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The Townships of Waterloo Region Joint Service Review

Library Services

January 15, 2021

Steering Committee Discussion of Final Report, dated December 1, 2020

Disclaimer

This report is subject to the terms and conditions in our engagement letter November 4th, 2019. This report is intended solely to assist North Dumfries, Wellesley, Wilmot, and Woolwich Townships ("the Townships of Waterloo Region" or "the Townships") with a joint service review. The comments and observations in our report are not intended, nor should they be interpreted, to be legal advice or legal opinion. This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated.

We had access to information up to November 20, 2020 in order to arrive at our observations but, should additional documentation or other information become available which impacts upon the observations reached in our report, we will reserve the right, if we consider it necessary, to amend our report accordingly. This report and the observations expressed herein are valid only in the context of the whole report. Selected observations should not be examined outside of the context of the report in its entirety.

Our observations and full report are confidential and are intended for the use of the Townships of Waterloo Region. Our review was limited to the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations should be considered in the context of the procedures performed. In this capacity, we are not acting as external auditors nor value for money auditors and, accordingly, our work does not constitute an audit, examination, value for money, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the Townships of Waterloo Region. KPMG has not and will not perform management functions or make management decisions for the Townships of Waterloo Region.

KPMG has no present or contemplated interest in the Townships of Waterloo Region, nor are we an insider or associate of the Townships of Waterloo Region. Accordingly, we believe we are independent of the Townships of Waterloo Region and are acting objectively.

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Project Overview

The Townships of Waterloo Region
Joint Service Review

Project Overview

Project Objectives – *How will we define success?*

As municipal budget challenges grow year after year, municipalities are facing a host of unavoidable pressures that are increasing the cost of service delivery. In 2019, to ease the transition, the Province of Ontario released a series of grant programs for municipalities to fund a review of their operations.

We understand that the Townships of Waterloo Region ("the Townships") share the Province's objective of greater efficiency and effectiveness. Accordingly, the Townships have identified increased collaboration in the delivery of municipal services as a key priority and have retained KPMG to assist in identifying opportunities for shared service delivery and improved efficiency and effectiveness.

KPMG was engaged by the Townships of Waterloo Region (North Dumfries, Wellesley, Wilmot and Woolwich) to undertake a joint service delivery review (the "Project" or "Service Review") in a phased approach. For Phase 1 of the Service Review, the Townships are focusing on five service areas – Fire, Emergency Management, Corporate Communications, Information Technology, and Library. For Library services, the Townships are responsible for providing the facilities in which the services are delivered; and the Region of Waterloo is responsible for delivery of library services and programs.

Specific project objectives included the following:

- **Facilitate Review** – Conduct a comprehensive review to understand the current service delivery models through documentation review and stakeholder consultation. As part of this, consider the current service delivery approaches, cost and impact the services have on the Townships, including high level benchmarking with comparator municipalities.

- **Identify Opportunities** – Identify and explore opportunities for sustainable shared approaches to service delivery and establishing and/or amending service levels.

- **Recommendations** – Evaluate and categorize opportunities to develop recommendations for Phase 2 priorities. Provide strategic guidance to leadership on implementation and prioritization of new, innovative and/or leading service delivery models that improve upon organizational efficiency while balancing stakeholder expectations. In addition, advise on the risks associated with each proposed change/option to inform management of the key factors and risks which should be considered during the decision making process.

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Project Overview

Project Drivers – *Why are we doing this, what problem do we want to solve?*

The Townships are undertaking a joint service review to provide a better understanding of the services currently provided by each municipality, or in the case of the Library, the Region of Waterloo. This will allow Council and Staff to make informed strategic decisions regarding these services and identify opportunities for shared service delivery. It is anticipated this will provide greater efficiency and effectiveness in service delivery and the ability to respond to future pressures associated with residential and non-residential growth.

Setting the Stage

The Townships of Waterloo Region are located in southwestern Ontario. The Townships of Waterloo Region is made up of four townships including the Township of North Dumfries, Township of Wellesley, Township of Wilmot and Township of Woolwich. The Waterloo Townships were home to over 63,000 residents in 2018. The communities within the Waterloo Township contribute to a diverse population, including a robust Amish and Mennonite population in some of the Townships. Key industries and services vary between Townships and include manufacturing, agriculture, airport and chemical processing.

The Townships provide residents with a number of services including fire services, emergency management, communications, by-law enforcement, recreation, and planning and development services. Each Township's Information Technology team provides IT services to support and enable the organization to deliver municipal services.

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Scope of Work
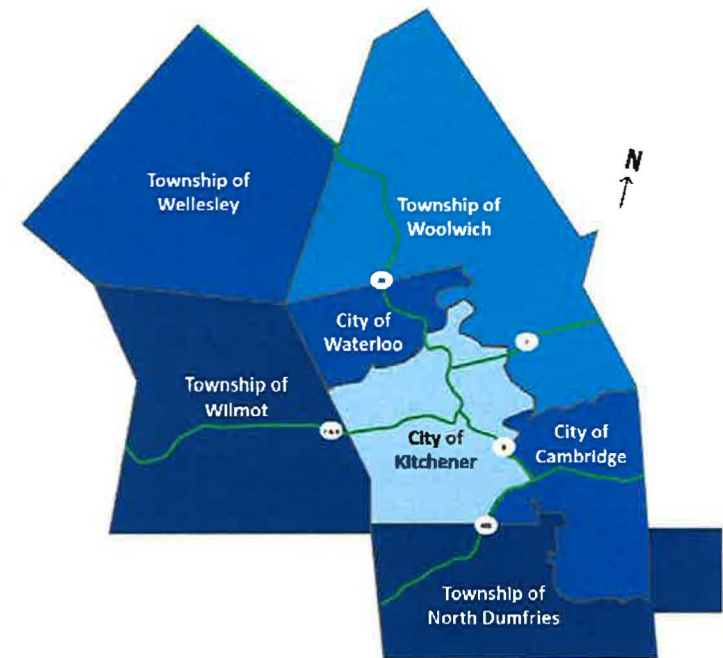
A service delivery analysis provides a high-level assessment of the potential options and benefits available to the Townships for jointly delivering selected services to local communities. An iterative approach to conducting the analysis was prepared with important input sought from each Township at key milestones. The approach draws on the experiences of other municipalities in jointly delivering services to local communities and outlines a roadmap for implementing potential shared service mechanisms for the five identified services.

