

# **The Corporation of the County of Perth**

## **Council – Special Meeting**

**Date of Meeting:** April 30, 2014

**Time of Meeting:** 9AM

**Place of Meeting:** Perth County Council Chambers – 1 Huron St., Stratford

**Dress:** Business Casual

### **Agenda**

- 1. Call to Order**
- 2. Moment of Reflection**
- 3. Confirmation of the Agenda**
- 4. Disclosure of Pecuniary Interest**
- 5. Special Business**

The Warden will recommend to Perth County Council that the Rules of Order be suspended in accordance with Section 25.5.1 and 29.1 of the Perth County Procedure By-law in order to permit extended debate.

#### **5.1 Joint Service Delivery Review Final Report**

- 5.1.1 Additional Information Requested By Council (report attached)**
- 5.1.2 Lower Tier Decisions (report attached)**
- 5.1.3 Sharing Opportunities for Consideration in Report**

Shared Administrative Functions  
Shared Fire Service Administration  
Enhanced Coordination of Building Inspection Services  
County-wide Approach to Drainage Superintendent  
Coordination of Road Maintenance  
County-wide Approach to Landfill Operations  
Shared Fleet Maintenance

#### **5.1.4 Existing Sharing Arrangements**

- 6. Confirmatory By-law**
- 7. Adjournment**

---

**From:** Bill Arthur, CAO  
**Date:** April 30, 2014  
**Subject:** KPMG SDR - Additional Information requested by Council

---

**Background:**

From Oscar Poloni, KPMG

“At the last presentation to County Council, one councillor asked us to look at governance costs per household. In our presentation, we had looked at the number of households per elected official but didn't include the financial costs.

The analysis that was sent was prepared in response to this request. The financial information is based on the governance costs reported in Line 0240 of the 2012 FIRs, which we understand is intended to capture council costs, included council remuneration.”

**Comments:**

This additional information provided by KPMG has been summarized in the following table;

Municipality	Governance (Council) Cost per Municipality (UP + LT) per HH	
Perth County	\$28.11	
North Perth	\$26.08	(\$54.19)
Perth East	\$29.60	(\$57.71)
Perth South	\$51.87	(\$70.98)
West Perth	\$41.80	(\$69.91)
<b>Perth County Average</b>	<b>\$61.78</b>	
Brant County	\$61.11	
Orillia	\$61.22	
St. Thomas	\$51.30	
Stratford	\$75.21	

**Conclusion:**

“As noted in the analysis, despite the high number of elected officials in Perth County, the cost per household from a county-wide basis is comparable. This would seem to indicate that council remuneration is significantly lower than elsewhere.”

**Goal 1: “Ensure residents are being served by an efficient, cohesive and comprehensive service delivery model.”**

**Financial Implications:**

N/A

**Reference to the Strategic Plan:**

[Include reference to Key Principles, Goals and Objectives, Corporate Actions and/or Implementation Plan]

**Recommendation:**

**That** Perth County Council receive the Report – ‘KPMG SDR - Additional Information requested by Council’ for information.

**Reference Material Attached:**

N/A



\_\_\_\_\_  
Author

**Reviewed by:**

Director	Finance	CAO
		
<b>Comments:</b>		

**From:** Kerri Ann O'Rourke  
**Date:** April 30, 2014  
**Subject:** KPMG Presentations to Lower Tier – Summary of Council Resolutions

**Comments:**

KPMG presented the Joint Service Delivery Review Report to all member municipalities in the month of April.

KPMG provided each Council with an “Annex A” which addressed each municipality specifically.

**Conclusion:**

Attached are the following:

1. Summary of resolutions passed by the four Councils.
2. “Annex A” for each member municipality.

**Financial Implications:** N/A

**Reference to the Strategic Plan:** N/A

**Recommendation:** No recommendation. For reference purposes only.

**Reference Material Attached:**

1. Summary of resolutions passed by four Councils.
2. “Annex A” for each member municipality.



\_\_\_\_\_  
Author

**Reviewed by:**

Director	Finance	CAO
		

**Comments:**

All of the Lower Tier Councils have agreed to the CAO's (and in some cases Senior Staff) participate in the Transition Team to discuss the KPMG recommendations. There has been no direction from any LT Council about there preferred options or to any option they are opposed to discuss.

