

Municipal Benchmarking: A Necessary Evolution for Our Municipal System



2011 Municipal Symposium
Gander
May 6, 2011

Our people • Our place • Our potential

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First, A Regional Government Reminder

- All municipalities should now have received copies of the regional government workbooks.
- Please complete the workbooks and return them to the MNL office at your earliest convenience.
- Northern Reg. Gov. Consult: May 28th, St. Anthony
- No date set for Avalon Consultation

What is Municipal Benchmarking?

- It is a method of determining whether a municipality is meeting its legislative responsibilities and its responsibilities to residents.
- It is the setting of reasonable goals for a wide array of municipal responsibilities and developing a plan to meet these goals.
- It is a tool to rate your municipality's performance and to understand why or why not you are meeting expected performance levels.
- It is a sustainability tool to be used to improve individual municipalities and the entire municipal system.

Why Should NL Municipalities Consider Benchmarks?

- Municipal governments have as much or even more of a responsibility to residents as they do to the provincial government.
- Reporting requirements of our municipal system does not reflect this fact: Federal or Provincial Governments impose standards on municipalities – PSAB, Waste Management, Firefighting, Wastewater – while reporting requirements to residents are quite few (if any).

Why should NL Municipalities Consider Benchmarks?

- In fact, the opposite should be true.
- Municipal governments should be reporting more to residents on:
 - Service improvements/challenges
 - Infrastructure improvements/challenges
 - Administrative/taxation issues
 - Recreation ideas/plans
- Residents need this information because they provide a strong majority of your revenue, but make up a small amount of reporting.

Benchmarking in Canada

- Mandatory benchmarking is already in place in:
 - British Columbia
 - Ontario
 - Quebec
 - Nova Scotia
- New Brunswick has proposed benchmarking measures, but they have not yet been enacted.
- Benchmarking differs across jurisdictions (and even within a jurisdiction).
- One size does not fit all.

Benchmarking in Canada

- Why have these other jurisdictions established benchmarking regimes?
- Two primary reasons:
 1. Public Accountability: BC Community Charter gives municipalities more rights; municipalities must show they are deserving of these new responsibilities.
 2. Means of improving local government: Creates a knowledge-based local government system that allows for best practices and local ideas to be better shared.
- No benchmarking system is tied to funding commitments.

Benchmarking and NL Municipalities

- NL Municipalities have few means of understanding whether they are meeting the needs of residents and doing effective work.
- Three primary means of determining:
 1. Provincial government support/reward/punishment for meeting legislative or government policy requirements.
 2. Monitor complaints from residents: unscientific and reactive.
 3. Elections results: reactive and may not be based on actual job performance. Also, not applicable when council is acclaimed

Benchmarking and NL Municipalities

- NL Municipalities also have no requirements, expectations, or motivation to set goals and to try and achieve these goals.
- MNL's Self-Assessment Program: focused on municipalities being self-reflective.
- ICSPs: too broad, and not empowering enough for meaningful goal setting.
- Too focused on “once and done”: the chore is getting through the process, not adopting the process and working through it.

Benchmarking and NL Municipalities

- With that said, being self-reflective is a major component of benchmarking.
- Self-reflection, however, must be honest.
- Municipalities need to better understand their challenges and they need to understand the exact causes/nature of their challenges.
- Once municipalities better understand their “base line” then they can set realistic benchmarks that they want to achieve.
- There must also be criteria for benchmarking standards. Default position cannot be: “All municipalities are currently well-run and sustainable.”

Benefits for NL Municipalities

- Should allow for municipalities to be proactive and not reactive to municipal issues.
- Concerns can be identified and plans made to address these concerns.
- It will assist in providing an overall plan for local government in NL. This plan is currently lacking.
- Important part of plan will be annually identifying the next steps a municipality should take.

Factors to consider when establishing Benchmarks

- A benchmarking regime should be guided by the following principles:
 - Flexibility: One size does not fit all. Local needs vary across the province;
 - Capacity: Information required for benchmarking must be balanced by the municipality's capacity to capture and report on it.
 - Relevance: Benchmarks will differ for municipalities based on region, population, economy, etc.
 - Jurisdiction: Reporting only on municipal responsibilities.
 - Simplicity: Benchmark reports should not be unnecessarily complex. Consultants should not be needed.