The table below outlines the iterative approach to building the service delivery analysis. The project team composed of the four Chief Administrative Officers (supported by their respective management teams) were consulted regularly to confirm project scope as well as better understand each Township's operating model, local challenges and related priorities and strategies as well as past experiences with delivering shared services in the region. These insights were important to documenting the lessons from previous shared service initiatives and local perceptions of what opportunities may exist for shared services in the future.

	1. Project Initiation	2. Environmental Scan	3. Current Service Delivery Model Review	4. Opportunity Identification	5. Final Report & Presentation
Objectives	✓ Align on project objectives and work plan	✓ Collect relevant information on current methods of service delivery	✓ Assess current service delivery model of the five service areas	• Identify potential opportunities for innovative service delivery	• Prepare Final Report and presentation to Steering Committee and Council
Activities	✓ Kickoff meeting ✓ Develop project charter	✓ Data and document review ✓ Stakeholder consultations ✓ Comparator analysis of municipalities	✓ Complete service profiles for all in-scope areas. ✓ Develop and validate common understanding of the current state ✓ Prepare Interim Report	• Identify opportunities for improved service delivery • Prepare draft recommendations and presentation to Steering Committee	• Draft and revise Final Report and presentation
	✓ Complete	✓ Complete	✓ Complete	✓ Complete	✓ Complete

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Shared Services Introduction

The Townships of Waterloo Region

Joint Service Review

Defining Shared Services

Despite the potential benefits that arise from shared service arrangements, municipalities can sometimes be reluctant to identify and pursue these opportunities. While geography will play a major role in dictating the extent to which municipalities are candidates for shared service arrangements, it can also be used as a default for ruling out any form of service sharing. Similarly, concerns over the impact on existing service levels are often cited as reasons not to pursue shared service arrangements, despite the potential to actually enhance the quality of service provided to residents.

Sharing delivery of similar services across neighbouring local townships can reduce cost, enhance efficiency and improve quality. It requires, however, careful consideration of both the structure and governance to ensure the partnership achieves the level of cooperation required to implement an effective shared services model.

Shared services' are typically where two or more local municipalities jointly provide:

- **External citizen-facing services** – services that municipalities provide to the local community, such as, fire protection, public transportation, recreation and library services;
- **Back office functions** – functions that support external services, such as information technology, finance, legal, payroll, and human resources; or,
- **Procurement** – purchase of goods and services.

Shared services may also include one or more municipalities partnering with other organizations outside of local government for the delivery of specific services. This is typically referred to as outsourcing.

Many municipalities explore the possibilities of shared services with the goal of reducing costs, increasing service quality and providing better community outcomes. In addition to cost savings, there are other financial and non-financial benefits associated with shared services, including:

- Increased efficiency through the reorganization and sharing of assets;
- Improved service delivery and consistency across regions;
- Economies of scale
- Reduced duplication of processes;
- Improved quality of service through a larger and more skilled resource pool; and,
- Support of local economies by sustaining local employment.

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Shared Services Delivery Models

Embarking on shared service arrangements is a complex, and potentially costly, exercise and should not be viewed by municipalities as simply a means of avoiding other structural reform options and continuing with the status quo. There are a wide range of potential delivery mechanisms available for shared services for municipalities to consider:

- **Resource sharing** – contractual arrangements between local municipalities to share key resources (plant, equipment or personnel) to achieve efficiencies and lower costs. Typically one municipality employs resource and hires out to others on a "time and materials" basis.

- **Centralized services** – relocation of multiple delivery sites or services to one centre which then serves across multiple municipalities.

- **Joint venture** – establish stand-alone incorporated entity to share costs and risks of providing municipal services and infrastructure, e.g. public library board.

- **Outsourcing** – Key municipal services outsourced to organizations typically from the private sector or external public sector entities. In this case, participating municipalities do not always have the sufficient size or scale to effectively deliver the service in an economic manner.

The adjacent table provides a comparative framework of the attributes of each of the shared service delivery mechanisms available to municipalities. This framework is applied to each of the five services areas in further detail in the following sections of this report.

	Resource Sharing	Centralized Services	Joint Venture	Outsourcing
Start Up Costs	Low	Low- Medium	Medium-High	Medium-High
Enduring nature of arrangement	Short-Term	Medium-Term	Medium-Long Term	Medium-Long Term
Savings Potential	Low-Medium	Medium-High	Medium-High	Medium-High
Time required for net benefits to accrue	Short-Term	Short-Medium Term	Medium-Term	Medium-Term
Scale of structural change (i.e. disruption)	Low	Medium	High	Very High
Exit Costs	Low	Medium	High	Low-Medium

Source: KPMG analysis

Resource Sharing

Carling-Archipelago Case Study

In 2010, the retirement of senior staff in Carling Township (pop. 1,125) led to a shared services agreement with the Township of Archipelago (pop. 531) for senior municipal staff. Carling Township estimated that it saved $90,000 - $120,000 per year by sharing the CAO and Treasurer position.

