



*cutting through complexity*

Perth Area Municipalities Joint Service  
Delivery Review

# Appendix A Perth East Summary



The Township of Perth East (“Perth East”) represents the second largest of the four lower tier municipalities within Perth County, accounting for 32% of the county’s population and a quarter of lower tier operating costs.

While the joint service delivery review has identified opportunities for increased collaboration between the Perth Area Municipalities, it should be noted that the potential financial benefits of these arrangements to Perth East will be limited by the following factors:

- 1. Perth East has low staffing levels and a high degree of multi-functionality, limiting the ability to achieve significant cost savings.** For example, Perth East’s administrative complement (CAO, Finance and Clerks) consists of 9.2 full-time equivalent positions, while our experience with similar sized municipalities (i.e. populations of 12,000 to 15,000 residents) indicates staffing levels for these functions well in excess of 15 to 20 employees. The ability to maintain lower than average staffing levels is accomplished in part through the assignment of multiple responsibilities to administrative staff – for example, the CAO is involved in procurement, economic development and recreational services, with Perth East’s human resources manager also responsible for payroll processing and administrative processes. While shared service arrangements can lead to the central delivery of a service or function, the ability to reduce staffing levels within Perth East is limited by the fact that (i) there are relatively few staff to begin with; and (ii) staff will still be required to perform those functions not delivered through shared services.
- 2. Perth East is already extensively involved in shared service arrangements.** Consistent with the other Perth Area Municipalities, Perth East already delivers a range of municipal services through shared service arrangements. As a result, the ability to achieve significant financial benefits through additional shared service arrangements is limited.

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

- Increased collaboration with respect to roads maintenance. At the present time, Perth East 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, Perth East's roads maintenance costs are lower than the average of the remaining Perth Area Municipalities as well as other communities with relatively large road networks. The difference between Perth East and selected comparative communities reflects the overall efficiency in Perth East's delivery of road maintenance, which once again will limit the operational savings that are realized from a shared delivery approach. Rather, we believe the more significant benefits will be achieved through greater efficiencies and the potential reduction of longer term capital costs.

	Road Costs (in thousands)	Lane Kilometres	Cost per Lane Kilometre
Perth East	\$2,158	1,132	\$1,906.36
Perth Area Municipalities:			
• Lower tier (excluding Perth East)	\$5,179	2,551	\$2,030.18
• County	\$3,953	882	\$4,481.86
<b>Total Perth County (upper and lower tier)</b>	<b>\$11,290</b>	<b>4,565</b>	<b>\$2,473.17</b>
Stratford	\$5,386	386	\$13,953.37
St. Marys	\$1,422	110	\$12,927.27
<b>Perth Region</b>	<b>\$18,098</b>	<b>5,061</b>	<b>\$3,575.97</b>
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
Mapleton	\$1,852	746	\$2,482.89
Meaford	\$2,806	786	\$3,570.30

- **Participation in a county-wide approach to landfill operations and drainage superintendent.** As with roads maintenance activities, Perth East 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, Perth East has dedicated resources for human resources 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 are complex and specialized areas that could expose a municipality to risk if not appropriately managed, East Perth may wish to consider positioning itself as a provider of these services.

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

- East 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 East Perth subsidizing services for other municipalities, including increasing service levels for the other participating municipalities at a cost to East 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.