

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



| | | | |
|--|---|----------------------|---|
| Report to: | Mayor and Council Members | Priority: | <input checked="" type="checkbox"/> High <input type="checkbox"/> Low |
| Submitted by: | Tracey Vaughan, Chief Administrative Officer tvauhan@cobourg.ca | Meeting Type: | Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/> |
| Meeting Date: | October 25, 2020 | | |
| Report No.: | Office of the CAO-007-21 | | |
| Submit comments to Council | | | |

RECOMMENDATION:

WHEREAS at the Committee of the Whole Meeting on October 4th, 2021, Council received the draft report on the Organizational Review from KPMG and directed the Chief Administrative Officer to prepare a report with recommendations from the Organizational Review findings to analyze and implement for 2022 and beyond to be brought forward to Council at the October 25th Committee of the Whole Meeting; and

FURTHER THAT Council receive this report from the Chief Administrative Officer; and

FURTHER THAT Council direct the Chief Administrative Officer to pursue the recommendations proposed by staff in Section #1) Staffing Adjustments, or provide alternative direction to the Chief Administrative Officer; and,

FURTHER THAT Council direct the Chief Administrative Officer to pursue the recommendations proposed by staff in Section #2) Organizational Realignment as presented, or provide alternative direction to the Chief Administrative Officer; and,

FURTHER THAT Council direct the Chief Administrative Officer to pursue the recommendations proposed by staff in Section #3) Enhancement to the Town's policy environment to right-size decision making processes, and the Town's operating processes and ways of working, or provide alternative direction to the Chief Administrative Officer; and

FURTHER THAT Council direct staff to bring forward all items related to these Council approved recommendations to the 2022 Municipal budget.

PEOPLE: The Town of Cobourg supports and cares for the social and physical well-being of its citizens.

- Leverage the Equity, Diversity, and Inclusion (EDI) Strategy to promote inclusion in the community.
- Develop a Human Resources Plan to manage demands and plan for succession.

PLACES: The Town of Cobourg protects, preserves, and promotes its natural assets, heritage, arts, culture and tourism.

- Align Asset Management Plan with budget.
- Create a Climate Change and Community Sustainability Plan.
- Manage sustainable and balanced growth.
- Upon completion of Cultural Master Plan, consider creation of Town of Cobourg Arts, Culture and Tourism Division.

PARTNERSHIPS: The Town engages in strong, sustainable public and private partnerships to improve the quality of life for everyone.

- Facilitate meaningful collaboration with Cobourg citizens.

PROGRAMS: The Town of Cobourg provides efficient and effective corporate, community, business and recreational services for its residents, businesses, and visitors.

- Improve corporate governance.
- Improve corporate effectiveness.
- Improve customer service.
- Develop Information Technology (IT) Strategic Plan.

PROSPERITY: The Town of Cobourg plans for, markets and develops assets for economic growth and financial security.

- Promote local economic development.
- Coordinate funding opportunities to optimize community development capital and special project funding opportunities.

2. PUBLIC ENGAGEMENT

Council received the draft report on the Organizational Review from KPMG in open session on September 13th and October 4th 2021, and a report from KPMG was attached to the agenda for Public and Council review.

Upon receipt and acceptance of the report on October 4th, 2021, Council directed the Chief Administrative Officer to prepare a staff report with recommendations from the Organizational Review to analyze and implement for 2022 and beyond,

to be brought forward to Council at the October 25th meeting. This report was not able to be prepared and published in keeping with the Town standard of publishing ten (10) days in advance of the meeting, as the direction was given on October 4th, 2021, and to make this deadline the report would have needed to be published on October 15th, 2021. The nature of the KPMG report required analysis by Town staff to determine where the recommendations make sense in a Town of Cobourg context, what recommendations are feasible from an operational perspective, and to review from a return on investment and affordability perspective. Staff completed this work on a highly accelerated timeframe to meet the Council direction to have this report for the October 25th, 2021 Committee of the Whole Meeting, with an agreement to publish the report on October 22nd, 2021.

3. PURPOSE

The Town of Cobourg's Organizational Review was designed to provide a comprehensive review that would make recommendations on the Town of Cobourg's corporate structure, service delivery and staff resourcing. The Organizational Review RFP noted the following principles as priorities in identifying recommendations:

1. Efficiency and effectiveness in municipal service provision;
2. Customer service excellence;
3. Valuing and respecting Town staff;
4. Value for money for Town services provided;
5. Fiscal responsibility; and
6. Accountability and transparency.

Rather than evaluating services, service levels and funding models, the primary focus of the review is on how the Town delivers its services, which included:

1. The Town's organizational structure and how it supports the effective and efficient delivery of services;
2. Staffing, including the number and roles of Town employees; and
3. The Town's internal process for service delivery and decision-making processes

4. ORIGIN AND LEGISLATION

On October 4th, 2021 KPMG presented the Town of Cobourg Organizational Review Report. At that meeting Council directed the Chief Administrative Officer to prepare an implementation report to be provided to Council for the October 25th, 2021 meeting that outlined the budget considerations for the 2022 budget discussions. KPMG has updated their draft report based on the conversation with

Council and was received on October 21st, and that updated report has been attached to this report as Appendix 1.