Nevertheless, in 2015, it was determined that Carling Township needed its own CAO, financial and public works managers and the inter-municipal agreement was terminated.

Source: Parry Sound North Star, February 4, 2015

Sharing of Physical & Human Resources

Resource sharing refers to arrangements between local municipalities to share financial, human or physical resources to achieve common objectives. The typical main drivers behind resource sharing are efficiency and reduced costs. One municipality may own a resource and hire it to another municipality during off peak periods. Alternatively, two or more municipalities may jointly own a resource and share it on an agreed basis.

In Ontario, many resource sharing arrangements are informal agreements based on the quality of relationships between the municipalities. There may be an opportunity to formalize the process of resource sharing to gain greater savings as well as to ensure the highest utilization of an asset. A contractual arrangement can agree for example, when and for how long, each partner will have access to the resource.

Resource sharing opportunities are available across a range of operational and capital works areas as well as:

- Building inspection
- Specialized plan and equipment (e.g. road sealing equipment and/or lift trucks); and,
- Specialized staff (e.g. training officers and project management officers).

While such resource sharing arrangements offer significant flexibility, they are typically more ad hoc (i.e. project based) and less enduring than other shared service models.

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Service Centralization

Kawartha Collaborative Purchasing Group

KCPG is an unincorporated association of purchasing professionals representing publicly funded organizations located within the boundaries of the City and County of Peterborough, the City of Kawartha Lakes and Northumberland County. KCPG members work together to cooperatively purchase common services and commodities by combining their purchasing volumes and participating in competitive tendering exercises. Members have the ability to opt in or out of procurements at the initial consultation stage. Once a municipality commits to a procurement process there is a mandatory requirement for them to award based on the consensus of the group.

Centralization of Services

Centralized services requires the relocation of multiple delivery sites to one centre (such as a 'centre of excellence') which then serves across multiple municipalities. It tends to generate efficiencies from increased specialization and improved infrastructure. Services where the marginal cost of delivering one task (such as a planning approval) is low but the fixed costs (information systems) are high may also generate economies of scale.

Our leading practice research and experience finds that back office functions are best suited to centralization. A significant majority of back office or administrative services can be delivered electronically and the volume of digitized data is expected to only grow in the future. External services (e.g. community services, maintenance, etc.) are less likely to improve from centralization as the cost of delivering on additional service may vary significantly and requires significant travel.

Some of the back office functions that may be candidates for centralization include:

- Professional services such as legal, internal audit, financial accounting and information technology ("IT")

- Procurement; and,

- Human resources and payroll.

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Joint Venture

Frontenac County Communal Servicing

Under the 2014 Provincial Policy Statement, Frontenac County's small villages were determined to be the focus of growth. However, none of the four municipalities in Frontenac County have the financial capacity to invest in municipal water/waste water services.

The County and member municipalities are now working together to create a municipal services corporation ("MSC") to facilitate the development of communal servicing. The MSC will establish a corporate structure for the construction and delivery environmental services thereby removing the financial liabilities from the municipalities as well as sharing the overall operating and capital risk.

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Joint Venture (Municipal Services Corporation)

Local municipalities may overcome revenue constraints through the creation of private companies whose purpose is to undertake critical infrastructure or projects that are judged to be in the best interests of the community. The municipality is often not a contracted party itself but rather it establishes a company, with potentially other municipal joint ventures through which the enterprise is conducted.

Joint ventures have many benefits including the opportunity to share costs and risk. They have proven to deliver value for money for ratepayers as well as a consistent and responsive private entity to complement municipal operations. Parties often gain from the different expertise and perspective brought by other parties to the project.

Join ventures are among some of the potential options for delivering:

- Waste services
- Water supply and sewerage services; and,
- Engineering and works services.

It is important to acknowledge that certain joint venture structures can allow employees to be engaged on terms and conditions outside local government enterprise agreements. Depending on the legal structure of the organization, different taxation and regulatory reporting functions may vary from typical local municipal entities. In Ontario, these joint ventures are typically conducted through the creation of a Municipal Services Corporation under Section 203 of the Municipal Act and associated regulation 599.

Outsourcing

Hamilton Entertainment & Convention Facilities Inc. (HECFI)

In 2012, the City of Hamilton determined that continual annual losses in excess of $7 million by HECFI in the operation of the City's convention centre, arena and performing arts centre were unsustainable.

After a public RFP process, the City outsourced the operations of the convention centre to a local banquet hall operator and the arena and performing arts centre to Spectra – a global venue management firm.

The City estimates that it has saved $10 million dollars over the first five years of outsourcing. The contracts have been renewed for an additional 5 years (2024).

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Outsourcing

Outsourcing occurs when a municipal government chooses an outside company to provide particular services on its behalf. Municipalities often shift certain services to private companies to provide a diverse range of services to citizens, from trash collection to parking lot management and even facility management.

There are many reasons government may choose to outsource a service rather than providing it themselves (or 'in-house'). Sometimes a company has more specialist skills and particular experience and is able to provide the service more efficiently and quickly, or in some cases at a higher quality level. Municipal government delivers multiple different services and is often not able to be an expert in the delivery of all types of services. Accordingly, it turns to the private sector or in some cases other governments or non-profit agencies for assistance.

