



GOVERNANCE AUDIT

City of Lloydminster

March 2017

George B Cuff & Associates Ltd.

March 29th 2017

To: Mayor Gerald Aalbers and Councillors
4420-50th Avenue
Lloydminster, Saskatchewan
T9V 0W2

From: George B Cuff, FCMC

Re: Governance Audit Report

We are pleased to enclose our Report on the Governance Audit which we recently conducted for the City of Lloydminster. The Review was in response to a request which we received from the Mayor on behalf of Council on January 26th 2017. It was conducted over the period of March 6th-24th 2017.

This Report includes our observations, findings and recommendations based on our overview of the documentation sent to us as well as the comments we received during the course of our interviews with each member of Council and senior management.

We were pleased with the cooperation received from City Council and members of the administration during this study process.

We would be pleased to respond to any questions you may have.

Yours Truly,



George B Cuff, FCMC
President

Covering Letter

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1.0 Summary Comments

We initially discussed with the Mayor some options for assessing their governance/management structure and operations. The Mayor subsequently asked for an outline of what we term a “governance audit” (e-mail of January 26th 2017). This we submitted to him (February 9th 2017) which he in turn shared with his colleagues on Council. We were subsequently advised by management that Council had agreed by resolution to retain our firm to perform a “Governance Audit” of the City of Lloydminster (Council meeting February 28th 2017).

Our Audit/Review has been conducted according to our standard consulting process and thus has been reasonably comprehensive given the time and purpose limitations within which this Review was conducted.

We have been made aware of significant systemic concerns and issues within the organization which has led to a major gulf between Council and its management. Some of this distancing between both parties has resulted from the election process which we understand to have been quite divisive and heated. The concerns voiced in the campaign may have impacted the perceptions of Council members as they began this term but were certainly augmented by what Council felt that they witnessed during the first months in office.

The current situation is not healthy nor is it stable. There is considerable mistrust between Council and management which has resulted in very contentious meetings between the two. We note that there are those in management who are keen to do a professional job and who are concerned that their performance will simply be overlooked and viewed as one part of a larger mess. Those on Council who initially got involved because of concerns about what was (or was not) happening at City Hall have not changed their perceptions to any significant extent albeit most recognize that there are people who are well-meaning and who want to serve this City.

The risk in Council simply “going along” in the hope that it will see improvements in how the system functions is that time will reduce the degree of angst about what is perceived as “current state” (i.e. the culture of management leading and Council following). Hoping for constructive change will not bring about the improvements that this Council desires.

2.0 Terms of Reference for the Governance Audit

The terms of reference for this Governance Audit would include:

- ❑ *With the use of a written and e-mailed simple, standardized survey instrument, survey individual Council members (and the City Manager & senior management/executive) to determine their sense of how the organization is currently doing in terms of its effectiveness/efficiency/responsiveness*
- ❑ *Develop with the assistance of the City's Executive Assistant, a schedule of interviews which will include Council, city management, direct reports and a cross-section of others*
- ❑ *Conduct an opening two hour seminar on Good Governance at the conclusion of our work in your offices on Day One*
- ❑ *Develop an appreciation of the issues that are currently faced by the Council and senior administration; determine whether these issues pertain to Council direction, policies, legislative practices or the current governance model or to the responsiveness to this Council by your senior administration*
- ❑ *Review the approach to governance by the Council and whether or not the current decision-making process enables the Council to feel confident about the decisions being made*
- ❑ *Identify, as a result of three-four days of confidential interviews and our brief, confidential pre-survey of Council members and senior administration and other documentation forwarded to us, the current Council and managerial practices and assess how well these practices are serving the needs of the organization*
- ❑ *Identify what significant roadblocks currently exist in the legislative organization*
- ❑ *Conduct a closing workshop session with all members of the Council which summarizes:*
 - *our findings and advice on the key issues brought to our attention*
 - *our findings relative to what is currently the state of affairs (i.e. governance and administration) and what key steps might provide the Council and City Manager with an enhanced sense of "well-being" e.g.*

the current governance model, the role of the Council, communication practices, organizational health

- *our observations on what changes to your practices (and perhaps policies) that we feel might add to the sense of organizational effectiveness and health*
- *any confidential findings which we will deliver in an in camera session with Council at the conclusion of our presentation.*

3.0 Our Review Process

- Developed a confidential survey of all Council members and senior staff
- Conducted a series of approximately 30 in person interviews; 5 telephone interviews; and we also received telephone calls from 7-8 former City staff members
- We also interviewed the City's auditor (Amanda Mazzei, CA, Partner with WLS (Wilkinson Livingston Stevens LLP)
- Reviewed some relevant background documentation
- Interviewed all members of City Council and management
- Held an orientation session with Council and management on day 1
- Held briefing session with Council to discuss our findings on March 29th 2017
- Held briefing session with senior management and CM on March 30th 2017
- Maintained contact throughout with the Mayor to advise on timing
- Asked for and received assistance from 1-2 staff members regarding logistical matters
- Prepared this Report to Council with recommendations
- Council expected to deal with recommendations at a regular or special meeting of Council.

We have spent a limited degree of time in conducting this Governance Audit. We have been on site for three days and have limited our interviews in both time as well as number. As a result, we do not have an in-depth understanding of all that happens in Lloydminster. We are providing you with what we perceive based on what we heard

through the interview process and what we have discerned as a result of our review of minutes and reports. While we note the limitations of such an “Audit”, we are also confident in saying that our basic and fundamental findings would not change.

4.0 Summary of “Good Governance” Presentation

We provided Council and senior management with a “generic” presentation on what we believe to be some of the foundational aspects of good governance. The following is an abbreviated summary of that presentation:

- **Respect for democracy:** Municipal councils and their management function well when they understand that an election is a fundamental plank of our democracy. Residents choose their elected leaders; whether or not they are the choices of individual members of staff or indeed other members of Council is never the point; the key is to accept those choices and move past the election. Once elected, Council is expected to work cooperatively for the good of all and management is expected to respect this Council.
- **Comprehensive orientation for all members:** Because most members of any Council are new to the position of elected official (at least at some point in their elected career) it is important for the administration to adequately prepare their Council for this new role. That requires that they put together appropriate training/orientation materials on the role and expectations including basic logistical aspects. Their focus should be on the role of Council primarily as opposed to that of staff with the secondary focus on how this system in Lloydminster functions.
- **Clarity regarding a sound approach to good governance:** It is important that all members of Council, if they are to be effective, are advised as to how decisions are made by this City; what role is played by management; what information is made available; when is it available to members of Council; and who decides what Council members receive. Partly this is determined by the model which Council uses to make its decisions (i.e. standing committees, committee of the whole, etc.) It is also critical that Council members are made aware of the reasonable alternatives. Council’s decisions are impacted by its

agencies, boards and committees and thus we pointed out that each of their roles should be clarified. Finally, decision-making should reflect Council's commitment to good governance principles.

- **Well-rounded understanding of the key roles** e.g. Mayor, Councillors, CM, department heads: Good governance requires a clear understanding of who does what. This suggests that the City will have developed or acquired role statements for the positions of Mayor, Councillors, Council and the City Manager (at least as a starting point). Such statements should be partnered with a commitment to written governance principles and practices, as well as internal protocols on issues pertaining to how this City does business.
- **Commitment to policy development & renewal:** In the initial stages following an election, Council ought to be briefed on what it has inherited in terms of its "policy bank". Further, each Council ought to be made aware of how policies are developed; as well as policies which might currently be in a developmental stage or are being revised; as well as suggestions on needed policies.
- **Identification of current Council vision/priorities:** Again, within the early weeks of a new term, members of this Council should be asked as to what their vision is of the future of the City; what key things they want to see tackled; and what as a body this Council views as its priorities. This discussion/retreat needs to be focused on where Council sees the City heading and what course this Council wants to set. In doing so, management will need to be involved as a number of the issues will come from their "on the ground" experience in their own managerial umbrellas. These will need to be linked/meshed with the ideas that may be derived from discussions with Council. Management's role in this regard includes the expectation to recommend a clear approach to strategic planning and to identify potential facilitators for the process.
- **Recognition that despite differences - we are a team:** A Council and its management are two halves of the same system but are fundamentally different. Their roles are quite distinct and different and need to be respected as such. As we stated, priority needs to be placed on getting to a position of trust which has obviously been lacking during the election campaign and subsequently. In order

to get to such an objective, the key issues which cause mistrust and suspicion will need to be identified and handled in an appropriate and decisive manner.

- **Quality reporting by senior management through CM:** The City Manager is deemed to be the Council’s sole employee in that Council ought to be directing the organization through the Manager and the latter ought to be acting on behalf of his senior managers in advising Council. This requires that the roles of the City Manager are clear to all members of Council and that the City Manager’s contract, position description, and bylaw are made available to each member. In this regard, accountability by the CM to Council is a fundamental plank. Further, as we also noted, there must be regular performance reviews by Council of the Manager based on an approach and format that is consistent with the City Manager’s functions.
- **The culture of the City impacts “tone at the top”:** While we address this in much greater depth later in this Report, the “culture” of the City (in other words, how it does its business; whether or not there is respect; how efficient and effective it is; etc.) will have a tremendous impact on such critical matters as:
 - Assurance that Council decisions are quickly implemented; that the intent of policies is adhered to and followed
 - Full disclosure by administration
 - Respect for the primacy of the table
 - Commitment to resolve issues quickly; to not let sore points fester
- **Treatment of the public:** How citizen requests/complaints/comments treated indicates how they are viewed. Are citizens the key, central core of the City and do they feel respected? Does the Council make a conscious effort to engage their community particularly when considering a significant change in direction?
- **Ethical behavior:** The Council and its senior management set the tone for ethical behavior by their approach to delicate issues; their decisions relative to spending controls; the employment of family members; their self-regulation of spending and expense accounts, etc. These rules need to be clear and applied fairly and equally. The bar is set by the prevailing legislation and by the City’s own bylaws and policies in this regard. Both Council & management have a role to play in

that both need to be living out the tone/intent of issues pertaining to pecuniary interest and conflict of interest on a daily basis.

- **What Does Management Need:** In a general sense, the ability of the Council to function is directly related to ability of administration to function. Each is dependent on the other. The Council relies on an effective and responsive administration to act on their direction; the administration depends on the Council to set clear direction (i.e. plans, bylaws, policies, resolutions). This relationship will only work well if the administration can rely upon:
 - Clear, consistent Council decisions
 - Policies that are respected & followed by both Council & management
 - Support for management by the Council
 - Evidence of respect between Council & CM
 - Policy-focused management team meetings
 - Clear position descriptions; current; updated
 - Fulsome & timely sensitive communication
 - Clear policies on expense accounts; effective policies/procedures
 - Ethical leadership; knowing what is right & doing it
 - Evidence of a sound, open, constructive culture
 - Willingness to hear other voices
 - Fulsome feedback on performance
 - Reasonable compensation
- **Governance: A Definition:** We defined “governance” in the context of a local government as:

The process of exercising corporate leadership

 - *by the governing body*
 - *on behalf of the citizens*
 - *to the community & organization as a whole*
 - *in terms of purpose, control and future*
 - *while providing oversight to ensure that the mandate of the City is achieved.*
- **Principles of Good Governance:** We also identified ten key principles of “good governance” based on our cross-Canada experience. These are:

- Adherence to decision-making protocols
- Primacy of the Council Table
- Open meetings
- Regular and transparent reporting
- Apolitical administration
- Interests of the whole
- Oversight to the administration, the budget, the municipality's fiscal health, key priorities, relationships
- Participation
- Respect for the administration
- The Mayor as spokesman for Council
- Ethical government
- Good neighbours
- Self-regulating
- Accountability
- **Two Dimensions of a Governance Agenda**
 - **Community Well-Being:** How do we as the governing body add to the current quality of our community?
 - **Good Governance:** How do we as the governing body ensure that we act in such a way as to improve the quality of governance we practice?
- **Principles of a Sound Council-Management Relationship**
 - Principle 1: Clear Expectations: Mayor & Councillors, committees, City Manager, SLT
 - Principle 2: One Employee
 - Principle 3: Trust & Respect
 - Principle 4: Personal Relationship to the CM
 - Principle 5: Complaints about the Behavior of a Council Member
 - Principle 6: "No Surprises"
 - Principle 7: Current Skill Development
 - Principle 8: Sound Decision-Making Processes
 - Principle 9: Concurrent Information

- Principle 10: Monitoring how well it's working:
 - performance reviews; measurable metrics

5.0 Our Survey Results

Prior to our onsite interviews, we distributed a brief survey to all members of Council and senior management. The following reflects a brief summary of what we heard through that mechanism. (We have summarized the comments in order to preserve confidentiality).

5.1 Confidential Governance Audit Survey (Council)

1. What has been your assessment of the term of office thus far? Are you satisfied with the early stages and with your collective ability to achieve what you had hoped? Where has Council been able to move its agenda forward? Where is Council struggling in terms of not achieving what you had hoped?

- Concerned about the approach to the management of this City; we have lost a number of highly qualified people; what reasons were provided? This has left us with a very weak management structure.
- Council is working diligently to understand its roles and our challenges. This has been a huge learning curve; administration provided Council with a good overview.
- The topics Council sees as important are not those which are being addressed; where/when does Council get to impact the agenda?
- Council will need to be patient; this Review will help us understand where we need to place our focus.
- With 6 rookie members of Council, it is a bit premature to assess where we are struggling with our agenda, but resistance from administration when questions are brought forward and the time it takes to get those questions answered is a struggle.
- We have a very good mix of individuals; most have common goals that we ran our campaigns on, such as honesty, integrity, transparency and financial responsibility; very early in our term to say what progress we are making.

- A disconnect appears between City Council and administration. Administration appears to think that they know what needs to be done and views this Council as a hindering factor.
 - City administration is moving the city ahead without Council; this appears to be the way that things have happened in the past and everyone in administration is comfortable with that approach and mindset. Administration talks about taking direction from Council and serving council but their actions on the front end in terms of seeking direction tell a far different story.
 - The new Council was given a mandate from the people to be accountable, share information and lead the City. Administration did bring an Expense Account Policy forward to the new Council based on the community feedback and election issues that were raised.
- 2. What do you view as the most significant internal (i.e. organizational, personnel, leadership) issues confronting the City? Are you satisfied that your management team is working as a team to serve the residents? If not, in what areas is improvement required?**
- We have many issues that need addressing; most pressing issue will be to resolve outstanding community concerns about the ability of some of our senior staff to manage the City. The question of ethics is commonplace in our community.
 - This administration is not used to the amount of questioning they are receiving from this Council. Council is very methodical and well thought out however not well-received by most of the administration.
 - There have been numerous serious concerns about the hidden agenda administration has and a lack of proper information coming forward in a timely manner for Council to be well-versed on the decisions it is expected to make.
 - Selective information has been brought forward and in late stages as opposed to in a timely matter, therefore somewhat trying to force our hand. When we don't allow it and ask for more information, the looks on administration's faces pretty much tells the story.

- Administrative team is very frustrated at this point and some heated exchanges have occurred between Council and administration due to this. The level of disrespect is telling.
 - Many question management's limited experience in local government operations and it is the opinion of numerous taxpayers that our SLT does not have the municipal experience, credentials nor the leadership skillset required.
 - Administration is disconnected from the community; they do not communicate well with Council or the community; their relationship with the media is terrible.
 - The lack of relationship with the media led to the creation of the City's own online "News Service" to provide the "facts" as the Administration saw them, rather than provide answers to the media's questions. This was also evident in the Administration not answering letters and questions from the media, taxpayers and city residents over the past few years.
 - Senior administration has experienced wholesale change over the past 6 years. Key management positions have been terminated and the people who have left City hall were treated poorly. There are rumours of secret agreements.
 - The new City Council is working together on the same page; administration and Council are not.
- 3. Has this Council been able to put its "mark" on the City organization as a whole? Are you working towards certain key changes in what you hope to see accomplished? Are those changes being well received?**
- It is too early to know exactly what "mark" this new Council wants to follow; major concerns at present are transparency at all levels within the City structure; administration is not viewed as forthcoming in a timely manner.
 - We have not had the opportunity to put our full mark on the City organization and it has been a bit of a whirlwind. Have had many positive comments from community members with respect to the current direction of Council on fiscal responsibility, asking the SLT pointed questions and transparency to name of few.

- It appears senior management is worried about communication between any city staff and Council; Union staff and non-union staff are afraid to speak out to anyone due to the previous and potential actions of management.
- 4. Presuming that there are some issues with which you may not be satisfied, what is the genesis of those issues? How did these issues arise? Is Council and senior management working together in your opinion to deal with these issues?**
- City administration appears to be very reluctant to keep Council well-informed on pending issues or developments in our City. Council is not informed as many issues are ultimately pushed forward without advance notice and details.
 - A different approach to governance (i.e. a standing committee system) may give Council better and timelier information.
 - There have been numerous administration reports coming to Council which have been selective in the information presented in them (case in point the LEDC dissolution where we were misled into approving something that was not what we thought it was), but admin had it all planned out. Once it was approved and we saw the actions around moving this staff in house were not what we thought they were, Council questioned this and felt misled.
 - In the past 10 years, we have had 4 mayors and 3 different Councils giving direction to administration. Each Council in the past 10 years has had a significantly different style of governance.
 - Personal relationships, questionable hiring and firing practices, unanswered questions about excessive travel expense accounts and a \$24 million write down of reserves in 2014/15 has everyone confused and looking for answers. Now it is up to us as the new Council to restore confidence in the community that things are being properly managed and that we are working toward good governance.
- 5. Are the issues facing the Council more personality driven, the result of misunderstandings, or lack of clarity around who has authority to do what?**
- Certain past actions taken by members of our senior management team have caused mistrust in our community. Mistrust issue may have been a major factor in deciding the outcome of the last election.

- The administration is very concerned about the make-up and direction of the new Council; it realizes that this group does not expect to be manipulated.
- As a result of this Council being 6 out of 7 new, there is much learning to be done on Council's part on process and who has authority. It is clear however to all of us, that we as Council have only one employee, the city manager. Again, communication needs improvement.
- There has been some personality comments and outbursts (in camera) made by both administration and Council around trust. Part of that again leads back to poor communications and lack of information in a timely manner in some cases.
- There is a degree of animosity toward some Council members going back before the election on comments directed towards administration and previous Council members throughout during the election campaign from some Councillors. SLT feels set upon due to the questions before, during and after the election; it is a question of who is in charge.
- Members of the SLT team are expecting to move up if the leadership changes and think they are guaranteed to be the ones to fill those roles.

6. What results coming out of this Governance Audit with Cuff & Associates Ltd. would be useful in your opinion?

- The first issue will be to clarify that Council is in charge and that it will set policy and direction for our community. Senior management should provide input on policy and supply all administrative data or background material to assure good governance.
- The results of this audit should provide an opinion on management capabilities, committee structure and administrative reporting.
- Looking to this process to learn our roles and what we should be expecting from our administration. There is much room for improvement; really hope to see some clarity on the gaps that are causing concern.
- Need to provide for a more open, trusting relationship with all employees. They should be able to chat informally without worrying about the impact on their jobs.

- The Review should provide Council with verification that we are heading in the right direction and if not recommendations in terms of what we should be doing.
- We need recommendations on current and future policy, procedures and bylaws around sound governance to ensure we move forward as a new Council. Recommendations to help clear the air around the past, present and future Councils. The current lack of direction is not healthy and has not led the Council, administration or residents to focus on the future of our City. We want to bring change to the current mindset in City Hall so as to embrace integrity, transparency and honesty.

