

New Directions in Municipal Services: Competitive Contracting and Alternative Service Delivery in North American Municipalities

Glenna Carr, Jeff Bowden and Judi Storrer

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by

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Carr-Gordon Limited
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Foreword

Having already published one well-received report on alternative service delivery (**Alternative Service Delivery in Canadian Municipalities**, Michael Skelly, 1996), the Intergovernmental Committee on Urban and Regional Research (ICURR) is pleased to associate itself with this study on successful approaches to the competitive contracting of local government services.

One of this report's strong recommendations is that the necessary tools for successful contracting-out be made available to Canadian municipal governments. ICURR, in its capacity as a resource and research centre on local government issues, sees in this recommendation a reaffirmation of its important role as a catalyst for the exchange of municipal information. Moreover, many of the resources mentioned within the report, and related documents, are available from ICURR.

Readers will find in these pages not only a balanced view of alternative service delivery and competitive contracting (with both successes and problems illustrated) but also a series of detailed case studies which demonstrate a wide range of experience with competitiveness and alternative service delivery in municipal services.

We are particularly grateful to the Ontario Ministry of Municipal Affairs and Housing for allowing us to publish this significant contribution to the literature on alternative service delivery and competitive contracting-out. ICURR would, of course, also like to thank Carr-Gordon Limited, author of this study, for its excellent work and its amiable cooperation in the editing and publishing of the report.

André Lanteigne
Executive Director – ICURR



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The authors also thank André Lanteigne of ICURR for his guidance and comments on the draft version of the report.

Finally, our thanks go to the case study respondents who took the time to complete the survey, answer questions during telephone interviews, and supply additional information. Without their input and willingness to share their experiences with other municipalities, this report would not have been possible.

Glenna Carr
Chief Executive Officer
Carr-Gordon Limited

June 1997



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About the Authors

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Glenna Carr, President of the Canadian Council for Public-Private Partnerships, has extensive experience in designing and delivering projects and services to the public across North America. As Deputy Minister of the Ontario ministries of Skills Development, Consumer and Commercial Relations and Management Board of Cabinet, she initiated public-private partnerships such as Teranet (a land registration system) and the Ontario Training Corporation. As Vice-President of Laidlaw Inc., based in Burlington, Ontario, she has had North American responsibilities for environmental, transportation and health-care programs. From 1979 to 1983, Ms. Carr contributed to the development of governmental expertise in municipal policy and programs as Director of Municipal Finance Policy and of Subsidies for the Ontario Ministry of Municipal Affairs and Housing. More recently, she conducted a study on *Promoting Entrepreneurial Municipalities* for the Greater Toronto Area Task Force, and worked for the Constituent Assembly of Hamilton-Wentworth.

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Executive Summary

This study gives an overview of municipal services that have been contracted out and provided by means other than direct, in-house delivery.

Focusing on Ontario, the study is based, in part, on a written questionnaire survey completed by municipal officials in seventeen Ontario municipalities, and on follow-up telephone interviews. The authors also reviewed the literature and interviewed municipal officials with experience in Alternative Service Delivery (ASD) elsewhere in Canada and in the United States.

The report reveals some common characteristics of successful ASD efforts; they include:

- strong political support
- leadership by senior management
- willingness to work flexibly with employees and unions and to consider their proposals
- use of outside advisors and experts
- clear baseline to compare internal costs with bids
- focus on both service quality and cost-savings
- effort to work with employees affected by change

It also identifies several key obstacles faced by Ontario municipalities in this area:

- clauses in collective agreements that prohibit contracting out and specify placement of staff in the municipality
- deficient information on the cost and quality of services
- lack of in-house expertise on formulating competitive proposals
- inadequate guidelines and lack of policies on Alternative Service Delivery

This review of North American experience with Alternative Service Delivery enabled us to calculate that Ontario municipalities may expect ASD to produce cost-savings ranging from 10 percent to 40 percent, depending on the type of service. If we exclude Metro Toronto, the seventeen Ontario municipalities we examined achieved, in fact, cost-savings of \$41 million annually by using Alternative Service Delivery. We conclude that, in the Province of Ontario, internal and external competition for services could generate additional cost-savings totalling approximately \$539 million in annual operating expenditures.

Résumé

La présente étude donne un aperçu des services municipaux qui sont sous-traités et fournis selon des méthodes autres que la prestation directe et interne.

Fondée en grande partie sur l'expérience ontarienne, l'étude est le fruit, d'une part, d'un questionnaire rempli par les fonctionnaires municipaux de dix-sept municipalités de l'Ontario et, d'autre part, d'entrevues téléphoniques. Les auteurs ont aussi dépouillé la documentation dans ce domaine et rencontré des fonctionnaires municipaux qui connaissent d'autres modes de prestation de services ailleurs au Canada et aux États-Unis.

L'étude fait ressortir certaines caractéristiques communes des initiatives réussies en matière de prestation différente de services municipaux, à savoir :

- appui ferme de la part des politiciens
- leadership des cadres supérieurs
- désir de travailler de façon flexible avec le personnel et les syndicats et de tenir compte de leurs propositions
- recours aux conseillers et experts externes
- points de repère précis permettant de comparer les coûts internes avec les offres
- accent sur la qualité des services et les économies
- effort de collaboration avec le personnel touché par les changements

Les auteurs relèvent aussi certains obstacles clés auxquels font face les municipalités dans ce domaine :

- clauses dans les conventions collectives qui interdisent la sous-traitance et qui prévoient le maintien du personnel dans la municipalité
- manque de renseignements sur les coûts et la qualité des services
- manque d'expertise interne en ce qui concerne la formulation de propositions concurrentielles
- lignes directrices insuffisantes et manque de politiques sur d'autres modes de prestation de services

Cet examen d'autres modes de prestation de services en Amérique du Nord nous a permis de conclure que les municipalités de l'Ontario peuvent s'attendre à réaliser des économies de 10 à 40 pour cent, compte tenu du service offert. Si nous excluons la Communauté urbaine de Toronto, les 17 municipalités ontariennes que nous avons examinées ont en effet réalisé des économies de 41 millions de dollars par année en utilisant d'autres modes de prestation de services. Bref, nous constatons que, dans la province de l'Ontario, les concours internes et externes relativement à la prestation de services peuvent générer des économies additionnelles d'environ 539 millions de dollars au chapitre des dépenses de fonctionnement annuelles.

Chapter 1

Introduction

1.1 Purpose

Working with the Ontario Ministry of Municipal Affairs and Housing, Carr-Gordon Limited undertook a review of the state of competitive contracting and Alternative Service Delivery in selected North American municipalities. The purpose of the review was to assess the benefits or lack of benefits achieved by municipalities having experience with Alternative Service Delivery. The review considered both quantitative elements, including cost-savings achieved, and qualitative changes in such factors as employee morale and labour relations.

The objective of this review was to examine a range of experiences that municipal and provincial decision-makers might use as models or prototypes. To this end, the participating municipalities shared what they had learned while trying different approaches to service delivery.

1.2 Organization of the Report

The main part of our report is an action-oriented summary of our findings. In Chapter 2, we analyze the responses to our survey of seventeen Ontario municipalities. Chapter 3 looks more closely at ten North American municipalities having experience with Alternative Service Delivery and competitive contracting — four in the United States and six in Ontario. Chapter 4 summarizes both the successes reported by the municipalities we studied, and the difficulties they encountered as they attempted to implement Alternative Service Delivery and competitive contracting. In the Conclusion (Chapter 5), we offer several suggestions for future action. Under **References**, we list several publications used during the course of this study. Under **Suggestions for Further Reading**, we list a number of documents germane to our research.

Two appendixes give supporting details for chapters 3 and 4. Appendix A presents case studies of four U.S. and three Canadian municipalities. Appendix B lists the seventeen Ontario municipalities that participated in our survey and reproduces the questionnaire they were asked to complete.

1.3 Method

After consulting a number of existing studies and other materials, we conducted a survey of seventeen Ontario municipalities with experience in Alternative Service Delivery and competitive contracting, using the questionnaire in Appendix B. We also prepared case studies of four American municipalities (Charlotte, NC; Indianapolis, IN; Phoenix, AZ and Milwaukee, WI) and six Canadian ones (East York, ON; Etobicoke, ON; Windsor, ON; Dartmouth, NS; Brossard, PQ; and Winnipeg, MB). For each U.S. jurisdiction, we based our analysis on municipal documents and telephone interviews with City officials. The Canadian case studies were based on publications, interviews and some survey material.

Although most of the case studies focus on Alternative Service Delivery and competitive contracting of municipal services, we also profiled some public-private partnerships to illustrate the range of options available to municipalities. Where available, actual cost-savings have been reported. In addition, we have tried to estimate the cost-savings that Ontario municipalities might realize in the future.

1.4 Definitions

In the survey and during telephone interviews, the key terms we employed were defined by the Government of Ontario:

Alternative Service Delivery (ASD) refers to the choice that municipalities can make to provide services by means other than direct (in-house) delivery. These include short-term contracting out or outsourcing, longer term public-private partnerships, devolution to non-profit organizations, franchising (with or without terms and conditions) and outright privatization. The method chosen depends on how much overall municipal responsibility for a given service is to be retained.

Competitiveness in the provision of municipal services is achieved when the costs and value of services presently being provided by a municipality are measured and tested by comparing them with those of other service providers and/or by instituting a competitive bidding process to determine who will provide the service. Some jurisdictions structure their competitive bidding process to give in-house public sector service providers an opportunity either to participate in bidding or to improve upon the efficiency and cost of existing service provision before a decision to go to outside bids is taken. This approach can augment the state of competitiveness by the prospect of outside bids.

Public-Private Partnerships are cooperative ventures between the public and private sectors. The partnership is built on the strength and expertise of each partner. Public needs are agreed upon up-front, and are met through the appropriate allocation of resources, risks and rewards.

Chapter 2

Ontario Municipalities: A Survey of Current Activity

2.1 Introduction

Working with the Ontario Ministry of Municipal Affairs and Housing, we selected a sample group of Ontario municipalities based on their track record in experimenting with Alternative Service Delivery and competitive contracting prior to 1997. The Ministry was able to identify candidate municipalities willing to share their experience and results to date. They represent one-third of Ontario's population, almost half of all municipal expenditures in the province, and offer a range of services to local citizens.

In order to identify lessons applicable to others, the survey questionnaire and telephone interviews focused on the key success factors and on any problems which occurred. Before summarizing the results of the survey, we will briefly describe the makeup of our sample and the method we used.

2.2 A Note on Methodology

Seventeen municipalities that had some practical experience with competitive contracting-out or another form of Alternative Service Delivery (ASD) were surveyed in February 1997 by Carr-Gordon Limited. The municipalities in our sample represent 32 percent of Ontario's population and 46 percent of total municipal expenditures in the Province. They were selected to provide a cross-section or mix of characteristics (including urban, rural, upper and lower-tier structures), and to be geographically dispersed (see list and questionnaire in Appendix B).

The surveys were directed to the Chief Administrative Officers of the municipalities. Written responses to the survey questionnaires were supplemented with telephone interviews and internal documents.

2.3 General Comments on Results

One striking finding was that *many municipalities have no clear idea of what existing services really cost*. This means that they find it difficult to compare in-house services with proposals from outside suppliers. True comparisons are only possible if full-cost accounting and activity-based costing of internal services are in place.

Second, where contracting out was accomplished, its success depended on a clear definition of expected service outcomes at the beginning of the process, and on the presence of detailed accounting procedures.

2.4 Successes and Success Factors

Over half (52 percent) of the municipalities we sampled stated that they had contracted out one or more services, but had no overall policy framework in place for contracting out. Indeed, only 16 percent of our sample had developed an overall policy framework dealing with service delivery, including competitive contracting and Alternative Service Delivery. An equal number stated that they had applied some policies to at least one area within the preceding three years, or were working on a policy framework that they expected to implement in 1997. Twenty-nine percent of those who had implemented competitiveness/ASD in the preceding three years indicated that they had had most success with waste

management and recycling. Other “most successful” services, each named by only a single municipality, were road construction, recreation, paratransit, snowploughing, and wastewater management.

Labour-intensive services in infrastructure areas (such as roads and waste removal) and professional services (such as engineering or information technology) were the ones to which competitiveness/ASD were applied most often. Few municipalities had attempted to implement competitiveness/ASD in health or social services, with the exception of homes for the aged; they could therefore not report many successes in these areas.

The same respondents were unanimous in ranking *cost-savings* as a key factor making for success with competitiveness/ASD. Most (89.7 percent) also named *political support* and *management support* as key success factors.

