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Conditional Grants in Ontario: A Case Study of the Municipal Modernization Program

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Conditional Grants in Ontario: A Case Study of the Municipal Modernization Program

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MPA Research Report

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Abstract

The intent of the 2019 Regional Government Review (Review) was to find ways to expand service delivery and reduce costs in 82 Ontario municipalities. However, no changes resulted. Instead, the Province allocated significant funding to the existing Municipal Modernization Program (MMP) for municipalities to utilize in hopes of achieving the same results the Review had. Accordingly, this paper looks at whether the MMP, a provincial conditional grant, is effectively achieving its stated intended purposes. It is clear that inter-governmental relations as they pertain to grants is a much-researched topic, with a vast collection of research to draw upon spanning much of the 20th century. However, the research is generally outdated and mainly revolves around the municipal fiscal response to provincial grants, specifically how provincial grants influence spending at the municipal level. Through the use of the MMP databases and municipal staff reports and press releases, an inductive research strategy was utilized to classify each project awarded funding through intakes one and two of the MMP on the basis of whether they were a ‘cost-savings’, ‘service expansion’ or ‘other’ project. The analysis reveals that the ‘Review’ stream of the MMP does not directly translate into improvements to municipal services or their budgets, while the ‘Implementation’ stream can have a direct impact. However, given the disproportionate use of the MMP for ‘Review’ stream projects, it appears that the stated intent of the program is not being carried out to its fullest extent possible, as the execution piece is usually missed.

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INTRODUCTION

In 2018, the Ontario Premier and Minister of Municipal Affairs and Housing (Minister) announced the Ministry would be undertaking a Regional Government Review (Office of the Premier, 2018). The stated intent of the Review at the time of this announcement was to ensure the efficient use of taxpayer dollars and accountability to the taxpayers (Office of the Premier, 2018). By the time the work involved with the Review commenced, the purpose of the Review was refined to consist of the improvement of service delivery/accessibility, and to make more efficient use of taxpayer dollars (Ministry of Municipal Affairs and Housing, 2019c).

The Review consisted of a two-person advisory panel conducting public consultation events throughout each of the affected municipalities – mostly at the upper tier level. They were then tasked to provide a professional opinion to the Ministry on whether changes should be implemented at any or all of the municipalities, and what those changes should be, in order to achieve the goals of the Review (Ministry of Municipal Affairs and Housing, 2019a). The advisory panel completed their report and provided it to the Minister at the end of September 2019 (CBC News, 2019). At the end of that October, the Minister announced that the Province would not act on any of the recommendations contained in the report. However, he committed the Province to providing a significant amount of money for use by the municipalities, through the Municipal Modernization Program (MMP), under the premise of creating efficiencies and accountability (Ministry of Municipal Affairs and Housing, 2019b).

The MMP is presently available to be accessed by 405 municipalities within Ontario, with the ability to access funds on an application basis at the discretion of the Province (Ministry of Municipal Affairs and Housing, 2019b). At the time of the October 2019 announcement of the MMP funding source, the Minister provided that “this funding will help small and rural

municipalities improve how they deliver services and reduce the ongoing costs of providing those services” (Ministry of Municipal Affairs and Housing, 2019). Given this statement, it appears that the intent of the MMP is similar in nature to the stated intent of the Review, particularly in the fact that they are both comprised of two components - to aid municipalities in becoming more fiscally responsible with taxpayer dollars, as well as a general goal of improving municipal services.

Being ‘creatures of the Province’, municipalities routinely receive transfer payments from the Provincial Government through the Constitution Act of 1867 (Flynn-Guglietti, M. et al, 2017). While different sets of Provincial legislation set parameters for many of these transfers, the MMP is not governed by such. As such, the Ontario Government routinely directs funds to municipalities through a mechanism known as a conditional grant (Ministry of Public and Business Service Delivery, 2022).

For the purpose of this paper, a conditional grant means the allocation of funds to a municipality from the provincial government for a specific purpose. These funds have conditions associated with them; they must not be used for any purpose other than those initially intended (British Columbia, 2022). Examples of conditional grants exist in a wide variety of forms within the province of Ontario, including infrastructure improvement grants, the Ontario Works program, and public transit initiatives. The MMP is another example of a provincial conditional grant initiative within Ontario for local municipalities to utilize. Conditional grants are used for a variety of purposes in Ontario, as shown in Figure 1 below. While some components are somewhat standard with all conditional grants (ie. If the grant is a lump sum or cost-matching), the difference between them is the rigidity, or lack thereof, of the conditions associated with the allocation of funding. How the rigidity of the conditions differs, and they

relate to the intent of each grant is of great interest, given the penchant for their use by the Government of Ontario.

This paper begins with a comprehensive review of relevant literature pertaining to conditional grants in Ontario, detailing the most common types and the relative severity of the various conditions. A detailed overview of the methodology and research design will then be provided, including an overview of the chosen case study and any limitations experienced. The findings of this research will then be analyzed and reflected in a detailed summary of the findings and possible future considerations.

Research Question

Using a case study of the municipalities subject to the Regional Government Review (Review), is the Municipal Modernization Fund (MMP), a provincial conditional grant, effectively achieving its stated intended purposes?

LITERATURE REVIEW

Introduction

A considerable amount of literature exists with respect to intergovernmental relations in Canada. More specifically, the literature examines and discusses provincial-municipal fiscal relationships, including the mechanism of providing provincial grants to local governments. It appears that the primary topic addressed in the literature in that regard is the effect of provincial transfers on municipal spending decisions. However, none of the literature seems to specifically focus on evaluating how closely the municipalities are carrying out the mandates of the grant

programs on their end. The literature review will first focus on the differences in grant types for context purposes, and then address fiscal implications and empirical research.

