STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Regular Council

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Publication Date:	October 22, 2026
Subject:	**Consolidated Financial Reporting, Audit Status, Historical Financial Matters, and Administrative Improvements**

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1. **Recommendation:**

   THAT Council receive this report for information purposes.

   AND THAT Council acknowledge the financial reporting, financial sustainability, reserve management, debt management, and audit matters previously addressed through reports COR-2025-010, COR-2025-018, COR-2025-027, COR-2026-002, and the October 8, 2026 staff report responding to the Notice of Motion concerning the release of Closed Session Report CM-2024-15.

   AND THAT Council direct staff to continue implementing the financial management and reporting improvements identified in the aforementioned reports, complete outstanding financial statement, and provincial filing requirements, and report back to Council on material outstanding matters through established financial reporting and Audit and Risk Committee processes.

   AND THAT this report be made publicly available on the Town's website.

2. Executive Summary:

The financial management and reporting improvements undertaken by the Town of Cobourg should be understood in the context of a multi-year process that began with the Council-directed Service Delivery Review in 2020, followed by KPMG's Organizational Review in 2021, the implementation and progress reports that followed, a subsequent detailed review of financial management matters undertaken by current staff, third party advisor, and a series of further reports addressing financial sustainability, reserves, debt, capital financing, accounting matters and external audit delays.

This chronology is important. The issues facing the Town's Finance function did not emerge in isolation. The initial reviews identified longstanding organizational, resource, process, and financial management challenges. Subsequent work sought to understand these issues in greater detail, bring them to Council's attention, establish appropriate frameworks and controls, and report publicly on corrective measures and outstanding work.

In November 2020, KPMG presented its Municipal Service Delivery Review to Council in open session. The review examined operating costs, staffing, service delivery models and financial indicators relative to comparable municipalities. It identified opportunities to improve operating efficiency, customer service, non-taxation revenues and financial management, while highlighting concerns regarding the Town's financial reserves and long-term sustainability. KPMG's Organizational Review Reports followed in September and October 2021. These reports were also presented in open session and identified further challenges involving organizational structure, staffing capacity, outdated manual processes, procurement, internal processes and the resources available to support effective financial planning, forecasting, monitoring and analysis.

The CAO subsequently brought forward implementation and progress reports in January and September 2021, and March and September 2022, translating the review findings into actions and reporting on progress. These reports established a public record of the work being undertaken in response to the reviews and demonstrated that the identified concerns were being addressed through an ongoing process of organizational improvement.

With respect to timings, Adam Giddings became Treasurer on October 2, 2023, with the previous Treasurer remaining until October 27 to support the transition. In 2024 to provide support to the finance department and offer additional municipal expertise, the CAO secured temporary, part-time assistance from an experienced retired municipal treasurer, funded through savings due to staff vacancies.

The Treasurer and this experienced advisor undertook a detailed review of historical financial records and practices, tracing relevant matters back to 2012. The review looked back to 2012 not because the issues originated that year, but because the evidence had established that they were historical. This review found that records were incomplete, dispersed or maintained manually, so balances and supporting information had to be researched, reconciled, and reconstructed. This deeper review was necessary to establish whether the information was accurate and supportable before it was relied upon for decisions and reporting.

Staff also had to balance the historical investigation with the urgent need to develop recommendations, strengthen controls, and improve current practices. The objective was to establish a sufficiently reliable understanding of the historical position so staff could report responsibly and act decisively - not to allow an open-ended examination of past records to delay corrective action.

This work informed further reporting to Council concerning historical accounting issues, unfinanced capital, reserve adequacy, financial sustainability, audit delays and the controls and processes required to strengthen financial oversight. The work undertaken subsequently resulted in a series of reports intended to establish more formal and sustainable financial management practices, including:

- Financial Sustainability Plan - COR-2025-010: Presented in May 2025, establishing a longer-term framework for financial decision-making, capital financing, reserve requirements and future financial pressures.

- Long-Term Debt Policy - COR-2025-018: Establishing a framework for evaluating borrowing decisions, affordability and the long-term consequences of capital financing.

- Annual Surplus/Deficit Allocation Policy - COR-2025-021: Establishing a consistent framework for reporting and allocating annual operating surpluses and deficits.

- Reserve and Reserve Fund Policy - COR-2025-027: Establishing a formal framework for reserve management, use and monitoring.

- Municipal Reserve Fund Strategy and Sustainability Review - COR-2025-029: Examining reserve adequacy and recommending consolidation of discretionary reserve accounts from 44 to 26 to improve transparency and management.

- Financial Status Update - COR-2026-002: Providing further information on the Town’s financial position, financial governance, internal controls, compliance and continuing improvement measures.

- October 8, 2026 financial reporting and audit update: Addressing the audit chronology, clarifying the distinction between the approximately $14 million unfinanced capital estimate in COR-2025-010 and the $11,603,189 balance reported in the audited 2023 financial statements, and documenting the status of subsequent financial reporting.

These reports represent successive stages in the Town's response: identifying concerns, investigating underlying issues, establishing formal policies, improving reporting and controls, and monitoring implementation.

A significant aspect of this chronology is the extent to which the work was brought before Council and made available for public scrutiny. The original Service Delivery Review, the Organizational Review Reports, and the associated implementation and progress reports were presented in open session. Subsequent financial sustainability, reserve, debt, surplus allocation, financial status and audit reporting further documented the issues identified, the measures proposed and the progress achieved.

Taken together, the reviews, implementation reports and subsequent financial reporting demonstrate a sustained effort to identify and address longstanding organizational and financial management challenges. They also establish a record of recommendations, decisions, corrective measures and continuing accountability.

3. Background

At the September 23, 2026 Regular Council meeting, Council considered a Notice of Motion concerning the release of Closed Session Report CM-2024-15, the Town's historical financial reporting, unfinanced capital balances, external audits, and related financial management matters.

Council's direction resulted in subsequent staff reporting and administrative actions, including the October 8, 2026 reported – Response to Notice of Motion – Release of Closed Session Report CM-2024-15 (Attachment A). That report addressed the unfinanced capital amounts referenced in the 2023 audited financial statements and the May 5, 2025 Financial Sustainability Plan (Attachment B), the status of the 2024 and 2025 financial statements, the reasons for audit delays, and the anticipated audit schedule.

The present report consolidates that information with the Town's broader financial sustainability and financial management initiatives. Its purpose is to provide Council and the public with a single reference document identifying the work already completed, the improvements implemented since October 2, 2023, and the outstanding matters requiring continued attention.

The principal reports and documentation associated with this review are:

- November 6, 2020 - Service Delivery Review
- October 21, 2021 – Organizational Review
- May 5, 2025 - COR-2025-010 – Financial Sustainability Plan
- September 24, 2025 - COR-2025-018 – Long-term Debt Policy
- October 29, 2025 - COR-2025-021 – Annual Surplus/Deficit Allocation Policy
- December 17, 2025 - COR-2025-027 – Reserve and Reserve Fund Policy
- December 17, 2025 - COR-2025-029 – Municipal Reserve Fund Strategy and Sustainability Review
- March 25, 2026 - COR-2026-002 – Financial Status Update
- October 8, 2026 - Response to Notice of Motion – Release of Closed Session Report CM-2024-15
- The Town's audited financial statements, Audit and Risk Committee updates, and related financial reporting.

The chronology of these reports is significant, as it demonstrates that the matters addressed in this review have evolved over multiple years and successive reporting periods. Accordingly, they should be considered in the context of the Town's historical financial position, the recommendations and findings previously documented, and the corrective measures implemented over time.

4. Discussion:

Service Delivery Review

Tracey Vaughan became CAO in October 2020, and one of the first initiatives undertook was the Council-directed Service Delivery Review. The following month, KPMG presented its Municipal Service Delivery Review report to Council in open session. The reports identified opportunities to strengthen the Town's financial processes and reporting, reserve management, user fees, procurement, risk management, and long-term financial sustainability. In response to KPMG's recommendations, progress update reports were brought forward in January and

September 2021, and March and September 2022. All of these reports were presented in open session and documented the implementation of approved recommendations, progress achieved, and ongoing efforts to ensure accountability, transparency, and continuous improvement in the Town's operations and financial management.

The foundational baseline for this multi-year review was established with the November 6, 2020 Service Delivery Review, prepared by KPMG. That comprehensive review examined the Town's operating costs, staffing levels, service delivery models, and corporate financial indicators relative to comparable municipalities. By identifying early opportunities for operating efficiencies, enhanced customer service, and increased non-taxation revenues, the 2020 review highlighted structural cost pressures and operational realities that directly informed subsequent efforts, including the October 21, 2021 Organizational Review.

As the starting point of a continuous operational and financial evolution, this baseline helped shape the structural and governance measures that were later detailed in the May 5, 2025 Financial Sustainability Plan (COR-2025-010), the formal reserve and debt policy frameworks, and the broader corrective actions implemented to strengthen the Town's long-term financial position and oversight. The following table summarizes the principal concerns raised in the original motions and identifies where Council has previously received information or direction.

The Service Delivery Review emphasized financial analysis in Public Sector Accounting Board guidelines, which evaluates financial condition across three core pillars: Sustainability, Flexibility, and Vulnerability. The foundational concepts of long-term sustainability and fiscal flexibility from the Service Delivery Review were operationalized through COR-2025-010 (Financial Sustainability Plan) brought forward by the Treasurer on May 5, 2025. This plan established a structured frameworks for ongoing budget decisions, reserve management, and capital planning beyond isolated annual budgets. Further, the Service Delivery Review explicitly flagged that the Town's financial reserves and reserve funds were toward the lower end of the range - ranking 12th lowest out of 13 comparator municipalities. This historical underfunding was subsequently quantified in COR-2025-029, which noted that Cobourg's discretionary reserve stood at $945 per household (falling below peer and provincial benchmarks). This directly validated the Service Delivery Review's earlier warning and drove the creation of the formal Reserve and Reserve Fund Policy (COR-2025-027), brought forward by the Treasurer on December 17, 2025 and the recommendation to consolidate reserves from 44 to 26 streamlined, purpose-aligned accounts.

Organizational Review

Council received KPMG's Organizational Review Reports in September and October 2021, both of which were presented in open session. The CAO subsequently brought forward corresponding implementation reports to Council, also in open session, translating the review findings into an actionable plan addressing organizational structure, staffing, budgets, and operating processes. Throughout this process, the CAO acted on the information available to her, made recommendations to Council, and reported publicly on the actions taken and progress achieved.

Taken together, the two reviews identified significant and longstanding challenges within the Finance function, including limited staffing and resources, an overreliance on manual processes, and insufficient capacity to support robust financial planning, forecasting, variance analysis, performance monitoring, and financial analysis. This context is important in understanding the underlying issues. The reviews identified systemic organizational, resource, and process deficiencies that extended beyond the performance of any individual. Staff were operating within constrained capacity and outdated systems that required substantial modernization, leaving the Finance function without the consistent resources, processes, and tools necessary to meet the Town's financial management and reporting needs effectively.

Building directly upon the foundational findings of the 2020 Service Delivery review, the October 21, 2021 Organizational Review, also prepared by KPMG, provided a detailed evaluation of the Town's staffing levels, internal processes, administrative structures, and employee resource constraints. That review highlighted critical organizational vulnerabilities - including risks related to staff capacity, employee morale, and operational execution - and underscored how legacy internal processes and policy environments contributed to broader administrative pressures. By outlining specific courses of action, such as targeted staffing additions, organizational realignments, and governance enhancements, the 2021 review served as a vital bridge between high-level operational analysis and the subsequent structural, reserve, and financial management reforms that followed.

The Organizational Review highlighted that the Town lacked a centralized procurement function, leaving departments to manage their own procurements and exposing the Town to legal, financial, and reputational risks. This organizational vulnerability directly underscored the need for standardized financial governance and controls, which were later advanced through rigorous auditing processes, improved contract monitoring, and structural administrative updates.

Issue or concern	Previous reporting and actions	Status
1. Financial sustainability and the Town's long-term financial position	COR-2025-010 presented a Financial Sustainability Plan to inform decisions regarding the Town's financial position, reserve requirements, capital financing, and future financial pressures	Financial Sustainability Plan presented and approved by Council in May 2025. Report established the context for the subsequent Reserve and Reserve Fund Policy and Long-term Debt Policy. Council now has an established framework for ongoing budget decisions, reserve/debt management, and capital planning.
2. Unfinanced capital and difference between reported amounts	COR-2025-010 identified an approximate $14 million unfinanced capital management estimate, at a point in time. The October 8, 2026 report clarified the distinction between this estimate and the $11,603,189 balance reported in the audited 2023 financial statements	Clarification provided to Council on October 8, 2026. The reserve and debt policy work provides a framework for more sustainable approach to capital financing and long-term financial planning.
3. Reserve balances, adequacy, and use of reserves	COR-2025-027 established the Reserve and Reserve Fund Policy framework. COR-2025-029 provided further financial status information, identifying historical underfunding for the rehabilitation and replacement of existing capital assets. Further the consolidation of discretionary reserve accounts for improved financial transparency.	Reserve and Reserve Fund Policy presented and approved by Council on December 17, 2025. Policy established a framework for reserve management and their intended use. Municipal Reserve Fund Strategy and Sustainability Review presented to Council on May 5, 2025. Reserve requirements are incorporated directly into annual budget planning and long-term financial strategies.

4. Long-term debt and capital financing	COR-2025-018 established a policy framework for long-term debt management and financing decisions. COR-2025-010 also identified the financial implications of unfinanced capital	Long Term Debt Policy presented and approved by Council in September, 2025. Policy provides a framework for considering borrowing decisions, affordability and the longer-term consequences of financing choices.
5. Historical financial reporting and accounting matters	CM-2024-15 addressed financial and accounting matters requiring reconciliation and follow-up. COR-2025-010 and the October 8, 2026 report subsequently addressed relevant financial information and the audit backlog	The March 25, 2026 Financial Status Update provided Council with further information regarding the Town's Financial position and ongoing financial management matters. The update included significant steps forward in strengthening the Town's financial governance, internal controls, legislative compliance and longer-term fiscal sustainability.
6. Delays in external audits	The October 8, 2026 report documented the audit chronology, communication with the former auditor, the appointment of Baker Tilly, and the status of the 2024 and 2025 reporting periods	Corrective measures initiated. 2023 audited financial statement completed and presented to Council. 2024 financial statement accepted by Audit and Risk Committee on Oct 6th. Internal audit preparation for 2025 financial statement completed.
7. Financial reporting oversight and accountability	The Financial Sustainability Plan, debt and reserve policies, Financial Status Update, and Audit and Risk Committee reporting	The March 25, 2026 Financial Status Update provided Council with further information regarding the Town's financial position and

	provide mechanisms for financial oversight.	ongoing financial management matters. The report forms part of the broader sequence of financial reporting that followed the Financial Sustainability Plan and the development of the Town's reserve and debt policy frameworks.

The following provides details and reporting references for each of the 7 issues / concerns identified above:

1. Financial Sustainability Plan – COR-2025-010

The May 5, 2025 Financial Sustainability Plan was an important step in establishing a longer-term framework for the Town's financial decision-making.

The report recognized that the Town's financial challenges could not be addressed solely through individual annual budgets. A sustainable approach requires consideration of operating requirements, capital infrastructure needs, reserves, debt, available cash, and the long-term affordability of municipal services. The report provided Council with financial scenarios and options to inform decisions about the Town's future financial position. It highlighted the relationship between historical capital financing practices and the need for sustainable funding strategies. The plan also established an important context for subsequent financial management work, including the development and application of the Reserve and Reserve Fund Policy and Long-term Debt Policy.

The plan's contribution should be distinguished from the implementation of individual measures. The report provided a framework for decision making; ongoing budget decisions, reserve management, debt management, and capital planning are required to translate that framework into sustained financial improvements. Improvements and continuing actions include:

- Integrated long-term financial considerations into annual budget and capital planning.
- Assessing reserve balances and future funding requirements.
- Reviewing financing alternatives for capital expenditures.
- Monitoring financial pressures and reporting material developments to Council.

- Considering the long-term impact of operating and capital decisions on taxpayers and service delivery.

2. Unfinanced Capital: Clarification of Reported Amounts

One of the principal questions raised in the original motions concerned the difference between the unfinanced capital balance of approximately $14 million referenced in COR-2025-010, Financial Sustainability Plan (attachment B) and the later $11,603,189 reported in the audited 2023 financial statement.

The October 8, 2026 staff report provides the relevant explanation. COR-2025-010 was prepared and presented on May 5, 2025, before the Town's 2023 year end audit had commenced. The 2023 audit fieldwork did not begin until 2025, and the audited statement was subsequently completed and presented to Council in 2026.

The approximately $14 million amount referenced in COR-2025-010 was an unaudited management estimate prepared using the information and methodology available. The $11,603,189 amount was the balance subsequently reported in the audited 2023 financial statement. Accordingly, the difference between these two amounts should not be characterized as an unexplained discrepancy in the audited financial statement. The figures arose from different reporting contexts and should be understood with reference to their respective dates, methodologies, and levels of assurance.

The underlying financial management concern nevertheless remains significant. Unfinanced capital represents capital expenditures for which a financing source, such as debt or another approved source, has not yet been obtained as contemplated in the applicable capital financing arrangements. Such balances can place pressure on available cash, reserves, and future budgets.

COR-2025-010 identified the need for a more sustainable approach to capital financing and long-term financial planning. The Town's subsequent reserve and debt policy work provides a framework for addressing these pressures. Actions and ongoing measures include:

- Identifying and monitoring capital projects with outstanding financing requirements.

- Reviewing available financing sources and the implications of debt, reserves, and future tax levy funding.

- Incorporating capital financing requirements into financial sustainability and budget planning.

- Strengthening capital project reporting and communication of financing pressures.

- Continuing to reconcile historical capital balances and document material adjustments.

3. Reserve and Reserve Fund Policy – COR-2025-027

The Reserve and Reserve Fund Policy, presented through COR-2025-027 (Attachment C) on December 17, 2025, provides a formal framework for the establishment, management, use, and monitoring of the Town's reserve and reserve funds.

Reserves are an important component of municipal financial management. They can support planned capital expenditures, manage financial risks, address unforeseen costs, and provide funding for approved purposes. However, the existence of reserves does not necessarily mean that the Town has sufficient unrestricted cash available for all operating and capital requirements.

The policy supports more consistent decision-making by establishing a framework for reserve management and helping Council and staff assess the purpose, adequacy, and use of reserve balances. Actions and continuing measures include:

- Applying the policy when establishing, using or reviewing reserves and reserve funds.

- Assessing reserve balances against their intended purposes and anticipated funding requirements.

- Considering the relationship between reserve contributions, withdrawals, and capital finding decisions.

- Incorporating reserve requirements into annual budget and long-term financial planning.

- Reporting material reserve-related matters through established financial reporting processes.

The effectiveness of reserve management will depend on adherence to the policy, regular review of balances, and the alignment of reserve decisions with the Town's longer-term financial requirements.

Municipal Reserve Fund Strategy and Sustainability Review – COR-2025-029

The Town's governance framework was significantly expanded and operationalized through COR-2025-029 Municipal Reserve Fund Strategy and Sustainability Review (Attachment D), which delivered a deep-dive analysis into the structure, adequacy, and long-term sustainability of the Town's discretionary reserves.

An analysis of 2023 Financial Information Return data revealed that Cobourg's discretionary reserve per household stood at $945, which is below averages for similar municipalities, lower-tier municipalities, and the provincial benchmark. This shortfall indicates historical underfunding for the rehabilitation and replacement of existing capital assets.

Further, to eliminate structural dilution and improve financial transparency, COR-2025-029 recommended - and Council approved - consolidating the Town's discretionary reserve accounts from forty-four (44) accounts down to twenty-six (26) streamlined, purpose-aligned accounts.

Defensible, strategic funding targets were established using best practices (such as fixed minimums for operational reserves and asset replacement percentages for infrastructure). Notably, only nine of the 26 consolidated reserves currently meet these proposed targets, underscoring the need for ongoing monitoring and disciplined future budget alignment.

From the report, the actions and continuing measures are:

- Applying the reserve policy framework when establishing, using, or reviewing accounts.
- Assessing reserve balances against intended purposes, economic conditions, and multi-year infrastructure forecasts.
- Considering the relationship between reserve contributions, withdrawals, and capital funding decisions.
- Incorporating reserve requirements directly into annual budget planning and long-term financial strategies.
- Reporting material reserve-related developments through established financial reporting channels.

The effectiveness of reserve management will continue to depend on strict adherence to the policy, regular balance reviews, and the alignment of funding decisions with the Town's long-term asset management obligations.

4. Long-Term Debt Policy – COR-2025-018

COR-2025-018 (Attachment E), dated September 24, 2025, addressed the Town's approach to long-term debt management.

Debt is one potential financing source for municipal infrastructure and other eligible capital expenditures. It can distribute the cost of long-lived assets over the period in which they provide service, but it also creates future principal and interest obligations that must be supported by municipal revenues.

The Long-term Debt Policy provides a framework for considering borrowing decisions, affordability, and the longer-term consequences of financing choices. The policy is particularly relevant to the Town's historical unfinanced capital balances because capital funding decisions must consider not only the immediate availability of funds but also the future impact on reserves, operating budgets, and taxpayers. Actions and continuing measures include:

- Considering debt affordability when evaluating capital financing options.
- Assessing the impact of proposed borrowing on future operating budgets and debt servicing.
- Evaluating debt alongside other financing sources, including reserves, and approved capital funding.
- Integrating debt considerations into capital planning and long-term financial sustainability assessments.
- Applying the policy when evaluating future borrowing requirements.

The existence of a debt policy does not, on its own, eliminate historical unfinanced capital or guarantee that future capital projects will be fully financed. Continued application of the policy and disciplined capital planning are required to manage these risks.

5. Annual Surplus/Deficit Allocation Policy – COR-2025-021

Presented to Council on October 29, 2025, via Report COR-2025-021 (Attachment F), the Annual Surplus/Deficit Allocation Policy establishes a formal, consistent framework for managing year-end financial results. Because municipal budgets under Section 290 of the Municipal Act represent estimates of

anticipated revenues and expenditures, actual financial results vary annually, naturally producing either an operating surplus or deficit. Industry best practices recommend leveraging reserves and reserve funds to manage these year-end variances, reducing financial risk, supporting long-term financial sustainability, and ensuring taxpayers directly benefit from unspent funds.

Historically, surplus and deficit funds were not reallocated under a formalized policy (for instance, the 2023 surplus was directed to the Tax Stabilization Reserve without an overarching framework).

The policy addresses this by establishing clear, transparent guidelines for annual reporting and allocation. Final operating surpluses or deficits are reported annually to Council alongside staff recommendations for allocation, typically directing funds to the Tax Stabilization Reserve or other alternative/additional reserves to mitigate financial exposure to uncontrollable external factors. The policy mandates regular reporting, reinforcing accountability and ensuring alignment with Council's strategic priorities of service excellence and long-term financial sustainability.

The actions and continuing measures are:

- Reporting annual operating surpluses and deficits transparently to Council with structured allocation recommendations.

- Ensuring business unit net outcomes are properly isolated and directed to corresponding reserve accounts.

- Directing general operating surpluses toward the Tax Stabilization Reserve and approved reserve funds to cushion against future economic fluctuations.

- Integrating year-end financial management practices with broader budget preparation and long-term planning.

The ongoing application of this policy ensures that year-end variances are handled transparently, shielding taxpayers from sudden financial shocks while reinforcing the Town's overall reserve health.

6. Financial Status Update – COR-2026-002

The March 25, 2026 Financial Status Update (Attachment G) provided Council with further information regarding the Town's financial position and ongoing financial management matters. This report forms part of the broader sequence of financial reporting that followed the Financial Sustainability Plan and the development of the Town's reserve and debt policy frameworks.

The initiatives outlined in this report represent a significant step forward in strengthening the Town's financial governance, internal controls, legislative compliance, and long-term fiscal sustainability. Collectively, these actions address long-standing issues that have been identified by auditors and current staff's internal reviews over multiple years and establish a stronger foundation for transparent, accountable, and responsible financial management. Key improvements include the modernization of the debt management framework, elimination of future unfinanced capital, enhanced reserve fund governance, strengthened compliance for obligatory reserve funds, and tighter controls over vacation accrual liabilities. These changes directly reduce financial risk, improve regulatory compliance, enhance reporting accuracy, and strengthen accountability to Council and the public.

7. External Audit Status and Financial Statement Reporting

The October 8, 2026 staff report provides the detailed chronology of the Town's outstanding audited financial statement and the actions taken to advance the audit process. The audit delays resulted from a combination of factors, including historical accounting and reconciliation requirements, the overlapping preparation of multiple fiscal years, external auditor availability, and the transition to a new external auditor.

The October 8 report also documented 211 emails sent to KPMG between January 2024 and May 2026 and 111 emails sent to Baker Tilly during the preparation of that report. The correspondence provides evidence of ongoing information exchanges and follow-up with the external auditors. Email counts alone, however, do not represent the full extent of the work undertaken, particularly where working papers, online portals and meetings were also used.

The change in external auditor (Attachment H) was a corrective measure intended to address the challenges experienced during the previous audit process and support completion of the outstanding financial statement. The current status and next steps are:

- The 2023 audited financial statement has been completed and presented to Council.

- The 2024 financial statement was accepted by the Audit and Risk Committee on October 6.

- Internal audit preparation for the 2025 financial statement has been completed.

- External fieldwork for the 2025 financial statement is scheduled for the week of November 23, 2026.

- Draft 2025 financial statement is anticipated in the first quarter of 2027.

- Following completion of the outstanding audit work, staff will prioritize the 2026 year end process and restoring a consistent annual audit cycle.

8. Corrective Actions and Improvements Implemented Since October 2, 2023

Since October 2, 2023, the Town has undertaken a series of actions to address historical financial reporting matters, strengthen financial management practices and improve the timelines and quality of financial information available to Council. The following table consolidates the principal measures identified in the reports referenced above and related financial reporting.

Area	Action or Improvement	Status and Continuing Work
Historical accounting matters	Reviewed and reconciled historical financial and accounting issues, including matters requiring attention in connection with CM-2024-15	Work has informed subsequent financial reporting and the audit process. Any remaining reconciliations will continue to be tracked
Annual external audit	Advanced the 2023 audit, recommended a change in external auditor, and transitioned to Baker Tilly for subsequent reporting periods.	The 2023 statements have been completed. The 2024 statement has been accepted by the Audit and Risk Committee and the 2025 field work date has been scheduled
Financial sustainability	Presented COR-2025-010 to provide a longer-term framework for financial decision-making	The framework informs budget, capital, reserve, and debt planning. Continued implementation is required
Reserve management	Presented COR-2025-027 and established a formal Reserve and Reserve Fund Policy framework	Policy implementation and ongoing monitoring of reserve adequacy continues

Debt management	Presented COR-2025-018 and established a formal Long-Term Debt Policy framework	Policy application continues through capital financing and borrowing decisions
Financial status reporting	Presented COR-2026-002 and continued financial updates to Council	Ongoing reporting supports monitoring of financial pressures and informed decision-making
Unfinanced capital	Clarified the distinction between the audited 2023 balance and the approximate management estimate in COR-2025-010	Historical balances and outstanding financing requirements will continue to be reconciled and monitored
Capital reporting	Strengthened capital monitoring and reporting, including the resumption of regular capital updates to Council	Continued reporting will ensure project pressures, financing gaps, and emerging risks are appropriately identified
Reserve and capital financing oversight	Incorporated reserve and debt considerations into broader financial sustainability and capital planning	Ongoing through annual budget preparation, capital planning, and application of the applicable policies
Audit and Risk Committee oversight	Provided audit updates and reporting concerning the status of financial statements and the external audit process	Ongoing until the outstanding audit backlog is resolved and the annual reporting cycle is restored
Provincial reporting	Identified the need to complete outstanding financial statement and Financial Information Return (FIR) requirements and restore timely annual reporting	Outstanding filing status and completion dates must be confirmed and monitored

The measures above demonstrate that the Town has taken steps to address the financial management and reporting matters identified in prior reports. However, implementation should not be equated with full resolution of every historical issue. The effectiveness of the measures will ultimately be demonstrated by the completion of outstanding reconciliations, compliance with applicable reporting

requirements, timely audited financial statements, consistent application of reserve and debt policies, and improved financial reporting practices.

Outstanding Matters and Accountability

Although several important measures have been implemented, the following matters require continued attention:

1. 2025 financial statement: Complete scheduled external audit fieldwork and progress toward draft statement in the first quarter of 2027, subject to the resolution of outstanding requirements.

2. Provincial filings: Confirm the status of all outstanding FIRs and related filings, including the reporting periods affected, applicable deadlines, and anticipated completion dates.

3. Historical reconciliations: Continue to document and resolve outstanding historical accounting or capital financing matters including any remaining reconciliation of unfinanced capital balances.

4. Capital financing: Continue monitoring projects with outstanding financing requirements and incorporate appropriate financing decisions into capital planning and annual budgets.

5. Reserve and debt policies: Continue applying the policies established through COR-2025-027 and COR-2025-018 and monitor their effectiveness in supporting sustainable financial management.

6. Annual audit cycle: Prioritize completion of outstanding years and implement a sustainable year end schedule to prevent a recurrence of the accumulated audit backlog.

Conclusion

Staff have provided Council with a series of reports addressing financial sustainability, unfinanced, capital, reserves, long-term debt, financial status, and the external audit process. The October 8, 2026 report further clarified the historical unfinanced capital figures and documented the status and chronology of the outstanding audit work. Taken together, these reports provide a substantial body of information addressing the concerns raised in the original motions. They also demonstrate that corrective measures have been initiated, including the development of formal financial policies, the preparation of a Financial Sustainability Plan, the transition to a new external auditor, and strengthened financial reporting, and monitoring.

Outstanding work remains, particularly in completing the 2025 financial statement, confirming related provincial filing status, resolving any remaining historical reconciliations, and restoring a timely annual audit cycle.

This consolidated report is intended to provide a clear record of the work completed, the measures underway, and the maters requiring continued attention. It does not replace the underlying reports or imply that every outstanding matter has been resolved. Rather, it brings the existing information together so Council and the public can assess progress and understand the next steps.

5. Financial Impact and Budget

There is no direct financial impact associated with receiving this report for information.

The broader financial implications of the matters discussed are addressed through the Town's annual budget, capital plan, reserve and reserve fund management, long-term debt management, and financial sustainability planning.

Any such work should be sloped and assessed before proceeding, with material financial implications reported to Council as appropriate.

The completion of outstanding audits and the restoration of a timely annual reporting cycle remain important to effective financial governance and compliance with applicable reporting requirements.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☒ Thriving Community

The initiatives outlined in this report support the Town's Thriving Community strategic pillar by strengthening the financial foundation necessary to sustain municipal services, maintain community infrastructure, and respond to the evolving needs of residents. Through the development of a Financial Sustainability Plan, formal reserve and debt policies, improved capital financing practices, and enhanced financial reporting and oversight, the Town is establishing a more disciplined and transparent framework for managing public resources.

☒ Service Excellence

The initiatives outlined in this report directly support the Town's Service Excellence strategic pillar by strengthening the organizational capacity, financial processes, internal

controls, and reporting practices required to deliver effective, efficient, and accountable municipal services.

☐ Sustainability

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7. Public Engagement:

Public engagement is not required for this administrative and financial reporting exercise.

The purpose of the report is to consolidate information already presented to Council or made publicly available and to identify outstanding financial reporting and administrative matters.

The report should be made publicly available on the Town's website in accordance with Council direction. Existing and future audited financial statements will continue to be made publicly available in accordance with applicable requirements of the Municipal Act.

8. Attachments:

- Attachment A - Response to Notice of Motion – Release of Closed Session Report CM-2024-15
- Attachment B - COR-2025-010 – Financial Sustainability Plan
- Attachment C - COR-2025-027 – Reserve and Reserve Fund Policy
- Attachment D - COR-2025-029 – Municipal Reserve Fund Strategy and Sustainability Review
- Attachment E - COR-2025-018 – Long-term Debt Policy
- Attachment F - COR-2025-021 – Annual Surplus/Deficit Allocation Policy
- Attachment G - COR-2026-002 – Financial Status Update
- Attachment H - AR-2026-003 – Change in External Auditor
- Attachment I – Service Delivery Review
- Attachment J – Organizational Review

9. Report Not Considered by Standing Committee Because:

☐ Time Sensitive Issue (information received too late for Standing Committee consideration)

☐ Urgent Matter (issue arose after this month's Standing Committee Meeting)

☒ Other: Click or tap here to enter text.

Attachment A - Response to Notice of Motion – Release of Closed Session Report CM-2024-15

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Regular Council

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Publication Date:	October 8, 2026
Subject:	**Response to Notice of Motion – Release of Closed Session Report CM-2024-15**

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1. **Recommendation:**

   THAT Council receive this report for information purposes.

2. **Executive Summary:**

   This report provides clarification regarding the unfinanced capital balances referenced in the 2023 audited financial statements and COR-2025-010, outlines the status of the Town's 2024 and 2025 audited financial statements, summarizes the factors contributing to delays in the annual audit cycle, and provides supporting documentation of staff's efforts to advance the completion of the audits.

   The Town has experienced delays in completing its annual audited financial statements, resulting in an accumulated backlog across the 2023, 2024 and 2025 reporting periods. These delays arose from a combination of internal reconciliation requirements, competing year-end priorities, external auditor availability, communication challenges and the transition to a new external auditor.

   The 2024 audited financial statements have now been drafted and are scheduled for review by the Audit and Risk Committee on October 6, 2026. Staff have also

completed internal audit preparation for the 2025 financial statements, with external audit fieldwork scheduled for the week of November 23, 2026. Draft 2025 financial statements are anticipated to be available for review in the first quarter of 2027.

Once the 2024 and 2025 audits are completed, staff will focus on the 2026 year-end process, with the objective of eliminating the accumulated backlog and restoring a consistent and timely annual audit and financial reporting cycle.

The correspondence and supporting documentation demonstrate the ongoing efforts made by Town staff to address outstanding audit requirements, respond to external auditor requests and bring the Town's financial reporting cycle back into order.

The delays in the Town's audited financial statements have resulted from a combination of internal and external factors, including the resolution of historical accounting matters, the overlapping preparation of multiple fiscal years and significant challenges with the previous external auditor. Staff have taken steps to address these challenges, including recommending a change in external auditor, dedicating resources to outstanding year-end requirements and strengthening coordination with the new audit firm.

With the 2024 financial statements drafted, the 2025 audit preparation completed and external fieldwork scheduled, the Town is progressing toward resolving the outstanding reporting backlog. The priority moving forward is to complete the remaining audits, meet applicable provincial reporting requirements and establish a sustainable, timely and consistent annual financial reporting process that supports transparency, accountability and sound financial governance.

3. Background

Presented at the September 23, 2026 Regular Council motion, the Notice of Motion proposes the following:

- NOW THEREFORE BE IT RESOLVED THAT the Clerk, with the Treasurer and Town Solicitor, publish Report CM-2024-15 on the town website before the end of the week with any identifiable individuals or other concerns simply blacked out; and

- FURTHER THAT the closed session report is to appear on the next agenda for the September Council meeting for councils discussion; and

- FURTHER THAT staff publicly explain, at that same meeting, how $11,603,189 in the audited 2023 statements became $14,000,000 in

COR-2025-010; and

- FURTHER THAT once report CM-2024-15 is made public, that its original closed version, in its entirety and without staff intervention, be sent alongside report COR-2025-010 to the town closed meeting investigator, the town's external auditors, the Audit Committee, and the Ontario Ombudsman, and any municipal lawyer at Cunningham and Swan; and

- FURTHER THAT all agencies/groups being sent the two reports be asked to report back to this council prior to the next Regular Council meeting with a summary of the two reports listing any and all discrepancies, legal concerns, significant omissions and make comment on why this may have occurred; and

- FURTHER THAT staff publicly report on the status of the 2024 audit and 2025 financial results, explaining in writing the reasons for the delays to date with specific supporting details and documents—including but not limited to, the number of emails, the number of phone calls, records showing these dates and times, and a fulsome look at why we have yet to get audited 2024 numbers yet, so that the public and council can be assured that staff have made every effort to ensure these numbers are provided before the election; and

- FURTHER THAT staff provide a firm date and a plan within 10 business days in writing to this council on how they will be presenting these important, legally required audited financial statements to the Cobourg public before October 1st 2026; and

- FURTHER THAT this motion be decided by a recorded vote.

The discussion in this report provides an explanation of the financial figures referenced in the 2023 audited financial statements and Report COR-2025-010, an update on the status of the 2024 audit and 2025 financial results, including the reasons for the delays experienced to date, and an outline of the anticipated timeline and plan for completing and presenting the outstanding audited financial statements to Council and the public.

The remaining items in the motion, including the publication and distribution of Report CM-2024-15 and requests for independent reviews and reporting by external parties, are outside the scope of this report.

4. Discussion:

Unfinanced Capital Balances

The notice of motion references an unfinanced capital balance of $11,603,189 in the 2023 audited financial statement and $14 million in COR-2025-010. Report COR-2025-010 was prepared by staff on May 5, 2025. As the Town continues to make a concerted effort to work toward a more financially stable future, COR-2025-010 recommended a framework that could be used to guide Council and staff in making sound financial decisions for long-term financial sustainability planning. The $14 million referenced in COR-2025-010 was an unaudited management figure, calculated for the purposes of the report using the information and methodology available for that analysis. The 2023-year end audit was not initiated until June 2025, therefore, official audited numbers were not available at the time of the report. The difference between the 2023 audited amount and the approximate $14 million management figure in COR-2025-010 should not be described as an unexplained $2.4 million in the Town's audited financial position.

The purpose of referencing unfinanced capital in COR-2025-010 was to provide context for Council that unfinanced capital is not acceptable nor a fiscally responsible long-term practice. That the practice causes increased debt burden, depletion of cash, and erosion of taxpayer confidence.

Status of 2024 Audit and 2025 Financial Results, Including Delays and Supporting Documentation

The 2024 audited financial statements have been drafted. Updates have been provided to the Audit and Risk Committee, and a meeting has been scheduled for October 6, 2026, for the Committee to review the financial statements. Town staff have completed the internal audit preparation for the 2025 financial statements. Audit fieldwork has been scheduled with the auditors for the week of November 23, 2026, and staff anticipate that draft 2025 financial statements will be available for review in Q1 2027. Once the 2024 and 2025 year-ends have been completed, staff will focus on the 2026 year-end process with the objective of returning to a more consistent and timely annual audit and financial reporting cycle.

A summary of the timeline and delays are noted as follows:

- 2023: The initial delay of the 2023 Audited Financial Statements was due to staff attention required to reconciling issues brought forward in the closed session report CM-2024-15.

  Further delays resulted from auditor availability as the Town's previous auditor, KPMG was unable to begin the field work until July 2025 with further delays due to auditor vacations and communication issues.

The 2023 Audited Financial Statements were submitted to Council in May 2026 for their approval.

- 2024: The 2024 statements were not being prepared in isolation. Staff were simultaneously trying to complete the outstanding 2023 work while undertaking the next year-end.

  Further, the issues noted with KPMG resulted in a staff report to the Audit and Risk Committee on April 14, 2026 (appendix B – AR-2026-003 – Change in External Auditor). The report refers to the challenges with the auditors and recommended a change to Baker Tilly. The approval of Baker Tilly as auditor was not officially approved by Council until May 27, 2026. Subsequent to the approval of Baker Tilly, staff scheduled the 2024 year end audit for the week of July 6, 2026.

- 2025: Staff began working on the 2025 Audited Financial Statements in 2026. At this point, staff were managing a two-year accumulated backlog and working toward correcting an annual audit cycle. That means the 2025 statements are being completed while the Town is simultaneously brought the 2023 and 2024 reporting cycle back into order.

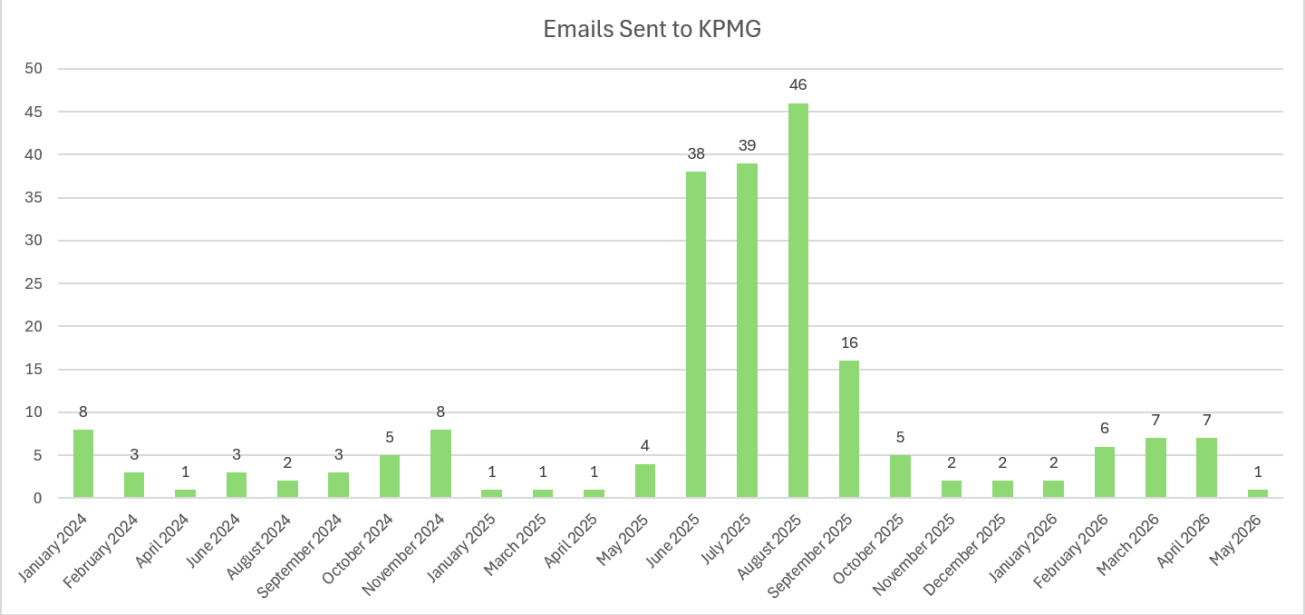
This timeline outlines key municipal financial governance milestones, key staff transitions, and the schedule for bringing outstanding year-end audit filings current from late 2023 through early 2027:

Date	Details
October 2023	Onboarding of new Treasurer/Director of Corporate Services.
November 2024	Report CM-2024-15 provided Council to discussing various financial and accounting issues.
July 2025	Beginnig of 2023 year end field work by KPMG.
April 2026	Review of 2023 financial statement by Audit and Risk Committee. Recommendation from staff to change auditors (report AR-2026-003).
May 2026	Appointment of Baker Tilly as auditor.
July 2026	Beginning of 2024 year end field work by Baker Tilly.
October 2026	Review of 2024 financial statement by Audit and Risk Committee.
November 2026	Beginning of 2025 year end field work by Baker Tilly.
Q1 2027	Anticipated date of completion of the draft 2025 audited financial statement.

Supporting Documentation

The notice of motion includes a request for supporting details and documents – “including but not limited to, the number of emails, the number of phone calls, records showing these dates and times…”

The below is an analysis of emails sent to KPMG. The emails mainly consists of providing information for the 2023 year end and subsequent follow ups.



As noted, 211 emails were sent to KPMG, starting in January 2024 and ending in May 2026 when notice was provided that the Town of Cobourg would be changing auditors.

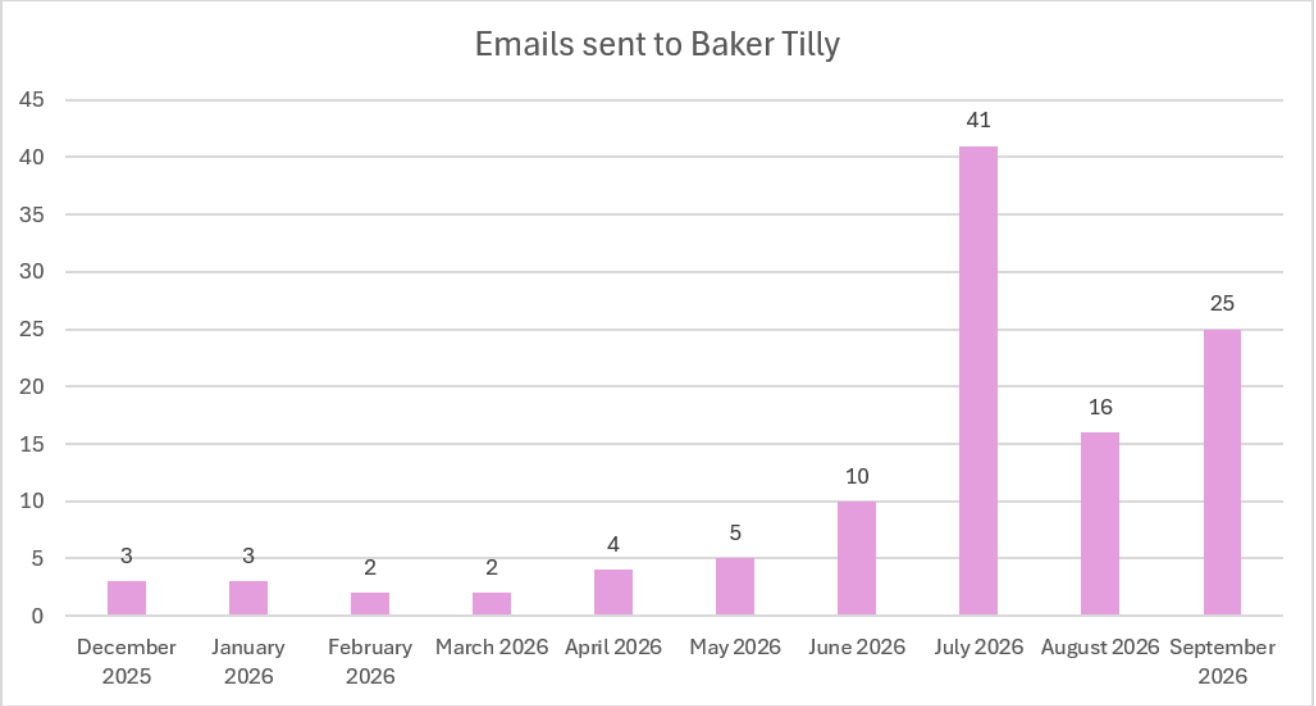
- Emails from June 2025 to September 2025 consisted of the bulk of year end information related to the 2023 year end.

- At that time, Town staff felt the majority of field work was completed.

- Emails from November 2025 to January 2026 were follow-ups from Town staff to KPMG requesting updates on the status of the 2023 year end, including requests to book the 2024 year end field work. The emails went unanswered until February 2026. After KPMG responded in February 2026, the financial statement was completed concluding with a presentation to the Audit and Risk Committee in April 2026.

Based on the delays and challenges experienced with KPMG, Town staff made the recommendation to change auditors beginning with the 2024 year end. The change in auditor was approved by Council on May 27, 2026.

Below is a summary of emails sent to Baker Tilly.



As noted, 111 emails have been sent to Baker Tilly as of the preparation of this report. The majority of the emails occurred in July 2026 during the 2024 year end field work. As a note, the year end working papers prepared by Town staff were uploaded to Baker Tilly's online portal and further, subsequent document requests and updates were made through the portal, eliminating the need for emails. Similarly, KPMG's information requests were all done through emails.

The email analysis provides a record of the ongoing communication and efforts made by Town staff to advance the completion of the audited financial statements. Since engaging Baker Tilly, Town staff have continued to work collaboratively with the new auditors. While the volume of email correspondence provides an indication of the communication between Town staff and the external auditors, it does not, on its own, reflect the full extent of the work undertaken, the information provided or the progress made throughout the audit process. The use of online portals, working papers, and online meetings must also be considered when assessing the efforts made by staff and the factors contributing to the delays.

Provincial Financial Reporting Requirements

The Municipal Act, 2001 requires municipalities to prepare annual financial statements in accordance with generally accepted accounting principles for local governments. Section 294.1 establishes that requirement.

The Act also establishes requirements relating to the publication of audited financial statements once they have been received by the Treasurer. Section 295

requires publication or public availability within 60 days after receipt of the audited financial statements.

Separately, Municipalities are required to submit Financial Information Return to the Province. Ontario's municipal guidance identifies May 31 as the annual FIR deadline. It's important to distinguish between:

- The preparation of annual financial statements.
- Completion of the external audit.
- Council approval of the audited statement.
- Publication requirements following receipt of audited statement.
- Submission of the FIR to the Province.

These are related but distinct statutory and administrative requirements.

5. Financial Impact and Budget

There is no direct financial impact associated with receiving this report. There may be legal costs associated with a detailed review of CM-2024-15 if Council directs the Town Solicitor to undertake a formal privilege, privacy, and severance review. Those costs can be reported to Council if they become material.

The broader financial implications of unfinanced capital and reserve levels are addressed through the Town's annual budget, capital plan, reserve policies and long-term financial planning. Unfinanced capital remains a significant financial-management issue.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☒ Thriving Community

A financially sustainable municipality is fundamental to building and maintaining a thriving community. Responsible financial management, transparent reporting, and strong governance practices ensure that the Town of Cobourg can make informed decisions, maintain essential services, invest in infrastructure and respond to the evolving needs of residents, businesses and community organizations.

☐ Service Excellence

Click or tap here to enter text.

☐ Sustainability

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7. **Public Engagement:**

   Public engagement is not required for the administrative review recommended in this report. The public release of CM-2024-15 provides additional transparency regarding the matters that can be disclosed.

   The Town's audited financial statement will continue to be made publicly available in accordance with requirements of the Municipal Act.

8. **Attachments:**

   A. COR-2025-010 – Financial Sustainability Plan

   B. AR-2026-003 – Change in External Auditor

9. **Report Not Considered by Standing Committee Because:**

   ☐ Time Sensitive Issue (information received too late for Standing Committee consideration)

   ☒ Urgent Matter (issue arose after this month's Standing Committee Meeting)

   ☐ Other: Click or tap here to enter text.

Attachment B - COR-2025-010 – Financial Sustainability Plan

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Special Council

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Report Number:	COR-2025-010
Council Meeting Date:	May 5, 2025
Subject:	**Financial Sustainability Plan**

If you require this information in an alternate format, please contact the Accessibility Coordinator at accessibility@cobourg.ca or at 905-372-4301

1. Recommendation:

THAT Council direct staff to utilize the Financial Sustainability Plan to update financial policies to ensure the Town continues to have good financial stewardship in the future; and

FURTHER THAT the Mayor and Council consider the Financial Sustainability Plan when discussing future budgets and making future financial decisions.

2. Executive Summary:

The Financial Sustainability Report establish a decision framework and tools that can be used to guide Council and staff in making sound financial decisions as part of long-term financial sustainability planning, while the Town continues to make a concerted effort to work toward a more financially sustainable future. Being financially sustainable means balancing the cost of programs, services, and infrastructure investments with affordable and equitable impacts to taxpayers.

Overall, the Town will need to continue the past practice of efficiently and effectively managing the full range of Town's program costs. The Town currently manages theses costs through the annual budget process. Moving forward, the

Town will need to build on current practices, implementing the strategies of this report, to continue to plan for, deliver, and manage services in an efficient and cost-effective manner.

The Town has significant assets and real challenges to fiscal sustainability. The financial sustainability plan informs ongoing operations and decision-making at the staff level and includes specific tactics for the Town to consider implementing in the next budget and/or future budgets.

3. Background

Financial sustainability establishes a long-term vision, builds trust, and cooperation through planning and transparency, sets rules, is fair, and establishes outcomes to monitor the Town of Cobourg's progress in achieving the principles. It considers the risks, obligations, and opportunities of Council's critical decisions on the community, including the people, the environment, and financial position of the Town.

Throughout the report, comparative data has been presented to illustrate the Town of Cobourg's position relative to other municipalities and provide context to the financial indicators show. The source of data, is available at: FIR by Year and Municipality - Financial Information Return

The Financial Sustainability Plan doesn't include wastewater and stormwater as they are a full cost recovery. The Town currently recovers all direct and indirect costs as well as long-term asset replacement obligations.

4. Discussion:

Long-term financial sustainability is important if the Council is to deliver the services and programs expected by the community. It is also important that community assets are maintained so that unfunded liability does not build up and become a burden for future taxpayers. Financial resiliency is defined as the ability to maintain ongoing financial health when facing serious external challenges, including but not limited to economic adjustments, natural disasters, and important policy changes by other levels of government.

Responsible long-term financial sustainability ensures:

- Consistent delivery of essential community services and the efficient development of infrastructure.

- Public resources and costs distributed fairly between current and future taxpayers, achieved with stability and predictability by having a balanced budget and maintaining a reasonable operating surplus.

- Funding for the maintenance, replacement, and upgrade of assets.
- The Town maintains a healthy financial position and a strong level of credit quality.
- Continued or enhanced stability and certainty of financial outcomes.
- Sufficient reserves are available to address emergency situations (i.e. natural disasters, etc).

The purpose of the plan is to establish strategic financial sustainability and resiliency principles for the Town of Cobourg, which may be used when developing the annual budget, long-term plans, and when making critical financial, economic development, and community development decisions.

The Town needs to grow reserve funds and debt capacity over the coming years. These funds present opportunities for increased investment in infrastructure renewal, additional fleet, equipment to support population and job growth, or other capital investments as necessary. Similar to some municipalities, the Town is not contributing sufficient funds to its capital replacement reserves for long-term maintenance of infrastructure service levels.

It's important that the Town's Financial Sustainability Plan be supported by strong fiscal policies and practices, key policy recommendations are introduced in the report. The Town strives to maintain services to the community, respond as the community's needs change, and meet external mandates. Being able to provide and maintain the municipal infrastructure and services necessary to support existing businesses, the community as a whole, as well as attracting new business.

5. Financial Impact and Budget

There are no financial or budgetary impacts anticipated for the current fiscal year as a result of this initiative. However, as outlined in the Financial Sustainability Plan, there will be implications in future years. Staff will continue to monitor and assess these future impacts, and any required financial considerations will be brought forward through the annual budget process for Council's review and approval.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☐ Thriving Community

☒ Service Excellence

Recognizing the current shortfall and committing to address it reflects a proactive, service-oriented mindset. Ensuring long-term maintenance of infrastructure directly supports service excellence by:

- Preventing service disruptions,
- Maintaining safe, reliable infrastructure (e.g., roads, facilities, fleet),
- Ensuring continued access to essential services.

☒ Sustainability

This identifies a current sustainability gap: underfunding of capital reserves could threaten future infrastructure service levels. Recognizing and addressing this gap is a key step toward long-term asset stewardship, a core component of sustainability.

Building financial reserves and responsibly managing debt capacity are sustainable practices that:

- Prepare the Town for future investment needs (e.g., roads, fleet, equipment),
- Allow the municipality to absorb shocks, such as economic downturns or population surges,
- Ensure intergenerational equity by avoiding excessive burdens on future taxpayers.

7. Public Engagement:

The demographics of the community impact the recommendations from the Financial Sustainability Plan. The recommendations indicate that staff have to be mindful of the community's particular needs and to ensure that Town services and facilities are designed with the community in mind.

Public engagement is a vital component of the Town of Cobourg's Financial Sustainability Plan. As the Town addresses long-standing financial challenges and plans for future growth, involving residents, businesses, and stakeholders in the decision-making process ensures that financial strategies reflect community values and priorities. Transparent and inclusive engagement helps build public trust, enhance accountability, and supports informed decision-making by Council. As the Town evaluates complex financial options—such as addressing

unfinanced capital, managing reserves, and planning for infrastructure investment—feedback from the community will play a key role in balancing fiscal responsibility with service expectations.

Meaningful public participation empowers the community to shape Cobourg's financial future, ensuring that decisions are equitable, sustainable, and aligned with the long-term well-being of current and future residents. The Town is committed to continuing dialogue and collaboration through all phases of financial planning and implementation.

8. Attachments:

Attachment 1 - Financial Sustainability Plan

Financial Sustainability Plan

Introduction

The Financial Sustainability Plan assesses the financial health of the Town of Cobourg in the context of its demographic and economic environment, municipal financial benchmarks, and current spending and revenues. It includes a financial forecast for the Town as well as long-term financial planning principles and policies for consideration. The financial policies and practices adopted by current and past Councils were considered in the development of the new plan. The plan represents current municipal best practices, legislative requirements, as well as polices that reflect our specific and unique challenges/opportunities.

The plan will ultimately serve Council and residents well into the future, with the Town's short- and long-term financial strength and sustainability being the primary objectives. The plan will be constantly monitored for effectiveness, in particular as the financial, economic, political, and legislative environments change.

Long-term strategic financial planning and management to benefit the Town's residents and businesses in a number of ways:

1. Manage tax rate increase
2. Improve short- and long-term financial strength and stability
3. Effectively and efficiently meeting the demands of growth

Goals and principles of the plan:

1. Align with the objectives and strategies contained within the community action plan.

2. Provide a comprehensive framework to guide and assist priority setting and decision making by Council.

3. Provide a comprehensive framework to guide and assist priority setting and decision making by Council.

4. Protect and maintain the Town's infrastructure and other capital assets.

5. Maintain programs and services at their desired levels.

6. Provide the financial flexibility necessary to leverage future opportunities.

7. Minimize financial vulnerability during economic downturns.

8. Maintain a reasonable sharing of the tax burden between current and future taxpayers as the Town approaches growth.

9. Recommend solutions to known gaps/issues, as well as introduce new policies based on best practices within the municipal sector.

The three main critical areas of review that form the scope of this review and the long-term impacts on the municipality are:

- Discretionary reserves and reserve funds – funds set aside for specific purposes.
- Capital project funding – funds for the construction of new and the maintenance of existing capital infrastructure.
- Long term debt – money borrowed to partially pay for the construction of new buildings and the expansion/repurposing of existing buildings.

The report contains the nine discussion areas:

1	Introduction
2	Benchmarking Results
3	Unfinanced Capital
4	Northam Industrial Park
5	Discretionary Reserves and Reserve Funds
6	Asset Management Plan
7	Debt
8	Cobourg Police
9	Conclusion

The vast majority of the work in developing the Financial Sustainability Plan, including all research, analysis and the development of recommendations will be completed by Town staff. Staff's work will be supplemented with the use of external expertise in the areas of best practices, benchmarking, etc.

It is important to note that all the various plan elements are linked or interrelated. A change in one element will have a direct impact on other decisions or practice, as well as an impact on both the operating budget and capital budget/long range capital forecast. For both operating and capital budgets, a multi-year outlook ensures that decisions are based on both short- and long-term impacts.

The current financial challenges have accumulated over decades, with some stemming from longstanding practices and historical decisions and the challenges have been highlighted through:

1. KPMG Service Delivery Review – Completed in November 2020 the review highlighted the low level of reserves compared to other similar sized municipalities.
2. Audit Committee – KPMG's Audit Finding Reports identified the significant unfinanced capital and noted the balanced continued to grow. KPMG recommended that management finalize plans to fund aged, unfinanced capital expenditures.

3. Budget Increase – As noted during the budget process, the net tax levy increase has been kept below inflation in prior years which has contributed to increases over the past few years as noted below.

Year	Net Increase	Average Inflation	Over (Under) Funded
2019	1.60%	1.94%	(0.34%)
2020	1.90%	0.73%	1.18%
2021	(0.20%)	3.43%	(3.63%)
2022	2.90%	6.80%	(3.90%)
2023	6.60%	3.89%	2.71%
2024	8.06%	2.39%	5.67%
2025	5.23%	2.27%	2.96%
Total			**4.65%**

It is common for small municipalities to limit property tax increases while also maintaining relatively low reserve balances. Municipal Councils are often under pressure to keep property taxes low to support affordability for residents and businesses. Particularly in smaller communities, where household incomes may be lower and economic diversity more limited, there is strong public expectation for minimal tax increases. While limiting tax increases and operating with low reserves may appear fiscally responsible in the short term, this approach can hinder long-term sustainability. Municipalities, particularly smaller ones, must balance affordability with the need to build financial resilience, invest in infrastructure, and manage future risks.

As a result, addressing and fully correcting them will be a gradual process that requires careful review, strategic planning, and implementation. While efforts are already underway to resolve these concerns, it will take time to ensure sustainable and effective solutions.

In the development of this Financial Sustainability Plan, each area of concern was thoroughly assessed to identify appropriate and responsible funding strategies. For every identified issue, three potential funding options were reviewed to determine the most sustainable and effective approach:

1. Utilizing the Tax Levy

   Consideration was given to addressing the issue through adjustments to the municipal tax levy. This option involves increasing property taxes to generate additional revenue dedicated to resolving the specific financial challenge.

2. Issuing Debt

   The feasibility of financing the required expenditures through the issuance of municipal debt was evaluated. This option allows the municipality to spread the cost of long-term capital improvements or financial needs over time, aligning repayment with the useful life of the asset or service.

3. Selling Municipal Assets

A review was conducted to identify surplus or underutilized municipal assets that could be sold. The proceeds from these asset sales would be allocated directly toward correcting the financial issue, providing a non-tax revenue source and potentially reducing long-term financial obligations.

This report includes the option of selling a municipal asset for $40,000,000 and investing the proceeds at an annual return of 4.50%.

Each option was analyzed based on factors including financial impact, long-term sustainability, community impact, and alignment with the municipality's strategic priorities. The selected approach for each issue reflects a balance between fiscal responsibility and service delivery objectives.

Benchmarking Results

This report explores some of the results of the review undertaken by staff, examining various metrics that measure the Town's financial health. It also updates and recommends actions that will help to maintain a sustainable financial policy framework, guide decision making and support the achievement of the Council's goal of a thriving community.

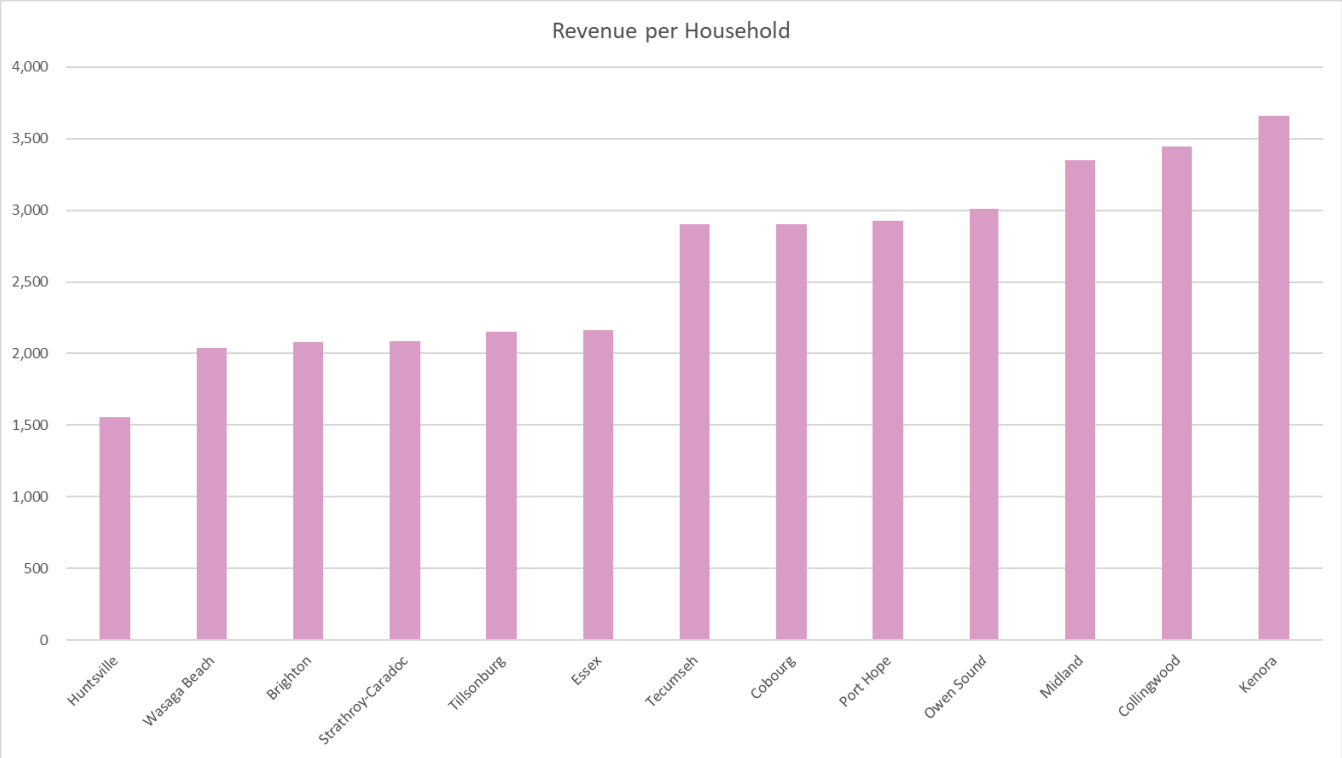
There are several key indicators that measure a municipality's financial health. Reviewing these indicators alongside historical and comparator information allow management, Council and the public to determine how the Town compares to similar municipalities, analyze the Town's performance over time, assess trends, and identify risk areas for priority attention.

The analysis in this report is based on the information contained in the 2022 Financial Information Return, as posted on the Association of Municipalities FIR portal.

Staff selected a comparator group correlated to the Town of Cobourg based on population and density. The comparators noted are consistent with KPMG's Service Delivery Review prepared in November 2020.

Municipality	Population	Households
Brighton	12,108	5,015
Kenora	14,967	7,569
Port Hope	17,294	7,607
Midland	17,817	7,480
Tillsonburg	19,000	8,480
Strathroy-Caradoc	19,637	10,008
Cobourg	20,519	9,134
Huntsville	21,147	11,676
Essex	21,216	8,390
Owen Sound	21,612	10,617
Tecumseh	23,300	9,111
Collingwood	24,811	11,174
Wasaga Beach	24,862	13,901

The high reliance on the residential tax base increases financial pressures on the Town's residents who must bear a higher share of the costs of running the Town. The graph below compares the revenue per household for the comparator group. Revenue per household gives a snapshot of the Town's financial strength relative to its population. A higher figure might suggest a strong tax base or effective revenue collection, while a lower one might indicate economic stress or dependency on external funding.



As noted above, the tax burden falls primarily on residential taxpayers and continues to rise. Cobourg's revenue per household is $2,905—higher than the comparator average of $2,636.

Unfinanced Capital

The Town of Cobourg has a balance of $14,000,000 of unfinanced capital as of December 31, 2023 (unaudited). Unfinanced capital is not acceptable nor a fiscally responsible long-term practice. It causes increased debt burden, depletion of cash, and erosion of taxpayer confidence. There may be an occasion that a capital project will be unfinanced, for example, if a report to Council is pending to authorize additional funding or the issuance of long-term debt. The Town, however, has a very long history of unfinanced capital which has been continually perpetuated with the use of debenture funding in the capital budget as discussed above. As noted in the table below, unfinanced capital dates back to at least 2012 and while the review stopped at that point, the origins of the practice go further back.

Capital budgets should be fully funded and only funded by debenture (debt) if the project meets the debenture funding criteria and there is a true intention to issue the debenture.

By not implementing a plan to reduce and ultimately eliminate unfinanced capital, the Town is at risk of experiencing cash flow shortages. This item has been flagged by the auditors to be addressed by the Town however steps had not been taken until now to address the concerns requested by the auditors.

With the commencement of a new Council term and the onboarding of new staff, including a Treasurer and Finance Manager, a need was identified to enhance our Financial and Asset Management Plans. This initiative aligns with the sustainability pillar in our Strategic Plan, which focuses on providing appropriate levels of service and ensuring long-term sustainability. To support this effort, staff collaborated with municipal finance experts to review the historic issues, and to identify the options related to correcting the reliance on unfinanced capital have suggested the following:

1. The return on the proceeds from the sale of the assets would be utilized to reduce the unfinanced capital from 2026 to 2034.

2. This would result in no tax levy impact.

Year	Asset Sale
Beginning	$14,000,000
2026	(1,800,000)
2027	(1,800,000)
2028	(1,800,000)
2029	(1,800,000)
2030	(1,800,000)
2031	(1,800,000)
2032	(1,800,000)
2033	(1,400,000)
2034	0

If the unfunded capital requirement were to be addressed solely through the tax levy, the estimated annual tax impact would be approximately 3.00% per year over a 15-year period. Given that the issue has remained unresolved since at least 2012, the proposed correction has been amortized over a comparable timeframe to reflect the duration of the deferral and to align with principles of intergenerational equity.

Northam Industrial Park

In the past the Town of Cobourg transferred operating surplus from Northam Industrial Park (Northam) to reduce the tax levy. The amount drawn from the Northam reserve for operating costs has been approximately $1,100,000, the details for 2024 and 2025 are provided below.

Details	2025	2024
Operating		
General income	750,000	750,000
Fire	350,000	350,000
Physcian Recruitment	28,824	27,452
	1,128,824	1,127,452
Capital		
General Government - Electronic Entry System		72,500
General Government - Exterior Building Audit		20,000
General Government - Library Fence		3,000
General Government - Library Concrete Pad		35,000
CCC - Digital Score Clock		102,250
CCC - Stadium Seating		20,000
CCC - Roof Repair		90,000
	0	342,750
Total	**1,128,824**	**1,470,202**

Drawing funds from Northam Industrial Park may seem like a viable short-term financial solution for the Town of Cobourg, but it is not a prudent approach due to several key reasons related to financial sustainability, strategic planning, and future development.

1. Preserving funds for future capital investments

   The reserve exists specifically to fund future capital projects within Northam, such as infrastructure improvements, land development, and other essential projects that will support economic growth.

   Using these funds for other purposes may leave the Town of Cobourg without adequate resources when major capital projects arise, forcing the Town of Cobourg to seek alternative funding such as raising taxes.

