

## Choosing the Right Comparators



Selecting the right municipalities, to compare to Owen Sound, is extremely important. Each comparator must model the characteristics of the municipality being studied. If the comparator municipalities do not reflect the characteristics of the municipality, the resulting data will be flawed and therefore any conclusions will be invalid.

Unlike the Toronto consultants, I believe that selecting the right municipalities to compare with Owen Sound is very much a science. The Toronto consultants used several Single-Tier municipalities in their comparison group for Owen Sound which is a Lower-Tier municipality. Given that Lower-Tier municipalities rely on upper-tier governments to provide some services, including Single-Tier municipalities in the study group will contaminate the results and diminishes the value of the study. For this reason I considered only Lower-Tier municipalities for my study group.

Most would agree that the municipalities should have similar populations. Some would believe that comparing municipalities with similar populations is sufficient. However I believe that the delivery of municipal services is much more complex. So, when selecting municipalities I went a little further and chose municipalities that also had a similar number of occupied dwellings, and relatively similar population densities. I selected Tillsonburg, Thorold, Cobourg, Huntsville, Kingsville, Amherstburg and Strathroy-Caradoc to compare with Owen Sound. The following paragraphs explain why these municipalities are the best match for a comparison with Owen Sound.

### Population

Exactly where to draw the line when it comes to population is fairly subjective. BMA Reports groups municipalities in distinct categories of “*Less than 15,000*”; “*15,000 to 30,000*” etc. I feel that a 15,000 spread in population was too great for a municipality of only 21,612. Therefore I selected a spread of only 6,000. As it turned out the municipalities I selected are within +/- 3000 residents from Owen Sound. The three municipalities which were closest to Owen Sound’s population of 21,612 were, Kingsville (21,552), Huntsville (21,147) and [Cobourg \(20,515\)](#).

### Total Dwellings

After reviewing the municipal data found on the Statistics Canada website I selected a range for the total number of dwellings to be between 8,000 and 10,000 which included occupied dwellings, both owner occupied and renters and non-occupied dwellings. The three municipalities that are closest to Owen Sound’s 9,895 are Strathroy-Caradoc (9,455), Amherstburg (9,205), and [Cobourg \(9,130\)](#).

### Owner Occupied Dwellings

When considering the number of dwellings that were occupied by the owner I selected a range for the total number of dwellings to be between 5,500 and 6,500 which includes a wide range of dwellings including semi-detached houses, detached houses, condominiums, row housing etc. The three municipalities that are closest to Owen Sound’s owner-occupied dwelling count of 5,740 are Tillsonburg (5,830), Thorold (6,310) and [Cobourg \(6,275\)](#).

## Population Density

In Ontario we have some municipalities that are largely rural, some that are largely urban and those that are a mixture of both. For this study I selected a combination of largely urban municipalities and those that had a largely urban population with a small number of rural residents. Municipalities with largely urban populations, but occupying larger rural areas, have the additional expense of maintaining a larger municipal road system, while urban municipalities, with little or no rural areas, face an additional social and policing costs associated with high population densities.

The three municipalities that are closest to Owen Sound's population density of 879.2 residents per square kilometer are Tillsonburg (838.6), Thorold (226.5) and Cobourg (915.7). These along with the other comparators are shown below in Table 1.

Municipality	Population	Area [km <sup>2</sup> ]	Density [pop/km <sup>2</sup> ]	Incorporation Date	Total Dwellings	Dwellings [Owner Occupied]
Tillsonburg <sup>5</sup>	18,615	22.20	838.6	1872	8,230	5,830
Thorold <sup>6</sup>	18,801	82.99	226.5	1870	9,095	6,310
Cobourg <sup>7</sup>	20,515	22.41	915.7	1837	9,130	6,275
Huntsville <sup>8</sup>	21,147	710.01	27.9	1886	8,815	7,100
Kingsville <sup>9</sup>	21,552	246.83	87.3	1901	8,290	7,020
Owen Sound <sup>10</sup>	21,612	24.27	879.2	1857	9,895	5,740
Amherstburg <sup>11</sup>	23,524	183.76	128.0	1878	9,205	7,860
Strathroy-Caradoc <sup>12</sup>	23,671	270.86	88.1	1860	9,455	7,385

Table 1; the Final Comparator Group for Owen Sound

Source: Statistics Canada

When I examined the available municipalities that matched all four criteria to compare to Owen Sound, I found that each municipality in my study group appeared in the top three to Owen Sound at least once. Both Tillsonburg and Thorold, appeared twice in the top three. Cobourg appeared in the top three in the four categories This tells us that all municipalities in the study group are good comparators to Owen Sound and that Cobourg is nearly a perfect match to Owen Sound.

Municipality	Population	Density [pop/km <sup>2</sup> ]	Total Dwellings	Dwellings [Owner Occupied]
Tillsonburg	13.9%	4.6%	16.8%	-1.6%
Cobourg	5.1%	-4.2%	7.7%	-9.3%
Thorold	13.0%	74.2%	8.1%	-9.9%

Table 2; Percentage variance from Owen Sound

Source: Statistics Canada

In order of best match with Owen Sound there are, 1. Cobourg, 2. Tillsonburg and 3. Thorold. For this reason they will be identified as the **"Primary"** comparators in the charts and as such it would be fair to give a little more weight to these comparators. As well given that Cobourg is almost identical to Owen Sound in all areas it is reasonable to expect that Owen Sound's Expenses and Revenues will be very close to those of Cobourg.

# The FACTS and only the FACTS

## Comparing Municipal Revenues



### Revenue from Taxation

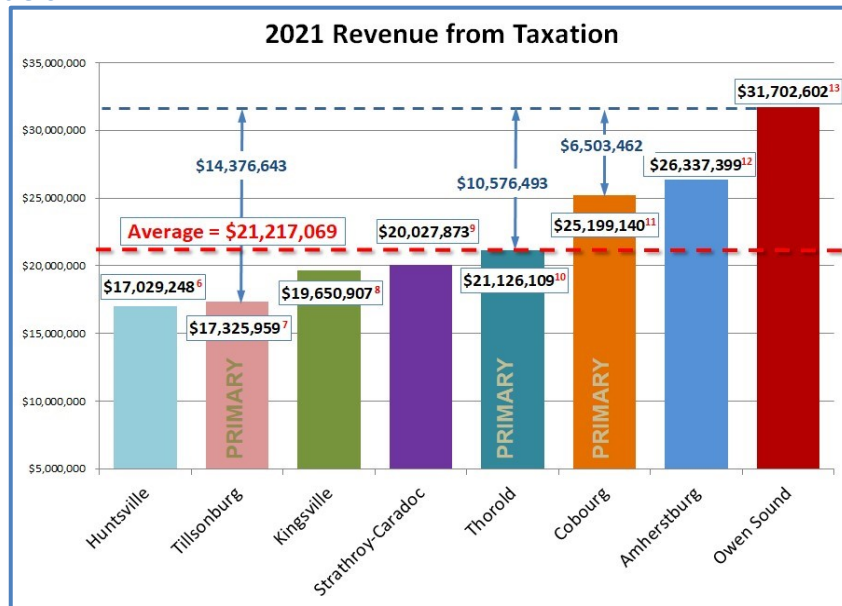


Figure 1 Revenue from Taxation Source: Audited Financial Statements

As shown in figure 1, Owen Sound’s revenue from taxation is significantly greater than that of the comparator municipalities. The average of the three Primary Comparators is \$21.2 million which is \$10.5 million less than Owen Sound’s.

When we consider Cobourg by itself, which is nearly identical to Owen Sound, we see that Cobourg’s revenue from taxation is \$6.5 million less than Owen Sound’s. In other words Owen Sound would need to reduce its revenue from taxation by \$6.5 million or 20.5% in order to just match Cobourg. This also tells us that Cobourg is either spending less on service delivery or has more non-taxation revenue than Owen Sound, or a combination of both.

### Taxation per Capita

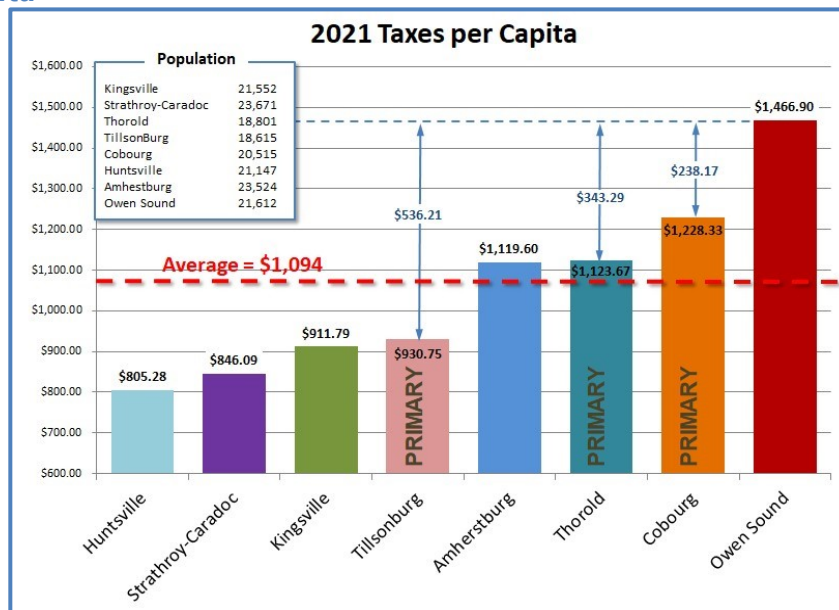


Figure 2; Tax Revenue per Capita Source: Audited Financial Statements

Figure 2, above shows the tax revenue per capita which essentially zeros out the impact of population. We see that at \$1,467 per resident Owen Sound is \$373 per resident higher than the average of \$1,094 of the three primary comparators. When we look at Cobourg alone we see that Owen Sound’s taxation from taxation is \$238 per resident greater than Cobourg’s.

The above charts show that Owen Sound’s revenue from taxation is significantly higher than the average of the top three comparator municipalities. In fact Owen Sound’s tax revenue was 49% greater than the average of three primary comparators and 26% greater than Cobourg’s revenue from taxation. Given that Owen Sound is nearly identical to Cobourg in Population, Area, Population-Density and Occupied Dwellings, we would expect that its revenue from taxation would also be nearly identical to Cobourg’s. However this is not the case.

**Neighbourhood Tax Comparisons**

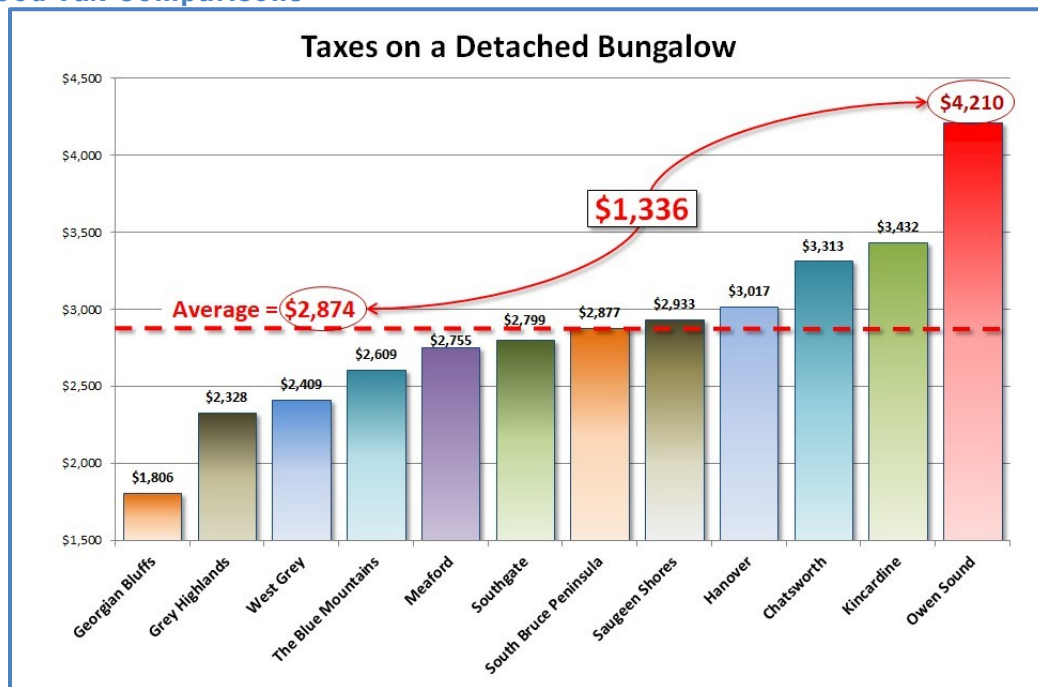


Figure 3 Taxes on a Detached Bungalow in Bruce/Grey *Source: 2022 BMA Report*<sup>64</sup>

Now that we’ve seen how Owen Sound taxes compare to similarly sized municipalities in the study group I thought it would be informative to look at how Owen Sound taxes compare with municipalities in Grey/Bruce Counties. Above in figure 3 we see the comparative taxes on a single detached bungalow. As could be predicted from the previous comparison Owen Sound is by far the highest taxed municipality in both Grey and Bruce Counties. The difference is alarming. At \$4,210 Owen Sound taxes are \$1,336 above the average in Grey/Bruce. What’s even more alarming is that Owen Sound taxes are \$2,404 higher than our neighbours in Georgian Bluffs. Is it any wonder why people are moving just next door to Georgian Bluffs? You can save \$200 per month on your property taxes just by moving a couple of blocks and still be able to enjoy everything Owen Sound has to offer.

**Think Critically When Listening to Political Spin at Budget Time**

*I recall the Mayor saying that the 2023 Owen Sound tax increase was less than Georgian Bluffs as if that was good news. The reality is that 1% increase in taxes on Georgian Bluffs bungalow is \$18.06 while a 1% increase on Owen Sound bungalow is \$42.10 per year. Therefore 1% to Owen Sound taxes is equivalent to 2.3% to Georgian Bluffs taxes. Staff has proposed a 4.4% tax increase for 2024 which has the same impact as a 10.2% increase on a Georgian Bluffs detached bungalow.*

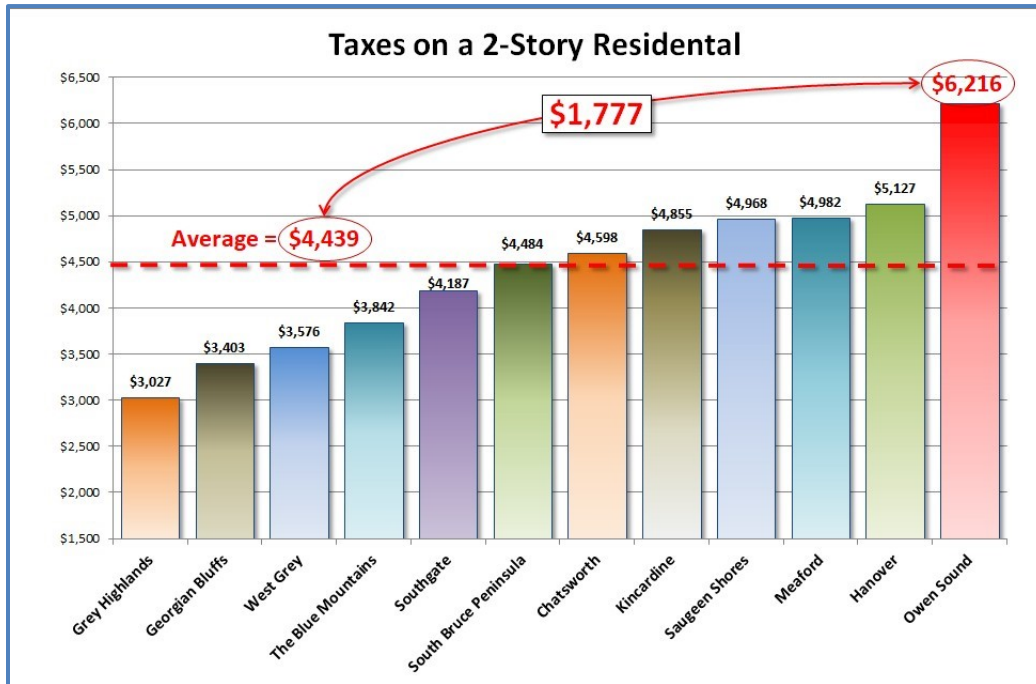


Figure 4 Taxes on a Two Story Residence in Bruce/Grey Source: 2022 BMA Report<sup>64</sup>

Figure 4, shows the tax comparisons on a two-story residential home. Once again Owen Sound taxes are significantly higher than all other municipalities in Grey and Bruce Counties. Owen Sound taxes are actually \$1,777 higher than the average and a whopping \$2,813 higher than Georgian Bluffs.

