



Town of Newmarket

Agenda

Council Workshop

Date: Monday, December 16, 2019
Time: 2:00 PM
Location: Council Chambers
Municipal Offices
395 Mulock Drive
Newmarket, ON L3Y 4X7

1. Notice

In accordance with the Town's Procedure By-law, no decisions are to be made but rather this meeting is an opportunity for Council to have informal discussion regarding various matters.

2. Additions & Corrections to the Agenda

3. Declarations of Pecuniary Interest

4. Items

4.1 REV (Revenue, Efficiency and Value Add) it Up Campaign

Note: The following representatives from Strategy Corp will be in attendance to provide a presentation on this item:

- Chris Loreto, Principal
- Jaiman Chin, Director
- Chris Salloum, Manager
- Megan Skinner, Associate

5. Adjournment



Council Report

Town of Newmarket – Administrative
& Service Delivery Review

December 2019



ADMINISTRATIVE & SERVICE DELIVERY REVIEW

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Executive Summary

Summary of Scope and Results

Project Scope

Funded by the Ministry of Municipal Affairs and Housing's Audit and Accountability Fund, the Town of Newmarket retained StrategyCorp to conduct an administrative and service delivery review. Outlined below is the scope of the project.

1 All aspects of the Town's administration and services were in scope, and the review was conducted in alignment with the Town's mission of "Making Newmarket Even Better."

2 The REV It Up Campaign (Revenue, Efficiencies, and Value Add) engaged staff at all levels of the organization to identify potential improvement opportunities and included a detailed analysis of high-priority initiatives that could yield a significant return on investment for the Town.

3 Not included in the scope of this review were any initiatives that could result in layoffs or reductions in service levels.

The recommendations in this report are based on an analysis of initiatives identified by Town staff, supported by external research into leading practice and comparators.

The Process

StrategyCorp’s methodology emphasizes an extensive consultation process, which results in more insightful inputs and informed recommendations that reflect Newmarket’s unique context. Throughout this engagement, StrategyCorp has conducted over 80 different one-on-one interviews and workshops with staff at all levels across the organization.

Consultation Process

- 1 Kick-off meeting with SLT
- 2 Interviews with the Mayor, Councillors & SLT
- 3 13 Interviews with OLT & high-potential Managers
- 4 Cross-Functional Workshop with Frontline Staff
- 5 Cross-Functional Workshop with Management
- 6 11 Departmental Workshops & Focus Groups
- 7 Over 80 Staff Submissions
- 8 22 Improvement Hypothesis & Testing Workshops

Town of Newmarket staff were highly engaged and supportive of the REV It Up Process, enabling the review to be completed within the tight provincial timelines.

Findings and Implications

Organizational Findings

Over the course of our review, we uncovered a number of organizational findings based on our stakeholder interviews and analysis. Findings in our current state review informed the prioritization and recommendation of the 18 priority initiatives selected, and our deep dive into the 18 initiatives yielded additional insights into the potential opportunities and challenges facing the Town.

1 Current State Findings

- Newmarket has a strong corporate culture; however, some frontline staff feel that top-down transparency in some areas could be improved.
- There is a commitment to providing quality service to residents, but there is an absence of clearly defined service levels paired with the perception of a “never say no” culture;
- There is a broad willingness to collaborate across the organization, but current processes, roles, and responsibilities reinforce organizational silos.
- Newmarket has clear strategic priorities that guide the organization, but they are not cascaded down to the frontline through formal processes.
- Lack of a performance management framework means that quality, efficiency, and effectiveness of service is not well understood or managed consistently.

2 Deep Dive Findings

- There are significant long-run opportunities to improve the efficiency and effectiveness of the organization by enhancing strategic planning capabilities and processes to enable long-term decision-making.
- Operational improvement opportunities that were readily identified by staff were able to yield significant potential efficiencies upon analysis; processes and enabling functions (e.g. continuous improvement program, technology service delivery approach) to execute on them could allow the Town to capture savings opportunities on a rolling basis.
- The Town’s organizational structure may be contributing to imbalanced workloads and misaligned incentives, which could unlock performance improvements if investigated and addressed.
- Town staff indicated overwhelming support for operational improvement; this sentiment could be leveraged to support implementation of initiatives.

REV Results

Results

Outlined below are highlights of the major accomplishments of this review.

82

82 one-on-one interviews, focus groups and workshops with Town staff to identify opportunities and develop initiatives.

150

Over 150 different improvement opportunities from across the organization that can be implemented over time.

80

Of which, over 80 different improvement opportunities submitted directly by staff through the Town's intranet site.

This led to the development of 18 initiatives that account for:

\$1.9M - \$2.6M

in **cost savings** (dark green dollars). These savings would take seven years to realize.

13 high priority initiatives

that will lead to **cost avoidance and increased productivity**. The exact impact of these initiatives will be determined in implementation.

\$300,000 - \$350,000

in **net new revenues**. These revenues would take three years to realize.

Town staff from across the organization showed tremendous ownership and engagement in this process and are a large part of the campaign's success.

Initiatives Overview

Initiatives

These 18 initiatives were categorized using the following themes:



- Four initiatives that **improve strategic planning processes**
- Focused on translating strategy into day-to-day operations



- Six **operational improvement** initiatives
- Focused on improving specific processes and embedding continuous improvement



- Five **organizational design** and clarifying roles and responsibilities initiatives
- Focused on creating a more effective organization



- Three alternative revenue initiatives
- Focused on creating new revenue streams with limited impact on business or residents

Each initiative has its own implementation assumptions. Outlined below are the number of initiatives that can be implemented in the short, medium, and long-term.

8

Short term initiatives
(1 – 3 years)

8

Medium term initiatives
(3 – 5 years)

2

Long term initiatives
(5 + years)

Breakdown of Initiatives and Savings Categorization

	Initiative	Direct Cost Savings	Avoidance/ Increased Productivity	Net New Revenues	Timeline
Improved Strategic Planning Process	Capital Planning & Asset Management	\$1.0M – \$1.5M	Medium Priority	-	7 Years
	Business Planning	\$130K – \$180K	High Priority	-	3 Years
	Performance Management	\$146K – \$200K	High Priority	-	3 Years
	Digital Transformation Strategy	-	High Priority	-	1.5 Years
Operational Improvements	Continuous Improvement Program	\$225K – \$308K	High Priority	-	4 Years
	Electronic Records Management	-	High Priority	-	2 Years
	Administrative Monetary Penalty System (AMPS)	-	High Priority	-	3 Years
	Updates to Procurement Policies and Procedures (As Planned)	\$219K – \$300K	Medium Priority	-	1 Year
	CYFS Multi-Year Single Source Contracts	\$32K – \$45K	Medium Priority	-	5 Years
	CYFS – Collaborative Recruitment	-	Medium Priority	-	3 Years
Organizational Design and Clarifying Roles & Responsibilities	Organizational Review	-	High Priority	-	3 Years
	Technical Function Assessment	\$34K - \$47K	High Priority	-	1 Year
	Operational Review – Winter Maintenance and Water/Wastewater	\$18K - \$25K	High Priority	-	1 Year
	Customer Service Integration – Public Works Services	-	High Priority	-	2 Years
	Increased Collaboration Between Facility – Operations and Recreation & Culture	-	High Priority	-	2 Years
Alternative Revenues	Licensing TNCs	-	-	\$151K – \$160K	2 Years
	Municipal Accommodations Tax	-	-	\$91K – \$107K	3 Years
	CYFS – Collision Fee	-	-	\$73K – \$86K	1 Year
Potential Annual Benefits		\$1.9M - \$2.6M		\$300K - \$350K	
Total Service Delivery Expenditures Identified as Cost Savings				\$1.9 – 2.6M (1.2 - 1.6%)	
Total Net New Revenues				\$300K – 350K (0.2%)	

Initiatives Mapped to Council’s Strategic Priorities

While each initiative supports the Council’s priority of long-term financial sustainability, many of the initiatives align with other Council priorities.

