Do you want Surgery with a Scalpel? Or a Chainsaw?

**Effectively applying
Asset Management Principles
to survive budget reductions**

LADDERUP
Consulting Ltd.

Today

Why Scalpel or Chainsaw?

Fiscal Prognostications

Why Is This So Complicated?

Apply a Framework

Now What?

LadderUp
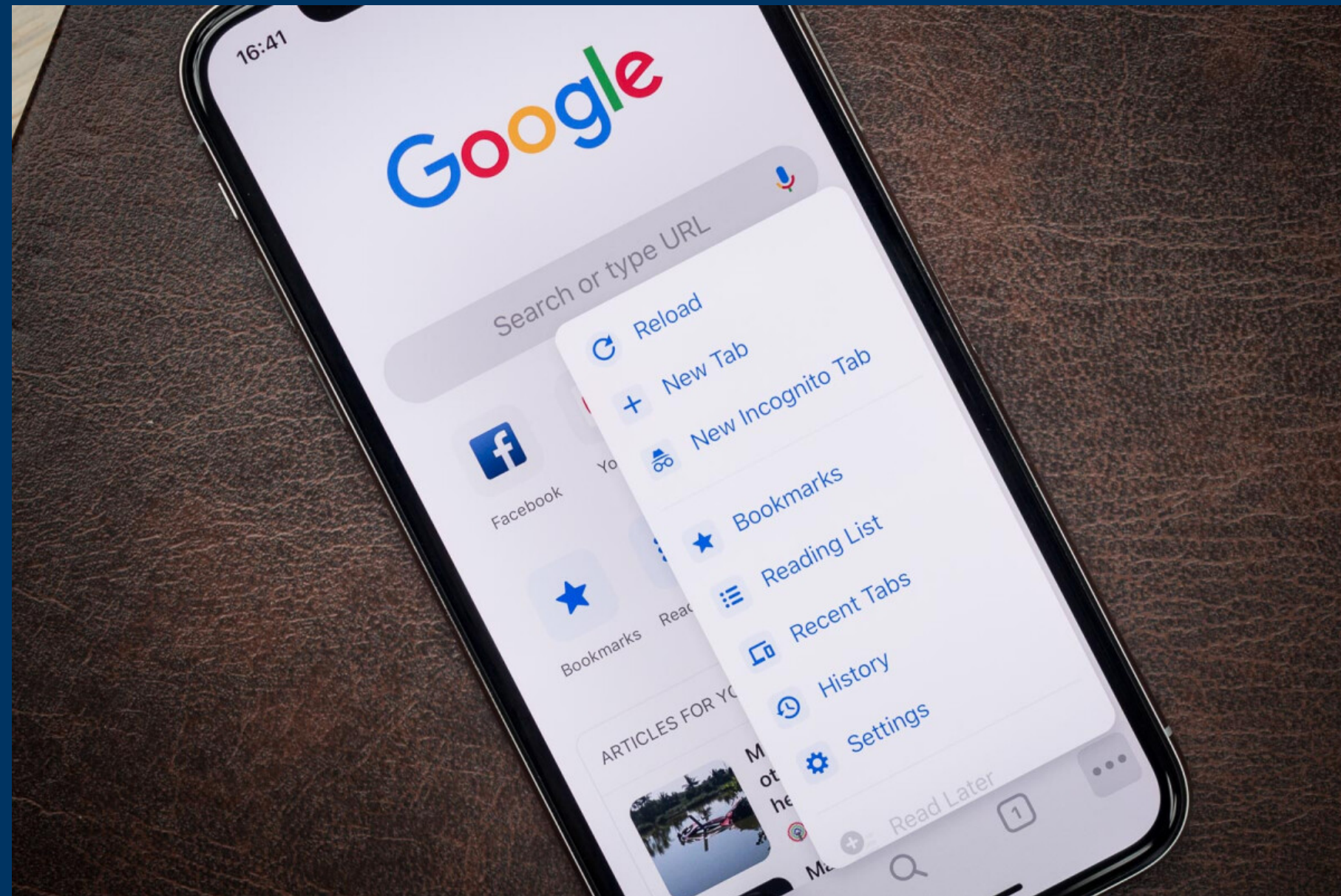Consulting Ltd.

Audience Participation!

Your input is valuable!

www.pollev.com/dorianluc

**Most active commenter will receive
a $25 Gift Certificate**

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Audience Participation!

**Question:
What Municipality
or Organization
do you work for?**

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Fiscal Prognostications

Fiscal Prognostications

Report and Recommendations
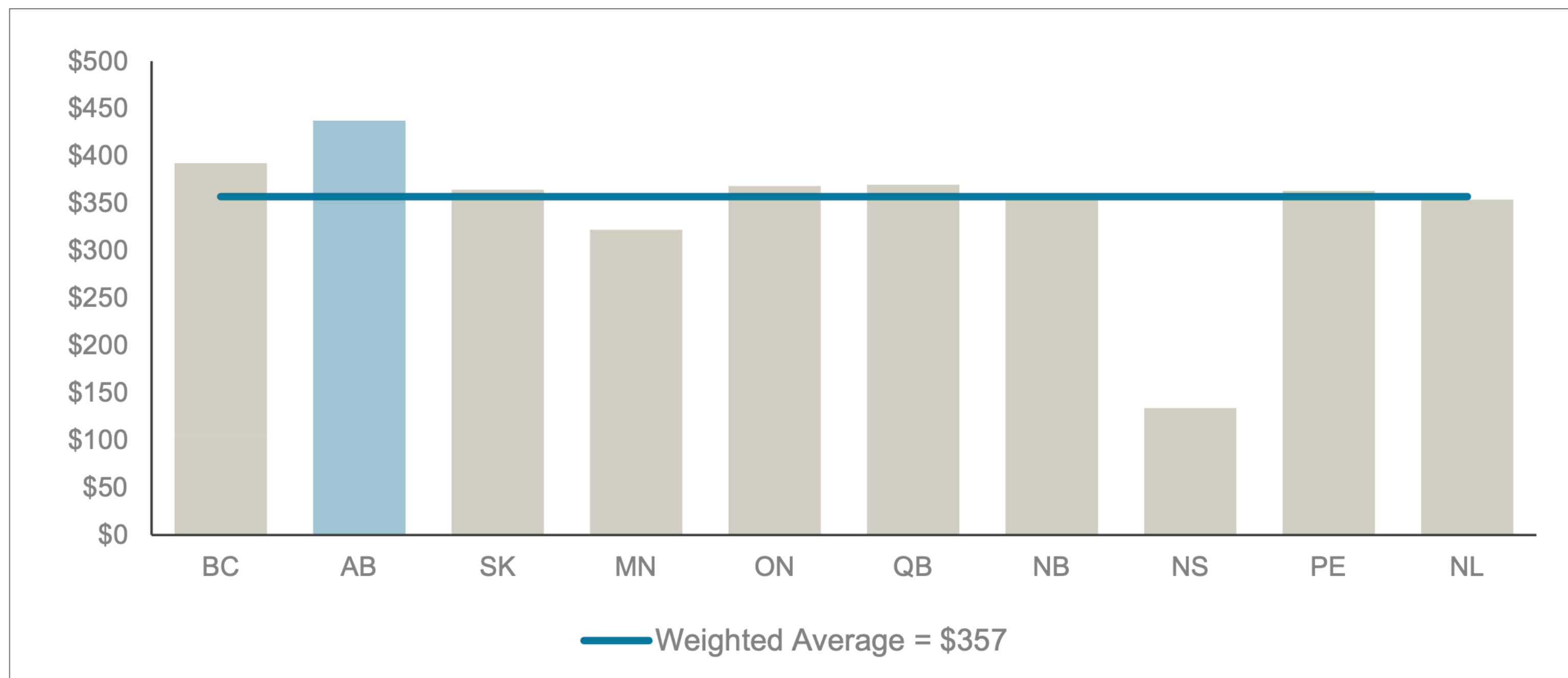
Blue Ribbon Panel on Alberta's Finances

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Fiscal Prognostications

✓Health

✓Education

✓Capital Spending

➡Municipalities

✓ Program Reviews

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Fiscal Prognostications

FIGURE 26: ALBERTA'S CAPITAL GRANTS TO MUNICIPALITIES HIGHER THAN OTHER PROVINCES (2018/19)[11]

Weighted Average = $357

Source: Provincial Territorial (Municipal) Officials Committee, Alberta Treasury Board and Finance and Alberta Municipal Affairs Calculations.

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Fiscal Prognostications

FIGURE 27: MUNICIPALITIES' REVENUE GROWTH EXCEEDS REVENUE GROWTH FOR THE PROVINCE (2007 TO 2017)
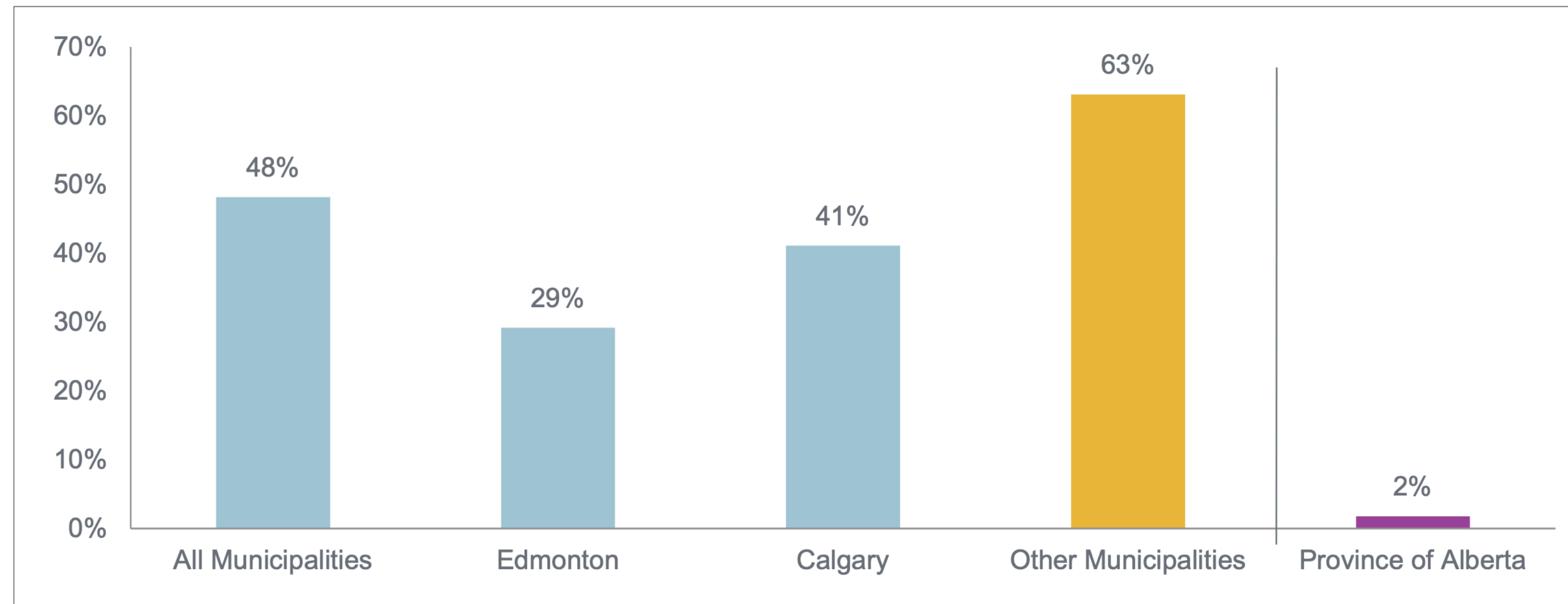
Note: 2007 (2017) refers to a calendar year for municipalities and to the 2007-08 (2017-18) fiscal year for the Province

Source: Alberta Municipal Affairs Population list, Municipal Financial & Statistical Data, Alberta's budget documents, Statistics Canada

Fiscal Prognostications

The Panel found that government net capital stock per capita, both provincial and municipal, has been consistently above the 10-province average, especially in the last decade . In 2017, the provincial government's net capital stock per capita was 19% above the 10-province average ***and the municipal governments' stock was 81% above the average,*** bringing the combined provincial-municipal measure to 44% above the national average .

