Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
August 26, 2019
Disclaimer

This report is subject to the terms and conditions in our engagement letter dated January 31, 2019. This report is intended solely to assist The Town of Grand Falls Windsor ("the Town") with an Organizational and Operational Review. The comments and observations in our report are not intended, nor should they be interpreted, to be legal advice or legal opinion. This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated.

We had access to information up to June 7, 2019 in order to arrive at our observations but, should additional documentation or other information become available which impacts upon the observations reached in our report, we will reserve the right, if we consider it necessary, to amend our report accordingly. This report and the observations and recommendations expressed herein are valid only in the context of the whole report. Selected observations and recommendations should not be examined outside of the context of the report in its entirety.

Our observations and full report are confidential and are intended for the use of the Town. Our review was limited to, and our recommendations are based on, the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations and recommendations should be considered in the context of the procedures performed. In this capacity, we are not acting as external auditors nor value for money auditors and, accordingly, our work does not constitute an audit, examination, value for money, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the Town of Grand Falls Windsor. KPMG has not and will not perform management functions or make management decisions for the Town.

KPMG has no present or contemplated interest in the Town of Grand Falls-Windsor, nor are we an insider or associate of the Town. Accordingly, we believe we are independent of the Town of Grand Falls-Windsor and are acting objectively.

This report is not intended for general use, circulation or publication and any use of KPMG’s report for any purpose other than circulation within the Town without KPMG’s prior written permission in each specific instance is prohibited. KPMG assumes no responsibility or liability for any costs, damages, losses, liability or expenses incurred by anyone as a result of the circulation, reproduction or use of or reliance upon KPMG’s reports, contrary to this paragraph.
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Executive Summary

Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
Introduction

This report was prepared to present observations and recommendations to improve the performance and productivity of the Town of Grand Falls–Windsor (“Town” or “Grand Falls-Windsor”). The recommendations are based upon research, stakeholder consultation, organizational design exercises and the benchmarking of the Town against comparable municipalities. KPMG anticipates that this report will provide the necessary foundation to improve the overall effectiveness and efficiency of the Town’s current organizational structure and service delivery model as it faces the pressures of service level demands and infrastructure challenges.

Setting the Stage

Grand Falls-Windsor is located in Central Newfoundland, positioned on the edge of the Exploits River. With a population of just over 14,000 residents, Grand Falls-Windsor is the largest town in the central region of Newfoundland and Labrador, and serves as a service hub to many surrounding communities. The Town was incorporated in 1991 when the former towns of Grand Falls and Windsor were amalgamated. Historically, the Grand Falls-Windsor region was developed around the pulp and paper industry. The Abitibi Bowater paper mill was the Town’s largest private employer for over a century before its closure in February 2009, which left 450 mill workers and 250 forestry workers unemployed. The Town now focuses on fostering new industry in the mining, aquaculture, and health sectors.

The Town is currently governed by a Mayor and six elected Councilors. The Town strives to provide its citizens a high level of services through its seven departments (Office of the CAO, Finance and HR, Parks and Recreation, Engineering and Public Works, Economic Development, Fire Protection and Municipal Enforcement). As with all municipalities, the Town of Grand Falls-Windsor seeks to balance stakeholder expectations and the financial constraints of the Town and its residents in the delivery of municipal services. Council’s goal is to keep the tax burden on residents and businesses to a minimum while maximizing its services.

The Town has faced questions during past elections on the efficiency of the Town’s operations, especially in areas such as the number of Town employees, employee salaries, and operational grants to external organizations. The Town would value an outside opinion on where the Town is performing well, and where the Town’s focus can be sharpened.
Project Objectives

KPMG was engaged by the Town to undertake an organizational and operational review. The purpose of the organizational and operational review was to assist the Town to identify opportunities for improvements that will achieve greater efficiencies in municipal operations. The primary objective of the project was to establish a long term, organizational and operational plan for the Town. This plan will focus on essential and required staffing levels along with departmental and divisional structures to meet the immediate and long term requirements of the organization within its legislative mandate and policy framework. The organizational and operational review included analysis and discussion on the following:

• Current services and delivery approaches
• The Town’s organizational structure, its business processes and allocated resources
• The performance of peer municipalities in Newfoundland and Labrador and other jurisdictions
• Organizational design
• New opportunities or directions for the purpose of improving services and reducing costs

Project Principles Achieved

• The knowledge and expertise of Town staff was fully engaged, building upon their knowledge and expertise to arrive at recommended actions through a transparent, participative and inclusive process facilitated by the consultant.

• The aim was to, wherever possible, transfer knowledge and necessary “tools” to Town employees to enable them to better develop their own solutions to operational and process issues and challenges over time.

• Opportunities and recommendations are based on leading practice from other municipalities comparable to the Town.

• Lastly, this was not an audit; this was an organizational and operational review to build on successes and identify opportunities to improve the efficiency and effectiveness through a restructuring of the municipal organization.
Executive Summary

Introduction and Context

Project Scope

- **Project Planning:** Met with Project Committee and Project Manager to clarify expectations, refine lines of inquiry, and develop a subsequent work program for the engagement.

- **Current State Analysis:** Collected relevant information on current organization structure, roles and responsibilities, and methods of service delivery, conduct stakeholder engagement exercises and survey 4 comparator municipalities to benchmark the Town structures, services and performance.

- **High Level Organization Structure:** Identified and developed potential organization structures.

- **Detail Organization Structure:** Structured design at the departmental level and develop high level implementation plan and recommendations.

- **Final Report & Presentation:** Developed and presented a final report with an implementation plan and recommendations on the Town’s organizational structure, roles and responsibilities, and resource allocation.

This engagement commenced on February 25, 2019. The diagram below depicts the key phases as outlined in the Project Charter.
Executive Summary

Selected High Level Design for the Town of Grand Falls-Windsor

The Project Committee selected the below high-level organizational design for the Town. This model was preferred as it strongly supports project design principles of:

- The organization being designed around strategy and process not individuals;
- People getting the right information to make the right decisions at the right time; and,
- Spans of control, accountability, influence and support being appropriate.

Details of this organizational design and proposed changes are presented on the following slides.

Note: To increase consistency within the Town’s organizational structure, the detailed design presented in this report utilizes updated naming conventions for managerial roles. The term Manager is used in place of the current ‘Assistant Director’ and ‘Superintendent’ roles, and the term Supervisor also replaces the current ‘Foreman’ role.
High-Level Implementation Plan

Prioritization of Suggested Actions

In conjunction with the changes to the organizational design, the following actions are recommended to be undertaken. Suggested actions have been mapped for **impact vs effort** to help prioritize activities.

### Suggested Actions

1. Establish a formalized strategic plan which clearly outlines the Town’s mission, vision, and strategic objectives or goals.
2. Develop a set of key performance indicators to monitor Town performance against established strategic goals.
3. Standardize the management structure of the Town.
4. Establish a Deputy Town Clerk position.
5. Combine the Town’s administrative functions into a single department called Corporate Services and establish a Manager of Finance and Accounting. Combine the Purchasing Officer and Stockroom Clerk roles.
6. Combine the Town’s community services, facilities maintenance and economic development into a single department called Community Services, and establish a Manager of Economic Development.
7. Combine the Town’s engineering, public works, and park and recreations operation services into a single department called Public Works and Development.
8. Establish a Communications Officer position; eliminate the Mayor’s Secretary position.
9. For council committee meetings, delegate attendance to committee members only and limit council and committee meetings to two hours.
11. Outsource geographic information system (GIS) services to a private sector provider.
12. Migrate all vendors and employees to direct deposit payments and alter payroll to bi-weekly.
13. Institute signing thresholds for purchasing processes.
14. Establish operating and capital stabilization reserves.
15. Implement a life-cycle funding model for the Town’s fleet and equipment and reduce fleet size.
16. Develop an investment policy to maximize the return on investments.
17. Reinforce the importance of consistent HR practices with all department heads.
18. Implement a job evaluation system for the Town’s management positions.
19. Develop and implement a formalized performance evaluation system for unionized employees and management.
21. Continue making efforts to create an environment where employees feel secure and able to be successful.

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Introduction

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This engagement commenced on February 25, 2019. The diagram below depicts the key phases as outlined in the Project Charter.
Benchmarking & Performance Perspectives

Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
Comparative Analysis - Why Compare to Other Communities

For the purposes of the project, four comparator communities were selected as municipal comparators based on population growth, urban/rural characteristics and geography:

- Communities with similar financial benchmarks/service levels offer insight into operating efficiencies
- Communities with different financial benchmarks/service levels offer opportunities to change existing organizational structure/processes to reflect common service levels

The primary purpose of the comparative analysis is to understand the performance of comparator municipalities and to identify opportunities to change how the Town’s structure is aligned to deliver municipal services:

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>Households</th>
<th>Area Square KM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Town of Grand Falls-Windsor</td>
<td>14,171</td>
<td>6,090</td>
<td>54.67</td>
</tr>
<tr>
<td>2. Town of Gander</td>
<td>11,688</td>
<td>4,890</td>
<td>104.25</td>
</tr>
<tr>
<td>3. Town of Corner Brook</td>
<td>19,806</td>
<td>8,765</td>
<td>148.26</td>
</tr>
<tr>
<td>4. Town of Conception Bay South</td>
<td>26,199</td>
<td>9,935</td>
<td>59.10</td>
</tr>
<tr>
<td>5. Town of Truro, Nova Scotia</td>
<td>12,261</td>
<td>6,050</td>
<td>34.49</td>
</tr>
</tbody>
</table>

1Statistics Canada census profile, 2016 census data

Note: We obtained the information summarized in the following pages from Municipal Budget Submission Forms submitted to the Province of Newfoundland and Labrador, financial statements and budgets. We have not reviewed a draft of this data summary with the benchmarked comparators for the purpose of confirming the factual accuracy of the information presented.
Financial Perspectives

Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
Overview of the Town’s Financial Performance

The Town’s 2019 Municipal Budget Submission Form (MSBF) reflects a total expected municipal levy of approximately $10.3 million.