5. BACKGROUND

The Organizational Review, along with the Service Delivery Review, were identified as priorities in Council's 2019-2022 Strategic Plan, and the Town of Cobourg's 2020 Budget. In keeping with Council's Strategic Plan Goals and Budget approval, Staff were directed to undertake both a Service Review and Organizational Review.

On November 23rd, 2020, Council accepted the Town of Cobourg Service Delivery Review Report presented by KPMG which evaluated the services delivered by the Town, as well as associated service levels and resource requirements to identify strategies to achieve operational efficiencies and enhance financial sustainability.

Council endorsed the report by KPMG and directed the Chief Administrative Officer to present an Implementation Plan for review and endorsement. The CAO presented an implementation report to Council on January 25, 2020, which outlined the opportunities contained within the Service Delivery Report, and proposed a process for the work to commence and for progress reports to be provided to Council and the public for their information on a quarterly basis beginning in June 2021.

On May 10, 2020 Council received a report from the Chief Administrative Officer outlining the competitive bid process and results for the Organizational Review project, with a recommendation to hire KPMG as the consulting firm to proceed with the work on the Organizational Review. In total, five (5) bids were received and assessed by the Review Committee, and KPMG received the highest overall score using the following evaluation criteria.

| | |
|---|-------------|
| Reputation of the Firm | 10% |
| Experience of principals with program reviews, alternative service delivery | 10% |
| Experience and qualifications of key team Members | 15% |
| Methodology proposed and overall content of the proposal | 25% |
| Quality of the proposal | 15% |
| Demonstrated understanding of the required deliverables | 10% |
| Subtotal of the Evaluation Rating | 85% |
| Cost | 15% |
| Total of Evaluation Rating | 100% |

Council approved the report by the Chief Administrative Officer, and KPMG was retained in June 2021 to assist the Town with the review. The Organizational Review preliminary report was presented to Council on September 13, 2021, and the draft report was presented to Council by KPMG on October 4, 2021 for consideration and decision.

This report by the Chief Administrative Officer provides recommended courses of action for Council to consider based on the recommendations of KPMG in the Organizational Report, intersections with recommendations of the Service Delivery Review Report, the Town of Cobourg Strategic Plan, feedback from the Town of Cobourg's Senior Management Team, and information obtained from employees through our internal pulse check survey and Town Hall.

My observations from throughout my first year in the role as your new CAO has provided me with a wide variety of opportunities to observe our current organizational capacity, review existing skills and abilities and examine our current ways of working, both from a staff resource perspective and from a systems, process, and policy perspective. I have had time to examine and explore the Town's organizational culture, and to identify where gaps and opportunities currently exist. These gaps and opportunities had already been discussed internally and were planned for recommendation to Council during the 2022 budget discussions, and for future budget deliberations. Town Staff and Council have an opportunity to build upon the current strengths, processes and capacity of the organization which are serving our community, and to address the gaps and opportunities awaiting improvement.

Council has set an ambitious Strategic Plan for the Council Term, and staff are eager to deliver on the priorities that have been established. Several new priorities emerged in our mid-term review that relate to the Town of Cobourg's organizational capacity with respect to governance, organizational effectiveness, and customer service, with a healthy balance of addressing existing community priorities such as resident engagement and inclusion strategies, environmental stewardship, economic development and growth, and sustainable and balanced planning for the future.

It is my observation, and the observation of KPMG that in several instances there are resource gaps which exist that prevent these deliverables from being achieved in an effective, efficient, and sustainable manner.

The mandate that I have been given as your Chief Administrative Officer is to identify areas for change within the organization which enable improvements to service delivery, organizational effectiveness, customer service, the identification and management of risk, pursuit of strategic plan priorities, and the move to a high performing organization with a focus on performance measurement.

The Service Review and Organizational Review have provided concrete recommendations for the Town of Cobourg to support and advance our strategic priorities, enhance the efficiency and effectiveness of service delivery, manage our risks, respond to growth, and contribute to our longer-term financial sustainability.

6. ANALYSIS

The results and recommendations of the Organizational Review presented by KPMG to Council are based on municipal best practices with respect to organizational capacity, structure, and processes, all designed to enhance the effectiveness and efficiency of the organization and to improve the customer service experience for residents.

Review has been completed in the following areas:

Skills and Capabilities

1. Determining if the necessary skills exist within the organization to support its needs.
2. Identifying strategic education and training opportunities for staff required for the organization to meet its goals; and
3. Evaluating leadership strength in the organization to determine if the organization is well positioned to deliver on its strategic goals.

