



Legislation Text

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8.3

Operational and Fiscal Review Implementation Plan

Presented by: Kerry Hilts, Deputy Chief Administrative Officer

RECOMMENDED MOTION(S)

1. That the Operational and Fiscal Review Implementation Plan attached to the agenda report dated June 21, 2021 be received as information.
2. That Council provides direction for opportunities in the report entitled Operational and Fiscal Review Implementation Report, dated June 21, 2021 that require Council approval before Administration can proceed with those opportunities.

PURPOSE OF REPORT

The purpose of the report is to present the Operational and Fiscal Review Implementation Plan in response to Council motion on May 3, 2021. The report includes opportunities identified in the Operational and Fiscal Review Final Report that are already in progress, are planned to commence in 2021, and those that require Council approval before Administration can proceed. In addition, each opportunity includes information related to anticipated savings, cost avoidance or new revenue as appropriate.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

Some of the opportunities identified in the Operational and Fiscal Review relate to the following Council priorities:

Economic Development - Enhance business/commercial growth

Environmental Stewardship - Explore innovative environmental and conservation opportunities

Community Recovery Post Covid-19

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Services and Service Levels Inventory - Documented Council approved services and associated service levels that inform business planning and budgeting decisions.

All services within the Services and Service Levels Inventory were considered and reviewed during the Operational and Fiscal Review and opportunities identified in the Final Report related to some of the services within the Service and Service Levels Inventory.

Administration Priority - Corporate Business and Financial Planning, Continuous Improvement, Business Process Improvement and Organizational Productivity and Capacity.

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

CM-21-

"That Administration prepare an implementation report by June 21, 2021 that outlines opportunities that they are pursuing immediately and the anticipated savings, cost avoidance, new revenue associated with those opportunities. Further, identify any opportunities that could be actioned now, but require council approval."

AR-21-046

"That the CAO be directed to include the Operational and Fiscal Review reports now being received for information on the agenda of the 2022 Council Strategic Planning Session to inform Council priorities and the Council Strategic Plan for 2022-2025".

On April 9, 2021, the Internal Audit Steering Committee passed the following motion:

That the Internal Audit Steering Committee recommend to Council that the Operational and Fiscal Review - Final Phase Two Report and the Final Executive Summary Report be received as information at the May 3, 2021, City Council meeting.

On November 13, 2020, the Internal Audit Steering Committee passed the following motion:

That the Internal Audit Steering Committee recommend to Council that the Operational and Fiscal Review - Final Phase One Report be received as information at the November 30, 2020, City Council meeting.

On October 14, 2020 the Internal Audit Steering Committee passed the following motion:

That the Internal Audit Committee recommend to Council that the Operational and Fiscal Review - Initial Opportunities report be received as information at the October 27, 2020 Special Council Meeting.

CM-20-019

That an independent third party Operational and Fiscal Review be undertaken with the objectives of:

- a. Identifying long-term, sustainable expense management solutions to ongoing budget challenges; and
- b. recommending measures to provide quality, affordable municipal programs and

services in the most efficient and effective manner while maintaining responsible taxation.

That the review be carried out in two phases:

- a. Phase One, focusing on the following services to the public and corporate functions: Community Services, Economic Development, CAO Office, Recreation & Parks, Transit, Strategic Services & Information Technology Services and Environment to be completed by October 31, 2020 so that any recommendations arising from it may be considered by Council in establishing the 2021 operating and capital budgets; and
- b. Phase Two, focusing on the following services to the public and corporate functions: Planning & Development, Legal & Legislative Services, Utilities, Financial Services, Engineering Services, Public Works, Emergency Services and Human Resources & Safety to be completed by June 30, 2021 so that any recommendations arising from it may be considered by Council in establishing the 2022 operating and capital budgets.

That the review will, at a minimum:

- a. consider "what" services the City provides and "how" the services are provided, emphasizing "what" services and programs the City should deliver or can afford to deliver and at "what" level or standard of service; and identify alternative service delivery methods and opportunities that have the potential to result in expenditure reductions.
- b. That the Internal Audit Steering Committee (IASC) be tasked with selecting the party to conduct the review after a competitive procurement process, and thereafter providing governance oversight to that party including vetting their findings and recommendations and providing those findings and recommendations to Council from both Phase One and Phase Two together with the IASC's own comments as deemed appropriate by the IASC.

That the CAO present to Council for approval the proposed scope of review and deliverables to be included in the request for proposals, prior to initiating a competitive procurement of external management consulting services to conduct the review.

That the remainder of the money allocated for the Internal Audit Steering Committee (approx. \$160,000) be reallocated as well as any money previously approved in the budget for internal service reviews (approx. \$100,000) be used to fund this initiative. The remainder of the funds up to \$700,000 come from the Stabilization Reserve.

Council Policy C-CAO-15 Program and Service Review

The policy directs Administration to review programs and services on a regular basis to ensure the efficiency and effectiveness of programs and services delivered to the community.

