

# The Decentralization Project

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January 2023

# Why This Presentation?

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- Educate
- Provide the background required for an important discussion and Council decision for the final phase of the decentralization project

# Key Discussion Points



- The Origin of the “Decentralization Project”
- Why Decentralize?
- Internal Goals
- Why Decentralize?
- Examining Each Business Area
- Decentralization in Action
- The Sale of County Capital
- Use of Proceeds
- The Final Phase of the Project

# Phase 1



Centralized Vs. Decentralized

# The Origin of the Decentralization Project?



- 1997 Middlesex County vs 1999 Middlesex County
  - “Who Does What Panel”
  - Needed an adaptable and flexible plan
- Large SWOT analysis for a Visioning Session discussion with Council
  - Analyzed the new service requirements and capital
- Started a broader effort to right size our corporate capital to create efficiencies and effective service delivery
- A monolithic structure vs decentralization
  - The battle between sentiment and business modelling
  - As with most projects, the key to success was a consistent long – term plan that took advantage of opportunities to create lasting change
  - In almost every single phase of this multi-year project, we exceeded the lofty expectations

# Why Decentralize?



- In my view, 25 years ago we were inefficiently utilizing capital from every perspective
  - Proximity to clients
  - Highest and best use
  - Revenue potential
  - Sustainability
  - Accessibility
  - Maximum footprint
  - Maintenance
  - Utilities
  - Human Resource Costs
  - No synergies

# Internal Goals



- Use business modelling to guide our decisions
- Improve public service
- Improve access for employees / governance / public
- Create new synergies
- Reduce costs
- Sustainability
- Create long-term efficiencies
- Right size with an eye to potential expansion
- Address transit concerns
- Utilize remote work opportunities
- Sell high / buy low
- Reinvest any sale proceeds to achieve goals
- Create new economic development opportunities

## Phase 2



Examining Each Business Area



# Examining Each Business Area



- We completed a comprehensive review many years ago of current and future operational needs and aligned those needs with currently available space
- There are a large number of "moving parts" in an organization of our size that may not be evident externally, but they all needed to be considered when we are making 25 year decisions
- It became clear to me that the best way to think about how to efficiently provide capital for our business areas was to divide the business areas into four categories

# Service Area Type



- 1** Site Specific
- 2** Facility Independent
- 3** Synergistic
- 4** Location Independent

# Site Specific

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- Land ambulance
- Public works
- Strathmere Lodge

# Facility Independent

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- Legal
- HR
- IT

# Synergistic

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- Library
- Planning
- Engineering
- Economic Development
- Social Services

# Location Independent

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- Finance
- Governance
- Administration

## Phase 3



Creating Synergies and Taking Advantage of Opportunities

# Opportunities



- Creating and recognizing synergies
- Peaking land values for capital and developable land
- IT Strength for hybrid work
- COVID push
- Declining corporate lease rates
- Each new synergy reduced the critical mass footprint
- Capital funding
- Embracing remote work
- Creating and recognizing synergies