2. Supporting long-term economic growth

   Northam is a valuable economic asset that contributes to job creation, local business expansion, and increased municipal revenue. Maintaining a dedicated reserve ensures that

future industrial development is well funded, attracting new businesses and fostering economic stability. If the reserve is depleted, the Town may struggle to finance necessary infrastructure upgrades, potentially deterring business development.

3. Maintaining fiscal responsibility and public trust

   The reserve is established with a clear purpose – funding capital needs for Northam Industrial Park. Redirecting funds elsewhere raises concerns about financial management – the municipality should manage funds responsibly and ensure that financial reserves are used as intended.

4. Potential need for increased taxes or borrowing

   If funds from the reserve are used for other projects, the Town may need to increase taxes or borrow money to cover future capital needs in Northam Industrial Park. Borrowing could lead to increased debt servicing costs, reducing the Town's financial flexibility.

   Further, if the reserve is depleted, future projects in Northam may be delayed or abandoned due to lack of funding. This could result in missed economic opportunities, outdated infrastructure, or a decline in Northam's attractiveness to businesses.

Continuing to draw funds from the Northam Industrial Park reserve for unrelated expenses is not advisable because it comprises Northam's ability to fund future capital projects, weakens long-term economic growth, and risks financial instability. A more responsible approach is for the Town of Cobourg to reduce the reliance on utilizing Northam.

Staff reviewed the options related to correcting the reliance on Northam and have proposed reducing the impact over a five-year period which would be a tax levy impact of 0.71%

Year	Tax Levy Funded
2026	0.71%
2027	0.71%
2028	0.71%
2029	0.71%
2030	0.71%
	3.55%

Given that the annual tax levy impact is minimal, staff could consider shortening the amortization period—effectively increasing the tax levy impact—in a given year, depending on the draft budget. For example, if preliminary budget planning suggests a modest overall levy impact, staff may recommend a significant reduction in reliance on Northam.

Discretionary Reserves and Reserve Funds

Discretionary reserves and reserve funds are monies set aside by Council for specific purposes, and their funding sources and use is determined solely by Council. Reserves fulfill a critical financial need for municipalities, both now and for the future. These reserves directly contribute to minimizing tax increases, building new capital infrastructure and maintaining the infrastructure previously constructed. The use of reserve and reserve funds are essential to fund accounting and a key accountability method for the delivery of the capital program.

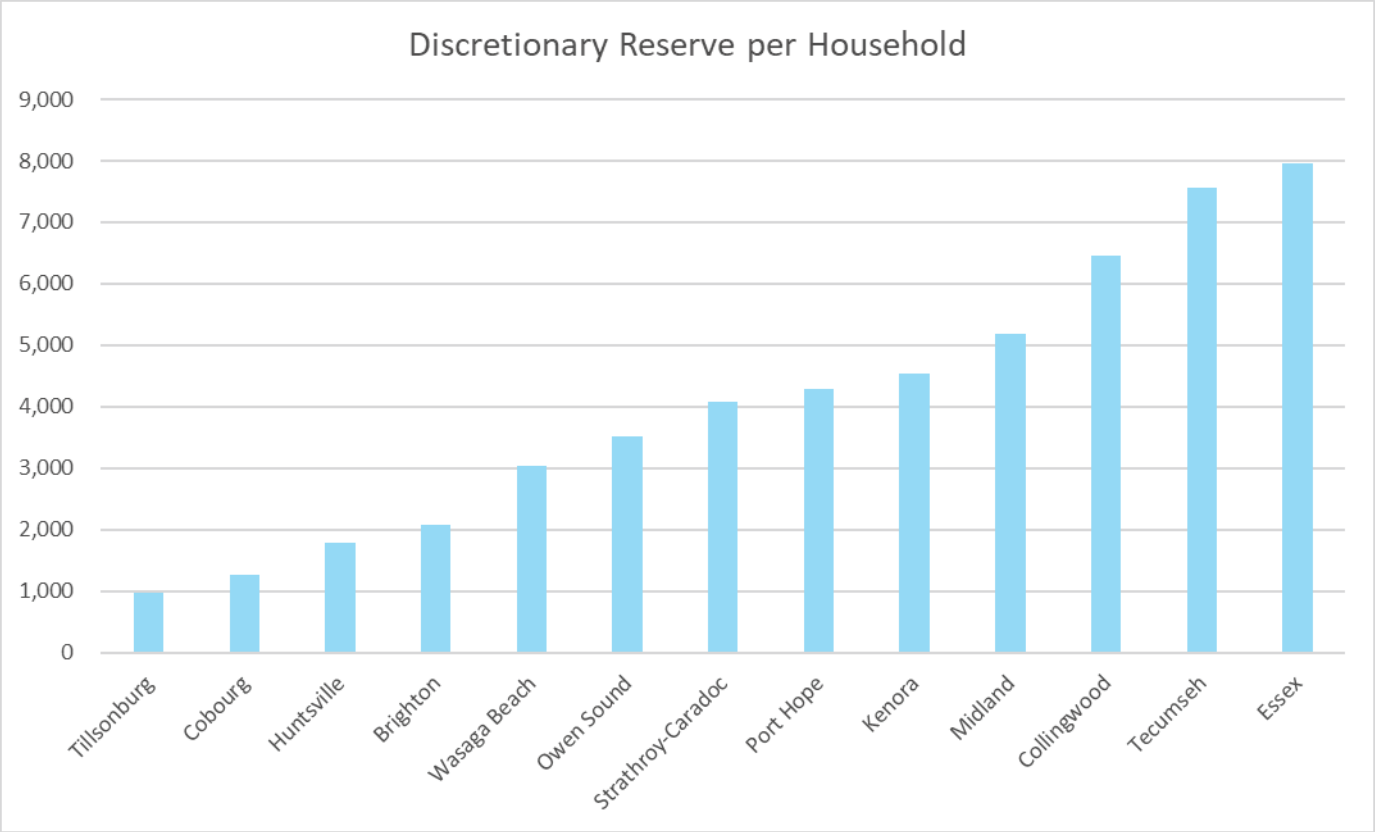
Using reserves, instead of a pay-as-you-go approach, also smooths tax rates by establishing stable, predictable contributions each year. This provides a buffer when major projects are undertaken; the spike in capital funding needs is drawn from reserves and does not immediately necessitate a corresponding increase in the tax rate in the year of construction.

Reserve and reserve funds are an essential element of strategic planning as they provide financial stability, flexibility, and resilience for municipalities. They are essential for risk management, investment and growth, and operational continuity. In uncertain times, it is essential to safeguard the financial health of the organization so that it can continue to support and service the community.

While the total existing discretionary reserves and reserve funds will be reviewed as part of the project, some existing reserves/reserve funds merit additional discussion. Staff will prepare a report in the future which includes a review of the reserve fund policy, minimum reserve balances, target reserve balances.

Total reserves provide an assessment of the Town's ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, users fees, or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, required the Town to revert to taxation or user fee increases or the issues of debt.

The Town's reserve funds per household was identified in KPMG's Service Delivery review released on November 6, 2020. The discretionary revenue per household is a key sustainability indicator that measures the municipality's long-term financial capacity. The analysis of the Town's discretionary reserve per household as per the 2022 Financial Indicator Results (FIR) is indicated below:



As summarized, the Town's reserve per household is $1,271, which is well below the average of $4,055 per household for similar sized municipalities. Further, the average reserve per household for lower tier municipalities is $3,955 and the provincial average is $3,573.

If the Town of Cobourg were to meet the average reserve per household, reserves would have to be increased by approximately $20,500,000. In order to correct the underfunded reserves, staff reviewed the options and have recommended the following:

1. The reserves would remain underfunded for the period 2026 to 2032. Staff will make annual reserve allocations each budget year in an attempt to decrease the underfunded balance.

2. After the unfinanced capital amount is reduced, the interest received on the investment would be allocated to the reserve to reduce the unfunded balance.

Year	Asset Sale
Beginning	25,000,000
2026	0
2027	0
2028	0
2029	0
2030	0
2031	0
2032	0
2033	(400,000)
2034	(1,800,000)
2035	(1,800,000)
2036	(1,800,000)
2037	(1,800,000)
2038	(1,800,000)
2039	(1,800,000)
2040	(1,800,000)
2041	(1,800,000)
2042	(1,800,000)
2043	(1,800,000)
2044	(1,800,000)
2045	(1,800,000)
2046	(1,800,000)
2047	(1,200,000)
	0

One option is to begin increasing the reserve allocation in 2026; however, this would result in an estimated annual tax levy impact of approximately 5.33%. The alternative approach recommended by staff maintains the current reserve balance (which remains unfunded) and defers significant tax impacts until a time when reserves can be replenished using proceeds from a potential asset sale.

Asset Management Plan

Municipalities across the province are struggling with how to manage the growing infrastructure deficit and it's therefore prudent that the Town develop appropriate financial planning. Significant capital investment and associated operating costs are required to accommodate growth, ensuring that service levels are maintained without losing sight of the need to provide regular capital contributions to maintain the Town's existing and aging infrastructure. Capital funding gaps are a significant concern and steps to close these gaps are important to the attainment of financial sustainability.

An Asset Management Plan (AMP) is a strategic document that helps municipalities manage their infrastructure and physical assets effectively. It provides a structured approach to maintaining, upgrading, and replacing assets while balancing service levels, costs, and risks.

As noted, existing reserve and contributions levels are below calculated needs, and there is the forecast for significant new infrastructure to meet the service needs of new development. Additionally, challenges will soon emerge due to a gap between the rate at which the Town increases its reserve contributions and the annual acquisition and assumption of new assets. However, with prudent financial planning and manageable increases in reserve contributions, the Town will be able to maintain its infrastructure assets.

To close the gap identified in the Asset Management Plan, the Town of Cobourg would need to increase capital spending by approximately $17 million. This figure represents the total cost of required infrastructure upgrades over the duration of the plan, not an annual expense.

In order to meet the additional capital spending, staff reviewed the options and have recommended the following:

1. The Town of Cobourg would fund the gap in infrastructure identified in the asset management plan by utilizing both debt and a tax levy increase.

2. The additional allocation incurred by the Town of Cobourg would require additional tax levy funding of 3.62% to increase the reserve balance.

3. A portion of the annual capital infrastructure increase will be funded utilizing debt of $9,476,744 over the ten-year period or an average annual tax levy impact of 2.38% per year over ten years.

The above is summarized in the table below:

Year	Tax Levy	Debt	Total
2026	3.62%	0.00%	3.62%
2027	3.62%	1.81%	5.43%
2028	3.62%	2.12%	5.74%
2029	3.62%	2.16%	5.78%
2030	3.62%	2.95%	6.57%
2031	3.62%	2.95%	6.57%
2032	3.62%	2.95%	6.57%
2033	3.62%	2.95%	6.57%
2034	3.62%	2.95%	6.57%
2035	3.62%	2.95%	6.57%
	36.20%	23.79%	59.99%

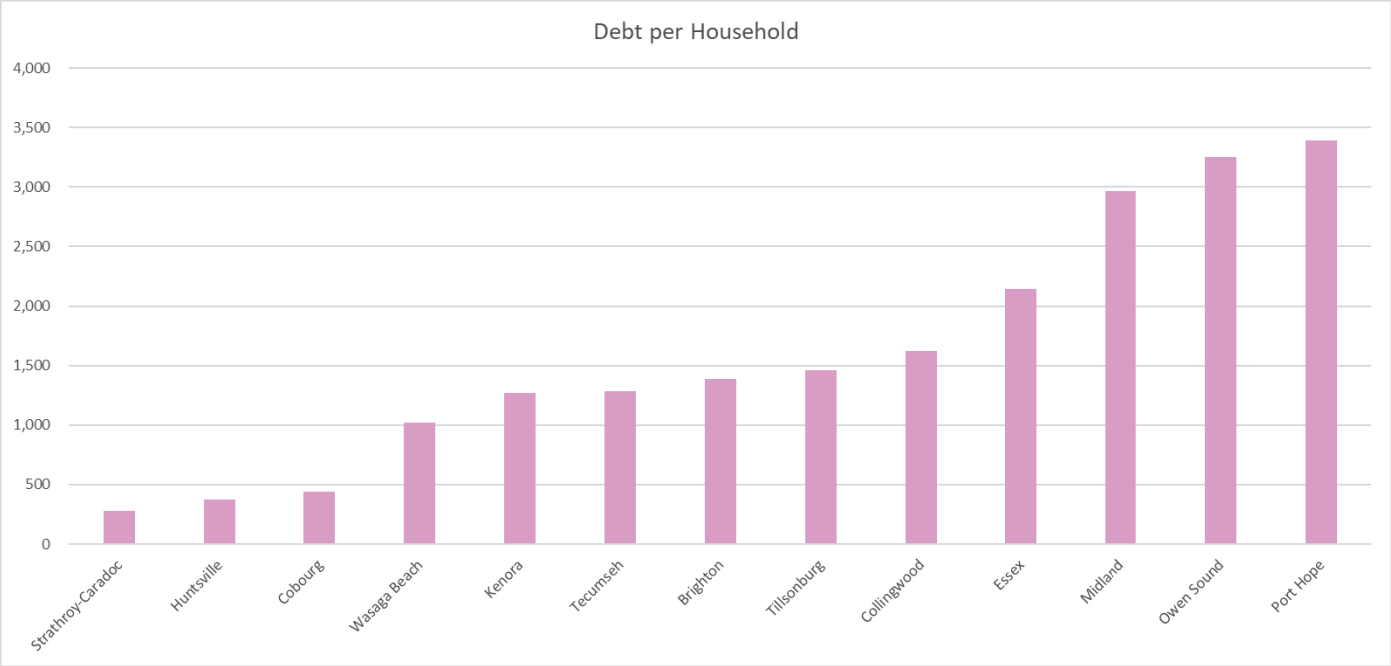
The Municipality has identified funding gaps within its current Asset Management Plan. These gaps highlight a shortfall between projected infrastructure needs and available financial resources. As a result, there may be a need to defer certain infrastructure replacement projects to future years, allowing time for reserves to be strengthened and additional funding sources to be explored. The Municipality remains committed to maintaining critical infrastructure while ensuring long-term financial sustainability.

Debt

The use of long-term debt is recognized as an important tool in sustainable long-term financial planning. Strong debt management practices balance the need to finance longer life infrastructure and infrastructure related to growth that is not fully recovered through development charges and the need to minimize interest costs and maintain future financial flexibility.

The low-interest rate environment and inflationary trends on construction projects also suggest that this policy change could provide a net-benefit to the community by accelerating projects that otherwise could not be funded with available and projected revenues and reserves.

Using debt strategically can provide capital funding flexibility by allowing essential infrastructure to be built before the related revenue has accumulated to offset the needed investment. Debt financing also achieves inter-generational equity by spreading the cost of new projects over a longer period, sharing the cost between current and future beneficiaries of the assets. In determining debenture terms, debt financing should not extend beyond the life of the underlying assets.



Cobourg's debt per household is $441 which is well below average of $1,608 for the group. The Town has debt capacity available to address most unforeseen emergency shocks. The available debt capacity could be used to fund major long-term asset replacement and growth-related infrastructure needs.

Although the statistics indicate a low level of debt, this does not included the unfinanced debt mentioned above.

Annual Repayment Limit

The annual repayment limit (ARL) is a Provincial calculation that limits the amount of debt a municipality can issue without requiring approval from the Ontario Municipal Board. Under the ARL, annual debt repayments cannot exceed 25% of net revenues. For the following reasons, the ARL is generally considered an administrative calculation, not a benchmark for effectively managing long-term debt.

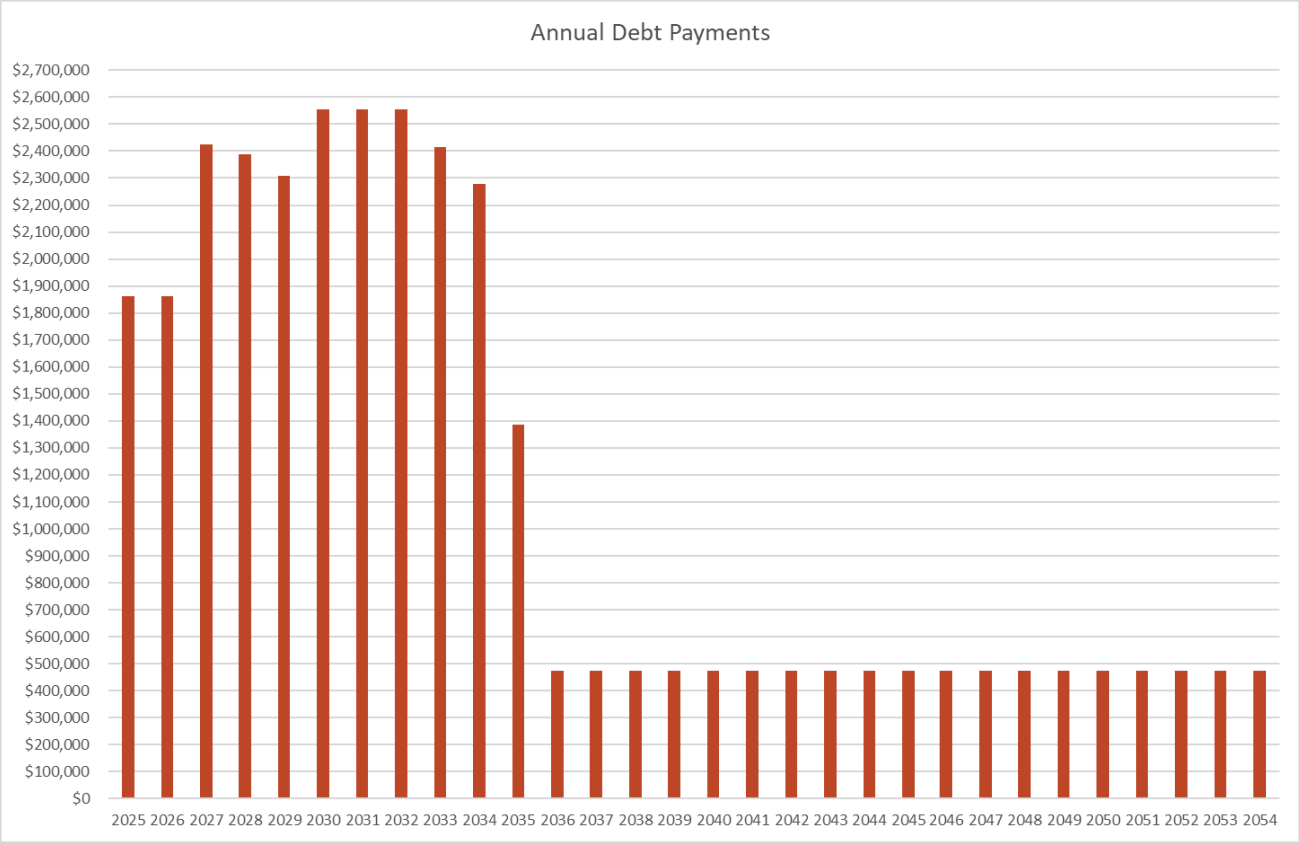
The following chart summarizes the Town's annual repayment limit for 2024 (based on the 2022 financial statement) as well as the Town's current debt position for both internal and external debt.

Details	Amount
2022 Net Revenue	$55,341,329
25% of Net Revenue	$13,835,332
2022 Debt	($1,636,781)
Annual Repayment Limit	$12,198,551

The current debt issued by the Town of Cobourg includes both Town of Cobourg and Lakefront Utility Services Inc. related to water infrastructure.

Entity	Details	Loan	Rate	Loan Ends	Annual Repayment (Principal and interest)
Town of Cobourg	CCC	2013	3.35%	May 2033	276,036
Lakefront Utility Services Inc.	RF Meters	2021	2.73%	May 2028	150,191
Lakefront Utility Services Inc.	RF Meters	2021	2.92%	May 2028	47,182
Lakefront Utility Services Inc.	RF Meters	2021	2.70%	May 2028	24,063
Lakefront Utility Services Inc.	Non-growth debt	2024	4.07%	January 2034	889,825
Lakefront Utility Services Inc.	Growth debt	2024	4.07%	January 2054	474,575
Total					**1,861,873**

The Town is currently utilizing approximately 15% of its overall Provincial debt limit and therefore has the debt capacity available to address the most unforeseen emergency shocks. Available debt capacity may be used to address infrastructure repair and replacement needs which may grow over time.



The annual debt payments (including potential debt from AMP) over the next thirty years is substantial with an average of $2.2 million from 2025 to 2035, which is then reduced. Further over the same period, the debt related to LUSI accounts for 61% of the annual repayment limit.

Although the annual debt payments are low compared to the ARL, Lakefront Utility Services Inc. and Cobourg Police have indicated significant capital projects within the next ten years (clarifier and police station, respectively). If both projects were financed using debt, then the amount of ARL utilized would be 45%.

Cobourg Police

The Town of Cobourg and Cobourg Police have a similar approach when it comes to managing reserves, specifically the Business Services Reserve and the Northam Industrial Park Reserve. In both cases, reserves are created to manage specific funds for long-term financial stability and sustainability, allowing the respective entities to plan for future expenses without immediate reliance on the general tax levy.

Cobourg Police have a business services reserve that is used to cover costs related to the police's operations. The reserve enables the police department to manage its own long-term financial needs, such as purchasing new equipment, making capital improvements to their facilities, or funding other operational costs, relying on this reserve to avoid burdening taxpayers with the costs of these expenses.

The Town of Cobourg and the Cobourg Police have had discussions regarding the transition away from relying so heavily on this reserve. The idea behind this transition is to move towards a more sustainable financial model that doesn't rely on the ongoing accumulation and spending of reserves. Over time, these reserves may become depleted, and the entities could face a situation where they are no longer able to maintain funding through reserves alone. As a result, future operating expenses may need to be covered by an increase in tax levy.

This change could lead to future tax increases, as the reliance on reserves may no longer be sufficient to meet the growing financial demands of both the Town of Cobourg and the Cobourg Police. As the discussion continues, both parties will need to assess how they can balance the need for funding with the impact on local taxpayers.

2025 Budget and Impacts

Included in the 2025 budget was an allocation of $2,770,553 from the business services reserve to reduce the tax levy impact. In the absence of the reserve allocation the Police budget would be an increase of 43% or a tax levy impact of 9%.

In conclusion, the Cobourg Police's reliance on reserves like the Business Services Reserve has been an effective method for managing specific funding needs. However, as discussions continue about transitioning away from this reserve-based model, there may be a need for future tax increases to ensure that the Police can continue to meet their financial obligations.

Conclusion

Central to prudent financial planning is ensuring that expenditures are well managed. Continued growth will place pressure on the Town's expenditures to meet the servicing needs and demands of new and existing residents and businesses. It will be critical that the Town manage the timing and extent of infrastructure and servicing expansion; this is particularly true of services with significant tax levy operating impacts.

The following is a list of recommended strategies that can be used to enhance and improve municipal fiscal sustainability. As the Town continues to grow and develop, there will be ongoing pressure to expand municipal infrastructure and serving capacity. In order to manage sustainable taxation impacts, the Town will need to carefully consider the timing and extent of service level increases.

Option #1 – Tax Levy

Details	Details	Annual Tax Levy Impact
Northam	Reduced over five years through tax levy.	0.71%
Unfinanced Capital	Utilize return on investment to reduce	3.00%
Reserve	Keep reserves as is until unfinanced capital is dealt with. Then use proceeds from sale to increase reserve after unfinanced capital is handled.	5.33%
Asset Management Plan	Fund with debt.	6.00%
Total		15.04%

The option outlined above illustrates the full tax levy impact resulting from the Town's current financial challenges (not including Cobourg Police). It highlights the seriousness of the situation. Without the sale of assets, the annual tax levy increase—prior to assessment growth—would be 15.04%.

Option #2 – Sale of Asset

Details	Details	Annual Tax Levy Impact
Northam	Reduced over five years through tax levy.	0.71%
Unfinanced Capital	Utilize return on investment to reduce	0.00%
Reserve	Keep reserves as is until unfinanced capital is dealt with. Then use proceeds from sale to increase reserve after unfinanced capital is handled.	0.00%
Asset Management Plan	Fund with debt.	6.00%
Total		6.71%

The option of selling an asset and utilizing the funds to reduce unfinanced capital and then increase reserve allocations, minimizes the annual tax levy impact and keeps the proceeds from the sale.

Alternatives

Selling one or more Town assets could provide a short-term solution to current financial pressures. The proceeds could be immediately applied to reduce unfinanced capital, bolster reserve funds, and support asset management planning. However, this approach offers no lasting benefit. Once the funds are spent, the financial relief is temporary, and the asset value is permanently lost.

The solution provided above results in a long term approach, however protects the asset proceeds over the long term.

Polices

The plan identifies a number of policies, both new and existing, as well the various tools used by the Town for short- and long-term financial planning.

- The Town should review and enhance existing reserve fund policy to ensure that the reserve fund contribution, withdrawal, and forecast balance needs are based on realistic and sustainable assumptions and practices. Further, several updates will be required to underlying policies to reflect the items identified in the plan. A reserve optimization review should be conducted at the completion of the financial sustainability plan, to rebalance the Town's capital reserve and re-align them with the funding requirements set out in the plan.

- The Town needs in place relatively strong debt policies and practices, recognizing the potential for debt financing to support substantial growth pressures and aging infrastructure. The Town's practice should be to use debt to finance large projects with long-term benefits, as well as to mitigate cost increases that can arise from deferring work. The Town's practice needs to be use debt to finance larger projects with long-term benefits, and to mitigate cost increases that can arise from deferring work.

Attachment C - COR-2025-027 – Reserve and Reserve Fund Policy

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date:	October 9, 2025
Report Number:	COR-2025-021
Council Meeting Date:	October 29, 2025
Subject:	**Annual Surplus/Deficit Allocation Policy**

If you require this information in an alternate format, please contact the Accessibility Coordinator at accessibility@cobourg.ca or at 905-372-4301

1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval.

NOW THEREFORE BE IT RESOLVED THAT Council approve the Annual Surplus Allocation Policy.

2. Executive Summary:

Section 290 of the *Municipal Act, 2001* requires municipalities to prepare and adopt annual budgets that estimate all revenues and expenditures. Because budgets are estimates, actual results vary each year, leading to either a surplus or a deficit.

Industry best practices recommend that municipalities use reserves and reserve funds to manage these year-end results, thereby reducing financial risk, strengthening financial sustainability, and ensuring taxpayers benefit from unspent funds. The Town of Cobourg's Annual Surplus Allocation Policy provides

a consistent framework for allocating surpluses and funding deficits, aligning with practices adopted across Ontario municipalities.

The policy has no direct financial or budgetary impact, as surpluses and deficits occur naturally and are already part of municipal financial operations. Instead, it provides a structured and transparent approach to managing year-end results. By adopting this policy, the Town of Cobourg will strengthen financial resilience, improve long-term planning capacity, and enhance accountability in the management of public funds - all of which align with Council's strategic priorities.

3. Background

Section 290 of the *Municipal Act, 2001* requires municipalities to prepare and adopt a budget that includes estimates of all sums required during the year. As municipal budgets are estimates, actual revenues and expenditures vary annually, resulting in either a surplus or deficit.

Industry best practices recommend the use of reserves and reserve funds to manage year-end results, thereby reducing financial risk and supporting long-term sustainability. The adoption of the Annual Surplus/Deficit Allocation Policy will provide a consistent and transparent framework for the management of year-end financial results, align with industry best practices, and strengthen the Town's financial sustainability.

4. Discussion:

A major objective of the Town of Cobourg is to sustain a financially viable municipality that can provide an adequate level of municipal services and support the Town's long-term capital plan. The Town recognizes that an important component for reaching and maintaining this objective is the management of operating budget surpluses. The policy provides guidelines for the allocation of operating budget surpluses.

Further surplus/deficit surplus allocations are common best practices across Ontario municipalities to:

- Manage timing differences between budget adoption and audited financial results.
- Provide transparency in how surpluses are allocated.
- Reduce financial risk and ensure taxpayers benefit from unspent funds.

In the past, any surplus/deficit funds were not reallocated. The 2023 surplus was allocated to the Tax Stabilization Reserve but a clear policy framework is required to ensure consistency and long-term sustainability.

The Annual Surplus/Deficit Allocation Policy will:

1. Ensure that annual operating surpluses are used to strengthen the Town's reserves, mitigate financial risk, and support asset management and long-term financial planning.

2. Provide the Council an update and approval on how to allocate surpluses or address deficits according to the guidelines in the policy.

3. Promote transparency and accountability in the year end financial process.

The policy highlights that:

- Establish a clear process for allocating operating surpluses and funding operating deficits.

- Ensure transparency and accountability by requiring annual reporting to Council.

- Ensure that surpluses/deficits from specific business units (such as the marina and campground) are transferred to their associated reserves before calculating the final operating surplus/deficit.

This approach ensures that taxpayers benefit from year-end results and that reserves are available to respond to future needs and uncontrollable external factors.

5. Financial Impact and Budget

The establishment of an Annual Surplus/Deficit Allocation Policy has no direct financial or budget impact. Surpluses and deficits are a normal occurrence across Ontario municipalities and represent a best practice for managing the timing differences between budget adoption and audited financial results.

As this policy only establishes a structured approach for managing future surpluses or deficits, it does not impact on the approved budget or create any new financial obligations.

6. **Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:**

☐ Thriving Community

☒ Service Excellence

The Annual Surplus/Deficit Allocation Policy embodies service excellence by ensuring that the Town of Cobourg delivers high-quality, transparent, and fiscally responsible financial management practices that directly benefit residents and stakeholders.

The policy provides a structured framework that enables timely responses to financial results and ensures taxpayers directly benefit from unspent funds, reinforcing trust in municipal stewardship.

☒ Sustainability

The Annual Surplus Allocation Policy directly advances the Town of Cobourg's commitment to sustainability by ensuring that financial decisions made today do not compromise the Town's ability to provide services and invest in community needs in the future.

By directing surpluses to reserves, the policy ensures that resources are available to manage unexpected costs, economic fluctuations, or other uncontrollable external factors.

7. **Public Engagement:**

Public engagement is not considered necessary for the development of the Annual Surplus/Deficit Allocation Policy. The allocation of annual surpluses and management of deficits are established best practices across Ontario municipalities to ensure financial sustainability, transparency, and accountability.

This policy does not introduce new taxes, fees, or expenditures, nor does it alter service levels. Instead, it provides a structured and consistent framework for how existing surplus funds are allocated, with the goal of reducing financial risk, strengthening reserves, and supporting long-term asset management and financial planning.

Council will continue to receive updates and make decisions on surplus or deficit allocations in accordance with the policy, ensuring transparency in the year-end financial process. Given that the policy is administrative in nature and focuses on internal financial management practices rather than changes that directly affect residents, public engagement is not required.

8. **Attachments:**

Annual Surplus/Deficit Allocation Policy

Corporation of the Town of Cobourg

Division:	Corporate Services	**Effective Date:**	Date
Department:	Finance	**Approval Level:**	Council
Policy Title:	**Annual Surplus/Deficit Allocation** - Administration	**Section # Policy #**	3-3

1.0 Purpose

1.1 This Policy is a requirement of the *Municipal Act, 2001*, which requires a local municipality in the year or the immediately preceding year, prepare and adopt a budget including the estimates of all sums required during the year for the purposes of the municipality. As the budget is an estimate, the actual results will vary each year.

1.2 Section 290 of the *Municipal Act, 2001* outlines the requirements of local municipalities in preparing and adopting a budget including estimates of all sums required during the year for the purposes of the municipality.

1.3 The purpose of this Policy is to establish the allocation of operating budget surpluses and funding of operating budget deficits. Such allocation will be reported annually and operating budget surplus will be used to reduce the Town's exposure to uncontrollable external factors and provide flexibility to respond to future needs.

2.0 Definitions

2.1 "Operating Budget Surplus" means the net excess that exists at a fiscal year-end when expenditures are less than budgeted for and/ or revenues are greater than budgeted for

2.2 "Operating Budget Deficit" means the net excess that exists at a fiscal year end when expenditures are more than budgeted and/or revenues are less than budgeted

2.3 "Council" means the Mayor and members of Council for the Town of Cobourg

2.4 "Operating Budget" means a budget that funds day to day operations. Some of the expenses could include personnel, utilities, and reserve and reserve fund contributions

2.5 "Reserves" means Monies set aside by approval of Council and not restricted by legislation. Reserves can be related to projects that are of a nature prescribed and managed by approval of Council. Reserves do not receive an annual interest allocation.

2.6 "Reserve Fund" means monies set aside for a specific purpose as required by provincial legislation, a municipal by-law, or agreement. Reserve Funds receive an annual interest allocation based on the average annual balance Reserve funds can either be obligatory or discretionary

Policy

3.1 Industry Best Practices

(1) Municipalities, including the Town of Cobourg, use reserve and reserve funds to flow the surplus or fund a deficit at year end. Municipalities adopt policies which provide guidance on the priority use of reserves as well as providing delegated authority to the Treasurer for the allocation of a surplus or to fund a deficit.

(2) It should be noted that the funds above don't disappear, the surplus goes into reserve funds for future years' use. This ensures that the taxpayer benefits from this surplus. The first advantage of this process is that it allows for budgets to be passed early in the year (or late in the prior year) which provides the authorization for spending and investment in the community. The second advantage is that in future years' budgets, the reserves and reserve funds can utilize a known balance in the reserve which provides for financial sustainability.

3.2 Disposition of Operating Surplus/Deficit

The annual operating surplus/deficit will be reported to Council each year. Staff will present a report to Council that outlines the surplus/deficit amount and provides recommendations for its allocation as follows:

- Annual surpluses or deficits generated by specific business units (such as the marina, campground, and other identified operations) are transferred to/from the associated reserves prior to the calculation and reporting to the municipality's final operating surplus.

- Final operating surplus/deficit funds will be allocated to the Tax Stabilization Reserve and alternative or additional reserves as recommend by staff. Such recommendations will be included in the annual surplus/deficit report to Council.

4.0 Scope

This policy applies to the Town of Cobourg and shall not be applied to its committees, enterprises and outside boards, commissions and agencies for which Council is required to approve annual budget estimates or levels.

5.0 Administration

The Treasurer has overall responsibility for the development and recommendations of any annual surplus/deficit allocation and has the responsibility to provide an annual report to Council on the disposition of the operating fund surplus/deficit.

Cross Reference

Policy # (related policies)

Procedure # (related procedures)

Report No.	Revision Purpose	Approval Signature	Approval Date

Attachment D - COR-2025-029 – Municipal Reserve Fund Strategy and Sustainability Review

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date:	December 4, 2025
Report Number:	COR-2025-029
Council Meeting Date:	December 17, 2025
Subject:	**Municipal Reserve Fund Strategy and Sustainability Review**

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1. Recommendation:

WHEREAS the Committee adopts the following recommendations and refer to Regular Council for final approval.

NOW THEREFORE BE IT RESOLVED THAT Council approve the consolidation of the Town's discretionary reserve accounts, reducing the current total from forty-four (44) accounts to twenty-six (26) streamlined and purpose-aligned reserve accounts; and

FURTHER THAT Council endorse the proposed target balances for each of the consolidated reserve accounts, acknowledging that these targets are essential to ensuring financial sustainability and managing long-term asset renewal needs.

2. Executive Summary:

The attached report provides a comprehensive overview and analysis of the Town of Cobourg's discretionary reserves, including benchmarking results, recommendations for reserve consolidation, and proposed target balances.

Discretionary reserves are funds set aside by Council for specific purposes, with funding sources and uses determined solely by Council. These reserves are essential for long-term financial planning, supporting capital infrastructure, mitigating tax rate impacts, and ensuring the Town's ongoing financial stability.

The report's objectives are to assess the current structure, usage, and funding of reserves, benchmark Cobourg's reserves against comparable municipalities, and recommend consolidation and target balances to strengthen financial sustainability. Analysis of 2023 financial data indicates that Cobourg's discretionary reserve per household ($945) is below the averages for comparable municipalities, lower-tier municipalities, and the provincial benchmark. This shortfall suggests insufficient funding for the rehabilitation and replacement of existing capital assets.

A review of reserve activity revealed that the large number of individual accounts dilute financial effectiveness. To address this, the report recommends consolidating 44 existing reserves into 26 accounts, focusing on alignment with municipal priorities, underutilized or inactive reserves, and operational relevance. Benefits of consolidation include improved transparency, financial management efficiency, strategic resource allocation, and optimized risk pooling.

Establishing defensible target balances is critical to the Town's long-term financial sustainability. Proposed targets consider reserve purpose, certainty of needs, economic factors, and multi-year forecasts, using best practices such as fixed minimum balances for operational reserves, asset replacement percentages for infrastructure reserves, and risk-based assessments informed by historical spending trends. Currently, only 9 of the 26 reserves meet the proposed targets, emphasizing the need for ongoing monitoring and potential future budget adjustments.

3. Background

Reserves fulfill a critical financial need for municipalities, both now and in the future. They contribute to:

- Minimizing tax increases
- Supporting new capital infrastructure
- Maintaining existing infrastructure

Reserves allow the Town of Cobourg to address long-term funding strategies, ensure good financial and cash management, smooth tax impacts by allocating costs over multiple years, and provide funding for unanticipated expenses or deficits.

4. Discussion:

The attached report provides an overview and analysis of the Town of Cobourg's discretionary reserve, including benchmarking results, reserve consolidation recommendations, and proposed target balances.

Discretionary reserves are monies set aside by Council for specific purposes, with funding sources, and uses determined solely by Council. These reserves are essential for long-term financial planning, supporting capital infrastructure, mitigating tax rate impacts, and ensuring the Town's ongoing financial stability.

The objective of the report is to:

- Assess the current structure, usage, and funding of reserves
- Benchmark the Town's reserves against comparable municipalities
- Recommend consolidation and target balances to strengthen financial sustainability

The attached report focuses on three main areas:

1. Benchmarking results: Comparison of similar municipalities to evaluate financial health.

2. Reserve consolidation: Assessment of current reserves for relevance and usage.

3. Target balances: Establishing defensible, strategic funding targets for all reserves.

Staff analyzed key financial indicators based on the 2023 Financial Information Return. Cobourg's discretionary reserve per household of $945 was below the average for similar municipalities, the average for lower-tier municipalities, and provincial average. The Town of Cobourg's reserves are significantly below comparator levels, indicating that insufficient funding for rehabilitation and replacement of existing capital assets.

A review of current reserve activity revelated too many reserves dilute financial effectiveness. The report recommends reducing the total reserves from 44 to 26, consolidating underutilized or inactive reserves, aligning reserves with current municipal priorities. Benefits of consolidation include improved transparency and financial management efficiency, enhanced flexibility to allocate funds where most needed, and optimized risk pooling and strategic resource deployment.

Establishing clear, defendable target balances is critical to financial sustainability. The proposed target balances in the report consider the reserve purpose,

certainty of needs, economic factors, and multi-year forecasts. The target balances use best-practice approaches such as:

- Fixed minimum balances for operational reserves
- Percentage of asset replacement value for infrastructure reserves
- Risk-based assessments based on historical spending trends

As detailed in the report, 9 of the 26 reserves currently meet the proposed target balances, primarily operational and contingency reserves. Underfunded reserves may lead to deferred infrastructure, borrowing, tax spikes, or service delivery impacts.

5. Financial Impact and Budget

The analysis presented in the attached report indicates that there are no immediate financial or budgetary impacts resulting from the proposed reserve consolidation and establishment of target balances. The recommendations focus on aligning the Town's discretionary reserves with strategic priorities, improving transparency, and enhancing long-term financial sustainability.

However, it is important to note that future budgets may be impacted. As part of ongoing financial management, the updated reserve structure and proposed target balances will require periodic review to determine whether each reserve is adequately funded. Should any reserves fall short of their targets, adjustments in future budget allocations may be necessary to ensure sufficient funding to meet operational requirements, capital infrastructure needs, and risk mitigation objectives.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☒ Thriving Community

A thriving community is one that is resilient, sustainable, and capable of delivering high-quality services and infrastructure to its residents over the long term. The recommendations in the attached report align directly with this definition by strengthening the Town of Cobourg's financial foundation and ensuring that resources are available to meet both current and future community needs.

☒ Service Excellence

By establishing defensible target balances and consolidating reserves, the Town ensures that funding is available when needed to maintain essential services, from public safety to recreation and infrastructure upkeep. This reduces the risk

of service interruptions due to underfunding, allowing residents to consistently rely on the Town for core services.

☒ Sustainability

By consolidating underutilized or inactive reserves and establishing clear, defensible target balances, the Town ensures that funding is available for essential services and infrastructure. This proactive approach mitigates the risk of deferred maintenance, emergency borrowing, or sudden tax increases, all of which can disrupt community well-being. Stable finances underpin the ability of the municipality to plan, invest, and deliver services consistently, which is a cornerstone of a thriving community.

7. Public Engagement:

The recommendations outlined in the attached report pertain to the internal financial management and strategic planning of the Town's discretionary reserves. Discretionary reserves are funds set aside by Council for specific purposes, with both funding sources and uses determined solely by Council authority. As such, the establishment of target balances and the consolidation of reserves are administrative and financial governance decisions, rather than matters directly affecting the public's access to services, taxation levels, or municipal programs in the immediate term.

The proposed changes - reducing the total number of reserve accounts from 44 to 26 and aligning reserve balances with corporate priorities - are designed to improve internal financial efficiency, transparency, and long-term sustainability. These actions do not involve new service delivery models, changes to tax rates, or other decisions that would typically require public input. Additionally, the consolidation does not alter the legal obligations of the Town, nor does it reallocate funds in a manner that would impact individual taxpayers or service recipients directly at this stage.

8. Attachments:

Attachment 1 - Municipal Reserve Analysis

Municipal Reserve Fund Strategy and Sustainability Review

Introduction

Discretionary reserves are monies set aside by Council for specific purposes, and their funding sources and use is determined solely by Council. Reserves fulfill a critical financial need for municipalities, both now and for the future. These reserves directly contribute to minimizing tax increases, building new capital infrastructure, and maintaining the infrastructure previously constructed. The use of reserves is essential to fund accounting and a key accountability method for the delivery of the capital program.

The purpose of reserves is to address long-term funding strategies and to ensure good financial and cash management for the ongoing financial stability of the Town of Cobourg. Reserves provide flexibility to manage the financial needs of the Town and the prudent use of reserves is one way to develop strategies for long-term financial planning for capital projects in order to minimize both debt servicing costs and significant annual budget impacts by allocating costs to benefiting users over a number of years. Reserves also provide funding to mitigate the impact of significant increases or unforeseen issues in the rates charged to users and to fund any annual deficits.

There are several instances where using reserves is appropriate, including:

- Facilitate long term financial planning
- Smooth tax rate impacts
- Plan for the impact and financing of major capital projects over time
- Absorb the cost of one-time expenses not included in the operating budgets
- Provide for the cost of facility replacements

The main areas of review that form the scope of this review are:

1. Benchmarking results
2. Reserve consolidation
3. Target balances

Benchmarking Results

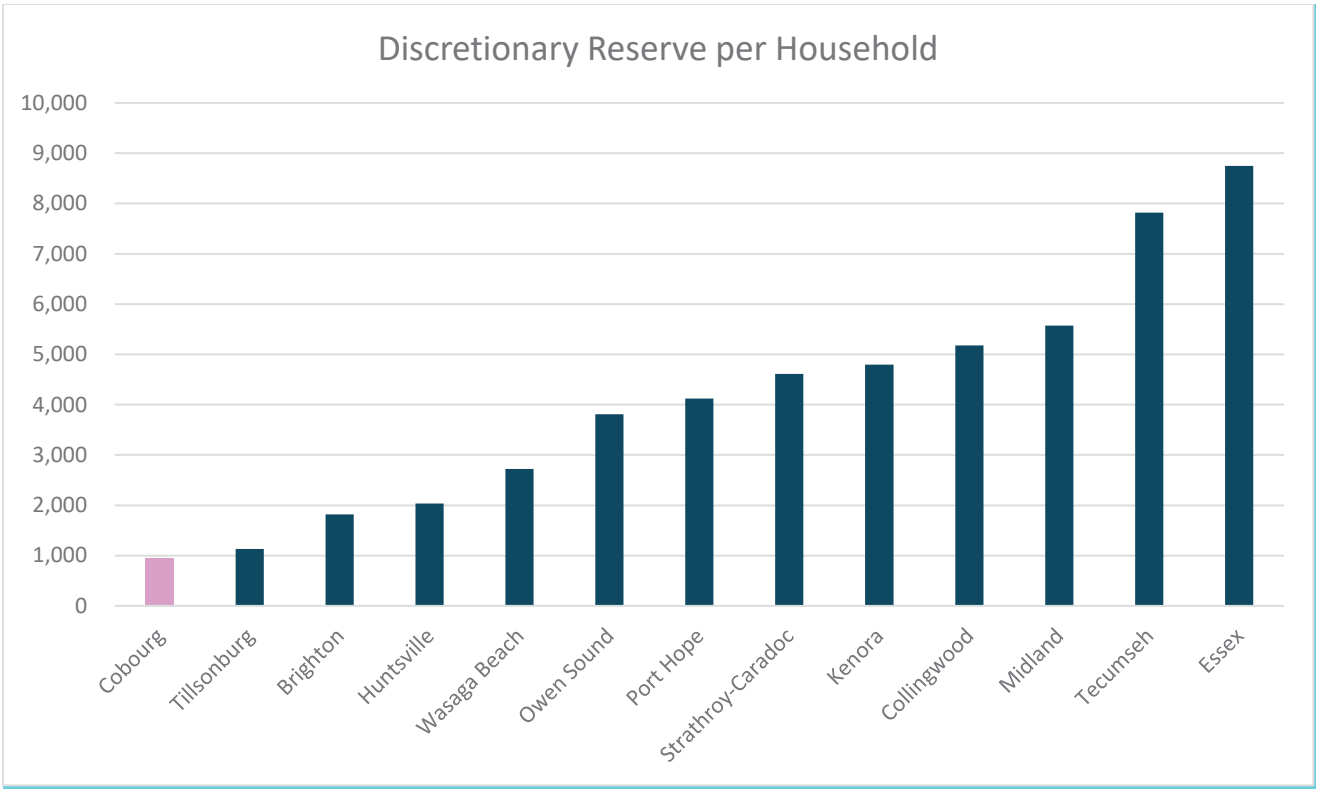
This report explores some of the results of the review undertaken by staff, examining various metrics that measure the Town's financial health. It also updates and recommends actions that will help to maintain a sustainable financial policy framework, guide decision making and support the achievement of the Council's goal of a thriving community.

There are several key indicators that measure a municipality's financial health. Reviewing these indicators alongside historical and comparator information allow management, Council and the public to determine how the Town compares to similar municipalities, analyze the Town's performance over time, assess trends, and identify risk areas for priority attention.

Staff selected a comparator group correlated to the Town of Cobourg based on population and density. The comparators noted are consistent with KPMG's Service Delivery Review prepared in November 2020.

Municipality	Population	Households
Brighton	12,108	5,015
Midland	24,353	7,577
Kenora	14,967	7,603
Port Hope	17,294	7,813
Essex	21,216	8,390
Tillsonburg	19,000	8,696
Tecumseh	23,300	9,111
Cobourg	19,830	9,213
Strathroy-Caradoc	19,733	9,982
Owen Sound	21,612	10,349
Huntsville	21,147	11,676
Collingwood	24,811	13,677
Wasaga Beach	24,860	14,307

The Town's reserve funds per household was identified in KPMG's Service Delivery review released on November 6, 2020. The discretionary revenue per household is a key sustainability indicator that measures the municipality's long-term financial capacity. The analysis of the Town's discretionary reserve per household as per the 2023 Financial Indicator Results (FIR) is indicated below.



As summarized, the Town's reserve per household is $945, which is well below the average of $4,101 per household for similar sized municipalities. Further, the average reserve per household for lower tier municipalities is $4,446 and the provincial average is $3,716.

The Town of Cobourg's reserves are particularly inadequate with respect to provisions for the rehabilitation and replacement of existing capital assets. This is true relative to the current level of the fund, the amount of funding that is occurring annually, and the method by which they are funded. Operating with a depleted reserve level will impair the Town's ability to respond to emergencies in the future and reserves that remain below an acceptable level increase vulnerability to financial shocks. Further, lower reserves increase the reliance on external funding sources to support the capital plan which puts priority projects at risk. Healthy reserves can enable the Town to use internal borrowing to balance needs in short term, minimizing financial costs.

Reserve Consolidation

As part of the Town's ongoing review of reserve activity, the following analysis was completed to assess current balances and historical usage. Each reserve was reviewed to determine how frequently it has been used in recent years and whether it continues to serve a relevant financial purpose. Too many reserves mean the funds are spread too thinly for their use to be effective financial planning tool.

The table below lists reserves that have shown limited or no activity, along with their 2024 year-end balances. For these reserves, consideration has been given to potential reallocation opportunities to better align available funds with current and future priorities. The "Suggested Reallocation" column identifies possible alternative uses or reserve categories where these funds could be more effectively utilized.

Description	2024 Balance	Date Last Used	Suggested Reallocation
Departmental Benefit Reserve	645,816.19	2024	64102 - Staff Contingency
Roadside Sweeping	13,500.00	2015	64048 - Roads Maintenance
Sidewalks Contracts	27,070.00	2015	64048 - Roads Maintenance
Energy Management Project	28,607.14	2015	64103 - Infrastructure
Emergency Equipment	46,986.15	2015	64091 - Fire - Vehicle and Small Equipment
Reserve for Recycling	24,615.27	2015	64103 - Infrastructure
Safe Restart - General	271,839.68	2023	64103 - Infrastructure
Building Efficiencies Grant	129,821.79	2024	64023 - Victoria Hall Maintenance
Jack Heenan	50,000.00	2015	64103 - Infrastructure
Legion Fields Donations	(3,304.96)	2018	64103 - Infrastructure
Market Building	938.23	2015	64103 - Infrastructure
CIP Grants	2,360.13	2018	64064 - Holdco
2017 Ontario 55+ Winter Games	11,046.97	2021	64103 - Infrastructure
Arboretum Donations	2,432.91	2015	64103 - Infrastructure
Physician Recruitment	4,207.17	2015	64103 - Infrastructure
Depalma Drive Asphalt	60,000.00	2015	64048 - Roads Maintenance
Heritage District Guideline Update	56,200.00	2018	64084 - Planning - Studies/Reviews
Roads De-icing Materials	28,472.12	2015	64048 - Roads Maintenance
Total	**1,400,608.79**		

As a result of this review, the total number of reserves is recommended to be reduced from 44 to 26, simplifying the Town's reserve structure and improving transparency and financial management efficiency. Further the updated structure will provide improved flexibility and the reserve optimization strategy to rebalance the Town's reserves, pool risk where possible, and allocate funds where they are most needed.

Target Balances

The management of financial reserves is a cornerstone of prudent and sustainable municipal finance. Reserves serve as essential financial shock absorbers, providing the capacity to maintain service levels during unexpected economic downturns and ensuring the long-term integrity of the Town's public assets.

Targets are being established for reserve funds and these targets will be reviewed annually by staff to ensure their adequacy and reasonability. Methodologies for setting targets are specific to each reserve fund, whereby consideration was given to the following:

- Purpose of the fund (operating and/or capital)
- Certainty of end needs (contingency or long-term replacement/obligation)
- Economic factors (agreements, legislation)
- Multi-year forecast of contribution and projected usages

Description	2024 Balance	Target Balance	Rationale
Parking	$1,302,155	$100,000	Average annual capital expenditures
Marina Development	$521,787	$300,000	Approximately two years operating costs
Wastewater	($1,385,072)	$1,709,202	5% of replacement value as determined by the net book value
Insurance Deductibles	$204,916	$75,000	Equivalent of 2-3 maximum deductible claims per year
Capital Equipment/Vehicles	$1,201,928	$1,257,169	30% of replacement value as determined by net book value
Economic Development	$5,000	$250,000	Provides funding for investment attraction and initiatives
Tree Compensation	$308,698	$250,000	5 year total of annual tree replacement costs
Website (Communications)	$30,539	$55,000	Cost of website and newsletter
Election Expenses	$32,460	$65,000	Estimated cost of election
Victoria Hall Maintenance	$206,473	$704,657	2% of replacement value for all facilities as determined by net book value
Affordable Housing	$742,662	$325,000	Average annual grants were approximately $65,000 - target supports total grants over a five year period
Roads Maintenance Reserve	$195,000	$717,925	3% of road network replacement - mains net book value
Fire - Large Vehicles	$739,777	$3,000,000	Cost of next major purchase
Lakefront Utilities Interest - Holdco	$832,630	$1,250,000	Average annual spend is $250,000 - target is five years of spending
Contingency	$89,944	$264,111	1% of prior year tax levy
CAPS Committee	$29,243	$50,000	Fixed amount
Trailer Park/Campground	$272,342	$450,000	Annual capital is approximately $20,000 and average operating is $70,000
Lucas Point Reserve	$153,731	$500,000	Annual cost
Northam Reserve	$903,547	$2,092,538	10% of net book value of asset
Planning - Studies/Reviews	$243,209	$250,000	Annual cost of a master plan
Info Tech Computer Reserve - IT	$33,092	$150,000	3 year replacement cycle for hardware and software
Fire - Vehicle and Small Equipment	$281,225	$105,000	Average annual spend is $21,000 - target is five years of spending
Tax Stabilization Reserve	($511,108)	$1,320,553	5% of prior year tax levy
Stormwater	$335,545	$1,058,959	5% of replacement value as determined by the net book value
Staff Contingency	$1,352,790	$850,000	5% of wages and benefits
Infrastructure	$0	$1,641,815	1% of non-consolidated net book value

The development of clear targets and supporting rationale will strengthen long-term financial planning and improve transparency and predictability for Council decision-making. Establishing and monitoring target balances ensures that reserves remain sustainable, align with asset

management needs, and support service delivery without creating funding pressures on future budgets.

The below compares the remaining reserve balances (after consolidation) to the target balance suggested above, to determine if the reserve meets the current target being recommended.

Description	Target Met?
Parking	✓
Marina Development	✓
Wastewater	✗
Insurance Deductibles	✓
Capital Equipment/Vehicles	✗
Economic Development	✗
Tree Compensation	✓
Website (Communications)	✗
Election Expenses	✗
Victoria Hall Maintenance	✗
Affordable Housing	✓
Roads Maintenance Reserve	✗
Fire - Large Vehicles	✗
Lakefront Utilities Interest - Holdco	✗
Contingency	✗
CAPS Committee	✗
Trailer Park/Campground	✗
Lucas Point Reserve	✗
Northam Reserve	✗
Planning - Studies/Reviews	✗
Info Tech Computer Reserve - IT	✗
Fire - Vehicle and Small Equipment	✓
Tax Stabilization Reserve	✗
Stormwater	✗
Staff Contingency	✓
Infrastructure	✗

Only 7 of 26 reserves have met their funding targets, demonstrating that the municipality is not adequately prepared for specific, often operational issues, further indicating insufficient preparedness for maintenance and cyclical operational costs in these areas.

The municipality is significantly behind in saving for large-scale asset replacement, which could necessitate borrowing or large tax increases in the coming years.

A few other observations:

- Fire Services: Both the Fire - Large Vehicles and Fire - Vehicle and Small Equipment reserves are below target. This is critical, as fire apparatus and safety equipment are extremely expensive and have mandated replacement schedules.
- General Capital: The core Capital Equipment/Vehicles reserve is underfunded, impacting the replacement of non-emergency fleet and equipment across all departments.

- Roads: The Roads Maintenance Reserve is below target, suggesting future deficiencies in funding for critical road repair and renewal projects.

In conclusion, while the municipality has a healthy foundation in its operational and contingency reserves, an aggressive, multi-year plan is required to replenish other reserves to mitigate future financial risks and ensure sustainable delivery of essential services.

Conclusion

In uncertain times, it is essential to safeguard the financial health of the organization so that it can continue to support and service the community. Several updates to the Town's policies were made to reflect the changing needs of the Town.

Total reserves provide an assessment of the Town's ability to absorb incremental expenses or revenue losses through the use of reserves as opposed to taxes, user fees, or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, required the Town to revert to taxation or user fee increases or the issues of debt.

This review demonstrates that while the Town of Cobourg has made meaningful progress in strengthening its reserve framework, significant work remains to restore financial capacity and ensure long-term sustainability. Benchmarking confirms that the Town's discretionary reserve levels are substantially below comparator municipalities and the provincial average, exposing the Town to increased financial vulnerability and limiting its ability to respond to emergencies, fund infrastructure renewal, or support community priorities without substantial tax or debt impacts.

The proposed consolidation of reserve accounts from 44 to 26 will simplify financial management, improve transparency, and better align reserve funds with current corporate priorities. This streamline will also improve flexibility and resource allocation, ensuring that reserve dollars are concentrated where they can achieve the greatest financial impact.

The development and implementation of clear and defensible target balances represent a key step forward in ensuring that reserves are sufficiently funded, strategically planned, and adaptable to future needs. Establishing consistent methodologies will support informed decision-making, provide clarity to Council and the public, and reduce reliance on one-time or unpredictable funding sources.

Although several operational reserves have achieved their targets, many of the Town's most critical reserves - particularly those supporting capital infrastructure, asset replacement, community development, and risk mitigation - remain significantly underfunded. Without a structured approach to replenishment, the Town faces increased exposure to financial shocks, deferred infrastructure investment, and potential service impacts.

Through responsible financial stewardship and a commitment to rebuilding reserve capacity, the Town can strengthen its fiscal position, protect taxpayers from volatility, and support a thriving, sustainable future for Cobourg.

The following table provides an overview of the Town's various reserve funds, outlining their purpose, source of funding, and key uses. These reserves serve to support the ongoing maintenance, replacement, and enhancement of municipal infrastructure, programs, and services. Some reserves are funded through annual surpluses generated by specific operations, while others are supported by developer contributions, dedicated levies, or allocations from the operating budget. Collectively, these reserves provide financial stability, enable long-term planning, and ensure the Town can

respond to both anticipated and unforeseen expenditures while maintaining service levels for the community.

Description	Details
Parking	• net parking revenue • funds parking infrastructure
Marina Development	• maintenance of Marina and related infrastructure • funded by annual surplus related to Marina
Wastewater	• maintenance of wastewater and related infrastructure • funded by annual surplus related to wastewater
Insurance Deductibles	• budget surplus from insurance activities
Capital Equipment/Vehicles	• replacement of vehicles/equipment that have reached end of life
Economic Development	• provides funding for projects to attract new businesses, investing in economic infrastructure
Tree Compensation	• funds received by developer • offsets costs in the budget for planting new trees
Website (Communications)	• updating/replacing website • unbudgeted communications costs
Election Expenses	• used every four years to offset the cost of the election
Victoria Hall Maintenance	• annual levy allocation • maintenance/repair/rehabilitation of existing buildings and related facilities
Affordable Housing	• costs related to affordable housing program
Roads Maintenance Reserve	•Repair/maintenance/rehabilitation of roads and related infrastructure
Fire - Large Vehicles	• replacement of vehicles/equipment that have reached end of life
Lakefront Utilities Interest - Holdco	• annual interest from Lakefront loan • funds capital/operating items approved by Council
Contingency	• unbudgeted operating/capital expenditures that would not otherwise be funded from one of the other reserves
CAPS Committee	• Committee for Art in Public Spaces • Costs related to arts, culture, and community well-being

Trailer Park/Campground	• maintenance of trailer park/campground and related infrastructure • funded by annual surplus related to trailer park/campground
Lucas Point Reserve	• Holds proceeds from any land sales • Funds infrastructure projects within Lucas Point
Northam Reserve	• Funds capital projects related to Northam Industrial Park
Planning - Studies/Reviews	• funded through the operating budget • funds costs related to official plan review or any other long-term strategic plan
Info Tech Computer Reserve - IT	• Computer hardware and software
Fire - Vehicle and Small Equipment	• replacement of vehicles, rescue tools, and operational gear
Tax Stabilization Reserve	• Used to mitigate tax rate increases caused by external factors • Funded by year end actual vs budget
Stormwater	• maintenance of stormwater and related infrastructure • funded by annual surplus related to stormwater
Staff Contingency	• operating surplus specifically related to staff wages and benefits
Infrastructure	• Funded from the dedicated annual capital levy

Attachment E - COR-2025-018 – Long-term Debt Policy

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date:	September 4, 2025
Report Number:	COR-2025-018
Council Meeting Date:	September 24, 2025
Subject:	**Long-Term Debt Policy**

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1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval.

NOW THEREFORE BE IT RESOLVED THAT Council approve the updated long-term debt policy with implementation effective September 1, 2025.

2. Executive Summary:

This report presents a comprehensive update to the Town of Cobourg's long-term debt policy. The purpose of the policy is to establish prudent debt management guidelines and ensure that all debt undertaken by the Town aligns with legislative requirements, long-term financial planning goals, and Council-approved strategic objectives. The revised Long-Term Debt Policy improves the capital financing framework and aligns with best practices in municipal financial management. The policy establishes clear parameters for issuing and managing debt, ensures fiscal sustainability, and enhances accountability and transparency in capital planning decisions.

The updated policy introduces a minimum project threshold of $2 million for debt eligibility, ensuring that debt is used strategically for large-scale, long-term infrastructure investments that provide intergenerational benefit. Smaller projects will continue to be funded through reserves, grants, and/or tax levy.

The policy aligns with the Municipal Act, 2001, the provincial Annual Repayment Limit (ARL), and the Town's strategic financial goals, and supports Service Excellence by:

- Promoting transparency and consistency in debt decisions,
- Ensuring fairness by distributing infrastructure costs across current and future taxpayers, and
- Improving financial stewardship through structured debt oversight.

The new Long-Term Debt Policy marks a significant step in strengthening the Town's financial governance, reducing reliance on ad hoc funding decisions, and supporting the continued delivery of essential services in a fiscally responsible manner.

3. Background

The attached long-term debt policy sets out a strategy, methods, goals, and controls for the management of debt requirements and commitments while ensuring compliance with the Municipal Act, 2001 as amended and related regulations. Municipalities in Ontario may only issue debt for capital purposes. The Province regulates the amount of municipal debt and other financial obligations through an Annual Repayment Limit (ARL) regulation under the Municipal Act.

A municipality does not gain back borrowing capacity within the Annual Repayment Limit until the existing debt is fully retired. Unlike individuals and private corporations that may be able to access the equity in their home or property holdings gained through reduction of outstanding debt, municipalities do not have that option. Debt issued with repayment periods that span a significant number of years may restrict the municipality's ability to issue further debt.

Debt will continue to be an ongoing component of the Town's funding structure. Repayment should be structured in a manner that is fair and equitable to those who pay and benefit from the underlying assets over time. The servicing of long term debt needs to be sustainable and affordable while allowing for flexibility to respond to emerging needs. Further, it is industry best-practice among Ontario municipalities to have a policy such as this that outlines criteria for taking out long-term debt and further controls the amount of debt the municipality can have at anyone given point.

4. Discussion:

The incurrence of long-term debt is generally appropriate as the beneficiaries (future users) of the capital infrastructure funded by the long-term debt will then share responsibility for the future repayment of the long-term debt. The foundation of any well managed debt program is a comprehensive debt policy which sets forth the parameters for issuing debt and managing outstanding debt, and provides guidance to decision makers.

Long-term debt is a useful financial tool available to the Town to help finish critical capital projects to ensure the continued delivery of valuable Town services, however it does come at the cost of interest payments. Long-term debt financing will have impact on the tax levy and must be considered through the annual budget to ensure a sustainable and consistent funding source is identified for the annual principal and interest payments.

A well-defined debt management policy provides the Town with a structured approach to capital financing. It assists in consistent decision-making, supports accountability, and demonstrates sound financial stewardship to the public and rating agencies. The updated policy has been prepared in alignment with:

- The Municipal Act, 2001 and related regulations
- Provincial Annual Repayment Limit (ARL) guidelines
- Financial best practices
- Internal strategic planning objectives and fiscal sustainability goals

Purpose

A review of past capital financing practices indicates that the Town of Cobourg did not consistently adhere to its previous debt policy. In several instances, debt was used to fund projects below a reasonable financial threshold, including relatively small-scale infrastructure and maintenance works. However, debenture was not issued which created and built the substantial unfinanced capital position over the last number of years. This practice deviated from standard municipal financial best practices, which recommend the use of debt for large, strategic capital investments with long-term benefits. This practice deviated from standard municipal financial best practices, which recommend the use of debt for large, strategic capital investments with long-term benefits.

Furthermore, the previous debt policy lacked sufficient guidance and controls. It did not clearly define minimum project thresholds, prioritization criteria, or financial safeguards to ensure responsible and sustainable debt use. As a result, the Town “they didn’t issue the debt so it wasn’t incurred” funded projects by “debenture” that would have been more appropriately funded through reserves, grants, or other short-term financing mechanisms.

The new debt policy, which introduces a minimum project threshold of $2 million, is designed to address these gaps by ensuring that debt is used judiciously, aligned with long-term asset planning and fiscal responsibility.

Highlights of the Debt Policy

Debt may be issued in multiple forms, including:

- Debentures (installment, sinking fund, retirement fund)
- Bank loans (fixed or variable)
- Construction financing and lease agreements

Debt may be considered for projects that:

1. Have a value exceeding $2 million
2. Are included in the approved annual capital budget
3. Have an asset life exceeding 20 years
4. Provide intergenerational benefit or revenue-generating capacity

The following 2025 capital projects were identified through the 2025 budget process as requiring debt financing.

Project Description	Debt Amount
Chiller Replacement	$1,000,000
Accessibility Ramp	$500,000
Cobourg East Trunk Sanitary and Watermain	$9,251,694
King Street West Reconstruction	$1,394,305
William Street Bridge Rehabilitation	$181,651
Anne Street Reconstruction	$610,000
Annual Street Light Replacement Program	$210,000
Monks Cove and Harbour Seawall Repair	$17,902,000
Total	**$31,049,650**

Under the proposed long-term debt policy, which sets a minimum project threshold of $2 million for eligibility for debt financing, only two projects of the eight projects from the provided list would have qualified for funding through debt. These are:

- Cobourg East Trunk Sanitary and Watermain – $9,251,694
- Monks Cove and Harbour Seawall Repair – $17,902,000

All other projects fall below the $2 million threshold and therefore would not have been eligible for debt financing under the new policy framework. This approach ensures that debt is reserved for large-scale, strategic capital investments with

long-term community benefit, while smaller projects continue to be funded through reserves, grants, or tax levy.

Unfinanced Capital

Unfinanced capital is not acceptable nor a fiscally responsible long-term practice. It causes increased debt burden, depletion of cash, and erosion of taxpayer confidence. There may be an occasion that a capital project will be unfinanced, for example, if a report to Council is pending to authorize additional funding or the issuance of long-term debt. The Town, however, has a very long history of unfinanced capital which has been continually perpetuated with the use of debenture funding in the capital budget, which has never been issued.

While the new long-term debt policy is now in effect and will guide future capital financing decisions, it is important to acknowledge that there are outstanding issues related to unfinanced capital projects from previous years. These legacy funding gaps will need to potentially be addressed through the issuance of debentures.

Each case of unfinanced capital will be brought forward to Council through individual staff reports, outlining the project details, proposed financing strategy, and associated debt implications. This process will ensure transparency and provide Council with the necessary information to make informed decisions regarding the long-term financial obligations of the Town.

5. Financial Impact and Budget

The long-term debt policy will provide a framework and guidelines for appropriate debenture issuance, thereby minimizing debt servicing costs and significant budget impacts. At this time, the adoption of the new long-term debt policy does not have an immediate financial or budget impact. However, it is expected that future budgets will be affected as the Town begins to address both current and legacy debt requirements in a more structured and sustainable manner.

As the Town implements the new debt policy, there will be greater emphasis on planning for debt repayments within the annual budget, including identifying stable funding sources—primarily the tax levy or reserve contributions—to cover future principal and interest payments. This shift will ensure that the Town can continue delivering essential infrastructure projects while maintaining long-term fiscal responsibility.

While long-term debt is a valuable tool that allows for the equitable sharing of infrastructure costs across current and future taxpayers, it also carries ongoing financial obligations. As such, staff will continue to bring forward reports to Council

as required to seek approval for specific debt-funded projects and to outline any financial implications. This includes addressing the Town's historical reliance on unfinanced capital, which will require separate Council decisions and may involve the issuance of debentures. Further, there will be a consideration of delaying future capital projects as unfinanced capital is reorganized.

Going forward, the Town is committed to aligning its capital financing practices with the updated debt policy, ensuring that debt is used strategically, transparently, and in a manner that promotes long-term financial sustainability.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☐ Thriving Community

☒ Service Excellence

The adoption of a comprehensive long-term debt policy reflects the Town of Cobourg's commitment to Service Excellence by ensuring that financial decisions are made with transparency, foresight, and fiscal responsibility.

By aligning the repayment of long-term debt with the useful life of infrastructure assets, the Town ensures that future residents—who also benefit from these investments—share in the responsibility of paying for them. This promotes fairness and avoids overburdening current taxpayers.

A structured debt policy provides clear parameters and processes for Council and staff to follow, including individual staff reports for each debt-funded project. This enhances public confidence by ensuring that decisions are based on well-defined criteria and are brought forward through open, transparent processes.

☐ Sustainability

7. Public Engagement:

The adoption of the Town's long-term debt policy, as well as the associated financial and procedural adjustments, does not require public engagement as the debt policy is an internal financial management tool that outlines parameters for how the Town will issue and manage debt in accordance with existing legislation and best practices. It is not a policy that directly sets service levels, changes land use, or alters public-facing programs.

While long-term debt decisions may affect future budgets, the approval of this policy itself does not immediately change tax rates, fees, or capital project

priorities. As such, there is no direct impact on residents requiring engagement at this stage.