Over the period of 2014 – 2018, the Town’s municipal levy has increased by an average of approximately $282,695, or 3.39%, per year, with the largest increase occurring in 2016. During 2019, the municipal levy is expected to increase by $1,075,711, or 11.7%. In comparison, the Newfoundland and Labrador Consumer Price Index increased on average 1.8% annually since 2015\(^1\) reflecting the increasing cost of local government services and the growth in the Town’s physical operations and assets. The increases in the municipal levy in 2016 and 2019 relate to property value assessment years.

It’s important to keep in mind that the Town has seen modest population growth in recent years\(^2\), which may partially account for the increases in the municipal levy. However, while population may be increasing, it is also important to understand how the Town’s population demographics have been changing as well. Since 2001, the percentage of citizens less than the age of 65 has decreased from approximately 86% to 79%\(^2\). If this trend were to continue, the region’s aging population may impact the Town’s ability to increase the municipal levy at the rate it has over the previous 5 years.

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\(^1\)Government of Newfoundland and Labrador Statistics, Consumer Price Index (Inflation Rate)

\(^2\)Statistics Canada census profile, 2016 census data, 2011 census data, 2006 census data & 2001 census data

Source – Municipal Budget Submission Form (Total Line 1.1 Property Tax Information)
Over the period of 2001 to 2016, the Town of Grand Falls-Windsor’s population increased from 13,340 to 14,171. However, during this same time period, the percentage of citizens less than the age of 65 has decreased from approximately 86% to 79%.

According to 2016 census data 16.4% of the Town's population is unemployed, and 17.1% meet the criteria for the Low-Income Measure After-Tax (LIM-AT). Grand Falls-Windsor has a median income of $30,718 per 2016 census data.
Municipalities in Canada are not allowed to budget for an operational deficit. Nonetheless, if we look at their operational expenses excluding amortization and other non-cash items, we can understand if capital acquisitions are requiring the municipality to incur additional debt or to lower their reserves.

Over the short term, incurring additional debt or lowering reserves is sustainable, but prolonged use of reserves or debt will place a municipality in a financially exposed position.

As Grand Falls-Windsor does not hold reserves, the Town incurred additional debt during 2013, 2014, and 2015. However, during 2016 and 2017, the Town recorded surpluses indicating stronger financial stewardship.

Source: Town of Grand Falls-Windsor Financial Statements (Statement of Change in Net Financial Assets (Net Debt))
Between the 2013 and 2017, the Town experienced steady increases in operating expenditures from $12.9 million to $17.1 million with an annual average increase of 7%. During the same period of time, however, there has been only a marginal increase in Town population.

However, during the same period, the Town experienced varied increases and decreases in capital expenditures. Expenditures rose from $7.5 million in 2014 to $9.5 million in 2015, and then fell to 7.0 in 2016.

The capital expenditure increase in 2015 was related to a capital plan that focused on infrastructure projects on road transportation and new construction.

Source: Town of Grand Falls-Windsor Financial Statements (Statement of Change in Net Financial Assets (Net Debt))
This financial indicator provides an assessment of the Town’s ability to issue more debt by considering the existing debt load on a per household basis. High debt levels per household may preclude the issuance of additional debt.

The Town of Grand Falls-Windsor holds the lowest debt per household at $1,811 per household. The average debt per household of the comparator group is $2,659, with Truro having the most debt per household at $3,566.

A lower debt per household level indicates the Town has increased flexibility in the use of debt as a financing tool for capital projects and resource investments.

Source: Municipal Financial Statements (Statement of Financial Position)
The Town of Grand Falls-Windsor is expected to have the lowest residential tax per property of the comparator group, with an average residential property tax of $1,557 per household compared to an average tax of $1,719 per property.
NOTE – There may be some variability with regards to the categorization of costs across each of the municipalities.

The Town of Grand Falls-Windsor is above the comparator average for vehicle and fleet maintenance costs. The Town’s vehicle and fleet maintenance cost per household is $195 per household, the second highest of the comparator group.

Note: Corner Brook’s vehicle and maintenance costs were unavailable.

Source: Municipal Budget Submission Form (Line 3.1 Vehicle and Fleet Maintenance)
*Corner Brook allocates fleet and maintenance costs to each department
The Town of Grand Falls-Windsor’s vehicle and fleet maintenance costs per fleet asset have increased over the past several years from approximately $5,922 per fleet asset in 2014 to $6,467 per fleet asset in 2019.

The change in the number of fleet assets during this time period is minor, with the total number of fleet assets remaining at approximately 166 fleet assets.
Economic development expenditures have decreased relative to the commercial class tax levy during the period of 2014 – 2019.

During 2014, for each dollar of commercial revenue earned, economic development expenditures were $0.20. For 2019, it is expected that for each dollar of commercial revenue earned, economic development expenditures will be $0.14.

This represents an average decrease in economic development expenditures of 5.4% per year from 2014 to 2018. Over the same period the commercial tax rate has held constant at 10.75% of assessed commercial property value.
When viewed over the past six years, the staffing levels for full-time employees has seen little change at an annual average increase of 1.2%.

The part-time staffing levels have also experienced little change between 2013 and 2018 with the number of part-time staff in 2013 and 2018 remaining at 34.

Similarly, over the past six years, the ratio of part-time staff to full-time staff has consistently averaged 0.42:1 with 2016 the lowest ratio at 0.40:1 and 2014 the highest at ratio 0.46:1.

Source: Town of Grand Falls-Windsor
The Town of Grand Falls-Windsor’s full time staffing compliment per 1000 households is the lowest of the comparator group at 13.8 compared to an average of 17.9 full-time staff members per 1000 households.

Per geographic area, Grand Falls-Windsor has the second highest staffing levels at 1.54 full time staff per square kilometer.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>FT Staff per Geo. Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Falls-Windsor</td>
<td>1.54</td>
</tr>
<tr>
<td>Gander</td>
<td>0.82</td>
</tr>
<tr>
<td>Corner Brook</td>
<td>1.32</td>
</tr>
<tr>
<td>Conception Bay South</td>
<td>3.03</td>
</tr>
<tr>
<td>Truro</td>
<td>N/A</td>
</tr>
<tr>
<td>Average</td>
<td>1.67</td>
</tr>
</tbody>
</table>

Average Full Time Staffing: 17.9

Source: Staffing data provided by comparator municipalities  
* Data for Truro currently unavailable
The Town of Grand Falls-Windsor has a similar number of elected officials as its comparators.

**Number of Council Members per Municipality**

- **Grand Falls-Windsor**: 7
- **Gander**: 7
- **Corner Brook**: 7
- **Conception Bay South**: 9
- **Truro**: 7

*Average: 7.4*

Source: KPMG Independent Research; Town Council Websites
Over the next five years, the number of current employees likely to retire at the Town of Grand Falls-Windsor is 17. This cumulative sum includes all staff members either turning 65 years of age or reaching their defined benefit retirement date.

17 employees represents approximately 14% of the Town’s total workforce. This indicates that the Town’s workforce is relatively young in comparison to other municipalities.
Salaries have grown on average 4% per year during the period of 2014 – 2018, increasing from approximately $7.4 million in 2014 to over $8.5 million in 2018.

Note: ‘Employee Benefits’ includes employee benefits, council remuneration, and summer program salaries.

Source: Town of Grand Falls-Windsor
The charts to the right compare the Town’s gross 2018 earnings amounts of all Town employees to the 2015 before-tax income of all individuals within Grand Falls-Windsor.

During 2018, 35% of Town employees earned between $50,000 and $70,000 in gross income. Comparatively, only 11% of the population of Grand Falls-Windsor as a whole earned between $50,000 and $70,000 in gross income. Further, while 53% of Town employees earned less than $50,000, 68% of workers in Grand Falls-Windsor as a whole earned less than $50,000.

Source: Town of Grand Falls-Windsor
1Statistics Canada census profile, 2016 census data
Benchmarking of Services

Town of Grand Falls-Windsor
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NOTE – There may be some variability with regards to the categorization of costs across each of the municipalities.

The Town of Grand Falls-Windsor has the second highest of the comparator group for general government expenses per household with a projected cost of $489 per household compared to the average projected expenditure per household of $441.

General government expenses include Council and senior leadership expenses, corporate administration expenses and general overhead. How municipalities allocate general administration expenses, however, varies across the comparators.
The Town of Grand Falls-Windsor's operating expense for recreation programs per household ($449) is slightly below the comparator average of $461 per household.

Grand Falls-Windsor's revenue for recreation programs and facilities per household ($88) is similarly consistent with the average revenue of the comparator group.

Benchmarking & Performance Perspectives
Recreation Programs & Facilities (2019)

Recreation Programs & Facilities Expenses & Revenue per Household

- Grand Falls-Windsor: $449 (Expense) $88 (Revenue)
- Gander: $388 (Expense) $93 (Revenue)
- Corner Brook: $414 (Expense) $170 (Revenue)
- Conception Bay South: $491 (Expense) $50 (Revenue)
- Truro: $562 (Expense) $54 (Revenue)

Average: $461 (Expense) $91 (Revenue)

Source: Municipal Budget Submission Forms (Line 2.2 Recreation and Cultural Services & Line 6.0 Recreational and Cultural Services)
The Town of Grand Falls-Windsor’s operating expense for parks per household ($157) is the highest of the comparator group that has an average cost of $104 per household.

Source: Municipal Budget Submission Forms (Line 6.2.2 Parks, Playgrounds, etc.)
The Town of Grand Falls-Windsor’s fire service expense per household is significantly lower than that of the comparator group. Fire Service costs are composed of salaries and benefits, fire service buildings and equipment, and additional operating expenses.

