



Memorandum

Office of the City Clerk
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TO: Members of Council
FROM: Ms. K. Power, Deputy City Clerk
DATE: Friday, March 15, 2019
SUBJECT: **Additional Information - Committee of the Whole – March 18, 2019**

COMMITTEE OF THE WHOLE

New Business

1. Report No. R 46/2019 (City Manager’s Office) City of Thunder Bay Program Review Options. (Distributed separately Friday, March 15, 2019 to Council and EMT)

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Corporate Report

DEPARTMENT/ DIVISION	City Manager's Office	REPORT NO.	R 46/2019
DATE PREPARED	15/03/2019	FILE NO.	
MEETING DATE	03/18/2019 (mm/dd/yyyy)		
SUBJECT	City of Thunder Bay Program Review Options		

RECOMMENDATION

With respect to Report No. R 46/2019 (City Manager's Office) we recommend that the Phased Program Review Option as identified in this Report be approved;

AND THAT a public engagement and communication plan be developed to support the selected Program Review Option;

AND THAT City Council allocate up to \$200,000 from the Stabilization Reserve Fund;

AND THAT any necessary by-laws be presented to City Council for ratification.

LINK TO STRATEGIC PLAN

The emerging Strategic Plan for 2019-2022 will include a strategic priority related to a Program Review consistent with Council's direction on this Report. The draft Strategic Plan will be presented to City Council on April 29, 2019, as a first Report followed by a two-week public review period.

EXECUTIVE SUMMARY

City Council has expressed a desire for Council and the public to better understand the operations and services provided by the City. Administration will proceed as directed to secure consulting services to undertake the review option directed by City Council. A further report will be provided once the consultant is in place with an overview of the consultant's work plan and public engagement approach.

DISCUSSION

The City Manager conducts "continuous efficiency reviews" of the Corporation in accordance with the City Manager's By-law 84_1993, responsibilities of the position, and 2018 goals directed by City Council. Current examples include annual reviews for pre-budget savings (\$2 million for Budget 2019) and the initiation of the strategic planning processes for each of

Superior North EMS and Thunder Bay Fire & Rescue. Under the above By-law any major changes require the approval of Council

City Council has expressed a desire to advance this. Members of Council have stressed the importance for Council and the public to better understand the operations and services provided by the City. As a first step, in January of 2019, City Council received a City Services Profile that identified more than 140 program and service areas, the costs and number of employees related to those programs, and the legislative context of those programs. Members of City Council seek a formal review of the Corporation's programs and services in a search of efficiency, and that this review be completed to inform deliberations for future budgets.

Three options are presented below.

Regardless of the option selected, the external consultant will have an eye towards enhancing current continuous improvement initiatives and to examine whether programs are delivered in the most efficient and cost-effective manner. An assessment of how customers or citizens benefit from respective programs will also be included. Specifically, the consultant will:

- A. review the programs, using the City Services Profile as a starting point;
- B. review the service levels of those programs;
- C. prepare and present a cost/benefit analysis of the services;
- D. make recommendations on whether programs should be:
 - a) enhanced;
 - b) maintained;
 - c) reduced; or
 - d) eliminated.

Strategic Planning processes are underway for each of Thunder Bay Fire & Rescue and Superior North Emergency Medical Services. As these processes include elements of a service review, these two emergency services are excluded from all three Program Review Options.

PROGRAM REVIEW OPTIONS

There are three options presented for Council's consideration, with option one recommended.

Option 1 – Phased Program Review (Recommended)

The option includes an initial high-level corporate scan completed by an external consultant on City services and programs, followed by a detailed review of selected services.

Phase One

As a starting point the consultant would review the City Services Profile with a view to developing a consistent approach to selecting services for a closer examination. The purpose of this phase would be to identify prime programs or services within the Corporation to undertake a detailed program review. Services and programs will be selected for review based on variables that include but are not limited to legislative context, preliminary cost/benefit analysis, alignment

with strategy and service expectations of Council and the public. The consultant would be asked to identify services and programs for review in priority order for Council's consideration.

A key deliverable would be to refine and validate the City Services Profile, to consider completeness including such factors as:

- What the service is in plain language?
- Who is the target customer?
- Why do we provide the service? (including legislative, strategic or business case context)
- Preliminary cost/benefit analysis
- Current performance including alignment with Council and customer expectations
- Identify areas of focus for internal improvements or maintenance
- Opportunities for integration with similar services in other departments
- Opportunities for alternative service delivery
- Options for changes to services (enhancements, reductions, moves within the Corporation)
- Identify the goals or strategy the services support

This deliverable would also include recommendations for services to consider for a more thorough review and exploration of the possible of opportunities for efficiencies and effectiveness.