Factors to consider when establishing Benchmarks

- The objectives that a benchmarking regime is measuring should be S.M.A.R.T:
 - Specific: Must understand exactly what is to be measured and how it will be measured.
 - Measurable: The issue to be benchmarked must be capable of being measured.
 - Achievable: The goal of the benchmark should allow for a reasonable chance of achievement.
 - Relevant: Only measure those issues relevant to your municipality.
 - Time-Related: What is measured should be capable of changing over time and should be measured on a regular basis.

What Does a Benchmark Measure?

- It can measure anything that is capable of being measured.
- Some examples of items that are benchmarked in other jurisdictions include:
 - Local Government Wastewater
 - Fire protection Drinking water
 - Roads Solid Waste
 - Land use planning Parks & Recreation
- Several aspects of each of these municipal responsibilities are benchmarked.

How to decide what to Benchmark

- Ontario has the clearest guidelines for deciding what to benchmark. The guidelines are practical and make sense.
- The following criteria are applied. The municipal responsibility must:
 - Reflect a major expenditure for a municipality
 - Reflect areas of provincial-municipal interest
 - Reflect high interest and value to the public
 - Have data that is relatively easy to collect
 - Fall under municipal responsibility.

What do Benchmarks Measure?

- All provinces that use municipal benchmarks use “efficiency” and “effectiveness” as a means of evaluating a municipality.
- Efficiency: refers to the amount of resources used to produce a service. Usually expressed as unit cost, e.g. the operating costs per ton of garbage collected.
- Effectiveness: refers to the extent to which a service or program is achieving its intended results. Often expressed through percentages or ratios, e.g. the number of water main breaks per 10 km of water distribution pipe in a year.

A Quick look at other jurisdictions

- Ontario - Municipal Performance Measurement Program (MPMP):
 - First mandated municipal performance in North America.
 - Very regimented. Formulas and forms to follow. Every municipality reports on the same indicators.
- BC – Community Charter reporting requirements:
 - Flexible: no set format
 - Individual municipal governments can decide what to report on.

Quick look at other jurisdictions

Municipal Indicators - Profile By Municipality

Town of Annapolis Royal's Indicator Data for 2009

Indicator	Value
Financial - Revenue	
1.1.1. Taxes as a % of Total Revenue	85%
1.1.2. Transfers from Other Governments	8%
1.1.3. Residential Tax Burden (RTB)	1,293
1.1.4. Uniform Assessment per Dwelling Unit	195,613
Financial - Expenditure	
1.2.1. Mandatory Expenditures	11%
1.2.2. Expenditures per Dwelling Unit	5,720
Financial - Operating Position	
1.3.1. Liquidity Ratio	4.25
1.3.2. Deficits Last 5 years	2
1.3.3. Uncollected Taxes	2%
1.3.4. Reserves as a % of Expenditures	3%
Financial - Debt	
1.4.1. Debt Service Ratio	3.2%
1.4.2. Debt Outstanding/ Uniform Assessment	0.5%
Financial - Capital	
1.5.1. Capital from Revenue	2.8%
1.5.2. Total Capital From Operating	5.9%
Community - Economic	
2.1.1. Increase in Uniform Assessment	23.9%
2.1.2. Commercial/Total Assessment	27%
Community - Social	
2.2.1. Average Household Income (AHI)	48,144
2.2.2. Residential Tax Burden/ Average Household Income (RTB/AHI)	2.7%
Community - Demographic	
2.3.1. Change in Population	-17.1%
2.3.2. Age Profile	20/59/21
Governance - Governance	
3.3. Training Costs per Employee	1,447
3.5. Strategic Planning	Y
Performance - General Government Services	
4.1.1. Documentation	
4.1.2. Legislative/Capita	84
4.1.3. Administration/Capita	867

- Nova Scotia – Municipal Indicators: standardized measurements that must be annually reported to the Nova Scotia government.