2.5 Problems and Related Factors

Respondents indicated that they had attempted ASD or competitive contracting for a number of services without success. The services named were:

- homes for the aged
- sewer videoing/cleaning
- non-suppression fire services (i.e. inspection)
- geographical information systems
- printing

When they were asked to give reasons why they had either not implemented or had ceased to implement ASD initiatives, respondents most frequently indicated *lack of cost-savings* (25%). Fifteen percent blamed *lack of a capable supplier*, 15 percent named *lack of political support*, and 10 percent adduced *concern for service level* as a reason for not implementing or ceasing to implement ASD.

The major obstacle to contracting out/ASD appears to be the presence of *restrictive collective agreements between unions and management*. This was mentioned by 47.8 percent of our sample. Other obstacles reported were: *restrictive provincial legislation/policy* (17.3 percent), *restrictive municipal policy/by-laws* (8.6 percent), *restrictive or rigid current practices* (8.6 percent) and *union lobbying or protest* (8.6 percent).

2.6 Future Opportunities Identified for Competitiveness/ASD in Municipal Services

Looking to the future, respondents indicated that they were likely to consider additional projects or services as candidates for ASD within the next two to three years; mentioned most often were *environmental services* (27.8 percent), *general government — parking, maintenance, lighting* (22.2 percent) and *transportation* (22.2 percent). *Parks and recreation* and *health/social services* were each mentioned by 11.1 percent, and *emergency services* by 5.6 percent.

Chapter 3

Highlights of North American Case Studies

3.1 Introduction

This section offers examples of different service arrangements that have been entered into by ten North American municipalities. It highlights the track record in competitive contracting and ASD of four American and three Ontario municipalities, and comments on two Canadian cities that have developed public-private partnerships (Dartmouth, NS and Winnipeg, MB) and one which has used competitive contracting (Brossard, PQ). Additional details on the first seven cities are provided in Appendix A.

For each municipality, we will note the *methods* of Alternative Service Delivery that have been put in place, briefly describe the background or *context* of these initiatives, and point out the most significant *outcomes*.

3.2 Charlotte, NC

Population: 450,000
Budget: \$510,000,000

3.2.1 Methods Used

The City of Charlotte has experience in competitive contracting for services and for asset management. Both private suppliers and City employees engage in competitive bidding for services, and implement many projects through public-private partnerships. Activity-based costing is used to determine the in-house cost of services.

3.2.2 Context

Since 1978, municipal management has created an environment of continuous improvement in Charlotte. Employee relations have been good (North Carolina is “union-free”), and there is a great deal of civic pride in providing highest quality service for lowest cost — *no matter who the provider is*.

The municipality makes good use of an external advisory committee composed of business and other community representatives.

3.2.3 Outcomes

Charlotte has been able to operate without tax increases for the past eight years. During that time, productivity increased markedly. For example, while the population increased by 65 percent, the municipality was able to reduce its waste collection staff by 45 percent.

Between 1994 and 1995, contracts awarded to private sector companies increased from \$151 to \$204 million.

The City now uses five-year competitive plans for municipal services, and makes available \$20 million in contracting opportunities through competition. Cost controls have been improved and competition training is provided to City employees, to help them better assess and prepare bids.

3.3 Indianapolis, IN

Population: 821,800
Budget: \$450,000,000

3.3.1 Methods Used

Indianapolis uses competitive contracting; both City employees and private operators bid.

3.3.2 Context

During the 1991 campaign to elect a new mayor and council, competition in municipal services became a major issue because taxes and expenditures were rising while services were deteriorating. An external commission was appointed to deal with the crisis.

3.3.3 Outcomes

In 1992, 150 services were identified as candidates for competition; by 1996, 66 competitive projects had been put out to tender. Of these, the majority (37) went to private sector companies. Twenty of 29 bids by unions were successful. Generally, the larger competitions were awarded to private sector bidders.

The number of supervisory positions fell, and the overall budget was reduced by \$26 million in the four years between 1992 and 1996. In 1996, there was a budget surplus of \$500,000. The savings of \$150 million attributable to competition since 1992 have been used for public safety (more police) and for infrastructure projects.

Although the City employs 40 percent fewer staff (3,641 compared to 4,675 in 1992), services have improved in many cases. Customer surveys are now done routinely to provide feedback.

3.4 Phoenix, AZ

Population: 2,058,000
Budget: \$1,300,000,000

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3.4.1 Methods Used

Phoenix has introduced a public-private competitive process that compares employee bids with bids from the private sector.

The City tends to divide its contracts (e.g., by districts) and competitive proposals are phased in over a period of time.

Some bidding processes (e.g., for waste management) require private contractors to hire public employees.

Benchmarking is used to maintain a high service level and keep down costs. Public employees are given an incentive to meet targets: *no municipal service will be tendered, so long as it meets the required standards.*

3.4.2 Context

Political support proved essential to the introduction of competitive bidding in 1979.

Since then, the City auditor has played a key role: the auditor must certify any cost proposal done by the City, and perform a post-implementation audit.

Phoenix uses customer surveys to obtain feedback from the public.

3.4.3 Outcomes

Of 56 competitive contracts, the private sector won 34, as compared to 22 for the public sector.

Substantial cost-savings have been achieved through competition. For example, the annual costs of waste collection dropped 4.5 percent on average over ten years.

There have also been improvements in service levels and an increase in customer satisfaction.

3.5 Milwaukee, WI

Population: 623,531
Budget: \$501,956,309

3.5.1 Methods Used

Milwaukee has set up an internal service improvement process for policy/regulatory services, monopoly services, and competitive services.

The process allows City departments to obtain services based on quality and price from either City or outside vendors in such areas as building repair and maintenance.

3.5.2 Context

The competitive process was started in 1992. It sprang from dissatisfaction with the quality, timeliness and responsiveness of services received from the City's internal service agencies. The City undertook to provide its employees with training on customer service. As well, bankers and outside vendors were asked to critique business plans for the proposed internal service agencies.

3.5.3 Outcomes

Initially, the new competitive process delayed procurement, but the morale and productivity of City workers have since increased, and measurable savings in information services, computer maintenance, and building maintenance have resulted. Moreover, the competitive process has led to significant improvements in service levels and client satisfaction. On the other hand, collective agreements still impede performance-based hiring, reward and termination.

3.6 East York, ON

Population: 98,594
Budget: \$53,485,939

3.6.1 Methods Used

East York employs competitive contracting of municipal services, with internal and external bids.

3.6.2 Context

The implementation of competitive contracting was motivated by the need to effect cost-savings.

3.6.3 Outcomes

East York's experience with competitive contracting has been mixed. On the positive side, a private sector contract for waste collection and recycling resulted in cost-savings of \$30 per tonne, or \$3 million over five years. Moreover, the 50 percent of services retained in-house also showed productivity improvements after competitive contracting was introduced.

On the negative side, a contract for parking by-law enforcement had to be cancelled after Council received complaints about strict enforcement of residential permits. As well, a monthly tax payment system that was contracted out for three years in 1995 quickly ran into difficulties: the decline in interest rates reduced revenues at the same time as an increase in the number of accounts above the original estimate raised costs. A review in 1996 also identified duplication and overlap between the Borough and the contractor as a major problem. Council decided to complete the contract, but to find a more efficient way of handling tax payments after it expires in December 1997.

3.7 Etobicoke, ON

Population: 309,000
Budget: \$134,121,860

3.7.1 Methods Used

Both competitive contracting and public-private partnerships are employed by Etobicoke. As well, activity-based costing is used to compare internal and external bids.

3.7.2 Context

Management consulted with the unions to develop guidelines for outsourcing. Thirty services were reviewed for outsourcing in 1992-93, with hard services seen as the most likely candidates.

3.7.3 Outcomes

By early 1997, most of the hard services had been outsourced.

It has been estimated that a waste management contract will save \$12.3 million over seven years. Although the contract meant the elimination of 80 positions, only 75 people were affected. The number of grievances has dropped by 10 percent, and the annual average of days lost among waste management employees because of absenteeism has decreased from 14 to 6. In janitorial services, a contract won by municipal employees after competitive bidding resulted in annual savings of \$222,000.

3.8 Windsor, ON

Population: 193,657
Budget: \$340,385,165

3.8.1 Methods Used

Windsor uses both competitive contracting and public-private partnerships.

A “shadow bid” process favours City employees: an external bidder must beat the in-house price by 10 to 15 percent. Any contracting out is done in agreement with the union that represents municipal employees.

3.8.2 Context

The desire for cost-savings and the need for service improvement led to the search for alternative methods of service delivery, and the changes were strongly supported by senior management.

3.8.3 Outcomes

ASD achieved cost-savings in a range of services. For example, a private sector contract provided snowploughing at a cost of \$1.25 million over five seasons, nearly 32 percent lower than the union’s bid.

A public-private sector partnership, with a lease-back arrangement, enabled the City to undertake a \$7 million upgrade to its radio system for police and fire.

As the Province transfers the responsibility for delivering more services to municipalities, opportunities to expand ASD may arise.

3.9 Dartmouth, NS (now the Region of Halifax)

3.9.1 Methods Used

Dartmouth entered into a public-private partnership for its water treatment plant.

3.9.2 Context

Prior to municipal amalgamation on April 1, 1996, the former City of Dartmouth Water Utility provided water to the City and part of Halifax County. Residents’ complaints about poor water quality resulted in a six-week shutdown of the facility for public health reasons.

3.9.3 Outcomes

The initial Request for Qualifications, issued in 1995, elicited ten responses. Because the Request required extensive experience in water treatment, interested parties had to select partners early in the proposal process. Of three consortia invited to respond in greater detail to a Request for Proposals, one was selected as a partner for negotiations; the two unsuccessful bidders were given honorariums for costs associated with the proposal. The role of the private partner was clearly defined: to design, build, finance, own, operate and transfer to the municipality a water treatment plant. In addition, the City required that proposals come in at 10 percent or more below the City’s own “shadow bid.”

The 20-year contract called for a water treatment facility to serve 100,000 residents at an estimated total cost of \$32 million.

3.10 Brossard, PQ

3.10.1 Methods Used

Brossard has used competitive contracting of municipal services, with internal and external bids.

3.10.2 Context

The main catalyst was the municipality's desire to reduce costs of service delivery.

3.10.3 Outcomes

Snow removal operations were contracted out after a competitive bidding process that allowed employees of the Public Works Department to compete with private operators. To encourage small and large contractors to bid, the City was divided into three districts. Internal and external bids were evaluated using a model developed by the Colorado State Auditor (please see **References**). On average, the private operators offered to do the work for 36 percent less than the in-house bidders. After considering all other factors, the municipality decided to contract out only two of the three districts. In the third, snow removal is to be done for three more years by City employees. The municipality expects to save approximately \$400,000 annually as a result of competitive contracting for this single service.

3.11 Winnipeg, MB

Population: 639,000
Budget: \$676,000,000

3.11.1 Methods Used

A major bridge was constructed through a public-private partnership.

3.11.2 Context

The City wished to build a new bridge and undertake road works without increasing its debt load. It sought to speed up the project and to utilize private sector expertise not available in-house.

3.11.3 Outcomes

A Request for Qualifications issued in 1994 brought seven responses. Three consortia, each of whom was given a \$50,000 honorarium to cover their proposal costs, were then invited to respond to a detailed Request for Proposals (RFP). The RFP encouraged design alternatives, and the three tenders were evaluated in eleven areas. The successful private sector partner agreed to design, build, finance, own and conduct major maintenance on the Charleswood Bridge. Ownership is to be transferred to the City after thirty years. In the interim, the City is to make annual lease payments to the private partner and to carry out minor maintenance.

The bridge took one year to construct, and cost approximately \$15 million. The City estimates that it would have taken two years to build the bridge on its own, and that the capital cost would have been \$600,000 or greater.

Chapter 4

Summary of Findings

4.1 Introduction

Based on what we have learned from our survey of seventeen Ontario municipalities and from detailed case studies of several Canadian and U.S. municipalities, this part of our report will highlight the main factors underlying the success of ASD and competitive contracting, compare the Canadian and U.S. experiences, and summarize the obstacles to success in Ontario municipalities. The section concludes with an effort to calculate the potential in Ontario for municipal savings based on the use of alternative methods of service delivery.

We trust that this summary of our findings will be of assistance to municipal and provincial decision-makers charged with proactive problem-solving in the area of Alternative Service Delivery, and encourage the development of how-to guides for municipalities contemplating ASD.

4.2 Characteristics of Successful ASD/Competitive Contracting

Our review of Canadian and U.S. municipalities who have undertaken ASD initiatives enables us to isolate a number of key factors contributing to their success. These include:

- Strong political support
- Leadership by senior management
- A willingness on the part of management to work with employees and unions to develop internal proposals
- Development of effective general policies and guidelines based on initial experience with the tendering of contracts
- Use of outside advisors/expertise to train staff, evaluate proposals and develop activity-based costing
- Establishment of clear baselines to facilitate the comparison between internal and external providers with respect to both costs and standards of service
- Efforts to re-assign and work with employees affected by change
- A focus on both cost-savings and service quality

4.3 Comparison of Canadian and U.S. Experience

The *types of services* contracted out most often are similar in the U.S. and Canada. In both countries, there is a tendency to use ASD primarily for infrastructure and hard services, professional expertise, or specialized skills.

