

[Briefing Note Presentation](#)

# Risks of Unregulated AI and Public-Private Data Sharing in Ontario Municipalities



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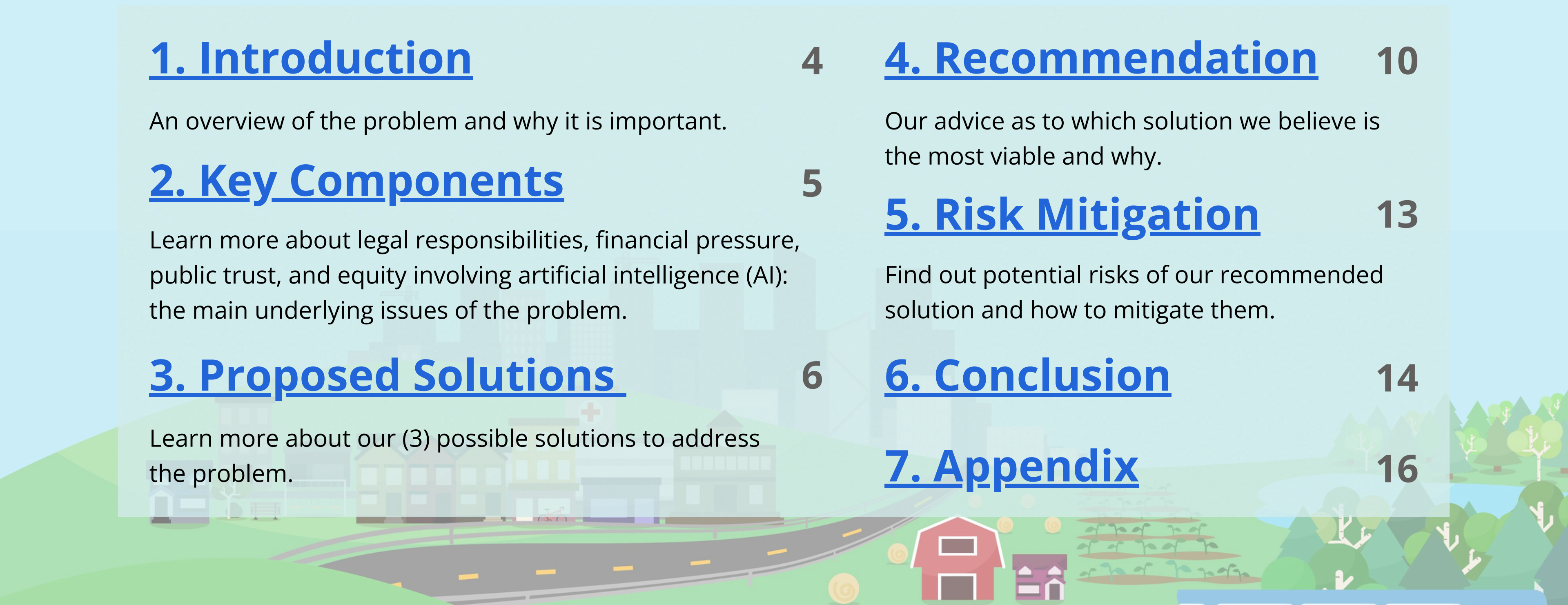
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# Meet the Team



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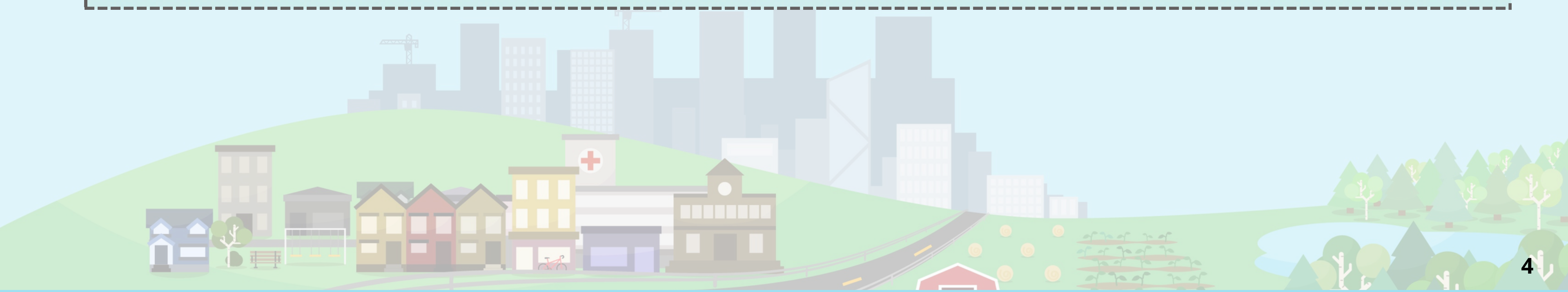
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Political Science*

Ontario's **municipalities'** use of **AI integration** from private sectors is *outpacing* their oversight capacity, creating technical and legal gaps that put public data, resident privacy, and community trust at *risk*.



