

# ADMINISTRATION ACCOMMODATION REVIEW



## ADDENDUM REPORT

JANUARY 2016



# Background:

## 1 CONTEXT

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Council identified an *Administrative Accommodation Review Process* as a High Priority for 2015. The initiation of this first phase is defined as follows:

*To evaluate and obtain a Council decision on consolidating administrative functions in fewer locations through a more centralized service delivery model.*

In this regard a Phase One Report – Option Evaluation Results was presented to Council on **November 23<sup>rd</sup>, 2015**. The Phase One report evaluated the *Existing Service Delivery Model* and four *Alternative Options* – two *Dispersed Service Delivery* and two *Consolidated Options* as well as alternative community locations relative to:

- A set of Evaluation Metrics were used to evaluate the relative strengths and weaknesses of the accommodation options to allow comparison under the following headings:
  - Efficiencies Achieved
  - Impact on Customer Service
  - Impact on Corporate Image
  - Work Environment Quality
- A high level financial analysis to provide ‘order of magnitude’ cost comparisons using an amortization timeframe of 20 years calculated using a Net Present Value methodology, allowing net costs (capital and operating) for future years to be shown at current day value.

After receiving the report Council passed the following resolution:

*THAT the Administrative Accommodation Review Report dated November 2015 and presentation materials of November 23, 2015 be received;*

*AND THAT staff be directed to initiate a community input process until January 22, 2016 and report back at the February 2, 2016 Council in Committee meeting.*

During the discussion Council also indicated a desire to obtain further information regarding the following topics:

- The Net Book Value of the various Administrative Facilities under the various scenarios – to help contextualize the ‘remaining’ lifespan / value of the buildings after the 20 year amortization period.
- Additional information and quantification of the anticipated efficiencies that would be achieved under the consolidated delivery model.

- Additional information regarding the volume of customer service interactions taking place at the County's customer service centres.

The intent of this Addendum is to respond to the requests for further information and to make this information available as part of the material forming the stakeholder consultation program as directed by Council.

## NET BOOK VALUE OF ADMINISTRATIVE BUILDINGS

As part of the evaluation / comparison of the decentralized versus consolidated service delivery options in the November Phase One Report, one of the implications identified was the quality of the County’s administrative assets at the end of the 20 year amortization period.

The report noted that “most of the County’s current administrative buildings are several decades old and while the financial model incorporates on-going maintenance, these assets will be near the end of their useful life at the end of the 20 year amortization period whereas options incorporating new construction will have a useful lifespan of at least another 30 years beyond the amortization timeframe with routine maintenance”.

In order to help contextualize the above statement, a Net Book Value analysis has been undertaken to help provide further information in this regard. Net book value is the original cost of an asset, less any accumulated depreciation, accumulated depletion, or accumulated amortization, and less any accumulated impairment. Net book value represents an accounting methodology for the gradual reduction in the recorded cost of a fixed asset. It does not necessarily equal the market price of a fixed asset at any point in time.

The following chart updates the financial evaluation to include the implications to Net Book Value of the County’s administrative building assets under the various Options. Of note, both the Dunnville Satellite Office and the Cayuga Administrative Buildings will be fully amortized by 2035 resulting in no Book Value by the end of the 20 year period -hence why the Existing and Option 1A have same Net Book Value.

### Net Book Value After 20 Years Analysis For Accommodation Options:

Evaluation Metrics	Measures	Existing	Option 1A	Option 1B	Option 2	Option 3
		Status Quo - Base	Modified Status Quo - Eliminate DSO	Modified Status Quo - Eliminate DSO, CSO, + New Build	Community Consolidation - Renovate CAB + New Build	New Consolidated Administrative Building
Category	Option Description					
<b>Financial</b>						
	2015 Net Book Value of Administrative Buildings	\$1,978,005				
	Initial Capital Construction/Renovation Cost	\$1,100,000	\$1,250,000	\$6,055,000	\$10,542,750	\$13,910,000
	Net Book Value After 20 Years	\$896,000	\$896,000	\$3,679,000	\$4,729,000	\$9,507,000

