

## **Committee of the Whole Meeting Agenda**

**Monday, November 4, 2019 – 1:30 p.m.**  
**Council Chambers, Guelph City Hall, 1 Carden Street**

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### **Call to Order – Mayor**

Disclosure of Pecuniary Interest and General Nature Thereof

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### **Authority to move into Closed Meeting**

That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to The Municipal Act, to consider:

**CS-2019-90**

**Wellington-Dufferin-Guelph Public Health  
Amalgamation Planning**

Section 239 2(c) and 2(i) of the Municipal Act subject to a proposed or pending acquisition or disposition of land by the municipality or local board and a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

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**Open Meeting - 2:00 p.m.**

**Mayor in the Chair**

**Closed Meeting Summary**

## **Staff Recognitions:**

1. Ontario Municipal Law Enforcement Long Service Medal: 15 years  
Ontario Municipal Management Institute - Certified Municipal Manager Level 1  
Kevin Way, By-law Compliance Officer
2. Governor General of Canada's Emergency Medical Services Exemplary Service Medal for providing 20 years of exemplary paramedic services  
Gar FitzGerald, Paramedic, Guelph-Wellington  
John Kirkconnell, Retired Paramedic, Guelph-Wellington

## **Presentation:**

1. Integrating Youth Services Network, Guelph and Wellington County  
Cyndy Moffat Forsyth, Volunteer, Rotary Club of Guelph
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## **Consent Agenda – Audit Services**

### **Chair – Councillor Allt**

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

### **CAO-2019-18                      Internal Audit Work Plan – 2020-2022**

#### **Recommendation:**

That report CAO-2019-18, Internal Audit Work Plan – 2020-2022, dated November 4, 2019 be approved.

### **CAO-2019-17                      Court Services Cash Handling Audit Report**

#### **Recommendation:**

That report CAO-2019-17, Court Services Cash Handling Audit Report dated November 4, 2019 be received.

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## **Items for Discussion – Audit Services**

The following items have been extracted from Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

### **CS-2019-30                      2019 External Audit Plan**

#### **Presentation:**

Matthew Betik, Partner, KPMG

**Recommendation:**

That report titled 2019 External Audit Plan dated Monday, November 4, 2019 and numbered CS-2019-30 be received.

**Service Area Chair and Staff Announcements**

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**Consent Agenda – Public Services****Chair – Councillor Hofland**

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

**PS-2019-23                      Allocation of New Buses****Presentation:**

Colleen Clack, Deputy Chief Administrative Officer, Public Services  
Robin Gerus, General Manager, Transit Services

**Recommendation:**

1. That the capital funding for the five buses approved as part of the 2019 budget be amended and funded as follows: \$1.67 million from the Transit Development Charge Reserve Fund, and \$1.046 million from the City Building Reserve Fund.
  2. That the allocation of the five buses and the total annual net operating impact of \$1.72 million be referred to the 2020 operating budget for approval on December 3, 2019.
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**Items for Discussion – Public Services****PS-2019-24                      Harm Reduction Housing Update**  
(extracted from the October 11, 2019 Items for Information as requested by Councillor Bell)**Delegation:**

Adrienne Crowder, Manager, Wellington Guelph Drug Strategy

Councillor Bell will speak to this item.

**Service Area Chair and Staff Announcements**

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**Break for Service Area Change**

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## **Consent Agenda – Corporate Services**

### **Chair – Councillor MacKinnon**

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

#### **CS-2019-26                      2019 Second Tri-annual Capital Variance Report**

##### **Recommendation:**

That the report CS-2019-26, titled 2019 Second Tri-annual Capital Variance Report and dated November 4, 2019, be received.

#### **CAO-2019-19                      Transparency and Removal of Barriers Related to Non-Council-appointed Working Groups**

##### **Recommendation:**

1. That the terms of reference, agendas and meeting minutes for all non-Council-appointed working groups be shared on project webpages; that the names of organizations represented by participants on working groups be listed in meeting agendas and minutes; and that participants—whether representing an organization or participating as a private citizen—be given the choice as to whether they wish their name included on publicly posted agendas and minutes.
2. That the definition of 'committee' in section one of the Procedural By-law (2018)-20352 be amended in accordance with report CAO-2019-19, dated November 4, 2019.

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## **Items for Discussion – Corporate Services**

The following items have been extracted from Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

#### **CS-2019-78                      Guelph General Hospital Capital Funding Request**

##### **Presentation:**

Gavin Webb, Guelph General Hospital Vice-President, Finance and Chief Information Officer

Melissa Skinner, Vice-President, Patient Services and Chief Nursing Executive

##### **Recommendation:**

That the request for capital funding from the Guelph General Hospital be referred to the 2020 Tax Supported Budget deliberations set for Tuesday December 3, 2019.

## **Service Area Chair and Staff Announcements**

## **Adjournment**

## **Executive Summary: Integrated Youth Services Model for Guelph and Wellington County**

### **The Vision**

A grassroots community initiative is well underway, led by the Rotary Club of Guelph, to bring an integrated youth services model to Wellington County and the city of Guelph. Where youth (age 12 – 26) are at the centre of services that are available in our community, and youth have equal access to a continuum of services from employment to mental health and addiction services. Our vision includes service providers working together to enhance the integration of services and build a system to better meet the needs of youth in our community.

### **Background**

On November 24<sup>th</sup>, 2018 the Rotary Club of Guelph working collaboratively with the Guelph YMCA/YWCA, the Guelph Community Foundation and the Canadian Mental Health Association Waterloo Wellington hosted a one-day workshop to examine the viability and willingness to create a youth hub. A wide range of stakeholders were invited to participate in the workshop including youth from the Guelph YMCA/YWCA, City of Guelph Youth Council, and Rotaract. Over 30 different agencies heard experts giving presentations on relevant topics including the current mental health and addiction crisis in Guelph and Wellington County and what a Youth Hub model looks like.

Results were not surprising. Everyone acknowledged that there is an overwhelming need to do things differently, that it will take our entire Community working together to change the alarming trends and trajectory of what we are currently witnessing.

### **What is an Integrated Youth Service model?**

A “one-stop-shop” for youth aged 12-26 designed to meet a wide range of needs across the continuum, including mental health, substance use, primary care, education, employment, training, housing and other community and social services. Co-designed with youth, they are created to include peer services, outreach, and system-navigation services. Services emphasize quality, are timely, integrated and co-located, making it incredibly easy for youth to get what they need, when they need it.

### **Initial Stage**

We are proposing that the initial stage of this project focuses on physical co-locations in both rural and urban locations for youth, including the creation of a network with multiple locations in Guelph and Wellington County centrally located where a youth can access community services in this one-stop-shop model. This new model of care would consist of the integrated approach provided through youth friendly locations that are easily accessible and provide services on both walk-in and appointment bases.

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**Executive Committee:** Rotary Club of Guelph (Cyndy Moffat Forsyth, Paul Dredge), Guelph YMCA/YWCA (Geoff Vogt), Guelph Community Foundation (Chris Willard), Canadian Mental Health Association Waterloo Wellington (Helen Fishburn), University of Guelph (Carrie Chassels).

**Community Advisory Committee:** Rotary Club of Guelph (Cyndy Moffat Forsyth, Paul Dredge), Guelph YMCA/YWCA (Geoff Vogt & Melissa Haynes), Guelph Community Foundation (Chris Willard), Canadian Mental Health Association Waterloo Wellington (Helen Fishburn); Wellington Catholic District School Board (Brenda Kenyon), Upper Grand District School Board (Jenny Marino), Family & Children’s Services GW (Shelia Markle); Wyndham House (Debbie Bentley-Lauzon), WWLHIN (Jennifer Kaytar), Youth Rep (Daniel Price), Michael House (Beth Harris), Wellington County (Lori Richer), The Guelph Public Library (Ben Robinson), Guelph Wellington Dufferin Public Health (Amy Estill), Portage (Sourav Addy), The United Way (vacant), University of Guelph (Carrie Chassels), Centre Wellington Big Brothers Big Sisters (Kristen Drexler).

### **How does technology expand the reach?**

Simultaneously, we would build a technology component to enable this work. We know, from research, that youth want to access a physical location to connect with people locally, and they also want to be able to reach out through technology when they are in need and talk to a person who knows their local area. They want to know that someone who knows their community is available to assist them.

### **Youth involvement from the beginning**

These spaces would be co-designed by youth to ensure the spaces are what youth want and where they want to be. It is more than simply a mental health and addiction services but also includes a safe place to hang out, access to computers, recreational activities and an array of services to reduce the stigma associated with mental health.

### **Initial Funding**

The organizations who make up the executive committee have contributed seed funding and or in-kind resources to move this project forward. CMHAWW, starting in November 2019, is providing a full time project manager for six – months to help with the implementation and funding stages of this project. The financial resources working group is mapping out a funding strategy.

### **Long Term Funding**

In its entirety, this project will take a large amount of funding to be fully implemented. We are building with a vision of ten years of sustainable funding. We know this will take time and have agreed to build this in stages. We are a strong committed community and are very motivated to make this happen. The Guelph Community Foundation, along with Centre Wellington Community Foundation, have set up both flow through funds and endowment funds superficially allocated for this project.

### **Conclusion**

As we move this project forward, we are demonstrating our community is willing to do what it takes to meet the needs of our youth in an integrated and innovative way. We know our current system isn't working. This model provides us with an opportunity to offer wrap around services for our youth placing them at the centre of their care. We have no doubt that this model will save the lives of our youth by responding to their needs at the right time, in the right place, and in the right way.

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# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Office of the Chief Administrative Officer
Date	Monday, November 4, 2019
Subject	<b>Internal Audit Work Plan - 2020-2022</b>
Report Number	CAO-2019-18

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## Recommendation

That report CAO-2019-18 Internal Audit Work Plan - 2020-2022, dated November 4, 2019 be approved.

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## Executive Summary

### Purpose of Report

To provide the Committee of the Whole-Audit details regarding the 2020 Internal Audit work plan as well as the 2019 work plan status update.

### Key Findings

- Consistent with past practice the 2020 work plan was developed considering factors such as: risk assessment completed by Internal Audit, feedback from management and members of Council and previous audit results.
- The Plan's objective is to assist management in achieving the City's goals and objectives.
- It complies with City of Guelph's internal audit charter as well as supports the City's Strategic Plan.
- The work plan may be modified during the year as appropriate and changes will be communicated to the Committee of the Whole-Audit.
- All internal audit activity is performed in an independent and objective manner.
- 78% of the approved projects were completed in 2019 vs 71% in 2018. Similar to the previous year, 100% of the recommendations were agreed upon by management.
- In 2019 Internal Audit implemented a continuous improvement process by issuing a client satisfaction survey at the end of each project to assist in identifying opportunities to enhance our services. The satisfaction rate for 2019 is 92%.

### Financial Implications

Not applicable.

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## Report

The work plan was developed using a risk based methodology approach and complies with the City of Guelph's internal audit charter mandate as well as supports the City's Strategic plan.

The 2020 work plan (attachment 1) sets out the priorities of the Internal Audit department, that are reflective of the City of Guelph's objectives, and the Strategic Plan priorities; integrated and coordinated with the risk assessment performed by Internal Audit. The specific scope of each project will be determined during the project's planning phase.

Summarized below are several factors considered in developing the work plan:

- Risk assessment results;
- Last time an area/process was audited;
- Results of previous audits;
- Consideration requests from management and members of Council;
- Strength of internal control environment; and
- Emerging trends.

The annual work plan may be adjusted throughout the year as issues or concerns are identified.

The work plan (attachment 1) is based on the availability of two full time auditors for the full year along with the assistance of a contract auditor. The Plan will need to be adjusted if adequate resources are not available throughout the year.

The proposed 2021 and 2022 work plan (attachment 2) has been updated based on the same similar factors as the 2020 work plan.

Internal audit activities will be conducted in compliance with the International Standards for the Professional Practice of Internal Auditing.

### **2019 Activity Summary:**

The 2019 work plan was based on two full time auditors however; resources of 2 full time staff were not available for the entire year which resulted in two projects being deferred to a future year. In addition, reporting to the Committee of the Whole-Audit regarding the status of outstanding audit recommendations increased from one report to three reports annually. Also, the driver certification program compliance audit-fleet was not needed during 2019.

As a result, 78% of the work plan will be completed in 2019 or 7 projects while 22% or 2 projects will be in progress as of December 2019. This is an improvement over 2018 where 71% of the projects were completed and 29% were in progress. All audit recommendations have been accepted by management in 2019. In addition to the projects identified on the 2019 work plan, 6 consulting projects have been completed during the year.

As part of Internal Audit's goal of continuous improvement, Internal Audit implemented a process whereby a survey is issued to the client at the end of each audit project to receive feedback. The feedback received is used to identify opportunities to enhance the internal audit process. In 2019, 3 surveys were issued and received. Client satisfaction rate, based on the feedback, was 92% versus a target of 85%.

All internal audit activity was independently carried out during 2019.

**Conclusion:**

The 2020 work plan will be reviewed during the year and updated if necessary. Additional projects added to the Plan will be identified as a 'special project' and communicated during the year to the Committee of the Whole-Audit. It is designed to add value to the City and provide the highest standard of professional, quality and timely solutions in partnership with City departments.

**Strategic Plan Alignment**

The Internal Audit's work plan supports the Strategic Plan – Working Together for our Future Priority. Through projects identified, Internal Audit will utilize a systematic and disciplined approach to evaluate and improve the effectiveness and efficiency of the City's governance, risk management and internal controls.

**Financial Implications**

Not applicable.

**Consultations**

The Executive Team has been consulted and supports the proposed work plan.

**Attachments**

Attachment-1 Internal Audit Work Plan 2020

Attachment-2 Possible Audit Projects 2021-2022

Attachment-3 Internal Audit Work Plan 2019 Status Update

**Report Author**

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**Approved By**

Catherine Spence

Internal Auditor

Office of the Chief Administrative Officer

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## 2020 Internal Audit Work Plan

Name of Project	Type of Audit
<b>Employee Expense Process Audit</b> <i>To assess the effectiveness and efficiency of the processes and compliance to policies, procedures, legislation, etc.</i>	Operational
<b>Fleet Inventory Audit</b> <i>To assess the adequacy and effectiveness of the internal controls and processes and compliance to policies, procedures, legislation and By-Laws.</i>	Value for Money/ Operational
<b>Capital Budget Process Audit</b> <i>To assess the effectiveness and efficiency of the internal controls and processes and compliance to policies, procedures, legislation and By-Laws.</i>	Operational
<b>Payroll Audit Follow-Up Audit</b> <i>To assess the effectiveness and efficiency of the processes and compliance to policies, procedures and legislation.</i>	Follow-Up
<b>Annual Driver Certification Program Compliance Audit-Guelph Transit</b> <i>To access compliance to the Ministry of Transportation criteria.</i>	Compliance
<b>Annual Driver Certification Program Compliance Audit-Fleet Operations</b> <i>To access compliance to the Ministry of Transportation criteria.</i>	Compliance
<b>Annual Cash Handling Process Audit</b> <i>To assess the effectiveness and efficiency of the processes and compliance to policies, procedures, legislation and By-Laws.</i>	Operational
<b>Status Report on Outstanding Audit Recommendations</b> <i>Provides three update reports to Council on management's implementation status of recommendations agreed upon by staff.</i>	Not applicable
<b>IT Security Controls Audit</b> <i>To assess the adequacy and effectiveness of the internal controls and compliance to policies, procedures, legislation and By-Laws.</i>	Operational

## Long Term Audit Plan Proposed Projects for 2021 and 2022

In addition to the cash handling and driver's certification program annual audits Internal Audit has identified potential projects (listed below) that may be performed in 2021 and 2022. The list is based on the current risk assessment results. These projects may be revised based on updated risk results, previous audit results, emerging trends and/or any new projects that are identified during the period.

Possible Project	Service Area	Department
Property Tax Billing and Collection Process	Corporate Services	Finance
Building Permit Process	Infrastructure, Development and Enterprise Services	Planning, Urban Design & Building
Fuel Systems and Security Follow up	Public Services	Operations
Phone Management Process Audit	Corporate Services	Information Technology
External Consulting	Corporate Services	Finance
Vendor/Payment Follow-Up	Corporate Services	Finance
Hiring Recruitment Process	Corporate Services	Human Resources
Winter Control	Public Services	Operations
Development Process Audit	Corporate Services	Finance

## 2019 Internal Audit Work Plan Status

as of December 2019

Name of Project	Type of Audit	Status
<b>Project Management Audit-Special Project</b> <i>To assess the effectiveness and efficiency of the project management processes and compliance to policies, procedures and legislation.</i>	Operational	Complete
<b>Enterprise Risk Management Framework Update – Consulting Project</b> <i>To facilitate the review and update of the City's risk management framework to ensure it continues to be effective in managing risk throughout the City.</i>	Consulting	Complete
<b>Employee Expense Process Audit</b> <i>To assess the effectiveness and efficiency of the processes and compliance to policies, procedures, legislation, etc.</i>	Operational	In Progress
<b>Annual Driver Certification Program Compliance Annual Audit-Guelph Transit</b> <i>To access compliance to the Ministry of Transportation criteria.</i>	Compliance	Complete
<b>Annual Driver Certification Program Compliance Annual Audit-Fleet Operations</b> <i>To access compliance to the Ministry of Transportation criteria.</i>	Compliance	Not Required
<b>Annual Cash Handling Process Audit</b> <i>To assess the effectiveness and efficiency of the processes and compliance to policies, procedures, legislation and By-Laws.</i>	Operational	Complete
<b>Status Report on Outstanding Audit Recommendations</b> <i>Provides an update to Council on management's implementation status of recommendations agreed upon by staff.</i>	Not applicable	Three reports complete
<b>IT Security Controls Audit</b> <i>To assess the adequacy and effectiveness of the internal controls and compliance to policies, procedures, legislation and By-Laws.</i>	Operational	Deferred
<b>Development Fee Process Audit</b> <i>To assess the effectiveness and efficiency of the processes and compliance to policies, procedures, legislation and By-Laws.</i>	Operational	Deferred
<b>Fleet Inventory Audit</b> <i>To assess the adequacy and effectiveness of the internal controls and processes and compliance to policies, procedures, legislation and By-Laws.</i>	Value for Money/ Operational	In Progress

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Office of the Chief Administrative Officer
Date	Monday, November 4, 2019
Subject	<b>Court Services Cash Handling Audit Report</b>
Report Number	CAO-2019-17

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## Recommendation

That the report CAO-2019-17, Court Services Cash Handling Audit Report dated November 4, 2019 be received.

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## Executive Summary

### Purpose of Report

To provide Committee of the Whole with the results of the Court Services Cash Handling audit performed to assess the adequacy of the internal controls and compliance to policies, procedures, by-laws and legislation.

### Key Findings

- For the purpose of this audit, cash means payment received from customers or other sources made by cash, cheque, debit and credit cards;
- Areas of focus included safeguarding of the assets, accountability, segregation of key tasks within the cash processes and monitoring;
- Opportunities for improvement were identified and management has agreed to all recommendations with 46% of the recommendations completed by the end of August 2019.

### Financial Implications

No direct financial implications as a result of the audit.

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## Report – Court Services Cash Handling Audit

### Background

A review was performed to assess the effectiveness and efficiency of the Court Services cash handling processes and internal controls.

The cash handling audit was included as part of the 2019 Internal Audit Work Plan approved by Council in February 2019. For this year's audit, Internal Audit has selected Court Services, a division of the Legal, Realty and Court Services Department (LRCS) within the Corporate Services service area.

Effective November 2018, Court Services staff commenced reporting to the General Manager of Legal, Realty and Court Services/City Solicitor.

The *Provincial Offences Act* (POA) is a provincial statute that sets out procedures for the prosecution of offences under other provincial statutes and regulations and municipal by-laws. Under a Memorandum of Understanding, municipalities are responsible for the administration of courts hearing POA matters and the prosecution of certain POA cases on behalf of the Attorney General.

Court Services department administers the POA under strict legislative and legal constraints.

There are three (3) different types of offences under the POA:

- Part I- Offences, which include many of the offences under the *Highway Traffic Act*
- Part II- Parking Offences
- Part III- Commencement of Proceedings by Information

Court Services, a division of LRCS comprises two (2) sections: Court Administration and Prosecutions and Facility Operations.

The Court Administration Section is made up of two (2) units: Court Administration and Court Support. The Court Administration Unit includes the finance and administration groups. Both groups report to the Manager, Court Operations. The finance group includes two (2) full-time positions: the Financial Coordinator and the Collections Clerk, while the administration group includes four (4) full-time POA Clerks.

Responsibility for cash handling activities is within the Court Administration Section, while security of the Court Building is the responsibility of the Prosecutions and Facility Operations Section of LRCS and the Operations department within the Public Services service area.

Revenues generated for Part I, II and III offences for 2018 totaled \$4.0 million, up from \$3.9 million in 2017.

There are primarily three (3) systems used in the fine payment process:

1) CLASS point of sale system, which records all payments received over the counter or through the mail; 2) the Integrated Courts Offences Network (ICON), an online case tracking system that contains records for Ontario Court of Justice criminal and POA matters, which allows staff to manage information on Ontario court cases; and 3) AIMS, a parking management system that tracks the life of a parking ticket from the moment of issuance through to payment. All parking ticket payments are posted to this system. AIMS was implemented in May 2019 replacing Parksmart.

## **Audit Objectives and Scope**

The objective of the review is to assess the effectiveness and efficiency of the Court Services cash handling activities and to ensure activities are managed in compliance with the City's policies and procedures, best practices, and Ministry of the Attorney General requirements. The audit focused on payments received at the City's Provincial Offences Court office.

The scope of the review includes:

- Assess the effectiveness and efficiency of the City's processes and internal controls related to the cash handling processes;
- Assess compliance with applicable policies, procedures, by-laws and legislation; and
- Provide management with recommendations.

The scope of the review excludes:

- Payment transactions other than cash, credit/debit, and/or cheques and payments not directly handled at Court Services;
- Activities related to processes subsequent to transferring the deposit to Service Guelph;
- Inventory management processes;
- Revenue verification;
- RICO, ICON and AIMS processes;
- Write off processes;
- System processes and controls; and
- Receivable/collection processes.

The audit coverage period includes activity between January 2018 and May 2019.



## **Executive Summary**

Internal Audit conducted a review of the Court Services cash handling processes to assess the effectiveness and efficiency of its controls and processes.

Effective November 2018, the Manager, Court Operations and Manager, Prosecutions and Facility Operations report into the General Manager, Legal, Realty and Court Services/City Solicitor.

Court Services, a division of the Legal, Realty and Court Services department of the Corporate Services service area administers the Provincial Offences Act under legislative and legal constraints.

The audit examined the cash handling processes and controls in place and assessed compliance with applicable best practices, policies, procedures, by-laws and legislation.

The audit identified opportunities for improvement to strengthen the cash handling processes.

Key opportunities for enhancement are summarized below.

## **Governance**

### **Management Oversight**

Oversight over operational processes is critical to ensure accuracy and compliance with policies, procedures and legislation. It also assists in achieving the City's goals and objectives.

In assessing management oversight, two (2) areas for improvement were identified. First, the development and/or updating of procedures in aspects of cash handling such as: access card and safe management, in order to ensure activities are carried out in a consistent and accurate manner. Once procedures have been developed and implemented they can be utilized in the training of new or existing employees. Second, enhance oversight of key cash handling activities to identify potential issues and trends.

As part of the 2018 cash handling audit, recommendations were agreed to by Corporate Services' Finance department to update and implement procedures related to petty cash across the organization. The recommendations are due to be implemented by the end of the third quarter 2019 as per the Department's management action plan. As a result, the same recommendation has not been repeated within this report.

## **Security**

Security controls are put in place to help ensure the safeguarding of City assets and employees' safety.

### **Physical Security**

The areas reviewed under physical security included safe and key management, card access management and CCTV and patrol controls.