In some situations, government usually provides the services themselves, but they lack the capacity at present. In these cases, it may be easiest and quickest to use an outside company. In other instances, government decides that it is not cost-effective to build the capacity in-house to deliver the service and so they decide it is more efficient to use an outside company in the long-term.
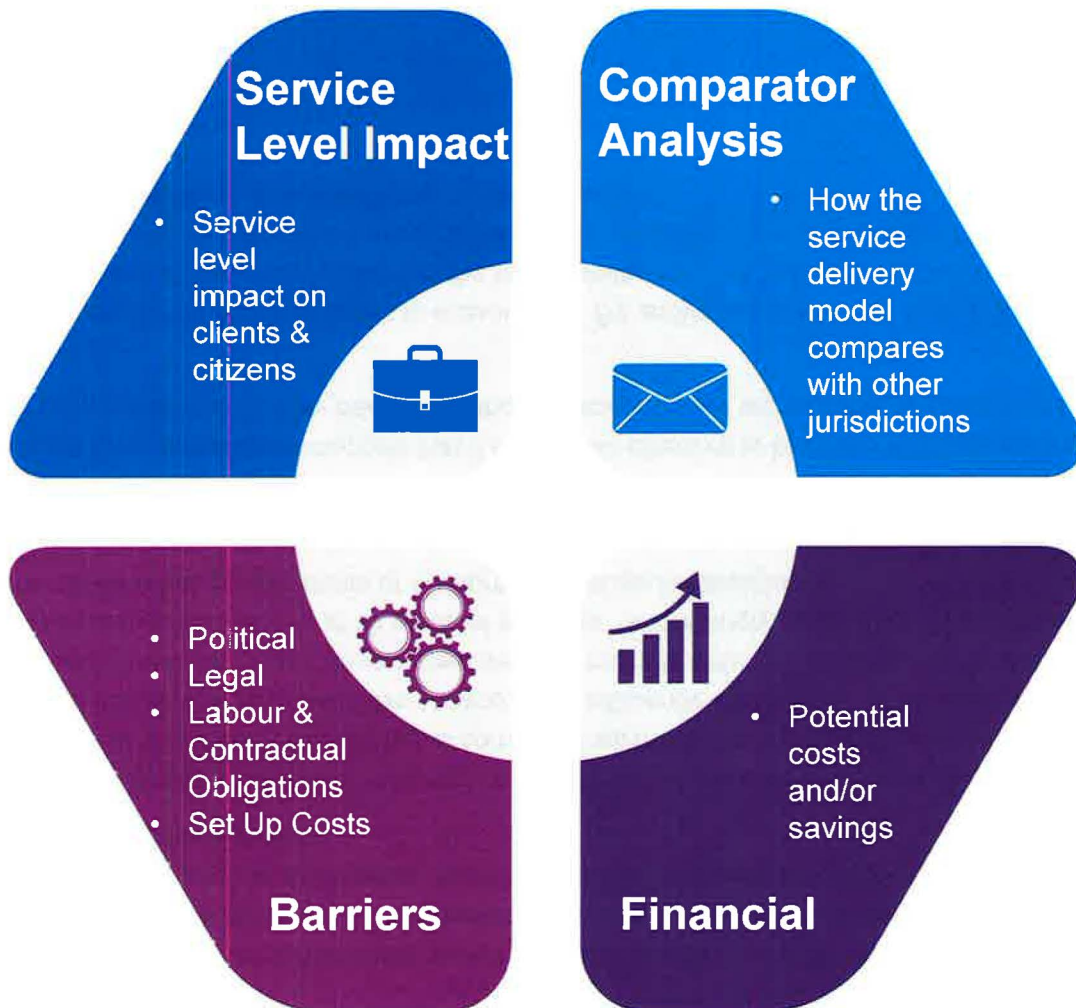
There are also some disadvantages to outsourcing. By adding an additional organization to the delivery process, outsourcing distances the municipality from the residents who are receiving the service and therefore can reduce government's accountability. Service provision may be harder to monitor when it is being delivered by an outside company.

Evaluation Criteria

Determining the Optimum Model

In order to understand the merits and challenges of each service delivery model, the following criteria are used to determine the preferred model for each of the five service areas.

1. Service level impact
2. Comparator Analysis
3. Financial Impact
4. Barriers to Implementation

Service Level Impact

- Service level impact on clients & citizens

Comparator Analysis

- How the service delivery model compares with other jurisdictions

Barriers

- Political
- Legal
- Labour & Contractual Obligations
- Set Up Costs

Financial

- Potential costs and/or savings

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Library

The Townships of Waterloo Region

Joint Service Review

Stakeholder Consultation Findings

Library				
Strategy	**Service Standards**	**Process & Delivery Model**	**Data, Technology & Infrastructure**	**People**
Per the Municipal Act, Region Council is deemed the library board, not the Library Committee. This governance structure creates confusion of oversight authority, and there is interest in establishing a Township library board.	Branch operations and service standards are customized based on community needs and expectations. Both the Region and Townships agree that the Facility Maintenance Service Level Agreements (SLAs) should be updated and agreed upon.	Branches rely on Township collaboration to maximize efficiency and effectiveness of services. Respondents noted the need to breakdown silos where Library services may overlap with Township services, i.e. recreation services, and build a coherent approach to service delivery while recognizing unique community needs.	Several Branch facilities are aging, small and no longer meet community needs. Technological advances may reduce facility space requirements. A joint assessment process is needed to plan and re-examine Library facility needs. In addition, RWL is utilizing patron data to improve service delivery.	Both Region and Township staff agree the need for increase collaboration to better serve community needs and expectations.

Both the Townships and the Region recognize the importance of library services and noted that increased collaboration and fluid communication is required between the two levels of municipal government.