		Strategic Priorities						
		Long Term Financial Sustainability	Extrajudicial Spaces & Places	Safe Transport	Economic Leadership	Vibrancy on Yonge, Davis, &	Environment Leadership	
Improved Strategic Planning Process	Capital Planning and Asset Management	✓	✓	✓			✓	
	Business Planning	✓	✓	✓	✓	✓	✓	
	Performance Management Framework	✓	✓	✓	✓	✓	✓	
	Digital Transformation Strategy	✓	✓	✓	✓	✓	✓	
	Continuous Improvement Program	✓	✓	✓	✓	✓	✓	
Operational Improvements	Electronic Records Management	✓						
	Administrative Monetary Penalty System (AMPS)	✓						
	Updates to Procurement Policies and Procedures – Planned as Part of the 2020 Procurement By-law Update	✓	✓					
	Central York Fire Services - Multi-Year Single Source Contracts	✓	✓					
	Central York Fire Services - Collaborative Recruitment	✓	✓	✓				

		Strategic Priorities						
		Long Term Financial Sustainability	Extrajudicial Spaces & Places	Safe Transport	Economic Leadership	Vibrancy on Yonge, Davis, &	Environment Leadership	
Organizational Design	Organizational Review	✓						
	Technical Function Assessment	✓	✓	✓	✓	✓	✓	
	Operational Review - Winer Maintenance and Water and Wastewater	✓	✓	✓		✓	✓	
	Customer Service Integration - Public Works Services	✓	✓	✓		✓		
	Increased Collaboration Between Facility Operations and Recreation	✓	✓					
Alternative Revenues	Licensing TNCs	✓		✓				
	Municipal Accommodations Tax	✓				✓		
	Central York Fire Services - Collision Fee	✓		✓				

Implementing a Program of Reforms

Many of the identified initiatives will have cross-cutting impacts and require significant effort to implement. In order to deliver on these initiatives, Newmarket can prioritize a selection to deliver as a coordinated program, considering resource constraints.

Activities	Jan	Feb	Mar	Apr	May	June
Phase 1: Mobilization	Select Project Team					
	Build Detailed Work Plan					
	Confirm budget / scope					
Phase 2: Initiative Selection and Planning		Develop selection criteria				
		Select initiatives to move forward				
		Develop change management and communications plan				
Phase 3: PMO Setup			Develop reporting framework and processes			
			Identify initiative project teams			
			Develop detailed initiative plans			
Phase 4: Initiative Kick-Off					Individual initiative kickoffs	
						Initial project reporting cycle



Methodology and Approach

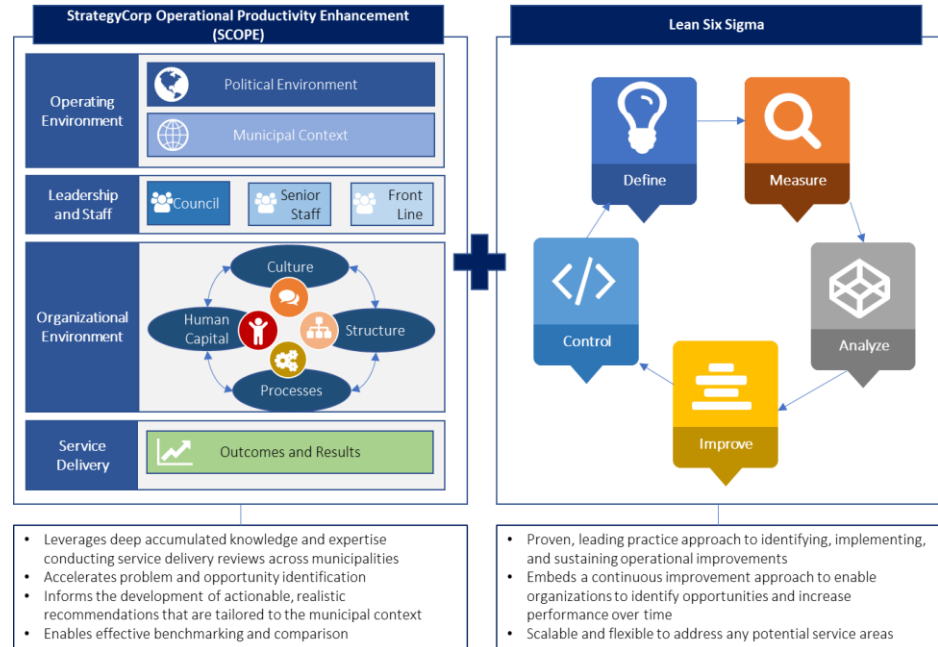
Leveraging SCOPE and Lean Six Sigma

For this engagement, we leveraged StrategyCorp's SCOPE methodology and aspects from Lean Six Sigma.

Our approach integrated two methodologies to identify opportunities that are developed using a gold-standard approach to operational excellence and continuous improvement, but deeply grounded in the municipal context.

First, StrategyCorp's proprietary SCOPE methodology engages municipal leaders in a top-down approach to get at the root of operational issues and opportunities. On the following slide, it outlines our consultative approach which led to the identification of over 150 opportunity ideas and supported the development of the 18 high-priority initiatives.

Second, the use of Lean Six Sigma, which is a world-renowned continuous improvement methodology that is proven to deliver superior operational performance. For this project, we used Lean Six Sigma's data first approach to support an unbiased view of the organization.





Initiatives Summary

Summary of Proposed Initiatives

As outlined, initiatives have been categorized into four different groups to drive savings while not reducing service levels or headcount.



Strategic Planning Process Initiatives

- Four initiatives that improve strategic planning processes
- Focused on translating strategy into day-to-day operations



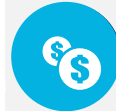
Operational Improvement Initiatives

- Six operational improvement initiatives
- Focused on improving specific processes and embedding continuous improvement



Organizational Design Initiatives

- Five organizational design and clarifying roles and responsibilities initiatives
- Focused on creating a more effective organization



Alternative Revenue Initiatives

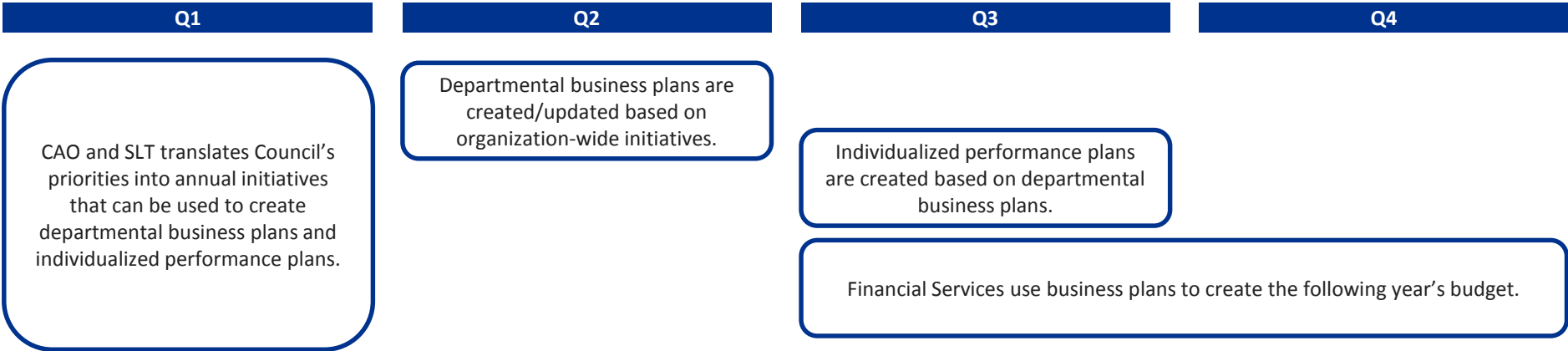
- Three alternative revenue initiatives
- Focused on creating new revenue streams with limited impact on business or residents



Strategic Planning Process Initiatives

Improved Strategic Planning Process

The initiatives within this category seek to create a strategic management framework that better allows the entire organization to understand and operationalize the Town's strategy. StrategyCorp has updated this framework to align to Newmarket's unique municipal context.