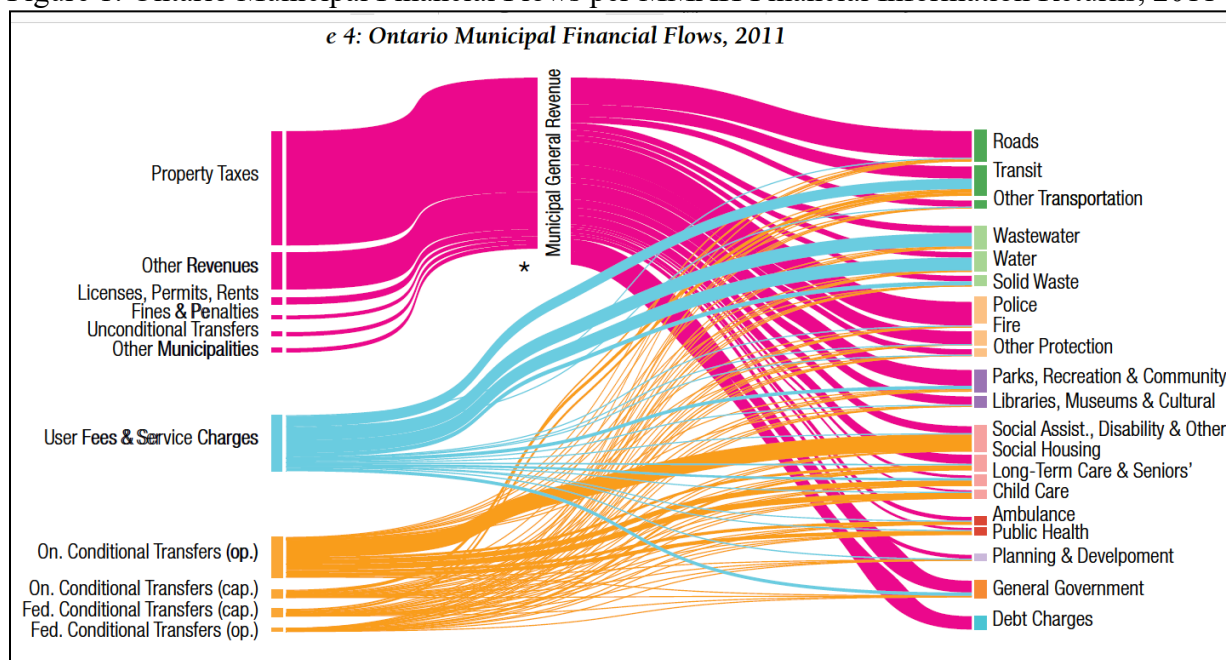
Provincial-Municipal Funding Relations

In Ontario, the relationship between the provincial and local governments has evolved over the years to what exists today. Although Siegel (2004) notes that municipalities have become much more reliant on own-source revenues – grants totalled only 20.8% of municipal budgets in 2003 as compared to almost 40% in 1996 – and therefore have more freedom to decide how they will handle the administration of downloaded responsibilities from the Province, his stance on grant reliance does not appear to be widely-agreed upon. For instance, Cote and Fenn (2014) note that in the mid-2010s, Ontario was at an inflection point where the fiscal relationship between the Province and local governments could have shifted yet again. They claim that in the future, the Province may need to accept a reduced level of control over its local governments, even when it comes to matters of provincial interest. Similar in thought to Siegel, they also recognize that, despite local municipalities taking on downloaded duties of provincial interest at a cost normally borne by the municipality, they still need to recognize their role as an accountable partner in these endeavours to the Provincial government. Rather, Cote and Fenn suggest a more collaborative role between the two levels of government, encouraging cooperation and collaboration as opposed to Siegel's stance of municipalities moving away from Provincial input and seeking greater power over service delivery. Indeed, this general sentiment was expressed even back in 1950, with Crawford stating that "all citizens of the province are entitled to certain basic standards of service... at approximately the same level of financial sacrifice". Given the heterogeneous nature to municipalities across the Province, it seems virtually impossible to achieve this simple yet profound goal without the presence of provincial

transfers, and particularly without the oversight that accompanies conditional provincial transfers.

Provincial grants still comprise a significant portion of a municipality's budget, as Siegel exhibited, and can greatly impact municipal operations and priorities. Cote and Fenn (2014) provide a much more detailed breakdown of provincial contributions to municipal finances (Figure 1) below.

Figure 1: Ontario Municipal Financial Flows per MMAH Financial Information Returns, 2011



(Cote & Fenn, 2014)

As noted, the primary focus for conditional transfers are social services such as social assistance, housing, long-term care, public health and childcare. Given what we know about the drivers for the desire at the provincial level to continue to exert control over services through conditional transfers, it only makes sense that this desire for control mainly revolves around the need to provide equality and equity to the human services side of municipal operations.

Although there appear to be varied views on the importance of conditional grants and the amount of provincial oversight necessary, it is clear that the concept of intergovernmental

transfers will continue to be an integral component of municipal budgeting and service delivery for the foreseeable future.

Unconditional vs Conditional Grants

In Ontario, provincial grant composition is approximately 90 percent conditional and 10 percent unconditional (Bird and Slack, 2021). This lopsided split is generally due to the limited number of unconditional grants available to Ontario municipalities from the Province.

Unconditional grants are typically established for one of two reasons: due to either vertical or horizontal municipal fiscal imbalance, meaning that municipalities have issues generating sufficient own-source revenues to cover their expenses (Slack, 2009). Some examples of existing Ontario unconditional grants include those equalization grants pertaining to Northern Ontario, and assessment equalization for limited property tax base due to lower property values (Bird & Slack, 2021).

Prior to her work with Richard Bird, in her 2009 paper, Enid Slack explored provincial-municipal grants across Canada, when and why they are utilized, as well as the problems that resulted. In addition to unconditional grants explored above, Slack establishes the motivator behind conditional grants, being that they are typically sought in response to externalities or political will (Slack 2009). Pertaining to both unconditional and conditional grants, Slack (2009) identifies three issues that can arise due to the use of provincial-municipal transfers. First, they can hinder the efficiency of service delivery; second, they influence municipal decision-making (conditional grants); and lastly they impact accountability. While these issues are legitimate, they can also be somewhat mitigated through the legislation or cross-jurisdictional agreements established with respect to a grant opportunity through clear and concise parameters and responsibilities between both parties.

Matching vs Lump Sum Conditional Grants

The literature speaks in great length to two different types of conditional grants, being matching or lump sum. Matching grants require the receiving local government to contribute at minimum a certain percentage of funds to the initiative earmarked for the Provincial grant money. Lump sum grants are typically calculated based on the cost to achieve a benchmarked level of service for a component of municipal service delivery that has a provincial interest.