## 2 QUANTIFYING ANTICIPATED EFFICIENCIES

The financial analysis of the alternative accommodation options using a Net Present Value methodology, allowing net costs (capital and operating) for future years to be shown at current day value was included in the Phase One Report. It is reproduced below:

Evaluation Metrics	Category	Measures	Existing	Option 1A	Option 1B	Option 2	Option 3
			Status Quo - Base	Modified Status Quo - Eliminate DSO	Modified Status Quo - Eliminate DSO, CSO, + New Build	Community Consolidation - Renovate CAB + New Build	New Consolidated Administrative Building
<b>Financial</b>							
		Net Present Value - 20 Year Capital Costs	\$5,324,000	\$4,617,000	\$4,827,000	\$5,214,000	\$3,136,000
		Net Present Value - 20 Year Operating Costs	\$13,568,000	\$12,335,000	\$14,294,000	\$17,938,000	\$19,420,000
		Total Net Present Value Funding Required	\$18,892,000	\$16,952,000	\$19,121,000	\$23,152,000	\$22,556,000
		Change from Existing	\$0	-\$1,940,000	\$229,000	\$4,260,000	\$3,664,000

The Phase One report indicated:

*“That while the two Options analyzed under the Consolidated Service Delivery Model are more costly than the existing service delivery approach or the options analyzed under the Dispersed Service Delivery Model over the 20 year amortization period, if Council elects to move to a consolidated service delivery system going forward the return on investment would result in the following:*

- *It allows agencies by co-locating work groups that benefit from working in close proximity to each other for collaboration and coordination, improves efficiency and work space needs. Recent experience with co-locating work groups and process change improvements to promote cross-functional coordination demonstrates that the following long term benefits will accrue:*
  - *It will add capacity by reducing inefficiencies associated with multiple offices, travel time, and the significant effort required to coordinate work between functions. This additional staff capacity can be used to undertake more work and will reduce additional staff demands to address growth and new work requirements going forward.*

- *It will significantly improve internal communication across the Corporation. It will allow the further reduction of work 'silos' and promote cross-functional learning and collaboration, thus providing better, more comprehensive services for the community.*
- *It will allow for some minor duplication of service that currently exists to be reduced thus allowing the resources to be reallocated for other County needs".*

Council indicated a desire to have more information to help quantify the expected efficiencies under a Consolidated Service Delivery Model in regard to the Net Present Value (NPV) Cost analysis. In this regard a financial analysis was undertaken to determine the effective Full Time Employee (FTE) equivalent to offset the NPV difference between the Existing Scenario and Option 3 – Full Consolidation. To calculate the required FTE reduction, the following assumptions/calculations were incorporated:

- The average salaries/benefits based on all County employees were calculated, excluding: managers, general managers, council, land ambulance, volunteer fire fighters, Grandview lodge, police services boards and committee of adjustment;
- The required annual salaries/benefits based on the average salary above to derive a NPV savings of \$3.6 million was calculated.

The resulting equivalent FTEs is as follows:

Amount of salaries/benefits per year = \$3.6 million NPV	\$304,225
Average cost per FTE (based on 2015 CA Budget)	\$68,200
Number of FTEs Equivalency	<b>4.47</b>

The following chart outlines a “sample” of the types of efficiencies anticipated to be achieved with the corresponding consolidation options, given each Department’s opportunity to achieve efficiencies is quite different given their current work location makeup and nature of their work requirements.