5.2 Management

Summary of Survey Responses

1. **What steps did you as a senior management body take to prepare for this new Council? What role did you take in conducting an orientation for the new Council?**
 - The Strategic Leadership Team spent several months prior to the October, 2016 election preparing for a new City Council.
 - Improved “Candidates nomination information package” - this document was revamped to give interested candidates additional information on the role and responsibilities and time commitment for Councillors.
 - Presentation of the 2017 draft Budget Package on October 17th (prior to Election Day October 26th). This provided all candidates with a transparent disclosure of the financial position of the City, current fiscal challenges, historical revenue/expenditures and go forward plan.
 - Completed a comprehensive policy review and presented the standing council with repeal recommendations at the October 17, 2016 Council meeting to pave the way for the incoming Council.
 - On the eve of the election the Deputy CAO forwarded an “all employee’s email” to educate staff on the role of Council and Administration, governance/management functions to calm fears that the People team was hearing from staff who were concerned about job loss.

- Council members were sworn into office on November 7th 2016.
 - Information Sessions - Once a month the Senior Administration and Council get together for information-sharing sessions. These sessions are intended to provide Council with additional information on upcoming Council items or on topics they have requested. External organizations use these information sessions to inform Council as well. Administration has provided Council with additional information on City business through these sessions; included background information on past projects/initiatives.
 - Council was provided with a binder containing all relevant policies currently in place.
 - Members of the administration stated that they did submit some material to the SLT but did not see the final product. Council is new and has a large learning curve; most of the administration respects that; we were asked to produce some information but we never get to see how it is presented or how effectively. We would get our hands slapped if we go direct to the Council.
- 2. What has been your assessment of the term of office thus far? Has this Mayor and Council been able to articulate its vision for the City? Is it essentially the same as its predecessor Council? If not, what changes in style or functioning strike you as most certainly distinct?**
- There is a general sense by management that Council, in the absence of a clear vision, has been focused on the smaller, operational issues and not on what management feels are the big ticket ones. (This was hoped to be rectified by the planned Council Strategic Planning the week of March 20, 2017).
 - Concerned that this Council has been more “combative” and challenging in its remarks and questions. Council is not generally viewed as being interested in seeking a genuine relationship with its administration due to its history and lack of trust. There has been little progress on this front to date.
 - This Council is willing to engage senior administration, learn about City business, and ask questions. One downside to that is sometimes they get too operational.
 - The newly elected Council was hit with difficult financial decisions right out of the gate with a deficit budget. The budget process extended into January.

Through this process there was a disconnect between what level of financial information should be included in the budget package in order for Council to make sound governance decisions with Council desiring more drilled down financial information than originally presented.

- Council is very passionate about their roles and being from diverse professional backgrounds, they believe they have valuable knowledge and experience to showcase.
- The most notable difference between the current Council and the previous is the level of comfort and confidence the previous Council exhibited in decision-making compared to the current one which has demonstrated difficulty in making decisions regardless of the level of complexity of the item.
- The current Council has had more vigorous debates in Council meetings than the previous Council. Generally, this Council has been critical of administration with a low level of tolerance for mistakes.

3. What do you see as the biggest challenge facing this new Council? What issues must it confront if it is to be successful?

- There are a few large challenges facing this Council. First and foremost would be clear communication with administration in their wants. The operational style of questioning has presented unnecessary delays in moving initiatives forward throughout their term, should this approach continue.
- The biggest challenge facing this Council is not to swing the pendulum too far in the other direction from their perceived shortcomings of the previous Council(s). In order for this Council to be successful they will need to establish a strong relationship with each other, their CAO, administration, the public, neighboring municipalities, provincial and federal governments. Based on the current status of those relationships there is much opportunity for improvement.
- Council must define their expectations. Through a contentious campaign, all members placed the blame at administration's feet, creating a terrible culture which has only manifested further with a lack of direction.
- The biggest challenge for this Council is focusing on items at a governance level. To date, the majority of Council is primarily focused on daily operations. While

it is extremely important for Council to have a solid understanding of operations, if both Council and administration are focused solely on operations, and senior management is left on their own to focus on strategic initiatives, a huge void is created at the governance level.

- With the talent and experience in both Council and administration there is a huge opportunity to achieve great accomplishments over the course of this term if we work together in a supportive, trustworthy and respectful environment.
 - Council will need to confront the issue of public perception on the decision they make for this new \$80M waste water treatment plant. This Council will be faced with strong criticism from residents and they will need to confront this when making a decision. The decision on how to proceed with this project will need to be what's best for the City as a whole and not what a minority group of residents feel is the best solution.
 - One of the biggest issues facing this new Council is the funding from the governments for various projects. Being a border city, it is not always clear to the provinces which one or how much funding comes from which province. Creating relationships with both provinces will be a key to satisfying some of those funding requirements.
 - Another challenge today is social media and the NOW generation. Funding is not an overnight process and some folks, especially those in the social media world, find it difficult to understand that there is time involved.
 - The big challenge will be in making decisions. We need to prepare for growth, land, financing and sustainable City.
- 4. What is your assessment of the strengths and weaknesses of Council's governance model (i.e. style of decision-making)? Does it debate the issues in a fulsome manner? Does it provide the management clear direction?**
- Council is too focused on undoing the past. It is focused on implementing the negative suggestions and commentary from small pockets of residents.
 - Give this Council credit for the volume of discussion and debate around the topics in front of them. For the most part, direction is provided on the topics, albeit not always clearly and concisely. However, there have been occasions where

additional information has been requested when it is simply not available or the perception of a delay in the decision-making is evident.

- Given the opportunities for growth and resiliency, Council should be focused on the big picture thinking that will move the City to 50,000 or 100,000 residents, not taking the views of a select few long-time residents who maintain that the City should not grow as it would limit their ability to apply influence.
- The strength within Council is their determination and desire to serve the residents well. Their weakness is the blurred line between being an employee of the City (i.e. middle management) versus being the governing leaders of the City, accompanied by personal agendas which span beyond the scope of the City.
- During debates Council members drew on their previous professional experiences and how things were done there, which are often irrelevant to the decision at hand. While experience is always valuable, often times this rhetoric impedes a factual policy driven debate regarding the item at hand.
- Administration provides sound recommendations to Council, and Council's role is to provide a decision whether approving the recommendation on the table or an alternate. At the end of the day, Council are the ones that make the decision and administration executes.
- Municipal environments are extremely unique and complex in nature and impossible for a person coming into as a rookie to know everything, regardless of whether you are Council or administration.
- Council's governance model has changed significantly over time. It went from a committee system to a portfolio system to an uncertain system. All of Council's current business is conducted in open with all reports up for debate.
- Council is trying hard to be transparent but in doing so their decision-making is either slow or too focused on administration. Some do not feel that they have enough time to discuss reports.
- Administration has proposed ideas to Council to increase the exposure to policy decisions prior to them hitting the Council meeting through information sharing sessions and an enhanced agenda review process inclusive of all of Council prior to the meeting.

5. Are there specific ways that senior management could be of greater assistance to Council?

- Through the orientation process, and on-going since, senior management has asked Council how it can be of greater assistance on countless occasions. Senior management has made themselves available 24/7 for questions regarding AR's or items coming forward. To date, Council has taken limited or no action on these opportunities.
- Council continues to make public statements about "not having all the information" or "not being clear about the project/program/policy".
- Administration had also provided a communication flow chart to Council as a starting point to open and establish great two way communication. This was approximately a month ago and Council has not adopted nor have they recommended any amendments to the item.
- It is discouraging to engage in meetings and discussions with Council, providing information and clarifying questions, where they thank you and share how much they appreciate it, yet proceed in public to place blame for a lack of information from Administration as an excuse for not making a decision. There is zero accountability and this creates a huge divide and negative impact to the culture of all City employees as everyone is engaged in preparing this information.
- Provide more time to review Council packages and/or increase the number of information sessions to better inform Council of agenda items coming forward.
- Senior management could be of greater assistance to Council by introducing more relevant policies for Council to discuss and debate. In the past, the previous Council wanted to initiate that process, however, very few policies would be introduced. Administration believes that Council should be providing guidance on what policies Council wants to see.

6. How could this Council add value to the senior management (and thus the organization)?

- This Council could add greater value with clearer direction to management. Right now there is a lot of guess work but once Council does their strategic plan that will help set that direction.

- By providing clear direction and expectations; understanding what they would like to accomplish during their term is paramount to ensuring the work and plans coming forward are properly aligned with this vision.
 - The culture that was at its peak in early 2016 took approximately 5 years to build, through connection with administration and Council of the day, and it is imperative that this Council publicly and privately displays their genuine and sincere support for all City employees and showcases how valuable they believe their employees are.
 - Council can add value by providing clear direction through policy development and the Strategic Plan; provide feedback on initiatives/projects and work collectively with senior Management to move forward in a progressive direction for the betterment of the City.
 - Council should be expected to set policies and a vision that gives administration guidance and direction.
 - Administration needs to have more businesslike decisions; Council is building a wedge and more distrust. Council needs to communicate back to management more. We hear nothing back and need feedback on issues.
 - Mayor's office staff appears to be the two way conduit for information flow.
 - GMs are isolated; they do not get together and need a channel to the Council.
- 7. Presuming that there are some issues with which you may not be satisfied, what is the genesis of those issues? How did these issues arise? Is Council and senior management working together in your opinion to deal with these issues?**
- Council has shown, on several occasions, a lack of respect or contempt for administration. Without being provided clear direction, administration cannot guess what Council's wishes are. The campaign centered on contempt for Admin and this has carried forward and manifested within their term.
 - Administration has provided every opportunity for Council to engage and ask clarifying questions. Council has not taken these opportunities and they have not

provided recommendations on what they would like to see improved or how to improve it.

- Council has come into this term with an agenda that has not been shared. Without sharing that agenda, not only can work not be completed to their standards, but it leaves employees wondering about the status of employment - seeing as that was the rhetoric throughout the campaign.
- There is obvious mistrust of administration by Council, based on their campaign platforms, which in turn creates doubt between administration and Council with respect to a hidden agenda. These issues came from their perceptions and opinions on specific items and media stories pre-campaign, which they utilized within their campaign platform. In their new role behind the public scene, they have a greater understanding and appreciation for not just senior administration, but all team members across the organization and the work and pride that goes into our roles. When this subject comes up when all parties are present, the message from both parties is that there is full trust. When this comes up in smaller meetings, it is the same message-no mistrust. Yet the body language and angry outbursts from several Council members on a regular basis clearly supports that there is still underlying mistrust.
- Councillors should meet across the City to understand and do some team building. We lack a purpose.

8. What results coming out of this Governance Audit with Cuff & Associates Ltd. would be useful in your opinion?

- Council walking away with a clear understanding of Governance and what is expected within their roles. That they leave the operations to the CAO and focus on the major items facing the Corporation for the benefit of our residents.
- That they understand how to properly provide direction and maintain a level of respect for the individuals who are working incredibly hard to bring strong, forward looking initiatives to them.
- That they understand trust is a two-way street and can easily be damaged, but not easily repaired.

- The results which I believe would be most useful is to address the areas needing improvement from both Council and administration, which in my opinion, are defining governance versus operations and who's responsible for which piece/roles; clearly defining expectations for all involved; and building trustworthy and respectable professional relationships.

6.0 Summary of Interviews

We also interviewed 30+ individuals from Council and management and received a number of telephone calls (7-10) from people wishing to add in comments relative to their experiences while working for the City in recent years. We treat all inputs with caution whether received by way of documentation, e-mail, reports, surveys or interviews (whether in person or by telephone). Our interviews were loosely based on the following guideline. What follows reflects our view of what we heard. Where we believe that the point being made is very specific and thus associated with only one person or which has been stated with clarity in the preceding survey summary, we have chosen to ignore the point rather than repeat it or to enclose it within a similar issue.

1. Expectations/Results:

- ***Does Council feel that it is making good progress this term? Does Council have a list of priorities which it is keen to have accomplished this year or this term? What has been your assessment of the term of office thus far?***
 - The election campaign included several comments from the current Council regarding the need to “clean House” and to fix City Hall. This has not been done but obviously staff are quite concerned that Council is still intent on this agenda.
 - Council is in more of a reactive mode than in a progressive one. Every report is being questioned; nothing is readily believed.
 - The new Council has 6 of 7 inexperienced people who are learning how the City works and how the issues are varied. The new Council has asked many questions and many are seeking how to improve fiscal management.

- Councillors expressed the need to get out of “low gear” and start moving forward.
- Council members recognize that in light of the changes brought about by the election that they need to clearly establish their direction. Hope was expressed that the forthcoming strategic planning workshop would address this matter.

2. Role Clarity

- ***Is it clear that Council establishes the policies; approves the budget and business plan; retains the City Manager; approves policy statements? Are those roles respected by both Council and management?***
- Concern expressed about the need to set clear roles and then stick with them.
- Policies are generally few and far between. Council may want to set them but which ones and who is expected to draft these?
- Roles do not appear to have been very clear in the past. Today’s Council does not believe that the senior management respected its own role.

3. Management Style

- ***What style of management do the senior management people reflect?***
- Power vested in SLT; its members decide what happens.
- Position decisions influenced by politicians and senior management.
- Management to sub-managers: “you don’t decide; we tell you what to do”.
- Council has been kept purposely in the dark by senior management. Some senior staff are exceptional; others are followers.
- Administration costs have reportedly increased substantially in last three years. Staff turnover has been a worry and a number of people were let go with little notice.

4. Relationships

- ***What is the relationship like between the Mayor and other members of Council? How could that be improved if at all? What about the***

***relationships between members of Council and your administration?
Are these relationships basically respectful?***

- Relations within Council appear so far to be very positive and supportive. Councillors are respectful of each other and seem to work well with the Mayor.
- Council may have decided early on that it would not fall meekly in behind the administration.
- It seems like there are three groups in the City: the Council; the SLT (Senior Leadership Team); and all of the other staff. There appear to be barriers between all.
- The Council has not met or been introduced to all of the other employees yet; it would be good for morale for Council to at least have a casual “meet and greet” with staff. Some Councillors are better known because of their background in other community groups before.
- The SLT group keeps to themselves. They do not allow any direct communication at all with the Council by their direct reports; are they fearful or are they just respecting the “who reports to who” model?
- Morale used to be much higher and now it is judged as very low. This has been due to what employees (and their managers) see as uncertainty (do we have jobs)? Currently described as a “bunker mentality”.

5. Governance Responsibilities

- ***What processes (e.g. standing committees, committee of the whole) does the Council use in its governance responsibilities? How does it ensure that the issues are appropriately guided by Council? Does Council have adequate time to think through the issues?***
- Council appoints to 23 ABCs (Note: we did not review these due to time and terms of reference limitations).
- Council has to juggle two big issues: what is the work to do and the public perception. Council has to juggle competing demands in order to meet the perception of its public. Some of those voices said, “clean house, cut taxes and drain the swamp”.

- Once elected, the Council needs to realize it is part of the team. How can it if it does not trust the players on the rest of the bench?
- We need more openness and guidance on the role for Council; need a strategic plan and a clear set of priorities.
- Council is purposely slowing down the issues so that it has time to think through consequences. Council believes that was burned in the LEDC issue and that has added to the mistrust.

6. Decision-making

- ***Do Council members feel that they have adequate information on which to base their decisions? Are reasonable options provided by the City Manager?***
- Decisions are largely made by the SLT group now. Has been that way for some time.
- There is a lack of policy in some areas and more work is needed here. For example, there was no grant policy or bylaw for decisions and one had to be created in the last month with the prior Council. There may be the need for a new policy person to support Council. Policy is needed for volunteers. A social policy framework is needed- we do not have one.
- Need to involve staff more- we have some ideas to help save money for the City; need decision and direction on it.
- Lot of people do not know what is going on. Staff need to be brought into the information-sharing picture.
- We prefer an open environment for discussions but have barriers between ourselves and the Council: not a good thing and is not productive.
- Council not always made aware of management's strategy so unaware of its intended consequences

7. Performance Reviews

- ***Does Council conduct an annual review of your City Manager? Is that approach deemed to be useful?***
- Council has historically conducted performance reviews of the CAO; is the format suitable?

- The reviews have been conducted; not sure if the format is suitable. Is everyone honest in their assessment?
- No assessment by this Council to date.

8. Strategic Planning

- ***Does the City have a Plan? Is it current? Does it reflect this Council's thinking?***
- Members have discussed the importance of having an updated Strategic Plan; a workshop was planned but delayed because of this initiative.
- Members of Council and the Strategic Leadership Team have been engaged as a group in the planning process for strategic planning.
- The most recent Strategic Plan was established in 2015. This resulted in the development of four “strategic priorities”: strong relationships; vibrant City; sustainable infrastructure; healthy financial position; within each of these priorities the planning identified four objectives per priority.
- The management also identified strategic objectives within each “priority”.

9. Meetings of Council

- ***How formal/informal are meetings of Council? How well-attended by the public? Who attends on behalf of the administration? How long are they? Are members of Council well-prepared for meetings of Council?***
- We prepare material for Council but do not know what is sent forward by the SLT group- we (the GMs) do not see it.
- We are prepared to meet with Council to clarify information and questions. No one from Council has asked for any clarification yet.
- Meetings have reflected tension between Council and SLT. Some of that has arisen during in camera meetings.
- Management has held “Information Meetings” with Council on the third Wednesday of the month beginning in 2014 (7 meetings); 2015 (8 meetings); 2016 (7 meetings); 2017 (2 meetings to date).
- Members appear to generally be well-prepared for their meetings.

10. Organizational Structure

- *Does Council believe that the current senior management organization structure is appropriate? Does it enable the work to be done in an effective manner?*
- Council needs to be involved in any changes to the number of management staff and number of Directors/General Managers. The Council has not had a handle on this and did not seem interested.
- The current organization structure was only developed in the last 6 months or so. Some of the past responsibility areas have been split: for example; parks, recreation and arenas; and recreation centres; now has two different managers involved. Not sure why.
- People (senior) have been moved into new positions without postings in some cases. They simply showed up one day; no warning/ notice to others. The structure seems to have been created to suit the personalities of people. SLT created it and we had no input.
- Some people were moved from their area of strength which makes no sense. What is the prevailing philosophy? Some people were hired without prior notice to City staff and “just showed up” one day with a position.
- It would be very good for the Council to do a tour of all City facilities to see what we do.
- We need an organization review- people do not think this Review will be deep enough.
- Directors were moved with no postings and were moved first to an Acting role and then into a Director role; proper protocol not followed.
- Some individuals were released with little to no rationale; cost the City dollars which could have been avoided; this was approved at the highest level. Several people have lead roles and do not have qualifications for the role. How is this? Structural changes are made by senior management; then the affected staff are told; sometimes these make no sense but everyone expected to get on board.

11. Question of Ethics

- ***Does the organization function in an ethical manner? Are there clear breaches of ethics?***
 - Council policies and code of conduct need to be very clear about whether or not a current member of Council can apply or advise the management that he/she will be applying for a vacant management position.
 - Code needs to be clear that such inquiries will be immediately relayed to the Mayor (or Deputy Mayor if the Mayor is the person in violation of the restriction on such behaviour).
 - All new positions or vacant positions should be publicly posted; there ought not to be any variation of the rule without a Council approval; this should be set by policy immediately.
 - Absence of key policies results in management understanding that the key is to make sure you are in with those above.