Slack (2009) notes that matching grants generally only work in a couple scenarios: when the Province wants to induce a municipality to direct its own funds to a certain area of service; and when a grant stimulates any response spending or frees up otherwise tied up funds a municipality can then spend on a service elsewhere. Further, Slack suggests that matching grants truly only stimulate spending by the receiving municipality if the municipality has the ability to increase taxes in response, which is not always the case (2009).

Snodden and Wen (1998) focus more on lump-sum grants and the theoretical rigidity of said grants. They are of the opinion that lump sum grants are far less cost-effective for the provincial government to dole out as opposed to matching grants – rightfully so, the provincial government is essentially not cost sharing with the recipient municipality. They contend that municipalities have less urgency to closely follow the stipulations associated with the lump sum grant if the recipient municipality already had funds earmarked for that service; if the funds earmarked were in excess of the grant, the municipality could simply reimburse the province should the province deem the municipality to not be conditionally compliant with the terms of the grant. Only if the grant exceeds what the municipality was going to spend on that service does the municipality have a sincere motivation to adhere to the conditions set out.

As exhibited in the forthcoming section, a real focus in the existing empirical research has been on matching conditional grants and the impacts of municipal spending as a result.

However, given the brief overview by Snodden and Wen, it is somewhat surprising that a greater focus has not been placed on lump sum conditional grants given the seemingly more lackadaisical approach to this type of funding source. The topic of this paper, the Municipal Modernization Fund grant program, exemplifies conditional lump sum provincial grants, and the implications of conditional strength, or perhaps lack thereof, will be explored later in this paper.

Empirical Research

Over the years, a number of modelling exercises have been undertaken by various scholars with respect to the performance of provincial-municipal grants (Slack, 1980; Islam, 1998; Courant et al, 1979). Emerging from the literature comes two streams of empirical research conducted – the municipal fiscal response of intergovernmental grants, and the fiscal illusion of intergovernmental grants. The former refers to the amount of municipal funds spent in relation to provincial (or state) funds received, and the latter refers to perceived savings experienced by voters. While fiscal response does not help explain...

Fiscal Illusion

Fiscal illusion refers to the actual versus perceived implication on tax rates with respect to the provision of services (Islam, 1998). It is suggested that grant money reduces the local tax burden for a service, and therefore reduces a local user's tax rate as external taxpayers are contributing to the funding of a given service (Islam, 1998). It is further assumed that if a municipality is only paying a small portion of taxes to the Province, and the Province is providing grant money for a service, taxpayers will believe they are receiving a service for their community at a discount cost because the residents have only contributed to a fraction of the funds received from the Province. It is said that this will result in voters to demand more

services, and if local politicians are of the same belief, local spending will also rise (Islam, 1996).

Islam (1998) explored the fiscal illusion of municipal governments in Ontario with respect to Provincial grants between 1977-1991. Using a voter maximization approach model, the author found that, in larger regional governments, provincial grants tend to reduce local expenditures; however, in smaller counties in Ontario, provincial grants stimulated municipal spending and provided some tax relief to their residents (Islam, 1998). Islam attributes the differing results to the differences in character and context of each municipality; underlying policy, existing service delivery, and sociodemographic particulars of each municipality could impact the results. Islam notes that this study takes into consideration factors that past researchers have not, particularly the existing provincial-municipal relationship with budgeting and the provision of local services, as well as potential influence of lobbyists.

In reference to Islam noting the gaps in past studies, one can refer to Courant et al. (1979) and their work with respect to the stimulative effects of intergovernmental grants, and the introduction of the ‘flypaper effect’. The authors start by confirming that matching grants, as a result of the flypaper effect, generally stimulate more spending per dollar of grant than do non-matching grants. The flypaper effect is the phenomenon of maintaining a tax level despite receiving external grant funds; maintaining tax rates despite additional funding is easier than having to raise taxes due to an unforeseen need to expend additional funds in other times (Courant et al, 1979). The flypaper effect is a widely accepted concept and directly relates to fiscal illusion as it hinges on residents not entirely understanding the cost of municipal goods and services.

The authors further suggest there is one opinion in the theoretical literature on the impact of intergovernmental grants that has not been widely agreed upon. It is that non-matching grants have similar spending effects in a community as increases to the incomes of a community's residents do. Accordingly, they set out to determine if this theoretical stance is empirically proven. The authors modify the theory in two separate models, one involving the assumption that the average voter is a private sector citizen who is not aware of the true cost of public goods, and another involving some of the average voters understanding the cost of public goods. They find that, from a private-sector perspective, the flypaper effect holds; that non-matching grants generate increased spending in a community compared to spending changes when the income of a community's residents increases, and communities do not see a reduction in spending despite obtaining non-matching grants.

Summary

It is clear that inter-governmental relations as they pertain to grants is a much-researched topic, with a vast collection of research to draw upon spanning much of the 20th century. However, the research conducted over the past few decades mainly revolves around the municipal fiscal response to provincial grants, specifically how provincial grants influence spending at the municipal level, and more contemporary research is limited. While the literature may be informative, it also appears to be inconclusive and not entirely germane to the topic of this paper.

This paper sets out to determine whether the mandate behind a provincial conditional grant is truly achieved by the receiving municipality. This information would be quite beneficial as conditional grants are commonly utilized within Ontario. If the provincial government was only doling out matching conditional grants (ie. for major infrastructure projects) where the

funds are being allocated to one very narrowly scoped initiative with legislated requirements for reporting, perhaps pursuing the topic of this paper would not be necessary. It is clear, however, that an incredibly rigid grant structure such as that is not always applicable. Understanding how municipalities utilize all types of grant money is worth knowing, as conditional grants, whether small or large, are commonplace in the provincial-municipal dynamic.

RESEARCH DESIGN AND METHODOLOGY

Framework

The research strategy utilized in this paper consists of observation by reviewing various publicly available sources such as the MMP grant database on the Ministry of Municipal Affairs and Housing website as well as municipal staff reports, budget materials and meeting minutes in order to determine what municipalities received grants through the first and second intakes of the MMP, and the details of the awarded proposal. The goal of the research is to determine the nature of projects awarded through the MMP, and how closely they would align with the stated goals of both the MMP and the Review.