**Joint Service Delivery Review Final Report – March 20, 2014**

**Summary of Resolutions Passed at Lower Tier**

**Perth South (April 1, 2014)**

It is recommended that the Council direct the CAO and senior staff to participate in discussions with Perth County and its member municipalities to review the KPMG report recommendations; and further that, Council appoint the CAO and senior staff be members of the Perth County and member municipalities transition team.

**North Perth (April 7, 2014)**

Resolution No. 214.04/14

THAT the Council of the Municipality of North Perth direct the CAO and senior staff to participate in discussions with Perth County and its member municipalities to review the KPMG report recommendations.

Resolution No. 215.04/14

THAT the Council of the Municipality of North Perth receive the Joint Service Delivery Review prepared by KPMG dated March 20, 2014.

**Perth East (April 15, 2014)**

THAT the Council of the Township of Perth East receive the KPMG presentation and report dated April 15, 2014 entitled KPMG Joint Service Delivery Review prepared by the CAO, for information;

AND that the Council of the Township of Perth East direct the CAO to participate in discussions with Perth County (April 30, 2014) and its member municipalities to review the KPMG report recommendations;

AND Further that the CAO report back to Perth East Council regarding options that Perth County Council and the other lower tiers would like to consider and investigate further.

**West Perth (April 22, 2014)**

THAT:

1) The Council of the Municipality of West Perth receives the KPMG Report and Presentation dated April 22, 2014 for information; and,

2) The CAO be directed to participate in discussions with Perth County and its member municipalities to review the KPMG report recommendations;

AND FURTHER THAT the CAO report back to West Perth Council regarding options that Perth County Council and the other lower tiers would like to consider and investigate further.



*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
<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

- **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.



*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.



*cutting through complexity*

Perth Area Municipalities Joint Service  
Delivery Review

# Appendix A Perth South Summary



Representing the smallest of the Perth Area Municipalities (in terms of population), the Township of Perth South (“Perth South”) is also seen as the most active of the municipalities in terms of delivering municipal programs through shared service or external contracting arrangements as opposed to the use of internal resources.

While the joint service delivery review has identified opportunities for increased collaboration between the Perth Area Municipalities, the potential benefits to Perth South are likely lower than the other municipalities due to two factors:

1. **Perth South has already established shared service arrangements for the delivery of a number of municipal services**, thereby limiting the potential for additional arrangements. As noted below, approximately one-third of municipal expenditures relate to programs delivered through shared service or external contracting arrangements.

Municipal Service	Total Expenditures		Percentage of Total	
	Internal Delivery	Shared or Contracted Service	Internal Delivery	Shared or Contracted Service
Administration	\$744,080		15.4%	
Fire		\$435,480		9.0%
Police		\$469,115		9.7%
Building inspection and bylaw enforcement	\$99,674		2.1%	
Roads	\$2,383,253		49.4%	
Water and wastewater		\$98,962		2.1%
Solid waste		\$360,706		7.5%
Parks and recreation		\$141,817		2.9%
Library services		\$88,000		1.9%
<b>Total</b>	<b>\$3,227,007</b>	<b>\$1,594,080</b>	<b>66.9%</b>	<b>33.1%</b>

**2. Perth South has very low levels of staffing, with employees having a wide range of assigned responsibilities,** the combination of these factors limits the potential for significant cost savings as Perth South has little to no opportunity to reduce staffing levels through the use of shared service arrangements. Based on a comparison to other municipalities, we consider Perth South’s staffing levels to be at or near the minimum required to administer a municipality of its size.

Municipal Department	Number of Staff		
	Full-time	Part-time	Total
Chief Administrative Officer	1		1
Clerk/administration	2		2
Finance	2	1	3
Building inspection and bylaw enforcement	1		1
Public works	6	4	10
<b>Total</b>	<b>12</b>	<b>5</b>	<b>17</b>

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, Perth South 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 South's roads maintenance costs are lower than or consistent with the other Perth Area Municipalities as well as comparative communities. While this is reflective in large part of the maintenance standards for Perth South's road network, it also indicates that potential cost savings will likely materialize in the form of incremental efficiencies as well as a reduction in longer term capital costs.