Cash handling activities are performed in the area of the Court Building occupied by the Court Administration section. Physical access to this area is controlled through the use of cards and master keys. Operations, a department of the Public Services service area, issues access cards based on the approval of the Manager, Prosecutions and Facility Operations. Requests for access in a few instances did not have the approval of the employee's supervisor and/or the Manager, Court Administration. Generic cards are defined as access cards issued generally in the name of the department/division and not to an individual. By doing this, it significantly reduces transparency and accountability unless compensating controls have been put in place. The review identified a number of active generic cards in use but a listing of who has been given a generic card is lacking key information. In addition, a review of access cards was performed a couple of years ago to assess accuracy; however, a review has not been performed since 2017.

Internal Audit reviewed the master key process for keys that have access to all doors in the Court Building. According to the Manager, Prosecutions and Facility Operations, a master key is issued in the event an access card does not work and immediate access to the Building is required. Also there are a few doors that are not controlled by an access card, so a master key is issued to those employees who need access to those rooms. There are six (6) master keys issued where two (2) are not issued to an individual. Also, a listing is not maintained to track who has a key, when the key was issued and signatures of the key holder and issuer.

In addition to access cards and master keys the Court Building does have active CCTV cameras and panic buttons to enhance security. According to the General Manager, Operations the panic alarm system is in the process of being replaced, which will allow the system to be tested periodically to ensure it is operational. Also, a security review should be performed to determine if an additional CCTV camera and regular security patrols are required.

Similar findings were identified related to safe management controls as identified with the master key process such as: a listing is not maintained to track who has knowledge of the safe combination, when the combination was given and signatures of the combination holder and issuer. As well, the combination is not changed periodically or when an individual leaves the area and no longer requires the use of the safe.

## **System Access**

Controls and processes related to system access were reviewed to ensure only authorized users have access and only to the functions and information required to carry out their job responsibilities. The review focused primarily on the CLASS POS system. The ICON and RICO systems are the responsibility of the Ministry of the Attorney General.

In reviewing CLASS POS system access for POA, it was determined that a periodic review of individual's access rights is not performed to ensure access is accurate and needed. Also, in some cases employees have been granted access rights not needed to carry out their responsibilities.

## **Segregation of Duties**

A significant control to help reduce the risk of error or misappropriation is separating key tasks in a process. For example, an individual who can create a key record should not have access or responsibility to approve the same record.

Based on the review, a number of incompatible duties were identified. If incompatible duties cannot be segregated, then additional controls need to be put in place to monitor activity. Examples of incompatible duties identified included: (a) two (2) individuals have the ability to process a payment received, cancel and/or refund the same payment and both have access to the cash. In addition to the above access, one (1) individual also has responsibility to process the daily bank deposit; and (b) an individual has the responsibility for the issuance and maintenance of the master keys, orders and picks up the keys from the vendor, tracks the keys and approves who receives a key.

## **Accountability**

Financial management controls are implemented in order to ensure cash recorded is accurate, recorded timely and complete.

At the end of each day or the next morning each cashier is responsible for balancing the cash received for the day to system reports. The Financial Coordinator is then responsible for reviewing and approving the cashier's reconciliation by recounting the cash and verifying totals to system reports. Once the reconciliation is approved, the Financial Coordinator will prepare the deposit for the bank. Internal Audit noted at the time the cashier provides the cash to the Financial Coordinator, the funds are not counted and agreed to by both individuals. In reviewing the daily deposit supporting documentation, it was noted that, in some instances, not all documentation was included.

It is practice for Court Administration to include petty cash replenishment cheques payable to the custodian as part of the daily bank deposit and taking out of cash equivalent to the cheque amount. It was noted that this transaction is not approved by an independent person.

Also, the Court Services daily deposit is given to Service Guelph daily for transport to the bank by an armoured car service. The transfer of the daily deposit to Service Guelph is performed in an unsecure area and in view of the public.

Some cash handling controls that are not in place that can enhance the cash handling processes include: (a) draw down of funds in the cash drawers when excess cash occurs and place it in the safe; (b) have two (2) people open mail to verify payments (cash, cheque and credit) in order to be compliant with Court Administration's protocol procedure document; and c) cheques received through the mail be endorsed at the time the mail is opened.

## **Financial Implications**

No direct financial implications as a result of the audit.

## **Consultations**

Findings and recommendations have been discussed and/or reviewed with the General Manager, Legal, Realty and Court Services/City Solicitor and the Executive Team. In addition, this matter has been discussed with the Executive Team and the Deputy CAO, Corporate Services, will extend the recommendations across all departments. This will be added to the Finance departments work plan for 2020.

## **Strategic Plan Alignment**

This report supports the Strategic Plan – Working Together for our Future Priority. The recommendations identified are designed to improve the effectiveness and/or efficiencies of the Court Services cash handling governance, risk management and internal control processes.

## **Attachments**

Attachment-1 Summary of Recommendations



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Approved By

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Internal Auditor

Office of the Chief Administrative Officer

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### ***Summary of Recommendations***

<b>Rec #</b>	<b>Recommendation</b>	<b>Management Action Plan</b>	<b>Implementation Due Date</b>
1.1	Implement oversight activities on a periodic basis to identify potential trends or issues including, but not limited to working with Information Technology to develop a CLASS report listing all POA refund and cancellation transactions with reference to the original transaction, amount, cashier, etc.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Work with IT to develop CLASS reports that include detailed refunds, voids and cancellations. Once reports are created, to be reviewed by management on a regular basis. Management to review overages and shortages for possible trends on a monthly basis. To be documented, as required.</p>	End of Q1 2020
1.2	Reconcile the daily deposit to the bank statement by someone independent of the process and within five (5) days of the deposit date where feasible, in order to access the CCTV images if needed.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Daily deposit to be assigned to staff (i.e., POA Clerks/Collections Clerk). Management to access bank statements and reconcile against daily deposits on a weekly basis.</p>	End of Q4 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
1.3	Implement periodic independent verifications of the petty cash funds and cashier's floats and maintain evidence on file.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Petty cash float reconciliation to be assigned to staff (i.e., POA Clerks/Collections Clerk). Management oversight on a periodic basis to verify petty cash floats, as well as random verification of cashier floats utilizing a Petty Cash/Float Summary Sheet.</p> <p>Petty Cash/Float Summary Sheets to be retained with daily deposit package documentation.</p>	End of Q4 2019
1.4	Ensure there are periodic independent reviews performed verifying the daily deposit amount to the CLASS and ICON statements.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>To be reviewed on a weekly basis utilizing labels to document verification. Verification to be completed by Supervisor, Financial Operations/Court Services and/or Manager, Court Administration and to be retained with the daily deposit documentation package.</p>	End of Q4 2019
2.1	Develop and/or update cash handling procedures for key cash handling activities including procedures identified within this report, implement and make accessible to employees.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Standard Operating Procedure to be developed, reviewed and modified as necessary ensuring compliance with the corporate cash handling policy.</p>	Final SOP - Q4 2020

<b>Rec #</b>	<b>Recommendation</b>	<b>Management Action Plan</b>	<b>Implementation Due Date</b>
2.2	Utilize the formal procedures developed and updated as part of 2.1 in the training of new employees.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Based on the Standard Operating Procedure developed in 2.1, training to be conducted for all new hires, and additional staff training, as necessary.</p>	End of Q4 2020
2.3	Develop and implement a corporate cash handling policy to provide guidance to staff. The policy should address the following main areas: segregation of duties, asset accountability (assets are accounted for, properly documented and secured and trackable to specific individuals), safety of people and reconciliation procedures to ensure adequate documentation and approval of transactions.	<p><i>Corporate Services Management:</i></p> <p>Agree – A corporate cash handling policy will be developed.</p>	Q4 - 2019
3.1	Develop and implement a safe management procedure that outlines roles, responsibilities and tasks in the management of the safe along with outlining the responsibilities of the individual that knows the combination.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Safe procedures, protocols and roles established and provided to all combination holders (see attached "Court Services Safe Oversight Procedures and Responsibilities")</p>	Completed August 2019
3.2	Ensure a listing is maintained of individuals who know the combination, who provided the combination, date provided, signatures noting acceptance of responsibilities and the dates the combination was changed.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Listing of combination holders created, along with their signature and date, acknowledging their roles and responsibilities.</p>	Completed August 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
3.3	Investigate options of reducing the number of individuals with access to the area in which the safe is located.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>The Manager of Prosecutions and Facility Operations, has limited the number of individuals with security pass access to the Court Services area, where the safe is located, and is implementing new card swipe access to the administration office. Refer to action plans for 4.1 and 5.3 as well.</p>	Q4 2019
3.4	Ensure the safe combination is changed periodically and when an employee with knowledge of the combination transfers or leaves the City.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Safe combination changed on April 30, 2019, and commitment to adherence to Safe Management Practices Standard Operating Procedure for periodic changes, as required.</p>	Completed April 2019.



Rec #	Recommendation	Management Action Plan	Implementation Due Date
4.1	Work with Public Services' Operations Department to assess the feasibility of eliminating or reducing the number of master keys issued, given that the Operations Department's Security Section currently operates on a 24/7 basis and, therefore, may be able to address a situation quickly where an access card does not work. This would result in enhanced accountability. In addition, Court Services management should consider creating a new key that only opens those doors accessible by a key.	<p><i>Court Services Management:</i></p> <p>Agree. Master Key access reduced to eliminate security/operations on a 24/7 basis. All master keys returned.</p> <p>Work with Operations/contractor to re-key entry doors into Administration Section to allow for enhanced accountability.</p> <p>Working in conjunction with Manager of By-Law, Security and Licensing: A new swipe access portal to be installed into the back entrance of the Administration Section; new access level code to be established for the entrances into the Administration Section (four (4) doors), and access will be limited to court staff and authorized stakeholders. See 5.3</p>	<p>Completed July 29, 2019 Target Completion Q4 2019</p> <p>Target Completion Q4 2019</p>
4.2	Develop and implement a key management procedure document that outlines roles, responsibilities and tasks. Also identify key holder responsibilities.	<p><i>Court Services Management:</i></p> <p>Agree.</p>	Completed August 9, 2019
4.3	Ensure master keys are issued to a specific individual only.	<p><i>Court Services Management:</i></p> <p>Agree. Master keys issued to individual court staff.</p>	Completed July 29, 2019
4.4	Develop a master listing of keys issued including name of person receiving the key, the person who provided the key, the date provided, acceptance signatures and the date the key was returned, with signature.	<p><i>Court Services Management:</i></p> <p>Agree. Master key listing established in accordance with recommendations.</p>	Completed July 29, 2019

<b>Rec #</b>	<b>Recommendation</b>	<b>Management Action Plan</b>	<b>Implementation Due Date</b>
4.5	Ensure master keys are sequentially numbered and stamped "Do not duplicate" and all requests to cut new keys be in writing to the vendor and signed for when the key is picked up from the vendor.	<i>Court Services Management:</i>  Agree. Master keys engraved, "Do not copy" and sequentially numbered. Letter sent to vendor; authorization of City of Guelph.	Completed July 30, 2019
4.6	Ensure all requests for a master key are approved by the General Manager of Legal, Realty and Court Services prior to issuing the master key.	<i>Court Services Management:</i>  Agree. GM master key approval document completed.	Completed July 30, 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
5.1	Develop and implement a corporate card access procedure to include but not limited to items listed above such as: utilizing a standard request form with appropriate approvals, including the Manager, Prosecutions and Facility Operations and employee's manager: and ensuring all cardholders have knowledge of and understand their responsibilities.	<p><i>Public Services Management:</i></p> <p>Agree. Standard on-line form in use for all initial access requests.</p> <p><a href="#">Link to Employee security access form</a></p> <p>Security staff advised May 2019 that all requests for access must be completed by way of this form. Further before access is granted, security staff must seek approval of manager responsible for the facility. List of facility approvers to be created and form updated to show approval has been granted.</p> <p>Before access card is issued a form listing responsibilities (similar to process for City credit cards) will be signed by the employee receiving the card. Effective September 1, 2019, all generic cards where applicable (i.e. short term contract cards may still be required) will be cancelled for all facilities. Further security staff have been directed that there will no issuance of generic cards without a sign in and sign out sheet process developed for the facility.</p> <p><i>Court Services Management:</i> Agree. Concur with above</p>	Q4 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
5.2	In conjunction with Human Resources develop, document and implement a procedure to be used throughout the City to ensure the Public Services' Operations Department-Security Section is notified by the departments when an employee transfers to another area in order to update an individual's access. Also ensure the Manager, Prosecutions and Facility Operations is notified as well.	<p><i>Public Services Management:</i></p> <p>Agree. Draft form has been created and is being circulated within a pilot area. Following feedback, staff will work with HR staff to finalize form for use corporate wide.</p>	Q1 2020
5.3	Ensure an annual card access review is performed in conjunction with the Operations Department's Security Section and the departments to ensure access is accurate and needed to perform their job responsibilities. Maintain evidence of review on file.	<p><i>Public Services Management:</i></p> <p>Agree. Process conducted in 2017 for POA will be conducted by Operations staff annually for all facilities with sign off by the manager responsible for the facility.</p> <p><i>Court Services Management:</i></p> <p>Agree.</p> <p>Quarterly reports to be provided by Manager of By-Law, Security and Licensing-POA facility access for review.</p> <p>Working in conjunction with Manager of By-Law, Security and Licensing:</p> <p>A new swipe access portal to be installed into the back entrance of the Administration Section, new access level code to be established for the entrances into the Administration Section division (four (4) doors) and access will be limited to Court staff and authorized.</p>	<p>Q3 2020 Completed July 31, 2019</p> <p>Q4 2019</p>

Rec #	Recommendation	Management Action Plan	Implementation Due Date
5.4	In conjunction with Public Services, inactivate all generic access cards and issue access cards to a specific person. However, in the event this cannot occur due to a business reason, implement a compensating control where a formal listing is maintained that includes the card issuer's name, the cardholder's name, the card number, the date issued, the signature of the issuer and cardholder, the date received and the date the card is returned (if applicable).	<p><i>Public Services Management:</i> Agree. See 5.1</p> <p><i>Court Services Management:</i> Agree: Generic access cards to be assigned to specific person. All access cards not required to have access to Courts Building to be deactivated.</p>	<p>Q4 2019</p> <p>Completed July 31, 2019</p>
5.5	In conjunction with Public Services, ensure all card access requests are in writing using a standard form with the appropriate approvals (the employee's manager and the responsible manager of the area if required).	<p><i>Public Services Management:</i> Agree. See 5.1</p> <p><i>Court Services Management:</i> Agree. See 5.1</p>	<p>Q4 2019</p> <p>Q4 2019</p>

Rec #	Recommendation	Management Action Plan	Implementation Due Date
5.6	In conjunction with the Department's Security Section consider developing or utilizing an existing report within the security system that can be accessed by the Manager, Prosecutions and Facility Operations to monitor card access instead of maintaining a separate manual listing. This will enhance efficiency.	<p><i>Public Services Management:</i></p> <p>Agree. Operations staff will work with POA facility manager and other facility managers to investigate efficient and time sensitive options to generate reports on card access.</p> <p><i>Court Services Management:</i></p> <p>Agree: On Guard software to be provided to Manager of Prosecutions and Facility Operations for review of parties accessing the Court Building to ensure accuracy (approved by all parties July 31, 2019).</p>	<p>Q2 2020</p> <p>Completed August 6, 2019</p>
6.1	Review security measures for the Court Administration area and implement, where needed, CCTV cameras and regular security patrols.	<p><i>Public Services Management:</i></p> <p>Agree. Security patrols have been implemented.</p> <p>New CCTV camera to be installed. New panic alarms to be installed.</p>	Q3 2020
6.2	Ensure once the new panic alarm system is installed, that regular panic alarm system testing is documented and maintained on file.	<p><i>Public Services Management:</i></p> <p>Agree. All panic alarms in all City facilities to be tested on a bi-monthly time frame including the POA facility.</p>	Complete Q3 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
7.1	Work in conjunction with Information Technology to develop a report for use by Court Administration that provides, by employee, their rights and permissions to the CLASS POS POA system to ensure employees' access and rights are reviewed annually to determine if it is granted based on the need to know, need to use principle. Maintain evidence on file.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation. Worked with IT to verify user access to CLASS system, and restricted access to Court Administration employees and management only.</p> <p>Work with IT to develop future system access and permissions reports. Once reports are created, to be reviewed by management on an annual basis, with changes, additions or deletions noted. To be documented, as required.</p>	<p>User access to CLASS system completed July 2019.</p> <p>User permissions and CLASS system access reports to be completed Q1 2020.</p>
7.2	Review the POA supervisor role and verify that the functionality contained within this role reflects responsibilities outlined in the job description for the Financial Coordinator and Manager, Court Administration positions.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Recommendations already implemented. POA Supervisor role functionality on CLASS verified and corrected to reflect accurate roles and responsibilities of Financial Coordinator and Manager, Court Administration.</p>	Completed July 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
8.1	Review system access and cash handling processes for potential segregation of duties conflicts and remove conflicts or, where these functions are required for business reasons, develop, document and implement compensating controls to monitor and evaluate activities where incompatible functions are performed.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>System access reviewed and completed. CSR and Supervisor roles defined and separated in CLASS to ensure segregation of duties (i.e., CSR not able to process cancellations or refunds/Supervisor role unable to process payments).</p> <p>Cash handling processes to be reviewed and, where possible, assigned to staff to ensure segregation of duties (i.e., deposit to be completed by POA Clerk/Collections Clerk not on cash; with independent managerial reviews). If an incompatibility is determined, to be part of Standard Operating Procedure to be developed in 2.1.</p>	<p>Partially completed. CLASS system access review completed July 2019.</p> <p>Cash handling processes to be completed Q1 2020.</p>
9.1	Cash is counted and agreed to in the presence of another individual when custody of cash transfers and placed in a secure bag in the safe.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Secondary verification for cash counting required prior to placement of cash in secure locked bag. Cashier maintains key to locked bag.</p>	Completed August 2019
9.2	As part of the balancing and verification process, ensure coin denominations are documented, cash count sheets are dated when signed and all key supporting documentation is included with the daily deposit package.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Deposit reconciliation sheet modified to include hand-written date deposit was signed and completed, and also includes coin denominations and requirements for supporting documentation. Documents required for daily deposit package to be included in cash handling Standard Operating Procedure in 2.1.</p>	Completed May 2019



Rec #	Recommendation	Management Action Plan	Implementation Due Date
9.3	CLASS reports utilized by the cashiers for balancing purposes include all daily transactions processed for the day and that no daily transactions are processed subsequently to the report being produced.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Requirement for no further transactions to be processed after final reports produced, shared with all staff and noted on deposit reconciliation sheet. Also, requirement to be included in cash handling Standard Operating Procedure in 2.1 and included in training in 2.3.</p>	Completed July 2019
9.4	Procedures include a process to draw down a cashier's till during a day of large collections to ensure the amount of cash in each till does not become excessive.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Procedures to be developed, including the cash threshold, and logging of cash into the safe.</p>	Policy - Q4 2019
10.1	Ensure the deposit tag is completed in full and is deposited to the bank timely as per the Ministry of the Attorney General guidelines.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Changes have taken place and deposit tag always fully completed.</p> <p>Deposit to be transferred to ServiceGuelph daily by the time required for transfer to the bank by the armoured car service.</p> <p>To be included as part of cash handling Standard Operating Procedure in 2.1.</p>	Completed May 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
10.2	Determine if the replenishment of petty cash cheques is permissible as part of the daily deposit process and, if so, ensure the transaction is approved independent of the petty cash custodian and the individual preparing the daily deposit.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Policy to be prepared, to permit replenishment of petty cash as part of daily deposit process, including independent verification from someone other than petty cash custodian and individual preparing the deposit. To be included as part of Standard Operating Procedure in 2.1.</p>	Policy - Q1 2020
10.3	As part of the approved City Hall service desk reconfigure 2019 capital project, ensure cash handling activities are performed in a secure area with restricted and limited access to the area and consider options to relocate the safe and perform cash handling activities out of sight of the public and implement, if feasible.	<p><i>City Clerk's Management:</i></p> <p>Agrees with Recommendation. The recommendation will be achieved through physical changes and updates made at ServiceGuelph through the counter re-configuration capital project.</p> <p><i>Facilities Management:</i></p> <p>Agrees with Recommendation. Will be implemented with the Service Desk reconfiguration project that is currently in the design phase.</p>	Q1 2020

Rec #	Recommendation	Management Action Plan	Implementation Due Date
11.1	Compliance to the Court Administration Protocol document by having two (2) people open the mail; however, if this is not possible due to a business reason, implement a compensating control by maintaining a log of cheques received at the time the mail is opened.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Changes implemented in the short term include a log of cheques received at the time the mail is opened. Log to include date, cheque number, name on cheque, ticket/file number and dollar amount. Log to be included with the daily deposit documentation.</p> <p>In the long term, management to review feasibility of changes to staff duties and responsibilities to allow for two (2) people to open the mail.</p>	Completed August 2019, with a commitment to periodic reviews.
11.2	Cheques are endorsed immediately upon opening the mail.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Changes already completed. Cheques stamped and endorsed immediately upon opening the mail.</p> <p>To be included in cash handling Standard Operating Procedure in 2.1.</p>	Completed August 2019
11.3	Mail is opened out of sight of the public.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Changes have been made and mail now opened at POA Clerk's cubicle to ensure it is out of sight of the public.</p> <p>To be included in cash handling Standard Operating Procedure in 2.1.</p>	Completed August 2019

Rec #	Recommendation	Management Action Plan	Implementation Due Date
12.1	Ensure the witness petty cash vouchers include the signature of the custodian providing the cash and the date when cash is given.	<p><i>Court Services Management:</i></p> <p>Agree with recommendation.</p> <p>Changes have already been made to petty cash voucher. Signature of custodian providing the cash and date when cash given included.</p>	Completed May 2019

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Corporate Services
Date	Monday, November 4, 2019
Subject	<b>2019 External Audit Plan</b>
Report Number	CS-2019-30

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## Recommendation

That report titled 2019 External Audit Plan dated Monday, November 4, 2019 and numbered CS-2019-30 be received.

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## Executive Summary

### Purpose of Report

To present KPMG LLP's audit plan for the City of Guelph's 2019 Consolidated Financial Statements.

### Key Findings

Staff reviewed KPMG LLP's audit service plan and have no concerns with proceeding as outlined in the attached report.

### Financial Implications

The external audit fees were agreed upon in advance through the request for proposal process and have been budgeted for through the annual operating budget.

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## Report

Annually, the consolidated financial statements of the City of Guelph are required to be audited by an external auditor and the results of this audit are reported back to Council. It is the auditor's duty to communicate to Council the planned audit approach as well as any findings discovered throughout the audit. KPMG LLP is the external auditor for the term 2015 through 2019 as approved by Council through By-law (2015)-19984.

The audit fieldwork will begin in December 2019 with interim testing, and will finish in April 2020 with the final fieldwork. The results of the audit will be reported to Council by KPMG LLP in June 2020. Approval of the final consolidated financial statements by Council is expected in June 2020, at which point the financial statements will be made available to the public.

Please refer to Attachment-1 for the Audit Planning Report for the 2019 Consolidated Financial Statements which will be presented by Audit Partner, Matthew Betik, from KPMG LLP.

## **Financial Implications**

No financial implications are noted. The external audit fees were agreed upon in advance through the request for proposal process and have been budgeted for through the annual operating budget.

## **Consultations**

No consultations were required.

## **Strategic Plan Alignment**

The recommendations contained in this report related to the external audit plan align with the City's Working Together for our Future priority through maintaining a fiscally responsible and trusted local government by hiring an independent consultant to provide complete transparency on financial processes and year-end results. There are no recommendations contained in this report that may contradict the strategic priority alignment.

