
DATE: August 1, 2013

REPORT TITLE: **PROGRAM CHANGES TO PUBLIC WORKS COMMUNITY PROGRAM FUNDING**

FROM: Dan Labrecque, Commissioner of Public Works

RECOMMENDATION

That an open and transparent competitive procurement process for waste education programming currently delivered through the Public Works Community Program Funding grant program, be endorsed.

REPORT HIGHLIGHTS

- The Public Works Community Program Funding (PWCPF) grant program was established in 1998 and has consistently funded the same three organizations since that time.
- The PWCPF grant program underwent an Internal Audit in 2011 and effective management of the program was confirmed with areas of improvement identified.
- Based on the key findings of the Audit which focused on measuring the work plans against the program goals an increased focus on the program will be put in place essentially moving the program from a grant-based funding program to a multi-year service-based procurement.
- The second key finding focused on the need to ensure that if other community agencies exist and have an interest in the program that an opportunity to evaluate them is provided and therefore it is the intention of staff to develop a procurement plan which may include a Request for Expression of Interest (REOI), Request for Pre-Qualification, and/or a Request for Proposal (RFP).
- Existing community groups providing waste education programming through the current PWCPF grant program will be invited to participate in the procurement process.

DISCUSSION

1. Background

This report summarizes the risks identified by the Region of Peel during a 2011 Internal Audit of the current Public Works Community Program Funding (PWCPF) grant program and seeks endorsement by Regional Council of the recommended direction for future waste education program delivery to mitigate the identified risks to the Region.

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The Public Works Community Program Funding (PWCPF) grant program was established in 1998 and is currently administered by the Operations Support Division and funded through the Waste Management Division.

The PWCPF provides funding to three community organizations per funding cycle to increase community knowledge and understanding of waste management programs and messaging and to promote the Region of Peel's role in waste management. Each agency is community based with one in each municipality (EcoSource - Mississauga, Brampton Clean City and ecoCaledon) and represents the unique nature of the community.

In addition to the work undertaken for the Region, each organization also works with other members of the community to deliver programs in their respective municipalities. We value the relationship with the agencies and appreciate and recognize the contributions to Peel's programs.

Internal Audit Review

As is normal practice an audit of the program was undertaken by the Internal Audit division in 2011. The results of the Internal Audit were presented in a Council Report titled "Public Works Community Programs Funding Audit" which was presented to Audit Committee and received on February 2, 2012. The report included the Detailed Observation and Management Action Plan (attached as Appendix I) of the Audit and indicated that the majority of the work associated with mitigating identified risks would be completed before the end of the current funding cycle on December 31, 2014.

While other risks were identified and have been addressed, two key findings as highlighted below require a proposed change in program delivery. Specifically the audit identified the following key issues:

- **Strategic Alignment:** The objectives of the PWCPF grant program are not being used to monitor and measure the success of waste education programs and as such it is not possible for the Region to ensure that services and programs offered by the organization are aligned with the Region of Peel Strategic Plan and the Long Term Waste Resource Management Strategy (LTWRMS).
- **Funding Applications:** Limiting funding to only the same three organizations annually without an opportunity for other community groups to apply may not appear to be fair, transparent, or accountable in the eyes of the public, negatively impacting the Region's reputational risk.

2. Future Direction

After reviewing the two key audit observations (Strategic Alignment and Opportunities for other groups) staff consulted with other Regional Divisions including Legislative Services, Internal Audit, Purchasing, Human Services, and Waste Management to develop a recommended approach. The proposed direction is that the Community Program Funding program essentially move from a grant-based funding program to a multi-year service-based procurement process and that a competitive process for services be undertaken to determine other market opportunities.

Public Works is in the developmental stages of strategic divisional direction. Each division has or is currently working on the completion of plans and strategies to guide business and service delivery. Moving to a procurement process will allow time to develop an

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understanding of how best to deliver education programs for Public Works service programs in the future.

The interim solution for future waste education program delivery through a competitive procurement process would begin following the end of the current 2012-2014 funding cycle, or in January 2015. This recommendation satisfies the outstanding Action Items associated with Strategic Alignment and Funding Application items under the current PWCPF grant program as shown in Appendix I and also allows the Region flexibility to assess future education program delivery for Public Works. Moving to a procurement process allows Peel to establish service delivery specifications that align with our strategic direction and is a fair and transparent process. Purchasing By-law 63-2008 is an established and recognized transparent process for obtaining goods and services for the Region of Peel.

A procurement plan which may include Request for Expressions of Interest (REOI), Request for Pre-Qualification, and/or a Request for Proposal (RFP) will be developed and a contract awarded in 2014 in order for program development by a vendor or vendors in 2014 in preparation of implementation in January 2015.

