


Schedule "A" of
By-Law 39-2020



The Municipality of Machin
Municipal Modernization Program
Final Report



December 4, 2020

The Municipality of Machin - Municipal Modernization Program - Final Report



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EXECUTIVE SUMMARY

The Final Report to the Municipality of Machin for the Municipal Modernization Program (MMP) is contained herein and summarizes the recommendations for current service delivery improvement and potential modernization opportunities based on an analysis of historical demographic and financial data provided by the Municipality, and consultation/information review with stakeholders on service delivery.

Generally, Townships/Municipalities run “a pretty tight ship” and it is hard at first blush to find efficiencies just from the numbers. Therefore, it was really important to hear from the people that live and work in Machin every day, including their challenges and opportunities for improvement.

In the end, the majority of the efficiencies and modernization opportunities are qualitative rather than quantitative. As such, implementation of the recommendations as outlined in the action plans will result in overall efficiency, particularly as governance and administration work towards best practices for their respective roles and taking advantage of their low risk financial indicators/positions or areas where service delivery is already fair to good. This is done with a goal, as per BDO proposal, of outlining what needs to be addressed with respect to:

- operating structure and service levels
- operating effectiveness and efficiencies
- maintenance of adequate service levels
- potential cost reductions
- enhancements to the long-term financial sustainability
- undertake a resource analysis
- results of the analysis and taking advantage of potential opportunities

Small and rural municipalities have limited capacity to plan, modernize and improve the way they provide services to their communities and thus recommendations have to be actionable. This report’s approach is to provide achievable improvements/efficiencies to the current state, with an eye to the future. For Machin, this takes the form of 6 priority areas with action plans that consider Governance, Administration/Finance, Fire Services, Public Works, and Woodland Arena’s role in their implementation. Secondly, these priorities are summarized with either a qualitative efficiency measure or costs saving or both and categorized as a Capital Improvement, Liability/Safety, Operating Efficiency and/or Improved Service Delivery. Finally, given the limited capacity in small townships, a longer term look is taken on more advanced efficiency or modernization opportunities to ensure they are considered and capacity developed to address.

Accordingly, the final section of this report provides specific short term actionable plans to improve efficiency in the current state and also potential opportunities (alternatives / recommendations) for consideration of Council and administration in the long-term as follows:

Key Efficiency Priorities

Below are the 6 key priorities that need to be addressed by the Municipality of Machin with regard to service delivery:

- Operating/Capital Grants - continue to pursue grants and be shovel ready (studies done and programs/applications pursued)
- Municipal Systems/Processes - planning, policy and procurement improvements
- Human Capital - develop a leadership team and improve training processes and performance management systems
- Communication - internal and external communication improvements
- Short-term Infrastructure - infrastructure updates to improve service delivery with respect to roads maintenance, building updates, watershed calculations and water services
- Long-term Infrastructure - longer term capital planning and reserve administration

Potential Opportunities

Below are the opportunity areas that need to be addressed by the Municipality of Machin with regard to service delivery and possibly part of an Intake 2:

- Linkages and Partnerships
 - Knowledge/resources sharing with other Townships (improvements/ modernization opportunities/best practices)
 - shared part-time administrative roles (e.g. bylaw officer)
- Information Management System - Paperless approach and process automation (to reduce staff time and increase efficiency)
- Goal Setting for staff in line with Strategic Plan / Service Delivery / Customer Service Objectives
- Landfill site selection and evaluation - based on useful life there is a projected end to Vermillion Bay landfill. Eagle River landfill projected to capacity as of 2046. If application is unsuccessful, investigate a transfer station to Eagle River as an opportunity.
- Prioritize future asset replacement needs and develop long-term plan for building and equipment updates based on AMP (2025+). The projected long-term needs of \$14M in asset replacement requirements are significant and the current reserve (categories aside) at \$1.5M leverages 10% of any funding available which means government would have to provide 90 cents of every dollar on a project.
- Evaluate use of Woodland Arena and user fee impact on service delivery/revenue generation through programming plans
- Water plant to be evaluated for larger distribution of potential future service delivery
- Contracted services to be evaluated to ensure maximum efficiency and cost reduction for roles that can be combined or contracted externally

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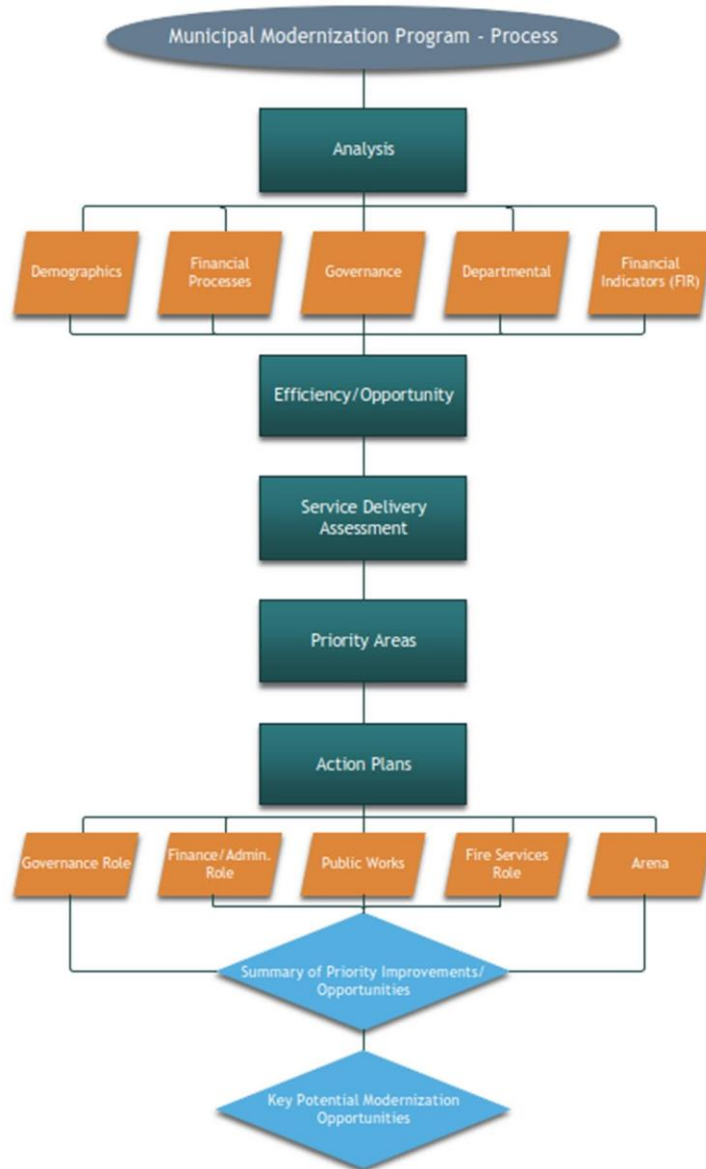
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INTRODUCTION

We provide for your review the final report to the Municipality of Machin for their project under the Municipal Modernization Program (MMP). This report is based on BDO’s June 23, 2020 proposal and summarizes the work completed to this date, which includes an analysis of historical data provided by the Municipality (See Appendix D for Information Review). The MMP focuses on developing recommendations for cost savings and improved efficiencies for the Municipality. Due to the interruption of normal business operations as a result of the COVID-19 situation, community consultation has been limited to individual phone calls or on-line meetings as the Municipality and BDO adjust to a modified work environment.

The MMP process undertaken is outlined in the following chart and demonstrates the areas of review, consultation and assessment performed and how the accompanying recommendations/actions are intended to flow from the review to improve service delivery:



Generally, Townships/ Municipalities run “a pretty tight ship” and it is hard at first blush to find efficiencies just from the numbers. Therefore, it was really important to hear from the people that live and work in Machin every day and what are their challenges and opportunities for improvement.

In the end, the majority of the efficiencies and modernization opportunities are qualitative rather than quantitative, and as such implementation of the recommendations as outlined in the action plans will result in overall efficiency, particularly as governance and administration work towards best practices for their respective roles and taking advantage of their low risk financial indicators/positions or areas where service delivery is already fair to good with a goal, as per BDO proposal, of outlining what needs to be addressed with respect to:

- operating structure and service levels
- operating effectiveness and efficiencies

- maintenance of adequate service levels
- potential cost reductions
- enhancements to the long-term financial sustainability
- undertake a resource analysis
- summarizing the results of analysis and present potential opportunities

Accordingly, the final section of this report provides specific short term actionable plans to improve efficiency and also potential opportunities (alternatives / recommendations) for consideration of Council and administration in the long-term. At this point, these opportunities are deemed potential as time (admin and service delivery), outputs such as tons of garbage in landfill, roads materials and maintenance.

BACKGROUND

Machin is a Municipality in the Canadian province of Ontario, located within the Kenora District. The Municipality located west of Dryden and includes the Townships of Sandford, West Aubrey, Temple and Langton, which also includes the communities of Eagle River, Minnitaki and Vermilion Bay. 2016 statistics provide a:

- Population of: 971 (+4% from 2011)
- Land area of: 291.81 km² (112.67 sq mi)
- Population density of: 3.3/km² (9/sq mi)
- Median age at: 50.6 (M: 50.1, F: 50.9)
- Total private dwellings at: 597
- Median household income at: \$70,464

MILESTONES

BDO attempted to follow original proposal methodology as closely as possible, but some “work arounds” were required; as well, delays due to COVID encountered. These “work arounds” and deliverables/milestones are outlined in Appendix B.

DEMOGRAPHIC AND FINANCIAL ANALYSIS

Demographic Analysis

Demographic data was tracked from 1991 to 2016 to provide a representation of the Municipality’s population and household change over time. This coupled with Comparator Municipality data will inform current state and expected future trends.

Review Methodology

In consultation with Municipality stakeholders/representatives it was determined that the following municipalities would be chosen for comparative purposes:

Municipality	Population	Households	Persons/Household
Machin	971	597	1.63

Ignace	1202	596	2.02
Ear Falls	995	559	1.78
Marathon	3,273	1,669	1.96
Cochrane	4,371	2,666	1.64

NOTE: According to 2018 FIR submissions for each Municipality

Table 1 Population and Households

The following factors were considered in the selection of comparators:

1. Single-tier municipalities
2. Northern Ontario location
3. Similarity to the Municipality of Machin based on population and households, services and assessment base
4. Historical comparison by the Municipality for analysis, decisions, and confirmation

A review, examination and analysis of municipalities’ websites, 2016 Census statistics, and Financial Information Returns was performed to gather the information/data utilized for comparative purposes.

Municipality of Machin Population Trend

From the 2016 Statistics Canada Census, the population of The Municipality of Machin is 971 with 597 private dwellings. The population for the most recent census data indicates that the population has increased, although the average percentage change in the population for the past 15 years (1991 to 2016) is -3%.

Year	Total Count	% Change
2016	971	4%
2011	935	-4%
2006	978	-14%
2001	1,143	2%
1996	1,117	-1%
1991	1,127	

Table 2 Percentage Change in Population

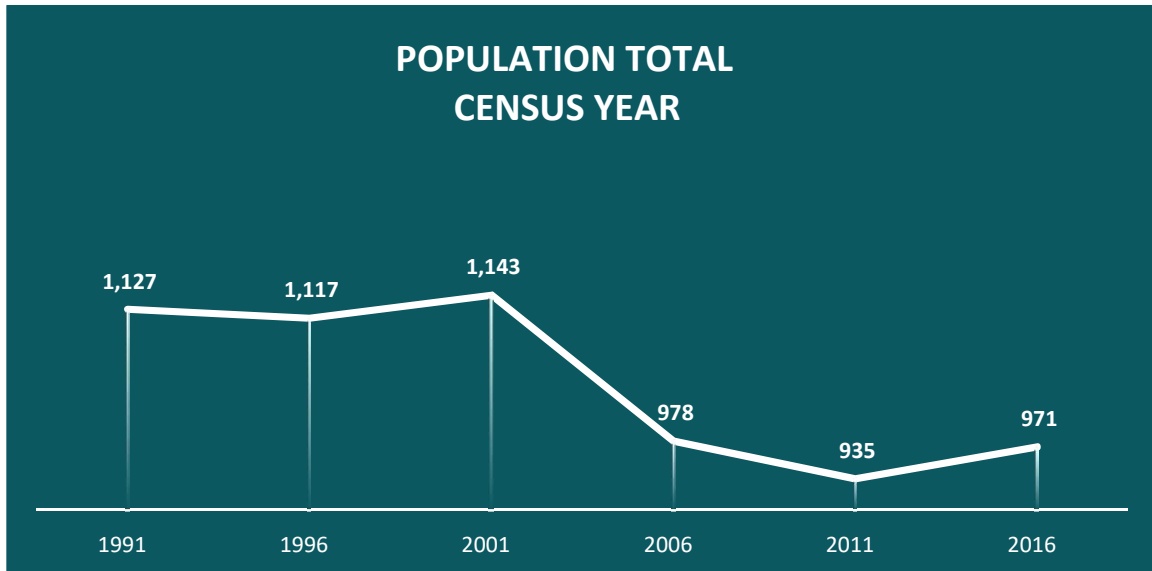


Chart 1 Population Total

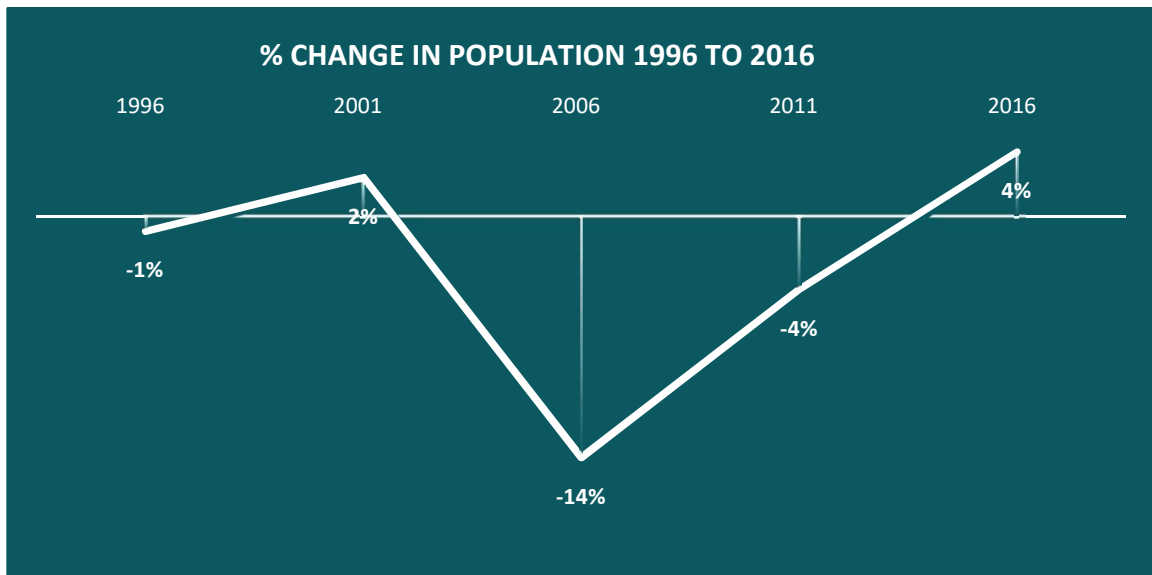


Chart 2 Percentage Change in Population 1996 to 2016

Demographics of the Municipality

A breakdown of the age demographics for the town indicates that the number of persons 50 to 79 years of age is proportionally higher than the number in the same age category for the province of Ontario. The demographics also shows that the number of persons Under 1 to 49 years of age is proportionally lower than the number in the same age category for the province of Ontario. **This means that the population of the town is comprised of a majority of seniors, which is important to consider for service delivery and programming as well as an essential factor for taxpayers ability to pay taxes and/or their flexibility/vulnerability to tax rate increases.**

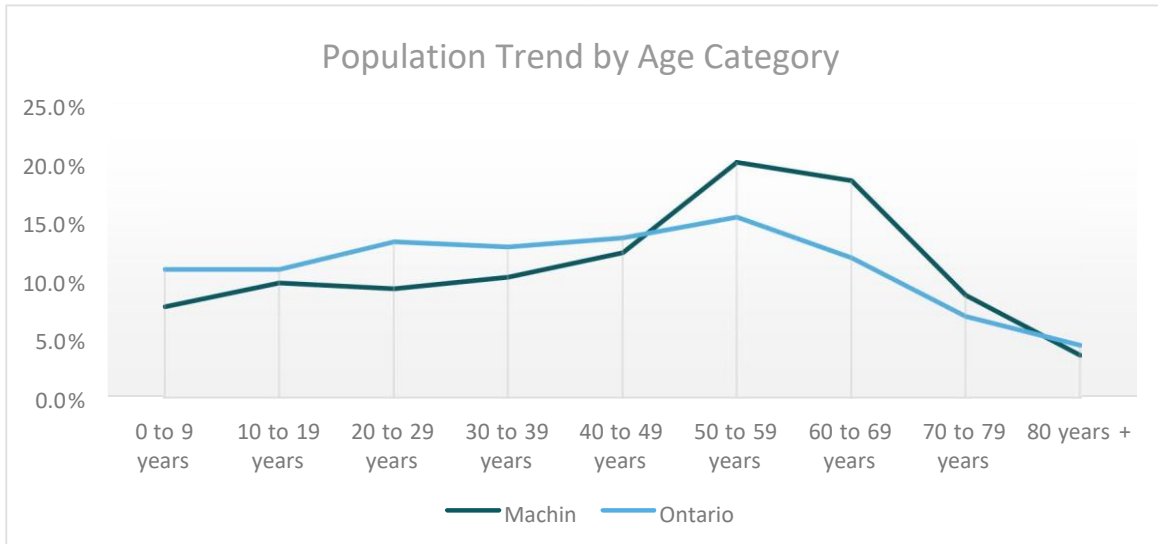


Chart 3 Population Trend by Age Category

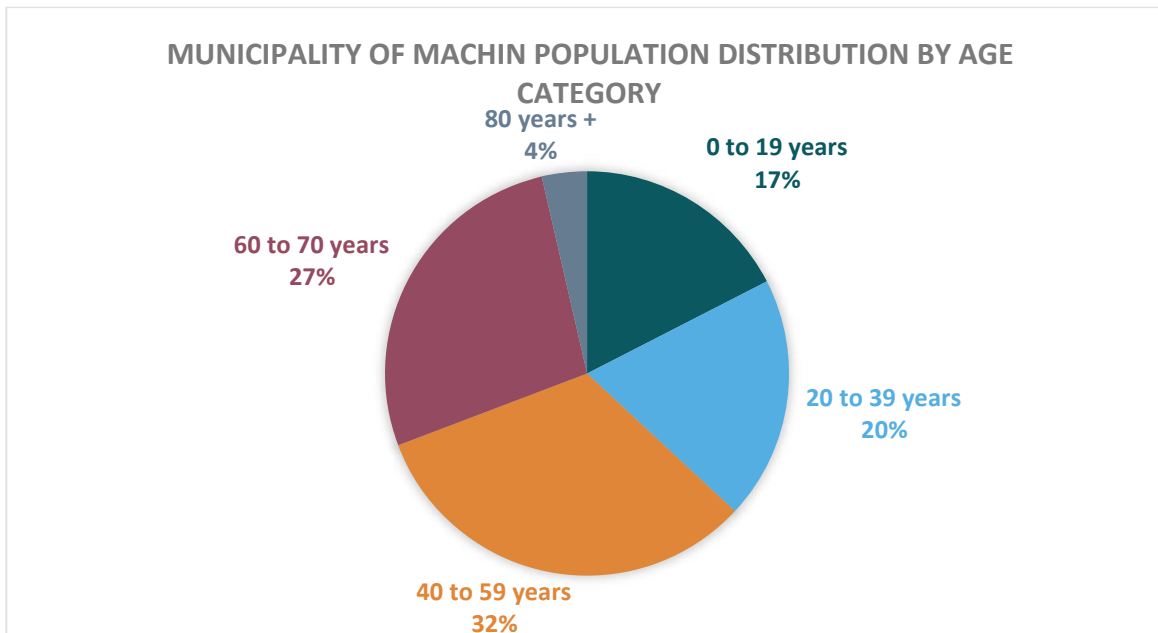


Chart 4 Population Distribution by Age Category - 2016 Census

Source for above demographic age charts: 2016 Statistics Canada Census

The charts below provide a twenty (20) year age category comparison and reflect the changing age demographics of the Municipality. The line chart demonstrates the marked decline in population aged 0 to 49 years of age while reflecting a modest increase in the population aged 50 to 79 years. It should be noted that those aged 80 years and over has remained consistent. The bar chart further demonstrates the changes in the age demographics while also showing the declining population from 1996 to 2016.