## **Attachments**

Attachment-1 KPMG LLP Audit Planning Report

## **Departmental Approval**

Jade Surgeoner, CPA, CA, CIA, Manager of Financial Reporting and Accounting

## **Report Author**

Jenna Francone, CPA, CA, Senior Corporate Analyst, Financial Reporting and Accounting



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### **Approved By**

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# The City of Guelph

Audit Planning Report  
for the year ended December 31, 2019

*KPMG LLP*

Prepared on October 2, 2019 for the Audit  
Committee meeting November 4, 2019

[kpmg.ca/audit](http://kpmg.ca/audit)



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# Executive summary



## Group audit scope

Our audit consists of 4 of components over which we plan to perform:

- 4 full scope audit(s)

See page 3



## Audit and business risks

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- Tangible capital assets
- Post-employment benefits
- Obligatory reserve fund revenue
- Accounting for Contaminated sites

See pages 4-11



## Audit materiality

Materiality has been determined based on budgeted revenue (excluding capital funding). We have determined group materiality to be \$8,000,000.

See page 12



# Executive summary



## Independence and Quality Control

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit Committee approved protocols.



## Proposal Fees

Proposed fees for the annual group audit and special reports is \$95,672.

See page 15.



## Current developments and Audit Trends

Please refer to pages 16 and 17 for accounting changes relevant to the City and audit trends.

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This Audit Planning Report should not be used for any other purpose or by anyone other than the Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# Group Audit Scope

Entities in which KPMG performs an audit on are as follows:

Entities	Scoping
Corporation of the City of Guelph	Audit
Downtown Guelph Business Association	Audit
Wellington-Dufferin-Guelph Public Health	Audit
Guelph Junction Railway	Audit
Provincial Offenses Court Program Statement	Special Report
Guelph Municipal Holdings	To be Determined





# Audit risks

## Professional requirements

Fraud risk from revenue recognition.

## Why is it significant?

The risk of fraud from revenue recognition has been rebutted

## Our audit approach

This is a presumed fraud risk.

However, the audit team has rebutted this presumption due to the following reasons:

- The presumed fraud risk is ordinarily associated with for-profit enterprises
- The majority of revenue is calculated based on MPAC data, approved utility rates and user fees, and is not subject to complexity or judgement at the reporting level; and
- KPMG does not believe that the use of inappropriate cut-off would be utilized to perpetrate fraud.



# Audit risks

## Professional requirements

Fraud risk from management override of controls.

## Why is it significant?

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.

## Our audit approach

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates and
- evaluating the business rationale of significant unusual transactions.



# Audit risks

## Other areas of focus

Post-employment benefits

## Why are we focusing here?

- Estimates and judgements used by management
- Complexity of the accounting guidance

## Our audit approach

- Communicate with management's actuarial specialists
- Assess the reasonableness of assumptions used, and
- Test the appropriateness of the underlying data, including employee populations
- We will also use the work of the Nexus Actuarial in our audit of the accounts and disclosures.



# Audit risks

## Other areas of focus

Tangible Capital Assets

## Why are we focusing here?

- Significance of the account balances
- Risk of error in inappropriately recognizing costs as either capital or operating

## Our audit approach

- Discuss capitalization policies and their application with management
- Test a sample of capital additions to ensure existence and accuracy
- Review of work orders and closed work orders for capitalization
- Test items recorded as repairs & maintenance or other similar accounts to ensure completeness of capital additions





# Audit risks

## Other areas of focus

Liabilities for contaminated sites

## Why are we focusing here?

- Significance of the account balance
- Complexity, judgement, and estimates involved

## Our audit approach

- Review management's prepared assessment of contaminated sites
- Inquire of any changes to assessment
- Test changes from the prior year





# Audit risks

## Other areas of focus

Obligatory Reserve Funds Revenue and Deferred Revenue

## Why are we focusing here?

- Revenue recognized from the Development Charge Reserve Fund is subject to judgement as capital projects must be growth related in nature

## Our audit approach

- Identify and evaluate the operative effectiveness of internal controls over the identification of development charge funding projects and allocation of related expenses
- Perform substantive testing over amounts being recognized as revenue
- Perform testing of development charges collected
- Obtain a sample of costs that relate to development charge revenue to ensure they are appropriate and are allocated to the appropriate project



# Audit risks

## Other areas of focus

Investments and related income

Taxation Revenue

## Why are we focusing here?

Significant account

Significant account

## Our audit approach

- Confirmation of details with investment managers.
- Analytical procedures recalculating tax revenues using approved tax rates and related MPAC assessments.



# Audit risks

## Other areas of focus

User Fees and Service Charge Revenue

Expenses

Government Transfers

## Why are we focusing here?

Significant account with significant transactions

Significant account with significant transactions

Significant account

## Our audit approach

- Analytical procedures comparing current year's revenues on a disaggregated basis to the current year budget and the prior year, adjusting for known changes in assumptions
- Analytical procedures comparing current year's expenses on a disaggregated basis to the current year budget and the prior year, adjusting for known changes in assumptions
- Substantive procedures to test the existence and accuracy of expenses
- Testing the completeness, existence, and accuracy of yearend accruals, most notably those that contain areas of estimate of judgment
- Review of agreements to ensure proper revenue recognition criteria was followed. To ensure the transfers were authorized and all eligibility criteria and any stipulations were met.
- Perform test of details on significant transfers

# Materiality

Materiality determination	Comments	Group amount
<b>Materiality</b>	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$7 million.	\$8 million
<b>Benchmark</b>	Based on budgeted revenues excluding capital funding for the year. This benchmark is consistent with the prior year.	\$484 million
<b>% of Benchmark</b>	The corresponding percentage for the prior year's audit was 1.5%.	1.65%
<b>Audit Misstatement Posting Threshold (AMPT)</b>	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$350 thousand.	\$400 thousand Reclass threshold: \$1 million

Materiality is used to scope the audit, identify risks of material misstatements and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

## We will report to the Audit Committee:



Corrected audit misstatements



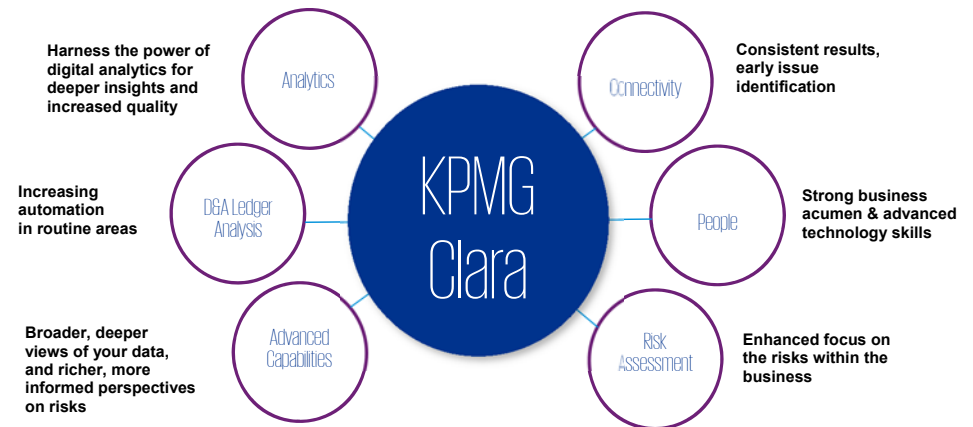
Uncorrected audit misstatements



# The audit of today, tomorrow & the future

As part of KPMG's technology leadership, our audit practice has developed technologies and alliances to continuously enhance our capabilities and deliver an exceptional audit experience.

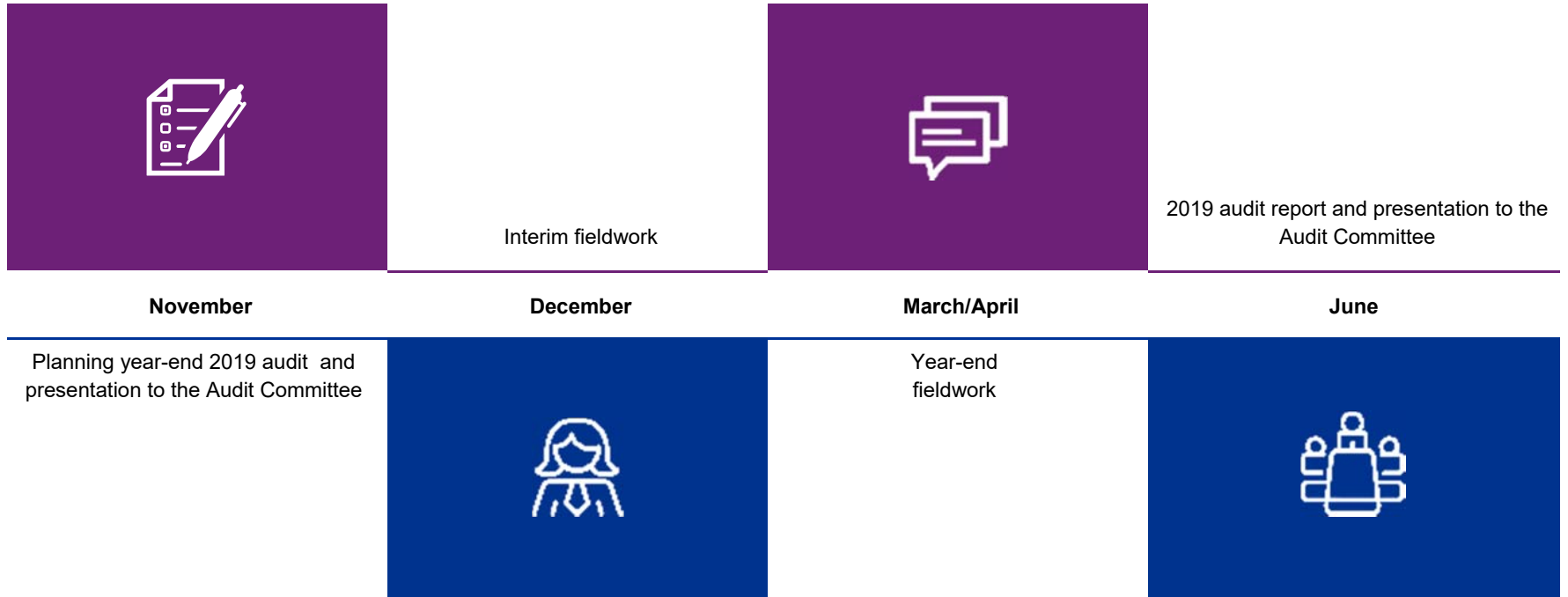
Technology empowers us with the ability to perform deep analysis over your financial information, focusing our effort and interactions on the areas of greatest risk and minimizing disruption to your business.



Technology we use today	
Tool	Benefit to audit
<b>KPMG Clara Client Collaboration</b>	KCCC is our secure audit platform and a one-stop shop through which we plan, execute and manage the audit, providing you with real-time access to the process at every step, including exchange of information and access to the real-time reporting you need in one central location.
<b>Account Analysis Tool</b>	Our account analysis tool provides meaningful general ledger data insights during the planning phase of the audit that can be used to assist the engagement team in obtaining a more thorough understanding of the business processes and underlying flow of transactions through utilization of Account Analysis, Visual Ledger and Journal Entry Analysis functional features. Our tool enables a more precise risk assessment and development of a tailored audit approach.
<b>Data &amp; Analytics Routines</b>	Team to add details of specific D&A routines done on the client (can be combined with KPMG Clara Advanced Capabilities on the previous page).
<b>Data Extraction &amp; Analytics Tools</b>	Our data extraction tools assist with risk assessment procedures and perform automated audit procedures in key cycles using data extracted directly from your ERP system.



# Key deliverables and milestones



# Proposed fees



In determining the fees for our services, we have considered the nature, extent and timing of our planned audit procedures as described above.

Our fee analysis has been reviewed with and agreed upon by management.

Our fees are estimated as follows:

	Current period (budget)	Prior period (actual)
Audit of the financial statements	\$95,672	\$93,302

The increase in budgeted fees from the prior year is due to annual inflation



## Matters that could impact our fee

The proposed fees outlined above are based on the assumptions described in the engagement letter.

The critical assumptions, and factors that cause a change in our fees, include:

- Significant changes in the nature or size of the operations of the City beyond those contemplated in our planning processes
- Changes in professional standards or requirements arising as a result of changes in professional standards or the interpretation thereof
- Changes in the timing of our work



# Current developments and audit trends

The following is a summary of the current developments that are relevant to the City:

Standard	Summary and implications
<b>PS 3250, Employee Benefits</b>	<p>Identified as the top priority in PSAB's 2014 Project Priority Survey, the Board has approved a project to review Section PS 3250, Retirement Benefits, and Section PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits. Since the issuance of these Sections decades ago, new types of pension plans have been introduced and there have been changes in the related accounting concepts.</p> <p>This project will involve looking at issues such as deferral of experience gains and losses, discount rates, how to account for shared risk plans, multi-employer defined benefit plans and vested sick leave benefits. Other improvements to existing guidance will also be considered.</p> <p>A new, comprehensive Handbook Section on employment benefits will replace the two existing Sections. PSAB have sent out an invitation to comment. In 2019 they will deliberate comments received on three invitations to comment.</p>
<b>PS 3280, Asset Retirement Obligations</b>	<p>This standard describes how to account for and report asset retirement obligations associated with tangible capital assets.</p> <p>This standard is effective for fiscal periods beginning on or after April 1, 2021 (the City's December 31, 2022 yearend).</p> <p>Implications: The City will have to identify if they have any asset retirement obligations</p>
<b>Public Private Partnerships</b>	<p>In recent years, governments across Canada are increasingly using various forms of public private partnership arrangements for the provision of assets and delivery of services.</p> <p>This project is expected to develop in two stages. The first stage will involve contemplating specific issues, including project scope, recognition and measurement of a public private partnership and disclosure requirements. Other issues will also be considered. The second stage will involve determining how to account for public private partnerships.</p> <p>The objective is to develop a public sector accounting standard specific to public private partnerships. In the last quarter of 2019, PSAAB is expecting to release an Exposure Draft</p>
<b>PS 3041, Portfolio investments</b>	<p>This section revises and replaces PS 3040, Portfolio Investments. It describes how to account for and report portfolio investments.</p>





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**PS 3400, Revenue**

Currently the Public Sector Accounting Handbook has two sections that address two major sources of revenue, government transfers and tax revenue. This new standard addresses the recognition, measurement and presentation of revenues that are common in the public sector other than government transfers and tax revenue.

PSAB has approved this section, in the fourth quarter of 2018 the final standard was released.

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# Appendices



**Appendix 1: Audit quality and risk management**



**Appendix 2: KPMG's audit approach and methodology**



**Appendix 3: Lean in Audit™**



**Appendix 4: Required Communications**

# Appendix 1: Audit quality and risk management



**KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems. Visit our [Audit Quality Resources page](#) for more information including access to our most recent Audit Quality and Transparency Report.**

We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every four years.

We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality. We do not offer services that would impair our independence.

All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.

The processes we employ to help retain and develop people include:

- Assignment based on skills and experience
- Performance evaluation
- Development and training
- Appropriate supervision and coaching



We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.

Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Other controls include:

- Before the firm issues its audit report, Engagement Quality Control
- Reviewer reviews the appropriateness of key elements of publicly listed client audits
- Technical department and specialist resources provide real-time support to audit teams in the field

# Appendix 2: KPMG's audit approach and methodology



This year we will expand our use of technology in our audit through our new smart audit platform, KPMG Clara.

## Collaboration in the audit

A dedicated KPMG Audit home page gives you real-time access to information, insights and alerts from your engagement team

## Issue identification

Continuous updates on audit progress, risks and findings before issues become events

## Data-driven risk assessment

Automated identification of transactions with unexpected or unusual account combinations – helping focus on higher risk transactions and outliers



## Deep industry insights

Bringing intelligence and clarity to complex issues, regulations and standards

## Analysis of complete populations

Powerful analysis to quickly screen, sort and filter 100% of your journal entries based on high-risk attributes

## Reporting

Interactive reporting of unusual patterns and trends with the ability to drill down to individual transactions



# Appendix 3: Lean in Audit™



## An innovative approach leading to enhanced value and quality

Our innovative audit approach, Lean in Audit, further improves audit value and productivity to help deliver real insight to you. Lean in Audit is process oriented, directly engaging organizational stakeholders and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes.

By embedding Lean techniques into our core audit delivery process, our teams are able to enhance their understanding of the business processes and control environment within your organization – allowing us to provide actionable quality and productivity improvement observations.

Any insights gathered through the course of the audit will be available to both engagement teams and management. For example, we may identify control gaps and potential process improvement areas, while management has the opportunity to apply such insights to streamline processes, inform business decisions, improve compliance, lower costs, increase productivity, strengthen customer service and satisfaction and drive overall performance.



## How it works

Lean in Audit employs three key Lean techniques:



### 1. Lean training

Provide basic Lean training and equip our teams with a new Lean mindset to improve quality, value and productivity.



### 2. Interactive workshops

Perform interactive workshops to conduct walkthroughs of selected financial processes providing end-to-end transparency and understanding of process and control quality and effectiveness.



### 3. Insight reporting

Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit.

# Appendix 4: Required communications



**In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:**



## Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter and any subsequent amendment letters as provided by management.



## Management representation letter

We will obtain from management certain representations at the completion of the annual audit. In accordance with professional standards, copies of the representation letter will be provided to the Audit Committee.



## Audit planning report

This report.



## Audit findings report

At the completion of our audit, we will provide our audit findings to the Audit Committee.



## Required inquiries

Professional standards require that during the planning of our audit we obtain your views on risk of fraud and other matters. We make similar inquiries of management as part of our planning process; responses to these will assist us in planning our overall audit strategy and audit approach accordingly.





[kpmg.ca/audit](https://kpmg.ca/audit)



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# **Allocation of New Buses PS-2019-23**

**November 4, 2019**

**Public Services**



# Background:

- 2019 capital budget decision to purchase 5 buses
- No approval on operating budget
  - Directed staff to return with business case
- Process undertaken
  - Dillon Consulting completed ridership and revenue forecast
  - Community engagement
  - Analysis of impact on Council approved R/C ratio

# Staff Recommendation:

- The following service changes are proposed for implementation in 2020:

<b>Staff Recommendation</b>	<b>Number of Buses</b>	<b>Net Annual Operating Cost</b>
Hanlon Creek Business Park (Route 19)	1	\$910,414
Route 99 Stabilization	1	\$187,487
Community Bus Expansion	1	\$568,086
Spare Bus Ratio	2	\$50,000
<b>Total of Staff Recommendation</b>	<b>5</b>	<b>\$1,715,987</b>

- Should Council choose alternate options from those presented, still must add to 5 buses

# Staff Consideration: Hanlon Creek Business Park Route 19

Budget Item	Number of Buses	Annual Operating Cost	Forecasted Annual Revenue	Net Annual Operating Cost	Operators Required
Option 1: Conventional Service hours	1	\$926,720	\$16,306	\$910,414	7

- Staff recommendation is option 1

# Staff Consideration: Route 99 Stabilization

Budget Item	Number of Buses	Annual Operating Cost	Forecasted Annual Revenue	Net Annual Operating Cost	Operators Required
Option 1: Full weekday stabilization	1	\$467,044	\$39,429	\$427,615	5
Option 2: University in, ten hours per day	1	\$201,818	\$14,331	\$187,487	2

- Staff recommendation is option 2

# Staff Consideration: Community Bus

Budget Item	Number of Buses	Annual Operating Cost	Forecasted Annual Revenue	Net Annual Operating Cost	Operators Required
Option 1: Full expansion	2	\$1,314,814	\$7,342	\$1,307,472	10
Option 2: Partial expansion	1	\$572,444	\$4,358	\$568,086	4
Option 3: Route modifications	0	\$16,798	\$3,131	\$13,667	0

- Staff recommendation is option 2

# Staff Consideration: Spare Bus Ratio

Budget Item	Number of Buses	Annual Operating Cost	Forecasted Annual Revenue	Net Annual Operating Cost	Operators Required
Option 1: One spare bus	1	\$25,000	\$0	\$25,000	0
Option 2: Two spare buses	2	\$50,000	\$0	\$50,000	0
Option 3: Three spare buses	3	\$75,000	\$0	\$75,000	0
Option 4: Four spare buses	4	\$100,000	\$0	\$100,000	0
Option 5: Five spare buses	5	\$125,000	\$0	\$125,000	0

- Staff recommendation is option 2

# Staff Recommendation:

- The following service changes are proposed for implementation in 2020:

<b>Staff Recommendation</b>	<b>Number of Buses</b>	<b>Net Annual Operating Cost</b>
Hanlon Creek Business Park (Route 19)	1	\$910,414
Route 99 Stabilization	1	\$187,487
Community Bus Expansion	1	\$568,086
Spare Bus Ratio	2	\$50,000
<b>Total of Staff Recommendation</b>	<b>5</b>	<b>\$1,715,987</b>

- Should Council choose alternate options from those presented, still must add to 5 buses

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Public Services
Date	Monday, November 4, 2019
Subject	<b>Allocation of New Buses</b>
Report Number	PS-2019-23

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## Recommendation

1. That the capital funding for the five buses approved as part of the 2019 budget be amended and funded as follows: \$1.67 million from the Transit Development Charge Reserve Fund, and \$1.046 million from the City Building Reserve Fund.
  2. That the allocation of the five new buses and the total annual net operating impact of \$1.72 million be referred to the 2020 operating budget for approval on December 3, 2019.
- 

## Executive Summary

### Purpose of Report

To provide an overview of the available options for the allocation of the five new conventional buses approved in the 2019 capital budget, as recommended in the [Guelph Transit Business Service Review Final Report](#).

To provide the results of the public consultation conducted in May 2019 regarding the Community Bus and proposed Hanlon Creek Business Park transit service.

### Key Findings

Based on public feedback received in May 2019, along with a review of the current operational needs, staff recommend that the five new buses approved as part of the 2019 budget be allocated as follows: one for the Community Bus Program, two for route enhancements, and two for spare vehicle ratio. The details of these proposed service changes for implementation in 2020 are as follows:

Hanlon Creek Business Park Route 19 – one bus, net annual operating cost \$910,414:

- Businesses, residents, and employees are supportive of a new route that services the Hanlon Creek Business Park and residential area of Kortright Hills to the north.
- Three options were presented for public consideration. The option to provide service through the business park as well as the residential area along Teal Drive was the preferred option.
- Full conventional service hours to be provided for the Hanlon Creek Business Park route.



- The area of Cooper Drive and Quarterman Road to receive service at the outset of implementation.

Route 99 Stabilization – one bus, net annual operating cost \$187,487:

- Route 99 is often unable to stay on schedule, particularly when the University of Guelph is in session. The cycle time of Route 99 is recommended to be increased from an 80 minute round trip to a 90 minute round trip on weekdays to increase service reliability.
- This is option 2 as laid out in the chart that follows

Community Bus Expansion – one bus, net annual operating cost \$568,086:

- Service hours and frequency to be increased on the Community Bus including Sunday service.
- Discontinue underused stops on the Community Bus route and add highly-requested community locations to the route.
- Improved marketing and communications are to be developed to encourage new ridership including assigning a route number to the Community Bus.
- This is option 2 as laid out in the chart that follows

Spare Buses – two buses, net annual operating cost \$50,000:

- Allocate two buses to the spare vehicle ratio, as recommended by Dillon Consulting as part of the approved Transit Development Charges Technical Appendix to increase the overall spare vehicle ratio.
- This is option 2 as laid out in the chart that follows

## Financial Implications

The staff recommended allocation for the five buses would require a net annual operating budget increase of \$1.72 million inclusive of 13 new operators, which represents a 0.70 per cent property tax levy increase. Staff have provided a summary of all options with the associated net annual operating costs for Council consideration in Table 1 below.

