
Subject: Update on Shared Services Initiatives

Report to: Corporate Services Committee

Report date: Wednesday, February 15, 2023

Recommendations

1. That Report CAO 2-2023 **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to provide Council with an update on the exploration and implementation of shared services among the local area municipalities (LAMs) and the Region.
- Following the last update report (CAO 2-2021), the Region and LAMs have implemented a number of shared services ranging in both scope and scale.
- The CAO Working Group has endorsed a short list of existing shared services that have the potential to be scaled-up, as well as a list of net-new initiatives for further consideration (Appendix 1).
- While savings, cost avoidance, and service improvements can be summarized anecdotally, this information is not being tracked or collected with intention. This is a focus for the program in 2023 and will form part of subsequent updates to Council.

Financial Considerations

Staff continue to monitor grant opportunities as a possible offset for the exploration and execution of shared services initiatives. The Region's pre-budget advocacy to the province includes a request that the Ministry of Municipal Affairs and Housing reintroduce and expand the Municipal Modernization Program so that it applies to Regional governments and two-tier shared services.

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

Analysis

Shared services run along a spectrum with varying levels of formalization and oversight. Opportunities can be summarized within the following four categories:

1. Service Migration;
2. Shared and Joint Services;
3. Coordination of Service; and
4. Communities of Practice.

Following the last update report (CAO 2-2021), the Region and LAMs have implemented initiatives under each of the four categories. Examples include:

1. Service Migration

a) Integrated Transit (service efficiencies, and improved customer service)

A new consolidated transit system for Niagara was launched on January 1, 2023. Former local municipal transit operated by Niagara Region, Niagara Falls, St. Catharines, Welland, and Fort Erie has been integrated into a single organization that operates public transit across the region.

The new Niagara Region Transit facilitates better access to jobs and services in Niagara, opening up new options for residents in neighbouring municipalities, and new markets for businesses. In addition, it provides residents with more sustainable and environmentally-friendly public transit options that help the local environment by reducing traffic congestion and greenhouse gas emissions.

Niagara Region Transit has a shared services relationship with the Region to provide a number of administrative and back office services. Service levels continue to evolve through transition.

2. Shared and Joint Services

a) Leveraging the Region's PeopleSoft System with the Region Becoming a Service Provider of Enterprise Resource Planning (ERP) Systems and Supports (cost savings, cost avoidance, service efficiencies)

A number of LAMs have financial systems that have exceeded their lifespans and are due or must be replaced. In June 2022, Council endorsed a staff proposal to enter into discussions with the City of St. Catharines to establish an implementation work plan, project agreement, and a shared service agreement for Niagara Region to become St. Catharines' financial ERP system and support provider. This work is underway and is projected to launch in 2024.

- b) Coordinated Chief Building Officer (CBO) (cost savings, cost avoidance, service efficiencies and improved customer service)

In September 2021, the Region facilitated a kickoff meeting with LAM CAOs and Building Officials to discuss the feasibility of centralizing a CBO function for interested municipalities with local deputies to carry out building inspections. The objective was to address recruitment challenges for the specialized CBO position, to maximize opportunities for resources and workflow, to improve access to qualified inspectors, and to provide access to resources for surge capacity.

Most recently, area CBOs have created an inventory of current resources and staffing levels dedicated to individual municipalities. Advice has been sought from legal and subject matter experts to assess the governance models that can be pursued in accordance with the *Building Code Act* and *Municipal Act* and to determine business model options that would support equal or improved customer service levels. In September 2022, regional CAOs endorsed moving forward with this preliminary work.

- c) Shared Fire Service Pilot (cost savings, cost avoidance, service efficiencies)

On October 1, 2021, Grimsby and Lincoln entered into a shared fire service pilot establishing the Niagara West Fire & Emergency Services to serve the two neighbouring communities. A single fire department was created and a Joint Advisory Committee consisting of members of Council from both municipalities was established to oversee and provide governance to the service area. A Fire Master Plan was carried out through a third party.

The pilot received national recognition in 2022 when it was presented with the CAMA Collaboration Award of Excellence from the Canadian Association of Municipal Administrators (CAMA).

Based on the success of the pilot and pending Council approval, full implementation is expected in 2023.

- d) Library Services (cost savings, cost avoidance, service efficiencies and improved customer service)

In April, 2022, Lincoln and Pelham merged their library systems. Building upon the joint Niagara library initiative which supports collective purchasing and reciprocal borrowing agreements, the municipalities now share services, programs and staff. This has improved service delivery through resource sharing, reduced duplication of roles, and enables greater resource allocation to front-line staffing and social programs.

3. Coordination of Service

- a) Animal Care and Control Services (cost savings, service efficiencies)

In 2021, the Towns of Grimsby and Niagara on the Lake released a joint Request for Purchase (RFP) for Animal Care and Control services. By doing so, both LAMs were able to maximize economies of scale and streamline services resulting in 40 per cent savings. Other LAMs have indicated an interest in participating in the coordinated Animal Care and Control service through a piggy-back clause once their existing contracts expire.

- b) Joint Compliance Audit and Electronic Voting (service efficiencies, cost savings)

During the 2022 municipal election, LAMs partnered in a Joint Compliance Audit Committee to share efficiencies and resources to coordinate election compliance efforts. This ensured that participating LAMs received consistent guidance in relation to requirements under the *Municipal Act*.

Additionally, a number of LAMs participated in a joint RFP to procure an electronic voting system. This collaborative process minimized duplication of efforts, increased services at a reduced rate and ensured consistent customer service delivery across the participating municipalities. In total, 33 per cent of LAMs offered online voting. Grimsby experienced the highest usage of online voting, with 74 per cent of ballots being cast through this platform. Just under 50 per cent of the participating voters in

the remaining municipalities utilized the online voting system. Regional Clerk's will be exploring this initiative further in the ramp up to the next municipal election.

4. Communities of Practice

Communities of practice with Regional and LAM staff have been established across a number of service areas including: Clerk's, Public Works, Economic Development, Finance, Asset Management, Communications, HR, Diversity Equity and Inclusion, and Climate Change. These groups allow participants to pool resources, exchange information, participate in mutual problem solving and to discuss opportunities for innovation.

Discussion

In addition to implementing the abovementioned shared services, the CAO Working Group has endorsed a list of existing shared services that have the potential to be scaled to additional LAMs, as well as a list of net-new initiatives for further consideration (Appendix 1).

Next Steps

To support the expansion of existing shared services and to help facilitate the launch of smaller-scale opportunities, the Region in partnership with the LAM CAOs will be recruiting a joint project manager in Q2 2023. This role will provide the CAO Working Group with support to develop, evaluate and prioritize shared services opportunities.

While savings, cost avoidance, and service improvements can be summarized anecdotally, this information is not being tracked or collected with intention. This is a focus for the program in 2023 and will form part of subsequent updates to Council.

Region-wide shared services, such as full or partial road service delivery and a single-tier approach for water/wastewater services require greater capacity and resources to move forward. To ensure such opportunities are realized, Regional 2023 advocacy initiatives will include a request that the Province reintroduce the Municipal Modernization Program with a renewed focus on two-tier shared services.

Other Pertinent Reports

- [CAO 2-2021 Update on the Exploration of Shared Services by the CAO Working Group](#)
- [CSD 55-2020 Sustainability Review Final Report](#)

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This report was prepared in consultation with the CAO Working Group and Todd Harrison, the Commissioner of Corporate Services.

Appendices

Appendix 1 – Shared Service Opportunities Short List