SLT conducts monthly management reviews with OLT to track departmental performance against business plans.

Corporate Communications promotes strategic progress and reiterates importance of strategic initiatives.

OLT promotes knowledge sharing across departments and shares resources.

Supporting documents: Asset Management Plan, Multi-Year Budget, Digital Transformation Strategy

Initiatives

Outlined below are the individual initiatives that if implemented, would support the Town in achieving a stronger strategic planning process.

Initiative	Initiative Description	Timeline to Full Realization
<p>Asset Management and Capital Planning</p>	<ul style="list-style-type: none"> The Town of Newmarket is currently undertaking a series of initiatives to implement multi-year capital budgeting and an asset management policy This initiative seeks to develop an approach to optimized asset management based on a risk-based decision-making process across the Town’s asset portfolio, in conjunction with implementing multi-year budgeting and an overarching asset management framework, which should enable Newmarket to avoid unnecessary capital and maintenance expenditures and optimize costs 	<p>7 Years</p>
<p>Business Planning</p>	<ul style="list-style-type: none"> This initiative seeks to develop a standardized business planning process for each Department across the Town’s organization, which would in turn directly link to the Town’s organization-wide business plan We recommend that each Department create a clear business plan for its operations and services using a standardized business planning template 	<p>3 Years</p>
<p>Performance Management</p>	<ul style="list-style-type: none"> This initiative seeks to develop and implement a performance management framework across the organization relative to Town objectives, Council’s strategic priorities, as well as staff-level KPIs that support Departmental initiatives and service delivery 	<p>3 Years</p>
<p>Digital Transformation Strategy</p>	<ul style="list-style-type: none"> The Town of Newmarket has identified a number of areas where paper-based and manual processes are inhibiting productivity This initiative seeks to develop a strategy that focuses on developing coherent, efficient, digital architecture, but focusing first on near-term improvements that could produce a step-change in productivity 	<p>1.5 Years</p>



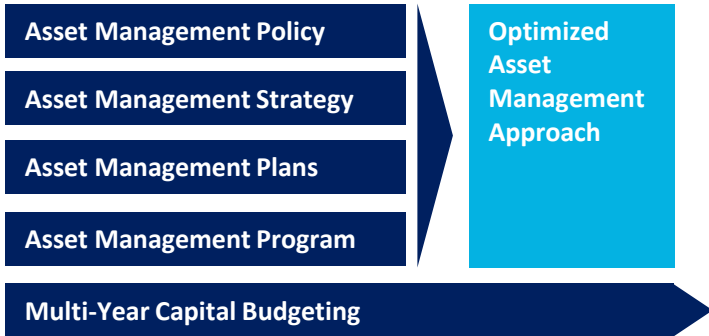
Example Initiative: Capital Planning and Asset Management

Initiative Overview

Initiative Description

The Town of Newmarket is currently undertaking a series of initiatives to implement multi-year capital budgeting and an asset management policy. Taken together, this is intended to enable the Town to better manage capital expenditures, and better plan for the required maintenance and capital expenditures required to ensure optimal performance of assets. Developing and implementing an approach to optimized asset management based on a risk-based decision-making process across the Town’s asset portfolio, in conjunction with implementing multi-year budgeting and an overarching asset management framework, will enable Newmarket to avoid unnecessary capital and maintenance expenditures and optimize costs.

Proposed Structure



- Implementation of optimized asset management techniques could be implemented along-side and beyond the Town’s current five-year plan to develop an Asset Management Framework

Projected Annual REV Opportunity

Cost Base	In-Scope Expenditures	Estimated Annual Savings	Timeline to Full Realization
Maintenance and Capital Expenditures	\$20.8M	\$1.0M - \$1.5M	7 years

- Optimized asset management can enable Newmarket to optimize expenditures over the total lifecycle of its capital assets
- This will involve establishing the foundational framework and capabilities to assess asset inventory and condition on an ongoing basis, and the implementation of class-specific techniques to determine optimal expenditures.
- Work could be completed by the new Asset Management BU

REV Analysis

REV Hypotheses

1. Newmarket currently plans for capital and maintenance expenditures on a year-by-year basis
2. Current information on the condition of assets is limited and not actively maintained in a way that is integrated with ongoing financial planning
3. Prioritization of capital projects is currently conducted on the basis of a subjective analysis
4. The Town is in the process of developing both a multi-year capital planning process and an asset management framework, including the implementation of an Asset Management BU
5. **Implementing optimized asset management techniques into this process could yield significant cost avoidance**

Leading Practices and Assumptions

- A risk-based approach to asset management can enable municipalities to focus constrained resources on the right assets as required
- The Public Sector Digest suggests typical expenditures follow the following curve:
 - 0-25% of asset lifespan: minor maintenance
 - 25-50% of asset's lifespan: major maintenance
 - 50-75% of asset's lifespan: rehabilitation
 - 75-100% of asset's lifespan: replacement
- Optimized asset management approaches to road maintenance have shown a 7%-17% improvement in cost efficiency over lifecycle
- We assume a long-run savings of 7% of total maintenance and capital expenditures related to the upkeep of capital assets – averaging a total of \$20M since 2013

Constraints and Considerations

- The Town is currently in the midst of a five-year project to implement an asset management framework and capability, and begin multi-year budgeting
- Implementing optimized asset management strategies should be integrated into the ongoing work in this area
- Implementing optimized asset management techniques will require the development of necessary technical capabilities and the collection of data and information that may not currently be available
- Better capital planning will yield increased opportunities to invest reserves over a longer time period for enhanced returns. This would result in additional revenue, which has not been incorporated into REV calculations

Future State: Implementing Leading Practices

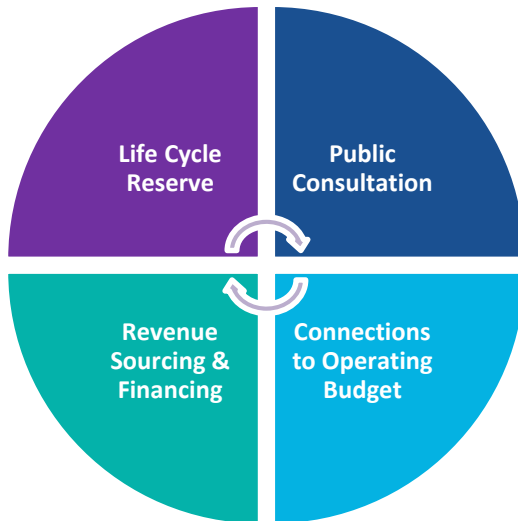
Based on best practices in other Municipalities (York Region, Peel Region, Town of Oakville, Peel Region, City of Mississauga, and the Town of Tecumseh), outlined below are key aspects of an asset management and capital planning framework that will support the Town in achieving Council’s strategic priority of fiscal sustainability, as well as supporting the Town in its succession planning efforts.

Guiding Principle

The Town’s asset management and capital planning process should be comprehensive and integrated with the strategic priorities of the Town, resulting in a long-term financial plan that assesses, and forecasts based on existing and future priorities, while accounting for staff capacity.

- A life cycle reserve invests for the replacement and ongoing maintenance of existing assets and capital reserves for new investments
- A reserve fund also allows the Town to forecast for unexpected expenditures, rather than incurring debt to support emergency management

- A debt management policy outlines and provides direction on how to finance capital expenditures
- Revenue options include debt, use of a reserve fund, tax levies, government grants, and alternate revenue sources, such as user rates
- Any debt incurred should adhere to the Provincial mandated Annual Repayment Limit



- Public engagement early on in the asset management and capital planning process promotes transparency and accountability in the investment of capital expenditures
- It is also an opportunity to assess public appetite for amenities that add value for residents’ and businesses

- Growth related capital expenditures must be assessed for impact on the associated operating budget
- This includes impacts on utilities, staffing and resource costs, as well as on the conditions of repurposed assets and existing infrastructure

High-Level Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	2020	2021	2022	2023	2024	2025
Current Newmarket Asset Management Strategy Development	Ongoing work by Town to develop governance, decision-making, maintenance management, and optimization processes					
Assess current capabilities	Assess current strategy					
Determine gaps and applicable leading practices	Identify gaps and opportunities					
Develop future state asset management operating model		Develop revised operating model	Develop asset class specific strategies			
Develop revised processes and implementation strategy			Begin implementation of asset class management strategies and incorporating into Town’s framework and processes			



 **Operational Improvements Initiatives**

Operational Improvements

During the current state review, we were able to find a range of initiatives that the organization could consider that would yield operational improvements. These initiatives ranged in size and complexity. Like other municipalities, the Town could adopt an internal continuous improvement program. This would allow the Town to gain internal capacity to continually improve its performance and services and address a wide range of opportunities.