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Fiscal Prognostications

Recommendation 15: Examine capital funding to municipalities with the goals of:

• **aligning funding to provincial priorities**; municipalities to share more in the costs of major projects;

• bringing Alberta's provincial **and municipal per capita capital stock** in line with the comparator provinces;

• establishing accountability mechanisms and performance measures to **monitor the delivery of municipal programs and services** and value for money spent, so citizens have the ability to constructively evaluate their local government and their use of tax dollars; and

• making **better use of federal infrastructure funding, though the Investing in Canada Infrastructure Program (ICIP)** as a means of more effectively managing the costs of the Capital Plan.
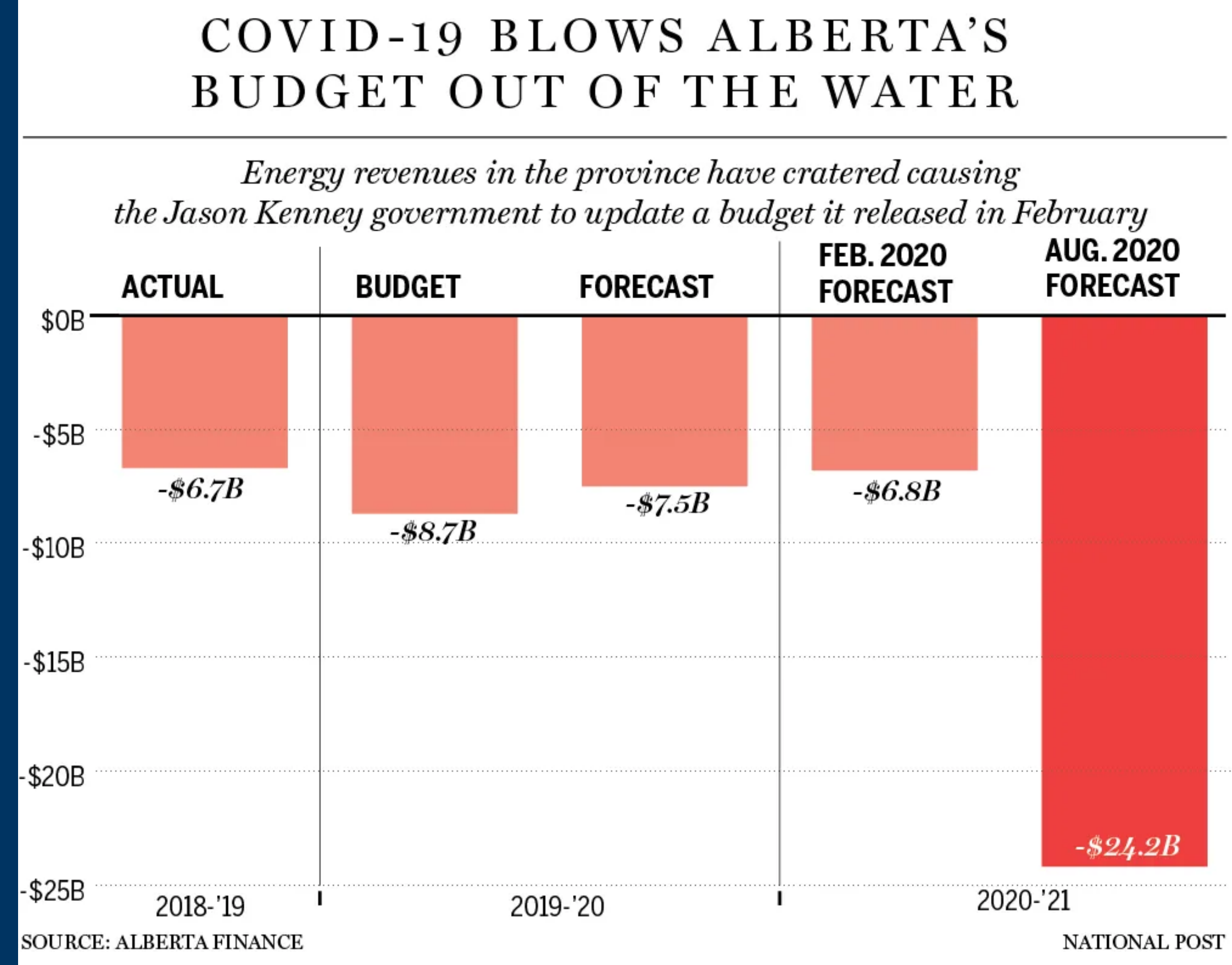
LadderUp
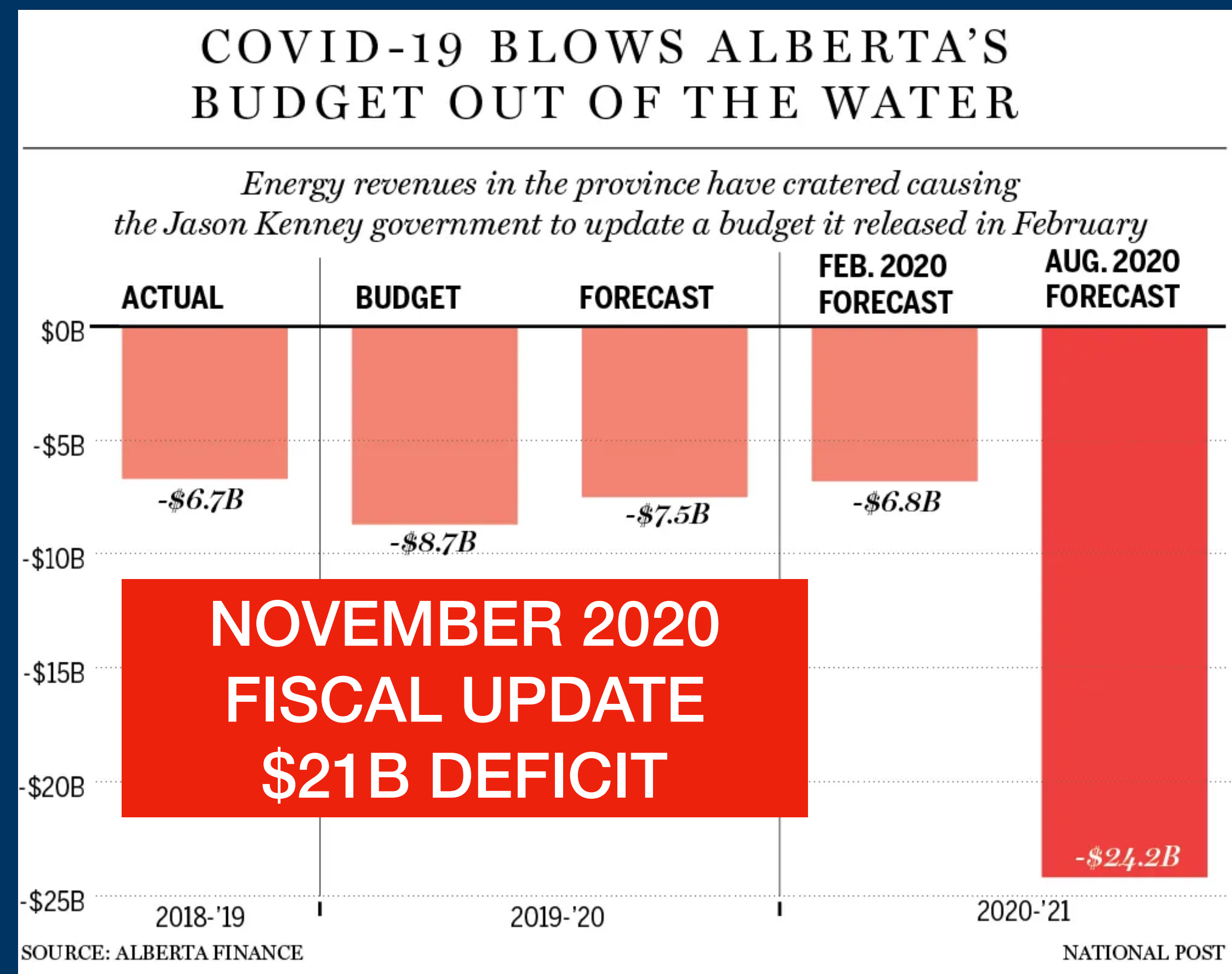Consulting Ltd.

Fiscal Prognostications

Municipalities - So Far

✓ Grants in Place of Taxes

✓ Linear Assessments (almost)

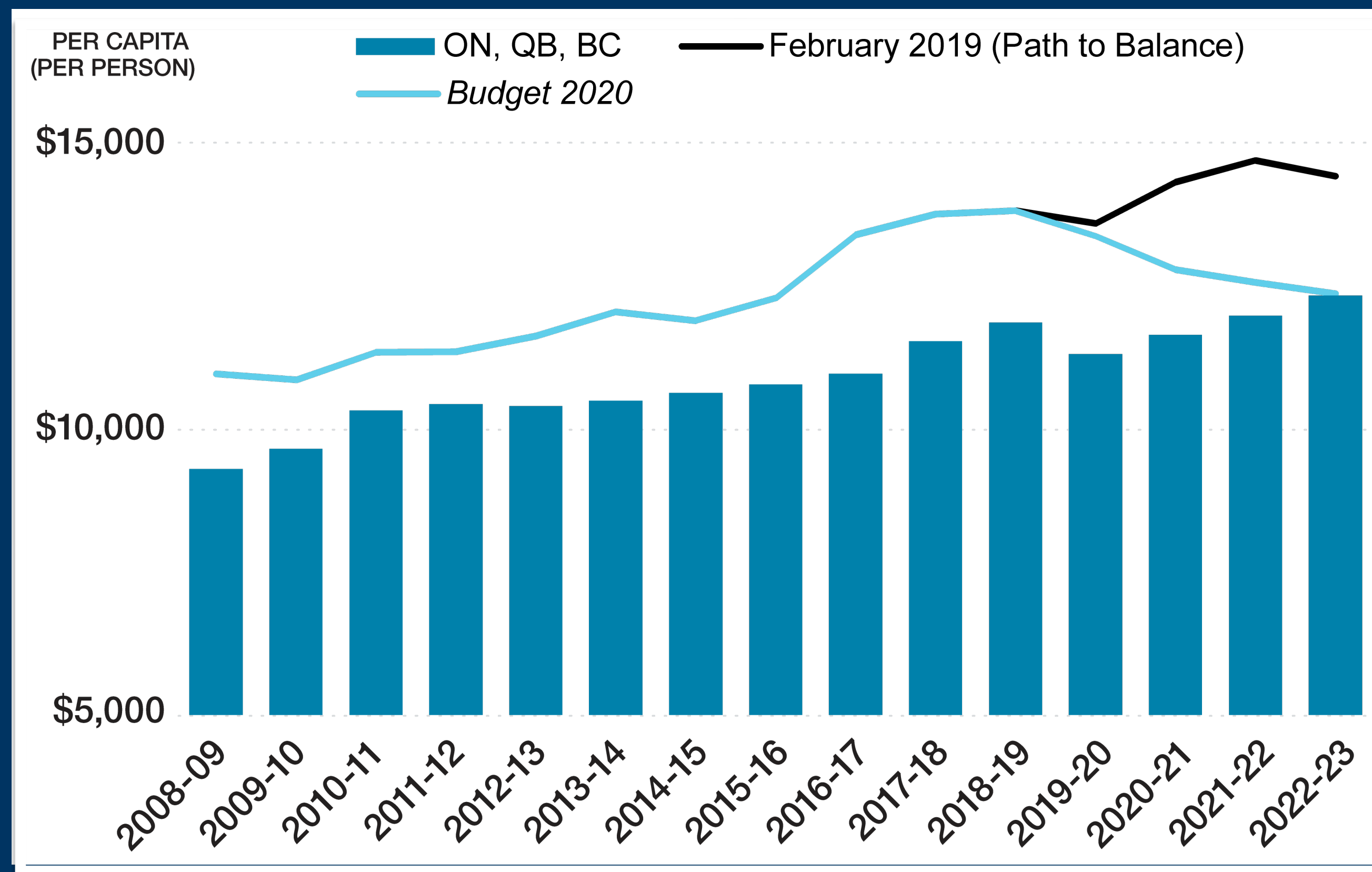✓ Local Government Fiscal Framework
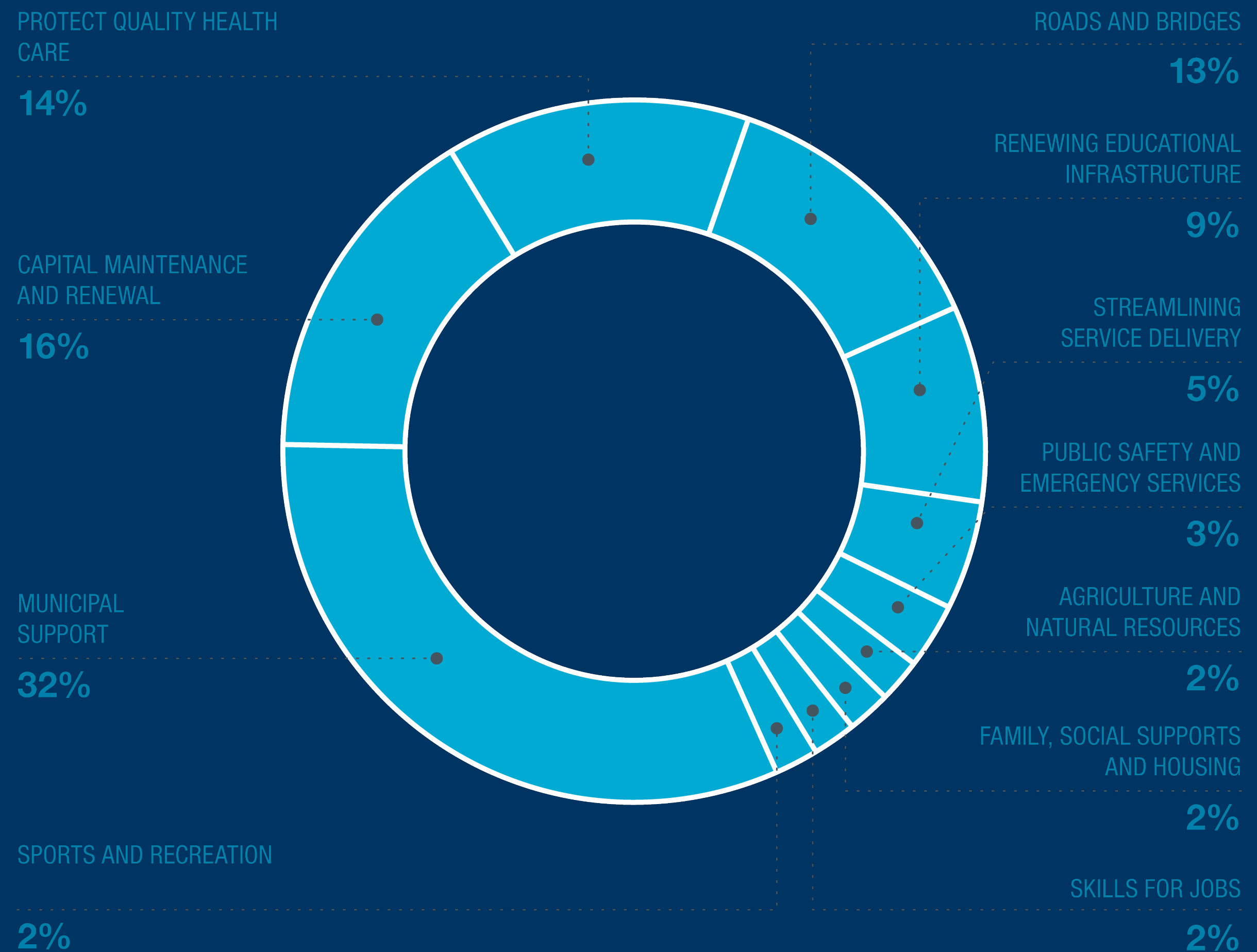
✓ MSP & Red Tape Reduction