To date, the MMP program has disseminated funds through four different processes; the first being an initial, unconditional, release of funds occurred in March 2019 to select municipalities (Ministry of Municipal Affairs and Housing, 2019d). Starting in the fall of 2019, municipalities could then apply for funding through the first application intake (first intake) which required municipalities to apply for funding through one of two streams; either the project needed to be a review of service delivery, or the implementation of an initiative that would reduce municipal costs (Ministry of Municipal Affairs and Housing, 2021b). The second intake of applications (second intake) consisted of the same approach as the first intake. A third intake

also occurred in the fall of 2021. The MMP database contains a comprehensive list of municipalities that were granted funds through the initial unconditional dissemination of funds, as well as the first and second intakes. The information on grants awarded through the third intake have not yet been posted to the database.

A total of 405 municipalities across Ontario were eligible to apply for funding through the various application intakes of the Municipal Modernization Fund (MMP) (Ministry of Municipal Affairs and Housing, 2019b). However, out of the 405 municipalities, 55 were also subject to the Regional Government Review (the Review). Accordingly, the proposed case selection consists of the 55 municipalities subject to the Review. Although the sample size is not small, it is feasible to review data pertaining to the entire sample size with respect to the awarding of funding from the MMP. Table 1 below provides an exhaustive list of the municipalities subject to the Review, with the highlighted municipalities being those within the case selection as they also are eligible for the MMP grants.

Table 1: Municipalities Subject to Regional Government Review

Upper Tier	Lower-Tier	
Durham Region	<ul style="list-style-type: none"> • Ajax • Brock • Clarington • Oshawa 	<ul style="list-style-type: none"> • Pickering • Scugog • Uxbridge • Whitby
Halton Region	<ul style="list-style-type: none"> • Burlington • Halton Hills 	<ul style="list-style-type: none"> • Milton • Oakville
Muskoka District	<ul style="list-style-type: none"> • Bracebridge • Gravenhurst • Georgian Bay 	<ul style="list-style-type: none"> • Huntsville • Lake of Bays • Muskoka Lakes
Niagara Region	<ul style="list-style-type: none"> • Fort Erie • Grimsby • Lincoln • Niagara Falls • Niagara-on-the-Lake • Pelham 	<ul style="list-style-type: none"> • Port Colborne • St. Catharines • Thorold • Wainfleet • Welland • West Lincoln
Oxford County	<ul style="list-style-type: none"> • Blandford-Blenheim • East Zorra-Tavistock • Ingersoll • Norwich 	<ul style="list-style-type: none"> • South-West Oxford • Tillsonburg • Woodstock • Zorra
Peel Region	<ul style="list-style-type: none"> • Brampton • Caledon 	<ul style="list-style-type: none"> • Mississauga
Simcoe County	<ul style="list-style-type: none"> • Adjala-Tosorontio • Bradford West Gwillimbury • Clearview • Collingwood • Essa • Innisfil • Midland 	<ul style="list-style-type: none"> • New Tecumseth • Oro-Medonte • Penetanguishene • Ramara • Severn • Springwater • Tay • Tiny
Waterloo Region	<ul style="list-style-type: none"> • Cambridge • Kitchener • North Dumfries • Wilmot 	<ul style="list-style-type: none"> • Waterloo • Wellesley • Woolwich
York Region	<ul style="list-style-type: none"> • Aurora • East Gwillimbury • Georgina • King • Markham 	<ul style="list-style-type: none"> • Newmarket • Richmond Hill • Vaughan • Whitchurch-Stouffville

Municipalities in blue represent those qualified for the Municipal Modernization Program (Ministry of Municipal Affairs and Housing, 2019c, 2021a)

As the original intake consisted of unconditional grants awarded, and the third intake is not yet posted to the Ministry's database, only the information pertaining to the grants awarded through the first two intakes will be collected for this research. The database provides the name of the municipality, the amount awarded through the grant, as well as the nature of the initiative receiving the funding to execute. To compile the information from the subject 55 municipalities, the database chart provided by the Ministry was imported into excel and filtered to only include those that were subject to the Review. The information from the database acted as a solid foundation to search municipal websites for the indicated initiative as well as the budgeted amount. Through the search function on each municipal website, the amount of the grant was searched, as well as the name of the initiative. If that did not result in successful search efforts, a review of the online Council (or Committee) agendas was completed, utilizing a timeframe of September 2021 onwards and reviewing each agenda for an item about the initiative. In all but two instances, detailed information on each initiative was found. Staff reports were valuable in the research process, as the intent of a staff report is to inform Council on a matter; understanding each initiative was imperative, and greatly aided by the descriptions in the reports. In the two aforementioned instances, it was necessary to contact the municipality to receive direction for where the information could be found as not all municipal websites are designed to be entirely self-serve. Using these two methods, the information pertaining to each municipality that received funding was successfully obtained.

Methodology for Coding the Data

A coding system of the data collected about each municipality identified as both being subject to the Review and eligible to apply for funding through the MMP, was created wherein

each of the projects awarded funding would be categorized based on the nature of the initiative that was awarded funding. For reference and as previously stated, the twofold intent of both the Review and the MMP was to improve service delivery or accessibility to services, as well as increasing efficiencies with respect to the usage of taxpayer dollars. A working hypothesis at the commencement of the research was that the projects awarded through the MMP would be quite varied in nature. Also, given the absence of a legislative foundation, as well as its tie to the Review, which was a politically driven undertaking, the defined scope of the MMP would be quite weak. Accordingly, the cumulative impact of the list of projects on the implementation of the stated goals would be somewhat lacklustre.

The information was coded based on the description provided by each municipality for the project. In most instances this information was provided was quite detailed as it was derived from staff reports that served the purpose of informing Councils of the project particulars. In a couple of instances, however, the information was derived mostly from the description provided to the MMP in the application process and, as such, best efforts were made to ensure accuracy in the coding process. Although the more information available the better, utilizing the description from the MMP would also be considered suitable, as the MMP description is what the province based their decision on for funding the projects. Additionally, the ability to code and analyze the projects is limited to the proposal provided to the MMP and not the project outcomes. Although the timeframe stipulated for intake one has passed, intake two provided an end date for projects of September 2022, so the Province would not yet have received reporting from the various municipalities on the success of those projects. Given these limitations, the projects are coded based on the stated intent of each proposal at the time of application.