Initiatives under this review

- Electronic Records Management
- Administrative Monetary Penalty System (AMPS)
- Updates to Procurement Policies and Procedures (As Planned)
- NTPDL’s Investment Performance
- CYFS – Multi-Year Single Source Contracts
- CYFS – Collaborative Recruitment



Benefits of continuous improvement program

- Ongoing operational improvement projects across the organization
- Internal staff capacity building
- Knowledge sharing among trained and untrained staff
- Adoption of a continuous improvement culture
- Proven benefits and ROI in comparable municipalities

Initiatives (1/2)

Outlined below are the individual initiatives that could support the organization in realizing operational efficiencies. Each initiative is explored in more detail in *Appendix A: Initiative Deep Dive*.

Initiative	Initiative Description	Timeline to Full Realization
Continuous Improvement Program	<ul style="list-style-type: none"> This initiative would look to make permanent the REV campaign Internal staff would be trained in continuous improvement methodologies and complete continuous improvement projects To support this initiative, the benefits realized from the different projects would, in part, be reallocated to the program to support training and staff hours to complete additional projects 	4 years
Electronic Records Management	<ul style="list-style-type: none"> Records Management Staff in Legislative Services, as well as Departmental Staff across the organization, spend significant time searching for both paper based and digital records This impacts their daily workloads, as well as the time spent responding to Freedom of Information (FOI) requests, or other requests of public or staff interest The Town could invest in an Electronic Records Management System (ERMS) that would both store and dispose of records once no longer required by FOI or CRA standards 	2 years
Administrative Monetary Penalty System (AMPS)	<ul style="list-style-type: none"> AMPS is a digitized adjudication process for issuing by-law infraction tickets in-house rather than through the already overburdened court system In support of the work already done by the Department of Legislative Services, the Town could further transition all by-law related tickets to the AMPS enforcement system to realize operational efficiencies and cost savings on an annual basis 	3 years
Updates to Procurement Policies & Procedures	<ul style="list-style-type: none"> This initiative seeks to validate the work already underway in Legal and Procurement Services to allow the use of non-binding tenders When examining municipal procurement literature, the Town's experience, as well as its use by comparable municipalities, StrategyCorp supports this initiative's direction 	1 year

Initiatives (2/2)

Initiative	Initiative Description	Timeline to Full Realization
<p>CYFS – Multi-Year Single Source Contracts</p>	<ul style="list-style-type: none"> • Currently, Central York Fire Service is unable to enter into single source supplier agreements with vendors • For high-cost and frequent purchases, such as fire apparatus units (estimated by CYFS to cost \$950,000 per unit), this prevents CYFS from enjoying vendor discounts and other purchasing benefits experienced by other neighboring fire services • Using Vaughan’s agreement with Safetek Emergency Vehicles as a case study, CYFS and the Town could save a significant amount in both dark and light green dollars by using a multi-year single source contract 	<p>5 years</p>
<p>CYFS – Collaborative Recruitment</p>	<ul style="list-style-type: none"> • The existing processes for annual firefighter recruitment requires extensive staff time and FTE effort • By collaborating with other composite fire services in York Region, this initiative seeks to reduce the FTE time spent and associated expenditures of the recruitment process by sharing resources, staff time, and roles and responsibilities 	<p>3 Years</p>



Example Initiative: Administrative Monetary Penalty System

Initiative Overview

Initiative Description

Town Council has approved Parking By-law enforcement and adjudication through the newly implemented Administrative Monetary Penalty System (AMPS). AMPS is a digitized adjudication process for issuing by-law infraction tickets in-house rather than through the already over burdened court system. In support of the work already done by the Department of Legislative Services, the Town could further transition all By-Law related tickets to the AMPS enforcement system to realize operational efficiencies and cost savings on an annual basis.

Proposed Structure

Pilot Project – Parking Violations

- After 6 months of using the AMPS model for enforcement of parking By-law violations, evaluate ROI in terms of expenditure reductions, productivity gains, and operational efficiencies realized
- Depending on the analysis above and staff feedback, consider transferring enforcement for all by-law violations to AMPS model

By-law Enforcement – AMPS Model

- The Town could pursue the transfer of all administrative and enforcement tasks to the AMPS Model
- This project could identify new revenue generating opportunities through more charges laid daily, as well as the opportunity to license or regulate more business classifications

Projected Annual REV Opportunity

Cost Base	In-Scope Expenditures	Estimated Annual Savings	Timeline to Full Realization
Current Process – By-law Breach	\$200,000	Cost Avoidance & Increased Productivity	3 years

- The estimated annual savings presented above is a conservative estimate based on the “best case scenario” for the length of time it takes an Enforcement Officer and supporting Legislative Services staff to lay a charge in-court based on staff feedback
- If the Town were to pursue the transfer of all administrative and enforcement tasks to the AMPS Model (expected timeline of 3-years), we project the estimated annual savings could be even higher YOY

REV Analysis

REV Hypotheses

1. Staff at various levels of the organization spend significant amounts of time filing charges against by-law offenders as the existing by-laws require Licensing Offers and Staff to prepare paper work and attend court for every charge laid
2. Efficiency gains could be realized and annual expenditures could be reduced by moving towards an automated system for enforcing by-law violation charges
3. **To address this issue, the Town could continue to pursue the transfer of parking by-law violation enforcement to the Administrative Monetary Penalty System (AMPS) model**