Current State of Service Delivery

The budgeting and accounting process to record library-related expenditures is dispersed across five municipal entities. Capital expenditures fluctuate depending on each municipality's capital plan for library facilities.

Municipality	Branches	Service Description	Operating ($000's)	Capital ($000's)	FTE	Note
Region	Region of Waterloo Library Headquarters	Library programs and operations	$3,214	$103	32.8	2020 Program Area Capital: • Library Holdings Acquisition • Branch Furnishings • Branch Development • New Hamburg Branch – Puddicombe Estate Funded by Library Capital Reserve and Development Charges Reserve Funds
North Dumfries	Ayr	Library Facility	$0	~$22	0	Annual transfer to Reserve for Facility Lifecyle Replacement / Rehabilitation for major building components
Wellesley	Linwood St. Clements Wellesley	Library Facility	~$30	~$12	0	Direct cost associated with operating/maintenance, minor capital and capital renewal.
Wilmot	Baden New Dundee New Hamburg	Library Facility	~$24	~$45	0	Direct costs associated with lawn care, snow removal, maintenance/utilities, and building replacement cost
Woolwich	Bloomingdale Elmira St. Jacobs	Library Facility	~$49	~$24	0	Operating includes staff, snow removal, garbage, operating/maintenance, minor capital, and transfer to reserves. 5-year capital plan based on BCA report forecasts $200K in capital projects (brick and mortar repairs, window replacements and chimney work).
		System Total	~$3,317	~$206	32.8	Operating: ~$332K per branch / ~$49.08 per capita

Note - Total Cost, Total Revenue and Net Levy is based on the Region's 2020 operating and capital budget for Region of Waterloo Library.

Township library facility spend is an approximation of annual expenditures in recent years.

Current State of Service Delivery – The Region's Back Office Support for Library Operations

The tables below provide a summary snapshot of the amount of back office support provided by the Region's shared-services functions for library operations.

Function	2020	2019	2018	Comments
Facilities Management	476	483	707	Number of Library work orders
IT	147	332	347	Number of IT service tickets
Legal – Contracts, Privacy & IT	31	~5	~5	Number of cases regarding: • Agreements, contracts, and lease reviews • Collection and protection of personal information for online payments and new library software app, access to virtual programs and online resources
Creative Multimedia Services	~5 projects per year			Marketing and graphic design support
HR	57			Number of positions recruited between 2018 – 2020

Library Facility Work Orders	2020	2019	2018
Ayr	66	84	101
Baden	37	43	60
Bloomingdale	33	31	38
Elmira	56	52	73
Linwood	31	31	40
New Dundee	35	30	42
New Hamburg	45	50	72
St Clements	36	39	56
St Jacobs	37	34	50
Library HQ	66	52	129
Wellesley	34	37	46
TOTAL	476	483	707

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Identified Opportunities from Consultations

Opportunity	Observations & Challenges
Explore the feasibility of the following alternative library governance models: A. Create a separate Rural Library Board across the four Townships that contracts to the Region of Waterloo for service delivery B. Create a separate Rural Library Board across the four Townships that contracts the libraries of Cambridge, Kitchener, and Waterloo for service delivery C. Create individual library boards at each Township D. Status Quo, with further clarification of roles, responsibilities, and decision making process between Regional Council (Library Board) and the Library Committee. Explore establishing and appointing an independent Library Board that has community representatives. E. Create a separate Rural Library Board across the four Townships that delivers library services at the Township level as a whole Reference Note: • Changes to the library governance structure would need to follow through the *Public Libraries Act for Ontario* (R.S.O. 1990, c. P.44, s. 34 (1)). • The *Section 474.16 of the Municipal Act, 2001* establishes Regional Council as the Library Board for township area municipalities.	Per the Municipal Act, Regional Council is deemed the Library Board, not the Library Committee. This governance structure creates confusion of oversight authority, and there is interest in establishing a Township-centric library board. The pros and cons of each alternative governance models, include: A. The Townships would have more direct strategic control of operations and services. The funding model (per-capita funding) would remain the same pooled by a new Rural Library Board. The Township Board would contract with the Region for library services and back office support, such as HR, Legal, Facilities Management, and IT (currently 100% funded by the Region). B. Same as above. The Townships would contract with the Cities for library services and back office support. C. Each Township would be autonomous, with complete responsibility for its own library services and branch operations, including reciprocal borrowing agreements with neighbouring library systems. The Townships would lose economies of scale and direct access to the Region's back office support. It would potentially be a high-priced service delivery model solely supported by the rate payers of each Township. D. Status quo would involve the least amount of change of the 5 options. There is opportunity to formalize lines of communication, establish service level agreements, and form steering committees etc. E. The four Townships would establish a new rural library board and directly deliver library services (operations and facilities) at the lower tier in a similar manner to the cities.

Identified Opportunities from Consultations

Opportunity	Observations & Challenges
Initiate a joint facility assessment program to plan and re-examine Library facility needs: A. Conduct joint strategic planning of library facilities. B. Establish a system-wide understanding of building conditions and start budgeting and account for the total cost of library services. C. The Region and the Townships update and agree on the Service Level Agreements (SLAs) for Region of Waterloo Library branches. Continuously monitor and refine SLAs as appropriate. D. Consider feasibility of consolidating ownership, operation and delivery of library facilities at the Region level.	Stakeholders noted that branch facilities are aging, small, and may not be in ideal locations. As such, community needs are no longer being met. A. There is opportunity to engage both tiers of government through a Facilities Steering Committee to draft short-term and long-term capital plans, such as business case for branch expansions or relocations, capital renewal projects, etc. There is a need to also address AODA requirements by 2025. B. In addition to the Region's facilities management support, library buildings are managed individually by each Township. Respondents acknowledged the need for a more coherent branch facilities management process. The budgeting and accounting process to record library expenditures is dispersed across five legal entities. C. The Region and the Townships have not agreed on the most recent SLAs drafted in 2016 leaving "grey areas' of roles and responsibilities. Both parties recognize this issue, and have been working on clarifying roles and responsibilities. D. Provides clarification of responsibilities for library facilities. The COVID-19 pandemic has demonstrated the need to re-evaluate public places in terms of health and safety measures and interior space design.