12. Priorities; Processes; Structure

- ***What in your view would most enhance or improve your current governance processes? What in your view would be a way of enhancing the Council-management interface?***
 - Council deep-sixed the LEDC Board and organization with no prior discussion; who thought through that process? No input to the decision by the Board.
 - Are we really a “world-class” community? Who would think that based on our past couple of years?
 - Where do we find the policies that we have? HR policies were described as “in development”; decisions on promoting someone to a high level in the organization reportedly made by the supervisor. Are staff expected to develop policies; is that not Council’s job?
 - Finance is a key issue for the City: how will we pay for the wastewater plant? We need to manage our assets. Need a clear plan, and decisions which support the plan.
 - The Council does not have a vision yet- which is fair as they are new.

7.0 Our Key Observations

As a result of our interviews which we conducted with Council and management, a number of key issues were raised which we have incorporated into our Observations.

7.1 Orientation Process

We were made aware that in the months preceding fall 2016 election, the senior management discussed the impending election and the prospect for change. Given that there was a contest for both Mayor and Councillors nothing was assumed and management prepared for whatever came their way. According to what we were advised, SLT (Senior Leadership Team) spent time over the 3-4 months prior to the election putting together materials for the new Council's orientation. A candidate's briefing was developed for those running for office which was intended to give prospective candidates more insight into what the role of elected official actually entails. Further, in the interests of transparency, the City's administration provided all candidates with an update of the City's current financial position and its challenges.

Concurrently, administration also reviewed the City's existing policy bank and made recommendations on those which could be repealed as no longer applicable. This resulted in a number of policies being declared redundant.

Given the dynamics of the election, with comments being made by members of Council which management interpreted as being damaging to the morale and well-being of its staff, the Deputy CAO forwarded an "all employees" email to educate staff on the role of Council and administration. This was focused on governance and management functions and written in a manner designed to calm fears (i.e. the "People team" was hearing from staff who were concerned about potential job loss). This e-mail, while perhaps well-intentioned was also incorrect in that it indicated that management had more authority than it does and perhaps again inadvertently gave the impression that the security of employees' positions was fully in the hands and jurisdiction of management.

The actual orientation program for Council was orchestrated by the office of the CAO . A full-day orientation took place on November 8th and another half-day session on November 10th. It included an orientation on the legal aspects of governing as presented by one of western Canada's premiere legal firms as well as presentations on the City

Charter, Council procedural aspects and how meetings are designed. This information on the roles of a Council was supplemented with more detailed information on how the administrative organization functions and how it is structured. This was presented by individual Directors.

Given the commentary heard during the election wherein Council members indicated that they expected to be fully briefed on the issues, this was picked up by management who had begun a series of “Information Sessions” which have been held throughout the year (since 2014) on a bi-monthly basis. In such sessions, management provides Council with additional background and context on issues which were deemed to be of more significance or those which appeared to generate questions by Council. As well, local ABCs also used these sessions to share some of the information deemed central to their organization. In addition, Council has received additional information on certain topics from its administration during in camera meetings.

In summary, while we believe that more could and should have been done to focus Council on its true governance roles, the **overall approach was quite good** and was **generally well-received**, albeit failing to temper the mood of mistrust held by most members entering the office as an elected official.

7.2 The Significance of Change

One of the facts of life in local government is that every four years both the public and the administration are faced with the reality that the make-up of Council may change. Such is the nature of democracy and the reality of an election. Things do change.

It has been estimated that the degree of turnover in municipal elections is between 30-40% on an election by election basis. In some municipalities the full Council either runs unopposed or is re-elected in total; in others, the full Council might be turfed from office or else experience considerable turnover from one factor or another (i.e. some may not re-offer; some run but lose their seats).

In this instance, the Council of Lloydminster saw six of seven candidates enter politics for the first time with the seventh re-elected, having been on Council from 2009-14. The **change was significant** due to a number of factors:

- The Mayor has not served on a Council previously although has had some prior involvement with local government. He made a number of requests for

information to the prior Council and administration which were, in his opinion, largely refuted or frustrated in some degree.

- A number of the Councillors made comments during the campaign which indicated a lack of confidence in the administration of the City.
- The public's commentary was, we understand, often negative with respect to decisions which were made by the previous Council(s) or by senior management. The election became, in the minds of some at least, a public barometer of their support for such decisions and actions.
- Five of the six Councillors were new to public life having never served in a local government's Council Chambers previously. This degree of change was viewed as a significant message to the new Council who felt as though the public was demanding that changes be made.

Senior management have, for the most part, understood that this Council was not going to be content with a "business as usual" modus operandi. While uncertain as to what this means in terms of Council-management relations, there is obviously some recognition that either there will be changes in tone, structure of decision-making or in personnel or the public will get the sense that this Council has also given in to the desire to "make things work". This latter strategy might seem to be the path of least resistance but those on Council seem cognizant of the fact that the public will not be pleased with only a few minor alterations.

7.3 Clarity of Roles

Every governance seminar or orientation session for a local government features an explanation of the key roles in a municipality. While some of these roles are legislated, there are also certain generic and time-tested expectations of members of Council and of the administration. It is overly simplistic albeit true to state that Council governs and management manages. Just what does that mean?

The roles of Mayor, Councillor and Council as a whole are defined in the City of Lloydminster Act referred to also as the Lloydminster Charter. These are defined in Sections:

- **101** Deputy and acting mayor
- **102** General duties of councillors

- **103 General duties of Mayor**

Deputy and acting mayor

101(1) Council must appoint a councillor as Deputy Mayor.

(2) The Deputy Mayor must act as the Mayor if

- (a) the Mayor is unable to perform the duties of the Mayor, or
- (b) the office of Mayor is vacant.

(3) Council may appoint a councillor as an Acting Mayor to act as the Mayor if

- (a) the Mayor is unable to perform the duties of the Mayor, or the office of the Mayor is vacant, and
- (b) the Deputy Mayor is unable to perform the duties of the Mayor, or the office of Deputy Mayor is vacant.

General duties of councillors

102 Councillors have the following duties:

- (a) to represent the public and to consider the well-being and interests of the City;
- (b) to participate generally in developing and evaluating the policies, services and programs of the City;
- (c) to participate in Council meetings and Council committee meetings and meetings of other bodies to which they are appointed by Council;
- (d) to ensure that administrative practices and procedures are in place to implement the decisions of Council;
- (e) to keep in confidence matters discussed in private at a Council or Council committee meeting until discussed at a meeting held in public;
- (f) to maintain the financial integrity of the City;
- (g) to perform any other duty or function imposed on councillors by this Charter or another enactment or by Council.

General duties of Mayor

103(1) In addition to performing the duties of a councillor, the Mayor has the following duties:

(a) to preside when in attendance at a Council meeting, unless this Charter, another enactment or a bylaw of Council provides that another councillor is to preside;

(b) to perform any other duty imposed on the Mayor by this Charter, another enactment or a bylaw or resolution of Council.

(2) The Mayor is a member of all Council committees and all bodies established by Council pursuant to this Charter, unless Council provides otherwise.

(3) Notwithstanding subsection (2), the Mayor may be a member of a board, commission, subdivision authority or development authority established pursuant to Part 17 of the *Municipal Government Act* (Alberta) or pursuant to *The Planning and Development Act, 2007* (Saskatchewan) only if the Mayor is appointed in the Mayor's personal name.

We have added in a number of articles and previously-authored materials (by this consultant) relative to the key roles played by the Mayor, Council as a whole and the CAO. Although there are some differences in legislation and charters across Canada, much of what is included in this material is generic and viewed as “generally acceptable governance principles”.

In brief, it is our understanding that the key roles of the Mayor are:

- Senior elected leader of the community & organization
 - The “go to” person in the eyes of the public
 - The “face” of Council to the community
- Spokesperson on community issues
 - When the Mayor speaks, he speaks for the community
 - The community's leader in times of crisis
 - An eye on the community “well-being and interests”
- Chair of Council meetings
 - Chair of each regular meeting & in camera meetings
 - Active participant in Council & committee meetings
 - Maintaining decorum in Chambers
- Key liaison to the CAO
 - Maintains contact on behalf of Council

- Ensures that the CAO understands the mind of Council
- Participant in Council’s evaluation of policies/programs
 - Initiator of policy/governance change
 - Not the only one, but expected to lead
- Principal contact: other levels of government and media
 - Bridge-Building: with other members of Council, the Public, Groups, Neighbours
- Advocate of Council’s agenda
 - Reflects the will of Council in all public statements
 - Mediator of internal Council issues
- Monitoring: Priorities, Strategic Plan, Policies, City Manager, Elected Officials & Relationships

In brief, it is our understanding that the key roles of Council are:

- Govern in the Interests of All
 - Clearly understand the issues and their implications
 - Consider possibility of unintended consequences
 - Recognize the impact of vested interest groups
 - Adhere to “good governance” principles
 - Act as conscience of the “under-represented voices” in the decision-making process
- Provide Leadership
 - Consider the current situation; what are the dashboard metrics?
 - Review the City’s needs, capacity & appetite for change
 - Set a clear course; determine priorities
 - Make decisions; approve bylaws and policies
 - Resolve disputes
- Determine the City’s Governance Model
 - Understand that this is YOUR model
 - Discuss decision-making objectives
 - Review current model; what’s working or not; identify areas for improvement

- Approve the charter for any committees
- Determine a date for review of any changes
- **Champion the Organization**
 - Council ought to act as the “cheerleader” of the organization
 - Council expected to defend staff publicly & voice any concerns privately
 - Support the right of the CAO to manage; expect/demand the best
- **Manage Relationship with the CAO**
 - Understand the bylaw, contract, position description
 - Discuss what type of issues the Council expects to see
 - Review authority issues with CAO
 - Appraise the CAO; ensure right format/process
- **Determine what Services Desired and Necessary**
 - Most services historical or mandated
 - Assess need for new services
- **Seek Regional Partnerships**
 - Review shared service agreements
 - Seek “big picture” ideas; discuss with neighbours
- **Approve Procedural Bylaw**
 - Establish clear meeting procedures
 - Approve a code of conduct
- **Support Ongoing Training**
 - Ensure planned professional development for the CAO
 - Identify course/conferences for Council
 - Stay informed; keep up-to-date
- **Preserve the Trust**
 - Respect the trust vested by the residents
 - Do not gloss over ethical issues; conflict of interest; understand “bias”

In brief, it is our understanding that the key roles of Councillors are:

- Consider the well-being and interests of the municipality

- Contribute to the development and evaluation of the policies and programs of the City respecting its services and other activities
- Participate in council meetings, committee meetings and meetings of other bodies to which the member has been appointed
- Stay engaged in the community
- Prepare for Council & Committee meetings
- Participate as desired/appropriate in all debates
- Pass issues forward to CAO/department heads or Mayor
- Propose motions: seek review of programs, policies, finances, issues
- Attend meetings of ABCs; refrain from identifying with issues to extent possible

In brief, it is our understanding that it is our understanding that the key roles of the Chief Administrative Officer/City Manager are:

- Provide best apolitical advice; identify policy options; present arguments; recommend best option
- Support Council's approach to governance
- Identify need for new policies; review current policies; assess
- Assist Council in developing future vision
- Represent the administrative organization to Council
- Conduit of Council decisions to administration
- Ensure effective implementation of Council decisions
- Prepare business plan based on Council's vision
- Prepare budget proposals; options; recommend taxes, charges
- Hire quality people; provide clear direction; assess; support; compensate within Council-approved policies
- Approval authority for administrative actions
- Quality control of advice up & action down
- Partnership builder; building alliances as appropriate.

Did we find this degree of role clarity? While we have not conducted a full-scale organization review, we have heard sufficient to surmise that these roles are not clearly understood. In the case of the Mayor and Councillors, this is likely due to the simple

fact that they have not had sufficient time or experiences in public offer to solidify this understanding. If this Council is to have the opportunity to be successful, the Mayor, Councillors and CAO will need to focus on their own roles and avoid playing those of their counterparts.

These questions need to be asked:

- Is the Mayor trying to learn his role and perform it to the best of his ability?
- Does Council show evidence of respecting each other and genuinely seeking to do what is right for the City?
- Is the advice from senior management clear, comprehensive and concise? Does the advice enable the Council to make decisions which are consistent and policy-based?
- Is there any sense that Council has been “set up”? Is the information provided by management balanced and unbiased or is it suspect and incomplete?
- Are the policies of the Council clear and consistent? Do these policies cover the basic fundamental aspects of City governance? Are there Council policies guiding the effective management of the City? Do these speak to the more significant aspects of City governance and management (for example, the proper posting of vacant positions; the employment of relatives)?

7.4 The Council-CAO Relationship

One of the critical issues impacting our Review has been the relationship between the Council and its Chief Administrative Officer (City Manager/CAO). This relationship is central to all that happens in a Council led system. The relationship impacts:

- Council’s trust of what happens day by day in the administration
- Council’s relationships with the public
- Council’s confidence in the reports/advice coming to Council
- The policy environment of the organization
- Adherence to Council directions
- Prompt follow-up on Council requests
- Human resource decisions
- Degree of respect within the system

- Public confidence
- Relationships with other levels of government and neighbouring jurisdictions

Such a relationship is not built in a day but daily. It often begins with neither party really knowing each other and gradually emerges as a relationship built on a common focus (i.e. serving the public) and considerable time spent in each other's company. This relationship also impacts how Council views the work and professionalism of the rest of the administrative organization. Where there is trust at the top end ("tone at the top"), then there will likely be trust throughout the system. When there is not...

7.5 The Challenges Posed by Relationships

Virtually every election brings about the necessity of building new relationships. Each new member of Council has the task of developing a workable, cordial relationship with his/her colleagues on Council whilst being cognizant of the fact that these might be completely new people that were largely unknown to each other prior to the election campaign. Further, the members of Council will need to build relationships with their senior management including the very important relationship of Council-City Manager/CAO.

This is not a simple task. It takes place during the debates at Council meetings and the at times very divisive discussions on issues wherein members might be fundamentally opposed. Relationship building also occurs on a daily basis as a result of contacts within City Hall or at social functions.

It is difficult to expect that management will not align themselves over time with certain members of Council. They work in close proximity and may at times either be neighbours or aware of each other through a work or sports team connection. At the same time, both Councillors and staff need to maintain a degree of separation if the Council members are to avoid compromising relationships between the employees and their supervisors. As well, Council members are to receive advice through a chain of command which requires independence and professionalism.

In the case of the City of Lloydminster we see few close linkages to management and far more examples of pre-conceived distance due to the incumbent Councillors assessment of the inadequate performance of individual, high level managers formed when these Councillors were simply members of the community. Thus, the challenge

for management and Council is not to find ways of separating relationships based on friendship but to build professional and cordial relationships of respect in their current roles.

This has not been helped by derogatory and pointed comments made by management (and by Council members) at public and in camera meetings. We were made aware of several outbursts of disrespect which absolutely harm any attempt at developing healthy yet robust relationships.

There are key elements of a Council-management interface. The elements that make this work (and work well) include the following:

- Proper role definition
- Respect for the roles assigned to each other
- Trust in each other

Simply understanding these roles is not enough: there must be respect for those who hold them. The fact that a member of Council has a different suite of role expectations is often readily accepted by Council and management alike. What is not so apparent is whether or not there is a reasonable degree of respect being shown.

The tasks of a member of Council are neither simple nor easy to perform. Making decisions on policy matters which might divide neighbours, many of whom may be in Chambers to watch the issues being discussed, may easily result in hurt feelings and a sense of a person(s) being somehow disadvantaged. Councillors are expected to be on top of the issues; aware of the various pros and cons; understanding of this one's perceptions over that one; being supportive of the Mayor's or Councillors' neighbours; and so on. The perspective of the business community might well be significantly different than that of the sports community.

With often relatively limited information and perhaps no experience on the topic, a Councillor or Mayor has to make choices. Management advises (or should) on these choices: elected officials must choose and be held accountable. Management is expected to research all matters going to Council and draft a clearly-worded report which may be subject to public scrutiny. This means that the information in the report is clear and concise; that it is free of bias and misleading statements; that the options presented to Council are logical and workable.

Did we find this degree of respect? No, we did not. What we found was a recognition that the roles are different. What we found was a sense of smug self-absorption that bordered in some instances on arrogance. What we found in some instances in those who ought to know better an underlying question which might be framed as: if we as management know more about local government than you do, why not just accept our advice and let's get on with it. Is this a fair characterization of all senior management? No. It is concerning, however, that there would not be a greater degree of respect and admiration for those who have chosen to serve their fellow citizens. Whether a senior manager likes a member of Council should never be the question. Respect goes far beyond that sentiment.

A third key element which contributes to the success of the highly important Council-management interface is the extent to which each of those at the table can trust their counterparts. Trust is an important commodity as it underlies the potential for a successful relationship. "Can I trust you to do what you said you would do? Are you likely to waver at the first sign of public criticism? When you submit a report to me as a Councillor can I be assured that you have prepared it professionally; that it is comprehensive; that you have not "gilded the lily": that you did not have an underlying motive which will eventually come out but that you are trying desperately to conceal at the moment?" That is the essence of trust.

Did we find a relationship of trust? Has trust been foundational to this Council-management relationship? No, we would argue that there is evidence that it has not. It is apparent that the early days of this new Council were marked by skepticism regarding the role and responsibilities and statements of management. We were also provided with several instances wherein the Council was not treated with respect and where the information provided was biased and/or designed to have a certain end in mind. We also were advised of circumstances wherein City policies were bypassed without Council approval; where contracts were awarded; where family members were hired.

Perhaps the most egregious example is that of the LEDC body which was established by a bylaw of Council and wherein administration "set the table" so as to bring about its demise to suit the agenda of management without any consideration for either the citizens' board or the direction of Council.

Relationship-building will take time because of the negative comments voiced during the pre-election and post-election period. It will also take time because of the level of mistrust amongst the key players. The issues may fade but unless they are addressed in a straight-forward manner, there may always be some degree of underlying stress and tension which will stifle reconciliation.

Council has to decide: is this our team and are we comfortable in moving forward?

7.6 Report Management

The ultimate responsibility for all reports of management which flow to Council rests with the CAO/City Manager. That is, the CAO is the final approval authority and must be assured that any reports to Council meet the tests of completeness, accuracy and clear and (where possible) reasonable options. While this is an onerous duty, it falls to the CAO to ensure on a bi-weekly basis that any reports which are forwarded to Council on business issues on the agenda reflect the best advice which the City has to offer. Further, where the report deals with a matter which will require a major shift in policy direction (e.g. LEDC), the CAO will naturally be expected to seek Council's direction on exploring that option before taking any steps to move forward on implementing such a major change.

All reports which are received by Council need to meet the criteria as outlined:

- Is the report clear as to intent?
- Does the recommendation point to a policy change? If so, is a new, revised policy part of the report package?
- Are the governance implications clear and has Council been made fully aware?
- Will the recommended decision by Council benefit the City?

While it is likely that Council will not always agree to the policy proposals put forward by management, voting such opposition ought to be based on the fundamental nature of the report (and the perceived reaction to it by the public) as opposed to any other factor. That is, Council must have sufficient confidence in its administration to believe that it can affirm an administrative recommendation without suspicion as to the real history or rationale of the report based on its author.

Reports from management are the essence of Council's business. Each new business item on a Council agenda ought to have a management report (known as a "Request for

Decision”) as the companion document. Council members should be confident that all such reports reflect the best that its management can provide in terms of the research that has gone into the matter and the unbiased nature of what is being reported.

