

Ontario Municipal Group Procurement

**Significant savings off the bottom line.**

**It just makes sense.**

CIPMM Regional Workshop

Toronto Ontario  
February 20, 2019

# OUTLINE

- What is AMO
- Set the municipal context – why group procurement matters
- Explain LAS municipal group procurement approach

# ABOUT AMO

- Association of Municipalities of Ontario (AMO):
  - Not for profit corporation;
  - Non-partisan, advocacy group;
  - 119 years old; founders believed that a 'common voice' would get more results
  - Municipal governments (heads of council and councillors) are the members
  - AMO Board of Directors is made up of primarily elected officials and some senior municipal staff officials

# OUR MISSION

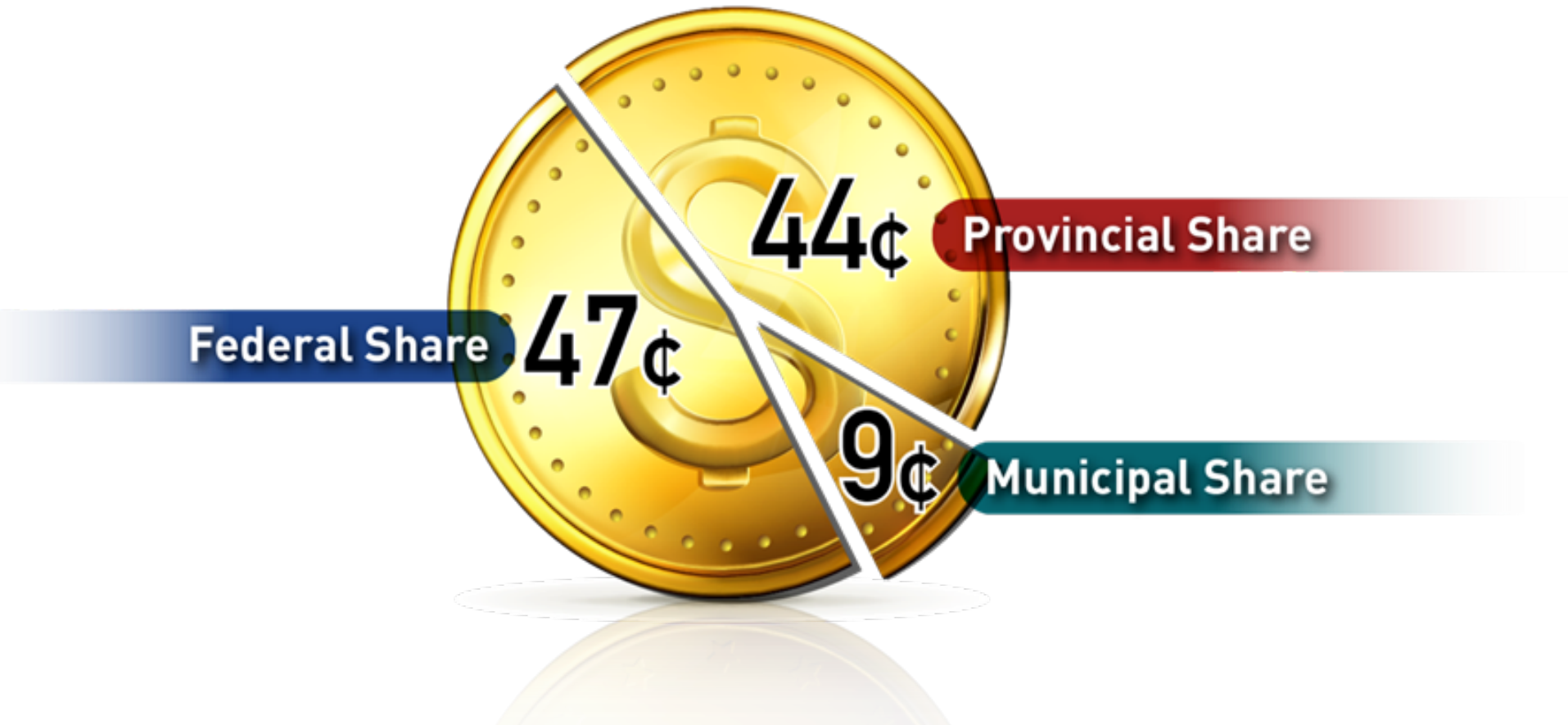
- To support and enhance strong and effective municipal government in Ontario
- To promote the value of the municipal level of government as a vital and essential component of country's political system



# ONTARIO MUNICIPALITIES

- 444 municipal governments;
- Different population sizes, geography, socio-economic and demographic make up; and,
- Different structures - upper tiers/lower tiers and single tier.