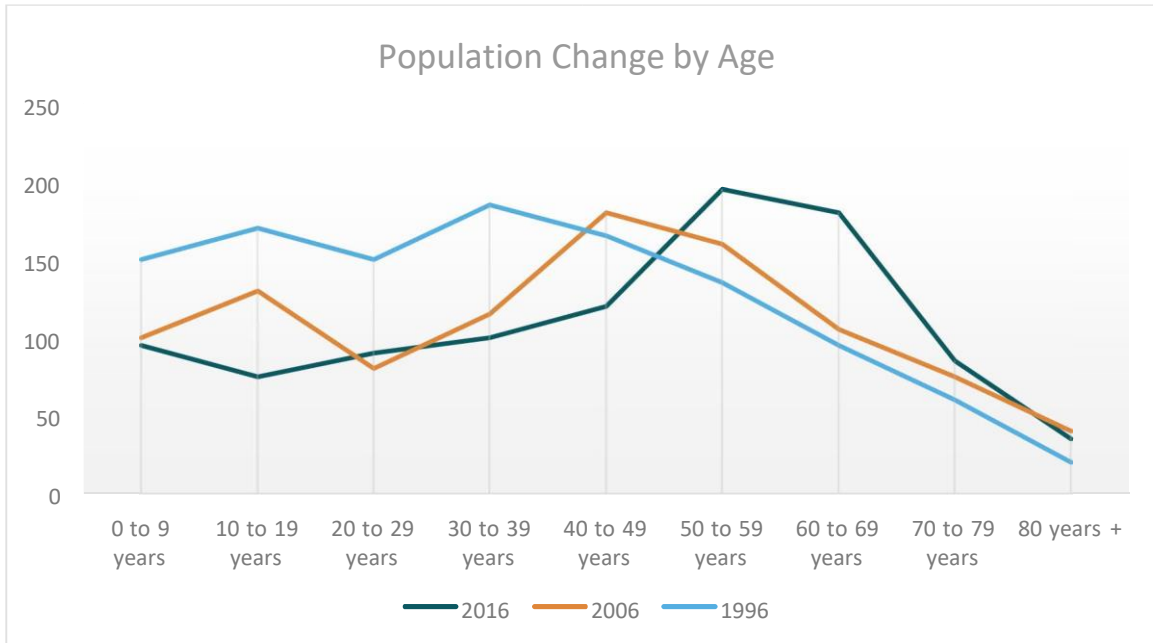


Chart 5 Population Change by Age 1996 to 2016

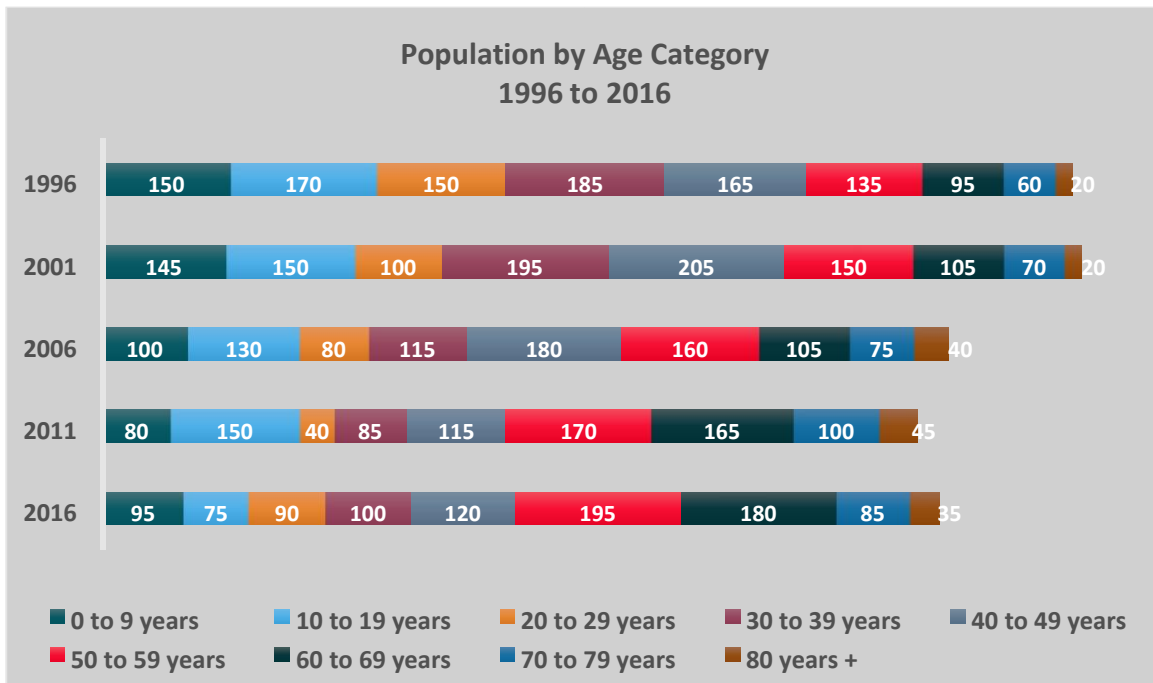


Chart 6 Population by Age Category 1996 to 2016

Municipality	Population Density per square kilometre	Land Area in square kilometres
Machin	3.33	291.81
Ignace	16.50	72.82
Ear Falls	3.00	330.96
Marathon	19.19	170.52
Cochrane	8.11	539.12

Table 3 Land Area and Population Density

It is important to note that with a lower population density comes the need to delivery municipal service to a fairly spread out population. Overall this leads to increased service delivery costs as the distance between homes is greater.

Demographics Review - Efficiency/Modernization Opportunities

From these trends, there are several important considerations for the Municipality:

- **Tax Base** - given that 63% of the population is aged 40 years and older, service delivery and programming needs/wants/demands will change as well as the taxpayers' ability to pay taxes and/or their flexibility/vulnerability to tax rate increases will be affected. In general, seniors generally have a lower income level, and in some cases a fixed income level (i.e. reliance on government income transfers - Old Age Security, Canada Pension Plan), thus impacting tax payment or increased ability to pay user fees. Machin as opposed to comparators has a higher average household income and higher assessment opportunities given the lakeside and commercial real estate properties.
- **Value-Added Service Delivery** - Assess value added service delivery and programming needs/wants/demands for families with children to retain or return youth and young families to community. One opportunity is working with the Ministry to open up development for housing/commercial projects. Another opportunity is to work with the Ministry for changes in policy to take advantage of water plant capacity. EDO position responsibility should have planning and development opportunities as a main job duty/responsibility.
- **Population Density** - Population density is nearly the lowest against comparator municipalities, making it more difficult to provide services to residents as there is greater distance between them. Overall, this leads to increased service delivery costs and longer term opportunities should be assessed to determine if services can be shared amongst other municipalities to reduce costs. As well, Machin has 3 different settlements with various services provided making it more difficult to provide similar and consistent services.

Current State Assessment - Trend Analysis

The current state assessment analyzes operating expenditures and sources of funds for the Municipality over the past five years to identify trends versus one time anomalies to establish areas of concern. The operating expenditure and revenue source reviews follow:

Operating Expenditures Review

An analysis of operating expenditures (excluding Amortization) for the past five (5) years shows an increase of \$221,850 over the period. Expenditures related to Salaries, Wages and Employee Benefits increased an average of 4.4% over the period, and expenses related to Contracted services and Rents/financial expenses increased on average 4.0% and 1.9% respectively. External transfers have decreased 3.0% on average throughout the period and Interest and long term debt have decreased on average 2.6%. Materials

have slightly decreased over the past five years on average, but saw the largest decline between 2014 and 2015 of around 22%.

	2014	2015	2016	2017	2018	5 Year Average
Salaries, Wages and Employee Benefits	648,086	730,869	780,431	758,976	780,851	739,843
Interest on Long Term Debt	53,228	52,946	51,389	49,728	48,018	51,062
Materials	875,367	679,780	787,488	719,323	917,894	795,970
Contracted Services	454,180	382,448	417,204	517,629	557,729	465,838
Rents and Financial Expenses	17,233	20,541	19,361	18,606	18,906	18,929
External Transfers	543,515	489,177	453,713	439,687	490,061	483,231
Total Expenses	2,591,609	2,355,761	2,509,586	2,503,949	2,813,459	2,554,873

Table 4 Operating Expenditures Analysis

Funding Sources Review

For the 2018 fiscal year, the Municipality of Machin generated and received \$3,892,822 in revenue. Of the total revenue, 60% is comprised of local funding sources (i.e. property taxes and user fees) - a total of \$2,344,958 in revenue dollars. Property taxes increased an average of 2.7% over the five-year period of 2014 to 2018 with user fees increasing an average of 3.4% over the same period.

The Ontario Municipal Partnership Fund (OMPF) allocation, an unconditional grant provided to municipalities by the Province of Ontario, has been consistent over the five-year period with an average of change of 1.3%.

Funding from Conditional Grants has been gradually increasing from 2014-2017, however a significant increase in 2018 of around \$1 million was due to funding provided for the Townline Road project.

Revenue from Other Municipalities was fairly consistent outside of 2014 - averaging around \$20,820. The negative average percentage change factors in a sharp decrease between 2014 and 2015. The Other Revenue category is another revenue source with a dramatic decrease in funding in 2018 due to a reduction in donations and compensation for a position that is no longer the responsibility of the municipality.

	2014	2015	2016	2017	2018	5 Year Average
Property Tax Revenue	1,677,372	1,756,546	1,785,167	1,810,454	1,869,848	1,779,877
Ontario Municipal Partnership Fund (OMPF)	311,800	318,400	344,000	361,800	331,500	333,500
Conditional Grants	114,993	111,275	184,253	255,470	1,127,657	358,730
Revenue from other municipalities	31,683	20,546	16,195	18,121	17,556	20,820
Total User Fees and Service Charge	412,718	415,026	452,532	454,666	475,110	442,010
Other revenue	133,640	104,297	111,153	109,660	71,151	105,980
TOTAL REVENUE	2,682,205	2,726,090	2,893,300	3,010,171	3,892,822	3,040,918

Table 5 Funding Sources Analysis

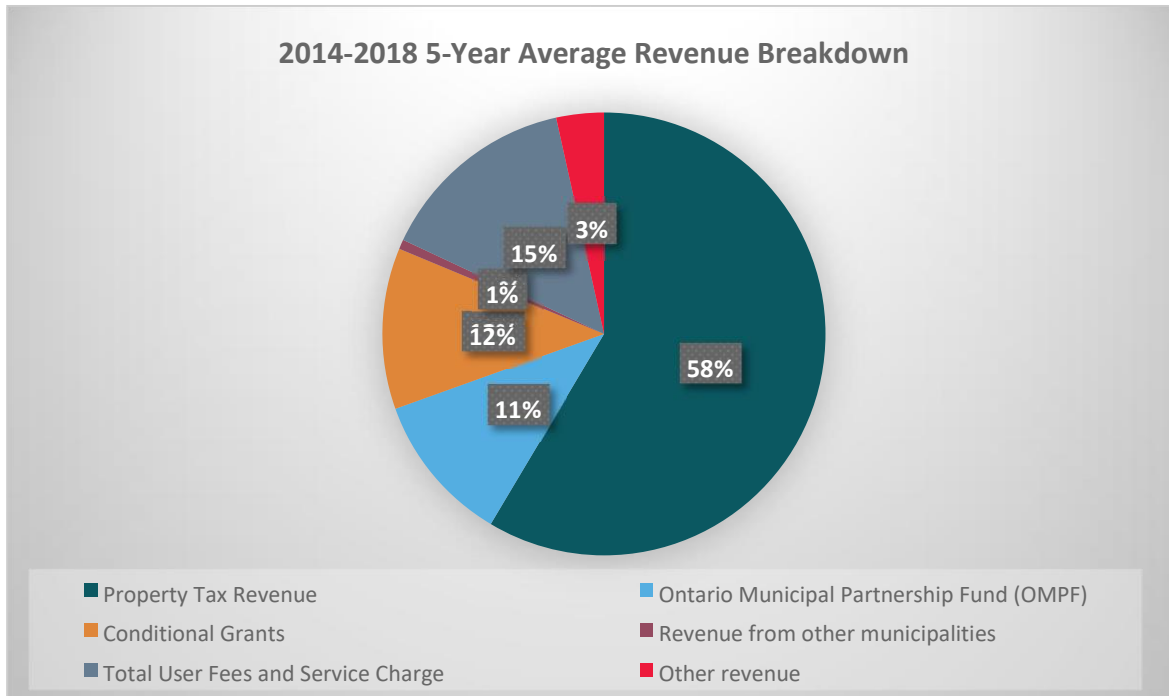


Chart 7 2014-2018 5-Year Average Revenue Breakdown

Below is a further breakdown of billed taxes to express the breakdown between residential and commercial taxes for the municipality. It is clear that overall tax rates have increased over the past 5 years, and residential taxes are evidently significantly more than commercial taxes due to the number of residential versus commercial units in the community. Over the 5 year period, residential rates have made up 86-87% of total taxes, while commercial taxes make up 13-14%. Total taxes have increased from 2016 to 2020 by 14%, with an average annual increase of 4%. Commercial taxes have increased on average by 2% annually, while residential taxes have increased an average of 4% annually.

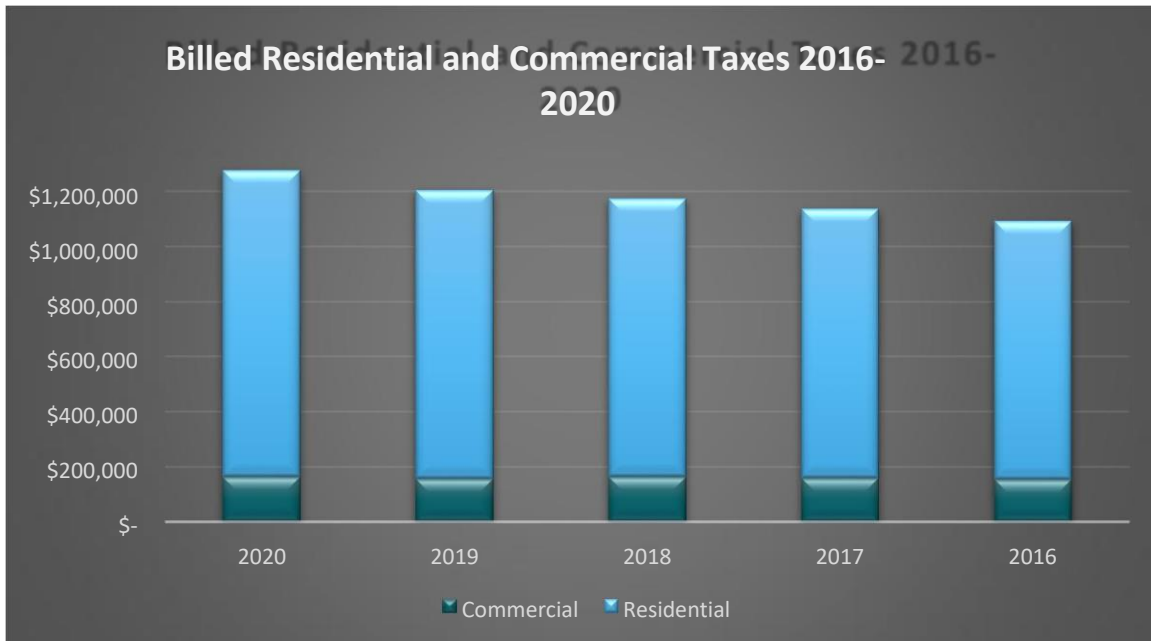


Chart 8 Residential and Commercial Taxes 2016-2020

Operating / Funding Review - Efficiency/Modernization Opportunities

From the operating expenditure / funding review the following efficiency / modernization opportunities exist:

- **Salaries, Wages and Employee Benefits** - Expenditures related to Salaries, Wages and Employee Benefits should be monitored more closely. Starting with implementation of time monitoring (timesheets) to assess work flow and utilization.
- **Materials** - Expenses related to Roads material expenses can be reduced by ensuring the Municipality is meeting the road class requirements and not overservicing unless necessary/capable to do so.
- **Other Revenue** - The Other Revenue category saw a decrease due to a reduction in donations and compensation for a position that is no longer the responsibility of the municipality and should be considered in future budgets.
- **Funding** - Changes in funding formula has rural municipalities facing decreases overall and should be considered when seeking funding and planned for, which further emphasizes the need to pursue grant opportunities.
- **Residential and Commercial Taxes** - It is clear that overall tax rates have increased over the past 5 years, and residential rates have made up 86-87% of total taxes, while commercial taxes make up 13-14%. Once again, improving development opportunities, using EDO position, will increase tax base by offering potential development of high assessed lake-side properties and other properties, as well as provide opportunity for further commercial development.

Financial Process Review

According to the Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO), the financial management framework of a municipality is defined as the planning, directing, monitoring, organizing and controlling of resources in order to meet the objectives of the municipality. Good financial management is one of the cornerstones of the success and sustainability of any municipality. It focuses on managing resources today through a combination of effective controls and accountability for results as well as ensuring that plans are in place to support long term strategic objectives over the long term. Annually, municipalities are required to have these processes and their outcomes reviewed as part of the financial audit. What follows is the process review component and accompanying efficiency/opportunity recommendations for improvement:

Management Letter Review

Provided below are the draft Management Letter items from year ended December 31, 2019¹. At report date, we are unaware if these have been finalized.

Landfill Closure Liability

The landfill survey report on the post closure liability relating to the Vermillion Bay Landfill site stated the landfill should have been closed effective 2013, due to full capacity. Per discussions with Clerk-Treasurer, an application was submitted to increase the cubic footage of the landfill. The status of this application should be followed up with and a new report reflecting these changes is required when completed.

Reserve Fund Bank Accounts

As of December 31, 2019, there are separate bank accounts set aside by council totaling \$422,058.06, being \$164,959.23 for the seniors' bus and \$257,048.51 for the fire trust. The actual reserve fund balance sits at \$88,203.08 for the seniors' bus and \$276,316.09 for the fire trust. As a result, the bank accounts are not aligned to the actual reserve funds. This is as a result of the additional reserve transfers not being approved until subsequent to year end. We recommend that, whenever a transfer to a reserve is made in the general ledger, a corresponding bank transfer is made at the same date to ensure that they are in agreement with each other.

Harmonized Sales Tax

We noted that all GST/HST paid during the year was claimed as a rebate. For any items that relate to Municipality's commercial activities (i.e., expenses incurred to provide services that you charge HST on), the Municipality should segregate this as ITC's and not include it as part of the rebate. For GST/HST paid on commercial activities, the ITC's

¹ BDO Canada LLP - Management Letter for The Corporation of the Municipality of Machin - For the year ended December

31, 2019

are claimable at 100% instead of at the rebate rates of 100% of the 5% and 78% of the 8%.

Segregation of Duties

As with most small organizations, the limited number of administrative employees does not facilitate adequate segregation of duties, which typically act as an effective internal control measure. We suggest that information system policies be reviewed to ensure that specific user names and passwords are assigned to each user and that access is limited to each employee's specific area of responsibility. In a computerized environment, it is essential that users are only assigned rights to the areas for which they have authority.

Financial Process - Efficiency/Modernization Opportunities

- **Landfill Closure Liability** - An application was submitted to increase the cubic footage of the landfill. The status of this application should be followed up and a new report reflecting these changes is required when completed. Landfill at over capacity on Vermilion Bay side. Eagle River projected to capacity as of 2046. If VB application is unsuccessful, investigate a transfer station to Eagle River as an opportunity.
- **Reserve Fund Bank Accounts** - Bank accounts are not aligned to the actual reserve funds. It is recommended that, whenever a transfer to a reserve is made in the general ledger, a corresponding bank transfer is made at the same date to ensure that they are in agreement with each other.
- **Harmonized Sales Tax** - For any items that relate to Municipality's commercial activities (i.e., expenses incurred to provide services that you charge HST on), the Municipality should segregate this as ITC's and not include it as part of the rebate.
- **Segregation of Duties** - Segregation of duties is often an issue raised by Auditors, but it is difficult to accomplish with few staff, and smaller municipalities' do the best they can to segregate duties as best as possible. An opportunity of implementing a Leadership Team can assist in segregation, split duties, review each other's work and sign off.

GOVERNANCE REVIEW

The governance review looks at the areas of planning (strategic and capital/operating plans are completed by Council and departmental business plans and budgets approved by Council); as well as, review and approval of by-laws and policy (at least on annual basis) as well as ensuring effective structure and top down, bottom up and external communication is well designed and facilitated.

First, Mayor and Council have the power to lead the Municipality from a policy, direction setting and service delivery perspective; Council's legal power is as a collective, not as an individual;

The principles underlying this policy are simple: for Council, "Policy is yours, but management is management's." To promote good relationships, staff must respect democracy, and Council members must respect professional management and professional opinion¹.

In the Municipal Act, 2001 the Role of Council is Defined: s.224.

It is the role of council,

- (a) to represent the public and to consider the well-being and interests of the municipality;
- (b) to develop and evaluate the policies and programs of the municipality;
- (c) to determine which services the municipality provides;
- (d) to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council;
- (d.1) to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality;
- (e) to maintain the financial integrity of the municipality; and
- (f) to carry out the duties of council under this or any other Act.

