

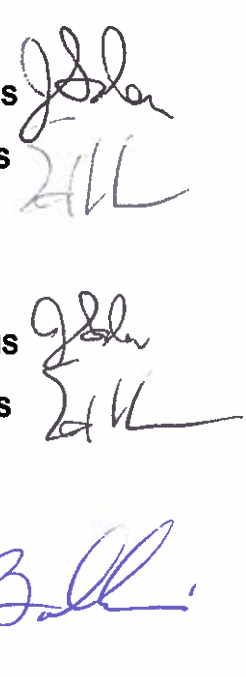
TO: GENERAL COMMITTEE

SUBJECT: 2012 BUSINESS PLAN

PREPARED BY AND KEY CONTACT: J. SALES, GENERAL MANAGER OF COMMUNITY OPERATIONS
E. ARCHER, GENERAL MANAGER OF CORPORATE SERVICES
R. FORWARD, GENERAL MANAGER OF INFRASTRUCTURE, DEVELOPMENT AND CULTURE

SUBMITTED BY: J. SALES, GENERAL MANAGER OF COMMUNITY OPERATIONS
E. ARCHER, GENERAL MANAGER OF CORPORATE SERVICES
R. FORWARD, GENERAL MANAGER OF INFRASTRUCTURE, DEVELOPMENT AND CULTURE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: J. M. BABULIC, CHIEF ADMINISTRATIVE OFFICER



RECOMMENDED MOTION

1. That the 2012 tax-supported base operating budget for municipal operations, with total gross expenditures of \$152.9 million and a net property tax levy requirement of \$102.5 million be approved with the following amendments to reflect changes since the Business Plan's publication on December 30, 2011:
 - a) That the budget for the International Relations Committee (01-06-0935-0000-xxxx) be increased by \$6,000 as per Motion 11-G-356
 - b) That costs associated with operating the Dorian Parker Centre (\$9,300) be included
2. That the 2012 tax supported base operating budget for Barrie's Service Partners with total gross expenditures of \$93.6 million and a net property tax levy requirement of \$75.8 million, broken down as follows and based on adjusted figures provided by the Barrie Police Service after the Business Plan's publication on December 30, 2012 as identified in Staff Report EMT001-12, be approved:

a)	Police Services	\$ 43,343,716
b)	County of Simcoe *	\$ 21,779,321
c)	Library	\$ 5,996,781
d)	Conservation Authorities	\$ 1,096,224
e)	Simcoe County Health Unit	\$ 1,629,705
f)	Lake Simcoe Regional Airport	\$ 861,207
g)	Other	\$ 1,175,729

* County of Simcoe includes Social Services, Social Housing, Land Ambulance, and the County Museum and Archives.

3. That Tax-supported Program Changes, including service enhancements worth \$1.3 million and service reductions worth \$1.1 million, for a net 2012 cost of \$0.2 million as detailed on page 296-349 of the 2012 Business Plan, be approved;
4. That an economic adjustment for exempt staff salaries included in the 2012 base operating budgets, equivalent to a 2% adjustment to salary levels and consistent with the adjustment applicable to CUPE salaries, be applied, for a total cost of \$498,675;
5. That the summaries provided in Appendix B to Report EMT001-12 serve as the response Council directed staff to provide regarding the demonstrated need for new positions approved in the 2011 Business Plan for programs that were the subject of a Service Review in 2011, and that recruiting for these vacant positions proceed;
6. That the water base operating budget, with gross expenditures of \$24.2 million and revenues of \$24.2 million, be approved;
7. That the wastewater base operating budget, with gross expenditures of \$27.6 million and revenues of \$27.6 million, be approved;
8. That the Parking Operations base budget, with gross expenditures of \$1.3 million and gross revenues of \$1.3 million, be approved;
9. That User-rate supported Program Changes with gross 2012 costs of \$48,000, be approved as follows:
 - a) \$22,000 for wastewater programs, as described on page 97 of the 2012 Business Plan;
 - b) \$18,000 for water programs, as described on pages 103 of the 2012 Business Plan;
 - c) \$8,000 for Parking Operations, as described on page 108 of the 2012 Business Plan;
10. That the 2012 capital budget of \$156.1 million, comprised of \$51.2 million in new funding and \$104.9 million in funding approved in prior periods, be approved;
11. That, consistent with the Capital Project Control Policy, the 2013, 2014 and 2015 capital budget relating to new 2012 capital projects of \$13.5 million in 2013 and \$3.0 million in 2014 be approved;
12. That no expenditure of funds occur for the following capital projects, if they are approved as part of the 2012 capital budget, until the business case for each is presented in a separate report and approved for implementation:
 - a) Downtown CCTV Cameras
13. That the 2013 and 2014 preliminary operating budgets be approved as forecasts;
14. That effective March 1, 2012, By-law 2011-04, as amended, be repealed and replaced with a by-law incorporating the fees and charges presented in the 2012 Business Plan, published December 30, 2011, pages 381-419;

15. That pursuant to Ontario Regulation 284/09, this report serve as the method for communicating the exclusion of the following estimated expenses from the 2012 Business Plan:
 - a) Amortization expense - \$38 million
 - b) Post-employment benefit expenses - \$1.3 million; and
 - c) Solid waste landfill closure and post-closure expenses - \$0.8 million
16. That staff be authorized to submit applications for grants that would reduce expenditures associated with projects, programs and services approved as part of the operating and capital budgets;
17. That the Mayor and Clerk be authorized to execute any agreements that may be required to accept grant funding from other levels of governments or other partners to reduce expenditures associated with programs, services and/or capital projects.
18. That staff be authorized to submit applications for grants that would reduce future capital expenditures, fund service enhancements or enable capital projects to be advanced and a report be presented prior to the execution of any agreement associated with the acceptance of such grant.
19. That the City Clerk be authorized to prepare all necessary By-laws to implement the above recommendations.

PURPOSE & BACKGROUND

20. The purpose of this report is to recommend the corporation's 2012 Business Plan. The proposed Business Plan follows the directions provided by Council in Motion 11-G-250 (described in the Business Plan on pp. 23-24). Generally, the plan maintains current services and service levels and incorporates new service levels directed by Council to commence in 2012.
21. Through a series of master plans, performance indicators, asset condition data, benchmarking data comparing Barrie's performance with other municipalities and a long range financial plan, the City has a variety of elements for evaluating performance and understanding how best to use limited financial resources. With Council's support, staff's efforts to produce this information makes the City of Barrie a recognized leader across the municipal sector in demonstrating accountability for results and transparency in decision-making.

ANALYSIS

22. Including the cost of recommended Program Changes, the projected cost of 2012 programs and services requires a 4.9% property tax increase. For a typical home assessed at \$272,000, the total cost of the Business Plan produces a \$252 increase (\$170 from property taxes, \$82 from water and wastewater rates), based on the province maintaining a revenue neutral education rate.
23. Revenue projections include assessment growth of \$2.3 million and user fees and charges worth \$17.1 million. The majority of fees and charges come from recreation and leisure programs and transit services.

Factors Influencing Plans and Anticipated Results

24. Staff considered a variety of factors when preparing the 2012 Business Plan:
- a) **Previous decisions** – as described in more detail later in this report, a variety of previous decisions affect the level and extent of spending that will occur in 2012. Generally, costs associated with negotiated wage settlements, Transit services, establishing a temporary Fire Station, commissioning the new Surface Water Treatment Plant and new corporate facilities (for Fire Services and POA/MLPS services) drive the majority of cost increases in the 2012 Business Plan.
 - b) **Corporate financial condition** - managing the City of Barrie's financial condition is extremely important because it influences judgments about credit worthiness which, in turn, affects the city's credit rating and the cost of borrowing. Pages 38-39 of the Business Plan report financial condition indicators recommended by the Public Sector Accounting Board (PSAB). Generally, the corporation's sustainability is declining. Decisions to rely on debt financing in prior periods are beginning to have a more significant impact on operating costs now that some of the debt has to start being repaid. Current forecasts anticipate the peak operating budget impact of debt servicing costs won't be felt until 2019 (see Business Plan, p. 51). Staff responded by increasing the transfers to the Tax Capital Reserve in accordance with the budget directions, reducing planned expenditure levels to accommodate funding requirements for Recommended Program Changes and including only the highest priority capital projects in the capital budget.
 - c) **Asset condition** – asset condition data was compared against expected service levels. As described in Report CAM001-11, approved by Council December 19, 2011, the results show a significant gap exists between current spending on asset maintenance, renewal and replacement and the amounts required to sustain asset condition to continue meeting expected service levels. While the 2012 plan includes investments to slow the growth of this gap, it does not close it.
 - d) **The Long Range Financial Plan** – Council approved updates to the Financial Policies Framework in the third quarter of 2011 (Motion 11-G-261). The updates reflect a strategy to gradually build reserve balances and reduce the corporation's reliance on debt as a financing source. This was supported by new financial policies and reporting processes designed to emphasize consideration of both current and long-term impacts of decisions on the corporation's financial condition. The 2012 Business Plan includes increased reserve transfers to begin putting this strategy into action.
 - e) **Community expectations** - the citizen survey completed in the fourth quarter of 2011 indicated residents' top priorities for improvement were road maintenance, land use planning, economic development and transit. Residents also indicated there were no services that should be reduced or eliminated.
25. As a result of the directions provided by Council through Motion 11-G-250, and as described on pages 23-24 of the 2012 Business Plan, staff assessed master plans, program performance data, asset condition data, OMBI comparisons and department workplans to identify approaches for building the 2012 Business Plan. EMT provided additional direction regarding specific approaches to take for minimizing cost changes between 2011 and 2012 and evaluating capital spending priorities. Options for service reductions were identified if Council wanted to apply a lower property tax levy than the one recommended in this report (see Appendix "A").

2012 Tax Supported Operating Budget

26. The net tax levy requirement for 2012, after incorporating assessment growth of 1.5% or \$2.3 million, is \$178.4 million. This includes the budgetary requirements of the City, the Service Partners and the recommended Program Changes.
27. As shown in the following table, based on the provinces past practice of maintaining education rates, the impact on taxpayers is a 4.9% increase on the total tax bill. For a typical household assessed at \$272,000, the increase is \$170:

	<u>2010</u>	<u>2011</u>	<u>2012 Plan</u>	<u>11-12 Change</u>
Municipal tax:				
City Operations	\$ 1,422	\$ 1,588	\$ 1,720	\$188
Service Partners	1,335	1,312	1,290	(18)
Sub-total	\$ 2,684	\$ 2,900	\$ 3,010	\$ 170
Education	603	603	603	--
Total	\$ 3,287	\$ 3,503	\$3,613	\$ 170

28. The Corporation's Financial Policies Framework establishes an affordability threshold for property tax-supported services. Specifically, it states that annual property taxes for a typical household will not exceed 4.0% of household income. If approved as presented, the 2012 Business Plan requires approximately 3.6% of household income to pay for property tax-supported services.
29. Performance improvements have become a routine part of annual operations throughout the corporation. This has not only been driven by a management team committed to demonstrating effective performance, but it has also been driven by practical considerations associated with the corporation's financial condition that make it essential to find efficiencies and identify cost savings to keep property taxes affordable for the services and service levels Council wants to provide.
30. Specific financial pressures influencing the tax-supported 2012 operating budget include the following:

Service Partners (net)	\$2,742,236
New Debt	\$1,519,013
Asset management funding in accordance with the Long Range Financial Plan	\$1,100,000
Compensation adjustments	\$2,948,471
Transit (net)	\$414,720
Fire Station #1	\$362,000
Annualization of positions approved in 2011	\$1,243,521
Utilities	\$243,762
Revenue from new taxable assessment	(\$2,300,000)

Recommended Program Changes

31. Where new or different resources are requested, Program Change Forms were prepared that identify the service impacts that would be realized. As described on p. 296-349, the 2012 Business Plan recommends \$2.7M gross (\$220,935 net) in Program Changes. Each Program Change Form includes a business case to support Council's deliberations.
32. EMT recommends these Program Changes because of the service impacts they will create, the financial savings they will produce (where service reductions or new revenues are recommended)

and to address the Corporation's most immediate and important unmet needs. Where program changes support more than one operating fund (i.e. tax, water, wastewater or parking), the portion of the program change's costs supporting that fund will be included in the operating budget for that fund.