# MUNICIPAL SHARE OF TAXES



# INFRASTRUCTURE

	Federal	Provincial	Municipal
1961	31%	31%	38%
2005	10%	22%	67%
Source: StatsCan, From Roads to Rinks, Table 1-A, September 2007			

- Much of the infrastructure built in the post war era was through federal or provincial funds
- Many of the assets have been transferred to municipalities in poor condition (e.g., roads)

# INFRASTRUCTURE (CONT'D)

Infrastructure	Extrapolated Replacement Value of All Assets \$B	Assets in Very Poor & Poor Condition (Replacement Value) \$B	Assets in Fair Condition (Replacement Value) \$B	Anticipated Condition Based on Reported Reinvestment Levels
Potable Water	207	25 (12%)	35 (17%)	Declining
Wastewater	234	26 (11%)	56 (24%)	Declining
Stormwater	134	10 (7%)	21 (16%)	Declining
Roads	330	48 (15%)	75 (23%)	Declining
Bridges	50	2 (4%)	11 (22%)	Declining
Buildings	70	12 (17%)	20 (28%)	Declining
Sport & Rec Facilities	51	9 (18%)	14 (27%)	Declining
Transit	57	9 (16%)	15 (27%)	Unavailable
<b>TOTAL</b>	<b>1,100</b>	<b>141 (12%)</b>	<b>247 (22%)</b>	

Source: 2016 FCM Asset Management Report Card, page 12

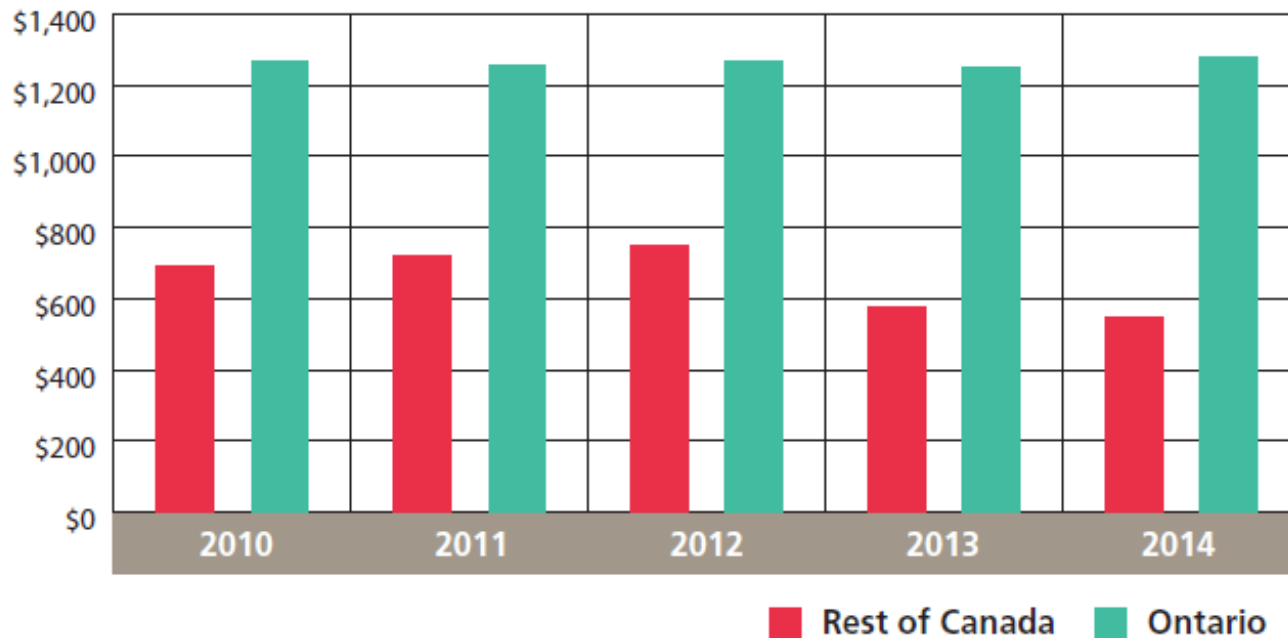
# INFRASTRUCTURE (CONT'D)