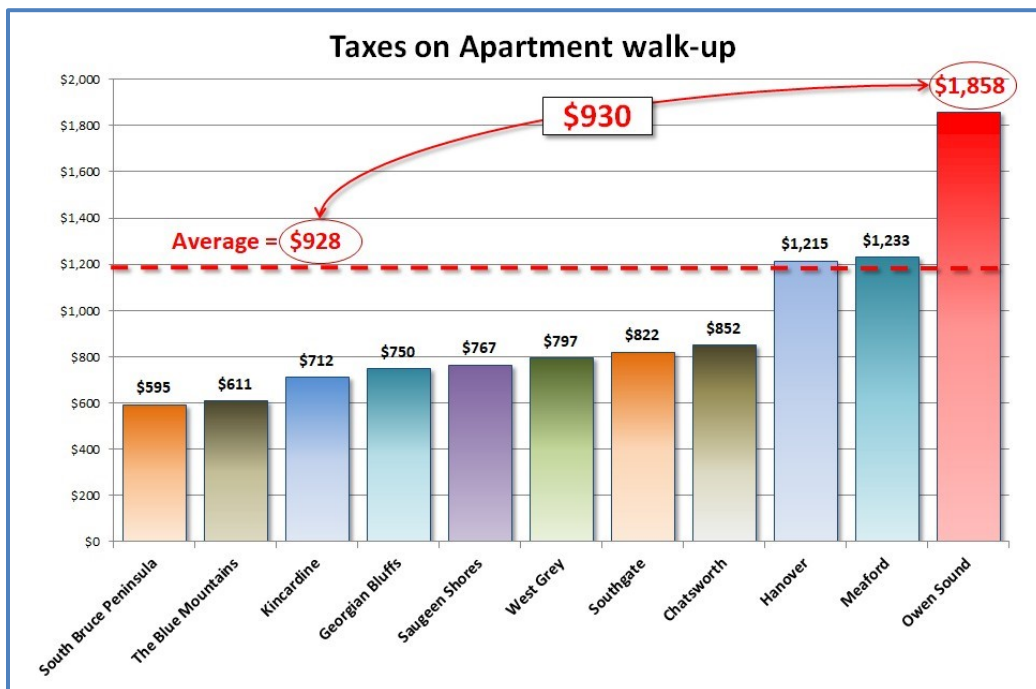


Figure 5 Taxes Multi-Residential Walk-Up in Bruce/Grey Source: 2022 BMA Report<sup>64</sup>

Owen Sound’s high taxes relative to its neighbours continues when it comes to apartments. As you can see from figure 5, Owen Sound’s taxes are \$930 higher than the average and \$1,108 higher than Georgian Bluffs. Given that landlords pass their tax expense on to their tenants, this means that anyone renting in Owen Sound will pay almost \$100 more per month than a Georgian Bluffs renter due solely to the property tax differences.

Revenue from Other Sources

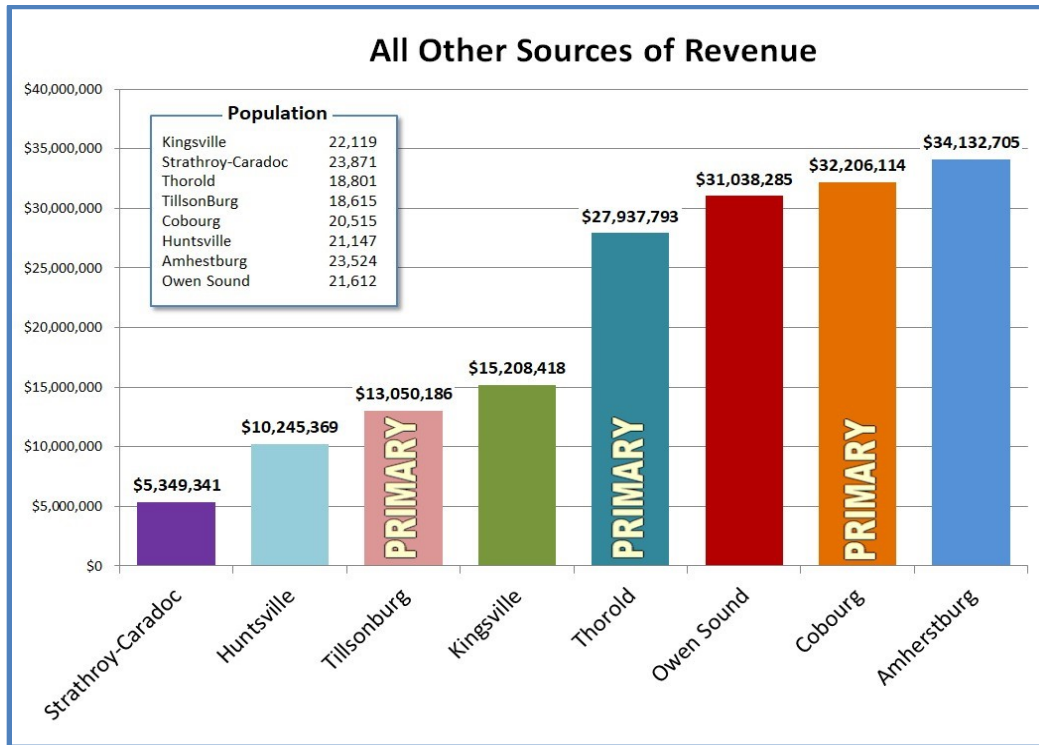


Figure 6; Revenue from Other Sources Source: Audited Financial Statements

Figure 6 shows that Cobourg, the municipality that is nearly identical to Owen Sound, has about \$1.2 million more in revenue from other sources than Owen Sound. Also, Amherstburg earns \$3.1 million more in non-taxation revenue than Owen Sound. Amherstburg and Cobourg rely on taxes for 43.6% and 43.9% of their total revenue, respectively, while Owen Sound relies on taxes for 50.5% of its total revenue.

This suggests that there is room for Owen Sound to improve its revenue from other sources to reduce its dependence on taxation to fund municipal operations. To explore the potential in this area we will examine the economic opportunities that Amherstburg and Cobourg are leveraging to generate additional revenues in a later section.

**SUMMARY**

1. Owen Sound’s Tax Revenue is \$10.5 million higher than the average Primary Comparators
2. Owen Sound’s Tax Revenue is \$6.5 million higher than the nearly identical Cobourg
3. Owen Sound’s Tax Revenue is 50.5% of Total Revenue while Cobourg’s is only 43.9%
4. Owen Sound’s Taxes are the higher than all municipalities in Grey and Bruce Counties
5. Owen Sound is too reliant on Revenue from taxation and does not have one profit center
6. Owen Sound’s Ancillary or Other Sources revenue is grossly underperforming.

# Comparing Taxpayers' Ability to Pay



## Household Income

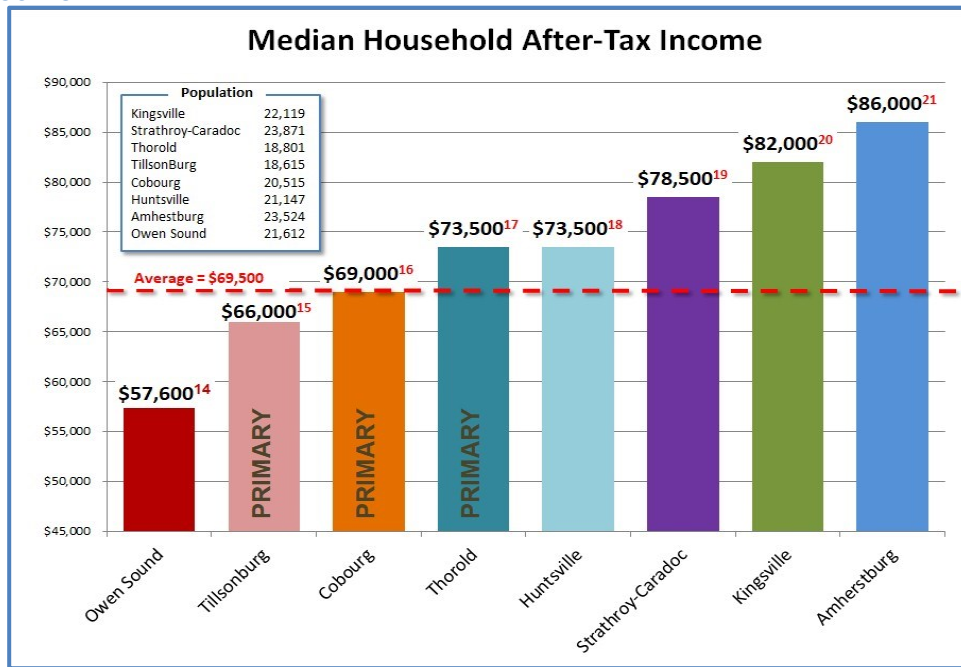


Figure 7; Median After-Tax Household Income *Source: Statistics Canada* <sup>14-21</sup>

To date the ability for residents to fund municipal operations has not been a consideration when setting the annual budget. As shown above in figure 7, Owen Sound’s residents are the poorest among the comparators. The median household income for Cobourg, a municipality nearly identical to Owen Sound, is very close to the average of \$69,500 while Owen Sound’s median household income of only \$57.600 is well below other municipalities. Although most of these households are renters, landlords pass on increases their property tax expense to their tenants in higher rents

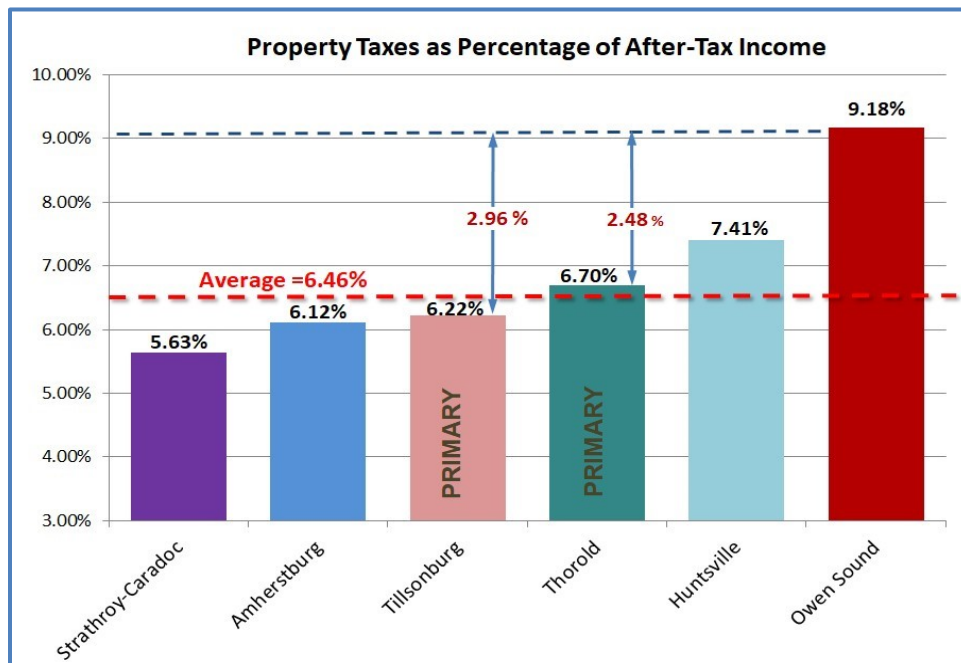


Figure 8; Percentage of After-Tax Household Income Required to Pay Property Taxes

In regard to resident's ability to pay municipal taxes it is helpful to consider the percentage of after tax income a resident requires to pay their taxes. Figure 8 above shows that an Owen Sound resident must use 9.18% of their household income to cover municipal taxes while residents of the top three comparators require only 6.46% of their income.

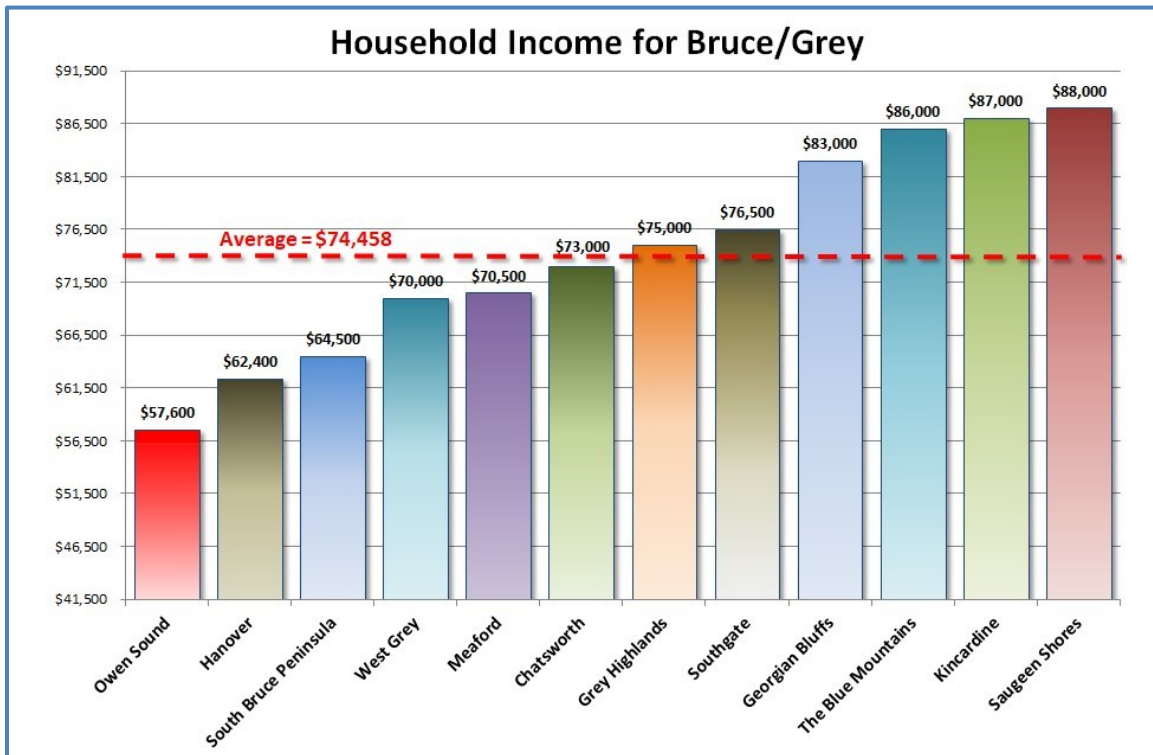


Figure 9; Median After-Tax, Household Income Comparison Source: Statistics Canada 14-21

Now that we've seen how Owen Sound's household incomes compare to similarly sized municipalities in the study group I thought it would be informative to look at how Owen Sound household incomes compare with municipalities in Grey/Bruce Counties. As shown in figure 9 above Owen Sound's median after-tax household income is much lower than the Grey/Bruce Counties average of \$74,458.

What's interesting in this chart is how Owen Sound compares to its closest neighbours, Meaford and Georgian Bluffs. As you can see our neighbours to the west in Georgian Bluffs are quite wealthy compared to us with a median after-tax household income of \$83,000. Meaford with a household income of \$70,500 is also doing quite well in comparison with Owen Sound, as is Chatsworth at \$73,000. It seems like we are surrounded by relative wealthy neighbours. Perhaps we should ask all of them to help us out with the cost of the regional services we provide them such as the Harry Lumley Bayshore Community Center, the Julie Macarthur Recreation Center and the Tom Thomson Art Gallery.

### What Should Taxes Be?

If Owen Sound taxes were 6.46% of the median after tax household income (\$57,600) instead of the current 9.18%, the taxes on the average household would be \$3,617 instead of \$5,235. Owen Sound's current revenue from taxation is \$31,702,602. If Council capped taxes at 6.46% of media, after-tax household income to match that of Cobourg, Owen Sound's revenue from taxation would be \$22,286,929. Therefore based on resident's ability to pay, Owen Sound's revenue from taxation should have been no more than \$22 million in 2021 instead of \$31,702,602.