The low cost of fire services is a result of the Town’s volunteer fire service. The Town has a paid Fire Chief and Inspector, as well as 7 paid Dispatchers, but does not have paid firefighters. Gander, Corner Brook, Conception Bay South and Truro all have a number of full-time firefighter positions per the below table:

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Paid Firefighters</th>
</tr>
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<tbody>
<tr>
<td>Gander</td>
<td>8</td>
</tr>
<tr>
<td>Corner Brook</td>
<td>36</td>
</tr>
<tr>
<td>Conception Bay South</td>
<td>24</td>
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<tr>
<td>Truro</td>
<td>15</td>
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The Town of Grand Falls-Windsor's fire service expense per household is significantly lower than that of the comparator group. Fire Service costs are composed of salaries and benefits, fire service buildings and equipment, and additional operating expenses.

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**Fire Service Expenses per Household**

![Fire Service Expenses per Household Graph](image)

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Average Exp.</th>
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<tbody>
<tr>
<td>Grand Falls-Windsor</td>
<td>$730</td>
</tr>
<tr>
<td>Gander</td>
<td>$1,598</td>
</tr>
<tr>
<td>Corner Brook</td>
<td>$4,648</td>
</tr>
<tr>
<td>Conception Bay South</td>
<td>$3,880</td>
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<tr>
<td>Truro</td>
<td>$2,452</td>
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Source: Municipal Budget Submission Forms (Sum of Line 2.1 Fire Protection & Line 2.2 Emergency Preparedness and Response)
The Town of Grand Falls-Windsor is expected to have the third lowest planning and zoning expenditures per household of the comparator group at $35 per household compared to an average of $60 per household.

However, it’s important to note that this discrepancy appears to be partially driven by how the municipality chooses to allocate engineering salaries on the Municipal Budget Submission Form.

Planning & Zoning Expenses Per Household

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<tr>
<td>Grand Falls-Windsor*</td>
<td>$35</td>
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<tr>
<td>Gander</td>
<td>$16</td>
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<tr>
<td>Corner Brook</td>
<td>$17</td>
<td></td>
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<tr>
<td>Conception Bay South</td>
<td>$91</td>
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<tr>
<td>Truro</td>
<td>$140</td>
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<td></td>
</tr>
</tbody>
</table>

Average Exp. $60

Source: Municipal Budget Submission Forms (Line 5.1 Planning and Zoning)

*Allocation of Planning and Zoning Costs appear to vary across municipalities
A lane kilometer is calculated by multiplying the total number of kilometers in the municipal road network by the number of lanes.

Grand Falls-Windsor has the third highest number of lane kilometers among the comparator group and the lowest gross road maintenance expense per lane kilometer.
Winter maintenance expense per lane kilometer is calculated by taking the total expense for winter maintenance divided by the total lane kilometers roads maintained during the winter.

Grand Falls-Windsor’s expected expense per lane kilometer for winter maintenance ($2,528) is well below the average of $4,200 per lane kilometer for the comparator group.

Source: Municipal Budget Submission Forms (Line 3.2.2 Snow Removal)
*Truro data from 2017 – 2018 financial year
The Town of Grand Falls-Windsor’s Community Grants increased steadily during the period of 2013 to 2019, doubling from approximately $122,000 to $247,000. During 2018, actual grant expenditure represented 2.65% of the total municipal levy.

Source: Town of Grand Falls-Windsor Financial Statements (Schedule 3) and Detailed Budget – Community Grants Municipal Budget Submission Form (Total Line 1.1 Property Tax Information)
The table below outlines several of the themes emerging from the benchmarking and performance analysis:

### General Themes

#### Financial Sustainability
- The Town has the lowest levels of debt per household of the comparator group, however, it has no reserve funds available for capital expenditures. The Town also has the lowest residential taxes of the comparator group. In order to ensure long term financial sustainability, the Town will need to consider a reserve fund policy.

#### Staffing
- The Town’s staffing levels have increased slightly throughout the past several years, growing on average 1.2% per year over the past five years. Since 2013 five positions have been added to the Town’s staffing complement.

#### Service Costs
- Grand Falls-Windsor has lower than average service costs in a number of areas such as fire services, road maintenance and winter road maintenance when compared to its peer municipalities. Parks expenditures, however, are significantly higher than the comparator average.

#### Financial Flexibility
- The Town finances its capital expenditures through debt that is reduced by the use of any expected annual surplus. The Town does not use capital reserve funds. There is no infrastructure levy for capital infrastructure. Accordingly, changes in the annual tax levy significantly fluctuate year to year.

#### Population Demographics
- Since 2001, the percentage of citizens less than the age of 65 has decreased from approximately 86% to 79%. If this trend were to continue, the region’s aging population may impact the Town’s ability to increase the municipal levy at the rate it has over the previous 5 years and subsequently to increase operating expenditures at the rate seen over the past five years.

#### Overall
- In order to ensure long-term financial sustainability, the Town will need to develop a long-term financial plan that address the use of debt, the lack of reserves and a consistent and predictable tax levy changes.
High Level Organizational Design

Town of Grand Falls-Windsor
Organizational and Operational Review
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In this phase, the Project Committee developed structural options for the organization at a high level. Over a period of two half-day working sessions, the Project Committee selected design principles to assist in the evaluation of the options, constructed three models and ultimately selected the preferred model.

**Working Session #1 - Development of Structure Options:** KPMG facilitated a half-day working session with the Project Committee to facilitate the development of 5 design principles to be used to guide decision making in the development of structure options. These design principles form the criteria against which the various structure options were evaluated.

In addition, the Project Committee constructed a handful of structure options by aligning Town services into structure groupings. During this process, the Project Committee identified the benefits and drawbacks related to each option paying particular attention to current service levels, fiscal considerations and legislative operational levels. KPMG supplemented this analysis with our experience in organizational design, particularly in the municipal government setting. In developing structure options, the Project Committee conducted the following work:

- Assessed the internal alignment of department objectives and services with the Town’s Mission, Vision and Strategic Plan
- Assessed any recruitment/ succession planning issues
- Identified opportunities to increase operational efficiency and effectiveness by grouping like processes and types of work together
- Established an effective management structure (span-of-control).

**Working Session #2 - Evaluation of Structure Options:** Once the high-level structure options were refined, KPMG facilitated another half-day working session with the Project Committee to evaluate each structure option against the design principles developed in the earlier working session. Through this analysis, the Project Committee worked to identify an optimal structure option and develop a detail design for that option.

The following slides present an overview of the results from these working sessions.
Leading Practices & Selected Design Principles

Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
Organization design is the deliberate process of configuring structures, processes, and people practices to create an effective organization capable of achieving the organization’s identified strategy.

**Form Follows Function** - strategy drives structure; processes are based on structure; and structures and processes define the implementation of people practices

Structure is just one of several levers to be ‘pulled’ in organizations to optimize performance

Effective organization design considers the following:

- Strategy
- Structure
- Processes & Systems
- People Practices
- Culture

The organization is not an end in itself; it is simply a vehicle for accomplishing the strategic tasks of the business.

A well-designed organization helps everyone in the business do her or his job effectively.

A poorly-designed organization (or an organization by default) creates barriers and frustrations for people both inside and outside the organization.

Paul Galbraith
<table>
<thead>
<tr>
<th>Observations</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization design efforts often begin and end just with a structure chart.</td>
<td>Creating just structure charts is insufficient with respect to effective governance and collaboration within the organization and across boundaries. And it is inadequate if you want people to adopt new accountabilities, responsibilities and ways of working.</td>
</tr>
<tr>
<td>Many organizations evolve without conscious design choices from a holistic perspective.</td>
<td>Piecemeal tweaks over time can result in structures that become inefficient, with unclear accountabilities and suboptimal working relationships.</td>
</tr>
<tr>
<td>Creating an effective 'lean' organization doesn’t happen by chance.</td>
<td>Focusing an organization on primary outputs and deliverables, and helping reduce non value-added activities is a common objective. However, lean organizations do not exist by chance. They have to be deliberately designed.</td>
</tr>
<tr>
<td>Today's organizations compete in rapidly changing environments.</td>
<td>Leadership should constantly rethink how their business is designed and how it can achieve and sustain increased levels of performance. No matter what is driving change, more rigor needs to be applied to ensure that structures, processes, systems, and capabilities all support the objective.</td>
</tr>
<tr>
<td>Organization design can become a political compromise – undertaken to find jobs for existing people.</td>
<td>Senior teams need an opportunity to work outside of the current conventions, politics and mindsets to start again.</td>
</tr>
</tbody>
</table>

Source: KPMG
High Level Organizational Design

Organization Design Principles

- Design principles form the criteria against which to measure the organization design.
- Design principles should reflect a focus on **effectiveness**. An organization is effective if it is doing the right things to achieve its mandate and vision.
- Design principles should reflect a focus on **efficiency**. An organization is efficient if it is doing things in a way that maximizes utilization of resources.
- Design principles should reflect desired performance (success measures).
High Level Organizational Design

Leading Practices in Design Principles

**Structure**
- **Levels** – Minimal number of layers from top to bottom of organization
- **Balance** – Spans of control/accountability/influence/support are appropriate
- **Form follows function** – Build an organization around its role and purpose – not around its people
- **Single points of accountability** – There will be clear, well-defined accountabilities and decision-making authorities, supporting the concepts of single points of accountabilities for results
- **Span of control** – Span of control should be as broad as possible without sacrificing efficiency. However, there is a limit to the number of positions one person can effectively be responsible for
- **Simplicity** – The organization should be kept as simple as possible
- **Balance in scale and scope** – The scale and scope of operations across each layer in the organization should be comparable in terms of operational, political and financial complexity and risk