**Examples of Anticipated Efficiencies:**

Option Description	Evaluation Metrics	Measures		Option 1A  Modified Status Quo - Eliminate DSO	Option 1B  Modified Status Quo - Eliminate DSO, CSO, + New Build	Option 2  Community Consolidation - Renovate CAB + New Build	Option 3  New Consolidated Administrative Building
	<b>Operational Savings /Staff Capacity Gains</b>						
		Integrated Development Services function – <ul style="list-style-type: none"> <li>• Issue resolution</li> <li>• Coordination</li> <li>• One file system</li> </ul> Currently, staff and information is located at HSO, CSO, KO.		No	Partial (excludes Building Inspectors)	Full	Full
		Full day building inspection and permit intake – estimated 20% increase in efficiency.		No	No	Yes	Yes

Option Description	Evaluation Metrics	Measures		Option 1A  Modified Status Quo - Eliminate DSO	Option 1B  Modified Status Quo - Eliminate DSO, CSO, + New Build	Option 2  Community Consolidation - Renovate CAB + New Build	Option 3  New Consolidated Administrative Building
		More frequent Pre-Consultation Meetings including impromptu issue resolution meetings for development matters, CPP program and economic development matters.		No	Yes	Yes	Yes
		One stop shop for all development permits.		No	No	Yes	Yes
		On site Planning services for minor variances generated by permits. (Average of 32 variances generated by permits per year.)		No	Yes	Yes	Yes
		Improved coordination and issue resolution associated with events and partnership activities.		No	Partial	Yes	Yes
		Provision of back-up support for the Facility Booking function.		No	No	Yes	Yes
		Improved coordination of capital, maintenance and operational programs – project reviews between Operations and Engineering identify deficiencies, past history, problematic areas, solutions to infrastructure matters.		No	Yes	Yes	Yes



Option Description	Evaluation Metrics	Measures		Option 1A  Modified Status Quo - Eliminate DSO	Option 1B  Modified Status Quo - Eliminate DSO, CSO, + New Build	Option 2  Community Consolidation - Renovate CAB + New Build	Option 3  New Consolidated Administrative Building
		One stop shop for all construction permits. (375 entrance/excavation/over-size load permits + 75 service permits annually)		No	Yes	Yes	Yes
		Better coordination of W&WW optimization, operations contracts, strategic capacity management, and associated budgeting – currently information and staff are located at CSO,KSO,DSO & HSO.		No	Yes	Yes	Yes
		Improved IT connectivity to support the County work order system.		No	Yes	Yes	Yes
		Reality services adjacent to Planning and Public Works to address Rights of Way, appurtenances, and property related issues. Significant interaction between Support Services, Planning, Engineering and Roads Operations.		No	No	Yes	Yes
		Reduction in staff time/resources for the administration of inter-office courier services, elimination of multiple		No	No	Yes	Yes



### 3 CUSTOMER SERVICE CENTRE USE

The customer service vision applied to all options throughout the Phase One Accommodations Review Report, including the existing option, identified improved access for customers through an e-government framework providing virtual customer service. Changes in customer service delivery and expectations provide for less dependency on physical offices throughout the County. This e-government type of framework will improve service across the County by allowing residents to use technology for 24/7 access to manage and pay for services from any computer location. A key component of the customer service vision is to move to a model where the Public Library Branches become “community hubs” providing digital literacy opportunities to the public and revamping the library as a wider community resource including accessing County e-services.

Council requested that further information regarding the volume of use of the existing customer service centres be provided as it considers this service delivery change. The current systems we have in place are limited as to the information and statistics that can be generated. The following information is a result of manual and computer generated tallies as well as estimates from Customer Service Representatives at each County service office. Those categories with an asterisk were estimated by the CSRs while those without asterisks were generated from a combination of computer generated reports and cross referencing CSR schedules and relevant divisional information. All data is from 2014 unless otherwise indicated.