Governance can be broken down into three main processes, including planning, policy and communication (See Appendix A). Reviewing these key areas allows for an understanding of planning capabilities and service delivery.

Planning

Below is a list of planning tools that are currently utilized for the planning process within Machin:

- Asset Management Plan (2016)
- Annual Budget
- Community Economic Development - Strategic Plan (2017-2022)
- Official Plan for the Municipality of Machin
- Projected 2021: Economic Development Officer plan (for future development)

Policy

Below is the breakdown of current policy-related tools/documents utilized within Machin:

¹ AMCTO - Policy and Management Briefs Issue 02 / August 17, 2015

Policy Number	Policy
1.7	Delegates - Delegations Attending Council Meetings
1.8	Circulation of Minutes Agendas and Reports
1.9	Proclamations
1.10	Access to Information
1.11	Machin Messenger
1.12	Accountability and Transparency
1.13	Delegation of Powers and Duties of Council
1.14	Code of Ethics
1.15	Gifts and Benefits
1.16	Integrity Commissioner Inquiry Protocol
1.16a	Integrity Commissioner Inquiry Protocol
1.17	Council - Staff Relations
1.17a	Council - Staff Relations
1.18	Code of Conduct
1.18a	Code of Conduct
2.1	CAO General Authority
2.2	Administrative Staff
2.3	Special Occasions
2.4	Information Management
2.5	Messenger
3.1	Employee Policy Statement
3.2	Vacancies
3.3	Authorization to Hire
3.4	Employee Classification
3.5	Criminal Reference Checks

3.6	Hiring & Employment of Family Members
3.7	Occupational H&S Organization and Responsibility
3.8	Disciplinary Action
3.9	Appointed Officials
3.10	General Benefits
3.11	Recognized Holidays
3.12	Overtime
3.13	Vacation Schedule
3.14	Worker's Compensation Benefits
3.15	Compensation for Meetings
3.16	Training & Educational Assistance Related to Municipality
3.17	Complaints & Grievances
3.19	Retirement
3.20	Performance Review
3.21	Sick Leave
3.22	Reimbursement of Expenses for Employees & Council
3.23	Hourly Wage Rate Increase
3.24	Recognition of Service and Retirement Gifts
3.25	Bereavement Leave
3.26	Student Hiring
3.27	Leave of Absence
3.28	Subpoenaed as a Witness and Jury Duty
3.29	Municipal Vehicles Facilities Equipment and Tools
3.30	Annual Vacation with Pay
3.32	Discipline
3.33	Maternity Leave

3.34	Parental Leave
3.35	Code of Conduct
3.36	Gifts and Benefits
3.37 I	Respect in the Workplace
3.37 II	Respect in the Workplace
3.38 I	Information Management
3.38 II	Information Management
6.1	Definitions
6.2	General Administration
6.3	Preparation of Operating and Capital Budget
6.4	Control
6.5	Petty Cash Funds
6.6	Reserve, Reserve Funds, Allowances
6.7	Bank Accounts
6.8	Budget Process and Control
6.9	Banking and Disbursement of Funds
6.10	Donations, Grants to Groups and Organizations
6.11	Sundry Accounts
6.12	Accounts Receivable
6.13	Machin Asset Management Policy

Framework:

At the writing of this report, we are aware of a Mission, Vision that was created for the Community Economic Development Strategic Plan in 2017.

Mission: “To promote a diversified community and economy based on sustainability by strengthening and enhancing community infrastructure, services and activities, while engaging people and celebrating Machin as a beautiful and safe place to play, live and learn.”

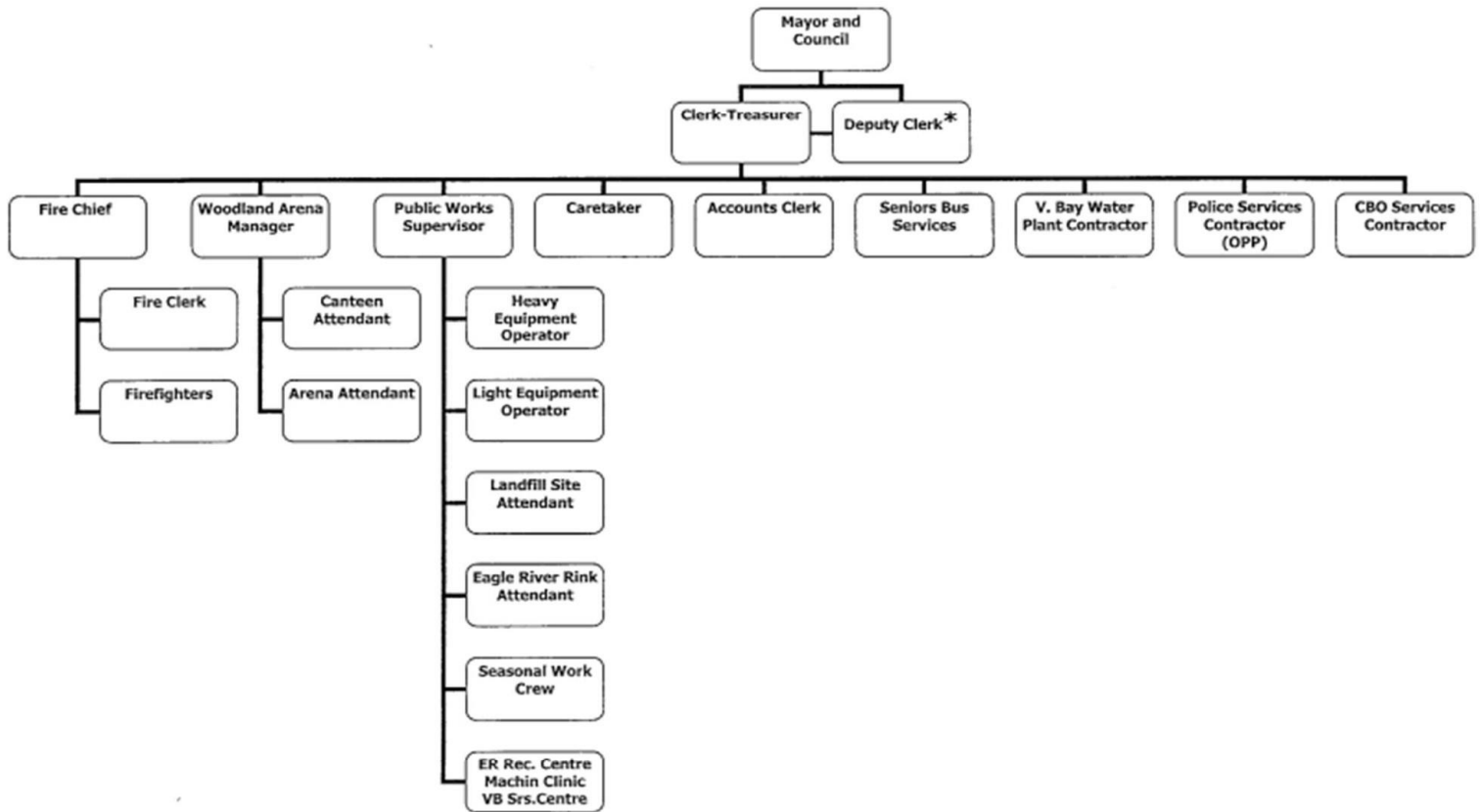
Vision: “Machin will be known as an innovative and growing community that is diverse in culture, people and its economy, offering a safe place where quality of life can be enjoyed in a beautiful setting.”

As a framework policy, MVV need to be properly reviewed and updated for the municipality and match Council’s priorities at the time, and a set of values should be developed to guide decision making.

Governance:

Organizational Chart

**MUNICIPALITY OF MACHIN
ORGANIZATIONAL CHART**



* In the absence of the Clerk-Treasurer, the Deputy Clerk assumes responsibility.

Z:\General\Master Forms\ADMIN\MUNICIPALITY OF MACHIN Org. Chart 2011.doc

The Municipality of Machin has a hierarchical structure. This flows top-down through the various departments and has several pros and cons. Some pros of this type of organizational structure are that it is clear who each individual reports to, and there are levels of authority². Some of the cons of this style of organizational structure are

² <https://www.lucidchart.com/blog/types-of-organizational-structures>

that it can cause individuals to act out of the interest of only their department, and can slow down changes and innovation due to bureaucracy³.

Below is a list of Machin’s by-laws that have been provided for review. It is recommended that they be reviewed, and a regular review schedule is developed for future needs.

Bylaw	Year
Transient Traders	2013
Swimming Pools	2006
Noise	2011
Animal Control	2018
No Shooting Boundaries	2006
Prohibit Firearms	2006
Zoning	2001

Operational:

Financial

Below is a summary of Systems Documentation regarding financial practices for the Municipality of Machin:

- Cash or cheques are accepted and money orders are received via mail - Deputy Clerk is responsible for daily receipt logs and enters each subledger and posts receipts to general ledger. Clerk reconciles municipal bank accounts on monthly basis.
- Clerk prepares annual budget for the municipality which is then approved by Council. Council also will receive a copy of monthly comparison budget to actual figures and questions/concerns are brought up.
- Policy/procedures covering filing of employee vacancies are passed through Council. All hourly employees are paid according to approved payroll grid and salary employees are paid according to approved salaries/contracts. Daily timesheets are submitted to respective supervisors. Clerk is responsible for verifying cheques and related paperwork for completeness and signs payroll cheques, and it should be noted that dual signatures are required.
- Authorized purchasers are required to submit purchase orders for all purchases made and are in numerical sequence and completed in triplicate. One copy goes to supplier, one copy stays with department and the final copy is filed in the vault. Weekly, department heads bring purchase orders to the office for secretary/clerk to match open purchase orders to payable invoices received.
- The tax assessment roll book is received from MPAC in December and verified to current computer master files. The Clerk extracts all tax assessment information

³ <https://www.lucidchart.com/blog/types-of-organizational-structures>

and uploads to the system and reconciles to the roll book. In January, management levies interim taxes at 50% of prior year’s final taxes as per MMAH regulations. Council approves current year tax ratios prior to April 30th through by-law and OPTA tax rates through by-law.

Human Resources

Below is a summary of job descriptions provided by the municipality of Machin. Each job description includes job summary, specifications, supervision, responsibilities, physical/mental demand, and work environment. Note that some key areas are not included in every job description and there is room for updating.

Job Descriptions	Year Reviewed
Admin assistant (accts pay & rec clerk)	2016
Arena facilities manager	2016
Arena facilities working manager	2016
Arena kitchen canteen	2016
Arena lead hand	2016
Caretaker	2016
Deputy clerk	2015
Eagle river rec. centre attendant	2015
Environmental services manager	2016
Home support bus driver - coordinator	2015
Heavy equipment operator - labourer	2015
Summer student general labourer - seasonal	2015
Clerk-treasurer	2015
Eagle river outdoor rink attendant	2015
General labourer - seasonal	2015
Lead hand - parks	2015
Truck driver - labourer	2015
Landfill site attendant	2015
PW working foreman	2015
Receptionist	2015

Water treatment plant operator	2016
WQMS manager	Unknown

Asset Management Plan

The asset management plan (AMP) for Machin was developed in 2016 and includes analysis of the following key assets:

- Bridges
- Buildings
- Land Improvements
- Licensed Vehicles
- Machinery & Equipment
- Roads
- Water System

Each of these key areas were analyzed to illustrate short, medium and long-term infrastructure spending requirements. Based on the age and assessed conditions, projected cost requirements are displayed below. Between 2021 and 2025, it is anticipated that \$5.8 million will be needed to cover asset replacement needs. Of this, 58% of these costs are anticipated to be associated with building needs, mainly the ice arena. It should be noted that although buildings can be more easily renovated, it is important to ensure that buildings meet accessibility requirements.

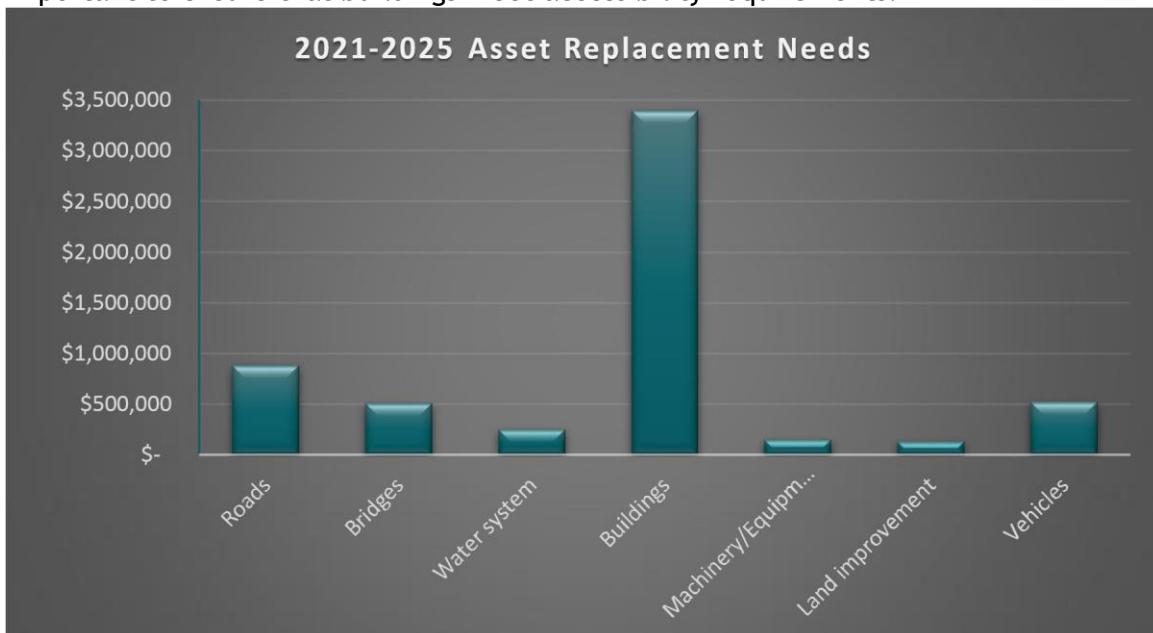


Chart 9 2021-2025 Asset Replacement Needs

The chart below outlines 2026 to 2030 anticipated replacement costs. , It is anticipated that \$9.2 million will be needed to cover asset replacement needs during this period. Of this, 77% of these costs are anticipated to be associated with water system needs, mainly water treatment equipment.

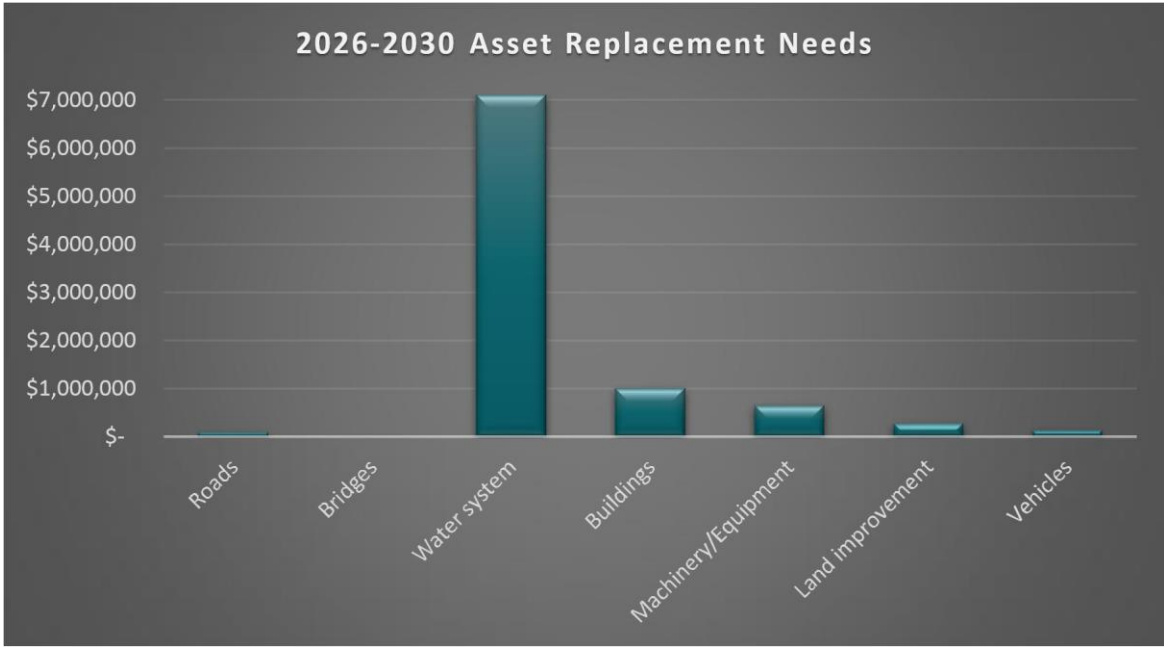


Chart 10 2026-2030 Asset Replacement Needs

Over the next 10 years, it is anticipated that approximately \$15 million will be required to maintain asset needs. Of this anticipated need, 49% are associated to the water system, and 29% are related to building needs.

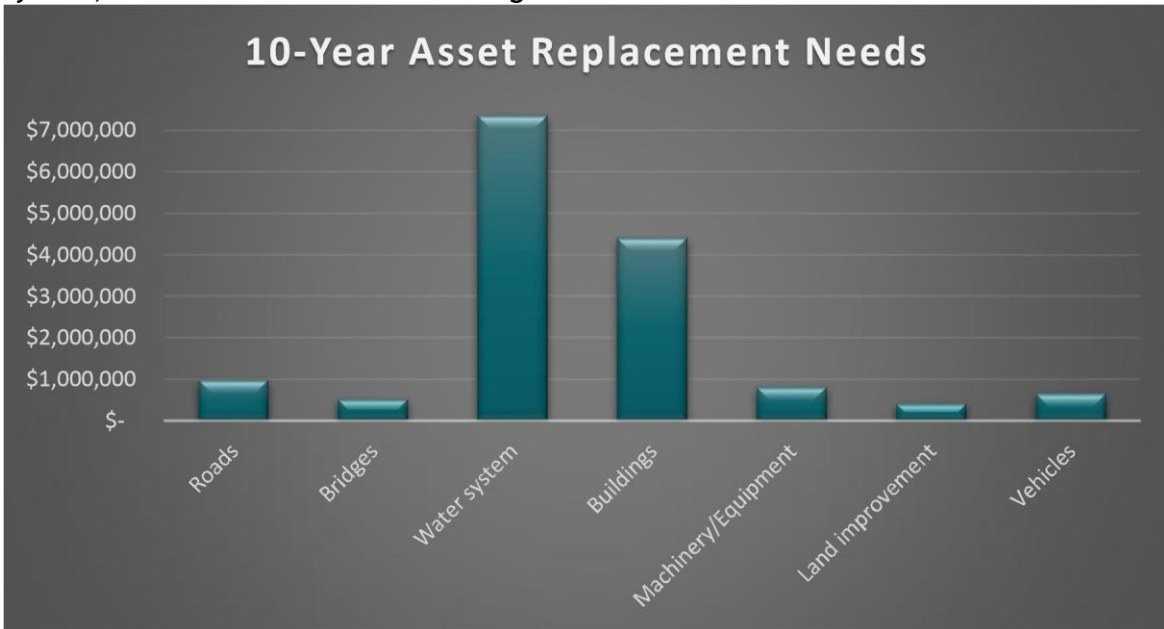


Chart 11 10-Year Asset Replacement Needs

Communication

Internal communication can be improved and should be a focus for future operational efficiency. Anecdotally, comments from throughout the organization are consistent year after year with no change that there is a lack of team unity and communication within/collaboration, working in silos, personality conflicts in office, work flow

management and workers setting their own schedule without accountability. Further, while staff welcome input from Mayor and Council the general feeling is that a more organized communication and accountability approach based on the Municipality's structure would enhance productivity and efficiency. These comments shared again by Council and staff and substantiated by Knaupf report from 2017.

Mayor only available by phone or in person. Technology would improve efficiency of the position with the Mayor's cooperation (it's time).

Effective communication can result in positive reinforcement of employee-organization relationships and improve performance. It is important to implement a formal policy for communicating internally that can include documented formats and two-way communication.

Without a CAO, the Municipality could consider the development of a leadership team in order to ensure that the lines are clear between governance and management and flow of information and accountability mechanisms through proper channels are applied in an effective manner.

Mayor only available by phone or in person. Technology would improve efficiency of the position with the Mayor's cooperation (it's time).

Governance - Efficiency/Modernization Opportunities

Planning - There is a need for the reconciliation of annual budgeting, Asset Management plan reconciliation and a terms of reference/ARA for an Economic Development Officer (possibly this report can provide some guidance for future development of the position).

Policy - Policies that have not been updated recently should be reviewed to follow the proper structures based on department, and all policies should be reviewed on an annual basis or as needed, and approved by Council.