Ways of Working

1. Ensuring that staff spend the majority of their time on value adding activities;
2. Maximizing staff roles to ensure that they are efficient and supported by streamlined systems and processes; and
3. Examining if staff can link their output to high level objectives, critical success factors and key performance indicators.

Organizational Structure

1. Determine the optimum number of work levels within the organization.
2. Examine the value-add of each level of the hierarchy and structure and how it supports the business strategy.
3. Identify and make recommendations to ensure an appropriate and consistent span of control within the organization; and
4. Recommend mechanisms for collaboration across different parts of the organization.

The following key themes have emerged from the review:

1) The Town's Staffing Levels

- i. Town staffing levels are generally consistent with, or lower than, the selected comparator municipalities, with functions having a generally lower level of staffing than the selected comparator municipalities;
- ii. Certain functions and/or activities have increased due to increased client demand, increased regulatory compliance requirements or the addition of new services, there have not been commensurate increases in staffing levels;

- iii. Findings suggest priority on cost containment and affordability, which has limited increases in the staffing levels despite changes in demand, regulatory requirements, or new services; and
- iv. Dilution-rather than adding staff to address increased pressures, the Town has assigned additional responsibilities to existing staff.

2) Strategic Priorities

- i. The Town's strategic plan outlines key priorities and action items for the 2019-2022 Council term. While progress has been made KPMG, noted action items not yet started, or those that may have not be completed before the end of the strategic planning period are due to limited staffing resources or staffing gaps. An example cited were the deliverables in economic development, yet the Manager Economic Development position had not been funded; and
- ii. The Strategic Plan Mid-Term Review identified the following new defined focus areas; to improve corporate governance, improve corporate effectiveness, enhance communication effectiveness, and improve customer service. This would also require the development of Key Performance Indicators (KPI's) for Town operations. Typically, this falls within the mandate of finance and legislative services, both areas that are identified as currently having staffing levels that are less than comparator Municipalities and would require staff resources to achieve these priorities.

3) Customer service

Newly identified this year in the Strategic Plan Mid-Term session, was the Strategic Action Item "Improve Customer Service". The Town has never developed a formal customer service strategy, documented performance standards, tracked or measured the customer service experience, and has not designed its processes, policies, or job descriptions to focus on customer service.

To complete this strategic action, a corporate approach is required to design and implement a customer service strategy and program with the associated policies and processes. This requires dedicated resources; however, the Town does not currently have a designated member of its management team responsible for customer service. While customer service traditionally falls under the Town Clerk, KPMG noted severe dilution in this area as this individual is currently responsible for multiple functions which include Legislative Services, By-Law Enforcement, Procurement, Policy Development and AODA compliance, which limits their capacity to lead the Town's customer service initiatives.

- i. A key aspect of developing a customer service strategy is incorporating customer service into job descriptions, employee recognition programs, policies and procedures, and performance management, all areas within the mandate of Human Resources. As noted in KPMG's report the Town's HR function also has a lower level of staffing than comparator municipalities.

4) Organizational Culture

- i. KPMG noted that in 2021 the Town underwent its first ever employee pulse check and several trends emerged regarding organizational culture that need to be addressed which included: gaps in or the absence of training, succession planning, a fulsome performance review process, and has limited employee recognition/appreciation programs. KPMG further noted that the Town's Human Resources department has been unable to develop these programs due to limited staffing resources, the overall inefficiency of its human resources systems, and the need to provide human resources support to other Town-related organizations.

5) Risk Exposures

KPMG noted a number of areas where the Town's capacities are under resourced, with responsibilities either; not assigned, or assigned to individuals in addition to their other functions, exposing the Town to significant risk.

- i. Municipal best practice includes having a formal centralized procurement function, which the Town of Cobourg does not have. This position and capacity ensure the development and enforcement of standard terms and conditions, contract and agreement monitoring, spend analysis and ensuring ongoing compliance with changing legislation related to procurement;
- ii. The Town does not have a long-range planning function with respect to Official Plan updates, CIP development, Active Transportation Planning, Affordable Housing, amongst other key community areas of priority. This leaves the Town relying on the planning department staff to perform this function in addition to processing development applications. To ensure the right balance of development with a long-term planning focus, municipalities require dedicated resources to examine long range issues and opportunities, while balancing priorities for an active, healthy, sustainable and vital community;
- iii. The Town does not have a dedicated asset management function which has caused significant delays in the identification of capital assets and

their investment/reinvestment requirements, further hindering the ability of the Town to plan and effectively finance capital costs. Additional resources in the Town's engineering area would enable broader infrastructure planning, asset management, and inform our long-range financial planning. At present the current staff positions are focused on meeting the current demand for the delivery of immediate capital projects and the review and approval of development applications.