Identified Opportunities from Consultations

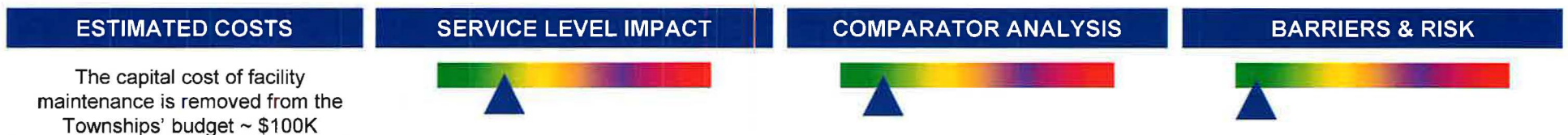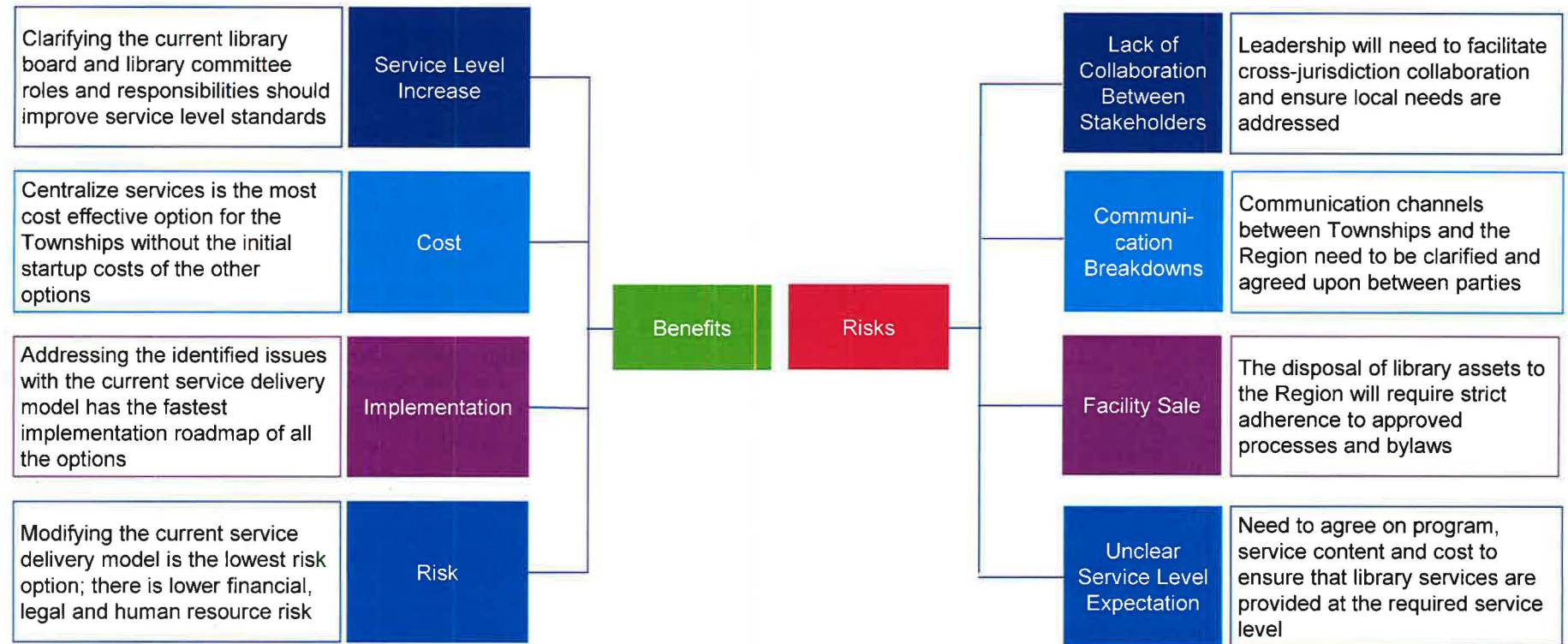| Opportunity	Observations & Challenges
With regard to library programs and branch operations; build a coherent approach to service delivery while recognizing unique community needs. Increase use of data analytics to identify trends and improve service delivery.	Branches rely on Township collaboration to maximize efficiency and effectiveness of services. Respondents noted there is a need to improve communication and incorporate more of the Townships' feedback in the service planning process.
A. Branch Operations – Continue to analyze patron data to understand demand for operating hours, physical resources, online and contactless services.	A. The Region has utilized data tools at one branch to better understand community demands and adjusted services accordingly. This data driven approach could be expanded across all branches.
B. Brand Recognition – Increase public awareness that Region of Waterloo Library is a township service, delivered in partnership with the Region.	B. There is still confusion among residents regarding the Region's library services as a whole, specifically the difference between Region of Waterloo Library versus Cambridge Idea Exchange, Kitchener Public Library and Waterloo Public Library.
C. Programming – Collaborate with Township Recreation Services to curate programming content that meet community needs while avoid service overlaps.	C. There has been a trend for municipalities to seek innovative approaches to streamline library and recreation services to optimize use of resources and reduce operational inefficiencies.