# Key Components (4)

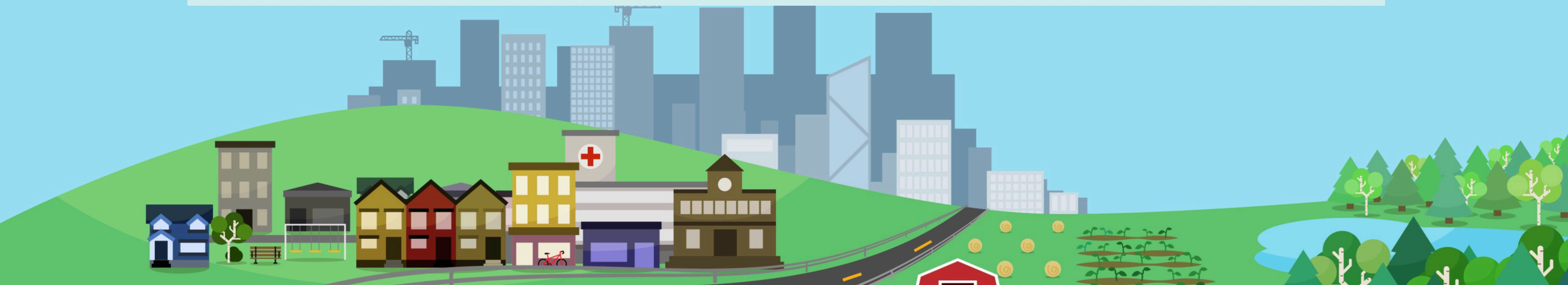
Legal & Privacy Responsibilities

Public Trust

Financial Pressure

Equity Involving AI

# Proposed Solutions



## The Problems:

**46%**  
of total local governments face budget constraints.

**63%**  
of employees working in local governments lack technical expertise.

Unstable pricing: Private vendors are pivoting to subscription-based pricing.

## The Solution:

Overtake an Existing Company and its Software

What it entails:

Provincial government purchasing existing company with relevant AI software, then sharing with all the municipalities

Each municipality will have access to their own “copy” of software, which then they can fix and use



Increased internal technical knowledge



Increases accountability and public trust



Municipal government saves money



Promotes entrepreneurship

### Key Benefits

Source(s): 2025 MNP Municipal Report & Appendix B in the briefing note

## The Problems:

Private vendor companies' software requires access to municipal data

Lack of oversight of the private vendor companies' decisions

Private vendor companies are getting the data for *free*

## The Solution:

Implement Royalties for Private Vendor Companies to Access Data

What it entails:

Everytime private vendor companies needs to access municipal data, they must pay a royalty fee to the municipal government

This royalty fee is based on the amount of data they require. Both parties are customers.



Less chances of misuse or overobtaining data



More control over what private vendors have access to



Municipal government *makes* money



Municipal government stays as a customer

### Key Benefits

## The Problems:

**46%**  
of total local governments in Canada face budget constraints.

**63%**  
of employees working in local governments in Canada lack technical expertise.

Government is **dependent** on third party resources


## The Solution:

**Hire an Internal Team + Create an AI Integration Tool From Scratch**

What it entails:

Finding software engineers, designers, compliance analysts, and data engineers to join the municipal team


Work together with the internal development team to build an exclusive software tailored to municipal needs



Increased internal technical knowledge, and **less training**



Increases accountability and public trust



Full transparency



Long-term sustainability

### Key Benefits

Source(s): 2025 MNP Municipal Report

# Recommendation



# Solution #1: Purchasing Full Ownership of Private Vendor Software

## Legal & Privacy

Less parties having direct access

**Lower chance** of data leak and manipulation risks

## Financial Pressure

Mainly funded by provincial government

Municipal government **saves money** + avoids overpaying as a customer to the private vendor

