



City of Orillia

Municipal Core Services Review

Final Report

December 2019

MNP

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1. EXECUTIVE SUMMARY

Project Background and Overview

The City of Orillia has embarked on an important initiative to identify opportunities to improve the municipal services it provides to its citizens. The City has engaged MNP LLP (MNP) to review its services and operations and identify strategic opportunities for the municipality. This project is combined with a strategic visioning assignment, as well as an organization review, which are subject to separate reports.

To gain an understanding of the current state of services, MNP completed financial statement reviews and benchmarking reviews. MNP also conducted interviews with Council and the Senior Management Team, which were followed by individual department interviews. The list of interviewed stakeholders is provided in Section 2.1 of the report. Based on this information, service profiles for each service were created and have been included in the Appendix of the report.

Based on the information gathered, secondary research and benchmarking that was performed, a list of opportunities and recommendations were identified; and inputs were sought from Council, the public and City staff.

The Municipal Challenge

Municipalities by their nature are complex business organizations that are responsible for a wide range of dissimilar services. The City, for example, delivers waste management services, performs water treatment, builds and maintains roads, offers recreational programming and maintains parks and beaches to name just a few of the services it provides. The City not only undertakes these services but also provides them to the broader public, so unlike a business they cannot look to target their service offering to a specific customer segment and ignore

portions of the population. As such, municipalities operate in a very demanding environment. This environment is under increasing pressure from several sources including:

- *Ageing infrastructure* – this is a costly problem all municipalities are facing and the cost to update infrastructure is estimated in the billions in Ontario alone.
- *Increasing demands from citizens* – citizens are asking municipalities to become involved in issues that are not traditionally municipal issues or files. Citizens are also asking for a wider variety of offerings and delivery methods.
- *Environmental change* – is impacting municipalities as they are now subject to more adverse and severe weather that erodes its infrastructure more quickly.
- *Upper Level Government considerations* – Both the Federal and Provincial governments are challenged with their own financial deficits as such their historical financial support levels may decrease. There has been “downloads” of services to the municipality, shifting the responsibility and financial burden to the City and there could be additional downloads in the future.

Service Review

Municipalities provide a wide range of services to its citizens; some services are required by regulation (i.e. police) while other services are more discretionary in nature (i.e. a museum). There are also services which are not required by legislation or by regulation but are equally as important, as they influence the culture of Orillia as a City, as well as the quality of life of residents. For example, how would one view Orillia without recreational programming, as this is not a required municipal service. Orillia also has invested extensively in its water system; however, in other municipalities in Ontario, residents do not have municipal water services (i.e. residential wells).



How municipalities decide to deliver services and the amount of service provided (if provided at all) should be aligned with the priorities of the community. With increasing cost and other pressures facing local governments, municipalities are reviewing the services they provide and how they provide them. Municipalities are looking to ensure they can maintain their “core services” on a sustainable basis, while still ensuring they are making strategic investments in non-core services. From MNP’s perspective, it defines core services as services that:

- include areas in which there are significant legislative requirements;
- have an impact to substantially all taxpayers; and,
- is a service in which the municipality has authority over.

Based on how MNP defines core services, Orillia’s core services for the purpose of this report are:

- Emergency services (police, fire, ambulance);

- Roads infrastructure (and maintenance);
- Water and wastewater services; and,
- Waste collection and management.

Non-core services do not lack importance nor should they be considered non-strategic. For example, Orillia's parks, recreation and cultural programming can make significant impacts on a citizen's quality of life. The City's administrative capabilities (i.e. finance and information technology) must be maintained to ensure that municipal services are professionally delivered, and there needs to be an economic development program that focuses on job creation. However, ensuring that the City can provide its core services on a sustainable basis should be the priority for the municipality.

1.1 Challenges Facing Orillia

The City of Orillia has made significant infrastructure and service improvements in the City over the last decade, including the largest infrastructure project in its history to date, the multi-use recreation centre that is now nearing completion. While these infrastructure projects provide significant benefit to the City, they also have had a significant impact on the finances of the City. The City currently has a deficit balance in its discretionary reserve funds, mostly driven by the infrastructure investment. While the City does have a plan to replenish its reserves, MNP believes that Orillia needs to increase its commitment to strengthening its financial and organizational capacity in order to meet several critical challenges facing the City.

The City, like all Ontario municipalities, is facing challenges related to the impacts of ageing infrastructure, climate change, innovative technologies, provincial downloading, and an ageing population, as well the demands of continued growth. These challenges are more acute in Orillia due to the following:

Orillia's low average household income decreases financial flexibility for the City – The average household income in Orillia is \$74,970 which is very low in comparison to the Provincial average of \$102,194 or the Provincial median of \$95,406. The City of Orillia's average residential property tax burden per household is \$3,775 which is below the average of what municipalities in Ontario have for a property tax levy \$3,836 but slightly above the median tax levy of \$3,696. However, due to the low average household income, the property tax burden as a percentage of household income is 5%, which is the second highest in Ontario with the Ontario average being 3.8%.¹

Though Orillia is around the average for what it collects to provide municipal services, there is limited room or financial flexibility to increase rates significantly due to the level of burden property taxes represent.

¹ Source – 2018 BMA Municipal Study

Orillia in 10 years – Orillia, like most communities in Canada and Ontario, is ageing. Currently 52% of Orillia’s population is over the age of 45,² which means if Orillia’s demographics do not materially buck national trends in the next 20 years, there will be more seniors in the City than any other age group. This change will have an impact on the nature of the services the City will have to offer, as well as the ability for the City to easily increase the tax burden. The City, as noted above, has a high level of tax burden and this percentage will likely increase as people retire and have a lower household income.

While those changes will impact the City overall, the actual corporation of the City will be dealing with a significant number of retirements, as the City could see more than a third of its workforce retire.

Small Tax Base – The City’s tax base is small and heavily skewed to residential and commercial properties. A one percent increase in the City’s tax levy generates approximately \$593,000. As such, to undertake significant projects large tax increases are required.

Low Reserve Levels – Orillia, based on the 2018 BMA study, has the lowest level of discretionary reserves in Ontario. The City’s discretionary reserves are in a deficit position, which is due to the significant investments the City has made in its infrastructure for the strategic growth of the community. The lack of reserves decreases the City’s ability to absorb significant financial changes. The management team at the City of Orillia does have a predictable plan to reverse this position in a reasonable time frame, however, deviations to the plan or undertaking new financial commitments can sidetrack the plan.

Responsibility Creep – Orillia, like other municipalities, is taking on responsibilities that have not been the traditional mandate for a municipality. Orillia, for example, is being asked by its citizens to continue to play a larger role in environmental issues, affordable housing, fentanyl challenges, mental health, poverty issues, cultural development, wellness, and the

² Source – Stats Canada 2016 Census

There is no more road left for the can to be kicked down

Orillia needs to take decisive action over the next 5 years to ensure it is in a stronger position to deal with the challenges ahead.

Due to its current high level of tax burden, a lack of reserves, an ageing demographic and a small tax base – Orillia will need to “smooth” in smaller tax increases over a longer period of time, to address issues like infrastructure and building internal capacity within the organization. These transitions will need to start soon.

Orillia will need to invest in its human and technology resources to ensure it can continue to deliver services in an efficient and effective manner while the organization experiences a significant retirement crunch.

Orillia will need to re-think its level of investments in services and look to adjust financial spending between programs, rather than looking to increase the tax burden for additional or new service delivery.

creation of employment and economic opportunities. Additionally, the City will likely be expected to contribute to the development of a new hospital in Orillia in the near future.

All these issues are valid and important, and it is laudable for a municipal government to take these on, ***however, the revenue mechanisms for a municipality (principally property taxes) was not designed to fund these wide-ranging services.*** The reality is that municipalities' role and scope in delivering services are expanding, and to accommodate for this, municipalities must continue to look to how they balance these service demands with their revenue base. This report will provide the City with some suggestions to address its challenges within a very demanding environment.

1.2 Recommendations

As a result of MNP's review, MNP has identified several recommendations or suggestions for Orillia to consider which are outlined in this document, however, the top three recommendations are as follows:

Commit to Financial Sustainability – Focus on Reserves

This is the single most important recommendation from our review. The City of Orillia had previously decided to utilize its reserves to invest significantly in municipal infrastructure, including the new Recreation Centre. Orillia's financial team has developed a reserve replenishment strategy. However, MNP would stress that the City is in a very precarious financial position and the City needs to focus on rebuilding its reserves. The City will be facing several challenges in the short and long-term and will require a stronger reserve balance to ensure it can meet these challenges.

Re-evaluate the City's Service Levels

The City will need to develop strategies in order to shift spending or reduce the growth in spending in several areas, to ensure that its core services are sustained, and the City strengthens its financial position.

Investment in Corporate Capacity

The City of Orillia needs to make investments in its administrative and operational capabilities. Spending on municipal staff or infrastructure is always met with a degree of opposition from taxpayers. However, like any organization that under invests in its people, technology and equipment, a municipality will eventually become less effective and efficient. The City of Orillia needs to make investments in its staff and should also focus on opportunities related to its information technology, asset management, legal and procurement functions. These are areas that should be considered a priority.



“In ancient times they had no statistics, so they had to fall back on lies”

- Stephen Leacock



2. PROJECT METHODOLOGY

The overall project contained three components (i) a core services review in which MNP undertook a review of select services currently being delivered by the municipality, which included:

- Parks and Facilities;
- Recreation Services;
- Culture;
- Water;
- Wastewater;
- Waste Management;
- Source Protection and Operations (includes stormwater);
- Planning and Inspections;
- Engineering and Transportation;
- Facilities;
- Human Resources;
- Information Technology;
- Economic Development;
- Real Estate;
- Fire; and,
- Finance.

(ii) a strategic plan in which MNP assisted the City in developing a vision for the City, as well as a mission statement, and a set of strategic goals to guide the City for the near future, and (iii) a high-level organization review to review the functional alignment of the City. This document is focused on the core services review; however, knowledge gained from each component is reflected in this report.

MNP undertook a range of engagement activities including interviewing stakeholders, financial statement reviews and benchmarking reviews to understand the current state, challenges, constraints and opportunities. This understanding helped our team to identify opportunities and recommendations which were assessed and prioritized based on stakeholder needs and the City's resources.

2.1 Stakeholder Interviews

As part of the discovery phase of the project, one-on-one interviews were conducted with various members of Council, the Senior Management Team, and other employees. The list of people interviewed is as follows:

City Council:

- Mayor Steve Clarke;
- Councillor David Campbell;
- Councillor Jay Fallis;
- Councillor Mason Ainsworth;
- Councillor Pat Hehn;
- Councillor Ralph Cipolla;
- Councillor Rob Kloostra;
- Councillor Ted Emond; and,
- Councillor Tim Lauer.

Senior Management Team:

- Gayle Jackson, Chief Administrative Officer/City Clerk;
- Andrew Schell, Director of Environmental Services and Operations;
- Brent Thomas, Acting Fire Chief;
- Ian Sugden, Director of Development Services and Engineering;
- Jim Lang, City Treasurer;
- Kent Guphill, Director of Facilities and Special Projects;
- Lori Bolton, Director of Human Resources;
- Ray Merkle, Director of Parks, Recreation and Culture; and,
- Richard Bertolo, Director of Business Development.

Additional City Staff:

Parks, Recreation and Culture Department:

- Chris Gammon, Sport Program Supervisor;
- Christine Mitchell, Manager of Ontario Winter Games;
- Jack Mair, Aquatics and Fitness Supervisor;
- Jacqueline Soczka, Manager of Culture;
- Jenny Martynyshyn, Museum Coordinator;
- John McMullen, Manager of Park Planning and Development;
- Marcia Russell, Manager of Parks and Facilities;
- Megan Kamphuis, Recreation Program Supervisor;
- Patty Ward, Recreation Policy & Permitting Supervisor;
- Paul Barnetson, Supervisor of Facilities;
- Shanna Reid, Manager of Recreation Services;
- Stan Cleaveley, Supervisor of Parks; and,
- Wendy Fairbairn, General Manager OOH.

Environmental Services and Operations Department:

- Greg Preston, Manager of Water and Waste Management;
- Kyle Mitchell, Manager of Source Protection and Operations;
- Renee Recoskie, Manager of Environmental Compliance; and,
- Stephen Gendron, Manager of Environmental Engineering, Assets and Capital Projects.

Finance Department:

- Jas Rattigan, Manager of Accounting Services; and,
- Lynn Telford, Manager of Treasury Services.

Human Resources and Information Technology Department:

- Kevin Gangloff, Director, Orillia Youth Centre; and
- Liz Reid, Manager of IT.

Economic Development Department:

- Laura Thompson, Manager of Real Estate and Commercial Development.

Development Services and Engineering Department:

- Jeff Duggan, Senior Planner;
- Jeff Hunter, Manager of Construction and Transit;
- Kelly Smith, Chief Building Official; and,
- Wesley Cyr, Manager of Construction and Engineering.

Fire Department:

- Jeff Kirk, Deputy Chief.

Clerk's Department:

- Megan Williams, Deputy Clerk;
- Robin Cadeau, Assistant Clerk; and
- Shawn Crawford, Manager of Legislative Services.

2.2 Stakeholder Engagements

As part of the core service review process, a series of stakeholder engagements were undertaken to gather feedback on the current state and to collect input on future state preferences. The stakeholders consulted included City staff and City Administration, selected community organizations and Council members.

A summary of the stakeholder engagements is provided in the table below:

Stakeholder Type	Stakeholder Description	Engagement Activities
Leadership Stakeholders	City Council and Senior Management Team	<ul style="list-style-type: none"> • Two-day workshop • Validation session
Internal Stakeholders	City staff (all staff excluding the Senior Management Team)	<ul style="list-style-type: none"> • In-person consultation sessions • Online survey
External Stakeholders	City residents, visitors and local businesses	<ul style="list-style-type: none"> • Focus groups • Online survey (yourorillia@mnp.ca) • Public Open House • Vision boards

2.3 Secondary Research and Benchmarking

As part of the assessment and recommendation work conducted for the City of Orillia, comparisons and leading practices were drawn from other comparable cities based on the third-party benchmarking reports. These included:

- BMA Management Consulting – Municipal Study 2018;
- Ontario Municipal Benchmarking Report; and,
- Analysis of Financial Reporting 2015-2018.