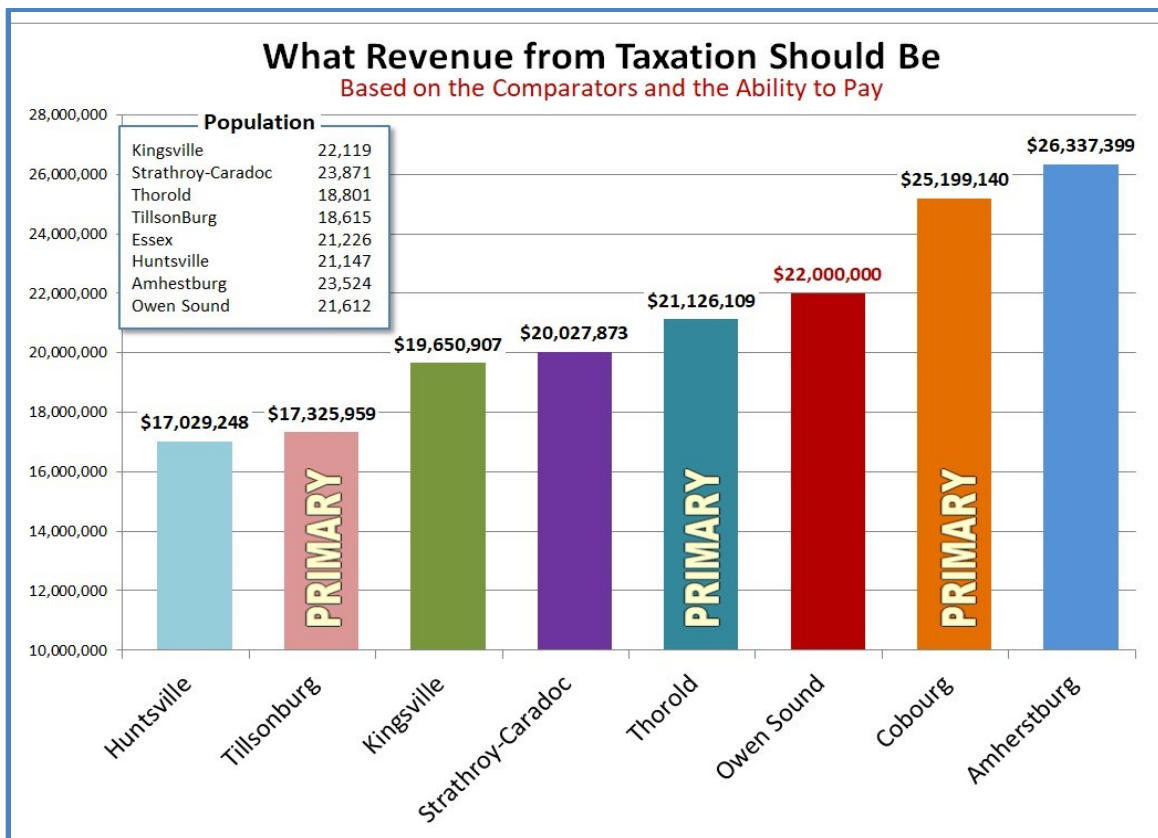


Figure 10; What a 2021 Tax Comparison would look like if EQUITY were to be Considered

As a result of Council not considering resident’s ability to pay in 2021, Owen Sound residents were over taxed by \$9.8 million, based on their ability to pay. This would have resulted in a 31.5% reduction in taxes for Owen Sound Residents.

Cobourg, a municipality nearly identical to Owen Sound, has a median household after-tax income which is 19.7% higher than Owen Sound’s. As shown in the hypothetical chart in figure 10, Cobourg’s revenue from taxation was \$25.2 million in 2021 as compared to the hypothetical \$22 million which is what Owen Sound’s would have been if ability to pay were considered.

What is most alarming is that there is evidence that suggests that Owen Sound’s median, after-tax household income will be declining relative to Cobourg’s. The number of people filing income taxes on wages in Cobourg grew by 2,530 workers or 26.9% between 2017 and 2021<sup>52</sup>. During this same period this figure grew by only 260 or 1.9% in Owen Sound.

**SUMMARY**

1. Owen Sound residents are by far the poorest in the study group at 19.8% below the average.
2. Owen Sound residents are by far the poorest in Grey/Bruce Counties at 29.2% below average
3. Owen Sound residents spend 9.8% of their after-tax household income on property taxes.
4. If the ability to pay was considered Owen Sound’s Tax revenue would be \$9.8 million less.
5. Owen Sound high taxes may be driving residents to nearby lower taxed municipalities.

# Comparing Municipal Expenses



In order to eliminate some of the complexities when comparing services with other municipalities I did not include any expenses associated with Fire and Policing Services.

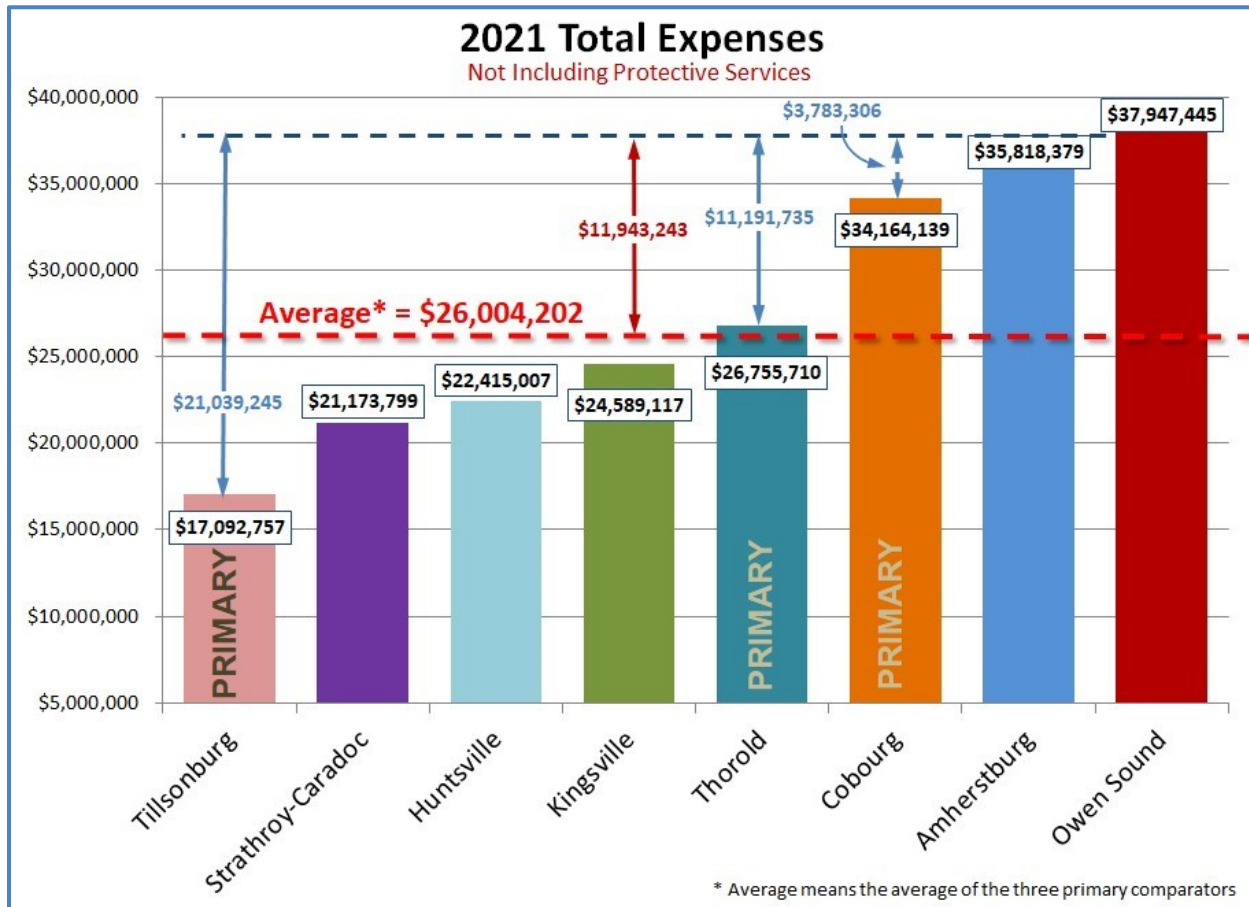


Figure11; Comparing Total Expenses Source: Audited Financial Statements 6-13

The chart shown in figure 11 was created using each municipality’s Audited Financial Statements. It’s interesting to note that Owen Sound spends \$11.9 million more than the average of the 3 primary comparator municipalities to provide services. When we consider only the closest comparator, Cobourg, we see that Owen Sound spends \$3.8 million more on services than Cobourg. Therefore if Owen Sound reduced expenses to match only those of Cobourg, Owen Sound taxpayers would realize an 11.9% reduction in taxes.

When we neutralize the impact of population by calculating municipal expenses per capita as shown in figure 8 below we see that Owen Sound expenses remain the highest of all of the comparators. In fact Owen Sound’s expenses at \$1,756 per capita are \$424 higher than the average of the 3 primary compactors which is \$1,332 per capita. Although \$424 per resident doesn’t seem like a large amount when you consider that Owen Sound’s median household income is only \$57,600 it is very significant.

Expenses per Capita

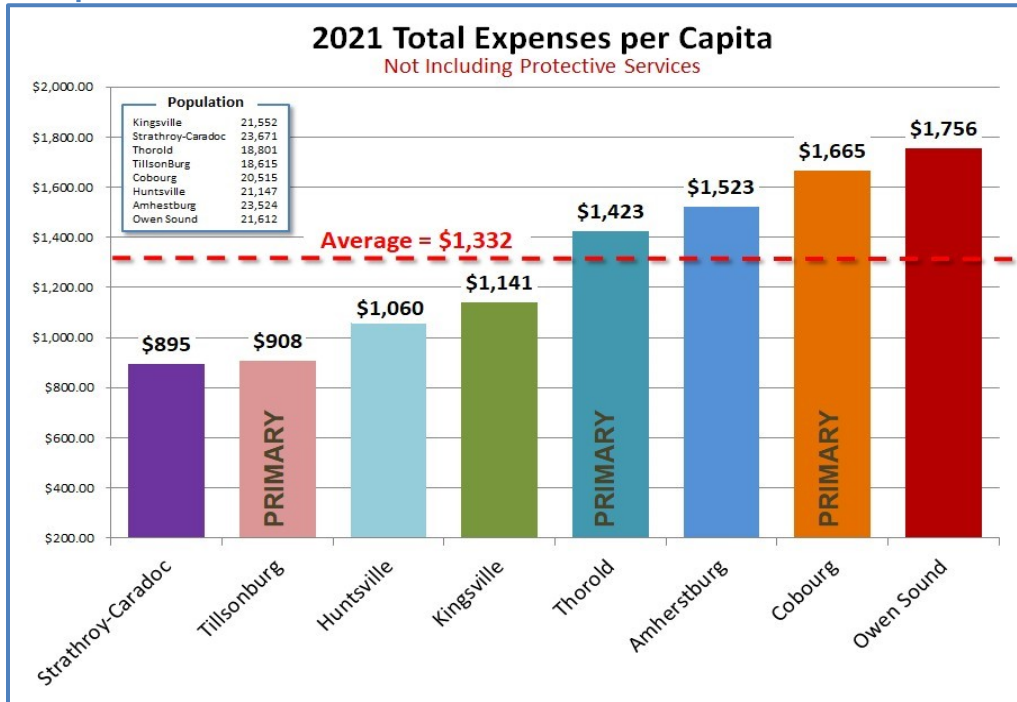


Figure 12; Total Expenses per Capita *Source: Audited Financial Statements & StatsCan*

Salaries & Benefits Expense

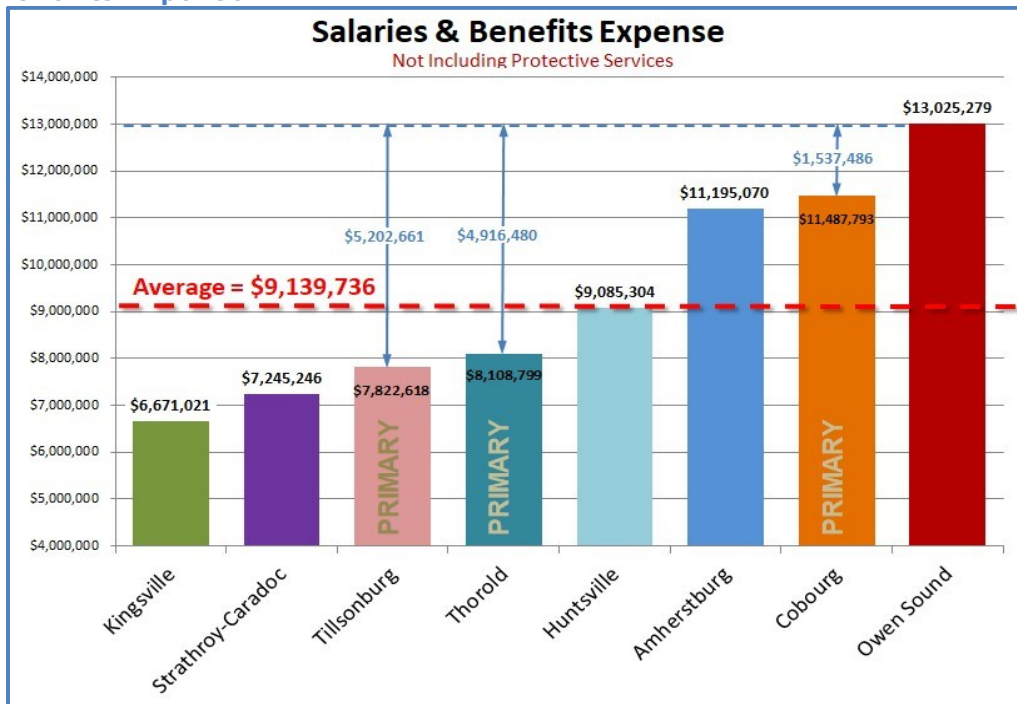


Figure 13; Salaries & Benefits Expense *Source: Audited Financial Statements*

As shown in figure 13 above, Owen Sound’s Salaries and Benefits expenses are \$3.9 million greater than average of 3 primary comparators and \$1.5 million more than Cobourg. If we assume an average salary of \$65,000, that would work out to be 23.6 employees more than Cobourg. This also suggests that Salaries and Benefits expenses represent about one-third (35.4%) of the \$11 million in excessive expenses.

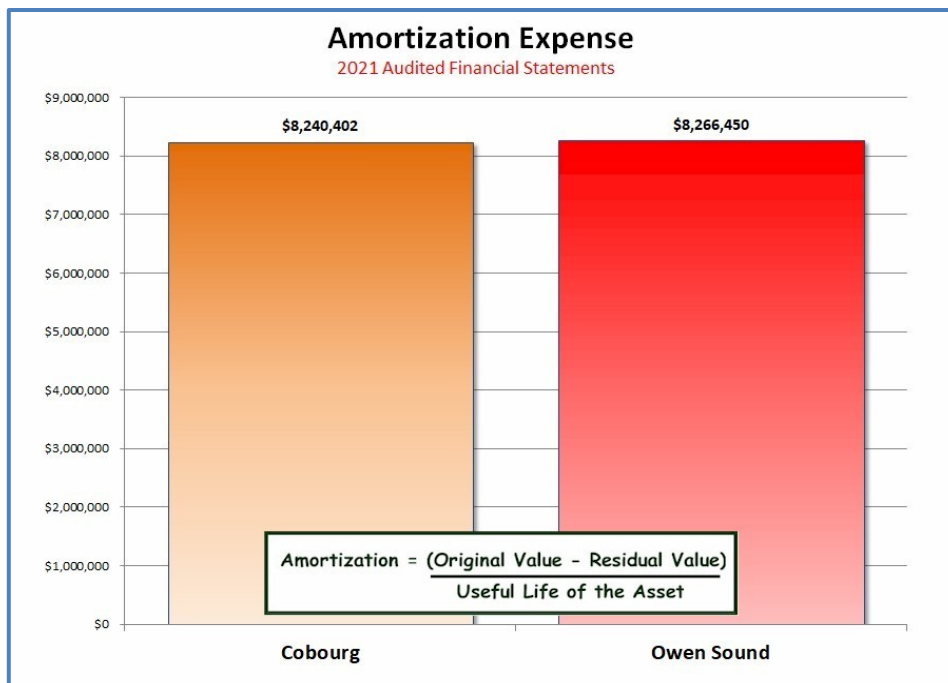


Figure 14; Comparing Amortization for Owen Sound and Cobourg *Source Audited Financials*<sup>1,11</sup>

Amortization is an accounting method for spreading out the costs for the use of a long-term asset over the expected period the long-term asset will provide value. Figure 14 above shows the Amortization Expense for Owen Sound and municipality of Cobourg. This essentially means both municipalities have made similarly sized capital investments. Figure 15 shows that Owen Sound’s Debt Servicing Expense is significantly greater than Cobourg’s. Conversely, Cobourg spends only 17.8% of what Owen Sound spends annually to service its debt. This can only mean that Owen Sound has had to assume much more debt to fund those capital investments. The average debt servicing expense for the three primary comparators was only **\$235,240** in 2021 which is only 23.1% of what Owen Sound spends annually.

