
HALDIMAND COUNTY

Report FDS-03-2019 Municipal Modernization Fund Expression of Interest For Consideration by Council on November 25, 2019



OBJECTIVE:

To receive Council approval to submit an Expression of Interest for the Municipal Modernization Program, for grant funding to undertake an expenditure review by an independent third-party reviewer for the purpose of finding savings and efficiencies.

RECOMMENDATIONS:

1. THAT Report FDS-03-2019 Municipal Modernization Expression of Interest be received;
2. AND THAT, in the event Provincial funding is approved, Council supports the use of an independent third-party reviewer for the purpose of developing a formal report providing specific and actionable recommendations for cost savings and improved efficiencies.

Respectfully submitted: Mark Merritt, CPA, CA, General Manager of Financial & Data Services

Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

Staff are in receipt of the program guidelines related to the Province's recent announcement of Ontario's new *Municipal Modernization Program*. The County has been advised that Intake 1 under this new program is now open. To be eligible for funding, the County must submit an Expression of Interest (EOI) application form by December 6, 2019.

Under the requirements of the program, County staff have already notified our Municipal Service Office (MSO) contact that Haldimand County intends to submit an EOI by the required deadline. The EOI submission also requires a Council resolution demonstrating support to engage an independent third-party reviewer for the purpose of developing a formal report providing specific and actionable recommendations for cost savings and improved efficiencies. As a result, staff are requesting Council support of an independent third-party reviewer to facilitate the EOI submission. Further details of the intended project will be provided to Council if the grant funding is approved.

BACKGROUND:

On November 12, 2019, staff received notification from the Ministry of Municipal Affairs and Housing (MMAH) regarding additional information about the Province's new *Municipal Modernization Program*. As part of this notification, Haldimand County was advised that Intake 1 under the program is now open.

This notice was sent to all municipalities that received a Service Modernization Payment in March 2019. Council receipt of those funds resulted in the following resolution at the April 2, 2019 Committee of the Whole meeting:

1. *WHEREAS the Ontario Government has announced its intention to invest in small and rural municipalities to improve service delivery and efficiency;*

2. *AND WHEREAS Haldimand County is in receipt of one time unconditional funds of \$725,000 related to this investment;*
3. *NOW THEREFORE BE IT RESOLVED THAT in accordance with the grant intent, Haldimand County wishes to identify internal and external customer service improvements including software improvements for customer service needs and internal technological efficiencies as options for funding;*
4. *AND THAT the funds to contributed to the Capital Replacement Reserve – Information Technology to facilitate these improvements;*
5. *AND THAT staff complete any reporting necessary to meet the provincial reporting requirements related to this funding.*

Under this new program, the Province is proposing to provide additional support to small and rural municipalities to conduct new independent service delivery reviews, implement recommendations from previous reviews, and undertake a range of projects, by making up to \$125 million available through 2022-2023.

The current intake is intended to facilitate a third-party independent review for the purpose of developing a formal report providing specific and actionable recommendations for cost savings and improved efficiencies. Under the program, the independent review must be completed between November 1, 2019 and no later than June 15, 2020. The formal report from the review must be publicly posted/available by June 30, 2020.

Future intakes will provide the opportunity to apply for projects aimed at implementing service delivery efficiencies to achieve cost savings, in addition to service delivery reviews.

ANALYSIS:

The intent of the program is to review municipal service delivery expenditures, by an independent third-party reviewer, for the purpose of finding savings and efficiencies. The review project could take one of the following forms:

- a line-by-line review of the municipality's entire budget; or
- a review of service delivery and modernization opportunities; or
- a review of administrative processes to reduce costs.

The program will not cover review projects where:

- the goal is to identify opportunities for revenue generation or reductions in front line services; or
- the review does not result in a formal report by a third party; or
- the object of the review extends beyond municipal accountability.

Staff have advised our Municipal Services Office of Haldimand's intention to apply, and are now required to submit an Expression of Interest by December 6, 2019, which will include project scope and anticipated costs. Senior staff are currently reviewing options to meet the program requirements. As outlined in the MMAH notification, one of the suggested eligible projects is a review of IT solutions and process improvements. As this project was one of staff's future planned initiatives, it will be included as part of the project scope in our EOI submission.

Haldimand County will be advised late January/early February 2020 whether the application is approved. If approved, a further report will be presented to Council to accept the funding and enter into an agreement. Under the program, the third-party review must be completed and publicly posted by June 30, 2020.

As this is an application based grant opportunity, funding can only be received if the County submits the required EOI. As these types of reviews typically require financial resources and independent expert knowledge not currently included in the County's operating budgets, the access to these funds will provide an opportunity to the County that it may not otherwise have had the resources to undertake.

FINANCIAL/LEGAL IMPLICATIONS:

If grant funding is approved, staff will report back to Council on the project details and costs. The County will also be required to enter into a transfer payment agreement and outline the steps for obtaining a third-party review. At this time, it is anticipated that the proposed project will be funded 100% by the Municipal Modernization Program.

STAKEHOLDER IMPACTS:

The proposed scope of the project to be included in the Expression of Interest will be vetted by senior staff. It is anticipated that staff from various departments will assist the independent reviewer during the development of their report.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

ATTACHMENTS:

1. Letter from Assistant Deputy Minister, Ministry of Municipal Affairs and Housing, November 12, 2019