We take this opportunity to thank the City of Orillia for providing the project team with the relevant information and reports during the project implementation process.

2.4 Preparation of Service Profiles

Service profiles for selected, high-impact services were developed as part of the core service review process. The service profiles provide the City with a high-level inventory of its primary services, and more importantly, provide a documented baseline for each service’s performance that can be used as a benchmark for future evaluation.

Service profiles were selected and developed through a collaborative process with the City, with information sourced through staff interviews, document reviews, and direct input from City Staff.

Each profile provides a standardized description, key observations, and an outline of existing and/or recommended key performance indicators (KPIs) for each of the selected services.

The observations and findings of these service profiles informed the recommendations outlined in this report.

The approach and methodology, along with the full list of service profiles, can be found in the appendices, under “Services Profiles”.

ORILLIA Service Profile				Parks and Facilities			
Department	Parks, Recreation and Culture						
Service	Parks and Facilities						
Type	Internal						
Classification	Traditional						
	2018	2017	2016	Description of Service			
Total Revenue	\$ 2,398,588	\$ 2,295,311	\$ 2,323,864	Manages and maintains all parks, trails and facilities (indoor and outdoor). Service includes plant and tree maintenance, greenhouse operations, litter collection, operation and management of food concessions, park planning and development and meeting/event rentals.			
Expenses	\$ 5,313,040	\$ 6,023,989	\$ 5,046,143				
Net Cost	\$ 2,914,452	\$ 2,728,678	\$ 2,722,279	Service Notes			
	KPIs			Parks and facilities include: 2 arenas, 1 curling rink; 9 outdoor skating rinks; 8 ball diamonds; 27 playgrounds; Rec centre (in progress); 10 tennis courts; 5 splash park; 5 multi-court areas; 1 disc golf course; 6 community parks; 9 neighbourhood parks; 21 parkettes; 10 meeting rooms; 465 acres of park space; 30km of trails, Marina			
	2018	2017	2016				
	Operating cost of parks per capita	\$ 93.63	\$ 87.66	\$ 87.45			
	Fees as % of costs	24.49%	24.90%	25.30%			
Key Observations							
<p>1) There is currently a split in facility management between the Parks, Recreation and Culture Department and the Facilities and Special Projects Department. In order to maximize operational efficiency, maintenance of facility shells (roofs, HVAC, etc.) should be consolidated under one department.</p> <p>2) Similar to the above, there is also a split in grass cutting between the Parks, Recreation and Culture Department and the Environmental Services and Operations Department. Grass cutting should be consolidated under the Parks, Recreation and Culture Department. Furthermore, a review should be conducted to identify areas that can be naturalized to reduce service costs.</p> <p>3) Further review of the City's greenhouse operations is required. Options for consideration include continued consolidation, strategic outsourcing, and selling of its capacity.</p>							



What makes Orillia unique?

Fact #1

Orillia shares the same birthyear as Canada!



3. SUMMARY OF CURRENT STATE

Orillia, like most municipalities in Ontario, is facing increasing challenges from several diverse areas. Municipalities in Ontario are facing a change in demographics including an ageing population, and political uncertainty as the Provincial and Federal governments are facing fiscal deficits, and as such, there is the likelihood of increased funding cuts for Cities by their upper-level partners. MNP has outlined a few high-level challenges below that are important for Orillia.

3.1 High-level Level Challenges for Municipalities

Infrastructure

Replacing ageing infrastructure has been a focus of all levels of government over the last decade. In the fall of 2008, the Provincial-Municipal Fiscal and Service Delivery Review put the cost of bringing municipal infrastructure into a good state of repair at \$22.4 billion, with an additional \$3.7 billion investment needed annually to maintain service levels. Municipalities have made attempts to narrow this infrastructure gap, and the Province is now requiring municipalities to develop formal asset management plans as well as a plan to finance the asset management plan.

- Currently, Orillia is budgeting capital spending at approximately **\$30 million per year**.
- The level of required capital spending will **increase** as the City completes its asset management plan.
- Orillia will need to add **additional engineering and project management support** to complete these projects in a timely and cost-effective manner.

The City of Orillia is currently developing its asset management plan. The current forecasted 10-year capital forecast will see the City of Orillia investing approximately \$150 million in capital

spending over the next five years. This represents an average capital spend of approximately \$30 million per year.

The experience with many municipalities is that once the asset management plan is complete, it concludes that a requirement for increased funding to maintain the infrastructure is required. This is a real possibility for Orillia. The known financial requirements of the City's infrastructure and the potential additional requirements coming from the asset management plan will likely have a significant impact on the City's financial resources. This impact is two-fold; the first is the actual cost to replace the infrastructure, and the second is that Orillia will have to invest in its human resources to hire additional project managers to manage this level of capital investment appropriately.

Environmental Change

The rate of environmental change is increasing, and what was traditionally a once-in-a-decade storm is happening more than once every ten years. These extreme weather changes place increased strain on municipal infrastructure and may require a change in how infrastructure is designed, built and maintained. These impacts will result in the requirement for increased funding for infrastructure, as well as the potential for increased flexibility in Orillia's budget to address abnormal budgetary impacts related to severe weather.

Climate change will **increase budget pressures** due to more costly and more frequent infrastructure renewals, as well as unpredictable operating costs as additional resources (i.e. staffing) will be required. The City will have to manage expectations regarding the City's approach to climate change, in order to prioritize and allocate the resources available to higher-impact initiatives.

Technology

Changes in technology and data security concerns are causing a strain on municipalities. New innovative technologies such as autonomous vehicles, Uber, and Airbnb create legislative challenges for municipalities. New approaches to technology, like cloud and mobile technologies, create opportunities and risks for municipalities.

There has been an increasing trend of ransomware attacks and other fraud attacks on municipalities. In August for example, over twenty Texas towns were subject to a ransomware attack and in April, the City of Stratford Ontario faced a similar threat. This is compounded by other fraudulent attacks at Municipalities (the City of Ottawa lost \$130,000 on an email fraud and the City of Saskatoon lost over \$1 million on a fraud). While ransomware and fraud attacks

Orillia has **increased investment** in technology and these investment levels will need to **further increase** to meet the continued challenges while taking advantage of opportunities.

are increasing, data breaches are also now unfortunately commonplace.

According to the Identity Theft Resource Centre (ITRC), the number of reported data breaches decreased in 2018, but the number of exposed records increased by 126%.³ Additionally, the number of breaches in the Government and Military sector increased in 2018. In a recent study, IBM pegged the average cost of a data breach at \$3.92 million (USD).⁴

Though technology can provide several great opportunities for a municipality, there are risks associated with technology that a government needs to address. Municipalities will be required to increase their investment in several areas including:

- in technology platforms to increase its resident service capabilities (allowing residents to interact with the City online, increased self-service capability, or increased speed and accuracy of service);
- increased staff capacity, using smarter technology for predictive services and to increase efficiencies; and,
- in security, data protection, and data analytics.

3.2. Challenges for the City of Orillia

The previous section outlined some of the challenges facing municipalities in general from a macro view. MNP undertook stakeholder engagement sessions to provide a more direct viewpoint for Orillia. These sessions often tend to be insightful and provide the project team with the pulse of the community and, based on the objective of the engagement, answers in a structured format that can be used to drive recommendations in a service review project.

In this section, we highlight the concerns and suggestions raised across stakeholder groups. Stakeholder group-specific inputs have been aggregated and included in Appendix 2 of this report.

Area	What We Heard/Observed
Demographics	Slowing population growth.
	Significant concerns related to social and economic disadvantages and how the City can provide support in solving these issues.
	Ageing population.
Finance and Budget	Some concern on spending levels for recreation and cultural services.
	Limited reserves.

³ ITRC 2018 Year End Data Breach Report <https://www.idtheftcenter.org/2018-end-of-year-data-breach-report/>

⁴ IBM Security 2019 Cost of Data Breach Report

Area	What We Heard/Observed
	Higher than the average municipal burden on residents.
City Development	Ageing hard infrastructure (sewage, wastewater, water, etc.).
	Need for increased employment land opportunities and the potential requirement for additional developable land.
Technology	Limited tech enablement/interventions.
Organizational Development	The potential loss of senior management and organizational talent to retirement over the next five years.
	There was mixed feedback from staff when asked about the organization's appetite to try innovative or new approaches. Some staff commented that there is the ability to try new approaches knowing that the potential failures from progressive strategies will be accepted, while others expressed that there is still resistance in the City to take on risks and try new strategies. There was, however, general openness for the City to look at unique partnerships and new approaches with the private sector or the not-for-profit sector to deliver services.
	Difficulty in attracting and retaining talent. Need for more training.
Environmental	There was significant feedback on the City's requirement for enhanced environmental stewardship and leadership.

3.2.1 Demographics

The demographical challenge is a common challenge for many municipalities in the country. Orillia's population was estimated to be 31,128 in 2016 (the last census of record), which was a growth of 1.9% over the 2011 population of 30,546. This represented relatively slower growth during this time period. However, since the last census, there are indications of strong growth in Orillia.

Construction activity and building permits are a good indicator of economic activity, and in the case of Orillia, there is recognition of the growth in permits issued since 2015.

Year	Number of Permits	Permit Value (millions)
2015	523	\$47.5
2016	620	\$167.3

2017	657	\$83.6
2018	696	\$124.4

The next census will provide greater insight as to the level of growth that Orillia is experiencing, however, there is a sense that Orillia has the potential for a higher level of growth than what it previously experienced. Growth has many positive benefits for a community; however, it can lead to the requirement for additional infrastructure and operational investment.

Population Makeup

From the graph on the right, 26% of the population is under the age of 24. This segment of the population is generally not fully engaged in the workforce as they are attending school. This segment of the population can represent the future workforce of the community. About 50% of the population (age 25-64) is currently in the workforce.

Approximately 24% of the population is 65 years and over. This portion of the population will grow significantly, as

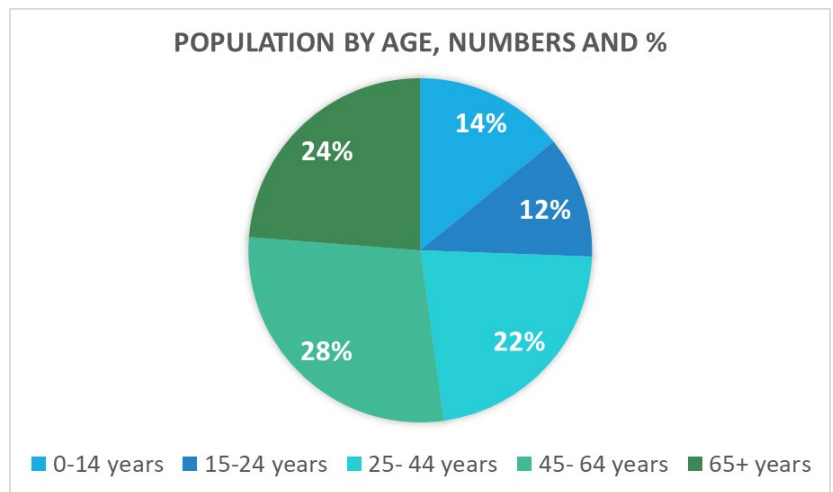
28% of the population between the ages of 45-64 years gets older over the next 20 years. Given the ageing demographic of Orillia’s population, related impacts need to be considered. There will likely be a strain on Orillia’s health care system as older residents have more frequent needs, as well as the fulfillment of key employment areas within the City as staff begin to retire.

Today – approximately 24% of Orillia’s population is of retirement age (over 65), while 50% of the population is in their prime working years (age 24 – 65).

In 20 years – it is likely that 50% of Orillia’s population will be over the age of 65.

The key takeaways from the above are:

- a) Orillia will experience different service pressures over the next 10-20 years from nearly 52% of the population **being** aged 45 years and **older**. As the population ages, demand on services like emergency services, **and** targeted recreation and cultural needs will increase. Orillia will need to meet these demands while balancing services to ensure Orillia can continue to attract and retain young families.
- b) Though retiree income levels and spending patterns may differ in the future, it is likely that the appetite for significant increases in property taxes and water rates will be



limited. Municipalities will need to prepare their fiscal and operational framework for a potential taxpayer base that is significantly different than today's base.

Social and Economic Impacts

As noted, Orillia has some challenges in this area with low levels of income, lower educational attainment and an opioid crisis that is significant and growing. The Simcoe Muskoka District Health Unit reports that the number of emergency room cases has increased from 206 in 2015 to 601 in 2018 (According to Public Health Ontario). This means that the rate per 100,000 people in 2018 was 104.5 visits, while the Provincial rate was 63.5 visits, which is significantly above the average.

Though it is difficult for municipalities to address these issues due to jurisdiction, cost, and resources, it was clear from the stakeholder consultations that addressing these challenges is important to residents. The City has made investments in social infrastructure including its youth drop-in program and supporting social housing.

As a resident noted – “Whether it is the City’s responsibility or not to address these issues - they are human beings and citizens and they are on our streets – so we are obligated to help.”

A resident in a focus group noted that – “If we help residents with the social and economic challenges – we will spend less on Fire and Ambulance services, so it is a good investment.”

Key Takeaways

- The City has seen recent growth that is significant. If this growth continues there will be increased pressure to deliver more infrastructure to support the growth.
- As the population ages, there will be new demands placed on the services the City provides. The ability of a community with a significant retired population to fund large investments through tax increases becomes more challenging.
- Based on the feedback from the public engagement, Orillia is passionate about working towards improving social and economic conditions. Strategic investments in this area will need to be balanced with core responsibilities.

3.2.2 Finance and Budget

This section is a summary of the current financial position of the City and a high-level analysis of the budget spend at the City.

Orillia has a strong net financial position with low liabilities i.e. long-term debt and payables. However, a key driver to Orillia’s net financial position is its investment in Orillia Power Corporation transaction. This investment is subject to a potential transaction, if the transaction does not occur, the Net financial position is very illiquid as the asset is in shares of an operating company rather than marketable securities.