2011 Service Review Results

33. When it approved the 2011 Business Plan, Council reviewed OMBI data, planned program costs and anticipated service levels and directed staff to conduct Service Reviews in six programs. The objectives of these reviews were to identify improvement opportunities and recommendations that produced net cost reductions beginning in 2012. Where new staff were proposed for the subject program, Council approved the funding for the position in the 2011 budget but directed that the positions remain unfilled until the related Service Review was complete and confirmed there was a need for them. Funds are in 2012 base operating budgets to support these positions.
34. As described in Report EMT002-11 ("2012 Budget Directions"), staff anticipated the results of the Service Reviews would be available after the draft 2012 budget was substantially complete, and that recommendations for net cost reductions would be presented as part of this staff report. Since then, the CAO has made a presentation to General Committee generally describing the results of the reviews, with more detailed presentations scheduled for delivery to the appropriate Reference Committee. Copies of the final reports from each of the Service Reviews were also placed in the Councillor's Lounge.
35. Appendix B summarizes the reviews. Staff anticipate tax-supported savings worth \$494,000 can be realized in 2012, broken down as follows:
- | | | |
|----|--|-----------|
| a) | Information and Communications Technology | \$200,000 |
| b) | Environmental Services (Landfill) | \$209,000 |
| c) | Leisure, Transit and Facilities (Recreation) | \$ 85,000 |

Recommendations from the reviews call for the approved but vacant positions to be filled. Paragraph 5, if approved by Council, will result in staff undertaking the necessary recruiting activities in accordance with their 2012 workplans.

Revenues

36. An analysis of planned revenues is provided on pp. 81-91 of the 2012 Business Plan. If approved as presented, planned revenues from user fees and service charges will increase 5.2% from 2011 forecasted levels. This represents a 0.3% increase from 2011's budget. Planned fees and charges are described on pp. 381-419 of the 2012 Business Plan.

Reserves and Reserve Funds

37. Reserves and Reserve Funds are a critical component of a municipality's financial condition. They help a municipality accomplish two goals – achieve tax stability and contribute to the orderly provision of services. Typically, reserves are a way of financing large capital expenditures and provide a source for funding unplanned events or emergencies. Reserves also allow Council to take advantage of opportunities that were not anticipated when the budget was prepared. They may also help manage financial obligations that are incurred in the current period but don't become payable until some future period.
38. As described on p. 42 of the Business Plan, the City's reserves and reserve funds are projected to decrease by \$133 million (net) in 2012. This is a 49% decrease and results from lower than required contributions to reserves from taxes, user rates and development charges. The decrease also reflects a planned payment to Royal Victoria Hospital of \$16 million as part of the Corporation's commitment to fund the RVH expansion. Generally taxes, user rates and

development charge revenues are not keeping pace with current or planned levels of spending on capital works.

39. The Corporation's Financial Policies Framework establishes minimum target balances for its Reserves. As described in the City's Long Range Financial Plan, (see Staff Report FIN020-11), projections illustrate the Tax Capital Reserve is oversubscribed. Similarly, Reserve Funds that rely on dedicated revenue streams – like the Development Charges Reserve Fund - are below planned levels. Target reserve levels are not being realized because of a combination of factors:
- a) Development activity that would trigger the reserve fund contributions has not been occurring at the rate that was expected when the budget was set
 - b) Actual costs for growth-related projects are higher than planned, and
 - c) Discounted rates for development charges approved by previous Councils have reduced the amount of revenue earned from past and current development activity.

Debt

40. An analysis of the City's debt position and forecasts is available on pp. 49-52 of the 2012 Business Plan. The City's debt policy requires the average debt retirement period to be no more than 12 years and that at least two-thirds of all outstanding debt be retired within 10 years in any reporting period. Currently, as a result of the decision in 2010 to issue debt with a forty year term for the Surface Water Treatment Plant, the average outstanding debt retirement period is 15.6 years. However, at least two-thirds of all outstanding debt will be retired within 10 years.
41. As noted by Standard and Poor's in its assessment of the City of Barrie's financial condition, debt financing to support growth is high relative to our peers. In addition to the capital projects Council deferred via Motion 11-G-252, staff applied a consistent set of criteria to evaluate capital projects and limited the 2012 capital budget to include projects that address only the corporation's most critical needs (see p. 117-121 of the 2012 Business Plan for more information).

2012 Capital Plan

42. The 2012 capital plan is \$156 million. It includes \$105 million in previously approved funding and \$51 million in new funding requests. Consistent with the Capital Project Financial Control Policy, where the 2012 capital budget includes projects that will be completed over more than one reporting period, Council's approval of new projects in the 2012 capital budget includes approval of the funds required in 2013 and 2014, as applicable, to conduct the work.
43. The 2012 capital budget is part of a robust four-year plan designed to coincide with the term of Council. It incorporates data produced over the last two years to assess the condition and remaining useful life of the corporation's tangible capital assets and reflects staff's judgment about the highest and most critical needs, based on a comprehensive risk assessment process. It relies on a financing plan that reflects the guidance provided by the Financial Policies Framework and considers long-term financial impacts as reported by the corporation's Long Range Financial Plan.
44. The Corporation's capital asset renewal needs and known, unmet additional capacity requirements exceed its ability to afford them. Therefore, for planning purposes EMT developed a prioritization process that influenced recommendations about which capital projects should be included. Council approved this prioritization process as part of the 2012 Budget Directions.
45. EMT's prioritization process considered the impact of a particular capital project on a set of ranked municipal programs. The ranking reflected EMT's judgment about the relative importance

of each program to the community's quality of life based on its understanding of Barrie's current circumstances. Where affordability concerns prompted decisions about which projects deemed to be "critical" were to be recommended as part of the capital budget, the program ranking helped identify which critical projects should be considered first. Programs were ranked as follows:

- a) First priority – Public Safety, Environment, Transportation
- b) Second priority – Land Use Planning, Economic Development, Corporate Support
- c) Third priority – Enforcement, Arts and Culture, Recreation

46. The 2012 Business Plan describes the spending plan by asset class and the sources that will be required to fund the current plan on pp. 129. The Tax Capital Reserve and debt are the two largest sources of financing.

Specific Capital Projects Council Directed to Staff for Consideration

47. In response to motion 11-G-368 staff assessed the potential for including the redevelopment of Memorial Square in the 2012 – 2015 Capital Plan. As a result of this assessment, staff do not recommend proceeding with this project at this time. The proposal made by the BIA in its November 23, 2011 letter to City Council indicated it would fund the pre-design and design components and contribute \$1.0 million towards construction costs. It would also conduct fundraising to produce an additional \$1.0 million of construction funding. This means the City would be required to fund approximately \$1.0 million towards the construction of this project. After considering the City's financial condition, reserve levels, anticipated timing of associated projects and relative priority of known backlogs for renewal and capacity driven capital needs, staff concluded that this project should not proceed at this time. If this project is included in the capital plan, there will be a need to defer an equivalent value in planned critical renewal and/or capacity driven projects. Ideally, this work would be undertaken in conjunction with development of the adjacent site, which is anticipated to include a hotel/convention centre. Although there is no specific timeline for this adjacent development, aligning the timing of this work with it provides an opportunity to coordinate construction activities and identify other potential funding partner(s).
48. Motion 11-G-343 directed staff to consider up to \$250,000 for the installation of Downtown Cameras. Funding from the Tax Capital Reserve has been included in the 2012 Capital Budget. Before any expenditure of these funds occurs, a report from the Barrie Police Services Board to General Committee is required on reported crime and clearance rates for the last 5 years for the downtown area. It is also to provide studies concerning the effectiveness of downtown cameras, among other things.

Water and Wastewater Rate Supported Budgets

49. The Water and Wastewater budgets were developed in accordance with the long range financial plan approved by Council last June and scheduled for review in 2012. The corporation's Financial Policies Framework establishes an affordability threshold for water and wastewater services. Specifically, it states that annual water/wastewater costs for a typical household will not exceed 2.5% of household income.
50. Currently, 0.7% of household income is required to pay for water and wastewater services. This is not only well within Council's affordability threshold, but it is also below the provincial average of 1%.
51. Factors influencing water and wastewater budget changes from 2011 to 2012 include:

Financing charges	\$4,142,928
Transfer to Reserves	\$3,429,812

Compensation adjustments	\$238,082
Contracted Services	\$374,000
Annualization of positions approved in 2011	\$50,000
Development Charge recoveries for debt payments	(\$335,537)
Total	\$7,899,285

52. Recommended Program Changes for water and wastewater services are worth approximately \$40,280. These include the addition of 2 FTE to support stormwater management activities and a Project Engineer to address anticipated workload levels which would otherwise be contracted out at an additional cost. Funding for these positions is provided by both the tax-rate and user-rate supported budgets.

Parking Rate Supported Budget

53. The Parking Rate supported budget is essentially unchanged from 2011 levels. Gross expenditures in 2012 are anticipated to be \$1.28 million, down \$28,000 from 2011. These expenditures include debenture costs of \$968,000 associated with the Collier Street parkade. This is prompting a draw from the Parking Rate Reserve of \$991,425 to balance the budget.
54. A review of OMBI data shows Barrie's costs to maintain parking spaces is lower than other municipalities. While there are slightly more parking spaces per capita available in Barrie, revenue earned per space is significantly lower compared to other municipalities.
55. A review of Parking services was completed late in the fourth quarter of 2011. The balance in the Parking Rate Reserve is insufficient to sustain the level of support currently required to keep Parking services as a self-funding operation. This means changes to parking services are required – either by introducing new revenue streams or changing its status as a self-funding service. A report to Council will be presented in early 2012 that recommends changes to address this unsustainable financial model.

Service Partner Budgets

56. Collectively, net 2012 budget requests from the City's Service Partners – the Barrie Police Service, County of Simcoe, Simcoe-Muskoka District Health Unit, Barrie Public Library and the Conservation Authorities – are decreasing \$3 million or 4% from 2011 levels for a total budget requirement of \$76.1 million.
57. Police services represent approximately 57% of the service partner budget request. As described on p. 70 of the 2012 Business Plan, its 2012 budget is \$43.6M, which is 5% higher than its 2011 budget. However, as the Business Plan was being published the Police Services Board advised of a further reduction in its 2012 budget request, with the result being a \$240,000 reduction (0.55%). The majority of Barrie Police Services budget is attributable to staffing costs.
58. The next largest portion of the service partner budget is from the County of Simcoe, which provides social services and land ambulance services on behalf of the City of Barrie. It represents 29% of the total service partner budget. Its 2012 budget is \$21.8M, which is \$60,000 higher than its 2011 budget as a result of cost shifts within the Paramedic Services program.
59. Staff are discussing the terms of the cost sharing agreement between the City of Barrie, the City of Orillia and the County of Simcoe, which expired in 2011. The 2012 budget was based on the existing cost allocation method. These discussions are ongoing, and staff expect a new cost sharing agreement will be presented to Council in the first quarter of 2012 that would take effect in 2013.