8. Attachments:

Attachment 1 – Long Term Debt and Issuance of Debt Policy

Attachment 2 – Debt Management Policy (previous)

Corporation of the Town of Cobourg

Division:	Corporate Services	**Effective Date:**	
Department:	**Finance**	**Approval Level:**	Council
Policy Title:	**Long Term Debt and Issuance of Debt Policy**	**Section #** **Policy #**	

1.0 Purpose

1.1 This Policy sets forth parameters for Town of Cobourg council and staff regarding the issuance of debt and management of outstanding debt. A debt management policy is beneficial as it assists in consistent decision making, rationalizes the decision-making process, identifies objectives for staff to implement, and demonstrates a commitment to the objective of long-term financial planning.

1.2 The purpose of this Policy is to outline the procedures and steps undertaken to ensure the Town of Cobourg plans for and uses debt appropriately.

2.0 Definitions

2.1 “Annual Capital Budget” means the budget estimate for capital project(s) and/or capital program(s) that has been adopted by Council and is the level at which Council approves funding

2.2 “Annual Repayment Limit (“ARL”)” means the maximum amount that a municipality may commit to payments related to debt and financial obligations as calculated by the Province of Ontario and adjusted by the municipal treasurer from time to time

2.3 “Bank Loan” means a loan between the Town and a bank listed in Schedule 1, 2 or 3 of the Bank Act (Canada), a loan corporation registered under the Loan and Trust Corporations Act or a credit union to which the Credit Unions and Liaison Popularise Act, 1994 applies

2.4 “Capital Expenditure” means expenditures incurred to acquire, develop, renovate or replace capital assets as defined by Public Sector Accounting Board, Section 3150

2.5 “Capital Financing” means the financing of capital assets using debt, financing leases, swaps and other derivatives

2.6 “Debenture” is a formal written obligation to repay specific sums on certain dates. In the case of a municipality, debentures are unsecured i.e. backed by general credit rather than by specified assets

2.7 “Debt” means any obligation for the repayment of money. For Ontario municipalities, long term debt normally consists of debentures, short-term debt normally consists of notes or loans from financial institutions. Inter-fund borrowing, and debentures issued to Infrastructure Ontario are also considered to be debt

2.8 "Inter-Fund Borrowing" means financial resources being transferred internally from one fund to another with express purpose to repay the loan plus applicable interest

2.9 "Lease Financing Agreements" means allowing for the provision of Municipal Capital Facilities if the lease may or will require payment by the Corporation beyond the current term of Council.

2.10 "Long Term Borrowing/Long Term Debt" means any debt for which the repayment of any portion of the principal is due beyond one year

2.11 "Reserve(s)" means a fund that may be for a specific purpose but is considered discretionary in nature. Interest is not earned on those investments

2.12 "Reserve Fund(s)" means a fund that is segregated and restricted to meet a specific purpose. Monies set aside for a reserve fund(s) must be deposited into a separate bank account and the interest earned on those investments must be added to the reserve fund(s)

2.13 "Short-term Borrowing/Short Term Debt" means any debt for which repayment of the entire principal is due within one year

2.14 "Sinking Fund" means a segregated pool of funds managed by the Town of Cobourg for which an estimated amount in each year, with interest compounded annually, will be sufficient to pay the principal of the related Sinking Fund Debentures at maturity

2.15 "Town" means the Corporation of the Town of Cobourg, its agencies, boards and commissions and in accordance with the Town's Consolidated Financial Statements, those organizations accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town

2.16 "Treasurer" means the Director of Corporate Services for the Town of Cobourg

3.0 Policy

3.1 Adherence to Statutory Requirements

(1) Capital financing may only be undertaken if and when it is in compliance with the relevant sections of the *Municipal Act,* the *Local Improvement Act,* or the *Tile Drainage Act,* and their related regulations. These requirements include, but are not limited to:

a) The term of temporary or short-term debt for operating purposes will not exceed the current fiscal year

b) The term of capital financing will not exceed the lesser of 40 years or the useful life of the underlying asset

c) Long-term debt will only be issued for capital projects

d) The total annual financing charges cannot exceed the Annual Repayment Limit, as applicable, unless approved by the Ontario Municipal Board

e) Prior to entering into a lease financing agreement, an analysis will be prepared that assesses the costs as well as the financial and other risks associated with the purposed lease with other methods of financing

f) Prior to passing a debenture by-law which provides that installments of principal or interest, or both, are not payable during the period of construction of an undertaking, the Council will have considered all financial and other risks related to the proposed construction financing

g) The awarding of any contract under this Policy will, unless otherwise authorized by the Council, follow the procedures and authorities set out in the Corporation's Procurement Policy

3.2 Short Term Debt (Under One (1) Year)

(1) Financing of operational needs for a period of less than one (1) year pending the receipt of taxes and other revenues, or interim financing for capital assets pending long-term capital financing, may be from the following sources:

a) Reserves and Reserve Funds (this may be used for the primary source of short-term financing provided that interest is paid in accordance with the Town's Reserve and Reserve Fund Policy);

b) Bank line of credit;

c) Short-term promissory notes issued to approved financial institutions;

d) Bankers' Acceptances; and

e) Infrastructure Ontario (or successor organization) short-term advances pending issuance of long-term debentures

3.3 Long Term Debt (Greater than One (1) Year)

(1) Financing of assets for a period greater than one year may be from any of the following sources:

a) Debentures, which may be in the form or a combination of:

i. Installment

ii. Sinking Fund

iii. Term

iv. Amortizing

v. Variable Interest Rate

vi. Retirement Fund

b) Reserves and Reserve Funds

i. These may be used for both interim and medium-term for a period of no greater than five (5) years if deemed cost effective or otherwise necessary. Any borrowing must be in accordance with the Town's established Reserve and Reserve Fund Policy

c) Long-Term Bank Loans

i. These loans may be either fixed or variable interest rate loans as determined by the Director of Finance and POA Court Services/Treasurer. A preference to fixed rate will be made as it reduces interest rate risk if the rates were to increase in the future

d) Construction Financing

i. May be used for a period of up to five (5) years during construction or rehabilitation of certain facilities from which a revenue stream is expected to be generated upon its completion

e) Lease Financing Agreements (Capital Financing Leases)

i. May be used when it provides material and measurable benefits compared with other forms of financing

3.4 Purposes for Which Debt May Be Issued

The Town may borrow by debenture, mortgage or other acceptable debt instrument to finance capital expenditures that support corporate priorities and approved strategic plan, while using the following guidelines to determine on a case-by-case basis whether the use of debt is appropriate:

(1) Whether the individual project value exceeds $2,000,000

(2) Whether the estimated useful life of the asset is greater than 20 years

(3) Whether the project has been approved by Council as part of the annual capital budget and has been clearly identified as being funded by debt

(4) Whether it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries or users

(5) Whether the project is supported by a comprehensive business case if the project is not included in the annual budget.

3.5 Debt Issuance

(1) When the incurrence of Long-Term Debt is deemed to be an appropriate method to finance capital projects, the Province will be initially considered as a lender

(2) Where it is more attractive and advantageous, a long term financing arrangement with another acceptable lender will be considered

3.6 Reporting Requirements

As required, the Director of Corporate Services/Treasurer shall submit to Council, the following:

(1) A report, before entering into a financing lease which is other than a non-material lease, with recommendation assessing the costs and financial and other risks associated with the proposed financing lease. This report shall include:

a) A comparison between the fixed and estimated costs and the risks

associated with the proposed lease and those associated with other methods of financing;

b) A statement summarizing, as may be applicable, the effective rate or rates of financing for the lease, the ability for lease payment amounts to vary and the methods of calculations, including possible financing rate changes, that may be used to establish the variance under the lease;

c) A statement summarizing any continent payment obligations under the lease that could result in a material impact for the Town

d) Report on any outstanding financing leases including the following details:

d.1 Estimates of the proportion of financing leases to the Corporation's total long-term debt

d.2 A statement that in his or her opinion all financing leases were made in accordance with this Policy

(2) A report before passing a by-law providing for construction financing, which shall consider:

a) The fixed and estimated costs to the Corporation

b) Whether the costs of the proposed financing for construction of the undertaking are lower than other methods of financing available

c) The risks to the Corporation if the undertaking is not constructed or completed within the period of construction as estimated by Council; and

d) The financial and other risks for the Corporation

(3) A report detailing at least once in a fiscal year, any current variable interest rate bank loan agreements and any subsisting interest rate exchange agreements applicable to them

(4) Report during the annual budget any outstanding construction financing debentures including the following details:

a) A description of the estimated proportion of the total debentures of the municipality issued to the total long term debt of the municipality and

a description of the change, if any, in that estimated proportion since the previous year;

b) A statement as to whether, in his or her opinion, all debentures issued were made in accordance with this Policy;

c) A record of the date of the repayment of each installment of principal, interest or both during the period;

d) A statement of the outstanding installments of principal and/or interest of debentures due within the year

(5) Report on any outstanding hedging instruments, including with number 4 - variable

4.0 Scope

4.1 This policy pertains to the issuance of all debt and resulting repayment terms, including capital lease financing arrangements entered in by the Town. This policy applies to all members of the Town's organization including members of Council, full, part-time and contract staff.

5.0 Administration

5.1 Municipal Council is responsible for:

1) Council must authorize long term debt through by-law

2) Pass a resolution to by-pass this policy if the debt will exceed 15% limit of own source revenues

5.2 The Director of Corporate Services/Treasurer is responsible for:

1) Ensure that the municipality has sufficient capacity within its debt repayment limit as per the Ministry of Municipal Affairs and Housing ARL requirements

2) Provide policy to municipal auditors to audit policy to the undertaking of debt during the annual audit

3) Arrange for the debt servicing

4) Provide a report at the annual budget regarding debt management

5) Responsible for providing training and the implementation of the policy

6) Submit annual temporary borrowing bylaw to Council in accordance with the Municipal act.

Cross Reference

Policy # (related policy)

Procedure # (related procedure)

Division Director / Resolution #	Revision Purpose/Description:	Municipal Clerk/Approved by CAO: _____ Signature	Council/Division Director Approval Date:

3-3 DEBT MANAGEMENT

3-3-1 DEBT MANAGEMMENT

1. A debt ceiling will be established whereby the debt financing to be incurred in any year shall not increase the net debt servicing costs to more than 16 percent of current operating expenses.

2. No new debenture authorities beyond the ceiling established in 3-4.1 will be incurred; however, debenture authorities not used in any given year may be accumulated to meet future projects.

3. New debenture authorities will be authorized only to fund projects having a useful life of at least fifteen years and for which the gross cost is estimated to exceed five hundred thousand dollars.

4. The repayment cost of new tax supported debt be limited to an amount equal or less than the repayment cost of tax supported debt being retired;

5. That only long term projects with a life expectancy of least the term of debt repayment be considered for funding by the issuance of debentures. (R,672-86)

(575-93)

Attachment F - COR-2025-021 – Annual Surplus/Deficit Allocation Policy

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date:	October 9, 2025
Report Number:	COR-2025-021
Council Meeting Date:	October 29, 2025
Subject:	**Annual Surplus/Deficit Allocation Policy**

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1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval.

NOW THEREFORE BE IT RESOLVED THAT Council approve the Annual Surplus Allocation Policy.

2. Executive Summary:

Section 290 of the *Municipal Act, 2001* requires municipalities to prepare and adopt annual budgets that estimate all revenues and expenditures. Because budgets are estimates, actual results vary each year, leading to either a surplus or a deficit.

Industry best practices recommend that municipalities use reserves and reserve funds to manage these year-end results, thereby reducing financial risk, strengthening financial sustainability, and ensuring taxpayers benefit from unspent funds. The Town of Cobourg's Annual Surplus Allocation Policy provides

a consistent framework for allocating surpluses and funding deficits, aligning with practices adopted across Ontario municipalities.

The policy has no direct financial or budgetary impact, as surpluses and deficits occur naturally and are already part of municipal financial operations. Instead, it provides a structured and transparent approach to managing year-end results. By adopting this policy, the Town of Cobourg will strengthen financial resilience, improve long-term planning capacity, and enhance accountability in the management of public funds - all of which align with Council's strategic priorities.

3. Background

Section 290 of the *Municipal Act, 2001* requires municipalities to prepare and adopt a budget that includes estimates of all sums required during the year. As municipal budgets are estimates, actual revenues and expenditures vary annually, resulting in either a surplus or deficit.

Industry best practices recommend the use of reserves and reserve funds to manage year-end results, thereby reducing financial risk and supporting long-term sustainability. The adoption of the Annual Surplus/Deficit Allocation Policy will provide a consistent and transparent framework for the management of year-end financial results, align with industry best practices, and strengthen the Town's financial sustainability.

4. Discussion:

A major objective of the Town of Cobourg is to sustain a financially viable municipality that can provide an adequate level of municipal services and support the Town's long-term capital plan. The Town recognizes that an important component for reaching and maintaining this objective is the management of operating budget surpluses. The policy provides guidelines for the allocation of operating budget surpluses.

Further surplus/deficit surplus allocations are common best practices across Ontario municipalities to:

- Manage timing differences between budget adoption and audited financial results.
- Provide transparency in how surpluses are allocated.
- Reduce financial risk and ensure taxpayers benefit from unspent funds.

In the past, any surplus/deficit funds were not reallocated. The 2023 surplus was allocated to the Tax Stabilization Reserve but a clear policy framework is required to ensure consistency and long-term sustainability.

The Annual Surplus/Deficit Allocation Policy will:

1. Ensure that annual operating surpluses are used to strengthen the Town's reserves, mitigate financial risk, and support asset management and long-term financial planning.

2. Provide the Council an update and approval on how to allocate surpluses or address deficits according to the guidelines in the policy.

3. Promote transparency and accountability in the year end financial process.

The policy highlights that:

- Establish a clear process for allocating operating surpluses and funding operating deficits.

- Ensure transparency and accountability by requiring annual reporting to Council.

- Ensure that surpluses/deficits from specific business units (such as the marina and campground) are transferred to their associated reserves before calculating the final operating surplus/deficit.

This approach ensures that taxpayers benefit from year-end results and that reserves are available to respond to future needs and uncontrollable external factors.

5. Financial Impact and Budget

The establishment of an Annual Surplus/Deficit Allocation Policy has no direct financial or budget impact. Surpluses and deficits are a normal occurrence across Ontario municipalities and represent a best practice for managing the timing differences between budget adoption and audited financial results.

As this policy only establishes a structured approach for managing future surpluses or deficits, it does not impact on the approved budget or create any new financial obligations.

6. **Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:**

☐ Thriving Community

☒ Service Excellence

The Annual Surplus/Deficit Allocation Policy embodies service excellence by ensuring that the Town of Cobourg delivers high-quality, transparent, and fiscally responsible financial management practices that directly benefit residents and stakeholders.

The policy provides a structured framework that enables timely responses to financial results and ensures taxpayers directly benefit from unspent funds, reinforcing trust in municipal stewardship.

☒ Sustainability

The Annual Surplus Allocation Policy directly advances the Town of Cobourg's commitment to sustainability by ensuring that financial decisions made today do not compromise the Town's ability to provide services and invest in community needs in the future.

By directing surpluses to reserves, the policy ensures that resources are available to manage unexpected costs, economic fluctuations, or other uncontrollable external factors.

7. **Public Engagement:**

Public engagement is not considered necessary for the development of the Annual Surplus/Deficit Allocation Policy. The allocation of annual surpluses and management of deficits are established best practices across Ontario municipalities to ensure financial sustainability, transparency, and accountability.

This policy does not introduce new taxes, fees, or expenditures, nor does it alter service levels. Instead, it provides a structured and consistent framework for how existing surplus funds are allocated, with the goal of reducing financial risk, strengthening reserves, and supporting long-term asset management and financial planning.

Council will continue to receive updates and make decisions on surplus or deficit allocations in accordance with the policy, ensuring transparency in the year-end financial process. Given that the policy is administrative in nature and focuses on internal financial management practices rather than changes that directly affect residents, public engagement is not required.

8. **Attachments:**

Annual Surplus/Deficit Allocation Policy

Corporation of the Town of Cobourg

Division:	Corporate Services	**Effective Date:**	Date
Department:	Finance	**Approval Level:**	Council
Policy Title:	**Annual Surplus/Deficit Allocation** - Administration	**Section # Policy #**	3-3

1.0 Purpose

1.1 This Policy is a requirement of the *Municipal Act, 2001*, which requires a local municipality in the year or the immediately preceding year, prepare and adopt a budget including the estimates of all sums required during the year for the purposes of the municipality. As the budget is an estimate, the actual results will vary each year.

1.2 Section 290 of the *Municipal Act, 2001* outlines the requirements of local municipalities in preparing and adopting a budget including estimates of all sums required during the year for the purposes of the municipality.

1.3 The purpose of this Policy is to establish the allocation of operating budget surpluses and funding of operating budget deficits. Such allocation will be reported annually and operating budget surplus will be used to reduce the Town's exposure to uncontrollable external factors and provide flexibility to respond to future needs.

2.0 Definitions

2.1 "Operating Budget Surplus" means the net excess that exists at a fiscal year-end when expenditures are less than budgeted for and/ or revenues are greater than budgeted for

2.2 "Operating Budget Deficit" means the net excess that exists at a fiscal year end when expenditures are more than budgeted and/or revenues are less than budgeted

2.3 "Council" means the Mayor and members of Council for the Town of Cobourg

2.4 "Operating Budget" means a budget that funds day to day operations. Some of the expenses could include personnel, utilities, and reserve and reserve fund contributions

2.5 "Reserves" means Monies set aside by approval of Council and not restricted by legislation. Reserves can be related to projects that are of a nature prescribed and managed by approval of Council. Reserves do not receive an annual interest allocation.

2.6 "Reserve Fund" means monies set aside for a specific purpose as required by provincial legislation, a municipal by-law, or agreement. Reserve Funds receive an annual interest allocation based on the average annual balance Reserve funds can either be obligatory or discretionary

Policy

3.1 Industry Best Practices

(1) Municipalities, including the Town of Cobourg, use reserve and reserve funds to flow the surplus or fund a deficit at year end. Municipalities adopt policies which provide guidance on the priority use of reserves as well as providing delegated authority to the Treasurer for the allocation of a surplus or to fund a deficit.

(2) It should be noted that the funds above don't disappear, the surplus goes into reserve funds for future years' use. This ensures that the taxpayer benefits from this surplus. The first advantage of this process is that it allows for budgets to be passed early in the year (or late in the prior year) which provides the authorization for spending and investment in the community. The second advantage is that in future years' budgets, the reserves and reserve funds can utilize a known balance in the reserve which provides for financial sustainability.

3.2 Disposition of Operating Surplus/Deficit

The annual operating surplus/deficit will be reported to Council each year. Staff will present a report to Council that outlines the surplus/deficit amount and provides recommendations for its allocation as follows:

- Annual surpluses or deficits generated by specific business units (such as the marina, campground, and other identified operations) are transferred to/from the associated reserves prior to the calculation and reporting to the municipality's final operating surplus.

- Final operating surplus/deficit funds will be allocated to the Tax Stabilization Reserve and alternative or additional reserves as recommend by staff. Such recommendations will be included in the annual surplus/deficit report to Council.

4.0 Scope

This policy applies to the Town of Cobourg and shall not be applied to its committees, enterprises and outside boards, commissions and agencies for which Council is required to approve annual budget estimates or levels.

5.0 Administration

The Treasurer has overall responsibility for the development and recommendations of any annual surplus/deficit allocation and has the responsibility to provide an annual report to Council on the disposition of the operating fund surplus/deficit.

Cross Reference

Policy # (related policies)

Procedure # (related procedures)

Report No.	Revision Purpose	Approval Signature	Approval Date

Attachment G - COR-2026-002 – Financial Status Update

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to:	Mayor, Deputy Mayor, and Councillors
From:	Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date:	March 12, 2026
Report Number:	COR-2026-002
Council Meeting Date:	March 25, 2026
Subject:	**Financial Status Report**

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1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval.

NOW THEREFORE BE IT RESOLVED THAT Council direct staff to continue reporting annually on progress related to the implementation of the following measures: disclosure of outstanding unfinanced capital balances, reserve funds reconciliations, debt utilization, and related Key Performance Indicators.

2. Executive Summary:

Over recent years, the Town of Cobourg has undertaken a comprehensive review of financial governance, debt management, reserve administration, obligatory reserve funds, and employee leave practices to strengthen internal controls, legislative compliance, and long-term fiscal sustainability. This review addressed multiple long-standing issues identified in audits and internal assessments and has resulted in significant improvements across several key areas.

These initiatives collectively represent a significant step forward in strengthening financial governance, internal controls, and accountability. Key improvements include:

- Modernized debt management framework
- Elimination of future unfinanced capital
- Enhanced reserve fund governance and disclosure
- Compliance and accuracy improvements for obligatory reserve funds
- Effective reduction of vacation accrual liabilities

While legacy challenges - particularly related to historical unfinanced capital - remain, staff are committed to ongoing monitoring, enhanced disclosure, and sustainable financial management. These reforms position the Town to better manage financial risk, improve decision-making, and ensure responsible stewardship of public resources, supporting long-term fiscal stability and public confidence.

A structured framework has been established to monitor these initiatives, including:

- Clear operational priorities and responsibilities.
- Measurable Key Performance Indicators (KPIs) to track progress and outcomes.
- Ongoing reporting to Council to promote transparency, accountability, and evidence-based decision-making.

This framework ensures resources are effectively allocated, risks are identified early, and results are regularly evaluated to improve service delivery, organizational efficiency, and community outcomes.

3. Background

A comprehensive review of the Town's long standing accounting and budget processes, uncovered significant financial challenges, particularly concerning the capital program, reserves, and compliance. The review focused on areas like capital budget, funding, project reconciliation, reserve management, and financial reporting. The goal was to address the pressing concerns, implement best practices, ensure compliance, and enhance the Municipalities' financial stewardship and long-term sustainability.

Key findings and concerns include:

1. Non-compliant debt management policy and use of debenture funding for lifecycle maintenance and low-dollar projects.

2. Unfinanced capital with no plan to fund the current balance.

3. Lack of proper reserves and reserve funds management, leading to financial instability and regulatory non-compliance.

4. Legislative non-compliance of obligatory reserve funds, specifically development charges, including failure to transfer funds, inaccurate interest allocation, and lack of mandatory reporting.

5. A failure to address auditor recommendations regarding excessive vacation accrual, creating a significant financial and risk liability.

4. Discussion:

Debt Policy and Debt Management

The Town's past practice regarding debenture debt was contrary to municipal best practices and the debt policy had not been updated since 2017 and lacked essential details regarding reporting and usage. Historically, debt was used for low-dollar, short-term lifecycle maintenance projects - contrary to the policy's requirement for projects to exceed $500,000 with a 15-year useful life. The lack of an updated policy led to a lack of accountability, transparency, and errors in application.

Staff have completed the following:

- Debt management policy was updated to reflect municipal best practices, ensuring debt is used for major facilities and expansions.

- Budgets (starting in 2026) only include debt financing as an option if there is a true intention to incur debt.

Unfinanced Capital

Unfinanced capital was a long-standing, practice that had been flagged annually by auditors. Debt was often budgeted but never actually issued and as of 2024, the unfinanced capital balance is approximately $12.48 million.

Staff have completed the following:

- Capital budgets (starting in 2026) are funded through reserves to eliminate the need for unfinanced capital.

- Budgets (starting in 2026) only include debt financing as an option if there is a true intention to incur debt.

While a final plan to fund the pre-existing unfinanced capital still needs to be finalized and approved; the revised process ensures that the balance will not increase going forward. Moving forward, staff will provide Council with a complete disclosure of all unfinanced capital projects. Staff will continue to review possible funding strategies for unfinanced capital.

Reserves and Reserves Management

Several areas of non-compliance were identified through the review process. The 2015 reserve fund policy required updating, further there was no evidence of bylaws or resolutions for individual reserve approvals, reconciliations were incomplete, and long-term planning/funding is insufficient.

Staff have completed the following:

- Capital budgets (starting in 2026) are funded through reserves to ensure reserves are adequately funded.

- Capital budgets (starting in 2026) included future budget years and capital projects to project proper reserve fund allocations and future funding requirements.

- The Reserve Fund Policy has been strengthened to provide clear governance, accountability, and approval requirements for reserve usage.

- In November 2025, Council received a detailed report outlining reserve balances, target thresholds, and supporting financial analysis.

- Reserve balances were publicly reported through the 2026 budget review process.

Staff commit to providing Council with an annual, comprehensive review of reserve balances, targets, and sustainability.

Obligatory Reserve Funds

The review identified that obligatory reserve funds were not maintained in segregated bank accounts, contrary to legislative requirements and recognized best practices. In addition, mandatory development charge reporting for 2023 and subsequent years was not completed. Similar issues were identified with other obligatory funding programs, including the Canada Community-Building Fund (CCBF) and the Ontario Community Infrastructure Fund (OCIF), where budgeted amounts were reported instead of actual expenditures, resulting in inaccurate statutory filings.

Staff have completed the following:

- Separate bank accounts were created for obligatory reserve funds.

- Reserve reconciliations for 2023 and 2024 have been completed. A staff report addressing the 2023 Development Charges reconciliation was presented to Council, and the 2024 reconciliation has been finalized and will be reported to Council following completion of the annual audit.

- Reporting for the Canada Community-Building Fund (CCBF) and the Ontario Community Infrastructure Fund (OCIF) has been updated for 2024 and is now based on actual financial results, fully reconciled to the annually audited financial statements.

Vacation Accrual

As part of the review of employee leave management and related financial controls, staff undertook a comprehensive assessment of historical practices, policy compliance, and accrued vacation liabilities. Former practices led to an excessive accrual of vacation time, noted in audit findings since 2018.

The Town adopted a phased-in approach to enhance controls, including updating policies, providing notice to staff to move to a calendar year basis, to reduce accruals. The average number of vacation days remaining over the past few years is as follows:

- 2025 – 9 days
- 2024 – 16 days
- 2023 – 37 days

This represents a 76% reduction in average outstanding vacation balances over two years, clearly demonstrating that the revised controls and management practices are effective and sustainable.

Summary

The initiatives outlined in this report represent a significant step forward in strengthening the Town's financial governance, internal controls, legislative compliance, and long-term fiscal sustainability. Collectively, these actions address long-standing issues that have been identified by auditors and current staff's internal reviews over multiple years and establish a stronger foundation for transparent, accountable, and responsible financial management.

Key improvements include the modernization of the debt management framework, elimination of future unfinanced capital, enhanced reserve fund governance,

strengthened compliance for obligatory reserve funds, and tighter controls over vacation accrual liabilities. These changes directly reduce financial risk, improve regulatory compliance, enhance reporting accuracy, and strengthen accountability to Council and the public.

Task	Completed	Notes
Not issuing debt when using as a funding tool	✔	Debt is issued if identified in capital budgets and meets the revised debt policy.
Not following debt management policy	✔	Updated debt policy being followed.
Unfinanced capital	Partially	With the adoption of the updated Debt Policy and the shift toward funding capital projects through reserves, no additional projects are anticipated to be added to the unfinanced capital program.
Missing or outdated policies - debenture	✔	Updated debt policy.
Missing or outdated policies - reserves and reserve funds	✔	Reserve fund policy updated. Report provided to Council that analyzed reserves and set targets.
No separate bank accounts for DC, CCBF, Parkland in Lieu, and Prov. Gas Tax	✔	Separate bank accounts created, however funding strategy needs to be determined.
DC annual reporting not completed	Partially	2023 report provided to Council. 2024 is reconciled however waiting for year end to be completed.
OCIF and CCBF reporting not accurate to activity	✔	Reporting updated to include actuals.

While progress has been substantial, some legacy challenges - particularly related to historical unfinanced capital - will require continued attention and strategic planning. Staff remain committed to full transparency with Council, including enhanced disclosure, ongoing monitoring, and the development of sustainable funding strategies.

Overall, these reforms position the Town to better manage financial risk, improve decision-making, and ensure the responsible stewardship of public resources. Continued adherence to these updated policies and processes will support long-term financial stability, enhanced service delivery, and increased public confidence in the Town's financial management practices.

Key Performance Indicators

This table provides a structured framework for identifying key initiatives, outlining their associated details, and establishing measurable Key Performance Indicators (KPIs) to track progress and outcomes. It is intended to support strategic planning, operational oversight, and performance management across the organization.

Item	Details	KPI
Development charges	Annual development charges report per section 43 (2.1) of the Development Charges Act	Report to Council by May 31
Quarterly actual vs budget	Quarterly report to Council that compares actual to budget for both operating and capital costs.	Q1 - April 30 Q2 - July 31 Q3 - October 31 Q4 - part of annual actual vs budget
Annual actual vs budget and surplus	Annual report to Council that compares actual to budget. If there is a surplus, the report should specify how the surplus is allocated, as per the policy.	Report to Council by April 30
Financial Information Return (FIR)	FIR is due May 30	May 30
Audited financial statement	Audited year end financial statement. Presented to Audit and Risk Committee and presented and approved by Council.	Audited statement approved by Council by May 31
Reserve funds	Annual report to Council on reserve fund balances. Include analysis to determine if targets met and tie back to policy. Compare reserve fund balances to similar sized municipalities.	Report to Council by April 30
Capital jobs closed	Annual report to Council on budgeted capital projects and if they were completed in the year. For any capital transactions, the funding source should be listed. This is will help identify if any assets were funded by unfinanced capital, grants, and reserves.	Report to Council by May 31

Each Item represents a major initiative, project, or operational priority. The Details column summarizes the scope, objectives, responsibilities, timelines, and key activities associated with each item. The KPI column identifies specific, measurable indicators that will be used to assess performance, monitor progress, and evaluate success.

Collectively, this framework promotes accountability, transparency, and evidence-based decision-making by:

- Aligning operational activities with organizational priorities.
- Establishing clear expectations and performance targets.
- Enabling consistent monitoring, reporting, and continuous improvement.
- Supporting data-driven discussions at the management and Council levels.

This approach ensures that resources are effectively allocated, risks are identified early, and results are regularly evaluated to enhance service delivery, organizational efficiency, and community outcomes.

5. Financial Impact and Budget

At this time, there is no immediate financial or budgetary impact associated with the revised debt policy, reserve management, or controls over vacation accruals. Current budgets and operations remain unaffected by the changes implemented to strengthen governance, compliance, and internal controls.

However, addressing historical unfinanced capital will have future financial implications. The Town currently holds a legacy unfinanced capital balance of approximately $12.48 million, which represents expended but unfunded capital projects. While the updated policies and processes ensure that no additional unfinanced capital will accumulate, funding the existing balance will require strategic financial planning in future budgets, potentially through a combination of reserves, debt issuance, or other sustainable financing strategies.

6. **Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:**

☐ Thriving Community

☒ Service Excellence

The comprehensive financial governance and internal control initiatives undertaken by the Town directly support service excellence by ensuring that public resources are managed responsibly, transparently, and effectively. By modernizing debt management, improving reserve and obligatory fund oversight, and reducing vacation accrual liabilities, staff have strengthened accountability and operational efficiency while mitigating financial risk.

By addressing historical gaps, implementing best practices, and embedding ongoing monitoring and disclosure, the Town demonstrates a commitment to excellence in service delivery, ensuring that public funds are managed prudently while supporting transparent, accountable, and high-quality municipal services.

☐ Sustainability

7. **Public Engagement:**

The updates to the Town's debt policy, reserve management practices, obligatory reserve reporting, and vacation accrual controls are internal governance and financial management measures. These actions focus on ensuring compliance with legislative requirements, municipal best practices, and audit recommendations, rather than introducing new programs, services, or capital projects that would directly impact the public. In summary, these governance and financial control improvements are internal administrative actions, intended to strengthen the Town's operations, compliance, and fiscal sustainability. Since they do not directly affect service delivery, taxation, or community programs at this stage, public engagement is not required.

8. **Attachments:**

None.

Attachment H - AR-2026-003 – Change in External Auditor

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Audit and Risk Committee

Report to:	Members of the Audit and Risk Committee
From:	Adam Giddings, Treasurer/Director of Corporate Services
Report Number:	AR-2026-003
Meeting Date:	April 14, 2026
Subject:	**Change in External Auditor**

If you require this information in an alternate format, please contact the Accessibility Coordinator at accessibility@cobourg.ca or at 905-372-4301

1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval.

NOW THEREFORE BE IT RESOLVED THAT Council appoint Baker Tilly as its external auditor for a three-year term; and

FURTHER THAT Council direct Staff to execute the necessary agreements; and

FURTHER THAT Council direct Staff to report back at the conclusion of the three-year period with an assessment of outcomes and recommendations regarding any further actions required.

2. Executive Summary:

KPMG has served as the Town's external auditor since 2007, also providing audit services to the Cobourg Public Library and the Downtown Business Improvement Area (DBIA). During the 2023 fiscal year-end audit, Town staff experienced significant delays and service challenges with KPMG, which impacted on the staff's ability to complete timely financial reporting. Despite efforts to address these issues, staff's confidence in KPMG's ability to meet expectations for responsiveness, timeliness, and overall service has diminished.

To address these challenges, staff recommend transitioning the Town's external audit services to Baker Tilly for a three-year term. Baker Tilly brings municipal audit experience and the capacity to meet the Town's immediate reporting requirements. This approach leverages the Town's procurement policy provisions for professional services, ensuring compliance while providing operational continuity and immediate stability. Following the initial three-year term, staff will consider obtaining three quotes as per the purchasing policy.

This recommendation balances operational needs, service quality, fiscal responsibility, and governance principles, supporting the Town's ongoing commitment to effective, efficient, and transparent financial management.

3. Background

Section 296 of the *Municipal Act, 2001* requires that every municipality appoint an external auditor who is licensed under the *Public Accounting Act, 2004* to conduct an annual audit of the municipality's financial statements. This requirement ensures that municipal financial reporting is independently verified, transparent, and compliant with statutory obligations.

In line with sound governance practices, municipalities periodically review the performance of their external auditors or undertake a competitive procurement process. This approach helps to maintain auditor independence, ensure that audit services remain aligned with the municipality's evolving operational and financial needs, and supports ongoing accountability to the public.

The Audit and Risk Committee play a key role in this governance framework by reviewing audit performance, evaluating proposals, and making recommendations regarding auditor appointments. While the Committee provides guidance and oversight, the final authority to appoint the external auditor rests with Council, thereby reinforcing the principle of accountability at the highest level of municipal decision-making.

It is also noted that KPMG has provided audit services not only to the Town of Cobourg but also to the Library and the Downtown Business Improvement Area (DBIA). These existing engagements highlight KPMG's familiarity with the Town's operations and related entities, while also illustrating the importance of ensuring that audit services are effectively meeting all organizational requirements.

4. Discussion:

The purpose of this report is to recommend a transition in the Town of Cobourg's external auditing services from KPMG to Baker Tilly. This recommendation follows significant performance challenges encountered during the 2023 fiscal

year-end process and aligns with the Town's procurement policy regarding professional service appointments.

Introduction

KPMG has served as the Town of Cobourg's external auditor since 2011. During the 2023 year end audit cycle, management has experienced ongoing challenges with audit timeliness and service delivery Most notably there have been significant delays associated with the completion of the 2023 year end audit, which has impacted internal timeliness and reporting. These delays have impacted the timely finalization of financial statements and the overall efficiency of the Finance Department's operations.

Despite efforts to resolve these concerns, management's confidence in KPMG's ability to meet the Town's expectations for responsiveness, timeliness, and overall service has diminished. To ensure the integrity and timeliness of future financial reporting, a change in service provider is deemed necessary.

Rationale for Change

Town staff believe that a change in external auditors is in the best of interest of the Town for the following reasons:

- Continued delays in the completion of the 2023 year-end audit.
- Concerns related to audit scheduling, responsiveness, and service levels.
- The need to ensure timely financial reporting and effective audit planning going forward.
- Change is required to ensure appropriate operational support is in place and that recommendations are effectively implemented in a timely and consistent manner.

Based on these considerations, staff recommend transitioning to a new audit firm. Transitioning to Baker Tilly will address the current performance issues while remaining fully compliant with the Town's procurement policy. This move ensures the Town receives the necessary quality and quantity of services in an efficient, timely, and cost-effective manner as mandated by the policy's objectives.

Proposed Auditor and Term

Staff propose appointing Baker Tilly as the Town's external auditor for a three year term. Baker Tilly has municipal audit experience and the capacity to meet

the Town's audit requirements and timeliness. At the conclusion of the three-year term, management will consider that the Town issue a formal request for quotes (RFQ) for external audit services to ensure ongoing transparency, competitiveness, and value.

This recommendation has been reviewed in the context of the Town's procurement policy. The proposed approach aligns with the intent of the policy by balancing operational needs, service quality, and fiscal responsibility, while also committing to a future competitive procurement process through an RFQ. The proposed transition to Baker Tilly without an immediate RFQ is supported by the Town of Cobourg's procurement policy (section 3-3). Sole and single source provisions allow for non-competitive procurement under specific non-standard procurement condition:

- Specialized expertise: Single sourcing is permitted when "required goods and/or services are to be supplied by a particular supplier(s) having special knowledge, skills, expertise or experience"

- Exceptional circumstances: The policy grants the Town discretion to enter into multi-year agreements when beneficial, such as securing service stability.

Further, Schedule A of the procurement policy identifies specific exempt procurements to which the standard competitive bidding policy does not strictly apply. This list explicitly includes professional fees: professional fees of professional service provider appointed by council, for consultants, external auditors, Ontario Land Surveyors, and property appraisers.

By utilizing this exemption, the Town may directly appoint an external auditor when it is determined to be in the best interest of the municipality to do so. Baker Tilly has been identified as a suitable successor due to their established reputation in municipal auditing and their capacity to meet the Town's immediate reporting timelines. This three-year appointment provides the Town with:

- Immediate stability: Resolving the delay's experienced with the current provider.

- Operational continuity: Allowing the Finance department to reset its reporting cycle without the immediate administrative burden of a RFQ process.

- Future competition: Maintaining the spirit of the procurement policy by committing to determining if additional quotes/potential RFQ after the initial three-year term.

Timeline Estimate

Subsequent to the approval of Baker Tilly, staff will coordinate with the firm to initiate the 2024 audit process and will work to expedite it as efficiently as possible. This will include finalizing the audit timeline, confirming required documentation and schedules with all relevant departments, and establishing regular communication to address any questions or issues promptly.

Staff will also monitor progress closely to ensure key milestones are met and that the audit is completed in a timely manner, supporting the Town's commitment to transparent and accurate financial reporting.

Library and DBIA

Staff note that similar organizations have experienced comparable challenges with long-standing audit providers. For example, the Cobourg Public Library encountered delays and service issues with their previous auditor, and in November 2025, the Library Board approved a transition to Baker Tilly. This precedent demonstrates that such a transition can be successfully managed while maintaining service continuity and timely financial reporting.

Risk and Transition Considerations

Changing external auditors does introduce transition considerations; however, these risks can be effectively mitigated through the following measures:

- Comprehensive management-provided documentation to ensure continuity of knowledge and processes.
- Professional cooperation and information sharing between the outgoing and incoming auditors, as required.
- Well-established internal controls and clearly documented financial policies, procedures, and systems.

With these measures in place, staff are confident that the transition can be managed efficiently and without disruption. Further, staff anticipate that the change in auditors presents an opportunity to streamline audit planning and execution, resulting in improved efficiency and significantly enhanced financial reporting timelines.

5. Financial Impact and Budget

The cost of external audit services is included in the 2026 approved budget for $57,200. There is no anticipated adverse financial impact as a result of this recommendation. The average audit fees for the period 2023 to 2018 was $43,291. Management anticipates that the annual audit fees proposed by Baker Tilly will be consistent with the amounts currently included in the Town's approved operating budget for external audit services. As such, no material ongoing budget impacts are expected as a result of this change in auditor.

As with any transition to a new external auditor, there may be limited, one-time incremental costs associated with the initial year of engagement. These costs could relate to transition activities such as knowledge transfer, review of prior-year working papers, and additional time required to gain familiarity with the Town's systems, processes, and controls. Any such costs are expected to be transitional in nature and limited to the first year of the engagement.

Should any additional costs arise beyond the approved budget, staff will report these to Council through the appropriate financial reporting or budget monitoring processes. Staff will also work with Baker Tilly to manage and minimize transition-related costs wherever possible.

Overall, staff is of the view that the anticipated benefits of improved audit timeliness, responsiveness, and service delivery outweigh any short-term transition costs.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☐ Thriving Community

☒ Service Excellence

The proposed transition to Baker Tilly directly supports the Town of Cobourg's commitment to service excellence, defined as the delivery of high-quality, responsive, and efficient services that meet the needs of the municipality and the community. By addressing the significant delays and service challenges experienced during the 2023 year-end audit, this initiative demonstrates a proactive approach to ensuring that financial reporting is timely, accurate, and reliable - key pillars of municipal accountability and transparency.

☐ Sustainability

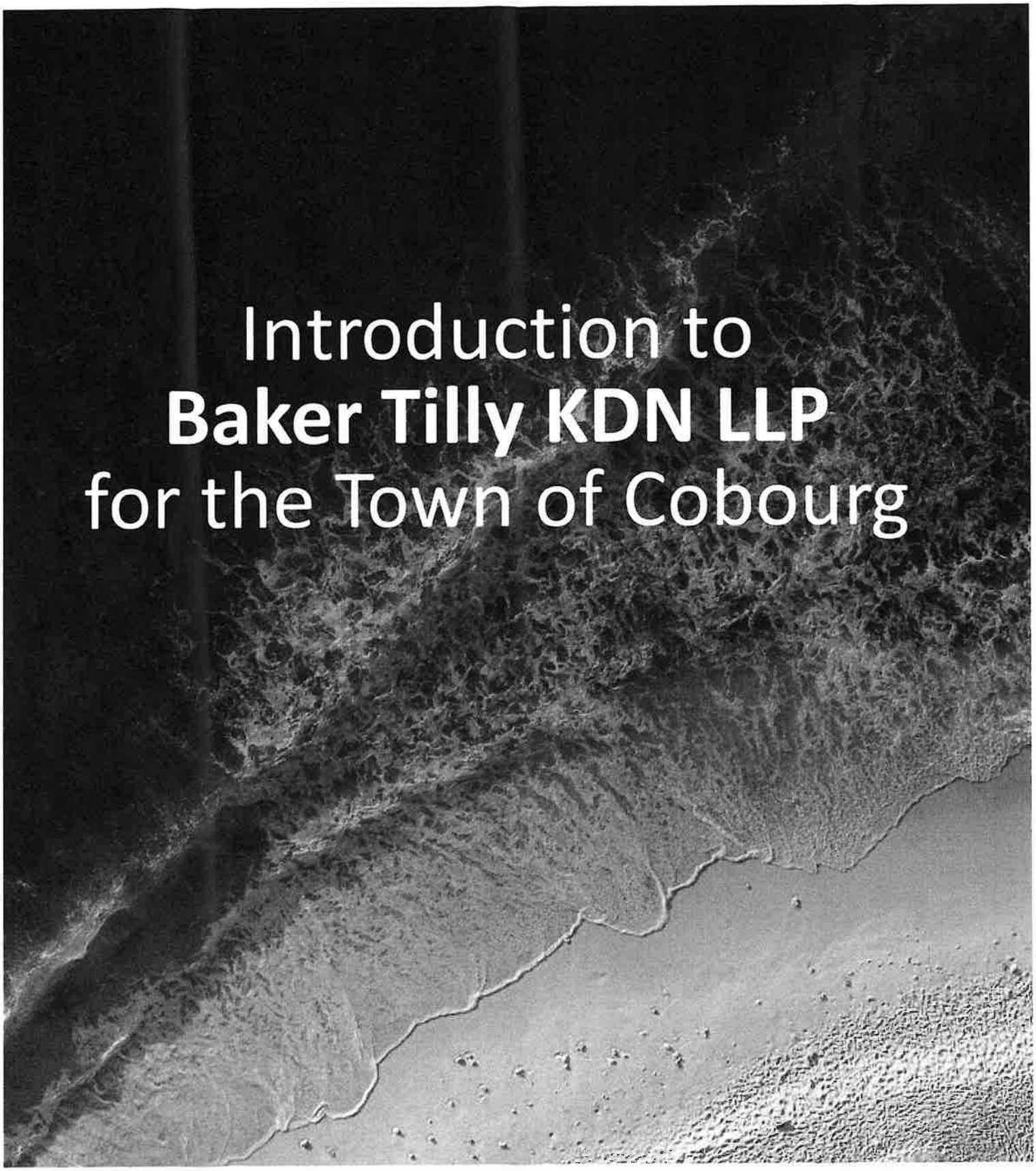
7. Public Engagement:

This auditor transition does not require public engagement because it relates to the internal governance and operational management of the Town's financial reporting processes, rather than policy changes or services that directly affect the public. The selection of an external auditor is a statutory responsibility under the Municipal Act, 2001 and is guided by established procurement and governance policies.

The change is focused on ensuring timely, accurate, and high-quality financial reporting, maintaining compliance with regulatory requirements, and optimizing internal operations. As such, the decision is an administrative and professional service matter, and there is no direct impact on the services received by residents that would necessitate public consultation.

8. Attachments:

Attachment 1 - Introduction to Baker Tilly



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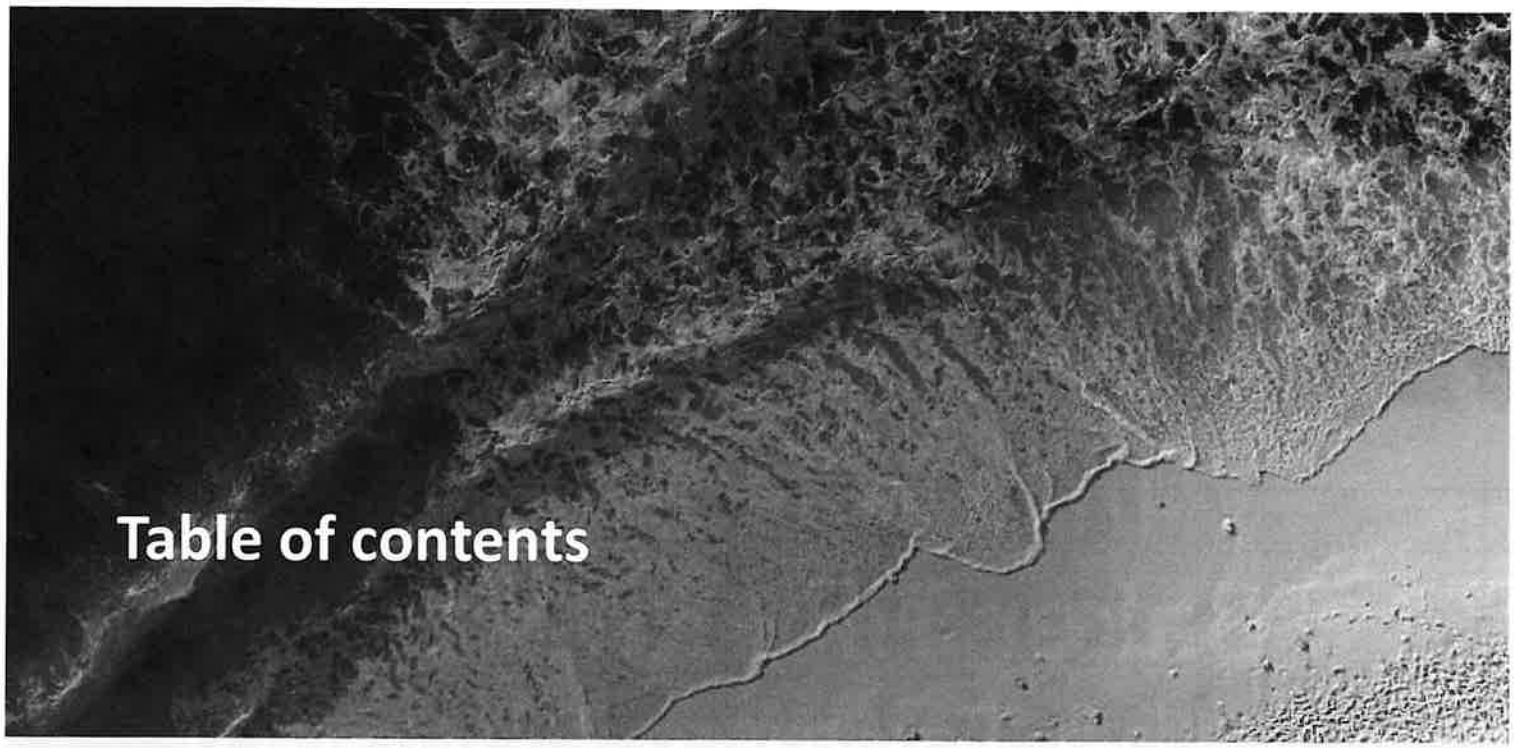


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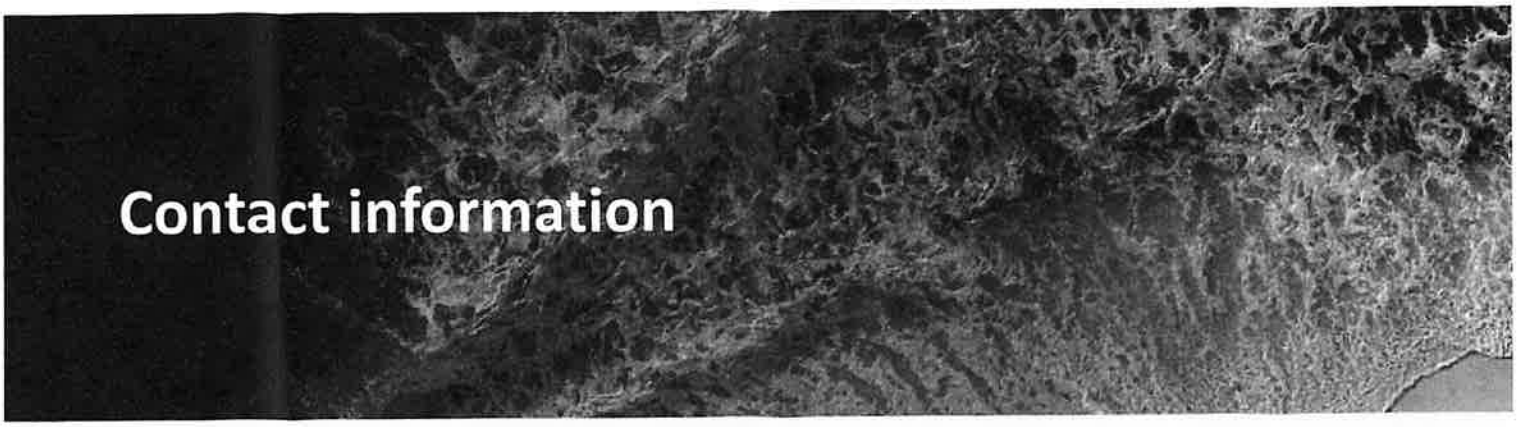
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13 Additional service offerings



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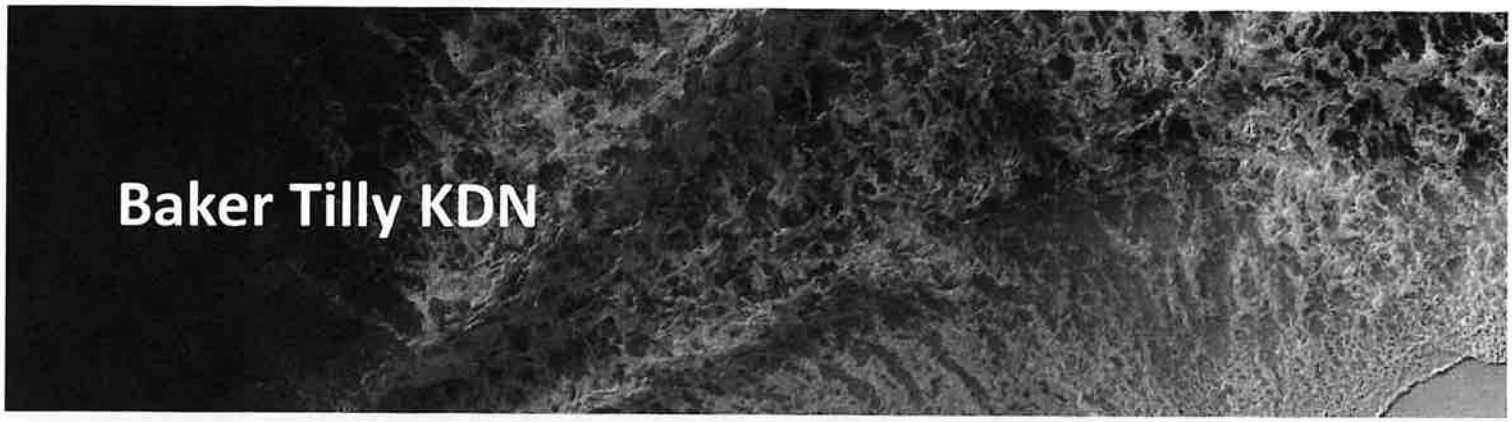
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Website: peterborough.bakertilly.ca

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Baker Tilly KDN LLP

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Baker Tilly KDN LLP ("Baker Tilly KDN or the "Firm") is a leading firm in Central Ontario. Through the depth and breadth of our in-house skills, customized offerings and service excellence, we have developed a reputation for being the real choice for quality and value-added financial advice.

Baker Tilly KDN LLP (BT KDN) is a partnership under the laws of Ontario consisting of 18 partners and more than 130 staff. We are a full-service accounting firm providing assurance, tax and related business advisory services to a broad range of clientele from our offices in Peterborough, Lindsay, Cobourg and Courtice. For more information see peterborough.bakertilly.ca

We currently service 45 municipal and local government clients, including four First Nations, and more than 100 not-for-profit organizations. Our public sector and not-for-profit practice is a cornerstone of our firm and not a small sideline. We have dedicated substantial resources to this area of our practice. As evidenced by the long-term relationships we have with many of these clients, we work diligently with all our clients to enhance their success.

Clients and prospective clients recognize that we offer the national reach of our larger competitors but go beyond with service delivery, offering responsive staff with municipal experience, and innovative and strategic solutions tailored to every client. As a member firm of Baker Tilly Canada, we can draw upon the resources and expertise of the entire network, ensuring we provide value-driven advisory services. Specifically, clients benefit from:

- Increased partner attention
- Strong responsiveness and service excellence
- Local knowledge, global reach
- A one-stop shop for audit, tax and business advisory
- Extensive municipal/PSAB technical expertise
- Industry specialization
- Specialty service offerings
- Pragmatic solutions and a growth-oriented mindset
- A highly collaborative culture



We help municipalities achieve clarity, providing certain insight in an ever-changing sector.

With member firms from coast to coast, the Baker Tilly Canada Cooperative is one of the country's largest associations of chartered professional accounting firms. As an all-Canadian network, we have a longstanding reputation for value-added audit, tax and advisory solutions, due to the depth and breadth of our in-house skills, customized offerings and service excellence. Through our strong network infrastructure, shared expertise, resources and offices across the country, our independent member firms provide clients ranging in size from large, publicly traded companies to owner-managed and emerging businesses with a full complement of professional services across every major industry sector.

bakertilly.ca

Globally connected

We are proud to be an independent member of Baker Tilly International, a network which extends across 143 territories, with 43,000 people working out of more than 698 offices. Our membership gives us significant global reach in addition to our national presence.

At Baker Tilly International, we believe in the power of great relationships, great conversations and great futures. They represent what we stand for and what we are working together to achieve. Find out more at bakertilly.global

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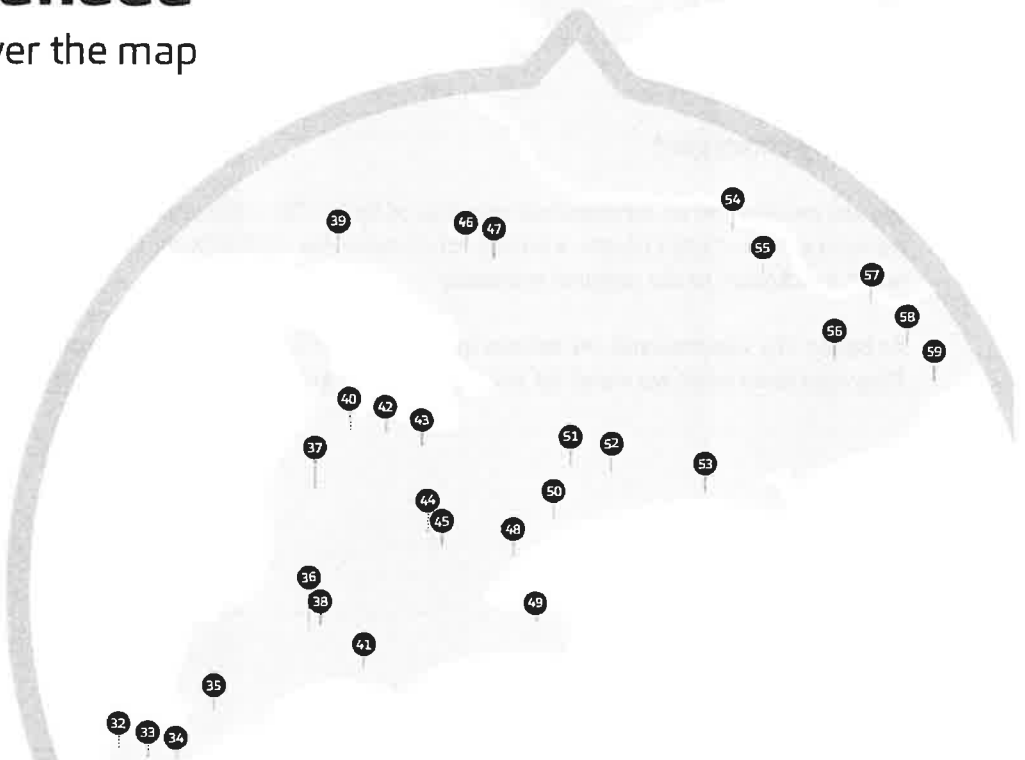
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Baker Tilly Canada

Putting expertise all over the map

1. Victoria (Westshore)
2. Victoria (Uptown)
3. Victoria (Sidney)
4. Vancouver (Burrard Street)
5. Vancouver (Robson Street)
6. Revelstoke
7. Banff
8. Canmore
9. Rocky Mountain House
10. Red Deer
11. Sundre
12. Calgary
13. Nanton
14. Innisfail
15. Edmonton
16. Bonnyville
17. Cold Lake
18. Saskatoon
19. Yorkton
20. Flin Flon
21. The Pas
22. Thompson
23. Winnipeg
24. Hearst
25. Kapuskasing
26. Timmins
27. Cochrane
28. Gatineau
29. Montréal
30. Greater Moncton
31. Dartmouth
32. Windsor
33. Essex
34. Leamington
35. Chatham
36. London
37. Walkerton
38. Dorchester
39. Sudbury
40. Owen Sound
41. Aylmer
42. Meaford
43. Collingwood
44. Guelph
45. Elora
46. Sturgeon Falls
47. North Bay
48. Toronto
49. Niagara
50. Durham Region
51. Lindsay
52. Peterborough
53. Cobourg
54. Pembroke
55. Cobden
56. Carleton Place
57. Ottawa
58. Winchester
59. Morrisburg



Southern Ontario



Relevant experience

The following list details our current municipal audit engagements and years of service. All of these clients are serviced from our Peterborough office. For amalgamated municipalities the years of service has been calculated based on the predecessor municipalities. Note: in the past five years, BT KDN has not lost any municipal clients.

Services legend

1. Audit of the consolidated financial statements
2. Preparation of the consolidated financial statements and local board statements
3. Preparation of the Financial Information Return
4. Municipalities with water and wastewater operations
5. Municipalities with waste operations

Municipality and service provided	Years served
City of Peterborough (1,2,4,5)	19 years
County of Peterborough (1,2)	> 40 years
County of Hastings (1,2)	> 40 years
County of Northumberland (1,2,3,5)	> 20 years
County of Simcoe (1,2,3,5)	>20 years
Municipality of Tweed (1,2,3,4,5)	8 years
Municipality of Hastings Highlands (1,2,3,5)	> 40 years
Town of Bancroft (1,2,3,4,5)	> 20 years
Township of Faraday (1,2,3,5)	> 40 years

Relevant experience

Municipality and service provided	Years served
Township of Carlow-Mayo (1,2,3,5)	> 40 years
Township of Marmora and Lake (1,2,3,4,5)	> 40 years
Municipality of Centre Hastings (1,2,3,4,5)	> 40 years
Township of Wollaston (1,2,3,5)	> 40 years
Township of Madoc (1,2,3,5)	> 40 years
Township of Limerick (1,2,3,5)	> 40 years
Township of Tudor-Cashel (1,2,3,5)	> 40 years
Township of Stirling-Rawdon (1,2,3,4,5)	> 40 years
Township of Tyendinaga (1,2,3,5)	> 40 years
Town of Deseronto (1,2,3,4,5)	>20 years
Municipality of Highlands East (1,2,3,4,5)	> 40 years
Township of Asphodel-Norwood (1,2,3,4,5)	> 40 years

Relevant experience

Municipality and service provided	Years served
Township of Havelock-Belmont-Methuen (1,2,3,4,5)	> 40 years
Township of Douro-Dummer (1,2,3,5)	> 40 years
Township of Selwyn (1,2,3,4,5)	> 40 years
Township of North Kawartha (1,2,3,5)	> 40 years
Township of Otonabee-South Monaghan (1,2,3,4,5)	19 years
Township of Cavan Monaghan (1,2,3,4,5)	9 years
Township of Hamilton (1,2,3,4)	> 40 years
Township of Alnwick-Haldimand (1,2,3,4)	> 40 years
Township of Cramahe (1,2,3,4)	> 40 years
Municipality of Trent Hills (1,2,3,4)	15 years
Municipality of Trent Lakes (1,2,3,5)	> 40 years
Municipality of Brighton (1,2,3,4)	5 years
Township of Springwater (1,2,4)	19 years

Relevant experience

Municipality and service provided	Years served
Township of Essa (1,2,3,4)	> 20 years
Township of Severn (1,4)	13 years
Township of Ramara (1,2,3,4)	10 years
Township of Oro-Medonte (1,2,3,4)	6 years
Loyalist Township (1,2,3,4,5)	2 years
Town of Smith Falls (1,2,3,4)	1 year
Municipality of Dysart et al (1,2,3,4,5)	1 year



Scope of services

Baker Tilly Canada is committed to the highest level of integrity, quality and professionalism, providing clients with a range of expertise in audit, tax and advisory services.

Assurance services

- Audit and accounting services

Tax services

- Income tax compliance and advisory:
  - Canadian,
  - International, and
  - U.S.
- Indirect tax
- SR&ED and other government grant programs
- Transfer pricing
- CRA dispute resolution

Transaction advisory services

- Corporate finance
- Transaction services
- Valuation services

Other advisory services

- Baker Tilly Advantage
- Business advisory services
- Cybersecurity, digital and data solutions services
- Succession planning

PSAB/PSAS knowledge and staffing

With over 40 public sector clients BT KDN has developed extensive expertise in Public Sector Accounting Board (PSAB) accounting policies. Our team benefits from the leadership of a partner who is an active member of the Baker Tilly national PSAB working group, ensuring that we remain at the forefront of changes to the standards. Additionally, we do extensive professional development on new relevant accounting pronouncements and hold extensive PSAB training to our entire team. During 2025 we guided our clients through the implications of the new revenue recognition standards, while also preparing for the significant changes set to take effect in 2027. This proactive approach ensures that our clients and team are well-equipped to navigate the evolving landscape of public sector accounting.

All of our audit staff have municipal experience, and they are specifically trained in municipal auditing. We annually provide an in-house training day focused specifically on municipal audits. The 2026 training day is scheduled to be held on January 23, 2026.

Audit team

Our current municipal team consists of 2 engagement partners, 2 senior managers, 3 managers, 3 supervisors, 10 staff accountants and 1 executive assistant that work exclusively on public sector and non-profit audits and this dedicated team ensures client timeframes can be achieved assuming the client has provided the requested information by the agreed upon due dates or close to it.

Staff continuity

One of our assets is the ability to provide partner and staff continuity to our clients. As a result of being in a smaller marketplace we have lower staff turnover and are able to provide continuity of staff at all levels. Our staff continuity allows for the building of a strong working relationship between the audit team and audit client which enhances communication throughout the audit and the rest of the year.



Available resources

On bakertilly.ca there are regular alerts and publications including:

- Indirect tax alerts
- Regular lawyers' alerts
- Budget commentaries and reports
- Farm alerts
- Tax resources

BT KDN publishes a monthly podcast, From the Source with Frankie & Sarah, which can be found on bakertilly.ca or any podcast platform. Hosts Sarah Netley, a tax partner and Frankie Loreto, a tax manager, both from BT KDN, draw from years of experience and guest experts to help listeners understand and overcome their tax planning challenges.

BT KDN experts frequently share insights and expertise with public sector and not-for-profit organizations through presentations and seminars. Past presentations and seminars have included:

- Presentation at AMCTO Finance Forum on the implications of PS 1202 that is effective for municipalities for the December 31, 2027 year end
- Presentation of Asset Retirement Obligations for public sector organizations to Councils and Clerk-Treasurer Associations
- Councillor orientation
- Preparing for your auditor
- The impact of HST on the MUSH sector
- Changes in financial reporting requirements for non-profit organizations
- And various income tax updates and financial planning sessions



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Attachment I – Service Delivery Review

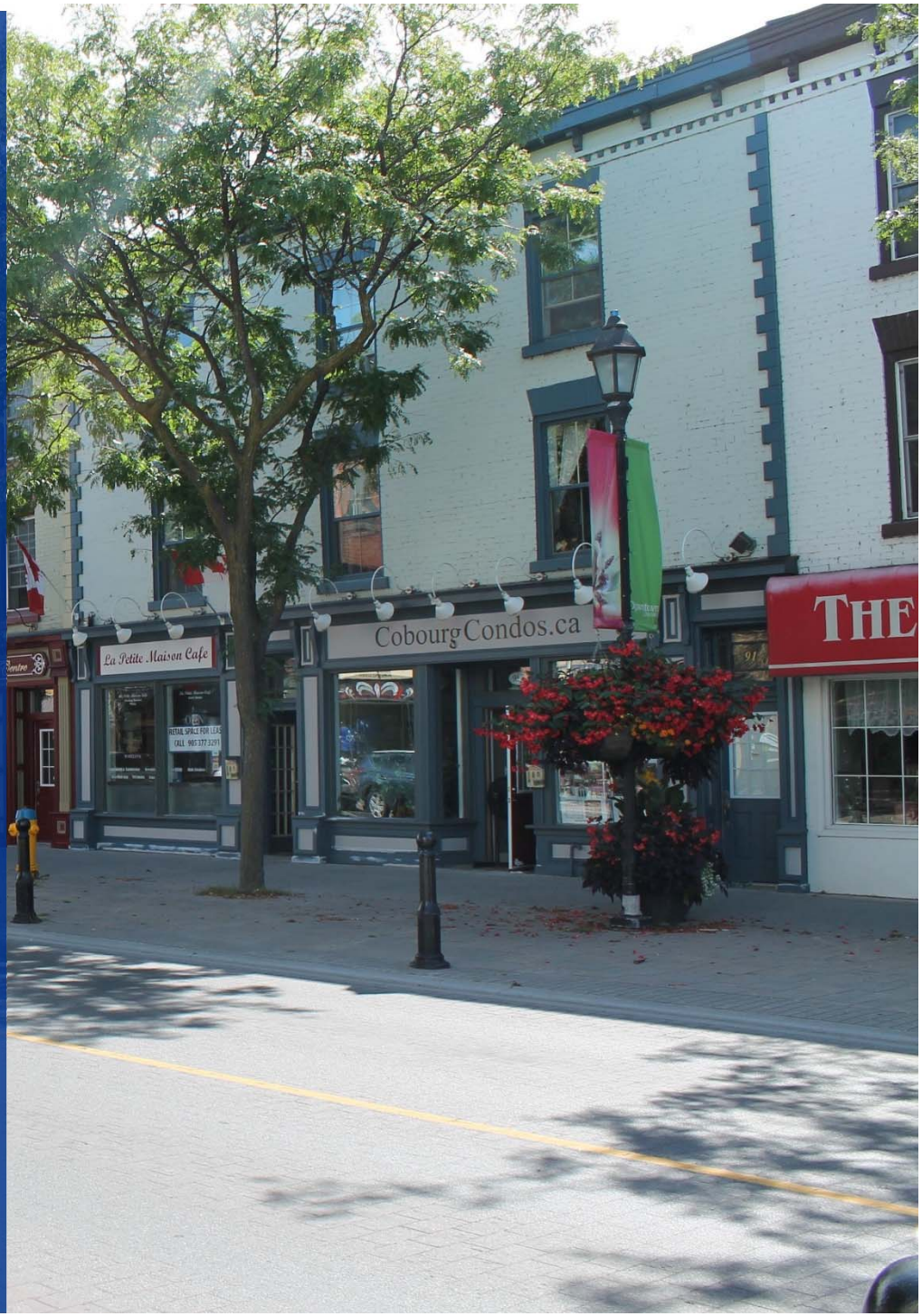
KPMG

Town of Cobourg

Service Delivery Review

Final Report

November 6, 2020



Executive Summary

A. Background to the Review

The Town of Cobourg (the "Cobourg") is a lower tier municipality located within the geographic boundaries of Northumberland County (the "County"). With a total reported population of approximately 20,000 residents, the Town is the largest municipality in the County from a population perspective, accounting for approximately 23% of the County's total population. In order to meet the needs of its residents, the Town budgeted a total of $40.6 million for the delivery of municipal services (excluding capital and debt servicing costs), of which $16.3 million would be funded through grants, user fees, reserve contributions and other non-taxation revenue sources, with the remaining portion ($24.3 million) funded through municipal property taxes.

