis, receivables billing and collection and capital asset management
- Financial/computer systems analyst for training and optimizing use of accounting technology
- Risk management specialist
- Tax collector

The study also identified the need to establish an internal audit resource, reporting to the City's CAO. A separate report has been prepared for the Audit Committee, reviewing the various options the City might consider in establishing an internal audit function.

The annualized cost of the additional Finance resources is approximately \$750,000. While the need for additional support is urgent, recognizing budget constraints, and the need to manage the integration of new staff into the department a phased approach is being recommended, with a 2011 budget impact of \$468,000 and the balance impacting the 2012 budget.

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The 2011 Finance compensation budget which is being submitted to Council for approval, including these additional resources, is \$3,063,000. Compensation represents more than 95% of the Finance budget expenditures.

Some of the additional \$468,000 in resources requested would be applied to provide water/wastewater services with budget, user pay rate model and business case support and to conduct a more thorough analysis of water/wastewater revenue billing and collection, which is administered by Guelph Hydro. As such there is a portion of the additional Finance wages recoverable from water/wastewater revenues.

The cost of establishing an internal audit function will depend on the level of service expected (number and scope of compliance and service reviews to be performed annually) and the service model (contracted, in-house or hybrid). Through a report to Audit Committee on January 25, 2011, staff recommends that the matter of establishing an internal audit function be referred to the Strategic Planning process. For the 2011 budget, consulting fees of \$25,000 are included for contracted internal audit advice.

In addition to staffing shortages, the BMA study identified opportunities for improvements in a number of processes, including cash management, accounts receivable, accounts payable, water/wastewater billing and other revenue processes. These processes are complex, with hundreds of users across the organization and a variety of differences in application for various service areas. Implementing changes to these systems requires in-depth review and may require changes in technology. Implementation will require staff time and changes in job responsibilities across departmental levels, as along with the development of new policies and procedures.

The reviews would involve mapping out existing systems, policies and procedures, and internal controls, and consultation with staff at the processing or transactional level. These types of in-depth reviews require expertise in auditing, technology and change management, to ensure appropriate controls are established and maintained. While the CFO and Manager of Financial Reporting will oversee these projects, some assistance will be required from the city's external auditors or audit consultants, and the reviews will need to be phased over the next two years.

## **DEPARTMENTAL CONSULTATION**

BMA conducted interviews of approximately 80 City staff, including all of the Finance Department staff and the Executive Team, representatives from police and library, as well as management representing all of the service areas that Finance staff interacts with on a regular basis. The Mayor and Chairs of the Audit and Finance Committees were also interviewed.

The CAO and Executive Team met with BMA in September to review the preliminary findings of the study. Based on the risks associated with the shortage of staffing levels in key control Finance positions and recognizing the lead time required to

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implement staffing changes and additions, the CAO authorized the CFO to commence with implementing the organizational changes required. Job descriptions and filling of vacancies have been undertaken, recognizing the gaps and priorities identified in the study.

Finance staff have been briefed on the results of the study.

### **COMMUNICATION**

In accordance with the City of Guelph's guiding principles for communication, the City will rely on the most appropriate communications tools at our disposal to provide information about this topic that is timely, accurate, clear, accessible and responsive.

### **ATTACHMENTS**

Appendix 'A' – Executive Summary, BMA Management Consulting Inc. Report

Original Signed by

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**Prepared and Recommended By:**

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CFO

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***Finance Department Organization Review***  
***Nov 22, 2010***

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**Executive Summary**

DRAFT



## ***Executive Summary***

### Study Objectives

The City of Guelph retained BMA Management Consulting Inc. (BMA) to undertake an operational review of the Finance Division. Key objectives of the study included:

- Clarification of functions, roles and responsibilities in the stewardship of the City's financial resources for the Treasurer, Finance staff, the CAO, SMT and Departments
- A review of the Finance organization structure and the appropriateness of staffing levels with comparative/benchmark data
- Recommendations to improve accountability and efficiency in the financial processes at the Division and Corporate level with a focus on ensuring that the City is providing services in the most efficient and effective manner; that strategies, services and resources are aligned and that the City is able to meet future demand for services. Specifically, the review focused on making suggestions on how to provide service to ensure:
  - Finance has the resources and can be relied upon to be responsive to needs of Departments/ Divisions and elected officials
  - Staff are providing added value in interpreting financial information for departments (not just compiling data)
  - Ease of access to quality data and timely reporting
  - The workload is fairly distributed and staff have the required skills to perform the tasks and know what is expected of them
  - The structure supports an integrated approach to financial decision making - (address competing departmental needs through the Long Term Financial Plan and associated policies)

### Review Process

The review process included interviews with all staff in the Finance Division as well as a Finance staff survey to help identify opportunities for improvements. Interviews with all stakeholder departments were undertaken to discuss the interaction with Finance and to ensure that the recommendations ultimately made for Finance align with the service needs of the Departments. External benchmarking of staffing levels and practices in other similar municipalities and research and best practices was also undertaken as part of the review process.

### Role of the Treasurer/CFO and Finance Division

Role clarity has a significant impact on organizational success. Uncertainty can dramatically affect both individual and organization performance. As such, there is a need to clarify the role of the Finance Division as well as the role of the Treasurer/CFO. This is particularly necessary given the lack of clarity which currently exists across the organization and the changing focus of municipal finance departments across Canada in response to economic conditions and legislative and regulatory reform. Providing important financial advice and analysis across the corporation that supports the City's strategic plan will require the CFO to spend time building and managing relationships with other departments.

It is recommended that to clarify the roles and responsibilities of the Finance Division in the delivery of service to the Operating Departments, a service level agreement (SLA) be developed and negotiated with each party. The objectives of the SLA are to describe the services and associated service levels that will be provided to the customer by the Finance Division; seek standardized and consistent delivery of services wherever possible; clarify the responsibilities of the Finance Division and the Operating Departments; provide for a process for resolving service issues between Finance and the Operating Departments and strengthen communications between Finance and the Operating Departments. The SLA should include:

- Defining business requirements
- Identifying and sharing priorities and constraints
- Informing each other of consequences if expectations are not met
- Defining mix and level of services
- Building and sustaining strong relationships by working collaboratively and providing constructive feedback
- Promoting effective and timely communication
- Developing a mutual understanding of risk, needs and priorities
- Committing to continuous improvement/innovation
- Continuously identifying emerging risks and issues
- Identifying and addressing service gaps, issues and problems
- Complying with Corporate administrative directives, practices, and professional standards

### Financial Planning

The responsibility of Council under the Municipal Act is to maintain the financial integrity of the municipality. This requires financial information on a timely basis, long range financial plans and advice and strategy guidance. The Financial Planning business unit plays a critical role in supporting Council and the operating departments. This is an important area of the Finance Division that is significantly understaffed resulting in service delivery gaps and increased financial risks to the corporation.

The new corporate organization structure presents an opportunity to align financial resources to each department to ensure that departments are receiving adequate financial support to meet the City's strategic goals and objectives. It is recommended that this area's staffing requirements include dedicated resources to support the corporate organization structure, senior analyst positions that will be available to oversee the development of corporate financial projects, corporate financial policy development and budget process development and communications (external and internal) related to budgeting and fiscal management. The dedicated resources to support each of the business units would become the central point of contact for the Departments to resolve all finance related issues. Any issues that arise that cannot be resolved should be vetted through the Manager of Financial Planning.

To be effective, these resources should become familiar with the Operating Department's operations, programs and services. It is also important that these positions be initially physically located in the Finance office to develop the necessary analytical capabilities, training and work processes. These positions, however, should be continually working with the departments to better understand their respective businesses and operations. The proposed service levels agreements discussed earlier in the report should add clarity to the roles and responsibilities of these new positions to ensure that the departmental expectations are being met.

The development of additional financial policies, performance measurements, outcome-based budgets and multi-year budgets will be a focus of this business unit over the next several years once resources are in place.

### Procurement and Risk Management

There are a number of opportunities to improve work processes, create efficiencies, improve customer service and strengthen the corporation's risk management strategy. By doing so, there is the potential to reduce the overall cost of service through the implementation of a proactive risk management program and lower processing costs.

The existing staff complement is very low compared with workloads and municipal benchmark municipalities and has not kept pace with increases in volumes of activity. The City would benefit from the addition of a dedicated risk management specialist, consistent with the practice across other municipalities which supports a proactive risk management approach. This new position will be responsible for the implementation of a risk management strategy and supporting program, the insurance portfolio and the administration of all claims. Also, with the addition of a risk management specialist, the Purchasing Manager and assistant will be able to spend more time focusing on purchasing related programs and services.

### Financial Reporting and Accounting

There are opportunities within the Financial Reporting and Accounting area to streamline a number of work processes through the use of technologies that are already available but are under-resourced. For example:

- The department is trying to implement a new technology solution for tangible capital asset accounting. It is anticipated that the tangible capital asset system will require ongoing maintenance and system enhancements to ensure that the City is maximizing the use of information available to support lifecycle costing and sustainable asset management;
- There are opportunities to implement technology solutions to support the completion of the Financial Information Returns and create efficiencies in the operations as well as the timely and accurate completion of the financial statements;
- The City recently implemented RAC software which will benefit from resources to maintain and implement upgrades;
- Encumbrance accounting has yet to be implemented and this has been requested by all stakeholder departments; and
- There are currently no resources available to assist departments in running reports from the various financial systems or to develop customized templates and reports on behalf of the departments.

A number of Finance Departments have hired a systems analyst position(s) to address the ongoing needs of the corporation to support the financial systems. Given the number of financial systems currently used in Guelph and recently implemented and the need for system solutions that would improve the efficiency of the operation, it is recommended that a Financial Systems Analyst position be created. This position would assume full responsibility and accountability for the accuracy and timeliness of the financial information systems.

#### Taxation

Taxation is focused on the timely and effective collection of the City's tax revenues. Additional backup protocol is needed for key positions in the Taxation area to ensure that appropriate resources are assigned to proactively manage the City's assessment base. There is also a need for the City to update its revenue and collection policies and to define clearly the City's approach to assessment management. This is an area where additional revenues may be generated through proactive assessment management.

#### Internal Audit

The overall design of the internal audit system, including best practices, should be geared towards the specific priorities of the City; these should be set by Council and the CAO. To achieve necessary independence, best practices suggest the internal audit function should report directly to the most senior executive (i.e., the CAO) of the organization. The higher the level within the organization to which the auditor reports, the more effective the auditor is in selecting areas to audit and reporting the findings without fear of retaliation or peer pressure. As such, it is recommended that the internal audit function be moved to a direct reporting relationship to the CAO. In addition to adhering to best practices, this will allow the Finance Division to focus on their core services and will ensure that dedicated resources are maintained in the internal audit function. Upgrades to the internal audit function capabilities in terms of dedicated resources available as well as capacity building, will contribute to a more effective control environment.

### Organization Structure

Current staffing levels and existing service delivery model presents a number of challenges and risks:

- Not meeting the Operating Department's expectations in terms of responsive service
- Compromised opportunity to understand and support the Operating Departments
- Disconnects in the Operating and Capital Budgets
- Not able to complete financial statements on a timely basis
- Not capitalizing on available technologies to create efficiencies in work processes
- Not maximizing revenues (e.g. water/sewer account analysis, AR collections, user fee analysis, proactive assessment management, investment, cash management)
- Increasing potential risks and liabilities without a proactive insurance and risk management strategy and supporting resources
- Not able to undertake special projects and effectively analyze business cases
- Not following best practice research in the reporting relationship of Internal Audit to Finance

The proposed organization structure moves the Finance Division from a Department that has historically been focused on transactions to a more balanced approach which includes additional focus on strategic financial planning and risk management. The existing staff complement in Finance is 29 FTEs and the recommended staffing level is 36 FTEs.

Summary of Recommendations

Role of the Treasurer/CFO and Finance Division

1. That the Finance Division's roles of Service Delivery Agent, Financial Controls and Accountability, Partner and Strategist/Catalyst be clearly defined and endorsed by Senior Management Leadership and Council.
2. That the roles, responsibilities and service levels be defined in a Service Level Agreement (SLA) which will be developed in consultation with the stakeholder departments. The purpose of this agreement is to create a mutual understanding of the services and service levels that will be provided by the Finance Division and the corresponding responsibilities of the Departments. This agreement will drive accountability; provide role clarity for the customer (stakeholder departments) and Finance employees; create consistency around how Finance employees interact with their customers and form the basis for a customer-centered, operationally excellent, service culture within Finance.
3. That in recognition of the strategic and financial accountability requirements of the CFO, the CFO be an active participant in the Senior Management Leadership of the organization to provide ongoing financial leadership to the corporation. This will ensure that the CFO is able to proactively manage the financial direction of the corporation and will provide Senior Management Leadership with timely financial expertise, information to support decision-making and financial advice in accordance with approved financial policies.
4. That all reports to Council which have financial implications be processed through the CFO to ensure that financial implications are validated, comprehensive and consistently disclosed.
5. That the CFO be directly involved with any internal committees related to major capital projects.

### Financial Planning

1. That a plan be developed for ongoing monitoring and maintenance of the City's comprehensive long range financial plan. This document will consolidate information from multiple sources and will include:
  - An environmental scan of the City's financial condition and other forecasts such as growth and local economies
  - Revenue and expenditure forecasts
  - Capital forecasts for servicing growth as well as renewal of existing assets
  - Analysis of existing debt and debt capacity
  - Proposed financial strategies
  - Benchmarking to compare financial performance with similar characteristics and other best in class municipalities
  - Performance measurements
2. That Financial Planning play a leadership role in the development of performance measures and an outcome based budget. Performance measures should include efficiency, effectiveness and workload measures as well as targets and trends and should be aligned with the City's approved financial policies.
3. That a comprehensive review be conducted on all user fees to ensure they are based on approved policies and have identified the full cost of service.

### Procurement and Risk Management

1. That the Procurement and Risk Management business unit work with all departments to develop a risk inventory and strategic risk management plan through an interdepartmental risk identification and review of protocols. This will enable the City to establish additional controls to help mitigate the identified risks.
2. That a risk analysis report be submitted to all departments and Council on a regular basis with respect to claims received, settled and outstanding.
3. That priority be given to updating the purchasing by-law with an overall objective of creating efficiencies. The purchasing by-law should be reviewed by an independent third party. Clear policies and adherence to protocols will prevent many operational issues from arising which will expedite the progress of planned projects.



4. *That Procurement and Risk Management establish protocol for updating and posting information to the intranet with respect to approved vendors.*
5. *That to maintain compliance with the policies, the Procurement and Risk Management business unit provide training as policies are amended and on an ongoing basis as problems arise.*

*Financial Reporting and Accounting*

1. *That General Accounts Receivable policies and procedures be established to achieve consistency and ensure efficiencies and that all collection of overdue accounts be centralized in the Finance Department.*
2. *That Collection and Billing policies be established for water/wastewater revenues.*
3. *That aged trial balances be distributed on a monthly basis to each of the Operating Departments pertaining to their respective operations.*
4. *That training be provided on a regular basis to all departmental users of the financial systems.*
5. *That detailed cash flow projections be prepared and updated on an ongoing basis.*
6. *That a financial system implementation plan be developed with priorities given to encumbrance accounting and other areas which will create efficiencies (e.g. financial information return preparation).*
7. *That responsibility for undertaking revenue and account analysis of the City's water/wastewater operations be assigned to Financial Reporting and Accounting and that Finance work in cooperation with Water/WW operations to address any issues as they arise.*

Taxation

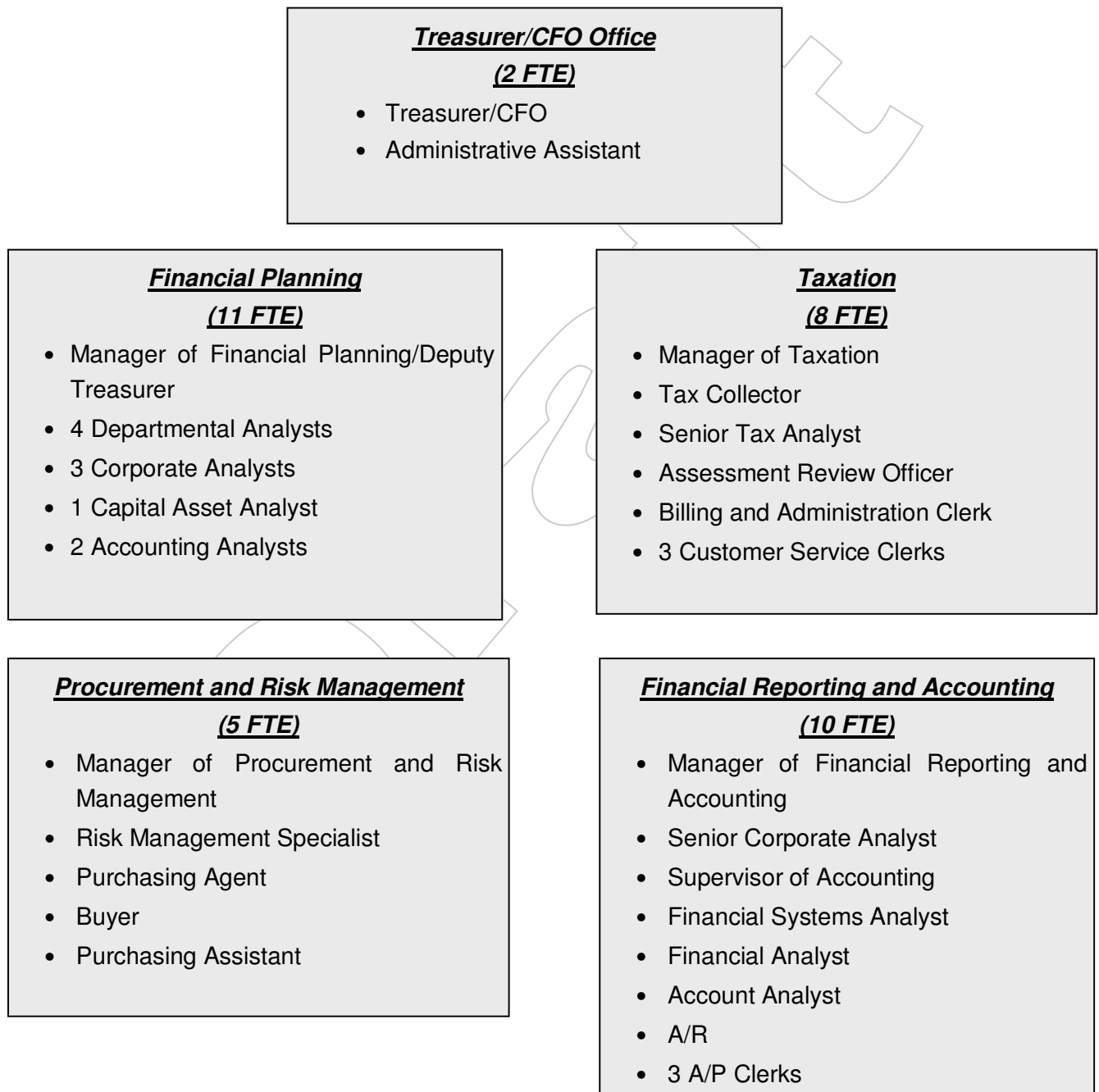
1. *That the City of Guelph be proactive and take all necessary steps to protect the fairness of the tax assessment system and optimize the City's tax yield.*
2. *That a comprehensive Taxation Billing and Collection Policy & Procedures be adopted. The policy should cover the following concepts:*
  - *A Statement of Rationale and Purpose*
    1. *provision of prompt and legal billing*
    2. *levy collection to meet fiscal requirements*
    3. *provision of efficient and courteous service to the constituency*
    4. *ensure uniform and legal application of collection procedures for all taxpayers*
  - *Definition of the Taxation Billing Process*
    1. *interim and final bill calculation*
    2. *legislated notice and form requirements*
    3. *due dates*
    4. *Special charges and/or arrears inclusion*

Internal Audit

1. *That the function of Internal Audit be transferred to the CAOs office with a direct administrative reporting relationship to the CAO administratively and a functional reporting relationship to the Audit Committee.*

Staffing Levels and Positions

**1. That the following positions, staffing levels and organizational structure be implemented:**



**Introduction**

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## ***Report Introduction***

### Study Objectives

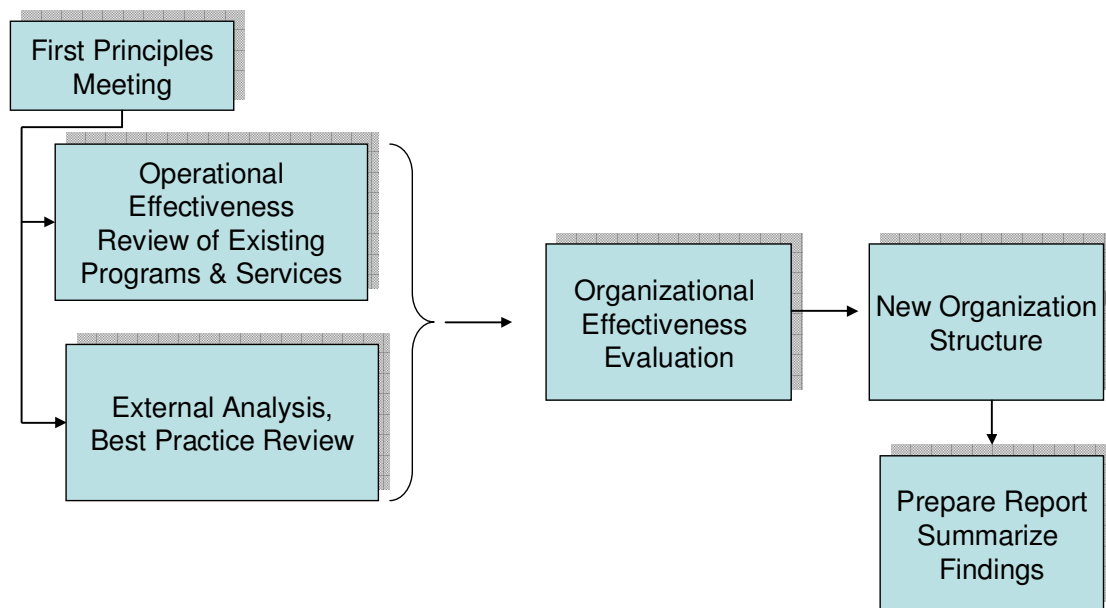
The City of Guelph retained BMA Management Consulting Inc. (BMA) to undertake an operational review of the Finance Division. Key objectives of the study included:

- Clarification of functions, roles and responsibilities in the stewardship of the City's financial resources for the Treasurer, Finance staff, the CAO, Executive Team and Departments
- A review of the Finance organization structure and the appropriateness of staffing levels with comparative/benchmark data
- Recommendations to improve accountability and efficiency in the financial processes at the Division and Corporate level with a focus on ensuring that the City is providing services in the most efficient and effective manner; that strategies, services and resources are aligned and that the City is able to meet future demand for services. Specifically, the review focused on making suggestions on how to provide service to ensure:
  - Finance has the resources and can be relied upon to be responsive to needs of Departments/ Divisions and elected officials
  - Staff are providing added value in interpreting financial information for departments (not just compiling data)
  - Ease of access to quality data and timely reporting
  - The workload is fairly distributed and staff have the required skills to perform the tasks and know what is expected of them
  - The structure supports an integrated approach to financial decision making - (address competing departmental needs through the Long Term Financial Plan and associated policies)

## Review Process

The review outcome is to ensure that recommendations move the City toward a Finance Division that is synonymous with best practices and the resources are aligned with workloads and priorities.

The chart below provides an overview of the basic process that was followed.



