

Cavan Monaghan

Modified Service Delivery Review Preliminary Report

N. G. Bellchamber & Associates
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The Assignment

Examine Township Services as follows:

- ▶ *Do we need to continue to provide this business/service?*
- ▶ *What do citizens expect of the service and what outcome does Council want for this service?*
- ▶ *Interview Council and Senior Management.*
- ▶ *How does current performance compare to expected performance?*
- ▶ *Do the activities logically lead to the expected outcomes?*
- ▶ *How is demand for the services being managed?*
- ▶ *Who delivers the services within the organization and is it sufficient?*
- ▶ *Review the organizational complement?*
- ▶ *Review budget material knowing that there could be a significant reduction in revenue? Operational dependency should be reviewed.*
- ▶ *How does the Township move forward?*
- ▶ *Documentation review.*

Step 1: Document Review

- Ten Years of Financial Information Returns
- 2102 and 2013 Budgets
- Roads Needs Study
- Strategic Plan
- Development Charges Study
- C N Watson Revenue Report
- Water and Wastewater Plan
- Township Website Contents
- And much more.....

Step 2: Interviews plus

- Interviews with all members of Council
- Interviews with each Department Head
- Review of 2013 draft Budget with Treasurer
- Interviews with Chief Librarian and Board Chair
- Visits to major municipal facilities and tour of the municipality.

Preliminary Observations

- ▶ Gaming Revenue has kept C M taxes down
- ▶ Gaming Revenue is not secure indefinitely
- ▶ Spending Reductions alone could not make up for the loss
- ▶ Growth cannot make up for the loss
- ▶ Property Tax will need to rise to comparator levels
- ▶ Selected Services need to be examined further
- ▶ A long term Infrastructure Plan is essential

Preliminary Observations

- ▶ Gaming Revenue has kept C M taxes down
 - See accompanying handout
 - Comparable municipal tax levels are approx \$300/HH higher
 - C M is one of a kind in terms of Gaming \$ impact
- ▶ Gaming Revenue is not secure indefinitely

Preliminary Observations

- ▶ Spending Reductions alone could not make up for the loss
 - 2011 Fire, Police and Public Works operations alone(no capital) exceeded the total property tax revenue
 - Above this are general administration, and planning and development
 - Savings and service cuts alone will not suffice

Preliminary Observations

- ▶ Growth cannot make up for the loss
 - Assume 1000 homes were built
 - Assume Average CVA \$250,000
 - Total taxable assessment, \$250,000,000
 - @ current local purposes tax rate 0.5%
 - Total tax revenue would be \$1,250,000 per year
 - Gaming loss would exceed \$3,300,000 per year
 - And new assessment adds new costs too

Preliminary Observations

- ▶ Taxes will need to rise to comparator levels
 - ❖ For comparable geographic area and service levels, up to \$300 per year above 2012 levels, beyond inflationary and service level/standards increases

Preliminary Observations

- ▶ Selected Services need to be examined further
 - Gaming losses could equal to a \$540 per household tax impact after the increase of \$300 noted above.
 - Staff have aggressively begun the attack on this figure –\$600,000 has been identified– but more to be done, some not achievable until 2014 or 2015
 - Public Works , Parks and Recreation, Library and General Administration plus Fire should have further scrutiny and a multi year savings plan, and....

Preliminary Observations

- ▶ A long term Infrastructure Plan is essential
 - Reserves and capital funds are being spent without a comprehensive long term plan
 - The “name” of a reserve does not direct its application—it is the source of the funds that does
 - Gaming revenues are the primary source and they are insecure
 - But capital investment is required on a continuing basis

Proposal

- ▶ Proceed immediately with phase two of the Review
- ▶ Focus on broader sustainability considerations
- ▶ Don't expect savings/efficiencies to all be achieved in 2013
- ▶ Infrastructure Plan is essential
- ▶ Its outline should be ready before the 2013 Budget adoption
- ▶ Capital dollars must not be 100 % municipal dollars wherever possible!

Proposal

- ▶ Capital dollars must not be 100 % municipal dollars wherever possible!
- ▶ Work on sustainability should precede 2012 Budget approval
- ▶ Sustainability Plan incorporating Operating and Capital plans could be completed during February