Based on phase one, the scope of work and budget will be refined to reflect the services selected for detailed program review.

Phase Two:

For the services selected, the detailed review will include the key components articulated below for the Detailed Program Review.

Detailed Program Review of Selected Services will include:

- Description of service or program in plain language
- Service level assessment
- Service costs
- Key performance indicators
- Budget including expenses, revenues and budget performance
- Analysis of similar services in other departments to consider opportunities for integration
- Analysis of opportunities for alternative service delivery
- Analysis of options for changes to services (enhancements, reductions, moves within the Corporation)
- Analysis of areas of focus for internal improvements or maintenance

Recommendations will be presented to City Council at the end of each phase.

Phase One and Two will be awarded separately. The Corporation may continue with the successful proponent for both phases, or return to the market with a new proposal call if it is deemed to be in the Corporation's interests.

Option 2 – Detailed Program Review

An external consultant will examine the entire Corporation in a holistic fashion. This will include a detailed review of all of the programs and services the City provides, how it provides them, what is working well and changes Council may wish to consider including enhancements and service reductions.

Key components include but are not limited to:

Refining and validating the City Services Profile as outlined in the Phased Program Review Option and detailed review of the more than 140 program and service areas outlined in the City Services Profile.

The consultants would also use an approach that includes but is not limited to:

- Gather information to review each service or program
- Conduct interviews and other engagement processes with stakeholders including Council, customers, unions and employees
- Review of benchmarking data for Thunder Bay and comparable municipalities, municipal service delivery reviews, best practices
- Gather data as deemed necessary by the consultant to inform the components above

A preliminary report that includes but is not limited to:

- Updated City Services Profile
- Analysis of key issues and recommendations for service improvements and changes for further exploration
- Supporting data, analysis and rationale including benchmarking or best practices

A final report that includes but is not limited to:

- Recommendations for service improvements and changes
- Financial implications of the recommendations
- Recommendations on implementation in priority order
- A model for tracking implementation of the improvements

The consultant will present the preliminary report to City Council for consideration, and based on Council's direction and further refinement, present a final report when the consultant's work concludes.

The detailed program review would be awarded to the successful proponent in a single proposal call.

Option 3 – Incremental Review

An Incremental Review is where a specific area and/or service of the Corporation is examined. This type of review is more targeted and therefore requires fewer resources, both human and financial. As well, the learnings from this more targeted review can be applied to the next priority area, or to help determine the value of a corporate-wide review.

The identification of specific services for review will be recommended to City Council by the City Manager with input from the Executive Management Team and based on opportunities identified through specific criteria such as service usage, customer complaints, budget performance and citizen satisfaction survey results.

If Council wished to adopt this approach, recommendations will be provided for Council’s consideration.

Comparison of Options

	Phased	Detailed	Incremental
Advantages	Faster progression (9 months to one year in total)	More holistic and comprehensive. Treats all parts of the organization equally.	More targeted therefore less draw on financial and human resources.
Disadvantages	Important to select the right filters for initial review to avoid missed opportunities.	Time and resource intensive. One year + Highest immediate cost. Highest potential impact on productivity.	No action on other opportunities while priority area is reviewed.
Estimated financial implications	Under \$200,000	Over \$250,000	Dependent on services selected

CONSULTATION

The City Manager recommends that public consultation in accordance with the Public Engagement Framework be a part of any process, and that Council affirm this. The Framework commits the City to public engagements that are inclusive, meaningful and responsive. It acknowledges that gathering input from residents is critical as we develop services, programs and initiatives which will directly or indirectly affect them and their community.

FINANCIAL IMPLICATION

The required budget for the recommended Phased Program Review Option will depend on the results of the competitive proposal call. It is recommended that Council approve an allocation of up to \$200,000 from the Stabilization Reserve Fund.

CONCLUSION

It is concluded that the Phased Program Review Option as identified in this Report be approved.

BACKGROUND

On March 11, 2019 a motion was passed at Committee of the Whole ratified by City Council that directed the City Manager to report back with options for various scopes on a proposed organizational review.

On January 14, 2019 Committee of the Whole received a City Services Profile to assist City Council in decision-making on the 2019 and as a first phase to discussion about the type of program review Council may select.

The last detailed Core Services Review conducted by the Corporation was undertaken in 1999 in response to financial challenges created by reductions in Provincial transfers. The consulting services for that review were provided internally by the former Management Studies section, which is no longer in place.

REFERENCE MATERIAL ATTACHED

None

PREPARED BY: *Norm Gale, City Manager*

THIS REPORT SIGNED AND VERIFIED BY: (NAME OF GENERAL MANAGER) Norm Gale, City Manager	DATE: March 15, 2019
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