Subject: Areas of Strategic Focus for Shared Services

Report to: Planning and Economic Development Committee

Report date: Wednesday, October 11, 2023

Recommendations

1. That Report PDS 30-2023 **BE RECEIVED** for information; and

2. That this report **BE CIRCULATED** to Local Area Municipalities for information.

Key Facts

- The purpose of this report is to provide an update on the initial key areas of focus of the newly created Strategic Transformation Office, related to support of the Area Chief Administrative Officers (CAOs) Shared Services Working Group.

- Initial timelines for the first phases of shared services activities are included, considering recent provincial announcements and advocacy efforts.

- Significant successes in shared services have been achieved to date involving every Niagara municipality and will continue under the guidance of the Area CAOs.

- Although a long list of shared service opportunities exist (see Appendix 1), focusing on supporting provincial objectives of more efficient government and building more homes faster remain primary factors in identifying the initial set of focus projects.

Financial Considerations

All costs associated with supporting, executing or implementing any new shared service initiatives recommended by the CAO Working Group which require Niagara Region investments or interventions would be the subject of subsequent reports to Council if undertaken outside of identified operating budgets – specifically that of the Strategic Transformation Office.

Staff continue to monitor federal and provincial grant opportunities as a possible offset for the exploration and execution of new, high impact or high complexity shared services initiatives. For example, the Region's pre-budget advocacy to the province,

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along with recent efforts at the Association of Municipalities of Ontario (AMO) conference, 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 arrangements.

In some cases, contributions from specific municipalities to undertake work that exclusively affects them may also be considered, much like the shared commitment to resource a dedicated Project Lead to support the shared services initiatives referenced herein and previously approved in CAO 2-2021.

Analysis

Background

In March 2023, the Strategic Transformation Office (the Office) was established under the new Growth, Strategy and Economic Development Department, to provide the Corporation with dedicated staff who will operate as a project office to deliver on large scale, key Regional Council and corporate strategic transformational priority objectives. These objectives are defined as having widespread impact to the community and generally require a great deal of engagement and support from Niagara municipalities, as well as various other levels of government. The focus of the Office is to work on projects that change how Niagara Region operates and conducts business, so that services are delivered to residents in the most efficient manner possible.

One of the key priority areas of focus for the Office is assisting with identifying, coordinating, facilitating, and/or enabling more shared services opportunities between and among Niagara's municipalities, using dedicated staff and resources. With Niagara's CAOs having established a Shared Services Working Group dating back to pre-pandemic efforts, the new Office will act as a support to identify opportunities to work with them to drive results between parties. As referenced in report PDS 10-2023 and further examined below, some of this work may include projects or partners that do not include Niagara Region or are limited to only a few municipalities for a variety of reasons, further demonstrating that shared services are being prioritized across all municipal partners, in addition to any which may involve both the Region and municipalities together. A significant number of successful shared services arrangements have been achieved over the years, led by Niagara's CAOs and municipal senior staff efforts, employing a combination of arrangements ranging from formal to informal.

Successes

Niagara's CAOs have been pursuing shared services – both in terms of shared services amongst area municipalities (i.e., libraries, fire services), as well as between the Region and municipalities (i.e., transit, financial management software) – to make services more seamless and cost-effective, and processes more efficient for residents and business. Previous studies by KPMG and StrategyCorp dating back to recent pre-pandemic initiatives identified numerous additional opportunities with potential for shared service arrangements, which are further documented in reports brought to Regional Council and referenced in Appendix 1.

Shared services can be defined in a number of ways, the categories of which have been examined in prior reports to Council (see CAO 2-2021, CAO 2-2023) and cover formal initiatives like fee-for-services secured under Service Level Agreements, consolidation of services into a single delivery or governance regime, or Niagara Region and municipally led procurements where 'piggyback' clauses are secured to allow for additional partners to join; to more informal types of shared services like mutual aid-type business continuity arrangements between smaller municipalities, collaborative Communities of Practice to share knowledge and best practices, and include more visible public collaborations on coordination of advocacy and relationships with upper orders of government on large projects involving multiple municipalities. Shared service examples encompass both front-of-house, resident-facing services (e.g., fire services, transit) and back-of-house, administrative services (e.g., financial management software, joint compliance audits).

