

## Municipality Of Chatham-Kent

### Finance, Budget, Information Technology & Transformation

#### Administration

**To:** Mayor and Members of Council

**From:** Gord Quinton, MBA, CPA, CGA  
Chief Financial Officer / Treasurer /  
GM, Finance, Budget, Information Technology & Transformation

**Date:** February 10, 2021

**Subject:** Municipal Modernization Program Grant Application

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#### **Recommendation**

It is recommended that:

1. Administration submit an Expression of Interest for the Municipal Modernization Program Intake II – Review Stream, relating to a **Core Services Base Budget Efficiency Review**, and concurrently issue an RFP for independent consulting services, with the municipal 35% share of funding from the Strategic Development Reserve.

#### **Background**

Ontario is helping municipalities become more efficient and modernize service delivery.

The Province of Ontario is making up to \$125 million available through 2022-23 to help 405 small and rural municipalities conduct new service delivery reviews, implement recommendations from previous reviews and undertake a range of projects, such as IT solutions or process improvements, to achieve cost savings and efficiencies. Intake I took place in early 2020 and Chatham-Kent's application for Electronic Records Management Project was not approved.

Under Intake II, the Province is encouraging reviews of municipal service delivery expenditures by independent third-party reviewers that will be completed by November 30, 2021. The deadline for the Intake II Expression of Interest is March 15, 2021.

To be eligible under Intake II, a review stream project must:

1. Be a review of municipal service delivery expenditures by an independent third-party reviewer for the purpose of finding savings and efficiencies. The review could take a number of forms including:
  - a. A line-by-line review of the municipality's entire budget; or
  - b. A review of service delivery and modernization activities; or
  - c. A review of administrative processes to reduce costs.

2. Result in a report by the independent third-party reviewer that provides specific and actionable recommendations for cost savings and improved efficiencies.
3. Begin fieldwork no earlier than January 26, 2021, with the final report posted publicly on the municipal website by November 30, 2021.

It is anticipated that most review projects will be between \$20,000 and \$150,000, with the Province funding 65% and municipalities funding 35%. Administration anticipates costs to be at the upper range based on the large scope of the review. Proposals will be reviewed on a case-by-case basis and funding amounts may depend on the available appropriation. Only third-party service provider fees will be eligible. Municipal administrative costs, such as staff time, are not eligible.

### **Comments**

Administration is recommending issuing an RFP concurrently to the grant application subject to eventual grant approval by the Province. The ministry expects to notify municipalities if they are successful by May 2021. This timeline would not allow for the delay of issuing an RFP after the approval; therefore, we are recommending issuing the RFP upon Council approval subject to the future Provincial grant approval.

### **Scope of Review**

It is recommended for the reasons indicated that the following services be excluded from the review:

- Governance, Council and Ward Boundaries
- Police Service – directed by Police Services Board
- Public Utilities Commission – directed by PUC Board
- Public Health – directed by Board of Health and already under review through the provincial Public Health Modernization Project
- Riverview Gardens – follow Provincial legislation
- Employment and Social Services – the provincial government has launched the Social Assistance Recovery and Renewal Project to support transformation and integration of Social Services
- Housing Services – follow Provincial legislation; will be part of the broader system of supports within Social Assistance Transformation
- Child Care and Early Years Services – follow Provincial legislation; will be part of the broader system of supports within Social Assistance Transformation
- Fire Services – undergoing a Fire Master Plan
- EMS – already under a Provincial Review
- Customer Service Delivery – NOM on March 1<sup>st</sup> Council agenda for an in-depth Service Review (if service review motion fails this exclusion will be removed)

While the core services above are recommended to be out of scope, any backend, facility consolidation or technological corporate improvements will involve all aspects of the corporation. It is recommended that all other municipal services remain in scope as

part of the overall review recognizing that the majority also may have legislated requirements.

### Key Terms of Reference

The external consultant will be asked to examine the Corporation in a holistic fashion. This will include a detailed review of all the programs and services the Municipality provides, how it provides them, what is working well and changes Council may wish to consider including enhancements and service reductions. The review will be of the entire 2021 Municipal Base Budget. The items listed “Out of Scope” will be included in the landscape review and include how they interact with other services, but will not be included in scope of detailed recommendations.

Other key components will include:

- Community consultations: At least one meeting will be required in each ward (either virtual or in person dependent on Covid-19 Public Health requirements)
- Use of the Let’s Talk CK community consultation site
- Interviews with stakeholders including Councillors, customers, unions and employees
- Benchmarking with other comparable municipalities and established best practices
- Review of recent Master Plans and Council Strategic Directions
- Organizational structure including functions, workflows and processes
- Focus on modernization and use of technology to reduce costs
- Focus on right-sizing service delivery while recognizing Chatham-Kent’s geographical size and distance to services
- A Preliminary Report to Council by September 2021 that includes:
  - Updated Municipal Services Profile
  - Analysis of key issues and recommendations for service improvements and further exploration
  - Supporting data, analysis and rationale
  - Benchmarking and best practices
- A Final Report by November 2021 that includes:
  - Recommendations for service improvements and changes
  - Implications of recommendations
  - Priority ranking of recommendations
  - Projected costs or savings and achievable target timelines
  - Model to track implementation and reporting results
- The review must be open, transparent and factual

### **Areas of Strategic Focus and Critical Success Factors**

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

### **Consultation**

The Executive Management Team is in general support of the recommendations. There is concern about the time commitment of staff needed to do a review in the midst of a pandemic and there will be an impact and delay to other Council priorities.