Expenses not included in the 2012 Business Plan

60. Previous reports to Council described new reporting requirements for tangible capital asset accounting that came into effect for municipalities in 2010 (for 2009 financial statement reporting). Generally, the effect of these requirements is to increase the level and type of information presented in the City's financial statements about the stock, condition and use of tangible capital assets to support municipal operations and to disclose information using the "full accrual" method of accounting. This method recognizes expenses when they are incurred and revenues when they are earned, regardless of when the cash outlay occurs.

61. A related provincial requirement that took effect in 2011 is for municipalities to disclose the amounts that are reported in their financial statements but not included in their budgets. For example, the City of Barrie reported depreciation expense of approximately \$37.3 million in 2011. This represents the value of assets that were "used up" to provide programs and services, but the corresponding expenditure in the 2011 budget (transfer to capital reserves) was approximately \$14.1 million. Prior to the introduction of full accrual accounting, this difference would have been neither noted nor reported, but it is significant for understanding how municipalities developed what has become known as "infrastructure deficits".

62. Prior to passing the 2012 budget municipalities are required to disclose amounts that are expensed in their financial statements but not included in budgeted figures. For the City of Barrie this includes three expenses:
 - a) Amortization - \$38 million
 - b) Post-employment benefits - \$1.3 million
 - c) Landfill closure and post-closure liabilities - \$0.8 million

The effect of including these expenses in the budget would be to increase the tax levy and user rate requirements. By not including these expenses, reserve contributions are lower than they will likely need to be to maintain assets in a state of repair to support existing services and service levels in the future. Similarly, as obligations for post-employment benefits or landfill closure costs become due, not including these expenses now increases the impact on future tax levies.

Conclusion

63. The recommended Business Plan maintains services and service levels provided in 2011 and includes the introduction of several new facilities. The recommended tax levy and user rate increases help introduce the following:
 - a) New branch library
 - b) Commencing construction on a new Transit Garage
 - c) Road widening, rehabilitation and reconstruction work throughout the City
 - d) Improvements to Bunkers Creek storm sewer
 - e) Construction start of the Sunnidale Reservoir
 - f) Promoting Active Transportation through the introduction of bicycle racks on Barrie Transit buses

- g) Fire Station # 5 with an additional 20 firefighters
 - h) 5 additional police officers
 - i) Waterfront GO station
64. Over the balance of 2012, staff will continue to review and make changes or bring forward recommendations for change as feasible related to opportunities for improvements in the efficiency and effectiveness of services, programs and projects.

ENVIRONMENTAL MATTERS

65. There are no environmental matters related to the recommendations.

ALTERNATIVES

66. There are five alternatives available for consideration by General Committee:

Alternative #1

General Committee could alter the recommended levy requirement by removing one or more of the recommended program changes identified in the 2012 Business Plan.

EMT believes these program changes are required in 2012 to improve the corporation's ability to respond to service demands, address affordability concerns and act on previous directions from Council.

Alternative #2

General Committee could alter the proposed recommendation regarding water or wastewater rates.

The proposed rates reflect the rate structure approved by Council in 2009 and the amount of revenue required to support the services as self-funding operations. Planned revenues are sufficient only to cover the services' planned costs. A review of the long range financial plan is scheduled in 2012.

If a lower rate increase is deemed appropriate this could be achieved by increasing the amount of the fixed charge applied to both services. Currently, proposed rates assume a 34% fixed charge, consistent with the approved long range financial plan. Increasing the fixed charge would reduce the amount of revenue required from volumetric charges. However, it may exacerbate affordability concerns for low-income water customers, since the total revenue requirements would remain unchanged.

Alternative #3

General Committee could alter the recommended levy by adjusting proposed user fees and charges.

Proposed fees reflect charges that reduce taxpayer subsidies for services that provide individual, rather than community, benefits. Staff developed the fees after careful consideration of factors like participation rates, market alternatives and affordability.

Alternative #4

General Committee could alter the proposed recommendation regarding the 2012 Capital Budget by changing the capital works that are included.

The recommended capital projects have been carefully prioritized and reflect only the corporation's most critical needs. Considering the City's reliance on debt financing over the next 10 years, adding capital projects to the 2012 plan that require debt financing is not recommended. Removing recommended capital projects in favour of other capital projects that were not ranked as "critical" works increases the risk of asset failure and the potential for service interruptions.

Alternative #5

General Committee could recommend any of the service level changes in Appendix "A". The total value of service level changes is approximately \$3.7M. If all service level changes are incorporated into the recommended motions, the 2012 property tax increase would be reduced to 3%.

While EMT identified the service level changes in Appendix A, it does not support nor endorse them. Based on OMBI comparisons, the City of Barrie's efficiency and service levels generally reflect average levels found in other Ontario municipalities. Property taxes are also generally lower in Barrie than in other Ontario municipalities, and significantly lower when compared to other cities with greater than 100,000 residents.

FINANCIAL

67. The financial impacts of the 2012 Business Plan are as follows:

- Tax Rate Budget Impact: a 4.9% property tax increase, which translates into a \$170 increase on a home with an assessed value of \$272,000.
- Water Rate Budget Impact: a \$28 increase to a typical household based on an average consumption of 180 cubic meters per year
- Wastewater Rate Budget Impact: a \$54 increase to a typical household based on an average consumption of 180 cubic meters per year.
- Parking Rate Budget Impact: a \$795,000 reduction in the Parking Reserve.
- A 49% net decrease in reserve and reserve fund balances of \$90 million.

LINKAGE TO 2010 – 2014 COUNCIL STRATEGIC PLAN

68. The recommendations in this report address all of the goals described in Council's Strategic Plan by including action items in 2012 designed to address each goal.

APPENDIX "A"

Potential Service Adjustment Options

Implement recommendations from the recently completed Service Reviews (see Appendix "B" for more details)	\$494,000
Defer the opening of Fire Station #5 until December 2012	\$233,000
BMC cost reductions	\$150,000
Transit fare increase	\$80,000

Eliminate Tax supported Program Change Forms that add costs:

Service Partners - Contribution to Library Ramp up Reserve	\$-350,000
HR - Permanent Part Time Benefits	\$-115,087
Physician Recruitment Program	\$-110,000
Transit System Rebranding	\$-100,000
Facility Operations - Asset Management	\$-89,137
Stormwater Systems Operations	\$-86,721
Temporary Purchasing Agent (Temporary Capacity)	\$-81,050
Temporary Purchasing Agent (Standing Agreements)	\$-81,050
Transit - Real-time Passenger Information	\$-76,500
Traffic Systems Foreperson	\$-66,873
City Hall Security	\$-59,000
Ward Boundary Review	\$-40,000
Transit - Mobility Hub Feasibility Study	\$-31,250
Theatre - Box Office	\$-17,817
Disc Golf Course Maintenance	\$-11,000
Legal Services - Conversion of position from PPT to permanent FT	\$-3,647
Defer tax rate debt issue until December	\$-1,000,000
Reduce recommended LRFP contribution to tax capital reserve	\$-451,404

The total value of these adjustments is \$3.7M.

APPENDIX "B"

Service Review Executive Summaries

APPENDIX B-1: ICT Service Review

Staff anticipate generating \$200,000 in net cost reductions from ICT's 2012 base budget as a result of implementing the recommendations from the Service Review. Work will continue beyond 2012 to produce additional reductions, and will include the following four net cost reduction opportunities:

2012 Net Cost Reduction Opportunities	Annual Operational Spend	Estimated Savings UP TO	Approach
1. Mobile Devices	\$315,617	\$78,904	Corporate review of all air card, cell phone and blackberry deployments across all departments.
2. ICT Staff Overtime	\$133,000	\$26,600	Assess corporate willingness to accommodate technology maintenance/upgrades (user down time) during regular office hours. Corporate review of afterhours technology support to reduce evening/weekend support call outs.
3. Contracted Services for Communications Infrastructure	\$400,000	\$195,000	Review 3 rd party arrangements for cost saving opportunities in the provisioning of communications infrastructure. Investigate opportunities to lease more space on City's communication towers and increase revenues.
4. Contracted Services for Applications Maintenance/Support	\$600,000	\$120,000	Corporate review of software application deployments for the purposes of suspending and/or reducing maintenance and licensing fees.
TOTAL		\$420,504	

Reliance on corporate participation and involvement will be key in achieving the recommended net cost reductions as substantially all of the department's technology costs are directly tied to specific services delivered by front-line programs and services.

Breakdown of 2012 ICT Budget by Category (\$)				
Category	Staffing and Department Overhead	ICT Expenditures	Corporate Expenditures	Total
Advancing Technology	\$ -	\$ 46,248	\$172,352	\$218,600
Department Admin	\$33,390	\$ -	\$ -	\$ 33,390
Phones/Radios	\$ -	\$ 55,375	\$667,785	\$723,160
Salaries and Benefits	\$3,052,689	\$ -	\$ -	\$3,052,689
Technology Support	\$ -	\$32,279	\$146,085	\$178,364
Vendor Contracts/Licenses	\$ -	\$110,297	\$1,229,505	\$1,339,802
TOTAL	\$3,086,079	\$244,198	\$2,215,727	\$5,546,005

APPENDIX "B-1"

Service Review Executive Summaries

ICT Service Review

Staff anticipate generating \$200,000 in net cost reductions from ICT's 2012 base budget as a result of implementing the recommendations from the Service Review. Work will continue beyond 2012 to produce additional reductions, and will include the following four net cost reduction opportunities:

2012 Net Cost Reduction Opportunities	Annual Operational Spend	Estimated Savings UP TO	Approach
1. Mobile Devices	\$315,617	\$78,904	Corporate review of all air card, cell phone and blackberry deployments across all departments.
2. ICT Staff Overtime	\$133,000	\$26,600	Assess corporate willingness to accommodate technology maintenance/upgrades (user down time) during regular office hours. Corporate review of afterhours technology support to reduce evening/weekend support call outs.
3. Contracted Services for Communications Infrastructure	\$400,000	\$195,000	Review 3 rd party arrangements for cost saving opportunities in the provisioning of communications infrastructure. Investigate opportunities to lease more space on City's communication towers and increase revenues.
4. Contracted Services for Applications Maintenance/Support	\$600,000	\$120,000	Corporate review of software application deployments for the purposes of suspending and/or reducing maintenance and licensing fees.
TOTAL		\$420,504	

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1 Executive Summary

The City of Barrie is one of the fastest growing municipalities and 35th overall in size in Canada, and its future growth plans see the population growing from its current level of 141,000 to 210,000 by 2030. This type of growth, as we have seen in many jurisdictions, especially in Western Canada, puts stress on the departments that serve its citizens. Information technology is recognized as one of a handful of enablers of major organizational change. So much so, in fact, it will be noted from the OMBI data that jurisdictions like the City of Calgary make very large investments in ICT; in real dollars, approximately \$110 million in 2009, and as a percent of Municipal Operating and Capital expenditures in the range of 3%-4%.