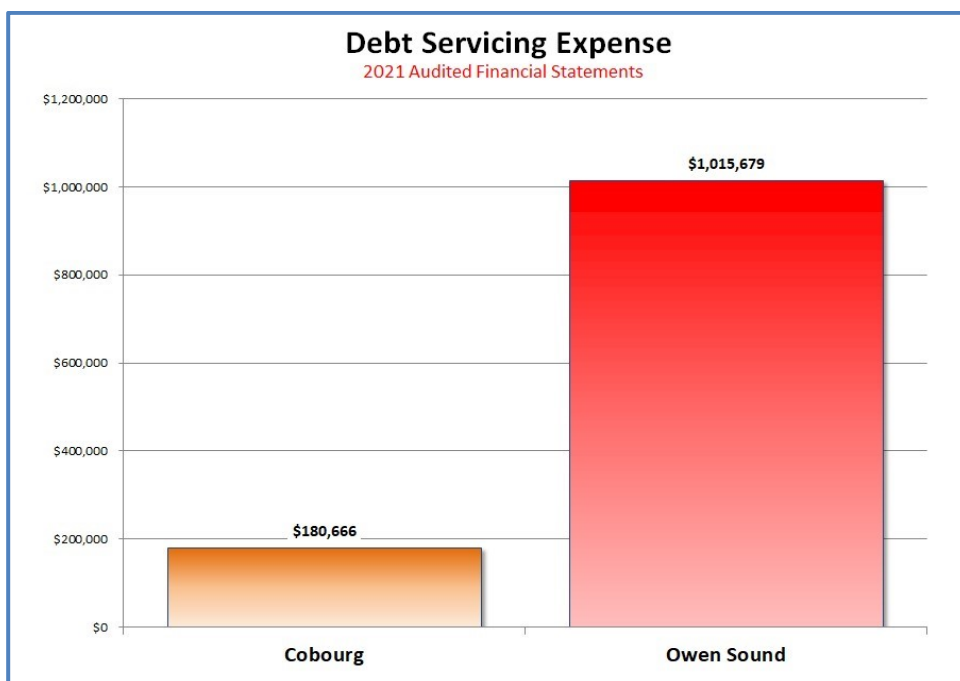


Figure 15; Comparing Debt Servicing for Owen Sound and Cobourg *Source Audited Financials*<sup>1,11</sup>

To see how significant the magnitude of Owen Sound’s debt servicing expense is I thought that it would be revealing to look at the debt of other municipalities beyond the study group. The 2022 BMA Municipal Study Report shows the Total Debt per Capita for their participating municipalities. Figure 12, below, shows the debt per capita for municipalities with populations between 15,000 and 29,999.

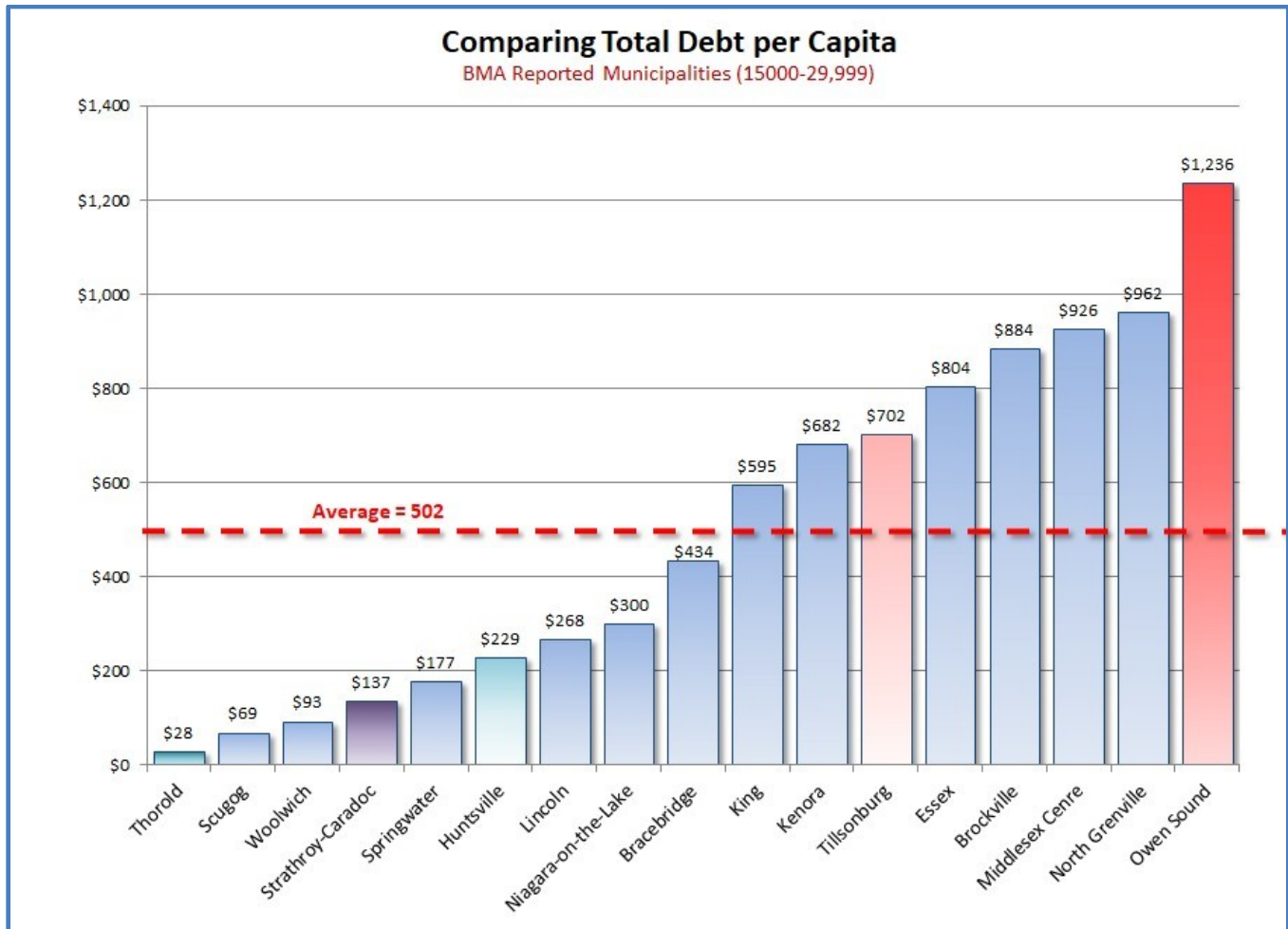


Figure 16; Comparing Total Debt per Capita

Source 2022 BMA Reports<sup>64</sup>

Note: that not every municipality with a population between 15,000 and 29,999 is shown here. That’s because not every municipality uses BMA services. However, there are enough municipalities in the chart above to give us a good feeling for how Owen Sound’s debt load compares with other Ontario municipalities in this population range.

So, what do the results shown in figure 16 actually mean? Well, it clearly shows that Owen Sound is carrying an abnormally large debt load as compared to other municipalities with populations between 15,000 and 29,999. Owen Sound has a total debt of \$1,236 per resident. This is \$734 per resident greater than the average of \$502 per resident. The nearest municipality from the study group is Tillsonburg, which has a total debt per capita of \$702 per resident which is only 56% of Owen Sound’s.

The significance of this is not the debt itself but rather the annual debt servicing or interest charges; which adds to the city’s total annual expenses. As we saw in figure 15, Owen Sound is paying over one million dollars annually in interest charges; which are significantly higher than other municipalities.

**Excessive Budget Growth Examples**

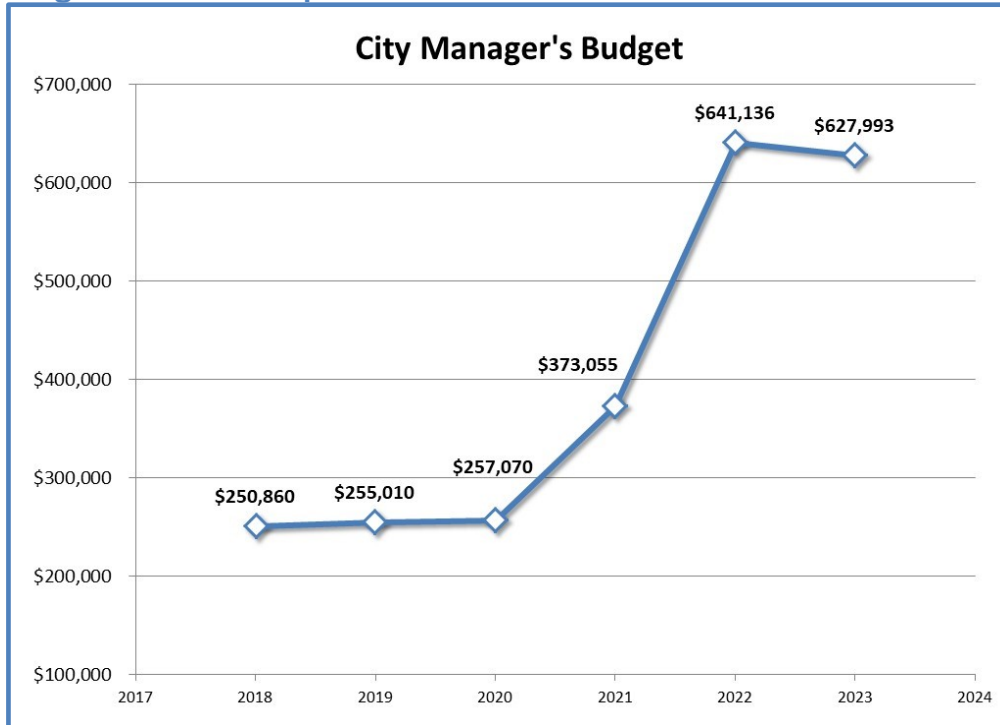


Figure 17; City Manager’s Budget Growth *Source Owen Sound Budgets*<sup>61</sup>

Figures 17 and 18 show two examples of excessive budget growth that exemplify the problem of spending growth at city hall. In regard to the city manager’s his budget grew by 150% in just two years.

The Tom Thompson Art Gallery budget changes between 2018 and 2022 are shown below in figure 13. As you can see the Art Gallery’s budget grew by 77.3% in only four years, while inflation grew by only 3.47%.

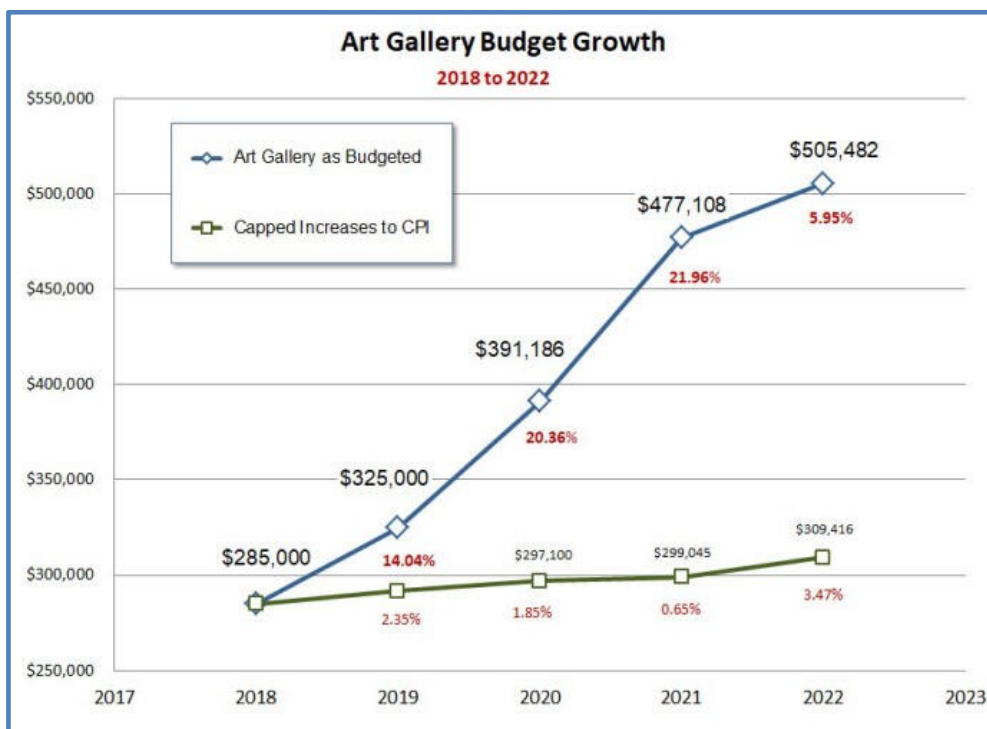


Figure 18; Art Galley Budget Growth *Source Owen Sound Budgets*<sup>61</sup>

**Expense and Tax Projections**

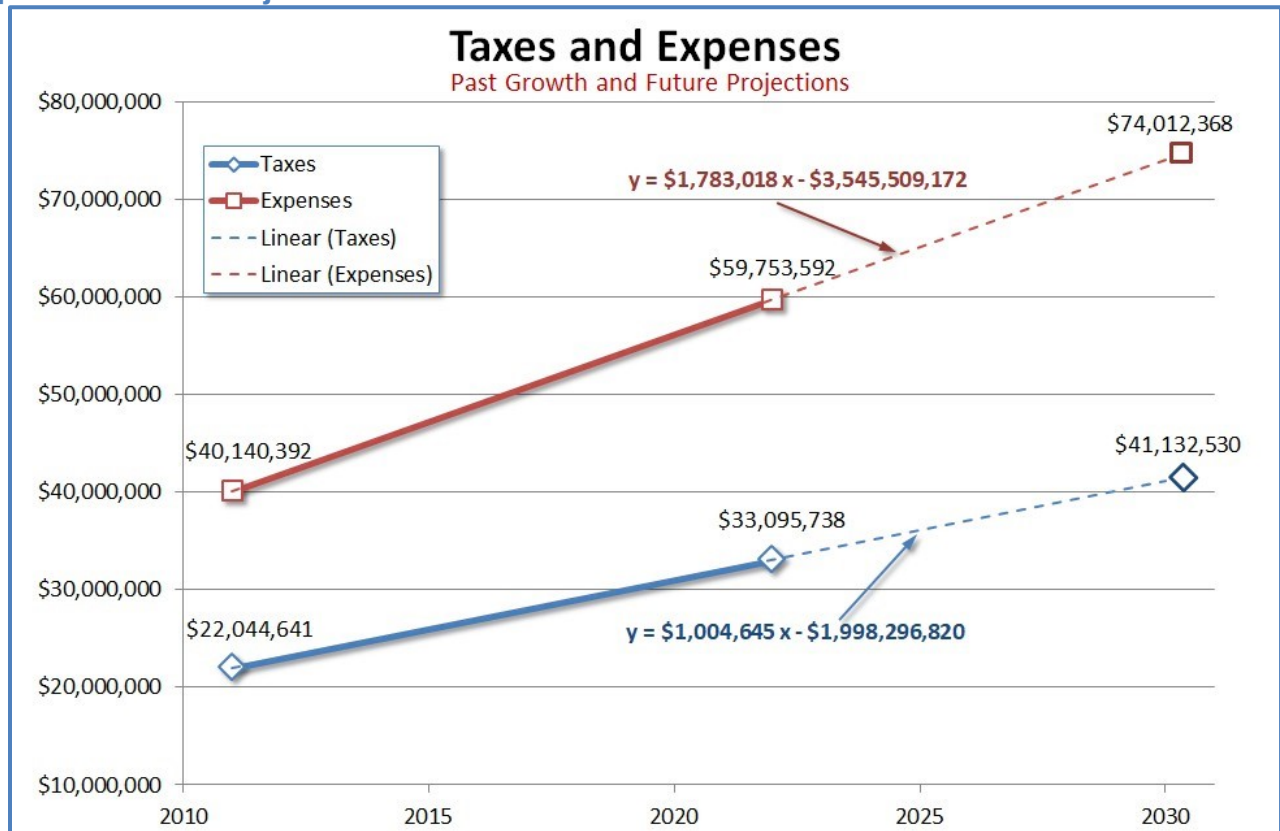


Figure 19; Taxes and Total Expenses Growth 2011 to 2022 *Source Audited Financials<sup>-1</sup>*

Figure 19 above shows how taxes and total expenses grew from 2011 to 2022 and how they are projected to be in the future if the current growth rates are maintained. In 2011 Owen Sound’s taxes were \$22.0 million. We see from the 2022 draft Audited Financial Statements that revenue from taxation grew by 11.0 million, at a rate of \$1.0 million per year, to \$33.1 million in 2022.

When we project these changes into the future we see that in 2030 expenses will have reached \$74.0 million and taxes will have reached \$41.1 million. That’s a 24.3% increase in taxes and a 23.9% increase in expenses from 2022.

**Comparing Sunshine Lists**

The Ontario Sunshine List sheds some light on why Owen Sound’s Salaries and Benefits expense is so much greater than the other municipalities. We see in figure 20 below that Owen Sound has 20 non-protective services employees making \$100,000 or more. The average of the three primary comparators is 12 employees and their average cost is \$1,486,825. Therefore Owen Sound has 8 more employees and pays \$872,480 more than the average in salaries expense. This suggests that the highest salaried employees, normally senior management, contribute 21.1% of the excessive salary and benefits expense.

These salaries account for more than one-third of the excessive Salaries and Benefits expenses. When we compare Owen Sound with just Cobourg, its nearest comparator, we see that Owen Sound is spending \$882,573 more on its highest paid employees than Cobourg and has 8 more employees making \$100,000 or more than Cobourg. Therefore, if Owen Sound reduced the number in the ranks of the highest paid, just to match that of Cobourg, there would be a 2.8% reduction in taxes. If we include Protective Services the situation gets much worse. Owen Sound’s total with Protective Services is 79 compared to Cobourg’s total with Protective Services which is 53 – at total difference of 26 employees.

