Library Merger Considerations

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Manitoba municipalities are being asked by the province to consider amalgamating with specific directives given to municipalities with populations under 1,000 (2011 Census). Your local municipalities have received a guide to developing their amalgamation plans of which library service will be a component. As public library trustees, this is your opportunity to influence the outcome of library service provisions for residents of your entire region, not just your municipality.

There is historical precedence for library mergers in Manitoba. Present–day Winnipeg Public Library system is a result of municipal mergers that created greater Winnipeg in the 1970s. While this merger impacted nine library systems, more recent municipal mergers (RM of Turtle Mountain and Town of Killarney, and RM of Shoal Lake and Town of Shoal Lake) merely resulted in the consolidation of municipal councils without changing service populations or delivery methods in Lakeland Regional Library or Parkland Regional Library, respectively.

What is a merger?

"A merger is the combination of two or more separate organizations into one legal entity. Program, administration, governance functions are all combined."[1] Revenue Canada defines a merger as the termination of one entity and the transfer of its assets to another registered charity. A consolidation, according to Revenue Canada, is the dissolving of all original bodies and transferring of assets to a new entity.[2]

Why Merge?

Research in the non-profit sector suggests that mergers decisions are based on strategic plans to enhance/expand services or survival requirements of the organization.[3] While mergers can result from a natural progression of an existing partnership, requirements from funders is also a common reason to initiate the process.[4]

When proactively considering a merger, library boards might want to explore the following questions:
- Would a merger advance your board's vision for library service?
- Is the library looking for ways to gain new skills and/or improve infrastructure?
- Are there services that could be complemented or enhanced for the public?
- Are you experiencing/anticipating a turnover at the executive officer level?
- Do you have difficulty retaining key staff?
- Is it difficult to recruit/retain board members?
- Are your board members burnt out?
- Have you experienced a steep increase in overhead/administrative costs?
- Have you lost a funding source, or is this likely in the near future?
- Are you annually budgeting uncommitted revenues (deficit) or unable to spend designated grant dollars?
- Have funders indicated that they would like to see your organization merge?
- Are your funders going to merge?

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[1] "Synopsis: Success Factors in Nonprofit Mergers". MAP for Nonproifts and Wilder Research, July, 2012. www.wilder.org/Wilder-Research/Publications/Studies/Nonprofit%20Mergers/Synopsis%20-%20Success%20Factors%20in%20Nonprofit%20Mergers.pdf (Access March 11, 2013)

[2] Canada Revenue Agency Letter, January 23, 2013.

[3] Synopsis

[4] Blumberg, Mark, "Mergers and Amalgamations in the Canadian Nonprofit and Charitable Sector." *The Philanthropist,* 22, no1 (2009) http://www.thephilanthropist.ca/index.php/phil/article/view/509/516 (accessed March 11, 2013).

Answering "yes" to several of these questions indicates a merger may be a possibility.[5] (Adapted from *Merge Minnesota: Nonprofit Merger as an Opportunity for Survival and Growth*.)

Proactive Mergers
Merging Multiple Autonomous Libraries

Define Vision and Values

Before engaging in a merger process, library boards may want to clearly articulate their library service values and priorities based on community-driven expectation. The Community-Led Libraries Toolkit (http://www.librariesincommunities.ca/resources/Community-Led_Libraries_Toolkit.pdf) is a Canadian resource that outlines steps for creating socially-inclusive library services with long-term viability.[6] Know what your community wants and why it is important.

Build Relationships and Identify Partners

Research suggests that successful mergers are built from foundations of trust. Strong working - relationships between organizations at the executive officer level and board members championing the process are fundamental to success of the project. Creating goodwill at the staff and community levels requires consultation and communication to solicit input and identify benefits. "Collaborating partners need to develop effective, formal and informal ways in which the library clientele can be informed of the advantages and benefits of the collaboration. Frequent announcements, visible evidence and concrete examples should be coordinated for release by all the partners for optimum effect."[7] Discussions for potential mergers should begin early to test the feasibility of the merger. Citizens tend to access services and employment within regions.

In determining your library's merger partners, consider the following:
- Where do citizens of the library service area access work, business, and school?
- If a municipal merger splits a library service population, consider if the merged library system would continue to be viable.
- If the library merges, would stationary or mobile branches be no further than 30 minutes apart?[8]
- How would the merger enhance library services for the public?
- How will the merger achieve efficiencies in administration and governance?

Merger partners will want to openly share and discuss budgets and finances, merging of assets; ownership of library facilities; assurances for continued operation of multiple library outlets; and public reactions to a merger. In the case of library consolidation, as defined by Revenue Canada, all registered charity numbers would be relinquished and the new entity would apply for a new registered charity status.

Benefits of Mergers

Loss of autonomy is a common concern in a merger situation. Under the Public Libraries Act, local representation is assured in a regional library board. Representation consists of "two or three

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[5] Reed, Ron (MAP for Nonprofits) and Susan Dowd (Library Strategies Consulting Group, The Friends of Saint Paul's Public Library), *Merge Minnesota: Nonprofit Merger As An Opportunity for Survival and Growth*.(2009), 14 -15. http://nonprofitfinancefund.org/files/images/initiatives/mergeminnesota_mapfornonprofits.pdf (accessed March 11, 2013).