### ***“First Principles” Meeting***

A meeting was held with the City’s project team to:

- Review the project goals and objectives
- Review staff involvement and reporting requirements
- Gather all relevant background reports and documents including policies, organization structure, job descriptions

### ***Operational Effectiveness – Review Existing Programs and Services***

One-on-one meetings were held with every member of the Finance staff to discuss:

- How effective are the services being delivered? Are there opportunities for improvements?
- What are the future challenges?
- What, if any, has been the impact of legislative and regulatory changes?
- What are the annual resources/costs to support the programs/services? Are they appropriate?
- What training is currently provided? Is there a need for additional training? If so, where?
- How timely is the information/service provided?
- How is performance currently measured/tracked?
- Are the service levels and standards defined? What are they?
- Are there opportunities to re-align priorities, resources and work flows?
- How is technology used to meet the community's demand for services?
- What are the work flows for key processes?
- What processes are in place to manage assets?
- How has the organization changed over the years (centralized vs. decentralized)?

In addition to one-on-one meetings with Finance staff, a **staff survey** was sent out to all Finance staff. This provided an opportunity for anonymous feedback. The completed surveys were sent directly to BMA offices and focused on opportunities for efficiencies.

**One-on-one interviews** and **focus group sessions** with staff from across the entire Corporation were held with a focus on discussing the roles and responsibilities, service delivery and coordination of services with Finance. In total, meetings were held with 80+ staff from across the Corporation. The results of the consultation have been summarized in this report to identify:

- Ease of access to quality financial data and timely reporting
- Significant patterns and trends in perceptions regarding the current level of services provided, organization structure, reporting relationships and position functions
- Suggestions and comments for improving the quality of services
- Any gaps with the existing service delivery
- Whether the structure supports an integrated approach to financial decision making

- The roles and responsibilities for the City's Finances by the Treasurer, the CAO and the Executive Team
- Operational and administrative systems that may need to be revisited
- Assessment of whether Finance has the resources and can be relied upon to be responsive to needs of departments and elected officials

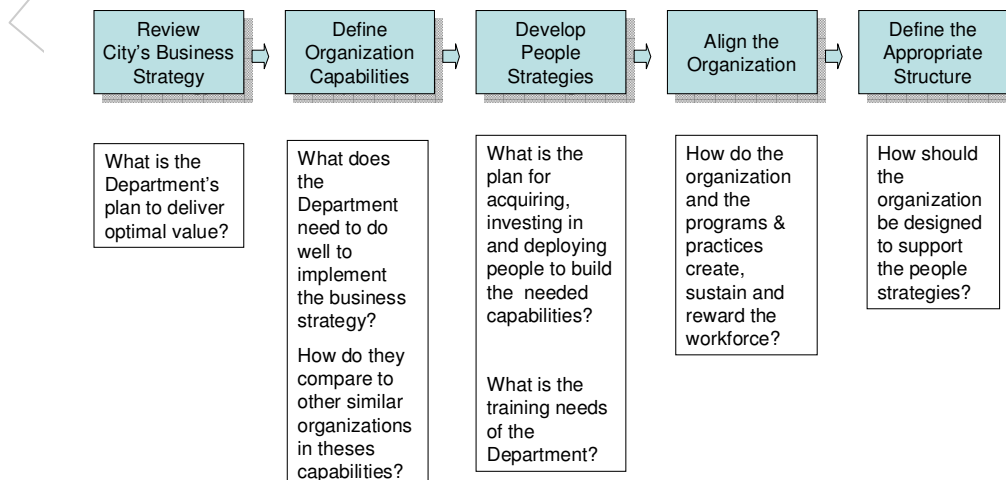
### **External Analysis**

A comprehensive external analysis was conducted which included 7 municipalities of similar size, and service portfolio as well as municipalities considered to be innovative. The external analysis focused on the following areas:

- Analyze and compare organizational structures, staffing levels
- Identify work loads, work processes, policies and practices
- Determine innovative, cost effective means of providing services
- Identify use of technology
- Training initiatives
- Performance standards employed
- Communications and customer service strategies

### **Organization Structure**

Recommendations with respect to an appropriate organization structure were made to align resources with key service requirements, business plans and to address gaps in the organization.





### ***Prepare Report***

This report highlights the findings, recommendations and action plan. Recommendations for changes in the delivery of service considered the following key elements:

#### Public Interest

- How will the appropriate means of control and accountability be maintained?
- Will this recommendation fulfill the City's obligations and interests?
- Does the recommended change provide the capacity for flexible and innovative service?

#### Service Quality and Client Orientation

- Have the stakeholders' interests been fully considered?
- Does the recommendation optimize service quality and effectiveness?

#### Resource Management

- Does the recommendation support the provision of best value for money?
- Is the service being provided in the most effective means?
- Has the highest return on assets been secured?
- Have risks been effectively managed?

#### Cost/Benefit Analysis

- Does a financial cost/benefit show that an alternative method of service delivery will save the municipality money?

**Role of the Treasurer/CFO and Finance Division**

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## ***Role of the Treasurer/CFO and Finance Division***

### Legislative Responsibilities of the Treasurer

Section 286 of the *Municipal Act* describes the primary responsibilities of the Treasurer:

- Section 286(1) A municipality shall appoint a Treasurer who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by the Council of the municipality including:
  - a. collecting money payable to the municipality and issuing receipts for those payments
  - b. depositing all money received on behalf of the municipality in a financial institution designated by the municipality
  - c. paying all debts of the municipality and other expenditures authorized by the municipality
  - d. maintaining accurate records and accounts of the financial affairs of the municipality
  - e. providing the Council with such information with respect to the financial affairs of the municipality as it requires or requests
  - f. ensuring investments of the municipality are made in compliance with the regulations made under section 418

When insufficient or inappropriate resources are applied to these statutory responsibilities the City puts itself at risk of failing its statutory responsibilities and increases the likelihood of other corporate risk. These requirements focus on the minimum standards for reporting and managing transactions, however, as will be discussed in the next section of the report, the role of the treasurer/CFO has been evolving into one that also provides advice and plans for the future. This is driven by changing economic conditions as well as the introduction of new legislative and regulatory requirements with a focus on improved financial planning, transparency and accountability.

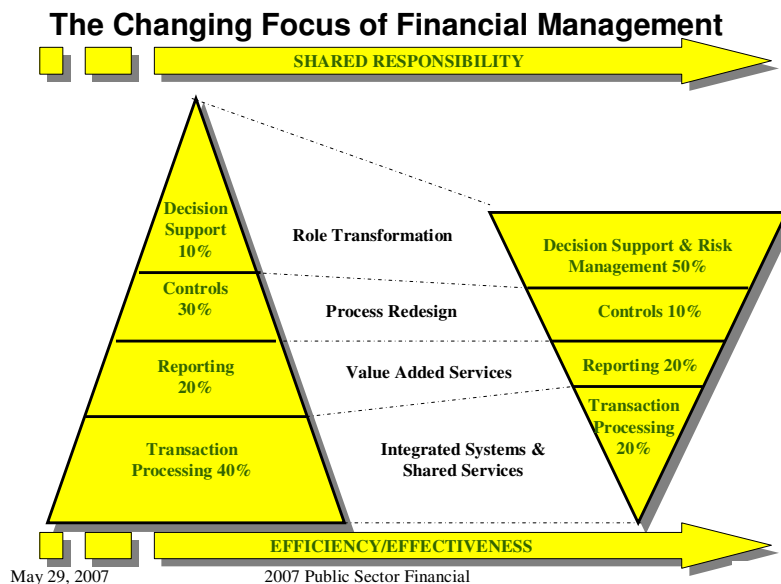
A key challenge of the Finance Division is to optimize the administrative structure to achieve effective output in a cost effective manner.

Evolving Role of the Treasurer/CFO

Over the past decade, there has been a notable change in the role of the treasurer; whereby there has been a need to shift from the traditional role that concentrated on transactions and current year budgets to one that focuses on long term strategic advice and financial management. MFOA’s 2009 recently released book entitled *Serving to Your Potential: Enhancing Strategic Influence in the Treasurer’s Office* states, “the Treasurer must move beyond tactical backroom roles and expectations and move into the strategic roles of strategist and catalyst for improvement in the organization.”

As identified by the Institute of Public Administration of Canada (IPAC), the increased use of technology and consequent access to an availability of financial information have moved the financial function away from a focus on transactional activities to more strategic roles within the organization – from a “control” role to a “planning and management “ role. This involves developing strategies, considering business initiatives and providing expertise on risk and cost management to enable sound business decisions.

The following chart prepared by IPAC provides an excellent illustration of the changing focus of financial management. As shown below, while Finance continues to spend time in each of the core activities; decision support, controls, reporting and transaction processing, the allocation on time has changed for the Treasurer/CFO whereby the focus is now on decision support and risk management. To be efficient and effective, the City of Guelph’s resources must also support this financial management model.



### Key Drivers Influencing the Evolving Role of the Treasurer/CFO and Finance

Based on research undertaken, the evolving role of the treasurer/CFO includes a focus on:

- Increased transparency and reporting requirements. The new legislation and regulations are focused on ensuring that Councils have all appropriate financial information to make sound and sustainable decisions. For example, the introduction of the Public Sector Accounting Board (PSAB) PS 3150 has resulted in a need to not only change the accounting treatment of tangible capital assets, it requires municipalities to develop long range plans that ensure that assets and infrastructure are maintained in a sustainable manner. Ontario Regulation 284/09 (O. Reg. 284/09) was recently added to the Municipal Act, 2001, S.O. 2001, c. 25, which allows municipalities to exclude from the annual budget estimated amortization expenses, post-employment benefits expenses, solid waste landfill and post-closure expenses, but if this is, in fact, the case, the municipality must prepare a report about the excluded expenses which must be adopted by Council resolution. The purpose of this additional requirement is to ensure that the municipality is appropriately planning for the future replacement of assets as well as liabilities.
- Providing financial insight capabilities to address fiscal and operational challenges. The role is no longer simply reporting on historical financial conditions, it is focused on setting the financial course for the corporation
- In the wake of continuing fiscal challenges, input-oriented budgeting practices are steadily giving way to new outcome based approaches that measure success by the results achieved, not by the amount of money spent. Today's public sector managers are expected to set tangible goals—and to achieve them. An outcome-based approach clarifies what is being produced and what it costs. With increased transparency around performance and outcomes, citizens can actually see what their tax dollars buy and more easily monitor progress toward public goals. Moving to an outcome-based approach requires sophisticated finance and budgeting capabilities. Performance based budgeting, for example, is more complex than traditional budgeting, which often requires little more than tweaking the previous year's budget. The ability to measure and evaluate results is a necessary, but not a sufficient, prerequisite to delivering effective services. So too, is the ability to demonstrate a reasonable connection between actions and outcomes. This requires municipalities to establish clear performance indices, service level standards and efficiency and effectiveness measures upon which performance will be assessed.

- Providing expertise on risk management to enable sound business decisions. This focuses on managing exposure to risk, and requires a focus on identifying the sources of risk, measuring it, and developing plans to address the risks. Internal controls help keep municipalities accountable to the public. They highlight those areas of the organization that are at greatest risk for fraud, waste and mismanagement. Without effective internal controls, issues tend to make it onto the radar screen only after a problem occurs. Proactive risk management and strong internal controls are needed for effective governance and to stay within the bounds of the law.
- Increased use of technology to support strategic planning. The focus has moved the financial function away from a focus on transactional activities to more strategic roles within the organization – from a “control” role to a “planning and management “ role
- Translating the vision of the organization into financial terms. In leading municipalities, political leaders define their organization’s true north, while financial officers help to map the organization’s path toward that target. Translating the vision of the organization into financial terms enables leaders to make informed choices among competing priorities such as whether to fund smaller class sizes or more public infrastructure. This requires the CFO to provide the financial insights that enable political leaders to navigate troubled waters and to provide timely financial advice and analysis to departments as they undertake business planning.
- The finance function’s ability to weigh in with key financial data on current and future costs makes it a critical player in major strategic decisions and policy development. This involves determining strategic priorities, developing cost benefit analyses of projects and prioritizing initiatives.
- The catalyst role of financial management centers on execution—using financial tools and data to actually implement key municipal strategies and initiatives. The catalyst does this by serving as a business partner to other decision makers.

### Stakeholder Department Feedback—Role of the Finance Division

The roles and responsibilities of the Finance Division in the City of Guelph have changed many times over the years and there is a lack of clarity across the corporation as to what the role should or should not be. Some of the clear messages conveyed during the meetings with stakeholder departments is that there is a need to rebuild trust between the Departments and Finance. Based on feedback from management across the corporation, there is recognition that the role needs to be clearly identified, understood and agreed to by the Finance Division, Council and the stakeholder departments. The following summarizes the roles that Finance should play, as identified by stakeholder departments:

- **Service Delivery Agent** – There must be a clear understanding of the service standards, service levels and mutual roles of both the operating department and Finance. A service level agreement (SLA) may be beneficial between Finance and the stakeholder Departments. The objectives of a SLA are to describe the services and associated service levels that will be provided to the customer by the Finance Division; seek standardized and consistent delivery of services wherever possible; clarify the responsibilities of the Finance Division and the customer; provide for a process for resolving service issues between Finance and the customer; strengthen communications between Finance and its customers
- **Financial Controls and Accountability** – Finance is responsible for monitoring the Corporation's finances and ensuring adherence to financial legislative and regulatory requirements. There was recognition that these requirements have been heightened in recent years due to legislative and regulatory reform and that Finance needs to take a proactive role in advising Departments on these changes and ensuring that every effort is made to simplify any transitions required in financial reporting.
- **Partner** – Finance should view themselves as partners with the Departments. Finance needs to not only record and report but also assist in analyzing and predicting.
- **Strategist and Catalyst** - Finance plays a strategic role in helping the organization plan financially for the future and this requires Finance to take a leadership role in establishing appropriate financial benchmarks and assisting Departments in achieving these targets, while at the same time recognizing the need to deliver programs and services.

### Summary— Role of the Treasurer/CFO and Finance Division

Role clarity has a significant impact on organizational success. Uncertainty can dramatically affect both individual and organization performance. As such, there is a need to clarify the role of the Finance Division as well as the role of the Treasurer/CFO. This is particularly necessary given the lack of clarity which currently exists across the organization and the changing focus of municipal finance departments across Canada in response to economic conditions and legislative and regulatory reform. Providing important financial advice and analysis across the corporation that supports the City's strategic plan will require the CFO to spend time building and managing relationships with other departments.

It is recommended that to clarify the roles and responsibilities of the Finance Division in the delivery of service to the Operating Departments, a service level agreement (SLA) be developed and negotiated with each party. The objectives of the SLA are to:

- Describe the services and associated service levels that will be provided to the customer by the Finance Division
- Seek standardized and consistent delivery of services wherever possible
- Clarify the responsibilities of the Finance Division and the Operating Departments
- Provide for a process for resolving service issues between Finance and the Operating Departments
- Strengthen communications between Finance and the Operating Departments

This framework is intended to establish how the customer and Finance will hold each other accountable for the definition of business requirements and service delivery. It is a tool to:

- Drive accountability throughout all levels of the Corporation
- Provide role clarity for the Operating Departments and Finance employees
- Create consistency around how Finance employees interact with their customers
- Form the basis for a customer-centered, operationally excellent, service culture within Finance



Areas of joint accountability are those areas for which collaboration, joint ownership and participation are required for the Service Level Agreement success. The SLA should include:

- Defining business requirements
- Identifying and sharing priorities and constraints
- Informing each other of consequences if expectations are not met
- Defining mix and level of services
- Building and sustaining strong relationships by working collaboratively and providing constructive feedback
- Promoting effective and timely communication
- Developing a mutual understanding of risk, needs and priorities
- Committing to continuous improvement/innovation
- Continuously identifying emerging risks and issues
- Identifying and addressing service gaps, issues and problems
- Complying with Corporate administrative directives, practices, and professional standards

Finance roles, responsibilities and accountabilities should include:

- Developing business knowledge of customer's business
- Delivering cost effective and efficient services which meet customer business outcomes and SLA performance targets
- Delivering consistent service that complies with professional standards and meets customer business needs
- Identifying opportunities for continuous improvement in the delivery of Finance services
- Developing and administering Corporate administrative directives, practices and professional standards
- Providing operational problem-solving advice and assistance with respect to Finance services
- Discussing service issues with the Operating Departments
- Measuring the performance of the service level agreement against goals and objectives and reviewing services and other relevant performance information with customers at least annually

Operating Departments roles, responsibilities and accountabilities should include:

- Facilitating business knowledge transfer to Finance
- Coming to an understanding of the service level agreement with Finance
- Using Finance resources efficiently and effectively
- Working within Corporate administrative directives, practices and professional standards
- Discussing service issues with Finance
- Providing timely notification of service requirement changes
- Reviewing the service level agreement with Finance at least annually
- Committing to continuous improvement and innovation
- Adhering to corporate financial policies and directives

Recommendations—Role of the Treasurer/CFO and Finance Division

- 1. That the Finance Division's roles of Service Delivery Agent, Financial Controls and Accountability, Partner and Strategist/Catalyst be clearly defined and endorsed by Senior Management Leadership and Council.**
- 2. That the roles, responsibilities and service levels be defined in a Service Level Agreement (SLA) which will be developed in consultation with the stakeholder departments. The purpose of this agreement is to create a mutual understanding of the services and service levels that will be provided by the Finance Division and the corresponding responsibilities of the Departments. This agreement will drive accountability; provide role clarity for the customer (stakeholder departments) and Finance employees; create consistency around how Finance employees interact with their customers and form the basis for a customer-centered, operationally excellent, service culture within Finance.**
- 3. That in recognition of the strategic and financial accountability requirements of the CFO, the CFO be an active participant in the Senior Management Leadership of the organization to provide ongoing financial leadership to the corporation. This will ensure that the CFO is able to proactively manage the financial direction of the corporation and will provide Senior Management Leadership with timely financial expertise, information to support decision-making and financial advice in accordance with approved financial policies.**
- 4. That all reports to Council which have financial implications be processed through the CFO to ensure that financial implications are validated, comprehensive and consistently disclosed.**
- 5. That the CFO be directly involved with any internal committees related to major capital projects.**

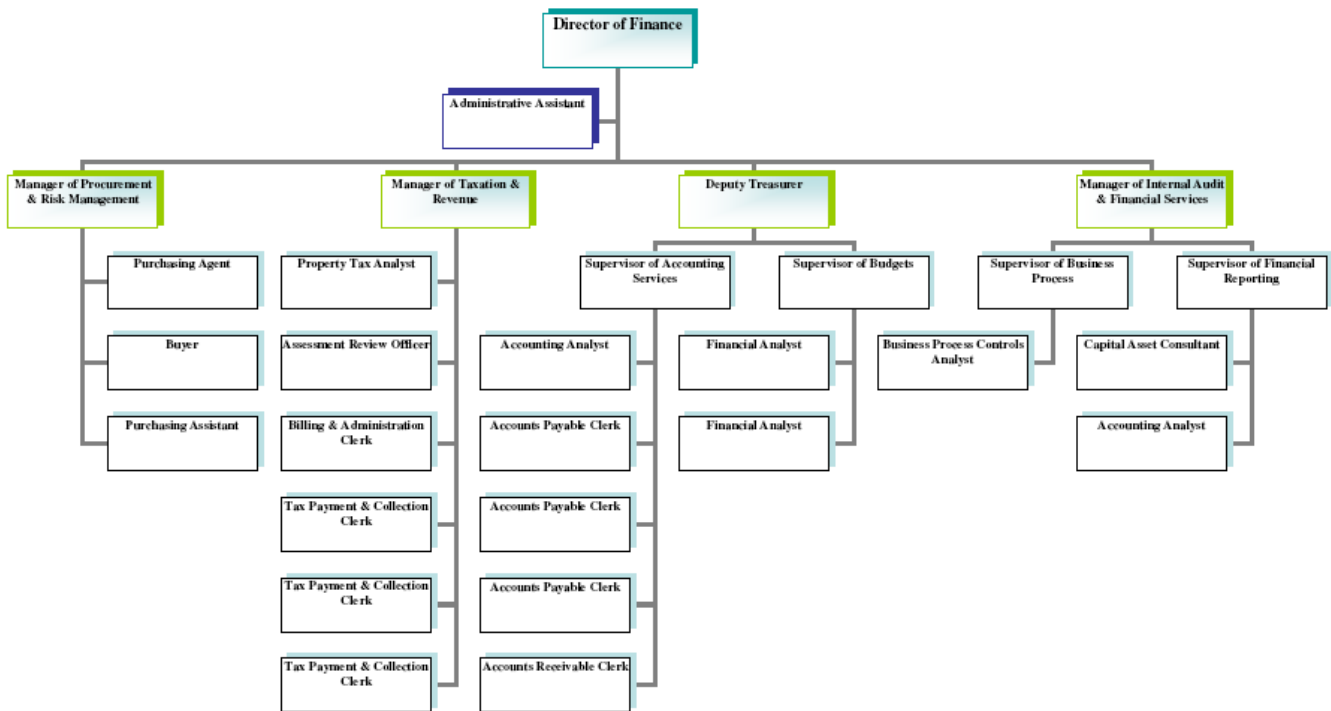
**Finance Division—Divisional Overview**

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Finance Division—Existing Organization Structure

The following provides the organization structure in the City of Guelph at the time that the study was undertaken.

**FINANCE DEPARTMENT ORGANIZATION CHART**  
 April 21 2010  
 29 FULL TIME EMPLOYEES



### Finance Division—Introductory Comments

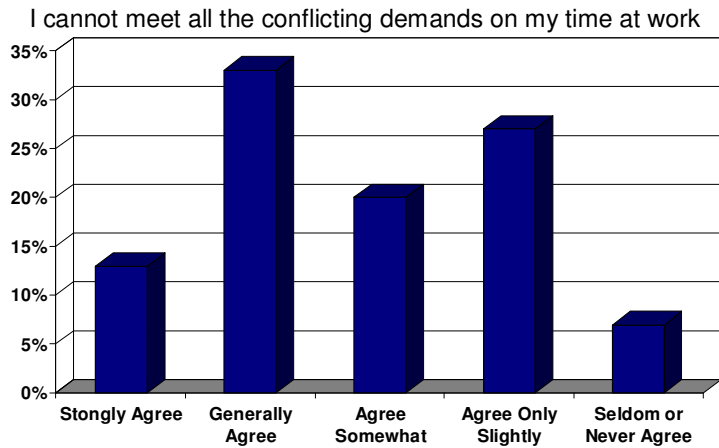
The next section of the report provides a general overview of the findings based on feedback from the stakeholder departments. This is followed by an analysis of key functional areas within the Finance Division based on the proposed organization structure and recommendations to achieve the goals and objectives outlined at the outset of this report.

### Stakeholder Department Feedback

- The stakeholder departments identified a number of positive attributes of the Finance Division along with areas that require further improvements including:
- Finance exhibits a desire to work with the Departments. Many of the staff are very customer service oriented. Some areas of Finance need to be more customer focused and explore different ways to provide the service.
- Finance has made notable strides to improve financial reporting, identify key performance indicators and establish financial policies—long range plan is becoming evident. Gaps and deficiencies continue to exist.
- Continuous improvement of the budget package has been reflected over the past several years.
- Effective use and implementation of new technologies has been lagging as a result of limited resources.
- Lack of sufficient Finance staff resources—There are also many junior or new staff and the lack of staff resources has been exacerbated by relatively high staff turnover over the past 5 years. There is also a lack of appropriate staff backup resources which results in delays in responding to Department requests, many of which are time sensitive and this compromises customer service. Ultimately, as a service delivery agent, Finance has a responsibility to deliver service regardless of staffing challenges

Finance Division—Finance Staff Survey Feedback

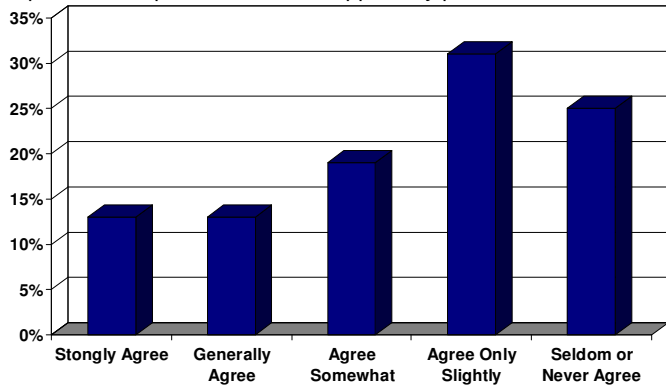
A staff survey was also used to help identify challenges that exist with the Finance Division.