Framework - As a framework policy, MVV need to be properly reviewed and updated for the municipality to match Council's views at the time, and a set of values should be developed to guide decision making.

Governance - Communication flows top-down through the various departments in the organization and has several pros and cons. Some of the cons of this style of organizational structure are that it can cause individuals to act out of the interest of only their department, and can slow down changes and innovation due to bureaucracy⁴ or working in the best interest of the citizen if Council approval is required.

A regular review schedule of by laws should be developed, and it is recommended that a process is developed to support the creation of new bylaws as needed.

Review structure and reporting relationships with consideration of a Leadership Team, to relieve the burden on the Clerk-Treasurer, as filling a CAO position may not be possible in today's job market.

⁴ <https://www.lucidchart.com/blog/types-of-organizational-structures>

Operational Financial

- Clerk is responsible to reconcile municipal bank accounts on monthly basis.
- Clerk prepares annual budget for the municipality which is then approved by Council. Council also will receive a copy of monthly comparison budget to actual figures and questions/concerns are brought up.
- Policy/procedures covering filing of employee vacancies are passed through Council. Clerk is responsible for verifying cheques and related paperwork for completeness and signs payroll cheques, and it should be noted that dual signatures are required.
- Authorized purchasers are required to submit purchase orders for all purchases made and are in numerical sequence and completed in triplicate.
- The tax assessment roll book is received from MPAC in December and verified to current computer master files. The Clerk extracts all tax assessment information and uploads to the system and reconciles to the roll book Council approves current year tax ratios prior to April 30th through by-law and OPTA tax rates through by-law. Human Resources

Each job description includes job summary, specifications, supervision, responsibilities, physical/mental demand, and work environment. Note that some key areas are not included in every job description and there is room for updating.

Asset Management Plan

The asset management plan (AMP) for Machin was developed in 2016 and based on the age and assessed conditions, projected cost requirements are anticipated at \$5.8 million between 2021 and 2025. Of this, 58% of these costs are anticipated to be associated with building needs, mainly the ice arena.

Over the next 10 years, it is anticipated that approximately \$15 million will be required to maintain asset needs. Of this anticipated need, 49% are associated to the water system, and 29% are related to building needs.

The projected long-term needs of \$14 M in asset replacement requirements are significant and the current reserve (categories aside) at \$1.5 M leverages 10% of any funding available which means government would have to provide 90 cents of every dollar on a project.

Communication - Internal communication can be improved and should be a focus for future operations. Effective communication can result in positive reinforcement of employee-organization relationships and improve performance. It is important to implement a formal policy for communicating internally that can include documented formats and two-way communication. The Municipality should consider the development of a leadership team in order to ensure that the lines are clear between approval and implementation function and the flow of information in an effective manner.

DEPARTMENTAL REVIEW

- s.227. It is the role of the officers and employees of the municipality, (a) to implement council’s decisions and establish administrative practices and procedures to carry out council’s decisions;
- (b) to undertake research and provide advice to council on the policies and programs of the municipality; and
- (c) to carry out other duties required under this or any Act and other duties assigned by the municipality.

Machin operates three departments, namely Finance/Administration, Fire Services, Arena/Recreation and Public Works. Below is a more detailed four year financial analysis of these departments to compare annual spending and averages. These departments were also looked at against comparators, and for the most part, they compare favourably to the adjacent municipalities.

The rationale for the comparative analysis in the departmental analysis section and the current state assessment is to identify “red flag” areas. Deviations are noted from specific or averages of comparator Municipalities from Financial Information Returns (FIR)⁵ (e.g. those areas that are higher or lower than a specific or group of comparators of similar budget, geography and service delivery). This does not assume that comparator municipalities are executing best practices, it only informs the Municipality of a possible area of concern or an area to continue to perform well in and validated by discussion with Municipality stakeholders.

Finance/Administration

General Government Wages were compared for Machin over 3 years, as well as compared to adjacent municipalities⁶. The results express that Machin has moderate wage costs in comparison to other municipalities, however Machin has stayed the most consistent over the three year period and saw a 3% decrease in 2018.

Annual General Government Wages as % of Revenue				
Municipalities	2018	2017	2016	Average
Machin	7%	10%	10%	9%
Ignace	9%	7%	10%	9%
Ear Falls	15%	16%	15%	15%
Marathon	3%	8%	7%	6%
Cochrane	5%	4%	5%	5%

Table 6 Annual Governance/Management Wages as a % of Revenue

Environmental Services encompass the expenses of the municipal landfills. On average, environmental services expenses are around 22% of revenue amongst the municipalities. Machin is slightly below Ignace and Ear Falls, however Marathon and Cochrane’s environmental cost are consistently significantly lower due to economies of scale.

⁵ The FIR is the data collection tool used by the Ministry of Municipal Affairs and Housing to collect financial and statistical information on municipalities. The FIR is a standard document comprised of a number of schedules which are updated each year to comply with current legislation and reporting requirements. <https://efis.fma.csc.gov.on.ca/fir>

⁶ Wage analysis does not include contracted services

Annual Environmental Services Expenses as % of Revenue				
Municipalities	2018	2017	2016	Average
Machin	22%	20%	24%	22%
Ignace	25%	22%	30%	26%
Ear Falls	25%	26%	29%	27%
Marathon	17%	17%	17%	17%
Cochrane	20%	12%	16%	16%

Table 7 Annual Environmental Services Expenses as a % of Revenue

Protection Services

Protection Service expenses are inclusive of Police services, which in 2018 was roughly \$215,540. Overall, protection service expenses for Machin decreased in the 3 year period, however overall protective services are moderate versus comparators. It is important to note that the difference can be largely attributed to contracted police services, and in 2018 fire related services for Machin were only 47% of total protection costs.

Annual Protection Services Expenses as % of Revenue				
Municipalities	2018	2017	2016	Average
Machin	11%	14%	14%	13%
Ignace	11%	12%	16%	13%
Ear Falls	8%	8%	9%	8%
Marathon	12%	16%	17%	15%
Cochrane	8%	11%	13%	11%

Table 8 Annual Protection Services Expenses as % of Revenue

Public Works

Transportation Services are important to all municipalities and include road services, materials and amortization of equipment. Not that Machin has 4 significant bridges, and bridge related costs are 10% of total transportation costs in 2018. The Municipality of Machin has fairly consistent annual costs based on the total kilometers of roads that the Municipality is responsible for. Overall, transportation costs per kilometer are significantly lower than Marathon and Cochrane. The most significant difference to note between Machin and Ear Falls is the cost of unpaved road services, which is 22x more for Machin than Ear Falls. The roads within the Municipality are generally classified as class 5, similar to most other roads that fall under the responsibility of neighboring Municipalities.

Annual Transportation Cost/km					
Municipalities	km	2018	2017	2016	Average
Machin	88	\$ 7,499	\$ 6,947	\$ 6,755	\$ 7,067
Ear Falls	127	\$ 1,889	\$ 2,123	\$ 2,034	\$ 2,015
Marathon	142	\$ 16,747	\$ 14,939	\$ 14,640	\$ 15,442
Cochrane	218	\$ 18,785	\$ 16,034	\$ 15,244	\$ 16,688

Table 9 Annual Transportation Cost/km

At the writing of this report, we are assuming that all roads under the responsibility of the Municipality of Machin are class 5, as we have not received confirmation from the Municipality. Based on Machin's road classifications, below is a breakdown of required maintenance levels.

Requirement	Frequency
Patrolling Frequency	Once every 30 days
Snow Accumulation	10cm and 24 hours
Ice Formation Prevention	24 hours
Treatment of Icy Roadways	16 hours
Potholes of Paved Surfaces	1000cm ² , 8cm depth and 30 days
Road Cracks	180 days
Regulatory and Warning Signs	30 days

Recreation/Cultural Services

Recreational and cultural services are an essential aspect to municipalities and include recreational facilities. In 2018, 87% of recreation and cultural service expenses were related to recreational facilities. The main facility included for Machin's FIR breakdown is the Woodland Arena. On a positive note, Machin has had decreased expenses over 3 years and is in the middle out of the 5 comparators In terms of expenses as a percentage of revenue. However, the AMP projects that capital cost improvements are anticipated at \$5.8 million between 2021 and 2025. Of this, 58% of these costs are anticipated to be associated with building needs, mainly the ice arena.

Annual Recreational and Cultural Services Expenses as % of Revenue				
Municipalities	2018	2017	2016	Average
Machin	11%	15%	14%	13%
Ignace	10%	10%	12%	11%
Ear Falls	11%	12%	16%	13%
Marathon	20%	21%	19%	20%
Cochrane	19%	15%	18%	17%

Table 10 Annual Recreational and Cultural Services Expenses as % of Revenue

Departmental Efficiency/Modernization Opportunities

Departmental efficiency and modernization opportunities are:

Worker Utilization - Consider tracking of time (Admin and service delivery) and outputs such as tons of garbage in landfill, roads materials and maintenance usage by class/kilometer. This will assist in providing historical information for informed future decision-making regarding service delivery.

Communication - similar to governance comments, without a CAO, the Municipality could consider the development of a leadership team in order to ensure that the lines are clear between governance and management and flow of information and accountability mechanisms through proper channels are applied in an effective manner.

Finance/Administration - Machin has comparable wage costs with other municipalities and has stayed the most consistent over the three year period given their stable workforce. Shared service opportunity exist, but there should be a strong contract or

terms of reference for this service. Environmental Services encompass the expenses of the municipal landfills. Machin has consistent contributions to landfill costs over the period examined and is moderate compared to other municipalities. Like any Municipality, a long term landfill plan is important to maintain this service with fee for service apportioned based on usage (e.g. Unorganized Townships).

Protection Services - Protection Service expenses are inclusive of Police services, which in 2018 was roughly \$215,540. It is important to note that the difference in protection costs can be largely attributed to these contracted police services. The Municipality and its neighbors' should revisit this cost and examine opportunities for economies / other methods of sharing services in the longer term.

Public Works - Transportation Services are important to all municipalities and include road services, materials and amortization of equipment. The Municipality should examine opportunities for materials and equipment savings through procurement policy update and service delivery to road class.

Recreation/Cultural Services - Overall, recreational facilities operate at a shortfall, especially in small municipalities. Community decision making is generally based on providing wellness opportunities for community members, especially youth. Given that Woodland Arena is a large part of the 58% of future capital expenditures, a Building Condition Assessment, if one hasn't been completed recently, is an opportunity to understand the cost benefit of the Arena. As well as, examining revenue generating opportunities (e.g. user fees, utilization and overall community value).

CURRENT STATE ASSESSMENT - FINANCIAL INDICATORS

To detail the financial performance of the Municipality of Machin as well as to understand its current financial position, specific financial accounting industry calculations and analysis on the financial information of the Municipality of Machin and all of its comparators was completed. Once again, this does not assume that comparator municipalities are executing best practices, it only informs the Municipality of a possible area of concern or an area to continue to perform well in and validated by discussion with Municipality stakeholders.

All Canadian Chartered Public Accountants are members of CPA Canada, which is the governing body for this industry. CPA established the Accounting Standards Oversight Council (AcSOC) to develop and maintain principles for financial reporting. As part of their responsibility, they oversee the two boards that determine and uphold accounting standards for the private and public section. The two boards are:

Public Sector	Public Sector Accounting Board (PSAB)
Private Sector	Accounting Standards Board (AcSB)

The Public Sector Accounting Board (PSAB) regulates the documents and publications of all financial reporting information for the Municipality of Machin as well as all of its comparators.

The PSAB Statement of Recommended Practice document provides direction, calculations and guidance to analysis of financial performance/position indicators.

The PSAB document defines financial condition as:

“Financial condition is a broad, complex concept with both short- and long-term implications that describes a government’s financial health in the context of the overall economic and financial environment.

Financial condition is a government's financial health as assessed by its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others”⁷

It also explains the main objective and/or reasoning of reporting on financial condition:

“The main objective of reporting on financial condition is to expand on and explain information contained in financial statements by assessing a government’s financial condition not only on the basis of its financial position and changes in financial position, but also in the context of its overall economic and fiscal environment.

In addition, reporting on financial condition has the following objectives:

- (a) helps users identify current foreseeable risks and trends;
- (b) enlightens users about a government’s fiscal stewardship;
- (c) offers insights into the short- and long-term implications of policy decisions;
- (d) illustrates a government’s financial ability to maintain the level and quality of its services and to finance new programs;
- (e) illustrates a government’s ability to meet its financial obligations, both short- and long-term;
- (f) enhances an understanding of government policy and operating decisions; and
- (g) provides a basis for comparison, where appropriate, with other similar jurisdictions.”⁸

It states that in the assessment of a government’s financial condition consideration, at a minimum, must be given to elements of sustainability, flexibility and vulnerability. By using these factors to describe the financial condition, it provides “a framework to support a variety of strategic and policy discussions” and “it helps to reduce the risk that the inherently subjective process of assessing financial condition excludes key data that could materially influence a user’s perception of a government’s financial performance.”

Element	Explanation	Indicator
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⁷ Public Sector Statements of Recommended Practice, SORP-4 Indicators of financial condition

⁸ Public Sector Statements of Recommended Practice, SORP-4 Indicators of financial condition

<p>Sustainability</p>	<p>Sustainability is the degree to which a government can maintain its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others without increasing the debt or tax burden relative to the economy within which it operates. It is important to include because it describes the ability to manage its financial and service commitments and debt burden.</p> <p>If the level of debt is growing at a faster pace than the growth of the tax assessment base, there is a higher risk that the services, service levels, etc. may not be sustained.</p>	<ol style="list-style-type: none"> 1. financial assets-to-liabilities; 2. Total reserves and reserve funds per household; 3. Total operating expenses as a percentage of taxable assessment 4. Capital additions as a percentage of amortization expense
<p>Element</p>	<p>Explanation</p>	<p>Indicator</p>
<p>Flexibility</p>	<p>Flexibility is the degree to which a government can change its debt or tax burden on the economy within which it operates to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others. It provides insights into how a government manages its finances.</p>	<ol style="list-style-type: none"> 5. Residential taxes per household 6. Residential taxation as a percentage of household Income 7. Total long-term debt per household 8. Total taxation as a percentage of total assessment 9. Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets

Vulnerability	Vulnerability is the degree to which a government is dependent on sources of funding outside its control or influence or is exposed to risks that could impair its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others. It is important because it provides insights into a government's reliance on funding sources outside its direct control or influence and its exposure to risks.	10. Operating grants as a percentage of total revenues 11. Capital grants as a percentage of total capital expenditures
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Table 11 Financial Indicator Elements

Financial Assets to Financial Liabilities

This financial indicator reports the ratio of a government's financial assets to its liabilities. A result lower than one indicates liabilities exceed financial assets (net debt) and future revenues will be required to pay for past transactions and events. A result higher than one indicates financial assets exceed liabilities (net financial assets) and financial resources are on hand that can finance future operations.

Type of Indicator:


Sustainability

Flexibility

Vulnerability

Formula: □ FIR Schedule 70, Line 9930, Column 1 divided by FIR Schedule 70, Line 9940, Column 1

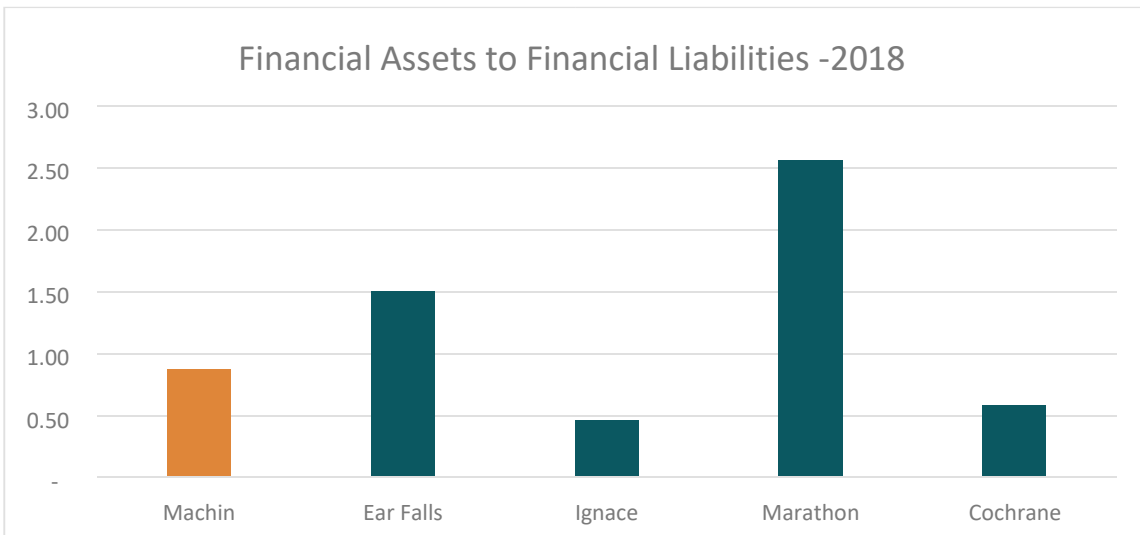


Chart 12 Financial Assets to Financial Liabilities

Analysis

The result is revealing that the Municipality of Machin is lower than 1.0, indicating that financial liabilities exceed financial assets. Assets that are included in this analysis are Machin’s 4 bridges, buildings and water plant, which need significant maintenance/investment in the next 10 years. Note that these improvements are not unknown, however the municipality cannot financially support these needs without government assistance. In comparison, Machin is lower than 2 of the 4 comparators, with Marathon being in the best position at over 2.5. This indicates a high risk for the Municipality of Machin in the event that revenue generation is negatively affected or unexpected costs occur. Financial assets could include taxes receivable from previous and prior year’s levies which represent potential increases in revenue due to past activities. Financial liabilities may include solid waste landfill closures and post-closure costs. These costs may not be realized for several years, or may be realized over several years instead of all at once. Key assets including bridges and water plant are depreciating significantly and major costs are anticipated over the next 10 years, however reserve funds will not be enough to cover costs without assistance.



Total Reserves and Reserve Funds Per Household

This financial indicator provides an assessment of the Municipality’s ability to absorb expenses increases or revenue losses through the use of reserve funds as opposed to taxes, user fees or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses requiring the Municipality to utilize taxation, user fee, or debt to absorb the expense increase or revenue lose.



Sustainability

Flexibility

Vulnerability

Formula: □ FIR Schedule 70, Line 6420, Column 1 divided by FIR Schedule 2, Line 40, Column 1

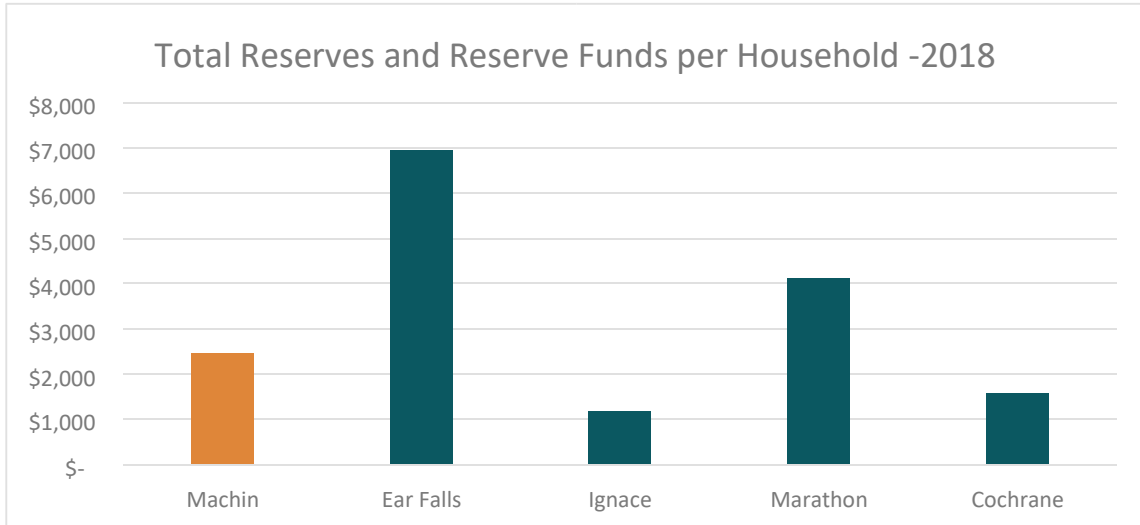


Chart 13 Total Reserves and Reserve Funds per Household

Analysis

The result is revealing that the Municipality of Machin is in between its comparators, and is at a moderate risk considering Machin’s levels indicate more narrow capacity to deal with revenue loss or increased costs. It is important to remember that the Municipality may need to revert to taxation or user fee in order to cover costs, however it is difficult to keep the community satisfied if taxes increase significantly and there are limitations on how much can be reserved annually. Reserves are generally created in order to finance future costs that may or may not be for specific projects, and due to the uncertainty, may not be available to fund losses in revenue or increased costs. What this comparison does not show is the long-term needs of \$14 M in asset replacement requirements and the current reserve at \$1.5 M and accompanying risk/inability to leverage funds.



