

PROJECT DESCRIPTION

Organizational Cost Analysis

BACKGROUND

The *Department of Indigenous Services Act* mandates the Minister of Indigenous Services to “take the appropriate measures to give effect to the gradual transfer to Indigenous organizations of departmental responsibilities with respect to the development and provision of [housing and infrastructure] services” (section 7 (b)). The Housing and Infrastructure Service Reform Directorate, Indigenous Services Canada (ISC) is working with First Nation organizations seeking to take over care and control of housing and infrastructure services.

As part of this work ISC is seeking a First Nation partner to study the organizational costs of operating a regional housing and/or infrastructure authority in the First Nations context. The intention is to provide ISC and First Nation partners with consensus on a foundation for analyzing business plans and co-developing service transfer agreements.

OBJECTIVE

ISC is seeking a First Nation partner to i) gather First Nation organizations’ views on organizational cost drivers for operating a regional housing and/or infrastructure authority in the First Nations context, ii) examine comparable provincial and municipal models off reserve to identify similarities and differences, iii) based on First Nation organizations’ views and provincial and municipal comparisons, produce a report identifying cost drivers and baselines, including price risks that may cause costs to fluctuate; and iv) develop a model for assessing the organizational costs of operating an aggregate regional housing and/or infrastructure authority in the First Nations context.

PROPOSED SCOPE OF WORK

In order to co-develop service transfer agreements effectively with First Nation Housing and Infrastructure organizations, ISC is seeking a First Nation partner to research, and find the strongest degree of consensus on, the following questions:

- In the provincial and municipal context, what organizational cost drivers are required for the operation of a housing and/or infrastructure authority that does some or all of the following activities?
 - i) manage funding;
 - ii) conduct regional asset management planning;
 - iii) procure and contract infrastructure services;
 - iv) maintain Financial Administration protocols and seek financing from banks or other competitive sources;
 - v) oversee the construction of infrastructure on a regional scale, either through contracts or direct service delivery; and
 - vi) manage the operation and maintenance of this infrastructure, either through contracts or direct service delivery.
- In the provincial and municipal context, what are the current market prices for these cost drivers? (by region, if applicable?)
- In the provincial and municipal context, which cost drivers present the largest price fluctuation risks?
- In the provincial and municipal context, what mitigation strategies could organizations pursue to contain price risks?
- What additional cost considerations are there in the First Nations context, and

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- how is this similar to, or different from, provincial and municipal models?
- How will these costs change based on the scope of the organization? (for example, some organizations want to focus on one asset class whereas others would like to transfer management of all assets; some organizations are exploring being a funding management body for First Nations, and others are exploring direct service delivery for Operations and Maintenance)
- What is the anticipated breakdown between fixed and variable costs, and how will these costs change based on the scale of the organization (e.g., the number of people and communities served)?
- How do these costs compare to services as currently delivered by ISC regions and headquarters?

COLLABORATIVE PROJECT MANAGEMENT

The role of the First Nation partner

ISC hopes to work collaboratively with a First Nation partner on this project, and envisions the First Nation partner being responsible for:

- Project planning, organization and timelines;
- Reviewing background material shared by ISC to produce the report and cost model;
- Engaging First Nation housing and infrastructure practitioners, including those regional groups currently seeking to transfer housing and infrastructure services from ISC;
- Engaging First Nation accountants, executives or other relevant professionals with lived experience of the administrative costs they incur in their day-to-day work;
- Engaging provinces or municipalities on various Public Works models (e.g. water authorities) to assess comparability;
- Working closely with the Housing and Infrastructure Service Reform Directorate;
- Keeping raw notes from interviews and research, and seeking consent to share these notes with ISC for additional context;
- Participating in regularly scheduled meetings and providing ongoing communication by e-mail and phone to ensure ISC and the First Nation organization are in agreement on the direction of the project.

Support from ISC

The Department would provide the following to support to the First Nation partner:

- Provide background material, such as example proposals from Indigenous organizations (pending their approval) and access to the Department's cost template for budget estimates;
- Ongoing guidance as requested;
- Proactive scheduling of meetings to review issues that may arise; and,
- Reviews of draft documents to ensure ongoing alignment on the project.

Quality Assurance

The First Nation partner would be responsible for performing or having performed all verification analysis and investigations necessary to ensure that the research and tool meet the objectives outlined in this project description. ISC, the First Nation partner and all participating First Nation organizations would have the right to use the research and models developed. As such, the model could not be proprietary, in order for ISC to adopt it as its needs evolve. To that end, the

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model would need to be designed with a Graphic User Interface that makes the model an easy-to-use tool.

EXPECTED RESULTS

ISC would fund the First Nation organization with the goal of obtaining the following:

Result	Target Completion Date
1. A data compendium that includes factors that will be integrated into a report and cost model, reflecting the strongest degree of consensus possible amongst partners.	
2. A report answering the questions identified in the 'Proposed Scope of Work' section of this project description.	
3. A model in Microsoft Excel that ISC and First Nation partners could use to estimate costs for individual organizations based on their particular scales and scopes.	

FUNDING

ISC would provide funding for the organization to conduct research and build the model, and to travel where necessary. The following breakdowns are notional, to be reallocated as the First Nation partner sees fit:

Item	Funding
Report on cost drivers and risks	\$XX,XXX.00
Excel cost model	\$XX,XXX.00
Travel	\$X,XXX.00
Total	\$XXX,XXX.00