## Public Trust

Government is owner of the AI software they use

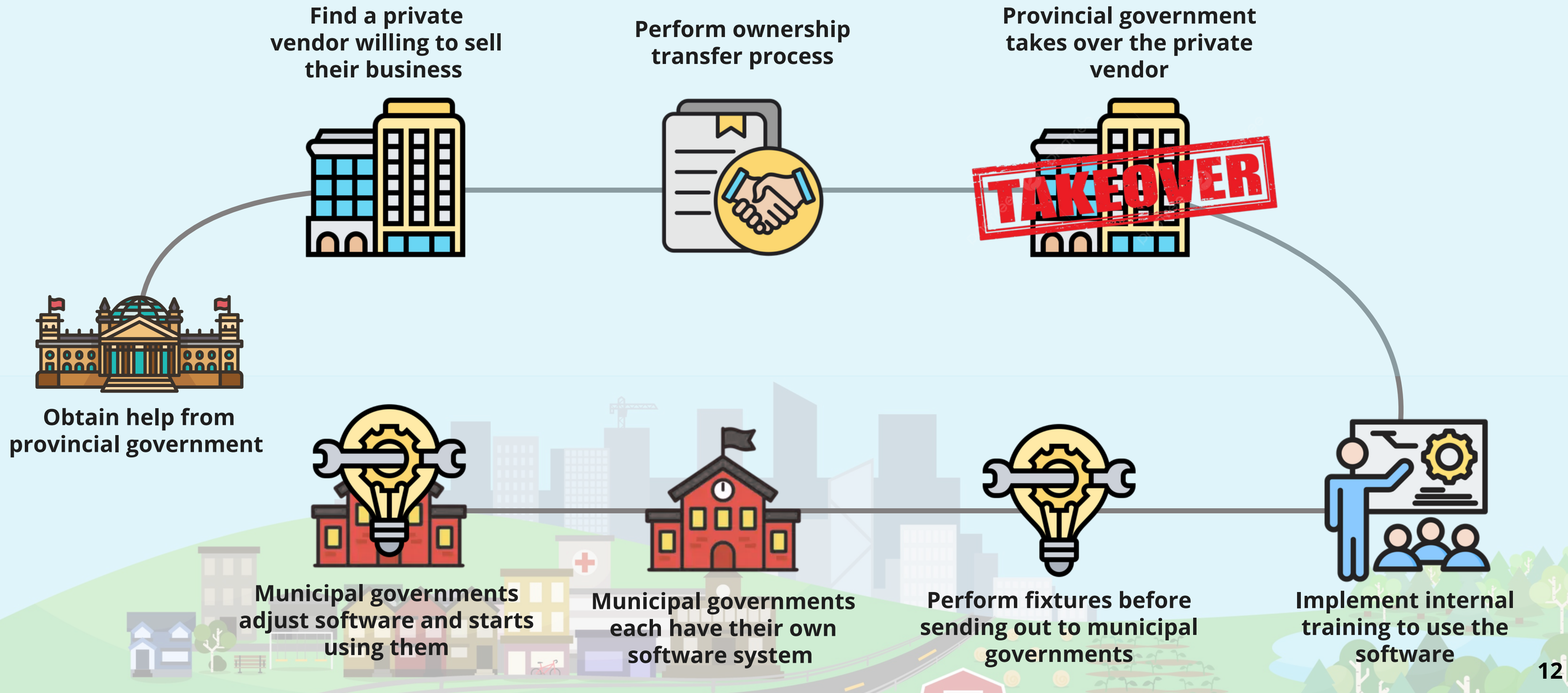
Citizens are more satisfied as they know their data has a **lower chance of bypassing** a third party

