



Leading into the 'New Normal'

Five Focus Areas for Municipal Leaders

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History is marked by periods of stability punctuated by bursts of rapid change; every so often, a moment arrives when life is disrupted so profoundly that it never goes back to exactly the way it was before.

These moments of rapid change spark transformation, innovation and propel humanity forward. We are living through one such moment.

The past year involved a historic convergence of crises: a global pandemic including a catastrophic loss of life and a worldwide economic recession; an unprecedented shift in the ways people work, learn, shop and connect with one another; record numbers of Canadians struggling with mental health; the most significant racial reckoning since the civil rights movement, sparking protests of thousands around the world; an exodus of young families from our largest cities where housing has become unaffordable; and escalating pressure to meaningfully respond to the climate crisis.

These are not insignificant challenges — and in combination, they have produced a changed context for municipal leaders. Expectations are high that we will ‘build back better’ towards a ‘new normal.’ In other words, doing exactly what we did before simply isn’t an option.

Here are five areas we know municipalities are focusing on in this changed context, and what they are doing to respond:

1. Addressing Inequality

There is growing awareness about inequality, and the public has a high expectation that governments do something about it.

Over the past year, inequities have dominated the headlines: half a million Canadian women leaving the workforce; Indigenous and racialized communities disproportionately affected by job losses and health risks; and record numbers of opioid deaths. Going forward, there will be an increased expectation that municipal leaders build racial and equity considerations into every major decision they make, alongside escalating pressure to:

- develop aggressive strategies to address the affordable housing crisis;
- pursue meaningful reconciliation with Indigenous people;
- invest in safe and modern supports for older adults, including long-term care, assisted living and community care facilities;
- set clear targets to eliminate homelessness; and
- invest in new services and support to improve mental health outcomes, and reduce drug abuse and addictions.

Read: [Long-Term Care Capital Projects: Taking the First Steps](#)

2. Investing in Clean and Resilient Solutions

We are shifting towards a low carbon economy and municipal governments need to invest accordingly.

We are seeing a significantly increased focus on sustainability, climate and environment – as either direct investments or major secondary considerations – during investment decision making (e.g. Canadian Infrastructure Bank, Infrastructure Canada’s Climate Lens and the Green Infrastructure funding stream).

Federal and provincial governments are tying climate change adaptation, resiliency, energy and carbon reductions to funding approvals and project performance requirements. To accelerate their climate change mitigation and low carbon strategies, we are seeing municipalities:

- develop adaptation processes and projects that reduce risks associated with flooding, extreme weather and sea-level rise;
- integrate net-zero carbon/energy requirements into capital and operating strategies;
- pursue energy retrofits of existing buildings; and
- support low carbon (e.g. electrification) and active transportation (e.g. walking, cycling, public transit) through infrastructure improvements.

Read: [Passive House Energy Standard: Nothing Passive About These Aggressive Savings!](#)

3. Rebalancing Spending and Long-Term Planning

Economic and fiscal struggles will linger in COVID’s wake. The Conference Board of Canada describes COVID-19 as causing the largest contraction in Canada’s economy in modern history. Provincial and federal government debt levels have never been higher. A concerning portion of small businesses are struggling. Municipalities, too, are struggling to meet budget targets amid increased costs and declining revenues.

Some municipalities have tapped into federal and provincial supports (e.g. the \$15 billion emergency investment in public transit; CMHC’s Rapid Housing Initiative; BC’s COVID-19 Safe Restart Grant for Local Governments); others have had to resort to laying off staff. An emerging challenge for municipalities may be a political desire to see zero percent tax increases in the coming years. Building a long-term plan that accounts for these changes, and planning investments accordingly, has never been more important. We are seeing municipalities:

- review municipal land and building assets to determine options for redevelopment, land value capture, leasing or disposal to increase the diversity of revenue streams or achieve other policy objectives such as social and affordable housing;
- establish new partnerships and expertise to improve asset management, capital investment strategies and portfolio management activities;
- reconsider and/or strengthen downtown revitalizations;
- dispose of properties to stimulate developer investment;
- increase investment in 5G partnerships, smart city technologies and dark fibre connectivity; and
- improve services, city operations and stimulate economic innovation.

