

**REPORT #:** CAO-2025-11  
**DATE:** 21-Oct-25  
**TO:** Chair and Members of Committee of the Whole  
**SUBJECT:** Town/Library Memorandum of Understanding  
**PREPARED BY:** Geoff McKnight, CAO

**1. RECOMMENDATIONS:**

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That Report CAO-2025-11 titled “Town/Library Memorandum of Understanding” be received;

That the attached Memorandum of Understanding be endorsed in principle and that the Chief Administrative Officer be authorized to sign the MOU once finalized; and

That staff report back with updated Capital Reserve Policies for the town and board, as well as an investment agreement between the two parties.

**2. STAFF REPORT HIGHLIGHTS:**

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- Through consideration of a report that identified the need for major repairs to the BWG Public Library’s heating system, council directed staff to report back the use of the library reserve to fund the repairs as well as preparation of a tenancy agreement setting relative responsibilities for maintenance the library building.
- The town solicitor advises that a municipal council and library board are entitled to establish separate reserves/reserve policies and manage them independently of each other.
- As recommended by the solicitor, town and library staff have drafted the attached Memorandum of Understanding to clarify the respective responsibilities for shared services among the library and town departments.

**3. BACKGROUND:**

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At its meeting of May 20, 2025, council considered Report FC-2025-03 titled "Boiler Replacement – Bradford Public Library”. The report explained that major components of the library’s heating system had failed during the previous winter and recommended that the building’s boilers be replaced.

The staff report noted that funds would be drawn from the town's capital replacement reserve. During council's deliberations, questions and comments arose regarding alternate funding sources – including the library's reserves. More general questions were also raised regarding the relative responsibilities of the library and town's facilities team with respect to maintenance of the library building.

Council's discussion concluded with the adoption of the following resolution:

**Resolution 2025-161**

Moved by: Councillor Verkaik  
Seconded by: Councillor Dykie

*“That Report FC 2025 3 titled "Boiler Replacement – Bradford Public Library" be received for information; and*

*That Council authorize up to \$200,000 for the unbudgeted purchase and installation of two new Camus boilers to replace the existing boilers at the Bradford Public Library to be funded from the Town's Capital Replacement Reserve; and*

*That staff be directed further to prepare a staff report to clarify the possible use of the Library Reserve as a funding source; and*

*That staff be directed to prepare a tenancy agreement with the Library setting out the maintenance costs of the building in collaboration with the Library Board.”*

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**4. ANALYSIS AND CONSIDERATIONS:**

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**Legal Opinion**

Town and library staff sought a legal opinion to address the council resolution. Specifically, staff posed the following questions:

1. Does a municipal council have the authority to draw from a public library board reserve without the consent of the public library board?
2. If a municipal council establishes a reserve fund for public library purposes does the municipal council have sole authority over the use of the reserve fund?
3. Can a municipal council override a public library board when a disagreement arises regarding financial matters?

In response, the town solicitor conducted a review of the *Municipal Act* and *Public Libraries Act* and determined that in typical circumstances, a municipal council and library board are entitled to establish separate reserves/reserve policies and manage them independently of each other. In those typical circumstances, the solicitor's response to the above questions would be “no”,

“yes” and “no”. A copy of the town solicitor’s opinion was provided to council and the library board under separate cover this past July.

BWG has a somewhat atypical situation in that council and the library board established separate reserve policies several years ago that do not appear to be coordinated with each other, are inconsistent with current legislation, and include a clause in the board policy stating that draws from the reserve must be approved by the board and council.

Even with those complications, the town solicitor’s opinion remains that council does not have the unilateral authority to draw from the library reserve. The solicitor advised that the overlapping reserve policies and lack of clarity should be addressed through the adoption of a Memorandum of Understanding (MOU), between the town and library.

Of separate note, members of the library board had met with town staff to discuss the administration of the library’s financial affairs, which is largely managed through the Finance department. The board members expressed an interest in assuming responsibility for managing its investment portfolio independent from the rest of the town.

Staff were uncertain about the legality of such a change so the matter was included among the other questions posed to the town solicitor.

In response, the solicitor advised that library boards do not have the authority to manage investment portfolios but municipalities can do so on their behalf in accordance with an investment agreement between the two parties.

Subsequent to receiving this legal opinion, the library board passed the following resolution on August 18, 2025:

*“Whereas the BWG Public Library has an established reserve fund and an existing reserve fund policy; and*

*Whereas the Ontario Public Library Act denotes that the library board is responsible for public library operations and services – including finances; and*

*Whereas BWG Library reserve fund monies are currently in a transactional bank account;*

*Be it therefore resolved that the BWG Library Board respectfully requests that the BWG Council update its investment policy in alignment with the Library Act and the Municipal Act and collaborate with the BWG Public Library Board to craft such a policy that allows the BWG PL Board to make financial decisions within such a policy.”*

The town solicitor’s opinion remains that library boards do not have the legal authority to independently manage investment portfolios. Nonetheless, the town and board can enter into an investment agreement to define investment strategies, parameters and respective responsibilities. Staff recommend that such an agreement be prepared.

Similarly, staff also recommend that the aforementioned capital reserve policies established by the town and board be reviewed and updated to ensure consistency.

## **Memorandum of Understanding**

Town and library staff agree that an MOU is a worthwhile undertaking and is present among several municipalities across Ontario. The attached draft captures much of the current arrangements and practices among the library and town departments and further clarifies shared services including financial services, HR and IT (see Attachment #1).

The MOU also addresses facility management/maintenance responsibilities akin to the tenancy agreement requested in council resolution 2025-161. These provisions have been drafted in a manner consistent with a lease agreement executed between the town and South Simcoe Police Services for their facility at 81 Melbourne Drive.

Staff recommend the MOU be endorsed by council and the library board and that the town's CAO and library's CEO be authorized to execute the document once finalized.

### **5. EFFECT ON TOWN FINANCES:**

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Endorsement of the MOU will have no immediate impact on town or library finances. As the library building is fully absorbed within the town's asset management plan, it may become necessary to increase contributions to the capital replacement reserve in order to meet future maintenance and rehabilitation obligations.

It is noted that the boiler replacement project was completed within the funding envelope approved by council. No further actions are required.

### **6. RELATION TO COUNCIL STRATEGIC PRIORITIES:**

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None.

### **7. ATTACHMENTS:**

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Attachment #1 – Town/Library Draft Memorandum of Understanding

### **8. STAFF REPORT APPROVAL:**

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<b>APPROVAL</b>	<b>DATE</b>
Approved By: Geoff McKnight, Chief Administrative Officer	October 16, 2025