The following summarizes some of the key findings and themes that were also articulated during the meetings.

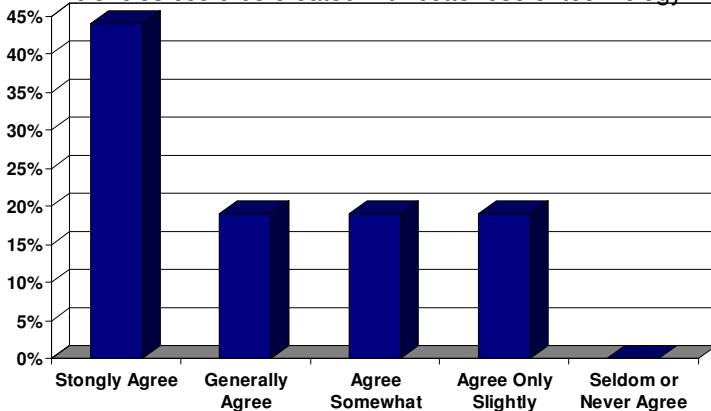
Approximately 46% of the Finance staff surveyed strongly or generally agreed that they cannot meet the conflicting demands on their time.

Adequate back-up is available to support my position when I am away



Approximately 56% of staff felt that there is insufficient back up for positions.

Efficiencies could be created with better use of technology



Approximately 65% of staff believe that efficiencies could be created with better use of technology.

Based on the results of the staff survey, adequate staff resources, appropriate backup and technology are priority issues that need to be addressed.

The following provides the recommended divisions for the Finance Division.

- 1. Financial Planning**
- 2. Procurement and Risk Management**
- 3. Financial Reporting and Accounting**
- 4. Taxation**
- 5. Internal Audit (Recommended to move to CAO's Office)**

The next section of the report provides an overview for division, including feedback from stakeholder departments, Finance staff, general observations with respect to what is working well and where gaps exist, benchmarking of staffing levels in Guelph in relation to other comparable municipalities and recommendations for organization change moving forward.



## ***Financial Planning***

### Key Roles of Financial Planning

The Finance Planning business unit includes both operational and strategic roles. It is also an area with significant interaction with Operating Departments and Council. Financial Planning also interfaces with the general public through communications with respect to budgeting and the financial strategic direction of the municipality. The following highlights the key roles and responsibilities:

- Developing a comprehensive long term financial plan and policies to ensure the long-term financial sustainability of the City's programs;
- Providing budgeting, reporting, financial analysis and financial support to departments and Council;
- Preparing and coordinating the operating budget and multi-year capital financial plan aligned with Council's strategic priorities and legislative requirements;
- Providing the Corporation and its departments with leadership in financial forecasting and performance measurement;
- Identifying appropriate financial performance measurements by which the municipality's performance will be monitored from a financial perspective. This includes the establishment of targets and benchmarks as well as the provision of trend analysis to identify changes over time;
- Developing business knowledge of the Operating Departments and providing ongoing financial support to enable them to make better informed decisions;
- Working diligently with departments and Council to identify critical financial issues and to develop solutions that will smooth out these financial issues;
- Developing and maintaining tangible capital asset inventories and a reporting system and working with departments in the development of asset management plans;
- Undertaking major financial studies (e.g. Development Charge Background Study) as required and providing financial advice for all master plans;
- Development charge administration including coordination of the Background Study, capital planning, litigation support and realistic cash flow forecasting;
- Managing the preparation of subsidy claims such as land ambulance, federal gas tax and economic development program; and
- Providing financial analysis and input into policy for grants to outside organizations.

### Stakeholder Department Feedback—Financial Planning

There were a number of common themes identified by the stakeholder departments with respect to the existing provision of financial planning and policy services including the following:

- Budget Process— Many of the stakeholder departments identified concerns with respect to the length of the budget cycle as well as the reasonableness of the deadlines and timetable. Feedback from Departments suggests that Finance needs to consider the reasonableness of timing and deadlines, especially during summer months and Finance needs to have a better understanding of the pressures experienced at particular times during the year for each Department. Service level agreements clarifying roles and responsibilities and additional assistance in the preparation of the budget is recommended to expedite the processes and allow departments to focus on their core activities.
- Improved Communications - Many stakeholders identified challenges with respect to the communications especially with respect to the budget processes. Finance staff are scrambling to meet deadlines and consequently not communicating how and why changes were made to the budget process. Further, some stakeholders felt that the public consultation process could be improved with additional finance resources and interaction with the operating departments. While there was recognition that controls over capital spending are necessary, a number of departments felt that the introduction of capital envelopes in 2010 and the associated methodology used to allocate capital dollars does not reflect the future corporate priorities as they are based on historical spending patterns. Most felt that the methodology used to arrive at the “available capital” for each department was not fully explained by Finance and as such led to unnecessary conflict within the organization.
- No Central Point of Contact – The financial planning and policy area has experienced changes over the past 5 years whereby the previous structure identified one key contact person that was assigned to each Department to resolve all financial policy, budgeting and planning issues. Due to staff turnover and a loss of staff positions, the existing provision of service was reduced to only two analyst positions; one providing capital budget coordination for the entire corporation and the other an operating budget coordinator. Consistently, stakeholder departments identified a preference to one point of contact. From a customer service perspective, the current approach of splitting the budget responsibility by operating and capital has not facilitated good customer service and results in risks that there may be disconnects between the operating and capital budget.

- Understand Our Business—The stakeholder departments feel that Finance staff do not have a good appreciation of the programs and services of each department and as such are not equipped to effectively provide budget and financial advice to the departments. Without this knowledge or the ability to gain this knowledge which is currently compromised by the existing resources and organization structure, problems are noted in budgeting and financial analytical support for special projects and business case analysis. There is not effective financial support provided to departments.
- Decline in Service Levels—Most stakeholder departments identified a decline in service provided by the Finance Department as a result of the limited staff available in financial policy and planning. Examples were provided where additional assistance used to be provided on variance reporting which used to include monthly meetings with Finance. Insufficient resources in this area were also identified with respect to the completion of special project financial analysis on a timely basis. Departments identified that delays have been experienced which have resulted in operational problems and deferred decisions at the Operating Department level which can negatively impact programs and services.
- Technology—Departments consistently indicated that J. D. Edwards is difficult to use and there is insufficient support from Finance/IT to run meaningful reports and drill down in the system. This is needed to prepare budget variance reports and also in the preparation of the budget.
- Understanding the Value of PSAB Information— Finance is behind on its PSAB project to move to a new software platform. Further, departments indicated that there is no/limited communication to help them understand the value of the asset inventory information that has been collected and how this should be used in the development of asset management plans, budgeting and financial management.

### Finance Staff Feedback— Financial Planning

There was a considerable level of agreement and understanding by staff in Financial Planning of the feedback from stakeholder departments. The following summarizes the key observations made by Finance staff:

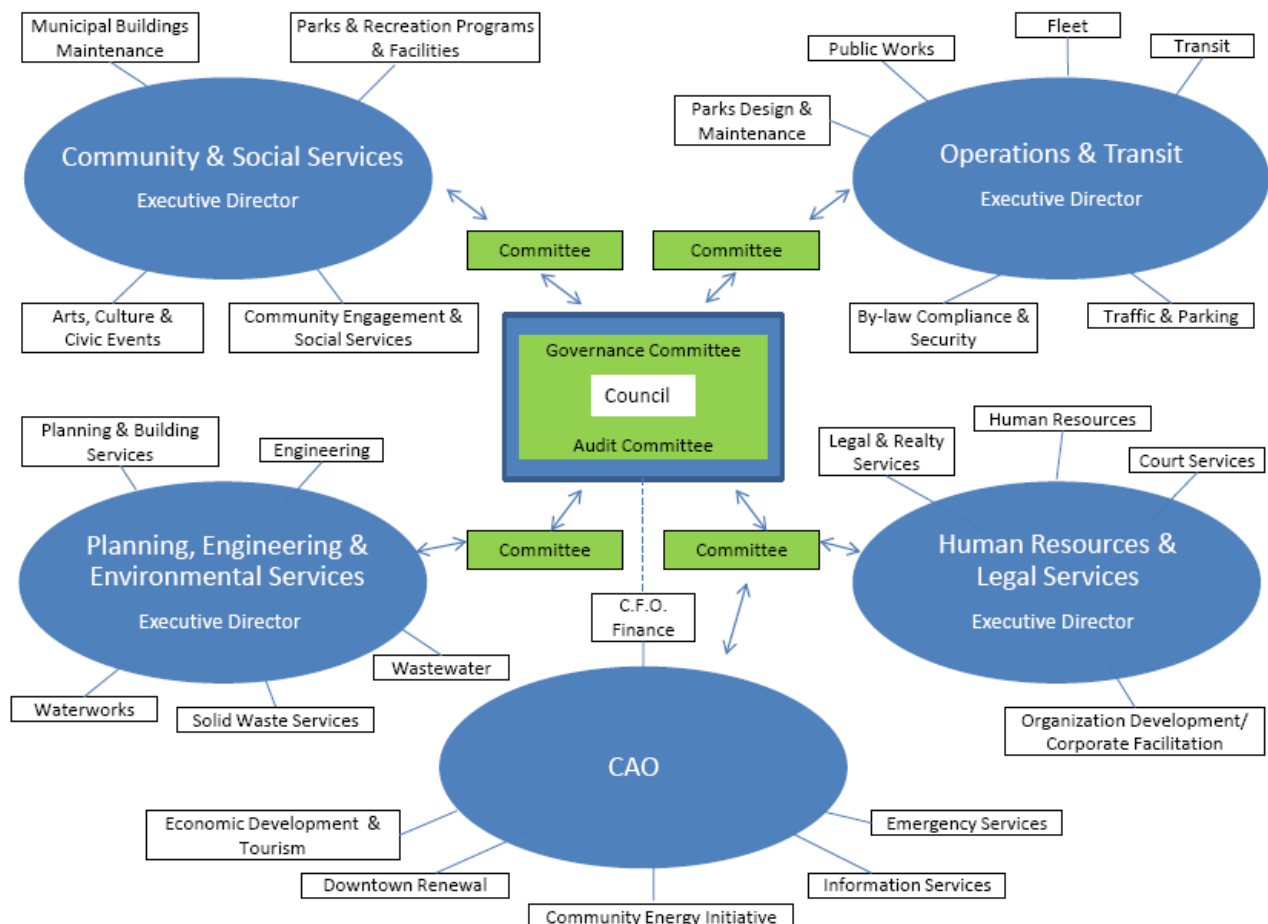
- Insufficient Staff Resources—Consistently, staff identified that there are few resources to provide efficient and effective service to all departments and there is general recognition that service levels have declined as a result of the existing resources. Further, due to staffing gaps in other business units across the Finance Department, financial planning staff are being pulled into areas that are not effectively using their skill sets. By taking on extra work due to vacancies and gaps in other business units, their core service delivery is being compromised.
- Financial Monitoring and Management—Based on staff's experience, variances as submitted by departments are not given the appropriate analysis or monitoring to ensure that the information is accurate. Further, without involvement by Finance, there is a lack of consistency in reporting standards for variances and the potential risk that the information presented may not provide an accurate representation of the forecast variance.
- Timely Consultation— Finance staff felt that there is a need for involvement early in the analysis processes requiring financial decisions and interpretations especially with regards to large new capital projects. A number of examples were provided to illustrate that Finance has not been made aware of these proposed projects until near the completion of the business case analysis. There was also recognition that with limited staff resources the ability to provide the appropriate level of financial support is not consistently available in Finance and this creates unacceptable delays for the stakeholder departments. Full disclosure of financial impacts should be part of each of these plans to ensure affordability and financial capacity.
- Deficiencies in Staff Deployment Practices—The two analysts that are responsible for separate tasks; one operating and one capital are not cross trained. This poses significant challenges to the stakeholder departments to receive timely information and advice especially when one of the analysts is not available. It is also difficult for the analysts to understand the “big picture.” The capital budget has significant impacts on the operating budget and there is a risk that by separating these duties and responsibilities that the operating budget does not reflect the full cost of service. Staff also felt that with no senior analyst position, there is limited opportunity to progress in the Department and this is creating motivation problems and a potential staff retention risk. Beyond a desire for promotional opportunities, staff felt that there is a need for a senior analyst position to address the complex issues, particularly related to special projects, implementation of new technologies and the development of corporate policies.

- Deficiencies in Staff Deployment Practices—The two analysts that are responsible for separate tasks; one operating and one capital are not cross trained. This poses significant challenges to the stakeholder departments to receive timely information and advice especially when one of the analysts is not available. It is also difficult for the analysts to understand the “big picture.” The capital budget has significant impacts on the operating budget and there is a risk that by separating these duties and responsibilities that the operating budget does not reflect the full cost of service. This risk has been mitigated by the budget supervisor position who coordinated operating and capital budgets. However, on a go forward basis, to ensure integrated planning, the preferred structure is for departmental analysts that have a solid understanding of both operating and capital budget needs. Staff also felt that with no senior analyst position, there is limited opportunity to progress in the Department and this is creating motivation problems and a potential staff retention risk. Beyond a desire for promotional opportunities, staff felt that there is a need for a senior analyst position to address the complex issues, particularly related to special projects, implementation of new technologies and the development of corporate policies.

Additional Observations—Financial Planning

In addition to the feedback received from stakeholder departments and Finance Department staff, several other notable gaps were identified in the financial planning and policy area:

- Long Range Financial Planning - Currently the City’s budget is not outcome oriented which is considered to be a best practice as identified by Government Finance Officers Association. Multi-year operating budgets should be established in accordance with best practices. An integrated financial planning process is critical to building and safeguarding the long term financial sustainability of the City. There is a need for additional resources to address gaps in terms of financial policy development, reserve and debt management and development charges. There is a need for the development of these areas in terms of revenue maximization and risk mitigation
- Departmental Support—The new Corporate organizational model which now includes five functional areas cannot be effectively supported with only two analyst positions.



User Fees—There is no process in place to ensure that all user fees in the City are being calculated in a consistent manner and that they are reflecting policies on full cost recovery. Additional staffing resources are needed to ensure consistency in the calculation and maintenance of user fees and quality control through Finance verification.

Municipal Benchmarking—Financial Planning

The closest comparators are single tier with similar portfolios of programs and services, levies and W/W operations (e.g. Barrie, Brantford, Chatham-Kent). Note: Thunder Bay is not a good comparator for this business unit as budgets is decentralized in the City with each Department having their own analyst. Feedback from Thunder Bay indicates that this system is not working and the City is in the process of evaluating a return to a centralized approach to budget and financial planning. As shown below, the City of Guelph has the largest levy of the municipalities surveyed and also the largest water and wastewater budget and has the second smallest staffing resources. For example, Burlington which is part of a two tiered service delivery model and which is not responsible for water/wastewater operations or other upper tier responsibilities has 9 staff compared with 3.5 in Guelph.

Municipality	Tier	Levy (millions)	Water/WW Gross Expenditures Budget (millions)	Budgets, Financial Planning Staffing
Barrie	1	\$ 149.60	\$ 33.90	7
Brantford	1	\$ 112.90	\$ 35.42	11
Chatham-Kent	1	\$ 118.10	\$ 30.70	6
Thunder Bay	1	\$ 142.20	\$ 29.50	2
Burlington	2	\$ 104.40	N/A	9
Kitchener	2	\$ 95.70	\$ 32.40	7
Oakville	2	\$ 125.80	N/A	7
Guelph (current)	1	\$ 161.95	\$ 38.60	3.5

Note: Burlington and Oakville are part of a two tier structure whereby all water and wastewater operations are handled by the Region.

### Summary —Financial Planning

The responsibility of Council under the Municipal Act is to maintain the financial integrity of the municipality. This requires financial information on a timely basis, long range financial plans and advice and strategy guidance. The Financial Planning business unit plays a critical role in supporting Council and the operating departments. This is an important area of the Finance Division that is significantly understaffed resulting in service delivery gaps and increased financial risks to the corporation.

The new corporate organization structure presents an opportunity to align financial resources to each department to ensure that departments are receiving adequate financial support to meet the City's strategic goals and objectives. It is recommended that this area's staffing requirements include dedicated resources to support the corporate organization structure, senior analyst positions that will be available to oversee the development of corporate financial projects, corporate financial policy development and budget process development and communications (external and internal) related to budgeting and fiscal management. The dedicated resources to support each of the business units would become the central point of contact for the Departments to resolve all finance related issues. Any issues that arise that cannot be resolved should be vetted through the Manager of Financial Planning. To be effective, these resources should become familiar with the Operating Department's operations, programs and services. It is also important that these positions be initially physically located in the Finance office to develop the necessary analytical capabilities, training and work processes. These positions, however, should be continually working with the departments to better understand their respective businesses and operations. The proposed service levels agreements discussed earlier in the report should add clarity to the roles and responsibilities of these new positions to ensure that the departmental expectations are being met.

The development of additional financial policies, performance measurements, outcome-based budgets and multi-year budgets will be a focus of this business unit over the next several years once resources are in place



It is anticipated that appropriate staffing resources will achieve the following benefits:

- A better informed Council and senior management with respect to the City's financial performance;
- The development of all financial policies to support fiscal sustainability;
- Assurance that the City's :
  - Tax rates remain competitive, reasonable and predictable through analysis and strategic planning
  - Reserve balances and debt levels are stable and adequate
  - Development charges are maintained and tracked
  - User fee policies are in accordance with best practices
- The further refinement and ongoing monitoring of the City's long range financial plan;
- Ongoing financial support to departments including enhanced reports and analysis as well as proactive identification of issues which could have an impact on the City's year-end financial results;
- The development and management of outcome-based budgets and multi-year operating budgets; and
- Improvements and streamlining the budget process and the maximization of the City's newly implemented budget software.

Recommendations—Financial Planning

The following operational recommendations are proposed for Financial Planning:

- 1. That a plan be developed for ongoing monitoring and maintenance of the City's comprehensive long range financial plan. This document will consolidate information from multiple sources and will include:**
  - **An environmental scan of the City's financial condition and other forecasts such as growth and local economies**
  - **Revenue and expenditure forecasts**
  - **Capital forecasts for servicing growth as well as renewal of existing assets**
  - **Analysis of existing debt and debt capacity**
  - **Proposed financial strategies**
  - **Benchmarking to compare financial performance with similar characteristics and other best in class municipalities**
  - **Performance measurements**
- 2. That Financial Planning play a leadership role in the development of performance measures and an outcome based budget. Performance measures should include efficiency, effectiveness and workload measures as well as targets and trends and should be aligned with the City's approved financial policies.**
- 3. That a comprehensive review be conducted on all user fees to ensure they are based on approved policies and have identified the full cost of service.**

Recommendations with respect to staffing levels have been consolidated at the end of the report to provide a summary of the existing and recommended staffing levels. This approach has been undertaken as there has been some transfer of duties, responsibilities and positions between the business units.

## ***Procurement and Risk Management***

### Key Roles of Procurement and Risk Management

The Procurement and Risk Management business unit includes both operational and strategic roles for the corporation in terms of administering the City's purchasing by-law and also in risk management. The following highlights the key roles and responsibilities:

- Providing a comprehensive corporate purchasing system to assist departments in making sound procurement decisions enabling them to deliver their services;
- Developing and maintaining purchasing policies and procedures that ensure openness and accountability while protecting the financial best interests of the City;
- Obtaining the best value when procuring goods and services;
- Ensuring departments adhere to policies and procedures so that the City's purchasing activities are fair and transparent;
- Developing and maintaining a database of pre-qualified suppliers, vendors and contractors of goods and services purchased by the City;
- Tracking trends, developments and advances in the areas of procurement, strategic sourcing, vendor qualification, purchasing systems and public tender process and make recommendations for continuous improvement applications;
- Preparing and issuing tenders, requests for quotations and proposals and participating in the evaluation process;
- Processing purchase requisitions;
- Negotiating annual insurance coverage and management of the City's insurance claims;
- Providing risk management services to identify risk areas and reducing the City's liabilities and potential for insurance claims; and
- Tracking insurance claims and providing reporting to Departments with respect to trends, outcomes and opportunities for improvements.

Stakeholder Department Feedback—Procurement and Risk Management

There were a number of common themes identified by the stakeholder departments with respect to the existing provision of procurement and risk management services including the following:

- Increase in Volume of Activity—Departments identified that there has been a significant increase in volume of construction and tenders. In addition, projects are becoming more complex which also impacts the tendering process. Feedback from the departments indicated that the purchasing staff appear to be struggling to keep up with the increased level of activity.
- Numerous Addendums of Tendering Documents - Although no examples were provided, concern was raised by some stakeholders interviewed that the need for numerous addendums indicates that the original tender document may not have been fully developed. However, it should be noted that the purchasing law states that the specifications for contract documents are generated by the user department and provided to purchasing. Purchasing stated that the majority of addendums seem to be specification related and all documents are approved by the user prior to issuing to the public. There is recognition that the operating departments also play a role in ensuring that the tender documents are comprehensive and well executed. Feedback from stakeholders indicated that even expressions of interest can become a time consuming process and an area that should be streamlined to support department needs.
- Update the Purchasing Policy - There was consistent feedback from the departments that the purchasing policy is in need of updates. Specific areas of concern included:
  - Policies are at times too rigid. Examples were given where departments were required to follow the formal tendering or quoting process when, in their opinion, there is no/limited vendors;
  - There is a need to understand the market and how to share risk to manage municipal costs. By transferring all risk to the proponent, the costs can be too high and this ultimately increases the cost to the City compared with an appropriate assessment of risk sharing; and
  - Visa card policies need to be revisited.
- Improve Communications - The departments identified a potential need to provide updated lists of all approved vendors and should be maintained on the intranet. The current process of sending email updates does not facilitate the maintenance of a central location to share this information with staff and results in the need to track emails and the potential to rely on outdated information. Suggestions were made instead to post an extensive vendor list to a central location that is easily accessible and regularly updated.

- Eliminate Inefficiencies—Due to the existing policy, there are a lot of small invoices which are time-consuming to process and prepare and this is not an efficient use of time. For example, in 2008:

- 4,000 purchase orders were for amounts less than \$100 (20%)
- 6,760 purchase orders were less than \$200 (33%)

Suggestions were made to issue bulk POs to allow departments to purchase certain items at predetermined prices to reduce work and increase efficiencies.

- Address Process and Technology Issues - There is an existing problem with the software used that requires departments to create the PO in advance without knowing how many hours a contract will take. As the project proceeds, the department is then required to submit multiple change orders which is time-consuming and difficult to complete. There were also problems identified in terms of the rules in WAM to get JDE to accept the PO.
- Develop a Risk Management Strategy – Departments identified the potential to create savings in the corporation through the development of a risk management strategy. The current role of purchasing in risk management is not well defined and is merely providing a reactive claims processing service due to staffing constraints. The departments also indicated that there is limited statistical information available on the trends of claims, types of claims, locations and there is no reporting back to the departments on the outcomes of the claims. Without such information, departments are not able to identify how they can reduce the number of claims and reduce risk. Simply responding to risks as they arise is dangerous and potentially costly to the City.

#### Finance Staff Feedback - Purchasing and Risk Management

- Purchasing Policy—Purchasing is decentralized across the corporation and the onus is on the departments to adhere to purchasing policies. Finance staff identified the most critical challenge that they face is departments wanting to deviate from the purchasing by-law. This could pose risks to the organization. Further, this increases workloads for the purchasing staff in reviewing documentation and ensuring strict adherence to the by-law. Also, late submissions on visa claims requires purchasing staff to spend time tracking down submissions. These issues should be addressed in the service level agreement with departments, as discussed earlier in the report.