The Service Review also recommended setting a funding and fare pricing policy based on a target net revenue to cost (R/C) ratio range of between 40 and 45 per cent to support current service levels and ongoing service improvements, while reducing the potential financial impacts to customers.

The current net R/C ratio based on 2018 actuals is 42 per cent and the 2019 projected R/C ratio is 41 per cent, with a total subsidy rate of 59 per cent.

The staff recommended allocation results in an estimated R/C ratio of 40 per cent based on the current estimated 2020 budget.

The proposed changes as laid out above are the staff recommendations for how best to utilize the new vehicles and improve transit service while still balancing financial constraints, however a number of other scenarios were considered as indicated in the table below. Should Council choose to put forward any of the alternative options listed below, the total number of buses utilized cannot exceed five without additional capital expenses.

Table 1: Allocation of five new buses

<b>Budget Item</b>	<b>Number of Buses</b>	<b>Annual Operating Cost</b>	<b>Forecasted Annual Revenue</b>	<b>Net Annual Operating Cost</b>	<b>Operators Required</b>
<b>Route 19: Hanlon Creek Business Park</b> Option 1: Conventional Service hours <b>Preferred option</b>	1	\$926,720	\$16,306	\$910,414	7
<b>Route 99 Weekday Schedule Stabilization</b> Option 1: Full weekday stabilization	1	\$467,044	\$39,429	\$427,615	5
Option 2: University in, ten hours per day <b>Preferred option</b>	1	\$201,818	\$14,331	\$187,487	2
<b>Community Bus Expansion</b> Option 1: Full expansion	2	\$1,314,814	\$7,342	\$1,307,472	10
Option 2: Partial expansion <b>Preferred option</b>	1	\$572,444	\$4,358	\$568,086	4
Option 3: Route modifications	0	\$16,798	\$3,131	\$13,667	0
<b>Spare Bus</b> Option 1: One spare bus	1	\$25,000	\$0	\$25,000	0
Option 2: Two spare buses <b>Preferred option</b>	2	\$50,000	\$0	\$50,000	0
Option 3: Three spare buses	3	\$75,000	\$0	\$75,000	0

<b>Budget Item</b>	<b>Number of Buses</b>	<b>Annual Operating Cost</b>	<b>Forecasted Annual Revenue</b>	<b>Net Annual Operating Cost</b>	<b>Operators Required</b>
Option 4: Four spare buses	4	\$100,000	\$0	\$100,000	0
Option 5: Five spare buses	5	\$125,000	\$0	\$125,000	0
<b>Total of the staff recommended options</b>	<b>5</b>			<b>\$1,715,987</b>	<b>13</b>

## Report

This report outlines the possible allocation of five new conventional buses to be incorporated into Transit operations in 2020. Given the substantial operating budget requirement, options have been provided that will achieve improvements to transit service. This report also outlines the results of two initiatives that were outcomes of the service review and the associated public consultations.

The Hanlon Creek Business Park (HCBP) is located west of the Hanlon Expressway in the south end of Guelph. The passengers living and working in this area do not have access to transit services within the transit-prescribed service area radius of 400 metres. Employers and employees in the area, and residents to the north of the HCBP have expressed a strong desire for transit service to the business park. Guelph Transit, in partnership with Economic Development and Community Engagement, underwent a two-week period of public consultation to gauge current and potential transit users, bus operators, current and future employees and employers in the HCBP, and residents along the proposed routes on what preferences they have for a new route in the area. Three options were presented to the public for consideration (see Attachment 2).

The Community Bus serves all Guelph Transit customers who wish to reach key community locations throughout Guelph in one trip. The service is currently made up of two routes north and south (see Attachment 1), and operates hourly Monday to Saturday from 8:30 a.m. to 4:30 p.m. Passengers can also 'flag' the Community Bus at any time along its north or south routes. This means passengers can wait for the bus at a designated stop or choose to alert the bus driver as the bus approaches. Similarly, a passenger can ask to be dropped off at a bus stop or any location along the route. In a continued effort to identify opportunities for ridership growth, Guelph Transit, in partnership with Community Engagement, underwent a two-week period of public consultation to gauge current and potential Community Bus users, bus operators, and Guelph residents on what changes they would like to see with the Community Bus in relation to service hours, service frequency, and stop locations.

Five new conventional buses have been purchased for operation in 2020. Staff recommends these five buses be allocated as follows:

- One bus allocated to the introduction of the Hanlon Creek Business Park route

- One bus allocated to Route 99 stabilization
- One bus allocated to expansion of the Community Bus
- Two buses allocated to the spare vehicle complement

### **Hanlon Creek Business Park Bus**

In order to meet the Transit-prescribed service area radius, and to address the desire for service in the HCBP, a new route is recommended to begin operation in September 2020. Currently, there are 54 businesses in the HCBP, and eight with active development plans. There are currently an estimated 600 employees working in the business park, and that number is expected to increase to 1,700 within three years.

The preferred option of the three presented options for the HCPB route for customers, bus operators, and key stakeholders was Option Two by a large margin. This option provides service along Hanlon Creek Boulevard, Downey Road, Teal Drive, and Bett Court. Feedback also indicated a desire for an extension of the route onto Quarterman Road and Cooper Drive, close to the future location of The Cooperators. This extension was planned for implementation several years out from initial implementation of the HCBP route, but instead is recommended with the initial operation of the route (see Attachment 3 for routing).

This new HCBP route would operate every 30 minutes, Monday to Saturday 5:45 a.m. to 12:15 a.m., and Sunday 9:15 a.m. to 6:45 p.m. These are conventional service hours and are reflective of the feedback by respondents to the survey to service employee shifts identified by key stakeholders. The final schedule will be developed prior to September 2020.

### **Route 99 Bus**

Route 99 is often unable to stay on schedule, particularly when the University of Guelph is in session. If the cycle time of the Route 99 were increased from an 80-minute round trip to a 90-minute round trip on weekdays, service reliability would be significantly improved. Customers would not experience delays and safety would be increased as operators are not forced to rush to maintain their schedule. Service would continue to operate every ten minutes. This improvement is recommended to be implemented when university is in session, for ten hours a day on weekdays. This option would not fully stabilize the Route 99, but would alleviate schedule issues during the most congested periods of time.

### **Community Bus**

Several increases and changes to the Community Bus service would improve service and ridership.

The Community Bus is a unique route and does not appear on system maps or have a route number. The Community Bus used to be provided using Mobility vehicles. For these reasons, many passengers that use conventional service are not aware that they can use the Community Bus. Extensive marketing improvements for the Community Bus are recommended to increase awareness of what the Community Bus is. These improvements include assigning a route number to the Community Bus, adding the Community Bus to the system map, and other marketing campaigns to educate customers on how the Community Bus can benefit them.

In order to achieve service improvements to the Community Bus, it is recommended that the Community Bus have its service frequency and span increased, Sunday service added, and new locations serviced. Three options have been developed to achieve these goals. These options are outlined in detail in Attachment 2.

## **Financial Implications**

In July 2019, Dillon Consulting completed a ridership and revenue forecast for the five new conventional buses based on the options provided by staff. The memo summarizing their work is provided in Attachment 7. The net annual operating costs, projected increase in ridership, and number of full-time employees required for each option for the first three years are outlined in Attachment 6.

The net annual operating cost of the staff recommended bus allocation is an estimated at \$1.72 million. Since the buses will be delivered mid-2020, the routes will not be fully operational until September 2020. Therefore, the prorated cost for 2020 is an estimated \$858,000. The net annual operating cost in year two and three is an estimated \$1.70 million and \$1.71 million respectively. Although the revenue projections do increase through to year three, an assumed 2 per cent inflation on costs outpaces the increase in revenues projected. Pending approval of the bus allocation by Council, the incremental net operating cost will be referred to budget approval in December 2019.

The Service Review also recommended setting a funding and fare pricing policy based on a target net revenue to cost (R/C) ratio range of between 40 and 45 per cent to support service and ongoing service improvements while reducing the potential financial impacts to customers. The current net R/C ratio based on 2018 actuals is 42 per cent and the 2019 budgeted R/C ratio is 41 per cent, with a total subsidy rate of 59 per cent.

The staff recommended bus allocation results in an estimated R/C ratio of 40 per cent based on 2020 budget. If all buses were allocated to increase the spare ratio, the estimated R/C ratio would be 41 per cent based on 2020 budget.

## **Consultations**

A variety of consultation methods were used in outreach initiatives. A full summary of these consultations are provide in Attachment 4, but include the following:

- Internal consultations with Economic Development, Corporate Communications, Community Engagement, and Finance.
- Online surveys for HCBP route and Community Bus available from May 16 to May 31, 2019.
- Paper surveys for HCBP route and Community Bus administered by spare bus operators at Guelph Central Station and the University Centre platforms from May 16 to May 31, 2019. These surveys were identical to the online surveys.
- Surveys administered on the Community Bus by staff.
- Posters on transit vehicles directing customers to complete the survey.
- Postcards handed out at numerous locations directing customers to complete the survey.
- Door hangers delivered to homes as part of the HCBP consultation directing residents to complete the survey.

- 'Pop-up' engagement sessions at key community locations: Guelph Central Station, Evergreen Seniors Centre, West End Community Centre, YMCA-YWCA of Guelph, Stone Road Mall.
- Interviews with key stakeholders of the HCBP: The Cooperators, Pival, Mirexus, and Ontario One Call.
- Bus operator surveys at Guelph Transit.

## **Strategic Plan Alignment**

The recommendations contained in this report related to an improved transit network align with the City's Navigating our Future priority through improving connections between people, businesses, and workplaces. It is expected there will be an increased uptake in transit usage through these improvements, as they create connections that previously did not exist.

The recommendations support the Sustaining our Future strategic priority by increasing transit service and thereby potentially reducing the number of privately-owned cars on the roads. This report also supports the priority of Powering our Future, as businesses in the Hanlon Creek Business Park were collaborated with in the development of a new route.

## **Attachments**

Attachment-1 Current North and South Community Bus Routes

Attachment-2 Community Bus Improvement Options

Attachment-3 Hanlon Creek Business Park Route Options

Attachment-4 Preferred Hanlon Creek Business Park Route

Attachment-5 Summary of Public Consultation Results and Analysis

Attachment-6 Allocation of five new buses with options 2020 to 2022

Attachment-7 Memo provided by Dillon Consulting for Revenue Forecasting

## **Departmental Approval**

Raquel Gurr, Corporate Analyst

Tara Baker, General Manager of Finance, City Treasurer

## **Report Author**

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# Attachment 1: Current North and South Community Bus

Figure 1: Current North Community Bus Route

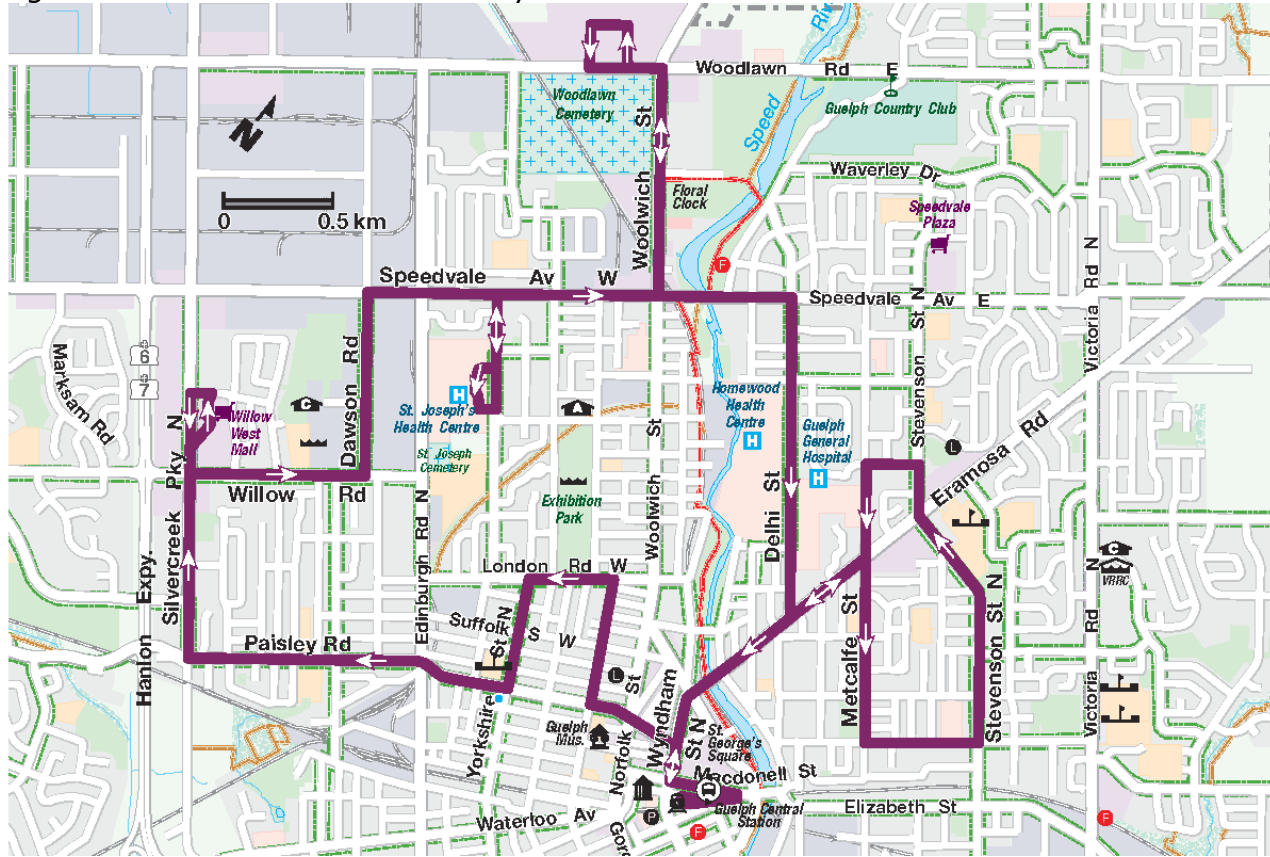
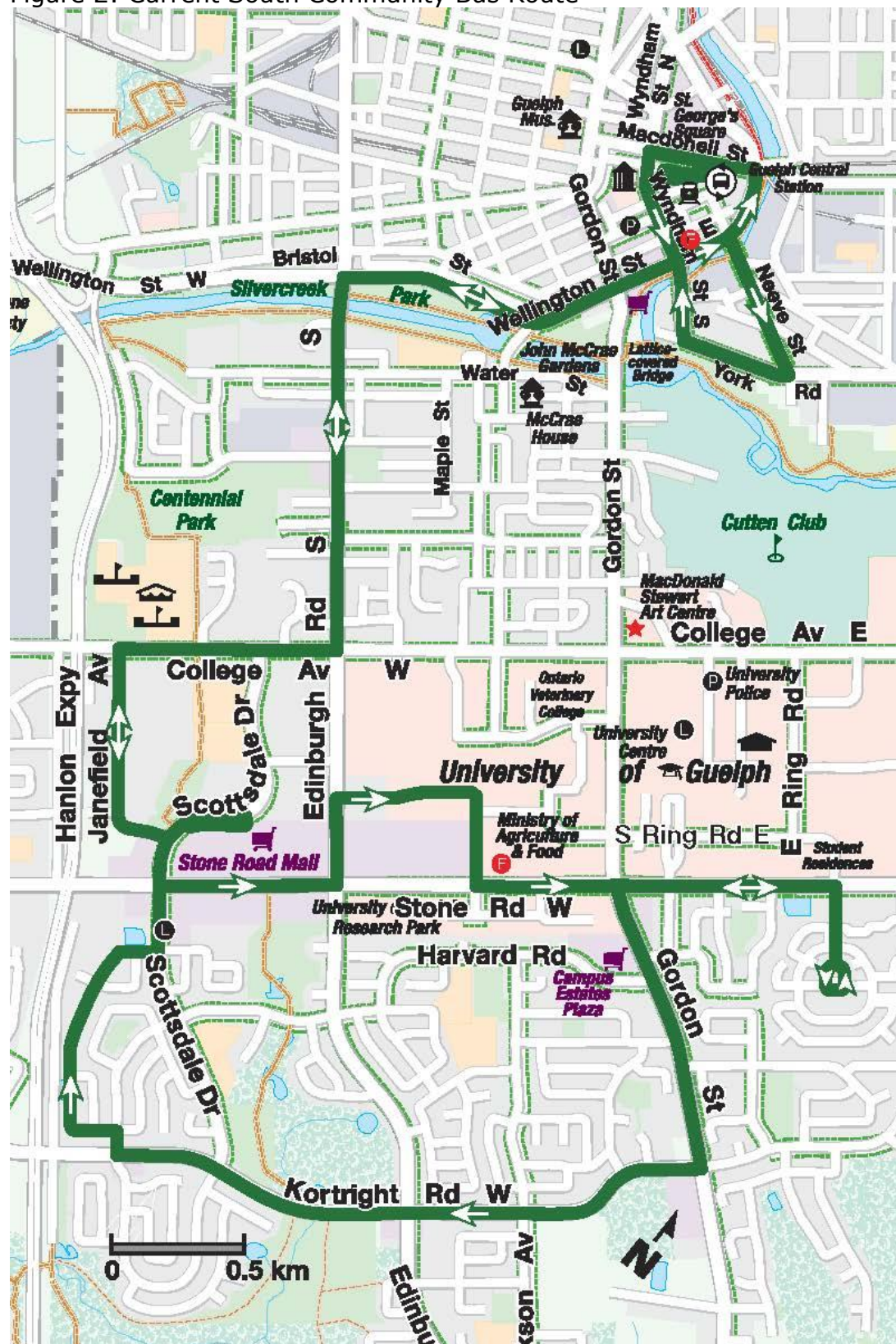




Figure 2: Current South Community Bus Route



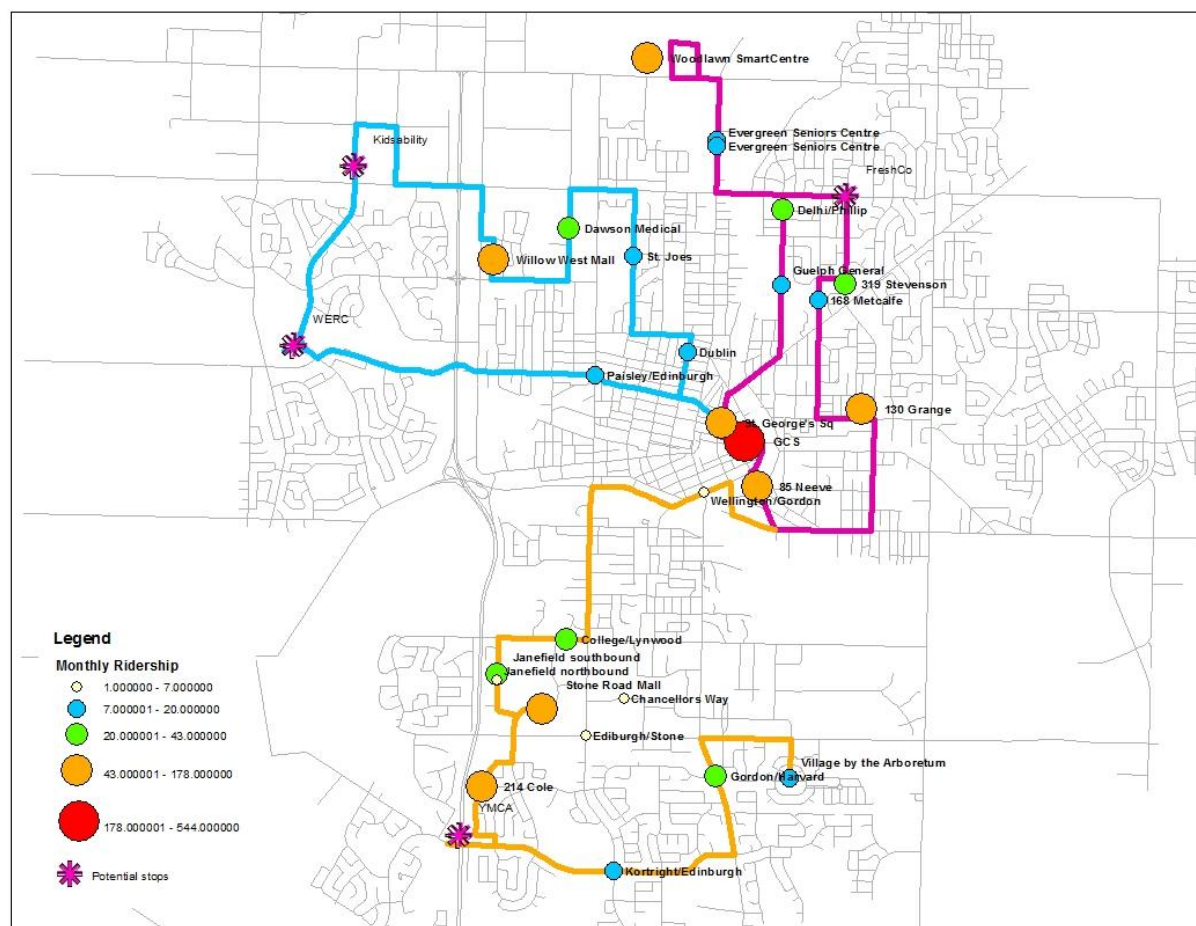
## Attachment 2: Community Bus Improvement Options

All options are concepts for budget purposes. Routes are subject to change based on internal and external feedback.