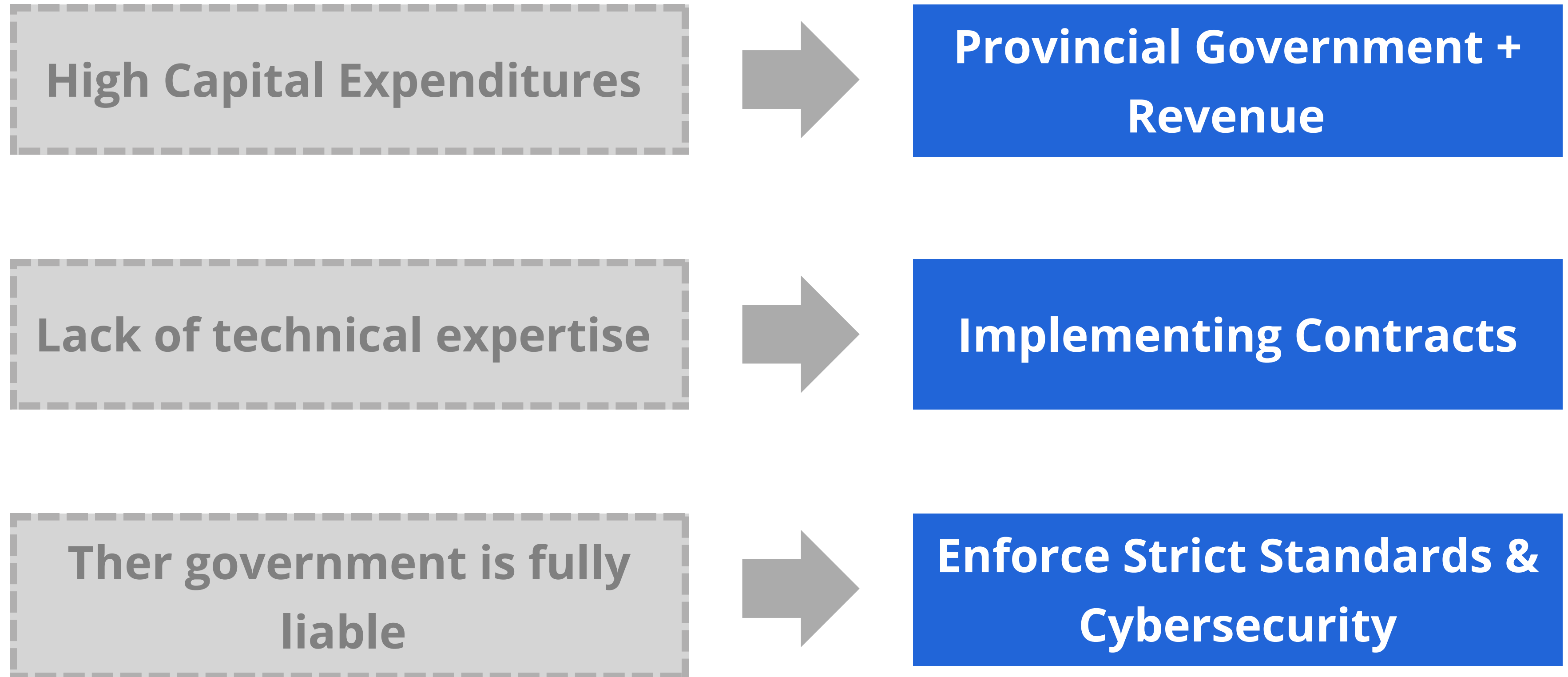
## Equity Involving AI

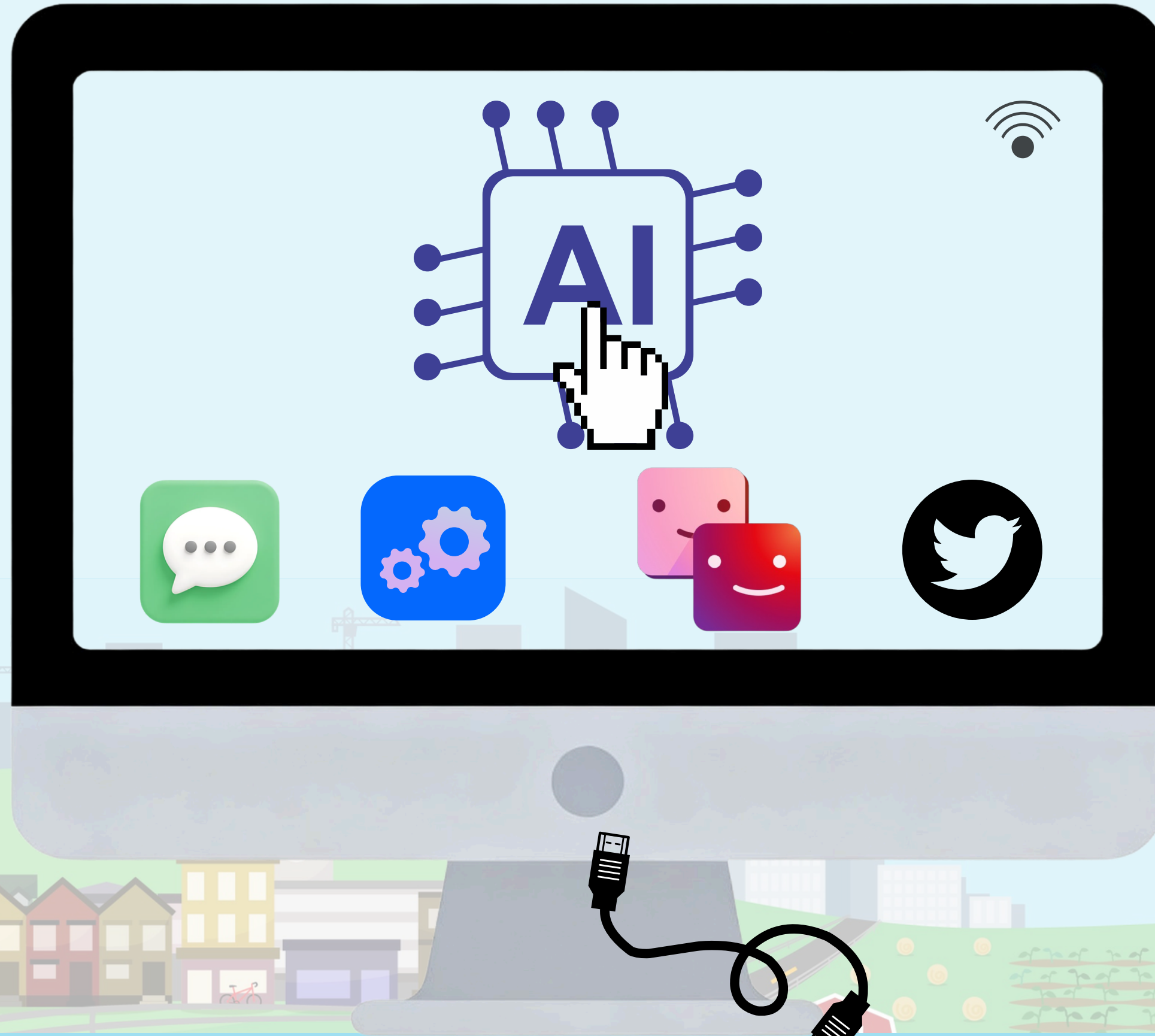
Municipal governments can tailor the software to their needs