Quick look at other jurisdictions

- Nova Scotia lists how all municipalities perform for each indicator; municipalities are not ranked in order, though the best and worst can be seen.

Municipal Indicators - Profile

1.1.1. Taxes as a % of Total Revenue Indicator Data for 2009

Municipality	Value
Cape Breton Regional Municipality	67%
Halifax Regional Municipality	77%
Region of Queens	66%
Town of Amherst	75%
Town of Annapolis Royal	85%
Town of Antigonish	69%
Town of Berwick	81%
Town of Bridgetown	62%
Town of Bridgewater	82%
Town of Canso	43%
Town of Clark's Harbour	80%
Town of Digby	72%
Town of Hantsport	80%
Town of Kentville	69%
Town of Lockeport	64%
Town of Lunenburg	83%
Town of Mahone Bay	84%
Town of Middleton	75%
Town of Mulgrave	74%
Town of New Glasgow	86%
Town of Oxford	80%
Town of Parrsboro	53%
Town of Pictou	67%
Town of Port Hawkesbury	62%
Town of Shelburne	73%
Town of Springhill	44%
Town of Stellarton	72%
Town of Stewiacke	70%
Town of Trenton	72%
Town of Truro	81%
Town of Westville	72%
Town of Windsor	79%
Town of Wolfville	77%
Town of Yarmouth	77%
Municipality of Annapolis	79%
Municipality of Antigonish	85%
Municipality of Argyle	84%

The Real Benefit of Municipal Benchmarks

- Benchmarking promoted as a benefit to taxpayers; in reality, general public expresses little interest in municipal benchmarking.
- Real benefactors are local governments.
- Benchmarking has allowed for greater transfer of local knowledge and the creation of better best practice guides.

The Real Benefit of Municipal Benchmarks

- Benchmarking in Ontario supported by two important structures:
- The Municipal Information & Data Analysis System (MIDAS):
 - Partnership between Gov. of Ontario and the Association of Municipalities of Ontario (AMO).
 - Tool allows municipalities to compare their benchmarks to that of other municipalities.
 - Housed on the AMO website and available only to municipalities.

The Real Benefit of Municipal Benchmarks

- The Ontario Municipal Knowledge Network (OMKN) [formerly the Ontario Centre for Municipal Best Practices]:
 - Partnership between Gov. of Ontario and the Association of Municipalities of Ontario (AMO).
 - Objective is to improve municipal service delivery by enabling municipalities to learn from each other's ideas and successes.
 - OMKN currently has best practice guides for road maintenance, water & wastewater treatment, waste management.
 - Housed on the AMO website and available only to municipalities.

Moving Forward with Benchmarking in NL

- It is time for NL municipalities to consider establishing a benchmark regime because:
 - New standard regimes are regularly being developed by other levels of government and are imposed on municipalities; and
 - NL municipalities passively accept change instead of being conductors of change.
- This is a very lengthy process (5-7 years to develop and implement).
- Benchmarking should be viewed as empowering. In other jurisdictions, benchmarks reflect the strength of the municipal system, not its weakness.

Moving Forward with Benchmarking in NL

- Benchmarking initiative should be municipally led (MNL, PMA), but also a partnership with the provincial government.
- Benchmarks cannot be tied to provincial gov. funding.
 - Encourages skewing numbers
 - Makes completing the process, not embracing the idea, the goal. See ICSPs.
- Creating long term supports (e.g. MIDAS, OMKN) should be a goal. But supports should be available for municipalities who need assistance in setting benchmarks and collecting data.

Moving Forward with Benchmarking in NL

- We want to create a committee of municipal leaders and administrators to begin looking at the best approach for establishing benchmarks in NL.
- If you are interested in being on this committee, please see me after the presentation.

In Closing...

- Benchmarks should not be interpreted as a threat to small towns.
- Rather, they should be viewed as a sustainability tool.
- MNL recognizes that municipal governments need to better share ideas.
- You are the experts on how a municipality functions. You need to be provided with the framework and tools to give us that information.

Thank You

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