As previously mentioned, the MMP contained two application streams, review and implementation. Keeping the streams in mind, as well as reviewing the collection of projects, three common themes emerge with respect to the nature of the projects. Accordingly, the three categories the projects have been divided into are: ‘Money-Saving’, ‘Service Expansion’, and ‘Other’. ‘Money-Saving’ is self-explanatory with the projects proposing some sort of efficiency when it comes to the current municipal budget. ‘Service Expansion’ refers to any sort of project that would provide more comprehensive or accessible services to existing constituents. Lastly, ‘Other’ pertains to any project that does not readily fit into the two previous categories. Each category could represent projects within either stream, so a further sub-classification would then occur.

To better explain each category and the conformity to the Review and MMP goals, case studies for each category are provided below.

DATA ANALYSIS AND FINDINGS

Classifying Data

Appendix A contains an extensive empirical data table containing each municipality’s relationship with intakes 1 and 2 of the Review. Each project has been classified on three matters. First, the projects are classified as either ‘Review’ stream or ‘Implementation’ stream. This data was directly available from the Ministry through their MMP project databases. Next, each project was placed into one of three classifications: ‘CS’ represents the cost-savings component of the intent of the Review and MMP; ‘SE’ refers to the service expansion component. In response to the nature of some of the listed projects, a third category of ‘O’, for other, was created to act as a catch-all for any project that did not fit within the other two

categories. Lastly, municipality's project list was reviewed to determine if any of the projects related to one another; specifically, whether a 'Review' project from intake-one translated into an 'Implementation' project in intake-two in order to determine how often recommendations were implemented into tangible cost savings and access to services.

Of the 56 municipalities that were part of the Review and were able to apply for MMP funding, 44 of them successfully received grants from the MMP through the first and second intakes, for a total of 92 individual projects. The 12 municipalities that were not awarded grants themselves, however, were included in at least one proposal for a joint review with a municipality that did receive funding. For the purpose of the data analysis, these joint initiatives were counted only for the municipality that received the funds. The breakdown of 'review' and 'implementation' grants is 57 and 35, respectively.

As part of the data classification, the projects listed under each municipality (as applicable) were reviewed for two separate values. First, the projects were classified under 'Money-Saving', 'Service Expansion' or 'Other' with respect to their objective in relation to the mandate of the Review and MMP. Secondly, the projects under each municipality were looked at with respect to whether an intake one review project translated to an intake two implementation project. While there are some limitations that arise from that action, a discussion on the topic is worthwhile, which is provided below.

Case Studies

As discussed above, the three categories used to classify the list of projects in Appendix A of this paper are directly taken from the stated intent of both the Review and the MMP, which was to save money and provide better services. These stated objectives have directly translated to the two categories 'Money-Saving' and 'Service Expansion', which were defined above. In

reviewing the list of projects and their details through staff reports available on the municipal websites, it was evident that not every project fits into one of the two categories. Accordingly, ‘Other’ has been provided as a catch-all for those that do not fit elsewhere. In review of the projects, it also became apparent that some projects could fit into either the ‘Money-Saving’ or ‘Service Expansion’ category. In these cases, the projects were placed in the category that was more aligned with the stated goals of the project. The following are three case studies, one for each category. For ‘Money-Saving’, the District of Muskoka’s Human Services Programs Review is highlighted. With respect to ‘Service Expansion’, the Town of Tillsonburg’s Citizen Portal project is detailed. Lastly, with respect to ‘Other’, the Township of North Dumfries’ Indoor Arena Ice Usage and Needs Analysis/Business Case Assessment is reviewed.

Money-Saving - District of Muskoka ‘Human Services Programs Review’

An example of a ‘Review’ stream ‘Money-Saving’ project is the District of Muskoka (the District) Human Services Programs Review which was awarded funding through intake two. The District, for the most part, is a rural upper tier municipality in Central Ontario that is charged with providing the social services for the area’s residents. The purpose of the Human Services Programs Review was to determine how the various human services provided by the District can become more integrated in order to reduce operating costs and departmental duplication (District of Muskoka, 2022a). For instance, an individual needing Ontario Works support as well as housing aid would need to go through two separate processes that do not speak to one another. While one component of this project was to improve service delivery, a major component of the project is to reorganize the human services operational divisions to reduce expenditures and duplication (District of Muskoka, 2022a).

‘Review’ stream grants are lump sum conditional grants, and it is required that a third party be retained to undertake the study for which funding is awarded (Municipal Programs, 2021). Accordingly, the District retained a consultant to undertake the study. The study was broken into four phases: the planning phase where the timeline and deliverables of the project were confirmed; the due diligence phase wherein the consultant identified the key issues and needs of the District’s human services; the design phase where options would be presented; and the implementation phase (KPMG, 2022). The consultant ultimately provided multiple key recommendations for the District to pursue in a future implementation phase. The first was to provide a consolidated consent form process for new clients and roll out the same software to all affected departments, the second was to rethink where the satellite offices were located across the District in order to provide better ease of access for those requiring in-person service (KPMG, 2022). The last recommendation was to undertake a reorganization of the departments in order to ensure efficiencies and cost-savings are achieved (KPMG, 2022). At present, the District is pursuing the implementation phase of the initiative.

Service Expansion – Town of Tillsonburg ‘Citizen Portal’

As part of intake two, the Town of Tillsonburg (the Town) received ‘Implementation’ stream funding for their Citizen Portal project, which has been categorized as a ‘Service Expansion’ initiative. The Citizen Portal is described as a one-stop portal where residents can access any relevant information they need in one place (Pickersgill, 2021). Specifically, citizens could register for recreational programs, pay their taxes, receive news and emergency notices, find out their garbage collection day and when roads are closed or under construction

(Pickersgill, 2021). The Town described the initiative as making services available to residents that would reduce the need to call into, or attend, the Town's offices.

Unlike the 'Review' stream, the 'Implementation' stream is a matching conditional grant, wherein depending on the municipality's size, the municipal share in funding a project would range from 25% to 35% (Municipal Programs, 2021) . Based on the Town having more than 5,000 households, the Provincial funding share is 65% and the municipal share is the remaining 35%. This shows a greater commitment to seeing the project through to completion due to the stake the municipality has in the outcome.