Total Operating Expenses as a Percentage of Taxable Assessment

This financial indicator provides an assessment of the Municipality’s spending in relation to increases in taxable assessment. If increases parallel, the Municipality would be able to fund increases in operating expenses without raising tax rates.

Type of Indicator:


Sustainability
Flexibility
Vulnerability

Formula: $\frac{\text{FIR Schedule 40, Line 9910, Column 7 less FIR Schedule 40, Line 9910, Column 16}}{\text{FIR Schedule 26, Column 17, Lines 9199 and 9299}}$

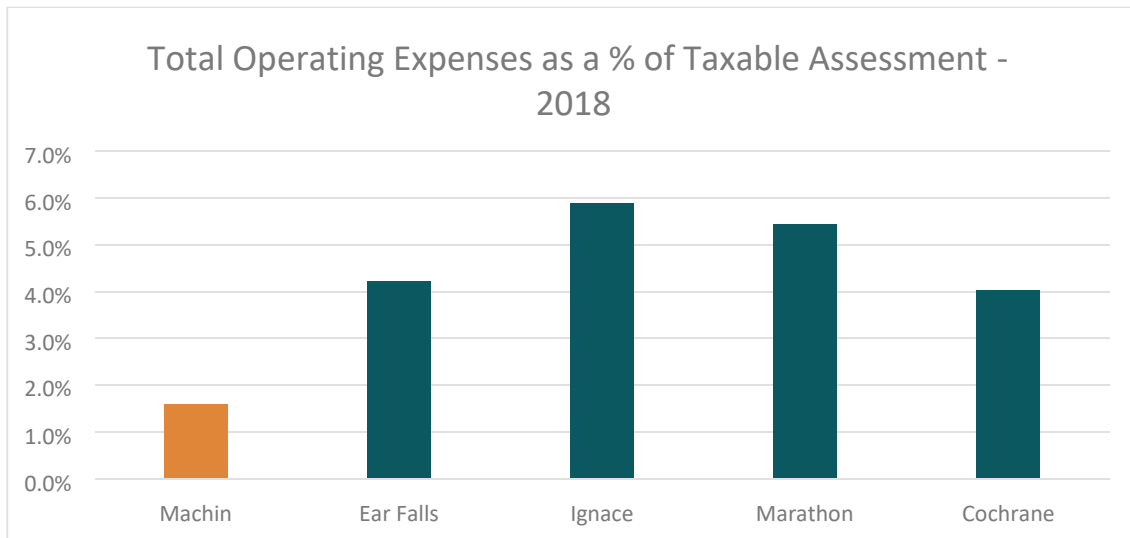


Chart 14 Total Operating Expenses as a % of Taxable Assessment

Analysis

The result is revealing that the Municipality of Machin is in a fairly positive position in relation to comparators, and has a lower risk because the operating expenses are less than 2% of taxable assessments. Sustainability could be impacted by reductions of funding, since operating expenses can be funded through multiple sources. This comparator only takes tax assessment into account and other funding sources are not clearly recognized or identified within this indicator. It is difficult for smaller municipalities to cover regular expenses, as there are lower populations and it is difficult to develop/maintain revenue through taxes.

Level of Risk:

Low
 Medium
High

Capital Additions as a Percentage of Amortization Expense

This financial indicator provides an assessment by measuring the extent to which the Municipality is sustaining its tangible capital assets in relation to amortization. If tangible capital assets are not monitored, or lack significant reinvestment, the Municipality’s ability to deliver services in the future at the current quality and efficiency levels may be reduced.

Type of Indicator:


Sustainability
Flexibility
Vulnerability

Formula: □ FIR Schedule 51, Line 9910, Column 3 divided by FIR Schedule 40, Line 9910, Column 16

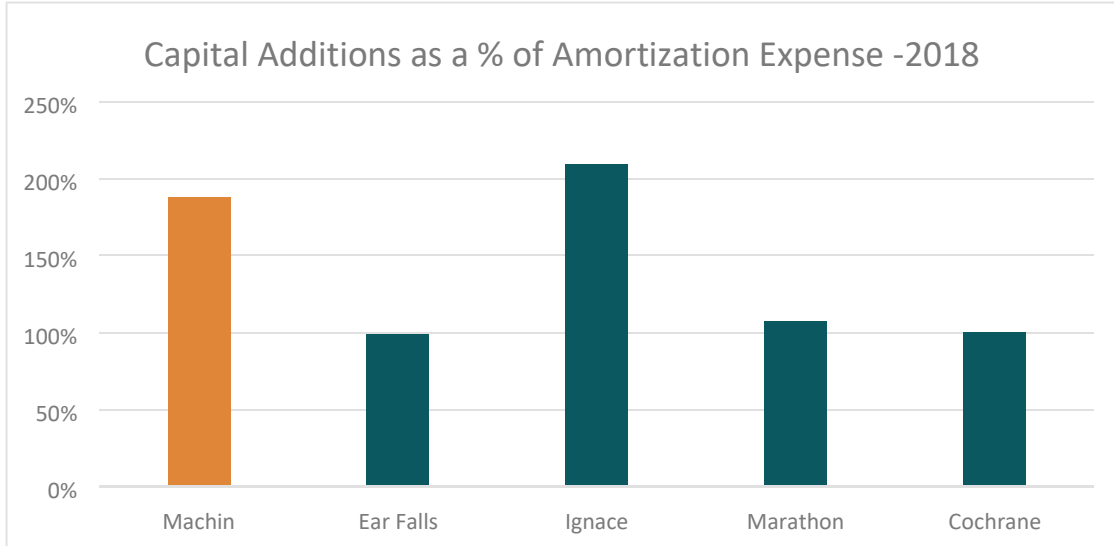


Chart 15 Capital Additions as a % of Amortization Expense

Analysis

The result is revealing that the Municipality of Machin is in a positive position and has total tangible capital assets over 1.5x the amortization amount. In contrast, Machin is comparable to Ignace, and the other 3 comparators are in a less favourable position. Based on current assets and projected amortization, it should be noted that although these metrics are accurate at this time, Machin will see a significant drop in the next several years and the level of risk will increase throughout the next decade if not addressed. This indicator considers amortization expense, which does not include the estimates of inflation and rather relies on historical information. Due to this, the capital reinvestment requirement will be higher than amortization amounts that are reported. This assessment is calculated on an overall basis and will not identify potential concerns at the individual departmental level.

Level of Risk:  Low Medium High

Residential Taxes per Household

This financial indicator provides an assessment of the Municipality’s ability to increase taxes as a means of funding incremental operating and capital expenditures.

Type of Indicator:

Sustainability



Flexibility

Vulnerability

Formula: □ FIR Schedule 26, Line 0010 and Line 1010, Column 4 divided by FIR Schedule 2, Line 0040, Column 1

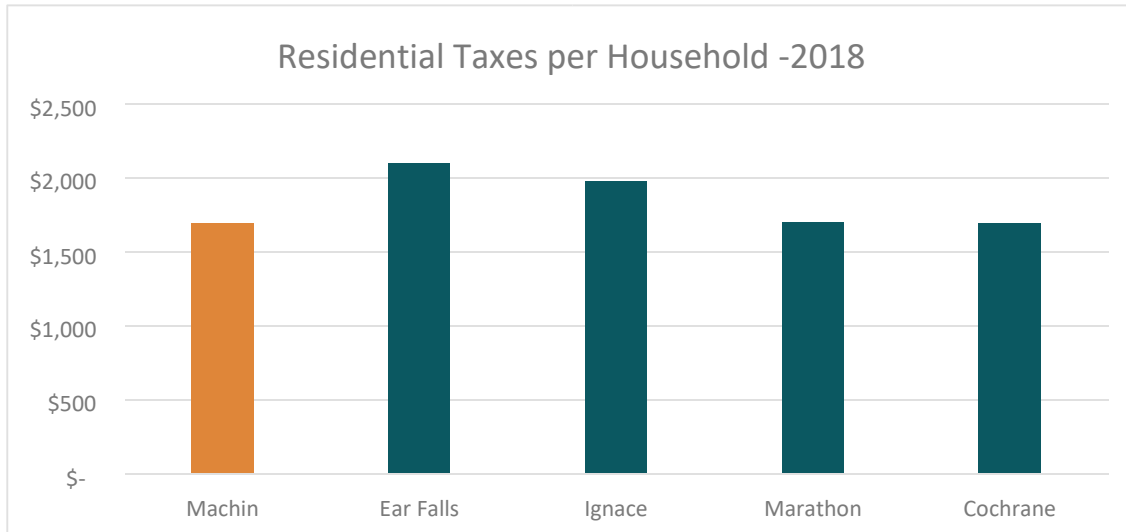


Chart 16 Residential Taxes per Household

Analysis

The result is revealing that the Municipality of Machin has lower residential tax rates per household when compared to similar entities. The tax rate of approximately \$1,697 is lower than two comparators, and in line with the other 2 comparators (Marathon and Cochrane). This indicator does not consider income of citizens and as such or demographics, and overall does not fully examine the aspect of affordability.

Level of Risk:



Low

Medium

High

Residential Taxation as a Percentage of Household Income

This financial indicator provides an indication of residents' ability to pay property taxes and the flexibility of the municipality's ability to increase the tax rate.

Type of Indicator:



Sustainability

Flexibility

Vulnerability

Formula:

□ FIR Schedule 26, Line 0010 and Line 1010, Column 4 divided by FIR Schedule 2, Line 0040, Column 1 (to arrive at average residential tax per household). Average household income is derived from the National Housing Survey.

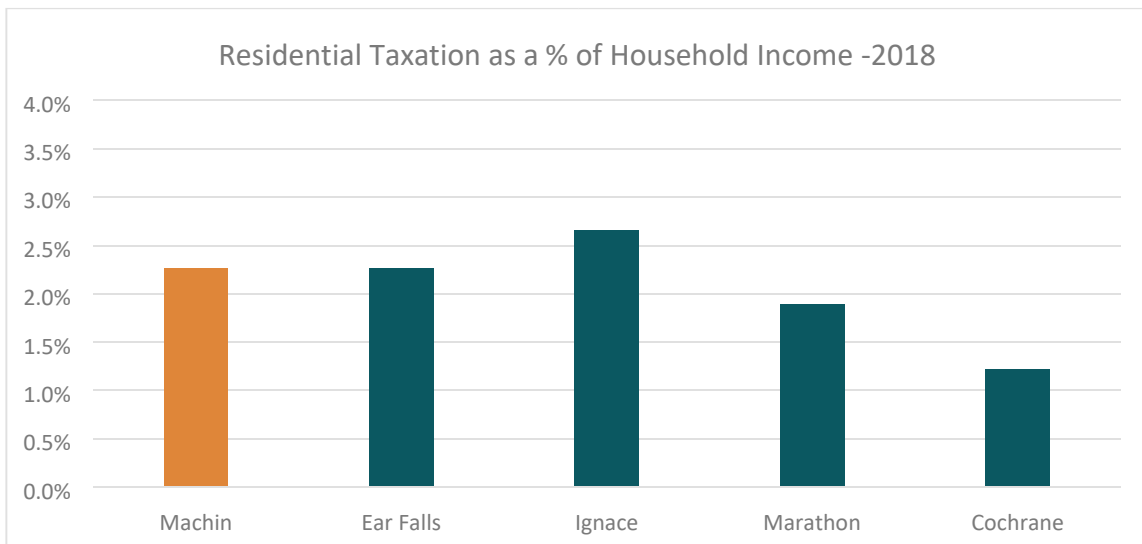


Chart 17 Residential Taxation as a % of Household Income

Analysis

The result is revealing that the Municipality of Machin is comparable to similar entities and taxation for residents in less than 2.5% of household income. This indicator considers affordability for residents, but does not consider the differences between residential and commercial property. Note that in 2018, in addition to residential taxes, commercial taxes totaled \$130.652, roughly 13% of total residential taxes. This indicator is

Level of Risk:



Medium

High

calculated on an average household basis and does not consider differences for low income or fixed income households.

Low

Total Long-Term Debt per Household

Comparing residential tax burdens among municipalities is a more accurate reflection of a municipality’s financial health rather than comparing property tax rates. A high residential tax burden may indicate that a municipality is reaching a ceiling on tax rates, or that it does not have a strong commercial tax base. A low residential tax burden may indicate that a municipality has a relatively large commercial tax base to share the tax burden.

Type of Indicator:

Sustainability



Flexibility

Vulnerability

Formula:

- FIR Schedule 70, Line 2699, Column 1 divided by FIR Schedule 1, Line 0040, Column 1

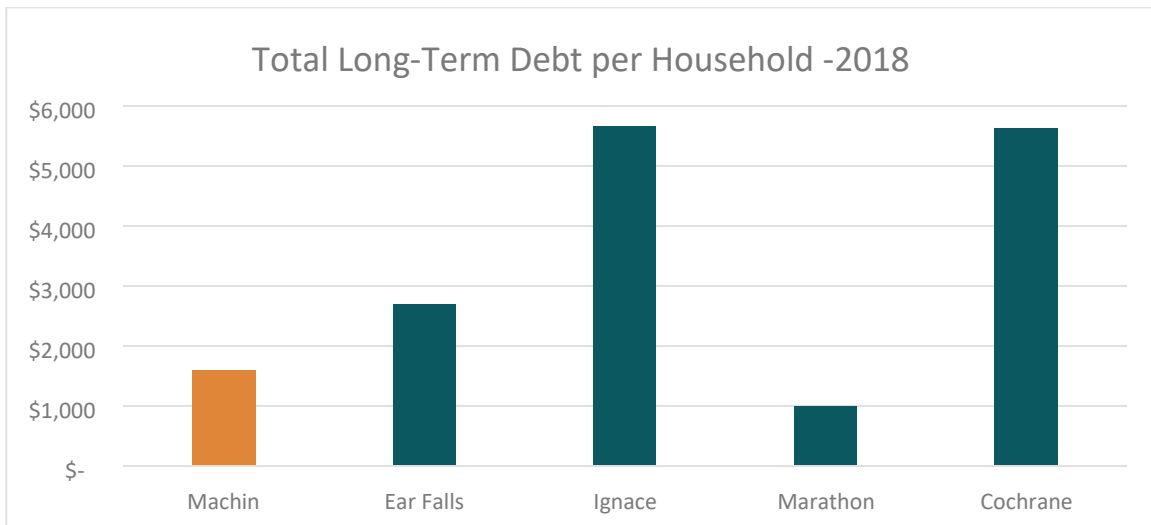


Chart 18 Total Long-Term Debt per Household

Analysis

The result is revealing that the Municipality of Machin households have lower debt than 3 out of 4 comparators. This indicates higher flexibility for issuance of addition debt,

Level of Risk:



Medium

High

however it is anticipated that long-term debt will increase in the next decade in order to improve infrastructure and will become a higher risk area. This indicator does not consider the need for future long-term debt, and can become a high risk area quite quickly if not monitored properly.

Low

Total Taxation as a Percentage of Total Assessment

This financial indicator provides an assessment of the total taxes as a percentage of the total taxation assessment including municipal, school board and payments in-lieu. This determines if the rate of taxation is too high or too low in comparison to the total assessment.

Type of Indicator:



	Sustainability	Flexibility	Vulnerability
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Formula: □ FIR Schedule 26, Line 9199 and Line 9299, Column 4 divided by FIR Schedule 26, Line 9199 and 9299, Column 17.

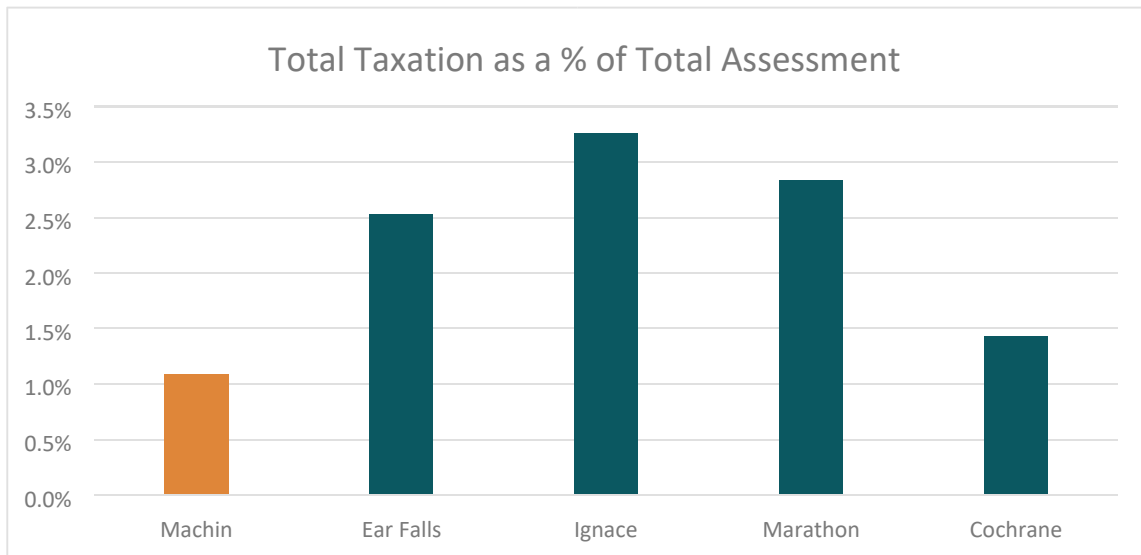


Chart 19 Total Taxation as a % of Total Assessment

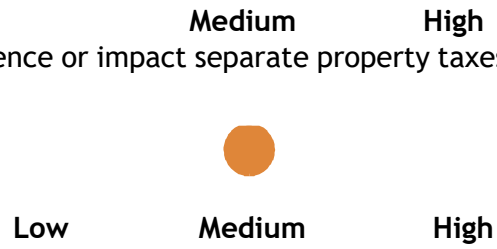
Analysis

The result is revealing that the Municipality of Machin has taxation as a percentage of total assessment lower than comparators, expressing that there is potential to raise taxation rates if needed. This indicator considers the overall tax rate, but does not

Level of Risk:

reflect affordability as it may influence or impact separate property taxes (commercial, residential etc.).

Level of Risk:



Debt Servicing Costs (Interest and Principal) as a Percentage of Total Revenues

The "public debt charges-to-revenues" indicator measures public debt charges as a percentage of revenues. This illustrates how past borrowing can be a constraint on government's ability to meet financial and service commitments in the current period. Specifically, the more government uses revenues to meet the interest costs on past borrowing, the less will be available for program spending.

The public debt charges-to-revenues indicator is important because, when this indicator increases for an extended period of time and assuming relatively stable interest rates, it means that the government has consistently chosen borrowing over increases in taxation or user fees to meet its financial and service commitments. This will eventually have an effect on its flexibility because once a government borrows, its first commitment must be to service its debt. Failing to do so would impair its future ability to borrow or to roll over its existing debt.

Type of Indicator:

	Sustainability	✔ Flexibility	Vulnerability
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Formula: □ FIR Schedule 74C, Line 3099, Column 1 and Column 2 divided by FIR Schedule 10, Line 9910, Column 1.

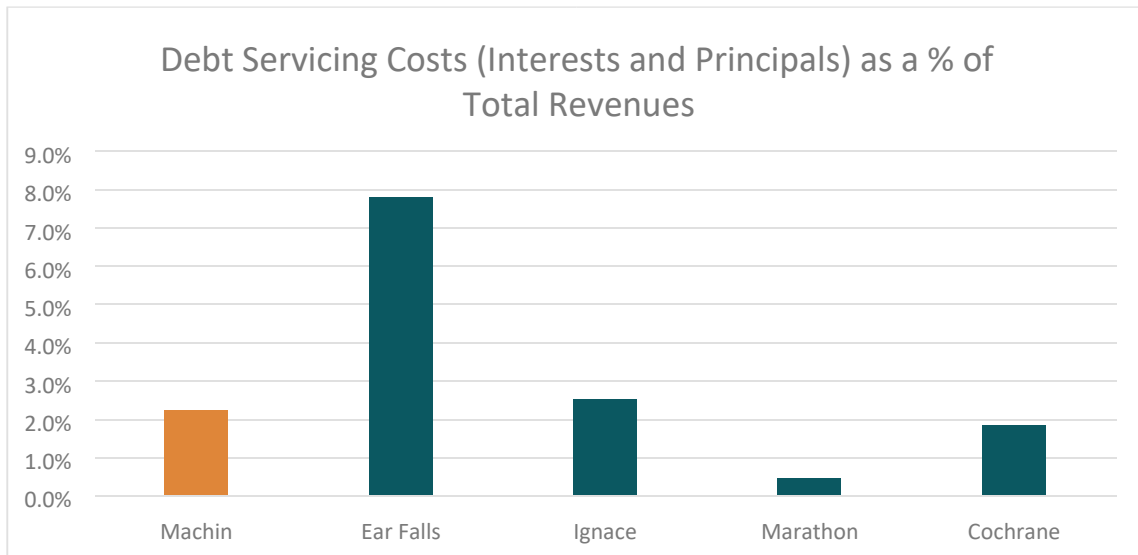


Chart 20 Debt servicing Costs (Interests and Principals) as a % of Total Revenues

Analysis

The results indicate that the Municipality of Machin is comparable to 3 out of 4 comparators, but significantly lower than Ear Falls. This rate reflects some flexibility in terms of debt servicing when comparing to revenues of Machin. No significant limitations have been identified in connection with this indicator.