BACKGROUND AND DISCUSSION

The Operational and Fiscal Review was conducted by Ernst and Young (EY) over an eight month period with two phases and included a comprehensive review of services provided by all City departments, the Services and Service Levels Inventory, and a review of cross organizational opportunities related to processes and practices. The final report, presented to Council on May 3,

2021, identified 40 opportunities related to efficiency gains, cost avoidance, revenue generation and cost recovery, modernization, cost savings, and productivity gains.

EY's report identified the following five (5) opportunities as high financial impact opportunities with implementation over a five-year period:

1. Partnerships and sponsorships for recreation facilities;
2. Regional partnerships for recreation service delivery;
3. Category Management and strategic sourcing;
4. Review of library grant funding; and
5. Exploring partnership structures for Arden Theatre operations.

EY's report identified the following five (5) opportunities as high transformational impact opportunities:

1. Future of work/modern workplace strategy;
2. Explore increased tiered policing and civilianization;
3. Digitization of City Services and Creation of One Window Mechanism;
4. Rapid response vehicle program for fire services; and
5. Investment promotion to expand non-residential tax base.

Operational and Fiscal Review Implementation Plan

The attached report provides information related to the opportunities that Administration will proceed with in 2021, opportunities that require Council approval to proceed and those that are already in progress, including anticipated cost savings, cost avoidance, and potential new revenue for each opportunity.

It is important to note that the EY review focused on medium to long-term opportunities that are more complex and require further analysis to determine viability and suitability for the City of St. Albert. Also, many opportunities require time to plan and implement before benefits can be realized and in some cases investment may be required for implementation. As a result, for some of the opportunities, anticipated financial impacts are not yet available. Lastly, Administration is anticipating some financial impacts for opportunities identified in the EY report as resulting only in efficiency or productivity gains. This will mostly come from cost avoidance due to modernization of practices and automation of processes.

The report is organized in three sections outlined below:

Starting in 2021:

1. Organizational Structure Review
2. Explore structures for Arden Theatre operation
3. Economic development mandate refresh
4. Dispatch Model Review
5. Fee Schedule Review - Fire Services
6. Alternative models for IT service desk
7. Shared service model for audio visual
8. Automation - Accounts Payables
9. Revenue Generation - Planning and Development fees and applications
10. Handibus services
11. Library Delivery Model Review*

Require Council approval before Administration can proceed:

1. Budget process modernization
2. Municipal Reserve Methodology
3. Library Grant Funding Review*
4. Rapid Response Vehicle Program for Fire Services

**Library Grant Funding Review and Library Delivery Model Review is being recommended to be discussed and part of the 2022 Council Strategic Planning session.*

In Progress:

1. Future work/modern workplace strategy
2. Shared workspace
3. Shared services for public participation

4. Means testing for FCSS counseling services
5. Business incubation for social profits
6. Arden Theatre ticketing system
7. Improve investment promotion to expand non-residential tax base
8. Assets Management
9. Standardize Capital Project and Contract Management
10. Operating model re-design
11. IT cellular device policy review
12. Third Party disability claims
13. Automation - records management
14. Regional partnership for recreation service delivery
15. Review Civic Partnership Grants
16. Consolidate Communications and Marketing
17. Integration of strategic and business plans
18. Modernize building and development permit process

In addition to opportunities from the EY report that are in progress, Administration is proceeding with opportunities already in the Corporate Business plan that have the potential to generate new revenue for this City.

As per Council motion on May 3, 2021, remaining opportunities will be brought forward to the new Council during their strategic planning session in 2022 to be prioritized and incorporated as part of the overall development of Council's 2022-2025 Strategic Plan.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

Development of opportunities included in the Implementation Plan involved stakeholder engagement. For the implementation of identified opportunities, stakeholder communication and engagement may be required. This will be confirmed and planned for as work on each opportunity proceeds.

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

None at this time.

Once fully implemented, some opportunities will result in cost savings, cost avoidance or new revenue for the City. Also, in some cases, new investments may be required before an opportunity can be implemented and stated benefits realized. Any requests for additional investments will be submitted through the City's regular business planning and budgeting process or as directed by Council.

Legal / Risk:

None at this time.

Program or Service:

Once completed and fully implemented, opportunities identified in the report may have impacts on programs and services, as well as with potential adjustments to service levels and operating models. Any potential changes to external services and service levels will be presented to Council separately for approval prior to implementation.

Organizational:

Proceeding with opportunities identified in the report will impact employee workplans and capacity. Implementation of some of the recommendations approved to proceed may also have impact on the organization as a whole. Proper planning will take place to ensure projects and implementation schedules are prioritized to manage the impact on the organization.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Council may decide to direct Administration to not proceed with any or some of the opportunities identified as requiring Council approval before Administration can proceed with those opportunities.

Report Date: June 21, 2021

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