- Improved Upfront Consultation—Purchasing staff identified that efficiencies could be created by having a pre-consultation with departments for large tenders rather than upon receipt of the draft tender document. This will help to ensure that the documents are well prepared, complete and adhere to policy requirements, avoid delays in the processing of tender documents and reduce the requirement for multiple addendums.
- Update Purchasing Policy—Currently Finance is in the process of updating the purchasing by-law. Once complete, a draft will be presented to departments for feedback. Based on discussions with Finance staff, one of the areas that will be reviewed is the existing purchase order limit which departments have identified as being too low. Processing POs under \$200 does not pass a cost/benefit analysis. Staff are also reviewing the signing authority for Managers, Directors and GM as well as the possibility of delegated authority.
- Customer Service Improvements—Purchasing staff recognized the need to improve focus on customer service. Staff felt that there is a need to define how service will be provided in the future and the roles and responsibilities of each party. Further, there is a need to review the extent to which service is currently decentralized and identify opportunities for efficiencies. For example, stores operations currently provided in two locations may have some overlap and opportunities for knowledge transfer.
- Develop a Risk Management Strategy—Currently, there is a reactive risk management approach as a result of a lack of staff resources. Finance only have the resources to simply process claims. Also, there has been a notable increase in the number of claims (estimated at 35%-40%) due to increased construction activity. Risks cannot be comprehensively determined and managed until they are fully studied and evaluated. Simply responding to risks as they arise is dangerous and potentially costly. Staff felt that there is a corporate payback to proactive risk management that could be pursued with additional resources. There is also a need for additional information on tracking trends and providing a more in depth analysis of trends across the geographic areas of the City and by department. There are additional opportunities to utilize the City's insurance agent to provide risk management education seminars to the corporation.

Municipal Benchmarking—Procurement and Risk Management

The closest comparators are single tier with similar portfolios of programs and services, levies and W/W operations (e.g. Barrie, Brantford, Chatham-Kent, Thunder Bay). The budgets provide a general indication of the level of spending which is related to the extent of purchasing services.

Municipality	Tier	Levy (millions)	Water/WW Gross Expenditures Budget (millions)	Purch. (Excludes Stores)	Risk Mgmt
Barrie	1	\$ 149.60	\$ 33.90	8	1
Brantford	1	\$ 112.90	\$ 35.42	7	
Chatham-Kent	1	\$ 118.10	\$ 30.70	2	1
Thunder Bay	1	\$ 142.20	\$ 29.50	6	
Burlington	2	\$ 104.40	N/A	4	1
Kitchener	2	\$ 95.70	\$ 32.40	8	
Oakville	2	\$ 125.80	N/A	9	1
<b>Guelph (current)</b>	<b>1</b>	<b>\$ 161.95</b>	<b>\$ 38.60</b>	<b>4</b>	

- A number of municipalities have created a position responsible for Insurance and Risk Management, seeing the value and payback associated with proactive risk management (e.g. Barrie, Chatham-Kent, Burlington, Oakville).
- With the exception of Chatham-Kent, Guelph has the lowest staffing levels. It should be noted that Chatham-Kent’s budget is lower than Guelph’s. Barrie, is closest to Guelph in terms of budget and service portfolio and has 8 purchasing staff plus a risk management position.

### Summary —Procurement and Risk Management

There are a number of opportunities to improve work processes, create efficiencies, improve customer service and strengthen the corporation's risk management strategy. By doing so, there is the potential to reduce the overall cost of service through the implementation of a proactive risk management program and lower processing costs.

The existing staff complement is very low compared with workloads and municipal benchmark municipalities and has not kept pace with increases in volumes of activity. With improvements to the work processes, updates to the purchasing policy and ultimately adherence to the policy, it is not anticipated that additional purchasing staff are required at this time. However, the City would benefit from the addition of a dedicated risk management specialist, consistent with the practice across other municipalities which supports a proactive risk management approach. This new position will be responsible for the implementation of a risk management strategy and supporting program, the insurance portfolio and the administration of all claims. Also, with the addition of a risk management specialist, the Purchasing Manager and assistant will be able to spend more time focusing on purchasing related programs and services.

It is anticipated that by implementing efficiency improvements and developing a risk management strategy the following benefits will be achieved:

- Improve customer service to departments;
- Purchase of goods and services in a timely and cost effective manner;
- Enhance accountability of all operating departments for risk management;
- Create operational efficiencies through improved work processes and policies;
- Potentially reduce costs related to liabilities and risk management;
- Reduce the number of claims;
- Improve health, safety, risk of loss prevention knowledge; and
- Timely and courteous treatment of claimants.



Recommendations—Procurement and Risk Management

The following operational recommendations are proposed for Procurement and Risk Management:

- 1. That the Procurement and Risk Management business unit work with all departments to develop a risk inventory and strategic risk management plan through an interdepartmental risk identification and review of protocols. This will enable the City to establish additional controls to help mitigate the identified risks.***
- 2. That a risk analysis report be submitted to all departments and Council on a regular basis with respect to claims received, settled and outstanding.***
- 3. That priority be given to updating the purchasing by-law with an overall objective of creating efficiencies. Clear policies and adherence to protocols will prevent many operational issues from arising which will expedite the progress of planned projects.***
- 4. That Procurement and Risk Management establish protocol for updating and posting information to the intranet with respect to approved vendors.***
- 5. That to maintain compliance with the policies, the Procurement and Risk Management business unit provide training as policies are amended and on an ongoing basis as problems arise.***

## ***Financial Reporting and Accounting***

### Key Roles of Financial Reporting and Accounting

Financial Reporting and Accounting represent one of the core functions of the Finance Department and are subject to requirements set out by Canadian Generally Accepted Accounting Principles. Financial Reporting and Accounting supports Council's role of maintaining the financial integrity of the municipality by capturing, controlling and reporting on the financial transactions of the City. Internal controls, sufficient resources and continual training is critical in maintaining current and timely financial records. Key responsibilities include:

- Processing accounting transactions including accounts payable, accounts receivable, revenue recognition, banking transactions, journal entries;
- Ensuring proper design, operation and maintenance of the general ledger, including a chart of account structure, department assignments, system access, and segregation of duties;
- Maintaining the integrity of the City's financial records and ensuring that all management reports accurately reflect all transactions incurred within the accounting period;
- Preparing the Financial Statements, Financial Information Reports, Municipal Performance Measurement Programs;
- Ensuring that the City meets all requirements of PSAB 3150 capital asset accounting;
- Developing and implementing comprehensive accounting and financial reporting practices, policies and processes;
- Ensuring a disciplined accounting closing and reporting process for timely and accurate internal and external financial reporting on an established timeframe;
- Overseeing accounting technologies, including coordination of upgrades, security reviews, reporting requirements and system enhancements with IT staff;
- Assisting in the preparation of analysis and required documents for external auditors;
- Overseeing the City's investment portfolio and monitoring cash flow to ensure optimum utilization of cash resources within statutory limitations; and
- Overseeing cash management processes, including regular review of internal controls and recommendations for improvements to mitigate risk and enhanced customer service.

### Stakeholder Department Feedback—Financial Reporting and Accounting

The key areas where stakeholder departments interact with Financial Reporting and Accounting are in accounts receivable and accounts payable day-to-day operations, with limited interaction with the preparation of financial reports. There were a number of common themes identified by the stakeholder departments with respect to the existing provision of financial reporting and accounting services including the following:

- Encumbrance Accounting is Required—Currently, there is no commitment accounting and it is difficult to track outstanding purchase orders. This poses significant challenges for departments in preparing variance reports. Most municipalities surveyed have full encumbrance accounting. Many departments indicated that they maintain a parallel system to address this problem which creates inefficiencies. Encumbrance accounting is considered a high priority for many Departments. Strategic organizational planning cannot take place in the absence of complete transactional history.
- Accounts Receivable – Some departments identified opportunities to increase revenues by reviewing agreements that have lapsed or are outdated. There are opportunities to create efficiencies by setting up an automatic periodic invoice for regular recurring billings. From the stakeholder department perspective there is a need for a better system to manage accounts receivable and communicating back to the departments delinquent accounts. This may assist in collection efforts. Some departments are maintaining additional records books because they simply don't know the status of the accounts.
- Customer Service—Some departments had issues with the fact that if an invoice comes in that needs a timely response, it is difficult to get this addressed. There may also be a need for additional flexibility in the work processes to accommodate special circumstances. For example, real estate transactions require immediate cheques and the amount is not known until the deal closes.

Finance Staff Feedback—Financial Reporting and Accounting

The following summarizes the key observations made by Finance staff:

- Accounts Payable Inefficiencies—Work flows between Finance and Departments have inefficiencies that need to be addressed through improved work processes. For example:
  - There are many small invoices which are time-consuming to process and not efficient
  - Invoices are often sent to departments which can result in delays if they do not receive timely responses – not maximizing discounts or avoiding penalties and creates additional work with customers seeking payment
  - Finance often receive an invoice with a PO number and it has not been set up as “received” in the system. The Accounts Payable Clerk then must send reminders to the person who created the PO to resolve the issue. Based on feedback from Finance staff, this is something that occurs on a regular basis and should be addressed through training and improved communications
  - Manual cheques create inefficiencies but has also been a source of contention for departments when Finance has attempted to reduce this practice
  - Inefficiencies in the existing A/P processes are driven by work processes that require modification. There is no administrative assistant to open and distribute mail which is time consuming for AP Clerks and takes needed time away from AP processing
- Lack of Accounts Receivable Backup—There is currently only one AR clerk and there is no clerical backup for this position.
- Capitalizing on Available Technology Solutions—JD Edwards has the capability to streamline the completion of the preparation of the financial information returns (FIR) through programming but this has not been developed. Without automatic linkages, inefficiencies exist and there is an increased chance of errors.

Additional Observations—Financial Reporting and Accounting

- Maintaining Full Staffing Complement—A number of key processes are not being completed on a timely basis, largely as a result of vacancies. For example Finance has experienced delays in the completion of year-end reporting as a result of insufficient backup resources to complete FIRs and Financial Statements. Bank reconciliations are not being completed on a timely basis as there is currently no dedicated resource or appropriate backup. Problems were also identified with the processing of journal vouchers which are not always completed on a timely basis. These issues may result in outdated financial information on which decisions are made.
- Lack of Staff Resources—The existing organization structure is not making effective use of senior resources as there are not enough front line staff. Senior staff are currently doing much of the transactional processing and not spending enough time on quality control.
- Policies and Formalized Procedures—An accounts receivable (AR) collection policy is currently being developed by the department. The current AR policy is strictly focused on tax collection. There does not appear to be an interest charge on overdue accounts except for taxation. The AR system also does not automatically calculate and charge interest. Due to lack of staffing resources, cash flow forecasting had not been done on a regular basis. With the assistance of consulting resources, Finance staff have recently completed a cash flow forecasting model and documented bank reconciliation procedures. Further with the assistance of consultants and user groups, Finance has commenced a project to document cash receipt controls and procedures from all sources and to review and strengthen controls over cash collection, deposit and reconciliation procedures and we expect this to be completed within the next month. Cash flow and investing require regular monitoring to avoid potential lost investment opportunities and to ensure cash controls are being adhered to and kept up to date with staffing and technology changes. Additional staff analyst resources are included in the recommendations to ensure policies and procedures are complied with and maintained up to date.
- Utility Revenue Management—Water and wastewater billings are contracted out to hydro. The Finance Division is currently not providing any assistance to the water/wastewater division with respect to revenue analysis. This is an area with significant revenue for the corporation. Based on the core services of Finance, the Department should be playing a role in the water/ww account analysis to identify irregularities in bills. Further, there is a lack of utility revenue collection policies e.g. how to bill for stopped meters, over/under reads, when to add to taxes, etc. should be developed by Finance in consultation with water/ww. In all other municipalities surveyed, Finance plays a key role in ensuring that revenues are accurate and policies for collection of outstanding accounts are being adhered to.

- Department Training—Departments are not receiving proper guidance and training on how to use the financial systems effectively. This results in inefficiencies, duplication of financial data by the Operating Departments and may lead to data reliability concerns for decision-making.

Municipal Benchmarking—Financial Reporting and Accounting

As shown in the table, staffing levels in Guelph are toward the lower end of the comparator municipality survey. A number of municipalities surveyed have a dedicated Financial Systems Analyst in the Finance Division to support timely reporting requirements, provide financial system training to departments, ensure the integrity of all financial systems, ensure that financial system modifications are implemented on a timely basis and assist with special projects involving system upgrades and enhancements (e.g. Brantford, Burlington, Kitchener, Thunder Bay).

Municipality	Tier	Levy (millions)	Water/WW Gross Expenditures Budget (millions)	Financial Reporting, Accounting A/R A/P (Excludes Payroll)
Barrie	1	\$ 149.60	\$ 33.90	9
Brantford	1	\$ 112.90	\$ 35.42	13
Chatham-Kent	1	\$ 118.10	\$ 30.70	19
Thunder Bay	1	\$ 142.20	\$ 29.50	11
Burlington	2	\$ 104.40	N/A	9
Kitchener	2	\$ 95.70	\$ 32.40	12
Oakville	2	\$ 125.80	N/A	15
Guelph (current)	1	\$ 161.95	\$ 38.60	10

### Summary — Financial Reporting and Accounting

There are opportunities within the Financial Reporting and Accounting area to streamline a number of work processes through the use of technologies that are already available but are under-resourced. For example:

- The department is trying to implement a new technology solution for tangible capital asset accounting. It is anticipated that the tangible capital asset system will require ongoing maintenance and system enhancements to ensure that the City is maximizing the use of information available to support lifecycle costing and sustainable asset management;
- There are opportunities to implement technology solutions to support the completion of the Financial Information Returns and create efficiencies in the operations as well as the timely and accurate completion of the financial statements;
- The City recently implemented RAC software which will benefit from resources to maintain and implement upgrades;
- Encumbrance accounting has yet to be implemented and this has been requested by all stakeholder departments; and
- There are currently no resources available to assist departments in running reports from the various financial systems or to develop customized templates and reports on behalf of the departments.

A number of Finance Departments have hired a systems analyst position(s) to address the ongoing needs of the corporation to support the financial systems. Given the number of financial systems currently used in Guelph and recently implemented and the need for system solutions that would improve the efficiency of the operation, it is recommended that a Financial Systems Analyst position be created. This position would assume full responsibility and accountability for the accuracy and timeliness of the financial information systems. The benefits of this position will include:

- Ensuring that efficient systems of computer software are utilized to produce the necessary analysis and reports on a timely basis;
- Providing guidance, expertise and training on corporate financial systems and all other systems that have a financial component;
- Maintaining control over software modules that feed into the general ledger; and
- Continuously evaluating the effectiveness and efficiency of the internal controls utilized, watching for evidence of weakness, redundancies, opportunities for improvements or adoption of new or enhanced technologies.

A focus on cash and investment management is needed to ensure that the City is effectively managing its cash. The City is currently not aligned with best practices, largely as a result of a lack of dedicated resources to this important function. Based on best practice research, the responsibility for investment activity should never rest solely with one person; there is a need to train back up staff and put in place appropriate resources. Without a focused and active management of cash balances, liquidity and cash flow forecasting, there is the potential for lost opportunity for revenue enhancement. It is recommended that a Cash and Investment Analyst position be created to be responsible for preparing detailed cash flow analysis and managing the City's investment portfolio in accordance with its investment policy.

To achieve consistency and ensure efficiencies in accounts receivable processes across the corporation, there is a need to rationalize where services are to be provided and to update accounts receivable policies to maximize revenues and ensure equity in the treatment of accounts in arrears. Currently Finance plays no role in the analysis of water/ww revenues and this practice is recommended given the significant dollars that are being generated. Additional resources will be required to undertake detailed reviews of water/ww revenues and customer account analysis. This position should generate additional revenues for the corporation. Meters have a tendency to slow or stop and by identifying these issues, increased revenues will accrue.

The next recommended steps in the process of achieving best practices in financial reporting and accounting will include:

- Identifying, documenting and assessing administrative policies and procedures to determine that they contribute to achieving Financial Reporting and Accounting goals and objectives;
- Considering policies and procedures within the context of compliance with applicable legislation and regulations;
- Assessing the risks and interdependencies associated with the delivery of reporting and accounting services;
- Evaluating service delivery options to determine that risks are identified and managed effectively;
- Defining interdepartmental and interdivisional dependencies and interactions and assessing collaboration with other city departments with recommended process improvements; and
- Evaluating the current decision-making processes within the department and making recommendations that will foster corporate-based decisions.



Recommendations—Financial Reporting and Accounting

The following operational recommendations are proposed for Financial Reporting and Accounting:

- 1. That General Accounts Receivable policies and procedures be established to achieve consistency and ensure efficiencies and that all collection of overdue accounts be centralized in the Finance Department.***
- 2. That Collection and Billing policies be established for water/wastewater revenues.***
- 3. That aged trial balances be distributed on a monthly basis to each of the Operating Departments pertaining to their respective operations.***
- 4. That training be provided on a regular basis to all departmental users of the financial systems.***
- 5. That detailed cash flow projections be prepared and updated on an ongoing basis.***
- 6. That a financial system implementation plan be developed with priorities given to encumbrance accounting and other areas which will create efficiencies (e.g. financial information return preparation).***
- 7. That responsibility for undertaking revenue and account analysis of the City's water/wastewater operations be assigned to Financial Reporting and Accounting and that Finance work in cooperation with Water/WW operations to address any issues as they arise.***

## ***Taxation***

### Key Roles of Taxation

The property tax base is the single largest source of revenue for the City. Municipal tax administration is complex and has been the subject of continuous reform. Staying current with the legislation, cross training of staff and having efficient and effective processes and policies all contribute to the ongoing success of this function. The following summarizes the key roles of the Taxation business unit:

- Ensuring completion of all statutory reporting relating to property taxes;
- Analyzing and making recommendations with respect to tax policies that impact the apportionment of tax burden to various properties including setting tax ratios, discounts for subclass, establishing optional classes and new classes, etc.;
- Calculating property taxes;
- Administering various tax programs including tax capping for protected property classes and liaising with property owners relative to tax programs, deferrals, vacancy, charity and other rebates;
- Providing timely and accurate billing and collection of property taxes and maintaining taxpayer accounts;
- Addressing delinquent realty tax accounts up to date and initiating and conducting property sales pursuant to the Municipal Act;
- Protecting the assessment base by actively reviewing and appealing assessment values that do not accurately reflect market values and therefore reduce the City's revenue base;
- Assessing the validity of all assessment appeals received by the City—performing analysis of assessment appeal and taking lead on appeal preparation;
- Preparing assessment appeals and representing the City's interests during assessment appeal hearings; and
- Maintaining the corporate database of properties and ownership.

Finance Staff Feedback—Taxation

- Customer Service—Staff indicated that the separation of staff on two floors with the direct service delivery at the front counter on main floor and rest of staff on second floor is not ideal and creates inefficiencies and communication and backup challenges. Further, confidentiality is a problem with the front counter set up as is telephone back up.
- Proactive Assessment Management—Staff continue to maintain a proactive role in managing the assessment base. Protection of the assessment base has a payback to the municipality in terms of tax revenues.

Additional Observations—Taxation

In addition to the above noted observations made by staff in Revenues and Collections, the following observations were made:

- Succession Planning and Management Backup is Needed—Currently there is no clear second in command in the business unit and there are challenges when the manager is away from the office. Further, there is a need for succession planning.
- Analytical Depth—Analytical resources are not sufficient to effectively manage tax revenues. Additional cross training is needed in this area to ensure back-up is available for all positions.

Municipal Benchmarking—Taxation

Municipality	Tier	Total 2010 Levy (Upper and Lower Tier) + Education Levy	Tax Collection Staff	Taxation Staff per Net Levy (millions)
Barrie	1	\$ 207.68	9	\$ 24
Brantford	1	\$ 144.77	9.5	\$ 15
Chatham-Kent	1	\$ 147.40	8	\$ 18
Thunder Bay	1	\$ 184.21	9	\$ 20
Burlington	2	\$ 318.91	12	\$ 27
Kitchener	2	\$ 322.71	23	\$ 14
Oakville	2	\$ 371.62	11	\$ 34
<b>Guelph (current)</b>	<b>1</b>	<b>\$ 222.41</b>	<b>7</b>	<b>\$ 32</b>

The benchmarking above also includes all tax revenues collected including upper tier (where applicable) and education. The analysis excludes any staff in other municipalities that are responsible for water/ww billing which is provided by Guelph Hydro on behalf of the City. As shown above, Guelph's staffing levels are the lowest in the survey. A comparison of the total revenues collected by the area to staff ratio was also calculated in the last column of the table above. As shown above, in Guelph staff are processing on average \$32 million per FTE compared with \$14 million in Kitchener. In fact, using a staff to revenue ratio, the City of Guelph has the second lowest staffing levels of the municipalities surveyed.

### Summary —Taxation

Taxation is focused on the timely and effective collection of the City's tax revenues. Additional backup protocol is needed for key positions in the Taxation area to ensure that appropriate resources are assigned to proactively manage the City's assessment base. There is also a need for the City to update its revenue and collection policies and to define clearly the City's approach to assessment management. This is area where additional revenues may be generated through proactive assessment management. It is anticipated that the benefits of the recommended changes will ensure:

- Accuracy and the delivery of timely tax bills
- Maximization of revenue through assessment management
- Fair and competitive tax policies
- Better monitoring of revenues, reducing the risk of lost revenues
- Updated policies for collection and outstanding accounts will be in place

### Recommendations—Taxation

The following operational recommendations are proposed for Taxation:

- 1. That the City of Guelph continue to be proactive and take all necessary steps to protect the fairness of the tax assessment system and optimize the City's tax yield.**
- 2. That a comprehensive Taxation Billing and Collection Policy & Procedures be adopted. The policy should cover the following concepts:**
  - **A Statement of Rationale and Purpose**
    1. **provision of prompt and legal billing**
    2. **levy collection to meet fiscal requirements**
    3. **provision of efficient and courteous service to the constituency**
    4. **ensure uniform and legal application of collection procedures for all taxpayers**
  - **Definition of the Taxation Billing Process**
    1. **interim and final bill calculation**
    2. **legislated notice and form requirements**
    3. **due dates**
    4. **Special charges and/or arrears inclusion**

## ***Internal Audit***

### Key Roles of Internal Audit

To support the new Audit Committee, in late 2009, Finance realigned staff resources with more focus on business process review and internal audit. While internal audits and risk management research was undertaken early in 2010, there has not been sufficient capacity in the department to absorb these additional functions. Competing needs in Finance, such as completion of the tangible capital asset inventory and PSAB changes in the 2009 audited financial reports combined with vacancies in staffing have resulted in minimal internal audit and risk management work being undertaken in the last several months. The additional staff required to support the audit committee is not available within the existing staff complement of Finance without placing other financial planning and accounting activities at risk.

### Finance Staff Feedback—Internal Audit

- Since its inception, the Business Process area which is supposed to be providing the internal audit function on behalf of the City has had limited time to undertake reviews due to conflicting demands and a shortage of staff resources in other areas of Finance.
- The value of the internal audit function has been recognized during its brief existence. For example, a review of transit cash management processes was undertaken and this identified internal control challenges which have since been rectified. While staff currently performing these duties see the significant value of an internal audit function, they are concerned with the reporting relationship within a department which may not be perceived to be objective. Further, by residing in Finance, concern was sited that there will continue to be risks to meeting the goals and objectives of the audit function because competing priorities in Finance often take precedence over audit functions.

### General Observations—Internal Audit

- The current organization structure includes several positions that are responsible for business processes and audit functions; a Manager Internal Audit and Finance Services which is a shared position between audit functions and financial reporting, a Supervisor of Business Processing and a Business Processing Analyst. Since its inception, the Manager position has been vacant for long periods of time and due to vacancies in other areas of the Finance Division, the business processing staff have largely been redeployed to address staffing gaps. As such, the City's internal audit function has not been fully developed.

- Best practice research supports greater independence for the internal audit function and this can be achieved through a significant audit committee role in setting and approving the audit functions staffing and budget; clarity in internal audits role in operational risk and pre-implementation control development matters; reporting to the CAO and adopting a balanced staffing model. According to the Institute of Internal Auditors (IIA), appropriate reporting relationships are critical if internal audit is to achieve independence, objectivity and organizational stature necessary to fulfill its obligations and mandate.