Consistent with other Ontario municipalities, the Town faces a number of opportunities and challenges that contribute towards fiscal pressures. The combination of regulatory changes, inflation, growth pressures (which are increasing as a result of the Town's proximity to the Greater Toronto Area), infrastructure reinvestment requirements and service demands (both new services and service level increases) are factors that continue to increase the level of fiscal and other resources required for the Town's operations. At the same time, there is a desire on the part of Council to ensure that the Town delivers value-for-money to its ratepayers and residents. Accordingly, the Town has engaged KPMG to assist with the completion of a service delivery review (the 'Review').

The overall goal of the service review is to provide an avenue through which the community, Council and staff have the opportunity to better understand the services provided by the Town and to assist Council in making better informed, strategic choices regarding those services and the resources required to provide them. In doing so, the outcomes of the Review will support strategies that will sustain service delivery in an efficient and effective manner, as well as demonstrate value-for-money to Council, residents and other stakeholders.

Specific project deliverables of the Review include:

- Establishing an inventory of the Town's services, including an assessment as to the basis for the Town's involvement and the current service level for the delivery for the delivery of services;
- Developing performance metrics and benchmarking information for the Town's services;
- Obtaining insight from the community with respect to municipal services and service levels;
- Identifying and evaluating potential strategies that could be adopted by the Town as a means of enhancing efficiencies, reducing costs and better funding municipal services; and
- Developing a framework for opportunity implementation.

This report summarizes the results of the Review.

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B. Key Themes

Our review of the Town's operations involved four primary approaches to gathering information and identifying potential opportunities for cost reductions and financial reinvestment:

- A review of relevant documentation concerning the Town's operations, including but not limited to financial reports and operational data;
- A comparison of financial and other performance indicators to selected municipalities;
- Consultation with Town personnel through a series of working meetings held during the course of the Review; and
- An online survey for Town residents.

We would like to acknowledge the assistance and cooperation provided by staff of the Town that participated in the Review and would also like to thank the 307 residents of Cobourg that provided their insights and opinions on the Town's services and operations.

Based on the results of our procedures, we have identified a number of key themes that have emerged from the Review which we have summarized below.

- Approximately two-thirds of the Town's operating costs and 71% of its municipal levy requirement relate to services that are considered to be either mandatory or essential in nature. While discretionary services account for $6.9 million in annual taxation revenue, almost all of this amount ($6.6 million) is related to discretionary services that are traditionally delivered by municipalities of comparable size. Accordingly, our analysis would suggest that the ability to achieve significant reductions to the municipal levy through outright service eliminations or service level reductions is limited. We also note that Council has not expressed a general willingness to reduce services or service levels; rather, the focus of Council is on maximizing operating efficiencies while maintaining services.
- While the cost of delivering municipal services from an overall perspective (for those services included in the scope of the Review) is generally consistent with selected comparator municipalities of comparable size, our analysis has identified a number of individual services where the net levy requirement varies significantly from the average of the comparable municipalities. Specifically, the amount of taxation funding for corporate-type services – notably clerks, finance and information technology – as well as planning and by-law enforcement is lower than the average of the comparator municipalities, which we consider to be indicative of either (i) the efficiency of the Town in delivering these services; and/or (ii) the need for additional investment in resources. Conversely, services such as animal control, transit, arts and culture and economic and tourism development receive a higher than average level of taxation support, which we believe reflects, at least in part (i) decisions made by the Town to adopt higher service levels than other municipalities (e.g. transit); and (ii) the Town's involvement in services that are influenced by its role as a tourism destination, including but not limited to cultural programming, special events and tourism marketing.

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Executive Summary

- Similarly, a comparison of reported full-time staffing levels indicates that the Town's staffing levels for specific services, notably administration and public works, are comparable to the comparator municipalities, with parks and recreation having a higher level of staffing than average. Once again, we believe the difference in staffing levels is due, at least in part, to the Town's focus on and investment in cultural, recreational and other tourism-related activities.
- In order to demonstrate the impact of service levels of municipal costs, particularly for those communities that focus on tourism as an economic priority, we have expanded the comparator group to include four additional municipalities that have a major investment in waterfront and water-based tourism. As noted in our report, our analysis indicates that these municipalities have a similar cost of service delivery as the Town, reflecting the incremental costs associated with higher service levels. In addition, staffing levels also appear to be consistent with the Town's reported full-time staffing complement.
- From a corporate-level perspective, a comparison of key financial indicators to comparable municipalities indicates that:
  - The Town is at the lower end of the range with respect to financial reserves and reserve funds, which may impact its ability over the long-term to adjust to changes in revenues or operating costs.
  - The Town appears to maintain a level of capital reinvestment in its infrastructure that is consistent with the comparator municipalities
  - The Town has the fourth highest level of residential taxes, both from the perspective of lower tier taxes and on a combined tax basis (i.e. Town, County and education), which reflects, at least in part, the services and service levels provided to residents (e.g. full-time firefighters vs. volunteer firefighters).
- We understand there has been a general reluctance to increase user fees for municipal services, resulting in situations where the Town relies on taxation revenue – as opposed to user fees – to a greater proportion for funding municipal services. In most instances, discretionary services that are considered to be non-traditional in nature, including the marina and campground, are fully funded through user fees and do not require any taxation support to cover operating expenses.

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- A significant majority of online survey respondents agree that they enjoy a good quality of life and that Cobourg is a good place to live. However, respondents were less positive with respect to the affordability of municipal taxes and user fees, the Town's ability to demonstrate value for money and their confidence in how the Town makes decisions. The results of the online survey also indicated that recreational and culture services were both the most used municipal services and the most important municipal services, with roads maintenance, parking and transit identified as having the highest percentage of respondents indicating that service levels were too low. Municipal services that appear to have a higher degree of usage by tourists, specifically the marina and campground, had the highest percentage of respondents indicating that service levels were too high.
- From our perspective, the fundamental question arising from the Review is the extent to which the Town wishes to continue with the current level of investment in recreational and cultural programs that, while contributing towards the quality of life for Cobourg residents as well as its position as a tourism destination (with associated economic development benefits), incrementally increase operating costs and, by extension, taxation levels.

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C. Opportunities for Consideration

Based on the results of the Review, we have identified a number of potential opportunities that could be considered by the Town as a means of increasing operating efficiencies, reducing taxation levels or enhancing financial governance.

Category	
Service level reductions	• Consider a reduction in spending for certain recreational and cultural programs (e.g. special events) as a means of achieving reductions in the municipal levy.
	• Reconsider the provision of transit services in light of (i) current service levels (limited); (ii) lower than average utilization (passengers per capita); (iii) higher than average levels of taxation support; and (iv) public perception with respect to transit services.
Alternate service delivery	• Consider discontinuing the Town's involvement in the Joint Animal Control Service Board.
	• Consider redirecting funding for business attraction from the County to the Town's economic development function.
Increase non-taxation revenues over a multi-year transition period	• Consider an increase in planning fees to provide for a 50% recovery of operating costs (currently 27%).
	• Consider an increase in marina fees to provide funding for future capital requirements (currently funding operating costs only).
	• Consider the implementation of a stormwater management fee as a means of ensuring an adequate stormwater management reserve for operations and capital funding.
	• Consider adoption of parking technologies to reduce leakage and increase parking revenues.
	• Consider the implementation of a three-year user fee by-law, with a corresponding user fee policy, that provides for annual increases in user fees based on a benchmark inflation rate (e.g. September CPI).
	• Consider revisions to the Town's user fee by-law to incorporate fees for booking cancelations.

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Category	
Enhance operating efficiencies and customer service experience	• Implement strategies to reduce the use of paper documentation, with associated changes to the Town's records retention policy.
	• Implement operational changes for parks and recreation to enhance ease of payment for customers and reduce revenue leakage.
	• Implement changes to the Town's financial processes to enhance the effectiveness and efficiency of (i) transaction processing; (ii) financial reporting; and (iii) accounts receivable monitoring.
	• Delegate approval authority for site plan applications to staff (as permitted under the Planning Act and adopted by other municipalities), reducing the time and effort required for Council approval.
	• Consider the establishment of a centralized procurement function that would be responsible for (i) standardizing procurement approaches and documents; (ii) managing contract documentation; (iii) performing data analytics on municipal spending; and (iv) incorporating best practices from other municipalities.
Performance measurement enhancements	• Review the current processes for tracking and reporting key performance indicators in order to ensure consistency across municipal departments.
	• Develop an enterprise risk management strategy that identifies key corporate level risks, existing capabilities, potential gaps and mitigating measures.

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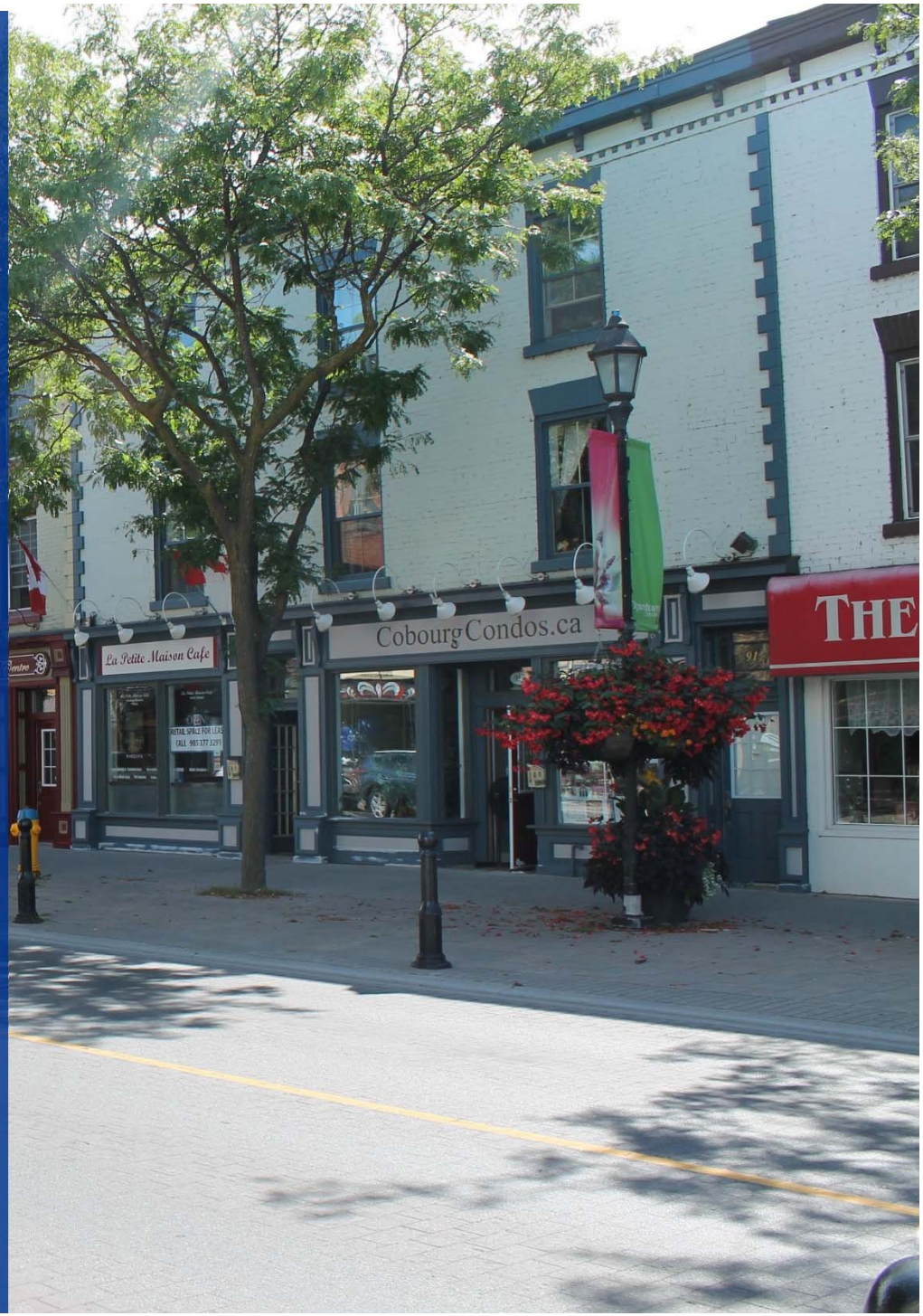
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Town of Cobourg

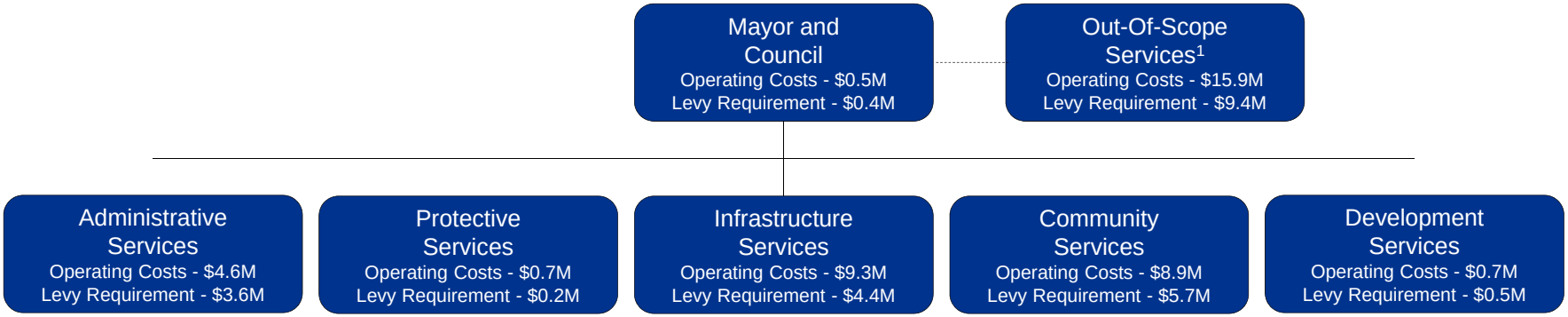
Service Delivery Review

Observations and Findings



Observations and Findings

During the 2020 fiscal year, the Town is budgeted to spend a total of $40.6 million on the delivery of municipal services, with additional expenditures for capital and debt servicing costs. As noted below, the single area of spending for the Town (38% of in-scope operating costs) is related to Infrastructure Services, with Community Services representing the largest component of in-scope services from a municipal levy perspective, accounting for 38% of the municipal levy requirement for in-scope services.



- Chief Administrative Officer
- Communications
- Clerk
- Finance
- Information Technology
- Human Resources
- Town Hall Maintenance
- Economic Development
- Venture 13

- Building Inspection
- Animal Control
- By-Law Enforcement

- Engineering
- Roads Maintenance
- Transit
- Crossing Guards
- Parking
- Wastewater Collection and Treatment

- Parks and Recreation
- Harbour
- Marina
- Campgrounds
- Seniors' Activity Centre
- Tourism Development
- Culture
- Art Gallery
- Concert Hall
- Grants
- Special Events
- Library

- Planning
- Committee of Adjustment
- Heritage

[1] Pursuant to the terms of reference, police, fire, emergency management and conservation authority were excluded from the scope of review. Additionally, certain corporate costs, such as insurance, interest on long-term debt and contributions to reserves, have been excluded from our analysis.

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Observations and Findings

The results of our Review have identified a number of findings, both positive and negative, with respect to the Town and its operating efficiency and financial position and performance.

A. The Town is heavily involved in the delivery of mandatory and essential services, reducing its ability to vary operating costs

In order to provide perspective on the Town's degree of latitude with respect to the services it delivers, we have classified its services into one of four categories, reflecting the rationale for the delivery of the specific service.

- **Mandatory Services** – Services that are explicitly required to be delivered by regulation or legislation, leaving the Town with no discretion in delivering the service.
- **Essential Services** – Services that, while not mandatory, are required to be delivered in order to ensure public health and safety and/or the effective functioning the Town as a corporate body. In certain instances, essential services – once delivered by the Town – are subject to legislation and regulation that mandates service levels and other operational requirements. For example, while there is no mandatory requirement for the Town to deliver wastewater treatment services, it is subject to regulation and legislation as a result of having chosen to deliver these services that limits its latitude of operational discretionary.
- **Traditional Services** – Non-mandatory, non-essential services that are typically delivered by municipalities of comparable size and complexity and for which a public expectation exists that the service will be provided.
- **Other Discretionary Services** – Services that are delivered at the direction of the Town without a formal requirement or expectation, including services that may not be delivered by other municipalities of comparable size and complexity.

As summarize on the following pages, two-thirds of the Town's budgeted costs are classified as either mandatory or essential services, with a further 21% of operating costs categorized as traditional services. Overall, truly discretionary programs that are not typically delivered by comparable municipalities represent approximately 12% of the Town's budgeted operating costs. With respect to the Town's taxation revenues, 72% of its municipal levy is used to fund mandatory or essential services, with a further 26% used to fund traditional services. The relatively small component of the municipal levy used to fund non-traditional discretionary services ($350,279 or 1.4% of the total municipal levy) reflects the relatively high degree of non-taxation user fees associated with these services, which fund the greater portion of operating costs.

The Town's ability to realize meaningful reductions in operating costs through outright service eliminations would be limited to the discontinuance of discretionary costs, although the potential elimination of certain traditional discretionary services such as recreational facilities, recreational programming and library services is seen as remote given the value typically placed on these services by residents. However, the Town can make changes to both service levels and how services are delivered, which could potentially result in operating cost reductions.

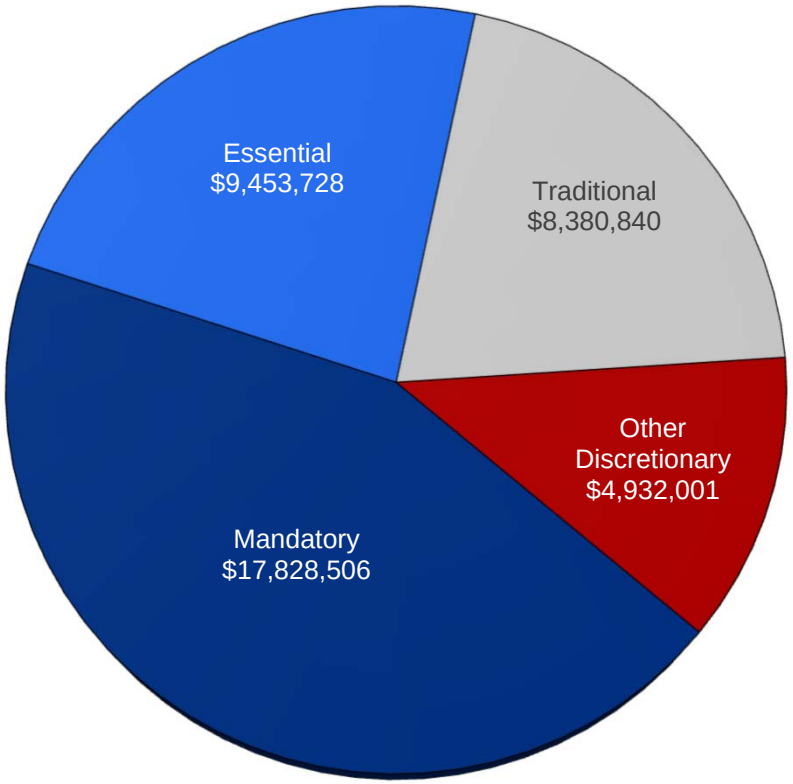
Please refer to Appendix A for additional details concerning the classification of the Town's operating costs and municipal taxation levy and Appendix B for service profiles describing the nature of the Town's services.

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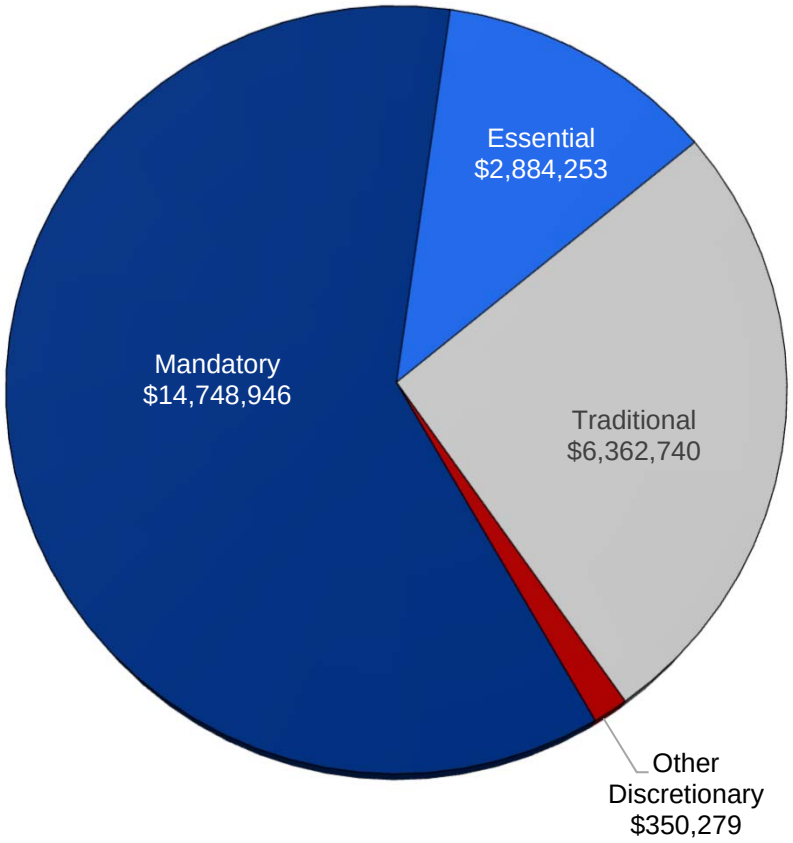
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Observations and Findings

Total Operating Expenditures by Basis of Delivery



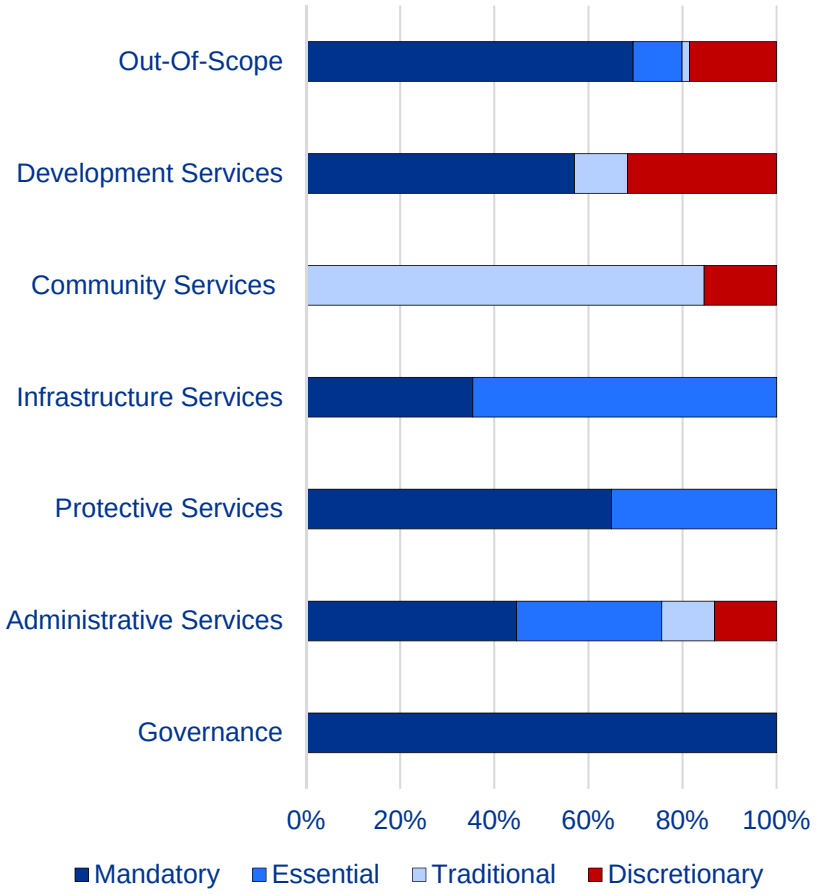
Total Municipal Levy by Basis of Delivery



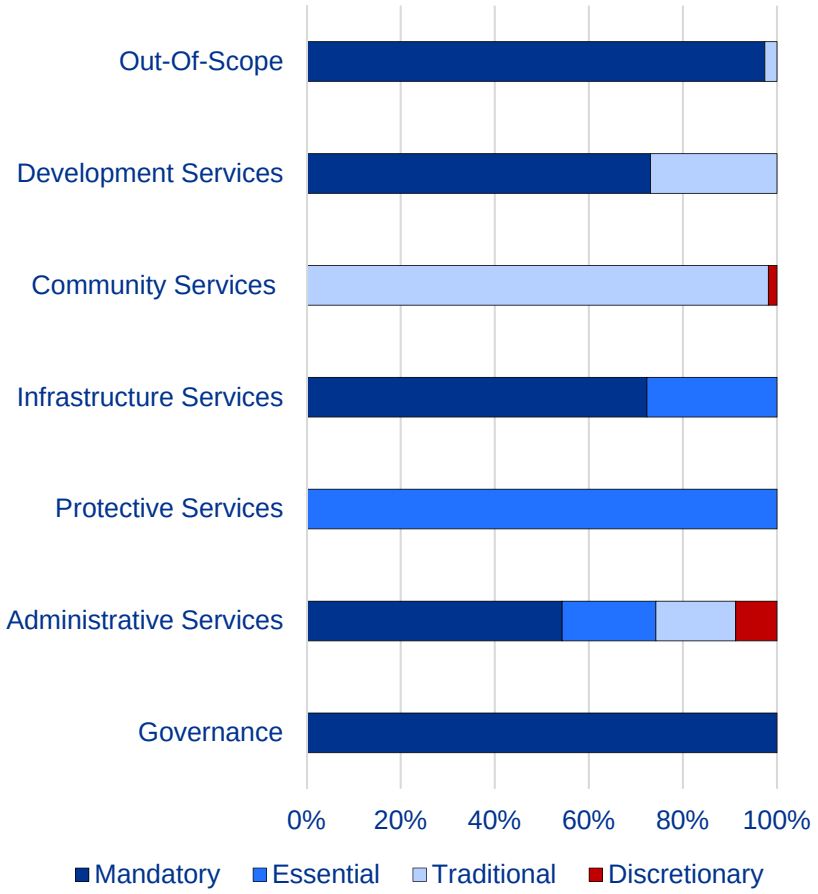
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Observations and Findings

Operating Expenditures by Basis of Delivery and Functional Area



Municipal Levy by Basis of Delivery and Functional Area



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Observations and Findings

B. The Town's cost to deliver services varies from other municipalities, reflecting financial implications of differing service levels and operating efficiencies

During the course of the Review, we have undertaken a comparison of the level of taxation support used to fund municipal services to a group of comparator municipalities with similar numbers of household, with 2020 budgets used as the basis for the comparison. A total of eight municipalities were selected for inclusion in the comparative analysis.



Municipality	Population	Households	Area (km^2)
Cobourg	19,440	8,958	22.36
Brighton	11,844	5,099	222.71
Essex	20,427	8,694	277.97
Huntsville	19,816	10,524	710.01
Owen Sound	21,341	10,098	24.27
Port Hope	16,753	7,305	278.87
Strathroy-Caradoc	20,867	8,455	270.77
Tecumseh	23,229	8,987	94.64
Tillsonburg	15,872	7,297	22.33

The results of the comparative analysis reflected a degree of variability with respect to the Town's level of taxation support for certain services in comparison to the selected municipalities.

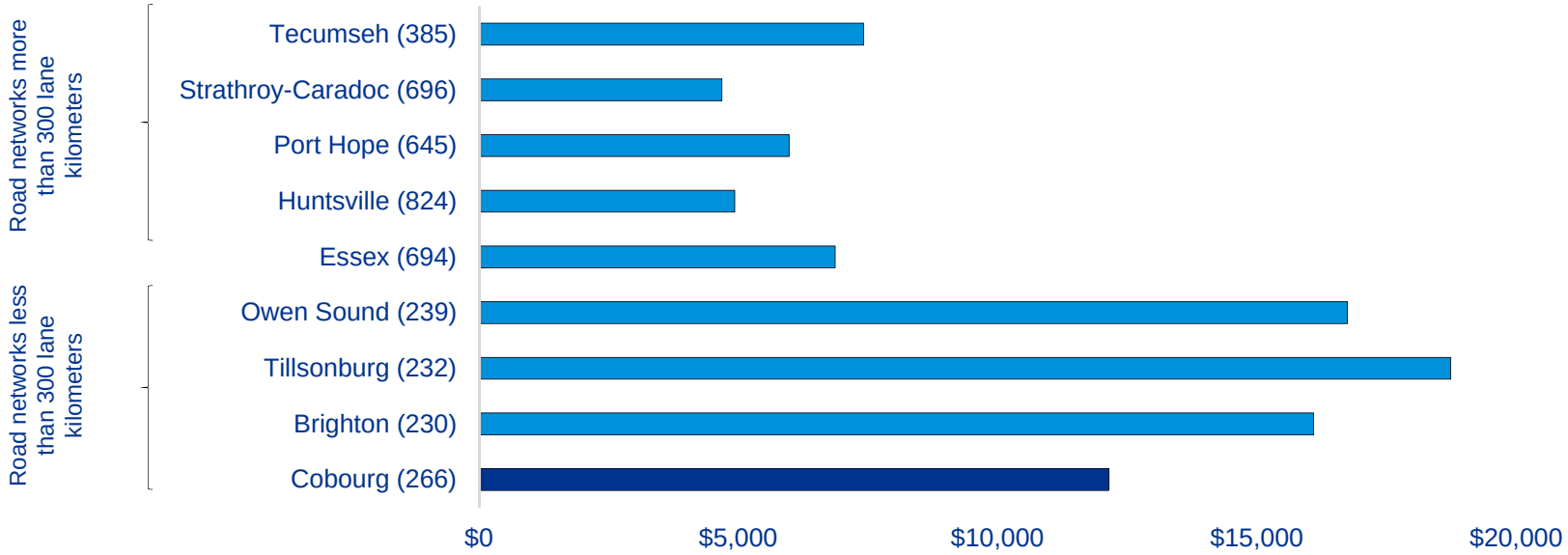
- The Town's level of taxation support for corporate services, specifically financing, clerks and information technology, were among the lowest, if not the lowest, of the comparator municipalities, which we believe reflects the efficiency of the Town in these areas.

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Observations and Findings

- While the level of taxation support for public works was in the mid-range of the comparator municipalities, we believe the analysis is skewed due to differences in the size of the respective municipal road network (which forms the basis for the comparison of public works costs). Where municipalities have a larger road network, the cost per lane kilometer is lower due to two factors (1) the ability to allocate fixed costs over a greater number of lane kilometers, which serves to understate the cost per lane kilometer; and (2) differences in service levels that result in lower operating costs. Specifically, municipalities with larger road networks have a greater percentage of both rural roads (with some municipalities maintaining *gravel* roads) and rural stormwater management infrastructure, which have a lower cost of maintenance compared to a urban road and stormwater networks (as maintained by the Town). As noted below, when only municipalities that have comparable road and stormwater networks to the Town (from the perspective of distance and urbanized nature) are included in the analysis, the Town's cost per lane kilometer is the lowest of the comparator municipalities.

Public Works Tax Support (Excluding Parking and Transit) Per Lane Kilometer (Road Network Length in Brackets)

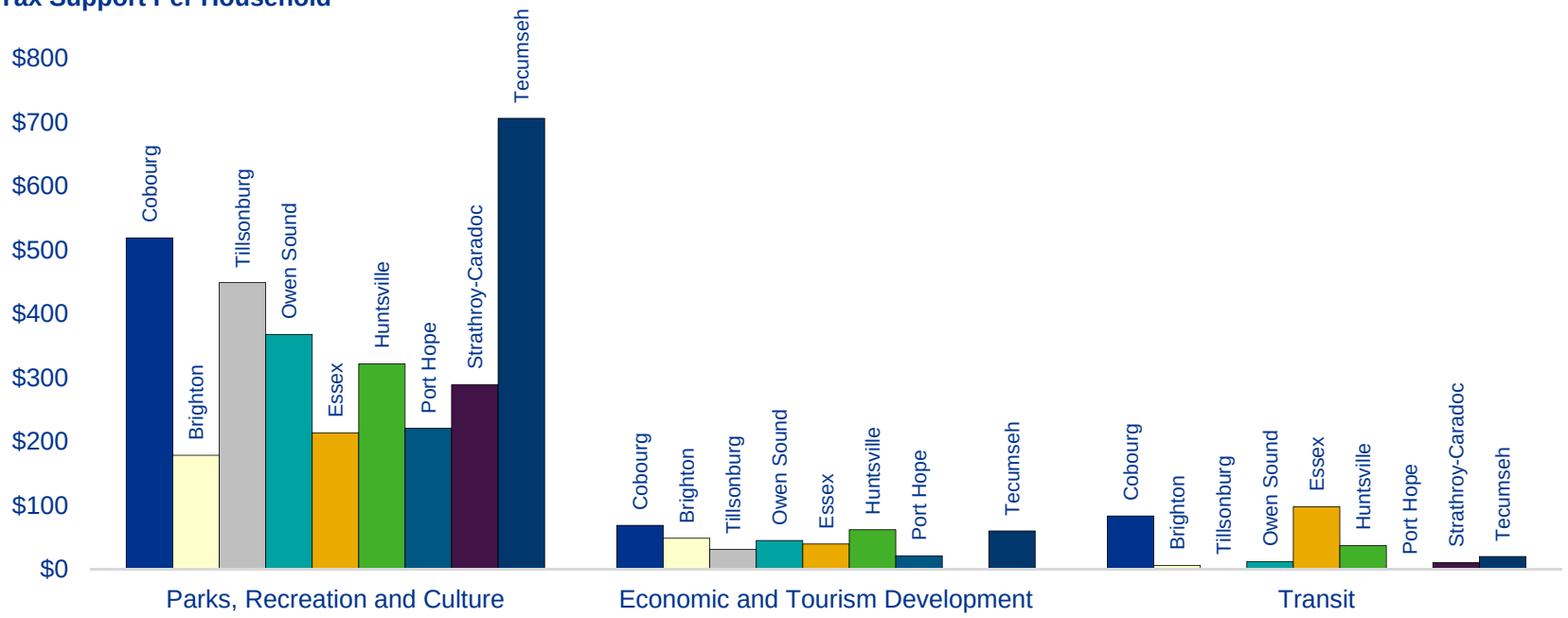


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Observations and Findings

- In comparison to corporate and public works costs, the Town's level of taxation support for other services that are predominantly customer facing, most notably parks, recreation and culture, transit and economic and tourism development, are higher than the comparator municipalities. While a portion of this variance may be due to operating efficiencies, we suggest that the predominant reason for the differences in the level of municipal taxation support for these services can be attributed to:
  - Decisions made by the Town to adopt higher service levels than other municipalities (e.g. transit, Cobourg Community Centre);
  - The Town's involvement in services that are influenced by its role as a tourism destination, including but not limited to cultural programming, special events, tourism ambassador program and tourism marketing.

Tax Support Per Household



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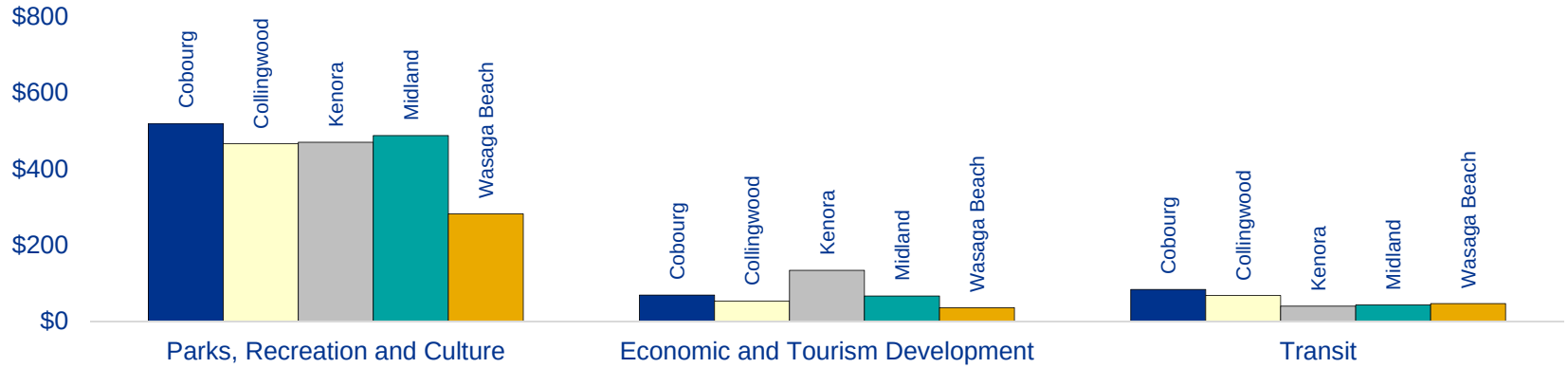
Observations and Findings

- In order to provide additional perspective on the Town's operations and associated costs, we have expanded the comparator group to include so-called Tier 2 municipalities, which consist of municipalities that have positioned their communities as waterfront tourism destinations. The intention of the expansion of the comparator group is to provide an indication of the apparent financial implications associated with the Town's tourism destination strategy. The selected Tier 2 municipalities include the following communities:

Municipality	Population	Households	Area (km^2)
Collingwood	21,793	11,617	33.78
Kenora	15,096	7,376	211.59
Midland	16,864	7,739	35.34
Wasaga Beach	20,675	12,516	58.64

As summarized below, the Town's allocation of taxation support for parks, recreation and culture, economic and tourism development and transit are consistent with the selected Tier 2 municipalities, which we suggest supports the view that the Town's operating costs and levy are impacted by service levels and the Town's focus on tourism. As noted on the following page, Tier 2 municipalities incur, on average, provide a higher level of taxation support than the original (or so-called Tier 1) municipalities.

Tax Support Per Household

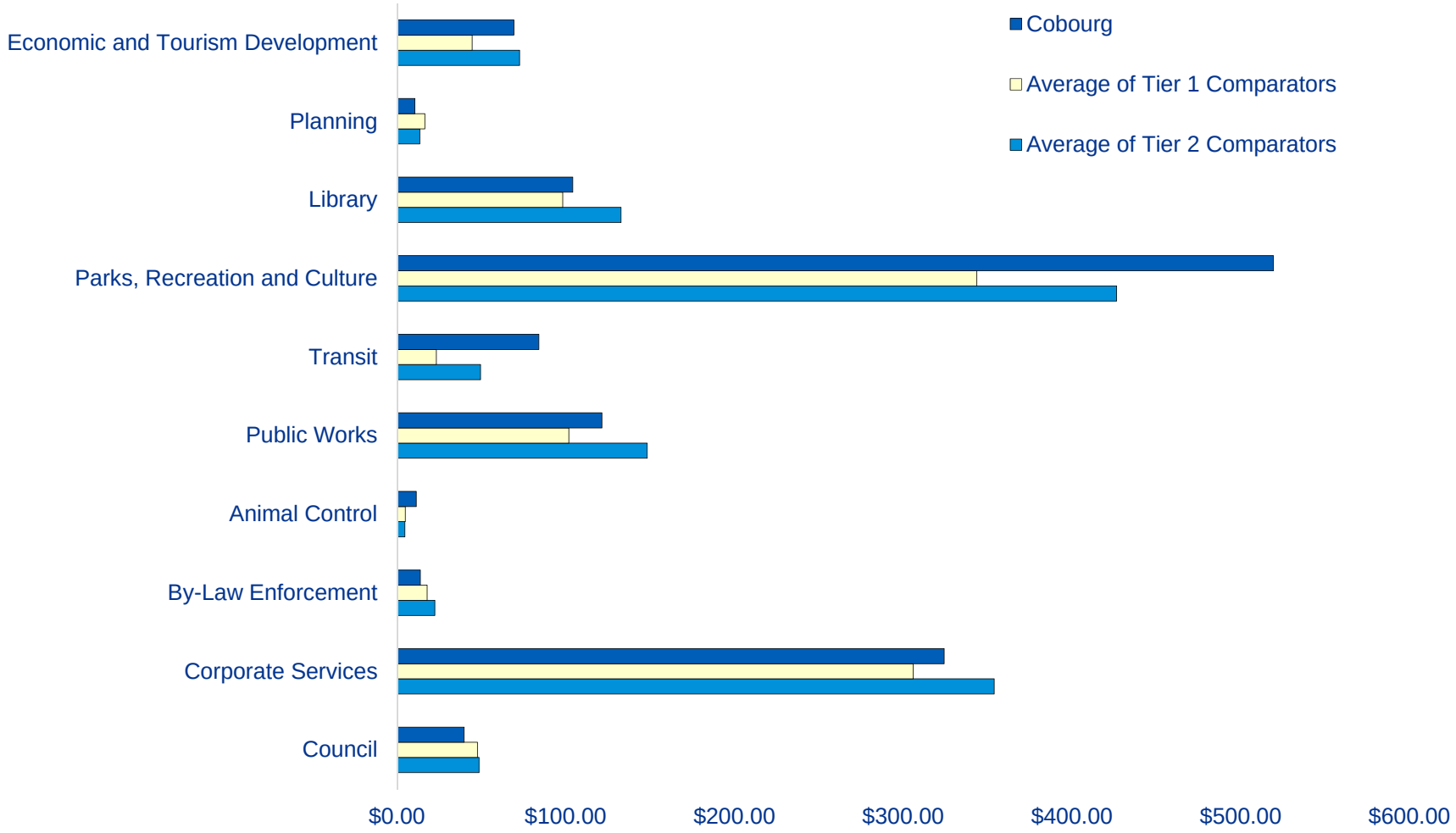


Please refer to Appendix C for a summary of the comparative analysis.

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Observations and Findings

Municipal Levy Requirement



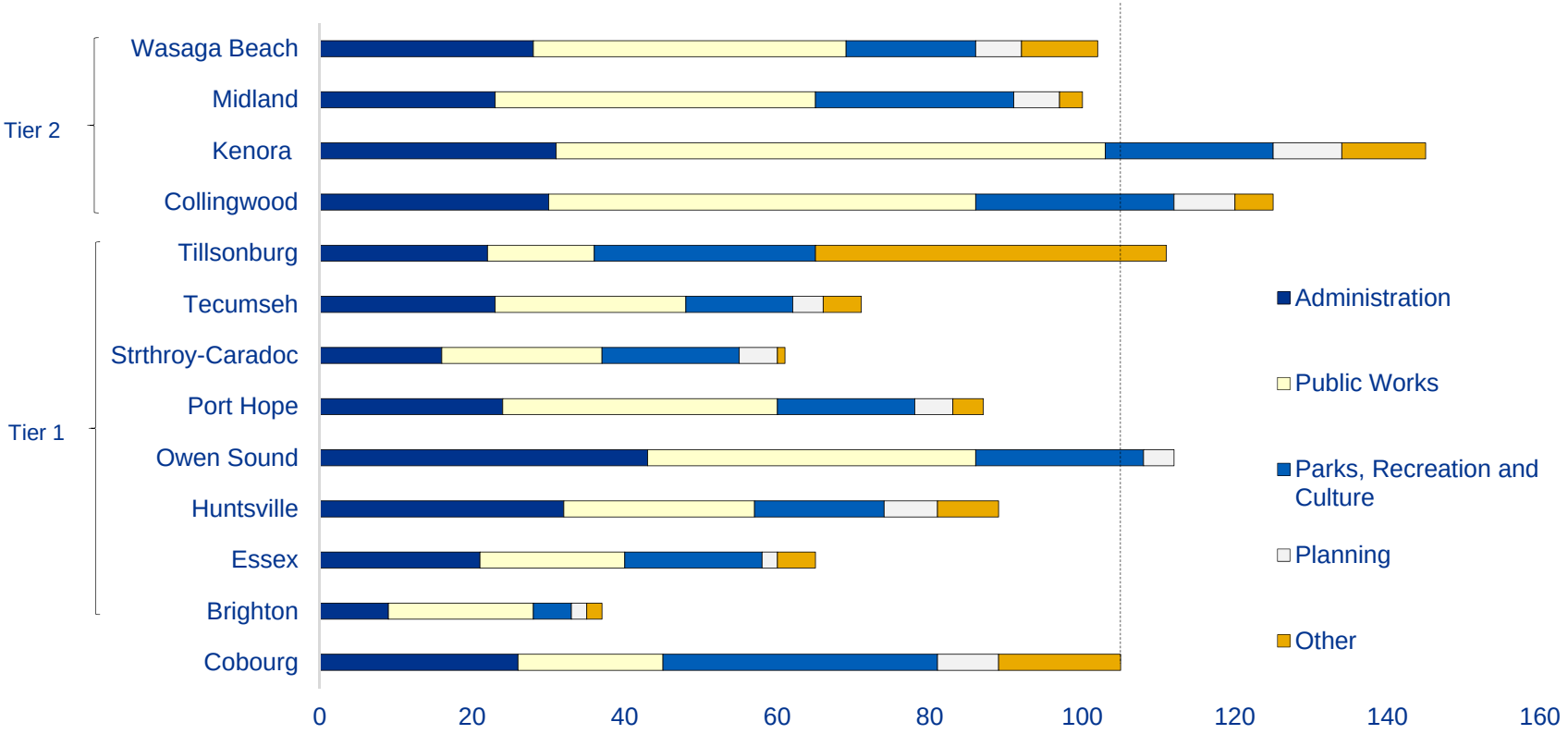
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Observations and Findings

C. Similar to operating costs, the Town's full-time staffing levels also appear to be influenced by services and service levels

Consistent with the analysis of municipal tax support, a comparison of full-time staffing levels indicates mixed results, with administrative and public works staffing comparable to or lower than the Tier 1 comparator municipalities, with other full-time staffing levels higher than the Tier 1 comparator municipalities.

Reported Full-Time Staffing by Functional Activity



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Observations and Findings

D. From a corporate standpoint, the Town's financial position and performance are in line with comparators, although reserve and reserve balances are towards the lower end of the range

In Canada, the development and maintenance of principles for financial reporting fall under the responsibility of the Accounting Standards Oversight Council ('AcSOC'), a volunteer body established by the Canadian Institute of Chartered Accountants in 2000. In this role, AcSOC provides input to and monitors and evaluates the performance of the two boards that are tasked with established accounting standards for the private and public sector:

- The Public Sector Accounting Board ('PSAB') establishes accounting standards for the public sector, which includes municipal governments; and
- The Accounting Standards Board ('AcSB'), which is responsible for the establishment of accounting standards for Canadian entities outside of the public sector.

In May 2009, PSAB released a Statement of Recommended Practice that provided guidance on how public sector bodies should report on indicators of financial condition. As defined in the statement, 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*'. In reporting on financial condition, PSAB also recommended that three factors, at a minimum, need to be considered:

- **Sustainability**. Sustainability is the degree to which the Town can deliver services and meet its financial commitments without increasing its debt or tax burden relative to the economy in which it operates. To the extent that the level of debt or tax burden grows at a rate that exceeds the growth in the Town's assessment base, there is an increased risk that the Town's current spending levels (and by association, its services, service levels and ability to meet creditor obligations) cannot be maintained.
- **Flexibility**. Flexibility reflects the Town's ability to increase its available sources of funding (debt, taxes or user fees) to meet increasing costs. Municipalities with relatively high flexibility have the potential to absorb cost increases without adversely impacting on affordability for local residents and other ratepayers. On the other hand, municipalities with low levels of flexibility have limited options with respect to generating new revenues, requiring an increased focus on expenditure reduction strategies.
- **Vulnerability**. Vulnerability represents the extent to which the Town is dependent on sources of revenues, predominantly grants from senior levels of government, over which it has no discretion or control. The determination of vulnerability considers (i) unconditional operating grants such as OMPF; (ii) conditional operating grants such as grants for waste diversion programs and small drinking water systems; and (iii) capital grant programs. Municipalities with relatively high indicators of vulnerability are at risk of expenditure reductions or taxation and user fee increases in the event that senior levels of funding are reduced. This is particularly relevant for municipalities that are vulnerable with respect to operating grants from senior levels of government, as the Municipal Act does not allow municipalities to issue long-term debt for operating purposes (Section 408(2.1)).

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Observations and Findings

As a means of reporting the Town's financial condition, we have considered the following financial indicators:

- Financial assets to financial liabilities
- Total reserves and reserve funds per household
- Capital additions as a percentage of amortization expense
- Residential taxes per household
- Total long-term debt per household
- Residential taxation as a percentage of average household income
- Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets

An overview of these financial indicators, including a comparison of the Town's performance and position against the selected municipalities is included as Appendix D.

As noted in the adjacent table, the Town's financial indicators generally compare favourably with the selected peer municipalities, which suggests that the Town's potential risk with respect to financial sustainability, flexibility and vulnerability is not high in relation to other municipalities. We do note, however, two items that the Town may wish to consider as part of its future planning and budgeting processes:

Indicator	Rank (Highest to Lowest, Out of 13 Municipalities)
Financial assets to financial liabilities	10th
Reserves and reserve funds per household	12th
Capital additions as a percentage of amortization expense	7th
Residential taxes per household (lower tier only)	4th
Residential taxes per household (lower tier, upper tier and education)	4th
Long-term debt per household	10th
Residential taxes as a percentage of household income (lower tier only)	4th
Residential taxes as a percentage of household income (lower tier, upper tier and education)	3rd
Net book value of TCA as a percentage of historical cost	6th

- The Town's reported financial reserves and reserve funds are towards the lower end of the range (12th lowest of the 13 municipalities included in the analysis), recognizing that the Town also has the 10th lowest level of debt per household, indicating the potential for additional debt financing if required.
- The Town's taxation levels are towards the upper end of the range, which may indicate the potential for affordability concerns in the future, recognizing that the Town's taxation levels are reflective of the level of services provided.

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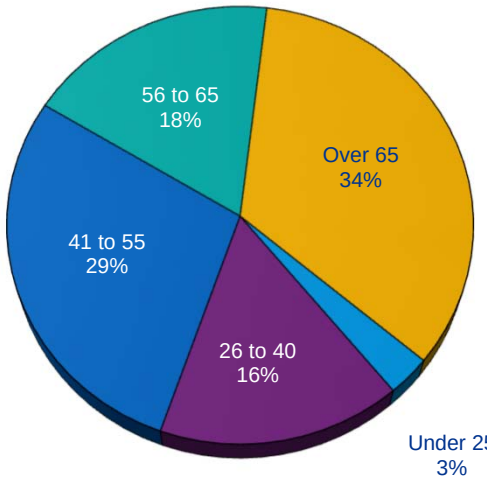
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Observations and Findings

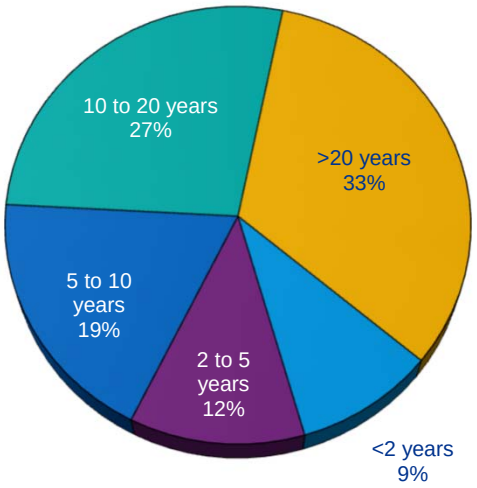
E. Residents of the Town appear to view the community positively, although potential changes to municipal services have been highlighted

As part of the Review, an online survey of community residents was undertaken to gain their perspective municipal services, service levels and other matters relating to their interactions with the Town. A total of 307 residents responded to the online survey and we have summarized demographic information concerning the respondents below.

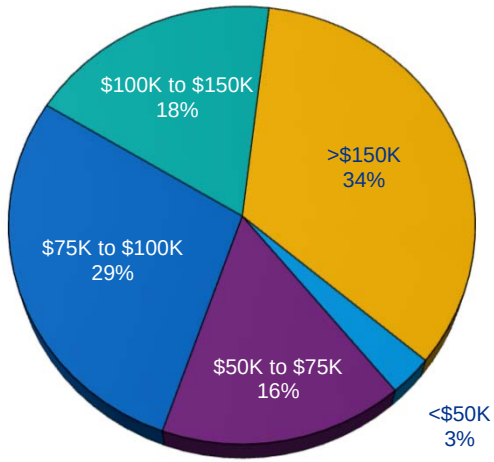
Age Distribution



Years of Residency in Cobourg



Household Income



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Observations and Findings

With respect to municipal services, residents were asked to provide their views through three questions:

- How frequently do they use selected municipal services;
- What importance to they place on selected municipal services; and
- How do they perceive the Town's service levels.

The results of the survey, which are summarized on the following pages, indicates the following:

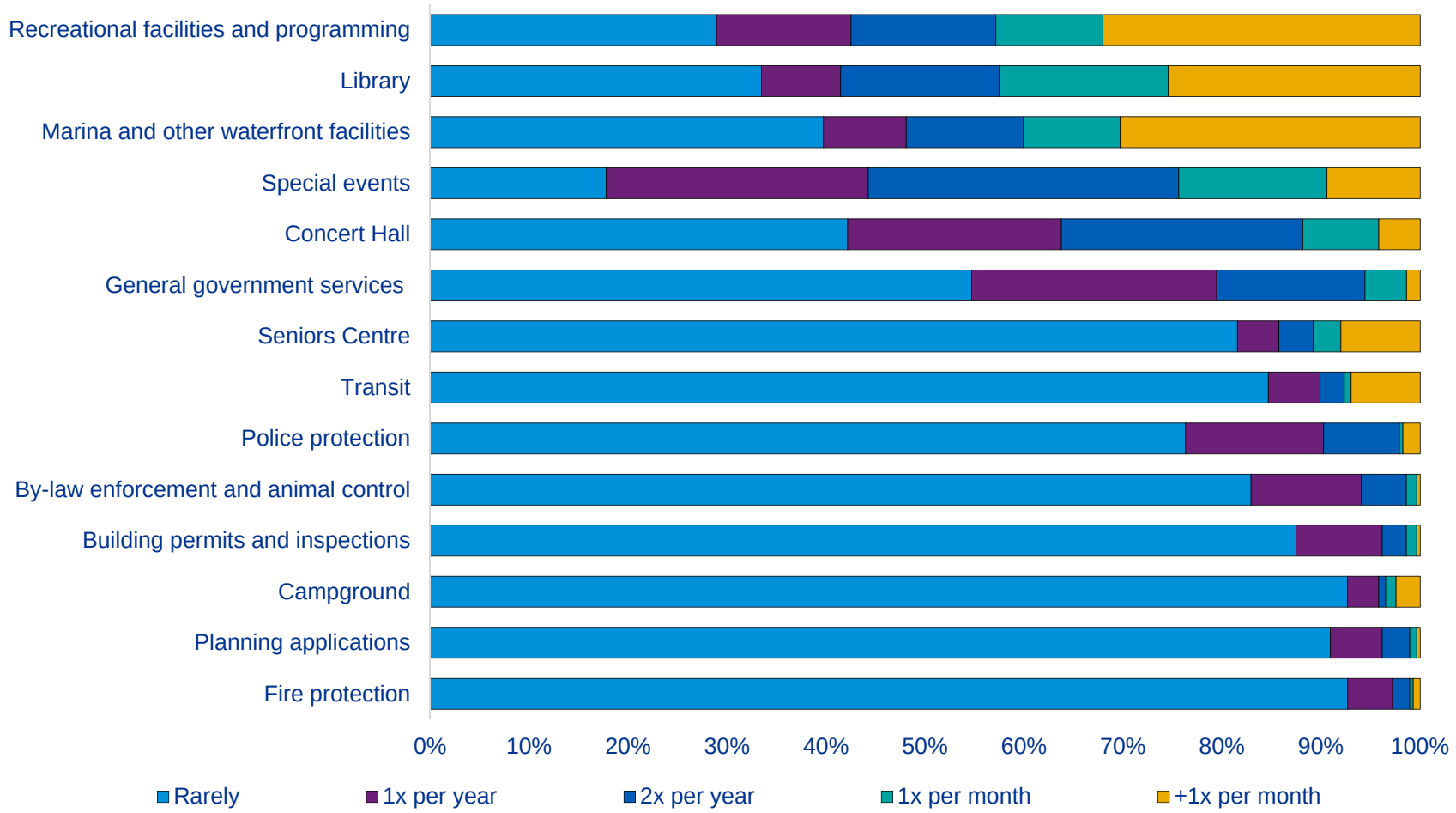
- Community services were identified as the most frequently used municipal services, with recreational programming and facilities, library services, waterfront facilities, special events and the Cobourg Concert Hall having the highest indicated level of usage.
- Similarly, community services were identified as having the greatest importance to survey respondents, with economic development also identified as having a higher degree of importance to survey respondents.
- For all of the identified municipal services, more than half of the respondents that expressed a view felt the service levels currently provided by the Town were appropriate. However, services with meaningful number of respondents indicating that the service level was too low (i.e. more than 20% of respondents indicated that service levels were too low) include road maintenance (23%), parking (29%), recreation programming (20%), senior's centre (25%) and transit (28%). Overall, 38% of respondents also indicated that they believe the level of service for the Town's campground was too high. We suspect that this, in part, reflects the community's perspective as to whether the Town should be operating the campgrounds in the first place.

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Observations and Findings

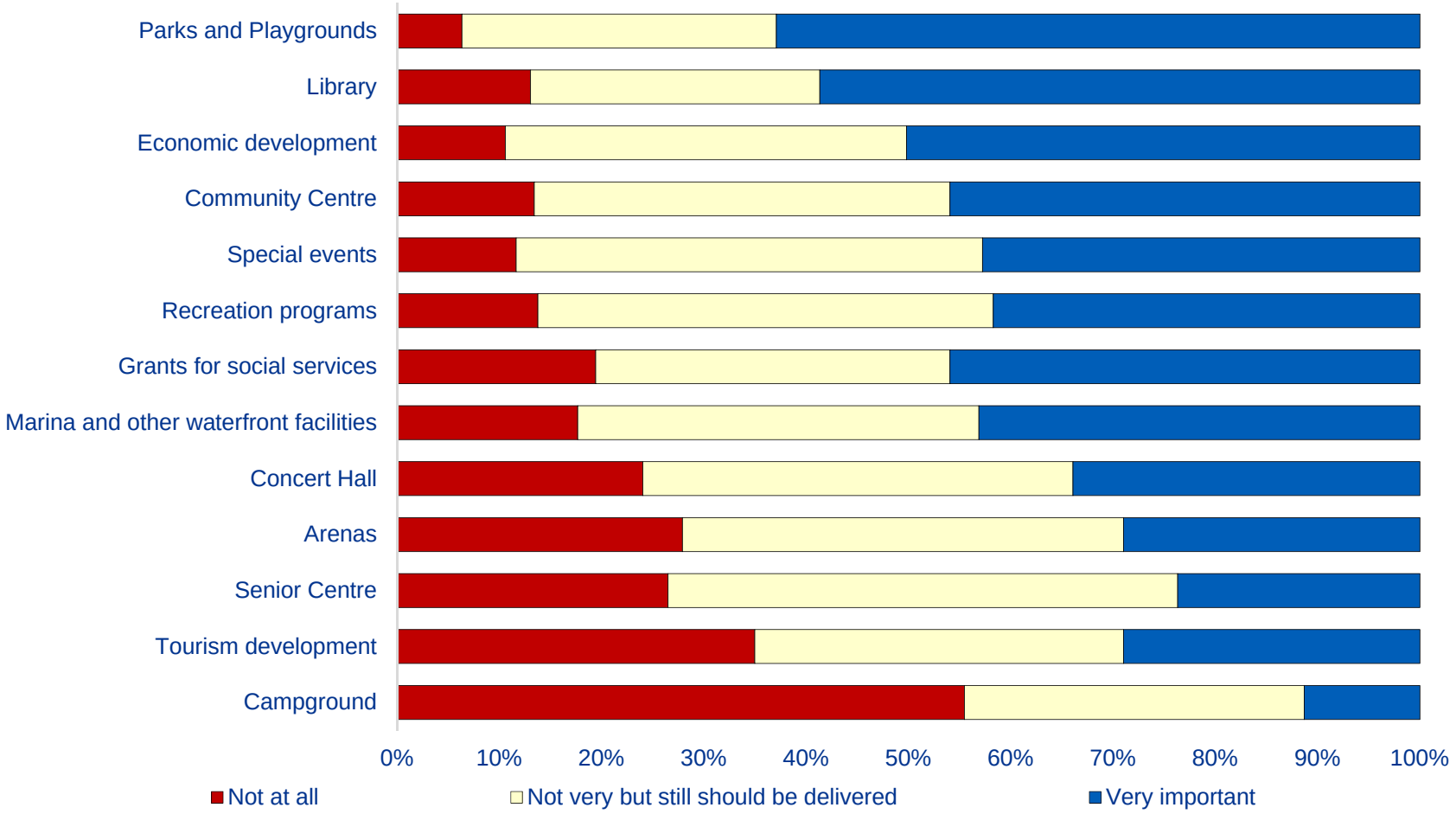
How Often Would You Typically Use The Town's Services?



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Observations and Findings

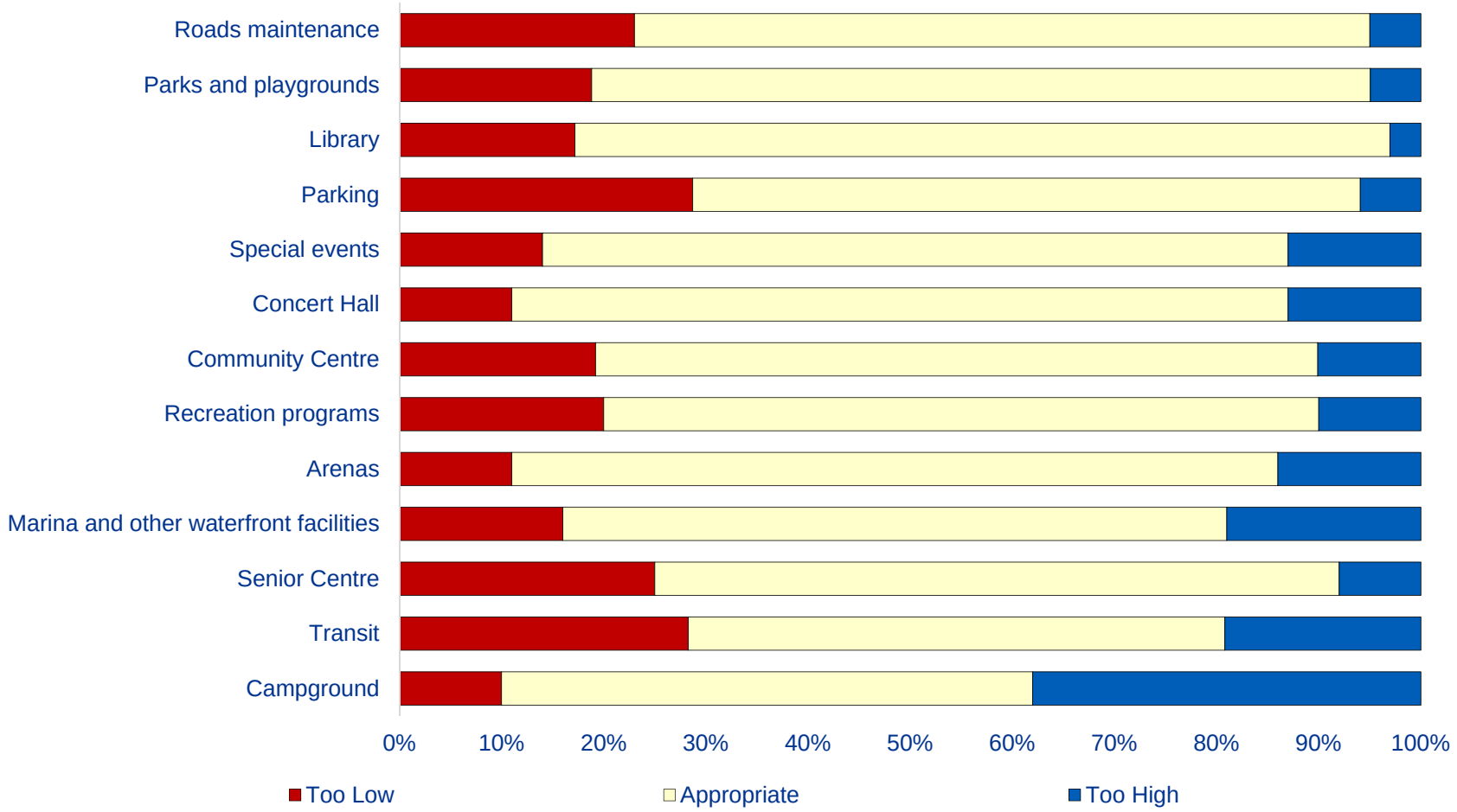
How Important Are The Town's Services To You?



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Observations and Findings

Do You Believe The Level Of Service Provided Is Appropriate?

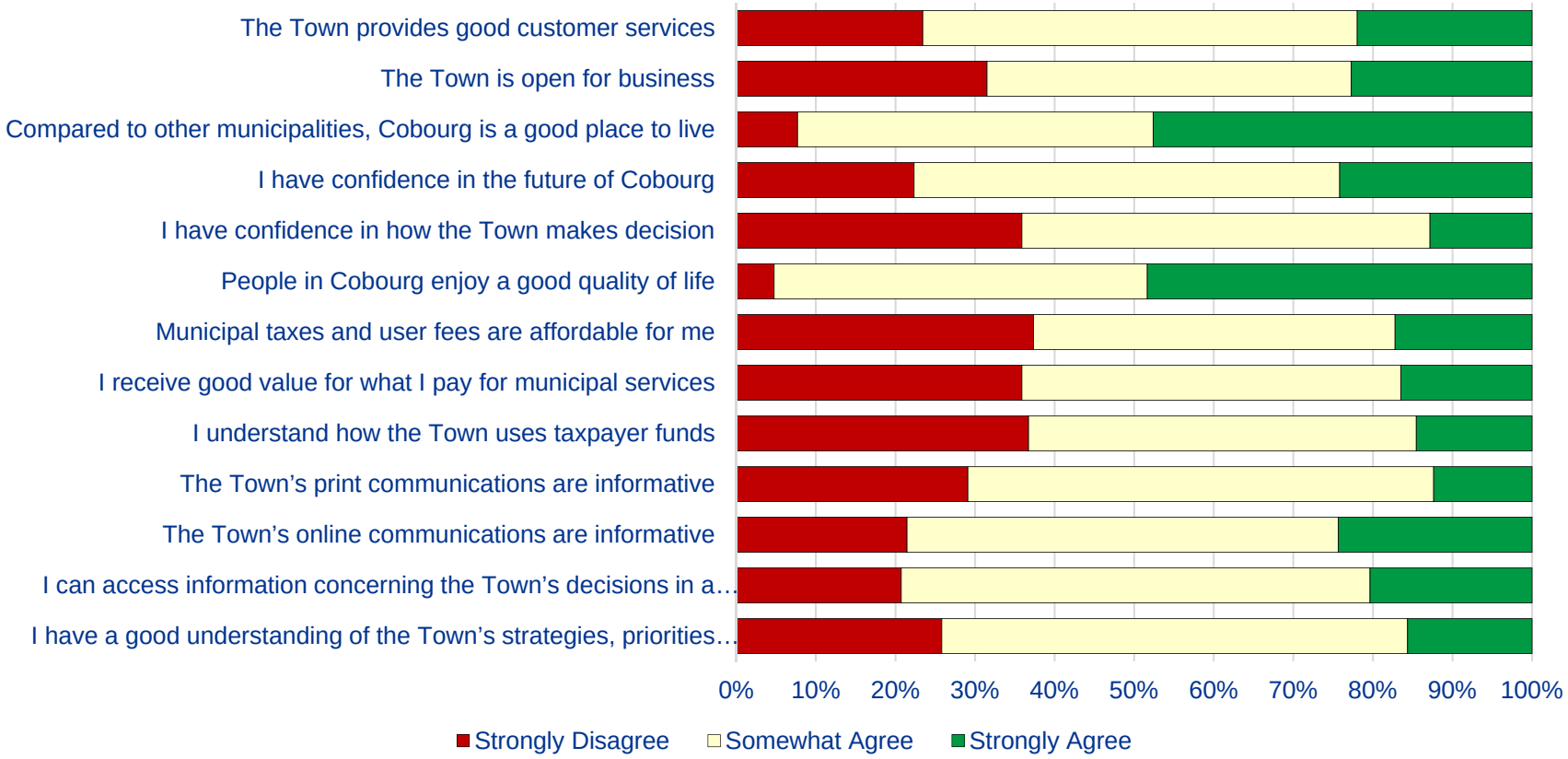


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Observations and Findings

In terms of their general views of the Town, respondents were positive with respect to the quality of life in the community but have identified issues relating to the affordability of taxation and user fees, as well as aspects of the Town's approach to communications.

Survey Responses Concerning Communications, Community and Perceptions of Municipal Government



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Overall Conclusions

While the results of the Review have identified opportunities for cost reductions and enhanced operating efficiencies, we believe that the fundamental question arising from the Review is the extent to which the Town wishes to continue with the current level of investment in recreational and cultural programs. While the current level of funding for parks and recreation, culture, special events and tourism is consistent with other communities that are heavily focused on tourism (i.e. Tier 2 comparator municipalities), it does exceed the level provided by other similar sized municipalities, which indicates the potential for spending reductions and associated savings on the municipal levy. While the determination as to the appropriate strategy for the community and Town is outside the scope of our review, our analysis demonstrates that service levels in Cobourg are generally higher than other similar sized municipalities. While the survey supports the view that this enhances the quality of life for residents and provides services that are both highly used and highly value, the financial analysis indicates that there is a corresponding cost that we have estimated – based on the difference of average residential taxation per household between the Town and the average of the Tier 1 comparator municipalities – equates to approximately $325 per household, or approximately $3 million annually in incremental taxation. Achieving this level of savings, however, would require significant reductions in current services and service levels, some of which may ultimately prove to be unpalatable from a customer service perspective. In addition, reductions in certain services may not be practical given the Town's existing commitments under collective bargaining agreements and other contractual requirements.