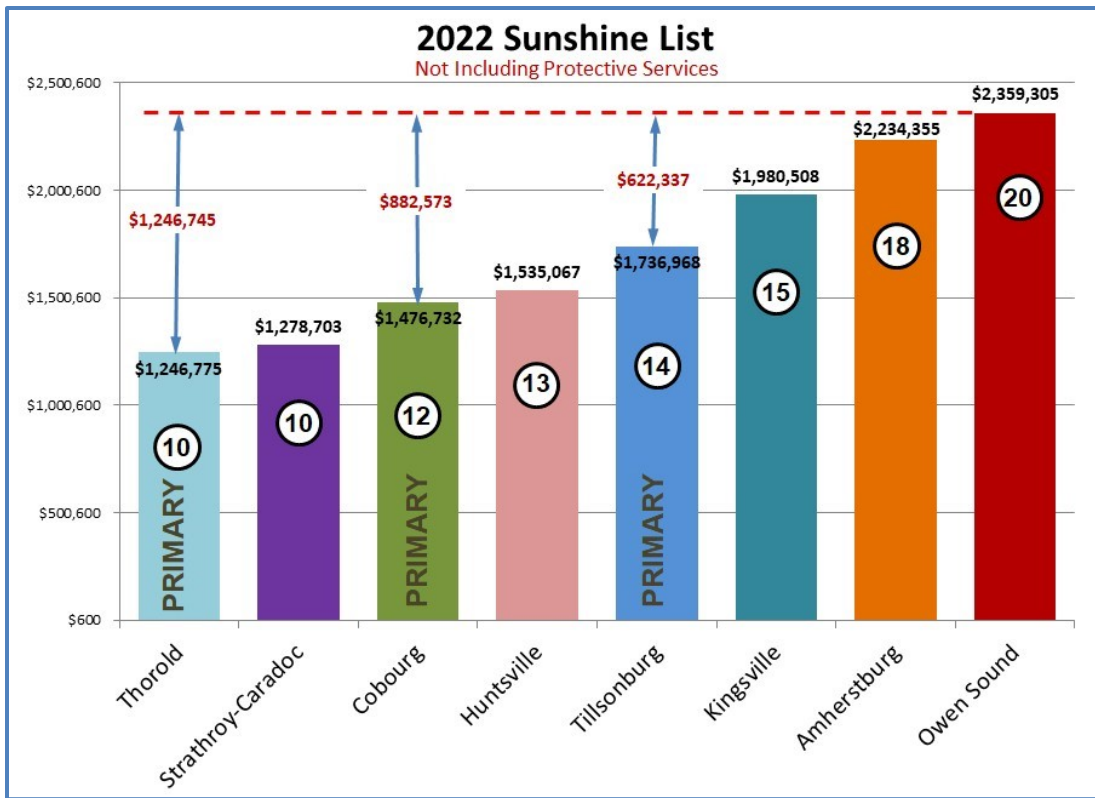


Figure 20; Sunshine List Source: Ontario Sunshine List

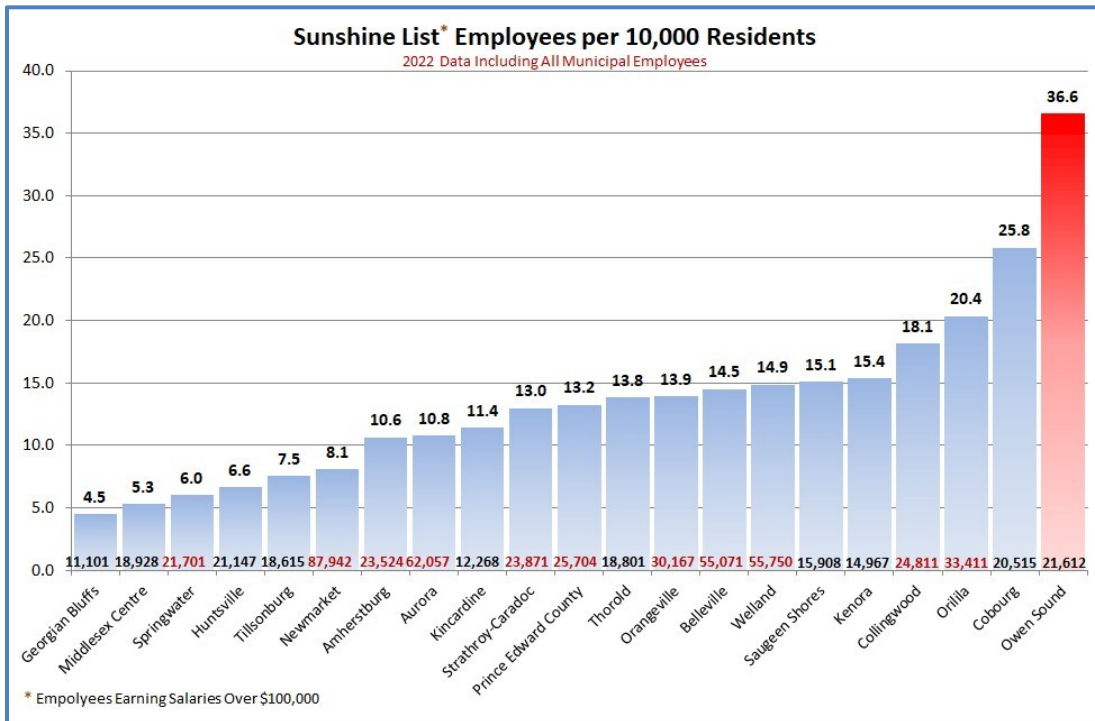


Figure 21; Sunshine List per capita Source: Ontario Sunshine List

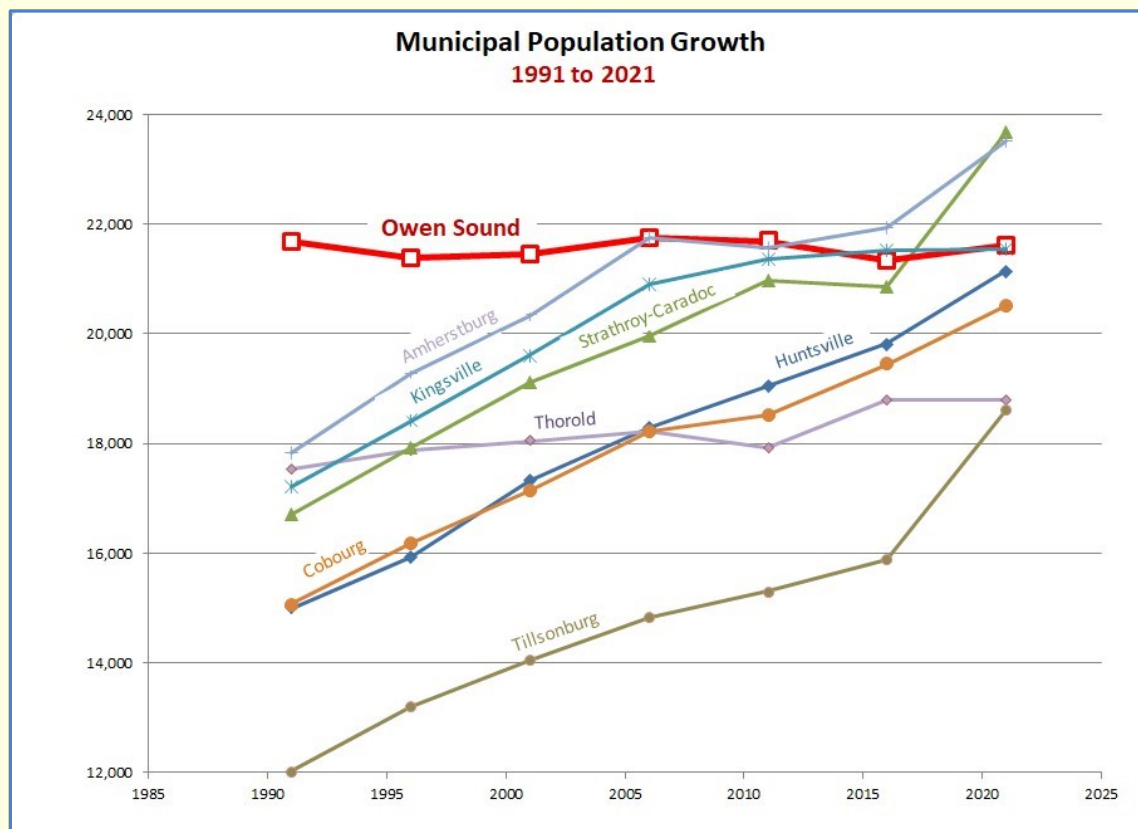
Figure 21 above shows the number of employees per 10,000 residents earning more than \$100,000 for a number of Ontario municipalities. The population of each municipality is shown at the bottom of its corresponding bar. The municipalities with populations that are greater than Owen Sounds are shown in red. It’s important to note that unlike most other charts, this chart includes the entire workforce i.e. it includes Protective Services employees.



This graph makes it easy to visualize the disparity between Owen Sound and other Ontario municipalities. As you can see Owen Sound has 36.6 employees per 10,000 residents. The average for this group of municipalities is 14.3. This shows just how much Owen Sound differs from the norm since it has 2.5 times the average. It's also interesting that Cobourg, the municipality in our study group which is nearly identical to Owen Sound, has the next highest number of employees per 10,000 residents at 25.8 which is almost exactly 70% of Owen Sound's.

Also of note is Amherstburg which was very close to Owen Sound in figure 20, when only administrative employees were considered, is only at 10.6 when Protective Services is included. This is because the city Town of Amherstburg has contracted with the city of Windsor to provide Police Services.

### Supplementary Information: *a look at how our growth compares*



A stagnate population is a major contributor to our current financial problems.

### SUMMARY

1. Owen Sound expenses are \$11.0 million greater than the average of the Primary Comparators.
2. Salaries & Benefits expenses represent more than 1/3 of Owen Sound's excessive expenses.
3. Owen Sound spends \$3.8 million more on services than nearly identical municipality Cobourg.
4. Owen Sound's annual debt interest is over \$1 million, which is significantly higher than others.
5. The City Manager's Office Budget grew by 150% in the 2 years between 2020 and 2022.
6. The Tom Thompson Art Gallery's Budget grew by 77.3% during a four year period
7. Owen Sound has 8 more people on the Sunshine List at a cost of \$872,573 more than Average.

# Comparing the Workforce



## Workforce by the Numbers

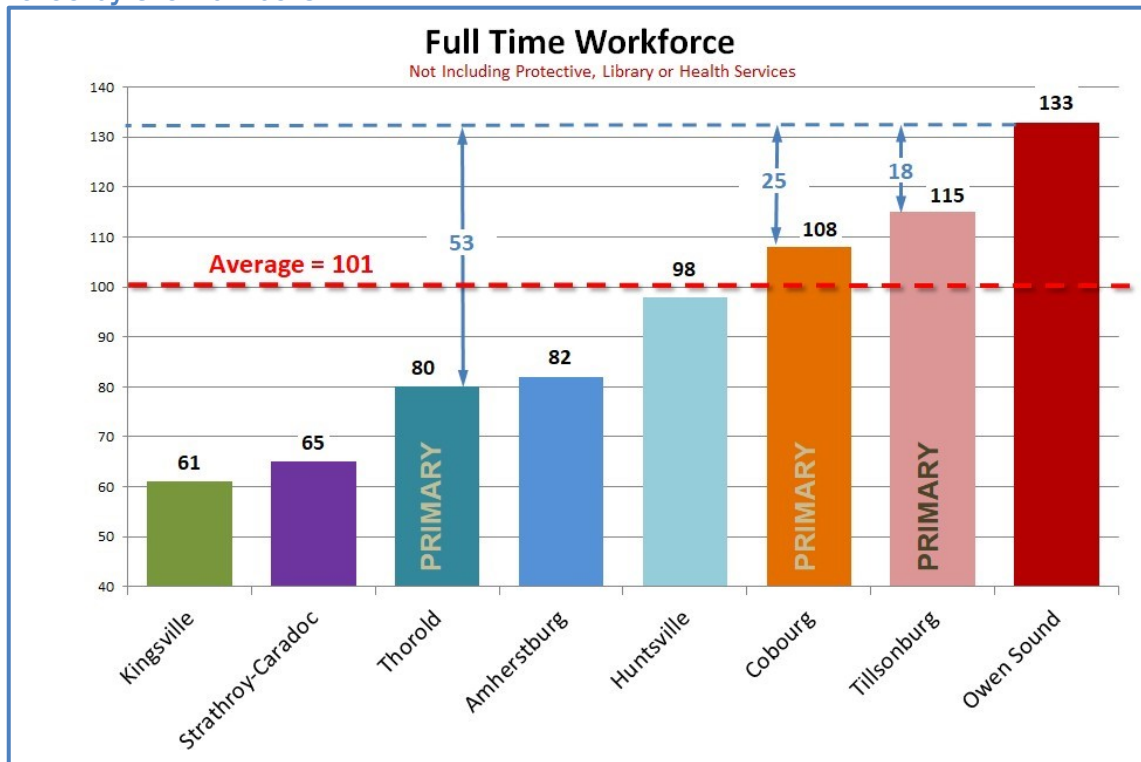


Figure 22; 2021 Non-Protective Services Workforces *Source Ontario Financial Information Returns* <sup>24</sup>

Ontario municipalities are required to submit information on their activities to the government each year in the form of Financial Information Returns (FIR). This information is available to the general public at: <https://efis.fma.csc.gov.on.ca/fir/index.php/en/financial-information-return-en/>. The data shown above in figure 22 was taken from sheet 80A from these returns. Summaries of Owen Sound’s and Cobourg’s returns are attached at Annex D.

Owen Sound employs significantly more staff than all other municipalities in the study group with 133 non-protective services employees. This mirrors Owen Sound’s excessive Salaries and Benefits expense shown in figure 13. Owen Sound employs 32 employees more than the average of the three primary comparator municipalities and 25 more than Cobourg the nearly identical comparator municipality. The bottom line is Owen Sound. city hall is overstaffed by somewhere between 25 and 32 employees.

The differences in the workforces between Owen Sound and Cobourg can also be seen in examining their current organization charts which are attached at Annexes E and F. These charts confirm Owen Sound employs significantly more employees than Cobourg. You can see a number of areas where Owen Sound uses more staff than Cobourg to perform the same functions by reviewing these charts. A couple of positions that stand out are; Corporate Services that is led by both a Director and a Manager of Corporate Services as well as a Deputy Treasurer, the Clerk’s Office that has 3 managers filling the role done by 2 managers in all other municipalities, and then there is the Senior Manager Strategic Initiatives which is a position unique to Owen Sound. The four charts below highlight some other anomalies in four

departments, Administration, Public Works, Planning and Parks and Recreation. Again the data shown in the charts is from the Financial Information Returns.

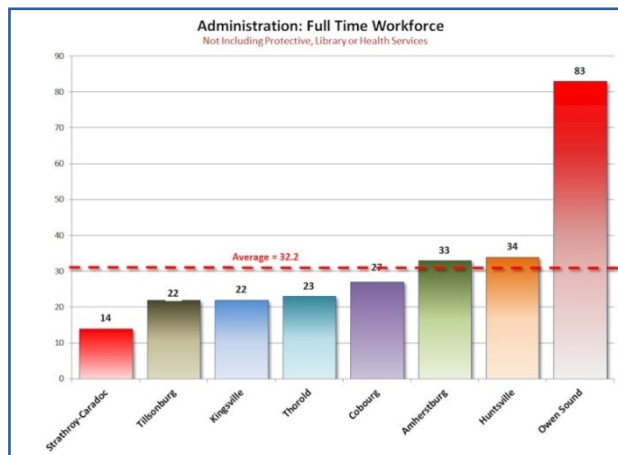


Figure 23; 2021 Administration Workforces

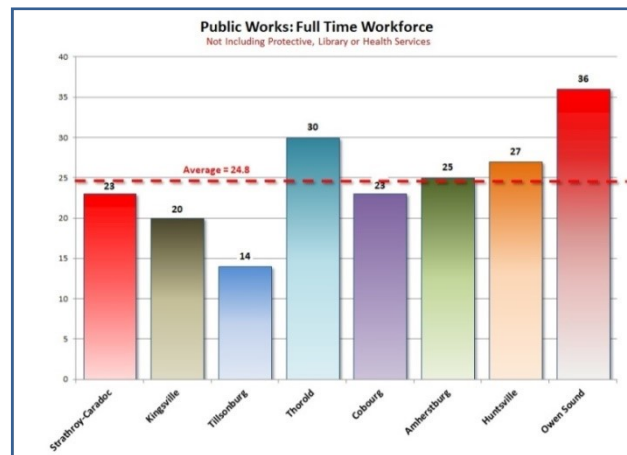


Figure 24; 2021 Public Works Workforces



Figure 25; 2021 Planning Workforces

Source Ontario Financial Information Returns (FIR) <sup>24</sup>

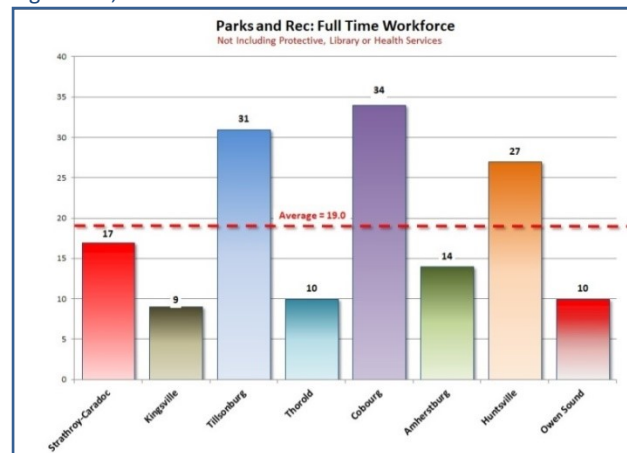


Figure 26; 2021 Parks & Rec Workforces

The above four charts were developed from Owen Sound’s 2021 Financial Information Report which are summarized at Annex D. These clearly show the source of Owen Sound’s excessive workforce problem lays in the area of General Government or Administration which represents 62.4% of the workforce. Owen Sound’s Administration has a staff of 83 employees as compared to Cobourg’s 27, Thorold’s 23 and Tillsonburg’s 22. The average of these three primary comparators is 24. Owen Sound’s Administration has 59 more staff than the average or 245% of the average.