➡ COVID-19

*Ladder**Up***
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Fiscal Prognostications

COVID-19 BLOWS ALBERTA'S BUDGET OUT OF THE WATER

Energy revenues in the province have cratered causing the Jason Kenney government to update a budget it released in February

ACTUAL	BUDGET	FORECAST	FEB. 2020 FORECAST	AUG. 2020 FORECAST
-$6.7B	-$8.7B	-$7.5B	-$6.8B	-$24.2B
2018-'19		2019-'20		2020-'21

SOURCE: ALBERTA FINANCE

NATIONAL POST

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Fiscal Prognostications

COVID-19 BLOWS ALBERTA'S BUDGET OUT OF THE WATER

Energy revenues in the province have cratered causing the Jason Kenney government to update a budget it released in February

ACTUAL	BUDGET	FORECAST	FEB. 2020 FORECAST	AUG. 2020 FORECAST
-$6.7B	-$8.7B	-$7.5B	-$6.8B	-$24.2B

| | 2018-'19 | 2019-'20 | 2020-'21 |

$0B
-$5B
-$10B
-$15B
-$20B
-$25B

NOVEMBER 2020 FISCAL UPDATE $21B DEFICIT

SOURCE: ALBERTA FINANCE

NATIONAL POST

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Fiscal Prognostications

PROTECT QUALITY HEALTH CARE

14%

CAPITAL MAINTENANCE AND RENEWAL

16%

MUNICIPAL SUPPORT

32%

SPORTS AND RECREATION

2%

ROADS AND BRIDGES

13%

RENEWING EDUCATIONAL INFRASTRUCTURE

9%

STREAMLINING SERVICE DELIVERY

5%

PUBLIC SAFETY AND EMERGENCY SERVICES

3%

AGRICULTURE AND NATURAL RESOURCES

2%

FAMILY, SOCIAL SUPPORTS AND HOUSING

2%

SKILLS FOR JOBS

2%

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Fiscal Prognostications

EXPECT CUTS

By Shaun Penner

Letter to Alberta mayors: provincial funding likely to be cut *- November 2020*

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POLLING!

Do you agree that the upcoming Provincial Budget will have a negative impact on Municipalities?

- **Strongly Disagree**
- **Disagree**
- **Agree**
- **Strongly Agree**

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Do you agree that the upcoming Provincial Budget will have a negative impact on Municipalities?

Agree — 45%

Strongly Agree — 45%

Disagree — 7%

Strongly Disagree — 3%

POLLING QUESTION(s)

In my role, I have actively started thinking about how I might lead my team through a period of cost reduction

- **Strongly Disagree**
- **Disagree**
- **Agree**
- **Strongly Agree**

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The Easy Solution?

Do more with less!

Draw from Reserves!

Too Much Management!

Why is this so Complicated?
Many Lines of Business

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Why is this so Complicated?
Many Lines of Business

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Why is this so Complicated?
Multiple Perspectives
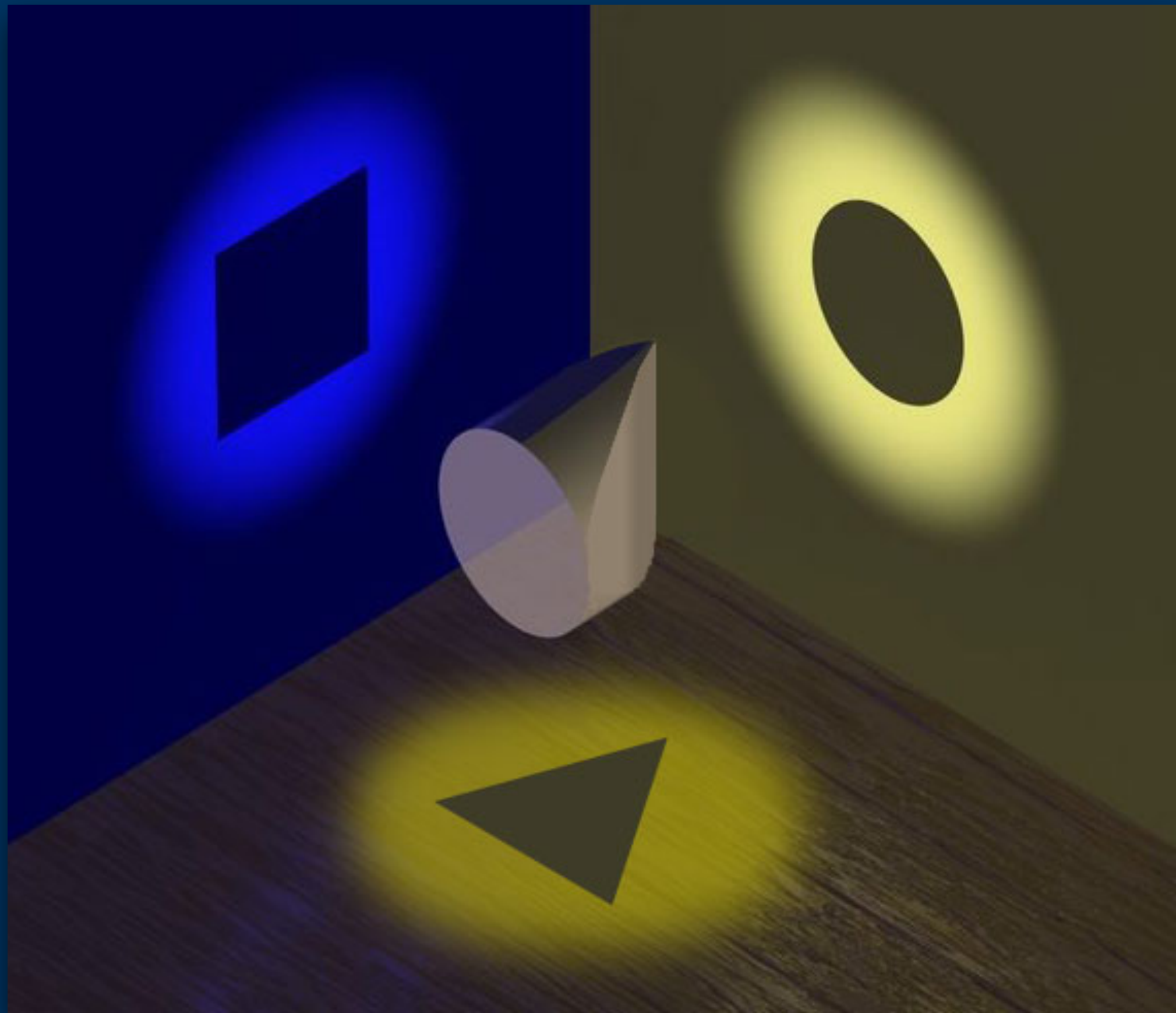
Apply a Framework

Apply a Framework
Any Framework in a Storm

Core vs Discretionary Services

Level of Service Setting

Risk Assessment

Strategic Alignment

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Does it Work?
We're going to try this together

We'll look at 2 services

We'll assign Core vs. Discretionary

We'll define Service Level

We'll think about Strategy

We'll assess Risk

We'll tell the story…of DORIANVILLE

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Services

Roads - Snow Removal

Recreation - Playground

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Services

Roads - Snow Removal

Plow Snow (main & secondary)

Remove Windrows

Maintain lane width

Recreation - Playground

Safe Playspaces

Accessible

Supervision

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Core vs. Non Core

Core vs. Non Core

Legislated Activities

Public Safety & Security

Municipal Infrastructure

Stewardship of Assets and Environment

Crime Prevention

Special Services for the Disadvantaged

Leisure Opportunities

Cultural Support Activities

User Pay Services

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Core vs. Non Core

Core
(Essential)
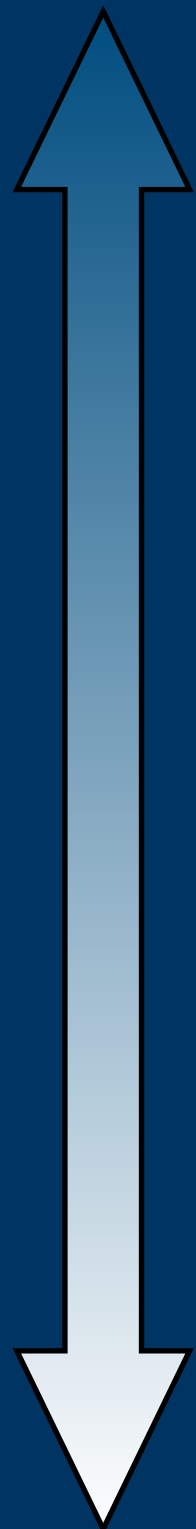
Together we're going to decide where these services fit:

    Core?

    or

    Less Core?

Less Core
(Discretionary)

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Core vs. Non Core

Polling!

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Where does SNOW REMOVAL fit on the Core vs Discretionary scale?
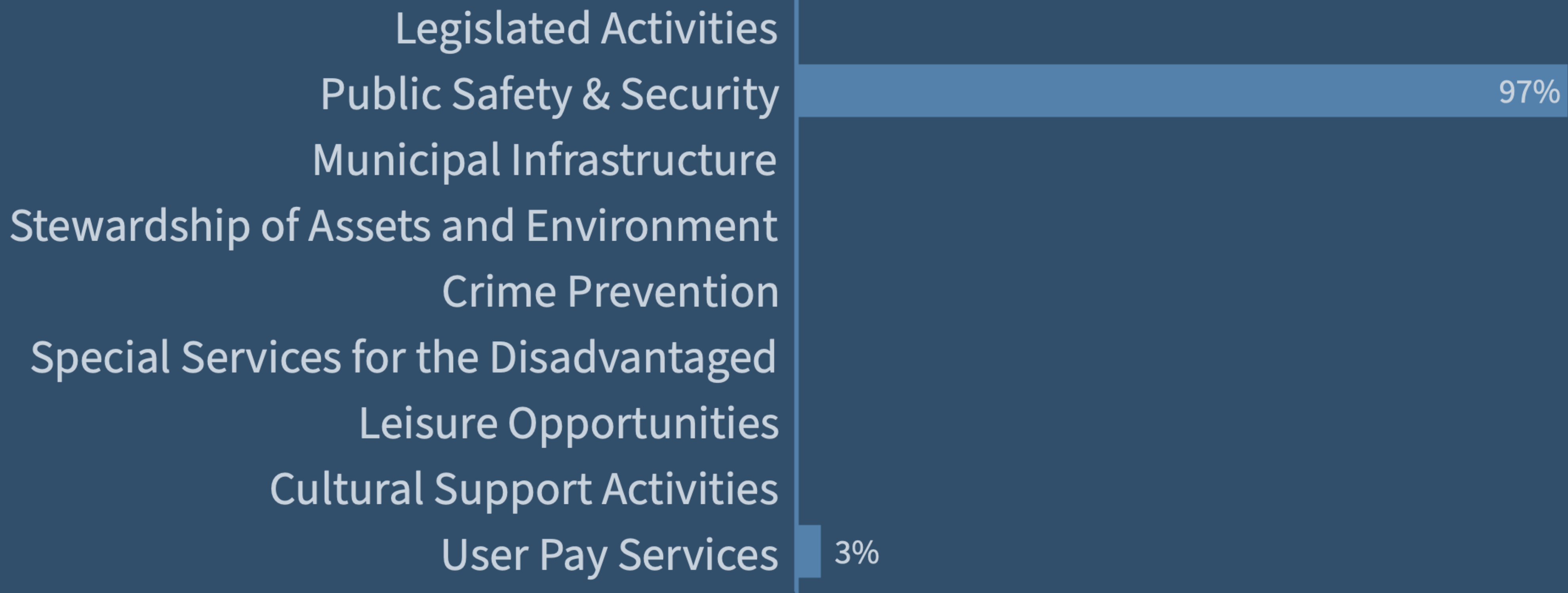
Legislated Activities

Public Safety & Security — 97%

Municipal Infrastructure

Stewardship of Assets and Environment

Crime Prevention

Special Services for the Disadvantaged

Leisure Opportunities

Cultural Support Activities

User Pay Services — 3%

Where do PLAYGROUNDS fit on the Core vs Discretionary scale?