Level of Risk:

Low Medium High



Net Book Value of Tangible Capital Assets as a Percentage of Historical Cost of Tangible Capital Assets

This financial indicator is important because it reports the extent to which the estimated useful lives of a Municipality’s tangible capital assets are available to provide its products and services. This provides an estimate of the percentage of funds that the Municipality is reinvesting in its capital assets as they reach the end of their useful life. An indicator of 50% or higher expresses that the Municipality is investing in capital assets as they reach the end of useful life.

Type of Indicator:

Sustainability Flexibility Vulnerability



Formula: □ FIR Schedule 51A, Line 9910, Column 11 divided by FIR Schedule 51A, Line 9910, Column 6.

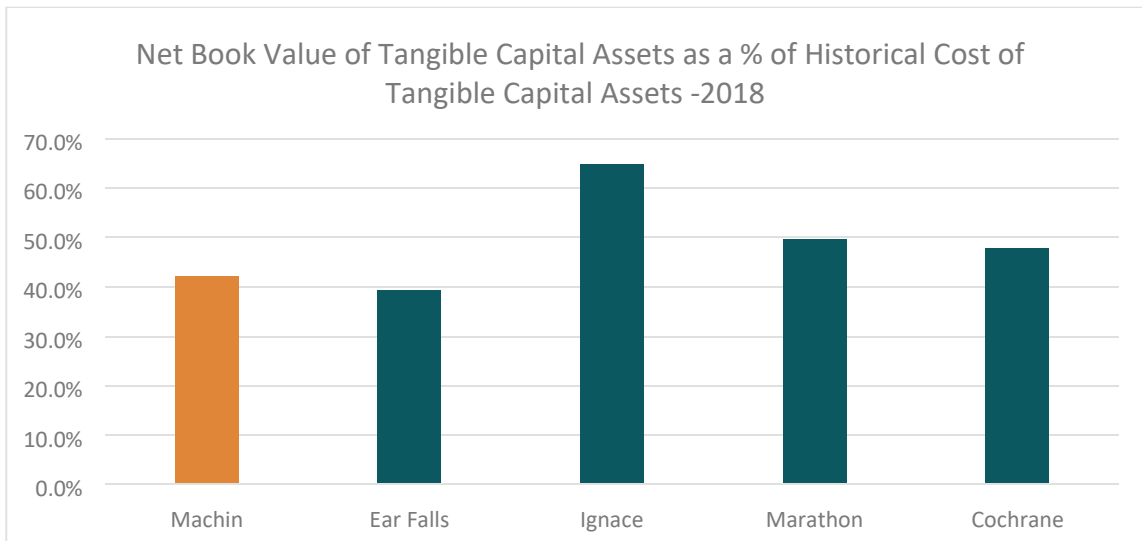


Chart 21 Net Book Value of Tangible Capital Assets as a % of Historical Cost of Tangible Capital Assets

Analysis

The Municipality has less than 50% results. This indicates that they are not keeping pace with reinvestment of capital assets, and is performing below 3 of the comparators and on par with Ear Falls. Note that as Machin tangible capital assets continue to depreciate, the net book value will decrease significantly and may result in greater risk. This

indicator is not based on replacement costs, but rather the historical cost of tangible capital assets. With this being considered, the Municipality’s pace of reinvestment is likely lower than calculated based on historical cost. If the scope or level of services remain unchanged or grow, the asset base could eventually weaken flexibility due to future costs of capital asset repair or replacement.

Level of Risk:

Low

Medium

High



Operating Grants as a Percentage of Total Revenues

This financial indicator provides an estimate of the Municipality’s reliance on government grants to cover operating expenses. The level of operating grants is measured as percentage of total revenues. This measurement offers a perspective of the impact of grants on total revenue and reflects the severity of risk if grants are reduced. If the Municipality reduces its dependence on government transfers and reduces spending, the Municipality may avoid impairing its sustainability.

Type of Indicator:

Sustainability

Flexibility

Vulnerability



Formula:

- FIR Schedule 10, Line 0699, Line 0810, Line 0820, Line 0830, Column 1 divided by FIR Schedule 10, Line 9910, Column 1.

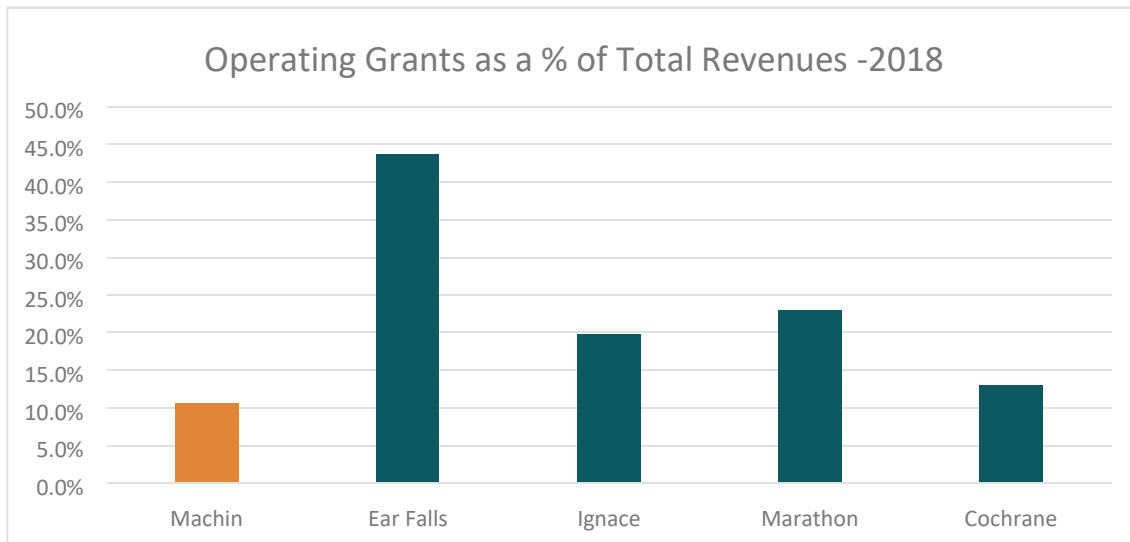


Chart 22 Operating Grants as a % of Total Revenues - 2018

Analysis

The Municipality has around 10% of their total revenues dependent on operating grands, which is lower than comparators. This is low risk, because in the event of government changes or program cuts, there will be less of an impact on the vulnerability of the

Municipality. On the other hand, not accessing assistance through funding for specific projects may jeopardize service delivery. The hire of an economic development officer can create greater opportunity to seek grants and commit time and efforts to increasing operating grants overall. The Municipality should maximize operating grant revenue as much as possible, but should be aware of the potential cuts that can negatively impact financial stability. Reduced reliance on government transfers may impair sustainability if a tax base has to replace the revenues lost from a reduction in transfer payments. Small municipalities do not have the capacity to seek grants on a regular basis due to a lack of staff and limited available free time outside of regular job tasks.

Level of Risk:



Capital Grants as a Percentage of Total Capital Expenditures

This financial indicator provides an indication on senior government grants reliance for funding capital expenditures. A heavy reliance on government grants may indicate a higher risk to the Municipality in the event that the grants are no longer available.

Type of Indicator:



Formula: \square FIR Schedule 10, Line 0815, Line 0825, Line 0831, Column 1 divided by FIR Schedule 51, Line 9910, Column 3.

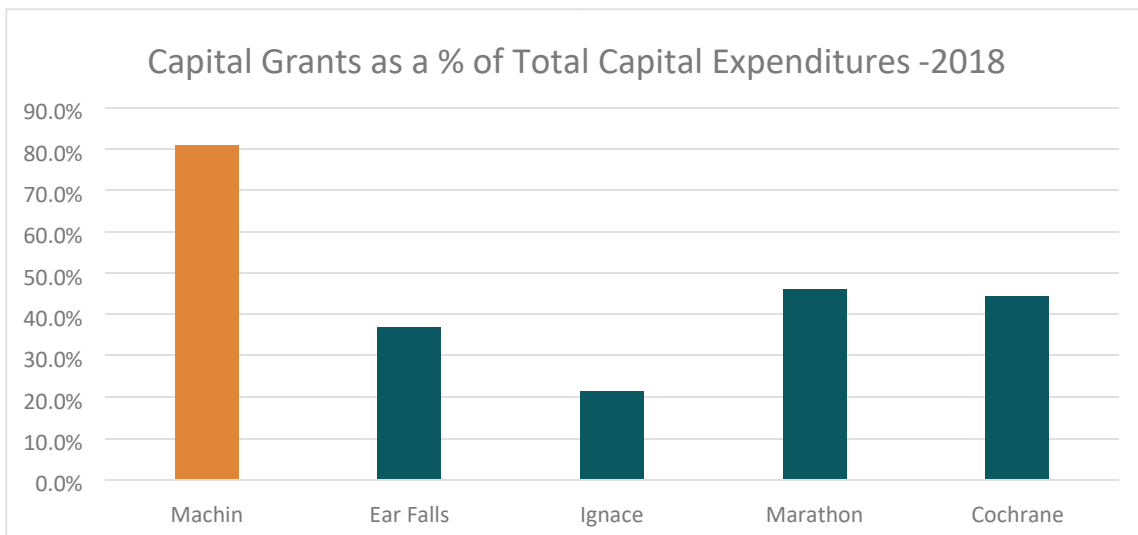


Chart 23 Capital Grants as a % of Total Capital Expenditures

Analysis

There is high reliance on capital grants for funding capital expenditures in 2018 and Machin had much heavier reliance than comparators, specifically due to a roads project.

It can be an issue to rely too heavily on capital grants in the event that grants are reduced unexpectedly and could impact the financial stability of the Municipality in terms of capital expenditures. In an average year, Machin’s reliance on capital grants is normally significantly lower and there has been trouble with attaining grants on a regular basis. Less reliance on reserve funds can support capital renewal.

Level of Risk:

Low

Medium

High



FIR Summary

There are three main PSAB indicator categories that were utilized to analyze the municipality including sustainability, flexibility and vulnerability. Sustainability is the degree to which a government can maintain its existing financial obligations and describes the ability to manage financial and service commitments. Flexibility is the degree to which a government can change its debt or tax burden to meet its existing financial obligations. Vulnerability is the degree to which a government is dependent on sources of funding outside its control or influence or is exposed to risks that could impair its ability to meet its existing financial obligations both in respect of its service commitments. Below is a summary of the three indicators for Machin based on the above FIR analysis:

Sustainability - 3 out of the 4 sustainability indicators are medium risk, while the fourth is low risk due to overall total tangible capital assets over 1.5x the amortization amount. This analysis expresses the ‘calm before the storm’ for Machin, and overall government assistance is needed in order to support future asset management needs, regardless of community growth in tax base or tax increases.

Flexibility - 3 out of 6 flexibility indicators are medium risk, 2 are low risk and one is high risk. The high risk area of flexibility is ‘Net Book Value of Tangible Capital Assets as a Percentage of Historical Cost of Tangible Capital Assets’, meaning that Machin is not keeping pace with reinvestment of capital assets. Note that as Machin tangible capital assets continue to depreciate, the net book value will decrease significantly and overall contributes to the high risk indication. Although 83% of Machin’s flexibility risks are low to medium, if these are reviewed 5 years from now they will be in the red (high risk) zone. There is essentially no ability for the municipality to cover costs without further assistance, beyond tax increases and issuance of debt.

Vulnerability - Operating grants express a medium risk, while capital grants display a high risk indicator when evaluating their percentage of total revenue or expenditures. Generally, municipalities need infrastructure and assets to provide services, but given the nature of the community and small demographic, the risk is high overall in the next 10 years when they cannot cover those related costs. It is important to take a ‘shovelready’ approach when possible in the pursuit of grant opportunities rather than a reactive approach.

SERVICE DELIVERY ASSESSMENT

A service delivery assessment is an evaluation process in which a specific municipal service is systematically reviewed to determine the most appropriate way to provide it.

Service delivery review involves asking ten questions about service improvements and expenditure management as follows:

1. Do we really need to continue to be in this business/service?
2. What do citizens expect of the service and what outcomes does council want for the service?
3. How does current performance compare to expected performance?
4. Do the activities logically lead to the expected outcomes?
5. How is demand for the service being managed?
6. What are the full costs and benefits of the service?
7. How can benefits and outputs of the service be increased?
8. How can the number and cost of inputs be decreased?
9. What are the alternative ways of delivering the service?
10. How can a service change best be managed, implemented and communicated?

Answering these questions means engaging stakeholders (including council, municipal staff, unions, auditors and other advisors) to ensure that the choices made are informed by their goals and values.⁹

Using demographic and financial indicator results as a baseline, BDO interviewed stakeholders to understand goals and objective for the MMP and identify challenges and opportunities in service delivery. The findings from the interviews were categorized and applied to the key service delivery areas of Governance, Finance/Administration, Fire Services, Public Works, and Woodland Arena.

What follows is a review and assessment that provides an overview of the service, service delivery areas/responsibility, resource allocation (financial and personnel) and then using the findings from the indicators and interviews to provide an assessment based on a standardized rating system for the service delivery areas. See Appendix C.

Rating Scale

The scale below has been developed to categorize service delivery, and will be used to analyze Governance, Finance/Administration, Fire Services, Public Works, and Woodland Arena for the Municipality of Machin. Each element of service delivery will be categorized as Poor, Fair or Good, and are broken down into four criteria areas of

⁹ Making Choices Building Strong Communities: A Guide to Service Delivery Review for Municipal Councillors and Senior Staff, March 2010

description based on the services being delivered (See Appendix E). The assessment criteria descriptions include **infrastructure, demand, service levels and capacity**, where applicable.

Each analysis of service delivery for Governance, Finance/Administration, Fire Services, Public Works, and Woodland Arena will relate to one or more of the descriptions to support the rationale for the rating. From these ratings, service improvements and expenditure management questions from the Guide to Service Delivery Review will be used to determine what needs to be addressed, if anything. From that, priorities for efficiency improvements or modernization opportunities are detailed in the recommendations and action planned.

Governance - Mayor and Council

Service Overview	Service Delivery
Mayor and Council are responsible for the governance of the municipality of Machin. Council is accountable to its citizens for legislative decision making, policies and governing functions ¹⁰ . It is important for Mayor and Council to also support a safe, prosperous community and decide the level of services needed.	A municipality is required under the <i>Municipal Act</i> to develop a Council. The Council is responsible for representing the public and considering well-being of the municipality (Section 224) ¹¹ . The key areas included in governance responsibility include planning, policy and communication (See Appendix A).

Resource Allocation (Financial and Personnel)	
Expenditure (2018)	\$69,470 (\$44,823 in wages and benefits)
Personnel	Mayor and 4 Councilors

Service Delivery Assessment - Governance		
Poor (Risk Areas)	Fair	
Planning		
<p>Capital Planning: Senior Housing/Centre - Lack of senior housing to support growth. Developing a senior centre is in discussions with CP Rail to attract new residents/support growth in order to meet demand and infrastructure needs.</p>	<p>Capital Planning: Reserve Funds - per household are favourable versus some comparators, but lower levels indicate a more narrow capacity to deal with revenue loss or increased expenses. Further, what this does not show is the long-term needs of \$14 M in asset replacement requirements and the current reserve at \$1.5 M and accompanying risk/inability to leverage funds.</p>	<p>Capital Planning: developed well bu</p>

¹⁰ <https://www.amcto.com/getattachment/Education-Events/Annual-Conference/2018-Annual-Conference/Conference-Program-and-Schedule/2A-Secrets-to-Building-Great-Staff-CouncilRelationships.pdf.aspx?lang=en-CA>

¹¹ <https://www.ontario.ca/laws/statute/01m25#BK280>

<p>Capital Planning: Accessibility - Renovation of office building needed to meet accessibility needs (AODA). Current infrastructure does not meet accessibility needs and therefore impacts service delivery ability.</p>	<p>Capital Planning: Water Plant Future Plans - Currently, water plant only services approximately 220 of the households within the community.</p>	
<p>Operating Plan: Plan Shared Services - for bylaw officer/building officer with other municipalities in order to reduce costs/ensure high levels of service delivery. There is a need for these individuals but it is unrealistic to support full positions for each municipality due to lack of funding. Machin is unable to share other essential services due to distance from other municipalities (e.g. PW, fire services etc.).</p>		
Policy		
<p>Framework Policies: Mission, vision and values to be reviewed and updated to match Council's priorities to guide decision making.</p>	<p>Governance Policies: Review bylaws on a regular basis and update as needed in order to set clear expectations and reduce impact on service delivery that can result from unclear requirements.</p>	
	<p>Operating Policies: Finance, HR, and Admin. - Lack of a policy update process affects efficiency of operations and can impact service delivery negatively if policies are not reviewed on an annual basis and applied consistent.</p>	
Communication		
	<p>Communication: internally and with the community as a result of a lack of cross-training. Further, there is a lack of</p>	

	modernized channels of communication.	
	Communication with Government: needs to be advanced given the capital needs of Machin. Consistent and effective communication is important to support smaller municipal needs in terms of infrastructure, capacity and service delivery.	

Finance/Administration

Service Overview
Includes Clerk-Treasurer and Deputy Clerk. As per the Municipality Act (Section 286), Treasurers and Deputy Treasurers are responsible for handling all financial affairs on behalf of and directed by council, offer professional advice and establish, implement and/or oversee governance and administrative practices ¹³ .

Service Delivery
Administrative and financial services are essential to the effective operations of a municipality, and Treasurers are responsible for complying with requirements applicable under the <i>Municipal Act</i> and ensure that investments of the municipality are made in compliance with regulations ¹⁴ . Key areas that are the responsibility of finance and administrative staff include policy, human resources, asset management, budgeting and technology.

Resource Allocation (Financial and Personnel)		
Expenditure (2018)	\$485,797 - (\$242,912 wages and benefits)	
Personnel	3 FTE	
Service Delivery Assessment - Finance and Administration		
Poor (Risk Areas)	Fair	Good
Policy/Process		
	<p>Finance Policies: should be regularly reviewed in order to ensure clear expectations and practices and enhance service delivery.</p>	
	<p>Financial Processes: Consider management letter recommendations and timely implementation.</p>	

¹³<https://www.amcto.com/getattachment/Education-Events/Annual-Conference/2018-AnnualConference/Conference-Program-and-Schedule/2A-Secrets-to-Building-Great-Staff-CouncilRelationships.pdf.aspx?lang=en-CA>

¹⁴<https://www.ontario.ca/laws/statute/01m25#BK361>

Human Resources

<p>People: capacity of staff to deliver their own job responsibilities is good but in siloes - key challenge is cross training of employees to assist in job sharing and ensure that tasks can be done more effectively in the event of absence or turnover. This can assist in ability to meet inquiries, lost time and deliver higher quality service efficiently.</p>	<p>Leadership/Management: Clerk-Treasurer has burden of all departments and his/her own responsibilities. Consider other options for delivery of management services.</p>	<p>Position: Job descriptions are developed for key positions, and should be evaluated on an asneeded basis to ensure that authority, responsibility and accountability aspects are included in all job descriptions with a uniform format. This can ensure better performance standards and ability to deliver effective services from staff.</p>
	<p>Performance Management: Performance Planning - is not formalized through the municipality and internally should be developed in order to improve communication and service levels. This allows for reviews of responsibilities and roles and pay/promotion decisions. This report may aid in setting targets or actions.</p>	<p>Pay: wages on par with other comparators. Cost of living appropriate and reward for performance based on performance management targets and achieving efficiencies/targets.</p>
<p>Asset Management</p>		
<p>Capital Planning: Water Plant Updates improvements are needed in order to meet demand and service delivery efficiencies. Significant investment is needed in the water plant over the next 10 years in order to support infrastructure and updates.</p>	<p>Capital Planning: Asset Management Plan - Updates to asset management plan that was developed in 2016. Plans were clearly developed, but should be reviewed annually. Staff should reconcile AMP regularly to meet infrastructure needs and improving service delivery to the community.</p>	
	<p>Capital Planning: Bridges - A short and long term plan should be developed to support the need for updates to the 4 municipal bridges. KPIs for the bridges should be established and reviewed in order to meet infrastructure needs.</p>	

Communication

	<p>Internal Communication: Improve Communication with Staff - (information flows from all departments through clerk/treasurer) improvement required to enhance timely service delivery and meet demand effectively.</p>	
Capital/Operating/Budget		
<p>Operating: Planning and Development - Machin does not have a dedicated employee to support needs of the municipality, and overall limits the ability to meet demand to address operating grants and ongoing development issues.</p>	<p>Capital Budgeting: Landfill plans need to be implemented in order to meet capacity needs for the landfill site in Vermillion Bay. It is important to follow up on the status of the expansion application and a new report reflecting these changes is required.</p>	
	<p>Capital/Operating Grants: Dedicate staff time and support to pursuing grants in order to help support infrastructure needs and meet capacity needs within the community. Possible responsibility for an EDO.</p>	
Technology		
<p>Automation: Scheduling Develop electronic communications/scheduling programs in order to develop consistent system for employees to keep track of schedules and share information internally. This can develop a stronger ability to meet needs and overall improve service level.</p>		

Fire Services

Service Overview

Service Delivery

The duty of the municipality fire services include ensuring the safety of residents in terms of fire prevention and suppression.