Read: [Planning for the ‘New Normal’ through Portfolio Assessments](#)

Realigning long-term plans and planning investments accordingly has never been more important.

4. Doing More with Less

We are entering another 'do more with less' era for municipalities.

Many municipalities are facing pressure to reduce staffing levels (or have already). Given the current fiscal context, increasing staff numbers in the near future to oversee recovery investments seems unlikely. Combined with the fact that many municipalities have had challenges spending their allocated capital budgets in the past, they are beginning to realize their internal capacity will hamper their ability to mobilize capital spending fast enough to achieve the intended post-COVID recovery required. To address these challenges, we've seen municipalities:

- conduct service and organizational reviews to identify areas of improvement that address inefficiencies, improve service and reduce risk;
- invest in oversight, governance, accountability and processes for project delivery and the procurement of sustaining and new capital project;
- develop more strategic procurement mechanisms (i.e. rosters, standing offers, vendors/agents of record) to access vendors more efficiently; and
- restructure and enhance capital project reporting protocols to senior leadership and council.

Read: [Municipal Cashflow: A Juggling Act for the Ages](#)

Read: [Helping Small Communities Thrive: The Benefits of Master Services Agreements](#)

5. Meeting Workplace and Wellbeing Expectations

Employees will have changed needs, preferences and expectations from their employers — including greater expectations for health and wellness.

After more than a year of changed work arrangements for office employees, preferences and expectations have shifted. Numerous studies have found that managers and office workers alike desire continued work from home arrangements for at least part of their jobs going forward. This will produce new dynamics in labour relations, employee engagement, facilities and information technology needs, and more.

In response to these rapidly shifting needs and preferences, we are seeing municipalities:

- re-examine their long-term facilities and space needs, and develop new strategies and contracts to provide employees with the technology and equipment needed at home; and
- consider new approaches to promote employee health and wellbeing, including promoting physical activity and providing more support for those experiencing mental health challenges.

It's clear that municipalities are developing focused strategies to 'building back better'. They are re-aligning short and long-term capital plans and operating budgets to ensure every investment delivers optimum outcomes for their communities. They are moving quickly to secure federal and provincial funding opportunities (**Read: [Four Steps to Get Your Capital Project 'Shovel Ready'](#)**). And they are taking the necessary steps to make sure capital projects are delivered on time and on budget, such as fine-tuning reporting accuracy, accountability frameworks and responsive governance models related to procurement and project delivery.

To avoid capacity bottlenecks, municipalities are also finding ways to partner more easily with experienced external advisors who can help them lead into a 'new normal' and create benefits their communities needs to recover.

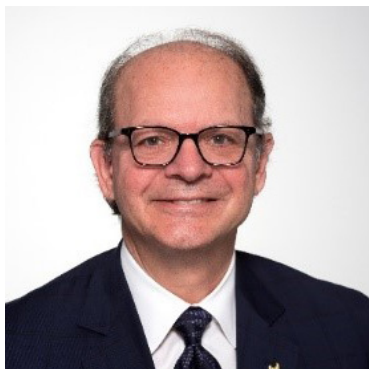


About the authors



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Ralf Nielsen is Colliers Project Leaders' Managing Director of Infrastructure Advisory. He draws upon more than 20 years of experience to advise and give clients the confidence to make well informed strategic and sustainable business decisions. Adroit in working with diverse stakeholders, Ralf provides management, portfolio and sustainability solutions to clients facing complex problems. He specializes in helping clients develop sustainability frameworks, strategic plans, business cases, climate change adaptation strategies and capacity building programs. Ralf's expertise providing process and service reviews, benchmarking and facilitation helps his clients create and retain value while minimizing long-term risks.



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