Other – Township of North Dumfries 'Indoor Arena Ice Usage and Needs Analysis / Business Case Assessment'

Through intake one, the Township of North Dumfries (the Township) received funding for an "Indoor Area Ice Usage and Needs Analysis/Business Case Assessment" which was classified under the "Review" category of MMP grant streams. The Township is a sparsely populated lower tier municipality within Waterloo Region in Southwestern Ontario, and currently has two separate indoor arenas for its residents to utilize. The purpose of the Needs Analysis and Business Case Assessment was to determine whether it would be more feasible to significantly renovate the one older arena or decommission that arena and add a second ice pad to the newer one. While one could potentially argue that one of the other classifications may apply to this initiative, it was classified as 'Other' as it would not expand service levels, nor theoretically save the Township money.

As the project fell within the 'Review' stream, the Township retained a multi-firm consortium through the procurement process to undertake the study. The study was separated

into two phases: phase one consisted of looking at current and projected usage demands and to formulate two options to run a financial analysis on, and phase two calculated the long-term financials of each option to determine the overall costs of each (JF Group et al, 2020).

Ultimately it was determined that decommissioning the old indoor rink and constructing a second ice pad addition to the existing newer rink was the most feasible option in the long-term to service the existing and future needs of the community, and the most cost-effective option of the two (JF Group et al, 2020). At the time, staff determined that a budget briefing paper on the long-term financing of the endeavour would be provided to assist in the 2021 budget deliberations. The benefit to intake-one MMP funding is that a sufficient amount of time has passed to review the progress on the various initiatives. As part of the 2021 budget deliberations, the Township held a Special (Budget) Council Meeting on January 28, 2021, where it was carried by Council to remove the design of the twin pad project from the 2021 capital budget and reallocate it to the 2022 budget preparation as part of that budget's 10 year forecast of capital works (Township of North Dumfries, 2021b). Fast forwarding to the 2022 budget deliberations, the 10-year capital planning for the arena addition has now been included after the one-year delay from the 2021 budget. Details pertaining to the design phase as discussed in 2021 were not provided (Township of North Dumfries, 2021a).

The MMP guidelines, reproduced in Appendix B (of this paper), state that the 'Review' stream projects must be undertaken 'for the purpose of finding savings and efficiencies'. For clarity, the guidelines go on to say that the nature of the initiative would pertain to service delivery or administrative expenditures and provides examples such as line-by-line budget review, service delivery or modernization opportunities, or administrative processes. The guidelines further prioritize projects such as digital modernization, service integration,

streamlining development approvals or shared service delivery models. The arena project does not appear to fit into any of the noted categories under the ‘Review’ stream, however the intent of the review did not change after the Province granted the initiative funding. The reporting requirements are also quite loose as well, being that the municipality just had to prove the funds were spent, and that the study was completed and published publicly.

Case Study Summary of Observations

Classifications

Looking at the three case studies, it is apparent that the classifications assigned to each match them well. Particularly with the arena case, it is important to note the seeming disconnect between the parameters of the MMP and the Township’s initiative, and the resulting need for the ‘Other’ category, which can be said for all nine projects classified as such.

While there are only a few initiatives classified as ‘Other’ in Appendix A, they still comprise a set of projects that were awarded grants which never truly aligned with the Provincial priorities. This contributes to the working hypothesis that the conditional strength of the MMP is quite weak. A further discussion on this is provided below.

Comparing the Review and Implementation Streams

Along with determining the projects’ alignment with the stated goals of the Review and MMP, it is also worthwhile looking at the differing implications of the two streams. There appears to be one major difference between the two streams, and that is the realized outcomes of the initiatives. While the ‘Review’ stream projects can provide clarity and direction to municipalities on a variety of subjects that were determined to be worthy of reviewing, it does

not appear that in many cases the recommendations of the reviews translated into implemented changes. Recommendations by a third party do not directly translate into cost efficiencies or service expansion; the municipalities would need to take this information and implement it.

Along these same lines, it is also worth noting that the execution of recommendations from a third-party review can be easily derailed should a Council deem the investment unfeasible at any given time. This was exhibited in the North Dumfries example wherein the capital planning recommended to commence for the arena project was delayed due to the Town's Council determining that it was not necessary to include it in the budget the first year. Receiving expert recommendations but the implementation of them being subject to political will as in this example defeats the purpose of the review itself. Given the number of 'Review' projects, this is important as the point of the grants is to see change occur. While the municipalities must report to the Province on how much anticipated cost-savings may occur should the recommendations of each review be implemented, the review itself does not result in achieving better service delivery or cost-savings.

Along these same lines, another aspect worth investigating is whether any 'Review' projects from the first intake resulted in 'Implementation' projects in the second intake. We already know that the MMP resulted in a disproportionately lower share of 'Implementation' projects compared to 'Review' projects. It has also been established that the true financial and organizational impacts of a review are questionable; it is when an initiative is implemented that any meaningful change actually occurs. With respect to first-intake reviews translating to second-intake implementation, it was found that of the 44 municipalities that were allocated grant money, only 23 had projects in both intakes. Of those municipalities, six had 'Review' projects in intake one that directly resulted in second intake 'Implementation' projects based on

the previous ‘Review’. While municipalities could choose to act on the recommendations presented through a review project outside of a further MMP grant process, the lack of uptake on further funding to do so is surprising. One would assume a review project was pursued because it is something the municipality is seeking anyway; applying for the grant was not compulsory, after all. Seeking funds through a subsequent MMP intake only makes sense as municipal budgets would only be marginally affected rather than carrying the entire cost. The fact that the dual-intake, review-implementation piggyback did not occur more often is surprising and could warrant further examination through a further study.

Reporting

Reporting requirements for the two different project streams vary. The reporting requirement for the ‘Review’ stream consists of the third-party report being published on the municipality’s website by a certain date and that a project status report containing the relevant consultant invoices, the potential cost-savings if the initiative and a short summary of the project and its findings, all submitted to the Province (Municipal Programs, 2021). The ‘Implementation’ stream appears to be more rigorous, and results driven. The reporting requirements are also a greater commitment from the municipality. Each municipality that completes an ‘Implementation’ project must report to the Province on actual savings over the course of the first year of implementation, and a full forecast of annual savings and other efficiencies realized from the initiative for the following two years (Municipal Programs, 2021).