For its part Sierra has been providing management and information technology consulting services to all levels of government since 1966. The project team assembled for this engagement has a combined 100 plus years of experience in the IT process landscape and in conducting service reviews.

Sierra works with all levels of government throughout North America and wants to acknowledge the complexity in delivering ICT Services to the City's various departments. The following information demonstrates some of the causes of this complexity in service delivery:

914 municipal staff growing to approximately 1200 during the summer	ICT staff of 35 full time staff	45,000 plus ICT person hours delivered annually
190 enterprise and business applications to support	114 IT projects in which it participates	Specialized mission critical systems support for fire, police, water and wastewater
A budget of \$5,122,233 in 2010 to manage	1,257 municipal devices to support	40 physical locations across the City to support

Our review of ICT Operations will show that opportunities to achieve cost-savings and to make improvements in the efficiency and effectiveness of ICT operations do exist across the the IT Process Landscape. However, the City is a complex organization with complex needs because of the very nature of its diverse business operations for example; the growth of application maintenance and support spending will require increased funding unless managed effectively. Our experience and research from Gartner Inc. suggest a spending rate of 3% to 4% of operating budgets and approximately 0.6% of capital budgets are required for a municipality to stay even with core business needs. Analysis of local governments in Canada also suggests a cumulative annual growth rate in ICT of 3.22% from 2010 to 2015. Therefore:

The City must provide the ICT department with a mandate to build strategic capacity, as a shared service, through investment activities and/or cost savings re-investment while developing ICT disciplines and standards.

A focus on capacity building is expected to:

1. Create Business Value	More advisory and proactive instead of transactional and reactive
2. Enhance Business Support	Measured, disciplined and improved cost control in ICT and other departments

3. Improve Governance	Improved governance of corporate ICT initiatives and ICT itself
4. Improve Resource Management	An organized defined approach to performance measurement, resource utilization, cross-training, and project management.

Sierra was given the following three tasks for this project:

TASK 1 - Analyze and compare the scope and expected results of ICT service program against a peer group and the consultant's industry experience

TASK 2 - Identify options for change

TASK 3 - Provide recommendations and a plan that produces, at a minimum, net cost reductions starting in 2012

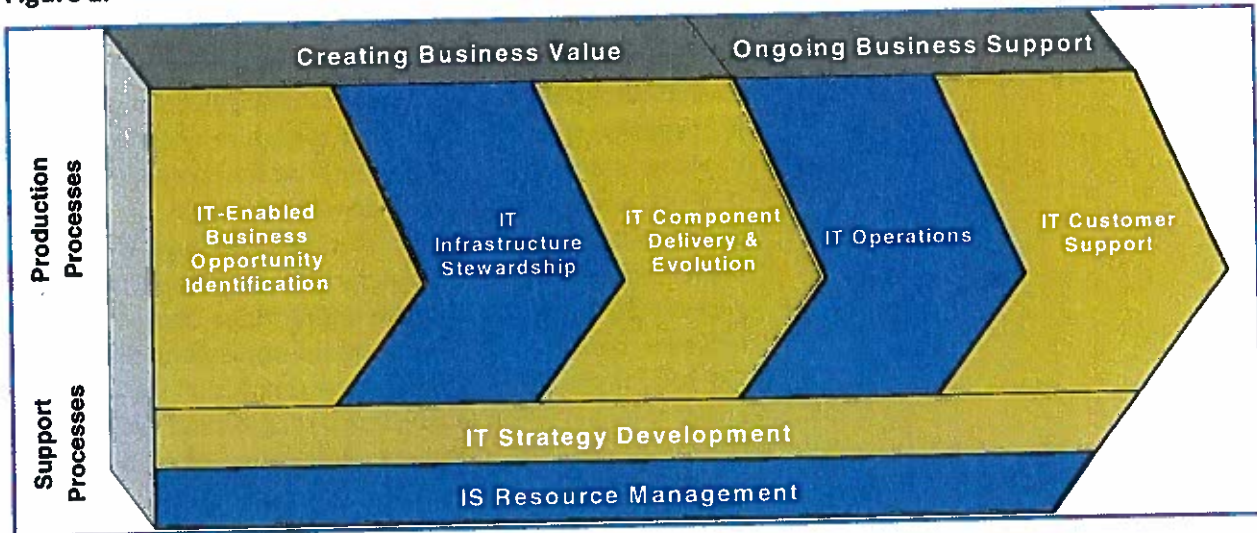
In implementing Sierra's approach to this engagement (Making Sense, Making Choices, Making Progress), we identified that striking a balance between creating business value and improving ongoing business support is the challenge facing the City's ICT Department. At its highest level, our assessment is that the City is overextending itself today on business support (keeping the lights on) and not enough on creating business value. The results of our ICT staff survey, utilizing the IT Process Landscape model, definitely support this view.

The result of this review is essentially that the City of Barrie and its ICT Department have a number of challenges to wrestle with and also many opportunities to bring improved efficiencies and service delivery to the organization. To achieve this, there are solid relationships and ICT assets (people, process, technology) in place at varying levels throughout the City. There is, however, an urgent need to increase their readiness to accommodate either growth or stress on the ICT environment. The City needs to strengthen its ICT underpinnings to make sure that the lights continue to stay on and accommodate growth. The real opportunity is for the City to take stock of what it has and how it manages to maximize value and increase capacity going forward. **Our sense is that the right climate for success exists and that ICT and Business Users are willing, ready and able to work together to make progress.**

While there is definitely some strength to build on, reshaping ICT at the City will require overall enterprise participation and EMT sponsorship: **ICT simply cannot accomplish what is required on its own.** We see ICT as a shared service where there is accountability for providing only those services for which users are willing to pay.

For this review, we used the standard IT Process Landscape model made popular in **Development Effectiveness, Strategies for IS Organization Transition** published in 1994. Providing the model's overview (**Figure 1**) helps the reader understand our approach and focus of our findings and recommendations:

Figure 1:



We have organized our findings and recommendations into four major processes identified in the IT Process Landscape diagram above with the exception of the 2012 net cost savings that are identified separately.

- | | | |
|--------------------------|-----------------------------|----------------------------|
| 1. 2012 Net Cost Savings | 2. Creating Business Value | 3. IT Strategy Development |
| | 4. Ongoing Business Support | 5. IS Resource Management |

Summary of Findings and Recommendations:

It is important to note that as the project proceeded and as this report is being written the Sierra Team has observed ICT initiatives to create efficiencies and cost savings, for example, network virtualization, vendor support agreements, and internal reviews.

Our findings and recommendations can be summarized as follows:

- | | |
|--|--|
| <p>1. 2012 Net Cost Savings</p> | <ul style="list-style-type: none"> • Net cost savings of up to \$420,000 have been identified. It is recommended that these savings be “re-invested” in ICT to build future capacity. |
| <p>2. Creating Business Value</p> | <ul style="list-style-type: none"> • It is recommended that the two public safety positions requested and that initiated this review should be filled as soon as practical. This will allow the ICT department to provide specialized expertise and knowledge of the business area being served. This will also provide additional ICT capacity and increase the service level to the users. • Utilizing an industry standard model like the IT Process Landscape or ITIL, it is recommended that ICT, create a future-oriented (3-5 Year) enterprise architectural road map that accounts for IT standards, governance structure, service level agreements, knowledge repository, an application portfolio management plan. |

- 3. Ongoing (Enhancing) Business Support**
- It is recommended that ICT complete an application rationalization review of the 190 business applications currently maintained and supported. Sierra's experience with such reviews is that they certainly identify future cost savings (especially around legacy technology), build greater ICT capacity, and can set the stage for future systems implementation including an Enterprise Resource Planning (ERP) system. Sierra's experience with municipal governments shows that most municipalities have implemented an ERP-first strategy to manage capacity and growth. (Sudbury, Ottawa, Edmonton). To be clear, however, conditions for success in the implementation of an ERP require the municipality to have clearly defined environment in which to architect a solution and we would not recommend this as an immediate course of action for the City.
 - Globally, the largest annual investment that public sector organizations are making is in the area of IT process improvement (average 5.8% as per Gartner). Sierra recommends adopting an ITSM solution (Axios, ServiceNow, Remedy) that can be delivered through the cloud as a service. This would allow the City to better manage ICT operations, identify additional cost savings opportunities and address issues around resource management, utilization, scheduling, knowledge repository, training, service level agreement, and asset management including mobile devices.

4. IT Strategy Development

- EMT and ICT develop synchronized IT strategic plans for the City.
- There is a significant need for the City to develop a shared vision and direction as presented by Sierra in the IT Process Landscape for its overall approach to ICT that is shared and adopted by all departments. A much more robust IT governance model that supports the ICT operations is required both at the EMT table and the ICT Department.
- ICT must create and introduce procedures to:
 - review its organizational structure to ensure it is optimized to perform its duties;
 - manage the proliferation of new and existing enterprise wide applications;
 - improve its Help Desk services delivery;
 - improve the daily support processes required of its staff in "keeping the lights on";
 - manage its project portfolio in conjunction with all City departments;
 - identify, track and report savings resulting from the

recommendations of this report and ICT's efficiency improvements

- introduce staff performance reviews and measure

5. IS Resource Management

- Implementing systems and the pursuing the recommendations in this report will over time provide additional savings and efficiencies when fully realized
- It is recommended that ICT improve its information tracking capabilities to allow it to know where it spends its time in order to make informed management decisions and to construct sound data supported business cases for additional resources if needed.

APPENDIX "B-2"

Service Review Executive Summaries

Environmental Services (Landfill)



Executive Summary

The City of Barrie (the "City") retained Golder Associates Ltd. ("Golder") to complete a service review of the City's Environmental Operations Branch (the "Waste Management Service Review"). The purpose of the Waste Management Service Review is to compare and analyze the scope and expected results of the City's waste management programs against peer group comparators, to identify options for change, and to produce recommendations that would result in net cost reductions for the department starting in 2012.

Barrie is a single tier municipality that has overall responsibility for providing complex variety of waste management services, including waste collection, diversion (i.e., recycling, composting, re-use) and disposal. Waste management services are made available to single family and multi-residential households and the industrial, commercial and institutional (IC&I) sector, subject to program limitations and policies.

Waste management services provided by the City include the following:

- Collection of "Blue Box" recyclables (e.g., containers and fibres);
- Collection of source separated organic waste ("SSO");
- Collection and composting of leaf and yard waste;
- Collection of waste and recyclables from public spaces and special events;
- Collection of bulky items (e.g., furniture) and white goods (e.g. stoves, refrigerators) in pilot partnership with Habitat for Humanity;
- Collection of residual garbage ("garbage");
- Operation of a municipal solid waste landfill at the Barrie Environmental Centre ("BEC");
- Operation of an Environmental Education Pavilion;
- Operation of a public drop-off depot at the BEC for the collection of Municipal Hazardous and Special Waste ("MHSW");
- Operation of a public drop-off area at the BEC for the collection of other recyclables such as electronics, old tires, corrugated cardboard, blue box recyclables, bulky items and garbage;
- Education and promotion of waste reduction and diversion programs; and
- Long term planning for waste management.

A review of how the City's performance indicators for waste management compare with other jurisdictions and best practices found that the City operates an efficient waste management operation with program costs generally below other similar municipalities. In addition, waste management staffing levels at the City are in line with other similar organizations based on a staff/resident ratio.