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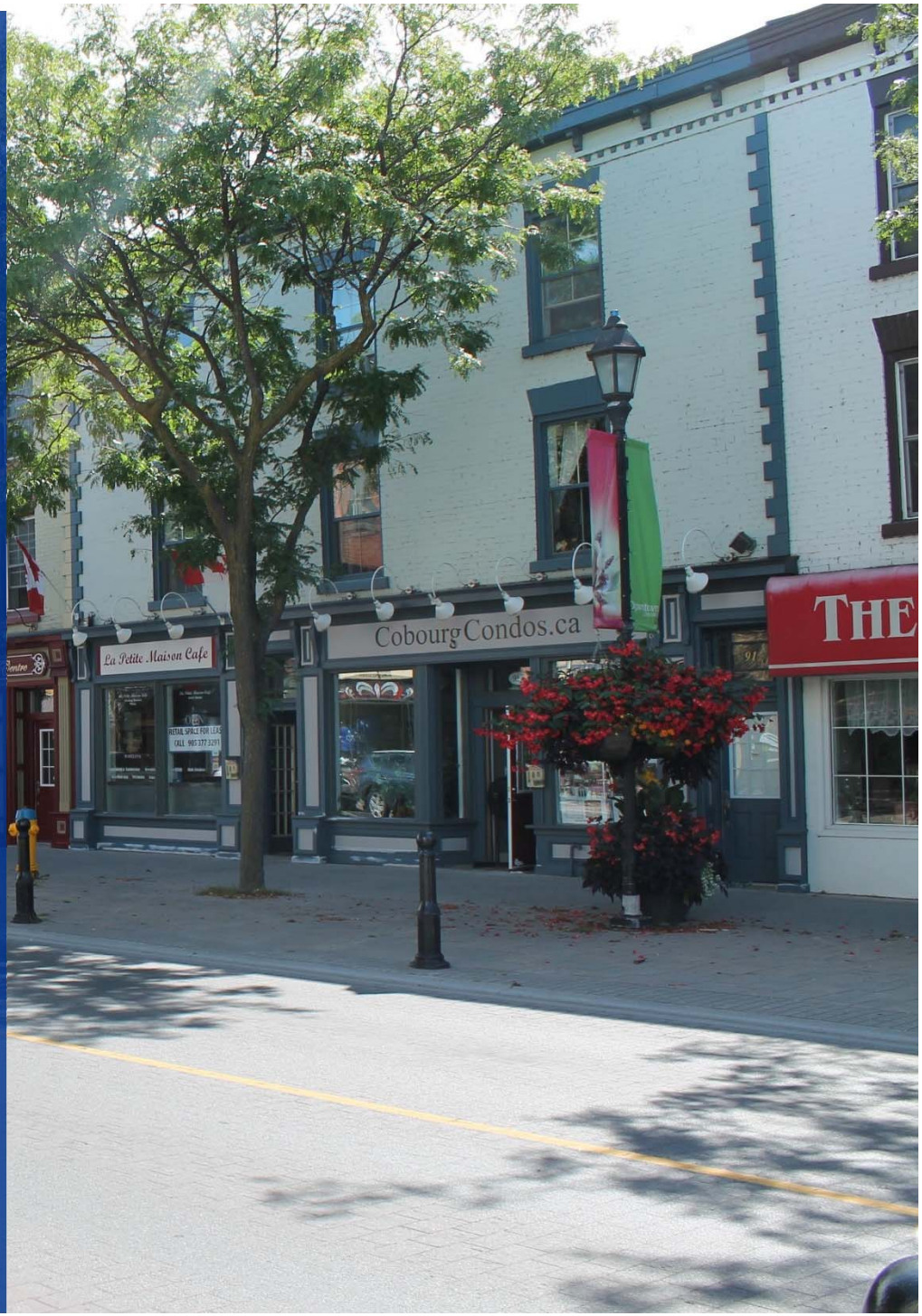
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Town of Cobourg

Service Delivery Review

Opportunities for Consideration



Potential Opportunities for Consideration

Based on the results of our analysis, we have identified a number of potential opportunities for levy reductions, operating efficiencies, customer service enhancements and additional performance management that could be considered by the Town as part of its future budget deliberations and ongoing continuous improvement efforts. These opportunities, which are summarized on the following pages, involve the following strategies:

- Service level reductions
- Increased reliance on non-taxation revenue sources
- Enhanced operating efficiencies
- Additional performance measurement activities

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Opportunities for Service Level Reductions

<table>
<tr><th>Opportunity Overview</th><th>Potential Annual Financial Impact</th></tr>
<tr><td>1. The Town's current level of investment in recreation, cultural and tourism development activities currently exceeds the level of investment made by other communities with similar population and household levels. Given that this spending is arguably instrumental to the Town's strategy on tourism, reductions in this level of investment, while reducing the municipal levy, may adversely impact the local economy as well as service levels for municipal services that are also used by Town residents (e.g. special events, Cobourg Concert Hall). Service level reductions in these areas would also require job losses for the affected departments.</td><td>While the level of cost reductions, if any, will ultimately be determined by Council, we have calculated that if the Town reduces spending to a level consistent with the average of the Tier 1 comparators, the potential cost reductions could be as much as $1.8 million per year. If the Town reduces spending to a level consistent with the average of the Tier 2 comparators, the potential cost reductions are estimated to be in the order of $810,000 per year.</td></tr>
<tr><td>2. The Town currently provides just over $750,000 in taxation support for transit services, which is significantly higher than the average of the Tier 1 municipalities ($210,000) and Tier 2 municipalities ($500,000). In addition, we note that utilization of the Town's transit system is approximately half of larger centres.
<table>
<tr><th>Municipality</th><th>Revenue Passengers per Capital</th><th>Revenue Passengers per Service Hour</th></tr>
<tr><td>Cobourg</td><td>9.74</td><td>11.97</td></tr>
<tr><td>Cornwall</td><td>17.39</td><td>21.12</td></tr>
<tr><td>North Bay</td><td>29.99</td><td>22.63</td></tr>
<tr><td>Stratford</td><td>18.77</td><td>17.65</td></tr>
</table>
Based on the relatively low level of ridership and the higher than average level of taxation support, the Town may wish to consider undertaking a transit optimization study that would determine the appropriate level of service (including routes and hours of operation), fee structure and other considerations.</td><td>The quantification of potential cost reductions and/or increased non-taxation revenue sources will likely require the completion of a transit optimization study and as such, cannot be reasonable estimated at this time. In addition, we caution that transit revenues are likely elastic and as such, changes to service levels will likely result in lower ridership levels and reduced user fees.

Notwithstanding the above, and for illustrative purposes only, to the extent that the Town reduces its level of municipal taxation support to an amount consistent with the average of the Tier 2 municipalities, the potential cost savings could be as much as $250,000 annually.</td></tr>
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Alternative Service Delivery

Opportunity Overview	Potential Annual Financial Impact
3. The Town currently participates in the Joint Animal Control Service Board, a shared service organization providing animal control services to municipalities in Northumberland County. During 2020, the Town budgeted a total of $86,000 in taxation support for animal control services, representing an average of $9.56 per household. The Town's spending on animal control services is higher than the average of both the Tier 1 ($4.82 per household) and Tier 2 ($4.63 per household). Given the differential in animal control costs, the Town may wish to undertake a business case analysis for an independent (i.e. Town only) animal control function.	While the level of potential cost savings will be contingent upon the approach to service delivery, we have estimated that, if the Town reduces the level of taxation support to an amount consistent with the average of the Tier 1 and Tier 2 municipalities, the potential cost savings could be as much as $40,000 per year.
4. The Town currently provides $45,000 in funding to the County for economic development activities, specifically business attraction for inbound investment. Based on discussions with Town staff, we understand that the value of this investment is limited, with no meaningful outcomes that have benefited the Town. Accordingly, the Town may wish to consider discontinuing the payment of economic development funds to the County and either (i) reinvesting the funds in economic development activities undertaken directly by the Town; (ii) realizing the associated cost savings; or (iii) some combination of the above.	Depending on the course of action adopted by the Town, the potential cost savings could be as much as $45,000 per year.

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Increase Non-Taxation Revenue

Opportunity Overview	Potential Annual Financial Impact
5. The Town has budgeted a total of $540,000 for planning services in 2020 (excluding Committee of Adjustment and Heritage costs), with associated planning fee revenues of $146,000. This results in a cost recovery of 27%, with the remaining 73% of costs financed through reserves ($126,000) and the municipal levy ($269,000). The Planning Act allows municipalities to fully recover the cost of planning-related applications through user fees as opposed to taxation, which is consistent with the above-noted concept of "growth pays for growth". However, the attainment of full cost recovery (i.e. 100%) does not appear to be widespread due to additional planning activities that are not related to planning applications (e.g. long-term planning, Official Plan review, municipal land use planning and general property consultations). Based on our experience, we note that other municipalities will recover up to 70% of planning costs through user fees. The Town may wish to consider increasing planning fees in order to reduce the proportion of costs funded through the municipal levy, resulting in a better/fairer funding model. As noted above, we do not believe that full cost recovery would be appropriate but rather suggest a targeted recovery of in the range of 40% to 50% of planning operating costs, with funding increases introduced over a multi-year period so as to avoid significant immediate increases for the development community. We suggest that as part of the review of planning fees, the Town consider the inclusion of other municipal departments that are involved in the review of planning applications (e.g. the different components of the development review team). We note that other municipalities have adopted a fee approach that allocates a percentage of costs incurred by engineering, legal and other functional units involved in planning application reviews so as to provide a comprehensive indication of the cost of planning application approvals. In certain instances, this allocation is supported by a cost of service analysis, which quantifies the amount of resources and time involved in planning application reviews and provides the basis for the actual cost of planning reviews.	Based on the assumption that the Town will adopt a 50% recovery of planning costs, we have estimated the incremental non-taxation revenue could be as high as $124,000 annually.

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Increase Non-Taxation Revenue

Opportunity Overview	Potential Annual Financial Impact
6. While the Town's marina is budgeted to generate sufficient revenues to cover its operating costs, as well as contributions to reserves and harbor operations of $22,000, we suggest that additional incremental revenues are required to fund capital requirements as identified in the harbour condition assessment report. In the absence of sufficient reserves and other funding sources, the potential exists for capital projects to be funded through the tax levy as opposed to marina user fees. Accordingly, the Town may wish to consider developing a forecast of future capital requirements associated with the marina based on the harbour condition assessment report along with a financial projection that assesses the extent to which marina revenues are able to fund these capital requirements. To the extent that forecasted revenues are not expected to be sufficient, the Town may wish to consider increasing marina fees to provide the required level of financing for both capital and operating requirements.	The financial impacts associated with this opportunity are contingent upon future budget decisions of the Town with respect to the level of capital investment to be incurred.
7. We understand that an increasing number of municipalities are contemplating stormwater management fees that are intended to finance both operating and capital costs associated with the maintenance of stormwater management infrastructure. The use of a stormwater management user fee, as opposed to municipal taxation, is intended to provide sufficient financing for both operating and capital requirements associated with stormwater management. We understand that the Town has commenced a review of stormwater management fees, with the expectation that recommendations will be available for consideration as part of the Town's budget process. We suggest that Council consider the implementation of the proposed rate structure as a means of providing sufficient funding for operating and capital requirements.	The financial impacts associated with this opportunity are contingent upon the analysis of potential rate structures for stormwater management, which are currently under development.

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Increase Non-Taxation Revenue

Opportunity Overview	Potential Annual Financial Impact
8. Currently, the Town charges for parking between 8:30 am to 6:00 pm but only enforces parking between the hours of 8:30 am to 4:30 pm. As a result, the Town is experiencing revenue losses during periods where enforcement activities are not undertaken. At the same time, the Town has not adopted the most recent technologies associated with parking revenue collection, including the use of pay and display parking for on-street parking. In order to increase parking net revenues, the Town may wish to consider: • Undertaking a review of its parking rate structure, including revenue hours, rate amounts and the continuation of the current two hours free parking policy. • Implementing pay and display or other alternative parking technologies that will prevent the current loss of parking revenues to the Town. • Increasing enforcement resources on a pilot basis to determine whether the incremental revenues offset the associated costs of enforcement.	The financial impacts associated with this opportunity have not been quantified as they will be contingent on the results of the proposed parking rate review
9. The Town currently passes an annual user fee by-law, which for certain services does not include rate increases on an annual basis. In the absence of ongoing rate increases, user fees will represent a lower percentage of funding for operating costs (which will increase due to inflation and other changes), which in turn will increase the level of taxation support for municipal services and could give rise to fairness issues if the level tax subsidization is too high. In order to ensure that the Town's user fee policy provides for a fair and reasonable basis for funding municipal services, the Town may wish to consider: • Adopting a three-year format for user fees • Developing a standard benchmark for annual user fee increases (e.g. September CPI) that will be automatically applied • Revising user fee wording to include best/common practices adopted by other municipalities, such as cancellation fees and other new user fees As part of the user fee by-law review, the Town may wish to consider undertaking a detailed user fee review that includes (i) a review of user fees charged by other similar-sized municipalities; and (ii) quantifying the cost of delivering municipal services so as to provide a basis for determining and appropriate user fee structure.	The financial impacts associated with this opportunity have not been quantified as they will be contingent on the results of the proposed user fee review.

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Operating Efficiencies and Customer Service Enhancements

Opportunity Overview	Potential Annual Financial Impact
10. During the course of the Review, we evaluated the Town's processes for administrative and client service functions, including finance, human resources, recreation, building permits, planning applications and work order management. As a result of this evaluation, we have identified a number of potential areas for operating efficiencies and customer service enhancements, including but not limited to: • Digitization of Town documentation as opposed to paper storage, which is intended to reduce office supply costs, document storage requirements (financial and space) and the time required to retrieve documents in the event of a request under the Municipal Freedom of Information and Protection of Private Act. The use of digital document storage will also contribute towards compliance with the Town's document retention policy. • Changes to payment processes for Parks and Recreation to enhance the ease of payment for customers and reduce potential revenue leakages. • Implementing changes to the Town's financial processes to realize operating efficiencies with respect to transaction processing, financial reporting and accounts receivable monitoring and cash collections. • Delegating approval authority from Council to staff for site plan applications, which is permitted under the Planning Act and has been adopted by other municipalities. This opportunity is intended to reduce the amount of administrative time associated with Council reporting and approval of site plan applications. As these opportunities are operational in nature and potentially sensitive from a risk management perspective (e.g. disclosing how the Town manages cash and payments), we have provided a separate report to management that outlines our findings and suggested operational improvements.	As this opportunity relates primarily to process changes as opposed to service level changes, we have not attempted to quantify the associated financial impacts.

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Operating Efficiencies and Customer Service Enhancements

Opportunity Overview	Potential Annual Financial Impact
11. The Town currently does not have a centralized procurement function, with individual departments required to manage their own procurements. The use of a decentralized procurement approach exposes the Town to potential risks due to: • The absence of standardized terms and conditions for contracts, which may result in insufficient risk transfers from the Town to its suppliers • The absence of a centralized contract registry, which (i) limits the ability for the Town to monitor and report on contractual obligations; (ii) potentially exposes the Town to financial risk in the event of the loss of contract documents; and (iii) may result in circumstances where the Town is procuring goods under expired contracts. • The inability to implement best practices for procurement, including the use of procurement cards and spend analytics. • The inability to monitor and report on compliance with the Town's procurement policy, including the requirement for competitive procurements. Based on the above, the Town may wish to consider establishing a centralized procurement function on a pilot project basis (e.g. two years), the responsibility of which will be to standardize procurement across the Town so as to ensure appropriate risk management, implement best practices for municipal and public sector procurement (e.g. use of OECM procurements as a means of reducing procurement time and effort) and provide support to municipal departments on procurement and contract management requirements. During our review of comparator municipalities, we did identify other similar sized municipalities with centralized procurement functions and as such, note that this opportunity is not without precedence.	This opportunity is primarily focused on risk management, we have not attempted to quantify the financial impacts associated with this opportunity.

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Performance Measurement Enhancements

Opportunity Overview	Potential Annual Financial Impact
12. During the course of our review, we noted that the Town has an inconsistent approach to the use of key performance indicators, with some departments monitoring relevant KPIs, with other departments not monitoring KPIs. In order to ensure an appropriate framework for reporting it's performance, the Town may wish to consider establishing a formal KPI process, including: • Developing relevant KPI's for all municipal departments. Where KPIs are in progress, the Town should also consider establishing timeframes for attainment. • Implementing a formal process for public reporting through Council on a periodic basis (e.g. semi-annually), including variance explanations for significant deviations. • Incorporating municipal benchmarking as appropriate to provide additional perspective to Council. To a large extent, we believe the limited utilization of key performance indicators by the Town reflects the limited available resources to undertake this analysis. Specifically, we were advised that Directors are heavily involved in operational responsibilities or are assigned responsibility for special projects, which diverts their capacity from more strategic initiatives such as continuous improvement and performance measurement. We were further advised that the operational demands on directors are also compounded by the need to deal with personnel matters, with the view that directors are required to address matters that require more specialized human resource expertise. As a result of our review, we note that the Town's human resources function, in comparison to the selected peer communities, operates with a level of funding that is approximately 25% lower than the average of the selected comparator municipalities and has been considered to operate at a service level that is less than comparable municipalities. Accordingly, in connection with this opportunity, the Town may wish to consider an investment in personnel resources, specifically with respect to human resources, in order to provide capacity of enhanced performance management and reporting.	This opportunity is primarily focused on performance management and as such we have not attempted to quantify the financial impacts associated with this opportunity.

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Performance Measurement Enhancements

Opportunity Overview	Potential Annual Financial Impact
13. During the course of the Review, we noted that while the Town undertakes a number of activities that contribute towards risk management, it lacks a formal Enterprise Risk Management Plan and as such, may be exposed to a range of risks (health and safety for Town personnel, financial loss, disruption of service delivery, litigation exposure, reputational risk, regulatory risk). Effective enterprise risk management builds on the Town's existing policies and processes by identifying and prioritizing potential risk exposures and, where risks are viewed as significant, identifying and establishing processes for both the prevention of and response to risk exposures. In Ontario, the risk environment for Ontario municipalities continues to evolve, particularly with respect to emerging issues such as cybersecurity and climate change. As such, we suggest that the Town consider the adoption of a formal enterprise risk management strategy that identifies, assesses, communicates and manages risk exposures in a cost-effective manner. To the extent that the risk management strategy identifies areas of key risk (e.g. the absence of a consistent approach to health and safety, absence of consistent customer service standards), consideration could be given to assigning the necessary resources on a temporary or pilot project basis in order to remediate the identified risk areas.	This opportunity is primarily focused on risk management and as such we have not attempted to quantify the financial impacts associated with this opportunity.

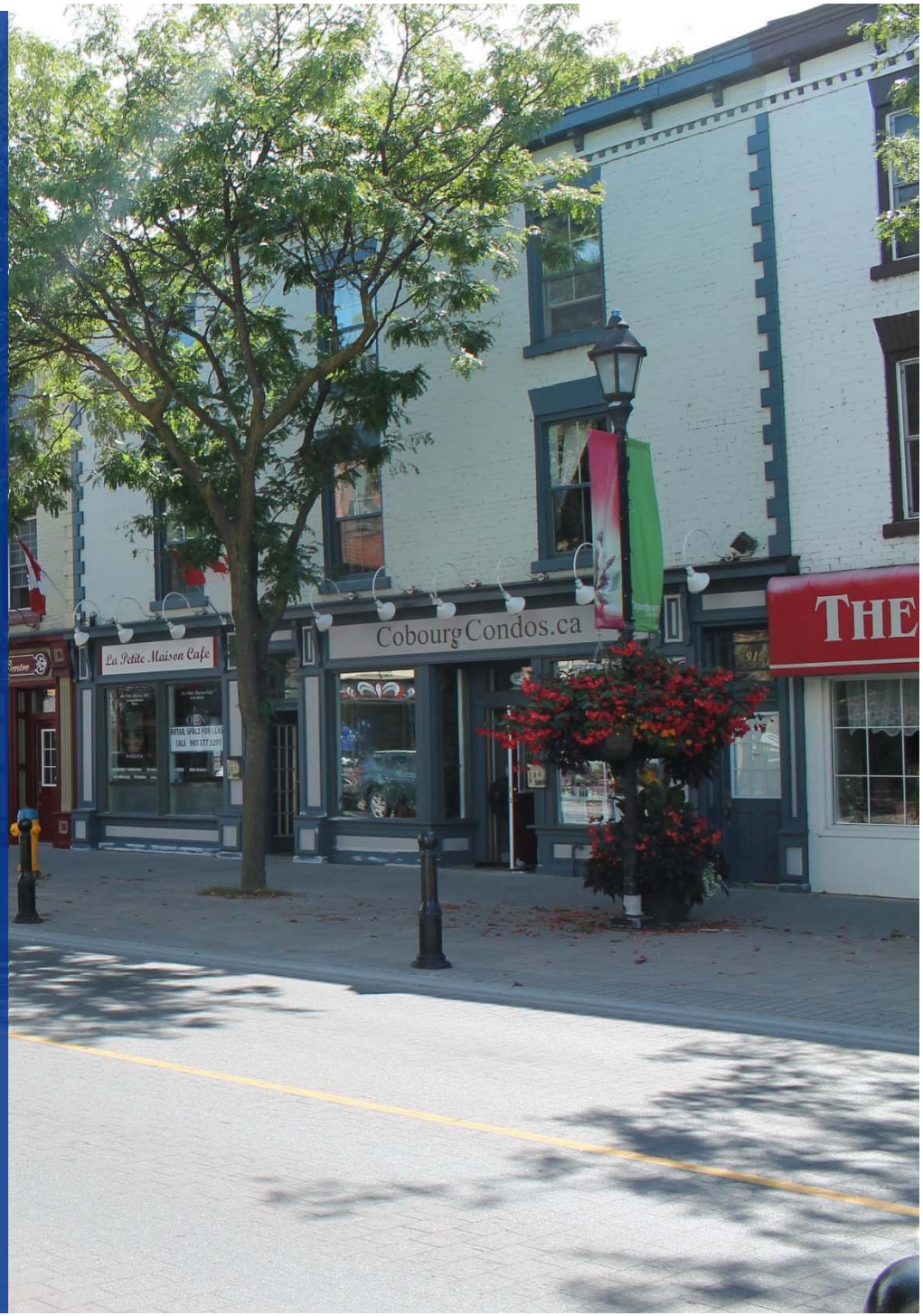
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Town of Cobourg

Service Delivery Review

Appendix A
Municipal Operating Costs and Taxation Requirement



TOWN OF COBOURG SERVICE DELIVERY REVIEW

SUMMARY OF BUDGETED EXPENDITURES AND LEVY BY BASIS OF DELIVERY

		Operating Expenditures					Non-Taxation Revenue (Excluding Internal Transfers)					Levy Requirement				
Budget Item	Service Profile	Mandatory	Essential	Traditional	Non-Traditional	Total	User Fees	Grants	Reserves	Other	Total	Mandatory	Essential	Traditional	Non-Traditional	Total
Council	Council	$ 500,930				500,930			(145,000)		(145,000)	355,930				355,930
Chief Administrative Officer	CAO		260,877			260,877					-		260,877			260,877
Communications	Communications		255,514			255,514					-		255,514			255,514
Clerks	Legislative Services	638,184				638,184	(179,500)		(154,000)		(333,500)	304,684				304,684
Personnel	Human Resources	571,963				571,963			(54,405)		(54,405)	517,558				517,558
Health and Safety	Human Resources	12,850				12,850					-	12,850				12,850
Grants	Other			6,000		6,000					-			6,000		6,000
Affordable Housing Assistance	Other				165,000	165,000			(40,000)	(100,000)	(140,000)				25,000	25,000
Physician Recruitment	Other			17,100		17,100				(17,100)	(17,100)					-
Hospice	Other				60,000	60,000				(60,000)	(60,000)					-
Henley Arcade	Other			4,600		4,600					-			4,600		4,600
Second Street Fire Hall	Other			7,625		7,625					-			7,625		7,625
Dressler House	Other			7,275		7,275					-			7,275		7,275
Finance	Finance	704,206				704,206	(19,000)		(25,000)		(44,000)	660,206				660,206
Information Technology	Information Technology		346,530			346,530			(6,000)		(6,000)		340,530			340,530
Victoria Hall	Facilities Management		722,047			722,047					-		722,047			722,047
Building Department	Building Services	451,182				451,182	(410,000)		(41,182)		(451,182)	-				-
Building Department - Bylaw Enforcement	Building Services		93,353			93,353	(19,000)				(19,000)		74,353			74,353
Animal Control	Animal Control		101,632			101,632					-		101,632			101,632
ByLaw Enforcement	Bylaw Enforcement		49,050			49,050					-		49,050			49,050
Engineering	Engineering	520,815				520,815	(74,000)				(74,000)	446,815				446,815
Public Works	Roads and Stormwater	2,757,141				2,757,141					-	2,757,141				2,757,141
Sidewalks	Roads and Stormwater		99,500			99,500		(50,000)			(50,000)		49,500			49,500
Crossing Guards	Crossing Guards		77,999			77,999					-		77,999			77,999
Street Lights	Roads and Stormwater		309,300			309,300					-		309,300			309,300
Transit	Transit		1,126,126			1,126,126	(328,000)	(40,000)	(5,600)		(373,600)		752,526			752,526
Parking	Parking		529,925			529,925	(687,500)		157,575		(529,925)		-			-
Environmental Services	Roads and Stormwater		34,925			34,925					-		34,925			34,925
Water Pollution Control Plant No. 1	Wastewater		1,742,320			1,742,320	(1,742,320)				(1,742,320)					-
Water Pollution Control Plant No. 2	Wastewater		1,443,851			1,443,851	(1,443,851)				(1,443,851)					-
Sanitary Sewers	Wastewater		608,879			608,879	(608,879)				(608,879)					-
Parks	Parks, Horticulture and Forestry			2,302,184		2,302,184	(134,000)	(11,000)	(32,500)	(11,000)	(188,500)			2,113,684		2,113,684
Aquatics	Aquatics			204,805		204,805					-			204,805		204,805
Outdoor Rink	Parks, Horticulture and Forestry			43,300		43,300					-			43,300		43,300
Legion Fields	Parks, Horticulture and Forestry			39,800		39,800	(37,000)				(37,000)			2,800		2,800
Marina	Marina				707,540	707,540	(707,540)				(707,540)					-
Dredge	Waterfront				148,055	148,055	(105,000)				(105,000)				43,055	43,055
Campground	Campground				184,413	184,413	(313,000)				(313,000)				(128,587)	(128,587)
Beach Washrooms	Waterfront			700		700					-			700		700
Harbour	Waterfront			172,340		172,340					-			172,340		172,340
Arenas	Furnace Street Arenas			115,250		115,250	(26,200)				(26,200)			89,050		89,050
Community Centre	Cobourg Community Centre			2,636,777		2,636,777	(1,389,570)	(11,000)	(5,500)		(1,406,070)			1,230,707		1,230,707
Seniors Activity Centre	Cobourg Community Centre			233,372		233,372	(40,650)	(62,080)			(102,730)			130,642		130,642
Culture Administration	Culture Administration and Other			110,858		110,858					-			110,858		110,858
Concert Band	Culture Administration and Other			20,600		20,600					-			20,600		20,600
Market Building	Culture Administration and Other			18,250		18,250	(22,000)				(22,000)			(3,750)		(3,750)
Art Gallery	Culture Administration and Other			215,000		215,000	(45,000)			(45,000)	(90,000)			125,000		125,000
Concert Hall	Concert Hall				375,225	375,225	(181,050)				(181,050)				194,175	194,175
Community Grants	Culture Administration and Other			49,575		49,575					-			49,575		49,575
Civic Awards	Culture Administration and Other			5,000		5,000	(5,000)				(5,000)					-
Special Events	Special Events			419,289		419,289	(74,000)	(5,000)			(79,000)			340,289		340,289
Library	Library			932,700		932,700					-			932,700		932,700
Planning	Planning Services (Legislated and Long-term)	540,434				540,434	(145,600)		(126,000)		(271,600)	268,834				268,834
Committee of Adjustment	Planning Services (Legislated and Long-term)	79,557				79,557	(15,000)				(15,000)	64,557				64,557
Heritage	Planning Services (Legislated and Long-term)			122,382		122,382					-			122,382		122,382
Economic Development	Economic Development			185,224		185,224					-			185,224		185,224
Venture 13	Venture 13				344,136	344,136	(127,500)				(127,500)				216,636	216,636
Tourism	Tourism Development			262,734		262,734	(39,500)	(5,000)			(44,500)			218,234		218,234
In-Scope Services		6,777,262	7,801,828	8,132,740	1,984,369	24,696,199	(8,919,660)	(184,080)	(477,612)	(233,100)	(9,814,452)	5,388,575	3,028,253	6,114,640	350,279	14,881,747
Financial	Out of scope		1,651,900			1,651,900		(600,000)	(285,500)	(910,400)	(1,795,900)		(144,000)			(144,000)
Police	Out of scope	7,897,353				7,897,353	(1,568,005)		(87,368)		(1,655,373)	6,241,980				6,241,980
Police - Criminal Record Checks	Out of scope				2,947,632	2,947,632			(2,947,632)		(2,947,632)					-
Fire	Out of scope	3,017,435				3,017,435	(13,500)		(22,000)		(35,500)	2,981,935				2,981,935
Emergency Management	Out of scope	136,456				136,456					-	136,456				136,456
Conservation Authority	Out of scope			248,100		248,100								248,100		248,100
Total (excluding debt servicing and capital levy)		$ 17,828,506	9,453,728	8,380,840	4,932,001	40,595,075	(10,501,165)	(784,080)	(3,820,112)	(1,143,500)	(16,248,857)	14,748,946	2,884,253	6,362,740	350,279	24,346,218

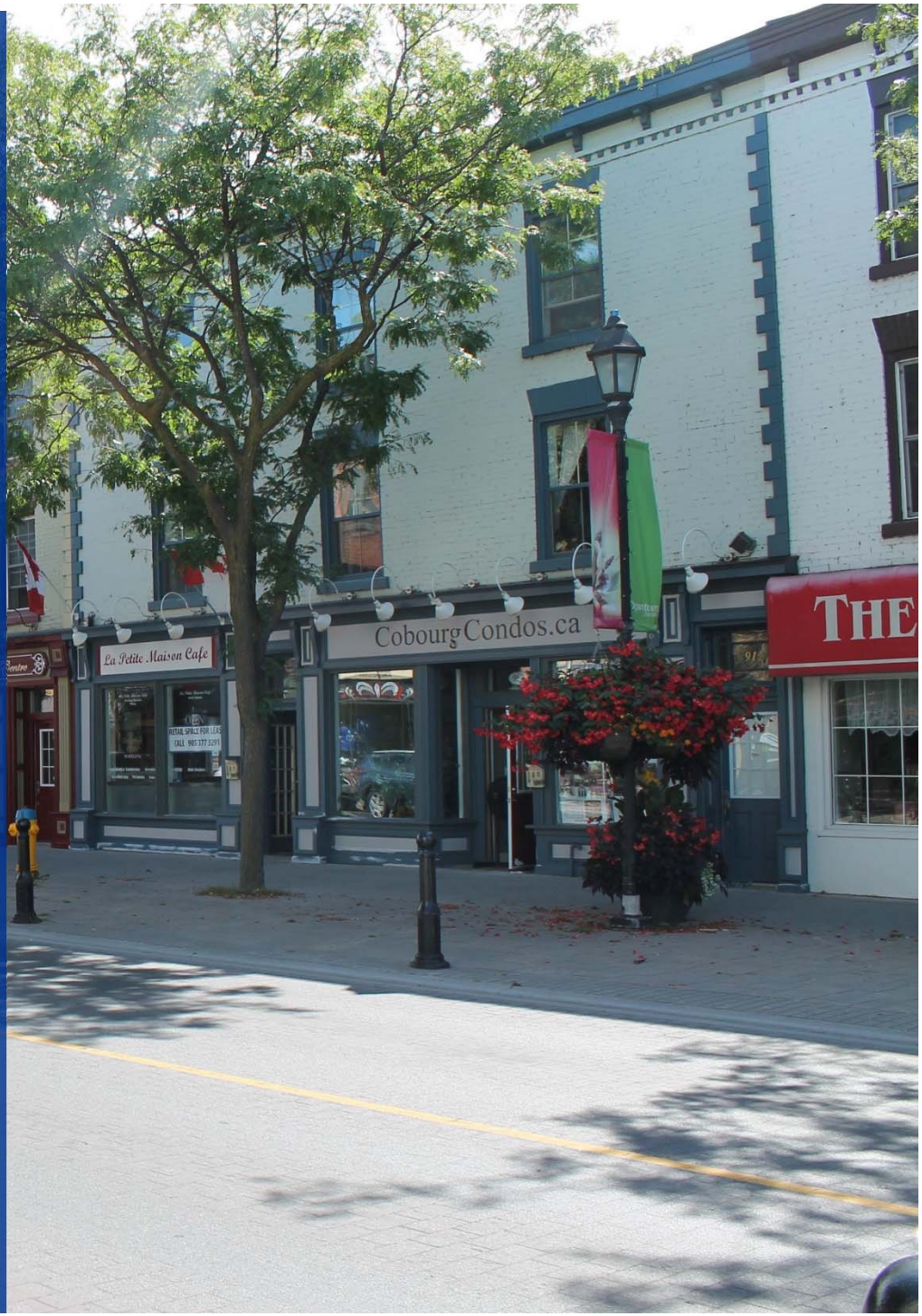
Direct control revenue	(636,910)
Debt servicing	650,700
Police capital	25,000
Capital levy	301,984
	24,686,992
Total per 2020 budget	24,686,992
Difference	-

KPMG

Town of Cobourg

Service Delivery Review

Appendix B
Municipal Service Profiles



The Corporation of the Town of Cobourg

Municipal Service Profile
Council

Program
General Government

Organizational Unit
Council

Type of Service
Internal and External

Budget		
Operating Costs	$	500,930
Revenues	$	(145,000)
Net Levy	**$**	**355,930**

Service Overview

The Town is governed by an elected Council consisting of a Mayor, a Deputy Mayor, a part-time administrator and five councilors each representing a ward within the Town. Consistent with Section 224 of the *Municipal Act*, the role of Council involves (i) representing the public and consider the well-being and interests of the Town; (ii) determining which services the Town provides; (iii) ensuring that administrative processes and policies are in place to implement the decisions of Council; (iv) ensuring the accountability and transparency of Town operations; and (v) maintaining the financial integrity of the Town. These activities are consistent with a strategic and governance role, with operational responsibility for executing Council's direction resting with the Town's CAO and senior management team.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Service Value

Council is responsible for determining the strategic direction of the Town and provides political representation to its residents. Effective governance contributes towards accountability and transparency for the Town's operations, as well as its financial sustainability.

Basis for Delivery

Mandatory – The *Municipal Act* establishes the requirement for a municipal council.

Performance and Benchmarking

The Town has budgeted a total of $355,930 in municipal taxation support for Town Council during the 2020 fiscal year, representing an average of $39.73 per household. In comparison to the selected municipal comparators (13), the Town has the fourth lowest level of municipal taxation support for Council services, with the Town providing a level of taxation support per household that is 82% of the average of the comparator municipalities.

The Corporation of the Town of Cobourg

Municipal Service Profile
Council

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town departments • Residents of the Town receiving the benefit of political representation • Other municipalities that collaborate with the Town
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Individuals and organizations benefiting from the Town's services • Town employees
Service Output	The output of a service that fulfills a recognized client's need.	(1) Political representation, including resolution of constituency matters and issues (2) Compliance with public accountability and transparency requirements (3) Administrative policies and procedures (4) Municipal by-laws
Service Output Level	The quantum of service outputs provided to direct clients.	Council is comprised of seven individuals, including the Mayor, Deputy Mayor and five elected representatives. Council is scheduled to meet monthly, with additional committee and special meetings held throughout the year. During 2019, a total of 33 Council meetings, 14 other public meetings and 55 advisory committee and board meetings were held by the Town.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources** - Council activities are provided through the Town's own resources.

The Corporation of the Town of Cobourg

Municipal Service Profile
Administration - CAO

Program
General Government

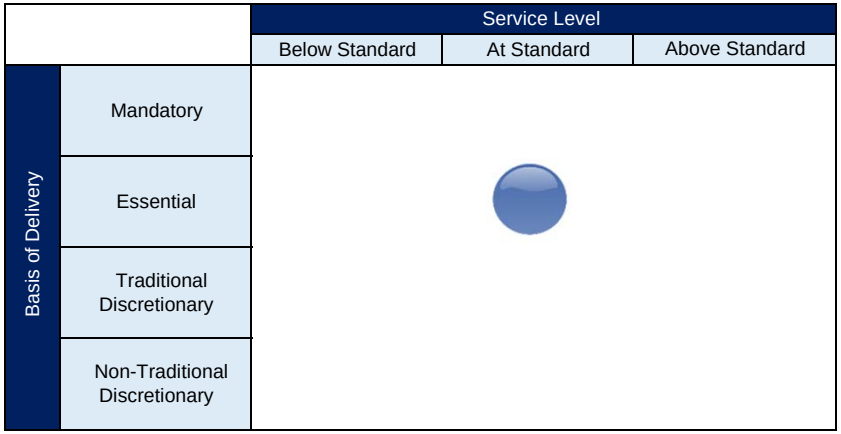
Organizational Unit
Chief Administrative Office

Type of Service
Internal and External

Budget		
Operating Costs	$	260,877
Revenues	$	-
Net Levy	**$**	**260,877**

Service Overview

The Office of the Chief Administrative Officer ("CAO") provides operational leadership and direction to the Town. The CAO is the most senior employee in the Town and is the connection between Council as a governance body and Town staff responsible for operational functions. The CAO works with the Town's senior leadership team on matters relating to planning, service delivery, performance monitoring, change management and issue resolution. The CAO also assists Council with execution of their governance responsibilities through the provision of information and advice. The CAO also plays a leading role in corporate communications (internal and external) and inter-government relations.



Service Value

The CAO focuses and aligns all activities to the vision, mission and focus areas of Town Council. The CAO serves residents by ensuring the delivery of the a well-managed municipal government and ensuring the effective and efficient delivery of municipal services to its residents.

Basis for Delivery

Essential – Pursuant to Section 229 of the *Municipal Act*, municipalities may (but are not required) to appoint a CAO. However, the senior leadership requirements associated with municipalities of comparable size to the Town requires the appointment of a CAO.

Performance and Benchmarking

The Town has budgeted a total of $260,877 in municipal taxation support for the Office of the CAO during the 2020 fiscal year, representing an average of $28.01 per household. In comparison to the selected municipal comparators for which costs relating to the CAO office is publicly available (10), the Town has the third lowest level of municipal taxation support for the Office of the CAO, with the Town providing a level of taxation support per household that is 45% of the average of the comparator municipalities.

The Corporation of the Town of Cobourg

Municipal Service Profile
Administration - CAO

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town Council • Town departments and employees • Other municipalities that collaborate with the Town • Residents and organizations interacting with the Office of the CAO
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Individuals and organizations benefiting from the Town's services
Service Output	The output of a service that fulfills a recognized client's need.	(1) Advice and assistance to Council (2) Strategic and operational decision making and problem resolution (3) Linkages between Council's strategic direction and the Town's operations (4) Oversight and management of Town operations (5) Internal and external communications
Service Output Level	The quantum of service outputs provided to direct clients.	The Town's CAO is responsible for the overall management and administration of a corporation with total operating costs of $40.6 million and 183 full-time and 179 part-time employees.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources -** The Office of the CAO represents the linkage between Council and the Town's operations and is down with internal resources.

The Corporation of the Town of Cobourg

Municipal Service Profile
Communications

Program

General Government

Organizational Unit

Administration - Communications

Type of Service

Internal and External

Budget

Operating Costs	$	255,514
Revenues	$	-
Net Levy	**$**	**255,514**

Service Overview

Communications develops communications strategies to inform and engage the community about key initiatives and creates the tactics to execute those strategies. This can include proactive media relations, website management, social media and digital communication tools, advertising and digital analytics, brand management and creative services, strategic communications counsel and planning, public relations research, government relations, crisis communications, internal communications and marketing.

Service Value

Communications is responsible for the timely, accurate and transparent dissemination of information, as well as ensuring there is mutual understanding with the Town's various audiences. Through two-way communications, the unit works to make sure that the feedback and ideas of the Town's stakeholders inform the Town's decision-making process.

Basis for Delivery

Essential - Communications are seen as essential to ensuring residents and other stakeholders are informed of municipal services, priorities and responses to emergencies and other events.

		Service Level		
		Below Standard	At Standard	Above Standard
Basis of Delivery	Mandatory			
	Essential		●	
	Traditional Discretionary			
	Non-Traditional Discretionary			

Performance and Benchmarking

The Town has budgeted a total of $255,514 in municipal taxation support for its communication function during the 2020 fiscal year, representing an average of $28.52 per household. Based on our review of publicly available budget information for the selected comparator municipalities, we identified two municipalities with budgeted expenditures for communications (Port Hope and Essex), which provided an average level of taxation support for communications services of $27.66 per household. We suggested that the absence of publicly available budget information concerning communications for other comparative communities should not necessarily be interpreted as the absence of a communications function but rather a reflection of differences in budget formats, with communications activities in other municipalities consolidated into other functional units as opposed to being disclosed separately.

The Corporation of the Town of Cobourg

Municipal Service Profile
Communications

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town staff and departments (internal) • Residents of the Town • Media • Other levels of government and agencies
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Family members and other individuals that benefit indirectly from media and communication activities.
Service Output	The output of a service that fulfills a recognized client's need.	(1) Communications and information dissemination with respect to the Town's services, initiatives and other matters (2) Strategy development (3) Issues management
Service Output Level	The quantum of service outputs provided to direct clients.	On an annual basis, the Town's communications function issued a total of 59 press releases and 87 public notices. With respect to social media, the Town has a total of 12,327 followers on various platforms (Facebook, Twitter and Instagram) with an average of 10 social media posts made per week. Overall, a total of 34,530 people are reached by the Town's social media activities. As part of its Engage Cobourg program, the Town's communications function recorded a total of 634 registrations, leading to approximately 4,800 visitors to the Engage Cobourg site. The Engage Cobourg program launched 14 projects, with 2,287 project engagements.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources -** Communications is undertaken primarily through the Town's own resources, and will support community stakeholders such as LUSI and the Cobourg Police Service when needed.

Town of Cobourg

Municipal Service Profile
Legislative Services

Program
General Government

Organizational Unit
Clerks Department

Type of Service
Internal and External

Budget

Operating Costs	$	638,184
Revenues	$	(333,500)
Net Levy	**$**	**304,684**

Service Overview

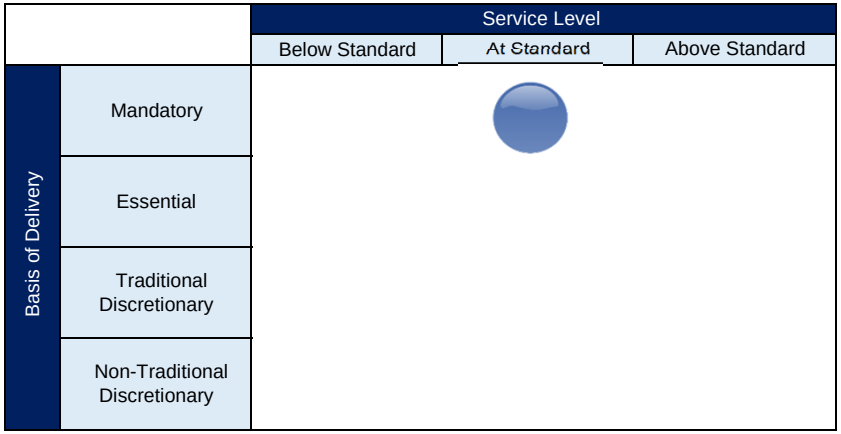
The Municipal Clerk provides secretariat support to Town Council and Committees, including the provision of advice to Council on legislative matters, preparation of agendas, reports and meeting minutes and the preparation of municipal by-laws. The Municipal Clerk is also responsible for record management from creation through retention to disposition; the administration of the Municipal Freedom of Information and Protection of Privacy Act ("MFIPPA"); the conduct of municipal and school board elections (every four years); the provision of lottery licenses, oaths, affidavits and other services to the general public; managing the document execution process for all formal documents; and administering the Town's processes for the acquisition and disposal of real property.
The Legislative Services Department is also responsible for maintaining and providing access to all By-laws enacted, amended and repealed by Municipal Council.

Service Value

Legislative services contributes towards the efficiency, effectiveness and transparency of governance by providing support to Town Council and maintaining appropriate records and documentation of governance decisions. It also ensures compliance with a variety of legislative and regulatory requirements relating to the governance of the Town and is an essential link between Cobourg, the General Public and Municipal Council.

Basis for Delivery

Mandatory – The *Municipal Act* establishes the requirement for a municipal clerk, while the *Municipal Freedom of Information and Protection of Privacy Act* mandates municipalities to maintain a process for freedom of information requests.



Performance and Benchmarking

The Town has budgeted a total of $304,684 in municipal taxation support for the Town Clerk during the 2020 fiscal year, representing an average of $34.01 per household. In comparison to the selected municipal comparators for which costs relating to the clerk function is publicly available (8), the Town has the second lowest level of municipal taxation support for the clerk function, with the Town providing a level of taxation support per household that is 57% of the average of the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Legislative Services

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town Council • Town departments • Members of the general public accessing Town services • Other municipalities that collaborate with the Town
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Individuals and organizations benefiting from the Town's services
Service Output	The output of a service that fulfills a recognized client's need.	(1) Advice and assistance to Council and staff (2) Meeting documents (agendas, minutes, reports) (3) MFIPPA application processing (4) Municipal by-laws (5) Lottery licenses, commissioned oaths and affdavits and other public documents (6) Real property acquisition and disposition
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town Clerk provided support to 33 Council meetings, 14 public meetings and 55 advisory and board meetings, producing 110 separate agenda packages. In addition to support for Council, committess and boards, the Town Clerk also: • Received 22 requests under MFIPPA, with 20 requests completed • Issued 160 lottery licenses • Recorded 313 death registrations • Issued 120 marriage licenses, with 60 civil ceremonies performed
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources** - Legislative services are provided through the Town's own resources.

The Corporation of the Town of Cobourg

Municipal Service Profile
Human Resources

Program
General Government

Organizational Unit
Human Resources

Type of Service
Internal

Budget		
Operating Costs	$	584,813
Revenues	$	(54,405)
Net Levy	**$**	**530,408**

Service Overview

The Town's human resource activities include but are not limited to employee recruitment, occupational health and safety, attendance and disability management, pension and benefits, compensation management and the retention of legal and consulting services in respect of personnel matters.

Service Value

Effective human resources is necessary for achievement of an engaged and productive workforce that serves the community and delivers on Council priorities. It ensures compliance with personnel-related legislation, as well as statutory and contractual requirements established by the Canada Revenue Agency and the Town's benefit providers.

Basis for Delivery

Mandatory – A number of different acts mandate personnel-related policies and processes for Ontario municipalities, including but not limited to the *Ontario Human Rights Code* , the *Employment Standards Act* , the *Occupational Health and Safety Act* and the *Accessibility for Ontarians with Disability Act.*

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Performance and Benchmarking

The Town has budgeted a total of $530,408 in municipal taxation support for Human Resources during the 2020 fiscal year, which includes retiree benefits ($95,000) that are not directly related to the human resources function, WSIB NEER surcharge costs ($15,000) and one-time costs of $160,000 for pay equity planning. As these are not considered to be incurred in connection with regular human resources functions, we have removed them from the budgeted level of municipal taxation support for the purposes of our comparison, resulting in an adjusted level of municipal taxation support of $260,408, or an average of $29.07 per household. In comparison to the selected municipal comparators for which costs relating to human resources is publicly available (10), the Town has the second lowest level of municipal taxation support for human resources, with the Town providing a level of taxation support per household that is 75% of the average of the comparator municipalities. Based on discussions with Town personnel and our understanding of human resources functions for similar sized municipalities, we have considered the differential in taxation support for human resources to be reflected of a lower level of service (particularly given the lower levels of staffing) as opposed to operating efficiencies. As such, we have considered the Town's service level to be below standard.

The Corporation of the Town of Cobourg

Municipal Service Profile
Human Resources

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town employees • Town management • Senior government agencies (CRA, WSIB) • Benefit providers
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents of the Town who benefit from the services delivered by the Town • Town Council
Service Output	The output of a service that fulfills a recognized client's need.	(1) Employee recruitment and retention (2) Labour relations (3) Occupational health and safety, disability management (4) Employee and labour relations (5) Pension and compensation management
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town's human resources function provided support to 439 full and part-time employees, with total reported salaries of $18.35 million.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Combined -** The Town uses its own resources for the delivery of human resource services with specialized advisors (legal, consulting) utilized as required for specific situations.

The Corporation of the Town of Cobourg

Municipal Service Profile
Finance

Program

General Government

Organizational Unit

Finance

Type of Service

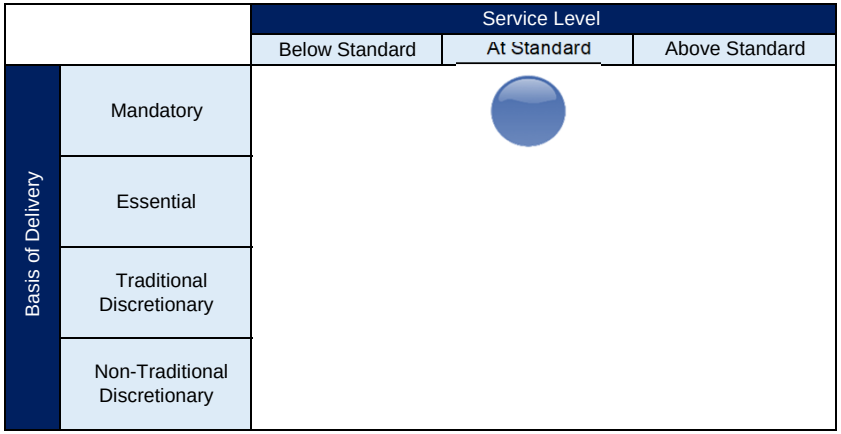
Internal and External

Budget

Operating Costs	$	704,206
Revenues	$	(44,000)
Net Levy	**$**	**660,206**

Service Overview

Finance provides a wide range of administrative and financial services to Council, Town departments and the public, including (i) budgeting and financial planning, including asset management planning; (ii) financial policy and process development; (iii) taxation processing, including tax policy development; (iv) transaction processing (revenues and receipts, purchases and payables, payroll); (iv) external and internal financial reporting; and (v) grant applications and reporting. Finance is also responsible for procurement of goods and services, inventory management, sale of surplus assets and activities involving insurance and risk management.



Service Value

Finance contributes to the financial sustainability of the Town by undertaking financial planning, analysis and policy development that allows for the execution of Council's strategic direction. It facilitates the ability of other departments to deliver municipal services at the intended level of service by managing the procurement of goods and services and ensuring the timely and accurate processing of financial transactions, including the collection of revenues and payment of personnel and suppliers. Financial reporting also ensures transparency with respect to the Town's financial performance and position, providing Council, taxpayers, funding agencies and other parties with credible and timely financial information.

Basis for Delivery

Mandatory – The *Municipal Act* establishes the requirement to appoint a treasurer and also establishes other requirements associated with the financial administration of municipalities. In addition, other legislation can mandate specific financial requirements (e.g. asset management planning as a requirement under the *Infrastructure For Jobs and Prosperity Act*).

Performance and Benchmarking

The Town has budgeted a total of $660,206 in municipal taxation support for finance during the 2020 fiscal year, representing an average of $73.70 per household. In comparison to the selected municipal comparators for which costs relating to financial services is publicly available (9), the Town has the fifth lowest level of municipal taxation support for financial services, with the Town providing a level of taxation support per household that is 74% of the average of the comparator municipalities.

The Corporation of the Town of Cobourg

Municipal Service Profile
Finance

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town Council • Town departments • Third parties involved in financial transaction with the Town • Senior levels of government
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Individuals and organizations benefiting from the Town's services • Senior levels of government
Service Output	The output of a service that fulfills a recognized client's need.	(1) Establishing of annual budgets (2) Developing financial policies, procedures, strategies and plans (3) Acquiring and providing financial resources (4) Providing information and advice on financial matters (5) Preparing and submitted all required financial reporting (6) Transaction processing
Service Output Level	The quantum of service outputs provided to direct clients.	The Town's finance department provided transaction processing, reporting and analysis relating to all aspects of the Town's operations. During 2019, the finance department: • Managed taxation billings and collections for the Town, County and school boards, with total billings of $46.2 million from 8,321 separate taxation accounts. • Issued 2,920 cheques and 3,074 electronic fund transfers • Processed payroll for 439 employees
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources -** Financial services are provided through the Town's own resources.

Town of Cobourg

Municipal Service Profile
Facilities Management

Program
General Government

Organizational Unit
Victoria Hall Building

Type of Service
Internal

Budget		
Operating Costs	$	741,547
Revenues	$	-
Net Levy	**$**	**741,547**

Service Overview

Facilities Management is responsible for maintenance of Victoria Hall interior, exterior and the co-ordination of long term maintenance and repair. Facilities oversees cleaning contracts, all maintenance contracts and the everyday operation of Victoria Hall. Facilities Management is responsible for ensuring regulatory and legislative compliance including but not limited to certificates related to the Technical Standards and Safety Authority (TSSA) and the Electrcial Safety Authority (ESA), other safety regulations and fire code checks. Facilities is also responsible for the maintenance of the C. Gordon King Centre, Dressler House, Second Street Fire Hall, Henely Arcade, and Market Building.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Service Value

Facilities Management contributes towards the Town's delivery of services in a cost efficient and effective manner by maintaining Victoria Hall Building and other Town facilities.

Basis for Delivery

Essential - Facilities management is essential for ensuring that the Town can deliver municipal services as planned.

Performance and Benchmarking

Due to differences in budget formats, we were unable to obtain a relevant comparison of facilities costs to the selected comparator municipalities. While the Town presents facilities maintenance as a single budgetary department, other municipalities appear to allocate facility costs between the functional departments, precluding a reliable comparison.

Town of Cobourg

Municipal Service Profile
Facilities Management

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town departments occupying space in Town facilities • Residents accessing services directly at Town facilities • Regulatory agencies
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents of the Town who benefit from the services delivered through the Town's facilities
Service Output	The output of a service that fulfills a recognized client's need.	(1) Operational maintenance and management of facilities (2) Compliance with safety and regulatory authorities
Service Output Level	The quantum of service outputs provided to direct clients.	The Town's facilities management function is responsible for the maintenance of six municipal buildings.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Combined -** The majority of the daily operations of Victoria Hall and other Town facilities is performed with the Town's own resources. Facilities also oversees cleaning contracts, and all third party maintenance contracts.

The Corporation of the Town of Cobourg

Municipal Service Profile
Information Technology

Program
General Government

Organizational Unit
Information Technology

Type of Service
Internal

Budget

Operating Costs	$	346,530
Revenues	$	(6,000)
Net Levy	**$**	**340,530**

Service Overview

Information Technology supports the investigation, development and implementation of new applications and technology designed to create efficiencies and service enhancements in all operational areas. IT also plans, builds, secures and sustains the enterprise architecture required to support all software applications, computer equipment and telecommunications networks used in support of municipal service delivery. IT also provides the Town with information and data management, information security and data analysis, including protection from and responses to cybersecurity attacks.

Service Value

IT provides cost effective information technology related services to staff and partners of the Town that allows them to be effective and innovative in their jobs.

Basis for Delivery

Essential – Information technology is critical to the effective and efficient delivery of municipal services.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential		●	
Traditional Discretionary			
Non-Traditional Discretionary			

Performance and Benchmarking

The Town has budgeted a total of $340,530 in municipal taxation support for information technology during the 2020 fiscal year, representing an average of $38.01 per household. In comparison to the selected municipal comparators for which costs relating to information technology is publicly available (10), the Town has the second lowest level of municipal taxation support for information technology, with the Town providing a level of taxation support per household that is 77% of the average of the comparator municipalities.

The Corporation of the Town of Cobourg

Municipal Service Profile
Information Technology

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town departments • Town employees • Local Area Municipalities • Other public sector partners
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and organizations that benefit from services provided by the Town
Service Output	The output of a service that fulfills a recognized client's need.	(1) Planning (2) IT systems management and support (3) IT and information security (4) Advice and assistance to other Town departments (5) Information data management (6) Data analysis (GIS)
Service Output Level	The quantum of service outputs provided to direct clients.	Information technology is responsible for meeting the hardware, software, peripheral and telecommunication requirements of the Town's 400+ full and part-time employees. It is responsible for the management and maintenance of servers, a number of key software programs (e.g. Great Plains, Cityworks) and cyber security risk management, including the detection and response to attempted cyber intrusions.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources -** Information technology operational services are provided by the Town through its own resources.

Town of Cobourg

Municipal Service Profile
Planning Services - Development Applications

Committee

Planning and Development

Function

Planning

Committee of Adjustment

Heritage

Type of Service

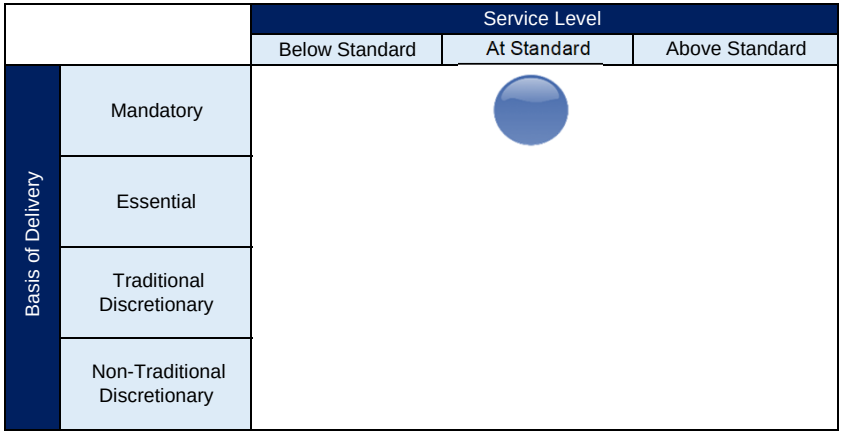
Internal and External

Budget

Operating Costs	$	742,373
Revenues	$	(286,600)
Net Levy	**$**	**455,773**

Service Overview

The Planning Department is responsible for the review, processing and approval of all planning applications under the Planning Act, R.S.O 1990, c.P. 19, as amended, and heritage applications under the Ontario Heritage Act, R.S.O 1990, c.O. 18, as amended.



Service Value

Planning and Development ensures that growth in the community proceeds in a manner that is consistent with the Town's vision as defined in the Official Plan. Effective planning contributes towards maximizing land and infrastructure utilization and minimizing environmental pressures while preserving the atmosphere and image of the various communities within the Town.

Basis for Delivery

Mandatory – The *Planning Act* establishes the responsibility for municipalities to make local planning decisions that will determine the future of their community. The *Planning Act* also requires municipalities to ensure planning decisions and planning documents are consistent with the Provincial Policy Statement, conform to the Place to Grow Growth Plan and are in conformity with the municipal official plan.

Performance and Benchmarking

The Town has budgeted a total of $455,773 in municipal taxation support for planning services during the 2020 fiscal year, representing an average of $10.55 per $1,000 of development activity (based on the three year average of building permits issued). In comparison to the selected municipal comparators for which costs relating to planning services is publicly available (12), the Town has the fourth lowest level of municipal taxation support for planning services, with the Town providing a level of taxation support per $1,000 of development activity that is 69% of the average of the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Planning Services - Development Applications

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town departments involved in or affected by planning and growth issues • Members of the development community • Property owners consulted as part of the planning application process • Heritage property owners
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and property owners that benefit from planning activities • Community stakeholder groups with interests in development decisions
Service Output	The output of a service that fulfills a recognized client's need.	(1) Development application processing and approvals (including consultation) (2) Assistance and advice to development community (3) Assistance and advice to Town departments (4) Special planning and heritage projects
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town processed a total of 128 planning applications (2018 - 97) Minor variances: 2018 – 2, 2019 – 9 Consents: 2018 – 7, 2019 – 19 Site plan approvals: 2018 – 2, 2019 – 9 Zoning By-Law amendments: 2018 – 1, 2019 – 6 Plans of subdivision and condominium: 2018 – 4, 2019 – 7 Official Plan amendments: 2018 – 1, 2019 – 2 Heritage permits: 2018 – 80, 2019 – 75
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources** - Planning services are provided primarily by Town personnel, with consultants used for specialized planning activities.

Town of Cobourg

Municipal Service Profile
Planning Services - Other Planning Services

Committee
Planning and Development

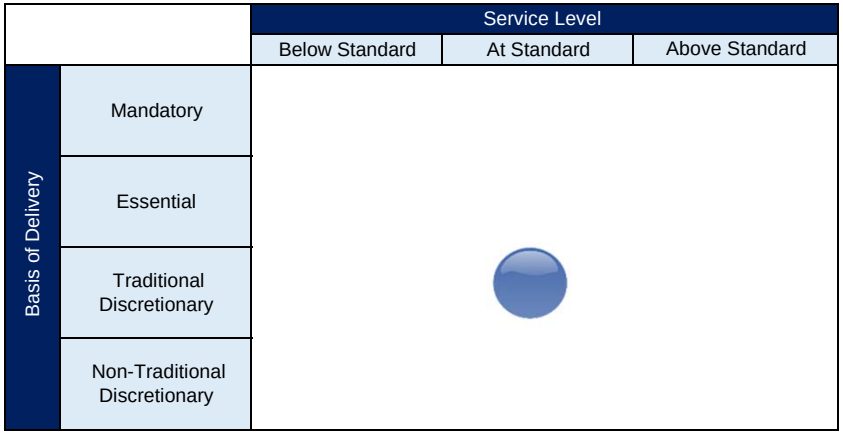
Function
Planning
Committee of Adjustment
Heritage

Type of Service
Internal and External

Budget		
Operating Costs	$	585,773
Revenues	$	(130,000)
Net Levy	**$**	**455,773**

Service Overview

The Planning Department provides additional support to residents, businesses and the Corporation through (1) long-range planning and strategic planning; (2) heritage planning and approvals; (3) specialized planning and heritage projects; and (4) the administration of two Community Improvement Plans (Tannery District, Downtown Cobourg Vitalization), with a third CIP (affordable housing) under development.



Service Value

Planning and Development ensures that growth in the community proceeds in a manner that is consistent with the Town's vision as defined in the Official Plan. Effective planning contributes towards maximizing land and infrastructure utilization and minimizing environmental pressures while preserving the atmosphere and image of the various communities within the Town.

Basis for Delivery

Mandatory – The *Planning Act* establishes the responsibility for municipalities to make local planning decisions that will determine the future of their community. The *Planning Act* also requires municipalities to ensure planning decisions and planning documents are consistent with the Provincial Policy Statement, conform with the Place to Grow Growth Plan and are in conformity with the municipal official plan.

Performance and Benchmarking

Please refer to the service profile for Planning Services - Development Applications for benchmarking information concerning the Town's planning services.

Town of Cobourg

Municipal Service Profile
Planning Services - Other Planning Services

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town departments involved in or affected by planning and growth issues • Members of the development community • Property owners consulted as part of the planning application process • Heritage property owners • Property owners within Community Improvement Plan areas
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and property owners that benefit from planning activities • Community stakeholder groups with interests in development decisions
Service Output	The output of a service that fulfills a recognized client's need.	(1) Official Plan updates (3) Assistance and advice to development community (4) Assistance and advice to Town departments (5) Special planning and heritage projects (6) Community improvement plan administration (2 + 1 in development)
Service Output Level	The quantum of service outputs provided to direct clients.	The Town undertakes a range of planning activities, including the administration of three community improvement plans.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources** - Planning services are provided primarily by Town personnel, with consultants used for specialized planning activities.

Town of Cobourg

Municipal Service Profile
Building Services

Committee
Protection

Function
Building

Type of Service
External

Budget		
Operating Costs	$	451,182
Revenues	$	(451,182)
Net Levy	**$**	**-**
FTEs		

Service Overview

The Building Department is responsible for administering permit applications and issuance, conducting inspections in accordance with the Ontario Building Code and the Town of Cobourg's Comprehensive Zoning By-law, as well as other applicable laws and regulations to ensure the standards for construction and plumbing are consistent throughout the Province. Through plans review and site inspections, staff ensure that the design and construction of new structures comply with the Ontario Building Code. In addition, the Building Department is also responsible for the inspection of properties and administration of directives as set out through the Property Standards By-law and Clearing of Lands By-law.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Service Value

Building Services contribute towards the protection of public health and safety by ensuring compliance with the Building Code Act, the Ontario Building Code, the zoning by-law and other applicable regulations relating to building construction projects.

Basis for Delivery

Mandatory – Pursuant to Section 3.1 of the *Building Code Act*, municipalities are mandated with the responsibility to enforce the Ontario Building Code and in doing so, are required to appoint a Chief Building Official and such inspections under Section 3(2) of the *Building Code Act*.

Performance and Benchmarking

The Town fully recovers the cost of building inspection services through user fees, with no associated municipal taxation support. In addition to being permitted under the Ontario Building Code Act, we suggest that full cost recovery for building services is a municipal best/common practice and is reflective of the view that "growth pays for growth".

Town of Cobourg

Municipal Service Profile
Building Services

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Individuals or companies undertaking construction, renovation or other building-related projects that require permits
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Individuals purchasing homes directly from contractors/developers • Individuals purchasing homes on the resale market • Title insurers who rely on building approvals
Service Output	The output of a service that fulfills a recognized client's need.	(1) Reviews of construction plans as part of the building permit issuance process (2) Inspections during construction (3) Final occupany inspections (4) Assistance and advice on building and zoning matters
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town issued a total of 477 permits with an associated construction value of $28.7 million. In comparison, the Town issued 493 permits in 2018, with an associated value of $64.8 million.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources** - Building services are provided primarily through the Town's own resources.

THE CORPORATION OF THE TOWN OF COBOURG

Municipal Service Profile
Joint Animal Control

Committee
Protection

Function
Joint Animal Control

Type of Service
External

Budget		
Operating Costs	$	101,632
Revenues	$	(12,000)
Net Levy	**$**	**89,632**

Service Overview

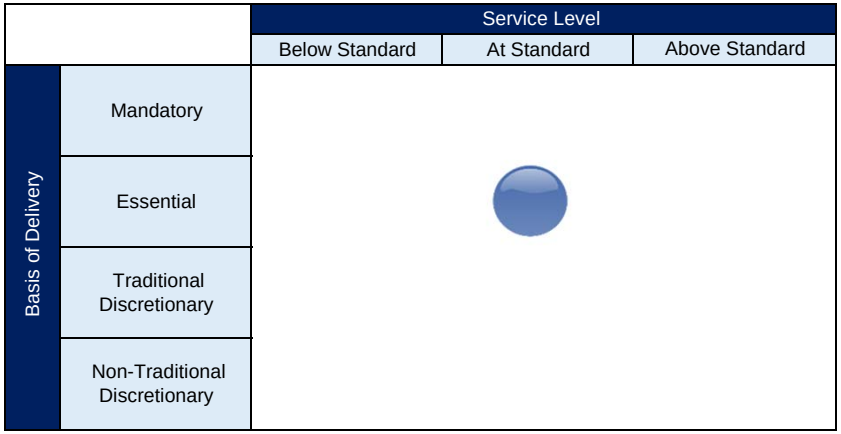
The Town provides animal control services in conjunction with five neighbouring municipalities (Port Hope, Alnwick/Haldimand, Cramahe, Alderville and Hamilton). Animal control is outsourced to a third party who administers the management, care and adoption of cats and dogs in the community, including dog licensing and the operation of the Shelter of Hope. In addition, Animal Control works with other community organizations to foster animal welfare initiatives.

Service Value

Animal Control contributes towards the goal of establishing the community as a place where all pets have a caring, respectful and responsible home. The focus of Animal Control and the Town in general, is to expand the scope of animal services in order to reduce and eventually eliminate euthanasia of healthy adoptable cats and dogs.

Basis for Delivery

Essential – Animal control is viewed as addressing public health and safety by managing animal populations in the community.



Performance and Benchmarking

The Town has budgeted a total of $89,632 in municipal taxation support for animal control during the 2020 fiscal year, representing an average of $10.01 per household. In comparison to the selected municipal comparators for which costs relating to animal control is publicly available (9), the Town has the second highest level of municipal taxation support for animal control, with the Town providing a level of taxation support per household that is double the average of the comparator municipalities.

THE CORPORATION OF THE TOWN OF COBOURG

Municipal Service Profile
Joint Animal Control

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Owners of dogs and cats in the community • Residents affected by nuisance animals • Animal welfare groups supported by the Town's efforts
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents of the community who benefit from effective animal control measures
Service Output	The output of a service that fulfills a recognized client's need.	(1) Cat identification (2) Dog licensing (3) Management of cat and dog populations (spaying/nurturing, sheltering, adoptions) (4) Support for animal welfare groups
Service Output Level	The quantum of service outputs provided to direct clients.	On an annual basis, the Joint Animal Control Board issues approximately 1,000 dog tags per year.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Shared service -** Animal control is administered through a joint municipal board comprising of five area municipalities.

THE CORPORATION OF THE TOWN OF COBOURG

Municipal Service Profile
Bylaw Enforcement

Committee
Protection

Organizational Unit
Bylaw Enforcement Services
Building - By-Law

Type of Service
Internal and External

Budget		
Operating Costs	$	142,403
Revenues	$	(19,000)
Net Levy	**$**	**123,403**

Service Overview

By-law Enforcement ensures compliance with the Town's bylaws, both on public and private properties, including but not limited to building codes, property standards, parking, taxi regulation and smoking. Enforcement and compliance is conducted on a complaint basis, with additional proactive approaches through specific initiatives and blitz and in response to community complaints. By-Law enforcement encompasses the preparation of various by-laws, the administration of permits (signs, liquor licensing, pools), and the seting of fines and prosecutions of POA matters.