**More flexible than** seeking help from a third party. Also **saves money**

# What Does The Integration Look Like?







# Thank you!

**Please feel free to ask us any questions.**

(Appendices on next page)



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# Appendices

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# Assumptions

- #1 The provincial government will be able to finance for the initial costs of implementing AI**
- #2 The amount financing required should reach the threshold of a minimum of \$0 net cash flow**
- #3 Assume year over year revenue would grow to 5%**
- #4 Assume a 2% and 8% year over year growth rate from Opex and Capex costs**
- #5 Assume the Impact of AI will increase revenue by 5.5%**

# Appendix B: Cash Flow Statement @ Year 0

	Pessimistic	Realistic	Optimistic
Beginning Cash Balance	\$0.00	\$0.00	\$0.00
Receivables	\$37,976,964.74	\$37,976,964.74	\$37,976,964.74
	Pessimistic	Realistic	Optimistic
<b>OPEX</b>			
Cloud Compute	-\$3,500,000.00	-\$3,320,000.00	-\$3,000,000.00
Staffing & Operations	-\$3,000,000.00	-\$2,700,000.00	-\$2,600,000.00
Model maintenance	-\$2,250,000.00	-\$2,000,000.00	-\$1,850,000.00
Compliance and audits	-\$1,000,000.00	-\$950,000.00	-\$900,000.00
Utilities	-\$4,500,000.00	-\$3,500,000.00	-\$3,000,000.00
Cybersecurity	-\$9,000,000.00	-\$7,500,000.00	-\$7,050,000.00
<b>Total Operating Activities</b>	<b>-\$23,250,000.00</b>	<b>-\$19,970,000.00</b>	<b>-\$18,400,000.00</b>
<b>CAPEX</b>			
AI system & development	-\$4,000,000.00	-\$3,750,000.00	-\$3,300,000.00
Infrastructure	-\$12,000,000.00	-\$11,000,000.00	-\$10,000,000.00
Integration	-\$8,000,000.00	-\$7,500,000.00	-\$7,000,000.00
Hardware	-\$3,000,000.00	-\$2,000,000.00	-\$1,750,000.00
<b>Total Investing Activities</b>	<b>-\$27,000,000.00</b>	<b>-\$24,250,000.00</b>	<b>-\$22,050,000.00</b>
<b>Financing</b>			
Provincial draw debtdown	\$12,273,035.26	\$6,243,035.26	\$2,473,035.26
<b>Total Financing Activities</b>	<b>\$12,273,035.26</b>	<b>\$6,243,035.26</b>	<b>\$2,473,035.26</b>
<b>Net Cash Flow</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Ending Balance</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