- iv. The Town does not have a dedicated capacity for environmental and energy efficiency strategies which causes higher utility and operating costs as well as higher environmental emissions and impacts the Town's ability to advance sustainability initiatives. Capacity is needed to identify and implement efficiency and conservation initiatives, and the pursuit of sustainability initiatives; and
- v. While the Town maintains a high level of information technology capacity, the level of staffing is significantly lower than comparator municipalities. This limits the organizations' ability to implement changes related to operating efficiencies that require technology solutions, advance customer service improvements, implement the digitization of manual processes, and increase service offering through remote delivery channels. Additional investment in IT staffing resources is required to address these capacity gaps.

6) Town's Internal Polices, Processes and Decision Making

- i. Current demands on Town resources are exacerbated by:
 - (a) The inefficiency of processes, and
 - (b) The Town's policy environment;
- ii. The Town does not have a Human Resources Information System ("HRIS"), which requires staff to manually accumulate and file all information relating to employees and diverts capacity away from higher impact activities such as; performance management, attendance management, training strategies and monitoring of training requirements, and employee recognition programs. A HRIS system would transition HR to a digital environment and would improve the ability of staff to track key information, flag risks, and monitor and address HR trends in real time;
- iii. The Town's current procurement policy limits the purchasing authority of Directors to \$5,000, requiring approvals to go to the CAO up to \$50,000 or to Council if over \$50,000. This creates operational inefficiencies, increasing the level of reporting required for procurement

approvals already approved by Council in the budget. KPMG notes that this level of approval is significantly lower than that adopted by other similar-sized Municipalities; and

- iv. The Town does not have a formal delegation of authority by-law which provides the authority of staff to approve certain matters without Council approval. This requires routine and/or low-risk decisions needing to be approved by Council, increasing the level of reporting and the time required for decision making causing delays for members of the public accessing those programs and services.

7) Growth Pressures

- i. The Town anticipates a significant population growth in the next 15 years, with the population projected to increase to more than 26,000 by 2034, adding almost 3,500 dwelling units and 50,000 square feet of non-residential development forecasted, which will translate into an increase in resource requirements for the Town;
- ii. The projected level of growth will create increased demands for:
 - a) Municipal infrastructure planning for the Town's road network and other infrastructure to accommodate higher population and usage,
 - b) Transit planning related to population growth and changing demands on service,
 - c) By-law enforcement due to increased pressures on parking and other by-law matters, planning for affordable housing development, which will all require increased resources for planning, procurement, and contract administration; and
- iii. Departments will likely be required to:
 - a) Increase resources to meet the higher level of demand, or
 - b) Reduce service levels to balance resources with demand.

Proposed Courses of Action

KPMG has outlined these seven (7) key areas of areas for consideration when looking at the overall effectiveness and efficiency of the organization and our ability to deliver high quality and sustainable programs and services. KPMG notes these areas and how operations are significantly challenged and constrained by existing operating inefficiencies, and the absence of capacity for strategic level activities. Their report also highlights concerns with respect to the Town's ability to address and improve the customer service experience and organizational culture, noting key enhancements that would be required to be able to act on the areas of corporate governance and effectiveness, communication effectiveness, and customer service as identified in the Strategic Plan.

KPMG attributes these concerns with respect to the Town of Cobourg's ability to meet our operational and strategic goals to the following:

- Current Staffing Levels;
- Inefficiency of Current Policies;
- Processes and Decision Making; and
- Absence of Key Programs or Tools.

In response to these concerns, and in recognition of the findings of the comparative analysis that KPMG has done with our comparator municipalities, a course of action has been recommended which includes the following areas of focus:

- 1) Staffing Adjustments intended to:
 - i. Balance resources with demand;
 - ii. Address risk exposure;
 - iii. Provide capacity to implement operational challenges and advance strategic priorities;
- 2) Organizational Realignment to enhance service delivery and advance corporate strategies;
- 3) Enhancement to the Town's policy environment to right size decision making processes; and
- 4) Improve the Town's operating processes and systems and ways of working.

1) Staffing Adjustments

An analysis of comparator municipalities identified where the Town's full-time staffing levels appear to be low, indicating the need for additional resources to avoid further dilution of responsibilities. KPMG observed that many staff positions are carrying several key portfolios and as a result are not able to give enough time and attention to all these important priorities, and we see lags in response times, project implementation schedules, or in some cases an absence of activity or progress as staff are unable to get to all of the key tasks.

The review also identified several positions that are present in other municipalities but are missing from the Town of Cobourg, these included customer service management, climate change initiatives, policy and grant writing, economic development, asset management planning, long range planning, and legal and risk management. In response to the key themes KPMG's report proposed thirteen (13) new positions and assumed the continuation of the Accessibility/EDI Coordinator role, and the conversion of the current Clerk Role to a Director of Legislative Services.

The positions proposed are intended to respond to growth pressures and address where the Town's existing resources are viewed as insufficient to meet current or

expected demands for services. In addition, these positions are required to create capacity to enhance the Town's risk management capabilities by providing dedicated resources to identify, manage and respond to risk areas and corporate requirements that are currently insufficiently addressed by Town personnel due to competing demands and/or the absence of specialized skills.