What we were advised by Council in Lloydminster points to a lack of such confidence and the sense that “we are receiving a purposely biased report designed to point us in the direction already determined by management to be correct”. This degree of suspicion is not healthy to the Council-management alignment which is essential to decisions being made and appropriate actions being implemented.

This is an interesting observation as the actual report format which management utilizes in providing its advice to Council is both familiar to the author and appears to be quite comprehensive. The challenge for management is obviously not the format: the issue lies in its completeness and fairness. And, as we were advised by members of Council, the length of reports is an issue. Such management reports (if the format is used wisely) should be limited to 2-3 pages. Any other additional information should be attached as backgrounder.

7.7 Policy Development

One of the signature functions of the City’s elected officials is to determine whether or not the current policy framework (i.e. the one which was inherited by Council as a result of being elected) is reflective of its view of their world. Policies define who the Council is and what it believes to be correct in terms of how it will govern.

Each new Council inherits a body of work that is reflective of the previous Council and often several before that period of history. Each policy and bylaw stays in effect until the Council determines otherwise. Without such an umbrella, how would the staff be expected to function?

Why and when are policies crafted? They are brought by management (or at times by a committee of Council) based on a current issue or report going to Council which begs the question: so what is our policy on this issue? This process begins the moment Council begins its first Council meeting and may not cease until it declares the last meeting adjourned.

How a Council approaches policy development will also have a significant impact on how well it will govern. The emphasis is not on setting this policy or that but; rather,

the Council's mindset which indicates the importance it places on taking a policy viewpoint to any issues which it believes to be either important or likely to be repetitive. Policies ought to be established on an ongoing basis. That is, we do not expect to find that months go by without any policies being thought of or discussed and then a number of key policies are approved at one meeting. The latter approach is symptomatic of an organization which is continually playing "catch up" and which realizes that it has not been approaching issues on an ongoing basis from a policy perspective.

Every City is expected to establish those policies which reflect the values and intent of the governing authority (i.e. Council). When a Council is elected, it inherits both the bylaws and policies of all of its predecessor Councils unless and until these have been repealed. This City has gone through its policies and has determined that some no longer apply. These have been repealed on the advice of the administration.

We were advised that the following policies were set in place over the past six (6) months:

- 015-2017 Lloydminster Tobacco Reduction Grant Policy (Community Services)
- 013-2017 Capital Asset Replacement Policy (Finance)
- 011-2016 Travel Reimbursement Policy (Strategy/Partnerships)
- 012-2016 Harassment Policy (People)
- 010-2016 Council Code of Conduct Policy (Legislative Services)

We were also given a complete list of City policies (together with the hard copy) for our review. There were a total of 43 policies of which 17 were stale-dated, dating back to 1986. While time does not permit an extensive comparison of Lloydminster's policy bank in relation to other similar sized municipalities, we did make two calls (Stony Plain and Spruce Grove) and asked for a listing of their policies. In the first instance (Stony Plain) they reported 11 Administrative policies and 133 Council policies; in the case of Spruce Grove, 15 financial policies and 161 policies in total.

There is no real magic to the breadth or number of policies other than it conveys two things: is the municipality a "policy governance" entity which therefore has a solid connection to its democratic base; and, does the management function within the policy framework created by Council? Without a strong policy framework, senior

management might make decisions designed to suit their ends without reference to the will of Council.

Senior management is expected to maintain an awareness of current policy issues and recommend changes as needed. As well, management through the CAO should see as one of its related objectives, the need to identify with Council upcoming policy issues and draft statements of new policy.

Where staff is involved in developing policies, they are more likely to both understand them and to recognize the importance of adhering to them.

So what is happening in Lloydminster? We believe that the lack of a policy mindset and thus framework is a major deficiency and one which is purposeful. We have had enough comments made to us (with examples) where decisions were being made without reference to policy. While there may not have been any untoward rationale, neither is there any commitment to following the direction of the only body who has the authority to set policy i.e. Council.

7.8 Management Practices

While we were not commissioned to do a full-scale Governance Review, which would include a comprehensive look at the organization, we did make certain inquiries relative to how the administrative organization functions. From those discussions, we determined that:

- **Strategic Planning**
 - The CAO and Directors develop the administrative Strategic Plan; there does not appear to be any requirement for others in the organization to participate in the planning process
 - The SLT is also involved with Council in developing the over-arching City's Strategic Plan
 - The Plan is expected to identify key strategic objectives and measurable accomplishments
- **Meetings:**
 - All Directors and General Managers are expected to hold regular meetings with their senior staff

- These meetings are held either weekly or monthly depending on the Director/General Manager (there is no set policy)
- The CAO is scheduled to meet with his management team once every week on Wednesday afternoon; the CAO develops the agenda with input from his staff (such meetings generally occur with little interruption i.e. we were advised that “there may have been 1 or 2 times in 2016 that the meetings were cancelled”)
- Each Director decides what meeting schedule works best for their department; each director does meet on a regular basis with each of their individual GMs and also as a group; however, the frequency of meetings is different for each (we were advised by GMs that their Director does not hold to a particular schedule of meetings)
- **Position Descriptions**
 - We were advised that of the 18 positions at the GM level, 7 have position descriptions; we find this disconcerting at best; how can the City advertise for positions that are not properly described and how can it legitimately review the performance of staff for which there is no yardstick?
- **Performance Reviews:**
 - These are to be conducted every year; most staff reported that they had been reviewed
 - Council conducts a review of the CAO
 - Each in-scope employee is evaluated annually in accordance with the specific position and work responsibilities; the evaluation identifies the employee’s strengths, areas for improvement, strategies for continuing development and goals for the upcoming year in terms of team and personal performance
 - Each out-of-scope employee meets with their direct supervisor early in the year to develop jointly their employee success plan and establish goals for the upcoming year; the individual goals and objectives align with those of their department and the City; on-going feedback from the manager/supervisor continues to occur throughout the year; annually at

the end of each year each manager and employee meets to discuss annual goals and address the particular competencies related to their success

- New employees are also assessed under a probationary review which takes place prior to their three month anniversary date
- All assessments are filed in the employee's personnel file, which is filed within the People Team.

7.9 Organization Structure

The City's organization structure like all such structures serves a number of purposes. It is created to ensure that the City's goals and priorities can be achieved and that the necessary resources to do so are readily available. An organization structure identifies the functions that the City will perform and the resources needed to accomplish this purpose; it describes the "pecking order" of those involved in each hierarchical umbrella and the fact that the higher one proceeds in the structure, the broader the functions to be supervised. The structure is supplemented with position descriptions which outline the work to be done and assure the supervisor that the requisite skill set will be made available.

An organization structure influences a number of factors in the life of an organization, many of which may not be readily apparent to those who are not intimate with how the organization functions. Structure sends messages relative to reporting responsibilities, importance of the position, responsibility for the work of others, compensation level, access to key decision-makers, perceived prestige, collaboration with complementary functions, and so on.

If the administration is to be viewed as integrated and collaborative, there needs to be evidence that its departments are diligently working towards solutions to issues from an integrated standpoint. Further, its response should be indicative of an organization that works together in a collegial fashion. Administrative structures need to be designed such that the work of the City is the primary focus and not the mandate of specific organizational functions.

The bulk of most municipal costs lie in the compensation paid to its employees. Any effort to make the organization more streamlined and efficient is obviously desirable from a cost-containment perspective. Because structure also carries with it a

substantial influence on cost (i.e. salaries), the governing body is also concerned and often wants or demands a say in such changes. Regardless of protests to the contrary, adjustments to a structure often impacts the salary expectations of those involved. We were advised by senior management in response to our question about growth of salary costs that these costs were as follows:

- 2017 Budget- \$23,579,292
- 2016 Actual (pre-audit)- \$23,150,239
- 2015 Actual- \$23,563,724

The City of Lloydminster structure is one of the fundamentals in terms of how the system as a whole functions. It has been regularly revised as various individuals have been moved around the organization to meet either pending or real needs or to provide a benefit to the employee as a gesture of appreciation or as an attempt to bring about unqualified support. While we have not conducted a “deep dive” into the structure we believe that:

- it is overly bureaucratic and layered such that “supervisors” in some instances might only supervise two or three personnel. We were advised by City management that the “current staffing includes 182 FT in-scope; 77 PT in-scope; 87 FT out-of-scope and 14 PT out-of-scope. Employees at the Lloydminster Golf and Curling Centre are all included in the out-of-scope numbers as they are not covered under the Collective Agreement”.
- No one seemed clear on the development of a new function, the Land Division, which has two personnel and is lodged in the Community Services Division while its most logical counterpart, Planning & Development, is housed under Operations. The Land Division moved from Engineering to Community Services in February 2016. We were advised that “The primary reasons for this move was to provide separation between the Land Division and the regulatory functions of Planning and Engineering. Prior to the move, Land Division tasks/duties were completed by Planning and Engineering staff in addition to their regular duties. The Planning and Engineering staff were acting in both capacities of the developer and approver for all subdivision work completed by the City. The move provided the opportunity for the land division team to focus on our

subdivision developments, marketing, and sales of assets while staying at arm's length from the regulatory functions of the City. Land Divisions mandate is to manage and develop corporate land assets for the purpose of revenue generation and increased property assessment for the City”.

Currently, Land Division is staffed with:

- (1) Admin Support staff - supports team with administrative functions
- (1) Business Development Manager - Manages all functions of Land Division included business development, sales, marketing and project management
- (1) Director of Community Services - Responsible for all functions of Land Division and provides technical support to team

- We also question, for example, the notion of splitting Parks & Arenas from Recreation Centres. Combining the latter under one heading such as “Leisure Services” would reduce the size of your structure and reduce what we view as overlap and confusion.
- Further, the driving purpose of the division “Strategy & Partnerships” is difficult to discern given its present structure and make-up.
- The functions of “Communication & Marketing” and “Economic Development” could be placed under the office of the CAO as direct reports or the latter could be housed with Land, Planning & Development to ensure a more seamless service for anyone wishing to develop in the City.
- The City’s linkage to the Airport could be placed under Operations or Community Services depending on how the City views this resource.
- And we are advised that the Information Technology function reflects a management-staff ratio of about 1:3.

7.9 Hiring and Placement of Personnel

A major responsibility of any organization is its recruitment and training of employees for the positions within the organization such that the necessary skill sets are identified and met. This is a serious undertaking as the ability of the City to deliver on its commitments to its residents depends on its ability to competently deliver required services.

In normal circumstances, we would expect to find a clear and defined policy framework which speaks to the following:

- The City being a fair employer
- The City adhering to all applicable legislation
- The objective being to identify the best possible candidates for each position, whether internal or external to the organization
- Internal applicants being afforded an opportunity to move up in the structure provided that they have the appropriate qualifications and are judged better than the external top candidate(s)
- The compensation objective being that all employees would be paid at rates which have been carefully vetted and judged by impartial criteria as fair
- That any family members making application would have an additional level of scrutiny to ensure that any recruitment of family members adheres to fair practice and city policy.

One of the more puzzling aspects of City management in Lloydminster is the approach to hiring and placing personnel. As we were advised by a number of our interviewees, staff with inadequate qualifications or non-applicable experience and training appear to be transferred or promoted into management positions without clear justification. This is of more concern as it impacts the quality of overall management and particularly where very skilled and experienced resources are essential. While we have explored the rationale with respect to who is hired, it is our view that management's philosophy regarding promoting managerial employees into positions for which they may not have suitable training is ill-founded and not, in our view, in the City's best interests.

This philosophy is aided and abetted by the absence of any policy relative to posting positions. In the absence of such a policy (and while recognizing that those with their own agenda could manipulate the system regardless) senior management can pluck people from other parts of the organization and place them in senior roles OR ensure that anyone applying from further afield will be moved up to the short-list. This flexibility may appear to management to have some redeeming features but has appeared to supervisory staff at the next level to be demoralizing and without merit.

While we appreciate that there may be from time to time skill shortages due to the economy or the location of a particular municipality this is not always the case nor is it likely to interfere with the hiring of top quality people in a city like Lloydminster.

Does this management philosophy serve the best interests of the City of Lloydminster?

In our opinion, no.

7.10 Training & Development

At the heart of an effective organization is the realization that while the intent is to find managers and staff who are trained for the position to which they have applied, there is a culture which promotes ongoing training which is relevant to the position held and the management milieu which the organization is striving to create. Such training of course is based on the clear intention to strengthen the organization as it identifies its current and future challenges. Thus, the training is clearly targeted so that the best use is made of scarce training dollars.

There are organizations which offer skill training to senior executives. The University of Alberta offers a management development program for senior executives which it is prepared to custom design to suit the needs of an organization like the City of Lloydminster. Our call to the U of Alberta resulted in the following:

Certificate in Municipal Management and Leadership

<https://www.ualberta.ca/executive-education/programs/municipal-management-leadership>

This program is for leaders and managers in Municipalities - from mid-level management right up to, and including, CAOs. It covers topics such as innovation, change, leadership, finance, building an engaged team - all within the context of the municipal environment.

It is 15 days, spread over 6 or 8 months, provides a 3-credit reduction in the U of A MBA, and cost is \$6100.

Leadership Development Program

<https://www.ualberta.ca/executive-education/programs/leadership-development>

This 8 day program, over a four month period, is for newer leaders and provides skills and knowledge to lead a team effectively. Participants complete a project as part of the program, and are provided with 3 post-program coaching sessions with the instructors. Cost is \$4500.

Management Essentials Program

<https://www.ualberta.ca/executive-education/programs/management-essentials>

This 12-day program can be completed in its entirety (and provides a 3-credit reduction in the U of A MBA) or module by module. It includes: Leadership, Strategy, Finance, Business Economics, Globalization, Marketing, Decision Making, Innovation, Negotiations.

Cost is \$7195

Leading Series

<https://www.ualberta.ca/executive-education/programs/leading-series>

This program is focused entirely on leadership: Leading Self, Leading Teams, Leading within Organizations and Leading Through Conflict. It is 4 days, and can be completed in its entirety, or module by module. Cost if \$2895

The Executive Program

<https://www.ualberta.ca/executive-education/programs/executive>

This program is designed for senior leaders with 12+ years of management / leadership experience who have a desire to challenge their thinking and gain new insights into how to lead within their organization. It is 10 days, spread over 4 modules, and a cost of \$11,495

In addition to these, we are offering a new, blended program (distance, and in-class) for young leaders call The Leader Lab:

<https://www.ualberta.ca/executive-education/programs/leader-lab>

as well as other short courses with various topics:

<https://www.ualberta.ca/executive-education/short-courses#edmonton>

Further, other cities (like the City of Edmonton) also offer training programs for their senior managers and could be approached in terms of “piggy-backing” onto their course offerings. Our call today to the City of Edmonton (HR Division) resulted in the following:

For our Aspiring Supervisors

The Aspiring Supervisors Program is designed for individuals who are not presently in a formal supervisory capacity within the organization, but who are looking for insights, knowledge and tools to become more effective as future supervisors. As a cohort-based program, selected individuals will explore contemporary principles of management within the themes of Business, People and Self over an eight month period. Participants learn how these principles work in an integrated fashion to create a solid foundation for best management practices within the City of Edmonton.

These core themes will be examined from the perspective of an aspiring supervisor and will be considered through the usage of self-assessments, customized City of Edmonton case studies, online learning, small group discussions, exercises and assignments, as well as guest speakers internal and external to the City.

Tailored mentoring and coaching plans will also be created to further support each individual’s respective learning plan. The learning plans are to be jointly created at the beginning of the program

by the participant, his/her sponsoring supervisor and the School of Business.

For our Supervisors

Our supervisory programs are organized to match the level of ongoing supervisory expectations of various supervisors in the City. For example, supervisors of part-time employees have different demands than those looking after the full performance cycle of one or more teams. This is to address the costly issue of people completing training with no immediate expectations that they apply the skills they learn at their job.

There are Two Supervisor 101 Streams.

- The first stream of Supervisor 101 includes the **Optimizing Performance** courses which are **mandatory** for supervisors who manage the full performance cycle of one or more teams of permanent employees.

- The second stream is targeted at supervisors in the job at least 6 months and fewer than 3 reports. In this case, we offer **Essential Supervisor Skills** which is a condensed version of the concepts and processes covered Optimizing Performance. It is delivered by Labour Relations and School of Business staff. It is one day.
- Regardless of stream, supervisors also need to complete on-line mandatory courses: Duty to Accommodate and Code of Conduct for Supervisors. Enrolling in "Managing Disability Claims" is also required. The other recommended courses for your new supervisors are "Hiring Manager Certification Program" and "Leadership in Health and Safety."

Other Supervisor 101 Courses

Either stream entitles supervisors to additional courses in the Supervisor 101 program: for example, Building a High Performance Team, Handling Tough Conversations, and How to Manage Workplace Conflict.

For Our Managers

The Municipal Management Excellence Program supports leaders to increase organizational performance and effectiveness by focusing on City-specific systems, processes, priority areas, strategy, and culture. Courses are developed and facilitated by subject matter experts on City processes and systems and seek to provide common language and tools. A secondary focus of the program is for participants to learn about other areas and share great ideas across the City.

This program includes both core and elective courses, with blended learning opportunities, such as online and one-on-one coaching. The program also offers program supports, such as individual learning and development plans, additional online courses and resources, and post-course coaching sessions with subject matter experts.

EXAMPLE: Leading in a Municipal Environment

Gain relevant knowledge of the public sector environment at the City of Edmonton and build a stronger understanding of the way we do business at the City. At the end of the course, you will be able to:

- State relevant portions of the Municipal Government Act for your specific business unit
- State key bylaws and other legislation for your business unit
- Identify people to support you in preparing Council reports and for Council meetings
- Summarize the important internal and external stakeholders for the City of Edmonton

The City of Lloydminster is fortunate to have the budget for training and development as well as individuals who are keen to see their skills enhanced. This bodes well for the future. What the City unfortunately does not have is a policy to guide its training initiatives or a training plan to ensure that the funds are targeted properly and spent effectively.

The City decides on management training on an individual request basis. We were advised that "The City currently does not have a policy for training and development. The training requirements are part of the employee's success plan that's decided between the employee and supervisor and budgeted within their department annually. The direct supervisor approves any training for their employee. We are not

currently able to separate what amount of money was spent directly on training in 2016”.

Our concern in this regard is twofold: does the City have a clear policy (and supporting procedures) identifying who should be seeking additional training/upgrading and why; and who decides where employees go for such training? Without either “tool” in the City’s “toolbox” it is unlikely that the dollars that are spent will be allocated effectively or to their maximum value and that an employee’s other considerations might take precedence.

Is the City a fair and supportive employer? We could not make that judgment as there is insufficient evidence to even pass comment.

8.0 Leadership by Council

In order for local government to function as intended, the elected Council has to lead. Council must understand its authority/powers to decide, to make choices and to determine direction. Those concepts were covered by the presentation to Council on governance provided by its legal counsel in November 2016.

Such leadership on the larger issues facing the City or those issues not already covered by a current Council policy is based on one fundamental premise: Council members were elected in a democratic exercise called an election. Management’s proper response to itself and to its charges is simple: “get over it”. Yes, some people who were favourites amongst staff may have lost their seats; yes, some with good leadership potential may have been rejected by the public for whatever reason; and yes, the person you wanted for Mayor might have been run over by a new person running for Mayor who was not overly supportive to management in the campaign but who received about 66% of the votes.