**Governance & Systems**
- **Communications** – Communication is effective and efficient
- **Information Flow** – People can get the right information to make the right decisions at the right time
- **Customer driven** – The design of the organization should be accessible, responsive and easily understood by the customer
- **Reasonable workload** – The organization should be designed to balance reasonable workload, the ability to keep promised deadlines, and provide high service levels
- **Consistent with strategic direction** – The overall organizational design should support the vision, direction and strategic priorities
- **Design** – Organization designed around strategy and process not individuals
- **Decision making** – The organization design should facilitate effective and timely decision-making in support of day to day operations

Source: Modified from Galbraith’s Organizational Review Metrics
Leading Practices in Design Principles

**People**

- **Roles** – Each role has clear responsibilities and accountabilities
- **Behaviours** – Right behaviours are encouraged and unacceptable behaviours discouraged
- **Line of Sight** – Performance management enables ‘line of sight’ from group strategy to individuals’ objectives
- **Reporting** – People report to next grade above them
- **Layers of supervision** – The number of levels of authority should be held to a minimum
- **Functional Grouping** – Similar capabilities are appropriately grouped
- **Specialization** – The activities for which a single individual is held accountable should be similar

**Products & Services**

- **Customer-focused** – Organize such that the citizen’s needs are put first
- **Responsive to customer needs** – The Town can efficiently and effectively respond to citizen’s needs
- **Enables innovation** – Organizational structure promotes new ideas and the sharing of information
- **Future growth and change** – Organize to be flexible and adaptable to future growth and service needs
- **Decentralize/centralize** – What to centralize and decentralize depends on the nature of the work being performed and the objectives of the organization relative to its customers and stakeholders

**Process**

- **Bottlenecks** – No process has a ‘single point of failure’ or bottleneck
- **Value** – Resources are focused on value within the value chain
- **Process simplicity** – There are minimal hand-offs along the process
- **Alignment** – Right tasks and processes are aligned to the line or support
- **Minimal organizational disruption** – The preferred organization design should help minimize the potential service disruptions to the customer

Source: Modified from Galbraith’s Organizational Review Metrics
Success Measures are the drivers of performance.  
Organizations must employ methods and procedures that are measurable. Declaring success is difficult if there is nothing in place that can be measured to show proof of that success.

Three key criteria must be met in order to ensure that measures are critical and meaningful:

1. The information must be critical to the success of your company or organization.
2. It must be measurable and quantifiable.
3. A baseline must be established in order to measure progress or changes.
High Level Organizational Design

Summary of Design Principles & Success Measures

After reviewing the leading practices in organizational design, the Project Committee developed the following success measures and selected the following design principles in which to evaluate potential high level structural options:

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>How they will measure success:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council</td>
<td>• Validation of current strategy</td>
</tr>
<tr>
<td></td>
<td>• Clear path forward towards improvements for Town staff and citizens</td>
</tr>
<tr>
<td>Management</td>
<td>• Opportunities for improved performance</td>
</tr>
<tr>
<td></td>
<td>• Greater efficiency and effectiveness</td>
</tr>
<tr>
<td>Staff</td>
<td>• Improved ability to do their jobs</td>
</tr>
<tr>
<td></td>
<td>• Right work-life balance</td>
</tr>
<tr>
<td>Citizens</td>
<td>• Maintain current service levels</td>
</tr>
<tr>
<td></td>
<td>• Keep taxes low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organizational Design Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Organization designed around strategy and process not individuals</td>
</tr>
<tr>
<td>• Customer focused</td>
</tr>
<tr>
<td>• Each role has clear responsibilities and accountabilities</td>
</tr>
<tr>
<td>• People can get the right information to make the right decisions at the right time</td>
</tr>
<tr>
<td>• Spans of control / accountability / influence / support are appropriate</td>
</tr>
</tbody>
</table>
Structural Options & Development

Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
### High Level Organizational Design

#### Organization Types Comparison Chart

Several common types of organizational designs are listed below. Each type has several advantages and disadvantages to consider, and the Project Committee discussed the appropriateness of each organizational type for the Town of Grand Falls-Windsor, as outlined below:

<table>
<thead>
<tr>
<th>Organizational Type</th>
<th>Advantages</th>
<th>Disadvantages</th>
<th>Use When?</th>
<th>Applicable to the Town?</th>
</tr>
</thead>
</table>
| FUNCTIONAL          | • Knowledge sharing within unit  
                      • High functional specialization  
                      • Efficiency & economies of scale  
                      • Standardization  
                      | • Limited decision making capacity  
                      • Communication across functions is difficult  
                      • Coordination across functions is difficult  
                      | • Single line of business  
                      • Common standards are required  
                      • Highly regulated  
                      • Core capability is based in functional expertise or economies of scale  
                      | The Town could organize around its major service functions  
                      | Yes  
                      |
| PROGRAM             | • Speed of program development cycle  
                      • Program excellence  
                      • Program diversification  
                      • Operating freedom  
                      | • Duplication of effort  
                      • Lost economies of Scale  
                      • Multiple customer points  
                      | • Program features are competitive advantage  
                      • Multiple programs for separate market segments  
                      | The Town could organize around its major programs  
                      | Yes  
                      |
| CUSTOMER            | • Customization  
                      • Relationship building  
                      • Solutions not just products  
                      | • Knowledge sharing is limited  
                      • Duplication of effort  
                      • Lost economies of Scale  
                      | • Buyers/customers have power  
                      • Customer knowledge is a competitive advantage  
                      • Rapid customer service is key  
                      • Rapid product cycles are key  
                      | As citizens needs can vary considerably, it is not viable to organize around citizen segments  
                      | No  
                      |

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## Organization Types Comparison Chart

<table>
<thead>
<tr>
<th>Organizational Type</th>
<th>Advantages</th>
<th>Disadvantages</th>
<th>Use When?</th>
<th>Applicable to the Town?</th>
</tr>
</thead>
</table>
| GEOGRAPHIC          | • Responsive to regional customer needs  
                       • Relationship building  
                       • Selective centralization-decentralization | • Mobilization & sharing resources and knowledge is difficult  
                       • Multiple points of contact for clients  
                       • Internal competition for resources | • Smaller efficient scale exists  
                       • High cost of transport  
                       • Just-in-time delivery is critical  
                       • Need to locate close to supply source | **No**  
                       The Town is not geographically dispersed enough to justify a geographic structure |
| PROCESS             | • Process excellence  
                       • TQ (total quality)  
                       • Cycle time reduction  
                       • Continuous Improvement  
                       • Easy measurement  
                       • Cost reductions | • Coordination between processes is often difficult | • Rapid development cycles  
                       • Cost reduction is critical | **No**  
                       Process models are more applicable to large urban cities |
| MATRIX              | • Single point of interface for customer  
                       • Cross selling  
                       • Value-added systems & solutions  
                       • Product focused  
                       • Multiple distribution channels | • Internal competition for resources  
                       • Price disagreements  
                       • Customer needs disagreements  
                       • Difficult to determine where marketing fits within structure  
                       • Conflicting metrics  
                       • Complex accounting | • Multiple product lines and multiple market segments  
                       • Global customers  
                       • Competitive advantage is in combined customer and product excellence  
                       • The focus is intended to be "leading without authority" so that "no one functional leader is in charge." | **No**  
                       The Matrix model is overly complex for the Town's requirements |
Municipalities are responsible for providing a number of services to the community. The Project Committee was asked to consider the below list of common services as they apply to the Town, and group them using the **functional** and **program** models. When grouping services, the Project Committee considered model characteristics, the skills and knowledge required to carry out the services, the outcomes of the services, spans of control, complexity of oversight, and strategic priority.

The groupings resulted in the Project Committee developing **3 possible structures** which are outlined on the following slides.
Description:
A functional structure is organized around major activity groups. This functional model separates out the finance function from Corporate Services, and Public Works from Engineering.

Advantages:
• High functional specialization
• Clear control and line of sight in smaller organizations

Disadvantages:
• As organizational size and number of functional areas increase - control decreases
Description:
A program based model is organized around specific service delivery programs representing similarly aligned functional work. This model includes Fire services and Municipal Enforcement as separate departments.

Advantages:
- Knowledge sharing
- Breaks down silos between functional groups
- Encourages horizontal integration
- Promotes strategic focus across the organization

Disadvantages:
- Additional layer of management between the CAO and operational directors
- Lower functional specialization
Description:
A program based model is organized around specific service delivery programs representing similarly aligned functional work. This model includes Fire services and Municipal Enforcement with the Community Services department.

Advantages:
• Greatest knowledge sharing
• Breaks down silos between functional groups
• Encourages horizontal integration
• Promotes strategic focus across the organization

Disadvantages:
• Additional layer of management between the CAO and operational directors
• Lowest functional specialization
<table>
<thead>
<tr>
<th>Top 5 Preferred Design Principles</th>
<th>Organization Types Considered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Functional</td>
</tr>
<tr>
<td>1. Organization designed around strategy and process not individuals</td>
<td>Least support for strategic focus; higher number of department heads will make implementation of Town strategy more difficult</td>
</tr>
<tr>
<td>2. Customer focused</td>
<td>Most strongly supports customer focus; clear direction for citizen inquiry, highest service specialization &amp; focus</td>
</tr>
<tr>
<td>3. Each role has clear responsibilities and accountabilities</td>
<td>Most strongly supports clear responsibilities; model defines clear functional silos and employees have a clear line of sight to department heads</td>
</tr>
<tr>
<td>4. People can get the right information to make the right decisions at the right time</td>
<td>Least support for ensuring people get the right information to make the right decision at the right time due to increased functional silos</td>
</tr>
<tr>
<td>5. Spans of control / accountability / influence / support are appropriate</td>
<td>Least support for this design principle; span of control is too narrow and accountabilities are too board e.g. who would be responsible for outcomes of a festival – the CAO, economic development, recreation?</td>
</tr>
</tbody>
</table>
The Project Committee selected the **Program I Model**.