Infrastructure	Lower Target Reinvestment Rate (%)	Upper Target Reinvestment Rate (%)	Current Reinvestment Rate (%)
Potable Water (linear)	1.0	1.5	0.9
Potable Water (non-linear)	1.7	2.5	1.1
Wastewater (linear)	1.0	1.3	0.7
Wastewater (non-linear)	1.7	2.5	1.4
Stormwater (linear)	1.0	1.3	0.3
Stormwater (non-linear)	1.7	2.0	1.3
Roads & Sidewalks	2.0	3.0	1.1
Bridges	1.0	1.5	0.8
Buildings	1.7	2.5	1.7
Sport & Rec Facilities	1.7	2.5	1.3

Source: 2016 FCM Asset Management Report Card, page 11

# ONTARIO PROPERTY TAXES

Ontario Property Tax Revenue Per Capita versus Rest of Canada (Constant Dollars)<sup>13</sup>

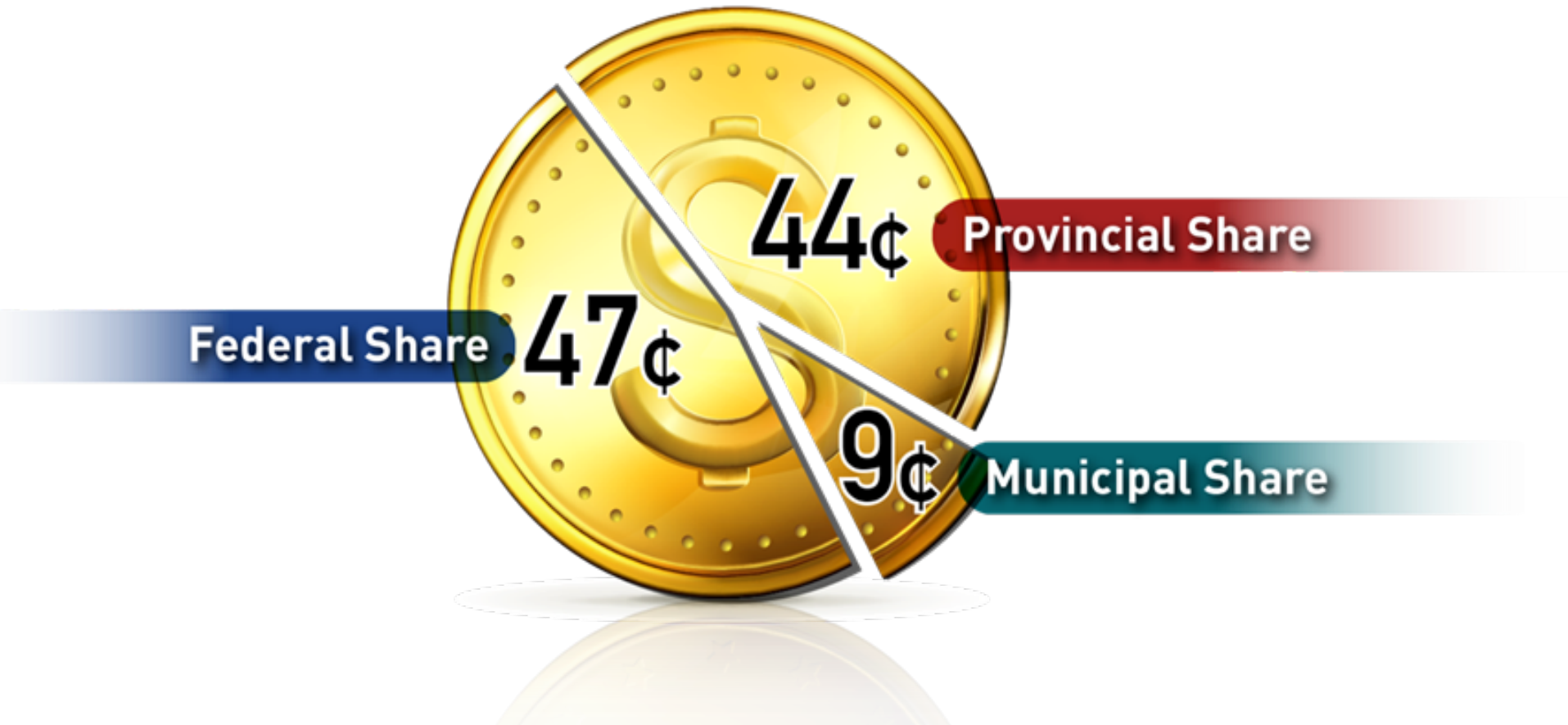


Statistics Canada Table 385-0037: Property tax revenue of municipalities and other local public administrations.

# ONTARIO EXCEPTION

- Municipalities deliver a broader range of services than in other provinces.
- For example Ontario municipalities are responsible for:
  - social services such as child care, social assistance, social housing; and,
  - emergency services (e.g., ambulances)