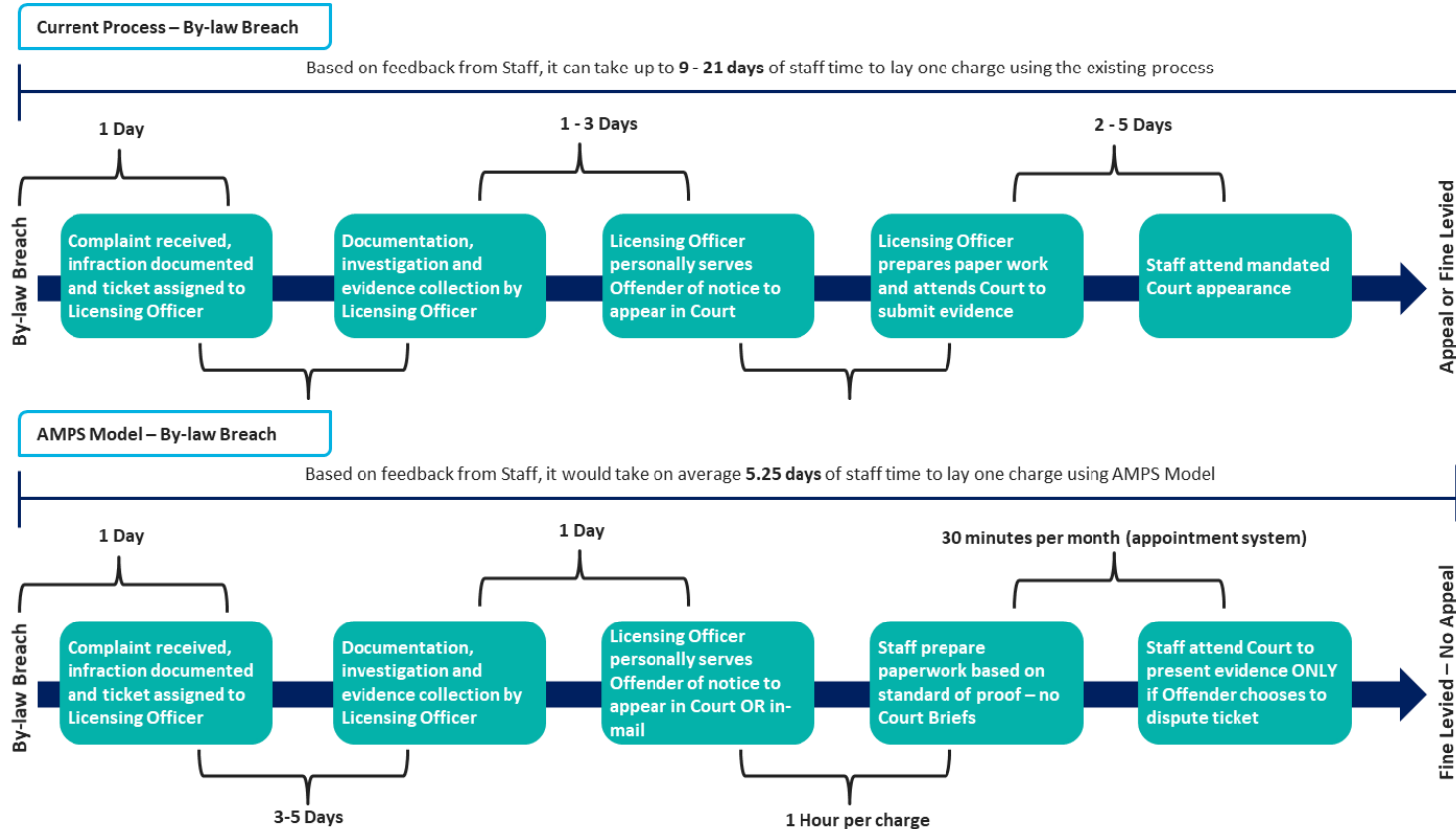
Leading Practices and Assumptions

- By transferring all administrative functions for levying by-law enforcement charges against Offenders to the AMPS model, staff estimate that they could levy one charge per day (>100% increase)
- Many Canadian municipalities have or are moving towards making it a requirement to use the AMPS model for all by-law related offences, including property standards, licensing, parking, signs, etc.

Constraints and Considerations

- While Ontario has been slower to implement the AMPS model than other Provinces across Canada, comparable jurisdictions, such as the City of Vaughan and the City of Oshawa, have implemented the AMPS model for enforcement of licensing by-laws
- Based on conversations and information received from staff, Council has been briefed on the AMPS model, and is expecting that more opportunities for its implementation related to by-law enforcement will be presented for their consideration in 2020

Current Process vs. AMPS Model



High-Level Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q1 and Q2 2020	Q3 and Q4 2020	Q1 and Q2 2021	Q3 and Q4 2021	Q1 and Q2 2022	Q3 and Q4 2022
Identify and Prioritization AMPS Implementation Project	Identification					
Transition First Wave of Identified Process to AMPS and Evaluate		Implement and Evaluate				
Transition Second Wave Identified Process to AMPS and Evaluate			Implement and Evaluate			
Transition Third Identified Process to AMPS and Evaluate				Implement and Evaluate		
Transition Fourth Identified Process to AMPS and Evaluate					Implement and Evaluate	



Organizational Redesign and Clarifying Roles and Responsibilities Initiatives

Organizational Redesign and Clarifying Roles and Responsibilities

Some of the initiatives contained in this report include reorganizing and clarifying roles and responsibilities to ensure more optimal and efficient service delivery. There are a series of tests to evaluate an organization's structure. Below are the tests and the corresponding initiatives that fall under each test.

The Redundant-Hierarchy Test

Test: *Does your design have too many parent levels and units?*

Initiative: Organizational Review

The Accountability Test

Test: *Does your design support effective controls?*

Initiative: Technology Function Assessment and Operational Review – Winter Maintenance and Waster/Wastewater

The People Test

Test: *Does your design reflect the strengths, weaknesses, and motivations of your people?*

Initiative: Customer Service Integration – Public Works Services

The Difficult Link Test

Test: *Does your design provide coordination solutions for the unit-to-unit links that are likely to be problematic?*

Initiative: Increased Collaboration Between Facility Operations and Recreation and Culture

Initiatives (1/2)

Outlined below are the individual initiatives to help improve organizational design and role clarification issues. Each initiative is explored in more detail in *Appendix A: Initiative Deep Dive*.

Initiative	Initiative Description	Timeline to Full Realization
<p>Organizational Review</p>	<ul style="list-style-type: none"> • The operations of the Town of Newmarket have grown significantly in size and complexity as the Town’s population and its residents' demands have grown • As with all organizations, incremental decisions as to the resourcing and structure of the organization to meet these demands have been made over the years, and a number of issues or concerns with the current structure have been identified • Conducting a thorough organizational review of the Town’s structure and capabilities, with an objective of improving the efficiency and effectiveness of the Town’s structure, could yield significant efficiency opportunities and identify resources that could be allocated to higher-value and higher-priority activities • This initiative would not result in layoffs, but instead reallocate resources 	<p>3 years</p>
<p>Technology Function Assessment</p>	<ul style="list-style-type: none"> • During the current state review, technical implementation across the organization was raised as an issue • When reviewing the performance of technology implementation, when the client department is properly resourced, the project generally runs 9% overbudget compared to when the project is not properly resourced by the client department. In those cases, these projects run 87% over budget • Also, when the project is properly resourced by the client, the project is on average 0.67 months overtime, compared to 21.5 months overtime • To address this issue, increased project management protocols should be implemented for both the client departments and IT Services 	<p>1 year</p>

Initiatives (2/2)

Initiative	Initiative Description	Timeline to Full Realization
<p>Operational Review – Winter Maintenance and Water and Wastewater</p>	<ul style="list-style-type: none"> • This initiative seeks to address the practice of relying on staff from Water and Wastewater Services (WWS) to support the Road Division in its winter maintenance activities • We found that by relying on WWS, the annualized costs of this practice is more than \$180,000, with other negative impacts including water standard compliance issues • We completed a preliminary options evaluation to identify solutions based on limited data • To address this initiative, we suggest that the Town completes a fully costed study on possible alternatives 	<p>1 year</p>
<p>Customer Service Integration – Public Works Services</p>	<ul style="list-style-type: none"> • This initiative seeks to improve the customer experience in Public Works Services and find operational improvements between Customer Service and Public Work Services • To optimize the customer service experience, Customer Service could take a more direct role in actioning the inquiries and reaching out directly to relevant staff in PWS • This integration process would include a strategy to develop comprehensive FAQs on a regular basis to reduce the volume of requests assigned to PWS 	<p>2 years</p>
<p>Increased Collaboration Between Facility Operations and Recreation and Culture</p>	<ul style="list-style-type: none"> • This initiative seeks to improve collaboration between Facility Operations and Recreation and Culture • The current organizational structure results in these two groups perceiving that they have competing goals which makes collaboration challenging • To address this issue, StrategyCorp is suggesting a host of short-term collaboration initiatives and an organizational review of these two departments to find increased channels of collaboration 	<p>2 Years</p>



Example Initiative: Operational Review – Winter Maintenance and Water/Wastewater

Initiative Overview

Initiative Description

This initiative seeks to review the practice of relying on support from Water and Wastewater Service (WWS) to support the Road Division in its winter maintenance activities. This initiative examined the *2017 Water and Wastewater Services Impact to Operations of Performing Winter Maintenance Activities* study prepared by the Commission. In this initiative, we validated the calculations, found additional costs of this practice, and annualized the impact. We found that by relying on WWS, the annualized costs of this practice is more than \$180,000 with other negative impacts, including water standard compliance issues. To address this initiative, we suggest that the Town completes a full costed study on possible alternatives. In this report, we have costed alternatives and see positive ROI of three options.

Impact of Practice

As mentioned in the 2017 Commission, this practice negatively impacts the Town’s operations. Outlined below are the major risks of continuing this practice.



Cost

\$181,000 annuals costs in dark and light dollars



Ministry Compliance Issues

In 2014, the Town received a non-compliance related to water quality sampling. This was because staff were performing winter maintenance.