To a lesser degree Public Works also contributes to the overstaffing problem. Owen Sound has a Public Works staff of 36 compared to Cobourg’s 23, Thorold’s 30 and Tillsonburg’s 14. The average is 22. Therefore Owen Sound’s Public Works has 13 more staff or 163% of the average.

Also apparent in this chart are two departments that appear to be understaffed in comparison with the other municipalities. Owen Sound’s Planning Department has only 3 employees while Cobourg and Huntsville both have 8 planning employees. Although totally dependent on the number of parks, the Owen Sound also seems to be understaffed with only 10 employees.

Comparing Workforce Growth

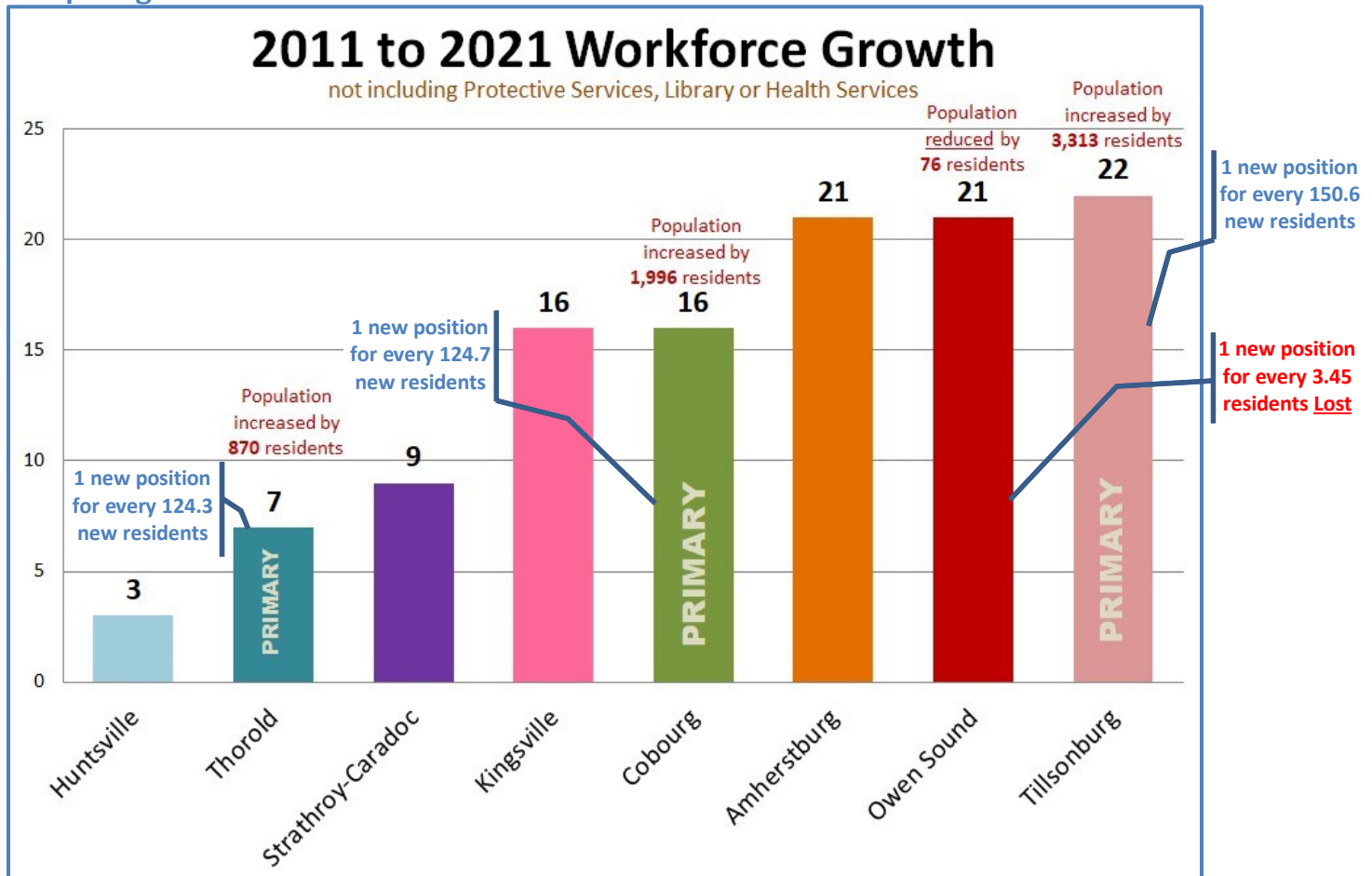


Figure 27; Workforce Growth Relative to Population Growth (2011 – 2021)

As shown in figure 27 above, the three primary comparators grew their workforces on average of 1 new position for every 133.2 new residents between 2011 and 2021. On the other hand, Owen Sound created one new position for every 3.45 residents who left the city.

If we assume that the primary factor driving staff growth is population growth, we can calculate what size the Owen Sound workforce should be based on population growth. The average staff growth of the primary comparators was 0.75% of population growth. Based on the above staff-population growth ratio, the Owen Sound workforce should have been reduced by  $76 \times 0.0075 = 0.57$  employees. If we round that off to 1.0 then the workforce should have been reduced by one employee instead of growing by 22 employees. This means that based on a direct correlation between staff growth and population growth the Owen Sound workforce is overstaffed by 23 employees.

The question is has Owen Sound’s Administration always been this heavily staffed? To get the answer to this question we need to look at the historic Financial Information Returns (FIR).



### Owen Sound Workforce Growth

An interesting observation is that in the five years between 2016 and 2021 the total workforce, excluding Protective Services and Library, grew by 18 employees. This is a growth of 3.6 employees per year at a time when the population was relatively stagnant.

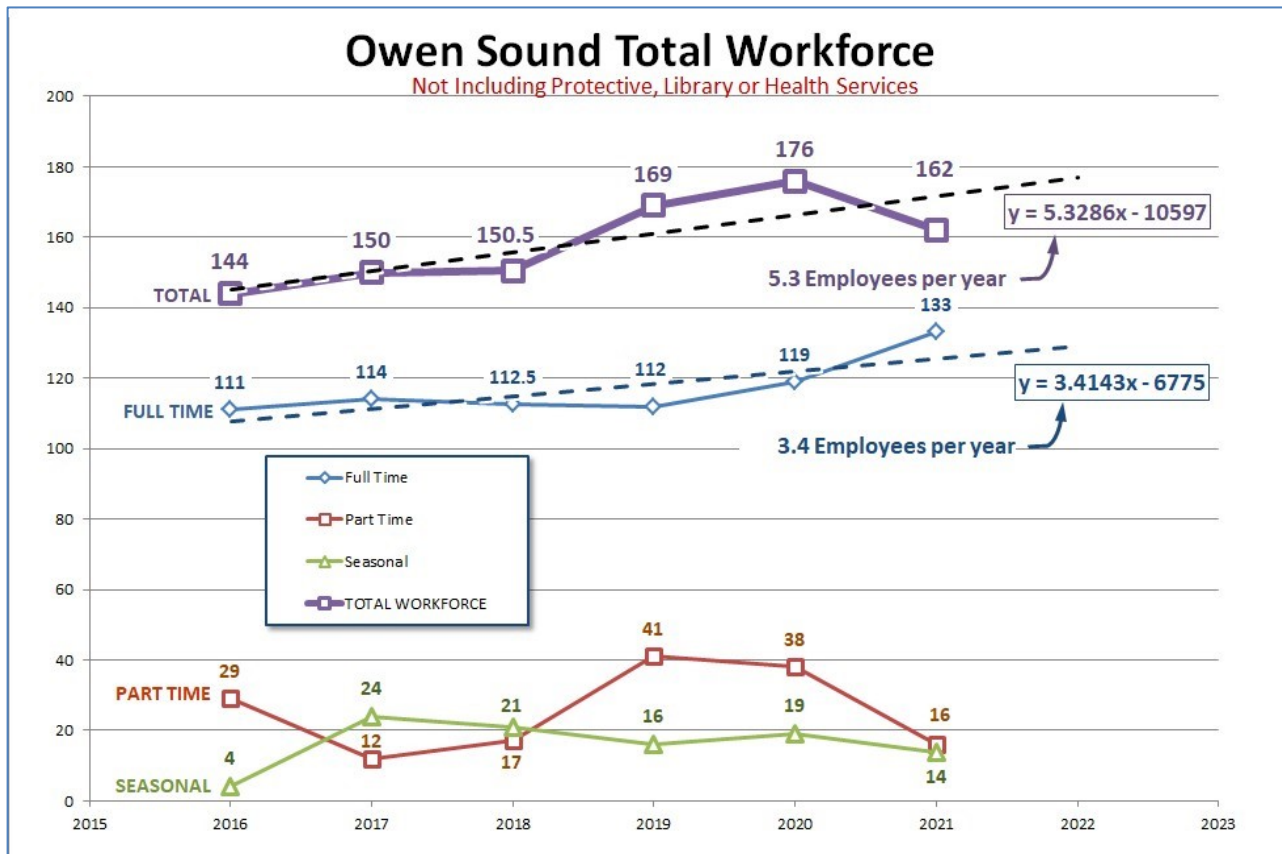


Figure 28; Owen Sound Workforce Growth (2016 – 2021) *Source: Ontario Financial Information Returns <sup>24</sup> Also see Annex G*

It’s important for us to examine these changes in the workforce in more detail. Figure 28 above shows the annual changes by employee-type that occurred between 2016 and 2021. We see that a preponderance of the changes occurred between 2019 and 2021. The number of full-time employees increased by 20 employees during this period; while the number of part-time employees decreased by 25 and the seasonal employees decreased by 2 employees.

The obvious impact of these changes was that 27 part-time and seasonal positions were converted to 20 full-time positions. This raises an important question. What was the process for converting part-time and seasonal positions to full-time positions? Does this conversion require the approval of Council?

Note: the decrease in the total workforce between 2020 and 2021 is quite likely the temporary impact that Covid had on staffing at city hall. It is quite likely that this will rebound in 2022.



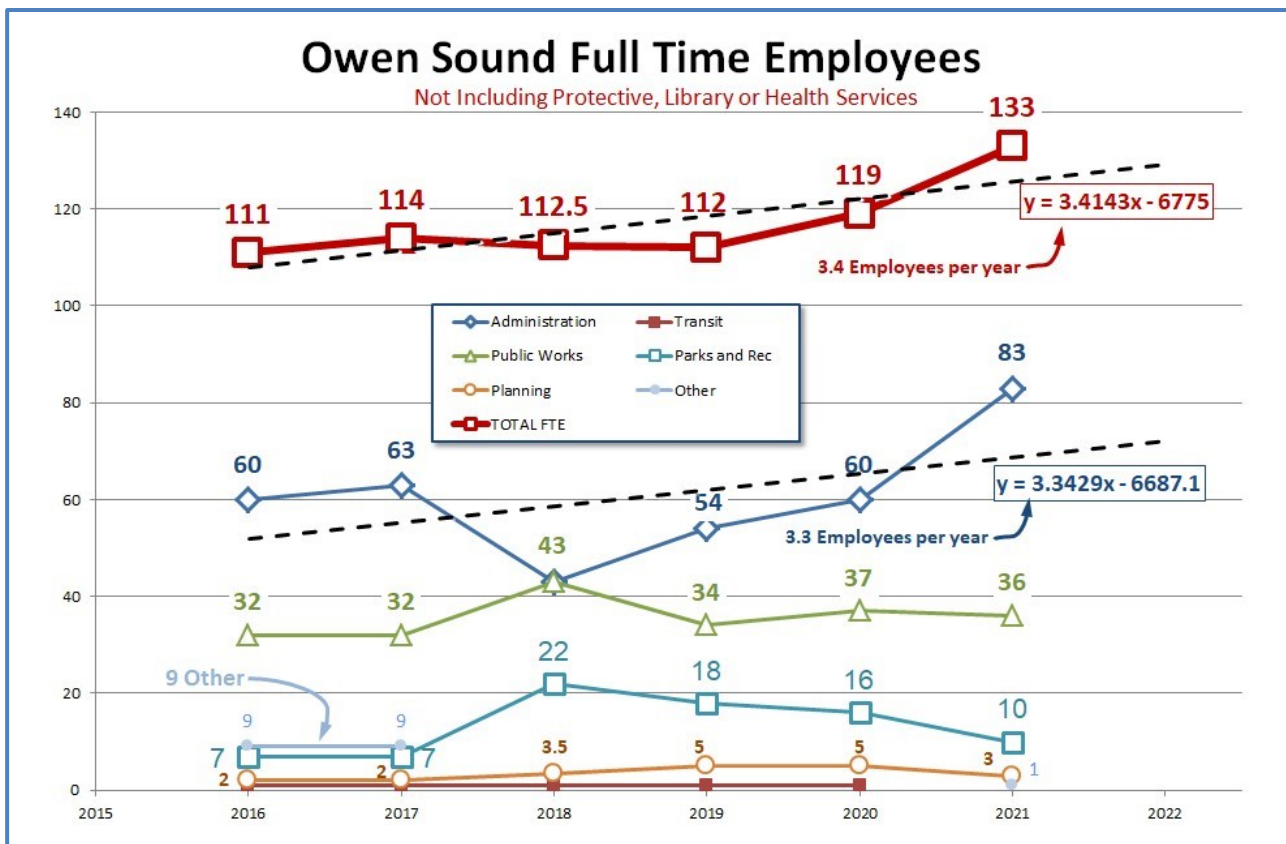


Figure 29; Full Time Workforce Growth 2016 to 2021 Source: Financial Information Returns

The full time employee trend line in Figure 29 (dotted line) shows us that the rate of increase of Full Time Employees between 2016 and 2021 was 3.4 employees per year. Note that Administration Department’s trend line shows us that the rate of increase in Administration was 3.3 employees per year which pretty much accounts for all of the annual workforce increases during this period.

In 2006 the workforce was more evenly distributed among the departments. At that time Administration represented 41.2% of the 119 employee workforce. Ten years later in 2016 Administration represented 54.0% of the 111 employee workforce which eventually grew to become 62.4% of the workforce with 83 employees. It appears that the population of administrators at city hall has grown at the expense of those employees working in the field.