# MUNICIPAL SHARE OF TAXES





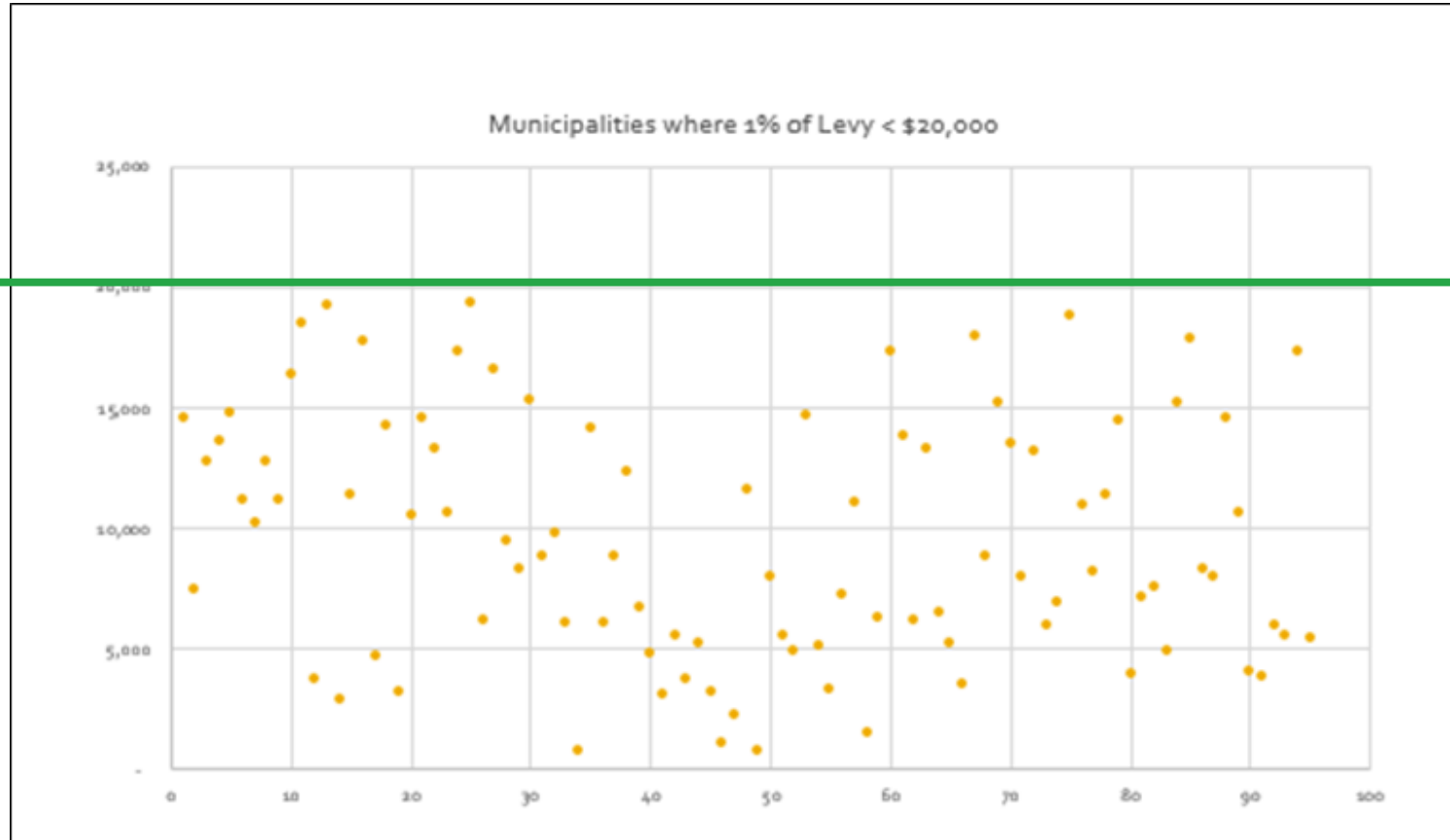
# ABILITY TO RAISE REVENUE

## Distribution of Yield from 1% Levy Increase by Region (excludes upper tiers)

\$ yield	NE	NW	SW	SE	Central	Total	% Total
<20,000	62	16	5	12	0	95	23.0%
20k-50k	31	9	25	36	6	107	25.9%
50k-100k	6	4	30	34	13	87	21.1%
>100k	10	5	37	21	51	124	30.0%
<b>TOTAL</b>	<b>109</b>	<b>34</b>	<b>97</b>	<b>103</b>	<b>70</b>	<b>413</b>	<b>100.0%</b>

2016 Financial Information Return

# ABILITY TO RAISE REVENUE (CONT'D)




# NECESSITY

- When the need for something becomes the imperative.

*Necessity is the mother of invention*  
*- Author Unknown*

# AMO FAMILY OF COMPANIES

- AMO has two corporations which have their own Boards
  - Municipal Employers Pension Centre of Ontario (MEPCO)  

  - Local Authorities Services (LAS)
- Each corporation is accountable to and supportive of AMO's mission





# Overview of LAS

What is LAS & What Do They Do?

## **LAS is a corporation of the Association of Municipalities of Ontario (AMO)**

- Not for profit incorporated under the laws of Canada, established in 1992
- Offers competitively-priced and sustainable business services to Ontario municipalities and the broader public sector
- Programs & Services based on the principles of “aggregation” & “group buying power”



### **Regularly host and/or attend the following:**

- Information Sessions & Workshops
- Municipal Conferences



### **LAS' Mandate**

- *Save Money, Make Money & Solve Capacity*



# Governance

8 Member LAS Board

## Structure

Chair, Vice-Chair and 6 Board Directors

President and Secretary-Treasurer are staff positions

## Composition

Board is comprised of senior municipal officials including the offices of Mayor, CAO, Procurement and Treasurer

## Meetings

Board meets four times per year (Feb, May, Oct and Dec)



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# Administration

LAS Staff – 13 FTEs

## Director

Responsible for design and delivery of programs and services and support LAS governance

*Direct reports: Administrative Assistant, Research Advisor and Managers (2)*

## Program Manager

Responsible for Commodities, Administrative programs and One Investment.

*Direct reports: Program Coordinator, Client Relations Specialist, Team Lead, Billing & Settlement Clerks (2)*

## Energy & Asset Services Manager

Responsible for all energy and asset management programs.

*Direct reports: Municipal Energy Specialists (3)*



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# Administration (cont'd)

Support from AMO staff

## Finance and Operations

- Accounting services
- IT support for databases and websites
- Records management – electronic and physical records

## Membership Centre

- Support to LAS in the registration and marketing of all education, training and outreach.