CITY OF BARRIE WASTE MANAGEMENT SERVICE REVIEW

In particular, the review found:

- 1) City residents generate slightly more waste per household than average based on Ontario Benchmarking data.
- 2) The quantity of waste disposed per household in the City is generally consistent with comparable municipalities based on Ontario Benchmarking data, meaning that City residents recycle proportionally more of the waste generated.
- 3) The percentage of waste diverted from landfill in the City is slightly higher than comparable municipalities based on Ontario Benchmarking data
- 4) The City's waste diversion rate is higher than the average for municipalities in the same municipal grouping based on Waste Diversion Ontario data.
- 5) The cost to collect residential waste in the City is lower than comparable municipalities based on Ontario Benchmarking data.
- 6) The cost to dispose of a tonne of waste in the City in 2009 was higher than comparable municipalities based on Ontario Benchmarking data due to a one-time adjustment for landfill post-closure costs.
- 7) The cost to dispose of a tonne of waste in the City in 2010 was generally consistent with comparable municipalities based on Ontario Benchmarking data.
- 8) The cost for waste diversion in the City is lower than comparable municipalities based on Ontario Benchmarking data.
- 9) The City's cost for waste diversion is the lowest of all of the municipalities in the same municipal grouping based on Waste Diversion Ontario data.

Although the City may have the discretion to modify the scope of waste services provided, budget reductions will likely cause reductions in service levels and other consequences. For example, when Northumberland County implemented a pilot project to charge for MHSW dropped off at County-operated MHSW depots, the amount of MHSW collected decreased along with participation in the program. As a result, Northumberland County reversed the policy of charging for MHSW because they realized it was important to divert this material from disposal.

Taking this into consideration, a number of potential cost saving opportunities were identified and evaluated for factors such as ease of implementation, public acceptability, capital costs, infrastructure requirements, and potential to impact waste diversion. It is recommended that the cost saving initiatives with little to no risk of public opposition, capital cost, infrastructure needs or potential for reducing waste diversion be implemented as soon as practical.

The cost saving initiatives that were identified for early implementation include:

- Eliminate the acceptance of street sweepings, catch basin material and excess soils from construction projects for free at the landfill;
- Increase the loader size used for the compost facility;

APPENDIX "B-3"

Service Review Executive Summaries

Leisure, Transit and Facilities (Recreation)

RECREATION & FACILITIES SERVICE REVIEW REPORT

Executive Summary

In accordance with recommendations from the 2010 Parks and Recreation Master Plan and our ongoing desire for continuous improvement in the delivery of recreational services, we are pleased to provide this overview of the current service delivery for recreation services and the results of the Service Review project for Recreation Programs and Facilities.

The Department began a comprehensive process of reviewing the alignment of services with the Corporation's and Department's vision, mission and values, examining the current service delivery, identifying services by virtue of their community and/or individual benefits, determining the full costs of service delivery, and developing a pricing strategy that integrates all of this information.

Having reviewed the current service delivery as the initial step, the focus of the Service Review was conducted to achieve three key objectives:

- ↳ Determine the Cost of Services
- ↳ Develop a Pricing Strategy
- ↳ Identify Opportunities for Increased Utilization for Recreation Programs & Facilities

The Service Review process included:

1. Review of Current Service Delivery
2. Aligning Services with Corporate and Department Vision, Mission & Values
3. Determining the Cost of Services
4. Developing a Pricing Strategy including Purpose & Principles
5. Allocation of Cost Recovery Targets
6. Identification of Increased Utilization for Recreation Programs & Facilities
7. Review of Statistical & Comparator Information
8. Conclusions
9. Recommendations with Implementation Timelines

Aligning Services

In an effort to ensure that these tasks were viewed in the context of the municipal role in delivering recreation services, it was important to first establish an alignment of the services to the City's and the Leisure, Transit & Facilities Department's vision, mission and values, the 2010 Parks & Recreation Master Plan, the Plan's identified service priorities, community and individual benefits derived from recreation services, the identification of core services and resource allocations and ultimately the development of a pricing strategy, including a fee assistance program to enable all residents the opportunity to access recreation services. This alignment is presented in Appendix "A" – Aligning Services with Community Vision, Mission & Values.

Having confirmed the key alignment of the process and guiding documents an ***Aligning Services Matrix*** was employed to assist staff in evaluating each area of service and in providing a rationale for the continued or revised delivery of a service. The matrix examines - the service/program's alignment to the guiding vision, mission and values; the attractiveness of that service as it relates to its ability to generate revenue and/or it is a good use of resources; the ability of the Department to manage the service; the availability of alternate service providers. This provides a decision making tool to determine the most effective manner in which to deliver the service and the rationale for the municipality's involvement.

RECREATION & FACILITIES SERVICE REVIEW REPORT

Key service areas have been aligned by use of the Aligning Services Matrix as presented in Appendix D. The general findings for these service areas are:

Aquatics

- Good fit with mandate of contributing to a healthy active lifestyle in a waterfront community for all ages including participants with special needs.
- Learn to instructional lessons and inclusion services are considered the be a core service.
- Semi-private and private lessons and specialized courses are opportunities to grow the business and generate additional revenues given the limited service provision of aquatic services by others.

Fitness

- Good fit with mandate of contributing to a healthy active lifestyle for youth to older adults including participants with special needs.
- Learn to instructional lessons and inclusion services are considered the be a core service.
- Memberships, intermediate and advanced instructional programs are opportunities to compete with other service providers to generate additional revenues to help off- set the costs of other programs areas with minimal or no funding sources ie. youth centres.

Skating

- Good fit with mandate of contributing to a healthy active lifestyle for all ages including participants with special needs.
- Drop-in programs and inclusion services are considered to be core service.
- Learn to instructional lessons and semi private and private lessons are considered to be opportunities for the Department to facilitate the best providers to deliver the service given the high level of alternate service providers available. The Department will examine the who, what and how for each program type with other providers to determine options for most effective delivery.

Dance

- Good fit with mandate of contributing to a healthy active lifestyle for all ages including participants with special needs.
- Learn to instructional courses for children are deemed to be “seek to compete” recognizing there are other service providers, however the demand is in excess of current private sector supply.
- Learn to instructional courses for adults are deemed to be “seek to grow” as there is a strong demand but low alternative coverage available. To facilitate service delivery partnerships are utilized.

Sports

- Good fit with mandate of contributing to a healthy active lifestyle for all ages including participants with special needs.
- Learn to instructional courses considered to be core service.
- Specialized sports are approached using “facilitate best provider delivery”. Youth and adult house league programs in volleyball, basketball and dodgeball are opportunities for growth with few alternate providers available.

RECREATION & FACILITIES SERVICE REVIEW REPORT

Day Camps

- Good fit with mandate of contributing to a healthy active lifestyle for children including participants with special needs.
- Day camps are offered during school breaks for ages 3 to 15 with a wide variety of choices to meet all types of interests. Many of the camps are offered in partnership.
- In many cases there are few alternate providers, which provides the opportunity for the City to grow the participant levels in these areas.
- Inclusion is a significant component of camp offerings and participant numbers of campers with special needs continues to increase.

Preschool & Child

- Good fit with mandate of contributing to a healthy active lifestyle for children (5-12) including participants with special needs.
- City recreation programs utilize the provincial certification program of High5 based on healthy child development principles in the delivery of child focused activities.
- There are numerous programs offered covering a wide variety of choices including the general arts – performing and visual, safety training and day camps during school breaks.
- Many of these registered programs are delivered using partnerships.

Youth

- Good fit with mandate of contributing to a healthy active lifestyle for youth (11-18) including participants with special needs.
- Youth are provided services within various activity areas – swimming, fitness, skating, dance and sports as well as access to designated youth drop-in centres operated at Maple Young People's Centre and Holly Community Centre as well as Friday night drop-ins at Lampman Lane, Allandale and East Bayfield Community Centres.
- The Maple Youth Centre initially opened in 2003 to provide recreational opportunities for youth. Since 2008 the annual participant visits have declined from 8,400 to an estimated 2,400 by the end of 2011. In general the age of the participants is higher and may not fit with the traditional population served at the City's other youth centres. With the high costs associated with this service delivery and the declining participation rate, consideration should be given to terminating the service or alternatively facilitating delivery through an integrated approach involving the most appropriate youth service agencies for this area.

Adult

- Good fit with mandate of contributing to a healthy active lifestyle for adults including participants with special needs.
- Adults are provided services within various activity areas – swimming, fitness, skating, dance and sports as well as general interest learn to programs in the arts, wellness, language, and wood working.
- Many workshops and short courses were identified for divestment or collaboration with other service providers to make the most effective use of staff resources.

RECREATION & FACILITIES SERVICE REVIEW REPORT

55+ Centres

- Good fit with mandate of contributing to a healthy active lifestyle for adults including participants with special needs.
- Two 55+ centres are operated at Parkview Community Centre and Allandale Recreation Centre on a membership basis which provides access to a number of drop-in programs predominately organized and lead by volunteers. This service is considered to be a core service.
- Findings indicate that there are few members in the 55 to 64 with the majority of members in the 70-80 years of age.

Facility Rentals

- Good fit with mandate of contributing to a healthy active lifestyle for all ages including participants with special needs as recreation programs must have appropriate facilities from which to offer the service. Diverse offering available – arenas (ice, floor), gym, pool, sports fields, meeting/activity rooms.
- Bookings to non-profit sports organizations and community groups considered core service.
- Bookings to private individuals and profit groups are opportunities to compete with other service providers in an effort to maximize facility utilization to off-set facility operating costs.
- Two facilities identified as surplus to recreational needs at this time are Victoria Village Activity Centre and Dorian Parker Centre. As such consideration should be given to divesting these facilities or facilitating other compatible uses.

Determining the Cost of Services

Integral to developing pricing for services is the understanding of the cost of providing those services. The Service Costing Model developed by staff demonstrates the full cost of services inclusive of all overhead in accordance with City financial policies, that will provide a management tool for cost based decisions. The model will serve as the underpinning for management analysis and decision making in relation to service cost. The model is intended to be leveraged for the production of management defined reports eg. Recreation Facility Cost per Revenue Hour.

Once all service costs were determined a summary cost report was prepared integrating all costs associated with a recreation program and the facility component used by each program unit eg. Aquatics and pool facility; skating and ice arena; etc.

The current cost recovery and subsidy by program product group is:

Product Group	Aquatics	Skating	Fitness	Day Camps	55+ & Adults	Youth Centres	Sports	Dance	Preschool & Child	Arenas
Program Cost Recovery	78%	91%	115%	73%	55%	2%	50%	74%	43%	n/a
Subsidy	22%	9%	-15%	27%	45%	98%	50%	26%	57%	n/a
Combined Cost Recovery	40%	26%	68%	66%	42%	1%	44%	64%	40%	47%
Combined Subsidy	60%	74%	32%	34%	58%	99%	56%	36%	60%	53%

Further details are provided as Appendix E – Program Cost Recovery and Subsidy.

RECREATION & FACILITIES SERVICE REVIEW REPORT

The model has been developed to include a cost calculator application that will enable staff to input responses to predetermined questions that will automatically provide the recommended fee for a given program/service based on the costs associated with the program/service and the application of the allocation ladder attributing community versus individual benefits. Although debt and interest are cost factors they are not included as part of the fee calculation as they would contribute to spikes in any given year and it is generally accepted that provision of municipal recreation facilities is a community responsibility often supported in part by the tax base. A portion of the fees will incorporate a capital renewal contribution as the customers directly benefit in the use of the facilities and should contribute towards the future asset management of those facilities.