### Option 1: Full expansion

- Uses four buses for operation (two buses currently used, plus two additional buses)
- Increased to 45-minute service from 60-minute service
- Service provided 8:00 a.m. to 6:00 p.m. Monday to Saturday, and Sunday 9:15 a.m. to 6:00 p.m.
- New service provided to KidsAbility Centre for Child Development (503 Imperial Road North), Speedvale Centre (328-386 Speedvale Avenue East), West End Community Centre (21 Imperial Road South), and YMCA-YWCA of Guelph (130 Woodland Glen Drive)
- Service removed from Stone Road West between Scottsdale and Gordon, and Chancellor's Way
- Annual operating cost (Year 1): \$1,314,814
- Annual forecasted revenue (Year 1): \$7,342
- Net operational cost (Year 1): \$1,307,474

Figure 3: Community Bus Full Expansion Option

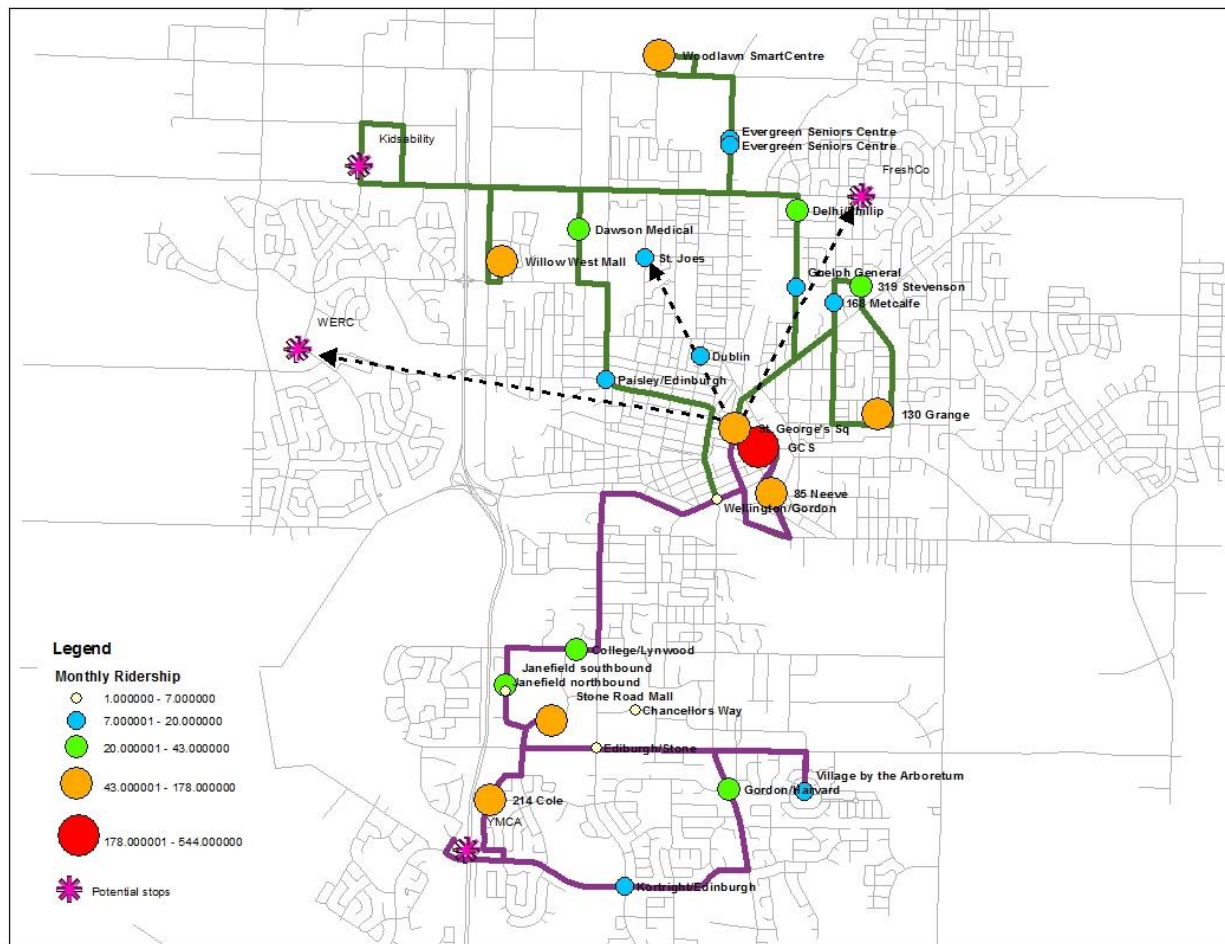




## Option 2: Partial expansion with additional on-demand service

- Uses three buses for operation (two buses currently used, plus one additional bus)
- Maintains 60-minute service
- Service provided 8:30 a.m. to 4:30 p.m. Monday to Saturday, and Sunday 9:15 a.m. to 4:30 p.m.
- New service provided to KidsAbility Centre for Child Development (503 Imperial Road North) and YMCA-YWCA of Guelph (130 Woodland Glen Drive) with a fixed route, and Speedvale Centre (328-386 Speedvale Avenue East) and West End Community Centre (21 Imperial Road South) using on-demand service
- Service removed from Chancellor's Way. Fixed route service to St. Joseph's Health Centre is replaced with on-demand service.
- Annual operating cost (Year 1): \$572,444
- Annual forecasted revenue (Year 1): \$4,358
- Net operational cost (Year 1): \$568,086

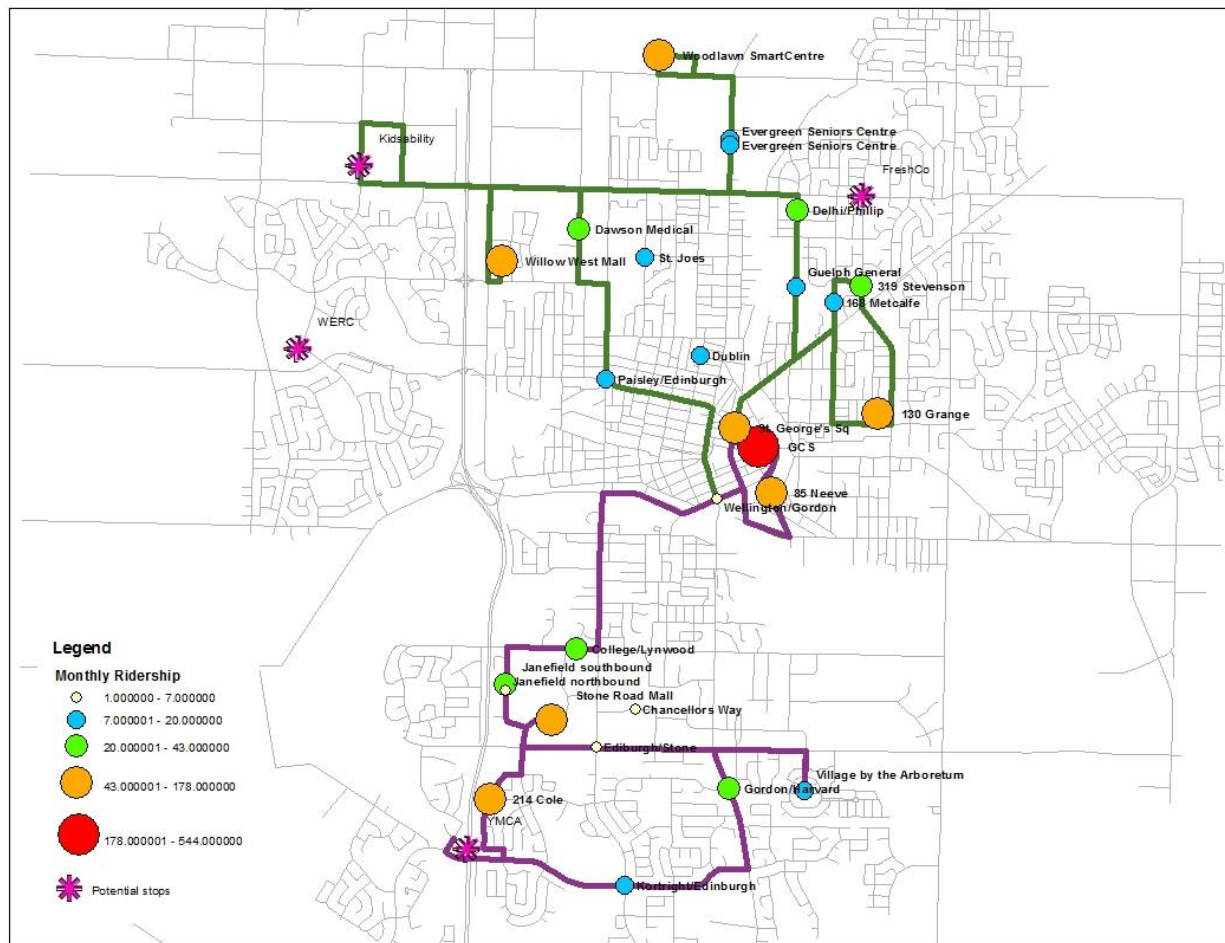
Figure 4: Community Bus Partial Expansion



### Option 3: Route modifications only

- Uses two buses for operation (two buses currently used)
- Maintains 60-minute service
- Maintains service provided 8:30 a.m. to 4:30 p.m. Monday to Saturday
- New service provided to KidsAbility Centre for Child Development (503 Imperial Road North) and YMCA-YWCA of Guelph (130 Woodland Glen Drive)
- Service removed from Chancellor's Way and St. Joseph's Health Centre.
- Annual operating cost (Year 1): \$16,798
- Annual forecasted revenue (Year 1): \$3,131
- Net operational cost (Year 1): \$13,667

Figure 5: Community Bus with Route Modifications Only



### Attachment 3: Hanlon Creek Business Park Route Options

Figure 6: Hanlon Creek Business Park Route Option 1

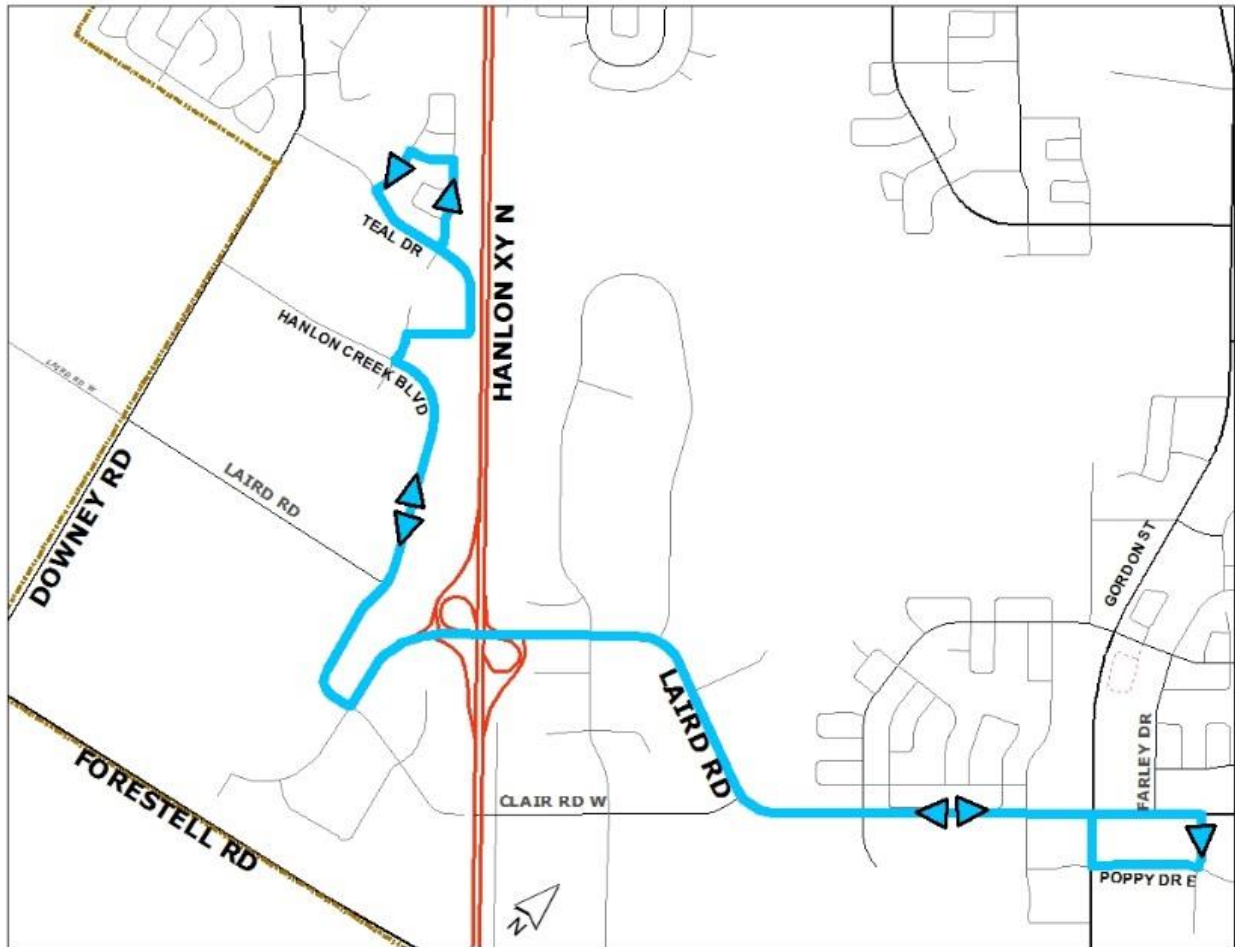


Figure 7: Hanlon Creek Business Park Route Option 2

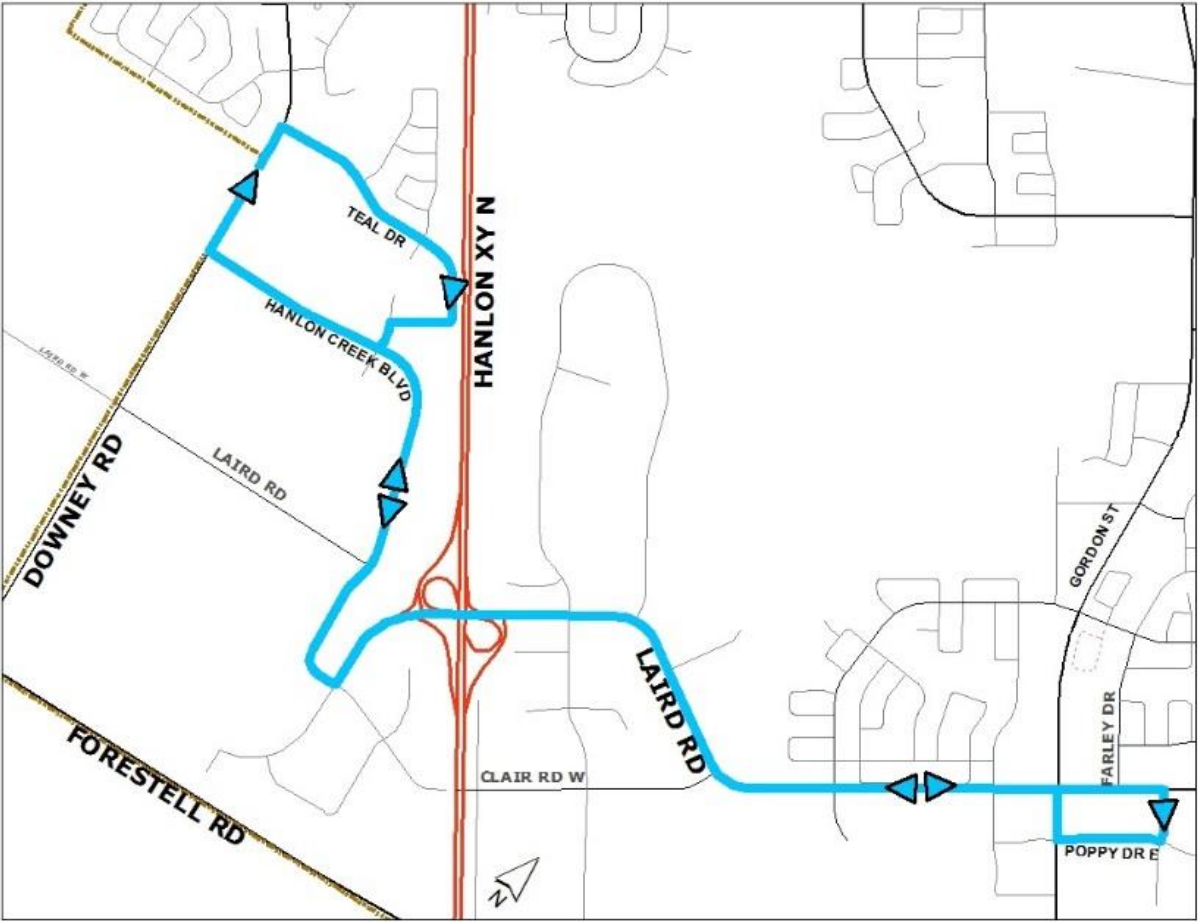
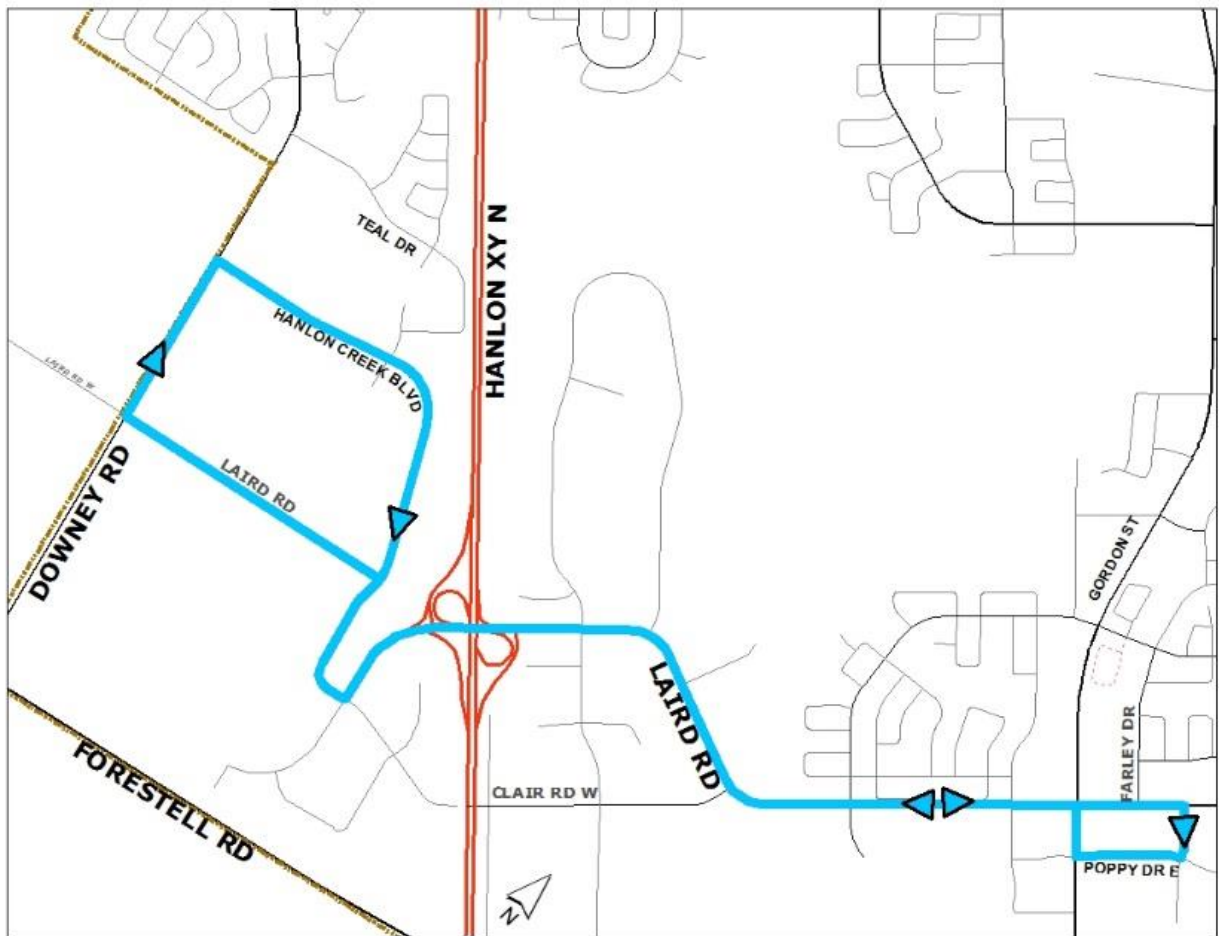
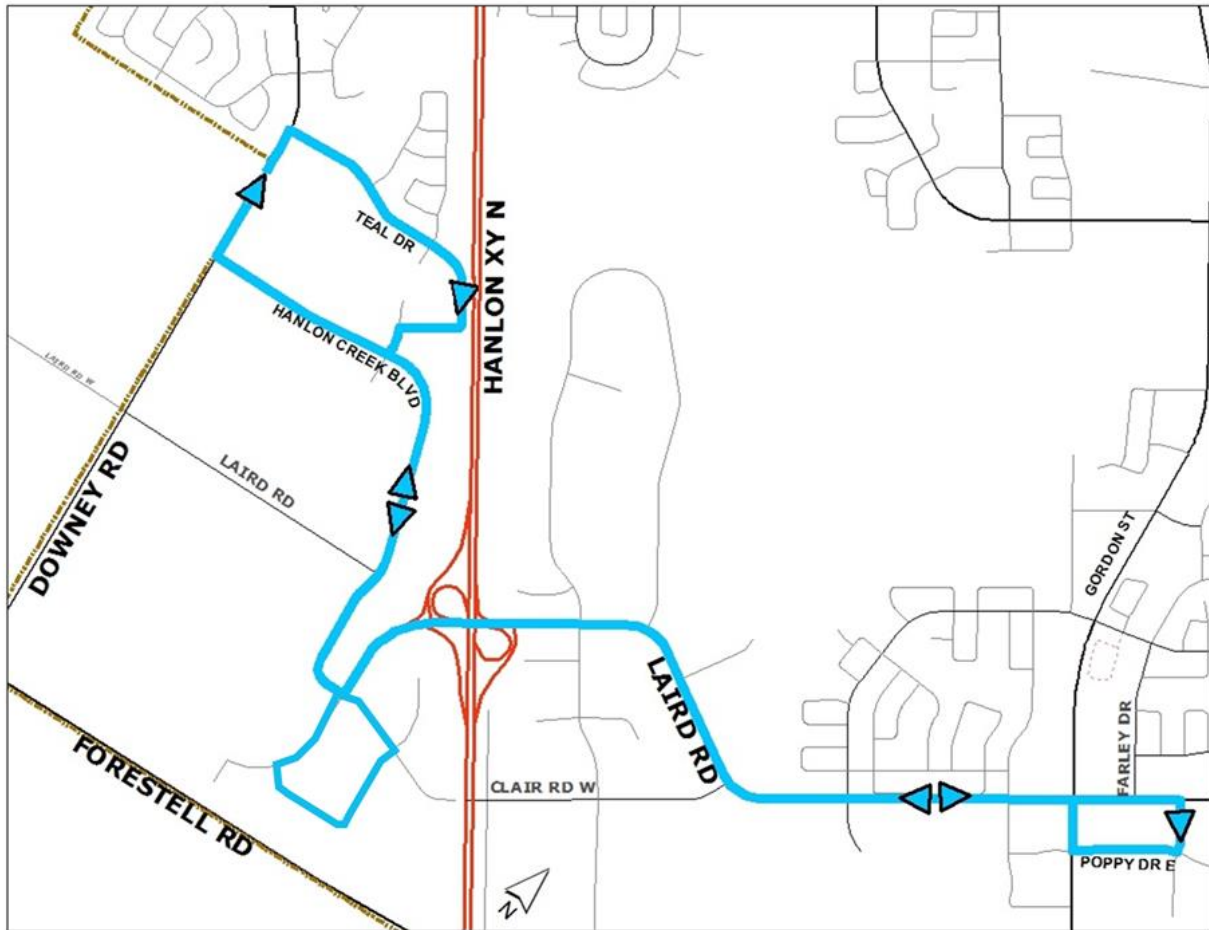


Figure 8: Hanlon Creek Business Park Route Option 3



## Attachment 4: Preferred Hanlon Creek Business Park Route

Figure 9: Preferred Hanlon Creek Business Park Route





## **Attachment 5: Summary of Public Consultation Results and Analysis**

### **Community Bus Engagement Overview**

- 'Pop-up' engagement sessions:
  - Guelph Central Station, Tuesday, May 21, 2019 9:00 a.m. to 11:00 a.m.
  - Evergreen Seniors Centre, Tuesday, May 21, 2019 1:00 p.m. to 3:00 p.m.
  - West End Community Centre, Wednesday, May 29, 2019 9:00 a.m. to 11:00 a.m.
  - YMCA-YWCA of Guelph, Friday, May 31, 2019 11:00 a.m. to 1:00 p.m.
  - Stone Road Mall, Friday, May 31, 2019 2:00 p.m. to 3:30 p.m.
- Online Customer Surveys at [guelph.ca/haveyoursay](http://guelph.ca/haveyoursay) open from May 16 to May 31, 2019
- On-Board Customer Surveys, Friday, May 24, 2019 8:30 a.m. to 4:00 p.m.
- In-person surveys at Guelph Central Station and the University Centre from May 16 to May 31, 2019
- Operator Surveys administered by staff on May 13 and May 17, 2019 at Transit (170 Watson Road South) during shift changes

### **Community Bus Engagement Results:**

- 255 Customer Surveys completed
- 65 Operator Surveys completed
- Most requested new stops:
  1. South end toward Clair Road (32 responses)
  2. Speedvale Centre - 328-386 Speedvale Avenue East (26 responses)
  3. Woodlawn/Imperial area and West End Community Centre (10 responses each)
  4. KidsAbility and YMCA-YWCA of Guelph (nine responses each)
  5. Paisley/Imperial area and University of Guelph University Centre (seven responses each)
- 46 respondents requested service on Sundays
- 76 respondents requested service run until 5:00, 6:00 or 7:00 p.m.
- 45 respondents requested service run until 8:00, 9:00 or 10:00 p.m.
- 36 respondents simply stated they wanted later service
- 61 respondents requested service begin at 6:00, 7:00 or 8:00 a.m.
- 28 respondents requested conventional hours on the Community Bus
- 10 respondents stated that the current service hours work for them
- The majority of respondents requested higher service frequency

### **Hanlon Creek Business Park Route Engagement Overview**

- Online Customer Surveys at [guelph.ca/haveyoursay](http://guelph.ca/haveyoursay) open from May 16 to May 31, 2019
- In-person surveys at Guelph Central Station and the University Centre from May 16 to May 31, 2019

- Operator Surveys administered by staff on May 13 and May 17, 2019 at Transit (170 Watson Road South) during shift changes
- Interviews with key stakeholders of the Hanlon Creek Business Park:
  - Mirexus – May 22, 2019
  - The Cooperators – May 27, 2019
  - Pival – May 29, 2019

### **Hanlon Creek Business Park Route Engagement Results:**

- 339 Customer Surveys Completed
- 65 Operator Surveys Completed
- 3 Key Stakeholder Interviews (with more planned in future)
- Ranking of Options by Customers:
  - a. Option 2 (187 responses)
  - b. Option 3 (92 responses)
  - c. Option 1 (35 responses)
- Ranking of Options by Operators:
  - a. Option 2 (35 responses)
  - d. Option 1 and Option 3 (14 responses each)
- Key Stakeholder Responses:
  - Preferred option: Option 2
  - Shift ranges 6:30 a.m. - 7:00 p.m.; 7:00 a.m. - 6:00 p.m.; 6:00 a.m. - 2:30 p.m.; 2:30 p.m.-10:30 p.m.; 10:30 p.m. - 6:30 a.m.
- Respondent profiles:
  - a. Employee of a business on a proposed route (173 responses)
  - b. Resident on a proposed route (59 responses)
  - c. A transit rider who may or may not use this route in the future (40 responses)
  - d. An employer/business owner on a proposed route (28 responses)
  - e. A potential employee of a business on the route (24 responses)
  - f. A Guelph resident who does not fit any of these categories (21 responses)
- Desired hours:
  - a. Conventional service hours (68 responses)
  - b. Limited or no weekend service (11 responses)
  - c. Provide service based on shifts (10 responses); Service until 6pm (10 responses)
- Desired frequency:
  - a. A combination of higher frequency during peak hours and lower frequency during off peak hours should be considered (131 responses)
  - b. 30-minute service (55 responses)
  - c. 60-minute service (20 responses)
  - d. 90-minute service (10 responses)

There was some contention related to service along Teal Drive. Many respondents that identified themselves as residents in the area were concerned with providing transit service along Teal Drive due to cars parking on the road and increased traffic. Many other respondents that identified themselves as residents in the area were enthusiastic about the new transit service. The overall benefit of Option 2, which travels along Teal Drive, appears to outweigh the concerns expressed by residents about traffic and parking.

