

Executive Summary

This study selected seven similar municipalities to compare municipal services, revenues and the cost of service delivery with Owen Sound. The municipalities were selected based on population, the total number of dwellings, population density and the number of occupied dwellings. Of the seven selected comparators three were found to be the most similar to Owen Sound. They were; Cobourg, Tillsonburg and Thorold and were identified as the Primary Comparators. Of these, Cobourg was found to be almost identical to Owen Sound in all four areas. To conduct a fair and verifiable comparison the study only used public available data consisting of Audited Financial Statements, BMA Reports, Statistics Canada Datasets, Municipal Organization Charts and published Financial Information Returns.

*In regard to revenues the study found that Owen Sound's revenue from taxation was **\$10.5 million higher** than the average of the three primary comparators and **\$6.5 million higher** than Cobourg which is nearly identical to Owen Sound. However Owen Sound's revenue from other sources was significantly lower than the others. For example, Amherstburg and Cobourg obtain 56.4% and 56.1% of their revenue, respectively, from other sources while Owen Sound gets only 49.5% of its revenue from other sources. Therefore Owen Sound has significant room for improvement when it comes to generating ancillary revenue. It was also discovered that several municipalities have profit centers that enables them to reduce their reliance on revenue from taxation. Cobourg for example generates over \$2 million annually from its marina and industrial property businesses.*

*To provide an alternate assessment, taxes were compared with other Bruce/Grey municipalities. It was found that Owen Sound's taxes were by far the highest in the area. At \$4,210 taxes on a detached bungalow were **\$1,336 higher** in Owen Sound than the average municipality. The same disparities were observed in all tax categories.*

*The study also found that Owen Sound residents are the poorest among those in the study group. Owen Sound's median, after-tax, household income was only \$57,600 in 2021. This means that half of households in Owen Sound have less than \$1,096 per week to house, clothe and feed their families. The study concludes that residents' ability to pay should be a consideration when setting the budget by encouraging the expansion of non-tax based revenue in every budget. If Council based taxes on the our ability to pay taxes would be **\$11.7 million less** than what they were in 2021*

The study compared both the services and the cost of service delivery. The comparison of services found that the municipalities delivered very similar services. It found that municipal spending on Transit, Library, Parks and Recreation were all very similar. However, Owen Sound spent slightly more on cultural services than the others.

*In spite of delivering very similar services it was found that Owen Sound expenses, not including Protective Services, were **\$11.9 million higher** than the average and **\$3.8 million higher** than Cobourg. As a result the study concluded that Owen Sound was by far the most inefficient municipality in the study group. Some of the factors contributing to the magnitude of expenses were; the growing size of administrative overhead, the cost of providing regional services, the relative size of debt servicing expense and the workforce being top heavy with managers.*

*Owen Sound's Salary & Benefits expense, not including Protective Services, was **\$3.9 million higher** than the average and **\$1.5 million higher** than Cobourg. A contributing factor was that in 2022 Owen Sound had 8 more managers earning greater than \$100,000 than the nearly identical municipality of Cobourg which cost Owen Sound taxpayers \$872,480 more in Salary & Benefits expense in 2021. When this comparison was expanded to include all departments and 21*

*Bruce/Grey municipalities it was found that Owen Sound had **2.5 times** the average number of employees per 10,000 residents earning more than \$100,000.*

*Based on the Financial Information Return for 2021 Owen Sound had 133 non-Protective Services employees which is significantly greater than the average in the study group. Owen Sound employs 32 employees more than the average and 25 more than Cobourg. The size of this disparity is confirmed by the Audited Financial Statements that show that at \$13.0 million for non-Protective Service salaries, Owen Sound spends **\$3.9 million more** than the average and **1.5 million more** than Cobourg. When we examined Owen Sound's Salaries & Benefits growth between 2015 and 2022 we found that Owen Sound's Salaries & Benefits expense grew at a rate of **\$295,402 per year**. In regard to growth it was discovered that between 2011 and 2021 on average the municipalities in the study group grew their workforces at a rate of one new employee for every 133 new residents. Owen Sound on the other hand grew its workforce at one new employee for every 3.45 residents moving out of the city.*

The study also identified a couple of disturbing trends when examining Owen Sound's workforce over time. The study found that there was a migration of part-time and seasonal positions to full time positions. There was also a distinct shift in positions from operations to administration that resulted in the administration growing from 43 full time employees in 2018 to 83 employees in 2021.

The study offers fourteen realizable solutions that if adopted, will enable Owen Sound to resolve most of these disparities within five years.

The recommendations are categorized under four headings:

- A. Increase Non-Taxation or Ancillary Revenue,*
- B. Share Regional Costs with Adjacent Municipalities,*
- C. Reduce and tighten up Support Services, and*
- D. Re-Align, Re-Organize and Re-think*

These include the establishment of an Ancillary Business Department with a mandate to grow ancillary revenues by 10% or \$3.1 million in the first five years. As well as reaching cost sharing agreements with surrounding municipalities to support regional services like those provided by the Rec Center and the Bayshore. In regard to reducing costs the study recommends that the Art Collection be donated to the County given that the collection was acquired by regional as opposed to exclusively Owen Sound artists. This will save taxpayers in the order of \$500,000 per year.

The most significant recommendations aimed at reducing excessive spending and ending annual workforce growth involve the introduction of Zero-Based Budgeting, the reduction of the workforce by 25 employees including 9 managers to match Cobourg's workforce and a new policy to replace "Staff Recommendations" with "Staff Option Analysis" to eliminate the perception that city staff overly influence decisions at city hall.

The study concludes that Owen Sound's excessive growth in expenses and staffing are the result of the failure of successive Councils over the years to push back on staff requests for budget increases and the creation of new staff positions. If current growth rates are allowed to continue Owen Sound Taxes will grow to \$41.1 million by 2030 and Expenses will grow to \$74.0 million. These are increases of \$8.0 million and \$14.2 million from 2022 for taxes and expenses respectively. Owen Sound taxpayers cannot afford to allow this to continue much longer. It is up to the current council to take aggressive action to remedy this situation by directing major changes at city hall that, first and foremost include downsizing the city hall administration.