In other respects, however, the U.S. and Canadian experience with ASD differs significantly. For example, U.S. municipalities have had more extensive experience with competitive contracting and ASD

than municipalities in Canada, in particular with soft services such as public health, social services and libraries.

Another important difference is the degree and nature of municipal unionization in the two countries. In the U.S., unions play a lesser role than in Canada. In Canada, many more collective agreements prohibit contracting out than is the case in the U.S.

Finally, U.S. politicians and city managers are much more active and effective in promoting their successes with competitive contracting *in order to attract economic development*. When selling themselves, U.S. municipalities frequently stress that they can offer not only low taxes and good quality services, but also opportunities for private sector companies to compete.

4.4 Obstacles Facing Ontario Municipalities

Ontario municipalities that wish to adopt alternative methods of service delivery confront a number of obstacles.

The source of some of these is the unions, which are generally well entrenched in municipal government in Ontario. Strong union resistance to ASD and competitive contracting has meant that many collective agreements in Ontario prohibit contracting out, or require that the staff affected by it are placed elsewhere in the municipality.

A second source of difficulties is the impact on Ontario's municipalities of developments at the provincial level. For example, at the time this survey was conducted, the Province of Ontario had eliminated successor rights for itself but not for municipalities. The requirement for private contractors to take on municipal employees with their existing collective agreements and working conditions is viewed as a deterrent to realizing cost-savings. As well, recent moves to devolve provincial responsibilities to the municipalities, and to promote amalgamation, have tended to paralyze municipal decision-making.

Finally, most Ontario municipalities currently lack the capacity to implement ASD/competitiveness. Many do not have sufficient internal expertise and resources to do the research and information-gathering needed to prepare competitive bids. Few engage in activity-based costing or good benchmarking that would enable them to calculate the cost and quality of services. Because municipal employees have generally not been trained to put competitive proposals together, we feel that there is an urgent need for more published material on "best practices" or lessons learned from experiments with competitive contracting, and for how-to guides dealing with ASD and contracting out. (Please refer to **References** and the **Suggestions for Further Reading** sections.)

4.5 Potential Savings from ASD/Competitiveness for Ontario Municipalities

Just how important it is to overcome these obstacles can be seen from the table on the following page, which indicates how much Ontario municipalities might reduce their costs if they were to introduce ASD/Competitiveness on a larger scale. The data in the table were calculated using the responses from the survey of 17 Ontario municipalities, and then multiplied to reflect Ontario as a whole. The table is intended to serve as a catalyst for municipalities and/or the Ontario government to consider the range of potential savings resulting from ASD/competitiveness.

Potential Savings for Ontario Municipalities from ASD/Competitiveness

| Service | Expenditures (millions) | Estimated Range of Potential Annual Savings ¹ (millions) | | | |
|--------------------------|----------------------------|--|----------|--------------|----------------|
| | | Lower % | Higher % | Lower \$ | Higher \$ |
| Sewer & Water | \$1,722 | 10% | 30% | \$172 | \$517 |
| Roads | \$1,593 | 15% | 40% | \$239 | \$637 |
| Transit | \$1,258 | 20% | 40% | \$252 | \$503 |
| Parks & Recreation | \$1,011 | 10% | 25% | \$101 | \$253 |
| Garbage | \$413 | 15% | 30% | \$62 | \$124 |
| Ambulance | \$72 | 25% | 50% | \$18 | \$36 |
| Total² | \$6,069 | | | \$844 | \$2,070 |
| Net³ | | | | \$539 | \$1,765 |

Notes:

1. The *estimated range of potential annual savings* for each service is derived from recent studies, most of them from the U.S. We have used information from our survey of 17 Ontario municipalities and their actual savings to adjust the estimates for Ontario.
2. The *total* is only for services indicated — the ones currently best suited to ASD/competitiveness and for which there is a track record in the literature. It does not include savings that have occurred in other, less widespread, service areas.
3. Ten of the 17 Ontario municipalities employed for this study specifically identified a total of \$41.2 million in savings per year. These ten respondents represent 13.5% of the total Ontario municipal expenditure. We therefore deducted the annual Ontario savings already attributable to ASD/competitiveness from the provincial totals.

As indicated in the above table, an estimate of the *net potential annual savings* in Ontario ranges from \$539 million to \$1.76 billion. This can be compared with an estimate of \$300 to \$650 million for the Greater Toronto Area (GTA) arrived at in a study prepared by Carr-Gordon for the Greater Toronto Area Task Force. It can also be compared to the estimate of from \$570 to \$1,100 million for all of Ontario put forward by the Ontario Ministry of Municipal Affairs and Housing (MMAH). The MMAH estimate is based on a projection of the GTA Task Force data, and assumes that the smaller municipalities outside the GTA may not be able to generate cost-savings on the same scale.

Chapter 5

Conclusions

While many Canadian municipalities have tendered services for competitive proposals from the private sector, relatively few have a formal policy or process to assess all municipal services on a systematic basis to determine whether they are likely candidates for ASD/competitive contracting. Fewer still have a formal policy or process that encourages municipal employees to compete for municipal service delivery.

The following are some conclusions based on the successes and failures of the subjects profiled in this report, all of which have important implications for future action:

- Our finding that Etobicoke and Windsor are unusual among Ontario municipalities in adopting ASD to achieve cost-savings and service benefits led us to conclude that there is great untapped potential in the Province for cost-savings and service improvements. However, big changes in municipal service delivery leading to cost-savings and improved service quality *cannot* be achieved by internal reform alone.
- One important outside force influencing change is external fiscal pressure. It has become evident that widespread use of competitive contracting and disciplined consideration of ASD will only occur if driven by fiscal pressures that compel the municipalities to cut costs.
- Leadership by example at both the provincial (Minister for Privatization, Minister of Finance, Chair of Management Board), and the municipal political levels (mayors or regional chairs) can also be a strong catalyst for change.
- Most Canadian municipalities would benefit from the acquisition of strategic decision-making tools. It would be a good idea to distribute existing municipal guidelines on outsourcing, ASD and competitive contracting, including information on employee bids and the shadow bid process. (Please refer to the **References and Suggestions for Further Reading** sections.)
- It would also be beneficial to develop full costing or activity-based costing methodologies for municipal services and to publicize quality measures, costs, and delivery innovations, including “best practices” in Canada and the U.S.
- The role of the Provincial government with respect to the future of municipal service delivery is unclear. It would be helpful to have greater clarity on the sources of funding that municipalities may expect and on the legislative framework within which they must operate. The Province may also choose to help by setting standards and by providing strategic advice.
- In developing how-to guides and assembling “best practices” examples, municipalities in Ontario and elsewhere in Canada would do well to enter into partnerships with other organizations. Among the potential partners are professional associations (including accounting and auditing), the Canadian Council on Public-Private Partnerships, the Institute of Public Administration of Canada, the Canadian Standards Association, and sectoral associations dealing with such things as water treatment and information technology.

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Appendix A

North American Case Studies

1. Charlotte, North Carolina

1.1 Municipal Setting

- population: 450,000
- largest city in North Carolina
- covers approximately 208 square miles

1.2 Fiscal Picture

In fiscal year 1997, the budget was \$510 million (inclusive of capital expenditures). Service responsibilities included police, fire, trash collection, transportation and other services.

In fiscal year 1995, each City tax dollar was spent as follows:

- Police – 26 cents
- Transportation – 16 cents
- Fire – 13 cents
- Solid Waste – 7 cents
- Engineering – 5 cents
- Neighbourhood Development – 3 cents
- Other Services – 3.5 cents
- General Government – 6 cents
- Debt/Capital Projects – 20.5 cents

1.3 Labour Relations Setting

The City of Charlotte has no union within its own work-force. North Carolina is a “right to work” state, and state laws prohibit the City from recognizing or negotiating with unions. Employees have the right to form a union, but the City will not recognize them.

The only exception is the City’s transit system, which has unionized employees. The transit system is managed by a Florida management company that deals with the union.

Relations between the public employees and management are good. In any competitive process, efforts are made to minimize the impact on current City employees. Each competition includes an assessment of the effect it will have on employees, and recommendations for handling any negative impacts.

1.4 Policies on ASD, Contracting and Competition

City Council aims to provide the “highest quality services at the lowest cost,” whether provided by City forces or by private contracts. A formal policy on services contracting was developed in 1993/94; in July 1994, the City of Charlotte’s Privatization/Competition Advisory Committee adopted “Guidelines for Services Contracting and Asset Management.” According to the guidelines:

In evaluating the most efficient and effective way to provide services, the City shall use a competitive processing which private service providers are encouraged to compete with City departments for the opportunity to provide such services, and in which the option of delivering services through public employees and departments must be justified through the competitive bidding process. The City shall encourage the provision of public services through contracts with private service providers, wherever this offers the lowest cost, most effective method of service delivery consistent with service level standards and other adopted City policies.¹

Charlotte uses activity-based costing to determine the costs of providing services in-house.

1.5 Contracted Services or ASD

Thirteen “key businesses” have replaced twenty-six City departments in Charlotte. Nine of them deliver City services, while four provide general administrative support.

Each key business is managed by a “key business executive” who reports to the City Manager. Some key businesses have reduced layers of management.

All key businesses have developed business plans and five-year competition plans. They “partner” with each other and with the private sector to lower costs and improve the quality of services. Areas opened to competition include: residential waste collection, tree pruning and removal, fleet maintenance, sewer odour control, grounds maintenance, physical fitness training for law enforcement officials, business development certification for women and minorities, meter reading, police counsellor services, annexation, street widening, grounds maintenance, printer and copier services, and fleet fuelling.

Gain-sharing for employees has been introduced. (Gain-sharing programs link workers’ bonuses to improvements in efficiency.)

1.6 Outcomes

- In fiscal year 1994, \$151 million in City services were provided by the private sector. In 1995, \$204 million in service and construction contracts were awarded to the private sector. In 1996, \$9.3 million of services traditionally provided by municipal employees were awarded to the private sector.
- By 1996, annual recurring savings of \$3 million resulted from competition/privatization. That year saw significant reorganization, restructuring, and flattening of bureaucratic layers at the key business level. The number of divisions was reduced from thirteen to five in engineering, and from seven to three in business support services. At the same time, government red tape was reduced or eliminated.
- There have been no tax increases in Charlotte in eight years. Every dollar saved through the competitive process goes into increasing public safety (e.g., additional police).
- External relationships with the Chamber of Commerce, private businesses and customers have improved.

¹ City of Charlotte, Privatization/Competition Advisory Committee. *Guidelines for Services Contracting and Asset Management*. (Charlotte, 1994), p. 1.

Finally, competition has become a permanent part of government decision-making in Charlotte. The City has enhanced cost controls, provided competition training for employees, and developed and implemented competition plans for additional key businesses. Below, we describe three instances where the competitive principle was applied.

1.6.1 Solid Waste Collection

In August 1994, Charlotte changed from backyard waste collection service to automated roll-out containers. With 25% of solid waste collection subject to competition, staff was reduced by an additional 157 positions resulting in a 76 percent reduction in staff since 1971. The reduction of staff was achieved without layoffs.

A private bidder won the bid process in 1995 at a cost of \$5.66 per roll-out container per month. In that year, the public bid was \$6.38. However, when the service went out to tender again in 1997, the roles were reversed: the public bid was only \$4.74, a 26% reduction from the previous time, while the private bid was \$8.36, an increase of 48%. By accepting the public bid, the City spent \$1.9 million for work that the lowest private-sector bidder estimated at \$3.5 million.

1.6.2 Street Base Repair

A competition for this work was opened up in 1996. The Department of Transportation won the contract, having bid \$92,000 rather than the \$232,000 projected by the private sector bidder. As a result of competitive bidding, the City managed to trim costs, and to increase productivity by 20 to 25%.

1.6.3 Residuals Management

The Charlotte-Meckleburg Utility Department partnered with a private contractor to operate and maintain the City's residuals management facility. The joint proposal projected \$559,000 in savings over three years. An additional proposal for transport and land application of residuals represents savings of \$493,000 for a three-year period.

1.7 Key Success Factors

According to Ed Sizer, Contracts Administrator for the City of Charlotte:

“The key to the success in Charlotte has been the public employees. Within the organization, each and every employee — all rank and file employees, all levels of management — are all committed to providing the highest quality service at the lowest cost to the taxpayer. The employees are self driven.”

Activity-based management was the key to comparing City bids to private bids in Charlotte. Clearly competition is an effective management tool, but only if management is dedicated to the competitive bidding process, and prepared to devote a lot of staff time to it.