Workload Planning

It is difficult for management to plan which tasks will be completed because of staff’s changing schedules.

Initial Cost Benefit Analysis

While StrategyCorp is suggesting the Town complete a detailed study of possible alternatives, outlined below is the annualized cost of relying on WWS staff and costed alternatives.

Annualized Costs of WWS Staff Performing Winter Maintenance

Estimated Annual Costs	\$181,323
------------------------	-----------

Alternative Costing and ROI

Alternative 1: Seasonal Road Staff Cost	\$106,214
Cost Benefit Analysis	\$75,109
Alternative 2: Increased Contractor Use Cost	\$311,699
Cost Benefit Analysis	(\$130,375)
Alternative 3: Leveraging Park Staff Cost	\$46,684
Cost Benefit Analysis	\$134,640

REV Analysis

REV Hypotheses

1. The current practice of using water and wastewater staff to perform winter maintenance work has dark and light green costs of over \$180,000
2. There are other impacts of relying on W/WS staff to perform winter maintenance including compliance, workforce planning, and asset management issues that have longer term costs associated with these issues
3. StrategyCorp's preliminary alternatives studies show that adding additional seasonal contract workers and/or utilizing Park staff have a positive ROI if implemented
4. **To ensure that the ROI and other impacts of alternatives are fully understood, an in-depth alternative study should be performed**

Leading Practices and Assumptions

- York Region municipalities – both larger and smaller than Newmarket – do not use water and wastewater staff to perform winter maintenance (see *Municipal Comparators*)
- Seasonal staff would be full-time staff for the winter months and have an hourly rate of \$35/hour
- Parks staff would perform winter maintenance work at \$35/hour. However, these hours would be charged at overtime rates
- Parks staff would also need similar resting hours as water and waste water

Constraints and Considerations

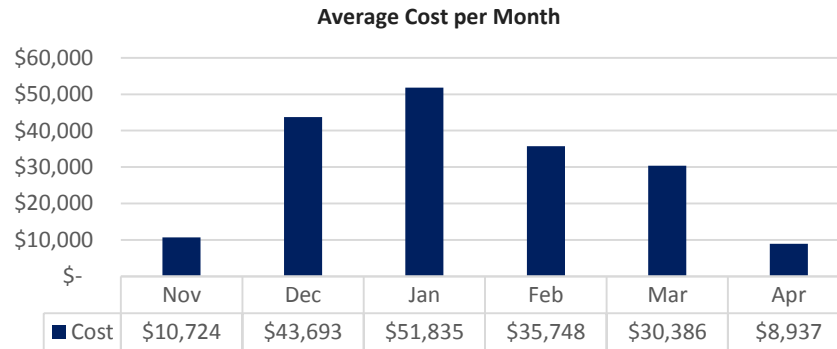
- The Town is able to perform an in-depth alternative study to understand the full impacts of the possible alternatives
- Park staff are able to perform winter road maintenance at the same capacity as water and wastewater staff
- The Town is able to find seasonal workers at \$35/hour to meet its need

Cost Analysis

Using the 2017 study for the period between December 9th, 2016 to February 17th, 2017, costs have been annualized. During interviews with staff, additional light green costs were identified that were not contained in the original report. These additional costs are bolded in the table below. To annualize costs, average snowfall per month in the GTA was used to project monthly need.

Cost Data from December 9, 2016 – February 17, 2017	
Costs	
Overtime Costs for W/WS to Perform Winter Maintenance	\$22,575
W/WS Resting Costs	\$6,375
W/WS Contactor Costs	\$39,461
Lost W/WS Productive Hours	\$25,200
Lost Management and Supervisor Time	\$1,916
Total Costs	\$95,528

Average Snowfall per Month in the GTA		
Month	Snowfall (cm)	Percent of Total
November	8.1	6%
December	32.2	24%
January	38.2	29%
February	26.6	20%
March	22	17%
April	6	5%
Total Costs	133.1	100%



Estimated Total Annual Cost* = \$181,323

*Costs per year would fluctuate based on the snowfall.

Other Impacts

Using W/WS staff to perform winter road maintenance has other impacts that negatively effect the organization. Outlined below is a description of these impacts.

Ministry Compliance Issues

In the 2014 MOECP inspection report, the Town of Newmarket received a notice of non-compliance related to water quality sampling within the distribution system. The MOECP inspector's comments suggest that the samples may have been missed due to W/WS operators supporting winter maintenance activities and not performing regulatory water related sampling. Ministry fines range from \$10,000 - \$100,000. This is likely to occur again if W/WS continue to perform winter road maintenance.



Workload Planning

It is difficult for management to plan which tasks will be completed because of staff's unpredictable schedules. This is largely because of W/WS' winter road maintenance work. For instance, on December 2, 2019, nine of the twelve water and wastewater staff were unable to attend the day shift. Five of these staff were legally unable to attend their shift because of all night winter road maintenance work. A very similar situation occurred four days later in which one staff member was able to do water and wastewater work. This is a common occurrence that makes workload planning extremely difficult.



Asset Management

Because of the strained workload of WWS staff during winter months, essential work is prioritized over long-term projects. The group focuses on completing its water inspection calendar and sacrifices projects that would support longer term asset management. While the costs of these sacrifices are not immediately felt, the group's inability to perform these tasks will have a material and significant impact on the Town over the long term.



Municipal Comparators

Completed in the 2017 study was a review of York Region municipalities and their use of Water and Wastewater staff in performing winter maintenance. While larger municipalities resoundingly do not use this tactic, smaller municipalities like Georgina, East Gwillimbury, and to some extent King, also do not use WWS staff.

Municipality	2016 Population	Do Licensed WWS Operators perform any winter maintenance activities?	Are Licensed WWS Operators on rotating schedule for winter maintenance?
Newmarket	84,224	Yes	Yes
Aurora*	55,445	No	No
Georgina	45,418	No	No
East Gwillimbury	223,991	No	No
King	24,512	Yes	No
Whitchurch-Stouffville	45,837	Yes	Yes
Vaughan	306,233	No	No
Markham	328,966	No	No
Richmond Hill	195,022	No	No
York Region	1,109,909	No	No

Newmarket is an outlier in its use of water and wastewater staff to support the Town’s winter road maintenance work.

Alternative Practices

StrategyCorp is recommending a full alternative study be completed to determine which option or mixture of options is best suited for the Town. However, using preliminary information, we have provided an estimate cost of each option and identified missing information. It appears that adding additional seasonal road staff and leveraging park staff have a positive ROI, but the Town could perform an in-depth alternative study to further refine these options and their costs.

Seasonal Road Staff

Description: Add five seasonal road contract staff to allow water and wastewater staff to be infrequently scheduled for winter maintenance work.

Cost Benefit Calculation:

Costs	
Five seasonal workers	\$103,275
Management Costs	\$2,939
Total Costs	\$106,214
Total Annual Savings	\$75,109

Implementation Considerations:

- This option has a positive ROI
- It also infrequently relies on staff outside of road maintenance
- Recruiting seasonal staff may be challenging
- Some water and wastewater staff may want the overtime from winter maintenance and will be resistant to changing their current work

Increased Contractor Use

Description: Add five additional outside contractors to allow water and wastewater staff to be infrequently scheduled for winter maintenance work.

Cost Benefit Calculation:

Costs	
Hourly fee	\$31,699
Standby fee	\$280,000
Total Costs	\$311,699
Total Annual Savings	(\$130,375)

Implementation Considerations:

- This option has a negative ROI largely because of the contractors' standby fee
- For this option to be explored further, negotiating a more competitive standby fee will be needed

Leveraging Park Staff

Description: Leverage existing Parks staff to allow water and wastewater staff to be infrequently scheduled for winter maintenance work.

