
Subject: Update on the Exploration of Shared Services by the Chief Administrative Officers Working Group

Report to: Regional Council

Report date: Thursday, April 29, 2021

Recommendations

1. That Regional Council **ENDORSE** the mandate of the Chief Administrative Officers (CAO) Working Group to explore and collaborate on service areas of mutual interest with the objective of achieving administrative and/or operational efficiencies and cost savings; and that the Local Area Municipal Councils be requested to do the same;
2. That Regional Council **APPROVE** the Regional share of funding for project management and facilitation support to the CAO Working Group to develop, document, evaluate, and prioritize shared service opportunities (this amount represents 50% of the total cost to a maximum contribution of \$50,000 per Appendix 1 of Report CAO 2-2021); and,
3. That the Acting Chief Administrative Officer **PROVIDE** a progress report to Corporate Services Committee in Q3 2021 on the development of guiding principles, a proposed governance structure, partnership protocol, and a short list of shared service opportunities recommended by the CAO Working Group for detailed business case development.

Key Facts

- In January 2019, the Ministry of Municipal Affairs and Housing launched a Regional Government Review to examine the governance, decision-making, and service delivery functions of 8 regional municipalities including Niagara Region.
- In response to the above noted Review, the Chair and 12 Local Area Mayors asked the Region to retain a firm to develop a government relations strategy for the broader Region (See Appendix 2). StrategyCorp was retained in July 2019.
- In addition to government relations and communications support, StrategyCorp also provided advice on service delivery opportunities for inter-municipal cooperation, collaboration, resource sharing and improvement.

- StrategyCorp submitted a discussion summary to the CAO Working Group at the end of 2019. A planned staff report for March 2020 and further work on this file was paused due to the COVID-19 pandemic.
- Concurrently, the Region engaged the services of KPMG (February 2019 to February 2020) to undertake a service sustainability review. Final recommendations to Council in August 2020 included a number of opportunities for the Region to integrate service delivery with the Local Area Municipalities (LAMs).
- The scopes of work for StrategyCorp and KPMG did not include the development of detailed business cases on proposed opportunities. Deeper dives and additional expert support will be required to assess the full range of fiscal impacts, labour relations considerations, risk transfer, governance, and the effort and cost to implement.
- Staff support to the CAO Working Group has been ad hoc to-date. It is proposed that additional project management and facilitation support to develop, document, evaluate, and prioritize shared service opportunities be procured or seconded on a cost shared basis as agreed to by the LAM CAOs.
- York Region's "N6 model" has been proposed as a possible governance framework and partnership protocol for inter-municipal collaboration in Niagara Region. This will be the subject of a report-back to Corporate Services Committee in Q3 2021.
- A short list of shared service opportunities endorsed by the CAO Working Group for further exploration will also be included in the Q3 report-back.
- At its meeting on January 21, 2021 Council moved a motion to, in part, adopt the exploration of shared service delivery as a Council priority for the remainder of the term and to request an update on discussions and progress to date (see Appendix 3). The purpose of this report is to respond to the information request in the Motion.

Financial Considerations

Expenditures to-date (2019) include \$43,735 to StrategyCorp for consulting services and \$59,500 to Environics for a community survey and report to Council and the LAMs.

It is proposed that additional project management and facilitation support to the CAO Working Group be procured on a cost shared basis as agreed to by the LAM CAOs (see Appendix 1). The Region's contribution is estimated to be \$50,000 which represents 50% of the total cost (\$100,000). There is sufficient funding within the 2021 budget of the Office of the CAO to support this expense.

Costs associated with executing any new shared service initiatives recommended by the CAO Working Group would be the subject of subsequent reports to Council.

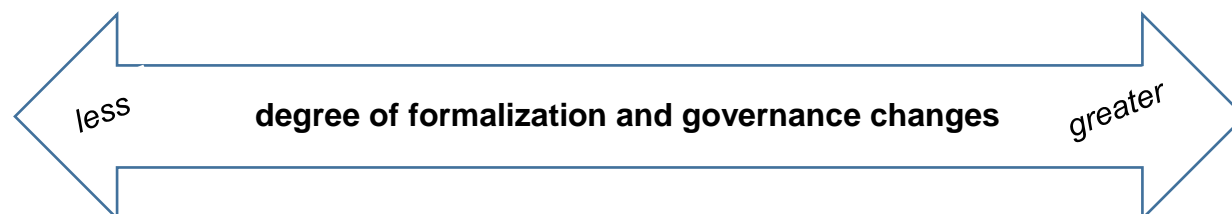
Staff is continuing to monitor provincial grant opportunities as a possible offset for the exploration and execution of shared service initiatives.