It is important to know the specific expectations of customers and voters. An external advisory committee can be useful to offer objective guidance to ensure a fair competitive process.

1.8 Key Obstacles / Factors Hindering ASD

In Charlotte, the complexity of the Request for Proposals process has sometimes hindered outsourcing in the past. Also, benefits packages tend to create problems when City employees are transferred to a new employer.

1.9 Other Observations Applicable to Ontario

According to the *Charlotte Observer* of August 26, 1993, “Competition is the incentive that drives costs down, whether the job is finally won by City or private workers.”

In *Privatization 1995*, published by the Reason Foundation, it was said that “Charlotte has a reputation of being one of the better run big cities in America ... The City is stressing continuous improvement and cost-cutting in City operations by introducing competition.”

2. Indianapolis, Indiana

2.1 Municipal Setting

- population: 821,800
- twelfth largest City in the United States

2.2 Fiscal Picture

The 1992 budget was approximately \$480 million, with a projected deficit of \$20 million. At that time, rising taxes and deteriorating public services were driving citizens and companies out of the City and into the suburbs.

By 1995, the budget had been reduced to approximately \$470 million, and the City was able to produce a surplus of \$0.5 million.

2.3 Labour Relations Setting

During the 1991 municipal election, the union representing the City’s employees, the American Federation of State, County and Municipal Employees (AFSCME), Council 62, strongly opposed mayoral candidate Steve Goldsmith. After he was elected, the AFSCME was concerned that Mr. Goldsmith, who had promoted the need for privatization and the competition of services during his campaign, was going to “go after” unionized labor.

According to Mitch Roob, Director of Transportation:

Our relationship with the union started out as bad as it could be. These guys had supported Steve Goldsmith’s opponent, and they were convinced that we were going to destroy them. They started off believing the worst in us. Actually, that was a really good place to start, because anything we did to show that we were not bad was seen as positive. Our relationship improved because it had started so low. The kinds of messages that we sent signaled that we all were in this thing together, and if they did not work with us, none of us would have jobs. We tried to encourage a we-versus-them spirit in the sense of the public sector versus private sector.²

Indianapolis now includes the public workers — through their union — in the process of competitive bidding for contracts to deliver City services. No union members have lost their jobs as a result of privatization or competitive bidding.

² Bruns, William J. and Roger Atherton. *Indianapolis: Implementing Competition in City Services*. Case Study N9 - 196-099, Feb. 14, 1996.(Boston: Harvard Business School Publishing, 1996), p. 5.

2.4 Policies on ASD, Contracting and Competition

Beginning in 1992, competition was the core philosophy in Indianapolis. However, competition did not necessarily mean privatization. The term “marketization” is now used to indicate that competition in the marketplace, and not privatization per se, produces value for taxpayers.

Furthermore, the policy calls for competition through *employee empowerment*, rather than privatization as an end to itself. Services were subject to competition, empowering City workers to compete against private business by redesigning work and reducing expenses. Whether the City government or the private sector wins, the end result is lower costs and more responsive services for taxpayers. Thus, inclusion of public workers in the process has made competitive bidding a “win-win-win” situation for the City, the worker and the taxpayers.

A new set of financial and management tools was developed to allow City employees to compete and administration to make “apples to apples” comparisons between public and private sector costs. The City’s “Strategic Tools Initiative” calls for:

- **Activity-Based Costing:** Activity-based costing is used to determine how much each service and activity of government costs and to make comparisons with private sector provision meaningful.
- **Performance Measures:** Competitive contracting requires very clear standards from the City about how contracts are evaluated. Inputs, outputs, and efficiency measures are used to review services provided to the City.
- **Popular Budgets:** By combining activity-based costing and performance measures, the City created a “popular budget” that explains to citizens what they are purchasing with every dollar of their taxes.
- **Infrastructure Balance Sheets:** Proper maintenance and valuation of services has led to the creation of “infrastructure balance sheets,” which track the value of City assets.
- **Customer Surveys:** Regular customer surveys, matched with the budget, help the City government to make informed decisions about needed services and possible trade-offs between services.

2.5 Contracted Services or ASD

In 1992, a *Service, Efficiency, and Lower Taxes for Indianapolis Commission* (SELTIC) was created. Its task was to recommend ways to decrease costs, eliminate waste, improve government services, and make services more efficient.

SELTIC recommended that about 150 services be opened to competition. By 1996, more than 60 City services had been moved into the competitive marketplace. These included: wastewater treatment plants, garbage collection, sewer billing, street repair, microfilm, copying and printing services, messenger services, golf courses, abandoned vehicles, fleet services, real estate services, dispatch operations, Department of Public Works customer service, parking meters and tickets, and window washing.

Indianapolis City employees have been very successful in winning contracts in head-to-head competition with the private sector. Indeed, the union has consistently won over 70% of the projects put out to tender. *It has even won bids on work that had previously been contracted out.* In other words, competition has returned some services to the public sector.

2.6 Selected Services and the Competitive Process

Competitive bidding is a step-by-step process, for which general guidelines were established by City ordinance and with union agreement.

The steps are:

1. After discussion with the union, the City makes a decision to put work out to tender.
2. The City issues a Request for Proposals and provides bid packages to the union at the same time as such information is made available to all potential bidders.
3. Training is provided by the City on financial and accounting methodology and activity-based costing. This information is needed to spot inefficiencies and gives City managers and workers the knowledge they require to reduce internal costs.
4. The Project Coordinator (part of management) and the Local Union President appoint the bid team members who review the bid document and perform a site inspection.
5. The union team members determine the number of employees, hours, equipment and materials needed for the service. In other words, the competitive bidding process empowers workers to put into practice their ideas for doing the work more cost-effectively.
6. The management team members provide the necessary financial information.
7. The entire team works together to streamline the work plan, make the bid as low as deemed reasonable, and complete the written bid package.
8. All bids are opened together and announced at a public forum.

The program has been refined to include a gain-sharing component for teams that manage to beat their proposal prices. This puts an extra \$800 to \$1,000 into the average worker's pocket. As well, a moratorium is imposed on bidding in areas where the City's work-force demonstrates constant superiority. The list is reviewed annually.

Detailed information on four service areas follows:

2.6.1 Street Repair

One of the first competitive bids in Indianapolis concerned street repair work. The City put the sealing of street cracks and the filling of potholes out for competitive bid. Employees of the Department of Transportation told the Mayor they could not be competitive if they were required to include excessive overhead. In particular, they were concerned about the disproportionate number of middle managers: 32 supervisors for 94 workers. In response, 18 supervisors were laid off. Thus convinced that administration was serious about including them in process, union workers became creative in imagining how they could do work more cost-effectively and efficiently. They decided to downsize repair crews, and put a union worker team leader in charge of each one. Encouraged to use their knowledge and experience, they recognized and employed new methods to accomplish their work.

City employees won with a bid more than \$10,000 below that of any of their private competitors. Costs dropped 25%, from \$425 to \$307 per ton for pothole repair work, and ended up over \$20,000 below the union's proposed price. Since that time, City workers have won 80% of all bids where they have competed. Productivity has continued to improve and the workers all received incentive pay averaging more than \$900 in 1996, above salary increases specified in the contract.

2.6.2 Wastewater Treatment

Indianapolis opened operation and management of its two advanced wastewater treatment plants to competitive bidding. The City invited competitive proposals from private companies and from City employees. The competition, in which top firms in the world bid, was won by the White River Environmental Partnership (WREP). WREP is a partnership between the IWC Resources Corporation (the holding company of the Indianapolis Water Company), French-owned Lyonnaise des Eaux-Dumez

S.A. (a large wastewater treatment corporation), and Lyonnaise's American operating company, JMM Operational Services, Inc. This partnership gives the City access to technology and expertise that was beyond its grasp. As the Director of Public Works commented, "It's just a different league. The [French] firms have resources our guys only dream of."

WREP has nearly halved staffing at the plants — now the two largest privately managed wastewater treatment plants in the United States — from 328 to 176. Those workers who were displaced, were put into other positions by the City or were hired for other operations by the partnership. The ones who kept their jobs secured better benefits, higher pay, and more opportunities than they would have received with the City. The American Federation of State, County, and Municipal Employees (AFSCME) continues to represent the plant employees, but since the plant management was privatized, union grievances have fallen from thirty-eight to one, and employee accidents have been reduced by 70%.

Expected savings over the five years of the contract are \$69.8 million, or 44%; the actual savings may be greater. In 1993, before the contract, the City spent \$30.1 million to operate the plants. In 1994, the City budgeted \$19.3 million to operate the plants under private management, but actually spent only \$17.6 million. As a result, an imminent increase in the sewer rate, that had been projected to be as high as 37%, was postponed.

Finally, water that has been treated remains at least as clean as it was before. The number of permit violations, where the water quality levels did not meet regulations, has decreased by 86%.

2.6.3 Waste Collection

The Solid Waste Division of the Department of Public Works (DPW) historically used a patchwork system for collection and disposal of household refuse in Marion County. It divided the County into twenty-five districts which were randomly assigned to four private companies and DPW's in-house crews. Franchise agreements gave each private collector virtual control and allowed them to raise prices annually.

In 1994, the number of districts was reduced to eleven, and waste management for ten of these opened to competition. One district remained under DPW control, to ensure that the City would retain emergency capacity to collect garbage.

DPW employees were included in the bidding process. Any single bidder was restricted to winning a maximum of three districts, to prevent monopolies. City workers won the maximum of three bids.

In this instance, competition produced a savings of \$15 million over five years. The cost of garbage collection dropped from \$85 to \$68 per household. What is more, in 1994, the first year of the contract, City employees beat their own bid price by \$2.1 million. In early 1995, they received incentive pay averaging \$1,750.

2.6.4 Fleet Services

Indianapolis Fleet Services (IFS) is responsible for managing, maintaining and repairing all City vehicles, but the City decided to open the management of its fleet services to competition. In late 1994, when the City issued its Request for Proposals, three of the largest private vehicle maintenance firms in the United States bid, along with the IFS employees. The employees agreed to forego scheduled union pay raises in the third year of the three-year agreement, and instead accepted a plan that gives them an

incentive to generate savings beyond those in the proposal. Any additional savings achieved by IFS employees during the period of the contract are to be split between the City and the employees. In the first year of the agreement, the plan allows the City to receive 75% of the savings and IFS employees the remaining 25%. In the final two years, the split would be 70% to the City and 30% to the employees. Thus, pay raises would be strictly tied to performance.

City employees won the bid against a national competitor. Savings to the City will total \$8 million.

Under the contract, mechanics have been empowered to work in self-managed teams. This action permitted cuts in middle management that helped the IFS to reduce the work-force by 29%, while improving quality. The turn-around time for repairs decreased and billable hours per mechanic increased 21%. Written complaints from customers plummeted from 149 in 1990 to five in 1994.

2.7 Outcomes

By 1996, more than 60 City services had been moved into the competitive marketplace. Estimated cost-savings from public-private competition were significant. These amounted to \$6.5 million in 1992, \$12 million in 1993, and \$27.6 million in 1994. Total savings to the City are estimated to exceed \$150 million. In addition, nearly \$1 million of unused or underutilized City assets have been sold or not replaced.³

Indianapolis has been able to reduce its budget by \$26 million between 1992 and 1996, and the City hopes to balance its budget in future. It has also been able to keep the property tax rate constant.

Total City employment dropped from 4,675 to 3,641. Excluding public safety, public employment decreased 40% to the lowest level in twenty years.

Some of the savings were used to enhance public safety by putting more officers on the street, and to finance the largest infrastructure rebuilding program in the City's history.

The City has conducted 66 competitions, for work worth over \$500 million. Private sector companies won the majority (37) of the bids. Typically, these were for the larger contracts, both in terms of dollars involved and in duration. The private sector was also more successful in winning contracts that involved complex technical issues (such as wastewater treatment) and advanced technology (such as information technology services). City employees won the bulk of the other 29 bids for such labour intensive contracts as street repairs, where they could use employee experience, skills and existing capital equipment.

2.8 Key Success Factors

A core strategy of competition, and the belief that government can trim its budgets and provide more efficient services for taxpayers, underlie the City's competitive process. Its success is attributable to political leadership, the use of innovative tools to allow employees to compete on a level playing field with the private sector, and a favourable working relationship with the union.

The competitive process works because union and management work together. Dramatic changes have occurred in the relationship between the union and the City. Development of a level playing field and involvement of the union in work-activity costing, enabled the union to participate in the competitive bid process as a viable competitor. When the first bid was prepared, and union members saw management

³ Bruns, *Indianapolis: Implementing Competition in City Services*, p. 3.

striving to put together a quality bid, barriers started to lift and management began to win the trust of the union.