Development of the Pricing Strategy

To better understand the research into pricing of products and services expert knowledge was sought from Dr. John Crompton, Professor, Texas A&M University and Dr. Ron McCarville, Associate Dean, Undergraduate Studies, Faculty of Applied Health Sciences, University of Waterloo. These gentlemen having spent several years conducting research into the psychology of pricing, were able to offer a number of insights that can be applied to the pricing of Barrie's recreation services.

There are three pricing frames to be attentive to when establishing service fees - fairness, value and choice. Users seek within these "frames" fairness in the application of fees; appreciate the difference in who benefits most from the service – community and/or individual; and seek value from the service to them as a solution to their needs. Choices must be made available in type and level of costs that helps the customer deal with their personal participation constraints. Access assistance to recreation is an important role of the municipality to ensure all citizens have the opportunity to participate.

When establishing a price for a service, there are essentially three responsible strategies that can be used:

- Market pricing – a fee based on demand for a service for which the target market is willing to pay
- Competitive pricing – a fee based on what similar service providers are charging for services
- Cost recovery pricing – a fee based on cost recovery goals

During a two day workshop staff developed a purpose and set of principles for use in the Pricing Strategy.

Pricing Strategy Purpose:

The purpose of the pricing strategy is to support the City's efforts to provide meaningful recreation opportunities to each of its citizens. The City of Barrie's pricing strategies will be based on the core values of:

- Access
- Fairness
- Value
- Choice
- Fiscal Responsibility
- Transparency

RECREATION & FACILITIES SERVICE REVIEW REPORT

Pricing Strategy Principles:

- Prices will be used strategically to build participation in all programs at all facilities.
- Emphasis will be placed on flexibility and innovation to retain participants and attract non-traditional users.
- Communication and programming efforts will be coordinated in conjunction with pricing initiatives to ensure that participants are aware and have access to a variety of quality options.
- Support will be allocated to qualifying individuals, families, groups to access programs and services in accordance with core values.
- Strategy will balance community need and the cost of the service delivery.
- Cost will be calculated using a full cost recovery approach (excluding debt/interest)
- Cost recovery levels to be applied for each product group, as endorsed by Council.

Cost recovery is the degree to which operational and maintenance costs are recovered from user fees, and other funding sources such as grants, sponsorships, partnerships, etc. **Subsidy**, conversely is the degree to which the tax base supports the provision of services above and beyond cost recoveries and represents the City's "Investment in Recreation".

An **Allocation Ladder** outlining the level of cost recovery expectation for recreation services was developed, predicated on the degree to which a recreation service is deemed to be of a community and/or individual benefit. This model will provide Council with the ability to determine cost recovery and subsidy levels for each recreation service.

The Allocation Ladder represents the target cost recovery for each product area in relationship to the direct and indirect costs associated with the "full cost recovery" methodology of costing services. There is recognition that the municipality's investment in recreation services will utilize subsidies where appropriate, to achieve its objectives of building a healthy and vibrant community where all of its citizens can access the community, personal, economic and environmental benefits of recreation services and its unique contributions to the quality of life for Barrie residents.

Pricing techniques available to generate increased utilization of programs and facilities include:

- **Differential Pricing** Price varies with time, convenience
- **Bundling** Create convenience to instil interest
- **Product Tie-Ins** Offer discounts for multiple purchases, trials etc.
- **Premiums** Offer premiums/extras, added value

It has been a traditional practice in municipal recreation service delivery to provide discounts or differential pricing to selected groups based on the benefits and assumed ability of these groups to pay for service. As such discounts have been provided to children, youth, individuals with special needs, and older adults.

RECREATION & FACILITIES SERVICE REVIEW REPORT

For the purposes of the older adult sector, the City adopted the age of 55 a number of years ago which aligned with the anticipated trend of early retirement. Since that time a number of factors have changed which would suggest that a review is warranted. There is a large “Baby Boom” population entering the older adult sector and this sector is the wealthiest cohort in Canada. They typically have a higher level of education, better consumer awareness, are more willing to spend money on services, and are more likely to engage in physical activity although not necessarily of the organized kind. To continue to provide tax based support for their recreation participation from age 55 to 59 may not be sustainable, nor financially required. Consideration should be given to eliminating the discounts for 55+ programs for individuals under 60 years of age. To facilitate the change it is recommended that existing customers that are residents age 55 to 59 would continue to receive applicable discounts while new customers would not be eligible. Those individuals that do not have the ability to pay would still be eligible to apply for recreation access assistance through the designated program to ensure their ability to participate in a healthy active lifestyle.

Increased Utilization Opportunities for Recreation Programs & Facilities

Staff analysis of data indicates that there are opportunities to increase utilization rates in programs and facility rentals through the use of a pricing strategy that enables staff to have delegated authority to implement pricing techniques towards that goal.

Increased utilization rates ultimately lower operating costs by recovering variable costs at minimum and generating new revenues. There is a key opportunity available for differential pricing as it relates to facility rental rates and program fees. Staff have identified the application of differential pricing for ice rentals has the potential to generate additional revenue of \$30,000 to \$40,000 per year.

To coincide with the standard recreation programming season September to June for both City and community group operated recreation programs, primary pricing changes would be targeted to take effect September 1st of each year.

Notwithstanding that date, staff would employ the various pricing techniques throughout the year as appropriate to increase utilization of programs and facilities achieving greater participation rates towards a healthier citizenry while reducing overall operating costs to deliver recreation services. It is anticipated that positive results would build each year while recognizing that the implications of implementing the Pricing Strategy will become most evident within 3 years.

A Recreation Access Assistance Program should be implemented that enables eligible individuals and families access to recreation services by using surplus capacity spots at no additional cost to the City.

Data Analysis Observations

In preparing to undertake the Service Review staff conducted a data collection and analysis phase that incorporated among other things:

- A review of the 2010 OMBI performance measures for Sports and Recreation (includes recreation programs and facilities)
 - Barrie recovers more costs (53%) through user fees than any of its’ OMBI comparators (30%) (SREC312) while having the third lowest operating cost per capita (SREC909M).

RECREATION & FACILITIES SERVICE REVIEW REPORT

- Barrie has average utilization rates for its programs and facilities (SREC410, SREC110) while having the second lowest operating cost per participant (SREC310).
- Barrie has the second highest number of unique participants (SREC140) despite having pricing at the high end of the range.
- Staff gathered information on other Barrie area recreation service providers to compare service levels and costing of programs such as fitness, skating and day camps. The City's programs incorporate two unique quality protocols in service delivery:
 - For children's (ages 5-12) recreation programs a provincial recreation quality accreditation program High5 is utilized to ensure quality programming standards. This incorporates staff training, program delivery and evaluation standards to ensure a safe and healthy child development appropriate recreation activity. (Similar to the concept of a CSA approved product assures tested safety standards have been met).
 - The City has the most comprehensive inclusion programming which enables customers of all ages with exceptionalities, to participate in a wide range of recreational activities adapted to their requirements. The City has dedicated resources and continues to be at the forefront in delivering inclusive recreational opportunities.
 - It was also noted that the City's current fees are competitive with or in some cases higher than other local service providers.
- A fees survey review was conducted on sample registered and drop-in recreation programs which indicated that Barrie's fees were consistently higher than the median price of the comparable municipalities consisting of :

Municipality	Population 2009
London	346,481
Markham	299,418
Oakville	185,632
Oshawa	155,932
Richmond Hill	185,059
Thunder Bay	110,984

- Partnerships are a significant tool in the City's delivery and facilitation of recreation services. To that end a compilation of these partnerships has been prepared as Appendix G, outlining the partner, recreation area beneficiary, service provided and the benefits derived from that partnership. It covers a wide range of small to large contributions across all service areas – 55+, youth centres, sports, pre-school activities, inclusion services, camps, dance, children, aquatics, fitness and skating.

RECREATION & FACILITIES SERVICE REVIEW REPORT

- A Recreation Access Assistance Program is a means of providing access to general recreation services for low income individuals and families that may not otherwise be able to participate in recreational activities operated by the City. Staff have investigated other municipal recreation access assistance programs and recommend the development and implementation of such a program for Barrie's recreation services on the basis that such support be provided through access to programs with surplus capacity thereby ensuring no additional net operating costs to provide the program. A draft sample of **recAccess Barrie** is provided as Appendix H.

Conclusion

The Recreation and Facilities Service Review was an opportunity to evaluate service delivery and in so doing develop a methodology to align services with a philosophy that incorporated the City's vision, mission and values; recognize the community and individual benefits derived by citizens through those services; assess the costs to deliver the services ; and apply a Pricing Strategy to meet the desired goals of increased participation and utilization of recreation service, thereby reducing net operating costs.

To realize this opportunity, key steps were undertaken in the process:

- ↓ Aligned Services - Identified Services Delivered & Rationale for Municipality
- ↓ Determined the Costs of Services - Full Cost Recovery Model Developed
- ↓ Pricing Strategy Developed - Purpose, Principles & Allocation Ladder Developed
- ↓ Identified Increased Utilization Opportunities – Pricing Techniques to be Employed
- ↓ Data Analysis Conducted – Concluded City Delivery Efficient While Being Cost Effective

Having taken these steps and developed a variety of tools that integrate and align all of the information and objectives, the adoption and application of the project outcomes will increase utilization of recreation programs and facilities with the result becoming most evident within three years.

To assist the promotion of recreation services and bring it to a higher profile, it is recommended that the department be renamed to the Recreation, Facilities and Transit Department. This will better align with the community's feedback and understanding of the services provided.

Recommendations categorized as "Net Operational Savings Opportunities" and "Process Improvements" are provided within the body of the main report on pages 38 to 41.

APPENDIX "B-4"

Service Review Executive Summaries

Water and Wastewater Services Review

Executive Summary

Public infrastructure systems are the underpinning of modern society, providing the capacity needed to deliver services that determine quality of life and drive economic and physical growth. As a steward of public infrastructure, the City of Barrie's Water and Wastewater Service Areas are responsible for operating and maintaining Barrie's complex and diverse collection of water and wastewater assets, while facing increased pressure to do so in an efficient and responsible manner.

The City of Barrie's Executive Management Team (EMT) has been charged with implementing Council's policies and managing the organization's resources in a way that demonstrates quality management principles. Since 2008, the City has been developing a comprehensive reporting framework to demonstrate accountability for resources, outputs, and results to its City Council and the public. The EMT has been transforming their approach towards an annual "business planning" process, which actively acknowledges that resources, service levels, and results are key drivers of the City's costs.

During the development of the 2011 Business Plan deliberations, data from the Ontario Municipal CAO's Benchmarking Initiative suggested that City's Water and Wastewater Program Areas (along with three other program areas) were less efficient than comparative Ontario municipalities. Further analysis and review of the City's Water and Wastewater Program Areas was therefore directed by City Council, with the intention of identifying service delivery efficiency improvements that would result in reduced costs. In addition, Program Change Forms for two (2) Public Safety Coordinators and one (1) Mechanical Maintenance Operator, Custodian were put on hold pending the outcome of the service reviews.