Visual settings

Activate

Show responses

Lock

Clear responses

Full screen

Legislated Activities

Public Safety & Security

Municipal Infrastructure — 23%

Stewardship of Assets and Environment

Crime Prevention — 3%

Special Services for the Disadvantaged

Leisure Opportunities — 73%

Cultural Support Activities

User Pay Services
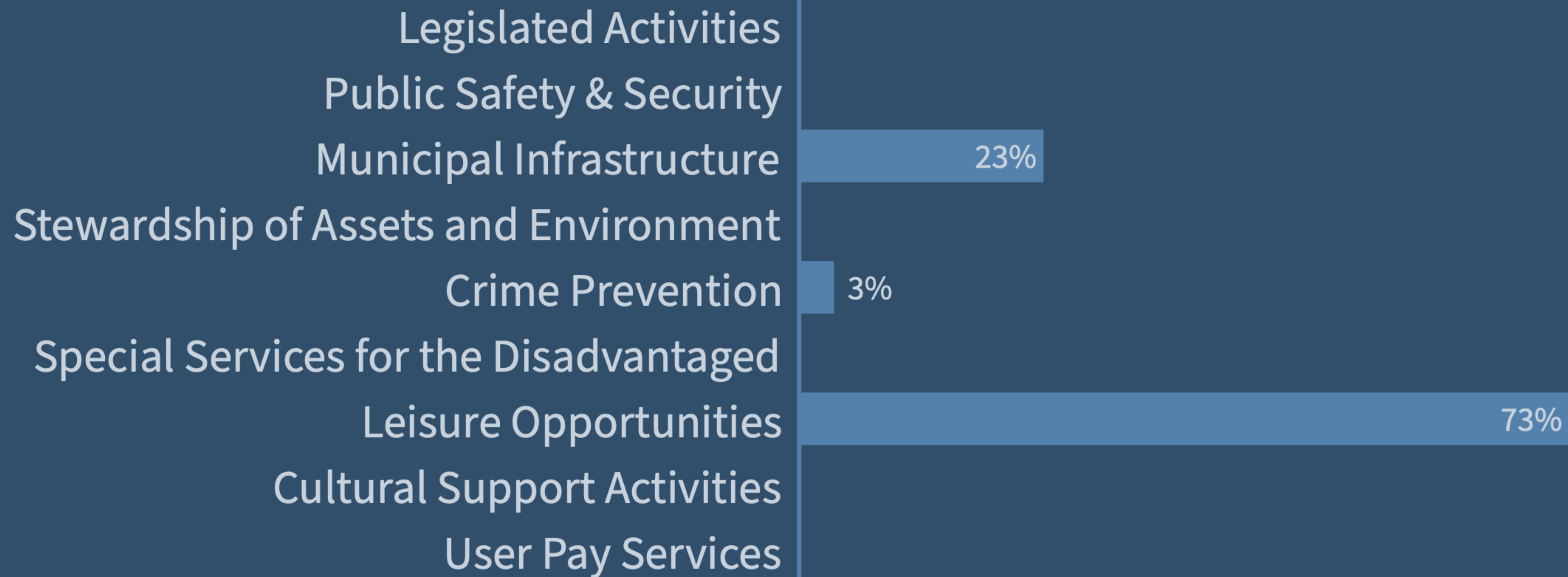
Next

Previous

Levels of Service

Levels of Service

Customer

Technical

Operational

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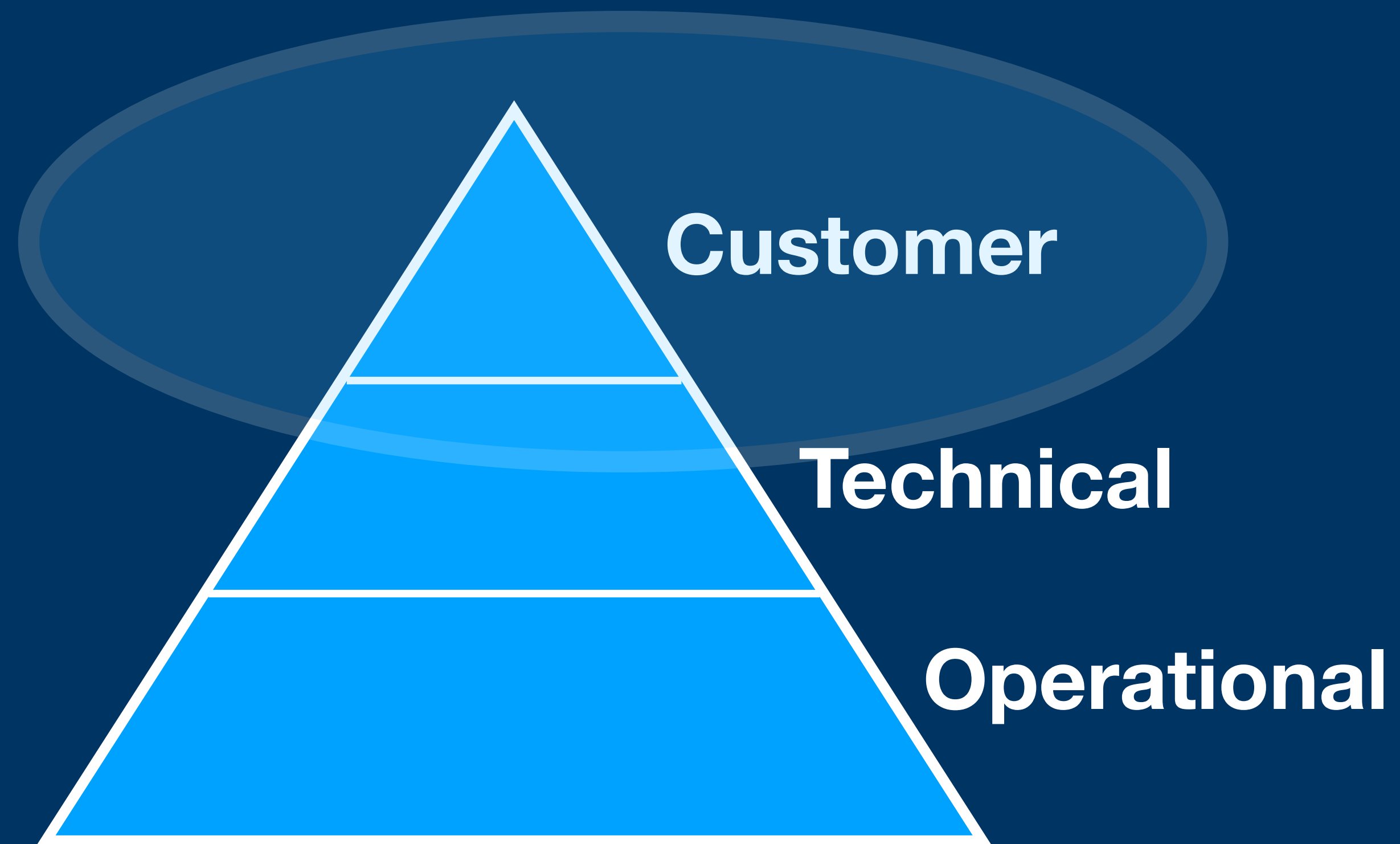
Level of Service

LOS-Cost Curve

Level of Service

$
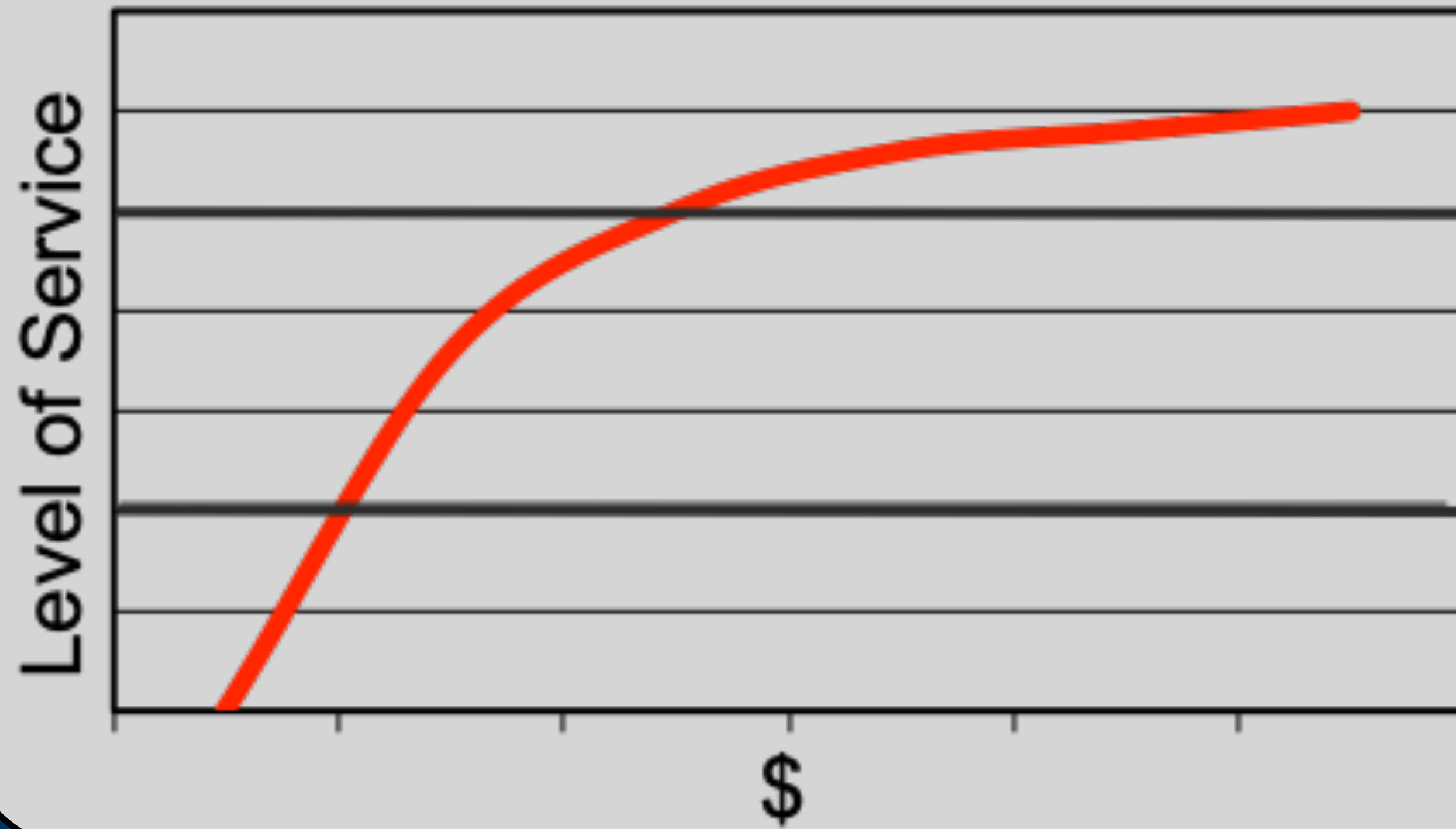
Level of Service

Function

Capacity

Condition

Level of Service

Service	1	2	3	4
	POOR	NOT BAD	BETTER	GOLD PLATED

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Level of Service

Service	1	2	3	4
	POOR	NOT BAD	BETTER	GOLD PLATED

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Level of Service

	1	2	3	4
Service	POOR	NOT BAD	BETTER	GOLD PLATED
Service	POOR	NOT BAD	BETTER	GOLD PLATED
Service	POOR	NOT BAD	BETTER	GOLD PLATED

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Level of Service

	1	2	3	4
Function	POOR	NOT BAD	BETTER	GOLD PLATED
Capacity	POOR	NOT BAD	BETTER	GOLD PLATED
Condition	POOR	NOT BAD	BETTER	GOLD PLATED

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Level of Service
Roads - Snow Removal

	1	2	3	4
Time To Clear	POOR	NOT BAD	BETTER	GOLD PLATED
Lane Width	POOR	NOT BAD	BETTER	GOLD PLATED
Driveways	POOR	NOT BAD	BETTER	GOLD PLATED

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Level of Service
Roads - Snow Removal

	1	2	3	4
Time To Clear	POOR	NOT BAD	BETTER	GOLD PLATED
Lane Width	POOR	NOT BAD	BETTER	GOLD PLATED
Driveways	POOR	NOT BAD	BETTER	GOLD PLATED

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Level of Service
Roads - Snow Removal

	1	2	3	4	LOS #
Time To Clear	POOR	NOT BAD	**BETTER**	GOLD PLATED	3
Lane Width	POOR	NOT BAD	BETTER	GOLD PLATED	2
Driveways	POOR	NOT BAD	BETTER	GOLD PLATED	4
				TOTAL LOS	3.0

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Level of Service
Roads - Snow Removal

We're going to set our LOS for DORIANVILLE

1) Time to Plow the Roads

2) Minimum Lane Width

3) Clearing Residential Driveways

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Visual settings

Activate

Show responses 👁

Lock 🔒

Clear responses

Full screen

What should be our Target Time to Plow the Roads?

Mother Nature brought it…she can take it away — 3%

48 Hours after the Snow ends — 61%

8 Hours after the Snow ends — 35%

We Plow it as soon as it hits the Ground

Next

Previous

What do we do with Residential Driveways

Keep them open. Come back if missed. — **17%**

Allow up to 1 foot of a snow ridge — **53%**

Alow up to 4 inches of a snow ridge — **20%**

Fill them with snow off end of the plow — **10%**

Level of Service
Recreation - Outdoor Playspaces

We're going to set our LOS

1) Playspace Quality

2) Where are they located?

3) Are they supervised?

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What is the Quality of our outdoor Playspaces?

Disneyland Quality

Active Spaces with
a Water Feature

CSA Approved
Structures

Get a Rock

What is the Quality of our outdoor Playspaces?