Cost Benefit Calculation:

Costs	
Overtime snowplow hours	\$36,309
Resting hours	\$10,374
Total Costs	\$46,684
Total Annual Savings	\$134,640

Implementation Considerations:

- While the above calculation shows a positive ROI, it is likely that there are both dark and light green costs of using Parks staff to relieve water and wastewater staff
- These unknown costs should be understood in more detail before this option is pursued

High-Level Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q1	Q2	Q3	Q4
Perform a Detailed Alternative Study	■			
Select Optimal Alternative		■		
Launch and Monitor			■	



Alternative Revenue Initiatives

Alternative Revenue Streams

Included in the REV Campaign was the opportunity to consider new revenue streams. Outlined below is our approach to examining and evaluating these initiatives.



Studying Municipal Best Practices

- Conduct a jurisdictional scan of comparable municipalities to understand best practices of adopting and implementing alternative revenue streams



Ensure Minimal Impact to the Resident

- Ensure that the revenue stream has a minimal impact of the Town of Newmarket's resident tax burden



Balance Economic Development and Smart Regulation

- Support regulations and revenue streams that do not make the Town of Newmarket economically uncompetitive and allows for the Town to provide sustainable services



Ensure the Town can operationalize the revenue stream with a strong ROI

- Determine the upstart and operational costs of these revenue streams do not outweigh the revenues

Initiatives

Outlined below are the individual initiatives that the organization could consider to adopt new revenue streams.

Initiative	Initiative Description	Timeline to Full Realization
Licensing – Transportation Network Companies	<ul style="list-style-type: none"> In support of the work underway by the Legislative Services Department, the Town could consider the implementation of the proposed Mobile Licensing By-Law, which will regulate Transportation Network Companies (TNCs), including Uber, tow trucks, limousines, and more This approach is consistent with other municipalities who are licensing these TNCs as not only a new revenue generating opportunity, but to also protect consumers and public safety 	3 years
Municipal Accommodation Tax	<ul style="list-style-type: none"> In support of the initiative put forward by Legislative Services, the Town could investigate the implementation of a Municipal Accommodation Tax (MAT) This tax is levied on hotels, motels, and other forms of accommodation within the traditional lodging industry, and if permitted, on property owners/renters offering short-term rental (“STR”) stays through peer-to-peer online platforms, such as Airbnb This initiative recommends moving forward with this idea by including both traditional accommodations and short-term rentals to be fair to traditional incumbents and new entrants 	3 years
Central York Fire Services – Collision Fee	<ul style="list-style-type: none"> Central York Fire Services is considering launching a two-year pilot project to recover the costs of responding to collisions and charging at-fault drivers StrategyCorp validated CYFS’ costing and see this pilot as a valid initiative to generate new revenues These revenues will be used as a cost-recovery program to help offset the costs of the services provided, which range from the extraction of collision victims and on-scene medical assistance, to the cleanup of hazardous materials and fluids at the scene 	1 year



Example Initiative: Municipal Accommodation Tax

Initiative Overview

Initiative Description

In support of the initiative put forward by Legislative Services, the Town could investigate the implementation of a Municipal Accommodation Tax (MAT) on hotels, motels, and other forms of accommodation within the traditional lodging industry, and if permitted, on property owners/renters offering short-term rental (“STR”) stays through peer-to-peer online platforms, such as Airbnb. While this policy option does not generate the highest ROI for the Town in Year 1 or 2, it would ensure fair treatment of operators of accommodation businesses within Newmarket.

Potential Options

The Town has 3 options for pursuing a MAT:

Policy Option	Timelines for Implementation
4% MAT on Hotels Only	Based on municipal comparator research, the Town could implement a 4% MAT on Hotels only in approximately 20 months
4% MAT on Hotels + Short-Term Rentals	Based on staff experience introducing new By-laws, the timeline for Hotels & STRs increases to 26 months
4% MAT on Hotels Now + Short-Term Rentals Later	Based on municipal comparator research, the Town could implement a 4% MAT on Hotels only in 20 months, and pursue STRs in parallel for 6 months

Projected Annual REV Opportunity

Cost Base	Estimated Annual Net Revenues	Timeline to Full Realization
4% MAT Tax	\$91K – \$107K	3 years

- The estimated annual revenues above represent an average YoY, and further cost benefit analysis continues on slide 50
- While there are common upstart costs associated with each policy option as described, estimated annual ROI will also depend on how the Town decides to proceed with MAT tax implementation, and when certain costs are incurred
- The estimated annual ROI assumes stagnant revenue growth, but actual revenue growth will depend on the effectiveness of the resulting Tourism & Marketing strategy, as well as hotel developments and short-term rentals (if permitted)

REV Analysis

REV Hypotheses

1. Updates to the Municipal Act by the Province gave Municipalities the ability to levy a 4% Municipal Accommodation Tax on forms of temporary accommodation, including hotels, motels, and short-term rentals like Airbnb's
2. The Town could realize revenues from this initiative at a moderate annual cost to support the development of tourism and marketing strategies by levying the tax on Hotels, Models, as well as STRs, such as Airbnb and HomeAway
3. 50% of the revenues received from the MAT must go towards the development of tourism related initiatives, and the other 50% can be invested or spent at the Town's discretion
4. **The net revenue that Newmarket is expected to raise, even considering stagnant growth in the tax base, is over \$100,000 YOY**

Leading Practices and Assumptions

- Other municipalities in York Region have variably permitted the regulation of Airbnb, with some municipalities, such as the City of Markham, banning them altogether
- Health and safety implications of STRs are considered risks of regulating and permitting STRs
- Other considerations include allowing residents to earn additional income in the new peer-to-peer market

Constraints and Considerations

- Depending on whether the Town decides to permit and regulate short-term rentals (STRs), such as Airbnb, will influence how much revenue is realized annually through this initiative, as well as the timelines to realization

Context

As part of the Provincial Budget in 2017, the Government of Ontario granted municipalities the authority to implement a tax on short-term accommodations. This includes hotels, motels, inns, lodges, and where permitted, short-term accommodation platforms, such as Airbnb, Flipkey, and HomeAway. Since then, a number of municipalities have implemented a Municipal Accommodation Tax of 4% on traditional lodging platforms, and others have since passed the Zoning and Licensing By-laws required to permit and license non-traditional short-term rentals (“STRs”).

Requirements for Implementation

Hotels & STRS

STRS Only

Tourism Destination Marketing Organization

Description: The Province requires that Municipalities who implement a MAT establish a not-for-profit corporation to serve as the destination marketing organization and make use of 50% of the revenues collected through the levy

Implementation Considerations:

- The Province requires a business case for the proposed Corporation pursuant to the Municipal Act
- Alternatively, the Town could remit 50% of the annual MAT revenues and responsibility for marketing the Town as a tourism destination to the Central Counties Tourism Organization
- The remaining 50% of the revenues collected through the MAT can be used at the Town’s discretion

Zoning By-law Amendment

Description: As the Town’s existing Comprehensive Zoning By-law 2010-40 does not permit short-term rentals through primary or secondary residences, a By-law amendment is required

Implementation Considerations:

- In 2013, the Town passed an amended Zoning By-law to require all residences with Accessory Dwelling Units (ADUs) to register their units through a one-time application process with the Town’s Legislative Services Department, which can serve as the basis for the required MAT By-law amendments

Licensing By-law Amendment

Description: To permit the registration, licensing, and enforcement of STRs through online platforms, the Town would have to pass the required Licensing By-law

Implementation Considerations:

- Comparable municipalities in York Region and across Ontario are varied in their permission of STRs through online platforms, citing nuisance, parking, and noise concerns
- Public consultation is required to assess appetite for permitting STRs through peer-to-peer online platforms like Airbnb

Policy Options (1/3)

Based on discussions with staff, existing work done to date, and comparator research, the Town has three different policy options that could be explored further in the implementation of the Municipal Accommodation Tax. These models assume stagnant revenue growth for the purposes of the cost benefit analysis.