Service	CAB	CSO	DSO	HSO	Walk-in Volume (sub-total)	Mail	Online	TOTAL
Tax Payment	1,584	3,493	4,955	3,169	13,201	3,696	n/a	16,897
A/R Payment	120	286	2,579	354	3,339	3,359	n/a	6,698
CLASS Reg.	246	618	550	386	1,800	n/a	1,845	3,645
Marriage License	60	38	50	32	180	n/a	n/a	180
Burial Permit	0	77	166	151	394	n/a	n/a	394
Burn Permit	230	143	244	303	920	n/a	n/a	920
Hunting License	92	67	21	27	207	46	n/a	253
Building Permit	n/a	363	220	235	818	n/a	n/a	818
Dog Tag	241	70	57	104	472	n/a	n/a	472

Service	CAB	CSO	DSO	HSO	Walk-in Volume (sub-total)	Mail	Online	TOTAL
Lottery License (2015)	32	8	46	12	98	n/a	n/a	98
Rabies Vouchers	13	34	85	49	181	n/a	n/a	181
Parking Tickets	24	174	29	130	357	n/a	n/a	357
Commission Documents*	52	102	153	51	358	n/a	n/a	358
People Asking for Directions*	25	261	180	153	619	n/a	n/a	619
Battery Drop Off*	12	261	51	102	426	n/a	n/a	426
Recycling Blue Box/ Composter*	55	114	240	102	511	n/a	n/a	511
Tax PAP, statements, assessment forms, etc.*	383	153	1,020	255	1,811	n/a	n/a	1,811
Reporting streetlights, potholes, etc.*	31	60	281	102	474	n/a	n/a	474
By-law Inquiries to CSR*	31	153	177	102	463	n/a	n/a	463
Brochure Pick-up*	485	153	491	261	1,390	n/a	n/a	1,390
General Complaints*	116	522	102	102	842	n/a	n/a	842
Zoning Info*	128	102	102	153	485	n/a	n/a	485
<b>TOTALS</b>	<b>12,719</b>	<b>11,031</b>	<b>19,333</b>	<b>9,858</b>	<b>52,941</b>	7,101	1,845	61,887

The list above represents approximately 53,000 visits to the four County public service offices. Due to the lack of reporting mechanisms in place, the data does not include visits related to the following:

- Roads related requests, applications, fees
- Birth/Death Certificate applications
- Election related inquiries, nominations
- Planning application fees & related inquiries
- Distribution of 9-1-1 signs
- CLASS inquiries (not registrations)
- Cemetery forms/signatures, payments
- Water account set ups or account questions
- Employment application drop off
- Tender Document drop-off (CAB only)
- Miscellaneous inquiries about municipal and non-municipal services
- POA related visits (CAB only)
- FOI applications
- Key Distribution (HSO & DSO only)

The frequency of the use of the existing customer service centres relative to the population it serves is outlined below. It indicates that the CAB and DSO have similar levels of walk-in traffic while the CSO and HSO are used less frequently. Overall the use of the customer service centres is modest.

OFFICE	TOTAL VISITS PER YEAR	POPULATION IN GENERAL OFFICE AREA (2016 forecast)	VISITS PER PERSON PER YEAR
<b>CAB</b>	12,719	9,000	<b>1.4</b>
<b>CSO</b>	11,031	13,900	<b>0.8</b>
<b>DSO</b>	19,333	13,700	<b>1.4</b>
<b>HSO</b>	9,858	12,700	<b>0.8</b>
<b>All Offices</b>	52,941	49,300	<b>1.1</b>

**Key Facts:**

- Based on the number of property tax bills issued per year and the number of installments, there is a potential for 88,000 payments to be made in one year. Based on this, approximately 19% of all tax payments are made in person at a County office.
- Approximately 50% of invoices paid are done so in person at a County office while the other 50% are mailed in.

- It should be noted that in 2014 the County still accepted credit card payments for property taxes and accounts receivables. This practice was eliminated in August, 2015. Since August there have been 144 tax payments and 50 accounts receivables paid online using the third party payment provider. This number is expected to increase as more people become aware of the availability of online payments.
- 50% of program registrations are done in person at a County office while 50% are done online independent from County staff.
- The building permit data is based on each permit that has been issued and not necessarily the number of visits pertaining to the permit. Staff from the building department have noted that, depending on the complexity, some permits require several visits to a County office.