Specifications and key performance indicators for waste education programming will be developed in addition to expectations or milestones for Peel's waste education programs which will be included in the procurement process. The waste education programs will also align with Term of Council Priorities and the Region of Peel's Strategic Plan. The RFP process will also allow for changes in waste collection services through the updated LTWRMS and the Waste Education Framework which are currently in development. It is anticipated that under a procurement process the contract for vendor(s) would be for a one-year contract with three optional one-year extensions as Peel works toward the updated LTWRMS and Waste Education Framework implementation plans.

The updated LTWRMS and Waste Education Framework will assist the Region in understanding how to deliver waste education programs to meet strategic goals. It is anticipated that changes to waste education programming related to the development and implementation of the LTWRMS and Waste Education Framework could be required as early as 2016.

Existing community groups providing waste education programming through the current PWCPF grant program would be invited to participate through the procurement process. The Region expects that there will be interest from both community-based and private sector agencies and will retain the right to award to a single vendor or multiple vendors depending on evaluation of the submissions received.

3. Future Options for Service Delivery

During the first contract term, staff will monitor and evaluate the feasibility of procurement for service-based delivery of the waste education programs as well as assess the broader scope of education program delivery for Public Works. A proper and thorough analysis will consider the options of continuing with procurement process for waste education service delivery and an in-house option for service delivery.

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FINANCIAL IMPLICATIONS

It is expected that the cost associated with procured service delivery would be similar to that administered through the current community grant program. The development of the following budget estimate is based on experience gained through the Public Works Community Program Funding (PWCPF) and requested funding for 2014 as shown in Appendix II.

To adequately prepare for the first contract term, an estimated budget of \$580,957 per year is recommended, with a 2 per cent annual inflation adjustment in the optional extension years or a total cost of \$2,394,478 over the four years. The annual expected cost associated with program delivery would be as follows:

- \$580,957 in 2014
- \$592,576 in 2015
- \$604,428 in 2016
- \$616,517 in 2017

Funding for 2014 is available to be financed through Cost Centre WA00007 pending approval of the 2014 budget. Funding for subsequent years is to be financed through Cost Centre WA00007 with the respective annual operating budgets, subject to council approval.

The budget estimate is based on experience gained through the Public Works Community Program Funding (PWCPF) and anticipated requested funding for 2014.

CONCLUSION

The recommendations for Regional Council consideration as described in this report will mitigate risks identified in the 2011 Internal Audit, align with the Region of Peel's Strategic Plan and allow flexibility to adjust to the updated Long Term Waste Resource Management Strategy (LTWRMS) and Waste Education Framework implementation which are currently in development.

The Region recognizes and is appreciative of the commitment of the existing agencies to Peel's Waste Management programs and services under the Public Works Community Program Funding since 1998.

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Commissioner of Public Works

Approved for Submission:

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APPENDIX I

Detailed Observation and Management Action Plan

1. Strategic Alignment

Observation

Two high level objectives for the Community Programs Funding (CPF) program are included in every Council report when the multi-year funding agreement is renewed. These objectives are not being used to monitor and measure the success of the CPF program or guide the activities and services offered by the organizations receiving funding under the program. There are opportunities to refine the objectives and develop program objectives that are strongly aligned to both the Region of Peel *Strategic Plan* and the *Long Term Waste Resource Management Strategy* (LTWRMS). Program objectives should be specific, measurable and, given the recent adoption of the Region's *Service Commitment*, the program's objectives should be written in such a way that ensures the program is aligned with the *Service Commitment*.

Without strategically aligned, specific and measurable objectives, it is not possible for the Region to ensure that the services and programs offered by the organizations receiving funding under the CPF program (organizations) are best aligned to the strategic priorities of the Waste Management division and the Region of Peel. Additionally, without measurable objectives, it is difficult to assess if the activities of the organizations are having an impact and achieving the program objectives. This creates a risk that Regional funds are being spent on activities that do not support the Strategic Plan or the LTWRMS.

Such strategically aligned program objectives should be communicated and well understood by all stakeholders, including Regional staff, funding applicants and Regional Council. A communication plan to roll out the program objectives to stakeholders will help to mitigate the risk that activities and services funded are aligned with Regional goals.

Management Action Plan

The Directors of Operations Support and Waste Management will work to refine and develop program objectives to align with the Strategic Plan and the Long Term Waste Resource Management Strategy. Once developed these objectives will be communicated to the community groups through a consultation process and will be used to evaluate the effectiveness of the CPF program.

Responsibility: Director of Operations Support and Director of Waste Management

Target Completion Date: January 31, 2013

Status: Ongoing

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2. Program Governance

Observation

There is a need to update the current corporate policy (F30-05-02) that supports the CPF program. The current policy, last updated and approved by Council in 2006, contains clauses that outline the eligibility criteria for applicants receiving funding under the program. The eligibility criteria include requirements that are conflicting and others that are difficult to evaluate compliance with. The eligibility criteria include requirements that are conflicting and others that would appear to be difficult to evaluate compliance. Given the current eligibility criteria, it was not possible to determine if organizations were eligible to receive funding under current policy criteria. There is a risk that the decision to fund the current organizations may appear to not be fair, transparent or accountable when it is not possible to determine if the organizations meet the eligibility requirements.

