



cutting through complexity

Perth Area Municipalities Joint Service
Delivery Review

Appendix A North Perth Summary



Representing the largest of the Perth Area Municipalities (in terms of population), the Municipality of North Perth (“North Perth”) is also unique in terms of its demographic trends and focus. By virtue of its proximity to the Waterloo Region, North Perth has witnessed significant growth and development as a result of high levels of economic development and inbound investment, reporting the highest increase in population in recent years of any of the Perth Area Municipalities. We understand that this growth has also impacted North Perth from a municipal perspective:

- In terms of strategic focus, it would appear that North Perth’s efforts have been directed towards the Waterloo Region as opposed to the remainder of Perth County or Stratford, which is consistent with the general trend in the community’s economic development.
- The level of growth experienced by North Perth requires a degree of operational complexity in order to effectively manage the intensity of the development that is occurring. As a result, North Perth has retained individuals or entered into contract arrangements for skill sets that are not present in certain of the other Perth Area Municipalities (e.g. human resource specialist, economic development, information technology support).
- The financial impacts of North Perth’s development have allowed it to invest in municipal services, with North Perth delivering services that are not provided by other Perth Area Municipalities (e.g. childcare services) or delivered at higher service levels (e.g. recreation), recognizing that Perth North recovers a significant portion of the incremental costs through user fees as opposed to taxation revenue.

Notwithstanding the differences in focus and circumstances between North Perth and the remainder of the Perth Area Municipalities, North Perth has participated in a number of shared service arrangements with other municipalities, both within and outside Perth County.

While the joint service delivery review has identified opportunities for increased collaboration between the Perth Area Municipalities, it should be recognized that the potential financial benefits for North Perth are limited by a number of factors.

- 1. North Perth has low staffing levels and a high degree of multi-functionality, limiting the ability to achieve significant cost savings.** For example, North Perth's administrative complement consists of 5.4 full-time equivalent positions, while our experience with similar sized municipalities (i.e. populations of 12,000 to 15,000 residents) indicates staffing levels well in excess of 10 to 15 positions. The ability to maintain lower than average staffing levels is accomplished in part through the assignment of multiple responsibilities to administrative staff – for example, North Perth's human resources specialist is also responsible for health and safety while the municipality's accounts payable clerk is also responsible for payroll. In our experience, similar sized municipalities will often have full-time equivalent position for each role.
- 2. North Perth's level of development will continue to demand internal resources, reducing the ability to share excess capacity of current resources with other municipalities.** As noted earlier, the growth experienced by North Perth results in an increased demand for municipal resources, particularly with respect to planning and building inspection services. As a result, the ability of North Perth to share these resources with other municipalities without compromising its own service levels may limit the potential financial benefits of additional shared service arrangements.

Notwithstanding these limitations, certain of the opportunities identified through the joint service delivery review are applicable to Perth South and should be considered, including:

- **Increased collaboration with respect to roads maintenance.** At the present time, North Perth uses internal resources to perform roads maintenance activities, which are restricted to the lower tier road network within its municipal boundaries and represent the largest single expenditure category for the municipality. Through collaboration with other municipalities, efficiencies may be achieved through the sharing of public works equipment, personnel and facilities, better scheduling and utilization of staff (which could result in reduced overtime costs) and the redesign of maintenance routes across municipal boundaries, achieving greater economies of scale and operating efficiencies.

As noted below, North Perth's roads maintenance costs are somewhat higher than the average of the remaining Perth Area Municipalities which we believe reflects an increased number of roads with higher minimum maintenance standards (i.e. urban roads) in comparison to the remainder of the lower tier Perth Area Municipalities. When compared to lower tier municipalities with similar households and road networks, North Perth's operating costs per lane kilometre are significantly lower, which we believe reflects at least in part the overall efficiency of its operations.

	Road Costs (in thousands)	Lane Kilometres	Cost per Lane Kilometre
North Perth	\$2,364	940	\$2,514.79
Perth Area Municipalities:			
• Lower tier (excluding Perth South)	\$4,973	2,743	\$1,812.98
• County	\$3,953	882	\$4,481.86
Total Perth County (upper and lower tier)	\$11,290	4,565	\$2,473.17
Stratford	\$5,386	386	\$13,953.37
St. Marys	\$1,422	110	\$12,927.27
Perth Region	\$18,098	5,061	\$3,575.97
Central Elgin	\$2,483	776	\$3,200.37
Greater Napanee	\$2,872	949	\$3,026.29
South Huron	\$2,595	700	\$3,707.60
Thames Centre	\$2,122	762	\$2,785.30

- **Participation in a county-wide approach to landfill operations and drainage superintendent.** As with roads maintenance activities, North Perth currently delivers these services independent of other municipalities and as such, could benefit from potential efficiencies that may arise from an expanded scope (e.g. better pricing for contracted drainage superintended services if all municipalities combine the service into one contract).
- **Sharing of specialized administrative support functions.** Presently, North Perth has dedicated resources for human resources and information technology support while certain of the other Perth Area Municipalities do not, relying instead on management staff and, depending on the issue, external service providers. As human resources and information technology are complex and specialized areas that could expose a municipality to risk if not appropriately managed, North Perth may wish to consider positioning itself as a provider of these services.

While certain of the opportunities have applicability to North Perth, any shared service arrangement entered into by the municipality should ensure that:

- North Perth's participation does not compromise its ability to maintain its own services and service levels by overly diverting resources to other municipalities; and
- The shared service arrangement does not result in North Perth subsidizing services for other municipalities, including increasing service levels for the other participating municipalities at a cost to North Perth.

In order to ensure that these conditions do not materialize, we suggest that any shared service arrangement be documented through a formal agreement, which should include:

- A clear description of the services and service levels to be provided.
- A payment mechanism that defines how costs for the services will be allocated between the participating municipalities.
- Provisions for the term of the agreement, including minimum participation periods and notice requirements for withdrawals.