

## Executive Report Summary

Building Your Foundation to Financial Sustainability

Prepared for the

The Corporation of the Township of Hornepayne

January 20, 2019

**Contents:**

- 1) The Report - An Overview
- 2) The Objective
- 3) Delivery
- 4) What is Financial Sustainability
- 5) Elements of Financial Sustainability
- 6) The Community Life Cycle
- 7) Creating the Vision
- 8) Is the Municipality Ready for Change?
- 9) The Plan

## The Report - An Overview

The Township of Hornepayne, in June of 2017, engaged the services of an independent third party in Mr. Luc Denault to complete a Project on behalf of the Township. The Project for the purpose of the Report has been identified as “*Building Your Foundation to Financial Sustainability*”.

The Township of Hornepayne was seeking the assistance to complete a review of the Township’s current state and for options to assist Mayor and Council in directing the Chief Administrative Officer (CAO) in advancing the community from its current state of economic challenges to a renewed and vibrant community.

The report findings, suggestions and options presented are not intended to be interpreted as recommendations, but as a Road Map that the current elected leaders and current senior management can review in considering their options as they move forward.

## The Objective

Understanding that every community is different, and by implementing an approach that has demonstrated proven results within a municipal environment, the intention of this exercise is to provide a clearer picture of where the Municipality *is* and *where* it needs to move to to eventually reach the objectives it sets out to achieve.

A Business Plan that offers Council the option of implementing a Business Plan with a defined purpose and timelines and also provides the necessary direction required by a CAO to effect change and exercise management decisions within the framework of the defined Business Plan is essential.

The plan demonstrates a long-term sustainable approach whereby, implementing a new way of thinking throughout the organization and its leadership, the plan will enable people to “create change”.

The approach when, and if, fully adopted by Council, will signify the first and most important step towards establishing a turning point.

## Delivery

The work to produce a Final Executive Summary Report involved a series of activities undertaken.

- Meetings held with Mayor, Council members, senior management, administration employees, public works employees, Ontario Clean Water Agency (OCWA) employees, Fire Chief, members of the Hornepayne Economic Development Corporation (HEDC), and others to gather key information and input as part of the exercise.

- Reviewed a series of key documents ranging from past studies, policies, agreements, financial reports and others to gain an understanding of the community.
- Completed several facilitation sessions to gather input and establish consensus on priorities, business plan direction and other important information.
- Completed a 13 point Business Plan with key recommendations to Mayor, Council and CAO for consideration, approval and implementation.
- The report will provide information on what is financial sustainability, what are the elements of financial sustainability, what does change look like, how it may impact and whether we are ready for it, review where the community is at when looking at a Community “Life Cycle” Matrix tool for communities thinking of planning or taking action, put forward the need for, and importance of, creating a Vision, highlight the priorities to assist in making choices and then finally a 13 point simple Business Plan.
- On January 9, 2019, presented work completed to the newly elected 2018 -2022 Mayor and Council and attending public.

## What is Financial Sustainability?

Balancing today’s services with tomorrow’s needs. It’s a continuing mission to better manage municipal business, to seek out best practices and to expand the capacity to go beyond what has been done before to what is possible.

The Key to Financial Sustainability is to establish a Road Map to Financial Sustainability that identifies where you should be in 10 years’ time. Working within the parameters of the Ministry of Municipal Affairs and Housing’s *minimum* 20 year planning horizon, establishing a 20 Year Vision is key.

The Road Map to financial sustainability includes, but is not limited to:

- Understanding Standards and Legislative Framework.
- Understanding Financial Reports and Results.
- Understanding Municipal Budgets (Cash and Accrual).
- Understanding where you are today.
- Now that you know where you are, understanding where you want to go from now into the future.
- Route should include:
  - Where should you be in 2 years?
  - Where should you be in 5 years?
  - Where should you be in 10 years?
  - From the Ministry of Municipal Affairs and Housing planning perspective, what is your 20 year plan horizon and is it in line with your Vision?
  - What are your foremost priorities?

## Elements of Financial Sustainability

**Strategic Plan** – Establishing a 20 Year window that sets the direction and goals based on community requirements.

**Long-term Financial Plan** – Provides the Guidance for Decision Making and Long-term Goals in line with the Strategic Priorities.

**Asset Management Plan** – Provides Replacement Cost, Planned Maintenance, Service Levels

**Capital Plan** – Provides Medium to Long-term plan from the Asset Management Plan and the Economic Development Plan

**Economic Development Plan** – This element is embedded in the Strategic plan. Today's communities must elevate the focus and importance of business development for today's and tomorrow's needs.

**Internal Control Framework** – Ensures control Over Expenditures, Roles, Responsibilities and Accountabilities

**Risk Management** – Establish a plan that helps in decision making by providing Risk Profiles, Risk Analysis, Response and Probability of Occurrence.