The program models were preferred overall to the functional model, as they better supported the design principles of the organization being designed around strategy and process not individuals, people getting the right information to make the right decisions at the right time, and of spans of control, accountability, influence and support being appropriate.

When considering the Program I Model versus the Program II Model, the Program I Model was preferred as the Project Committee felt that emergency services such as Fire and Municipal Services operated independently, and should have a direct line of reporting to the Chief Administrative Officer.
Observations & Recommendations

Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
Observations & Recommendations

Organizational Considerations

We use the following model as a means of analyzing and understanding organizational performance and problems. For each recommendation presented in this report, KPMG assessed the estimated impact the recommendation would have on the Town, as well as the effort required to implement the recommendation. Assessed impact and effort will require further validation from the Project Committee.

<table>
<thead>
<tr>
<th>Organizational Factor</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td>• Understanding of strategy and mission</td>
</tr>
<tr>
<td></td>
<td>• Agreement on priorities</td>
</tr>
<tr>
<td></td>
<td>• Clarity in performance measures</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>• Structure</td>
</tr>
<tr>
<td></td>
<td>• Work alignment</td>
</tr>
<tr>
<td></td>
<td>• Delegation of authority</td>
</tr>
<tr>
<td></td>
<td>• Capacity</td>
</tr>
<tr>
<td><strong>Processes and Lateral Capability</strong></td>
<td>• Decision making</td>
</tr>
<tr>
<td></td>
<td>• Communication</td>
</tr>
<tr>
<td></td>
<td>• Enabling technology</td>
</tr>
<tr>
<td></td>
<td>• Standardized operational processes and practices</td>
</tr>
<tr>
<td><strong>People Practices</strong></td>
<td>• Staff engagement</td>
</tr>
<tr>
<td></td>
<td>• HR practices and policies</td>
</tr>
<tr>
<td></td>
<td>• Performance management</td>
</tr>
<tr>
<td></td>
<td>• Training and support</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>• Values and beliefs</td>
</tr>
<tr>
<td></td>
<td>• Behaviours</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Ref No.</th>
<th>KPMG Observations</th>
<th>Recommendation</th>
<th>Impact</th>
<th>Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>From our stakeholder consultations, it was noted that the Town has not developed a formalized strategic plan since 2002. As a result, there appeared to be a lack of clarity of the Town's mission, vision, and strategy. Further, it was noted the Town does not appear to have common agreement on key priorities or goals, other than improving efficiency.</td>
<td>Establish a formalized strategic plan which clearly outlines the Town’s mission, vision, and strategic objectives or goals. The Town’s strategic plan should be communicated across the entire organization.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The Town does not appear to be utilizing any Key Performance Indicators (KPIs) or performance metrics. Respondents noted this as a challenge, because the lack of indicators makes monitoring progress in the delivery of services difficult.</td>
<td>Develop a set of KPIs (no more than six) to monitor Town performance against established strategic goals. See Appendix A for a sample of common municipal KPIs.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Observations & Recommendations

#### Structure

<table>
<thead>
<tr>
<th>Ref No.</th>
<th>KPMG Observations</th>
<th>Recommendation</th>
<th>Impact</th>
<th>Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Each department within the Town has its own names to describe the different levels of management within the organization. A non-standardized management structure makes succession planning difficult for the Town’s leadership.</td>
<td>Standardize the management structure of the Town across all departments and business units so there is a greater understanding and clarity of the organization’s management.</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>4</td>
<td>The CAO currently holds the statutory position of Deputy Town Clerk. Given the wide ranging responsibilities held by the CAO position, the statutory duties of the Clerk do not receive the necessary attention or support, specifically, recording the proceedings and decisions of Council and the safekeeping of the Town’s corporate documents.</td>
<td>Establish a Deputy Town Clerk position that will report to Director of Corporate Services and will be responsible for the statutory duties of Clerk under the Municipalities Act.</td>
<td>H</td>
<td>M</td>
</tr>
<tr>
<td>5</td>
<td>The organization of administrative functions within the Town appear to be ineffective and over-resourced. The number of clerical administrative staff has created unfilled capacity in the Finance department. In addition, the functional roles within the department do not appear to be optimally aligned or have efficient or effective oversight.</td>
<td>As described in the detailed organizational structure, combine the Town’s administrative functions (HR, finance, procurement, occupational health and safety, IT) into a single department called Corporate Services. Within this department establish a Manager of Finance and Accounting responsible for finance and accounting functions. All other administrative functions, such as HR, IT, OH&amp;S and Clerk services, will report directly to the Director of Corporate Services. Consolidate the Purchasing Officer and Stockroom Clerk roles.</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>Ref No.</td>
<td>KPMG Observations</td>
<td>Recommendation</td>
<td>Impact</td>
<td>Effort</td>
</tr>
<tr>
<td>--------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>6</td>
<td>It was noted during stakeholder consultation that there is a need for more focused leadership in Economic Development. Currently, the CAO oversees economic development, but has limited capacity or training to provide the necessary leadership and expertise to the Town’s economic development initiatives.</td>
<td>As described in the detailed organizational structure, combine the Town’s community services and economic development into a single department called Community Services. Establish a Manager of Economic Development to provide dedicated leadership. With the exception of facilities maintenance staff, shift operations staff to the Public Works and Development department.</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>7</td>
<td>It was noted during stakeholder consultation that the coordination, communication, and linkage between Engineering and Public Works requires improvements to enhance employee engagement. Stakeholders noted specific capacity pressures in Public Works because of the state of repair of the Town’s fleet &amp; equipment. The Town’s older equipment has high service demands that cause capacity issues for the Town’s mechanics and equipment operators. In addition, the age and state of repair of the Town’s fleet requires a staffing level for mechanics in excess of industry standard.</td>
<td>As described in the detailed organizational structure, combine the Town’s Engineering, Public Works, and Park and Recreations operation services into a single department called Public Works and Development. Under the leadership of the Director of Public Works and Development, establish two Manager positions – Manager of Public Works and Manager of Development – to increase the collaboration across the department. Re-title the Public Liaison Officer as a Public Works Clerk to increase administrative support for the Manager of Public Works. With the exception of facilities maintenance staff, shift Parks and Recreation operations staff to the Public Works and Development department. Consolidate the Town’s fleet and equipment into the department of Public Works and Development. This consolidation will remove duplication and reduce fleet size thereby increasing the capacity of the Town’s mechanics.</td>
<td>H</td>
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### Observations & Recommendations

#### Structure

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<thead>
<tr>
<th>Ref No.</th>
<th>KPMG Observations</th>
<th>Recommendation</th>
<th>Impact</th>
<th>Effort</th>
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<tbody>
<tr>
<td>8</td>
<td>Respondents were concerned about internal communication. They noted that the Town lacks an internal communication plan and that communications appear to happen on an ad-hoc basis. The Town lacks a public communication strategy for municipal services, ranging from information on service disruptions to recreation programming.</td>
<td>a. Establish the position of Communications Officer reporting to the CAO. The position would be responsible for communicating decisions of Council, communicating changes in service delivery, responding to public inquiries, and ensuring consistent messaging on websites, social media, press releases and through any other communication channels.</td>
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<td>b. It is further recommended that the Town’s seven current Dispatchers work with the Communications Officer to respond to inquiries on municipal services either through phone, email or social media channels.</td>
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<td>9</td>
<td>Council has a standing committee system, however, the common practice is for all Council members to attend standing committee meetings. Committee meetings often exceed two hours in length which does not support good decision making.</td>
<td>Committee meetings should be limited to two hours for efficiency. Council appoints committees so it should be respectful of the Councillors committee responsibilities. Councillors are not required to attend committees if they are not members of the respective committee. Consensus on any recommendations is based on committee members. Ensure Committee Chairs facilitate efficient discussion. Change committee names to reflect the updated organizational structure.</td>
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<td>10</td>
<td>Operational workflows in several departments are largely manual and paper-based. For example, it was noted that all complaints received by Municipal Enforcement are tracked and recorded in a paper filing cabinet. In Finance and HR, the department prepares hand-written journal entries in a ledger which are later transcribed into the Town’s accounting software system. Consultations indicated that there are opportunities for technology investments to assist in increasing capacity and efficiency of service delivery. Respondents noted that manual processes are time consuming and administratively burdensome Technology is not integrated across systems and existing solutions such as Town Suite do not enable workflow capabilities which results in duplications of work</td>
<td>Invest in an Enterprise Resource Planning (ERP) System that is standard for municipal operations and consistent with the Town’s size. The system should contain finance, HR, and general information management modules, and include workflow functionality. Current paper-based processes such as complaint tracking and hand-written financial reporting should be eliminated.</td>
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<td>11</td>
<td>Like many comparator municipalities, Geographic Information Systems (GIS) is an under developed resource in the Town. Staff have not had the capacity to fully exploit the potential of GIS for the different municipal functions in the Town (e.g. planning, development engineering, asset management, infrastructure maintenance).</td>
<td>Outsource GIS services to a private sector provider who can provide and manage a GIS platform for the Town at an approximate cost of $30,000 per year.</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>12</td>
<td>Physical cheques are prepared for vendors and employees, and employees are paid on a weekly basis. Manual processes are inefficient and increase the cost of administration for the Town.</td>
<td>Move all vendors and employees to direct deposit payments. Alter payroll to bi-weekly payment.</td>
<td>M</td>
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</tr>
<tr>
<td>13</td>
<td>As part of the accounts payable process, Directors sign-off on purchases less than one dollar which is inefficient and increases the cost of administration for the Town.</td>
<td>Institute signing thresholds for purchasing processes.</td>
<td>L</td>
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<tr>
<td>14</td>
<td>The Town finances its capital expenditures with debt that is reduced through the use of any expected annual surplus. The Town does not use stabilization reserves or life-cycle costing to finance infrastructure reserves. There is no infrastructure levy for capital infrastructure.</td>
<td>As per Section 79 of the Municipalities Act, establish operating and capital stabilization reserves. a. For the operational stabilization reserve any net operational results will be transferred to/from the Operating Stabilization Reserve at year end. b. For the capital stabilization reserve, budget variances resulting from approved capital projects will be funded from/contribute to the Capital Stabilization Reserve.</td>
<td>H</td>
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</table>
### Observations & Recommendations