Attachment 6: Allocation of five new buses with options 2020 to 2022

	Hanlon Creek Business Park Route Option 1	Route 99 Stabilization Option 1	Route 99 Stabilization Option 2	Community Bus Expansion Option 1	Community Bus Expansion Option 2	Community Bus Expansion Option 3	Spare Bus 1 Bus	Spare Bus 2 Buses	Spare Bus 3 Buses	Spare Bus 4 Buses	Spare Bus 5 Buses
2020 Annual operating cost	\$926,720	\$467,044	\$201,818	\$1,314,814	\$572,444	\$16,798	\$25,000	\$50,000	\$75,000	\$100,000	\$125,000
2020 Annual revenue	\$16,306	\$39,429	\$14,331	\$7,342	\$4,358	\$3,131	\$0	\$0	\$0	\$0	\$0
2020 Net annual operating cost	\$910,414	\$427,615	\$187,487	\$1,307,472	\$568,086	\$13,667	\$25,000	\$50,000	\$75,000	\$100,000	\$125,000
2020 Ridership increase	9,009	28,108	10,216	476	449	438	0	0	0	0	0
2021 Annual operating cost	\$945,254	\$476,385	\$205,854	\$1,341,110	\$583,893	\$17,134	\$25,500	\$51,000	\$76,500	\$102,000	\$127,500
2021 Annual revenue	\$42,737	\$79,508	\$21,584	\$27,210	\$15,575	\$10,787	\$0	\$0	\$0	\$0	\$0
2021 Net annual operating cost	\$902,517	\$396,877	\$184,271	\$1,313,900	\$568,318	\$6,347	\$25,500	\$51,000	\$76,500	\$102,000	\$127,500
2021 Ridership increase	23,612	56,680	15,417	1,189	1,031	967	0	0	0	0	0
2022 Annual operating cost	\$964,159	\$485,913	\$209,971	\$1,367,932	\$595,571	\$17,477	\$26,010	\$52,020	\$78,030	\$104,040	\$127,500
2022 Annual revenue	\$58,804	\$120,250	\$36,296	\$28,828	\$16,813	\$11,869	\$0	\$0	\$0	\$0	\$0
2022 Net annual operating cost	\$905,355	\$365,663	\$173,675	\$1,339,104	\$578,758	\$5,608	\$26,010	\$52,020	\$78,030	\$104,040	\$127,500
Ridership increase	32,489	85,724	25,926	2,083	1,716	1,564	0	0	0	0	0
Full-time employees	7	5	2	10	4	0	0	0	0	0	0



# MEMO

**TO:** Courtney McDonald, Guelph Transit  
**FROM:** Thomas Pacy, Dillon Consulting  
**DATE:** August 28, 2019  
**SUBJECT:** Guelph Transit Forecasts  
**OUR FILE:** 19-1185

## Summary of Findings

Dillon Consulting has been retained to produce ridership forecasts for service changes on five routes operated by Guelph Transit. We have also produced estimates for additional costs and revenue associated with these service changes. This document provides a summary of our findings and methodology. For more information and calculations, see the forecasting spreadsheet provided with this memo.

All figures are annual unless otherwise stated.

The tables below summarize our findings across all forecasted routes.

**TABLE 1: SUM OF ALL SERVICE CHANGES**

	Additional Annual Ridership	Additional Bus Hours	Additional Revenue	Additional Cost	Net Cost of Improvement
Year 1	98,596	27,621	\$167,012	\$2,889,949	\$2,722,936
Year 2	296,084	27,621	\$512,828	\$2,889,949	\$2,377,121
Year 3	353,352	27,621	\$604,655	\$2,889,949	\$2,285,294

**TABLE 2: YEAR 3 FORECAST BY ROUTE**

	Current Ridership	Year 3 Ridership	% Increase from Current	Net Cost of Improvement
Route 8	345,384	455,955	32%	\$325,111
Route 19	N/A	32,489	N/A	\$597,491
Route 20	400,120	508,760	27%	\$405,719
Route 99	1,702,784	1,788,508	5%	\$378,734
Community	25,270	41,197	63%	\$578,239

## Forecasts

While our forecasts share some common assumptions, our work was conducted on a route by route basis to capture the unique context of each route. To complete our forecasts, we used the following resources:

- Summarized automatic passenger counter (APC) data by month from May 2018 to March 2019 for each route (excluding Route 99) provided by Guelph Transit
- Raw APC data for all routes for March 2019 provided by Guelph Transit
- Current and forecast employment data provided by Guelph Transit
- Various system metrics and costs from the 2017 CUTA Factbook
- Transportation Tomorrow Survey (2016) population figures
- Census (2016) population figures

## General Assumptions

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Our forecasts used the following assumptions:

- An average fare of \$1.81 on all routes except Route 99 (derived from the 2017 CUTA Factbook).
- Underlying system growth in addition to these changes would be 1.7% compounded annually. This is based on a 2031 population of 169,000 (sourced from Guelph's 2018 Growth Monitoring Report) and assumes that boardings per capita remain stable, as CUTA Factbook data indicate that boardings per capita have been stable between 50 and 55 for the past five years.
- Operating costs per bus hour of \$104.63 (derived from the 2017 CUTA Factbook).
- As the monthly APC dataset was missing data for April, it was assumed that April ridership is the average of May 2018 and March 2019 ridership across all routes.
- The impact of service changes on ridership will not happen immediately, but ramp up slowly during the first year as passengers adjust their behavior to respond to the new service improvements. Our model assumes that ridership growth will start small and compound until customer demand resulting from the service change is fully achieved by the start of Year 2.

## Route 8

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Route 8 is proposed to increase in frequency from every 30 minutes to every 15 minutes between 8:00am and 6:00pm on weekdays.

## Methodology

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First, ridership was broken down by day and time period. To isolate trips that occurred on weekdays between 8:00am-6:00pm, we used the raw March 2019 APC data. We summarized boardings per day per hour in March 2019 and annualized those boardings based on the number of weekdays, Saturdays, Sundays, and holidays per year. Holidays were assumed to have 60% of Sunday ridership due to less service hours, frequency, and customer demand. Based on this analysis, it was estimated that 52% of boardings take place during the period when frequency will be increased.

A service frequency elasticity of 0.4% was applied to the weekday 8:00-18:00 period, resulting in a 49% change in boarding during that period. This elasticity follows the typical service frequency elasticity of

0.3-1% from the Transportation Cooperative Research Program (TRCP) *Traveler Response to Transportation System Changes Handbook*.

## Result

This service change is forecast to increase ridership by 88,000 annually. With underlying system growth, ridership is expected to increase from 345,000 to 456,000 annually by Year 3, representing a 32% increase. The net annual operating cost of the improvement (accounting for revenue) would be \$325,000 in Year 3.

**TABLE 3: ROUTE 8 FORECAST**

	Ridership	% Increase	Additional Revenue	Additional Cost	Net Cost of Improvement
<b>Current</b>	345,384				
<b>Year 1</b>	374,226	8%	\$52,204	\$525,245	\$473,042
<b>Year 2</b>	447,122	29%	\$184,145	\$525,245	\$341,100
<b>Year 3</b>	455,955	32%	\$200,134	\$525,245	\$325,111

## Route 19

The new Route 19 will operate every 30 minutes during the same service hours as existing Route 16. It will serve a developing business park, Kortright Hills, and Clairsfields. Note that as this forecast was based on the existing Route 16, it implicitly assumes that it will interline with Route 99 in a similar fashion. If this is not the case, ridership would be lower.

## Methodology

Ridership for this route was forecast based on the existing Route 16. We assumed that, like Route 16, the vast majority of trips would be destined for the industrial park. We used four factors to estimate ridership on this route:

1. The volume of transfers on Route 16
2. The ratio of population served by Route 16 to Route 19
3. The ratio of jobs served by Route 16 to Route 19
4. Number of jobs served by both Route 16 and Route 19

Since Route 16 interlines with Route 99, it is difficult to measure the number of passengers that transfer. However, based on APC data, we took the share of alightings that were not at a transfer point to assume the proportion of passengers that do not transfer. We calculated that 12% of trips are from local residents and 88% of trips are from transfers, which supports anecdotal evidence from Guelph Transit that the vast majority of trips are from transfers. Therefore, we assumed that on the existing Route 16, 48,000 trips (88%) are generated by transfers, and 6,000 trips (12%) are generated by residents.

Using the employment data that was provided by Guelph Transit, we assumed that trips from transfers would be proportional to Route 16 on a per job basis. By Year 3, Route 19 will serve 2,000 jobs (including an adjustment for jobs served by both routes), while Route 16 serves 3,500 jobs. Therefore, trips from transfers would be 56% of what they are on Route 16 due to a lower number of jobs served.

Trips from local residents were generated using the method above that considers the number of jobs, but also weighted by population. Using TTS data, Census data, and a GIS analysis of the catchment of each route, we estimated that Route 16 and Route 19 served 3,800 and 2,000 residents respectively without transfers. Therefore, boardings from residents will also be lower on Route 19.

Since the area at Southgate Drive at Laird Rd will be served by both Route 16 and Route 19, there is an increase in service frequency to access these jobs as customers can use either route. Therefore, we applied a service frequency elasticity of 0.4% for trips destined for this area. This equates to an additional 2,000 boardings annually.

Note that the ridership on this route is phased in based on the number of jobs in the catchment area. Of the current 1,100 jobs that are expected to be generated in the area based on active developments, 550 were assumed to materialize in Year 2, with another 550 in Year 3. This is why ridership is projected to be much lower in Year 1.

## Result

This route is forecast to generate an annual ridership of 32,000 by Year 3, compared to approximately 54,000 trips on Route 16. The net annual operating cost of the improvement (accounting for revenue) would be \$597,000 in Year 3. Due to a small overlap in service, Guelph Transit should also expect a small decrease in ridership on Route 16 due to overlapping service areas. While we did not conduct a detailed forecast of Route 16, we expect this reduction to be approximately 4,000 trips annually (4% of total ridership).

**TABLE 4: ROUTE 19 FORECAST**

	<b>Ridership</b>	<b>Revenue</b>	<b>Cost</b>	<b>Net Cost of Improvement</b>
<b>Current</b>	N/A			
<b>Year 1</b>	9,009	\$16,306	\$656,295	\$639,990
<b>Year 2</b>	23,612	\$42,737	\$656,295	\$613,558
<b>Year 3</b>	32,489	\$58,804	\$656,295	\$597,491

## Route 20

Route 20 is proposed to increase in frequency from every 30 minutes to every 20 minutes during all service hours, excluding Sundays and holidays.

## Methodology

Route 20 uses the same methodology as Route 8, but applies the service frequency elasticity of 0.4% to all periods on weekdays and Saturdays. Based on March 2019 raw APC Data for this route, we estimated that 95% of trips occur when service frequency will be improved. The service frequency elasticity implies a ridership growth of 22% during those periods.



## Result

This service change is forecast to increase ridership by 84,000 annually. With underlying system growth, ridership is expected to increase from 400,000 to 509,000 annually by Year 3, representing a 27% increase. Net annual operating cost of the improvement (accounting for revenue) would be \$406,000 in Year 3.

**TABLE 5: ROUTE 20 FORECAST**

	Ridership	% Increase	Additional Revenue	Additional Cost	Net Cost of Improvement
<b>Current</b>	400,120				
<b>Year 1</b>	428,701	7%	\$51,732	\$602,358	\$550,626
<b>Year 2</b>	499,141	25%	\$179,228	\$602,358	\$423,130
<b>Year 3</b>	508,760	27%	\$196,639	\$602,358	\$405,719

## Route 99

Route 99 is proposed to have an additional bus added to the service on weekdays to improve on-time performance. This will not change the advertised frequency of the route.

## Methodology

As there is no planned increase in frequency, we assumed there would not be any additional ridership as a direct result of the additional bus. However, the bus will increase reliability, reducing the tendency for riders to leave the system by improving customer satisfaction. We expect that this reliability improvement will be necessary to achieve the assumed system growth on this route.

Due to a significant number of students on this route, we adjusted the average fare since U-Pass holders do not pay for their trips directly. Conversations with Guelph Transit suggest that approximately 38% of riders of Route 99 are U-Pass holders. Assuming that the proportion of U-Pass trips system wide is 20%, we calculated an average fare of \$1.40 on Route 99, compared to \$1.81 across the system.

## Result

System growth is expected to increase ridership on this route from 1.70 million to 1.79 million by Year 3. The net annual operating cost of the improvement (accounting for revenue) would be \$379,000 in Year 3.

**TABLE 6: ROUTE 99 FORECAST**

	Ridership	% Increase	Additional Revenue	Additional Cost	Net Cost of Improvement
<b>Current</b>	1,702,784				
<b>Year 1</b>	1,730,892	2%	\$39,429	\$498,983	\$459,554
<b>Year 2</b>	1,759,464	3%	\$79,508	\$498,983	\$419,475
<b>Year 3</b>	1,788,508	5%	\$120,250	\$498,983	\$378,734

## Community Bus

Community buses are proposed to have their service increased from two routes operating every hour, six days a week to three routes operating every 45 minutes, seven days per week.

### Methodology

Note that since the APC data summary for May 2018 was extremely low (less than 20% of the following month), we assumed that there was an error in data collection or processing. May 2018 ridership was assumed to be the average of June 2018 and March 2019 ridership for the purposes of calculating existing ridership.

Our forecast accounted for ridership growth based on the following factors:

#### 1. New destinations

The new routing will serve several new destinations that are predicted to generate a significant number of trips. We assumed that these destinations will generate trips based on similar stops on the existing network, shown in the table below. Note that the additional ridership from the shopping areas are captured in the general increase in service area (see Factor 2 below), as the existing APC data does not indicate that similar small shopping centres were major ridership generators.

**TABLE 7: COMMUNITY ROUTE DESTINATION STOPS**

Additional Destinations Served	Proxy Stop	Additional Ridership
Community Living Guelph Wellington	Neeve at Ontario eastbound	1,181
West End Community Centre	Woolwich at Evergreen Seniors Centre	576
995 Paisley Road Shopping Area	Captured in Other Growth	N/A
368 Speedvale Shopping Area	Captured in Other Growth	N/A
YMCA-YWCA of Guelph	Woolwich at Evergreen Seniors Centre	576
<b>Total</b>		<b>2,332</b>

#### 2. Increase in service area

In addition to the new destinations, we expect ridership growth from an increase in the overall service area capturing residential, commercial, and other land uses. Using GIS analysis, we determined that the new proposed routing captures 24% more area within a 400 metre walk. Therefore, we forecast a 24% growth in the current ridership, excluding stops that clearly serve a major destination such as a seniors residence, community centre, or mall (see Factor 1 above).

#### 3. Increased frequency

We used a service frequency elasticity similar to our forecasts for Route 8 and Route 20 to predict increases in ridership from improved frequency. However, we used a lower elasticity of 0.3% rather than 0.4% to reflect the captive ridership on this route. Since the community buses are largely used by those that lack other mobility options, such as seniors, existing use rates are expected to be relatively high. As such, we do not expect the same increase in ridership from

improved frequency as we do on other routes. Increasing frequency from one hour to 45 minutes is expected to result in an 11% increase in boardings.

#### 4. Increased service hours

Finally, we used an elasticity of 0.3% for increased service hours from 8 hours daily to 10 hours daily. In isolation, this is predicted to increase ridership 8%.

To estimate Sunday ridership, we assumed that the ratio of Saturday to Sunday boardings would be the same as that on Route 17 and 18 at Stone Road Mall and Smartcentre Guelph. We used this as a proxy since Route 17 and Route 18 are looping, coverage-style, routes that serve some of the same destinations as the community buses. The ratio we found from the March 2019 raw APC data was 82%.

## Result

Taken together, this service change is forecast to increase ridership by 14,000 annually. With underlying system growth, ridership is expected to increase from 25,000 to 41,000 annually by Year 3, representing a 63% increase. Net annual operating cost of the improvement (accounting for revenue) would be \$578,000 in Year 3.

**TABLE 8: COMMUNITY BUS FORECAST**

	Ridership	% Increase	Additional Revenue	Additional Cost	Net Cost of Improvement
<b>Current</b>	25,270				
<b>Year 1</b>	29,326	16%	\$7,342	\$607,067	\$599,725
<b>Year 2</b>	40,303	59%	\$27,210	\$607,067	\$579,857
<b>Year 3</b>	41,197	63%	\$28,828	\$607,067	\$578,239

# Information Report

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Service Area	Public Services
Date	Friday, October 11, 2019
Subject	<b>Harm Reduction Housing Update</b>
Report Number	PS-2019-24

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## Executive Summary

### Purpose of Report

To provide an update on Harm Reduction Housing project in Guelph.

### Key Findings

Following a presentation to Council on June 10, 2019, staff have been working closely with the project team on Harm Reduction Housing through the Wellington Guelph Drug Strategy. The project team have been working closely on three top priorities of securing a location, a proponent and funding.

### Financial Implications

None.

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## Report

### Details

In June of 2019, the Wellington Guelph Drug Strategy (WGDS) presented "Harm Reduction Housing – Concept Information" to Council. This project is also referenced as Tiny Homes or Container Homes project. Beyond sharing the concept and design of the project, WGDS had requested in-kind and financial support from the City. Council passed a motion to direct staff to work with WGDS and report back.

Following the Council meeting in June, staff have assembled an internal working group to review the written and verbal requests of Council. The internal staff team has established a method of direct two-way communication to the project. A staff lead was assigned to help the project navigate through City departmental processes and requirements.

With at least 10 different community organizations, the Harm Reduction Housing (HRH) project team has established some goals and priorities.

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### **Priority to secure a location – identify and secure land**

The HRH project team began to look at possible City and non-City owned land. The City's online zoning map has been a valuable tool to help HRH identify current zoning parameters as a starting point. Recently, the project has secured in-kind support from industry professionals of a Planner, Architect, Engineer and Builder. This will offer valuable expertise with site evaluations, development applications and planning approval requirements.

In October 2019, staff will bring forward a [Real Estate Asset Staff Report](#) to Council for discussion. The report generally provides information regarding the City's real estate holdings and discusses the use and future use of specific properties of interest. Of the properties of interest, the report documents the history, current use, current issues, and next steps to consider as it relates to the specific assets. The report does not identify any available or vacant land for this project.

The project team has identified, in principal, that the ideal location for homes would include access to community, service supports, transit, and other amenities.

### **Priority to secure a Proponent (or landlord)**

HRH has identified that the best service model is to have a separate landlord for the property to those that would provide on-site service supports. HRH is working with a number of not-for-profit proponents with the hope that one would confirm a role as landlord in this project. The project has seen interest from not-for-profit proponents or landlords but none have confirmed interest in the role of landlord. Staff have observed that proponents will not confirm until the land and funding model is secured.

### **Priority for funding – secure capital and operating funding**

HRH reached out to the Canadian Mortgage and Housing Corporation (CMHC) who provided information on both Seed Fund and the Co-investment Funding. Seed funding can be obtained for consultant, planner or engineer costs to start up projects. The Co-investment funding is for building or creating housing units. HRH continues to prepare for application requirements but has yet to apply. Additionally, they are working with possible proponents to identify operating costs that hope to be covered through rent (and rental subsidies).

The project team continues to seek support and discuss options to obtain private donations should there be a desire within the community to support and/or donate.

### **Further Partner Opportunities**

Beyond the community partners working group, the project has seen support from industry professionals. A local project manager/builder, architect, engineer and planner have offered volunteer services to support the project. The professional supports will offer guidance to help navigate a complex process to develop new housing project that grass roots community lead organizations cannot be expected to understand or navigate through alone, their capacity, experience and expertise is greatly appreciated, and will help drive the project forward and ensure opportunities are not missed.

## **Next Steps**

Staff continue to stay engaged and work through details with the HRH. Attachment 1 is a Summary of Responsibility that shows transparency on areas of responsibility specifically to the City's role as it relates to any community or development project. City departments look to support this project, as any project, within the approved policies and procedures.

The project team, with their community partners, is leading key messaging and communication plans as it relates to this project, and solutions to homelessness through housing and affordability of housing as a whole in the community. The messaging supports Housing First Models that have shown increased contacts by individuals with community support services, increases sense of belonging, reduces isolation, and reduces required economic supports. HRH is one part of addressing the local affordable housing and homelessness crisis and does present a way to meet the needs of some who cannot afford or find housing in an open market.

Initial hopes from the project team looked to have homes developed and occupied by the winter of 2019. As they continue to work on securing the three main priorities of land, proponent, and funding, this timeline will not be obtainable. However, the project team will continue to keep this project to reduce homelessness as a community priority.

## **Financial Implications**

There are no financial implications as result of this report. Staff continue to offer support to the HRH project team through the regular work and, based on budget constraints, are not proposing any City financial supports at this time or during the 2020 operating budget process.