The water and wastewater service review was conducted as a benchmarking exercise. The objective was to assess the City's performance relative to comparator peers and identify and recommend potential performance improvement areas. The Water Operations Service Review included the operation and maintenance of all ground water systems, reservoirs, pump stations, and distribution system for the operating years 2009 and 2010. The surface water treatment plant was excluded from the service review, because it was not commissioned until August 2011; therefore data was not yet available and was out of range of the 2009 and 2010 operating years. The Wastewater Operations Service Review included the operation and maintenance of the WPCC, biosolids facility, pumping stations, and collection system. The ongoing expansion of the WPCC from 57.1 MLD to 76 MLD was also excluded from the review; the expansion is not fully in operation yet, but is anticipated to be operational by the end of 2011.

In choosing which Benchmarking model/group to compare the data collected from the City of Barrie's Water and Wastewater Branches, AECOM closely compared the metrics and performance measures included in the Municipal Performance Measurement Program (MPMP), the Ontario Municipal CAO's Benchmarking Initiative (OMBI), and the National Water and Wastewater Benchmarking Initiative (NWWBI). Given the additional granularity and availability of additional performance measures and data, the National Water and Wastewater Benchmarking Initiative's (NWWBI) performance measures and public 2009 minimum, maximum, median data have been utilized for the purpose of this Water and Wastewater Service Review. AECOM has applied over ten years of experience in surveying, data collection and data analysis. This aided in the ability to assess how the City of Barrie is performing against other Canadian municipalities/cities, and how it compared with itself for the two years under review (2009, 2010).

NWWBI performance measures are structured around the attainment of seven (7) goals common to any water and wastewater utility:

1. Protect Public Health and Safety
2. Protect the Environment

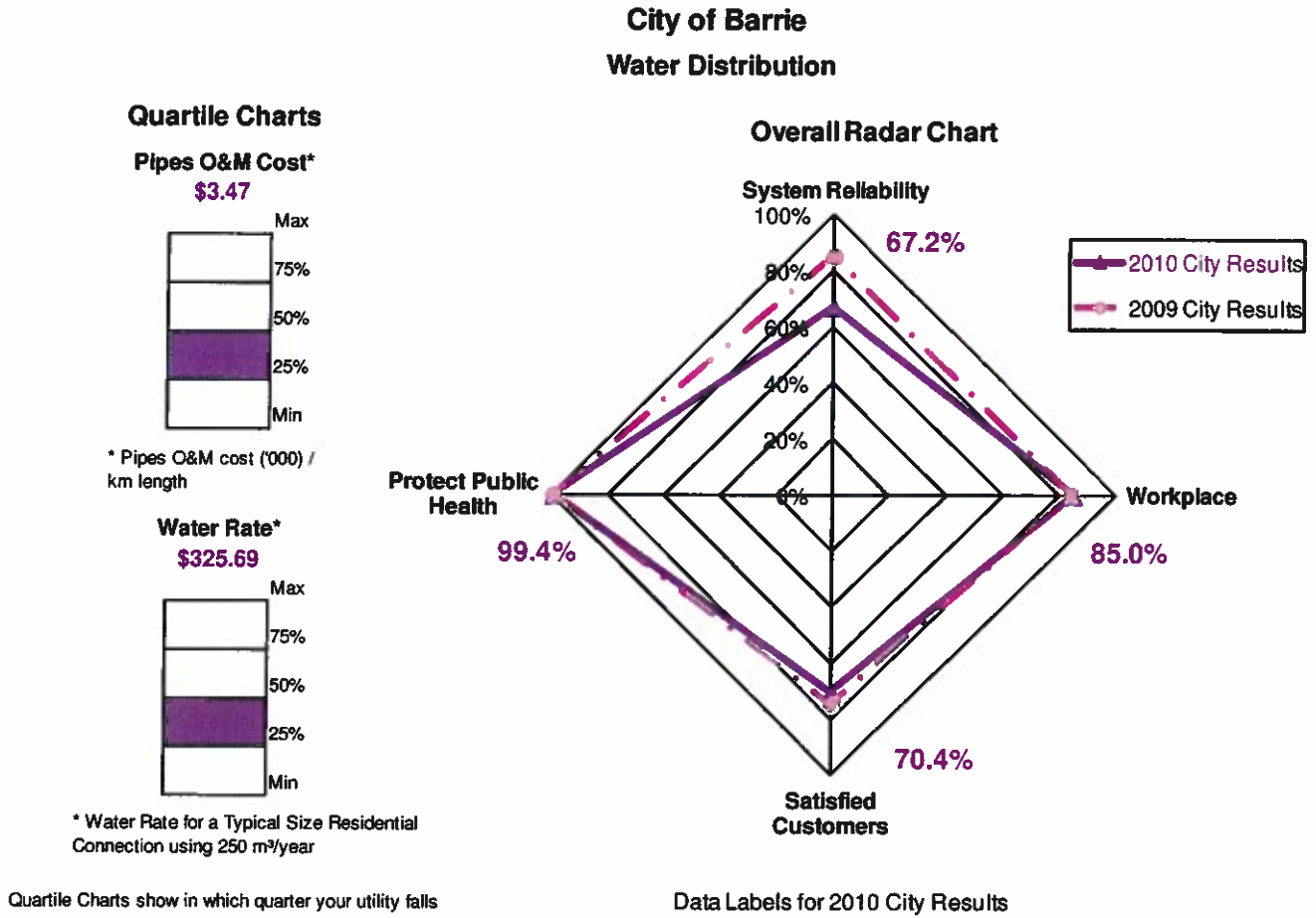
3. Have Satisfied and Informed Customers
4. Provide Reliable and Sustainable Services
5. Ensure Adequate Capacity
6. Provide a Safe and Productive Workplace
7. Meet Service Requirements with Economic Efficiency

Performance measures may impact one or more of these goals. A complete list of performance measures utilized for this review can be found in Table 3.

To help summarize the overall individual performance measures into a summary view depicting utility goal attainment, “radar” charts were produced. Radar charts provide a high level view of more complex individual performance measures. It is important to note however, that applicable local factors must be understood to gain a complete understanding of utility performance. A benefit of the radar chart is the identification of areas where a municipality could start focusing efforts on improving performance. The radar chart provides a “snapshot” of utility results and identifies where the utility is not performing as well as the group median or the “best practice” established by the group. In addition to appearing throughout this report the radar graphs and details on the performance measures and scoring used to generate the radar graphs is provided in **Appendix B**.

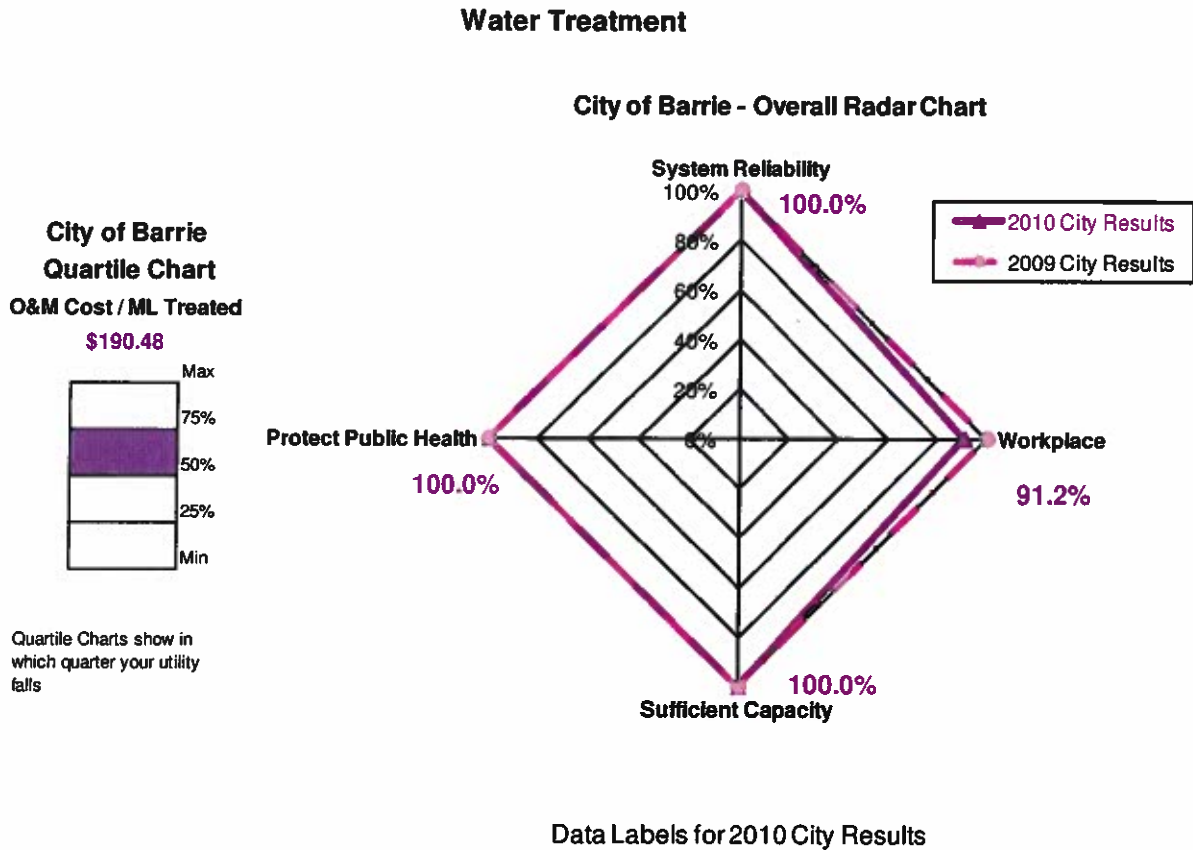
Figure 1 and Figure 2 presents a summary of results for the water distribution system for both 2009 and 2010. Overall the City is performing quite well in relation to the National Median. Water distribution costs are in the bottom 25 – 50% of National O&M costs as is the City’s water rate. Water treatment costs fall in the 50 – 75% of National water treatment O&M costs for groundwater systems. In water distribution, one significant area identified for performance improvement pertains to the goal of providing reliable and sustainable services. Specifically, a number of performance improvement recommendations have been made in the area of maintenance management, and the target service levels for preventative maintenance.

Figure 1. Overall Water Distribution Performance Radar Chart



Quartile Charts show in which quarter your utility falls

Figure 2. Overall Water Treatment Performance Radar Chart



Based on the results of the water service review the following summarizes the identified potential performance improvement areas.

1. **Watermain Flushing Program (Refer to Section 4.4.1):** A review of flushing program is recommended to determine if cleaning 75% of the system annually is necessary.
2. **Watermain Breaks (Refer to Section 4.4.4):** In order to manage/reduce breakage trends in the future, it is recommended that the City make cathodic protection a priority.
3. **Valve Cycling (Refer to Section 4.4.4):** The City is currently maintaining only 4-6% of valves on an annual basis. General industry trends focus on 30% (three year rotation) for minor valves and 100% for critical large diameter valves (annual basis). A more aggressive preventative maintenance program would likely result in fewer inoperable valves which is also currently three times the National median.
4. **Inoperable or Leaking Hydrants (Refer to Section 4.4.4):** A review of the hydrant inspection program to identify the causes of inoperable or leaking hydrants.
5. **Water Storage and Serviceability (Refer to Section 4.4.5):** Conduct an assessment of critical infrastructure within the distribution system.