To the credit of many Area Municipalities, a variety of shared services varying in scope, complexity, financial and operational savings, have already been actioned from shared fire service pilots, mergers of libraries, amalgamation of transit, and coordination of animal control services among many others. Although not an exhaustive list, the following are some examples of some of Niagara's shared services successes to date.

Integrated Transit

Recognizing the need for better coordination of service planning, connectivity to the GO Transit network, more consistent service for riders, better longer-term resourcing, and an equitable funding model to enable growth of the system to service all 12 municipalities, a new transit system for Niagara was launched in January 2023. Prior to the amalgamation, transit had been delivered separately and independently at both the

regional and local levels by more than five separate municipalities operating under ten distinct brands. Now operating as Niagara Region Transit, transit has been integrated into a single organization that now operates public transit across Niagara, as an arms-length entity of Niagara Region, serving all 12 municipalities.

Coordinated Financial Management Software

A number of municipalities have financial systems that have exceeded their lifespans and must be replaced. With differing sizes, scope and needs, two models have been identified for this work – a larger system wherein partners share the Region's provider and utilize the Region as backend support; and a smaller scale system wherein municipal partners have procured the same system vendor and share troubleshooting, software administration and staff resourcing.

In June 2022, Regional Council endorsed a staff proposal to share its financial management system with the City of St. Catharines, complete with an implementation workplan, project agreement, and a shared service agreement, so that Niagara Region would become St. Catharines' financial management software and support provider. This work is underway and is projected to launch in 2024. Alternatively, multiple municipalities have undertaken a joint procurement to acquire Diamond software to create better buying power, shared resources, and appropriate cost containment for the financial needs of their municipalities.

Shared Fire Service Pilot

In October 2021, the municipalities of Grimsby and Lincoln entered into a shared fire service pilot, establishing the Niagara West Fire and 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 Collaboration Award of Excellence from the Canadian Association of Municipal Administrators.

Merged Library Services

In April 2022, Lincoln and Pelham successfully merged their library systems. Building upon initial successes with collective purchasing and reciprocal borrowing agreements, the municipalities now share services, programs, and staff. This has improved service

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delivery through resource sharing, reduced duplication of roles, and enabled increased allocations to front-line staffing and social programs.

Joint Procurement for Animal Care and Control Services

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 municipalities were able to maximize economies of scale and streamline services, resulting in 40 percent savings. Other municipalities have indicated an interest in participating in the coordinated animal care and control service through a piggy-back clause once their existing contracts expire.

Municipal Elections and Municipal Act Legislation

In the last few municipal elections, including the 2022 municipal election, all Area Municipalities and the Public and Catholic school boards, have partnered in a Joint Election Compliance Audit Committee to gain efficiencies establishing Election Compliance Audit Committees as required under the *Municipal Elections Act*. This partnership allowed every municipality and the school boards access to one committee for this function as opposed to each being required to set up their own. There was also a joint RFPQ to secure an auditing firm in the event any compliance audit applications were granted and subject to an audit, preventing the need for a municipality who required an Auditor to seek one themselves.

A partnership was also formed to provide communication to the municipal and school board elections. "Niagara Votes" was a website set up as a "one stop shop" for all Niagara residents to access information for the 2022 municipal election and was in place for the 2018 election as well. Sharing these resources allowed all municipalities to expand the reach of their prescribed notices and engagement efforts, ensuring a unified, consistent approach to key messaging.

Additionally, a number of municipalities participated in a joint RFP to procure an electronic voting system. This minimized duplication of efforts, increased services at a reduced rate and ensured consistent customer service delivery across the participating municipalities. Niagara's Area Clerks will be exploring this initiative further in the ramp-up to the next municipal election.

Niagara Region has also shared services with respect to obligations under the *Municipal Act* with regard to accountability and transparency. The Region's RFPs for

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both Integrity Commissioner Services and Lobbyist Registrar Services included provisions allowing municipalities to secure their own contracts with the Region's provider at the rate the Region pays for these services. This approach has provided an opportunity for area municipalities to secure these services without needing to go through a lengthy RFP process.