Analysis

As noted in Table 1.0 below, shared services runs a spectrum with varying levels of formalization and governance. The common thread throughout is common interest, mutual benefit and efficient service delivery.

Table 1.0
Various Degrees of “Shared Services”

Networking & Information Sharing	Partnerships & Collaboration	Shared Service Delivery
<ul style="list-style-type: none"> • Networking groups • Discussion groups • Common issues & solutions • Shared ideas & practices • Share policies & procedures 	<ul style="list-style-type: none"> • Working agreement & MOUs • Joint initiatives • Shared suppliers & joint RFPs • Policies & procedures standardized • Resources shared 	<ul style="list-style-type: none"> • Separate organizations linked through oversight model • Managed service delivery through clear service level agreements • Process ownership end-to-end • Resources pooled



A History of Collaboration on Shared Services in Niagara

Niagara municipalities have a strong track record with coordinated service delivery arrangements which strengthens the argument for broader collaboration in areas of mutual interest. A few examples (expanded upon in Appendix 4) include:

- Joint Compliance Audit Committee (election compliance during election years): Niagara Region, LAMs, the District School Board of Niagara and the Niagara Catholic District School Board
- Joint Accessibility Advisory Committee: Thorold, Grimsby, Lincoln, Niagara-on-the-Lake, Pelham and West Lincoln
- Shared Hearing Officers for Administrative Monetary Penalties: Fort Erie and Port Colborne
- Joint Procurement: Welland, Thorold, Pelham, Port Colborne and Wainfleet
- Library Services: Libraries in the Niagara Cooperative (LiNC). Pelham and Lincoln are exploring a merger of their library services
- Legal Services: Lincoln and Grimsby (procurement). Pelham, Fort Erie and Wainfleet (shared in-house Solicitor)
- Fire and Emergency Services: Grimsby, Lincoln, West Lincoln and Wainfleet (shared Emergency Services Coordinator). Study underway on a shared fire service – Grimsby and Lincoln
- Dispatch: 911 services by the Region for all LAMs
- Integrated Transit Service: Niagara Region, St. Catharine's, Niagara Falls and Welland; feeder transit systems in Niagara's smaller communities; and inter-municipal transportation connections to all of Niagara's municipalities (Project underway)
 - NRT OnDemand: Niagara Region, Grimsby, Lincoln, West Lincoln, Pelham, Wainfleet and Niagara on the Lake

- Animal Care and Control: Grimsby, Niagara-on-the-Lake, West Lincoln and Pelham (partnering on an RFP in progress). Thorold, Fort Erie, and Lincoln (consideration of an add-on clause when existing agreements expire)
- Inter-municipal Staff Communities of Practice: Clerk's, Public Works, Planning, Economic Development, Communications, Finance, Asset Management and HR

Potential Services Areas for Further Review

StrategyCorp's proposed list of service delivery opportunities were developed through detailed conversations with the Niagara CAOs, as well as research and insights acquired through their expertise in the municipal sector. The list is not exhaustive of all potential service delivery improvements and represents their best advice on those opportunities that are the most practical, based on the following criteria:

- Optimize service delivery;
- Integrate complementary functions;
- Introduce new accountability and risk management functions;
- Improve customer service;
- Coordinate the best use of resourcing and staffing; and,
- Eliminate redundancies.

The proposed list of opportunities (in non-ranked order) include:

1. Consolidation of responsibility of Water Services
2. Full or partial service delivery responsibility of Roads
3. Sharing Emergency Management (EMOs and Dispatch)
4. Sharing an Internal Audit process
5. Coordination of Procurement
6. Coordination of Economic Development
7. Aligning Human Resources practices
8. Integrating IT Services
9. Integrating Transit Service

A more detailed description of each opportunity is included in Appendix 5 of this report.