#### Summary—Internal Audit

The overall design of the internal audit system, including best practices, should be geared towards the specific priorities of the City; these should be set by Council and the CAO. To achieve necessary independence, best practices suggest the internal audit function should report directly to the most senior executive (i.e. the CAO) of the organization. This reporting line is stated to be the ultimate source of its independence and authority. The higher the level within the organization to which the auditor reports, the more effective the auditor is in selecting areas to audit and reporting the findings without fear of retaliation or peer pressure. As such, it is recommended that the internal audit function be moved to a direct reporting relationship to the CAO. In addition to adhering to best practices, this will allow the Finance Division to focus on their core services and will ensure that dedicated resources are maintained in the internal audit function. Upgrades to the internal audit function capabilities in terms of dedicated resources available as well as capacity building, will contribute to a more effective control environment.

IAs professional guidance document on the Role of Auditing in Public Sector Governance, states that “Auditors perform an especially important function in those aspects of governance that are crucial in the public sector for promoting credibility, equity, and appropriate behavior of government officials, while reducing the risk of public corruption.” The key elements listed by IIA as the minimum for Government audit activity to achieve its mandate and to act with integrity and produce reliable services, are:

- Organizational independence
- A formal mandate
- Unrestricted access
- Sufficient funding
- Competent leadership
- Competent staff
- Stakeholder support
- Professional audit standards

#### Recommendations—Internal Audit

- 1. That the function of Internal Audit be transferred to the CAOs office with a direct administrative reporting relationship to the CAO administratively and a functional reporting relationship to the Audit Committee.***



**Proposed Organization Structure**

DRAFT

### ***Proposed Organization Structure***

Organizational design encompasses much more than simply the structure; it is the formal process for integrating the people, information and technology of an organization. This means looking at the complex relationship between tasks, workflow, responsibility and authority, and making sure these all support the objectives of the Finance Division. Good organizational design helps communications, productivity and innovation. It creates an environment where people can work effectively. Many productivity and performance issues can be traced back to poor organization design. An organization can have a mission statement, great people and great leadership and still not perform well because of poor organizational design.

As part of the review process, an analysis of the current organization design was undertaken to look at the processes and performance related human resource programs to ensure, effective operations within the Finance Division. Further, the gap analysis presented in the last section of the report recommended specific issues that should be addressed, requiring specialized expertise and also where resources are insufficient to meet the requirements in the delivery of the core services of Finance. The analysis included:

- Reviewing the current organizational structure and roles and responsibilities;
- Analyzing the staffing levels against other municipalities, recognizing that a number of factors impact staffing levels;
- Reviewing legislative and regulatory responsibilities, trends in the provision of financial services and best practice research; and
- Reviewing feedback from staff and stakeholder departments.

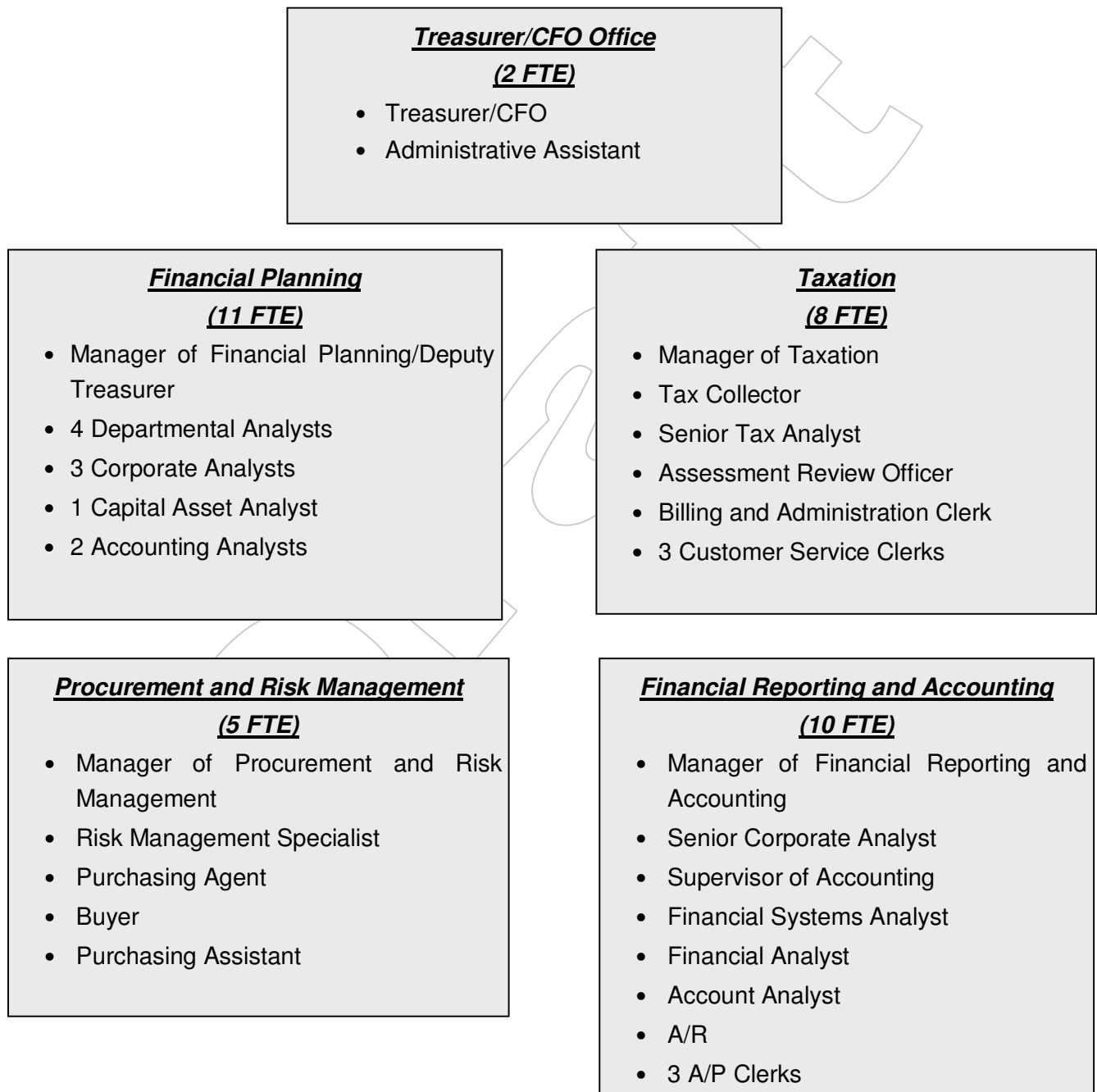
Current staffing levels and existing service delivery model presents a number of challenges and risks:

- Not meeting the Operating Department's expectations in terms of responsive service
- Compromised opportunity to understand and support the Operating Departments
- Disconnects in the Operating and Capital Budgets
- Not able to complete financial statements on a timely basis
- Not capitalizing on available technologies to create efficiencies in work processes
- Not maximizing revenues (e.g. water/sewer account analysis, AR collections, user fee analysis, proactive assessment management, investment, cash management)
- Increasing potential risks and liabilities without a proactive insurance and risk management strategy and supporting resources
- Not able to undertake special projects and effectively analyze business cases
- Not following best practice research in the reporting relationship of Internal Audit to Finance

The proposed organization structure moves the Finance Division from a Department that has historically been focused on transactions to a more balanced approach which includes additional focus on strategic financial planning and risk management. The existing staff complement in Finance is 29 FTEs and the recommended staffing level is 36 FTEs. A number of positions and reporting relationships will change in the proposed new organization structure. As well, specific resources gaps have been addressed in the areas of direct financial planning support for the operating departments; performance measurement and outcome-based budgeting; systems analysis and support in the Finance Division to improve the efficiency of the operations; proactive risk management, cash and investment management and proactive assessment/revenue management. It is anticipated that these changes will result in efficiencies for the organization, increased revenues and improved customer service standards.

Recommendations—Staffing Levels and Positions

1. ***That the following positions, staffing levels and organizational structure be implemented:***



**BMA Consulting Inc.**  
**City of Guelph Finance Operational Review – January 18, 2011**  
**Draft Implementation Plan**

Task	Responsibility	Time Frame	Status
Finance Division's roles be clearly defined			
That Service Level Agreement (SLA) be developed with stakeholders departments			
The CFO be an active participant in the Senior management Leadership of the organization			
All reports to Council which have financial implications be processed through the CFO			
CFO be directly involved with any committees related to major capital projects			
Ongoing monitoring and maintenance of the City's comprehensive long range financial plan			
Financial Planning play a leadership role in the development of performance measures and an outcome based budget			
Comprehensive review on all user fees to ensure they are based on approved policies and have identified the full cost of service			

Work with all departments to develop a risk inventory and strategic risk management plan through an interdepartmental risk identification and review of protocols			
Updating the purchasing by-law with an overall objective of creating efficiencies			
Establish protocol for updating and posting information to the intranet with respect to approved vendors			
Procurement and Risk management business unit provide training as policies are amended and on an ongoing basis as problems arise			
General Accounts Receivable policies and procedures be established			
Collection and Billing policies be established for water/wastewater revenues			
Aged trial balances be distributed on a monthly basis to each of the Operating Departments			
Training be provided to all departmental users of the financial systems  Detailed cash flow projections be prepared and updated on an ongoing basis			
Financial system implementation plan be developed with priorities given to encumbrance accounting and other areas which will create efficiencies			

Responsibility for undertaking revenue and account analysis of the City's water/wastewater operations be assigned to Financial Reporting and Accounting			
Be proactive and take all necessary steps to protect the fairness of the tax assessment system			
Comprehensive Taxation Billing and Collection Policy & Procedures be adopted			
The function of Internal Audit be transferred to the CAOs office			

# CORPORATE ADMINISTRATION, FINANCE & EMERGENCY SERVICES COMMITTEE MANDATE AND CHARTER

## MANDATE:

### 1. **Mandate**

The Committee's mandate defines its core areas of management and responsibility. Established by Procedural Bylaw (1996) 15200 for Standing Committees, it is the mandate of the Corporate Administration, Finance & Emergency Services Committee to ensure that appropriate policies, principles, procedures and roles are established for the following functional areas:

- Corporate Administration
- Economic Development & Tourism
- Emergency Services
- Financial Services
- Information Services
- Human Resources & Legal Services

### 2. **Composition of the Committee**

- The Committee will be comprised of four members of Guelph City Council and the Mayor.
- The Chair is appointed by City Council.
- The Chair and members shall be appointed by Council for a one year term.
- The Chief Administrative Officer and the Executive Director of Human Resources & Legal Services and other specialists may be called upon to conduct research, communications or any other Committee identified requirements.

## CHARTER:

### 1. **Operating Principles**

All Committee work will be carried out in accordance with provisions of the Municipal Act and other governing legislation and the Committee will fulfill its responsibilities within the context of the following principles:

- **Committee Values** - The Council's Code of Conduct, transparency and accountability will guide Committee efforts and promote interaction with the highest ethical standards and professionalism while ensuring that the best interests of the community are met. The Council endorsed corporate values of wellness, integrity and excellence will also be observed.
- **Communications** - The Committee Chair will act as the primary spokesperson for any related inquiries.
- **Meeting Agenda** - Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with Committee members and staff.
- **Notice of Meetings** - Public notice of all committee meetings will be provided on the City's electronic general calendar at least 72 hours prior to a meeting; by posting a notice in City Hall at least 72 hours prior to the meeting; and by publication in a local paper at least 72 hours prior to the meeting. It is recognized that some items consistent with Section 239 in the Municipal Act may permit a meeting to be closed to the public. The holding of any closed meetings and the general nature of the matter to be considered will be made public to ensure full transparency.
- **Committee Expectations and Information Needs** - Meeting minutes will be recorded and distributed to Committee members with each meeting agenda. All decisions that lead to the formulation of recommendations for Council consideration will take place at the Committee meetings only and not through electronic or other outside exchanges. All pertinent information will be shared with all Committee members in advance of meetings. This can include but not be limited to meeting minutes, any supplemental information, public input, media requests etc.



- Reporting to Council - The Committee will report to Council with recommendations for approval.

## 2. **Responsibilities and Duties**

Specific roles and responsibilities for the Committee as a whole include making recommendations and offering advice for the consideration of Guelph City Council with respect to:

- Corporate Administration
- Economic Development & Tourism
- Emergency Services
- Financial Services
- Information Services
- Human Resources & Legal Services

Specific roles and responsibilities for the Committee Chair include:

- Calling the meetings.
- Maintaining order and decorum during meetings, deciding questions of procedure, and generally ensuring that the Committee work proceeds smoothly according to the Committee's work plan.
- Ensuring adequate and appropriate opportunities are provided for input by the public and other key stakeholders at meetings.
- Framing the issues and setting the tone for the committee's discussions.
- Engaging all members in the decision making process.
- Fostering a constructive culture/tone of meetings.
- Guarding responsibilities and boundaries.
- Defining discussion parameters.
- Building consensus.
- Focusing discussion.
- Ensuring the will of the council prevails.
- Quickly handling new business.
- Speaking on behalf of the committee at the Council level.
- Working closely with senior management.
- Modeling the behavior expected of members.

Specific roles and responsibilities for the Committee Members include:

- Reading all agenda material, and seek clarification on any matters prior to meetings in order to make the most effective use of the Committee's time.
- Attending meetings and participate fully in all Committee work.
- Debating the issues in an open, honest and informed manner to assist the decision-making process;
- Actively contributing to reaching Committee recommendations and directions.
- Representing and advocating on behalf of constituents, keeping in mind the entire municipality when considering and addressing issues.
- Having a broad awareness of the interrelationship of the City's strategic initiatives and its operations
- Understanding the difference between the role of the Committee and the role of management.
- Having a willingness to challenge management when necessary.

## 3. **Operating Procedures**

Specific operating procedures for the Corporate Administration, Finance & Emergency Services Committee shall include:

- The Committee shall meet monthly, with the authority to convene additional meetings as may be necessary to exercise its responsibilities.
- A quorum shall be a majority of the whole committee (3).
- Meeting minutes will be provided to each member of the committee as part of the agenda for the meetings.
- In the event, consensus cannot be achieved on recommendations to be made to Council, the normal voting process will occur consistent with approved by-laws.
- The Chair shall vote on any motion.
- Any rule not stated herein is deemed to be provided in By-law 1996-15200 Consolidate Procedural By-law.

# COMMITTEE REPORT



**TO** Corporate Administration, Finance & Emergency Services Committee

**SERVICE AREA** Emergency Services  
**DATE** January 18<sup>th</sup>, 2011

**SUBJECT** City of Guelph Emergency Response Plan & Emergency Management Program

**REPORT NUMBER**

---

## **RECOMMENDATION**

That Council adopts the 2011 Emergency Response Plan and Emergency Management Program by bylaw.

## **BACKGROUND**

In 2010 a new functional model was created at the City of Guelph. Two new members were added to the Emergency Operations Control Group (EOCG). Responsibilities were adjusted as a result. A review of the plan by the Community Emergency Management Program Committee (CEMPC) has caused the committee to recommend to council that the '2011 Emergency Response Plan and Emergency Management Program be adopted'.

## **REPORT**

Ontario Regulation 380/04 requires each municipality to have a CEMPC. That committee is required to conduct an annual review of the emergency management program and to make recommendations to council if revision is necessary.

The CEMPC has reviewed the current plan and found that it is necessary to update the plan to reflect the current members and their responsibilities. The prime reasons for this are:

- Executive Director of Human Resources & Legal Services added as an EOCG member. Commensurate responsibilities added to plan.
- Executive Director of Community & Social Services added as an EOCG member. Commensurate responsibilities added to plan.
- Executive Director of Operations & Transit had a title & responsibility change. This caused an amalgamation of duties.
- Executive Director of Planning, Engineering & Environmental Services had a title & responsibility change. This caused an amalgamation of duties.
- General Manager of Emergency Services and General Manager of Information Services / City Clerk had a title change.
- Chief Operating Officer of Guelph Hydro had a title change.

- 
- Other minor housekeeping changes.

The Emergency Management and Civil Protection Act, R.S.O. 1990, c. E-9 mandates that municipalities must pass a bylaw authorizing their Emergency Response Plan and their Emergency Management Program.

### **CORPORATE STRATEGIC PLAN**

2.4 - The lowest crime rate and best emergency services record of any comparable-sized Canadian city.

### **FINANCIAL IMPLICATIONS**

N/A

### **DEPARTMENTAL CONSULTATION**

All members of the Emergency Operations Control Group internally and externally have reviewed their responsibilities and approved them for the 2011 Emergency Response Plan.

### **COMMUNICATIONS**

The plan, once approved is a public document. It will be placed on Guelph.ca and in the library branches.

### **ATTACHMENTS**

2011 Emergency Response Plan

2011 Bylaw

Original Signed by:

Original Signed by:

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#### **Prepared By:**

Harry Dunning  
Mngr. Admin. & Emerg. Preparedness  
519-822-1260 Ext. 2127  
Harry.dunning@guelph.ca

---

#### **Recommended By:**

Shawn Armstrong  
Gen. Mngr. of Emergency Services  
519-822-1260 Ext. 2125  
Shawn.armstrong@guelph.ca

**THE CORPORATION OF THE CITY OF GUELPH**

**By-law Number (2011)- XXXX**

**A by-law to to adopt an Emergency Management Program and an Emergency Response Plan for the protection of public safety, health, the environment, critical infrastructure and property.**

WHEREAS the *Emergency Management and Civil Protection Act*, R.S.O. 1990, c. E-9, requires the development and implementation of an emergency management program by the council of a municipality which must consist of:

- an emergency plan;
- training programs and exercises for employees of the municipality and other persons with respect to the provision of necessary services and the procedures to be followed in emergency response and recovery activities;
- public awareness on risks to public safety and on public preparedness for emergencies; and
- any other element required by the standards for emergency management programs established by the Province of Ontario.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF GUELPH ENACTS AS FOLLOWS:

1. The Emergency Management Program attached hereto as Schedule “A” to this by-law, is hereby adopted.
2. The City of Guelph Emergency Response Plan attached hereto as Schedule “B” to this by-law, is hereby adopted.

Passed this ??<sup>th</sup> day of January 2011.

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Karen Farbridge, Mayor

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Lois A. Giles, City Clerk

**Schedule “A” to By-law (2011)-XXXX**

**City of Guelph**

**Emergency Management Program**

## **Emergency Management Program**

The City of Guelph Emergency Management Program shall be established annually, and in order to meet the essential level of emergency preparedness established by the Province of Ontario, shall consist of:

1. Designation of a community emergency management coordinator.
2. Formation of a community emergency management program committee.
3. Publication of an approved community emergency response plan.
4. Development of an appropriate community emergency operations centre
5. Identification of critical infrastructure.
6. Conduct annual training for the emergency operations control group and emergency operations centre staff.
7. Conduct of an annual exercise to evaluate the community emergency response plan.
8. Identification of individuals to act as community emergency information staff.
9. Development and implementation of a community emergency management public awareness program.
10. Conduct an annual review of the community emergency management program.
11. Conduct a hazard identification and risk assessment.

**Schedule “B” to By-law (2011)-XXXX**

**City of Guelph**

**Emergency Response Plan**



**CITY OF GUELPH**  
**EMERGENCY RESPONSE PLAN**  
**2011**



Updated  
December, 2010

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# CITY OF GUELPH EMERGENCY RESPONSE PLAN

## **PART A: INTRODUCTION**

Emergencies are defined as situations or the threat of impending situations abnormally affecting the lives and property of our society, which by their nature require coordinated response by a number of agencies, both governmental and private, under the direction of the appropriate elected officials, as distinct from routine operations carried out by the agencies as normal day-to-day procedures.

Such emergencies could include floods, tornadoes, wind storms, blizzards, ice storms, explosions, aircraft or rail crashes, toxic or flammable gas escapes, building collapses, uncontrollable fires, or any threat of the foregoing in which immediate remedial action will be required by the City of Guelph. The most likely community risks to the City of Guelph are:

- 1) Severe Weather (including Tornadoes and Ice Storms).
- 2) Hazardous Material releases from fixed or mobile sites.
- 3) Human Health Emergencies.

The population of Guelph is approximately 120,000 residents (138,000 when University students included).

In order to protect residents, businesses and visitors, the City of Guelph requires a coordinated emergency response by a number of agencies under the direction of the Emergency Operations Control Group. These are distinct arrangements and procedures from the normal, day-to-day operations carried out by emergency services.

The City of Guelph Community Emergency Management Program Committee developed this emergency response plan. Every official, municipal department and agency must be prepared to carry out assigned responsibilities in an emergency. The response plan has been prepared to provide key officials, agencies and departments of the City of Guelph important emergency response information related to:

- ❖ Arrangements, services and equipment; and
- ❖ Roles and responsibilities during an emergency.

In addition, it is important that residents, businesses and interested visitors be aware of its provisions. Copies of the City of Guelph Emergency Response Plan may be viewed at City Hall and the Library Branches. A copy of the plan and other important emergency management information may be viewed and copied at [guelph.ca](http://guelph.ca).

## **PART B: AIM**

The aim of this plan is to make provision for the extraordinary arrangements and measures that may have to be taken to protect the health, safety, welfare, environment and economic health of the residents, businesses and visitors of the City of Guelph when faced with an emergency.

It enables a centralized, controlled and coordinated response to emergencies in the City of Guelph, and meets the legislated requirements of the Emergency Management and Civil Protection Act.

There are many types of emergencies which the City of Guelph is prepared to deal with. The most likely are:

- 1) Severe Weather (including Tornadoes and Ice Storms).
- 2) Hazardous Material releases from fixed or mobile sites.
- 3) Human Health Emergencies.

For further details, please contact the Community Emergency Management Coordinator at [epg@guelph.ca](mailto:epg@guelph.ca).

## **PART C: AUTHORITY**

The *Emergency Management and Civil Protection Act (EMCPA) R.S.O. 1990, c. E-9* is the legal authority for this emergency response plan in Ontario.

The *EMCPA* states that the:

“The head of council of a municipality may declare that an emergency exists in the municipality or in any part thereof and may take such action and make orders as he or she considers necessary and are not contrary to law to implement the emergency plan of the municipality and to protect property and the health, safety and welfare of the inhabitants of the emergency area.”

As enabled by the *Emergency Management and Civil Protection Act, R.S.O. 1990, c. E-9* this emergency response plan and its' elements have been:

- ❖ Issued under the authority of the *City of Guelph By-Law(2011) #XXXX* and
- ❖ Filed with Emergency Management Ontario, Ministry of Community Safety and Correctional Services.

### **a) Definition of an Emergency**

The *EMCPA* defines an emergency as:

“An emergency means a situation or an impending situation that constitutes a danger of major proportions that could result in serious harm to persons or substantial damage to property and that is caused by the forces of nature, a disease or other health risk, an accident or an act whether intentional or otherwise”.

The Emergency Operations Centre's (EOC) can be activated for any emergency for the purposes of managing it, by maintaining services to the community and supporting the emergency site.

### **b) Action Prior to Declaration**

When an emergency exists but has not yet been declared to exist, community employees may take such action(s) under this emergency response plan as may be required to protect property and the health, safety and welfare of the City of Guelph.

## **PART D: EMERGENCY NOTIFICATION PROCEDURES**

Upon receipt of a warning of a real or potential emergency, a member of the Emergency Operations Control Group or alternate will immediately contact the City of Guelph Police Duty Supervisor, to request that the notification system be activated.

Upon receipt of the warning, the Guelph Police will notify all members of the Emergency Operations Control Group (EOCG).

Upon being notified, it is the responsibility of all EOCG officials to notify their staff and affiliated volunteer organizations.

Where a threat of an impending emergency exists, the EOCG will be notified and placed on standby.

### ***a) Requests for Assistance***

Assistance may be requested from the Province of Ontario at any time without any loss of control or authority. A request for assistance should be made by contacting Emergency Management Ontario. This contact shall be the responsibility of the EOCG.

### ***b) A Declared Community Emergency***

The Head of Council is responsible for declaring an emergency. This decision is usually made in consultation with other members of the EOCG.