Service Value

By-law Enforcement contributes towards health and safety, consumer protection, nuisance control and quality of life. All citizens benefit from the enforcement of by-laws as the result is an increased level of public safety, neighbourhood satisfaction, community pride and an overall positive impact on quality of life.

Basis for Delivery

Essential – By-law enforcement and property standards contribute towards the health and safety of residents, as well as the protection of property.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential		●	
Traditional Discretionary			
Non-Traditional Discretionary			

Performance and Benchmarking

The Town has budgeted a total of $123,403 in municipal taxation support for By-Law Enforcement during the 2020 fiscal year, representing an an average of $13.78 per household. In comparison to the selected municipal comparators for which costs relating to by-law enforcement is publicly available (12), the Town has the third lowest level of municipal taxation support for by-law enforcement, with the Town providing a level of taxation support per household that is 71% of the average of the comparator municipalities. Based on discussions with Town personnel and our understanding of human resources functions for similar sized municipalities, we have considered the differential in taxation support for by-law enforcement to be reflected of a lower level of service (particularly given the lower levels of staffing) as opposed to operating efficiencies. As such, we have considered the Town's service level to be below standard.

THE CORPORATION OF THE TOWN OF COBOURG

Municipal Service Profile
Bylaw Enforcement

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents lodging complaints with respect to by-law non-compliance • Businesses operating under Town by-laws and permitting requirements
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents of and visitors to the community that benefit from by-law enforcement • Consumers purchasing goods and/or services from businesses operating under Town by-laws and permitting requirements
Service Output	The output of a service that fulfills a recognized client's need.	(1) Responses to specific complaints (2) Inspections (3) POA prosecutions (4) By-law preparation
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town issued a total of 86 sign permits (2018 - 121), 14 pool permits (2018 - 10) and 2 liquor license permits (2018 -1). During 2019, a total of 100 prosecutions were undertaken with respect to by-law enforcement, compared to 76 in 2018, with the majority of prosecutions relating to parking infractions (2019 - 82, 2018 - 60).
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own resources** - By-law enforcement is provided primarily by Town personnel.

Town of Cobourg

Municipal Service Profile
Engineering

Committee
Public Works

Functional Unit
Engineering

Type of Service
Internal and External

Budget

Operating Costs	$	280,000
Revenues	$	(74,000)
Net Levy	**$**	**206,000**

Service Overview

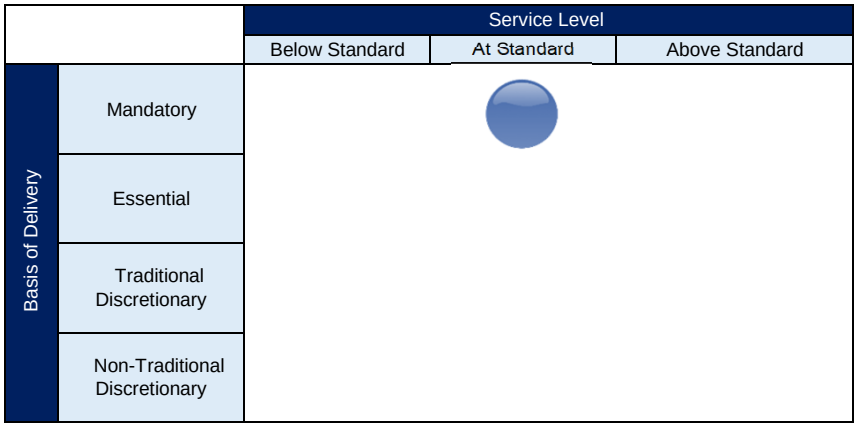
Engineering is responsible for the overall vision, planning, budgeting, management and implementation of the Town's Infrastructure and Transportation services. In addition to its administrative function, Engineering is also responsble for administering the design and construction of linear infrastructure (roads, storm and sanitary collection systems), including project management, contract documents, warranty and inspections. Engineering is responsible for master planning for roads and wastewater, traffic studies and analytics, environmental assessments, data collection and analysis. Engineering reviews all civil related technical aspects for all subdivision ans site plan development review, managering developer securitiesa nsad lot grading completion and certification, conducting site inspections and providing recommendations for assumption of subdivision.

Service Value

The Town's transportation and infrastructure are resources that contribute towards the protection of public health, support the Cobourg economy and contribute towards the quality of life of residents.

Basis for Delivery

Mandatory – Section 44(1) of the Municipal Act establishes the Town's responsibility to keep highways and bridges under its jurisdiction "in a state of repair that is reasonable in the circumstances".



Performance and Benchmarking

The Town has budgeted a total of $3,640,755 in municipal taxation support for engineering and roads-related operating activities (roads, sidewalks, streetlights, crossing guards) during the 2020 fiscal year, representing an average of $13,687 per lane kilometer of the municipal road network. In comparison to the selected municipal comparators for which costs relating to public works/roads is publicly available (12), the Town's level of taxation support for engineering and other roads-related costs is in the mid-range of the comparator municipalities, with the Town providing a level of taxation support that is 117% of the comparator average. We note, however, that a number of the comparator municipalities have significantly larger road networks, which we believe misrepresents their costs by (1) reducing the amount of fixed costs by lane kilometer by spreading fixed costs over a larger number of lane kilometers; and (2) including rural roads in the determination of cost per lane kilometer, notwithstanding the fact that rural roads have lower maintenance standards (and maintenance costs) than urban roads. Accordingly, if municipalities with siginficantly larger road networks (i.e. greater than 300 lane kilometers) are excluded from the analysis, the Town's level of taxation support per lane kilometer is 92% of the average of the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Engineering

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Town departments requiring assistance and advice on development, infrastructure, transportation and/or environmental matters • Contractors, developers and other parties involved in infrastructure projects • Regulatory agencies and other third parties (MECP, MTO, GRCA Northumberland County)
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and businesses that benefit from transportation and infrastructure services
Service Output	The output of a service that fulfills a recognized client's need.	(1) Short and long-term transportation and infrastructure planning (2) Engineering reviews and recommendations (3) Capital project management (4) Advice and assistance on infrastructure and development matters (5) Community engagement and communications (6) Data collection, analysis and reporting
Service Output Level	The quantum of service outputs provided to direct clients.	The Town maintains a road network comprised of 266 lane kilometers for roadways, with a total budget for Public Works of $6.7 million in 2019.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Combined** - Engineering is undertaken primarily through the Town's internal resources, with third party consultants retained for specific services (master planning, project design, inspection and contract management).

Town of Cobourg

Municipal Service Profile
Roads and Sewers

Committee
Public Works

Functional Unit
Roads and Sewers

Type of Service
External

Budget		
Operating Costs	$	3,165,941
Revenues	$	(50,000)
Net Levy	**$**	**3,115,941**

Service Overview

Public Works oversees and is responsible for all road, sanitary and stormwater maintenance activities within the Town's right-of-way, which includes (i) winter control for roads and sidewalks (patrol, plowing, sanding and salting); (ii) roads and bridge repair (pothole patching, utility cut repairs, crack sealing, limited resurfacing); (iii) roadside maintenance (culvert, curb & gutter maintenance, repairs nad replacement, shoulder maintenance, brushing and ditching, roadside mowing, street sweeping, debris and invasive species removal); (iv) maintenance of signage and traffic signals; (v) streetlight maintenance; and (vi) sidewalk / boardwalk / street furniture repair and replacement. Public Works is also responsible for ensuring the completion of legislative requirements (e.g. biennial bridge inspections, annual sign reflectiveness testing, road patrolling).

Service Value

The municipal road network provides effective, efficient and safe vehicular movements of passengers and freight across the Town, providing connectivity with major transportation corridors and other communities. Effective and efficient road transportation contributes towards public health and safety, environmental protection and economic prosperity.

Basis for Delivery

Mandatory - Section 44(1) of the Municipal Act establishes the Region's responsibility to keep highways or bridges under its jurisdiction "in a state of repair that is reasonable in the circumstances". Ontario Regulation 239/02: Minimum Maintenance Standards for Municipal Highways (which has been amended by Ontario Regulation 47/13) provides further clarification by establishing minimum maintenance standards for a range of road network maintenance activities, with Ontario municipalities able to adopt their own standards.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Performance and Benchmarking

Please refer to the service profile for Engineering for an analysis of Public Works costs, including roads and sewers.

Town of Cobourg

Municipal Service Profile
Roads and Sewers

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents and visitors that utilize the Town's road network • Private and public sector organizations that benefit from road transportation • Property owners protected from flooding by effective stormwater management
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents of and organizations in the Town that benefit from the effective movement of people and goods
Service Output	The output of a service that fulfills a recognized client's need.	(1) Winter roads maintenance (2) Road and bridge maintenance and repairs (3) Roadside maintenance (4) Stormwater management infrastructure maintenance (5) Maintenance of signage and traffic signals (6) Sidewalk maintenance and repairs (7) Sanitary main maintenance and repairs
Service Output Level	The quantum of service outputs provided to direct clients.	The Town performs year-round maintenance activities on 266 lane kilometers of roadways and operates one Public Works depot. Public Works maintains a fleet of 40 vehicles and equipment units, with a total of 132,964 kilometers driven and 1,339 equipment operating hours during 2019.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - Roads maintenance is performed predominantly by the Town's own resources, although contractors and consultants will be retained as required to provide specialized services (e.g. mandated bridge inspections, streetlight maintenance) or to supplement Town resources during peak demand periods.

Town of Cobourg

Municipal Service Profile
Crossing Guards

Committee
Public Works

Functional Unit
Roads and Sewers

Type of Service
External

Budget		
Operating Costs	$	77,999
Revenues	$	-
Net Levy	**$**	**77,999**

Service Overview

The Town provides school crossing guards at seven locations within the community.

Service Value

School crossing guards control the safe passage of students to and from elementary schools through busy and/or hazardous intersections.

Basis for Delivery

Traditional Discretionary - The provision of school crossing guards is a service provided by a number of similar sized municipalities.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Performance and Benchmarking

Please refer to the service profile for Engineering for an analysis of Public Works costs, which includes crossing guards.

Town of Cobourg

Municipal Service Profile
Crossing Guards

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• School-aged children benefiting from controlled road crossings • Vehicle operators benefiting from controlled road crossings
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Local school boards benefiting from controlled road crossings • Families of school-aged children
Service Output	The output of a service that fulfills a recognized client's need.	(1) Supervision and control of road crossings in school areas
Service Output Level	The quantum of service outputs provided to direct clients.	The Town provides crossing guards at seven locations in the community.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town typically employs eight part-time school crossing guards and two spare guards.

Town of Cobourg

Municipal Service Profile
Transit

Committee
Public Works

Functional Unit
Transit

Type of Service
External

Budget		
Operating Costs	$	1,126,126
Revenues	$	(373,600)
Net Levy	**$**	**752,526**

Service Overview

The Town provides a fully accessible conventional transit service that operates two routes that are completed in a one hour timeframe. Conventional transit service is provided seven days a week, with 13.5 hours of daily service Monday to Friday (6:15 am to 7:45 pm), 10.5 hours of daily service on Saturdays (8:15 am to 6:45 pm) and 7 hours of daily service on Sundays (8:45 am to 3:45 pm). The Town also provides a specialized (pre-booking) transit service for individuals that are require additional accommodations. Specialized transit is available from 6:15 am to 7:45 pm Monday to Friday and currently is operating a trial extended program until 10pm M-F. Wheels also operates for 10.5 hours on Saturday (8:15 am to 6:45 pm) and 7 hours on Sunday (8:45 am to 3:30 pm)

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Service Value

Public transit contributes towards the quality of life of Cobourg residents by providing safe, efficient and economical service. Effective transit also contributes to the local economy by supporting the movement of workers and customers in the community. Specialized transit services provide the additional benefit of reducing barriers to accessing services, allowing residents with additional needs to gain access to employment, health care and other activities.

Basis for Delivery

Traditional Discretionary - The provision of transit services is a service traditionally offered by communities of similar size.

Performance and Benchmarking

The Town has budgeted a total of $752,526 in municipal taxation support for transit during the 2020 fiscal year, representing an average of $84.01 per household. In comparison to the selected municipal comparators for which costs relating to public works/roads is publicly available (10), the Town's level of taxation support for transit is the second highest of the comparator municipalities, with the Town providing a level of taxation support that is 262% of the comparator average. In addition, we note that a number of the comparator municipalities operate specialized transit and do not have conventional transit routes. Given the level of the Town's investment and the absence of conventional transit in a number of the comparator municipalities, we have considered the Town's service levels to be above standard.

Town of Cobourg

Municipal Service Profile
Transit

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Individuals utilizing conventional and specialized transit
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents of the community that benefit from reduced traffic volumes • Organizations that benefit from the movement of workers and customers by public and specialized transit
Service Output	The output of a service that fulfills a recognized client's need.	(1) Scheduled conventional transit service (2) Specialized transit service (by reservation) (3) Fleet maintenance (4) Transit planning
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town operated a total of 5,204 hours on Route 1 and 4,730 hours on Route 2 for a total of 10,114 service hours, with a total of 78,621 conventional transit passengers.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Third Party Provider** - The Town utilizes an external contractor for the delivery of conventional and specialized transit services. Town staff administer the contract and special projects related to transit.

Town of Cobourg

Municipal Service Profile
Environmental Services

Committee
Public Works

Functional Unit
Environmental Services

Type of Service
External

Budget		
Operating Costs	$	3,795,050
Revenues	$	(3,795,050)
Net Levy	**$**	**-**

Service Overview

The Town operates a wastewater collection and treatment system that consists of two wastewater treatment plants and more than 100 kilometers of collection mains. In addition to wastewater treatment, Environmental Services also performs required maintenance of the wastewater pumping stations (storm and sanitary), laboratory testing, reporting to the regulatory agencies, processes landfill leachate for Northumberland County and septic waste, coordinated environmental spill cleanups and enforces the Town's Sewer Use By-law.

Service Value

Wastewater management contributes towards the environmental health of the Town by ensuring the effective treatment of wastewater flows prior to discharge into the environment. This provides public health protection to residents by effectively managing waterborne contaminants and facilitates the continued growth of the Town (population and economic) by planning for needed infrastructure and capacity. The Town provides processing services to Northumberland County for their landfill leachate and neighbouring residences for their septic waste.

Basis for Delivery

Essential – The provision of effective wastewater management is critical to ensuring the public health and safety of residents. Where municipalities choose to maintain these systems the provisions of the legislation such as the Ontario Water Resources Act, Ontario Regulation 129/04, the Municipal Drainage Act, Clean Water Act and Canadian Environmental Protection Act – and their associated regulations – dictate service level requirements for municipalities.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Performance and Benchmarking

The Town fully recovers the cost of environmental services through user fees, with no associated municipal taxation support. This is consistent with best/common practices for Ontario municipalities.

Town of Cobourg

Municipal Service Profile
Environmental Services

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Property owners that benefit from wastewater collection and treatment activities • Regulatory agencies receiving reports concerning wastewater treatment • Northumberland County benefits from the landfill leachate processing • Risk Management Officials as required by the Drinking Water Source Protection Act
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Town residents and visitors that benefit from effective treatment of wastewater Bulk chemical purchased jointly with neighbouring municipalities
Service Output	The output of a service that fulfills a recognized client's need.	(1) Wastewater collection and treatment (2) Laboratory testing (3) Regulatory reporting (4) Environmental programs
Service Output Level	The quantum of service outputs provided to direct clients.	On an annual basis, the Town treats more than 5.5 million cubic meters of wastewater. In addition, Northumberland County transports approximately 42,000 m3 of landfill leachate for processing annually.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - Wastewater treatment and environmental services activities are undertaken predominantly through the use of the Town's own resources.

Town of Cobourg

Municipal Service Profile
Parking

Committee
Public Works

Functional Unit
Parking

Type of Service
External

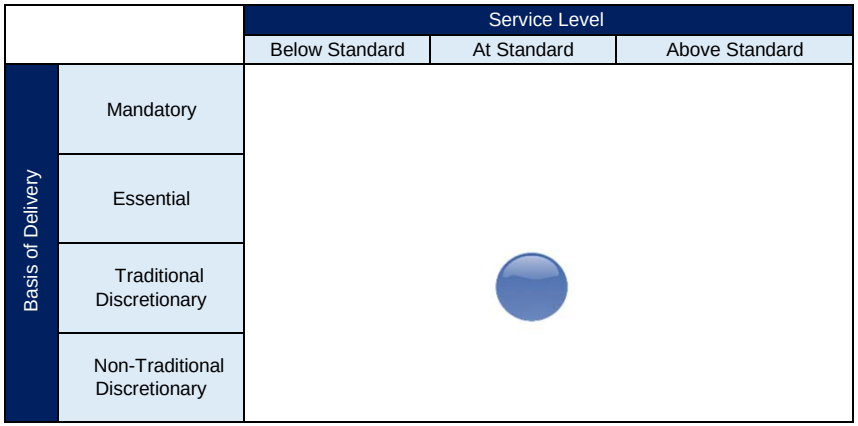
Budget

Operating Costs	$	529,925
Revenues	$	(687,500)
Net Levy	**$**	**(157,575)**

Service Overview
The Town provides a combination of short-term on-street parking and longer-term off-street parking (parking lots) to support residents, businesses and other activities. In addition to the maintenance of parking facilities, the Town also enforces related parking bylaws.

Service Value
Effective parking management balances street parking needs for residents and visitors and the commercial and transportation needs of the community. It also ensures that traffic flows during peak times are not impeded, emergency vehicles have access to buildings and water connections and persons with accessibility parking permits have access to designated accessible parking spaces.

Basis for Delivery
Traditional Discretionary – Parking operations are routinely managed by municipalities of comparable size.



Performance and Benchmarking
The Town generates a profit from parking operations, resulting in no municipal tax support.

Town of Cobourg

Municipal Service Profile
Parking

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Vehicle drivers requiring parking
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Local businesses and organizations that benefit from vehicle traffic • Pedestrians and motorists that benefit from effective parking management
Service Output	The output of a service that fulfills a recognized client's need.	(1) Parking infrastructure maintenance (2) Parking bylaw enforcement
Service Output Level	The quantum of service outputs provided to direct clients.	The Town currently manages 257 on-street parking spots and 849 additional spots in parking lots. During 2019, the Town issued a total of 4,412 parking infraction notices.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Combined** - Parking services are delivered through a combination of the Town's resources and external contractors.

Town of Cobourg

Municipal Service Profile
GIS

Committee
Public Works

Functional Unit
GIS

Type of Service
Internal and External

Budget		
Operating Costs	$	200,000
Revenues	$	(10,000)
Net Levy	**$**	**190,000**

Service Overview

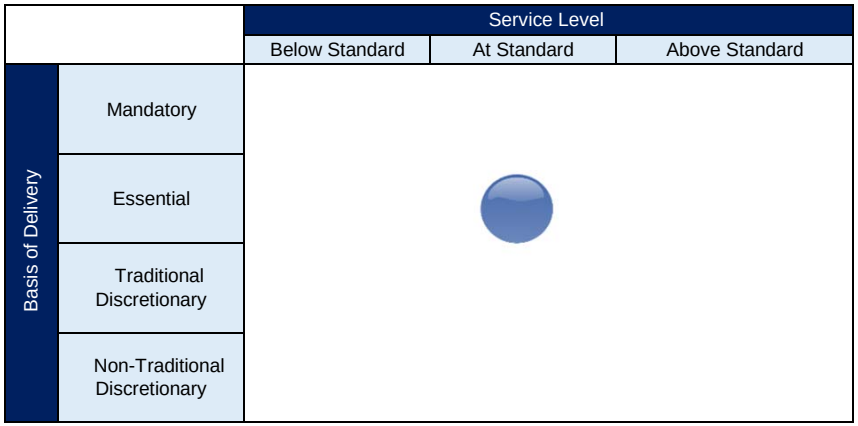
GIS was implemented through a strategic plan beginning in 2004. The department carries out maintenance and expansion of the system and consolidation of spatial data into one corporate repository. GIS is a corporate service which all Town departments benefit from through in house base mapping, mapping of assets and thematic datasets, web maps, hard copy maps, data queries, data analysis, reporting and larger solutions like Cityworks and ArcGIS online solutions such as Survey123, Collector, and Story Maps.

Service Value

Every department from Clerks, Finance, Building, Planning, Community Services, Parks, Urban Forestry, Public Works, Engineering, Economic Development, Fire and Police receive support, services and products from the GIS Department. The in house base mapping is used directly in Fire Dispatch and indirectly for dispatch through third parties for Police and Ambulance services through the County.

Basis for Delivery

Essential – Effective GIS systems are critical to the maintenance of municipal infrastructure networks.



Performance and Benchmarking

Please refer to the service profile for Engineering for an analysis of Public Works costs, including GIS.

Town of Cobourg

Municipal Service Profile
GIS

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents have access to public facing applications • Town staff utilize GIS services for infrastructure mapping, asset management, planning, • Developers can obtain access to infrastructure mapping • Lakefront Utilities Service Inc (LUSI) receive GIS support services for water infrastructure mapping
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and/or organizations in the Town that benefit from effective information management.
Service Output	The output of a service that fulfills a recognized client's need.	(1) Maps (infrastructure, plow routes, zoning, regulated areas, emergency routes, etc) (2) Asset Management data models (3) Work Order system (4) Building permit tracking system (5) Property boundaries and ownership (6) Where's my bus application (transit bus tracking system-public facing)
Service Output Level	The quantum of service outputs provided to direct clients.	
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	Own resources - GIS activities are undertaken predominantly through the use of the Town's own resources with the occassional requirement for consultation and training from service provider.

Town of Cobourg

Municipal Service Profile
Parks, Horticulture and Forestry

Committee
Parks and Recreation

Functional Unit
Parks

Type of Service
External

Budget

Operating Costs	$	2,385,284
Revenues	$	(225,500)
Net Levy	**$**	**2,159,784**

Service Overview

Parks, horticulture and forestry provides a range of property management and maintenance services, including:

- maintenance and care of the Town's 24 parks, parkettes and playgrounds

- forestry services, including the tree planting, tree trimming and pruning and the removal of potential hazards

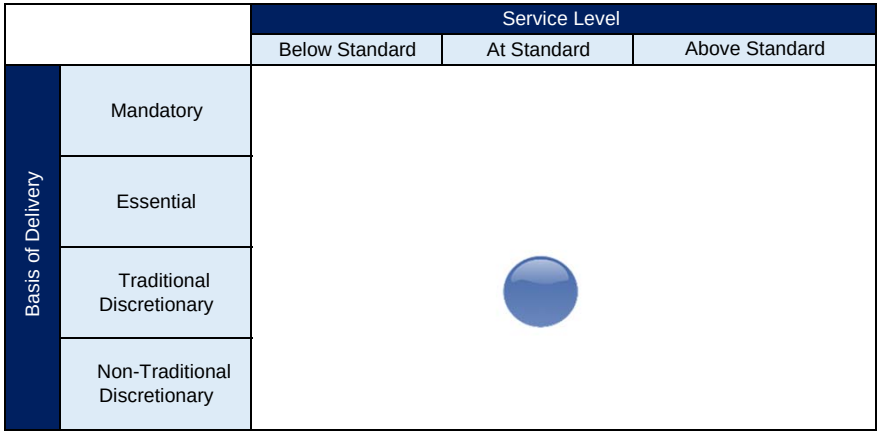
- maintenance and of outdoor sports fields and courts, including 15 ball diamonds, 10 soccer fields, 6 tennis courts, 1 basketball court, beach volleyball court, one splash pad and one rugby field

Service Value

Parks, horticulture and forestry contributes to a beautiful, vibrant community for residents, visitors, businesses and potential new business to the community. The provision of safe, clean parks and open space systems through proactive and effective property management strengthens the livability and vibrancy of the community while contributing towards a healthy lifestyle for residents by encouraging active living and outdoor sports activities.

Basis for Delivery

Traditional Discretionary – The maintenance of park areas and athletic fields and the provision of horticulture and forestry services is a typical municipal function.



Performance and Benchmarking

The Town has budgeted a total of $3,902,496 in municipal taxation support during the 2020 fiscal year for parks and recreation, representing an average of $435.64 per household. In comparison to the selected municipal comparators for which costs relating to parks and recreation is publicly available (12), the Town has the third highest level of municipal taxation support for parks and recreation, with the Town providing a level of taxation support per household that is 134% of the average of the comparator municipalities. We note, however, that in comparison to those communities with a primary focus on tourism (Collingwood, Kenora, Midland, Wasaga Beach), the Town's level of taxation support for parks and recreation is 92% of the average level of support for the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Parks, Horticulture and Forestry

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents using Town parks, sports fields and open spaces
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and visitors to the community • Area businesses and organizations positively impacted by horticulture programs
Service Output	The output of a service that fulfills a recognized client's need.	(1) Maintenance of parks and open spaces (2) Maintenance of flower beds and other horticultural displays (3) Maintenance of sports fields, courts and other outdoor recreational facilities (4) Maintenance of forested areas (5) Maintenance of roadside areas
Service Output Level	The quantum of service outputs provided to direct clients.	• Total registered utilization of the Town's outdoor facilities (representing utilization arranged through the Town as opposed to informally) amounted to 2,747 hours, of which 1,410 were revenue generating hours and 1,337 were community hours provided at no cost. • During 2019, 935 tree inspections were conducted in 2019, with 164 trees removed and 150 trees planted.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - Parks, horticulture and forestry services are provided primarily by the Town's resources.

Town of Cobourg

Municipal Service Profile
Aquatics

Committee
Parks and Recreation

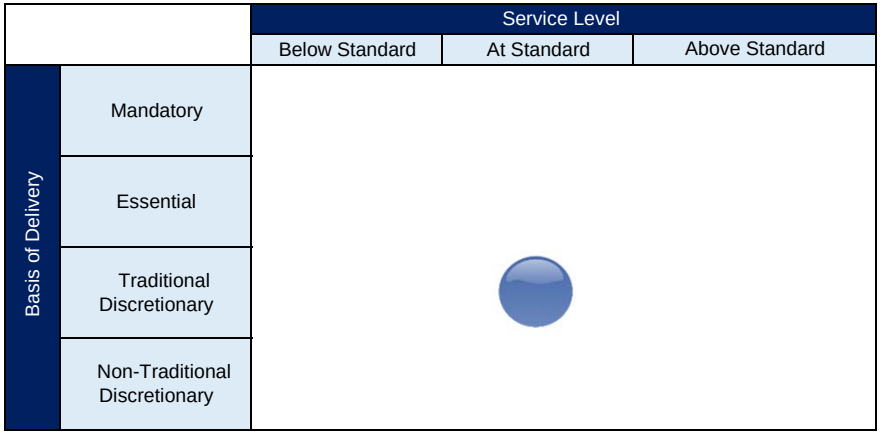
Functional Unit
Aquatics

Type of Service
External

Budget

Operating Costs	$	204,805
Revenues	$	-
Net Levy	**$**	**204,805**

Service Overview
Aquatics provides lifeguard services to Centennial Pool and Victoria Beach.



Service Value
Aquatics enhances the quality of life for residents by providing fitness and socialization opportunities while ensuring swimmer safety and emergency response when and as required.

Basis for Delivery
Traditional Discretionary – Aquatics programs, including lifeguards, are a typical municipal service.

Performance and Benchmarking
Please refer to the service profile for Parks, Horticulture and Forestry for benchmarking information relating to Parks and Recreation, which includes aquatics.

Town of Cobourg

Municipal Service Profile
Aquatics

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Individuals using Centennial Pool and Victoria Beach
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Family members that benefit from the supervision and protection provided by the Town's lifeguards
Service Output	The output of a service that fulfills a recognized client's need.	(1) Lifeguard supervision and response
Service Output Level	The quantum of service outputs provided to direct clients.	Staff have estimated that approximately 2,500 to 5,000 people attend the Town beach and waterfront during weekdays, with attendance increasing to 8,000 to 15,000 people attend the beach and waterfront during weekends.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town uses its own resources for the provision of lifeguard and other aquatic programming.

Town of Cobourg

Municipal Service Profile
Marina and Victoria Harbour

Committee

Parks and Recreation

Functional Unit

Marina

Type of Service

External

Budget

Operating Costs	$	1,028,635
Revenues	$	(812,540)
Net Levy	**$**	**216,095**

Service Overview

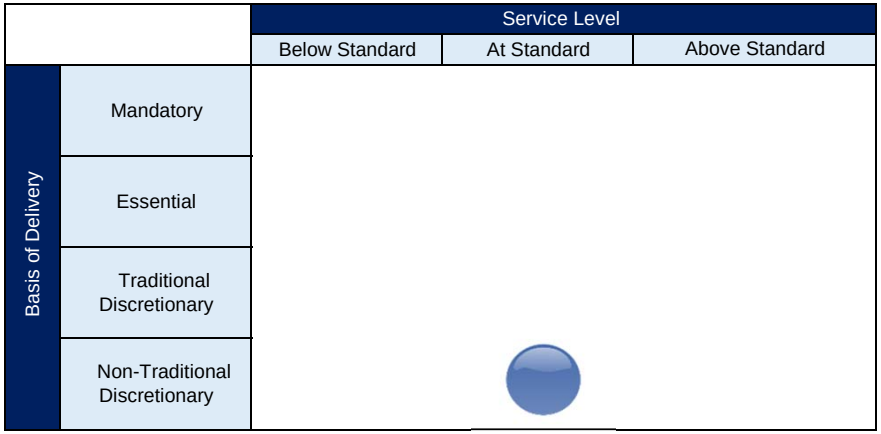
The Town operates a small craft marina adjacent to the Rotary Waterfront Park that offers a range of services to boaters and guests, including boat launch and extraction, washrooms, showers, laundry facilities, refuelling and grey water/black water pump outs. The Town also maintains operates a dredge to maintain water depths in the harbour entrance and other areas and performs maintenance on walkways and other public areas.

Service Value

The Cobourg Marina provides an economic contribution to the Town through the attraction of visitors to the community and associated revenues for the Town and spending in the community. The Cobourg Marina also hosts festivals and other special events that are attended by residents of the community, providing entertainment options and enhancing the overall quality of life.

Basis for Delivery

Non-Traditional Discretionary – The operation of a municipal marina, while present in certain communities, is not considered to be a traditional municipal service.



Performance and Benchmarking

Please refer to the service profile for Parks, Horticulture and Forestry for benchmarking information relating to Parks and Recreation, which includes the marina, harbour and other waterfront infrastructure. We note that the marina does not require any taxation funding, with user fees sufficient to cover operating costs, while other components of the Town's waterfront infrastructure requires some level of taxation support.

Town of Cobourg

Municipal Service Profile
Marina and Victoria Harbour

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Boaters using the Cobourg Marina. • Residents and visitors attending festivals and other special events at the Cobourg Marina.
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Local businesses that benefit from spin-off spending from marina customers.
Service Output	The output of a service that fulfills a recognized client's need.	(1) Boat launch and removal (2) Fuel sales (3) Personal services (laundry, showers, washrooms, waste management) (4) Special events and festivals (5) Dredging
Service Output Level	The quantum of service outputs provided to direct clients.	On an annual basis, approximately 36,000 visits to the community originate from the marina. In addition, staff have estimated that approximately 2,500 to 5,000 people attend the Town beach and waterfront during weekdays, with attendance increasing to 8,000 to 15,000 people attend the beach and waterfront during weekends.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town uses its own resources for the operation of Cobourg Marina and dredging operations.

Town of Cobourg

Municipal Service Profile
Campground

Committee
Parks and Recreation

Functional Unit
Campground

Type of Service
External

Budget

Operating Costs	$	184,413
Revenues	$	(313,000)
Net Levy	**$**	**(128,587)**

Service Overview

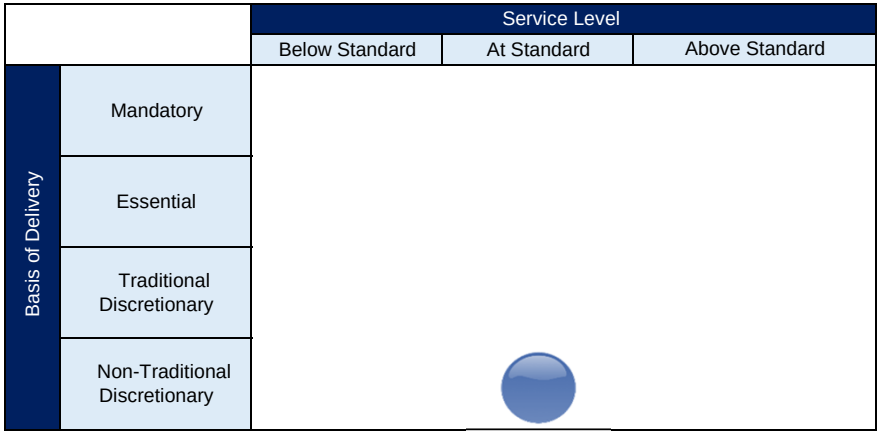
The Town operates Victoria Park Campground, a 70-lot campground that offers a range of services to campers including washrooms and showers, laundry facilities, electrical and water servicing, waste management and concessions. The Victoria Park campground provides seasonal access as well as transient tent and trailer camping.

Service Value

The Victoria Park Campground provides an economic contribution to the Town through the attraction of visitors to the community and associated revenues for the Town and spending in the community.

Basis for Delivery

Non-Traditional Discretionary – The operation of municipal campgrounds is not a general practice for Ontario municipalities.



Performance and Benchmarking

Please refer to the service profile for Parks, Horticulture and Forestry for benchmarking information relating to Parks and Recreation, which includes the campground. We note that the campground does not require any taxation support but rather contributes approximately $130,000 to the Town.

Town of Cobourg

Municipal Service Profile
Campground

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Campers using the Victoria Park Campground.
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Local businesses that benefit from spin-off spending from marina customers.
Service Output	The output of a service that fulfills a recognized client's need.	(1) Seasonal and transient camping (2) Personal services (laundry, showers, washrooms, waste management, concessions)
Service Output Level	The quantum of service outputs provided to direct clients.	Victoria Park Campground offers 70 sites for seasonal (17) and transient (53) campers, with electrical, water and sewer sites.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town uses its own resources for the operation of the Victoria Park Campgrounds.

Town of Cobourg

Municipal Service Profile
Furnace Street Arenas

Committee
Parks and Recreation

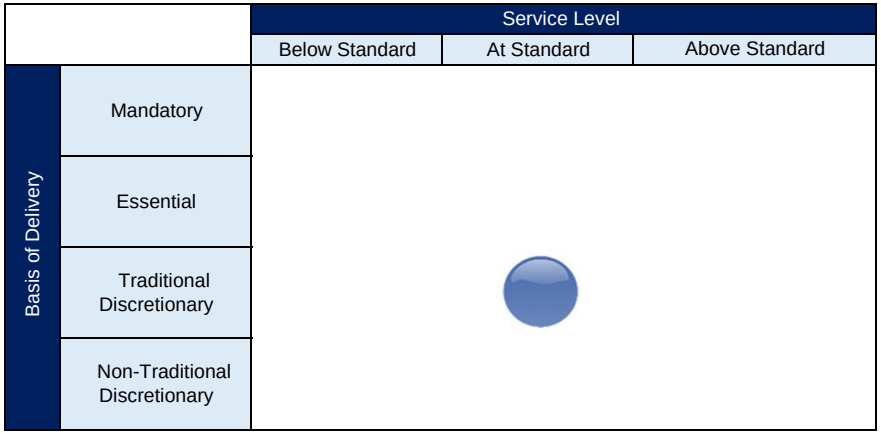
Functional Unit
Arenas

Type of Service
Internal and External

Budget		
Operating Costs	$	115,250
Revenues	$	(26,200)
Net Levy	**$**	**89,050**

Service Overview

The Town performs care and maintenance services on the decommissioned Memorial Arena as well as building maintenance services on the Jack Heenan Arena, which is leased to the West Northumberland Curling Club.



Service Value

The Jack Heenan Arena provides recreational facilities for curling enthusiasts, contributing towards an active lifestyle and the quality of life for Cobourg residents.

The maintenance of the Memorial Arena mitigates potential health and safety issues associated with the facility, including potential harm in the event of a building failure.

Basis for Delivery

Traditional Discretionary – The maintenance of arenas is a traditional municipal service.

Performance and Benchmarking

Please refer to the service profile for Parks, Horticulture and Forestry for benchmarking information relating to Parks and Recreation, which includes arenas.

Town of Cobourg

Municipal Service Profile
Furnace Street Arenas

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• West Northumberland Curling Club (Jack Heenan Arena rental)
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Local businesses that benefit from spin-off spending from marina customers.
Service Output	The output of a service that fulfills a recognized client's need.	(1) Ice rentals (2) Facilities maintenance
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, a total of 315 hours of ice time was used at the Memorial Arena prior to its decommissioning in the spring of 2019.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town uses its own resources for the maintenance of the Memorial and Jack Heenan arenas.

Town of Cobourg

Municipal Service Profile
Cobourg Community Centre

Committee

Parks and Recreation

Functional Unit

Cobourg Community Centre

Type of Service

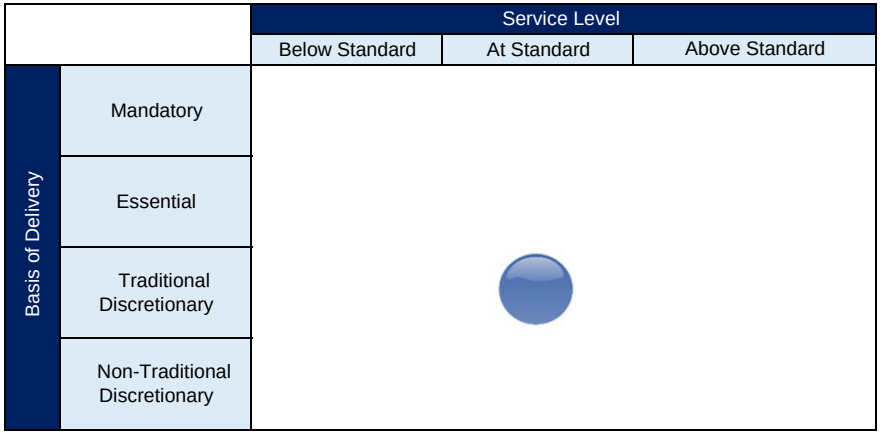
External

Budget

Operating Costs	$	2,870,149
Revenues	$	(1,508,800)
Net Levy	**$**	**1,361,349**

Service Overview

The Cobourg Community Centre ("CCC") is a 142,000 square foot entertainment and recreational facility that includes (1) two ice pads, including an NHL-sized ice surface, 2,400 seating capacity, dressing rooms, referee rooms and press box; (2) a double gymnasium that can accommodate three volleyball courts, six pickleball courts or two basketball courts; (3) six multipurpose/meeting rooms; (4) a seniors' centre (+55 years of age) that includes kitchen facilities; and (5) an indoor walking trail. In addition to facility usage, the Town also provides a range of children, adult and seniors' programming through the CCC, including public skating, fitness classes, skating lessons, language lessons, dance classes and seniors' activities.



Service Value

Recreation activities provide social opportunities, social skill development, practical skill development in a variety of areas, increased self-esteem, enhanced health awareness and harm reduction through prevention programs. They contribute towards the overall quality of life for residents as well as the attractiveness of the community for new residents.

Basis for Delivery

Traditional Discretionary – The maintenance of recreational facilities and delivery of recreational programming is a traditional municipal service.

Performance and Benchmarking

Please refer to the service profile for Parks, Horticulture and Forestry for benchmarking information relating to Parks and Recreation, which includes the Cobourg Community Centre.

Town of Cobourg

Municipal Service Profile
Cobourg Community Centre

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents participating in recreational activities • Sports groups and other organizations renting facilities at the CCC
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Members of sports groups and organizations participating in activities at the CCC • Family members of CCC users
Service Output	The output of a service that fulfills a recognized client's need.	(1) Ice and facility rentals (2) Recreational and educational programming (child, adult and family) (3) Seniors' programming (4) Facilities maintenance
Service Output Level	The quantum of service outputs provided to direct clients.	• During 2019, a total of 6,683 hours of ice time were used at the CCC, of which 4,217 were revenue hours and 1,981 were community hours (no charge). • 931 residents were members of the Cobourg Seniors' Activity Centre during 2019. • 2,705 children participated in day camps hosted at the CCC during 2019. • 220 children and youth registered for instruction during 2019.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town uses its own resources for the operation of the Cobourg Cultural Centre.

Town of Cobourg

Municipal Service Profile
Administration and Other

Committee
Culture and Community Services

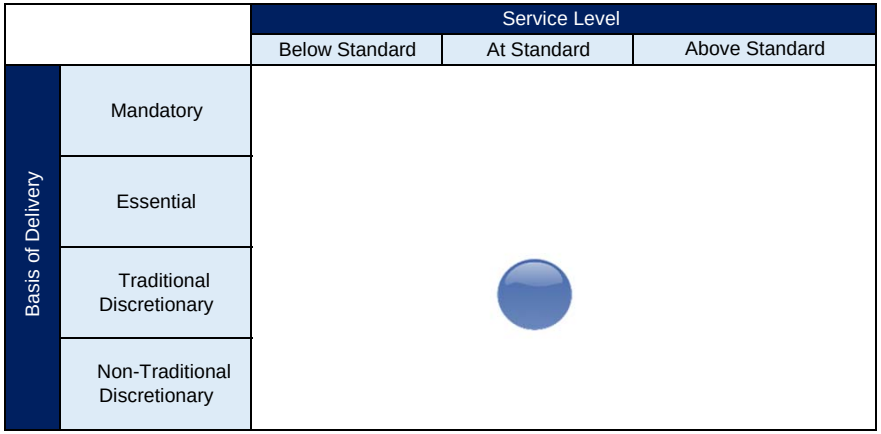
Functional Unit
Culture Services

Type of Service
External

Budget		
Operating Costs	$	419,283
Revenues	$	(117,000)
Net Levy	**$**	**302,283**

Service Overview

Culture and Community Services coordinates the overall development of strategies and annual planning for the Town's cultural activities. In addition, culture and community services liaises with and provides support to community organizations with respect to cultural activities and events and also directly manages culture-specific programs and services, including the maintenance of cultural venues (Concert Band, Market Building) and the administration of community grants.



Service Value

Culture defines, strengthens and sustains the community's distinct cultural identify and creative economy. The Town's cultural services and programs contribute towards the quality of life for residents and visitors by providing access to cultural entertainment and supporting community organizations that have a cultural mandate.

Basis for Delivery

Traditional Discretionary – Municipal involvement in cultural activities is a traditional service.

Performance and Benchmarking

The Town has budgeted a total of $836,747 in municipal taxation support during the 2020 fiscal year for cultural services (including special events but excluding library services), representing an average of $93.41 per household. In comparison to the selected municipal comparators for which costs relating to cultural services is publicly available (12), the Town has the second highest level of municipal taxation support for cultural services, with the Town providing a level of taxation support per household that is double the average of the comparator municipalities. We note, however, that in comparison to those communities with a primary focus on tourism (Collingwood, Kenora, Midland, Wasaga Beach), the Town's level of taxation support for parks and recreation is 112% of the average level of support for the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Administration and Other

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents and guests participating in cultural events • Cultural organizations coordinating efforts with the Town • Organizations receiving community grants • Organizations and individuals utilizing the Town's cultural facilities
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and visitors to the community that participate in cultural activities and events • Area businesses and organizations positively impacted by cultural activities and the associated spending
Service Output	The output of a service that fulfills a recognized client's need.	(1) Strategy development and planning (2) Advice and assistance to community organizations and individuals (3) Financial support through community grants (4) Facility rentals
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town issued a total of 153 municipal event permits, ranging in attendance from Less than 150 people (45 permits), 150 to 500 people (87 permits) and more than 500 people (21 permits). In addition, provided assistance to community groups on 56 event applications. The Town also attracted four film developments to the community in 2019, with an estimated $333,000 spent in the community by the production companies.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - Cultural administration is provided primarily through the Town's resources.

Town of Cobourg

Municipal Service Profile
Concert Hall

Committee
Culture and Community Services

Functional Unit
Concert Hall

Type of Service
External

Budget		
Operating Costs	$	375,225
Revenues	$	(181,050)
Net Levy	**$**	**194,175**

Service Overview

The Cobourg Concert Hall ("CCH") is a community venue for plays, concerts and musical theatre. The CCH is also available for rental for corporate meetings, seminars, lectures, exhibits, receptions and weddings. The CCH also serves as the location for the Art Gallery of Northumberland, which rents a portion of the facility.

Service Value

Culture defines, strengthens and sustains the community's distinct cultural identify and creative economy. Through the operation of the CCH, the Town contributes towards the quality of life for residents and visitors by providing access to cultural entertainment.

Basis for Delivery

Non-Traditional discretionary - While the Town's involvement in the concert call is longstanding, our analysis indicates that this type of service, while present in other communities of comparable size, is not a traditional sevice.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary			

Performance and Benchmarking

Please refer to the service profile for Culture - Administration and Other for benchmarking information relating to cultural services, which includes the concert hall.

Town of Cobourg

Municipal Service Profile
Concert Hall

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents and guests attending cultural events hosted at the CCH • Individuals and organizations renting space for events, including the Art Gallery of Northumberland
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Area businesses and organizations positively impacted by cultural economic activities
Service Output	The output of a service that fulfills a recognized client's need.	(1) Cultural events including concerts, plays and musical theatre (2) Facility rentals (3) Food and beverage service
Service Output Level	The quantum of service outputs provided to direct clients.	
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The operation of the CCH is undertaken primarily through Town resources.

Town of Cobourg

Municipal Service Profile
Special Events

Committee
Culture and Community Services

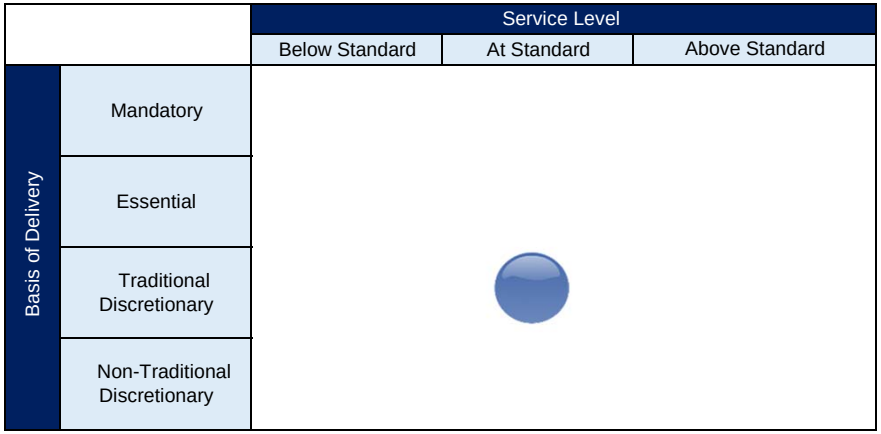
Functional Unit
Special Events

Type of Service
External

Budget		
Operating Costs	$	419,289
Revenues	$	(79,000)
Net Levy	**$**	**340,289**

Service Overview

Special Events organizes and delivers a number of community special events, including but not limited to seasonal events (Christmas Magic, Winter Event), waterfront events (Movies on the Beach, Sandcastle Festival, Christmas Market) and Canada Day Fireworks. Special events also acts as the primary point of contact for community organizations seeking to undertake special events, including administering the process for Municipal Event Applications. On an annual basis, Special Events reports on the cost of events held as well as the associated community and economic impacts.



Service Value

Special Events provides access to a range of entertainment activities for residents and visitors to the community, both through direct programming as well as coordination with community event organizers. This contributes to maintaining a creative, vibrant and engaged community that encourages residents to come together to attend festivals and events where cultural diversity can be celebrated in a safe, respectful and engaging manner.

Basis for Delivery

Traditional Discretionary – Special events are a typical municipal service.

Performance and Benchmarking

Please refer to the service profile for Culture - Administration and Other for benchmarking information relating to cultural services, which includes special events.

Town of Cobourg

Municipal Service Profile
Special Events

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents and guests participating in special events • Individuals and organizations utilizing municipal infrastructure for special events
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Area businesses and organizations positively impacted by special events and the associated economic impacts
Service Output	The output of a service that fulfills a recognized client's need.	(1) Special events planning and delivery (2) Support and coordination with individuals and organizations planning special events (3) Municipal Event Application administration and processing (4) Data collection, analysis and reporting
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town hosted 12 community events with a total estimated attendance of 76,400 guests.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town uses its own resources for the coordination and delivery of special events.

Town of Cobourg

Municipal Service Profile
Library

Program
Community Services

Organizational Unit
Cobourg Public Library

Type of Service
External

Budget

Operating Costs	$	932,700
Revenues	$	-
Net Levy	**$**	**932,700**

Service Overview

The Corporation of the Town of Cobourg Public Library Board (the "Board") provides library services to residents of Cobourg and Hamilton Township from three branches - the main Cobourg Library and branch locations in Bewdley and Gores Landing. The Board provides access to hardcopy and electronic circulating and reference titles, CD's and DVD's, electronic periodicals and electronic databases. The Board also provides internet access through workstations available to the public as well as the use of the branches as wireless hotspots for residents. Additionally, the branches host a variety of programs and activities for residents.

Service Value

The Board operates community hubs that connect and enrich people and ideas through access to print and electronic collections and other literary resources. The Board also facilitates connectivity and broadband access through access to workstations and wireless hotspots, while providing physical locations for community meetings and programming.

Basis for Delivery

Traditional – While there is no formal requirement for municipalities to establish a public library, a number of municipalities of comparable size to the Township operate libraries. Where municipalities choose to establish and operate libraries, the provisions of the *Public Libraries Act* apply.

Basis of Delivery	Below Standard	At Standard	Above Standard
Mandatory			
Essential			
Traditional Discretionary		●	
Non-Traditional Discretionary			

Performance and Benchmarking

The Town has budgeted a total of $932,700 in municipal taxation support during the 2020 fiscal year for library services, representing an average of $104.12 per household. In comparison to the selected municipal comparators for which costs relating to library services is publicly available (8), the Town has the fourth lowest level of municipal taxation support for library services, with the Town providing a level of taxation support per household that is 92% of the average of the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Library

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Residents that access the Board's collections and other materials • Residents utilization wireless hotspots • Individuals participating in library-organized programs
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	
Service Output	The output of a service that fulfills a recognized client's need.	(1) Access to physical and electronic publications and other resources (2) Internet access through workstations (3) Wireless access through hotspots (4) Meeting facilities (5) Community programming
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Board reported a total of 9,835 active cardholders, representing an increase of 910 from 2018. Additional activity statistics are included below: 2019 / 2018 Counter visits: 144,466 / 149,276 Circulation: 198,419 / 214,187 Programs offered: 659 / 531 Program attendance: 15,751 / 13,313 Individuals using computers: 12,280 / 18,430
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Shared Service** - Library services are provided on a shared service basis with Hamilton Township through a board established under the Public Libraries Act.

Town of Cobourg

Municipal Service Profile
Tourism

Program

Commercial and Economic Development

Organizational Unit

Tourism

Type of Service

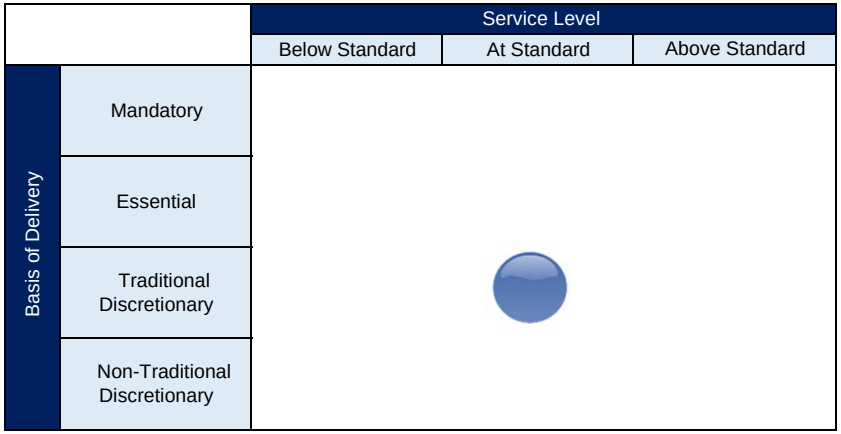
External

Budget

Operating Costs	$	263
Revenues	$	(45)
Net Levy	**$**	**218**

Service Overview

Tourism Development is responsible for the coordination of the Town's efforts to promote Cobourg as a tourism destination through a variety of activities, including maintenance of the ExperienceCobourg.ca website, the development of print materials (annual tourism guide, map and event guide, leisure guide), social media and print advertising and the operation of the Experience Ambassador program. Tourism Development is also responsible for overall planning and strategy development for tourism-related initiative and acts as the primary point of contact and liaison with existing businesses on cooperative marketing, capacity building and other tourism-related initiatives. Tourism Development also collects and analyzes data concerning visitor demographics and overall experience with the community.



Service Value

Tourism is an important contributor to the economy of Cobourg. Tourism-related activities support local businesses in the hospitality, entertainment and services industry, creating employment for residents and contributing to economic activity in the community. Successful tourism development also benefits the public sector through the increased use of municipally-owned facilities such as the marina and campground.

Basis for Delivery

Traditional – Tourism development is an activity that is commonly undertake by municipalities of comparable size.

Performance and Benchmarking

For the purposes of our analysis, and to ensure consistency with publicly available budget information for other communities, we have combined economic development, Venture 13 and tourism development for the purposes of our comparative analysis. With respect to these functions, the Town has budgeted a total of $620,094 in municipal taxation support during the 2020 fiscal year, representing an average of $69.22 per household. In comparison to the selected municipal comparators for which costs relating to economic and tourism development is publicly available (11), the Town has the second high level of municipal taxation support for economic and tourism development, with the Town providing a level of taxation support per household that is 127% of the average of the comparator municipalities. We note, however, that in comparison to those communities with a primary focus on tourism (Collingwood, Kenora, Midland, Wasaga Beach), the Town's level of taxation support for tourism and economic development is 95% of the average level of support for the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Tourism

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Tourists visiting Cobourg • Local businesses participating in cooperating marketing and other initiatives
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Local businesses that benefit from tourism activity and associated spending • Municipal and other public sector facilities and programs that benefit from tourism
Service Output	The output of a service that fulfills a recognized client's need.	(1) Promotion of Cobourg as a tourism destination (print, website, social media) (2) Experience Ambassador program (3) Visitor information services (4) Data collection and analysis (5) Strategy development (6) Support for local businesses involved in the tourism sector
Service Output Level	The quantum of service outputs provided to direct clients.	Based on a survey of tourists conducted in 2018, 13.3% of respondents (67) stayed overnight in Cobourg, while 19.4% (98) stayed for multiple nights. In addition, 48.7% of respondents (246) indicated they had participated in a cultural event, 49% of respondents (248) indicated they had shopped and 59.7% of respondents (304) indicated they had dined locally. During the 2018 tourist season, the Town's Visitor Recognition Units recorded 266,271 tourists in the community.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The Town uses its own resources for the coordination and delivery of tourism development activities.

Town of Cobourg

Municipal Service Profile
Economic Development

Committee

Community Development

Functional Unit

Economic Development

Type of Service

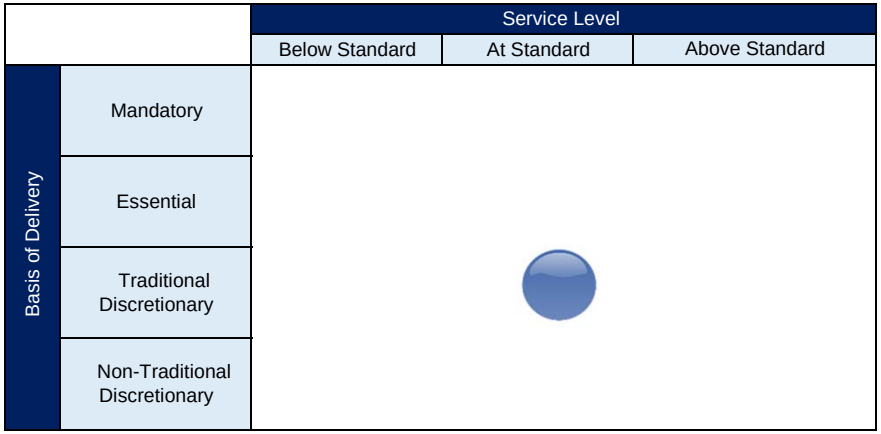
External

Budget

Operating Costs	$	185
Revenues	$	-
Net Levy	**$**	**185**

Service Overview

Economic Development promotes Cobourg as a destination for inbound investment through a range of activities including marketing (online, social media, print), attendance at trade shows and economic development conferences, membership and liaison with industry associations and coordinating efforts with private sector organizations. Economic Development also coordinates efforts with the County's economic development function, with the Town responsible primarily for business retention and expansion and tourism marketing, with the County responsible for inbound investment attraction.



Service Value

Successful economic development contributes to the expansion and diversification of the local economy, creating employment and business opportunities for residents and supporting existing businesses.

Basis for Delivery

Traditional Discretionary – Economic development activities are undertaken by most Ontario municipalities.

Performance and Benchmarking

For the purposes of our analysis, and to ensure consistency with publicly available budget information for other communities, we have combined economic development, Venture 13 and tourism development for the purposes of our comparative analysis. With respect to these functions, the Town has budgeted a total of $620,094 in municipal taxation support during the 2020 fiscal year, representing an average of $69.22 per household. In comparison to the selected municipal comparators for which costs relating to economic and tourism development is publicly available (11), the Town has the second highest level of municipal taxation support for economic and tourism development, with the Town providing a level of taxation support per household that is 127% of the average of the comparator municipalities. We note, however, that in comparison to those communities with a primary focus on tourism (Collingwood, Kenora, Midland, Wasaga Beach), the Town's level of taxation support for tourism and economic development is 95% of the average level of support for the comparator municipalities.

Town of Cobourg

Municipal Service Profile
Economic Development

Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Local businesses • Community and industry associations • Municipal departments that receive advice and input on economic development matters • Northumberland County's economic development function • Inbound investors and other parties interested in the community from a business perspective
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and local businesses that benefit from economic development activities
Service Output	The output of a service that fulfills a recognized client's need.	(1) External marketing activities (2) Strategy development and planning (3) Data collection and analysis (4) Support for County-level economic development activities (5) Information distribution to potential investors and other parties
Service Output Level	The quantum of service outputs provided to direct clients.	During 2019, the Town's economic development function received 73 inquiries from clients (manufacturing - 27, service - 19, retail - 8 , other industries - 19), with an additional 1,577 potential business retention clients and 129 manufacturing business attraction clients contacted through telephone and business outreach. The level of inbound investment in 2019 is estimated to have created approximately 69 jobs, $65,000 in taxation revenue and $2.5 million in total economic impacts.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - Economic development is provided primarily through the Town's resources, although the Town does provide a contribution ($45,000) to the County to support economic development activities at the County level.

Town of Cobourg

Municipal Service Profile
Venture 13

Committee
Community Development

Functional Unit
Venture 13

Type of Service
External

Budget		
Operating Costs	$	344
Revenues	$	(128)
Net Levy	**$**	**216**
FTEs		**2.0**

Service Overview

The Venture 13 innovation and entrepreneurship centre provides support to the local business community, including programs focused on entrepreneurial development and skills training, pitch competitions for entrepreneurial start-ups, community discussion panels, mentoring and coaching and technical and entrepreneurial programs focused on youth. Venture 13 also provides facilities for the Town's economic development function, Cobourg Police Services and other organizations involved in business development and innovation, most notably the Northumberland Maker's Program.

Service Value

Venture 13 brings together early-stage entrepreneurs with innovation partners to connect, empower and accelerate new ventures. It is a place and a pathway for business growth sychronized with economic development and diversification. Venture 13 seeks to partner with other organizations to build the industries of the future, contributing to increased employment, economic activity, diversification and the competitiveness of the community.

Basis for Delivery

Non-Traditional Discretionary – The operation of incubator and accelerator initiatives is not a wide-spread service for comparable sized municipalities.

Basis of Delivery	Service Level: Below Standard	Service Level: At Standard	Service Level: Above Standard
Mandatory			
Essential			
Traditional Discretionary			
Non-Traditional Discretionary		●	

Performance and Benchmarking

Please refer to the service profile for economic development for financial benchmarking information.

Town of Cobourg

Municipal Service Profile
Venture 13

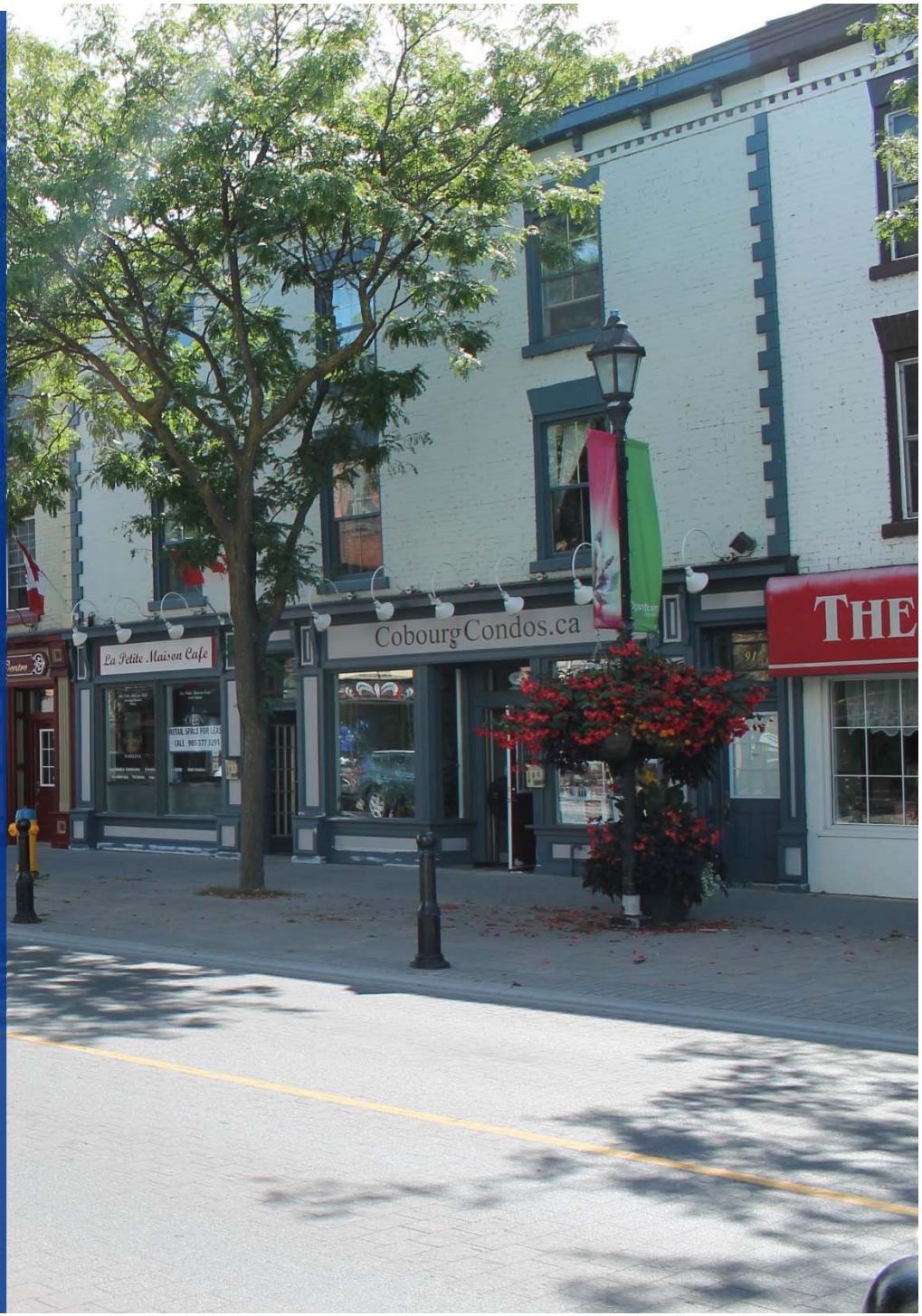
Profile Component	Definition	
Direct Client	A party that receives a service output and a service value.	• Entrepreneurs participating in programs and services offered by Venture 13 • Organizations utilizing Venture 13 facilities (e.g. Cobourg Police Services, Northumberland CFDC) • Industry and community organizations partnering with Venture 13 on program delivery
Indirect Client	A set of parties that benefits from a service value without receiving the service output directly.	• Residents and businesses that benefit from increased economic activity
Service Output	The output of a service that fulfills a recognized client's need.	(1) Access to facilities and technology (2) Education and training (3) Information and best practices sharing (4) Facilitation of partnerships and collaborations between entrepreneurs and other parties (5) Mentoring and coaching
Service Output Level	The quantum of service outputs provided to direct clients.	As at November 2019, Venture 13 reported a total of 10,600 in person visits, with 81 community events and 263 partner-led (23 partners) events held. Venture 13 also had a total of 19 businesses operating from its VentuZone, with three VentuZone alumni in operation.
Primary Delivery Model	How the service is predominantly delivered, recognizing that a combination of delivery models may be used.	**Own Resources** - The operation of the Venture 13 is undertaken primarily through Town resources.