Orillia is in a precarious reserve position as its discretionary reserve balance is negative, which is a concern as this impacts the City’s overall financial flexibility and financial strength.

It is also important to note that given the current scenario wherein the City has low debt, low reserves but a strong net financial position, the City has significant debt capacity. One parameter for measuring this is the Annual Repayment Limit room (ARL) – the maximum ARL a municipality can have is 25% of the City’s own net revenues. For 2018, the City’s maximum ARL was approximately \$21.2 million and the City had almost \$19 million of additional annual repayment limit. This debt capacity should only be utilized for core infrastructure requirements.

Though the City has the ability to increase its debt levels and the cost of debt is at historic lows, the ability to service the debt (pay the principal and interest) is limited due to the high level of tax burden on each household, which was previously noted.

Orillia’s finance team has put in place a plan with continued levels of reserve transfers to strengthen the overall financial position of the City over a five-year time horizon, however, new incremental spending commitments would weaken this plan.

The City should look to its available debt room only for its infrastructure needs and any new spending commitments should be aligned within an overall financial plan.”

2017 Audited Financial Statements

Financial Assets -	\$ 88,270,720
Financial Liabilities -	\$ 45,486,002
Net Financial Position -	\$ 42,784,718
Investment in Orillia Power Corporation	\$47,082,000

The size of the investment in Orillia Power swings the net financial position from a negative position to a positive.

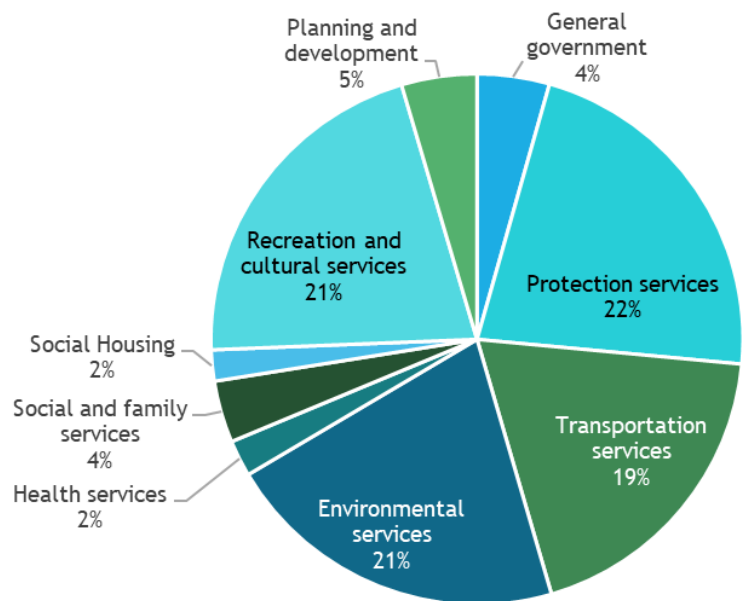
Key Takeaways

- Orillia has limited reserves that need to be rebuilt and management has a strategy, however, new incremental spending commitments will weaken this plan and Orillia’s long-term financial strength. Any new spending should be evaluated inside the overall financial strategy.
- A large portion of Orillia’s financial strength relates to its investment in Orillia Power Corporation which is not liquid.
- Orillia can use its debt capacity to support its investment in core infrastructure needs. The increased borrowing and financial costs need to be integrated in the overall financial strategy.

Spending Overview

As part of this project, Orillia’s budget was analyzed including a comparison with the provincial averages for various budget items. Currently, the City spends more than 80% of its budget on four service groups:

- Recreation and cultural services include parks, recreation centers, museums, the opera house, etc.
- Protection services include police, medical and fire.
- Transportation services include roads, transit, parking, etc.
- Environmental services include garbage collection, waste treatment and providing drinking water to residents.



A comparison of the City’s per capita spend on various services with the provincial averages complements the above analysis as it highlights service areas for additional focus.⁵ The table below provides details about each of the services in comparison with the provincial average:

⁵ Information taken from 2018 BMA Benchmark study.

Lower per capita spend vs. Provincial average	Per capita spend comparable to Provincial average	Higher per capita spend vs. Provincial average
Public health*	Police	Assistance to aged*
ODSP*	Transit	Fire
Social housing*	Waste collection	Waste diversion
Paved roadway	Paramedic services*	Parks
Recreation facilities (1)	Childcare*	Recreation programs
Building permits	General Government	Culture
	Waste disposal	Library
	Planning	
	Winter control	

*Services are provided wholly or in part by Simcoe County.

(1) – This amount is prior to the impact of the new recreation centre.

Key Highlights:

Below are some key findings when comparing the City of Orillia to other municipalities with a population of between 30,000 and 99,999 people:

- Orillia has the highest level of per capita spending on its Library (\$71 versus an average of \$43); and,
- Orillia’s fire department costs are \$214 per capita versus a Provincial Average of \$156.

MNP notes that Orillia is near the minimum population level for these benchmarks which creates a disadvantage when looking at per-capita costs.

The above benchmarks were based on municipalities of similar size. The following benchmarks are not based upon size but rather are compared to all municipalities in Ontario:

- Orillia spends \$56 per capita on Parks versus a Provincial Average of \$45;
- Orillia spends \$32 per capita on Recreation programming versus a Provincial Average of \$21;
- Orillia’s Cultural program costs are \$42 per capita versus a Provincial Average of \$15; and,
- Orillia’s Waste Diversion program costs are approximately \$35 per capita versus an average of \$20.

Service Level Development

The reason a municipality may spend above the provincial average can vary from strategic choices and preferences to a lack of scale that creates a higher cost structure. Spending at a particular level above the average does not necessarily translate into the service being inefficient or unnecessary.

Orillia should look to formally review its service levels to ensure they are aligned within budgetary priorities.

MNP would put a specific focus on the following:

- **Parks** – The total amount of park space and the quality of the park space should be reviewed. Council should review the incremental benefits of expanding park inventory with the continued costs to maintain the parks to determine the appropriate level of service.
- **Culture** – Orillia has a high-quality asset with significant usage in the Orillia Opera House. They have another significant asset in the Leacock Museum, which has had limited attendance or demand recently, and is under a current separate review. The City also contributes to the Orillia Museum of Art and History. The City should look at its total investment in these areas and what spend is most effective to identify how investment levels can be reduced and service offerings integrated.
- **Library** – Orillia only operates one library, and as such, it is difficult to have material reductions in the spend as there is no potential to consolidate operations or make significant changes in service levels. However, Orillia can consider using the library to assume or integrate other services into its fixed cost structure.
- **Recreation** – When the recreation centre is fully operational, the City should undertake a review of its total recreation program and its investment level into recreational programming.

Incremental Budgeting and Budget Framework

We note that Orillia currently utilizes an incremental approach to budgeting where Council reviews areas of increases and decreases in budgets. MNP would suggest providing additional information throughout the budget process to allow for a review of existing service levels and funding levels for the various departments and programs. This will allow the municipality to potentially shift funding weights to higher priority needs, and to ensure that the municipality is not over-investing in certain service areas.

This type of analysis will require the City to refresh or better establish service level guidelines (for example how many hectares or linear meters of parks or trails per capita). This will require that the City better integrate its various master plans into the budget process and to make

determinations on service levels in light of budget deliberations. In doing so, it should lead to a more deliberate budget decision-making process based on service levels and across functions.

The City of Orillia should also look to formally adopt a financial framework in which budgetary and service decisions are made. The budgetary framework should consider items such as:

- **Taxpayer affordability** – this would look at various measures including tax increases in comparison to inflation, the tax levy and water and wastewater rate burden as a percentage of household income and/or assessed value.
- **Annual Repayment Limit (ARL) and Debt Level guidance** – Though the Province has set a maximum level for ARL, many municipalities have formal guidelines below the Provincial maximum. This is something Orillia should look to set. This will assist in balancing how to fund future investments.
- **Reserve Level Guidance** – The City should look to set a reserve level target(s) this will help ensure that the City is better positioned for the changing demographics (specifically an ageing population) and the requirements that will come out of the formal asset management plan.

MNP must stress that the comments and the analysis that the City either invest more or less than the Provincial average in a particular area does not mean that the City has made poor decisions. Cities will vary their investment levels in various areas due to strategic issues or citizen preferences. MNP must also stress that the comments related to the budget framework do not indicate that management does not have an internal plan or strategy and is not working within a framework. MNP is highlighting these issues as it is likely that the City will have to undertake tough decisions in the future where they will need to either reduce certain services or increase taxes, and these decisions should be done in a framework that is comprehensive, open and transparent. By bringing transparency and openness to service levels and financial constraints, it allows for robust decision making.

Formalizing service levels and financial guidelines and integrating these into the budget discussion in a transparent manner will allow for more robust debate on the services Orillia provides and the associated cost of those services.

Limited Tax and Rate Base

Orillia, due to its size, has a limited tax base that is heavily weighted towards the residential and commercial properties. A 1% tax levy increase generates approximately \$593,000 in tax revenue. As such, to take on an additional activity that will have a cost of \$1 million; would require property taxes to increase by almost 2%. This 2% increase would be in addition to normal tax increases that would account for inflationary cost increases for other operations. The perception of a large increase from a percentage of tax point of view (for example, provided the City may have a 4% tax increase to undertake a new \$1.2 million initiative assuming the other costs of the City raises by 2%), can hamper the City's ability to strategically

invest in initiatives. The City's rate base for water and wastewater is also limited and the same implications apply.

This limited base creates challenges for funding major projects or investments.

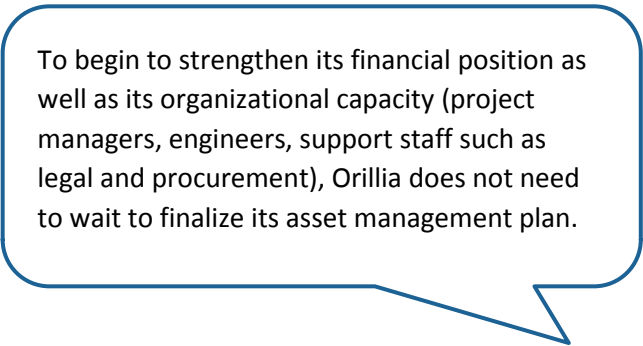
Balancing Core Spending with New Initiatives or Strategic Investments

Due to the limited base and the increasing need for infrastructure spending, there can be pressure on the City to not invest in strategic or new initiatives. If the City abandons strategic investments this could hamper the City's future effectiveness. To allow for a balance between meeting core needs, keeping annual tax increases affordable and investing in new initiatives, Council should look to develop a funding source for strategic initiatives. One strategy is to use a portion of the annual amount of levy growth to fund these initiatives. Currently, levy growth is used to effectively net out against the overall tax levy increase. Pulling these funds, or a portion of these funds, out for new or strategic initiatives could, in theory, increase pressure on core spending budgets. This is just one suggestion for funding new initiatives, the nature of the funding mechanisms will be up to City, however maintaining budget flexibility to strategically invest in new and emerging issues will be important in the future.

3.2.3 City Development

For City development to happen, there needs to be the appropriate hard infrastructure such as roads, water mains and waste disposal, which is complemented by increased investments in the City in terms of real estate, industrial, retail, institutional etc.

One of the challenges the City will face in the near future is adopting a formal and comprehensive asset management plan that contains a financial plan for the replacement of its ageing infrastructure, as the Province of Ontario is now requiring all municipalities to complete this plan by 2022. The City of Orillia is underway with its plan and it will provide the City with more accurate information on remaining life and replacement and maintenance costs. It is anticipated that this plan will place additional financial pressures on the City.



To begin to strengthen its financial position as well as its organizational capacity (project managers, engineers, support staff such as legal and procurement), Orillia does not need to wait to finalize its asset management plan.

Due to this, the City needs to start preparing for these significant capital investments today by developing adequate reserves, continued investments in maintenance and upkeep to extend infrastructure life and an asset upgradation plan. Based on our discussions with management, MNP would also raise concerns as to the internal capacity of the City to appropriately manage additional infrastructure spend.

Another factor to be considered as part of these plans would be the need for additional new infrastructure and/or expanded capacity of current infrastructure due to increased economic development and investment activities in the City.

Key Takeaways

- The City has low reserve levels, a small tax base and a high-cost burden as a percentage of household income, which limits the City's financial flexibility.
- Orillia should develop/reconfirm a financing framework for the finance department to undertake long-term planning, which will be key in dealing with infrastructural renewal and demographic changes. The framework should look at placing guidelines around (i) Annual Repayment Limit (ARL) levels, (ii) targeted reserve levels, (iii) tax and rate level increase guidance. This framework along with the use of projections will assist Council and Management to more effectively plan for infrastructure renewal.
- Orillia should look at changing its budget process from an incremental budget approach to one that includes service level discussions within the above-mentioned financial framework, to ensure Council is investing at appropriate levels in its various services. Additionally, this approach can make it easier to shift funding from one program to another. For example, if the City of Orillia has met its pre-determined service level requirement for trails or parks, instead of investing more in this area they can re-allocate to another area that has lower service level attainment.
- Orillia should consider isolating its growth-related levy funds or another strategy to ensure a funding pool for strategic initiatives.
- Orillia should consider planning for increasing its organizational capacity to assist in infrastructure renewal, which would include engineering, project/asset management and legal support.

3.2.4 Technology

The need to increase the City's technological capability was a common theme heard across various stakeholders (both internal and external). Currently, the City is making significant efforts to increase its technological capability and introduce new solutions both internally, within the administration, and externally, for the residents, businesses and visitors of Orillia.

Internally, the City has demonstrated its commitment to prioritizing technology through the hiring of a new Manager of Information Technology (IT) and an increased budget for technological investments and improvements. However, notwithstanding these efforts, there remains a significant need for further technological investment in the internal operations of the City. Currently, the City does not have an overarching IT strategy and instead, has several ongoing initiatives that are being completed. Although these projects all have merit, an overall technology strategy will ensure the appropriate prioritization.