#### Processes

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<tr>
<th>Ref No.</th>
<th>KPMG Observations</th>
<th>Recommendation</th>
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</table>
| 15      | The Town has recently completed an Equipment Replacement Strategy. The key finding of the report adopted by Council is that the Town's fleet of equipment is beyond its service life and in a poor state of repair. KPMG completed an analysis of the financing to replace the fleet at the end of life for each piece of equipment. The life-cycle costing model determines the life span of the asset and then determines the annual reserve contribution required to fund the asset's replacement at its end of life. In this way, there is the necessary funding available to the Town to replace the asset at its end of life. Based upon our life-cycle costing analysis, the Town would require approximately $1.1 million per year to sustain its current level of fleet and equipment *(See Appendix B).* | a. Implement a life-cycle funding model for the Town’s fleet and equipment.  
b. We recommend an annual levy of $750,000 to fund an equipment reserve.  
c. It is further recommended that the Town reduce the size of the fleet so that the required annual life-cycle funding falls to $750,000.                                                                 | H      | H      |
<p>| 16      | The Town generates approximately 2% earnings on its savings accounts. The Town does not hold any securities outside of its bank accounts. The Town does not have an investment policy.                                                                                                                   | The Town should develop an investment policy to maximize the return on its investments in accordance with the appropriate level of risk as established by the <em>Municipalities Act.</em>                                                                 | H      | M      |</p>
<table>
<thead>
<tr>
<th>Ref No.</th>
<th>KPMG Observations</th>
<th>Recommendation</th>
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<tbody>
<tr>
<td>17</td>
<td>Human resource policies and related processes appear to be inconsistent across the organization, leading to variations in hiring, performance management and leave practices.</td>
<td>The Town should reinforce the importance of consistent HR practices with all department heads, especially in the areas on hiring, performance management and leave requests.</td>
<td>M</td>
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<tr>
<td>18</td>
<td>Through stakeholder consultation and review of the Town pay scales, it was noted that salaries are inconsistent across the organization for similar managerial positions.</td>
<td>Implement a job evaluation system for the Town’s management positions.</td>
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<td>19</td>
<td>There appears to be a lack of a performance evaluation system for unionized employees and management. This may cause both under-performance and high performance to go unrecognized.</td>
<td>It is recommended that the Town develop a formalized performance evaluation system for unionized employees and management.</td>
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<td>20</td>
<td>There is a need for the cross-training of employees to ensure Town services are maintained at a high level during periods of leave, and to allow for more flexible scheduling of staff.</td>
<td>Identify key functions / processes that have the potential to create service bottlenecks. Cross-train employees for these functions and processes to ensure Town services are maintained at a high level during periods of employee absence.</td>
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<td>21</td>
<td>Low employee moral was a concern that was expressed by several employees during the consultations for this project. Interviewed participants did note, however, that the Town has recently made efforts to create an environment where employees can feel secure and be successful.</td>
<td>Continue recent initiatives to improve the workplace culture so that employees can feel secure and capable of achieving success. Ensure that union-management meetings occur regularly, and that meetings are not re-scheduled unless absolutely necessary. Regular agendas and minutes should be prepared for each union-management meeting.</td>
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High-Level Implementation Plan

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Prioritization of Suggested Actions

In conjunction with the changes to the organizational design, the following actions are recommended to be undertaken. Suggested actions have been mapped for impact vs effort to help prioritize activities.

Suggested Actions

1. Establish a formalized strategic plan which clearly outlines the Town’s mission, vision, and strategic objectives or goals.
2. Develop a set of key performance indicators to monitor Town performance against established strategic goals.
3. Standardize the management structure of the Town.
4. Establish a Deputy Town Clerk position.
5. Combine the Town’s administrative functions into a single department called Corporate Services and establish a Manager of Finance and Accounting. Combine the Purchasing Officer and Stockroom Clerk roles.
6. Combine the Town’s community services, facilities maintenance and economic development into a single department called Community Services, and establish a Manager of Economic Development.
7. Combine the Town’s engineering, public works, and park and recreations operation services into a single department called Public Works and Development.
8. Establish a Communications Officer position; eliminate the Mayor’s Secretary position.
9. For council committee meetings, delegate attendance to committee members only and limit council and committee meetings to two hours.
11. Outsource geographic information system (GIS) services to a private sector provider.
12. Migrate all vendors and employees to direct deposit payments and alter payroll to bi-weekly.
13. Institute signing thresholds for purchasing processes.
14. Establish operating and capital stabilization reserves.
15. Implement a life-cycle funding model for the Town’s fleet and equipment and reduce fleet size.
16. Develop an investment policy to maximize the return on investments.
17. Reinforce the importance of consistent HR practices with all department heads.
18. Implement a job evaluation system for the Town’s management positions.
19. Develop and implement a formalized performance evaluation system for unionized employees and management.
21. Continue making efforts to create an environment where employees feel secure are able to be successful.
## High-Level Implementation Plan

### Key Initiatives and Draft Roadmap

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**Summer 2019**
- Strategy Development

**Fall 2019**
- KPIs

**Winter 2020**
- Establish a Town Clerk
- Establish Community Services Department and hire a Manager of Economic Development

**Spring 2020**
- Establish a Public Works and Development department

**12 - 18 Months**
- Establish a Corporate Services department and hire a Manager of Finance and Accounting. Combine the Purchasing Officer and Stockroom Clerk roles.
- Establish a Public Works and Development department

**18 - 24+ Months**
- Hire Communications Officer and develop communications processes

*Continued on the following page*
# High-Level Implementation Plan

## Key Initiatives and Draft Roadmap

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<td>Invest in an ERM System</td>
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<td>Director of Finance &amp; HR</td>
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<td>Medium</td>
<td>Migrate to direct deposit and bi-weekly payroll</td>
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<td>14</td>
<td>Director of Finance &amp; HR</td>
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<td>Medium</td>
<td>Establish operating and capital stabilization reserves</td>
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<td>15</td>
<td>Director of Engineering &amp; Works</td>
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<td>High</td>
<td>Implement a life-cycle funding model for the Town’s fleet and equipment and reduce fleet size</td>
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<td>16</td>
<td>Director of Finance &amp; HR</td>
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<td>Develop an investment policy to maximize return on investments.</td>
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<td>21</td>
<td>CAO</td>
<td>Culture</td>
<td>Low</td>
<td>Ongoing union engagement creation of an environment where employees feel secure are able to be successful</td>
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Appendix A – Sample Key Performance Indicators

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Sample Key Performance Indicators

The following table describes nine key performance indicators for Council's consideration. These indicators all fall under Council's direct responsibility for financial oversight of the municipal corporation. Council's decisions directly impact the direction of the key performance indicator.

These indicators are based upon the Public Sector Accounting Board’s (“PSAB”) statement of recommended practice that provides guidance on how public sector bodies should report on indicators of financial condition. This guidance recommends that three factors, at a minimum, need to be considered:

- **Sustainability** – the degree to which the Municipality can deliver services and meet its financial commitments without increasing its debt or tax burden relative to the economy in which it operates
- **Flexibility** – the Municipality’s ability to increase its available sources of funding (debt, taxes or user fees) to meet increasing costs.
- **Vulnerability** – the extent to which the Municipality is dependent on sources of revenues, predominantly grants from senior levels of government, over which it has no discretion or control.

<table>
<thead>
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<th>Key Performance Indicator</th>
<th>PSAB Classification</th>
<th>Indicator &amp; Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Taxation Growth</td>
<td>Flexibility</td>
<td><strong>Total taxation as a percentage of total assessment</strong> - provides an indication of potential affordability concerns by calculating the Town’s overall rate of taxation. Relatively high tax rate percentages may limit the Town’s ability to general incremental revenues in the future.</td>
</tr>
<tr>
<td>2</td>
<td>Reserve Position</td>
<td>Sustainability</td>
<td><strong>Total reserves per household</strong> - low levels of reserve are indicative of limited capacity to deal with cost increases or revenue losses, requiring the Town to revert to taxation or user fee increases or the issuance of debt.</td>
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# Appendix A
## Sample Key Performance Indicators