**Performance Reporting** – Integrates Effectiveness and Efficiency Metrics.

All of the above must be integrated to achieve the ultimate objective of a Financially Sustainable community. More importantly, it is imperative that the elected leaders manage the expectation of its constituencies as every Municipality is unique and will progress at a pace that is best suited to achieve the overall objectives particular to their community. What is certain is that we must plan to strengthen our foundation and plan for the long-term.

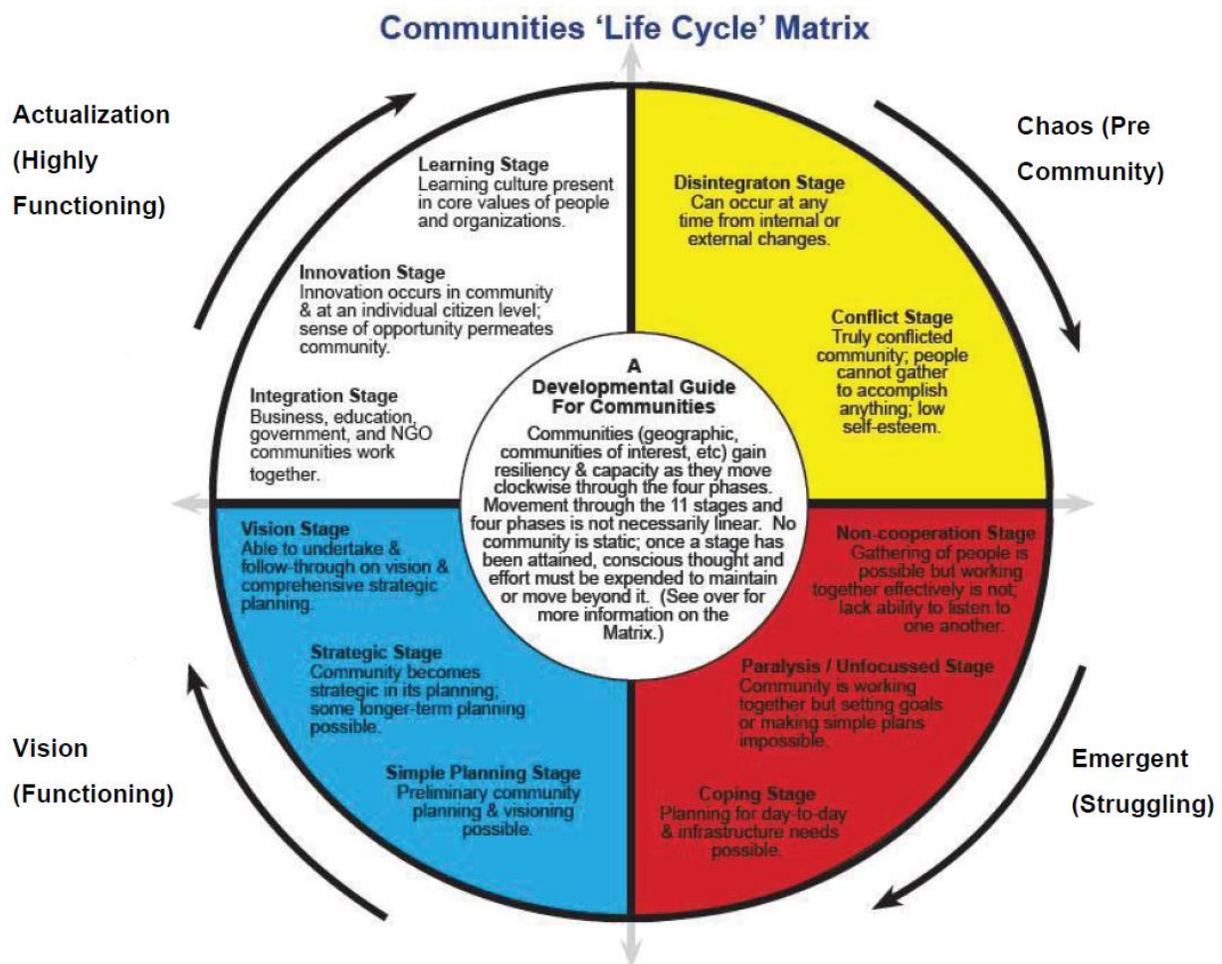
## The Community Life Cycle

All communities face different challenges, issues, and opportunities at any given time. Using the Community Life Cycle Matrix developed by the Centre for Innovation and Entrepreneurial Leadership (CIEL), this tool is used to help assess where the Municipality is at any given period of time and where it wants to move to on the matrix chart.

The Community Matrix looks at 10 stages that are then grouped into 4 phases. During the process of the review in 2017, each participant was asked to view the matrix and indicate, based on their observation of the Community "Life Cycle" Matrix, in which stage and phase they assessed the community to be situated on the matrix.