The skills and capacity provided to the corporation through these positions would also enable the organization to implement operational improvements to internal processes and policy environment and/or contribute towards the achievement of strategic priorities identified by Council, including governance, continuous quality improvement and customer service excellence.

A summary of the proposed new positions, including the estimated annual costs (wages plus benefits as proposed by KPMG) is provided below, and the rationale for their addition, is included in the updated report provided by KPMG on October 21st in response to Council's request. See Appendix 1. Job Descriptions for these positions were also provided by KPMG and they have been attached to this report. See Appendix 2.

KPMG recommendation #1: Staffing Adjustments

The positions identified have all been reviewed and discussed by the Senior Management Team and we agree that they will position the organization to move forward in a more effective and efficient way, with an ability to:

- (i) Balance resources with demand
- (ii) Address risk exposure
- (iii) Provide capacity to implement operational changes and advance strategic priorities and service review objectives, and
- (iv) Respond to growth pressures. We have identified significant gaps in organizational capacity due to limited staff resources, the dilution of staff positions, and skill and capacity gaps in the organization.

Council has requested that the Chief Administrative Officer prepare a phased-in approach for the proposed positions as a means of balancing the increase in the Town's capacity and capabilities with affordability pressures facing local taxpayers. Consistent with this direction, the proposed positions have been prioritized based on the following considerations:

Priority 1 (primary) – Positions that are funded through user fees or have related cost savings as opposed to being fully funded by the municipal levy. As noted in the KPMG report, certain positions are funded either wholly or in-part through user fees as opposed to the municipal levy, or the Town has been able to capture savings through the service review, or other organizational savings, allowing the Town to add the positions without creating affordability pressures for ratepayers.

Priority 2 (secondary) – Positions that enhance the Town's ability to minimize risks (financial, legal, regulatory, reputational) are prioritized as these provide, in essence, a degree of protection for the Town and

demonstrate our due diligence in these key areas of operations. This category is further divided into:

Priority 2(a) Positions that enhance risk management while contributing toward attainment of key Council Priorities

Priority 2(b) representing positions that are expected to solely enhance risk management.

Priority 3 (tertiary) – Positions that increase the ability of the Town to address key Council priorities as well as manage ongoing growth pressures.

Based on these considerations, the proposed positions would be categorized and prioritized as follows:

| | |
|-----------------------------|--|
| <p>Priority 1</p> | <ul style="list-style-type: none"> • Building Inspector/Plans Examiner • Manager of Long-Range Planning • Grant and Policy Writer • Manager of By-Law Enforcement • Manager of Infrastructure Planning • Director Legislative Services |
| <p>Priority 2(a)</p> | <ul style="list-style-type: none"> • Manager of the Office of the CAO • Manager of Transformation Initiatives • Information Technology Analyst • Human Resources Analyst • Manager of Economic Development • Accessibility/EDI Coordinator |
| <p>Priority 2(b)</p> | <ul style="list-style-type: none"> • Manager of Procurement |
| <p>Priority 3</p> | <ul style="list-style-type: none"> • Program Support Financial Analyst • Infrastructure Planning Analyst |

Consistent with Council discussions the proposed phase-in plan for the new positions is in keeping with a 1.55% to 2.0% assessment room opportunity being available to fund the new positions. This is in line with the projected assessment growth target as reported to Council in the target tax rate report prepared by the Treasurer/Director of Corporate Service. This assumes that other cost pressures (e.g. inflation, impact of regulatory changes, reintroduction of services discontinued due to COVID-19) will be funded through:

- i. Identified cost savings;
- ii. Reallocation of education tax room towards the municipal budget;
- iii. Levy increases; and
- iv. Increased user fees (a user fee study will be undertaken to identify opportunities for fee recoveries).

Based on this level of available funding, should Council approve this direction, as well as the anticipation that most positions will be added effective July 1st of each year, the proposed staging of the additions to the Town's staffing complement is as follows as detailed in Table 1.

In Table 1, staff propose a staffing implementation plan which advances all the Priority 1, Priority 2, and Priority 2b positions in 2022 with a July 1st start date. The exception to this would be the transition of Town Clerk to Director of Legislative Services, which would take place January 1st, 2022. The tax rate impacts are currently projected at 1.88% in 2022. However, staff have provided a closed session report to Council that identifies ways to reduce this levy impact in 2022, should they be endorsed by Council. The current projection for 2023 is 2.21% due to the annualization of the positions having a proposed delayed start of July 1st in 2022. Should these recommendations be accepted on staffing, staff will work to identify further opportunities to mitigate this proposed tax rate impact for 2023. Lastly, the projected levy impact of the staffing recommendations is 0.56% in 2024.