Library Service Delivery Model Analysis

	Resource Sharing	Centralized Services	Joint Venture	Outsourcing
Description	• Create individual library boards at each Township • Pool and share library personnel to deliver library services	• Establish a stand alone Regional Library Board for the Townships of Waterloo Region modelled on Wellington County • Appoint a Library CEO reporting to the Board • Townships sell library assets to the Region of Waterloo	• Create a separate Township Library Board across the four Townships that delivers library services at the lower tier as a whole	• Create a separate Rural Library Board across the four Townships that contracts the Region of Waterloo or City library boards for service delivery
Client / Service Level Impact	• Expected decrease in service levels across the four Townships from a loss of scale and depth in library operations	• Clarifying the decision-making process and communication between stakeholders through a new governance model should result in higher service levels	• The establishment of a Township library board should result in a higher service level that directly meets the service level expectations of the Townships	• More direct strategic control of operations and services should result in a higher service level
Financial Impact	• The Townships would lose economies of scale, including the Region's back office support	• Townships will incur appraisal costs on their library assets • Potential revenue from sale of library assets to the Region	• Estimate some start-up, staffing, and back office costs to stand up new Library Board • $3.2M budget becomes responsibility of the Townships	• Assuming continuation of $3.2M library spend, the financial impact would be similar to the Joint Venture option

Library Service Delivery Model Analysis

	Resource Sharing	Centralized Services	Joint Venture	Outsourcing

Financial Impact (continued)	• A high-priced service delivery model solely supported by the rate payers of each Township.	• Library operating expenditures continue to be funded by the Regional levy
		• Library capital expenditures become the responsibility of the Region
			• Allocation of $3.2M across four Townships as per the Region's library levy:
			  • North Dumfries ~ $576K
			  • Wilmot ~ $628K
			  • Wellesley ~ $324K
			  • Woolwich ~ $886K
				• Assuming continuation of $3.2M library spend, the financial impact would be similar to the Joint Venture option

Comparator Analysis	• A common service delivery model in Ontario • Public libraries have a culture of co-operation and support across the different Boards	• A common service delivery model in Ontario	• A common service delivery model in Ontario	• Not a common service delivery model for library services in Ontario
Barriers • **Political** • **Legal** • **Labour/ Contractual** • **Cost**	• Highest cost model with high labour and political barriers; will require amendment to the *Municipal Act*	• Limited barriers to implementation • Possible amendment to the *Municipal Act* may be required	• Significant legal, political and labour barriers to implementation; some financial risk; will require amendment to the *Municipal Act*	• Significant legal, political and labour barriers to implementation; some financial risk; will require amendment to the *Municipal Act*

Proposed Model Description with Benefits/ Risks

KPMG proposes the modification of the status quo through a centralized services model similar to the Wellington County model. A stand alone Regional Library Board would be established for the Townships of Waterloo Region with a library CEO reporting directly to the Board. The Board would be composed of elected officials and public appointees from the Townships. The Townships' library assets would be sold to the Region.

Benefits		Risks	
Clarifying the current library board and library committee roles and responsibilities should improve service level standards	Service Level Increase	Lack of Collaboration Between Stakeholders	Leadership will need to facilitate cross-jurisdiction collaboration and ensure local needs are addressed
Centralize services is the most cost effective option for the Townships without the initial startup costs of the other options	Cost	Communication Breakdowns	Communication channels between Townships and the Region need to be clarified and agreed upon between parties
Addressing the identified issues with the current service delivery model has the fastest implementation roadmap of all the options	Implementation	Facility Sale	The disposal of library assets to the Region will require strict adherence to approved processes and bylaws
Modifying the current service delivery model is the lowest risk option; there is lower financial, legal and human resource risk	Risk	Unclear Service Level Expectation	Need to agree on program, service content and cost to ensure that library services are provided at the required service level

ESTIMATED COSTS	SERVICE LEVEL IMPACT	COMPARATOR ANALYSIS	BARRIERS & RISK
The capital cost of facility maintenance is removed from the Townships' budget ~ $100K			

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Proposed Model – Comparator Reference Example

	Wellington County Library
Governance Structure	The Wellington County Library Board, a separate corporation, has five council members (with the County Warden as of the five members) and four citizen trustees. In practice, the Board chair has been a member of council, but this role could be held by a citizen trustee. Members of Council are appointed for a two-year term; citizens are appointed for the term of Council.
Organizational Structure and Decision Making Process	The Library CEO is the CAO of the County. Daily operations are managed by the Chief Librarian who reports both to the Library CEO and the Board. Under the Chief Librarian there is an Assistant Chief Librarian (also known as "Deputy Chief"). The Chief Librarian is also a department head within the County municipal structure. The duties of Board Secretary are held by the County Clerk or their designate; the Board's Treasurer responsibilities are delivered by the County Treasurer. Wellington County Library has just over 100 staff and 14 libraries. The Chief Librarian in consultation with the CEO/CAO makes recommendations on library services to the Board for discussion and approval. The Board reports to Council at the monthly council meeting under the Information, Heritage, and Seniors Committee.
Key Priorities	Library services is recognized as a strategic priority in the Wellington County Strategic Action Plan. The branches are anchor facilities in the local downtown areas. The County has invested approximately $30 million in library facilities since 2000. Significant investment will continue to be made to the library infrastructure to maintain high service delivery standards.
Facilities	The County owns 12 of the 14 branches, except for: • The Erin branch - located in a public high school under a 25 year agreement signed in 2000, with a one-time payment, that provides for both a public and a school library. • The Rockwood branch – located in a Guelph-Eramosa Township-owned building under a five year lease agreement. Other notable arrangements include: • The Arthur and Clifford branches have medical centres in them. • The Harriston and Puslinch branches have space rented to local community groups. • The Aboyne branch shares the building with the County's Early Years Childcare Division. • Twelve libraries offer public meeting rooms and some small seminar rooms; rental rates are approximately $60 for 4 hours. • The newest library in Hillsburgh has a commercial kitchen, patio area, and a 40-seat meeting room. All are accessible during and after library hours. The commercial kitchen was planned in partnership with the County's Economic Development Office and is used by food business operators and caterers.
Service Levels	The Wellington County Library meets or exceeds the Ontario Public Library guidelines to meet community expectations. No significant changes are contemplated to the current service levels.