An election represents the new reality. It also represents the opportunity to reset the clocks and move past election rhetoric and into real world governing. This has neither been easy nor quick to catch on. There are still some comments made which reflect holdover angst in part due to the heated nature of this past election. All members of Council, like management, need to “get over it”. The election is done. There is a new team in town and the citizens expect leadership, not blame.

One of the most alarming and, at the same time, disappointing aspects of our Review was the finding that this Council are not really expected to lead. Indeed, we found some evidence that the fact that Council showed evidence that it expected to provide leadership was greeted with a “they’ll get over it” attitude by some members of senior management.

Rather, Council is expected to approve. As we heard from members of senior management, “Sure, Council might ask a few questions but management will know what needs to be done so simply approve the recommendation and let’s get this exercise finished”. That is not intended to be an exaggeration; if we have clearly heard Council members (and some members of management) this has been the reality. For new members of Council (virtually everyone) this sense of being there to simply approve issues has provoked a fairly strong opposite response such that management has expressed concern to us that Council is being unnecessarily objectionable.

If this Council is to develop any sense of commonality with its administration, certain things must happen:

- Trust must be built with management
- Management must be more open with information to its Council
- Council questions will need to be anticipated by management and reports will have to include the appropriate and honest responses
- Reports on all issues to a Council agenda will be complete, fulsome and reflective of the key background pieces known by management to exist in City files or consultant reports
- Policies will be needed on matters which are either major or repetitive
- Leadership on changes to agreements/bylaws for ABCs (agencies, boards and committees) will need to originate with Council
- Financial information will need to be complete, accurate and future-oriented to ensure all Council members understand not only where things are at right now but where the City’s finances will be down the road
- Council’s leadership on issues must be expected and respected, not resisted
- Members of Council (including the Mayor) will receive their due respect.

8.1 New Approach to Governance Required

It is our view that this Council needs to develop a different approach to how it approaches issues on which it needs to make decisions. What is decided by Council vis-à-vis management is largely determined by:

- The City Charter
- The City Manager bylaw
- Council policies

On what matters should Council set policy? Everything that Council has not delegated (by bylaw, resolution or policy) to the CAO to resolve on his own (or that of his management). That is why Council policies are so critical. The City has very few either because it failed in the past to understand why they might be needed OR because the absence thereof supposedly gave management much more flexibility.

If Council expects to lead (and we believe that it does) then the following key tools are absolutely essential:

1. **Ongoing Training/Learning:** Council members have been exposed to some training on their roles. Each would have received the “Candidates Nomination Information Package” as well as the “Councillor Orientation Package”, the presentation by Reynolds Mirth Richards and Farmer (November 8th 2016); Code of Conduct Bylaw #08-2016; Departmental Overviews (November 2016); and some were present at a Governance Seminar (November 29th 2016) by this consultant. Council members need to appreciate that being elected was only the start. This is a new role and largely distinct from other roles performed to this date. This is not familiar territory for most and it will take time to feel both competent and comfortable in these new roles. Targeted training and time are both key elements.
2. **Clear Council Vision:** While we apologize for being a principal reason for the delay in the strategic planning schedule, the end effect should be more productive. While we did not make the decision to postpone, we both influenced it and supported it. It is difficult to expect this Council to earnestly engage in forward-looking planning when this Governance Review is occupying their

thoughts and when the outcomes may prejudice decisions impacting corporate leadership.

3. **Policy Development:** We admit to being surprized by the lack of focus historically on setting clear Council policies. What that typically means is one of two results: either every issue is brought to the Council table because without policy covering/addressing the matter, who has the authority to decide or management believes that it is entitled to make most decisions unilaterally as being within their purview to do so or issues drift, being resolved either through time or through reliance on previous and similar decisions. We are encouraging a much more proactive approach to policy development and will provide a policy template and a list of basic policies for Council to consider. We are, at the same time, opposed to trying to develop and approve these all at once because if that is the case, there will naturally be very little knowledge of or commitment to the actual product. We note and commend the administration for bringing forward a plan to update the current suite of bylaws and policies (see Report LS-17-002).
4. **Council Expectations and Effective Questions:** This Council has seemingly grasped the importance of asking questions at meetings when their understanding of a matter is not complete or where there is a suspicion that not all the required information is at the table. Leaders ask questions. One of the best leadership quotes we have encountered is “One can lead with no more than a question in hand” (“The Work of Leadership” by Ronald A. Heifetz and Donald L. Laurie). This also applies to management as well. For too long, those below the top level of leadership in this organization are advised that their role is to follow the direction of those above and to ask any questions is tantamount to undermining the boss or bringing into question their judgment. Former staff spoke of the consequences of questioning their leaders. Such an environment does little to produce future leaders but rather, stifles any thoughtful reflection or the search for an improved course of action. For example, such a philosophy restricts input to Council’s decision-making to the upper tier as though only it

had any real concept of where the City should be going. Such a mindset is and has been debilitating.

5. **Good Governance:** of equal if not greater importance is Council's own approach to governing. What we have heard, read and observed informs us that Council fears being manipulated so it responds in ways that may not be very appealing to the administration. Angry outbursts are a response to inner frustration. They may not be pleasant but they do say something about the comfort and confidence level of Councillors. Meetings off-site apart from the presence of management is a clear signal that Council members do not believe they are receiving good advice from below or at least the full picture so off-site meetings are held to reassure one another that "if we hold together management will eventually see that we expect much more". This has also prompted Councillors to demand that agenda packages be available to them earlier than had been the standard (i.e. now Tuesday for a meeting the following Monday).

Good governance, however, is not built on frustration but on determined direction, sound principles and clear choices. It reflects a Council that understands the essence of the issues and wants to provide leadership which enables rather than hinders those charged with the management of solutions. In this Report we lay out a revised model which we believe will ensure that Council is firmly in the leadership role it is expected to occupy.

6. **Proactive Protocols:** Protocols (as we define the term) are internal policies used to direct the administrative organization and effectively guide Council behaviour. Such protocols "protect" the staff from the interference of overly zealous members of Council and at the same time direct management to be open and above board in its responses/interface with Council. An example of some protocol topics follow:

- CAO advised of any requests by Council for information
- Council defers to CAO responsibilities vis-à-vis other management employees

- CAO provides Council with policies dealing with matters as: performance reviews; changes to compensation levels, position posting, transfer of employees within the organization,
- Council's access to the organization structure
- Response to questions to management during a meeting of Council
- Current approved policies followed by management

9.0 Model of Governance

We have thoughtfully considered what model of governance would make the most sense for the City of Lloydminster. We are quite aware of the alternatives, some of which could work depending on the circumstances. Based on the City's present situation and the dynamics at work, we are recommending a revised "committee of the whole" model called the Governance & Priorities Committee, referred to hereafter as the GPC. The GPC will accomplish the following objectives:

- Council will be afforded the time needed to carefully consider significant issues and policy changes
- Management will have a forum wherein key policy issues will get a fulsome hearing and where the ideas of management will be respected
- The public will be able to hear (and participate under certain parameters) the debate, questions, responses and will understand what options will be under consideration.

We believe that the following conveys much of that and while we have drawn extensively upon work we conducted for a previous client, we believe that it fits with the requirements of the City of Lloydminster.

The model of governance chosen by the City Council impacts how it discharges its responsibilities. That is, the way decisions are made and how they are communicated is a reflection of the process utilized by Council in making those decisions.

Council meetings generally reflect the final stage in a Council review of a matter. Normally, a municipality will establish a series of decision-making processes that enable the members of Council to fully grasp the issues under review, their policy and budget

consequences and their potential impact on the public. The Council meeting is simply the forum wherein a preliminary or draft report and recommendation is formally considered and either approved or denied (or, from time to time, referred back to the administration for additional research on some outstanding question(s)).

9.1 Committee Options

In many municipalities, though not all, the best opportunity for debate and discussion occurs at the committee level. Council members (and/or members of the public) may be appointed to serve on various committees that are assigned a particular mandate that Council feels will best enable it to receive the additional judgment and thoughtful consideration of its members.

Unfortunately, committees often represent the best and the worst of local government decision processes. That is, a committee can be very helpful in adding value or it can be used as a roadblock to decision-making. It can assist in clarifying issues or a committee can obfuscate the real issues and confuse the members.

The real purpose of any committee is to provide a body of second sober thought, a “senate” as it were which allows the Council to reflect, to ponder on the issues within the issue, the probable policy consequences before a major mistake has been made. The intent of the committee should be to ensure that Council receives the absolute best advice the committee can discern based on its terms of reference and the advice and reports to which it has access.

Our concern with a standing committee system (on which we have written extensively) is that Council needs to be making decisions from a holistic standpoint and not from the notion that any one committee drives the agenda of the Council. Otherwise, the business of Council will not reflect the whole, but, rather, the consensus of a small segment of Council members who may find themselves led to certain conclusions by either the staff who are attached to serve the committee or by the public who attend such meetings.

There are some basic options in terms of how a Council governs. Some are used extensively by municipalities across Canada; others have been used and discarded when they failed; still others have been modified to suit the needs of a particular Council facing particular circumstances.

The two extremes in civic governance are essentially: a considerable number of standing committees with narrow mandates (or a portfolio system) or a committee of the whole with a very broad yet hopefully focused mandate. In the former instance, Councillors are appointed to a plethora of standing committees and act in an oversight role to various civic functions. Thus, one committee may be devoted to parks while another oversees recreation with still others devoted to community facilities, tourism, planning, economic development, fire services, policing, social services, housing and so on. These committees tend to be so focused on a narrow range of functions that within the first few meetings, the focus by the weight of necessity has shifted from policy issues to day-to-day management.

The second extreme is that of a single standing committee, referred to as a “committee of the whole”, which has a narrow range of issues which must be referred to it by virtue of its terms of reference (e.g. planning, budget). Thus, this single committee may be limited to reviewing planning matters (which by legislative necessity, must be reviewed by a committee of Council), and budget issues which take pre-eminence during one season of the year. In this model when taken to its extreme, the vast bulk of the City’s business flows through unimpeded to Council at its regular meetings or is handled by the administration who understands that they have the authority to do so by virtue of the legislation, the CAO’s bylaw and its delegated powers. While this model can be very efficient, it tends to encounter some resistance from Councillors who may fear that they are being left out of issues that they saw as being important or “interesting”. Or, members of Council might argue that because these Committee of the Whole issues are going to return to the regular Council meeting table, the process may (and will likely) become redundant.

9.2 Evaluative Criteria

The key evaluation by any Council should be dependent on the following questions:

- ✚ *“Did our Model of Governance enable Council to ensure that the business of the City was conducted in a fair, responsible and effective manner? Further, did the Model ensure that Council acted as the policy and political leaders?”*

Now, it is clear that various models can essentially be used to achieve the same ends. The real question lies more in determining which model will work best and be most conducive to ongoing quality government.

It is our view that Council needs to agree to a model that achieves the objective of being a Council that is fully engaged on the larger, more strategic issues and is able to add some value to the decision-making process on behalf of the residents. (This does not take away from the fact that there will always be members of Council who relate better to individual items that are largely administrative).

We believe that the Council-driven model which we are proposing will go a long ways towards ensuring that Council as a whole is fully engaged in the significant matters and is able to lead.

Council's decision as to whether or not it believes that the new model will make a positive difference should be based on its evaluation on a series of factors. These factors (or criteria) are suggested below:

- **Responsiveness to public needs (public-focused):** is the revised system responsive to the public? Will the public's input be well-regarded and will it be received and reviewed carefully?
- **Responsiveness to political leadership (accountability):** does the decision-making system employed by our City respond to the direction of Council and expect Council to lead or does it lead Council and expect it to follow the direction of the senior management?
- **Transparency of decision-making (openness):** is our system open to the public in terms of viewing what Council is doing or perhaps engaging with Council on the larger issues? Public business should be done publicly.
- **Coordination of resources (collaboration):** does our system encourage and facilitate all of our resources to think and plan cooperatively? Are people and departments integrated or do they look and act like fiefdoms?
- **Openness to change (flexibility):** City services are dynamic. Whatever system is adopted by Council needs to reflect this truism so that the Council is able to respond quickly to changing circumstances.

- **Clarity of authority:** In order to preserve the respective responsibilities of both Council and the administration, the Governance Model will need to set out the expectations and areas of authority for each party. It must be clear to each part of the organization what duties they are charged with and what level of authority each holds.
- **Simplicity of Design:** The decision-making framework needs to be simple in its design even though the nature of local government “business” is complex.
- **Currency of Information (the right to concurrent advice):** The system chosen by Council must ensure that the public is provided with reasonable access to information and that Councillors also have concurrent access to all other members.

9.3 The City Charter

The Charter defines the authority of Council to establish a committee system and set their terms of reference.

88 Council may

- establish Council committees and other bodies and define their functions, and
- establish
 - the procedure and conduct of Council, Council committees and other bodies established by Council, and
 - rules for the conduct of councillors, of members of Council committees and of members of other bodies established by Council.

89 A Council committee may consist

- entirely of members of Council,
- of a combination of members of Council and other persons, or
- subject to section 103(2), entirely of persons who are not

members of Council.

9.4 Determined Steps by Council

It is clear to us that the City's leadership by Council will only be as strong as Council's commitment to its role. That is, no system will ensure competent leadership if the governing body does not seize hold of its responsibilities and clearly establish itself as THE leadership body. This will, at least in this instance, require bold steps.

These include:

- **Improved understanding** of Council's approach to governance (i.e. Council needs to be willing to participate in relevant training in governance matters throughout each Council term)
- **Clear understanding of the City Manager/CAO's role** in functioning as Council's senior policy advisor and a willingness to follow the protocol of ensuring all administrative advice flows through the CAO (such a protocol needs to be written and agreed to and then adhered to by Council)
- **Confidence, respect and trust in the person who holds the office of City Manager/CAO** such that Council can make decisions knowing that the person who is their principal advisor has presented credible, comprehensive information and policy options which make sense; which outline clear options; and which allows the Council to make a choice
- **A proactive orientation process** following each municipal election that places the focus on governance
- **A proactive approach to strategic planning** that ensures that the Council is involved in leading the process on an annual basis with special attention paid to holding a strategic planning session within 90 days of any municipal election
- A renewed commitment and approach to **policy development**
- A reviewed and potentially revised **Procedural Bylaw** (depending upon the agreement of Council to these governance issues and recommendations, some procedural changes will need to be made)
- Concurrence on **Principles** guiding the "Governance Model" (these are included in this section of the Report)

- A **Governance & Priorities Committee(GPC)** which includes clearly stated and agreed upon terms of reference and guidelines (more on this later)
- An **Agendas Committee** formed by the Mayor and Deputy Mayor together with two advisors (the Clerk/(Director of Legislative Services) and CAO (whose role it is to guide the development of policy-oriented agendas which ensure that Council’s issues and concerns are being addressed)
- A **“Request for Decision Format”** for all administrative reports in order to improve consistency and ease of identifying the governance issues at stake in any such matter before Council (the City currently makes use of such a report format).

The foregoing components form the model that we are proposing. Taken together as an inter-related and inter-dependent fabric, they will establish the City as a leader of municipal governance and as a body that is serious about its desire to provide consistent and responsive leadership to its residents.

While this new model will take some time to refine appropriately, we are confident that it will meet the requirements of this Council (and the organization) and ensure that Council has the necessary tools to lead effectively.

9.5 The Governance & Priorities Committee (GPC)

It is our view that the City’s decision-making by Council will be improved by a stronger, more strategic approach to how it reviews issues. We believe that the present system of simply forwarding administratively-approved issues to the next regular meeting of Council is flawed. This style of “governance” generally presumes that the administration’s reports are well-crafted and that they reflect a good understanding of Council’s political philosophy of what is in the best interests of the public. While that may be true on many issues, it relegates Council to the back seat in terms of leading issues. This relegates Council to a rearguard position where it is consistently faced with trying to defeat the ideas of management on what were supposedly policy topics or issues.

It would be a much improved process if Council could get in front of that process and lead the parade. In order to do that Council (i.e. the Agendas Committee) would need to guide which items go through what process to get to Council. This approach ensures that Council’s concerns on what are obviously political issues will be addressed by

Council's GPC committee before they hit the Council table. At that table, the issues can be discussed without the concern that "we only have so much time today to make a decision". Rather, as a committee item it could be the subject of a planned discussion; a regulated debate; or it could be deferred to a later meeting of the same committee.

A Governance & Priorities Committee (GPC) would provide a very useful place of reflection and consideration by Council. Not all issues will need to go that route: some issues at the direction of the Agendas Committee will go direct to the next regular Council meeting. These issues are deemed to be fairly straight-forward and thus likely to be resolved in one inning (and possibly by way of a "Consent Agenda").

The main purpose of a GPC committee is to enable members of Council to review upcoming and important issues with members of the administration (and the public where that is appropriate) in a more relaxed environment, where the focus is on understanding the broader policy implications rather than on giving direction or arguing the merits of the issues.

Terms of reference for the Governance & Priorities Committee

The following are proposed as the appropriate terms of reference for the GPC. **The GPC** may:

- Hear from delegations and/or refer these on to Council
- Review matters forwarded to it by the CAO or by Council via the Agendas Committee
- Consider matters placed on the agenda by the CAO, by other members of Council (as determined by a resolution of Council) or by consideration of the Agendas Committee. Ensure that all such matters are referred to the CAO for a report
- Approve matters which it considers are within current policy
- Refer any matter on to a regular meeting of Council which is not the subject of current policy (including new statements of policy)
- Review reports or minutes from external boards and committees so that there is some degree of consistency as to how each is treated by the Council

- Meet publicly at a time which is deemed by a majority of Council as acceptable to most members of the public; meet on the alternate weeks to that of regular Council meetings
- May determine to meet in-camera on a vote of the committee at the conclusion of a meeting; in-camera matters are limited as per the legislation
- Meet principally as a forum for discussion rather than as a decision-making arena; enables all of Council to review and discuss key issues without the requirement to decide
- May refer an item to the CAO for more information or clarification but must move the issue forward to Council for its consideration and decision upon receipt of the clarifying information (in other words, the referral process if used is intended to be limited on a normal basis to two weeks)

The principal advisor to the Governance & Priorities Committee is the CAO. Whether or not other management (or other staff) is in attendance is the prerogative of the CAO.

All members of Council are the invited participants of the **Governance & Priorities Committee (GPC)** with the CAO (and, at his request, members of the management team) acting in an advisory capacity. (While we see Council and committee meetings as useful forums for exposing senior managers to the political-administrative interface, it is expected that the City Manager will limit the attendance of management to the extent that it does not equal or exceed that of Council). The purpose of the Governance & Priorities Committee is to enable members of Council to discuss key and significant agenda issues with the administration in a non-confrontational environment prior to their presentation for action on a Council meeting agenda. This committee is not expected to make policy choices or decisions as that role should be reserved to a regular meeting of Council. The value of a GPC meeting is its intention to offer Council members and the administration alike a forum to present and discuss key issues which will likely have a broader impact on the overall City agenda (i.e. its priorities) in a setting which lends itself to discussion rather than resolution.

GPC Committee meetings will generally have both a public and private component. Issues in the latter category would largely be restricted to those pertaining to legal

matters, confidential City land purchases and sales and personnel issues (or other similar matters incorporated within FOIPPA legislation and/or as advised by the City's solicitor).

Adopting this model (i.e. the GPC) should ensure that Council members are afforded a **period of reflection** on the key or significant issues which are likely to have a broader impact on all members of Council. Thus, the Councillors as a body would be cognizant of the key issues under review by the administration (or by an external body) insofar as they lead to the need for policy guidance from the Council. The actual day-to-day administrative aspects of the work of the City will continue to be discharged by the administration, under the leadership of the CAO. The advantage would be an increased degree of Council involvement in the more significant issues as they percolate forward to Council.