Table 1

| Priority Category | Position | Annual Salary and Benefits | Annual Levy Requirement | Hire Date | Incremental Levy Requirement | | |
|-------------------|---------------------------------------|----------------------------|-------------------------|------------------|------------------------------|------------------|------------------|
| | | | | | 2022 Fiscal Year | 2023 Fiscal Year | 2024 Fiscal Year |
| Priority 1 | Director Legislative Services | \$ 20,000 | \$ 20,000 | Jan 1, 2022 | \$ 20,000 | | |
| | Building Inspector/Plans Examiner | \$ 87,000 | \$ - | Jul 1, 2022 | \$ - | \$ - | \$ - |
| | Manager of Long-Range Planning | \$ 122,000 | \$ 61,000 | Jul 1, 2022 | \$ 30,500 | \$ 30,500 | \$ - |
| | Grant and Policy Writer | \$ 87,000 | \$ - | Jul 1, 2022 | \$ - | \$ - | \$ - |
| | Manager of By-Law Enforcement | \$ 122,000 | \$ - | Jul 1, 2022 | \$ - | \$ - | \$ - |
| | Manager of Infrastructure Planning | \$ 122,000 | \$ 122,000 | Jul 1, 2022 | \$ 61,000 | \$ 61,000 | |
| Priority 2(a) | Manager of Transformation Initiatives | \$ 122,000 | \$ 122,000 | Jul 1, 2022 | \$ 61,000 | \$ 61,000 | \$ - |
| | Manager of the Office of the CAO | \$ 122,000 | \$ 122,000 | Jul 1, 2022 | \$ 61,000 | \$ 61,000 | \$ - |
| | Information Technology Analyst | \$ 87,000 | \$ 87,000 | Jul 1, 2022 | \$ 43,500 | \$ 43,500 | \$ - |
| | Human Resources Analyst | \$ 87,000 | \$ 87,000 | Jul 1, 2022 | \$ 43,500 | \$ 43,500 | \$ - |
| | Manager of Economic Development | \$ 122,000 | \$ 77,000 | Jul 1, 2022 | \$ 16,000 | \$ 61,000 | |
| | Accessibility/EDI Coordinator | \$ 108,599 | \$ 108,599 | Jul 1, 2022 | \$ 54,000 | \$ 54,000 | |
| Priority 2(b) | Manager of Procurement | \$ 122,000 | \$ 122,000 | Jul 1, 2022 | \$ 61,000 | \$ 61,000 | \$ - |
| | | | | | | \$ - | \$ - |
| Priority 3 | Program Support Financial Analyst | \$ 110,000 | \$ 110,000 | Jul 1, 2023 | \$ - | \$ 55,000 | \$ 55,000 |
| | Infrastructure Planning Analyst | \$ 80,000 | \$ 80,000 | Jan 1, 2024 | \$ - | \$ - | \$ 80,000 |
| | | | | | | | |
| | | | | | \$ 451,500 | \$ 531,500 | \$ 135,000 |
| | | | | Increase to levy | 1.88% | 2.21% | 0.56% |

**Staff have provided ways to reduce this proposed levy impact of 1.88% in 2022, should they be endorsed by Council that will be brought forward to budget.*

In table 2 Staff propose a staffing implementation plan that advances all of the Priority 1, Priority 2, and Priority 2b positions in 2022 with a July 1st start date, except the Manager of Transformation Initiatives which is deferred to a start date of 2023 (highlighted in grey)

The tax rate impacts are projected at 1.63% in 2022, 2.21% in 2023 due to the annualization of all positions starting at July 1st in 2022 in the 2023 fiscal year, and 0.82% in 2024.

Table 2



**Staff have provided ways to reduce this proposed levy impact of 1.88% in 2022, should they be endorsed by Council that will be brought forward to budget.*

In addition to the revenues indicated in Table 1 and Table 2 that offset or reduce the impacts on the tax levy, Staff will also be recommending additional efficiencies and streamlining opportunities that will result in cost savings, or cost avoidance within the 2022 Budget Process. These efficiencies are also being used to reduce the impact on the levy for the implementation of the recommendations of the Organizational Review.

2) Organizational Structure Adjustments Implementation Schedule

KPMG has also recommended some realignments within the existing organizational structure to ensure that Town resources are focused on strategic priorities and mitigating pressures and potential risks facing the Town.

a) Office of the CAO

The first area of review is the area which has historically been referred to as Executive Services or the Office of the CAO interchangeably, now to be referred to as the Office of the CAO. The staff that report to the Chief Administrative Officer (CAO) and currently includes 11 direct reports. See Organizational

Structure – Appendix in KPMG Report. This structure has placed a high number of direct reports to the CAO, which is outside of the recommended span of control, KPMG recommends a streamlining of the number of direct reports to ensure a more effective and efficient structure. The redevelopment of an Office of the Chief Administrative Officer (CAO) would include the following changes:

- I. Manager of the Office of the CAO - New Position and dedicated resource that would assume administrative and operational tasks from the CAO providing an increased capacity for the CAO to focus on strategic level initiatives, execute Council direction, focus on partnership development and organizational development, and focus on leadership with the Senior Management Team;

Staff are recommending this position for Council approval in 2022

- II. Manager of Transformation Initiatives - New Position and dedicated resource to lead Town initiatives related to Customer Service, Continuous Improvement, Performance Measurement and reporting, and Strategic Initiatives.