# Appendix C: Cash Flow Statement @ Year 5

	Pessimistic	Realistic	Optimistic
Beginning Cash Balance	\$0.00	\$0.00	\$0.00
Receivables	\$60,941,879.85	\$60,941,879.85	\$60,941,879.85
<b>OPEX</b>			
Cloud Compute	-\$3,713,150.00	-\$3,522,188.00	-\$3,182,700.00
Staffing & Operations	-\$3,182,700.00	-\$2,864,430.00	-\$2,758,340.00
Model maintenance	-\$2,387,025.00	-\$2,121,800.00	-\$1,962,665.00
Compliance and audits	-\$1,080,900.00	-\$1,007,855.00	-\$954,810.00
Utilities	-\$4,774,050.00	-\$3,713,150.00	-\$3,182,700.00
Cybersecurity	-\$9,548,100.00	-\$7,956,750.00	-\$7,479,345.00
<b>Total Operating Activities</b>	<b>-\$24,665,925.00</b>	<b>-\$21,186,173.00</b>	<b>-\$19,520,560.00</b>
<b>CAPEX</b>			
AI system & development	-\$5,038,848.00	-\$4,723,920.00	-\$4,157,049.60
Infrastructure	-\$15,116,544.00	-\$13,856,832.00	-\$12,597,120.00
Integration	-\$9,331,200.00	-\$9,447,840.00	-\$8,817,984.00
Hardware	-\$3,779,136.00	-\$2,519,424.00	-\$2,204,496.00
<b>Total Investing Activities</b>	<b>-\$33,265,728.00</b>	<b>-\$30,548,016.00</b>	<b>-\$27,776,649.60</b>
<b>Financing</b>			
Provincial draw debtdown	\$0.00	\$0.00	\$0.00
<b>Total Financing Activities</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Net Cash Flow</b>	<b>\$3,010,226.85</b>	<b>\$9,207,690.85</b>	<b>\$13,644,670.25</b>
<b>Ending Balance</b>	<b>\$3,010,226.85</b>	<b>\$9,207,690.85</b>	<b>\$13,644,670.25</b>

# Appendix D: Cash Flow Statement @ Year 10

	Pessimistic	Realistic	Optimistic
Beginning Cash Balance	\$0.00	\$0.00	\$0.00
Receivables	\$92,180,061.28	\$92,180,061.28	\$92,180,061.28
<b>OPEX</b>			
Cloud Compute	-\$4,526,309.13	-\$4,293,527.52	-\$3,879,693.54
Staffing & Operations	-\$3,879,693.54	-\$3,491,724.19	-\$3,362,401.07
Model maintenance	-\$2,909,770.16	-\$2,586,462.36	-\$2,392,477.68
Compliance and audits	-\$1,293,231.18	-\$1,228,569.62	-\$1,163,908.06
Utilities	-\$5,819,540.31	-\$4,526,309.13	-\$3,879,693.54
Cybersecurity	-\$11,639,080.62	-\$9,699,233.85	-\$9,117,279.82
<b>Total Operating Activities</b>	<b>-\$30,067,624.94</b>	<b>-\$25,825,826.67</b>	<b>-\$23,795,453.72</b>
<b>CAPEX</b>			
AI system & development	-\$8,635,699.99	-\$8,095,968.74	-\$7,124,452.49
Infrastructure	-\$25,907,099.97	-\$23,748,174.97	-\$21,589,249.97
Integration	-\$17,271,399.98	-\$16,191,937.48	-\$15,112,474.98
Hardware	-\$6,476,774.99	-\$4,317,849.99	-\$3,778,118.75
<b>Total Investing Activities</b>	<b>-\$58,290,974.93</b>	<b>-\$52,353,931.18</b>	<b>-\$47,604,296.19</b>
<b>Financing</b>			
Provincial draw debtdown	\$0.00	\$0.00	\$0.00
<b>Total Financing Activities</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Net Cash Flow</b>	<b>\$3,821,461.41</b>	<b>\$14,000,303.42</b>	<b>\$20,780,311.37</b>
<b>Ending Balance</b>	<b>\$3,821,461.41</b>	<b>\$14,000,303.42</b>	<b>\$20,780,311.37</b>