- **Principles of Operation (Governance & Priorities Committee)**

The GPC is not just another committee. It is purposely designed differently so as to make use of Council's time in a judicious manner. This committee will not review and comment on all of the items which will appear on a regular Council agenda. It will not "launder" such items nor act as a clearing house for the minutes or day to day business of any ABCs. It will not be a decision-making body. It will meet regularly and it will be expected to discuss and debate significant Council agenda matters: those which could result in a significant policy change or decision that may have a major impact on how the City does its business. On a GPC agenda there might only be one item deemed of significance by the Agendas Committee or there may be several. The recommendation may be to have a presentation on the topic or to invite spokespersons who are known to hold competing views on the topic. At the end of a discussion, the motion will be "to refer the report on XYZ to the next regular meeting of Council for its discussion and decision". In short, the purpose is to encourage a more fulsome discussion and debate on a matter deemed by Council to be of some significance.

- ✚ With the exception of any emergency issues brought to the attention of Council by the CAO, new policy issues will be considered by the GPC prior to consideration by Council.

- ✦ Any member of Council may request a matter to be discussed at a GPC meeting; such a request will be discussed by the Agendas Committee as to whether or not such an item will be added; if so, and a decision is made by Council to refer the matter to the Agendas Committee, then the item may be added to the agenda of the next scheduled meeting of the Agenda Committee.
- ✦ GPC meetings will be advisory in nature (unless otherwise designated by Council) with recommendations forwarded to Council.
- ✦ The CAO has the liberty to re-draft items submitted by the administration for Council approval based on the feedback received at a GPC meeting.
- ✦ The public has the right to attend any portion of the GPC meeting with the exception of any portion wherein the Committee decides on a majority vote to go in camera.
- ✦ The agenda items will be circulated to all members of Council as per the terms of the Procedure Bylaw.
- ✦ GPC will meet no less than once every 4 weeks except during July, August and December when the GPC may stand adjourned except to meet at the call of the Mayor.
- ✦ The GPC meetings will be chaired by the Mayor unless the Mayor designates otherwise; GPC shall designate which member of Council will serve as Acting Chair in the event that the Mayor is absent.
- ✦ Agencies, boards or committees and/or any Council-appointed task forces and public advisory committees will report direct to the GPC who may, in turn, refer their report with a recommendation to Council or may refer the matter to the CAO for comment prior to dealing with the report and or minutes.
- ✦ Requests by delegations will be reviewed by the Agenda Committee, who will determine whether or not the delegation should be heard by the GPC or by Council at its next regularly scheduled meeting; all delegations must comply with the provisions of the Procedure Bylaw with regard to providing briefing materials to Council in advance of any meeting with Council (or with the GPC).
- ✦ Final reports or recommended actions arising out of a GPC meeting or from the CAO directly should be placed on the agenda of the regular Council meeting and

be subject to the discussion/debate of the Council at that time. We view the regular Council meeting as the principal decision-making forum. This is where the major issues of the day need to be aired, debated and decided. As a result, the regular meetings of Council are recognized as the forum for decision-making.

Quorum

A quorum for a meeting of the GPC should be those members present at a regularly scheduled meeting.

Role of the Administration

The primary role of the CAO as always is to act as the policy advisor to Council and to ensure that Council has access to well-rounded information that adds to Council's understanding of the issues. During a GPC meeting, the CAO should be engaged frequently by Council in terms of responding to questions or by directing the questions of the Councillors to other appropriate members of his administration.

When a topic is opened by the Mayor to the table (i.e. to the rest of Council in attendance) for its discussion, the best approach would be for the Mayor to ask the CAO if he had any additional or new information to add prior to opening the floor to members of Council (or even to the public). The CAO may then re-direct the question to the senior staff member most impacted by the topic or under whose jurisdiction the topic fits. Providing that it is always deemed acceptable for the CAO to intervene in an administrative presentation, once he has deferred in his initial remarks to a department head, the members of Council should be permitted to continue their questions to that individual. (This is a departure from the protocol at a regular meeting of Council where members should be asked to direct all questions of administration to the CAO).

Administrative Review of Agenda Issues

While the agenda and tone of a GPC meeting is not as formal as that of a regular meeting, the quality of any debate will depend on the quality of the input. This requires that the CAO and department heads as appropriate establish their own timeline such that a meeting of the senior management team occurs several days prior to a GPC meeting in order that the department heads can review/discuss the issues from individual departments that are proposed to go forward to GPC.

Authority of a Council Member to Request Staff Reports

Any member wishing a report from the administration should be presenting such a request to Council as a whole through a motion at a Council meeting or through a request to the Mayor to place such a matter on the Agendas Committee meeting. No member of Council has that authority on his/her own.

9.6 Bylaw 24-2015: The Procedure Bylaw

The Procedure Bylaw is developed as the instrument to regulate the meeting procedures of the City. Its most recent iteration is listed as June 25th 2015. This Bylaw outlines the rules of meeting procedures and points out that the “precedence of rules governing the procedure of Council is: Lloydminster Charter, City of Lloydminster Procedure Bylaw, Roberts Rules...” This Bylaw would need to be reviewed and likely amended in part if the recommendations of this Report are adopted.

9.7 Overview of City Financial Revenue and Expenses

An additional information source briefly reviewed was the City financial position (source: Audit Statements). The four charts below indicate the trends over the last 7 years. The key findings from the financial statements:

- Chart 1 shows the major revenue and expense items. The revenues have increased by 156% from 2010 to 2016 (budget) and expenses increased by 189%. Administration costs increased by the highest amount (258%) of the items reviewed in the table. We do not know if the number of employees has increased as that data was not reviewed.
- Chart 2 shows the percentage of each of the revenue and expense items from table 1 data.
- Chart 3 shows the trend of the City expenses, which has increased from about \$45 million in 2010 to \$85 million in 2016. Administration is about 9% of the total expenses up from 6% in 2010. Again we do not have data to explain the change.
- Chart 4 shows the trend for revenues. Revenues grew rapidly to 2014 and have dropped and leveled off since then. Revenues in 2010 were \$63 million and increased to \$98 million by 2016. Revenues have flattened out in the last two years and expenses have risen.

The charts below provide a 7 year history of the City financial situation and expenditures.

Chart 1- Actual Revenue and Expenditures (Increase is 2016 from 2010)

Audited	2010	2011	2012	2013	2014	2015	2016- Budget	Increase
Revenue	\$ 63,431,967	\$ 73,228,625	\$ 84,616,549	\$ 87,913,936	\$ 114,160,226	\$ 100,510,232	\$ 98,783,685	156%
Net Taxes	14406942	15587586	18231498	20866836	23975122	27072987	\$ 27,168,275	189%
User fees	26331292	26225472	37975196	41796500	59617156	37861186	\$ 54,846,707	208%
Transfers	15562942	17684429	15976974	14159390	11558141	13414114	\$ 8,323,449	53%
Licenses	4340141	4798122	5170049	6037003	623647	6060045	\$ 6,172,244	142%
Other	2790650	8933016	7262832	5054207	18386160	16101900	\$ 2,273,010	81%
Total	63431967	73228625	84616549	87913936	114160226	100510232	\$ 98,783,685	
	2010	2011	2012	2013	2014	2015	2016	
Expenses	\$ 45,221,128	\$ 50,954,366	\$ 61,602,135	\$ 68,178,353	\$ 77,561,693	\$ 79,505,646	\$ 85,608,236	189%
Administration	2872194	2726836	3908843	4778248	4505734	6372933	\$ 7,396,563	258%
Bylaws enforce	6708728	7410346	8348350	9131573	9808750	11867830	\$ 11,939,699	178%
Roads, sewer	7658170	9136961	9001520	12869702	13858129	13347622	\$ 14,567,287	190%
Water	7495052	7540109	8129179	9024443	10848502	10376531	\$ 10,379,464	138%
Parks & Rec	9030619	11720899	1589538	14209656	15466898	16457373	\$ 16,963,518	188%
Others	11456365	12419215	30624705	18164731	23073680	21083357	\$ 24,361,705	213%
Total	45221128	50954366	61602135	68178353	77561693	79505646	\$ 85,608,236	
Surplus	\$ 18,210,839	22274259	23014414	19735583	36598533	21004586	\$ 13,175,449	

Chart 2- Percentage of Above Items by Year

Audited	2010	2011	2012	2013	2014	2015	2016
Revenue							Budget
Net Taxes	23%	21%	22%	24%	21%	27%	28%
User fees	42%	36%	45%	48%	52%	38%	56%
Transfers	25%	24%	19%	16%	10%	13%	8%
Licenses	7%	7%	6%	7%	1%	6%	6%
Other	4%	12%	9%	6%	16%	16%	2%
Total	100%	100%	100%	100%	100%	100%	100%
Expenses							
Administration	6%	5%	6%	7%	6%	8%	9%
Bylaws enforce	15%	15%	14%	13%	13%	15%	14%
Roads, sewer	17%	18%	15%	19%	18%	17%	17%
Water	17%	15%	13%	13%	14%	13%	12%
Parks & Rec	20%	23%	3%	21%	20%	21%	20%
Others	25%	24%	50%	27%	30%	27%	28%
Total	100%	100%	100%	100%	100%	100%	100%

Chart 3- City Expense Overview

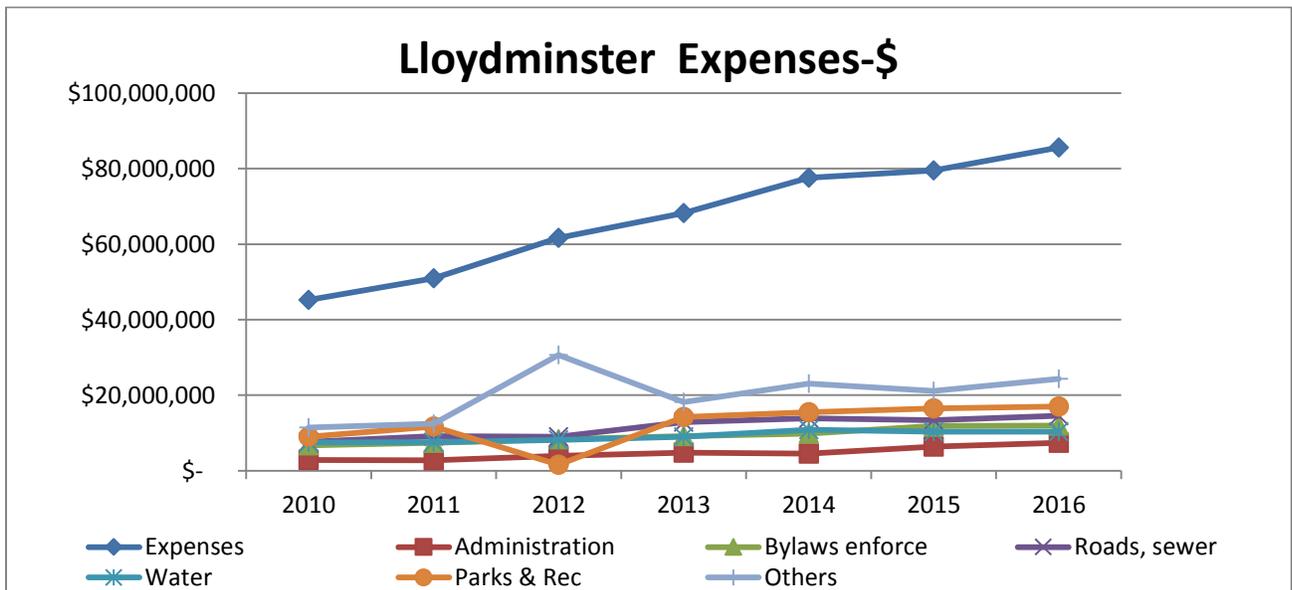
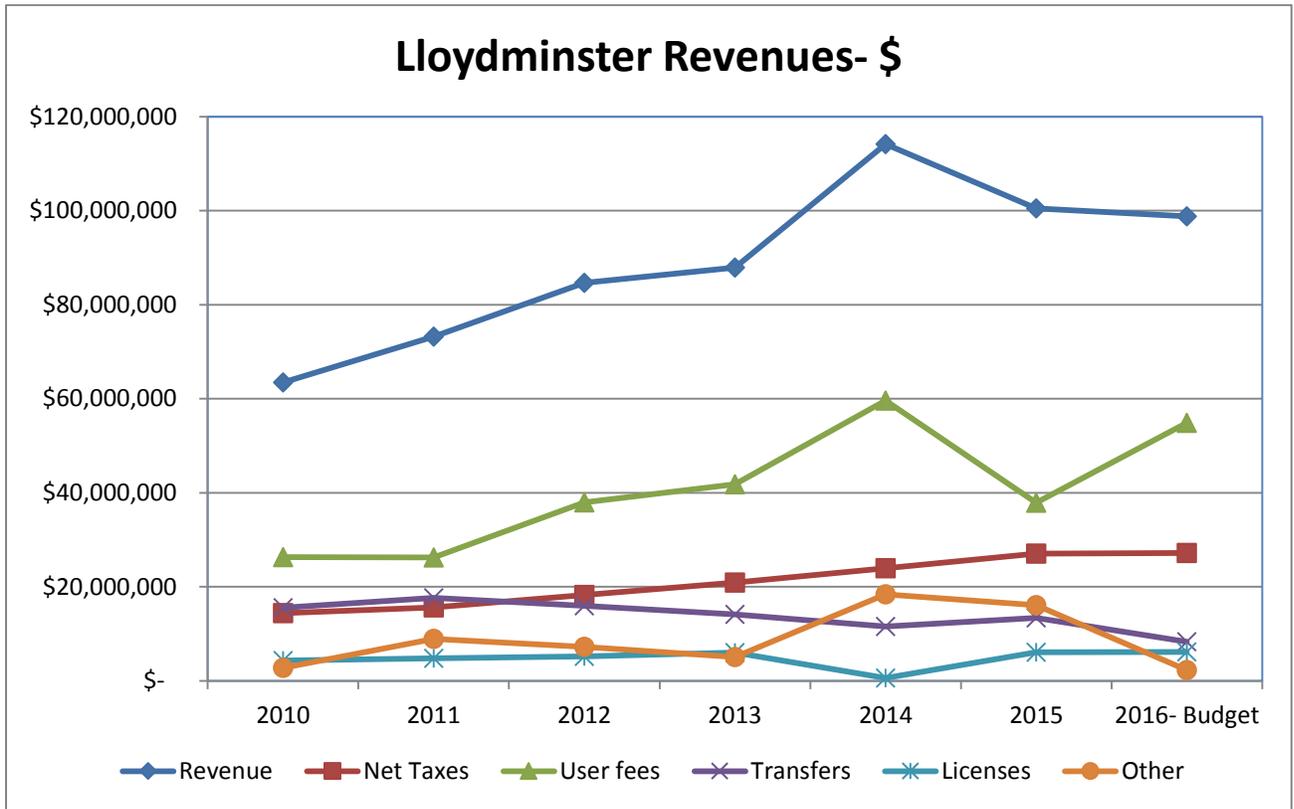


Chart 4- City Revenue Overview



10.0 Summary Findings

So, where does this place the City in terms of what ought to be on its “calendar for action”?

1. This is a new Council (Mayor and Councillors) so naturally there is some degree of uncertainty as to what the role should be and how can this Council be effective. There is no question that Council wants to be viewed as committed to the citizens and thus to the City.
2. There is a learning curve that faces each new Council particularly one that has six new members out of seven. This learning curve has been somewhat reduced by the orientation provided by management immediately after the 2016 election. The learning, however, continues.
3. An election also obviously impacts the administration in that it is faced with the challenge of trying to understand the motivations, interests and expectations of this new Council. Given that six of the seven leaders have no prior experience as an elected official (at least not at the Council level), it will take some time before Council members fully appreciate the extent of their roles and what they can expect and do in terms of impacting the future of the City.
4. While the date of swearing in new Council members might seem to mark the start of this term, in actual fact the relationships between members of Council and administration evolved during the election campaign and in some instances likely even earlier than that date (i.e. during the course of the last term as candidates began asking questions or expressing opinions through social media). While most members of Council have realized that their impressions of what the last Council and its administration were doing might well have been in error due to a lack of information, it is likely that reasonably ingrained impressions had been developed.
5. Management has been trying to get a handle on what their new Council expects and how those expectations will change/alter their world. This is normal and generally expected after every election. It is a period of angst as careers may be at stake or key projects or past Council priorities jeopardized.
6. What do we think are some “next steps”?

- a. Council needs to get a better grip on what it expects of itself and what its challenges are and will be. Council needs to lead from the front. To do so it will need to establish its list of key priorities and expect management to have cooperated in both developing the ideas and in ensuring that they derive the attention Council has requested.
- b. Council needs to determine its degree of confidence in its CAO/City Manager. This question impacts everything else that Council will do over its term of office. Without confidence, Council will find itself questioning every management recommendation, decision and action. This will prove to be draining within the system and disturbing to those affected by Council/management decisions. We have attached a Council-CAO Covenant in the Appendices of this Report (see Appendix G). That brief document speaks to the key elements in a Council-Manager relationship. This should be reviewed by both the Council and City Manager and if agreed upon, it should be signed as a symbol of the kind of relationship that needs to be built. Such a documented commitment would be useful now and into the future.
- c. Council (and management) policies are sadly under-represented. Immediate work is needed on this major plank of good governance such that a comprehensive policy framework is established, led by this Council. We will advise on some of the basic policies to develop and will recommend a format that we think “works”.
- d. The organization structure needs to be re-cast in order to drive both effectiveness and efficiencies. It also should be established as a policy document with Council having the authority to approve all senior level positions. The people who are hired to those approved positions should remain the authority of the CAO. It is our sense (and while that is rooted in a considerable degree of experience we have not tested it) that your structure is overly bureaucratic and weighted to senior management. It is our view that a closer look at the structure would resolve some of the questions that we raised.

- e. In order to “clear the air” with respect to past decisions related to both finances and HR decisions, An in-depth audit should be conducted by an external agency. We are reviewing the options for such a resource and if Council decides to accept this advice, we will recommend a name to you. We will also advise as to the terms of reference for such an audit.

11.0 Recommendations

1. We recommend that Council address our confidential advice on personnel matters as conveyed in the memo distributed to all members of Council.
2. We recommend that Council adopt this Report “in principle” as a first step. This puts the matter on the table for Council’s consideration.
3. We recommend that as a housekeeping matter that the title of the chief administrative officer be standardized as “City Manager” and that the necessary changes be made to any City official documents and contract as soon as possible.
4. We recommend that the role statements as included in our Report and as attached be adopted “in principle” and utilized in any subsequent orientations for new members of Council and administration.
5. We recommend that Council authorize an in-depth audit of the City’s actions and decisions over the period of 2010-17 relative to:
 - a. Senior management expense accounts
 - b. City expenditures authorized without Council approval through the annual budget process or by Council motion approving individual financial decisions
 - c. Human resource decisions impacting the hiring and promotion of personnel, payment of relocation costs, sole source contracts, policy governing the same (and whether or not those were either in place or followed)
6. We recommend that the new Council host a “meet & greet” with all members of the administration so as to present the new face of Council to its organization.