## **Consultations**

Adrienne Crowder, Manager Wellington Guelph Drug Strategy, HRH Project Member

Todd Salter, Planning and Building Services

Antti Vilkkko, Facilities Management

## **Corporate Administrative Plan**

### **Overarching Goals**

Service Excellence

Innovation

### **Service Area Operational Work Plans**

Our Services - Municipal services that make lives better

Our People - Building a great community together

## **Attachments**

Attachment-1: Harm Reduction Housing Summary of Responsibilities

## **Departmental Approval**

Danna Evans, General Manager, Culture, Tourism and Community Investments

## **Report Author**

Alex Goss, Manager Community Investments



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### **Approved By**

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# ATT: 1 Harm Reduction Housing Summary of Responsibility

Table 1: Summary of Responsibilities

	<b>Harm Reduction Housing Project Team Responsibility</b>	<b>City of Guelph Responsibility</b>
Funding	Secure capital and operating funding (researching Canadian Mortgage and Housing Corporation co-investment and seed funding).	Bring forward any request for City funding or formal supports to Council, asses against applicable policy (e.g. the Council approved Affordable Housing Financial Incentives Program framework).
Location	Identify and purchase land.	Share if any city owned property available that could potentially be used for this purpose, subject to any required planning approvals.
Zoning/Planning Approvals	Retain planning, engineering and other necessary consultants. Work with planner and City staff to confirm planning approval requirements once specific potential site(s) are identified. Prepare and submit necessary planning applications and manage those applications through the review and approvals process.	Process development applications per normal process.
Proponent	Secure and work with Proponent (landlord). Secure agreements with any support service providers (on site supervisions, supports, clinical). Issue any necessary tenders or requests for information (for developers, builders etc.).	N/A
Building Code	With support from professionals, navigate compliance to the Building Code. Lean on engineer and their sub consultants to prepare any permit documents and submit application.	Provide response to specific Code questions effecting design. Review the permit application, once applied for, as per standard practice.



	<b>Harm Reduction Housing Project Team Responsibility</b>	<b>City of Guelph Responsibility</b>
Additional	Secure Planning and Engineering firm to support Development Application. Secure time on the County of Wellington Social Services Committee agenda to provide an update on the project. Develop Key Messaging/ Communications Plan (add to "Yes in my backyard" campaign).	Continue support and two way communications through Community Investments Division. Report back to Council.

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Corporate Services
Date	Monday, November 4, 2019
Subject	<b>2019 Second Tri-annual Capital Variance Report</b>
Report Number	CS-2019-26

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## Recommendation

That the report CS-2019-26, titled 2019 Second Tri-annual Capital Variance Report and dated November 4, 2019, be received.

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## Executive Summary

### Purpose of Report

This report provides a summary of the 2019 capital spending for the year-to-date (YTD) as of August 31, 2019, and highlights significant capital project activity and milestones.

This report also serves to notify of any deviations from the approved capital plan.

### Key Findings

On an annual basis, the City approves the capital budget. The 2019 capital budget is the City's plan to take care of its assets and plan for future growth while also focusing on the community's health and safety and meeting legislative requirements all while balancing affordability for our citizens and businesses.

For 2019, City Council approved a capital budget of \$87.4 million and as of August 31, 2019, had approved an additional \$19.4 million through special motions and/or due to receipt of additional funding (Attachment-1). This is in addition to the carry-over budget amount from 2018 unspent capital of \$165.3 million.

This report reflects 2019 spending totaling \$55.4 million; an increase in spending during this period over 2018 by \$9.5 million.

Below is the capital activity for 2019, all numbers are in thousands.  
Details are provided in Attachment-2.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	165,260	165,260
2019 capital budget, approved	87,370	87,370
2019 additional approved funding	19,365	2,052
Available capital funding for 2019	<b>271,995</b>	<b>254,682</b>
2019 capital spending	55,402	19,303
Open purchase orders	59,018	56,881
Projects closed	0	0
Total spending and commitments	<b>114,420</b>	<b>76,184</b>
Uncommitted approved budget	<b>157,575</b>	<b>178,498</b>

### **Financial Implications**

Substantial capital work has been completed since the first Tri-annual Capital Variance Report of 2019 with over \$36 million spent from May 1, 2019 to August 31, 2019. Progress on capital works will continue into the fall construction season and work has been done corporately to focus on maintaining momentum in our capital programs and draw down the uncommitted approved budget going into 2020.

Ongoing monitoring of capital spending ensures that projects are delivered as intended and that any financial impacts are addressed proactively.

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## **Report**

### **Details**

Staff is reporting on a tri-annual basis to ensure timely, transparent and meaningful reporting. This report provides a summary of the 2019 capital spending as of August 31, 2019, and highlights significant capital project activity and milestones.

Budget carried over from 2018 was \$165.3 million, Council approved a 2019 capital budget of \$87.4 million in February 2019; as well, capital budget additions of \$19.4 million have been made since that time; details are provided in Attachment-1.

This provides for a total available budget in 2019 of \$272.0 million.

The total YTD capital spending is \$55.4 million, which is \$9.5 million higher than the same period last year.

Outstanding purchase order (PO) commitments total \$59.0 million as of August 31, which is \$19.3 million less than August 31, 2018.

As in the previous tri-annual capital variance reports, this report follows the Program of Work (Program) format that was used during the 2019 budget and will continue to be used for future capital planning purposes. This format aligns the capital reporting with the fully service-oriented structure that is presented in the Corporate Asset Management Plan.

Each Program provides a summary of available funding, spending YTD and outstanding PO commitments in the purchasing system. They also include summaries regarding key projects and issues. Any significant differences from the approved capital budget are included.

For further information on the City's current Tier-1 projects please visit the [City's City projects webpage](#).

## **Program of Work Summaries**

**(all figures reported in thousands unless otherwise noted)**

### **Contaminated Sites**

This Program is focused on managing the City's contaminated site liabilities in order to: protect the City's drinking water, reduce public health and safety risks, invest in land for potential divestiture or redevelopment, revitalize neighbourhoods, and be compliant with the Ministry of the Environment, Conservation and Parks (MECP) guidelines.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	3,839	3,839
2019 capital budget, approved	3,325	3,325
2019 additional approved funding	0	0
Available capital funding for 2019	<b>7,164</b>	<b>7,164</b>
2019 capital spending	930	289
Open POs	1,513	1,528
Projects closed	0	0
Total spending and commitments	<b>2,443</b>	<b>1,817</b>
Uncommitted approved budget	<b>4,721</b>	<b>5,347</b>

The removal of the existing fueling system at 45 Municipal Street is ongoing with expected completion by year-end 2019. Total spending incurred YTD is \$557, the balance of \$184 is expected to be incurred prior to year-end.

Monitoring and remediation continues at 200 Beverley Street, it is estimated that active remediation work will begin in 2020. Total spending YTD is \$182, with \$2,351 in approved funding for remediation work.

In addition to these two initiatives, progress continues on the remediation of Goldie Mill Park. Construction work has begun however due to additional work required there is the possibility of a budget shortfall which will be managed within the Contaminated Sites Program.

Environmental, archeological, geotechnical investigation and remediation of the Baker Street parking lot site has begun and is expected to be complete by the fall of 2019 in preparation of the site for the Baker Street redevelopment being planned in partnership with Windmill Development Group.

Additional work for the Fountain Street environmental and historical landfill investigations is expected to be tendered in late 2019.

At this time, Goldie Mill Park is the only project currently at risk of budget overage. The unknown conditions of the sites are the driver of the delays on some projects, which makes it difficult to predict the exact time of project completion.

## Corporate Projects

This Program is focused on ensuring the overall administrative operations of the corporation are able to effectively deliver service and guidance to the City's external facing service delivery areas. Providing corporate standards ensure that citizens experience a consistent look and feel in their interactions with the corporation.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	15,813	15,813
2019 capital budget, approved	8,361	8,361
2019 additional approved funding	15,227	(763)
Available capital funding for 2019	<b>39,401</b>	<b>23,411</b>
2019 capital spending	4,673	1,856
Open POs	10,150	4,462
Closed projects	0	0
Total spending and commitments	<b>14,823</b>	<b>6,318</b>
Uncommitted approved budget	<b>24,578</b>	<b>17,093</b>

In 2018, the Municipal Innovation Exchange (MIX) and the SMART Cities Challenge (SMART) were incorporated into the City's capital portfolio. In April 2019, the provincial government announced that the MIX funding had been cancelled, however, the City has obtained an extension to March 31, 2020 which is being finalized with the province. The combined City/County SMART proposal was successful in obtaining the \$10 million Federal grant. Additional information is available on the [City's Smart Cities Challenge webpage](#).

The City's fleet replacement program saw modest spending YTD of only \$950 as the annual vehicle and equipment replacement program was paused while the lifecycle assumptions of all vehicles were assessed; however spending is accelerating with \$4,379 in POs currently issued.

Total IT spending in 2019 is \$595 which is primarily lifecycle replacement, and upgrades and implementation of new purchasing and inventory modules to JD Edwards. Further, planning and sourcing of a new Corporate Maintenance Management System is underway, with implementation expected in 2020.

Corporate energy projects are currently underway at several facilities. YTD spending is \$268 with remaining funds anticipated to be fully committed by year-end. Projects completed or in progress to date include Victoria Road Recreation Centre cold water ice flooding, West End Community Centre pool drain heat recovery and LED retrofits at City Hall and various library branches (Scottsdale, Bullfrog and East).

Significant planning work continues related to Clair-Maltby Secondary Plan, including environmental assessment and infrastructure planning.

The Hanlon Creek Business Park project update includes on-going environmental monitoring, appraisals and minor construction work. The City has awarded a contract for an environmental monitoring program which will begin in fall of 2019. Construction and servicing of Golds Court to service Blocks 6 and 7 is expected to be complete by fall of 2020.

## Emergency Services

This Program is ensuring that our emergency service providers have the vehicles, equipment and facilities required to effectively deliver critical community services. This requires that their assets are in working and reliable condition and are replaced at the right time. Projects in this Program are directed by industry best practice and service-specific legislation.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	8,660	8,660
2019 capital budget, approved	4,926	4,926
2019 additional approved funding	178	0
Available capital funding for 2019	<b>13,764</b>	<b>13,586</b>
2019 capital spending	5,257	1,936
Open POs	4,024	4,107
Closed projects	0	0
Total spending and commitments	<b>9,281</b>	<b>6,043</b>
Uncommitted approved budget	<b>4,483</b>	<b>7,543</b>

In 2019, the Guelph Police Services (GPS) Headquarter renovation expenses are \$2,830 YTD. Additional information is available through the [City's Tier-1 process webpage](#).

Additional GPS project spending totalled \$822 for 2019 YTD. This spending was focused on Information Technology (IT) infrastructure upgrades and vehicle and equipment replacement. These projects allow officers to have critical information and tools available when needed.

Paramedic Services YTD spending on growth vehicles and replacements totalled \$1,145 which includes two new expansion ambulances and four replacement ambulances.

Vehicle and equipment spending for Fire Services is \$312 YTD with continued spending planned through 2019.

### **Open Spaces, Recreation, Culture and Library**

Leisure and active living play a critical role in providing Guelph residents and visitors options to support their quality of life, health and well-being. Social, cultural and recreational infrastructure is a key indicator for quality of life and serves as visitor destinations, which stimulates the local economy.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	13,309	13,309
2019 capital budget, approved	7,916	7,916
2019 additional approved funding	332	82
Available capital funding for 2019	<b>21,557</b>	<b>21,307</b>
2019 capital spending	4,154	1,417
Open POs	5,421	3,707
Closed projects	0	0
Total spending and commitments	<b>9,575</b>	<b>5,124</b>
Uncommitted approved budget	<b>11,982</b>	<b>16,183</b>

Technical upgrades and lifecycle renewal at the River Run Centre of \$185 YTD, are under way with additional equipment on order including a replacement sound console and theatrical moving lights for the Main Stage and Co-operators Hall.

Park planning work is under way with a number of parks being outfitted with new amenities as well as the lifecycle replacement of playground equipment. Construction has begun at Cedarvale Avenue Park in accordance with the Cedarvale Avenue Park Master Plan and is expected to be completed in third tri-annual period of 2019. Design for the amenity replacements and upgrades at Norm Jary Park is underway.

## Solid Waste Services

This Program provides for continued customer service, growth, site compliance and maintenance of critical infrastructure required to maintain diversion of waste from landfill. It minimizes landfill disposal costs while reducing the environmental footprint of waste management operations in the City.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	5,948	5,948
2019 capital budget, approved	3,107	3,107
2019 additional approved funding	(13)	0
Available capital funding for 2019	<b>9,042</b>	<b>9,055</b>
2019 capital spending	868	694
Open POs	528	571
Closed projects	0	0
Total spending and commitments	<b>1,396</b>	<b>1,265</b>
Uncommitted approved budget	<b>7,646</b>	<b>7,790</b>

Work driven by the inventory and condition assessment at the Dunlop Drive site is ongoing. Findings from the assessment will provide information critical to prioritizing future capital work at the site.

Spending on equipment and facility lifecycle is planned to continue in 2019; this includes planning and construction of a second public drop-off scale and additional minor upgrades and renewal to existing facilities. However, due to pending legislation changes projects at the Materials Recovery Facility have been paused until further information becomes available.

A new collection vehicle has been operationalized to service multi-residential properties. Additionally bins are being purchased to support the roll out of the multi-residential program.

## Stormwater Services

This Program involves constructing, operating, maintaining and improving the City's existing Stormwater Management infrastructure for the purpose of providing flood and erosion control, water quality treatment and environmental protection.



<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	10,160	10,160
2019 capital budget, approved	3,884	4,684
2019 additional approved funding	800	0
Available capital funding for 2019	<b>14,844</b>	<b>14,844</b>
2019 capital spending	1,933	609
Open POs	4,069	3,446
Closed projects	0	0
Total spending and commitments	<b>6,002</b>	<b>4,055</b>
Uncommitted approved budget	<b>8,842</b>	<b>10,789</b>

The construction of the snow disposal facility located west of the Wastewater Treatment Plant is ongoing and anticipated to be completed by the end of 2019.

Stormwater pond rehabilitation work will continue through the year, utilizing funding from the Federal and Provincial governments to complete work through the Clean Water and Wastewater Fund program.

The extensive condition assessment for the stormwater system infrastructure completed in 2017, provided an overview of the system structure. City staff continues reviewing the impact of the study and prioritizing activities accordingly. This is the case with the sewer rehabilitation project, which requires further investigation in 2019. The results will guide staff in tendering future work to maintain assets in compliance with the MECP.

A request for proposals for the 2019 Stormwater Management Master Plan (SWMMP) has been issued. This will provide an update to the 2012 SWMMP and will cover a planning period from 2019 to 2041 to match the City's Growth Plan.

## **Transportation Services**

This Program captures the network of services and assets that enable the flow of people and goods throughout the city, including: Guelph Transit, Parking, Traffic Management and Infrastructure Development both above and below ground, in the road and right-of-way.

The Program provides for the rehabilitation, renewal, replacement and construction of assets ranging from road surfaces and traffic signals to buses and bus shelters, as well as active transportation routes and parking facilities.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	39,741	39,741
2019 capital budget, approved	14,502	14,502
2019 additional approved funding	3,902	2,734
Available capital funding for 2019	<b>58,145</b>	<b>56,977</b>
2019 capital spending	17,077	8,105
Open POs	15,156	18,130
Closed Projects	0	0
Total spending and commitments	<b>32,233</b>	<b>26,235</b>
Uncommitted approved budget	<b>25,912</b>	<b>30,742</b>

Total YTD spending of \$17,077 was mainly due to projects related to road reconstruction, right-of-way and related linear upgrades as well as other large scale projects including Wilson Street parkade construction (\$8,296) and the purchase of the LED light fixtures for the City-wide street light replacement (\$3,296).

Additional information on the Wilson Street reconstruction and parkade, and the Norfolk Street Foot Bridge can be found on the City's website as part of the Tier-1 project page.

The Niska Road: City boundary/Downey Road project has been completed and Niska bridge and road has reopened for travel. Additional information can be found here: [Niska bridge press release October 3, 2019](#).

City-wide installation of LED street lighting fixtures and network controls will begin in October 2019 and will see all non-decorative street lights replaced by the end of 2020. Expected benefits of the LED fixtures include improved light quality, reduced operating and maintenance costs as well as an overall reduction in greenhouse gas emissions.

## **Wastewater Services**

City staff continue to focus on the maintenance of critical infrastructure to avoid the risk of non-compliance and the higher costs of unplanned maintenance. Further benefits of this Program include: optimizing and increasing capacities of existing systems, reducing infiltration, protecting the natural environment, enhancing asset management, and ensuring wastewater can be conveyed in a manner to satisfy capacity requirements for the City's Wastewater Treatment Plant.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	28,617	28,617

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2019 capital budget, approved	13,704	13,104
2019 additional approved funding	(950)	0
Available capital funding for 2019	<b>41,371</b>	<b>41,721</b>
2019 capital spending	6,479	803
Open POs	7,485	7,491
Closed projects	0	0
Total spending and commitments	<b>13,964</b>	<b>8,294</b>
Uncommitted approved budget	<b>27,407</b>	<b>33,427</b>

Total spending of \$6,479 is made up of work at the Wastewater Treatment Plant and linear renewal and expansion.

Construction continued on the York Trunk Sewer across the city. This is a multi-year project which will provide the east side of the city with growth capacity for the Guelph Innovation District. Phase 3 from York to Victoria is currently in the design stage while Phase 2B to Victoria is expected to be completed in the fall of 2019.

Work continues on various facilities and equipment at the Wastewater Treatment Plant including routine maintenance, refurbishment and efficiency upgrades. Sequencing of work on major components of the treatment system is done to maintain treatment capacity. Structural repairs and gas proofing of Digester 3 is estimated to be completed by April 2020 after which the digester cleaning program will commence at Digester 3 as only one digester in the system can be offline at a time.

The Corporate Asset Management division is continuing to work on the condition assessment of the Wastewater Treatment Plant which will help inform project priorities in the future. The project is expected to be completed by December 2019.

Consultation with the MECP continues regarding the re-rating of the current treatment plant capacity, a successful outcome will see the plant continue to meet growth demands without the requirement to significantly expand in the near future. This would provide long-term cost savings to residents and businesses.

A request for proposals has been issued for the 2019 Wastewater Treatment and Biosolids Master Plan (WWTBMP) which will provide an update and consolidation of the Wastewater Treatment Master Plan (2009) and the Biosolids Management Master Plan (2006). A planning period of 2019 to 2041 will be covered to align with the City's Growth Plan and the WWTBMP will identify costing for future projects and will help inform future development charge studies.

## Water Services

By proactively creating additional supply and renewing our existing systems, the City is focused on ensuring a safe and reliable source of water for existing customers and to meet the needs of growth.

<b>Capital variance</b>	<b>Tri-annual 2</b>	<b>Tri-annual 1</b>
2018 carry-over budget	39,173	39,173
2019 capital budget, approved	27,645	27,445
2019 additional approved funding	(111)	0
Available capital funding for 2019	<b>66,707</b>	<b>66,618</b>
2019 capital spending	14,032	3,595
Open POs	10,672	13,438
Closed Projects	0	0
Total spending and commitments	<b>24,704</b>	<b>17,033</b>
Uncommitted approved budget	<b>42,003</b>	<b>49,585</b>

Total spending of \$14,032 is made up of work at the FM Woods Water Treatment Plant and linear renewal and expansion.

Construction continued through the year on the Paisley feeder main to the west portion of the city; Phase 1 and 2 are expected to be completed by year-end 2019. Once completed, this multi-year project will provide the west side of the City with required redundant water supply and growth capacity.

The tender for design of the FM Woods Water Treatment Plant upgrade has been awarded. With up to 80 per cent of the City's water supply flows to, is treated, stored and pumped into the distribution system at this facility significant upgrades are required. To maintain operations of the plant and staff work areas the upgrades are being done in multiple phases. The first phase of the multi-phase renovations is the construction of the Heritage building which will begin in the fall of 2019.

Membro Well facility upgrades design tender will be issued by the end of 2019 with construction anticipated in 2020. This project will support growth as outline in the Water Supply Master Plan.

A request for proposal for the 2019 Water Supply Master Plan Update has been issued. This will cover a planning period from 2019 to 2041 to match the City's Growth Plan.

## Financial Implications

Substantial capital work has been completed since the first Tri-annual Capital Variance Report of 2019 with over \$36 million spent from May 1, 2019 to August 31, 2019. Progress on capital works will continue into the fall construction season

and work has been done corporately to focus on maintaining momentum in our capital programs and draw down the uncommitted approved budget going into 2020. Ongoing monitoring of capital expenditures against planned budget is a critical part of ensuring the expected outcomes are delivered from the City's capital program.

## **Consultations**

Corporate Management Team

## **Strategic Plan Alignment**

Reporting tri-annually on the progress of the City's capital program supports the Strategic Plan's Working Together for our Future pillar through maintaining a fiscally responsible local government.

## **Attachments**

Attachment-1 2019 Additional Approved Capital Funding

Attachment-2 2019 Capital Spending as of August 31, 2019

## **Departmental Approval**

Greg Clark, CPA, CMA Manager, Financial Strategy & Long-Term Planning

## **Report Author**

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## Attachment-1 - 2019 Additional Approved Capital Funding (000s)

Project	Details	Addition (Reduction)
Guelph Innovation District	Council decision to not proceed with acquisition	(665)
Baker Street	Budget increase for Baker Street per Council decision	3,200
Smart Cities	Smart Cities Award	10,000
Wellington County Contributions	Social Housing, Child Care, Ontario Works Capital (new in 2019, segregated operating and capital into separate presentation)	2,453
Community Buses	Approval of purchase of five buses through 2019 Operating budget	2,717
College Ave East Watermain and Sanitary Sewer	Additional funding from University of Guelph for Turf Grass Institution Reallocation	930
Other Minor Adjustments	n/a	730
<b>Total additional funding</b>	n/a	<b>19,365</b>

## Attachment-2 – 2019 Capital Spending as of August 31, 2019 (000s)

n/a	2018 carry- over budget	2019 capital budget, approved	2019 additional approved funding	2019 capital spending	Open POs	Total spending and commitments	Uncommitted approved budget
Contaminated Sites	3,839	3,325	0	930	1,513	2,443	4,721
Corporate Projects	15,813	8,361	15,227	4,673	10,150	14,823	24,578
Emergency Services	8,660	4,926	178	5,257	4,024	9,281	4,483
Open Spaces, Recreation, Culture and Library	13,309	7,916	332	4,154	5,421	9,575	11,982
Solid Waste Services	5,948	3,107	(13)	868	528	1,396	7,646
Stormwater Management	10,160	3,884	800	1,933	4,069	6,002	8,842
Transportation Systems	39,763	14,502	3,902	17,077	15,156	32,233	25,912
Wastewater Services	28,617	13,704	(950)	6,479	7,485	13,964	27,407
Water Services	39,173	27,645	(111)	14,032	10,672	24,704	42,003
<b>Total Capital PoW 2019</b>	<b>165,282</b>	<b>87,370</b>	<b>19,365</b>	<b>55,402</b>	<b>59,018</b>	<b>114,420</b>	<b>157,575</b>

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Office of the Chief Administrative Officer
Date	Monday, November 4, 2019
Subject	<b>Transparency and removal of barriers related to non-Council-appointed working groups</b>
Report Number	CAO-2019-19

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## Recommendation

1. That the terms of reference, agendas and meeting minutes for all non-Council-appointed working groups be shared on project webpages; that the names of organizations represented by participants on working groups be listed in meeting agendas and minutes; and that participants—whether representing an organization or participating as a private citizen—be given the choice as to whether they wish their name included on publicly posted agendas and minutes.
  2. That the definition of 'committee' in section one of the Procedural By-law (2018)-20352 be amended in accordance with report CAO-2019-19, dated November 4, 2019.
- 

## Executive Summary

### Purpose of Report

This report addresses an outstanding motion of City Council passed on November 19, 2018 regarding the posting of agendas and minutes from meetings of working groups. At its November 19, 2018 meeting, Council resolved that the matter of staff advisory and working group minutes and procedures be referred to staff to report back.