The local fire department is made up of a volunteer team and is mandatory service in order to assist in maintaining the health and safety of the community. According to the *Fire Prevention and Protection Act*, all municipalities are required to offer these services¹².

Resource Allocation (Financial and Personnel)

Expenditure (2018)	\$177,035 (\$24,123 wages and benefits)
Personnel	Fire Chief, Fire Clerk and Volunteers

Service Delivery Assessment - Fire Services

Poor (Risk Areas)	Fair	Good
		Infrastructure: Fire services equipment have a useful life of 10-25 years as of 2016, and the fire hall has an estimated useful life of 40 years which supports service delivery and demand needs.

Public Works

Service Overview

The department is responsible for maintaining the municipality’s road systems/winter maintenance, landfill site, seasonal work, and equipment operation. Roads, bridges, culverts etc. need to be maintained based on class level and service shall meet municipal needs.

Service Delivery

Public works services are essential and the municipality is responsible for keeping necessary areas (roads, bridges etc.) in a safe condition according to the *Municipal Act*. The main services offered through public works are essential to the maintenance of the municipality and ensure infrastructure is kept safe and operations.

Resource Allocation (Financial and Personnel)

Expenditure	\$1,523,711 (\$309,340 in wages and benefits)
Personnel	5 FTE and seasonal work crew

Service Delivery Assessment - Public Works

Poor (Risk Areas)	Fair	Good

¹² <https://www.ontario.ca/laws/statute/97f04>

<p>Capital and Operating: Watershed calculations needed when replacing culverts and evaluating budget in order to meet service delivery and infrastructure needs.</p>	<p>Capital and Operating: Budget Road maintenance/projects are a key to service delivery within the community. Roads, bridges, ditches, and culverts are all part of the PW duties and meeting the service levels in these areas supports the community and capacity needs for the time being. Examine over servicing. Integrates staff with seasonal needs very well.</p>	
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Woodland Arena

Service Overview	Service Delivery
<p>The Woodland Arena offers an ice pad for skating and other activities and is available for rent.</p>	<p>Staff of the Woodland Arena are responsible for managing operations, operating the canteen and general maintenance. This location serves the community through recreation offerings and rental opportunity. Under the <i>Municipal Act</i>, the municipality has the right to exercise its powers in respect of culture, parks, recreation and heritage matters.</p>

Resource Allocation (Financial and Personnel)	
Expenditure	\$373,236 (\$87,914 in wages and benefits)
Personnel	3 FTE

Service Delivery Assessment - Woodland Arena		
Poor (Risk Areas)	Fair	Good
<p>Capital Planning: Significant investment needed for the facility in order to continue to meet service delivery needs in terms of infrastructure.</p>	<p>Service Demand: There is a clear demand for increase in service delivery/offerings through the recreation centre, however it is difficult to support these services financially when operated by the municipality.</p>	

RECOMMENDATIONS

Small and rural municipalities have limited capacity to plan, modernize and improve the way they provide services to their communities and thus recommendations have to be actionable. This report's approach, that follows, is to provide achievable improvements/efficiencies to the current state, with an eye to the future. For Machin, this takes the form of 6 priority areas with action plans that consider Governance,

Administration/Finance, Fire Services, Public Works and Woodland Arena role in their implementation. Secondly, these priorities are summarized with either a qualitative efficiency measure or costs saving or both and categorized as a Capital Improvement, Liability/Safety, Operating Efficiency and/or Improved Service Delivery. Finally, given the limited capacity in small municipalities, a longer term look is taken on more advanced efficiency or modernization opportunities to ensure they are considered and capacity developed to possibly address (actions plans would need to be developed).

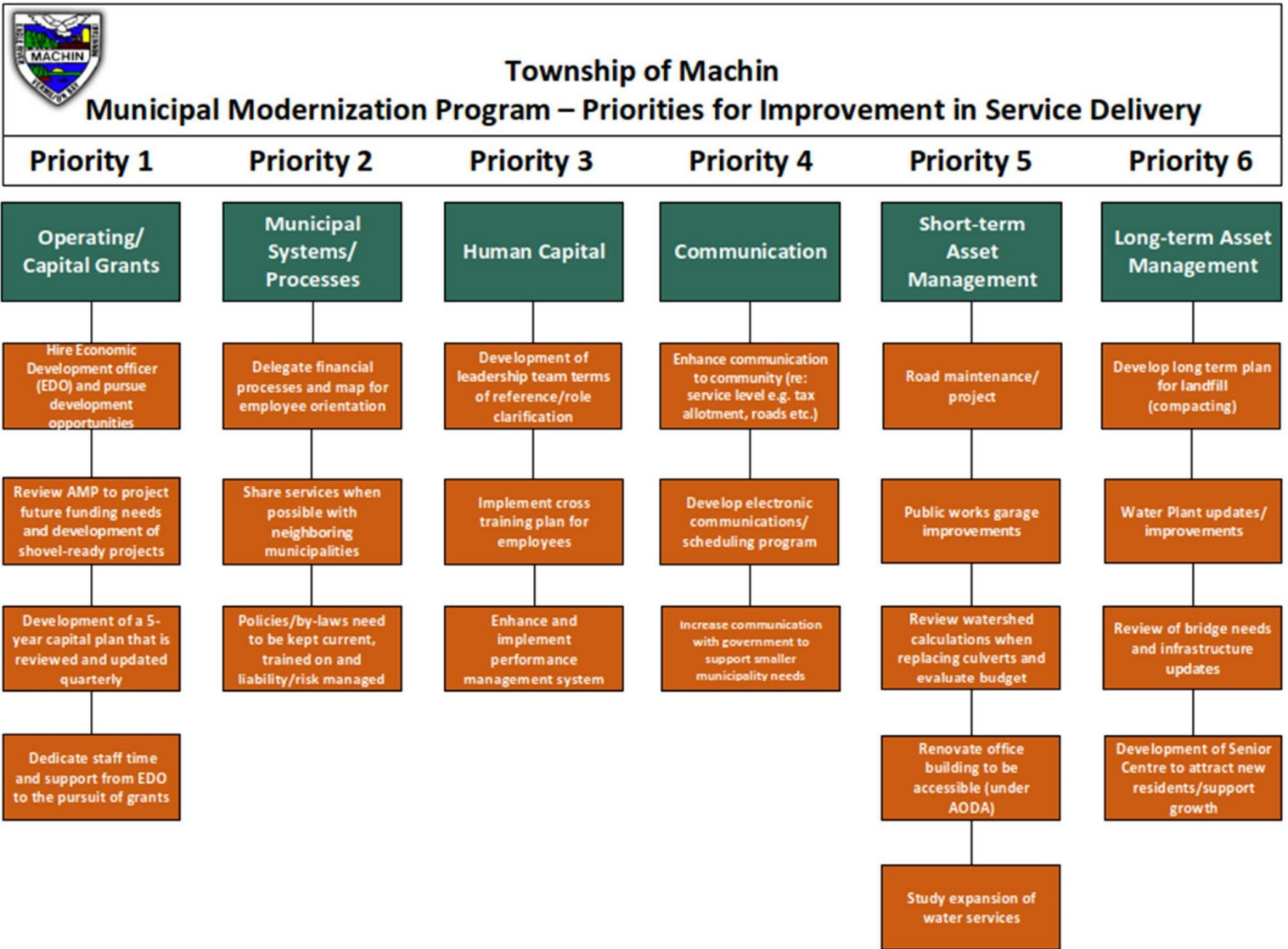
With the foregoing in mind, using information from the financial, situation and benchmarking analysis, and as per our proposal, BDO looked at what needs to be addressed with respect to:

- a. operating structure and service levels
- b. operating effectiveness and efficiencies
- c. identifying potential changes that will result in:
 - i. maintenance of adequate service levels
 - ii. potential cost reductions
 - iii. enhancements to the long-term financial sustainability
- d. undertake a resource analysis
- e. summarizing the results of analysis and present potential opportunities

The chart below summarizes our recommendations and outlines the six key priorities for improvement in service delivery as follows; Operating/Capital Grants, Municipal Systems/Processes, Human Capital, Communication, Short-term Asset Management and Long-term Asset Management. These priorities have been developed through interviews and consultation with leadership and key stakeholders to understand goals and objectives for the project, and to understand views on the challenges the community faces or opportunities available to improve service delivery.

These six priorities were then broken down into areas of improvement and opportunities (represented by orange boxes) that apply to one or more departments including Governance, Finance/Administration, Fire Services, Public Works, and Woodland Arena. Based on the challenges and opportunities, objectives and strategies have been developed through the service delivery assessments (pages 49-57) and each service delivery areas role in the implementing the efficiency/opportunity area follow:

Priorities



Legend

- Priorities
- Areas of Improvement/Opportunity

Action Plans - Governance Role in Priority Implementation

Efficiency/Opportunity (see numbering below)

- Share services when possible with neighboring municipalities
- Road maintenance/projects
- Renovate office building to be accessible (under AODA)
- Study expansion of water services
- Develop long-term plan for landfill
- Water plant updates/improvements
- Review of bridge needs and infrastructure updates
- Development of senior housing/centre
- Review AMP to project future funding needs
- Development of leadership team and process mapping
- Development of 5-year capital plan
- Policies/by-laws need to be kept current and trained on
- Improve communications with community
- Increase communication with government to support smaller municipality needs

Priority #	What needs to be addressed	Objectives	Strategy	Responsibility	Resources	Time Frame
Planning						
2	High cost of services that have potential to be shared with other municipalities	i Share services with other municipalities when possible to reduce costs	Contact neighboring municipalities and collaborate to determine what services can be shared	Mayor & Council / Finance team	Time	Quarter 1 - 2021

				Approve official plan for shared services	Finance team	Time and \$	Quarter 1 2021
5	Frequent road maintenance and projects in order to maintain infrastructure	i	Ensure roads are up to class standards/ regulations	Approve roads needs and prioritize them	Mayor & Council / Finance team	Time	Ongoing
5	Renovations required for the current office building to meet accessibility (under AODA)	i	Determine AODA requirements for renovations	Evaluate/approve AODA requirements and develop plan for renovations based on priority and funds	Mayor & Council / Finance team	Time and \$	As soon as possible
5	Need for the expansion of water services	i	Study to be completed on ability to expand water services	Approve plan for water service study	Mayor & Council	Time	As soon as possible
				Determine/Approve funding requirements and available funds for study	Mayor & Council / Finance team	Time and \$	As soon as possible
6	Long-term plan for landfill is needed	i	Ensure landfill is properly managed and planned for future needs	Work with Council and admin services to develop an agreed upon plan for future landfill abilities	Mayor & Council / Finance team	Time	Quarter 1-2021
				Approve funding needs and input into reserve funds as needed	Mayor & Council / Finance team	Time and \$	Ongoing

6	Necessary water plant improvements	i	Ensure necessary water plant updates and improvements are completed as needed	Assess water plant needs and requirements	Mayor & Council	Time	Quarter 1 2021
				Approve funding needs and options for improvements	Mayor & Council / Finance team	Time and \$	As needed following review
6	Bridge needs and infrastructure updates	i	Ensure necessary bridge updates and infrastructure improvements are completed	Assess bridge history and future needs/requirements	Mayor & Council	Time	Quarter 1 - 2021
				Determine funding opportunities and approve use of funding	Mayor & Council / Finance team	Time and \$	As needed following review
6	Development of senior housing /centre	i	Develop senior housing/ centre that supports current and future community needs	Communicate with community to determine needs and wants	Mayor & Council	Time	2021
				Assess ability to support capital costs	Mayor & Council / Finance team	Time and \$	Following community consultation
1	Review AMP to project future funding needs	i	Determine future needs based on AMP	Assess needs based on risk level and priority	Mayor & Council	Time	Quarter 1 - 2021

				Determine/Approve funding opportunities and availability	Mayor & Council / Finance team	Time and \$	Following needs assessment
1	Development of 5-year capital plan	i	Determine 5 year plan for capital needs	Approve a plan that allows for annual review of capital expenditures	Mayor & Council	Time	Quarter 1-2021
				Ensure reserve funds are fairly contributed to and support future needs in terms of capital and operating expenses	Mayor & Council/ Finance team	Time	Ongoing
Policy							
2	Policies and by-laws are developed but need to be kept current and trained on	i	Outdated by-laws need to be reviewed to better reflect service levels and expectations	Approve a team to review by-laws and update as needed	Mayor & Council	Time	As soon as possible
		ii	Update policies based on a regular schedule	Consult with departments and review annually to ensure maximum benefits/updates	Mayor & Council/ Admin. team	Time	Annually
3	Development of leadership team and process mapping	i	Review and follow clear Mission, Vision and Values that support the	Consult with Council, staff and key stakeholders to	Mayor & Council	Time	As soon as possible

			strategy of the Municipality	determine key aspects of MVV			
		ii	Develop organizational framework for leadership team and ensure a leadership team structure is in place	Assign ARA to leadership team (development of departments and committees)	Mayor & Council/ Admin. Team	Time	As soon as possible
				Review bylaws and changes needed base on structure change			Following
				Approve a leadership team structure to collaborate and review municipal services and needs	Mayor & Council/ Admin. Team	Time	development of framework
					Mayor & Council/ Admin. Team	Time	2021
		iii	Ensure clear process mapping	Approve clear roles and define who is responsible for what, to what degree and measure levels of efficiency and success	Mayor & Council/ Admin. team	Time	Following leadership team development

Communication

4	Communications with the community need to be improved	i	Develop communication channels and outline a communication plan for information sharing	Approve a communication plan to be reviewed annually that outlines needs of community and key channels of use (e.g. meetings, website updates etc.)	Mayor & Council	Time	Quarter 1 - 2021
				Approve implementation of internal and external communication tools (e.g. staff and department meetings, social media guidelines, newsletters, social media, municipal website etc.)	Mayor & Council	Time	Following completion of Comm. Plan and Ongoing
				Review external communication quality and engagement effectiveness	Mayor & Council	Time	Ongoing

4	Communication with government needs to increase in order to support smaller municipality needs	i	Increase government communication to support smaller municipality needs	Develop and Approve communication plan with government and collaborate with neighboring municipalities	Mayor & Council	Time	Ongoing
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Action Plans - Administration/Finance Role in Priority Implementation

Efficiency/Opportunity (see numbering below)

- Policies/by-laws need to be kept current and trained on
- Improve financial process and map for employee orientation
- Cross training of employees
- Performance planning
- Renovate office building to be accessible (under AODA)
- Study to be completed on ability to expand water services
- Water plant updates/improvements
- Review of bridge needs and infrastructure updates
- Review AMP to project future funding needs
- Improve communications with community
- Dedicate staff time and support to pursuit of grants
- Development of 5-year capital plan ·
- Hire economic development officer
- Develop long-term plan for landfill
- Develop electronic communications/scheduling program

Priority #	What needs to be addressed	Objectives	Strategy	Responsibility	Resources	Time Frame
Policy						
2	Policies/by-laws are not kept current or continually/consistently trained on	i Update policies to reflect internal needs and set up mandatory training	Analyze internal requirements and update policies to reflect key areas	Clerk-Treasurer	Time	2021

				Develop a training plan for any current policies that affect employees	Administration	Time and \$	Ongoing as needed
				Review policies as needed/annually and adjust as needed	Administration	Time	Annually
				Implement a review system with employees to ensure policies are being enforced	Administration	Time	Annually
Human Resources							
2	Financial process are not documented in full for review and employee orientation	i	Ensure processes are documented clearly and planned for orientation	Review current processes and consult with current employees to determine areas that are incorrect or need to be added.	Administration and Finance team	Time	As soon as possible
				Set up annual review of finance procedures/processes	Administration and Finance team	Time	Annually

3	Lack of employee cross training	i	Ensure employees are cross trained in order to ensure consistent effectiveness and efficiency of operations and service offerings	Develop cross-training plan for each department Review cross-training plans and employee feedback semi-annually	Administration and department heads Administration team	Time Time	As soon as possible SemiAnnually
3	Lack of internal performance planning	i	Development of a performance plan to support operations and improve service delivery and efficiency	Complete regular job performance evaluations to monitor working conditions, responsibilities, skills and effort. Identify and plan municipal goals and the best way to reach them	Administration team Administration and Finance team	Time Time	Semiannually As soon as possible and ongoing
Asset Management							
5	Renovations required for the current office building to meet accessibility (under AODA)	i	Ensure office building meets the accessibility requirements	Develop plans for renovation and safety requirements	Administration and Finance team	Time	As soon as possible

				Outline funding needs and reserve fund requirements to support infrastructure	Administration and Finance team	Time and \$	Based on requirements - as soon as possible
5	Need for the expansion of water services	i	Study to be completed on ability to expand water services	Evaluate water service needs/requirements of the community	Administration and Finance team	Time	As soon as possible
				Review funding opportunities and available funds to support project	Administration and Finance team	Time and \$	Ongoing
6	Water plant needs to be updated	i	Ensure necessary water plant updates and improvements are completed as needed	Review infrastructure needs and funding opportunities	Administration and Finance team	Time and \$	As soon as possible and ongoing
6	Bridges and related infrastructure need to be reviewed	i	Ensure infrastructure needs are met based on priority	Seek funding that are available for asset management and roads projects	Finance team	Time and \$	As needed
1	Outdated review of AMP to project future funding needs	i	Ensure AMP is regularly reviewed to ensure assets are meeting needs and infrastructure is planned for financially	Annual review of AMP to anticipate needs and reflect updates	Administration and Finance team	Time and \$	As needed and Annually

Communication							
4	Communications need to be improved with the community	i	Ensure clear and communication within community	Continue to communicate with community and offer meetings/send out reports and updates	All staff	Time	Ongoing
				Support community engagement and participate in solutions through two-way channels - Open up feedback opportunity for community to share expectations and allow for response to concerns (in hopes to eliminate confusion)	Administration	Time	Ongoing
				Utilize Web 2.0 tools to facilitate citizen engagement in shaping government priorities and delivering services. This includes issuing an online platform for suggested solutions/ideas and, in	Mayor & Council/ Administration	Time and potential \$	Ongoing

				<p>some cases, reward for best solutions¹³.</p> <p>Implementation of internal and external communication tools through communication plan (e.g. staff and department meetings, social media guidelines, newsletters, social media, municipal website etc.)</p> <p>Monitor and track external communication quality and engagement effectiveness</p>	<p>Administration</p> <p>Administration</p>	<p>Time</p> <p>Time</p>	<p>As soon as possible and Ongoing</p> <p>Ongoing</p>
Capital/Operating/Budget							
1	Lack of dedicated staff time and support to pursuit of grants	i	Ensure relevant grants are applied for in realistic timelines	Assign staff member to applying for grants and prioritize grants as much as possible	Mayor & Council/ Finance team	Time	Ongoing

¹³ <http://www.municipalworld.com/feature-story/innovations-in-municipal-service-delivery/>

				Attain assistance in completing other day-today tasks when grants are being worked on	Finance/ Administration team	Time and \$	As needed
1	Need for the development of 5-year capital plan	i	Determine 5 year plan for capital needs	Develop a plan that allows for annual review of capital expenditures	Mayor & Council	Time	For beginning of 2021
				Ensure residential taxes are fair and support future needs in terms of capital and operating expenses	Mayor & Council/ Finance team	Time	Ongoing
1	Lack of dedicated staff to economic development	i	Dedicate a staff member to economic development initiatives and operations	Develop a plan to hire an economic development officer	Mayor & Council/ Administration team	Time and \$	As soon as possible
				Determine job description, contract and pay grid	Administration / Finance team	Time	Review Annually
6	Need for landfill plans to be developed and projected for long term	i	Develop a long-term plan for the landfill services	Determine the key needs of landfill and current status of landfill in use	Finance team	Time	As soon as possible

				Develop plan for funds/savings in order to support long term plan of new landfill development (compacting requirements)	Finance/ Administration team	Time and \$	2021 and Annual review
Technology							
4	Lack of electronic communications and no consistent scheduling program	i	Develop scheduling program and electronic communication channels	Evaluate options for schedule programming system and implement most effective option Develop electronic communication channel that reduces need for inperson updates/communication	Finance/ Administration team Finance/ Administration team	Time and \$ Time	As soon as possible As soon as possible