Shared Planning Services

With the passing of Bill 23 and the impending removal of Niagara Region as a municipality with planning authority, there will be a change in how planning services will be delivered in Niagara once a proclamation date is announced. In anticipation of this change, the CAOs and Planning Directors across Niagara's municipalities interested in developing a new model have come together to create a planning service agreement that supports the changes to provincial legislation and will assist municipalities in delivering planning services in a timely manner and ultimately lead to increasing Niagara's housing supply. Due to scale and budget constraints, not every municipality can hire the dedicated resources for some of the planning review functions, nor perhaps has the need for a full-time expert resource in some area of the planning review responsibilities. As a result, a planning service agreement has been tailored to each participating municipality to ensure they are equipped to undertake these additional planning responsibilities when proclamation occurs.

Having the ability to purchase a wide array of planning services from Niagara Region means the net new amount of planning support needed to ensure a smooth transition is minimized and is much more efficient and cost effective. Niagara has developed an innovative response to this change in planning authority, one that is flexible and optimal for service delivery for the specific context of Niagara and was achievable based on a long history of clearly defined responsibilities and delegating planning approvals to local area municipalities. Over the next few months participating municipalities are bringing reports seeking endorsement from their respective Councils.

IT Services

IT Solutions at Niagara Region continues to provide both formal and ad hoc shared services to both local area municipalities and the general broader public sector in Niagara. Specifically, Niagara Region IT Solutions provides Data Center Hosting services, GIS Web Map Hosting, and 911 Data services for several municipalities. Additionally, there have been shared procurements for software and services for all

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municipalities (e.g., ESRI Enterprise Agreement, Arial Photography). Other examples of shared services in IT include Niagara Region hosting and managing Time and Attendance software for St. Catharines and is in the process of implementing a hosted PeopleSoft ERP solution for St. Catharines. Niagara Region also provides ad hoc staff augmentation (technical, leadership and advisory) to municipal partners to help address both short and long-term challenges.

These highlighted projects are examples of the ways that Niagara's municipalities are innovating and sharing resources and services to streamline the work delivered for business, residents, and visitors. Several are pilot projects which have proven successful and will become permanent partnerships going forward. Some, like transit, are completed projects, while other initiatives can expand to include more municipalities within new, successful shared service arrangements.

However, to continue to make further strides and deliver on the mandate to share more services, dedicated and focused resources are required to be able to implement additional targeted opportunities. At the Area CAO meeting held June 9, a number of municipalities identified continued pursuit of shared service opportunities as being prominent in their respective Council Strategic Plans; ensuring a renewed and sustained commitment to not only update the existing shared services initiatives workplan with current status of the existing projects (i.e. pilots, contracts, limited arrangements) but more strategically, to also determine which of those have been successful, can be extended or expanded, and in turn focus effort on what new initiatives will come next with the support of the new Office.

As a result of ongoing engagement with the Area CAOs, several priority projects rise to importance based on two key objectives, shared between the Province, Area Municipalities and Regional Council alike: achieving efficiency and effectiveness, including taxpayer affordability; and increasing housing opportunities capacity to get more homes to be built as quickly as possible. Larger projects will focus on improvements to systems and processes that will have a direct impact on delivering more homes, while less complex initiatives which affect more back-of-house administration, will focus on more efficient government services and adding capacity.

Next Steps

Appendix 1 identifies a long list of opportunities derived from multiple sources including the 2020 KPMG Sustainability Review, the StrategyCorp report commissioned by the Area CAOs (referenced in CAO 2-2021) and most recently, identified priorities of the Area CAO Working Group. To focus efforts, align with provincial priorities and work collaboratively with all partners, specific projects have been identified as being able to have high impact, high likelihood of success, and impacting these provincial objectives of efficiency of government and increasing housing supply. As previously mentioned, not all municipalities may be appropriate for each of these initiatives and in many instances, could simply result in a few municipalities working together on a service, in addition to larger Niagara-wide projects like a single tier water/wastewater model.