1

4% MAT – Hotels Only

Benefits	Considerations	Y1 Cost Benefit Analysis		Y2 Cost Benefit Analysis		Y3 Cost Benefit Analysis	
<ul style="list-style-type: none"> Based on current hotel room space, the Town could realize approximately \$184,598 annually in new revenue Like the City of Vaughan, the Town could realize revenues quickly as STR discussions occur in parallel 	<ul style="list-style-type: none"> Traditional hotel and lodging operators may express concern with unequal treatment between the two accommodation classifications 	COSTS		COSTS		COSTS	
		Business Case for TDMO ¹	\$30,000	.5 FTE – Financial Analyst	\$39,794	.5 FTE – Financial Analyst	\$39,794
		Tax Collection Software	\$32,200	Legal Fees – TDMO Incorporation ²	\$3,200	1 FTE – Tourism Development & Destination Marketing Strategy Programmer*	\$88,694
		.5 FTE – Financial Analyst	\$39,794	1 FTE – Tourism Development & Destination Marketing Strategy*	\$88,694	Tax Collection Software	\$32,200
				Tax Collection Software	\$32,200		
		REVENUES	\$184,598	REVENUES	\$184,598	REVENUES	\$184,598
		Y1 ROI	\$82,603	Y2 ROI	\$109,403	Y3 ROI	\$112,603

*Based on Cultural Programmer FTE equivalent

¹ Source: Alberta Rural Development Network

² Source: Cassels & Brock

Policy Options (2/3)

Based on discussions with staff, existing work done to date, and comparator research, the Town has three different policy options that could be explored further in the implementation of the Municipal Accommodation Tax. These models assume stagnant revenue growth for the purposes of the cost benefit analysis.

2 4% MAT – Hotels & Short-Term Rentals (“STRs”) - RECOMMENDED

Benefits	Considerations	Y1 Cost Benefit Analysis		Y2 Cost Benefit Analysis		Y3 Cost Benefit Analysis	
<ul style="list-style-type: none"> Based on current hotel room space, the Town could realize approximately \$184,598 annually in new revenue Like the City of Vaughan, the Town could realize revenues quickly as STR discussions occur in parallel 	<ul style="list-style-type: none"> Traditional hotel and lodging operators may express concern with unequal treatment between the two accommodation classifications 	COSTS		COSTS		COSTS	
		Business Case for TDMO ¹	\$30,000	.5 FTE – Financial Analyst	\$39,794	.5 FTE – Financial Analyst	\$39,794
		Tax Collection Software	\$32,200	Legal Fees – TDMO Incorporation ²	\$3,200	Tax Collection Software	\$32,200
		.5 FTE – Financial Analyst	\$39,794	Tax Collection Software	\$32,200	Host Compliance – MAT Module	\$5,000
		.5 FTE – Legislative Coordinator	\$39,952	Host Compliance – MAT Module	\$5,000		
		REVENUES	\$184,598	REVENUES	\$184,598	REVENUES	\$184,598
		Y1 ROI	\$42,650	Y2 ROI	\$104,403	Y3 ROI	\$107,603

*Based on Cultural Programmer FTE equivalent
 1 Source: Alberta Rural Development Network
 2 Source: Cassels & Brock

Policy Options (3/3)

Based on discussions with staff, existing work done to date, and comparator research, the Town has three different policy options that could be explored further in the implementation of the Municipal Accommodation Tax. These models assume stagnant revenue growth for the purposes of the cost benefit analysis.

3 4% MAT – Hotels Now & STRs Later

Benefits		Considerations		Y1 Cost Benefit Analysis		Y2 Cost Benefit Analysis		Y3 Cost Benefit Analysis	
<ul style="list-style-type: none"> Based on current hotel room space, the Town could realize approximately \$184,598 annually in new revenue Like the City of Vaughan, the Town could realize revenues quickly as STR discussions occur in parallel 	<ul style="list-style-type: none"> Traditional hotel and lodging operators may express concern with unequal treatment between the two accommodation classifications 	COSTS		COSTS		COSTS			
		Business Case for TDMO ¹	\$30,000	.5 FTE – Financial Analyst	\$39,794	.5 FTE – Financial Analyst	\$39,794		
		Tax Collection Software	\$32,200	Legal Fees – TDMO Incorporation	\$3,200	Tax Collection Software	\$32,200		
		.5 FTE – Financial Analyst	\$39,794	Tax Collection Software	\$32,200				
		DEFERRED		0.5 FTE – Legislative Coordinator	\$39,952	0.5 FTE – Legislative Coordinator	\$39,952		
		DEFERRED		MAT Module	\$5,000	MAT Module	\$5,000		
		REVENUES	\$184,598	REVENUES	\$184,598	REVENUES	\$184,598		
		Y1 ROI		\$82,603	Y2 ROI		\$109,403	Y3 ROI	

Municipal Examples of Initiative

In addition to the City of Toronto, other municipalities within York Region, as well as other comparable lower-tier municipalities, have implemented a 4% Municipal Accommodation Tax on hotels and/or short-term rental accommodations. Of those presented below, the Town of Oakville is the only municipality that has passed the required Zoning and Licensing By-laws to regulate and register Airbnb and other short-term accommodation platforms. If the Town is interested in further pursuing this initiative, it is recommended that the Town reach out to the Town of Oakville to better understand their experiences with regulating these short-term accommodation platforms and levying the MAT.

Case Study: City of Vaughan¹

- The City of Vaughan passed by-law number 029-2019 to enact a Municipal Accommodation Tax, at a rate of 4%, on the sale of hotel accommodation within the City
- The 4% tax is levied on the purchase price of the hotel accommodation, and would be displayed on the rate payer's invoice as a separate line item
- This tax currently applies to hotels, motels, lodging, and bed & breakfasts while the City considers the regulatory and planning frameworks required to apply the tax to short-term rentals and online platforms such as Airbnb
- The City offers providers a one-time choice of remitting the tax monthly or quarterly, and the statements are collected by the Chief Financial Officer and the City Treasurer

Case Study: City of Markham²

- The City of Markham enacted by-law number 2018-116 to levy the 4% MAT on "Transient accommodation" within the City
- Transient accommodation is defined as consecutive stays of 29 days or less in any place where paid-for accommodation is provided (unlike the City of Vaughan, this definition could include Airbnb in the future)
- Accommodation providers remit the tax and submit monthly statements on the last day of every month to the City's Treasurer
- However, the City of Markham does not permit Airbnb or short-term rental accommodations, and property owners who wish to apply for the required classification would have to submit an application for an Official Plan amendment and a zoning plan amendment at an estimated cost of \$45,000

Case Study: Town of Oakville³

- The Town of Oakville approved the zoning amendments and Licensing By-law required to regulate short-term accommodations, with a goal of creating more equity in the market between short-term accommodations (Airbnb, HomeAway) and traditional tourism lodging platforms
- Airbnb and other short-term accommodation platforms must pay a \$237 per year business license to operate in the Town, and also pay the MAT tax on the purchase price of accommodation
- 50% of the revenues collected from the MAT tax are given to the Municipality, and the Town allocates its portion to a reserve fund for tourism related projects and initiatives
- The other 50% of the net revenue (less a 5% administrative fee) goes to Visit Oakville for tourism promotion and development

¹ City of Vaughan By-law 029-2019

² City of Markham By-law 2018-116

³ Town of Oakville Municipal Accommodation Tax

High-Level Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q1/2 – 2020	Q3/4 – 2020	Q1/2 – 2021	Q3/4 – 2021	Q1/2 – 2023
Amend By-law	█				
Satisfy Requirements of TDMO		█			
Procure Technologies and Adjust FTE Roles & Responsibilities		█			
Consult Affected Industries and Inform Changes		█			
Develop Tourism & Marketing Strategies			█		
Collect Revenues, Audit & Enforce				█	



 **Conclusion**

Summary of Findings

Findings

18 high priority initiatives were developed, in consultation with staff, that will lead to cost savings, improved productivity, and new revenue streams. In addition, these initiatives align with one or more of Council’s strategic priorities. Other findings include:



- 1** The Town of Newmarket has a strong culture of continuous improvement, in which staff are actively looking for ways to improve resident services.
- 2** Newmarket’s leadership has a demonstrated desire to push the organization to improve and find efficiencies and deliver even more effective services to its residents.
- 3** If implemented, these initiatives would live up to Town’s mission of “Making Newmarket Even Better”.



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