The results are as follows:

1. Today (2017). **Emergence Phase (Coping Stage)**
2. Where would they like to be in 2018? **Vision Phase - Simple Planning Stage**
3. Where would they like to be in 2019? **Vision Phase – Strategic Stage**
4. Where would they like to be in 2020-22? **Vision Phase – Vision Stage**



## ***Creating the Vision***

Understanding the community wants to move forward from the Emergence Phase to the Vision Stage of the Community Life Cycle Matrix, the next step is *Creating the Vision* of where the Municipality wants to be in 2 years, 5 years, 10 years and, ultimately, 20 Years.

Vision can provide both a corporate sense of being and a sense of enduring purpose. While incorporating a measure of today's success, Vision transcends day-to-day issues. By providing meaning in both the present and the future, Vision can empower and encourage leaders and followers to implement change (Sullivan & Harper 1996).

A well-managed Strategic Vision can help balance reactive and proactive changes.

The following priorities were identified as part of the exercise.

### **Priorities**

- ✓ Quest for Financial Sustainability - Time for Immediate Action
- ✓ Community Investment Readiness and Capacity Building
- ✓ Set A Vision
- ✓ Follow through Strategically on the Vision
- ✓ Position for Growth
- ✓ Increase Revenues and Improve on Expenses
- ✓ Organize for Effectiveness

## **Is the Municipality Ready for Change?**

*A significant change in thinking is required.*

Change is pervasive in our society and a fact of life in organizations (Goodfellow 1985).

Organizational change is about making alterations to the organization's purpose, culture, structure, and processes in response to seen or anticipated changes in the environment. Strategic management of change is all about identifying and embedding in the organization those changes that will ensure its long-term survival.

Where does the impetus for change come from? The simple answer is that the impetus to change comes from the environment. Effective strategic leaders understand that change in the strategic environment is a continuous process.

Change, as a process, is what we foster internally in response to changes in the environment. It is the leadership and management actions we take to change the organization. Therefore, unlike changes in the environment, change as a process is ours to influence (Sullivan & Harper, 1996).

How does a major change take hold and become infused throughout the organization? The answer comes from being broad-minded rather than narrowly focused. A strategic leader must develop sensing networks, expand the target audience, gather and broaden the power base, alert the organization that change is coming, actively manage the planning and execution processes by linking every day-to-day action to the Vision for change, continually communicate the Vision for change to key internal and external constituencies,...(Goodfellow 1985).

What does this mean?

It starts with a *willingness to learn*. This is a community-wide responsibility. Citizens, Stakeholders, Township elected leaders, Township senior management team and anyone within the organization is involved.

*A willingness to accept change*. We generally all talk about change, but are we ready for change?

*Agreeing to Change if we want a different outcome*. It is said that if we continue to do the same, we will only get more of the same.

The following are examples to provide a sense of what this shift may represent:

- A shift in values, ethics, transparency, governance, leadership.
- A change in municipal thinking from annual budgets, to long-term business planning and long-term financial planning.
- A need to review current infrastructure needs, what the renewal of these future needs are and what that looks like in comparison to today.
- A need to transform business processes and controls.
- An understanding by municipal leaders and senior management as to what each role is in the quest to achieve the Vision. Simply stated, the ship's captain must be allowed to steer the ship in the direction of the destination set forth by its leaders.

## The Plan

“Every accomplishment starts with a decision to try.” John F. Kennedy

Utilizing the above priorities identified, in conjunction with other relevant information, a simple Business Plan Identifying the Main Objective was prepared for Council and senior management to consider implementing.

The simple Business Plan includes:

- Key objectives
- Team resource requirements
- Capital dollar estimates
- Operating dollar estimates
- Potential funding sources
- Key timelines

A total of 13 plans were submitted for consideration to the previous and current Council and senior management. Each plan was rated in terms of priority for implementation.

1. Capacity Building - Comprehensive Service Delivery Review
2. Community Investment Readiness and Capacity Building - Comprehensive 20 Year Strategic Plan
3. Community Investment Readiness and Capacity Building - Updated Official Plan
4. Community Investment Readiness and Capacity Building - Community Improvement Plan
5. Community Investment Readiness and Capacity Building – Creation of a Community Economic Development Department within the Township of Hornepayne
6. Community Investment Readiness and Capacity Building – Manager of Economic Development with supporting team
7. Community Investment Readiness and Capacity Building – Branding, Logo, Web Site Design, Social Media Platform and Marketing Plan
8. Community Investment Readiness and Capacity – Township Owned Land Re-development Plan
9. Community Investment Readiness and Capacity Building - Zoning By-Law
10. Community Investment Readiness and Capacity Building - Hornepayne Town Centre Building
11. Community Investment Readiness and Capacity Building – Nuclear Waste Management Organization (NWMO) – Township of Hornepayne as Interested Community
12. Capacity Building - Waste Management Plan
13. Critical Infrastructure – Hornepayne Asset Management Review and Plan