Proposed Model –
Prioritization of Suggested Implementation Initiatives

Suggested actions have been mapped for *impact* vs *effort* to help prioritize activities.
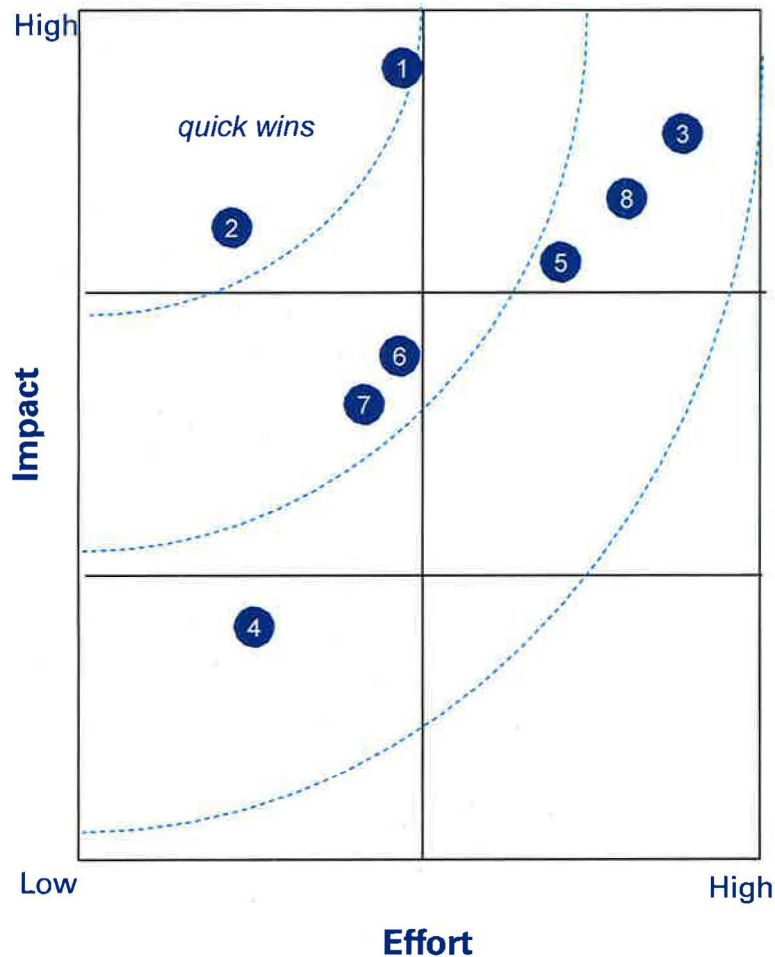
Suggested Implementation Initiatives

Library		
	1	Advise the Region on the Township's preferred option. Solicit Region's input and determine mutual interest and understanding of change initiatives to improve Region of Waterloo Library services.
	2	Seek legal opinion on the need to amend the *Municipal Act* in terms of an independent Library Board governance authority
	3	Establish a new Library Board that uses Wellington County as a reference model
	4	Obtain appraisals on Township library facilities
	5	Negotiate sale of library facility assets
	6	Re-establish service levels for library programs and operations
	7	Establish system-wide understanding of library service cost and the associated Regional library tax levy
	8	Transfer Region of Waterloo Library staff to become employees of the Library Board

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Proposed Model – Suggested Implementation Timeline

Impact to Services:	L M H	Timeline for Implementation		
Effort of Implementation:	L M H	12-18 months	18-24 months	24-36 months

Suggested Implementation Initiatives		Timeline for Implementation
1	Advise the Region on the Township's preferred option. Solicit Region's input and determine mutual interest and understanding of change initiatives to improve Region of Waterloo Library services.	Impact: **H** Effort: **M** Timeline: 12-18 months
2	Seek legal opinion on the need to amend the *Municipal Act* in terms of an independent Library Board governance authority	Impact: **H** Effort: **L** Timeline: 12-18 months
3	Establish a new Library Board that uses Wellington County as a reference model	Impact: **H** Effort: **H** Timeline: 24-36 months
4	Obtain appraisals on Township library facilities	Impact: **L** Effort: **L** Timeline: 12-18 months
5	Negotiate sale of library facility assets	Impact: **H** Effort: **H** Timeline: 18-24 months
6	Re-establish service levels for library programs and operations	Impact: **M** Effort: **M** Timeline: 12-18 months
7	Establish system-wide understanding of library service cost and the associated Regional library tax levy	Impact: **M** Effort: **M** Timeline: 12-18 months
8	Transfer Region of Waterloo Library staff to become employees of the Library Board	Impact: **H** Effort: **H** Timeline: 24-36 months

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