MNP has noted some areas where increased investments in technology could support several important initiatives, including:

- Moving away from the City's labour-intensive and cumbersome processes, such as the manual entry of timesheets. This will create savings that can be deployed in other departments.
- The eventual need to upgrade the City's ageing ERP (Enterprise Resource Planning) system. The existing system is stable and has been regularly updated, however it lacks certain capabilities (such as procure to pay and commitment control) and is at a disadvantage by potentially not being able to easily integrate into other critical systems. Advancing the ERP system will support other advancements as it effectively acts as a backbone system for the City.
- The City has moved forward with Smarter City Initiatives, which will require increased investment in Orillia's IT infrastructure (both hard assets and people assets) to maximize the benefits from these initiatives.
- Orillia still employs several manually based systems. MNP has seen other municipalities make significant investments to migrate to systems that are GIS (Geographic Information Systems) enabled (City Works is an example). This allows municipalities to digitize information and provides a consistent framework and file base for their data so multiple departments can access consistent data.
- There is a significant movement to increase self-service by leveraging technology. This way users could schedule and pay for municipal services online while limiting the interaction with front-line staff.

Increased investment in technology will undoubtedly support the City in providing efficient and effective programs and services, while also ensuring that Orillia asserts itself as a modern hub for residents and businesses.

MNP also notes that technology, like other infrastructure items, is a high-cost item that generally has a lower cost per unit of service as the scale increases. Orillia should look for opportunities with other municipalities to jointly procure, operate and support investments in technology. For example, jointly procuring and managing an ERP system could provide upfront cost savings and on-going operational cost savings.

Key Takeaways

- Orillia needs to adopt an Information Technology Strategy and fund the strategy.
- This strategy should include opportunities to partner on procurement and support of technologies.

3.2.5 Organization and Talent Development

One of the critical resources a municipality (or any organization) has is its people. Orillia, like other municipalities, is facing several staffing issues that were highlighted during our stakeholder review.

Staffing Levels

Orillia’s staffing has been stagnant to declining over the last number of years as outlined in the chart below, which compares 2015 and 2018 staffing levels:

Year	Full-Time	Part-Time	Seasonal	Assumed Avg FTE*
2015	269	28	103.25	317
2018	265	24	100.25	310
Diff.	(4)	(4)	(3)	(7)

*FTE based on a factor of 1 for Full-Time, 0.5 for Part-time, and 0.33 for Seasonal

These staffing levels directly contrast the growth Orillia has seen in building permits in recent years, as well as increased demand related to large municipal projects like the Recreation Centre, Asset Management study, and other initiatives being undertaken by the City.

Retirement and Attracting and Retaining Talent

The issue of succession planning was a key theme heard in MNP's review. As of December 2018, 92 of Orillia's 248 employees (or 37% of the employees) were 50 years old or older. This problem is even more acute at the City's senior leadership level, as all but one of the team members could retire under normal circumstances within the next 5 years. The number of potential retirements over the next 10 years can create significant challenges for the City, the challenges include:

- (i) transitioning talent with appropriate knowledge transfer so the City does not suffer from "Corporate Alzheimer's",
- (ii) transitioning talent so critical projects continue to move without delay or cost increases and
- (iii) being able to recruit appropriate talents for the openings.

The issue of staff retirement and staff turnover was a common theme that suggests the need for a more robust workforce strategy. Based on our stakeholder engagement sessions, it is apparent that the main issues negatively impacting the City's ability to attract and retain talent are attributed to the lack of competitive salaries, increased workloads without increased compensation, and the highly competitive employment market that exists in the private sector and other municipalities. Utilizing a sports analogy, it was suggested that Orillia would be considered the "farm team" for other municipalities to hire trained and experienced staff members. Though this was the sentiment expressed during the stakeholder sessions, based upon statistics from the City's Human Resources Department, resignations (or unplanned turnover) was around 5% for the City for the last three years. This past level of turnover is not exceedingly high as talent competition is significant, however, this trend has seen an increase in 2019 and management feels this is a trend that may continue.

The City has separately moved forward with a compensation study to better understand its competitive position from a compensation point of view. This study will be critical for its strategic plan moving forward, as the City needs to maintain its competitiveness in attracting

Key Takeaways

- The development of a talent plan that is supported by Council will be critical to address these issues. This plan will likely require increased investment for the City that will need to be factored into the long-term planning for the City.
- Depending on the findings of the competitiveness study, the City should look to integrate the findings and recommendations into its annual budget process. For example, if the Study recommends that Orillia needs to be at least the 50th percentile for wages to stay competitive, this KPI and measure should be integrated annually into the budget presentation.

and retaining talent. In addition to addressing the compensation issue, an organization-wide workforce strategy is required to ensure the smooth continuation of operations despite changes to staffing levels. Such a strategy would include consideration of succession planning, knowledge transfer, developing career paths for employees to ensure development and compensation to name a few items.

3.3 Situational Analysis

The following is a summary of the key challenges or issues identified in our review:

Challenges

Limited Tax Base	Currently, Orillia has a tax base that is weighted heavily towards residential and commercial properties. A one percent (1%) increase in taxes generates approximately \$593,000 in increased tax revenue. As such, to fund a \$1 million project, Council would have to increase tax rates by approximately 2%.
Low Reserve Levels	Orillia has very low reserve levels and negative discretionary reserve levels.
Talent Pressures	The City of Orillia will likely be required to invest more heavily in its staffing resources to remain competitive and to deal with a significant succession challenge at the City.
Municipal Infrastructure	The City of Orillia is in the process of completing a more comprehensive asset management analysis, it is likely that the cost to maintain its infrastructure could lead to a significant increase in tax and water rates.
Municipal Capabilities	The City will need to continue to invest more in new technologies and approaches to be able to deliver services in an efficient and effective manner.
Taxpayer Affordability	Orillia has lower than average household income levels, and as such, the ability to pass on cost increases is difficult. Additionally, Orillia already has a high level of tax levy per capita (\$1,714 compared to a median level of \$1,510).

Political Challenges

Governance Review	The Province recently effectively abandoned its review of Regional governance. Although this issue is now off the table, the Province did note it was open to suggestions for increased collaboration amongst
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	municipalities. With increasing demands facing municipalities and the budget pressures the Province is facing – looking for new approaches to delivering service amongst municipalities could be an opportunity for Orillia.
Budget Cuts	The Province has already implemented several cuts to Public Health and other areas as it moves to a balanced budget. The full understanding of these impacts and other future cuts on the City of Orillia has not yet been determined.

Service Challenges

Increasing Demand	Orillia is faced with an increasing demand to add more services without sacrificing the services currently provided. Some of these services are the responsibility of another government level or outside the traditional role of a local government (such as social housing, public health challenges, and cultural enhancement to name a few). The pressures on Orillia are significant and it is difficult to prioritize competing interests.
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Cost Pressures – Cutting the Fat

Though there are areas for targeted improvements, the potential quantum of savings will not be able to address the significant issues facing Orillia.

Overall, when you factor in wage gains and the increase in key services, the City is operating at or near inflationary increases. MNP notes that total costs rose by 2.9% on average from 2015 until 2018 or from \$71.2 million to \$77.6 million. The largest drivers to the rise in costs over this time frame were isolated to:

- Solid waste, which increased from \$1.08 million in 2015 to \$3.23 million in 2018, a 200% increase in the three-year period. A significant portion of this increase is related to a significant adjustment for post-closure obligations. This is a cost that likely should have been spread out over several years.
- Transit, which increased almost 50% over the three-year period moving from \$2.08 million to \$3.11 million, this increase was due to service level increases.
- Recreation programs grew from \$1.3 million to \$3 million, however, \$1 million was related to a one-time cost associated with the Ontario winter games.
- Fire services increased from \$7.4 million to \$8.2 million, an \$800,000 increase.

These four items constituted \$5.7 million of increases, which is the substantial portion of the \$6.4 million in net increases, though as noted above, there were two significant one-time costs

embedded in these increases. It should also be noted that between 2015 and 2018, the City of Orillia saw a large decrease in police costs as the Ontario Provincial Police utilized a different formula for costs. The City of Orillia had its policing costs reduced from \$8.6 million in 2015 to \$7.6 million in 2018. The decrease related to a funding formula change that was developed by the OPP. It is anticipated that policing costs will continue to rise for the foreseeable future.

Though there are always efficiencies that can be obtained and processes to lean, the challenge is that the potential benefits are diminishing and are not sufficient to address the strategic investments that the City will be required to make. The City has already leaned out a lot of costs and the ability to obtain significant further savings is limited without service level changes.



What makes Orillia unique?

Fact #2

Human settlements in Orillia date back to 3,300 B.C. – one of the oldest in North America!



4. SERVICE REVIEW RECOMMENDATIONS

The service review process included the analysis of a significant amount of information, which was assimilated and shared with the team as part of documentation review and interviews. A thorough analysis of this information coupled with the tacit knowledge of the team and benchmarking information available provides insight into areas of focus and key recommendations for each.

A similar process was followed for the City of Orillia, which led to the identification of 26 recommendations mentioned in this section.

In this section, we provide a list of recommendations for the City of Orillia, from strategic versus operational and internal versus external perspectives.

Strategic recommendations are those which involve a directional shift in the way the City is functioning and can include decisions around providing new services, discontinuing existing services, changing service delivery models etc. An operational recommendation is one that can provide cost, time or quality advantages through policy, process, technology or people adjustments.

An external recommendation relies on an external government (i.e. another municipality, provincial or federal government or a government agency) to formulate and/or implement the recommendation, while an internal recommendation is formulated and implemented by the City on its own.

4.1 Strategic Recommendations for the City of Orillia – Internal

Strategic Recommendation Area #1: Investing in the future of Orillia – Reserve and Finance Strategy

It should be stressed that while Orillia does have a net positive financial position (total financial assets less financial liabilities), as noted previously, this ratio is significantly impacted by a single investment. However, the City has negative reserves, in 2017 Orillia was the only City in Ontario with a negative reserve amount (total reserves per capita was negative \$97 per capita in 2017 – see BMA 2018 study). The City of Orillia continued to have negative reserves in 2018 (\$3.8 million). The largest contributor to this overall negative reserve level is the major capital facility reserve.

The lack of reserves is the most pressing issue that Orillia is facing.

Recommendation	Background and Rationale
Replenish the Reserves	<p>Orillia needs to replenish its reserves over the next term of Council to better position the municipality to finance its Asset Management strategy when it is completed. To wait for the Asset Management study to be completed prior to establishing the funding sources for it will increase the acuteness of the potential infrastructure funding shortfall. Many communities are placing dedicated infrastructure levies or water rate increases to partially address the funding challenge.</p> <p>An additional dedicated infrastructure levy of 2% will generate \$1.2 million per year, which will assist in the reduction of the negative reserves and will provide a consistent funding base for future infrastructure investments. This levy can also offset increased borrowing costs, which could be used to support core infrastructure. For example, \$1.2 million in funds could service approximately \$16.5 million in debt (assuming a 20-year debt at 4%).</p>
Increase use of debt	<p>We are currently in a historically low-interest rate period and as such, the impact of debt financing is far more limited than in previous years. The ability for the City of Orillia to increase its use of debt financing to smooth the funding requirement of infrastructure out over a multi-year period (10 years or longer) will be required by the City. The additional debt servicing costs would elevate both property taxes and water rates but at a more manageable level. Council will need to develop a debt strategy with the potential of formal guidance on maximum debt borrowings and repayment limits.</p>

Recommendation	Background and Rationale
Use of Levy Increases for Growth/ City Development	The City of Orillia should consider dedicating the levy growth (or a portion thereof) for strategic infrastructure requirements (both soft and hard) for the City. This should assist in funding key information technology initiatives, as well as other growth-related projects. By separating out levy growth for strategic improvement projects, it allows the City to have a funding source that is identifiable for these initiatives.
Change in Budgeting Methodology	The above two recommendations will not be sufficient to address the infrastructure funding gap. As such, staff and Council will have to undertake service level adjustment decisions over the next few years. To assist in this process, undertaking a different budgeting approach will assist Council with these decisions. Currently, the budget is prepared on an incremental basis rather than a composite basis. Council and staff should look to switch to a budget approach that is focused on service levels, performance measures and the cost to achieve those measurables. This will allow Council and staff to develop a budget on a strategic basis that is goal-focused, rather than cost-focused.

Overall – The recommendation for the City of Orillia to bolster reserves and provide increased financial flexibility should be, from MNP’s view, Orillia’s top priority.

Timing – This recommendation can be undertaken within a short time frame (within one year), though the total time to stabilize the financial reserves will take several years (likely five years or more).

Complexity and Risks – The nature of the recommendation is not complex to execute and increasing reserves reduces overall risks.

Strategic Recommendation Area #2: Water and Wastewater Services

Water and Wastewater services are very expensive and critically important. The cost of infrastructure is increasing and the ability to attract and retain highly skilled operators puts significant pressure on municipalities and ratepayers. Municipalities across Canada are looking at other service delivery models for water and wastewater services.

Recommendation	Background and Rationale
<p>Consider a Utility or Other Model for Water and Wastewater Services</p>	<p>Orillia should undertake a formal review of the potential to move Orillia’s water, wastewater and potentially stormwater to an alternative service delivery model. Orillia should consider looking at employing a utility model or a joint venture model with a provider.</p> <p>This recommendation is based on several factors, but most importantly the need to address the significant long-term capital requirements for implementing the water, wastewater and stormwater plans. Based on the 2013 asset management plan, it was noted that the average investment required to maintain the water assets for the 20-year period was \$3.4 million per year in 2013 dollars and a further requirement to spend \$150 million (in 2013 dollars) over the 50-year period from 2013. The study also estimated that the City would be required to invest \$135 million over the 50-year period from 2013 for wastewater assets.</p> <p>A separate utility or joint venture model could provide the following benefits to the City:</p> <ul style="list-style-type: none"> • Risk Transfer: There are significant operational risks and capital risks in this portfolio that can be transferred to an operator. These operations require highly skilled individuals that operate in a highly regulated environment. The challenge for Orillia is ensuring that they have sufficient licensed operators and a team with an appropriate skill set. The attraction and retention of these team members continue to be challenging for smaller municipalities. By moving the operations to a larger provider that has additional operations, they can draw resources and technical capabilities from a broader base. • Utility Pricing: If these services are moved into a utility corporation, the corporation can apply utility pricing, which is a pricing model that effectively charges the cost to deliver the service to the user and does not include the cost to contribute to reserves for future asset development. In

Recommendation	Background and Rationale
	<p>many cases, utility pricing can lead to a decrease in rates charged.</p> <ul style="list-style-type: none"> • Additionally, the City of Orillia could potentially obtain an advance concession fee or another type of upfront fee or revenue source on the transfer of the service, which could be used to offset other funding requirements that may arise. <p>The City of Orillia should look to undertake a formal process to investigate alternative service delivery models for the water and wastewater services. This process could include a market sounding or formal Request for Information Process followed by a negotiated RFP process.</p>
In-source Option	<p>The City of Orillia, in comparison to some of its neighbours, has a higher degree of scale in its water and wastewater services. The City of Orillia could consider entering into discussions with neighbouring municipalities to on-board their operations. The income earned and the additional capacity could create increased synergies to the ratepayers.</p> <p>This strategy can be combined with a Utility or joint venture model.</p>

Overall – The creation of a water and wastewater utility could significantly reduce Orillia’s future asset obligations and can reduce the City’s risk exposure for the operations of water and wastewater.