KPMG's assessment of shared service opportunities through their service sustainability review had a narrower focus than the StrategyCorp review. While their analysis also considered enhanced efficiencies and economies of scale, KPMG's primary focus was cost reduction.

KPMG's proposed the following list of opportunities (in non-ranked order):

1. Water and Wastewater
2. Information Technology
3. Procurement and Accounts Payable
4. Economic Development
5. Planning Services

4 of the 5 recommendations align with the StrategyCorp list of opportunities noted above. The recommendation to deliver Planning Services by a single tier is net new.

Northern Six (N6) Model in York Region

In discussions at the CAO Working Group table, several CAOs referenced the "N6" model in York Region as a potential model for joint service delivery in the Region. Lessons learned from this model will inform the report-back to Council in Q3 2021 with respect to guiding principles, a proposed governance framework, and partnership protocol for intermunicipal collaboration.

Background on the N6 Model

York Region is a large urban area in southern Ontario comprised of nine municipalities. The N6 municipalities within those nine are Aurora, East Gwillimbury, Georgina, King, Newmarket, and Whitchurch-Stouffville. Though ranging in size and population, the municipalities together comprise a total population of approximately 315,000 residents, over 120,000 jobs with a combined budget of \$640 million.

The N6 have been working jointly on collaborative initiatives since 2005. Since that time, this partnership endorsed by the N6 Mayors, and administered by the Chief Administrative Officers, has provided cost effective and innovative services for the N6 Municipalities. The model provides flexibility to allow municipalities to opt in or out.

Projects are led by the municipality with the most capacity or strength in a certain sector. Major projects have included:

- Solid waste collection/recycling (10 year contract)
- Economic development and promotion
- Staff training, learning and development
- Web site redevelopment
- Drinking Water Quality Management System
- Insurance and risk management services
- Animal control
- Fire and Emergency Services Master Plans
- Septic maintenance inspection services
- Arborist services (Emerald Ash issue)

The N6 partnership is acknowledged in Ontario as a long-standing and successful municipal partnership. It was profiled at the 2018 Ontario Municipal Administrators' Association (OMAA) annual conference and the Federation of Canadian Municipalities (FCM) summer 2018 session. Earlier in its creation, the N6 collaboration initiative received national recognition through FCM.

Based on their population, geography, and needs:

- The municipalities of Grimsby, Lincoln, Pelham, Port Colborne, Thorold, Wainfleet and West Lincoln have expressed an interest in participating in an “N6-like”, made-in-Niagara arrangement.
- The municipalities of Fort Erie, Niagara-on-the-Lake, Niagara Falls, St. Catharines and Welland are interested in an opt in/ opt out arrangement on a case-by-case basis.

Next Steps

The following next steps are proposed to advance coordinated shared service initiatives in the Region:

- 1) Procure or second project management and facilitation support to the CAO Working Group to evaluate, and prioritize shared service opportunities;
- 2) Establish guiding principles, a proposed governance framework, and partnership protocol for inter-municipal collaboration for the Region;

- 3) Develop a short list of opportunities approved by the CAO Working Group for further evaluation;
- 4) Determine which municipality will lead and the resources required to undertake a comprehensive business case evaluation of each of the CAO Working Group recommended opportunities; and,
- 5) Provide Regional Council and LAM Councils with a progress report in Q3 2021.

Relationship to Council Strategic Priorities

The recommendations outlined in this report align with the following 2019-2022 Council Strategic Priorities:

Strategic Priority 4: Sustainable and Engaging Government

Objective 4.1: High Quality, Efficient and Coordinated Core Services

Objective 4.2: Enhanced Communication

Objective 4.3: Fiscally Sustainable

Other Pertinent Reports

- CSD 55-2020 Sustainability Review Final Report

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Appendices

Appendix 1 - Proposed Cost Share of Project Management Support for the CAO Working Group by Local Area Municipality

Appendix 2 - Letter from the Chair and 12 Local Area Mayors to retain a firm to develop a government relations strategy for the Region

Appendix 3 - Motion by Councillor Zalepa Respecting Shared Service Delivery - January 21, 2021

Appendix 4 - Examples of Collaboration on Shared Services in Niagara

Appendix 5 - Discussion Summary of Shared Service Opportunities