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Town of Cobourg

Service Delivery Review

Appendix C
Comparative Analysis



TOWN OF COBOURG SERVICE DELIVERY REVIEW
COMPARATIVE ANALYSIS

TIER 1 MUNICIPALITIES - COMPARABLE NUMBER OF HOUSEHOLDS

	Basis of Allocation	Cobourg	Brighton	Essex	Huntsville	Owen Sound	Port Hope	Strathroy-Caradoc	Tecumseh	Tillsonburg	Comparator Average	Cobourg Rank (1 - Highest)	Cobourg as a Percentage of Average
(1) BUDGETED LEVY REQUIREMENT													
Council	Household	$ 355,930	219,026	595,679	612,094	281,853	268,439	353,309	437,075	411,700			
Corporate Services	Household	$ 2,794,266	1,279,233	4,076,299	2,790,469	2,515,915	2,863,850	2,402,981	2,914,350	1,551,000			
By-Law Enforcement	Household	$ 123,403	111,460	135,948	251,993	243,823	37,259	-	199,106	217,100			
Animal Control	Household	$ 101,632	-	62,241	*Included in By-Law*	55,950	87,370	61,506	16,130				
Public Works	Lane kilometers of roads	$ 3,228,865	3,700,826	4,765,530	4,062,543	4,001,470	3,856,312	3,258,007	2,854,621	4,346,900			
Transit	Household	$ 752,526	33,176	-	129,501	992,481	274,261	-	98,769	148,400			
Parks and Recreation	Household	$ 3,814,988	823,075	3,798,298	3,495,910	1,610,834	2,318,138	1,701,571	2,467,690	4,713,800			
Arts, Culture and Heritage	Household	$ 836,747	88,530	108,882	380,960	545,267	37,500	165,199	125,904	440,700			
Library	Household	$ 932,700	565,937	*Upper Tier*	820,904	953,776	796,905	*Upper Tier*	*Upper Tier*	*Upper Tier*			
Planning and Heritage	Value of building permits issued	$ 455,773	331,276	401,570	27,906	295,254	543,904	8,350	541,674	68,000			
Economic, Tourism and Community Development	Household	$ 620,094	250,462	276,890	479,423	403,753	456,296	183,112	*Included in CAO*	441,100			
(2) BASIS OF ALLOCATION													
Total reported households		8,958	5,099	8,694	10,524	10,098	7,305	8,455	8,987	7,297			
Total reported lane kilometers of roads		266	230	694	824	239	645	696	385	232			
Total value of building permits issued (2016 to 2018 average)		$ 43,181,000	38,455,000	18,305,000	976,000	27,714,000	13,629,000	67,482,000	27,796,000	34,665,000			
(3) FINANCIAL INDICATORS													
Council	Household	$ 39.73	$ 42.95	$ 68.52	$ 58.16	$ 27.91	$ 36.75	$ 41.79	$ 48.63	$ 56.42	$ 47.64	7	83.4%
Corporate Services	Household	$ 311.93	$ 250.88	$ 468.86	$ 265.15	$ 249.15	$ 392.04	$ 284.21	$ 324.29	$ 212.55	$ 305.89	4	102.0%
By-Law Enforcement	Household	$ 13.78	$ 21.86	$ 15.64	$ 23.94	$ 24.15	$ 5.10	$ -	$ 22.15	$ 29.75	$ 17.82	7	77.3%
Animal Control	Household	$ 11.35	$ -	$ 7.16		$ 5.54	$ 11.96	$ 7.27	$ 1.79	$ -	$ 4.82	2	235.5%
Public Works	Lane kilometers of roads	$ 12,138.59	$ 16,090.55	$ 6,866.76	$ 4,930.27	$ 16,742.55	$ 5,978.78	$ 4,681.04	$ 7,414.60	$ 18,736.64	$ 10,180.15	4	119.2%
Transit	Household	$ 84.01	$ 6.51	$ -	$ 12.31	$ 98.28	$ 37.54	$ -	$ 10.99	$ 20.34	$ 23.25	2	361.4%
Parks and Recreation	Household	$ 425.87	$ 161.42	$ 436.89	$ 332.18	$ 159.52	$ 317.34	$ 201.25	$ 274.58	$ 645.99	$ 316.15	3	134.7%
Arts, Culture and Heritage	Household	$ 93.41	$ 17.36	$ 12.52	$ 36.20	$ 54.00	$ 5.13	$ 19.54	$ 14.01	$ 60.39	$ 27.39	1	341.0%
Library	Household	$ 104.12	$ 110.99		$ 78.00	$ 94.45	$ 109.09				$ 98.13	3	106.1%
Planning and Heritage	Value of building permits issued	$ 10.55	$ 8.61	$ 21.94	$ 28.59	$ 10.65	$ 39.91	$ 0.12	$ 19.49	$ 1.96	$ 16.41	6	64.3%
Economic, Tourism and Community Development	Household	$ 69.22	$ 49.12	$ 31.85	$ 45.56	$ 39.98	$ 62.46	$ 21.66		$ 60.45	$ 44.44	1	155.8%

TOWN OF COBOURG SERVICE DELIVERY REVIEW

COMPARATIVE ANALYSIS

TIER 2 MUNICIPALITIES - WATERFRONT AND TOURISM DESTINATIONS

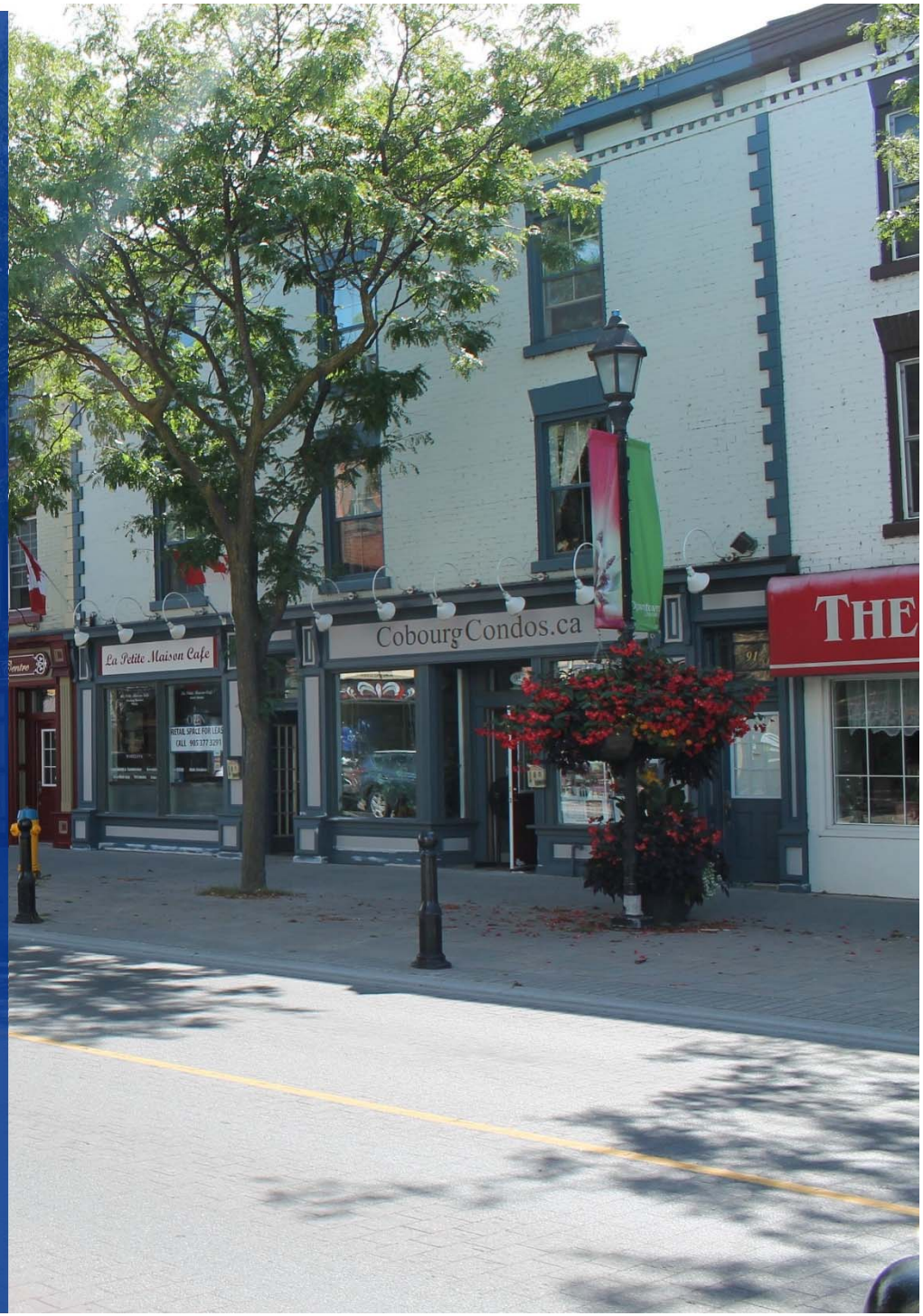
	Basis of Allocation	Cobourg	Collingwood	Kenora	Midland	Wasaga Beach	Comparator Average	Cobourg Rank (1 - Highest)	Cobourg as a Percentage of Average
(1) BUDGETED LEVY REQUIREMENT									
Council	Household	$ 355,930	531,357	340,781	564,658	367,490			
Corporate Services	Household	$ 2,939,766	5,593,230	2,848,421	2,702,945	2,484,840			
By-Law Enforcement	Household	$ 123,403	359,006	231,304	90,424	193,010			
Animal Control	Household	$ 101,632	*Included in bylaw*	*Included in bylaw*	44,200	44,400			
Public Works	Lane kilometers of roads	$ 3,228,865	5,165,398	4,418,810	3,980,867	4,477,770			
Transit	Household	$ 752,526	787,864	294,149	334,992	584,800			
Parks and Recreation	Household	$ 3,814,988	4,253,284	2,869,786	3,066,912	2,779,520			
Arts, Culture and Heritage	Household	$ 836,747	1,161,996	596,409	706,808	750,230			
Library	Household	$ 932,700	1,768,626	626,132	1,245,666	933,360			
Planning and Heritage	Value of building permits issued	$ 455,773	1,191,265	512,816	392,057	959,110			
Economic, Tourism and Community Development	Household	$ 620,094	622,432	987,628	517,514	449,570			
(2) BASIS OF ALLOCATION									
Total reported households		8,958	11,617	7,376	7,739	12,516			
Total reported lane kilometers of roads		266	230	472	271	350			
Total value of building permits issued		$ 43,181,000	98,188,000	24,793,000	38,067,000	90,264,000			
(3) FINANCIAL INDICATORS									
Council	Household	$ 39.73	$ 45.74	$ 46.20	$ 72.96	$ 29.36	$ 48.57	4	81.8%
Corporate Services	Household	$ 328.17	$ 481.47	$ 386.17	$ 349.26	$ 198.53	$ 353.86	4	92.7%
By-Law Enforcement	Household	$ 13.78	$ 30.90	$ 31.36	$ 11.68	$ 15.42	$ 22.34	4	61.7%
Animal Control	Household	$ 11.35			$ 5.71	$ 3.55	$ 4.63	1	245.1%
Public Works	Lane kilometers of roads	$ 12,138.59	$ 22,458.25	$ 9,361.89	$ 14,689.55	$ 12,793.63	$ 14,825.83	4	81.9%
Transit	Household	$ 84.01	$ 67.82	$ 39.88	$ 43.29	$ 46.72	$ 49.43	1	170.0%
Parks and Recreation	Household	$ 425.87	$ 366.13	$ 389.07	$ 396.29	$ 222.08	$ 343.39	1	124.0%
Arts, Culture and Heritage	Household	$ 93.41	$ 100.03	$ 80.86	$ 91.33	$ 59.94	$ 83.04	2	112.5%
Library	Household	$ 104.12	$ 152.24	$ 84.89	$ 160.96		$ 132.70	3	78.5%
Planning and Heritage	Value of building permits issued	$ 10.55	$ 12.13	$ 20.68	$ 10.30	$ 10.63	$ 13.44	4	78.6%
Economic, Tourism and Community Development	Household	$ 69.22	$ 53.58	$ 133.90	$ 66.87	$ 35.92	$ 72.57	2	95.4%

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Town of Cobourg

Service Delivery Review

Appendix D
Corporate-Level Financial Indicators



Financial Indicators

FINANCIAL ASSETS TO FINANCIAL LIABILITIES

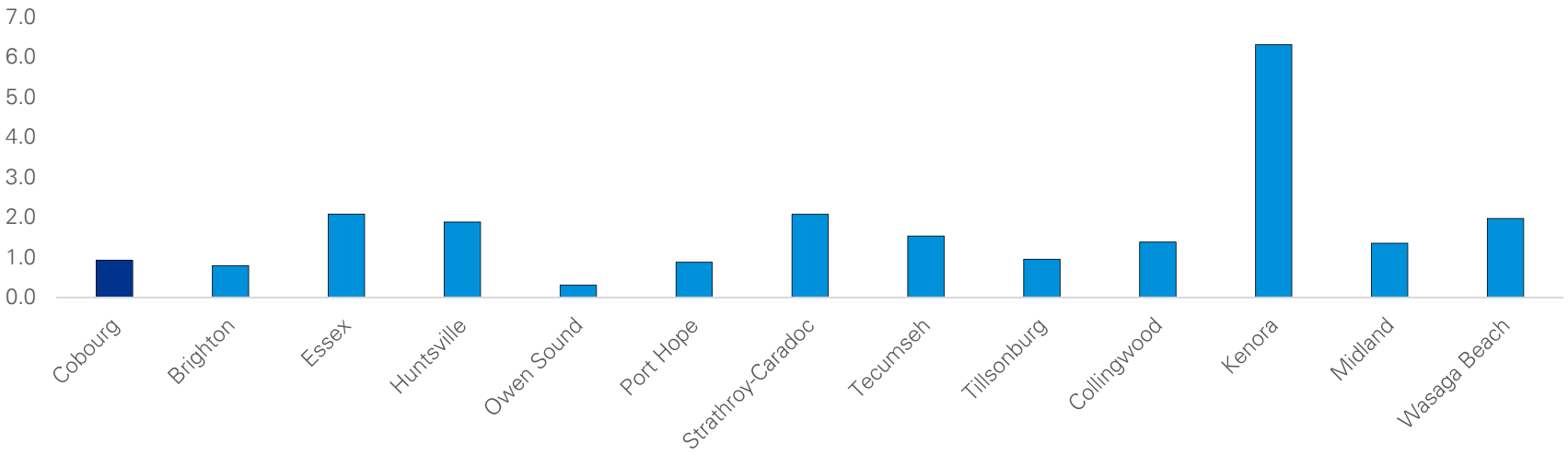
This financial indicator provides an assessment of the Town's solvency by comparing financial assets (including cash, investments and accounts receivable) to financial liabilities (accounts payable, deferred revenue and long-term debt). Lower levels of financial assets to financial liabilities (i.e. less than 1.0) are indicative of limited financial resources available to meet cost increases or revenue losses, which higher levels (i.e. more than 1.5) suggest that the municipality has a higher level of available financial resources to offset cost increases, funding losses or future capital reinvestment.

TYPE OF INDICATOR

Sustainability	✓
Flexibility	
Vulnerability	

POTENTIAL LIMITATIONS

- Financial assets may include investments in government business enterprises, which may not necessarily be converted to cash or yield cash dividends
- Financial liabilities may include liabilities for employee future benefits and future landfill closure and post-closure costs, which may (i) not be realized for a number of years; and/or (ii) may not be realized at once but rather over a number of years



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Financial Indicators

TOTAL RESERVES AND RESERVE FUNDS PER HOUSEHOLD

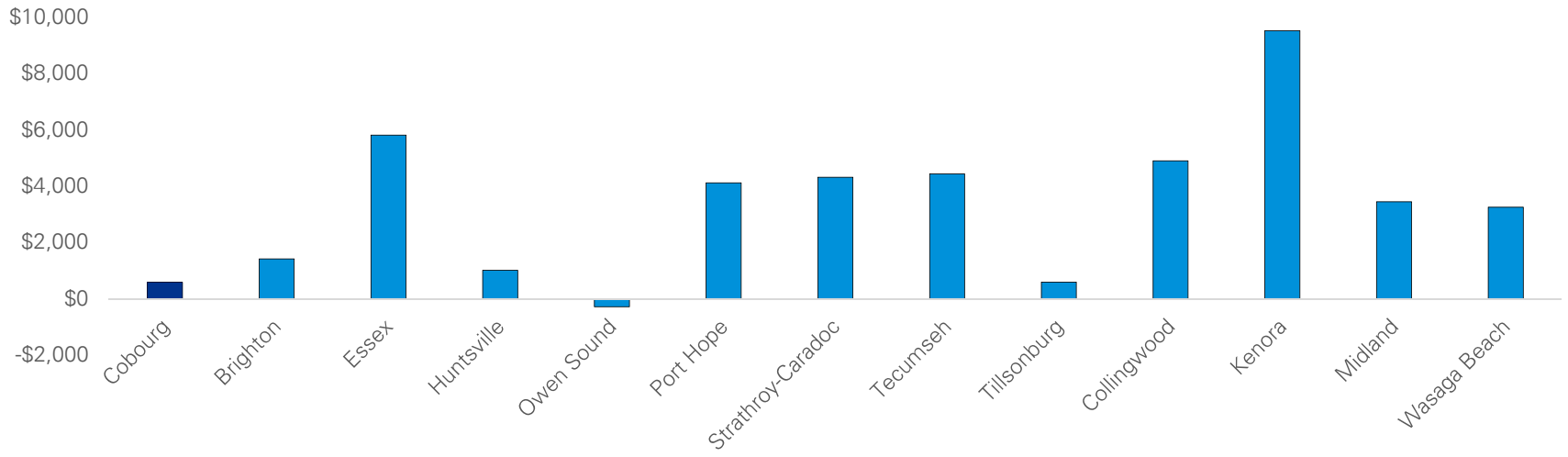
This financial indicator provides an assessment of the Town's ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, user fees or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, requiring the Town to revert to taxation or user fee increases or the issuance of debt.

TYPE OF INDICATOR

Sustainability	✓
Flexibility	
Vulnerability	

POTENTIAL LIMITATIONS

- Reserves and reserve funds are often committed to specific projects or purposes and as such, may not necessarily be available to fund incremental costs or revenue losses
- As reserves are not funded, the Town may not actually have access to financial assets to finance additional expenses or revenue losses



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Financial Indicators

CAPITAL ADDITIONS AS A PERCENTAGE OF AMORTIZATION EXPENSE

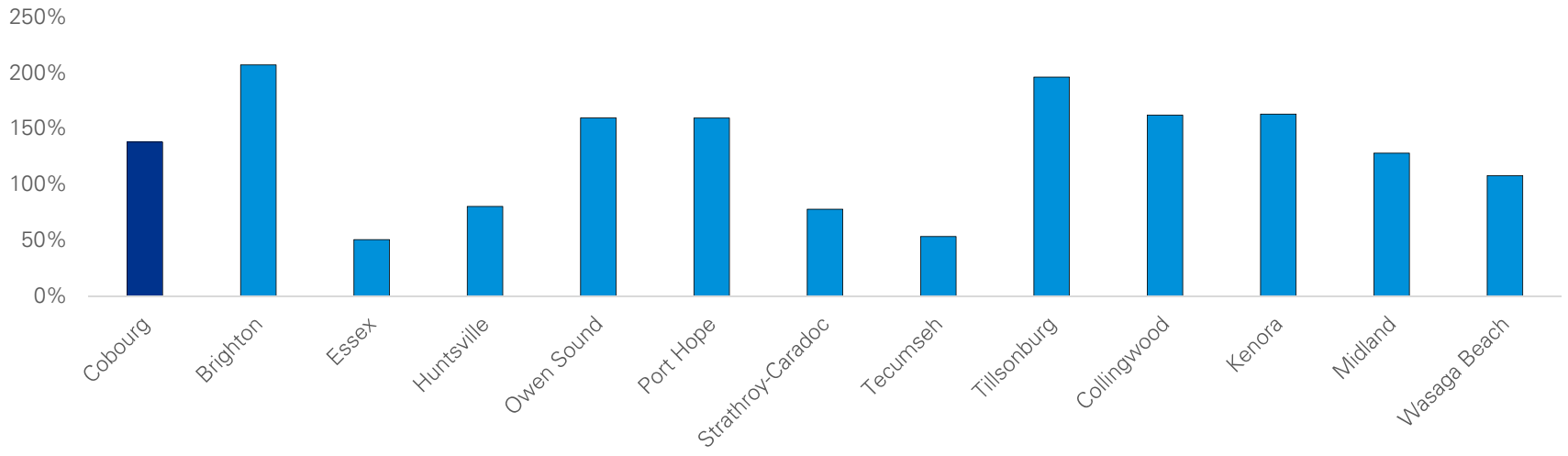
This financial indicator provides an assessment of the Town's solvency by assessing the extent to which it is sustaining its tangible capital assets. In the absence of meaningful reinvestment in tangible capital assets, the Town's ability to continue to deliver services at the current levels may be compromised. Over the long-term, investment levels of less than 100% to 150% can contribute to an increase in a municipality's infrastructure deficit and an associated reduction in service levels, with higher levels of capital investment likely indicative of the sustainment of capital infrastructure.

TYPE OF INDICATOR

Sustainability	✓
Flexibility	
Vulnerability	

POTENTIAL LIMITATIONS

- This indicator considers amortization expense, which is based on historical as opposed to replacement cost. As a result, the Town's capital reinvestment requirement will be higher than its reported amortization expense due to the effects of inflation.
- This indicator does not consider the differential between reinvestment of existing infrastructure vs. the construction of new infrastructure as a result of growth, regulatory changes or other factors.



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Financial Indicators

RESIDENTIAL TAXES PER HOUSEHOLD

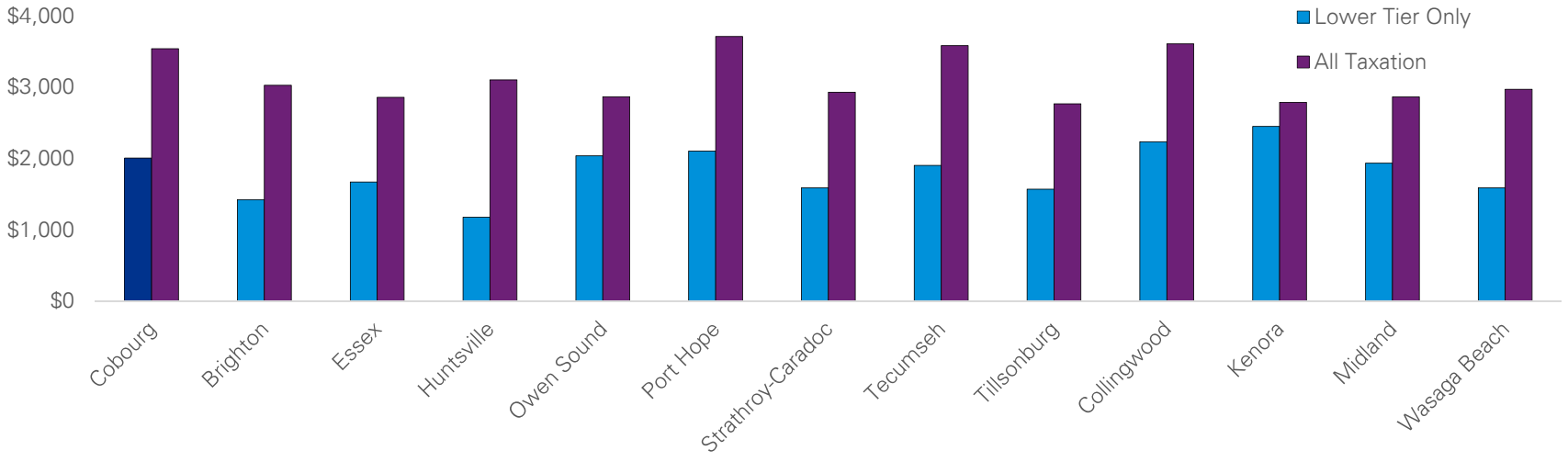
This financial indicator provides an assessment of the Town's ability to increase taxes as a means of funding incremental operating and capital expenditures. Determining an appropriate level of taxation per household involves a range of considerations, including services, service levels and the balance between municipal taxation and user fees and as such, there can be considerable variability between municipalities.

TYPE OF INDICATOR

Sustainability	
Flexibility	✓
Vulnerability	

POTENTIAL LIMITATIONS

- This indicator does not incorporate income levels for residents and as such, does not fully address affordability concerns.
- In addition to taxes levied by the lower tier, residents are subject to both upper tier and education taxes which are beyond the control of the lower-tier municipality.



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Financial Indicators

TOTAL LONG-TERM DEBT PER HOUSEHOLD

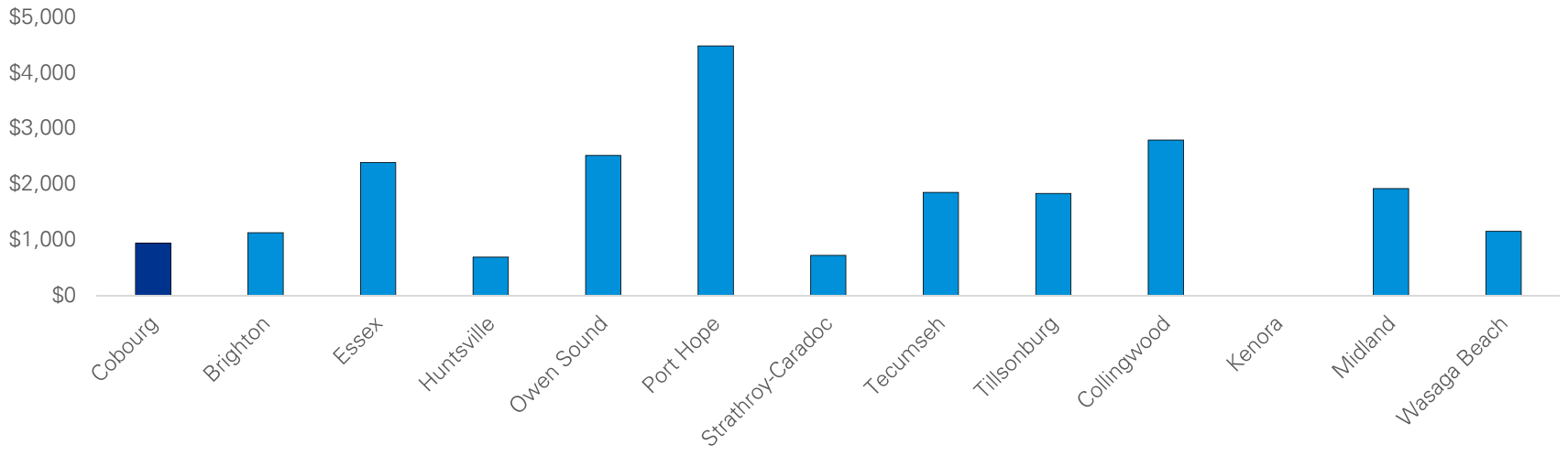
This financial indicator provides an assessment of the Town's ability to issue more debt by considering the existing debt loan on a per household basis. High debt levels per household may preclude the issuance of additional debt or result in a high level of debt servicing costs, while lower levels of debt may be indicative of funded capital requirements.

TYPE OF INDICATOR

Sustainability	
Flexibility	✓
Vulnerability	

POTENTIAL LIMITATIONS

- This indicator does not consider the Provincial limitations on debt servicing cost, which cannot exceed 25% of own-source revenues unless approved by the Ontario Municipal Board



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Financial Indicators

RESIDENTIAL TAXATION AS A PERCENTAGE OF HOUSEHOLD INCOME

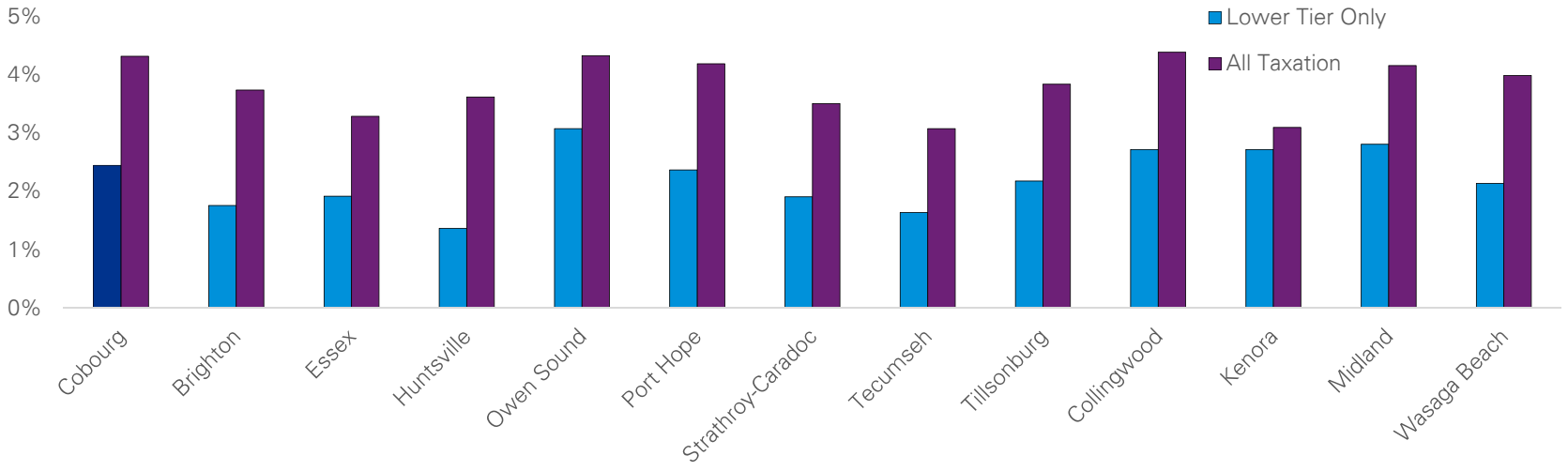
This financial indicator provides an indication of potential affordability concerns by calculating the percentage of total household income used to pay municipal property taxes. Determining an appropriate level of taxation per household involves a range of considerations, including services, service levels and the balance between municipal taxation and user fees and as such, there can be considerable variability between municipalities.

TYPE OF INDICATOR

Sustainability	
Flexibility	✓
Vulnerability	

POTENTIAL LIMITATIONS

- This indicator considers residential affordability only and does not address commercial or industrial affordability concerns.
- This indicator is calculated on an average household basis and does not provide an indication of affordability concerns for low income or fixed income households.



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Financial Indicators

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS AS A PERCENTAGE OF HISTORICAL COST OF TANGIBLE CAPITAL ASSETS

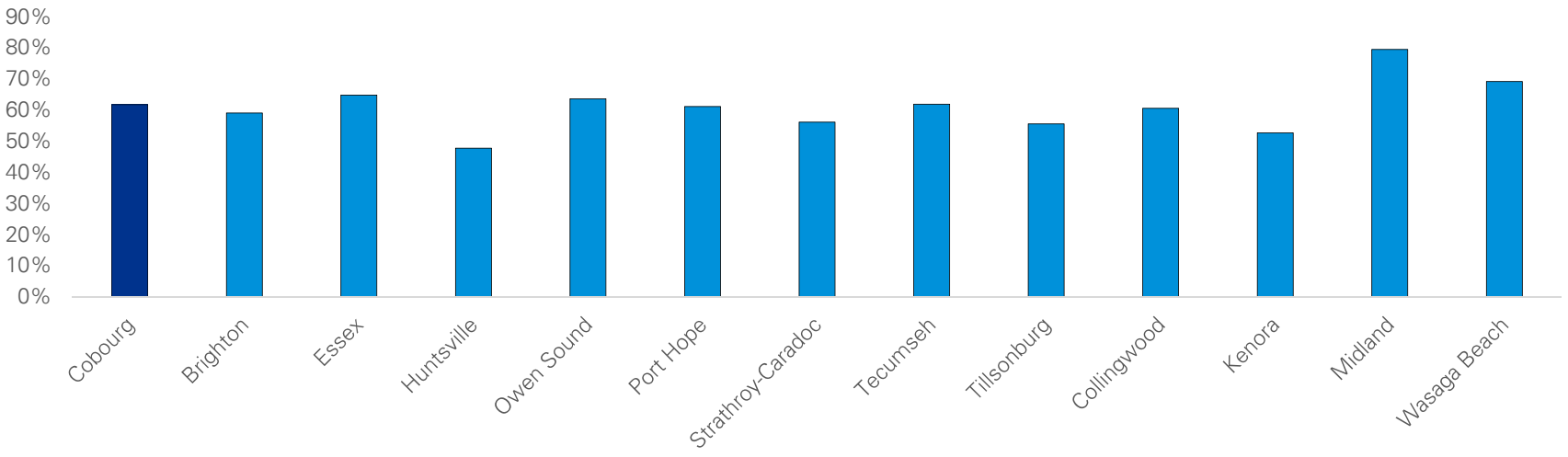
This financial indicator provides an indication as to the extent to which the Town is reinvesting in its capital assets as they reach the end of their useful lives. An indicator of 50% indicates that the Town is, on average, investing in capital assets as they reach the end of useful life, with indicators of less than 50% indicating that the Town's reinvestment is not keeping pace with the aging of its assets.

TYPE OF INDICATOR

Sustainability	
Flexibility	✓
Vulnerability	

POTENTIAL LIMITATIONS

- This indicator is based on the historical cost of the Town's tangible capital assets, as opposed to replacement cost. As a result, the Town's pace of reinvestment is likely lower than calculated by this indicator as replacement cost will exceed historical cost.
- This indicator is calculated on a corporate-level basis and as such, will not identify potential concerns at the departmental level.



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Attachment J – Organizational Review

KPMG

Town of Cobourg

Organizational Review

Open Session Final Report
October 21, 2021



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Executive Summary

A. Introduction

The Town of Cobourg (the "Cobourg") is a lower tier municipality located within the geographic boundaries of Northumberland County (the "County"). With a total reported population of approximately 20,000 residents, the Town is the largest municipality in the County from a population perspective, accounting for approximately 23% of the County's total population. In order to meet the needs of its residents, the Town budgeted in excess of $40 million for the delivery of municipal services (excluding capital and debt servicing costs), of which $24.8 million in funded through municipal taxes.

In the fall of 2020, the Town completed a service delivery review, representing the first component of a two-step approach to assess the Town's operations. The primary focus on the service review as an evaluation of the services delivered by the Town, as well as associated service levels and resource requirements, with the intention of identifying and evaluating potential strategies for achieving operating efficiencies and enhancing financial sustainability through:

- Changes to services and service levels
- Changes to service delivery models (e.g. own resources vs. third party providers)
- Changes to funding approaches for municipal services (e.g. user fees vs. taxation)

As a follow-up to the service delivery review, the second component of the Town's approach was the completion of an organizational review (the "Review"). Rather than evaluating services, service levels and funding models (i.e. ***what*** the Town does), the primary focus of the Review was on ***how*** the Town delivers services, which included, but was not limited to, an evaluation of:

- The Town's organizational structure and how it supports the effective and efficient delivery of services;
- Staffing, including the number and roles of Town employees; and
- The Town's internal processes for service delivery and decision-making (so-called ways of working).

KPMG LLP ("KPMG") was retained in June 2021 to assist the Town with the Review. This report summarizes the results of our analysis, including observations concerning the Town's organizational structure and staffing as well as potential courses of action that could be considered by the Town to support strategic priorities, enhance the efficiency and effectiveness of service delivery and contribute towards its longer-term financial sustainability.

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B. Key Themes from the Review

The evaluation of the Town's organizational structure, staffing and ways of working involved the collection and analysis of information obtained from the following sources:

- Interviews with members of Town Council;
- Interviews with members of the Town's management team;
- Analysis and findings from the service delivery review;
- Comparisons of organizational structures, staffing and other operating aspects with selected Ontario municipalities; and
- An online survey of Town residents intended to obtain their perspectives on the Town's customer service.

We would like to acknowledge the assistance and cooperation provided by Town staff that participated in the Review and would also like to thank the 219 residents of Cobourg that provided their insights and opinions on the Town's level of customer service.

During the course of the Review, a number of key themes emerged that we suggest are significant and merit consideration by management and Council when considering options with respect to the Town's organizational structure, staffing and ways of working. Please note that given the focus of the Review, we have not necessarily commented on or reflected in our report positive aspects of the Town's operations.

1. **The Town's staffing levels are generally consistent with or lower than those of the selected comparator municipalities, with administrative functions having a generally lower level of staffing than the selected comparator municipalities.** Our analysis also indicates that for certain functions where the level of activity has increased either due to increased client demand, increased regulatory compliance requirements or the addition of new services, there have not been commensurate increases in staffing levels.

   These findings appear to suggest an overriding priority on cost containment and affordability, which seems to have limited increases in the Town's staffing complement despite changes in services or regulatory requirements, as well as increased demand for services. Rather than adding staff to address these increased pressures, it also appears that the Town has:

   - Assigned additional responsibilities to existing staff, resulting in the dilution of capabilities. For example, the Town has assigned selected by-law enforcement responsibilities to its Chief Building Official, notwithstanding increasing development in the community; and/or
   - Relied on third-party service providers at a potentially higher cost than internal resources. We note, for example, that the Town recently incurred $85,000 in fees for project management services for one project, which is comparable to the annual salary of a middle to senior employee within the Town.

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2. **As a consequence of staffing levels, the Town is at risk of failing to achieve its strategic priorities.** The Town's strategic plan outlines a range of key priorities and action items for the 2019-2022 term of Council, with status reports provided to Council on an annual basis. While some progress has been made against certain priorities, we note that in a number of instances, action items have either not been started, or if commenced, may not be completed before the end of the strategic planning period. It appears that in a number of instances, limited staffing resources may be a contributing factor towards the absence of progress on Council's strategic priorities. For example, we note that of the seven action items identified in connection with the priority to promote local economic development, only one has been completed, with one action item in progress and five action items (71%) not yet started, which arguably reflects the absence of a full-time economic development officer position within the Town.

   During the course of our interviews with members of Council, we were also advised of additional areas of focus which, while not formally outlined in the strategic plan, appear to represent priority areas for Council, including the use of performance metrics and reporting to enhance transparency and demonstrate value-for-money. In a number of cases, these additional priority areas have not been fully addressed, which likely reflects limitations on staff availability.

3. **Customer service, while identified as a priority for the Town, appears to require improvement.** During the course of the Review, the Town undertook an online survey of residents that was intended to determine their satisfaction with the level of customer service provided by the Town. As part of the survey, respondents were requested to rate their overall level of satisfaction with the customer service provided by the Town on a scale of 1 to 10, with a response of 10 indicating the respondent was very satisfied while a response of 1 indicating that the respondent was not at all satisfied. A total of 219 residents provided responses to the survey.

   Currently, the Town does not have a formal customer service strategy or framework that guides its approach to client service. Specifically, we note that the Town does not have documented performance standards (e.g. minimum times for responding to inquiries), does not track or measure customer service experience and has not revised its processes, internal policies or job descriptions to focus on customer service. In the absence of performance metrics as to what is the acceptable/required level of customer service satisfaction and as such, the survey results are subject to interpretation. For the purpose of our report, however, we have considered a threshold of 8 out of 10 to represent the expected level of customer service satisfaction, which is consistent with standards adopted by other similar sized municipalities.

   Overall, 42% of respondents rated their customer service experience at 8 or higher, with an almost equal amount (41%) rating their experience at 5 or lower. We suggest that the survey results reflect a general absence of focus on customer service, which likely reflects limitations on available resources. Specifically, we note that the Town does not appear to have designated a member of its management team as having overall responsibility for customer service (the strategic plan identifies this as a responsibility for all divisions). Furthermore, while customer service traditionally falls under the responsibility of the Town Clerk, we note that this individual is also responsible for multiple functions (legislative services, bylaw enforcement, procurement, policy development, AODA compliance) that limits their capacity to lead the Town's customer service initiatives.

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4. **Employee morale appears to be low, with the potential for impacts on service delivery.** A recent survey that included responses from more than 60% of Town employees identified an overall low level of morale on the part of Town employees. We understand that, consistent with its approach to customer service, the Town has not developed formal thresholds for employee satisfaction and as such, the results of the employee survey are subject to interpretation. However, we noted that of the 13 personnel matters addressed in the survey:

   - Three had responses where more than 60% of respondents indicated they agreed or strongly agreed that they had positive perspectives on the Town's approach to the personnel matter;
   - Five had responses where the majority of respondents indicated that they disagreed or strongly disagreed that the Town was doing a good job managing the personnel matter; and
   - Five had responses where the percentage of positive responses ranged from 55% to 57%. While representing a majority of responses, we suggest that this is likely less than the prefer level of positive responses.

   The results of the survey demonstrated particularly low levels of positive responses for career advancement (28%), training (36%) and employee recognition/appreciation (42%). We note that the Town currently lacks a number of personnel management programs, including (i) formal training strategies (including training needs assessments); (ii) formal succession plans; and (iii) employee recognition programs, which are consistent with the areas of the survey where the lowest level of positive responses were received. We further understand that the Town's Human Resources department has been unable to develop these programs due to the overall inefficiency of its human resources systems and the need to provide human resources support to other Town-related organizations (Police, Library, DBIA, Gallery)

5. **The Town faces risk exposures that if realized, can be significant.** During the course of the Review, we noted a number of areas where the Town's capacities are under resourced, with responsibilities either (i) not assigned; or (ii) assigned to individuals in addition to their other functions. In certain of these areas, the potential exists for significant risk exposures to the Town. For example, the Town currently does not have a formal procurement function, with responsibility assigned to individual managers. As a result, the Town does not have standardized procurement documents or processes for monitoring contractual compliance, creating potential financial or litigation risk to the Town in the event of (i) inadequate risk transfer to the supplier; (ii) increased costs due to ambiguities in terms and conditions for contracts; and (iii) litigation and reputational harm in the event of a so-called failed procurement where bidder allege improprieties in contract awards and challenge contract awards.

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Executive Summary

6. **The Town's internal processes and policy environment contribute towards the current situation.** While the results of the Review have demonstrated that staffing levels and roles are generally lower than the selected comparator municipalities, we note that the current demands placed on the Town's resources are also exacerbated by both (i) the inefficiency of its processes; and (ii) the Town's policy environment:
   - The Town currently lacks a human resources information system ("HRIS"), which requires staff to manually accumulate data, diverting them from undertaking higher value personnel services. In addition, the absence of readily available data precludes effective performance management, including but not limited to attendance management and monitoring of training requirements.
   - The Town's current procurement policy limits the purchasing authority of directors to $5,000, with the requirement for procurements with higher values to be approved by the CAO or Council. This increases both the level of reporting necessary for procurement approvals and the time for approvals, both of which create inefficiencies. We also note that this level of approval is significantly lower than that adopted by other similar-sized municipalities, some of which have established director-level approval thresholds at $50,000.
   - The Town does not have a formal delegation of authority by-law which provides the authority of staff to approve certain matters without Council approval. As a result, a high degree of routine and/or low-risk decisions are required to be approved by Council, once again increasing the level of reporting and time required for decision making.
7. **The Town is expected to experience significant growth pressures in the short to medium term, with a corresponding increase in demand for municipal services.** Under the Growth Plan for the Greater Golden Horseshoe, Northumberland County in general and the Town in particular are expected to experience significant population growth in the next 15 years, with the Town's population projected to increase to more than 26,000 by 2034, with almost 3,100 new housing units forecasted to be constructed. This level of growth will translate into an increase in resource requirements for the Town:
   - The anticipated level of housing construction associated with the forecasted population growth significantly exceeds historical levels of activity (approximately 250 permits of all types per year), placing increased demand on the Town's planning and building inspection functions.
   - The projected level of growth is also expected to result in increased demand for municipal service infrastructure (e.g. roads), which will require increased resources for planning, procurement and contract administration.

   While the impact of future growth will not be consistent across all Town departments, those departments that are the most impacted will likely be required to (i) increase resources to meet the higher level of demand; or (ii) reduce service levels to balance resources with demand. For example, in the absence of appropriate resources to meet the needs of the development community, the Town may be required to reduce the level of building permit inspections, accepting the risks associated with sub-standard construction and/or extend the timeframes for approvals beyond those outlined in the Planning Act and Building Code Act (representing a reduction in service levels).

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Executive Summary

C. Potential Courses of Action

Based on the results of the Review, it appears that the Town's operations are significantly challenged and constrained by operating inefficiencies, the absence of strategic-level activities (e.g. long-range planning, corporate-wide performance monitoring), concerns over customer service and employee morale and potential exposures arising from insufficient focus and response to risk factors. From a root cause perspective, the analysis indicates that the current situation is due to a combination of:

- Lower levels of staffing in certain key areas and capacities; and
- The general inefficiency of the Town's ways of working (including its processes, policies and decision-making forums), which increases the time required to complete tasks, impacts the level of customer service provided by the Town and diverts staff from higher impact strategic activities to more administrative and operational functions.

In response to the findings of the Review, we have developed potential courses of action that can be considered by the Town in order to ensure the effective and efficient delivery of municipal services that meets the expected level of customer service excellence, appropriately addresses key risk exposures and contributes towards an engaged workforce. These courses of action, which are summarized on the following pages, are divided into the following categories:

- Staffing adjustments that are intended to (i) balance resources with demand; (ii) appropriately address risk exposures; and/or (iii) provide capacity to implement operational changes. Overall, we have identified upwards of 13 employee additions that can be considered by the Town, to be funded through a combination of user fees, financial savings and taxation.
- Organizational realignment to contribute towards enhanced service delivery and corporate-wide strategies.
- Changes to the Town's policy environment to right-size its decision-making processes.
- Changes to the Town's operating processes and ways of working.

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Executive Summary

Category	Potential Course of Action	Basis for Course of Action
Staffing adjustments	1. Addition of one additional building inspector/plans examiner	• Appropriate capacity to address current and future demand for development services while providing an appropriate level of service to the development community and other clients.
	2. Addition of a Manager of Long-Range Planning	• Increased capacity and capabilities to undertake long-range planning in response to Council priorities and anticipated future development. • Responsibilities would include but not be limited to long-range planning (including Official Plan updates, development charge studies).
	3. Addition of a Grant and Policy Writer	• Increased ability to access senior government grant programs for capital and operating requirements.
	4. Addition of a Manager of Infrastructure Planning and Infrastructure Planning Analyst	• Increased capacity and capability to undertake long-range infrastructure planning. • Responsibilities would include but not be limited to master planning, updating of development standards, asset management planning, GHG emission reduction and energy efficiency projects, active transportation planning and transit planning.
	5. Addition of a Manager of By-Law Enforcement	• Increased focus on by-law enforcement in response to forecasted growth.
	6. Addition of a Manager of Procurement	• Increased capacity and capabilities with respect to procurement, including mitigation of potential risks. • Responsibilities would include but not be limited to centralized procurement function, standardization of processes and documents, contract monitoring, implementation of best practices, disposal of municipal facilities and lands and spend analysis.

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Executive Summary

Category	Potential Course of Action	Basis for Course of Action
Staffing adjustments	7. Addition of a Manager of Transformation Initiative	• Dedicated resource to lead the Town's initiatives relating to (i) customer service; (ii) continuous improvement; and (iii) performance measurement and reporting.
	8. Addition of a Manager of the Office of the CAO	• Dedicated resource to assume administrative and operational tasks from the CAO, providing increased capacity for the CAO to focus on strategic-level initiatives.
	9. Addition of an Information Technology Analyst	• Increased capacity to enable technology implementations in support of operating efficiencies (e.g. e-Permitting system) and ensure appropriate resources for cybersecurity response, information technology strategic planning and other initiatives.
	10. Human Resources Analyst	• Additional position to assume administrative tasks from Manager of Human Resources, providing capacity for strategic-level initiatives (e.g. succession planning, training strategy, performance monitoring,
	11. Program Support Financial Analyst	• Financial resource assigned to operating departments to increase capacity with respect to budgeting, financial planning and forecasting, key performance indicators, variance analysis and costing/business case analysis of specific initiatives.
	12. Manager of Economic Development	• Increased capacity to develop and execute economic development strategy and associated activities.

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Executive Summary

Category	Potential Course of Action	Basis for Course of Action
Organizational Realignment	13. Establishment of the Office of the CAO	• Consolidation of non-director CAO reports under the Manager of the Office of the CAO, allowing for the delegation of administrative and operational responsibilities by the CAO. • This is seen as a prerequisite for future restructuring and capacity additions.
	14. Delineation of planning between Development Permitting and Long-Range Planning	• In response to projected growth in the community, this is intended to ensure appropriate focus on long-range planning activities without diverting resources for development approvals.
	15. Delineation of engineering between Capital Projects and Infrastructure Planning	• Intended to ensure appropriate focus on infrastructure planning in response to projected growth in the community, legislative requirements for asset management planning and increased focus on environmental and energy initiatives without diverting resources from the execution of capital projects.
	16. Realign Legislative Services into a separate department.	• Ensure appropriate representation of Legislative Services within senior management team, including direct reporting between Legislative Services and the Office of the CAO.
	17. Realignment of emergency management under the Office of the CAO	• Expand the scope of emergency management to include a corporate-wide focus so as to appropriately address a range of risks, as well as ensure coordination with communications and other corporate functions.
	18. Consolidate by-law enforcement under Legislative services	• Consolidate by-law enforcement activities under a single department to provide economies of scale and facilitate sharing of resources.
	19. Realign Economic Development under Planning and Development	• Ensure consistency between economic development initiatives and planning decisions (e.g. use of employment lands, planning initiatives for affordable housing, incentives available under CIPs and MCFAs).

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Category	Potential Course of Action	Basis for Course of Action
Changes to policy environment and decision-making forums	20. Adopt a delegation of authority by-law	• Establish an appropriate delegation of decision-making authority from Council to staff for lower risk and routine decisions, thereby reducing reporting and time requirements.
	21. Revise procurement policy to increase levels of authority for Directors and CAO	• Establish an appropriate delegation of authority for procurement that reflects the scale of the Town's overall spend and aligns with procurement thresholds established by similar sized municipalities, thereby reducing reporting and time requirements.
	22. Discontinue current process for policy development in favour of different processes for operating and governance policies	• Reduce the time required for policy development and updating by eliminating Council involvement in the development of internal operating policies.
	23. Evaluate the potential for a committee structure as opposed to the current coordinator structure	• Align the Town's structure for Council-staff interactions with best/common practice for Ontario municipalities and ensure an appropriate delineation between governance and operational responsibilities. • This opportunity should be deferred until after the 2022 municipal elections.
	24. Address key elements of corporate policy and strategy, including (i) customer service strategy; (ii) training strategy; (iii) performance monitoring and key performance indicators; (iv) long-term financial plan; (v) succession planning	• Appropriately identify and plan for medium to long-term strategies and ensure alignment of Town operations with Council and Community expectations.

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Executive Summary

Category	Potential Course of Action	Basis for Course of Action
Changes to operating processes and ways of working	25. Develop business cases for key technology enablers (HRIS, e-Permitting, web-based applications, e-commerce).	• Increased operating efficiency through elimination of manual processes. • Enhanced customer service through on-line access to municipal services. • Improvement oversight and management of Town operations through availability of more and better data.
	26. Implement process improvements as identified through process mapping conducted during the service delivery review.	• Increase operating efficiency, enhance customer service, improved internal controls and enhanced risk management. The addition of the Manager of Transformation Initiatives is intended to provide capacity to support the implementation of process improvements, while addition of the Grant and Policy Writer is intended to secure grant assistance to assist with continuous improvement.

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Town of Cobourg

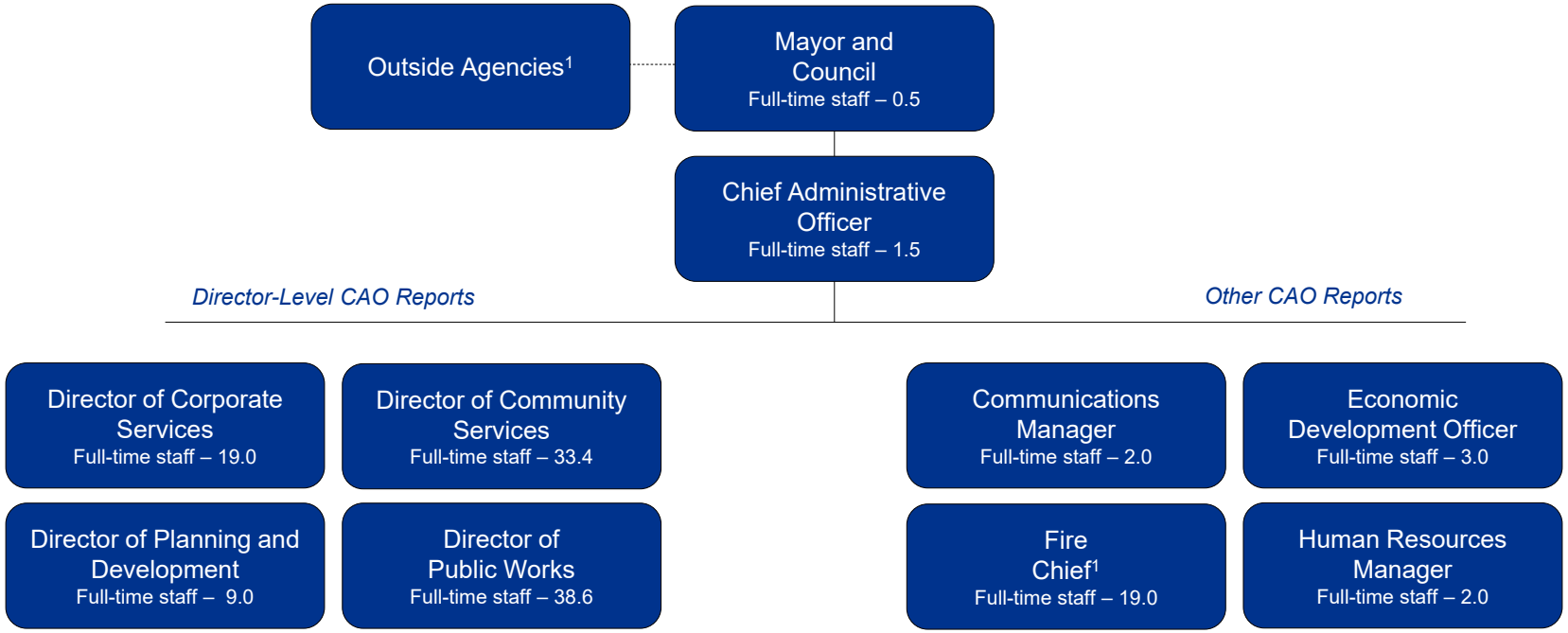
Corporate Overview



Corporate Overview

A. Organizational Structure

The Town's operations are currently structured into four operating departments, each headed by a Director, reporting directly to the CAO, with four non-Director CAO reports. As noted below, there is a degree of disparity between functional units with respect to the number of full-time employees, with some directors having higher staff complements than others (budgeted full-time staff positions are indicated below).



Organizational charts for individual departments are included as Appendix A.

[1] Pursuant to the terms of reference, police, fire suppression, training and prevention, library and conservation authority are excluded from the scope of review.

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Corporate Overview

B. Full-Time Staffing

The Town's 2021 budget reflects a budgeted full-time staffing complement of 110 employees for those services included in the scope of our review, with a total budgeted salary cost of $7,773,859[2]. During the period 2011 to 2016, the Town's budgeted full-time staffing complement has increased by a net total of 16 positions, with a further five net full-time positions added during the last five years (2016 to 2021). Notable increases in staffing primarily due to:

- Increased staffing for Community Services as a result of the construction of the Cobourg Community Centre ("CCC") in the fall of 2011 and a corresponding increase in the number of parks attendants (+12 positions);
- Increased resources for corporate services, including human resources, finance and facilities (+4 positions);
- The establishment of a communications function within the Town (+2 positions);
- Increased staffing for legislative services, specifically the addition of a Deputy Clerk and Accessibility and Diversity Coordinator (+2 positions).

The budgeted staffing complement includes positions that are vacant, some of which do not have associated budgeted salary costs.

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B. Part-Time Staffing

With respect to part-time staffing, the Town's 2021 budget includes a total of $569,014 in part-time staffing cost, the majority of which ($443,292 or 78%) relates to students hired to either (1) meet seasonal demands during the summer for parks maintenance (e.g. grass cutting), marina or campground operations; and (2) to provide part-time workforce to the CCC.

As noted in the summary, the Town has not budgeted part-time wages in 2021 for either its Tourist Ambassador Program or the Concert Hall as these programs were discontinued due to the COVID-19 pandemic. To the extent that these programs are reintroduced in 2022, the Town's budget would experience an increase due to the inclusion of both full and part-time wages for both programs. A summary of the budgeted full and part-time wages for these programs is provided below.

Program	Full-Time Wages	Part-time Wages	Total
Tourist Ambassador Program	–	$45,940	$45,940
Concert Hall	$208,566	$14,546	$223,112
Total	$208,566	$60,486	$269,052

C. Contracted Services

The Town's budget format separately discloses contracted services, as well as budgeted costs associated with specific initiatives. Based on a departmental line-by-line review, we have identified a total of $2.648 million in contracted/purchased services, comprised of professional fees, contracted services and other third-party costs.

With respect to the Town's budgeted costs for purchased services, we make the following comments and observations:

- The largest contracted expense relates to the Town's transit service, which has a total budgeted cost of $944,000 (36% of total contracted services costs) and reflects the Town's decision to deliver transit services through a third-party as opposed to direct delivery. Other contracted costs that reflect the Town's decision to use third-party delivery models include animal control ($101,032) and economic development ($45,000).
- The Town has made a relatively significant investment in cybersecurity protection, with total contracted costs of $192,300, with a further $40,000 budgeted for completion of the Town's information technology strategic plan. Overall, budgeted contracted costs for information technology amount to $268,300 (10% of total contracted services costs).

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Corporate Overview

- Consistent with other municipalities, the Town utilizes third party contractors for some roads maintenance and other public works activities, including specialized services such as line painting and traffic signal maintenance. Overall, total contracted services costs for public works amounted to $383,000 (14% of total contracted services), which includes $70,000 in parking lot maintenance that is funded through user fees as opposed to the municipal levy. The results of the service delivery review indicated that the Town's cost of roads maintenance activities, expressed on a per lane kilometer basis, was generally lower than the selected comparator municipalities and as such, we do not view the Town's contracted service costs for public works to be unreasonable.
- Budgeted costs for contracted services include a number of special projects that are typically provided by external advisors, the more significant of which include the development of a sustainability master plan ($131,000), the preparation of a development charges study ($40,000), an update of the Town's official plan and zoning by-law ($70,000) and the development of plans for the Heritage Conservation District ($40,000) and Cobourg East Development Area ($20,000). Overall, the total budget for planning-related contracted costs (including committee of adjustment and heritage planning) is $273,000 (10%).
- In certain instances, contracted services costs are determined by the nature of the Town's infrastructure. For example, the Town has budgeted $71,000 for the maintenance of the Victoria Hall building systems (which is typically undertaken by contractors as opposed to directly by municipalities) and $50,000 for the cleaning of beach washrooms.
- Overall, the Town has budgeted a total of $83,500 for legal fees, which includes regular corporate legal services and specialized legal services relating to planning, human resources and other functional areas. Based on our experience with similar sized municipalities, we do not consider this level of expenditure for legal services to be excessively high in comparison to other municipalities.

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Town of Cobourg

Key Observations and Findings



Key Observations and Findings

The terms of reference for the Review were established in our engagement letter dated June 1, 2021 which incorporated the proposed workplan outlined in our proposal to the Town dated March 23, 2021. Consistent with the Town's request for proposal document RFP# CO-21-13-CAO, the overall objective of the Review was the development of courses of action for an enhanced organizational structure, staffing model and decision-making framework that ensures the effective and efficient delivery of municipal services both within the Town and with external parties.

During the course of the Review, we identified a number of positive aspects of the Town's operations, examples of which include the following:

- The Town has appointed a dedicated Accessibility and Diversity Coordinator, demonstrating its commitment to ensuring compliance with the *Accessibility for Ontarians with Disability Act, 2005* ("AODA") as well as fostering an inclusive workplace and community;
- The Town's budgetary processes demonstrate a high level of detailed analysis and best practices in support of expense and revenue forecasting;
- The Town has adopted an innovative approach to building permitting that reduces the potential risk of construction exceeding approved parameters; and
- The Town has established Engaged Cobourg, an online platform that both advises and obtains feedback on Town projects, policies and initiative.

Notwithstanding the above, the objective of the Review was to identify areas for potential enhancements and improvements and as such, our findings and observations do not provide detailed commentary on the positive aspects of the Town's operations. Rather, our finding and observations, and the resultant courses of action identified for consideration by the Town, are primarily intended to identify and address factors contributing towards inefficiencies, increased costs and heighted risk exposures.

This chapter provides a summary of our key observations and findings.

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Key Observations and Findings

A. From an overall perspective, the Town's staffing levels and personnel costs are generally consistent with or lower than those of selected comparator municipalities

We have included as Appendix B an analysis of reported full-time staffing levels and total personnel costs (wages and benefits) for single and lower tier municipalities with population levels within 3,000 residents of the Town's reported population of 19,440 residents (i.e. population levels of 16,440 to 22,440 residents)[3]. While the Town's full-time staffing levels and personnel costs are towards the upper end of the range for the 28 municipalities included in the analysis (6th highest and 7th highest, respectively), it appears that this reflects, at least in part, the Town's services and service levels:

- As identified in the 2020 service delivery review, the Town has a higher level of investment in Community Services, reflecting both its focus on cultural and special events in support of tourism development, as well as the personnel requirements associated with the CCC. To the extent that parks and recreation personnel are excluded from the analysis, the Town would have the 11th highest full-time staffing, which is in the mid-range of the 28 municipalities included in the analysis.
- While the comparator municipalities were selected based on similar population levels, we note that a number appear to be predominantly rural in nature (based on their total geographic area), which often translates in a lower service levels than more urbanized communities. To the extent that the analysis only considers more urbanized communities (i.e. municipalities smaller than 75 km^2), we note that the Town's full-time staffing complement and personnel costs would the second lowest of the five smaller communities.

The analysis also indicates that the Town's historical increase in full-time staffing (14 full-time staff added during the period 2011 to 2019) is generally consistent with the experience of the other selected municipalities:

- Three municipalities reported decreases in full-time staffing, with an additional municipality reporting no change to full-time staffing;
- Eight municipalities reported increases in full-time staffing of ten or fewer positions;
- Nine municipalities reported increases of 11 to 15 full-time positions (including the Town); and
- Seven municipalities reported increases of more than 15 full-time positions.

As noted in Appendix B, the average annual change in total wages and benefits from 2011 to 2019 ranged from 2.6% to 6.4%, reflecting a combination of changes in staffing complement and annual compensation adjustments. We note that municipalities that reported either decreases or no change in full-time staffing complements reported personnel cost increases of 1.6% to 3.0% (which we consider to be indicative of the rate of general salary increases), which is consistent with the Town's historical increase in annual compensation levels.

[3] Excludes fire and police services as these services are excluded from the terms of reference and will also vary based on the selected service delivery model (e.g. composite vs. volunteer fire service, municipal police force vs. Ontario Provincial Police).

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Key Observations and Findings

At a more detailed level, an analysis of selected municipalities identifies areas where the Town's full-time staffing levels appear to be low, potentially indicating the need for additional investment in personnel resources.

	Cobourg	Essex	Collingwood	Midland	Huntsville	Owen Sound
Legislative Services	4.0	4.0	9.0	3.0	6.0	5.0
Finance	7.0	10.0	10.0	9.0	8.0	12.0
Human Resources	2.0	1.7	3.0	3.0	3.0	2.0
Information Technology	1.0	3.0	4.0	5.0	3.0	4.0
Planning and Building Services	9.0	9.4	13.5	7.0	15.0	9.0

In addition to staffing levels, the Review also indicated a number of positions that are present in other municipalities but which are absent within the Town, including:

- Centralized procurement;
- Asset management planning;
- Long-range planning;
- Customer service management;
- Legal and risk management; and
- Climate change initiatives.

While the Town currently lacks full-time staff dedicated to these activities, we do note that these functions are being undertaken by existing management personnel. For example, Directors and Managers are responsible for undertaking procurement relating to their respective departments, while asset management planning functions involve the Town's Finance and Engineering functions. In some cases, however, we understand that the Town is required to retain third party advisors to complement it's internal resources at a potential cost inefficiency to the Town. For example, we were advised that the Town recently incurred $85,000 for project management services associated with the development of its community sustainability plan, which is comparable to the annual salary of a manager-level staff person.

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Key Observations and Findings

B. The Town appears to be at risk of failing to achieve its strategic priorities

The Town has adopted a strategic plan for the current term of Council (2019 to 2022) that identifies a number of strategic actions based on five broad categories (people, places, partnerships, programs, prosperity), which each action assigned to specific staff within the Town. On an annual basis, the Town provides an update as to the progress against the strategic plan that indicates whether initiatives are complete, in progress or yet to be started.

The most recent update was prepared in August 2021 and indicates that while the Town has made progress in attaining its strategic priorities, more than a third of identified action items have yet to be started, with less than 30% of action items completed.

Category	Number of Identified Action Items By Status				Percentage of Identified Action Items By Status		
	Completed	In Progress	Not Started	Total	Completed	In Progress	Not Started
People	8	7	8	23	35%	30%	35%
Places	8	6	5	19	42%	32%	26%
Partnerships	2	2	8	12	17%	17%	66%
Programs	4	11	3	18	22%	61%	17%
Prosperity	5	7	8	20	25%	35%	40%
Total	27	33	32	92	29%	36%	35%

Arguably, the issue of staffing – and more importantly, the capacity of existing staff to assume responsibility for strategic initiatives – represents a significant challenge and constraint for the Town. For example, we note that while responsibility for a number of strategic action items under the Prosperity category is assigned to the CAO and Economic Development Officer, the current vacancy in the Economic Development Officer position means that the CAO is exclusively responsible for the completion of these strategic action items, which results in a scenario where (i) the CAO's capacity is diverted from other areas, reducing the overall level of strategic management capacity available to the Town; or (ii) strategic action items are not pursued. Similarly, we note that the Manager of Legislative Services is assigned responsibility for a number of strategic actions under the Programs category while at the same time being assigned responsibility for legislative services, policy updates, aspects of centralized procurement and bylaw enforcement, which increases the risk that those strategic action items will not be fully pursued and implemented.

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In addition to limiting the attainment of the Town's strategic plan, it appears that staffing limitation are also impacting the ability of the Town to meet other areas of focus and priority identified by members of Council. During the course of the Review, a number of Councilors expressed a desire for enhanced transparency, accountability and customer service excellence, which would require:

- The development of key performance indicators ("KPI's") for Town operations and the ongoing collection of data to report on the Town's results against these KPI's; and
- The development and execution of a formal customer service strategy that would include, among other elements, formal customer service performance standards (e.g. time to respond to a customer request for service) and the ongoing reporting of the Town's performance against these standards.

Typically, KPI reporting and customer service falls within the mandate of finance and legislative services functions, both of which (i) appear to have staffing levels that are less than the selected comparator municipalities, potentially limiting their ability to address these Council-identified priorities; (ii) have high levels of existing assigned responsibilities which in certain cases include new regulatory requirements (AODA, asset management planning under the *Infrastructure for Jobs and Prosperity Act, 2015*); and (iii) in the case of Legislative Services, the assignment of responsibilities that often fall to other departments in other municipalities (e.g. aspects of procurement, policy development). Accordingly, it appears that the attainment of these other priorities is also challenged due to staffing limitations.

C. Customer service, while identified as a priority by the Town, appears to require improvement

While the Town's strategic plan identifies improving customer service as a strategic priority (with responsibility assigned to all Departments), it currently does not have a dedicated customer service function (responsibility is currently assigned to Legislative Services) or a formal customer service strategy. In the absence of these elements, the Town does not have established standards for customer service (e.g. minimum times for responding to client inquiries, minimum satisfaction levels for survey responses), does not track or measure customer service experience and has not revised its processes, internal policies or job descriptions to enhance the importance of and focus on customer service. As a result, there appears to be a disconnect between the strategic importance placed by Council on customer service and the Town's operational focus on customer service.

In order to determine residents' satisfaction with the Town's delivery of service, the Town undertook an online survey, which obtained responses from 219 residents. We have included on the following page a summary of responses received.

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Key Observations and Findings

Accessing Town Services – Use of Channels

	In-Person	Telephone	Email	Social Media	Website	Mobile App	Other
During your last contact with the Town, what channel did you use?	19.9%	28.8%	31.5%	5.3%	12.3%	0.3%	2.0%
What is your preferred method of communication with the Town?	16.3%	29.0%	43.9%	0.5%	8.6%	0.9%	0.9%
Difference between actual and preferred contact channel	3.6%	0.2%	12.4%	4.8%	3.7%	0.6%	1.1%

The survey indicated a relative concentration of customer interactions in four main channels – in-person, telephone, email and the Town's website – which collectively accounted for over 90% of customer interactions. The Town appears to provide a balance of access that is consistent with customer preferences, although survey respondents appear to prefer a higher level of email interactions and a lower level of interactions through the Town's website and social media platforms, which could be reflective of (i) the ability to provide more tailored requests for services and/or information through a email as opposed to a web-based platform; and/or (ii) the perception that an email will result in a more timely or complete response from the Town. In response to the survey findings, the Town may wish to consider revisions to its web-based service channels, including the enhancement of existing channels to improve customer interface and the deployment of additional service offerings.

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Key Observations and Findings

Accessing Town Services – Customer Interactions

(not applicable responses excluded)	Strongly Agree	Agree	Total Agree	Disagree	Strongly Disagree
I found the information I was searching for easily	11.1%	54.0%	67.1%	23.2%	9.7%
I found it easy to know which Town department to contact about my inquiry	17.9%	53.6%	71.5%	23.7%	4.8%
During my contact with the Town, the response to my inquiry was prompt	20.7%	47.5%	68.2%	16.7%	15.2%
During my contact with the Town, staff displayed a positive, helpful and knowledgeable attitude	22.9%	53.1%	76.0%	15.1%	8.9%
During my contact with the Town, staff provided clear and concise information	23.2%	48.9%	72.1%	18.9%	8.9%

In the absence of a formal customer service strategy that outlines minimum thresholds for customer satisfaction, the results of the survey are admitted subject to interpretation. For the purpose of our report, however, we have considered a threshold of 80% to represent the expected level of customer service satisfaction. As noted above, while Town staff approach this threshold both in terms of their interactions with clients (76%) and the quality of the information provided (72%), there appear to be issues relating to the timeliness of responses (68%), which we believe reflects, at least in part, the absence of a formally defined service standard.

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Key Observations and Findings

Accessing Town Services – Effectiveness of the Town's Response

(not applicable responses excluded)	Once	Twice	More Than Twice	Issue Was Not Resolved
How many times did you contact the Town to get your issue resolved	51.0%	17.3%	13.3%	18.4%

(not applicable responses excluded)	Yes	No
In the end, did you get what you needed	64.0%	36.0%

While subject to interpretation, it appears that the Town is effective in resolving customer issues with limited interactions, with 68% of issues resolved within two customer interactions. It is important to recognize that certain municipal services involve a high degree of complexity or regulatory requirements, which can lead to either multiple interactions or longer timeframes for resolution. From an overall perspective, less than two-thirds of survey respondents felt that they received what they need from the Town through all interactions (e.g. direct client interactions, searches for information on the Town's website), which we suggest falls below the expectations of Council, staff and residents.

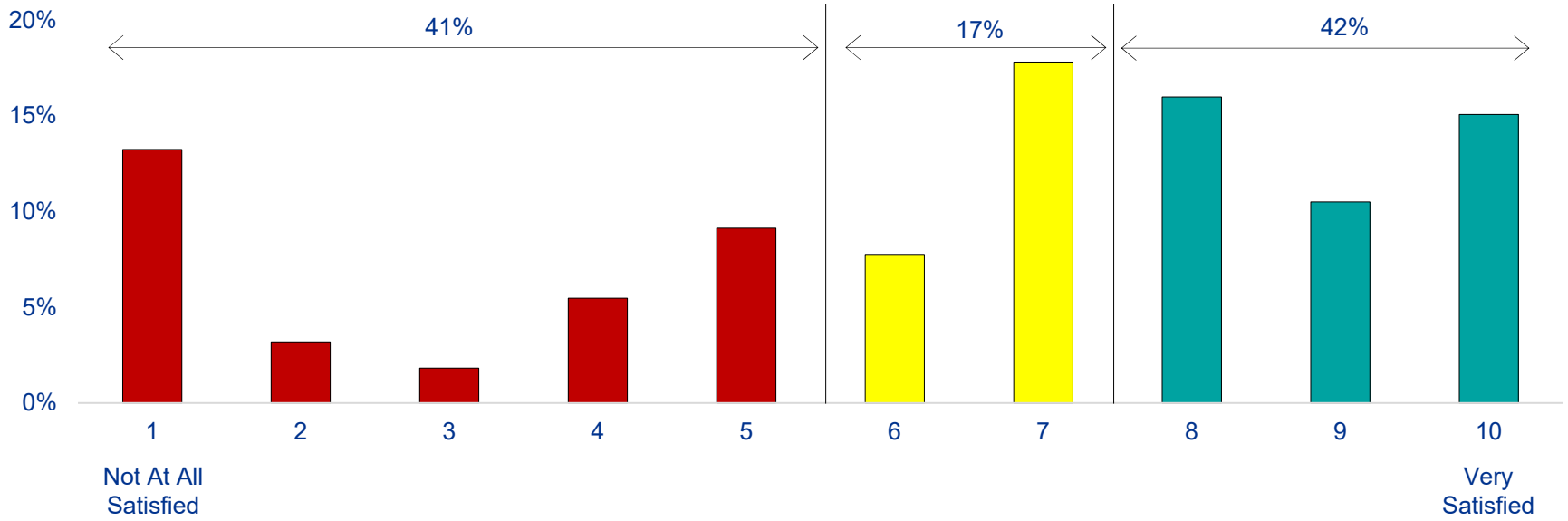
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Key Observations and Findings

Accessing Town Services – Overall Customer Satisfaction

How Satisfied Were You Overall With the Customer Service Provided by the Town?