Disneyland Quality — 3%

Active Spaces with a Water Feature — 14%

CSA Approved Structures — 76%

Get a Rock — 7%
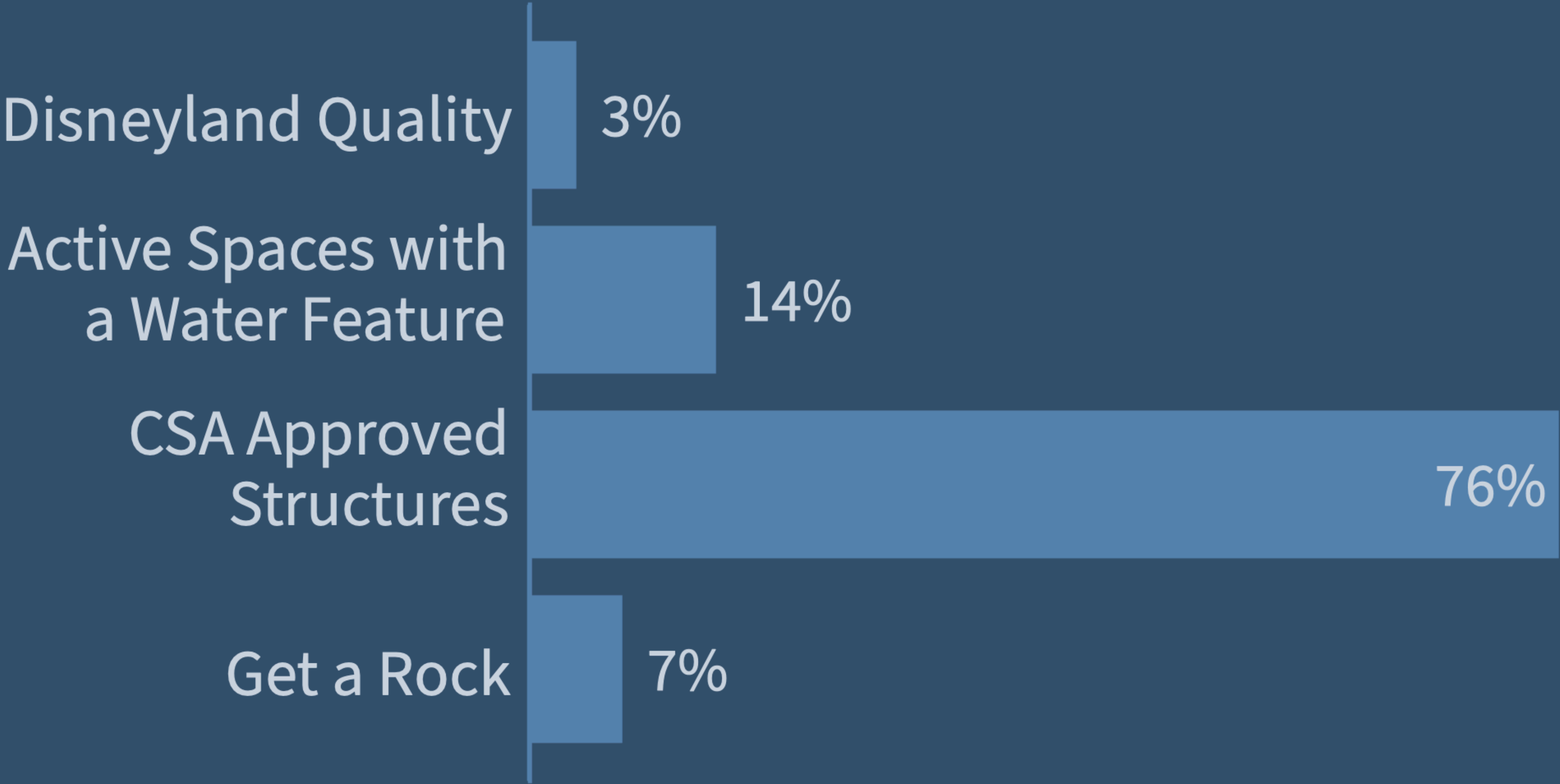
Where are our Playspaces Located?

One in every neighbourhod. < 1km apart — 19%

Playspaces > 1 km and < 3 km apart — 65%

Playspace > 3 km apart — 10%

We have one. Hope you like it. — 6%

Level of Service
Roads - Snow Removal

	1	2	3	4	LOS #
Time To Clear	POOR	NOT BAD	**BETTER**	GOLD PLATED	3
Lane Width	POOR	**NOT BAD**	BETTER	GOLD PLATED	2
Driveways	POOR	NOT BAD	BETTER	**GOLD PLATED**	4
				TOTAL LOS	3.0

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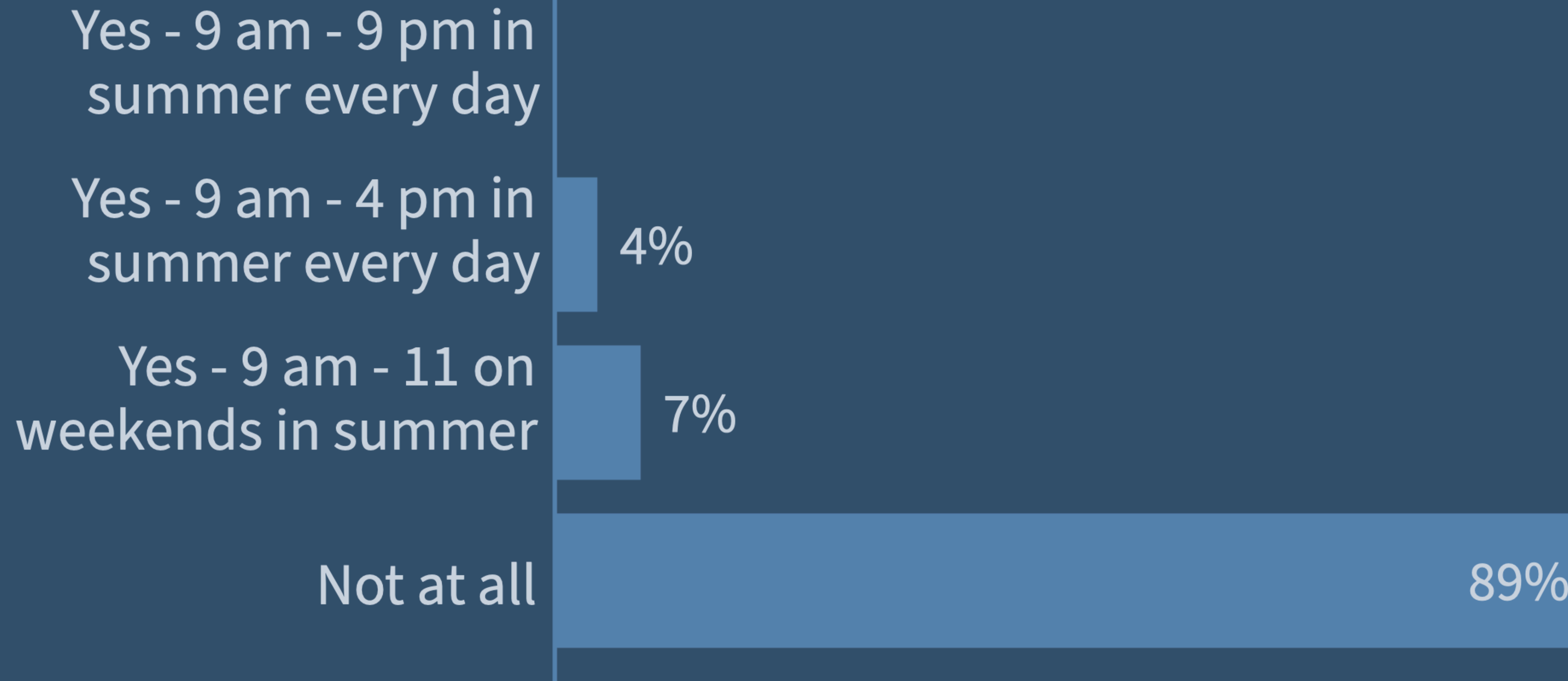
Risk

Risk
From Feb 2019 IAMA

Risk a consequence of LOS

Risk can be mitigated

Risk can be tolerated

Risk is a key part of Governance

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Risk

Medium	High	Critical
Low	Medium	High
Low	Low	Medium

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Risk

Safety – death; injury; illness;

Financial – assets; salary; budget

Environmental – snow, rain, draught

Legal – lawsuits; complaints; legislation

Political – political response to social issues

Human – culture; stress; harassment

Reputational – actual v perceived

Medium	High	Critical
Low	Medium	High
Low	Low	Medium

Risk

Medium	High	Critical
Low	Medium	High
Low	Low	Medium

RISK EXERCISE – PARK A – CURRENT RISK LEVEL

CONSEQUENCE	LIKELIHOOD	CONSEQUENCE IMPACT LEVEL	RISK LEVEL
Safety	HIGH	HIGH	CRITICAL
Financial	LOW	LOW	LOW
Reputational	MEDIUM	MEDIUM	MEDIUM
Legal	LOW	HIGH	MEDIUM
		OVERALL RISK	**CRITICAL**

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Risk
Roads - Snow Removal

What is the Risk of Our Municipality experiencing a snowstorm that takes 4 days to dig out from?

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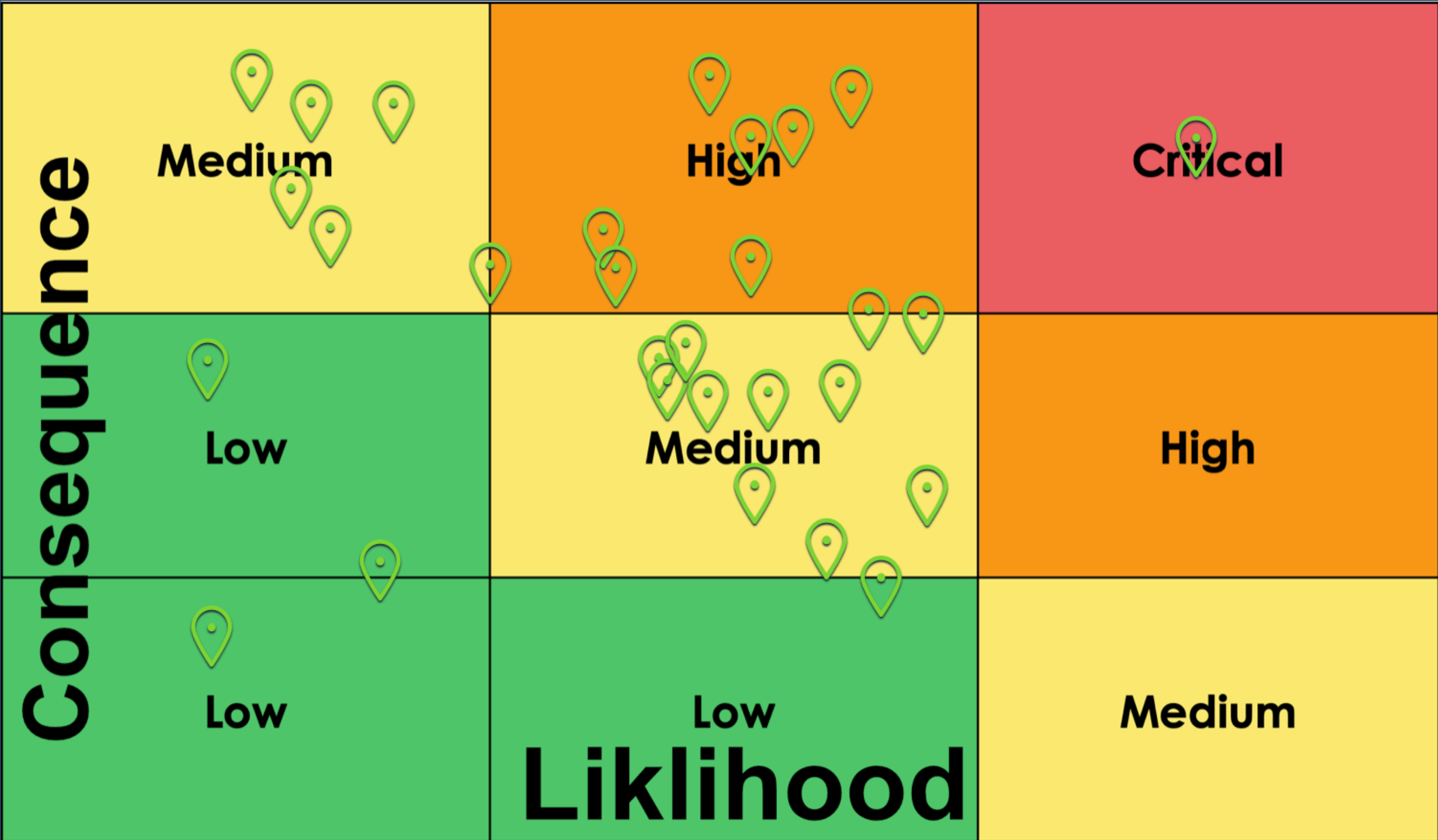
Risk
Recreation - Outdoor Playspaces

What is the Risk of a FATAL injury

at one of our Play Spaces?

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What is the Risk of a FATAL injury at one of our Play Spaces?