### Key Findings

Whether or not to mandate the inclusion of names of individual participants of working groups on agendas and minutes is a difficult decision because doing so is seen as open by some, and as an impediment to public participation by others.

After consultation with City project managers who rely on working groups to inform policy recommendations, current and past working group members, and neighbouring municipalities, staff recommend adapting current City practices with respect to non-Council-appointed working groups as outlined in this report.

### Financial Implications

None.

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## Report

City staff deploy and rely on non-Council-appointed working groups for many purposes, including to:

- help inform policy-makers on broad community perspectives;
- increase understanding of project specific issues;
- gain technical input from subject matter experts;
- avoid potential implementation difficulties and conflicts;
- identify new approaches or solutions not previously identified;
- help stakeholders understand a range of community perspectives and considerations that decision-makers need to accommodate;
- provide a forum for informed and constructive dialogue between staff and participants to create solutions acceptable to as many stakeholders as possible;
- encourage broader community participation.

At present, these groups go by a variety of names, including community working group, community advisory group, public advisory group, stakeholder group, technical working group, technical advisory group, steering committee, task force and stakeholder focus group. For the purpose of this report, the term 'working group' will be used as a broad term to apply to all non-Council appointed working groups.

Working groups provide valuable input and/or technical assistance to staff in their role as service designers and policy-implementers. They allow for rich, qualitative, two-way input from citizens. Community inputs generated through working groups are deeper and richer than those generated through some other tools, such as surveys. Convening and consulting with citizens and other stakeholders in this forum generally enriches staff's recommendations to Council across policy areas.

### Transparency and removal of barriers

The City's [guiding principles for community engagement](#) reflect the City's commitment to make engagement as inclusive as possible. Staff routinely look for approaches that remove barriers to engagement to enable as many citizens as possible to participate in municipal decision making processes.

At the same time, City-led engagement is designed to be open, transparent, and accountable.

The two principles are not, by their nature, contradictory. However, our desire to be open and transparent (through the publication of the names of participants in agendas and minutes) may inadvertently create a barrier for some who might feel vulnerable to harassment from others who don't share their perspective.

In the interest of balancing these two principles, staff recommend allowing participants the option to either include or omit their names from publicly posted working group agendas and minutes. This applies to participants who take part as private citizens, and to those representing an organization, business, stakeholder group, etc. Where an organization is represented on a working group, the name of the organization will be listed on agendas and minutes, regardless of whether the individual representing that organization agrees to have their name listed.

## **Consistency**

The work that has informed this report has highlighted that there is variety amongst working groups. Different projects call for different approaches to recruitment, member selection, duration, and working group size. Adaptability is intentional and desirable; it allows for flexibility that serves project mandates and, by extension, the public interest.

Staff do however believe that standard terms of reference and application forms for non-Council-appointed working groups would help ensure consistency and transparency in their operation. That work will be placed on a 2020 work plan for community engagement staff.

## **Procedural By-law amendment**

Central to the November 19, 2018 debate on the issue of mandatory posting of working group agendas and minutes was the definition of 'committee' in the Procedural By-law.

The Procedural By-law defines committee as "Committee of the Whole, advisory committee or other committee, sub-committee or similar entity." At the Council meeting on November 19, 2018, significant discussion took place regarding the meaning of 'similar entity' and whether working groups are included in this definition.

On June 29, 2018, the City Clerk's Office received a closed meeting investigation complaint regarding the Clair-Maltby Community Working Group and Technical Advisory Group. The complaint was forwarded to the City's appointed closed meeting investigator, who determined the meetings did not breach either the Municipal Act (the Act) or the Procedural By-law because working groups are not committees as defined by the Procedural By-law.

Staff agree with the closed meeting investigator that working groups are not included in the open meeting provision of the Act, as their membership does not include elected officials. Staff further agree that working groups are not committees as defined by the Procedural By-law because they are not appointed by City Council and do not directly advise or report through to City Council.

## **A more precise definition of committee**

Staff recommend the definition of committee in the Procedural By-law be revised as follows:

"Committee means Committee of the Whole, advisory committee or other committee, sub-committee or similar entity appointed by City Council."

This definition ensures the Procedural By-law continues to apply to any advisory committee, board, agency, association or commission whose members are appointed by City Council. In this regard, despite the fact that the open meeting provisions of the Act do not apply, meetings of bodies appointed by City Council must adhere to the Procedural By-law, including holding open meetings and posting agendas and minutes publicly.

## **Financial Implications**

None.

## **Consultations**

Staff asked for and received input from current and past working group members via an online survey, which informed the recommendations of this report.

Staff also sought input from a national community of practice of municipal community engagement practitioners, in which members were asked to provide feedback about their experiences with posting working group minutes and agendas that include members' names. Responses were received from the City of Hamilton and the Region of Waterloo. Those responses have informed these recommendations.

Finally, staff consulted with project managers and corporate support functions within the organization: the City Clerk's Office; Corporate Communications and Customer Service; and Community Engagement. Project managers who rely on non-Council-appointed working groups from the following departments and divisions were also consulted:

- Water Services
- Policy Planning
- By-law Compliance, Security and Licensing
- Engineering and Transportation Services
- Climate Change Office
- Solid Waste Services
- Culture, Tourism and Community Investment

The City of Guelph's [Community Engagement Framework](#) and [Advisory Committee Meeting Procedures](#) were also consulted in the authoring of this report.

## **Strategic Plan Alignment**

Working together for our future; a modern government that works with us.

The City of Guelph believes the best, most representative public policy is developed with input from the community. The recommendations in this report are intended to advance the City's community engagement practices, which are meant to ensure citizens have a direct voice in public decisions.

## **Departmental Approval**

Tara Sprigg, General Manager, Corporate Communications and Customer Service

Stephen O'Brien, General Manager, City Clerk's Office / City Clerk

## **Report Author**

Tara Sprigg, General Manager, Corporate Communications and Customer Service



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**Approved By**

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**City of Guelph  
Committee of the Whole**

November 4, 2019



## OUR MISSION

- To provide the highest quality care and experience for patients and their families

## OUR VISION


- Exceptional care
- Innovative partnerships
- Healthier communities

## OUR VALUES

- Teamwork
- Respect
- Accountability
- Compassion

# GGH: caring for our community

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- 14,100 people are admitted to GGH
  - 62,500 visits to the Emergency Department
  - 1,700 babies born: 350 spend time in the Special Care Nursery
  - 66,000 Ambulatory Care visits
  - 12,900 surgeries performed
  - 6,100 Endoscopies
  - 147,000 diagnostic imaging test
  - 111,000 cardio respiratory test
- 

# Guelph is Growing: so is health care demand

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- Inpatient beds rose 13% compared to two years ago
  - 21 more patients per day
- Emergency Department
  - Seeing 20,000 more visits than designed to handle
  - Increase in the most critically ill
  - Decrease in the least ill
- Mental Health and Addictions: 37% over last 4-years
  - Mental health visits increased 38%
  - Substance abuse visits increased 35%



# GGH: efficient

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- Emergency Department – wait-times 7<sup>th</sup> best in Ontario
- Low cost per patient – 2nd lowest in Ontario
- 2<sup>nd</sup> safest hospital in Canada based on Hospital Standardized Mortality Ratio 2018/19
- Mental Health and Addictions Partnerships
  - Homewood Health
  - Canadian Mental Health Association
  - Guelph Family Health Team
  - Guelph Community Health Centre
  - Wellington Health Care Alliance

# Hallway medicine: daily reality in ED



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# **Patient Stories**

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# Three Priorities

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1. Emergency Department and Emergency Mental Health and Addictions Services expansion and renovation project
2. State-of-the-art equipment and technologies
3. Special Care Nursery expansion and renovation project

# Emergency Department Expansion

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## Address ED overcrowding

- Expanding by 60%
- Adding 14 treatment areas
- Privacy and dignity
- Improved infection control



# Emergency Mental Health and Addiction Services: Expansion

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Provide a healing environment and prevent reoccurrence

- Adding 5,550 sq.ft
- Increasing treatment areas by 50%
- New outpatient service to provide immediate follow-up
  - Prevent readmission to Emergency Department
- Space that supports privacy, dignity and respect
- Providing the right kind of space for mental health care

# State-of-the-Art Equipment and Technologies

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Highest quality of care for the people of Guelph

- New technologies at the bedside
- World class diagnostic imaging equipment
- Improved information sharing
- Internet of medical things
- Medication safety





# Special Care Nursery: today



Curtains used for privacy  
Cramped space

Inadequate space for storage





# Special Care Nursery: redesigned expansion

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Ensure babies and families have the best start possible

- Expanding to meet current standards
- Private Rooms: parents can stay overnight with newborn
- New equipment and technology
- More newborns stay in Guelph



# Patient Stories

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# Costs and Funding

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Total cost of the three priorities is \$45million with local share being \$30million

Three Priorities	Priorities	Ministry Funds	Local Share		
	Total Cost	Construction	Construction	Equipment	Total
Emergency and Mental Health Expansion	\$ 19,942,200	\$ 14,695,650	\$ 2,302,050	\$ 2,944,500	\$ 5,246,550
State of the Art Equipment and Technology	\$ 20,000,000			\$ 20,000,000	\$ 20,000,000
Special Care Nursery	\$ 5,057,800		\$ 3,500,830	\$ 1,556,970	\$ 5,057,800
Totals	\$ 45,000,000	\$ 14,695,650	\$ 5,802,880	\$ 24,501,470	\$ 30,304,350

- Ministry of Health provides funding for 90% of construction projects
- The remaining 10% plus all equipment costs is considered Local community share
- Ministry of Health does not provide direct funding for hospital equipment

# Our Request

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- We respectfully request that the City of Guelph consider a contribution of 10% of the total cost of the three priorities
  - \$900,000 each year for five years, for a total of \$4.5 million.
- High quality hospital care is directly linked to our community's wellbeing, prosperity and strength.
- Thank you for your consideration.

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Corporate Services
Date	Monday, November 4, 2019
Subject	<b>Guelph General Hospital Capital Funding Request</b>
Report Number	CS-2019-78

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## Recommendation

That the request for capital funding from the Guelph General Hospital be referred to the 2020 tax supported budget deliberations set for Tuesday December 3, 2019.

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## Executive Summary

### Purpose of Report

To provide context related to the request by the Guelph General Hospital (the Hospital) for capital funding and to ask Council to refer this to the 2020 tax supported budget deliberations.

### Key Findings

During the 2019 budget deliberations Council directed staff to engage in discussions with the Hospital in relation to their capital needs and to report back to Council. From those conversations the Hospital has provided a briefing note for consideration, requesting a municipal contribution of \$4.5 million over five years to address immediate and urgent capital needs.

### Financial Implications

If Council supports the capital funding request, the financial impact will be borne directly by the taxpayer. There is no direct impact to the City unless Council directs this request to be offset by a City service reduction.

## Report

At the March 5, 2019 tax supported budget deliberation Council meeting the following resolution was passed:

“48. Moved by Mayor Guthrie

Seconded by Councillor Salisbury

That staff be directed to engage in discussion with the Guelph General Hospital to determine upcoming capital expansion needs and to report back to Council on these matters before the 2020 budget for further consideration.

Voting in Favour: Mayor Guthrie, Councillors Bell, Billings, Downer, Gibson,

Voting Against: (0)"

Over the summer of 2019, City staff and the Hospital had an opportunity to connect. From these discussions it became apparent there were immediate capital priorities in addition to long-term capital expansion requirements. At this time, the Hospital has provided the briefing note in Attachment-1 to this report addressing their immediate and urgent capital needs.

The Hospital has identified three immediate, urgent priorities:

1. Emergency Department and Emergency Mental Health and Addictions Services expansion and renovation project
2. State-of-the-art equipment and technologies
3. Special Care Nursery expansion and renovation project

The total cost of these three projects is \$45 million with Ministry of Health funding projected to be only \$15 million. The Hospital is asking Council to consider supporting 10 per cent of the total project cost or \$4.5 million over five years.

If Council was to approve the request, there would be a number of ways this could be implemented. The following are options:

1. implementation of a special flat fee of \$15.25 per household per year, over five years
2. increase the overall budget by \$900,000 for 2020 and maintain this contribution collecting \$900,000 for five years totaling \$4.5 million This would equate to a 0.35% increase in the net levy for 2020 and be in the base budget for the subsequent four years
  - a. be included in the general City tax levy on the tax bill
  - b. present as a separate Hospital Levy on the tax bill
3. increase the overall budget by \$300,000 per year over the next five years, collecting \$300,000 in 2020, \$600,000 in 2021, \$900,000 in 2022, \$1.2 million in 2023 and \$1.5 million in 2024 totaling \$4.5 million over the next five years. This would equate to an approximate net levy increase of 0.117% each year for five years
  - a. be included in the general City tax levy on the tax bill
  - b. present as a separate Hospital Levy on the tax bill

Upon a municipal scan, a number of municipalities across the province have committed municipal support to a local hospital over the past five years.

However, in early 2019, the Association of Municipalities of Ontario prepared A Compendium of Municipal Health Activities and Recommendations that provides some additional context to municipalities supporting health services. In the introduction they say:

"Municipal governments are active players in Ontario's health system. Although health is a provincial responsibility under Canadian federalism, municipal governments and District Social Service Administration Boards (DSSABs) co-fund and deliver a number of health services. They also respond to health-related needs in the community to improve local population health outcomes. .... Despite the breadth of municipal activity and significant municipal investments in health, municipal governments currently have a limited say in provincial health policy, planning, and decision-making. The current model offers municipal governments little protection against rising costs and few assurances of sufficient funding to ensure high quality services. This is a concern, as health is a provincial responsibility. The property tax base cannot fill in gaps in provincial funding." To read more: [AMO Compendium of Municipal Health Activities and Recommendations](#)

If Council supports a municipal contribution to the Hospital, staff would recommend utilizing a separate Hospital Levy as in 2.b or 3.b above, which is a very distinct and identifiable levy that is transparent, and administratively efficient for collecting funds for an external agency for a period of time.

### **Financial Implications**

If Council supports the capital funding request, the financial impact will be borne directly by the taxpayer. There is no direct impact to the City unless Council directs this request to be offset by a City service reduction.

### **Consultations**

Guelph General Hospital

### **Strategic Plan Alignment**

Supporting this request for capital funding assists in powering our future, ensuring that the Hospital continues to be one of Ontario's best and safest hospitals that attracts leading medical specialists and builds innovative partnerships to support a healthy and vibrant community.

At the same time, we are working together for our future, developing a long-term financial and resource strategy that is achievable and affordable while focusing on maintaining the delivery of core municipal services, of which health care is not.

### **Attachments**

Attachment-1 Briefing Note: Guelph General Hospital - Capital Funding

### **Report Author**

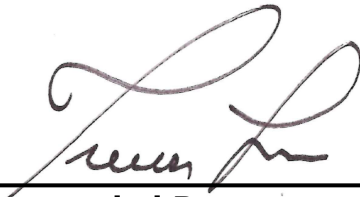
James Krauter, Deputy Treasurer/ Manager of Taxation and Revenue



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## **BRIEFING NOTE**

**Date:** September 24, 2019

**To:** City of Guelph, Committee of the Whole

**From:** Marianne Walker, President and CEO

**Purpose/Issue:** Guelph General Hospital –capital funding

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### **EXECUTIVE SUMMARY**

In March 2019, City Council passed a motion to direct city staff to engage in discussion with Guelph General Hospital to determine upcoming capital expansion needs of the hospital.

The Hospital has identified three immediate, urgent priorities:

1. Emergency Department and Emergency Mental Health and Addictions Services expansion and renovation project
2. State-of-the-art equipment and technologies
3. Special Care Nursery expansion and renovation project

Total cost of these three projects is \$45 million. Ministry of Health funding is anticipated to be \$15 million, leaving a local contribution of \$30 million. The Foundation of Guelph General Hospital is currently engaged in its largest capital fundraising campaign to date to raise the local contribution. We are asking City Council consider support in the amount of 10% of the total project cost, or \$4.5 million over five years.

### **INTRODUCTION**

**We all need the hospital at some point in our lives. Guelph General Hospital (GGH) is one of Ontario's best and safest hospitals, and together, we can keep it that way.** We're receiving exceptional marks in national safety and quality standards, attracting leading medical specialists, and building innovative partnerships to support a healthy, vibrant community.

**Guelph is the fastest-growing city in Ontario. This strains our healthcare system in many ways.** Our Emergency Department now sees nearly 20,000 more patients than it was designed for, and we need to meet growing needs across the entire hospital.

Over the past nine years, GGH has experienced greater than predicted growth in our clinical services; for example, inpatient weighted cases have increased by 32% and Emergency Department (ED) visits by 23%. We have also increased the number of surgical cases by 11% in our efforts to improve the Ministry of Health's priority wait times. In terms of number of patients treated in 2018, we have nine more inpatients per day than last year and 24 more inpatients per day than 2016.

To meet this challenge, not only do we need to physically expand but we also must invest in vital, innovative technologies and solutions that support the best hospital experience for patients and their families. In response, the Hospital has some critical plans to help transform the care we are able to provide in the short-term. The Foundation of Guelph General Hospital has embarked on its largest capital campaign ever to address urgent priorities.

The City of Guelph has a history of supporting Guelph General Hospital, with a \$22.6 million contribution to fund the expansion and complete renovation of the hospital in 1999-2001, and \$1 million in 2007 for the MRI & More campaign which funded our MRI scanner, vascular surgery suite, and Emergency Mental Health Unit. We are extraordinarily grateful for this support which helped make these projects possible.

We are asking the City of Guelph to continue its long-standing tradition of supporting hospital care in our community through an investment of \$4.5 million over five years to address urgent priorities.

### **URGENT PRIORITIES:**

Our clinical teams have developed strategies to address some of our most pressing needs. There are three critical areas of need to improve patient care, experience and clinical outcomes.

#### **1. ADDRESS EMERGENCY DEPARTMENT OVERCROWDING AND EMERGENCY MENTAL HEALTH AND ADDICTIONS SPACE REQUIREMENTS**

We will expand our Emergency Department to shorten wait times and support the best possible patient comfort, safety and dignity, including dedicated spaces for mental health and addictions care. This project has been submitted to the Ministry of Health

and we are awaiting approval to complete a functional program (Stage 2 – see Appendix 1).

- Expanding the Emergency Department by 60% adding 6,400sq ft
  - 14 additional treatment areas, reducing the need to care for patients in hallways
  - Improved patient flow and more efficient patient intake
  - Larger care spaces with walls instead of curtains
  - Improved infection control
  - The larger ED supports improved privacy and dignity, reduce the need for hallway beds, and provide better care for all who come to our ED.
- 
- Expanding Mental Health Short Stay Unit by 50% an increase to six beds from four
  - Adding new Emergency Mental Health Outpatient Services, providing more coordinated and timely care.
  - Immediate follow up of patients being discharged from ED, Short Stay Unit or Homewood.
  - Space for clinicians to be in the unit and closer to patients.
  - Multiple interview rooms which are critical to support early assessment and intervention for better outcomes.
  - Dedicated space for group activities.
  - Improved experience, privacy and dignity for patients and their families who support them.
  - Improved wait times and access to care.
  - Increased safety and security for patients, visitors and staff in a space designed specifically for mental health and addiction care.
  - These additional supports for mental health services will help prevent future admissions, re-admissions and ED visits. There is a long wait for many community mental-health services. In our new space, we will have support services, designed to provide tools and support patients' need to live independently until their follow up care begins. The hope is to reduce the number of times these community members come back to the ED for care. With our partners, we have already begun to provide some of these services and the numbers are encouraging. Imagine what we can do in space dedicated to our patients' needs.

## **2. PURCHASE, STATE-OF-THE-ART EQUIPMENT AND TECHNOLOGIES.**

We will purchase the best possible equipment and technologies to reduce wait times, provide quicker, better and safer diagnosis and treatment, improved outcomes and patient comfort and experience.

- Fundamentally changing the delivery of health care with an integrated, connected health strategy
- Innovative solutions that save staff time that can be better used for direct patient care
- Enhance patient and staff safety
- Improve outcomes so patients can get back to their daily lives sooner
- New and replacement equipment and systems to help care for patients throughout the Hospital including our Surgical, Intensive Care, Medical and Ambulatory Care Units and Operating Rooms.
- As an example, a 'closed loop' electronic medication management process that tracks a patient's medication electronically from the time it is ordered online to the time it is administered at the bedside. This high-tech system is part of continuous improvement efforts around patient care and safety.
- Diagnostic Imaging and Lab equipment that leads to more precise diagnosis and decreases the need for additional tests including

### **3. ENSURE BABIES AND FAMILIES HAVE THE BEST START POSSIBLE.**

Redevelop our Special Care Nursery to support the best possible care and comfort for our most vulnerable patients—newborns—and their families, and ensure our Women's and Children's programs have the best possible equipment. We have received Ministry of Health approval to move to the design phase (Stage 3.2, Appendix 1).

- Each year, 1700 babies are born at Guelph General. More than 350 need to spend time in our Special Care Nursery. Essential renovations will ensure up-to-date standards and maximum comfort for babies and parents
- The new nursery will be redesigned with private rooms for parents to stay overnight with their newborns. There will be six (6) single bassinet rooms, one room for twins and one isolation room totaling 5,600 square feet, and a separate resuscitation room
- This will allow improved capacity for growth or high demand periods, and with better outcomes for babies when families are together and included in their care
- It will allow sick babies to remain at GGH without having to be transferred to a larger hospital, or return to GGH from a larger hospital sooner, keeping them near their family and community
- New equipment with technological advances that lead to improved assessment and monitoring of birth and recovery, reducing risks for mom and baby

## **LONG-TERM PLANS:**

With respect to long-term capital expansion plans, we are not ready to make a request of City Council at this time. The Hospital continues to plan for what future hospital services may look like in 15 or more years. This could be larger new building on the current site, new build on a greenfield site, or offsite services in other areas of our community. This is a complex process, made even more so as the future of health care will see the Hospital working in a more integrated system with community health care providers.

Our hope is to come back to City Council at a later date with a complete Master Plan which will include financial projections.

## **FINANCIAL CONSIDERATIONS:**

Although health care is a provincial responsibility in Canada, the Ontario government does not fund all aspects of hospital equipment needs or construction projects. In general, hospitals are responsible for 10% of the costs of major construction projects, and most of the costs of capital equipment associated with the project. Here is the breakdown for our most urgent projects and capital equipment.

Emergency Department and Mental Health expansion and renovation project	Ministry will pay 90% of construction. Local share is 10% of construction plus equipment	Total project estimated to be \$20 million. Local share approximately \$5 million.
State-of-the-art equipment and technologies	Ministry does not fund equipment – local share is 100%.	Over the next five years, total equipment costs will be at least \$20 million.
Ensure babies and families have best start possible <ul style="list-style-type: none"><li>• Special Care Nursery expansion and renovation project</li></ul>	No Ministry funding. Local share is 100% for construction and equipment.	Approximately \$5 million
	<b>TOTAL COST</b>	<b>\$45 MILLION</b>

The total short-term needs are \$45 million. In addition to Ministry funding, The Foundation of Guelph General Hospital has embarked on its largest community fund-raising campaign ever (\$30 million goal) to fund these three short-term critical areas of need. Early results have been exceptionally strong with close to \$13 million raised in major gifts.

**OUR REQUEST:**

We respectfully request that the City of Guelph consider a contribution of 10% of the cost of the short-term projects, or \$900,000 each year for five years, for a total of \$4.5 million.

The quality of hospital care is directly linked to our community's wellbeing, prosperity and strength. When we all invest in the best possible care, we contribute to a strong and resilient community—today, and for future generations.

Thank you for your consideration. We look forward to working with you to ensure the best possible hospital care for our community.

## Appendix 1

### Ministry of Health Capital Planning Process