<h3>Action Plans - Fire Services Role in Priority Implementation</h3> <p>Efficiency/Opportunity (see numbering below)</p> <ul style="list-style-type: none"> · Improve communications with community · Performance planning 							
Priority #	What needs to be addressed	Objectives	Strategy	Responsibility	Resources	Time Frame	

4	Inconsistent communications with community	i	Develop clear communication channels with the community and throughout departments	Develop a formal communication plan internally and follow channels	Fire Chief/ Administration	Time	2021
				Continue to communicate with community and offer information on regular basis	Fire services staff	Time	Ongoing
3	Lack of performance planning	i	Development of a performance plan to support operations and improve service delivery and efficiency	Complete regular job performance evaluations to monitor working conditions, responsibilities, skills and effort.	Administration team	Time	Semiannually

Action Plans - Public Works Role in Priority Implementation							
Efficiency/Opportunity (see numbering below)							
<ul style="list-style-type: none"> · Policies/by-laws need to be kept current and trained on · Roads maintenance/projects · Review watershed calculations when replacing culverts · Cross training of employees 							
Priority #	What needs to be addressed	Objectives	Strategy	Responsibility	Resources	Time Frame	

2	Policies/by-laws are not kept current or continually/consistently trained on	i	Update policies to reflect internal needs and set up mandatory training	<p>Analyze internal requirements and update policies to reflect key areas</p> <p>Implement a training plan for any current policies that affect employees</p>	<p>PW Supervisor</p> <p>Administration / PW Supervisor</p>	<p>Time</p> <p>Time and \$</p>	<p>2021</p> <p>Ongoing as needed</p>
5	Frequent road maintenance and projects in order to maintain infrastructure	i	Improve current state of roads that the Municipality is responsible for	<p>Prioritize the needs in relation to roads</p> <p>Utilize funding from the Municipality (gas tax etc.) and seek grants to address roads issues based on priorities</p>	<p>Roads team/ Administration</p> <p>Finance team</p>	<p>Time</p> <p>Time and \$</p>	<p>As soon as possible</p> <p>Ongoing as needed</p>
5	Need for watershed calculations when replacing culverts	i	Ensure watershed calculations are prepared for culvert replacement	<p>Develop policy and planning surrounding watershed calculations</p> <p>Review calculations upon need for replacements</p>	<p>Administration and PW Supervisor</p> <p>Administration / Finance team and PW Supervisor</p>	<p>Time</p> <p>Time and \$</p>	<p>2021</p> <p>As needed and ongoing</p>

3	Need for employee cross training	i	Ensure employees are cross trained in order to ensure consistent effectiveness and efficiency of operations and service offerings	Enhance cross-training plan for department	Administration and PW Supervisor	Time	As soon as possible
				Review cross-training plans and employee feedback semi-annually	PW Supervisor/ Administration team	Time	SemiAnnually

Action Plans - Woodland Arena Role in Priority Implementation

Efficiency/Opportunity (see numbering below)

- Review AMP to project future funding needs
- Cross training of employees

Priority #	What needs to be addressed		Objectives	Strategy	Responsibility	Resources	Time Frame
1	Review needed of AMP to project future funding needs	i	Determine future needs based on AMP	Assess needs based on risk level and priority	Arena Manager	Time	Quarter 1 - 2021
				Determine funding opportunities and availability	Arena Manager/ Finance team	Time and \$	Time and \$

3	Lack of cross training of employees	i	Ensure employees are cross trained in order to ensure consistent effectiveness and efficiency of operations and service offerings	<p>Implement cross-training plan for each department</p> <p>Review cross-training plans and employee feedback semi-annually</p>	<p>Administration and Arena Manager</p> <p>Arena Manager/ Administration team</p>	<p>Time</p> <p>Time</p>	<p>As soon as possible</p> <p>SemiAnnually</p>
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Summary of Improvements/Opportunities

The information below provides a summary of the preceding action plans and provides stakeholders a reference point as to what can be implemented in the short-term, at little cost categorized as efficiencies/improvements and their classification based on where stakeholders perceived risk to the Municipality’s delivery of services. The section that follows provides opportunities that would require investment dollars or funding in planning, capital and operating in addition to time and should be considered medium to long-term implementation items to improve service delivery.

Efficiency/Improvement Classifications

- Capital Improvement
- Liability/Safety
- Operating Efficiency
- Improved Service Delivery

Efficiency/Improvements

Objective/Challenge	Improvement/Deliverable	Improvement Classification	Savings/Efficiencies (qualitative/quantitative)
Priority 1 - Operating/Capital Grants			
Pursue development opportunities (hire EDO)	-Economic Development/Community Plan. Ensure there is a committed staff member specifically dedicated to implement economic and community development initiatives/plans - create ARA/ jd/ terms of reference for position	Improved service delivery	Dedicated staff funded by grant to replace CT time for economic and community development opportunities, reduction of work overload of current team estimated as 1 PT position - \$10-15,000 in savings annually over 3 years
Pursuit of grants	-Capital and Operating Grants. Dedicate EDO time with support of Council and staff to pursue grants that support municipal needs and projects	Capital improvement and Improved service delivery	Increase grant funding of operations by roughly 15% or \$600k annually based on comparison of average funding with comparator townships and seek additional capital funding for assets reaching end of useful life

<p>Future capital funding requirements</p>	<p>-5 year Capital Plan. Determine future funding needs and plan for infrastructure and asset updates Review AMP to project and development of shovelready projects. Reviewed annually and updated quarterly</p>	<p>Capital improvements and operating efficiency</p>	<p>Long-term capital planning to increase preparedness and funding preparation. Will not meet upcoming asset management needs and additional support (govt) needs to be identified (e.g. funding or policy change). Long-term needs of \$14 M in asset replacement requirements and the current reserve at \$1.5 M and accompanying risk/inability to leverage funds. Reserve fund categories aside, leveragability is at 10% of replacement need over the next 5 years.</p>
<p>Priority 2 - Municipal Systems/Processes</p>			
<p>Improve delegation of financial processes and map for employee orientation</p>	<p>-Process Mapping. Job share and orientation preparation to ensure finance team is operating effectively and efficiently orient new hires / provide backfill</p>	<p>Operating efficiency and Improved service delivery</p>	<p>100- 200 hours in time savings \$2,500 - \$5,000 in savings one time wages on employee turnover/position orientation costs</p>
<p>Share services when possible with neighboring municipalities or internally (e.g. cross train staff - water plant)</p>	<p>-Shared Service Agreements/ Positions. Reduce costs and increase efficiency through shared services when possible</p>	<p>Operating efficiency and Improved service delivery</p>	<p>Reduce costs of contracted services (Bylaw and Building Officer, etc.) by savings of 10-15%</p>
<p>Policies/by-laws need to be kept current, trained on a liability/risk managed (e.g. by-law, road safety issues, etc.)</p>	<p>-Policies and Bylaws. Update policies and enforce through consistent review and risk management</p>	<p>Liability/Safety and Operating efficiency</p>	<p>Proactively manage and resolve risk/liability issues with cost savings</p>

Priority 3 - Human Capital			
Management/ Leadership - CAO responsibilities pushed down to CT making it difficult for Council to focus on governance role	- Leadership Team (LT) . Outline a team to provide more oversight, improve communication, update roles and review staff needs	Operating efficiency and Improved service delivery	Increase efficiency of information flow and reduce ‘blurred lines’ between planning/policy and management/ implementation roles. An opportunity of implementing a Leadership Team can assist in segregation, split duties, review each other’s work and sign off.
Implement cross training plan for employees	- Cross-Training . Develop and implement cross training to ensure efficiency on turnover and during employee absences	Improved service delivery	Reduce delays in work when staff are absent/turnover occurs. Overall improve operating efficiency by savings of \$10-15,000 annually and improved customer service
Enhance/implement performance management system	- Performance Management . Develop plan for performance management to monitor efficiency improvements. Use this report’s action plans as targets/actions	Operating Efficiency	Monitor efficiencies and better address inefficiencies with regular review schedule and baselines.
Priority 4 - Communication			
Enhance internal and external communication to community (re: service level e.g. tax allotment, roads etc.)	-Develop a Communications Strategy and Plan for LT . Improved communication to express needs and foster a strong relationships within the community and amongst departments in order to work together	Improved Service Delivery and Operating efficiency	Reduce costs associated with miscommunications or lack of communication and increase collaboration amongst staff. Ensure lines are clear between governance and management and flow of information and accountability mechanisms through proper channels are applied in an effective manner.

Lack of automated process (e.g. scheduling, communication)	-Automation of Scheduling electronic communications Increase automation and improve scheduling	Operating Efficiency	Increase productivity by 510% utilizing technology
between departments/work orders)	through electronic system to better track staff schedules and availability		
Increase communication with government to support smaller municipality needs	- Communications Strategy and Plan with Government. Develop a communication plan and strategy for policy change. Improve communication to express needs and foster a strong relationships with levels of government and similar municipalities.	Improved Service Delivery	Increase awareness of municipal needs and help government to recognize needs.
Priority 5 - Short-term Asset Management			
Road maintenance/project	-Major Capital Investment. Complete road maintenance in order to support needs and meet class-based requirements. Invest in roads projects that reflect needs and road classes. -Examine areas of over service	Capital Improvement and Improved Service Delivery	5-10% - \$12,500 to \$25,000 annual savings based on roads classes

Public works garage improvements	- Minor Capital Improvements. Improve infrastructure to better service staff needs and increase operating efficiencies to reduce costs	Capital improvement and Liability/Safety	Improve working conditions and efficiency of work
Review watershed calculations when replacing culverts and evaluate budget	- Watershed Calculations. Ensure that calculations are completed to determine most	Capital improvement and Operating efficiency	Complete calculations to determine required costs. Savings based on risk management.

	effective replacement needs and justify costs.		
Renovate office building to be accessible (under AODA)	- AODA Requirements. Meet AODA requirements to improve accessibility for all potential clients, customers and staff.	Capital improvement and Liability/Safety	Improve accessibility for customers and staff to comply with AODA standards.
Study expansion of water services/policy changes with government	- Major Capital Investment Analysis /Advocacy Determine ability to service community to greatest extent through water service offerings	Capital Improvement	Increase water services through community to spread offerings and justify investment in water services and improvements.

Priority 6 - Long-term Asset Management

Develop long term plan for landfill (compacting)	- Capital Plan. Compacting of current site and plan for development of new site for long-term	Capital Improvement	Improved planning and development. Landfill at over capacity on Vermilion Bay side. Eagle River projected to capacity as of 2046.
Water Plant updates/ improvements	- Major Capital Investment. Review infrastructure needs.	Capital improvement and Improved service delivery	Requires policy change to better utilize the assets.

Review of bridge needs and infrastructure updates	-Capital Investment. Update bridges based on AMP and any immediate infrastructure needs.	Capital improvement and Liability/Safety	Prioritize infrastructure update needs and ensure safety to community.
Development of Senior Housing/Centre to attract new residents/support growth	- Major Capital Investment Analysis. Meet future demand by preparing for aging population needs and study/ developing necessary infrastructure.	Capital improvement and Improved service delivery	Ensure significant housing accommodations for community members to meet needs and keep community members within the Municipality.

Key Potential Modernization Opportunities

Key potential modernization opportunities are outlined below and require investment in planning, capital and operating in addition to time and should be considered medium to long-term implementation items to improve service delivery.

- Linkages and Partnerships -
 - knowledge sharing (e.g. of improvements/modernization opportunities/best practices)
 - shared part-time administrative roles (e.g. bylaw officer)
- Information Management System - Paperless approach and process automation (to reduce staff time and increase efficiency)
- Goal Setting for staff in line with Strategic Plan / Service Delivery / Customer Service Objectives
- Landfill site selection and evaluation - based on useful life end of current landfill following short term analysis - Eagle River projected to capacity as of 2046. If VB application is unsuccessful, investigate a transfer station to Eagle River as an opportunity.
- Prioritize future asset replacement needs and develop long-term plan for building and equipment updates based on AMP (2025+). The projected long-term needs of \$14 M in asset replacement requirements are significant and the current reserve (categories aside) at \$1.5 M leverages 10% of any funding available which means government would have to provide 90 cents of every dollar on a project.
- Evaluate use of Woodland Arena and user fee impact on service delivery/revenue generation through programming plans
- Water plant to be evaluated for larger distribution of potential future service delivery
- Contracted services to be evaluated to ensure maximum efficiency and cost reduction for roles that can be combined or contracted externally

APPENDICES

CONCLUSION

As per scope of work and timeframes, the efficiency review is complete. We ask that Council and staff consider these recommendations to enhance the performance and continuity of the community as it relates to service delivery. We have thoroughly enjoyed working with Council and staff and are available to assist in implementation or with any other project.

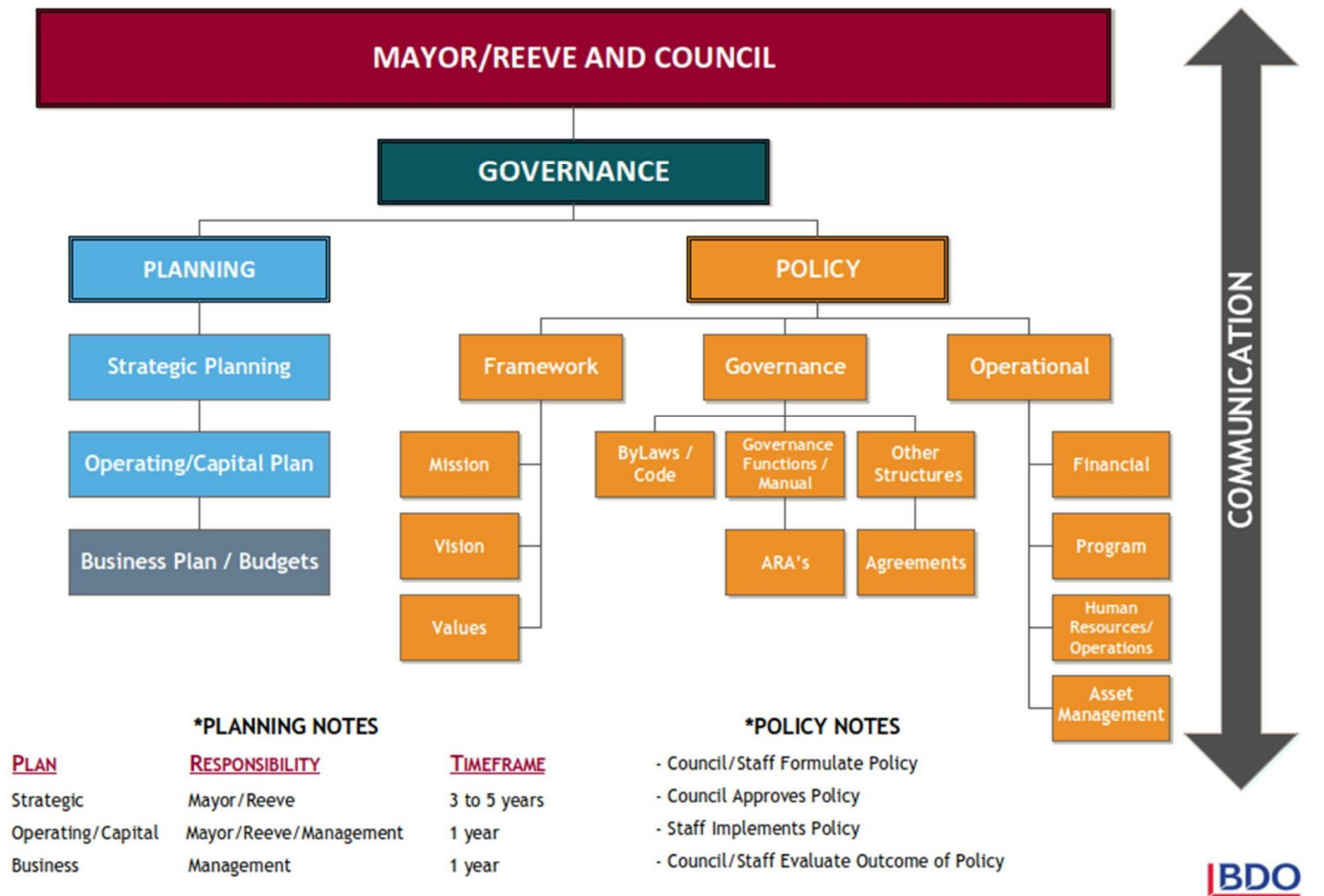
Thank you for using BDO's Advisory Services Group for your project.

Sincerely,

BDO CANADA LLP
Chartered Accountants and Advisors

Appendix A - Governance Development Process

GOVERNANCE DEVELOPMENT PROCESS



Appendix B - Milestones

Item	Date	Description
Project Approval	2020-03-03	Transfer Payment Agreement - Municipal Modernization Program
	2020-03-09	Council approval for entering into MMP agreement with BDO
Project Engagement	2020-07-13	Presentation of Engagement Letter and contract signed
Phase 1-Project Introduction Current State	2020-07-15	<ul style="list-style-type: none"> □ Initial information gathering - from BDO files including: <ul style="list-style-type: none"> · 5 year financial statements 2015-19

Assessment and Workflow Review Report

- 5 year management letters 2015-2019
- Miscellaneous files

and Historical 5 year financial analysis completed from above

Phase 2 - Financial Analysis/Benchmarking 2 Municipality Comparator Analysis complete FIR information

- Demographic analysis complete
- Comparisons and using FIR information

Opportunities Report

- Purpose of this exercise is to use financial information from similar (size and geographically located) municipalities to benchmark/compare best practices to identify areas for improvement. This process will assist in identifying any red flag areas that may arise as well as provide reasonable comparisons or explanation for inconsistencies.

Meetings/Contact Stakeholder Initial Meeting & Consultation	2020-02-29	Project kickoff meeting with Council
	2020-06-17	Gordon Griffith, Mayor
	2020-08-18	Ron Kujansuu
	2020-08-19	Ray Pilkey
	2020-08-20	Gary Parkes
	2020-08-27	Tammy Rob

Item	Date	Description
	2020-08-31	Holly Toews
	2020-09-01	Sandra King
	2020-09-01	Shawna Alberts
	2020-09-04	Gordon Griffiths
	2020-09-04	Dennis Peterson

	2020-09-29	Jason Danielson
	2020-10-09	Mayor Griffith - Knaupf & Assoc Report
	2020-11-09	Mayor Griffith and Tammy - Project update
	2020-11-25	Draft Report Presentation to Council
Draft Final Report	2020-11-13	Summary of initial stakeholder consultation and financial/benchmarking analysis and discussion on rationale for findings from interim report - in progress
Final Report	2020-12-04	Final report submitted

Appendix C - Rating Scale

Below is the rating scale that was utilized to classify service delivery aspects for Machin and supports the decisions for classification between Poor, Fair and good.

Service Delivery Assessment - Rating Scale		
Rating		Description
Poor	i	Infrastructure - Infrastructure does not meet needs, or has several desirable elements/requirements missing
	ii	Demand - demand exceeds capacity and substantial problems are apparent with operations
	iii	Service Levels - Clear impacts to service levels and potential impact on stakeholders
	iv	Capacity - Current capacity needs are not met, or there are evident capacity issues
Fair	i	Infrastructure - A few desirable elements of infrastructure with some required elements missing
	ii	Demand - Demand is approaching capacity and/or problems are occurring within operations
	iii	Service Levels - Minor impacts on service delivery
	iv	Capacity - Meets current capacity needs, but is not sufficient long-term without further modifications
Good	i	Infrastructure - Infrastructure generally meets the needs of employees/community
	ii	Demand - Demand is met by capacity and little to no operational problems are experienced
	iii	Service Levels - No negative impacts on service levels
	iv	Capacity - Current/future capacity needs are generally met within future plans

Appendix D - Information Review

Below is a list of documents that have been reviewed in preparation of the final report:

- Machin 2015-2018 Financial Statements
- Machin 2019 Management Letter
- Knaupf Report
 - Purpose of Content
 - Meeting with Mayor & Council
 - Process for Conducting Staff Interviews
 -

- Observations from Staff Interviews ○
 - Impressions
- Machin Org Chart and Wage Grid
- The Township of Machin By-laws ○
 - Transient Traders ○
 - Swimming Pools ○ Noise and Set Fines ○ Animal Control ○ No Shooting Boundaries ○ Prohibit Firearms
- Asset Management Plan 2016
- Job Descriptions
- Machin Policies
- FIR Information 2014-2018 for: ○
 - Machin ○ Cochrane ○ Ear Falls ○ Ignace ○ Marathon
- Machin Demographic Information - Statistics Canada
- Facility Data Capture
- Gap Analysis
- Park Data Capture
- Roads Data Capture
- Water main Data Capture
- AMP Policy
- Machin Condition Assessment Package
- Machin Data Summary
- Machin - State of Maturity
- Training Registry
- Strategic Plan

· Official Plan for the Municipal of Machin