



STAFF REPORT

To: Council

From: Michelle Williams, Director of Finance

Approved by: Warren MacLeod, Chief Administrative Officer

Date: October 12, 2022

Subject: **Municipal Dynamic Economic Financial Model Request for Proposal**

ORIGIN

Council included as part of their approved 2022/2023 budget the allocation for a Municipal Dynamic Economic Financial Model that would be used to provide financial direction to Council.

RECOMMENDATION

THAT the Council of the Municipality of the District of Shelburne award the Municipal Dynamic Economic Financial Model Request for Proposal contract to Grant Thornton, and give authority to the CAO to negotiate the amount of \$70,000 plus HST, and;

THAT \$11,600 from Contracted Admin Services #00-21210-300 and \$20,000 from Economic Development #00-26210-050 have already been approved by council in the 2022/2023 budget, the remaining \$41,401 to be transferred from the Economic Development Reserve Fund.

DISCUSSION

Council provided direction to staff as part of the 2022/23 approved budget to undertake an Request for Proposal for a Municipal Dynamic Economic Financial Model. On August 4, 2002, the Request for Proposal was posted to the NS Procurement website and the Municipality's website with a closing date of September 9, 2022; three proposals were received.

The scope of the work to include:

1. **Dynamic Economic Financial Model (“the Model”)** - Design and build a new dynamic economic financial model utilizing Microsoft Excel or any other platform that may be recommended. It is paramount that the proposed design be easy to manage by Municipal staff and provide intuitive results that allow Councilors (who may not have financial backgrounds) to easily understand the current financial status of the Municipality and identify future financial trends. For that portion of the Model that deals with Financial Condition Indicators (FCI), the proponent will have to liaise with the Municipalities auditors to identify the correct FCI formulas.
The Department of Municipal Affairs, on behalf of the Nova Scotia Government and Association of Municipal Administrators of Nova Scotia (AMANS), compiles municipal indicators that focus on financial matters, administration of the municipality and characteristics of the community. Current reports can be found on the Municipal Website: <https://www.municipalityofshelburne.ca/financial-reporting-and-fci.html>
2. **Training** – Provide training to municipal staff to allow them to effectively utilize the Model on an ongoing basis.
3. **Ongoing Support** – Provide ongoing support to answer any Municipal staff questions and/or to modify the Model as may be requested by the Municipal staff.

Outlined in the Request for Proposal was the following statement concerning the scheduled delivery of the Financial Model: “The proponent is expected to provide a schedule within the Request for Proposal identifying the time it will take to design and construct the Model. This schedule should also identify anticipated project launch meetings with Municipal staff for the proponent to ask key questions to allow for the effective design and construction of the Model. In addition, the schedule should incorporate at least three revision periods whereby the proponent presents a draft Model to Municipal staff and thereafter incorporates feedback to fine tune the Model. The Municipality wishes to receive the first draft Model by December 2nd, 2022, and to have the Model finalized by December 16th, 2022.” By having this completed by this date, will help facilitate incorporating its use in the 2023/24 budget planning process.

On September 14, 2022, the CAO and Director of Finance met to review the proposals with the Director of Corporate Services overseeing the meeting and scores. Scoring was based on the criteria that was included in the Request for Proposal and listed below.

Evaluation Criteria	Score
Completeness of proposal, skills of proponent, experience of proponent, case studies & examples presented, and any other pertinent criteria as determined by the evaluation committee	75%
Budget	25%
Total Score	100%

The results of the scoring are summarized as follows:

Company	Bid Amount *	Score Percentage
Filo Solutions Inc.	\$15,500 plus \$500 for training plus an annual support fee of \$2,400	35%
Canvas Strategy Consulting Group	\$14,600 plus \$2,400 for training	48.5%
Grant Thornton	\$50,000-\$60,000 plus \$10,000 - \$20,000 for training	73.2%

*Amounts are plus HST

In our discussions of the three proposals, many aspects were reviewed, but this report will highlight the major points raised on each proposal. Each proposal provided for hourly rates on ongoing support.

Filo Solutions Inc. could not deliver the final product until May 2023, and therefore scored the lowest. It is a cloud-based software with a newly developed company with an ongoing yearly fee of \$2,400/year. The proposal did not address the main scope of the model which is to predict future data analysis and not just historic. The examples provided for previous work did not indicate financial modeling experience. Quoted price will expire before contract is awarded.

Canvas Strategy Consulting Group, although the below suggested budgeted amount of \$20,000, it did not comprehensively cover all the points in the Request for Proposal as well referring to unknown additional costs. It appears that only one reference provided seems to be comparable to our needs. Another concern was staff capacity within the company given the number of staff and their ability to handle future development. In addition, Canvas identified that they were not going to provide the Municipality will full rights over the end product, but rather it would be purely for our own internal purposes. This contradicts the stipulation in the RFP that the Municipality have full rights over the intellectual property of the product once it is completed.

Grant Thornton is already familiar with the Municipal's accounting books, TownSuite financial software, AIMS, the FIR, and FCIs. The company is comprised of multifaceted experienced professionals who have access to a depth of knowledge within their organization and have a dedicated financial modelling team. Although it is over the suggested budgeted amount, we feel this tool is imperative in making professional guided decisions concerning the direction of the Municipality.

In summary, staff feel Grant Thornton is the best fit for a comprehensive model that will meet the needs of the Municipality of Shelburne. While it is the most expensive, budget was not the only factor in evaluation and this submission clearly exceeds the other two. In the case of this particular Request for Proposal, experience and knowledge are crucial to a successful outcome.

That experience and knowledge comes at an initial cost, but will pay off over time with a tool that will benefit the Municipality's budgeting process long term.

BUDGET IMPLICAITONS

An amount of \$11,600 from Contracted Admin Services #00-21210-300 and \$20,000 from Economic Development #00-26210-050 have already been approved by council in the 2022/2023 budget, the remaining \$41,401 to be transferred from the Economic Development Reserve Fund.