It is important to note that in the effort to identify and advance a service, process or program through a lens of potential for sharing in its resourcing or delivery between parties, some services may prove to have factors which do not enable it to proceed. In identifying shared service opportunities to explore, the CAO Working Group is not committing these projects to decision or implementation, but rather identifying the opportunities to initiate and proceed to the business case phase through further research, sensitivity analysis and/or process review. Some projects (and any subsequent changes) are entirely within staff's administrative delegated authority and can proceed (or not) on a case-by-case (or municipality-by-municipality) basis. Others may require Council or even provincial intervention to proceed. To be clear – a project identified as an opportunity to review, research and/or mobilize staff to explore further does not indicate a decision has in any way been made to take a position in any direction nor enact any specific changes; rather it signals that work is being undertaken to explore if opportunities to enact change may or may not exist based on the current status quo.

Based on the two shared provincial objectives of more efficient and effective government and increasing housing supply, the first initiative identified by the Area CAOs to explore is a coordinated building services model across the region. This examination would encompass improved building permit and inspection processes, thereby directly addressing the efficiency of municipal government in increasing the housing supply more expeditiously. Other more Niagara-specific benefits to this work will be examining how shared resources could also address an important area of concern as it relates to business continuity and reduced inter-municipal competition for the same labour pool, expertise and skills which is a critical concern for some CAOs.

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In September 2021, the Region facilitated a kickoff meeting with the Area CAOs and Chief Building Officials (CBOs) to examine delivery of building services functions for interested municipalities with local capacity to carry out building inspections. The objective was to address recruitment challenges for specialized CBO positions, where limited individuals with specific skills move to other municipalities creating vacancies and in turn create significant staffing pressures on those left without any capacity; to maximize opportunities for resource sharing and workflow; to improve access to a wider array of qualified inspectors; and to provide access to resources for surge capacity where needed to assist neighbouring municipalities.

In support of these efforts, CBOs sought external legal advice 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, Niagara's CAOs endorsed moving forward with this preliminary work, although progress had halted. In keeping with direction provided by the Area CAOs in recent meetings, the Strategic Transformation Office will immediately pick up where prior efforts paused. Maximizing resources and workflow while being able to provide for surge capacity demand will all contribute to efficiency and effectiveness of Niagara's building inspections and will also help to create consistency in building inspection processes across the region. Additionally, achieving efficiency in the building inspection process will help to build homes and employment faster.

It is also worth noting that delivery of water and wastewater services in a consolidated model has also been identified as a critical way in which Niagara could advance the provincial objective of building more homes faster and increasing housing supply. Although a critical underpinning of the support infrastructure needed to enact more homes, it is also recognized that three prior attempts to proactively pursue a single tier water/wastewater model have not resulted in success. This service is one example of where provincial intervention could assist through legislation to support any movement toward a consolidated model.

In keeping with the objective of efficiency and effectiveness of municipal services, particularly with an eye toward ensuring best value for taxpayers, Area CAOs have identified other significant projects to pursue including a review of road maintenance services, opportunities for joint procurement process and policy governance, and expanding on joint procurement of even more goods and services.

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Smaller, less complex projects that will improve administrative effectiveness and efficiency have been classified as 'policy alignment' projects. These projects will involve several or few municipalities depending on need and be in more of an opt-in/ opt-out scenario. The projects are also relatively smaller in scope and scale and will be completed much more quickly. With a long list of opportunities, once one is completed the next one will be initiated. Policy alignment projects include opportunities where municipalities have identified gaps in resources, capacity, and/or establishing policy baselines or policy revisions for example. Those at or near the top of the list of policy alignment opportunities include IT policies, including increased cybersecurity defence (depending on scope this may rise to the more complex category); climate change; accessibility compliance; diversity, equity and inclusion; crime prevention through environmental design; corporate communications; human resources; and health and safety. These opportunities range from required to discretionary and do not affect every municipality equally hence smaller groups looking at these policy alignments.