As an overall measure of their satisfaction with the Town's customer service, respondents were asked to rate their experience on a scale of one to ten, with one indicating they were not at all satisfied and ten indicating they were very satisfied. As noted above, the percentage of respondents that indicated they were unsatisfied (five or less) is comparable to the percentage of respondents indicating a relatively high degree of customer satisfaction (eight or more).

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Key Observations and Findings

As noted earlier, the results of the customer service strategy are subject to interpretation given the absence of formal benchmarks for evaluating the Town's performance. At the same time, the ongoing pandemic has significantly impacted the delivery of most, if not all, municipal services and as such, the survey results may not necessarily be reflective of pre or post-pandemic performance. Notwithstanding these considerations, the results of the survey arguably demonstrate a need to focus on enhancing customer service. While this is consistent with the Town's strategic priorities, we suggest that its attainment is challenged by a number of constraints:

- The Town currently does not have a dedicated customer service function but rather has assigned responsibility to individual departments, potentially leading to a lack of focus or resources due to competing demands.
- The absence of a formal customer service strategy likely reflects, at least in part, the absence of capacity at the senior management level to develop such a strategy. Based on our analysis of other municipalities, we note that customer service is often delivered by (i) a dedicated manager of customer service; or (ii) Legislative Services. At the present time, the Town does not have an individual specifically tasked with customer service and the capacity of the Manager of Legislative Services to assume the development of a customer service strategy is limited due to the current assignment of responsibilities to this individual (Legislative Services, policy development, bylaw enforcement, certain elements associated with procurement).
- A key element of a customer service strategy is the incorporation of customer service responsibilities and expectations into employee job descriptions, along with the establishment of employee recognition programs and the consideration of customer service performance as part of annual performance reviews. We understand that none of these elements are being performed by the Town at the present time due to the limited availability of human resources personnel. As noted earlier in our report, the Town's HR function appears to have a lower level of staffing than selected comparator municipalities (see page 22), which we understand is exacerbated by the fact that the Town's human resources function provides support to Town-related entities, further diluting their capacity to implement personnel-related customer service excellence strategies.
- As noted in the 2019 service delivery review, a number of the Town's processes are characterized by operating inefficiencies, potentially leading to increased time for the delivery of municipal services and responding to customer requests. At the present time, the Town does not have a dedicated resource for continuous improvement activities, with individual departments responsible for addressing their own process inefficiencies. Given the absence of a coordinated approach – effective process improvement typically involves the operating department, human resources and information technology – and the existing demands on staff, the ability of the Town to address these inefficiencies is limited, resulting in a continuation of lower than expected customer service.

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Key Observations and Findings

D. Employee morale is an area of concern due to performance management gaps

In addition to surveying the perspectives of the Town's residents, the Review also considered the results of an internal survey of the Town's staff that was intended to gauge their views on the Town's performance with respect to a number of personnel matters, which in turn can be used to infer the general level of employee morale and engagement. Approximately 60% of the Town's full-time employee complement completed the survey, the results of which are summarized on the following page.

From an overall perspective, the employee survey appears to highlight a number of concerns relating to employee morale and engagement, particularly with respect to career advancement within the Town, training and development and employee recognition. These findings are consistent with identified limitations in the Town's current human resources function, including:

- The absence of a formal succession plan;
- The absence of a formal training strategy, including protocols for identifying staff training needs and monitoring the extent of training provided;
- The absence of a fulsome performance review process that links goal setting to strategic priorities and measures actual performance on a timely basis;
- Limited employee recognition programs, with 65% of survey respondents indicating that the Town does not do enough to recognize and reward staff; and
- The absence of a formal process to obtain staff input into continuous improvement, with staff evenly divided as to whether the Town is open to change.

As identified elsewhere in our report, the absence of these personnel management activities likely reflects the combined impacts of:

- Process inefficiencies within the Town's human resources function, specifically the absence of a formal HRIS which requires staff to accumulate information manually;
- The involvement of the Town's human resources personnel in the provision of services to other related entities, which we understand can require up to 20% of the Department's capacity; and
- Lower staffing levels in comparison to other municipalities.

As a consequence of low morale and engagement levels, as well as the absence of effective personnel management processes, the Town could potentially be exposed to higher staff turnover, service issues resulting from training gaps, morale impacts on operating effectiveness and customer service and the potential for unidentified or unaddressed performance issues.

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Key Observations and Findings

	Strongly Agree	Agree	Total Agree
I have the tools and resources I need to do my job well	14.3%	51.6%	65.9%
Most days, I see positive results because of my work	15.4%	60.4%	75.8%
My work is valued by this organization	14.3%	42.9%	57.2%
I receive the training I need to do my job well	20.0%	45.6%	65.6%
The amount of work I am expected to do is reasonable	12.1%	45.1%	57.2%
The people I work with take accountability and ownership for results	30.8%	44.0%	74.8%
The people I work with treat me with respect	35.2%	40.7%	75.9%
My coworkers and I openly talk about what needs to be done to be more effective	39.6%	40.7%	80.3%
My manager helps me understand how my work is important to the organization	20.2%	37.1%	57.3%
My manager is approachable and easy to talk to	34.8%	32.6%	67.4%
My manager creates a motivating and energizing workplace	13.5%	37.1%	50.6%
My manager sets high expectations for our team's performance	15.9%	40.9%	56.8%
This organization provides attractive opportunities for training and development	8.9%	27.8%	36.7%
My opinions are sought on issues that affect me and my job	9.0%	43.8%	52.8%
This organization cares about its employees	8.8%	33.0%	41.8%
There are opportunities for my own advancement in this organization	3.4%	25.8%	29.2%
I would recommend the Town of Cobourg as a great place to work	13.2%	41.8%	55.0%

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Key Observations and Findings

E. The Town faces risk exposures that, if materialized, can be significant

Our analysis of selected similar sized municipalities has identified certain internal functions/capacities that do not appear to be specifically resourced within the Town but rather undertaken through the assignment of responsibility to individual directors and managers. Specifically, we note that:

1. The Town does not have a centralized procurement function, instead relying on individual departments to undertake their own individual procurements and contract awards. While the Manager of Legislative Services has been assigned responsibility for aspects of a centralized procurement function, we understand that progress in these areas has been limited due to competing demands and responsibilities, including legislative services, AODA compliance, bylaw enforcement and policy development. As a result of the Town's decentralized procurement function, we understand that a number of best practices for procurement have not been adopted, including but not limited to:
    - Corporate-wide procurement documents, including standard terms and conditions for contract awards that ensure an appropriate transfer of risk from the Town to third-party service providers. While certain departments (e.g. Public Works) have standardized their procurement approaches, we understand this is not consistent across the Town, with the potential for so-called failed procurements that could result in (i) procurement improprieties, including secret commissions; (ii) increased costs due to the inadequate transfer of risk to third party suppliers and/or ambiguities in contract terms that result in cost escalations for out-of-scope work; (iii) reputational risk due to perceptions of unfair procurement by the Town.
    - Contract and agreement monitoring, including a process for tracking contract expiration dates, cost escalation provisions (e.g. annual increases in costs based on anniversary dates) and compliance with the Town's procurement policies (including whether contracts have actually been executed);
    - Compliance with legislation relating to procurement, including the Canadian Free Trade Agreement, the Comprehensive Economic and Trade Agreement and the Ontario-Quebec Trade and Cooperation Agreement; and
    - Spend analysis intended to support enhanced procurement efficiencies, including product standardization, inventory vs. purchased stock, supplier consolidation and use of alternative procurement methods.
2. The Town currently does not have a dedicated long-range planning function (e.g. Official Plan updates, CIP development, active transportation planning, adoption of planning standards to facilitate affordable housing development) but rather relies on Planning Department personnel to undertake long-range planning in addition to their processing of development applications. In anticipation of increased growth and development in the community as a result of the Growth Plan for the Greater Golden Horseshoe (2020), the ability of the Town to appropriate balance development applications with long-range planning is expected to be increasingly problematic in the short to mid-term future, with the risk of unintended consequences from a planning perspective (e.g. increased congestion, development sprawl, development that is inconsistent with the Town's development standards).

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Key Observations and Findings

3. The Town does not have a dedicated asset management function, with asset management responsibilities currently divided between its Finance and Engineering functions. In the absence of a coordinated approach, the potential exists for the delayed identification of significant capital investment/reinvestment requirements, limiting the timeframe for the Town to plan and efficiently finance capital costs. We understand that while the Town's Engineering function has the capability to undertake longer-term infrastructure planning, it is currently focused on the immediate delivery of capital projects as well as participating in the review and approval of development applications, limiting its capacity to perform broader infrastructure planning.
4. The Town lacks a dedicated capability for environmental and energy efficiency strategies and as a result, may be exposed to increased utility and operating costs, as well as higher environmental emissions, due to the absence of sufficient capacity to identify and implement energy efficiency and other conservation projects.
5. While the Town maintains a robust information technology capacity (including cybersecurity measures) through a combination of its internal staff and external service providers, we note that the level of staffing at the Town is significantly lower than the selected comparator municipalities. To a certain extent, we believe that the relatively low staffing levels may limit the Town's ability to implement necessary changes to its information technology environment in support of the realization of operating efficiencies and customer service improvements (e.g. introduction of a formal HRIS and customer relationship management system ("CRM"), digitization of manual processes, increased service offerings through remote delivery channels).

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Key Observations and Findings

F. The Town's current ways of working (policies, processes and decision-making forums) contribute towards its existing resource demands and pressures

While the results of our analysis indicate that the Town's staffing – both in terms of the number of employees and internal capabilities – is generally lower than comparable municipalities, the Town's current ways of working also contribute to the Town's resource demands and capacity pressures. **Accordingly, we do not believe that the Town's current challenges are due entirely to its staffing levels but are also the result of how existing staff are utilized and the inherent inefficiencies in the Town's processes.**

During the course of the 2020 Service Delivery Review, process maps were developed for a number of the Town's key processes (finance, building services, planning, parks and recreation, public works) that identified a number of process inefficiencies, including but not limited to duplicate work efforts, the reliance on manual as opposed to automated processes, staff undertaking work with limited value (e.g. overly complex processes). In addition to these findings, the Review has identified additional issues with respect to the Town's ways of working that increase demands on staff and reduce the overall efficiency of its operations:

- The Town currently does not have a formal HRIS, requiring human resources personnel to manually accumulate information relating to employee seniority, time banks and other personnel-related data. The use of management-level personnel for data accumulate reflects the inefficient use of staff and diverts capacity away from higher impact activities, including succession planning, training strategies, employee recognition programs and performance management.
- A number of similar sized municipalities have adopted Delegation of Authority Bylaws pursuant to Section 270(1) of the *Municipal Act, 2001*, which allow council to delegate decision-making authority for routine or lower risk decisions (e.g. execute minor site plan or subdivision agreement amendments, sign minutes of settlement for matters before the assessment review board or Local Planning Appeal Tribunal, grant authority to approve minor fee and service charge rebates), which eliminates the need for staff reports to Council. We note that the Town has not adopted a delegation of authority bylaw and as a result, relatively routine and minor matters are still required to be brought to Council.
- Under the Town's Procurement Bylaw, Directors and the CAO have the authority to approve purchases up to $5,000 and $50,000 in value, respectively, with procurements in excess of $50,000 requiring Council approval. We note that this level of delegated authority is significantly lower than selected comparator municipalities which allow for a higher level of approvals. For example, the Town of Midland allows directors to approve certain procurements up to $100,000, with the CAO authorized to approval procurements over $100,000 except where (i) statute prescribes Council's approval; (ii) the procurement is made under an exemption from the bylaw (e.g. non-competitive procurement); (iii) the budget has not been approved for the procurement; (iv) increased funding from a reserve fund is required; or (v) change orders exceed $50,000. The current authorities for procurement approvals, including the requirement for Council to approval all procurements (as opposed to specific circumstances), significantly increases the time and effort required for procurement approvals.

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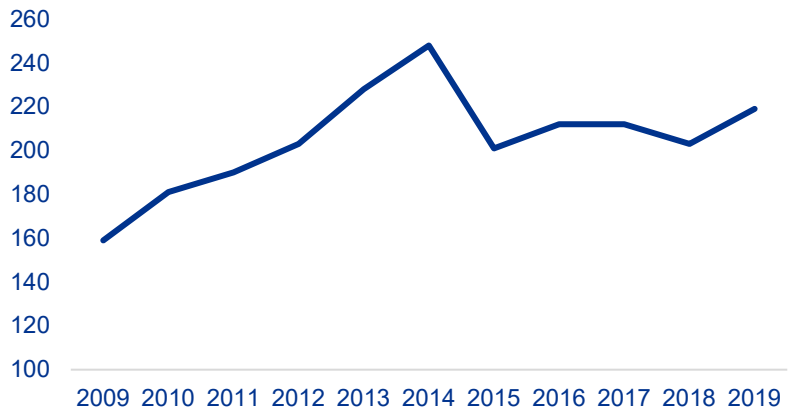
Key Observations and Findings

G. In light of anticipated future growth, resource demands and pressures are expected to increase in the near to mid-term future

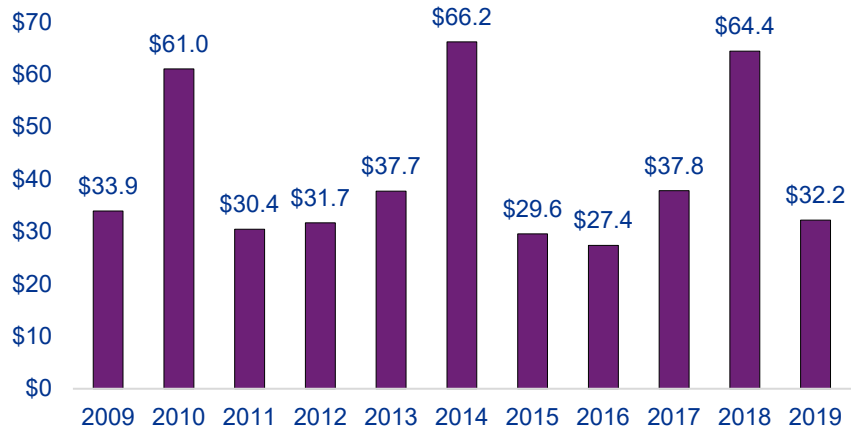
Under the Growth Plan for the Greater Golden Horseshoe, Northumberland County in general and the Town in particular are expected to experience significant population growth in the next 15 years. While the Official Plan for Northumberland County is currently in the process of being updated, we note that the original projections anticipate that the Town's population will increase to more than 26,000 by 2034, with almost 3,100 new housing units forecasted to be constructed. We understand that the anticipated increase in development has already begun to materialize, with 40 active development applications currently in various stages of the planning and development approvals process, representing more than 3,500 dwelling units and almost 500,000 square feet of non-residential development.

As noted below, the historical level of the Town's development activity has remained relatively consistent over the past decade, the level of anticipated development is expected to create additional demands on the Town's planning and building services functions, with the likely outcome being either (i) a need for additional resources to meet the requirements and service level standards of legislation and the development community; or (ii) the acceptance of service level reductions, either in the form of increased time for the approval of applications or reduced diligence and inspections on applications and construction.

Number of Building Permits Issued



Value of Building Permits (in millions)



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Key Observations and Findings

While the impact of future growth will likely be most felt by the Town's planning and building services functions, it is reasonable to assume that the anticipated development will also increase demand on other functional area including but not limited to (i) infrastructure planning for the Town's road network and other infrastructure in order to accommodate the higher population and usage levels; (ii) transit planning in the event that the increase in population results in increased demand for transit services, route alternatives and on-demand transit; (iii) bylaw enforcement due to increase pressures on parking; and (iv) planning for additional strategies to encourage the development of affordable housing, including the use of tax incentive grants (either though a community improvement plan or municipal capital facility agreements) and provisions under the Planning Act that can support affordable housing development.

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Town of Cobourg

Potential Courses of Action



Potential Courses of Action

Based on the results of the Review, it appears that the Town's operations are significantly challenged and constrained by operating inefficiencies, the absence of strategic-level activities (e.g. long-range planning, corporate-wide performance monitoring), concerns over customer service and employee morale and potential exposures arising from insufficient focus and response to risk factors. From a root cause perspective, the analysis indicates that the current situation is due to a combination of:

- Lower levels of staffing in certain key areas and capacities; and
- The general inefficiency of the Town's ways of working (including its processes, policies and decision-making forums), which increases the time required to complete tasks, impacts the level of customer service provided by the Town and diverts staff from higher impact strategic activities to more administrative and operational functions.

In response to the findings of the Review, we have developed potential courses of action that can be considered by the Town in order to ensure the effective and efficient delivery of municipal services that meets the expected level of customer service excellence, appropriately addresses key risk exposures and contributes towards an engaged workforce. These courses of action, which are summarized on the following pages, are divided into the following categories:

- Staffing adjustments that are intended to (i) balance resources with demand; (ii) appropriately address risk exposures; and/or (iii) provide capacity to implement operational changes.
- Organizational realignment to contribute towards enhanced service delivery and corporate-wide strategies.
- Changes to the Town's policy environment to right-size its decision-making processes.
- Changes to the Town's operating processes and ways of working.

These strategies are discussed in further detail on the following pages.

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Staffing Adjustments

In response to the identified risks and pressures facing the Town, we have identified upwards of 13 employee additions that can be considered by the Town, to be funded through a combination of user fees, financial savings and taxation. As summarized below, these employee additions are intended to either:

- Support strategic initiatives, including continuous improvement and customer service excellence
- Respond to growth pressures that are emerging and increasing demand for municipal services
- Enhance the Town's ability to identify, manage and respond to significant risk areas and corporate requirements.

Suggested job descriptions for each position have been provided under separate cover to the Town.

Employee Addition	Basis for Course of Action
Manager of the Office of the CAO	This position is a dedicated resource that would assume administrative and operational tasks from the CAO, as well as act as the CAO's delegate in certain instances, in order to provide increased capacity for the CAO to focus on strategic-level initiatives, executing Council's direction, partnership development and team development. The results of the service delivery and operational review identified significant pressures and time demands for the CAO that have required the focus on administrative issues (e.g. report writing) as opposed to higher value strategic items (the absence of progress on certain elements of the Town's strategic plan demonstrates this situation). Additional demands on the CAO's capacity also result from (i) the need for the CAO to assist Directors with their own responsibilities (which reflect capacity constraints on the part of Directors); and (ii) the emergence of high profile issues that require the immediate attention of the CAO create, further limiting the capacity of the CAO to achieve progress on strategic initiatives.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Manager of Transformation Initiatives	This is a dedicated resource responsible for leading the Town's initiatives relating to (i) customer service; (ii) continuous improvement; and (iii) performance measurement and reporting. This will ensure adoption of best practices for transformation activities and contribute towards a corporate-wide focus on strategic initiatives (as opposed to the delegation of responsibility to individual departments). At the present time, responsibility for these key priorities rests with the CAO and the Directors, resulting in the absence of a centralized approach and the limited focus given competing demands. In addition, the establishment and execution of continuous improvement and customer service strategies is optimized where specific technical expertise (e.g. LEAN greenbelt training) and past experience are available. The Town currently does not have the requisite skills or capacity to undertake these initiatives within the organization without significantly disrupting other aspects of its operations, resulting in the recommendation to create a new position. The establishment of this position is also intended to increase the scope of application of these strategies as the Manager of Transformation Initiatives is able to work directly with Directors and has CAO-level support, as opposed to relying on personnel within a specific department that may not receive the same level of cooperation and support within the organization.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Program Support Financial Analyst	The Town currently employs a financial analyst that provides support within the Finance Department for financial analysis and planning and reporting. While Directors and Managers within the Town's functional areas are responsible for the management of their budgets and the investigation of variances (and are provided with access to relevant financial information), the organizational review has identified a general need for increased financial support to functional departments. As opposed to assisting the Finance Department, the Program Support Financial Analyst would act as a resource for functional units, assisting with the development of budgets, the analysis of budget variances throughout the year, financial analysis relating to business cases for new initiatives, financial reporting associated with grants and the development and reporting of financial indicators. The use of program support financial analysts has been adopted by other municipalities as a means of elevating financial oversight and accountability and supplementing the level of financial support available to functional managers.
Building inspector/Plans examiner	As noted earlier in our report, the Town is experiencing a significant increase in development, with a corresponding increase in planning and building permit applications. For example, there are currently 3,500 housing units at various stages of the planning application and approval process. While the current level of resources has been sufficient to address the demands of the development community (200 to 250 residential permits per year) while at the same time meeting the expectations of the development community, the level of anticipated building permit activity is expected to require either (1) an increase in capacity to receive, review and approve building permit applications and conduct the subsequent inspections; or (2) reduce service level standards for the development community. The addition of this position is intended to ensure that the Town can continue to meet the service level expectations of the development community while at the same time protecting future property owners by ensuring compliance with the Ontario Building Code.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Manager of Long Range Planning	The Town currently maintains a consolidated planning function, with no delineation between development application approvals and long range planning. Long range planning is a necessary requirement for accommodating growth, ensuring congruence between long range planning and the Town's priorities from a planning perspective (e.g. intensification, use of employment lands) and utilizing planning tools to achieve the Council's strategic priorities and address public policy issues (e.g. use of incentives and other tools under the Planning Act to support affordable housing development). In the absence of a dedicated long range planning position, the Town is required to rely other either (1) existing staff, recognizing that they have limited capacity due to the need to focus on development application review and approvals; and/or (2) external advisors. As noted earlier in our report, the Town incurred over $220,000 in contract costs for planning related activities (sustainability master plan, official plan and zoning bylaw update, heritage and economic development planning) at a higher cost than internal resources. The addition of a Manager of Long Range Planning is intended to ensure an appropriate focus on long range planning without the need to divert resources from planning application approvals.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Grant Writer/Policy Writer	Currently, responsibility for grant writing rests with the individual functional departments, who are required to identify and respond to grants in addition to their other duties. As such, capacity for the investigation and pursuit of new revenues is limited by other demands on Town staff, potentially resulting in instances of missed revenues. At the same time, the development and updating of corporate policies rests with the Manager of Legislative Services, with involvement from Council, the CAO and functional managers. The current process involves a high degree of staff involvement and requires a shift in existing capacity from other functions, which may not be sufficient based on the other demands on the Manager of Legislative Services and functional managers. At the same time, gaps in the Town's policy environment exposes it to potential risks from a reputational and regulatory perspective, which may ultimately result in legal exposure and financial costs. The addition of a grant and policy writer is intended to enhance the Town's ability to secure funding for specific initiatives (both operating and capital), while also allowing for dedicated appropriate resources for policy development and updating. The position is structured as a dual-role responsibility (grants and policy) given the expectation that the level of work associated with the individual elements is not sufficient to support a full-time position.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Manager of Infrastructure Planning	Consistent with its planning function, the Town's current approach to infrastructure management does not delineate between the delivery of capital projects (e.g. procurement, contract administration, commissioning) and longer term infrastructure planning. The organizational review identified the fact that the Town's engineering resources are predominantly focused on capital project delivery, with long term planning delivered on ad hoc basis. Additionally, the Town has limited capacity to undertake other infrastructure planning that is focused on key priorities, including environmental sustainability initiatives, active transportation planning, transit planning. The Town also lacks a formalized asset management planning function, which not only limits its capacity to conduct long term capital planning and forecasting but also challenges its ability to meet the asset management planning requirements of the Infrastructure for Jobs and Prosperity Fund, which requires asset management plans for core infrastructure by July 1, 2022 and non-core infrastructure by July 1, 2024. The establishment of the Manager of Infrastructure Planning is intended to ensure that the Town has dedicated resources to undertake effective planning for the renewal and replacement of its infrastructure, as well as replace the use of consultants for infrastructure related planning. In addition, the Manager of Infrastructure Planning provides capacity to plan for key environmental, social and governance priorities, including environmental sustainability, active transportation and public transit optimization.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Infrastructure Planning Analyst	The position of Infrastructure Planning Analyst is intended to provide technical support to the Manager of Infrastructure Planning. While the Manager of Infrastructure Planning develops strategies and plans for the renewal of the Town's infrastructure and initiatives focused on sustainability, active transportation and other priority areas of focus, the Infrastructure Planning Analyst undertakes technical research, data analysis, legislative and best practices investigation and creates supporting models for asset management planning, capital forecasting and other planning activities. The addition of the position of Infrastructure Planning Analyst is intended to ensure sufficient capacity for asset management and other long term infrastructure planning while ensuring that the Manager of Infrastructure Planning has the capacity to focus on the development of strategy, policy and financing plans, as opposed to becoming involved in lower level data collection and analysis.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Manager of Procurement	The Town currently lacks a standardized procurement function and as such is exposed to a range of potential risks, including but not limited to (1) the inability to obtain sufficient risk transfer to service providers due to the absence of sufficient provisions in contract agreements; (2) criticism of the Town's procurement processes due to complaints raised by proponents with respect to the fairness of the Town's processes; (3) potential contravention of legislation relating to procurement, most notably the Canada Free Trade Agreement, the Comprehensive Economic and Trade Agreement and the Ontario-Quebec Trade and Cooperation Agreement; (4) potential violations of its procurement policy, including the inappropriate lack of competitive bidding processes and unaddressed conflict of interest situations; (5) higher purchasing costs due to the lack of best practices, poor timing of procurement decisions, lack of clearly defined project terms and scope of work and failing to implement best practices for municipal procurements. The establishment of a Manager of Procurement is intended to address potential risk areas faced by Town with respect to its procurement function, while at the same time ensuring consistency in procurement and compliance with the Town's procurement by-law, alleviating demands on functional managers by centralizing aspects of the procurement function and adjusting the Town's procurement processes to reflect best practices for municipal procurements.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Information Technology Analyst	Currently, the Town's information technology group consists of one employee, with external support for cybersecurity protection and other information technology needs. While the current resources appropriately address cybersecurity and other risks, as well as ensure the day-to-day maintenance of the Town's systems, we understand that additional capacity to assist with technology implementations in support of operating efficiencies (e.g. e-Permitting system, HRIS, CRM) are limited, thereby constraining the ability to realize operating efficiencies through the use of technology. Additionally, we note that the Town budgeted $40,000 for an information technology strategic plan in 2021, which could potentially have been undertaken with internal resources had sufficient capacity been available. The addition of an Information Technology Analyst position is intended to provide the Town with sufficient capacity to support operating efficiencies through the implementation of new technologies, enhance customer service by increasing access to municipal services through its website and other electronic platforms and support the ongoing adoption of remote/hybrid working models resulting from the pandemic. The position is also intended to provide capacity to meet the demands of internal customers, particularly given that the Town only employs one in-house information technology staff member.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Human Resource Analyst	As noted earlier in our report, the Town's human resources function, while having staffing levels that are comparable with or lower than similar sized municipalities, is required to provide services to a range of related parties, resulting in an estimated increase in workload of 20%. At the same time, the Town's current systems and absence of a formal HRIS increase the level of work required for data collection and analysis and other administrative functions, further increasing workload demands. As a result, key performance management tasks, including but not limited to effective performance management, training strategies and employee recognition are not fully executed, with resultant impacts on employee morale and performance. The addition of a Human Resource Analyst is intended to provide sufficient capacity to meet the administrative needs of the Town's Human Resources function, allowing the Manager of Human Resources to focus on strategic-level initiatives (e.g. succession planning, training strategy, performance monitoring, training strategy, performance monitoring). This is intended to result in improved employee morale (resulting in enhanced customer service and improved operating efficiency), reduced turnover (resulting in lower costs associated with recruitment and onboarding), improvement management of overtime, sick leave and other absences (reducing personnel costs) and increasing the ability of the Town to identify and address issues surrounding employee performance.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Manager of Economic Development	While the Town has identified a number of action items in its strategic plan related to economic development, it currently does not have a Manager of Economic Development, with responsibility for economic development falling to the CAO. Given the current demands on the CAO, there is limited capacity for the leadership of economic development activities, resulting in a number of the identified action items remaining incomplete. At the same time, other aspects of economic development, including the potential use of financial incentives, are either not pursued or are investigated on an ad hoc basis, with limited direction provided to current staff assigned to economic development activities. The addition of a Manager of Economic Development is intended to contribute to the achievement of Council's strategic priorities with respect to economic development, in turn strengthening the local economy, ensuring the future development and the use of employment lands is aligned with the Town's economic development strategy and implementing best practices and proven strategies for economic development.

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Staffing Adjustments

Employee Addition	Basis for Course of Action
Manager of By-Law Enforcement	The Manager of By-Law Enforcement is a proposed position that would coordinate all aspects of the Town's by-law enforcement activities, providing a consistent approach to by-law enforcement and ensuring sufficient resources and oversight to address specific areas of concern as well as develop an approach that reflects the Town's role as a tourism destination. Currently, by-law enforcement falls under the direction of the Manager of Legislative Services and is impacted by limited capacity due to other responsibilities and demands. The establishment of a specific position for By-Law enforcement would provide the Town with the requisite experience in municipal law enforcement and allow for the development of policies and procedures that incorporate best practices and ensures an appropriate response to by-law infractions and threats to public health and safety. The hiring of a Manager of By-Law Enforcement is consistent with the Town's strategic plan, which identified a requirement for this position.

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Organizational Realignment

In conjunction with the addition of the identified employees, the Town may also with to undertake an organizational realignment to ensure that resources are appropriately focused on strategic priorities and the potential issues facing the Town. As part of this organizational realignment, the Town may wish to consider:

1. **Establishing the Office of the CAO** as a new department within the Town's organizational structure, which would include (i) the Manager of the Office of the CAO; (ii) the Town's communications function; and (iv) the economic development function.
2. **Delineate the Town's Planning functions** into two separate sections:
   - Development Approvals, which is responsible for the processing of development applications; and
   - Long-Range Planning, which is responsible for Official Plan updates, CIP development and administration and other planning initiatives.
3. **Delineate the Town's Engineering function** into two sections:
   - Capital Project Management, which is responsible for the design and delivery of capital infrastructure projects; and
   - Infrastructure Planning, which is responsible for infrastructure planning in response to projected growth in the community, legislative requirements for asset management planning, transit planning and environmental and energy initiatives.
4. **Structure Legislative Services as a standalone department** to ensure regulatory and legislative input at the executive leadership team level and provide a direct line of reporting to the CAO. Legislative Services represents a key municipal service and most (but not all) similar sized municipalities have organizational structures that have a direct line of reporting between Legislative Services and Corporate Services. In addition, the current practice and assignment of responsibilities to the Manager of Legislative Services is consistent with Director-level allocations. Both of these considerations support the separation of Legislative Services into a separate department.

   In establishing the Department of Legislative Services, the Town may wish to consider the following adjustments to its organizational structure:
   - Transferring responsibility for Purchasing to Corporate Services upon the recruitment of a Manager of Procurement;
   - Transferring responsibility for Emergency Management from Fire Services to Legislative Services, which allows for the consideration of emergency and risk management issues into policy development and reflects the legislative nature of emergency management services;
   - Transferring responsibility for by-law enforcement services currently undertaken by Building Services to Legislative Services, providing a single approach to by-law enforcement and leveraging the capacity and experience of the Manager of By-Law Enforcement; and
   - Embedding the Manager of Transformation Initiatives in Legislative Services, aligning customer service with the Town's policy development function;

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Organizational Realignment

- Embedding the Grant and Policy Writer in Legislative Services, reflecting the role of Legislative Services in updating existing and developing new policies and supporting by-laws; and
- Establishing the Accessibility and Inclusiveness Coordinator as a full-time position. Currently established as a contract employee, the Accessibility and Inclusiveness Coordinator has assisted with the advancement of policy development, training and other initiatives relating to accessibility, inclusiveness, diversity and equity, including contributing towards compliance with the Accessibility for Ontarians with Disability Act ("AODA"). Given the continued requirement for compliance with AODA and the increased focus on ESG (environmental, social and corporate governance) and inclusiveness of members of the BIPOC community, the Town may wish to consider establishing the Coordinator of Accessibility and Inclusiveness as a full-time position. The cost of this position is already included in the 2021 budget and as such, does not require an increase in 2022 (other than regular salary adjustments in line with the Town's pay grid).

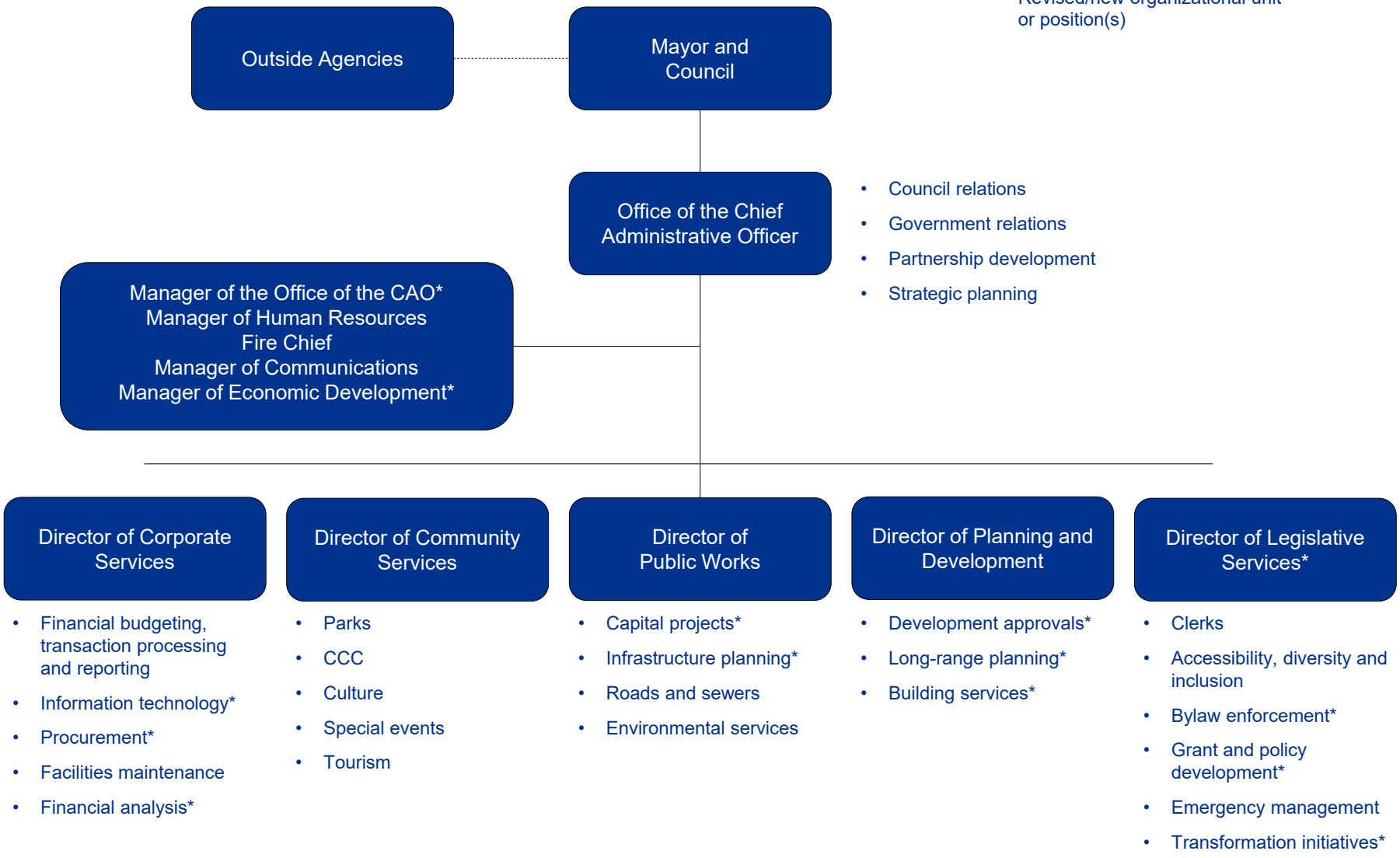
A depiction of the proposed organizational structure following the proposed staffing additions and organizational realignments is provided on the following page.

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Organizational Realignment

* Revised/new organizational unit or position(s)



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Operational and Governance Changes

As noted in our report, a number of aspects of the Town's ways for working are contributing towards the capacity issues and constraints facing the Town. While the proposed additions to the Town's staffing are intended to address these issues, changes to the Town's internal processes and policies are also required to fully resolve the Town's challenges and further the attainment of its strategic priorities. Specific courses of action that could be considered by the Town with respect to its internal ways of working include the following:

1. The Town may wish to consider the adoption of a delegation of authority bylaw, which will provide authority to staff for routine and low-risk decisions, reducing the time and level of work required by staff and Council.
2. The Town may wish to revise its procurement policy to provide for (1) increased approval levels for directors that reflect the scale of the Town's overall budget; (2) an exception-based approach for Council procurement approvals that identifies the need for Council approval based on specific circumstances as opposed to the quantum of the procurement; and (3) the ability for the Town to participate in shared procurement opportunities and other best practices for procurement (e.g. rostering of consultants).
3. With the addition of a Grant and Policy Writer, the Town may wish to discontinue its current approach to policy development, which involves biweekly meetings with the CAO, Manager of Legislative Services and members of Council, in favour of a more streamlined approach that differentiates between operational policies that do not require Council approval vs. policies that require Council approach and includes Council and the CAO at appropriate points in the policy development process.
4. The Town may wish to consider submitting applications under the Municipal Modernization Fund for funding to assist with the implementation of opportunities for operating efficiencies, which could include:
    - The development of a customer service strategy that addresses, at a minimum:
        - The establishment of minimum customer service level strategies and mechanisms for the collection, analysis and reporting of performance data
        - Strategies for developing an internal culture that places an appropriate focus and importance on customer service
        - Establishing alternative service delivery channels that respond to changing customer preferences, facilitates access to municipal services and responds to and builds upon changes from the current pandemic
        - Identifying information technology requirements in support of customer service excellence and other operational changes intended to streamline processes so as to enhance customer service
    - The development of needs assessments/business cases for key technology enablers, including but not limited to HRIS, ePermitting, CRM systems and web-based applications
    - Implementation assistance for the development of a mechanism for KPI's as a means of enhancing the Town's level of transparency and accountability (design, data collection, reporting)

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Operational and Governance Changes

5. The Town may wish to reevaluate the current use of the Council Coordinator role for governance in favour of a committee structure. The current Council Coordinator role, while providing the Coordinator with a detailed understanding of the municipal services within their portfolio, has been cited by some members of Council and staff as increasing the level of work required with respect to staff-council interactions, as well as contributing towards potential morale issues for Town staff. We note that the use of a Council Coordinator structure does not appear to reflect best/common practice for Ontario municipalities, which we understand generally involves the appointment of Council members to standing committees.

   To the extent that the Town wishes to undertake an analysis of its governance structure and the relative merits of the coordinator and committee structures, we suggest that this be deferred until the term of the new Council following the 2022 elections.

6. The Town may wish to develop an action plan for the implementation of process changes in response to the findings from the 2020 Service Delivery Review, with a particular focus on opportunities that are relatively easy to implement without the need for extensive time commitments by staff and/or investments in information technology. Funding for implementation activities could be available through the Municipal Modernization Fund, with 65% of third-party implementation costs available for funding.

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Financial Analysis

A. Business Case Analysis

The suggested additions to staffing levels, as well as the proposed realignment of the Town's organizational structure, are expected to result in an increase in the Town's salary costs of $1,100,000, with an additional $330,000 in associated benefit costs. For certain positions, some or all of the associated costs can be funded through user fees as opposed to the municipal levy, with the estimated levy requirement amounting to $1,040,000.

Full-Cost Recovery Through User Fees	Partial Cost Recovery Through User Fees	No Cost Recovery Through User Fees
• Building Inspector/Plans Examiner • Grant and Policy Writer • Manager of Bylaw Enforcement	• Manager of Long-Range Planning • Manager of Infrastructure Planning	• Infrastructure Planning Analyst • Manager of Procurement • Manager of the Office of the CAO • Manager of Transformation Initiatives • Information Technology Analyst • Human Resources Analyst • Program Support Financial Analyst • Manager of Economic Development
Estimated wages and benefits - $300,000 Estimated levy requirement - $nil	Estimated wages and benefits - $245,000 Estimated levy requirement - $155,000	Estimated wages and benefits - $885,000 Estimated levy requirement - $885,000

The addition of the suggested positions is expected to provide direct financial benefits to the Town in the form of both cost avoidance, cost reductions, and new revenue sources, examples of which include the following:

- As noted earlier in our report, the Town's 2021 budget include costs for a variety of initiatives, studies and plans that could be performed using internal resources (i.e. suggested new positions), providing a direct cost savings to the Town. While contingent on the nature of the work performed and future initiatives, we suggest that the new positions could potentially have reduced contracted services by as much as $278,000, as follows:

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Financial Analysis

Contracted Service	Budgeted Cost (2021)	Potential Savings Assuming Different Levels of Internal Work		
		Low (25%)	Medium (50%)	High (75%)
Sustainability Master Plan	$131,000	**$32,750**	**$65,500**	**$98,250**
Development Charges Study	$40,000	$10,000	$20,000	$30,000
Information Technology Strategic Plan	$40,000	$10,000	$20,000	$30,000
Official Plan Update	$40,000	$10,000	$20,000	$30,000
Heritage Conservation District Plan	$40,000	$10,000	$20,000	$30,000
User Fee Review	$35,000	$8,750	$17,500	$26,250
Zoning By-Law Update	$30,000	$7,500	$15,000	$22,500
Asset Management Plan	$15,000	$3,750	$7,500	$11,250
Total	$371,000	$92,750	$185,500	$278,250

We suggest that the Town's recent addition of an Accessibility and Diversity Coordinator has resulted in a positive financial benefit to the Town as the wages and benefits for that position is significantly lower than the cost of obtain a similar level of service from external advisors.

- The addition of a Grant and Policy Writer could potentially increase the level of grant support obtained from the Province under programs such as OCIF (90% grant funding for eligible capital projects up to $2 million), asset management planning grants through FCM ($50,000) and funding under the Municipal Modernization Program, a four-year, $125 million program that provides funding for third party reviews and implementation. In our experience, municipalities of comparable size to Cobourg have received as much as $100,000 per project under the program.

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Financial Analysis

- As noted earlier in our report, a number of the suggested positions are intended to enhance the Town's operating efficiencies, with the expectation of financial benefits from direct cost savings and increased capacity that can be redirected towards other areas of focus. For example:
  - The addition of an Information Technology Analyst is intended to provide capacity to support the implementation of an ePermitting system for building permits. We understand that other municipalities that have implemented ePermitting systems have experienced significant reductions (i.e. approaching 100%) in printing, paper, courier and other costs relating to the use of hard copy documentation, while the time required to process building permit applications has decreased by 50%. Based on the Town's 2021 budget, this would translate into operating cost savings of up to $1,600 per year and a capacity gain of $75,000 (equal to 25% of the budgeted staffing costs for building services).
  - The addition of the Manager of Transformation Initiatives is intended to realize financial benefits (cost savings and capacity gains) through the implementation of a continuous improvement program and associated efficiency gains in the Town's various processes. Process mapping undertaken during the service review identified a high degree of reliance on paper documentation and manual service delivery, indicating a corresponding high potential for operating efficiencies. While the benefits of a continuous improvement program will vary based on the nature of the service under review and the specifics of the Town's processes, an analysis of published results for similar other continuous improvement projects indicates that savings could be as high as 2% to 5% of operating costs.

Analysis	Source	Estimated Cost Savings
Cost and Savings of Six Sigma Programs: An Empirical Study	Quality Management Journal	1.7%
City of Kawartha Lakes LEAN Six Sigma Project Analysis	KPMG Analysis	1.9%
Six Sigma Costs and Savings	iSixSigma	1.2% to 4.5%
Is LEAN Worth the Investment?	Thomas Publishing	>5% (31% of respondents) 3% to 4% (36% of respondents) <2% (19%)

Based on the City's reported operating costs of approximately $27 million (excludes police, water and library services), this would equate to an estimated financial benefit of $540,000 to $1,350,000 annually.

- Certain of the suggested positions identified during our review are intended to address areas of potential risk faced by the Town and as such, provide the opportunity for the avoidance of potential costs, non-compliance with Provincial legislation or regulation, potential litigation and reputational impacts.

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Financial Analysis

Ultimately, the decision as to whether to proceed with the suggested courses of action, as well as the approach to financing strategies, rests with Council. In order to assist Council with the evaluation of potential options for financing, we make the following comments and observations:

- In certain instances, the suggested additional staff are intended to address potential financial, litigation and reputational risk exposures faced by the Town and as such, could be viewed in the context of the cost of not addressing these risks.
- We understand that the Town's 2021 budget considered an increase in the total municipal levy of approximately $107,000 (0.4%) and if viewed over a two-year period (2021 and 2022), the average rate of increase in the Town's levy over the last two years is calculated to be 1.8% per year (exclusive of other budgetary pressures).
- While the identified additions of new positions are proposed for the Town's 2022 fiscal year, the potential does exist to defer recruitment of some of the positions to either later in 2022 or into the 2023 fiscal year, allowing the Town to spread the cost of these additions over two fiscal years.

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Town of Cobourg

Appendix A Current Organizational Structure

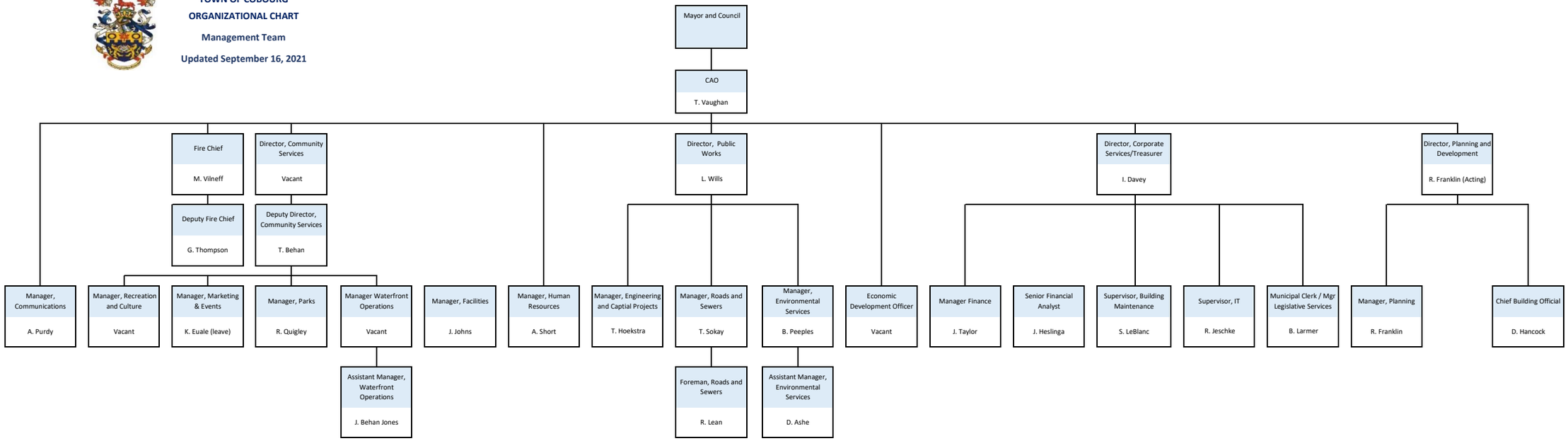


TOWN OF COBOURG

ORGANIZATIONAL CHART

Management Team

Updated September 16, 2021

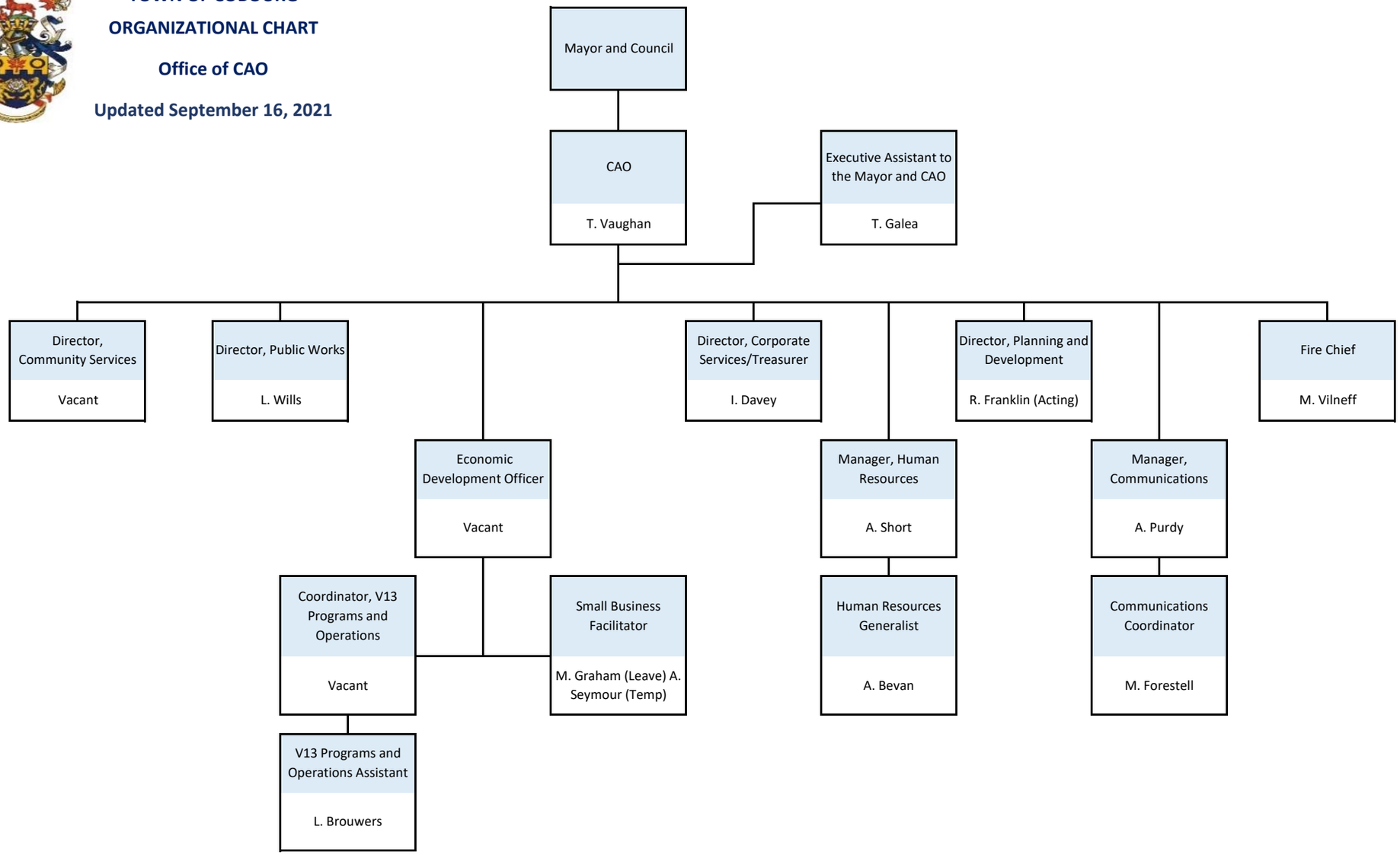


TOWN OF COBOURG

ORGANIZATIONAL CHART

Office of CAO

Updated September 16, 2021

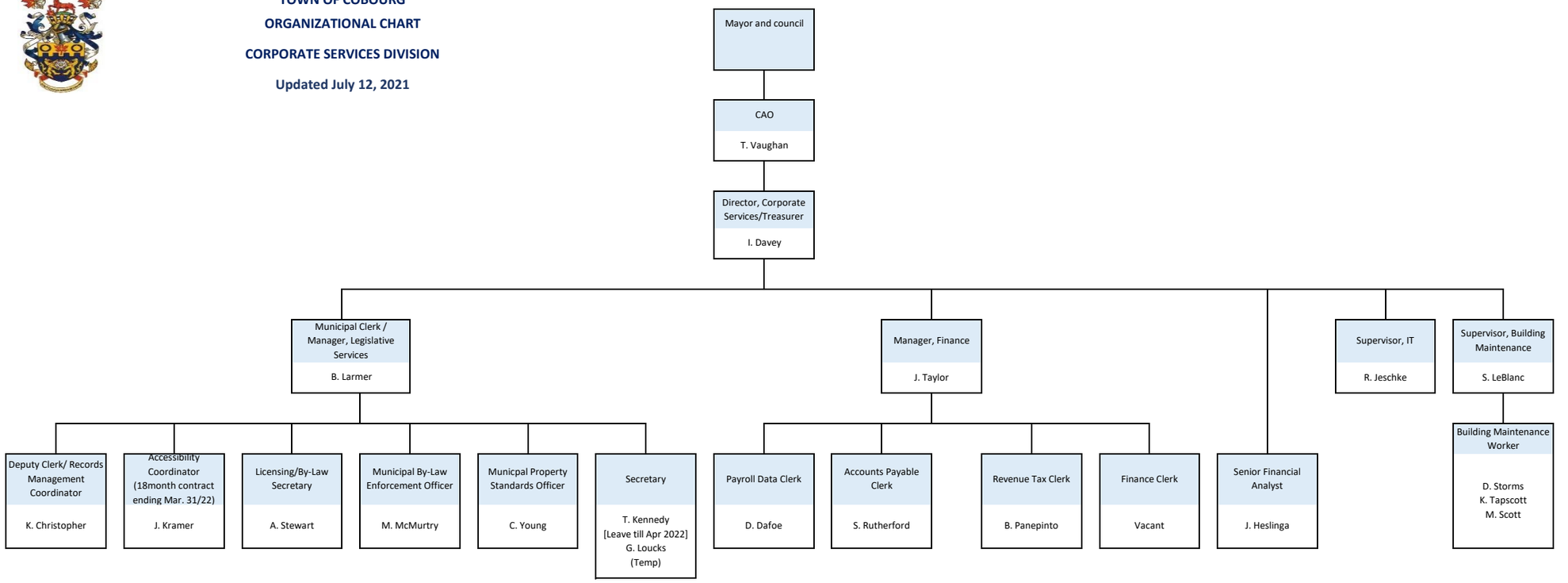


TOWN OF COBOURG

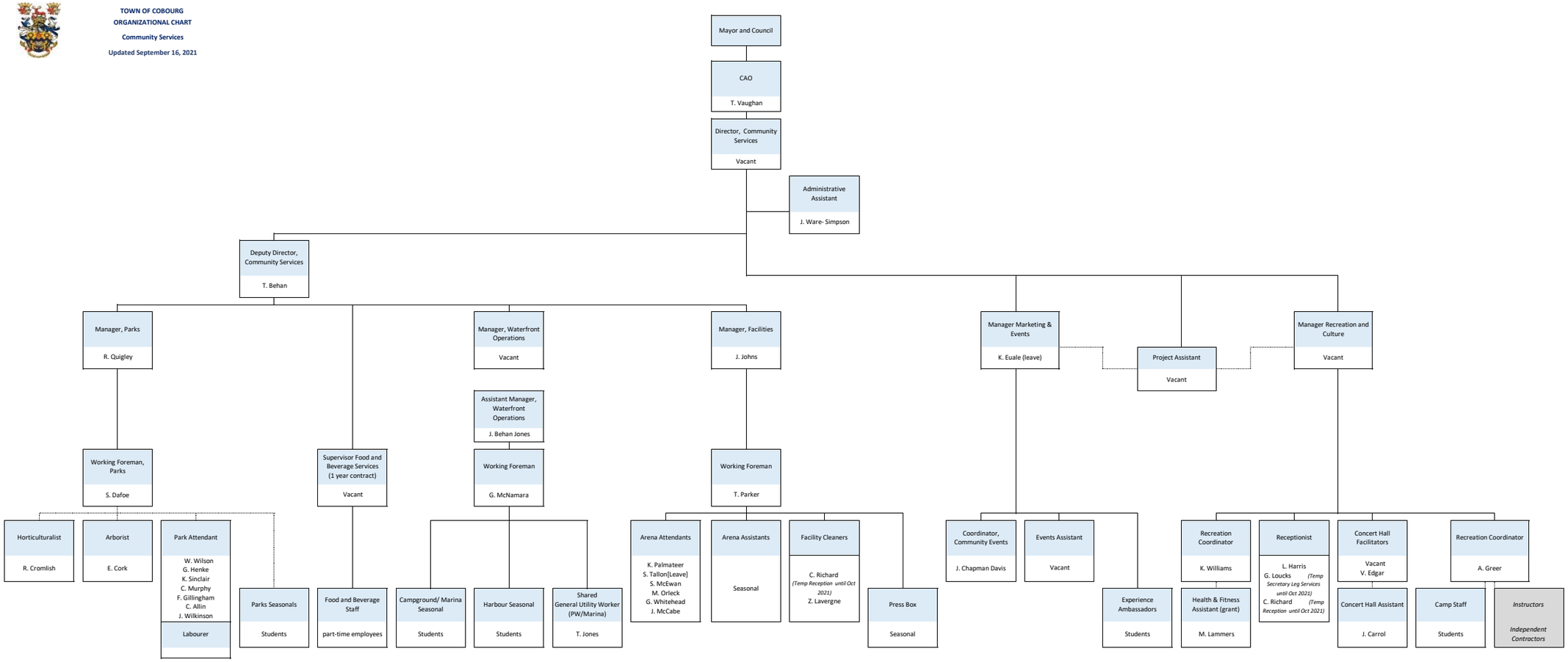
ORGANIZATIONAL CHART

CORPORATE SERVICES DIVISION

Updated July 12, 2021



TOWN OF COBOURG
ORGANIZATIONAL CHART
Community Services
Updated September 16, 2021

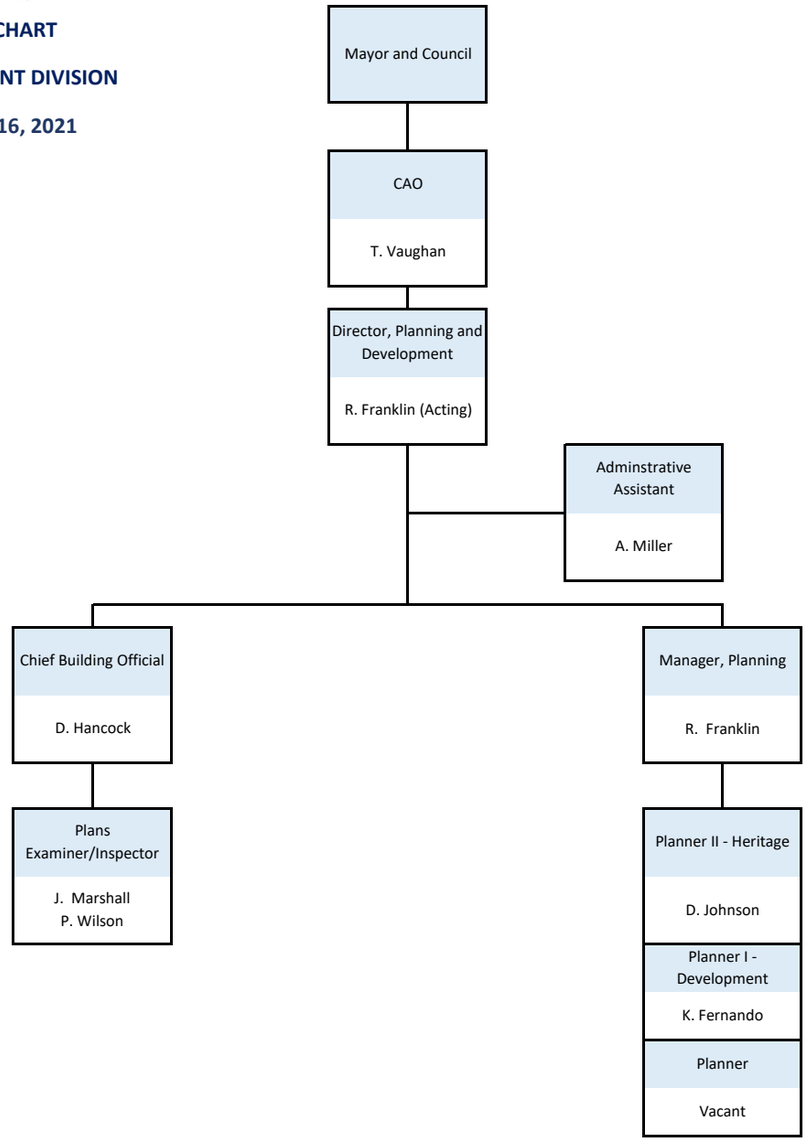


TOWN OF COBOURG

ORGANIZATIONAL CHART

PLANNING & DEVELOPMENT DIVISION

Updated September 16, 2021

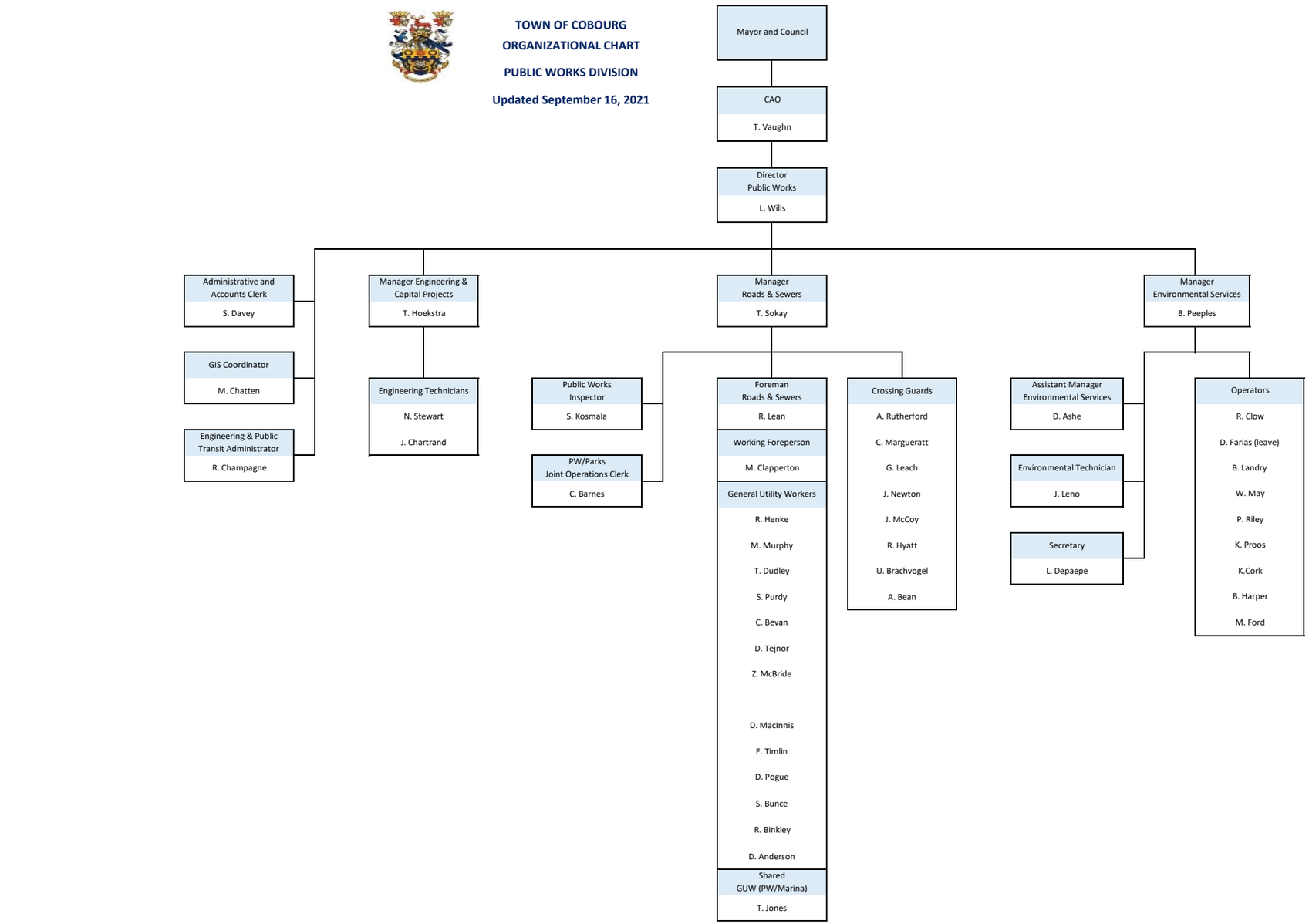


TOWN OF COBOURG

ORGANIZATIONAL CHART

PUBLIC WORKS DIVISION

Updated September 16, 2021



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Town of Cobourg

Appendix B Comparative Analysis



CORPORATION OF THE TOWN OF COBOURG

Full-Time Staffing Comparative Analysis

Municipality	Population	Geographic Area (in km^2)	Full-Time Staff (2019)						Total Full-Time Staff (2011)	Increase in Full-Time Staffing (2011 to 2019)		Total Wages and Benefits			Ranking (1 - Highest, 28 Lowest)			
			Administration	Public Works	Parks and Recreation	Planning	Other	Total		Positions	Percentage	2011	2019	Average Annual Change	Total Full-Time Staff (2019)	Increase in Full-Time Staff (2011 to 2019)	Total Wages and Benefits (2019)	Increase in Wages and Benefits (2011 to 2019)
Cobourg	**19,440**	**22.36**	**27**	**20**	**36**	**8**	**16**	**107**	**93**	**14**	**15%**	8,136,617	12,078,462	**5.1%**	**6**	**10**	**7**	**8**
Amherstburg	21,936	185.61	35	33	9	3	-	80	61	19	31%	6,607,349	9,946,186	5.2%	**14**	**4**	**11**	**7**
Brockville	21,346	20.85	26	57	13	3	19	118	119	(1)	(1%)	11,687,506	14,335,163	2.6%	**3**	**26**	**2**	**27**
Collingwood	21,793	33.78	30	57	26	8	10	131	123	8	7%	12,084,074	17,015,159	4.4%	**1**	**19**	**1**	**15**
Essa	21,083	280.03	13	13	7	6	1	40	40	-	0%	3,278,870	4,178,194	3.1%	**27**	**25**	**28**	**24**
Essex	20,427	277.97	28	59	-	1	-	88	53	35	66%	6,369,164	9,051,313	4.5%	**10**	**1**	**14**	**14**
Huntsville	19,816	710.01	33	26	18	7	8	92	78	14	18%	8,001,290	10,534,742	3.5%	**8**	**10**	**10**	**22**
Kingsville	21,552	246.83	20	17	8	2	7	54	45	9	20%	4,307,609	6,354,223	5.0%	**24**	**18**	**24**	**10**
Loyalist	16,971	341.02	21	60	20	7	20	128	101	27	27%	8,357,223	12,273,737	4.9%	**2**	**2**	**6**	**11**
Middlesex Centre	17,262	588.11	9	37	15	-	4	65	46	19	41%	3,889,726	6,238,595	6.1%	**19**	**4**	**25**	**3**
Midland	16,864	35.34	24	37	23	2	2	87	90	(3)	(3%)	8,512,558	9,642,611	1.6%	**11**	**27**	**12**	**28**
Niagara-On-The-Lake	17,511	132.81	3	30	15	10	27	85	78	7	9%	7,979,926	11,177,975	4.3%	**12**	**20**	**8**	**16**
North Grenville	16,451	352.18	14	25	14	10	1	64	57	7	12%	4,894,105	7,230,488	5.0%	**20**	**20**	**19**	**9**
Oro-Medonte	21,036	587.08	19	35	8	8	11	81	67	14	21%	5,824,749	9,156,162	5.8%	**13**	**10**	**13**	**4**
Owen Sound	21,341	24.27	54	34	18	5	-	111	117	(6)	(5%)	10,673,408	13,551,493	3.0%	**4**	**28**	**3**	**25**
Pelham	17,110	126.43	8	19	21	3	15	66	48	18	38%	5,068,940	7,793,474	5.5%	**17**	**6**	**17**	**6**
Petawawa	17,187	166.69	8	9	12	3	3	35	30	5	17%	3,886,489	5,703,990	4.9%	**28**	**23**	**26**	**12**
Port Colborne	18,306	121.96	31	35	25	11	2	104	94	10	11%	9,515,741	12,596,392	3.6%	**7**	**17**	**4**	**21**
Port Hope	16,753	278.87	24	39	17	5	6	91	76	15	20%	7,998,912	11,070,837	4.1%	**9**	**8**	**9**	**19**
Russell	16,520	199.11	16	26	10	4	11	67	51	17	33%	5,198,980	8,338,857	6.1%	**16**	**7**	**15**	**2**
Scugog	21,617	474.71	17	23	14	5	2	61	54	7	13%	5,509,275	7,653,040	4.2%	**23**	**20**	**18**	**18**
South Frontenac	18,646	971.56	9	34	1	2	5	51	37	14	38%	2,949,816	4,839,983	6.4%	**25**	**10**	**27**	**1**
Springwater	19,059	536.28	24	22	14	6		66	51	15	29%	5,065,853	7,069,249	4.3%	**17**	**8**	**21**	**17**
Strathroy-Caradoc	20,867	270.77	15	22	16	5	4	62	50	12	24%	5,293,171	6,566,902	2.7%	**21**	**14**	**23**	**26**
Thorold	18,801	82.99	21	27	10	5	10	72	61	11	18%	6,195,296	8,246,836	3.6%	**15**	**15**	**16**	**20**
Uxbridge	21,176	420.95	3	17	10	1	17	48	47	1	2%	5,474,857	7,004,266	3.1%	**26**	**24**	**22**	**23**
Wasaga Beach	20,675	58.64	28	45	17	8	12	110	86	24	28%	8,019,979	12,352,531	5.5%	**5**	**3**	**5**	**5**
Wilmot	20,545	263.78	15	17	22	7	1	62	51	11	22%	4,904,587	7,188,316	4.9%	**21**	**15**	**20**	**13**

Communities with geographic areas less than 75 square kilometres are highlighted in yellow.

Source - Statistics Canada census data and Municipal Financial Information Returns.

Staffing and personnel cost information excludes fire and police services.



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