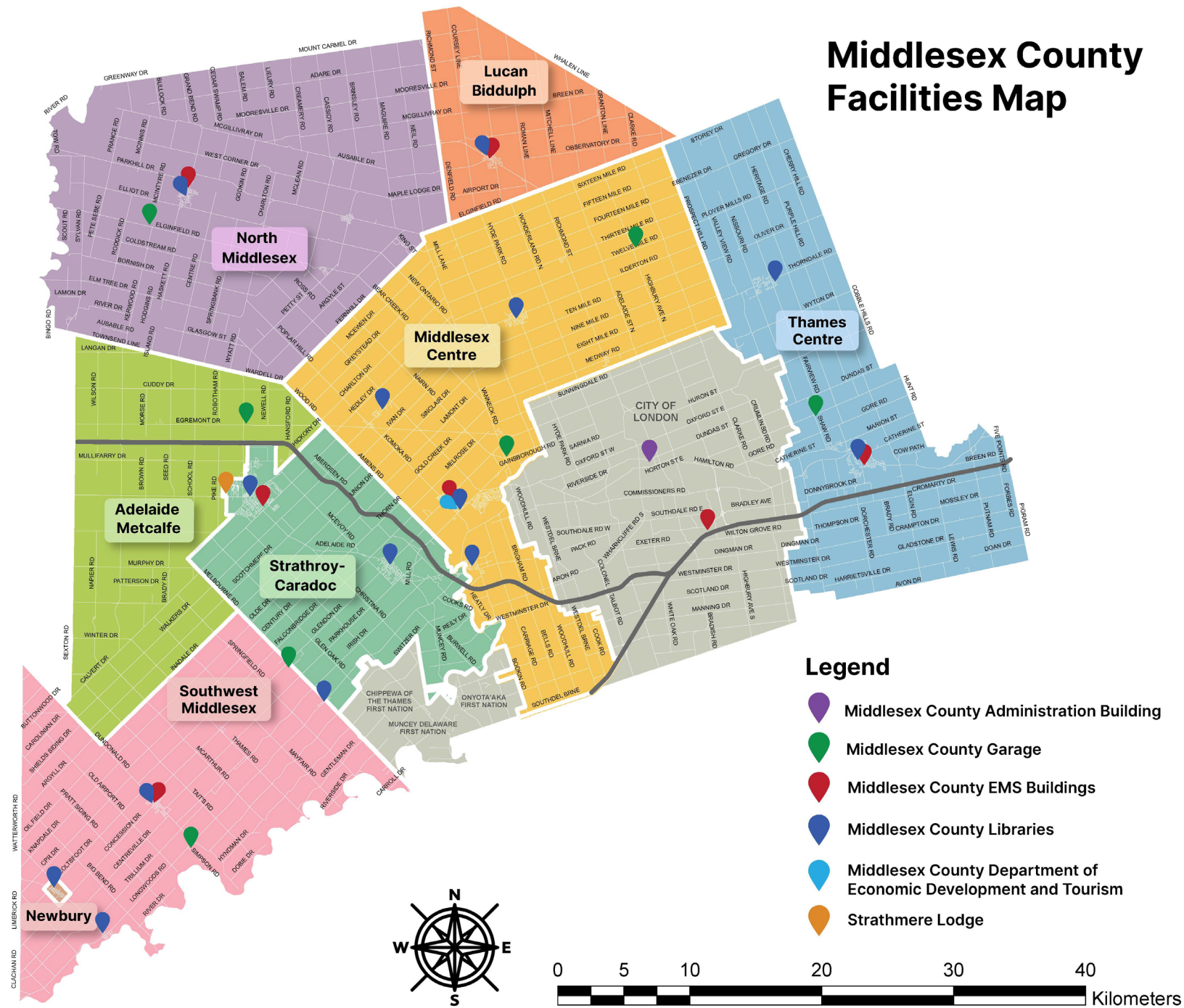


# Decentralization in Action



- Central Operations Centre Construction
  - Middlesex Centre
- Library Head Office Development
  - Strathroy-Caradoc
- Social Services Delivery Office Development
  - Strathroy-Caradoc
- Woodlands
  - Strathroy-Caradoc
- IT Headquarters
  - Various County facilities
- EarlyOn Development
  - Strathroy-Caradoc
- Server Bunker
  - Moved from County Building
- Social Services Delivery Centres
  - Comprehensive Libraries across the County
- Economic Development
  - Middlesex Centre
- Planning Services
  - Local municipal offices across the county
- EMS Headquarters
  - Moved from County Building

# Middlesex County Facilities Map



## Phase 3



Timing The Sale of County Land and Capital

# The Sale of County Capital



- Our County Building Footprint is now below critical mass
- We owned a piece of property that was perfect for significant residential development in Strathroy-Caradoc
- We prepared both pieces of property for a maximum sale opportunity in an effort to be ready to maximize the timing of the market
- Significant advance preparations
  - Legal
  - Legislative
  - Zoning
  - Decentralization
  - Marketing
- We exceeded even my lofty expectations

# Source of Funds

## 399 Ridout and 50 King

\$30 M

**3 Payments (2020, 2021, 2025)**

## Strathmere Lands

\$6 M

**1 Payment (2022)**



# Double Benefit



**We Hit “Peak Market” Conditions  
For Both Properties**

**The Sale Supports Our Long-Term  
Decentralization Strategy**







# Lost Revenue / Future Expenditures



## 50 King Lease Revenue

Annual financial impact  
Invest to replace

## New Facility Investment

Much smaller footprint  
Leverage existing infrastructure  
Lease or own





# Investing in Tax Relief



We already have very low tax rates compared to our full-service County neighbours



We are also in a strong financial position that was built on decades of prudent financial governance and strategy



One of the most important stimulants we can provide coming out of the pandemic is tax relief



Reducing and stabilizing our tax rate is a competitive advantage that will allow us to continue our significant growth



# Infrastructure Investment Fund



**Annexation  
Compensation**



**Replace Lost  
Assessment**



**Consistently  
reviewed**



**Self-replenishing**

# Finding the Right Balance



**\$11M**



**Tax Relief**

**\$11M**



**Growing our Communities**

**\$8M**



**Replace Lost Revenue**

**\$6M**



**New Facility Investment**



# 2020 Allocation (\$13M)



**\$6M**

**Revenue Replacement Investment**



**\$3M**

**Infrastructure Fund**



**\$4M**

**Tax Rate Stabilization**



# 2021 Allocation \$8M



**\$2M**

**Revenue Replacement Investment**



**\$3M**

**Infrastructure Fund**



**\$2M**

**Tax Rate Stabilization**



**\$1M**

**New Facility Investment**



# 2025 Allocation (\$15M)



**\$5M**

**Tax Rate Stabilization**



**\$5M**

**Infrastructure Fund**



**\$5M**

**Facility Investment**



# Finding the Right Balance



**\$11M**



**Tax Relief**

**\$11M**



**Growing our Communities**

**\$8M**



**Replace Lost Revenue**

**\$6M**



**New Facility Investment**



# The Final Phase of the Project

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New Facility Investment