Staff are recommending this position for Council approval in 2022, however we are recommending that the position be placed in Legislative Services reflecting municipal practices regarding the placement of customer service, quality improvement, and KPI reporting within Legislative Services Departments. In addition, Legislative Services has submitted a grant application under the Municipal Modernization Fund Intake #3, the Review Stream that was endorsed by Council regarding a Customer Service Strategy and Implementation Plan that will focus on external and internal service delivery and identifying how the Town can fulfill objectives of the Town's Strategic Plan Objective #4 – to Improve Customer Service. This position will also assist the entire corporation with planning, guiding, advising, consulting, analytics, and reporting. The department's role is to integrate and support key management frameworks and practices by bridging efforts and leveraging results. This is done by providing consistent approaches, decision-making models, data analytics and oversight, and in addition to ensuring the success of key strategic initiatives and supporting business effectiveness and efficiencies.

- III. Grant and Policy Writer – New Position focused on accessing senior government grant programs for capital and operating requirements, and leading policy development and review for the corporation based on Council and CAO direction. This position is dual role and will also be responsible for the development and updating and monitoring of our corporate policies.

Staff are recommending this position for Council approval in 2022, however we are recommending that the position be placed in Legislative Services due to policies and by-laws being best positioned in Legislative Services, and the need for grant applications and reporting to be regularly reported to Council. In addition there is much work to be done in polices involving creation, amending, implementing many corporate policies.

- IV. Town Communications Function - Existing Position currently reports to CAO and would continue to operate in the Office of the CAO;
- V. Town Emergency Management Function - Existing Position currently reports to the Fire Chief. The Emergency Management function could be moved from Fire to the Office of the CAO, providing a Manager of the Office of the CAO was in place, they would report to the Manager of the Office of the CAO, this move would to ensure strengthened linkages with communications, provide the Town with resources for enhanced risk identification, and enhance the access to Town's operating departments in recognition that the Town's response to community emergencies may include a range of municipal infrastructure and services;

Staff are recommending that this position not be placed in the Office of the CAO but in Legislative Services. The Emergency Management position has aspects regulated through Provincial Legislation and ensures that the Town is complying with the provisions of the Emergency Management and Civil Protection Act (EMPCA) requirements and is responsible to support the Town's Emergency Response. The Legislative Services Division contains By-law Enforcement, which works closely with protection services departments, that supports the emergency management position and requirements under the act. Legislative Services Department is also responsible for provincial compliance filings and working with external and internal stakeholders across the municipality, which aligns with the duties of the Emergency Planner. The Emergency Planner and Legislative Services work together to interpret rules and regulations as set by the province. The province empowered By-law Officers to enforce provincial rules under the EMPCA and having the emergency planner work alongside Legislative Services would provide consistency and additional support.

- VI. Town Directors, and the Fire Chief would continue to report to the CAO.

Staff are recommending that these positions all continue to report to the CAO, and further that in 2022 the Fire Chief be incorporated into Council Meetings and the Senior Management Team. Historically the Fire Chief and Deputy have not participated in these meetings unless on specific topics, creating a knowledge, policy and operations gap between Fire Services and the Corporation. This change will close

those gaps between the Fire Department and the corporation ensuring more cohesive operations.

VII. Human Resources would remain in the Office of the CAO;

Staff agree no realignment is required.

VIII. Office of the CAO and Mayor and Council would continue to share the 1 full time Executive Administrative Assistant position on a 50/50 basis; and

Staff agree no realignment is required at this time.

IX. Economic Development functions moving to Planning and Development.

Staff are recommending that Economic Development would remain in the Office of the CAO at the current time given the current resource levels and gaps in the Planning and Development section. Staff will explore better linkages between Planning and Economic Development and will re-evaluate the location of this function once capacity levels have been addressed in Planning and Development, and a new Director is in place.

b) Planning and Development

I. KPMG recommends delineating the Town's Planning functions into two (2) separate sections:

1. Development Approvals, which is responsible for the processing of development applications, and

2. Long-Range Planning, which is responsible for Official Plan updates, CIP development, Strategic Initiatives, and other community-based planning activities; and

Staff are recommending this realignment, and the associated staff positions of Building Inspector/Plans Examiner (Deputy CBO) and Manager of Long-Range Planning for Council approval in 2022.

c) Public Works

KPMG recommends delineating the Town's Engineering functions into two sections:

i. Capital Project Management, which is responsible for the design and delivery of capital infrastructure projects;

Infrastructure Planning, which is responsible for planning in response to projected growth in the community, legislative requirements for asset management planning, transit planning, and environmental and energy initiatives.