Upon declaring an emergency, the head of council will ensure notification of:

- ❖ Emergency Management Ontario, Ministry of Community Safety and Correctional Services
- ❖ City Council
- ❖ Public
- ❖ Neighbouring community officials, as required
- ❖ Local Member of the Provincial Parliament (MPP)
- ❖ Local Member of Parliament (MP)

A community emergency may be terminated at any time by:

- ❖ The Head of Council or the Council.

When terminating an emergency, the Head of Council will ensure notification of:

- ❖ Emergency Management Ontario, Ministry of Community Safety and Correction Services
- ❖ City Council
- ❖ Public
- ❖ Neighbouring community officials, as required
- ❖ Local Member of the Provincial Parliament (MPP)
- ❖ Local Member of Parliament (MP)



## **PART E: EMERGENCY OPERATIONS CONTROL GROUP**

### **a) *Emergency Operations Control Group (EOCG)***

The emergency response will be directed and controlled by the Emergency Operations Control Group (EOCG) – a group of officials who are responsible for coordinating the provision of the essential services necessary to minimize the effects of an emergency on the community. The EOCG consists of the following officials:

- ❖ Mayor, or alternate
- ❖ Chief Administrative Officer, or alternate
- ❖ General Manager of Information Services / City Clerk, or alternate
- ❖ Chief of Police, or alternate
- ❖ General Manager of Emergency Services, or alternate
- ❖ Executive Director of Planning, Engineering & Environmental Services, or alternate
- ❖ Executive Director of Operations & Transit, or alternate
- ❖ Medical Officer of Health, or alternate
- ❖ Director of Wellington County Social Services, or alternate
- ❖ Chief Operating Officer of Guelph Hydro, or alternate
- ❖ Executive Director of Community & Social Services, or alternate
- ❖ Executive Director of Human Resources & Legal Services, or alternate
- ❖ Additional personnel called or added to the EOCG **may** include:
  - Emergency Management Ontario Representative
  - Grand River Conservation Authority Representative
  - Liaison staff from provincial ministries
  - Community Emergency Management Coordinator, or alternate
  - Red Cross Representative
  - Emergency Medical Services Representative
  - Chief Financial Officer, or alternate
  - School Board Officials
  - Hospital Officials
  - Any other officials, experts or representatives from the public or private sector as deemed necessary by the EOCG

The EOCG may function with only a limited number of persons depending upon the nature of the emergency. While the EOCG may not require the presence of all the people listed as members, all members must be notified.

**b) Emergency Operations Centre**

Upon notification the EOCG will report to the primary Emergency Operations Centre. In the event this operation centre cannot be used, then the EOCG will be advised to attend the alternate EOC.

**c) Operating Cycle**

Members of the EOCG will gather at regular intervals to inform each other of actions taken and problems encountered. The Chief Administrative Officer will establish the frequency of meetings and agenda items. Meetings will be kept as brief as possible thus allowing members to carry out their individual responsibilities. The Duty Officer will maintain maps which will be prominently displayed and kept up to date. Members of the EOCG and Support Staff will contribute to, and keep up to date, a computerized main event log.

**d) Emergency Operations Control Group Responsibilities**

The members of the Emergency Operations Control Group (EOCG) are likely to be responsible for the following actions or decisions:

- ❖ Ensure the earliest possible response and overall control of emergency operations
- ❖ Appointment of an Emergency Site / Incident Manager (ES/IM) from the appropriate department or agency
- ❖ Undertake immediate actions to eliminate sources of potential danger within the affected area
- ❖ Ensure that unaffected areas of the City continue to receive a reasonable level of service having regard for demands on resources occasioned by the emergency
- ❖ Ensure coordinated acquisition and distribution of emergency resources, supplies and equipment
- ❖ Establish an Emergency Operations Centre and any other necessary emergency operations control facilities, reception / evacuation centres, etc.
- ❖ Arrange immediate first aid treatment and transport of casualties to hospitals and / or designated sites
- ❖ Secure the emergency /incident site to establish crowd control, facilitate emergency operations access / egress, and prevent injuries / casualties
- ❖ Provide timely, factual, and official information to the emergency operations officials, media, public, and individuals seeking personal information
- ❖ Evacuate any building that poses a threat to public safety
- ❖ Provide for a total or partial controlled evacuation of the City, as required
- ❖ Provide emergency food, lodging, clothing, and essential social services and assistance to persons affected by the incident and emergency services personnel involved

- ❖ Arrange for assistance from private, voluntary, non-profit and government organizations and agencies
- ❖ Commencement of coordinated recovery activities
- ❖ Authorization of expenditures
- ❖ Restoration of essential services.
- ❖ All employed persons (and volunteers as deemed appropriate as per section 71 of the WSIA) shall be covered for the duration of the declared emergency under the Workplace Safety and Insurance Act, so long as it is declared by the head of council. (In the event of the foregoing, the City of Guelph shall require registration of the volunteer(s) to record that they are, in fact, volunteering on behalf of the City of Guelph, during the declared emergency).

## **PART F: EMERGENCY RESPONSE SYSTEM**

### ***a) The individual responsibilities of the Community Control Group:***

#### **1. Mayor or Acting Mayor**

The Mayor or Acting Mayor is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Attending all regular meetings of the Emergency Operations Control Group
- In consultation with the Emergency Operations Control Group, declaring an emergency to exist within a designated area of the City
- In consultation with the Emergency Operation Control Group, declaring an emergency terminated
- Ensuring that this plan has been activated once an emergency has been declared
- Notifying Emergency Management Ontario, Ministry of Community Safety and Correctional Services of the declaration and termination of the emergency
- Ensuring members of council, Member of Parliament, Member of Provincial Parliament, local municipalities and the public are kept advised of the status of the emergency situation
- To act as the City's official spokesperson for all public announcements and media conferences
- Calling a special meeting of Guelph City Council after the termination of the emergency in order to act on any recommendations of the Emergency Operations Control Group
- Maintaining a record of all of his/her action taken

## **2. Chief Administrative Officer, or alternate.**

The Chief Administrative Officer, or alternate for the City of Guelph is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- As the Operation Officer, coordinating all operations within the Emergency Operations Control Centre
- Providing regular updates and acting as principal adviser to the Mayor and Council on all emergency related matters
- Approving, in conjunction with the Mayor, major announcements and media releases prepared by the General Manager of Information Services / City Clerk, in consultation with the Emergency Operations Control Group
- Ensuring that a communication link is established between the Emergency Operations Control Group and the Emergency Site / Incident Manager
- Calling out additional City staff to provide assistance, as required.
- Recommending to the Mayor when a declaration of a state of local emergency is necessary or when the state of local emergency may be terminated
- Activating any community mutual assistance agreements as required
- Commencing at the earliest possible time, the long-term operations plan and establish the priorities for the restoration of services and facilities to the community
- Calling a special meeting of the Emergency Operations Control Group as soon as practicable after the termination of the emergency to consider the report on the emergency response
- Maintaining a record of all of his/her action taken

### **3. General Manager of Information Services / City Clerk, or alternate.**

The General Manager of Information Services / City Clerk, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Activating Information Services emergency mobilization system
- Reporting to the Emergency Operations Centre and advising the members of the Emergency Operations Control Group on all matters relating to information, to and from the public
- Assuming direction and control over the operation of the emergency public inquiry and media centre(s)
- In concert with selected members of the Emergency Operations Control Group, preparing self-help information that may be released through the emergency public inquiry telephones or the media
- Preparing information for the approval of the Chief Administrative Officer and Mayor for release to the media
- Preparing on behalf of the Mayor, a schedule of meetings with the media
- Providing public information support services to the Emergency Site / Incident Manager(s)
- Arranging for any additional facilities or resources that may be required to support the emergency public inquiry and media centres
- Liaise with the ESM site information officer
- Keeping the Mayor briefed on emerging and ongoing issues
- Preparing the Mayor prior to any news conferences
- Monitoring accuracy and timeliness of media information
- Providing a crisis communication plan in support of these efforts
- Discontinuing services to any consumer, as required, and restoring these services when appropriate
- Maintaining a record of all General Manager of Information Services / City action taken

#### **4. Police Chief, or alternate.**

The Police Chief, or alternate is responsible for:

- Activating the emergency notification system, and ensuring all members of the Emergency Operations Control Group are notified
- Controlling and, if necessary, dispersing crowds within the emergency area
- Controlling traffic where required to facilitate the movement of emergency vehicles both in and out of the emergency area
- Conducting the evacuation of buildings as required & ensuring a supporting evacuation plan is maintained.
- Arranging for the maintenance of law and order in any communal emergency welfare facility
- Ensuring the protection of public and private property against looting within the emergency area
- Advising the Coroner in the event of casualties
- To activate the Ontario Provincial Police, and any other Police Service with disaster equipment, when deemed necessary
- Providing a representative at an Information Centre if required
- Notifying necessary emergency and municipal services, as required
- Establishment of a site command post with communications to the emergency operations centre
- Establishment of ongoing communications with the senior police official at the scene of the emergency
- Establishment of an inner perimeter within the emergency area
- Establishment of an outer perimeter in the vicinity of the emergency to facilitate the movement of emergency vehicles and restrict access to all but essential emergency personnel
- Liaison with Social Services regarding the establishment and operation of evacuation and reception centres
- Ensuring that dangerous goods support services are contacted when required
- Providing an Emergency Site / Incident Manager if required
- Calling out additional Police Service members to provide assistance, as required
- Maintaining a record of all Police Service action taken

## **5. General Manager of Emergency Services, or alternate.**

The General Manager of Emergency Services, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Conducting all operations connected with the fighting of fires
- Activating the Wellington County Mutual Fire Aid System if it is deemed necessary
- Determining if additional special equipment or supplies will be required, and if so, make the necessary arrangements for procurement - e.g. - air packs, special protective clothing, rescue equipment, etc
- Providing equipment and personnel to assist in pumping operations
- Providing resuscitation equipment and trained personnel when or where required
- Assisting the Police Service in the evacuation of buildings where special equipment is needed
- Providing the Emergency Operations Control Group with information and advice on fire fighting and rescue matters
- Establishment of an ongoing communications link with the senior fire official at the scene of the emergency
- Ensuring that dangerous goods support services are contacted when required, in accordance with the Emergency Plan
- Providing an Emergency Site / Incident Manager if required
- Assist land ambulance in providing basic first aid
- Ensuring that appropriate resources (site responders and equipment) are provided to the site in the event of a chemical spill, in order to mitigate further migration of the hazardous material and to prevent further damage to life, property or the environment. Work in conjunction with the Executive Director of Planning, Engineering & Environmental Services to ensure that appropriate operations are applied to the clean-up and disposal of hazardous material. Ensure that appropriate authorities are notified
- Accountability for land ambulance provision
- Act as the coordinating link with land ambulance.
- Liaison with Ministry of Health and Long Term Care Emergency Health Services Branch
- Ensure the overall co-ordination of 'Emergency Medical Response' to an emergency by EMS staff
- Provide for and maintain Emergency Medical Services at emergency site
- Direct liaison between E.M.S. and Site / Incident Manager
- Assess and determine need, request and co-ordinate deployment of 'on site Medical Teams'
- Establish and maintain open link communications with Cambridge CACC (Central Ambulance Communications Centre)
- Liaise with Public Health 'Incident Manager'



- Updated reporting to Medical Officer of Health and Ministry of Health and Long Term Care designate
- Provide for technical assistance and resources to Medical Officer of Health in order to assess emergency medical needs
- Determine resource availability and ensure a coordinated deployment to emergency site (i.e.- air ambulance, multi-patient buses, support units, paramedics, etc.)
- Procurement and approval of supply purchases
- Ensure appropriate patient allocation to receiving medical facilities and efficient distribution of patient load
- If required, appoint an E.M.S. Emergency Site / Incident Manager, liaising through CCAC (Community Care Access Centre) for information regarding invalids or disabled citizens that may reside in an area to be evacuated
- Assist in the co-ordinated effort for transport of persons in health care facilities, nursing homes, homes for the aged, etc. in the need of evacuation
- Activation of Critical Incident Stress Management Team
- Participation in debriefing and assisting the CEMC in the preparation of Incident Report
- Maintaining a record of all Emergency Services action taken

**6. Executive Director of Planning, Engineering & Environmental Services, or alternate.**

The Executive Director of Planning, Engineering & Environmental Services, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Providing assistance to the General Manager of Emergency Services, in the event of a chemical spill, to ensure that appropriate operations are applied to the clean-up and disposal of hazardous material, preventing further damage to, or contamination of City infrastructure and providing assistance to the General Manager of Emergency Services to maintain a spills plan in support of these activities
- Disposal of other dangerous or hazardous material in consultation with Medical Officer of Health and the General Manager of Emergency Services
- Liaison with Ministry of Environment
- Maintenance of water supply and distribution systems
- Liaison with the General Manager of Emergency Services concerning emergency water supplies for firefighting purposes
- Providing emergency potable water, supplies, and sanitation facilities to the requirements of the Medical Officer of Health
- Discontinuing services to any consumer, as required, and restoring these services when appropriate
- Providing information, advice and assistance on engineering matters
- Providing information, advice and assistance on matters relating to building safety
- Providing an Emergency Site / Incident Manager if required
- Maintaining a record of all Planning, Engineering & Environmental Services action taken

## **7. Executive Director of Operations & Transit, or alternate.**

The Executive Director of Operations & Transit, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Providing temporary traffic control devices at the site of the incident on receipt of the “Emergency Alert”
- Obtaining information on rising flood waters as required
- Carrying out all snow clearing/removal operations
- Organizing and procuring equipment as required
- At the direction of the Chief Building Official, arrange for demolition of unsafe buildings and excavation operations where required
- Maintenance of sanitary sewage systems
- Advising on alternate traffic routes and establishing detours during the emergency. Establishing traffic signal control plans to facilitate emergency evacuation
- Through a Community Mutual Assistance Agreement, liaise with senior Public Works Officer(s) from participating municipality(s) to ensure a coordinated response
- Construction, maintenance, and repair of city roads
- As required/requested lend assistance to public utilities disconnecting any service representing a hazard and/or arranging for the provision of alternative services or functions
- Providing and maintaining vehicles and equipment, including communication equipment as available and as required by other emergency services
- Providing Park space as required
- Discontinuing services to any consumer, as required, and restoring these services when appropriate
- Assuming direction and control over all means of public transit used in response to the emergency
- Providing an Emergency Site / Incident Manager if required
- Maintaining a record of all Operations & Transit Department action taken

## **8. Medical Officer of Health, or alternate.**

The Medical Officer of Health, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Assume a lead role in response to a human health emergency through activation of Public Health Response Plan.
- Prepare information/instructions to the population pertaining to public health risk reduction for the municipality to distribute.
- Consult on the safe disposal of biohazardous and other dangerous material that may affect public health.
- Co-ordinate vaccine management and implement mass immunization plan as required.
- Advise municipality on potability of emergency water supplies and sanitation facilities as required by Planning, Engineering & Environmental Services.
- Liaise with the Ministry of Health and Long Term Care, Public Health Division.
- Consult with coroner on temporary morgue facilities.
- Fulfill legislative mandate of the Medical Officer of Health as outlined in relevant provincial legislation, such as the Ontario Public Health Standards, the Health Protection and Promotion Act and related protocols.
- Provide direction on any matters which may adversely affect public health.
- Liaise with voluntary and private agencies around matters of public health importance.
- Liaise with Wellington County Social Services on preventing human health risks in evacuation centres in areas of safe food preparation, infection control practices, water quality, and sanitation.
- Keep record of all Public Health activities including actions taken and decisions made.
- Participate in debriefings as required.

**9. Director of Wellington County Social Services, or alternate.**

The Director of Wellington County Social Services, or alternate has five essential areas of responsibility; Food, Clothing, Lodging, Registration and Inquiry, and Personal Services. These services are delivered through operation of a Reception Centre, or Overnight Shelter. They will be accomplished by the following:

- On becoming aware that an emergency has occurred or is threatening to occur, activating the emergency notification system through the Guelph Police Service
- Participate in the management of the emergency response as a member of the Emergency Operations Control Group
  - Identify appropriate facilities to be used as a reception centre or overnight shelter. Notify the facility contact persons, and assign a manager
  - Assume the command role in operation of reception centres or shelters, or assign command to a Red Cross representative per the existing MOU
  - Liaison with partner Agency's: Red Cross, St. John Ambulance, Salvation Army, Victim Services, etc.
  - Activate Mutual Assistance and various supply agreements as needed: school boards, bus operators, caterers, etc.
  - Maintaining a record of all Social Services action taken and of all expenditures.

**10. Chief Operating Officer of Guelph Hydro, or alternate.**

The Chief Operating Officer of Guelph Hydro, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Discontinuing services to any consumer where this is considered in the interest of public safety
- Maintaining services on a priority basis where necessary/practicable
- In conjunction with the Emergency Operations Control Group, establish priorities for the restoration of services
- Maintaining a record of all Guelph Hydro action taken

**11. Executive Director of Community & Social Services, or alternate.**

The Executive Director of Community & Social Services, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Making City facilities available for the purposes of registration and sheltering of displaced persons
- Providing and directing City staff to assist Wellington County Social Services and the Canadian Red Cross with facilities and operation of shelters
- Making City facilities available for the purposes of assisting the public during periods of extreme weather
- Provide the Accessibility Services to assist with shelter management issues dealing with persons with disabilities
- Maintaining a record of all Community & Social Services action taken

**12. Executive Director of Human Resources & Legal Services, or alternate.**

The Executive Director of Human Resources & Legal Services, or alternate is responsible for:

- Activating the emergency notification system through the Guelph Police Service
- Advising the members of the Emergency Operations Control Group on all matters related to the acquisition and utilization of human resources
- Registering and maintaining a work record of individuals employed or utilized as volunteers during the emergency and/or post-emergency phases
- Ensuring that each person employed or utilized as volunteers receives an identification card for feeding, transportation, and other purpose
- Advising on labour relations issues and legislation
- Providing advice to members of the Emergency Operations Control Group on matters of a legal nature as they may apply to actions of the City of Guelph in its response to the emergency, as required
- Maintaining a record of all Human Resources & Legal Services action taken



**b) Support and Advisory Staff**

The following staff may be required to provide support, logistics and advice to the EOCG:

**1. Community Emergency Management Coordinator, or alternate.**

The Community Emergency Management Coordinator, or alternate is responsible for:

- Making arrangements as necessary to ensure the Emergency Operation Centre is operational
- Maintaining an emergency operation centre management plan.
- Maintaining a current EOCG call-out list
- Maintaining a community resource and contact list
- Maintaining a hazard / contingency checklist for the use of the EOCG
- Maintaining a incident management plan for the use of the Site / Incident Managers
- Monitoring situation and preparing a duty roster in consultation with EOCG members for continuous operation of EOC in long standing emergencies
- Assisting CAO with regular operations cycle meetings
- Acting as a liaison with support and communication staff
- Providing advice on Emergency Management matters to EOCG
- Acting as a liaison with other Government agencies including Emergency Management Ontario
- Acting as a liaison with industry and service providers.
- Any other duties as assigned by the EOCG
- Maintain a recovery plan for the use of the EOCG
- Maintain a current copy of the Grand River Conservation Authority flood warning system
- Maintain a record of all action taken

## **2. Duty Officer**

The Duty Officer is responsible for:

- Activation of the Emergency Operations Centre including set-up of communication equipment, mapping and stationary supplies
- Preliminary security screening until a replacement is identified
- Maintain security of EOCG meeting room within EOC
- Act as a conduit for incoming and outgoing telephone calls and messages for EOCG
- Monitor the main event log for EOCG
- Maintain a log of all decisions and actions taken by the EOCG
- Assist CAO by keeping minutes of business cycle meetings if a scribe is not available
- Arrange for logistics such as meals, rest areas, telephones and computers for EOCG
- Maintain adequate supplies for use by the EOCG
- Maintain a record of all action taken by the Duty Officer

### **3. Red Cross Representative**

The Red Cross Representative is responsible for:

- The Canadian Red Cross, Guelph-Wellington Branch in its capacity as an 'Auxiliary to Government' and under the direction of Wellington County Social Services will, upon notification of an emergency, confirm the situation with the Director of Wellington County Social Services or his/her alternate and respond as set out in the Social Services Emergency Response Plan
- VOLUNTEER RESOURCE MANAGEMENT - Red Cross will develop and implement a program for the recruitment, screening, selection and training of volunteers to support the Red Cross commitment to the emergency disaster operation. Red Cross will register all volunteers being used to support the Social Services mandated operation and collect and refer other episodic volunteers to the appropriate agencies and services being offered within the community in support of the emergency operation.
- RECEPTION/SHELTER MANAGEMENT - Red Cross will provide the necessary volunteers to operate a Reception Centre/Shelter. This will include the Management and supervision of all support services. Under the direction of Wellington Social Services, the Red Cross will be responsible for the set-up and shut-down of the Reception Centre/Shelter.
- FAMILY REUNIFICATION - Red Cross will provide Registration services for evacuees and Inquiry services in order to reunify families who have been separated as a result of the current disaster situation.
- LOGISTICS - In cooperation with the Wellington Social Services, Red Cross will assist in the procurement of provisions of material resources, required for the sheltering of evacuees. Red Cross will assist Social Services in the establishing of agreements with local businesses for the timely delivery of necessary materials.
- FIRST AID SERVICES - Red Cross will provide First Aid in the Shelters as back-up to St. John Ambulance or as required.
- EMERGENCY FEEDING - Red Cross will provide snack food to evacuees upon their arrival at the Reception Centre and work with Social Services and Public Health to insure nutritious meals are available to the evacuees at the sheltering location.
- EMERGENCY CLOTHING - Red Cross will provide one set of new clothing to evacuees (max. \$125 per person). In cooperation with external agencies and Social Services agreements, Red Cross will refer evacuees to community resources for additional needs.
- Notify and coordinate other volunteer agencies as required or as set out in the Social Services or City of Guelph Emergency Response Plan, to assist in the emergency Sheltering or Reception Centre operation.
- Maintaining a record of all Red Cross action taken



#### **4. Chief Financial Officer, or alternate.**

The Chief Financial Officer, or alternate is responsible for:

- Providing information and advice on financial matters as they relate to the emergency
- Ensuring liaison, if necessary, with the Treasurers / Directors of Finance of neighbouring communities
- Ensuring that records of expenses are maintained for future claim purposes
- Ensuring the prompt payment and settlement of all the legitimate invoices and claims incurred during an emergency
- Making claims for disaster assistance
- In conjunction with the Procurement and Risk Manager provide and secure equipment and supplies not owned by the City of Guelph
- In conjunction with the Procurement and Risk Manager ensure liaison with purchasing agents of neighbouring communities, if necessary
- Maintaining and updating a list of all vendors (including 24-hour contact numbers) who may be required to provide supplies and equipment

#### **5. Other Agencies**

In an emergency, many agencies may be required to work with the Emergency Operations Control Group. These others might include Emergency Management Ontario, the Office of the Fire Marshal, industry, volunteer groups, conservation authorities, and provincial ministries.

**6. Upper Grand District School Board and Wellington Catholic District School Board**

The Upper Grand District and Wellington Catholic District School Boards are responsible for:

- Providing any school (as appropriate and available) for use as an evacuation or reception centre and a representative(s) to co-ordinate the maintenance, use and operation of the facilities being utilized as evacuation or reception centres
- Ensuring liaison with the municipality as to protective actions to the schools (i.e., implementing school stay in place procedure and implementing the school evacuation procedure)

## **7. Guelph General Hospital Administrator**

The Guelph General Hospital Administrator is responsible for:

- Implementing the hospital emergency plan
- Ensuring liaison with the Medical Officer of Health and local ambulance representatives with respect to hospital and medical matters, as required
- Evaluating requests for the provision of medical site teams / medical triage teams
- Ensuring liaison with the Ministry of Health and Long Term Care, as appropriate



**c) Relationship between EOCG and Emergency Site / Incident Manager (ESIM):**

Depending on the nature of the emergency, and once the Site / Incident Manager has been assigned, the EOCG relationship with the Emergency Site / Incident Manager is to offer support with equipment, staff and other resources, as required.

