



Meeting Date: March 10, 2021

Submitted by: Michael Di Lullo, CAO and Tiffany Farrell, Treasurer

Report No: CAO-4-2021

Subject: Municipal Modernization Program Review

Recommendation:

THAT Report CAO-04-2021, re: Municipal Modernization Program be received;

AND THAT the CAO and Treasurer be delegated authority to continue with the implementation of program and system updates that will be funded through the Municipal Modernization Program.

Purpose:

The purpose of this report is to provide an update regarding the Municipal Modernization Program and an explanation of the different intakes that the Government of Ontario has created and how the Municipality intends to make use of such funding.

Background:

To assist municipalities in the delivery of municipal services, the Province developed and launched the Municipal Modernization Program which is designed to assist small and rural municipalities across Ontario by supporting the review, development and delivery of modern and efficient municipal services. This program has been developed and carried out in phases.

Unconditional One-time Modernization Funding

In March of 2019, the Province announced a one-time investment for small and rural municipalities to improve service delivery and efficiency. This resulted in a one-time transfer of unconditional modernization funding dollars to 405 of Ontario's municipalities. Middlesex Centre received \$610,207 in one-time funds under the Municipal Modernization Program.

To ensure investments were targeted to where they were needed most, the Province developed their funding allocation based on the number of households in a municipality, and whether the municipality is urban or rural.

Municipal Modernization Program: Intake 1 & 2

In October 2019, the Province building on its previous investment to assist municipalities transform their service delivery, developed and launched an application-based funding program under the Municipal Modernization Program portfolio. The Municipal Modernization Program was launched with two intake periods. The first intake period saw applications submitted for Service Delivery Reviews in December of 2019.

The first intake was done in partnership with the County and other lower-tier municipalities to review various operating systems that could be upgraded/improved – as identified in the Analysis below. Middlesex Centre also submitted two independent applications, which were both denied.

The second intake period under the Municipal Modernization Program was recently announced in January of 2021. The second intake of the program has two streams: 1) Review Stream (as per first intake) and 2) Implementation Stream.

The Review Stream will see applications submitted for a review of municipal service delivery or administrative expenditures by an independent third-party reviewer for the purpose of finding savings and efficiencies.

The Implementation Stream will see applications submitted for projects seeking funding required for implementation. To be eligible for the implementation stream, projects must be based on demonstrated evidence of savings the municipality intends to realize through the project. Projects must also be cost-shared between the Province and the municipality seeking funding. For municipalities with populations greater than 5,000, the allocation would be 65% maximum provincial share, and 35% minimum municipal share of project costs.

Lastly, to be eligible for funding under intake 2 – implementation stream, the municipality must confirm that it has fully spent or allocated the unconditional modernization funding provided by the Province in March 2019.

Municipal Modernization Program - Intake 2: Application Deadline

For projects to be considered under the second intake (Review Stream or Implementation Stream), the Municipality must submit an application prior to March 15, 2021.

Analysis:

Based on the explanation above, the Municipality is undertaking the following:

1. Evaluation of systems and program upgrades where the monies will be allocated from the first announcement dating back to March 2019: and,

2. Identify projects where it can partner with the County and/or other lower-tier municipalities (similar to Intake 1) for system and program upgrades.

Unconditional One-time Modernization Funding

In March of 2019, the Municipality received \$610,207 in unconditional one-time modernization funds from the Province. These monies are allocated in a Reserve Fund. The following table (Table 1) outlines the current expenditures and allocations to-date as approved by Council, of the Unconditional One-time Modernization Funds.

Project	Expense/Allocation
New Phone System – allocated in 2021 budget	\$80,000
Atrium system for specific buildings – allocated in 2021 budget	\$94,500
Continuous Improvement Program – allocated in 2021 budget	<u>\$30,000</u>
Total Allocated	\$204,500
Projects to be allocated (2022 and beyond)	
Questica Budget annual fees 2022-2027	\$117,000
Permit and Planning Online Process – CloudPermit	\$20,000
Asset Management Dude Solutions – annual fees 2022-2023	\$25,692
Online Facility Booking Software	\$10,000
Virtual City Hall	\$35,000
New Accounting Software	\$150,000
Fire Dispatch Integration	\$20,000
Office 365 2022-2023	\$40,000
Total Funds Allocated:	\$622,192

Municipal Modernization Program: Intake 1

In October of 2019 the Province announced intake 1 of the Municipal Modernization Program. This intake solicited applications for Service Delivery Reviews to be submitted by December 2019. The Municipality partnered with the County and local municipalities within Middlesex to jointly undertake two collaborative Service Delivery Reviews: Payroll as a Service and Digital Top 10. The Province approved both joint service delivery reviews. Through these two projects, the Municipality gained a better understanding of how it could work collaboratively with its municipal neighbours, while improving municipal operations through the use of technology, service integrations or shared service arrangements. There were other benefits realized beyond the direct benefits resulting from the service delivery reviews:

- Relationship building
- Learning and greater awareness of experiences in other municipalities
- Continue the collaborative momentum seen across neighbouring municipalities
- Information sharing

Municipal Modernization Program: Intake 2

The municipality, building on the collaborative momentum from the previous joint service delivery review projects, is working with the County and neighbouring municipalities to identify priority projects for both the Implementation and Review Streams of the Municipal Modernization Program Intake 2.

Where there is opportunity to do so, the municipality will partner with the County and other lower-tier municipalities to submit application for updates as meetings are now underway to determine what programs are applicable for all. At present, the services identified are Asset Management, Automated Payroll and Automated Planning Development Application Intake. For the municipal cost share portion, any projects that are submitted can be funded through the Unconditional One-time Modernization dollars received in March of 2019.

Delegated Authority of Unconditional One-time Modernization Funds

As the deadline is March 15, 2021, the CAO is recommending that Council delegate authority of the use of the Unconditional one-time Modernization Funds. Should projects come forward, this will be included as part of the annual budget process for Council review/approval. Due to the stringent timelines, it is recommended that Council place a number of parameters around the use of these funds, such as:

- Funds must be used based on the allocation in Table 1;
- Project expenses must not exceed the allocated amount in Table 1;
- Any changes required to the allocations in Table 1 must be approved by Council;
- The Unconditional One-time Modernization Funds must be used to ensure more efficient and effective service delivery or municipal operations of the Municipality;

- Council maintains the ability to re-allocate the Unconditional One-time Modernization funds at its discretion;
- That the Municipal Procurement policy be followed as required, and;
- The CAO shall report to Council from time-to-time any expenditures made using the Unconditional One-time Modernization Funds.

Should the Municipality decide not to apply for the grant (independent from any joint projects with the County and/or other lower-tiers), the delegation to the CAO and Treasurer is moot and Council will receive reports based on the usage of the original funding allotment as staff proceed to update programs and systems, as outlined above.

The CAO and Treasurer have been meeting with our peers to identify shared programs and systems that are applicable and will be in a position to proceed to meet the March 15, 2021 deadline date.

Financial Implications:

The Municipal Modernization Fund is designated for the improvement of programs and systems and any forthcoming changes will be reported on the usage of the \$610,207 allocated to the Municipality through separate reporting to Council.

Strategic Plan:

This matter aligns with following strategic priorities:

- Responsive Municipal Government

Utilizing funds from the Government to address service and make improvements positions the municipality to manage future demands such as growth, pandemic and above all, ensuring that staff have the systems in place to operate effectively.

Attachments:

None