The insource option in which Orillia provides water and wastewater services for other communities in order to increase the size and scale of its operations could potentially reduce the City’s operational risks if executed appropriately. However, if the additional scale is not obtained Orillia could increase its operational and financial risks.

Timing – This recommendation would take several years to execute. In order to undertake a business case and RFP process to create a utility and bring in an operator, the minimum time frame is two years. The in-source option would also be a multi-year option.

Complexity and Risk – This is a highly complex transaction. Though the City of Orillia has risks in operating their water and wastewater systems which can be reduced by bringing in an experienced and larger partner to operate the system, the City would also take on the risk of having a third party operate their system. Insourcing water operations is a high-risk option as the City would take on additional operational and potentially financial risks.

Strategic Recommendation Area #3: Purposeful Development of Municipal Partnerships to Gain Scale

Since the Province has essentially abandoned its review of regional governance and the discussion related to potential amalgamations of municipalities – the City of Orillia needs to proactively look for opportunities to create partnerships in service areas.

Recommendation	Background and Rationale
<p>Focus on Developing Partnerships and Joint Ventures with Other Communities in Order to Deliver Services More Effectively</p>	<p>Orillia has a good tradition of partnering with municipalities and with the County on items for example; The City’s fire department currently provides dispatch services to several municipalities, and during the development of the library in Orillia there was specific consideration that the facility would be used by the surrounding smaller communities.</p> <p>This recommendation would see the City of Orillia expand the potential scope of partnership opportunities and actively pursue these with other municipalities.</p> <p>Partnership opportunities allow a municipality to obtain scale, this helps with a number of factors including (i) cost - as the ability to invest in resources or people are spread out over a larger number of taxpayers, (ii) talent – having a small department of one or two people leaves the organization at a greater risk for turnover and creates challenges in attracting and grooming talent, by gaining scale larger departments can be created which can increase the total talent pool, (iii) risk – a larger department can reduce organizational risk as the talent pool is larger leading to greater specialization, and greater investments in time and resources can be made on issues.</p> <p>These partnerships could take on several different approaches including:</p> <p>The City of Orillia is paid to provide services to other communities – This is similar to the existing fire dispatch model where the City of Orillia provides a service at a cost to another municipality. The revenue earned reduces the fixed cost burden to Orillia taxpayers and the other community obtains a service at a cost that is lower and with less risk than them providing it themselves. This allows Orillia to create more scale in the service, which allows for a more effective service.</p> <p>The City of Orillia and other Municipalities form a joint service body – In this case, the City of Orillia</p>

Recommendation	Background and Rationale
	<p>would pool resources with other municipalities to provide a service. The cost and the resources are spread out lowering the total cost of delivery for each municipality. The challenge with these types of partnerships generally relates to the governance and financing of the partnership.</p> <p>The City of Orillia pays for another party to provide a service – In this case the City of Orillia engages another party to provide a service, this is no different than Orillia currently contracting with the OPP for police services or the County providing ambulance services.</p>
<p>Potential Areas of Focus</p>	<p>Though a more fulsome review would need to be undertaken the following are potential areas in which partnerships could be developed.</p> <ul style="list-style-type: none"> • Fire and Fire Inspection • By-law • Planning and Development • Finance • Information Technology • Economic Development • Recreation Programming (we note that Orillia already has non-resident fee structure) • Water and Wastewater • Sponsorship Opportunities <p>These partnerships need to be developed with both the staff and political levels working in a coordinated manner. These partnerships take a long time to create and dedicated time from senior staff within the City of Orillia is required to develop and manage these partnerships.</p>

Overall – The creation of partnerships can generate large operational benefits to the City for the delivery of services.

Timing – The development of these partnerships would generally take more than a year to complete.

Complexity and Risks – Risks such as operational and financial risks can be reduced with well-developed partnerships. However, the governance structure can be complex to develop.

4.2 Major Recommendations

The following section outlines more significant recommendations for the City of Orillia to consider. These are preliminary recommendations and further review and analysis would have to be undertaken by staff. However due to the nature of these recommendations MNP has provided additional background and context.

4.2.1 Fire Services

Of the emergency services, police services, which is under contract with the OPP, cost the City just over \$8 million in 2018, while fire services cost \$7.6 million, and paramedic services (delivered by the County) costs Orillia \$1.3 million. As noted previously, Orillia's fire department (OFD) costs, per capita, was \$214, which was 37% higher than the Provincial average of \$156 per capita for municipalities of similar size, between 30,000 and 99,999 in total population (as noted previously the fact that Orillia is on the lower end of this population size does provide a disadvantage when using a per capita statistic).

Municipalities in Ontario have been challenged by the costs of fire departments and these costs are under more pressure due to regulatory changes with the Workplace Safety and Insurance Board related to presumptive posttraumatic stress disorder for first responders, as well as presumptive regulations for certain cancers for firefighters.

When looking at the total budget of the fire department, \$6.7 million of its \$7.6 million in expenditures (per 2018 FIR) are salary-related, which is just under 90% of the total costs. As such, there are limited approaches to reduce the costs of the service without changing the nature of the service.

Operational Costs

A fire department by its nature is a high-cost structure enterprise due to its operational demands (minimum crew levels, labour costs, operational costs). The fire department also requires significant capital investment due to its equipment demands as well as the fact they utilize fixed locational deployment in order to minimize average response times. However, the fire services in Orillia have consistently exceeded the cost per capita benchmarks from comparable communities in the Province of Ontario. MNP also looked at other benchmarks for Fire services. MNP calculated the cost per hour to maintain a manned fire vehicle and the total vehicle hours provided on a per capita basis. These two benchmarks look at the fire protection coverage and the cost to provide this protection.

- The cost per vehicle hour was \$580 for OFD, the 2017 MBNA average was \$318
- Vehicle hours per capita for Orillia was 0.42. The 2017 MBNA median average was 0.65.

As such the OFD had a higher cost per hour of service and the quantum of service per capita was lower than other Fire departments covered in the MBNA study. It should be noted that the MBNA study benchmarks larger municipalities, and as such, the OFD should perform at a lower level. We have provided these benchmarks for Orillia to consider using in the future to provide a better snapshot of the department’s operations.

Staffing, Response times and Call priority

The OFD operates with a four-person crew in each fire station on a twenty-four-hour basis supported by volunteer firefighters.

Fire services in Orillia have strong response time service levels:

- Response times in 2017 were 4 minutes 36 seconds (based on medical response time information provided by OFD). This response time is based on an average “turnout time” of 1 minute and 8 seconds and a “drive time” of 3 minutes and 28 seconds.
- There is no mandated service level for response time, but the Ontario Fire Marshal's mandate is to have 10 firefighters on the scene within 10 minutes, 90% of the time to a single-family residential structure fire. The Ministry of Health and Long-Term Care (MoHLTC) has set a target time of fewer than 6 minutes for first responders arriving at a cardiac arrest to provide the highest chance of survival through early intervention.

The largest volume of calls addressed by the OFD are medical and OFD’s response is generally quicker than EMS (first on the scene 88% of the time). Some observers may question the cost associated with dispatching high-cost fire resources for medical emergencies and wonder whether cost savings could be obtained by reducing the number of responses. The challenge for the OFD is that whether they deploy on a medical call or not, the costs are generally fixed due to staffing levels and OFD will continue to incur those. There are some costs associated with fuel and equipment wear and tear, but these are more limited. However, there are risks related to any time a fire crew is deployed (especially if they are responding with lights and sirens), and as such these risks need to be factored into the overall benefit analysis. Additionally, if these high levels of calls are causing elevated sick times or overtime, then reviewing the response strategy should be undertaken.

Recommendation	Background and Rationale
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Recommendation	Background and Rationale
<p>Review Service Levels and the Use of Alternative Deployments</p>	<p>The ultimate focus of any government service is to provide the RIGHT SERVICE at the RIGHT TIME for the RIGHT COST. Deeper analysis is required as to the service levels and strategy being deployed by the OFD to ensure that the services they have undertaken are driving meaningful results.</p> <p>As noted, the OFD’s highest level of call volumes are medical calls, and the issue of when to deploy fire resources to medical calls and what type of resources to deploy is facing increasing scrutiny. There has recently been analysis undertaken by the Niagara Region to evaluate the impact on the early arrival by first responders to medical calls on the patients’ actual medical outcome. The early findings are indicating the impact on the medical outcome of the incident is only positively impacted in a minority of the cases. If this research is further substantiated it would mean that it is possible for fire departments to respond to fewer medical calls without having an impact on the medical outcome of the patient. If decreasing the activity of the OFD reduced costs this could be beneficial.</p> <p>MNP noted that Orillia is in the very preliminary evaluation of the need for a third station to better service the west end of the City – we would encourage Orillia to look at alternative arrangements, such as consolidating more resources to one station prior to creating a third station. This could include additional crews at one station and having the ability to use different vehicles and different crew compliments (for example, a smaller, lighter duty vehicle which would only require a two-person crew). This strategy is being utilized by other Fire departments in Ontario and should be reviewed for Orillia.</p> <p>By consolidating more resources into existing locations, the total capital and operating costs would be lower, however, there would be some trade-off potentially on response time.</p>
<p>Undertake a Formal Outsource Process for 911 and Fire Dispatch</p>	<p>The 2017 Fire Services Master Plan did outline a potential savings of approximately \$50,000 to outsource 911 services and Fire dispatch services (page 70 of the plan). During discussions with the OFD, they expressed concerns as to whether they would be able to outsource their fire dispatch services (they agreed that the OPP would undertake the 911 dispatch services).</p>

Recommendation	Background and Rationale
	<p>In addition to the \$50,000 of annual operating savings, Orillia would also avoid capital costs of equipment including the equipment upgrade for next-generation 911 services.</p> <p>If there are no outsource partners for fire dispatch, outsourcing 911 dispatch services would not generate savings as the OFD would still be substantially all its communication services costs.</p> <p>A formal process to outsource fire dispatch should be undertaken to evaluate the cost savings potential, if any.</p>
<p>Relook at Training Officer Role</p>	<p>Look for options to expand the training officer role to execute broader training to the City of Orillia in order to reduce total costs.</p>
<p>Fire Inspection</p>	<p>There is a cost differential between fire inspectors and building inspectors. Look into strategies to move fire inspection responsibilities out of the Fire Service over time. Alternatively, look to see if revenue can be generated from fire inspection services being provided to other communities on a cost-recovery basis.</p>
<p>Continued Overtime and Sick Time Management</p>	<p>Managing overtime and sick time is a challenge faced by all fire services as this is a significant cost. Orillia has put in place several management tools for this, and continued monitoring and vigilance is required.</p> <p>Consideration should be provided to present these costs for the organization as a whole (not just Fire) to Council as part of a budgetary or operational update on a regular basis (semi-annually).</p>

Overall – Changes to Fire services are difficult due to several factors including the risks associated with changes, existing best practices and standards, as well as in some cases resistance from staff.

Timing – The recommendations to track some key performance indicators, cost per vehicle hour and vehicle hours provided, as well as overtime and sick time statistics can be accomplished in a short time period.

Looking at a different service delivery model for communications which would include an RFP would likely take one year to evaluate with a formal RFP and more than a year to evaluate and transition to a new service model if the RFP provided positive results.

Relooking at the training officer role should be able to be accomplished within a year, the transition of fire inspection could be multi-year.

Complexity and Risks – The key risks for these suggestions generally revolve around the acceptance of the changes from staff at Fire services.

4.2.2 Parks, Recreation and Culture

Orillia has made significant investments into recreational and cultural assets and programming; this has been identified as a strategic pillar to impact the citizen’s quality of life. While this can remain as a strategic pillar, the City should review and establish more defined benchmarks and service levels in this area. Communities can continue to add assets and costs without fully determining if it is materially impacting their citizens and whether spending in other areas would have a greater impact. Additionally, this review could look to reallocate amounts within the budget to higher impact areas.

When looking at the benchmarks in this area:

- Orillia is spending \$56 per capita on parks compared to a provincial average of \$45, this would roughly translate into an additional spend of \$288,000 per year (\$9 difference on a population of approximately 32,000).
- Orillia’s net costs (after fees) of its recreation programming is \$32 per capita versus an average of \$21.
- Cultural net costs per capita for Orillia is \$42 per capita versus an average of \$15 per capita.

Recommendation	Background and Rationale
<p>Review Recreational Service Levels and Fees</p>	<ul style="list-style-type: none"> • Recreation programming in Orillia will become substantially different with the rollout of the new recreation centre. After the recreation centre is normalized, we would encourage Orillia to undertake a substantive review of its programming levels, fee revenues and new operating expenditures to ensure the long-term affordability of the programming. • Park and trail levels – The City of Orillia should update its service level standards for the number and quality of parks and trails in relation to its population, demand and affordability. This affordability must include full life cycle costs including replacement costs. • Currently, Orillia recovers approximately 31% of its programming costs which is above the Provincial average, however additional revenue can help narrow the levy impact.