The process of negotiations between union and management has altered significantly. Traditionally, the parties met in formal negotiations every two to three years, to bargain for a successor contract. These meetings tended to be adversarial in nature. Now, the parties take a more expansive view of negotiations and efforts are grounded in furthering common interests. Parties meet constantly to discuss and come to agreement on new and changing aspects of the competitive process. Meetings are initiated by either party and decisions are made by mutual agreement. The union is now seen as an active, equal partner in redesigning government operations. As Steve Fantauzzo, Executive Director, AFSCME, Council 62, put it: "We have stopped asking City employees to check their brains at the door, and finally started asking the men and women who do the work how to do it better."

Cost-savings, service levels and service standards, and public support all played critical roles in the success of Alternative Service Delivery. Regardless of whether City government or a private sector enterprise wins the service bid, the end results are lower costs and more responsive services for taxpayers.

Summing up why Indianapolis's competitiveness effort has been so successful, Ray Wallace, the Mayor's special assistant, explained:

Our success really all comes down to competition. What our people needed was a tool to measure their efficiency so that they could compare their work to that of others. Anytime you can install competition into a process, it is going to bring out the best people have to offer. Once people knew that they had to win bids or lose their jobs, and that eventually they might share in savings, they began to look for ways to do their work better and at lower cost.⁴

2.9 Key Obstacles / Factors Hindering ASD

When preparing bids, one the major problems was that no one knew how much it costs the City to provide a service itself. Because employees, initially, were unable to assess the cost of services accurately, it proved necessary to call in the accounting firm, KPMG Peat Marwick, to help. As well, a training program was developed so that every employee could understand why activity-based costing (ABC) was being used, and how cost estimates would be arrived at.

2.10 Future Opportunities for ASD or Contracting Out

Indianapolis continues to include unionized public workers in the process of competitive bidding for contracts to deliver City services.

⁴ Bruns, *Indianapolis: Implementing Competition in City Services*, p. 7.

3. Phoenix, Arizona

3.1 Municipal Setting

- population: 2,058,000
- largest City in Arizona
- seventh largest City in the U.S.

3.2 Fiscal Picture

The 1996-97 operating budget was \$1.3 billion. Operating costs included \$51 million for waste management and \$9.7 million for emergency transportation.

3.3 Labour Relations Setting

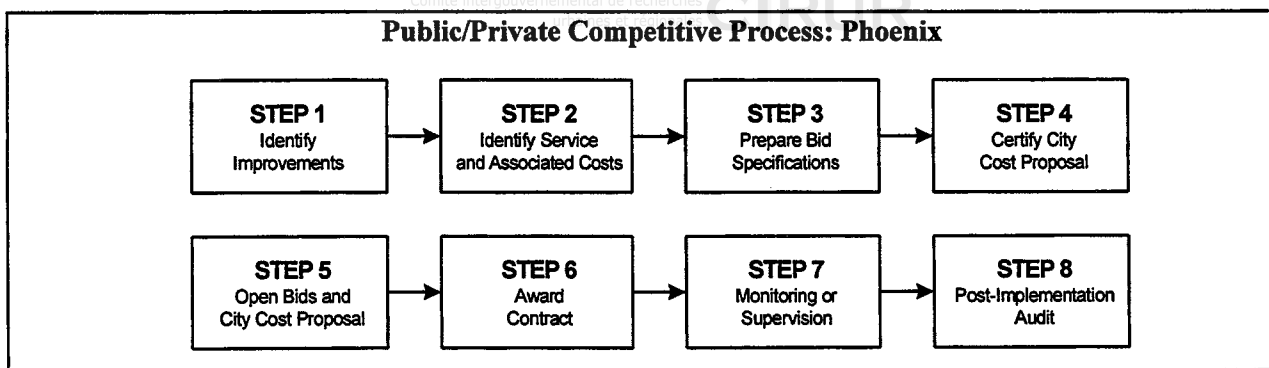
The potential impact on labour has become an important factor in all Alternative Service Delivery decisions. The City forecasts personnel changes so that any displaced personnel can be moved into new positions. In tough times, vacancies are frozen in anticipation of possible displacement. Bid specifications require that private firms awarded City contracts hire City employees if new jobs are created. Recent bids have specified minimum health insurance benefits for the employees of the contractor.

3.4 Policies on ASD, Contracting and Competition

Phoenix has developed a very thorough competitive proposal process (see **References**). This specifies that “City operations will be performed at the most economical cost while maintaining desired service levels,” and explains the process for proposals from City operating departments.

It also mandates a post-implementation audit process, and certification of any cost proposal by the City.

The competitive proposal process involves the following areas: Operating Department; Materials Management; Budget and Research; City Attorney; Deputy City Manager; City Manager and City Auditor. The following figure illustrates the eight steps in Phoenix’s competitive process.



3.5 Competitive Services

In Phoenix, the competitive process has been variously initiated by City staff, citizens and private businesses. Used in 13 service areas, it has involved 56 service delivery decisions. Private sector bidders have been selected 34 times and public sector bidders 22 times. The following table summarizes the City’s experience with the process between 1979 and 1994.

**Phoenix's Competitive Proposal Process (1979-1994)
Contract Summary**

| Service | Contracts Awarded to: | |
|-----------------------------|-----------------------|--------------------|
| | City | Private Contractor |
| Ambulance service | 1 | 0 |
| Billing services | 0 | 2 |
| Data entry | 1 | 0 |
| Fuel distribution | 1 | 0 |
| Instrumentation maintenance | 1 | 0 |
| Landfill operation | 0 | 1 |
| Landscape maintenance | 7 | 23 |
| Public defender | 0 | 1 |
| Refuse collection | 5 | 7 |
| Senior housing management | 1 | 0 |
| Street repair | 2 | 0 |
| Street cleaning | 2 | 0 |
| Water meter repair | 1 | 0 |
| TOTAL | 22 | 34 |

3.6 Competitive Proposal Process: Selected Services

The City inaugurated the competitive process in 1979, in response to high inflation rates, revenue and expenditure limitation laws, and a rate of population growth much above the national average.

Instead of privatizing, City officials decided to compare the cost of City services with costs in the private sector. The competitive bidding process created a public arena in which such comparisons could be made. Below, we discuss two of the services to which the process was applied.

3.6.1 Waste Collection

For the purposes of waste collection, Phoenix has been divided into districts. A phased-in bidding process affects one district per year. No more than half of total waste management is to be operated by the private sector. All waste collection assets are owned by private contractors, but landfill assets are owned by the City.

Contracts, which are for five to seven years, contain a "no lay-off clause" that compels private contractors to hire public works employees.

A private contractor initially won the bid for largest district until 2003. However, in 1984, Public Works changed operations to one-person trucks and thereafter managed to out-bid private contractors by more than \$6 million.

3.6.2 Emergency Transportation

Since 1984, the City's fire department has been the single provider for emergency transport. It operates under a contract which originally ran for five years. The last review, in 1991, determined service levels were high enough not to warrant tender. However, a private contractor manages the billing and collection service.

All assets are owned by the fire department but a contractor takes responsibility for their operation and maintenance.

3.7 Outcomes

According to Jim Flanagan, City Auditor for Phoenix and Susan Perkins, Deputy City Auditor, "The greatest benefit of the competitive process is the ability to positively influence expectations about government and gain public support."⁵ Improvements in the level of service in Phoenix have indeed been validated in citizen surveys which demonstrated a 0.3-point increase (on a 10-point scale) in satisfaction levels between 1989 and 1993.

Another benefit of the competitive process is the "self-directed attention to cost and customer satisfaction that occurs throughout the organization."⁶ Attention to performance leads to creative approaches to equipment design, staffing, cross-training, and cost containment "that otherwise might not occur." Management information systems have advanced as a result of the competitive process; accounting systems that used to focus on funding levels and line items now concentrate on efficiency and outcome.

As Jim Flanagan, City Auditor, remarked:

"There is no truth to the old saw that business is always more efficient than government. The important distinction is not public versus private, it is monopoly versus competition. Where there is competition, you get better results, more cost consciousness and superior service delivery."

With respect to Waste Collection, the direction of costs over a thirteen-year period is persuasive. Between 1984 and 1994, when costs for all other City programs went up, those for waste collection went down by an average of 4.5% per year. The service has adopted highly efficient vehicles, routing and staffing arrangements. Wage and benefit levels for waste collection personnel employed by the contractor are comparable to those of City workers.

When a private contractor was selected for landfill operation, the contract provided "significant monetary incentives" for increased density, enabling the private sector operator to extend landfill life beyond expectations. As a result, the City has had time to develop a transfer station and accumulate reserves.

Public opinion on service performance has been very positive: the customer satisfaction rating of the Waste Collection Service increased from a score of 7.6 out of 10 in 1989 to 7.9 in 1993. Since the

⁵ Flanagan, Jim and Susan Perkins, "Public/Private Competition in the City of Phoenix, Arizona." Government Finance Review, June 1995, p. 7.

⁶ Flanagan and Perkins 1995, p. 7.

emergency transportation services were streamlined under the fire department, response times have improved significantly. Responses within ten minutes increased from 48% to 95% between 1984 and 1995.

As of June 30, 1995, the City had saved \$17.1 million in the area of waste collection and \$2.9 million in emergency transportation.

3.8 Key Success Factors

Phoenix can pride itself on success in implementing a successful competitive process. Cost-savings were substantial in most areas, whether City-run or privately contracted, and customer surveys have consistently indicated increased levels of satisfaction.

Much of this success can be attributed to the political support for competition received from key officials from the beginning. Equally significant is the fact that public employees were given an opportunity to bid from the start. This, and the fact that the City constantly strives to mitigate the impact of job displacement, makes for positive employee relations.

The City recognized that “employee and supplier relationships are absolutely essential to achieving quality,” and acted accordingly.

Two key steps in the proposal process ensure success:

- Certification of City cost proposals ensures that the City auditor reviews internal bids to determine that costs and savings have been calculated accurately. Proposals are measured against historical costs; if no history exists, similar services provide a benchmark, or outside firms are utilized.
- A post-implementation audit is conducted within twelve months of commencing operations. Both the private and public sector are subject to audit, and the City’s audit department reports annually on cost-savings attributable to the competitive process.

The City continually reiterates its mission: “to provide the best service at the least cost.” This message is clearly and effectively communicated, especially when privatization is under consideration.

Finally, it is evident from the Phoenix experience that outcome-oriented accounting practices are key to providing apples-to apples comparisons between City and private sector services.

3.9 Key Obstacles

Over eighteen years of experience with the competitive process has led to a slackening of contracting activity and a slowdown in the degree of innovation.

3.10 Future Opportunities

Waste management will continue to go to tender on a rotating district basis. This service still represents the single largest budget item, as well as offering the greatest opportunity for cost-savings.

4. Milwaukee, Wisconsin

4.1 Municipal Setting

- population: 623,531

4.2 Fiscal Picture

The budget for 1997 was \$501,956,309.

4.3 Labour Relations Setting

Labour relations became positive, once the competition policy was developed. Competition has increased the morale and productivity of City workers, improved the timeliness of service, and increased job satisfaction. However, collective agreements still make it difficult to adjust the workforce as desired.

4.4 Policies on ASD, Contracting and Competition

An Internal Service Improvement Project (ISIP) classified internal services into three categories:

- **Policy/Regulatory Services** — ones that establish, carry out, or enforce City-wide policies, perspectives or regulations across departments.
- **Monopoly Services** — ones that should be provided through a single central source for reasons of economy, efficiency or effectiveness.
- **Competitive Services** — ones that can and should be selected by individual departments from among a variety of vendors on the basis of the most desirable combination of quality and cost. City agencies offering these services should compete with outside vendors to capture City departments as “customers.”

Policies have been established for each of the three categories:

Policy/Regulatory Services

The City pays the provider agency from its general funds.

Policy makers determine the volume and the level of service through the budgetary process.

Services are provided to departments without charge.

Monopoly Services

The customer departments pay for these services.

The customers determine the volume but not the source of service.

Spending is controlled by rates and revenues, rather than being financed by appropriations.

Rates are set by the provider agency to “break even,” not make a profit.

Rates must be reviewed by a customer panel and approved by the Mayor and Council.

Competitive Services

The customer departments pay for these services, choose the source and amount of service, and shop for best value.

Spending by the provider agency is controlled by revenues received.

Rates are controlled the by the marketplace.

Profitability is encouraged.

4.5 Alternative Service Delivery Overview

Milwaukee launched its ASD program (ISIP) in 1992. The context for the initiative was widespread dissatisfaction with the quality, timeliness and responsiveness of services received from the City's Internal Service Agencies (ISAs).

ISIP authorized City departments to select either City or outside vendors to provide services based on quality and price. It allows City departments to purchase up to six different internal services, with a total budget of over \$43 million, from private firms if they can obtain a lower price and/or better quality by involving the private sector.

The idea in adopting a market approach was to ensure that only those City departments survived that were able to attract customers and break even. Training in customer service was provided, and support groups made up of service providers and customers were established to solve implementation problems.