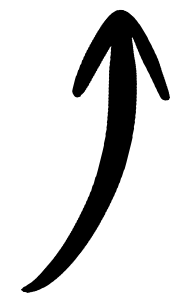
Revenue Segments	Revenue Median	AI Growth Rate	2024	2025	2026
Property Taxation	\$22,737,580.74	5.50%	\$23,988,147.68	\$24,228,029.16	\$24,470,309.45
Unconditional Grants	\$202,519.17	5.50%	\$213,657.72	\$215,794.30	\$217,952.24
Conditional Grants	\$5,027,508.68	5.50%	\$5,304,021.65	\$5,357,061.87	\$5,410,632.49
Liscneses, permits, rent	\$974,876.65	5.50%	\$1,028,494.86	\$1,038,779.81	\$1,049,167.61
Fines & Penalties	\$644,870.36	5.50%	\$680,338.23	\$687,141.61	\$694,013.03
Other	\$5,593,736.14	5.50%	\$5,901,391.63	\$5,960,405.54	\$6,020,009.60
<b>Total Revenue</b>	<b>\$33,246,131.69</b>		<b>\$37,116,051.78</b>	<b>\$37,487,212.30</b>	<b>\$37,862,084.42</b>

# Appendix F: Municipal Revenue Sample i:

	Property Taxation	Unconditional Grants	Conditional Grants	Licenses, Permits Rent	Fines and Penalties	Other	Total Revenue
Ajax	\$95,933,566.00	\$0.00	\$10,878,089.00	\$3,712,562.00	\$5,224,869.00	\$37,567,835.00	\$153,316,921.00
Bancroft	\$6,763,836.00	\$1,502,700.00	\$584,084.00	\$358,934.00	\$127,775.00	\$474,464.00	\$9,811,793.00
Brock TP	\$11,039,727.00	\$869,700.00	\$1,374,582.00	\$480,221.00	\$520,225.00	\$1,670,131.00	\$15,954,586.00
Bruce Mines	\$1,000,341.00	\$341,500.00	\$277,732.00	\$247,775.00	\$36,445.00	\$91,719.00	\$1,995,512.00
Burk's falls	\$1,543,861.00	\$608,100.00	\$228,844.00	\$668,056.00	\$33,392.00	\$259,801.00	\$3,342,054.00
Clarington	\$82,742,713.00	\$0.00	\$5,452,293.00	\$1,507,611.00	\$2,834,982.00	\$29,017,900.00	\$121,555,499.00
Cobalt	\$819,006.00	\$899,300.00	\$494,231.00	\$5,213.00	\$56,550.00	\$12,322.00	\$2,286,622.00
Collingwood	\$42,106,139.00	\$0.00	\$5,187,937.00	\$2,497,134.00	\$992,328.00	\$24,934,993.00	\$75,718,531.00
Durham	\$930,740,777.00	\$1,000,000.00	\$617,098,013.00	\$920,292.00	\$11,110,431.00	\$388,841,183.00	\$1,949,710,696.00
Gauthier	\$301,005.00	\$64,300.00	\$311,897.00	\$20,990.00	\$16,802.00	\$14,217.00	\$729,211.00
Gravenhurst	\$19,949,218.00	\$1,841,300.00	\$2,928,623.00	\$1,017,690.00	\$434,391.00	\$2,922,798.00	\$29,094,020.00
Greenstone	\$19,590,397.00	\$2,035,500.00	\$2,696,465.00	\$506,665.00	\$224,501.00	\$2,793,424.00	\$27,846,952.00
Grimbsy	\$21,885,592.00	\$28,400.00	\$7,798,819.00	\$568,253.00	\$832,186.00	\$6,654,570.00	\$37,767,820.00
Halton	\$538,177,871.00	\$0.00	\$422,623,152.00	\$19,689,875.00	\$0.00	\$444,286,410.00	\$2,266,001,503.00
Ingersol	\$18,206,999.00	\$124,800.00	\$1,750,381.00	\$571,065.00	\$208,415.00	\$4,901,837.00	\$25,763,497.00
Innisfill	\$64,820,944.00	\$77,000.00	\$7,535,945.00	\$4,584,768.00	\$2,455,855.00	\$39,057,074.00	\$118,531,586.00
Lincoln	\$24,924,246.00	\$187,600.00	\$5,941,702.00	\$712,462.00	\$455,777.00	\$1,884,781.00	\$34,106,568.00
Marathon	\$5,882,492.00	\$1,618,300.00	\$843,731.00	\$886,820.00	\$105,004.00	\$758,430.00	\$10,094,777.00

