



The Corporation of the Town of Milton

Report To:	Council
From:	Glen Cowan, Chief Financial Officer/Treasurer
Date:	September 16, 2019
Report No:	CORS-057-19
Subject:	Audit and Accountability Fund (AAF) Update
Recommendation:	THAT the Mayor and Town Clerk be authorized to execute any required agreements related to the Province of Ontario's Audit and Accountability Fund, subject to the satisfaction of the CFO/Treasurer.

AND THAT subject to the execution of a Transfer Payment Agreement, a new capital project be created with a budget in the amount approved for the Town through the Audit and Accountability Fund.

EXECUTIVE SUMMARY

- Through CORS-040-19, the Town of Milton decided to continue with its existing service delivery review process without the utilization of the Province's AAF
- In August 2019 the Province advised the Town that there may be an opportunity to collaborate on a review with the Town in a manner that alleviates Milton's concerns with respect to project scope and timing
- In light of the Province's timeframes, Town staff have submitted information related to a potential service delivery review that could be delivered using the AAF. The review would focus on three areas: garbage in the Town's parks, the Town's winter road maintenance operations and the Administrative Monetary Penalty System.
- Subject to approval from the Province and the execution of a Transfer Payment Agreement, the Town would retain third party consultants and deliver a final report by the end of the first quarter of 2020

REPORT

Background

In June of 2019 Milton Council was presented report [CORS-040-19](#), which outlined the Province of Ontario's AAF that was created to support large municipalities in identifying opportunities for efficiencies. In light of the Town's significant on-going commitment to Service Delivery Reviews (SDRs), Council decided to continue with Milton's existing



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SDR process without the use of the AAF program. This approach was intended to ensure that the SDRs would continue to include a fulsome review of current service delivery, changes to service delivery methods and/or service levels, funding opportunities and cost effectiveness. It also ensured that the next phases would be implemented at times that provided for sufficient engagement of stakeholders and staff.

Since June the Province has proceeded with its review and approval process related to the AAF program, and has since approached the Town about opportunities to collaborate on a project related to Milton. As such, this update report has been prepared for Council consideration.

Discussion

At the time of the AAF application deadline, the Town's primary concerns with respect to the scope of the AAF program related to scope and timing. With respect to scope, the program guidelines excluded the opportunity to consider revenue generation or reductions in service levels. With respect to timing, the program anticipated agreement execution in the summer and required final reports to be submitted no later than November 2019.

Through recent discussions, the Province has identified that there is potential to accommodate the Town's needs to a degree with respect to each of these areas. The timing of the next full phase of the Town's SDR still extends beyond what the Province will consider, however smaller scopes of work may be available that both benefit the Town and achieve the Province's goals.

The Town's Strategic Management Team has met to consider the options available and are recommending that, subject to Provincial approval of the required funding and timeframes, the Town complete a service delivery review through the AAF program. The review would consist of three areas of focus:

- Business case to validate the garbage in parks opportunity that was identified in the service delivery review undertaken by Blackline Consulting.
- Detailed investigation of the Town's winter road maintenance program
- Business case development for a conversion to the Administrative Monetary Penalty System (AMPS)

Further detail with respect to the scope of the review is attached as Appendix A. The review is expected to result in savings and service level improvements to the community.

At the Province's request, and due to the short timeframe's available, information related to each of these proposed opportunities was forwarded to the Province on August 29,



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2019. At the time of preparing this report, the submission was being considered by the Province through their approval process. Based on available resources and approval of AAF funding in September, it is expected that the service delivery review could be completed by the end of the first quarter of 2020. As such, the Town's participation in the program will be conditional on a mutually agreeable timeframe with the Province.

Financial Impact

Subject to execution of a transfer payment agreement with the Province, the Town would retain third-party consulting support in order to undertake the service delivery review. The cost of the consultant will be fully recovered through AAF funding and a new capital project account will be created.

The AAF program allowed for applications of up to \$250,000 per municipality to be considered. Based on the scope of work described above, the Town has requested approval for up to \$150,000 in order to complete the reviews. The final award amount will be determined through a consulting roster assignment and will be based on the rates previously established through a competitive purchasing process. The Town will only seek reimbursement for the actual costs incurred up to the established limit.

Respectfully submitted,

Troy McHarg
Commissioner, Corporate Services / Town Clerk

For questions, please contact: Glen Cowan

Phone: Ext. 2151

Attachments

Attachment A: Summary of the Proposed Service Delivery Review

CAO Approval
Andrew M. Siltala
Acting Chief Administrative Officer

Signed on behalf of



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Appendix A

Summary of the Proposed Service Delivery Review

1. Garbage in Parks

In their final report that was presented to Milton Town Council on August 26, 2019, Blackline Consulting recommended that the Town should consider an education and enforcement program to combat the amount of household waste that is currently being left at Town parks. This opportunity was identified as a priority through public surveys undertaken, and also provides an opportunity for overall cost savings based on the analysis undertaken by Blackline Consulting.

In their review Blackline identified the opportunity for technology to serve a role through the implementation of smart devices at each receptacle location. They also contemplated the development of education programs in order to influence resident behavior. Finally alternate approaches to enforcement were considered, including the potential utilization of portable cameras and motion sensors. These initiatives would require an initial investment, as well as an on-going funding and changes to the Town's processes. Based on a series of assumptions related to the initial and on-going resource requirements and effectiveness of the above programs, savings of up to \$124,000 were identified.

