



cutting through complexity

Perth Area Municipalities Joint Service
Delivery Review

Appendix A West Perth Summary





Perth Area Municipalities Joint Service Delivery Review

West Perth Summary

The Township of West Perth (“West Perth”) represents the second smallest of the four lower tier municipalities within Perth County, accounting for a quarter of the county’s population and 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 West Perth will be limited by the following factors:

1. **West Perth has low staffing levels and a high degree of multi-functionality, limiting the ability to achieve significant cost savings.** A review of the organizational structure for West Perth indicates staffing levels that are significantly lower than those found in similar sized municipalities. For example, West Perth’s finance department is comprised of two individuals, while our experience demonstrates that typical staffing for finance in municipalities between 7,500 to 10,000 residents is in the range of five to eight individuals. 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 municipal clerk is responsible for not only council support but also information technology and planning. While shared service arrangements can lead to the central delivery of a service or function, the ability to reduce staffing levels within West Perth 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. **West Perth is already extensively involved in shared service arrangements.** Consistent with the other Perth Area Municipalities, West Perth already delivers a range of municipal services through shared service arrangements and continues to explore additional opportunities as considered appropriate. 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 West Perth and should be considered, including:

- Increased collaboration with respect to roads maintenance. At the present time, West 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.



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West Perth Summary

As noted below, West Perth's roads maintenance costs are slightly higher than the average of the remaining Perth Area Municipalities but are lower than other communities with relatively large road networks. The difference between West Perth and selected comparative communities likely reflects a number of factors, including the overall efficiency in West Perth'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
West Perth	\$2,308	1,028	\$2,245.14
Perth Area Municipalities:			
• Lower tier (excluding West Perth)	\$5,029	2,655	\$1,894.16
• 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
Brockton	\$2,088	800	\$2,610.55
South Huron	\$2,595	700	\$3,707.60
Thames Centre	\$2,122	762	\$2,785.30



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West Perth Summary

- **Participation in a county-wide approach to landfill operations and drainage superintendent.** As with roads maintenance activities, West 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, West Perth does not have dedicated resources for human resources and information technology, relying instead on management staff and, depending on the issue, external service providers. As certain of the other Perth Area Municipalities do have these resources in house, the potential does exist to share specialized staff among the municipalities.

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

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