Recommendation	Background and Rationale
Monetization of Lesser Used Parks	<ul style="list-style-type: none"> • When new parks are added into the inventory, consideration should be undertaken to look to take other parks out of inventory and be redeveloped for another purpose. MNP would question whether Orillia adding additional park space to the inventory without a significant increase in population provides significantly increased benefit. • If the City can monetize some park space, the income from the sale of the parkland could be used to support park reserves that can be used for the development or improvement of the remaining park space.
Cultural Programming	<ul style="list-style-type: none"> • As noted above, Orillia invests significant amounts into its cultural programming. Based on our review of the utilization of the cultural assets, the Leacock museum is an under-utilized asset. Based on estimated annual attendance at the museum by staff, the cost per attendee is approximately \$18 per visit (this amount was calculated based on the costs of the museum and the estimated attendance provided by City Staff). • The museum property is subject to a separate review as Orillia’s management had also identified this issue. The conclusions of the Leacock Museum review should be evaluated within the financial concerns raised in this report. • If there is an opportunity to monetize this asset and utilize the Leacock collection in another manner (such as in conjunction with the Library), the operational cost savings and the sales proceeds can be realized by the City and redeployed to strengthening reserves and investing in cultural services in another format. Additionally, the City would likely avoid significant capital costs from required repairs to the Leacock building.

Overall – MNP understands the value that parks, recreational and cultural services can have to the life quality of a community. These recommendations are not to diminish the role these services play within Orillia. Rather the recommendations are put forward to challenge the City to ensure that the investments they are making in these areas are truly driving benefits for the citizens. The City needs to ask whether an additional park will drive incremental benefit, and if so, how much more incremental benefit and to who? Can we de-invest or monetize an asset in one area and use the proceeds to further stabilize reserves and/or invest further into another asset in order to create

fewer assets but have higher quality assets – does this strategy create higher benefit? Is there an opportunity to combine assets (such as the Leacock collection with the Library, or the Orillia Museum of Art and History, or integrate displays into the Recreation Centre, in order to reduce total operating costs?

Timing – The evaluation of targeted service levels should be able to be completed within one year, however, the ability to change service levels including the potential monetization of assets will be a multi-year timeframe.

Complexities and Risks – Changing service levels will always garner opposition from the users of the service. Additionally, looking to combine or re-invest some of the proceeds into new approaches has inherent risks and complexities, as in some cases new partnerships maybe undertaken (such as with the library).

4.2.3 Library

MNP did not specifically review library services as part of this project, however as noted previously, Orillia has the second-highest cost of library services in the Province of Ontario and the highest cost for municipalities of similar size to the City of Orillia (\$71 per capita versus an average cost of \$43). The challenge for Orillia is that it only has one location, and as such the ability to consolidate or reduce operations is more limited. Options to reduce cost in a material way would be to reduce the library space and look to monetize (via a lease) the excess space, which would generate higher levels of revenue from the Library and reduce the cost to the taxpayer.

As noted in the previous section, consideration could be given to the Library undertaking some cultural functions for the City. For example, if the library could host and display some of the Leacock collection (if the City decides to exit the Leacock Museum), the City would be able to reduce its total operating costs associated with the collection. The collection could be used by the library to increase the use and potentially generate additional funds (depending on how the library uses and displays the collection).

4.3 Consolidated List of Recommendations

The table below outlines recommendations that are more tactical and minor in nature. For continuity, we have also included the previous strategic and major recommendations from Section 4.1 and 4.2. We have provided this section as a quick reference summary for the recommendations.

From an overall perspective, the recommendations outlined below are aimed at (i) addressing key strategic challenges the municipality is facing, or (ii) addressing areas in which MNP identified as areas for Orillia to consider to increase the effectiveness in a service item.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
1.	Culture	Parks, Recreation and Culture	Service Rationalization/ Improvements and Integration of Services	The museum is under a separate review. However, MNP would suggest that the monetization of the asset be considered as part of the review.	<ul style="list-style-type: none"> • The associated subsidy from the levy for visits at almost \$18/visitor. • Property is not the highest and best use. • Could re-invest funds into higher demand assets that support tourism, culture and levy base. • Could move the collection to other Cultural assets in the Community (Library, Orillia Art Museum), in order to maximize the value of these assets. 	<ul style="list-style-type: none"> • Resistance from some City residents. • Timing: 1-2 years.
2.	Transit	Development Services and Engineering	Monetization	Aim for greater cost recovery from transit users.	<ul style="list-style-type: none"> • From 2015 to 2018, costs have increased by 48% but revenues have only seen an 11.5% increase. 	<ul style="list-style-type: none"> • Resistance from some City residents, as the public input on

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					<ul style="list-style-type: none"> • The net difference of just over \$1 million means a 2% levy increase associated with transit. • Orillia's transit fees are lower than that of the provincial average. 	<ul style="list-style-type: none"> • service level charges was mixed. • The City may have to plan a phased increase over time.
3.	Janitorial Services (non-parks)	Facilities and Special Projects	Alternative Service Delivery	Extend the existing janitorial contracts to include corporate buildings that are not under contract.	<ul style="list-style-type: none"> • At this time, the City has adopted a mixed model of building maintenance between parks and non-parks buildings. As well, some buildings have third party cleaning contracts and others are internally sourced. • Outsourcing is expected to improve service levels, reduce long-term costs and with reduced administrative burden, which can allow for more focus on high priority items. • Outsourcing also supports local businesses to grow. 	<ul style="list-style-type: none"> • Employee relationships and terms of the union contract may limit the ability to include these buildings. However, moving existing staff to other openings could soften this issue. • Timing: 1 – 2 years.
4.	Facility Management	Facilities and Parks	Service Rationalization/ Improvements and	Facilities should be responsible for the management of the	<ul style="list-style-type: none"> • Currently, there is a split in the management of facilities as Parks manages their own facilities. This 	<ul style="list-style-type: none"> • Limited risks outside of change management.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
			Integration of Services	building envelope for all buildings owned by Orillia.	<p>recommendation will continue to see Parks manage the day-to-day maintenance of the building, but facilities would manage the envelope and major repairs.</p> <ul style="list-style-type: none"> • This allows for greater consistency and leverages or concentrates greater expertise into one department. 	<ul style="list-style-type: none"> • Timing: 1 year.
5.	Greenhouse Operations	Parks	Alternative Service Delivery	Consider strategic outsourcing of all or a portion of operations.	<ul style="list-style-type: none"> • Managing greenhouse operations is not a core function of the City. • Outsourcing has in other municipalities improved service levels, reduced long-term costs (both operating and capital) and reduced the administrative burden to allow for a greater focus on high priority items. • A formal negotiated RFP process could provide formal conclusion on the cost savings potential for an outsourcing arrangement. • When further significant capital investment needs to be made into the greenhouse operations, 	<ul style="list-style-type: none"> • Employee relationships and terms of the union contract may limit the ability to outsource if the employees could not be deployed to other services. • Timing – It would take 1 year to develop and execute an RFP and contract.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					the capital avoidance cost needs to be factored into the overall cost evaluation.	
6.	Greenhouse Operations	Parks	Monetization	Consider selling excess capacity post-consolidation of greenhouse operations.	<ul style="list-style-type: none"> • If the City decides outsourcing is not the preferred route, this recommendation may be considered. • Orillia has consolidated its greenhouse operations, and this should be continued/ maintained. • At this time, the City has additional greenhouse capacity which is being operated and maintained. • The City can consider selling off capacity or product to other municipalities, preferably through an outsourcing model of operations. 	<ul style="list-style-type: none"> • Limited risks or challenges outside of generating demand for the service. • Timing: 1 year.
7.	Asset Management		Modernization/ Investments	Increased spend on capital assets in the City.	<ul style="list-style-type: none"> • The City of Orillia operates in a low debt, low-interest environment. • To maintain this situation and to 	<ul style="list-style-type: none"> • Under-investing in assets leads to significant risks. • Completing the

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					<p>avoid large, sudden capital expenditures, the City should continue to invest in upfront costs like maintenance and infrastructure strengthening.</p> <ul style="list-style-type: none"> • Expeditious completion of the asset management plan will allow the City to finalize and implement a reserve development strategy sooner. 	<p>asset management plan, building the City's organizational capacity to meet project demands and building the financial strength of the organization is a multi-year project.</p>
8.	Recreation	Parks, Recreation and Culture	Service Rationalization/ Improvements and Integration of Services	Optimize recreation programming.	<ul style="list-style-type: none"> • The City of Orillia has one of the highest per capita spend on recreation programs. • In 2018, the average per capita cost for recreation programming in municipalities in Ontario was \$21 while for Orillia it is \$32. • The City should rationalize the program portfolio based on community feedback and participation trends and utilize the new recreation centre as a platform to curve cost increases. 	<ul style="list-style-type: none"> • Resistance from some residents of the City due to service level reductions.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
9.	Human Resources	Human Resources	Modernization/ Investments	Prepare a workforce strategy for City Staff.	<ul style="list-style-type: none"> • Retirements are looming in most of the City's departments. • Prepare a workforce strategy that considers retirement schedules with knowledge transition, work-based staffing needs and the findings of the compensation study underway at the City. • Currently, Human Resources has several activities including the Youth Program and IT. The core function of HR should remain a high priority for the municipality over the near to long-term. 	<ul style="list-style-type: none"> • Limited for the study, but the ramifications are significant. • Timing – the strategy should be completed within 1 year, though execution will be done over multiple years.
10.	Protection Services	Fire	Alternative Service Delivery	Outsource both the 911 dispatch services and Fire dispatch services.	<ul style="list-style-type: none"> • Though the OPP can provide lower-cost 911 services, the pure cost savings to Orillia will be limited if a Fire dispatch provider cannot be secured. It is noted that there is the potential for capital cost avoidance (next gen compliant equipment) that should also be factored into the analysis once there is a clear 	<ul style="list-style-type: none"> • Orillia provides dispatch services for other municipalities. • Those contracts will need to be revisited and appropriate consultations done before a decision is

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					<p>understanding of the requirements.</p> <ul style="list-style-type: none"> • A formal process can be undertaken to assess the ability and cost to outsource. 	made.
11.	Water and Wastewater Management	Environmental Services and Operations	Monetization	The City should look to employing a utility model or a joint venture model with a provider, which can then allow the City to become an outsourced provider for other neighbouring municipalities.	<ul style="list-style-type: none"> • The rationale of this service includes information provided in Section 4.1. • Additionally, the City of Orillia's utilization of water and wastewater infrastructure is pegged at about 60% (at normal conditions). • This recommendation will help the City to have better cost recovery and build reserves for replacements and maintenance. • The City can reduce its capital and operating risk under this model. 	<ul style="list-style-type: none"> • This is a complex process and will take several years to accomplish. Dedicated internal resources are needed and these are limited.
12.	Lease Management, sale of non-core building	Facilities and Special Projects	Service Rationalization	Sell 3 rd party leased building as this is not a core function of the City.	<ul style="list-style-type: none"> • Not strategically aligned or a core competency. • Has financial risks attached to it for asset costs. 	<ul style="list-style-type: none"> • Annual revenue decrease, however, a one-time increase in

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
						funding to support reserves.
13.	Partnership Approach	CAO Office	Monetization	Look for opportunities to partner to gain scale in service areas with neighbouring municipalities.	<ul style="list-style-type: none"> The City of Orillia has some scale for certain services in comparison to its neighbours. The ability to add more scale can create incremental savings/benefit to Orillia. The City needs to ensure that pricing is beneficial to Orillia's taxpayers. 	<ul style="list-style-type: none"> Selling such services and managing associated contractual and quality risks do take time to obtain and with limited capacity and other priorities, there is a risk that these partnerships are not well managed.
14.	Parking	Development Services and Engineering	Monetization, alternative service delivery	Increase revenue generation from parking facilities.	<ul style="list-style-type: none"> The net operating margin on parking has been consistent from an operational point of view, however, the capital investment in parking is significant including the amount of real estate utilized. The increase in parking fees can 	<ul style="list-style-type: none"> Resistance from City residents as parking is a "hot-button" issue, as was demonstrated with written comments during the public

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					<p>be moderated by innovative parking formats and by monetizing the space through advertising and mini retail.</p> <ul style="list-style-type: none"> • Parking is not a core function for the City, as such the City of Orillia could look to sell off Parking lots and or parking concessions to private interests in order to generate upfront capital and a property tax levy income stream. This would also diminish future capital costs and allow for staff to be re-directed. • Overall this is a file that is split between two departments and an overall strategy for parking should be developed that is representative of the investment level made. • MNP understands that the City of Orillia has a parking study currently underway, and as such these comments should be considered in light of the study. 	<p>engagement process.</p> <ul style="list-style-type: none"> • Timing – The completion of the study and development of a strategy is likely a one-year process. If assets are to be monetized this would be an additional year to complete.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
15.	Parks and Various	Various	Monetization	Identify and monetize opportunities of advertising and sponsorships- such as indoor advertising, transit, waste trucks pools, pavement refreshment projects, fleet and vehicles etc.	<ul style="list-style-type: none"> The City inside its Parks group uses a third party to generate advertising revenue, however, this is limited in scope and additional city resources or opportunities need to be included. This could be a service that can be partnered with another municipality. 	<ul style="list-style-type: none"> This is not a core function of the City and given the administrative burden can be difficult to manage. To address this risk, the City could center this function within a department and pursue bundled contract routes.
16.	Grass Cutting	Environmental Services and Operations Parks, Recreation and Culture	Service Rationalization	Consolidate grass cutting function.	<ul style="list-style-type: none"> Currently, grass cutting is split between Parks and Operations. The grass cutters in Operations are paid at a higher level though the service is the same. Consolidate and re-allocate Operations workers to higher-value work. 	<ul style="list-style-type: none"> Employee relations and union contracts need to be reviewed for any limitations. Timing – 1 year.
17.	Grass Cutting	Environmental Services and	Service Rationalization	Naturalize more green areas to reduce	<ul style="list-style-type: none"> Look to target areas that can be naturalized to reduce service 	<ul style="list-style-type: none"> Resistance from some residents