## Policy Centre

- Collaboration on policy initiatives with future potential business opportunity.

# The Service Evolution...

**1992**

Natural Gas  
Streetlights  
Cellular Phone  
Service  
Group Benefits  
Water Treatment  
Chemicals

**2000**

Natural Gas  
Investments  
Pepsi Program  
Payphones  
Computers  
Long Distance  
Auto Insurance  
Leasing  
Market Partners Affinity  
Program

**2019**

Investments\*\*  
Energy Training  
LED Streetlight Upgrades  
Facility Lighting Service  
Energy Planning Tool  
Sewer & Water Line Warranty  
Roads Assessment Service  
Electricity + Natural Gas  
Fuel Purchasing  
Closed Mtg. Investigator  
Home + Auto Insurance  
Risk Mgmt. Education  
Group Benefits

*To help you...*

***Save Money, Make Money & Solve  
Capacity!***



# LAS Programs & Services

How Does LAS Help Municipalities?



## Energy & Asset Management

- ❖ Energy Planning Tool
- ❖ Energy Training & Workshops
- ❖ Fleet Management Service
- ❖ LED Streetlight Service
- ❖ Recreation Facility Lighting
- ❖ Roads Assessment Service



## Commodity Procurement

- ❖ Electricity
- ❖ Fuel
- ❖ Natural Gas



## Administration

- ❖ Closed Meeting Investigations
- ❖ Group Benefits
- ❖ Home & Auto Insurance
- ❖ Municipal Risk Management
- ❖ Sewer & Water Line Warranty



## Investments

- ❖ High Interest Savings Account (HISA)
- ❖ Money Market
- ❖ Bond
- ❖ Corporate Bond
- ❖ Equity



# Municipal Participation



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# LAS Strategic Plan

- Adopted by the LAS Board in December 2017





# LAS Strategic Plan

## Strategic Pillars

- Programs
  - Data driven, continuous improvement program design and delivery.
- Knowledge
  - Foster learning opportunities for LAS staff and municipal governments.
- Customer Focused
  - Recognized, trusted municipal brand.



# Municipal Buying Power

## Big Business

- In 2016, municipalities accounted for:
  - \$42.6 billion in operating expenses
  - \$223.3 billion in tangible capital assets (aka infrastructure)
  - \$15.4 billion of works tangible capital assets in progress
- As well, there are approximately 220,000 full-time, part-time and seasonal municipal employees, plus another 248,000 employees of agencies, boards and commissions



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# Target Market

270 municipalities with less than 10,000 population

- Small rural and northern municipalities
  - Limited staff capacity
  - Limited financial resources
- Services and programs need to have broad sector appeal