### **Financial Implications**

There are no financial impacts of the application itself. If the application is approved by the Province, it is recommended that the 35% municipal cost share be funded from the Strategic Development Reserve. There will be a large impact to staff time to participate in this review that may require resources at the cost to Chatham-Kent.

Prepared by:

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Gord Quinton, MBA, CPA, CGA  
Chief Financial Officer / Treasurer /  
General Manager, Finance, Budget, Information Technology & Transformation

Attachments:

- A – Letter from Honourable Steve Clark, Minister of Municipal Affairs and Housing
- B – Municipal Modernization Program Guidelines Intake II

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**Ministry of  
Municipal Affairs  
and Housing**

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234-2021-344

January 26, 2021

Dear Head of Council:

Our government is committed to improving local service delivery and better respecting taxpayers' dollars. That is why we launched the Municipal Modernization Program in 2019. Through this program, the Ontario government is providing funding to help small and rural municipalities modernize service delivery and identify new ways to be more efficient and effective.

Today at the Rural Ontario Municipal Association (ROMA) conference, I announced the launch of the second intake under the Municipal Modernization Program. Modern, efficient municipal services that are financially sustainable are more important than ever in light of the COVID-19 pandemic. Even as municipalities continue to face challenges, there are also opportunities to transform services and stimulate new ways of doing business.

The second intake will allow municipalities to benefit from provincial funding to conduct third party reviews as well as to implement projects to increase efficiency and effectiveness and lower costs in the longer term. I also want to encourage you to work with your neighbouring municipalities to find innovative joint projects that can benefit each of you. The government is excited to learn about your project applications that support the following priorities:

- Digital modernization
- Service integration
- Streamlined development approvals
- Shared services/alternative delivery models

To apply, you must submit a completed Expression of Interest form with attached supporting documents via the Transfer Payment Ontario (TPON) system by **March 15, 2021**. To get started, visit [www.Ontario.ca/getfunding](http://www.Ontario.ca/getfunding).

If you have questions on the program, or would like to discuss a proposal, I encourage you to contact your [Municipal Services Office](#) or e-mail [municipal.programs@ontario.ca](mailto:municipal.programs@ontario.ca).

I look forward to continuing to work together to support your municipality in delivering efficient, effective and modern services for your residents and businesses.

Sincerely,



Steve Clark  
Minister

c. Chief Administrative Officers and Treasurers

# Municipal Modernization Program

## Intake 2 Program Guidelines

### WHAT YOU NEED TO KNOW

Ontario is continuing to help municipalities become more efficient and modernize service delivery.

Ontario's 405 small and rural municipalities can now apply to Intake 2 of the *Municipal Modernization Program* for funding under two streams. The **review stream** will provide funding for municipalities to undertake expenditure reviews with the goal of finding efficiencies and lowering costs in the longer term. The **implementation stream** will provide provincial cost-sharing for municipalities to undertake projects that increase municipal efficiency and effectiveness. Municipalities can apply under this stream for projects that implement the findings of previous reviews or other evidence-based reports.

Under both streams, municipalities can apply individually or jointly with other eligible municipalities.

### ELIGIBILITY CRITERIA – REVIEW STREAM

To be eligible under Intake 2, a review stream project must:

1. Be a review of municipal service delivery or administrative expenditures by an independent third-party reviewer for the purpose of finding savings and efficiencies. The review project could take a number of forms including:
  - 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.
2. Result in a report by the independent third-party reviewer that provides specific and actionable recommendations for cost savings and improved efficiencies.
3. Begin field work no earlier than January 26, 2021, with a final report completed and posted publicly on the municipal website by November 30, 2021.

To be eligible for funding, the municipality must confirm that it has fully spent or allocated the unconditional modernization funding provided by the province in March 2019.



It is anticipated that most review projects will cost between \$20,000 and \$150,000. Higher funding amounts may be available for joint projects. Proposals will be reviewed on a case-by-case basis and funding amounts may depend on the available appropriation.

Priority may be given to projects that address one or more of the following priorities:

- Digital modernization
- Service integration
- Streamlined development approvals
- Shared services/alternative service delivery models

Municipalities will be eligible to receive funding up to the full amount of the third-party service provider's fees for the review. Municipal administrative costs, such as staff time, are not eligible.

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 prepared by a third party that the municipality is prepared to make publicly available online; or
- the object of the review extends beyond municipal accountability; or
- the review is related to requirements under the asset management regulation.

