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Item No. 12.2.3
Audit & Finance Standing Committee
July 19th, 2023

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: - Original Signed -

Cathie O'Toole, Chief Administrative Officer

DATE: July 10, 2023

SUBJECT: **Business Services, P&D / PPL&C Team Augmentation**

ORIGIN

This report is initiated by staff to augment the Business Services team to continue service delivery and technical updates to the Permitting, Planning, Licensing and Compliance (PPL&C) system and improvements to P&Ds functional teams.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39 as amended

79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if

- (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;
- (b) the expenditure is in respect of an emergency under the Emergency Management Act; or
- (c) the expenditure is legally required to be paid.

(2) The Municipality may expend money provided for in an operating budget or capital budget for a purpose other than that set out in the operating budget or capital budget for that fiscal year if the expenditure does not affect the total of the amounts estimated for the operating budget and the capital budget.

(3) The Municipality may authorize expenditures from its operating budget or transfer money from the operating budget to its capital budget if the total amount of such expenditures and transfers for the fiscal year does not exceed the total amount of estimated revenue from all sources in excess of the amount estimated for those sources in the operating budget for that fiscal year.

(4) The Municipality may authorize capital expenditures that are not provided for in its capital budget if the total of such expenditures does not exceed the greater of

- (a) the amount authorized to be transferred from the operating budget to the capital budget under subsection (3);
- (b) the borrowing limits established for the Municipality under Section 109; or
- (c) the amount withdrawn from a capital reserve fund under subsection 120(4).

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Administrative Order One, the Procedures of Council Administrative Order, Schedule 2 - Audit and Finance Standing Committee Terms of Reference

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

- (a) new programs or services not yet approved or funded;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

Administrative Order 2022-012-ADM, The Procurement Policy

Section 28(1) of the Procurement Policy provides that Regional Council may approve contract awards of any amount. Section 28(2)(a) further specifies that a contract award must be forwarded to Council for approval if:

- (i) the award commits the Municipality to making capital expenditures in a future fiscal year and exceeds the amounts allocated for the project in Council's multi-year capital plan;
- (ii) the award commits the Municipality to making operating expenditures in a future fiscal year and exceeds either \$5,000,000, or a term of 5 years;
- (iii) there is legislative requirement for Council to approve the award; or
- (iv) the CAO is of the opinion that the award is a matter best dealt with by Council.

RECOMMENDATION

It is recommended that Audit & Finance Standing Committee recommend that Halifax Regional Council:

1. Approve a transfer of \$559,234 (net HST included) from Project Account No. CI990013 (Permitting, Licensing and Compliance) to Project Account No. CI230005 (Permitting Licensing & Compliance-Ph 2);
2. Award an Alternative Procurement contract to Bell Inc., for the provision of consulting services related to the Permitting, Planning, Licensing and Compliance (PPL&C) Program, in the amount of \$559,234 (net HST included), using funding from Project Account No. CI230005 (Permitting Licensing & Compliance-Ph 2) as outlined in the Financial Implications section of this report.

BACKGROUND

The PPL&C project and new system implemented was and continues to be a key initiative for HRM. The project solution replaced the majority of permitting, planning, licensing, and compliance services and technology currently provided within the current Hansen software. The new solution has improved permit and license application intake, inquiry and complaint workflow, land management and development approvals, and compliance and enforcement services and/or functionality for staff, clients, and the public.

The replacement of the existing permitting, licensing and compliance technology was a central feature of the Planning and Development strategic plan enabling modernization of its service delivery and redesign of business processes. The new solution was identified by Planning and Development as one of the most critical ways the business unit could change service delivery. The focus was and still is on creating digital access to services through modernizing processes to reflect industry best practices.

The delivery of this multi-year, phased business improvement and technology enablement project was delivered as a partnership between Information Technology (IT) and Planning and Development (P&D), working with the selected solution vendor and included new, streamlined business processes, training, change management, and solution configuration and implementation. The final release of the official project was in February 2023.

Throughout the seven-year life of the PPL&C project, many new policies, procedures and legislative changes have been implemented outside of the work and scope of the original requirements of the project. There have been many new requests and feedback from development and industry partners, the Executive Panel on Housing, staff and the general public which has resulted in required updates and changes to the project's technical and business solution. To meet the needs of our changing environment, the pressures of housing and homelessness within HRM, and continue the improvement, modernization and efficiency of services, it is imperative that these changes are prioritized and updating and executing improvements continues.