	Medium	High	Critical
Consequence	Low	Medium	High
	Low	Low **Liklihood**	Medium
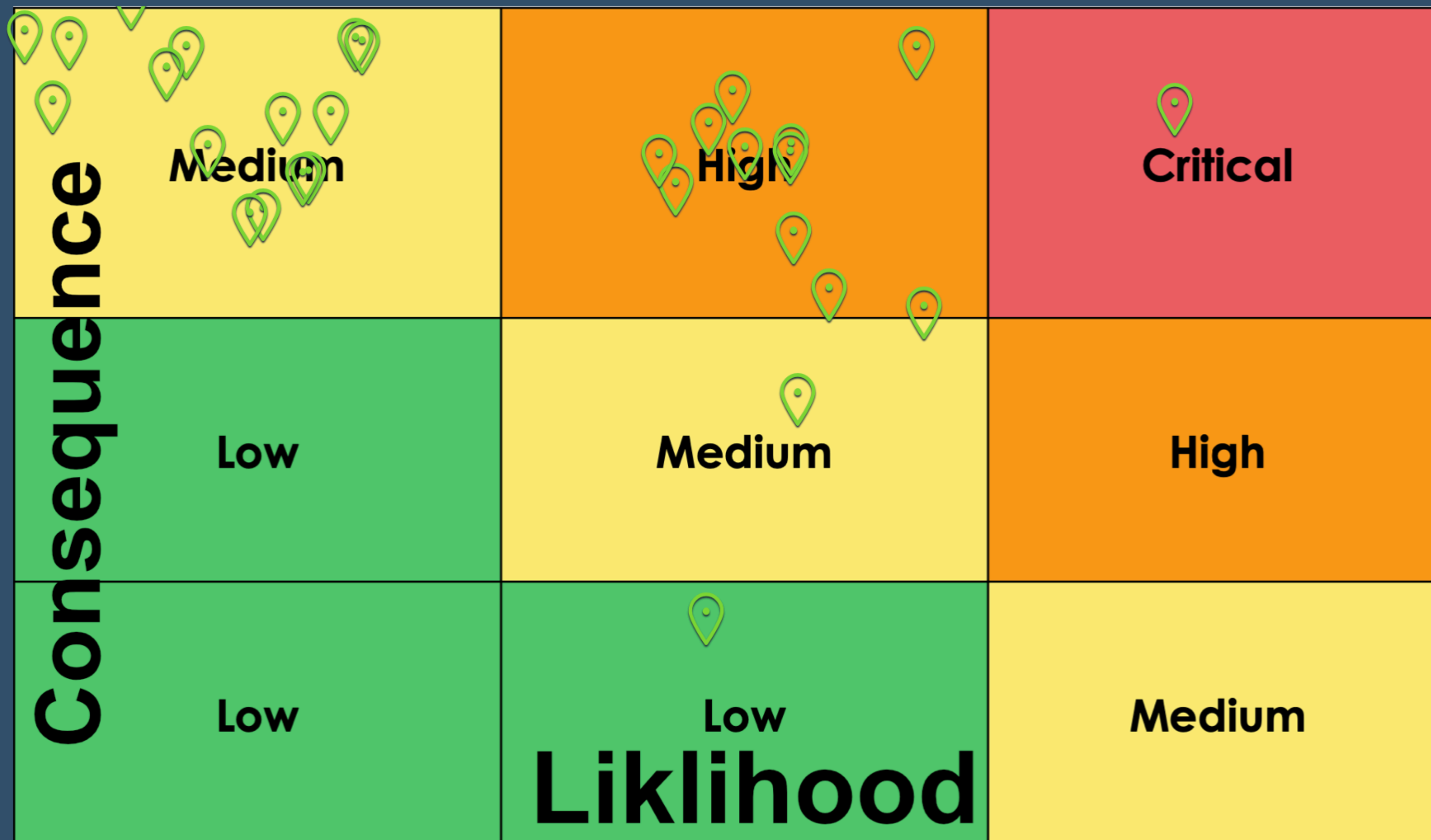
Total Results: 29

Strategy

Strategy

Strategy is about saying NO

to some things….so you

can say YES to others

Strategy

Strategy

Strategic Planning		Strategic Effects		
Inputs	**Activities**	**Outputs**	**Outcomes**	**Impact**
The resources we need	The actions we take to carry out our strategy	The direct results of our activities	The intended and unintended effects of the Outputs	The ultimate impact that we create from our Strategy

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Strategy

Strategic Planning		Strategic Effects		
Inputs	Activities	Outputs	Outcomes	Impact
The resources we need	The actions we take to carry out our strategy	The direct results of our activities	The intended and unintended effects of the Outputs	The ultimate impact that we create from our Strategy

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Strategy

Strategic Planning		Strategic Effects		
Inputs	Activities	Outputs	Outcomes	Impact
The resources we need	The actions we take to carry out our strategy	The direct results of our activities	The intended and unintended effects of the Outputs	The ultimate impact that we create from our Strategy

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Strategy
Typical Themes

Economy / Growth

Quality of Life / Safety

Infrastructure / Sustainability

Environment / Climate

Fiscal / Affordability

Strategy: Provide Recreation Oportunities to improve quality of life – Which Statement links stronger to the Strategy?

We have 12 outdoor Playspaces and we're going to build another 6 **A**

90% of our outdoor Playspaces are within 500m of our under 14 demographic and are utilized 74% of daylight hours in the summer **B**

Strategy: Provide Recreation Oportunities to improve quality of life - Which Statement links stronger to the Strategy?

We have 12 outdoor Playspaces and we're going to build another 6

90% of our outdoor Playspaces are within 500m of our under 14 demographic and are utilized 74% of daylight hours in the summer — **100%**

Now What?
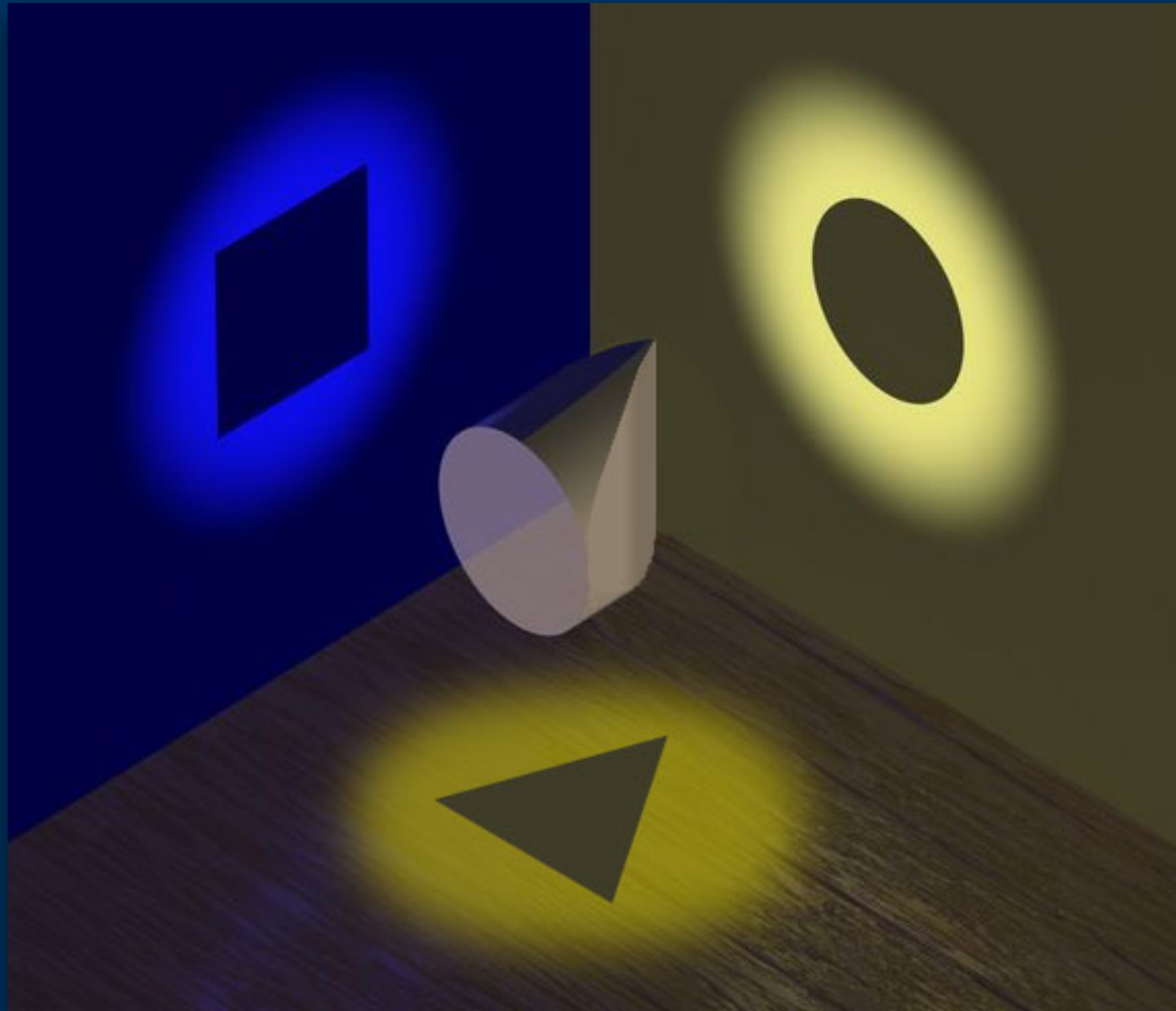
Now What?

Now What?
Having gone through this we can….

Describe <u>Core v Discretionary</u>

Define the <u>LOS</u> we deliver

Understand our <u>Risk</u> Profile

Know if this supports <u>Strategy</u>

Lets Put It Together…..

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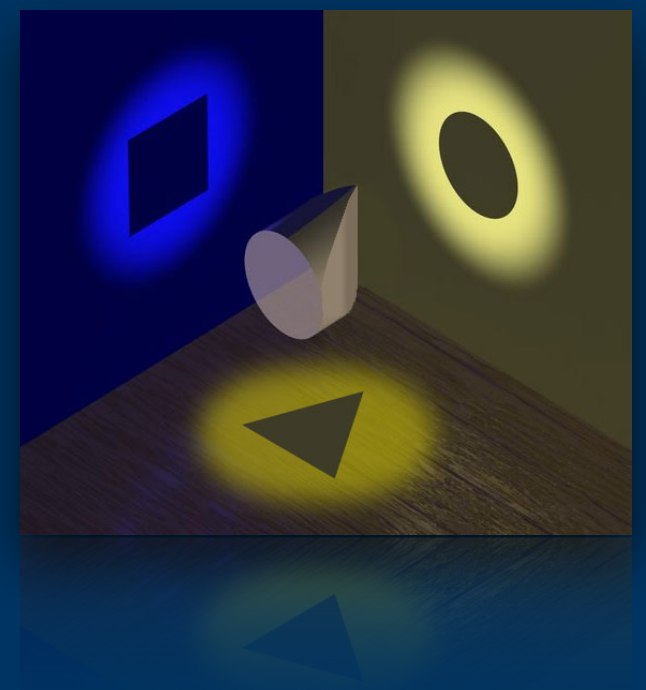
Municipal Sample
Level of Service & Risk
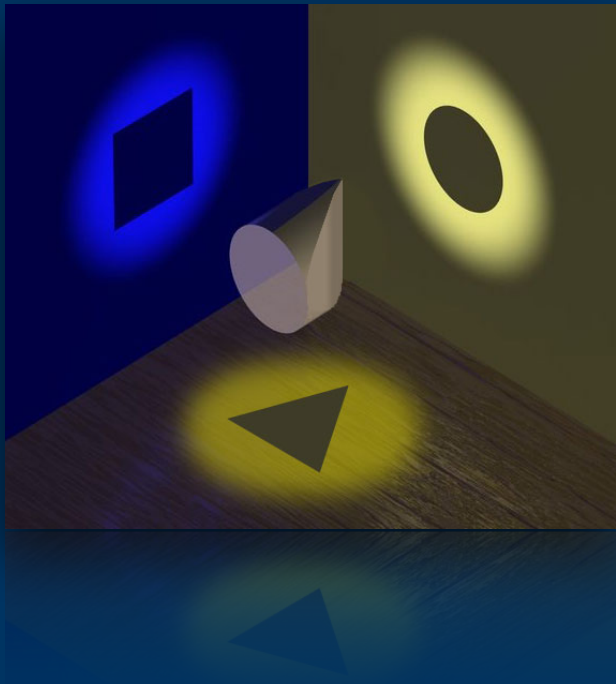
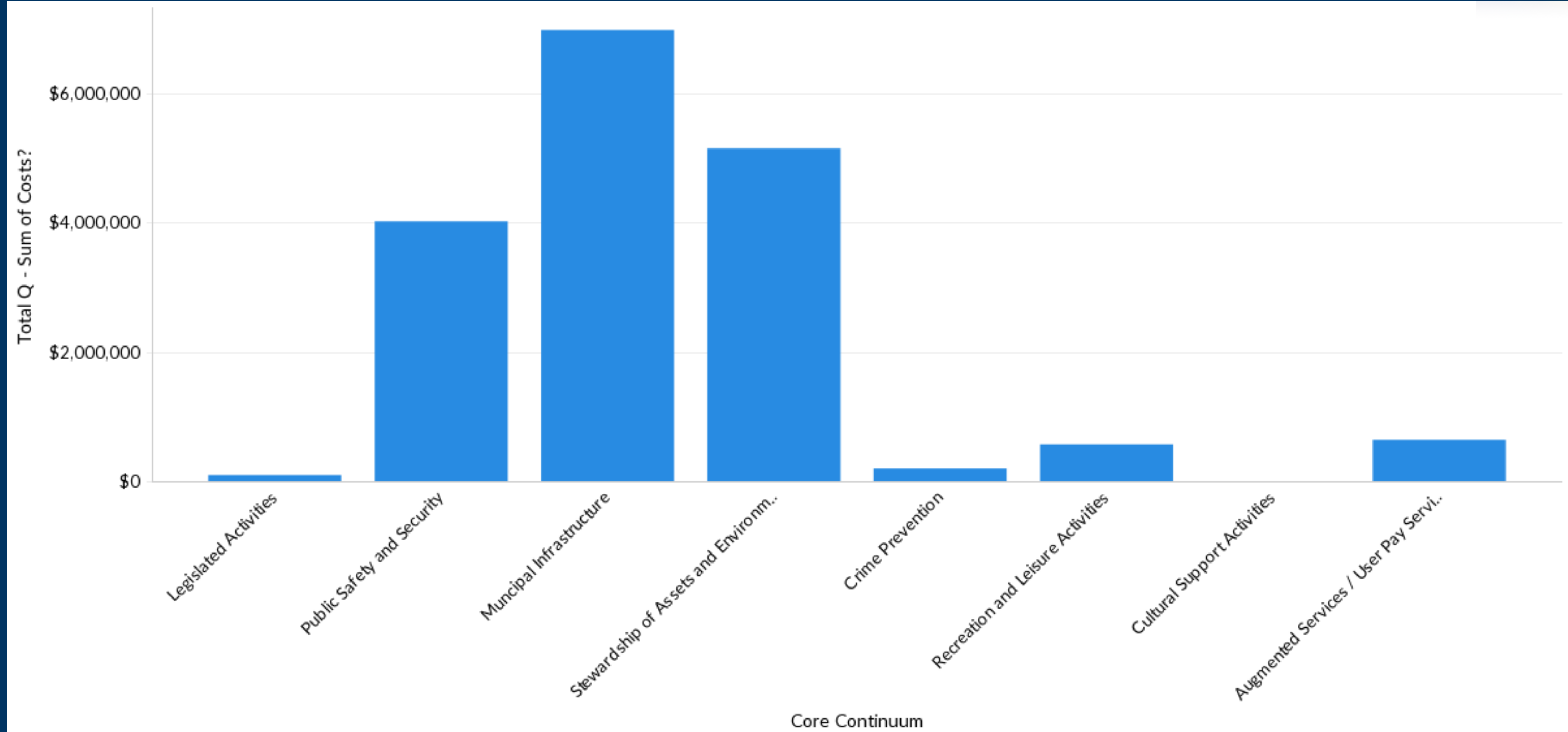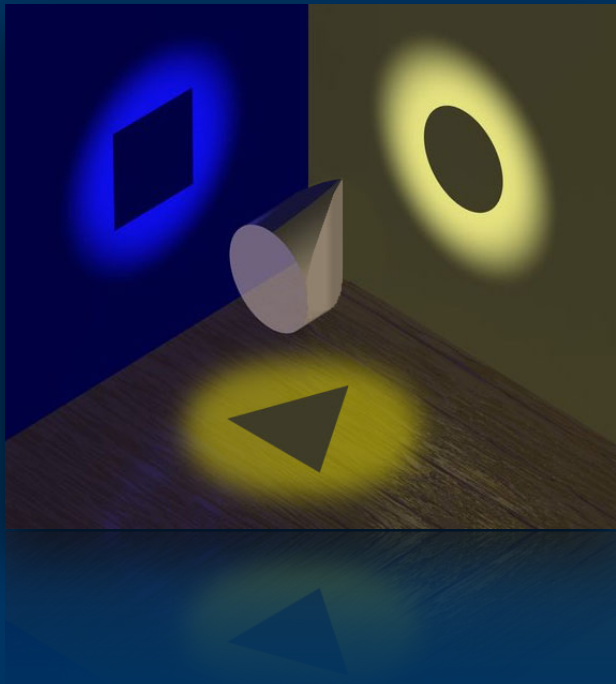|	Program Name	Program Description	Q - Aggregated Level of Service	Q - Aggregated Risk R...	Q - Sum of ...
☐ Movement of People & Goods › Road Service					
	Emergency Response Barricading	Responding to emergent calls for Traffic Barricading needs	4.00	0.00	$ 450,000.00
	Grading of roads	Grading of roads	2.00	0.00	$ 150,000.00
	Pothole Patching	Patch Potholes as required in paved roads	3.20	11.20	$ 310,000.00
	Road Sweeping	Road Sweeping	3.00	0.00	$ 200,000.00
	Roads Patching - Permanent	Roads patching permeant	2.50	0.00	$ 250,000.00
	Winter Maintenance Service - Class 1 Roads	Maintain Roads in winter or safe driving conditions. Plow Class 1 Roads within 12 hours after the end of a snowfall. Maintain driving surfaces ice free.	3.48	12.60	$ 1,203,750.00
	Winter Maintenance Service - Class 2 Roads	Maintain Roads in winter or safe driving conditions. Plow Class 2 Roads within 24 hours after the end of a snowfall. Maintain driving surfaces ice free.	3.15	10.80	$ 1,578,750.00
	Winter Maintenance Service - Class 3 Roads	Maintain Roads in winter or safe driving conditions. Plow Class 3 Roads within 72 hours after the end of a snowfall. Maintain driving surfaces ice free.	3.15	8.00	$ 1,528,750.00
	Winter sanding	Winter sanding			
			Average : 3.06	Average : 5.32	$ 5,671,250.00