Prior to implementation of any changes in this program area, further validation of the high level assumptions made by Blackline is required, as well as the development of a detailed implementation plan. It is proposed that a consultant be retained with a scope of work that may include:

- Business case development to identify the initial investment required (software, facilities, etc.), on-going resources including staffing and contracted services, processes mapping, benefit and scenario analyses, risk identification and mitigation opportunities, budget and operational impacts relative to status quo, performance measures, etc.
- This business case should be based on specific details acquired from other municipalities or industry research with supporting documentation provided
- Development of a detailed implementation plan
- Development of the by-laws required (if applicable)
- Development of any Requests for Proposals that may be required to implement changes in the Town's approach to garbage in the parks

2. Winter Road Maintenance Operations

Through their service delivery review report that was presented to Town Council on August 26, 2019, Blackline Consulting undertook a high level evaluation of the Town's winter maintenance for its road program. Based on information made available through



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the Province's Financial Information Return(FIR) reporting, Blackline identified that the Town of Milton had both a higher cost of winter control than its comparator group of municipalities, as well as a higher utilization of contractors to deliver the service. Blackline then considered the results in relation to each municipalities land mass, lane kilometers and population density, but found no meaningful correlation to the cost per lane kilometer results.

Also in their report, Blackline undertook a high level analysis of the cost of internally vs. externally delivered services. They found that the Town split the amount of winter maintenance work relatively evenly between the two methods, and while the internal costs were found to be higher, Blackline concluded that the allocation of work was likely reasonable given the nature of the work assigned to each method (example - different classes of roads).

At this time the Town requires a more detailed assessment of its winter maintenance program in order to validate and understand the findings that suggest that Milton has a higher cost per lane kilometer than its peers, as well as to identify opportunities to improve the financial performance. As such, it is now proposed that a consultant be retained with a scope of work that may include:

- Detailed investigation of the results of the FIR analysis undertaken that suggests that the Town of Milton's cost of winter road operations exceeds that of its comparator group. This investigation will require the collection and review of details with respect to service delivery and financial results for the comparator municipalities, and is expected to clarify the reasons for the results identified by Blackline Consulting.
- Detailed investigation of the cost of internal service delivery vs. external service delivery for the Town of Milton, resulting in a recommendation as to the optimal utilization of each. This investigation will need to consider the full cost associated with each method of service delivery, along with operational considerations including the frequency, nature and predictability of winter maintenance requirements, as well as the various classes of road within the Town and associated service level expectations.
- Through the Blackline Consulting analysis, it was noted that the data available at the Town was at times limited. With respect to operations, it was specifically noted that performance measures tended to focus on minimum maintenance standards and activity, and recommended that the Town develop outcome-based measures in this area to incent service delivery improvements. As such, in addition to the investigations of the cost and service delivery method noted above, the consultant will recommend and develop appropriate performance measures for the Town's winter operations. This will ensure a framework is in place to ensure the Town's efficiency and effectiveness moving forward and promote continuous improvement.
- Development of a detailed implementation plan for recommendations that result from the winter operations related deliverables noted above.



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3. Administrative Monetary Penalty System (AMPS)

A system of Administrative Monetary Penalties is an alternative to the traditional methodology of achieving compliance with the Parking and Licensing By-laws. Bill 130, the *Municipal Statute Law Amendment Act, 2006* amended the *Municipal Act* to permit municipalities to establish a system of Administrative Penalties. This amendment also allows a municipal Council to delegate its quasi-judicial and administrative functions to individuals approved by Council.

Under a system of Administrative Penalties, an Officer will issue a Penalty Notice to an alleged offender. The penalty becomes a debt owed to the Town. The recipient of the penalty may contest the penalty through a Hearing Officer who is appointed by Council as an independent party. Court is not an available option as the Hearing Officer's decision is final.

The AMP system allows for the municipality to control all of the timelines associated with the life of a ticket. The timelines for such things as late payment fees, screening and hearings are established by the Town. This means that the Town would no longer be under the influence of the Provincial Court system that has experienced wait times for parking tickets before trial and delays for licensing charges to get to first appearance.

In its report *Modernization of the Provincial Offences Act*, released in August 2011, the Law Commission of Ontario recommended that all municipalities adopt this system for parking offences. Numerous municipalities have transitioned from the Provincial Court system to AMPS.

A move to AMPS is expected to result in several benefits:

- Improved revenue timeliness
- Cost avoidance
- Increased services to citizens
- Increased administration of justice

The Town had previously initiated the development of a business case using internal resources. Since that time several municipalities have transitioned to the AMPS program. As such, it is now proposed that a consultant be retained with a scope of work that may include:

- Business case development to identify the initial investment required (software, facilities, etc.), on-going resources including staffing and contracted services, processes mapping, benefit and scenario analyses, risk identification and mitigation opportunities, budget and operational impacts relative to status quo, performance measures, etc.



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- This business case should be based on specific details acquired from municipalities that have successfully transitioned, and can consider the work previously undertaken by the Town
- Development of a detailed implementation plan
- Development of the reports, policies and by-laws required to transition to AMPS
- Development of any Requests for Proposals that may be required to implement AMPS