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<th>Key Performance Indicator</th>
<th>PSAB Classification</th>
<th>Indicator &amp; Description</th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>Operating Expenses Control</td>
<td>Sustainability</td>
<td><strong>Total operating expenses as a percentage of taxable assessment</strong> - provides an assessment of the Town’s solvency by determining the extent increases in operating expenses correspond with increases in taxable assessment. If increases correspond, the Town can fund any increases in operating costs without raising taxation rates.</td>
</tr>
<tr>
<td>4</td>
<td>Debt Management</td>
<td>Flexibility</td>
<td><strong>Debt per household</strong> – provides an assessment of the Town’s ability to incur additional debt.</td>
</tr>
<tr>
<td>5</td>
<td>Debt Management</td>
<td>Sustainability</td>
<td><strong>Debt Limits</strong> - Debt Charges to gross current expenditures not to exceed 15%. This sets maximum annual debt charges in relation to total current operating expenditures.</td>
</tr>
<tr>
<td>6</td>
<td>Current Capital and Operating Budgets Completed must be completed before December 31st of applicable year</td>
<td>Flexibility</td>
<td><strong>Budget Completion</strong> - Final Council approval of the upcoming annual budget must be completed prior to the end of the preceding year. This allows the Town the greatest opportunity to deliver optimum results on both capital and operating projects</td>
</tr>
<tr>
<td>7</td>
<td>Targeted Operating Rate Stabilization Reserve Balance</td>
<td>Sustainability</td>
<td><strong>Targeted Operating Rate Stabilization Reserve Balance</strong> - A balance of 10% of annual operating expenditures to provide the Town with protection from unforeseen operating budget variances</td>
</tr>
<tr>
<td>8</td>
<td>Targeted Capital Rate Stabilization Reserve Balance</td>
<td>Sustainability</td>
<td><strong>Targeted Capital Rate Stabilization Reserve Balance</strong> – A balance of 10% of annual Capital expenditures to provide the Town with protection from unforeseen budget variances on capital projects/purchases</td>
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<tr>
<td>#</td>
<td>Key Performance Indicator</td>
<td>PSAB Classification</td>
<td>Indicator &amp; Description</td>
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<tr>
<td>9</td>
<td>Capital Financial Independence</td>
<td>Vulnerability</td>
<td><em>Capital grants as a percentage of total capital expenditures</em> - provides an indication as to the Town’s degree of reliance on senior government grants for the purposes of funding capital expenditures. The level of capital grants as a percentage of total capital expenditures is directly proportionate with the severity of the impact of a decrease in capital grants.</td>
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Appendix B - Fleet & Equipment Life Cycle Costing Analysis

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Fleet & Equipment Life Cycle Costing Analysis

Current Issues

As described in the equipment replacement strategy prepared by Engineering and Works, a large portion of the Town’s fleet and equipment is reaching the end of its service life, with an average service life remaining of only 23.83% for all fleet and equipment, and just 16.84% for heavy equipment.

A number of large pieces of essential equipment are well past their respective useful lives. The extension of the useful lives of a number of pieces of equipment has resulted in:

- high repair requirements;
- regular maintenance not being performed as a result of limited mechanic capacity; and,
- the need to purchase second-hand equipment to supplement the fleet.

The Town currently invests approximately $400,000 per year in its fleet and equipment principally through debt financing. This is an expensive finance option for the replacement of fleet. If all equipment needing to be replaced was replaced right now, it would cost the Town in excess of $3 million.

As this expenditure is not feasible for the Town, the equipment replacement strategy outlines a purchase strategy for the next 5 years. To supplement this analysis, KPMG has extended the fleet and equipment replacement cost forecast to a 20-year outlook.

The analysis shows that with current levels of fleet and equipment, the Town will need to spend well in excess of $400,000 per year over the next 20 years. Expenditures are expected to be as high as $1.5 million in 2024 and $1.6 million in 2032.

See the following slide for expected future fleet and equipment costs.
Appendix B
Fleet & Equipment Life Cycle Costing Analysis

Forecasted Costs

The below graph outlines the expected future annual fleet and equipment replacement costs based upon current asset prices and expected useful lives. The red line represents the Town’s current average annual investment in fleet and equipment, and the blue line represents the actual investment required to sustain the current levels of fleet and equipment. The green line represents the suggested sustaining investment in fleet and equipment the Town should make, assuming a reduced fleet. Required sustaining investment is discussed further on the following slide.

Forecasted Fleet and Equipment Replacement Costs (in 000s)

Source: Town of Grand Falls-Windsor Equipment Replacement Strategy
Reserve Fund Continuity

As discussed in the observations and recommendations section of this report, it is recommended that the Town implement a levy specifically for capital expenditures.

Based on the key assumptions noted below, the Town would be required to levy approximately $1.1 million per year to maintain the reserve.

As its unlikely that a $1.1 million dollar annual levy is sustainable, the Town must consider ways to reduce its fleet and equipment. Potential methods to reduce fleet include:

- Consolidating Parks and Recreation equipment with Public Works equipment
- Shedding 1 garbage truck, and replacing 1 split garbage truck with a flat bed truck
- Renting equipment during peak service times
- Outsourcing infrastructure projects that require specialized equipment
- Reducing the number of light vehicles in the Town’s fleet from 33 to approximately 20

The Town should aim to reduce the required annual sustaining levy to $750,000 or lower.

Key Assumptions:

- Inflation – 2% per annum
- Nominal of Cost of Debt – 4%
- Interest Earnings – 2%
- Salvage Value – 0% of equipment costs
- Fire trucks are provincially funded and are not considered in the fleet and equipment life-cycle costing analysis
Appendix C - Summary of Findings from Consultations

Town of Grand Falls-Windsor
Organizational and Operational Review
Final Report
As part of the Town of Grand Falls-Windsor organizational and operational review, employees and elected officials across the organization were interviewed. Interviews were facilitated to provide an opportunity to better understand the Town’s organizational structure, roles and responsibilities and departmental services. The interviews also served to identify challenges and opportunities for operational efficiencies and continuous improvement.

In total, 33 interviews were conducted with elected officials and staff from across the organization.
Emerging Themes from Consultations

Key themes have emerged from the interviews which are summarized below.

<table>
<thead>
<tr>
<th><strong>Strategy</strong></th>
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<tbody>
<tr>
<td><strong>Understanding of vision, strategy and mission</strong></td>
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<tr>
<td>- From our consultations, it was noted that the Town has not developed a formalized strategic plan since 2002. As a result, there appeared to be a lack of clarity of the vision and corresponding strategic priorities for the Town.</td>
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<tr>
<td>- Nonetheless, the interviewed stakeholders did express a strong interest in economic development and necessity for efficient municipal operations, however, there did not appear to be a clear strategic goals.</td>
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<tr>
<td><strong>Agreement on priorities</strong></td>
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<td>- It was noted the Town does not appear to have common agreement on key priorities or goals, other than improving efficiency.</td>
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<td>- Respondents noted that priorities are set “reactively” in an attempt to address immediate hot issues instead of “proactively” to tackle long standing pain points.</td>
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<td>- Interview participants described rapidly changing priorities in response to resident complaints that were filed.</td>
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<tr>
<td><strong>Clarity in key performance measures</strong></td>
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<tr>
<td>- The Town does not appear to be utilizing any Key Performance Indicators (KPIs) or performance metrics. Respondents noted this as a challenge, because the lack of indicators makes monitoring progress in the delivery of services difficult.</td>
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<tr>
<td><strong>Efficiency and Effectiveness</strong></td>
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<tr>
<td>- Consultation participants expressed that they desire increases in efficiency and effectiveness of the Town’s delivery of service.</td>
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</table>
## Structure

The Town has seven main departments – the CAO’s Office, Finance and Human Resources, Parks and Recreation, Engineering and Public Works, Economic Development, Fire, and Municipal Enforcement. The following is a high level summary of the Town of Grand Falls-Windsor’s organizational structure:

- **Office of the CAO** – This includes the Chief Administrative Officer (“CAO”)/Town Clerk, an executive assistant position and a secretary position to the Mayor and Council.

- **Finance and Human Resources** – This department is split into four main business units: Accounting and IT, HR, Purchasing, and Taxation, and is lead by the Director of Finance and HR. Accounting and IT contains a Accounting Clerk / IT position and an Accounting Clerk / Asset Management position and is managed by an Accounting / IT Supervisor. HR contains a single Human Resources Officer. Purchasing has an Accounts Payable position and a Purchasing Officer position in addition to a Stockroom Clerk. Taxation includes a Taxation Supervisor position and a Accounts Receivable position, and a Receptionist Cashier. The Finance and HR department is supported by an Administrative Assistant.

- **Parks and Recreation** – This department is split into three main business units and is led by a Director and an Assistant Director. The first unit, Security and Special Events, is managed by a Coordinator who oversees 2 call-in ticket sellers and 11 call-in security personnel. The second unit, Parks and Recreation, is managed by a Foreman and contains 18 full-time operations staff. The third unit, Leisure Services, is comprised of 1 Leisure Services Officer. The Parks and Recreation department is supported by an Administrative Assistant.

- **Engineering and Public Works** – This department has four main business units and is led by a Director and an Assistant Director. The Engineering and Planning unit contains a Planning / GIS Technician as well as 2 building inspectors and 3 construction inspectors. The OH&S unit is comprised of 2 OH&S Officers. The Water Treatment unit is comprised of 3 Water Treatment Operators under the direction of the Assistant Director. Finally, the Public Works unit is lead by a Superintendent as well as a Water and Sewer Foreman, a Public Works Foreman, and a seasonal foreman. The Public Works unit also has 5 mechanics, 1 electrician, 35 operators, 4 water and sewer staff and 1 public liaison officer. The Engineering and Public Works department is supported by an Administrative Assistant.

- **Economic Development** – Contains an Economic Development Officer and a Business Development Officer who both report directly to the CAO.

- **Fire Department** – Contains a full-time Fire Chief and Fire Inspector in addition to 7 paid dispatchers (4 full-time and 3 call-in) and 38 volunteer firefighters.

- **Municipal Enforcement** – Includes 3 Municipal Enforcement Officers and a Chief of Municipal Enforcement who deliver bylaw enforcement services.
Emerging Themes from Consultations

Town of Grand Falls-Windsor
Organizational Chart

Office of the CAO

- Finance & Human Resources
- Parks & Recreation
- Engineering & Public Works

- Accounting & IT
- Purchasing
- Parks and Recreation Operations
- Security and Special Events
- Engineering & Planning
- OH&S
- Taxation
- Human Resources
- Leisure Services
- Water Treatment
- Public Works
- Economic Development
- Fire Department
- Municipal Enforcement
- OH&S
## Emerging Themes from Consultations

### Structure

The following comments were received from each department during the consultations:

- **Office of the CAO** – The CAO’s responsibilities have grown to include serving as the Town Clerk as well as overseeing Economic Development, Fire and Municipal Enforcement. Respondents noted that the number of direct reports to the CAO have increased over time which together with the Clerk responsibilities has affected the effectiveness of the position.