6. **Cost of Customer Care (Refer to Section 4.4.7):** Review and rationalization of the services provided by the Water Customer Service Section as well as a review of cost recoveries to ensure that the City is operating with a full cost recovery model.
7. **Pump Station O&M (Refer to Section 4.4.7):** Review the amount of staff and time required for operating and maintaining the pump stations and begin tracking time and costs by activities pertaining to pump stations and water treatment.
8. **Water Metering O&M (Refer to Section 4.4.7):** Review and rationalization of the services provided by the Water Customer Service Section and its metering staff as well as a review of cost recoveries.
9. **Water Treatment O&M (Refer to Section 4.4.7):** Review the amount of staff and time required for operating and maintaining the wells and begin tracking time and costs by activity. Continue to monitor performance on an annual basis, especially for 2011 costs, when the surface water treatment plant was commissioned and 2012, which will be the first full year of data with the surface water treatment plant.
10. **Water Customer Complaints (Refer to Section 4.4.3):** Review the system used for logging and tracking customer complaints as well as consider linking complaint data with water system GIS data.
11. **Maintenance Planning and Tracking (Refer to Section 4.4.4):** Undertake an operation and maintenance review to assess and formally document target service levels versus current attainment. In general, the City should focus on tracking maintenance and costs at an activity level (including breaking out costs for delivering the maintenance - human resources, equipment, labour, contracted services etc.).
12. **Succession Planning (Refer to Section 4.4.6):** Consider developing a mentorship/succession plan that would allow existing staff to be promoted within the organization.
13. **Water Conservation Program (Refer to Section 4.4.2):** Review if the current water conservation efforts are still a priority for the City as well as confirm if the current investment into water conservation is consistent with the City's commitment to the environment.
14. **Water Treatment Energy Consumption (Refer to Section 4.4.7):** Complete a process/equipment level energy audit.
15. **Water Treatment Chemical Costs (Refer to Section 4.4.7):** While the City's treatment/chemical costs are in line with the National Median, there may be opportunities to optimize chemical use through controlled jar testing to verify the maximum efficient dosage of sodium silicate. The City's Water Cad Modeling can be set up to predict the resident time for both chlorine residual and sequestration. Field testing can verify the results and ultimately recommend valve adjustments to achieve a balance of hydraulic and residual efficiency.

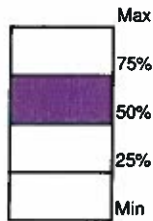
Figure 1 and Figure 2 presents a summary of results for the wastewater collection system for both 2009 and 2010. Overall the City is performing quite well in relation to the National Median. Wastewater collection costs are 50 – 75% of National O&M costs as is the City's sewer rate. Wastewater treatment costs fall in the bottom 25 – 50% of National wastewater treatment O&M costs for tertiary treatment facilities.

Figure 3. Overall Wastewater Collections Performance Radar Chart

**City of Barrie
Wastewater Collection Systems**

Quartile Charts

Pipes O&M Cost*
\$2.79



* Pipes O&M cost ('000) / km length

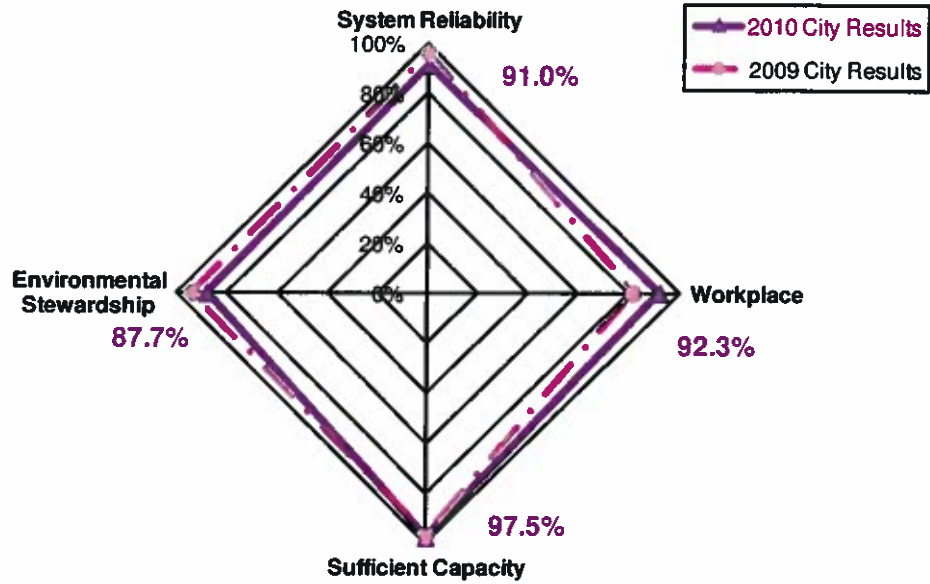
Sewer Rate*
\$321.61



* Sewer Rate for a Typical Size Residential Connection using 250 m³/year

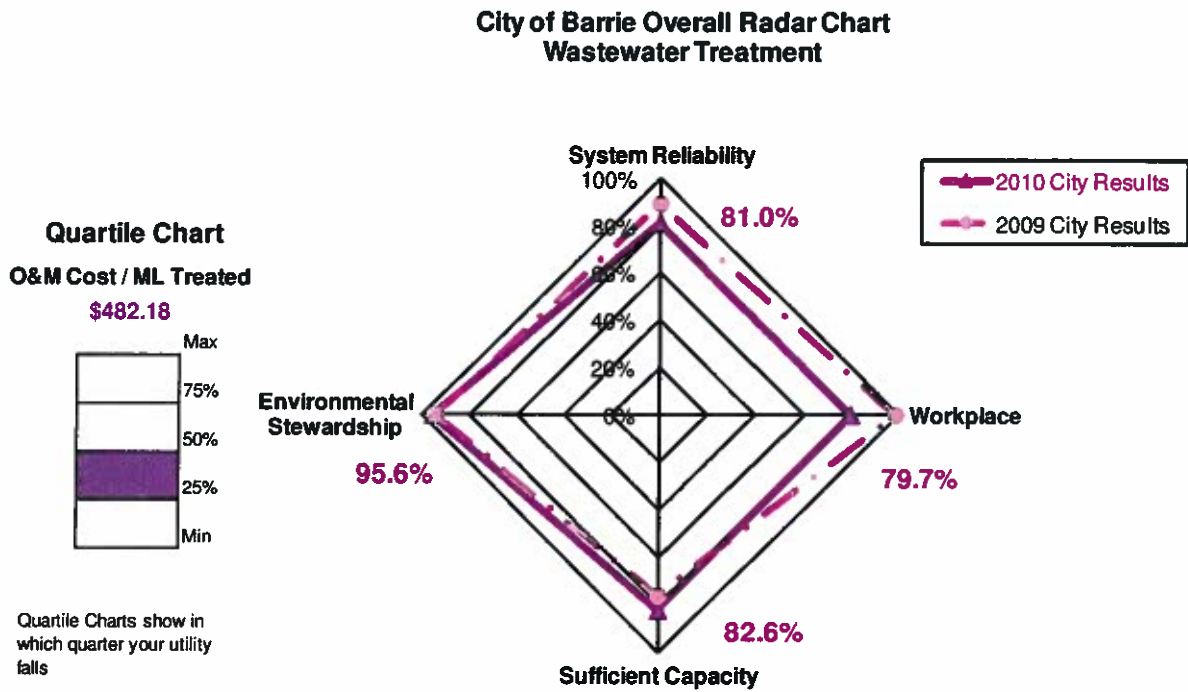
Quartile Charts show in which quarter your utility falls

Overall Radar Chart



Data Labels for 2010 WW Collection Results

Figure 4. Overall Wastewater Treatment Performance Radar Chart



Data Labels for 2010 WWTP Results

Based on the results of the wastewater service review the following summarizes the identified potential performance improvement areas:

1. **Wastewater Collection – System Cleaning (Refer to Section 5.4.3):** Formally review protocol or procedures currently utilized to determine if nearly 50% cleaning of the system each year is warranted.
2. **Emergency Sewer Repairs (Refer to Section 5.4.3):** Initiate a contractor contract policy review in order to circumvent or reimburse the cost of emergency sewer damages and required repairs caused by contractor negligence.
3. **CCTV Inspection Program (Refer to Section 5.4.4):** Review inspection frequency of CCTV inspections.
4. **Number of Lost Hours due to Field Accidents (Refer to Section 5.4.5):** Continue to review the underlying causes of accidents in the workplace as well as continue to review this performance measure to ensure that accidents with lost time do not become a consistent trend.
5. **Pump Station O&M (Refer to Section 5.4.6):** Review the amount of staff and time required for operating and maintaining the pump stations and begin tracking time and costs by activities pertaining to pump stations and wastewater treatment. Monitor maintenance costs, asset condition and failure frequencies in general to ensure that the cost of maintaining equipment is reasonable, determine what maintenance is being performed and giving consideration to replacement when appropriate.
6. **Wastewater Treatment – Raw Sewage Pumping (Refer to Section 5.4.7):** Complete a forensic investigation to determine the reason for the frequent repairs of the raw sewage pumps.

7. **Wastewater Treatment – Primary Treatment (Refer to Section 5.4.7):** Review thicker primary sludge opportunity to ensure that sludge is only pumped to the digesters if the TSS concentration exceeds a predefined set point.
8. **Wastewater Treatment – Secondary Treatment (Refer to Section 5.4.7):** Conduct microbiological analysis of the foam in the HPO reactors to determine if the foaming problem is associated with nutrient (particularly P) deficiency since the estimated BOD:N:P ratio in the primary effluent is approximately 90:20:1 (based on reactive phosphorus). The foaming problem results in additional chemical costs in the digestion process since foam control chemical is added continuously to minimize the potential for foam build-up and resultant blockages in the digester gas piping.
9. **Wastewater Treatment – Phosphorus Removal System (Refer to Section 5.4.7):** Review opportunity to optimize alum usage.
10. **Wastewater Collection – Customer Complaints (Refer to Section 5.4.2):** Review the customer complaint tracking system in place for logging and tracking customer complaints, as well as consider linking data spatially with wastewater system GIS data.
11. **Maintenance Planning and Tracking (Refer to Section 5.4.3):** Undertake an operation and maintenance review to formally document the target service levels versus current attainment.
12. **Succession Planning (Refer to Section 5.4.5):** Review the succession planning strategy, including establishing a clear implementation plan to ensure that the proper experience is transferred from the retiring staff to the new staff.

The water and wastewater service review was conducted for the years 2009 and 2010. However throughout the course of this review, it became apparent that the City of Barrie's water and wastewater service areas have been undergoing tremendous changes during these years with the commissioning of the SWTP which took place in the summer of 2011. To prepare for the commissioning, staff were hired and trained in advance, and infrastructure upgrades, and operation and maintenance activities performed. Similarly, the WPCCC has been undergoing expansions and upgrades for several years, with completion anticipated at the end of 2011. Other changes such as implementation of computerized maintenance management systems for the wastewater collection system, and bringing metering and billing in-house all had an impact to numerous performance measurement areas. Given the numerous changes being experienced in the water and wastewater service areas, it is also recommended the City continue to monitor performance and consider participating in the annual NWWBI to leverage off of the extensive performance measurement project, task forces, and network of National water and wastewater experts.

Should the City decide to participate in the NWWBI, it would also be recommended that the City review data tracking and management in support of the initiative.

Finally, program Change Forms for the Public Safety Coordinators (2) and Phase II of Facilities Staff Team, Mechanical Maintenance Operator, Custodian were put on hold pending the outcome of the service reviews. The results of the water and wastewater service review have not found these positions to be redundant, as they will enhance the security of the water and wastewater systems, as well as allow water and wastewater services staff to focus more on their core responsibilities.