Lastly, it is important to note that no outcomes, models of delivery, or specific municipal participation has been committed to at this time. The above are the identified list of priorities for the next steps in work on shared services, with building services alignment and road maintenance services being the two most critical and impactful projects to be explored. Policy changes, while equally important but less tangible for the public, will be undertaken systematically and based on consensus and need, invoking participation from relevant municipalities on a case-by-case basis.

In terms of timing, the CAO Working Group has been meeting regularly and are committed to advancing the identified priorities immediately. The Strategic Transformation Office, in partnership with Area CAOs, will commence work on laying out the workplans for various initiatives and resourcing required for each. Recent AMO delegations have secured follow up with the Ministry of Red Tape Reduction, who were not only interested in Niagara's efforts to pursue further shared services to support provincial objectives but were also keen to understand Niagara's specific efforts to advance these in a meaningful way. Additionally, with the provincial government initiating its governance structure and service delivery review via legislative committee, the timing of efforts to continue with additional shared services initiatives could not be more appropriate or relevant.

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Alternatives Reviewed

Regional Council has identified a more Effective Region as a core Strategic Priority, including specific deliverables related to identifying, advancing and implementing shared services. Creating dedicated resources via the Strategic Transformation Office to support the Area CAOs who have identified numerous areas of focus for the path ahead on exploring more shared service opportunities, will allow for measured success in meeting shared Niagara and provincial objectives for more effective government and increasing housing supply.

As an alternative, other priorities could certainly be identified for exploration; however, having buy-in from Niagara's CAOs on the focused priority projects allows for a coordinated, engaged and collaborative path forward wherein each can bring information to their respective Councils as needed or as appropriate, assign senior staff or subject matter experts to support the work, or to positively lead the contributions on behalf of their municipality. The list of identified priorities is long, and the CAO Working Group has attempted to narrow that for results. It is not a static list, nor will it be exhaustive. As projects are initiated and explored, new and emerging ones will take their places as the Area CAOs continue to work through these opportunities and seek ways to meet their common objectives.

Relationship to Council Strategic Priorities

The proposed shared services work is directly related to Council's Strategic Priority of an Effective Region and advances Objective 1.1 "Implement continuous improvement and modernized processes to ensure value-for-money in regional services and programs"; and Objective 1.2 "Explore and implement opportunities to improve service delivery outcomes through shared services".

The continued pursuit of shared service opportunities to transform service delivery also advances the Guiding Principles of fiscal responsibility; innovation; sustainability; partnerships; and transparency and accountability.

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Other Pertinent Reports

PDS 10-2023   Strategic Transformation Office – Overview and Priorities

CAO 2-2023   Update on Shared Services Initiatives

CAO 2-2021   Update on Shared Services Initiatives by the CAO Working Group

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This report was prepared in extensive partnership with and reviewed by the Area CAO Shared Services Working Group comprising all 13 CAOs; Dan Carnegie – Acting Commissioner, Public Works; Todd Harrison – Commissioner, Corporate Services and Treasurer; Frank Tassone – Director, Transportation Services; Donna Gibbs – Director, Legal and Court Services; and Helen Furtado – Director, Financial Management and Planning and Deputy Treasurer; with additional contributions from Ann-Marie Norio – Regional Clerk; Stuart Hendrie – Chief Information Officer; and Cheryl Selig – Strategic Initiatives Manager, Strategic Transformation Office.

Appendices

Appendix 1   Shared Services Opportunities

Shared Services Opportunities

Fire Services	Legal Services	Accessibility Compliance
Financial Systems	Joint Procurement	Integrity Commissioner
Coordinated Building Services	Financial Management Software	Animal Control
Merged Library Services	Joint Insurance	Asset Management Communities of Practice
Single Tier Water/Wastewater	Fire Administration	Municipal E-Voting
Drainage Inspection	Climate Change Policy	Public Works Yards
Emergency Management Officer	Cemeteries	Internal Audit
Roads Service Delivery and Maintenance	Infrastructure Servicing	Cybersecurity policy
Corporate and Public Communications	Livestream services	Diversity, Equity and Inclusion
Crime Prevention Through Environmental Design	Facilities Management	Physician Recruitment
HR Policy Alignment - Process	Policy Fundamentals (i.e., Health and Safety)	