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
		Operations Parks, Recreation and Culture		operational costs of grass cutting.	costs.	regarding the changing look of certain areas. <ul style="list-style-type: none"> • Timing – 1 year.
18.	Various	IT	Modernization/ Investments	Prepare an overarching IT strategy and roadmap for increasing technology enablement of the City, internal and external facing.	<ul style="list-style-type: none"> • As observed and captured in service profiles (provided in the appendices), a lot of functions in the City are manual. This includes internal processes automation and self-service functions for the residents. • Increased technology will improve efficiency and convenience, enable more informed decision making, develop a knowledge base and databases and reduce the overall administrative burden. • Some known initiatives could include the replacement of an ERP system, time and attendance, agenda management, e-procurement, etc. 	<ul style="list-style-type: none"> • Preparing the strategy should be the priority and this should be accomplished within one year. • The execution of the strategy will likely be a multi-year project. • A key challenge will be to fund the incremental cost demands from this strategy.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
19.	Finance	Treasury	Service Rationalization	Rationalize chart of accounts (CoA).	<ul style="list-style-type: none"> • Decrease total account usage, by eliminating accounts with less than \$10,000 of activity. • This will help reduce the cost of accounting and account misapplication. 	<ul style="list-style-type: none"> • Limited risks or challenges, can be accomplished within a year.
20.	Finance	Treasury	Service Rationalization	Consolidate the various reserves in the City.	<ul style="list-style-type: none"> • Currently, there are numerous reserves and a high level of inter-reserve borrowing. • This will reduce the cost of administration and increase flexibility. 	<ul style="list-style-type: none"> • Limited risks or challenges except for users resisting the change of fewer reserves.
21.	Finance	Treasury	Service Rationalization	Consolidate collections operations of the City for various services including taxes.	<ul style="list-style-type: none"> • Though there is a physical factor (collections on main floor), the City should consider consolidation of operations under one supervisor. • It is a more efficient approach from a time and cost perspective for both collections and billing under one supervisor. 	<ul style="list-style-type: none"> • There would be some initial operational challenges, but these should be limited.
22.	Service Locates	Environmental Services and	Service Integration	Consolidate service locates from two groups to one, while	<ul style="list-style-type: none"> • ES&O should evaluate the potential to have service locates 	<ul style="list-style-type: none"> • Limited risks as this is just an internal re-

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
		Operations		exploring option to outsource or insource.	<p>completed by one division with a combined team to reduce multiple trips to the same location.</p> <ul style="list-style-type: none"> Orillia can continue to explore the possibility to outsource some or all its locate services, however, MNP notes that there are likely limited options for this. 	<p>organization.</p> <ul style="list-style-type: none"> If an outsource model can be obtained to support during peak times, the staff can be redeployed to their other responsibilities.
23.	Payroll	Human Resources	Service Rationalization	Consolidate payrolls to a more manageable number.	<ul style="list-style-type: none"> Currently, six payrolls are being processed by the City. There are significant costs and risks with the number of payrolls being undertaken. City should reduce the number of payrolls to free up resources and reduce costs and risks. 	<ul style="list-style-type: none"> Pushback from employees on the change in pay dates, though this should be limited.
24.	Training Programs	Human Resources	Modernization/ Investments	Modernize and streamline trainings for the City Staff.	<ul style="list-style-type: none"> Currently, the City provides trainings in a live format. This can be expensive and increase the administrative burden. The City should consider the use 	<ul style="list-style-type: none"> Limited risks. This can mean upfront costs for the City, the extent of which will be known as part of

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					<p>of training videos for standard training practices so that some of the onboarding can be done with minimal cost.</p> <ul style="list-style-type: none"> The City's technology roadmap can include initiatives for modernizing the trainings. 	<p>the technology roadmap exercise based on the City's business and training requirements.</p>
25.	Procurement	CAO Office	Service Rationalization	Increase strategic centralization/ consolidation of procurement operation.	<ul style="list-style-type: none"> Currently, procurement and legal are both challenges for the City of Orillia. Procurement is done by multiple departments which can increase internal legal risks, costs and workload. These are significant risks for a municipality and procurement has been an area of increased litigation for municipalities. Generally, a best practice is for centralized procurement, however, due to limited resources and limited scale to consolidate procurement, have procurement undertake the following over-arching additional 	<ul style="list-style-type: none"> High Risk due to procurement. Initial training required for service areas due to the change in approach and learning how to utilize rostering, however this can be overcome with education. The continued underinvestment in Procurement can create inherent business risks for Orillia.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					<p>internal legal activities:</p> <ul style="list-style-type: none"> ○ Look to roster engineering and other high spend or high frequency item; ○ Undertake data analytics on P-card spend and look to consolidate frequent spends into a corporate procurement; ○ Same as above but review procurements under \$10,000. 	<ul style="list-style-type: none"> ● Timing – 1 year for rostering.
26.	Real Estate	Economic Development	Service Rationalization	Centralize the oversight and management of the Real Estate portfolio and function.	<ul style="list-style-type: none"> ● Another challenge for the City of Orillia is real estate; ● Centralizing the management and oversight of the portfolio into a department with better aligned skills and functions would provide better base that staff could leverage to produce consistent administration and eliminate revenue leakage. ● The real estate portfolio in most municipalities has a transactional element to the function (acquiring real estate or rights for 	<ul style="list-style-type: none"> ● The real estate team is small and the role would need to be integrated into another department with clear lines of responsibility to each inter-dependent department. As such there will be transition risk.

S. No.	Service Category/ Type	Department	Recommendation Type	Recommendation	Rationale	Risk and/or Challenge(s), Timing
					<p>public projects or selling surplus real estate) as well as a portfolio management aspect related to the ongoing management of various leases and licences both of these functions require unique skills and dedicated oversight.</p> <ul style="list-style-type: none"> • Ensuring this function is better aligned or integrated with contract management, facilities and capital projects will reduce risk (operational, legal, human resource) and increase opportunities for efficiencies. 	<p>Timing – 1 year.</p>



What makes Orillia unique?

Fact #5

Orillia is the hometown of three famous Canadian artists – Gordon Lightfoot, Stephen Leacock and Franklin Carmichael.



5. APPENDICES

5.1 Service Profiles

Approach and Methodology

A key component of the core service review process was the development of service profiles for selected, high-impact services offered by the City. Service profiles provide the City with a high-level inventory of its primary services, and more importantly, provide a documented baseline of each service's performance that can be used as a benchmark for future evaluation.

Service profiles were selected and developed through a collaborative process with the City, with information sourced through staff interviews, document reviews, and direct input from City Staff.

Service profiles have been categorized by department and provide a standardized description, key observations, and an outline of existing and/or recommended key performance indicators (KPIs) for each selected service.

The observations and findings of these service profiles informed the recommendations outlined in this report.

The following page outlines how service profiles have been structured and how to read and understand them.

Below is a complete list of service profiles developed:

Department	Service Profile(s)
Parks, Recreation and Culture	<ul style="list-style-type: none"> • Parks and Facilities; • Recreation Services; and, • Culture.
Environmental Services and Operations	<ul style="list-style-type: none"> • Water; • Wastewater; • Waste Management; and, • Source Protection and Operations (includes stormwater).
Development Services and Engineering	<ul style="list-style-type: none"> • Planning and Inspections; and, • Engineering and Transportation.
Facilities and Special Projects	<ul style="list-style-type: none"> • Facilities.
Human Resources	<ul style="list-style-type: none"> • Human Resources; and, • Information Technology.
Economic Development	<ul style="list-style-type: none"> • Economic Development; and, • Real Estate.
Fire	<ul style="list-style-type: none"> • Fire.
Treasury	<ul style="list-style-type: none"> • Finance.

How to Read the Service Profiles

1. Service Categorization

Identifies the department, service, type of service (internal vs. external), and service classification.

Service classification can be one of three options:

- i. Mandated/Required: mandated by the Province;
- ii. Traditional: provided by all municipalities;
- iii. Discretionary/Strategic: unique to the municipality, not a standard service.

2. Financial and Organizational Information

Documents the service's three-year financial information based on Financial Information Return (FIR) data. In future years FTE data should be added to the profiles, but this was not available during this review.

3. Service Description

Describes the scope and scale of the service.

4. Key Performance Indicators (KPIs)

Lists the service's existing and/or recommended KPIs. Existing KPIs include data for the last three years.

The screenshot shows the ORILLIA Service Profile form. It includes sections for Department, Service Type, Classification, Financial Information (Total Revenue, Expenses, Fees/Charges, Levy Support, Capital at cost, FTE), Description of Service, Service Notes, KPIs, and Key Observations. Red circles with numbers 1 through 6 point to specific areas: 1 points to the Department/Service Type/Classification section; 2 points to the Financial Information section; 3 points to the Description of Service section; 4 points to the KPIs section; 5 points to the Service Notes section; and 6 points to the Key Observations section.


5. Service Notes

Describes the sub-services and/or activities contained within the Service, providing additional detail to the scope and scale of the service.


6. Key Observations

Lists performance optimization considerations identified through the service profile process.

Parks and Facilities

		Service Profile Parks and Facilities																																							
Department	Parks, Recreation and Culture																																								
Service	Parks and Facilities																																								
Type	External																																								
Classification	Traditional																																								
	2018	2017	2016																																						
Total Revenue	\$ 2,398,588	\$ 2,295,311	\$ 2,323,864																																						
Expenses	\$ 5,313,040	\$ 5,023,989	\$ 5,046,143																																						
Net Cost	\$ 2,914,452	\$ 2,728,678	\$ 2,722,279																																						
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Recreation Services

		<h3>Service Profile</h3> <p>Recreation Services</p>		
Department	Parks, Recreation and Culture			
Service	Recreation Services			
Type	External			
Classification	Traditional			
	2018	2017	2016	
Total Revenue	\$ 698,911	\$ 662,187	\$ 633,135	
Expenses	\$ 1,427,889	\$ 1,326,074	\$ 1,208,117	
Net Cost	\$728,978	\$663,887	\$574,982	


Description of Service				
Provides recreation services related to policy and permitting, aquatics and fitness, sport programs, recreation programs and does seek sponsorship revenue.				

KPIs				
	2018	2017	2016	
Participants (Registered and drop ins)	21,669	16,963	12,428	
Cost per participant	\$ 34	\$ 21	\$ 18	


Service Notes	
Facility bookings done in person/via telephone; Program bookings can be completed online; \$53.69M rec centre is under construction.	
Programs and enrollment expanding for new Rec. centre	

Key Observations
1) There is potential for increased digitization for online booking and payment.
2) In 2018 the net cost per capita for recreation programming was \$32 per the BMA study (which has different methodology than what is presented above), this is in comparison to a Provincial average of \$21 and median of \$17.

Culture

 Service Profile Culture																	
Department	Parks, Recreation and Culture																
Service	Culture																
Type	External																
Classification	Traditional																
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Water

		<p>Service Profile Water and Waste Management</p>		
Department	Environmental Services and Operations			
Service	Water System			
Type	External			
Classification	Mandated/Required			
	2018	2017	2016	
Total Expenses	\$ 3,520,930	\$ 3,380,980	\$ 3,291,659	
Revenue	\$ 6,576,675	5,990,578	5,915,786	
Surplus	\$ 3,055,745	\$ 2,609,598	\$ 2,624,127	

Description of Service				
Water is a mandated service which is provided by the City of Orillia. It includes water treatment, distribution and supply, compliance, metering and backflow as well as project engineering.				

Service Notes				
Water is a highly regulated legislative service. The service is subject to a water and waste water master plan. The plant is at approximately 60% capacity. This is not unusual.				

KPIs	2018	2017	2016	
Residential cost 200 cubic meters (BMA)	NA	\$ 390	\$ 793	
Provincial Average (BMA)	NA	\$ 525	\$ 1,028	
Annual Compliance scores	96.35%	100%	100%	

Consider cost per litre KPIs for future

Key Observations
<ul style="list-style-type: none"> - In the last three years, the recovery on expenses has been positive and increasing. - Estimated average remaining age of infrastructure is 43 years. Given the capital intensive nature of these replacements, the city should actively build reserves towards infrastructure replacement over time and in times of emergency, especially for equipments and annual maintenance. - The capacity utilization for wastewater is at 60%. At this time, City gets sporadic requests from neighbouring townships to provide services to them. City may consider long term standing agreements to maintain constant high levels of utilization. - Some internal pain points of the division include limited staff for procurements, not enough project managers for undertaking internal projects, limited ability to track KPIs.. - Locate service is a major time consuming activity

Wastewater



Service Profile
Water and Waste Management

Department Environmental Services and Operations
Service Wastewater
Type External
Classification Mandated/Required

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Expenses	\$ 2,672,744	\$ 2,562,884	\$ 2,448,202
Revenue	\$ 8,127,734	\$ 7,498,629	\$ 7,414,515
Surplus	\$ 5,554,990	\$ 4,935,745	\$ 4,966,313

Description of Service
 Wastewater is a mandated service that includes wastewater treatment, sanitary pumping stations, collection, compliance as well as project engineering.

KPIs	2018	2017	2016
Residential cost 200 cubic meters (BMA)	NA	\$ 390	\$ 793
Provincial Average (BMA)	NA	\$ 525	\$ 1,028
Costs above are for water and wastewater			

Service Notes
 Wastewater is a highly regulated legislative service. The service is subject to a water and waste water master plan.

Key Observations
 Recovery of Costs is strong.
 Similar to Water, utilization is at approximately 60% of capacity, the linear infrastrucutre is aged and reserves are required.
 There have no major by-passes or spills.
 Currently there is a split in oversight of operations with water, distribution and wastewater.



Service Profile
Source Protection and Operations

Department Environmental Services and Operations
Service Source Protection and Operations
Type External
Classification Mandated/Required

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Expenditures	\$ 6,988,221	\$ 7,131,930	\$ 6,292,020
Revenue	\$ 75,416	\$ 64,327	\$ 65,100

(Note the above does not include stormwater charges or grants from upper levels of government.)

Description of Service
Source Protection and Operations is the division responsible for source water protection, stormwater, roads and fleet.

KPIs	2018	2017	2017
Winter Control cost per km (BMA study)	NA	\$ 5,233	\$ 4,106
Provincial Average (BMA study)	NA	\$ 3,326	\$ 3,030
Cost per Lane (BMA)	NA	\$ 1,119	\$ 1,476
Prov. Avg. (BMA)	NA	\$ 4,990	\$ 5,207

Some future KPI considerations includes winter control KPIs, ditching KPIs, vehicle incident reporting, cost per vehicle hour.