The EOCG will also ensure that the rest of the community maintains municipal services.

The Site / Incident Manager will keep the EOCG informed of significant actions taken.

**d) Relationship between Emergency Site / Incident Manager, and command and control structures of emergency responders:**

The senior representative for each emergency response agency at the site will consult with the Emergency Site / Incident Manager, so as to offer a coordinated and effective response. Regular briefings will be held at the site chaired by the Emergency Site / Incident Manager, so as to establish the manner and process of response to the emergency.

**e) Communication (Technical Support) Manager**

In addition to duties outlined in the Crisis Communication Plan, it will be important to ensure that communications are established between the emergency site and the EOC upon implementation of the Emergency Response Plan. Communications may also be required at various locations including evacuation centres, hospitals, and other key responding agencies. This will be the responsibility of the Communications (Technical Support) Manager.

# INFORMATION REPORT



**TO** Corporate Administration, Finance & Emergency Services Committee

**SERVICE AREA** Economic Development & Tourism Services  
**DATE** January 18, 2011

**SUBJECT** Guelph Junction Express  
**REPORT NUMBER**

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## RECOMMENDATION

“That the Information Report dated January 18, 2011, which has been prepared by the General Manager of Economic Development and Tourism Services regarding the Corporation of the City of Guelph’s efforts to support the Guelph Junction Express **BE RECEIVED**”.

## BACKGROUND

The Guelph Junction Express (GJE) is a privately owned and operated tourist train that has been in service since September 2008.

In 2008 the train entered into a two year commercial contract with the Guelph Junction Railway (GJR). The GJR is a commercial, federally chartered railway currently owned by the City of Guelph for the purpose of providing transportation logistic services to Guelph’s manufacturing, product distribution and commodity sectors.

This contract permitted GJE to operate on GJR’s track system following a route from downtown Guelph east to Guelph Junction near Campbellville. The contract also included provisions to use GJR equipment as well as to house the GJE passenger cars at GJR’s Arkell site.

The train operated largely on weekends, offering lunch and dinner excursions to customers purchasing advance tickets. The owners also worked with corporate clients and associations to offer charter tours during weekday afternoons when the GJR track is available. GJE has hosted over 10,000 riders since it began operation.

During the period of 2008 to 2010 the GJE made numerous requests for financial and other assistance to City of Guelph staff. A summary of the requests and staff responses were highlighted in the memo of August 19, 2010 from the General Manager, Economic Development and Tourism Services to the City’s Chief

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Administrative Officer. **Attachment #1** provides a copy of this memo. As stated in this memo staff attempted to respond to GJE's requests within the authority granted by the Municipal Act, 2001.

Recently, the GJE announced that it is considering terminating its business operations and selling its assets to a potential American purchaser. This action would result in Guelph losing this tourism asset. GJE has publically stated that this is due in part to the City of Guelph not providing funds to upgrade the water and hydro service at GJR's Arkell siding site. GJE has also indicated that the Town of Orangeville provides financial support to Orangeville's tourism train. This has raised questions as to why the City of Guelph cannot do the same for the GJE.

**The purpose of this report is to provide background information to Council on the sections of the Municipal Act that relate to Municipal Economic Development, specifically with respect to municipal limitations in providing financial assistance to private commercial businesses. The report will also touch briefly on the relationship of the Town of Orangeville to its tourism train, the Credit Valley Explorer and compare this to the City of Guelph and the GJE. As well possible next steps to assist the GJE are proposed.**

## **REPORT**

As stated previously in this report, the GJE has made numerous requests to City staff for financial and other assistance. The requests made are not unique to GJE as City staff annually receives numerous requests for similar financial and other assistance. In all cases staff makes sincere best efforts to work with these businesses within the authority provided in Section 106 of the *Municipal Act, 2001*.

Section 106 of the *Municipal Act, 2001* addresses the matter of municipalities providing financial assistance (commonly referred to as "bonusing") to commercial businesses. In summary Section 106 of the *Municipal Act, 2001* sets out prohibition as follows:

- (1) **Assistance prohibited** - Despite any Act, a municipality shall not assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose.
- (2) **Same** - Without limiting subsection (1), the municipality shall not grant assistance by, a) giving or lending any property of the municipality, including money; b) guaranteeing borrowing; c) leasing or selling any property of the municipality at below fair market value; or d) giving a total or partial exemption from any levy, charge or fee.
- (3) **Exception** - Subsection (1) does not apply to a council exercising its authority under subsection 28(6), (7) or (7.2) of the Planning Act or under Section 365.1 of this Act.

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Generally Section 28 of the *Planning Act* allows municipalities with provisions in their official plans relating to community improvement to designate by by-law a “community improvement project area” and prepare and adopt a community improvement plan and business incentives for the community improvement project area.

With respect to Section 365.1 of the *Municipal Act, 2001* municipalities are permitted to pass a by-law providing tax assistance to an eligible property in the form of a deferral or cancellation of part or all of the taxes levied on that property for municipal and education purposes during the rehabilitation period and the development period of the property.

In addition to the exceptions noted in Subsection 106 (3) of the *Municipal Act, 2001*, there are occasions within this Act that provides instances when certain forms of assistance may be provided by a municipality. In summary they include:

- **Section 107 (1): General power to make grants** - Despite any provision of this or any other Act relating to the giving of grants or aid by a municipality, subject to section 106, a municipality may make grants, on such terms as to security and otherwise as the council considers appropriate, to any person, group or body, including a fund, within or outside the boundaries of the municipality for any purpose that council considers to be in the interests of the municipality.
- **Section 108 (1): Small business counselling** - Despite section 106, a municipality may provide for the establishment of a counselling service to small businesses operating or proposing to operate in the municipality.
- 1. **Section 110 (3): Assistance by municipality** - Despite section 106, a municipality may provide financial or other assistance at less than fair market value or at no cost to any person who has entered into an agreement to provide facilities under this section and such assistance may include,
  - (a) Giving or lending money and charging interest;
  - (b) Giving, lending, leasing or selling property;
  - (c) Guaranteeing borrowing; and
  - (d) Providing the services of employees of the municipality.

It is through this legislative framework that staff has responded to requests for assistance from commercial operators such as the GJE.

In light of this legislative framework it has been suggested by others that the Town of Orangeville provides funding assistance to the operator of the town’s tourism train attraction, the Credit Valley Explorer.

In discussing this matter with the Town of Orangeville the following information was provided.

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In 2000 the Orangeville Railway Development Corporation (ORDC), a business corporation incorporated by the Town, purchased from the Canadian Pacific Railway (CPR) a 55-kilometre section of the Owen Sound Subdivision that connects Orangeville to the CPR mainline in Streetsville/Mississauga. The main purpose for this acquisition was to ensure continued freight service for local industries as well as to provide tourism excursions through the establishment of the Credit Valley Explorer.

The ORDC and a private company, Cando Contracting Ltd (Cando), have entered into a contractual relationship to operate both the freight and tourism rail services. While the details of this business relationship are not known it appears that the ORDC has agreed to certain obligations to support the continued operation of the freight and tourism operations while Cando has taken on certain obligations to support the rail operations and infrastructure. Cando is a commercial company from Manitoba that provides specialized rail services and solutions on a contract basis to a wide range of rail clients throughout Canada. It is also understood that the Town of Orangeville provides financial support to the ORDC.

In summary the comparison of the GJE to that of the Credit Valley Explorer is as follows:

- a) The GJE is a privately owned commercially operated company. Neither the City of Guelph nor the Guelph Junction Railway has a financial or management relationship with the Guelph Junction Express.
- b) The operation of the Credit Valley Express and the local freight service was established and is managed through the Orangeville Rail Development Corporation, an entity that was established by the Town of Orangeville. The operation of the Credit Valley Express is done through a contractual partnership between the ORDA and Cando Contracting Ltd.
- c) It appears that the Credit Valley Express is jointly owned by ORDA and Cando Contracting Ltd.
- d) The Town of Orangeville appears to have a financial and management relationship with the ORDA.
- e) The Guelph Junction Railway is owned by the City of Guelph for the purpose of delivering rail freight service to Guelph's manufacturing, product distribution and commodity sectors. Its business mandate does not include providing tourism excursions.
- f) The Orangeville Rail Development Corporation was established by the Town of Orangeville as an asset to implement its economic development strategy and has the mandate to provide industrial rail freight services as well as tourism excursions.

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g) Based on the information provided by the Town of Orangeville it appears that through the ORDC the Town has a much closer ownership and management relationship with the Credit Valley Explorer than is the case of the GJE and the City of Guelph.

It is unfortunate that the GJE may terminate its Guelph operations as it has proved itself as a valuable local tourism attraction. While there does not appear to be short term solution in addressing the GJE's funding requirements, it is staff's opinion that the GJE may wish to propose a longer term business proposal to the GJR's Board of Directors. This would be consistent with the Credit Valley Explorer's relationship with the ORDC.

If requested by the GJE and the GJR, Economic Development and Tourism would be pleased to assist in attempting to broker a business deal between the two companies. As well, the Chamber of Commerce has indicated that it would be pleased to become involved in trying to find a solution to this situation.

**Finally, should there be any funding assistant programs offered by the Province of Ontario and/or Government of Canada, staff will be pleased to support the GJE's efforts in securing such funds.**

## **ATTACHMENTS**

Attachment 1 – Memo dated August 19, 2010 from the General Manager to Chief Administrative Office summarizing the requests and staff responses to GJE.



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**Prepared By:**

**Peter J. Cartwright**  
General Manager  
Economic Development and Tourism Services

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# INTERNAL MEMO



DATE August 19, 2010

TO **Hans Loewig**

FROM Peter Cartwright, General Manager

DEPARTMENT Economic Development and Tourism Services

**SUBJECT Economic Development and Tourism Services' Support of the Guelph Junction Express Tourist Train Operation**

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## **INTRODUCTION:**

As you are aware, this past week the operators of the Guelph Junction Express emailed members of Guelph City Council, the local Member of Provincial Parliament, the local Federal Member of Parliament as well as others. In this email the City is being accused of not supporting the efforts of Guelph Junction Express, which may result in the operator losing business and selling off assets.

The City has recognized the need for viable local tourism attractions such as the Guelph Junction Express. The City has therefore, in my opinion, attempted to provide support to this business operator. By way of this memo I feel it is necessary to document the support offered by the City to the Guelph Junction Express.

## **BACKGROUND:**

The Guelph Junction Express, a tourist train operation developed and operated by owners, John and Rita Carroll, has been in service since September 2008. The train runs on the Guelph Junction Railway track system following a route from downtown Guelph east to Guelph Junction near Campbellville. The train operates largely on weekends, offering lunch and dinner excursions to customers purchasing advance tickets. The owners also work with corporate clients and associations to offer charter tours during the weekday afternoons when the track is available. Guelph Junction Express has hosted over 10,000 riders since it began operation.

Both the Guelph Junction Railway and the City of Guelph through Economic Development and Tourism Services have worked with the Guelph Junction Express since the inception of the train's operation in a variety of ways to support their business.

On numerous occasions Economic Development and Tourism Services has facilitated meetings with other City Departments including Operations, Community Design and Development, Corporate Property and Community Services to address issues brought forward by the operator.

Where it was possible staff was able to assist the operator with their issues. However many of the operator's requests included the need for funding or various permits and approvals that were outside the control or influence of staff. The following is a summary of the requests received from the operator and staff's involvement.

## **GUELPH JUNCTION EXPRESS REQUESTS/ASSISTANCE:**

### **1) December 2008**

The owners submitted to city staff a "wish list" of items that they were seeking financial support from the City. Economic Development and Tourism Services coordinated a meeting between the owners and City staff from relevant departments to discuss alternate solutions to their issues which included:

1. Construction of a semi-permanent loading platform and roof covering for passengers trackside at the River Run Centre;
2. Providing snow clearing, salting/sanding along the River Run Centre sidewalk during winter months;
3. Providing signage to clearly show passenger where to board the train;
4. Contributing to costs to provide shore-power at Guelph Junction Railway's yard. (Shore-power is the ability to plug train cars into a power source when they are parked to prevent onboard washrooms from freezing).

With respect to the above requests staff indicated to the owners that the Municipal Act prohibits municipalities from providing direct subsidies to commercial operators. Having stated this, staff did offer the following alternatives.

1. While the City could not provide funds for the construction of the temporary platform and roof, it would assist in expediting any site plan or building permit approvals that may be required.
2. While the Operations Department and the River Run did not have it in their respective budgets to clear the River Run sidewalk, Economic Development offered to do so for the remainder of the 2008/2009 winter season. This would allow the operator to continue to operate from the River Run for the remainder of the 2008 season and to budget for subsequent seasons.

3. At the time of the request for directional signage the operator was advised that the City could not directly pay for individual business signage. However it should be noted that in June 2009, a directional sign for the Guelph Junction Express was installed on MacDonnell Street and paid by Economic Development and Tourism Services.
4. Staff informed the operator that the estimated \$20,000 capital cost for installing shore power at Guelph Junction could not be considered for the 2009 budget as this would be considered "bonusing" and prohibited by the Municipal Act. Staff did indicate that it would work with the operator to explore alternate funding sources for this item.

In general the owners were not satisfied with these responses. With respect to items 1 and 2, the operator subsequently moved the loading of the train to the Guelph Youth Music Centre. However, once the weather improved, loading was moved back to the River Run. The City funding of Item 3 has caused some public complaints; however the sign remains installed. Item 4 remains unresolved. It is our understanding that the owners did apply for, but did not receive funding for item 4 from the Federal Government's Infrastructure Stimulus Programs. City staff was not requested to be involved with these applications.

## **2) April 2009**

The owners presented to Economic Development and Tourism Services an issue relating to the municipal parking costs that would be charged to group charters. Staff from Economic Development and Tourism, Parking and Traffic prepared and submitted a proposal to the operator which would reduce these charges through the purchase of pre-paid parking passes for the West Parkade. The owners accepted this proposal.

## **3) Spring/Summer 2009**

Tourism Services worked with the owners to promote the Guelph Junction Express to local and visitor audiences. Website listings, event listings, website banner advertising and other promotions were provided by Tourism Services to the Guelph Junction Express. In addition, Tourism Services worked in cooperation with the owners to provide a familiarization tour to 44 tourism industry professionals during National Tourism Week in June 2009. This program included Guelph Junction Express discounting ticket prices for the tourism industry representatives while Economic Development and Tourism Services funded the activities to promote the train as a new and valued attraction.

## **4) September 2009**

The owners again approached Economic Development and Tourism Services regarding the funding of a semi-permanent loading ramp at River Run Centre. Staff consulted Ms. Leanne Warren, Administrator of Disability Services, and Ms. Colleen Clack, River Run Centre Manager, on this matter. Ms. Warren and Ms. Clack examined the proposed area and specifications for the ramp and concluded that a better option would be to install a portable lift device in a small code-locked garage near River Run Centre. The estimated cost for purchasing the lift and the storage unit was approximately \$30,000 and it was felt that this may be a reasonable investment of city funding since it could be used for other city functions. The operator was not satisfied with this alternative and did not pursue this matter any further in 2009.

## **5) December 2009**

Guelph Junction Express purchased a basic 2010 Tourism partnership package with Tourism Services and received the package benefits which included enhanced website listing, brochure placement and event listings. As well Tourism Services provided at no cost to the operator additional promotion for the Guelph Junction Express Christmas excursions, Haiti Earthquake Relief Train and a special Valentine's package with the Guelph Symphony. During the winter of 2009-2010, train loading took place at the Guelph Youth Music Centre.

## **6) April 2010**

The owners reiterated their need for the city to provide capital investment to their train operation, providing an example of the Credit Valley Explorer, a tourist train financially supported by the Town of Orangeville's in-house rail system. It should be noted that staff contacted the Town of Orangeville and it appears that the financial support is funded through plans to expand Orangeville's GO Train program. We are attempting to gain more information on Orangeville's support of its tourism train.

Economic Development and Tourism Services convened a meeting with the operator, Guelph Junction Railway and the Guelph Chamber of Commerce. Municipal Councillors Vicki Beard and Christine Billings also attended. The owners presented a summary of their past 18 months of operation and made a request for city funding of \$40,000 to cover the costs of installing shore power and water service at the train storage location in Arkell, and installing a portable ramp and creating a sheltered area for passengers at the River Run Centre. As previously noted, the owners indicated that they had been unsuccessful in applying for federal infrastructure funding for their capital needs and coming to the city with their request was their last recourse.

The operator was again advised that due to provincial legislation, the city cannot provide direct financial contributions to commercial businesses; however there may be alternate funding sources that the city might be able to assist accessing. The outcome of this meeting was an agreement between the City, Guelph Junction Railway and the Chamber of Commerce to explore options and reconvene a meeting with the operator.

Guelph Junction Railway indicated that it might consider contributing funds to some of the capital upgrades in which they would also receive a benefit. The city also contacted Mr. David Reynolds, a professional funding application writer for his advice. Mr. Reynolds suggested there may be limited funding programs for the operator to access for marketing purposes, which if successful could be used to re-allocate the operator's current marketing budget for capital improvements. Mr. Reynolds indicated that he would be pleased to assist with such applications at no cost to his company. The Chamber of Commerce also indicated that it would support



any such applications since they usually require a not for profit partner to match funds through cash or in-kind contributions. Economic Development and Tourism Services was prepared to also provide in-kind marketing contributions to support any applications.

The above proposal was presented to the owners, who did not appear to be comfortable with the possibility of receiving funds from Guelph Junction Railway.. Guelph Junction Railway indicated to staff that any funding considered would have to benefit the Guelph Junction Railway and be approved by its Board. The owner also did not feel that applying to funding programs and reallocating current marketing funds would be a viable option. In any event, Mr. Carroll was not prepared to explore this option and reiterated that the City should pay for such costs.

With respect to the request to construction of a portable ramp and shelter at the River Run Centre the operator was advised that various approvals and permits may be required. On this matter Economic Development and Tourism Services convened a meeting between the operator, Ann Pappert, Director of Community Services and Colleen Clack, General Manager of the River Run Centre to explore options and to discuss staff concerns regarding the scheduling of train and River Run events.

One of the major issues identified by staff was potential insurance liability and fire code matters. Primarily due to these issues Community Services and the River Run Centre were not in favour of allowing the ramp to be built as proposed by the operator. As well it was mutually concluded that there were scheduling issues and few marketing/operational synergies between the two businesses. The owner then proposed that a better option may be to construct the ramp and shelter at the Guelph Youth Music Centre. EDTS staff offered to assist the operator with this option by arranging a meeting with staff from Community Design and Development Services. In preparation for such a meeting and the possible requirement for a building permit and/or site plan approval, staff suggested that the operator should prepare a plan showing the location and dimensions of the ramp and shelter. The operator was adamant that such documentation was not required as Mr. Carroll was advised by a friend who constructs ramps that no permit would be required. Therefore no further assistance was requested by the owners and EDTS left this matter with Guelph Junction Express.

#### **7) June 2010**

Tourism Services offered the Guelph Junction Express new marketing support through the newly created Tourism Region 4 organization. As a result of Guelph Tourism Services working role in this new regional body, the Guelph Junction Express was given free of charge a prominent presence in the Region 4 Summer Timeout Campaign which included radio ads, print and web advertising in the Greater Toronto Area and Southern Ontario. The marketing support provided to Guelph Junction Express in this campaign is valued at \$7000. One specific ad promoting the train in the Metro News in Toronto generated over 100 calls to Destiny Tours during its run.

#### **8) July 2010**

Guelph Junction Express arranged a meeting with City Park Planner, Helen White, on site at the Guelph Youth Music Centre to review possible locations to erect a temporary ramp for loading patrons on the train. Given EDTS staff was not invited to this meeting it is our understanding from Ms. White that two possible locations were identified on Guelph Junction Railway land. We also understand that Ms. White informed Guelph Junction Express that it would require a building permit for a temporary ramp. We also believe that Ms. White understood from the owners that they were going to submit a building permit application.

#### **9) August 2010**

On August 11, 2010 Tourism Services received an email from Guelph Junction Express which was addressed to MP Frank Valeriote and copied to Councillor Christine Billings and Chamber of Commerce President Lloyd Longfield, regarding a Veterans excursion planned for late September. The email accuses the City of not supporting the efforts of Guelph Junction Express in addressing its wheelchair accessibility issues and as such the company would lose business. The email specifically states that the City will not approve the issuance of a permit, or the construction of a temporary ramp. It is our understanding from CDDS that no permit application has been submitted. Also, the operator has not advised EDTS of any issues relating to the issuance of a building permit.

EDTS staff followed up immediately with Guelph Junction Express to inquire what issues would prohibit the issuance of a building permit and if there were other options that staff could assist with. Staff was advised by Guelph Junction Express that it no longer viewed the veterans excursion accessibility matter as its issue and that future communications from the city should be addressed to their client the Guelph Legion. Staff followed up with the Legion's Public Relations Officer Joanne Ware, who advised that the Legion had decided to not pursue this matter any further with Guelph Junction Express and would also not be addressing accessibility options for its members. The excursion is still planned for late September; however some of its members will not be able to participate because of this accessibility matter. Ms. Ware thanked staff for the offer to assist with accessing rental equipment to load wheelchair veterans on the train.

### **CONCLUSION**

Economic Development and Tourism and other city staff have devoted considerable meeting and consultation time to address Guelph Junction Express issues and have provided substantial value in marketing support over the past 22 months. It is our opinion that the City has attempted to provide support within its authority. Staff has also made concerted efforts to assist this small business operator during its start up phase. Short of funding Guelph Junction Express' capital needs it is my belief that staff has sincerely attempted to address the many issues raised by the Guelph Junction Express. EDTS has also made sincere efforts to market and promote this local tourism attraction in the hope that it becomes economically sustainable.

Economic Development and Tourism staff will continue to work with this operator to assist, where appropriate, the needs of the business. As is the case with other tourism operators, Economic Development and Tourism Service's involvement with Guelph Junction Express will continue to be focused on assisting with marketing, various permitting matters as well as identifying government funding programs and supporting any such applications.

Should you wish, please feel free to share this memo with members of the Executive Team and Guelph City Council.

A handwritten signature in black ink, appearing to read 'Peter J. Cartwright', with a long horizontal flourish extending to the right.

**Peter J. Cartwright, General Manager**  
**Economic Development and Tourism Services**  
**Second Floor, 1 Carden Street**  
**Guelph, Ontario N1H 2E1**  
**519-822-1260 ext 2820**

Cc: Mayor Farbridge  
Sue Trerise

January 10, 2011

RE: Response to Internal Memo by Peter Cartwright dated August 19, 2010.

### **September 2008**

After the first few runs of the Guelph Junction Express the initial feedback (especially those from out of town) told us that passengers were having difficulty finding our boarding location. The train must park behind the River Run when loading passengers to avoid triggering the railway signals on Macdonell Street. As a result passengers were driving back and forth in front of the River Run but could not see the train. It is for this reason that my wife Rita contacted the appropriate city department on numerous occasions to see if it was possible to erect some signage in the immediate area to direct people to the train. Having never received a response to numerous inquiries we decided to have a sandwich board sign made at a cost of \$300. The problem with the sandwich board was it is difficult to see from the road when cars are parked along the street.

### **December 11, 2008**

EcDev staff asked me to attend a meeting to discuss some outstanding items for smoother operation of the tourist train. I was asked to bring a “wish list” of items so I compiled the following items:

- 1) Signage at the River Run to clearly show passengers where to board the train.
- 2) Snow clearing, salting/sanding along our loading path and on the sidewalk leading down to the tracks during winter months.
- 3) Semi-permanent loading platform and roof covering at the River Run to allow anyone with mobility issues to board the train.
- 4) Access to shore power (hydro).

### **December 17, 2008**

I attended this meeting at the River Run with Peter Cartwright, Colleen Clack and Sue Trerise. Mr. Cartwright promptly explained that EcDev was not able to assist or contribute to any of these items because it would violate the Municipal Act. Mr. Cartwright then proposed that if we signed up as a Tourism Partner that EcDev would cover the cost of snow clearing at the River Run but only for the current winter season. After this he stated we would be on our own.