Private firms were consulted on the design of marketing strategies and the setting of competitive prices, and bankers were asked to critique the business plan of each Internal Service Agency.

4.6 Selected Services Prior to Competition

It is instructive to look more closely at two services that were greatly in need of restructuring at the time competition was introduced.

4.6.1 Building Repair and Maintenance

The Buildings Department, which had a total operating budget of 3.6 million, was run inefficiently. For example, scheduling the annual painting of the fire hall during November, when the fire trucks had to be parked inside, meant that work was interrupted every time the trucks were called out to a fire. When bids were called, this department, engaged in highly labour-intensive activity, put in a bid 121% above that of the private contractor.

4.6.2 Information Systems

While the City allocated \$3.5 million to Information Systems in its operating budget, one-fifth of respondents to a customer service survey were dissatisfied with the department's performance prior to the ISIP changes. With the introduction of ISIP, six City departments that required information technology solutions were permitted to approach City or outside vendors for competitive bids. At that time, service provision and regulatory responsibilities were separated to streamline customer service.

4.7 Outcomes

The introduction of competition led to immediate improvements. The table, on the following page, shows that several departments were quickly able to lower the costs of certain services.

Summary of Project-Based Savings Related to ISIP (1992)

| Department | ISIP Protocol | Combined Savings |
|----------------------|-------------------------------|------------------|
| Police | Computer Maintenance | \$22,755 |
| Library | Building Repair & Maintenance | \$9,441 |
| Administration | Computer Maintenance | \$3,788 |
| Fire Department | Building Repair & Maintenance | \$1,588 |
| TOTAL SAVINGS | | \$35,572 |

When services were put out to tender, internal bids at first ranged from 7% to 121% higher than private bids, with an average of 44% higher. Internal service providers who were successful have begun to put pressure on other departments to improve service. Most departments have initiated reforms in their accounting, budget and personnel systems.

In the two services mentioned earlier, the change has been dramatic.

4.7.1 Building Repair and Maintenance

A private contractor was awarded the contract for fire-hall painting. He decided to spray-paint to save labour costs, scheduled the work for the summer so that trucks could be parked outside, and offered the fire department a choice of colours. In general, building maintenance changed its focus from internal requirements to customer needs.

It should be noted, however, that only 6% of the total building and maintenance budget has gone to outside contractors.

4.7.2 Information Systems

Information Systems (IS) developed a formal manual on City-wide systems standards. This provided a clear reference for departments. IS also initiated a project review process to ensure that projects under development comply with City-wide standards.

Two of the three major systems development projects were given to outside vendors. IS was involved in 11 of 13 minor projects concerning computer equipment, software, and upgrades. Only one City department selected an outside vendor to fill its computer maintenance needs.

4.8 Key Success Factors

Three fiscal factors were noted as providing an opportunity to concentrate on results-oriented improvement through ISIP: an annually lowered tax rate, spending below the rate of inflation, and better control of the City's debt.

Management support, especially at the mayoral level, was key to moving ahead with ISIP.

Separating customer functions from regulatory functions helped to remove barriers, while the classification of internal services into categories (policy/regulatory, monopoly and competitive) made it easier to apply the new competitive policy.

4.9 Key Obstacles

Rather cumbersome competitive bid processes often delay procurement: it may be more economical to make an early acquisition than to obtain the lowest price.

Secondly, merit systems under collective agreements often delay hiring, promotion and termination of employees needed to meet customer service demands.

Finally, a number of budgetary and accounting procedures also delay procurement:

- authorization process for fund transfers
- separate funding sources and controls for equipment purchases
- restriction on the use of retained earnings

4.10 Future Considerations

When customer departments increase their use of outside vendors, internal departments find it necessary to adjust resources to reflect decreasing demand, and to expand into other markets.

These challenges raise two questions: Should the City continue to fund uncompetitive operations? And should City departments retain a minimum staff level to deal with emergencies?

5. Borough of East York, Ontario

5.1 Municipal Setting

- population: 98,594
- Metro Toronto's only borough and smallest municipal unit
- service responsibilities include solid waste treatment, fire, public libraries, recreation and local roads, water and sewer lines

5.2 Fiscal Picture

The 1996 budget was \$53,485,939.

ICURR Intergovernmental Committee on Urban
and Regional Research
Comité intergouvernemental de recherches
urbaines et régionales CIRUR

5.3 Labour Relations

East York's municipal employees are members of the Canadian Union of Public Employees (CUPE). Employee relations are good. The collective agreement allows contracting out, but when it occurs, it protects bargaining unit employees from lay-off or work termination. The City must also give prior notice and discuss any proposal with the union. Guidelines for outsourcing provided the opportunity to retain services in-house as long as the employees could reduce costs.

5.4 Policies on ASD, Contracting and Competition

No overall policy has been developed. A traditional tendering process is used for each contract. On occasion, employees have been allowed to bid for tenders in competition with the private sector (e.g., solid waste collection).

5.5 Contracted Services or ASD

A number of East York services have been contracted out to the private sector. This section describes three of them.

5.5.1 Collection of Waste and Recyclables

In 1994, the Borough awarded a five-year contract for the collection and hauling of waste and recyclables from Wards 3 and 4, representing one-half of the Borough. The other half continued to be served by Borough employees. The annual cost of the contract was estimated at \$650,000, and it was hoped that, over the five years, the Borough would save at least \$3 million—about half of the cost of the service when done by its own workers. The cost per ton of waste collected did indeed fall as a result of contracting out, from around \$60 per ton to just under \$30, according to published newspaper reports.

Part of the savings was realized from the contract with the private service provider, and part as a result of changes made in in-house operations. At the time of tender, the Borough of East York received and evaluated a bid from the CUPE local which estimated savings of \$585,000 over five years through reduction in supervisory and management staff; but Borough officials estimated that the savings would actually only be \$250,000. Since the contract was awarded, competition has compelled Borough employees to pare the cost of their services.

The contract, which is for operations and maintenance, requires the contractor to provide equal or better service than that provided by Borough staff. As can be seen from the following table, for the same level of service in terms of hours, geographic area and rate of collection, the private operator uses fewer vehicles and therefore has lower maintenance and payroll costs.

| No. of Workers/Vehicles | Private | Public (Borough employees) |
|--------------------------------|----------------------|----------------------------|
| Number of workers per vehicle: | 2 or 1 | 3 |
| Number of vehicles (total) | 3 trucks, 1 recycler | 6 trucks, 5 recyclers |

The union agreed to these changes because when the bid was awarded to the private contractor, Borough employees who were displaced were transferred to other jobs.

One may conclude that using both privately-operated and Borough-run services in tandem has effectively reduced overall costs and may ensure that these costs continue to be kept to a minimum.

5.5.2 Parking Authority (Parking By-Law Enforcement)

In 1994, the Borough decided to establish an independent parking authority and contracted for a private company to provide parking management services. It hoped that privatization would eventually increase revenues from \$475,000 to \$1,272,000 per year and reduce costs to \$298,000.

The rationale for privatization of parking services was described as follows:

The increase in the number of commercial and residential boulevard parking permits was to be achieved through enforcement of existing Borough by-laws while the increase in on-street overnight parking permits and parking meters was to be through increased parking management (*i.e., enforcement*) by the private company. The summary of opportunities clearly indicates that privatization of the Borough parking management services not only increases the new income to the Borough but also will improve service

to the public and provide a more equitable and fair treatment to the public.⁷

It was decided to charge for the approximately 2,000 illegal parking pads for which no permits had been issued or revenue received prior to 1994. Other proposed measures were the introduction of on-street overnight permits and an increase in the number of parking meters.

However, during the first year of operation under the contract, Council placed a moratorium on enforcement of regulations for residential boulevard parking as a result of complaints from the public about the diligence with which the contractor followed up on illegal use. Eventually, in December 1995, it terminated the contract and agreed that Borough employees would henceforth provide parking management services. The reason given was that use of in-house contract staff would reduce costs by attempting a lower level of enforcement. In reality, however, this appears to be a clear case of political sensitivities influencing the full application of existing regulations by an arms-length authority.

5.5.3 Tax Payment Plan

In January 1995, the Borough initiated a tax payment plan that involved a three-year contract with a private firm. Taxpayers could remit a series of post-dated cheques, but the contractor would pay the face value of the taxes at the beginning of the year, thus enabling the Borough to invest the prepaid funds during the interim period.

Unfortunately, the drop in interest rates after the "Payment Plan" was inaugurated meant that returns were minimal, despite the fact that the contractor reduced his fees considerably. In addition, the plan has administrative drawbacks: since the contractor only handles one aspect of the tax management process, there is overlap and duplication between the contractor and the Borough.

During a review conducted by Council in 1996, the Treasurer and Director of Finance recommended that the contract be cancelled and the work taken over by Borough staff. Council decided to continue with the contract until it expires in December 1997, but to reduce some of the costs to the City, for example, it eliminated the original start-up fee of \$25 per account that had initially been allowed to the contractor.

5.6 Competitive Process

As the competitive process was different for each of the three services discussed above, it may be useful to review how it developed in each case.

5.6.1 Collection of Waste and Recyclables

Before the formal five-year, fixed-price contract was tendered, extensive consultation with the union took place. Indeed, the union group (CUPE) was given an opportunity to submit cost-saving proposals prior to awarding of the contract. A good working relationship between union and management continued after the contract was awarded.

An early retirement package that had been introduced by the Borough made it relatively painless to

⁷ Excerpt from the *Report of the Commissioner of Works and Environment*, Item 4, Report No. 15 of the Transportation Committee, Nov. 2, 1993.

fulfil the guarantee of no job loss for existing employees.

The fact that the contractor agreed to supply his own equipment relieved the Borough of the capital burden for replacement.

5.6.2 Parking Authority

The negotiated management services agreement called for a three-year contract, commencing in May, 1994. The contract included termination clauses: three months' notice, or twenty-four hours' notice in the event of default. The agreement included standard insurance and indemnity clauses. It was developed without any opposition from the union (CUPE).

The original management fee of \$1,260 per month, plus an incentive fee of 10% of revenues in excess of \$250,000, was reduced in the light of subsequent events.

5.6.3 Tax Payment Plan

This three-year negotiated management services agreement originally included a set-up and handling charge of \$25 per account, which was dropped after 18 months.

The net cost to Borough was initially estimated at approximately \$8,800 per year. Based on 1,000 accounts at an average tax bill of \$2,000, this assumed an administrative charge of 2% per account and that the Borough would be able to invest \$1,935,000 profitably.

The original hopes were not realized: lower interest rates reduced revenue and a rise in the number and size of accounts beyond the original estimate increased the net cost of the new system to the Borough.

5.7 Outcomes

5.7.1 Collection of Waste and Recyclables

The total savings of \$3 million "guaranteed" over the period of the contract were realized.

Moreover, absenteeism and Workers' Compensation Board costs among union employees fell, and the union's offer to work ten-hour shifts resulted in considerable in-house savings, in addition to those achieved through the external contract. Overall, the cost per ton of waste collected halved, from approximately \$60 to \$30.

Levels of service and standards have been maintained, and the public has noted no appreciable difference.

5.7.2 Parking Authority

Political sensitivities precluded full implementation of the parking services agreement, and the Borough's goal of increasing revenues while providing more equitable and fair treatment to the public through uniform enforcement has not been realized. Eventually, the contract was terminated and the operation reverted to in-house management.

Although this was never stated explicitly, enforcement by Borough staff will not be as rigorous or

extensive as would have been the case with the private contractor.

5.7.3 Monthly Tax Payment System

The anticipated cost-savings were not realized primarily due to lower than expected interest rates.

Duplication and overlap continue to cause administrative and program problems, and the Borough is seriously considering alternatives after conclusion of the present contract.

Since this is a new service, it is not possible to compare standards or levels of service.

5.8 Key Success Factors

In the case of Waste Collection, extensive consultation with the union before, during and after was important. As well, contracting out only one-half of the work permitted accurate comparisons and ensured that both the contractor and the in-house employees set and maintained good levels and standards of service. The threat of losing the entire operation stimulated the union to initiate and agree to changes they might never have contemplated otherwise. Initially, the Director of Operations believed that the private contractor was more productive than Borough workers, citing higher absenteeism and lower productivity among the latter. Since the contract has been operating, the Borough employees have accepted different working conditions (e.g., four, ten-hour days; fewer workers per vehicle) to improve efficiency and have reduced their absentee rates to the point where they are now competitive.

For the Parking Authority to succeed, it would have been essential to understand beforehand what the impact of enhanced enforcement would be. On the part of the contractor's staff, better understanding of the level of tolerance of incomplete or relaxed enforcement of parking regulations might have alleviated some of the problems. However, this would not have changed the reality that there was no political will to enforce the parking regulations. In this instance, failure was guaranteed by the councillors' lack of resolution and the absence of solid support from management.