[6] "Community-Led Libraries" Library Leadership Blog by Kenhaycock.com emailed to Public Library Services March 5, 2013.

[7] Shepard, Murray. "Library Collaboration: What makes it work?" (keynote paper presented at the International Association of Scientific and Technological University Libraries, Krakow, Poland, May 30 –June 3, 2004) http://www.iatul.org/doclibrary/public/conf_proceedings/2004/murray20sheperd.pdf (accessed March 13, 2013)

[8] Section 2.3.3, Municipal and Regional Public Library Standards. http://www.gov.mb.ca/chc/pls/pdf/librarystandardsguidelines_e_web.pdf (accessed March 11, 2013)

members from each municipality that is party to the agreement establishing the (regional) library". [9]   If an existing regional library's funding municipalities merged, the library could become a municipal (single local government) library system, which would reduce the number of board members required to three, five, or seven representatives.[10]   If a regional library is experiencing difficulties in attracting board members, a municipal merger could resolve the issue.

Mergers may also bring intangible benefits. Strategically pooling intellectual, financial and technical, resources might enhance services by attracting or leveraging expertise at the staff and board levels.[11]. Creating larger service populations might increase the availability of volunteers to further the values and mission of the library. Research suggests that high-impact organizations approach volunteers with compatible values and political, social, and economic influence to be board members or general supporters. [12]

Types of Library Mergers
Under the Public Libraries Act, municipal governments have the following options for partnerships:
- Municipal library mergers (29 (1, 2, 3))
- Municipalities joining an established regional library (29 (4))
- Regional Library merger (29 (5))
- Municipal library and regional library merger (29 (6))

Process for Merger (Consolidation) of Municipal Libraries
Under the Public Libraries Act 29 (1), two or more municipal library boards must each pass a resolution recommending a merger and submit the resolution to their respective municipalities. In turn, these municipalities would each pass by-laws requiring the proper officers of the municipalities to negotiate and execute, on behalf of, and in the names of the respective municipalities an agreement for the merger of the library systems and the establishment of a regional library. Unlike the usual establishment process, by-laws for the creation of a regional library through a merger do not require approval by the Municipal Board (29 (2)). Officers executing the agreement will follow the unique circumstances addressed in the creation of the agreement to establish the regional library and the library board. (29 (3)).

The province would require the following merger documents to create a regional library:
- Resolution noted in the library minutes and accompanying letter of recommendation to merge
- Municipal by-laws authorizing the merger
- Agreement signed by the municipalities to create a regional library
- Board member names
- An interim budget for the creation of the library system
- Plan outlining activities and timelines for integration of the systems
- Location of the headquarters for the system
- Name of the library administrator/director

The documents would require approval by the Minister of Culture, Heritage and Tourism.

Process for Joining an Existing Regional Library
Municipalities wishing to join an existing regional library pass a by-law authorizing their officers to negotiate an agreement between the municipality and the regional library board. The Municipal Board and the Minister of Culture, Heritage and Tourism are required to approve the establishment of library service under (29 (4)) of the Public Libraries Act.

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[9] Public Libraries Act, 24 (1). https://web2.gov.mb.ca/laws/statutes/ccsm/p220e.php. (accessed March 11, 2013)

[10] *Ibid*.,15 (1)

[11] Shepard.

[12] Leslie R. Crutchfield and Heather McLeod Grant, *Forces for Good: The Six Practices of High-Impact Nonprofits*. (San Francisco: John Wiley & Sons, Inc., 2012), 115 – 116.

The province requires:
- Municipal by-law authorizing the agreement
- Agreement signed by the joining municipality and the library board
- Board member names

Budgeting and reporting activities would be accomplished as outlined in the library grant application process.

Process of Merger (Consolidation) of Regional Library Systems

The board of two or more regional library systems are required to pass resolutions recommending a merger to their respective funding municipalities. Each of the municipalities would pass by-laws authorizing their officers to negotiate and sign an agreement to create the new regional library system and establish a board.

A library created under this process would require approval from the Minister of Culture, Heritage and Tourism and would need to submit:
- Resolution noted in the library minutes and accompanying letter of recommendation to merge
- Municipal by-laws authorizing the merger
- Agreement signed by the municipalities to create a regional library
- Board member names
- An interim budget for the creation of the library system
- Plan outlining activities and timelines for integration of the systems
- Location of the headquarters for the system
- Name of the library administrator/director

Process for Merging a Municipal and Regional Library

The municipal library board is required to pass a resolution recommending to their municipal council that they merge with an established regional library. The municipality would pass by-laws authorizing their officers to negotiate and sign an agreement with the regional library board. In this scenario, the municipal library would relinquish its registered charitable status.

A library created under this process would require approval from the Minister of Culture, Heritage and Tourism and would need to submit:
- Resolution noted in the library minutes and accompanying letter of recommendation to merge
- Municipal by-laws authorizing the merger
- Agreement signed by the municipalities to create a regional library
- Board member names
- An interim budget for the creation of the library system
- Plan outlining activities and timelines for integration of the systems
- Location of headquarters and library administrator/director if there is a change

Experience from non-profit mergers suggests a timeframe of at least a year is necessary to research and identify the pros and cons of a merger. Understanding social, demographic, and technology trends and demands is critical to design library services that leverage resources and expertise. Ensuring libraries remain the literacy and technology hub for the community is a challenge to be addressed in collaboration with multiple partners.