Municipal Fiscal Response

With one of the cornerstones of the MMP being a more efficient use of taxpayer funds, it is wise to also look at whether the overall municipal budgets for the subject municipalities are positively affected. If one of the purposes of the MMP is to reduce the burden on the taxpayers, the ‘flypaper effect’ should not exist. To recap, the ‘flypaper effect’ occurs when a municipality maintains a tax level despite receiving external grant funds, rather than reducing the tax rate accordingly (Islam, 1998). Ultimately, the goal of the province would be that the ‘flypaper effect’ does not occur if the intent is that municipalities operate more cost-effectively. A brief look at the tax rates of the case study municipalities between 2019 and 2022 should therefore see some extent of a reduction in the tax supported budget. Although this data is being reviewed without any thorough consideration of other externalities that can affect a municipal budget, all of the municipalities have either maintained or increased the tax supported rate increases for the annual budgets. Given that the nature of the projects affiliated with the MMP are more along the lines of an added bonus-type of initiative to the municipality rather than financial relieve for the necessary function of it, receiving the grant funds does not appear to alleviate the tax burden on the residents like relief from the core functions of the municipality would be, and therefore it appears that the ‘flypaper effect’ is occurring.

Table 2: Comparing Case Study Tax Rate Increases

	District of Muskoka	Town of Tillsonburg	Township of North Dumfries
2019	1.54%	2.33%	2.40%
2020	1.90%	1.86%	3.00%
2021	2.05%	0.83%	0.00%
2022	2.27%	1.99%	3.60%

(District of Muskoka, 2022b), (Town of Tillsonburg, 2022), (Township of North Dumfries, 2022)

CONCLUSIONS

Conditional grants have been utilized in Ontario for decades, and there is no indication that the use of this funding mechanism will wane. The Review and MMP were politically driven initiatives with no legislated backing, which is unlike most other conditional grant programs in the province. While other conditional grant programs have been quite effective at implementing provincial interests through municipal programs, the MMP has fallen somewhat flat. It has been shown that the ‘Review’ stream of the MMP does not directly translate into improvements to municipal services or their budgets, while the ‘Implementation’ stream can have a direct impact. Given the disproportionate use of the MMP for ‘Review’ stream projects, it appears that the stated intent of the program is not being carried out to its fullest extent possible, as the execution piece is usually missed.

While the intended outcome of the grant program was quite explicit, perhaps the loose adherence to it as seen in the program outcomes is a trend that may grow, given the overall desire of municipalities to gain some autonomy from the Province. As Cote and Fenn (2014) point out, the Province may need to accept a reduced level of control over its local governments even, when it comes to matters of provincial interest. Perhaps this is the first step in that direction. If that is the intent, however, the expectations of these initiatives should be more appropriately expressed.

An area of further research would be to confirm, in several years time, whether municipalities that chose to pursue projects through the MMP ended up implementing the initiatives that were reviewed, and whether they did experience positive trends in program access and usage, and budgetary improvements. While the MMP may not result in an overwhelming benefit to municipalities, the concept of the grant program could be refined to have better results.

Should future provincial administrations pursue a similar concept, the shortcomings of this program could easily be addressed. It will be interesting to see if there are any long-term impacts from this grant program, and whether initiatives such as this become more commonplace in future administrations – this administration has certainly opened the door to do so. Follow-up research in a few years’ time examining the true impacts of this initiative would be quite informative.

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APPENDICES

Appendix A – Municipalities Subject to Regional Government Review and Municipal Modernization Program

MUNICIPALITY	PROJECT(S)	STREAM	INTAKE	CATEGORY	REVIEW LED TO IMPLEMENTATION (Y/N/NA)
Adjala-Tosorontio	Service Delivery Review and Development of Modernization Opportunities	REVIEW	1	SE	N/A
Aurora	Procurement Modernization Review	REVIEW	2	O	N
	Municipal Service Delivery Review	REVIEW	2	SE	N
	Development Planning Application Process Review	REVIEW	1	SE	N
Blandford-Blenheim	None				N/A
Bracebridge	Electronic Building and Planning Applications Review	REVIEW	2	SE	N
	Line-by-line Review of the Bracebridge Municipal Budget	REVIEW	1	CS	N
Bradford West Gwillimbury	None				N/A
Brock	Digital Modernization Implementation	IMPLEMENTATION	2	SE	N
	Corporate IT Strategic Plan	REVIEW	2	SE	N
	Township of Brock Organizational Review	REVIEW	1	CS	N
Caledon	Financial and Human Resources Software Systems Modernization	IMPLEMENTATION	2	CS	N/A
	Planning and Development Services Folders Enhancement	IMPLEMENTATION	2	O	N/A
Clearview	None				N/A
Collingwood	Managing Transformation: A Services Modernization Action Plan	REVIEW	1	SE	N/A
East Gwillimbury	Customer Relationship Management Solution Implementation	IMPLEMENTATION	2	SE	Y
	Municipal Service Delivery Review	REVIEW	1	SE	Y
East Zorra-Tavistock	Software and Technology Modernization	IMPLEMENTATION	2	SE	N/A
Essa	Information Technology Modernization and Service Digitization	IMPLEMENTATION	2	SE	N/A
Fort Erie	Permits, Planning, and Business Processes Integration	IMPLEMENTATION	2	SE	N
	Municipal Financial Systems Review	REVIEW	2	CS	N
	Corporate Business Continuity and Business Disaster Recovery Strategy	REVIEW	2	O	N
	Fort Erie Service Delivery Review	REVIEW	1	SE	N
Georgian Bay	Modernization and Digital Systems Transformation	IMPLEMENTATION	2	SE	N
	Electronic Service Delivery (ESD) Plan	REVIEW	1	SE	N
Georgina	Business and Service Process Modernization	IMPLEMENTATION	2	SE	N
	Customer Service Process Improvements	REVIEW	1	SE	N
Gravenhurst	Building Permit Applications E-Solution Modernization	IMPLEMENTATION	2	SE	N/A
Grimsby	Streamlining Development Approvals	IMPLEMENTATION	2	SE	N
	Transportation Engineering Modernization	IMPLEMENTATION	2	SE	N