	Road Costs (in thousands)	Lane Kilometres	Cost per Lane Kilometre
Perth South	\$803	590	\$1,360.34
Perth Area Municipalities:			
• Lower tier (excluding Perth South)	\$6,534	3,093	\$2,112.51
• 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>
Amaranth	\$1,192	450	\$2,649.78
Central Frontenac	\$3,499	1,122	\$3,119.02
Dutton-Dunwich	\$1,501	528	\$2,842.78
Mulmur	\$1,373	536	\$2,562.18

- **Participation in a county-wide approach to landfill operations and drainage superintendent.** As with roads maintenance activities, Perth South 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 South does not have dedicated resources for human resources and information technology support and the size of the municipality would not justify the establishment of these resources. These requirements are currently met by management staff and, depending on the issue, external service providers. As human resources and information technology are complex and specialized areas that could expose the municipality to risk if not appropriately managed, Perth South may wish to consider entering into a shared service arrangement for these services. For example, the County, North Perth and Perth East all currently employ human resource professionals (CHRP) and Perth South may wish to consider the sharing of these resources.



*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.



## Perth Area Municipalities Joint Service Delivery Review

### 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
<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>
Brockton	\$2,088	800	\$2,610.55
South Huron	\$2,595	700	\$3,707.60
Thames Centre	\$2,122	762	\$2,785.30



## Perth Area Municipalities Joint Service Delivery Review

### 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.

# Council Report

**From:** Bill Arthur, CAO  
**Date:** April 30, 2014  
**Subject:** KPMG – Sharing opportunities in SDR Report

---

## Background:

The following Opportunities have been suggested by KPMG in the Services Delivery Review, Final Report, March 20, 2014:

- Shared Administrative Functions
- Shared Fire Service Administration
- Enhanced Coordination of Building Inspection Services
- County-wide Approach to Drainage Superintendent
- Coordination of Road Maintenance
- County-wide Approach to Landfill Operations
- Shared Fleet Maintenance

## Comments:

Chapter III of the KPMG Final Report “Opportunities for Consideration’ discusses all of the above topics. Council will wish to bring their copy of this Report to the April 30, 2014 meeting.

The Recommendation below reflects the wording in the KPMG Report - except that I am recommending that prior to spending a lot of time and effort in developing detailed implementation plans, that an initial ‘Business Case’ analysis be done to first identify that there is a potential to decrease costs (or to improve services at no increase in costs).

## Conclusion:

Some of the services outlined are not currently County level services. If they are identified by Council to be looked at with the participating municipalities the ultimate governance of the service will need to be addressed as part of the review. The KPMG Report identifies many different styles of governance which will need to be considered and which could be different for each service.

This next stage does not bind any municipality to anything more than;

- 1 reviewing the viability of an Opportunity
- 2 if viable, then developing a workable plan to implement it.

Only upon approval of all participating Councils will any change be implemented.

## Financial Implications:

At this point there are no Financial Impacts. Depending upon Council direction costs may be incurred. If this is the case, then there is a \$50,000 Budget approved to address any SDR Implementation costs.

**Reference to the Strategic Plan:**

**Goal 1:** Ensure residents are being served by an efficient, cohesive and comprehensive service delivery model.

**Strategic Objective:** Investment in and support of community infrastructure and services that reflect our rate of growth and rural nature.

**Action 1:** Initiate a county and local municipalities services delivery review that examines where improvements and efficiencies in governance structure can be realized.

**Recommendation:**

**That** Perth County Council establish a Transition Team, composed of the CAO, Treasurer and relevant functional management personnel to perform an initial ‘Business Case’ analysis and then if appropriate, to develop a detailed implementation plan, for the following Opportunities (as outlined in the KPMG Service Delivery Review) including service level agreements and cost sharing mechanisms;

1. Shared Administrative Functions
2. Shared Fire Service Administration
3. Enhanced Coordination of Building Inspection Services
4. County-wide Approach to Drainage Superintendent
5. Coordination of Road Maintenance
6. County-wide Approach to Landfill Operations
7. Shared Fleet Maintenance

And to bring a Report(s) to County Council no later than August 14, 2014,

And That the Lower Tier municipalities be requested to similarly establish Transition Teams for the Opportunities they wish to pursue.

**Reference Material Attached:**

n/a



\_\_\_\_\_  
Author

**Reviewed by:**

Director	Finance	CAO
		

**Comments:**

--