- a. We recommend that any current protocol(s) dealing with the interface between Council members and individual staff on a casual basis be clarified.
7. We recommend that the organization structure be reviewed in depth and assessed as to the management/staff ratio and whether or not a revised structure would enable to City to function in an effective and efficient manner.
8. We recommend that the compensation structure (salary grid) be assessed in light of any recommended changes to the organization structure.
9. We recommend that the CAO ensure that all reports to Council are fully vetted by the CAO and that any perceived policy changes or impacts are properly flagged for Council's attention.
10. We recommend that Council adopt an "Agendas Committee" as part of the new approach to governance and in line with the proposed "Governance and Priorities Committee" (Appendix F).
11. We recommend that Council adopt "in principle" the governance model (the Governance and Priorities Committee--GPC) system as designed and explained and review its effectiveness over the subsequent six months. We will provide additional details as to how this model differs from a normal committee of the whole and how it is intended to function.
12. We recommend that Council implement this new model in April 2017.
13. We recommend that the governance "principles" (Appendix B) be adopted in principle and be used to guide Council's governance model.
14. We recommend that Council "governance policies" be developed by the SLT for submission to the Governance and Priorities Committee (GPC) and any recommended changes be presented to a regular meeting of Council within 3 months. We have attached a list of potential governance policies Appendix C).
15. We recommend that the Request for Decision format (Appendix E) be reviewed by Council and administration and assessed as to its potential merger with the format currently in use.
16. We recommend that a comprehensive and revised approach to CAO evaluation be developed and adopted by Council.

- a. We recommend that Council adopt the Council-CAO Covenant (Appendix G) which ought to be used as a guide to the relationship between Council and its CAO.

Closing Comment

We have appreciated the invitation to provide advice to Council and management. We trust that the recommendations together with the content of the seminar/workshop session will prove to be valuable.



George B Cuff, FCMC
President

c.c. Darrell Toma, P.Ag., CMC

Appendices

Appendix A: Role Statements

Role of the Mayor

According to the Charter, the Mayor has the same responsibilities of all members of Council as well as performing the leadership roles of the Council.

General duties of councillors

102 Councillors have the following duties:

- (a) to represent the public and to consider the well-being and interests of the City;
- (b) to participate generally in developing and evaluating the policies, services and programs of the City;
- (c) to participate in Council meetings and Council committee meetings and meetings of other bodies to which they are appointed by Council;
- (d) to ensure that administrative practices and procedures are in place to implement the decisions of Council;
- (e) to keep in confidence matters discussed in private at a Council or Council committee meeting until discussed at a meeting held in public;
- (f) to maintain the financial integrity of the City;
- (g) to perform any other duty or function imposed on councillors by this Charter or another enactment or by Council.

General duties of Mayor

103(1) In addition to performing the duties of a councillor, the Mayor has the following duties:

- (a) to preside when in attendance at a Council meeting, unless this Charter, another enactment or a bylaw of Council provides that another councillor is to preside;
- (b) to perform any other duty imposed on the Mayor by this Charter, another enactment or a bylaw or resolution of Council.
- (2)** The Mayor is a member of all Council committees and all bodies established by Council pursuant to this Charter, unless Council provides otherwise.
- (3)** Notwithstanding subsection (2), the Mayor may be a member of a board, commission, subdivision authority or development authority established pursuant to Part 17 of the *Municipal Government Act* (Alberta) or pursuant to *The Planning and Development Act, 2007* (Saskatchewan) only if the Mayor is appointed in the Mayor's personal name.

It is important that these roles be clearly understood. The legislation does not encourage or allow the Mayor to act independently. The Mayor is expected to be a leader and yet function as “one of” not “apart from”. The Mayor will always be viewed by the public as the face and voice of Council but must never allow that public personae to be used in an imperial or directive fashion.

Importance of the Mayor’s Position

The foregoing commentary does not mean that the Mayor does not have a very important role to play. The Mayor is central to what is commonly referred to as “tone at the top”. Much of how the community views its Council is a reflection of how it sees its Mayor. Is the Mayor on top of things or seemingly disinterested? Is the Mayor decisive or does he seem to waffle? Is the Mayor respectful of other Council members and trying to build a team or does the Mayor operate in a high-handed manner seemingly without caring about the need to lead a team? Is the Mayor a person of high integrity or someone that believes that the rules and legislation were meant for everyone else?

The Mayor’s style should be one which enables each member of Council to see their own worth to the collective whole.

The Mayor is the leader of the Council team despite the fact that his team may not see things as one but rather whose members speak out separately on the key issues. Where Council members disagree on key issues, the challenge for the Mayor is to listen carefully to what each is saying and try to identify common ground in their arguments. The Mayor seeks consensus while understanding that in its absence democracy rules. That is, regardless of the Mayor’s efforts the Council might be split on this or that issue. That is how it may remain and thus the Mayor has to lead from whatever decision of Council has been approved by resolution. Such consensus building is not simple nor is it not without considerable time and effort. And, ironically, it might be without positive result.

What most Mayors understand is that a healthy Council has everyone at the table, informed and involved. That is, there is no effort to exclude those who might disagree; such disagreement should be accepted with grace and as a normal part of any healthy Council.

Leader of All

The duty of the Mayor in such circumstances is to work with all members and not single out some as being on his “side” and the others as relegated to the sidelines because they do not support the Mayor. Such a style of leadership (which we realize has been witnessed in various communities across Canada) is divisive to the core and results in enmity not collegiality. Playing silly, immature games while purposely dividing the Council and then not really caring as long as the Mayor controls the majority view is behaviour unbecoming a chief elected official. How one leads the team in such a circumstance is difficult to fathom. The Mayor recognizes that on any given topic, some of his colleagues may choose to have a different opinion. That being so does not inhibit a mature and thoughtful Mayor from ensuring that all members are equally and concurrently informed and all given the opportunity to express their differences to the views of the Mayor. When that is so it eliminates any possibility of the Mayor acting in a deliberate fashion to shut out the voices of those he would expect to be opposed.

Concurrently Informed

The Mayor ought to be focusing on how to ensure that all of Council is concurrently informed. That would be the respectful thing to do and would reflect the fact that the Mayor sees all of Council as his colleagues and as equals. One way in which this process can be manipulated in the Mayor’s favour is by the Mayor holding onto valuable information and not sharing the same with his Council colleagues. This is generally done knowingly and with the purpose of making the rest of Council dependent on the Mayor for his judgment as to what course of action to follow. A mature Mayor seeks to ensure that all members of Council are treated equally and fairly.

Community Conscience

We generally expect the Mayor to be the conscience of the community: to act in such a way as to place the interests of others before any evidence of self-interest. The Mayor needs to conscientiously set aside any professional or personal obligations or commitments that are not in the best interests of the community and act as “one of” rather than the only one. The Mayor’s business interests should be made known to the CAO and Clerk and any issue that subsequently arises in Chambers which impacts on

those interests should be quickly identified so that the Mayor can be excused from any discussion on or voting on these issues.

If acting as expected and anticipated by legislation, the Mayor respects the fact that he is but one voice representing Council's "face" to the public. The Mayor has one vote, not a majority. The Mayor can encourage a Council to act in a certain way but cannot coerce it to do so nor can the Mayor act unilaterally. The Mayor can say what he thinks Council's views on a matter will be, but a Mayor cannot categorically state what it will be; nor can a Mayor make any commitment to an action before the Council as a whole has made a decision.

The Mayor's voice has much more volume than that held by his colleagues. That is, when the Mayor speaks his voice carries weight beyond that of any other member of Council. The Mayor has the vote of the citizenry behind him/her and they see him as "their" leader and spokesperson. That is a role and perspective which ought not to be treated lightly.

Informal Power

The Mayor's power is informal but it can still be very persuasive. The Mayor may only have one vote on each matter but the office carries with it more prestige and "power" than the vote would signify. Whenever the Mayor speaks, the community presumes that he is uttering the will of the Council. This is both a power and an obligation: a power in that his voice carries more influence than the individual voices of his colleagues; an obligation in that the Mayor must be very careful not to go beyond the parameters of his office and presume that because he speaks, others must fall in line. The Mayor, regardless of how committed to a particular course of action, needs to ensure that all members of Council understand the implications of that course and are willing to endorse the leadership being offered by the Mayor.

It needs to be understood that the ability of the Mayor to be influential on Council is highly dependent on the willingness of the rest of Council to follow the lead of the Mayor. While each Mayor is entitled and indeed expected to hold his own views on most issues, the challenge for a Mayor is to be able to rightfully claim that he reflects the will of the majority of Council. The most logical way to ensure that this is the case is to develop a policy framework on the key issues such that each member knows where

the Council stands on that topic with sufficient confidence so as to express those views publicly without fear of contradiction.

Role of the Chief Administrative Officer (based on Municipal World articles)

The position of CAO in the City of Lloydminster is guided by the City Charter and by Bylaw #66-2013 (A Bylaw to Establish Designated Officers). According to the Charter:

- 147(1)** Council must appoint a person as commissioner.
- (2)** The commissioner is the administrative head of the City.
- (3)** The commissioner must
 - (a)** appoint a clerk, a treasurer and an assessor, and
 - (b)** ensure that the duties and functions assigned to the clerk, treasurer and assessor by this Charter or another enactment or by Council are carried out.
- (4)** The commissioner must perform any other duties and may exercise the powers and functions that are assigned to the commissioner by this Charter or another enactment or by Council.
- (5)** The commissioner may delegate any of the commissioner's duties, powers or functions to any employee of the City.
- (6)** Council may give the position of commissioner any title Council considers appropriate.

Bylaw #66-2013 essentially is designed to establish the positions of commissioner (CAO), clerk, treasurer, and assessor. The commissioner (CAO) "is the administrative head of the City".

The CAO's work is multi-faceted and includes the responsibility of all aspects of the administration: the duty of advising the Mayor and members of Council; ensuring a focus on quality customer service; supporting and coaching team members; ensuring sound policies are developed; establishing the necessary supporting procedures; participating as a member of the senior management team; supporting effective administration; and working collegially with the Mayor.

As we view it, a CAO's ability to carry out these roles depends in large measure on his ability to build relationships with those in the organization (particularly at the senior level) and to develop a strong relationship to Council. This is generally a function of his

ability to advise Council regularly and comprehensively such that the latter is able to develop a high degree of confidence in his ability to carry out the tasks involved.

This confidence is an elusive factor and one that dominates the life of each and every CAO across Canada. Indeed, every chief officer that we have ever worked with has commented on the absolute necessity of building a high level of confidence with the Mayor and Councillors in order to make the system work as intended.

Strong Relationship Required

There are various reasons why we place such a strong emphasis on relationship and confidence building. First, the decisions of the governing body are often predicated on their confidence in the advice provided by their administration. Where there is a substantial degree of confidence, it may be presumed that the Council will accept the advice and provide their approval by way of resolution, policy or by-law. This is not to say that there will not be suggestions for change or amendment or questions relative to options that have been presented. There is not, however, any likelihood of hand-wringing over the “what ifs” after the meeting, given that Council feels confident that it has received all of the salient and available information and thus its decisions, regardless of their popularity, are likely sustainable.

Secondly, the decisions being made by a Council on the advice of its CAO are assumed to be relatively “high level” and of substantive impact on the delivery of local government services or the resolution of issues. As a result, it is imperative that the advice of the CAO is presented in an honest, comprehensive and straight-forward manner without reference to the potential political fall-out which might occur. Similarly, Council members should be able to receive the reports and advice of the CAO with complete confidence. Both Council and the CAO will recognize that a perception that decisions have been mishandled or with less than complete objectivity and professionalism, may negatively impact the City. Such decisions may become the matter of lawsuits if not carefully managed and may cost the City financially and may negatively impact the City’s reputation if it is found that the City acted without taking all the steps that would be considered by peers in similar circumstances as “reasonable, logical”.

Thirdly, the role and performance of the CAO impacts the perception that a Council can have of its complete administration and particularly those at the senior management level. If the relationship between the Council and CAO is one based on trust and respect then there is more likely to be a similar degree of confidence in the work and reports of other members of the senior management team. If there is a lack of trust then it might be expected that members of Council will begin to bypass the CAO and deal directly with the other senior managers. If the Council has confidence in the ability of its CAO to make quality decisions, this transfers as well to his ability to recruit top quality people for senior level positions as well as being able to make prudent decisions relative to their hiring or dismissal.

One Employee Model

Many jurisdictions across Canada recognize the value of considering Council as a “one employee” organization. This model requires the advice to Council being vetted, approved and signed off by the CAO and any direction to the administration either flowing through the CAO or being subject to the approval of the CAO.

Another significant role played by the CAO is that of the administrative team leader responsible for organizing and building the skills and abilities necessary to discharge the functions of a City. According to the position description, hee is also responsible for ensuring that there is a strong focus on quality customer service using a team approach. This requires training and coaching senior staff in what the City regards as “quality service”. Further, the leadership must not only encourage all members of the administration to pursue service excellence, the CAO and his team must “walk the talk” such that those following can model their performance and attitude in terms of what they see on a daily basis in the lives and management styles of the CAO and his subordinates.

A part of this responsibility is to build into the direct reports and through them to the rest of the administration, the type of successes that are possible through collaborative efforts. This is never accomplished at once or through an individual effort but over the course of time and through the combined efforts of all senior team members.

The CAO also has a delicate balance to maintain in terms of his leadership “at the table”. He needs to be seen as “in charge” without using the powers attached to the

role in such a way as to intimidate his colleagues. His role as meeting chair is to guide discussions, solicit solutions to issues, encourage respect for the Council, and plan administrative response to the Council's leadership (as expressed through the budget and strategic plan). If the message is one of empowerment and support for a collegial approach, then unilateral decisions should be minimal.

Council also needs to have confidence that its decisions are going to be carried out by the administration immediately (i.e. as soon as realistically possible) after the Council meeting. Thus, regardless of the advice of the CAO and administration being deemed acceptable or not, the decision of Council is that which defines the resulting action. The CAO is responsible for ensuring that the decisions of Council are implemented as quickly as possible after the motion approving such action.

Policy Advice

One of the principal roles of any chief administrative officer is that of acting as the Council's principal policy advisor. The issues that should be presented to a Council by the CAO should be those that are significant to the well-being of the community. These should always be accompanied by the written advice of the CAO and should include reference to the existing policy that may need to be changed or waived or to a proposed new policy that ought to be drafted by the CAO and presented to Council.

It is our view that the CAO should:

- take forward to Council any issues which he is not familiar with and which is not a matter which is subject to a current council policy or bylaw
- provide his advice to Council in written form relative to any such issue, clearly outlining the key elements of the issue and including his recommendation as to the appropriate action by the council
- identify the concerns of the residents and advise Council as to the essence of any concerns and what he has been doing about them
- ensure that the services of the organization are clearly defined and are in concert with the expectations of the residents
- create position descriptions which reflect actual and current duties to be provided by each of the personnel
- empower staff to take action on their areas of responsibility

- provide support for staff in the face of any criticism from the public or from the council; take corrective action vis-à-vis poor performance where that is justified; provide confidential performance feedback to staff on an annual basis
- coordinate the efforts of the staff through regular (preferably at least once bi-weekly) meetings
- encourage ongoing and relevant training for staff; advise council which courses are available and which are applicable and appropriate to which member of staff
- ensure that the compensation plan and personnel policies are appropriate and fair for all employees.

Assistance to the Council in Direction-Setting

While the Council has the principal role in setting forth the vision for and with the community, this does not happen in a vacuum. The CAO is expected to play a significant role in developing the approach to be taken by the Council in articulating its views as well as providing advice to the Council on both current and future issues that need to be taken into consideration.

The CAO should be expected to provide Council with the background to what has been done by prior Councils; the role of planning with regard to the budget; the impact of past plans on the work of the administration; the projects that have been previously committed to by this or a prior Council; the impact of public consultation on the community's priorities.

What the CAO should not do is provide Council with a comprehensive draft plan and ask for its approval. Baptizing the will of the administration is not a good example of Council's vision.

Leadership to the Administration

The CAO is expected to play the predominant role in acting as the team leader of the administration. In this respect, he acts as the key linkage between the policy-makers on the one hand and the policy advisors and implementers of policy on the other. The CAO represents the narrow portion of the hour glass in that information and advice going to Council needs to be cleared through his office whereas the direction from

Council and guidance on how the will of Council is to be discharged also flows downward from the CAO.

The CAO needs to have a thorough knowledge of the programs and services offered by the municipality. While the CAO should not be expected to be the expert in such matters where there are qualified staff leading those departments, the CAO still needs to be sufficiently briefed as to the key directions and issues being faced by each department and/or service area.

The CAO is also responsible for directing/choosing who is to be hired in the key senior positions in the organization. Any position reporting to the CAO should be hired by the CAO. Any position reporting directly to a department head should, with few exceptions, be reviewed and approved for hiring by the CAO. The request for new positions should be approved by the CAO as should a recommendation to change the organization structure.

Managerial procedures should also be the purview of the CAO. Whereas the Council is responsible for establishing the policies of the system, the CAO needs to ensure that those are supported by effective administrative procedures. In larger centres, the CAO also will be charged with the development and approval of administrative policies.

Relationship Building with Council as a Whole

One of the key components of a well-rounded performance review system is an assessment of the relations that the CAO has developed and maintained with all members of Council, including the relationship to the Mayor.

It needs to be made clear that the role of a CAO is set out in legislation as being subservient to the Council as a whole. This is an important distinction in that all too often the Mayor or a powerful Councillor will exert influence over the CAO as though they had ownership of his role. Such a misapprehension of roles should never be tolerated by other members of Council as it establishes a dangerous precedent for future administrator-Council relationships and because it is contrary to the law.

The CAO answers to Council as a whole. His reports should be addressed to the “Mayor and Councillors” and any advice presented to one should be immediately copied to all others on Council. This is one of the key mechanisms for communicating this critical understanding. While the CAO needs to have a particular relationship to the Mayor

based on more extensive contact with the chief elected official, he must ensure that the proximity of that relationship does not interfere with the separation of roles. The Mayor acts as Council's liaison to the CAO and will pass both information and comments along that he feels are significant. That relationship, however, must not grow into something it is not intended to be or there will accrue negative results.

It would be useful for the CAO to draft for Council approval certain protocols that establish how this relationship will function. Such protocols need to include:

- Direction given to the CAO
- Direction given to other members of the administration
- Contacting staff for information/advice
- Access to preliminary research reports
- Use of office for private meetings
- Distribution/Use of Councillors' access to information
- Access by the CAO to legal advice
- Role of CAO at meetings with other political leaders
- Role of CAO in approval of Councillor expense accounts

A Critical "Link-pin"

Each Council should be advised by one person who should be delegated authority over the administrative organization. While that is admittedly a sweeping statement it is nonetheless an accurate portrayal of a very healthy system. The chief officer for the administration (in most instances referred to as the CAO - Chief Administrative Officer) should be viewed as Council's "go to person".

As we view it, a CAO's ability to carry out these roles depends in large measure on his ability to build relationships with those in the organization (particularly at the senior level) and to develop a strong relationship to Council. This is generally a function of his ability to advise Council regularly and comprehensively such that the latter is able to develop a high degree of confidence in his ability to carry out the tasks involved.

Fiscal Management

Ensuring that the financial affairs of the City are being properly managed is also a requisite function of the CAO. While local governments often associate that

responsibility with the Treasurer/Chief Financial Officer/Director of Corporate Services, the person most accountable for the fiscal health of the municipality is the CAO.