Management Action Plan

The Directors of Operations Support and Waste Management will review and refine the current corporate policy (F30-05-02) as necessary to ensure the eligibility criteria are clear, can be met and can be evaluated in order to ensure risks to the Region are mitigated.

Responsibility: Director of Operations Support and Director of Waste Management

Target Completion Date: January 31, 2013

Status: Complete

3. Program Administration

Observation

Presently, there is a condition for funding that requires applicants to provide financial information as part of their application package and for the applicant organizations to have an established and documented financial management system in place. In addition, the current CPF procedure manual has a requirement for the Regional staff to complete an assessment of the cost effectiveness of the programs and services being offered by the organizations. There is no one involved in the administration of the CPF program with strong financial expertise. Having this expertise to review and assess financial information and cost effectiveness of the organizations would help to ensure that expectations surrounding financial position and cost effectiveness of the organizations are met. This would work towards reducing the risk that the Region is funding organizations that do not meet the eligibility criteria and expectations of the Region.

Management Action Plan

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The Directors of Operations Support and Waste Management will seek support from the Public Works Financial Support Unit to review, assess and provide comments on the community groups' quarterly and annual financial statements.

Responsibility: Director of Operations Support and Director of Waste Management

Target Completion Date: January 31, 2012

Status: Complete

4. Program Administration

Observation

For the 2009-2011 funding cycle, the funding agreements were not initiated until the second year of the cycle and, to date, remain unsigned and not executed by the Region of Peel. The funding agreements, legal contracts between the Region of Peel and each of the three organizations receiving funding, outlines the conditions, expectations and obligations of both parties (the Region and the organization receiving funding) during the term of the funding cycle. This agreement ensures that both parties are legally protected during the funding cycle. Ensuring a complete, signed and executed funding agreement has been established with each organization receiving funding at the beginning of a funding cycle will help to mitigate the legal and financial risks that could arise if there was a dispute with one of the organizations.

Management Action Plan

The Directors of Operations Support and Waste Management will execute the funding agreements between the Region and community groups for the 2009 and 2011 funding cycle in coordination with the funding agreements for the 2012-2014 funding cycle.

Responsibility: Director of Operations Support and Director of Waste Management

Target Completion Date: February 29, 2012

Status: Complete

5. Program Administration

Observation

The minutes for the quarterly meetings held between Operations Support, Waste Management and the three organizations currently record the quarterly update from each funding organization and any reports or information brought forward from either Operations Support or Waste Management. The minutes do not reflect any action items discussed at the meetings and the responses from the organizations to those

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action items. Including such action items and responses in the recorded minutes will contribute to establishing a sense of accountability on the part of all groups to ensuring the action items are addressed and reducing the risk that areas of key importance to the Region are not being overlooked by the organizations as they deliver their activities and services.

Management Action Plan

The Directors of Operations Support and Waste Management will note action items and agreed to completion dates resulting from quarterly meetings in future minutes.

Responsibility: Director of Operations Support and Director of Waste Management

Target Completion Date: January 31, 2012

Status: Complete

6. Funding Applicants

Observation

Since 1998, the Region has been funding annually the same three organizations under the Public Works CPF program. For the 2012-2014 funding cycle, the applications for request for funding were only provided to the existing three organizations with no open or public solicitation of applicants from interested community groups. Limiting funding to only the same three organizations annually without an opportunity for other community groups to submit an application may not appear to be fair, transparent or accountable in the eyes of the public, negatively impacting the Region's reputational risk. In addition consistently funding a large portion of each recipient's operating budget over such a long period time may create a situation of financial dependence and may establish a sense of financial obligation.

Management Action Plan

The Director of Operations Support and Director of Waste Management will seek direction from Legal and Regional Council on how to proceed with soliciting future funding applications under the Community Program Funding program.

Responsibility: Director of Operations Support and Director of Waste Management

Target Completion Date: August 31, 2014

Status: Pending direction from Regional Council

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APPENDIX II

Recent Funding through Public Works Community Program Funding

Organization		Previous Funding Cycle			Current Funding Cycle		
		2009 Region Funding	2010 Region Funding	2011 Region Funding	2012 Region Funding	2013 Region Funding	2014 Requested Funding
Brampton Clean City	Funding (\$)	187,413	193,035	198,827	202,804	206,860	210,997
	% increase over previous year	3%	3%	3%	2%	2%	2%
ecoCaledon	Funding (\$)	12,418	12,798	17,942	18,301	18,667	19,040
	% increase over previous year	3%	3%	28%	2%	2%	2%
EcoSource	Funding (\$)	265,750	298,215	330,680	337,295	344,040	350,920
	% increase over previous year	11%	11%	9%	2%	2%	2%
Total	Funding (\$)	465,581	504,048	547,449	558,400	569,567	580,957
	% increase over previous year	12%	8%	8%	2%	2%	2%