- **Finance and Human Resources** – The inclusion of HR functions within finance has been structurally challenging at times. Certain positions within the department have a combination of roles that are not functionally aligned (e.g. Accounting Clerk / IT role and the Accounting Clerk / Asset Management role).

- **Parks and Recreation** – The department has recently added a staff member, yet still consistently faces capacity issues. We understand overtime is common in the Parks and Recreation department partly because of the adhoc nature of the work.

- **Engineering and Public Works** – Coordination, communication, and linkages between Engineering and Public Works requires improvements to enhance employee engagement.

- **Economic Development** – It was noted by the interviewed stakeholders that there is a need for more focused leadership in Economic Development. Currently, the CAO oversee economic development and has limited capacity to provide the necessary attention.

- **Fire Department** – The Fire Department has also noted capacity issues, especially with regards to attracting and retaining volunteering firefighters (38 positions filled out of a 45 position roster).

- **Municipal Enforcement** – Municipal Enforcement Officers felt their structure was well suited for their department, but increasing administrative pressures are being experienced by all team members. It was noted that a staff member dedicated to following up on residential complaints would greatly increase capacity.

Across all departments, several respondents noted that they felt roles and responsibilities within, and also between, departments were unclear. Respondents felt that departments made decisions without consideration of other departments. For example, it was commonly remarked that departments developed their own human resource policies and practices, and that there was no common HR policy for the organization.
## Emerging Themes from Consultations

### Structure

- **Delegation of authority**
  - Delegation of authority within departments of the Town were reported to be largely consistent with those of other municipalities. There was few complaints of staff being micro-managed by their supervisors.
  - Council members sometimes cross into management responsibilities.

### Capacity

- The Town’s limited growth in population impacts the ability of the Town to afford increases to its staffing complement. Nevertheless, we understand the volume of municipal service requests has increased over time. As a result, there is limited capacity within the organization for additional work or special projects. Additional capacity will have to be found through more efficient and effective internal work processes and aligned organizational structure.
- Respondents also noted that there are several positions within the Town with no backup or cross-training to address unexpected absences or service demands. This tends to cause bottlenecks or points of failure within several of the Town’s departments. For example, it was noted that if the Accounts Receivable Clerk was absent, it often caused delays in payment processing that adversely affected the Accounts Payable Clerk. Similarly, as there is currently only one Human Resources Officer, unexpected absences or high service demands tend to cause bottlenecks in workflow.
- Participants in the consultations indicated that there are opportunities for technology investments to assist in increasing capacity and efficiency of service delivery. Respondents noted that manual processes (e.g. finance, HR) are time consuming and administratively burdensome.
- Interviewed stakeholders noted specific capacity pressures in Public Works because of the state of repair for the Town’s fleet & equipment. The Town’s older equipment has high service demands that cause capacity issues identified for the Town’s mechanics and equipment operators.
### Emerging Themes from Consultations

#### Current State Assessment

#### Processes and Systems

<table>
<thead>
<tr>
<th><strong>Decision making</strong></th>
<th><strong>Operational workflows</strong></th>
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<tbody>
<tr>
<td>▪ Several respondents noted that Council is involved in operational decision making, and that this may hinder management’s ability to make decisions.</td>
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<tr>
<td>▪ Council has a standing committee system, however, we understand the common practice is for all Council members to attend standing committee meetings. We also understand that committee meetings often exceed two hours in length which does not support good decision making.</td>
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**Workflow**

- Staff noted that operational workflows in several departments are largely manual and paper-based. For example, it was noted that all complaints received by Municipal Enforcement are tracked and recorded in a paper filing cabinet. In Finance and HR, the department prepares hand-written journal entries in a ledger which are later transcribed into the Town’s accounting software system.
- Many staff members noted opportunities to streamline processes within their roles of their departments. For example, it was noted that as part of the accounts payable process, directors sign-off on purchases less than one dollar. Participants also noted that physical cheques are prepared for vendors and employees, and that employees are paid on a weekly basis.

**Financial Planning**

- The Town finances its capital expenditures with debt that is reduced through the use of any expected annual surplus. The Town does not use stabilization reserves or life-cycle costing to finance infrastructure reserves. There is no infrastructure levy for capital infrastructure.

**Internal Reporting and Control**

- Participants noted that reporting to Council can be limited. We were advised that Council reviews budget variances semi-annually.
- Several respondents noted internal control issues relating to Town spending for purchases for special events.
## Emerging Themes from Consultations

### Processes and Systems

#### Public Communication
- Participants noted the Town lacks a public communication strategy for municipal services, ranging from information on service disruptions to recreation programming. Participants expressed a greater desire for 1) more cohesive and consistent use of social media; and 2) an improved Town website to better connect with citizens. Because of the lack of updated and accessible information through online channels, citizens have relied on the Town’s front counters and individual phone lines for inquiries.
- A majority of respondents noted that better and proactive public communication can assist in reducing the volume of inquiries and facilitate faster turnaround times for service requests. In turn this would create more capacity for staff to address other service demands.
- Recognizing this gap, stakeholders indicated there have been individual efforts to provide more communication, such as through social media; however, there remains a need for an overall communication strategy and communication specialist within the organization.

#### Internal Communication
- As well, respondents were concerned about internal communication. They noted that the Town lacks an internal communication plan and that communications appear to happen on an ad-hoc basis.
- Communications between departments were reported to be challenging, and interview participants noted that a lack of understanding of department roles, combined with poor communication channels, created incidents where the quality of Town services was negatively impacted.
- However, staff also noted that internal communications have been improving with the introduction of lunchbox meetings and monthly union-management meetings.

#### Enabling technology
- Typical for its size, the Town does not have an Enterprise Resource Planning (“ERP”) System and instead relies primarily on its financial software.
- Respondents noted that the Town’s financial software can be difficult to use with respect to financial reporting and online recreation registration. Town Suite does not enable any sort of workflow functionality (e.g. staff preparing a financial journal entry that can be reviewed and posted by management). The Town is currently exploring a new financial system.
- Staff noted that technology is not integrated across systems, and this creates a duplication of work. For example in accounts receivable, staff must reference both the Scheduler application and Town Suite to complete a single business process or to respond to a citizen’s inquiry.
- We understand that the Town has limited Geographic Information System (“GIS”) capabilities.
# Emerging Themes from Consultations

## People Practices

**HR practices and policies**

- Several staff members noted that labour relations at the Town have been problematic. Labour relation issues have been frequent and how they have been addressed has varied across departments. We understand there has been a concerted effort by management to improve the labour relation practices across all departments.

- Participants expressed concerns over the Town’s hiring policies, citing that they may not be adequate. Positions being created around people and ‘knowing who’s been hired before an official announcement’ were common comments amongst staff.

- Respondents noted that the Town’s compensation and benefits were quite favorable; however, the Town’s pay grid itself has caused issues. Staff have expressed concern about the valuation of jobs relative to each other and the corresponding compensation. The Town and the Union have agreed to conduct a job evaluation project using the CUPE job evaluation model to resolve these long standing concerns. Some respondents have noted that management’s salary grid is inconsistent and requires review and updating similar to the union job review.

- Multiple respondents expressed the desire for electronic HR record keeping. Currently, no HR information system (“HRIS”) is used at the Town and HR information is largely held in paper records. Staff cited that paper records has caused several issues including accuracy errors, certifications and ticket tracking, and employee leave planning.

- It was noted that in several situations that travel and expense policies may not be clearly established, understood or followed.

- Respondents noted that union-management relationships have been historically difficult, but also that these relationships are slowly improving. Although union-management meetings are held, meetings may not be occurring regularly, and some union members expressed frustrations with the lack of timely response and resolution to their issues.

## Performance management

- There appears to be a lack of a performance evaluation system for unionized employees and management. Some respondents felt that this has caused both under-performance and high performance to go unrecognized. Respondents also noted that the lack of a performance management system caused promotions to occur without a solid basis of support for the promotion decision.

- Respondents expressed concerned that succession planning for key positions was not occurring. In particular, the CAO and Superintendent of Public Works positions were noted to be key positions that required attention.
Emerging Themes from Consultations

### People Practices

#### Training and support
- Newer employees reported that there was no formal onboarding process and training was primarily obtained on-the-job. More experienced respondents expressed the need for on-going professional training either to enhance skill sets or to obtain/maintain certifications. The amount of training support provided by the Town was an issue for employees across the organization.
- Some staff noted that there is little incentive to pursue higher levels of education or certification since the Town does not offer higher levels of compensation in recognition of the advanced training.
- Several staff members noted that they were the sole employee trained in critical process and this has impacted their ability to take sick time and vacation leave. Respondents noted there is a need for the cross-training of employees to ensure Town services are maintained at a high level during periods of leave, and to allow for more flexible scheduling of staff. It was also noted that cross-training of staff may increase employee understanding of the Town’s different roles and departments and increase staff engagement.

#### Staff engagement
- Staff engagement levels appeared to vary across and also within departments.
- In large part, all levels of employees within the organization are proud of the work they deliver and are committed to excellence in municipal service delivery.

### Culture

#### Values and beliefs
- Low employee moral was a concern that was expressed in several Town departments. However, participants noted the Town has recently made efforts to create an environment where employees feel secure are able to be successful.
- Historical resistance to change was an issue that was vocalized by several staff members, who were concerned that change resistance has led to outdated processes and information systems.
- Although the above issues were noted, many respondents also expressed a belief that the Town’s culture was improving, not worsening, and that the outlook for the Town was positive overall.