Such a statement is not contrary to any delegation of responsibility to the Chief Financial Officer (CFO). Rather, it is a reflection of the principle of personal accountability of the senior officer. The former (the CFO) is the person most likely to have the best grasp on the financial affairs of the community. The latter (i.e. the CAO) is the key member of the administration who should be held accountable by Council for ensuring that the fiscal affairs of the municipality are always maintained in a sound, healthy state. Thus, it is incumbent upon the CAO to choose someone for the important post of Chief Financial Officer who has the requisite skills and academic preparation, realizing how important that role is to the Council and residents of the community.

The CAO-Staff Relationship

I am continually reminded that the CAO has at least one other very significant audience with whom to maintain a high degree of confidence. The administration holds the keys to whether or not the decisions of the Council are being translated into action. If the CAO and his senior staff are on the same page, then it is likely that the decisions of Council will successfully work their way down the system. Where there is a lack of confidence in the CAO by the senior staff, that undercurrent of non-support will also send waves across the organization and will result in discontent, low morale and poor performance. The CAO has to be the team leader and in order for that to happen, the CAO has to be able to engender respect for his role. This is one of the principal challenges facing a new CAO and particularly one who comes to the job without much (or any) public sector experience at the senior level.

As chief administrative officer, one of the principal functions is to provide both a directing and coordinating role vis-a-vis other staff. The CAO is to be responsible for the functions and activities carried out by subordinate staff. While it is apparent that the CAO will need to know something about each of their areas of responsibility, it is equally evident that the CAO will need to rely upon the expertise and academic training possessed by each of these individuals.

Relationship to the Public

The CAO also has an important role in setting the tone of the City's relationship with the public. If the CAO sees the public as the client and the most important audience that the staff have for their work, then the responsiveness of the CAO will underline this sense of closeness to the people being served. If, on the other hand, the CAO is seemingly more interested in the technology of city hall and/or the outside involvements that he has, then the administration as a whole may respond with indifference to the needs and complaints of the public.

Local municipal officials must be prepared to respond to all sorts of demands both reasonable and unreasonable. There are times when the pressures are heavy and responses to the public are not made in as courteous and polite manner as they might be. The CAO and all other staff members must remember that they serve the public and that they are the people who represent the City to them. The job is not always easy but a positive attitude toward the public will not only help - it should be considered as essential.

Quality of Reports

It is our view that the principal mandate of the senior staff, particularly the Chief Administrative Officer, is to advise the Council as to its policies, programs, decisions and budget. A CAO is normally retained due to their expertise and experience. It is that which Council wishes to "tap". Such advice should be prepared and delivered by the CAO to Council in advance of any meeting (whether Committee or Council).

It is ultimately the Chief Administrative Officer's responsibility to check each report to Council in light of the following:

- does this issue need to be decided by Council?
- is this issue of considerable political interest to Council?
- has the appropriate format been followed?
- is the information complete?
- is it well-written?
- do I agree with the recommendation(s); if yes, have I signed it off; if not, have I attached my own report?

In the final analysis, it is the responsibility of the Chief Administrative Officer to ensure that any reports which are to be presented to Council meet the stated (written) standards of quality and completeness. This does not necessitate that the Chief Administrative Officer defer or dismiss reports which he may not fundamentally agree with but, rather, that he ensure that his own opinion, if contrary to that of the writer, is presented to Council as the covering document. In some instances, the Chief Administrative Officer might wish to request Council to defer or delay a decision until the management has had further opportunity to study the issue(s).

What if the Reality Proves Otherwise?

I accept that it is possible that a Council can be served by someone who lacks professionalism; plays silly games; is caught up in power; listens only to the Mayor; abuses senior and junior staff; has an anger (or substance abuse or pornography) problem; etc. All of the foregoing have happened. None of the foregoing are reasons to abandon the notion that a solid CAO with considerable authority is not the way to go. Council just has to make better choices and get the recruitment right at the outset. Find the best person available after utilizing a thorough (and preferably independent) executive search process.

Appendix B: Governance Principles

While not legislated, the following “governance principles” are based both on good governance literature and the experience of this consultant over a 38 year career.

- v The will of the majority as it is understood by Council will be reflected in all Council decisions.
- v All Council decision-making save and except that which is protected from public exposure by law shall be conducted openly with the public’s right to be present respected.
- v Council members will respect the right of each other to have a difference of opinion on any or all issues and will not attack other Council members for holding and/or voicing a different opinion.
- v Council members will respect the power differential which exists between themselves and their administration and will refrain from public and/or personal criticism; Council will publicly support and respect the role and integrity of its administration.
- v Decisions made by Council at a duly constituted meeting will be deemed to be decisions of Council and will be subject to prompt enforcement by the CAO and/or his staff.
- v Municipal property or information will not be used for personal gain by any member of Council.
- v All advice and information presented to Council by the administration will be treated with respect regardless of whether or not the member agrees with such advice and/or information.
- v Decisions by Council will reflect a thorough decision-making process including staff reports, public board or committee input (if appropriate), public hearings (where required or appropriate) and will be consistent with Council values, mission, goals and objectives.
- v Council will govern the organization through policies, bylaws and resolutions; the administration will manage and administer the decisions of Council and will ensure the effective utilization of the human, fiscal and physical resources.

- v Council will respect the mandate of other area governing or administrative organizations (e.g. school system, health authority, etc.) and will seek to work cooperatively with such organizations in the expenditure and use of public resources.
- v Council will seek to ensure that there is an effective monitoring process in place which ensures that its decisions are being implemented effectively and efficiently and in a timely manner.

Appendix C: Governance Policies**Potential Governance Policies**

- Council's Governance Model
- Council Priority Setting
- Consent Agenda
- Policy re: Regular and Transparent Reporting
- Council's Adherence to Confidentiality
- Council's Review of the CAO
- Council's Acceptance of the Views of Others
- Policy re: Respect for an Apolitical administration
- Policy re: Governing in Interests of the Whole
- Policy re: Ethical Government
- Council's Approach to Training/Development Requests
- Expense Accounts
- Recruitment of Employees; Posting of All Positions
- Council Approval of Senior Levels of the Organization Structure
- Council's Access of Administration
- Policy re: Primacy of the Council Table
- Policy re: Open Meetings
- Regional Alliances/Agreements
- Council Code of Conduct
- Council-CAO Covenant
- HR Policies
 - Health & Safety
 - Diversity in the Workplace
 - Respectful workplace
 - Position descriptions
 - Promotion of employees based on qualifications/experience
 - Recruitment

- Position posting
- Nepotism
- Harassment
- Confidentiality
- Training & development
- Travel outside the Province
- Employee dismissals
- **Basic Financial Policies**
 - Financial Administration Governance
 - Revenue
 - Business processes
 - Financial reporting
 - Budgeting
 - Budget variance reporting
 - Purchasing and contracting
 - Financing and surplus
 - Accounting
 - Risk management
 - Delegation of authority, spending/payments/agreements and contracts
 - Banking and cash management
 - Collections
 - Investing
 - Grant management
 - Inventory and asset management
 - Expenditures and commitment processing
 - Travel, hospitality and honorariums
 - Payroll processing

Appendix D: Request for Decision (RFD)

Meeting:

Meeting Date:

Originated By:

Topic/Issue:

A) THE PROPOSAL:

What is the essence of what is being proposed? Why is this important for the senior leadership team (SLT) to review; for the CAO to agree; for the Council to approve? What would justify this being beyond the authority of the CAO to respond?

B) GOVERNANCE IMPLICATIONS:

What are the policy consequences or impacts of this decision? What new policy is being recommended? What current policy is being set aside if we go in this direction?

C) BACKGROUND TO THE PROPOSAL:

What is the history of the issue and why are we discussing this now? What are the key preceding events? Have we seen the issue previously? What gives rise to this being placed before the SLT?

D) DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES:

What are the key options in terms of action? The City can stay with the status quo (option a) which is...? The City can proceed with option b, c, d...which are and which result in...

The advantages and disadvantages from the perspective of senior management are???

E) COSTS / SOURCE OF FUNDING (if applicable):

F) IMPACT ON STAFF RESOURCES:

G) IMPACT ON APPROVED BUSINESS PLAN OR PROPOSED BUSINESS PLAN:

This proposal is linked to the priorities of this Council as noted in the Strategic Plan...

H) RECOMMENDED ACTION:

That the Council accepts the proposal of the senior management team (SLT) and as signed off by the CAO. This proposed course of action has been identified as Option XXX which succinctly stated is as follows:

I) ADDITIONAL BACKGROUND INFORMATION:

There is a file of background information which Council members have access to relative to this report. The executive summary of that information is attached hereto. Additional information can be accessed by following this link:

J) ADDED COMMENTS BY CAO (as applicable):

<p>Initials show support - Approved by:</p> <p>Department Head: _____</p> <p>CAO: _____</p> <p>Date: _____</p>

Appendix E: Statements of Protocol**Managerial Protocols re: Governance**

1. The CAO reports to the Council and is the Council's sole employee. All other employees report to the CAO.
2. One of the keys to success is the sharing of information between the department heads and the CAO so that there are no surprises.
3. The primary decision-making body is the Council. All of the direction by way of policy emanates from Council. Administration advises; Council decides. Once a decision on a policy is made, the administration accepts responsibility to see that the policy is followed.
4. Unless established otherwise by legislation, any committees are subsidiary to the Council and are to be considered advisory in nature. They are very important in this governance model but are not THE decision-making body.
5. Any committees established by Council will only be removed by Council. Any decision to do so will first result in a meeting between the ABC and Council to discuss the "value-added" of the ABC. The Chair of the ABC will be kept informed and asked for input to any review of the ABC.
6. The role of the administration involves enabling the Council to make very good decisions by providing it with the best advice the administration has at its disposal. Such advice will always be clear, comprehensive and devoid of any political consideration.
7. Department heads are responsible for the assisting in the preparation of Council agendas (as well as any GPC agendas). Department heads are to submit such items firstly to the CAO for his review and approval before such items are referred to the Agendas Committee for review as to when these should be added to any Council agenda.
8. Department heads and the CAO will utilize the approved "Request for Decision" format in order to provide their advice to the Council in a straight-forward and succinct manner. The CAO will "sign off" on the issue ("Request for Decision") before it is added to a Council or committee agenda. Each RFD should

incorporate decision options. These are to be the best options available to any decision. The RFD will clearly indicate which of the options is preferred by the administration and for what reasons; and will be signed off by the CAO.

9. The CAO will determine who from senior staff is to attend any meeting of Council. The CAO will also determine the seating arrangement for any member of the administration.
10. The CAO will be responsible for the calling of any meetings of the senior leadership team (SLT). The agenda and minutes for such meetings will be his responsibility.
11. Department heads are expected to hold departmental meetings on a regular basis not less frequently than once every two weeks.
12. Any department heads or the CAO may be invited to attend meetings of ABCs (agencies, boards and committees) and if in attendance, will be expected to act in an advisory capacity only; and will not be under the direction of the committee; but under the direction of the CAO or, if applicable, the Council as a whole.

Appendix F: Agendas Committee

Agendas Committee

Quite simply, meetings are controlled by their agenda. While many municipalities overlook the importance of the agenda to good Council decision-making, we believe that an agenda is central to the process of local government and one of the key instruments by which Council controls the decisions which impact the City.

The recommended Agendas Committee should play a special and integral role in determining what is on a Council meeting agenda and its order of priority.

Mandate and Guidelines for the Agendas Committee

The proposed mandate of the Agendas Committee is:

- to ensure that the business of Council is being dealt with fairly and expeditiously
- to review potential agenda items and ensure that these are appropriate for inclusion on a Council and/or the Governance and Priorities Committee agenda
- to advise Council as to why any particular matter should not be brought forward for Council review at the present time
- The Agendas Committee should consist of two members of Council including the Mayor, the Deputy Mayor (with an Alternate appointed in the event that one of the foregoing will be absent)
- Advising the Committee will be the responsibility of the CAO (or designate) and the City Clerk (or designate). This committee should meet at least 3-4 days prior to a GPC meeting and review the agenda items as put forward by either the CAO, members of Council or by the Clerk. This committee should operate by consensus.

Agenda items should include:

- those submitted by the administration (and which require Council's policy review and approval)
- those which Council members agree by a resolution of Council to refer to either this Committee or to the GPC agenda for consideration

- those issues which an individual Council member might submit which the Committee believes warrants a report by the administration (and thus which the Committee places before Council in the form of a “notice of motion”)
- those which external boards/agencies believe require the guidance of Council before they can take a particular course of action

The Agendas Committee is not intended to act as a censor for agenda items. Rather, it is to serve as a sounding board for both Council and the senior administration to ensure that issues are dealt with effectively and in the proper course of time. The Committee is charged with ensuring that the time a Council spends considering Council’s business is used wisely and that business is conducted as openly as possible so as to be transparent before the public.

The Committee will ensure that the focus of Council is placed on “higher order” issues that potentially can impact current Council direction and policy. These “higher order” issues, for the most part, will likely be those of a strategic policy nature dealing with those issues which we outline as being within the purview of a Council.

The Agendas Committee will not have authority to defer any proposed agenda matter for longer than one regularly scheduled meeting without the prior consent of Council (by resolution). The City Clerk should be responsible for establishing a mechanism for tracking these issues and for advising the Council as to their eventual disposition.

Appendix G**Council-CAO Covenant****WE, as Members of the City of Lloydminster Will:**

- ❖ *carry out our responsibilities as set out in the applicable legislation to the best of our abilities*
- ❖ *make decisions which we believe to be in the best interests of the citizens of our jurisdiction*
- ❖ *review the background information and advice made available to us by the administration prior to rendering a decision*
- ❖ *seek further input from our CAO when we are unsure of the issues or uncertain as to the preferred course of action*
- ❖ *refer any complaints, either written or verbal, about the decisions of the Council or the actions of administration, to the CAO for review, comment and follow-up (as appropriate)*
- ❖ *refrain from making any commitments on behalf of the Council to individual citizens or groups other than to take the request up with the Council or CAO and to respond appropriately*
- ❖ *seek to participate actively in the decision-making process as it occurs at the Council table; make decisions at the table and not away from the table*
- ❖ *refrain from any public or private criticism of our administration wherein individual employees are identified*
- ❖ *act as good stewards of the City and as public servants of our citizens through ethical conduct*
- ❖ *provide effective leadership through guiding the corporation of the City through annual or longer term goals and priorities (the Council's Business Plan), through the budget approval process and by agreeing to reasonable policies which reflect, in our views, the best interests of a majority of our citizens*

- ❖ *ensure that we formally evaluate the performance of the CAO at least once annually and involve the CAO in this process so as to ensure a full understanding of the Council's candid assessment.*

Signatures:

Mayor

Councillor _____ Councillor _____

Councillor _____ Councillor _____

Councillor _____ Councillor _____

I, THE CHIEF ADMINISTRATIVE OFFICER WILL:

- ❖ *conduct myself as your chief policy advisor in an honest and ethical manner*
- ❖ *ensure that the Mayor and Councillors are accorded respect in all of my personal and public comments*
- ❖ *provide advice (on all issues) which is professionally sound, ethical, legal and in accordance to the policies and objectives of Council*
- ❖ *guide the actions of the administration so that they are in accordance with the policies and objectives of Council*
- ❖ *act only on the will of Council as a whole as established by the resolutions, policies and bylaws of Council*
- ❖ *forward any complaints or concerns of Council to the appropriate department and individual so that reasonable and prompt follow-up is assured*
- ❖ *ensure that Council is made aware of the full picture with regard to each issue at least to the extent that the administration is aware of such information and ensure that Council has access to the reasonable decision options as well as my recommendation as your CAO*
- ❖ *seek to ensure that Council is aware of any key issues as they arise and thus avoid the problems associated with surprises*
- ❖ *maintain a current understanding of the applicable legislation as well as relevant programs, policies and initiatives of other levels of government*
- ❖ *admit to any mistakes of substance made by myself or my staff and take corrective action*
- ❖ *listen carefully to the concerns of Council vis-à-vis my performance and seek to improve any deficiencies on an ongoing basis*
- ❖ *ensure that all major issues are tracked in sufficient detail so as to advise Council of any progress, anticipated problems or decision points.*

Signature:

CAO _____

Appendix H

Principles of an Effective Council

The principles related to Council as a policy leadership body (as we understand them) follow and are based on both the legislation and the literature:

- **Good government:** are the actions/decisions of the Council such that an impartial reviewer could assert that these are intended to serve the community well in terms of the City's ability to provide needed and preferred services in a manner deemed acceptable by the residents?
- **Adherence to decision-making protocols:** does the Council generally adhere to a reasonable process of decision-making? Is the necessary information in its hands prior to a Council meeting? Are all members informed on a concurrent basis?
- **Primacy of the Council Table:** are decisions of Council determined in advance of the actual meetings of Council? Do members of Council get together to pre-determine how certain issues will be decided? Does Council respect the primacy of the Council table?
- **Open meetings:** is the public afforded the opportunity to attend the meetings of Council? Are the meetings properly advertised/scheduled? Is there any known attempt to hide the decision-making processes and background information from the public?
- **Regular and transparent reporting:** are the minutes properly posted in a public manner and do they reflect the decisions of the Council? Has there been any attempt to hide information from the public which the public has a right to see? Are the minutes brought forward to the next regular meeting of Council to be adopted?
- **Apolitical administration:** is there any attempt to guide the report writing of the CAO and his senior staff such that the reports to Council are representative of Council's political views rather than what constitutes "best apolitical advice" based on the collective expertise of the administration?
- **Interests of the whole:** are the interests of the whole community being considered by Council in its decision-making? Does Council put the interests of particular interest groups or neighbourhoods ahead of what it perceives to be the best interests of the whole?
- **Oversight:** does Council respect the responsibility it has to ensure adequate oversight of the actions of its administration? Does it confer sufficiently with its CAO so as to gain a full and unfettered understanding of the issues at hand? Does Council meet with its external

auditor and pursue any issues which the auditor has identified as being a questionable practice(s)?

- **Participation:** are all members of Council involved in the business of the Council? Are there deliberate efforts to keep certain Council members away from key decisions?
- **Respect for the Administration:** does Council show respect for its administration? Does it deal with and through the CAO when accessing the administration? Does it deliberately bypass the CAO in seeking to confirm information? Are the reports of the administration perceived as “their best efforts” in informing Council?
- **The Mayor as Spokesman for Council:** does the Mayor respect his role as the official spokesperson for all members of Council? Does the Mayor represent the official (i.e. approved) views of Council or does the Mayor disregard those and portray his own as those of Council even when they are not endorsed?
- **Ethical Government:** does the Council act in a manner which is fitting for a publicly-elected governance body? Does it adhere to the requirements and constraints of the office in terms of avoiding bias, conflicts of interest and pecuniary interests? Are confidential matters kept confidential by all members of Council? Are personal involvements in the City which may impact on one’s impartial judgment made known to the full Council before discussing a matter?
- **Good neighbours:** does the Council take seriously its role as a neighbour to the other public sector bodies within its ambit of authority? Does it try to act as a cooperating partner in agreements regarding shared services? Does it seek to be fair in its treatment of those who utilize the City’s services, programs and facilities even though they are resident elsewhere?
- **Self-Regulating:** has the Council established rules for its conduct at meetings, identifying conflict of interests, and governance practices? Is Council following these rules and assessing its performance against these rules?
- **Accountability:** does the Council recognize that it is accountable for the decisions being made by the municipality regardless if they are made by Council or by its administration? Is the Council prepared to be accountable for its decisions to its residents?