Staff are recommending this realignment, and the associated staff position of Manager of Infrastructure Planning for Council approval in 2022.

d) Legislative Services

KPMG recommends structuring Legislative Services as its own department to ensure regulatory and legislative input at the senior leadership level, with a direct line of reporting to the CAO, and implementing an enhanced by-law enforcement function within the organizational structure. This would require a conversion of the Town Clerk to Director of Legislative Services, which is consistent with municipal practices.

Staff are recommending this realignment, and the associated staff positions which include the conversion of Clerk to Director of Legislative Services, the continuation of the Accessibility/EDI Coordinator, the additions of Manager of By-Law, Manager of Transformation Initiatives, Grant and Policy Writer, and the move of the Emergency Planner position from Fire Services to the Legislative Services Division.

3) Operational and Governance Changes

KPMG notes constraints and capacity issues related to the ways of working at the Town, and while the proposed staffing additions are intended to address the capacity gaps and issues, there are also changes that should be considered to the Town's internal processes and Policies to right size decision making processes and improve the operating processes and ways of working.

I. Adoption of delegation of authority bylaw.

Staff agree with this recommendation and will bring a delegation of authority by-law to Council for consideration and approval in 2022.

II. Revise our current procurement policy to include:

- a) Increased approval levels for Directors and CAO that reflect the scale of the Town budget;
- b) Exception based approach for Council which identifies the need for Council approval based on specific criteria;

- c) Ability for the Town to participate in shared procurement opportunities with other local municipalities within the County and other best practices for procurement.

Staff agree with this recommendation and will bring an updated procurement policy to Council for consideration and approval in 2022 with an anticipated approval of a Manager of Procurement.

- III. With the addition of the Grant and Policy Writer the Town could discontinue its current approach to policy development and develop a streamlined framework that differentiates between operational policies and those requiring Council approval and includes Council and the CAO at the appropriate times in the policy development process.

Staff agree with this recommendation, while the Policy Review Team has been able to review and forward five (5) policies to date for approval, Staff and Council recognize that we need staff resources and a change in process to improve this area and ensure ongoing review and monitoring.

- IV. Continue to submit applications under the Modernization Fund to assist with the continued implementation of operating efficiencies.

Staff reported to Council that they would apply through this funding stream for an E-Permitting project, an HRIS system, a Customer Service Strategy, and support for Asset Management Implementation. These are all priority projects identified through the Service Review, and/or Organizational Review, and if successful would reduce the impact on the tax levy for these four (4) projects. These projects were submitted for funding consideration, and if successful will assist to mitigate the costs of these operational enhancements.

- v. The Town could discontinue the Council Coordinator role of governance for a committee structure, this has been recommended to be deferred to the term of the new Council following the 2022 elections.

Staff will bring this forward for consideration for the new term of Council.

- vi. The Town could consider developing an action plan for the implementation of process changes related to the Organizational Review.

Staff agree with this recommendation and will be developing a work plan for Divisions that will include an annual progress report to Council.

7. FINANCIAL IMPACT/BUDGET

The costs associated with the Council approved direction resulting to the Chief Administrative Officer with respect to this report will be included in the 2022 budget for Council consideration and approval.

8. CONCLUSION

Staff are committed to working to accomplish Council direction on Strategic Initiatives while making the necessary organizational changes to respond to growth, meet demands, improve the effectiveness and efficiency of Town services, mitigate risk, and incorporate a pursuit of excellence approach with respect to customer service, governance, and performance. The recommendations contained in this report are intended to position the organization to achieve these goals. Staff will respond to the direction of Council on these recommendations and as such staff request that Council receive this report from the Chief Administrative Officer; and,

THAT COUNCIL direct the Chief Administrative Officer to pursue the recommendations proposed by staff in section #1) Staffing Adjustments, or provide alternative direction to the Chief Administrative Officer; and

THAT COUNCIL direct the Chief Administrative Officer to pursue the recommendations proposed by staff in section #2) Organizational Realignment as presented, or provide alternative direction to the Chief Administrative Officer; and,

THAT COUNCIL direct the Chief Administrative Officer to pursue the recommendations proposed by staff in Section #3) Enhancement to the Town's policy environment to right-size decision making processes, and the Town's operating processes and ways of working, or provide alternative direction to the Chief Administrative Officer; and

THAT COUNCIL direct staff to bring forward all items related to these Council approved recommendations to the 2022 budget deliberations.

Report Approval Details

| | |
|----------------------|---|
| Document Title: | Organizational Review Implementation Plan - Office of the CAO-007-21.docx |
| Attachments: | - Appendix 1_Cobourg Organizational Review Open Session Report_Oct 21 2021.pdf - Appendix 2_Cobourg Job Descriptions_FINAL.pdf |
| Final Approval Date: | Oct 22, 2021 |

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Tracey Vaughan, Chief Administrative Officer was completed by workflow administrator Brent Larmer, Municipal Clerk / Manager of Legislative Services

Tracey Vaughan, Chief Administrative Officer - Oct 22, 2021 - 3:09 PM