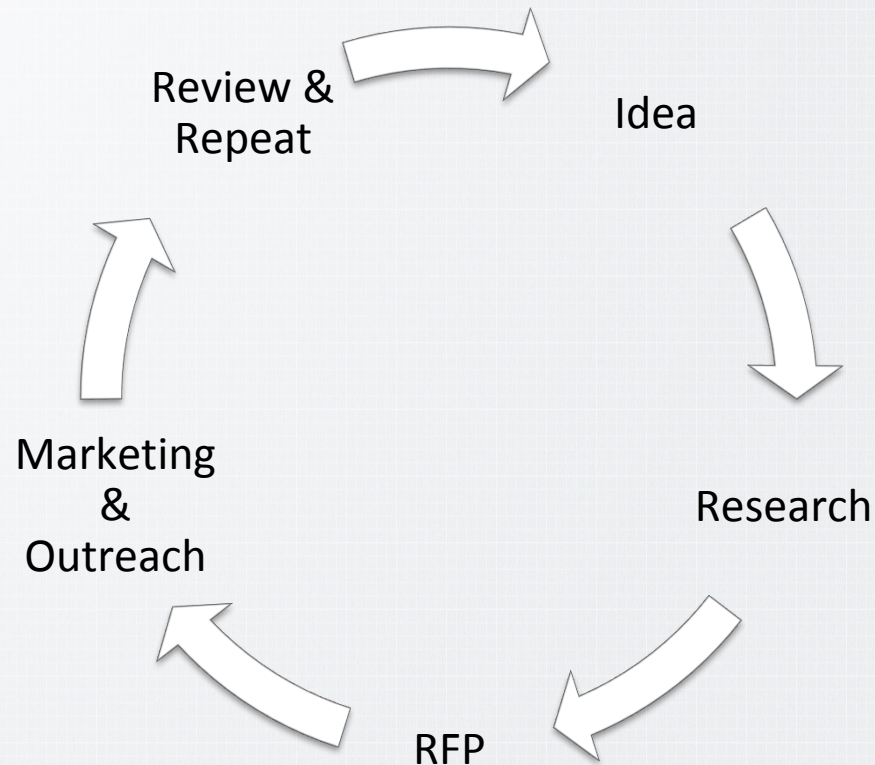


# .... Typical Solution

## Turnkey

- Complete turnkey service that is fully compliant with the Municipal Act, municipal procurement requirements including trade agreements.
  - May offer savings but at least budget stability;
  - Always seek best value for the money

# How We Build Programs/Services





# Idea

Where they come from

- Continuously looking for new ideas
  - Approached by companies
  - Discussions with AMO's Policy team
  - Requests from municipalities

# The Streetlight Story...







# Research

Is there a broad sector appeal or need?

- LAS Staff either seek funds for a feasibility study or develop a business case to justify the new program/service
- Talk to municipalities – to get their perspective
- Alignment with Strategic Plan must be demonstrable
- Ability for LAS costs to be recovered key consideration

- Municipalities must follow procurement policy established by council, in addition to:
  - Requirements under funding programs
  - Canadian Free Trade Agreement (CFTA) and Comprehensive Economic and Trade Agreement (CETA)



Regulation	Goods & Services	Construction
AIT	\$100,000	\$250,000
CFTA*	\$100,000	\$250,000
CETA*	\$340,600	\$8.5 Million

\* Subject to adjustment for inflation in accordance with Annex 504.4  
 Amounts shown are over life of contract

- LAS believes in procurement that:
  - Provides a complete turnkey program/service;
  - Considers the full lifecycle cost; and,
  - Seeks to find vendors that provide the best value, not necessarily lowest cost



# RFP

## What LAS is Doing

- ✓ Ensuring participating municipalities comply with trade agreements
- ✓ Reworking RFP terms and conditions
- ✓ Implementing procedures for comprehensive documentation
- ✓ Ensuring committee participation in RFPs and evaluations
- ✓ Communicating clearly and transparently
- ✓ Setting specific standards and criteria



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# Marketing & Outreach

LAS the trusted partner

- LAS staff attend municipal conferences, trade shows, meet with municipal staff one-on-one
- Use a problem-solution approach



# Asset Management Roads

Issues you may face:

1. Minimum Maintenance Standards  
(ie. O. Reg. 239/02 – Sidewalks )
2. O. Reg. 588/2017 – Asset Mgmt
3. Prioritizing repairs
4. Limited budgets

LAS Solution:

Road & Sidewalk Assessment Service





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# Asset/Energy Management Facility Lighting

Issues you may face:

1. Increasing energy costs
2. Maintenance Requirements
3. Poorly lit work environment

LAS Solution:

Facility Lighting Service





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# LAS Commodity Programs

Issues you may face:

1. Fluctuating Electricity/NG Prices
2. Limited buying power
3. Legislative requirements

LAS Solution:

LAS Electricity Program

LAS Natural gas Program

LAS Fuel Program







# Review and Repeat

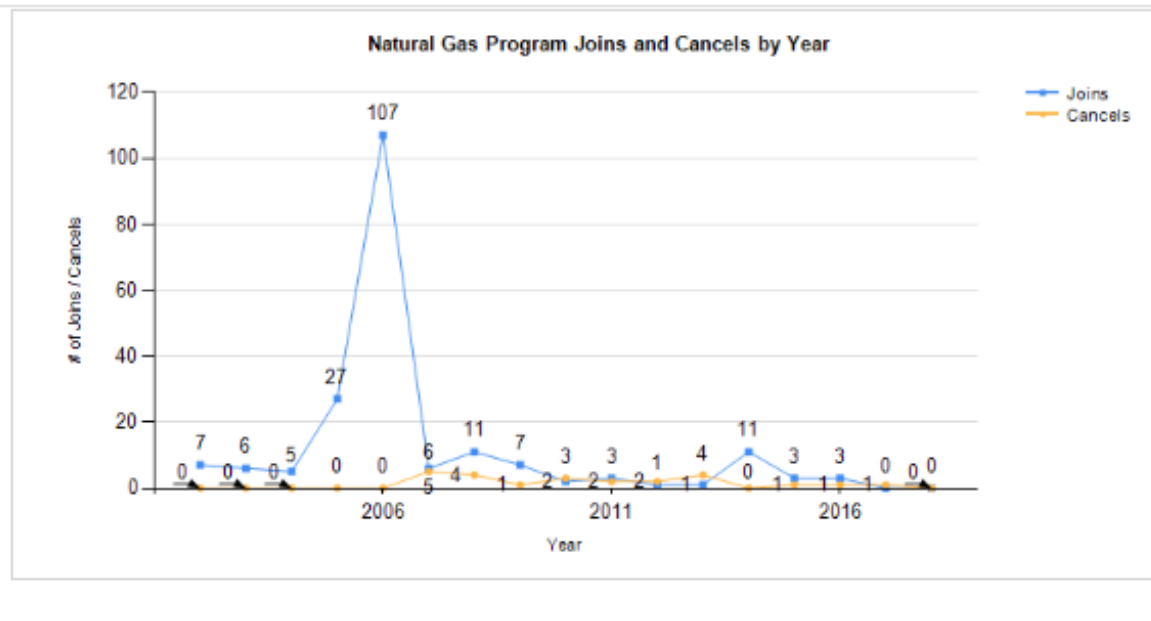
## Program Evaluation

- Measuring Success
  - Program metrics – varies by program
  - Internal dashboard to monitor individual program health
- There is a lifecycle for some programs which requires us to evaluate the program and establish a wind down or exit strategy
- Transparency
  - Reports to the LAS Board and municipalities

# Review and Repeat

Internal Dashboard

Natural Gas Program Health Chart





Objective: Develop and maintain data profile of participation in all LAS programs within first year of the plan.

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## PROJECT HEALTH

● On Track
 ◆ At Risk
 ■ Off Track
 ▲ Not Yet Started

TIMELINES		BUDGET		PROJECT SCOPE		STAKEHOLDERS		PROJECT STAFFING	
Last Period	Current Period	Last Period	Current Period	Last Period	Current Period	Last Period	Current Period	Last Period	Current Period
<span style="color: blue;">▲</span>	<span style="color: green;">●</span>	<span style="color: blue;">▲</span>	<span style="color: green;">●</span>	<span style="color: blue;">▲</span>	<span style="color: green;">●</span>	<span style="color: blue;">▲</span>	<span style="color: green;">●</span>	<span style="color: blue;">▲</span>	<span style="color: green;">●</span>

### NOTES

Develop metrics to implement objective, data-based, performance indicators for all programs and reports to the LAS Board on the metrics and program health.

## Last 90 Days

- ✓ 80% of documents have been captured digitally in the Records Management System.
- ✓ LAS Program municipal participation recorded, including join and end dates.
- ✓ Update database with municipal participation information.

## Next 90 Days

- Determine the key performance indicators to be measured
- Develop a tool for individual program metrics consisting of objective, data-based performance indicators for all programs
- iMIS end date option to be approved and implemented on an ongoing basis

## Beyond 90 Days

- Implement said tool and update the metrics on a regular basis
- Present findings of current, past and projected program development to the LAS Board



# Lessons to Share

## The Municipal Perspective

- Impact of the visibility of a municipal budget
- Imperative of collaboration
- Importance of baseline data and establishing metrics
- Champion to identify and sustain opportunities
- Accountability – reporting results
- Scale benefits both the small and large



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# Let's continue the conversation...



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