



Report to Council

Department: Office of the CAO
Division: Office of the CAO
Date: March 16, 2020
Prepared by: Chris Nepszy, P.Eng., PE
Report Number: CAO-2020-02
Subject: Municipal Modernization Program Intake 1: Consulting Services
Number of Pages: 5

Recommendation(s)

That report CAO-2020-02 entitled Municipal Modernization Program Intake 1: Consulting Services prepared by Chris Nepszy dated March 16, 2020 be received, and

That Council appoint StrategyCorp to provide consulting services to perform Internal and Shared Service Delivery Review for the Town of Essex in accordance with the completed request under Section 22 of the Town of Essex Procurement By-Law 1043.

Purpose

In accordance with the Town Procurement By-Law Number 1043, Council approval is required to waive the requirements for proposals, tenders and quotations for consulting and professional services under Section 22.02 of the procurement and disposal of goods and services policy.

Background and Discussion

On November 1, 2019 the Honourable Steven Clark, Minister of Municipal Affairs and Housing advised that Intake 1 of the Municipal Modernization Program would be available to Municipalities. Under this program the Province made \$125 million available through 2022-2023 to help small municipalities (under 100,000 population) to conduct new service delivery reviews.

The Municipal Modernization Program established by the Province, provided the Town an opportunity to conduct a service delivery review by an independent third party to identify opportunities for the Town of Essex to recognize savings and efficiencies. Such projects could have included a review of service delivery and modernization opportunities, and a review of administrative processes to reduce costs.

The outcome from such a review would benefit the taxpayers and may assist in reducing or containing cost pressures faced by the municipality. Furthermore, it is acknowledged that with current trends and announcements from the Provincial Government is to reduce grants and funding (OMPF, Gas Tax, etc.) the Town will be forced to address levels of service and look to other solutions to remain sustainable, such as regional or shared services.

Earlier this year the Town was notified that the Government of Ontario will provide funding of up to \$200,000.00 towards an Internal and Shared Service Delivery Review for the cost of an independent third-party reviewer to deliver a final report by June 30, 2020.

The Town of Amherstburg recently conducted a transparent Request for Proposal process, and their Council awarded a virtually identical Service Delivery Review to StrategyCorp in the amount of \$140,786.75 (HST included).

In anticipation of a second intake of this program, The Town of Amherstburg recently passed a motion to seek participation in a future shared services review from all regional municipalities. Although the Province announced that there would be no forced

amalgamations in light of the recent review undertaken in the GTA, they have also indicated that they would provide municipalities with resources to support local decision making that would drive efficiencies locally. Having the local municipalities be willing to consider an approach to begin reviewing these services could benefit the region as a whole.

Administration is recommending to utilize StrategyCorp, the same consultant as Amherstburg in order to deliver a regionally minded joint service delivery review within the tight timelines provided by the province.

To be successful, this project requires the combination of political acuity to re-engineer resident-centered services and the substance of analyzing and improving current state processes and structures to reach implementable solutions. StrategyCorp combines political sensitivity and awareness with the substance of management consulting methodologies.

They propose to combine the knowledge of seasoned management consultants with the know-how of their Municipal Services group, which have served over 100 municipalities in the past 5 years alone on strategic plans and organizational and operational reviews. They also conduct an annual survey for CAOs from across Ontario and are deeply attune to the issues that are top of mind for municipal staff.

StrategyCorp is currently engaged in several service delivery review projects, including the Town of Amherstburg. They have also been engaged to conduct joint service delivery reviews for the Frontenac Municipalities and Counties of Haliburton and Elgin, respectively. Further, in December 2019, their team completed a service delivery review for the Town of Newmarket, which resulted in an estimated \$2.6 million in direct savings and nearly \$4 million in productivity and cost avoidance that the Town could achieve annually.

A successful service delivery review must also consider the distinct opportunities and challenges facing local municipalities. There is no 'one-size-fits-all' when it comes to the municipal sector. The Town of Essex is one of seven lower-tier municipalities in the County of Essex with a population of just over 20,000. Essex has a unique structure, given that the majority of its population is spread across four centres along with a large, rural geographic

area. This has direct implications for the Town's assets and services. Town staff operate out of eight facilities that are scattered across the region, and there are separate sewage systems, separate water systems, multiple fire halls and police stations that all need to be managed.

It is acknowledged that Essex is committed to ensuring long-term financial sustainability and this involves identifying how it can provide service excellence and "do things better" without reducing services, sacrificing the quality of those services or cutting jobs. Further, in considering the Town of Essex's current service delivery model, it is critical to understand that it, as a lower-tier municipality, Essex can be directly affected by the financial impact of joint services provided by the County as well as its neighbouring municipalities. For this reason, a review of the Town's internal services will consider and review both existing shared service agreements as well as opportunities for municipal partners to work together and eliminate waste, duplication and overlap. StrategyCorp's existing project with Amherstburg, as well as extensive experience and knowledge will allow for the Town of Essex Service Delivery Review to be performed effectively and efficiently, both creating savings and ensuring timelines are met, while working towards identifying and reviewing shared services opportunities with a regional mindset.

Financial Impact

StrategyCorp's proposal of fees for consulting services for the Essex Internal and Shared Delivery Review is \$140,786.75 (including HST) which is within the successful grant awarded of \$200,000. The proposed estimate of fees for the Town of Essex work is the same for those proposed for the Town of Amherstburg and appear reasonable.

Consultations

Link to Strategic Priorities

- ☒ Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- ☐ Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- ☒ Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- ☐ Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- ☒ Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.