Although the Monthly Tax Payment contract is still in force, the need for a well designed initial plan was not met. The contract might have been more successful if it had called for the contractor to manage the entire tax collection system.

5.9 Key Obstacles / Factors Hindering ASD

5.9.1 Collection of Waste and Recyclables

This appears to be a good example of successful Alternative Service Delivery. The Borough is enjoying significant short and long-term cost-benefits, and service is being maintained at satisfactory levels.

5.9.2 Parking Authority

The primary hindrance to success in this venture was the lack of political support. When the contractor attempted to enforce parking regulations and people objected, the councillors backed off, citing the contractor's staff as being too "rigid." As stated in the Report of the Commissioner, "The lower than anticipated revenue from residential boulevard parking is largely due to the continued moratorium on

enforcement that was requested by Council.”⁸

It is difficult to determine what the public’s attitude would have been to a uniform enforcement of parking regulations since the only “measured responses” appear to have been from those who complained to councillors.

5.9.3 Tax Payment Plan

Unforeseen changes in interest rates made this project uneconomical. The failure to plan and implement a sufficiently broad program that would have allowed the contractor to manage the entire tax collection process resulted in needless duplication and prevented implementation of technological advances to reduce overall costs.

5.10 Other Observations Applicable to Ontario

The Director of Human Resources and Communications for the Borough of East York summed up the issues around contracting out as follows:

“We have learned a lot about the issues of contracting out. For instance, problems can occur when you contract out a function that has high public contact over potentially contentious issues (e.g., by-law enforcement). Monitoring and ensuring that the contractor adheres to your way of doing business is often difficult. Another learning experience was that you may enter into an agreement expecting to make money through contracting out, however, exact “earnings” may not materialize due to unexpected drops in the interest rates (e.g., Payment Plan for taxes) or failure to fully implement the expected strategy (e.g., by-law enforcement). Overall, our success in contracting out owes a lot to the relationship that exists between our union and the Borough. Through frank, honest and open communication and co-operation, we have been able to enter into a number of initiatives. The building of trust over time has been a key factor in our successes.”⁹

6. Etobicoke, Ontario

6.1 Municipal Setting

- population: 309,000
- lower tier municipality within Metropolitan Toronto
- service responsibilities include solid waste, fire, public libraries, recreation and local roads, water and sewer lines

6.2 Fiscal Picture

The 1996 budget was \$134,121,860. Although the present fiscal situation is considered stable, the good mix of industrial and commercial in Etobicoke’s assessment base did not keep tax revenues from declining during the recession.

⁸ *Report of the Commissioner of Development Services, Item 11, Report No. 5 of the Regulatory and Development Committee, September 18, 1995*

⁹ Letter to the Ministry of Municipal Affairs and Housing, December 23, 1996

6.3 Labour Relations

Municipal employees are unionized: most jobs fall under CUPE, nursing or other union collective agreements. Employee relations are good.

Despite restrictive language in its collective agreements, Etobicoke has contracted out a number of municipal functions to the private sector. It has worked with the unions to develop joint management-staff proposals that are considered alongside competitive bids from external suppliers and it has consulted with unions to develop guidelines for outsourcing other services. The option of using services in-house at a lower cost has been retained.

6.4 Policies on ASD, Contracting and Competition

Etobicoke has been pursuing contracting out since 1992. Policies on outsourcing have been approved by Council, including guidelines for developing joint management-staff (or union) proposals.

The Council uses a strategic planning and priority-setting process to review all potential candidates for outsourcing. Senior management considers activity-based costing (ABC) to be an essential component for successful comparisons of internal and external bids. It plans to do further work on ABC and include it in specific projects that will be outsourced in future.

In January 1997, the Etobicoke Council voted to out-source additional municipal services despite uncertainties regarding future amalgamation.

6.5 Contracted Services or ASD

Some thirty services were listed for review as candidates for outsourcing in 1992-93. These ranged from street sweeping to fire services.

Before this time, the more traditional services had already been contracted out to the private sector: legal services, management consulting, auditing, janitorial and cafeteria services, and vehicle maintenance. By early 1997, most of the "hard" services had been entirely or partially outsourced: most roads, garbage collection, water-meter reading, bus shelter maintenance (in part), planning and development professional services, data entry and information technology. Still being assessed for outsourcing were further janitorial services, carpentry, mechanical maintenance, vehicle and equipment maintenance, outdoor pools, tax billing and collection, payroll, property standards, animal centre, records management, public relations, utilities (sewer and watermain emergency repairs) and some health services.

Those services reviewed and kept inside include: survey work, fire inspection services and by-law enforcement (for which there is no private sector market), hydrant replacement, street sweeping, catch-basin cleaning, sewer flushing, snow removal, and some park maintenance.

Etobicoke has also used public-private partnerships to provide a variety of recreation services and related facilities, for example, the design, construction, operation, maintenance of, or arrangements for, golf courses, go-carting tracks, indoor soccer facilities, and a sports medicine and community wellness facility.

Of the many services that have been contracted out, we will describe just two in detail.

6.5.1 Waste Management

Council, in order to improve cost-effectiveness and productivity of waste management services, decided to contract out the existing services. City employees requested the opportunity to develop a joint management-employee proposal and were allowed to do so.

Three outside bids were received in 1994 in addition to the joint internal proposal. After a public meeting, the contract was awarded for seven years to WMI in July 1995.

The private operator uses trucks operated by one person instead of three. Most of the employees who were displaced were re-assigned to other City jobs. Surplus garbage trucks were sold at public auction, but the yard remained with the City.

6.5.2 Olympium Janitorial Services

A November 1995 review by Council suggested potential savings of \$100,000 by outsourcing janitorial services for the Olympium pool and related facility. A joint union - management proposal was developed for consideration.

Tender closed on March 22, 1996. Bid proposal prices, when compared with 1995 cost figures, showed that significant improvement in cost-savings could be achieved by the private operator with no change in the level of services. Originally it was estimated that \$100,000 would be saved. The private bid offered savings of \$305,000 per year, whereas the joint internal proposal called for savings of only \$222,000. Nevertheless, Council chose to accept the internal proposal for one year, with monitoring.

6.6 Competitive Process

In the case of Waste Management, private contractors were asked to submit bids with two pay options — one using their own pay rates, the other using the City's pay rates. There turned out to be a difference of about \$3 to \$4 per hour. Outside contractors were also asked to indicate in their bid how many internal employees they would hire. The private bids and the internal proposal were compared over the entire seven years of the contract, to smooth out the impact of fleet sales.

The joint union-management proposal contained significant union concessions including joint union-management selection of employees based on performance rather than seniority, and agreement to a “no strike” clause. However, the private sector still promised to be much less costly: the private bidder pledged savings over the seven years of \$12.3 million, whereas the internal employees thought they could save \$7 million. The difference in actual collection costs between the bids was only \$500,000 per year, taking into account the revenue generated for the municipality from sales of the vehicle fleet.

A joint union-management proposal was also developed for cleaning the Olympium pool and related facility. The Human Resources Department, working as the “third party” with union and management, secured concessions from both, including elimination of one supervisor's position, downgrading of three other positions, elimination of one thousand part-time hours, and an agreement that employees would cover vacation and sick time without replacements. The private sector bid, even in the first year, was still \$35,000 lower. However, management recommended a one-year trial with CUPE as the provider; and at the six-month review, the projected annual savings of \$222,000 were on target. Council then decided to continue the arrangement for the balance of the year.

6.7 Outcomes

6.7.1 Waste Management

Significant cost-savings were realized by the private operator: \$12.3 million over seven years. Eighty positions were eliminated but only seventy-five people were affected. There was a six-month period for reassigning employees, before the start of lay-offs. Concessions made by both CUPE and the City helped affected employees. A letter of understanding was developed to assure that changes would have the least impact on services, and the most positive impact on individual employees. The agreement recognized the importance of placing qualified people in positions that became available, and of reducing the confusion creating by bumping. Employees whose jobs were affected were given an incentive to retire early, three year recall rights instead of one, a chance to apply for all current positions, and six months' extended health care benefits. The union agreed to withdraw arbitration, create an orderly bumping and transition process, and engage in collegial communication with the membership. In the end, twenty-seven people were laid off from full-time work but most obtained part-time jobs at full-time pay or found positions with other organizations. Job counselling was provided.

Since privatization, the number of grievances has dropped by more than 10% and annual average absenteeism has decreased from 14 to 6 days. A drop in workers' compensation claims during Year 1 of more than \$400,000 was an unexpected bonus.

Service levels and standards remained the same or improved. The public found that less waste was left lying around by the private operator, and heartily approved the reduced cost of waste collection.

6.7.2 Olympium Janitorial Services

Accepting the internal bid allowed the City to utilize the expertise of its existing staff, and to protect its investment in a world-class facility without any compromise of health or safety standards.

Greater flexibility in deploying resources for special events was achieved, and cleanliness and other service quality levels were maintained. Competitive bidding encouraged management, employees and unions to come up with cost-savings and to work cooperatively.

6.8 Key Success Factors

Etobicoke Council has given essential political support to efforts to improve cost-effectiveness and productivity through outsourcing. It has developed a useful strategic plan process and outsourcing guidelines. (See **References.**)

The ability to advance joint union-management proposals has been important in maintaining good employee relations in a competitive environment. The HR department was inserted as a neutral "third party" to help in the formulation of joint union-management proposals, and to separate the internal proposal process from the adjudication of external bids.

Strong senior management leadership has proved necessary to carry forward decisions in contentious circumstances and to move middle managers away from the status quo.

The private suppliers, for their part, were accommodating in developing their bids, for example, by accepting a last minute joint management-union proposal.

Because service levels remained the same or better while costs dropped, public response has been good.

6.9 Key Obstacles

The greatest obstacles to the application of ASD have been restrictive collective agreements, and rigidities in legislation. For example, the *Fire Services Act* has been interpreted as requiring fire-fighters to perform all roles, including inspection. Some relief has been provided by drafting side letters of agreement with CUPE 185 to allow for outsourcing in certain circumstances. However, this process has been onerous and time-consuming.

Another problem has been the limited ability of middle managers to support outsourcing. Managers at that level generally are not experienced in doing full activity-based costing of existing municipal services, in order to establish a baseline for comparisons.

6.10 Future Opportunities

Etobicoke's experience has the potential to be applied elsewhere, but realizing this potential would require a combination of success factors to make it work. Needed are:

- strong and consistent political leadership in setting outsourcing policy and supporting outsourcing over a period of three to five years;
- strong senior management leadership including the ability to resolve issues with unions and stretch middle managers' capabilities;
- willingness by union and employees to develop competitive proposals and cooperate with flexible arrangements for work schedules and compensation; and
- private suppliers prepared to accommodate internal and external competition.

6.11 Overall Comments

According to Brenda Glover, Etobicoke's Clerk-Treasurer and Commissioner of Administrative Services:

“Our Council decided that they were serious about outsourcing municipal services. We are not in this just to kick the tires. We would never have achieved the reforms in cost-savings or in downsizing by 400 people in 4 years without competition with the private sector and the use of Alternative Service Delivery.”

Ms. Glover attributes Etobicoke's success to strong leadership at the political and senior management level; the ability to benchmark services, set standards and measure results; the policy approval role of Council; and cooperative unions.

The question remains: “Is the Etobicoke experience unique or can it be applied elsewhere?”

7. Windsor, Ontario

7.1 Municipal Setting

- population: 190,000
- service responsibilities include solid waste management, fire, public libraries, recreation and local roads, water and sewer lines

7.2 Fiscal Picture

The 1996 budget was \$340,385,165.

7.3 Labour Relations

Windsor's municipal employees are unionized through CUPE. Collective agreements with CUPE locals establish the right to contract out and detail the process to be followed when doing so.

7.4 Policies on ASD, Contracting and Competition

The City has several policies on competing for service delivery. Collective agreements provide for shadow bidding by in-house union/staff, and the external bidder must beat the in-house price by 10 to 15%.

A traditional tendering process is used for each contract.

7.5 Contracted Services or ASD

Windsor is financially innovative and has made extensive use of public-private partnerships and contracting out. Recently it has considered a number of services for contracting out to the private sector, including the two described below. In addition, sewer videoing and cleaning was originally considered, but this project was soon dropped because significant cost-savings could not be projected, largely because of overpricing by the monopoly supplier.

7.5.1 Corporate Radio System

In 1993, the City identified the need to replace the radio communication systems in its police and fire departments. Instead of only addressing these departments, it was decided to conduct a corporate-wide communications study to address all the City's needs. A partnership with the private sector was sought to allow the City access to the most up-to-date technology without large and continuous capital outlays, and with the potential for upgrade from voice only to voice/data service.

The system, which provides a single radio communications structure for all departments, was tendered late in 1995 and a contract was awarded in the spring of 1996. The capital outlays for the system were \$4,300,000 for infrastructure and \$1,600,000 for user equipment.