	Fire Truck Digital Modernization	IMPLEMENTATION	2	SE	N
	Fire Services Review	REVIEW	1	CS	N
Halton Hills	Accessible Transit Scheduling Service Expansion	IMPLEMENTATION	2	SE	N/A
	Property Tax Citizen Portal	IMPLEMENTATION	2	SE	N/A
Huntsville	Joint Fire Protection Services Review (With Township of Lake of Bays)	REVIEW	2	CS	N/A
Ingersoll	Oxford County and Lower Tiers Joint Road Operations and Maintenance Service Delivery Review	REVIEW	2	CS	N/A
Innisfil	Internal Services Modernization	IMPLEMENTATION	2	SE	N/A
King	Digital Modernization	IMPLEMENTATION	2	SE	Y
	Digital Modernization Project	REVIEW	1	SE	Y
Lake of Bays	None				N/A
Lincoln	Lincoln Service Delivery Review	REVIEW	1	SE	N/A
Midland	Asset Management Modernization	IMPLEMENTATION	2	CS	N
	Review of Customer Service Delivery to Seek Reduced Costs Through Modernization Opportunities	REVIEW	1	CS	N
Muskoka District	Human Services Programs Review	REVIEW	2	SE	N/A
Muskoka Lakes	Information Technology Master Plan	REVIEW	2	SE	N/A
New Tecumseth	Permits, Licensing and Land Solution	IMPLEMENTATION	2	SE	Y
	Application Tracking for Building, Planning, Engineering and ByLaw	REVIEW	1	SE	Y
Niagara-on-the-Lake	Fleet Service Review	REVIEW	2	CS	N
	Service Delivery Review	REVIEW	1	SE	N
North Dumfries	Indoor Arena Ice Usage and Needs Analysis / Business Case Assessment	REVIEW	1	O	N/A
Norwich	None				N/A
Oro-Medonte	Electronic Records Management Program Review	REVIEW	2	O	N
	Planning and Development Approvals Process	REVIEW	1	CS	N
Oxford County	Oxford, Elgin and Perth Counties Joint Municipal Paramedic Service Deployment Review County	REVIEW	2	CS	N/A
	Oxford County and Lower Tiers Joint Road Operations and Maintenance Service Delivery Review	REVIEW	2	CS	N/A
	Oxford County, Town of Tillsonburg and City of Woodstock Joint Water and Wastewater Service Delivery Review	REVIEW	2	CS	N/A
	Oxford County, Town of Ingersoll and Town of Tillsonburg Joint Feasibility Review of Accounts Payable Digitization Process	REVIEW	2	CS	N/A
Pelham	Digitizing Human Resources Performance Management System Review	REVIEW	2	O	N

	Town of Pelham and Town of Lincoln Joint Public Library Merger Review	REVIEW	2	CS	N
	Corporate Services Function Review	REVIEW	2	CS	N
	Web-Based Services Review	REVIEW	2	SE	N
	Shared Services Review of Four Municipalities (Port Colborne, Wainfleet, West Lincoln, Pelham)	REVIEW	1	CS	N
	Shared Services Review of Review of IT Services in Pelham and Wainfleet	REVIEW	1	CS	N
	Town of Pelham: Operational Review of Public Works Department	REVIEW	1	CS	N
Penetanguishene	North Simcoe Municipal Services Review - Phase I (Midland, Tay, Tiny, Penetanguishene)	REVIEW	1	CS	N/A
Port Colborne	Information Technology Modernization	IMPLEMENTATION	2	SE	Y
	Service Delivery Review	REVIEW	1	CS	Y
Ramara	Remote Meter Reading System and Citizen Portal Implementation	IMPLEMENTATION	2	SE	N
	Service Delivery Review with Focus on Information Management and Infrastructure Services	REVIEW	1	SE	N
Scugog	IT and Telecommunications Audit	REVIEW	2	SE	N
	Workflow and Service Delivery Modernization	REVIEW	2	SE	N
	Road Maintenance Modernization Review Implementation	IMPLEMENTATION	2	CS	Y
	Road Maintenance Modernization Review	REVIEW	1	CS	Y
Severn	Website Review and Update	IMPLEMENTATION	1	SE	N/A
Simcoe County	Water and Wastewater Service Delivery Review	REVIEW	2	CS	N/A
	Simcoe County Fire Services Review	REVIEW	2	CS	N/A
South-West Oxford	None				N/A
Springwater	Efficiency and Service Delivery Audit	REVIEW	2	SE	N
	Human Capital Management System Integration	IMPLEMENTATION	2	CS	N
	Asset, Customer and Property Information System	IMPLEMENTATION	2	SE	N
	Municipal Service Delivery Review of All Township Services	REVIEW	1	SE	N
Tay	None				N/A
Thorold	Modernization and Digitization of Cemetery Services Review	REVIEW	2	SE	N/A
Tillsonburg	Combined Municipal Space and Operations Studies for IT and Solid Waste	REVIEW	2	CS	N
	Urban Forestry Modernization	IMPLEMENTATION	2	O	N
	Citizen Portal Implementation	IMPLEMENTATION	2	SE	N
	Oxford County and Lower Tiers Joint Road Operations and Maintenance Service Delivery Review	REVIEW	2	CS	N
	Tillsonburg Service Delivery Review	REVIEW	1	SE	N
Tiny	None				N/A
Uxbridge	Uxbridge and Brock Joint Modernization and Automation of Business Practices	IMPLEMENTATION	2	SE	N

(Ministry of Municipal Affairs and Housing, 2019c, 2020, 2021a)

January 2021



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.

Number of households in the municipality (2020 MPAC data)	Maximum provincial share of project costs	Minimum municipal share of project costs
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"> • Submit your Expression of Interest and any supporting documentation to Transfer Payment Ontario (TPON) at www.ontario.ca/getfunding
May 2021	<ul style="list-style-type: none"> • Learn whether your application is approved. If it is approved, enter into a transfer payment agreement for project funding, and receive an initial payment once the agreement is executed.
August 2021	<ul style="list-style-type: none"> • Review Stream: Submit an interim project status report
Quarterly starting October 2021	<ul style="list-style-type: none"> • Implementation Stream: Submit quarterly project status and expenditure reports
November 2021	<ul style="list-style-type: none"> • Review Stream: Post the third-party reviewer's final report online and submit your final project status report. 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.
By Fall 2022	<ul style="list-style-type: none"> • Implementation Stream: All implementation stream projects are completed. Submit final reports including copies of invoices.

January 2021



FOR MORE INFORMATION

Please direct program questions to your [Municipal Services Office Municipal Advisor](#) or 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

(Municipal Programs, 2021)