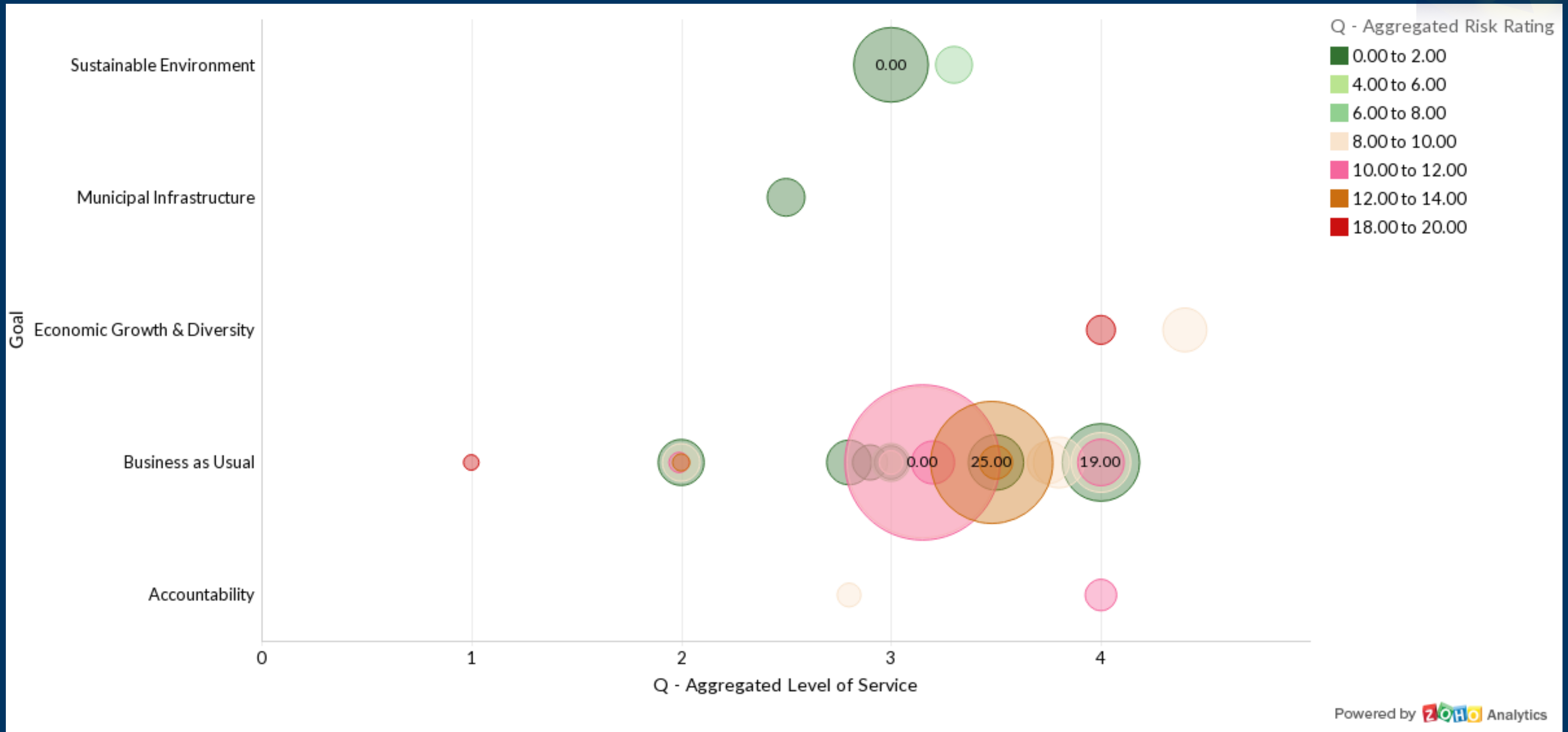# Municipal Sample
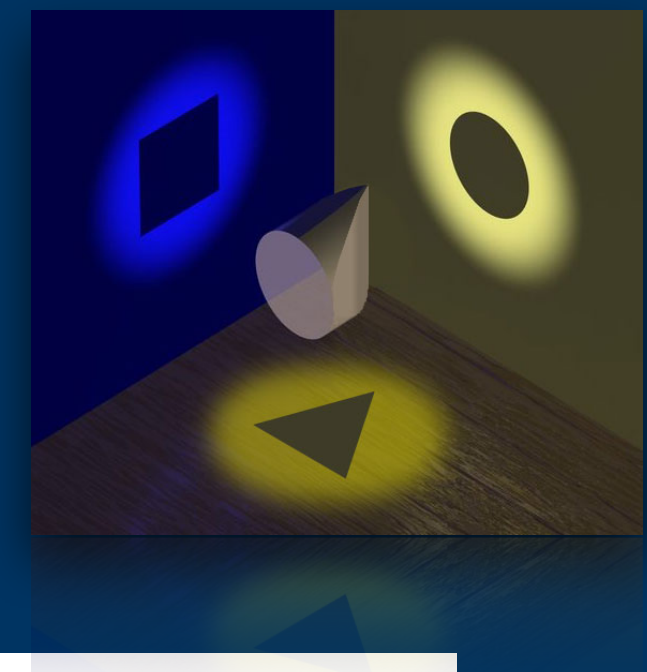## Cost of Programs supporting Strategy
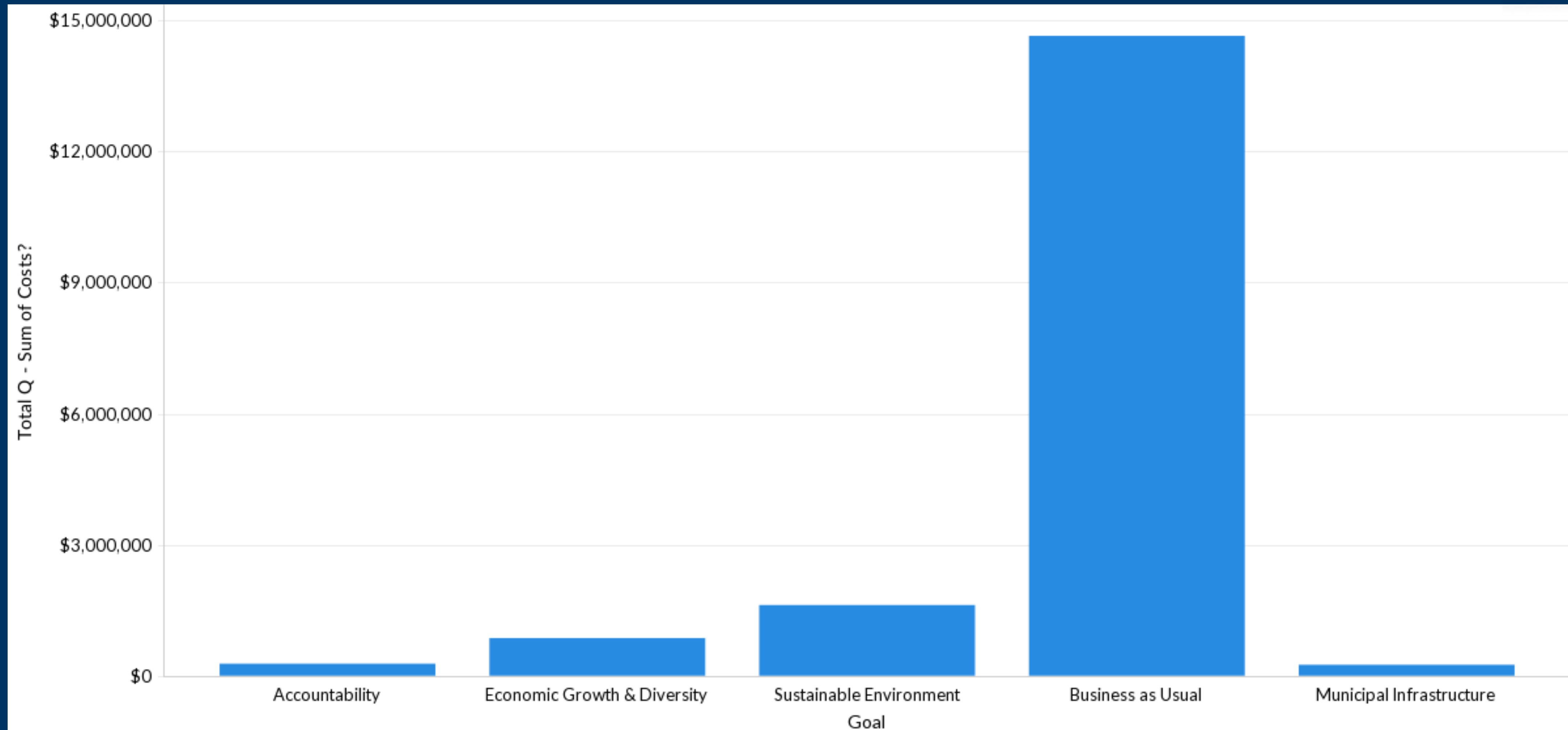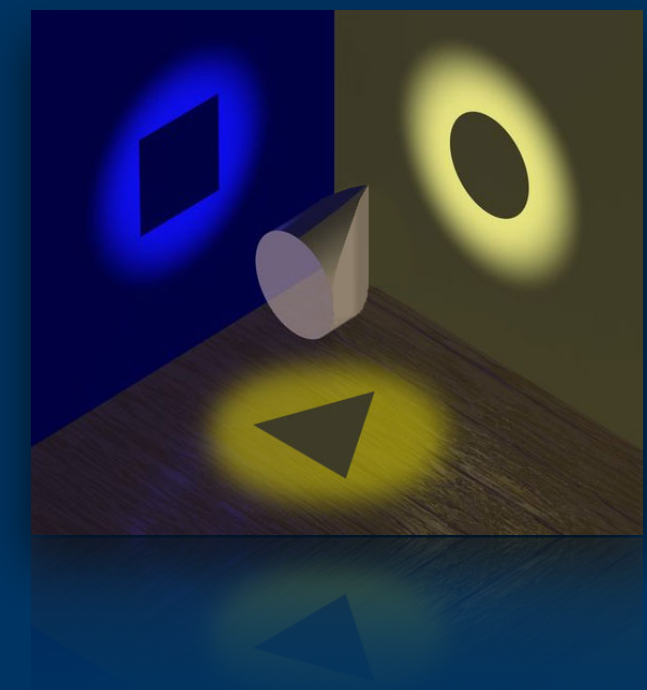
Municipal Sample
Cost of Programs Core vs. Discretionary