## **ELIGIBILITY CRITERIA – IMPLEMENTATION STREAM**

To be eligible under Intake 2, an implementation project proposal must:

1. Be based on demonstrated evidence of savings the municipality intends to realize through the project;
2. Begin no earlier than January 26, 2021 and be completed by September 30, 2022;
3. Include a high level workplan with project milestones;
4. Include a commitment to providing a final report that forecasts annual savings and other efficiency and effectiveness outcomes for at least three years as a result of project completion
5. Include a commitment to reporting back one-year post project completion with actual savings over the course of the year and a revised forecast of annual savings and other efficiency and effectiveness outcomes for the following two years.

To be eligible for funding, the municipality must confirm that it has fully spent or allocated the unconditional modernization funding provided by the province in March 2019.

Priority may be given to projects that address one or more of the following priorities:

- Digital modernization
- Service integration
- Streamlined development approvals
- Shared services/alternative service delivery models

The program will not cover projects where:

- the expected outcome is a reduction in front line services; or
- the expected outcome would not result in efficiencies or cost savings; or
- the municipality would not be prepared to support any ongoing maintenance costs resulting from the project.

### **COST SHARING AND ELIGIBLE COSTS – IMPLEMENTATION STREAM**

The cost of implementation projects will be shared between the province and the municipality. The province will contribute a greater portion for projects within municipalities with fewer households according to the following thresholds.

<b>Number of households in the municipality (2020 MPAC data)</b>	<b>Maximum provincial share of project costs</b>	<b>Minimum municipal share of project costs</b>
0 - 5,000	75%	25%
>5,000	65%	35%

It is anticipated that the provincial share of most projects will be between \$20,000 and \$250,000. Higher funding amounts may be available for joint projects. Proposals will be reviewed on a case-by-case basis and funding amounts may depend on the available appropriation.

Major capital expenditures are not eligible for funding as project costs. Regular municipal staff costs that are part of the municipality’s annual budget are not eligible for provincial funding as project costs. However, additional temporary hiring (including internships) for an implementation project could be considered as an eligible cost.

Other eligible costs could include amounts paid to fee-for-service providers, software licenses, systems development and training.

## HOW TO APPLY

1. Log onto the Transfer Payment Ontario (TPON) system ([Ontario.ca/getfunding](https://www.ontario.ca/getfunding)) and select the program stream you wish to apply for (review stream, implementation stream);
2. Complete an Expression of Interest form for the appropriate stream of the program.
3. Ensure that you have uploaded the required attachments and completed the municipal attestation in the Expression of Interest Form.
4. Submit your completed application through TPON **by March 15, 2021**

## HOW IT WORKS

The ministry expects to advise municipalities of the outcomes of their applications in May 2021. If your application is approved, a proposed transfer payment agreement with the ministry will be sent to confirm the funding amount and set out the terms, including reporting requirements and a payment schedule. Municipalities can expect to receive an initial payment following execution of a transfer payment agreement.

## PROGRAM TIMELINE

March 15, 2021	<ul style="list-style-type: none"> <li>• Submit your Expression of Interest and any supporting documentation to Transfer Payment Ontario (TPON) at <a href="https://www.ontario.ca/getfunding">www.ontario.ca/getfunding</a></li> </ul>
May 2021	<ul style="list-style-type: none"> <li>• Learn whether your application is approved. If it is approved, enter into a <b>transfer payment agreement</b> for project funding, and receive an <b>initial payment</b> once the agreement is executed.</li> </ul>
August 2021	<ul style="list-style-type: none"> <li>• <b>Review Stream:</b> Submit an interim project status report</li> </ul>
Quarterly starting October 2021	<ul style="list-style-type: none"> <li>• <b>Implementation Stream:</b> Submit quarterly project status and expenditure reports</li> </ul>
November 2021	<ul style="list-style-type: none"> <li>• <b>Review Stream:</b> Post the <b>third-party reviewer's final report</b> online and submit your <b>final project status report</b>. This report will include: a hyperlink to the publicly posted third-party reviewer's report; the amount paid to the third-party reviewer and a copy of the invoice; a statement of the total amount of expenditures reviewed and the total amount identified as potential savings; and a 250-word abstract of the project and its findings.</li> </ul>
By Fall 2022	<ul style="list-style-type: none"> <li>• <b>Implementation Stream:</b> All implementation stream projects are completed. Submit final reports including copies of invoices.</li> </ul>

## FOR MORE INFORMATION

Please direct program questions to your [Municipal Services Office Municipal Advisor](#) or [Municipal.Programs@ontario.ca](mailto:Municipal.Programs@ontario.ca).

For support with the Transfer Payment Ontario (TPON) system contact the Transfer Payment Ontario Client Care from Monday to Friday 8:30 a.m. to 5:00 pm, except for statutory holidays:

- [Tel: 416-325-6691](tel:416-325-6691)
- [Toll-free: 1-855-216-3090](tel:1-855-216-3090)
- [TTY: 416-325-3408](tel:416-325-3408)
- [Toll-free TTY: 1-800-268-7095](tel:1-800-268-7095)
- Email: [TPONCC@ontario.ca](mailto:TPONCC@ontario.ca)