**Something to Note**

It’s important to note that there are discrepancies between the employee counts presented on July 17th in the staff analysis of the MNP Consultant report and those in the Financial Information Returns:

Staff July 17 <sup>th</sup> Report	Financial Information Returns <sup>24</sup>
2005 Employee Count = 234 (not including Protective Services)	2005 Employee Count (211 – 34 fire – 58 police = 119)
2010 Employee Count = 220 (not including Protective Services)	2010 Employee Count (239 – 30 fire – 93 police - 2court= 114)
2015 Employee Count = 212 (not including Protective Services)	2015 Employee Count (213 – 31 fire – 59 police - 2court = 121)
2020 Employee Count = 171 (not including Protective Services)	2020 Employee Count (238 – 31 fire – 61 police = 119)
2021 Employee Count = 119 (not including Protective Services)	2021 Employee Count (164 – 31 fire = 133)

*It appears that the staff Employee Counts presented on page 8 for 2005-2020 did include Protective Services employees*

The employee counts shown in the right column above are the correct employee counts. These numbers can be easily verified by reviewing the Financial Information Returns at Annex G or directly on the Ontario government’s website [click here: Ontario Financial Information Returns](#)

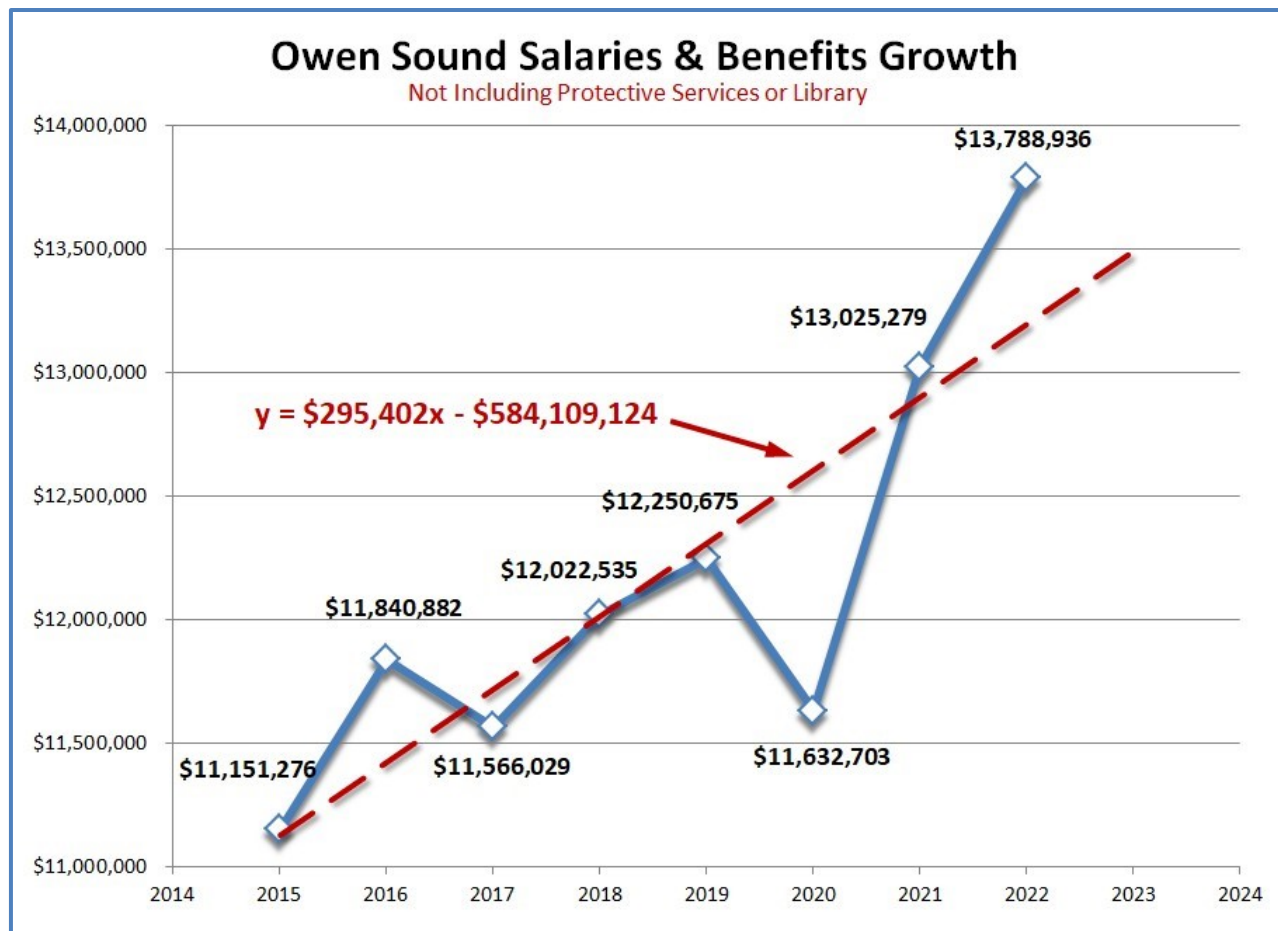


Figure 30; Salaries & Benefits Expense Growth 2015 to 2021 Source: Audited Financial Statements

The Salaries & Benefits trend line in figure 30 shows us that Salaries and Benefits Expense grew at a rate of \$295,402 per year. If we divide this by \$65,000, which an estimate for the average Salaries & Benefits per employee, we get an employee annual growth rate of 4.5 employees per year. This was calculated using the Salaries & Benefits data from the Audited Financial Statements includes annual salary increases which accounts for the difference from the 3.4 employees calculated using the Financial Information Returns.

**Examples of Overstaffing**

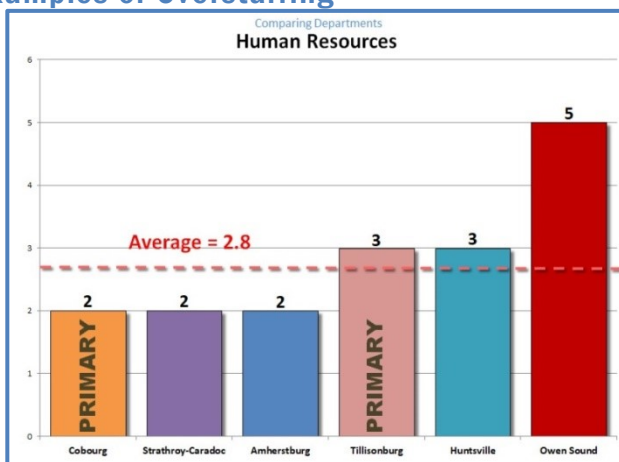


Figure 31; Human Resources Source: Org Charts 43-48

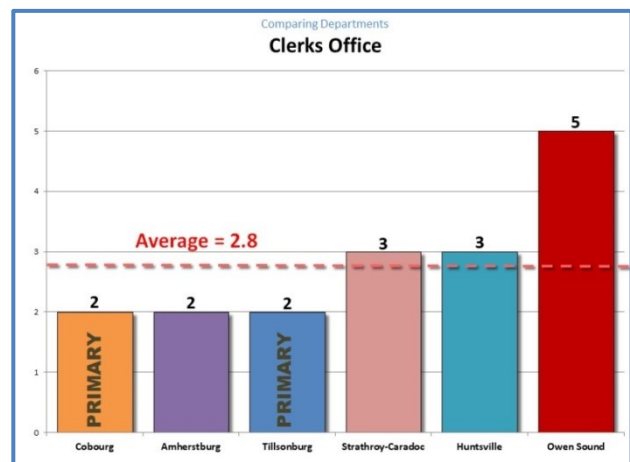


Figure 32; Municipal Clerk's Office Source: Org Charts 43-48

There are discrepancies between Organization Charts that Owen Sound provided for this study and the 2021 Financial Information Report which makes it difficult to identify all of the sources for the

overstaffing shown in figure 22. However, figures 31 to 33 show a few examples. For example Owen Sound is the only municipality in the study group employing two Human Resources managers and the only municipality with a HR Team of 5 employees. Owen Sound is also the only municipality employing three managers in the clerk’s office – see Annex B. As well Owen Sound is the only municipality employing both a Director and a Manager of Corporate Services in addition to a Deputy Treasurer.

The most alarming example of overstaffing however is the staffing of the Art Gallery shown below in figure 22 which has twice the workforce as the average of the primary comparator municipalities. It’s noteworthy that the Owen Sound Org Chart at Annex E <sup>43</sup> shows 8 staff working at the Gallery. Yet, the 2023 Budget Book <sup>49</sup> shows only six employees working at the Art Gallery.

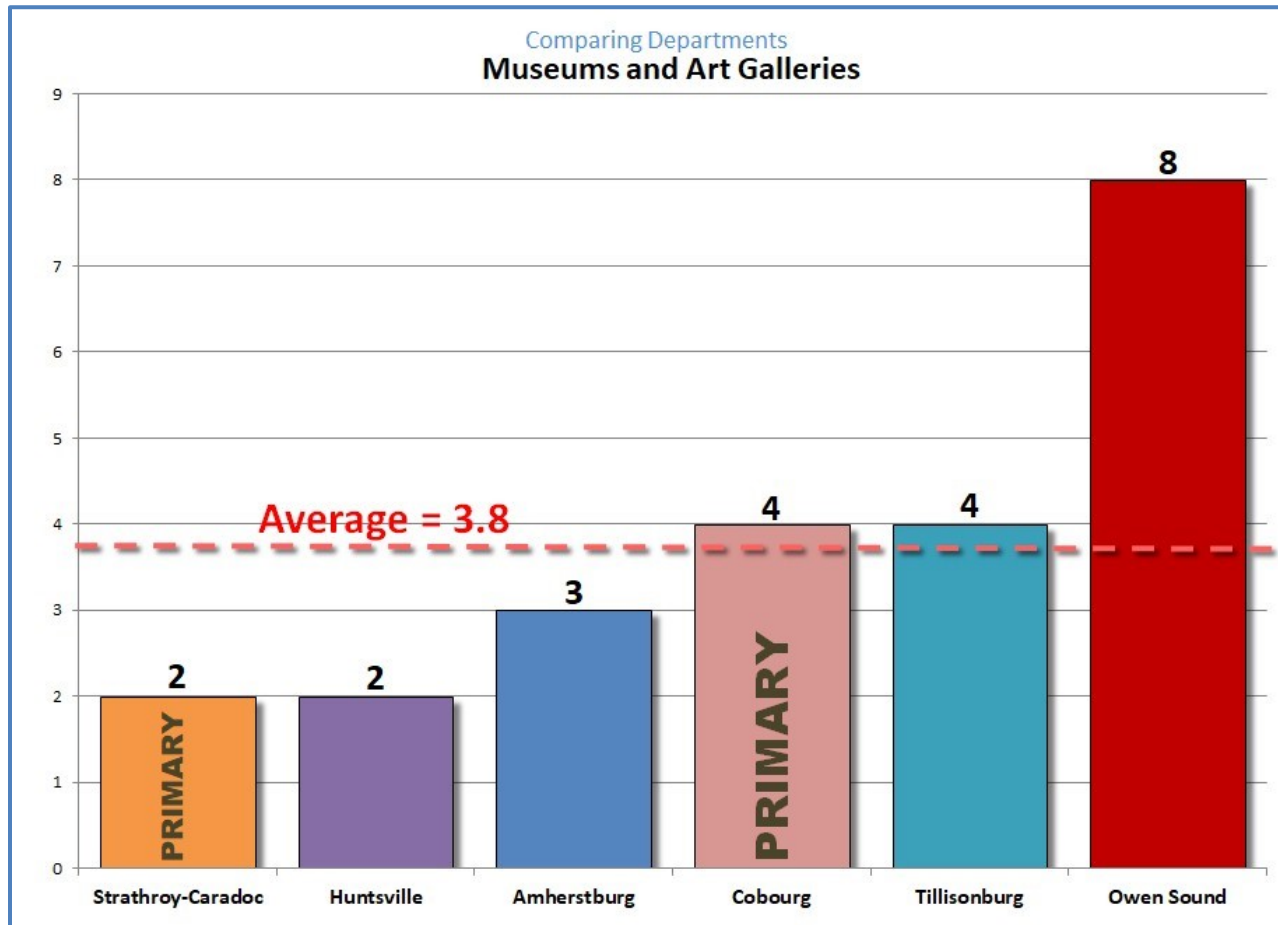


Figure 33; Museums and Art Galleries Source Organizations Charts <sup>43-48</sup>

**SUMMARY**

1. Owen Sound employs 31 employees more than the average of the three primary comparators.
2. Owen Sound employs 24 employees more than the nearly identical municipality of Cobourg.
3. Owen Sound is the only municipality employing 3 managers in the Clerk’s Office .
4. Owen Sound is the only municipality with two Human Resources Managers.
5. On average, the comparator municipalities added 1 employee for every 133.2 new residents.
6. Owen Sound added one new full time employee for every 3.45 residents leaving the city.
7. There was a distinct shift in the workforce from part-time and seasonal to full time employees
8. The Administration grew from 43 employees in 2018 to 83 full time employees in 2021



# Comparing Municipal Services



Owen Sound		Cobourg	
Administration	\$5,987,730	General Government	\$4,541,119
Operations	\$20,736,796	Transportation	\$6,548,847
Community	\$3,764,542	Recreation & Cultural	\$9,176,232
Parks & Cemeteries	\$2,776,057	Planning & Development	\$1,166,136
Economic Development	\$1,097,227	Industrial Park	\$2,241,253
Cultural Services	\$3,585,093	Other	\$4,380,033
		Environmental	\$6,008,785
		Social & Family	\$101,734
	<b>\$37,947,445</b>		<b>\$34,164,139</b>

Thorold		Tillisonburg	
General Government	\$1,878,464	General Government	\$2,966,849
Transportation	\$7,005,696	Transportation	\$5,961,534
Environmental	\$11,304,522	Recreation & Cultural	\$5,332,814
Social & Health	\$1,553,112	Other	\$2,831,560
Recreation & Cultural	\$3,928,764		
Planning	\$1,085,152		
	<b>\$26,755,710</b>		<b>\$17,092,757</b>

Table 3; Comparing Service Expense Allocations

Source: Audited Financial Statements

Table 3 shows how Owen Sound and the three primary comparator municipalities spend their money on services. Note that the comparator municipality that’s closest to Owen Sound’s characteristics, Cobourg, spends \$3,783,306 less than Owen Sound on services. However, Cobourg’s Revenue from Taxation is \$6,503,462 less than Owen Sound’s. This tells us that Cobourg is generating \$2,720,156 more from other revenue sources than Owen Sound. This is largely due to Cobourg leveraging its assets to establish profit centers that contribute over \$2 million in annual revenues.

Also of note is the relative cost of Administration or General Government. Owen Sound spends nearly \$1.5 million more in this area than Cobourg and \$2.9 million more than the average of the three primary comparator municipalities.

## Transit

Cobourg	Thorold	Tillisonburg	Amerherstburg	Strathroy-Caradoc	Huntsville	Kingsville	Owen Sound
Regular Transit Under Contract Fare \$2.25 (\$1,069,024)	Regular Transit Under Contract Fare \$2.90 weekdays \$7.00 weekends (\$714,390)	Regular Transit in-town <b>\$2.50</b> and inter city <b>\$10.00</b> (\$924,205)	No Public City Transit	No Public City Transit.	Regular Transit Two Buses Fare \$5.00 (\$131,151)	No Public City Transit.	Regular Transit Under Contract Fare \$3.00 (\$1,152,311)

Table 4; Comparing 2021 Transit Service Costs

Source: 2021 Budget Statements 33 - 40

Five of the eight municipalities in the study group provide Transit Services. The average of the three primary comparators is \$902,539. Owen Sound’s costs in 2021 were close to the costs of the three primary comparators and only \$249,771 above the average. It’s important to note when compared to

Cobourg, the municipality with nearly identical characteristics to Owen Sound, spent only \$83,287 less than Owen Sound in 2021. Therefore it's safe to say that Transit is not the problem.

In regard to bus fare costs Cobourg had the lowest fare costs in 2021 at \$2.25 followed closely by Tillsonburg at \$2.50, Thorold at \$2.90 and Owen Sound at \$3.00. Of note is that Thorold has a special weekend fare that is significantly higher than the weekday fare at \$7.00 per ride. Perhaps this is something Owen Sound should consider.

### Library

Cobourg	Thorold	Tillsonburg	Amerherstburg	Strathroy-Caradoc	Huntsville	Kingsville	Owen Sound
Cobourg Public Library (\$1,026,799)	Thorold Public Library (\$743,422)	No Public Library Services	Library Services Provided by County	Library Services Provided by County	Huntsville Public Library (\$1,016,962)	Library Services Provided by County	Shared Library Services City's Costs (\$1,006,858)

Table 5; Comparing Library Services

Source: 2021 Budget Statements <sup>33 - 40</sup>

Only 50% of municipalities in the study group provide Library Services. The average cost of Library Services for the two primary comparator municipalities was \$883,111 in 2021. In comparison Owen Sound's cost was only slightly higher at \$1,006,858. Therefore it's safe to say that Library Services are not a major contributor to the excessive expenses problem.

### Cultural Services

Cobourg	Thorold	Tillsonburg	Amerherstburg	Strathroy-Caradoc	Huntsville	Kingsville	Owen Sound
Art Gallery of Northumberland (150,000)	No Public Museum or Art Gallery	Annandale Museum (\$396,871)	Muskoka Heritage Place (\$317,985)	Strathroy Museum (\$207,466)	No Public Museum or Art Gallery	Military Museum run by Legion	Tom Thompson Art Gallery (\$475,000)

Table 6; Comparing Cultural Services

Source: 2021 Budget Statements <sup>33 - 40</sup>

Six of the eight municipalities in the study group provided Cultural Services in the form of Museums or Art Galleries in 2021. The average of the two primary comparators that provide Cultural Services is \$273,436. With a cost of \$450,000, Owen Sound's costs for the Art Gallery were close to double the average of the primary comparators in 2021. Therefore to some extent our Art Gallery does contribute to our expenses problem. However, when you consider our expenses are \$11 million above average, the Art Gallery excessive expense does not significantly contribute to the overall problem.

### Parks

Cobourg	Thorold	Tillsonburg	Amerherstburg	Strathroy-Caradoc	Huntsville	Kingsville	Owen Sound
Over 20 Parks (\$2,705,643)	Several Parks (\$1,352,908)	Several Parks (\$918,191)	Several Parks (\$1,383,478)	Several Parks (\$1,383,478)	Parks & Trails (\$1,123,280)	Several Parks (\$930,158)	Several Parks (\$1,536,920)

Table 7; Comparing Municipal Parks and Green Spaces

Source: 2021 Budget Statements <sup>33 - 40</sup>

Of the eight municipalities in the study group, Cobourg spends by far the most on maintaining their parks at \$2.7 million which is almost double what Owen Sound spends. The average of the three primary comparators was \$1,658,914 in 2021.