Some of the new work involves fast tracking low complexity permits; a trusted partner program for permitting and planning applications; fee structure changes aligning with permit hierarchy changes to provide assistance with prioritizing affordable housing and density; rental registry needs; transferring all remaining licensing and compliance work from historic systems (ie: Hansen) into the new PPL&C system; and improving online access to data and key performance indicators for the public and staff. As new policy and direction is added to the priorities of Planning and Development specifically, even more changes and updates to the system and to business processes are expected.

To continue moving forward, this Report is requesting approval to use some of the remaining capital project funds to work on:

- Improving permit review structure, review cycles and permit hierarchy, creating additional efficiency for customers and staff;
- Fee structure changes aligning with changes to permit updates listed above and in conjunction with upcoming By-law review and changes;
- A trusted partner program for permitting and planning applications;
- Technical and business process identifying and prioritizing Affordable Housing and Density Applications within the PPL&C solution; and
- Fast tracking low complexity permits.

DISCUSSION

The goal of this Alternative Procurement is to secure the current PPL&C project teams' two Senior Business Analysts, for an additional 13 months to complete the required updates and changes to the technical and business solutions. These resources are required due to the volume of work and the level of knowledge and expertise they have gained while working on the PPL&C project implementations.

The alternatives to securing the current project resources would be to either secure new external resources, or to cause great delays in delivering the work required.

Securing a new resource would require considerable time to get up to speed, as the current project resources have a sizable amount of knowledge and experience from their work on the project to date. This

additional time for ramp up, combined with the decreased level of knowledge and experience of the potential new resources as it relates to this project, would add to the overall timeline to complete this work.

Having existing staff assume the additional responsibilities of the outlined work would introduce significant delays to the timeline for their existing work as these team members are currently engaged in other projects and are also responsible for operational duties. This approach would also add to the overall timeline to complete the improvements outlined in this new work.

FINANCIAL IMPLICATIONS

Based on an estimated total cost of \$559,234 (net HST included) to engage the current two Business Analyst resources from Bell for 13 months, funding in Project No. CI230005 (Permitting Licensing & Compliance-Ph 2) is insufficient. It is recommended that the amount of \$559,234 from account CI990013 (Permitting, Licensing and Compliance) be transferred to CI230005.

Budget Summary:	<u>Project No. CI990013 – Permitting, Licensing and Compliance</u>	
	Cumulative Unspent Budget	\$691,580
	Less: Transfer to CI230005	<u>(\$559,234)</u>
	Balance	\$132,346

Budget Summary:	<u>Project No. CI230005 - Permitting Licensing & Compliance-Ph 2</u>	
	Cumulative Unspent Budget	\$0
	Plus: Approved Increase (transfer from CI990013)	\$559,234
	Less: Contract for 2 Business Analysts	<u>(\$559,234)</u>
	Balance	\$0

Normally funds left over at the completion of a capital project are transferred back into the CAPPOOL to help fund other capital projects. Since this request is transferring funds between two capital projects, the amount of leftover funds being transferred will not be available to use with other projects in the CAPPOOL.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. The recommendation would enable the additional improvements to be completed in order to enhance service delivery.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

SOCIAL VALUE

The updating of the existing permitting, licensing and compliance technology is a central feature of P&D's strategic plan to enable modernization of P&D service delivery. To meet the needs of the changing

environment, the pressures of housing and homelessness within HRM, and continuing the improvement, modernization and efficiency of our services, it is imperative that the updating of the systems continues.

ALTERNATIVES

1. Audit & Finance Standing Committee may recommend that Regional Council direct the Chief Administrative Officer to issue requests for proposals to complete the work. This is not recommended as the required level of knowledge transfer to new project resources and the time required to do this would impact the scheduled implementation and extend the project timeline. Changes in consultants could result in duplication of costs for the Municipality.
2. Audit & Finance Standing Committee may recommend that Regional Council not approve the expenditure of \$559,234 (net HST included) and direct the Chief Administrative Officer to complete the project using internal resources. This is not recommended as Planning & Development in partnership with IT has limited capacity to complete the project initiatives. This lack of internal resource availability would significantly delay these important initiatives.

ATTACHMENTS

N/A

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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