# Appendix G: Municipal Revenue Sample ii

North Bay	\$110,249,333.00	\$10,198,200.00	\$20,461,640.00	\$2,491,569.00	\$3,157,840.00	\$12,402,029.00	\$158,960,611.00
Oil Springs	\$534,571.00	\$180,000.00	\$233,473.00	\$6,562.00	\$10,021.00	\$1,308,452.00	\$2,273,079.00
Oshawa	\$170,886,260.00	\$0.00	\$11,847,220.00	\$10,007,619.00	\$6,151,252.00	\$70,934,679.00	\$269,827,030.00
Pelham	\$19,709,595.00	\$30,100.00	\$3,605,735.00	\$1,659,451.00	\$455,777.00	\$5,293,331.00	\$30,753,989.00
Perth	\$9,585,377.00	\$1,517,500.00	\$1,692,731.00	\$354,692.00	\$745,234.00	\$1,197,455.00	\$15,092,989.00
Peterborough	\$58,527,517.00	\$241,012.00	\$18,231,375.00	\$1,060,605.00	\$249,088.00	\$3,499,648.00	\$81,809,245.00
Petrolia	\$6,509,440.00	\$919,100.00	\$872,197.00	\$128,834.00	\$94,601.00	\$1,308,452.00	\$9,832,624.00
Pickering	\$97,604,469.00	\$0.00	\$14,038,402.00	\$5,706,206.00	\$5,244,812.00	\$43,587,738.00	\$166,181,627.00
Sarnia	\$92,749,952.00	\$3,567,200.00	\$16,246,930.00	\$2,148,727.00	\$956,767.00	\$15,586,628.00	\$131,256,204.00
Scugog	\$19,492,670.00	\$1,285,600.00	\$2,438,161.00	\$1,045,541.00	\$851,169.00	\$6,545,264.00	\$31,658,405.00
Simcoe	\$212,361,571.00	\$0.00	\$371,400,664.00	\$15,511,752.00	\$0.00	\$36,701,541.00	\$635,975,528.00
Tecumseh	\$46,722,684.00	\$19,800.00	\$3,920,832.00	\$1,536,323.00	\$1,183,499.00	\$13,681,190.00	\$67,064,328.00
Thunder Bay	\$232,298,099.00	\$21,061,500.00	\$79,799,420.00	\$1,719,448.00	\$7,901,953.00	\$33,861,459.00	\$376,641,879.00
Toronto	\$5,830,425,091.00	\$0.00	\$2,537,098,264.00	\$740,258,006.00	\$309,757,029.00	\$2,557,004,465.00	\$11,974,542,855.00
Uxbridge	\$18,052,488.00	\$457,500.00	\$1,205,276.00	\$648,160.00	\$736,922.00	\$3,167,533.00	\$24,267,879.00
Vaughan	\$245,024,630.00	\$0.00	\$34,525,387.00	\$29,844,546.00	\$11,661,824.00	\$538,029,691.00	\$859,086,078.00
Wainfleet	\$9,157,936.00	\$518,100.00	\$500,522.00	\$210,601.00	\$627,883.00	\$1,429,268.00	\$12,444,310.00
West Nippising	\$23,197,618.00	\$6,510,919.00	\$16,572,347.00	\$2,235,688.00	\$468,876.00	\$1,610,816.00	\$50,596,264.00
Whitby	\$130,335,446.00	\$0.00	\$14,959,063.00	\$12,684,393.00	\$5,941,347.00	\$50,053,952.00	\$213,974,201.00
Wollaston	\$1,921,177.00	\$964,700.00	\$237,042.00	\$52,599.00	\$40,560.00	\$219,883.00	\$3,435,961.00
York region	\$1,431,663,731.00	\$0.00	\$908,692,817.00	\$0.00	\$24,818,866.00	\$719,244,533.00	\$14,653,860,377.00
<b>Total</b>	<b>\$11,374,179,070.00</b>	<b>\$58,669,731.00</b>	<b>\$5,187,111,405.00</b>	<b>\$915,233,251.00</b>	<b>\$449,136,381.00</b>	<b>\$5,962,765,386.00</b>	<b>\$36,357,759,849.00</b>
<b>Median</b>	<b>\$22,737,580.74</b>	<b>\$202,519.17</b>	<b>\$5,027,508.68</b>	<b>\$974,876.65</b>	<b>\$644,870.36</b>	<b>\$5,593,736.14</b>	<b>\$33,246,131.69</b>



## Ownership Transfer Agreement

***To legally protect the software for the Crown (buyer), the agreement will specifically need to include:***

- **Full source code** delivery used to make the software (ex: code scripts, designs and algorithms).
- **Irrevocable assignment of intellectual property (IP)**, including but not limited to, copyright, patents, and trademarks so that the Crown holds the title worldwide.
- **Mandatory knowledge transfer & training** for the government employees who will be using the software.
- **Warranties of non-infringement** that guarantees the software does not violate third-party rights and complies with regulatory standards at transaction.
- **Further assurances** to ensure the private vendor will not tarnish or negatively interfere with the software, its reputation and its future.

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