Although we had budgeted for a tourism partner membership for the upcoming season, we instead moved our boarding point to the Guelph Youth Music Centre for the rest of the winter months. There passengers could park close to the train at no charge and could wait inside the centre’s foyer to stay warm until boarding time. The problem with

this scenario was that if there was already a function happening at the GYMC then there was not enough parking for both entities. This is why we moved boarding back to the River Run in the warmer weather.

### **January 30, 2009**

GJE purchased a membership with Guelph Tourism for the coming season.

### **March 18, 2009**

Rita was contacted by Operations asking to confirm the wording for the signs. Thinking that Operations was going to erect some signage on our behalf, we suggested they could use "Guelph Junction Express Tourist Train". There was no mention of a charge for this so we thought no more about it.

### **April 2009**

EcDev staff attempted to help resolve a parking issue we faced for a large group from out of town who chartered the train midweek. But on April 8, 2009 Parking rejected EcDev staff's proposed solution. As a result we negotiated a solution directly with Parking ourselves that allowed the group to secure the entire roof of the East Parkade for a flat price. We were also able to successfully negotiate a solution for overflow parking at the GYMC later that summer for another out of town charter.

### **May 4, 2009**

Rita received an email from EcDev staff asking if we knew who erected the wayfinding signs as they could not determine who authorized them. Rita called EcDev staff to inquire if we were going to receive an invoice for this. The answer was no but if we did that EcDev would cover the full cost. About a week later we received an invoice for \$764.55 for way finding signs. When we notified EcDev staff about this invoice we were informed they now only intended to cover half the cost. We informed EcDev that we would not pay an invoice that we did not authorize. As a result EcDev apparently covered the full cost of the signage. (See Nov 9, 2009 for follow up)

### **June of 2009**

A local group hosted a convention where they chartered the entire train even though they only required 2 of our 3 railcars. It was their hope to sub-charter the unused railcar to another group at a discounted rate to help recoup some of their costs. We alerted EcDev staff to this opportunity for the possibility of hosting their local tourism group at a greatly reduced rate. EcDev in turn worked directly with the group who chartered the train to take advantage of this opportunity. As a result they were able to sell this excursion to its members at a reduced rate.

### **September 2009**

We made another attempt to establish an accessibility ramp at the River Run. Our proposal of a semi-permanent ramp, platform and roof covering was a total solution to provide access for anyone unable to navigate stairs at a cost of approx \$8,000. The City's Administrator of Disability Services was also asked to consult and in her opinion the only solution was the use a manual crank wheelchair lift which would require a secure storage shed on site at a cost of \$30,000. Let me point out for the record that at no time was it ever proposed to us verbally or in writing that EcDev would cover the \$30,000 cost of this solution. As we had already been informed on a number of occasions, this would be a violation of the Municipal Act.

A wheelchair lift would work in non-winter months for occasional wheelchair accessibility but it would not help the majority of our passengers who have difficulty navigating our railcar stairs. Plus it would not be safe to attempt to use such an apparatus in the winter time due to the lack of snow clearing at the River Run.

### **November 9, 2009**

We received a phone call from Traffic & Parking to inform us that a private citizen had complained about the way finding signs so they would have to be removed.

### **November 10, 2009**

We received an email from Parking & Traffic stating that "the City will be removing the wayfinding signs installed earlier this year for the Guelph Junction Express Tourist Train. At the time of your initial request, staff assumed that the Guelph Junction Express Tourist Train was a City-operated (funded) facility however we have since learned in response to a public complaint that it is in fact a privately operated business. In light of this new information and since the City does not currently post wayfinding signs for private business we will proceed with removing the wayfinding signs within the next few weeks."

### **December 2009**

GJE was a tourism partner and paid an annual membership to the City for the privilege of being listed on the Visit Guelph and Wellington County website. We were not aware of the additional promotion provided to GJE mentioned by Mr. Cartwright.

- We have no knowledge of apparently being provided an enhanced website listing, brochure placement and event listing. We did ask Tourism Services to display some flyers for our Santa Express Trains but we were not aware that we had to become an enhanced tourism partner for this privilege as most of the area hotels and businesses handed them out at no charge.

- The Haiti Earthquake Relief Train raised over \$10,000 for the people of Haiti. The Guelph Mercury donated a full page colour ad in support of this effort. If Tourism Services helped to promote this excursion in any way then we thank them for helping to support the people of Haiti in their time of need.
- The 2010 Valentines Train was privately chartered by the Guelph Symphony as a fund raiser. If Tourism Services helped to promote this excursion in any way then we thank them for supporting the Guelph Symphony.

### **February 2010**

We were notified that our Stimulus Funding application was turned down. It was suggested (as a last resort) that we submit a request to approach the City's finance committee directly.

### **April 17, 2010**

I sent an email to Vicki Beard asking if we could be placed on the agenda for the next finance committee meeting. Instead I received a phone call from EcDev staff to ask why we wanted to approach the finance committee. Since I had not heard back from Ms.Beard I sent her a follow up request April 27, 2010. The following day Ms. Beard responded to say that our request had to follow procedure and had been referred to staff at EcDev.

### **May 6, 2010**

A meeting took place at EcDev with the following in attendance:

- John Carroll
- Rita Carroll
- Lloyd Longfield
- Peter Cartwright
- Sue Trerise
- Christine Billings
- Vicki Beard

We made a presentation to the group outlining the background of the GJE, current operating issues with required solutions at that time costing approx \$40,000. EcDev staff proposed to consult with David Reynolds (a local funding consultant) to see what funding programs might be available. We held little faith in this as we believe we had exhausted all funding options ourselves. After some research by Mr. Reynolds he informed us directly by telephone that no funding programs were available at this time. GJR suggested that they may be able to contribute 20% of the required capital costs but there was still no funding for the remaining 80%.

**May 28, 2010**

I sent an email to inform all who were in attendance at the May 6<sup>th</sup> meeting about the results of our communication with the funding consultant. I asked if anyone had any other ideas for funding that now would be a good time to speak up as we were not prepared to operate through another winter without access to hydro and water.

Also during this timeframe a local group offered to fund an accessibility solution for an upcoming Veterans train. It was our hope the platform could be left in place on an ongoing basis after the event. EcDev staff scheduled a meeting to discuss the logistics of installing an accessibility platform at the River Run. We outlined that utilization of the River Run outdoor patio would be required for passengers to access the platform but Colleen Clack stated that the patio is a bookable space and may not always be available. Ms Clack also stated that even if the patio was available, groups booking the foyer might be annoyed seeing our passengers filing by in front of the window during our 15 minute boarding process. So installing the semi-permanent ramp at the Guelph Youth Music Center seemed to be the next best solution.

**June 29, 2010**

Tom Sagaskie, Helen White and I met at the GYMC to determine where the proposed ramp could be installed. We were able to agree on a location that would work for all. Installing this type of ramp on a temporary basis would not require a building permit but leaving it on an ongoing basis would. But Ms. White pointed out that she did not feel that the ramp could be left in place on an ongoing basis due to City concerns over liability. She also did not feel neighbors in the immediate area would accept such a structure after the recent opposition regarding upgrades to the GYMC parking lot. It was our opinion that the issues outlined by Ms White would never be solved in time to erect the ramp for the Sept 28<sup>th</sup> Veterans Train and since the ramp could not be left in place on an ongoing basis anyway, funding had to be withdrawn. So there was no reason for us to apply for a building permit.

**June 2010**

Tourism Services informed us of their plan to allocate some Region 4 advertising dollars to help promote the GJE. These are funds provided to each region by the Ontario Ministry of Tourism (not EcDev) specifically to promote their local tourist attractions.

**July 1, 2010**

I sent an email to notify all who attended the May 6<sup>th</sup> meeting that we were committed to operate the GJE until the end of the year (Dec 31, 2010) but would also begin seeking a buyer for the train.

## **July 19, 2010**

EcDev staff informed us that an ad to promote the GJE had been placed in a Toronto publication (Metro News) with funds from the Ontario Ministry of Tourism - Region 4 funding. This effort generated approx 45-50 calls to our office, not 100 as reported by Mr. Cartwright. We did book 8 passengers from this campaign.

## **August 11, 2010**

I received an email from organizers of our upcoming Veterans Train stating that all avenues to find a one day solution to board Veterans in wheelchairs had been exhausted. But they wished to proceed with the event regardless. I in turn sent out an email to Frank Valeriotte and attendees of the May 6<sup>th</sup> meeting to notify everyone of the situation and express my frustration at not being able to find a solution to this issue.

Exact excerpts from the original and follow up emails to Mr. Valeriotte referencing the city are as follows:

“A friend of mine was going to provide a \$10,000 100’ long certified scaffolding ramp for \$3,000 (to keep) but because the city would not permit us to leave it in place after the event the funding was turned down.”

“There was no permit required to setup for the day but city approval would have been required to keep the ramp there on an ongoing basis. Tom Sagaskie and I met with Helen White of Development and Parks Planning down at the GYMC to discuss the location of the ramp. She stated that the City would required us to remove the ramp after the event due to concerns of liability.”

“The long-term solution was to install hydro, water and pave the siding at our Arkell site where we could provide free parking and boarding (including wheelchair access) directly beside the train. But with the city refusing to assist with infrastructure and now the impending sale of the train, we were hoping to find a way board wheelchairs at the GYMC just for the Veterans event.”

My messages make no reference about accusing the City of not approving the issuance of a building permit.

John and Rita Carroll  
Guelph Junction Express



# INFORMATION REPORT



**TO** Corporate Administration, Finance and Emergency Services Committee

**SERVICE AREA** Human Resources and Legal Services  
**DATE** January 18, 2011

**SUBJECT** Non-Union Termination Policy  
**REPORT NUMBER** HRL - 2011 - 01

**SUMMARY** The attached policy documents the City's practices with respect to Non-Union termination.

**Purpose of Report:**

To provide Council information regarding the City's policy with respect to Non-Union termination.

**Council Action:**

Receive for information

**RECOMMENDATION**

That the attached Non-Union Termination Policy be received for information.

**BACKGROUND**

From time to time, there are circumstances where it may be necessary to terminate non-union employees without cause.

The City of Guelph is committed to treating all employees with dignity and respect and in accordance with all employment law, when it is necessary to terminate employment.

The CAO by-law provides authority to "have authority and responsibility to appoint, promote, demote, suspend or dismiss any employees of the Corporation below the position of Director in accordance with the lines of authority defined in the organization structure";

The attached policy sets out a prescribed formula for non-union termination separation payments in accordance with requirements set out by the Employment Standards Act and common law provisions.

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Non-union employees who are terminated for cause are not eligible for severance payments.

## **REPORT**

The policy applies to all regular full time non-union employees of the City of Guelph and to non-union temporary employees as provided for by this policy. Where an employee has in his or her employment contract, specific provisions for termination of employment which vary from the terms of this policy, the provisions in his or her employment contract will prevail.

It is important to document the City's practices with respect to termination of non-union employees in the interests of transparency and so that staff understand employment law requirements for those situations where non-union staff are terminated without cause.

Under employment law, the Employment Standards Act sets out the minimum amount of 'statutory' notice or pay in lieu of notice, employees must be given if their employment is terminated without cause.

In addition, for non-union employees terminated without cause, reasonable notice under the common law must also be provided.

Provisions under the policy meet the requirements under the Employment Standards Act as well as common law practices.

A non-union staff member's employment may be terminated without cause for various reasons, including but not limited to:

- The employee's position has been eliminated and a non-union re-assignment is not available.
- The employee's terms and/or conditions of employment have been altered significantly.
- The employee can no longer fulfill the expectations of the position.

Employees terminated for cause are not eligible for separation payments.

The policy sets out separation payment formulas for non-union staff at the Executive Director/General Manager/Manager level and for those staff below this level, as established in legal precedence, and based on municipal best practices.

In very limited situations, common law requirements may require minor modification to the prescribed formula. In these cases, legal advice will be sought to confirm such requirements. Examples that may impact the common law notice requirements include, but are not limited to: length of service, likelihood for re-employment, disability, inducement to leave other employment to work for the organization, prevailing economic conditions, availability of suitable alternative work.

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The Non-Union Termination Policy will be posted on the City's website in the interest of transparency given the public right to information regarding under what circumstances non-union staff would be eligible for separation payments, and how those payments are calculated. The policy outlines as well as additional benefits provided e.g. career transition services/outplacement, medical and dental benefit coverage continuation during the period of the separation payment, monies provided to have the severance agreement reviewed by a legal/financial advisor etc.

For privacy reasons, the public is not privy to information related to an employee's employment history (i.e. including the reasons the employee has left the City), nor to any information that can be characterized as 'financial' (e.g. the exact amount of separation/severance payment paid to an individual).

Current provisions under the Municipal Freedom of Information and Protection of Privacy legislation protect individual privacy for the matters listed above. The City's practice therefore will be to not release such information.

There have been situations where the Information and Privacy Commission has ordered release of individual financial information; however this was in the absence of a publicly posted policy with respect to non-union termination practices.

The public interest is served through publicly available information that outlines the City's practice with respect to non-union termination in accordance with the Employment Standards Act and common law provisions and provides further disclosure as to other benefits received upon termination, in keeping with the common law (e.g. outplacement/career transition services, etc.).

Council will be provided with aggregate information in the Human Resources Annual Report regarding the total number of non-union terminations and the associated financial impact per the provisions of the policy, provided the information is in compliance with Municipal Freedom of Information and Protection of Privacy legislation (e.g. where there would be a single non-union termination, the information would not be released publicly).

### **CORPORATE STRATEGIC PLAN**

This policy supports:

Goal 5- A community focused, responsive and accountable government

Objective 5.3 - Open, accountable and transparent conduct of municipal business and;

Objective 5.6 - Organizational excellence in planning, management, human resources and people practices; recognized as a top employer in the community

### **FINANCIAL IMPLICATIONS**

Direct costs associated with this policy are budgeted for annually in a corporate contingency account.

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## **DEPARTMENTAL CONSULTATION/CONCURRENCE**

Research was conducted with other municipalities to determine their approach and practice to non-union terminations.

## **COMMUNICATIONS**

The approved policy will be communicated to all City of Guelph non-union employees.

The policy will also be posted on the City's website in the interests of transparency.

## **ATTACHMENTS**

Attachment 1: Non-Union Termination Policy



**Prepared and Recommended By:**

Mark Amorosi

Executive Director, Human Resources and Legal Services

X2281

mark.amorosi@guelph.ca

# CORPORATE POLICY AND PROCEDURE



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POLICY	<b>Non-Union Termination Policy</b>
CATEGORY	Corporate
AUTHORITY	Human Resources and Legal Services
RELATED POLICIES	Click to insert other related policies
APPROVED BY	Executive Team
EFFECTIVE DATE	January 1, 2011
REVISION DATE	(Insert Date)

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## **POLICY STATEMENT**

The City of Guelph acknowledges that there will be circumstances such as corporate restructuring, where it may be necessary to terminate non-union employees "without cause".

Where appropriate in such cases, alternate employment offers will be explored which preserve employee dignity and provide meaningful employment before offering a separation package.

The City of Guelph also acknowledges that there will be circumstances where employees will be terminated for "cause". In these situations, no alternate offers of employment will be made.

## **PURPOSE**

The City of Guelph is committed to treating all employees with dignity and respect and in accordance with all employment law, when it is necessary to terminate employment.

## **DEFINITIONS**

### **Terminated without Cause:**

Termination of employment as a result of the employer's decision to end the services of an employee for reasons including, but not limited to: reorganization, position elimination, inability of the employee to fulfill the expectations of their position.

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**Terminated with Cause:**

Termination of employment because of a breach of a term or condition of employment by the employee, including, but not limited to, failure to comply with the employer's rules and policies, or failure to perform the duties of the relevant position in a safe, reliable and competent manner.

**Separation Payment:**

The amount paid by the City to a non-union employee when the employee is terminated without cause. This includes the minimum notice of termination and severance pay requirements in the Employment Standards Act, and common law separation payment. Where common law requirements require modification to the prescribed formula, legal advice will be sought to confirm such requirements.

**Regular Employee:**

Employee who is hired for an indefinite period of time, and has successfully completed a probationary period.

**Temporary Employee:**

Employee who is hired for a fixed or definite period of time.

**E Days:**

"Extra Days"—Five days of paid leave in place of overtime for eligible non-union employees.

**Scope**

This policy applies to all regular non-union employees of the City of Guelph and to non-union temporary employees as provided for by this policy. Where an employee has in his or her employment contract, specific provisions for termination of employment which vary from the terms of this policy, the provisions in his or her employment contract will prevail.

**Eligibility for Separation Payments**

Staff members whose employment is terminated without cause are eligible for separation payments.

A staff member's employment may be terminated without cause for various reasons, including but not limited to:

- The employee's position has been eliminated and a non-union re-assignment is not available.
- The employee's terms and/or conditions of employment have been altered significantly.
- The employee can no longer fulfill the expectations of the position.

Employees terminated for cause are not eligible for separation payments.

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## **Placement Options**

Where available, the City may consider the following alternate employment options prior to offering a separation package to a regular non-union employee.

1. Another position that is appropriate to the employee's organizational level and skills in the employee's home department, or in another City department;
2. A temporary project or other temporary work that is appropriate to the employee's organizational level and skills in the employee's home department, or in another City department.

If one of these options is available, the employee may be reassigned for an indefinite period of time (in the case of option 1), or temporarily for a fixed period of time (in the case of option 2).

If the employee is indefinitely re-assigned to a lower-rated position, the employee will be entitled to salary adjustment in accordance with the Salary Adjustment provisions of the Non-Union Compensation Policy in effect at the time of re-assignment.

If the placement is temporary, the employee will receive formal working notice at the time of reassignment. Such employee may then work through a part or all of his/her notice period provided that an appropriate project or other work is available.

If temporarily re-assigned, the employee's salary will be maintained during the re-assignment period. The employee will also receive appropriate time off (with pay) to pursue employment opportunities with other organizations by attending interviews and utilizing career transition services. The employee will be entitled to apply for internal postings during the period of working notice.

(a) If the employee secures another non-union position with the City during a period of working notice, appropriate salary adjustment (where applicable) will continue for the period for which notice and separation payments would otherwise be owing.

(b) If the employee secures a union position during the period of working notice, the terms and conditions of the relevant Collective Agreement will apply.

(c) Under no circumstances shall an employee simultaneously receive both salary and a separation payment from the City.

(d) Where no appropriate project or work can be located within the City, the employee will be terminated and receive a separation package in lieu of notice, paid through salary continuance.

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## **Early Retirement Options**

The salary continuance period may be structured to facilitate retirement. If desired by the employee, options for retirement will be developed in consultation with the Human Resources Department and the Payroll and Pensions Section of the Human Resources Department for consideration by the employee.

Choosing a retirement option may affect the amount of separation payment.

Eligibility for retiree benefits will be in accordance with the Council approved policy in place at the time of the employee's termination/retirement.

## **Release**

Employees receiving a separation package will be required to sign a Full and Final Release and Agreement of Notification. The purpose of these documents is as follows:

- To confirm that if the employee obtains alternate employment during the period of salary continuance, he/she will notify the City.
- To release the City from any future claims by the employee including but not limited to the Ontario Human Rights Code, the Workplace Safety and Insurance Act, Short and Long Term Disability, and wrongful dismissal.
- To ensure confidentiality surrounding the negotiation of the terms of the separation and to ensure notification of disclosure only as required by law.

## **Payment and Benefit Entitlement on Termination**

- An appropriate separation package, paid through salary continuance, according to the following:

### **GENERAL MANAGER/MANAGER LEVEL POSITIONS AND ABOVE**

4 weeks per year of service to a maximum of 20 months (or as provided in written terms and conditions of employment)

### **ALL OTHER NON-UNION POSITIONS**

3 weeks per year of service to a maximum of 20 months (or as provided in written terms and conditions of employment)

- Reimbursement of professional fees to a maximum of \$500.00 for having the separation package reviewed by a lawyer and/or financial advisor.
- Career transition services retained on the employee's behalf by the Human Resources Department, as deemed appropriate, based on the employee's level in the organization and his/her re-employment prospects. Such career transition services must be taken as services; should the employee choose



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not to take the career transition services, no cash in lieu will be provided. Employees who choose to retire will not be provided with career transition services.

- Continuation of benefits including health, dental and basic life insurance and excluding Short Term and Long Term Disability, during the period of salary continuance. Benefits will be discontinued when the employee obtains alternate employment with benefit coverage.
- Continuation of payments towards OMERS pension credits during the period of the salary continuance provided there is no pension credit earned under another pension plan. No payment towards pension credits will be made on any lump sum payment.
- Payments for unused vacation, lieu time and any other amounts owing will be paid in a lump sum when the separation period commences, in accordance with the Employment Standards Act. Vacation credits will not be earned during the salary continuance period. Unused E days are not paid to employees in receipt of a separation package.
- Sick bank payouts, where applicable, may be tax sheltered or deferred and will be paid in a lump sum at the conclusion of the salary continuance period.
- The salary continuance period will end upon the commencement of alternate employment, provided that the minimum notice and severance requirements under the Employment Standards Act have been met. At this point, the employee will receive 50% of the outstanding balance of the salary portion of the separation package.

### **Re-employment with the City of Guelph**

An employee terminated without cause may be eligible for re-employment with the City of Guelph following the expiration of the salary continuance period.

Employees terminated for cause will not be eligible for re-employment.

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## **Responsibilities**

### **The Executive Director, General Manager/Manager or Designate in the terminated employee's department will:**

- Consult with the Executive Director of the Human Resources and Legal Services Department or designate concerning the decision to terminate and the details of the separation package if any.

### **The Human Resources Department will:**

- Provide consultation and advice to management on termination and separation packages.

- Develop a transition and/or exit plan, in consultation with the appropriate Executive Director, for each affected employee.
- Review, in consultation with the Executive Director of the separated employee's department, any separation package which varies from the limits set out in this policy, as required by common law, and further to receiving legal advice.
- Determine the level of benefits to be provided as part of any separation package or as part of a facilitated retirement option.
- Communicate with non-union employees in all matters following the termination of employment.

### **The Payroll & Pensions Section of the Human Resources and Legal Services Department will:**

- Determine, in consultation with the Executive Director, Human Resources and Legal Services , or designate, whether a separation package could be structured to facilitate retirement, should the employee wish it and provided the employee meets the eligibility requirements for retirement in accordance with the policy currently in force.
- Discuss retirement options as appropriate with affected employees.

## **Temporary Employees**

Temporary employees will be entitled to notice of termination or separation payments in lieu of notice of termination in accordance with the provisions of their employment contracts.

Temporary employees who are terminated for cause are not eligible for separation payments.

Where it is deemed appropriate, the City may consider alternate employment options for a temporary employee. Temporary employees are not eligible for career

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transition services or reimbursement of professional fees for a lawyer or financial advisor.



GUELPH AND DISTRICT MULTICULTURAL FESTIVAL



Lois A. Giles  
City Clerk  
City of Guelph  
City Hall  
1 Carden Street  
Guelph, ON  
N1H 3A1

RECEIVED  
DEC - 9 2010  
CITY CLERK'S OFFICE

December 08, 2010

Dear Lois Giles,

I am writing to request a **meeting with City Council and any members of the Finance Committee** to discuss the future of the Guelph & District Multicultural Festival.

As you well know, the festival is an opportunity to bring together the various cultural groups in the community of Guelph and celebrate the city's diversity. This community-oriented, volunteer-run event relies on the generosity and kindness of our local businesses and sponsors to make the Festival the huge success that it is.

I would like the opportunity to present to City Council and the Finance Committee the importance and value of the Guelph & District Multicultural Festival to the Guelph community at large at the next council meeting in January 2011.

Can you please call me to let me know a time and date for this meeting? If you have any questions in the meantime please do not hesitate to contact me.

Thank you for your continued support and thank you in advance for your time.

Sincerely,

Delfino Callegari  
Festival President  
519-836-7482

CC: Margaret Neubauer, Chief Financial Officer/ City Treasurer