Service Notes
Roads undertakes maintenance, signage, winter control functions and facility assets. Fleet services undertakes maintenance and asset management responsibilities. Source protection and stormwater management are provincial responsibilities.

Key Observations
Grass cutting consolidation should be considered
892 Road complaints were received in 2018 (further tracking can be developed)

Solid Waste



Service Profile

Source Protection and Operations

Department Environmental Services and Operations
Service Solid Waste
Type External
Classification Mandated/Required

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Expenditures	\$ 2,306,112	\$ 2,103,757	\$ 2,007,480
Revenue	\$ 926,803	\$ 875,324	\$ 856,902

Description of Service

Solid waste system is a mandated service by the Province. The service includes waste collection, diversion, landfilling and compliance. Solid waste collection is a contracted service.

Service Notes

Revenues are generated from landfilling fees, provincial funding and tag sales. The service will undergo a significant change with extended producer responsibility.

KPIs	2018	2017	2016
Waste Diversion cost per capita (BMA)	NA	\$ 35	\$ 36
Provincial Average	NA	\$ 20	\$ 24
Waste disposal (BMA)	NA	\$ 19	\$ 11
Prov. Avg. (BMA)	NA	\$ 19	\$ 6

Key Observations

Estimated life of the landfill is 46 years.
 Cost recovery is slightly above 40% for the program.
 Waste diversion costs are higher than the Provincial average.

Planning and Inspections



Service Profile
Planning and Inspections

Department Development Services and Engineering
Service Planning and Inspections
Type Internal
Classification Mandated/Required

	2018	2017	2016
Total Revenue	\$ 1,177,404	\$ 928,527	\$ 1,087,293
Expenses	\$ 1,220,291	\$ 1,212,608	\$ 1,351,911
Net Cost	\$ 42,887	\$ 284,081	\$ 264,618

Description of Service
 Planning and Inspections division under the DS&E Department is responsible for city planning functions, enforcement of building code act which includes inspections and enforcement of property standards by-law. The division works closely with the Fire Department and Legislative Services for property inspections.

KPIs	2018	2017	2016
Total Permits Issued	696	657	620
Total Inspections Done	3,432	2,987	2,279
Total Construction Value	\$ 124,437,409	83,595,174	167,309,524
Total Permit Revenue	\$ 928,322	\$ 679,978	\$ 821,718

Service Notes

- The service level requirements set out in building code are difficult to meet.
- Fire Department uses tablets for inspection approvals. However, the process with planning and inspections department is manual- from intake to issuance.
- Division is evaluating options to tech enable the processes.
- Planning does manual intake and processing of applications.
- Division is looking for new digital solutions.

Key Observations

- Digitization of functions and files should be reviewed to improve efficiency and to better link fire service reporting with the department.
- Number of inspections have been consistently increasing since 2014.
- Both planning and inspection teams have people close to retirements and lot of vacations- significant staff risk.

Engineering and Transportation



Service Profile Engineering and Transportation

Department Development Services and Engineering
Service Transit
Type External
Classification Mandated/Required

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Revenue	\$ 1,484,688	\$ 1,355,382	\$ 1,326,422
Expenses	\$ 2,986,315	\$ 2,373,553	\$ 2,125,566
Net Cost	\$ 1,501,627	\$ 1,018,171	\$ 799,144

Description of Service

As part of the overall division, the City's transit system is administered. The transit system is provided by a 3rd party contractor and the contract is managed by the City.

Service Notes


The Transportation team is responsible for the transit network in the city which includes fleet control, schedule & fare management, adverts etc.

KPIs	2018	2017	2016
Ridership	835,148	829,500	827,239
Subsidy per Rider	\$ 1.80	\$ 1.23	\$ 0.97

Key Observations

- 1) Costs are increasing at a rate higher than the fee recovery, leading to increasing taxpayer subsidy.
- 2) Advertising and contract revenue has decreased to a low of \$43,000 in 2018 from \$77,914 in 2016. Sponsorship should be an integrated strategy.
- 3) There has been service expansion during the time period above, however revenue increases are more modest.

Facilities

		<p>Service Profile Facilities</p>		
Department	Facilities and Special Projects			
Service	Facilities			
Type	External			
Classification	Discretionary/Strategic			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	
Total Revenue	\$ 1,914,320	\$ 1,924,439	\$ 1,870,296	
Expenses	\$ 2,085,734	\$ 2,279,010	\$ 1,999,690	
Levy Support	\$ 171,414	\$ 354,571	\$ 129,394	

Description of Service				
Facilities and Special Projects department is responsible for major construction/ repair works that are undertaken in the City. It is also responsible for managing City facilities including the public library.				

KPIs				
	2018	2017	2016	
Cost per Sq. Ft to maintain	To be developed in the future			
Internal annual BCI				

Service Notes	
Apart from undertaking special projects (aka major construction/ renovation projects), the department is responsible for: <ul style="list-style-type: none"> - Facilities. The department maintains, buildings for departments and 3rd party tenants - Orillia Public Library - Public works facilities and utility building - Green Building Initiatives 	

Key Observations
<ul style="list-style-type: none"> - Currently facility responsibility is split between this group and the Parks Recreation and Culture group. The splitting of responsibilities should be reviewed. The recommendation is that Facilities would manage the building envelopes for Parks, Recreation and Culture. - The City Administration building is a unique converted building which leads to higher costs in comparison to purpose built office space. - Work order system is manual (based on excel). The department does not have a facilities management system/ software - Facilities staff have undertaken internal building condition assessments on their properties and have developed maintenance plans for the buildings. This should be integrated into the City's Asset Management Plan which is in progress and will guide the budget and focus of the facilities team



Service Profile

Department Human Resources
Service Human Resources
Type Internal
Classification Traditional

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Revenue	NA	NA	NA
Expenses	\$ 594,788	\$ 525,400	\$ 524,088
Total Positions	393.25	388.25	379.25

Total Positions for the corporation (includes full-time, part-time and seasonal)

Description of Service
 Human Resources is an internal service department in the City of Orillia which is responsible for overall organizational development through the hire to retire lifecycle of employees. This includes hiring, training, annual appraisals, payroll and benefits management. At this time, responsibility for IT function and the Youth Centre has also been subsumed in the HR Department.

KPIs	2018	2017	2016
Number of Positions filled	140	147	121
Weeks to Fill	7.67	7.42	8.45
Cost per Position	\$ 1,512	\$ 1,353	\$ 1,382

Service Notes
 The City currently runs 14 payrolls a month, which is a significant number of payrolls for the total of the City and payroll group.


Time and attendance is a manual process currently. This creates a significant amount of manual processing that is lengthy in nature.

Key Observations

The "war for talent" was noted as a challenge for the organization. The need to retain and attract talent is significant for Orillia and the need will increase as the number of retirements increase. The key focus for the HR department at this time should be the development of a fulsome talent strategy that encompasses succession planning and becoming more competitive in the talent area.

The department requires increased digitization use in areas of time and attendance (to eliminate manual time sheets) and use of on-line training tools. Consideration should be given to reduce the number of payrolls being executed this will require some payrolls to be migrated to different timing.

Economic Development



Service Profile

Department	Economic Development		
Service	Economic Development		
Type	Internal		
Classification	Discretionary/Strategic		

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Revenue	\$ 65	\$ 7,508	\$ 25,759
Expenses	\$ 680,818	\$ 700,824	\$ 566,017
Net Costs	\$ 680,753	\$ 693,316	\$ 540,258

Description of Service

Economic Development is a strategic function which most cities and municipalities rely on for city's development and economic growth. In Orillia, the economic development department is responsible for:

- Real estate and commercial development
- Smarter City initiative
- Going to market and promotional activities for the City to the investor communities
- Business Attraction, Retention and Expansion
- Development of tourism as a sector.

Service Notes

The department is under a specific operating plan, which the director reports against.

KPIs

2018 2017 2016


Note - Economic Development is working of a task plan as such no KPIs tracked.

Key Observations

1) The Department has only two staff working in Economic Development, with one staff mostly working on real estate activities.

2) To some extent traditional economic development relies on availability of land, this is somewhat limited in Orillia. The department is however working on significant projects (waterfront etc.)

Finance



Service Profile

Department	Treasury		
Service	Finance		
Type	Internal		
Classification	Mandated/Required		

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Expenses	\$ 1,308,795	\$ 1,293,414	\$ 1,284,281


Description of Service
The treasury department maintains the financial records, develops the financial strategy, undertakes budget functions, revenue collection, accounts payable functions, supports procurement activities, performs treasury functions on behalf of the City.

KPIs	2018	2017	2016
Cost as a % of Budget	2.3%	2.4%	2.4%
Clean audit opinion	Yes	Yes	Yes
On time budget	Yes	Yes	Yes

Service Notes
The department cannot provide centralized Procurement and risk management function is shared by one staff member
ERP system is stable but is dated.
The City does not have commentment control or an integrated procure to pay system.

Key Observations
<ol style="list-style-type: none"> 1) The finance team has stable costs 2) The department's growth plan will need to include an increased focus on procurment. 3) ERP system is a stable and supported system, however it is not integrated into a procurement system currently, this should be reviewed in the future.

Fire

		<h3>Service Profile</h3> <p>Fire Department</p>		
Department	Fire Department			
Service	Fire Department			
Type	External			
Classification	Mandated/Required			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	
Total Revenue	\$ 235,239	\$ 231,531	\$ 221,498	
Expenses	\$ 7,155,256	\$ 6,671,662	\$ 6,551,351	
Net Cost	\$ 6,920,017	\$ 6,440,131	\$ 6,329,853	

Description of Service			
Fire services are mandatory services to be provided by all Cities. Orillia Fire Department (OFD) provides this service through two fire stations with a third one under discussion. Apart from emergency services, fire department also provides services related to building permits/ licenses.			

KPIs			
	2018	2017	2016
Net Cost per Capita	\$ 222.31	\$ 206.89	\$ 203.35
See commentary on service consider formally adopting other benchmarks including response times and MBNA KPIs.			

Service Notes	
- Fire departments have high cost structure and require significant capital investment - The largest volume of calls addressed by the OFD are medical (~65% in 2018) - Currently the OFD operates with a four person crew in each fire station on a twenty four hour basis supported by volunteer fire fighters - OFD insources additional dispatch services to maximize use of fixed cost component for comms but would require an additional operator for increased work.	

Key Observations
<p>Orillia's cost both from a per capita basis (based on the BMA study) and based upon the vehicle hours is high.</p> <ul style="list-style-type: none"> - Vehicle hours per capita for Orillia was 0.42. The 2017 MBNA median average was 0.65 (however internal comparisons should be used going forward) - The cost per vehicle hour was \$580, the 2017 MBNA average was \$318 (however internal comparisons should be used going forward) <p>Based on a number of factors (first on scene, average response times), Orillia has strong compliance to expected SLAs</p> <ul style="list-style-type: none"> - Response times in 2017 was 4 mins 36 seconds (based on medical response time information provided by OFD). This response time is based on an average "turnout time" of 1 minute and 8 seconds and a "drive time" of 3 minutes and 28 seconds. <p>The OFD has moved to electronic file system for their building inspections and have a improved coordination with the City departments.</p>

5.2 Stakeholder Engagement

MNP conducted a series of stakeholder engagement activities to gather feedback on the current state and to collect input on future state preferences.

Information on the stakeholder engagement activities is provided below:

One-on-one Interviews – MNP conducted interviews with various members of Council, the Senior Management Team, and selected employees as part of the discovery phase. MNP met with a total of 45 individuals.

Council and Senior Management Workshop – MNP conducted two separate workshops (July 31st-August 1st and October 25th, 2019) to brainstorm and validate ideas with Council and the Senior Management Team.

Staff Focus Groups – MNP conducted nine staff sessions encompassing all available staff from each department and received high levels of participation. Senior management, who participated in the two-day working session, did not participate in these staff focus group sessions, however, they did introduce the project and MNP to staff, and encouraged participation.

Public Focus Groups – Several focus groups were undertaken where the participants were invited to attend. The focus group participants were selected based upon unique insights and perspectives in various areas including social services, education, business, seniors, recreation and culture. Participants brought a wide range of backgrounds including representatives from the OPP, the school board, both post-secondary institutions, not-for-profits, the Chamber of Commerce, the hospital and Health Unit and a former Member of Parliament.

Public Open House Presentation – We hosted an open public session for members of the public to attend and provide feedback.

Online Survey and Vision Boards – An online survey was undertaken that received 437 responses, 379 were completed, while 58 were partially completed. Additionally, there was public input received on two “Your Orillia” vision boards.

Help define Your Orillia at an open house on Oct. 8

Posted Wednesday, 02 October, 2019



Strategic Plan and Core Service and Organizational Review consultation period currently underway

For immediate release (Oct. 2, 2019) – Members of the public are invited to have their say on the future priorities of the City of Orillia at a meeting on Oct. 8 at the Orillia City Centre.

As part of the Strategic Plan and Core Service and Organizational Review project currently underway, the City,...

[Read More...](#)

City of Orillia: Online Survey

YOUR ORILLIA **SHAPE. INSPIRE. BE HEARD.**

The City of Orillia is looking for you to help shape the City's priorities and services by providing invaluable input into the strategic plan, core service review and organizational review that is currently underway! The City, along with consultants from MNP LLP are looking to solicit inputs from residents, local businesses and visitors to gain an understanding of what matters to you and where you want to see the City of Orillia today and into the future.

This initiative involves two key components: 1) the Strategic Plan, which will assist Council with clearly defining its goals and objectives, while providing a clear direction to City staff for the remainder of this term of Council and beyond and 2) the Core Service and Organizational Review, which will assess the City's current services and service delivery models to evaluate opportunities for streamlining operations and enhancing citizen experiences.

For more information on this project, visit www.ci.orillia.on.ca/YourOrillia and be sure to follow the City of Orillia on [Facebook](#) and [Twitter](#) for updates and further engagement opportunities.

Please include your contact information at the end of the survey if you would like to be included in the draw for a \$100 gift certificate to the Orillia Opera House.

CITY OF ORILLIA

50
ANDREW STREET SOUTH

| End of report |