7.5.2 Winter Roads Control

In 1996, the City determined to extend the privatization of winter roads control. Tenders were issued for supplying all the necessary labour and equipment for the spreading of salt and ploughing of snow on City roadways for five winter seasons. An internal shadow bid from the union was considered. As a result of a standard competitive bidding process, the contract was awarded to the lowest qualified bidder, a private sector firm, for \$788,152. The union's bid was \$1,038,818, or 31.8% higher. Savings were projected to be approximately \$250,000 per year.

7.6 Competitive Process

The City issued an RFP for the Radio System in late 1995, and received two responses. Following a formal evaluation process, Council authorized negotiations with the preferred partner. The system was installed in the Police and Fire Departments in May 1996, and other departments were expected to get connected through 1996 and 1997. The system infrastructure is leased to the City over a variable term of eight to twelve years; user equipment is leased over five years. The City has control over all equipment.

A tender for Winter Roads Control was issued in 1996, at which time the union was informed that it

could prepare a shadow bid for the contract. After the standard competitive bidding process, the five-year contract was awarded to the lowest qualified bidder, a private sector firm.

7.7 Outcomes

In the case of the radio system, the lease-back arbitrage program enabled the City to finance the \$7 million project. The City will also be able to upgrade the system in the future, as the leases expire. This unique form of public-private partnership offers flexibility in budget planning and creates an effective method of keeping current with changing technology.

With respect to the winter roads control program, by using a competitive bidding process coupled with the shadow bid system, the City was able to reduce costs, increase flexibility, and at the same time give union employees an opportunity to become competitive in the future.

7.8 Key Success Factors

For the corporate radio system, the key to success lay in the ability to acquire a coordinated system without the necessity of making large-scale capital commitments and, at the same time, to build in flexibility in an area where technology is advancing daily.

For the winter roads control project, cost-savings were the paramount consideration, with service improvements regarded as second in importance.

In neither case was public support an issue.

7.9 Key Obstacles / Factors Hindering ASD

In the case of the winter roads control program, an attempt by the union at a political end-run delayed implementation by about two months; however, it would appear that there is beginning to be limited creative participation in the competitiveness process by the union.

7.10 Future Opportunities for ASD or Contracting Out

With the transfer of responsibilities for the delivery of many services from the Province to the municipalities, more opportunities may arise in Windsor.

Appendix B

Ontario Municipal Survey

| Respondents | Population | 1995 Revenue Fund Expenditures |
|--------------------------------|-------------------|---------------------------------------|
| Town of Ajax | 58,854 | \$28,197,541 |
| Borough of East York | 98,594 | \$53,485,939 |
| City of Etobicoke | 302,451 | \$184,439,859 |
| Region of Hamilton-Wentworth | 452,745 | \$536,583,507 |
| Town of Ingersoll | 9,545 | \$7,521,934 |
| Township of Innisfil | 22,523 | \$12,308,603 |
| City of London | 320,099 | \$457,949,491 |
| Region of Metropolitan Toronto | 2,183,655 | \$3,979,299,000 |
| City of Mississauga | 480,170 | \$285,189,443 |
| Region of Ottawa-Carleton | 692,898 | \$1,076,958,105 |
| County of Oxford | 94,959 | \$55,013,665 |
| Region of Peel | 753,116 | \$506,485,145 |
| Sidney Township | 12,890 | \$5,960,328 |
| City of Sudbury | 87,087 | \$61,458,622 |
| Region of Waterloo | 383,319 | \$312,479,702 |
| County of Wellington | 158,605 | \$54,474,100 |
| City of Windsor | 193,657 | \$340,385,165 |

QUESTIONNAIRE ON MUNICIPAL COMPETITIVENESS AND ALTERNATIVE SERVICE DELIVERY

MUNICIPALITY: _____

CONTACT: _____

1. DEFINITIONS

Alternative Service Delivery (ASD): Alternative Service Delivery refers to the choice that municipalities can make to provide services by means other than direct (in-house) delivery, including shorter term contracting-out / outsourcing, longer term public-private partnerships, devolution to non-profit organizations, franchising (with or without terms and conditions) and outright privatization, depending on how much overall municipal responsibility for a given service is to be retained.

Competitiveness: Competitiveness in the provision of municipal services is achieved when the cost and value of services presently being provided is measured and tested through comparisons with other service providers and / or a competitive bidding process to determine who will provide the service. A competitive bidding process is structured in some jurisdictions to give existing in-house public sector service providers an opportunity either to participate in bidding or an opportunity, prior to a decision to go to outside bids, to improve upon the efficiency and cost of existing public provision of a service. This can add to the state of competitiveness achieved by the prospect of outside bids alone.

2. OVERVIEW – QUANTITATIVE DATA (See Attachment 1)

- a) On Attachment 1, please check the services (or parts of services) which are currently delivered by a competitive bidding process or Alternative Service Delivery (place a check mark in column A).
- b) For those areas you checked, please indicate the appropriate numbers (dollars and percentages) where possible (columns B, C, D & E).
- c) In columns F & G, please indicate which additional projects or services you will likely consider for ASD in the next 2 - 3 years.

QUALITATIVE QUESTIONS:

3. Which of the following statements characterizes the overall service delivery situation in your municipality? (choose one of the following):
 - _____ a) We have an overall ASD framework in place which affects most services and includes internal and external competitiveness.
 - _____ b) We have some policies on competing for service delivery which have been applied to at least one recent service delivery area within the last 3 years.
 - _____ c) We are working on an overall ASD / competitiveness framework and expect it to be put in place in 1997.

_____ d) We have contracted out some services but have no overall policy framework other than traditional tendering process for each contract.

4. Where you have implemented ASD or competitive process services in the last three years, please list two most **successful projects or services** and the **factors** which contributed to their success:

a) Specify which services or projects: #1 _____ #2 _____

b) Key success factors (rank from 1 to 5, 1 being most important)

- i) Political support..... _____
- ii) Management support..... _____
- iii) Cost-savings..... _____
- iv) Service improvements..... _____
- v) Public support..... _____
- vi) Private contractor's capability..... _____
- vii) Positive employee relations..... _____
- viii) Other (please specify)..... _____

5. Have you considered and **dropped or ceased any ASD initiatives** in the past three years? If so, for what reasons?

a) Specify service or project:

b) Reasons not implemented or ceased: (pick top 2 reasons)

- i) Lack of political support..... _____
- ii) Lack of management support..... _____
- iii) Lack of cost-savings..... _____
- iv) Potential actual service deterioration..... _____
- v) Public criticism..... _____
- vi) Lack of capable supplier..... _____
- vii) Adverse employee reaction..... _____
- viii) Other (specify)..... _____

6. What were your **main reasons** for adopting ASD? (e.g. anticipated cost reduction, better service, internal service problems, etc.)

7. Describe the **process you used to achieve competitiveness** in your initiatives described in Questions 4 and 5 above (for example, full-cost accounting of internal services, shadow bids, external benchmarking, etc.)

8. What problems or obstacles did you encounter in the examples listed in Questions 4 and 5?

a) Specify services or projects

b) Problems / obstacles:

- i) Provincial legislation or policy..... _____
- ii) Municipal by-law / policy..... _____
- iii) Collective agreements..... _____
- iv) Current practices (specify)..... _____
- v) Other (specify)..... _____

9. Does any current legislation, policy or practice facilitate ASD in your municipality? If yes, please describe.

10. Where you have implemented ASD, please describe any changes (or indicate if it stayed the same) resulting from the implementation (“before and after”):

a) Service or project

b) Describe any changes noted in:

i) Cost efficiencies

ii) Level of service

iii) Standards of service

iv) Public satisfaction

v) Accountability or reporting



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vi) Employee / labor relations. Please include changes in successor rights, collective agreements, union representation, compensation / benefits, workforce, job security, working conditions or other labour / ESA issues:

vii) Other

11. Were there any **changes in ownership of assets or status of existing municipal employees** as the result of bids by private sector contractors?
12. What has the **public response** been to the implementation of ASD methods, if any?
13. Do you have **any other observations or comments** on ASD and competing for municipal services delivery?

ATTACHMENT 1

**MUNICIPAL COMPETITIVENESS AND
ALTERNATIVE SERVICE DELIVERY: QUANTITATIVE DATA**

MUNICIPALITY: _____
ANNUAL BUDGET: _____
POPULATION _____

| SERVICE FUNCTION | A | B | | C | | D | | E | | F | | G |
|-------------------------------------|-------------------------------|--|------------|---|---------------|--|-----------|---|--|---|--|---|
| | Check, if currently using ASD | If checked in column A, provide current expenditures | | Estimated Annual Savings created by ASD/competition | | Check, if future plans for ASD/competition | | | | | | |
| | | Operating \$ | Capital \$ | Dollars (\$) | % of budget * | in 1997 | for 1998+ | | | | | |
| TRANSPORTATION | | | | | | | | | | | | |
| a) Roads, bridges | | | | | | | | | | | | |
| b) Transit | | | | | | | | | | | | |
| c) Other (specify) | | | | | | | | | | | | |
| ENVIRONMENTAL | | | | | | | | | | | | |
| a) Garbage collection | | | | | | | | | | | | |
| b) Water & Sewer | | | | | | | | | | | | |
| c) Waste Disposal | | | | | | | | | | | | |
| d) Other (specify) | | | | | | | | | | | | |
| HEALTH & SOCIAL SERVICES | | | | | | | | | | | | |
| a) Public Health | | | | | | | | | | | | |
| b) Other Health Services | | | | | | | | | | | | |
| c) Homes for the Aged | | | | | | | | | | | | |
| d) Social Housing | | | | | | | | | | | | |
| e) Other Social Services (day care) | | | | | | | | | | | | |
| EMERGENCY SERVICES | | | | | | | | | | | | |
| a) Ambulance | | | | | | | | | | | | |
| b) Fire | | | | | | | | | | | | |
| c) Other (specify) | | | | | | | | | | | | |
| PARKS & RECREATION | | | | | | | | | | | | |
| a) Parks | | | | | | | | | | | | |
| b) Recreation | | | | | | | | | | | | |
| c) Tourism | | | | | | | | | | | | |
| UTILITIES | | | | | | | | | | | | |
| a) Hydro | | | | | | | | | | | | |
| b) Other Utilities | | | | | | | | | | | | |
| GENERAL GOVERNMENT | | | | | | | | | | | | |
| a) Parking Enforcement | | | | | | | | | | | | |
| b) Other By-Law Enforcement | | | | | | | | | | | | |
| c) Planning | | | | | | | | | | | | |
| d) Development | | | | | | | | | | | | |
| e) Buildings | | | | | | | | | | | | |
| f) Maintenance | | | | | | | | | | | | |
| g) Street Lighting | | | | | | | | | | | | |
| h) Telecommunications | | | | | | | | | | | | |
| i) Other | | | | | | | | | | | | |

* = % of budget for that service, i.e. % of transit budget, not total municipal budget

Publications of the Intergovernmental Committee on Urban and Regional Research

1. **Local Government Reorganization in Canada Since 1975**, by Andrew Sancton, examines examples of local government reform which have taken place across Canada. 44 pp., 1991. C\$12.50
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 5. **Sustainable Urban Development in Canada: From Concept to Practice**, by Virginia Maclaren, examines the programs and tools which have been used at the local level to implement sustainable development. The report comprises three volumes: Volume I – *Summary Report* (40 pp.); Volume II – *Annotated Bibliography* (24 pp.); Volume III – *Compendium of Initiatives* (275 pp.), 1992. C\$35.00
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 8. **Municipal Consolidation in Canada and its Alternatives**, by Allan O'Brien, examines how Canadian provincial governments have approached the restructuring of municipal governments over the last decade. 119 pp., 1993. C\$20.00
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ICURR's core funding is provided by the Canada Mortgage and Housing Corporation and by the ministries of municipal affairs of the provinces and territories. Canada's municipal governments also participate in ICURR through annual membership as do consultants and universities.

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Créé en 1967 à la suite d'une conférence fédérale-provinciale sur l'habitation et l'aménagement urbain, le Comité intergouvernemental de recherches urbaines et régionales (CIRUR) regroupe des représentants des administrations fédérale, provinciales et territoriales du Canada qui se réunissent régulièrement pour orienter le champ d'activités du CIRUR : la gestion d'un service d'échange de renseignements et d'un programme de recherche. Le CIRUR a pour objectif principal de favoriser les communications entre les décideurs d'un bout à l'autre du Canada travaillant dans les domaines de l'urbanisme, de l'aménagement rural et régional, du développement économique, des finances et de l'administration publiques, du logement, des loisirs et du tourisme, des transports et de l'environnement. Il a également pour but d'élargir le champ de connaissance des questions urbaines et régionales par le biais d'activités de recherche et de consultation.

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