Municipal Sample
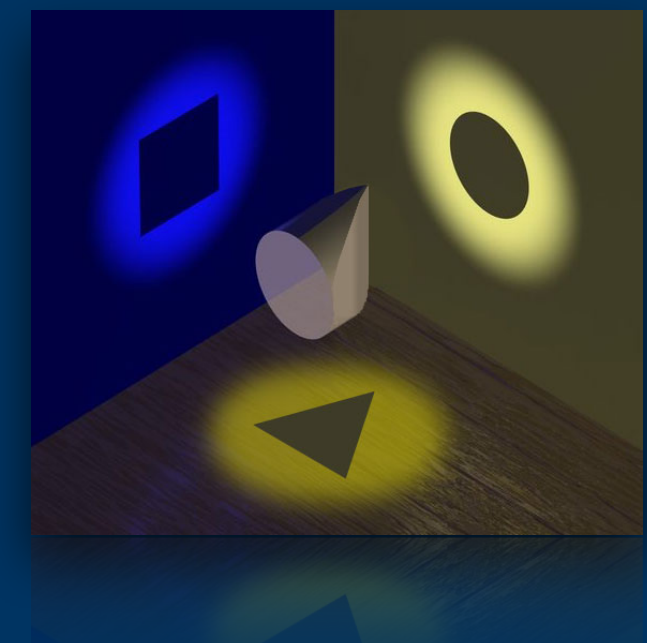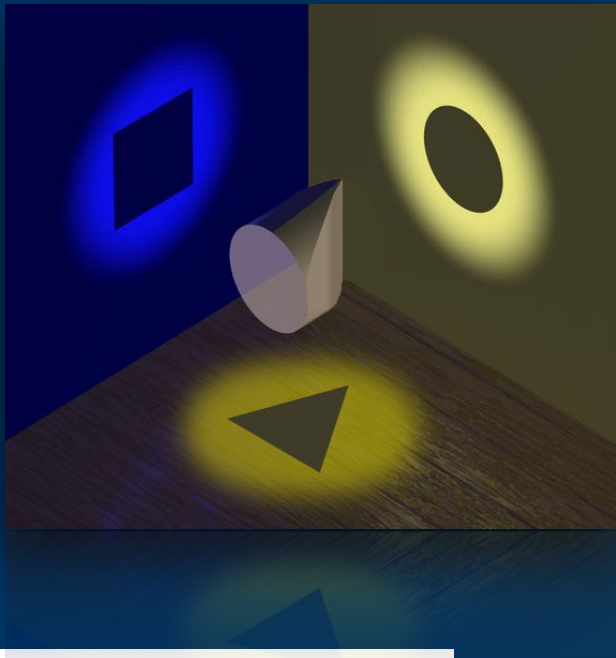## LOS vs. Core/NonCore (Plus Risk, Cost & FTEs)

Q - Aggregated Risk Rating
- 0.00 to 2.00
- 4.00 to 6.00
- 6.00 to 8.00
- 8.00 to 10.00
- 10.00 to 12.00
- 12.00 to 14.00
- 18.00 to 20.00

Core Continuum (y-axis):
- Augmented Services / User Pay S..
- Recreation and Leisure Activities
- Stewardship of Assets and Envir..
- Muncipal Infrastructure
- Public Safety and Security
- Legislated Activities

25.00

Q - Aggregated Level of Service
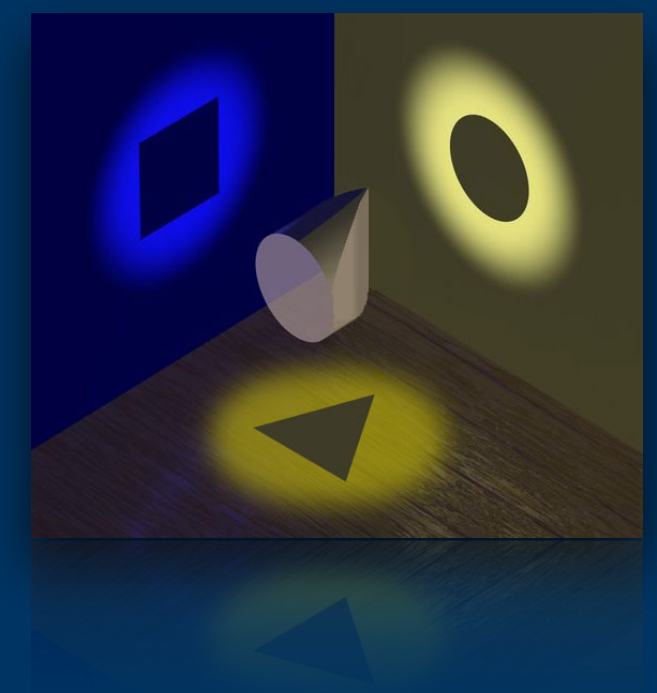
Powered by zoho Analytics
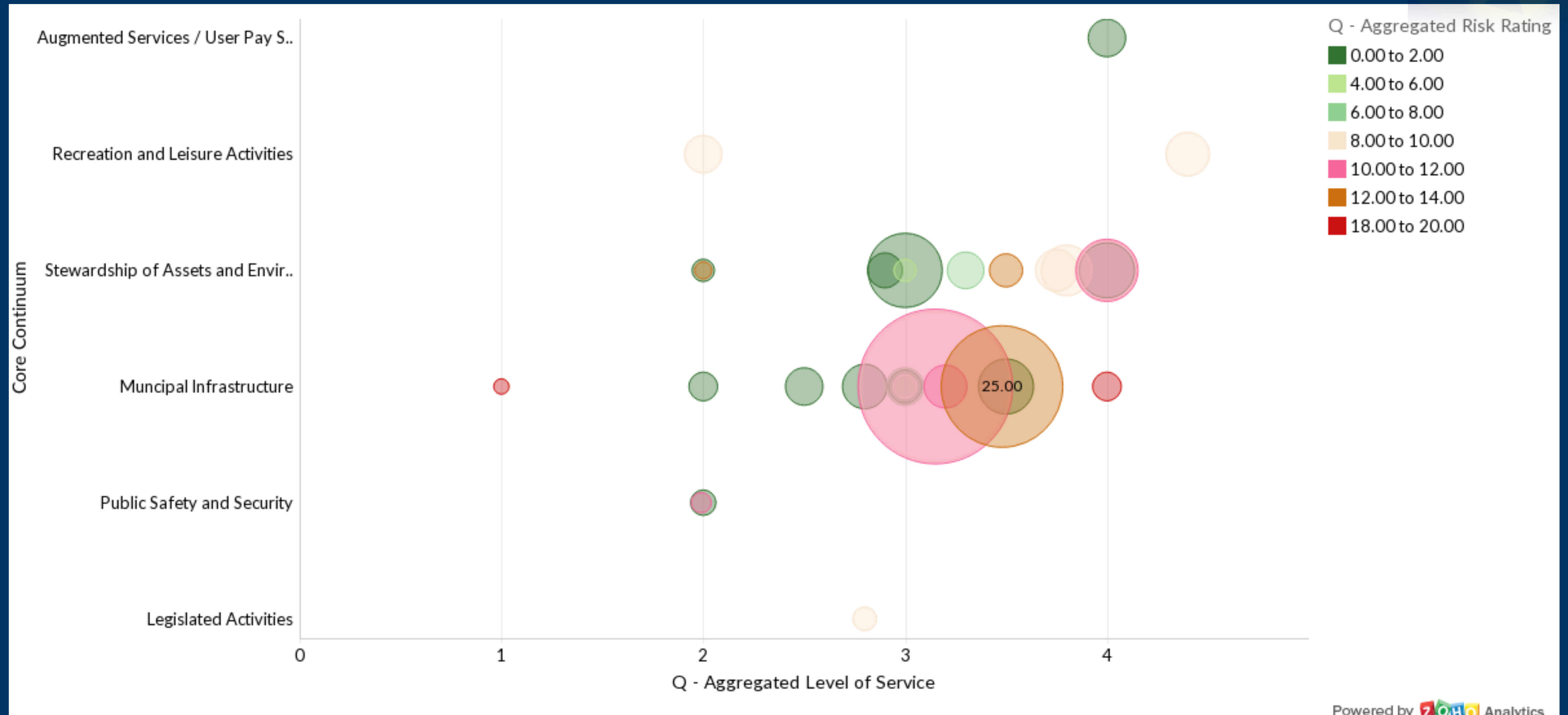
Municipal Sample
LOS vs. Service (Plus Risk, Cost & FTEs)
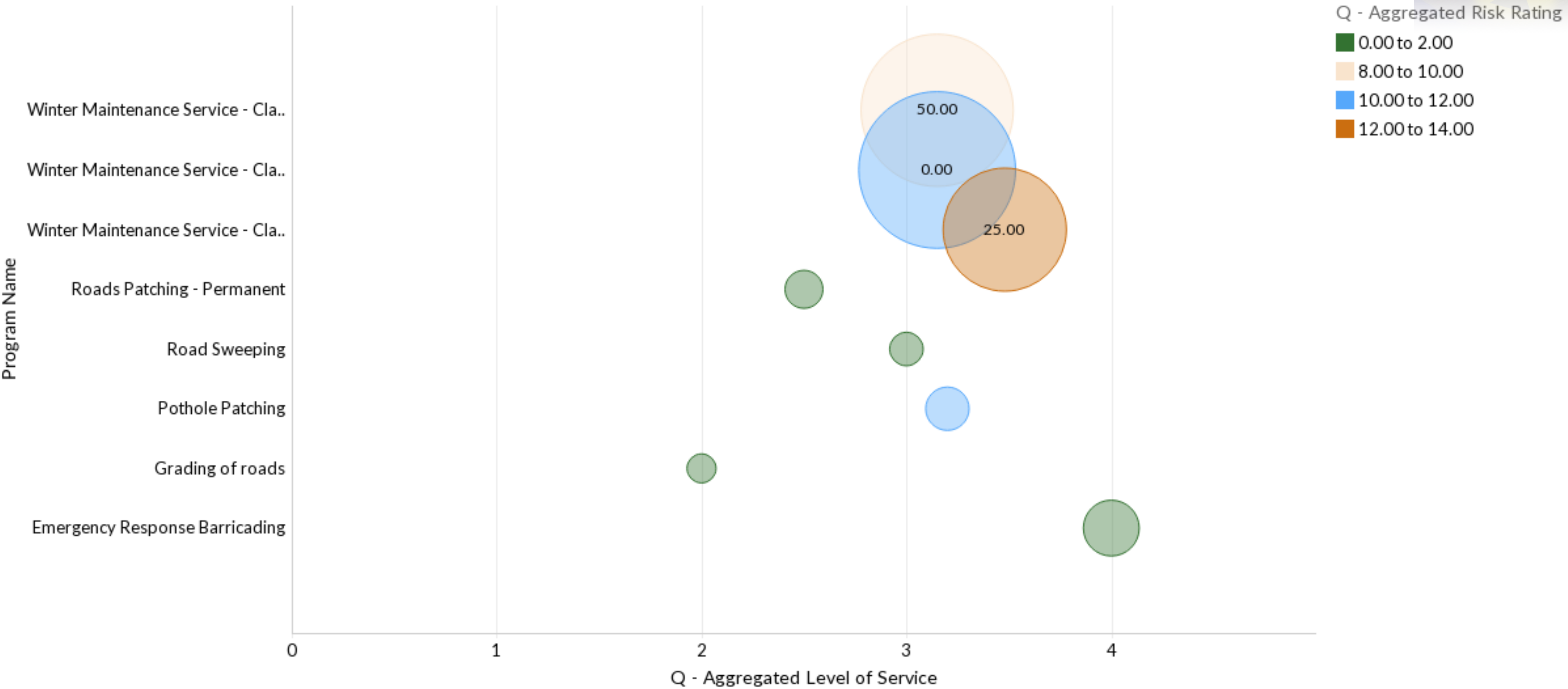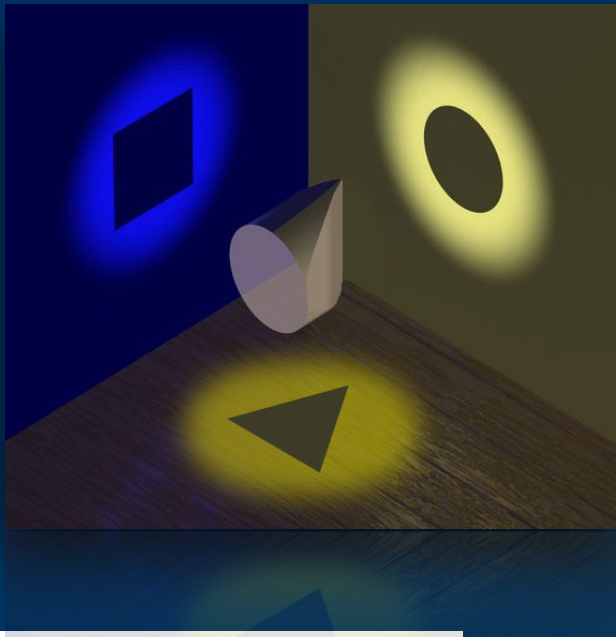
Can we tell a different story?

Core v Discretionary Services √

Levels Of Service √

Risk Assessment √

Strategic Alignment √

Would that let you make different budget decisions? With a Scalpel?

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"A journey of a thousand miles begins with a single step"

Lao- tzu (604 BC - 531 BC)

"The Trucks are White"

Brian Neibrandt, City of Yorkton 1995

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Surgery with a Scalpel?
or a Chainsaw

Thank you

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