**Recreation**

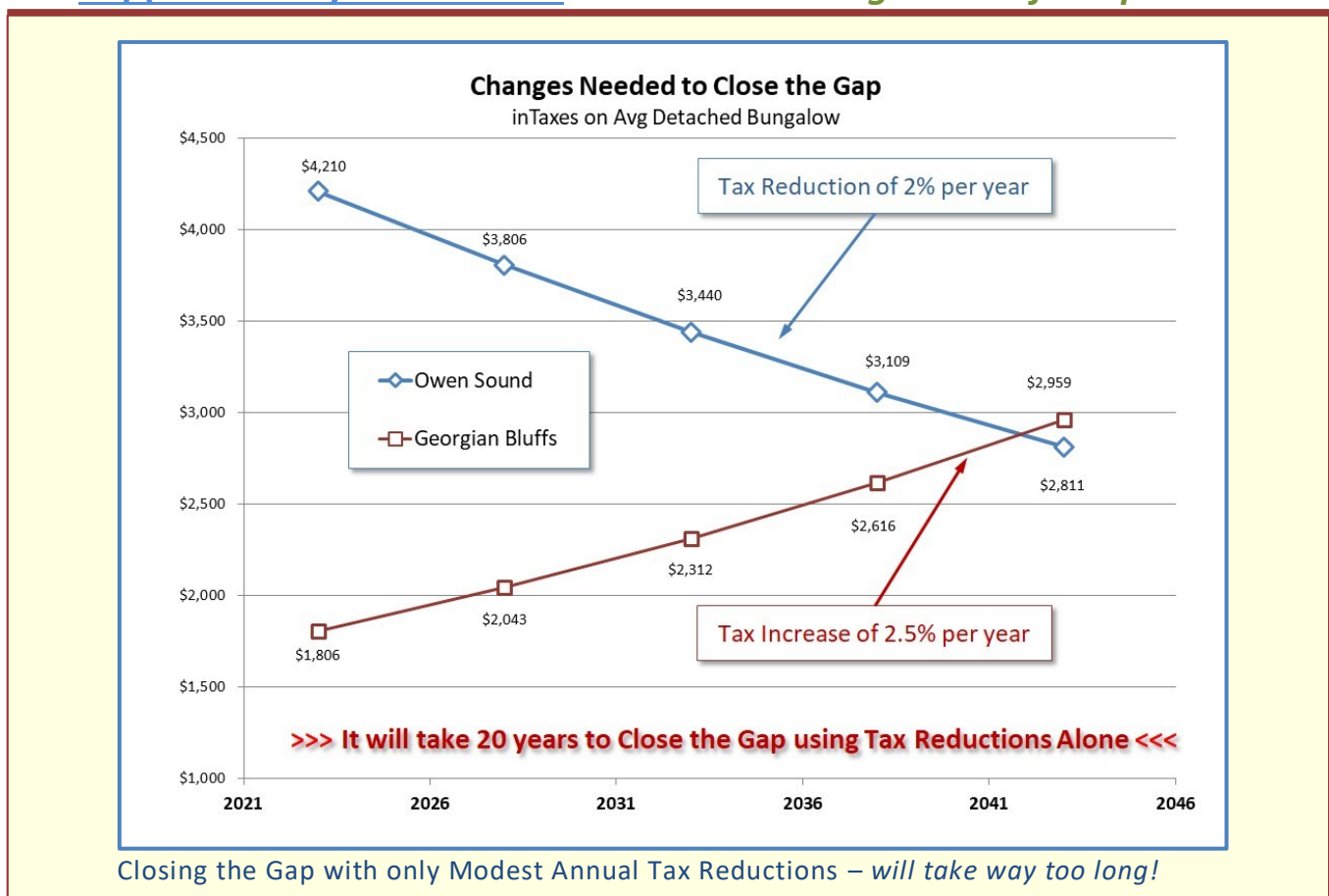
Cobourg	Thorold	Tillsonburg	Amerherstburg	Strathroy-Caradoc	Huntsville	Kingsville	Owen Sound
3 ice Rinks Community Centre and Memorial Arena (\$1,386,860)	Thorold Community Arena (\$1,342,839)	Recreation Programs (\$940,826) Recreation Facilities (\$3,000,901)	Libro Centre includes 2 ice rinks (\$2,316,641)	Gemini Sportsplex Arena (\$1,492,393)	Recreation Centre (\$1,051,057)	Arena: (\$1,035,347)	Bayshore & Rec Centre (\$1,981,452)

Table 8; Comparing Municipal Recreation Facilities

Source: 2021 Budget Statements 33 - 40

In regard to maintaining recreation facilities the average of the primary comparators in 2021 was \$1,910,200. This is nearly identical to the \$1,981,452 that Owen Sound spent that year. Therefore it's safe to say that Owen Sound's recreation expenses are in line with the other comparator municipalities.

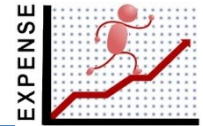
**Supplementary Information: a look at the magnitude of the problem**



**SUMMARY**

1. All municipalities in the study group largely provide the same services to some degree.
2. Library, Transit, Parks and Recreation services are on par with the other municipalities.
3. Owen Sound over-spending on Cultural Services is not a major contributor to the problem.
4. The absence of Profit Centers is negatively impacting the high taxes relative to the others

## Summary of the Facts



It's abundantly obvious when comparing Owen Sound to the seven municipalities in the study group, that Owen Sound does not look good. The other municipalities are doing much better. However in doing so, they provide Owen Sound with a blueprint for improving its performance. This study exposed a number of areas that Owen Sound could explore to improve its financial outlook.

The most reliable data sources I used for this study were Statistics Canada, the municipal Audited Financial Statements, the municipal Financial Information Returns and the annual BMA Municipal Studies. I routinely found that staff generated financial and workforce numbers didn't always agree with these official documents. Therefore, although I reviewed municipal generated data I placed more weight on the official documents.

I am confident that the comparator municipalities I selected for this study are the best possible, lower tier, municipalities to compare and contrast to Owen Sound. The top three comparators have characteristics that are very close to Owen Sound in the areas of Population, Population-Density, and Occupied-Dwellings and one of them, Cobourg, is nearly identical to Owen Sound.

Here is a short summary of the facts that were established using; the Audited Financial Statements, the Financial Information Returns and the BMA Reports. These are all easily verifiable using the references provided.

1. Owen Sound taxes are \$10.6 million higher than the average of the three primary municipal comparators and \$6.5 million higher than the nearly identical municipality of Cobourg.
2. Cobourg's revenue from taxation is only 43.9% of their total revenue while Owen Sound's revenue from taxation is 50.5% of its total revenue. This is the result of Owen Sound's revenue from other sources underperforming and the fact that Owen Sound does not have one Profit Center to offset taxes.
3. Owen Sound's residents are the poorest residents in all of the municipalities in the study group with a median household, after-tax income is only \$57,600. This is \$11,900 less than Cobourg's median household, after-tax income of \$69,500.
4. Owen Sound expenses are \$11.0 million higher than the average of the three primary comparators and \$3.8 million higher than Cobourg's.
5. Owen Sound spends \$3.9 million more on, non-protective services, Salaries & Benefits than the average of the three primary comparators and \$1.5 million more than Cobourg
6. Owen Sound has 8 more, non-protective-services employees, (almost all managers) on the Sunshine List than the average of the three primary comparators and 8 more than Cobourg. This is costing Owen Sound \$882,573 more in management salaries than Cobourg.
7. Owen Sound employs 31 more, non-protective-services employees than the average of the three primary comparators and 24 more employees than Cobourg.
8. In 2006 Owen Sound employed 111 full time non-protective-services employees. This number grew to 133 by 2021. During this period Owen Sound's population contracted by 76 residents.

9. There was a noticeable migration of the work force from part-time & seasonal to full time
10. There was a noticeable migration of the workforce from operations to administration.
11. Owen Sound spent nearly \$12 million between 2012 and 2021 on Economic Development and taxpayers did not receive any measureable benefit from these tax dollars.
12. Owen Sound is providing Recreational and Cultural Services to a population of 44,197 and only charging 21,612 residents for a preponderance of the cost of these services. Residents of Meaford and Georgian Bluffs pay only their user fees to use these services which represent only a small portion of the total cost.
13. Owen Sound is not maximizing the use of shared services with other municipalities to reduce expenses
14. Owen Sound has duplication of support services, such as IT, in the Police Services Department

The Facts are the Facts! They should not be discounted just because they don't support the notion that Owen Sound is a financially healthy community managed by a fiscally responsible Administration. The truth is that Owen Sound has not been well managed for many years as compared to other municipalities.

### Do the Results Make Sense?

One way we can verify the accuracy of the Salaries & Benefits expense is to see if there is any correlation between the Salaries & Benefits difference and the difference in the number of employees. Based on Audited Financial Statements, Owen Sound spends \$1,537,486 more on Salaries & Benefits than Cobourg. Based on the Financial Information Returns, Owen Sound employs 24 more employees than Cobourg. If we divide the Salaries & Benefits difference by the employee difference we get an average Salary & Benefits. This works out to be \$64,062. This seems to be a reasonable value for the average Salary & Benefits per employee.

*Given that Cobourg is nearly identical to Owen Sound and is delivering very similar services we can say, with a high level of confidence, that Owen Sound is indeed overstaffed by a minimum of 24 employees*

As well as the 2021 employee count and Salaries and Benefits gap between Owen Sound and Cobourg we can also use the workforce growth data. In figure 24 we saw that Owen Sound's Salary and Benefits Expense grew at a rate of \$210,368 per year between 2015 and 2021 based on the Audited Financial Statements. During this period we also saw, in figure 23, that the full time workforce grew by at a rate of 3.4 employees per year based on the Financial Information Returns. If we divide Salary and Benefits Expense growth by the full time employee growth rate we can estimate the average salary & benefits per employee. This works out to be an annual salary of \$61,872 which is not only reasonable but very close to the \$64,062 figure we calculated above.

The importance of these checks cannot be overstated. We not only used two separate data sources, but two different data sets to test the reasonableness of the results. This gives us a very high level of confidence in the results. They show both an excessive rate of growth in the workforce between 2015 and 2021 and confirm the size of the gap between Owen Sound and Cobourg in 2021. The Owen Sound workforce is, at a minimum, overstaffed by 24 employees.

**the Results Not Only Make Sense      They are Verifiable !**

## Why Excessive Tax Growth?



The ‘Facts are the Facts’ but why are Owen Sound Taxes so much greater than other similarly sized municipalities? I’m sure there are many taxpayers with their own theories on why this has happened over the years. Below are my thoughts on how we got where our spending is so much greater than other municipalities.

### How it Got Started

First Owen Sound is unique in that there really hasn’t been any real growth over the past 40 years and during this time the residential taxpayer has had to carry more and more of the burden. At the same time there was upward pressure from staff to grow expenses and expand the workforce in spite of the workload not increasing since the population was stagnant. Why is this? Well, within public sector administrations there is a natural tendency for managers to grow expenses and the workforce, perhaps partially driven by a desire to build empires and grow silos. This can happen completely independent of increases in the workload. As departments grow, new projects and assignments expand to soak up the extra capacity. This has resulted in a tendency to solve workload challenges by adding new positions and increasing expenses by hiring consultants to do work that should be done by city staff.

### The Driving Forces

I have over 30 years of experience managing public sector administrations in both federal and provincial environments. What I’ve learned over the years is that in traditional public sector administrations managers sometimes have their own informal organizational goals that are often in conflict with the organization’s formal leadership. If one of those goals is to expand the size of the empire, regardless of any ‘real’ additional work – given that the population is stagnant hence service demand is flat – you will see an attempt to leverage any perceived new demand to argue for an increase in expenses or staffing. Here is just a small example of how staff is able to persuade Committees to increase expenses and expand the workforce.

This occurred at the Corporate Services Committee Meeting on November 09, 2023. BDO Canada, the city’s auditor, briefed the Committee on new rules issued by the Public Sector Audit Board (PSAB) regarding Asset Retirement Obligations (ARO’s). This PSAB regulation requires municipalities to determine if there will be a cost to remediate contamination etc. when the asset is no longer needed. For example there will be a cost to retiring, a property with contaminated soil or a building with asbestos since these hazards will have to be remediated before the asset can be retired. This future cost is a liability that must be now recorded in the annual audited financial statements.

The staff recommended hiring a consultant to assist staff in identifying any potential obligations for every asset and hiring a part time employee to assist with the workload. Staff claimed that they “*didn’t have the expertise or the time*” to perform, what appears to be well within the scope for any professional engineer on staff.

Staff came fully prepared to support their arguments and had even researched the cost and presented argument that this consulting contract should be given to the city’s current audit firm, BDO, in spite of the obvious conflict of interest. However to their obvious surprise their initial sales pitch failed. Three members of the Committee suggested that the city should put this off until next year to give time to better assess what others were doing since there really wasn’t any downside to delaying it. One member of the Committee made a motion to that effect. This sparked an immediate reaction from staff as you can see in

the video. In spite of their being a motion on the floor both the Director and the City Manager offered their unsolicited opinions and spoke strongly against postponing the action. Staff are not members of the Committee. According to the Procedural Bylaw staff are there to respond to questions from Committee members. Section 115 states:

*When a motion is under consideration, a Member may ask a concisely worded question of another Member or appropriate staff person, through the chair, prior to the motion being put to a vote.*

In other words staff's role, once they present their recommendation and argue their points, is to be there to respond to questions from the members. It is not to participate in the debate on a motion which is in violation of section 115. for the Procedural Bylaw. As in this case their supplementary arguments were persuasive and clearly changed some the minds of some Committee members since the motion failed.

[View Abbreviated Version of the Meeting](#)

[View Full Version Video of the Meeting](#)

As you see in the above example, the vehicle to achieve staff objectives are the "Staff Recommendations" which are delivered to Committees and Council with passion and well developed sales pitches. So, in this case, what prompted these senior managers to argue against a motion? First you may hear an argument that the novice Committee member didn't make his motion abundantly clear. However he clearly stated that he would like to make a motion but wasn't sure exactly how but did go on to state exactly what he wanted. As well the Chair confirmed that there was a motion on the floor when just before calling for a vote he asked the member to repeat his motion.

As far as motivation for staff to speak against the motion it was clear that they were taken by surprise by the look on the Clerk's face when the motion is tabled. They clearly realized that their recommendations were about to be rejected and felt they needed to respond. Why? Could it be that without this new work they wouldn't have an argument for a new Part Time employee? Who Knows? What we do know is that Corporate Services is overstaffed and has at least two managers more than similar municipalities. Given this, it seems incredulous that Corporate Services lacks the capacity to absorb this additional workload and they certainly don't lack the expertise in the Engineering Department. Yet they were successful in this case to persuade Committee members to defer to the staff recommendations.

### **The Absence of Effective Checks and Balances**

I've observed many examples of this technique over the past ten years. I believe that staff uses this technique to inappropriately influence Committees and Council to achieve their desired outcome. Members of Council and Committees unknowingly facilitate this by frequently deferring to the staff recommendations when there is any doubt. In the case cited above, the members deferred to staff in spite of staff arguments not presenting any real reason that the ARO requirement needed to be implemented this year. The only reason they gave was essentially; we're going to have to do it eventually so why not get on with it. This was in spite of three committee members giving real reasons to delay.

I believe that this is a small example of just how staff can inappropriately influence a Committee and/or Council to achieve their objective by leveraging the practice of "Staff Recommendations". This behavior is quite likely, at least partially, responsible why Owen Sound Expenses and workforce have grown well in excess of similar municipalities. Therefore it is essential for each member of council to understand the potential for conflicting goals and challenge staff when necessary. It's also important to maintain an arms-length approach to their relationships with senior staff and apply a good measure of independent, critical thinking when considering staff proposals.

Overstaffing developed incrementally over a long period of time. It nearly always involved what appeared to be reasonable requests supported by persuasive arguments of the need. For example, we are conscious about climate change, so, of course we need to create a new climate change position. We create a new Short Term Rental (STR) program, so, of course we need to create a new position to manage the program. Owen Sound is the only municipality that does this. Other, 'cost-conscious', municipalities build in climate change initiatives into the coalface by educating front line staff and add new requirements, such as the STR program, to existing staff by prioritizing their activities.

We saw a similar example some time ago as well when the Human Resources manager became swamped by a large volume of firefighter grievances. This temporary workload challenge was addressed by creating a second Human Resources manager position. This was certainly not the most cost-effective way of dealing with this problem. This decision by senior management to solve this problem by hiring a second HR Manager gives us some insight into management's priorities.

This is exactly how I believe that Owen Sound expenses and the size of the Owen Sound workforce have grown much faster than other municipalities in spite of service demands not significantly expanding given Owen Sound's population growth was non-existent.

Without Council establishing effective 'Check and Balances' on staff recommendations Owen Sound expenses and staffing will continue to force annual tax increases. As shown in figure 19 above if Council does not address this problem expenses will grow to \$74 million by 2030 and taxes will experience a 24.3% growth from 2022 to reach a record high of \$41.1 million.

